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SEAMEN'S PROVIDENT FUND ORGANIZATION

MUMBAI

MINUTES BOOK OF BOARD OF TRUSTEES

MEETINGS

W.e.f 103rd Meeting to 2nd Special Meeting
Sept—2006 12th March 2013

List of Minutes from 103rd to 114th Board of Trustees Meeting

Sr. No.	BoT Meeting	Date and Time of Meeting
1	103rd BoT Meeting	22nd September, 2006 at 11.00 a.m.
2	104th BoT Meeting	15th January, 2007 at 3.30 p.m.
3	105th BoT Meeting	11th July, 2007 at 11.00 a.m. and 30th July, 2007 at 11.00 a.m.
4	106th BoT Meeting	26th December, 2007 at 3.00 a.m.
5	107th BoT Meeting	29th April, 2008 at 11.00 a.m.
6	108th BoT Meeting	10th July, 2008.
7	109th BoT Meeting	17th October, 2008.
8	110th BoT Meeting	9th January, 2009.
9	111th BoT Meeting	31st March, 2009.
10	112th BoT Meeting	22nd July, 2009.
11	113th BoT Meeting	12th October, 2009.
12	114th BoT Meeting	21st January, 2010.
13	2nd Special BoT Meeting	12th March, 2010.

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Minutes of the 103rd Meeting of the Board of Trustees, Seamen's Provident Fund held on Friday, the 22nd September 2006 at 11.00 hours in the Board Room of Seamen's Provident Fund Organisation, "Kuperidhi, 3rd floor, 9 Walchand Hirachand Marg, Ballard Estate, Mumbai - 400 001.

The following were present:

Mrs. Kiran Dhingra	Chairperson
Ms. Neera Malhotra	Member
Shri. R.N. Tripathy	Member
Capt. N.A. Hiranandani	Member
Capt. Rajesh Tandon	Member
Shri. Prasanta Deb	Member
Shri. Abdulgani. Y. Serang	Member
Shri. Anil Baran Das	Member
Shri. Bhumesh Chandra	Secretary.

The Chairperson welcomed the members present and expressed the hope that all the members would extend their full cooperation in conducting the proceedings of the meeting in a spirit of cordiality and goodwill.

Leave of absence was granted to Shri. T. Srinidhi and Shri. Vasant Semant who could not attend the meeting due to pre-occupations and illness respectively.

The Board then took up the items on the Agenda.

Item No.1: Confirmation of the Minutes of 102nd Meeting of the Board of Trustees, Seamen's Provident Fund held on 7th June, 2006 in the Board Room of Seamen's Provident Fund Organization, Mumbai.

Capt. Rajesh Tandon submitted that last sentence of the Minutes against Item No.5 was not clear. The Board then divided the sentence into two which will read as under to make decision of the Board more clear.

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The Board noted compliance regarding revised rate of depriciation on Fixed assets. Further it accepted the observation to treat premium or discount by amortizing the premium or discount over the remaining life of investment to reflect the real income of the fund for implementation from 01-04-2007 subject to approval of the Government.

With above modification the Board confirmed the Minutes.

Item No 2: Action taken report on the outcome of the deliberations of the Board at its last meeting.

Sr. No.1: Discussion on Inspection Report of the Principal Director of Audit (Central) Mumbai for the period from 01-07-1999 to 31-03-2003.

1) Departmental Enquiry.

The Board noted the position.

2) Training Program

The Board directed the Secretary to formally approach the Maharashtra Government, UTI and IDBI Capital Market Services Ltd, (Fund Manager of Seamen's Provident Fund Organization) whether officials of Seamen's Provident Fund Organization can be trained by these organizations in Fund Management/investment. For computer training Board directed Secretary to finalize training schedule with Aptech, which imparted training to first batch of employees in 2006.

Sr.No 2: Appointment of Accounts Officer

During the Board meeting Shri. R.N. Tripathy handed over a letter from the Ministry which needs certain clarifications. The Chairperson directed Secretary to immediately submit the clarifications. Since there is no query relating to qualification etc. the action for recruitment of Administration/Accounts Officer be initiated.

Sr.No 3: Separation of Annuity Scheme from Provident Fund under Accounting system.

The Board noted the position.

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Sr.No.4: Recovery position of Damages during the period from 01-06-2005 to 30-06-2006

The Board noted the position and enquired if copies of demand notices endorsed to the concerned associations like MASSA, FOSMA & INSA. Secretary informed that these notices were issued in April, 2006 ie prior to Board's decision taken in the last meeting. The Chairperson instructed Secretary to forward a copy of the notice to the associations so that recovery can be expetited.

Sr.No.5: Special Audit Report on the irregularities in the Investment of funds by Seamen's Provident Fund Organization, Mumbai.

The Board perused MIS report.

Sr.No.6: Recovery of over payment on account of additional Increment from 7 pensioners

Board noted the position. Capt. N.A. Hiranandani submitted that recovery of over payment on account of additional increment from 7 pensioners may be waived because the additional increment was granted after appreciating the work of staff by the Commissioner. Besides the appreciation was conveyed in writing. Since the staff were not at fault and they have also retired from the service (2 of them have since died as informed by the Secretary), the recovery at this stage will be very severe on the pensioners.

After due deliberations Board had decided to recommend waiver of the recovery from the Pensioners to the Government. The Board further decided that amount of pension shall be reduced after ignoring the additional increment granted to those pensioners.

Sr.No.7: Irregular grant of five additional increments to Shri Lalchand Rao, A/AO and one additional increment to 23 staff members.

The Board noted the position.

Sr.No.8: Fixation of rate of interest for credit to the Member's Account for the year 2006-07

The Board noted the position and decided to delete the item from the Action Taken Report (ATR)

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Sr.No.9: Approval of Annual Report on the working of Seamen's Provident Fund Scheme, 1966, for the year 2005-2006.

The Board noted the position.

Sr.No.10: Approval of Annual Accounts for the year 2005-2006.

The Board noted the position.

Sr.No.11: Appointment of Internal Auditors for Seamen's Provident Fund Organization for the year 2006-2007

The Board noted the position and decided to delete the item from the ATR.

Sr.No.12: Appointment of Legal Consultant for Seamen's Provident Fund Organisation for the year 2006-2007.

The Board noted the position and decided to delete the item from the ATR.

Sr.No.13: Delay in payment of Provident Fund Contributions - Levy of Damages - Show Cause Notice

The Board noted the position and decided to delete the item from the ATR.

Sr.No.14: Handing over of Duplicate Certificate of 14% GOI2005 Face Value of Rs.3 Lakhs from Reserve Bank of India.

The Board noted the position and decided to delete the item from the ATR

Sr.No.15: Appointment of IDBI Capital Market Services Ltd. as Portfolio Manager of Seamen's Provident Fund Organization for the year 2006-2007.

The Board noted the position and decided to delete the item from the ATR.

Sr.No.16: Position of Court Cases towards recovery of the amounts lost in the Securities scam.

The Board noted the position.

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Item No.3: Annual Accounts for the year 2005-06 audited by CAG and awaiting Audit Certificate.

The Board noted the position and instructed Secretary to take all possible action to ensure that Annual Accounts of Seamen's Provident Fund Organization is submitted to Government within the stipulated time.

Item No.4: Receipts Payments & settlement of claims.

The Board perused the position.

Item No.5: Position of Court Cases towards recovery of the amounts lost in the Security Scam.

The Board directed Secretary to depute one staff member to the Court of Special Judge as case when there is hearing in the case against Shri A.K. Gond and others. The staff further be instructed to keep liaison with the public prosecutor to ensure proper handling of the case.

During the discussion Capt. N.A. Hiranandani desired to know the status of Government's decision on recouping the loss of Rs.92.78 crores. Shri R.N. Tripathy, Dy. Secretary (MSM), MoS explained the latest position viz. concurrence of Ministry of Finance is awaited before submission of note to Cabinet for approval. Capt. Hiranandani then suggested that Ministry of Finance be requested to allow Seamen's Provident Fund Organization to deposit the recouped amount in the SDS (Special Deposit Scheme). The Secretary informed that Reserve Bank of India has discontinued acceptance of new deposit in SDS.

After prolonged discussion Board decided to appise Government about the sentiments of Trustees of Seamen's Provident Fund Organization and to request Government to accept as a special case the recouped amount in SDS as the members of Seamen's Provident Fund had already undergone hardship due to lower rate of interest because there was no earning of income on the amount lost in security scheme.

Item No.6: Internal Auditor's Report I for the year 2006-2007.

The Board perused Internal Auditor's Report I for the year 2006-2007 and instructed Secretary to submit ATR to all members of Finance Sub-Committee and call for its meeting in the first week of October 2006 the members of

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Finance Sub-Committee consented for meeting on 6th October, 2006 at 11:00 AM.

Item No.7: Internal Auditors Report No.3 (From October, 2005 to December, 2005) & Report No.4 (From January, 2006 to March, 2006) for the year 2005-2006.

Capt. Hiranandani apprised the Board that Internal Auditor's Report No.3 and 4 were considered by Finance Sub-Committee on 18-09-2006. In the said meeting the time frame was prescribed to deal with Internal Auditors Reports in future. He suggested that in the next meeting of Finance Sub-Committee these two reports alongwith first quarterly report for the year 2006-07 will be thoroughly scrutinized and the observations being reflected repeatedly will be dealt with for taking remedial actions to prevent recurrence of these discrepancies. For this purpose the presence of Internal Auditor is also necessary.

With due deliberation the Board directed Secretary to call next Finance Sub-Committee meeting on 06-10-2006 at 11:00 A.M. to consider all three pending Internal Auditor's Reports. The ATR on 2006-2007 and updated position on Report No.3 and 4 of 2005-06 be submitted to members of Finance Sub-Committee by 29-09-2006.

Item No.8: Recovery position of Damages during the period from 01-4-2006 to 30-06-2006 (Being placed on the Table)

The Board perused the position.

Item No.9: Other items with the permission of the Chair.

Shri Abdulgani V. Serang raised following points/issues with the permission of the Chair.

1. Appointment of a new representative of NUSI

National Union of Seafarers of India has earlier nominated Shri V. P. Samant, Vice President as Trustee on the Board of Seamen's Provident Fund. Now it is requested that Shri Maruti D. Rethrekar Vice President in place of Shri Samant who is not keeping normal health.

The Chairperson after going through the provisions of Seamen's Provident Fund Act directed the Secretary to forward the request to Government which is to appoint the Trustee, in consultation with the recognized organizations of seamen, as per Section 5 (d) of the Seamens Provident Fund Act 1966.

2. Increase in the Rate of Interest

It is requested by NUSI the rate of interest be increased as to

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getting recoupment of loss caused due to Security Scam in 2002 from Government of India.

The Secretary informed that in the current year the rate of interest has already increased from 5.5% to 7.5%.

After discussion the Board was of the view that interest income of Seamen's Provident Fund Organization will definately increase once recouped fund is received and invested. The Seamen's Provident Fund Organization has got professional Fund Manager therefore there may not be any doubt about increase in rate of interest once the income from investment has increased.

3. Stringent action against defaulters.

Shri Abdulgani requested for stringent action against the employers who are not contributing Provident Fund to seamen as per the provisions of Seamen's Provident Fund Act & Scheme, 1966.

The Secretary informed the Board that there is no mechanism in Seamen's Provident Fund Organization to track the defaulters unless any complaint is received from the affected seamen. In the present system single article of agreement comes in the office and manually it is not possible to keep the track. It is also not possible to ascertain if all Articles of Agreement are being received by this office.

After prolonged discussion there was a consensus that tracking of defaulters is possible only if records of Seamen's Provident Fund Organization and Shipping Masters are interlinked through computer. The Chairperson instructed the Secretary to approach the Office of The Directorate General of Shipping (Shri P.H. Krishnan, Dy Director General of Shipping, In-charge e-Governance). The Board was also of the opinion that co-operation from shipowners/Agents Associations, Seafarers Unions is also required for devising mechanism to identify the defaulters for taking punitive action under Seamens Provident Fund Act & Scheme 1966.

The meeting then came to an end with a vote of thanks to the Chair.

CHAIRPERSON BOARD OF TRUSTEES SEAMEN'S PROVIDENT FUND MUMBAI

SECRETARY BOARD OF TRUSTEES SEAMEN'S PROVIDENT FUND MUMBAI

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Minutes of the 104th Meeting of the Board of Trustees Seamen's Provident Fund held on Monday, the 15th January, 2007 at 03.30 P.M. in the Board Room of Seamen's Provident Fund Organisation, 'Kruponidhi' 3rd Floor, 9, Walchand Hirachand Marg, Ballard Estate, Mumbai - 400 001

The following were present :

Capt N. A. Hiranandani	Member
Shri R. N. Tripathy	Member
Capt Rajesh Tandon	-do-
Shri Abdulgani Y Serang	-do-
Shri Anil Baran Das	-do-
Shri Bhumesh Chandra	Secretary

Before start of the meeting Secretary informed the members present that there was a message from the Chairperson that due to urgent Government meeting she would not preside over the meeting. The Secretary further informed that Para 12 of Seamen's Provident Fund Scheme, 1966 reads as under :

"The Chairman of the Board shall preside at every meeting of the Board, at which he is present If the Chairman is absent at any time, the Trustees present shall elect one of them to preside over the meeting and the trustee so elected shall exercise, all the powers of the Chairman at the meeting."

Thereupon the members present unanimously elected Capt. N. A. Hiranandani as Chairman to preside over the meeting. The Chairman welcomed the members present and expressed the hope that the members would extend their full cooperation in conducting the proceedings of the meeting.

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Leave of absence was granted to Shri T. Srinidhi, Shri Prasanta Dek, Capt. H. Khatri, Dy. Director General of Shipping and Shri Vasant Samant who could not attend the meeting due to pre-occupations and illness respectively.

The Board then took up the items on the Agenda.

Item No.1 :Confirmation of the Minutes of 103rd Meeting of the Board of Trustees, Seamen's Provident Fund held on 22nd September, 2006 in the Board Room of Seamen's Provident Fund Organisation, Mumbai.

As there is no comments/amendments to the draft Minutes, the Board confirmed the Minutes without modification/amendments.

Item No.2: Action taken report on the outcome of the deliberations of the Board at its last meeting.

Sr. No.1 Discussion on Inspection Report of the Principal Director of Audit (Central), Mumbai for the period from 01.07.1999 to 31.03.2003.

(1) Departmental Enquiry

Noted by the Board.

(3) Training Program

The Secretary informed that M/s NSC give Computer training for a batch of minimum 15 persons. Since the organization can not depute 15 persons at one time. The Board directed the Secretary to explore the feasibility if the said institute accepts a lesser number for training if the cost for training of minimum

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persons is paid. Also what would be the cost.

Sr No. 2 : Appointment of Accounts Officer.

The Board noted the position.

It was also decided by the Board that the appointment shall be made on direct recruitment basis and the vacancy for the post of Administrative - Cum - Accounts Officer be advertised in the Employment News with proposed terms and conditions. The draft for publication of the advertisement be submitted to the Chairperson for approval as was decided earlier by the Board in its 97th meeting held on 28.12.2004.

Sr No. 3: Separation of Annuity Scheme from Provident Fund under Accounting system.

Discussed under Item No.8 and decided to close from ATR.

Sr No. 4 : Recovery position of Damages during the period from 01.06.2005 to 30.06.2006.

Discussed under Additional Item No.2 of the agenda and decided to close from ATR.

Sr No. 5 : Special Audit Report on the irregularities in the Investment of funds by Seamen's Provident Fund Organization, Mumbai.

Board noted the position.

Sr No. 6 : Recovery of over payment on account of additional increment from 7 pensioners.

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Board noted the position and directed to submit the proposal to the Government for waiver after working out the over payment, before the next meeting.

Sr No. 7: Irregular grant of five additional increments to Shri Lakhand Ram, N/AAO and one additional increment to 23 staff members.

Noted by the Board.

Sr No. 8: Approval of Annual Report on the working of Seamen's Provident Fund Scheme, 1966, for the year 2005-2006.

Board noted the position and decided to close the item from ATR.

Sr No. 9: Approval of Annual Accounts for the year 2005-2006.

Board noted the position and decided to close the item from ATR.

Sr No. 10: Position of Court Cases towards recovery of the amounts lost in the securities scam.

Noted by the Board.

Sr No. 11: Annual Accounts for the year 2005-06 audited by C.A.G. and awaiting Audit Certificate

Discussed under Item No.9 and decided to close the item from ATR.

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Sr. No. 12 : Position of Court Cases towards recovery of the amounts lost in the Security Scam.

Noted by the Board.

Sr. No. 13 : Internal Auditor's Report I for the year 2006 - 2007.

Noted by the Board and decided to close from ATR.

Sr. No. 14 : Internal Auditor's Report No. 3 (From October, 2005 to December, 2005) & Report No. 4 (From January, 2006 to March, 2006) for the year 2005 - 2006.

Noted by the Board.

Sr. No. 15 : Other items with the permission of the Chair - Shri Abdulgani V. Serang raised following points/Issues with the permission the Chair.

1. Appointment of a new representative of NUSI

Noted by the Board.

2. Increase in the Rate of Interest.

Noted by the Board and decided to close from ATR

3. Stringent action against defaulters.

Noted by the Board and directed the Secretary to persue matter with the Shipping Master, Mumbai

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Item No. 3 Revised Estimates for the year 2006 - 2007 and Budget proposals for the year 2007 - 2008.

The Board perused Revised Estimates for the year 2006 - 2007 and Budget Estimates for the year 2007 - 2008 and sought clarifications. The Secretary provided the required clarifications. After due deliberations the Revised Estimates for the year 2006 - 2007 and Budget Estimates for the year 2007 - 2008 respectively were approved by the Board subject to Government approval.

Item No. 4 Fixation of rate of interest for credit to the members accounts for the year 2007-08

The Board perused the letter received from National Union of Seafarers of India and considering the early receipt of funds (92.78 Crores) from the Government making good the principle amount lost during the securities scam and the consequent availability of fund with proposed interest at various rates, the Board fixed the rate of interest at 8% credit to seamen members account for the year 2007 - 2008 leaving a balance of Rs. 2,23,62,117.64 or higher.

Item No. 5 Enhancement of Administrative Charges.

The Board after due deliberations and considering impending increase in the pay and other allowances including Interim Relief consequent to constitution of 6th Pay Commission by Government and estimated expenditure on software modification thereafter purchase of new compatible hardware decided to fix the Administrative Charges at 5% for a period of one year w.e.f. 01.04.2007 subject to Government approval.

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Item No.6: Development of entire Provident Fund Accounting System, Front-end (data entry) VB 6.0 and Back-End (To restore data): MS-SQL Sewer 2000 alongwith separation of Annuity module.

Board perused the submissions made by M/s Atashi Holding Pvt. Ltd and the progress made so far. Considering the cost escalation quoted by M/s Atashi Holding Pvt. Ltd for development of modules the Board decided to call for fresh quotations modulewise from various firms including M/s Atashi Holding Pvt Ltd. A report may be submitted subsequently for consideration and decision of the Board. Shri R.N. Tripathy, Dy. Secretary, Ministry of Shipping, Road Transport & Highways informed that NSB & RC who have devised software for office of Directorate General of Shipping, is an autonomous body of the Ministry. That Organization may also be contacted for the purpose. The Board agreed to it.

Item No.7: Calling competitive bidding for fresh appointment of Portfolio Manager of Seamen's Provident Fund Organization

The Board considered the recommendation of the Finance Sub-Committee for competitive bidding. After due deliberations it was decided to extend their tenure for a further period of one year on expiry of the present tenure at the same terms, since the charges of M/s IOBL Capital Market Services Ltd. are reasonable and services are satisfactory

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Item No.8: Extension of Special Allowance to Shri Madan Mohan Barthwal, Junior Assistant (working in the Investment Section) looking after the work of System Administrator since last five years and appointment of trained System Administrator after installation of new system.

The Board considered the recommendations of the Finance Sub-Committee to continue the payment of Special Allowance to Shri M.M Barthwal till switch over to new system and approved the same. As regards appointment of System Administrator after installation of new system Capt. Tandon enquired about the sanctioned strength of office staff and present position. Secretary informed that the sanctioned strength is 36. But in August, 1999 guidelines were received from eGovernment of India for reduction of its staff strength by 10%. Though formal reduction in staff strength was not made, the vacancies arising out of retirement/resignation were not filled up subsequently. According to Sub-Section (3) & (6) of Section 7 of Seamen's Provident Fund Act, 1966, Board of Trustees may appoint such other officers and employees as it may consider necessary for the efficient administration of the Scheme. The method of recruitment, salary and allowances, discipline and other conditions of service of other officers and employees of the Board shall be such as may be specified by the Board with the approval of the eGovernment.

In this case, the guidelines of eGovernment of India has not been brought before the Board of Trustees for refixation of sanctioned strength. The Ministry was however informed that Seamen's Provident Fund Organization is implementing those guidelines. This decision

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was taken at Commissioner's level. The Board felt that as the work in Seamen's Provident Fund Organization is switching to on line, it is better if new recruits are Computer savvy. After prolonged discussion it was decided that a detailed note covering current staff strength, qualification, method of recruitment, work requirement for on line etc., be submitted to Finance Sub-Committee for considering/proposing suitable changes for approval of Board. The Board also instructed the Secretary to place a detailed note on the guidelines of eGovernment of India issued in August, 1999 before the Finance Sub-Committee along with above information in this record. Thus the broad term of reference to Finance Sub-Committee for its recommendation on this subject would be:

(a) To Suggest modification in educational/professional qualification method of recruitment for each category of the staff.

(b) Sanctioned strength in each category and grade of posts.

(c) Any other recommendation regarding work requirement of any or all categories of staff.

No recruitment should be made against the existing vacancies till any decision is taken by Board of Trustees on the recommendation of Finance Sub-Committee.

Item No. 9: Audit Certificate/Report on the Accounts of Seamen's Provident Fund for the year 2005-06 received from SDA Mumbai.

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The Board perused Audit Reports along with comments of Seamen's Provident Fund Organization and the deficiencies brought out by the Audit. As regards comments on "non preparation of accounts in the common format of accounts," Shri Tripathy informed that this is being examined by the Finance Wing of Ministry of Shipping, Road Transport & Highways. Compliance on other deficiencies are noted by the Board.

Item No 10: Position of Court Cases towards recovery of the amounts lost in the securities scam

Noted by the Board.

Additional
Item No 1: Receipts, Payments, Settlement of Claims.

Board noted the position.

Additional
Item No 2: Recovery position of Damages during the period from 01.09.2006 to 31.12.2006.

While perusing the statement of damages Capt. Tandon enquired whether copy of the damages letters are endorsed to the respective association of the employers. Secretary replied in positive. Capt Tandon further suggested that appropriate measures may be initiated for recovery from Indian Flag Vessels enlisting the help of the Seafarers representatives if required.

Secretary with the permission of the Chair mentioned a letter received from the General Secretary National Union of Seafarer's of India, copy of which was

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placed on the table. The Board perused the efforts made by the National Union of Seafarers since 1963 for the establishment of Seamen's Provident Fund Scheme for the seafarers and decided to place it on record its appreciation for the same.

The meeting then came to an end with a vote of thanks to The Chair.

CHAIRPERSON
BOARD OF TRUSTEES
SEAMEN'S PROVIDENT FUND
MUMBAI

SECRETARY
BOARD OF TRUSTEES
SEAMEN'S PROVIDENT FUND
BOMBAY

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Minutes of the 105th Meeting of the Board of Trustees, Seamen's Provident Fund held on Wednesday the 11th July, 2007 at 11.00 A.M. in the Board Room of Seamen's Provident Fund Organisation, "Krupanidhi" 3rd Floor 9, Walchand Hirachand Marg, Ballard Estate, Mumbai-400 001.

The following were present

Mrs. Kiran Dhingra	Chairperson
Shri R. N. Tripathy	Member
Capt H. Khatri	Member
Capt N. A. Hiranandani	Member
Capt. Rajesh Tandon	Member (outgoing)
Shri R. Rajendran	Member (new)
Capt S. C. Saad	Member (new)
Shri Abdulgani Y Serang	Member
Shri Anil Baran Das	Member
Shri Bhumesh Chandra	Secretary

At the start of meeting Secretary introduced Shri R. Rajendran and Capt. S.C. Saad whose name have been notified for inclusion as Trustees on the Board replacing Capt. Rajesh Tandon (Representative - FOSMA) and Shri Prasanta Deb (Representative - INSA). The Secretary also informed that Shri T. Srinidhi, Director (Finance), has been transferred from the Ministry of Shipping, Road Transport & Highways and the name of new incumbent has not been intimated. Shri Tripathy informed that approval for replacement of Shri T.V. Srinidhi is being obtained from the competent authority and will be intimated shortly.

The Chairperson welcomed the new members and also expressed the hope that all the members

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would extend their full co-operation in conducting the proceedings of the meeting in a spirit of cordiality and goodwill.

