

## FOREWORD

*India is a signatory to the **Interlaken Declaration** and is a founding member / participant in the **Kimberley Process Certification Scheme**. India has been participating and deliberating in all the meetings convened by the Kimberley Process Secretariat right from the inception.*

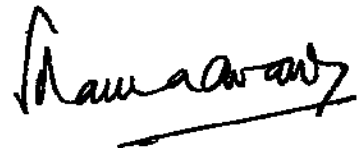
*The **Government of India** designated the **Gem and Jewellery Export Promotion Council** as the **Importing and Exporting Authority** for India, within the meaning of Section IV (b) of the **Kimberley Process Certification Scheme**.*

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

*We are now submitting our **2<sup>nd</sup> Annual Report** to the KP Chair. During the year under review **we issued around 1,926 KP certificates for export parcels and endorsed around 22,218 certificates for import parcels** under KPCS.*

*We were also **fortunate to receive a Review Visit in December 2004**. We greatly profited from our discussion with the Review Visit Team.*

*The scheme is being implemented smoothly in India. We, once again, strongly reiterate our commitment to the Kimberley Process Certification Scheme.*



S. Ramaswamy  
Executive Director  
GJEPC

March 2005  
Mumbai, India

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# INDIA



## A. Institutional Framework

India is a founding member / participant in the Kimberley Process Certification Scheme. India has been participating and deliberating in all the meetings convened by the Kimberley Process Secretariat right from inception. The Gem & Jewellery Export Promotion Council has been appointed as the nodal agency for implementing this process by Ministry of Commerce & Industry, Government of India for Kimberley Process Certification Scheme.

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


 <b>1. Dr. M. S. Rao</b> <b>Joint Secretary</b> Ministry of Commerce & Industry, Government of India, Udyog Bhavan New Delhi, India Tel: 0091-11-23015215 Fax:011-23013583 / 23014418 E-mail: m_srao@ub.delhi.nic.in	<b>2. Shri P. K. Mahapatra</b> <b>Director</b> Ministry of Commerce & Industry, Government of India, Udyog Bhavan New Delhi, India Tel:0091-11-23012704 Fax:011-23014418 E-mail: pkmahapatra@ub.delhi.nic.in
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## **2. The Import and Export Authority, including the full address and the names of contact persons (in accordance with Section IV (b)).**

The Government of India vide its communication No.12/13/2000-EP(GJ) dated 13 November, 2002 designated the Gem and Jewellery Export Promotion Council as the Importing and Exporting Authority within the meaning of Section IV (b) of the Kimberley Process Certification Scheme. The Gem & Jewellery Export Promotion Council is a statutory body set up under Section 25 of the Indian Companies Act 1956 for the purpose of promotion of gems & jewellery exports from India. The Authorized signatories for the purposes of Kimberley Process Certification Scheme are:-

<b>Name &amp; Address</b>	<b>Authorized Signatories</b>
The Gem & Jewellery Export Promotion Council KP Exporting / Importing Authority Diamond Plaza, 5 <sup>th</sup> Floor 391-A, Dr D. B. Marg Mumbai – 400 004, India Tel: 91-22-23806916/23821801 Fax: 91-22-23808752	Mr S. Ramswamy, IAS, Executive Director E-mail: rswamy@gjepcindia.com  Ms. Meena Dharod, Director, (M & R) E-mail: meena@gjepcindia.com

The Gem & Jewellery Export Promotion Council KP Exporting / Importing Authority 626-628, Belgium Tower, Ring Road Surat – 395 003, India Tel: 0091- 261 -7435008 E-mail: gjepc_gr@satyam.net.in	Mr. Chandrakant Sanghvi, Convener, Gujarat Region  Mr. Satyen Butala Regional Director
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 Note: Mr. V. Sreedhar, Director (Policy, Trade & Commerce) who was one of the authorized signatories for the KPCS in India has resigned from the services of the Council and is no longer an authorized signatory.


 **ADDITIONAL AUTHORISED SIGNATORIES:**

Name & Address	Authorized Signatories
The Gem & Jewellery Export Promotion Council KP Exporting / Importing Authority Diamond Plaza, 5 <sup>th</sup> Floor 391-A, Dr D. B. Marg Mumbai – 400 004, India Tel: 91-22-23806916/23821801 Fax: 91-22-23808752 E-mail: gjepc@vsnl.com	Mr Bakul R. Mehta Chairman, GJEPC E-mail: mbakul@mtnl.net.in chairman@gjepcindia.com  Mr. Kanubhai B. Shah Vice-Chairman, GJEPC E-mail: kanubhai@kanubhaibsha.com vicechairman@gjepcindia.com  Mr. Nilesh Shah Convener, Diamond Panel Committee, GJEPC E-mail: nlshah@bom3.vsnl.net.in nlshah@vsnl.com

Copy of specimen signatures of the above additional signatories is enclosed at **ANNEXURE A**.

