

**PUBLIC SECTION**



**INDIA'S**  
**ANNUAL REPORT**  
**FOR**  
**JAN-DEC 2019**  
**ON**  
**KIMBERLEY PROCESS**  
**CERTIFICATION SCHEME**

The Gem & Jewellery Export Promotion Council  
(Sponsored by the Ministry of Commerce & Industry, Government of India)  
Kimberley Process Imp/Exp Authority in India  
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## FOREWORD

This Kimberley Process Certification Scheme (KPCS) was implemented in India from 1<sup>st</sup> January 2003 to verify the legitimacy of import / export of rough diamonds as per UN resolutions and to curb entry of conflict diamonds into the mainstream.

The system is operational through the offices of The Gem & Jewellery Export Promotion Council at Mumbai & Surat and also through the offices of Development Commissioners of Special Economic Zones at Mumbai, Visakhapatnam, Hyderabad and Surat in India.

We are now submitting our Annual Report to the KP Chair for the calendar year 2019. During the year under review India issued around 1959 KP certificates for export parcels and endorsed 29401 KP certificates for import parcels under KPCS including transactions handled by concerned SEZs.

The annual report is being submitted as per the new template and the Part B at the end of each section indicate changes if any to the section.

The implementation of KP system in India was reviewed by visits of review team in 2004 and 2010 and 2016. The scheme is being implemented smoothly in India. We are committed to ensure that the diamond trade remains free of “conflict”, “blood” or “tainted” diamonds.

India was Chair of the Ad Hoc Committee on Review & Reforms (AHCRR) for 2017. India was the Chair of Kimberley Process for the year 2019 and has taken over the Chairmanship of CPC for the year 2020.



March, 2020  
Mumbai, India

Sabyasachi Ray  
Executive Director  
GJEPC, Mumbai

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# INDIA'S KP ANNUAL REPORT FOR THE YEAR 2019



## **A. INSTITUTIONAL FRAMEWORK**

### **PART A: Constant**

India is one of the founding members of the Kimberley Process Certification Scheme and has been actively participating in its deliberations right from its inception. The Scheme is administered in India by the Department of Commerce, Ministry of Commerce & Industry, Government of India.

#### **i. KP Focal Point**

The contact persons in the Department of Commerce, Ministry of Commerce & Industry, Government of India are:-

<b>Address</b>	<b>Contact Details</b>
Ministry of Commerce & Industry, Government of India, Udyog Bhavan, New Delhi – 110107 India Telefax: +91-11-23063437 E-mail: kpcell.india@nic.in	Ms. Rupa Dutta, Economic Advisor E-mail: rupa.dutta@nic.in  Mr. Senthil Nathan Dy Secretary E-mail: Senthil.nathan@gov.in

#### ***ii. The Importing & Exporting Authority, including the full address and the names of contact persons (in accordance with Section IV (b)).***

The Government of India vide its communication No.12/13/2000-EP(GJ) dated 13 November, 2002 designated the Gem and Jewellery Export Promotion Council as the Importing and Exporting Authority within the meaning of Section IV (b) of the Kimberley Process Certification Scheme.

As a designated export/import authority, GJEPC co-ordinates with other Special Economic Zones for preparation of KP data, sending of original import confirmation slips to concerned countries etc.

The KPCS procedure is being followed in four Special Economic Zones in India, namely, Vishakhapatnam SEZ (VSEZ), Hyderabad Special Economic Zone, Seepz-SEZ, Mumbai and Surat-SEZ, Sachin.

The Contact details of the Imp/Exp Authorities for the purposes of Kimberley Process Certification Scheme are as given below:

## The Gem & Jewellery Export Promotion Council at Mumbai and Surat

Name & Address	Contact Details
The Gem & Jewellery Export Promotion Council KP Exporting / Importing Authority Tower A, AW -1010, Bharat Diamond Bourse Opp NABARD Bank, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Tel: 91-22-26544600 Fax: 91-22-26524764 E-mail: <a href="mailto:kp@gjepcindia.com">kp@gjepcindia.com</a>	Mr. Sabyasachi Ray Executive Director E-mail: <a href="mailto:ed@gjepcindia.com">ed@gjepcindia.com</a>
The Gem & Jewellery Export Promotion Council KP Exporting / Importing Authority 401-A, International Commerce Centre, Near Kadiwala School, Ring Road, Surat - 395002 Tel: 0091- 261 -2209000 E-mail: <a href="mailto:surat@gjepcindia.com">surat@gjepcindia.com</a>	Ms. Jilpa Sheth Director E-mail: <a href="mailto:jilpa.sheth@gjepcindia.com">jilpa.sheth@gjepcindia.com</a>

