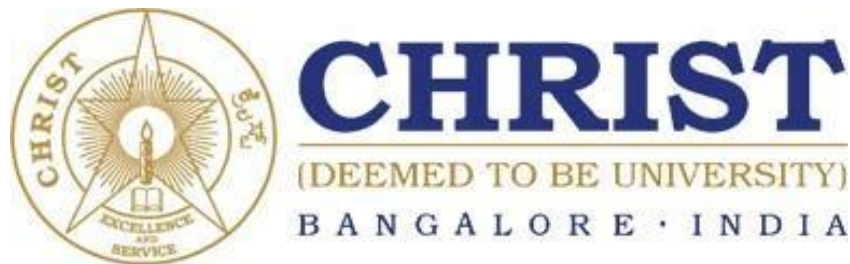


# **INTERNSHIP AT FERTILIZERS AND CHEMICAL TRAVANCORE LIMITED [FACT]**

AN INTERNSHIP REPORT SUBMITTED TO CHRIST (DEEMED TO BE UNIVERSITY)  
IN PARTIAL FULFILMENT OF THE AWARD OF THE DEGREE OF  
MASTER OF ARTS IN APPLIED ECONOMICS

BY  
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MA APPLIED ECONOMICS  
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CHRIST (DEEMED TO BE UNIVERSITY)  
July 2023



### **CERTIFICATE**

This is to certify that the Internship Report entitled “INTERNSHIP AT FERTILIZERS AND CHEMICAL TRAVANCORE LIMITED” submitted in partial fulfilment of the award of the degree of Masters in Applied Economics is a record of the work done by Ms Gayathri E under my guidance and supervision during 2023-2024.

I certify that this is a bona fide work of Ms Gayathri E

Place: Bangalore, Karnataka

Date: 27-07-2023

Faculty in Charge

RITTU SUSAN VARKEY

Head, Department of Economics

DR JOSHY KJ

## ACKNOWLEDGEMENT

I would like to express my sincere gratitude and appreciation to all the individuals and entities who have contributed to making my summer internship at FACT a valuable and enriching experience. This acknowledgment serves as a token of my heartfelt thanks to everyone involved. I would like to thank my department head, Dr. Joshy K. J., for his assistance and for fulfilling all the formality to get and finish an internship with the aforementioned company. I also like to thank Dr. Rittu Susan Varkey for always handling my internship profile at the relevant time. I would like to express my gratitude and appreciation to Mr. Abraham P. Varghese, training coordinator, Training Centre FACT, for his guidance and assistance throughout the internship. I also would like to thank all of the employees of FACT for their kind cooperation.

## **EXECUTIVE SUMMARY**

The internship report, "Internship at FERTILIZERS AND CHEMICALS TRANVANCORE LIMITED [FACT]," presents several aspects of the summer internship completed as a prerequisite for the degree of Masters in Applied Economics. I pursued this internship at the finance and materials departments of FACT. The main goal of this internship is to obtain practical experience in economics as well as apply theory in real-world projects and tasks. The finance department is critical to the growth and health of an organisation since it provides crucial financial management and assistance. Similar to this, the materials department is crucial to the success of the business by ensuring that the necessary supplies are purchased in the proper quantities, of the highest quality, and for a reasonable price. The report has been divided into five sections. The first section introduces the internship at FACT and provides information on its specific aims, objectives, expected results, and organisational profile. A description of the four weeks of the internship is given in the second section. The third section is a reflection on things that were learned from this internship. Finally, the concluding notes in the fourth section attempt to summarise the complete internship experience and learnings.

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## INTRODUCTION

The Fertilisers And Chemicals Travancore Limited (FACT) was established in 1943 as the country's first large-scale fertilizer company in Udyogamandal, Kochi, Kerala. The company started production in 1947. Initially in the Private Sector, promoted by M/s.Seshasayee Brothers, FACT became a Public Sector company in 1960 and the Government of India became the major shareholder in 1962. FACT is under the administrative control of the Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India. The second unit, the Cochin Division, was built in Ambalamedu, next to the BPCL-Kochi Refineries, in two phases. I completed my internships in the finance department, which oversees financial reporting, budgeting, and forecasting, and in the materials department, which is tasked with procuring goods and services required by the company.

