

THE WAY FORWARD FOR INDIAN GOLD & SILVER HALLMARKING SCHEME

Mr James Jose, Managing Director of CGR Metalloys Pvt. Ltd.,

After the introduction of mandatory hallmarking by BIS with HUID traceability system in June 2021, the gold hallmarking scheme has made rapid strides in terms of volumes and geographic coverage. The quantity of jewellery hallmarked has grown from 3.5 crore pieces in 2020 to 12 crore pieces in 2024, or an average of 4 lakh jewellery articles hallmarked every day. Presently 361 districts are covered under the mandatory hallmarking regime and the remaining 400 districts are out of the mandatory regime for the reason that there is no hallmarking centre available in these districts. The number of jewelers registered with BIS for hallmarking has grown from 35000 in 2021 to 1.95 lakhs jewelers in 2024. Also the number of hallmarking centres have grown from 950 in 2021 to 1700 in 2024, spread all over the 361 districts of the country.

The significant growth in BIS registered jewelers is mainly attributed to the BIS decision of granting registration for jewellery manufacturers and wholesalers also, along with the retail jewellers. These jewellery suppliers are mostly based in the 10 major jewellery manufacturing cities of India such as Mumbai, Kolkata, Chennai, Rajkot, Coimbatore, Trichur etc. And these suppliers are hallmarking their articles at their first point of sale, i.e. in their own manufacturing locations and hence presently 75% of the jewellery hallmarking is happening in these manufacturing cities; from where hallmarked jewellery is supplied to jewellery shops all over India. The ministry and BIS are delighted that even the consumers in the remaining 400 non mandatory districts of the country also are getting the benefits of quality certified hallmarked jewellery. An unintended corollary is that the hallmarking business is getting shifted to the 10 manufacturing cities of India, and the Ahcs in the smaller towns and cities are deprived of any hallmarking work, leaving them to struggle for survival. This also indicate that even when the govt of India is

offering 50% investment subsidy for setting up new Ahcs in new locations, no new Ahcs may come up in the 400 districts, due to their poor business potential.

Silver hallmarking may be getting HUID traceability in the near future and may come under the mandatory regime in the coming years, as demanded by the parliamentary committee on consumer affairs. Silver jewellery is poor man's gold, but it is considerably lacking in quality standards, as indicated by various market surveys.



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A major portion of the silver jewellery presently sold is in the fineness range of 450 and upwards, whereas the lowest fineness permitted for silver hallmarking by BIS is 800 or 80% silver content. Presently 6 silver purities of fineness 800, 835, 900, 925, 970 & 990 are permitted under BIS silver hallmarking scheme.

There is an increasing need to ensure foolproof traceability for HUID hallmarked jewellery. Even though HUID hallmarking is mandatory for the past 3.5 years, the end to end tracability of each article is not available in the scheme, due to the lack of HUID transfer facility from jewellery manufacturer to retailer and from retailer to end consumer's name. When hallmarking is done at the manufacturer's location, the HUID traceability ends there. For the same reason, at these locations, often original HUIDs are duplicated on thousands of other similar jewellery articles, without quality control or testing, and evading BIS royalty and GST. Duplicating of original HUIDs on sub standard articles can only be controlled by activating HUID transfer facility upto customer's name. At the retail shop, as and when the HUID is transferred to the customer's name, that HUID remains in the customer's name at the BIS HUID portal and any further duplication of that HUID can always be detected by verifying an HUID in the BIS care App. With HUID transfer facility, the consumer can download

her HUID certificate and use that certificate for getting full value during pledging it for a gold loan or for selling it as old gold. This HUID transfer will also work similar to a vehicle's RC book generated from the Parivahan portal, wherein the RC number of the vehicle continues



to be same, even when the ownership of the vehicle is changed in the vahan portal. For ease of doing business of the fragmented retail trade, HUID transfer may not be made mandatory, but voluntary, for jewelers who are interested in transferring the HUID to their customer's name.