Shri Gautam Nayak, Internal Auditor from M/s. Contractor, Nayak and Kishnadwala attended the meeting as a Special Invitee.

The Board then took up the items on the Agenda.

Item No. 1. Confirmation of the Minutes of 104th Meeting of the Board of Trustees, Seamen's Provident Fund held on 15th January, 2007 in the Board Room of Seamen's Provident Fund Organization, Mumbai.

The proposed modification by Shri Abdulgani vide his letter dated 06-02-2007 regarding higher rate of interest and formulation of pension scheme was taken up by the Board. After due deliberation it is felt that these matters connected with recoupment of lost amount and seperation of Annuity Fund from Seamen's Provident Fund for which process is not yet completed. It may be discussed in the present Board meeting since recoupment of lost amount has now reached the final stage. As such no modification is required in draft Minutes.

Since there is no other comments/amendments to the draft Minutes the Board confirmed the Minutes without modification.

Item No. 2: Action taken report on the outcome of the deliberations of the Board at its last meeting.

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Sr. No 1: Discussion on Inspection Report of the Principal Director of Audit (Central), Mumbai for the period from 01-07-1999 to 31-03-2003

(1) Departmental Enquiry

The Secretary informed that he had a meeting with DIG, CBI. The outcome of the meeting has been placed on table as update of court cases. The Secretary further informed that CBI has discontinued forwarding of draft charge sheet on the basis of their investigation due to a recent court judgment. He further added that CBI asked for draft charge sheet against Shri Thodani to consider whether to concur for simultaneous departmental proceedings. The Secretary requested for outside assistance in drafting the charge sheet as CBI investigation report is very bulky and has numerous enclosure. After due deliberations the Chairperson directed the Secretary to prepare draft charge sheet in one months time. The draft charge sheet may be submitted to Director General of Shipping. if he thinks that it needs toning up.

Regarding filing of intervention application to become party to CBI prosecution, the Board decided to consult one lawyer expert in criminal cases for which Shri Gautam Nayak of M/s Contractor, Nayak and Kishnadwala offered that he knows one such lawyer and that he will find out his terms and conditions etc. The Board directed the Secretary to meet the advocate and thereafter apprise the Board about

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his views/opinion and other terms and conditions for taking final decision in the matter by the Board

(3) Training Program

The Board showed its displeasure about the inability of the office to arrange computer training for remaining staff. Since the organization is going for development of new computer system Board directed to make training of staff as a part of contract.

Sr. No 2: Appointment of Accounts Officer.

The Secretary informed that there is only one eligible officer in Seamen's Provident Fund Organization for Promotion as Administrative Accounts Officer, who is retiring on superannuation on 31-07-2007.

After due deliberation the Board decided to go for direct recruitment for which following selection committee was constituted:

Shri R. Rajendhan
Capt. N.A. Hiranandani
Capt. H. Khatri
Shri R.N. Tripathy.

In addition the Commissioner and Shri Gautam Nayak were asked to scrutinize the application to sort out eligible candidate for interview. The following time schedule was decided.

a) For inviting applications - 45 days.
b) Scrutiny of applications - 1 week.
c) To hold the interview - 2 weeks.

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Sr. No. 3: Special Audit Report on the irregularities in the Investment of funds by Seamen's Provident Fund Organization, Mumbai.

Noted by Board and decided to close from Action Taken Report. (ATR)

Sr. No. 4: Recovery of over payment on account of additional increment from Seven pensioners.

Board noted the position.

Sr. No. 5: Irregular grant of Five additional increments to Shri Lalchand Ram, A/AAO and one additional increment to 23 staff members.

Board noted the position.

Sr. No. 6: Position of Court Cases towards recovery of the amounts lost in the Securities scam.

Board noted the position and perused update of court cases placed on table. After perusal of cases the Board decided to approach Ministry of Law (Mumbai Branch) to entrust the case to Additional Solicitor General Keeping in view the huge amount involved. The Chairperson directed the Secretary to forward a draft letter on behalf of Director General of Shipping.

Sr. No. 7: Internal Auditor's Report No. 2 From July 2006 to September 2006) & Report No. 3 (From October, 2006 to December, 2006) for the year 2006 - 2007.

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Board will take up the Item No. 9 concerning discussion on Internal Auditor's Report No. 2&3 for the year 2006-07 in its next meeting scheduled for 30 - 07 - 2007.

Sr. No. 8: Other items with the permission of the Chair - Shri Abdulgani Y Serang raised following points / Issues with the permission of the Chair.

Shri R. N. Tripathy informed that representation of Bharatiya Kamik Sena for nomination of its representative on the Board of Trustees has been linked with this matter. The Ministry has sought comments from Director General of Shipping and Seamen's Provident Fund Organization. The Ministry would decide after receipt of comments.

Sr. No 9: Revised Estimates for the year 2006-2007 and Budget proposals for the year 2007-2008.

Noted by the Board and decided to close from Action Taken Report (ATR).

Sr. No. 10: Fixation of rate of interest for credit to the members accounts for the year 2007-2008

Shri A. B Das protested against fixation of interest rate at 7.5% against Board's recommendation for 8%. He further submitted that he is not convinced the Government's justification for not accepting Board's recommendation. He further stated the rate of interest be further enhanced to the rate being given now by EPFO viz 8.5%.

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The Board deliberated and felt that as per Para 51(1) of Seamen's Provident Fund Scheme, 1966. The rate of interest is to determined by the Government and the rate of Board is advisory. The Board therefore noted the position and decided to drop the item from Action Taken Report (ATR).

Sr. No 11: Enhancement of Administrative Charges.

Shri R.N. Tripathy informed that Government has approved the recommended Administrative Charges at the rate of 5% w.e.f. 1st April, 2007 and the same is being notified in the gazette.

The Board noted the position.

Sr. No 12: Development of entire Provident Fund Accounting System, front-end (data entry): VB6.0 and Back-End (To restore data): MS-SQL Server 2000 along with separation of Annuity mode.

Capt. Hiranandani apprised the Board about the discussions/recommendations made by Finance Sub-Committee in its meeting on 04-07-2007 to finalize the tender for software development. The Finance Sub-Committee has held discussion with the lowest bidder who had expressed inability to migrate data from the existing system at first but later said he might be able to do it. The Board's Approval was sought whether to invite quotations from the developer who had developed and installed the present computer system or the lowest bid in the tender invited for development of software. During deliberation Shri Abdulgani submitted that M/s Silvedel Solutions the lowest bidder has given in writing, confirming migration of data from old system

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to new system electronically. He therefore suggested the work may be entrusted to them being lowest among the present bidders. After prolonged deliberation the Board decided to award work to M/s Silvedel Solutions but before that the Finance Sub-Committee should discuss with the firm and ensure that they are in a position to undertake migration of data electronically. As an added safety measure there should also be a suitable penalty clause.

To ensure that work on development of new system is going on as per schedule, Finance Sub-Committee should review the progress every two months and for this purpose obtain 2 monthly milestones from the developer. The Board also agreed to the suggestion of Capt. Khatri that Capt. Rajesh Tandon who had been following up on the computer programme and software work should also be a member of Finance Sub-Committee meeting which would review the development of software.

The Board has also decided that developers should also engage a consultant who shall be interface between developer and the organization. The expenditure to be incurred by developer on his services be an add on to his quoted rate. In response to Capt. Tandon's query whether M/s. Atech Holding Pvt Ltd be informed that they may release the personnel kept ready for the work, the Board decided that they may be informed that their bid is not being considered for award of work. The Board also decided to constitute following Finance Sub-Committee:

1. All trustees based at Mumbai
2. Shri A.B. Das.

The Chairperson also directed the Secretary to approach Government for concurrence to include Director (Finance), Ministry of Shipping Road Transport & Highways as member of Finance Sub-Committee. The meeting of Committee be presided over by the Senior most trustee or by the consensus of trustees present.

Sr. No. 13: Calling competitive bidding for fresh appointment of Portfolio Manager of Seamen's Provident Fund Organization.

The Board noted the position.

Sr. No. 14: Extension of Special Allowance to Shri Madan Mohan Barthwal, Junior Assistant (Working in the Investment Section) looking after the work of System Administration since last five years and appointment of trained System Administration after installation of new system.

Capt. Rajesh Tondon complained that he had asked for a list of staff, their qualification, their background etc. in the last Board meeting in 2007, but this was not supplied to him. The Secretary submitted that the list was a part of the proposal to be submitted to Finance Sub-Committee to review the staff strength, modification in educational/professional qualification, method of recruitment etc. Since it involves a time consuming drill and also consultation with other organization for identifying required skill professional qualification. The process was not yet completed.

The Chairperson after due deliberation by Board directed the Secretary to submit the list of

staff containing their educational/professional qualification if any, job description of each staff, date of appointment, backgrounds, name and designation of the appointing authority to all members of Finance Sub-Committee in the first instance within the month.

Sr. No. 15: Audit Certificate/Report on the accounts of Seamen's Provident Fund Accounts of Seamen's Provident Fund for the year 2005-2006 received from PDA, Mumbai.

Shri R. N. Tripathy informed that the matter is still pending with the Finance Wing of the Ministry. The Board noted the position.

Sr. No. 16: Recovery position of Damages during the period from 01-09-2006 to 31-12-2006.

The Secretary informed that foreign flag ships, shipowners/Agents are representing against the levy of damages on the plea that provision of Seamen's Provident Fund Act 1966 are not applicable to them. They are remitting provident fund contributions to Seamen's Provident Fund Organization as per CBA. The Secretary further informed that such companies are paying damages when the amount is not large but hesitating/resisting when the amount is large. He further added that companies, particularly foreign flag companies have desired exemptions/waiver under exceptional circumstance. He clarified that exceptional circumstances may be those which are beyond their control. The Secretary sought the guidance of the Board in the matter.

Capt. Tandon and Capt. Hinganondani were of

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the view that some check points / guidelines to be involved for considering waiver of damages under exceptional circumstances. For recovery of damages under normal circumstances and if any company tries to take shelter under legal interpretation then help of seafarers unions should be taken. Suitable modification may be made in CBA to safeguard the interest of seafarers.

After prolonged deliberations Chairperson decides that a Special Board meeting be called to discuss all existing procedures and practices checks & controls therein and to modify wherever necessary for implementation / enforcement.

Item No 3: Approval of Annual Report on the working of Seamen's Provident Fund Scheme, 1966, for the year 2006-2007.

The Chairperson enquired about receipt of Annuity / Ex-gratia / AVC are not being shown seperately under Provident Fund Contributions received (para 6.1). The Secretary informed that Annuity and Ex-gratia are being accepted as additional voluntary contributions, because these components are not covered by Seamen's Provident Fund Act, 1966. It was pointed out by special audit team in past which also comes to the notice of Govt. The observation of Audit and correspondence with Government had also been placed before the Board but the Board had decided to continue acceptance of annuity and ex-gratia as additional voluntary contributions. The Chairperson then directed that AVC / Annuity and ex-gratia be shown seperately in the annual report from the next year onwards.

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It was also directed to delete (12% of wages) appearing in Para 6.1 for the year 2005-06 from the Annual Report.

The Secretary informed that in previous Annual Reports it was being mentioned that Principal Director of Audit has been asked to conduct the audit but every time whenever report is placed on the table of Parliament, Ministry used to modify it, because by that time Audit Certificate has been received from the PDA and incorporated in Annual Accounts. Since Audit was has already started this Para 22 has been modified because report cannot be placed on the table of Parliament without certification.

The Board approved the modification.

Item No 4: Approval of Annual Accounts for the year - 2006-2007.

The Board has gone through the Annual Accounts for the year 2006-07 and also the report of Internal Auditor on physical verification.

Shri Gautam Nayak of M/s. Contractor, Nayak & Kishnadwala was invited to clarify the points if required by any trustee. After prolonged deliberation the Board approved the Annual Accounts with the modification in the notes attached to para 11)(2) as under:

"Since confirmation for recoupment from Government received after 31st March, 2007 entries will be passed in the book of accounts in 2007-08."

The Board could not take up the remaining

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agenda items due to paucity of time and decided to meet again on 30th July, 2007 at 11.00 A.M.

A resolution was moved by Shri Abdulgani to place on records appreciation for the services, commitment and contribution made by Capt. Rajesh Tandon and Sarvashri Prasanta Deb and V. P. Samant for smooth and efficient transaction of business in Board Meetings. The resolution was adopted unanimously

The meeting ended with thanks to the chair.

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Minutes of the Adjourned 105th Meeting of the Board of Trustees, Seamen's Provident Fund held on Monday, the 30th July, 2007 at 11.00 A.M. in the Board Room of Seamen's Provident Fund Organisation, Krupanidhi 3rd Floor, 9, Walchand Hirachand Marg, Ballard Estate, Mumbai - 400 001.

The following were present

Mrs. Kiran Dhingra	Chairperson
Capt. H. Khatri	Member
Capt. S. C. Sood	Member
Shri. Abdulgani Y. Serang	Member
Shri Anil Baran Das	Member
Shri Bhanesh Chandra	Secretary

The Chairperson welcomed the members and also expressed the hope that all the members would extend their full cooperation in conducting the proceeding of the meeting in a spirit of cordiality and goodwill.

Leave of absence was granted to Shri R.N. Tripathy, Deputy Secretary to the Govt. of India, Capt. N.A. Hiranandani and Shri R. Rajendran who could not attend the meeting due to pre-occupations.

Draft minutes of the 105th Board of Trustees meeting held on 11th July, 2007 was placed on the table before the start of meeting. Shri Abdulgani Y. Serang after perusing the draft minutes stated that minutes recorded under Item No. 2 (Action Taken Report) Sr. No 8 was not clear.

It was clarified by the Commissioner that Shri R. N. Tripathy had while informing status of the

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reconstitution of the Board, said that the name of second nominee of National Union of Seafarers of India - Shri Maruti D. Rathnekar is under consideration along with the representation of Bharatiya Navik Sena for nomination of its representative on the Board of Trustees of Seamen's Provident Organization. He had further stated that comments from Director General of Shipping and Seamen's Provident Fund Organization had been sought and the Ministry would decide after receipt of comments. It was then decided that the decision would be rewritten as follows:

"Sr. No. 8: Other items with the permission of the Chair - Shri Abdulgani Y Serang raised the point regarding non inclusion of second nominee of National Union of Seafarers of India in reconstitution of the Board by Government."

Board thereafter took up the remaining agenda items of 105th meeting.

Item No 5: Budget Re-appropriation 2006-07.

Board noted the position.

Item No 6: Appointment of Internal Auditors for Seamen's Provident Fund Organization for the year 2007-2008.

The Board felt that increase in fee sought by M/s Comborton, Nayak & Kishnadwala, Internal Auditors from Rs 20,000/- to Rs 30,000/- is on a high side. The Commissioner informed the Board that during his last visit to Minsky, it was suggested to him to call

for competitive bidding for appointment of Internal Auditor since present Chartered accountant firm has been engaged for 5 years without calling bids.

After due deliberation the Board approved the appointment of M/s Contractor, Nayak & Kishnadwala at a fee of ₹22000/- per quarter plus applicable taxes for the current financial year. The Board also directed the Secretary to obtain a list of Chartered Accounts firms from the CAG and call competitive biddings by selecting about ten or more firms for appointment of internal auditor for the next financial year in the randomized order of 3, 6, 9.... etc, from the list as prepared by the CAG.

Item No 7: Appointment of legal consultant for Seamen's Provident Fund Organization for the year 2007-2008.

The Board desired to examine the charges approved earlier for the present legal consultant. The Board however, decided to extend the tenure of Ms. S. Pwiya as legal consultant on existing terms and condition till any final decision is taken after deliberation on the charges for various services payable to Ms. S. Pwiya in the existing appointment.

Item No 8: Receipt, Payment, Settlement of Claims.

The Board perused details of receipts and payments. The Board directed the Secretary that in future in the receipt statement number of persons from whom Provident Fund contributions has been received should also be reflected as being done

in the case of payment

Item No 9: Discussion on 2nd & 3rd Internal Auditor's Reports For the year 2006-07 (July 2006 to December 2006) (ATR - being placed on the Table)

Action Taken Report ~~was~~ with updated status was placed on table before meeting. The discussion could not take place, due to paucity of time.

Item No 10: Position of Court Cases towards recovery of the amounts lost in the Security Scam.

Board perused the status. Board directed that a Special Meeting of Finance Sub-Committee be called and Ms. S. Pwiya, Legal Consultant who is also looking after the cases at Sr. No. 3 & 4 be called to give a presentation to the members about the legal steps which can be taken to expedite realization of funds due to organization. On the basis of presentation of the legal consultant Finance Sub-Committee should recommend action to be taken for the approval of the Board.

Regarding the criminal cases the Commissioner informed the Board that he alongwith Shri Gautam Nayak met Shri Satish L. Manerikinde, a reputed lawyer dealing with the criminal cases. Shri Shinde submitted that he would go through the papers/documents of the court of the CBI before giving his opinion on whether to file an intervention petition and/or take any other course of action available to the organization for expediting the criminal proceedings

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against the 15 accused. Shri Satish L Manerkar-Shinde further desired a meeting with Chairman or an opportunity to make a presentation before Trustees to make his proposal very clear. The Board after due deliberation constituted a Committee consisting of Capt. Manish Khatri, Capt. Sood and Shri Abdulgani Serang to interact with the advocate and submit a report for consideration/approval of the Board.

Item No. 11: Recovery position of Damages during the period from 01-01-2007 to 31-03-07

The Board noted the position.

Item No. 12: Damages recoverable during the period from 30th September 2002 to 31st March 2005.

The Board expressed its apprehension that there may be companies which are either not paying Provident Fund Contributions at all or deducting the same from the wages of the seafarers but not remitting to Seamen's Provident Fund Organization. The Board also expressed its desire to device mechanism to monitor remittances of provident fund contribution due from the employer. The Board also emphasized the need to have close coordination and interlinking of offices of the Shipping Master and Seamen's Provident Fund Organization.

The Board was of the view that remittances of Provident Fund Contributions by foreign flag ships is voluntary as the Seamen's Provident Fund Act 1966 is not applicable to these ships. It was decided that Dy. Director General of Shipping (Crew) would study the

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Merchant Shipping Act carefully in this regard and the existing legal position and advise the Board of Trustees. Meantime the recovery of damages from such companies may be through persuasion only. Regarding damages due from Indian flag ships the Board directed the Commissioner to exercise the power under Seamen's Provident Fund Act and initiate proceedings against defaulting companies.

Item No. 13: Transfer of SGL Account from M/s. IDBI Capital Market Services Ltd. to M/s IDBI Gilts Ltd

The Board noted the position. The Board directed the Secretary to submit detailed proposal alongwith proposal for appointment of new Portfolio Manager. The final decision on maintenance of SGL account of Seamen's Provident Fund Organization by M/s IDBI Gilts Ltd., will be taken when proposal for appointment of new Portfolio Manager is considered. Till that time the SGL account be maintained by M/s IDBI Gilts Ltd. as per the recommendation of Portfolio Manager ie. M/s IDBI Capital Market Services Ltd.

Item No. 14: Recopment of Seamen's Provident Fund.

The Board noted the position. The Board also perused the letter dated 17th July, 2007 received from M/s. IDBI Capital Market Services Ltd. regarding utilization of recouped fund of Rs 92.78 crores. The Board decided that the fund be invested as per pattern prescribed by Ministry of Finance.

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Additional Item No. 1:

Shri A.B. Das and Shri Abdulgani Serang sought permission from the Chairperson for discussion to enhance the rate of interest from 7.5% approved by the Government to 8% as recommended by the Board in its 104th meeting held on 15-01-2007. After prolonged deliberation the Board decided to approach the Government to reconsider the decision and to accept the recommendation of Board of Trustees.

The Board also perused the submissions sent by the President, National Union of Seafarers of India and General Secretary of Forward Seamen's Union of India to Parliament Committee on proposed amendment of Seamen's Provident Fund Act, 1966.

The meeting then came to an end with a vote of thanks to the chair.

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Minutes of the 106th Meeting of the Board of Trustees, Seamen's Provident Fund held on Wednesday, the 26th December, 2007 at 15.00 Hours in the Board Room of Seamen's Provident Fund Organisation, "Krupanidhi", 3rd Floor, 9, Walchand Hirachand Marg, Ballard Estate, Mumbai - 400 001.

The following were present :

Mrs. Kiran Dhingra	Chairperson
Shri R.N. Tripathy	Member
Capt. H. Khatri	Member
Capt. N.A. Hiranandani	Member
Shri. Abdulgani Y. Serang	Member
Shri. Anil Baran Das	Member
Shri. Bhumesh Chandra	Secretary

Director (Finance) Ministry of Shipping Road Transport & Highways, Shri. R. Rajendra and Capt. S.C. Sood, intimated their inability to attend the meeting due to pre-occupation hence leave of absence was granted to them.

The Board then took up the items on the Agenda.

Item No.1: Confirmation of the minutes of 105th Meeting of the Board of Trustees, Seamen's Provident Fund held on 11th July, 2007 & 30th July 2007 in the Board Room of Seamen's Provident Fund Organisation, Mumbai.

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There were no comments / amendments to the draft minutes from any trustee. The Board therefore confirmed the minutes without any modification.

Item No.2: Action taken report on the outcome of the deliberations of the Board at its last meeting.

Sr. No.1: Discussion on Inspection Report of the Principal Director of Audit (Central), Mumbai for the period from 01.07.1999 to 31.03.2003.

(1) Departmental Enquiry : The Board noted the position and asked the Secretary to persuade the matter with CBI for obtaining the consent at the earliest.

(2) Training Program : The Board noted the position and asked the Secretary to ensure computer training of the staff should be made a part of contract for modification / development of new software system.

Sr. No.2: Appointment of Administrative - cum - Accounts Officer (Non-Gazetted post)

The Board noted the position and discussed the matter as Agenda Item No.5.

Sr. No.3: Position of Court Cases towards recovery of the amounts lost in the Securities Scam.

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The Board expressed displeasure on late action and instructed the Secretary to issue reminder to Ministry of Law for expeditious appointment of additional Solicitor General of Seamen's Provident Fund Organization advocate replacing the existing one.

Sr. No. 4: Internal Auditor's Report No. 2 (From July, 2006 to September, 2006) & Report No. 3 (From October, 2006 to December, 2006) for the year 2006-07. Report No. 4 (January 2007 to March, 2007).

The Board perused the action taken report and decided to remove it from the ATR.

Sr. No. 5: Development of entire Provident Fund Accounting System, Front-end (data entry); VB 6.0 and Back-end (to restore data): MS-SQL Server 2000 along with Separation of Annuity module.

The Board noted the matter and discussed as agenda Item No. 5.

Sr. No. 6: Extension of Special Allowance to Shri. Madan Mohan Barthwal Junior Assistant (working in the Investment Section) looking after the work of System Administrator since last five years and appointment of trained system Administrator after installation of New system.

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The Board noted the position and decided to remove it from ATR.

Sr. No. 7: Audit Certificate/Report on the Accounts of Seamen's Provident Fund for the year 2005-06 received from PDA, Mumbai.

The Board noted the position and discussed the matter as agenda Item No. 11.

Sr. No. 8: Recovery of position of Damages during the period from 01.09.2006 to 31.12.2006, 01.01.2007 to 31.03.2007 to 01.04.07 to 30.06.07.

The Board expressed displeasure over delay in calling Special Board meeting and has instructed the Secretary to convene the meeting in the last week of January, or in February, 2008.

Sr. No. 9: Appointment of Internal Auditors for Seamen's Provident Fund Organisation for the year 2007-08.

The Board noted the position.

Sr. No. 10: Appointment of Legal Consultant for Seamen's Provident Fund Organisation for the year 2007-08.

The Board perused the existing terms and conditions of legal

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consultant and approved the appointment of Ms. S. Priya for one year on the same terms and conditions.

Sr. No. 11 : Position of Court Cases towards recovery of the amounts lost in the Security Scam

The Board directed the Secretary to submit a background note on Court Cases related to bad investment and such cases to be shown separately in future. The Board further asked the Secretary to assess the availability of funds in Seamen's Provident Fund Organization Staff General Provident Fund Account and Seamen's Provident Fund Organization Staff Pension and Gratuity Account to find out if funds available in those accounts are sufficient to meet obligatory payment to staff. The assessment should also bring out the measures to make good the losses of due to bad investment

Sr. No. 12 : Damages recoverable during the period from 30th September 2002 to 31st March 200

The Board directed the Secretary to exercise his statutory powers in recovering damages from the defaulting shipping companies. The Secretary was asked to present an action taken report in the Special Board meeting with the copies of Show-Cause Notice issued to Shipping Companies.

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Sr. No. 13 : Transfer of SGL Account from M/s. IDBI Capital Market Services Ltd. to M/s. IDBI Gilts Ltd.

The Board discussed the matter as agenda Item No. 7.