**B. Legal Framework**

There have been no changes in the basic Legal Framework and is the same as given in previous Annual Report for 2003 (ANNEXURE B).

 **Implementation of decisions of Gatineau, (Canada) Plenary of October 2004:**

 **Validity period of KP Certificate.**

As per the decision adopted in the Plenary regarding maximum period for the validity of Kimberley Process Certificates as 60 calendar days from the date of issuance the KP Authority, India (GJEPC) issued Circular (**ANNEXURE C**) notifying its members and Custom formations about the change in validity period of the Indian KPC to 60 calendar days.

**Distinction between rough diamonds and powder.**

As per the decision adopted in the Plenary regarding distinction between rough diamonds and powder, the KP Authority India (GJEPC) issued circular (**ANNEXURE D**) notifying its members that no KP Certificates will be issued/endorsed for export/import of parcels containing diamonds of size less than 1.00 mm (in one direction). Also, parcels of rough diamonds for which KP certificate is mandatory should not contain diamonds smaller than the cut off size given in the Circular.

**C. Import and Export Regime**

For the Import and Export Regime please see India’s Annual Report for 2003.

**Outgoing shipments**

- The trade data for the period January/December 2004 is enclosed at **ANNEXURE 1**.
- During the current calendar year 2004, the Council issued **1926** KP certificates for export parcels as compared to 2097 during 2003.

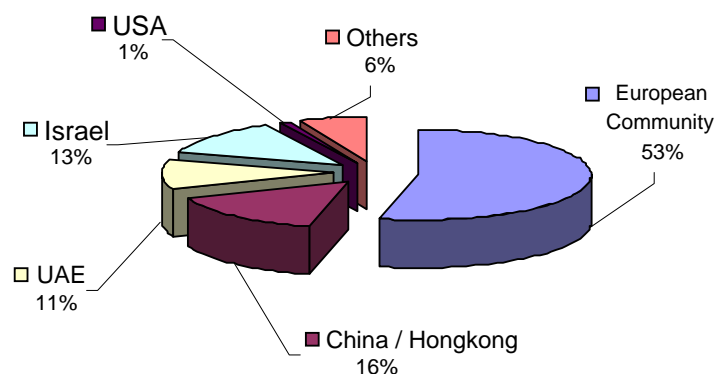
**Rough Diamonds - KP Certificate Count**

Participant Country: India (Mumbai & Surat)

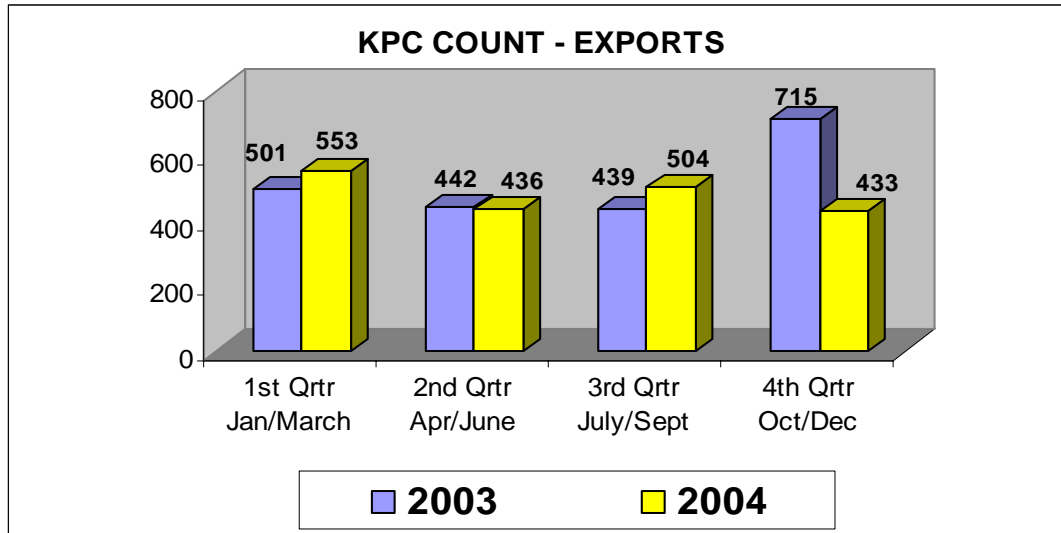
EXPORTS	1st Qtr Jan/March	2nd Qtr Apr/June	3rd Qtr July/Sept	4th Qtr Oct/Dec	Total
<b>2003</b>	501	442	439	715	2,097
<b>2004</b>	553	436	504	433	1,926

- The details of KPC Counts for the period Jan/Dec 2004 and Jan/Dec 2003 is enclosed at **ANNEXURE 2**.

