GUIDELINES ON CAPACITY ASSESSMENT AND REGISTRATION OF FIRMS

1. DQA (N) is one of the Directorates of DGQA that undertakes assessment and registration of vendors for supply of Naval items, as per Quality requirements conforming to the Naval Standards/Specifications.

2. **DPM Guidelines.** The Defence Procurement Manual 2009 (DPM 2009) published by MOD in Mar 2009 has promulgated guidelines in chapter 3 on issues pertaining to Capacity Assessment and Registration of firms for supply of Stores/Equipment. The major aspects are as follows:-

   (a) **Quality.** Quality is assessed from the inspector's report as well as feedback from the actual users.

   (b) **Delivery.** Delivery compliance is assessed from the delivery against purchase orders placed on the firm.

   (c) **Price.** Price competitiveness of a firm is assessed based on the number of orders secured as percentage of quotes.

   (d) **Response.** The response analysis of the firms could be carried out in terms of quotes submitted against the number of RFPs (Request For Proposals) sent to them.

   (e) **Product Support.** Product Support record of a firm may be determined on the basis of response to enquiries for spare parts and maintenance for the equipment originally supplied by that firm.

   (f) **Assessment of Technical & Financial Capabilities.** The technical & financial capabilities of the firms, including their past performance, must be carefully evaluated and verified by a Board of officers constituted by AHSP/Registering Agencies for the purpose of considering registration/renewal of registration. The registration agency may also co-opt representative from the user. IFA may be associated with assessment of the financial capabilities of the firm if considered necessary by the CFA. The format for preparing verification report of vendor capacity/capability has been given in form DPM.
(g) **Removal from list of Approved Firms.** Whenever a firm is found lacking in performance in terms of response, delivery compliance, capacity, quality standards ethics or any other valid reason, the firm may be removed from list after giving notice of proposed removal and all concerned may be informed.

(h) **Ban on Dealings with a firm.** When the misconduct of a firm or its continued poor performance justifies imposition of ban on business relations with the firm, this action should be taken by the appropriate authority after due consideration of all factors and circumstances of the case and after giving due notice.

(i) **Common Registration for Departments.** A firm registered with any department of the Ministry of Defence, the Services or OFB or the Inter-Service Organisation, may be considered as a registered firm for procurement for the same range of products/goods/services for which the firm is registered with any of the afore-said organisation.

3. **Procedure as per JSG.** Procedure outlined in Joint Services Guide 015:03:2007 on Assessment and Registration of manufacturer for Defence is to be followed in carrying out above activities. The major aspects are as under:

(a) **Scrutiny of documents.** It is essential that the credentials of the firms applying for registration with the Defence Departments are thoroughly scrutinised before registering them as an approved source of supply. Accordingly during the assessment stage. Field Units need to establish the firm’s financial status, manufacturing and quality control facilities, adherence to business ethics and their market standing.

(b) **Validity.** The initial registration will be for three years.

(c) **Service providers.** Registration of service providers will be as per JSG 015:03:2007 till such time a separate procedure is laid down by DGQA.

(d) **Value Addition Firms.** Products/items not manufactured by the supplier but taken for processing in a finished product having higher value is said to be ‘value addition’ Firms who are not actual manufacturers, the principal of ‘value addition’ may be applied to decide whether they can be assessed for registration e.g. fabricators of ferrous/ non-ferrous sheet metals and processors of grey cloth into finished products.

(e) **Renewal of Registration.** All renewal of registration will be for a period of three years from date of validity of previous certificate expires. The registration will be renewed with or without visit to the premises of the firm depending on whether firm has applied for same items or with additional items with new
technology as per guidelines given in JSG. Renewal of registration will be done only once.

(f) **Re-Registration.** On completion of six years from the date of initial registration i.e. one cycle of registration for three years and renewal of registration for further three years the firm will have to be re-registered through the same process as that of initial registration.

4. **Assessment Fee.** MOD vide its letter No. 93244/14/VIll/DGQA(Adm-19)/1959/D(QA) dated 21 Sep 2006 has promulgated the fee tenable for assessment as follows:-

(a) An assessment fee at a uniform rate Rs. 10,000/- (Rupees Ten Thousand only) per applicant for registration of large and medium scale firms and Rs.3,000/- (Rupees Three Thousand only) per applicant for small-scale firms would be charged.

(b) No charges will be levied for renewal of registration or for addition of an item of similar technology. However additional charges will be levied from the firms seeking registration for new technology/design or if the factory has been shifted to another place where a fresh visit to firm is required. In case of shifting of factory premises, case of registration is to considered as initial registration of the firm.

(c) **Creditting of Assessment Fee.** The field units would credit the assessment fee to the government treasury through MRO Forms, which shall be duly filled in by units indicating following details:-

(i) Major Head 0076 Defence Services Army.
(ii) Minor Head 108 Inspection Organization
(iii) Address of Local PCDA Office.
(iv) Assessment Fee amount.

5. Assessment fee is to be recovered/obtained from prospective firms prior to visiting the firm for assessment as per Para 24 of JSG and MOD letter no. 93244/VIll/DGQA(Adm-19)/1959/D (QA) date 21 Sep 2006.

6. For similar stores, registration of a firm with one discipline will be valid for all others disciplines and purchase offices of Defence as per Para 18 of JSG. The procedure to be followed for registration will be as per guidelines given in Appendix ‘D’ to JSG. In this regard Para 2 (j) above also refers.

7. Over and above the general guidelines applicable as per Para 2 to 6 above, the following guidelines should also be adhered to by all field units:-
(a) Visit the firm for assessment only after receipt of complete documents and Assessment fee.

(b) Prior to visit requisite assessment fee as stipulated from potential vendors is to be Credited to the Government treasury through MRO forms indicating details outlined at Para 4 above.

(c) Items recommended for registration should have unambiguous specification, MPC and shall be suitable for Naval use.

(d) Team members of the Assessment team should have suitable background and qualifications.

(e) “Team leader” is to ensure that Items for which Capacity assessment is being carried out invariably pertains to DQA (N) responsibility. Para 17 of JSG:015-03:2007 is relevant.

8. **Responsibility for Manufacturer’s Assessment**. Capacity Assessment of firms will be carried out by the field units as directed by DQA (N) and as per geographical areas of the respective field units. The field units should indicate the schedule for capacity assessment four weeks in advance to DQA (N) to enable participation of IHQ MOD (N)/DQA (N) representative in these activities.

9. The procedure outlined above would be followed in all future cases. All DQA (N) orders issued in the past on the above subject are hereby superceded.

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7. QAE (N)
   Naval Base, Kochi – 682 004

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