

## **Revised Policy for licensing of Gold Refineries**

1. Refineries already in the business of gold refining for the last one year and possessing accreditation from London Bullion Market Association (LBMA) or National Accreditation Board for Testing and Calibration Laboratories (NABL) accreditation of their laboratories may apply for obtaining BIS license for marking the Standard Bars produced by them in accordance with IS 1417: 2009 (for 995 and 999 fineness only).

### **APPLICATION**

2. The refineries desirous of obtaining BIS Certification Marks licence, should apply in the prescribed form (CM/PF 301) to the Branch Office (BO) of BIS within whose jurisdiction the refinery is situated along with the visit charges. Refinery may apply after ensuring that:

- a) The refinery is in operation for at least one year as on the date of making application to BIS;
- b) The refinery is either LBMA accredited or the laboratory of the gold refinery has been accredited by NABL in accordance with IS/ISO/IEC 17025;
- c) The gold refinery is in possession of necessary infrastructure and testing facility as per IS 1418: 2009;
- d) The process of refining employed is either electrolytic refining or refining by aqua regia process. The method of sampling employed is as specified in IS 1418:2009; and
- e) The refinery has declared the sizes of the gold bar that are intended to be covered in the scope of license.

### **SCRUTINY OF APPLICATION**

3. The Branch Office shall scrutinize and process the application submitted as per the prevailing certification procedure.

### **RETURN OF APPLICATION**

4.1 If the application is not signed by an authorized signatory or not accompanied with the visit charges, or relevant documents, or found incomplete in providing adequate information to the relevant clauses of the application, it shall be returned to the refinery with advice to re-submit the same duly completed.

#### **4.2 Non Acceptance of Application due to Antecedents**

Under the following situations, the application made by the Applicant for obtaining license may not be accepted:

- (i) The applicant has been convicted under section 33 of the BIS Act by any Court of Law.
- (ii) Prosecution case is pending/ contemplated in the trial court against the applicant or person under Section 33 of BIS Act
- (iii) Applicant whose earlier license was cancelled due to misuse detected during the operation of the license.
- (iv) Misuse of Standard Mark or any violation under Section 11 & 12 of BIS Act detected on the part of applicant prior to or after the application was made to BIS.

## **PRELIMINARY INSPECTION**

**5.1** Preliminary inspection of the refinery shall be carried out within fifteen days from the date of recording of the application.

**5.2** All visits to the applicant's factory (refinery) shall be chargeable at the prevailing rate in BIS and payable in advance.

**5.3** During preliminary inspection maximum possible tests shall be conducted in order to bring out any deficiencies in test equipment/testing procedures and testing personnel as well as for spot establishment of fineness of the gold bullion. Deficiencies, if any shall be brought out in the Preliminary Inspection Report and shall be intimated in writing to the applicant at the end of the inspection.

**5.4** During the preliminary inspection the manufacturing and testing facilities shall be verified. The conformity of the refined bullion to the related standard shall also be verified through independent testing.

However, as the grant of licence is required to be considered urgently in view of public interest, to meet the requirements being undertaken for Public, the samples may be tested in the laboratory of the applicant provided complete testing facilities exist, after obtaining prior approval from Deputy Director General (DDG) Certification and grant of license is to be recommended based on factory testing.

Sample from another lot shall be drawn and sent to BIS/BIS approved laboratory for independent testing as verification sample. However, if sample(s) fail during factory testing, no sample(s) shall be drawn for independent testing.

If the verification sample drawn for independent testing during the preliminary inspection is found not conforming to the specified requirements, then the licence shall be processed for cancellation in accordance with the provision as contained in BIS Certification Regulations 5 (5) (a) (i).

## **PROCESSING FOR GRANT OF LICENSE**

**6.1** When the following actions are completed, the case for grant of licence shall be prepared by the concerned BO:

- a) The preliminary inspection wherever carried out, has been found to be satisfactory;
- b) Actions, if any, required to be taken with regard to the deficiencies pointed out during preliminary inspection have been taken as verified by visits to the unit or through submission of necessary evidence by the firm;
- c) The sample(s) tested in the factory by the inspecting officer during the preliminary inspection or follow-up visits is found to be passing.
- d) Receipt of acceptance of Scheme of Testing and Inspection (STI) and Marking Fee (MF) by the refinery.

**6.2** The licence shall be granted by the Head of the BO. Information in this regard shall also be sent to HMD.

## **OPERATION OF CERTIFICATION SCHEME AFTER GRANT OF LICENCE**

**7.1** After initiation of marking by the refinery, visits shall be made to the refinery to keep a check on the operation, carry out test and inspection and also draw samples from the refinery. A minimum of two visits to the refinery shall be arranged in a year. More frequent inspections if required may also be carried out from time to time. Corrective actions on the discrepancies, if any pointed out during the visit, shall be completed and intimated to BIS within the agreed time.

**7.2.** In case of the gold received under the Gold Monetization Scheme (GMS), the cast gold bar received from the Collection and Purity Testing Centres (CPTC) shall be kept in safe custody in the refinery for at least 48 hours before taking up refining of the same. BIS shall carry out periodic surveillance inspections of the refineries. The refiner shall declare the stock of gold available with it under the GMS. The BIS Inspecting Officer shall be well within his rights in drawing a sample for assaying in the laboratory of the refinery.

