



BIJU PATNAIK INSTITUTE OF INFORMATION TECHNOLOGY & MANAGEMENT STUDIES (BIITM), BHUBANESWAR

Plot No. F/4, Chandaka Industrial Estate, Infocity, Patia, Bhubaneswar-24

Approved by AICTE, Govt. of India | Affiliated to BPUT, Odisha | NAAC Accredited | ISO 9001 : 2015

SUMMER INTERNSHIP PROJECT 2024

REPORT TITLE

**A CRITICAL ANALYSIS OF PROCUREMENT
PROCEDURE AT IFFCO**

SUBMITTED BY

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MBA Batch: 2023-25

University Regn. No.: 2306258095

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Senior Manager Of
IFFCO,
Paradeep



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CERTIFICATE OF FACULTY/INTERNAL GUIDE

This is to certify that Ms. Madhusmita Behera , bearing university registration no 2306258095 of 2023-25 batch, has completed his/her summer internship at IFFCO (organization name) from 1.06.2024 to 30.06.2024 under the supervision of Ms. Latika Nayak (corporate guide) and has submitted this project report under my guidance in partial fulfilment of the requirements for award of the degree of Master of Business Administration at Biju Patnaik Institute of Information Technology and Management Studies, Bhubaneswar. To the best of my knowledge and belief, this project report has been prepared by the student and has not been submitted to any other institute or university for the award of any degree or diploma.

Date:

Place: Bhubaneswar

Signature of the Faculty/Internal Guide

Name: Dr. Naveen L

Designation: Asst.Prof(Marketing&operatio

पारादीप इकाई
PARADEEP UNIT

इंडियन फार्मर्स फर्टिलाइजर कोऑपरेटिव लिमिटेड
INDIAN FARMERS FERTILISER COOPERATIVE LTD.



TRAINING CENTRE
CERTIFICATE OF INTERNSHIP

Ref. No. Trg/Int/24/074

Date : 01/07/2024.

This is to certify that **Madhusmita Behera**, 1st yr. MBA from BIITM, Bhubaneswar, has successfully completed project work from 01-06-24 to 30-06-24 and submitted a project report on “A critical analysis of procurement procedure” at IFFCO Paradeep Unit.

During the period of programme with us, he/she was found to be sincere, hardworking, and inquisitive.

The overall performance of the student during the internship period was very good.

For Indian Farmers Fertiliser Cooperative Ltd.,

CM(Training)

ISO 14001:2015
ISO 45001:2018
BUREAU VERITAS
Certification



ISO 50001:2018
BUREAU VERITAS
Certification



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DECLARATION

I, Ms Madhusmita Behera Bearing university registration no 2306258095 (2023-25 batch), hereby declare that the project report titled ANALYSIS OF PROCUREMENT PROCEDURES OF IFFCO AT PARADEEP is based on my internship at IFFCO (INDIAN FARMERS FERTILIZER COOPERATION) (organization name), during the period 1.06.2024 to 30.06.2024 and is an original work done by me under the supervision of Mrs. Latika Nayak (Corporate Guide) and Mr Naveen L (Internal Guide). This report is being submitted to Biju Patnaik Institute of Information Technology and Management Studies, Bhubaneswar, affiliated to Biju Patnaik University of Technology, Odisha, in partial fulfilment of the requirements for the award of the degree of Master of Business Administration. This project report has not been submitted to any other institute/university for the award of any degree or diploma.

Date:

Place:

Signature:

ACKNOWLEDGEMENT

Knowledge is our expression of experience gained in life choicest possessionsthat should be happily shared with others.” We believe that this training Endeavour has prepared us for taking on more innovation and challenging projects in future.

Really, and most importantly I will like to thank my family and friends for supporting me throughout the work so that I can complete my project within the stipulated time.

It has been a great and valuable experience for me and I am able to get a clearIdea of the procurement activity of the company. This experience will be of great help in the future. I thank to all those who have been connected with myventure. Knowledge is our expression of experience gained in life choicest possessions that should be happily shared with others.” We believe that this training Endeavour has prepared us for taking on more innovation and challenging projects in future.

I express my thankfulness to **MRS Latika Nayak, IFFCO**, who helped as my guide and provide his valuable support in the completion of my project.

I am highly indebted to **Mr. Naveen L (Internal Guide), Assistant Professor (Marketing and Operations)** who was a continual sourceof inspiration and would like to thank her for his guidance and supervision as well as for his support in completing the project. I could not have asked for a finer mentor.

I would also like to thank the authority of IFFCO paradeep unit and the employees from the Purchase Department who spent their valuable time explaining us system in detail. I will thank my internal guide for helping in understanding the subject withan ease.

Date:

Paradeep

Madhusmita Behera

EXECUTIVE SUMMARY

The major purpose of the study to analyse the procurement process of IFFCO. The financial statement explains the trend analysis and ratio analysis is comparison with the competitor companies.

Working Capital is the amount by which current assets exceeds current liabilities. It involves the relationship between a firm's short term assets and its short-term liabilities. Funds needed for short term needs for the purpose like payment of wages and other day to day expenses are known as working capital. The goal of working capital management is to ensure that the firm is able to continue its operations and it has sufficient cash flow to satisfy both maturing short-term debt and upcoming operational expenses. Working capital is primarily concerned with inventories management, receivable management, cash management and payable management.

This project explains in detail the procurement procedure in IFFCO and how it is operated in it. Various materials or items purchased and this procedure is not applicable for natural substances, books and notes, personalised service and repair of vehicle etc.

Leading manufacturer of the fertilizer in India. A comparative analysis of IFFCO with four major players namely CHAMBAL FERTILIZERS & CHEMICALS LTD., COROMANDEL FUTURE POSITIVE, ICL, and NFL. Thus analysis studies the different procedures of and conditions for purchase within the organization.

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CHAPTER-01

1. INTRODUCTION:-

I have done this project in the subject procurement in IFFCO. The procurement means the company uses to plan, source, purchase and pay for goods and services also including sourcing, acquisition, settlement analysis of procurement data and future analysis. I have taken this previous year data to explain the procedure. I was doing this from 1-06-2024 to 30-06-2024 that is for 30 days.

2. IMPORTANCE OF THIS STUDY FOR THE COMPANY:-

Procurement refers to the process of acquiring goods or services from an external source. It involves identifying the need for a product or service, finding and evaluating potential suppliers, negotiating terms and conditions, and finalizing contracts upon agreement. In simple terms, procurement aims to secure the best possible goods, services, or works, at the most favorable terms, for the benefit of a particular business organization.

Procurement management can be responsible for negotiating lucrative production and supplier contracts, spearheading innovative new processes and play an important part in taking a domestic business operation global. Procurement management can also play an important role in spearheading corporate social responsibility in diversity and inclusion by proactively seeking diverse suppliers.

Organizations across all industries depend on the expertise of procurement management in seeking out and managing external supplier relationships to ensure these needed items are acquired at the best possible.

Enhances transparency and predictability; Provides a good basis for monitoring; and. Facilitates efficient and effective treasury management by spreading out annual procurement activities consistent with the needs and resources available.

IFFCO is a large cooperative. That is why a lot of day-to-day operations go on like purchase raw materials, stores and spares etc. IFFCO has total manpower around 35000. TO maintain all these things in procurement is equally important.

3. OBJECTIVE OF THE STUDY:-

- ❖ To analyze and identify ways to save cost and ensure continuous supply in the most convenient way of IFFCO PARADEEP.
- ❖ To Evaluate and analyze current procurement processes within the organization.
- ❖ Propose strategies to enhance the efficiency of procurement operations.

4. SCOPE OF THE STUDY:-

- ❖ To understand the procurement procedures is limited to IFFCO'S paradeep plant.
- ❖ The scope of work helps to understand the procedures of procurement within 30 days.
- ❖ This study helps to establishes the parameters of what could be included in the contract.
- ❖ This study helps to understand the procurement procedure within the purchase department of IFFCO.

5. REVIEW OF LITERATURE:-

Procurement management plays an important role in operation management of the industry. Number of researchers has been done the research on different parts of procurement. Here I have included the relevant articles as well research work on the same topic and subject. And this is the part of my research work on the same title, procurement management of selected fertilizer companies of India. The main aim of this paper is to identify the gaps in current body of my research work which gives the direction towards forward attention to be given.

MICHAEL H. WEISS

Research is based on a conceptual framework for procurement strategy which emphasizes on the importance of integrating procurement with overall business strategy. He argues that procurement should be seen as strategic partner, rather than just a transactional function.

KURT A. SANDVIK

Research is based on procurement as strategic sourcing process that involves identifying and acquiring goods, services and solutions to meet business objectives. He highlights the importance of collaboration between procurement and other business function, such as marketing and engineering.

MARK R. MUNDAY

Conducts a comprehensive review of the literature on strategic procurement, highlighting the importance of aligning procurement with business strategy, building relationship with suppliers and leveraging technology to improve efficiency.

C.RAGSDALE

Ragsdale proposes a frame work for procurement strategy that involves assessing internal capabilities, identifying external opportunities, and developing strategies to achieve business objectives. He emphasizes the importance of collaboration between procurement and other business functions.

RICHARD W.WILDING

Wilding argues that procurement can play a critical role in achieving business objectives by providing value to the organization through reduce costs, improved quality, and increased innovation. He highlights the procurement professionals to develop new skills and competencies to support this role.

ROBERT J.TRENT

Trent introduce the concept of strategic sourcing, which involves identifying and acquiring goods, services and solutions that meets business needs while also achieving goals. He emphasizes the importance of collaboration between procurement and other business functions.

ASHOK RAO

Rao explores the impact of digital technologies on procurement, highlighting both challenges and opportunities. He argues that digitalization can improve efficiency, reduce costs and increase transparency in procurement processes.

These literature reviews provide insights into the evolution of procurement from a transactional to a strategic function, emphasizing the importance of collaboration, alignment with business strategy, and leveraging technology to improve efficiency.

6. RESEARCH METHODOLOGY:-

A. Research Approach:

- Qualitative: Understanding the detailed aspects of procurement procedures through interviews, case studies, and document analysis.
- Quantitative: Collecting numerical data on procurement performance metrics and SIP outcomes.

