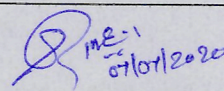
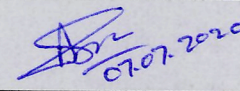
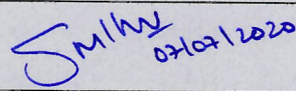
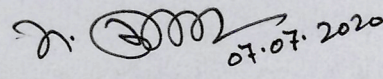
	Modern Coach Factory, Raebareli Indian Railways	VENDOR DEVELOPMENT, APPROVAL AND VENDOR DIRECTORY	
		Version No: 2.0	
Document No: QMFD-VD-01	Date of Issue: 07.07.2020	Page 1 of 7	


1.0 Title of The Document

The title name of the document is “Vendor Development, Approval and Vendor Directory”.

1.1 Amendment History:

S. No.	Amendment Date	Version No.	Reasons for Amendment
01.	15.05.2019	1.0	Revision & modification
02.	07.07.2020	2.0	Revision & modification

Prepared by	SSE/VDC	 07/07/2020
Checked by	SME/D II	 07.07.2020
Verified by	Dy.CME/Design	 07/07/2020
Approved by	CDE	 07.07.2020


	Modern Coach Factory, Raebareli Indian Railways	VENDOR DEVELOPMENT, APPROVAL AND VENDOR DIRECTORY	Version No: 2.0
Document No: QMFD-VD-01		Date of Issue: 07.07.2020	Page 2 of 7


2.0 Purpose:

- 2.1 This document is issued in supersession of the earlier QMFD-VD-01 Version- nil.
- 2.2 Purpose is to do vendor development for LHB items by evaluating the technical capability & capacity of the vendors through assessment & verification.
- 2.3 Vendor directory would be issued online on MCF website every year. It would be generally effective from 1st July to 30th June of the following year or till publication of the next vendor directory.
- 2.4 Vendor directory of MCF shall have the list of firms approved after capacity and capability assessment by MCF only, though the firms shall be eligible to get the supply orders as per extent rules if they figure in the vendor directory of other PUs i.e. RCF and ICF.

3.0 Vendor Development for items controlled in MCF vendor directory:

- 3.1 Vendor development shall be done by evaluating Capacity & capability of vendor subject to meeting following conditions:
 - 3.1.1 Submission of formal application with all details pertaining to the item that is proposed to be manufactured by the vendor.
 - 3.1.2 Submission of documents in support of their claim to comply the schedule of technical requirements (STR)/ infrastructure & other requirements as per specification.
 - 3.1.3 Submission of valid factory licence, ISO certificate and other standards as applicable. Availability of valid Quality Management System (QMS) as per ISO 9001 or TS16949 or any equivalent QMS certification is mandatory for enlistment of all new vendors except under special circumstances where waiver may be granted by competent authority. Vendor's QMS as per ISO: 9001/ TS: 16949 or any equivalent QMS certification would be considered only if the scope of certification includes manufacturing of the item under consideration/ similar product(s) /relevant type of manufacturing.
 - 3.1.4 Approval of Capacity cum capability assessment by Competent Authority based on scrutiny of application & documents, as well as verification of the manufacturing and testing facilities including the M & P and verification of documents during the factory inspection by MCF officer. In case of deficiency, if any, advised for compliance within 30 days. If not complied within this period, the case may be considered as closed. Firm have to be apply afresh after complying the deficiencies.
 - 3.1.5 In case the item is controlled by RDSO, the capacity cum capability and prototype approval will be done by RDSO.
- 3.2 List of vendors who are eligible to get developmental orders shall be a part of vendor directory at MCF website.
- 3.3 The vendors found eligible to get developmental orders shall participate in material procurement tenders on IREPS and can get development orders as per extent rule/procedures and eligibility criteria of the tenders.
- 3.4 After completing full supply against one developmental Purchase Order and its successful performance for a period of minimum specified period, the vendor shall be approved as "**Regular Source**" for the item and its name shall appear in vendor directory accordingly.

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	Modern Coach Factory, Raebareli Indian Railways	VENDOR DEVELOPMENT, APPROVAL AND VENDOR DIRECTORY
Document No: QMFD-VD-01		Version No: 2.0 Page 3 of 7

vendor should submit documentary proofs of having fulfilled the qualifying criteria for regular source in vendor directory.

- 3.5 Capacity cum capability assessment of reputed manufactures of similar items can be relaxed with approval of Competent Authority under following circumstances:
 - a) In the case of well established firms already performing in the sector.
 - b) Proven suppliers for other production units of IR/ Metro Rail corporations/ RDSO.


