



**Rail Coach Factory,
Kapurthala
Indian Railways**

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Procedure for Control of Externally Provided Processes, Products and Services.



INTEGRATED MANAGEMENT SYSTEM PROCEDURE

Prepared By	MR	<i>MR</i> 2023
Approved By	GM	<i>(A.K. Jain)</i> 28/10/23



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Amendment Record Sheet

S. No.	Date of Amendment	Page Number	Current version	Summary of Amendment
1.	11.05.2018	All	1.0	Initial issue
2.	12.07.2018	All	2.0	Para nos 7.3.3 (s.no.2), 7.4.2.1 and 7.4.2.2 Revised
3.	26.10.2023	All	3.0	Para nos 4.3, 5.0, 6.2(i), 7.1, 7.2, 7.3.2, 7.3.3, 7.3.4, 7.3.5, 7.4, 7.4.1, 7.4.2, 7.4.3, 9.3 and 9.5 revised.



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Procedure for Control of Externally Provided Processes, Products and Services.

1.0 PURPOSE

To establish the procedures for registration and review of external provider, external provider evaluation, External provider rating, maintenance & updation of the external provider/ vendor directory on UVAM portal & external provider development.

2.0 SCOPE

This document covers following: -

- i) Process for registration and review process of external provider.
- ii) Process for external provider evaluation
- iii) Process for approval of external provider for inclusion in the external provider/ vendor directory

3.0 ABBREVIATIONS

IR = Indian Railways
RCF = Rail Coach Factory
ISP = Integrated Management System Procedure
STR = Schedule of Technical Requirements
PO = Purchase Order
QAP = Quality Assurance Plan
NCR = Non-Conformity Report
CA = Competent Authority
DP = Delivery Period
LD = Late Delivery
PL = Price List (Number)
PU = Production Unit (of Indian Railways)
ZR = Zonal Railway (Like Northern Railway)
UVAM = Unified Vendor Approval Module
CCA = Capacity & Capability assessment
FAI = First Article Inspection
IRIS = International Railway Industry Standard Documents

4.0 DEFINITIONS

- 4.1 External provider:** - External provider is a firm which supplies item(s) of store to RCF/IR. External provider, Supplier & vendor are used interchangeably and mean the same.
- 4.2 Sub-Contractor:** - Sub-contractor is a firm, from where an external provider gets part of the work on item (outsourced process), supplied by him to RCF/IR. He has direct relation with external provider & not with RCF/IR, but has to have prior approval, if required by RCF/IR. Item supplied by the sub-contractor will form part of bill of material of the External provider.
- 4.3 Critical Item(s):** - Those item(s) which are identified by Railway Board for inclusion in vendor directory.
- 4.4 Registered external provider:** -Registered external provider is one who has been registered for supply of particular class of items commonly known as "trade groups" as per RCF's requirements, after verification of technical & financial capability of the firm in a manner, deemed appropriate by RCF/IR.
- 4.5 Approved external provider:** - Approved external provider is one who has been included in the RCF vendor directory as approved vendor for supply of a critical item or group of items to RCF/IR based on his overall rating/ credentials/ past performance.



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- 4.6 Developmental external provider:** - Developmental external provider is one who has been approved as developmental vendor for supply of a critical item or group of items to RCF.
- 4.7 Trader:** - External provider who himself is not a manufacturer of the item but trades in it.
- 4.8 Delisted vendor (External Provider):** -An Approved vendor provider, who is removed from the vendor directory due bad performance.
- 4.9 Downgraded vendor(External Provider):** -Vendor who has been downgraded from approved to developmental vendor due to inadequate vendor rating in annual review orduring intermediate review as per clause 7.4.4 is referred as downgraded vendor or external provider.
- 4.10 Blacklisted/Banned vendor (External Provider):** - A Vendor who is stopped for a particular period OR otherwise, to carry out any sort of business with entire of Indian Railway's as per provision laid down by Railway Board in Indian Railway's rules, policy & procedure, from time to time is referred as Blacklisted/Banned vendor or Blacklisted/Banned External Provider.
- 4.11 UVAM (Unified Vendor Approval Module):**-An online platform of IR for accessing External Providers list/ vendor directory of critical safety items. Portal allows vendor to apply for inclusion in Vendor Directory.

5.0 RESPONSIBILITY

SN	Description	Responsibility
5.1	Issuing, establishing and bringing improvements/changes in this procedure with the approval of GM/RCF.	MR
5.2	Registration of new External provider and their periodical review, issuance of the list of registered External provider and periodically updating it.	PCMM
5.3	Drawing of the list of "critical items"	Railway Board
5.4	Approval of proposal for change in the list of "critical items" for final approval by Railway Board;	PCME for other than electrical item & PCEE for electrical item
5.5	Technical evaluation of External provider for registration and for inclusion in "List of Approved External provider" on UVAM portal.	CDE for other than electrical item & CEDE for electrical item
5.6	Review and approval of the Approved External provider on UVAM portal	PCME for other than electrical item & PCEE for electrical item
5.7	Representation against any review and approval of the Approved External provider	PCME for other than electrical item & PCEE for electrical item
5.8	External provider Development for existing items	CMM/HSQ & CMM/TKJ
5.9	External provider Development for new items other than Electrical - External provider Development for new Electrical items -	CDE CEDE
5.10	Maintaining and updating records for Quality Rating of External provider	CQM-I, CMM/D, CDE, CEDE, CWEs
5.11	Maintaining and updating records for Delivery Rating of External provider	PCMM
5.12	Maintain MMIS database as per this procedure for evaluating Overall Supplier Rating of External providers.	PCAO/IT

Note: Responsibility can be reassigned by PCME for other than electrical item & PCEE for electrical item to SAG or above.