### THE SPECIAL ECONOMIC ZONES

Name & Address	Contact Details
SEEPZ Special Economic Zone Ministry of Commerce & Industry Government of India Andheri (East), Mumbai –400 096. Tel: 022-28294799/28294770 Fax: +91-22-28291385 / 2829 1754 E-mail: <a href="mailto:dcseepz-mah@nic.in">dcseepz-mah@nic.in</a>	Development Commissioner E-mail: <a href="mailto:dcseepz-mah@nic.in">dcseepz-mah@nic.in</a>
<b>FOR VSEZ</b> Visakhapatnam Special Economic Zone Administrative Building, Duvvada Visakhapatnam – 530046. A. P. Tel: 0891-270825, Fax: 0891-2587352 E-mail: <a href="mailto:prasanna.kumar@gov.in">prasanna.kumar@gov.in</a>	Development Commissioner E-mail: <a href="mailto:devcomm_vsez@yahoo.in">devcomm_vsez@yahoo.in</a>
<b>FOR HYDERABAD</b> Office of Development Commissioner Visakhapatnam Special Economic Zone 5 <sup>th</sup> Floor, (Western Wing) Parisrama Bhavan, Bashir Bagh, Hyderabad – 500 004. Tel: 040-23296231, Fax:040-23230208 E-mail: <a href="mailto:vepzhyd@rediffmail.com">vepzhyd@rediffmail.com</a>	Development Commissioner E-mail: <a href="mailto:vepzhyd@rediffmail.com">vepzhyd@rediffmail.com</a>
Office of Development Commissioner Surat - Special Economic Zone Diamond Park, Sachin, Surat - 394230 Fax:: 0261-2399445 E-mail: <a href="mailto:ssezoffice@gmail.com">ssezoffice@gmail.com</a>	Development Commissioner E-mail: <a href="mailto:dc1suratsez@yahoo.co.in">dc1suratsez@yahoo.co.in</a>

*PART B: There is no change in the Institutional framework since last Annual Report.*

*There has been changes in the Authorised Signatories for KPCS in GJEPC and Special Economic Zones. Copies of updated specimen signatures is sent to KP Chair's office for information and updation on website as and when amended.*

*The consolidated list of current authorised signatories is enclosed at ANNEXURE - 1.*

## **B. LEGAL FRAMEWORK:**

**PART A :** The details of Acts, Laws and Regulations are available at the links given below.

**1. The Customs Act, 1962:** Index of Customs Act, 1962 (Chapter 13, 14, 16) <http://www.cbec.gov.in/customs/>

Custom Circular no 53 dated June 23, 2003 - <http://www.cbec.gov.in/customs/>

<a href="#">35/2009</a>	29-12-2009	F. No. DGEP/G&J/ 100/2009	Regarding application of Kimberley Process Certification Scheme (KPCS) to Semi-cut diamonds
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**2. FTDR Act 1992 / FTDR Rules 1993 (Rules 11, 15, 17):** <http://dgft.gov.in/>

### **3. INCOME TAX ACT & IT RULES**

<http://law.incometaxindia.gov.in/DIT/Income-tax-acts.aspx>

Indian INCOME TAX ACT 1961 stipulates the regulations with regards to maintenance and audit of accounts by certain persons carrying business or profession, penalties for failure to keep, maintain accounts, documents of international transactions, failure to get the accounts audited, penalty for failure to furnish annual information etc.

**4. Foreign Exchange Management Act (FEMA),** <http://www.rbi.org.in/>

**5. Conservation of Foreign Exchange and Prevention of Smuggling Activities (COFEPOSA),** <http://www.cbec.gov.in/cofeposa-act.pdf>

**6. Reserve Bank of India – Circulars on KP & AML** <http://www.rbi.org.in/>

KP - IECD no13 dated Feb 3, 2003

DBOD no AMLBC63 dated 15/02/2006

AP Dir Series Circular No. 18 dated 02/12/2005

AP Dir Series Circular No. 39 dated 26/06/2006

AP Dir Series Circular no. 14 dated 17/10/2007

AP Dir Series Circular no. 59 dated 6/5/2011

**7. Prevention of Money Laundering Act –** <http://fiuindia.gov.in>

The Prevention of Money Laundering Act, 2002 came into force with effect from 1st July, 2005. The Act was amended by the Prevention of Money Laundering (Amendment) Act 2009 w.e.f. 01.06.2009. The Act was further amended by the Prevention of Money Laundering (Amendment) Act, 2012 w.e.f. 15-02-2013.

As stated in the Preamble to the Act, it is an Act to prevent money-laundering and to provide for confiscation of property derived from, or involved in, money-laundering and to punish those who commit the offence of money laundering.

The Directorate of Enforcement in the Department of Revenue, Ministry of Finance is responsible for investigating the cases of offence of money laundering under Prevention of Money Laundering Act, 2002. Financial Intelligence Unit - India (FIU-IND) under the Department of Revenue, Ministry of Finance is the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions to enforcement agencies and foreign FIUs.

In response to mounting concern over money laundering, the Financial Action Task Force (FATF) on Money Laundering was established by the G-7 Summit in Paris in 1989 to develop a co-ordinated international response. One of the first tasks of the FATF was to develop Recommendations, which set out the measures national governments should take to implement effective anti-money laundering programmes.

India is an active member of the FATF since 2010. The first mutual evaluation report of India was adopted on 24 June 2010. India was placed in the regular follow-up process for mutual evaluation purposes because of partially compliant (PC) ratings on certain core and key Recommendations. Since the publication of the mutual evaluation report, India has been reporting back to the FATF on a regular basis on the progress made in the implementation of its *Action Plan to strengthen India's AML/CFT System*. India has made significant progress with regard to the implementation of this action plan. At the June 2013 Plenary meeting, the FATF decided that India had reached a satisfactory level of compliance with all of the core and key Recommendations and could be removed from the regular follow-up process.

