

F. No. 42/1/2015/PMU-OC
Government of India
Ministry of Environment, Forest and Climate Change
Ozone Cell

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Dated: 25th June, 2018

OFFICE ORDER

**SUBJECT: IMPLEMENTATION OF QUOTA SYSTEM FOR
HYDROCHLOROFLUOROCARBON-22 PRODUCTION FOR NON-
FEEDSTOCK APPLICATIONS IN INDIA FOR THE CALENDAR YEAR 2018**

Reference is invited to the decision of the 19th Meeting of the Parties (MOP) to the Montreal Protocol held in September 2007 regarding accelerated phase-out of Hydrochlorofluorocarbons (HCFCs) by 10 years.

In order to comply with the phase-out of HCFCs as per the accelerated phase-out schedule of HCFCs and to achieve the reduction target of 35% in the production of HCFC-22 in India as on 1.1.2020, the production Quota for the year 2018 has been calculated based on the percentage share of non-feedstock production of HCFC-22 and the average baseline production of 2009-2010 by the following five producers in India. Accordingly, quota order for all the five producers for the calendar year 2018 is given below:

S.No.	Company Name	Production quota for the year 2018 (MT)	Production quota for the year 2018 (ODP Tonne)
1	M/s SRF Limited, Block-C, Sector 45, Gurgaon, Haryana	10568.556	581.27
2	M/s Gujarat Fluorocarbons Limited, INOX Towers, 17, Sector 16-A, Noida	17528.438	964.06
3	M/s Navin Fluorine International Limited, 2 nd Floor, Suntek Centre, Mumbai	8414.93	462.82
4	M/s Chemplast Sanmar Limited, 9, Cathedral Road, Chennai	1652.626	90.90
5	M/s Hindustan Fluorocarbons Limited, No.303, 3 rd Floor, Babukhan Estate, Basheerbagh, Hyderabad	1100.00	60.50
	Total	39264.55	2159.55

The above Quota Order is subject to general conditions as enclosed.

This issues with approval of the Competent Authority.



(AMIT LOVE)
Scientist 'D'/JOINT DIRECTOR (O)

Distribution: As per the list

Copy for information : PS to JS(GB)

List of Enterprises

Mr. Sunil Gulpadia
Sr. Vice President (F&A)
M/s SRF Limited
Block – C, Sector – 45
Gurgaon, Haryana – 122 003

Mr. N. Krishnamoorthy
Chief Executive- Commercial
Chemplast Sanmar Limited
9, Cathedral Road,
Chennai – 600086

Mr. B C Jain
Executive President-Corporate and Operations
Gujarat Fluorochemicals Limited
INOX Towers, 17,
Sector 16-A,
Noida-201301 (U.P.)

Mr. Sitendu Nagchaudhuri
Chief Financial Officer
Navin Fluorine International Limited
2nd Floor, Sunteck Centre
37/40, Subhash Road, Near Garware Western Express
Highway Ville Parle (East)
Mumbai-400057

Mr. T. S. Gaikwad
Managing Director
Hindustan Fluorocarbons Limited
No. 303, 3rd Floor, Babukhan Estate,
Basheerbagh,
Hyderabad – 500001

GENERAL CONDITIONS

1. The baseline consumption and production levels for Hydrochlorofluorocarbon (HCFC)-22, based on the data reported by Government of India to the Ozone Secretariat are 1608.2 ODP tonne and 2399.5 ODP tonne respectively i.e., average of 2009 and 2010. A large percentage of HCFC-22 production and consumption is for feedstock applications which is not controlled under the Montreal Protocol. However, the production and consumption of HCFC-22 for non-feedstock applications are controlled under the Montreal Protocol and subject to the phase out schedule as per the decision of the 19th Meeting of the Parties (MOP) to the Montreal Protocol.

2. The definitions used for this order are as follows: -

(i) Enterprise :

Enterprises that are eligible for producing HCFC-22 as defined in section 3 (v) below.

(ii) Enterprise HCFC-22 Production Quota :

Enterprise - level eligible HCFC-22 production that can be sold for non-feedstock application for a given year.

(iii) Quota License

A document issued by Ozone Cell, Ministry of Environment, Forest & Climate Change (MoEF&CC), Government of India specifying the non-feedstock production limit of HCFC-22 for an enterprise in a given year.

(iv) Trading of Quota

The transfer of an enterprise/s production quota in part/ or full to other enterprise/s.

(v) Quota Transferor

The enterprise/s which is/are transferring enterprise non-feedstock production quota/s to other enterprise/s.

(vi) Quota Transferee

The enterprise/s which is/are the recipient/s of an enterprise's non feedstock production quota from the Quota Transferor/s.

