



# **CODE OF CONDUCT FOR PREVENTING DIVERSION OF PRECURSOR CHEMICALS**

**NARCOTICS CONTROL BUREAU**  
Ministry of Home Affairs, Government of India



## MOTTO

INTELLIGENCE ENFORCEMENT COORDINATION

## MISSION

As Central Authority, to effectively prevent and combat abuse of and illicit trafficking of narcotic drugs and psychotropic substances; to coordinate actions by various officers, State Governments and other authorities relating to enforcement under all relevant drug laws; to coordinate actions taken by all concerned Ministries, Departments or Organisations in matters relating to drug abuse; to ensure implementation of the National obligations under various International Conventions and Protocols in respect of counter measures against illicit trafficking; to work in cooperation with Foreign Authorities and international organizations to facilitate coordination and universal action; as National Nodal Agency, to be a repository and reference point for data, issues and benchmarks pertaining to drug law enforcement; to assess and analyse existing and emerging challenges, trends and operational capabilities to make appropriate interventions and advise the Central Government; to make sustained efforts for capacity building and training of agencies involved in the field of drug law enforcement.

## VISION

Endeavour for a drug free society through coordination and cooperation with all stakeholders and creating synergy amongst them.



**Shri Anurag Garg, IPS**  
Director General  
Narcotics Control Bureau

India is one of the world's leading producers, consumers and exporters of chemicals, pharmaceuticals and related industrial substances. These sectors play a vital role in our economy, public health and industrial growth. However, certain chemicals used for legitimate purposes are also vulnerable to diversion for the illicit manufacture of narcotic drugs and psychotropic substances.

Preventing such diversion is a shared responsibility. While the Government has established a robust regulatory framework under the NDPS Act and related orders, effective precursor control cannot rely on enforcement alone. Industry, trade, transporters, warehouse operators, importers, exporters and end-users constitute the first line of defence against diversion. Their vigilance and cooperation are essential to safeguarding legitimate commerce while denying traffickers access to critical chemical inputs.

This "Voluntary Code of Conduct for Preventing Diversion of Precursor Chemicals" has been developed to promote responsible business practices, strengthen self-regulation and encourage closer partnership between industry and enforcement agencies. The Code seeks to foster a culture of Know Your Customer (KYC), due diligence, internal vigilance, transparent record-keeping and timely reporting of suspicious transactions. It also encourages monitoring of non-scheduled chemicals having known or emerging diversion potential.

The objective of this initiative is not to impose additional compliance burden on legitimate businesses, but to build a trusted and collaborative framework that balances security with ease of doing business. Through voluntary adoption of these best practices, industry can play a decisive role in strengthening India's precursor control architecture and preventing the misuse of chemicals by criminal networks.

I urge all stakeholders across the chemical supply chain to adopt the principles contained in this Code and contribute towards our shared goal of a safe, secure and drug-free Bharat.

**Jai Hind....**

*Say 'NO' to Drugs, 'YES' to Life*



# CODE OF CONDUCT FOR PREVENTING DIVERSION OF PRECURSOR CHEMICALS

## INDEX

Sl No	Subject	Page No
1.	Code of Conduct For Preventing Diversion of Precursor Chemicals	5-13
2.	Annexure-A	14-16
3.	Annexure-B	17-18





## 1. PREAMBLE

- 1.1 India is one of the world's leading manufacturers, users and exporters of chemicals, pharmaceuticals and precursor substances used in diverse legitimate industrial applications. At the same time, certain precursor chemicals are vulnerable to diversion for the illicit manufacture of narcotic drugs and psychotropic substances.
- 1.2 Recognising this threat, the Government of India has scheduled several precursor chemicals as "controlled substances" under Section 9A of the Narcotic Drugs and Psychotropic Substances Act, 1985 and corresponding Rules through various notifications issued from time to time. These controls regulate manufacture, distribution, sale, purchase, possession, storage, consumption, import, export and transport of such substances through a licensing and monitoring framework administered by the Narcotics Control Bureau (NCB), Central Bureau of Narcotics (CBN), Customs and other competent authorities.
- 1.3 However, effective precursor control cannot be achieved through regulatory mechanisms alone. The manufacturers, distributors, transporters, warehouse operators, importers, exporters and end users of chemical precursors constitute the first line of defence against diversion. Their vigilance, self-regulation and cooperation are essential to safeguard legitimate trade while preventing misuse by illicit drug trafficking syndicates.
- 1.4 This "Code of Conduct for Preventing Diversion of Precursor Chemicals" seeks to promote voluntary compliance, ethical business practices, internal vigilance by the industry and partnership with enforcement agencies without imposing compliance burdens on trade and industry. Such voluntary compliance in respect of non-scheduled precursor chemicals can also obviate the need for their formal scheduling and promote ease of doing business in India.



