

AGENDA OF 45th MEETING OF THE EMPOWERED STEERING COMMITTEE FOR IMPLEMENTATION OF THE MONTREAL PROTOCOL

Date : 4th July, 2022

Time : 4 P.M.

Venue : **Kaveri Conference Hall,**
Prithvi Block, 4th Floor
Ministry of Environment, Forest and Climate Change (MoEF&CC)
Indira Paryavaran Bhawan,
Jor Bagh Road,
New Delhi – 110 003

Item No. 1 : Confirmation of Minutes of the 44th meeting of the Empowered Steering Committee (ESC) held on 27th December, 2021.

Item No. 2 : Action taken report on the decisions of the 44th meeting of the ESC.

Item No. 3 : Progress on activities after Ratification of Kigali Amendment to the Montreal Protocol for phase down of Hydrofluorocarbons (HFCs) by India:

(i) Establishment of licensing system w.r.t import and export and reporting of statistical data on consumption, production, import and export of HFCs under the provisions of the Montreal Protocol.

(ii) Development of National Strategy for phase down of HFCs under the Kigali Amendment to the Montreal Protocol by 2023 in line with the decision of the Union Cabinet.

Item No. 4 : Progress on Implementation of Hydrochlorofluorocarbons (HCFC) Phase out Management Plan (HPMP) stage-II, comprising the following:

(i) (a) Technology conversion in foam and air-conditioning manufacturing Sectors – United Nations Development Program (UNDP) implementing agency and lead agency for HPMP Stage-II.

(b) Collaboration with Indian Institutes of Technology (IITs) for carrying out research and development of low Global Warming Potential (GWP) chemicals including blends thereof, to be used as alternatives to substances controlled under the Montreal Protocol through engagement of research scholars.

(ii) Enabling Activities- United Nations Environment Program

(UNEP) implementing agency.

(iii) Refrigeration and Air Conditioning (RAC) Servicing Sector – GIZ Proklima, Government of Germany Implementing agency.

Item No. 5 : Progress on project preparation for Stage-III of the HPMP, to be submitted to the Executive Committee (Ex-Com) of the Multilateral Fund (MLF) for seeking funding.

Item No. 6 : Status report on implementation of the recommendations of the India Cooling Action Plan (ICAP).

Item No. 7 : Reporting items:

(i) Issuance of quota order for HCFC-22 Production for non-feedstock applications for the years 2022 in line with the Montreal Protocol phase out schedule and as per the provisions of Ozone Depleting Substances (Regulation and Control) Rules 2000, as amended in 2014.

(ii) Customs and excise duty exemption granted under the Fiscal Incentive Scheme.

Item No. 8 : Any other item with permission of the Chair.

ANNOTATED AGENDA OF 45TH MEETING OF THE EMPOWERED STEERING COMMITTEE FOR IMPLEMENTATION OF THE MONTREAL PROTOCOL

Item No. 1: Confirmation of Minutes of the 44th meeting of the Empowered Steering Committee (ESC) held on 27th December, 2021.

Minutes of the 44th meeting of the ESC held on 27th December, 2021 were circulated to all the Members (***Enclosure-1, pages 34-65***). No comments have been received.

Proposal for consideration of the ESC

To confirm the minutes of the 44th meeting of the ESC held on 27th December, 2021.

Item No. 2: Action taken on the decisions of 44th Empowered Steering Committee (ESC)

Agenda Item No.	Subject Matter	Proposed Action	Status
3	Kigali Amendment to the Montreal Protocol for phase down of Hydrofluorocarbons (HFCs)	The National Strategy for phase down of HFCs, to be developed should include inputs from the CC division of Ministry of Environment, Forest and Climate Change (MoEF&CC), as HFCs are greenhouse gases controlled under the United Nations Framework Convention for Climate Change (UNFCCC) and its Kyoto Protocol.	Climate Change Division of the MoEF&CC participated in the first stakeholder consultation meeting for development of national strategy for phase down of HFCs under the Kigali amendment to the Montreal protocol held on 20 th January 2022. Inputs will be sought while finalizing the national strategy for HFC phase down. Details of the development of national strategy for HFC phase down are presented in Agenda item No. 3.
4 (i)	Technology conversion in foam manufacturing sector with United Nations Development Program (UNDP) as lead implementing agency, under Hydrochloro-fluorocarbons (HCFC) Phase out Management Plan (HPMP) Stage-II	<p>While allocating the funding secured from the Multilateral Fund (MLF) to the participating enterprises for technology conversion to non Ozone Depleting Substance (ODS) alternative technologies, the possibility of reimbursement, after completion of all the technology conversion activities, rather than milestone-based payments including advance payments against signing of Memorandum of Agreements (MOA), should be explored, to avoid default and non-performance by participating enterprises.</p> <p>In addition, the MOA should include provisions for safeguarding the interests of the government, in terms of funding allocated and released to such enterprises.</p>	UNDP Montreal Protocol and Chemicals Unit (MPU), the lead implementing agency for HPMP Stage-II, during the Project Steering Committee (PSC) for implementation of HPMP Stage-II held on 17 th January 2022 under the Chairmanship of JS, Ozone Cell, MoEF&CC, clarified that as per the guidelines and procedures of the MLF, the approved funding to countries for phase out projects is released 2- yearly tranche, as per the details specified in the agreement between the Executive Committee (Ex-Com) of the MLF and the concerned Government. For release of 2nd tranche, at least 20% expenditure of the first tranche is to be incurred and for 3rd and subsequent tranches, expenditure of 100% of the previous tranches and at least 20% of the latest tranche is to be incurred and shown in the progress report to be submitted to the MLF along with the tranche request.

Agenda Item No.	Subject Matter	Proposed Action	Status
			<p>Taking note of the above and the proposed action at the last meeting of the ESC, the future MOAs to be signed with participating enterprises shall be drafted to have fewer initial payments and more at later stages as the enterprises near completion. Such MOA template shall be got approved by the Competent Authority before signing of the MOAs for all future funding allocations to participating enterprises in the MLF approved projects.</p>
5	<p>Provisions of Ozone Depleting Substances (Regulation and Control) Rules as amended in 2014 relating to use of HCFC-141b in manufacturing of rigid polyurethane foam.</p>	<p>Noting the display of selling /trading of HCFC 141b on India Mart an e-commerce portal, the matter to be taken up appropriately with the Department of Commerce and ministry of Finance, through a communication from Secretary, MoEF&CC. HCFC 141b is an ozone depleting chemical used in the manufacturing of rigid polyurethane foam and is prohibited for use as per Ozone Depleting Substances (Regulation and Control) Rules as amended in 2014.</p> <p>Regarding the issue relating to import of 100 MT of HCFC-141b during 2020, reported by the Directorate General of Commercial Intelligence and Statistics (DGCI&S). Data reconciliation between the DGCI&S and Directorate General of Foreign Trade (DGFT) in spite of several efforts of Ozone Cell, MoEF&CC is pending.</p> <p>44th ESC proposed that a</p>	<p>The representative from the Department of Commerce who attended the 44th meeting of the ESC was approached and was apprised of the issues and requested to take appropriate action who assured to extend the required facilitation.</p> <p>Response is awaited.</p> <p>Response is awaited.</p>