(vii) HCFC-22 Producers

M/s SRF Ltd., M/s Gujarat Fluorochemicals Ltd., M/s Navin Fluorine International Limited, M/s Chemplast Sanmar Limited and M/s Hindustan Fluorocarbons Limited

(viii) Adjusted Quota

The enterprise's non-feedstock production quota for the year after adjusting for transferred quota.

(ix) Quota Period

The calendar year for which non-feedstock production is eligible and quota license is issued i.e. 1st January to 31st December of a particular year.

3. General principles of the Quota System:

- (i) The controlled substance (s) that will be governed by the quota system is HCFC-22.
- (ii) All enterprises eligible to manufacture HCFC-22 must hold a Quota License. No enterprise is allowed to produce HCFC-22 without a quota license (except as per provision 5 (ii) of this Government Order).
- (iii) The country level eligible HCFC-22 production quota of each year will be apportioned to the enterprises who had HCFC-22 production during the period 2009-2010.
- (iv) The Sales in domestic market will be restricted to consumption quota as determined under the Accelerated phase-out of HCFCs. The individual producer share of the domestic market will be in proportion to the production quota.

- (v) The domestic sales of HCFC-22 should not exceed taking into account the import and the consumption limit in the domestic market.
- (vi) The enterprise production quota, so apportioned is valid for the quota period 1st January – 31st December of each year and, is the maximum production for non-feedstock applications that enterprise can undertake during that year.
- (vii) The enterprise production quota is valid for production only for the relevant year and needs to be renewed annually. If an enterprise's production quantity is less than allocated quota in a give year, the difference cannot be carried over to the next calendar year.
- (viii) This Government order is being issued to outline the modalities by which each Enterprise is to meet the targets given in the Quota Order.

4. Quota Application & License:

- (i) Any enterprise wishing to apply for the enterprise production quota for HCFC-22 should, for the current calendar year, submit to the Ozone Cell, four copies of the written application form (Annexure – 1) within the first week of January (in the annexure its written 5th January) of the previous year. Upon receipt of applications, the Ozone Cell will determine the enterprise production quota for each enterprise by apportioning the country level eligible production quota of the next year, the trading of quotas amongst enterprises if any, the implementation status of the enterprise's agreement against the quota license in the previous year and will issue the enterprise production quota to the qualified enterprises within 5 working days of receipts of application. The enterprise production quota for HCFC-22 will be indicated on the quota license of each enterprise.
- (ii) Application of trading of quotas for any given year shall be submitted by the enterprises along with the requisite support documents at the time of request of quota for production. No request for trading of quotas in the middle of the year shall be considered for approval by the Ozone Cell.

5. Quota Trading :

- (i) The enterprise production quota can be traded and HCFC-22 can be legally produced by the enterprise that obtained the quota after approval by the Ozone Cell. The trading of enterprise production quota should meet the following requirements:
 - (a) Trading can be carried out only by enterprises which have or are eligible to get a Quota license from the Ozone Cell, MoEF&CC.
 - (b) The enterprise production quota to be traded should not have been utilized by the selling enterprise.
- (ii) Enterprise production quota trading can be divided into two categories: annual trading and permanent trading. The addition as a result of the permanent trading received by one or more enterprise/s shall be used as basis for calculating the enterprise production quota for subsequent year/s. The annual trading will not influence the subsequent year's enterprise production quota of the trading enterprises.
- (iii) The trading contract proposal signed by the trading enterprises on the HCFC-22 production quota should be submitted to the Ozone Cell. The contract can be effective only after it is confirmed by the Ozone cell which will give its decision within 10 working days after receiving the trading contract proposal, and make changes in the enterprise/s production quota license during the current year for the trading enterprises. The changes of the enterprise production quota will be notified to all enterprises.
- (iv) The consideration (if any) to be paid by the transferor/s of the quota to the transferee/s will not be under the purview of the Government of India. However, the enterprises should give confirmation in writing on the primary reason for the quota trading and responsibilities of either parties engaged in quota trading in case of any violation of quota order consequent to quota trading.
- (v) The enterprises involved in quota trading may produce HCFC-22 according to the changed enterprise production quota approved by the Ozone Cell.

