

**COPU-100<sup>th</sup>**

**Confidential till  
Presented to the Assembly**



**COMMITTEE ON PUBLIC UNDERTAKINGS  
ONE HUNDREDTH REPORT**

**FIFTEENTH ASSEMBLY**

**REPORT ON THE AUDIT PARAGRAPHS CONTAINED IN THE  
REPORT OF THE COMPTROLLER AND AUDITOR  
GENERAL OF INDIA (COMMERCIAL),  
FOR THE YEAR  
2005-2006  
RELATING  
TO  
ASSAM STATE FERTILIZERS AND CHEMICALS LIMITED**

**Presented to the House on 16<sup>th</sup> February, 2026**

**ASSAM LEGISLATIVE ASSEMBLY SECRETARIAT  
DISPUR :: GUWAHATI-6**

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## INTRODUCTION

I, the Chairman of Committee on Public Undertakings, Assam Legislative Assembly having been so authorised by the Committee on their behalf present this 100<sup>th</sup> Report, which was approved by the Committee on the Audit paragraphs contained in the Report of the Comptroller and Auditor General of India (Commercial) for the year ended 31<sup>st</sup> March, 2006 relating to Assam State Fertilizers and Chemicals Limited.

(1) The Committee had taken up the work of examining the relevant paragraphs contained in the Report of the Comptroller and Auditor General of India (Commercial) for the year ended 31<sup>st</sup> March, 2006 related to the Assam State Fertilizers and Chemicals Limited under the Department of Industry, Commerce & Public Enterprises, Government of Assam and had a threadbare discussion with the officers of the Department as well as Assam State Fertilizers and Chemicals Limited on 6<sup>th</sup> November, 2025.

(2) The Report was considered and adopted by the Committee in its meeting held on 9<sup>th</sup> February, 2026.

(3) The Committee placed on record its thanks to the officers of Assam State Fertilizers and Chemicals Limited for furnishing the records/relevant materials and giving information as well as for extending fullest co-operation to the Committee.

(4) The Committee also extends its high appreciation to the Accountant General (Audit), Assam and the concerned officials for their sincere co-operation extended to the Committee during its examination.

(5) The Committee also placed on record its appreciation to officers and staff of the Committee for their unstinted co-operation extended to the Committee in conducting of examination as also in the compilation in presentation of this Report.

**Dispur**

**The 9<sup>th</sup> February, 2026**

  
**( Ramendra Narayan Kalita, M.L.A ),**  
**Chairman,**  
**Committee on Public Undertakings**

**COMPOSITION OF THE COMMITTEE**

**CHAIRMAN:**           **Shri Ramendra Narayan Kalita, MLA**

- MEMBERS:**
1.   Smti. Suman Haripriya, MLA
  2.   Shri Terash Gowala, MLA
  3.   Shri Promod Borthakur, MLA
  4.   Shri Ganesh Kumar Limbu, MLA
  5.   Shri Suren Phukan, MLA
  6.   Shri Jitu Goswami, MLA
  7.   Shri Prodip Hazarika, MLA
  8.   Shri Rabi Ram Narzary, MLA
  9.   Shri Jakir Hussain Sikdar, MLA
  10.  Shri Rekibuddin Ahmed, MLA
  11.  Smti Sibamoni Bora, MLA
  12.  Shri Rafiqul Islam, MLA

**SECRETARIAT:**

1. Shri Dulal Pegu, Secretary
2. Shri Pradip Handique, OSD (Joint Secretary)
3. Smti Deepali Pegu, Deputy Secretary
4. Shri Ranjit Kr. Sarmah, Officer on Special Duty
5. Shri Nibash Chakraborty, Under Secretary
6. Shri Dili Ram Sharma, Committee Officer

## **CHAPTER - I**

### **REPORT AND RECOMMENDATIONS**

During the course of deposition before the Committee in its meeting held on 6<sup>th</sup> November, 2025 in the presence of the officials of the Accountant General (Audit), Secretary, Joint Secretary & Consultant to the Govt of Assam, Department of Industry, Commerce & Public Enterprises, Chief General Manager, General Manager and Company Secretary of Assam Industrial Development Corporation Limited, Assam State Fertilizers and Chemicals Limited and other Departmental representatives had submitted the replies to the queries against the Audit paragraph mentioned as follows relating to Assam State Fertilizers and Chemicals Limited.