Agenda Item No.	Subject Matter	Proposed Action	Status
		communication to be sent from Secretary, MoEF&CC to Secretary, Revenue in this regard.	
14 Other item discussed	Delegation to Chairperson ESC (ex-officio Secretary, MoEF&CC) for implementation of the Montreal Protocol	To authorise Chairperson, ESC (Ex-officio Secretary, MoEF&CC) to accord approval for all the proposals relating to implementation of Montreal Protocol projects and activities to be considered by the ESC. All such proposals will be put up to the ESC for information and to take note of the same during the next ESC meeting.	The proposals for which approval of Secretary, MoEF&CC and Chairperson ESC have been sought pursuant to the 44 th meeting of the ESC held on 27 th December 2021, are included in Agenda item No.7 for information and to take note by the ESC.

Item No. 3: Progress on activities after Ratification of Kigali Amendment to the Montreal Protocol for phase down of Hydrofluorocarbons (HFCs) by India:

(i) Establishment of licensing system w.r.t import and export and reporting of statistical data on consumption, production, import and export of HFCs under the provisions of the Montreal Protocol.

(ii) Development of National Strategy for phase down of HFCs under the Kigali Amendment to the Montreal Protocol by 2023 in line with the decision of the Union Cabinet.

Background

Hydrofluorocarbons, commonly known as HFCs were introduced as non-ozone depleting alternatives to support the timely phase out of chlorofluorocarbons (CFCs) and Hydrochlorofluorocarbons (HCFC). Use of HFCs is now widespread in air conditioners, refrigerators, aerosols, foams and other products. While these chemicals do not deplete the stratospheric ozone layer, they have high Global Warming Potential (GWP) ranging from 12 to 14,000.

Recognizing the growth in use of HFCs, especially in Refrigeration and Air Conditioning (RAC) sector due to increase in urbanization, motor vehicles, industrial activities, etc., the Parties to the Montreal Protocol reached agreement at the 28th Meeting of the Parties (MOP) on 15th October 2016 in Kigali, Rwanda, to phase down HFCs. Parties agreed to add HFCs to the list of controlled substances and approved a timeline for their gradual reduction by 80-85 per cent by the late 2040s. This agreement is called the Kigali Amendment to the Montreal Protocol.

As per the Kigali Amendment, to the Montreal Protocol, India will complete its phase down of HFCs in 4 steps from 2032 onwards with reduction of 10% of production and consumption of HFCs in 2032, 20% in 2037, 30% in 2042 and 85% in 2047 respectively. The balance 15% would be the service tail for servicing of HFC based equipment beyond 2047.

Ratification of the Kigali Amendment by India

The Union Cabinet in its meeting held on 18 August 2021 approved the proposal of the Ministry of Environment, Forest and Climate Change (MoEF&CC) for Ratification of Kigali Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer for phase-down of HFCs by India. It was also decided that a national strategy for phase down of HFCs will be developed by 2023 after required consultation with all the industry stakeholders.

Pursuant to the Cabinet decision, the instrument of Ratification was deposited with the UN Secretary General at New York, the depositary of the Montreal Protocol. The Kigali Amendment came into force for India on 27 December 2021.

Activities undertaken pursuant to Ratification of the Kigali Amendment to the Montreal Protocol

(i) First Stakeholder Consultation Meeting for Development of Strategy to Phase down HFCs under The Kigali Amendment to the Montreal Protocol

A stakeholder consultation meeting was held on 20th January 2022, under the Chairmanship of Joint Secretary (Ozone Cell), MoEF&CC to discuss the issues relating to establishment of licensing system, data reporting and those relating to development of national strategy for phase down of HFCs. The meeting was attended by 82 participants comprising representatives from nodal line ministries/departments/agencies i.e. Ministry of Commerce and Industry, Ministry of Power, Ministry of Food Processing Industries, Ministry of Micro, Small and Medium Enterprises (MSME), Ministry of Chemicals and Fertilizers, Ministry of Education, Ministry of Science and Technology, Ministry of Agriculture & Farmers Welfare, Directorate General of Commercial Intelligence and Statistics (DGCIS), Directorate General of Foreign Trade (DGFT), Indian Space Research Organization, Defense Research & Development Establishment (DRDE), Council of Scientific and Industrial Research (CSIR), Bureau of Indian Standards (BIS), including Central Pollution Control Board and State Pollution Control Boards, academic and research institutions, Industry and industry associations associated with the implementation of the Montreal Protocol.

After deliberations, it was agreed for establishment of licensing system and data reporting in consultation with line Ministries/ departments.

(ii) Establishment of licensing system for import and export and reporting of statistical data on consumption, production, import and export of HFCs under the provisions of the Montreal Protocol.

In accordance with Article 4B of the Montreal Protocol dealing with licensing, each Party to the Protocol, shall, within 3 months from the date of entry into force, establish and implement a system for licensing the import and export of new, used, recycled and reclaimed controlled substances and report to the Ozone Secretariat, the Secretariat for the Vienna Convention and the Montreal Protocol, on the establishment and operation of the licensing system.

The Kigali Amendment to the Montreal Protocol came into force for India on 26th December 2021 after ratification on 27th September 2021. Accordingly, the deadline for India to establish the licensing system for HFCs was on 26 March 2022. Further, as per Article 7 of the Montreal Protocol, each Party shall provide to the Ozone Secretariat, statistical data for the year during which provisions concerning HFCs entered into force and accordingly data for 2021 must be reported by India, for which data on import and export of HFCs and blends containing HFCs is needed, for which it was required that a licensing system need to be in place.

Licensing system proposed for HFCs would be similar to the existing system for the Ozone Depleting Substances (ODSs) and there would be no additional burden on the industry. Provisions relating to licensing are specified in the Ozone Depleting Substances (Regulation and Control) Rules, 2000, and its amendments, framed under the Environment Protection Act (EPA), 1986, for implementing the Montreal Protocol in the Country. As per the provisions in the ODS (Regulation and Control) Rules 2000 and its amendments, export/import of ODS can be only through a license issued by the Directorate general of Foreign Trade (DGFT), Ministry of Commerce and Industry, based on the recommendations of the Ozone Cell, MoEF&CC.