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6.0 REGISTRATION OF EXTERNAL PROVIDER

Registration of external provider is done by RCF so as to identify capable external provider from whom it can source materials required for manufacturing of coaches and other allied activities. Though External provider registration is not mandatory for quoting in RCF tenders, but a registered External provider gets benefitted because it may be empanelled for Limited Tenders pertaining to those items for which it is registered with RCF. A registered External provider is also exempted from paying EMD.

Status of a “Registered External provider” is different from that of an “Approved External provider”. Registration is done for trade groups of items whereas “Approval” is done only for the Critical Items (as defined in Para 4.3). Normally these critical items are sourced from “Approved external provider” only. Therefore, a registered External provider does not necessarily qualify for supply of a critical item, unless it is separately approved for the same.

6.1 PROCESS FOR EXTERNAL PROVIDER REGISTRATION:

6.1.1 An External provider can be considered for registration if;

- i) A request is received from the external provider
- ii) External provider is approved by Railway Board or RDSO
- iii) External provider is approved by ZRs or PUs.
- iv) External provider is recommended by Railway Officer.
- v) Response received against an advertisement by RCF to develop new External provider
- vi) Approached directly by RCF, on the basis of technical and financial capabilities of an external provider, known to have established in other ZRs/Pus.

6.1.2 An External provider is required to submit his request for registration to concerned Dy.CMM in the performa prescribed by RCF, available on sale from RCF Stores offices at Tilak Bridge, New Delhi and at Kapurthala. The pro-forma is also made available at RCF website www.rcfkapurthala.com.

6.1.3 The request is processed by concerned Dy.CMM as per following model time schedule :-

SN	Sub-Activity	Responsibility	Time (days)
1	Allotment of External provider code and Preliminary Scrutiny of application	Dy.CMM	R*+20
2	Sending letter to External provider for submission of shortfall documents	Dy.CMM	R+25
3	Forwarding the case (after receipt of complete documents) to CDE/CEDE for technical assessment of External provider	Dy.CMM	R+90
4	Assessment of firm for technical Capabilities as per para 6.2	CDE/CEDE	R+210
5	Assessment of financial capacity of External provider	Dy.CMM	R+210
6	Obtaining approval of PCMM for registration of External provider if satisfied with the technical & financial capability norms	Dy.CMM	R+215
7	Issue of Registration certificate to External provider	Dy.CMM	R+220

*R = Date of receipt of Application in Stores office.



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6.1.4 An External provider falling in the category defined in Clause 6.1.1 (ii), is not assessed by RCF for technical capabilities if the item/ group of items applied for are already approved by Rly Board or RDSO. However, the External provider is required to submit the application for registration along with necessary documents to assess financial capabilities.

6.1.5 All records, pertaining to registration are maintained by concerned Dy.CMM.

6.1.6 Initial registration is done for a period of two years.

6.2 CRITERIA FOR ASSESSMENT OF EXTERNAL PROVIDER

An External provider is assessed on the following criteria for registration: -

- i) Technical Capability
- ii) Financial Capacity
- iii) Past Experience

i) Technical Capability

SNo	Activity	Responsibility
1.	CDE/CEDE defines a Schedule of Technical Requirement (STR) for a particular item or group of items, based on which the technical capability of the External provider is assessed. The STR covers process requirements as well as quality assurance requirements.	CDE/CEDE
2.	The External provider is assessed for process requirements on the basis of following &/or as per guidelines/policies laid down by Railway Board & RCF's vendor approving authority from time to time: - i) Availability of premises (land, Electric connection water connection) ii) Availability of adequate Machinery & Plant iii) Availability of trained and qualified personnel iv) In-house processing capability for major processing steps and capacity to make bulk supplies of material to RCF. v) Adequate tie up with suitable outside agencies for other than major processing steps, if required. Such sub contractors shall also be approved by RCF. vi) Requisite authorization/permissions from state agencies are available, e.g. license under Factories Act, consents from State Pollution Control Boards (If applicable) etc.	CDE/CEDE
3.	The External provider is assessed for quality assurance requirements on the basis of the following &/or as per guidelines/policies laid down by Railway Board & RCF's vendor approving authority from time to time: - i) In-house availability of quality control and testing facilities. However, tie-ups with suitable outside agencies can also be accepted if RCF is satisfied in consideration to the process requirements. ii) Existence of relevant Quality Assurance Systems. iii) Availability of jigs & fixtures, inspection, measuring and test equipment etc. duly calibrated by authorized agencies. iv) Availability of trained manpower for quality assurance	CDE/CEDE
4.	ISO 9001 certification is mandatory. Any other internationally recognized comparable quality system certification can also be accepted in lieu. RCF is an IRIS quality certified manufacturing organization. In order to deliver consistent quality material, strict compliance of the IRIS norms is also required to be carried out wherever applicable and documented as per IRIS quality system requirements of RCF.	CDE,CEDE
5.	CDE/CEDE normally deposes a representative(s) from RC for any external agency engaged for assessment for inspection of the premises of the External provider in order to verify the facts and make independent assessment of the technical capabilities of the External provider. CCA can be carried out either online or offline.	CDE,CEDE