Item No. 3: Revised Estimates for the year 2007-08 and Budget proposals for the year 2008-09

The Board deliberated on the proposed budgeted amounts under various heads. It was noticed during the deliberation on proposed expenditure in the budget for the year 2008-09 that under the head Recurring Expenditure proposal is for Rs. 17,11,500/- whereas sum of break-up expenditure under sub-heads amounts to Rs. 17,31,500/- Cviz. a difference of Rs. 20,000/-. Secretary informed that it is clerical mistake. The Board then approved the Revised Budget estimates for the year 2007-08 and Budget Estimates for the year 2008-09 (with Recurring Expenditure of Rs. 17,31,500/- and total expenditure of Rs. 1,28,93,027/- viz. after correcting the figure in the proposal.)

Item No. 4: Enhancement of Administrative Charges

The Board after perusal of agenda item and due deliberations approved the retention of Administrative

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charges @ 5% because of impending increase in the Pay and Allowances concequent to implementation of 6th Pay Commission recommendation and the estimated expenditure on modification / development of new software system.

Item No: 5: Appointment of an Administrative-cum-Accounts Officer (Non-Gazetted post) in the Seamen's Provident Fund Organisation.

The result sheet received from Selection Committee was placed on table for consideration. The Board approved the name of Shri. S. Kumar of Ministry of Law who secured the highest marks and authorized the Commissioner to issue offer of appointment letter to him to submit his acceptance within a week from the date of receipt of the offer. He should also be asked to join as early as possible but not later than one month from the date of receipt of offer of appointment by him. In case, the candidate asked for extension to join his duty, the same is to be considered on merit and the maximum time given for joining should not be more than three months. In case he doesn't accept call for to join within the time given to him the next candidate should be given offer. For such eventuality, Board decided to retain two candidates securing 2nd and 3rd highest marks, in panel in order of merit to be given offer

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Item No. 6: Development of entire Provident Fund Accounting System, front-end (data entry): VB 6.0 and Back-end (To restore data): MS-SQL Server 2000 along with separation of Annuity module.

Capt. Hiranandani narrated the backgrounds under which Shri. Naik was contacted and asked to submit his proposal for modification / upgradation / development of new modules to existing system and deliberations in the meetings of Finance Sub-committee to recommend award of work related to modification and upgradation of existing system, in the first instance. It was informed to Board that M/s. Atash Holding for the first time submitted an estimate of Rs. 8 Lakhs for development of new system in two phases. In phase I they had to study the existing system, additional requirements and submit SRS for which they asked for Rs. 2 Lakhs. In the second phase they will develop new system including modification, additional requirements needed in the existing modules and development of new modules including seperation of Annuity. They will charge Rs. 6 Lakhs for Phase II. But after completion of Phase I. viz. preparation of SRS they demanded Rs. 6 Lakhs and Rs. 18 Lakhs for development of entire of new system on the plea that the work involves much more complexities than what they expected before submission of estimated cost earlier. The Finance Sub-Committee

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after freezing of SRS and receipt of revised estimate from M/s Atash Holding decided to go for competitive bidding and invite quotations modulwise, so that new system can be developed in phased manner, taking up essential modules first with the objective to spread the expenditure over the years. Accordingly, the bids were received in which M/s. Selvodel Solutions was the lowest. After a series of meetings with M/s. Silvodel Solutions and their assurance to migrate the data from old system to new system electronically, it was decided to award the work to them. The representative of M/s Silvodel Solutions studied the system but later on submitted their inability to migrate the data electronically from old system to new system without access to passwords. They were advised to approach M/s. SBN Technologics Pvt. Ltd., who developed the existing system for seeking any assistance/guidance for migration of data. But they did not approach M/s. SBN Technologics Ltd., saying that it is for Seamen's Provident Fund to arrange for passwords. In such circumstances, the Finance Sub-Committee decided to approach Shri. S.B. Nair, if his company can modify/update the present system to meet the current requirements of the organization. In the meeting Shri. Nair assured helping any IT company who may be asked to develop the new system as they were not keen to take up development of new modules, though his company is ready to take up

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development of new modules though his company is ready to take up the work of modification/upgrading. He submitted the proposal with estimated cost involved in that.

After due deliberation of the Board told Capt. Hiranandani to ask M/s. Solvodel Solutions to submit in unambiguous and clear-cut terms if they will under take development of new system and electronically transfer the data from old system to new system, if source data code and pass word are provided to them. In this context Capt. Hiranandani should meet Shri. Nair for arranging Source code and Pass word if the latter agrees for the data transfer without any reservation.

In case, M/s. Silvodel Solutions does not agree for development of new system with data migration within a week fresh quotations be invited and M/s. SBN Technologics Ltd., should be included in the list of companies from whom tenders to be invited.

Item No. 7: Calling competitive bidding for fresh appointment of Portfolio Manager of Seamen's Provident Fund Organization.

The Board accepted the recommendation of Finance-Sub-Committee to recommend M/s IDBI Capital Market Services Ltd., for appointment as Port Folio Manager for next two years at the rate of Rs. 3.60 Lakhs per annum without any increase in the second year. The Board instructed the

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Secretary to send all papers/quotations received from the bidders to Government for examination and approval.

Item No. 8: Receipts, Payments, Settlement of claims.

The Board perused the details

Item No. 9: Position of Court Cases towards recovery of the amounts lost in the Security Scam.

The Board perused the details The Board instructed the Secretary to remind Ministry of Law to expedite appointment of Additional Solicitor General in the recovery suit filed in Mumbai High Court. Regarding other three cases the Board instructed the Secretary to prepare a background note containing procedure adopted for investment in those cases, the specific opinion of legal consultant on measures how to recover amount involved.

Regarding CBI cases, the Board instructed the Secretary to remind Shri Satish Maneshinde to expedite his opinion on measures to be taken by Seamen's Provident Fund Organization for Immediate hearing in the case by the concerned Court.

Item No. 10: Recovery position of Damages during the period from 01.04.2007 to 30.06.2007.

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The Board perused the details and decided to take up the matter for discussion in its special meeting to be called in January/February, 2008.

Item No. 11: Audit Certificate/Report on the accounts of Seamen's Provident Fund for the year 2006-07 received from PDA, Mumbai.

The Board perused the Audit certificate and appreciated the efforts of Seamen's Provident Fund Organization in laying the Annual Accounts on the table of parliament within time frame.

Item No. 12: Fixation of rate of interest for credit to the Seamen members accounts for the year 2007-08./ Placed on the table.

The Trustees before starting discussion on this item thanked the Government of India for sanctioning 92.78 Crores as recoupment of loss sustained by Seamen's Provident Fund Organization in Security Scam.

The Trustees were of the view that rate of interest for member of Seamen's Provident Fund Scheme should not be less than that of interest declared by Employees Provident Fund Office, particularly when the Government has recouped the loss sustained in 2002. The Trustees have also noticed that the closing balance in Interest Suspense Account has been rising and it is jumped

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substantially in 2005-06. They are of the view that closing balance in Interest Suspense Account need not be more than Rs. 10 Crores. Since Seamen's Provident Fund Organization is declaring the rate of interest much lower than the rate of interest declared by Employee's Provident Fund Office after 2002-2003 onwards, it will be a good gesture if the rate of interest is fixed at 8.75% i.e. more than 8.5% the rate of interest last declared by Employee's Provident Fund Organization.

After prolonged discussion the Board agreed to recommend the rate of 8.75% to the credit of members account for the year 2008-09, to Government of India for sanction.

Other items with permission of the Chair.

Shri. Abdulgani Serang sought the permission of the Chair to raise the matter regarding nomination of second representative from National Union of Seafarers of India as Trustee on the Board of Seamen's Provident Fund Organization. Shri. R.N. Tripathy, Dy. Secretary, Ministry of Shipping, Road Transport & Highways informed that the matter is under consideration of the Government. The matter was not pressed for discussion.

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The meeting then came to an end with a vote of thanks to the Chair.

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Minutes of the 107th Special meeting, Board of Trustees Seamen's Provident Fund held on Tuesday, the 29th April, 2008 at 11.00 A.M in the Conference Hall of Directorate General of Shipping, Jahaz Bhavan, Walchand Hirachand Marg, Mumbai - 400 001.

The following members were present :-

1)	Mrs. Kiran Dingra	Chairperson
2)	Shri. R.N. Tripathy	Member
3)	Capt. H. Khatri	Member
4)	Capt. N.A. Hiranandani	Member
5)	Shri R. Rajendran	Member
6)	Shri. A.B. Das	Member
7)	Shri Abdulgani Y. Serang	Member
8)	Shri Bhumesh Chandra	Secretary

Chairperson welcomed the members.

Leave of absence was granted to Dr. A.R. Goel and Capt S.C Sood who could not attend the meeting due to pre-occupation

The chairperson directed Secretary to explain the setup of the organization in brief. There upon the Secretary explained the position and also stated that it has been proposed to make a power point presentation. The Secretary explained in details about the settlement of final withdrawal claim ie on receipt of the PSTC from payment section. Concerned assistant verify the voyages with CDC Xerox. If the Provident Fund Contribution for respective period

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not received correspondence is made with concerned shipping companies by making entries in part payment register. In case of deceased cases where Declaration/ Nomination does not exist the legal heir-ship certificate is called from the district authority concerned. In case of missing seaman the claim is settled on the basis of presumed dead certificate issued by the shipping authority instead of waiting for seven years period as required under the law. Capt. Khatri enquired about the difficulty and solution for the same. The Secretary further stated that particulars of wages for all types are verified before the settlement and then the payment is done. If Provident Fund contribution is not received the same is being recovered from the shipping company. It was agreed that a notice should be issued to all shipping companies for non-payment of Provident Fund Contribution Mr. Abdulgani with the permission of Chairperson stated that the NUSI has assisted in 1500 cases for the clearance of unposted items based on the list provided by the Seamen's Provident Fund Organization. Secretary stated that if the shipping companies sent correct CDC No, Registration No. and name the contribution will be posted to individual seamen's account and if any errors in the name, CDC No and Registration No. the amount is transferred to mismatch i.e. Unposted account. However, the Chairperson was not convinced and directed Secretary

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to ensure that all the shipping companies provide the required information correctly and if it is not so then take them to task under the appropriate provision of the Act / Scheme. It was suggested that in order to expeditiously resolve the issue of unposted item, it is required to issue the list of such cases to all shipping companies and unions. Capt. Khatri further desired to know uses of Article of Agreement issued by the shipping authorities and how seamen's Provident Fund office maintains account either by CDC wise or company wise. The Secretary explained, the Seamen's Provident Fund Organization database is CDC wise and also expressed difficulties being faced for maintenance of the same. He added that new accounts can be opened only either Xerox copy of CDC book or Declaration / Nomination form provided. Capt. Hiranandani suggested solution for effective use of the Article of Agreement, for which he will discuss it with Mr. S.B. Nair Director of CBN Technology for modification in present system to provide the facility monitoring of Article of Agreement in the existing Provident Fund accounting system. Capt. Khatri stated the system is faulty and have to no provision in the context of monitoring of inflow of Provident Fund contribution to Seamen's Provident Fund Organisation.

After prolonged discussion regarding declaration / nomination form it was decided that all training institutes, College, Shipping Master and Shipping authority may be supplied

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declaration/nomination forms so that seafarer can file the declaration/nomination form with Seamen's Provident Fund Organization. Regarding development of new software of Seamen's Provident Fund accounting system the Chairperson directed the Secretary to approach NISDL and C-DAC for demonstration in details and draft tender documents for upgrading the software system was to be prepared and was to be examined by representative of unions, Capt. Hiranandani and self. The Chairperson directed the Secretary to submit the detailed information towards difficulty faced by Seamen Provident Fund Organization and solution for the same in the next meeting through power point format and a review of the progress was decided to be taken in a month's time. The Chairperson directed Shri. Surendra Kumar, who has assumed charge as Administrative-cum-Accounts Officer to personally get involved by studying the entire issue and prepare the agenda for the next meeting as stated.

Meeting ended with thanks to the Chair.

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Item No.3: Recovery position of damages

It was explained that there are some companies from whom damages are to be realized for which correspondence is going on. Board advised the Commissioner to caution defaulted companies in terms of specific provision in the Seamen's Provident Fund Act, 1966.

Item No.4: Appointment of Internal Auditor for Seamen's Provident Fund Organisation for the year 2007-08.

It was reported to the Board that M/s. Jawker & Co. who was short listed for appointment as Internal Auditor for one year from 1.4.08 at a consolidated rate of Rs. 75,000/- p.a. plus Rs. 2000/- per quarter as pocket expenses and service tax, which was approved by the Board.

Item No.5: Appointment of Legal Consultant for Seamen's Provident Fund Organisation for the year 2007-08.

The Board noted the position.

Item No.6: Position of Court Cases towards recovery of the amounts lost in the securities Scam.

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Shri Abdulgani. Y. Serang informed the members that they could not interact with Advocates as well as with the Sub-Committee members. The Chairperson advised Commissioner to convene a meeting of the Sub-Committee for further follow up action with Advocate and report progress.

Item No.7: Damages recoverable during the period from 30th September, 2002 to 31st March, 2005.

The Chairperson enquired of the details of the damages due from companies and the Account Officer explained that the pending damages for the last 3 years more to the tune of Rs. 20.5 lakhs were received during the current year. The Chairperson advised the Commissioner to take action under the relevant provision of the Act.

Item No.8,9: It was explained to the Board that the revised estimate for 2007-08 and budget estimate for 2008-09 have already been approved by the Ministry. In addition, Ministry has approved 5% Administrative charges as well.

Item No.10: Appointment of Administrative-cum-Accounts Officer in the Seamen's Provident Fund Organisation (Non-Gazetted).

The Board noted that Shri. Surendra Kumar has joined the post in April, 2008.

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and advised the Commissioner to complete other administrative formalities as per rules.

Item No.11: Derelopment of entire Provident Fund Accounting System, front-end (data entry); VB 6.0 and Back-end (To restore data) ms-SQL Server 2000 along with Separation of Annuity module

Shri. S. Kumar, Accounts-Officer informed that as directed by the Board, NSDL and Centre for development of advanced computing (CDAC) was contacted. NSDL has informed that they are not in the profession of dereloping software whereas CDAC was ready to develop the new programme which will require data migration. Board noted the position and advised the Commissioner to expedite action for up-gradation of the system by following the requisite procedure.

Item No. 12, 13 and 14: The Board noted the position and advised Commissioner to issue Show Cause Notice indicating the relevant provisions of Seamen's Provident Fund Organisation Act, 1966 to those companies who have not yet cleared the damages.

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Item No.15: Fixation of rate of interest for credit to the Members accounts for the year 2007-08 (Placed on the table.)

Dr. A.R. Goyal informed that this matter is under consideration of the Govt. He further informed that as per the provisions of the SPF Act Para [5(4)] the amount of interest should not be overdrawn. The meaning of the word 'overdrawn' should be got clarified by the legal consultants of the Seamen's Provident Fund Organisation. The views of the Ministry are that withdrawal should not be more than the interest earned during the financial year or an amendment to the Act should be proposed by the Organisation. The Board noted the same and advised Commissioner to persue the matter with legal consultants.

Agend No.3: Approval of Annual Reports on the working of Seamen's Provident Fund Scheme, 1966.

Dr. A.R. Goyal proposed to correct Dy Financial Adviser as Director Finance in the list of Board of Trustees as mentioned at Sr. No. 3 in page 2 of the Annual Report. The Secretary noted the correction.

On going through Paras 10.2 and 10.3 of the Annual Report, the members sought details of the recovery of arrears of Provident Fund contributions and period from which the recovery is pending. The

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Secretary clarified that the cases have been pending since very long with the concerned District Collectors for recovery of arrears as is being done adopting Land Revenue Recovery proceedings and with official liquidator for recording the charge of the properties of the companies. They have informed the Commissioner not to send regular reminders, and that as and when the recoveries are made the recorded preferential charges will be distributed first. On further discussion, the Chairperson advised Secretary to submit separate item to the Board with details of list of companies who have not remitted the provident fund contributions in respect of the seamen for a sum of Rs. 4,52,813.27 and the interest there on till date so that they could be paid from the Forfeiture Account and whenever the amounts are received the same could be recouped to the Forfeiture Account.

Para 14 Utilization of credits in forfeiture accounts to Seamen Welfare Fund A/c

Capt. Hiranandani enquired of the purpose of forfeiture Account and why not this amount be used for administrative purpose since the administrative charges having been increased from 4.5% to Shri. Serang stated that under

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Para 59(4) the amount so credited to Forfeiture Account should be utilized for such purpose conducive to welfare of seamen and their families as the Board may decide from time to time. The Chairperson directed the Secretary to submit a proposal to merge this account with the welfare fund of the seamen in the next Board meeting. As regards Provident fund contributions being received in respect of non-coc holders deposited by various companies, Shipping Master to be advised not to forward such cases to Seamen's Provident Fund Organisation.

Para 16

Shri Abdulgani J Serang enquired if the seamen's accounts are opened by the organization then why the Annual statements are not received by such seamen In reply Shri. Surendra Kumar stated that due to lack of address and non-filing of Declaration/nomination forms the Annual statements are not being sent to the respective seamen account holders. The Chairperson instructed the Secretary to supply the list of seafarer to NUSI who have not filed the Declaration/Nomination form in the Seamen's Provident Fund Org for further action.

Para 16.1 Disposal of unposted Accounts.

The members enquired about the reason for increase of unposted items

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during the year compared to previous financial year. It was clarified that the Provident fund contributions received from the various shipping companies in respect of fresh CDC holders are kept in the unposted accounts since no accounts are being opened due to difference in the personal particulars of seamen from that appeared in their CDCs. Further some PF statements show errors in the CDC No. name and registration No. Hence, the PF contributions are transfered to unposted accounts. Therefore, the unposted items have increased during the year. The Chairperson directed the secretary to advise the Shipping Master to supply correct data of new CDC holders as they appear in CDC and also not to transfer the Provident fund contributions to Seamen's Provident fund organization in respect of non-CDC holders.

The Annual Report for the year 2007-08 was accepted as approved.

Agenda No.4: Approval of Annual Accounts for the year 2007-08.

The Board approved the Annual Accounts for the year 2007-08 and accepted the physical verification certificates made by the Internal Auditors containing their observations and also the Para-wise comments thereof placed before the Board.

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Agenda No.5: Budget re-appropriation 2007-08.

The Board noted the position and accepted

Agenda No.6: Appointment of Internal Auditor for Seamen's Provident Fund Organisation for the year 2008-09.

The Board approved the appointment of M/s. Tawker & Co. @ Rs. 75,000/- per annum plus pocket expenses of Rs. 2000/- per quarter plus service tax for the period of one year from 1st April, 2008.

Agenda No.7: Opening of D'mat Account.

Secretary informed the members that the State Bank of Indore, Mumbai where the D'mat account was opened in 2002 has been shifted to Indore city and has migrated their depository to new setup. The Bank has advised us to transfer the D'mat account to some other bank. Accordingly, three spot quotations have been collected from Allahabad Bank, Bank of India and Bank of Baroda for opening of new D'mat account. Bank of India has quoted the lowest rate. The Chairperson enquired whether the quotation was called from State Bank of India and the reply to this was in negative. After discussion the Board decided to open a new D'mat account with Bank of India. However IDBI will continue to function as Portfolio Manager of Seamen's Provident Fund Organisation

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Agenda No. 8: Opening of new accounts of seamen members.

As the same issue was discussed in the Annual Report at Para 16.1 the Commissioner was advised to obtain the list of seamen issued with new coc's from time to time.

Agenda No. 9: Recommendation / Suggestion of the Finance Sub-Committee in its 36th Meeting held on 12th June, 2008.

Purchase of New Branded Server

Secretary informed that the 36th Finance Sub-Committee in its meeting held on 12th June, 2008 had suggested to purchase one new branded server on competitive price. Dr. Goyal enquired whether this item was included in the approved budget. In reply Secretary stated positively. He further stated that the cost of DCIS & D Supplier rate is high compared to other hardware firms and that if the item is with in the sanctioned budget then no approval of the Board is required again.

Agenda No. 10: Receipts, payments, settlement of claims

The Board noted the position and accepted.

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Agenda No. 11: Appointment of Administrative-cum-Accounts Officer in the Seamen's Provident Fund Organisation Group "A" (Non-Gazetted)

Please see the decision under Agenda No. 2 of item No. 10.

Agenda No. 12: Statement showing the present position of Civil Suit for recovery of Security Scam and other Bad Investment.

The Board noted the position and advised Commissioner to persue the matter regularly.

Agenda No. 13: Structure of Seamen's Provident Fund Organisation presentation

There was a power point presentation on the working of the Organisation. The Chairperson informed the members that Shri P. Kumaran has been appointed as Commissioner till October, 2008 and the process of regular appointment of Commissioner is in progress. Shri Tripathy informed the members that the issue is before the UPSC and the selection process is going on.

2. Further Section wise work structure was displayed. The members pointed out that there are only 70 entries being fed per day for which how many Assistants are being deputed. The Administrative-cum-Accounts

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Officer informed members that only one Assistant is being deputed for this work. Further, it was also noted by the Board that 748 items are cleared from un-posted during last month. Chairpersons also enquired whether the Articles of Agreements are received in e-format or in physical format. Shri. S. Kumar informed that these are received in physical format and the feeding them to the computer would not solve the problem as the existing software does not have facility to generate the defaulting companies list as well as to check whether the Provident fund contributions is received are correct or exact. Shri Abdulgani I. Serang informed that provident fund being small amount it can be compared on the basis of Articles of Agreement in respect of Indian Companies where as ITF wages are in Dollars and it is difficult to assess the accuracy of the same.

As there was slide showing the activities of final withdrawal (correspondence) section Shri. Das informed the members that there is very much delay of two months for settling final withdrawal cases. Shri. S. Kumar informed the members that the final withdrawal cases are settled in maximum 45 days except the cases in which any queries raised. Shri. Das did not agreed for the same, therefore the chairperson asked Shri. S. Kumar to look into in the matter and inform the same to the Board in the next meeting

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Dr. Goyal informed the chairperson that the notice/papers ~~of~~ or over 2 days after the ~~meeting is over~~ of the last 2 Board meetings were received by him either with a very short notice or over 2 days after the meeting is over therefore Secretary should ensure the Notices of Board meeting should be dispatched well in time and should confirm the receipt on telephone.

Additional agenda No 14: Recovery of balance amount lost in Seamen's Provident fund fraud

The Secretary with the permission of the Chair mentioned that a letter dated 7th July, 2008 received from the General Secretary cum treasurer of NUSI and member Board of Trustees, Seamen's Provident Fund regarding recovery of balance amount (Interest) lost in the scam. The Chairperson asked Shri. Abdulgani I Serang that when the original proposal was sent to the Ministry for recoupment of Rs. 92.78 crores whether that time it was mentioned for the recoupment of interest amount also. In reply Abdulgani stated that original proposal was sent only for recoupments of Rs. 92.78 crores and not for interest. The Chairperson directed Abdulgani to close the chapter because the interest amount was not mentioned in your original peroposal and the Ministry will not accept it.

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The meeting then came to an end with a vote of thanks to the Chair.

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BOARD OF TRUSTEES
SEAMEN'S PROVIDENT FUND
BOMBAY

Smyadwadkar
सचिव
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SECRETARY
BOARD OF TRUSTEES
SEAMEN'S PROVIDENT FUND
BOMBAY

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Minutes of the 109th Meeting of the Board of Trustees, Seamen's Provident Fund held on Friday the 17th October, 2008.

The following were present.

Capt N.A. Hiranandani	Chairman
Dr. A.R. Goyal	Member
Shri R.N. Tripathy	Member
Capt. S.C. Sood	Member
Shri Abdulgani Y Serang	Member
Shri Anil B. Das	Member
Shri Manuti D. Rethnekar	Member
Shri P. Kumaran	Secretary

Shri Surendra Kumar, Admn-cum-Accounts Officer, also attended the meeting.

Shri Rajeev Gupta, Chairman, and Capt. H. Khatri could not attend meeting due to pre-occupation and hence leave of absence was granted to them.

The Secretary informed of the inability of Shri Rajeev Gupta Director General in-charge and Chairman of the Board of Trustees and requested Capt. N.A. Hiranandani, senior member Board of Trustees to Chair the meeting.

Capt. Hiranandani welcomed all the members of the Board and then took up the items on the agenda for discussion.

Item No. 1: Confirmation of the Minutes of 108th Meeting of the Board of Trustees.

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Seamen's Provident Fund held 10th July 2008 in the Board Room of Seamen's Provident Fund Organisation, Mumbai.

As there were no comments/amendments proposed to the draft minutes by any of the trustees, the Board unanimously confirmed the minutes without any modification.

Item No. 2: Action taken report on the outcome of the deliberations of the Board at its last meeting.

Sr. No. 1: Discussion on Inspection Report of the Principal Director of Audit (Central), Mumbai for the period from 01-07-1999 to 31-03-2003.