After the approval of the Competent Authority, a communication was sent to DGFT to include the HFCs under the restricted category to enable issuance of license for import/export of such items by the DGFT, after the recommendation by Ozone Cell, MoEF&CC. Pursuant to the communication, DGFT has implemented the licensing system by issuing notifications for import and export of HFCs and blend containing HFCs as follows:

- (i) Notification No. 59/2015-2020 dated 9th March 2022 amending the import policy to include HFCs in the restricted category (**Enclosure-2, pages 66-68**).
- (ii) Notification No. 62/2015-2020 dated 23rd March 2022 amending the export policy to include HFCs in the restricted category (**Enclosure-3, pages 69-71**).

A communication in this regard informing establishment of licensing systems for Hydrofluorocarbons (HFCs) under Article 4B of the Montreal Protocol by India was sent to the Ozone Secretariat on 21st March 2022.

(iii) Development of National Strategy for phase down of HFCs in line with the decision of the Union Cabinet.

Pursuant to the Ratification of the Kigali Amendment by India, proposal for seeking funding for development of National Strategy for HFC phase-down from the Executive Committee (Ex-Com) of the Multilateral Fund

(MLF) was submitted for consideration during its 88th meeting held virtually during November 2021. As per the decision of the Ex-Com taken during its 79th meeting, the funding for India would be US\$250,000/-.Based on the proposal submitted by India through UN Environment Programme (UNEP), the implementing agency for implementing the enabling activities under the Kigali Amendment, funding of US\$250,000 was approved for India by the Ex-Com of the MLF during the 88th meeting held in November 2021.

Pursuant to the approval of the funding by the Ex-Com of the MLF, the Project Cooperation Agreement (PCA) was signed between the Project Management Unit (PMU), Ozone Cell, MoEF&CC and UNEP for initiating the activities. A copy of the PCA signed with UNEP is placed at ***Enclosure-4, pages 72-91.***

The following activities need to be undertaken as part of development of National Strategy for HFC phase down:

- (i) Outreach and awareness raising.
- (ii) Development of a national Strategy including policy framework for the implementation of the Kigali Amendment.
- (iii) Establishing a framework for implementing licensing, quota system, and reporting obligations related to HFCs, including amendment to the Ozone Depleting Substances (Regulation and Control) Rules 2000 and its amendments.

Out of the three activities proposed at above, activity (i) and (ii), i.e., outreach and awareness and development of national strategy including policy framework for implementation of the Kigali Amendment need to go in parallel. The third activity, namely establishing legislative framework including quota system and amendment to the Ozone Depleting Substances (Regulation and Control) Rules to align with phased down of HFCs can be commenced once the draft strategy for HFC phase down is ready. It may also be mentioned that in accordance with the implementation schedule forming part of the Cabinet Note for Ratification of the Kigali Amendment, the national strategy is to be completed by 2023 and legislative framework by way of amending the Ozone Depleting Substances (Regulation and Control) Rules by mid-2024.

Proposal for onboarding the National Institute of Public Finance and Policy (NIPFP) for development of National Strategy for HFC phase down in India.

The development of National Strategy for HFC phase down involves collection and compilation of industry related data, development of growth scenarios through modelling, techno economic analysis based on existing and likely to be available alternatives and proposing national policy framework and strategy. Keeping in view that the work is of strategic

nature and considering that there is a need to maintain confidentiality of the data and information relating to the industry as well as the institutions to be involved in the exercise, as the strategy needs be presented to the Union Cabinet, it was felt that to associate an institute of repute under the aegis of the Government of India for undertaking the task. It may be mentioned that extensive stakeholder consultation would be done during the development and finalization of the national strategy, however the same shall be disseminated widely only after presenting to the Union Cabinet and its approval.

Keeping in view the above, the NIPFP, an autonomous research institute under the Ministry of Finance, Government of India was requested to submit a proposal for undertaking the task for development of national strategy for phase down of HFCs in India. NIPFP is a premier research institution in public economics and policy. The institute has made significant research contribution on policy issues both at the Central and the State-level. NIPFP maintains close functional links with the Central and State Governments in India, and actively collaborates in pursuing its research and training agenda. It also works in close collaboration with several academic institutions both in India and abroad, to gain deeper insights on various issues including public economics. The faculty of the Institute collaborates in research and teaching activities with several institutes in India and abroad and are also associated with world-wide research networks and serve as members on national and state-level commissions, professional organizations, and management boards of various institutions. NIPFP has done work in Climate Change and biodiversity and has the required competence to undertake the task.

At the request of the Ozone Cell, MoEF&CC, the NIPFP submitted the proposal, which is in line with the requirements of the National Strategy and the same is being examined.

Review mechanism

An Advisory Committee under the Chairmanship of Additional Secretary/Joint Secretary, MoEF&CC and comprising the following will oversee the development of strategy and policy framework:

- (i) Representatives from Government Ministries/Departments
 - a) Department of Promotion of Industry and Internal Trade(DPIIT)]
 - b) Department of Chemicals and Petrochemicals
 - c) Ministry of Micro, Small and Medium Enterprises
 - d) Ministry of Power
 - e) Department of Scientific and Industrial Research including CSIR
 - f) National Academy of Customs, Indirect Taxes and Narcotics (NACIN), Ministry of Finance

- (ii) Two Representatives of academic and research institutions
- (iii) Any other stakeholder as deemed appropriate
- (iv) Joint Secretary (Ozone Cell)
- (v) Officer In-charge Ozone Cell - Member Secretary

Proposals for consideration of the ESC

- (i) To note Progress on activities undertaken pursuant to Ratification of the Kigali Amendment to the Montreal Protocol by India
- (ii) To note the PCA signed with the UNEP, the implementing agency for the enabling activities under the Kigali Amendment, for development of national strategy for HFC phase-down including the associated activities.
- (iii) To onboard NIPFP an autonomous institution under the aegis of the Ministry of Finance, Government of India, for development of National Strategy for HFC phase down in India. After examination of the proposal, the award of work to be done to NIPFP with the approval of Secretary, MoEF&CC and Chairperson ESC.
- (iv) To note the proposed review mechanism including the committee.

Item No. 4: Progress on Implementation of Hydrochlorofluorocarbons (HCFC) Phase out Management Plan (HPMP) stage-II, comprising the following:

Item No. 4(i): (a) Technology conversion in foam and air-conditioning manufacturing Sectors – UNDP implementing agency and lead agency for HPMP Stage-II.

Background

The activities under the investment component of HPMP Stage-II comprise the following:

- (i) Technology conversion by the participating foam manufacturing enterprises from HCFC 141b to non-Ozone Depleting and low-Global Warming Potential (GWP) alternative technologies to achieve complete phase out of use of HCFC 141b in foam manufacturing as on 1.1.2020, in accordance with the Ozone Depleting Substances (Regulation and Control) Rules 2000, as amended in 2014, which align domestic regulation with the accelerated phase-out of HCFCs with the Montreal Protocol and in line with the agreement of the Executive Committee (Ex-Com) with Government of India.
- (ii) Technology conversion in 6 large air-conditioning manufacturing enterprises from HCFC-22 to HFC-32, to achieve a phase out of 1140 MT (62.72 ODP tons) of HCFC-22
- (iii) Project management and coordination of overall implementation of HPMP Stage-II including the enabling activities implemented by UN Environment Program (UNEP) and Refrigeration and Air-Conditioning (RAC) servicing sector activities by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) Proklima, Government of Germany.