B. Data Collection Methods:

- Primary Data
- Secondary Data:
 - Internal Documents: Analyze IFFCO's procurement manuals, SIP reports, and related internal documents.
 - Industry Reports: Review industry reports and benchmarks relevant to procurement procedures and SIP performance.

7. LIMITATION OF STUDY:-

- ❖ This study is short term period of last two year from 2023-2024.
- ❖ The main challenge is rising inflation.
- ❖ The absence of internal communication and inaccurate.
- ❖ Absence of technology, supplier issue and risk management.
- ❖ Talent management and contract management.

CHAPTER-02

➤ ORGANIZATION PROFILE(ABOUT IFFCO):-

Indian farmers fertilizer cooperative limited also known as IFFCO, is the world's largest cooperative federation based in India(as per world cooperative monitor 2021).IFFCO has around 35000 member cooperatives reaching over 50 million Indian farmers. IFFCO has registered on November 3, 1967 as a multi cooperative society. On the enactment of the multistate cooperative societies act 1984 & 2002. The society is primarily engaged in production and distribution of fertilizers.

IFFCO commissioned an ammonia - urea complex at Kalol and the NPK/DAP plant at Kandla both in the state of Gujarat in 1975. After this another ammonia - urea complex was set up at Phulpur in the state of Uttar Pradesh in 1981. The ammonia - urea unit at Aonla was commissioned in the start of 1988. Then IFFCO has acquired the fertilizer unit OSWALS at Paradeep in Odisha.



PARADEEP UNIT:-

1.2.1 Overview: Certainly! The IFFCO Paradeep Unit is an impressive integrated “Phosphatic Fertilizer Complex” located in Odisha, India.

With its historic acquisition in 2005, Paradeep production facility marked the first private sector acquisition by any corporate in India. Paradeep port’s draft enabled year-round entry of large ships and conveyor belt facility made it easy to transport material, making Paradeep the right strategic investment for IFFCO. Paradeep facility has a production capacity of 23,10,000 MTPA of Sulphuric acid, 8,75,000 MTPA of phosphoric Acid and 19,20,000 MTPA of DAP.

It comprises the world’s largest phosphoric acid plant, two sulfuric acid streams, and three granulation trains capable of producing 23.04 Lakh MT/Annum of DAP, NP, and NPK grade fertilizers.

Additionally, there’s a captive power plant with a capacity of 2x55 MW.

1.2.2 Historical Context:

Originally constructed by M/s. Oswal Chemicals and Fertilizers Limited (OCFL) in the year 2000, the plant was later taken over by IFFCO in October 2005.

IFFCO acquired the project and obtained environmental clearance for the Phosphatic Fertilizer Complex.

1.2.3 Recent Developments:

The unit received a Certificate of “No Increase in Pollution Load” from the State Pollution Control Board, Odisha, allowing a 20% enhancement in phosphatic fertilizer production without increasing pollution or energy consumption.

IFFCO aims to reduce chemical fertilizer usage through innovative approaches, including nanotechnology.

1.2.4 Nanotechnology Research:

IFFCO established the Nano Biotechnology Research Centre (NBRC) at Kalol, Gujarat, to explore nanotechnology’s potential in fertilizer management.

Initial field trials with IFFCO Nano nitrogen have shown promising results in reducing urea usage by 50% or more.

Kudos to IFFCO for its contributions to agriculture and sustainable practices!

PARADEEP UNIT

YEAR OF COMMISSIONED	2005
INITIAL INVESTMENT	2080CRORE
INVESTMENT	1500CRORE

SR.NO.	PLANT	CAPACITY	TECHNOLOGY/SUPPLIER
1	SULPHURIC ACID PLANT	23,10,000MTPA	M/S Lurgy GmbH, Germany
2	PHOSPHORIC ACID PLANT	8,75,000MTPA	M/S Jacobs Engg.Group Inc, USA
3	DI-AMMONIUM PHOSPHATE(DAP)PLANT	19,20,000MTPA	M/S Jacobs Engg. Group Inc, USA
4	TURBOGENERATOR SETS FOR POWER GENERATION	2sets having 55MW capacity each	M/S LMZ, Russia
5	COAL FIRED STEAM GENERATION PLANT	2streams having 110Tph capacity each	M/S Thermax, India

- **Managing Director (MD):** Dr. Udai Shanker Awasthi has been the CEO and MD of IFFCO since February 1, 1993. He has played a pivotal role in the growth and diversification of IFFCO. During his tenure, fertilizer production increased from 24 lakh tonnes to 86.5 lakh tonnes, and marketing expanded to one crore and thirty lakh tons. Dr. Awasthi also conceptualized the Oman India Fertiliser Company (OMIFCO), which saved the Indian Government Rs. 23,000 crore in import costs¹.
- **Chairman:** The founding managing director of IFFCO was Mr. Paul Pothan, who received the Padma Shri award for his contribution to India's agricultural and farming community.
- Dr. Awasthi's expertise spans various domains, including urea, chemical fertilizers, cooperatives, project management, and leadership. He is also a board member of several national and global firms.

- IFFCO headquartered in New Delhi, India.
- IFFCO has five manufacturing plant & 19 joint ventures within India & overseas.
- Annual turnover (2022-2023) is 60324 crore.

• **FIVE MANUFACTURING PLANTS:-**

SL. NO.	CITY	STATE	COMMISSIONED YEAR
1	KALOL	GUJURAT	1975
2	KANDLA	GUJURAT	1975
3	PHULPPUR	UTTARPRADESH	1981
4	ANOLA	UTTARPRADESH	1988
5	PARADEEP	ODISHA	2005

TAGLINE OF IFFCO:-

“FOR THE FARMERS, BY THE FARMERS, TO THE FARMERS.”

▪ ***JOINT VENTURES***

➤ ***NATIONAL VENTURES:-***

1. **IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED**
(IFFCO-TOKIO MARINE ASIA IN 2000)
2. **IFFCO KISSAN SUBIDHA LIMITED**
(IFFCO-TELECOM MAJOR BHARTI AIRTEL AND STAR GLOBAL RESOURCES LTD.)
3. **IFFCO MITSUBISHI CROP SCIENCE PVT LTD.**
(IFFCO-MC CROP SCIENCE PVT LTD IN 2015)
4. **SIKKIM IFFCO ORGANICS LTD**
(IFFCO-SIKKIM STATE GOVT.)
5. **CN IFFCO PRIVATE LTD.**
(IFFCO- CONGELADOS DE NAVARRA)
6. **AQUAGRI PROCESSING PRIVATE LIMITED**
7. **IFFCCO KISSAN FINANCE LIMITED.**
(IFFCO-NON BANKING FINANCIAL COMPANY)
8. **IFFCO KISSAN LOGISTICS LIMITED(IKLL)**
9. **NATIONAL COMMODITIES AND DERIVATIVE EXCHANGE LIMITED.**
10. **INDIAN POTASH LIMITED**
11. **IFFCO KISSAN SEZ LIMITED.**
12. **NEW AGE FINANCIAL ADVISORY PRIVATE LIMITED.**
13. **TRIUMPH OFFSHORE PRIVATE LIMITED**
14. **NANOVEN PRIVATE LIMITED**
15. **IFFCO E-BAZZAR (2016-2017).**

INTERNATION VENTURES:-

1. **IFFCO JORDAN INDIA FERTILIZER COMPANY**
(IFFCO-JORDAN PHOSPHATE MINES COMPANY)
2. **OMAN INDIA FERTILIZER COMPANY (OMIFCO)**
3. **KISSAN INTERNATIONAL TRADING (KIT)**
4. **INDUSTRIES CHIMIQUES DU SENEGAL(1980)**

PRODUCTS OF IFFCO:-

1. IFFCO SAGARIKA SEWEED FERTILIZER.



USES:-

- Improves seed germination and reduces transplant shock.
 - Activates soil microbial population and improves soil health.
 - Increases the quality and yield of all crops.
 - Helps develop stronger root systems.
 - Increases flowering and decreases fruit drop.
-
- Ensuring Farmers' growth by providing high-quality fertilizers at the right time and quantities to increase crop productivity.
 - Fertilizers enhance the natural fertility of the soil or replace chemical elements taken from the soil by previous crops.

2. IFFCO VERMICOMPOST:-



USES:-

- Improves soil aeration and structure.
- Enriches soil with beneficial microorganisms.
- Increases water holding capacity of the soil.
- Increases Nutrient Uptake of the plants.
- Coated with Neem and treated with bio-pesticides so enhances resistance against plant stress and diseases.

3. IFFCO NANO UREA LIQUID 500ML:-



USES:-

- Nano Urea is cost-effective and required in low quantities. The most critical benefit of using Nano Urea for agriculture is its minimal impact on the environment. This will result in reducing the release of greenhouse gasses and improve the quality of air and water.

4. IFFCO NEEM OIL FOR PLANT:-



USES:-

- Doctor Neem+ is used to protect plants from sucking pests such as Mealybugs, Aphids, Mites etc. A first of its kind, this combination product brings in active ingredients from Neem, Pongamia and Lemongrass, leveraging goodness of all 3 in a single product.

5. IFFCO PRODUCTS NPK 19:19:19 :-



USES:-

- Robust root development is crucial for plant growth, nutrient uptake, and overall plant health. NPK 19:19:19 fertilizer plays a significant role in promoting root growth by providing the necessary nutrients that support root system development.

6. IFFCO PRODUCTS FERTILIZER:-



- IFFCO's purpose is to enable and accredit Indian farmers to grow and flourish by providing sufficient, reliable and excellent agricultural information and services in a reasonable time and to run services to improve quality of life.

1.3 MISSION

IFFCO's mission is "to enable Indian farmers to prosper through timely supply of reliable, high quality agricultural inputs and services in an environmentally sustainable manner and to undertake other activities to improve their welfare".

