

MINUTES OF THE 135th MEETING OF THE BOARD OF TRUSTEES OF THE SEAMENS' PROVIDENT FUND ORGANIZATION (SPFO), MUMBAI, HELD ON THURSDAY, THE 12th MARCH, 2020 AT 02.30 P.M IN THE CONFERENCE ROOM OF DIRECTORATE GENERAL OF SHIPPING, MUMBAI.

The meeting was chaired by Shri.Amitabh Kumar, IRS, Director General of Shipping and Chairman of Board of Trustees, SPFO.

Following members were present in the Board:-

1. Shri. Subhash Barguzer	...	Member
2. Capt.Rajesh Tandon	...	Member
3. Capt.Mahendra Pal Bhasin	...	Member
4. Ms.Vaishali Ladi	...	Member
5. Shri. S Kalaikovan	...	Member
6. Shri.Surendra Kumar	...	Secretary

2. Shri.Vivek Ashish, Deputy Secretary (Finance), MoS vide email dated 11.03.2020 informed that due to other pressing engagements in office he will not be able to attend the meeting. Shri. S. K Aggarwal, Additional Central Provident Fund Commissioner, EPFO vide email dated 12.03.2019 informed that due to pre-occupation, he will not be able to attend the meeting and therefore he is authorising Shri Avinash Gandhi, Regional P.F. Commissioner (I), Zonal Office to attend the meeting. Shri.Abdulgani Y Serang vide email dated 12.03.2020 informed that due to pre-occupation with other meetings, he will not be able to attend the meeting. Shri.Amar Singh Thakur vide email dated 12.03.2020 informed that due to pre-occupation with other meeting, he will not attend the meeting and authorising Mr.Balakrishna Ranade to attend the meeting. Accordingly leave of absence was granted to the above members. Shri. Ajit Dange (Vice President – Portfolio Management Services) of SBI Fund Management Pvt Ltd, portfolio manager of SPFO was invited as a special invitee for briefing on IL&FS, DHFL and investment matters.

3. Thereafter, the following Agenda Items were taken up for discussion.

Agenda Item No. 1: Confirmation of the Minutes of the 134th Meeting of the Board of Trustees, Seamen's Provident Fund Organization, Mumbai held on 09/10/2019.

1.1 Capt.Rajesh Tandon pointed out the following :-

- a) Under Agenda item No.2, Sr.No.9 it should be mentioned as "Approximately 40 Indian flag vessels shipping companies are depositing PF of officers".

1.2 Chairman advised that SPFO Act be amended as "for all vessels irrespective of Indian / Foreign flag vessels".

1.3 Minutes of the 134th meeting of the Board of Trustees, Seamen's Provident Fund held on 9th October, 2019 was confirmed with above modifications.

Agenda item No.2 : Action Taken Report

- (A) Pertaining to action points that had emerged in the 134th meeting held on 09/10/2019:-

S. No.	Agenda	Subject	Action taken	Decision taken
1	Agenda item No.2, Sr.No.1 (under Action Taken Report) in the 134 th Board meeting held on 09.10.2019	(Digitization of old records of SPFO).	(1) Digitization of office records of SPFO is 90% completed till 31.01.2020. (2) A letter dated 03.02.2020 was issued to E-Gov, DGS to provide date and time to visit DGS to store the data.	(1) Chairman enquired that why not 100% completed. It was informed by the Commissioner that some of the big registers like cash book, expense registers requires big machine which will be brought by the vendor for digitizing the same. (2) Secretary informed that the digitized records of SPFO are stored with DGS also on 6 th March, 2020 as back-up.
2	Agenda item No.2, Sr.No.2 (under Action Taken Report) in the 134 th Board meeting held on 09.10.2019	E-Banking & Development of New Application Software in Microsoft Visual Basic (latest version) / Microsoft VB Net or any other latest Software Development Platform and switchover from existing System with migration of existing data.	A demo was organised for the stake holders on 05.11.2019 in the Conference Room of the DGS certain corrections / modifications were suggested by them. After necessary correction, a demo was organised for the members of the BoT wherein further modifications were advised by the members. After making necessary corrections, a demo was organised for the Chairman and members of BoT on 18th November 2019. New SPFO software is audited by NICS and is uploaded in the cloud server by NIC. However, for testing purpose old data is to be migrated and	Board decided that a webinar / seminar should be organised for the shipping companies to get familiar with the system and manuals should be provided to the shipping companies for better understanding.

