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**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS  
AND PUBLIC DISTRIBUTION  
(2009-2010)**

**(FIFTEENTH LOK SABHA)**

**MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION  
(DEPARTMENT OF CONSUMER AFFAIRS)**

**Bureau of Indian Standards (BIS)—Hallmarking of Jewellery**

**NINTH REPORT**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

***August, 2010/ Bhadrapada, 1932 (Saka)***

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(DEPARTMENT OF CONSUMER AFFAIRS)**

**Bureau of Indian Standards (BIS)—Hallmarking of Jewellery**

Presented to Lok Sabha on 31.08.2010

Laid in Rajya Sabha on 31.08.2010



**LOK SABHA SECRETARIAT  
NEW DELHI**

***August, 2010/ Bhadrapada, 1932 (Saka)***

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COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS  
AND PUBLIC DISTRIBUTION – 2009-10.

Shri Vilas Muttemwar - Chairman

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**MEMBERS**

**Lok Sabha**

2. Smt. Harsimrat Kaur Badal
3. Shri Kamlesh Balmiki
4. Shri Tara Chand Bhagora
5. Shri Shivraj Bhaiya
6. Shri Arvind Kumar Chaudhary
7. Shri Sanjay Singh Chauhan
8. Shri Anant Gangaram Geete
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12. Shri Marotrao Sainuji Kowase
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18. Shri Madhusudan Yadav
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20. Vacant
21. Vacant

**Rajya Sabha**

22. Smt. T. Ratna Bai
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27. Shri Rajniti Prasad
28. Dr. T.N. Seema
29. Shri Veer Singh
30. Shri Kaptan Singh Solanki
31. Vacant

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\* Nominated w.e.f. 04.08.2010

## **Secretariat**

1. Shri P.K. Mishra - Joint Secretary
2. Smt. Veena Sharma - Director

## INTRODUCTION

I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2009-10) having been authorized by the Committee to submit the Report on their behalf, present this Ninth Report on the subject "Bureau of Indian Standards (BIS)–Hallmarking of Jewellery" of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

2. The subject BIS–Hallmarking of Jewellery was selected by the Committee for examination during the year 2009-10. The Committee was briefed on the subject by the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) on 25.01.2010. The Committee invited views/suggestions from the Jewellers and heard the views of some of the prominent jewellers and at their sitting held on 05.05.2010. The Committee also took oral evidence of the representatives of the Department of Consumer Affairs on 21.07.2010.

3. The Committee wish to express their thanks to the Officers of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) for placing before them the detailed written notes on the subject and for furnishing the information to the Committee, desired in connection with the examination of the subject during the briefing and oral evidence.

4. The Committee wish to express their thanks to the Jewellers for furnishing their comments/suggestions and appearing before the Committee for tendering evidence in connection with examination of the subject.

5. The Report was considered and adopted by the Committee at their sitting held on 25<sup>th</sup> August, 2010.

6. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

NEW DELHI;  
25 August, 2010  
3 Bhadrapada, 1932 (Saka)

**VILAS MUTTEMWAR**  
Chairman,  
Standing Committee on Food,  
Consumer Affairs and Public Distribution

## **CHAPTER I**

### **INTRODUCTORY**

Bureau of Indian Standards (BIS) as the National Standards Body of India came into existence, through an Act of Parliament dated 26 November, 1986, on 1 April, 1987, with broadened scope and more powers, taking over the staff, assets, liabilities and functions of erstwhile Indian Standards Institution (ISI). Through this change over, the Government envisaged building a climate for quality culture and consciousness and greater participation of consumers in formulation and implementation of National Standards.

1.2 BIS is an autonomous body under the administrative control of the Ministry of Food, Consumer Affairs & Public Distribution (Department of Consumer Affairs). It is formulating need-based Indian Standards in line with the national priorities as a time bound programme and harmonizes national standards with regional and international standards in order to facilitate adoption of international standards by all segments of business and industry, wherever feasible.

1.3 The Bureau is a Body Corporate consisting of 25 members representing both Central and State Governments, Members of Parliament, industry, scientific and research institutions, consumer organizations and professional bodies, the Union Minister of Consumer Affairs, Food and Public Distribution being its President and the Minister of State for Consumer Affairs, Food and Public Distribution as its Vice-President.

1.4 BIS derives its income mainly from certification, training institute and sale of Indian standards. The Certification Scheme is basically voluntary in nature but for a number of items affecting health and safety of the consumer and those of mass consumption, it has been made mandatory by the Government through various statutory measures.

1.5 BIS having Headquarters at New Delhi, has a network of 5 Regional Offices (ROs) at Kolkata (Eastern), Chennai (Southern), Mumbai (Western), Chandigarh

(Northern) and Delhi (Central), and 20 Branch Offices (BOs) at Ahmedabad, Bangalore, Bhubaneswar, Bhopal, Coimbatore, Faridabad, Ghaziabad, Guwahati, Hyderabad, Jaipur, Kanpur, Lucknow, Nagpur, Parwanoo, Patna, Pune, Rajkot, Thiruvananthapuram, Vishakapatnam and Dehradun and serves as effective links between State Governments, industries, technical institutions, consumer organizations, etc. of the region. BIS has the network of eight BIS laboratories spread throughout the country.

### **Functions of BIS**

1.6 The functions of BIS are to :-

- (a) Establish review, publish and promote in such manner as may be prescribed the Indian Standard, in relation to any article or process.
- (b) Specify a standard mark to be called the Bureau of Indian Standards Certification Mark which shall be of such design and contain such particulars as may be prescribed to represent a particular Indian Standard.
- (c) Grant, renew, suspend or cancel a license for the use of the Standard Mark.
- (d) Provide services to the manufacturers and consumers of articles or processes.
- (e) Coordinate activities of any manufacturer or association of manufacturers or consumers engaged in standardization and in the improvement of the quality of any articles or process or in the implementation of any quality control activities.
- (f) Product Certification to ensure conformity of the product to the relevant Indian Standard.

### **Formulation of Standards**

1.7 For formulation and review of standards, BIS functions through the Committee mechanism in terms of Sectional Committees, Subcommittees and Panels set up for dealing with specific group of subjects under respective Division Councils. The Sectional Committees, Subcommittees and Panels comprise of representatives from the industry, government, research and development organizations, consumer organizations and individual experts.



1.8 A proposal for formulation of Indian Standard(s) can be submitted by any stakeholder including Ministries of the Central Government, State Governments, Union Territory Administrations, individual Consumer or Consumer Organisations, Industrial Units, etc. The proposal, when approved by the concerned Division Council, is forwarded to an appropriate Sectional Committee for formulation of Indian Standard(s). Standards are made by 14 Technical Division Councils pertaining to specific fields.

1.9 The Bureau of Indian Standards (BIS) has been successfully promoting and nurturing the standardization movement in the country and has initiated several steps towards enhancing the efficiency of its operations and upgrading of services. During 2008-09, BIS formulated 319 (137 new and 182 revised) standards, bringing the total number of standards in force to 18477 as on 31 March, 2009.

## CHAPTER II

### THE HALLMARKING OF JEWELLERY SCHEME

#### **General**

2.1 The Scheme on Hallmarking of Gold Jewellery was launched by BIS in April 2000 to provide third party assurance to consumers on the purity of gold jewellery or its fineness. The Scheme was introduced on voluntary basis under BIS Act, 1986. Under the scheme, a jeweler has to obtain Hallmark license from BIS to get his jewellery hallmarked. Jewellers desirous of Hallmarking their gold jewellery need to first become a 'BIS Certified Jeweller'. To get BIS certification, a jeweler needs to apply to BIS and ensure the purity of jewellery received from artisans/karigars, by following a systematic Quality Assurance System. The jeweller's Quality Assurance System and conformity of test reports form the basis for the homogeneity of batches of jewellery offered to a recognized Hallmarking Centre for hallmarking. Only BIS Certified Jewellers can get their jewellery assayed and hallmarked from the BIS recognized Assaying and Hallmarking Centres.

#### **Objectives of the Hallmarking Scheme**

- 2.2 The Committee have been informed that the Scheme was introduced to :-
- (i) protect consumer against victimization of irregular gold quality.
  - (ii) develop export competitiveness of gold jewellery industry and thus provide strong impetus for gold jewellery exports.
  - (iii) develop India as a leading gold market centre in the world commensurate with its status as the top most consumer.

#### **Responsibilities of the Certified Jewellers**

- 2.3 The Jewellers holding BIS license shall have to provide:
- Commitment to quality
  - Assurance of consistency in quality and purity of hallmarked gold jewellery
  - A quality assurance system for the purpose of operating Hallmarking Scheme
  - Provide complete customer satisfaction
  - Display all requirements describing the components of Hallmark including the magnifying glass.

#### **Benefits to Customers**

2.4 Hallmarking of jewellery provides: -

- (i) third-party assurance and satisfaction that the right quality of gold for the given price has been purchased.
- (ii) Protection against victimization of irregular gold quality/purity.
- (iii) Opportunity for filing complaint in case purity is found less from that declared by the jeweler.

### **Criteria for recognition of Assaying & Hallmarking Centres**

2.5 An Assaying and Hallmarking Centre where the purity of jewellery is assessed is recognized by BIS only after ensuring that it follows the documented BIS Criteria which is in line with International norms for sampling, assaying and marking and the Centre is equipped with required facilities, trained and competent manpower. The norms for recognition of these Centres have been aligned with those in other parts of the world, to ensure the acceptability of the Indian hallmarked jewellery world over.

### **Parameters for specifying Indian Standards of Products**

2.6 As regards the basic parameters of specifying Indian Standards of products by BIS with particular reference to gold jewellery, the Department has stated that the Indian Standard IS 1417:1999 'Gold and Gold Alloys, Jewellery/Artefacts – Fineness and Marking – Specification' (third revision) specifies nine grades of gold used in the manufacture of jewellery/Artefacts, based on their gold content. It also specifies the guidelines for marking of purity and other details on tested jewellery/Artefacts the requirements of fineness of solders used for manufacture of different grades of jewellery and random assaying of samples of jewellery/artefacts as per requirements in IS 1418:1999 "Assaying of Gold in Gold Bullion, Gold Alloys and Gold Jewellery/Artefacts – Cupellation (Fire Assay) Method". Hallmarked jewellery articles have details as under:

- a) BIS mark
- b) Purity grade/fineness
- c) Assay Center's identification mark
- d) Year of marking denoted by a letter symbol (as defined by BIS) and
- e) Jeweller's mark/manufacturer's identification mark

### **Obligations of Assaying & Hallmarking Centres**

2.7 The Committee have been informed that Assaying & Hallmarking Centres have:-

- (i) To strictly follow the documented Quality Management System for Sampling, Assaying and Hallmarking of gold jewellery as per the documented BIS Criteria through competent and trained manpower.
- (ii) To Hallmark each jewellery article only after ensuring the purity/fineness of the articles as per prescribed test method and sampling plan.
- (iii) Ensuring safe custody of jewellery.
- (iv) Return of gold jewellery after hallmarking within 48 hours.