- To provide to farmers high quality fertilizers in right time and in adequate quantities with an objective to increase crop productivity.
- To make plants energy efficient and continually review various schemes to conserve energy.
- Commitment to health, safety, environment and forestry development to enrich the quality of community life.
- Commitment to social responsibilities for a strong social fabric.
- To institutionalise core values and create a culture of team building, empowerment and innovation which would help in incremental growth of employees and enable achievement of strategic objectives.
- Foster a culture of trust, openness and mutual concern to make working a stimulating and challenging experience for stake holders.
- Building a value driven organisation with an improved and responsive customer focus. A true commitment to transparency, accountability and integrity in principle and practice.
- To acquire, assimilate and adopt reliable, efficient and cost effective technologies.
- Sourcing raw materials for production of phosphatic fertilisers at economical cost by entering into Joint Ventures outside India.
- To ensure growth in core and non-core sectors.
- A true Cooperative Society committed for fostering cooperative movement in the country.
- Emerging as a dynamic organisation, focussing on strategic strengths, seizing opportunities for generating and building upon past success, enhancing earnings to maximise the shareholders' value.

1.4 VISION

To augment the incremental incomes of farmers by helping them to increase their crop productivity through balanced use of energy efficient fertilizers, maintain the environmental health and to make cooperative societies economically & democratically strong for professionalized services to the farming community to ensure an empowered, forward looking and confident rural India.

1.5 OBJECTIVES

1. Provide Quality Fertilizers: IFFCO aims to supply high-quality fertilizers to farmers across India promptly.
2. Eco-Friendly Production: They strive to manufacture fertilizers in an environmentally friendly manner, conserving energy and resources.

1.6 ACHIVEMENTS

1.6.1- 100% Capacity Utilization: For the first time since its inception, the IFFCO Paradeep Unit achieved 100% capacity utilization of 8,74,500 MT for the Phosphoric Acid Plant in the 2022-23 fiscal year¹. This accomplishment reflects their commitment to efficient production.

1.6.2- World Record Production: In the financial year 2021-22, the IFFCO Paradeep Plant set a world record by producing 805,000 tonnes of P₂O₅ (Phosphoric Acid), reducing dependency on imported complex fertilizers.

1.6.3- Monthly Achievements:

Highest-ever monthly bulk fertilizer production.

Highest-ever monthly DAP (18:46:00) production.

Highest-ever monthly phosphoric acid production.

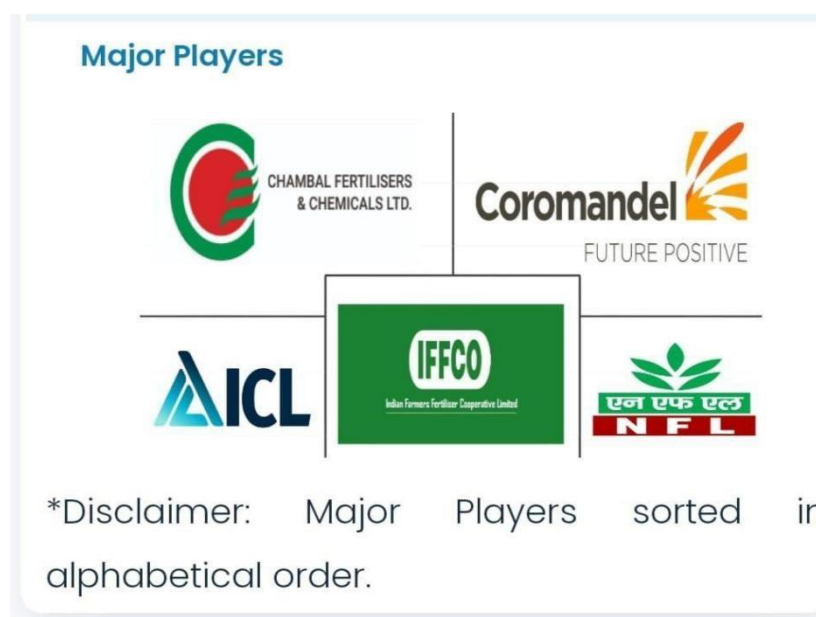
2. INDUSTRY ANALYSIS:-

India Fertilizer Market was valued at USD 41.2 Billion in 2023 and is expected to reach USD 70.2 Billion by 2032, at a CAGR of 6.1% during the forecast period 2023 – 2032. Fertilizer is a mixture of substances that is applied to soil or plants to provide essential nutrients for their growth and development.



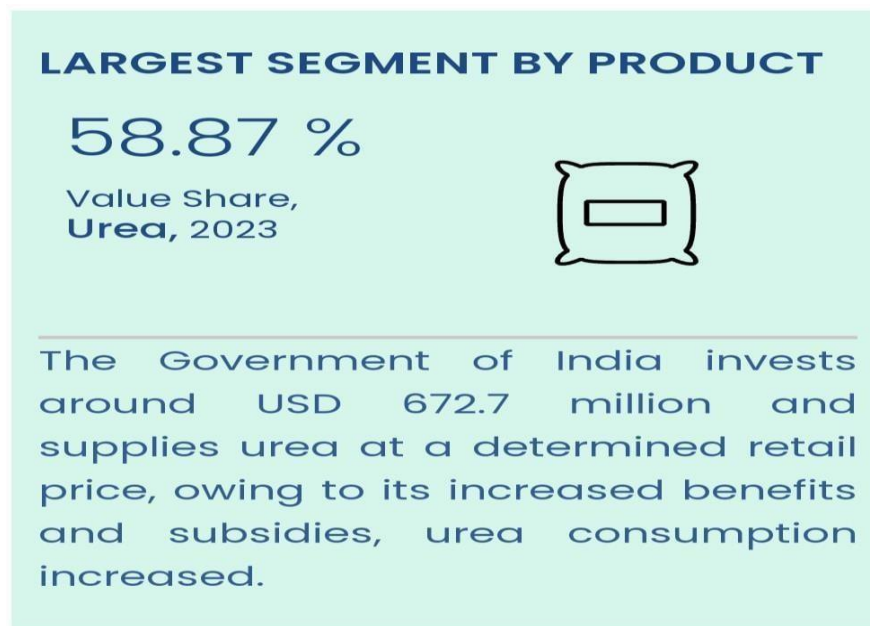
- ❖ The India Fertilizers Market is fragmented, with the top five companies occupying 32.44%.

- A. Chambal Fertilizers & Chemicals Ltd
- B. Coromandel International Ltd.
- C. ICL Group Ltd
- D. Indian Farmers Fertiliser Cooperative Limited
- E. National Fertilizers Ltd.



- ❖ Rice is a major NPK-consuming crop that is expected to drive the nation's fertilizer demand. In 2022, field crop fertilizers dominated the market, accounting for 89.2%, and are projected to record a CAGR of 9.8% during 2023-2030. Rice, the leading field crop, witnessed a substantial surge in cultivation, with 47 million hectares planted in 2022, marking a 93.1% increase from 2017. Given rice's significant reliance on NPK fertilizers, it is poised to be a key driver of fertilizer demand in the country. The area dedicated to field crops expanded from 187 million hectares in 2017 to 194 million hectares by 2022. Cereals, within the field crop category, commanded a substantial share. This surge in field crop cultivation, driven by the need to feed a growing population, is expected to propel India's fertilizer market in the coming years. In 2022, horticultural crop fertilizers represented 10.5% of the Indian fertilizer market, valued at USD 5.02 billion. The area under horticulture cultivation witnessed a modest rise, reaching 8.9 million hectares in 2022 from 8.6 million hectares in 2017. This uptick in horticulture acreage is accompanied by a parallel rise in fertilizer consumption aimed at maximizing yields. The turf and ornamental crop fertilizer segment in India, though a small fraction, was valued at USD 74.8 million in 2021. The government's emphasis on self-sufficiency has led to initiatives like promoting greenhouse ornamental flower production, hinting at potential growth in this segment. With the rising demand for major field crops and the expansion of fruit and turf cultivation areas, this segment is poised for

significant growth. The projected CAGR during 2023-2030 is 6.4% for field crops and 4.0% for fruits and turf.



Segmentation

The Indian fertilizer market can be segmented into three main categories:

- **Urea:** Urea is the most widely used fertilizer in India, accounting for around 60% of the total fertilizer consumption. India is self-sufficient in urea production.
- **Di-Ammonium Phosphate (DAP):** DAP is the second most widely used fertilizer in India, accounting for around 20% of total fertilizer consumption. India imports a significant portion of its DAP requirements.
- **Complex Fertilizers:** Complex fertilizers like NPK (Nitrogen-Phosphorus-Potassium) and NP are also used in Indian agriculture. The demand for complex fertilizers is increasing due to their higher nutrient content and better crop yield.

Market Trends

Growing demand: The demand for fertilizers in India is growing due to increasing food demand, government initiatives like PM Kisan Yojana, and expansion of irrigation facilities.

- **INCREASE COMPETITION:** The entry of private players has increased competition in the market, leading to lower prices and better services.
- **Government initiatives:** The government has introduced various schemes to promote fertilizers, such as the "Fertilizer Subsidy Scheme" and "Rashtriya Krishi Vikas Yojana" to promote organic farming.
- **Environmental concerns:** There are concerns about environmental impacts of excessive fertilizer use, leading to regulations like the "Fertilizer Regulation Act" to ensure safe use.

