



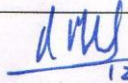

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INTEGRATED MANAGEMENT SYSTEM PROCEDURE

Prepared By	MR	 12/7/18
Approved By	GM	 12/7/18



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Amendment Record Sheet

Sno.	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



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1.0 PURPOSE

To establish the procedure for

- I) Registration and review of External provider
- II) External provider evaluation
- III) External provider rating
- IV) Preparation & Updation of the 'List of Approved External Providers'
- V) External provider development

2.0 SCOPE

- i) This procedure covers the registration and review process of External provider.
- ii) The procedure also covers the process for approval of External provider for inclusion in the 'List of Approved External providers'.
- iii) This procedure also covers the procedure for External provider development.

2.1 ABBREVIATIONS

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)

3.0 DEFINITIONS

- 3.1 External provider: - External provider is a firm which supplies item(s) of store to RCF. External provider and Supplier are used interchangeably and mean the same.
- 3.2 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. He has direct relation with External provider & not with RCF, but has to have prior approval, if required by RCF. Item supplied by the sub-contractor will form part of bill of material of the External provider.
- 3.3 Critical Item(s): - Those item(s) which are identified and are considered important from quality, safety, productivity, reliability & aesthetics point of view of the end



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product. This list also includes consumables used in manufacturing which affects the quality of the end product.

- 3.4 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.
- 3.5 Approved External provider:- Approved External provider is one who has been approved for supply of a critical item or group of items to RCF based on his overall rating/ credentials/ past performance and is included in the 'List of Approved External provider'
- 3.6 Trader: - External provider who himself is not a manufacturer of the item but trades in it.

4.0 RESPONSIBILITY

Sl. No.	Description	Responsibility
4.1	Issuing, establishing and bringing improvements/ changes in this procedure with the approval of GM/RCF.	MR
4.2	Registration of new External provider and their periodical review, issuance of the list of registered External provider and periodically updating it.	PCMM
4.3	Drawing of the list of "critical items" (as defined in Clause 3.3); a. For other than electrical items, b. For electrical items	PCME PCEE
4.4	Technical evaluation of External provider for registration and for inclusion in 'List of Approved External provider' and its issuance; a. For other than electrical items, b. For electrical items	CDE CEDE
4.5	Review and approval of the 'List of Approved External provider' a. For other than electrical items, b. For electrical items	PCME & PCMM PCEE & PCMM
4.6	External provider Development for existing items	CMM/HSQ CMM/TKJ
4.7	External provider Development for new items other than electrical -	CDE,



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External provider Development for new electrical items - CEDE

4.8 Maintaining and updating records for Quality Rating of External provider CQM

4.9 Maintain MMIS database as per this procedure for evaluating Overall Supplier Rating of External providers. CME/IT

5.0 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.

5.1 PROCESS FOR EXTERNAL PROVIDER REGISTRATION:

5.1.1 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

5.1.2 An External provider is required to submit his request for registration to Dy.CMM/G in the pro-forma 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.

5.1.3 The request is processed by Dy.CMM/G as per following model time schedule;



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

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

5.1.4 An External provider falling in the category defined in Clause 5.1.1 (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.

5.1.5 All records, pertaining to registration are maintained by Dy.CMM/G.

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

5.2 CRITERIA FOR ASSESSMENT OF EXTERNAL PROVIDER

Cl.	Activity	Responsibility
5.2.1	An External provider is assessed on the following criteria for registration:- a) Technical Capability b) Financial Capacity c) Past Experience	



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a) Technical Capability

- 5.2.2 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
- 5.2.3 The External provider is assessed for process requirements on the basis of following CDE, CEDE
- Availability of premises (land ,Electric connection water connection) etc.
 - Availability of adequate Machinery & Plant
 - Availability of trained and qualified personnel
 - In-house processing capability for major processing steps and capacity to make bulk supplies of material to RCF.
 - Adequate tie up with suitable outside agencies for other than major processing steps, if required. Such sub-contractors shall also be approved by RCF.
 - Requisite authorizations/permissions from state agencies are available, e.g. license under Factories Act, consents from State Pollution Control Boards (If applicable) etc.
- 5.2.4 The External provider is assessed for quality assurance requirements on the basis of the following: CDE, CEDE
- 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.
 - Existence of relevant Quality Assurance Systems.
 - Availability of jigs & fixtures, inspection, measuring and test equipments etc. duly calibrated by authorized agencies..
 - Availability of trained manpower for quality assurance.
- 5.2.5 ISO 9001 certification is mandatory. Any other internationally recognized comparable quality system certification can also be accepted in lieu. CDE, CEDE
- 5.2.6 CDE/CEDE normally deposes a representative(s) from RCF 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. CDE, CEDE