**KPC COUNTS - EXPORTS  
JAN / DEC 2004**



- Out of total KP certificates issued for exports of rough diamonds from India during Jan / Dec 2004 (1926) maximum went to European Community (53%), followed by Republic of China/Hong Kong (16%), UAE (11%) and Israel (13%).

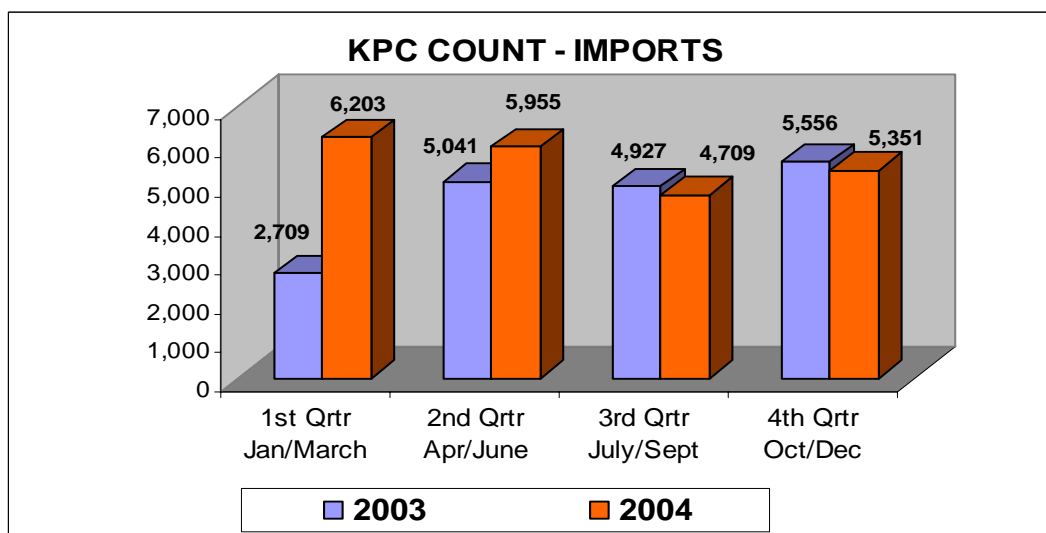


**Rough Diamonds - K P Certificate Count**  
**PERIOD: (JANUARY 1, 2004 to DECEMBER 31, 2004.)**

Country	EXPORTS				TOTAL EXPORTS
	QTR 1	QTR 2	QTR 3	QTR 4	
AUSTRALIA	3	2	2	2	9
BELGIUM	255	217	228	180	880
BOTSWANA	4	5	10	6	25
CANADA	0	6	1	1	8
EUROPEAN COMMUNITY	0			1	1
GERMANY - EC	0		1	1	2
PEOPLE'S REPUBLIC OF CHINA	11	8	7	12	38
HONGKONG SAR	72	58	62	71	263
ISRAEL	64	54	74	50	242
JAPAN	0	1	2	3	6
REPUBLIC OF KOREA	0		1	-	1
ROMANIA	5	3	3	3	14
RUSSIAN FEDERATION	2	1	1	-	4
SOUTH AFRICA	1		1	-	2
SRILANKA	4	6	1	-	11
SWITZERLAND	10	4	3	6	23
THAILAND	7	3	3	4	17
UNITED ARAB EMIRATES	58	35	64	49	206
UNITED KINGDOM	46	29	40	36	151
UNITED STATES OF AMERICA	11	4	0	8	23
<b>GRAND TOTAL</b>	<b>553</b>	<b>436</b>	<b>504</b>	<b>433</b>	<b>1926</b>

## Incoming shipments

- How many Certificates were received? From which Participants were Certificates received?
  - Council endorsed 22,218 KP certificates for imports during Jan/Dec 2004 and 18,233 KP certificates during Jan/Dec 2003 (which does not include 2189 letters of comforts issued by EC and UAE).

