

India turns a blind eye to illegal gold

Gold that is tied to conflict, human rights abuses, and corruption in Africa and South America is entering legal international markets through India, a new report says.



Joanne Lebert, executive director, Impact

[*A Golden Web: How India Became One of the World's Largest Gold Smuggling Hubs*](#) - compiled by Impact - unpacks how India imports approximately 1,000 tons of gold per year—a quarter more than official figures indicate. Some enters as legal imports thanks to falsified paperwork.

“Actors across India’s gold industry are failing to do proper checks on where gold comes from to ensure it’s not financing conflict and human rights violations,” says Joanne Lebert, Impact’s executive director. “With its role as a leading global gold manufacturing centre, India must take action to address the weaknesses in its gold supply chain.”

Impact’s research reveals that one third of the world’s gold passes through India, the heart of the world’s gold manufacturing sector. With its gold jewellery exports on the rise, India has become one of the world’s leading trading hubs—with illicit gold entering country, being transformed into goods, and leaving for international markets, including North America.

The report identifies three primary factors which allow a problem of this magnitude:

- **Tax breaks**

To boost India’s refinery sector, the government introduced tax breaks in 2013 for gold doré –also known as unrefined gold. This has led to traders covering up questionable provenance claims by falsifying documentation of gold doré to take advantage of lower taxes. Gold doré imports shot from 23 tons in 2012 to over 229 tons in 2015 as a result of these tax breaks.

- **Falsified origin documents**

Gold doré imports have spiked, with the majority coming from producing countries that lack strong internal controls or are linked to supply chains with weak evidence of due diligence. Analysis of trade data reveals more declared gold imports to India than some countries are capable of producing, such as in the Dominican Republic and Tanzania, as well as instances of paperwork fraud like in Ghana. In the case of the Dominican Republic, as much as 100.63 tons of

gold doré imported to India between 2014 and 2017 cannot be accounted for in the country's gold production.

- **Complicit allies**

Refined gold is being smuggled into India primarily from the United Arab Emirates, while key traders and refiners in Africa's Great Lakes region with links to India have been identified as being part of the illicit gold trade.

To tackle the problem, Impact calls on India to take immediate steps to:

- Harmonise its taxes, including between doré and refined gold to discourage smuggling; and
- Enhance regulatory controls at the border to require additional, valid information for all imports of all artisanal gold.

"India is at the heart of a web of the illicit trade of gold, with threads spanning the globe and almost certainly financing conflict and corruption. Authorities must take action to remove incentives for gold smuggling and ensure the gold industry implements due diligence. Anyone buying India's gold jewellery should be asking questions about where that gold comes from to have confidence in their supply chain," adds Lebert.

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