

GUIDELINES
ON
OUTSOURCING OF QUALITY ASSURANCE FUNCTIONS
OF
DEFENCE STORES MANUFACTURED BY
PRIVATE INDUSTRY
TO
THIRD PARTY INSPECTION AGENCIES

No 01847/QA/DGQA/Tech Coord(16TC)/D(QA)/18

Ministry of Defence
Department of Defence Production
D(QA)

Sena Bhawan, New Delhi

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Defence products for the Armed Forces are procured ex-import and manufactured indigenously by the Ordnance Factories/PSUs as also from private industry. The Defence Sector under the 'Make in India' initiative of the Government is being provided the requisite impetus & support for development and manufacturing of defence products. Presently, Directorate General of Quality Assurance (DGQA) is the main Quality Assurance (QA) Organisation entrusted with the responsibility of assuring quality & reliability of defence products, both manufactured indigenously and those procured ex-import. Commensurate to the likely increase in workload in the near future, resources available with DGQA may need augmentation by means of outsourcing of certain QA functions to eligible Government/Private bodies.

2. Accordingly, a scheme for outsourcing Third Party Inspection (TPI) has been worked out by the Department of Defence Production (DDP), Ministry of Defence. This scheme has been worked out after detailed consultations with concerned stake holders such as MGO Branch, WE Dte, COM Navy, SIDM, ASSOCHAM and FICCI.

3. A copy of the scheme as approved by the Competent Authority is enclosed herewith for information and necessary action. The scheme for outsourcing Quality Assurance functions for Defence stores manufactured by private industry to Third Party Inspection (TPI) agencies, inter-alia, provides for eligibility criteria for selection of TPI agencies for Quality Assurance (QA), Charter of Duties of TPI agencies, suspension/withdrawal of registration, selection of inspection agencies and modalities of payments etc.

Encl :aa

Sd/-.....
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Deputy Secretary(Q-II)
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1. DGQA
2. MGO Branch
3. COM Navy
4. WE Dte, IHQ of MoD(Army)

5. Director General Acquisition
 6. Chairman, OFB
 7. DGAQA
 8. DQA(N)
 9. Society of Indian Defence Manufacturer, New Delhi
 10. ASSOCHAM, New Delhi
 11. FICCI, New Delhi
- } for information
and vide
circulation
among Industries

Copy for information to:-

1. PS to RM
2. PS to RRM
3. Sr. PPS/ PPS/ PS to Def Secy/ Secy (DP)/ Secy (Def/ Fin)/ AS(DP)/ AS(BM)/ AS(JN)/ JS(LS)
4. Director (P&C) with a request to upload the above documents alongwith its enclosures on the website of Department of Defence Production.
5. Guard file.

Ministry of Defence
(Department of Defence Production)

Subject : Scheme For Outsourcing of Quality Assurance Functions for Defence Stores Manufactured by Private Industry to Third Party Inspection (TPI) Agency.

1. Background and Objective.

1.1 The Defence products for the Armed Forces are procured Ex-import and manufactured indigenously by the Ordnance Factories / PSUs as also the Private Industry. The Defence Sector under the 'Make in India' initiative of the Government is getting the requisite impetus & support for development and manufacturing of Defence products. The enhanced involvement of Indian Industry in manufacturing Defence products will entail increase in workload of Directorate General of Quality Assurance (DGQA) Organisation, thus over-stretching the available resources.

1.2 Presently, DGQA is the main Quality Assurance (QA) Organisation entrusted with the responsibility of assuring Quality & Reliability of Defence Products, both manufactured indigenously and those procured Ex-import. Commensurate to the likely increase in workload in the near future, the resources available with DGQA may need augmentation by means of outsourcing certain QA functions to eligible Government / Private bodies.

1.3 Accordingly, this Scheme has been formulated covering modalities for outsourcing Third Party Inspection (TPI) Agencies to perform Quality Assurance (QA) Functions pertaining to Defence Stores manufactured by Private Industry within India.

2. Eligibility Criteria for Selection of TPI Agencies for QA.

2.1 Agency should have been accredited by QCI for Certification/Conformity Assessment pertaining to Quality Management System (QMS) of Manufacturers (ISO 9001: 2015).

2.2 Agency should have been accredited for Certification of "Conformity Assessment – Requirements for the Various Types of Bodies Performing Inspection as per IS/ISO/IEC 17020: 2012"

2.3 Agency should have been accredited by QCI for ZED Maturity Assessment Model, initially provisionally approved and later formally accredited by NABCB & approved by DC MSME (for MSMEs) (in cases involving Capacity Assessment & Certification Task outsourced to TPI).

2.4 The Assessors / Inspection Staff shall be appropriately qualified and have requisite technical skills & work experience as per the provisions of the scheme. They should have also undergone structured training for minimum of two weeks (96 hours) in respective fields of Defence product inspection and manufacturing processes at respective training institutes of DGQA. Broadly this may include general awareness about military terminologies, safety requirements, Shelf Life policy, QMS and QC Tools, principles of measurement, general and specific measuring instruments, NDT techniques, Testing Stands/ Jigs/ Fixtures, manufacturing processes, testing of metallic & non-metallic parts etc.