(1) Departmental Enquiry: Dr. Goyal enquired whether the charge sheet has been issued to Shri C.L. Thadani or not. The Secretary informed that he has been suspended for insubordination and no charge sheet has yet been issued to him ~~since there is no record as to what was the insubordination caused by him~~. After discussion on the issue the Board advised the Commissioner to either issue the charge sheet to him or reinstate him to service ~~before 31st October 2008~~ and furnish a report in the next Board meeting.

(2) Training Programme: It was reported that training of staff shall be taken up after upgradation of the Provident Fund accounting system as proposed.

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Sr. No. 3 : Recovery position of Damages :

Board noted the position and advised to furnish details in progress on recovery and balance on case to case basis in the next meeting.

Sr. No. 2, 4, 5 : The Board noted the position

Sr. No. 6 : Position of Court Cases towards recovery of the amounts lost in the Security Scam

The Admn-cum-Accounts officer, informed the members that the matter was in the High Court for hearing and the application for substitute service is being allowed by the Hon'ble High Court and the order of the Court is being obtained for processing the substitute services.

Sr. No. 7 : Damages recoverable during the period from 30th September 2002 to 31st March, 2005.

The Board advised that reminders to defaulting companies be issued and if they are foreign companies the Commissioners may submit the proposal received from such companies to close the cases.

Sr. No. 10 : Appointment of an Administrative-cum-Accounts Officer (Non-Gazetted Post) in the Seamens Provident Fund Organisation

The Board noted the position and treated as closed.

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Sr. No. 11 : Development of entire Provident Fund Accounting System. Front-end (data entry): VB 6.0 and Back-End (To restore data): MS-SQL Server 2000 along with separation of Annuity module.

The Secretary informed that a separate note has been placed as Agenda item No. 7. for discussion.

Sr. No. 12 : Calling competitive bidding for fresh appointment of portfolio Manager of Seamen's Provident Fund Organisation

The Board noted the position and decided to treat it as closed.

Sr. No. 13 : Position of Court Cases towards recovery of the amount lost in the Security Scam.

Capt. Hiranandani, Chairman enquired of the difference between Sr. No 6 and Sr. No. 13 and it was clarified that there are two cases related to the scam. One is filed by CBI prosecuting the then Commissioner and the other being recovery suit filed by the Organisation to recover the money lost. It was proposed to combine both the items.

Sr. No 14 : Recovery position of Damages during the period from 01-04-2007 to 30-09-2007

After discussion of the item it was agreed to issue Show Cause Notice to the Indian Shipping Companies indicating the provision of SPF Act and scheme with a copy of the notice endorsed to NUSI as well Where the companies do not respond, the Commissioners will take further necessary step for recovery of the

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dues. As regards foreign companies, the cases to be submitted to the Board for closure.

Sr. No. 15: Fixation of Rate of interest for credit to the seamen members account for the year 2007 - 2008.

The position was noted by the members. However, Shri A.B. Das sought clarification with regard to the term 'over-drawn'. It was proposed to get advice from Auditors, Legal Consultants and send to the Ministry for further clarification.

Sr. No. 16: Approval of Annual Reports on the working of Seamen's Provident Fund Organization for the years 2007 - 2008.

The Board noted that a separate item has been placed as agenda Item No. 5.

Sr. No. 17: Approval of Annual Report on the working of Seamen's Provident Fund Organization for the year 2007 - 2008 Scheme 1966.

Shri Abdulgani Y Serang informed that they have issued 3000 Declaration/Nomination forms to their Members. The Board appreciated course of action taken by NUSI. However, NUSI wants to know the position. Secretary informed that the data of over one lakh seamen have been obtained from DG Shipping and clearance of opposted items has been on fast track and this work is being attended to on priority. Secretary further informed that due to lack of sufficient staff the work is not progressing as anticipated. Dr. Goyal suggested to engage the

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staff on holidays on payment of overtime, compensatory Off, or honoravie and get the work done.

Sr. No. 18, 19 & 20: Board noted the position.

Item No. 3: Revision of Pay Scales as recommended by the 6th Pay Commission for the officer / staff and Pensioners of the organisation

The Board approved the proposal for implementation of the 6th Central Pay Commission recommendations w.e.f 1st January 2006 as per the Government Order.

The Secretary appraised financial position regarding payment of arrears from 1-1-2006 and that 40% of arrears to be paid this year and balance 60% in the next year. Board members deliberated the proposal and approved the payment of enhanced Salary w.e.f September 2008 onwards and payment of arrears to be postponed and send a proposal to Ministry in pursuance of the O.M. issued by the Ministry of Finance - Department of Expenditure regarding Additional Budgetary provision for payment of supplementary arrears. Payment of arrears shall be decided depending on the response of the Ministry to the proposal.

Item No. 4: Appointment of Legal consultant for Seamen's Provident Fund Organisation for the year 2008-09.

While taking up the items for discussion Dr. Goyal enquired why the item was not placed before the Board in the meeting held on 16th July, 2008 and also regarding the financial commitment. The Adm-Com-Accounts Officer

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informed that no annual fee is being charged. However, as and when consulted, consultation fees alone are being paid. It was agreed to continue Ms. S. Priya as Legal Advisor for the period of one year. Dr. Goyal proposed that the Fund Manager and Internal Auditors may be called for the Board Meeting and the Fund Manager may be asked to give presentation on portfolio on investment.

Item No. 5: Various Shipping Companies who have gone into liquidation long time before and failed to remit the contributions of seafarers.

The Members gone through the statement submitted and Dr. Goyal asked whether the list of seamen whose amount are not paid yet even after their retirement due to non-payment by those Companies and in such cases whether they can be paid from the Forfeiture Account. Shri Abdulgani Y Serang told that these are very old cases and the seamen can be paid from Forfeiture Account. However, the members suggested obtaining legal opinion from Ms. S Priya and submitting a detailed proposal in the next meeting so that the seamen whose payments are not made can be paid from the forfeiture account.

Item No. 6: Draft separate Audit Report on the account of Seamen's Provident Fund Organisation for the Year 2007-08 received from the office of the Principal of Audit (Central), Mumbai.

Dr. Goyal enquired about the Finance Sub-Committee's periodicity of meeting and work. Capt. Hiranandani informed that the Finance Sub-Committee meets quarterly after the internal audit report is received and report of the Sub-Committee is submitted to the Board. The Board went through the comments of the audit.

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2.1.1 The point of excess contribution be replaced as double contribution from the companies and the total amount of Rs 4.97 Crores to be corrected as net amount of Rs 1.89 Crores.

2.1.2 Staff Pension and Gratuity Fund. The matter was discussed in detail and decided to engage consultant to assess liability towards Pension & Gratuity to the employees for settlement in the current year itself.

22.1 The word recouped from Govt. of India be replaced with received from the Govt of India 'as a grant'.

Shri Tripathy asked Admn-cum-Account Officer to visit Comptroller & Auditor General's Office to ensure that the Audit Certificate is obtained and forwarded to Ministry quickly to table the Audited Accounts in the Parliament.

Item No 7: Modification and up-gradation of existing Seamen's Provident Fund Accounting System.

The Secretary explained the drawbacks of the existing system. Capt. Hiranandani briefed Members that sealed quotations were called for from 3 parties. Of them, M/s Atash Holding Ltd. Mumbai had quoted the lowest rate of Rs 8 lakhs for development of an

entirely new Accounting System in two phases ie. preparation of SRS at a cost of Rs 2 Lakhs in the first phase and development of an entirely new system module wise and separation of Annuity Fund from the existing PF Accounting System at the remaining cost of Rs 6 Lakhs in the second phase. Accordingly, Rs 2 Lakhs was paid to M/s Atash Holding Ltd. for phase one and they completed the SRS and submitted the recommend-ations alongwith revised estimates for an additional expense of Rs. 18 Lakhs for development of the new module wise Accounting System in phase-two. However, the Finance Sub-Committee did not agree to the revised proposal. It was decided to go in for competitive bidding to develop the System module wise. Accordingly, M/s Silvadel Solutions, Mumbai had quoted the lowest rates of Rs. 12 Lakhs. But they intimated to migrate the old data without the password.

In the 107th meeting of the Board of Trustees, it was decided to entrust the work with NSDL or C-DAC being the public sector undertakings. NSDL on enquiry informed that they are not dealing with software. Similarly, M/s C-DAC also expressed inability to take up this task, as they are unable to migrate the old data etc.

Hence, M/s SBN Technology Pvt Ltd. who designed and developed the system was contacted. They volunteered for modification, up gradation and on-line system at approx. Rs. 21,36,000/- (Twenty One Lakhs Thirty Six Thousand Only). The quotations was discussed by the Finance Sub-Committee on 14-10-2008 in the presence of Shri. S.B. Naik, Director of SBN Technology who had agreed to reduce the cost by 5%

and AMC by 2½% after one year. Thus the total expenditure would come to Rs 20,29,200/- (Twenty Lakhs Twenty Nine Thousand Two Hundred Only). Since the system was developed by SBN Technology and same has been working satisfactorily so long, the Finance Sub-Committee unanimously recommended to award the work to M/s SBN Technology on mutually agreed terms and conditions. M/s SBN Technology suggested for up-gradation of present hardware/legal software after running the newly developed software. As specified by Mr. S.B. Naik the total cost for hardware will be Rs 17 Lakhs approximately. After detailed discussion the Board approved the 38th Finance Sub-Committee recommend-ations for up-gradation, modification of existing PF accounting system, on-line access of seafarer's account through SPF website, development of new modules for separation of Annuity Fund and on-line system to update data (Provident Fund Contribution) directly from various shipping companies for an amount of Rs. 20,29,200/-. The Board also approved to up-grade the hardware system/legal software for an amount of Rs 17 Lakhs approximately and instructed to call the quotations from various hardware firms including DGS&D for purchase of awarded hardware on the basis of quotation called lowest bidder will be awarded to supply the items.

Item No. 8: Payment of Honoraria to Shri P. Kumaran Commissioner, Seamen's Provident Fund Organisation

The matter was discussed by the Board and Shri P. Kumaran withdrew the requisition.

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Item No. 9: Opening of new Saving Account with Bank of India as requested by the Bank.

The Board considered the recommendations of the Finance Sub-Committee and it was resolved as under.

The resolution passed by the Board of Trustees of the Seamen's Provident Fund in its 109th meeting held on 17th October, 2008 has been duly recorded in the minutes book of the Organisation.

"Resolved that the beneficiary account of Seamen's Provident Fund Administrative Accounts be opened with Bank of India for deducting the Demat charges and other day to day transactions."

Item No. 10: Any other item with the permission of the Chair.

The Administrative-cum-Accounts officer informed that presently Shri M.M. Barthwal, Jr. Astt. is looking after system administrator's work of the Organisation in addition to his normal duties which is very much essential for keeping the system running trouble free. He is always willing to shoulder additional responsibility and his performance is commendable. He has requested to grant one additional increment. The Board appreciated the services of shri M.M. Barthwal and recommended to provide him financial benefits within the rule by way of over time, honoraria etc.

Commissioner informed the Board that Mr. M.M. Barthwal is already getting 10% of basic as per decision taken in the 101st meeting of Board of Trustees and the same was reviewed in 104th meeting of BOT held on 15th January 2007.

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Item No. 11: Enhancement of Bonus ceiling from Rs 2500/- to Rs. 3500/-

The Government has revised the ceiling of Bonus from Rs. 2500/- to Rs 3,500/- the matter was discussed in the Board and it was approved to implement the same for the employees of the SPFO as well.

The Board noted that Shri P. Kumaran, Commissioner is superannuating on 31st October 2008 and opined to place on record the commendable services rendered by him with regard to finonosation of the proposal on upgradation of the account system which has been lingering on for few years and also action taken towards clearance of unposted items in addition to other administrative reforms during his short tenure. The Board wished him a happy long retired life

The meeting then came to an end with a vote of thanks to the Chair.

Khyadwadkar
सचिव
न्यासी मंडल
भारित भविष्य निधि
मुंबई

अध्यक्ष
न्यासी मंडल
भारित भविष्य निधि
मुंबई

Minutes of the 110th Meeting of the Board of Trustees, Seamen's Provident Fund Organisation, Mumbai held on Friday, the 9th January 2009.

The following were present:

Ms. Lakshmi Venkatachalam	Chairperson
Dr. A.R. Goyal	Member
Shri R.N. Tripathy	Member
Capt. Harish Khatri	Member
Capt. N.A. Hiranandani	Member
Capt. S.C. Sood	Member
Shri Anil Baran Das	Member
Shri Abdulgani Y. Serang	Member
Shri Maruti D. Rethrekar	Member
Shri S.M. Yadwadkar	Secretary

Chairperson welcomed all the Trustees and wished them a Happy New Year, 2009. Chairperson then asked Secretary to proceed further.

Secretary also welcomed all the Trustees and greeted them on the occasion of New Year. He further welcomed Director General of Shipping, who is Ex-Officio Chairperson of the Seamens Provident Fund Organisation, Mumbai. During the introduction, Secretary mentioned that Director General (Shipping) is a member of the IAS from Karnataka Cadre and has a long experience of over 30 years in Civil services and she held many responsible posts prior to joining as Director General of Shipping, she was Principal Secretary to the Government of Karnataka in the Department of Planning

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Trustees also welcomed Chairperson and expressed that Seamen's Provident Fund organisation would gain due to her knowledge and varied experience.

Chairperson asked Secretary to brief the Trustees on the items included in the Agenda.

Agenda Item No.1:

Confirmation of Minutes of 109th Meeting of the Board of Trustees, Seamen's Provident fund Organisation, Mumbai held on 17th October, 2008 in the Board Room of Seamen's Provident Fund Organisation, Mumbai

Dr. A.R. Goyal stated that the Minutes in respect of Item No.2 Sr.No.1 (1) Departmental Enquiry have not been correctly recorded. According to modifications suggested by him the words 'since there is no record as to what was the insubordination caused by him' from the second sentence were deleted and the words 'before 31st October 2008' were replaced by 'at the earliest'.

With these corrections the Minutes of the meeting held on 17th October, 2008 were confirmed by the Board.

Agenda Item No.2: Action Taken Report on the deliberations of the Board at its last meeting:

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The Trustees deliberations on the Minutes of the Meeting held on 17.10.2008 are as follows:

S.N.	Subject	Deliberations	Conclusion
1	Discussion on Inspection Report of the Principal Director of Audit (central) Mumbai for the period from 01.07.1999 to 31.03.2003	Secretary informed that the draft Charge Sheet containing Charges of i) Insubordination ii) Negligence in performing duties/'desellection' & iii) Misconduct was perused by him but there were certain gaps in the Statement of Articles of Charges and Statement of Imputation of misconduct and certain incidences of misconduct remained to be incorporated in the Charge Sheet. Secretary further stated that Shri C.L. Thadani, SS. Assistant was made Co-accused in the Charge Sheet filed by the CBI, although his name was not appearing in FIR ('First Information Report') and articles of charge needs to be updated to some extent by covering such aspects which have not been dealt by CBI in the criminal proceedings filed against him for his alleged involvement in defalcation. Secretary suggested that there is need to re-look into the matter 'de novo' record the statements of witnesses wherever necessary and re-frame the Charge Sheet with suitable modifications and it will be better to take help of	After some discussions Board of Trustees nodded to the course of action proposed by Secretary.

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an experienced person for investigation cum framing of Charge sheet. The Secretary also suggested that for appointment of Inquiry Officers, the officials empanelled with Mumbai Port Trust would be considered.

Dr. Goyal stated that the question of appointing Inquiry Officers arises only when the Charges levelled are not accepted by the Charge Sheeted Employee and Charge Sheet be issued at the earliest.

2. Recovery position of Damages during the period from

01.04.2002 to 31.03.2005
01.04.2006 to 31.12.2006
01.01.2007 to 31.03.2007
01.04.2007 to 30.09.2007

Secretary stated that the statement showing the damages levied and damages recovered has been enclosed as Annexure-I with the bifurcation as receivable from (i) Foreign Ship Owners (ii) Indian Ship Owners.

Secretary stated that for delayed remittances, damages are levied @ 15% of the Provident Fund Contributions (Members + Employers) in terms of section-18 of Seamen's Provident Fund Act, 1966 and they are also levied at the same percentage on delayed remittances of Administrative Charges. Inviting attention to the Annexure-I,

After some discussions, consensus emerged that the matter needs to be reviewed properly in the light of the Provisions in the Seamen's Provident Fund Act and Merchant Shipping Act, 1958 and factual position needs to be brought before Board for further course of action.

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— Secretary further stated that for the period from 01.04.2002 to 30.09.2008 Rs. 9.10 lakhs are receivable from Foreign Companies and Rs. 42.71 Lakhs from Indian Ship Owners.

He further stated that as regards damages recoverable from Indian Ship Owners, the action can be taken in terms of the Provisions of Section - 10 of Seamens Provident Fund Act, 1966, which is similar to the procedure followed by the Government for Recovery of Arrears of Land Revenue and he would formulate a proposal for waiver of damages levied to Foreign Ship Owners/their Agents/Managers in deference to the suggestions given by some Trustees in earlier Meetings.

Chairperson enquired about the distinct treatment intended to be given to Foreign Ship Owners/their Agents/Managers. Chairperson also enquired about the scope of the Act and Scheme. Secretary clarified that the provisions of the Seamen's Provident Fund Act and Scheme apply to every seaman and to the employers of such seaman.

Cap. Hiranandani stated that a legal opinion was obtained some time back in the matter according to which, no action can be taken against Foreign Ship Owners/their Agents/Managers as they are beyond purview of the said Act and Scheme. He further stated that an appeal could be made to Foreign Ship Companies to remit Provident Fund dues of the crew employed by them

within the stipulated period of one month. He also opined that another appeal could be made to Foreign Ship Owners/ theis Agents/ Managers for payment of damages citing the precedents of such payments made by them in the past.

Shri Abdulgani Y. Serang stated that articles of agreement defined in Seamen's Provident Fund Act, 1966 are executed only between Indian Ship Owners and Seamen As per provisions in Merchant Shipping Act. He further stated that no such agreement takes place in case of Seamen employed by Foreign Ship Owners, who makes payments in U.S. dollars. He further averred that National Union of Seafarers of India, where he is General Secretary had taken lead in entering into a bilateral agreement with 'Foreign Shipping Companies' for protecting various interests of the seamen as a result of which Foreign Ship Companies are remitting Provident Fund Contributions to seamens Provident Fund Organisation in respect of Indian Seamen employed by them.

Capt. Sood stated that there are three modules evolved by foregin Ship Owners in respect of Provident Fund of Seafarers. He further stated that under first module Employers' Contribution is immediately paid seamen along with his emoluments, under second module Provident Fund dues are to be settled at the time cessation of service of the seamen on any grounds

and under third module the Provident Fund deductions alongwith employers matching contributions is forwarded to Seamen's Provident Fund Organisation, Mumbai. Secretary stated that the first two modules imply that Board has granted exemption to the Employer under Section 20 of Seamen's Provident Fund Act, 1966. However, Capt. Sood reiterated that the Act is not applicable to the Foreign Ship Owners/ their Agents/ Managers.

Chairperson stated that all the Honorable Members are now representing the Board of Seamen's Provident Fund organisation, Mumbai and they should take a view, which helps in proper interpretation and implementation of the Seamens Provident Fund Act and Scheme. Chairperson therefore, desired that the issue of payments of damages should be resolved amicably if possible with bilateral agreements. Chairperson also enquired with Capt. H. Khatri as to whether it can be made a prerequisite for the Foreign Ship Owners their Agents/ Managers to furnish 'No Due Certificate' from Commissioner, Seamens Provident Fund Organisation, Mumbai. before granting various permissions/ licenses applied for.

Capt. H. Khatri stated that while granting Recruitment & Placement Service Provider (RPS) permissions 'No Dues Certificate' could be insisted upon.

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Position of Court Cases towards recovery of the amounts lost in the Security Scam.	Secretary informed that the criminal case filed by the CBI prosecuting the then Commissioner and other alleged accomplice is under trial as 'pre-charge' stage and the hearing was scheduled on 06.01.2009 as communicated by CBI officials. Secretary further informed that recently a Sub-Committee formed by Board (Consisting of Capt. Hiranandani Capt. Sood, Shri Abdulgani Y. Serang and Maruti D. Rethrekar) met Shri Rajgura, Advocate, on 22.12.2008 in respect of civil suit filed against the then Commissioner and others in Hon'ble Mumbai High Court. During the Meeting Shri Rajgeeru, Advocate informed the Trustees that notices could not be served on some of the respondents, as they were returned back by Postal Authorities with remark 'left/Not known' and the Affidavit/application for substitute service was filed in the Hon'ble High Court, which was heard by Official Assignee but, when Prothonotary Senior Master was approached for order for serving the notices through publication in local newspapers, it was revealed that the Affidavit/ application was not with full title and the order was in objection. Advocate Shri Rajguru further informed that fresh application has to be filed to get fresh orders	Board noted the position

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from the Honorable High Court & thereafter, the notices would be served through publication in local newspapers to the parties (who were not served the notices) and the effective hearing of the Civil Suit would commence after notices are served to the parties, original documents/records are verified by respondents before filing written statement in their defense and the matter is ripe for hearing.

As regards, submission of documents in Hon'ble High Court Commissioner stated that certain documents are with CBI and efforts are being made to obtain them to corroborate the case.

Agenda Item No.3: Revised estimates for the year 2008-09 and Budget Proposals for the year 2009-10:

Secretary presented a comparative position of the actuals for the year's 2007-08, provisions in the Budget Estimates, modified projections in Revised Estimates 2008-09 and predictions in Budget Estimates 2009-10.

Secretary stated that the total receipts on account of Provident Fund Contributions during the year 2007-08 aggregated to Rs. 50.66 crores out of which Members and Employers Contribution was Rs. 25.62 crores on which Administrative Charge of 5% was levied. He further stated that Administrative Charges is leviable only on Members' and Employers' Contributions and not on Voluntary Provident Fund contribution and payments

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towards Annuity/Pension. Continuing further he stated that the projection of Provident Fund contribution for 2008-09 and 2009-10 are Rs. 60 crores and Rs 70 crores respectively and Members and Employers' contribution is expected to be Rs 30 crores and Rs. 36 crores respectively and the income from administrative charges at existing rate of 5% would be Rs. 1.50 crores in 2008-09 and Rs. 1.80 crores in 2009-10. As regards expenditure projections, Secretary stated that the total expenditure for 2008-09 and 2009-10 is pegged at Rs. 1.52 crores and Rs. 2.28 crores respectively and major recurring items of expenditure are (i) salary and wages due to recent pay revision for which provisions of Rs. 0.61 crores and Rs. 0.81 crores have been made. (ii) arrears of salary and wages for which a provision of Rs. 0.20 crores and Rs. 0.30 crores have been made. Secretary further informed that as regards non-recurring items of expenditure an outgo of Rs. 0.21 crores is expected for Software Development and Rs. 0.17 crores for procurement of allied hardware and major expenditure would be incurred in the years 2009-10. Secretary also pointed out that a receipt of Rs. 0.40 crores towards Budgetary Support from Government is anticipated in 2009-10 towards payments of arrears to staff consequent upon implementation of VIth Pay Commission by Government. Secretary thereafter stated that both Revised Estimates 2008-09 and Budget Estimates 2009-10 depict meager surplus of Rs. 6 Lakhs and Rs. 2 Lakhs respectively.

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Shri R.N. Tripathi stated that 80% of Budgetary Support of total arrears amounting to Rs. 40 Lakhs will be released by the Government in the year 2009-10 preferably in the first quarter.

Dr. A.R. Goyal stated that there are two ways of increasing surplus (i) to reduce the expenditure than anticipated. (ii) to increase revenue by increasing rate of Administrative Charges, which is presently 5%. He requested the members to consider the latter option.

Secretary stated that Budget Estimates 2009-10 take into consideration Budgetary Support from the Government amounting to Rs. 0.40 Crores for the payment of arrears to staff. He further stated that the receipts from the Administrative Charges is expected to be Rs. 1.80 crores in the year 2009-10 and if there is any reduction in the quantum of Provident Fund contributions anticipated and in the components viz. Members' contribution and Employers' matching contribution, the position would be precarious. He further stated that depending upon the inflow of the funds during the years 2009-10, a proposal to hike the rate of Administrative Charges suitably from existing 5% would be formulated and placed before the Board.

After some discussions, the Revised Estimates 2008-09 and Budgetary Estimates 2009-10, were approved by the Board.

Agenda Item No. 4: Arrears payment to the Officers/staff and Pensioners of the Organisation as per the recommendation of VIth Pay Commission accepted by the Central Government.

Secretary stated that the arrears on account of salary and pension tentatively aggregate to Rs. 50.40 lakhs and the exact working of pension arrears is being done and Government would be requested to provide Budgetary Support on the basis of 80% of the actual arrears payable to Employees and Pensioners. He further stated that as per decision of Government, 40% of arrears are to be paid in 2008-09 and remaining 60% in 2009-10.

Board sanctioned the payment of the arrears to Employees and Pensioners in principle and to release the first installment of 40% of the arrears amounting to Rs. 20 lakhs approximately, in 2008-09.