The activities relating to the investment component are implemented by United Nations Development Program (UNDP), as lead agency, in close cooperation with the Ozone Cell, Ministry of Environment, Forest & Climate Change (MoEF&CC).

Progress on Implementation

Foam Manufacturing Sector - technology conversion from HCFC 141b to non-Ozone Depleting and low GWP alternative technologies by the participating foam manufacturing enterprises

A total of 160 projects in the foam manufacturing sector are included in the HPMP stage-II out of which 136 projects have completed the technology

conversion activities including conversion to non HCFC and low GWP alternatives. The funding allocated for these projects has been disbursed by UNDP, the lead implementing agency, after carrying out the due diligence, comprising independent third-party physical site verification appointed by UNDP and confirmation that the milestones and deliverables as per the Memorandum of Agreement with the respective enterprises have been achieved, technical review by Ozone Cell, MoEF&CC and UNDP, Montreal Protocol and Chemicals Unit and endorsement by the MoEF&CC.

The Executive Committee of the Multilateral Fund approved funding of US\$19,936,234 for the 160 projects to achieve a phase out of 2630.11 MT of HCFC 141b. To ensure that the phase out target has been achieved for all the projects by all the participating enterprises, independent third-party physical site verification appointed by UNDP, was carried out for the remaining 22 out of the 24 enterprises, which confirmed that the phase out of HCFC 141b at the respective enterprises has been achieved for the projects and there is no stock available with any of these participating enterprises. The pending disbursements to the associated enterprises will be done after confirming by the third-party that all the milestones including deliverables as per the MOA have been achieved.

It may be mentioned that the remaining two projects, the concerned representative could not be contacted, despite several communications and telephonic follow up and Memorandum of Agreement (MOA) could not be executed. It is understood that the manufacturing operations at these two facilities has been closed Accordingly, the associated funding allocated for the two projects for the two enterprises amounting to US\$ 62,175 will be returned to the Multilateral Fund (MLF) Secretariat while submitting the funding request for the 4th tranche, to be submitted for consideration at the 91st meeting of the Ex-Com scheduled to be held in November 2022.

After allocating the funding to the 160 projects in line with the funding principles approved, there would be a balance amount of US\$ 626,142. Keeping in view that this amount is linked to the technology conversion related activities UNDP, MPU proposed that the balance amount, constituting the technical assistance component, may be used to finance research scholars from leading academic institutes for carrying out the work on the development of low GWP alternatives which would help not only in sustaining the phase out of HCFC 141b amongst the foam manufacturing industry, but also help Indian industry in transitioning to low GWP alternatives during the implementation of the Kigali Amendment.

The proposal of UNDP Montreal Protocol Unit (MPU) was examined and after seeking approval of Secretary (EF&CC) and Chairperson, Empowered Steering Committee (ESC), 14 leading academic and research institutions were approached proposing to have

collaboration, through which a few research scholars could be financed for carrying out research on low global warming potential alternative chemicals to substances controlled under the Montreal Protocol, considering requirements and applicability for Indian industry associated with Montreal Protocol implementation. Departments /divisions working on chemicals, refrigerants including blends would be desirable for undertaking the proposed task.

Response was received from 8 Institutions (i) Indian Institutes of Technology (IIT) Bombay, (ii) IIT Roorkee, (iii) IIT Hyderabad, (iv) IIT Kanpur, (v) IIT Guwahati, (vi) IIT Banaras, (vii) IIT Madras and (viii) IIT Delhi. During the preliminary discussion it was informed that the arrangement would be operationalized through a MOA to be signed between the Project Management Unit (PMU), Ozone Cell and the concerned institution. It was agreed that the key outcomes/deliverables would comprise the following:

- (i) Engage a minimum of two research scholars as per the norms of the institution for carrying out research and development work on low GWP alternative technologies, leading to award of doctorate degree for the research scholars.
- (ii) The research scholars will work under the guidance of the faculty of the institution. The area and theme of work will be finalized mutually between the institution and PMU, Ozone Cell, MoEF&CC.
- (iii) The research scholars will have to publish a minimum of two research papers in national /international journals of repute, under the guidance of the associated faculty, which would constitute the deliverable.
- (iv) The research scholars will participate in the awareness activities organized by the PMU, Ozone Cell, MoEF&CC from time to time and share their experiences through virtual mode, wherever required.

While considering the proposal of UNDP, MPU, it was also approved by Secretary (EF&CC) and Chairman ESC that a Committee under the Chairmanship of Additional Secretary/Joint Secretary (Ozone Cell), MoEF&CC and comprising the following shall oversee the implementation of activities being undertaken by these institutions:

- (i) Joint Secretary, Department of Chemicals and Petrochemicals
- (ii) Joint Secretary, Department of Promotion of Industry and Internal Trade (DPIIT)
- (iii) 4 Senior Scientists from Department of Science & Technology (DST), Defence Research and Development Organisation (DRDO), Indian Institute Science and an institution of eminence relating to the subject/area

- (iv) Representatives of Confederation of Indian Industry (CII) and Federation of Indian Chambers of Commerce & Industry (FICCI)
- (v) Joint Secretary (Ozone Cell), MoEF&CC
- (vi) In-Charge, Ozone Cell - Convener

For operationalising the arrangement, a draft MOA has been developed and shared with the 8 institutions for comments/inputs. Based on the inputs/comments received, the MOA to be signed with the 8 institutions is placed at **Enclosure-5, pages 92-95**.

UNDP, as lead implementing agency is having the funding proposed to be utilized for the proposed activity. The funding will be transferred from UNDP to PMU, Ozone Cell, MoEF&CC through a Letter of Agreement (LoA) to be signed between PMU, Ozone Cell and UNDP. PMU, Ozone Cell, MoEF&CC will in turn transfer to IITs for implementing the proposed activities. The LoA between PMU, Ozone Cell and UNDP will be signed with the approval of Secretary (EF&CC) and Chairperson ESC.

Room AC (RAC) manufacturing Sector technology conversion from HCFC-22 to HFC-32 by the participating enterprises

In the RAC manufacturing sector, out of the 6 participating enterprises, 3 enterprises, have completed all the conversion activities and achieved the milestones as per the MOA and full disbursement has been made. The Implementation is in progress by the 4th enterprise and shall be completed by 2022.

The status of the remaining two enterprises are as follows:

- (i) In the case of M/s Videocon Limited, MoA could not be operationalized due to ongoing insolvency proceedings of the enterprise.
- (ii) M/s LEEL Ltd, the enterprise has gone into insolvency proceedings and matter has been taken up with the Interim Resolution Professional for recovery of the first instalment amount of US\$195,470 released to the enterprise on signing of the MOA.

