

**Correction slip No. 1 of MCF's Instruction to Tenderer Revision 24.0**

The following amendments in clauses are carried out in MCF's Instructions to Tenderer Revision 24.0

<b>Para</b>	<b>Existing</b>	<b>Modified now</b>
Para 14.0	Section-II: Inspection by inspecting officer	Section-II: Inspection by inspecting officer
New Para 14.13	Nil	<b>Operationalization of Engagement of Third-Party Inspection (TPI) Agencies.</b>  Terms and conditions for third party inspection agencies will be governed through Railway board's letter No.22/RS(G)/779/8 dt. 04.01.2023 attached at annexure- XVI.



भारत सरकार Government of India  
रेल मंत्रालय Ministry of Railways  
रेलवे बोर्ड (Railway Board)



No. 2022/RS(G)/779/8

New Delhi Dated: 04.01.2023

**The General Managers, All Indian Railways/PUs, NF(C), CORE  
DG RDSO/Lucknow, NAIR/Vadodara,  
PCAO DMW/Patiala, COFMOW  
CAO WPO/Patna, RWP/Bela**

**Sub: Operationalization of Engagement of Third-Party  
Inspection (TPI) Agencies**

**1. Background:**

- 1.1. Western Railway was assigned the responsibility to empanel Third Party Inspection(TPI) Agencies for (i) inspection of materials procured by Indian Railways i.e. Product Inspection, and, (ii) Process Inspection.
- 1.2. Salient features and important provisions of the engagement are attached as **Annexure-I** for ready reference.
- 1.3. Western Railway has finalized Engagement of the TPI Agencies for a period of 3 years. LOAs have been issued to the following TPI Agencies:
  - **Product Inspection:**
    - M/s Intertek India Private Limited for 40% of Product Inspection work
    - M/s RITES Limited for 30% of Product Inspection work
    - M/s Bureau Veritas India Private Limited for 20% of Product Inspection work, and,
    - M/s TUV India Private Limited for 10% of Product Inspection work
  - **Process Inspection:**
    - M/s TUV India Private Limited for 40% of Process Inspection work
    - M/s Bureau Veritas India Private Limited for 30% of Process Inspection work
    - M/s RITES Limited for 20% of Process Inspection work

- M/s Intertek India Private Limited for 10% of Process Inspection work

1.4. Copies of Contracts, when issued, shall be circulated to all stakeholders and will also be uploaded on Railway Board website.

**2.** In order to operationalise the engagement of TPI Agencies, instructions/guidelines hereinunder are issued in respect of Product Inspection for implementation with immediate effect. Detailed guidelines on process inspection shall be framed and circulated separately.

2.1 Western Railway is nominated as Nodal Agency for dealing with all issues related to contract management and performance management of TPI Agencies. Accordingly, PCMM/WR is nominated to discharge all functions and responsibilities of “Authority” in the contract.

2.2 Western Railway shall also be responsible for the following:

- To circulate copies of contracts finalised with the third-party agencies for information to all stakeholders (Railway Board, Zonal Railways, PUs, other entities etc.) along with details of the Team Leader and the GM (QAs) of TPI Agencies.
- To organise familiarization sessions for all stakeholders (Railway Board, Zonal Railways, PUs, other entities etc.) to explain the scope and provisions of contract. Any clarifications regarding the operationalization of the Engagement of TPI Agency contract required by the field units shall also be provided by Western Railway. Any issues with policy implications shall be clarified in consultation with Railway Board.
- To develop and approve Inspection certificate (IC) and other formats as required for smooth operationalization of the contracts and achieve the objectives.
- Quality Improvement Suggestions received from TPI Agencies every month shall be referred by PCMM/WR to concerned technical departments of WR, who will be responsible for examining them. The technical department concerned shall, if required, consult and coordinate with relevant technical authorities (e.g. RDSO, Vendor approving agencies, other technical authorities, Technical Dte. of Railway Board) and decide to accept or reject the suggestions with the approval of concerned PHOD of Western Railway within 30 days. Suggestions accepted for implementation shall be circulated by Western Railway (concerned technical PHOD directly or through the

concerned technical authority, as applicable) to Zonal Railways/PUs etc. for its effective and uniform implementation. The decision taken on Quality Improvement Suggestions shall be used for KPI scoring.

- Entering data for calculation of KPI scores in respect of 'Quality Improvements Suggestions', 'Quality of Action Taken Report' and 'Quality of Complaint Redressal System' in the input form in IREPS for auto calculation of monthly KPI Scores of the TPI Agencies.
- Enter data required in connection with damages and penalties in respect of fulfilment of condition precedent, substitution of key personnel, system uptime, non-availability of key personnel etc. in the input form in IREPS to enable auto calculation of damages and penalties to be recovered from the TPI Agency.

2.3 All procuring entities (Railway Board, Zonal Railways, PUs, other entities etc.) shall be responsible for ensuring the following:

- All specification framing agencies and user departments shall provide detailed specifications, drawings, STR, QAP, Inspection & Test Plan, other instructions for inspections as required for carrying out the inspection diligently as per purchase order to the empanelled agencies for each item being procured so as to ensure that the empanelled TPI Agencies are able to execute the inspection as per our requirement.
- Legible drawings, specifications, Quality Assurance Plan (QAP), Inspection Test Plan (ITP) etc. as applicable should be attached with the Purchase Orders(PO), besides mentioning them correctly and comprehensively in the tender document and contract. Provided that drawings and specifications available in UVAM and/or publicly available on any other Railway website (e.g. RDSO, production Units, CORE etc.) are not necessarily required to be attached with the Purchase Orders, but shall be mentioned in the tender/purchase order after ensuring that the same are actually available on the website.
- Railway Board instructions issued under letter no. 2022/RS(G)/779/7/(3390005) dated 17.10.2022 regarding capturing of warranty details digitally should be scrupulously followed. All POs issued should specifically indicate warranty period in months accordingly. TPI Agencies shall invariably include warranty period, as incorporated in the Purchase Order, in the inspection acceptance certificates issued by them.
- Incorporate Stage Inspection along with number of stages and description of each stage, if so required, in the Purchase Order in the data fields CRIS is creating specifically for capturing this information. Incorporation of

such requirement in any other data field or place in the Purchase Order will be ignored by the System.

- Promptly respond to and resolve any issues raised or information sought by TPI Agencies or vendors in respect of inspection against Purchase Orders placed by them. Attention is invited to following provision incorporated in the TPI contracts:

*“In the event any issue related to inspection such as non-availability of drawings/specifications/tests or inspection test plan etc. requires clarifications or there is a disagreement between the TPI Agency and the Vendor, the TPI Agency shall refer such matters to the Procuring Entity. The Procuring Entity shall clarify the issue to the TPI Agency. In order to sort out the issue, the Procuring Entity as deemed necessary, may call meeting with TPI Agency, the user department representative and/or the Vendor. The clarification on the matter under reference shall be conveyed by the Procuring Entity to the TPI Agency and Vendor. The decision of the Procuring Entity shall be final and binding”.*

- Lodge grievances, if any, with the Team Leader of the TPI Agency concerned for any issues requiring redressal by the TPI Agencies and escalate any unresolved grievances beyond reasonable time to the officer nominated by Western Railway.

2.4 All procuring entities (Railway Board, Zonal Railways, PUs, other entities etc.) shall explicitly provide for the following through Special Conditions of tender/contract for information of vendors and other stakeholders:

- Recovery of inspection charges from Vendors in case of rejection, call cancellation, revalidation of inspection certificate/re-inspection etc.
- Charges to be recovered from the vendors as above shall be mentioned in the tender/contract for information of vendors
- Right of Railways to change the TPI Agency mentioned in Purchase Order through modification advice.

Special Conditions attached herewith (**Annexure-II**) may be adopted with suitable modifications.

2.5 Pre-inspection of material in Purchase Orders valuing less than Rs. 5 lakhs is governed by Railway Board letter No. 2000/RS(G)/379/2 dated 09-08-2006 (latest amended). The TPI agency contracts provides for pre-inspection of materials even if PO value is below 5 lakh. However, the inspection charges payable in such cases will be those applicable for PO valuing 5 Lakhs.