Agenda Item No.5: Fixation of rate of interest for credit to the members account for the year 2009-10

Secretary explained that the Government had sanctioned interest rate of 8% for the year 2008-09 on Provident Fund and the present proposal is for deciding the rate for the year 2009-10 so that Final Withdrawal cases from 1st April 2009 can be settled on that basis.

Secretary also clarified that during 2007-08, interest receipts were Rs. 42.61 crores and disbursements were Rs. 40.67 crores @ 7.5% rate of interest and for 2008-09 receipts are expected to be Rs. 50 crores and disbursements at Rs. 48 crores @ 8% rate of interest. He further stated that during 2009-10 interest receipts are projected as Rs. 57 crores and the proposal to fix the rate of

interest at 8.5% involves a disbursement of Rs 56 crores approximately.

Secretary also explained that interest is paid at monthly bearing balance basis. He further apprised that the word 'overdrawn' has been explained by Ms. S. Priya, Advocate and Shri N.J. Jawker, Internal Auditor. He stated that according to Ms. S. Priya, Advocate, the interest credited to the members' provident fund accounts should be determined at such rate that the aggregate amount to be disbursed as interest should not be in excess of the balance in the Interest Suspence Account. He further stated that as per Shri N.J. Jawker, C.A. the rate of interest for credit to members provident fund credit balance would have bearing on credit balance of Interest suspense account and hence it is suggested to approve the rate of interest payable on credit balance of members in such a way that liability thereof would not be in excess of credit balance of Interest Suspense account of Provident Fund members.

Secretary further stated that the rate 8.5% is proposed, considering the interest received during 2008-09 and keeping aside some reserve in interest suspense account for sustaining rate of interest in future at a particular level.

Dr. A.R. Goyal stated that the Board can decide a bench mark for fixation of rate of interest and the rate of interest declared by Government for GPF, EPF, PPF for the year 2008-2009 may be ascertained and the highest of these three rates can be paid to seafarers provided the financial position so permits. He further stated that

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P.P.F rate is 8% GPF would be more or less at same level and EPF rate would have to be ascertained. He further stated that the proposal is for fixing the rate of interest for the year 2009-10 and there is no hurry to take decision in the matter in this Meeting.

Chairperson suggested that there should be two rates, one being the 'Base Rate' and another 'variable Rate'. She further stated that Base Rate should be fixed and Variable Rate may be decided depending upon fluctuations in return on investments.

Shri A.B. Das stated that the final rate to be decided should not be less than 8.5% and even Board can consider 9% rate of interest for the years 2009-10.

Shri Abdulgani Y. Serang opined that there has been set back not one only due to Principal Amount of Provident Fund investments lost in scam but also in the form of low Rate of Interest on Provident Fund to seafarers. He further stated that the Government has reimbursed a sum of Rs 92.78 crores as the matter was perused vigorously by National Union of Seafarers of India (NUSI) but the loss on account of non-receipt of interest on money lost in scam remained un-recouped. He further stated the Board has to consider hike in interest rate as compared to last year to compensate the seafarers partially on this count.

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Capt. Hiranandani stated that he supports the views of Dr. A.R. Goyal and the rate of interest can be declared after ascertaining the relative information.

Noting the views Chairperson proposed that this item may be deferred and decided in the next meeting to be held before 31st March 2009. Accordingly, the Board decided to defer the matter till next Meeting for the want of information called for by Dr. A.R. Goyal.

Agenda Item No: 6 : Appointment of Portfolio Managers for the Seamens Provident Fund Organisation for the financial year 2009-10

Secretary explained that M/s. IDBI Capital Market Services Ltd has been carrying out the job of Fund Managers from 01.01.2005 onwards and Para 2 of Agenda item depicts their performance. He further stated that the average rate of return on investments has been worked out therein by not considering the investments amounting to Rs. 92.78 crores involved in the scam. He further stated that Smt. Pushpa Rai, Fund Manager was requested by him to give a presentation as desired by Dr. A.R. Goyal and he has been pursuing the matter from 1st week of December 2008 but M/s. IDBI Capital Market Services Limited had given the hard and soft copy of presentation to him on 9th January 2009 and around 11:30 A.M. and he could not verify the figures furnished in the presentation due to paucity of time.

Dr. A.R. Goyal observed that the average rate of return on investments is low as

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compared to market trend. He fusthes stated that comparative bids may be invited for the appointment of new Fund Managers and existing Fund Manager can be granted extension till new contract is awarded.

Chairperson stated that an attempt of maximizing returns on investments can be made by appointing new Portfolio Managers who can strike proper balance between risk, security and liquidity and the extension of the present contract fusther could be a last alternative.

After some discussions, it was decided to empower Finance Sub-Committee to fix eligibility criteria for short listing and to invite a fresh competitive bids from market and make recommendations for award of New Contract for Port Folio Management.

Agenda Item No. 7 (Any other Item): Suggestion from Shri Abdulgani Y. Serang, Member Board of Trustees, Seamen's Provident Fund Organisation, Mumbai

Commissioner stated that after distribution of agenda, a letter has been received from Shri Abdulgani Y. Serang, General Secretary, National Union of Seafarers of India, regarding Pension and Annuity Scheme for Seafarers. He fusthes stated that an item regarding separation of Annuity Scheme Fund from Provident Fund account was discussed in the 89th Meeting of the Board of Trustees held on 10th October, 2002 and Board decided to differ the issue till Up-gradation of existing

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Accounting system. He fusther stated that there were certain other points involved such as Development of New software, its running and maintenance cost; Recurring and non-Recurring expenditure and modalities of the pension scheme were to be studied in detail before taking any decision. Secretary fusther stated that at present employers are remitting Rs. 1500/- per month per seaman towards Provident Fund Contribution/Annuity Fund and that sum is treated on par with Voluntary Provident Fund contributions and is refunded with interest at a time of Final Settle Settlement of accounts.

Shri Abdulgani Y. Serang pointed out that there had been discussions several times in the Board Meeting on the Pension and Annuity Scheme but it had not taken any shape so far. He fusther explained that money earned by seamen is spent during his service only and there is no Recurring income for him at his old age when he needs it more. He fusthes requested the Trustees to cogitate over this issue and formulate a scheme at the earliest.

Capt. Hisanandani stated that Report on Pension and Annuity Scheme was submitted by M/s. Dasashaw and Company somewhere in 2000-2001 but no action could be taken fusther for various Reasons.

Chairperson stated that it is a laudable idea to frame a pension scheme for the Seafarers whose condition is miserable after attaining the age of 60-65. She also suggested that some benefits should also be evolved in medical case of the seafarers.

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She further stated that certain Health Schemes were introduced by the Government for people below the poverty line such as Aam Admi Bima Yojana etc., and similar schemes can be formulated for Seafarers.

Secretary pointed out that the Seamen's Provident Fund Act, 1966 covers only Provident Fund related aspects and whether formulation of Pension / Annuity Scheme / Health Insurance scheme is within the frame work of the Act or not will have to be ascertained first from the Government.

Capt. Sood stated that considering the plight of seamen there is a need to evolve welfare schemes covering Health Hazards. He further stated that Foreign Ship Owners / their Agents / Managers are spending 25 dollars per month per seaman towards Health Insurance Schemes.

After discussions it was decided that Finance Sub-Committee may study in detail pros and cons involved in Pension / Annuity Scheme and furnish its findings.

Table Papers-1: Agreement with M/s SBN Technology for up-gradation of existing Accounting System.

Trustees perused the table papers and directed to execute the agreement and commence the work of up-gradation of existing Accounting System at the earliest.

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Table Papers-2: New appointments

Trustees welcomed Chairperson and Secretary / Commissioner of Seamen's Provident Fund Organisation, Mumbai.

The Meeting ended with thanks to the Chair.

Amyadwadkar
सचिव
न्यासी मंडल
नाविक भविष्य निधि
मुंबई

अध्यक्ष
न्यासी मंडल
नाविक भविष्य निधि
मुंबई

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** When the item of confirmation of the minutes of the earlier meeting was considered, Secretary informed that a letter has been received from Shri A.B Das, Trustee pointing out some inconsistencies. Secretary regretted for a mistake occurred in recording the views of Shri Abdulgani Serang, in Para 6 of Sr. No. 2 of Agenda Item No. 2 Action taken Report pertaining to Recovery position of Damages and stated that the words 'NMB' mentioned thereat needs to be replaced by 'Foreign Shipping Companies'.

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Minutes of the 111th Meeting of the Board of Trustees, Seamen's Provident Fund Organisation, Mumbai held on Tuesday, the 31st March 2009.

The following were present:

Ms. Lakshmi Venkatachalam	Chairperson
Dr. A.R. Goyal	Member
Shri. R.K. Tripathy	Member
Capt. Harish Khatri	Member
Capt. S.C. Sood	Member
Shri Anil Baran Das	Member
Shri Abdulgani V Serang	Member
Shri Maruti D. Rethrekar	Member
Shri S.M. Yadwadkar	Secretary

Leave of absence was granted to Capt. N.A. Hiranandani who had informed his inability to attend the meeting due to his wife's sickness.

Chairperson welcomed all the Trustees and asked Secretary to brief Trustees on the items included in the Agenda.

Agenda Item No. 1: Confirmation of the Minutes of the 110th meeting of the Board of Trustees, Seamen's Provident Fund, Organisation held on 9th January, 2009.

** Trustees confirmed the minutes of the 110th meeting subject to small correction mentioned above.

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Agenda Item No 2: Action Taken Report on the deliberations of the Board at its last meeting:

The Trustees' deliberations on certain items of earlier Meeting are as follows:

Sr.No	Subject	Deliberations	Conclusion
1	Discussion on Inspection Report of the Principal Director of Audit (Central, Mumbai for the period from 01-07-1999 to 31-03-2003	Secretary informed the Board Members that the Charge Sheet (containing 11 Article of charges) has been served on Shri C.L. Thadani, Senior Assistant (Under suspension) on 30-03-2009. He further stated that he had taken assistance of an expert in the field viz. Shri T.S. Borse (who is on the panel of Mumbai Port Trust) for accomplishing the arduous task. He also stated that a time limit of 10 days has been given to Shri C.L. Thadani, Sr. Assistant, (Under suspension) as per rules to accept or deny each charges. He further stated that he intends to appoint Inquiry Officer from the Panel maintained by	Shri Abdulgani Y Serang appreciated the work done by Commissioner, (SEFO)/Secretary and stated that the Charge Sheet has been issued after a lapse of about 21 months from the date of Suspension of Shri C.L. Thadani. The Board agreed with the views of Shri Abdulgani Y. Serang and also nodded to the further course of action planned by Secretary

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		Mumbai Port Trust, Vigilance Department (which is located on same floor) and he also intends to avail services of an experienced officer to present this complicated case in an effective manner.	
2	Recovery position of Damages during the period from 01-04-2002 to 30-09-2007	Capt. Khatri expressed that a compendium of all bilateral agreements entered into between Foreign Shipping Companies (Owners, Managers, Agents etc) with Unions of Seafarers may be prepared so as to understand the present environment in respect of seafarer's job conditions and to have better ideas of their emoluments / perquisites. Secretary stated that the fresh legal opinion of Ms. S. Priya Legal Advisor on applicability of Seamen's Provident Fund Act and Scheme 1966 to Foreign Ship Owners/Agents/Managers is still awaited.	Board Noted the position.
3 & 4	Position of Court Cases towards recovery of the amounts lost in the	Secretary stated that an affidavit has been filed by him in Bombay High Court for the purpose of issuing Notices to co-accused through	Board Noted the position.

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	Security Scam.	publication in local News Papers as the notices could not be served on them and the same were received back through postal authorities with remarks "Left/not known". Secretary also stated that a letter has been received from the Law Ministry nominating Shri V.B. Tiwari as Junior Counsil to assist Shri G.R. Rajgurw. Advocate (Senior Counsil) in this critical case.	
5.	Agreement with M/s SBR Technologics for up grad-ation of existing accounting system.	Secretary stated that although agreement was executed with M/s SBR Technologics in February 2009, due to their other commitments in hand they would commence our work only in April 2009 and an advance of Rs 4.89 lakh has been released to them in 4th week of March 2009. Capt Khatri stated that the progress of work of development/upgradation of software should be brought to the notice of the Board periodically with reference to the milestones fixed. [illegible]. He also requested Finance Sub-Comm- ittee members to closely monitor the day-to-day development	Board Noted the position.

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		and provide guidance to sort out the problems if any.	

Item No. 3: Fixation of rate of interest for credit to the Members account for the year 2009-2010

Secretary pointed out that this item was deferred in the last meeting for want of information regarding rate of interest declared by Employees Provident Fund (EPF) for 2008-09.

Dr. Goyal stated that 8.5% rate of interest declared by the EPF is reasonable and it could be treated as benchmark and the rate of interest to Provident Fund subscribers for 2009-2010 can be on par with the said rate.

Shri A.B. Das stated that in the year 2008-09 Board had recommended a rate of interest of 8.75% but the Government restricted it to 8% and considering this rate of 9% can be declared for 2009-2010 and accumulations in Interest Suspense Account can definitely absorb interest goings at 9% Shri A.B. Das further stated that EPF: rate may be considered only for reference purpose and rate for 2009-2010 may be declared on the basis of the estimates of interest income and accumulations in Interest Suspense Account.

Capt Khatri stated that all the investments of SPFO are well balanced and there is no scope of speculations. Capt Khatri further stated that he

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has no objection to adopt the principles of EPF as benchmark and fix a comfortable universally acceptable rate of interest of 8.5 %.

Chairperson stated that interest income stream of SPFO is continous and due to diversified pattern of investments the income is assured/guaranteed and the reserve in Interest Suspense Account of about Rs 17 crores is sufficient to justify declaration of rate of interest at 8.5 %.

Shri Abdulgani V. Seuang stated that whatever may be rate declared by EPF, SPFO can go with its own results take a call and declare an appropriate rate of interest for the year 2009-2010.

A consensus emerged that there should be minimum guaranteed rate of interest as return to seafarers on their provident fund monies and it was decided by majority to fix rate of interest at 8.5 % for the year 2009-2010 subject to the approval of the Government.

Item No. 4: Extension of contract for Port Folio Management.

Secretary stated that as per the norms approved by the Finance Sub-Committee the quotations have been invited from public sector Port Folio Managers under 2 cover system and 5 quotations have received by extended last date is: 26.03.2009. On a specific enquiry Secretary stated that SBI, SBI Asset Management Company ltd UTI, LIC, IDBI Capital

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Market Services ltd. have participated in the bidding process. Secretary stated that technical bids would be opened shortly in consultations with members of the Finance Sub-Committee in Mumbai and bids will be processed. Secretary further stated that price bids of short listed bidders (approved by the Finance Sub-Committee) would be opened in the presence of Finance Sub-Committee members in Mumbai and all such bidders who intend to attend bid opening. Secretary stated that after Board's approval to the recommendations made by the Finance Sub-Committee, Government's approval will have to be obtained as done in the past and it will take some time to comply with all procedural formalities. He therefore, requested Board to extend existing contract for a period of 3 months on the existing terms and conditions or till appointment of new Port Folio Manager, whichever is earlier.

Dr. Goyal stated that even private sector Port Folio Managers can be considered if they are assuring guaranteed returns.

Secretary stated that Finance Sub-Committee had already taken a decision to approach only Public Sector Port Folio Managers and accordingly action has been taken.

After some discussions it was decided to extend the contract of IDBI Capital Market Services ltd for next 3 months on the existing terms and conditions or till appointment of new Port Folio Manager, whichever is earlier.

Item No. 5: Settlement of Provident Fund cases of seaman promated as Officers

The Secretary briefed that seamen who

has no objection to adopt the principles of EPF as benchmark and fix a comfortable universally acceptable rate of interest of 8.5 %.

Chairperson stated that interest income stream of SPFO is continous and due to diversified pattern of investments the income is assured/guaranteed and the reserve in Interest Suspense Account of about Rs 17 crores is sufficient to justify declaration of rate of interest at 8.5 %.

Shri Abdulgani Y. Serang stated that whatever may be rate declared by EPF. SPFO can go with its own results take a call and declare an appropriate rate of interest for the year 2009 - 2010.

A consensus emerged that there should be minimum guaranteed rate of interest as return to seafarers on their provident fund monies and it was decided by majority to fix rate of interest at 8.5 % for the year 2009 - 2010 subject to the approval of the Government.

Item No. 4: Extension of contract for Port Folio Management.

Secretary stated that as per the norms approved by the Finance Sub-Committee the quotations have been invited from public sector Port Folio Managers under 2 cover system and 5 quotations have received by extended last date ie. 26-03-2009. On a specific enquiry Secretary stated that SBI, SBI Asset Management Company Ltd UTI, LIC, IDBI Capital

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Item No. 5: Settlement of Provident Fund cases of seaman promoted as Officers.

The Secretary briefed that seamen who

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have obtained Competency Certificates and elevated as Petty Officers are approaching for settlement of dues as they join provident fund scheme for Officers category operated by their respective employers. He further stated that at present such cases are settled under para 59(3) of Seamen's Provident Fund Scheme 1966 under which certain percentage of employer's contributions and interest accurred thereon is forfeited if the period of membership is less than 6 years. He further stated that the definition of seamen under Section 2(1) of Seamen's Provident Fund Act 1966 was differed at the time of inception of the Act and it was amended by Act 29 of 1997 making it pervasive but the amended definition was not implemented mainly due to resistance from Officers Union.

Chairperson desired to know the definition of seamen prior to amendment and after amendment. Secretary read out the definitions. Chairperson again enquired as to what is the definition as per Merchant Shipping Act 1958 which was read out.

After going through definitions of 'seamen' a consensus emerged that the amended definition in Seamen's Provident Fund Act and definition in Merchant Shipping Act are more or less similar.

Capt. Khatri stated that Officers' get their provident fund alongwith their wages if they are working on foreign ships.

Shri Abdulgani Y. Serang stated that after the amendment there was agitation and resentment from Officers Union i.e. MUI and hence their views should be considered in the matter before taking any decision.

Chairperson stated that provident fund is a social security measure and as per the amended

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definition officers are free to join scheme. Chairperson also opined that it would be in the fitness of the things to obtain legal opinion in the matter.

Capt. Sood stated that period of employment of seamen under agreement with crew ranges from 9 to 11 months and it requires about 6 years for a seamen to obtain Competency Certificate and to become Petty Officer.

As regards interpretation of membership of 6 years under para 59(3) of Seamen's Provident Fund Scheme 1966. Secretary stated that only service for which contributions have been remitted is being reckoned for the purpose for counting the period of membership.

Capt. Khatri stated that to complete six years by this method it would require to perform voyages for at least 10 to 11 years and hence membership period of 6 years should be interpreted as 6 calendar years from date of first 'signing on' on the vessel under the period of employment for which provident fund contributions are remitted by the first employer.

Shri Maruti Kothrekar concurred with the suggestion made by Capt. Khatri and stated that as per rule cited, the provident fund money can be held for 6 calendar years after which it can be paid back to seaman without any forfeiture.

After considerable deliberations it was decided to take following actions:

(i) To call opinion of Maritime Union of India (MUI) on non-implementation of definition of 'seaman' as amended by Act 29 of 1997 and to try to go back to original definition if there is resistance from the Maritime Union of India.

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(ii) To treat the period of membership of the fund for the purpose of interpretation of Clause 59(3) of Seamen's Provident Fund Scheme 1966 as 'six calendar years' from the date of membership.

(iii) To get the details viz. number of cases of premature withdrawals, quantum of provident fund monies involved and the legal aspects etc. duly examined by Finance Sub-Committee.

Item No. 6: Filling up of vacancies by appointment / contract basis.

Secretary stated that there is a wide gap in present strength and sanctioned strength and due to Voluntary retirement of 2 staff members the problem of shortage of staff has further aggravated. He further stated that theoretically an in-depth exercise in terms of the directives given by the Board in 103rd meeting held on 22nd September 2006 and the same will have to be cleared initially by the Finance Sub-Committee for further decision in the matter. Secretary further stated that this exercise can not be undertaken at this stage as existing software is being up-graded and new modules are also intended to be developed under the contract awarded to M/s SBR Technologies. He therefore, requested Board to consider filling up of at least 5 posts consisting of Three Clerks (including 1 Hindi Translator), 1 P.A./Steno and 1 Peon on contract basis preferably through placement agencies.

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Chairperson stated that recruitment of personnel required for implementation of official language needs to be done quickly to avoid possible objections from Committee of Parliament on Official Language.

Dr. Goyal stated that Government has taken decision to engage 'D' employees on contract basis through placement agencies. He also stated that based on the functional requirements, 3 or 4 staff members can be employed on contract basis through placement agencies. He further stated that the norm should be least cost to the Organisation.

Chairperson brought to the notice of the Board observation in Supreme Court judgement regarding the illegality of recruitment by alternate channels when prescribed rules exist.

Dr. Goyal stated that it is necessary to check up whether circulars issued by the Department of Personnel and Training for recruitment are applicable to autonomous bodies like SPFO. He further stated that the rules applicable for reservation will have to be followed scrupulously in case of recruitment and the clearance of screening Committee will have to be obtained if necessary. He also stated that there is need to check up whether the vacancies will have to be filled through Staff Selection Commission by following A.D.R.P. formalities.

Capt. Khatri suggested that existing 2 Ex.'D' staff employed on Contract / Daily Wages basis may be re-routed through placement Agencies.

After Considerable deliberations, Board directed to check up the procedures applicable for direct

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recruitment and take action to fill up 4 vacancies in Group 'C' class on the basis of the rules applicable and if there are any impediments in implementing decision then the Board may be approached for guidance/alternate course of action. It was also decided to fill up one Vacancy of Group 'D' class through placement agencies and get the existing 2 appointments on Contract/daily wages basis re-recruited through placement agencies.

Item No. 7: Framing Schemes for utilization of accumulations in the Forfeiture Accounts.

Secretary stated that accumulations in Forfeiture Accounts as on 31st December 2008 is Rs 2.25 Crores out of which Rs 2.19 crores has been invested in Govt. Security/Bonds/Fixed Deposits, which would fetch an interest of about Rs 20 Lakhs per annum. He further stated that Ms S Priya legal adviser has vehemently opposed settling of provident fund claims of seamen whose employers had been defaulters and/or had not remitted members' and employers' matching contributions due to liquidation of companies. He further stated that Ms S Priya has expressed that the money in Forfeiture Account may be utilized for general welfare Schemes framed for the benefit of seamen.

Shri Abdulgani Y. Serang stated that N.M.B. Rehabilitation Trust and I.T.F. NUSI Trust and Seamen Welfare Fund Society are providing financial assistance to seamen for various ailments/disease and there is also Indian Sailors' Home Society, which provides transit accommodation to seamen at very

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cheaper rates. He further stated that this money may be utilized for some noble cause.

After discussion a consensus emerged that the money may be utilized for building good community assets as such community hall, library, gymnasium etc. by incurring one time capital expenditure for the benefit of all the seamen. It was also decided to entrust the job of scrutinizing of various proposals of creation of new community assets and improvements in the existing facilities to Finance Sub-Committee.

Item No. 8 (Extra Item No. 1):

Appointment of Legal Advisor

Secretary stated that Ms S Priya advocate/Legal Adviser has been looking after legal work of SPFO for last 4 years and it is proposed to appoint legal advisers for the year 2009-10 from the advocates on panel Counsel maintained by Government of India. He further stated that a schedule of fees is also prescribed by Government for various types of counseling/legal jobs.

After discussion it was decided to appoint panel of 3 advisor viz. (i) Smt. Usha Kapiwal (ii) Smt. L Patne (iii) Shri Anjani Kumar Singh and refer the cases to them in rotation.

Item No. 9: (Any other matters No 1):

Enhancement of Finance Sub-Committee

While discussing the minutes of Finance Sub-Committee, Dr Goyal enquired who are the members

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of Finance Sub-Committee and whether Ministry's representative is nominated on Finance Sub-Committee.

Secretary stated that presently there are 6 members of the Finance Sub-Committee 3 members representing Unions of Seafarers, 2 representing association of Ship-owners & 1 Deputy Director General (DDG) looking after seamen welfare and further stated that there is no member representing Ministry in the Finance Sub-Committee.

Chairperson enquired with Secretary whether there is any limit on the number of members of Sub-Committee to which Secretary replied that Section 6 of Seamen's Provident Fund Act, 1966 deals with formation of Sub-Committees and there is no ceiling on the number of members and even persons who are not members of the Board can also be co-opted by Sub-Committee provided their number does not exceed one half of the Sub-Committee's strength.

After some discussion it was decided to include Shri R.K. Tripathy, Dy. Secretary, Ministry of Shipping in the Finance Sub-Committee and hold meetings of Finance Sub-Committee a day prior to the scheduled date of Board meeting. It was also decided that if a member does not attend 3 consecutive meetings then his absence would be seriously viewed.

Table Paper No. 1: Gazette Notification regarding investment pattern.

