

**GUIDELINES FOR GRANT, OPERATION,
RENEWAL AND CANCELLATION OF
LICENCE FOR REFINERY OR MINT**

ISSUED BY

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GUIDELINES FOR LICENSING OF REFINERY OR MINT

1 GENERAL

These guidelines stipulate the procedure for Grant, Operation, Renewal, and Cancellation of Licence for Refinery or Mint. These are to be read in conjunction with BIS Act 2016, BIS Rules 2018 and BIS (Hallmarking) Regulations 2018. In particular, the Grant, Operation, Renewal, and Cancellation of Licence for Refinery or Mint are addressed in Chapter III of BIS (Hallmarking) Regulations, 2018. Any situation, in general, not covered in these guidelines is to be dealt as per the provisions of Act, Rules and Regulations by the Regional Offices and Branch Offices.

2 GRANT OF LICENCE

2.1 Any manufacturer engaged in refining by aqua-regia or electrolytic process as prescribed in regulations shall apply for a grant of licence with self-certified copies of documents listed below with the on-line application or submit hard copies to the Branch office of BIS having jurisdiction of the area where the refinery or mint is located, with the application.

a) Proof of establishment of the firm or company (Any one of the document given below)

- i) Certificate of Registration issued by Registrar of companies
- ii) Registered Partnership Deed in case applicant is a Partnership Firm.
- iii) Certificate from a Chartered Accountant if applicant is a Proprietorship Firm.

b) Proof of address of firm's premises (Any one of the document given below)

- i) Registration with State Government Authority/ Trade Licences
- ii) GST registration certificate.
- iii) Income Tax Assessment Order
- iv) Property tax receipt
- v) Rent agreement with last rent receipt
- vi) Sale/ Lease Deed agreement.

c) Proof of Identity of the signatory

i) Aadhar based verification/ e- signature

ii) Self-certified copy of any one of following documents as identity proof of signatory on the Application:

- Aadhar Card

- Driving Licence

- PAN card

- Voter Identity card

- Passport

- Identity Certificate with photo issued by Gazetted Officer on official letterhead.

d) Map indicating location of premises from nearest land mark

Location map of premises from some nearest prominent landmark for each outlet, as applicable (illustrative only).

e) Micro or Small Scale Industry Certificate, if applicable;

f) Process Flow Chart of Refining or Minting, as applicable;

g) Design and Weight of the Bullion or Coin, as Applicable;

h) List of Manufacturing Machinery in Form-IX Annexed to the Regulations;

i) List of Test Equipment with Valid Calibration in Form-X Annexed to the Regulations;

j) Accreditation of the Laboratory of Refinery or Mint by National Accreditation Board for Testing and Calibration Laboratories (NABL) or London Bullion Market Association (LBMA);

k) Plant Layout;

l) List of Technical Personnel;

m) List of Certified Reference Material; and

n) Test Report of in-house Testing.

2.1.1 Non Acceptance of Application due to Antecedents

Under the following situations, the application made by the Applicant for obtaining licence may be rejected:

i) Prosecution case is pending or in the process of initiating prosecution case in the trial court against the applicant or person under section 29 of the BIS Act,2016.

ii) Applicant has made the application immediately after the case of misuse of Hallmark or any violation under Section 13 of BIS Act, 2016 detected on the part of applicant.

iii) Misuse of Hallmark or any violation under **Section 13** of BIS Act , 2016 detected on the part of applicant after the application was made to BIS.

Note-The applicant or firm who are falling under any one of the category mentioned at i),ii) and iii) above are **NOT** eligible to apply for the Licence until they are free from these charges. In case of conviction under Section 29 of the BIS Act, such applicant or firm shall not be eligible to apply for grant of licence for a period of one year from the date of such conviction.

2.1.2 Applicant whose earlier licence was cancelled or not renewed and submitting application before completion of cooling period specified.

2.1.3 Where a person(s) or firm who has been convicted under Section 29 of the BIS Act, 2016 makes an application for certificate of licence, such person(s) or firm shall not be eligible to apply for grant of licence for a period of one year from the date of such conviction.

2.2 The refinery / mint desirous of obtaining BIS licence, should apply to the Branch Office of BIS within whose jurisdiction the refinery is situated. The refinery or mint shall declare the sizes (weight) and fineness of the gold bar and coin that are intended to be covered in the scope of licence

2.3 All visits to refineries/mint shall be carried out by auditor from the list approved for the Hallmarking scheme. The auditor shall be nominated by concerned BO in consultation with DDGR wherever required. All the visits to the applicant's factory (refinery /mint) shall be chargeable at the prevailing rate in BIS and payable in advance.

2.4 The preliminary visit for the grant of licence shall be carried out for two days. (i.e. one auditor for two days).

2.5 All applications & inclusion shall be processed based on factory testing. During the preliminary inspection the availability of infrastructure in terms of manufacturing, testing facilities and competent personnel shall be verified. The refinery shall also demonstrate the process of refining as declared by them to the auditors. The sample shall be got tested in the laboratory of the refinery / mint to check conformance to IS 1417 and verify the competency of the testing personnel (assayer). The licence shall be granted by Head of the Branch Office (BO). In case the applicant offers both the varieties of 999 & 995 fineness, then the factory testing shall be carried out for 999 fineness only.

2.6 Sample of 999 fineness variety from another lot shall be drawn and sent to BIS referral assay lab / BIS approved laboratory (in case of non acceptance by BIS Lab) for independent testing as verification sample. However, if sample fails during factory testing, no sample shall be drawn for independent testing.

2.7 Deficiencies, if any brought out in the Preliminary Inspection Report shall be intimated in writing to the applicant at the end of the inspection.