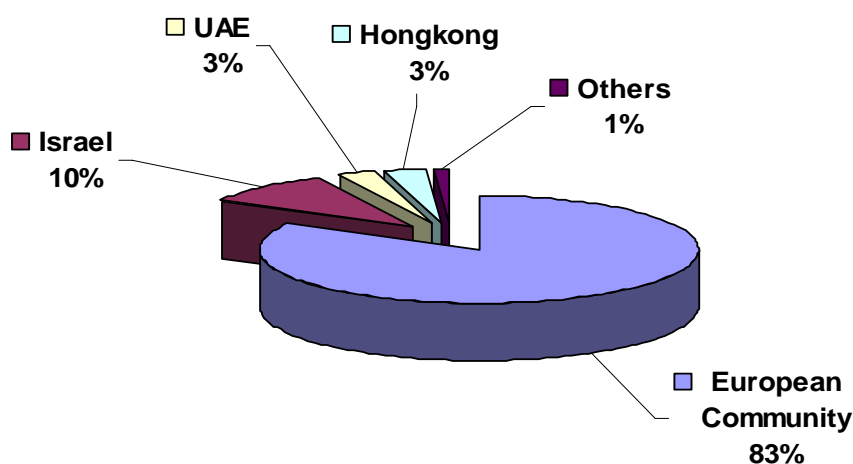


## Rough Diamonds: KP Certificate Count - IMPORTS

Participant Country: India (Mumbai & Surat)

	1st Qtr Jan/March	2nd Qtr Apr/June	3rd Qtr July/Sept	4th Qtr Oct/Dec	Total
<b>2003</b>	2,709	5,041	4,927	5,556	18,233
<b>2004</b>	6,203	5,955	4,709	5,351	22,218

### KPC COUNTS - IMPORTS JAN / DEC 2004



- Out of the total KP certificates verified for imports of rough diamonds into India (22,218) around 83% were from European Community, 10% from Israel, 3% from UAE, 3% from China/Hong Kong etc.

## Rough Diamonds - KP Certificate Count for Imports

Participant Country: India (Mumbai & Surat)

January 1, 2004 to December 31, 2004

Country	IMPORTS				TOTAL
	QTR 1	QTR 2	QTR 3	QTR 4	IMPORTS
AUSTRALIA	2	3	4	2	11
<b>EUROPEAN COMMUNITY</b>					
BELGIUM	5,048	4,817	3,705	4,332	17,902
GERMANY	-	-	-	1	1
UNITED KINGDOM	141	124	160	107	532
BRAZIL	-	-	-	1	1
CANADA	-	1	-	-	1
DEMOCRATIC REPUBLIC OF CONGO	4	15	7	12	38
GHANA	14	8	9	3	34
ISRAEL	610	622	501	501	2,234
JAPAN	-	1	-	1	2
PEOPLE'S REPUBLIC OF CHINA	10	-	6	7	23
HONGKONG	177	165	136	178	656
REPUBLIC OF KOREA	-	-	-	1	1
RUSSIAN FEDERATION	-	1	5	7	13
SINGAPORE			1		1
SOUTH AFRICA	2	2	6	5	15
SWITZERLAND	30	6	6	4	46
TANZANIA	1	-	1	1	3
THAILAND	3	1	3	-	7
UNITED ARAB EMIRATES	148	170	138	167	623
UNITED STATES OF AMERICA	13	19	21	21	74
<b>GRAND TOTAL</b>	<b>6,203</b>	<b>5,955</b>	<b>4,709</b>	<b>5,351</b>	<b>22,218</b>

- Have there been cases of shipments which were not in conformity with the provisions of the KPCS? If so, how were these followed up by your authorities?

## **CASE – FILE: M/s. EKTA EXPORTS**

### **Sub: Import of Rough Diamonds from DRC by Forged KP Certificate**

The application for endorsement of import of rough diamonds from Democratic Republic of Congo was received from M/s. Ekta Exports, 179, Bramhan Falia, Dasrath, Baroda. Name of the exporter from DRC has been mentioned on the application, invoice as TRANSCO S.P.R.L, BP 147, KISANGANI, DRC. On the KP certificate it was mentioned as TRANSCO SPRL without address.

As the KP certificate was found to be different from the sample copy available with the KP department, an e-mail was sent to Mr. Victor Kasango, the KP Authority in Demo. Repl. of Congo. The KP authority in DRC vide their e-mail dated 19/5/2004 informed that the above mentioned KP certificate (CD035481) has not been issued by them.

