



# **MEMORANDUM OF UNDERSTANDING (MOU)**

**BETWEEN**

**CENTRAL BUREAU OF NARCOTICS (CBN)**

**AND**

**BASIC CHEMICALS, COSMETICS & DYES EXPORT  
PROMOTION COUNCIL (CHEMEXCIL)**

**Memorandum of Understanding (MOU)**  
**Between**  
**Central Bureau of Narcotics (CBN) India**  
**And**  
**Basic Chemicals, Cosmetics & Dyes Export Promotion Council**  
**(CHEMEXCIL)**

**1. Rational Purpose**

The purpose of this Memorandum of Understanding is to formalize the partnership between the CENTRAL BUREAU OF NARCOTICS (CBN), GOVERNMENT OF INDIA and BASIC CHEMICALS, COSMETICS & DYES EXPORT PROMOTION COUNCIL (CHEMEXCIL). 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**

**CBN:** for the purpose of this Memorandum of Understanding, Government of India is represented by the Central Bureau of Narcotics as the Principal Agency.

**CHEMEXCIL:** Set up by Department of Commerce and Industry, Government of India to promote the trade of Indian Chemicals.

**3. Goals and Objective**

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 CHEMEXCIL whose business involves the manufacture, domestic sale and export, storage, distribution or consumption of chemicals which have potential for use in manufacture of illicit drugs.



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

The partnership will rely in large on the market knowledge, the experience and the integrity of CHEMEXCIL 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**

The Government recognizes that the members of CHEMEXCIL 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 CHEMEXCIL, develop a voluntary code of conduct (VCC) that sets out recommended practices to be followed by the chemical industry on chemicals which have potential for use in manufacture of illicit drugs.

The code shall not have any burden on the members of CHEMEXCIL 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 CHEMEXCIL share certain information with the Central Bureau of Narcotics in connection with potential sales to permit further assessment of the legal sale. Information shared may contain sensitive business details. However, chemical industry under the aegis of CHEMEXCIL can be secured 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 CHEMEXCIL will experience no disadvantage to its trade through this cooperation. The Government will assess sales information provided by the members of CHEMEXCIL and communicate in a timely manner so as to minimize possible inconvenience to the business operations of chemical industry under the aegis of CHEMEXCIL. The Government would hold periodic workshops and training webinars to sensitize CHEMEXCIL members on the chemicals which have potential for use in manufacture of illicit drugs.

CHEMEXCIL 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 CHEMEXCIL agrees to provide the Central Bureau of Narcotics with information, to the best of its abilities, whenever appropriate under the provisions of the VCC.

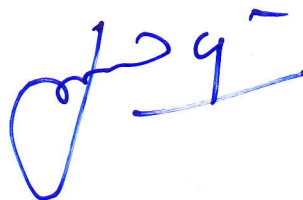
The chemical industry under the aegis of CHEMEXCIL will endeavour to nominate a representative from member companies (on need basis) who will coordinate for all matters associated with the code.

For Central Bureau Narcotics  
Department of Revenue  
Ministry of Finance,  
Government of India.



Brijendra Chowdhary  
Dy. Narcotics Commissioner

For CHEMEXCIL



Dr. Satish Wagh  
Vice Chairman - CHEMEXCIL

**बृजेन्द्र चौधरी**  
**Brijendra Chowdhary**  
उप नारकोटिक्स आयुक्त  
**Dy. Narcotics Commissioner**  
केन्द्रीय नारकोटिक्स ब्यूरो, ग्वालियर  
**Central Bureau of Narcotics, Gwalior**





**Voluntary Code of Conduct for better coordination between the Central Bureau of Narcotics (CBN) and Basic Chemicals , Cosmetics & Dyes Export Promotion Council (CHEMEXCIL) for prevention of diversion of scheduled and non-scheduled chemicals**

### **The Business Sector Challenges**

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, 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/regulation of substances, which necessitate the formulation of mechanisms for cooperation and collaboration with the business sector.

## **VOLUNTARY CODE OF CONDUCT FOR RESPONSIBLE COMPLIANCE OF REGULATIONS FOR CHEMICAL INPUTS AND ITS CONTROLLED FINISHED PRODUCTS**

### **OBJECTIVE OF THE CODE**

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 the controlled chemical substances to curb diversion through close communications and the expansion of mutual cooperation.

### **PURPOSE 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 at the stages of production, storage, sale/distribution 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 incorporate the same in the organizational culture under the main idea of **KNOW YOUR CLIENT** as a Corporate Social Responsibility (CSR).

## **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 within the organisation 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 code of 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 manufacture and trafficking.
  - The exercise of special care by personnel responsible for maintaining the special registers.
  - Identification and reporting of any suspicious or unusual action involving controlled as well as non-controlled chemical substances that may be used for diversion and illicit drug manufacture and trafficking.

### **B. Information and Awareness Building**

#### **Information:**

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



### **Awareness-building**

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

### **C. Follow up of Operations**

- When the 'contact person,' acting 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 suspicious transaction (unjustified breaking of the cargo, abnormal routing, destruction, taking of samples, missing items, etc.)

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

### **D. 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 ELEMENT THAT INVOKE SUSPICION**

- A. Identification of the client and the client's behaviour
- B. Business practices
- C. Delivery methods
- D. Use of the products

### **A. 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.

### **B. Business Practices**

- Unregistered address for delivery of products or from which the order was placed.
- Orders from companies not found to be registered.
- 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.

### **C. 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 unlabelled 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.



#### **D. Use of Products**

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

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

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