

**Implementation of Kimberley Process Certification
Scheme (KPCS) on Conflict Diamonds**

IECD No.13/04.02.02/2002-03

February 3, 2003

The Chairmen/Chief Executives of
all Commercial Banks

Dear Sir,

**Implementation of Kimberley Process Certification
Scheme (KPCS) on Conflict Diamonds**

Please refer to our circular IECD No.3/04.02.02/2001-02 dated August 30, 2001 regarding obtaining undertaking from all your clients who are being extended credit for doing any business relating to diamonds.

2. We advise that as per new UN mandated Kimberley Process Certification Scheme (KPCS) which has been adopted, among others, by India, it has to be ensured that no rough diamonds mined and illegally traded enter our country. Various measures have been taken in this regard including a system of import into India of diamonds being mandatorily accompanied by Kimberley Process Certificate (KPC). Similarly, the exports from India would also be accompanied by the KPC to the effect that no conflict/rough diamonds have been used in the process. These KPCs would be verified/validated in the case of imports/exports by the Gem and Jewellery Export Promotion Council, which has been designated, under the KPCS, as Importing-Exporting Authority by the Government of India.

3. It has therefore been decided that banks should obtain a modified undertaking as per format enclosed, from all the clients who are being extended credit for doing any business relating to diamonds to ensure that the client complies with the KPCS guidelines.

4. The format of Undertaking given as Annexure in the Master Circular on Customer Service, Simplification of Procedures for Delivery of Export Credit and Reporting Requirements may be amended accordingly.

5. The existing system of prompt reporting to RBI of any violation of UN Resolutions as and when noticed as laid down in above circular would continue.

Please acknowledge receipt.

Yours faithfully,

(Usha Thorat)
Chief General Manager
Encl.: one

**Annexure to Circular IECD No.13/04.02.02/2002-03
dated February 3, 2003**

Undertaking from Diamond Clients

**Form of an undertaking to be obtained by
banks from the clients who have been extended
credit for doing any business relating to diamonds**

"I hereby undertake :

- i) not to knowingly do any business in the conflict diamonds as have been banned vide UN Security Council Resolutions No. 1173, 1176 and 1343(2001) or the conflict diamonds which come from any area in Africa including Liberia controlled by forced rebelling against the legitimate and internationally recognised Government of the relevant country.
 - ii) not to do direct or indirect import of rough diamonds from Sierra Leone and/or Liberia whether or not such diamonds originated in Liberia in terms of UN Security Council Resolution No.1306(2000) which prohibits the direct or indirect import of all rough diamonds from Sierra Leone and 1343 (2001) which prevents such import of all rough diamonds from Sierra Leone and 1343(2001) which prevents such import from Liberia.
 - iii) to follow Kimberley Process Certification Scheme for dealing in diamonds.
2. I am also giving my consent to the withdrawal of all my credit entitlements, if at any time, I am found guilty of knowingly having conducted business in such diamonds".