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ii) Financial capacity:

SN	Activity	Responsibility
1.	External provider furnishes detailed information in respect of the level/ quantum of transactions, Balance Sheet, Bank Credit Limits etc.	Dy CMM

iii) Past Experience:

SN	Activity	Responsibility
1.	The External provider is required to furnish along with his application form, the details of supplies made by him to RCF or other organizations in the past, for the items/similar items for which the registration is sought. He is also required to submit documentary proof of his performance against these supplies.	Dy CMM
2.	REGISTRATION OF TRADERS AS EXTERNAL PROVIDER can be considered only for items normally available off-the-shelf, subject to the trader fulfilling all the following criteria: - i) Authorization from the original manufacturer to sell such items. ii) The trader has a valid TRN/VRN registration no. issued by a government sales tax authority. iii) Has own stocking space/ godown / showroom etc. The documents submitted by the trader can be verified by RCF directly from the issuing agencies and the premises of trader can also be visited to verify the facts.	Dy CMM

6.3 REVIEW OF EXTERNAL PROVIDER REGISTRATION:

SN	Activity	Responsibility
1.	The registration of External provider can be cancelled if an external provider fails to obtain even a single order in the last three years (after registration). However before doing so, an opportunity is given to the External provider/trader by issuing a notice for seeking its explanation. Decision of PCMM, in this regard will be final and binding.	Dy.CMM
2.	Fresh registration is a regular process and is done throughout the year, however review of registration is done only once a year with 30th April as a cut-off date for considering the previous performance. The review exercise is completed in two months (by 30th June).	Dy.CMM

7.0 PREPARATION AND UPDATION OF “LIST OF APPROVED EXTERNAL PROVIDER”

7.1 LIST OF CRITICAL ITEMS: -

List of critical items as defined in Para 4.3, is drawn by Railway Board. RCF is the coordinating agency for all LHB coach items only (Except items identified for RDSO by Railway Board). Coordinating agency is nodal agency for Proposing subsequent additions / deletions / changes in the standard safety/critical list for consideration of Railway Board.

Accordingly for inclusion or removal of any item in/from the list of critical items, the proposal shall be initiated by Electrical Design for electrical item or Mechanical Design for other than electrical item. Proposal from other Railway units shall also be dealt by concerned Design wing in similar manner.



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Proposal shall be put up to PCME/ PCEE through CDE/CEDE for Mechanical and Electrical items respectively for endorsement for sending it to Railway Board for final approval.

CDE and CEDE are custodians of the list of critical items for their respective areas. All critical items issued by Railway Board for vendor directory shall be included in Item master of RCF on UVAM portal.

RCF as a Coordinating agency shall conduct a yearly review for removing items from the "critical list of items for approved vendor list/directory", for procurement on the basis of generic eligibility criteria, particularly for items with more than five active sources, i.e., those items where technology/ quality has stabilized. Such items shall be notified by Railway Board on 1st July every year, based on review, and upon such Railway Board notification, RCF shall remove the notified items from their combined vendor directories from UVAM Portal. The items so removed from the list shall be procured on the basis of generic eligibility criteria.

7.2 PROCUREMENT OF CRITICAL ITEMS

Procurement of critical items, listed as in Para 7.1, is normally done from vendors in vendor directory however Developmental/ Educational Orders can be placed on new (un-approved) sources also, as per latest RCF Vendor development Policy.

Vendor directory shall be maintained on UVAM portal only.

7.3 EXTERNAL PROVIDER EVALUATION

7.3.1 A database is maintained for all External providers, having details about the purchase orders placed on them, rejections in their supplies, and failures during warranty and suppliers' response in execution of the warranty claims. Based on these records, Overall Supplier Rating (SR) of an External provider is assigned to each External provider as per criteria laid down in Para 9.0 . At the same time, weight age is also given to the proportion of quantity supplied by each External provider against overall quantity procured by RCF for that item.

7.3.2 Normally SR, DR and QR are calculated for the last four & half years because in most of the purchase orders IRS conditions are mentioned for warranty period as "24 months from date of placement in service or 30 months from the date of delivery whichever is earlier" i.e. two years more than warranty period from the date of delivery.

For items where the specified warranty period is more than the IRS conditions, SR and QR shall be calculated for the period two years more than the warranty period from the date of supply i.e. SR and QR shall be calculated for the last 5 years for items with warranty of 36 months from the date of supply & 6 years for items with warranty of 48 months from the date of supply and so on. In case warranty period is available only from date of placement of service, then only for rating calculation purpose, warranty period from date of supply shall be six months more than warranty period from date of service.

Cut-off date for considering the data (SR, DR and QR) pertaining to previous years is prescribed in Para 7.4.3.

Based on above, existing External provider are evaluated for the purpose of assigning them "Approved External provider or approved vendor" status. The External provider" rating is calculated as in Para 9.0.