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b) Financial capacity:

5.2.7 External provider furnishes detailed information in respect of the level/ Dy CMM/G quantum of transactions, Balance Sheet, Bank Credit Limits etc.

c) Past Experience:

5.2.8 The External provider is required to furnish along with his application form, Dy CMM/G 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.

5.2.9 REGISTRATION OF TRADERS AS EXTERNAL PROVIDER can be Dy CMM/G considered only for items normally available off-the-shelf, subject to the trader fulfilling all the following criteria:

- Authorization from the original manufacturer to sell such items.
- The trader has a valid TRN/VRN registration no. issued by a government sales tax authority.
- 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.

6.0 REVIEW OF EXTERNAL PROVIDER REGISTRATION:

6.1.1 The registration of External provider can be cancelled if an external provider Dy.CMM/G fails to obtain even a single order in the last three years (after registration). PCMM 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.

6.1.2 Fresh registration is a regular process and is done throughout the year, Dy.CMM/G however review of registration is done only once a year with 30th April as a PCMM cut-off date for considering the previous performance. The review exercise is completed in two months (by 30th June).



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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 3.3, is drawn by PCME for all items other than electrical and PCEE for electrical items. The list of critical items that need to be procured through approved External provider is reviewed by following standing committees :

SN	Group of items	Committee members
1	Shell & Bogie items	Dy.CMM/Shell/TKJ and Dy.CME/D2
2.	Electrical Items	Dy.CMM/E/TKJ and Dy.CEE/D&D
3	Mech. Furnishing items	Dy.CMM/D/Fur and Dy.CME/D1

Recommendations of the committee shall be put up to PCME and PCEE through CDE/CEDE for Mechanical and Electrical items respectively. While drawing/reviewing the list of Critical Items, PCME/PCEE also identifies and pin-points those critical items, which requires mandatory capacity assessment. CDE and CEDE are custodians of the list of critical items for their respective areas.

7.2 PROCUREMENT OF CRITICAL ITEMS

Procurement of critical items, listed as in Para 7.1, is done from “Approved External provider” only, Developmental/ Educational Orders of small quantities can be placed on new (un-approved) sources also, if there is a need. However, such orders are placed only after establishing the technical and financial capabilities of the new sources, assessed and certified by CDE/CEDE, who normally deputes a representative(s) from RCF for inspection of the External provider’s premises to make an independent assessment.

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, 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,



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weightage is also given to the proportion of quantity supplied by each External provider against overall quantity procured by RCF for that item, termed as Quantity Rating (QTY).

- 7.3.2 Normally SR and QTY are calculated for the last four 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 placement in service.

For items where the specified warranty period is more than the IRS conditions, SR and QTY shall be calculated for the period two years more than the warranty period from the date of placement in service i.e SR and QTY shall be calculated for the last 5 years for items with warranty of 36 months from the date of placement in service & 6 years for items with warranty of 48 months from the date of placement in service and so on.

Cut-off date for considering the data (SR, DR and QR) pertaining to previous years is prescribed in Para 7.4.2.1.

Based on above, existing as well as new External provider are evaluated for the purpose of assigning them “Approved External provider” status. The External provider’ rating is calculated as in Para 9.0.