While the importer claims that the certificate has been issued from 'RDC' (ROC), it bears the address, name and designation of authorities of Democratic Republic of Congo. The KP authority in DRC has already confirmed it has not issued the KP Certificate.

M/s. Ekta Exports have not been able to prove the authenticity of the certificate despite ample time given to them. Under the circumstances, KP Authority was unable to endorse the Certificate under question (No CD035481, weight carat 3844, value US\$ 3844000) which seems to be a forged one.

As the KP authority in Democratic Republic of Congo (DRC) has confirmed that they have not issued any such certificate GJEPC informed the Custom authorities in Mumbai to take necessary action as per Customs Act 1962.

## **CASE – FILE: M/S. SHOBANA GEMS, USA.**

### **Sub: Export of Rough Garnets from USA**

Misrepresentation of rough garnets as rough diamonds and sending the same to India by the US exporter. The details are as below:

KPC No.	Date of Issue	Date of Expiry	Importer's Name	Exporter's Name	Carat Weight	Value US \$
US 01009	21/01/03	21/03/03	Sambhav Export	Shobhana Gems	29012.70	87210.89
US 05012	28/01/03	28/03/03	Pragati Exports	Shobhana Gems	49355.81	149551.07
US 05010	27/01/03	27/03/03	Chetna Export	Shobhana Gems	75392.53	187074.33

On presentation of B/E the Customs authorities in India viz. Diamond Plaza Customs Clearance Centre, Mumbai examined and informed that it was rough garnets and not rough diamonds as conveyed by the exporter from US, M/s. Shobhana Gems resulting in mis-declaration.

The issue was referred to KP Authority in USA vide letter dated 29<sup>th</sup> May 2003 and to KP Secretariat in South Africa.

Further, a letter was sent to Mr. R. K. Singh, Consul General (Trade), Consulate General of India, New York requesting him to take the matter with Customs Authority in USA which would help in proper implementation of Kimberley Process Certification Scheme and fraudulent exports from USA can be stopped. The matter was brought to the notice of US Customs authorities by the Consulate General of India, New York.

After detailed investigation the Office of the Commissioner of Customs (Air Port), Mumbai passed the Order stating

- i. Confiscation of rough garnets on account of goods being mis-declared in terms of description and value, in terms of the provisions of Section 111(d) and 111(m) of the Customs Act 1962.
- ii. In the facts and circumstances of the case the goods were allowed to be redeemed for re-exports in terms of Section 125 of the Act on payment of fine. The proceedings proposed under Section 112 of the Act, against the importers and their firms were dropped.

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

*The system of industry self regulation is existing in India. Efforts are on regarding introduction of further measures in this matter*

In accordance with the Resolution passed at the joint meeting of WFDB and IDMA during 30<sup>th</sup> World Diamond Congress, London on October 29 2002, GJEPC issued circular dated January 3, 2003 to diamond and jewellery exporters advising them to add following affirmative statement as a self declaration on all the invoices for the sale of cut and polished diamonds and jewellery containing diamonds;

**“The diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict and in compliance with United Nations resolutions. The seller hereby guarantees that these diamonds are conflict free, based on personal knowledge and / or written guarantees provided by the supplier of these diamonds”**

Subsequently, Council issued circular Ref: GJC/Circular\_KP/2004-2005 dated June 12, 2004, to all the members of the Council regarding implementation of ‘System of Warranties’ for diamonds. All buyers and sellers of both rough and polished diamonds were advised to make the above statement on all invoices. Additionally, all industry organizations and their members were advised to adopt the principles of self – regulation.

GJEPC in its Working Committee Meeting held on 12/5/2004 approved inclusion of a clause to expel a member from the membership of the Council in case of violation of provisions of KPCS.

👉 Council printed and circulated informative booklet on implementation of Kimberley Process Certification Scheme, procedure followed in India to members, associations, various field formations of customs all over India. The booklet is being translated in different regional languages such as Hindi, Gujarati etc.

## 👉 E. Statistics

Trade data for 4 quarters of 2004 and Production data for the period January / June 2004 has been submitted to the Chair of Kimberley Process and Chair of the Working Group on Statistics on timely basis (please see table given below).