Secretary pointed out the change in the investment pattern to be scrupulously followed from

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01-04-2009 as per Ministry of Finance's directives. Board directed to ensure that the revised pattern is strictly adhered to by Port Folio Manager.

Table Paper No. 2: Staff Matters.

Board noted the position.

Table Paper No. 3: Pension/Annuity Scheme for seamen

Board expressed that the Government's approval in the matter should have been obtained in advance.

Shri Abdulgani V. Serang stated that after consultation with representatives of LIC, SBI capital market etc., a well-shaped proposal could be sent for the approval of the Government.

Board desired that the exercise be completed in the time bound manner.

Table Paper No. 4: Implementation of Sixth Central Pay Commission

Secretary explained the factual position Chairperson requested Dr. Goyal and Shri Tripathy to take lead to sort out the issue

Table Paper No. 5:
Board noted the Position.

The Meeting ended with thanks to the Chair.

Priyadarshi

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Minutes of the 112th Meeting of the Board of Trustees, Seamen's Provident Fund Organisation, Mumbai held on Wednesday the 22nd July 2009.

The following were present:

Ms. Lakshmi Venkatachalam	Chairperson
Dr. A.R Goyal	Member
Shri Rajneesh Gupta	Member
Capt. K.A Hiranandani	Member
Shri A. Baran Das	Member
Shri Abdulgani Y. Sereng	Member
Shri Maruti D. Rethrekar	Member
Shri S.M. Yadwadkar	Secretary

Leave of absence was granted to Capt. H. Khatri & Capt. S.C Sood who could not attend the meeting due to pre-occupation.

Chairperson welcomed all the members and introduced Shri Rajneesh Gupta, Director, MN. as a new nominee of the Ministry of Shipping, Road Transpat & Highways in place of Shri R.K Tripathy Dy. Secretary and asked Secretary to brief Trustees on the items included in the Agenda

Agenda Item No 1: Confirmation of Minutes of the 111th meeting of the Board of Trustees, Seamen's Provident Fund Organisation held on 31st March, 2009.

Secretary stated that a letter has been received from Shri Anil Baran Das member, communicating certain reservations/objections about utilization of monies in Forfeiture Account

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Chairperson stated that the letter may be taken on record but it does not vitiate the views recorded in the minutes of meeting. The minutes were confirmed without any change.

Agenda Item No 2: Action taken Report on the outcome of the Deliberations of the Board at its last meetings.

Chairperson observed that the action taken report covers decisions over 95th to 111th meeting of the Board and desired that where Actions are completed the connected items need to be dropped. Further development could be brought up as a fresh agenda subject if felt necessary.

Sr. No	Subject	Deliberations	Conclusion
1	(i) Departmental Enquiry	(i) Board noted the position of Enquiry instituted against Shri Thadani. Dr. A.K. Goyal stated that although inquiry may be conducted on fast track basis it may be allowed only in respect of hearings and the time for inspection of new evidence, furnishing comment on Inquiry Report and filing reply to show cause etc may be given to charge sheeted Employee as per statutory requirement	(i) Table Paper to be submitted on completion of the Enquiry
	(ii) Training Programme	(ii) The Training Programme should be checked out only	(ii) Board noted the out come

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		after up gradation of new accounting system	
2.	Recovery position of Damages during the period from 01-04-2002 to 30-09-2007	On the views expressed by Ms. S. Priya regarding applicability of Seamen's Provident Fund Act to Foreign Ship Owners. Chairperson stated that the proposal to revise RPS Rules is under finalization and hence a letter be issued to Crew Branch of Directorate General of Shipping for suitable modification in RPS Rules and Merchant Shipping Act. Chairperson also stated that the representatives from MASSA and FOSMA are on the Board and it should be their endeavor to convince their Members to pay Provident Fund Contributions and Damages on delayed payments in time as per their obligations. Shri Abdulgoni Y. Serang stated that Foreign Ship-owners pay wages to the seamen in dollars and in terms of bilateral agreement entered into with them by RUSI provident fund contributions are deducted and	Summing up the discussion the Chairperson stated that a letter be issued to Director General of Shipping communicating the legal opinion for amending Merchant Shipping Act and relevant rules. Commissioner should pursue the matter for contributions and damages as per law and practice.

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			and remitted to SPFO in Indian currency. He further stated that employers were reluctant and resisting a lot in the matter and they have after pursuing the matter vigorously entered into agreement and streamlined the issue. Shri Abdulgani Y Serang further stated that in respect of about 200 foreign companies there is no bilateral agreement and FOSMA & MASSA should co-ordinate in the matter. Shri Abdulgani Y. Serang further pointed out that there are seamen holding other than Indian CDC such as Liberian, Panama etc who should be issued Indian CDC first so that they will come under purview of SPF-Act. He also stated that RPS agents also engage non-CDC holders for various jobs and hence RPS Rules should be made stringent to protect financial interests of Indian seafarers.
			Chairperson stated that Collective Bargain Agreement is binding as per Laws in force and hence Foreign Shipowners cannot absolve themselves from their liability.
			Capt Hiranandani stated that the Indian agents of Foreign Shipowners are at the mercy of their Principals for wages payable to crew members and employers provident fund contributions as the money comes physically from overseas and the Indian Agents cannot make payments within the

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			stipulated time due to shortage of funds. He also stated that the Board has already extended the grace period from 15 days to 30 days to facilitate them to remit the provident fund contributions. He further stated that 4 ships have in the past offered to keep some advance funds on an ongoing basis so that delay beyond 30 days does not entail damages however this was not acceptable to the then commissioner due to administrative reasons. Shri Anil Baran Das stated that since the period has been increased to 30 days no Foreign Company should be allowed to get scot free for late payment and Commissioner should take action as per the provision of SPF Act.
			To a query the Commissioner stated that damages outstanding from Foreign Companies are about 69 lakhs and from Indian Companies are about Rs. 42 lakhs and notice are issued regularly. Shri Abdulgani Y Serang stated while issuing the notice the provisions of Act should be narrated in detail so that it will create desirable impact on defaulter companies.
4.	Position of Court Cases towards recovery of the amount lost in the security scam.		Secretary stated that there is slow improvement in the Civil Suit filed for recovery of ₹92.78 Crores lost in the scam and a bill of ₹10,000/- is received from Advocate Shri Rajguru, for attending meeting with Finance Sub-Committee and preparing affidavit for

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			substitute service and other works. He further stated Shri Rajguru is not ready to furnish details based on which the bill can be settled as per the ceilings in the Schedule of fees prepared by Law Ministry. Capt Hiranandani stated that the case is very big and parties are absconding and the deals which took on the basis of contract notes were fake and according to him there is no possibility of making any recovery. Secretary stated that the assets of Shri Gond have been attached and sealed and it is learnt that Shri Gond has approached Supreme Court for vacating the attachment. He further stated that Railways have reinstated Shri Gond. Chairperson stated that proper follow up action needs to be taken in the matter to ensure that the case filed in Court gains momentum. Chairperson also directed to ascertain the status of criminal case filed against main accused. As regards fees, Shri Rajneesh Gupta stated that reasonable amount can be paid under incidental expenses and Board can think of change in existing Senior Counsel. Chairperson stated that Shri Rajguru has to submit break up of bill and if the bill for miscellaneous items of work is reasonable it can be settled. Chairperson also stated that there is a need to fix norms for

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			payment of incidental expenses to a Council and proper note be submitted to Board narrating various item of work done by Advocate and item wise estimate of expenditure so that loose ends can be tied up.
5	Agreement with M/s SBK Technology for Up-gradation of existing account system.	Secretary stated that M/s SBK Technologies Pvt Ltd have given schedule under which Pension / Annuity seperate module would be completed by September 2009 and changes in Provident Fund Accounting system would be completed by October 2009.	Board expressed that M/s SBK Technologies have given a vague schedule and periodical monthly review is necessary at Commissioner's level. Board has also directed that M/s SBK Technologies should give presentation in next meeting of Board of Trustees as regards milestones achived vis-a-vis target set.
7	Fixation of Rate of interest to credit the Seamen member account for the year 2009-10	Secretary stated that two back references were received from Ministry which had been replied instantly. Shri Rajneesh Gupta stated that the reply given

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		is being considered in consultation with Finance Wing and rate of interest for the year 2009-2010 will be declared shortly. Board requested early clearance.	
8	Grant of one additional increment to Shri M.M. Barthwal looking after the work of system administrator in additional to his normal duties.	Board directed that the Shri M.M. Barthwal may be paid overtime for late sitting and working on Saturday/Sunday, Holidays and opined that the question of paying Honorarium /Additional increment does not arise.	Secretary may comply with the decision of the Board and this item may be closed.
Item No. 3, 6, 9, 10, 11, 12, 13 & 14		Board noted the action taken and directed the Secretary to review and bring back such of the items that need Board's attention either in ATR or as separate agenda item.	

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Item No. 3: Approval of Annual Report on working of Seamen's Provident Fund Scheme, 1966 for the year 2008-2009

Secretary highlighted the milestones achieved during the year and drew attention to the surplus of ₹32 lakhs for the year 2008-2009 on the Administration account.

Capt. Hiranandani expressed that the rate of Administrative charges which was 5% for last five year (except the year 2007-2008 in which it was reduced to 4.5%) needs downward revision.

Dr. A.R. Goyal stated that size of fund is important as compared to the percentage of Administrative charges and if the inflow of Provident Fund contribution is more, then only it is possible to consider reduction in the rate.

Secretary stated that up gradation of computer accounting system is being carried out for which funds are required and 60% arrears are yet to be disbursed to staff / pensioners and hence the reduction in Administrative charges may not be possible.

Shri Abdulgani Y. Serang stated that the hike in Provident Fund Contributions is mainly due to wage revision of seafarers for which National Union of Seafarers of India had taken lead in finalizing NMB agreement.

Chairperson expressed that in depth exercise of risk management needs to be carried out and risk in all spheres viz collection of contribution, investment etc should be identified

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and system should be evoked to bring down risk level and certain contingency plans need to be devised for risk pooling / risk prevention and the exercise should also include periodical risk assessment and risk mitigation strategy/ management. Chairperson also directed to follow up seven cases where Employers failed to remit contributions and revenue recovery certificate were obtained from Collector of Mumbai and sent to the respective District Collectors.

Item No. 4: Annual Accounts for the year 2008 - 2009

Secretary displayed vital statistics of current year with reference to actuals of last year and provisions in Revised Estimates 2008 - 2009.

Capt. Hiranandani stated that actuarial valuation of Pension / Gratuity liability needs to be done and the respective funds need to be strengthened to the required level so that there is no need to raise administrative charges periodically. He also stated that the surplus could be utilised for providing against contingencies.

Chairperson desired to know whether the investments are being made according to the extant guidelines. Secretary stated that Finance Sub-Committee is monitoring the investment and ensuring that they are made as per the prescribed pattern and in the meeting held on 25-02-2009, an overview of investment made

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during the year 2008-2009 was taken and discretionary quota was also regularised. He further stated that M/s N. J. Jawkar & Co., Internal Auditors have carried out physical verification of securities and other investments and furnished a report to that extent. He also stated that Internal Auditors could verify all investments except bonds of GSIC, U.P. Spinning Mill and U.P. State Yarn Ltd out of which two cases are in litigation and in third case, special offer has been received, which is in seperate Agenda.

Chairperson desired that Secretary should monitor investments and oversee whether Port-folio Managers are doing a right job and directed to hold monthly review meeting with M/s IDBI Capital Market Services Ltd. to ascertain the various alternatives on reinvestments of maturity proceeds and on investments of accretions / surplus funds. Chairperson also suggested that it is a good learning experience which would enrich the knowledge in the field.

Item No. 5: Budget Re-appropriation 2008-09

Board noted the position of item wise excess expenditure / saving and desired that proposal for actuarial valuation of Pension / Gratuity liability to be brought in the next meeting.

Item No. 6: Appointment of Port Folio Manager for GPFO for the years 2009-2010 2010-2011 and 2011-2012.

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Dr. A.R. Goyal observed that the performance of M/s IDBI Capital Market Services Ltd has not been up to mark as mentioned in earlier proposal for inviting competitive bids but it is intended to give them contract again for the year 2009-2010.

Rajneesh Gupta enquired as to how the public sector institutions were short listed.

Secretary stated that exhaustive list of Port Folio Managers was down loaded from the concerned web side and the organisation which appeared to be public sector undertakings/ banks were approached with circular enquiry letter. He further stated that some banks had permission to render advisory services and not as Port Folio Managers.

Rajneesh Gupta asked what period was mentioned in the circular enquiry letter for the Port Folio Management work.

Secretary stated that it was left to them to quote the fees for the period which they feel essentially required for assessing their performance.

Dr A.R. Goyal expressed that M/s IDBI Capital Market Services Ltd had prior knowledge of the work involved and that is why they might have quoted abysmally low.

Secretary stated that all the 5 bidders were informed that annual investment would be in the range of Rs 85 to Rs 90 crore.

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Finally it was decided by the Board that considering their past performance M/s IDBI Capital Market Services Ltd should be given the work only for one year from 1st July 2009. It was also decided to give short advertisement in Newspaper with details on web side of Seamen's Provident Fund organisation for reinviting the bids if M/s IDBI Capital Market Services Ltd refuses to accept the work only for one year. However they may continue till the new agency is appointed. The advertisement should clearly specify the period of the contract so that bids can factor this.

Item No. 7: Appointment of internal auditors of Seamens Provident Fund organisation for the periods 2009-10 and 2010-11

The agenda note was withdrawn as incomplete since Finance Sub-Committee's decision /views were not incorporated in the note. Nevertheless, since the term of Internal Auditor has expired the subject matter was considered by the Board. On the report of the Secretary that the recommendation of Finance Sub-Committee was to reappoint M/s Tawker & Co. for period of one year on the same terms and conditions, Board agreed the proposal for re-appointment for one year.

Chairperson enquired as to how the 17 firms of Chartered Accountants were short listed.

It was clarified that the firms empanelled

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with Mumbai Port Trust and by Comptroller and Auditor General of India were considered for short listing. Secretary also clarified that soliciting business by participating in competitive bids through open public advertisement is banned by Institute of chartered Accountant of India and hence nobody would participate in such bids it is against professional ethics and code of conduct.

Shri Rajneesh Gupta suggested that Shipping Corporation of India can be approached in this matter and he would coordinate/interact with the concerned officials. It was also decided to hold the Board meeting at least quarterly so that the items requiring quick action can be cleared.

Item No 8: Delegation of financials power to Commissioner and Chairman. Seamen's Provident Fund.

Secretary stated that the financial powers delegated in 1979 have become redundant due to inflation. He further stated that proposal envisages enhancement of financial power of Commissioner and it is also intended to delegate financial powers to Chairman in terms of para 22 of Seamen's Provident Fund Scheme 1966.

Chairperson stated with she is not full time Chairmen and Commissioner has to manage the day to day affairs by exercising the powers vested in him.

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Dr. A.R. Goyal stated that Commissioner should be equated either with Head of the Department or with Head of office and opined that proposal may be recommended as it is and the same will be critically examined by Government in terms of provisions of Delegation of Financial Powers Rules.

After some discussion, the proposal to enhance the financial powers of Commissioner was sanctioned by Board subject to approval of the government.

Item No 9 Modification of existing module (Rate of interest) of Provident Fund Accounting System.

Secretary stated that the proposal is for modification in the existing Software so that in the beginning of new financial year, final withdrawal cases can be settled on the basis of Provisional Rate of interest till final rate of interest is declared by the Government and these cases can be reopened for final calculation of interest at the incremental rate. He further stated that the provisional rate of Provident Fund interest would be decided on the basis of the investment which the lowest yield to which Board's approval will be sought.

Chairperson observed that the quote given by M/s SBR Technologies is exorbitant as compared to the scope of work and the software developers appeared to be taking undue advantage of the situation.

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Shri Abdulgani Y Serang stated that the module is important from the point of view of retiring seamen and hence the modification in software needs to be carried out on priority basis.

After considerable deliberations, it was decided to have negotiations with the software developers since the cost quoted by them appeared to be disproportionate to the quantum of work involved. Secretary was also advised to take help of NIC in negotiating with the software developer.

Item No 10: Utilization of funds in forfeiture account -
Establishment of Merchant Navy Officer's and Seamen's Association at Mangalore Port Area.

Secretary explained that the proposal received from Deputy Director General of Shipping is for one time financial assistance for constructing Merchant Navy club at New Mangalore Port. Secretary also stated that a letter has been received from shri Anil Baran Das communicating certain reservations/objections to the proposal.

Chairperson stated that land has been given free of cost by New Mangalore Port & the project cost is about Rs 25 cr. which will be partly financed by planned funds and one time contribution can be given to defray part of capital expenditure.

Shri Anil Baran Das stated that the club will be meant for officers & seamen may not get any

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benefit out of this contribution.

Chairperson stated that the definition of seamen under Seamen's Provident Fund Act 1966 & Merchant Shipping Act 1958 is an inclusive and does not preclude officers. Chairperson stated that as a principle only one time capital assistance can be given after scrutinizing the proposal & it would be in the nature of gap financing.

To a query, Secretary replied that at present the accumulations in Forfeiture account are to the tune of Rs 2.19 crore out of this Rs 18 crore have been invested in Fixed Deposits with banks and remaining in government securities & public sector bonds.

Shri Abdulgani V. Serang stated that the contributions to forfeiture account are from wages of ratings & hence weightage should be given to the proposals under which maximum benefit is derived by seamen.

Capt Hiranandani stated that he has submitted proposals for giving financial assistance to (i) Seafarers Welfare Fund Society (ii) Indian Sailors' Home Society (iii) Navik Griah Kolkata (iv) Royal Bombay Seamen's Society, Mumbai

Shri Anil Baran Das further stated that there is a private training centre in Cochin and a swimming pool in Chennai but no seaman is allowed to use these facilities

Chairperson expressed that the constitution of the clubs may not be of restrictive nature

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and hence it may not be fair to deny the assistance in the present case and discriminate the officers.

Dr. Goyal stated that a maximum assistance of Rs 10 lakh can be given in deserving cases based on the merit of individual case.

Capt. Hiranandani stated that Seamen Welfare Fund Society needs computers to facilitate gratuity payment and requirements of funds may be more than Rs 10 lakhs and hence considering the need, exception may be made in individual cases.

Shri Abdulgani V Serang stated that there need not be any cap and quantum of assistance can be decided on merit of each case.

Chairman suggested that out of the fund of Rs 2 crore, Rs 1 crore may be retained and remaining Rs 1 crore can be distributed & proposals from charitable institutions / organisations carrying out activities of seamen's welfare may be invited and the proposal would be scrutinised by a committee who would recommend to Board for final decision.

After some discussion it was decided to invite proposals through a short advertisement in local news paper and keep details on website of Seamen's Provident Fund Organisation & Directorate General of Shipping. The Finance Sub-Committee should scrutinize the applications received for grant and restrict the assistance to Rs 10 lakhs in each case. The draft of the advertisement may be

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made after guidelines for distribution are framed and approved by the Finance Sub-Committee/Board.

Item No. 11: Engagement of few persons (Office Boy/Assistant and cleaner) on Contract basis.

Dr. A.R Goyal stated that draft agreement given by m/s Solis Invicti Consultancy Pvt Ltd may be used only for informative purpose to avert any legal complication. He also suggested that acceptance letter may be issued communicating that the settlement of claims of personnel deputed and payment of statutory charges/dues would be the liability of service provider.

After some discussion, Board accepted lowest quotation of m/s Solis Invicti Consultancy Pvt Ltd amounting to Rs 22,250/- pm for supply of two Office Boys/Assistants and one cleaner.

Item No. 12. Option of one time settlement offered by M/s U.P State Yarn Co Ltd.

Secretary explained that the outstanding from U.P State Yarn Co Ltd to Rs 211.93 lakhs consisting of principal amount of Rs 89.75 lakhs and interest of Rs 122.18 lakhs as on 31.03.2009. He also stated that a claim was lodged on 07.03.2008. when company was in BIFR but the company had filed an appeal with AAIFR against the order passed by BIFR and AAIFR quashed the order of BIFR and directed company to come with fully fledged revival proposal with AOI&A. He further stated

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that again a claim was lodged with company on 03.12.2008 for recovery of outstanding dues. He further stated that the offer of U.P. State Yarn Co. Ltd is for one time settlement of principal amount of Rs 89.75 lakhs and interim reply has been sent by letter dated 23.04.2009 buying some time. He also stated that no suit can be filed if Company is in BIFR in terms of section 22 as per the advice of Smt. Lata Patne, Advocate.

Chairperson observed that the letter dated 13.04.2009 of U.P State Yarn Co Ltd was received on 20.04.2009 and time given to exercise option was upto 20.04.2009.

Secretary stated that two Trustees have given their opinion and Capt. N.A. Hiranandani is in favour of accepting the one time settlement offer given by U.P State Yarn Co Ltd but Shri Anil Baran Das has desired that at least 8% interest should be demanded over and above principal amount.

Chairperson expressed that the matter is delicate and needs to be handled tactfully.

Secretary stated that similar offer was also received in 2005 which was accepted protecting the right on par with other bond holders in the matter of interest payment but U.P State Yarn Co Ltd did not respond thereafter.

After some discussion, it was decided that stand taken and communicated to U.P State Yarn Co Ltd vide letter no 110/2005 dated 21.12.2005 may be reiterated and secretary should ascertain details of other settlement made by the company

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by pursuing the matter with management of U.P. State Yarn Co. Ltd by approaching the concerned senior officials with peer appointment.

Extra Item No 1. Pension/Annuity Scheme for seafarers.

Secretary stated that this item has been brought at the instance of Finance Sub-Committee. He further stated that Finance Sub-Committee has studied the issue in details by gathering information from five/six organisations in the field for launching Pension Scheme for seafarers.

Chairperson stated that the item needs to be studied in detail by members and enquired whether pension scheme for seamen is within the scope of Seamen's Provident Fund Act 1966.

Secretary replied that Para 17 of the Agenda items clearly specifies that Government's unequivocal permission is required before taking any step in the matter of Pension/Annuity Scheme as the same is beyond the preview of Seamen's Provident Fund Act 1966 and Seamen's Provident Fund Scheme 1966.

Shri Abdulgani Y. Serang stated that this matter is being cogitated over since 1994 but decision is pending and after retirement the plight of seamen is miserable and the require a sure source of income in old age to take care of their essential needs and hence the

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item is important and needs to be discussed at length.

Chairperson stated that the proposal needs to be studied by all members before allowing discussion on the same and hence the item can be deferred.

After some discussion, it was decided the consideration of the subject

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Minutes of the 113th meeting of the Board of Trustees, Seamen's Provident Fund organisation, Mumbai held on Monday the 12th October 2009

The followings were present.

Ms. Lakshmi Venkatachalam	Chairperson
Capt. H. Khatri	Member
Capt. N.A. Hiranandani	Member
Capt. S.C. Sood	Member
Shri S. Kannan	Member
Shri Anil Baran Das	Member
Shri Abdulgani Y. Serang	Member
Shri Maruti D. Rathnakar	Member
Shri S.M. Yadwadkar	Secretary

Chairperson welcomed all the Members and wished them Happy Diwali and prosperous New Year. Chairperson then asked Secretary to proceed further.

Secretary also welcomed all the members and stated that Shri S. Kannan representing UKSA nominated by Government on Board as Member is attending 113th Meeting. Chairperson welcomed him and expressed that Board would be benefited by his knowledge and experience in the field and expected his active participation in the deliberations.

Secretary also stated that he received a phone call from Dr. A.R Goyal on 11-10-2009 who informed that he would not be attending the

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meeting due to indisposition. Leave of absence was therefore proposed and granted to Dr A.R. Goyal.

Leave of absence was also granted to Shri Rajneesh Gupta, IAS Director (M/M), MAS who could not attend the meeting due to pre-occupation.

Agenda Item No. 1: Confirmation of Minutes of 113th Meeting of Board of Trustees held on 23rd July 2009.

Secretary stated that Shri A.B. Das and Rajneesh Gupta have suggested some changes in the minutes and Shri Abdulgani Y. Serang has communicated his views on one agenda item of last meeting which was deferred. The modifications suggested by Shri A.B. Das were discussed thread bare by Chairperson with specific comments.

After some discussion the minutes were approved with changes suggested by Shri A.B. Das and Shri Rajneesh Gupta.

Agenda Item No 2: Action Taken Report

Secretary explained that Action Taken Report contains 10 items dealt in earlier meeting on which follow up action was necessary. He further stated that the intention to submit detailed action taken notes on these 10 items is to apprise Board about the implementation of the Board's decision. There was no comments on the ATR.

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Agenda Item No 3: Pension/Annuity Scheme for Seafarers

Initiating the discussion Chairperson stated that the proposal envisages a departure from legal frame work of Seamen's Provident Fund Act and scheme. She also stated that the pension scheme is desirable on many counts, but to process the proposal without sorting out the fundamental issues may not be correct. She further stated that para 17 of the report addresses to some extent the core issues involved including legal issues of paramount importance.