Government of India is committed to tackle the menace of Money Laundering and has always been part of the global efforts in this direction. India is signatory to the following UN Conventions, which deal with Anti Money Laundering / Countering the Financing of Terrorism :

1. International Convention for the Suppression of the Financing of Terrorism (1999);
2. UN Convention against Transnational Organized Crime (2000); and
3. UN Convention against Corruption (2003).

In pursuance to the political Declaration adopted by the special session of the United Nations General Assembly (UNGASS) held on 8th to 10th June 1998 (of which India is one of the signatories) calling upon member States to adopt Anti Money Laundering Legislation & Programme, the Parliament has enacted a special law called the 'Prevention of Money Laundering Act, 2002' (PMLA 2002).

This Act has been substantially amended, by way of enlarging its scope, in 2009 (w. e. f. 01.06.2009), by enactment of Prevention of Money Laundering (Amendment) Act, 2009. The Act was further amended by Prevention of Money-Laundering (Amendment) Act, 2012 w.e.f. 15-02-2013.

**8. Notification regarding Venezuela** - Notification no 30(RE-2008) dated 13 August 2008 was issued by DGFT regarding prohibition of trade in rough diamonds in view of voluntary suspension of Venezuela. The same is available at <http://dgft.gov.in/> under notifications section.

*PART B: There has been no change in the basic Legal Framework in the last few years. The details of Acts, Laws and Regulations are available at the links given above.*

### **C. IMPORT AND EXPORT REGIME**

**PART A:** The Export / Import Procedure followed by Customs is as per the Customs Circular no 53 of June 2003 given at ANNEXURE – 2 (a).

The procedure followed by GJEPC as the KP Imp/Exp Authority is given at ANNEXURE – 2 (b) at the end of the report.

**Outgoing shipments:** At the time of export the rough diamonds are sealed in a tamper proof container together with the original certificate in Customs jurisdiction. Notice of shipment is sent by e-mail to the KP authority of importing country every day which contains the following information

- KP Certificate No.
- Date of Issue, Date of Expiry
- Country of Destination, Country of Origin
- Name of the Importer, Name of the Exporter
- HS Code, Weight in Cts, Value in US\$

**Incoming shipments:** Confirmations / advance notifications of rough diamond shipments are received from most of the countries except for few countries such as Australia, USA, etc as it is not mandatory to send advance notification. Some of the countries on request confirm the issuance of KP Certificate after the arrival of the shipment.

The detachable portion of the right hand side of the KP Certificate (Import Confirmation Slips) are sent back to the concerned countries on weekly / fortnightly basis. Also, where the detachable portion is not available the Import confirmation is sent by E-mail to the concerned countries.

The copies of KP certificates are scanned and stored in separate software after quarterly audit verification is completed and aggregated data is submitted to the WGS.

*PART B:*

*Outgoing shipments: During the calendar year 2019, India issued 1959 KP certificates for export parcels as compared to 2433 during 2018.*

*Incoming shipments: During the calendar year 2019, India endorsed 29401 KP certificates for imports as compared to 35163 KP certificates during 2018.*



## **D. System of internal controls and Industry Self-Regulation**

**PART A:** The system of internal controls which is already present in India is narrated under Legal Framework in Section B.

The system of warranties on all the invoices including those of polished diamond / diamond studded jewellery is also existing in India. All buyers and sellers of both rough and polished diamonds were advised to make the affirmative statement on all invoices. Additionally, all industry organizations and their members were advised to adopt the principles of self – regulation.

GJEPC in its Working Committee Meeting held on 12/5/2004 approved inclusion of a clause to expel a member from the membership of the Council in case of violation of provisions of KPCS. Council has been sensitizing the importers & exporters of rough diamonds from time to time through its circulars on restrictions on trade in rough diamonds.

The Code of Ethics have been adopted by the GJEPC and is applicable to the members of the Council. Copy of the same is available on Council's website [www.gjepc.org](http://www.gjepc.org).

The Statistical data is audited by the appointed 3rd party independent Auditors. The Auditors verify the data entry in the system for carat, value, country of origin etc for applications at GJEPC's offices in Mumbai and Surat as well as SEZ offices at Mumbai, Surat and Visakhapatnam. The KP Chair's notices related to suspicious shipments, fake certificates etc are sent to customs and other concerned authorities for their information.

Council collects the annual stock declaration in carats after completion of financial year from the importers / exporters of rough diamonds.

The Chair's communication regarding Temporary suspension of CAR was circulated to all the stakeholders including enforcement agencies. The Chair's notice regarding Cote d'Ivoire was uploaded on the gjepc website and circulated to all the stakeholders. GJEPC also printed the booklet containing information on Kimberley Process and the same was circulated to members Annexure - 2 (c).

### ***PART B:***

The decision to strengthen the SoW was the result of a decision by the WDC's Board of Directors in June 2018. Maintaining the original version's requirement that buyers and sellers of rough diamonds, polished diamonds and jewelry containing diamonds include a statement on B2B invoice and memos that the goods being sold are in compliance with the KPCS, it added a commitment that the buyers and sellers adhere to WDC Guidelines.