			some discrepancies are noted. The corrections were intimated to STPL which is under process. After the necessary corrections, new data will be migrated and link will be provided to all the stake holders.	
3	Agenda item No.2, Sr.No.3 (under Action Taken Report) in the 134 th Board meeting held on 09.10.2019	Changes Suggested in SPF Act / Scheme on the basis of EPF Act / Scheme - Formation of Investment Monitoring Cell & Appointment of Concurrent Auditor.	The consultant has been appointed by SPFO. Further, SPFO has e-tender for appointment of Internal auditor for two years from 2020 to 2022 and under the 'scope of work' internal auditor is required to perform the work of concurrent Audit of investment done by Portfolio Manager.	Finance Sub-Committee will continue to guide SPFO. Hence formation of IMC is dispensed. Board noted the position.
4	Agenda item No.2, Sr.No.4 (under Action Taken Report) in the 134 th Board meeting held on 09.10.2019	Amendment in Recruitment Rules.	The RR for staff has been submitted to DGS for approval vide this office letter dated 17 th February, 2020. Reply is awaited.	Board noted the position.
5	Agenda item No.2, Sr.No.6 (under Action Taken Report) in the 134 th Board meeting held on 09.10.2019	Settlement of unclaimed amount of 4483 seafarers of the unclaimed amount of Rs.47.19 crores.	Secretary informed that 553 cases amounting Rs.15.38 crores has been settled as on date. Again an email was sent to E-Gov, DGS, Shipping Master (Mumbai, Kolkata, Chennai) on 13.01.2020 to provide addresses of the Seafarers. Follow up action will be initiated with the above authorities.	Board decided that a list may also be sent to NUSI, Chennai to Shri.S Kalaikovan for the addresses confirmation.
6	Agenda item No.2, Sr.No.7 (under Action Taken Report) in the 134 th Board meeting held on 09.10.2019	Actuarial Valuation for SPF Staff / Officers, Pensioners, Gratuity, Leave Encashment, etc.	It is stated that SPFO has e-tender for appointment of Internal auditor for two years from 2020 to 2022 and under the 'scope of work' internal auditor is required to advise as to how the goal can be achieved by making provision of staff liability in a span of 3 years time with its available resources. 2) The work of Actuarial valuation for the financial year 2018-19 is awarded to M/s.Global Risk Consultant on 6 th January 2020. Further information was required by M/s.Global Risk Consultant and the same is provided on 13.02.2020. Report is awaited.	Secretary stated that the funds will be transferred on and when budget permits so that the gap in fund position be bridged. The Board decided that fund position should be planned to fill the gap within a span of two years with the help of CA / Internal Auditor.

7	Agenda item No.2, Sr.No.9 (under Action Taken Report) in the 134 th Board meeting held on 09.10.2019	Internal Repair / Renovation of office premises of SPFO.	<p>1) Estimated amount is Rs.2,20,743/- and made the payment of the amount on 22.10.2019 to CPWD for repairing of leakage of terrace. The work is not started by CPWD till now. However, on constant monitoring by the SPFO, CPWD assured that the work will be completed before 31st March 2020.</p> <p>2) The Internal Repair / Renovation of office premises of SPFO is 90% completed and have shifted in first week of January 2020.</p>	<p>Secretary informed that SPFO has made the payment for leakage of terrace to CPWD but they have not started the work. Apart from this, there is few pending minor work but SPFO is functioning at M/s.Krupanidhi Ltd.</p> <p>Board noted the position.</p>
8	Agenda item No.2, Sr.No.11 (under Action Taken Report) in the 134 th Board meeting held on 09.10.2019	Administrative charges.	<p>A reminder dated 17.12.2019 was again issued to 191 shipping companies to deposit the PF of officers.</p>	<p>Secretary informed that some of the shipping companies are depositing PF of officers. Capt.Rajesh Tandon stated that payment of PF dues of officers is not mandatory to the shipping companies manning foreign flag vessels therefore notices should be issued to the Indian flag vessels.</p> <p>DDG (Crew) stated that Maritime Union of India should be provided with the copy of the letter dated 17.12.2019 so that they can inform their members companies to deposit PF of officers.</p> <p>Board decided to issue notices to the shipping companies not depositing PF of officers and a copy of the letter also to be handed over to MUI.</p>
9	Agenda item No.2, Sr.No.13 (under Action Taken Report) in the 134 th Board meeting held on 09.10.2019	<p>Non-settlement of PF dues, due to various reasons. Financial year from 1999-2000 to 2008-09.</p> <p>Out of 15 cases of Seafarers, 5 cases are settled.</p>	<p>Reminders are issued to remaining 10 Seafarers and their beneficiaries in the month of January, 2020</p>	<p>Board decided to take the help of NUSI, Mumbai and Chennai for the latest addresses.</p>
10	Agenda item No.2, Sr.No.16 (under Action Taken Report) in the 134 th Board meeting held on	Exemption under Section 20 of Seamen's Provident Fund Act 1966 to Shipping Companies	<p>4th Committee meeting was held on 7th October 2019 it was decided to arrange a standalone meeting as guidelines to frame exemption of PF cannot be decided in short period. Accordingly, a standalone meeting was held on 29th</p>	<p>Board decided to send a reminder to M/s.Tolani Shipping giving time period of 15 days or so and if no reply is received then this matter may be closed.</p>