Capt. N.A. Hiranandani stated that a decision was taken regarding gratuity to seafarers which is being released by Seafarer Welfare Fund Society. He further stated that Shipping Companies do not have a proper pension scheme for ratings but officers are deriving the benefit of pension scheme meant for them. He further stated that Seafarer Welfare Fund Society is paying a meager assistance of Rs 200 as pension to old seaman.

Shri Abdulgani Y. Serang stated that in view of bilateral agreement with Shipping Companies executed in 1994, Shipping Companies are remitting Pension/Annuity Contribution, additional voluntary Contribution and Ex-gratia. He further stated that pension is a social measure for them and the amount remitted by Shipping Companies should be utilised for the purpose for which they were given.

Shri S. Kannan stated that there is no pension scheme in Shipping Corporation of India

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Capt. H. Khatri stated that as per the Act seaman includes Masters and Officers and the Pension/Annuity Contribution are not remitted by all shipping Companies.

Shri Abdulgani Y. Serang stated that Pension/Annuity Contribution is remitted by Member of IRSA under NMB agreement and by Members of FOSMA and MASSA by virtue of a bilateral Company wise agreement executed on international basis.

Chairperson stated that the legal issues involved need to be examined in proper perspective and a legal opinion needs to be obtained from an experienced counsel with reference to the scope available under the Act and Scheme to administer management of such a scheme. She further stated that once the desirable legal frame work is put in place, Board may be apprised suitably so that a final view can be taken and proposal to amend the Act through Board and Government can be framed.

Chairperson also stated that it is essential to ascertain the information regarding the number of non IRSA Indian Shipping Companies so as to carry out a proper mapping of contributors, total population of Indian ratings based on CDC issued, number of ratings covered under same Agreement and under Collective Bargain Agreement, number of seamen enjoying contributory PF facility under the Articles of Agreement, i.e. membership of SFFO, etc. She further stated that before taking any decision Government will definitely seek this vital information with a view to gain a broader perspective given that sector specific

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pension schemes for agriculture, textile, widows etc. are already in place. She also expressed that the proposal cleared by Board needs to be routed through Directorate General of Shipping who would ascertain the magnitude of security net by analyzing statistical data. She underscored the importance of proper research on all relevant data.

Shri Abdulgani Y. Serang stated that the points narrated by Chairperson are very much valid and expressed that a group needs to be formed to gather and tabulate the requisite information.

After some discussion it was decided that Secretary will (i) obtain legal opinion from an experienced counsel to ascertain whether there is any scope for invoking any particular enabling provision/direction in the Act/Scheme and if not, to suggest appropriate enabling amendments and (ii) get data regarding total population of seamen, present coverage under Provident Fund, coverage under Pension/Annuity, AVC and Ex-gratia, Contributor and Non-contributor companies so as to broad base the reach of the pension scheme and bridge the gap if any.

Agenda Item No. 4: Filling of Vacancy of Group 'C' Employees by Direct Recruitment.

Secretary stated that due to shortage of staff the day to day work and over all

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performance is adversely affected and requested an early consideration to the matter.

Chairperson stated that it is necessary to check up whether vacancies are required to be filled up through Staff Selection Commission and if so, requisition will have to be placed with them. She further stated that this may be ascertained from Shri Deepak Verma, Deputy Director General of Shipping who is conversant in the matter. She further stated that if recourse to Staff Selection Commission is not required, a Committee can be constituted.

Secretary stated that he would be check up the position.

Capt N.A. Hiranandani stated that the work is seriously hampered and the unposted items have increased disproportionately and the work back log needs to be cleared at the earliest.

Shri Abdulgani Y. Serang stated that in the Finance Sub-Committee meeting held in the morning the position of un-posted items was reviewed when it was noticed that over 9000 receipts aggregating about Rs 13 cr are yet to be posted in proper seamen's accounts.

Shri Nusrat D. Rathnekar stated that about 150 Final Withdrawal cases are pending and time required for settlement is also as high as five months.

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Chairperson stated that the services of retired persons can be availed on contract basis but the package should be fixed depending upon the job and should not be related to the attendance in the office. She further stated that Secretary will have to certify that the work entrusted has been completed whence after the agreed consideration can be released.

After some discussion it was decided to utilize the services of retired persons to clear the pending back log of work on job basis.

Agenda Item No 5: Modification of Existing Modules (Rate of Interest) of SPFO Accounting System.

Secretary stated that he had intimated M/s SAR Technologies regarding their erstwhile tant quote for ancillary job and in response they have reduced their bid to Rs 108,000/- from Rs 140,000/- He highlighted that 385 cases were settled during the period from 01-04-2009 to 24-08-2009 by applying the interest rate of 8% declared for 2008-2009 although the rate for 2009-10 has been 8.5%. He also suggested that from 01-04-2009 all final withdrawal cases will be settled based on provisional rate of interest which will be fixed taking into consideration the return on the lowest yielding investment. He also mentioned that the scope of work includes re-opening and re-settling of cases processed by applying provisional rate of interest from 1st April till

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date of declaration of new rate of interest.

Shri S. Kannan stated that the same methodology is followed in SCI.

Chairperson stated that processing cases on the basis of provisional rate is a deviation from established practice and an opinion of Dr. A.R. Goyal, Director (Finance), Ministry of Shipping, on these principle aspects may be obtained before Board takes a decision on transitional rate.

Secretary stated that the intention to fix provisional rate is to avert ackward situation resulting from settlement of cases at a higher interest rate (applicable to previous year) in low interest regime.

After some discussion, Members felt that the revise quote of M/s SBV Technologies is still on higher side and requested Finance Sub-Committee to negotiate further with them. It was also decided to make a reference to Dr. A.R. Goyal on the lines suggested by the Chairperson.

Agenda Item No 6: Medical Facilities to the Commissioner, SPCQ.

Secretary explained the position in brief.

Capt. H. Khatri stated that the stand taken by Mumbai Port Trust is according to the rules and hence, a practical solution needs to be arrived in the matter.

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Secretary stated that in case of deputation the terms of appointment in the borrowing organization are not generally inferior to those applicable in lending organization and the then Commissioner Shri Bhumesh Chandra was allowed by Board to avail the same medical benefit which he was enjoying in his parent organization. He further stated that tie-up arrangements can be made with Mumbai Port Trust on the same analogy.

Capt. Khatri stated that the position in respect of Shri Bhumesh Chandra was different as he was availing indoor & outdoor medical benefits as per Central Government Health Scheme (CGHS) applicable to Government employees prior to and on deputation.

Chairperson stated that while the proposal can be agreed to a letter may be issued to Chairman, Mumbai Port Trust requesting him to issue instructions down the line to charge on cost basis and not to levy market rate for indoor and outdoor medical treatment given to Commissioner and his family members.

After some discussion it was decided to allow Commissioner to avail the indoor and outdoor for him and his family members on payment basis for Mumbai Port Trust Dispensary and Hospital and reimburse him the expenditure actually incurred by him on treatment procedures and medicines etc. subject to ceiling as per prevailing CGHS rates and to inform Mumbai Port Trust accordingly and seek their concurrence.

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Agenda Item No. 7: Nomination of Director (mm) as a Member of Finance Sub-Committee SPF Mumbai in Place of Dy. Secretary (mm).

Secretary stated that the vacancy has arisen due to change in nomination by Ministry and Director (mm) has replaced Deputy Secretary (mm) who was a Member of Finance Sub-Committee.

It was decided to nominate Director (mm) in Finance Sub-Committee in place of Deputy Secretary (mm).

Agenda Item No. 8: Release of 60% Arrears on Account Implementation of Sixth Pay Commission W.E.F. 01-01-2006.

Secretary stated that Dr. A.K Goyal Director (Finance), Ministry of Shipping discussed over phone with him this Agenda item and stated that no payment towards 60% arrears has been made by Government so far and matter may be deffered.

It was therefore decided to defer the consideration to the matter.

Extra Item No. 1: Expeditious Clearance of Un-posted item.

Secretary stated that Finance Sub-Committee has in its 42nd meeting held on 12-10-2009

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in the morning taken a review of the outstanding items of work. Finance Sub-Committee noticed that there are over 9000 un-posted items of receipt of Provident Fund Contribution aggregating Rs 13.75 Cr. which are yet to be posted in the proper account of seamen for want of correct particulars about seamen from various Shipping Companies. He further stated that 117 shipping companies were approached out of which 42 companies have responded and furnished correct details. He further stated that the a CD containing data was also given to NUSI and FSUI whose representatives on Board had agreed to help in the matter by carrying out necessary corrections either from the data available with them or from gathering correct details from concerned Shipping Companies. He further stated that the proposal envisages accepting the correct data given by NUSI and FSUI under the due authentication of Hon'ble Members on the Board representing these unions.

Shri Abdulgani Y. Serang stated that many seamen have not filled up Declaration and Nomination form due to which new account have been not opened. He further stated that new CDC cards are being issued by Shipping Master's Office at Mumbai and it can be made a condition to seamen approaching with an application for renewal of CDC that he should bring a clearance from Seamen's Provident Fund Office regarding filing of D2 form. He further stated that this check point will help in opening new accounts as seaman is careless in his own matters such as making nomination, furnishing complete details including address for communication etc without

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bothering for its importance.

Chairperson stated that as regards the un-posted items, the corrections in details of seamen received from KUSI and FSUI can be displayed on the website of the Seamen's Provident Fund Organization and a small notice can be given by way of advertisement in the prominent news papers and if no objection is received by a specified date, the amended data can be fed into the system and the un-posted amounts can be transferred to the relevant seamen's accounts.

It was decided follow the procedure suggested in the penultimate para.

Table Paper Item No 1: Draft Audit Report on Annual Accounts for the year 2008-09

Capt. N.A. Hiranandani stated that C&AG has made certain observations and he is not clear about reply given to few comments.

On pointing out the relevant observation, Secretary stated that audit has desired to attach a list of all investments to Annual Accounts with details and complying the audit observation may unnecessarily increase the volume of Annual Accounts. He further stated that all organizations are also giving compact information regarding investments and even the Common Format of Accounting does not stipulate such a requirement.

Shri S. Kannan stated that Audit has been

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made few observations for not maintaining accounts on mercantile basis.

Secretary stated that since cash system is followed for accounting purpose no provision either for income or for expenditure can be made on accrual basis.

Shri S. Kannan stated that Seamen's Provident Fund Organisation can maintain hybrid system of accounting to avert audit observations.

Secretary stated that Common Format of Accounting which is based on mercantile method is not implemented even by Employees Provident Fund who has large turnover and once their accounts are finalized on that basis, Seamen's Provident Fund Organisation can follow them.

Chairperson stated that for dealing with audit related matters, it is essential to set up an Internal Audit Committee and requested members to nominate themselves for this job. She further stated that this Committee will have to analyze internal audit as well as statutory audit report and action taken notes and report their findings to the Board.

After some discussion, Internal Audit Committee comprising of Shri S. Kannan, Capt S.C. Sood and Shri Maruti D Rethrekar was formed and it was also decided that Finance Sub-Committee would be independent from the Internal Audit Committee.

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Table Paper Item No. 2:

Appointment of Shri Kannan as Trustee Representing INSA.

Members noted the position and welcomed Shri S. Kannan, whole heartedly.

Table Paper Item No. 3:

Budgetary Support to SPFO, Mumbai for Payment of Arrears due to implementation of Sixth Pay Commission.

Secretary stated that he had received a block reference from Pay & Accounts Officer of Ministry in Mumbai which has been referred to Ministry, New Delhi for further necessary action.

Members noted the position and desired that regular follow-up be made to receive the grant.

The meeting concluded with thanks to the Chair.

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MINUTES OF THE 114th MEETING OF THE BOARD OF TRUSTEES, SEAMEN'S PROVIDENT FUND ORGANISATION, MUMBAI HELD ON THURSDAY THE 21st JANUARY, 2010.

The following were present:

Ms. Lakshmi Venkatachalam	...	Chairperson
A. R. Goyal	...	Member
Capt. H. Khatri	...	Member
Capt. N. A. Hiranandani	...	Member
Capt. S. C. Sood	...	Member
Shri Anil Bavan Das	...	Member
Shri Abdulgani Y. Sevang	...	Member
Shri Maruti D. Pathekar	...	Member
Shri S. M. Yadwadkar	...	Secretary

Chairperson welcomed all the members and wished them happy and prosperous New Year.

Secretary also welcomed all the Members and wished them happy and prosperous New year.

Secretary stated that Shri Rajneesh Gupta has relinquished the charge of Director [MM] by November 2009 end and the post of Director (M.M) is lying vacant at present.

Leave of absence was granted to Shri S. Kannan, Member Representing INSA who has inform-ed well in advance his inability to attend the meeting on account of personal tour.

Chairperson then asked Secretary to proceed further.

Agenda Item No. 1: Confirmation of the Minutes of 113th Meeting of the BOARD OF TRUSTEES, SEAMEN'S.

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Provident Fund, Organization held on 12/10/2009.

No corrections were received from any Trustee. The minute were confirmed without any change.

Agenda Item No. 2: Action Taken Report

Sr. No of Agenda	Subject	Deliberations	Conclusion
1.	Delegation of financial powers to Commissioner and Chairman, Seamen's Provident Fund.	Dr. A. R. Goyal stated that Board noted finance wing has recently the position cleared the proposal for enhancement of financial power of Commissioner. He further stated that the point whether Commissioner is to be equated with Head of Office as Head of Department was only creating some hurdle in the matter as DG Shipping, Chairperson SPFO has been equated with the Head of Department.	
3.	Pension/Annuity Scheme for Seafarers	While noting the position Chairperson expressed that there are various products available in the market at appealing rates. She further stated that unions can negotiate with employers so far as payment of pension

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is concerned as it may be difficult for Government to differentiate the Seafarers from others and create a dedicated pension Scheme.

Shri Abdulgani V. Serang Stated that Pension Annuity Contribution is being received from 1994 and hence decision is required to be taken in this historical matter.

Chairperson stated that as per the statute, SPFO cannot handle any matter which is beyond the ambit of Seamen's Provident Fund Act and Scheme. She further stated that the would is fast changing and there is a need to be alert to developments and hence the unions can take up the issue of pension with Association of Employers in the right earnest in ensuing wage revision of seafarers due from 01/04/2020

6	Expenditure clearance of unposted item	Shri Abdulgani V. Serang stated that NUSI has given a list of about 2700 unposted Item where corrections have been made in the name, CDC Nos. He further stated that data has been verified as per the records with NUSI for which they had to deploy some of the staff members. Shri A.B. Das stated that FSUI has also given some record duly verified. Secretary stated that Correct details are not authenticated by Hon'ble Trustees and that is why back reference is made to FSUI. Capt. H. Khatui stated that double check is required to be made before correct data is fed in the system for creation of new master. He further stated that on the Website of Directorate General of Shipping the detail of CDC Nos., name of seamen are displayed and there is a system of feed back form and queries raised are replied promptly. He further stated that since record of CDC issuing authorities is the most reliable source, the verification may be carried out before taking further action.	It was decided to get the corrected data duly verified from Shipping Master's up to date record on the website.

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Agenda Item No.3 Revised estimate for year 2009-10 and Budget Proposal for the year 2010-11.

Secretary Presented that position of the actuals of 2008-09, Provisions in Budget Estimates 2009-10, modification Proposed in Revised Estimates 2009-10 and new Projections in Budget Estimates 2010-11.

Secretary stated that the total receipts on account of Provident Fund Contributions during the year 2008-2009 aggregated to Rs. 64.30 crores out of which Member's and Employers' Contributions was Rs. 34.65 crores on which Administrative Charge of 5% amounting to Rs. 1.77 crores was levied. He further stated that Administrative Charges is leviable only on Members' and Employers' Contributions and not on Voluntary Provident Fund Contribution and payments towards Pension / Annuity. Continuing further, he stated that the Projection of Provident Fund Contributions for 2009-2010 and 2010-2011 are Rs. 70 crores and Rs. 77 crores respectively and Members' and Employers' Contributions is expected to be Rs. 38 Crores and Rs. 42 crores respectively and the Income from Administrative charge at existing rate of 5% would be Rs. 1.90 crores in 2009-2010 and Rs. 2.10 crores 2010-2011. He informed that wage revision of Seafarers is due from 01.04.2010 and hence Projections for receipt of Provident Fund Contributions are on higher side. As regards expenditure Projections, Secretary stated that the total expenditure for 2009-2010 and 2010-2011 is pegged at Rs. 2.39 Crores and Rs. 2.03 crores respectively. He further highlighted that major recurring items of expenditure are

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(i) Salary and wages due to recent pay revision for which Provisions of Rs. 0.80 crores and Rs. 0.92 crores have been made. (ii) arrears of Salary and wages for which, a Provision of Rs. 0.30 crores has been made in Revised Estimates 2009-2010. Secretary further informed that an outgo of Rs. 0.22 crores is expected for major work of up-gradation of software and Rs. 0.17 crores for Procurement of allied hardware. He further stated that out of Combined cost of Rs. 0.39 crores, Rs. 0.08 crores has been spent in [illegible] Crores would be spent in 2009-2010 and remaining Rs 0.05 crores in 2010-2011. Secretary also pointed out that Rs 0.40 crores towards Budgetary Support has been sanctioned by Government towards payment of arrears to staff consequent upon implementation of VI[illegible] pay Commission for which Directorate General of [illegible] Shipping has to raise a bill to pay and Accounts Officer of Ministry of Shipping for release of grant. Concluding the matter, Secretary stated that Revised Estimate 2009-2010 and Budget Estimates 2010-2011 depict Surplus of Rs. 8 lakhs and Rs. 17 lakhs respectively.

After discussion, the Board approved the Revised Estimates for 2009-2010 and the Budget Proposals for the year 2010-2011.

Agenda Item No. 4 : Fixation of rate of interest for credit to the Member's accounts for the year 2010-11.

Secretary explained that the Government had

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Sanctioned interest-rate of 8% for the year 2009-2010 on Provident fund and the present Proposal is for deciding the rate for the year 2010-2011 so that final Withdrawl cases from 1st April 2010 can be settled on that basis.

Secretary also clarified that during 2008-2009 interest receipts were Rs. 50.87 crores and disbursements were Rs. 48.30 crores @ 8% and for 2009-2010 receipts are expected to be Rs. 5 crores and disbursement at Rs. 57 crores @ 8.5%. He further stated that during 2010-2011 interest receipts are projected as Rs. 63 crores and the proposal to fix the rate of interest at 8.5% involves a disbursement of Rs. 63 crores approximately.

Shri Abdulgani Y. Serang stated that Considering interest receipts and accumulations in Interest Suspense Account the rate of interest for the year 2010-2011 be fixed at 9%.

Shri A.B. Das stated that about Rs. 20 crores are now expected as residual balance in the Interest Suspense Account which was as low as Rs. 8 crores in 2004-2005. He further stated that after the scam the rate of interest was reduced to 5.5% and considering the present comfortable position of Interest Suspense Account, the rate even higher than 9% is also justifiable.

Capt. N.A. Hiranandani stated that the rate of interest can be more than 8.5% and hence a moderate rate of 8.75% can be considered as it is now being planned to change Port folio manager due to which it may be possible to get higher returns on investment than Projected.

Secretary stated that out of interest

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Projection of Rs. 63 crores, Rs. 59 crores is expected from existing investments and only Rs. 4 crores is expected from the investments to be done in future. He further stated that the impact of the investments to be done by new Port folio Manager will not be to the fullest extent in the next-year.

Chairperson stated that it is too early to fix rate of interest for 2010-2011 as rates declared by EPF/GPF are unknown. She therefore suggested that the item can be deferred till next meeting.

Secretary stated that at least provisional rate of interest will have to be approved by the Board so that the final Withdrawal cases from April 2010 can be settled on that basis. He further stated that for the provisional rate of interest also approval of Government is required.

After discussion, it was decided to fix provisional rate of interest as 8.5% for 2010-2011 and re-visit the issue after gathering information regarding rate of interest of Employees Provident Fund and General Provident Fund and preferably meeting to finalize the rate can be held by March end or early April.

Agenda Item No. 5: Release of 60% of Arrears on account of implementation of Sixth Pay Commission w.e.f. 01.01.2006.

Secretary stated that this item was deferred in the last meeting held on 12/10/2009 and almost all the Government departments have now released the 60% of arrears. He also stated that Government has sanctioned grant of Rs. 40 lakhs and intimated about the same to Directorate General of Shipping under advice to SPFO. He further stated that the release of grant by Pay & Accounts officer of Ministry of Shipping is yet to take place subject to vacing

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the bill by Directorate General of Shipping who is the concerned and recognized Drawing and Disbursing Officer.

Agenda Item No. 6 : Appointment of Port Folio Manager for 3 year.

Secretary stated that the proposal has been brought before the Board in deference to the government directives to engage Port Folio Manager through open competitive bids. He also drew the attention of the members to the letter dated 20th October, 2009 received from the Ministry in which it was also mentioned that the suitable Proposal may accordingly be sent to the Ministry.

Trustees felt that Government can issue directions but the powers to appoint a particular agency as the Port Folio Manger vests with the Board and hence views of Board may be communicated to government appropriately.

Dr. A. R. Goyal stated that in terms of Rule 168 (2) of GFR where estimated cost of work or services exceeds Rs 25 lakhs it is mandatory to follow procedures of inviting open competitive bids.

Secretary stated that fees for Port folio Manager for the Year 2009-10 has been Rs. 0.50 lakh only although Port folio Manager was required to handle a corpus of about Rs. 80 crores in the year.

Chairperson stated that cost of service should be the deciding factor for determining the applicability of Rule 168 of GFR. She also stated that the basic idea behind open bids is to attract the experts in the field whose quality of services is verifiable.

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Secretary stated that IDBI Capital Market Services Ltd. merely invites bids on the dates on which surplus money is transferred and organization is saddled with the securities and bond which could be purchased at the best rate of the day. He further stated that they hardly do any planning of investment and no advice is received from them.

Capt. N. A. Hiranandani state that average yield on investment made by M/s IDBI Capital Market Services Ltd. appears lower and there is scope of improvement in the rate of return and consequently rate of interest on PF if investment are done with planning and at perfect timings.

Chairperson stated that although the Rule 168 (2) does not appear to be applicable in this case, open bids has to be invited for getting qualitative services from proficient services providers may be invited and fresh bids/tenders be floated in 2 cover system (technical and finacial) and the parties meeting the eligible criteria be only short listed. She further opined that once short listing is done all selected parties are to be treated on par and the lowest price bid then can then be a deciding factor.

Dr. A. R. Goyal stated that there can be some system of awarding marks among the bidders based on experience, professional staff and other measurable performance for which help of legal and financial consultants may be taken. He further desired that before entering into new arrangement the agreement should be made foolproof to protect the financial interests of organization.

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He also stated that parties giving guaranteed returns be considered on merits.

After some discussions, it was decided to take help of legal / financial consultants for preparing website advertisement, terms and conditions for Port folio Management work, Scrutiny of technical bids based on criteria fixed for short listing and for evaluating the technical bids by adopting points / count method. It was also decided to arrange a Pre-bid meeting to appraise the guidelines issued by Ministry of finance Prescribing the pattern of investments to prospective bidders and to reply to their doubts / querries etc. It was also decided to empower finance Sub Committee to analysis the technical and Price bids and make appropriate recommendation in the matter. It was also decided that departmental committee consisting of Commissioner and officers would open technical bids and submit the proposal to finance Sub Committee for short listing with the help of legal / financial consultants.

Agenda Item No. 7: Extension of grace period for payment of Provident fund Contributions along with Administrative charges from 30 days to 45 days for the purpose of levy of damages --- Proposal received from Maritime Association of Shipowners / Shipmanagers and Agents (MASSA).

Capt. S. C. Sood stated that the request made by MASSA may be favorably considered in the wake of Practical difficulties faced by foreign shipowners. He also explained about

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the cycle commencing from 'sign on' to 'sign off' of seamen from vessel and the timings of remittance of PF Contributions. He further stated that the ship owners remit the money in respect of 'signed off' seamen to the ship managers and manning agents after month end due to which delay occurs in remitting Provident Fund Contributions.

Capt. N. A. Hiranandani stated that several requests has been received from members of MASSA for extending time limit for remittance of PF Contributions.

Capt. H. Khatri stated that balance of wages are to be settled on signing off by seafarers and as per the convention seamen are to be paid monthly and as such there is no need to extend the time limit for the remittance.

To a query it was replied that damages on account of late remittance of PF Contributions are to the tune of Rs. 31 lakhs and there are about 15 defaulters in all, 8 Indian Shipping Companies and 7 Foreign Ship Owners / Agents / Manag

Chairperson stated that the period for remittance has been already extended from 15 days to 30 days in 1998 and in current scenario, swift transfer of money is possible with modern technolo gy and an action to increase the grace period further would amount to retrograde and is not desirable and warranted.

After some discussion, it was decided to reject the request received for further extension of grace period.

