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**Government of India
Ministry of Railways
(Railway Board)**

No. 99/RS(G)/709/1

New Delhi, dt: 16-9-99.

**The General Managers,
All Indian Railways & Production Units.
COFMOW, Rly. Offices Complex, Tilak Bridge, New Delhi.
Railway Electrification, Allahabad.
Metro Railway, Calcutta.—**

Sub: Proper maintenance of assets - quality procurement of stores.

Ref: Board's letter of even number dated 6-9-1999.

Railway Board have been concerned for quite some time regarding proper maintenance of assets and achieving zero failure rates. Based on the recommendations of the Committee of Additional Members, instructions have been issued vide Board's letter referred above on procurement of materials. The Additional Members' Committee in its deliberations has made various other recommendations to improve the quality of materials approval of vendors, vendor approving authority and its responsibility, systematic reporting of material failures, vendor rating, introduction of ISO 9000 etc. and thereby improve the reliability of assets.

Following decisions have been taken by Board for implementation.

1.0 Approval of Vendors

1.1 The approval of sources should be done after ensuring acceptable QAP, technical capability, manufacturing of quality product, adequate testing equipment for maintaining quality standard, capacity and financial status. The approving agency should also lay down the process of manufacture, requirements of stage inspection, inspection procedure and the facilities considered necessary to maintain quality.

1.2 Approval of vendors in the approved list of suppliers should be for a limited period say two years (at a time). The performance of the approved sources with respect to quality supplies will be the responsibility of the approving authority who will systematically monitor the quality norms so that quality of supplies are of highest standard as per specifications. The vendors whose quality is suspect will be systematically weeded out.

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2.0 Vendor Development Cell

2.1 Each Railway/Production Unit should have a separate cell consisting of stores and technical officers for purpose of vendor development. This cell shall lay down norms for development, inspect firms for their approval, review the vendors based on quality performance of materials supplied, upgrade vendors from Part II to Part I or from development to regular status and vice-versa etc.

2.2 The Development Cell shall be headed by an SAG Stores officer to be assisted by JA Grade officers from other disciplines as per need. Similarly, development cell for track items will function.

2.3 The Vendor Development Cell will have the responsibility of gathering information on quality of various products from consignees, RDSO, pre-inspection agencies and suppliers. The Cell will be responsible for scrutinising the records for the purposes of ensuring quality products, assessment of vendor performance rating etc., and co-ordination, taking up with the firms, RDSO etc. if the supplies are not as per the required quality norms.

3.0 Quality File

3.1 A quality file should be maintained by the source approving authority containing the basic information of description, specifications, approved sources, records of quality and delivery performance of the sources and other relevant information for each item. The file should also contain information like rejections during stage and final inspection. This information may be given by inspecting agencies through appropriate column in inspection certificate. However, considering the large number of items, this may be done to begin with for items with annual consumption value of Rs.3 lakhs. In case of lower value items which are considered critical, railways may if so desired decide to open quality files for a limited number of such items. The information in the quality file shall be an important input for the Tender Committee/Accepting Authority at the time of consideration of tenders.

4.0 Vendor Rating

4.1 Source approving authority should develop systematically a scientific vendor rating system so that rating of the vendors is available at the time of decision making. However, considering the amount of basic information required over an extended period of time for working out the ratings of the vendors, the relevant information for this purpose be laid down and systematically collected in the quality file. Since most of the railway materials are being inspected by RITES or RDSO and these agencies are in the complete

know of the contracts placed, deliveries made, stage and final inspection results and the quantities rejected during manufacture or at the consignee's end, these agencies have the necessary information that is required for obtaining the vendor ratings. Relevant information should, therefore, be obtained from these agencies regularly and kept in the quality file. Once a reliable data has been built over a period of time, the actual rating system can be introduced and ratings used for decision making.

5.0 System of reporting material failures

5.1 A system of reporting material failures, recording and analysis of failures, for safety, vital and critical items should be introduced in the technical wings on each railway and production unit. This positive reporting of material failures and information will go a long way to eliminate suppliers who have not been able to maintain quality supplies according to their original approval. This will also help vendor appraisal systematically and will also help appropriate purchase decisions to improve quality procurement and to discourage inferior suppliers. Railways and PUs will report systematically to the authorities who are responsible for issue of lists of approved vendors for appropriate action.

6.0 Quality Assurance Programme

6.1 RDSO and Production Units/Railways should review the drawings and specifications to introduce identification marks of suppliers and month/year of manufacture so that materials, in the actual use can be traced to the suppliers for premature failures. This must form a part of inspection. The location for these identification marks should be such that they do not get obliterated on wear & tear or failure of the material.

6.2 Inspection parameters and testing procedure including sample sizes for destructive and non-destructive testing etc. wherever considered necessary be laid down. Pre-inspecting agency should incorporate the test results in the Inspection Certificate and the inspector should sign the firm's records of inspection wherever these are performed in his presence.

6.3 At the time of drawing up of specifications and drawings, details of the process of manufacture, stage inspection requirement, test data and the quality assurance programme be prescribed to achieve the desired quality, the inspection procedure and the manufacturing facilities considered necessary including adequate testing equipment for guidance of vendor approving & inspecting agencies.