Regarding LEEL Limited, the matter has been taken up with the Interim Resolution Professional (IRP). Matter also has been taken up with the Ministry of Corporate Affairs for recovery of the amount of first instalment amount of US\$ 195,470 released to the enterprise. Follow up is being done.

In line with the discussions held at the 44th ESC held on 27 December 2021 and considering the provisions of the agreement with the Ex-Com of the MLF for HPMP Stage-II, the possibility of considering additional

enterprises for inclusion in HPMP Stage-II for technology conversion was explored.

M/s Blue Star Limited, one of the 6 participating enterprises in the Air-conditioning manufacturing sector under HPMP Stage-II, has requested the Ozone Cell for inclusion of the remaining one out of the total 3 air-conditioning manufacturing lines for funding towards technology conversion from HCFC-22 to HFC-32 under HPMP Stage-II. Two out of the 3 manufacturing lines are already funded under HPMP Stage-II.

The proposal was discussed was discussed in the meeting of Project Steering Committee for Implementation of HPMP Stage-II held on 17 January 2022, wherein, based on the advice of UNDP, MPU, it was agreed that the Ozone Cell shall take action for establishing the eligibility through a third party site verification and subject to having eligibility established, project proposals be developed for submission to the Ex-Com of the MLF.

The third party appointed by UNDP after carrying out physical site verification of the 3rd AC manufacturing line confirmed eligibility for inclusion in the HPMP stage-II. Accordingly, project proposal has been developed and sent to UNDP, MPU for review. After review by UNDP, MPU the project proposal will be submitted to the MLF Secretariat with the approval of Secretary (EF&CC) and Chairperson ESC.

After approval of inclusion of the 3rd AC manufacturing line of M/s Blue Star in HPMP Stage-II, funding allocation and signing of MOA with the enterprise will be done with the approval of Secretary (EF&CC) and Chairperson ESC.

No other enterprise could be found for inclusion in HPMP Stage-II. Accordingly, out of the total funding of US\$12,511,459 approved for the RAC sector under HPMP Stage-II, the balance amount, after approval of the allocation to M/s Blue Star Ltd. for the additional 3rd line has to be returned to the MLF Secretariat during the 91st meeting scheduled to be held in November, 2022.

Proposals for consideration of the ESC.

- (i) To note the progress of implementation of the technology conversion activities in the foam manufacturing sector and RAC manufacturing sector under HPMP Stage-II
- (ii) To note the return of US\$ 62,175 to the MLF Secretariat, which is the associated funding allocated for the two projects in the foam manufacturing sector, for which MOA could not be executed

- (iii) To note the return of the balance amount from the funding allocated for the RAC sector, after approval of the allocation to M/s Blue Star Ltd. for the additional 3rd line, to the MLF Secretariat.
- (iv) To note that the submission of funding request for the 4th tranche of HPMP Stage-II for consideration of the Ex-Com of the MLF at its 91st meeting scheduled to be held in November 2022 will be done with the approval of Secretary (EF&CC) and Chairperson, ESC.
- (v) To note the proposed collaboration with the 8 IITs including the following:
 - a) Funding to be allocated to the 8 IITs for carrying out research on low global warming potential alternative chemicals to substances controlled under the Montreal Protocol, considering requirements and applicability for Indian industry associated with Montreal Protocol implementation,
 - b) MOA to be signed with the 8 IITs
 - c) LoA to be signed between UNDP and PMU, Ozone Cell, MoEF&CC
 - d) Committee constituted to oversee the implementation of the activities carried out by 8 IITs.
- (vi) To note that the project proposal of inclusion of 3rd AC manufacturing line of M/s Blue Star Limited will be submitted to the MLF Secretariat with the approval of Secretary (EF&CC) and Chairperson ESC.
- (vii) To note that after the approval of the proposal of inclusion of 3rd AC manufacturing line of M/s Blue Star in HPMP Stage-II, the funding allocation, including signing of MOA will be done with the approval of Secretary (EF&CC) and Chairperson ESC.

Item No. 4(ii): Review of Progress of Implementation of Hydrochlorofluorocarbons (HCFC) Phase out Management Plan (HPMP) Stage-II for the enabling activities, for which United Nations Environment Program (UNEP) is the implementing agency

Background

The enabling activities forming part of HPMP Stage-II are implemented by the UNEP in close cooperation with the Ozone Cell. The enabling activities comprise awareness and capacity building for the servicing sector, building sector interventions, enforcement training, trade controls, policy and regulation to be implemented till December 2023. An amount of US\$900,000 has been approved by the Executive Committee (Ex-Com) of the Multilateral Fund (MLF) for the enabling activities under HPMP Stage-II.

The implementation of enabling activities is operationalized through agreements signed between the Ozone Cell, Ministry of Environment, Forest and Climate Change (MoEF&CC) and UNEP, listing out the activities to be carried out and the associated budget. The execution of the agreed activities is done by the Project Management Unit (PMU), Ozone Cell by associating agencies having the required expertise in the area, with the approval of Secretary (EF&CC) as Chairman, Empowered Steering Committee (ESC).

Progress on Implementation of the following activities:

1. Enforcement Capacity Building

Activities relating to the policy and enforcement component are being implemented in association with the National Academy of Customs Indirect Taxes and Narcotics (NACIN), the apex institute of Government of India for capacity building by imparting training in the field of indirect taxes, drug laws and environment protection, through a Memorandum of Agreement (MoA) between the PMU, Ozone Cell and NACIN for the following activities:

- (i) Training of trainers and capacity building workshops for customs and enforcement officers comprising the following:
 - a) Online refresher course including on 2nd February 2021 for trainers trained under HPMP Stage-I, to enable trainers for taking session in future as trainers under HPMP Stage-II.
 - b) 5 Capacity building supervisory officers workshops held on 23-24 March 2021 at Hyderabad, 26-27 August 2021 at Delhi, 13-14 January 2022 at Mumbai, 21-22 March 2022 at

Chennai and 28-29 April 2022 at Vishakhapatnam including practical hands-on-session on identification of Refrigerants.

- c) Train the Trainers (ToT) on combating Illegal trade in ODS on 11-13 May 2022 at Kerala.
- (ii) Border dialogue with neighboring countries on specific Ozone Depleting Substance (ODS) trade related aspects.
- (iii) Sensitizing field customs formations regarding prohibition of its import of HCFC-141b in the country. Towards enforcing import ban on HCFC-141b starting from 1.1.2020, a special module was introduced in customs trainings.
- (iv) Awareness on harmonized system codes for pure ODS and ODS containing mixtures.
- (v) Hands on session on identification of refrigerants.
- (vi) Country handbook on the national regulations for Monitoring and controlling production and use of ODSs in India was updated.