*GJEPC as a member of the World Diamond Council, has been actively participating in the development of new System of Warranties and guidelines for toolkit. GJEPC has started sensitizing the Indian industry for implementation of updated SoW.*

The revised declaration reads: *"The diamonds herein invoiced have been sourced/purchased from legitimate sources not involved in funding conflict, in compliance with United Nations Resolutions and corresponding national laws. The seller hereby guarantees that these diamonds are conflict free and confirms adherence to the WDC SoW Guidelines."*

## **E. STATISTICS**

### **Production data:**

#### **PART A:**

India has only one mine with a minor production. This is located at Majhawan in Panna District of State of Madhya Pradesh. It is administered by National Mineral Development Corporation (NMDC), a Govt of India undertaking. It holds the valid licenses issued under Mines and Minerals (Development and Regulation) Act 1957. It may be noted that due to environmental problems the only Diamond Mining Project in India at Panna was not in operation since 2006. The production activity resumed from 22nd June 09, but have been stopping intermittently.

Fluctuation of production valuation mainly depend upon the production that is received after Mining. In some particular Month / year the pocket of mining can be different. Accordingly NMDC receive production. Some time availability of big and good diamonds change the average of production valuation and vise-a-versa. Production of diamonds depends upon various factors, climate as well as proper function of machinery and Manpower etc.

#### **PART B: PRODUCTION OF ROUGH DIAMONDS FROM PANNA MINES**

Production	2017		2018		2019	
Period	Carats	Estd value of prodn in US\$	Carats	Estd value of prodn in US\$	Carats	Estd value of prodn in US\$
H1	22,604	44,64,196	22,604	46,72,564	49,412	81,02,760
H2	19,098	28,90,153	16,845	38,13,698	11,677	20,03,422
<b>Grand Total</b>	<b>41,702</b>	<b>73,54,349</b>	<b>39,450</b>	<b>84,86,262</b>	<b>61,089</b>	<b>1,01,06,182</b>

Source: NMDC, Mumbai vide email

### **Quarterly statistical data:**

#### **PART A:**

All the details mentioned on the KP Certificate are captured in the database software including the passport details of the person in case of shipment by hand carriage for Import into India. The data is stored in the ERP Navision customized software data base. In addition to that all the copies of the KP Certificates for Imports are stored physically in hard copy for 3 years as required under KPCS.

Earlier, India was reporting as per date of processing of the Import application for submitting quarterly data to WGS. After the AD on date of issue of KP Certificate for import, the software reports have been accordingly changed to incorporate the Date of Issue for Import shipments.

#### **PART B:**

*Trade data for all the 4 quarters of 2019 and Production data for the period January / June 2019 and July / December 2019 has been uploaded on the Kimberley Rough Diamond Statistics Website.*

**TABLE -1: OVERVIEW OF PRODUCTION - IMPORT – EXPORT DURING THE LAST 5 YEARS.**

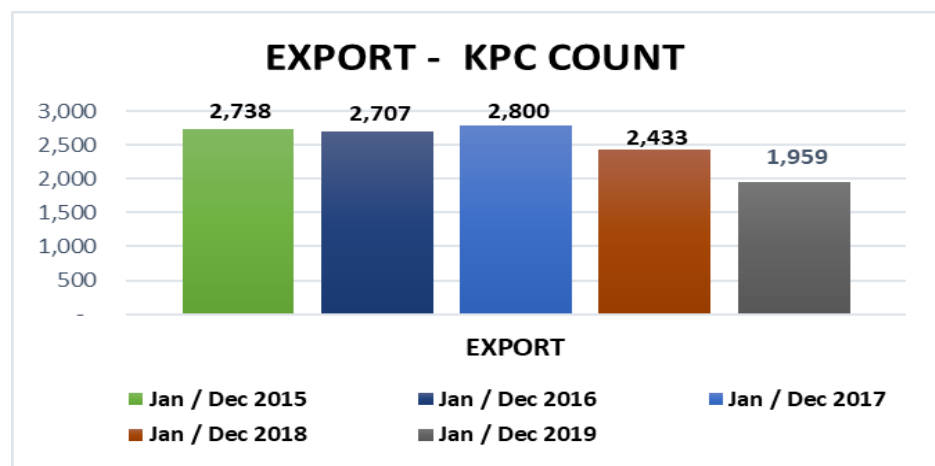
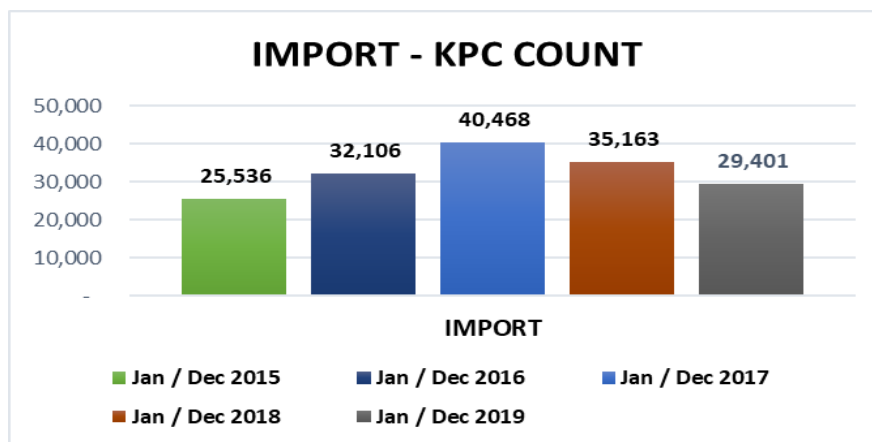
Period	Production		Import		Export	
	Volume, Mill cts	Value in US\$ Million	Volume, Mill cts	Value in US\$ Million	Volume, Mill cts	Value in US\$ Million
Jan / Dec 2015	0.03	6.97	130.10	13,364.97	34.26	1,540.44
Jan / Dec 2016	0.03	7.39	149.32	16,665.72	38.49	1,787.49
Jan / Dec 2017	0.04	7.35	195.00	18,976.94	45.61	2,087.70
Jan / Dec 2018	0.04	8.49	170.01	17,218.32	39.39	1,812.32
Jan / Dec 2019	0.06	10.11	158.72	14,095.70	28.99	1,681.74