- 1.5 This Code of Conduct is intended for voluntary adoption by stakeholders across the chemical supply chain dealing with controlled substances, non-scheduled precursor chemicals, pre-precursor chemicals and other chemicals having known or emerging diversion potential for manufacturing narcotics drugs and psychotropic substances.
- 1.6 This Code of Conduct will help foster a trusted and responsible business environment, strengthen the credibility of compliant entities, and promote greater regulatory confidence and industry accreditation.

## 2. OBJECTIVES

The objectives of this Code are:

- 2.1 To prevent diversion of precursor chemicals from legitimate trade into illicit manufacture of narcotic drugs and psychotropic substances.
- 2.2 To encourage ethical and responsible conduct among all stakeholders involved in the chemical supply chain.
- 2.3 To promote self-regulation and vigilance mechanisms within industry.
- 2.4 To strengthen cooperation between industry and enforcement agencies.
- 2.5 To ensure that precursor control measures do not unnecessarily hamper legitimate industrial activity or ease of doing business.
- 2.6 To encourage monitoring of non-scheduled chemicals having potential for misuse in illicit drug manufacture.
- 2.7 To establish a culture of “Know Your Customer” (KYC), due diligence and responsible commerce.



### 3. APPLICABILITY

- 3.1 This Code applies voluntarily to all stakeholders engaged in activities relating to precursor chemicals and related substances, including manufacturers, traders and distributors, stockists and warehouse operators, transporters and logistics providers, users and captive consumers, e-commerce and online chemical trading entities, importers and exporters, and chemical associations and trade bodies.
- 3.2 The provisions of this Code may be adopted in a manner proportionate to the scale and nature of operations of the concerned entity.

### 4. GUIDING PRINCIPLES

All entities covered under this Code shall endeavour to adopt the following guiding principles:

- 4.1 Ethical and responsible business conduct.
- 4.2 Vigilance against diversion risks.
- 4.3 Cooperation with regulatory and enforcement agencies.
- 4.4 Maintenance of transparent and auditable records.
- 4.5 Protection of legitimate trade.
- 4.6 Risk-based self-regulation.
- 4.7 Awareness and training of employees.
- 4.8 Prompt reporting of suspicious transactions.
- 4.9 Environmental responsibility in disposal of chemicals.



## 5. LEGAL AND REGULATORY FRAMEWORK

- 5.1 India regulates precursor chemicals scheduled as controlled substances primarily through Section 9A of the NDPS Act, 1985 and the Regulation of Controlled Substances Order, 2013. Entities should comply with all applicable statutory provisions in respect of precursor chemicals presently scheduled as controlled substances. List of 46 precursors chemicals as notified till June 01, 2026 are at Annexure A
- 5.2 Industry should maintain vigilance regarding precursor chemicals not presently scheduled as controlled substances but having known or emerging potential for misuse in illicit drug manufacture. Annexure B is a 'Watch-Out List' comprising 82 chemicals identified as high or medium-risk for diversion.
- 5.3 All entities dealing with any of the substances listed in Annexure A and Annexure B are encouraged to adopt this code.
- 5.4 Voluntary monitoring of such chemicals can reduce the need for excessive statutory controls while simultaneously supporting legitimate trade and ease of doing business.

