

Minutes of the Technology and Finance Standing Committee (TFSC) Meeting held on Monday, 8th June, 2009 at 11:00 A.M. in the Training Room No. – 2, (CDC), Core 4B, 2nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110 003.

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List of participants is annexed (**Annexure-I**)

The Minutes of the TFSC meeting held on 13.03.2009 were circulated to all the Members. No comments have been received. The Minutes were adopted.

Dr. A. Duraisamy, Director (O) welcomed the Members and apprised the actions taken by the Ozone Cell on the recommendations made by the TFSC held on 13.03.2009.

Action Taken: Approval of the Chairman, Empowered Steering Committee (ESC) for Implementation of Montreal Protocol has been taken on file and duty exemption certificates were issued for the following:

1. **M/s G.A.S. PU Panels (India) Pvt. Ltd.,** Pune
2. **M/s Krishna Maruti Ltd.,** Gurgaon
3. **M/s Ajni Clean Rooms Pvt. Ltd.,** Baroda
4. **M/s Bharat Seats Ltd.,** Gurgaon

Ex-post facto approval of the ESC will be taken in its next meeting.

The committee took note of the above and considered the following Agenda items:

Agenda Item No. 1: The application for duty exemption for import of Machinery by **M/s Tecumseh Products India Pvt. Ltd.,** for their continued expansion programme.

M/s Tecumseh Products India Pvt. Ltd., located in Ballabgarh, Haryana, is the largest manufacturer of R-134a compressors for domestic and commercial refrigerators and Air-conditioners. After the current plan of expansion their capacity will be 5.6 million compressors per year.

In order to further improve the energy efficiency of these compressors by checking precisely the energy loss from the Steel strips used in the motors, the company wants to import a "Core

Loss tester". The details of the testing machine being imported are given in the table:

Table

Sl. No	Equipment Name	Qty	P.O. No & Date	Cost in EUR	Cost in INR
1	Core Loss Tester	1 Nos	5022139 dated 15-12-08	25,000/-	16,50,000/-
Total cost					16.5 Lacs
Approx. Duty @ 7.5%					1.2 Lacs

The total cost of the core loss tester now being imported is approx. Rs. 16.5 lacs and duty payable on it is Rs. 1.2 lacs @ 7.5%.

The committee appreciated the efforts of the company to improve the efficiency of the compressors marketed by them and recommended the application for approval.

There was some discussion regarding the continued use of ODS refrigerants in chillers in India. The Director (O) agreed to make a presentation on the subject in the next meeting of TFSC.

Agenda Item No. 2

The application of **M/s Daikin Air conditioning India Pvt. Ltd., Gurgaon, Haryana** for duty exemption for import of plant and machinery needed for setting up new capacity for manufacture of all types of Air conditioners and large capacity chillers with non-ODS technology.

M/s Daikin Industries Ltd., Japan, a world leader in Air Conditioning system, was permitted by the Ministry of Commerce & Industry, Govt. of India to establish a joint venture company as foreign collaborator with M/s SIEL Ltd., New Delhi, in April 2000 under the name Daikin Shriram Air Conditioning Pvt. Ltd., with 80% foreign equity participation.

The aim of this joint venture was to manufacture ACs and water coolers for which permission was given for a lumpsum payment of USD 3.00 Lacs to be paid in 3 installments. It was also stipulated in the permission letter that the compressors

manufactured for ACs and water coolers shall be based on non-CFC technology.

The company began business of trading but no manufacturing was started.

In November, 2004, the company was converted to a 100% subsidiary of the Japanese company purchasing 20% share held by M/s SIEL and the name was changed to Daikin Air Conditioning India Pvt. Ltd., (DAIPL) but continued in its business of trading by importing high quality A.Cs operating with VRV technology using non-ODS HFC-410a as refrigerant and large chillers using R-134a for the Indian market.

Currently all types of A.Cs in India use HCFC-22 as the refrigerant. It is an ODS with low ODP. Recently it has been agreed by the Montreal Protocol to accelerate the phase out HCFCs. M/s Daikin Air Conditioning India Pvt. Ltd., has taken this opportunity to be the first company in India to start manufacturing Air Conditioners and chillers with non-ODS technology by setting up a **large plant for manufacture of efficient type VRV A.Cs using HFC-410a as the non-ODS refrigerant and large capacity chillers using HFC-134a for central air conditioning systems.**

This plant is coming up at Neemrana (Dist. Alwar) in Rajasthan. For this project M/s DAIPL has invested in land and infrastructure. They are now importing equipment and machinery shown in the table 1 and have requested duty exemption:

Table 1

Sl. No	Equipment Name	Qty (Nos.)	P.O. No & Date	Cost in Yen	Cost in INR
1	Heat Exchanger Manufacturing Section (Annex. A)	8	7500000007, 08, 09, 14 03.03.2009 & 12.03.2009	11,57,34,000/-	6,08,18,217/-
2	VRV Air conditioning Systems Manufacturing Section (Annex. B)	21	7500000008, 09, 15, 16, 17, 18, 19 03.03.2009, 12.03.2009, 16.03.2009 & 26.03.2009	11,41,05,000/-	5,99,62,178/-

