

**MINUTES OF THE XXXXI MEETING OF THE EMPOWERED STEERING COMMITTEE (ESC) FOR IMPLEMENTATION OF THE MONTREAL PROTOCOL HELD ON 19<sup>th</sup> DECEMBER 2016 IN KAVERI CONFERENCE HALL, PRITHVI BLOCK, MINISTRY OF ENVIRONMENT, FOREST AND CLIMATE CHANGE, INDIRA PARYAVARAN BHAWAN, JORBAGH ROAD, NEW DELHI-110003**

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The XXXXI meeting of ESC for implementation of the Montreal Protocol was held on 19<sup>th</sup> December, 2016 at 03.00 P.M in Kaveri Conference Hall, Prithvi Block, Ministry of Environment, Forest and Climate Change, Indira Paryavaran Bhavan, Jorbagh Road, New Delhi under the Chairmanship of Mr. Ajay Narayan Jha, Secretary (EF&CC). The list of participants is attached at *Annexure-I*.

2. The Chairman welcomed the participants to the XXXXI meeting of the ESC and requested the Member Secretary, Mr. Manoj Kumar Singh, Joint Secretary, MoEF&CC to present the agenda for consideration of the Committee. The Agenda was considered ad seriatim. The annotated agenda and agenda papers were earlier circulated to all the members.

3. The agenda items considered and the decisions/observations of the ESC there upon are as follows:

**Agenda Item No. 1: Confirmation of Minutes of XXXX meeting of the Empowered Steering Committee (ESC)**

The Minutes of the XXXX meeting of the ESC were circulated to the members and as no comments were received, the minutes of the XXXX meeting of the ESC held on 1<sup>st</sup> April, 2016 were confirmed.

**Agenda Item No. 2: Action taken on decisions of the XXXX ESC**

The ESC noted the Action Taken Report presented with respect to decisions taken in the XXXX meeting of the ESC. It was observed that with respect to the action related to audit of production of HCFC-22, already six months have elapsed since the last meeting of the ESC. Vide the decision of the last ESC, the audit should have been completed by 01.05.2016. The ESC decided that the proposed audit of production of HCFC-22 should be completed by the end of February, 2017, including finalization of the report. The progress on Agenda item No. 4(a), 4(b), 4(c), 5, and 6 was noted by the ESC.

### **Agenda Item No. 3: Kigali Amendment to the Montreal Protocol on Substances that deplete the Ozone Layer**

The Member Secretary briefed the ESC regarding the developments and decisions at Kigali, Rwanda on amendment to the Montreal Protocol for phase down of Hydrofluorocarbons (HFCs). He said that India submitted an amendment proposal to the Ozone Secretariat during April, 2015, which was considered along with three other amendment proposals submitted by Parties to the Montreal Protocol. The Member Secretary also said that before finalizing India's stand, several stakeholder consultative meetings were held during 2015 and 2016. The amendment proposals, including India's proposal, were discussed in several meetings of the Open Ended Working Group (OEWG) as well as the Meeting of the Parties (MOP) and the amendment to the Montreal Protocol for phase down of HFCs was finally adopted by the Parties to the Montreal Protocol at its 28<sup>th</sup> MOP held at Kigali, Rwanda, called as Kigali Amendment. The Member Secretary further highlighted the salient features of the Kigali amendment including the rationale for India's choosing the latter baseline years, out of the two options in the Kigali amendment. It was presented that the amendment finally arrived at fully takes care of the important concerns of relevant sectors in the country.

The representative of CII, Ms. Seema Arora appreciated the effort made by the MoEF&CC and preparation for negotiations, carried out through intensive and extensive stakeholder consultations. She also appreciated on behalf of the Industry, the outcomes of Kigali negotiations.

The ESC accorded Ex-Post facto approval of the Indian Amendment Proposal submitted to the Ozone Secretariat. The ESC also noted the development regarding finalization of amendment to the Montreal Protocol at Kigali and the subsequent approval of the Union Cabinet.

### **Agenda Item No. 4: HCFC Phase out Management Plan (HPMP) stage-II**

The ESC was briefed about the HPMP Stage-II, approved in the 77<sup>th</sup> meeting of the Executive Committee (Ex-Com) of the Multilateral Fund (MLF) for implementation of the Montreal Protocol held from 28<sup>th</sup> November, 2016 to 2<sup>nd</sup> December, 2016.

During the discussions on this agenda, Ms. Rita Pandey, Professor, National Institute of Public Finance Policy pointed out the reduction in tonnage of HCFC to be phased out in the final approval vis-à-vis amount of the project cost approved by the Ex-com. She said that, the proportion of reduction in funding is more than 50% whereas the reduction in the tonnage to be phased out is marginal.