## 6. ORGANISATIONAL RESPONSIBILITY

- 6.1 Every entity dealing with precursor chemicals should nominate a Nodal Officer or Compliance Officer for precursor vigilance and liaison with NCB.
- 6.2 Entities should establish internal Standard Operating Procedures (SOPs), maintain internal compliance and monitoring systems, periodically review diversion risks, conduct internal audits, maintain employee accountability mechanisms and develop escalation procedures for suspicious activities.
- 6.3 Larger entities handling high-risk precursor chemicals may also consider constituting internal compliance committees to periodically review suspicious enquiries and transactions.



## 7. EMPLOYEE AWARENESS AND TRAINING

- 7.1 Industry should sensitise employees regarding risks and legal implications of diversion of precursor chemicals, applicable laws and regulations, red-flag indicators, record maintenance obligations, reporting procedures, safe handling and storage practices and international trends in synthetic drug manufacture.
- 7.2 Training programmes should be conducted periodically for personnel engaged in procurement, production, sales, transportation, warehousing and exports.
- 7.3 Staff should be encouraged to immediately report suspicious enquiries or behaviour to the designated Nodal/Compliance officer within the entity.

## 8. KNOW YOUR CUSTOMER (KYC) AND DUE DILIGENCE

Entities should adopt robust KYC procedures before undertaking transactions. Minimum due diligence should include verification of company identity and registration, GST/IEC and statutory licences, physical address verification, end-use verification, nature of business, past transaction history, market reputation and verification of import/export permissions, where applicable. Enhanced due diligence should be exercised in respect of new customers, unusual orders, high-risk destinations, cross-border transactions, cash-intensive entities and online enquiries from unknown entities.

## 9. PRODUCTION CONTROLS

- 9.1 **Daily Records and Audit** : Manufacturers should maintain daily records regarding opening stock, production quantity, dispatch quantity, internal consumption, imports and exports, losses and wastage and closing stock. Production data should be authenticated by authorised officers and periodically audited.



- 9.2 Input-Output Ratios and Process Flow Charts** : Entities should maintain process flow charts and input-output ratios for precursor chemicals. These ratios document the relationship between the quantities of inputs used and the desired outputs produced. By comparing recorded production against these expected ratios, entities can readily analyze whether any diversion has occurred.
- 9.3 Voluntary Sharing of Input-Output Data with NCB** : Industry and trade are encouraged to voluntarily maintain and share input-output ratio data with NCB to facilitate detection of suspicious patterns and to strengthen the precursor control architecture. Such data will be treated as confidential and used solely for diversion prevention purposes. This voluntary cooperation enables NCB to identify anomalies that may indicate diversion attempts and to provide timely alerts to industry regarding emerging threats.
- 9.4** Records maintained under this voluntary compliance framework may be retained for a minimum period of three years from the date of the last transaction, in order to promote transparency, facilitate due diligence, support regulatory cooperation, and foster a trusted and accountable business environment.

## **10. STORAGE AND WAREHOUSE SECURITY**

Chemicals should be stored securely with appropriate safeguards including restricted access, CCTV surveillance, tamper-proof storage, clearly labelled containers, periodic stock verification, inventory reconciliation and segregated storage of high-risk chemicals. Any unexplained loss, pilferage, leakage or discrepancy should immediately be investigated and reported where required.



## **11. DISPATCH AND TRANSPORTATION**

Dispatches should be made only against valid purchase orders and preference may also be given to the use of e-invoicing. The full HSN code of the precursor chemical if available should be filled in the e-way bill. Transporters should be verified and vehicles and drivers should be identifiable. GPS-enabled vehicle tracking may be used in appropriate cases involving sensitive consignments. Any theft, leakage, diversion or suspicious incident during transport should immediately be reported to the nearest police station and NCB.

## **12. MARKETING AND SALES PRACTICES**

Sales personnel should remain alert to suspicious indicators such as small orders with disproportionately high transportation costs, urgent delivery requests accompanied by willingness to pay unusually high prices, requests for small packaging, requests for delivery at suspicious locations, customers unwilling to provide documentation, cash payment offers and orders inconsistent with the customer's business profile.