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7.3.3 CRITERIA FOR EVALUATION OF EXTERNAL PROVIDER:- External provider are evaluated on the following performance criteria:

SN	External provider Category	Status
1.	Approved External provider	Approved External provider to continue as "Approved External provider" on UVAM portal if its performance in the period prescribed in para 7.3.2 is: SR ≥ 70% and DR & QR each ≥60. In case ratings are lower than benchmark ratings then firm shall be downgraded from approved vendor to developmental vendor category. The above status is if the External provider complies requisite infrastructure as per applicable STR. Note :- Vendors who have not supplied material to RCF shall not be having rating & shall not be removed from vendor directory.
2.	Unapproved External provider	Unapproved External provider to be upgraded as per latest RCF Vendor development policy

(SR =Overall Supplier Rating, DR= Overall Delivery Rating & QR= Overall Quality Rating)

7.3.4 Firms of Items, which are transferred from RDSO/MCF/ICF to RCF, will be kept in the same category as approved by RDSO/MCF/ICF.

7.3.5 As RCF serves as the nodal coordinating agency for the LHB Vendor Directory items, vendors from ICF (Integral Coach Factory) and MCF (Modern Coach Factory) have been transitioned to RCF. Nevertheless, it has come to our attention that certain vendors are not supplying materials to RCF. So their vendor ratings are not available on MMIS, hence In the absence of vendor ratings for these vendors, their review shall be carried out in alignment with the recommendations received from MCF/ICF, and their recommendation shall be received before the 31st of March each year.

7.3.6 Items, for which RDSO/ICF issues the External provider Directory (vendor directory) and which are not included in the RCFs "List of Critical Items", their approved external provider are evaluated by RCF for the purchase orders placed by RCF only and when the SR falls below 70%, the matter is reported to RDSO/ICF by CQM for appropriate action.

7.4 PROCESS FOR REVIEW AND UPDATION OF RCF EXTERNAL PROVIDER / VENDOR DIRECTORY ON UVAM PORTAL

7.4.1 MAINTENANCE OF THE EXTERNAL PROVIDER/ VENDOR DIRECTORY of UVAM PORTAL
Based on the latest "List of Critical Items", item master & external provider/ vendor directory shall be maintained on UVAM portal. Directory shall have both approved & developmental vendors for each item. It shall be maintained, reviewed, analyzed & compiled adopting the following process:

SN	Activity	Responsibility
1.	New items which are required to be added in RCF vendor directory published on UVAM Portal after approval from Railway Board	CDE/CEDE
2.	Addition of any STR/Specification/ new revisions/new	Dy.CME/Design/Dy.CEE/D&D



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	drawing/new drawing alteration in Sub- Directorate on UVAM portal.	
3.	Linking of Any STR/Specification/ new revisions/new drawing/new drawing alteration with the published item in vendor directory on UVAM portal.	Dy.CME/Design/Dy.CEE/D&D
4.	Nomination of scrutiny officials for request submitted by vendor for inclusion as developmental/ approved vendor or up gradation as approved vendor.	Dy.CME/Design/Dy.CEE/D&D
5.	Approval of scrutiny report.	CDE/CEDE
6.	Approval of letter of intimation to firm regarding scrutiny results in both deficient & successful scrutiny case.	Dy.CME/Design/Dy.CEE/D&D
7.	Nomination of CCA officials for any request submitted by vendor	Dy.CME/Design/Dy.CEE/D&D
8.	Approval of CCA report	CDE/CEDE
9.	Approval of letter of intimation to firm regarding CCA result in both deficient & successful CCA case	Dy.CME/Design/Dy.CEE/D&D
10.	Final approval on UVAM on request submitted by vendor for inclusion as developmental/ approved vendor or up gradation as approved vendor after obtaining necessary approvals	CDE/CEDE
11.	Approval of letter of intimation to firm regarding final result	Dy.CME/Design/Dy.CEE/D&D
12.	Any change in contact details/ registered address/ manufacturing address as initiated by vendor	CDE/CEDE
13.	Approval of letter of intimation to firm regarding change in vendor details	Dy.CME/Design/Dy.CEE/D&D
15.	Approval of inclusion of MCF/ICF approved vendor in RCF vendor directory	CDE/CEDE
16.	Final approval on request submitted by vendor for inclusion as developmental vendor	CDE/CEDE
17.	Final approval on request submitted by vendor for inclusion as approved vendor or up gradation as approved vendor	PCME & PCMM for other than electrical items PCEE & PCMM for electrical items

7.4.2 REVIEW OF THE EXTERNAL PROVIDER/ VENDOR DIRECTORY

Maintenance of external provider directory is a continuous online process through UVAM. However it shall be reviewed every year and data pertaining to previous four years or more (depending on the warranty period of item from the date of placement in service.) as the case may be, is considered with cut-off date as 31st March.

A system of regular weeding out of non-performing vendors from the approved vendor list is done through a committee consisting of Technical, Stores and Finance members, for identifying non-participating/ poor performing vendors. It shall be based on the rating criteria of vendors as per clause 7.3 & 9.0 of this document.