It was explained that the reduction approved cost was attributable to cost effectiveness threshold for different sectors and practice adopted by the Ex-Com. The tonnage of HCFC consumption included in proposal was based on industry (IPUA) survey that turned out to be higher than the tonnage which was reported under Article-7 and CPPR in the year of 2015. The Chairman asked about the reasons for the variation in the figures given by IPUA and the figure furnished by the Directorate General of Commercial Intelligence and Statistics (DGCIS). It was explained that the IPUA depended on the figures furnished by the enterprises for its survey and estimation and this led to the said variation.

The AS&FA suggested that the Ministry of Finance guidelines on dealing with and routing of funds under externally aided project should be examined for its applicability to be MLF funding. The committee felt that the MLF funding was not in the category of aid as it was claim/entitlement under international statutory arrangements.

The ESC noted the approval of HPMP Stage II by the EX-Com of the MLF for 44.9 million USD excluding Agency Support costs for phasing out 8190 MT of HCFCs and the agreement between the Government of India and the Ex-Com of the MLF.

The ESC accorded Ex-Post facto approval for the following:

- a) Submission of HPMP Stage-II to MLF (submitted after approval Chairman, ESC) seeking 103 million USD for phase out of 9109 MT HCFCs.
- b) The MOAs signed between Ozone Cell, MoEF&CC and the Indian Polyurethane Association (IPUA) and the Refrigeration and Air-Conditioning Manufacturers Association (RAMA) for carrying out surveys and preparation of sectoral strategies in the foam and RAC sectors respectively

- c) Payment of two instalments of Rs. 33 lakhs already released to the IPUA and Rs. 37.8 lakhs already released to the RAMA respectively. The balance amount of Rs. 22 lakhs to the IPUA and Rs. 25.20 lakhs to the RAMA to be released after the IPUA and RAMA re-verifying / resurveying the actual number of eligible units and meeting all the milestones and deliverables as per the MoA.

**Agenda Item No. 5: Progress on HCFC Phase out Management Plan (HPMP) stage-I**

The ESC was briefed about the HPMP Stage-I, approved in the 66<sup>th</sup> meeting of the Ex-Com of the MLF held during April, 2012 and the progress of the implementation till date with regard to both investment projects and enabling component (awareness and communication, enforcement training, capacity building and trade controls.

*(i) Investment Projects*

The ESC observed that there are many items on which ex post facto approval has been sought, which was avoidable. The ESC also observed that in future, the cases should be processed in a systematic manner adhering to the procedure.

The ESC accorded Ex-Post facto approval for the following:

- a) Agreement between the EX-Com of the MLF and the Government of India for implementation of HPMP-I vide decision 66/45.
- b) Project amount of 30 enterprises under HPMP Stage-I (15 foam manufacturing enterprises and the 15 System Houses) for implementation.
- c) 30 MOAs signed between the Ozone Cell, MoEF&CC and the 30 enterprises under HPMP Stage-I (15 foam manufacturing enterprises and the 15 Systems Houses)
- d) 29 Supplementary MOAs signed for extension of period with 29 enterprises.
- e) Approval of appointment of consultant for carrying out verification of enterprises under the HPMP Stage-I
- f) Approval for amount of US \$ 1,47,81,095 released till date to the 30 enterprises under HPMP Stage-I as at Enclosure-16, page-141 of the agenda .

The ESC accorded approval to the following proposal:

- a) One MOA with M/s Synergy Telecommunication for extension of implementation period till December 2016.
  - b) To extend the MOA for the three enterprises viz. M/s Lambda Eastern Telecommunication Ltd., M/s Isolloyd Engineering Technologies Ltd. and M/s Empire Home Appliances Ltd. in Foam manufacturing and two system houses M/s Pine Resin & Chemicals and M/s Amrit Chem, for extension till December, 2017 for project implementation.
  - c) To release the balance payments of US \$ 25,17,395 to 20 enterprises participating under HPMP Stage-I (against the work completed), and the balance payment of Rs. 2,50,000 to the consultant (appointed for carrying out verification of the enterprises), after conducting a fresh due diligence and certification through a third party to the effect that the works under HPMP-I as per the MoA and agreement with Ex-com have been fully and satisfactorily completed.
- (ii) Enabling components (awareness and communication, enforcement training, capacity building and trade controls)

The ESC accorded Ex-Post facto approval for the following Small Scale Funding Agreements (SSFA) with UNEP:

- a) SSFA signed on 26.04.2013 for the amount of US\$ 135,000 with Ref No. SSFA/2013/005
- b) SSFA signed on 05.08.2015 for the amount of US\$ 197,900 with Ref No. UNEP/SSFA/SA/2015/008 and subsequent amendment signed on 07.12.2016
- c) SSFA signed on 01.04.2016 for the amount of US \$ 100,000 with Ref No. UNEP/SSFA/SA/2015/007 and subsequent amendment signed on 07.12.2016
- d) SSFA signed on 07.12.2016 for the amount of US \$ 170,040 with Ref No. UNEP/SSFA/SA/2016/010
- e) SSFA signed on 07.12.2016 for the amount of US \$ 86,160 with Ref No. UNEP/SSFA/2016/ROAP/SA/11.

**Agenda Item No. 6: Submission of Article 7 of the Montreal Protocol to the Ozone Secretariat and Country Programme Progress Report (CPPR) to the Multilateral Fund Secretariat for the years 2012,2013,2014 and 2015**

The ESC was briefed that each year data on production, consumption, import and export is to be submitted to the Ozone Secretariat under Article 7 of the Montreal Protocol and Country Program Progress Report (CPPR) to the MLF Secretariat and accordingly data has been submitted for the years 2012, 2013, 2014 and 2015.

The ESC accorded Ex-Post Facto approval for submission of Article 7 of the Montreal Protocol to the Ozone Secretariat and Country Programme Progress Report (CPPR) to the Multilateral Fund Secretariat for the years 2012,2013,2014 and 2015.

**Agenda Item No.7: Collaborative Research Programme on low Global Warming Potential (GWP) alternatives to Hydrofluorocarbons (HFCs)**

The ESC was briefed about the proposed collaborative research programme and the work done so far in this direction. The ESC noted the relevance and importance on the collaborative research programme on low GWP alternatives to Hydrofluorocarbons. As it is an outcome-driven research programme, the expected outcomes of the R&D effort need to be clearly spelt out. Also, the IPR and patenting issue need to be addressed. It was agreed that an oversight mechanism programme was required in order to steer the programme towards the desired outcome. It was suggested that, as the users of the technology developed under the programme are individual private enterprises, their involvement in the programme was necessary, both in terms of financial support as well as readiness to use the developed technology.

The Special Secretary, MoEF&CC suggested that, to begin with, an arrangement for funding could be worked out in consultation with the industry being financed under the Montreal Protocol and the MoAs to be signed with them should have a suitable clause for facilitating/obliging such contributions from Industry towards R&D in the sector. The funds received from the industry and other sources including Budget could be pooled into a fund to be managed by the Ozone Cell.

The CII representative suggested that a mechanism should be created in which the participating institutions should prepare a project and present it on a competitive basis for funding from out of the collected pool of resources.

The AS&FA suggested that the exact outcome of the R&D and the issues related to funding from different sources and patents should be clearly outlined.

The representative from CSIR concurred with the selection of Indian Institute of Chemical Technology as the nodal agency because of their expertise in fluorocarbons and also suggested to include some expert institutions in the overall R&D gambit.

The ESC decided that a meeting will be held at the level of Secretary with the enterprises to secure their consent to the proposed arrangements. The MoAs will be accordingly amended and prepared for approval of ESC.

#### **Agenda Item No.8: Fiscal Incentive Scheme**

The ESC considered the report submitted by the Committee under chairmanship of JS (MKS) on the continuance of the fiscal incentive scheme in its present form. The issue of cutoff date for applicability of the recommendations of the Committee was raised. The ESC enquired that whether there are any pending cases relating to duty exemption. It was informed that there are no cases which have been recommended by the Technical and Finance Standing Committee (TFSC) under the Fiscal Incentive Scheme pending consideration of ESC. However, it was informed that there are some cases which had been received earlier by the Ozone Cell since 2014 and have not been put up for TFSC meeting. It was informed that, earlier in some of these cases, the Ozone Cell had issued letters to Customs Authorities for allowing individual enterprises to release goods on bank guarantees. The procedure for grant of duty exemption was informed to the Committee, wherein, the cases received for duty exemption by the Ozone Cell are put up for consideration of the TFSC which appraises the projects in detail and provides its recommendations to the ESC for finally approval of duty exemption. It was clarified that as a matter of practice, such letters were issued only after TFSC recommended the cases for duty exemption to the ESC. It was reiterated that there were no cases which have been recommended by the TFSC or are pending for consideration of the ESC.

After detailed deliberations, the ESC accepted the Committee's report and the recommendations and decided that the recommendations would have immediate effect. The ESC also suggested wider publicity of the duty exemption scheme for HCFC based eligible projects as per the provisions of the notifications of the Ministry of Finance.

