File No. 9/46/2023/DOMC/FIU-IND
Government of India
Ministry of Finance
Department Of Revenue
Financial Intelligence Unit-India (FIU-India)

6th Floor, Tower-2, Jeevan Bharti Building,
Connaught Place, New Delhi-110001

Dated: October 15, 2026

To

The Executive Director,
Gem and Jewellery Export Promotion Council (GJEPC),
D2B, D-Tower, West Core Wing,
Bharat Diamond Bourse, Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051
(Email: ed@gjepcindia.com)

Subject: Non-registration by Dealers in Precious Metals and Precious Stones (DPMS) with FIU-IND for report filing or information sharing.

Sir/Madam,

In exercise of the powers conferred by sub-clause (iv) of clause (sa) of sub-section (1) of Section 2 of the Prevention of Money Laundering Act, 2002 (15 of 2003), the Central Government notified [Gazette G.S.R. 799(E) and 800(E) dated 28.12.2020] the dealers in precious metals and precious stones (DPMS) as persons carrying on designated businesses or professions, if they engage in any cash transactions with a customer equal to or above Rupees ten lakhs, carried out in a single operation or in several operations that appear to be linked.

2. Section 269ST of Income Tax Act, 1961 prescribes that no person shall receive an amount of Rupees two lakh or more - (a) in aggregate from a person in a day; or (b) in respect of a single transaction; or (c) in respect of transactions relating to one event or occasion from a person, otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account. Any person who receives an amount in violation of the terms and conditions of Section 269ST will be held liable to pay a penalty equivalent to the amount received in cash as per Section 271DA of Income Tax Act.

3. The Financial Action Task Force (FATF) in the Mutual Evaluation Report (MER) on India (2024) identified persistent vulnerabilities arising from cash transactions, cross-border gold smuggling, and trade-based money laundering (TBML). According to FATF MER 2024, India's DPMS sector presents medium-to-high ML/TF vulnerability, primarily because of (a) High value-to-weight ratio and global fungibility of goods; (b) Cross-border trade involving multiple intermediaries; and (c) Frequent cash-based and informal-channel transactions. MER also acknowledged the provisions of Income Tax regarding cash prohibition.

4. The Directorate General of Audit (DG-Audit) under the Central Board of Indirect Taxes and Customs (CBIC) is regulator of the DPMS Sector and issued AML & CFT guidelines for DPMS entities on 25.01.2023, which were updated vide guidelines dated 17.02.2023, 04.05.2023 and 29.11.2023. Further, FIU-India also issued guidance along with indicative Red Flag Indicators (RFIs) on 'Reporting by dealers in precious metals and precious stones' on 03.07.2023 to all Designated Directors (DDs) and the Principal Officers (POs) of DPMS along with copy to the Regulator (DG-Audit, CBIC) and Associations/Councils of Precious Metals and Precious Stone for further circulation to their members.

5. FIU-IND's guidance dated 03.07.2023 highlighted a threefold strategy to combat money laundering, terrorist financing and proliferation financing by DPMS i.e. (i) **Education** of

industry partners regarding their obligations and duties; (ii) **Awareness** regarding the various ways to collaborate with FIU-IND and how this relationship can be leveraged for combating money laundering, terrorist financing and proliferation financing; and (iii) **Preventive measures** in the form of implementation of effective KYC, CDD and EDD measures, detection of suspect transactions (e.g. monitoring and information sharing on misuse of the industry by bad actors inimical to national interest), etc. to aid in removal of the perceived stigma associated with the industry on account of the activities of a few illicit actors.

6. Para 4.4.1 of FIU-India's guidance dated 03.07.2023 also prescribes that every dealer having gross annual turnover more than Rs. 500 crore in previous financial year must appoint a 'Nodal Officer' for the purpose of interaction and information sharing with FIU-India. For the dealers having gross annual turnover of less than Rs. 500 crore in previous financial year, 'Nodal Officer' will be appointed by Industry Council and Association and would serve as a link between the dealers, Industry Council and Association and FIU-India for co-ordination and dissemination of information.

7. The indicative Red Flag Indicators (RFIs) for implementation by the dealers in precious metals and precious stones for detecting suspicious transactions are mentioned in Annexure-I and information sharing mechanism is enumerated at Annexure-II to FIU-IND's guidance dated 03.07.2023. The information sharing mechanism is divided into three main heads i.e. enrolment at FINGate 2.0 Portal, access to FINGate mobile application and submission of STRs & other reports at FINGate Portal. The Primary User (i.e. Nodal Officer) can submit the reports by giving basic entity details and on submission of the report, the 'Primary User' role will get changed to 'Principal Officer'. The FIUREID generated at the time of filing of report(s) will subsequently be used for all future reporting to FIU-IND. In addition, suspicious activity report can also be filed with FIU-IND by any reporting entity through FINGate 2.0 Portal at https://www.fingate.gov.in/.

8. Presently, only 68 DPMS entities have appointed and registered Nodal Officers on FinNet 2.0 portal and no reports (CTRs, CBWTRs, NTRs, CCRs, etc.) except one STR has been filed with FIU-IND till date. However, we noted that various REs (Other than DPMS entities like banks) are regularly filing Cash Transactions Reports (CTRs) against various DPMS entities, indicating that DPMS entities might be receiving cash of more than Rupees ten lakhs every month from its customers and depositing in their respective accounts with banks.

9. You are, therefore, requested to encourage your member DPMS entities to appoint Nodal Officer for interaction and information sharing with FIU-IND. This will be helpful in ensuring robust safeguard against the misuse or abuse of DPMS Sector from illicit financial flows and to prevent the laundering of 'proceeds of crime'. In addition, the DPMS entities or respective associations/councils may be encouraged to detect suspicious transactions and file suspicious activity reports discreetly (i.e. without tipping off to the customers) with FIU-IND by clicking on the weblink https://www.fingate.gov.in/ at FINGate 2.0 Portal (left-hand side), till appointment and registration of Nodal Officer by them. The appointed/registered Nodal Officers may be communicated to file suspicious transaction reports through the FINGate 2.0 portal as per procedure explained in para 7 above. The dealers or Associations/Councils may contact FIU-IND helpdesk at email helpdesk-re@fiu.gov.in and Phone Number 18008890238 for any query or assistance related to registration and report filing.

10. This issues with the approval of the Director, FIU-India.

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Yours sincerely,

15/10/2023

(Satish Kumar)
Joint Director, FIU-IND