Therefore, PCMMs may evolve suitable process for utilizing this provision with due diligence in terms of Railway Board letter No. 2000/RS(G)/379/2 dated 09-08-2006 (latest amended).

### **3 Allocation of Work to TPI Agencies:**

- 3.1 Allocation of inspection work to the empanelled TPI agencies shall be for Purchase Orders issued on IMMS platform. The allocation of inspecting agency among the empanelled TPI Agencies against a Purchase Order issued from IMMS shall be at the time of Purchase order numbering through IMMS and automated based on algorithm developed by CRIS. CRIS shall put in place suitable mechanism in algorithm on IMMS/IREPS to maintain proportions of quantum of work assigned slab-wise.
- 3.2 Since, the TPI Agencies may be meeting condition precedents for commencement of work on different dates, the distribution of work shall be done between the TPI Agencies, who have commenced the work on the date of such allocation.
- 3.3 **Inspection in case of GeM Purchases:** GeM portal is being utilised for procurement of common use items total value of which is very low compared to other Railway specific items being procured through IREPS. Third party inspection work of GeM contracts shall continue to be assigned to RITES as being assigned as of now. Total value of GeM contracts, inspection of which will be assigned to RITES shall also be counted while calculating total value of contracts assigned to the different TPI agencies slab-wise for maintaining the ratio of work distribution amongst the various TPI agencies.
- 3.4 Similarly, inspection work in case of Spot purchase orders, wherever required, may be allocated by the purchaser to any of empanelled inspecting agencies in IMMS/IREPS and the same shall also be counted while calculating total value of contracts assigned to the different TPI agencies slab-wise for maintaining the ratio of work distribution amongst the various TPI agencies.
- 3.5 There may be circumstances under which TPI agency auto assigned in a purchase order is required to be changed later on. Under such circumstances procuring entities may make such change through PO modification advice as per the existing policy on the subject duly recording the reasons thereof. CRIS will develop necessary provisions for auto-assignment to one of the remaining TPI Agencies and accounting for them in allocation of work slab-wise to the TPI Agencies.

**4 Modification in Digital Workflow to be made by CRIS:** CRIS shall make modification in the Railway Digital workflow, wherever required, to enable the following:

4.1 CRIS shall develop a suitable algorithm for automated allocation of inspecting agency among the empanelled TPI Agencies against a Purchase Order issued from IMMS. The purchaser (Railways/PUs/Railway Board etc.) shall be given a dropdown to choose Inspection by “TPI Agency” as an option at tender stage. However, flexibility to choose specific TPI Agency shall not be provided to the purchaser except in cases covered under clause 3.3 and 3.4 above. CRIS shall put in place suitable mechanism in algorithm on IMMS/IREPS to maintain proportions of quantum of work assigned slab-wise to TPI Agencies.

4.2 CRIS shall develop separate interface on IREPS for TPI Agencies and make provisions for enabling the following:

- Vendors to log inspection call and follow up on inspection for both stage and lot inspection
- Scheduling of inspection call by TPI agencies
- Withdrawal of inspection call by Vendors
- Call cancellation and related recoveries
- Vendors should be allowed to place one inspection call for multiple P.O. Serial Nos. However, the call scheduling and all subsequent processing shall be separate for each P.O. Serial Nos.
- TPI Agencies to access and manage calls placed, schedule inspection, assign inspectors for carrying out inspections.
- Issue of Inspection Acceptance/Rejection/Call cancellation/Interim stage inspection certificates along with facility to upload test reports and other documents enabling access thereof to Vendor, procuring entity and Authority.
- Capturing of data in respect to call withdrawal
- Inspection certificate shall capture stage/lot inspection, inspection start date and end date(IC issue date), call registration date, quantity offered, quantity passed, quantity rejected, quantity passed earlier(if any), quantity destroyed in testing (if any), IC validity, warranty period, PO value,value of inspected lot, consignee, procuring entity etc.
- Capturing online data and generating reports for KPI monitoring for following KPI parameters on monthly basis for each TPI Agencies:
  - Call attending response time (CART)
  - Inspection Response Time (IRT)
  - Joint Inspection Response (JIR)

- Rejection of pre-inspected Goods
  - Enabling provision to enter manual monitored KPI data to Western Railway for following KPI parameters-
    - Quality of action taken report (ATR)
    - Quality of suggestions for improvement
    - Quality of complaint redressal system
  - Enabling provision to capture online data for delay in attending inspection calls in 7 days and automatically calculate penalty to be imposed on monthly basis for each TPI Agencies as per contract.
  - Enabling provision to manually enter data required in connection with damages and penalties in respect of fulfilment of condition precedent, substitution of key personnel, system uptime and non-availability of key personnel in the input form in IREPS.
  - Enable auto calculation of damages and penalties to be recovered from the TPI Agency as per provisions of contract based on system data and data manually entered by Western Railway.
  - Rejection of material at consignee end after pre-despatch inspection by issuing online rejection advice/memo and joint inspection proceedings.
  - Online bill creation, its online validation and reconciliation with PO Data, call cancellation & call withdrawal data, show pending recoveries, damages and penalties online, if any, against any TPI Agencies and online bill submission to paying Authority and bill payments fully digitizing the process in accordance with process finalised by Accounts Directorate of Railway Board.
- 4.3 CRIS shall, when the interface on IREPS for TPI Agencies developed and fully functional, communicate the readiness of the system for operationalising the contract to Western Railway.
- 4.4 Provision to be made by CRIS to allocate/assign inspection agency automatically while generating PO as per quantum of work assigned to TPI Agencies slab-wise. Provision also needs to be made to allow change of TPI Agencies through PO modification and accounting for same in allocation of work slab-wise to the TPI Agencies, as stipulated in para 3.5 above.
- 4.5 Provision for factoring in the allocation of inspection work assigned to RITES in POs placed on GeM/spot purchase etc.
- 4.6 Provision for enabling procuring entities to specifically select and specify Stage Inspection in Purchase order, wherever required.
- 4.7 Provision to be made for entering/capturing warranty period in tender/Purchase Order.

- 4.8 Provision to enable purchase officers, consignees and suppliers to get real time inspection status in IMMS/IREPS/UDM, access to IC and linked documents.
- 4.9 Online system will also be required to enable:
- Automatic recovery in CRR against vendors for recovery of various inspection charges as stipulated in paras above and its monitoring.
  - Workflow management of joint inspections.
  - Database and workflow for handling quality improvement suggestions given by TPI agencies
- 4.10 Implementation of scheme as per para 5 below for order valuing more than Rs 500 Cr
- 4.11 Transitional Changes as per para 6 below.

## **5 High Value Inspections:**

- 5.1 The engagement of TPI Agencies provides for inspection fee for product inspection for PO values up to Rs. 500 Cr. only. For purchase orders above Rs 500 Cr, following provision is incorporated in the tender/LOA:

*“3.3.3.4 For Purchase Orders valuing more than Rs. 500 Cr., which shall mainly arise from some new project or Railway Board tender, the Procurement Entity shall obtain separate financial bids from empanelled TPI Agencies. In such cases, the TPI Agency shall be required to submit their competitive financial bid provided that the quoted inspection charges shall not exceed the inspection charges finalized for PO Value slab of Rs 100 Cr to Rs 500 Cr against this RFQ-cum-RFP. **The value of any orders so placed shall not be counted as a part of the Purchase Order placed against this Work.**”*

- 5.2 Accordingly, as per the terms of tender/LOA of empanelled TPI agencies, for purchase orders valuing more than Rs 500 Cr, purchase orders shall be issued mentioning inspection agency as “TPI agency.” Parallely or Immediately after issue of purchase orders, competitive financial bids/quotations for fixing the inspection fee shall be obtained from above empanelled TPI agencies clearly mentioning details of items to be inspected, value of individual purchase orders and total value of all the purchase orders in the tender case which are above Rs 500 cr. TPI agencies shall be asked to submit their competitive financial bids/quotation for all the purchase orders in total (single inspection fee as percentage of purchase order value - separate rate of inspection for each purchase order is not to be called). In such cases, TPI agencies shall be required to submit their competitive bids/quotation such that the quoted inspection rate shall not exceed the inspection charges finalized for value slab of Rs 100 cr. to Rs 500 cr. in contract finalized by Western Railway on these

agencies. The lowest suitable TPI agency so finalized shall be the inspection agency in all the purchase orders above Rs 500 cr. in the tender case under consideration and a modification shall be done in purchase order for amending the inspection agency from “TPI agency” to “the agency so decided through bidding.” e.g. “RITES”.