### a. AIM

I had the opportunity to learn about the crucial responsibilities that the finance and materials departments play in the operations of the organisation through an internship with FACT. The internship aimed to develop and enhance essential skills relevant to the field of economics. Gaining practical experience in the field of economics by actively participating in tasks assigned by the company was another goal of the summer internship. To learn more about how the company's materials and finance departments contribute to company's performance

### b. OBJECTIVE

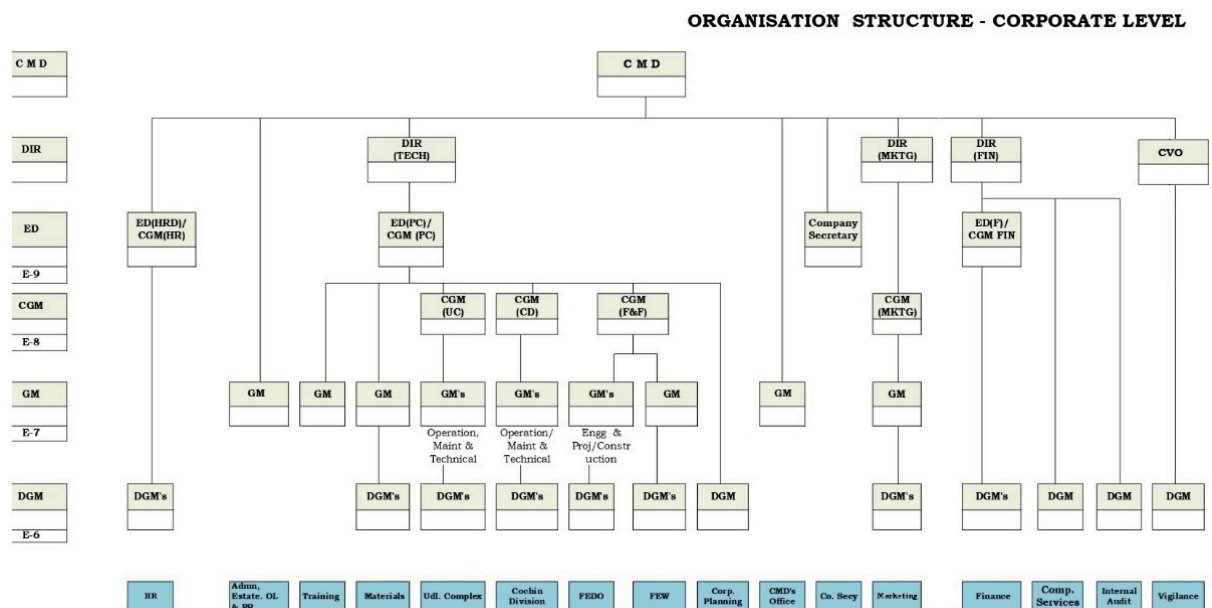
The internship sought to apply theoretical knowledge acquired during my academic pursuits to real-world scenarios. To enhance skills in various areas of finance, such as financial analysis, budgeting, forecasting, data analysis, risk management and financial

modelling. Successfully completing an internship increases the value of a résumé, making it more appealing to future jobs.

## EXPECTED LEARNING OUTCOME

I expect to learn new things and advance my knowledge and skills in the field of economics by working as an intern in FACT. To gain practical experience by working in real world scenario and to improve my skills.

## ORGANISATION STRUCTURE



The company's top executive is the chief managing director, followed by the directors of each division, the chief general managers, and the general managers of the respected divisions.