SN	Activity	Responsibility
1	Collection of data from database and other relevant sources	Dy.CME/Design & Dy.CMM Dy.CEE/D&D & Dy.CMM
2	Review, analysis & compilation of data as per criteria laid in Para 7.3, clearly spelling out their recommendations in remarks column for every	Dy.CME/Design Dy.CMM&Finance



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	External provider, duly signed at each sheet and putting up the report to CDE and CEDE for respective items.	member Dy.CEE/D&D Dy.CMM&Finance member
3	Review of Approved external provider is approved by - PCME & PCMM for other than electrical items - PCEE & PCMM for electrical items However, while approving, if the approving authorities find a need to make some changes in the recommendations, put up through CDE /CEDE, the same shall be recorded giving reasons.	PCME, PCMM & PCEE
4	CDE and CEDE prepares the draft list with the names of Approved External provider, for each group of items. Thereafter the draft list is put up at RCF website for 15 days. The External provider whose status is proposed to be downgraded should be notified through e-mail/ letter to submit representation, if any	CDE & CEDE
5	The External provider can submit their representation, if any, to RCF within this period. The approving authorities i.e. PCME&PCMM and PCEE&PCMM may consider the representations before finalizing the list.	PCME, PCMM & PCEE
6	Reports, summarizing the changes made in the recommendations, as mentioned in Para 3) above and after considering the representations of the External provider, as mentioned in Para 5) above, are sent for information of GM.	PCME,PCMM & PCEE
7	CDE & CEDE issue the final "List of Approved External provider" for their respective items after approval.	CDE, CEDE

7.4.3 Framework for preparation of External provider 'directory

The directory shall be reviewed every year and data pertaining to previous four years or more (depending on the warranty period of item from the date of placement in service.) as the case may be, is considered with cut-off date as 31st March.

7.4.4 INTERMEDIATE REVIEW:

7.4.4.1 In normal course, performance evaluation and review is an annual exercise. However, in exceptional cases, Intermediate Review can also be done for an External provider or a group of items. Such review is done through committees, defined in para 7.4.2.1, with recommendations of **PCME & PCMM** for other than electrical items and **PCEE & PCMM** for electrical items, assigning specific reasons. However, it is formalized only with the approval of GM.

7.4.4.2 Intermediate review as indicated above can be done in following situations;

- i) Complaints regarding poor performance are reported by ZRs or Railway Board.
- ii) Frequent non-conformities are observed during regular purchase inspection done by RCF or any other agency.
- iii) Major non-compliance observed in the approved QAP.
- iv) Deficiencies/non-functioning of major machinery & plants affecting quality.
- v) Withdrawal of ISO-9001 Certification of the firm by certifying agency.
- vi) Withdrawal of support/collaboration by the collaborator or withdrawal of licensee by the OEM.
- vii) **In course of time, if the specification of an item/s are amended and the External provider is not upgrading the technical capabilities within a reasonable time frame.**
- viii) Major deficiencies found during quality audit /process audit and their non-compliance.
- ix) Any other situation leading to adverse effect on the quality of product.



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- x) The entire factory or part of it is reported to be closed/shut down/lock out.
- xi) Information furnished by the External provider is found to be incorrect/ fraudulent.
- xii) The External provider is black listed/or business dealing is banned by Ministry of Railways, Govt. of India.
- xiii) Non conformities reported by consignee/end-user in a sample of the supplies.
- xiv) Failure to execute warranty claims within reasonable time.
- xv) Any other criterion adopted subsequently by RCF administration in the overall interest of the organization.

7.4.5 DE-LISTING OF AN EXTERNAL PROVIDER IN AN INTERMEDIATE REVIEW:

SN	Activity	Responsibility
7.4.5.1	For de-listing of an external provider, a 45 days' notice is served on the External provider by the respective External provider approving authorities. After considering the External provider's response, a final decision is taken by the External provider approving authorities and it is formally communicated to the External provider by CDE/ CEDE with proper speaking orders.	PCME,PCEE,PCMM, CDE, CEDE
7.4.5.2	The delisting is effective for a minimum period of one year from the date of issue of delisting advice. Annual performance evaluation of the External provider, if falls due during this period, External provider's status will not be upgraded	
7.4.5.3	In case an External provider is delisted, it can be re-considered only after one year and as a fresh case only.	

8.0 OVERALL SUPPLIER RATING OF AN EXTERNAL PROVIDER

8.1 Overall Supplier Rating of an External provider, for an item or a group of items, is the weighted average of the supplier ratings, calculated for each purchase order, placed by RCF during the last 4 years or more as the case may be. It is evaluated considering each and every lot supplied by the External provider.

However only those POs are considered, which satisfy the following condition;

- i) Date of placement of PO falls within the period of review (4 yrs or more as the case may be.) whose supply fall within the period of review.
- ii) Original DP has expired.
- iii) If original DP is live, actual qty supplied till cutoff date as March 31st (refer para no. 7.4.3.1) is considered as PO Qty, for the purpose of calculating Delivery rating (Dr).

8.2 To facilitate the performance monitoring, Stores Department updates the following information in "STORMS- a centralized database" for every supply on a continuous basis.

- a) Purchase Order Details
- b) Contractual delivery period
- c) Quantity received with date of receipt
- d) Quantity accepted
- e) Inspection Report
- f) Development Orders

8.3 Similarly, to facilitate the evaluation of quality rating, Quality Department updates the following information in MMIS.