2.8 When enquired whether the consumers have to pay extra money to purchase hallmarked jewellery, the Department replied that price of jewellery articles is decided by market forces. There is no requirement that consumers should pay extra money to purchase hallmarked jewellery. However a licensed jeweler has to pay Rs.18/- per article subject to a minimum of Rs.100/- per consignment, excluding applicable Service Tax and other levies which are payable extra, to the recognized Assaying & Hallmarking Centres, for getting gold jewellery articles tested and hallmarked.

2.9 The Department has informed that the hallmark is placed on each gold jewellery article by the BIS recognized Assaying & Hallmarking Centre after checking every such article for its declared purity. Hallmarking is not done by the jewellers. BIS maintains surveillance on certified jewellers and recognized Assaying & Hallmarking Centres as per guidelines adopted for the purpose. These include collection of hallmarked jewellery samples from licensees' retail outlets and getting them tested in independent BIS recognized Assaying & Hallmarking Centres. In case found guilty, suitable action is taken against the jewellers and Assaying & Hallmarking Centres to prevent exploitation of the consumers.

### **Achievements under the Scheme**

2.10 The Department has informed that the Hallmarking Scheme, since its inception in 2000, has progressed considerably. The number of jewellers who have taken the license and the number of hallmarked jewellery articles has gone up to 7185 and 721.47 lakhs respectively as on 31<sup>st</sup> December, 2009 from 186 and 0.94 lakhs respectively as

on 31<sup>st</sup> March, 2001. The number of articles hallmarked annually has gone up to 140 lakhs from 0.94 lakhs during the same period. The number of BIS recognized Assaying & Hallmarking Centres as on 28<sup>th</sup> Feb. 2010 were 151.

### **Advantages to gold jewellers**

2.11 When asked about the advantages to the gold jewellers to get themselves registered under the Gold Hallmarking Scheme, the Department in a written note stated that (a) it helps them to keep a check on quality of jewellery articles sold by them (b) project them as quality conscious jewellers and (c) help them in ensuring customer satisfaction, thus promoting their brand image in market and so the business.

2.12 On being asked whether the jewellers are satisfied with the scheme, the Department replied that jewellers by and large are satisfied with the Scheme of Gold Hallmarking. The issues raised by their Association earlier were considered by the Technical Committee of BIS and suitable amendments were made in the relevant Standard.

2.13 Asked to furnish to details of issues raised by the Jewellers Association out of which how many issues have been considered by the Technical Committee of BIS and made suitable amendments in the relevant standards.

2.14 The Department has stated that the issues raised by jewellers association and accepted by the concerned Technical Committee of BIS are:

- a) Introduction of new grade 708(17 carat)
- b) Exemption of Hallmarking below 9 carat gold.

Issues not agreed to by the Technical Committee are:

- i) Inclusion of grades between 22 & 18 C i.e. of 20K gold in IS 1417
- ii) Non Hallmarking of articles below 5 gm.
- iii) Exemption from Hallmarking of antique jewellery, wax filled and fused jewellery.
- iv) Marking of "KDM" and fineness like 22K, 18K etc. by jewellers on articles submitted for hallmarking.

### **Views/Suggestions of Jewellers/Association of Hallmarking Centres**

2.15 The Committee invited views/suggestions of various leading jewellers of the country and also shared the views of representatives of some of the leading Delhi based jewellers at their sitting held on 5 May, 2010, who all were of the view that hallmarking of jewellery be made mandatory. The main points emerged/suggestions given by them are given below:-

- (i) The main benefit of hallmarked jewellery is that the customer gets a quality assured product and will be sure of its value that remains in a family for generations.
- (ii) When customer buys right purity gold, then in the long term the larger part of the piece of jewellery gets the appreciation benefit of the gold rates. This may vary from 5% to as high as 25% of the total weight of the jewellery piece.

For example if you buy 100 gms of gold jewellery of 80% purity and your friend buys the same thing of 91.67% purity, then in the long run the worth of your friend's jewellery would be 11.7% more. There are various other benefits of buying Hallmarked Jewellery:-

- Customer will not be cheated by jeweler
  - Jeweller can not misrepresent the customer
  - It leads to greater transparency
  - Purity of the item is checked by BIS authorized Assaying and Hallmarking Centres.
- (iii) There are several additional benefits to consumers if they purchase hallmark gold jewellery, some of which are:-
    - Hallmarked jewellery is longlasting
    - Hallmarked jewellery has no superfluous shine.
    - Investment in Hallmark jewellery means investment in real gold
    - Valuable than Non-Hallmark Jewellery.
    - Bankers prefer Hallmarked Gold Jewellery as security while giving loans against jewellery.
  - (iv) Since the customers spend their whole life savings in buying jewellery, it is very essential that they receive good quality of gold. Hallmarked jewellery ensures the customers that they are paying the right price for the right quality of gold.
  - (v) The principal objective of assaying and Hallmarking is to protect a consumer against victimization of irregular gold quality. Besides consumer satisfaction, hallmarking helps to create an export competitiveness of gold jewellery industry thus provide strong impetus for gold jewellery exports.

- (vi) It develops gold based financial products that will help in mopping up the vast dormant gold resources lying with the household sector. It also helps develop India as a leading gold market centre in the world commensurate with its status as the topmost consumer.
- (vii) There is a guideline of Reserve Bank of India in which it advises the banks to prefer Hallmarked Gold Jewellery as security while giving loans against jewellery.
- (viii) Selling Hallmark Gold Jewellery provided by jewellers is clear indication of their capabilities, strong evidence of their commitment to quality, assurance of consistency in purity and quality of gold jewellery.
- (ix) It provides opportunity to describe the way they maintain their standards for quality control and later demonstrate that they consistently do what they claim.
- (x) It provides international competitiveness and enhanced customer satisfaction. It also provides third-party assurance and satisfaction that they have got the right purity of gold for the given price and protection against victimization of irregular gold quality/purity.
- (xi) It is beneficial for jeweller at the time of buy back as well.
- (xii) Jewellery distribution across the country happens mainly through metropolitan cities having sufficient number of BIS recognized Assaying and Hallmarking Centres. Once the Hallmarked jewellery is distributed through metropolitan cities, it may not be necessary to have Assaying and Hallmarking Centres in remote, hilly and tribal areas.
- (xiii) We are pleased with the steps taken by the Government for making Hallmarking of Jewellery compulsory in the country.
- (xiv) Some dealers sell 18 ct Hallmarked jewellery to the consumers mis-representing them as 22 ct jewellery. Therefore, it is extremely essential that Hallmarking Scheme be publicized heavily for the benefit of public at large.
- (xv) The govt. should also promote Hallmark jewellery by publicity, organizing special programmes with the help of jewellers.
- (xvi) In order to protect the interest of illiterate consumer, Hallmark jewellery should be promoted by creating public awareness through programmes like TV Advertisements.
- (xvii) Gems and Jewellery Export Promotion Council is taking an initiative for promoting Hallmarked jewellery. The initiative should be supported by the government.

- (xviii) The interest of consumers be protected from the fraudulent Hallmarking of gold jewellery by penalizing the cheaters, imposing heavy fine on them.
- (xix) The govt. should allocate some budget for creating awareness among the consumer about the benefits of Hallmarking of Gold Jewellery Scheme by way of advertisement. Further, the government can also sub-allocate the budget among the jewellers.

2.16 The Indian Association of Hallmarking Centres (Registered under the Societies Registration Act), as an All India Association of BIS recognized Assaying & Hallmarking Centres also expressed their views with regard to the Mandatory Hallmarking of jewellery. The gist of the main points/grievances/suggestions brought forward by them is as given below:-

ISSUES	SUGGESTIONS
<p>1) Even after 10 years of voluntary hallmarking, why no hallmarking centres have come up in 17 States?</p>	<p>Presently hardly 20% of the jewellery sold in the country is hallmarked. Due to poor consumer awareness, jewellers are not voluntarily adopting hallmarking and hence there is no business potential for hallmarking in these 17 States.</p> <p>Most of the jewellery sold in the country is originating from the major manufacturing centres like Mumbai, Kolkata, Rajkot, Chennai, Coimbatore etc. and after manufacturing, it is hallmarked in these cities itself and then distributed to all the major cities, towns and villages in the country. Hence even if there is no hallmarking centre in Mizoram, hallmarked jewellery is easily available for sourcing for sales in Mizoram and hence there is very low hallmarking business for a hallmarking centre in Mizoram.</p> <p>Even though the Government has announced subsidy of Rs.30 lakhs or 30% of capital investment, in effect the Promoter of an HM centre will get only Rs.12 lakhs, that too after 2 years and hence there is no motivation for anybody to set up an HM centre, where there is poor business potential.</p> <p>The total investment on land, building and machinery for an HM centre comes to Rs.120</p>



<p>2)Poor consumer awareness and demand for hallmarked jewellery</p> <p>3)Only the big jewellers have taken BIS license, the medium and small jewellers have abstained from taking license:</p>	<p>lakhs, whereas, for subsidy purposes, BIS will consider only the cost of equipments/machinery for the purpose of subsidy. Even expenses like strong room, industrial wiring etc are not considered and 30% subsidy would come to about Rs.13.5 lakhs and the same is disbursed in two equal installments which will not motivate a Promoter to start a hallmarking centre in places like Mizoram having low business potential.</p> <p>The solution is to remove the % ceiling of subsidy. For new centres in places like Mizoram, release Rs.50 lakhs as one installment after getting the BIS license and after 6 months of operation, on condition that in case of premature closure, they shall refund the entire Rs.50 lakhs to the Government.</p> <p>Also for such centres, BIS shall give the exemption of paying royalty for 3 years.</p> <p>If these 2 steps are taken by the Government and BIS, our association assures you that HM centres will come up in the remaining 17 states within 6 months time.</p> <p>BIS is collecting Rs.2 per piece on hallmarked jewellery as royalty, in addition to the license fees from the hallmarking centres. Out of these several crores collected every year, hardly any money is spend on promotion and advertisement of hallmarked Jewellery. The Ministry shall instruct the BIS to spend a minimum 25% of their earnings from Royalty in a state, in that state itself, for promotion and advertisement of hallmarked jewellery.</p> <p>The Indian Association of Hallmarking centres shall be consulted for their valuable inputs on the theme and message of the advertisements on hallmarking.</p> <p>The BIS license fees should be made affordable and licensing procedures to be simplified. The present fees of Rs.20,000 and 10,000/- are not affordable to small jewellers.</p>
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<p>One reason is the very high BIS license fees and the hassles of renewing it every 3 years.</p> <p>4)In addition to advertisement in print, electronic media, what other steps can be taken promote hallmarked jewellery?</p> <p>5)One reason is that many big jewellers are happy with the hallmarking scheme by setting up their own hallmarking centres in benami names, mostly above their own shops or on the back side or next building and hallmark their substandard jewellery.</p> <p>6)Despite repeated complaints on such benami centres, BIS is not doing anything to prevent these centres which is spoiling the credibility of the hallmarking scheme among other honest jewellers as well as among the general public and consumer organizations.</p> <p>7)Market reports indicates that many HM centres are indulging in malpractices in connivance with the jewellery suppliers and jewellers and hallmark jewellery without proper testing and quality control:</p>	<p>Instead of periodic renewal, it should be made a one time registration, just like Sales Tax/VAT registration, with one time registration fees of Rs.5000/- and from the 3 lakhs jewellers, BIS will be collecting Rs.150 crores, this way BIS will get the money and the jewellers will get hassle free license for years to come.</p> <p>Hallmarked jewellery should be made easily pledgeable for loans. The Reserve Bank of India can instruct the Banks to give gold loans upto 90% of their market value on hallmarked jewellery which will motivate consumers to buy quality certified jewellery rather than going for cheaper low quality jewellery.</p> <p>Hallmarking is 3<sup>rd</sup> party certification by an independent agency and BIS should formulate guidelines to ensure that jewellers shall not promote hallmarking centres in benami names.</p> <p>BIS shall stipulate that the Promoter of a new HM centre shall obtain the No objection certificate from the local jewellers association and the Indian Association of Hallmarking centres, stating that the Promoter has no links with retail jewellery business/jewellery shop.</p> <p>One solution is to restrict, at least for the next 3 years or mandatory hallmarking is practiced all over the country, setting up of new centres in existing cities, so that new centres will come up only in unrepresented cities and states. This will help to set up a vast network of HM centres all over the country as well as ensure that the existing centres do not bargain for business from jewellers by compromising quality.</p>
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Malpractices by HM centres and jewellers can be detected by conducting market sample purchases from hallmarked jewellers on a regular basis, at least once in 6 months from every shop.