4.0 Vendor Development for items not controlled in MCF vendor directory:

- 4.1 Interested vendor should participate in procurement tenders on IREPS for the item.
- 4.2 Based on tender scrutiny of documents submitted by the firms regarding infrastructure and other facilities and eligibility criteria, the vendor may be recommended by tender committee for placement of developmental order subject to capacity cum capability approval by MCF.
- 4.3 Stores department shall inform Design Department for conducting capacity cum capability assessment of the firm.
- 4.4 Firm's assessment for capacity cum capability shall be done by MCF officials before release of developmental order.
- 4.5 Inspection of Prototype and its approval shall be done by MCF before further supply against the developmental order.
- 4.6 The firm has to supply full quantity against development orders with cumulative supply quantity of specified numbers to be considered as past successful supplies for future tenders.

5.0 Procedure for enlistment as Regular vendor in Approved list:

- 5.1 A Vendor shall get enlisted in the MCF Vendor Directory as a regular source subject to meeting the following conditions:
 - 5.1.1 After completing full supply against one developmental PO and its successful performance for a period of six months.
 - 5.1.2 Vendor should submit documentary proofs of having achieved the qualifying criteria for regular source in vendor directory.
 - 5.1.3 Satisfactory performance report/No adverse report on service quality issue for the period as specified after complying the required quality at MCF or from user Railways.
- 5.2 The proposal for enlisting shall be put up duly bringing out all the relevant points to PCME for approval.
- 5.3 Vendors who are already established in manufacturing and supply of specific components can directly considered for such specific components after approval by PCME.
- 5.4 Upon approval, firm will be included in the MCF Vendor Directory Vendor list and the status will be shown a "Regular Source" in Vendor Directory.
- 5.5 Existing approved vendors shall be required to resubmit the Vendor Assessment Form online through MCF portal at an interval of every 05 years. Their failure to submit Vendor Assessment Form may lead to their status being reviewed and deleted from vendor directory.

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	Modern Coach Factory, Raebareli Indian Railways	VENDOR DEVELOPMENT, APPROVAL AND VENDOR DIRECTORY	
		Version No: 2.0	
Document No: QMFD-VD-01		Date of Issue: 07.07.2020	Page 4 of 7

6.0 Preparation and Updation of Vendor directory

6.1 List of Critical Items:

- a) List of critical items which are to be included in vendor list shall be approved by PCME on recommendation of CDE. The revision in list of critical items that need to be procured through approved vendors may be reviewed by a committee nominated by PCME consisting of JAG officers of Planning, Quality & Design. Recommendations of the committee shall be put up to PCME through CDE.
- b) Procurement of critical items shall be done from "Approved Vendors". Developmental Orders can be placed on new/developmental sources also, if there is a need. However, such orders are placed only after establishing the technical capabilities of these sources by MCF.

6.2 Vendor Evaluation for continuation in vendor list:

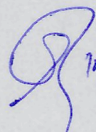
- a) A database for all vendors, having details about the purchase orders placed on them, rejections in their supplies, and failures during warranty and suppliers' response in execution of the warranty claims and supply performance shall be used for such evaluation. Based on above, vendors is evaluated for the purpose of assigning them appropriate status in the vendor directory.
- b) Criteria for vendor rating and evaluation shall be formulated by a committee approved by PCME. However, till this criteria is finalised the information available in Design office based on the data regarding Quality and past supply performance shall be utilised for vendor evaluation.

6.3 Process for Preparation of Vendor Directory:


- a) Draft Vendor Directory shall be prepared by reviewing, analysing & compiling all data available, duly signed at each sheet and put up to the CA.
- b) Thereafter the draft list is put up at MCF website for 15 days for comments. The vendors can submit their representation, if any, within this period. The approving authorities i.e. may consider the representations before finalizing the list.
- c) The 'List of Approved Vendors i.e. Vendor Directory' shall be approved by PCME.
- d) The final 'Vendor Directory' for respective items after obtaining approval of PCME shall be issued on MCF website.

6.4 Validity & revision in 'List of Approved Vendors':

- a) This approved list will be valid normally for one year for the date of issue. However, continuous review, based on receipt of representations or any other information will also be done during a year.



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	Modern Coach Factory, Raebareli Indian Railways	VENDOR DEVELOPMENT, APPROVAL AND VENDOR DIRECTORY	
Document No: QMFD-VD-01		Date of Issue: 07.07.2020	Version No: 2.0 Page 5 of 7

- b) When MCF finds that its requirements in terms of quantity or quality or both are not being met by existing approved sources or for any other reasons like widening vendor base etc, a new vendor can be accorded approved status directly at any time of the year. However such a vendor is approved by PCME after a technical capacity cum capability assessment of the new vendor has been carried out by MCF.
- c) Performance of vendors as communicated from time to time by PCME/PCMM/CQM/CPLE/CDE/workshops/Depot/Zonal Rly/Other Rly PU is also kept in view while reviewing the performance of vendors.