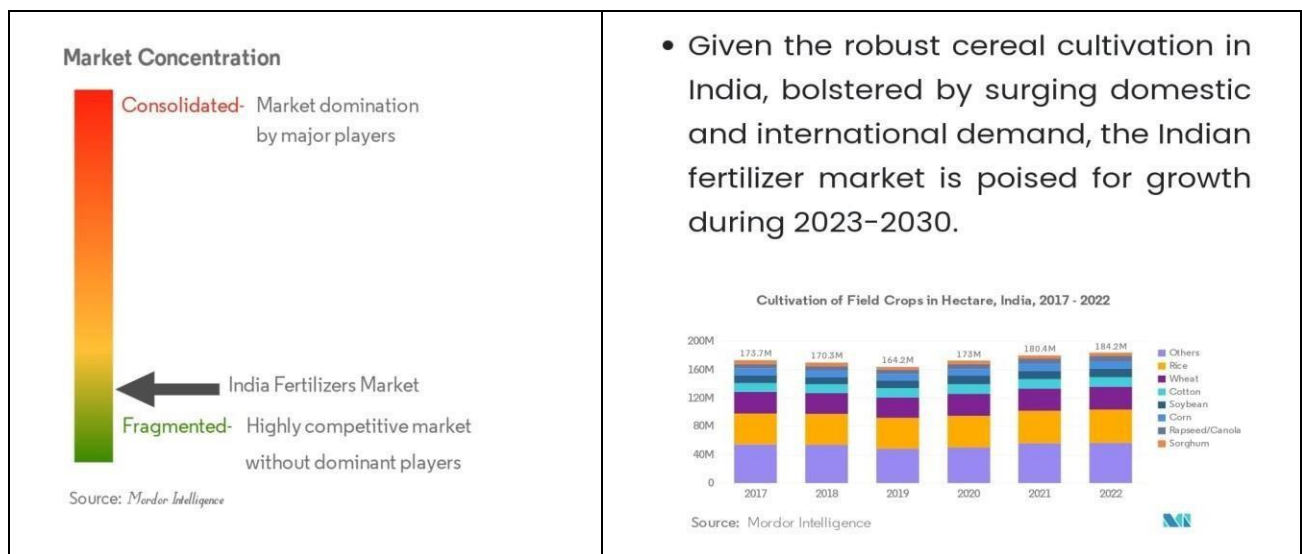
Challenges

- **Availability and accessibility:** Fertilizer availability and accessibility are still issues in rural areas, leading to concerns about uneven distribution.
- **Price volatility:** Fertilizer prices are volatile due to global demand-supply imbalances and trade tensions.
- **Subsidies and taxes:** Subsidies and taxes on fertilizers can create distortions in the market, affecting farmers' decisions on fertilizer usage.
- **Environmental concerns:** Excessive fertilizer use can lead to soil pollution, water pollution, and air pollution, posing health risks to humans and animals.

Growth Drive

- **Increasing food demand:** Growing population and urbanization drive food demand, increasing the need for fertilizers.
- **Government support:** Government initiatives like subsidies, schemes, and policies support the growth of the fertilizer industry.
- **Private sector participation:** Entry of private players brings competition, innovation, and efficiency to the market.
- **Technology adoption:** Adoption of precision farming techniques and digital solutions can improve fertilizer use efficiency.





Conclusion

- ❖ The Indian fertilizer industry is expected to continue growing due to increasing food demand, government support, private sector participation, and technological advancements. However, challenges like availability and accessibility issues, price volatility, subsidies and taxes, and environmental concerns need to be addressed to ensure sustainable growth of the industry.

CHAPTER-03

COMPETITOR ANALYSIS:-

Certainly! Let's dive into a concise analysis of IFFCO's competitors:

Kingenta:

- Business Focus: Kingenta is actively involved in research, development, production, and sale of fertilizers.
- Strengths: Known for innovative products and strong R&D capabilities.
- Challenges: Faces intense competition in the global fertilizer market.
- Market Presence: Has a significant presence in China and expanding internationally.

Fertiberia:

- Business Focus: Fertiberia offers agricultural and industrial chemical solutions.
- Strengths: Established brand, diverse product portfolio, and expertise in sustainable agriculture.
- Challenges: Adapting to changing environmental regulations.
- Market Presence: Primarily operates in Europe and Latin America.

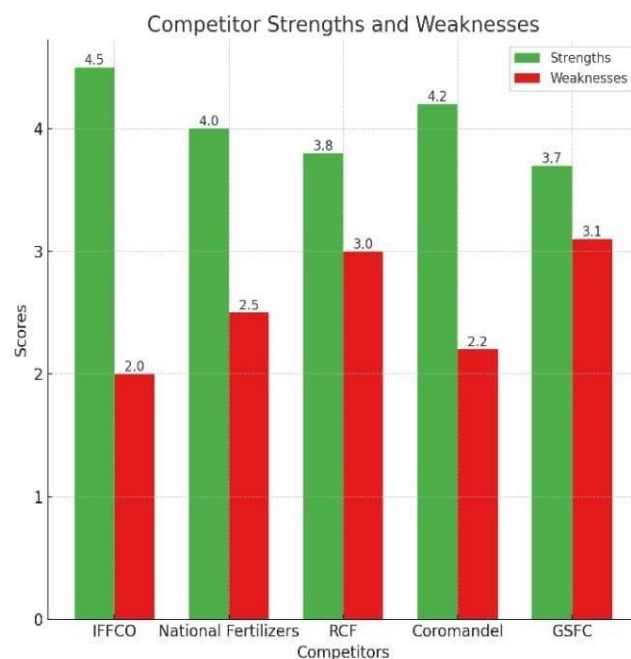
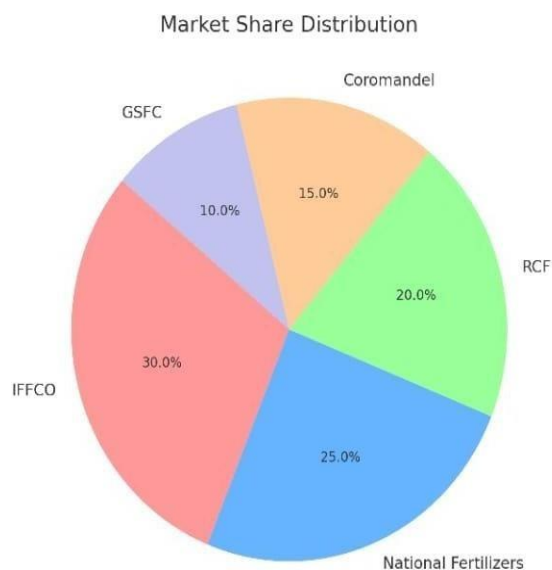
Notore Chemical Industries:

- Business Focus: Notore produces and supplies fertilizer products.
- Strengths: Strategic location in Nigeria, serving local and regional markets.
- Challenges: Infrastructure limitations and market volatility.
- Market Presence: Strong in West Africa.

CF Fertilizers:

- Business Focus: CF Fertilizers is a manufacturer of agricultural products.
- Strengths: Efficient production processes and distribution networks.
- Challenges: Price fluctuations and global demand shifts.
- Market Presence: Active in North America and Europe.

<p>Strengths:</p> <ul style="list-style-type: none"> • Extensive cooperative network ensuring wide spread reach. • Strong brand recognition and farmer loyalty. • Large production capacity and diverse product portfolio. 	<p>Weakness:</p> <ul style="list-style-type: none"> • High dependency on GOVT subsidies and policies. • Price sensitivity due to raw material import dependence. • Limited international market penetration.
<p>Opportunities:</p> <ul style="list-style-type: none"> • Expansion into international markets. • Increasing focus on organic and bio fertilizers. • Government initiatives promoting sustainable agriculture. 	<p>Threats:</p> <ul style="list-style-type: none"> • Volatility in raw material prices. • Regulatory changes and subsidy reductions. • Competition from both domestic and international players



- In summary, each competitor has its unique strengths and challenges. IFFCO's growth can be attributed to its cooperative structure, sales volume, and strategic focus.

CHAPTER-04

Customer Analysis of IFFCO (Indian Farmers Fertiliser Cooperative Limited):-

1. *Customer Segments*

1.1 Farmers:

- Small and Marginal Farmers: Represent the largest customer segment. They rely heavily on subsidies and affordable fertilizers.
- Large Farmers: Although fewer in number, they purchase in bulk and may prefer premium or specialized fertilizers.
- Cooperative Members: As IFFCO is a cooperative, its members are primarily farmers who buy fertilizers at subsidized rates and have a stake in the company's performance.

1.2 Distributors and Retailers:

- Regional Distributors: *Act as intermediaries between IFFCO and the end-users, ensuring product availability in various regions.
- Agro-Retailers: Local shops that stock IFFCO products, making them accessible to farmers in rural **areas**.

1.3 Government and Institutions:

- Agricultural Departments: Purchase fertilizers for distribution in government schemes.
- Research Institutions: Require specialized fertilizers for agricultural research and development.

2. *Customer Needs and Preferences*

2.1 Affordable Pricing:

- Farmers, especially small and marginal ones, prioritize affordability due to limited financial resources. Subsidized prices are a key driver for purchasing decisions.

2.2 Product Quality:

- High efficacy and consistent quality are crucial. Farmers depend on reliable products to ensure good crop yields.

2.3 Availability and Accessibility:

- Easy access to fertilizers, both in terms of physical proximity (availability in local markets) and timely supply, is essential for farmers.

2.4 Product Variety:

- Diverse product offerings, including urea, DAP, NPK, bio-fertilizers, and micro-nutrients, cater to different crop requirements and soil conditions.

2.5 Technical Support and Education:

- Farmers benefit from guidance on proper fertilizer usage, soil health management, and best agricultural practices. IFFCO's educational programs and initiatives add significant value.

3. Customer Behavior

3.1 Purchase Frequency:

- Seasonal demand peaks during sowing and growing seasons. Purchasing patterns are influenced by crop cycles and climatic conditions.

3.2 Loyalty:

- IFFCO enjoys strong brand loyalty due to its long-standing presence, quality products, and cooperative model, which fosters a sense of community and trust among farmers.

3.3 Sensitivity to Government Policies:

- Customer purchasing behavior is heavily influenced by government policies, subsidies, and support schemes in the agricultural sector.

4. Customer Feedback and Satisfaction

4.1 Satisfaction Levels:

- Generally high satisfaction due to reliable product quality and the cooperative's focus on farmer welfare. However, any delays in supply or price fluctuations can impact satisfaction levels.

4.2 Feedback Channels:

- IFFCO actively engages with farmers through cooperative meetings, field visits, and customer service centers to gather feedback and address concerns.

4.3 Areas for Improvement:

- Enhancing the distribution network to ensure timely availability.
- Expanding educational programs to cover more regions and topics.
- Increasing focus on sustainable and eco-friendly fertilizer options.

