



Flexi Fare System Affected Occupancy

Recently, the Comptroller and Auditor General of India (CAG) in its report stated that the flexi-fare system in premium trains has led to increase in revenue but as compared to 2015-16, they have carried fewer travellers during September 9, 2016 to July 31, 2017.

What is flexi-fare scheme?

- The flexi-fare scheme was introduced on September 9, 2016.
- In flexi-fare scheme, the fares increase 10% with every 10% of the seats sold.
- The aim of the flexi-fare system was to generate additional revenues and reduce cross-subsidisation from freight.

CAG's Recommendation to Improve Occupancy

- The Railway Board should raise fares in all types of trains instead of targeting premium trains alone for dynamic/enhanced pricing.
- Lowering the share of seats under the dynamic fare system. "Instead of allotting 90 per cent seats or berths under the flexi-fare scheme, it is recommended that at least 50 percent seats/berths be allotted for normal fare."
- The Railways should also consider occupancy levels (An occupancy level of 100% implies that all berths are allotted to one person each) while defining strategy i.e. flexi-fare scheme.
- **Waitlisted passengers should be charged a lower fare.**
- A route-wise analysis of the flexi-fare system should also be done while defining strategy.