6.5 Penal Action against the Vendor:


Penal Action against the vendor may be initiated in case on any of the following reasons:

- a) Complaints regarding poor performance are reported by ZRs or Railway Board.
- b) Frequent non-conformities are observed during regular purchase inspection done by MCF 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 / expiry 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 Vendor 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 vendor is found to be incorrect/ fraudulent.
- l) The Vendor 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 MCF administration in the overall interest of the organization.
- p) Direction from law enforcing agencies.
- q) If change in the name, address, work place and ownership not intimated to MCF within one month.

6.5.1 Temporary Delisting and Relisting:

- a) Temporary delisting shall be done in case any non conformity/complaint is observed, the vendor will be given 30 days for taking corrective/preventive action to make necessary improvements. If no corrective/preventive action is taken by the firm within the stipulated period of 30 days, the firm shall be delisted for 6 months.

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	Modern Coach Factory, Raebareli Indian Railways	VENDOR DEVELOPMENT, APPROVAL AND VENDOR DIRECTORY	Version No: 2.0
Document No: QMFD-VD-01	Date of Issue: 07.07.2020	Page 6 of 7	

- b) After considering the vendors' response, a final decision is taken by the vendor approving authorities and it is formally communicated to the vendor and its status is updated on MCF website.
- c) The temporary delisting shall be for a period until compliance of non-conformities advised by vendor & same has been verified by any means such as Quality Audit etc.
- d) Temporary delisting shall be communicated in writing to the vendor. All concerned shall also be advised immediately. The certifying body who had issued the ISO: 9001 certification shall also be informed in writing through ISO Cell regarding temporary delisting of the vendor.
- e) Inspection of material against purchase orders placed before the Temporary delisting of firm's name from the approved list of vendors may be carried out as per extant policy/norms.
- f) In case of temporary delisting of vendor only on account of not acquiring ISO-9001 certification, the firm's status can be restored immediately after acquiring ISO-9001 within six month and beyond one year quality audit shall be additionally carried out
- g) In case of temporary delisting due to other reasons, the firm status can be restored on compliance of non-conformities which may be verified by any means such as quality audit etc.

6.5.2 Delisting and Relisting:

- a) If temporary delisting continues for more than six month due to non-compliance confirmation by the firm then process for delisting shall be initiated.
- b) Prerequisites for delisting of the vendor from "List of Approved Vendors" posted on MCF website list directly shall be based on severity of reasons mentioned in Para 6.5. The action of delisting can be taken considering the seriousness & nature of deficiencies and its effects on quality of products.
- c) Delisting shall be considered after serving a notice on the firm seeking time bound reply of 30 days and considering the response of the firm to the notice.
- d) After considering the vendors' response, a final decision is taken by the vendor approving authorities and its status shall be updated on MCF website.
- e) The delisting shall be for a period of minimum one year.
- f) Delisting shall be communicated in writing to the vendor. All concerned, shall also be advised immediately.
- g) Inspection of material against purchase orders placed before the deletion of firm's name from the approved list of vendors may be carried out as per extant policy/norms.
- h) Once the firm is delisted as a penal action, the firm shall be considered for reinstatement only when it applies in writing for restoration giving the corrective & preventive action which shall be verified by means of Quality audit. Firm can be restored in original status after due verification of QAP/STR.

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	Modern Coach Factory, Raebareli Indian Railways	VENDOR DEVELOPMENT, APPROVAL AND VENDOR DIRECTORY	Version No: 2.0
Document No: QMFD-VD-01	Date of Issue: 07.07.2020	Page 7 of 7	

- i) Reinstatement shall be considered only after a period of Minimum one year. However, the firm may apply for reinstatement, 3 months before the expiry of penalization period giving details of corrective action taken.

6.5.3 Appellate Authority and time period for appeal:

The vendor can appeal against the decision to GM/MCF who shall be appellate authority for all cases pertaining to vendor development. The appeal against the order shall be addressed to GM/MCF and given in writing along with the statement of details and reason for the appeal.

7.0 Development Of New/Additional Vendors For New Items:

- a) When new items are designed or new specifications are developed, MCF shall develop new sources for such items if the design /specification are considerably different from the existing items.
- b) New vendors shall be identified by various means like EOI, seeking information from other PUs/ZRs, advertisements, exhibitions, buyer supplier meet or internet etc.
- c) The drawings/specifications of items, for which new vendors are to be developed, are also put on MCF website for seeking response from new vendors.
- d) The items requiring enhancement of vendor base shall be examined and possibility of disbanding the approved list for such items shall be done, keeping in view various factors including criticality and make the item open with suitable eligibility criteria till the time adequate sources are developed.
- e) After a source(s) is/ are identified, procurement of small quantity (As deemed fit) may be initiated by MCF through a nominated officer of Planning/Design department who follows up the process and apprise about the status on a regular basis.
- f) Technical assistance can be given to a vendor during the initial stages of development.
- g) A pilot sample is supplied by the vendor for approval by design office, before the bulk supplies are made against the purchase order, placed for development.
- h) Once the source is considered as developed, the same is advised to all concerned including other production units.

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