## **13. FINANCIAL CONTROLS**

Entities should adopt transparent financial practices including avoidance of cash transactions, acceptance of payments through banking channels only, maintenance of audit trails for all transactions, verification of payer identity, monitoring of third-party payments and periodic internal financial audits.

## **14. IMPORT AND EXPORT VIGILANCE**

Importers and exporters should ensure compliance with NCB/CBN permissions, DGFT regulations, Customs requirements and Pre-Export Notification (PEN/PEN-Lite) procedures wherever applicable. Special attention should be paid to exports to drug-producing regions, suspicious routing patterns, suspicious documentation, mismatch between importing entity and destination and unusual payment arrangements.



## **15. RED FLAG INDICATORS**

The presence of indicators such as refusal to disclose end-use, sudden increase in order quantities, internet-based anonymous enquiries, requests for unusual shipping routes, requests for ‘factory gate collection’ or purchaser-arranged pickup without verifiable destination details, frequent changes in consignee details, requests for relabelling or concealment and multiple small orders intended to avoid scrutiny should trigger enhanced vigilance. The personnel concerned in various chemical entities should immediately report suspicious behaviour to the Nodal/Compliance officer designated by the entity, who in turn report the matter to NCB.

## **16. MONITORING OF NON-SCHEDULED SUBSTANCES**

Traffickers often shift to pre-precursors, substitute chemicals, and other emerging substances when controls on scheduled precursors are tightened. Industry should therefore remain vigilant regarding chemicals that may have potential for diversion to illicit drug manufacture, monitor unusual patterns of demand and trade, share relevant information with NCB, and participate in consultations with regulatory authorities and industry associations to help identify and address emerging precursor threats at an early stage.

## **17. DISPOSAL AND ENVIRONMENTAL RESPONSIBILITY**

Disposal of precursor chemicals and waste material should comply with environmental laws, be done in such a way as to prevent recovery or misuse and be properly documented and auditable. Disposal should wherever required be undertaken under authorised supervision.

## **18. ROLE OF INDUSTRY ASSOCIATIONS**

Industry associations should promote awareness regarding precursor diversion risks, disseminate advisories, develop sectoral best practices, facilitate training programmes, encourage adoption of this Code and coordinate with NCB and other authorities.



## 19. REVIEW AND UPDATION

This Code may be periodically reviewed in consultation with industry stakeholders, trade associations, regulatory authorities and enforcement agencies to address evolving trends in precursor diversion and illicit synthetic drug manufacture.

## 20. CONCLUSION

The challenge of preventing diversion of precursor chemicals requires a balanced approach that safeguards legitimate commerce while denying traffickers access to chemicals used in illicit drug manufacture. The effectiveness of precursor control depends not merely on regulation, but on a culture of vigilance and responsible commerce. Industry, trade and enforcement agencies are partners in this effort and their cooperation can significantly strengthen India's precursor control architecture while preserving ease of doing business and promoting responsible industrial growth.



## Annexure A

**List of chemicals scheduled as Controlled Substance with their HSN Code**

S. No.	Name of Controlled Substance	Covered under schedule A/B/C of RCS Order	HSN Code
1	Acetic Anhydride	A+B+C	2915 24 00
2	N-Acetyl anthranilic Acid	A+B+C	2922 50 23
3	Ephedrine, its salts & its preparations thereof (Sch. B & C only)	A+B+C	2939 41 10 2939 41 90 -
4	Pseudoephedrine, its salts & its preparations thereof (Sch. B & C only)	A+B+C	2939 42 10 2939 42 90 -
5	Anthranilic Acid	A+B+C	2922 43 10
6	N-Phenethyl-4-piperidone (NPP)	A+B+C	2933 37 00
7	4-Anilino-N-phenethylpiperdine (ANPP)	A+B+C	2933 37 00
8	2-Bromo-4-Methylpropiophenone	A+B+C	2914 79 90
9	Erogometrine and its salts	B+C	2939 61 10
10	Ergotamine and its salts	B+C	2939 62 10
11	Isosafrole	B+C	2932 91 00
12	Lysergic Acid & its salts	B+C	2939 63 10 2939 63 90
13	3-4-methylenedioxyphenyl-2-Propanone	B+C	2932 92 00