- The KP Review Visit team, during its visit to India from 6-10 December 2004 had suggested country of origin data may also be included in the Statistical reports. In keeping with our rigorous audit procedures, currently certificate wise audit for country of origin is underway and we shall be submitting the same to Chair of WG on Statistics shortly. Yearly report for January/December 2004 is enclosed at **ANNEXURE 1**.

We are submitting data with country of origin (submitted for audit) for all the 4 quarters of 2004 and 2003.

- The details of KPC Counts for the period Jan/Dec 2004 and Jan/Dec 2003 is enclosed at **ANNEXURE 2**.
- The quarterly data for **Export** during 2004 with country of origin (submitted for audit) is enclosed at **ANNEXURE 3**.
- The quarterly data for **Import** during 2004 with country of origin (submitted for audit) is enclosed at **ANNEXURE 4**.
- Import Trade data for all the 4<sup>th</sup> Quarters of 2003 with Country of Origin (submitted for audit) has been given at **ANNEXURE 6**.
- Export Trade data for all the 4<sup>th</sup> Quarters of 2003 with Country of Origin (submitted for audit) has been given at **ANNEXURE 7**.

Using the Password and Username made available at the Gatineau Plenary we have updated our data for Jan/Dec 2003 and Jan/September 2004. After submission of data for Oct/Dec 2004 to Working Group on Statistics, the same has been entered on the kp website.

- The detailed breakup of 2189 Letters of Comforts received during Jan/Feb 2003 in India is enclosed at [ANNEXURE 5](#).

#### DETAILS OF LETTERS OF COMFORT

	Dates upto which Letters of Comfort were issued	TOTAL		
		Total LOC	Weight in carats	Value in US\$
BELGIUM	12/02/2003	2093	17271649.39	465941697.28
UK	12/02/2003	55	3867480.30	169607979.83
UAE	31/01/2003	41	524340.73	21306989.20
		<b>2189</b>	<b>21663470.42</b>	<b>656856666.31</b>


- Statement of Import Parcels not cleared by Indian Customs during the 2<sup>nd</sup> quarter (April / June) of 2003 is enclosed at [ANNEXURE 8](#).

#### F. Miscellaneous

##### USA

- *KP Authority in USA may be requested to send the e-mail notification of rough diamond shipment to India.*
- *Also Import confirmation for KP Certificate issued for exports from India to USA has not been received.*
- *During the period Jan / Dec 2003 82 KP certificates and during Jan / Dec 2004 74 KP certificates have been endorsed for imports into India from USA.*
- *During the period Jan / Dec 2003 36 KP certificates and during Jan / Dec 2004 23 KP certificates have been issued for exports from India to USA.*

##### REPUBLIC OF IRELAND

- *Import confirmation for KP Certificate issued for exports from India to Republic of Ireland which is a part of European Community have not been received.*
-  *During 2003 91 KP certificates and during Jan / Dec 2004 92 KP certificates were issued for exports from India to Republic of Ireland.*

After the visit of KP Review Team to India, in order to follow up the issue of non-receipt of Import confirmation for KP certificates issued for exports to Republic of Ireland, an e-mail was received from EC's statistical focal point requesting for detailed data. As requested by the EC's focal point, detailed information (KPC number, Name and address of the Importer, date of export etc) regarding exports to Republic of Ireland for the period Jan/Dec 2003 was sent to EC by e-mail on January 13, 2005.

**G. Follow-up to review visits and further information requested under previous annual reports (N.B: this is a new point, which Participants may wish to add to their annual reports where appropriate)**

India received KP Review Visit from 6 – 10 December, 2004. The review team visited offices of KP Authority in Mumbai, Surat and also had meeting with the officials of Ministry of Commerce, Government of India in New Delhi.

Following major issues were discussed by the review visit team during the KP Review Visit to India regarding India's KP statistics.

**STATISTICAL REPORT FOR REVIEW VISIT**

**Participant under Review: India**

**Period under review: 01/01/2003 to 30/09/2004**

**OBSERVATION**

**1. India has not submitted complete statistical data as per KPCS as no Country of origin statistics are provided for their reports.**

**REPLY GIVEN TO REVIEW VISIT TEAM:** The data pertaining to country of origin is available with India. However, so far we have been submitting reports as per format received from WG on statistics in summary format.

**FOLLOW UP:** The updated / revised data as per formats received from WG on Statistics with the column of country of origin for the period January / December 2003 and January / December 2004 are enclosed as Annexures to the Annual Report for 2004. Data has also been submitted to our auditors for a thorough audit. The data has been updated / entered on the website along with data for 2003 with the comments 'submitted for audit'. Once the audit is completed the comments would be modified to read as 'audited data'.