6. Reporting and Verification of Enterprise Production Quota :

- (i) Each enterprise holding an enterprise production quota will submit the report of its monthly HCFC-22 production to the Ozone Cell within 7 days after the end of each quarter in the reporting form (Annexure - 2).
- (ii) Each enterprise holding an enterprise production quota shall maintain the original documents including: annual report on HCFC-22 production, monthly report on HCFC-22 production, issues/sales for HCFC-22 as a feedstock and sales of HCFC-22 for consumption, annual report on HCFC-22 sales revenue, monthly report on HCFC-22 sales volume and revenue, annual financial report, record of purchase and consumption of raw materials used for manufacturing HCFC-22, record of HCFC-22 production operation such as raw material input, output, product packaging and any other data required to verify HCFC-22 production. All these documents shall be subject to audit by relevant official departments, the Multilateral Fund and the Ozone Cell which will verify the implementation of enterprise production quota every year.
- (iii) The Ozone Cell will audit every year the HCFC-22 production and the submitted data of the enterprise production quota by the enterprises for the purposes of finalizing the next year's annual programme, if necessary. Periodic audits will also be conducted, as deemed necessary.
- (iv) In cases of delayed data reporting, failure to report relevant data, falsified or inaccurate data reporting, production above enterprise production quota level, illegal quota trading and production without any enterprise production quota, the enterprises involved will be liable for action under this Government order unless reasons are given to the complete satisfaction of the Ozone Cell, MoEF&CC, Government of India.

7. Violation of the Quota Orders:

- (i) The enterprises would be considered to be in violation to the quota system if the enterprise:
 - a) produce HCFC-22 without a quota license;
 - b) exceed enterprise production quota;
 - c) falsified or inaccurate data reporting;

- d) delayed data reporting, or failure to report relevant data;
- e) illegal quota trading.

(ii) The penalties for the violation of the quota system for the enterprises are as follows:

- a) The Ozone Cell, will notify the relevant Government authorities directing it to seize or confiscate the quantity which exceeds the quota, and recover the sales revenue from the exceeded production. The Ozone Cell will also reduce the next year's enterprise production quota of the enterprise/s to the extent of the quantity produced in excess of the quota license.
- b) Any enterprise that fails to report or delays its report or any enterprise which provides wrong information or suppresses facts, will be treated as non-compliant to the above procedures and attract penalties under the Environment (Protection) Act, 1986, unless reasons are given to the complete satisfaction of the Ozone Cell, MoEF&CC, Government of India.

8. Supplementary Rules

- (i) The Ozone Cell is responsible for the interpretation of this Operating Mechanism of the quota system.
- (ii) The Operating Mechanism is valid from the date issued.
- (iii) The Government of India may amend or change this Government Order as and when it is deemed necessary to do so.

HCFC Production Quota

Application Form

Product Name: Hydrochlorofluorocarbon (HCFC)-22

Applicant:

Date of Application:

(to be submitted by 5th of January every year)

Enterprise Information	Enterprise name:		
	Address:		PIN code: Email:
	Nature of ownership:		
	Name of legal person:	Title:	Tel:
	Name of contact person:	Tel:	Fax:
Information on Products for Quota Application	Name of product:		
	Quantity for which production quota license issued in previous year:		
	Actual utilization of previous year's quota as in appended sheet.		
	Production quota applied for (MT) current year:		Year:
Statement of Application	This enterprise commits to abide by the HCFC-22 production quota system, its relevant provisions and to be supervised and audited. Authorized person (signature) Applicant(seal) day month year		
Handled by (signature) Approved by(signature) Department(seal) Date:			

Information to be provided by each enterprise along with
HCFC Production Quota Application Form
(All figures to be given in MT)

Month	Opening Stock	Production	Domestic Sales	Feed Stock issues	Export	Closing Stock	Production Essential – use*	Sales Essential use*	Total
Jan									
Feb									
March									
1 st Qr.									
April									
May									
June									
2 nd Qr.									
July									
Aug									
Sept									
3 rd Qr.									
Oct									
Nov									
Dec									
4 th Qr.									
TOTAL									

* With Approval of Parties from the year 2040 onwards (*) was meant for “Production for Essential Use” and “Sale for Essential Use”.

Annexure 2

Data Reporting on HCFC Production Quota

Name of Enterprise :
 Address :
 Post Code :
 Telephone :
 Fax :
 Email :
 Contact Person :
 Name of License :
 Production Quota (MT) :
 Quota Trading: Purchase / Sale (MT) :
 Quota for the Year: (MT) :

Information to be provided by each enterprise

Month	Opening Stock	Total Production	Domestic Sales	Feedstock issues	Export sale	Closing Stock	Production Essential - use*	Sales Essential use*	Total
Jan									
Feb									
March									
1 st Qr.									
April									
May									
June									
2 nd Qr.									
July									
Aug									
Sept									
3 rd Qr.									
Oct									
Nov									
Dec									
4 th Qr.									
TOTAL									

With Approval of Parties from the year 2040 onwards (*) was meant for "Production for Essential Use" and "Sale for Essential Use".