



CIVIL

Ensuring Purity in precious metal and Protection Through the BIS Hallmarking Scheme /Regulation

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Introduction

Hallmarking represents a vital assurance of quality and purity in precious metal articles, providing a safeguard against adulteration and instilling confidence in consumers. It is a practice deeply rooted in the principles of accuracy and accountability, ensuring that the precious metals used in jewellery and artefacts meet specified standards. In India, hallmarking applies to gold and silver, regulated under the **Bureau of Indian Standards (BIS) Hallmarking Scheme**, aligned with international norms to safeguard consumer interests.

The Bureau of Indian Standards (BIS) Hallmarking Scheme establishes a system for verifying the quality of precious metal jewellery, while the BIS (Hallmarking) Regulations, 2018 outlines the process for granting recognition to centers that assay and hallmark precious metal items:

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The Evolution of Hallmarking in India

Gold has historically been a symbol of wealth and a hedge against inflation in India. Rural households view gold as an asset for emergencies, while artisans craft exquisite jewellery for both domestic and international markets. However, gold's softness necessitates alloying, making it vulnerable to adulteration, a concern exacerbated by complex designs, low-quality soldered joints, and deceptive practices like 24-carat plating over lower-purity items.

Recognizing the need for consumer protection, the **Reserve Bank of India's Standing Committee on Gold and Precious Metals** initiated efforts for standardization in the 1990s. The Bureau of Indian Standards (BIS) was designated in the year 2000 as the sole authority for hallmarking gold, followed by the inclusion of silver in 2005.

Summary of Hallmarking Regulations

Understanding the Bureau of Indian Standards (BIS) Hallmarking Regulations, 2018

The Bureau of Indian Standards (BIS) Hallmarking Regulations, 2018, notified on June 14, 2018, provide a comprehensive framework for ensuring the purity of precious metal articles in India. These regulations define procedures for granting, renewing, operating, suspending, and cancelling certifications and licenses for jewellers, Assaying and Hallmarking (A&H) Centres, and refining or minting units.

Key Definitions

The regulations incorporate essential terminology:

- Carat: Purity of gold expressed as parts per 24.
- Purity: The proportion of pure metal in parts per thousand in a precious metal article.
- Schedule: Refers to annexures forming part of the regulations.
- Jeweller: A business entity dealing in precious metal articles.
- A&H Centre: A facility authorized to test and certify the purity of precious metals.

Processes Defined Under the Regulations

Certificate of Registration for Jewellers

- Grant: Jewellers must apply using Form-1 and submit documents, including proof of establishment, identity, and turnover. Upon review of compliance, BIS issues the certificate.
- Operation: Jewellers are responsible for ensuring the purity of hallmarked articles and maintaining compliance with BIS standards.
- Renewal: A renewal application (Form-III) must be submitted 30 days before the expiry of the five-year validity.
- Cancellation: Non-compliance or violations can lead to cancellation. BIS provides notice and allows rectification or appeal before finalizing the decision.

Recognition of A&H Centres

- Grant: Prospective A&H Centres apply through Form-IV, providing infrastructure details, quality manuals, and declarations. BIS verifies compliance before recognition.
- Operation: Centres are required to follow Indian Standards for testing and hallmarking, submit operational reports, and maintain equipment.
- Renewal: Centres must renew their recognition every three years (Form-VII), provided they continue to meet operational and compliance criteria.
- Suspension: Temporary issues like equipment failure or deviations from standards may lead to suspension, with corrective measures needed to resume operations.
- Cancellation: Fraudulent activities or persistent non-compliance can result in the revocation of recognition.

Licensing for Refining and Minting Units

- Grant: Applicants submit Form-VIII along with supporting documents such as layouts, testing equipment lists, and bullion/coin design details. BIS inspects the premises before issuing licenses.
- Operation: License holders must ensure that refined or minted products meet Indian Standards and maintain records for BIS inspections.
- Renewal: The one-year license can be renewed (Form-XIII) upon submission of a renewal application and compliance with standards.
- Cancellation: Failure to comply with conditions, sale of sub-standard products, or fraudulent practices can result in license revocation.

All certifications are now available online and can be processed conveniently through the official portal at <https://www.manakonline.in/MANAK/login>.

Summary of Obligations and Responsibilities of Registered Jewellers:

1. **Notification of Changes:** Jewellers must inform the Bureau of any changes in premises or management.
2. **Hallmarking Standards:** Precious metal articles must be hallmarked according to Indian Standards by recognized A&H centres.
3. **Submission Process:** For each consignment, a written request specifying article details, weight, and purity must be submitted and signed by an authorized representative.
4. **Authorizations and Fees:** Jewellers must declare authorized representatives for hallmarking requests and pay fees as per Schedule.

5. **Sales Invoices:** Must detail article descriptions, weight, purity, and hallmarking charges separately.
6. **Record Maintenance:** Maintain records related to hallmarking requests, invoices, and bills for at least five years or until articles are sold, whichever is longer.
7. **BIS Audits and Inspections:** Cooperate with BIS representatives during inspections and investigations, including providing records and samples.
8. **Display Requirements:** Prominently display the original certificate of registration at sales outlets.

Renewal of Registration:

- Renewal applications in Form-III must be submitted at least 30 days before expiry, with the certificate renewed for five years if compliant.
- Renewal may be deferred for up to three months if the registration is under review for potential cancellation or non-renewal.

Cancellation or Non-Renewal:

- **Grounds:** May occur due to false declarations, violations of terms, sale of substandard articles, lack of cooperation with BIS, or misuse of hallmarks.
- **Process:**
 - BIS issues a notice citing reasons for cancellation or non-renewal.
 - Jewellers have 14 days to respond or explain, during which personal hearings may be granted.
 - If no response is received, the certificate may be cancelled after the notice period.
- **After Effects:**
 - Jewellers with cancelled registration must cease sales and hallmarking of precious metal articles and return the original certificate.
 - Deface hallmarks from stock and destroy promotional materials claiming registration.
 - Jewellers convicted under the Act are ineligible to reapply for one year.

Milestones

BIS introduced the first phase of mandatory hallmarking on June 23, 2021, initially covering 256 districts. The second phase, launched on April 4, 2022, expanded the coverage to an additional 32 districts. This was followed by the third phase on September 6, 2023, bringing 55 new districts under the ambit of mandatory hallmarking.

Since the implementation of mandatory hallmarking, the industry has witnessed significant growth. The number of registered jewellers surged from 34,647 to 1,94,039, marking an impressive fivefold increase. Similarly, the number of Assaying and Hallmarking Centres (AHCs) rose from 945 to 1,622.

As of November 1, 2024, the BIS Care app, which allows consumers to verify the authenticity of hallmarked gold jewellery using the HUID number, has been downloaded 82.2 lakh times.

Conclusion

The BIS Hallmarking Regulations, 2018, ensure the integrity of precious metal articles by mandating strong procedures for certifications and licenses. These regulations aim to protect consumers, enhance market transparency, and uphold legal standards in the industry. By adhering to these guidelines, jewellers, A&H Centres, and refining units contribute to building trust and credibility in India's growing market for precious metals.