

Summary of the Audit Observations in the Various Reports of 2013

S. No.	Para/Report No.	Audit Observations
1	<p>5.1 (13 of 2013)</p> <p>Non-recovery of dues due to lapses in bullion transactions and camouflaged accounting.</p> <p>Status :</p> <p>Comments of MMTC have been received and ATN is under Process. Final ATN is to be submitted by 18.3.2014.</p>	<p>MMTC Limited imports and gold, platinum and silver to exporters under various schemes as per Foreign Trade Policy of Government of India. MMTC also imports Gold and Silver for sale in domestic market under OGL Scheme. Trading of bullion is regulated in accordance with the instructions/guidelines contained in the Precious Metals Procedural Drill (bullion drill) and internal Circulars issued by the Company from time to time. The bullion drill mandates obtaining of Foreign Exchange Rate Cover (FERC) to hedge against exchange rate fluctuations. The cost of such FERC is to be borne by the customer. Further, instructions issued on 18.12.2006 required each transaction to be treated as separate and squared off on completion, so as to avoid bunching of transactions. Failure to adhere to the instructions on bullion trading, camouflaged accounting and ineffective internal control in MMTC Limited resulted in non-realization of dues amounting to Rs. 295.99 crore from customers and avoidable loss of Rs. 53.27 crore (till December 2012) towards interest.</p>