#### **1. Reference Paragraph 4.4 of the Audit Report (Commercial) for the year ended 31<sup>st</sup> March, 2006.**

##### **FACT OF THE CASE**

As a step towards revival of the Company and its Sulphuric Acid Plant under joint management with private participation, the Company had entered (December, 1998) into a Memorandum of Understanding (MoU) with Associated Chemical Industries (ACI), a Guwahati based firm. As per the MoU, ACI was to invest necessary fund for procurement of Sulphur (raw material) for continuous operation of the plant. ACI, however, did not invest sufficient funds for procurement of the raw material and the MoU was terminated in January, 2001.

It was noticed during Audit that the Company had undertaken renovation without first ensuring availability of working capital. The plant with a capacity of 16,500 TPA was commissioned on 26<sup>th</sup> September, 2000 at a total cost of Rs.62.84 lakh. Thereafter, the minimum target of production of the Plant was fixed at 800 MT per month (9,600 MT per annum).

The details of actual production, capacity utilisation and percentage of actual production to targets for the period from 2001-02 to 2005-06 were as under:

<b>Year</b>	<b>Actual Production (MT)</b>	<b>Capacity Utilization (Percentage)</b>	<b>Percentage to target</b>
2001-02	1989.511	12.06	20.72
2002-03	2052.106	12.44	21.38
2003-04	3174.341	19.24	33.07
2004-05	3922.26	23.78	40.86
2005-06	4914.71	29.81	51.20

It would be seen that while the capacity utilisation of the plant after renovation was between 12.06 to 29.81 per cent, the percentage of actual production to the minimum target of production varied between 20.72 to 51.20. Audit analysis revealed that the low production performance of the plant was mainly due to lack of working capital for procuring Sulphur for production of Sulphuric acid. The expenditure incurred on renovation of the plant thus proved largely wasteful.

In reply, the Management stated (19<sup>th</sup> July, 2006) that by investing Rs.62.84 lakh, the Sulphuric Acid plant was put into working condition and the plant was successfully running till date. The reply is not tenable in view of the fact that after renovation even the minimum target of production fixed by the Company was not achieved in any year.

The matter was reported to the Government in April, 2006; their replies are awaited (November, 2006).

**MANAGEMENT REPLY:**

**1. WASTEFUL EXPENDITURE IN ASFC LTD.-**

As a step to revive M/s. Assam State Fertilizers and Chemicals Limited, and its Sulphuric Acid Plant under the joint management with private participation, the Company entered into a Memorandum of Understanding with Associated Chemical Industries (ACI), A Guwahati based firm.

As the Private Party did not invest sufficient fund for the procurement of raw material, the MOU was terminated in January, 2001.

The Plant with capacity of 16,500 TPA, was commissioned on 26/09/2000 at a cost of Rs.62.84 lakh. Thereafter the minimum target fixed at 9,600 TPA.

The Plant could not achieve the minimum target.

The Audit analysis revealed that the low productivity was due to lack of working capital for procuring sulphur for the production of Sulphuric Acid.

The Management replied that by investing Rs.62.84 lakh, the Sulphuric acid plant was put into working condition.

We again state here that the Sulphuric acid plant could not achieve the targeted production, due to shortage of working capital, and as a result, expenditure incurred for renovation was a wasteful exercise.

As per the directive of the AIDC Ltd. Board, the Managing Director, ASFC has already submitted a proposal to Govt. of Assam for close down of the Factory. The process of close down is under process.