Presently, BIS does not conduct surveillance audit on HM centres even once in a year. Many HM centres have not been inspected even after 3 years of operation which will lead to huge malpractices. Also BIS has not conducted market sample purchases from the jewellery shops for the past several years.

8)Several years back BIS has fixed a very high hallmarking charge of Rs.18 per piece and the centres are not permitted to make their invoice at a lower rate. Centres have to pay Rs.2 per piece hallmarked or 10% of the HM charges, whichever is higher and the centres have to pay service tax on Rs.18 per piece invoiced whereas in reality, most of the centres are charging Rs.10 per piece.

9)Presently the entire responsibility of hallmarked jewellery is on the hallmarking centre and whenever low caratages are detected in a hallmarked jewellery, the HM centre is put under stop marking or closed down.

In the past 10 years, no action has been taken on any jeweler for

The present HM department at BIS is not active in monitoring and promoting the hallmarking scheme and their inactivity has lead to severe malpractices at these centres and jewellery shops. If BIS do not have the capability or manpower to monitor the scheme, it should be outsourced to independent agencies without further delay. The results of the market sample purchases from jewellers should be published in the BIS website.

BIS should be concerned about quality alone and shall not be permitted to interfere in the pricing mechanism of the hallmarking scheme. Hallmarking charges shall be left to the market forces which will benefit the consumers.

Presently the HM centres are paying 33% of their collection as royalty Hallmarking should be used for consumer benefit and protection and not for BIS to make money.

Whenever under caratage is detected in a hallmarked jewellery kept at a centre, the centre shall be held fully responsible and shall be punished without mercy or leniency.

But once it leaves the HM centre, the jeweler also should be held responsible for under caratage.

<p>malpractices done by them, whereas several hallmarking centres were closed down as penalty.</p> <p>10)It can properly implemented if done in a phased manner all over the country, with a clear road map.</p>	<p>Many wholesalers and jewellers do malpractices on hallmarked jewellery.</p> <p>Hence the HM centre and the jeweler should be given the same punishment after thorough enquiry by the BIS.</p> <p>Presently BIS does not have the manpower to monitor and streamline the HM scheme. As of now 2-3 officers in Delhi BIS HQ is looking after the scheme with no effect. Hence a separate department under the Ministry or BIS shall be formed to implement and monitor the mandatory hallmarking of jewellery all over the country.</p>
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2.17 The issues raised/suggestions made by the aforementioned representatives of Jewellers/Hallmarking Centres have been taken note of and discussed at the relevant Chapters in the draft Report.

**2.18 The Committee note that Bureau of Indian Standards (BIS) as the National Standards Body is formulating need based Indian Standards in line with the national priorities. The scheme of Hallmarking of gold jewellery was launched by BIS, in April, 2000 to provide third party assurance to consumers on the purity of gold jewellery or its fineness. Under the scheme, a jeweler has to obtain Hallmarking license from BIS to get his jewellery hallmarked from the BIS recognized Assaying & Hallmarking Centres and to ensure the purity of jewellery received from artisans by following a systematic quality assurance system.**

**The Committee observe that the number of jewelers who have taken license under the scheme has gone up from 186 as on 31<sup>st</sup> March, 2010 to 7185 as on 31<sup>st</sup> December, 2009. However, the Committee feel that the progress is not at all satisfactory considering the fact that the scheme was launched about 10 years ago and there are about 33 lakh jewelers in the country. Apparently, sincere efforts have not been made by the government to bring more jewelers under the ambit of BIS Hallmarking Jewellery Scheme. The Committee, therefore, desire that the Government should make vigorous efforts to motivate/encourage more number of jewelers throughout the country to obtain the hallmarked license from BIS for getting their jewellery hallmarked so that more number of people enjoy the benefits of the Scheme.**

### CHAPTER III

#### SETTING UP OF ASSAYING & HALLMARKING CENTRES IN ALL THE STATES/UTs.

3.1 The following Statement as furnished by the Department of Consumer Affairs shows the list of State-wise Assaying and Hallmarking Centers:-

##### List of State-wise A&H Centres

<u>S.No.</u>	<u>Name of the State/UT</u>	<u>Number of Centres</u>
1.	Andhra Pradesh	09
2.	Chandigarh	01
3.	Chattisgarh	01
4.	Gujarat	14
5.	Haryana	01
6.	Jharkhand	01
7.	Karnataka	12
8.	Kerala	21
9.	Maharashtra	21
10.	Madhya Pradesh	03
11.	New Delhi	19
12.	Orissa	02
13.	Punjab	01
14.	Rajasthan	01
15.	Tamil Nadu	26
16.	Uttar Pradesh	04
17.	West Bengal	10
	<b>Total</b>	<b>147</b>

3.2 As regards the reasons for not setting up of Assaying & Hallmarking centres in the remaining 18 states the Department explained as under:-

As per the World Gold Council data, 67% of total gold offtake in the country is confined to 7 major consuming States of Tamil Nadu, Kerala, Karnataka, Andhra Pradesh, Maharashtra, Gujarat and Delhi. Further 88% of gold jewellery is being produced in 67 cities in the country and the remaining 12% in the other towns, villages and remote areas put together. As such the requirement of Assaying & Hallmarking Centres is more in these major consuming States/production centres and accordingly more such Centres have come up to these places. Apparently, the quantum of jewellery being produced/consumed in the other States/UT is not sufficient to generate adequate response of entrepreneurs to set up assaying & Hallmarking Centres there, where such Centres may not be viable.

3.3 In this context, Secretary, Department of Consumer Affairs stated during oral evidence:-

“So far only 147 centres are there in the country which are operating in big and metropolitan cities. If hallmarking is made mandatory, there will be a large number of centres. The problem is that since the hallmarking is not compulsory, jewellers do not go to them and they do not generate sufficient business.”

3.4 The Committee during briefing meeting pointed out that the Scheme was launched to give relief to the common man and not only to the people living in metro or big cities and desired to know why it was not being implemented in all the cities country-wide. The DG, BIS stated that 88% of offtake of gold for making the jewellery is right now concentrated in about 67 cities of India.

3.5 The Committee were, however, informed that to encourage entrepreneurs to set up more Assaying & Hallmarking Centres in the country in view of Government's intention to bring gold jewellery articles under compulsory certification in a phased manner, Government has introduced a scheme for extension of financial assistance to entrepreneurs setting up such centres. The assistance is to the extent of 15% of the cost of machinery and equipment required for setting up of the Centres, subject to a

maximum of Rs.15 lakhs (30% of cost of machinery and equipment subject to maximum of Rs.30 lakhs for Centres in North Eastern Region, special category states of Himachal Pradesh, Jammu & Kashmir and Uttarakhand and rural areas of the country). Subject to availability of applicants, priority is given for setting up of the Centres in locations where such Centres do not exist. This is in addition to the scheme being operated by BIS for recognition of Assaying & Hallmarking Centres.

3.6 In this context, the representative of the Ministry stated during evidence:-

“Hallmarking is a plan scheme. Earlier BIS used to give advertisement in every city but now the scheme has been improved and now we can find any person desirous of getting the benefit of the scheme can install the testing centre. We have liberalized the scheme completely. For this whatever advertisement is required, we will increase it within the next 2-3 months.”

3.7 Asked to state the efforts made to encourage setting up of more hallmarking centres in the country particularly in the hilly and rural areas, the Department replied that in order to speed up the work of setting up of more A&H Centres throughout the country in view of Governments commitment to introduce mandatory hallmarking of gold jewellery articles, the following modifications in the existing Scheme have been made recently:

- (a) Training of BIS Officers in India itself rather than in an Assaying Office in UK/Switzerland as approved by the EFC in its meeting held on 23.10.2007, within the outlay of Rs.0.40 crores,
- (b) Consideration of requests received for setting up of Gold Assaying and Hallmarking Centres in the NE Region and Special Category States even if such requests are not in response to specific advertisements seeking Expressions of Interest for setting up of such Centres in that region/States;
- (c) Extending Central assistance to more than 50 centres to facilitate establishment of such Centres in locations where no Assaying & Hallmarking Centre (assisted or otherwise) exists; and
- (d) Enhancement of the quantum of financial assistance for setting up of Assaying & Hallmarking Centres in rural areas from 15% to 30% of the cost of equipment and machinery subject to a maximum of Rs.30 lakhs. The Municipal Acts concerned will be the basis for definition and identification of rural areas.



### **Setting up of Assaying & Hallmarking Centres in North Eastern Region and Remote and Backward Areas**

3.8 Asked to state the number of Assaying & Hallmarking Centres set up in the North Eastern Region and the remote and backward areas, the Department stated that no Assaying & Hallmarking Centre has so far come up in the North Eastern Region and remote and backward areas.

3.9 In this context, in reply to a query, the Department stated that as per World Gold Council data for gold off-take, Assam, Chattisgarh, Himachal Pradesh and Orissa together account for only 4.5% of the total gold consumption in the country. Gold consumption in other North-Eastern States, J&K, Uttrakhand and Goa is also insignificant. Apparently, the quantum of jewellery being produced/consumed in these States is not sufficient to generate adequate response of entrepreneurs where such centres may not be viable.

3.10 In this context, DG, BIS further stated during briefing –

“Despite the central assistance being given, it has been seen that in some areas they are not coming e.g. in North East or special category areas or in hilly states despite assistance of 30 lakh being given, nobody is coming forward to set up centres. On 16 January, 2010 another advertisement was given asking them to get assistance and set up centres but the private entrepreneurs first make assessment and if it is viable they come forward but if they find that even after taking subsidy of thirty lakhs, they have to invest seventy lakhs and even then if the number of hallmarked items are very less, they will not get any profit.”