14	Methylethyl ketone	B+C	2914 12 00
15	Nor-Ephedrine & its salts and preparations thereof	B+C	2939 44 10 2939 44 90
16	1-Phenyl-2-propanone	B+C	2914 31 00
17	Phenylacetic acid & its salts	B+C	2916 34 10 2916 34 90
18	Piperonal	B+C	2932 93 00
19	Potassium Permanganate	B+C	2841 61 00
20	Saffrole Essential oil containing 4% or more Saffrole	B+C	2932 94 00 -
21	3, 4-MDP-2-P methyl glycidate (PMK glycidate) (all stereo-isomers)	B+C	2932 99 50
22	3, 4-MDP-2-P methyl glycidic acid (PMK glycidic acid) (all stereo-isomers)	B+C	2932 99 40
23	Alpha-phenylacetoacetamide (APAA) its optical isomers	B+C	2924 29 91 2924 29 99
24	Methyl alpha-phenylacetoacetate (MAPA) (including its optical isomers)	B+C	2918 30 70
25	4-AP	B+C	2933 39 11
26	1-boc-4-AP	B+C	-
27	Norfentanyl	B+C	2933 39 91
28	Alpha-phenylacetoacetonitrile (APAAN)	B+C	2926 40 00
29	4-piperidone	B+C	2933 39 70



30	1-boc-4-piperidone	B+C	2933 39 80
31	3-4-MDP-2-P methyl glycidic acid, ethyl ester	B+C	-
32	3-4-MDP-2-P methyl glycidic acid, propyl ester	B+C	-
33	3-4-MDP-2-P methyl glycidic acid, isopropyl ester	B+C	-
34	3-4-MDP-2-P methyl glycidic acid, butyl ester	B+C	-
35	3-4-MDP-2-P methyl glycidic acid, isobutyl ester	B+C	-
36	3-4-MDP-2-P methyl glycidic acid, sec-butyl ester	B+C	-
37	3-4-MDP-2-P methyl glycidic acid, tert-butyl ester	B+C	-
38	P-2-P methyl glycidic acid	B+C	2918 99 40
39	P-2-P methyl glycidic acid, methyl ester	B+C	
40	P-2-P methyl glycidic acid, ethyl ester	B+C	
41	P-2-P methyl glycidic acid, propyl ester	B+C	
42	P-2-P methyl glycidic acid, isopropyl ester	B+C	
43	P-2-P methyl glycidic acid, butyl ester	B+C	
44	P-2-P methyl glycidic acid, isobutyl ester	B+C	
45	P-2-P methyl glycidic acid, sec-butyl ester	B+C	
46	P-2-P methyl glycidic acid, tert-butyl ester	B+C	



## Annexure B

## WATCH-OUT LIST

Sl. No.	Chemical Name
1	Acetonitrile
2	Ammonia
3	Ammonium formate
4	Benzaldehyde
5	Benzyl chloride
6	Benzyl cyanide
7	1,4-Butanediol
8	$\gamma$ -Butyrolactone
9	Chloroephedrine
10	Chloropseudoephedrine
11	Ethyl phenylacetate
12	Formamide
13	Formic acid
14	Hydriodic acid
15	Hydrobromic acid
16	Hypophosphorous acid
17	Iodine
18	Lithium aluminium hydride
19	Methylamine (monomethylamine)
20	3,4-Methylenedioxyphenyl-2-nitropropene

Sl. No.	Chemical Name
21	N-Methylformamide
22	Methyl phenylacetate
23	Nitroethane
24	l-Phenylacetylcarbinol
25	1-Phenyl-2-nitropropene (P2NP)
26	Phosphorous (Red)
27	Propiophenone
28	Tartaric acid
29	Thionyl chloride
30	o-Toluidine
31	Mercuric chloride
32	Palladium
33	Palladium chloride
34	Platinum oxide
35	Raney nickel
36	Aniline
37	Propionic anhydride
38	Propionyl chloride
39	Sodium borohydride
40	1-bromo-2,4-dinitrobenzene



