

**Memorandum of Understanding (MoU)
Between
Central Bureau of Narcotics (CBN), India
and
Indian Chemical Council**

For Prevention of diversion of scheduled and non scheduled chemicals

1. Rationale purpose

The purpose of this Memorandum of Understanding is to formalize the partnership between the Government of India and Indian Chemical Council (ICC). The signing parties will work in collaboration to ensure, to the best of their abilities and possibilities that chemicals used in the manufacture of illicit drugs are not diverted from licit trade.

2. The Parties

Government: for the purpose of this Memorandum of Understanding, Government of India is represented by the Central Bureau of Narcotics as the principal agency.

Indian Chemical Council: Manufacturers of Chemical Industry under the aegis of Indian Chemical Council.

3. Goals and objectives

The Government seeks to prevent the manufacture and consumption of illicit drugs - and thereby to protect the population from their destructive effects. At the same time, the Government acknowledges that the chemicals used in manufacture of illicit drugs play an important role in numerous licit industrial processes that contribute significantly to the national economy, health and well-being of the population.

Through this partnership, the Government intends to collaborate with the members of Indian Chemical Council whose business involves the manufacture, sale, storage, distribution or consumption of chemicals which have a potential of misuse for manufacture of illicit drugs.

The partnership is voluntary and will be based on an agreed assessment process to be conducted as part of any and all transactions involving chemicals which have a potential of misuse for manufacture of illicit drugs.

The partnership will rely in large part on the market knowledge, the experience and the integrity of Indian Chemical Council in dissemination of relevant information including information provided by CBN in this regard, creating awareness through various means like webinars, publications, workshops, interactive sessions etc., and enabling interaction with the Government.

4. Roles and responsibilities

(a) The Government

The Government recognizes that the members of ICC who cooperate with the Government through this partnership can play an important role in preventing diversion of chemicals for manufacture of illicit drugs.

To facilitate such cooperation, the Government shall in close consultation with ICC, develop a voluntary code of conduct (VCC) that sets out recommended practices to be followed by the chemical industry on chemicals which have a potential of misuse for manufacture of illicit drugs.

The code shall not have any burden on the members of ICC and that the procedures involved do not interfere with normal business operations and practices.

The Government also requests that chemical industry under the aegis of Indian Chemical Council share certain information with the Central Bureau of Narcotics in connection with potential sales to permit further assessment of the sale. Information shared may contain sensitive business details. However, chemical industry under the aegis of Indian Chemical Council can be assured that such material will be kept confidential and will not be made available to any other parties.

Furthermore, the Government will take all measures possible to ensure that chemical industry under the aegis of Indian Chemical Council will experience no disadvantage to its trade through this cooperation. The Government will assess sales information provided by the members of ICC and communicate in a timely manner so as to minimize possible inconvenience to the business operations of chemical industry under the aegis of Indian Chemical Council. The Government would hold periodic workshops and training webinars to sensitize ICC members on the chemicals which have a potential of diversion for manufacture of illicit drugs.

(b) The Association

ICC agrees to cooperate with the Government in publishing the VCC, for the chemicals which have a potential for misuse on its website and also widely circulate the same to all its members.

The chemical industry under the aegis of Indian Chemical Council agrees to provide the Central Bureau of Narcotics with information, to the best of its abilities, whenever appropriate under the provisions of the VCC.

The chemical industry under the aegis of Indian Chemical Council will endeavor to nominate a representative from member companies (on need basis) who will coordinate for all matters associated with the code.

**For Central Bureau of Narcotics
Ministry of Finance
Government of India**



**(Dr. Sanjay Kumar)
Deputy Narcotics Commissioner**

For Indian Chemical Council



**(Ravi Goenka)
President, Indian Chemical Council
CMD Laxmi Organic Industries Ltd.**

**VOLUNTARY CODE OF CONDUCT FOR BETTER COORDINATION
BETWEEN THE CBN AND ICC FOR PREVENTION OF DIVERSION OF
SCHEDULED AND NON-SCHEDULED CHEMICALS**

THE BUSINESS SECTOR'S CHALLENGE

The business sector's social responsibility used to be limited to the creation of wealth, jobs, and fiscal revenue, but today it is much broader—extending to areas of social concern such as the environment, the fight against drugs, civic participation, etc.

It is a new area of challenges for the business sector, and for public sector officials, especially those involved with control, who must provide mechanisms for cooperation and collaboration with the business sector.

**CODE OF CONDUCT FOR RESPONSIBLE COMPLIANCE
WITH REGULATIONS FOR CONTROL OF CHEMICAL
INPUTS AND CONTROLLED PRODUCTS**

**OBJECTIVE OF THE VOLUNTARY CODE FOR RESPONSIBLE
CONDUCT**

As part of the business sector's voluntary commitment that is encouraged by its associations and in coordination with the Administrative Control Authority, the Code is intended to support authorities responsible for monitoring controlled chemical substances in the fight against diversion, through close communication and the expansion of mutual cooperation.

PURPOSES OF THE CODE

- To make corporate employees aware of the problem of non-scheduled chemical substances.
- To promote the responsible use of non-scheduled chemical substances, especially in the stages of production, storage, sale, and transportation.
- To improve coordination and exchange of information between the companies and the authorities.