5. Challenges

5.1 Market Competition:

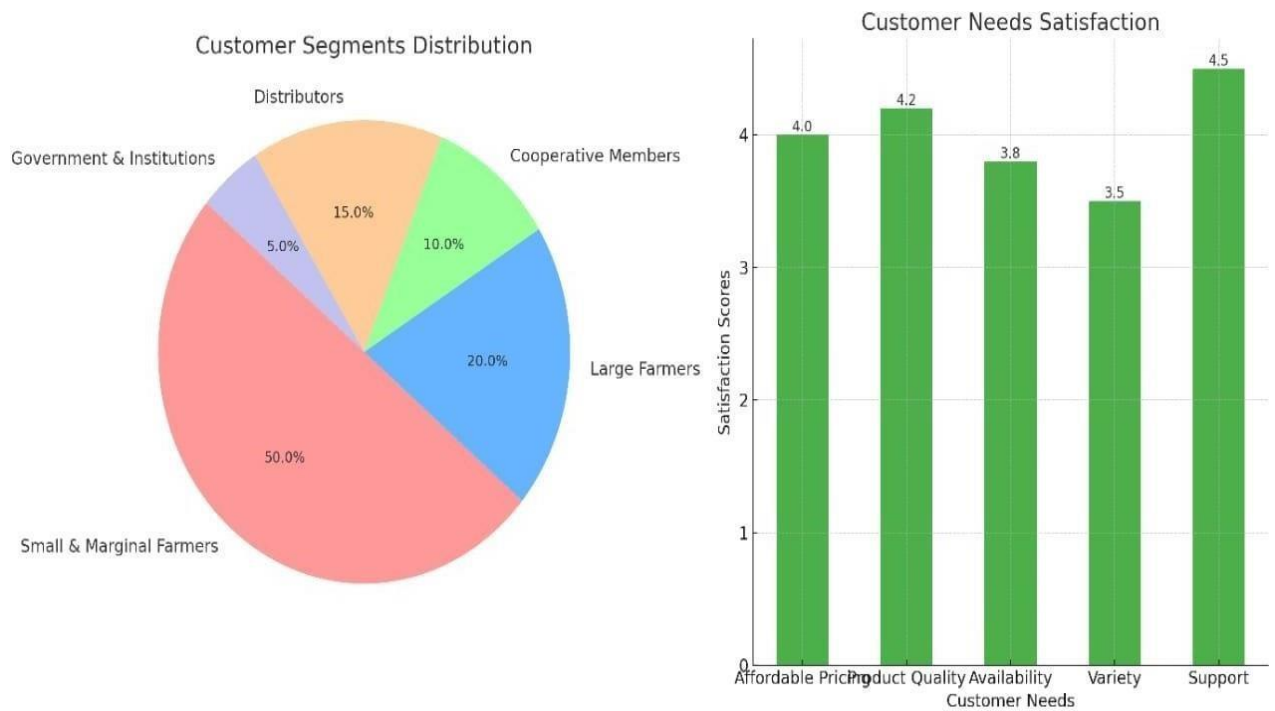
- Competition from other national and regional fertilizer market share and customer loyalty.

5.2 Dependency on Subsidies:

- Heavy reliance on government subsidies makes the company vulnerable to policy changes and subsidy reductions.

5.3 Distribution Network:

- Ensuring efficient and timely distribution to remote and rural areas remains a logistical challenge.



Conclusion

- IFFCO's strong cooperative model, extensive product range, and focus on farmer welfare position it well in the fertilizer market. However, addressing logistical challenges, enhancing customer education, and adapting to changing market conditions will be crucial for maintaining and growing its customer base.

CHAPTER-05

PROCUREMENT PROCEDURES AT IFFCO:-

1. SCOPE:-

The scope of work in a procurement is a component of a solicitation and describes the plant needs and desired outcomes for the procurement. The scope of work helps to ensure that the product or service meets the documented needs and establishes the parameters of what could be included & excluded in the contract.

The procedure includes:

(a) **Capital items-** like plant and machinery, office equipment, furniture and fixtures, mobile equipment, electrical equipment, communication equipment, vehicles etc.

(b) **Raw materials and semi furnished goods.**

(c) **Consumable items** required for the plant and office like tools, catalysts, chemicals, oils, lubricants, office stationery and sanitary items.

(d) **Spare items**

(e) Items required for repairs and maintenance of buildings, plant & machinery, and office equipment.

(f) Contracts /agreements for repair /maintenance of building, plant & machinery, office equipment.

(g) Contracts / agreements for clearing, handling, loading, and transportation of incoming / outgoing materials.

(h) Rate contracts for engagement of casual labour.

(i) Rate contracts for maintenance of plants and township buildings.

(j) Contracts for civil work, structural, fabrication and erection of equipment, insulation and paintings etc.

(k) Contract for hiring of vehicles.

(l) Contracts for running canteen / guest house.

(m) Rate contract for procurement of laboratory glass wares /chemicals.

The procedure is not applicable for:

- (a) Naturally occurring substance
- (b) Bags for packing
- (c) Liveries and books
- (d) Direct import of fertilizers, seeds, medicines
- (e) Appointment of certifying agencies
- (f) Personalized service
- (g) Repair of official vehicles
- (h) Award of security contract
- (i) Procurement through e-commerce portal & reverse auction etc.

2. MATERIAL PURCHASE REQUISITION (MPR):-

- The indenters from the various departments will raise requisition in the ERP system as per prescribed proforma.
- For procurement of standard items of estimated value upto 3lakh.
- Requisition may be raised for procurement through e-commerce portal/ website along with detailed specification of such items. The indenter will submit a comparison of specification of such items available at various e-commerce portal/ website viz. Flipkart/Amazon/ ebay etc. along with price and terms & conditions (including warrantee and guarantee) being offered by these portals.
- The materials /commercial department of each unit / HO/ marketing officers will process this proposal for procurement by comparing the price of such items and terms & conditions available in the portal offers the items of required specifications at acceptable terms and condition at lowest price.
- For some items such as cement, vegetable oil, and noncritical items requisition may be raised for procurement through online reverse auction. Further, certain noncritical items may be procured through B2B platform aggregator on trial basis.
- For purchase upto 25000/-, requisition to be raised for local /cash purchase as per para 27, or placement of order after obtaining bid by e-mail/ tax from local parities with approval of the head of material/ purchase department.

It should be ensured that the requisition for purchase of goods / services should be completed in all respects with regard to:

a) Each item of purchase / work / services shall have a precise, complete and unambiguous identification, indenting departments are responsible for identification of items in their requisition identification shall include the generic name of the material as recognized commercially and physical dimension and code number as may be relevant.

b) Required date of delivery in terms of days / weeks /months.

c) Name, address and contact details of the supplier /proprietary items /services.

d) Estimated value and approved budget head.

e) Whether the item is stock item / capital item /non stock item.

- The requisitions for purchase of materials which have been declared as stock item will be raised by store section after the quantity in stock has reached the 'Re-order level' as determined for the respective items. Such requisition amongst other particulars should also indicate the maximum, minimum and re-order level, the date on which last supply was received and the average consumption per month since last purchase.
- Before raising the requisition, the indenter and material /purchase department should check the availability of indented material / repaired material in the store and in the list of surplus material in every unit to be prepared by individual unit and the same be circulated to other units uploaded on IFFCO net. The list of surplus material should be updated every year.

INDIAN FARMERS FERTILISER COOPERATIVE LIMITED
PARADEEP UNIT
MATERIAL PURCHASE REQUISITION

Requisition No- 2520 Requisition Date: 21-JUN-24 Approval Date: 26-JUN-24

Requisition Type: Supply Cost Centre: PRODUCT HANDLING [6030] Purchase Type: Short-Term Reference No Inv Org 145 PARADEEP (STORE INV ORG)	Proprietary List No Supplier List ME0 CS / MS Steel Fasteners Item Category 3135 Stores & Spares	Stock MPR NO Item Wise L1 No Bid Stage Single PBG % 0.00 Financial Year 24-25 Preferred Del. weeks 4
Justification Required for erection of additional columns at R4, R5 conveyor below gallery area for strengthening purposes		MPR Value: 1,62,400.00
Budget Type Revenue Fin Year FY24-25 Budget Code 2520. Budget Description [PRODUCT HANDLING.PURCHASE BUDGET - INVENTORY STORES]		Sanctioned Amount 31,05,000.00 Reappropriated Amt 0.00 Amount Utilized 1,97,550.00 EJV 0.00 Amount Reserved 29,78,892.00 Net Balance -71,442.00
MPR Description: supply of foundation bolt with nut and washers for additional columns inside river of R4 conveyor RFQ Remarks: Enquiry maybe send for 07 days only due to urgency of material. Note to Buyer:		

S No	ReqSNo	Item Type	Item Code	Need By	Proc UOM	Inv UOM	Qty Var[+/-%]	Qty	Rate	Value
1	1	Goods	25201		NUMBER			160	1015	162400.00
Item Description BOLT WITH NUT MS FOUNDATION BOLT , SIZE:M36 X 1000 MM LENGTH ,MOC : IS 1367 , GR - 4.6 SPARE FOR CONVEYOR TRUSSE COLUMN STRUCTURE										
Charged Account 2520. Budget Account 2520. (PRODUCT HANDLING.MATERIAL CONTROL ACCOUNT) (PRODUCT HANDLING.PURCHASE BUDGET - INVENTORY STORES)										
Consumption Pattern: 16-17 280 18-19 16 19-20 109										
Min Qty	Max Qty	ROQ	Current Stk	Rep Stk	Pipeline Qty	Previous PO	Prev PO Qty	Date	PO Rate	
.000	.000	.000	0.000	0.000	.000	2520	40	2019	INR 777	
One Lakh Sixty Two Thousand Four Hundred Only								TOTAL	162400.00	
108505-FARUQUE ALI KHAN				HOD	FINANCE	DGM/JGM/GM	SGM/ ED/SED/DIR			

Enclosures:				
Sno	Category	Title	File Name	Description
1	To Supplier	Anexure	ANNEXURE FOR FOUNDATION BOLT.14.docx	Terms and conditions
2	To Supplier	Drawing	FOUNDATION BOLT-M36 Model (1).pdf	pdf copy
3	To Approver	offer	Quotation for Foundation Bolt.msg	copy
4	To Approver	MPR	MPR pdf.pdf	pdf copy

APPROVAL ACTION HISTORY				
SEQ	DATE	ACTION	PERFORMED BY	NOTE
7	26-JUN-24	APPROVE	104897-K J PATEL	
6	26-JUN-24	APPROVE	106710-DANDADHAR NAYAK	
5	25-JUN-24	APPROVE	BUDGET_PARADEEP	
4	25-JUN-24	APPROVE	106675-ASHOK KUMAR SINGHA	
3	25-JUN-24	APPROVE	106672-AMRENDRA NATH OJHA	
2	22-JUN-24	APPROVE	106707-BINOD KUMAR MAHTO	
1	22-JUN-24	SUBMIT	108505-FARUQUE ALI KHAN	

3. REQUEST FOR QUOTATION (RFQ):-

- On the receipt of the requisition from the various indenting departments, RFQ shall be issued by the materials / purchase department to the parties appearing in the approved supplier list / the parties recommendation of the committee with the approval of competent authority. The RFQ has to be issued through e-procurement system. In case of no response then RFQ may be sent through speed post/ courier/ registered-AD / mail.