	09.10.2019		November, 2019 wherein it was decided to call rate of interest for the last five years and to provide details of Seafarer's representation in the Trust of M/s.Tolani Shipping. Reply is awaited	
11	Agenda item No.2, Sr.No.18 (under Action Taken Report) in the 134 th Board meeting held on 09.10.2019	Appointment of Portfolio Manager for the period of two years 2018-19, 2019-20 and 2020-21.	M/s.CRISIL has been appointed by the BoT in its special meeting held on 18 th December, 2019 as a consultant to appoint Portfolio manager of SPFO. RFP for appointment of portfolio manager is under process.	The Board noted the position.
12	Agenda item No.5 in the 134 th Board meeting held on 09.10.2019	Fixation of rate of interest for the financial years 2018-19 and 2019-20	The proposal for fixation of rate of interest will be forwarded to Ministry of Shipping for their approval on closing of accounts for the financial year 2019-20 as per the Ministry's directives with the approval of BoT.	Board noted the position.
13	Agenda item No.6 in the 134 th Board meeting held on 09.10.2019	Contributory Annuity Fund Scheme for Seafarers	Board decided to conduct stand alone meeting on the matter which may be studied by the Finance Sub-Committee in terms of more benefits to Seafarers and submit the same in next Board meeting.	The matter is discussed under Agenda item No.05 .
14	Agenda item No.7 in the 134 th Board meeting held on 09.10.2019	Dewan Housing Finance Corporation Ltd : Rating Downgraded by rating agency CARE	It is stated that SPFO has notified an e-tender for appointment of Internal auditor for two years from 2020 to 2022 and under the 'scope of work' internal auditor is required to formulate a provision in Interest Suspense account to take care of loss incurred due to investment in market.	The Board noted the position.
15	Agenda item No.6 in the 134 th Board meeting held on 09.10.2019	Implementation of rate of interest with prospective effect.	<p>The matter was taken up with STPL and they have stated that provisional rate of interest can be calculated for closing the financial year. Further, after the declaration of rate of interest by the Ministry, the difference rate of interest will be again calculated.</p> <p>STPL informed that the work is under process.</p>	<p>Secretary informed that EPFO is settling the case for outgoing members in the current financial year as per rate of interest declared in the previous financial year. However, SPFO is settling the cases of outgoing members at the rate of 7% as against 8.25% for safer side. The difference rate of interest will be paid to the Seafarer on receipt of approval from Ministry of Shipping to disburse rate of interest for the current financial year.</p> <p>Board noted the position and decided to maintain</p>