2. *Energy Efficiency in RAC Service Sector Practices*

Ozone Cell, MoEF&CC in association with Energy Efficiency Services Limited (EESL) is implementing the activities related to energy efficiency in Refrigeration and Air-conditioning (RAC) Service sector. The activities include development and publication of awareness material on linkage of energy efficiency and servicing practices for RAC products and dissemination of the same amongst the RAC dealers and service technicians. As part of implementation, 10 workshops for RAC dealers and other relevant Stakeholders via Video Conference have been conducted.

Awareness material comprising the following was designed, developed and disseminated to service technicians throughout the country through the training programmes organized by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), as part of HPMP Stage-II implementation:

- (i) 18,000 Posters on “Good Service Practices for Room Air-Conditioners” and “Copper Tube operations” as part of Good Service Practices.
- (ii) 30,000 flyers containing information on how to become an environmental-friendly service technician.
- (iii) 20,000 multi-color stickers on Good Service Practices for Room Air-Conditioners for awareness generation for RAC dealer’s consumers.
- (iv) 700 copies of pocket handbook “Quick guide” on good servicing practices on handling flammable refrigerants.
- (v) A booklet on Good Servicing Practices for energy efficient operation of Room Air-conditioners was developed and released on 16th September, 2021 during the World Ozone Day.

3. Studies on key issues relating to Montreal Protocol implementation

(a) Following studies have been completed:

- (i) Application of non-ODS and low-Global Warming Potential (GWP) alternatives in Cold Chain Sector in India in association with M/s Pricewaterhouse Coopers Ltd. (PWC).
- (ii) Public Procurement Policies for RAC Equipment using Non-ODS based refrigerants in association with M/s The Energy and Resources Institute (TERI).
- (iii) Application of non-ODS and low-GWP alternatives in Building Sector in India in association with M/s Alliance for Energy Efficient Economy (AEEE).
- (iv) Assistance for the development of national standards to be framed by Bureau of Indian Standards (BIS) for low-GWP Refrigerants in association with Indian Institute of Technology (IIT), Delhi.

(b) Under completion stage:

- (i) Service sector enterprises/ technicians in RAC sector in association with M/s NTPC School of Business.

(c) Ongoing studies:

- (i) Study on Good Management Practices for energy efficient buildings by introducing Passive Cooling designs, to reduce operational costs, improve health and comfort and promote use of non-HCFC and low-GWP alternatives in association with M/s Construction Industry Development Council (CIDC).
- (ii) Study on Good Management Practices for Cold Storage (warehouse) infrastructure used in e-commerce business highlighting application of non-HCFC and low Global Warming Potential (GWP) refrigerant based energy efficient cooling systems in association with M/s PWC.
- (iii) Study on Public Procurement policies for hiring trained and certified RAC service technicians an agreement in association with M/s TERI.

4. Development and dissemination of knowledge products

- (i) Knowledge products comprising (i) booklet on good servicing practices for flammable refrigerants a quick guide and (ii) booklet on efficient and sustainable cooling: energy efficiency and RAC servicing sector, have been brought out and disseminated widely, including to government vocational training institutes.

- (ii) Quarterly e-newsletter for RAC service technicians on the importance of good servicing practices including handling of different types of refrigerants, related safety issues and updates on refrigerant transition under the Montreal Protocol are being published in association with M/s TERI.

Proposal for consideration of the ESC

- i. To note the progress of implementation of enabling activities under HPMP Stage-II.

Item No. 4(iii): Refrigeration and Air Conditioning (RAC) Servicing Sector –Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) Proklima, Government of Germany Implementing agency

Background

The activities in the RAC servicing sector under Hydrochlorofluorocarbons (HCFC) Phase out Management Plan (HPMP) Stage-II are being undertaken by GIZ, Proklima, Government of Germany, in cooperation with the Ozone Cell, Ministry of Environment, Forest and Climate Change (MoEF&CC) through an agreement signed between Ozone Cell, MoEF&CC and GIZ Proklima. The activities under the RAC servicing sector, as part of HPMP Stage-II comprise the following:

- (i) Training of 17000 RAC service technicians by December 2022 on good practices relating to installation and servicing, including of R-32, a flammable refrigerant and included as an alternative for technology conversion in the air-conditioning manufacturing sector under HPMP Stage-II
- (ii) Support to Industrial Training Institutes (ITIs) through inclusion of alternatives in RAC syllabus including training of ITI instructors on handling alternatives during installation and servicing
- (iii) Design and development of a certification system for RAC service technicians
- (iv) Upgrade existing training infrastructure including feasibility of establishing a state-of-the-art RAC training centre
- (v) Support United Nations Environment Program (UNEP) in the implementation of awareness and capacity building activities
- (vi) Awareness among end users on safety aspects relating to alternative refrigerants and utilising the services of trained technicians

Progress on Implementation

- (i) Sixty Trainers have been trained through Training of Trainers (TOT) Programmes, with at least 3 trainers for each of the 15 training partners across the country
- (ii) Training of 12652 RAC service technicians has been completed. Training of balance 4348 RAC service technicians will be completed by December 2022, the due date of completion of the project

- (iii) Developed following knowledge products, printed and widely disseminated, including among the training partners across the country
 - a) Training material including handbook for RAC service technicians in English and Hindi and Gujarati
 - b) Trainers and technicians handbooks on good service practices and installation of room air-conditioners with HCFC 22 and flammable refrigerants
- (iv) Developed a concept note for the national implementation of a certification system and discussed in Stakeholder Consultation workshop. Proceedings of the workshop prepared and widely disseminated. Further work on the recommendations of the workshop is in progress
- (v) TOT for ITI Instructors, 1 training program has been completed and the remaining 2 Training programs will be completed by December 2022,
- (vi) Syllabus for RAC service trade (ITIs) has been updated to include alternative refrigerants including flammable refrigerants and good service practices.
- (vii) Discussions initiated with institutions like Central Public Works Department (CPWD), Delhi Metro for conducting training on good servicing practices. Modalities including structure of training are being worked out.

Proposal for consideration of the ESC

- (i) To note the progress of implementation of activities in the RAC servicing sector under HPMP Stage-II.

Item No.5: Project preparation for Stage-III of the Hydrochlorofluorocarbons (HCFC) Phase out Management Plan (HPMP) Stage-III, to be submitted to the Executive Committee (Ex-Com) of the Multilateral Fund (MLF).

Background

The phase out of HCFCs in the consumption sector in line with the accelerated phase out schedule of the Montreal Protocol is being achieved through implementation of the HPMPs, besides policy and regulatory measures including the Ozone Depleting Substances (Regulation and Control) Rules 2000 and its amendments.

After successfully implementing HPMP Stage I from 2012 to 2016, through which phase out of 341.77 Ozone Depleting Potential (ODP) tons has been achieved from the starting point of 1691.25 ODP tons, currently the HPMP Stage II is currently under implementation from 2017 to 2022, through which India would phase out HCFC consumption by 60% from the starting point, in line with the target set in the agreement between the MLF and the Government of India.