Following procedure to be followed while issuing RFQ.

- a) IFFCO reserves the right to accept or reject any / all bids without assigning any reason.
 - b) IFFCO shall have right to place the order / award the work to one or more supplier / contractor.
 - C) The contractor registered under the employees provident fund and employee pension scheme code shall be preferred.
 - d) The contractors contribution and worker's contribution towards provident fund and EPS shall be deposited by the contractor with the concern authority.
 - e) The contractor shall have deposit 0.5% or the prevalent percentage rate of aggregate of wages in respect of the employees whom are members of provident fund, as the contribution to deposit linked insurance scheme with concerned RPFC.
 - f) At the time of submission of bid, the bidders shall be requested to furnish a self-declaration that they have not been banned or delisted by any GOVT. department / financial institution / court / any other fertilizer manufacture / any other organisation.
 - g) Firm which have been hired to providing consulting services for preparation or implementation of a project will be disqualified from subsequently providing goods or works or services related to the assignment of the same project. Conversely, a firm engaged to provides goods or works will be disqualified from providing consulting services for that unit /office.
- RFQ shall be issued to pre-qualified suppliers as per particular category and minimum three bids should be opened.
 - Time taken from REQ to RFQ maximum 7 days –minimum 1 day /immediately.
 - RFQ are of two types: single stage & two stage.

Normally bids shall be taken in two envelopes:

SINGLE STAGE:

ENVELOPE I	EARNEST MONEY DEPOSITE
ENVELOPE II	BASE PRICE BID AS PER THE TERMS AND CONDITIONS OF RFQ AND ALTERNATIVE PRICE BID.

TWO STAGE:

ENVELOPE I	EARNEST MONEY DEPOSIT
ENVELOPE II	TECHNICAL & COMMERCIAL BID –UN-PRICED BID.
ENVELOPE III	BASE PRICE BID AS PER THE TERMS AND CONDITIONS OF RFQ AND ALTERNATIVE PRICE BID.

- All the necessary documents like annexure, drawings, checklist etc. are attached along with RFQ for the reference of the vendor.
- If minimum 3 bids are received within 15 days of issuing of RFQ then the bids are opened on due date, else the RFQ due date is extended as per the recommendation of the indenter.
- Multiple extensions are avoided, vendor contracts are rechecked.

CHECKLIST FOR SUPPLY
SUMMARY OF TERMS AND CONDITIONS QUOTED
SUBMIT SIGNED AND STAMPED COPY OF CHECKLIST

(Bidder must confirm/comment point wise and to be submitted along with technical & unpriced commercial bid)

Vendor Name: RFQ No.:

Sr. No.	Terms	Bidder's Confirmation
1	Firm Prices	Agreed
2	GST	18 % extra
3	Price Basis	
4	P & F Charges	
5	Freight	
6	Insurance	
7	Bid Security (EMD)	Submitted
8	Delivery: _____ weeks.	Agreed
9	Terms of payment as per tender	Agreed
10	Guarantee/Warranties as per tender	Agreed
11	Performance Bank Guarantee as per Tender	Agreed
12	Price Reduction clause for delay in completion period as per tender	Accepted
13	Validity of offer for 75 days from the date of Technical Bid opening.	Confirmed
14	All terms and conditions of tender. (In case, not accepted, Deviation sheet to be attached)	Accepted (Attached / Not attached)
15	Unpriced Schedule (SOQ)	Submitted
16	Default & Arbitration clauses as per tender.	Agreed
17	GST No.	
18	P.F Code No.	
19	Income Tax Permanent Account No. (PAN)	

PS: 1. IFFCO shall have preference for accepting all the conditions of the bid on above points. In extreme cases, if any deviation to the above points is to be proposed by the bidder (in technical & unpriced commercial bid), same shall be given in a separate sheet, failing which, it will be considered that all the conditions of tender documents are acceptable to the bidder.

2. "Unpriced Schedule (SOQ) is to be submitted in envelope – II₂(Technical & Unpriced Commercial Bid) exactly as per the price bid submitted but without the prices/Rates. Photo copy of your price bid without Rates/Prices would serve the purpose of "Unpriced Schedule". Please note that it may not be possible to consider your offer without "Unpriced Schedule".

Signature of authorized person with Co. seal

CHECKLIST- SERVICE
SUMMARY OF TERMS AND CONDITIONS QUOTED

(Bidder must confirm/comment point wise and to be submitted along with technical & unpriced commercial bid)

Vendor Name: RFQ No.:

Sr. No.	Terms	Bidder's Confirmation
1	Bid Security (EMD)	Submitted
2	Firm prices	Agreed
3	GST	Extra @ _____ %.
4	Contract period: 12 months	Agreed
5	Terms of payment as per tender	Accepted
6	Performance Bank Guarantee as per Tender	Agreed
7	Penalty clause as per tender	Accepted
8	Validity of offer for 75 days from the date of Bid opening.	Confirmed
9	All terms and conditions of tender. (In case, not accepted, Deviation sheet to be attached)	Accepted (Attached / Not attached)
10	Default & Arbitration clauses as per tender.	Agreed
11	GST No.	
12	SAC Code	
13	P.F Code No.	
14	Income Tax Permanent Account No. (PAN)	
15	Name of Contact Person	
16	Mobile No.	
17	E-mail address	
18	FAX No.	

PS: 1. IFFCO shall have preference for accepting all the conditions of the bid on above points. In extreme cases, if any deviation to the above points is to be proposed by the bidder (in technical & unpriced commercial bid), same shall be given in a separate sheet, failing which, it will be considered that all the conditions of tender documents are acceptable to the bidder.

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Signature of authorized person with Co. seal

4. OPENING OF BIDS:-

- The bids to be received by purchase department and opened on the date & the time stipulated in the document. The bids should be opened as under:
 - a) Bids not invited through e-procurement irrespective of estimated value is more than 20 lakh, shall be opened publicly.
 - b) For bids invited through e-procurement irrespective of estimated value and other bids of estimated value less than 20 lakh, public opening is not a must but the representatives of some bidders, who wish to be present, may be allowed.
- In case RFQ issued through both e-procurement and other than e-procurement then the bid received will be opened by material/purchase department in the presence of representatives from the indenting department and finance department.
- Then the bids have been invited in two parts, i.e. technical & un-priced bids and priced bids, the technical & unpriced opened first then the price bids are opened.
- The bidders should be advised to submit their bids valid of 45 days from the bid opening date in case of single stage bidding and 75 days from the technical bid opening date in case of two stage bidding.
- After opening of bids a QCS (quotation comparison statement) will be prepared by purchase department and send to the indenting department for review if it is a two stage RFQ.
- If single stage a QCS will be prepared and forwarded to the indenter after verification.
- The overall bid checked for corrections/ name of the bidder /address etc.

4.1 EARNEST MONEY DEPOSIT (EMD):

- "EMD" stands for "Earnest Money Deposit." It is a deposit made by a bidder to demonstrate their serious intent to participate in a tender or bidding process. The main purposes of EMD are:

i. Show Seriousness: It ensures that only serious bidders participate in the bidding process.

ii. Security Deposit: It acts as a security for the tendering authority, ensuring that the bidder will not withdraw their bid before the contract is awarded.

iii. Prevent False Bidding: It discourages frivolous bids and ensures that only competent bidders with the financial capability to execute the project participate.

- Typically, the EMD amount is a small percentage of the project value, and it is refunded to all unsuccessful bidders after the contract is awarded. For the successful bidder, the EMD may be adjusted against the security deposit or performance guarantee, or it may be refunded after they submit the required performance guarantees.

The value of earnest money deposit shall be under:

S.NO.	DESCRIPTION	PROPOSED EMD AMOUNT
1	Procurement of proprietary items	nil
2	Procurement of other than proprietary items	Nil upto estimated value of 50 lakh
3	Procurement above 50 lakh upto 2cr	50,000/- (fixed)
4	Above 2crore upto 10 crore	1,00,000/- (fixed)
5	Above 10 crore	5,00,000/- (fixed)

5. QUOTATION COMPARISON STATEMENT (QCS):-

After all bids are opened a quotation comparison statement of all the bids opened, shall be prepared by the material / purchase department. Invalid bids will be listed in a separate statement and attached to the QCS. The QCS will be checked by an official of the material / purchase department and both who prepared and checked QCS will sign the same.

The purchase department shall ascertain whether the bids:

- i. meet the requirement of RFQ
- ii. Have been properly signed
- iii. Have any error in computing
- iv. Otherwise generally in order.