Gold bullion has emerged as an asset class product, as evidenced in the increasing demand for gold coins and bars, especially during festival periods and hence the need for mandatory hallmarking of bullion, to ensure steady availability of quality certified bullion bars and coins across India. Presently majority of the bullion is used as raw material for jewellery fabrication, and it is not quality certified, same is the case of around 250 tonnes of 24 kt coins and bars sold for investment purposes. Hence mandatory hallmarking of bullion may be introduced in a phased manner, starting from the BIS licensed gold refineries, for 100 gm and above bullion bars. Most of the refineries have switched over to producing smaller 100 gm bullion bars, substituting the expensive 1 kg bars and this shall solve the problem of how to ensure BIS hallmarks on cut and split pieces of 1 kg bars. At the recent stake holders meeting on mandatory hallmarking of bullion, held at BIS HQ New Delhi, majority of the trade associations welcomed mandatory hallmarking of bullion. They also requested that bullion of below 100 gm weight may be exempted in

the initial phase, to exempt the unorganized and micro gold refineries operating in India. Alternatively bullion of 995 fineness in any size or shape, produced by micro refiners and inhouse refiners, can always be hallmarked at the nearby BIS licensed hallmarking centre (AHC) under 24 KS 995 artefacts, as permitted under the jewellery hallmarking scheme of BIS, as per the standard IS 1417: 2016 for BIS registered dealers. As and when mandatory hallmarking of bullion is notified, there is always a grace period of 6 months for clearing/ converting the existing non hallmarked stock to hallmarked category. The India good delivery standard IS 17278: 2019 has confirmed the technical parameters of 1 kg and 100 gm bars in 995 or 999 fineness and this standard is at par with the international good delivery standards. These good delivery bars shall carry the 5 mandatory hallmarks such as the identifying mark of the gold refinery, mark of the certifying agency BIS, purity of gold in 4 digits, weight of the gold bullion and traceability number of the gold bar.

At the recent Gem and Jewellery Conference at New Delhi, concerns were raised on the need to ensure quality assurance for jewellery exported from India, so that it is accepted at other countries without further retesting. Several countries in Europe and the middle east are refusing to recognize indian hallmarked jewellery, because the indian hallmarking is not benchmarked/valid globally. Exporters have been protesting that Indian jewellery is held up in some middle east countries for 10 to 13 days for removal of the black laser marks of Indian hallmarking scheme. To earn mutual respect for Indian hallmarks globally and to boost our jewellery exports, Indian hallmarking scheme shall join the International Vienna Convention on hallmarking. This will enable that, in addition to the 4 mandatory marks of the indian hallmarking scheme, a 5th mark (CCM- common control mark) of the Vienna Convention also shall be marked on each jewellery article, which shall ensure that Indian hallmarked jewellery is accepted globally, without further retesting.

It may be noted that trade associations like GJEPC and Hallmarking Federation of India have been requesting the BIS and the Ministry to initiate the process of India joining the Vienna Convention on hallmarking, but it is being rejected citing various frivolous reasons. India joining Vienna Convention shall emphasise the quality standards of Indian jewellery in the global market, similar to the global LBMA accreditation for gold refineries. When India is permitting bullion imports only from LBMA and DMCC gold refineries, it also highlights/reminds us that buyers of Indian jewellery abroad shall have more confidence in Indian jewellery articles if it is coming with the 5th hallmark (CCM) of the Vienna Convention. Few Ahcs in India are willing and ready to join the Vienna Convention on hallmarking and they have conveyed their readiness to BIS several years back. India joining the Vienna Convention is an elaborate process, wherein India has to start attending the Vienna Convention meetings as an applicant for a few years and then getting a few hallmarking centres in India empanelled under Vienna certification after their inspection procedures. The various ministries of Consumer Affairs, Commerce and Finance shall support these initiatives, to boost the quality standards of the Indian jewellery industry, also leading to higher exports and foreign exchange earnings, thereby reducing the CAD, especially when India's trade deficit hits an all time high of \$38 billion in November



2024. Further penetration of Indian jewellery exports to the western world can be achieved only by highlighting the quality certifications of Indian jewellery.

Hallmarking Federation was started in the year 2021 by a group of professionals having decades of experience in hallmarking industry, with the objective of enhancing the credibility of the gold hallmarking industry with fair and ethical trade practices. Federation has been supporting all the novel initiatives of the BIS and our expectations are to improve the end to end traceability of the hallmarking scheme, so that hallmarked gold articles become proven asset class investment products.