- a) Details of Non-Conformity Reports (NCRs)
- b) Rejections during consignee/audit inspection



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- c) Rejections during RITES inspection
- d) Details of failures during warranty
- e) Particulars of en-route detachments of coaches
- f) Condonations granted by CQM for minor deviations
- g) Details of acceptance of material with improvement advice

9.0 COMPUTATION OF OVERALL SUPPLIER RATING (Sr)

9.1 Initially, supplier rating (Sr) is calculated for each purchase order placed on an External provider as per the formula given below:

$Sr = 0.6 Qr + 0.4 Dr$
 Where Sr = Supplier's rating for a PO.
 Dr = Delivery rating.
 Qr = Quality rating.

Delivery rating (Dr) is computed for each PO as under:

$$Dr = \frac{Q_t + \sum Q_d(1 - K \times T_d / T)}{Q}$$

Where Q = Qty ordered.
 T = Promised delivery time
 Q_t = Qty supplied in time
 Q_d = Qty delayed
 T_d = time delay for quantity delayed.
 K = Constant with value as 2

Quality rating (Qr) is computed for each PO as under:

$Qr = \frac{Q_a}{Q_s}$

 Q_s
 Where Q_s = Total quantity supplied/ offered for inspection = (Q_a + Q_{rr} + Q_{cr})
 Q_a = Quantity accepted
 Q_{rr} = Quantity rejected during RITES inspection
 Q_{cr} = Quantity rejected during consignee inspection

9.2 Overall Supplier Rating (Sr):

Finally, based on supplier rating (Sr) for each PO, Overall Supplier Rating (Sr) of an external provider is calculated. SR is weighted average of the supplier rating (Sr) of individual POs and is calculated in accordance with the following formula;

$$\text{Overall Supplier Rating (Sr)} = \frac{V_1 \times Sr_1 + V_2 \times Sr_2 + \dots}{V_1 + V_2 + \dots} \times 100$$

Where (i) Sr₁, Sr₂ are External provider ratings for different POs.
 (ii) V₁, V₂ are the values of respective POs.

Similarly, Overall Deliver Rating (Dr) is calculated as weighted average of the delivery rating (Dr) of individual POs and



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Overall Quality Rating (Qr) is calculated as weighted average of the quality rating (Qr) of individual POs.

Illustration:

In the following example, Overall Supplier rating has been calculated on the basis of performance of a External provider against four purchase orders as given in the following table:

PO	Q	V	Qt	Qrej	Details of delayed supply					
					1st Qd1	Inst. Td1	IIInd Qd2	Inst. Td2	IIIrd Qd3	Inst. Td3
1.	100	4.0	100	0						
2.	100	3.0	60	0	20	20	20	30		
3.	100	5.0	80	10	10	10	5	20	5	30
4.	100	2.0	80	49	10	10	5	20	5	30

Delivery period (T) for all four PO is taken as 60 days

Q = Qty. ordered,

V = Value of purchase order.

T = Promised delivery time in days.

Qt = Qty. supplied in time

Qrej. = Qty. rejected.

Qd = Qty. delayed.

Td = Time delayed in days for delayed qty..

Supplier rating (Sr) against individual order is calculated as

Purchase order No. 1

Quality rating (Qr) = $Qa/Qs = 100/100 = 1$

Delivery rating (Dr).

$$Dr = \frac{Qt + \sum Qd (1-K \times Td/T)}{Q}$$

$$Dr = \frac{100 + \sum 0 (1-K \times Td/T)}{100} = 1$$

Supplier rating (Sr1)

$$Sr1 = 0.60 \times Qr + 0.40 \times Dr = 0.6 \times 1.0 + 0.4 \times 1.0 = 1.0$$

Purchase order No. 2

Quality rating (Qr) = $Qa/Qs = 100/100 = 1.0$

Delivery rating (Dr)

$$Dr = \frac{Qt + \sum Qd (1-K \times Td/T)}{Q}$$

$$= \frac{60 + 20(1 - 2 \times 20/60) + 20(1 - 2 \times 30/60)}{100} = 0.66$$

100

Supplier rating (Sr2)

$$Sr2 = 0.60 \times Qr + 0.40 \times Dr = 0.60 \times 1.0 + 0.4 \times 0.66 = 0.86$$

Purchase order No. 3



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Quality rating

$$(Qr) = Qa/Qs = 100/(100+10) = 0.91$$

Delivery rating (Dr)

$$Dr = Qt + \sum Qd (1-K \times Td/T)$$

Q

$$= 80+10(1-2 \times 10/60)+5(1-2 \times 20/60)+5(1-2 \times 30/60)$$

100

$$= 80+6.7+1.65+0$$

$$----- = 0.88$$

100

Supplier rating (Sr3)

$$Sr3 = 0.60 \times Qr + 0.40 \times Dr = 0.60 \times 0.91 + 0.4 \times 0.88 = 0.90$$

Purchase order No. 4

$$\text{Quality rating (Qr)} = Qa/Qs = 100/(100+49) = 0.67$$

Delivery rating (Dr)

$$Dr = Qt + \sum Qd (1-K \times Td/T)$$

Q

$$= 80+10(1-2 \times 10/60)+5(1-2 \times 20/60)+5(1-2 \times 30/60)$$

100

$$= 80+6.7+1.65+0$$

$$----- = 0.88$$

100

Supplier rating (Sr4)

$$Sr4 = 0.60 \times Qr + 0.40 \times Dr = 0.60 \times 0.67 + 0.4 \times 0.88 = 0.75$$

Overall Supplier rating (Sr):

$$Sr = V1 \times Sr1 + V2 \times Sr2 + \dots$$

$$----- \times 100$$

$$V1 + V2 + \dots$$

Where

(i) Sr1, Sr2, .. are Supplier ratings for different purchase order.