- 5.2.1 Purchase orders valuing below 500 cr. in the tender case, however, shall be issued with inspection by TPI agency through auto allotment as per the normal scheme.

## **6 Transitional provisions**

- 6.1 Complete system of procurement is digitised. Large number of activities and reports depend on capturing of online data. Therefore, it is decided that “Remarks” column in the purchase order shall not be used for any terms and condition which is to be captured in data form. Any change in terms and condition will also not be mentioned in the “Remarks” column. Any change in the terms and conditions shall be done through Modification Advice only i.e. in the form of “Existing” and “Revised”.

- 6.2 For readiness of implementation of the new scheme of inspection through empanelled TPI agencies, following scheme shall be followed:

- i. All tenders, other than cases where consignee or DRDO inspection is to be done, shall now be issued with inspection clause as “TPI Agency”.
- ii. All third party inspection agencies presently listed in IMMS/IREPS like RDSO, CLW, RITES, Textile Committee etc. shall be disabled in IMMS/IREPS at the stage of preparation and issue of tender. Selection of inspection agency while preparing the tender shall be restricted to following:
  - a. Consignee
  - b. TPI Agency
  - c. DRDO
- iii. For tenders already issued with inspection clause as consignee, DRDO, other third party inspection agencies like RDSO, CLW, RITES, Textile Committee etc. will continue to be dealt as per the tender conditions and purchase orders issued accordingly.
- iv. For tenders already issued with inspection clause as per the present system for other than consignee/DRDO, inspection clause may be amended from RDSO, CLW, RITES, and Textile Committee etc. to “TPI Agency”. However, this shall be at the discretion of purchaser.
- v. For tenders issued or amended as per the new scheme (refer para ii and iv above), till the time contracts of above empanelled TPI agencies are made operational through IREPS for auto allotment of TPI agency for

each purchase order(or as per para 5 above), facility of selecting inspection agency (e.g. RDSO, RITES, CLW, Textile Committee, etc.) at the Purchase Order preparation stage shall be kept open for selection of appropriate inspection agency in the IREPS/IMMS system as per existing working. Once contracts of empanelled TPI agencies are made operational, these options shall be disabled for selection by purchaser and inspection agency shall be auto allocated as per the logic built in IREPS at the time of numbering of each purchase order except for purchase orders valuing more than Rs 500 cr. for which the scheme is mentioned above.

- vi. In cases where Stage Inspection is required to be done, during the manufacturing process of the Goods, it shall mandatorily and clearly be specified by the Procuring Entity in the tender/ Purchase Order along with number of stages and captured by IMMS & IREPS as data. It should be captured for stock items in Item master once an item is marked for stage inspection and at demand stage for non-stock items. In case it is left out in purchase order, facility for necessary modification shall be provided by CRIS
- 7 To ensure that the Engagement of TPI Agencies contracts is operationalized in an effective manner, it is advised that all stakeholders must study these contracts in details to understand the provisions of the contracts and rights & liabilities of TPI agencies and Railway. Considering that this engagement is on a new concept, all stakeholders are also requested to highlight any policy gaps they notice for consideration of Railway Board.

This is issued with the approval of Competent Authority.

CHANDAN KUMAR  
2023.01.04 12:39:18 +05'30'  
(Chandan Kumar)  
Director Railway Stores/IC  
Railway Board

#### **LIST FOR DISTRIBUTION**

MD/CRIS, Chanakyapuri, New Delhi,  
Directors of all CTIs,  
PCMMs, PCEs, PFAs, PCMEs, PCEEs, PCSTEs, All Indian Railways & PUs,  
COFMOW, CORE, WPO/Patna and RWP/Bela  
Sr. Prof. (Material Management), NAIR, Vadodara, ED (Stores), RDSO, Lucknow  
Chief Commissioner, Railway Safety, Lucknow

**Copy to:**

The Genl. Secy., AIRF, Room No. 248, & NFIR Room No. 256-C, Rail Bhavan  
The Secy. Genl., IRPOF, Room No. 268, FROA, Room No. 256-D & AIRPOA, Room  
No. 256-D Rail Bhavan.

**Copy to:-**

PSOs/Sr. PPSs / PPSs / PSs to :  
MR, MOSR(D), MOSR(J)  
CRB&CEO, M(TRS), M(Infra), M(O&BD), M(F), Secretary/RB, DG (RHS), DG (RPF),  
DG(HR), DG(Safety)

Advisor/MR, EDPG/MR, OSD/MR and OSD/Co-ord/MR.  
All AMs, PEDs & Executive Directors of Railway Board.

## **Annexure - I**

**Important provisions of the engagement are attached in the form of following Schedules:**

**Schedule A:** Product Inspection

**Schedule B:** Process Inspection

**Schedule C:** Quality improvement suggestions

**Schedule D:** Payment to TPI Agencies

**Schedule E:** Rejection of Pre-inspected Goods

**Schedule F:** Key Performance Indicators

**Schedule G:** Payment Regimen

**Schedule H:** Damages and Penalties

## **Schedule -A: Product Inspection**

1. The Authority through its Procuring Entities procures Goods from Vendors located throughout the country and in some cases abroad by placing Purchase Order. The Purchase Order contains detailed description, drawings, specifications, place of inspection, terms and conditions governing contract which may inter-alia include IRS conditions of contract, special conditions of contract. The Purchase Order also specifically mentions the name of the TPI Agency assigned the responsibility for inspection. Unless mentioned otherwise, the inspection by the TPI Agency in Purchase Order means Pre-dispatch Inspection. Vendor is required to offer the Goods for inspection to the TPI Agency in one or more lots, as the case may be, before dispatch. After the Goods have been inspected and accepted by the TPI Agency through issue of Inspection Acceptance Certificate, the Goods are finally dispatched to the consignee mentioned in the Purchase Order.
2. TPI Agency during the Engagement Period shall carry out the Work, as may be entrusted to them in accordance with provisions of this Agreement.
3. The activities to be carried out by the TPI Agency are described as below:

### **3.1. Preparation of Inspection Scheme**

3.1.1. After registration of the inspection call, detailed description, drawings, specifications, quality assurance plan and standards, as applicable, and referred to therein shall be studied by the TPI Agency. Based on the study, an Inspection Scheme shall be prepared with the approval of the concerned GM(QA) of the TPI Agency. In cases, where the inspection test plan in whole or part is provided for in the detailed description, drawings, specifications, quality assurance plan or standards, the same shall be incorporated in the Inspection Scheme prepared by the TPI Agency. In cases where inspection test plan are deficient or not available in drawings and specifications, the Inspection Scheme may be prepared based on the inspection test plan of last pre-inspected supply successfully executed by Vendor or inspection test plan provided by the Procuring Entity. Further, in case of any difficulties, the matter shall be referred to the Procuring Entity for removal of difficulties process laid down in the Agreement.

3.1.2. The Inspection Scheme prepared by the TPI Agency shall include sampling plan, measurement/testing methodology, criteria for acceptance/rejection and such other information as may be necessary for conducting inspection.

3.1.3. After finalizing the Inspection Scheme, the TPI Agency shall prepare an inspection schedule. Normally the inspection shall be scheduled on a first come first serve basis. However, in case of urgency expressed by the Procuring Entity of the Authority, inspection against such calls may, to the extent reasonably feasible, be accorded overriding priority.

3.1.4. While preparing the Inspection Scheme and Inspection Schedule, the TPI Agency shall ensure that the date of physical visit for inspection is scheduled at a date not later than 7 (seven) calendar days from the date of Call Registration.

3.1.5. GM (QA) shall be accountable and responsible for correctness, reasonableness, robustness and adequacy of the Inspection Scheme.