3.11 The Department has, however, informed that in response to a recent advertisement released by BIS in 34 National Dailies inviting expressions of interest from interested entrepreneurs for setting up of such centres in special category States, rural areas where no Assaying & Hallmarking Centres exist, six entrepreneurs have expressed interest in setting up of Assaying & Hallmarking Centres.

3.12 As regards the efforts made by BIS during the last 10 months to improve the performance of the Scheme; the DG, BIS stated that in the year 2009-10, about 140 advertisements were given in prominent newspapers.

3.13 The Committee desired to know as to whether keeping in view the lack of interest of entrepreneurs, can the Government consider setting up of its own Assaying & Hallmarking Centres in such areas where no entrepreneur is coming forward to set up Centre. The Department in reply stated that setting up of Assaying & Hallmarking Centres is a market driven activity open to entrepreneurs both in private and public sector. Lack of interest of entrepreneurs to set up the Centres in remote, hilly and tribal areas is on account of lack of demand. Presently, neither BIS nor the Government has any proposal to set up Assaying & Hallmarking Centres of their own.

3.14 The Committee desired to know whether the existing Assaying & Hallmarking Centres are adequate for testing the purity of gold jewellery. The Department in reply stated that as per the information provided by Indian Association of Hallmarking Centres, in the country as a whole, in more than 60% of the Hallmarking Centres, capacity utilization is hardly 20% of the installed capacity. Therefore, it is apparent that the existing capacity is adequate to meet the current demand.

#### **Infrastructure facilities available in the Hallmarking Centres**

3.15 Asked to state whether the existing centres are self sufficient in terms of infrastructure to test the purity of jewellery, the Department replied that the Assaying & Hallmarking Centres are set up by entrepreneurs but recognized by BIS. Recognition is given only after ensuring that the Centres have acquired the specified infrastructure and competency for carrying out assaying & hallmarking of jewellery articles. The facilities are further verified through surprise surveillance audits conducted by BIS at periodical intervals.

3.16 The Committee desired to know that if the hallmarking of jewellery is made mandatory, whether the BIS has adequate infrastructure to assess the purity of gold jewellery in the country, the DG replied that at present, it is not but as the Government is proposing to make it mandatory in phases, the purpose would be served after the areas are notified. With the machinery available at present, it is thought that it should not be made mandatory in one go because it will not be possible to give license to all and assign work to all of them as we do not have sufficient number of centres.

3.17 When asked as to how it is ensured that the certified Assaying & Hallmarking Centres are checking properly/assaying correctly the purity and quality of jewellery before stamping them with the BIS logo of certification, the Department, stated as under:-

Assaying & Hallmarking Centres are recognized by BIS after ensuring that the centre has acquired the specified infrastructure and competence for carrying out Assaying & Hallmarking of jewellery as per the BIS criteria. This is also monitored through periodical surveillance audits.

**3.18 The Committee are disturbed to note that so far only 147 BIS recognized Assaying & Hallmarking centres to assess the purity of gold jewellery have been set up in the country, that too mostly in big and metropolitan cities of seventeen States. The consumers of the remaining States/UTs, especially in the special category States of Himachal Pradesh, Jammu & Kashmir and other States such as Bihar and Goa are completely deprived of the benefits of the Scheme. The reasons put forward by the Ministry that the quantum of jewellery being produced in other States/UTs is not sufficient to generate adequate response from entrepreneurs to set up centres are not acceptable to the Committee. The Committee feel that the Scheme has not been taken up with the seriousness it deserves. The Committee find that in order to encourage the entrepreneurs to set up Assaying & Hallmarking Centres, the scheme for extension of financial assistance to entrepreneurs to the extent of 15% of the cost of machinery and equipment required for setting up of the Centres, subject to a maximum of Rs.15 lakhs (30% of cost of machinery and equipment subject to maximum of Rs.30 lakhs for Centres in North Eastern Region, special category States of Himachal Pradesh, Jammu & Kashmir and Uttarakhand and rural areas of the country) has been introduced by the government. The Committee are dismayed to note that despite the central assistance given by the government, not many centres have been set up in the country and only one centre each has come up in the States /UT of Punjab, Haryana, Chhatisgarh, Jharkhand and Chandigarh.**

**The Committee feel that apparently, the central assistance of Rs.15 lakh (Rs.30 lakhs for the North Eastern Region and special category States) does not**

seem to be sufficient to encourage the entrepreneurs to set up these centres. The Committee were informed during examination of the Subject that the total investment on land, building and machinery for a Hallmarking Centre comes to about Rs.120 lakhs. As such, an assistance to the tune of Rs.15 lakhs, that too released in two installments – one after setting up of the centre and the other after successful operation of the centre for one year, is certainly not sufficient to attract the entrepreneurs to set up the centres. The Committee, therefore, desire that the Ministry should assess the viability of the centres and also liberalise the scheme by increasing the amount of central assistance and simplifying the procedure for release of funds so that more entrepreneurs come forward to set up these centres, not only in the big cities but also in the rural and hilly areas.

**3.19 The Committee are unhappy to note that no Assaying & Hallmarking Centre has so far come up in the North Eastern Region and remote and backward areas despite central assistance of Rs.30 lakh being given for the purpose. The plea of the Government that as per the World Gold Council data for gold offtake, Assam, Chhatisgarh, Himachal Pradesh and Orissa put together account for only 4.5% of the total gold consumed in the country and gold consumers in other North Eastern States, Jammu & Kashmir, Uttrakhand and Goa are insignificant, is not convincing to the Committee. The Committee feel that keeping in view the interests of the consumers of North Eastern Region and special category States, sincere efforts were required to be made to encourage the entrepreneurs to set up centres in these areas.**

**The Committee note that in response to a recent advertisement released by BIS in 34 National Dailies inviting expressions of interest from interested entrepreneurs for setting up of such centres in special category States, rural areas where no Assaying & Hallmarking Centres exist, six entrepreneurs have expressed interest in setting up of Assaying & Hallmarking Centres.**

**The Committee hope that these cases will be finalized expeditiously for setting up of the Assaying & Hallmarking Centres in North Eastern region, the special category States and rural areas without further delay.**

**3.20 The Committee note with concern that in case the hallmarking of jewellery is made mandatory, adequate infrastructure to assess the purity of gold jewellery is not available in the country. The Committee agree with the proposal of the Government to make the hallmarking of jewellery mandatory in the four metropolitan cities of Delhi, Mumbai, Kolkata and Chennai in the first phase and in the rest of the country later, as they find that to assess the purity of jewellery produced in the 4 metro cities, there are adequate number of centres. The Committee, however, desire that simultaneously the Department should also take vigorous steps to set up Assaying & Hallmarking Centres in other parts of the Country so that when the Scheme is made mandatory, sufficient infrastructure is available to assess the purity of jewellery.**

## CHAPTER IV

### FUNDS ALLOCATED BY THE GOVERNMENT FOR IMPLEMENTATION OF THE SCHEME AND ITS UTILIZATION

4.1 The Department has stated that the funds are released to BIS by the Government for giving financial assistance to entrepreneurs who set up Assaying & Hallmarking centres under the central assistance scheme. When asked whether the funds provided by the Government to BIS for setting up of Assaying and Hallmarking Centres are sufficient, the Department has stated that funds released so far have been found sufficient to meet the demand.

4.2 The Department has furnished the following statement indicating the B.E., funds released to BIS and the amount utilized by BIS during the last three years.

(Rs. In crores)

Year	BE	Funds Released to BIS	Amount utilized by BIS
2007-08	4.00	1.00	0.32
2008-09	3.00	Nil	0.41
2009-10	1.00	0.81	0.58*

\* As on 31.12.09

From the above statement it has been noted that there is big mismatch between BE, funds released and amount utilized eg. During 2008-09, BE was Rs.3 crores and the funds released to BIS was nil whereas amount utilized was 0.41 crore. In the year 2009-10, BE was Rs.1.00 crore and the funds released to BIS was 0.81 crore and the actual utilization was 0.58 crores. In this regard, the Department have stated that setting up of Assaying & Hallmarking centres is a commercial activity. Entrepreneurs set up these centres at locations of their choice. As on 31.12.09, 147 Centes in 46 locations in India have been set up, of which 23 are with central assistance. Under utilization of funds has been due to lack of demand for assistance.

4.3 The original estimates, the revised estimates, the actual expenditure and the reasons for shortfall in achievement of physical and financial targets for the years 2007-08, 2008-09 and 2009-10 has been given in the following statement.



### Gold Hallmarking Scheme

2007-08				2008-09				2009-10			
BE	RE	Actual Exp.	Shortfall/ excess exp.. if any with reasons for variations	BE	RE	Actual Exp.	Shortfall/ excess exp.. if any with reasons for variations	BE	RE	Actual Exp.	Shortfall/ excess exp.. if any with reasons for variations (till date)
4.00	4.00	1.00	* Setting up of Assaying & Hallmarking (A&H) Centres Target : 37 Achievement : 11 . * Organization of `programmes for training of artisans. Target : 15 Achievement : 10 * Training programmes for A&H personnel. Target : 2 Achievement : 2	3.00	0.01	Nil	* Setting up of Assaying & Hallmarking (A&H) Centres, Target : 27 Achievement : 7 * Organization of programmes for training of artisans Target : 15 Achievement : 7 * Training programmes for A&H personnel. Target : 2 Achievement : 2.	1.00	0.81	0.81	* Setting up of Assaying & Hallmarking (A&H) Centres, Target : 26 Achievement : 3 * Organization of programmes for training of artisans Target : 15 Achievement : 1 * Training programmes for A&H personnel. Target : 2 Achievement : Nil

Due to lack of interest of entrepreneurs, the achievements under the Central assistance Scheme has not been to the expected level.

4.4 The Committee observed that target for setting up of Assaying & Hallmarking Centres during the last three years was not achieved. In 2007-08 as against the target of 37 achievement was 11. In 2008-09 achievement was 7 against the target of 27 and in the year 2009-10, as against the target of 26, the achievement was only 3. The targets for organization of programmes for training of artisans and Assaying &

Hallmarking personnel for the said period were also not achieved. In this context the Department has stated that implementation of the scheme has not been upto the expected level. Against the target for setting up of a total of 50 Assaying & Hallmarking Centres under central assistance during the 11<sup>th</sup> Five Year Plan, only 23 could be set up and recognized by BIS so far owing to lack of interest on the part of entrepreneurs to set up such Centres on commercial considerations, apparently due to inadequate demand consequent on non-introduction of hallmarking on mandatory basis. The recent liberalization of the scheme is likely to encourage entrepreneurs to come forward and set up more such Centres. Introduction of mandatory hallmarking, even if in phases, is also bound to encourage setting up of more such Centres in different parts of the country.

4.5 In this context, the Department have further stated as under:-

“Central Assistance under the Scheme is released for a maximum of two Centres at important locations other than Metros/major production/consumption Centres where assistance may be extended up to a maximum of four Centres. In view of limited demand from unrepresented areas, so far only 23 centres have been set up under the Scheme. During 2008-09 no funds were released to BIS since it already had unspent balance from the previous year and no additional requirements were projected. During 2009-10, against BE of Rs.1.00 crore, Rs.0.81 crore was released to BIS.”