**7.3.** During inspections, records of receipt and testing will be checked besides carrying out testing of the gold bars received from the CPTCs on random sampling basis. One sample of gold/gold alloy in duplicate shall be assayed in accordance with IS 1418 during the visit for determining the purity. Duplicate determination shall not give results differing by more than 0.5 parts per thousand (ppt) by mass for yellow and red gold alloys and maximum 0.2 ppt by mass for gold alloys containing 990 ppt or more gold.

**7.4.** In case, the purity of the sample assayed in presence of BIS Inspecting Officer in the lab of the refinery is at variance with the purity mentioned in the certificate issued by the CPTC, another sample shall be drawn and sent to BIS referral laboratory. However, the sample shall be drawn and sent to the referral laboratory only if the variation observed is more than that as mentioned in para 7.3 above.

**7.5.** The test results of the referral laboratory shall be final. Whenever it is found that test results of CPTC or refinery differ from test results reported by referral lab by more than the variation permitted as per 8 above, action against the erring party shall be taken. In case of CPTC, qualification shall be withdrawn and in case of refinery, license shall be cancelled.

## **RENEWAL OF LICENCE**

**8.** A renewal notice as per prescribed proforma (CM/PF 106) should be issued to the licensee, by the BO concerned about three months before the date of expiry of the current operative period. The licensee is required to submit the renewal application at least one month in advance of the expiry of the licence, in the prescribed form (CM/PF 604) along with the fees. The renewal case shall be put up in the proforma (CM/PF 606) commonly referred as Blue Form, to the Licence Renewing Authority for his orders, by the dealing officer /group leader with his recommendations clearly giving the period recommended for renewal. Licence shall be renewed normally for a period of one year. However, a licence may be renewed for a period of two years at the request of the licensee, provided he pays the advance minimum marking fee and Licence fee for both the years along with the renewal application. This option shall be allowed only when applying for renewal and extension of validity of a renewed licence shall not be permissible. However, on the discretion of the Competent Authority, the renewal may be limited to one year for licences whose performance was unsatisfactory during the operative period or where no material was marked for 2 successive years. Renewal Authority of BO shall record his orders on the Blue Form.

## **FOLLOW UP ACTIONS INCLUDING STOP MARKING**

**9.** Under the circumstances mentioned in BIS Certification Regulation 5(7)(a) the licensee should stop marking by himself and intimate BIS. Likewise when the licensee proposes to resume marking the same must be intimated to BIS. BIS may direct a licensee to stop marking under conditions laid down in Regulations 5(7)(b), when sufficient evidence is available that the product carrying the Standard Mark may not be conforming to the requirements of the relevant Indian or for non-payment of dues as given in Regulation 5(7)(c).

## **CANCELLATION OF LICENCE**

**10.1** When it is found that product marked with the Hallmark does not comply with the relevant Indian Standard, the licence shall be processed for cancellation in accordance with the provision as contained in BIS Certification Regulations 5 (5) (a) (i). However, when the sample drawn for independent testing fails and the results are disputed by the refinery, then testing of the counter sample at BIS/BIS recognized laboratory, as decided by Deputy Director General (DDG) of the region, in the presence of the representative of the refinery, if so requested, shall be permitted based on a formal written request. In cases where tests are carried out in outside laboratories, testing charges for testing of counter samples at the request of refinery shall be borne by them irrespective of the results obtained. In case of BIS laboratory, however, if the results of counter sample are found to be conforming to the requirement of the standard they may not be charged. This shall be made clear to the party before undertaking the testing of the counter sample. In the event of the failure of the counter sample, the licence shall be cancelled.

**10.2** License shall be processed for cancellation as per BIS Certification Regulations 5 (5) (a) (ii) when licensee had used the mark in respect of a process that was not approved by BIS or when the Mark was used for types/varieties that were not included in the scope of the licence.

**10.3** Licence may be processed for cancellation as per BIS Certification Regulations 5 (5) (a) (iii) when licensee failed to provide reasonable facilities to any Inspecting Officer to enable him to discharge duties imposed on him.

**10.4** License shall be processed for cancellation as per BIS Certification Regulations 5 (5) (a) (iv) due to violation of the terms and conditions of the licence. Following situations shall be considered as violation of terms and conditions of the licence:

- a) Non-conformity of serious nature observed during inspection or independent testing. The non-conformities of serious nature would include the following:
  - (i) Hallmarking done without testing and assaying;
  - (ii) Hallmarking precious metal which is beyond scope of licence, without seeking formal inclusion of the precious metal in their scope of licence;
  - (iii) Application of unauthorized Hallmark;
  - (iv) Falsification of records/test results or making false declaration regarding the fineness of gold
  - (v) Hallmarking done without BIS Standard Mark and/or refinery's name;
  - (vi) Hallmarking done using name of another refinery;
  - (vii) Refinery found indulging in any other un-ethical practices.

- b) Non adherence to provisions of Scheme of Testing and Inspection (STI), non-settlement of financial dues, non settlement of complaints, etc.

**10.5** Before cancellation, a notice of fourteen days shall be given to the licensee in accordance with Regulation 5(5)(b) and shall include a provision of personal hearing. A speaking order shall be issued by DDG of the region after the personal hearing in the case.

#### **PROVISION OF APPEAL IN CASE OF CANCELLATION**

**11.** An appeal under section 16 of the BIS Act, 1986 and the Rules framed thereunder, may be preferred by the refinery to the Central Government within ninety days from the date of decision of BIS, who may admit the appeal even after ninety days, provided that sufficient cause for not preferring the appeal earlier is submitted by the appellant.