

# SAFE CARGO



CONSUMER CONNECT INITIATIVE

Transport of precious commodities including gold, silver and precious stones requires a safe, organised and efficient cargo logistics system

## The logistics of transporting precious commodities



### GOVERNMENT REGULATIONS AND COMPLIANCES

With the government's impetus on ensuring compliance, with measures like GST, e-invoice and e-way bill, a tectonic shift is being witnessed, towards ensuring compliance. This has further hastened the role and use of organised logistics service providers. India being the largest consumer and importer

of gold and silver in the world, the government and this industry felt that it was imperative to have our own India International Bullion Exchange (IIBX), in line with what some of the larger and mature economies have in place. This important step will help the Indian market shift from being just a price taker, to becoming a market maker. The government has set up the India International Bullion Exchange at GIFT City in Gandhinagar, which was recently inaugurated by the Prime Minister Narendra Modi on July 29 this year. IIBX is set to become the gateway for bullion imports into India.

IFSCA as a regulatory authority has laid out clear guidelines on who and how the vaulting and logistics activities shall be performed. Further, SEBI is also commencing the gold spot exchange, to create a transparent, compliant and convenient platform for buying and selling of gold, similar to equity shares.

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India is the highest gold consuming market in the world. It is a category rooted in the country's heritage and tradition, and plays a big part helping in times of need. But what goes behind ensuring that the gold reaches people securely?

India is not a major 'producer' of gold, hence all the gold that is consumed are imported. The supply chain and logistics of gold, from bullion bar and rough stones that are imported into the country, to the manufacturing and distribution of finished gold and diamond jewellery, is both fascinating, interesting and an important subject.

Historically, this movement was done by jewellers themselves, or with people, who discreetly carry the precious shipments, using either personal transportation or public transportation like trains and local bus. These movements are carried out primarily on the basis of trust, and most often without adequate security/docu-



mentation/insurance coverage. There are innumerable instances of external attacks and robbery, to internal pilferage and fraud.

The entire supply chain used to be completely opaque, closed and informal, with almost no

scope for recourse if things were to go wrong.

### ORGANISED RETAIL AND ORGANISED LOGISTICS

Things however started changing after liberalisation in the

90s. Jewellery buying became organised, formalised and standardised, the approach more transparent and premium retail experience and a pan-India network. Along with this came the need for organised and professional logistics partners, to

manage their large and complex supply chain network. Thus, organised precious cargo logistics, as a segment, took shape in early 2000. Over the years, with increase of organised retail in jewellery sector with big brands and many other local players expanding, the importance of organised precious cargo logistics was felt even more.

The jewellery industry thrives on the sales during festivals and weddings. For large exhibitions and trade shows as well, the jewellers/manufacturers take the services of precious cargo logistics service providers, to move their gold, diamonds, gemstones and silver products, from their factory/shop to the exhibition venue, and back.

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### PRECIOUS CARGO LOGISTICS - WHAT IS UNIQUE AND DIFFERENT?

Unlike regular parcels, documents or even e-commerce and food/grocery deliveries, precious cargo logistics operate at an entirely different plane and level. The level of performance has to be top-notch on all aspects, which are

- Lowest TAT (considering daily gold price fluctuation)
- Highest Security at Vault and In-transit (zero loss / pilferage)
- Strong security infrastructure and physical security
- Stringent Compliance (KYC/customs and tax documentation)
- High-end and Secure technology to monitor, track and trace everything on real-time
- Vast domestic and global network
- Strong company financials with an impeccable track record

Apart from the above, the most important element that is unique and different is the culture and mindset of the team that runs and manages the show. People, process and technology will need to work in sync, to be able not just deliver the shipment safely, but also to keep the customer informed at each step of the way, with zero margin for error.

For example, the customer wants to know, every single time, the details of the authorised person who would come for the shipment pickup. Similarly, the shipment must be handed over to the verified receiver only, every single time.

Internal and external auditing and certification goes a long way in ensuring that the processes are robust and fool proof.

ISO 39001:2012 certification for Road Transport Safety Management System (RTSMS) for High Value Transportation, and Responsible Jewellery Council (RJC) certification are some of the international certifications that are important and essential.

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