**2. It is difficult to determine if India has submitted accurate statistical data. However, India has not accessed the statistical website to ensure that the statistics provided are properly reflected on the website.**

**REPLY GIVEN TO REVIEW VISIT TEAM:**

Efforts were made to access website and correct the data. It did not prove fruitful. It was only in Plenary meeting at Gatineau (Canada) that the password needed to access, enter and modify the data of participant was made available.

**FOLLOW UP:**

Accordingly the data upto December 2004 has been checked and corrected.

**3. Non-Participant Trading: India traded with the non-participant Swaziland in the third quarter of 2003. However, Swaziland had been a member of the KPCS up until full implementation in mid-year 2003 and this may be a time lag issue.**

The issue raised here was clarified during the assessment / follow up of annual report for 2003.

The import in question was from Switzerland and not Swaziland. There was error in selection of country from the drop down menu of the computer. Up-gradation of the software has been carried out to deactivate countries removed/suspended from the scheme. Correction was carried out in our database.

## 1. PRODUCTION

**India has reported all semi annual production statistics for 2003 and the first half of 2004 as required. The extremely large increase in value per carat for the second half of 2003 (\$6670.10/ct) should be explained, especially given a decrease in mine output of over 7000 carats.**

Observation regarding per carat value of production seems to be incorrect. The details regarding semi-annual production were communicated vide GJEPC's letter ref.no.GJC/Kp\_Mines/8327 dated September 17, 2004 addressed to Mr. Tim Martin, KP Chair, Canada (copy enclosed at **ANNEXURE E**). The same details in tabular format are reproduced here for easy reference:-

### PRODUCTION OF ROUGH DIAMONDS FROM PANNA MINES DURING 2003 & 2004

	Production (in Carats)	Estimated value of production (in Rupees)	Estimated value of production (in US Dollar)	Quarterly Average Exchange Rate 1US\$ = Rs	Estimated Value per Carat RS (Col 2 divided by Col 1)	Estimated Value per Carat US\$ Col 3 divided by Col 1
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6
Jan – March 03	27348	123691175	2593106	47.70	4522.86	94.82
April – June 03	12894	30912462	656037	47.12	2397.43	50.88
<b>Jan - June 2003</b>	<b>40242</b>	<b>154603638</b>	<b>3249143</b>	<b>47.41</b>	<b>3841.85</b>	<b>80.74</b>
July – Sept 2003	16317	59882085	1299806	46.07	3669.92	79.66
Oct – Dec 2003	16768	160798077	3535578	45.48	9589.58	210.85
<b>July – Dec 2003</b>	<b>33085</b>	<b>220680162</b>	<b>4835384</b>	<b>45.78</b>	<b>6670.10</b>	<b>146.15</b>
Jan – March 04	25184	110675621	2446952	45.23	4394.68	97.16
April – June 04	15163	129349943	2903478	44.55	8530.63	191.48
<b>Jan - June 04</b>	<b>40347</b>	<b>240025564</b>	<b>5350430</b>	<b>44.89</b>	<b>5949.03</b>	<b>132.61</b>

Source: NMDC, Hyderabad, (letter COM-3(38)/2004 dated September 2, 2004)

## METHODOLOGY OF CALCULATION

**Col 1:** Production in carats received from NMDC.

**Col 2:** Estimated value of production in rupees

**Col 3:** Estimated value of production in US Dollars (Col 2 divided by quarterly average exchange rate given in Col 4 would give us value of production in US Dollars.

**Col 4:** Quarterly average exchange rate.

**Col 5:** Estimated Per Carat value **in Rupees** (Dividing Col. 2 by Col 1 would give rate per carat in Rupees).

**Col 6:** Estimated Per Carat value **in Dollars** (Dividing Col. 3 by Col 1 would give rate per carat in Dollars).

From the above table it may be noted that per carat value during

- Jan / March 2003 US\$ 94.82
- April / June 2003 US\$ 50.88
- **January / June 2003 US\$ 80.74**
- July / Sept 2003 US\$ 79.66
- Oct / Dec 2003 US\$ 210.85
- **July / Dec 2003 US\$ 146.15**
- Jan / March 2004 US\$ 97.16
- April / June 2004 US\$ 191.48
- **Jan / June 2004 US\$ 132.61**

It appears that the querist has mistakenly taken the value in rupees as value in dollar. We can't get the high figures quoted in the query based on the figures submitted by us to the Kimberley Chair.

