

PROCEDURE FOR EVALUATION OF PERFORMANCE OF VENDORS (SUPPLIERS / CONTRACTORS / CONSULTANTS)

1.0 GENERAL :

A system for evaluation of performance of vendors is a key process and important to support an effective purchasing & contracting function of an organization.

Performance of all participating Vendors (Suppliers / Contractors / Consultants) need to be closely monitored to ensure timely receipt of supplies from a supplier, completion of an assignment by a consultant or complete execution of order by a contractor within scheduled completion period. For timely execution of projects and meeting the operation & maintenance requirement of operating plants, it is necessary to monitor the execution of order or contracts right from the award stage to completion stage and take corrective measures in time.

2.0 OBJECTIVE :

The objective of Evaluation of Performance aims to recognize, and develop reliable Vendors so that they consistently meet or exceed expectations and requirements.

The purpose of this procedure is to put in place a system to monitor performance of Vendors associated with IGL in Projects, O&M and all other functions so as to ensure timely completion of various projects, timely receipt of supplies including completion of works & services for operation and maintenance of operating sites and quality standards in all respects apart from being competitive and reasonably priced by ensuring ethical approach.

3.0 METHODOLOGY:

(i) Preparation of Performance Rating Data sheet

Performance Rating Data Sheet for each and every Vendor for all orders / contracts with a value of Rs.40 lakh and above is recommended to be drawn up. These data sheets are to be separately prepared for orders / contracts related to Projects, O&M and other departments. Format, Parameters, Process, responsibility for preparation of Performance Rating Data Sheet are separately mentioned. The evaluation of vendors will be done on half yearly basis. However, early evaluation can be conducted on need basis for a particular case.

(ii) Measurement of Performance

Based on the parameters defined in Data Sheet, Performance of concerned Vendor would be computed and graded accordingly. The measurement of the performance of the Vendor would be its ability to achieve the minimum scoring of 60% points in the given parameters individually and 70% collectively to be adjudged annually. However, mid-term / need base review can be done in case financial/ commercial activities of company is affected. Any Vendor failing to secure less than the minimum score in any of the parameters should not be considered to remain in business with IGL.

(iii) Initiation of Measures:

Depending upon the Grading of Performance, corrective measures would be initiated by taking up the matter with concerned Vendor. Response of Vendor would be



considered before deciding further course of action.

(iv) Implementation of Corrective Measures:

Based on the response of Vendor, concerned Engineer-In-Charge would recommend for continuation or discontinuation of such vendor from the business of IGL. These recommendations would be submitted to the Competent Authority who would pass a reasoned order for putting the vendor on Holiday / Black listing. For this purpose DC in consultation with MD shall be the final authority to approve the proposal.

(v) Orders/contracts placed on proprietary / OEM basis for O&M may also be evaluated and if required, corrective action will be taken for improvement in future.

4.0 EXCLUSIONS:

The following would be excluded from the scope of evaluation of performance of Vendors / Contractors / Consultants.

- (i) Orders/Contracts below the value of Rs. 40 Lakh including taxes and duties.
- (ii) One time vendor / Contractor / Consultant.
- (iii) Orders for Misc./ Administrative items / Non stock Non valued items.
- (iv) Rs.40 lacs covers about 20% of total orders placed during FY 14-15. This can be reviewed at a later date and revised accordingly.

However, concerned Engineer-In-charge/OICs will continue to monitor such cases so as to minimize the impact on Projects/O&M sites due to non - performance of Vendors / Contractors / Consultants in all such cases.

5.0 PROCESS OF EVALUATION OF PERFORMANCE OF VENDORS / CONTRACTORS / CONSULTANTS

5.1 FOR PROJECTS / CONSULTING JOBS

- (i) Evaluation of performance of Vendors / Contractors / Consultants in case of PROJECTS shall be done immediately with commissioning of any Project / contract closure.
- (ii) On commissioning of any Project / completion of project, EIC (Engineer-In-Charge) / Project In-charge shall prepare a Performance Rating Data Sheet (Format at Annexure-1) for all Orders and Contracts executed under the project excluding cases under para 4.0.
- (iii) Apart from final rating on completion of project, interim rating should also be done depending upon the Performance Rating (if required), following action need to be initiated by Engineer-in-charge/Project-In-charge:

Sl. No.	Performance Rating	Action
1	POOR	Seek explanation for poor performance and issue warning.
2	FAIR	Vendor will be called & instructed for improving performance.