4.6 As regards the procedure for releasing funds to the beneficiaries, the Department of Consumer Affairs have stated that BIS is the executing agency for implementation of the Central Sector Scheme for extension of financial assistance to entrepreneurs who set up Assaying & Hallmarking Centres. Funds are released to BIS by the Government for giving such assistance to eligible beneficiaries. BIS provides assistance to the beneficiaries in two installments as under:

- (a) 1<sup>st</sup> installment of 50% of assistance after setting up of the Centres and obtaining BIS recognition; and
- (b) 2<sup>nd</sup> installment of balance 50% after one year of successful operation of the centre.

4.7 Availability and installation of all the machinery and testing equipments in the Centres are verified by BIS physically as per the documented norms. All the

bills/vouchers relating the said machinery and equipment are also verified before release of payment to the beneficiaries.

4.8 During evidence the Committee pointed out that the funds are not being utilized because the people are not coming forward to set up Assaying & Hallmarking centres with the less incentive being given to them. The representative of the Department in response stated that they will look into the matter as to how can the entrepreneurs be encouraged and take steps accordingly.

4.9 As regards the steps taken to review the financial and physical performances against plan provisions and targets fixed, the Department in a note furnished to the Committee have stated that as suggested by the Planning Commission, an evaluation study is being undertaken shortly:

- \* to assess the effectiveness or otherwise of the Scheme,
- \* the reasons for lack of interest on the part of entrepreneurs to avail assistance and set up centres
- \* Suggest measures for its more effective implementation and based on the findings of the study, suitable modifications in the Scheme may be considered at a later stage.

**4.10 The Committee note with concern the uneven pattern of the budget estimates and expenditure, i.e. the funds released to BIS and the amount actually utilized by BIS during the last three years. In the year 2007-08, as against BE of Rs.4 crores, funds released to BIS were Rs.1 crore and the amount actually utilized by it was Rs.0.32 crores. In the year 2008-09, against the BE of Rs.3 crores, Nil amount was released to BIS, whereas in the year 2009-10, BE was reduced to merely Rs.1 crore out of which only 0.81crore was released to BIS and only 0.58 crores was actually utilized by BIS as on 31<sup>st</sup> December, 2009. The reasons put forward by the Department that under utilization of funds has been due to lack of demand for assistance, are unacceptable to the Committee. The Committee are of the opinion that this trend merely indicates the lack of seriousness on the part of the Ministry to implement this very important scheme, to protect the interest of the consumers. The Committee deplore the slackness and improper planning on the part of the Government to spend the funds. The Committee recommend that the Department should give adequate publicity to such Schemes so as to create interest among the consumers and educate them about the benefits of purchasing only hallmarked jewellery. Further, as earlier stated, the Department should also explore the possibility of liberalizing the scheme of providing financial assistance for setting up of Assaying & Hallmarking Centres so as to motivate more and more entrepreneurs to set up Assaying & Hallmarking Centres in the remaining 18 States/UTs of the Country.**

**4.11 The Committee are disturbed to note that there is a great shortfall in the achievement of physical targets as well, over the last three years. As against the targets of setting up of 37, 27 and 26 Assaying & Hallmarking Centres, the achievement was only 11, 7 and 3 during the years 2007-08, 2008-09 and 2009-10, respectively. Further, the targets in respect of conducting training programmes for artisans and Assaying & Hallmarking personnel were also not achieved for the said period. The Department themselves have conceded that implementation of the scheme has not been upto the expected level and have admitted that against the target for setting up of a total of 50 Assaying & Hallmarking Centres under central assistance during the 11<sup>th</sup> Five Year Plan, only 23 could be set up and recognized by BIS.**

**The Committee find that to review the financial and physical performances, the Department, as suggested by the Planning Commission, is undertaking an evaluation study shortly to assess the effectiveness or otherwise of the scheme, the reasons for lack of interest on the part of entrepreneurs to avail assistance to set up centres and suggest measures for its effective implementation. The Committee feel that the performance of the Scheme should have been reviewed much earlier and remedial steps taken in order to improve its performance. The Committee observe that the performance of the Scheme was unsatisfactory not for want of funds but due to the lack of proper planning on the part of the Department. The Committee strongly deplore the lack of professionalism on the part of the Department of Consumer Affairs, who could not take timely action to spend the money and achieve the financial as well as physical targets under the**

**Scheme. The Committee, therefore, desire that the Department should make proper planning to ensure achievement of physical targets during 2010-11. The Committee also desire that the evaluation study should be undertaken urgently and based on the assessment and outcome of the study, necessary modifications may be made in the scheme so as to make it more effective. The Committee would like to be apprised of the action taken in this regard.**

## **CHAPTER V**

### **MANDATORY HALLMARKING OF GOLD JEWELLERY**

5.1 The Committee have been informed that it was proposed to bring hallmarking of gold jewellery under mandatory certification w.e.f. 1<sup>st</sup> January, 2008 in a phased manner – in the four metro cities of Delhi, Mumbai, Kolkata and Chennai in the first phase and in the rest of the country later, based on the experience gained in the four metros. The Scheme, however, could not be introduced so far for want of an enabling legislative framework for its implementation under the Bureau of Indian Standards Act, 1986. The Bill for Amendment to BIS Act is under consideration of the Department in consultation with Legislative Department, Ministry of Law & Justice.

5.2 In this context, the representatives of the Department stated during briefing meeting as under:-

“Under Section 14 of BIS Act, the Central Government has powers under which the Indian Standard mark can be made compulsory in respect of any process or article, in the public interest. These compulsions are possible only for the Industries mentioned in the First Schedule of the Industries Development and Regulation Act, 1951. In this first schedule of Industries Development and Regulation Act, manufacturing of gold and silver is included. However, when we tried to interpret that definition to include gold jewellery, we ran into legal problems. There the gold being manufactured or refined would be covered. That would be covering only primary gold. But in the country we have lakhs of jewellers who are actually selling gold jewellery to the people. That definition could not fit in our existing framework. As a result, so far, we have not been able to make hallmarking of gold jewellery mandatory. That is one aspect of the problem.

Now, when we went and framed some regulations, we were advised by the Law Ministry that ‘first you have to amend your Bureau of Indian Standards Act to provide for compulsory marking of gold jewellery. Only then, it would be possible to go ahead.’ So, we have already made the draft, which is in the final stages of getting approval from the Law Ministry. We are hopeful that in the ensuing Session of Parliament we will be able to introduce this amendment to BIS Act, which will give us legal powers to make it mandatory.”

5.3 During examination of Demands for Grants for the year 2008-09, the Department had informed that mandatory Gold Hallmarking Scheme is planned to be implemented in a phased manner in the country. In the first phase, 4 metro cities i.e. Delhi, Mumbai,

Chennai and Kolkatta are proposed to be covered. When asked about the reasons for spilling over of targets with regard to making of the hallmarking of gold jewellery mandatory, the Department stated that Hallmarking of Gold jewellery has not been made compulsory due to absence of enabling legislative framework for its implementation under Bureau of Indian Standards Act, 1986.

5.4 However, during evidence on 21<sup>st</sup> July, 2010, the Committee pointed out that there is a demand from the jewellers who are honestly trying to sell BIS hallmarked jewellery to make it mandatory as there are chances of jewellers selling non hallmarked jewellery, to exploit the market. The Committee, therefore, desired to know as to why there was so much delay to amend the Act so as to make hallmarking of gold jewellery mandatory and what efforts were made by the Department to expedite it. The Secretary, Department of Consumer Affairs responded as under:-

“After detailed discussions, Law Ministry has given its approval to the proposed amendments in the Act but the Cabinet Secretary had said that we should have little more consultations with other Departments namely the Department of Industrial Policy and Promotion, the Ministry of Finance and the Ministry of Commerce. We are going to discuss with the Department of Industrial Policy and Promotion.”

He further added that:-

“Consultations with these Departments were held earlier, the approval of Law Ministry was obtained and the matter was sent for Cabinet’s approval. The Cabinet’s Committee opined that since the concerned Departments were consulted long back, they may again be consulted.”

5.5 When the Committee pointed out that almost a decade had passed since the launch of the scheme in 2000, but it was yet to be made mandatory, the Secretary, Consumer Affairs stated that Amendments were proposed only in 2007. During evidence, the Committee enquired about the major amendments proposed to be made in the Bill. The Secretary, Department of Consumer Affairs responded as under:-

“There is a provision in Section 14 of the Industries Development and Regulation Act that if BIS mark is to be made mandatory for a product, it should be in the First Schedule of that Act. Now we want to delink it from the Industries Development and Regulation Act. We want to say if mandatory certificate is going to be introduced for any product, it should be in public interest. That is not going to be in the law. If it is in public interest, the Government can make any



product or process certification mandatory. That is one major amendment which we are proposing.

The second major amendment is, today if a product is to be made mandatory for certification by BIS, then the whole process has to be done by BIS. But for two or three items like jewellery where the number of dealers are in lakhs, we are now trying to introduce another scheme which is called Registration Scheme where a person will say that he has complied with all the requirements of BIS. BIS will authorize certain laboratories where officials can go and check. But it will be very difficult to introduce compulsory hallmarking.

Thirdly, we are trying to introduce a system of compounding of offence. If a person is misusing the BIS norm, then BIS will file a case in the court and the court will give six months prison term to the guilty.”

5.6 The Committee pointed out that though the jewellery having a BIS mark carries an assurance of purity, the jewellers selling the hallmarked jewellery charge exorbitant making charges. There is no control on the making charges and the customers are exploited. The Committee, therefore, desired to know whether any system has been evolved by BIS to have a check on this to give protection to the consumer. The Department in this regard stated that making charges depend upon the type of jewellery being purchased by the consumer and it is a bilateral issue between jeweler and customer in which BIS has no role to play. The DG, BIS, in this context during evidence stated – “There are no standard for designs. But theoretically it is possible. If we say that nobody shall charge in excess of a certain percent of the price of intrinsic gold in it, for that, a law may be necessarily required.”

5.7 The Committee are deeply concerned to note the delay in the implementation of Mandatory Hallmarking of Gold Jewellery Scheme which was proposed to be implemented w.e.f. 1<sup>st</sup> January, 2008 in a phased manner i.e. in the four metro cities of Delhi, Mumbai, Kolkatta and Chennai in the first phase and in the rest of the country, later. As informed by the Department of Consumer Affairs, the Scheme could not be introduced so far for want of an enabling legislative framework for its implementation under the BIS Act, 1986. The Committee have been informed that the amendments in the Act as approved by the Law Ministry were sent for Cabinet's approval. The Cabinet Committee has opined that since the concerned Departments namely, the Department of Industrial Policy and Promotion, the Ministry of Finance and the Ministry of Commerce were consulted long back, they may again be consulted, after which the matter will again be placed before the Cabinet. The Committee are not convinced with the reasons advanced by the Ministry for the delay in making necessary amendments in the Act. The Committee feel this to be on account of slackness on the part of the Government and lack of seriousness on their part to implement the scheme in the right earnest.