7.3.3 CRITERIA FOR EVALUATION OF EXTERNAL PROVIDER:

External provider are evaluated on the following performance criteria:

S. No.	External provider Category	Status
1	Approved External provider	Approved External provider to continue as “Approved External provider” if its performance in the period prescribed in para 7.3.2 is: SR \geq 70% and DR & QR each \geq 60. The above status is if the External provider complies requisite infrastructure as per applicable STR.
2	Unapproved External provider	Unapproved External provider to be upgraded as “Approved External provider” if : <ul style="list-style-type: none">• Atleast one PO for same item /group of items has been successfully executed by the External provider



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	<ul style="list-style-type: none">• <i>Successful completion of one PO means no rejection during completion of one PO after prototype approval. Prototype approval can be on improvement advice.</i>• <i>DP extension is possible being developmental order.</i>• <i>For firms deleted from approved list in previous years, successful PO completion for PO placed after deletion from approved list is also applicable.</i>• External provider complies requisite infrastructure as per applicable STR and their product is proved out in field performance for a pre-defined quantity and service period, if specified in the specifications.• Wherever applicable, field performance period with development item for field trials will be reckoned as whatever is earlier of the following two: Performance period from the coach turnout date from RCF as given in the specifications or 12 months more than above period if there is some delay on administrative ground on the part of Railways to turn out the coach. The list of items of External provider directory for which field performance period is mandatory will be part of External provider Directory. The date for the above purpose will be considered as the date of issue of Receipt note by Depot.
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(SR =Overall Supplier Rating, DR= Overall Delivery Rating & QR= Overall Quality Rating)

- 7.3.4 For firms for items which are transferred from RDSO to RCF and are being used for LHB coaches and their External provider data is not available with RCF, all such firms will be kept in the same category for the first time, as approved by RDSO.



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These firms shall also be physically assessed for their capability cum capacity requirement as per applicable STR for subsequent External provider directory.

7.3.5 Items, for which RDSO issues the External provider Directory (List of Approved External provider) are to be procured as per RDSO's External provider Directory and such items are not included in the RCF's "List of Critical Items". However, 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 by CQM for appropriate action.

7.4 PROCESS FOR PREPARATION AND UPDATION THE "LIST OF APPROVED EXTERNAL PROVIDER"

7.4.1 Based on the latest 'List of Critical Items', list of approved External provider is jointly reviewed, analyzed & compiled adopting the following process:

PREPARATION AND UPDATION THE "LIST OF APPROVED EXTERNAL PROVIDER"

Sr	Activity	Responsibility
a)	Committees have been nominated under para 7.1	PCME PCMM
b)	Collection of data from database and other relevant sources	PCEE PCMM
c)	Review, analysis & compilation of data as per criteria laid in Para 7.3, clearly spelling out their recommendations in remarks column for every External provider, duly signed at each sheet and putting up the report to CDE and CEDE for respective items.	Committees members
d)	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.	
e)	The 'List of Approved External provider' is approved by;	
	- PCME & PCMM for other than electrical Items	PCME,
	- PCEE & PCMM for Electrical Items	PCMM PCEE



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However, while approving, if the approving authorities find a need to make some changes in the recommendations given by the sub-committee, put up through CDE /CEDE, the same shall be recorded giving reasons.

- f) 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
- g) The External provider can submit their representation, if any, to PCME, PCMM within this period. The approving authorities i.e. PCME&PCMM and PCEE&PCMM may consider the PCEE representations before finalizing the list.
- h) Reports, summarizing the changes made in the recommendations of sub-committees, as mentioned in Para e) above and after considering the representations of the External provider, as mentioned in Para g) above, are sent for information of GM. PCME, PCMM PCEE
- i) CDE & CEDE issue the final 'List of Approved External provider' for their respective items after obtaining signatures of approving authorities on each and every sheet of the list. CDE, CEDE

7.4.2 Framework for preparation of 'List of Approved External provider'

7.4.2.1 *The 'List of Approved External provider' 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.*

7.4.2.2 *This approved list will be valid for one year from 1st July to 30th June of the next year. However, as and when any unapproved external provider feels that their status has improved and it meets the evaluation criteria, it shall apply in writing to RCF for up gradation to "List of Approved external providers".*

After due evaluation by RCF, amendment to external provider directory shall be issued. This amendment will be issued twice every month :

- *On 15th or next working day in case 15th is holiday for all such applications received in previous month after 15th. The data pertaining to previous four years from the end date of previous*



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month (depending on the warranty period of item from the date of placement in service) will be considered for evaluating the status and

last working day of the month for all such applications received in that month before 15th. The data pertaining to previous four years from the 15th of that month (depending on the warranty period of item from the date of placement in service) will be considered for evaluating the status.