6.4 In case of items where even materials to laid down specifications are

not coming up to desired quality levels, the specifications and the manufacturing processes should be discussed with the major manufacturers. The nominated source approving agencies, like RDSO/CLW/DLW/ICF should initiate such dialogues after suitably identifying the items causing failures.

7.0 ISO-9000 certification of vendors:

7.1 In case of high value items Railways/Production Units /RDSO should lay down ISO certification as a criteria for fresh registration/renewal of registration. For this purpose value limit for firms' turnover of Rs.50 lakhs per year is considered reasonable.

7.2 In case of vital & safety items, ISO certification may be laid down if considered necessary irrespective of the annual turnover. Lists of such items where ISO certification is considered necessary shall be issued by Stores directorate in consultation with the concerned technical directorate of the Board.

7.3 In case of materials supplied by authorised vendors and not by the OEM, the ISO certificate of the OEM can be considered as fulfilling the requirement of this clause.

7.4 These instructions should be brought into force after giving a reasonable time to the vendors for obtaining ISO Certification say. for tenders opened in December 2000 or later.

8.0 Quality and Records of Maintenance Spares of Machines

8.1 In case of expensive equipment/machine, record of annual usage and values of spares should be kept. This data may be used at the time of further procurement of new equipment/machine. This will discourage manufacturers to quote unreasonably high prices for spares.

8.2 Third party inspection in case of supply of spares by OEM may be dispensed with and instead spares may be taken on manufacturers' warranty and fit for the purpose certificate. Rotating warranty bond for a fixed amount be taken in such cases. This will however not apply to spares obtained through authorised agents. For S&T and safety items third party inspection will continue to be carried out by RDSO or railways representative as in vogue.

8.3 It will be desirable to introduce the concept of kits of similar items for overhauling major assemblies rather than buying the items individually.

9.0 Identification of items for rate/running contracts

9.1 In view of the flexibility available on quantities to be ordered against Rate/Running Contracts, Railway Board may identify items that can be considered for finalisation of Rate/Running Contracts on centralised basis wherever it is considered advantageous.

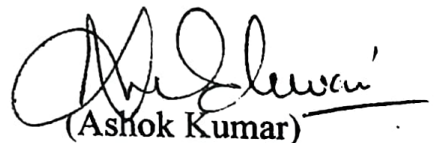
10. Inspection

10.1 Inspections should be thorough and should be done by inspectors having adequate technical knowledge who can appreciate the effect of any variations. Inspection should therefore be entrusted to inspectors with the relevant technical knowledge.

10.2 Concept of random checking of materials may be introduced for materials supplied by approved firms including type test, etc to ensure that the approved firms are continuing to maintain quality. In cases of sub-standard quality, the firms should be appropriately dealt with. Such act should be done with the approval of head of the unit (Depot, workshop, shed, etc.)

Receipt of this letter may be acknowledged and Board kept informed of the action taken in the matter.

This issues with the concurrence of the Finance Directorate of the Ministry of Railways.



(Ashok Kumar)
Dy. Director, Railway Stores(G)
Railway Board.

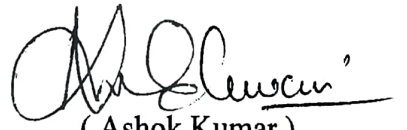
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New Delhi, dtd. 16 9-99.

Copy to:

1. The Controller of Stores, all Indian Railways & Production Units, Metro Railway, Calcutta & Railway Electrification, Allahabad, MTP (Railways), Mumbai.
2. FA&CAOs, all Indian Railways & Production Units, Metro Railway, Calcutta & Railway Electrification, Allahabad.
3. The CEs, All Indian Railways, Metro Railway, Calcutta.
4. DG/RDSO, Manak Nagar, Lucknow.

5. The Principal -
 - i) Railway Staff College, Vadodara.
 - ii) Indian Railway Institute of Sig. Engg. & Telecom, Secunderabad.
 - iii) Indian Railway Institute of Mech. & Elec. Engg., Jamalpur.
 - iv) Indian Railway Institute of Elect. Engg., Nasik.
 - v) Prof. (Inv. Mgt.), Railway Staff College, Vadodara.
 - vi) Indian Railways Institute of Advanced Track Technology, Pune.
6. Chairman, Railway Rates Tribunal, 50, Mc. Nichola Road, Chetpet, Chennai.
7. Director, Iron & Steel, 3, Koila Ghat Street, Calcutta.
8. The ADAI(Rlys.), New Delhi (with 10 spare copies).
9. The Director of Audit, All Indian Railways.
10. The General Manager (Cons.), N.F. Railway, Guwahati.
11. The CAO/Con. Central Railway, Mumbai.
12. The CAO/Con., Northern Railway, New Delhi.
13. The CAO/Con., N.E. Railway, Gorakhpur.
14. The CAO/Con., Southern Railway, Chennai.
15. The CAO/Con., S.C. Railway, Secunderabad.
16. The CPM/Con., S.E. Railway, Calcutta.



(Ashok Kumar)

Dy. Director, Rly. Stores (G)
Railway Board.

Copy to;

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ED(Dev.), EDCE(G), F(S)-I, F(S)-II, F(S)-III, FS(POL), Dev.Cell,
MTP Cell, RE(S), Track-I, Track-II, Track-III and all officers and
Branches of Stores Dte.