3 REVIEW OF LICENCE ON RECEIPT OF TEST REPORT OF VERIFICATION SAMPLE

3.1 The normal operation of the licence shall be allowed to continue if the verification sample passes.

3.2 In case of failure of verification sample drawn during independent testing suspension of marking shall be imposed. A special visit shall be made on the request of refinery for verification of corrective actions and drawl of sample for independent testing. Resumption of marking shall be permitted if the sample is found conforming to the requirements in independent testing. If the sample fails again the case shall be processed towards cancellation as per Hallmarking Regulations , 2018.

4 SCOPE OF LICENCE

4.1 It shall cover the following:

- a) Gold Bullion or Gold Coin
- b) Fineness (999 or 995)
- c) Design and Weight of Bullion Bar or Gold coin No negative tolerance shall be permitted on declared weight.

4.2 After grant of licence the refinery / mint shall be required to operate the licence as per Scheme of testing and inspection as amended from time to time .

4.3 Refinery / Mint shall maintain records of raw material received in terms of type, quantity and the source of raw material as per Hallmarking Regulation, 2018. In addition all records as per Scheme of testing and inspection shall also be maintained to ensure identification and traceability of final product.

4.4 The following types of changes or in combinations thereof may occur during the operation of the licence:

- a) Change in address of the firm;
- b) Change in the name of the firm;
- c) Change in the Management of the firm, with or without change in the name; and
- d) Change in the identification mark of firm.

For the above situations, the following type of actions shall be taken:

4.4.1 In the case of (a) , the firm shall inform the complete address of the new premises to which he intends to shift and also intimate suspension of Hallmarking at the old premises to the Bureau. If they have not done so, suspension of licence at the old premises shall be imposed in accordance with Hallmarking Regulations, 2018. Revocation of suspension shall be carried out in accordance with Hallmarking Regulations, 2018. An endorsement for change in address shall be given in the licence.

4.4.2 In the case of (b) and (c), suitable documents as indicated at 2.1 of this guidelines according to the type of change shall be obtained.as indicated in Hallmarking Regulations, 2018. An endorsement for change shall be given to the licence.

4.4.3 In the case of (d), an undertaking signed by the Proprietor/Partner/Director in their letter head shall be obtained and a communication shall be sent to the refinery / mint stating that the change has been noted in our records.

5 INCLUSION OF VARIETY

The inclusion of Standard gold bars for fineness 995 purity may be done straight away if the firm is already holding license for higher fineness i.e 999. If the inclusion sought for 999 purity, the same may be included in the scope of the license after satisfactory verification of the additional manufacturing and infrastructural facilities required including factory testing through special visit which is chargeable.

6 OPERATION UNDER GOLD MONETIZATION SCHEME

6.1 The refinery wish to list under Gold Monetization Scheme shall be in operation for at least one year as on the date of making application to BIS or one year after grant of Licence.

6.2 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.

6.3 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.

6.3.1 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 at **6.3**.

6.3.2 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 at 6.3 , action against the erring party shall be taken. In case of CPTC, qualification shall be withdrawn and in case of refinery, license shall be processed towards cancellation.

7 SURVEILLANCE BY BIS

7.1 BIS shall pay surprise surveillance visits to the refinery/mint to keep a check on the operation, carry out test and inspection and also draw sample from the refinery/mint for independent testing in BIS referral assay lab / BIS approved laboratory (in case of non acceptance by BIS Lab). Discrepancies observed, if any during the surveillance shall be brought to the notice of the refinery/mint. Corrective actions on the discrepancies, if any pointed out during the visit, shall be completed by the refinery/mint and intimated to BIS within the agreed time.

7.2 Two visits to the refinery/mint may be arranged in a year. More frequent inspections if required may also be carried out from time to time.

7.3 If non-conformity of refined precious metal is established after in-house or independent testing, action shall be taken as per Hallmarking Regulations, 2018.

8 RENEWAL

8.1 The renewal shall be undertaken as per the requirements stipulated in Hallmarking regulation,2018. However, the validity of NABL accreditation shall be ensured by the renewing authority at the time of renewal of BIS licence.

8.2 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 two successive years. Renewal Authority of BO shall record speaking orders.

9 ACTION ON FAILURE OF SAMPLE DRAWN DURING SURVEILLANCE VISIT

9.1 On receipt of the failure, suspension shall be imposed .A special visit shall be made on the request of refinery for verification of corrective actions and drawl of sample for independent testing. Resumption of marking shall be permitted if the sample is found conforming to the requirements in independent testing. If the sample fails again the case shall be processed towards cancellation as per Hallmarking Regulations , 2018.

9.2 If the refinery/mint does not agree with the results obtained , they may send formal request to BO with proper justification for testing the counter sample at BIS referral lab. BO shall seek DDGR's approval for testing the counter sample for which double the testing charges shall be paid in advance by the refinery/mint. 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, 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 processed towards cancellation.

10 CANCELLATION OF LICENCE

10.1 The licence shall be processed towards cancellation for the situations stipulated in Hallmarking regulations 2018.

10.2 The licence shall be processed towards cancellation under the following situations also :

i) the licensee had used the Hallmark in respect of a process that was not approved by BIS;

- ii) Application of unauthorized Hallmark;
- iii) Hallmarking done without BIS Standard Mark and/or refinery's name;
- iv) non-settlement of financial dues, non- redressal of complaints, etc.;
- v) Hallmarking done using name of another refinery; and
- vi) Refinery found indulging in any other unfair practices.

11 PROVISION OF APPEAL

Any person aggrieved by an order made under Regulation 19 of the Hallmarking Regulations, 2018 may prefer an appeal as prescribed in BIS Rules 2018.