#### ABBREVIATIONS OF ORGANISATIONAL STRUCTURE

DIR-DIRECTOR , TECH-TECHNICAL, C.V.O-CHIEF VIGILANCE OFFICER , CP. CORPORATE PLANING , PC-PRODUCTION COORDINATION , CD-COCHIN DIVISION , UC-UDYOGAMANDAL COMPLEX , F&F-FEDO & FEW , JGM-JUNIOR GENERAL MANAGER, UD-UDYOGAMANDAL DIVISION PD-PETROCHEMICAL DIVISION , CM – CHIEF MANAGER , DGM-DEPUTY GENERAL MANAGER , AGM-ASSISTANT GENERAL MANAGER , MGR-MANAGER, DIST-DISTRIBUTION , MICE-MAINTENANCE]

#### FINANCE DEPARTMENT

A finance department is a business unit responsible for obtaining and handling any monies on behalf of the organization. The department controls the income and expenditure in addition to ensuring effective business running with minimum disruptions. Main functions of FACT finance department are payroll, billing, preparation of ledger and trial balance , banking, general accounting , Budget preparation, auditing , preparation of financial statements and reports etc.

#### SECTIONS IN FINANCE:

##### **1. Bills and Materials**

The bills section mainly deals with settlement of work order bills and purchase order bills. It is the area where the process of making final payments to the vendors is carried out. Cross checks the values given in the bills, such as total amount, quantity purchased, vendor code, purchase and work order numbers, getting approval for Financial concurrence, tax calculations etc. All the bills processed for payments are recorded by the bills section using SAP software. Materials section deals with the settlement of bills of raw materials purchased. It includes the purchase of both imported raw materials and indigenous purchases. Process for Letter of credit (LC) takes place in this section.



## 2. General accounting

This area handles FEDO accounting as well as general accounting. This is where all other tax-related activities except GST, such filing income tax returns, are done. This section is in charge of managing the company's auditing activities

## 3. Payroll

Preparation and disbursement of salaries and wages to managerial and non-managerial employees. Effect various recoveries through payroll and remit the same to concerned agencies. Processing of various personal payments advances. Keeps books of account for the above transaction.

## 4. Sales

The settlement of invoices received from the marketing section is the main focus of this section. Invoices received from the market department are typically reimbursement invoices for expenses like travel allowance, imprest, and petty cash. Other activities include TDS filing and GST reversal.

## 5. Banking

Main functions of bank section are allocating funds, preparing general ledgers , day-to-day accounting works, cash budgeting , making projections for up to 30 days each day, maintaining surplus as short-term deposits by inviting tenders under certain criteria provided by the company, and arranging backup plans like working capital arrangements during a shortage. Also maintains a separate account for rail freights.

## MATERIALS DEPARTMENT

Typically, the materials department handles the company's purchasing needs. Purchases involve the purchasing of raw materials, machinery, equipment, spare parts, and services. The material department is organised into three sections: transportation, the ESS (Equipment,

Spares, and Stores) section, and the raw materials section. The deputy general managers (DGMs) who oversee each section report to the general manager (GM), who in turn oversees the DGMs. Senior managers, assistant managers, and other employees report to DGM. The purchase of raw materials including phosphoric acid, rock phosphate, sulphur, benzene, fertilisers, furnace oil and ammonia is dealt with in the raw material division. It also deals with the procurement of packaging materials such bags for fertiliser and caprolactam and thread for these bags. ESS section is further divided into 3 ESS-1, ESS-2 and ESS-3. This section is focused on the procurement of machinery equipments and spares. And the third section transports deals with quoting of work order contracts and welfare contracts. In this area, procurement is done through a tender invitation process. Most tenders are invited via the government's portals, GEM and CPP, and any others that cannot be invited via these portals are manually invited by issuing separate invitations to vendors.