**3.2. Assignment of inspection duty**

3.2.1. GM(QA) of the TPI Agency may undertake inspection himself personally on the inspection schedule allocated or may delegate the physical visit and inspection to the Authorized Inspector for carrying out the inspection. Assignment of Authorized Inspector shall be case specific. The TPI Agency shall ensure that the Authorized Inspector assigned by GM(QA) concerned for each inspection possess the qualification and experience as detailed in the agreement.

3.2.2. The details of inspection schedule, test plans, name & contact information of assigned Authorized Inspector and GM(QA) shall be made available to Vendor concerned and the concerned Procuring Entity through the online system.

**3.3. Physical visit and inspection at Vendor's premises**

3.3.1. Unless specifically mentioned in the Purchase Order to the contrary, the third-party inspections are to be carried out at Vendor/Manufacturer's premises.

3.3.2. The Authorized Inspector of TPI Agency shall physically visit the Vendor premises as per allocated inspection schedule to carry out necessary inspection as per Inspection Scheme prepared in terms of Para 3.1 above.

3.3.3. The Authorized Inspector shall draw samples and subject them to necessary tests/examinations/measurements as per Inspection Scheme.

3.3.4. Once samples have been drawn from a lot, the entire lot shall be sealed and marked with a unique identification hologram/seal/mark by the Authorized Inspector in order to ensure traceability of inspected Goods.

3.3.5. Normally, the Authorized Inspector shall carry out tests of Goods within the premise of the Vendor. However, if facilities for the tests are inadequate/not available within the Vendor premise, then the Authorized Inspector may have the relevant tests done at a suitable NABL accredited laboratory outside the Vendor premise. In case of disagreement between Vendor and the TPI Agency, matter shall be referred to the Procuring Entity; whose decision shall be final and binding in this behalf.

3.3.6. In case, the Authorized Inspector, on visit to Vendor premise, finds that Goods are not yet ready for inspection, the inspection call shall be cancelled duly notifying Vendor and the Procuring Entity by

issuance of Call Cancellation Certificate along with recording the observation through the online system.

### **3.4. Compilation of test/inspection results**

3.4.1. Once results of all measurements/examinations/tests as per Inspection Scheme become available, the Authorised Inspector shall compile the report to arrive at the draft inspection outcome.

3.4.2. The final inspection outcome Acceptance or Rejection, as the case may be, shall be finalized with the approval of the GM (QA) concerned or his authorized representative, however, the responsibility of accuracy, adequacy, correctness, reliability and/or completeness of inspection outcome shall lie with GM (QA) concerned.

3.4.3. In case of Acceptance, the Goods shall be certified as accepted by issuing an Inspection Acceptance Certificate.

3.4.4. In case of Rejection, the Goods shall be certified as rejected by issuing an Inspection Rejection Certificate.

### **3.5. Reporting of inspection outcomes**

3.5.1. TPI Agency shall report the outcomes of inspection in the form of Inspection Acceptance Certificate or Inspection Rejection Certificate or Call Cancellation Certificate to Vendor, Procuring Entity, Paying Authority and such others as the Authority may specify from time to time, along with inspection test plan and all measurement/examination/test/observation reports, as applicable, through online system, duly signed and authenticated digitally.

3.5.2. Inspection Acceptance Certificate shall have a validity of minimum 30 (thirty) days from the date of issue.

3.5.3. The certificates shall have the information as follows:

**3.5.3.1. Inspection Acceptance Certificate** -TPI Agency shall issue digitally signed Inspection Acceptance Certificate for Accepted Goods that should contain details like - unique certificate number and date, Purchase Order number with date and value, name of Vendor, date and place of inspection, offered instalment number, name of paying authority as per Purchase Order, item description, earlier inspection details with date against same Purchase Order, consignee name, Procuring Entity name, total order quantity, quantity offered now, quantity passed now, quantity still due, quantity consumed in testing if any, date of inspection call registration, date(s) of inspection, number of visits, pattern of sealing/stamping and location of seal/stamp/sticker, inspection outcomes with attached test reports, validity of Inspection Certificate, name of authorized signatory with seal/ stamp of TPIA etc.

**3.5.3.2. Inspection Rejection Certificate** -TPI Agency shall issue digitally signed Inspection Rejection Certificate for rejected Goods that should contain details like- unique certificate number and date,

Purchase Order number with date and value, name of Vendor, date and place of inspection, offered instalment number, name of paying authority as per Purchase Order, item description, earlier inspection details with date against same Purchase Order, consignee name, Procuring Entity name, total order quantity, quantity offered now, quantity passed now, quantity rejected now, quantity still due, date of inspection call registration, date(s) of inspection, number of visits, pattern of sealing/stamping and location of seal/stamp/sticker, rejection reasons with attached test reports, authorized signatory with seal/stamp of TPIA etc.

**3.5.3.3.Call Cancellation Certificate** -TPI Agency shall issue digitally signed Call Cancellation Certificate that should contain details like -Purchase Order number with date with value, Vendor name with address, date of inspection call registration, inspection date, observation recorded for call cancellation, authorized signatory with seal/ stamp of TPIA etc.

#### **4. Facilities for test and examination**

4.1. Normally, necessary testing facilities are to be provided by the Vendor at the Vendor's premises. The Authorized Inspector shall carry out measurement/examination/test/observation using the facilities available at the premises of the Vendor.

4.2. If facilities for the tests are inadequate/not available within the Vendor premise, then the Authorized Inspector may have the relevant tests done at a suitable NABL laboratory outside the Vendor premise. In such cases, the Authorized Inspector shall prepare a report containing observations of inadequacy/non-availability of testing facilities. This report shall be enclosed with the Inspection Acceptance Certificate or Inspection Rejection Certificate as the case may be.

#### **5. Cost of Testing**

5.1. Necessary materials, tools, labour, and assistance for any test/examination in connection with the inspection shall be provided by the Vendor at their own cost.

5.2. If facilities for the tests are inadequate/not available within the Vendor premise, then the Authorized Inspector may have the relevant tests done at a suitable laboratory outside the Vendor premise. In such cases, the cost of testing of the laboratory shall be borne by the Vendor by direct payment to the laboratory. The cost of transport of samples and any other incidental cost shall also be borne by the Vendor.

#### **6. Stores expended in tests**

6.1. In destructive testing, if any Goods are expended /consumed in testing and test results found satisfactory and Goods/any instalment thereof is accepted, the quantity of Goods

expended/consumed in testing will be deemed to have been accepted, taken delivery of and is to be indicated accordingly in the Inspection Acceptance Certificate issued by the TPI Agency.

## **7. Special Provisions for Stage Inspection**

7.1. In cases where Stage Inspection is required to be done, during the manufacturing process of the Goods, it shall be clearly specified by the Procuring Entity in the Purchase Order.

7.2. In such cases, the Stage Inspection shall be undertaken by the TPI Agency and may involve two or more physical visits for inspection.

7.3. The Inspection Scheme and schedule of inspection shall be prepared with the approval of GM(QA) concerned accordingly.

7.4. Authorized Inspector shall in Stage Inspection ensure that the raw material/components inspected in earlier stages are marked/stamped in such a way that they can be traced to the subsequent stages including final inspection of Goods. The Stage Inspection may include inspection of raw materials, components or sub components at Vendor or Sub-Vendor premises as the case may be.

7.5. The details of inspection carried out and outcome thereof shall be preserved also in digital format by TPI Agency. However, the outcome of the inspection process will be communicated on completion of all stages of inspection.

7.6. The Inspection Acceptance Certificate or Inspection Rejection Certificate finally issued on completion of Stage Inspection shall invariably include the details and documents related to inspections carried out in all previous stages.

## **8. Joint Inspection**

If Goods, pre-inspected by TPI Agency, gets rejected at consignee end after receipt by consignee or during warranty, as the case may be, the material rejection advice/rejection memo or warranty rejection advice/rejection memo respectively will be sent by consignee through online system to all concerned and a Joint Inspection shall be scheduled as per procedure laid down in the agreement.

## **9. Delay in dispatch of pre-inspected Goods**

If the Vendor fails to dispatch the Goods within the validity of Inspection Acceptance Certificate, the TPI Agency, on request of Vendor, may, based on merits of the case, decide to either re-validate the Inspection Acceptance Certificate or re-inspect the Goods against fresh inspection call to be placed by the Vendor. In such cases, re-validation certificate or new Inspection Acceptance Certificate issued on re-inspection shall clearly indicate the details of previous Inspection Acceptance Certificate.