Stage-III of the HPMP will be last of the HPMPs, to be implemented during the period 2023-2030. As per the Ozone Depleting Substances (Regulation and Control) Rules, as amended in 2014, the manufacture of air-conditioners, manufacture of other Refrigeration and Air-Conditioning (RAC) products (excluding compressors), manufacture of fire extinguisher or fire extinguishing systems and manufacture of all other equipment or products using HCFC is to be phased out by 1.1.2025. Accordingly, the phase out of HCFCs in all manufacturing sectors should be completed by 31.12.2024. The activities in the RAC servicing sector would continue beyond 31.12.2024 and can go on till 2030.

HPMP Stage-III

Noting that the implementation of HPMP Stage-III must be commenced from January 2023, by which there will be two years available for completing the technology conversion activities under HPMP Stage-III in all the manufacturing sectors, it is essential that the HPMP Stage-III is submitted to the MLF Secretariat for placing before the Ex-Com during the 91st meeting scheduled to be held in November 2022

The HPMP Stage-III shall involve phase out of remaining HCFCs of 539.78 ODP tonne from the starting point of 1691.25 ODP tons, in the following sectors

- (i) Refrigeration manufacturing
- (ii) Air-conditioning manufacturing
- (iii) Firefighting equipment manufacturing

- (iv) RAC Servicing

HPMP Stage-III Preparation

The Ex-Com of the MLF at its 87th meeting held in June 2021, approved the project preparation funding of US\$450,000 for preparation of Stage-III of HPMP for India.

UNDP will continue to be the lead implementing agency for HPMP Stage-III and the agency for the investment component, i.e., technology conversion from HCFC to non HCFC and low Global Warming Potential (GWP) alternative technologies in the refrigeration, air-conditioning and firefighting manufacturing sectors. UNEP will be the implementing agency for the enabling activities and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) Proklima, Government of Germany, for the RAC servicing sector along with United Nations Development Program (UNDP).

After approval of the project preparatory funding by the Ex-Com of the MLF, the UNDP, the lead implementing agency, on boarded Ernst & Young LLP, as consultant for carrying out sectoral surveys and collect enterprise wise data, conducting awareness workshops for all eligible enterprises to participate in HPMP Stage-III, analysis of data, preparation of sectoral strategy for each manufacturing sector and overarching strategy after integration of the strategies of enabling component and the RAC servicing sector. The sectoral strategies for the enabling component and the RAC servicing sector are being developed by UNEP and GIZ Proklima respectively.

To oversee the preparation of HPMP Stage-III, a Committee under the Chairmanship of Joint Secretary (Ozone Cell) Ministry of Environment, Forest and Climate Change (MoEF&CC) and comprising the following has been constituted with the approval of Secretary (EF&CC) and Chairperson, ESC:

- (i) Department of Promotion of Industry and Internal Trade (DPIIT).
- (ii) Department of Chemicals and Petrochemicals.
- (iii) Ministry of Micro, Small and Medium Enterprises (MSME).
- (iv) Ministry of Skill Development and Entrepreneurship (MSDE).
- (v) Department of Science and Technology (DST).
- (vi) Additional Director/Scientist 'E', Ozone Cell – Member Secretary.

Two meetings of the Committee have been held on 8th October 2021 and 18th January 2022 during which the progress was reviewed.

Since the HPMP Stage-III will be the last of the HPMPs, it is important that no eligible enterprise is left out for inclusion in the HPMP Stage-III. Accordingly, communication was sent from JS (Ozone Cell), MoEF&CC to all the nodal line ministries/ departments including Central Pollution Control

Board (CPCB) and State Pollution Control Board (SPCB) requesting to send the details of enterprises involved in the manufacturing of refrigeration, air-conditioning and firefighting sectors. The available information was obtained after follow up.

As part of the preparation of HPMP Stage-III six awareness workshops in different cities have been organized, in which, besides the potential enterprises, the implementing agencies, namely UNDP, UNEP and GIZ, representatives from the concerned line ministries/departments, CPCB and SPCBs and members of the overseeing committee also participated.

The draft HPMP will be ready by mid-July 2022 after which the same will be discussed in a stakeholder consultative workshop. The HPMP Stage-III will be finalized after appropriately incorporating the inputs of the stakeholder consultative workshop and review by the overseeing Committee.

In accordance with the guidelines of the MLF approved by the Ex-Com for project preparation, the due date for submission of HPMP Stage-III for consideration by the Ex-Com at its 91 meeting to be held in December 2022 is 8 August 2022. The finalized HPMP Stage-III will be submitted to the MLF Secretariat with the approval of Secretary (EF&CC) and Chairperson ESC.

Proposals for consideration of the ESC

- (i) To note the progress on preparation of HPMP Stage-III
- (ii) To note the constitution of the committee for overseeing the preparation and finalisation of HPMP Stage-III with the approval of Secretary (EF&CC) and Chairperson ESC.
- (iii) To note the submission of HPMP Stage-III to the Secretariat of the MLF for consideration by the Ex-Com of the MLF at its 91st meeting, scheduled to be held in December 2022, with the approval of Secretary (EF&CC) and Chairperson ESC.

Item No. 6: Status report on implementation of the recommendations of the India Cooling Action Plan (ICAP)

Background

The Ministry of Environment, Forest and Climate Change (MoEF&CC) has developed and launched the ICAP during March 2019, to provide an integrated vision towards cooling across sectors encompassing inter alia reducing cooling demand, refrigerant transition, enhancing energy efficiency and better technology options with a 20-year time horizon.

The ICAP provides short, medium and long-term recommendations across different sectors and proposes synergies with ongoing government programmes and schemes to maximize socio-economic co-benefits.

Implementation of the Recommendations of ICAP

Towards operationalizing the recommendations, following six thematic working groups have been constituted, for developing an action plan for implementing the recommendations:

- (i) Space Cooling in Buildings
- (ii) Cold Chain
- (iii) Domestic manufacturing and Production Sector – Alternative Refrigerants and technologies
- (iv) Servicing Sector
- (v) Transport Air conditioning (car, bus, train and Metro Air conditioning)
- (vi) Research and Development.

The focus of implementation of the recommendations will through mapping the recommendations with the on-going Government programmes /schemes and evolving specific action points for each of the recommendation.

Progress on Implementation of the Recommendations of ICAP

(a) Space cooling in Buildings

Space cooling in buildings being the most important and can significantly contribute to achieving the goals in the ICAP, has been prioritized for implementation of the recommendations given in the ICAP.