				status quo as of 134 th Board of Trustee meeting in this matter.
16	Agenda item No.9 in the 134 th Board meeting held on 09.10.2019	Appointment of firm of Chartered/ Cost Accountants as Internal Auditors for the Seamen's Provident Fund Organization, Mumbai for a period of 2 years i.e. 2020-21 and 2021-22.	23 technical bids were received from the various CA firms and the scrutiny is under process.	Chairman directed to complete the process as early as possible.
17	Agenda item No.11 in the 134 th Board meeting held on 09.10.2019	Filling of the vacant post in SPFO	The matter is placed before the Finance Sub-Committee and the outcome is placed as Table paper No.1.	Secretary informed that the Finance Sub-Committee meeting was held on 03.03.2020 wherein the Committee recommended appointment of four Junior Assistants and one MTS post on direct recruitment basis. Board approved the recommendations of Finance Sub-Committee.
18	Agenda item No.12 in the 134 th Board meeting held on 09.10.2019	Enhancement of Medical allowance	Chairman stated that there are many medical insurance schemes which can be studied for better medical benefits. Therefore Board decided to seek details of medical insurance scheme as against the expenses to Board in the next meeting.	The matter was discussed under agenda item No.06.
19	Table paper No.1 in the 134 th Board meeting held on 09.10.2019	Minutes of 22 nd Audit Committee meeting held on 07.10.2019 for the 3 rd and 4 th quarter ending 31.12.2018 and 31.03.2019 respectively.	<p>A letter dated 17.12.2019 is received from Syndicate bank stating that they have withdrawn the facility of auto-sweep option.</p> <p>Further, a letter dated 15.01.2020 was sent to SBI for their option in the matter.</p> <p>Accordingly, a letter dated 07.02.2020 is received from State Bank of India stating that CLTD facility is available at SBI Branch, Samachar Marg. To avail the facility the bank requires account No to which the facility to be availed, threshold balance above which the sweep to be implemented and period of sweep.</p> <p>In this connection, it is informed that SPFO main account is not opened in SBI but it is opened in Syndicate bank where CLTD facility is not available.</p> <p>Board may decide.</p>	<p>Mrs.Ladi pointed out that CLTD facility is not available with Syndicate bank then SPFO can open account with SBI to avail CLTD facility. Secretary stated that SPFO transfers the fund to SBI for investment and only Rs.2 to 3 crores are kept for obligatory payment to Seafarers. Mrs.Ladi stated that the amount lying idle will be kept in fixed deposit which fetches more interest. Mrs.Ladi stated that whenever fund is required the bank will break the last FD done and the old FD's are not broken which provides good interest.</p> <p>After prolonged discussion, the Board decided to open a current account in SBI with CLTD facility.</p>

Agenda item No.3:

Minutes of the Audit Committee on the Internal Auditor's Report for the 1st quarter Period from 01/04/2019 to 30/06/2019 and 2nd quarter period 01/07/2019 to 30/09/2019.

3.1 The Chairman enquired whether there are any adverse remarks / observations of the Internal Auditor. It was informed that the Audit Reports were satisfactory and without any adverse remarks.

3.2 The Board of Trustees accepted the same.

Agenda item No.4:

Revised Estimates for the Financial year 2019-20 and Budget Estimates of the Financial Year 2020-21.

4.1 Secretary briefed the members about Revised Estimates for the Financial Year 2019-20 and Budget Estimates for the financial year 2020-21. Income of Revised Estimate for the F.Y 2019-20 i.e. Admn charges including interest and Misc receipts projected is Rs.5.18 crore which is same as sanctioned in Budget Estimate of 2019-20 of Rs.5.18 crores and there is no major changes in expenditure for the F.Y 2019-20.

4.2 Chairman enquired as to how the budget is more for the financial year 2020-21 ? Capt.Rajesh Tandon pointed out that the major expense of Rs.3.17 crore is higher in the budget proposal for the year 2020-21. Accordingly, Secretary informed that Rs.3.17 crore is the Admn charges amount transferred to Staff Gratuity and Pension Fund. Capt.Rajesh Tandon stated that this may attract C&AG query in the audit. Secretary informed that it was the query of C&AG to re-coup the Staff Pension and Gratuity Fund therefore every year the excess amount in Admn charges is transferred to Staff Pension and Gratuity Fund.

4.3 The Board considered the recommendations of the Finance Sub Committee and adopted the Revised Estimate for the financial year 2019-20 and Budget Estimates for the financial year 2020-21.