(ii) V1, V2, ... are the value of the respective POs referred in illustration

$$Sr = 4 \times 1 + 3 \times 0.86 + 5 \times 0.9 + 2 \times 0.88$$

$$----- \times 100$$

$$4 + 3 + 5 + 2$$

$$\mathbf{Sr = 0.91}$$

9.3 A RCF vendor directory shall be having vendors which supplies items to ICF & MCF but not RCF. In these cases, ratings of such firms shall not be available. Hence vendors with Nil ratings shall not be removed or downgraded from external provider/ vendor directory.

9.4 Evaluation committees may use rounded-off figures of SR and QTY while evaluating the External provider, so that good External provider are not marginalized due to their performance rating being insignificantly lower than the specified limits i.e. SR ≥ 69.5 will be rounded-off to 70.



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9.5 OTHER PARAMETERS GOVERNING THE SUPPLIER RATINGS

SN	Activity	Responsibility														
9.5.1	When a lot is rejected during an in-coming inspection, sometimes segregation of the lot is ordered, for identifying useable material, required for sustaining the immediate production. In such cases, material so accepted in distress, is treated as rejected for the purpose of Quality Rating (Qr=0).	CMM/Depot														
9.5.2	When NCR is raised by a user shop and it is confirmed by QC, Quality rating for the lot is determined based on the quantity finally gets rejected.	CQM-I														
9.5.3	If quantity accepted is < 50% of the PO qty and original DP has expired, then Quality Rating (Qr) is taken as "zero" for that PO.	CMM/Depot														
9.5.4	When a lot is accepted with improvement advice to the External provider, Qr for that lot is considered as 75% only.	CQM-I														
9.5.5	The quantity already supplied against POs cancelled on administrative grounds will be taken into account while calculating Supplier Rating of External provider.	PCMM														
9.5.6	When delivery period (DP) for a PO is re-fixed due to administrative reasons by RCF or DP is extended without Liquidated Damages (LD), the revised DP shall be treated as original delivery period (DP) for the purpose of Supplier Rating (Sr).	PCMM														
9.5.7	a) When a rejected lot is used in distress, the use is condoned by the competent authority, but such a lot is assigned zero quality rating (Qr).	CQM-I														
	b) When a used lot is rejected, the same will be is condoned by the competent authority, but such a lot is assigned zero quality rating (Qr).	CWEs														
9.5.8	En-route detachment of a coach from a train due to failure of a component/ assembly is a serious failure. If it happens within the warranty period, a severe penalty is imposed by way of reduction in quality rating of the External provider for that group of items. The overall supplier rating (SR _±) is reduced by 15% for every instance reported during the period of review. Failure of Rly. Board or RDSO controlled items leading to en-route coach detachments is reported to Rly.Board /RDSO by CQM-II under advice to CDE/CEDE.	CQM-II														
9.5.9	External providers are supposed to execute the warranty claims in a reasonable time (10 days). In case of delays, reduction in quality rating for that PO is done in the following manner:	CQM-II														
	<table border="1"> <tr> <td>Days taken to attend the failure</td> <td>11-20</td> <td>21-30</td> <td>31-40</td> <td>41-50</td> <td>51-60</td> <td>>60</td> </tr> <tr> <td>Reduction in Quality Rating (%)</td> <td>5</td> <td>10</td> <td>20</td> <td>40</td> <td>60</td> <td>100</td> </tr> </table>		Days taken to attend the failure	11-20	21-30	31-40	41-50	51-60	>60	Reduction in Quality Rating (%)	5	10	20	40	60	100
	Days taken to attend the failure		11-20	21-30	31-40	41-50	51-60	>60								
Reduction in Quality Rating (%)	5	10	20	40	60	100										
In case of more than one warranty claim are lodged for the same PO, cumulative reduction is made in the Quality Rating for the delays in each case.																
9.5.10	An official from Quality Department is nominated by CQM-I, for ensuring collection of rejection records, for the Third Party inspected items, from TPI offices on monthly basis and feeding them in the MMIS database.	CQM-I														
9.5.11	If repeated quality problems are observed in a particular component /sub-assembly/assembly at any stage, an existing External provider or group of External provider can be reassessed based on the Schedule of Technical Requirements (STR) defined by CDE/CEDE for that group. If any deficiencies are found at External provider" end, which may be a cause for quality problem, the External provider is given a notice to upgrade his facilities or remove the deficiencies within a reasonable time. If the same is not done, the External provider can be considered for delisting	CDE, CEDE														



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9.5.12	For two consecutive rejections of the same item at consignee's end, an external provider is delisted for that item/group of items. However in case there are three or less approved External provider left for that item/ group of items, he can be considered for retention as a approved External provider only.	CDE, CEDE
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10.0 EXTERNAL PROVIDER DEVELOPMENT