## INTERNSHIP EXPERIENCE

My first week of an internship involved working at the finance department's bank section. On the first day of the internship, a broad overview of how the bank section operates were given and attended mandatory fire and safety class given by safety department of FACT. For the purpose of centralised data management FACT uses SAP software. All kinds of critical company functions are managed by SAP software. SAP assists organisations in operating faster and more effectively by integrating and automating crucial activities. SAP software gives multiple business functions accurate, real-time insight into operations by centrally storing data. So on day two, the fundamentals of using SAP were covered. Posting and posting of rail freight data in SAP were taught. Transporting goods or commodities by train is referred to as rail freight. Complex fertilisers, ammonia phosphate, and sulphate of ammonia are a few of the commodities transported by rail. SAP and Excel were used to record rail freight data. Data included variables such as article number, quantity of commodity, amount,

amount without GST , CGST, SGST, etc. Learned how to enter security deposits(SD) and earnest money deposits (EMD) in SAP. The banking section's functions were familiarised. Allocating funds, preparing general ledgers , day-to-day accounting works, cash budgeting , making projections for up to 30 days each day, maintaining surplus as short-term deposits by inviting tenders under certain criteria provided by the company, and arranging backup plans like working capital arrangements during a shortage. It consists of both fund-based agreements, such as overdrafts, and non-fund-based agreements, including payments supported by letters of credit and bank guarantees. Also maintains a separate account for rail freights. These are some of the tasks carried out by the bank section. Working in this section helped me understand how an industry's banking system functions and gave me an opportunity to work in SAP.

My second week of the internship involved working in the finance department's bills division. This section involved processing a variety of bills, including working order bills, purchase order bills, and miscellaneous bills. First, they provided a brief overview of the bills section and the different types of bills processed there. The first task assigned to me was posting and parking of purchase order bills. Purchase order bills are those which include the goods that the company has purchased. After purchase acquisition, the purchase division will outline the order's particular requirements and issue an invitation for the lowest tenders on the government website GEM. The purchase department will attach a financial concurrence to the purchase order invoice following a technical evaluation, and this bill will be processed if the financial concurrence is accepted by the finance department. The information on purchase order bills includes the purchase order number, vendor code, details of goods purchased, the due date, total amount, and special conditions the company has specified. Similarly work order bills are also processed by the department. Work order bills contain details of goods and service received by the company and also have service entry sheet. Usually these works are contract based. Depending on the work period and fund required to complete the contract, these bills may come as a single bill or in multiple bills. Single bills are common for short-term contract works. Posting and parking of these bills were also assigned to me.

checklist preparation for these bills were done. It involved verifying and recording information such as vendor code, purchase order number, work order number, GST details, and filing status, bank details, SD (security deposit) details, work period, due date, LD (liquidity damage) details, payment terms and (FC) financial concurrence. Bills other than purchase order and work order bills are known as miscellaneous bills e.g.: grass cutting bill, quarters maintenance work, Snacks and refreshment bills, etc. These bills may or may not include GST-covered goods and services and also checks whether these goods and services can avail of ITC (input tax credit). These bills were also parked and posted in SAP. Manual documentation of these three bills was also assigned. I got an opportunity to learn how GST procedures are carried out in a firm. It helped me to gain knowledge about concepts like RCM, ITC, filing GST return, conditions for ITC, TDS. GSTR1 is submitted by 11<sup>th</sup> of every month, GSTR3B by 20<sup>th</sup> of every month, GSTR 7 by 10<sup>th</sup> of every month for work above 2 lakh and GSTR 9 is submitted annually by 9<sup>th</sup> December. This bills section also deals the 40 different types of insurance plans that the company has. These regulations are selected by inviting tenders.

My internship's third week began with a few days spent in the sales section of the finance department. The primary duty of the sales section is to set off bills received from the marketing department. This section does not have a direct relationship with sales happening in the company. Expense reimbursement bills are one type of bill that the marketing division provides to the sales section. General accounting, accounting of FEDO, TDS filing, and filing of all taxes other than GST are other activities that take place in the sales section. I got an opportunity to become familiar with three different sorts of reimbursement bills, such as travel allowance, imprest, and miscellaneous bills. Travel allowance bills are those that request reimbursement of expenses incurred for business-related travel by employees, such as visiting vendor sites or attending meetings, etc. Travel allowance bills included the calculation of Batta, when employees meet the required conditions, 125% of the expense is granted as Batta. My first responsibility was to cross-check the information provided in bills by employees, calculate the batta, and record the results in SAP. Later, SAP entries for