Agenda item No.5:

Contributory Annuity Fund Scheme for Seafarers

5.1 Secretary briefed the members and stated that in the standalone meeting held on 27.11.2019 it was advised to explore the possibility whether the Pension Annuity Fund Scheme may be notified through Gazette Notification as was done in case of Welfare Fund under RPSL notification dated 15.02.2016 or pursue the amendment of Act with MoS which was sent in the September 2014. Accordingly, a meeting was held with DDG (Crew) DGS,

DDG (MSL) and Commissioner to discuss. In the meeting, it was decided that CAFS cannot be introduced within the SPF Act, 1966 but may be implemented under MS Act as 'Welfare of Seafarer'. Hence, a letter dated 17.02.2020 was issued to DGS to explore the feasibility to implementation of CAFS for Seafarers' within the frame of MS Act, 1956 by issuing Gazette Notification as was done for SWFS / RPSL. Chairman enquired whether the fund was of SWFS and accordingly Secretary informed that it is not the fund of SWFS.

5.2 Chairman enquired whether the SPF Act permits the Contributory Annuity Fund Scheme and accordingly Secretary informed that the Act does not permit and therefore a proposal for amendment of SPF Act was sent earlier to Ministry. But due to Seamen Provident Fund Amendment bill, 2007 pending in Rajya Sabha since 2007, the second amendment bill was not processed". Chairman asked then as to how SPFO is receiving the fund from the Shipping companies. Accordingly, Secretary informed that it is bilateral agreement between NUSI and shipping companies to remit the money of Pension/Annuity Contributions, Additional Voluntary Contributions and Ex-gratia to the Seamen's Provident Fund. These amount is accepted by the SPFO Commissioner as per the decision taken by Board in 1994 and posted in individual accounts of seamen under the heads 'Pension/Annuity Contributions', 'Additional Voluntary Contributions' and 'Ex-gratia'. DDG (Crew) informed to the Board that till date no Pension Scheme is introduced and amount invested with Provident Fund and paid to the Seafarers along with PF at the time of their final withdrawal.

5.3 The Hon'ble Chairman informed that the Seafarer Welfare Scheme can be introduced by the Seafarer Welfare Fund Society and not by Seamen's Provident Fund Organisation. Therefore, amendment in Act is required to be introduced for Contributory Annuity Fund Scheme for Seafarers.

5.4 After prolonged discussion, the Board decided to send a proposal for amendment of Act to the Ministry.

Agenda Item No.6 : Enhancement of Medical Allowance.

6.1 Secretary stated that the Finance Sub-Committee deliberated on the issue and recommended to the Board to enhance medical allowance from Rs.1,200/- to Rs.2,000/- per month from the F.Y 2020-21 in the lines of EPFO.

6.2 Board approved the recommendation of Finance Sub-Committee i.e. enhancement of Medical Allowance from Rs.1,200/- to Rs.2,000/- from the financial year 2020-21.

Agenda Item No.7 : Final Payment of Provident Fund to seafarer, who voluntarily leaves the seafaring profession

7.1 Secretary informed that as per Para 59(2), a cancellation letter from Shipping Master was required while applying for voluntary retirement. But as per SPFO order No.7 of 2018, it was decided to not ask for such documents from Seafarers. Accordingly, it is noticed that many Seafarers are withdrawing Provident Fund amount on voluntary retirement basis before superannuation and simultaneously performing voyage after the settlement of Provident fund dues. Secretary stated that the purpose of Provident Fund is not served.

7.2 DDG (Crew) pointed out that as per new CDC Rule, 2016, there is a provision for cancellation of CDC if Seafarer wants to leave the Seafaring profession on voluntary basis. Accordingly, SPFO can ask for CDC cancellation confirmation if Seafarer approached for final withdrawal under voluntary grounds. Chairman enquired about the number of Seafarers who have applied for voluntary in the last 2 years. Accordingly, Office Superintendent informed that approximately 1020 cases were settled.

7.3 The Board decided that SPFO may comply with the documents required under Para 59(2) while applying for final withdrawal i.e. cancellation of CDC and further suggested to block such CDC's in the DGS e-system who have already taken voluntary retirement for further migration by providing a list to E-Gov of DGS and concerned Shipping Masters.

Agenda Item No.8 (For information): Clearance of Un-posted Items.

8.1 Secretary informed that the un-posted work has been allotted to the official to clear the un-posted at the earliest.

8.2 Board noted the position.

Agenda item No.9 (For information): Status of Court Cases (Including Doubtful Investment).