Sl. No	Equipment Name	Qty (Nos.)	P.O. No & Date	Cost in Yen	Cost in INR
3	Inspection Equipment (Annex. C)	6	7500000009 03.03.2009	2,01,09,000/-	1,05,67,280/-
4	Sheet Metal & Painting Equipment (Annex. D)	2	7500000010, 22 04.03.2009 & 02.04.2009	14,63,39,500/-	7,69,01,407/-
5	Material Movement (Annex. E)	3	7500000013, 21 12.03.2009 & 01.04.2009	59,60,000/-	31,31,980/-
Total cost				40,22,47,500/-	21,13,81,061/-
Approx. Duty @ 7.5%					1.59 Crores

The cost of the machinery being imported is approx. Rs. 21.14 crores and duty payable on it @ 7.5% is approx. Rs. 1.59 crores.

In the first instance the capacity planned for the factory is 20,000 VRV A.Cs and 1800 chillers per annum.

An additional request for duty exemption for import of 35 pieces of equipment was submitted simultaneous by M/s DIPL needed these equipment urgently for the plant. The committee observed that the nature of the equipment in the additional list now submitted is similar to those discussed earlier and decided to club them together. Accordingly these 35 item were added as a supplementary list shown in Table 2 below:

Table 2

Sl. No	Equipment Name	Qty (Nos.)	P.O. No & Date	Cost in Yen	Cost in INR
1	VRV Air conditioning systems manufacturing section (Annex. F)	4 Eqpt.	7500000030 Dated 07.05.2009	15,60,600/-	8,20,095/-

Sl. No	Equipment Name	Qty (Nos.)	P.O. No & Date	Cost in Yen	Cost in INR
2	Inspection Equipment (Annex. G)	7 Eqpt.	750000025 Dated 17.04.2009	140,46,000/-	73,81,173/-
3	Sheet Metal & Painting equipment (Annex. H)	24 Eqpt.	750000024 Dated 17.04.2009	1,69,90,200/-	89,28,350/-
Total cost				3,25,96,800/-	1,71,29,618/- 1.713 Crores
Approx. Duty @ 7.5%					12.85 Lacs

The committee observed that the machinery which the company is importing can only be used for manufacturing the heat exchangers and cabinets of the A.Cs. For manufacturing compressors suitable for the new non-ODS refrigerant HFC-410A and chillers, more machinery will be needed at a later stage.

India is entering into an era of phasing out the use of HCFC-22 in A.Cs and the alternative refrigerant proposed to be used by M/s DIPL is welcome, specially as it will increase the export potential of A.Cs from India. The proposal of M/s DIPL to start manufacture of chillers using non-ODS refrigerant R-134a is also good as it will lead ultimately to the manufacture of large chillers with non-ODS technology currently being imported.

The committee recommended the application.

The meeting ended with vote of thanks to the Chair.

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Annexure-I**LIST OF PARTICIPANTS**

1	Dr. S. Varadarajan, Chairman (TFSC), 4-A, Girdhar Apartments, 28, Feroze Shah Road, New Delhi- 110001 Ph. : 23230828 (Dir)	Chairman
2	Dr. Sunil Abrol, Director General, Consultancy Development Centre, India Habitat Centre, Lodhi Road, New Delhi – 110003 Ph. 24648268 (Dir), 4602601/2915	Member
3	Dr. Izzatullah, Development Commissioner, O/o DC (SSI), Ministry of Micro, Small & Medium Enterprises, Room No. 702, Nirman Bhavan, New Delhi – 110011 Ph. : 23061198, 23061461 Telefax : 23061972, 23061430	Member
4	Ms. Nidhi Ladha, Dy. Director, Confederation of Indian Industry, Env. Policy Division, India Habitat Centre, Zone IV 4 th Floor, Lodhi Road New Delhi – 110003	Member
6	Dr. R.S. Agarwal, NPM-SPPU, Ozone Cell Core IV B, 2 nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110003	(Special invitee)
7	Shri R. Srinivas, Project Coordinator – PMU Project Management Unit (PMU), Ozone Cell, Ministry of Environment and Forests, Core IV B, 2 nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110003	(Special invitee)
8	Shri. Mohd. Rashid Ayub, MIS Coordinator, Project Management Unit (PMU), Ozone Cell, Ministry of Environment and Forests, Core IV B, 2 nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110003	(Special invitee)

9	Prof. S.K. Mukerjee, Consultant, Ozone Cell, Ministry of Environment and Forests, Core IV B, 2 nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110003	Consultant
10	Dr. A. Duraisamy, Director (Ozone Cell), Ministry of Environment and Forests, Core IV B, 2 nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110003	Member Secretary