- *For items having different infrastructure requirements for development orders and for becoming approved vendors, firm may need to be re-assessed. Hence, in such cases, amendment will be issued after 30 days from the date of the application by the firm for inclusion in Vendor Directory. This amendment will be issued either on 15th or next working day of the month or on the last working day of the month.*

7.4.2.3 In exceptional circumstances, where RCF finds that its requirements in terms of quantity or quality or both are not being met by existing approved sources, a new External provider can be accorded approved status directly at any time of the year. However such an External provider is recommended by PCME & PCMM for items other than electrical and PCEE & PCMM for electrical items after a technical and financial capability assessment of the new External provider has been carried out by CDE/CEDE. While making recommendations, performance of all existing approved External provider is commented upon to establish that requirements of RCF cannot be met by them. Thereafter, approval is accorded to the new External provider with the approval of GM. PCME PCMM PCEE CDE, CEDE

7.4.2.4 External provider are either approved for single critical item or for a group of items where manufacturing process is similar. In case of a group, weighted average rating is considered as illustrated in Para 9.0.

7.4.3 INTERMEDIATE REVIEW:

7.4.3.1 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 7.1, with recommendations of PCME & PCMM for other than electrical items and PCEE & PCMM for electrical items, assigning specific reasons. PCME, PCMM PCEE



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However, it is formalized only with the approval of GM.

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

- a) Complaints regarding poor performance are reported by ZRs or Railway Board.
- b) Frequent non-conformities are observed during regular purchase inspection done by RCF or any other agency.
- c) Major non-compliance observed in the approved QAP.
- d) Deficiencies/non-functioning of major machinery & plants affecting quality.
- e) Withdrawal of ISO-9001 Certification of the firm by certifying agency.
- f) Withdrawal of support/collaboration by the collaborator or withdrawal of licensee by the OEM.
- g) 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.
- h) Major deficiencies found during quality audit /process audit and their non-compliance.
- i) Any other situation leading to adverse effect on the quality of product.
- j) The entire factory or part of it is reported to be closed/shut down/lock out.
- k) Information furnished by the External provider is found to be incorrect/ fraudulent.
- l) The External provider is black listed/or business dealing is banned by Ministry of Railways, Govt. of India.
- m) Non conformities reported by consignee/end-user in a sample of the supplies.
- n) Failure to execute warranty claims within reasonable time.
- o) Any other criterion adopted subsequently by RCF administration in the overall interest of the organization.

7.4.4 **DE-LISTING OF AN EXTERNAL PROVIDER IN AN INTERMEDIATE REVIEW:**

7.4.4.1 For de-listing of an external provider, a 45 days notice is served on PCME,PCEE



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the External provider by the respective External provider approving authorities. After considering the External provider' 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. All copy holders of the 'List of Approved External provider' are also advised immediately. PCMM
CDE, CEDE

7.4.4.2 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' status will not be upgraded.

7.4.4.3 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 Apr 30th (refer para no. 7.4.2.1) is considered as PO Qty, for the purpose of calculating Delivery rating (Dr).

8.3 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



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f) Development Orders

8.4 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
- 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:

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

Where Q = Qty ordered.
T = Promised delivery time
Qt = Qty supplied in time
Qd = Qty delayed
Td = time delay for quantity delayed.
K = Constant with value as 2.

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

$$Qr = \frac{Qa}{Qs}$$

Where Qs= Total quantity supplied/ offered for inspection =



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(Qa+Qrr+Qcr)

Qa = Quantity accepted

Qrr = Quantity rejected during RITES inspection

Qcr = 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;

$$\text{Overall Supplier Rating (Sr)} = \frac{V1 \times Sr1 + V2 \times Sr2 + \dots}{V1 + V2 + \dots} \times 100$$

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

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	IInd 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.



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- 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

$$\text{Quality rating (Qr)} = \text{Qa/Qs} = 100/100 = 1$$

Delivery rating (Dr).

