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GUIDELINES FOR ALLOCATION OF CODEINE PHOSPHATE

(1) Guideline for allocation of Codeine Phosphate will be as under:-

- (i) Every company desirous of obtaining quota for Codeine Phosphate in any calendar year shall apply to the Narcotics Commissioner in the prescribed application format to be uploaded on the official website of CBN by 31st December of previous year. The application by existing company should be received in the office of the Narcotics Commissioner before 31st January. Application can also be sent through e-mail, but hard copy of the same along with all requisite documents should also be sent. For the purpose of cutoff date, application through e-mail within stipulated date will be considered as having been received within time limit.

Provided that for the year 2016, with reference to sub-para (i) above, the date prescribed for uploading the format would be 28th February, 2016 and date for receiving the applications by existing companies would be 31st March, 2016.

- (ii) The new company, i.e. company applying for quota for first time, may apply for allocation of quota any time during the year subject to Para 7 (vii).
- (iii) Office of the Narcotics Commissioner shall allocate 50% of consumption of Codeine Phosphate in the previous Calendar year as provisional quota within 2 weeks of receipt of application. The consumption of the previous year shall be as per declaration made by an applicant company in the application filed.
- (iv) Existing company applying after 31st January will not be granted quota on provisional basis but will be eligible for final quota allocation as per guideline.

(2) Guideline for final quota allocation: Office of the Narcotics Commissioner shall make final allocation preferably by 31st March of the year but in any case before 30th April of the year. A company shall be allocated quota as per norms applicable under this guideline or the quantity requested, whichever is lower.

(A) Norms for new company: The new company shall be allocated 50 k.g. of Codeine Phosphate subject to possession limit of the applicant after verification of existence of the company, and possession limit.

(B) Norms for existing company: (i) A company shall be allocated Codeine Phosphate equal to average consumption of three calendar years previous to the last calendar year or consumption of last calendar year whichever is higher. For example, for the year 2016, average consumption of 2012, 2013 & 2014 or actual consumption in 2015, whichever is higher, shall be the quota for 2016.

(ii) If any company has consumed less than 50% of Codeine Phosphate as compared to previous calendar year or has closed down operations of the unit manufacturing preparation of formulations of Codeine Phosphate continuously for 4 months or more in any year, that particular year shall be considered as a zero year for the purpose of calculating average and average in such a case will be calculated taking into consideration one more previous calendar year. For example, out of 3 years 2012, 2013 and 2014, if 2013 is zero year for any company, then their consumption in 2011 shall be taken into account for working out the averages. However, in no case, (i.e. even after considering an year as zero year) more than four

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preceding calendar years should be considered for calculating average consumption.

(C) **Definition of new company:** The Company which has not consumed Codeine Phosphate during the preceding three calendar years or have approached office of the Narcotics Commissioner for allocation of quota of Codeine Phosphate for the first time shall be considered as new company.

Explanation: New company does not include the companies which have taken over running business of another firm either by way of takeover or by merger etc. which was getting allocation of Codeine during last 3 years. Further, new companies would only mean a company (not a unit) manufacturing Codeine or Medicinal Opium based formulations for the first time either by itself or through third party.

(3) **Other policies to be followed for allocation:**

(i) Small quantity of Codeine Phosphate required for Test & Research, etc. shall not be governed by this quota allocation guideline.

(ii) The quantum of bulk Codeine Phosphate required for fulfillment of export order for formulations of Codeine Phosphate shall be allocated in addition to quota as calculated in terms of provisions contained above in Para 1 & 2. Similarly, bulk Codeine Phosphate required for fulfilling orders placed by WHO/UNO/Government/Government organizations shall be in addition to quota allocated on the basis of above norms as far as it is possible to do so looking at availability of estimate of Codeine Phosphate and Possession limit of the company

(4) **Utilisation of quota allocated:** In order to avoid hoarding of quota of Codeine Phosphate, it is stipulated that company should lift at least 90% of allocated quota by 31st December of relevant year. If a company expects that they will not be able to lift 90% of quota by 31st December, then they should surrender the excess quota by 10th August, failing which they would be liable to be penalized while allocating the quota during next year.

(5) **Penal clause:** A company failing to lift 90% of allocated quota by 31st December and not surrendering it by 10th August shall be visited with a quota reduction to the extent of 10% of quota eligibility in next year. Example: If a company is allocated 100 Kg of substance and does not lift 90% of substance or surrender excess allocation, then this allocation in the next year will be 90% of allocation as calculated in terms of para 1 & 2 above.

Explanation: In case of surrender of quota for the purpose of penalty clause, the quota shall be considered minus the surrendered quota. For eg: in above case a company whose initial allocation is 100 Kg. Codeine Phosphate and which surrendered 20Kg Codeine Phosphate, their quota will be considered to be 80 Kg. and they have to lift at least 72 Kg. Codeine Phosphate to avoid penalty.

(6) **Waiver of Penalty:** The penalty clause can be waived by the Narcotics Commissioner if a company demonstrates that they could not uplift the quota due to any unforeseen circumstance beyond their control which occurred on or after 1st of August.

(7) **Guideline for allocation of additional quota:**

The company desirous of obtaining additional quota over and above their annual quota may apply by 20th of August, giving their consumption details up to 31st July. A company shall be allocated additional quota, subject to its possession limit, as per norms

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applicable under this guideline or the quantity requested, whichever is lower. For additional allocation, the guideline will be as under:

- (i) New company/existing company whose final allocation is up to 100 Kg under Para 2, shall be allocated 40 Kg.
- (ii) Company whose final allocation is between 100 Kg and 500 Kg, will be allocated additional quota to the extent of 10% of its final allocation as done in Para 2 above or 40 Kg, whichever is higher.
- (iii) Company whose final allocation is between 500 Kg. and 1000 Kg, will be allocated quota to the extent of 10% of its final allocation as done in Para 2 above.
- (iv) Company whose final allocation is above 1000 Kg will be allocated quota to the extent of 10% of its final allocation as done in Para 2 above.

Explanation: The additional quota will be granted in serial order of the clause as defined in Para 7 (i) to (iv) i.e. additional quota will be allocated to company at Sl.No.(iii) only, if Codeine Phosphate remains after making additional allocation to all applicant companies at Sl.No. (i) & (ii) above in the manner as described above. In case additional quota gets exhausted in between, then allocation will be made to the company depending upon their date of establishment of company. For example, if there are 20 companies in category (ii) and there is no possibility to allocate additional quota to all of them, then list of the all 20 company shall be made in the serial order of their date of establishment and older company will be granted quota in preference.

- (v) Performa application for additional allocation will be uploaded in the month of July. The date for filing such application is 20th August. The above process for allocation of additional quota will be completed preferably by 20th September and in any case by 30th September.
- (vi) Any application received after 20th August till 10th November shall be considered for allocation of remaining quota (i.e. quota remaining after allocating final and additional quota) if any, based on the principles as mentioned in Para (7)(i) to (iv). Such allocation shall be issued preferably by 20th November and in any case before 30th November.
- (vii) No allocation will be made to any company, including new, in the month of December. For all the cut off dates, the date of receipt of mail at narcommr@cbn.nic.in or Supdt-Narco@cbn.nic.in shall be relevant.
- (viii) Allocation will be made to the Principal Company in terms of guideline. However, quota will be allocated to individual unit depending upon request of company. Example: Company 'A' is manufacturing / getting manufactured Codeine Phosphate based formulations in three units, the allocation will be made to company 'A', but quota letter will be issued to individual manufacturing unit as per request of principal company 'A'.