3	GOOD	Letter to be issued for information of their score and suggested for further improving the performance and rating.
4	VERY GOOD	

- (iv) Reply from concerned Vendor in cases of Poor or Fair rating shall be examined. In case of satisfactory reply, Performance Rating data Sheet to be closed for that interim period.
- (v) When no reply is received or reasons indicated are unsatisfactory, following actions need to be taken:
- (A) Where Performance rating is "POOR":
- In case his performance has affected overall completion schedule of the project / business and unsafe work where severe injury / fatal accident is noticed, recommend such defaulting Vendor for putting on HOLIDAY for a period of 2 years,
- (B) Where Performance rating is "FAIR":
- Recommend for issuance of warning to such defaulting Vendor to improve his performance with the warning of putting him on Holiday.
- (vi) Irrespective of Performance rating, where Vendor submits forged documents in respect of experience, turnover and any other condition forming the basis for the pre-qualifying / eligibility criterion, such Vendor should be recommended for BLACKLISTING for a minimum period of 3 years, after which it can only be restored subject to approval from competent authority.
- (vii) On receipt of recommendation of committee for putting a vendor on Holiday or for blacklisting, EIC will put up the recommendation to C&P Deptt. to issue show cause notice providing a final opportunity to vendor to defend his case. The discussion with vendor will be done by a committee of HODs from User Dept. and C&P.
- (viii) On receipt of reply in response to show cause notice / based on minutes of meeting between vendor and IGL committee members, C&P Deptt. will forward the same to Engineer-in-charge who after taking opinion from HOD (legal) will prepare a proposal for keeping the vendor on Holiday / for blacklisting through C&P for obtaining the approval of DC / MD.
- (ix) After obtaining approval C&P Deptt. will issue a letter to the vendor conveying the decision of putting him on holiday for the specific period or blacklisting the vendor.
- (x) A list of all vendors put on holiday or blacklisted will be communicated to all concerned and will also be maintained at IGL Intranet.

5.2 FOR OPERATION & MAINTENANCE & OTHER DEPARTMENTS




- (i) Evaluation of performance of Vendors in case of Operation and Maintenance shall be done immediately after execution of order/ contract / on closure of contract.
- (ii) After execution of order a Performance Rating Data Sheet (Format at Annexure-2) shall be prepared for all supply Orders by C&P and for all Contracts/Services by respective Engineer-In-Charge excluding cases under para 4.0
- (iii) Apart from final rating on completion of project mid – term rating should also be done and depending upon Performance Rating/ following action need to be initiated by C&P :

SI. No.	Performance Rating	Action
1	POOR	Seek explanation for poor performance and issue warning.
2	FAIR	Vendor will be called & instructed for improving of performance.
3	GOOD	Letter to be issued for information of their score and suggested for further improving the performance and rating
4	VERY GOOD	No further action

- (iv) Reply from concerned Vendor in cases of Poor / Fair rating shall be examined. In case of satisfactory reply / Performance Rating data Sheet should be closed for that interim period.
- (v) When no reply is received or reasons indicated are unsatisfactory the following actions need to be taken:
 - (A) Where Performance rating is "POOR"
Recommend such defaulting Vendor for putting on Holiday for a period of 2 year.
 - (B) Where Performance rating is "FAIR"
Recommend for issuance of warning to such defaulting Vendors to improve his performance with the working of putting him on holiday.
- (vi) Irrespective of Performance rating, where Vendor submits forged documents in respect of experience, turnover and any other condition forming the basis for the pre-qualifying / eligibility criterion, such Vendor should be recommended for BLACKLISTING for a minimum period of 3 years, after which it can only be restored subject to approval from competent authority.
- (vii) A yearly meeting of HOD (C&P), HOD (F&A) and HOD of respective departments shall be held to review and examine all cases requiring putting





the vendors on holiday for final decision.

The overall rating of one year period will be considered for taking a decision to put the vendor on holiday list. The one year period will be considered from the 1st day of any of 4 quarters. However, the cases of blacklisting/ holiday may be taken-up any time on need basis.

- (viii) On receipt of recommendation of committee for putting a vendor on Holiday or for blacklisting, EIC will put up the recommendation to C&P Deptt. to issue show cause notice providing a final opportunity to vendor to defend his case. The discussion with vendor will be done by a committee of HODs from User Dept. & C&P.
- (ix) On receipt of reply in response to show cause notice / based on minutes of meeting between vendor and IGL committee members, C&P Deptt. will forward the same to Engineer-in-charge who after taking opinion from HOD (legal) will prepare a proposal for keeping the vendor on Holiday / for blacklisting through C&P for obtaining the approval of DC / MD.
- (x) After obtaining approval C&P Deptt. will issue a letter to the vendor conveying the decision of putting him on holiday for the specific period or blacklisting the vendor.
- (xi) A list of all vendors put on holiday or blacklisted will be communicated to all concerned and will also be maintained at IGL Intranet.
- (xii) However, Holiday restrictions shall not apply on Vendors for procurement of spares from them on proprietary basis, if proven alternate sources is not available.

6.0 REVIEW & RESTORATION OF VENDORS PUT ON HOLIDAY

6.1 After expiry of Holiday period, the vendors who have been put on Holiday will be automatically restored to participate in business with IGL.