AREA OF APPLICATION

The voluntary code has been designed so that companies that use non-scheduled chemical substances in a scheme of social responsibility can implement it in the organizational culture under the main idea of **"KNOW YOUR CLIENT."**

CORPORATE PROCEDURES

- A. Designation of a "contact person"
- B. Information and awareness-building
- C. Follow-up of operations
- D. Dissemination of the Code

A. Designation of a "contact person"

- A "contact person" will be chosen and the business association will be informed.
- Preferably, he or she will be from the management, sales, logistics, security, legal, or administrative areas.

The "contact person" plays a key role in the success of the voluntary system for responsible conduct.

Role of the "contact person"

- The "contact person" promotes close cooperation between the company and the Central Bureau of Narcotics.
- The "contact person" stimulates:
 - Corporate actions to teach staff about special care in the use of non-scheduled chemical substances as well as controlled chemical substances that may be used for diversion and illicit drug trafficking and manufacture.
 - The exercise of special care by personnel responsible for maintaining the special registers.
 - Identification and reporting of any suspicious or unusual action involving as well as non-controlled chemical substances that may be used for diversion and illicit drug trafficking and manufacture.

The "contact person" plays a key role in the success of the voluntary system for responsible conduct.

Information and awareness-building

Information:

- The "contact person" will give information to the personnel about the civil and criminal penalties they will face if they assist drug traffickers through negligence or imprudence.

Awareness-building:

- Awareness-building of the personnel targets those likely to be involved with Non Scheduled Chemicals as well as controlled chemical substances that may be used for diversion and illicit drug trafficking and manufacture and whose work involves their storage, handling, sale, transportation, and use.
- Awareness-building is supplemented with the introduction of internal procedures that support proper surveillance and monitoring.

B. Follow-up of operations

- When the "contact person," acting as discreetly as possible and based on his or her experience, identifies any suspicious circumstance, he or she immediately notifies the administrative authority or the authority's representative without tipping off the questionable buyer.
- The "contact person" will do his or her best to get the questionable buyer's fax and telephone number, e-mail, etc. This information will enable the administrative authority or the authority's representative to transmit the information to the Central Bureau of Narcotics.
- The "contact person" will provide notification of:
 - Any suspicious purchase order
 - Suspicious deliveries and any other unusual circumstances
 - Any other fact of which they become aware that could be relevant for investigation of the suspicion (unjustified breaking of the cargo, abnormal routing, destruction, taking of samples, missing items, etc.)

The "contact person" will transmit communications regarding the suspicious action.

C. Dissemination of the Code

The company's "contact person" will promote dissemination of this Voluntary Code of Responsible Conduct, organizing meetings with the personnel for that purpose in coordination with management, in order to transmit information on the Code, receiving assistance for that purpose from the administrative authority or the authority's representative.

CHARACTERISTIC ELEMENTS THAT AROUSE SUSPICIONS

- Identification of the client and the client's behaviour
- Business practices
- Delivery methods
- Use of the products
- **Identification of the client and the client's behaviour**
 - New client (unknown in the sector, insufficient technical knowledge of chemical substances.
 - Client who appears without contact or prior recommendation.
 - Client lacking business sense, for example one that shows no interest in negotiating the price.
 - Reluctance (or refusal) to provide a telephone number or address or to submit a written order.
 - Orders from previously unknown corporations or ones that is hard to find in the directories.
 - Orders from a company that cannot provide normal commercial references.
- **Business practices**
 - Unregistered address for delivery of products or from which the order was placed.
 - Orders from companies not found in the Register.
 - Orders received at irregular intervals.
 - Unusual request for payment in cash or money order.
 - Proposal that includes payment of an excessive price for a specific type of product or for rapid delivery.
 - Orders from universities or well-known corporations that are issued following established procedures but for delivery to be made to a person whose name or address is not registered.
 - Delivery order to a third party who is not registered, at variance with internal procedures.

➤ **Delivery methods**

- Pick up of chemical substances with the aid of an unknown private vehicle.
- Request to package the substances in small individual lots even though the delivery is ostensibly for industrial use.
- Request for delivery in non-commercial or unlabeled packages.
- Unjustified requests for air delivery.
- Complicated delivery itinerary (e.g., involving apparent deviation from regular routes) or unjustified transfers (seeking to justify breakage or losses).
- Requests for which the delivery or shipping charges exceed the cost of the substances.

➤ **Use of the products**

- Requests for non scheduled chemicals as well as controlled chemical substances that may be used for diversion and illicit drug trafficking and manufacture in amounts that are excessive or abnormal for the stated use.
- Unplanned internal use.
- Losses of non-scheduled chemicals as well as controlled chemical substances that may be used for diversion and illicit drug trafficking and manufacture outside the production process through spills, filtrations, leaks, accidents, or other losses.
- Shipping of non scheduled chemicals as well as controlled chemical substances that may be used for diversion and illicit drug trafficking and manufacture outside the established hours

ACTION TO BE TAKEN REGARDING A SUSPICIOUS ORDER

What should be done in the case of suspicious orders for (non scheduled chemicals as well as controlled chemical substances that may be used for diversion and illicit drug trafficking and manufacture?)

1. Ask the client to provide the GSTIN number and contact information (telephone number, fax, e-mail).
2. Ask for an explanation of the final use.
3. After the conversation:
 - Verify the accuracy of the information after checking the registers.
 - Review the documents provided by the company.
4. Inform the administrative authority or designated representative.

This information must be placed near the telephones and computers in the company's sales office.