## **Schedule B: Process Inspection**

1. The Authority through its Procuring Entities may, at its sole discretion, decide to utilize services of the TPI Agency for Process Inspection.
2. The term Process Inspection shall mean any or all of the following:
  - 2.1. validation of quality of Goods through in-process inspections
  - 2.2. validation/verification of quality assurance plan,
  - 2.3. process audit, and,
  - 2.4. Goods inspection throughout or in a part of the production cycle
3. Procuring Entity, requiring Process Inspection shall communicate their intention of adopting Process Inspection methodology with relevant details such as detailed description of Goods, details of the Vendor and location, drawings, specifications, quality assurance plan, inspection test plan, work instructions etc., as applicable to the specific case. The Procuring Entity shall also communicate the approximate Man-days for which deployment of the Authorized Inspector is proposed.
4. The GM(QA) concerned of the TPI Agency, on examination of such communication may confirm, seek clarification or provide suggestions, if any, from the Procuring Entity within a period of 7 (seven) working days. The Procuring Entity after providing clarification and examining the suggestions shall issue a Process Inspection Order along with complete details including detailed description of Goods, details of the Vendor and location, drawings, specifications, standard technical requirements (STR), quality assurance plan, inspection test plan, work instructions, number of Authorized Inspectors with required skill sets and their respective deployment periods, as applicable to the specific case. The decision of the Procuring Entity shall be final.
5. A copy of the Process Inspection Order shall be provided to Vendor, TPI Agency, Paying Authority, Authority and such others, as the Authority may specify from time to time.
6. The GM(QA) concerned of the TPI Agency, on receipt of such a Process Inspection Order, shall nominate an Authorized Inspector(s) to undertake Process Inspection. Assignment of Authorized Inspector shall be case specific. The TPI Agency shall ensure that the Authorized Inspector assigned by GM(QA) concerned for each inspection possesses the qualification and experience as detailed in the Agreement.
7. **Physical visit and inspection at Vendor's premises**
  - 7.1. Unless specifically mentioned in the Purchase Order to the contrary, the third-party inspections are to be carried out at Vendor/Manufacturer's premises.
  - 7.2. The Authorized Inspector of TPI Agency shall physically visit the Vendor premises as per allocated inspection schedule to carry out necessary inspection as per Process Inspection Order prepared in terms of Para 5 above.
  - 7.3. The Authorized Inspector shall study, inspect, witness, observe and record findings as per Process Inspection Order. The scope may include study/inspection of the complete system, processes, machineries, tools, plants, raw materials, raw material sourcing, qualification of personnel, draw samples and subject them to necessary

tests/examinations/measurements, as may be specified in the Process Inspection Order. In cases where samples are drawn from a lot, the entire lot shall be sealed and marked with a unique identification hologram/seal/mark by the Authorized Inspector in order to ensure traceability of inspected Goods.

- 7.4. Normally, the Authorized Inspector shall carry out tests of Goods within the premise of the Vendor. However, if facilities for the tests are inadequate/not available within the Vendor premise, then the Authorized Inspector may have the relevant tests done at a suitable NABL accredited laboratory outside the Vendor premise. In case of disagreement between Vendor and the TPI Agency, matter shall be referred to the Procuring Entity, whose decision shall be final and binding in this behalf.
- 7.5. In case, the Authorized Inspector, on visit to Vendor premise, finds lack of readiness of Vendor for inspection as per Process Inspection Order, the inspection shall be cancelled duly notifying Vendor and the Procuring Entity along with recording the observation.
8. After completion of Process Inspection, inspection outcome shall be reported to the Vendor, Procuring Entity, Paying Authority, Authority and such others and in such form & format, as the Procuring Entity or the Authority may specify from time to time. Besides the inspection outcomes, the report shall invariably include actual Man-days utilised, attendance and call cancellation details, if any.
9. The details of various inspections carried out during the inspection process and outcomes thereof shall be preserved by the TPI Agency. However, the outcome of the Process Inspection shall be communicated on completion of the entire Process Inspection. The report submitted by the TPI Agency shall be reviewed by the Procuring Entity.
10. The Procuring Entity may either accept the report, call for data/clarifications or direct the TPI Agency to conduct further inspections by modifying the Process Inspection Order. Procuring Entity may call for such records, reports, raw data and clarifications as it may require to appreciate the report. In case of any disagreement between the Procuring Entity and the TPI Agency, the process specified in Agreement shall be invoked.
11. Acceptance of the report by Procuring Entity shall be communicated to the TPI Agency, paying authority, Authority and such others as the Authority may specify from time to time.
12. The provisions pertaining to Product Inspection as contained in para 4, 5 and 6 above to the extent applicable shall also apply in Process Inspection.

### **Schedule C: Quality improvement suggestions**

1. The TPI Agency is expected to act as quality advisors to the Authority. Therefore, the TPI Agency may identify opportunities and make suggestions, if any, for improvement of quality to the Authority based on knowledge gained during the inspection.
2. Such suggestions shall be made in writing to the Procuring Entity and could include, but need not be limited to, suggestions for improvement/update in specification, standards, drawing, standard technical requirements (STR), Quality Assurance Plan, identification of items more suitable for Process Inspection.

## **Schedule D: PAYMENT TO THE TPI AGENCY**

1.1. Except as may be otherwise agreed, the payments under this Agreement shall not exceed the agreement value specified herein (the “Agreement Value” or the “Contractual Value”). The Parties agree that the Agreement Value is Rs. .... (Rupees.....).

### 1.2. **Inspection charges and Payments**

1.2.1. In consideration of the award of this Contract, the Authority shall pay to the TPI Agency inspection charges as brought out in this Clause, subject to and in accordance with the provisions of this Agreement.

1.2.2 The inspection charges for Product Inspection shall be payable on Monthly basis as per following table:

Sr No	Description	Charges
01	Inspection Acceptance/Rejection	<b>‘X’/100</b> of total value of Goods inspected as per Purchase Order, where X is the percentage rate of the concerned PO Value slab for Product Inspection as per LOA and more specifically included in Annexure 7 of the Agreement, Provided that for inspection of Goods against PO Value less than Rs 5 (five) lakhs, the PO Value for the purpose of payment of Inspection charges shall be considered to be Rs 5 (five) lakhs For avoidance of doubt, it is clarified that total value of Goods inspected shall be calculated from total value of Purchase Order(including freight, packing, forwarding, taxes and duties)
02	Inspection Acceptance involving stage inspection	Inspection charge for Product Inspection involving Stage Inspection will be two times of charges mentioned in 01 above.
03	Call cancellation	50% of the Inspection charge as mentioned in 01 above, subject to a

		maximum of Rs 11000/-.
04	Inspection Certificate revalidation or re-inspection.	Rs. 5000/- for revalidation of Inspection Certificate. In case re-inspection is done afresh, full charges as per Sr. No 01 above.

1.2.3. Pursuant to Clause 7.2 above, the TPI Agency shall every month, on or before 7th day, submit a GST invoice for the Product Inspection undertaken during the previous month through an online system to the Authority.

1.2.4. The Product Inspection invoices prepared State wise shall be accompanied with Procuring Entity wise summary. The summary shall include details of the following:

- a) . Inspection Acceptance Certificate
- b) . Inspection Rejection Certificate
- c). Call Cancellation Certificate
- d) . Re-validation of Inspection Acceptance Certificate

1.2.5. The inspection charges for Process Inspection shall be payable on monthly basis as per following table:

Sr No	Description	Charges
01	Process Inspection	Man-days deployed multiplied by Man-days rates for Process Inspection as per LOA and more specifically included in Annexure 7 of the Agreement.

1.2.6 Process Inspection invoices shall also be submitted on a monthly basis by the TPI Agency on or before 7th day of the month for the Process Inspections completed during the previous month through an online system or manually, till the time such online system is in place, to the Authority. The GST invoice shall be submitted along with Process Inspection Order, report submitted by TPI Agency and Acceptance of the report by Procuring Entity.