the remaining two bills were made. Petty cash bills were called imprest bills, while miscellaneous bills were bills for courier, photostat, printing, etc. Requests for cash payments in advance for travel expenses have been reviewed by this section. The procedure for GST reversal was explained; it is carried out when the vendors are not in GSTR 2B. The company will suffer loss if the reversal is not made. Details of vendors were uploaded in GST site for TDS filing. It included details such as GST number of the vendor, amount, IGST, CGST and SGST. Data entry for freight clearing were done. I spent the final few days of the week in the raw materials section. The main duty of this section is devoted to the Letter of Credit (LC) process for purchasing raw materials abroad. Through the banks of the exporter and the importer, requests are sent and approval for LC is obtained. Other documents included in an approved LC include information about the importer, exporter, transit method, customs duties, import bills, wharfage, bill of landing, quality inception information, and other transactional data. Also, cross-checking of details given in the bank guarantee was done. So the process for LC and BG was explained. Purchase order bills for raw materials bought from indigenous enterprises like BPCL were recorded in SAP.

My fourth week of the internship gave me the chance to familiarise with the activities of the materials department. Typically, the materials department handles the company's purchasing needs. Purchases involve the purchasing of raw materials, machinery, equipment, spare parts, and services. The material department is organised into three sections: transportation, the ESS (Equipment, Spares, and Stores) section, and the raw materials section. The deputy general managers (DGMs) who oversee each section report to the general manager (GM), who in turn oversees the DGMs. Senior managers, assistant managers, and other employees report to DGM. The purchase of raw materials including phosphoric acid, rock phosphate, sulphur, benzene, fertilisers, furnace oil and ammonia is dealt with in the raw material division. It also deals with the procurement of packaging materials such as bags for fertiliser and caprolactam and thread for these bags. ESS section is further divided into 3 ESS-1, ESS-2 and ESS-3. This section is focused on the procurement of machinery equipment and spares. And the third section transports deals with quoting of work order contracts and welfare contracts. In this

area, procurement is done through a tender invitation process. Most tenders are invited via the government's portals, GEM and CPP, and any others that cannot be invited via these portals are manually invited by issuing separate invitations to vendors. Since international purchases of raw materials are typical, seeking bids through government portal is not an option; instead, bids are manually invited.

On the first day of my fourth week, I also had the chance to learn about the operation of the payroll section in the financial department. The time office is the area of payroll that deals with attendance data. It gathers information on employees' punching in and out times, details of their overtime work, the number of leaves they have taken, and an estimate of their salaries based on these parameters. This section also deals with tax procedures, the settlement of the company's future settlement, advances, retirement settlement, and other bills such as reimbursement bills, imprest bills, and checks about loan details obtained by employees from credit societies. Also documentation of data were done.

## LEARNING OUTCOMES

FACT is a PSU, thus working there as an intern gave me insight into the working environment of a central government office. My internship in the finance department gave me a better understanding of how a company with a 6000cr turnover takes care of financial matters. So working there gave me a better understanding of the bill-settling process, budgeting, fund management, general accounting, tax filing, and salary settlement. Working in the materials department also gave me insight into how the process for procuring goods and services there took place. It gave me an opportunity to comprehend how the GEM portal and other government websites for procurement functioned. Also working in this department gave me a better understanding of how products and services are procured at the right time, place, material, person, and price. For the purpose of centralized data management FACT uses SAP software, so doing an

internship gave me the opportunity to learn to work with sap, therefore having an internship allowed me to work in SAP. Working with experienced officers improved my understanding of this subject and provided clarity.

## CONCLUSION

The internship at FACT was a great opportunity for me. To me, it was a beautiful experience. I was able to learn new things as well as acquire valuable knowledge. I had a chance to work with experienced employees, which allowed me to develop my skills.

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