

Forging Trust and Tackling Trade Barriers: Insights from Bullion World's Recently Concluded Webinar

The Indian gold industry, a vital pillar of the nation's culture and economy, stands at the cusp of transformative change. Recent years have seen accelerating calls for greater transparency, efficient regulation, and globally aligned standards across the bullion value chain. Bullion World's recent webinar—part of the Eventell Knowledge Series—brought together two of the industry's most authoritative voices to address these critical shifts: Mr Kaushalendra Sinha, CEO of the Indian Association for Gold Excellence and Standards (IAGES), and Mr KP Singh, a veteran customs and trade consultant and former Principal Commissioner of GST and Customs. The session unfolded in two distinct but interconnected segments: an introductory overview of IAGES's mission as an industry self-regulator, followed by a deep dive into the persistent customs and foreign trade hurdles confronting bullion imports in India.

Building Industry Credibility: Indian Association for Gold Excellence and Standards (IAGES)

Amid the gold industry's complexities, trust emerges as both the bedrock and the goal of all stakeholder relationships—from miner to end consumer. Recognizing this, the World Gold Council incubated the Indian Association for Gold Excellence and Standards (IAGES) in 2024 to function as an industry-led self-regulatory organization (SRO) dedicated to elevating compliance, transparency, and best practices throughout the Indian gold sector.

Mr Kaushlendra Sinha, founding CEO of IAGES, drew parallels between the new SRO and similar transformations in India's mutual fund industry. He described how the formation of the Association of Mutual Funds in India (AMFI) over two decades ago turned a fragmented market plagued by low transparency into one that epitomizes trust and standardization for millions of investors. The gold sector, Mr Kaushlendra emphasized, is equally characterized by fragmentation and regional price variability, making the case for robust self-regulation ever more urgent.

IAGES's pillars of action span the establishment of a code of conduct, an accreditation framework, and consumer-centric practices. Accreditation is awarded only after rigorous third-party audits by top-tier Chartered Accountant firms, ensuring business process integrity rather than merely verifying metal purity. Six value chain verticals—refining, manufacturing, retailing, bullion trading, hallmarking, and digital gold retailing—are being brought under these standards. Beyond offering assurance to consumers and investors, IAGES accreditation positions companies for global partnerships, as acceptance of standard business processes is increasingly becoming the norm in cross-border trade.

Regularly updated standards, transparent processes, and tech-enabled assessments are aiming to support sustainable growth, international linkages, and overall industry upliftment. As the Indian gold sector adapts to rising scrutiny and evolving consumer expectations, IAGES stands out as a unifying voice—an endeavour conceived by the industry, for the industry, with the potential to reshape the sector's reputation and competitiveness for decades to come.



Mr Kaushlendra Sinha

Customs and Foreign Trade Challenges in Bullion Imports: A Deep Dive

The Global Storm and Its Local Ripples

Gold, by its very nature, easily traverses geographic borders, making India's trade and regulatory ecosystem especially sensitive to global events. Mr KP Singh's address underscored how global uncertainties—ranging from US sanctions and tariffs to the breakdown of postwar multilateral systems like the WTO—have upended supply chains, triggered commodity price surges, and spurred increased defensive policy actions by national governments.

This volatility particularly affects bullion inflows, balance of payments, foreign exchange reserves, and even perceptions of gold as a strategic asset class rather than a mere consumption good. The recent surge in gold and silver prices, for instance, was largely attributed to geopolitical turmoil and erratic international trade policies, further complicating the work of bullion importers who rely on trade predictability and regulatory coherence.

The Multilayered Customs Puzzle

Customs procedures for bullion imports in India are far from straightforward. Multiple import routes—free trade agreements (FTAs), concessional duty programs for Least Developed Countries (LDCs), and open general licenses—come with their own complex eligibility requirements and terms.

One notorious pain point is adherence to “country of origin” rules. Amendments to customs law in 2020 introduced stricter proof-of-origin requirements, where a mere certificate is not always sufficient: Indian customs authorities may now reject documents or deny benefits if verification fails or doubt arises about authenticity.

Disputes commonly arise in:

- Calculation of value addition for FTAs: If the mandatory threshold (often 35%) is incorrectly computed, goods can be delayed or confiscated.
- LDC certification: Many shipments from LDCs face denials when the declared export volumes far exceed the producing country's total output, indicating possible document fraud or misdeclaration.



Mr K.P. Singh

- Public notice loopholes: Past episodes saw, for example, “gold findings” (jewellery components) imported duty-free at exaggerated volumes until the loophole was closed.

Each of these issues translates directly into commercial headaches—detentions, working capital blockage, litigation, and damage to business reputation—and highlights the urgency of both regulatory clarity and industry-wide compliance.

Smuggling, Security, and New Enforcement Paradigms

Regulatory complexity has, at times, fostered parallel channels for bullion inflow. Traditionally driven by profit, smuggling in gold has recently become enmeshed with national security risks. Cases in Kerala and Jammu & Kashmir have invoked not just anti-smuggling statutes but also anti-terror laws, as gold smuggling proceeds are suspected of funding unlawful activities. The judiciary's evolving interpretation—classifying gold smuggling as a more serious, even anti-national, offense when linked to terrorism—signals a shift in

enforcement focus and stiffer penalties.

Moreover, the adoption of advanced AI and data mining by India's Financial Intelligence Unit and rapid information sharing among enforcement agencies have increased the detection and deterrence of non-compliance. As more major refineries and jewellers go public, their enhanced disclosure and adherence to compliance norms set new industry benchmarks likely to reduce the need for intrusive enforcement.

The Battleground of Classification and Policy Consistency

Disputes over product classification, especially regarding alloys or semi-finished bullion products, can trigger costly investigations. International best practices, such as the U.S. approach of simply using the highest-weighted component for classification, are suggested as ways to bring the Indian regime in line with global standards and cut down on ambiguities—which frustrate both business and regulators.

On the policy front, restrictions and prohibitions on certain gold and silver imports (or specific supplier countries) can shift rapidly through DGFT (Directorate General of Foreign Trade) notifications, requiring regular vigilance by importers. Even the timing of such notifications—whether products were “restricted” before or after arrival—can affect regulatory outcomes, adding yet another layer of complexity.

Bullion as Asset, Money, and Target for Regulation

India's changing economic landscape has blurred the lines between bullion as commodity, asset, or money. As central banks worldwide (including the RBI) ramp up gold reserves in response to de-dollarization and financial instability, the strategic value of bullion only grows.

But this also attracts heightened regulatory scrutiny. Since demonetization in 2016, research has identified a strong correlation between gold holding and black money hoarding, intensifying calls for robust, technology-supported compliance. New asset classes, including cryptocurrencies and digital money, have entered the landscape, but gold's unique allure endures.

Solutions and the Path Forward

Mr KP Singh advocates for greater adoption of global best practices and initiatives such as Authorized Economic Operator (AEO) status, which facilitates expedited customs clearance for compliant companies. Strengthening responsible sourcing through OECD and FATF guidelines, improving duty differential policies for gold refineries, and ensuring regulatory alignment across central and state authorities are highlighted as practical steps.

Industry self-regulation, as exemplified by IAGES, is seen as an essential complement to government oversight, reducing disputes, enhancing global competitiveness, and promoting a cleaner, more trustworthy gold ecosystem. Meanwhile, ongoing dialogue between policymakers and industry stakeholders remains crucial to evolving India's stature as a global gold hub.