6.2 The maximum period of Holiday will be two years.

7.0 Other Important Clauses:

- (i) Vendors put on by any Govt. / PSUs on Holiday / Black list may also be put on Holiday by IGL if the reason for their action is for submission of forged documents / financial irregularities.
- (ii) If any action is proposed in IGL on above reasons, an official confirmation should also be obtained from these companies.
- (iii) There may be a case where a Vendor apart from doing business in core/ main activities has also been awarded an order of much lesser importance in other area of IGL, either on vendor's request or on asking by IGL due its business requirement. If performance issues in such work of lesser importance arises, the case should be referred to the competent authority for their decision if the contractor should not be put on Holiday. However, the business in such work area with the vendor should be discontinued.



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PERFORMANCE RATING DATA SHEET

- (i) Project / Work Center :
- (ii) Order / Contract No. & Date :
- (iii) Brief description of Items :
Works / Assignment
- (iv) Order / Contract value (Rs.) :
- (v) Name of Vendor / Contractor/
Consultant :
- (vi) Contracted delivery / Completion :
Schedule
- (vii) Actual delivery / Completion :
date

For Material

Performance Parameter	Delivery	Quality	Reliability	After sale Support	Total
Maximum Marks	30	30	30	10	100
Marks Allocated (*)					

For Works Contracts / Services

Performance Parameter	Completion Period	HSE & Legal Compliance	Quality Performance	Reliability Performance	Total
Maximum Marks	30	30	25	15	100
Marks Allocated (*)					

Remarks (if any)

PERFORMANCE RATING (**)

Note :

(*) Allocation of marks would be as per enclosed instructions

(**) Performance rating shall be classified as under :

Signature of Authorised Signatory :

Sl. No.	Range (Marks)	Rating
1	60 & below	POOR
2	61-75	FAIR
3	76-90	GOOD
4	More than 90	VERY GOOD

Name :

Designation :

VENDOR PERFORMANCE EVALUATION (Instructions for allocation of marks)

FOR MATERIAL

1. DELIVERY FOR MATERIAL

30 Marks

a) For delivery period above 3 months

Delivery Period	Delay in Weeks	Marks
Delay up to	No Delay	30
	3 weeks	25
	6 weeks	15
	9 weeks	10
	12 weeks	5
More than 12 weeks		0

b) For delivery period lesser than 3 months

Delivery Period	Delay in Weeks	Marks
Delay up to	No Delay	30
	2 weeks	25
	4 weeks	15
	6 weeks	10
	8 weeks	5
More than 8 weeks		0

2. QUALITY OF MATERIAL

30 Marks

For Normal Case: No Defects / No Deviation / No Failure Marks allocated is 30.

Type	Description	Marks	
Rejection	No Rejection	5	
	If rejection, marks are to be allocated proportionately on the basis of number of items rejected vs ordered.	0-5	
No. of Deviation	zero	10	
	Less than and equal to 2	5	
	More than 2	2	
When Quality failure endanger system integration and safety of the system	Nature of severity	Low	10-15
		Moderate	5
		High	0

VENDOR PERFORMANCE EVALUATION
(Instructions for allocation of marks)

3. AFTER SALE SUPPORT

10 Marks

Basis	Marks
Attending complaints & requests for after sales service/ warranty repairs and/or query/advice	10

4. RELIABILITY

30 Marks

Basis	Marks
Submission of order acceptance, PBG, Drawings and other documents within time	15
Response to various correspondence and conformance to Standards like ISO	5
Submission of all required documents including Test Certificates at the time of supply	10

FOR WORKS/CONTRACTS

1. COMPLETION PERIOD

30 Marks

	Basis	Marks	
A	Mobilization of resources on time	5	
	On schedule progress	5	
B	Timely Completion (marks are given on the basis of delay upto)	Timely Completion	20
		3 weeks	15
		6 weeks	10
		9 weeks	5
		12 weeks	2

2. HEALTH/ SAFETY/ ENVIRONMENT & LEGAL COMPLIANCES

30 Marks

Basis	Marks
Compliance towards security/safety requirement as per contract requirement	12
Submission of insurance, labor license, PF, ESI and other documents within time	10
Compliance to statutory and HS & E requirement/ Conformance to standards like ISO	5
Usage of energy efficient equipment at site	3




VENDOR PERFORMANCE EVALUATION
(Instructions for allocation of marks)

3. QUALITY PERFORMANCE

25 Marks

Type	Description		Marks
When Quality failure endanger system integration and safety of the system	Nature of severity	Low	15
		Moderate	10
		High	5
No. of Deviation	zero		10
	Less than and equal to 2		5
	More than 2		2

4. RELIABILITY PERFORMANCE

15 Marks

Basis	Marks
Submission of order acceptance, PBG, insurance, labor license, PF, ESI and other documents within time	5
Timely submission of RA bills, policy documents, Contract Closure documents etc.	10