The Committee feel that until and unless the Hallmarking of gold jewellery is made mandatory, the scheme will not have the desired result of protecting the interest of the consumers by preventing sale of inferior quality of gold, promoting export competitiveness and developing India as a leading gold market centre in the world. The Committee observe that due to increase in the purchasing power of the middle and upper-middle classes, there is an increasing market for gold

**jewellery. Even the people of small towns and villages often invest their hard earned savings in gold jewellery as a hedge against inflation and difficult times. All such consumers rightly deserve to get insurance of their investment in gold, which is possible only if the Hallmarking of gold jewellery is made mandatory.**

**During examination of the Subject it was brought to the notice of the Committee that BIS market surveys in 2002 had revealed a 10-15% adulteration in 22 carat jewellery which at today's gold prices, will be estimated to 20 thousand crores per annum of loss to the consumers. The matter thus deserves serious consideration. The Committee, therefore, strongly recommend the Department to take up the matter with utmost seriousness and finalise the modalities of the Bill for its early introduction in the Parliament so as to bring hallmarking of jewellery under mandatory certification. As regards operational issues arising out of the making of hallmarking of jewellery mandatory, the Government may constitute a high powered Committee to tackle those issues. However, in no case, the introduction of the Bill should be delayed.**

**5.8 The Committee also note that though the jewelers selling hallmarked jewellery give an assurance of purity, yet they charge exorbitant making charges which puts heavy burden on the consumer in the guise of providing quality assurance. The Committee are dismayed to note that BIS has no control on the situation whereby the customers are being exploited by the BIS certified jewelers. In this regard, the Committee were informed during evidence that it is a bilateral issue between the jeweler and the customer and BIS has no role to play, which the Committee do not find convincing. The Committee feel that in order to regulate the making charges, a law may necessarily be required. The Committee, therefore, recommend that BIS should look into this aspect and evolve a system to regulate the making charges to ensure that a ceiling is imposed thereon. As certain amendments in the BIS Act, 1986 are already under consideration of the Government, the Committee desire that necessary amendments may be made to this effect also in the BIS Act, so as to give protection to the consumer.**

## CHAPTER VI

### EVALUATION STUDY OF GOLD HALLMARKING OF JEWELLERY SCHEME

6.1 Asked whether the Scheme of gold hallmarking of jewellery has been evaluated/reviewed by an independent agency, the Department in a note furnished to the Committee stated as under :-

An evaluation study of the Scheme has recently been awarded to an independent agency with the following terms of reference:

- (a) Evaluation of the procedure for providing central assistance to Gold Assaying & Hallmarking Centres across the country.
- (b) Whether financial assistance under the Scheme act as an incentive for Gold Assaying & Hallmarking Centres.
- (c) Whether consumers are aware of the benefits of Assaying/Hallmarking Centres.
- (d) Efficacy of training provided to artisans and whether such training has helped in improving their skills.
- (e) Identify problems of the Assaying & Hallmarking Centres, if any, in carrying out their operations and suggest appropriate solutions to overcome these problems.
- (f) Evaluate reasons for slow progress of the Scheme and satisfactory progress in certain States.
- (g) Comments on effectiveness of the Scheme and suggest measures to make its implementation more effective.

6.2 The study will cover the metro cities of Delhi, Mumbai, Kolkatta & Chennai, 15 locations where Assaying & Hallmarking Centres have already been set up with Central Assistance and 15 other locations in different parts of the country where, as per the World Gold Council, the offtake of gold is on the high side or are capital cities of special category states. The study should gauge the level of awareness among the consumers/potential consumers about the purity of gold jewellery sold in the country, the role of hallmarking and the importance of purchasing hallmarked jewellery. The study should cover at least 100 consumers/potential consumers selected on random basis in each Centre/location, out of which about 50% may be from rural areas.

6.3 Asked whether the study will also cover the remote, hilly and backward areas, the Department stated that the study will cover Jammu, Shimla and Dehradun among

other locations. The study would cover 100 consumers, of which about 50% will be from rural areas, representing different social-economic categories on stratified sampling basis in each location. The Agency will submit the Report within a period of two months.

**6.4 The Committee note that an evaluation study of the Scheme of Hallmarking of Gold Jewellery has been given to an independent agency to study and evaluate inter alia, the procedure for providing central assistance to Assaying & Hallmarking Centres; whether the assistance acts as an incentives for the centres; the reasons for slow progress of the scheme and to suggest measures to make its implementation more effective. The study to be conducted in metro cities of Delhi, Mumbai, Kolkata and Chennai would gauge the level of awareness among the consumers about the purity of gold jewellery, the role of hallmarking and importance of purchasing hallmarked jewellery and would also cover rural areas. The Committee feel that such an evaluation study should have been conducted much earlier after watching the performance of the Scheme in the first two years of the 11<sup>th</sup> Five Year Plan to know the reasons for its slow progress and to take consequential measures to make its implementation more effective. The Committee deplore the lackadaisical manner of implementing the scheme by the Ministry. The Committee hope that as the present study would cover the consumers representing different socio economic categories on stratified sampling basis in each location, it would help to identify the problems and shortcomings in the Scheme. The Committee desire that based on the findings and outcome of the study, suitable modifications may be made in the Scheme to make it more effective.**

## CHAPTER – VII

### AWARENESS PROGRAMMES

7.1 Asked to state the steps taken by the Government to create awareness among the consumer about the benefits of hallmarking of gold jewelery, the Department stated in a written note that BIS releases advertisements both in print and electronic media in English and local languages and organize awareness programmes at regular intervals across the country including rural and remote areas to make the scheme popular. So far 240 awareness programmes have been organized by BIS during last four years. Department of Consumer Affairs has also been running a multi-media publicity campaign both in print and electronic media under the 'Jago Grahak Jago' theme to create awareness among consumers and Hallmarking is one of the issues being highlighted in the campaign. Programmes like 'Nukkad Natak' are also organized for the benefit of consumers in remote and rural areas. When asked about the number of 'Nukkad Natak' organized for the benefit of consumers in remote and rural areas, the Department stated that BIS has not yet organized any 'Nukkad Natak' in rural/remote areas.

7.2 The Committee desired to know as to how far the publicity campaign in print and electronic media under 'Jago Grahak Jago' theme has proved useful to create awareness amongst the consumers. The Department in reply have stated that a survey was conducted by an empanelled agency of Planning Commission in 59 districts of 12 States i.e. Delhi, Madhya Pradesh, Haryana, West Bengal, Gujarat, Karnataka, Jharkhand, Uttar Pradesh, Tamil Nadu, Rajasthan, Assam and Meghalaya. Data was collected from house wives; students, employed (including self employed); unemployed, trade/industry, farmers and senior citizens. About 53% respondents were from rural areas and 47% from urban areas. The survey revealed that majority of consumers are satisfied with the campaign "Jago Grahak Jago: and it has resulted an increased awareness amongst consumers of their rights.

7.3 The Committee desired to know whether any advisory is issued by BIS to help the consumers from being cheated by such fraudulent hallmarking gold jewellery shops and in what manner the consumers are made aware of such advisory? The Department



have stated in reply that consumers are advised to check five components of 'Hallmark' i.e. BIS standard Mark, Fineness, Assaying & Hallmarking Centre's mark, Year of Marking, and Jeweller's mark, before buying hallmarked jewellery. Bureau of Indian Standards release advertisements both in print and electronic media in English and local languages and organize awareness programmes at regular intervals to make consumers aware of hallmarked jewellery. Regarding the checking facilities available in hallmarked jewellery shop, the Committee were informed that BIS licensees selling hallmarked jewellery are required to clearly display information about the five components in the hallmark and also have a magnifying glass of at least 10 x magnification to facilitate the consumer to view the hallmarking done by Assaying and Hallmarking Center. Any consumer who purchases hallmarked jewellery can also get the same tested from any of the BIS recognized Assaying & Hallmarking Centres.

7.4 The Committee pointed out that people in India particularly in South are willing to invest in gold rather than in real estate and desired to know in what manner the Government gives guarantee of purity of gold to those people? The Department stated that the interests of consumers are being protected in following ways:

- (a) Making them aware of the benefits of the Hallmarking of gold jewellery through publicity campaigns and other consumer awareness programmes through which consumers are advised to check the following five components of 'Hallmark' before buying jewellery:
  - (i) BIS Standard Mark,
  - (ii) Purity Grade/Fineness,
  - (iii) Assay Centre's identification mark,
  - (iv) Year of Marking denoted by a letter symbol (as defined by BIS),  
and
  - (v) Jeweller's mark/manufacturer's identification mark.
- (b) Making available on BIS website the list of BIS licensed jewellers who sell hallmarked jewellery.
- (c) Whenever a complaint is received regarding lesser purity than that declared on the hallmarked gold jewellery along with the supporting assay report from any BIS recognized Assaying & Hallmarking Centre, the

jewellery is required to be replaced free of cost by the licensee. in case the complaint is proved to be genuine.

7.5 When enquired as to whether the Government have any mechanism to protect the interest of illiterate and poor consumers, the Department stated in a written note that the interests of illiterate and poor consumers are being protected by making them aware of the benefits and contents of the hallmark through awareness programmes at regular intervals and through advertisements in electronic media.

7.6 Asked about the safeguards available to the consumers who are cheated by fraudulent gold jewellers, the Department stated that whenever a complaint supported by the cash memo issued by the jeweler and an assay report of any BIS recognised Assaying & Hallmarking Centre is received from any consumer about lesser purity of gold in the hallmarked gold jewellery article purchased by him/her than that is declared on it and if the complaint is proved genuine, the licensee jeweler has to replace the jewellery free of cost to the consumer. The Committee, however, observed that merely giving advertisement in newspapers will not be fruitful. If it is done nation wide on TV in between news and other programmes then people will understand its importance and follow it. In this regard the Secretary, Department of Consumer Affairs stated that they will take up this campaign nation wide.

7.7 The Committee pointed out that it was brought to their notice by one of the leading jewellers that the differentiation between hallmarked and non-hallmarked jewellery is normally done by the Touch Stone and any jeweller hardly employs cartage machine as the same costs several lakhs rupees and is not very accurate too and enquired whether it is mandatory for all the jewellers to use Touch Stone and cartage machine in their jewellery shops? If not, how the consumer can make the difference between hallmarked and non-hallmarked jewellery in the absence of these instruments? In response, the Department stated that there is no provision for use of touchstone/ cartage machine as per BIS scheme for certification of gold jewellery. Hallmarking is done by BIS recognized Assaying and Hallmarking Centres by following the BIS criteria which includes 100% XRF testing for homogeneity of samples, followed by fire assay method on random sampling basis. A consumer can differentiate between hallmarked and non-hallmarked jewellery by checking the five components of Hallmark The

licensee is required to mandatorily display this information at a prominent place of his sales outlet as per the BIS scheme for certification of gold jewellery.