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

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

Supplier rating (Sr1)

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

Purchase order No. 2

$$\text{Quality rating (Qr)} = \text{Qa/Qs} = 100/100 = 1.0$$

Delivery rating (Dr)

$$\begin{aligned} \text{Dr} &= \frac{\text{Qt} + \sum \text{Qd} (1 - \text{K} \times \text{Td}/\text{T})}{\text{Q}} \\ &= \frac{60 + 20(1 - 2 \times 20/60) + 20(1 - 2 \times 30/60)}{100} = 0.66 \end{aligned}$$

Supplier rating (Sr2)

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



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Purchase order No. 3

$$\text{Quality rating (Qr)} = \text{Qa/Qs} = 100/(100+10) = 0.91$$

Delivery rating (Dr).

$$\begin{aligned} \text{Dr} &= \frac{\text{Qt} + \sum \text{Qd} (1-K \times \text{Td/T})}{\text{Q}} \\ &= \frac{80+10(1-2 \times 10/60)+5(1-2 \times 20/60)+5(1-2 \times 30/60)}{100} \\ &= \frac{80+6.7+1.65+0}{100} = 0.88 \end{aligned}$$

Supplier rating (Sr3)

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

Purchase order No. 4

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

Delivery rating (Dr)

$$\begin{aligned} \text{Dr} &= \frac{\text{Qt} + \sum \text{Qd} (1-K \times \text{Td/T})}{\text{Q}} \\ &= \frac{80+10(1-2 \times 10/60)+5(1-2 \times 20/60)+5(1-2 \times 30/60)}{100} \\ &= \frac{80+6.7+1.65+0}{100} = 0.88 \end{aligned}$$

Supplier rating (Sr4)

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



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Overall Supplier rating (Sr):

$$Sr = \frac{V1 \times Sr1 + V2 \times Sr2 + \dots}{V1 + V2 + \dots} \times 100$$

Where (i) Sr1, Sr2, .. are Supplier ratings for different purchase order.
(ii) V1, V2, ... are the value of the respective POs referred in illustration

$$Sr = \frac{4 \times 1 + 3 \times 0.86 + 5 \times 0.9 + 2 \times 0.88}{4 + 3 + 5 + 2} \times 100$$

Sr = 0.91

9.3 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.

9.4 OTHER PARAMETERS GOVERNING THE SUPPLIER RATINGS **Responsibility**

9.4.1 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). CQM

9.4.2 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

9.4.3 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.

9.4.4 When a lot is accepted with improvement advice to the External provider, Qr for that lot is considered as 75% only. CQM

9.4.5 The quantity already supplied against POs cancelled on administrative grounds will be taken into account while calculating Supplier Rating of External provider.

9.4.6 When delivery period (DP) for a PO is re-fixed due to administrative reasons by RCF or DP is extended without Liquidated Damages (LD),



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the revised DP shall be treated as original delivery period (DP) for the purpose of Supplier Rating (Sr).

9.4.7 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

9.4.8 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 under advice to CDE/CEDE. CQM

9.4.9 External provider 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

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.

9.4.10 An officer from Quality Department is nominated by CQM, for ensuring collection of rejection records, for the RITES inspected items, from RITES offices on monthly basis and feeding them in the MMIS database. CQM

9.4.11 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. CQM
CDE,
CEDE



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- 9.4.12 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. CQM
- 10.0 **EXTERNAL PROVIDER DEVELOPMENT** **Responsibility**
- 10.1 **DEVELOPMENT OF NEW/ADDITIONAL EXTERNAL PROVIDER FOR EXISTING ITEMS**
- 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 7.4.1 (d).
 - 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 list of items, identified in Para 7.4.1 (d), is scrutinized by CMM/TKJ 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. PCME, PCEE, PCMM
- 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 as per procedure laid down in Para 6.2. CMM/TKJ CMM/HSQ CDE CEDE
- 10.1.6 The pilot sample is supplied by the External provider for approval CMM/TKJ



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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 to GM for his perusal through External provider Approving authorities CMM/TKJ
CMM/HSQ

10.2 **DEVELOPMENT OF NEW/ADDITIONAL EXTERNAL PROVIDER FOR NEW ITEMS**

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

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



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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.