1.2.7. The Authority shall, in accordance with the provisions of this Agreement, and more specifically as defined in Annexure 4 of the agreement (Payment Regimen) make payment to the TPI Agency within 30(thirty) days from the receipt of invoice. Notwithstanding anything to the contrary contained herein, Authority shall be entitled to adjust, deduct, set- off any amount due and payable by the TPI Agency to the Authority in accordance with this Agreement, while making the payment to the TPI Agency against the monthly invoice.

1.2.8. The Authority shall be entitled to deduct any Taxes required to be deducted at source under Applicable Laws while making the payment to the TPI Agency.

1.2.9. It is expressly agreed by the Parties that all taxes and duties except GST shall be borne and paid by the TPI Agency. For avoidance of doubt, the Authority shall not be liable for reimbursement of any taxes and duties except GST.

1.2.10. GST shall be paid as applicable in accordance with Applicable Laws on submission of certified GST invoices.

1.2.11. Statutory Variation Clause

1.2.11.1. Statutory Variation in taxes and duties, or fresh imposition of taxes and duties by State/ Central Governments in respect of the items stipulated in the contract, during the engagement period stipulated in the contract, or last unconditionally extended Agreement period shall be to Authority's account. Only such variation shall be admissible which takes place after the submission of bid.

1.3. Reconciliation

a) Every quarter, balancing payment reflecting netting of amounts which are due and payable or damages or penalties or any other amounts recoverable which are not paid or recovered from Performance Security shall be calculated by the TPI Agency who shall deliver along with its invoice for such balancing payments the calculation and the statements to the Authority within 14(fourteen) days of end of each quarter of the accounting year. Such statements shall invariably have attachments with reasonably supporting evidence for all amounts claimed.

b) On receipt of the statement, the Authority shall either approve or require recalculation or amendments.

c) Non submission of reconciliation statements shall not bar the Authority from recovering any amounts due from the subsequent invoices of the TPI Agency or from the Performance Security, as the case may be.

## **Schedule E: Rejection of Pre-inspected Goods**

### **1. Rejection of Goods pre-inspected by TPI Agency-**

1.1. The Goods accepted during inspection by the TPI Agency are dispatched by the Vendor to the Consignee mentioned in the Purchase Order.

1.2. The Consignee, on receipt of pre-inspected Goods is empowered to conduct such inspection/test as he/she may deem necessary. The consignee may reject the pre-inspected Goods when:

1.2.1. The Consignee on visual inspection or on testing/measuring/examining finds that the Goods received do not conform to the required description/drawing/specification/standards as per Purchase Order.

1.2.2. The Goods received do not prima facie have the unique identification hologram/seal/mark as indicated in the Inspection Acceptance Certificate.

1.2.3. The Goods have been transferred to Consignee beyond the validity of Inspection Acceptance Certificate.

1.2.4. other terms and conditions of the Purchase Order have not been complied with.

1.3. The Goods supplied by Vendor and pre-inspected by TPI agency carry warranty as per Purchase Order. If the Goods, stored or put to use, are found to be non-conforming to the required description/drawing/specification/standards, or, fail within the warranty period, the consignee may reject the same.

1.4. If Goods, pre-inspected by TPI Agency, gets rejected at consignee end after receipt by consignee or during warranty, as the case may be, the material rejection advice/rejection memo or warranty rejection advice/rejection memo respectively will be sent by consignee through online system to all concerned i.e. Vendor, TPI Agency, Procuring Entity and Paying Authority and such others as the Authority may specify from time to time.

1.5. The consignee after or at the time of issue of rejection advice, at his discretion, may call for a Joint Inspection between consignee, Vendor and TPI Agency. Such Joint Inspection shall be conducted at a place as mentioned in the notice for Joint Inspection.

1.6. The TPI Agency shall, at their own cost, attend the Joint Inspection at place, date and time communicated by consignee. Irrespective of whether the Party(ies) attend the Joint Inspection or not, the modalities of Joint Inspection will be completed by the consignee within the time limit as may be prescribed from time to time. A Joint Inspection report shall be signed by the Party(ies) attending the Joint Inspection. Failure

to attend Joint Inspection shall not be an excuse to dispute the findings of Joint Inspection.

1.7. Irrespective of the outcome of Joint Inspection, the TPI Agency will not be entitled for any fee or charges, whatsoever, for attending such Joint Inspection.

1.8. In case of rejection of Goods on Joint Inspection, the TPI Agency shall not be entitled for inspection charges for the quantity of Goods rejected. The inspection charges, if and to the extent already paid, shall be recovered from the TPI Agency.

1.9. Moreover, in case of rejection of Goods on Joint Inspection, the replacement supply against the rejected lot of Goods shall be inspected by the same TPI Agency, which inspected and passed the original supply. In such cases, GM(QA) shall conduct a root cause analysis and take suitable punitive, corrective and preventive actions to fix responsibility of failure and avoid recurrence. Action Taken Report (ATR) shall be submitted to the Authority along with a relevant periodical report not later than 30 days from the date of finalization of Joint Inspection outcome. Authority, if not satisfied by the actions taken by the TPI Agency, may not accept the ATR and direct TPI Agency to take such actions as it may deem fit including but not limited to disciplinary action against Authorized Inspector, replacement of Authorized Inspector, replacement of GM(QA). Such directions shall be binding on the TPI Agency.

1.10. In case of rejection on account of validity of Inspection Acceptance Certificate, the valid Inspection Acceptance Certificate for the Goods shall be required, either through revalidation of IC or fresh inspection in terms of Para 9 of Schedule 1(A) of the Agreement.

1.11. The above provisions are applicable for Product Inspections. For Process Inspections, provisions contained in above para 1.1, 1.2, 1.3, 1.4, 1.5, 1.6 and 1.7 shall be applicable except when Process Inspection is carried out for validation/verification of quality assurance plan and/or process audit.

## **Schedule F: Key Performance Indicators**

1. The KPIs for Product Inspection shall be monitored on monthly basis through the report submitted in terms of clause 4.14.2 of this Agreement. The identified Key Performance Indicators and their maximum score shall be as under:

S N	Parameter	Maximum Score
1	Call Attending Response Time	2000
2	Inspection Response Time	4000
3	Joint Inspection Response	1000
4	Rejection of pre-inspected Goods	1000
5	Quality of Action Taken Report (ATR)	1000
6	Quality of suggestions for improvement	500
7	Quality of complaint redressal system	500
	Total score	10000

2. Details of Key Performance Indicators (KPI)

### **2.1.Call Attending Response Time (CART):**

2.1.1. The duration from Call Registration Date to the date of physical visit of Authorized Inspector to Vendor's premises is defined as Call Attending Response Time.

2.1.2. This shall be calculated as percentage of number of inspections with CART less than or equal to 7 calendar days to total number of inspections conducted during the period, final score will be calculated by multiplying this percentage with weightage assigned to this indicator.

2.1.3. CART shall be measured from online system generated data

## **2.2. Inspection Response Time (IRT):**

2.2.1. The duration from the date of Call Registration to the date of issue of Inspection Acceptance Certificate or Inspection Rejection Certificate is defined as Inspection Response Time.

2.2.2. This shall be calculated as the percentage of the number of inspections with IRT less than or equal to 21 calendar days to the total number of inspections conducted during the period, final score will be calculated by multiplying this percentage with weightage assigned to this indicator.

2.2.3. IRT shall be measured from online system generated data.

## **2.3. Joint Inspection Response (JIR):**

2.3.1. The TPI Agency shall attend the Joint Inspection at place, date and time as communicated by consignee in Rejection Advice or Warranty Rejection Advice. It is desired that the percentage of attending the Joint Inspection should be maximum.

2.3.2. This shall be calculated as the percentage of the number of Joint Inspections attended to the total number of Joint Inspections scheduled/conducted, final score will be calculated by multiplying this percentage with weightage assigned to this indicator.

2.3.3. JIR shall be self-certified by TPI Agency based on actual Joint Inspection attended against Joint Inspection advice received.

## **2.4. Rejection of Pre-inspected Goods**

2.4.1. It is desired that Goods rejection at consignee end after receipt by consignee or during warranty should be minimum. It is measured as the total number of rejections of pre-inspected Goods during the period.