**7.8 The Committee note that to create awareness among the consumers about the benefits of Hallmarking of Gold Jewellery, BIS releases advertisements both in print and electronic media in English and local languages and organize awareness programmes at regular intervals across the country including rural and remote areas, to make the scheme popular. The BIS has organized 240 awareness programmes during the last four years. The Committee find that as per the study conducted by an empanelled agency of Planning Commission in 59 Districts of 12 States, 'Jago Grahak Jago' multi-media publicity campaign, both in print and electronic media, has resulted in an increased awareness amongst consumers. The Committee, however, feel that a lot more needs to be done to make the scheme popular and make the people aware about the benefits of the Scheme. The Committee, therefore, desire that BIS should organize more awareness programmes to educate the people at large about the benefits of Gold/silver Hallmarking.**

**7.9 The Committee further note that `Nukkad Nataks' organized by the BIS for the benefit of consumers have not yet been organized in rural and remote areas. The Committee feel that unless the Scheme is widely popularized and consumers of rural, remote and hilly areas are made aware of the benefits of the Hallmarking of Jewellery, they cannot come forward to opt for the Hallmarked jewellery, thereby defeating the very purpose of the Scheme.**

**The Committee feel that people tend to learn quickly and easily with the help of such street plays and therefore, recommend that `Nukkad Natak' and other awareness programmes may be organized by BIS in rural, remote and hilly areas also so as to spread the reach of the Scheme to the farthest corners of the country and interests of the consumers in small towns and villages who invest their hard earned savings in gold jewellery are protected.**

## CHAPTER VIII

### ENFORCEMENT/MONITORING OF THE SCHEME

8.1 The Department has furnished the following details of license granted to gold jewellers, renewed or suspended by BIS under the scheme during the last three years:-

Licenses granted	:	3719
Licenses renewed	:	2132
Licenses suspended	:	Nil

As regards the position of renewal of remaining 1587 licenses, the Department has stated that licenses are granted on different dates, for three years validity period, and therefore they fall due for renewal on different dates. The 2132 licenses that were renewed during the three years were those which were granted before three years.

8.2 The Committee pointed out that as per a news report samples of jewellery were collected by BIS from shops in 8 cities wherein 88% of the samples failed to conform to the claimed standards and desired to know as to what steps have been taken by the Government against the jewellery shops whose samples did not conform to the claimed standards by jewellers? The Department in this regard stated that out of 120 samples of non-hallmarked jewellery collected in 2001-02 from eight cities, 107 samples failed to conform to the declared purity. Legal cases have been filed against all the 107 jewellers in MRTP Commission out of which 98 cases have been disposed off by the Commission. Nine cases are still pending. Asked about the reasons for pendency of 9 cases for such a long period, the Department stated that at present only 08 (eight) cases are pending decision. These cases were filed before the Hon'ble Monopolies and Restrictive Trade Practices (MRTP) Commission which has since been wound up and the said cases have been transferred to the Hon'ble Competition Appellate Tribunal.. Pendency is due to Court procedural system.

8.3 As regards the sample survey conducted after 2001-02, the Department stated that a market survey was conducted by BIS in 2006 through an independent agency in 16 cities. i.e. Jammu, Ludhiana, Chandigarh, New Delhi, Gurgaon, Meerut, Kanpur, Jaipur, Jodhpur, Indore, Ranchi, Bhubaneshwar, Vadodara, Pune, Madurai and

Thiruvananthapuram. .Out of 162 samples drawn for the survey, 16 passed and 146 failed.

8.4 When asked about the number of fraudulent gold hallmarking jewellery shops detected during raids/inspection conducted by BIS enforcement machinery on the BIS licensed jewellery shops, the Department stated that no raids have been conducted by BIS enforcement machinery so far on BIS licensed jewellery shops selling hallmarked jewellery. Explaining the reasons therefor, the Department has stated that monitoring of BIS jewellers is done through market surveillance where jewellery samples are drawn from retail outlets for getting them tested from independent Assaying and Hallmarking Centres and action is taken against the defaulters as per BIS guidelines.

8.5 The Committee observed that as per the news item, there have been instances of jewellers deceiving buyers by inscribing 916 (the BIS hallmark for 22 carat gold) on non-hallmarked gold jewellery and asked to state the number of licenses of accredited gold purity testing centres charged with fraudulent hallmarking of gold jewellery cancelled by BIS during the last three years in the country. The Department stated in reply that five Assaying & Hallmarking Centres – two in Tamilnadu and one each in Kerala, Mumbai and Delhi were derecognized by BIS during the last three years for violating BIS criteria for judging of their performance. The Department further stated that consumers are advised to check five components of 'Hallmark' i.e. BIS Standard Mark, Fineness, Assaying & Hallmarking Centre's mark, Year of Marking, and jeweler's mark, before buying hallmarked jewellery.

8.6 As regards the raids conducted and licenses cancelled in respect of jewellers, DG, BIS, during evidence stated as under :-

“Sir, it is negligible, I may tell you the reason. Our enforcement machinery has very limited resources. We are not upto the mark to endorse it in this big country, we have derecognized 6 Hallmarking Centres because we found that the purity was different and the mark indicated was different. If a jeweler gets the jewellery tested in the centre, it is his duty to mention actual caratage . If it is 21 carat, mark of 21 carat should be there. In this case the mistake is not on the part of the jeweler but it is on the part of the testing centre who has tested it.

He further stated that with the limited machinery, they could get 760 samples tested during the last 3 years out of which 50 samples failed because the declared purity did not match with the marked purity.”

When asked what action was taken in such cases, he stated that they are punished as per the punishment prescribed for such offence.

8.7 On being enquired about the difficulty to involve private agencies for checking misuse of BIS Hallmarking of Gold Jewellery, the Department stated that since the Scheme is intended to give third party assurance on the purity of gold jewellery articles, it may not be appropriate to assign the work to private agencies.



**8.8 The Committee are dismayed to note that the Government has no monitoring mechanism for enforcement of the Scheme as no raids are stated to have been conducted by the BIS enforcement machinery on BIS licensed Jewellery shops selling hallmarked jewellery despite the fact that instances of jewelers deceiving buyers by selling inferior quality of gold jewellery against the declared purity have been found in the different parts of the country.**

**The plea of the Government that BIS conducts market surveillance on certified jewellers as per documented guidelines and, therefore, does not take raids at licensed premises, is not acceptable to the Committee. The Committee are further disturbed to note that BIS has very limited resources and machinery to enforce the Scheme. The Committee are of the opinion that unless there is strict monitoring of the scheme people will not have faith on the genuineness of the dealers and will not opt for Hallmarked jewellery which will affect the performance of the scheme. The Committee, therefore, desire that BIS should strengthen its monitoring mechanism by conducting regular surveys and inspections, particularly of the BIS certified shops, so that the fraudulent dealers are identified and punished. Names of such dealers should be notified and publicized for the information of general public. This will also instill the feeling of security and boost the confidence of the consumers. They may also explore the possibility of involvement of independent agencies in such a process, if required.**

## CHAPTER IX

### Manpower with BIS

9.1 The Committee have been informed that adequate manpower is not available with BIS for implementation of the Hallmarking Scheme. Information given by BIS regarding vacant posts is as under

(i)	Scientific posts	:	<b>140</b>	
	(a)	posts are deemed to have lapsed due to their remaining vacant for more than one year		093
	(b)	Vacancy due to non-availability of eligible Candidate for promotion		014
	(c)	Recruitment process in progress		033
(ii)	Non-Scientific posts		<b>475</b>	
	(a)	posts are deemed to have lapsed due to their remaining vacant for more than one year		172
	(b)	Appointments orders under issue		075
	(c)	Recruitment process in progress		017
	(d)	Pending promotions		211

### CONSUMERS' GRIEVANCES REDRESSAL CELL OF BIS

9.2 The Committee have been informed that BIS has set up a grievances Redressal Cell which deals with the grievances relating to purity of gold jewellery also. Three complaints were received from the consumers during the last three years.

**9.3 The Committee are shocked to note that as many as 140 Scientific Posts and 47 Non Scientific Posts are lying vacant in BIS. They are further disturbed to note that 93 Scientific Posts and 172 Non Scientific Posts are deemed to have lapsed due to their remaining vacant for more than one year. Further, for 33 Scientific Posts and 17 Non Scientific Posts, the recruitment process is in progress. The Committee deplore the inaction on the part of BIS due to which a large number of posts rendered lapsed.**

**The Committee are of the opinion that large number of vacancies in any institution hampers its proper functioning. In case of BIS, it is evident from the fact that due to shortage in manpower, they are not able to provide proper surveillance and enforcement over the Scheme. The Committee wonder that with such a large number of vacancies, how will BIS discharge its duties effectively and achieve the avowed objectives to the entire satisfaction of the consumers. The Committee, therefore, desire that prompt action may be taken by BIS to fill up the vacant posts. Suitable action may also be taken at a higher level to reactivate and revive the posts which were lapsed due to remaining vacant for more than one year.**

9.4 The Committee note that a Grievances Redressal Cell has been set up by BIS which deals with the grievances relating to purity of gold jewellery. While noting that only three complaints were received from the consumers during the last three years, the Committee feel that there is a lack of awareness amongst the consumers about existence of such a Cell in BIS. The Committee feel that unless the people are made aware about the existence of a Cell which is looking into their grievances relating to purity of gold, setting up of such a Cell would be a futile exercise. The Committee, therefore, recommend that besides creating awareness about benefits of Hallmarked Jewellery, the consumers should simultaneously be made aware about the existence of the Grievances Redressal Cell and also about the procedure for making complaints thereunder, so that greater number of consumers approach the Cell and get their grievances redressed.

NEW DELHI;  
25 August, 2010  
3 Bhadrapada, 1932 (Saka)

**VILAS MUTTEMWAR**  
Chairman,  
Standing Committee on Food,  
Consumer Affairs and Public Distribution

**APPENDIX-I**

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND  
PUBLIC DISTRIBUTION (2009-10)**

**MINUTES OF THE NINTH SITTING OF THE STANDING COMMITTEE ON FOOD,  
CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION HELD ON MONDAY,  
25<sup>TH</sup> JANUARY, 2010**

The Committee sat from 1200 hrs to 1330 hrs in Committee Room 'C', Parliament House Annexe, New Delhi.