Sl. No.	Chemical Name
41	1-bromo-2-nitrobenzene
42	1-chloro-2,4-dinitrobenzene
43	1-chloro-2-nitrobenzene
44	1-fluoro-2,4-dinitrobenzene
45	1-fluoro-2-nitrobenzene
46	N-(2,4-dinitrophenyl)-N',N'-diethylethane-1,2-diamine
47	N-(2-nitrophenyl)-N',N'-diethylethane-1,2-diamine
48	2-bromo-4'-chloropropiophenone
49	2-bromo-4'-methoxypropiophenone
50	2-iodo-4'-methylpropiophenone
51	3'-chloropropiophenone
52	4'-chloropropiophenone
53	4'-methylpropiophenone
54	2-bromo-1-phenyl-pentan-1-one
55	Valerophenone
56	Acetic acid (glacial)
57	Acetyl chloride
58	Ammonium chloride
59	Calcium carbonate

Sl. No.	Chemical Name
60	Calcium chloride
61	Calcium hydroxide
62	Calcium oxide
63	Manganese dioxide
64	Sodium carbonate
65	Sodium hydroxide
66	Sodium hypochlorite
67	Sodium metabisulfite
68	Benzene
69	Ethyl acetate
70	Methyl isobutyl ketone
71	n-Propylacetate
72	Benzocaine
73	Caffeine
74	Cellulose
75	Lactose
76	Lidocaine
77	Magnesium stearate
78	Mannitol
79	Procaine
80	Tetramisole
81	Levamisole
82	Dexamisole

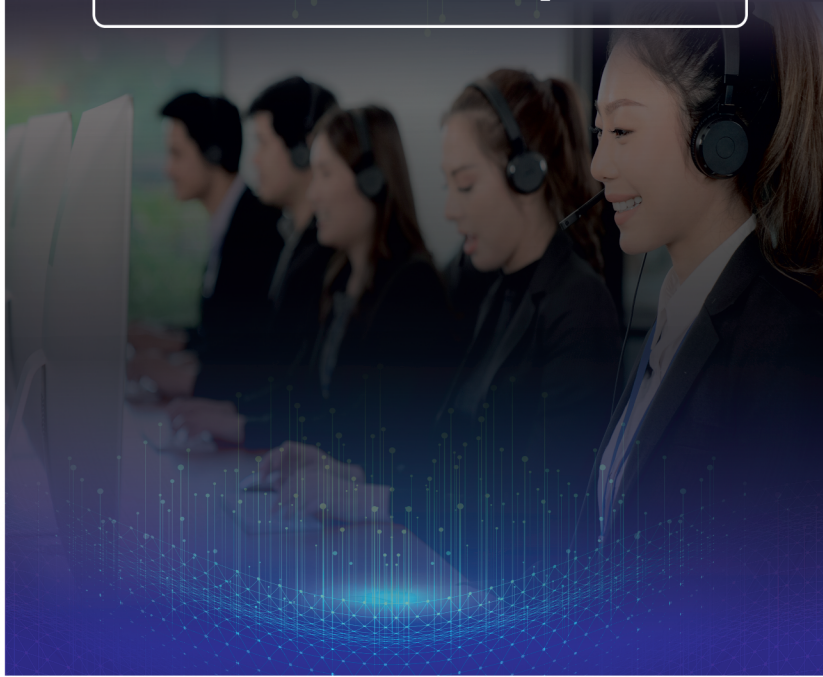




Share drug-related information on

**1933**

**MANAS - National  
Narcotics Helpline**



**NARCOTICS CONTROL BUREAU**








**Narcotics Control Bureau, Govt. of India**  
**नारकोटिक्स कंट्रोल ब्यूरो, भारत सरकार**

Join us on:



NCB

**JOIN US**  [narcoticsbureau@nic.in](mailto:narcoticsbureau@nic.in)  [narcoindia.gov.in](http://narcoindia.gov.in)  [narcoticsindia.nic.in](http://narcoticsindia.nic.in)  [@narcoticscontrolbureau7261](https://www.youtube.com/narcoticscontrolbureau7261)  [@narcoticsbureau](https://twitter.com/narcoticsbureau)