9.1 **Recovery Suit No.633/2004** : Secretary informed that in the Finance Sub-Committee meeting it was decided to change the Advocate and hence the matter may be pursued with Ministry of Law.

9.2 **Order No. 37 of 29/09/2010 (Shri. Brojen Chandra Dey)** – Secretary briefed the members that initially the State Bank of India stated that they are not having records of the financial year 2000 therefore the matter was lost from District Consumer Redressal Forum. Afterwards, due to efforts taken by the then Director General of Shipping, DGS State Bank of India provided all the details i.e. xerox of pass book, cheque etc. But still National Consumer Redressal Forum dismissed the matter. Thereafter, Special Leave petition (SLP) was filed with Hon'ble Supreme Court wherein the matter was dismissed. The District Consumer Redressal Forum, Murshidabad had issued an execution order which was pending on the ground that the matter is in Hon'ble Supreme Court. The next date is on 16.05.2020 in District Consumer Redressal Forum, Murshidabad.

Agenda Item No.10 (For information: Investment made for the period from 01.04.2019 to 30.09.2019)

10.1 Shri.Dange, Vice President, SBI Fund Management Pvt Ltd stated that they have started the investments on board from August 2019 as the transfer of investment from M/s.SBI Security Service Branch, Mumbai (previous portfolio manager). It was delayed due to various compliances required as per RBI instructions eg. Politically exposed people (PEP), KYC etc. Further, he informed that before August 2019 they had parked the fund in liquid fund. They have invested Rs.164 crores from August 2019 to January 2020 in view of maintaining pattern of investment at the end of the financial year.

10.2 Chairman enquired how much interest will Seafarer get if the funds were parked in liquid fund. Accordingly, Shri,.Dange informed that after July 2019 they have invested in better securities e.g. 8.69% Bank of Baroda, 7.5% Air India, 7.2% NHI etc. Shri.Dange assured the members that in such unstable security Market they are not investing in private sector and giving preference to Government securities like IRFC, NHAI, NABARD etc. Shri.Dange informed that for better returns, SPFO should enhance their investment in equity which is allowed 15% as per pattern of investment as done by EPFO. He stated that SPFO instructed SBIFM to invest in equity not more than 5%. Chairman enquired that when as per pattern, it is minimum 5% to 15% then why is it limited to 5%. Accordingly, Secretary informed that due to scam in 2000, Board decided to restrict investment in equity to 5% only. Shri.Dange stated that all the other PF and other Government sectors like ESIC, EPFO and Coal Mines Provident Fund etc are maintaining their investment in equity at 15%. He further stated that in Finance Sub-Committee meeting also the members were informed about the same.

10.3 Shri.Dange further briefed the members as follows :-

i) Government has appointed Administrator in DHFL in this connection already since, investors do not trust the management but ultimate decision will be taken by NCLT and 25 bids are received. The distribution of amount will be decided after the finalization of bidding.

ii) SBIFM(P) LTD have filed required claims with NCLT in respect of DHFL and ILFS. DHFL matter will be settled within few months' time. ILFS structure is very complicated and it may take some time and chances are less to recover the money.

iii) "India Bulls" is in good condition and the invested fund will be available at the time of maturity. "Shriram Finance" is also in sound position and not advisable to sell.

iv) For 'Yes Bank' strategic investors like SBI, HDFC and Kotak Mahindra have been found and therefore chance of recovery is there.

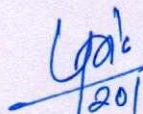
10.4 Secretary enquired whether the securities can be sold out now ? Accordingly Shri. Dange informed that when such trouble arises then secondary market is also not available for sale. Securities will fetch Rs.20 to Rs.25 each and hence it is better if we atleast get 50% recovery from the companies. Therefore, it is advisable not to sell at present.

10.5 (a) The Board decided that the matter may be reviewed by the Finance Sub-Committee where representation of Ministry of Shipping to be ensured in the meeting to enhance equity from 5% to 15% as soon as possible and place the same to the Board

(b) Hold the securities as advised by the fund manager as discussed in Para 10.3 (i), (ii), (iii) & (iv) above.

4. The meeting ended with vote of thanks to the Chair.

Date : 20.04.2020


20/04/2020
(Surendra Kumar)
Commissioner