Source: KPCS Data

**TABLE - 2 : OVERVIEW OF KPC COUNT FOR IMPORT - EXPORT DURING THE LAST 5 YEARS.**

PERIOD	KPC Counts		
	IMPORT	EXPORT	TOTAL
Jan / Dec 2015	25,536	2,738	28,274
Jan / Dec 2016	32,106	2,707	34,813
Jan / Dec 2017	40,468	2,800	43,268
Jan / Dec 2018	35,163	2,433	37,596
Jan / Dec 2019	29,401	1,959	31,360

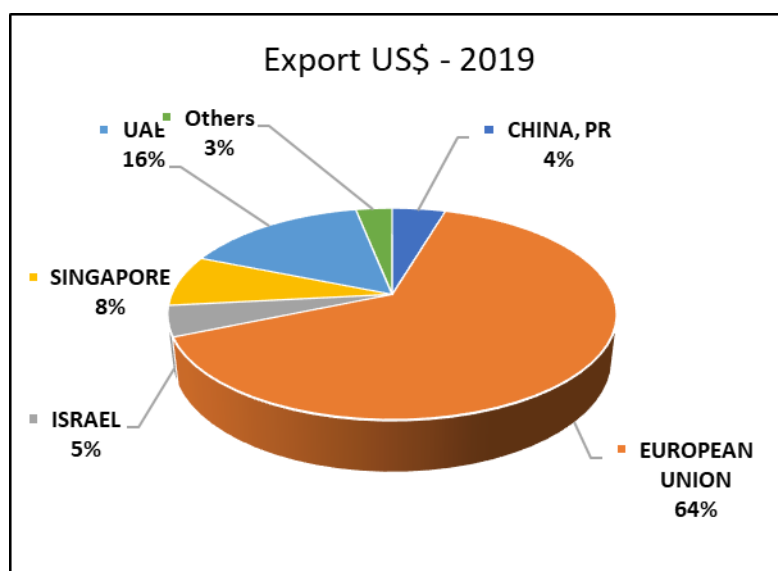
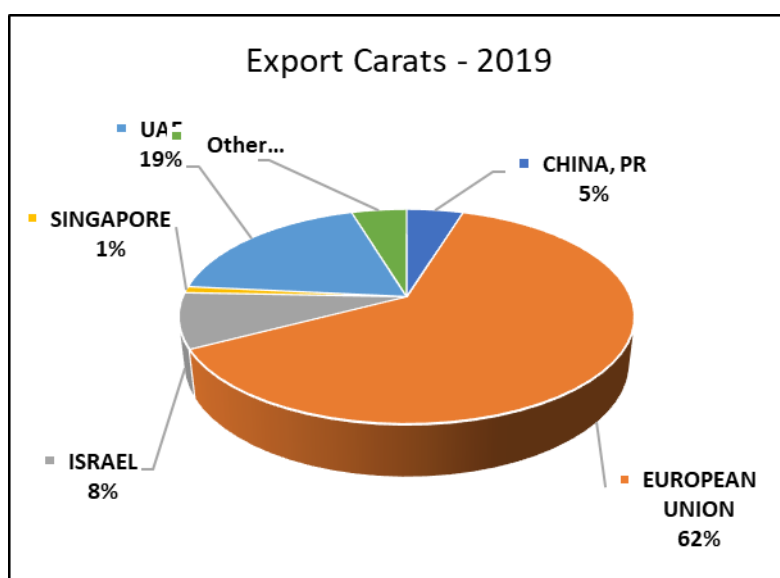
Source: KPCS Data



## EXPORT OF ROUGH DIAMONDS FROM INDIA – 2019

EXPORTS	CARATS	% SHARE	US\$ VALUE	% SHARE
CHINA, PR	13,85,916.80	4.78	7,70,28,889.90	4.58
EUROPEAN UNION	1,81,24,549.78	62.52	1,07,73,84,341.31	64.06
ISRAEL	24,10,013.44	8.31	7,84,41,922.31	4.66
SINGAPORE	2,78,573.75	0.96	13,19,28,774.69	7.84
UAE	54,36,424.73	18.75	26,44,59,197.93	15.73
Others	13,53,858.71	4.67	5,24,95,599.05	3.12
<b>Grand Total</b>	<b>2,89,89,337.21</b>	<b>100.00</b>	<b>1,68,17,38,725.19</b>	<b>100.00</b>