3. **Selection of TPI Agencies.**

3.1 Indian Agencies interested in registration as TPI for the purpose of this Scheme may apply to DGQA in the prescribed Application Format available on the DGQA website (www.dgqadefence.nic.in) along with the prescribed Application Fee.

3.2 This will be followed by a Office Visit and where required, witnessing of On-Site conduct of actual Third Party Task being performed by the applicant TPI Agency by an assessment team detailed by DGQA to assess suitability of the firm for registration as TPI Agency.

3.3 The validity of registration will be for a period of five years and thereafter renewed subsequently in cycles of five years based on self declaration and past performance.

3.4 The approval shall be subject to suspension/withdrawal with due notice of 15 days in the event of any noncompliance to the requirements of the Scheme. Details are at Paragraph 3.7.

3.5 The Registered TPI Agency shall inform DGQA without delay about any changes relevant to its approval, in any aspect of its status or operation related to the following:

3.5.1 Its legal, commercial, ownership or organisational status.

3.5.2 The organization, top management and key personnel.

3.5.3 Main policies, resources, premises and scope of approval.

3.5.4 Other such matters that may affect the ability of the TPI Agency to fulfill requirements for approval.

3.6 **Registration Fee.** INR 25,000/- + GST (as applicable)

3.6.1 **Compendium of TPI Agencies.** DGQA will Prepare and maintain a compendium of the TPI agencies. The same shall be updated on quarterly basis.

3.7 Suspension/Withdrawal of Registration.

3.7.1 The registration may be suspended/withdrawn under the following conditions:

3.7.1.1 In case of Unsatisfactorily Performance during Conduct of Inspection / defects observed / reported during early exploitation / within the Warranty / Guarantee Period / Consignee End Rejections, beyond the specified ATP (Acceptance Test Procedure), wherein acts / omissions by TPI Agency is established.

3.7.1.2 Any change in the legal status, ownership, composition etc. without the information to DGQA.

3.7.1.3 Inability or unwillingness to apply the applicable inspection standards / criteria.

3.7.1.4 Non availability of resources in some of the technical areas covered under registration.

3.8 Penalty Clause.

3.8.1 In case of unsatisfactory service of inspection body, Competent Authority may withhold the payment or recover the amount as per the terms and conditions of the contract / purchase order.

4. Charter of Duties of TPI Agencies.

4.1 Capacity Assessment & Verification of Defence Manufacturing Firms.

4.1.1 Assessment/Rating & Certification of Firms based on ZED-D Maturity Assessment Model (specific to product under consideration).

4.1.2 Gap Analysis, Hand holding & Consulting for improving Rating of Firms (especially relevant to MSMEs in consonance with ZED-D Model).

4.1.3 Re-Assessment/Re-Rating of Firms for final Registration.

4.2 Product Realisation Phase.

4.2.1 **Input Material Checks.** Conduct of Document Audit or Quality Audit (sampling based) in Conformity with QAP formulated for that product by AHSP, depending on criticality of that Item/Component.

4.2.2 **In-Process Checks.**

4.2.2.1 Conduct of Process Audit during actual manufacturing of items for specific categories based on criticality of Process/ Product or on as required basis.

4.2.2.2 Surveillance & Quality Audit at specific points of manufacturing process for certain categories of items based on criticality.

4.2.2.3 Surveillance of Machines, Jigs/Fixtures etc, deployed for manufacturing & Quality Control for their serviceability, maintenance & calibration.

4.2.2.4 Review of manufacturing/assembly lines and resource flow having bearing on overall efficiency & quality. Suggest improvements and monitor implementation.

4.2.3 **Product Audit / Final Acceptance Inspection (FAI).**

4.2.3.1 Product Audit of End Store including specified tests such as Radiographic Examination / Shop Floor Tests at Firm Premises / designated NABL accredited labs as per Specification/ QAP laid down by DGQA.

4.2.3.2 Conduct Static Proof at Firm Premises / designated Ranges/Test Houses as per QAP specified by DGQA for Armament Stores.

4.3 **Post Production Support / Defect Investigation (DI).** Associate in DI pertaining to products manufactured by the Private Industry, conduct Visual Inspection, Gauging and Tests/Checks as specified by DGQA/AHSP. Prepare & forward report for final analysis & closure by DGQA/AHSP (as per current procedure) for establishing responsibility for the defect / accident and further necessary action thereof.

5. **Selection of Inspection Agency (DGQA or TPI Agency) and Modalities of Payment.**

5.1 DGQA will enter into product Specific Rate Contract with the Registered TPI Agencies for a period of 03 years. The procurement agencies shall share the details of stores likely to be procured during next three years to facilitate rate contract by DGQA.

5.2 The Order Placing Authorities will have the option to choose between the DGQA and Registered TPI Agencies for providing inspection coverage for the whole as part quarterly being processed against a contract..

6. **Conclusion.**

6.1 In order to offset the enhanced workload, consequent to increased participation of Private Industry in Defence Sector, the outsourcing of QA functions to competent TPI Agencies is inescapable..

6.2 DGQA with its inherent experience and competence will focus on core functions / responsibilities, retaining appropriate levels of intervention as required in deployment and tasking of TPI resources.

6.3 The Scheme for outsourcing inspection to TPI Agencies is proposed to be implemented in a phased manner based on the criteria / rationale and procedural arrangements as elaborated.