**Agenda Item No.9: Procedure of functioning for implementation of Projects/activities**

The ESC delegated to the Secretary (EF&CC), the power to decide the procedure subject to confirmation by the ESC in its next meeting.

**Agenda Item No.10: Organization of the International Day for the Preservation of the Ozone Layer for the year 2016.**

The ESC noted the organization of the International Day for the Preservation of the Ozone Layer for the year 2016.

The meeting ended with thanks to the Chair.

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LIST OF PARTICIPANTS

1. Shri. Ajay Narayan Jha  
Secretary  
Ministry of Environment, Forest and Climate Change  
Indira Paryavaran Bhawan  
Jor Bagh Road  
New Delhi 110003
2. Shri Rajani Ranjan Rashmi  
Special Secretary  
Ministry of Environment, Forest and Climate Change  
Indira Paryavaran Bhawan  
Jor Bagh Road  
New Delhi 110003
3. Shri P K Dash  
AS & FA  
Ministry of Environment, Forest and Climate Change  
Indira Paryavaran Bhawan  
Jor Bagh Road  
New Delhi 110003
4. Shri S P Singh Parihar  
Chairman  
Central Pollution Control Board  
Parivesh Bhawan  
CBD-cum Office Complex  
East Arjun Nagar, Shahadara  
New Delhi – 110032
5. Shri Manoj Kumar Singh  
Joint Secretary  
Ministry of Environment, Forest and Climate Change  
Indira Paryavaran Bhawan  
Jor Bagh Road  
New Delhi 110003
6. Dr. Amit Love  
Joint Director  
Ozone Cell  
Ministry of Environment, Forest and Climate Change  
Core IV B, 2<sup>nd</sup> Floor  
India Habitat Centre  
Lodhi Road  
New Delhi - 110003

# 2 #

7. Shri Ajay Yadav  
Deputy Secretary  
Department of Commerce  
Ministry of Commerce & Industry  
New Delhi
8. Ms. Seema Arora  
Executive Director  
CII-ITC Centre of Excellence for Sustainable Development  
2<sup>nd</sup> Floor, Thapar House  
124, Janpath  
New Delhi
9. Shri Ashwini Mehra  
Executive Secretary  
Indian Society of Heating, Refrigerating and Air-Conditioning Engineers  
(ISHRAE)  
K43, Kailash Colony  
New Delhi
10. Dr. H S Kaprwan  
Retd. Additional Director (DRDO)  
A-45, Sector-70  
Noida - 201301
11. Dr. S K Tiwari  
Principal Scientist  
Council of Scientific Industrial Research (CSIR)  
New Delhi
12. Shri Sushil Satpute  
Director  
Department of Industrial Policy & Promotion (DIPP)  
Ministry of Commerce & Industry  
Udyog Bhawan  
New Delhi
13. Ms. Rita Pandey  
Professor  
National Institute of Public Finance & Policy  
18/2, Satsang Vihar Marg  
Special Institutional Area (Near JNU)  
New Delhi

14. Dr. Akhilesh Gupta  
Head (SPLICE)  
Department of Science & Technology  
Technology Bhawan  
New Mehroli Road  
New Delhi 16
15. Shri Mukul Pande  
Senior Officer  
Biofuel Cell  
Ministry of Petroleum & Natural Gas (MOP & NG)  
New Delhi
16. Shri Harpreet Singh  
Assistant Director  
Ministry of Micro, Small & Medium Enterprises  
New Delhi
17. Dr. Rohit Misra  
Department of Chemical & Petro-Chemicals (DCPC)  
Ministry of Chemicals & Fertilizers  
New Delhi
18. Shri Mahendra Vikram Singh  
Under Secretary  
Department of Commerce  
Ministry of Commerce & Industry  
New Delhi
19. Dr. R S Agarwal  
Professor, IIT, Delhi (Retd.)  
C – 9 / 9551  
Vasant Kunj  
New Delhi 110070
20. Shri S V Subbarao  
National Program Manager  
SPPU, UNDP  
New Delhi
21. Ms. Chanchal Sharma  
Technical Officer  
Project Management Unit, Ozone Cell  
Ministry of Environment, Forest and Climate Change  
New Delhi

# 4 #

22. Shri Fahad Naim  
Technical Officer  
Project Management Unit, Ozone Cell  
Ministry of Environment, Forest and Climate Change  
New Delhi
  
23. Shri Sharad Kumar Chouriha  
MIS Coordinator  
Project Management Unit, Ozone Cell  
Ministry of Environment, Forest and Climate Change  
New Delhi

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