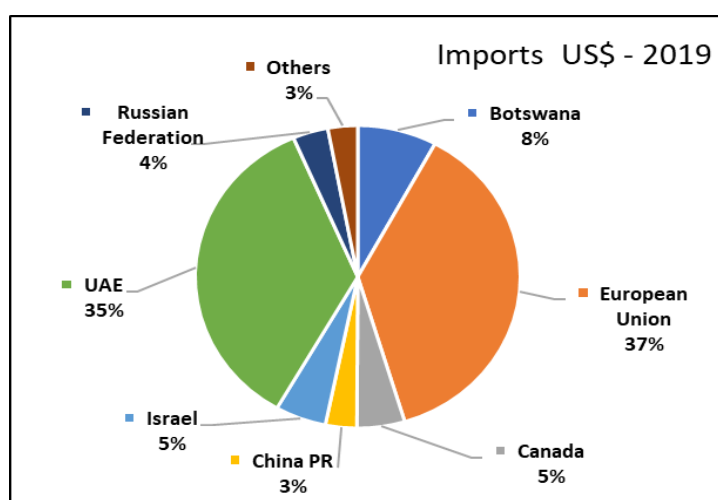
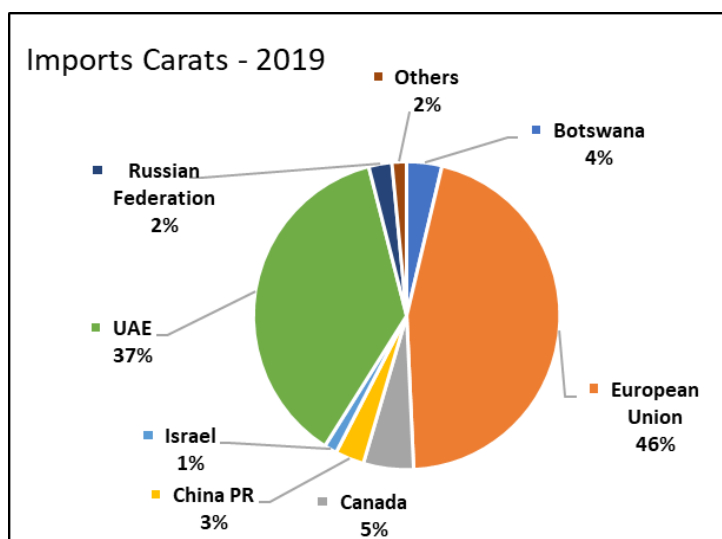
Source: KPCS Data



## IMPORT OF ROUGH DIAMONDS INTO INDIA – 2019

IMPORTS	CARATS	% SHARE	US\$ VALUE	% SHARE
Botswana	58,90,952.71	3.71	1,11,20,08,272.71	7.89
European Union	7,23,15,276.66	45.56	5,27,72,09,622.15	37.44
Canada	84,06,974.67	5.30	67,06,51,172.38	4.76
China PR	48,42,022.53	3.05	44,10,74,743.70	3.13
Israel	21,45,790.80	1.35	71,47,07,220.09	5.07
UAE	5,87,77,852.81	37.03	4,96,72,24,272.23	35.24
Russian Federation	38,82,453.60	2.45	49,49,44,725.64	3.51
Others	24,59,871.12	1.55	41,78,78,045.87	2.96
<b>Grand Total</b>	<b>15,87,21,194.90</b>	<b>100.00</b>	<b>14,09,56,98,074.77</b>	<b>100.00</b>

Source: KPCS Data



## **H. MISCELLANEOUS:**

1. Participation in the Meeting between WGM Members and FATF: The WGM members had a meeting in Paris on 19<sup>th</sup> December 2016 with the representatives from the FATF Secretariat and the authors of their October 2013 report "*Money Laundering and Terrorist Financing through Trade in Diamonds*". Mr Sabyasachi Ray, Executive Director, GJEPC participated in the meeting as an Indian representative. The following conclusions were derived out of the informal discussion:

- It was acknowledged that the main purpose of FATF's report was to raise awareness among key stakeholders as regards vulnerabilities and risks associated with the supply chain of diamonds.
- The KP Working Bodies would continue sharing any relevant information with the FATF and explore whether there are any relevant developments that may require further engagement with FATF.

*PART B: There has been no addition / change in the information provided in previous annual report.*

## **2. Reconciliation and revision of Statistical data for the earlier period**

**PART A:** The main reason for discrepancy in KPC data in imports in earlier years (2010 - 2011) was that India used to Report / Submit quarterly stats on the basis of date of processing / receipt of certificate for Import into the Country and not on the basis of Date of Issue of the KP Certificate for IMPORT.

After the adoption of AD on Date of Issue of KPC for reporting, India has started submitting the data accordingly on the website.

India has already taken steps to revise the Import data from the period 2010 -2011 based on date of issue of KP certificate. The data for 2010 & 2011 has been revised based on date of issue of the KP Certificate.

The reconciliation is also being undertaken with India's trading partners for the year 2018 & 2019 as well as for earlier years and based on observations the data for earlier years / quarters will be revised accordingly.

## **3. Pilot-project for the sharing of Kimberley Process Certificate based data.**

### **PART A:**

The KP Plenary meeting of 2008 in New Delhi noted that the quality of KPCS data can be improved by increased IT linkage between Participants. Therefore, the KP Plenary decided that a feasibility study of KP data sharing between India and EU-Belgium could be initiated.

Currently the data-exchange is done through e-mails as per the requirement of norms laid down by the Kimberley Process Certification Scheme under import confirmation and statistical compliance.