The thematic group on space cooling in buildings, during its 6 meetings has proposed a list of action points, to be implemented by various agencies. The action points were finalized for implementation in the meeting of the Steering Committee under the Chairmanship of Additional Secretary (Ozone Cell), MoEF&CC and the publication of the action points

was launched on the World Ozone Day held on 16th September 2021 and widely disseminated. A communication from Secretary, MoEF&CC was also sent to all the concerned line Ministries/Departments associated with implementation of the action points requesting to implement the proposed actions.

(b) Cold Chain

The thematic group on cold chain, during its 3 meetings has come out with a list of action points, to be implemented by various agencies. The action points were finalized for implementation in the meeting of the Steering Committee under the Chairpersonship of Secretary, MoEF&CC held on 5 May 2022. Subsequently, communication from Secretary, MoEF&CC was also sent to all the concerned line Ministries/Departments associated with implementation of the action points requesting to implement the proposed actions.

(c) Progress on other thematic areas

Thematic group	Details of meetings held	Progress	Tentative date of completion
Domestic manufacturing and Production Sector – Alternative Refrigerants and technologies and Research & Development. <i>Both thematic areas have been merged considering interrelationship among them. However, all recommendations for both thematic areas will be addressed</i>	1 st meeting of the thematic working group held on 4 th April, 2022.	<ul style="list-style-type: none"> BIS updated Standards for flammable refrigerants. DST, based on recommendations of Ozone Cell, has sponsored a project on development of Low GWP alternative technologies to HFCs, to CSIR- Indian Institute of Chemical Technology (IICT). Proposal initiated to collaborate with 12 IITs/CSIR for undertaking research on development of low GWP alternatives. 	To be completed by 30 th September 2022
Servicing sector	1 st meeting of the thematic	<ul style="list-style-type: none"> 10 Awareness workshops organized for service technicians in 2021. 	To be completed by 30 th September

	working group held on 7 th April, 2022.	<ul style="list-style-type: none"> • 10 Awareness workshops to be organized in 2022. • Development of informative Videos on 6 various themes of servicing of Air conditioners. • Booklet on Good Servicing Practices published • Survey of service sector Enterprises /Technicians. • Development of Knowledge products • Quarterly Newsletter for technicians. 	2022
Transport Air-conditioning	1 st meeting of the thematic working group held on 20 th May, 2022.	<ul style="list-style-type: none"> • Thematic Group is Identifying relevant Government schemes for mapping the recommendations 	To be completed by 31 st October 2022

Proposal for consideration of the ESC

To note the progress on implementation of the recommendations of the ICAP in various thematic areas.

Item No. 7: Reporting items:

Item No. 7 (i) : Issuance of Quota Order for Hydrochlorofluorocarbon (HCFC)-22 Production for non-feedstock applications for the years 2022 in line with the Montreal Protocol phase out schedule and as per the provisions of Ozone Depleting Substances (Regulation and Control) Rules 2000, as amended in 2014

Background

In accordance with sub rule 4 of Rule 3 of the Ozone Depleting Substances (Regulation and Control) Rules, 2000, and its amendments, Quota for production of controlled substances needs to be issued by the Ministry of Environment, Forest & Climate Change (MoEF&CC), to adhere to the phase out schedule by the Country, as Party to the Montreal Protocol. Currently phase out of production and consumption of HCFC-22, a controlled substance under the Montreal Protocol, is being implemented as per the accelerated phase out schedule of the Montreal Protocol.

Production Quota is issued to the producers of HCFC-22 in the country based upon the average of the non-feedstock HCFC-22 production reported under the Montreal Protocol, for the years 2009-2010 (which constitutes the baseline, from which phase out is to be done and reduction target is to be achieved by the producers of HCFC-22 in line with the phase out schedule of the Montreal Protocol). The HCFC-22 production for non-feedstock uses is apportioned on pro-rata basis among the HCFC-22 producers, considering the phase out target as per the Montreal Protocol reduction schedule, which constitutes the quota, the limit for which each producer can produce during a year.

The issuance of the enterprise-wise production quota for HCFC-22 production for non-feedstock applications commenced in the year 2016 to enable the country to be in compliance with the Montreal Protocol reduction schedule for HCFCs. The baseline of the country for HCFC-22 production (average of 2009 and 2010 production of HCFC-22 for non-feedstock purpose) is 43626.728 MT. To enable the country to be in compliance with the Montreal Protocol schedule, the HCFC-22 production needs to be phased out in a step wise manner starting 10% reduction from baseline production as on 1.1.2015, 35% as on 1.1.2020, 67.5% as on 1.1.2025 and 97.5% as on 1.1.30, with 2.5% of the baselines constituting the service tail, the annual average during the period 2030-2040.

It may be mentioned that as on 1.1.2020, as against a reduction target of 35% from the baseline as per the Montreal Protocol, India achieved a reduction target of 44% from the baseline in HCFC-22 production.

Quota for HCFC-22 production was issued to the HCFC-22 producers for the years 2022 with the approval of Secretary, MoEF&CC and Chairman,

Empowered Steering Committee (ESC). Quota orders for 2022 is placed at ***Enclosure-6, pages 96-107.***

Proposal for consideration of ESC

To note the issuance of Issuance of Quota Order for HCFC-22 Production for non-feedstock applications for the years 2022 in line with the Montreal Protocol phase out schedule and as per the provisions of Ozone Depleting Substances (Regulation and Control) Rules 2000, as amended in 2014.

Item No. 7 (ii) : Customs and excise duty exemption granted under the Fiscal Incentive Scheme.

Background

The Union Cabinet in its meeting held on 27 January 1994 approved the fiscal concessions in customs duty for adoption of substitutes for Ozone Depleting Substances (ODSs), thus making the import of technology and machinery for the projects funded by the Multilateral Fund (MLF) eligible for concessional customs and excise duty. It was also approved that the Empowered Steering Committee (ESC) for implementation of the Montreal Protocol is authorized to grant such concessions

The Technology and Finance Standing Committee (TFSC), one of the Standing Committees of ESC, is responsible for considering of project proposals for availing the fiscal incentive scheme and upon appraisal, recommend to the ESC for approval for grant of exemptions excise and customs duty, under notification of the Department of Revenue, Ministry of Finance, Government of India. The latest amendment to the notification was in 2012.

Proposal for grant of excise and customs duty exemption

Following Proposal were considered by the TFSC for grant of excise and customs duty exemption

Name of the Enterprise	Date of meeting of the TFSC	Decision of TFSC	Remarks
M/s Industrial Foams Private Limited Greater Noida (UP)	9.5.2022	Recommended for grant of excise and customs duty exemption	Details placed at Enclosure-7, pages 108-127

Duty exemption certificate was issued to the above mentioned enterprise after approval of the recommendation of TFSC by Secretary Ministry of Environment, Forest and Climate Change (MoEF&CC) and Chairman, ESC.

Proposal for consideration of ESC:

To note the customs and excise duty exemption granted to M/s Industrial Foams Pvt Ltd, Noida under the Fiscal Incentive Scheme.