- The purpose of bid evaluation is to determine the cost of each bid to the society in a manner that will permit a comparison of bids on the basis of their evaluated cost. The bid with lowest evaluated cost but not necessarily the lowest coated price, may be selected for award.
- The manner in which purchase department will be applied for taken into the purpose of determined the lowest evaluated bid. Factors which affecting the QCS are inter-alia, the cost of transportation upto each unit along with other expenditures incidental to the transportation (a loading @1% for supply within the state, @2% for supply from adjoining state and @3% for the supply to other states), the payment schedule (loading @10%per annum to be done in case of party has not agreed to our payment term), the delivery or time of completion (@2% for delay by each month , in case delay in supply), the operating cost, the efficiency, the compatibility of equipment, availability of services, annual maintenance charge, if asked and cost and availability of spare parts, the reliability of the proposed construction method etc.
- The factors to be used for determining the lowest evaluated bid should, to the extent practicable, be expressed in monetary terms or given a relative weightage in the evaluation.
- Bidders will not be allowed to change the prices or other conditions once the price bid are opened.
- The bids conforming to the specification and lowest in evaluated value will be rated in the QCS as lowest (L-1), second lowest (L-2), third lowest (L-3) etc.

- After the QCS has been checked the head of purchase department shall forward the same original bids to the indenting department for review of the bids making recommendation for purchases.
- The review of QCS and selection of successful bidder in respect of all purchase the tender committee is created and the following members are part of this:
 1. Indenting department
 2. Finance department
 3. Material / purchase department
 (in case purchase department does not exists the third representative should be nominated by competent authority)

6. SELECTION OF SUCCESSFUL BIDDER:-

The successful bidder is based on a combination of technical and commercial evaluations, the lowest bid conforms to the specifications will be accepted.

Normally the order is placed on item wise L-1 bidder which result into number of various parties. To optimise the cost of procurement following action may be taken:

- a) Efforts may be discuss with overall L-1 bidder to match with item wise L-1 prices for the items where they were not L-1 and place a single order.
- b) In case L-1 bidder doesn't agree to match as above and the saving by placing number of order is not substantial order may be placed on overall L-1 bidder.
- c) In case the saving in placing orders on item wise L-1 is substantial order may be placed on item wise L-1 basis.

7. PURCHASE ORDER:-

The recommendations of indenter /tender committee shall be routed through the respective finance department to enable them to record the value of commitment in the budget records, confirm availability of funds under the approved budget and also accord concurrence for the order value exceeding 1lakh and then submitted to competent authority for approval.

As soon as the proposal is approved by the competent authority, the purchase department shall arrange to issue order to the approval of successful bidder duly vetted by the finance department.

The order shall be signed by incharge of purchase department. In case the purchase department do not exist then it will be signed by the hierarchical order.

Purchase department shall keep the draft of purchase order ready to reduce the time.

Lead time- The time from approval of requisition to placement of order / contract.

Reasons for increase in lead time:

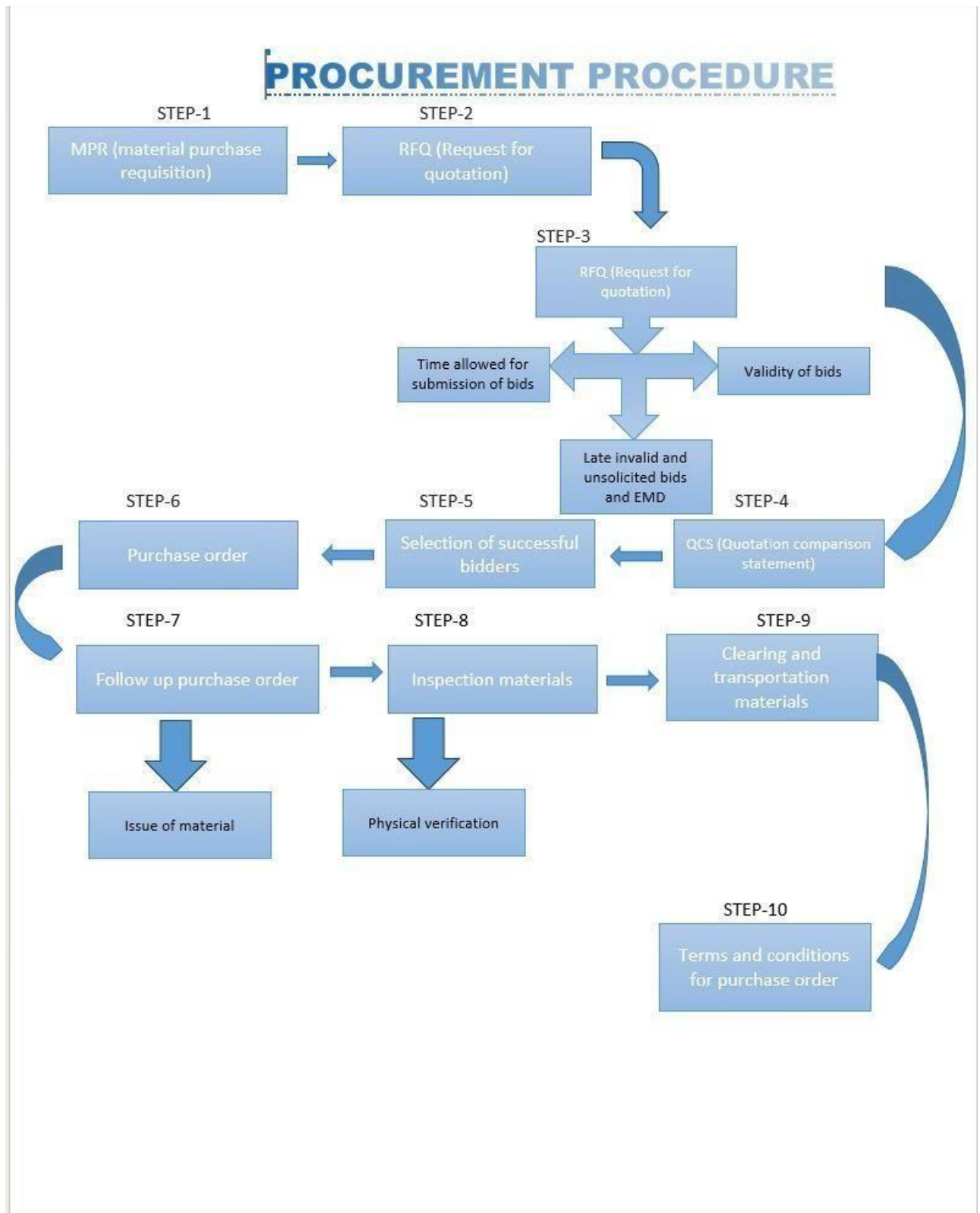
- ❖ Multiple extension of RFQ due date because of non-responsive vendors.
- ❖ Vendor addition / deletion in the AVL.
- ❖ Time taken to confirm the technical specification in two stage bidding process.
- ❖ Delay caused due to clarification from multiple vendors.

Suggestion to improve the lead time:

- ❖ To ensure technical specification are updated as per requirement in requisition.
- ❖ Supplier category code should chosen appropriately.
- ❖ Limit the extension of due date of RFQ to 1-2 times follow up with call reminder later issue warning letter to the non-responsive vendors.
- ❖ Vendors may be called to site / VC for technical discussion if required.
- Later that will be help with vendor negotiation. Thus saving the procurement cost.
- Also helps to ease the workflow in day to day activities.

Also should be ensured that a written agreement is obtained from the bidder of his having accepted the various terms conditions. The order shall be issued in the prescribed proforma and shall be accompanied by all annexures / enclosures, as may be necessary. The proforma bank

guarantee for advance payment and performance shall also be attached, whenever required. The order must be complete in all respects including quantities, rates per unit and total value of the order.



8. FOLLOW UP THE PURCHASE ORDERS:-

The purchase department shall receive all mail from the suppliers and shall reply to them in consultation with other departments, whenever necessary. The purchase department shall keep the department inform of the status of the supplier through monthly reports.

The purchase shall be responsible for following up of the purchase order/ contract with suppliers and transporters until the material is received at the plant.

8.1 Issue of materials:

Operation steps:

- I. Receive the move order from the indenter. And check the following points.
 - a) It must be same date
 - b) Approved by authorised person only
 - c) Required item must be belong to the indenting department
- II. Check the location of the items from the ERP and mention the same on move order against each item and also check the repaired item stock.
- III. Move to the respective location and issue the repaired items first if stock is available.
- IV. In case of non-availability of repaired stock, issue the new item only after getting the approval of HOD of indenting department and sectional head of the store.
- V. Put the issue quantity in the move order against each item.
- VI. Take receiving from the indenter on move order.
- VII. Post the move order in the ERP as per the issue quantity mention on the move order.
- VIII. Keep the posted move order for the record purpose.

8.2 PROCUREMENT OF STOCK ITEM:

OPERATOIN STEPS:

- I. Generate the report name item below ROL (re-order level) from the ERP.
- II. Segregate the list of item below ROL level on the basis of category code like electrode, fastener, v belt etc.
- III. Select the category code for which the number of item below ROL is more and raise the requisition for that category on priority basis.
- IV. While raising the requisition give more preference to the item procured through open enquiry rather than the procured through rate contract.
- V. Repeat this process on regular interval to cover all the category.

9. INSPECTION MATERIALS:-

- The purchase department shall coordinates with other departments and arrange inspection of materials at supplier's shop prior to dispatch. Whenever stipulated in the purchase order. Inspection of materials of other cases shall be carried out on receipt of materials at site. Only materials are cleared by inspections, as conforming to purchase order specifications, will be taken on charge in stores. The person inspecting the material will sign on the "store receipt voucher" in token of having inspected and accepted the material.

9.1 PHYSICAL VERIFICATION:

OPERATION STEPS:

- I. Receive the list of item from the F&A for which physical verification will be carried out (As per the rule physical verification is done for 10% A class item, 100% B class item and 30% C class item).
- II. Distribute the list to all the custodian and segregate item as per the area of custodian such as:
 - a)Electrical & instrumentation
 - b) Mechanical equipment
 - c) Civil items
 - d) Mechanical consumables
 - e) Pipe and pipe fittings
 - f) Lubricant, gas, chemicals& office stationery
- III. Remove the item from the list for which the current stock is Nil.
- IV. Put the location against each item.
- V. Prepare the schedule of user department for physical verification.
- VI. As per schedule intimate the user department to send their representative to coordinate with auditor in physical verification:
 - a) Identification of material.
 - b) Checking the condition of material i.e. usable or damaged.
 - c) Checking usability of the material i.e. whether it will be used in future or not.
- VII. After joint verification, mention the available quantity on the physical verification sheet.