2.4.2. This KPI shall be calculated as follows-

Final score =  $1000 - 1000 \times (\text{percentage of rejections during Joint Inspection during the month divided by average number of monthly inspection carried out over preceding 3 (three) months})$ . Minimum score shall be zero while maximum score shall be 1000.

Provided that in the first three months, the percentage shall be calculated based on inspections carried out till the end of preceding month.

By way of illustration, if rejection during a particular month are 3 numbers and average number of monthly inspections carried out by TPI Agency in preceding 3(three) months is 2000, then the score shall be  $\{1000 - 1000 \times ((3/2000) \times 100)\}$  i.e. 850.

2.4.3. Rejection of Pre-inspected Goods shall be measured from online system generated data or self-certification by the TPI Agency if the data from online system is not available.

## **2.5. Quality of Action Taken Report (ATR):**

2.5.1. Performance shall be measured by actual ATR received and accepted without requiring the Authority to issue directions to TPI Agency during the period.

2.5.2. This KPI shall be calculated as follows-

Final score=1000- 200 x number of ATR requiring Authority to issue direction under Annexure A4 of the agreement. Minimum score shall be zero while maximum score shall be 1000.

## **2.6. Quality Suggestions for improvement**

2.6.1. The TPI Agency is expected to act as quality advisors and suggest for improvement in specification, standards, drawing, Quality Assurance Plan, identification of items more suitable for Process Inspection.

2.6.2. This KPI shall be calculated as follows-

Final score=250 x number of accepted suggestions during the period (for improvement in specification, standards, drawing, Quality Assurance Plan, identification of items more suitable for Process Inspection etc.), Maximum score shall be limited to 500.

2.6.3. Performance shall be measured by the actual number of accepted Quality Suggestions for improvements by the Authority.

## **2.7. Quality of complaint redressal system-**

2.7.1. The TPI Agency is expected to have an online complaint redressal mechanism on their Online System. The complaint shall be redressed at the shortest possible time with optimal satisfaction to the complainant.

2.7.2. This KPI shall be calculated as follows-

Final score=500-100 x complaints escalated to the Authority where the TPI Agency is found to be non-conforming to the relevant provisions. Minimum score shall be zero while maximum score shall be 500.

2.7.3. This shall be measured by the actual number of complaints received to Authority.

## **Schedule G: Payment Regimen**

1. All payments shall be made to TPI Agency through online mode only; no cash payment will be made by Authority. Payment shall be made in TPI Agency's authorised bank registered with the Authority.
2. All payments shall be made to TPI Agency in Indian currency (Rs.) only.
3. TPI Agency shall raise their GST invoices prepared State wise for Product Inspection on monthly basis on or before 7<sup>th</sup> of every month for inspections (Acceptance/Rejection/call-cancellation/re-validation of Acceptance Certificate/ Stage Inspection) carried out in the previous month (i.e. cases where relevant certificate has been issued during the month).
4. Along with invoices for Product Inspection, the TPI Agency shall submit Procuring Entity wise summary of inspections carried out with inspection outcome (acceptance/rejection/call cancellation/re-validation of Acceptance Certificate/ Stage Inspection). The summary shall contain details like-Purchase Order number and date, Purchase Order Value, inspection certificate date, inspection charges, Procuring Entity etc.
5. For Process Inspections, separate GST invoices for each case shall be raised by TPI Agency as specified in clause 7.2.6 of the Agreement.
6. Payment for all inspections carried out by TPI Agency throughout Indian Railway shall be made by the Authority through a single window on monthly basis irrespective of payments/recoveries that may be due from the Vendor
7. The TPI Agency shall submit to the Authority the reports and documents specified in the clause 4.8 of the Agreement along with monthly GST invoices. Team Leader shall, along with the invoices, submit a declaration certifying that the Authorized Inspectors, who have been assigned the inspection responsibilities, possess the qualification and experience specified in para 3.4.1 of Schedule 1(A) of the agreement.
8. TPI Agency to follow following steps for payment-
  - a. TPI Agency to submit GST invoices and other relevant documents like-report of inspection summary, GST mandate document, turnover declaration certificate, original invoice copy, etc. or any other documents asked by Authority for payment.

b. Once the module of online invoice submission and payment system is developed by the Authority, its procedure will be communicated to the TPI Agency from time to time.

c. After receiving original invoice manually/online, Authority will check/verify invoice details, recover any pending dues/penalties from Invoice, and finally release the payment within 30 days.

## **Schedule H: Damages and Penalties**

TPI Agency shall perform the Work as defined in Scope of Work in Schedule I of the Agreement. Any failure will result in imposition of penalties. Penalty shall be imposed in following instances-

1. In the event that (i) the TPI Agency does not procure fulfilment of any or all of the Conditions Precedent set forth in Clause 2.2 within a period of 45 (forty five) days from the date of this Agreement, and (ii) the delay has not occurred due to Force Majeure, the TPI Agency shall pay to the Authority, Damages in an amount calculated at the rate of 0.1% (zero point one percent) of the Performance Security for each day's delay until the fulfilment of such Conditions Precedent, subject to a maximum of 10% (ten percent) of the Performance Security.
2. TPI Agency shall set up sufficient infrastructure and deploy adequate manpower to fulfill obligations in this Agreement. Inspection calls placed by Vendors (Product Inspection) shall be attended within 7 calendar days from the call registration date, failing which a penalty of Rs 1000/- per inspection call will be levied for each day of delay. Provided that the upper ceiling of such penalty shall be Rs 5000/- or 10% of inspection charges payable, whichever is higher.
3. The Online System of TPI Agency shall be robust, secure and updated to handle above online work. If the uptime of the online system is found to be less than 99% in any month or the system remains unavailable for more than 24 hours, a penalty of Rs-50000 (fifty thousand) per instance shall be levied. In case of repeated failures, the Authority shall have the right to terminate the contract.
4. If Goods, pre-inspected by TPI Agency, gets rejected at consignee end after receipt by consignee or during warranty, recovery of inspection charges from TPI Agency shall be made by Authority on a pro-rata basis.
5. Penalty shall be levied on TPI Agency if overall score of Key Performance Indicators falls below 7000(seven thousand) i.e. 70 %(seventy percent). The amount of penalty shall be one percentage of invoice value for each percentage drop from 70 %, subject to a maximum penalty of 10% of total invoice value for the corresponding month. The Authority shall have the right to terminate the Agreement, if overall score of Key Performance Indicators falls below 5000(five thousand) i.e. 50 % (fifty percent) in any month or remains below 7000(seven thousand) i.e. 70 %( seventy percent) continuously for three months.
6. In case of substitution. for first substitution of each position, a penalty of Rs 100000/- (one hundred thousand) shall be imposed. For any subsequent substitutions, the penalty shall be doubled for each substitution. For avoidance of doubt, it is clarified by way of example that when a GM(QA) whose CV was submitted is replaced, penalty shall be Rs 100000/-(one hundred thousand), further when this replacement is replaced the penalty

shall be Rs 200000/-(two hundred thousand) and replacement of such replacement will attract a penalty of Rs 400000/-(four hundred thousand) and so on.

7. Non availability of any Key Personnel for a continuous period of more than 7(seven) days, if permitted by the Authority, shall attract a penalty of Rs 10,000/- (ten thousand) per day per position beyond 7(seven) days. Provided that this penalty shall not be levied if during the period of non-availability, an equal or better qualified Personnel is deployed with prior approval of the Authority. However, approval for such temporary substitutions shall be granted, only in exceptional circumstances at sole discretion of the Authority, and shall be limited to a maximum of 15(fifteen) days. Temporary substitution beyond 15(fifteen) days shall be treated regular substitution under Clause 5.3.2 and shall attract penalty accordingly.