The Gem & Jewellery Export Promotion Council (GJEPC), the KP Export Import authority from Indian side, and EU KP authority in Belgium, implemented this project through a secured system of data-transfer. The data-transfer rely on existing databases and local software in both the countries. MoU between the two

governments was signed on 25<sup>th</sup> November in New Delhi. The system is running smoothly and it is expected that the reconciliation of more than 20000 KP Certificates exchanged between the two countries will be easier and faster.

**PART B:** *There has been no change in the above point from the information given in previous annual report.*

#### **4. Information sharing and co-operation with other agencies / stakeholders.**

Under the AD on information sharing and co-operation, and with a view to address the issue of money laundering, the GJEPC has developed a Free module for the Banks dealing in foreign remittances for import of rough diamonds by the Indian companies.

The window with individual password protection to each bank will enable the bank officials to verify the details mentioned on the copy of KP certificate submitted to them by the importer with the details available with GJEPC records. In case of any discrepancy is noticed in carat / value / details of exporter etc. the concerned bank can ask for copy of the KP Certificate from GJEPC. Around 10 banks dealing in foreign remittances have registered themselves with GJEPC for using the same.

**PART B:** *There has been no change in the above point from the information given in previous annual report.*

#### **5. GJ-KYC:**

The gems and jewellery industry (precious metals and precious stones) has been classified by the FATF as a DNFBP (Designated Non-Financial Business or Profession). As part of the FATF guidelines, all participants in the industry are obligated to do a Customer Due Diligence (CDD), monitor transactions, report suspicious transactions etc. for all transactions. While the FATF guidelines specifically refer only to transactions in cash, the PMLA act in India does not make that differentiation. In many global jurisdictions, local regulations extend the guidelines to all transactions within the trade.

The gems and jewellery industry is highly fragmented, with many small and medium sized players. Many of these companies might not be in a position to implement the CDD requirements. Also majority of the transactions in the trade are within industry participants. This means that if there are multiple transactions with different members within the trade, there is a large duplication as CDD would need to be done repeatedly. This adds to the transaction costs in the industry.

To address these issues, the GJEPC adopted and launched the MyKYCBank.com platform. The platform is an online portal, where KYC information can be updated and uploaded. This is verified by the back-end compliance team after which the member can share his profile with other members on the platform.

The platform will become a powerful tool that can significantly reduce compliance costs for users, bring greater transparency in the industry and build confidence of other stakeholders in the industry, such as financial institutions and government.

**AWDC – MyKYC** - Antwerp World Diamond Centre have collaborated with GJEPC in rolling out an industry-wide Know-Your-Customer (KYC) exchange platform

MyKYC Bank. Through the collaboration between the two authorized industry bodies AWDC and GJEPC, the My KYC Bank will encompass the members of the world's largest diamond trading and manufacturing communities from Antwerp and India.

**DDE (DMCC) – MyKYC** : GJEPC and Dubai Diamond Exchange (DDE), a subsidiary of Dubai Multi Commodity Centre (DMCC), have signed an agreement to join MyKYC Bank platform to help trading members from India and Dubai to reduce their compliance cost, while simultaneously improving transparency in trade. The DDE will join GJEPC's digital know-your-customer platform. All members of the DDE's parent company, the Dubai Multi Commodities Centre (DMCC), that trade in diamonds, gold and precious stones will be able to use MyKYC Bank to manage and share customer information.

The DMCC will be the fourth trade body to use the platform, in addition to the GJEPC, the BDB and the AWDC.

**PART B:** Till date around 2774 companies from India have been registered on the MyKYC portal.

The registration under MyKYC has also been made mandatory for the Non Members availing services of KPCS from Council since April 2020. More details will be reported in the next Annual Report.

## **6. India Chairmanship of KPCS, 2019**

In January 2019, India assumed the Chairmanship of Kimberley Process Certification Scheme (KPCS). Shri. Alok Vardhan Chaturvedi, DGFT was appointed as a KP Chair and as the Chair of KPCS for 2019, India worked closely with Russian Federation, KP Vice Chair & Chairs of the Kimberley Process working bodies to make the Kimberley Process stronger in terms of further strengthening the administration and implementation process and making KPCS more efficient. Since the inception of KPCS in 2003, this was the 2<sup>nd</sup> time in 16 years that India was entrusted with being a KP Chair.

During 2019, India conducted various outreach program. As a Chair of KPCS, Shri. Alok Vardhan Chaturvedi attended the seventy-third session of the United Nations General Assembly in March 2019. India also was represented at the Indaba 2019 Mining Conference to understand the issues and concerns of African producing nations.

India as Chair of KPCS, also supported an initiative of Chair of WGAAP to conduct a workshop in Kinshasa, DR Congo for five Central African nations namely: Angola, DR Congo, Republic of Congo, Central African Republic, and Cameroon.

The Intersessional Meeting of KPCS was held in Mumbai from 17<sup>th</sup>- 21<sup>st</sup> June 2019. The meeting in Mumbai was attended by more than 200 delegates from more than 36 Countries.