Agenda Item No. 8 : Appointment of Internal Auditor of SPFO for the financial Year 2010-2011 and 2011-2012

Secretary explained that as per the

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* stated that Proposal envisages empowering Audit Committe to proceed further

Suggestions from Hon'ble Trustees, SCI was approached, who had furnished the information of 18 firms of Chartered Accountants on their panel. He further in the matter of appointment of Internal Auditors by considering in all 35 firms, 17 firms at chartered Accountants empanelled by C & AG and other public sector organizations and 18 considered by SCI.

After some discussion, it was decided to empower Audit Committee to shortlist firms of chartered Accountants and make recommendation to Board for award of Internal Audit work for 2 years commencing from 2010-2011.

Agenda Item No. 9 : filling up of Vacancies in Group 'C' posts by Appointment through Direct Recruitment.

Secretary stated that item was deferred last time for obtaining opinion from Sr. Deputy Director General of Shipping (Sr. DDG) as to whether it is mandatory for Statutory organization like SPFO to follow the route of Staff Selection Comission for direct recruitment. He further stated that he had meeting with Sr. Deputy Director General of Shipping when all provisions were discussed. Sr DDG has by letter dated 13th January 2010 opined that it is not mandatory for statutory organizations to follow the staff Selection Commission route and hence direct recruitment can be done in terms of Seamen's Provident Fund [Staff and Conditions of Service] Regulations, 1972 (amended on 2nd April, 2007) which interalia includes recruitment Rules amended from time to time. Secretary further stated Sr. DDG suggested obtaining clearance from Government and following Depart-

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-ent of Personnel & Training instructions regarding optimization of Direct Recruitment to Civilian Posts which are also applicable to Autonomous Bodies. Secretary further clarified that he had already made a reference to Government and it had been intimated by Ministry that optimization Scheme has been not extended from 31/03/2009 and there is no need to follow Action for Direct Recruitment Plan (ADRP) from 01/04/2009.

To a query, it was clarified that vacancies would be filled up as per the reservation policy.

Chairperson stated that for Direct Recruitment, a small Committee may be formed and Commissioner would be head of the Committee and an official from DGS Personnel Branch and a local Trustee would be nominated on the selection Committee.

Dr. A.R Goyal stated that only the posts which are lying vacant for less than one year can be filled in. He further enquired whether all the posts intended to be filled are lying vacant within a year and if not, clearance of Government will have to be obtained to revive the posts lying vacant for more than a year.

Trustee expressed that Board enjoys autonomy and expressed as to whether it is mandatory to approach Government for revival of the posts lying vacant for more than a year.

Dr. A. R. Goyal stated that since SPFO is recipient of the grant it is now mandatory to follow the relevant government guidelines in all the matters and he would urge for strict adherence of Government directions/instructions

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•Organization would be adversely affected. It was also decided that for such of the

After some discussions it was decided to make reference to Government to revive the posts lying vacant for more than a year as organization has to achieve the objectives earnestly and proper supervision is required otherwise efficiency of the posts which are vacant for less than a year, the process of direct recruitment as planned may commence.

Secretary stated that Board had directed to deploy retired employees to clear backlog of work due to shortage of staff and the retired employees were contacted for clearance of pending work on contract basis but there was no response. He pointed out that the work feeding of Declaration / Nomination forms, Seamen wise data feeding in respect of receipts of PF Contributions and un-posted items are in arrears and proposal envisages a temporary arrangement of deployment of two Data Entry Operators on Contract basis till direct recruitment take place.

Chairperson stated that shortage of staff is genuine administrative problem affecting efficiency of the organization and hence proposal needs to be considered favourably by Board.

After some discussion, permission was granted to avail services of 2 Data Entry operators for data feeding work on Contract basis till direct recruitment takes plau.

Agenda Item No. 10 : Modification of Existing Module (Rate of Interest) of Seamen's Provident Fund Accounting System

Chairperson stated that this item had come

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to the Board 2-3 times and considering the need for the modifications in the interest module the same may be cleared.

It was decided to accept the revised quote of M/s. SBN Technologies of Rs. 97,200/- and award the work of modification of interest module of SPF accounting System.

Agenda Item No. 11 : Induction of E-Banking in SPFO.

Secretary explained that there is gap of minimum 5 to 6 days from the receipt of cheque till its realization and similarly there is a gap of minimum one week from the date of issue of cheque to seamen till its encashment by seamen. He further stated that proposal addresses this core issue and intends to cut down the delay through electronic transfer of funds both inward and outward.

Chairperson observed that as per the Section 4(3) of Seamen's Provident Fund Act 1966 read with Explanation thereto only SBI and its subsidiary banks and nationalized banks are the approved banks for banking transactions.

Secretary stated that Ministry of Finance has issued circular according to which IDBI bank is on par with nationalized bank/State Bank for all purposes including deposits, investments and government business because stake of Government in IDBI Bank is above 51% at any time.

Chairperson stated that there should not be any violation of the Act. She further opined that "equal to" is not 'Is'.

Capt. H. Khatri stated that Seafarers Welfare Fund Society is remitting gratuity

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through RTGS/NEFT/ECS and discreet inquiry be made with the official working there to ascertain further details.

Secretary stated that the same suggestion was also received from Capt. N. M. Hiranandani and he had deputed his officer in Semen Seafarers Welfare Fund Society who is remitting the funds electronically through State Bank of India. He further stated that SBI is offering only outward remittance facility and rates for services are also high as compared to the offer of IDBI. He further stated that he had made inquires with Punjab National Bank with whom SPFO has banking transaction for investment purpose but they do not have wide spread network to provide such facilities. He further stated that State Bank of India is not offering collection service for inward remittance of cheques. He also stated that at present about 8000 cheques are received towards PF Contributions and administrative charges and 2000 cheques are issued for final settlement and Non-Refundable withdrawls and hence arrangements for inward flow of funds are predominantly required. He also stated that inward remittance of funds through electronic transfer is free and but outward remittance involves costs. He further stated that payment 'Gate Way' is another popular method for collection of funds through banking network but it will take some time to gear up Shipping Companies to remit Provident fund Contributions and Administrative Charges through electronic payment. He also stated that finance Sub Committee has cleared the proposal.

After some discussion, it was decided

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to gather information from other nationalized banks as to whether they are providing such e-banking facilities for efficient inward and out-ward transfer of funds.

Agenda Item No. 12: Actuarial valuation of pension and gratuity for staff members - SPFO.

Secretary stated that in deference to the directions of Board, Life Insurance Corporation was approached with requisite data and Life Insurance Corporation has furnished actuarial liability for pension and gratuity of existing employees. He further stated that the balance in Pension and Gratuity fund is inadequate and hence the proposal envisages pumping the money in the fund in a phased manner to bring it to the required level. He further stated that valuation of liability in respect of retired employees (pensioners) is still audited from Life Insurance Corporation.

After some discussion, it was decided to approve contribution of Rs. 30 Lakhs to Pension/Gratuity fund during the year 2009-2010 and 2010-2011.

Agenda Item No. 13: Decision for investment of residual 5% in available avenues as per pattern of investment prescribed by Ministry of finance.

Secretary explained that Ministry of finance had modified the pattern of investment from 01/04/2009 according to which maximum 55% of investible surplus can be

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parked in Government Securities and 40% in bonds of public sector undertakings, finacial institutions and bank deposits and the decision is to to be taken for residual 5%. He further stated there are two options (i) equity (where up to 15% can be invested) and (ii) money market investments or money market mutual funds (where up to 5% can be invested). He further clarified that Equity includes a) Shares of Companies whose derivatives are traded on Bombay Stock Exchange/ National Stock Exchange and b) Indexed funds. He also clarified that the Money Market Instruments mainly include a) Certificate of Deposits issued by banks, b) Treasury (T) Bills issued by Government c) Commercial papers (unsecured) issued by banks. He also stated that this group includes Money Market Mutual Funds which are known as liquid funds. He further reported that Port folio Managers have recommended the safest mode i.e. certificate of deposits and Treasury (T) Bills whichever is offering high returns.

Dr. A. R. Goyal observed that Minis of finance notification dated 14th August 2008 has been placed before the Board in January 2010 and also observed that Port folio Managers are approaching in November, 2009 for decision in respect of residual 5%.

Secretary stated that notification issued by Ministry of finance dated 14th August 2008 was placed before the Board as Table paper in the 111th meeting held on 31/03/2009 i.e before date of implementation of new investment pattern. He further stated that he wanted detailed information about other options and opinion of Port folio Manager in respect of

* investments in money market mutual funds but Finance Sub Committee has recommended

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mandatory investment of 5% in other avenues who gave the same only in November, 2009 and hence the matter was delayed.

After some discussion, it was decided to invest upto 5% of surplus funds in money market instruments particularly in certificate of Deposit issued by banks or Treasury (T) Bills issued by Central Government whichever offers higher return on the date of investment.

Extra Agenda Item No. 1: Nomination of Director (Finance), as a Member of Finance Sub Committee Seamen's Provident Fund Organisation, Mumbai in place of Director (MM).

Secretary stated that the post of Director MM is vacant and hence there is no Government Representative of Finance Sub Committee. He further started that in the review meeting with Joint Secretary (Shipping) held on 10/11/2009, it was suggested to include that Director (Finance) in Finance Sub Committee (FSC) of SPFO.

Chairperson requested to Dr. A. R. Goyal to give his concurrence to nomination on FSC.

Dr. A. R. Goyal stated that he is ready to shoulder the responsibilities in FSC but work exigencies may not permit him to attend every meeting of Finance Sub Committee and the meeting of Board of Trustees also.

Secretary stated that the he would consult Director (Finance) over phone on items on paramount importance and would convey his views to other Trustees if he is not in a

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position to attend the meeting.

After some discussion it was decided to nominate Dr. A.R. Goyal as Director (Finance) Sub Committee of Seamen's Provident Fund Organization

Table Paper No. 1 : Review Meeting of Seamen's Provident Fund Organisation held with Joint Secretary (Shipping) on 16th November 2009.

Shri Abdulgani Y. Serang stated that changes proposed in the SPF Act/Scheme are detrimental the interest of Trustees and need to be discussed.

Chairperson stated that a letter was received from Ministry of finance in August, 2009 to undertake a detailed study of all safeguards available in Employees Provident Fund Act/Scheme to avoid incidences of scam. She further stated that reply was given on 3rd November, 2009 and it was made clear to Ministry that the changes proposed would require approval of the Board before new SPF Camendment Bill) is sent to the Ministry for placing before Parliament. She also clarified that as per mandate Commissioner had furnished the information called for by the Ministry and she desired that Board should be apprised in the matter suitably at appropriate time.

Shri Abdulgani Y. Serang stated that when the matter was so important, an emergency meeting of Board of Trustees should have been called for.

Secretary stated that initial letter came on 17th August, 2009 with time limit of one month for study and by letter dated 15th

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October, 2009, extension of one month was granted by Ministry. He further stated that proposal was prepared in the last week of October, 2009 i.e. after the 113th Meeting of the Board held on 12/10/2009 and sent to Ministry on 03/11/2009.

Chairperson desired that the letter dated 17/08/2009 of Ministry should have been placed before the Board for information in 113th Meeting held on 12/10/2009.

Dr. A.R. Goyal stated that any amendment to the Seamen's Provident Fund Act/Scheme should have been with Board's concurrence and he is uncomfortable with the proposal for modifications/changes and expressed that this matter should have been brought as regular Agenda item and not merely as Table paper.

Shri Abdulgani Y. Serang also stated that the changes proposed should be deliberated upon threadbare as there would be more responsibility on Trustees. He further stated that certain penal provisions need to be suitably re-worded.

After some discussion, it was decided to hold a special meeting of the Board to discuss and approve modifications/changes in SPF Act/Scheme based on safeguards available in EPF Act/Scheme.

Table Paper No. 2 : Laying of Annual Report & Annual Accounts 2008-09 in Both Houses of Parliament.

Secretary stated that Hon'ble Member Shri Kannan had intimated remedial action

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actions to be taken by SPFO to avert audit objections in future. He further stated that the letter dated 12th January 2010 of Shri Kannan has been circulated among the Members as desired by him.

Board appreciated the views of Shri Kannan in the matter.

Table paper No. 3 : Terms and Conditions of appointment of Shri S. M. Yadwadkar as Commissioner of SPFO.

Board noted the position.

Table paper No. 4 : Investment made during the period from 01-04-2009 to 31-12-2009.

Board noted the position.

The meeting ended with vote of thanks to the Chair.

Smyadwadkar
सचिव
न्यासी मंडल
सार्वजनिक भविष्य निधि
मुंबई

Lakhtuntal
अध्यक्ष
न्यासी मंडल
सार्वजनिक भविष्य निधि
मुंबई

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Keeping in mind the security scam in 2002, a proper ring fence needs to be installed by introduction of flawless and fool proof systems so that there are very very remote chances of frauds in future and even if defalcation / embezzlement occurs with collusion organization should get financially compensated by invoking the provisions of Seamen's Provident Fund Act / Scheme & the culprits do not flee away scot-free. Chairperson also stated that every change in scheme should be with proper justification and out dated provision need to be deleted / modified suitably and the financial interests of the organization should be properly secured / protected at all times.

Smi Anil Baran Das stated that the nature of employment of seamen is different from the employees covered under Employees Provident Fund Act and hence the provi-sions in Employees Provident Fund Act can not be induc-ted in Seamen's Provident Fund Act look, stock and barrel.

Capt. N. A. Hiranandani stated that instead of amending of Act and Scheme, rules can framed by Board under the powers vested with it and these internal Rules should be meticulous enough to cover all aspects such as investments, duties of Port folio Managers' and Internal Auditors etc. He further insisted that Port folio Manager should avoid idling of funds and chalk out proper plan anticipating the inflow of funds by way of interest, maturities and accretions.

Secretary stated that major chunk of funds have been invested in special Deposits Scheme (SDS) of Reserve Bank of India,

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(Rs 342 Crore) and in month of January, 2010 the funds had to be kept in Saving Bank Account for a month as there was no lucrative opportuni-ty for investment. He further stated that as per the extent investment guidelines issued by Ministry of finance, upto 65% of investiable surplus can be parked in G-Sec (Central and state), 40% in PSU Bond and Bank Deposits for three years and remaining 5% in Money Market Instrument i.e. T-Bills and Certificate of Deposits (CD) as per the decision taken by Board in earlier meeting.

Capt. N. A. Hiranandani stated that 15% of surplus can be invested in shares but Finance Sub Committee has foreclosed that option due to inherent market risk.

Chairperson stated that Port folio Manager should be held responsible for keeping funds idle and Commissioner should monitor the situation on day to day basis and the Cash flow statement should be prepared weekly by port folio Manger Consisting interest and maturities and planning should be done to maximize returns on investment.

Secretary stated that when there are no attractive avenues for investment, port folio Manag-er invests in bank deposit but minimum period of bank deposit is seven days and hence, many times the funds remain idle for 2/3 days awaiting improvement in market. He further stated that to overcome the situation the Port folio Mang-er, M/s. IDBI Capital Market Service Ltd. have advised him to invest in Collateral Borro-wing & Leading Obligations (CBLO) issued by clearing Corporation of India limited and approved by the Reserve Bank of India where interest is paid on day to day basis and the same is a

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permissible option as per the investments guidelines issued by Ministry of finance. He further stated that he has asked Port folio Manager to furnish the details so that Board prior approval can be obtained in the matter.

Chairperson perused the investment guidelines and expressed that finance Sub Committee should review the investment position for last quarter (January - March 2010) and Commissioner and Internal Auditor should exercise control over fund Manager to avoid idling of funds and ensure physical delivery of monthly investments, reconcile entries in bank account and the D-Mat Accounts. Chairperson also requested Shri S. Kannan to help in preparing of a proper strategy for investment.

Secretary informed that all purchases of G-Sec are held in the Constituents Subsidiary General Ledger (CSGL) Account of the IDBI Gilt Ltd. with Reserve Bank of India under which Seamen's Provident Fund Organisation (SPFO) is a beneficiary. He also clarified that all Bonds purchases are transferred to D-Mart Account with Bank of India.

Shri S. Kannan stated that the Port folio Managers should get closely associated with Commissioner, SPFO and the Finance Committee of SPFO [illegible] in investment activities. They should obtain concurrence before investments are made. The Port folio Managers should submit Daily Report (MIS) on Investments and the said Report should also include the position of surplus funds, present opportunities available for investment and the recommendation of Port Folio Manager with Proper justification thereof.

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He also stated that finance Sub Committee should control and monitor the investments closely and advise in respect of policy matters. He also stated that Port folio Manager and Commissioner, SPFO should have direct access to banks through internet ibanking as to the position of funds, investments made and utilization of funds for expenditure. Commissioner, SPFO and Finance Committee have to ensure that investments are made as per prescribed guidelines of Government of India and periodical reporting of the same to the Board. The entire process should be checked / verified by the Internal Auditors and reported to the Audit Committee.

Chairperson stated that the duties & responsibilities of Port folio Managers as incorporated in the agreement executed with them should be made a part of the Seamen's Provident Fund Scheme to hold them equally responsible for investment management. Chairperson also felt that even the crucial role played by finance Sub Committee be delineated in [illegible] Seamen's Provident Fund Scheme.

Trustees thereafter perused the changes suggested in SPF Scheme and SPF Act. Some Trustees observed that in Employees Provident Fund Act heavy responsibility is cast on the Board of Trustees of Provident Fund, where exemption has been granted to the employer and the Board is permitted to make investments as per the Government guidelines. They further felt that since, the Board of SPF is formed by a statute, the comparison made is not correct and hence, the suggestion to hold Board of Trustees responsible separately & jointly for any loss caused to fund due to failure to make investments as per directions of Government can not be accepted.

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Trustees also observed that the Commissioner is the chief Executive of the Board and is subject to general control and superintendance of the Board and a provision exists in SPF Scheme to remove him and as such, he may not be equated with Presiding officer of Tribunal in Employees Provident Fund Act and hence, the proposed changes for Removal & Investigation of mis-conduct & mis-behavior of Commissioner are unwarranted.

Regarding the provisions for Recovery officer and Recovery procedure intended to be incorporated in the SPF Act, 1966, Secretary explained that many shipping companies are sending a list of seamen with the details of amount to be credited as Provident Fund Contributions, Employers Contributions, Additional Voluntary Contributions, Ex-Gratia, and Pension/Annuity Contributions (Known as 'Provident Fund Return') but the aggregate amount does not tally with the consolidated amount of cheque and his office is facing difficulties in recovering shortfalls. He also stated that his office can not arbitrarily reduce the figures intimated in the 'PF Return' and hence the subscribers account are credited as per the details furnished by the Shipping Companies and the shortfalls are shown as 'recoverable' in the books of accounts. He further stated that from Articles of Agreements the Provident fund amount due is ascertained from the details of salary and the same is compared with the actual remittance and the less remittance is also recoverable from the Shipping Companies

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as per the SPF Act & Scheme. He further stated that under the existing provision of SPF Act he has to hold an inquiry in terms of the powers delegated to him under Section 6 of the Act and since the number of defaulting Shipping Companies is on rise, he insisted on incorporating provisions for appointment of Recovery Officer & recovery procedure which would be expedient.

Shri S. Kannan stated that the matter is serious as the shortfalls are shown as Sundry Debtors in the books of accounts and interest is paid on contributions credited to Seamen's accounts which are, in fact, not received in full. The payment of such interest, when funds are not received, is a drain on the exchequer of SPFO. He further stated that Government Audit has passed strictures on this issue and it was difficult to give proper justification to Audit queries on this subject.

Shri Abdulgani Y. Serang stated that a list of Shipping Companies who have short remitted Provident Fund Contributions can be given to him and NUSI would pursue the matter with them parallely.

Shri Anil Baran Das cited a case where the Manning Agent had backed out and the Principals were not held responsible for non-remittance of statutory dues.

Shri Abdulgani Y. Serang stated that there are certain provisions in the Clause 66 under Chapter 9 of SPF Scheme, 1966 under which punishment has been specified for failure to pay Contributions. He further desired that action can be taken against the defaulting Shipping Companies by invoking the said Clause

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66 read with Section 18 and 10 of the SPF Act, 1966.

Chairperson observed that the provision of clause 66 are for deliberate and willful defaults and cannot be invoked when there are certain mis-matches resulting in short remittance.

Shri Anil Baran Das stated that a bank guarantee can be insisted from shipping Companies to make up the short remittances.

Secretary stated that there are about 116 shipping Companies and accepting such bank guarantees from them, proper house keeping of the same, monitoring the expiry dates and last dates for lodging claims would be a herculean task and it will require a full fledged legal cell.

A suggestion was also received to insist on security deposits and to impound the same to adjust shortfalls so that seamen do not suffer for less remittances on which Secretary stated that accepting the security deposits, monitoring recovery thereof, accounting of deposit and eventual adjustments against shortfalls will tremendously increase workload and requirement of manpower.

Shri Anil Baran Das stated that enviornments under Employees Provident Fund Act and Seamen's Provident Fund Act differ and there is scope for better management and the defaulters can be sternly dealt with through the penal provision Seamen's Provident Fund Act and Scheme with less encumbrances.

Chairperson expressed that deficits/shortfalls in PF remittance should be viewed seriously and opined that SPFO is a custodian of the monies received but where there is less remittance than due amounts the concerned seamen should be advised to file a complaint/case with

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Police/court against the employer and a sanction for prosecution under the SPF Act & Scheme can be granted by Commissioner but in such cases a legal cell would be required and the services of a law officer will have to be utilized.

Chairperson also stated that a list of major defaulters may be prepared and place before Board in ensuing meeting.

After some discussion, a consensus emerged that the provisions in Employees Provident Fund Scheme dealing with defaults can be suitably integrated in the SPF scheme and amendments/changes in the Scheme should be such that the present functioning of the SPFO is reflected and procedural changes can also be incorporated in the scheme for expeditious recovery of PF dues and fines/penalties from defaulting shipping Companies. It was also suggested that maximum changes may be proposed to Seamen's Provident Fund Scheme, 1966, as compared to Seamen's Provident Fund Act, 1966 where the duties and responsibilities of Commissioner and other can be incorporated. It was also decided the form a small committee comprising of Commissioner, SPFO, Shri C. Rethinadhas, Deputy Director General of shipping and Shri Deepak Verma, Dy. Director of shipping to suggest appropriate changes in Seamen's Provident Fund Scheme and to furnish a concrete justifiable proposal within a month and to revisit the issue thereafter.

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Agenda Item No. 2: Norms/ Guideliness for utilization of monies in forfeiture Account.

Chairperson stated that the guidelines have been properly drafted but desired to have a comparison with Member of Parliament Local Area Development (MPLAD) scheme which is a good model and contains terms and conditions which can be lifted from website and can be suitably incorporated in the guideliness for grant-in-aid from forfeiture Account. Chairperson further stated that a standard application format should be prepared so that the organization desirous of availing grant can furnish the information needed for processing the cases. Chairperson also stated that the finance Sub Comittee will have to decide priority, maintain transparency, solicit the additional information if required and have the fair approach and the utilization of grant would be subject to audit.

Capt. N. A. Hiranandani stated that a utilization Certificate would be demanded and the organizations would be required to follow all the procedural formalities with due diligence before expending the grant for the project for which it is sanctioned.

Shri Abdulgani. Y. Serang stated that the viability of the project will have to consider before recommending grant as it is essential to know whether the recurring costs of the project can be met by the organization from their internal resources. He further stated that the grant should be given without any discrimination and the Project should be

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aimed at the welfare of ratings predominantly

Chairperson stated that it is essential that rating should access to the facilities to be created by the applicants. Chairperson also stated that there should be a budget for spendings from forfeiture Account and maximum Rs. 1 crore may be spent initially. Chairperson further stated that Finance Sub Committee should scrutinized all the proposals and the Committee should recommend grant at certain percentage of the project cost and the grant would be one time.

After some discussion, finance Sub Committee was requested to incorporate few changes based on MPLAD Scheme and devise an application form, prepare a Budget for incurring expenditure from accumulations of forfeiture Accounts.

Table Paper No. 1: Withdrawal of Seamen's Provident Fund (Amendment) Bill 2007.

Secretary stated that SPF (Amendment) Bill 2007 would be withdrawn from Rajya Sabha in the Budget Session.

Table Paper No. 2: Enhancement of financial Powers Delegated to Commissioner, Seamen's Provident Fund.

Board noted the position.

Table Paper No. 3: Filling up of Vacancies in Group 'C' posts by Appointment through Direct Recruitment.

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Secretary stated that Ministry has given the concurrence to fill up 8 posts of Group 'C' Employees which had fallen vacant in 2008-2009 due to natural attrition or voluntary retirement.

Chairperson stated that a self contained note may be submitted in the matter for formation of the Recruitment Committee and implementation of recruitment plan.

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

Priyadwadkar
कविल
न्यासी मंडल
नाविक भविष्य निधि
मुंबई

Ratikant
अध्यक्ष
न्यासी मंडल
नाविक भविष्य निधि
मुंबई

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