**Special Conditions to be incorporated in tender as special condition for inspection-**

1. Attention of Tenderers/Bidders is invited to IRS conditions of contracts, which are the governing conditions of contract. Particular attention is invited to IRS conditions 0701, 1301 (a), 1301 (b) and 1301 (c), 1302 to 1309, 3400 to 3402.
2. In terms of IRS conditions of contract, following specific provisions shall apply in cases of supply of pre-inspected goods through empanelled TPI agencies:
  - 2.1. Unless otherwise stated in the tender schedule, goods procured are required to be pre-inspected before dispatch by the Third Party Inspection (TPI) Agency appointed by Railways at its sole discretion. The TPI Agency appointed shall be indicated in the Purchase Order. It is agreed that Railway's right to appoint TPI Agency of its choice is absolute. Railway also reserves the right to change the TPI Agency at any time through issue of modification advice against the Purchase Order.
  - 2.2. Online inspection call shall be placed by the Supplier on IREPS after the Goods are ready for inspection.
  - 2.3. In Purchase Orders requiring Stage Inspection, Suppliers shall place online inspection call for a particular stage after achieving readiness required at that stage duly mentioning the stage number. The Inspection for a particular stage shall be initiated only after Inspection has been carried out for all the previous stages, as may be applicable.
  - 2.4. The Third Party Inspection Agency appointed by Railways shall examine the online inspection call and may, within 48 hrs (excluding national holidays), seek additional information, if any, from the Supplier. The Supplier shall within one calendar day (excluding Sundays and national holidays) furnish the required information/documents to the TPI Agency to enable them to register inspection call. In case of incomplete information even after providing opportunity to Supplier to furnish information, the call shall not be registered and Supplier shall be advised of observations through the online system to address the observations and place fresh inspection call. The inspection call may also be rejected by TPI Agency if sufficient time for carrying out the inspection and release of IC before end of delivery period is not available.
  - 2.5. Supplier shall be allowed to withdraw inspection call placed, without any cost, before the inspection call has been registered by the Third-Party Inspection Agency. Once the inspection has been scheduled by the TPI Agency, withdrawal of inspection call shall not be permitted.
  - 2.6. Inspection fee/charges will be paid directly by Railways to Third Party Inspection Agencies.
  - 2.7. However, charges/expenses specifically provided for in IRS Conditions of Contract, particularly in Para 1304, 1305, 1306 and 1400 of IRS conditions of contract, shall be borne by the Supplier.

2.8. Inspection charges paid or due to be paid by Railways to the TPI Agency shall be recovered from Suppliers in following cases:

2.8.1. In case of rejection of Goods during the pre-despatch inspection (including stage inspection rejection) by Third Party Inspecting Agency, the charges recovered shall be equal to inspection charges payable to inspecting agency as specified in Para 2.8.4 below.

2.8.2. When the Authorized Inspector of Third-Party Inspection Agency, on visit to Supplier premises for inspection, finds that Goods offered are not yet ready for inspection, Inspection call shall be cancelled by Authorized inspector by issuing call cancellation certificate. Similarly, in case of Stage Inspection, when the Authorized Inspector of Third Party Inspection Agency, on visit to Supplier premises for inspection, finds that readiness for Stage Inspection to be conducted has not been achieved, Inspection call shall be cancelled by Authorized inspector by issuing call cancellation certificate for Stage Inspection. The Call Cancellation Charges shall be recovered from Supplier as specified in para 2.8.4 below.

2.8.3. Inspection Certificate revalidation or re-inspection: If the Supplier fails to deliver the pre-inspected Goods as per the terms of the purchase order within the validity period of Inspection Acceptance Certificate, the TPI Agency, on request of Supplier, may, based on the merits of the case, decide to either re-validate the Inspection Acceptance Certificate or re-inspect the Goods against fresh inspection call to be placed by the Supplier. Decision of the TPI agency in this respect shall be binding on the supplier. In such cases, the revalidation or re-inspection charges (as applicable) to be recovered from Supplier shall be as specified in para 2.8.4 below.

2.8.4. To summarize, following charges shall be recovered from Supplier

Situation	Charges to be recovered from Supplier (plus GST extra)
At the time of physical visit call is cancelled due to: Goods are not ready for inspection OR Goods,raw materials, components or sub components, as the case may be, are not yet ready for inspection, in cases involving Stage inspection (Call Cancellation through issue of Call Cancellation Certificate)	Y/2, subject to a maximum of Rs 11000/-
Goods, raw materials, components or sub components, as the case may be, rejected in Stage Inspection excluding the final Stage,in cases involving stage	Y

inspection	
Goods rejected in final Stage, in cases involving stage inspection	2Y
Goods rejected in inspection, in cases without stage inspection	Y
Inspection Certificate revalidation or re-inspection	Scenario-1: Rs. 5000 or full inspection charges, whichever is lower for revalidation of inspection certificate.  Scenario-2: In case re-inspection is done afresh, inspection charges to be recovered from Vendor shall be "Y".

Where,  $Y = X/100$  of total value of Goods inspected as per Purchase Order,  
Where X is the percentage inspection charges of the concerned PO Value slab for Product Inspection.

3. Applicable inspection charges in percentage of PO value and slab-wise is as under for information of Suppliers:

PO Value Slab	Inspection charges (X)
From Rs. 5 lakhs upto 1 Cr	0.5220 % + GST extra
Above Rs. 1 Cr up to 25 Cr	0.116 % + GST extra
Above Rs. 25 Cr up to 100 Cr	0.053 % + GST extra
Above Rs. 100 Cr up to 500 Cr	0.035 % + GST extra

**Note-1:** Purchase Order Value for the purpose of calculating the inspection charges shall mean total value of Goods ordered specifically indicated in the Purchase Order as total order value, and includes freight, packing, forwarding, taxes and duties etc. used in arriving at total order value but excludes any components or items not included specifically in calculation of total order value. The inspection charges shall be calculated using Value of Goods Inspected based percentage charges and GST applicable on inspection charges for the corresponding PO Value Slab. For avoidance of doubt and as an illustration, if the PO Value for 100 Nos of Item A is Rs. 50 Lakhs and a lot consisting of 25 nos. is offered for inspection. The inspection charges for the lot being inspected shall be =  $(0.5220/100) \times (25/100) \times 50,00,000 = \text{Rs. } 6525 \text{ only} + \text{GST Extra}$ .

**Note-2:** For inspection of Goods by Third Party Inspection Agency where Purchase Order value is below Rs. 5 lakh, the inspection charges in such cases will be those applicable for PO valuing Rs. 5 Lakhs.

**NOTE 3:** For inspection of Goods by Third Party Inspection Agency where Purchase Order value is above Rs 500 Cr, the inspection charges in such cases will be fixed separately by the purchaser subject to maximum of 0.035 % + GST extra

4. When pre-inspected Goods get rejected at consignee end joint inspection will be held as per procedure below. Moreover, in case of rejection of Goods on Joint Inspection, the replacement supply against the rejected lot of Goods shall normally be inspected by the same Third Party Inspection Agency, which inspected and passed the original supply, unless purchaser under special circumstances decides to get the lot inspected by some other inspection agency/consignee and decision of purchaser in this respect shall be binding on supplier.

5. **Procedure for Joint Inspection:**

(i) If Goods, pre-inspected by TPI Agency, gets rejected at consignee end after receipt by consignee, the material rejection advice/rejection memo will be sent by consignee through online system to all concerned i.e. Vendor, TPI Agency, Procuring Entity and Paying Authority and to such others as required.

(ii) Before rejected goods are returned to the supplier, the consignee after or at the time of issue of rejection advice, at his discretion, shall call for a Joint Inspection between consignee, Vendor and TPI Agency. Such Joint Inspection shall be conducted at a place as mentioned in the notice for Joint Inspection.

(iii) The joint inspection is to be carried out by the consignee with the representatives of the inspecting agency

(iv) In case where either the firm or the representative of inspecting authority do not turn up for Joint Inspection, Joint Inspection shall be done with whosoever of the two is available. In case neither firm nor inspection agency attend, consignees' decision to accept or reject such goods shall be final and binding.

(v) A Joint Inspection report shall be signed by the Party(ies) attending the Joint Inspection. Failure to attend Joint Inspection shall not be an excuse to dispute the findings of Joint Inspection.

(vi) Irrespective of the outcome of Joint Inspection, the TPI Agency will not be entitled for any fee or charges, whatsoever, for attending such Joint Inspection. In case of rejection of Goods on Joint Inspection, the TPI Agency shall not be entitled for inspection charges for the quantity of Goods rejected. The inspection charges, if and to the extent already paid, shall be recovered from the TPI Agency.