VIII. If the available quantity is less, check till date all the move order has posted or not.

- a) If not, post the move order.
- b) If yes, then it will be treated as shortage.

IX. If the available quantity is more check till date all the SRV has posted or not.

- a) If not, post the SRV and charge the stock.
- b) If yes, then it will be treated as excess.

X. After receiving the final report from F&A department regarding the shortage, excess& damage update the store ledger by posting the relevant document.

9.2 PREPARATION OF THE STOCK ITEM LIST:-

OPERATION STEPS:

- I. Raise proposal for the formation of the stock item review committee. The proposal should raise in every 3 year.
- II. Committee be constituted with the approval of competent authority.
- III. Provide the last year stock item list of general consumable item to the committee.
- IV. Identify the general consumable item having general consumption and which are used by the more than one department/ plant.
- V. Receive the feedback from the different for the addition of the new items in the list of the stock items.
- VI. Review all the received through operation steps 3 & 4 add these items in the new stock item list after getting approval from the committee.
- VII. Identify the items from the previous stock item list whose consumption are reduced and delete these items from list after getting approval from the committee.
- VIII. Fix the Min & Max level of the new stock item considering the following points.
 - a) Avg. consumption of last 3 years.
 - b) Lead time
 - c) Packing size of the material
 - d) Installed quantity in plant.
 - e) Procurement through the rate contract.
- IX. Prepare the list of new stock item list with new Min & Max level.

- X. Take approval from the committee member and competent authority.
- XI. Generate the new stock item list in the ERP and calculate same to all.

10. CLEARING AND TRANSPORTATION OF MATERIAL:-

The store section will be responsible for clearance of materials from the railway/road carriers and their transportation to the plant / site. As soon as the dispatch documents are received, the store section shall enter the same in the carrier receipt register and hand them over them to the handling customers for collecting the material.

On receipt of material at the plant / site, the store section shall fill up the SRV form, and arrange inspection from the inspection department or indenters, as maybe necessary. It should be ensured that the material received are inspected within three days of arrival at the plant and the goods accepted are taken on charge.

Where the packages received at the railway station or road carriers godown are broken, open delivery should be obtained. The section shall ensure that a suitable endorsement is obtained on the carriers receipt of the damages / shortages of the material at the time of delivery.

10.1 STOCK CHARGING OF INTER UNIT TRANSFER MATERIAL:-

OPERATION STEPS:

- I. Receive the material received against transfer document from the concerned receipt.
- II. Check whether the code of that item is available in the ERP or not. If not generate the code as per the procedure.
- III. After generation of code write the code on the material
- IV. Give a location to the material in the ERP.
- V. Write the item code on each item.
- VI. Shift the material to the designated location.
- VII. Write the new location in the SRV against each item
- VIII. Charge the stock by posting the “transfer in voucher” in the ERP.
- IX. Keep a copy of the voucher of the record purpose.

Findings

1. Overview of IFFCO's Procurement Procedures

- **Structured Process:** IFFCO's procurement process is highly structured, involving a multi-stage approach that includes needs assessment, supplier selection, and contract management. This structured approach helps in maintaining consistency and efficiency in procurement activities.
- **Technology Integration:** The procurement process at IFFCO is supported by advanced procurement management systems, which include digital platforms for supplier registration, bidding, and contract management. This technology integration enhances transparency and reduces processing time.

2. Impact on Systematic Investment Plans (SIPs)

- **Alignment with SIP Goals:** The procurement procedures are generally well-aligned with the goals of the SIPs. By ensuring timely and cost-effective procurement, IFFCO supports the efficient implementation of investment plans, which contributes to the overall success of these plans.
- **Efficiency and Cost Control:** The procurement process has contributed to cost savings and operational efficiency, which positively impacts the financial performance of SIPs. Efficient procurement helps in minimizing overheads and ensuring that investments are utilized effectively.

3. Compliance and Risk Management

- **Regulatory Compliance:** IFFCO's procurement procedures comply with relevant regulatory requirements and industry standards, reducing the risk of legal issues and enhancing credibility.
- **Risk Mitigation:** The procurement process includes several risk mitigation strategies, such as diversification of suppliers and contingency planning. These strategies help in managing risks related to supply chain disruptions and price volatility.

4. Recommendations for Improvement

- **Streamline Documentation:** Simplify and standardize procurement documentation to reduce processing time and improve user experience for stakeholders.
- **Enhance Training Programs:** Invest in regular training programs for procurement staff to keep them updated with best practices and emerging trends in procurement management.
- **Review Approval Processes:** Evaluate and refine the approval processes to address delays and ensure quicker decision-making, especially for high-priority procurements.
- **Strengthen Supplier Relationships:** Continue to build strong relationships with key suppliers through regular engagement and performance reviews, ensuring sustained quality and reliability.

CHAPTER-06

CONCLUSION:-

The procurement process has successfully identified Supplier A as the optimal partner for our organization. This decision is based on a thorough evaluation of cost efficiency, quality standards, risk management capabilities, and alignment with our compliance and sustainability goals. Supplier A demonstrates a strong ability to meet our needs both in the short term and long term, ensuring reliability and innovation in their offerings.

SUGGESTIONS:-

1. **Contract Negotiation:** Initiate contract negotiations with Supplier A to finalize terms that secure the best possible pricing and service level agreements. Ensure clauses for quality assurance, timely delivery, and penalties for non-compliance.
2. **Performance Monitoring:** Implement a robust performance monitoring system to regularly assess Supplier A's adherence to agreed-upon standards and timelines. This will help in maintaining high service levels and addressing issues proactively.
3. **Risk Mitigation:** Develop a comprehensive risk mitigation strategy that includes backup suppliers and contingency plans for potential supply chain disruptions.
4. **Continuous Improvement:** Encourage Supplier A to engage in continuous improvement initiatives. Regularly review and update procurement strategies to adapt to market changes and technological advancements.
5. **Sustainability Initiatives:** Collaborate with Supplier A on sustainability initiatives that further enhance our environmental footprint and align with our corporate social responsibility goals.
6. **Stakeholder Communication:** Maintain clear and consistent communication with all stakeholders to ensure transparency and alignment throughout the procurement process.

By implementing these suggestions, IFFCO can maximize the benefits of procurement activities, ensuring value for money, high-quality supplies, and sustainable business practices.

BIBLIOGRAPHY

This project required a lot of literature survey before it can into this form.
Following references were made

Procurement procedure manual of iffco.

WEBSITES

www.iffco.com

www.wikipedia.org

www.google.com

www.chatgpt.ai.in

Brochures, files, data, annexures and annual reports of IFFCO

ANNEXURE



ANNEXURE - B

INDIAN FARMERS FERTILISER COOPERATIVE LIMITED REQUISITION FOR NORMAL STOCK ITEMS/NON-STOCK ITEMS

UNIT: _____

Number: _____

Date: _____

Indenting Deptt. _____

Sl. No.	Material Code	Description and Specification	Quantity	Budget Provision				Inventory Levels			Quantity in stock as on date	Consumption during months preceding	Quantity of order	Particulars of last work/purchase order with reference of its No.
				For the Year	Utilised to date	This Requirement	Balance	Max. Level	Min Level	Reorder Level				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

BRIEF JUSTIFICATION OF REQUIREMENT _____

DELIVERY REQUIRED (Date) _____

REMARKS, IF ANY _____

Initiating Officer	Sectional/Departmental Head	Sectional/Departmental Head	Unit Head/Sr. GM/GM/JGM
Indenting Department	F&A Department		Approved by

NOTES:

1. Score out words not applicable.
2. The budget provision, the amount spent till the previous purchase requisition and balance funds available should be filled in invariably by the Indentor.
3. In case of non-stock items, column 1 to 8 will be filled by the Indentor and the rest by Incharge (Stores).
4. Indentor will allot a number to the requisition.

Proforma of Requisition for Services

Requisition No..... Date.....

DEPARTMENT/SECTION:

1. Works required for
- PLANT/ TOWNSHIP/PROJECT**

Prepared by.....

Requisition byDesign.....

2. Work to be commenced by:.....(Date)

3. Work to be completed by:.....(Date)

4. Budget

Cost Code Center:

SL. No.	DESCRIPTION	Qty.	Unit	Estimated Rate	Estimated Value	Remarks

Attached: 1. Schedule of quantity _____ pages. Recommended Suppliers:

2. Specification _____ pages.

3. Terms and Conditions _____ pages.

Approved by.....

Designation.....

ANNEXURE - D

INDIAN FARMERS FERTILISER COOPERATIVE LIMITED

_____ UNIT

PHONE:

FAX:

Address

ORDER

M/s

Order. No

Date.

Your Quote:

Date.

RFQ No.

Date.

Please arrange to supply the following as per your quotation referred above subject to the General and Special Terms and Conditions and enclosures (such as Specification/ Drawings/ Sketches).

Item No.	Description	Qty.	Unit	Rate (₹)	Amount (₹)
----------	-------------	------	------	----------	------------

Total Order Value Rupee.....

Price: FOR Site / Ex-work/Ex Godown /Free Delivery at our Store

GST:

Insurance;

Delivery Period;

Test / Guarantee / Warrantee/ Sample:

Mode of Dispatch:

Payment Terms:

Yours faithfully,
for Indian Farmers Fertiliser Coop. Ltd.

The following may also be noted for information and guidance.

1. Our GST registration No.
2. invoice should be sent to our Incharge / Head (Finance & Accounts).
3. Our bankers are the Indian Overseas Bank. Bank charges in respect of payments through bank will to suppliers account.
4. Consignment should not be booked to `Self+.

Special Instruction

Two copies of the Order must be returned duly signed by the Supplier in token of his acceptance of the Order within 10 days of the receipt of the Order by the Supplier.