### KPC COUNTS:

**India has reported receiving 2.5 times more certificates in 1<sup>st</sup> Quarter of 2004 vs. the same period in 2003.**

KPC counts have been reported in the correct format for all quarters under review. During 2003, India issued 2096 certificates for exports and endorsed 18233 certificates of imports (excluding 2189 letter of comfort) and not 18316.

As per our report during 1<sup>st</sup> Quarter of 2003, India endorsed 2709 KP certificates and 2189 letters of comfort total coming 4898.

**When we compare this figure of 4898 to 6203 KP Certificates endorsed during Quarter I of 2004 the growth is around 27%. During 1<sup>st</sup> quarter India was reporting Letter of Comfort and KP Certificate together. However, since this practice was not followed by other participating nations we started showing them separately.**

Hence it would be incorrect to observe that the 2.5 times increase in KPC counts for Imports during Quarter I of 2004 over Quarter I of 2003.

## 2003

**India reported issuing 801 more certificates than its trading partners reported receiving. The largest differences were with People's Republic of China (462), European Community (181), UAE (85) and the USA(36).**

### **REPLY GIVEN TO REVIEW VISIT TEAM:**

As far as China and Hong Kong SAR are concerned we issued 14 KP Certificates for exports to People's Republic of China and 462 KP Certificates for exports to Hong Kong SAR.

Regarding EC, about 91 KP Certificates for exports have been issued to Republic of Ireland during 2003. Confirmation slips for the same are awaited from Republic of Ireland. We have requested EC to take up the matter and let us know.

Regarding difference of 801 KPC counts for exports from India, we are going through the KP website and our database and also would be taking up this with the concerned authorities. The 462 KP certificates issued to Hongkong SAR have not been taken into consideration by People's Republic of China. Also for 91 KP certificates issued for exports to Republic of Ireland have not been accounted for.

### **FOLLOW UP:**

The exercise of data updation on the website has been completed, GJEPC would be undertaking the process of verification/ comparison of data with other participants to resolve the issue of discrepancy of KPC Counts pointed out by the Review Visit Team. However, it is observed that some of the participants / trading countries have not uploaded / submitted their data on the KP website.

### **Trade:**

**The Country of origin is missing for all trade data received from India and has been entered into the database as unknown as this field can not be left blank.**

**EC – Imports into India: Variation of 56 million carats between EC and India**

EC representative has forwarded the detailed data by e-mail dated 17<sup>th</sup> November 2004 with KPC No., weight and value for exports to India. As the volume of data is very high (more than 14500 KP Certificates) we are diligently cross verifying the same with our import data for each and every KP Certificate issued by EC to India.

As pointed out by review visit team, there is a difference of 40 KP Certificates out of which 25 certificates issued by EC in December 2003 appeared in data for 2004 in India as parcels were cleared in India after 31<sup>st</sup> December 2003. Hence, there is a net difference of 15 certificates.

**FOLLOW UP:**

Regarding variation of 56 million carats between EC and India it appears that it does not include data pertaining to letters of comfort (around 21 million carats). It would reduce the difference to 34 million. Further, there appears to be some error in data entry on the website.

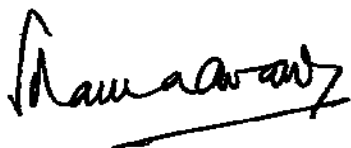
We observed that data for only 3 quarters of 2003 had been entered for total imports into India. 4<sup>th</sup> quarter data of 2003 was missing and only entries pertaining to imports into FTZ / Eou were entered. We have carried out necessary corrections in the 4<sup>th</sup> quarter data (around 28 million carats). This narrows down the difference to 6 million carats.

We are diligently going through the data for each and every KP Certificate issued by EC to India and would submit the result in due course of time.

**Conclusion :**

- As discussed with Review Visit team, data with Country of Origin details has been submitted for through audit.
- Meanwhile the said data for 2003 & 2004 has been updated/entered on the website.
- Huge discrepancy could be due to non-entry of data for 4<sup>th</sup> quarter of 2003 on the KP website.
- It is observed that some of the participants / trading countries have not uploaded / submitted their data on the KP website.

We hope you found this report useful. It has been our endeavor to produce a transparent and detailed report. If you have any queries you can contact me at [rswamy@gjepcindia.com](mailto:rswamy@gjepcindia.com), mobile +919821022527 and tel: +91-22-23871135 or 91-22-23806916.



**S. Ramswamy**  
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