At the Intersessional meeting, India as Chair of KP organised two special forums on Diamond Terminology and Artisanal Mining - Small Steps to Larger Outcomes. Presentation from Dabbawala on "Chain of Custody", Respecting the artisans- Small steps to larger outcomes", India's CFC initiative and Angadia on "Indigenous solutions" were very well received and a source of learning for various participating nations. During the intersessional meeting in Mumbai, KP made significant progress



in many areas such as finalisation of Terms of Reference for Permanent Secretariat, progress to finalize the draft AD on Peer Review Mechanism, progress in data reconciliation guidance document and capturing of data for Artisanal Mining production, progress on proposal on introduction of new independent observer, more clear directions for MDTF and Consolidation of Core Document.

During the intersessional, discussions were held on issues of ATA Carnet, Fake KP certificates and digital solutions, HS code classification proposal with WCO at country level, provisions on disposal of confiscated diamonds, UK's membership etc. In July 2019, India became one of the early adopters of distinct HS Codes for both rough and polished synthetic diamonds with the Hon'ble Finance Minister Smt. Nirmala Sitharaman introducing an amendment to create a separate 8 Digit code for laboratory-grown rough diamonds as part of the Finance Bill presented before Parliament on July 5, 2019.

The new amendment bifurcates the earlier six-digit code into two categories. Henceforth, all unworked or simply sawn or roughly shaped laboratory-created or laboratory-grown or manmade or cultured or synthetic diamonds will be covered by HS Code 7104.20.10, while all other synthetic gemstones in the same categories will come under the separate HS Code 7104.20.90. The announcement came at a time where, India holds Chairmanship of the Kimberley Process Certificate Scheme and is a reflection of the India's commitment to play a leading role in getting the global industry to adopt and uphold transparency, disclosure and other business best practices.

The KP Plenary meeting was conducted in New Delhi from 18<sup>th</sup>-22<sup>nd</sup> November 2019. As Shri. Chaturvedi superannuated in September 2019 from his service, Shri. B.B Swain, Additional Secretary, Department of Commerce, Government of India was appointed as a new KP Chair. The KP plenary meeting was attended by more than 250 delegates from more than 50 Participating countries, members of the Industry and Civil Society Coalition.

During the KP Plenary meeting in New Delhi, delegates witnessed rich exchange of thoughts and ideas, debates and dialogues. During the Plenary session, the KP review cycle made commendable progress course in several areas such as finalisation of Terms of Reference for Permanent Secretariat, finalize the draft AD on Peer Review Mechanism, development of guidelines document for reconciliation of KP statistics and reporting of data for Artisanal Mining production. Significant progress was made on proposal on introduction of new independent observer, more clear directions for MDF and Consolidation of Core Document was given by the Plenary. India during its KP Chairmanship for 2019 contributed extensively towards making the KPCS a stronger and efficient system as it had indicated when it assumed Chairmanship. India also reiterated that it is always committed to make the KPCS, a stronger process in terms of inclusiveness, better administration, greater transparency and at the same time, remain empathetic towards the living standards of people who are dependent on the production, trade and manufacture of diamonds. In 2020, India will assume the Chairmanship of Committee on Participation and Chairmanship and will participate in Expert Mission to Qatar and Kyrgyz Republic who have applied to become a KP participant.

## 7. Review Visit to India

A KP Review Visit team consisting of 5 members representing EU, Israel, Botswana & WDC visited India from 6<sup>th</sup> – 10<sup>th</sup> December 2016. The first draft report was received in June 2018 and final report was received in 2019. As such the follow up on the recommendations will be provided in the next Annual Report.

## 8. Implementation of SAP in GJEPC

GJEPC moves one step ahead with business lead transformation enabled by SAP S/4 HANA along with SuccessFactors. This digital transformation shall enable GJEPC to streamline its process and help to improve its internal control and monitoring to cater to its high growth rate. The issuance of KP Certificate from SAP was started from 1<sup>st</sup> October 2018. This is our forward looking initiative towards Digital & Technology Transformation. The process of issuance of KPC has been amended accordingly.

Part B - Council is in the process of implementing the automated system based process of issuing the digitally signed KP Certificates from the system. More details will be shared in the next annual report.

## 9. Implementation of e-Sanchit module of Customs for single window clearance.

Indian Customs Electronic Gateway (ICEGATE) is the national portal of Indian Customs of Central Board of Indirect Taxes and Customs (CBIC) that provides e-filing services to the Trade, Cargo Carriers and other Trading Partners electronically. Through this facility Indian Customs offers a host of services, including electronic filing of the Bill of Entry (import goods declaration), Shipping Bills (export goods declaration), e-Payment of Customs Duty, a free of cost web-based Common Signer utility for signing all the Customs Documents, facility to file online supporting documents through e Sanchit, end to end electronic IGST Refund and etc. ICEGATE is internally linked with multiple partner agencies including RBI, Banks, DGFT, DGCIS, Ministry of Steel, Directorate of Valuation and other various Partner Government Agencies involved in EXIM trade enabling faster Customs clearance.

Participating Government Agencies in ICEGATE need to register for uploading the copies of documents and certificates issued by these agencies that are required for export & import. The GJEPC as Partner Government Agency (PGA) has been registered on the e-Sanchit portal for issuance of KPCs. Under the system the digitally signed copies of KP Certificates issued for export and endorsed for import are uploaded by GJEPC on the ICEGATE portal of customs.

It has been our endeavour to produce a transparent and detailed report. We hope you find this report useful.

With regards.



**Sabyasachi Ray**  
**Executive Director**