10.1 DEVELOPMENT OF NEW/ADDITIONAL EXTERNAL PROVIDER FOR EXISTING ITEMS

SN	Activity	Responsibility												
10.1.1	New/ additional External provider are developed for existing items in following situations; a) If existing External provider are three or less than three b) If capacity of the existing External provider is inadequate to meet full requirement of RCF. Such items are identified during annual performance evaluation of the existing External provider as in Para 7.4.2 c) If there are reasons to believe that the existing External provider have formed a cartel. d) Recommendations made by the Tender Committees.													
10.1.2	The sub-committees also generate a report indicating those items, for which additional sources are required to be developed, either due to inadequate suppliers or inadequate capacity of the existing suppliers. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">SN</th> <th style="text-align: center;">Group of items</th> <th style="text-align: center;">Committee members</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Shell & Bogie items</td> <td>Dy.CMM/Shell/TKJ and Dy.CME/Design</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Electrical Items</td> <td>Dy.CMM/E/TKJ and Dy.CEE/D&D</td> </tr> <tr> <td style="text-align: center;">3</td> <td>Mech. Furnishing items</td> <td>Dy.CMM/D/Fur and Dy.CME/Design</td> </tr> </tbody> </table> The list of items, identified in Para 7.4.2, is scrutinized by CMM/HSQ and CMM/TKJ for their respective items and any additional items deemed fit for development of new/ additional External provider are included in the list by them. The final list is approved by PCME and PCMM for other than electrical items and PCEE and PCMM for electrical items.	SN	Group of items	Committee members	1	Shell & Bogie items	Dy.CMM/Shell/TKJ and Dy.CME/Design	2	Electrical Items	Dy.CMM/E/TKJ and Dy.CEE/D&D	3	Mech. Furnishing items	Dy.CMM/D/Fur and Dy.CME/Design	CMM/TKJ CMM/HSQ PCME PCEE PCMM
SN	Group of items	Committee members												
1	Shell & Bogie items	Dy.CMM/Shell/TKJ and Dy.CME/Design												
2	Electrical Items	Dy.CMM/E/TKJ and Dy.CEE/D&D												
3	Mech. Furnishing items	Dy.CMM/D/Fur and Dy.CME/Design												
10.1.3	CMMs identify new/additional External provider by various means like seeking information from other PUs/ZRs, advertisements, exhibitions, buyer supplier meet or internet etc.	CMM/TKJ CMM/HSQ												
10.1.4	The list is also put on RCF website for seeking response from new External provider.	CMM/TKJ CMM/HSQ												
10.1.5	Developmental orders are placed on New/ Additional External provider as identified above and are regularly monitored and supported for development. However before placing orders, CMMs get the technical capability assessed from CDE for all other items and CEDE for electrical items .	CMM/TKJ CMM/HSQ CDE CEDE												
10.1.6	The pilot sample is supplied by the External provider for approval by CDE/ CEDE before the bulk supply is made against the purchase order placed for development.	CMM/HSQ CDE, CEDE												
10.1.7	A quarterly report is prepared on the development process and sent	CMM/TKJ												



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	to GM for his perusal through External provider Approving authorities	CMM/HSQ
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10.2 DEVELOPMENT OF NEW/ADDITIONAL EXTERNAL PROVIDER FOR NEW ITEMS

SN	Activity	Responsibility
10.2.1	When new items are designed or new specifications are developed, CDE/CEDE develops new sources for such items if the design/specification is considerably different from the existing items.	CDE, CEDE
10.2.2	CDE/ CEDE identifies new External provider by various means like seeking information from other PUs/ZRs, advertisements, exhibitions, buyer supplier meet or internet etc.	
10.2.3	The drawings/specifications of items, for which new External provider are to be developed, are also put on RCF website for seeking response from new External provider.	CDE, CEDE
10.2.4	After a source(s) is/ are identified, procurement of small quantity (As deemed fit) is initiated by CDE/ CEDE through a nominated officer of their department who follows up the process and appraises CDE/ CEDE about the status on a regular basis.	CDE, CEDE
10.2.5	Technical assistance can be given to an external provider during the initial stages of development.	CDE, CEDE
10.2.6	A pilot sample is supplied by the External provider for approval by respective design office, before the bulk supplies are made against the purchase order, placed for development.	CDE, CEDE
10.2.7	Once the source is considered as developed, the same is advised to the respective Stores Purchase Office through Material Planning Department, for regular procurement.	CDE, CEDE, CPLE

11.0 DOCUMENTS AND FORMATS

- List of items to be purchased from approved Sub-Contractors.
- Sub-Contractor assessment form.
- List of Approved External provider for supply of critical items.
- List of registered External provider (on line).

12.0 QUALITY RECORDS

Sr. No	Record	Record Holder	Minimum Period of preservation
a	Sub-Contractor/External provider Assessment Reports.	CDE, CEDE CMM	3 years
b	Development / Educational Order Case Files	CMM	3 Years
c	List of approved External provider for supplying critical items	CDE CEDE	1 Year
d	List of registered External provider (On line)	CMM	Continue

13.0 CROSS REFERENCES

- Flow chart of Purchasing- SRO 2001.
- Flow chart of IT- GTO 2001

14.0 ISSUE AND CHANGE CONTROL

The responsibility of issue and change of this procedure lies with MR