

Navigating Regulatory Changes: Impact of E-Way Bill and PMLA in Precious Logistics Industry

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Are there any changes in the e-Way bill for the jewellers and the impact of this on the logistics front?

The applicability of e-Way Bills for jewellery shipments is not made mandatory in any of the states of the Union of India at this point in time. However, in August 2023, the GST Council recommended that only Part A of the e-Way Bill be introduced for the intra-state movement of gold and precious stones classified under HSN Chapter 71, for shipment values exceeding INR 200000. The provisions also reiterate the mandatory requirement of quoting the Shipper/Seller's and the Consignee/Buyer's complete address with PIN code and GST number, and the value of the goods on the invoice or GST-stipulated Delivery Challan.

The GST Council provisions do not recommend filling in Part B (the Transporter's section) of the e-Way Bill for gold and precious cargo shipments. These provisions also disallow the consolidation of e-Way Bills for multiple invoices/shipments and the use of multiple vehicles for one shipment. The intent of this rule and its provisions is to improve transaction transparency and facilitate regulatory bodies in monitoring the movement of valuable goods, thus



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supporting trade compliance and curbing potential tax evasion. The implementation of these GST Council recommendations was left to the respective state GST commissioners to notify their applicability in their states.

From a logistics perspective, while this is certainly useful for establishing bona fide trade practices, the prohibition of multiple vehicles for a single e-Way Bill presents a significant challenge. To offer economically viable secure transportation services, secure logistics providers must deploy multi-modal and hub-and-spoke models of transit. This helps to ensure a faster, safer, more secure, and cost-effective logistics cycle for the movement of gold and precious cargo in India.

Are there any consequences of PMLA with regard to logistics?

Understanding PMLA: The Prevention of Money Laundering Act (PMLA) was promulgated in 2002 to combat the legitimizing of income and profits obtained through illegal means and sources. The PMLA enables the government to confiscate properties and assets earned through illegally gained proceeds, thus preventing the conversion of illegally earned money into legitimate money or assets. The penal provisions of the PMLA call for rigorous imprisonment (RI) of the

convicted person for a minimum jail term of 3 years and a maximum of 7 years. There is also a provision for a fine, at the discretion of the adjudicating authority. From a logistics perspective, organized logistics providers firstly provide their services on a “Said to Contain” basis. To ensure compliance, they carry out an elaborate KYC process while onboarding their customers for secure transportation services. They also insist on all relevant documents in GST-prescribed formats to be handed over by the shippers at the time of shipment pick-up. This ensures compliant business operations for the secure logistics services provider.

There are possibilities of non-compliant activities in the unorganized sector of transportation services, which operate rather informally. Due to this, there are situations where organized secure transportation service providers are subjected to enroute stoppages and extensive checks, which can affect the transit schedule and delivery timelines of fully compliant shipments. While this is an inconvenience, the importance of these acts by regulatory authorities is acknowledged, and hence organized secure logistics providers support such initiatives.