**Present**

Shri Vilas Muttemwar - Chairman

**Members**

**Lok Sabha**

2. Shri Tarachand Bhagora
3. Shri Arvind Kumar Chaudhary
4. Shri Abdul Mannan Hossain
5. Shri Lal Chand Kataria
6. Shri Purnmasi Ram
7. Shri Danapal Venugopal

**Rajya Sabha**

8. Smt. T. Ratna Bai
9. Shri Lalhming Liana
10. Shri Kanjibhai Patel
11. Shri Rajniti Prasad
12. Shri Kaptan Singh Solanki

**Secretariat**

1. Shri P.K. Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Jagdish Prasad - Deputy Secretary

**Representatives of the Department of Consumer Affairs:-**

1. Shri Rajeev Agarwal - Secretary
2. Shri Rakesh Kacker - Additional Secretary
3. Shri Sharad Gupta - DG (Bureau of Indian Standards)
4. Shri Sanjay Singh - Joint Secretary
5. Shri Alinda Chandra - AD GM (BIS)

2. At the outset, Hon'ble Chairman welcomed the representatives of the Department of Consumer Affairs to the sitting of the Committee convened to have briefing on the subject 'Bureau of Indian Standards (BIS)-Hallmarking of Jewellery' selected for examination during 2009-10. In his opening remarks the Chairman observed inter-alia that the performance of BIS on Hallmarking of Jewellery Scheme was not satisfactory due to the fact that the scheme was getting affected owing to lack of interest among the entrepreneurs and also for want of infrastructure in the Assaying and Hallmarking Centres and asked the Secretary to explain the achievements of Hallmarking of Gold Jewellery Scheme since its inception, alongwith steps taken to provide uniformity and self-sufficiency to the existing Assaying and Hallmarking Centres in the country.

3. The Secretary, Department of Consumer Affairs explained in brief the functioning of BIS, specifically the Hallmarking Scheme. Thereafter, he resolved the queries raised by the Members, particularly with regard to the steps taken for setting up of Assaying and Hallmarking Centres to assess purity of Jewellery, encouraging entrepreneurs for implementing Hallmarking Schemes, implementation of modifications done in the existing scheme and efforts made to set up Assaying & Hallmarking Centres throughout the country so as to implement mandatory hallmarking of Gold Jewellery. The Committee expressed its concern for not achieving the target fixed for 2009-10 for setting up the Assaying and Hallmarking Centres by BIS. The Secretary, Department of Consumer Affairs assured that they will take necessary steps to improve the performance of the Scheme. The Committee suggested that the Government should enhance the funds on the publicity campaign of the Scheme which was agreed to by the Secretary of Department of Consumer Affairs.

A verbatim record of the proceedings has been kept on record.

**The Committee then adjourned.**

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**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND  
PUBLIC DISTRIBUTION (2009-10)**

**MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING COMMITTEE ON  
FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION HELD ON  
WEDNESDAY, 5<sup>TH</sup> MAY, 2010.**

The Committee sat from 1500 hrs to 1630 hrs in Committee Room No. '139', Parliament House Annexe, New Delhi.

**Present**

Shri Vilas Muttemwar - Chairman

**Members**

**Lok Sabha**

2. Smt Harsimrat Kaur Badal
3. Shri Tarachand Bhagora
4. Shri Arvind Kumar Chaudhary
5. Shri Sanjay Singh Chauhan
6. Shri Lal Chand Kataria
7. Shri Marotrao Sainuji Kowase

**Rajya Sabha**

8. Smt. T.Ratna Bai
9. Shri P.Kannan
10. Shri Lalhming Liana
11. Shri Shantaram Laxman Naik
12. Shri Rajniti Prasad
13. Dr.T.N.Seema
14. Shri Kaptan Singh Solanki

**Secretariat**

1. Shri P.K. Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Jagdish Prasad - Additional Director



**Non-official witnesses:-**

- |    |  |   |  |
|----|--|---|--|
| 1. | Shri Pawan Gupta, Director                   | } | P. P. Jewellers,<br>New Delhi                    |
| 2. | Shri Rahul Gupta, CEO.                       |   |  |
| 3. | Shri Satyender Gupta, Director               |   | P.C.Jewellers Pvt Ltd,<br>New Delhi              |
| 4. | Shri Suresh M. Nair,<br>Sr. Mngr. Imp. & Exp |   | Tribhovandas Bhimji Zaveri Pvt Ltd,<br>New Delhi |

2. At the outset Hon'ble Chairman welcomed the representatives of the non-officials (Jewellers) to the sitting of the committee convened to have evidence on the subject 'Bureau of Indian Standards (BIS)-Hallmarking of Jewellery' selected for examination during 2009-10. He apprised them of the provisions of Direction 55(1) of the Directions by the Speaker and expressed the hope that they would follow the guidelines of conduct and etiquette while placing their views before the Committee. Hon'ble Chairman, in his welcome speech raised various issues especially the aims and objectives of Hallmarking of Gold Jewellery Scheme, grievances of the Jewellers who opted for the Hallmarking Scheme, difficulties faced in getting jewellery hallmarked at Assaying and Hallmarking Centres, benefits of the Hallmarking schemes to the consumers and the shortcomings noticed during implementation of the scheme as well as efforts required to be made to create awareness amongst consumers, especially the people living in village and backward areas, etc. The issues raised by the Hon'ble Chairman were further supplemented by the Members of the Committee. The witnesses placed their views/suggestions on hallmarking of jewellery scheme which inter-alia covered the following points:-

- (i) There are five essential ingredients for hallmarked jewellery i.e. BIS logo, Purity of Gold, Hallmarking Centre's logo, Jeweller's Identification Mark and the year of Hallmarking.
- (ii) Need to educate the consumers regarding benefits of Hallmarked Jewellery i.e. customers get quality assured product.

- (iii) In the absence of mandatory provision of hallmarking of gold jewellery, most of the jewellers are selling non-hallmarked ornaments.
- (iv) The license fees should be based on the Annual turnover of the jewellers.
- (v) There is a need to promote hallmarked jewellery by organizing special programmes with the help of jewellers.
- (vi) Need to adopt Open Cover Policies by Hallmarking Centres wherein Assaying and Hallmarking Centres are not within the reach of jewellers/consumers in remote/sub-urb areas.
- (vii) Need to stop exploitation of consumers by the jewellers who are selling 18 carat gold by mis-representing that they are selling 22 carat gold of hallmarking.
- (viii) Need for transparency in the transaction of gold business.
- (ix) Need to spread awareness amongst consumers about the purity of hallmarked jewellery on the pattern of Kerala State where the customers bring their own lense to test the purity of gold.
- (x) Need to specify all the carats which is sold by the jewellers and to have carat based license to prevent consumers from getting cheated.
- (xi) Need to circulate the details of Assaying and Hallmarking Centres recognized by BIS to Jewellers for their use.
- (xii) Hallmarking schemes should also be applicable to wholesale sector of gold jewellery.

4. The witnesses resolved the queries raised by the Members. The Chairman then thanked the witnesses for appearing before the Committee and sharing their views with the Committee in a free and frank manner. They were asked to send the written replies to the points on which the information was not readily available with them.

A verbatim record of the proceedings has been kept.

**The Committee then adjourned.**

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**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND  
PUBLIC DISTRIBUTION (2009-10)**

**MINUTES OF THE TWENTY FIRST SITTING OF THE STANDING COMMITTEE ON  
FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION HELD ON  
WEDNESDAY, 21<sup>st</sup> JULY, 2010.**

The Committee sat from 1500 hrs to 1645 hrs in Committee Room No. 'G 074',  
Ground floor, Parliament Library Building, New Delhi.

**Present**

Shri Vilas Muttemwar - Chairman

**Members**

**Lok Sabha**

2. Shri Shivraj Bhaiya
3. Shri Arvind Kumar Chaudhary
4. Shri Sanjay Singh Chauhan
5. Shri Lal Chand Kataria
6. Shri Purnmasi Ram

**Rajya Sabha**

7. Smt. T.Ratna Bai
8. Shri Lalhming Liana
9. Shri Kanjibhai Patel
10. Shri Rajniti Prasad
11. Dr.T.N.Seema
12. Shri Kaptan Singh Solanki

**Secretariat**

1. Shri P.K. Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Jagdish Prasad - Additional Director

**Representatives of the Department of Consumer Affairs:-**

1. Shri Rajiv Agarwal - Secretary
2. Shri Rakesh Kacker - Additional Secretary
3. Shri Desh Deepak Verma - AS&FA
4. Shri Sanjay Singh - Joint Secretary
5. Shri Sharad Gupta - DG (Bureau of Indian Standards)

2. At the outset Hon'ble Chairman welcomed the representatives of the Department of Consumer Affairs to the sitting of the committee convened to have evidence on the subject 'Bureau of Indian Standards (BIS)-Hallmarking of Jewellery' selected for examination during 2009-10 and apprised them of the provisions of Direction 55(1) of the Directions by the Speaker.

3. Hon'ble Chairman, in his welcome speech raised various issues pertaining to Hallmarking of Gold Jewellery Scheme. The issues raised by the Hon'ble Chairman were further supplemented by the Members of the Committee. The points discussed during the course of evidence includes need for mandatory hallmarking of jewellery, setting up of assaying and hallmarking centres in all the States/UTs, infrastructural facilities in assaying and hallmarking centres, setting up of assaying and hallmarking centres in North-Eastern States as well as remote and backward areas, funds allocated by the Government of India for implementation of the scheme and its utilization, role of enforcement machinery of BIS, report on evaluation study of Gold Hallmarking of Jewellery, publicity campaign in print and electronic media to create awareness amongst the consumers, consumer grievances redressal cell of BIS and reasons for delay in amendment of BIS Act.

4. The witnesses answered to the queries raised by the Members. The Chairman then thanked the witnesses for appearing before the Committee and sharing their views with the Committee in a free and frank manner. They were asked to send the written replies to the points on which the information was not readily available with them.

A verbatim record of the proceedings has been kept.

**The Committee then adjourned.**

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**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND  
PUBLIC DISTRIBUTION (2009-10)**

**MINUTES OF THE TWENTY FOURTH SITTING OF THE STANDING  
COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION  
HELD ON WEDNESDAY, 25<sup>TH</sup> AUGUST, 2010**

The Committee sat from 1500 hrs to 1535 hrs in Committee Room 'C', Parliament House Annexe, New Delhi.

**Present**

Shri Vilas Muttemwar - Chairman

**Members**

**Lok Sabha**

2. Shri Kamlesh Balmiki
3. Shri Tarachand Bhagora
4. Shri Shivraj Bhaiya
5. Shri Arvind Kumar Chaudhary
6. Shri Sanjay Singh Chauhan
7. Shri Lal Chand Kataria
8. Shri Marotrao Sainuji Kowase
9. Shri Purnmasi Ram

**Rajya Sabha**

10. Smt. T. Ratna Bai
11. Shri Lalhming Liana
12. Shri Shantaram Laxman Naik
13. Shri Kanjibhai Patel
14. Shri Rajniti Prasad
15. Dr. T.N.Seema
16. Shri Kaptan Singh Solanki

### **Secretariat**

1. Shri P.K.Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Jagdish Prasad - Additional Director

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee convened for consideration and adoption of two draft reports pertaining to the Department of Consumer Affairs and Department of Food and Public Distribution, respectively.

3. The Committee first took up for consideration the draft report on the subject 'Bureau of Indian Standards (BIS) - Hallmarking of Jewellery' pertaining to the Department of Consumer Affairs and adopted the same with slight modifications.

4. The Committee then took up for consideration the draft report on the subject 'Production, Consumption and Pricing of Sugar' pertaining to the Department of Food and Public Distribution and also adopted the same with slight modifications.

5. The Committee authorized the Chairman to finalize the aforesaid Reports and present the same to both the Houses of Parliament during the current Session of Parliament.

**The Committee then adjourned.**

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