

LOSS OF REVENUE DUE TO RUNNING OF SUVIDHA EXPRESS TRAINS: SOUTH WESTERN RAILWAY

[Action Taken by the Government on the Observations and Recommendations of the Committee contained in their One Hundred and Thirty Ninth Report (17th Lok Sabha)]

MINISTRY OF RAILWAYS

**COMMITTEE ON PUBLIC ACCOUNTS
(2024-25)**

EIGHTEENTH REPORT

EIGHTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

EIGHTEENTH REPORT
COMMITTEE ON PUBLIC ACCOUNTS
(2024-25)
(EIGHTEENTH LOK SABHA)

**LOSS OF REVENUE DUE TO
RUNNING OF SUVIDHA EXPRESS
TRAINS: SOUTH WESTERN RAILWAY**

[Action Taken by the Government on the Observations and Recommendations of the Committee contained in their One Hundred and Thirty Ninth Report (17th Lok Sabha)]

MINISTRY OF RAILWAYS



Presented to Lok Sabha on: 21st 03.2025

Laid in Rajya Sabha on: 20.03.2025

LOK SABHA SECRETARIAT
NEW DELHI

March 2025/ Phalguna 1946 (Saka)

Contents

	PAGE
COMPOSITION OF THE COMMITTEE ON PUBLIC ACCOUNTS (2024-25)	(ii)
INTRODUCTION	(iii)
CHAPTER I	REPORT.....
CHAPTER II	Observations/Recommendations which have been accepted by the Government.....
CHAPTER III	Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government.....
CHAPTER IV	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration.....
CHAPTER V	Observations/Recommendations in respect of which Government have furnished interim replies/no replies.....
<u>APPENDIX</u>	
I	Minutes of the sitting of the Public Accounts Committee (2024-25) held on 12.02.2025
II	Analysis of the Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their One Hundred and Thirty Ninth Report (Seventeenth Lok Sabha)

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2024-25)

Shri K. C. Venugopal - Chairperson

MEMBERS

LOK SABHA

2. Shri T. R. Baalu
3. Dr. Nishikant Dubey
4. Shri Jagdambika Pal
5. Shri Jai Parkash
6. Shri Ravi Shankar Prasad
7. Shri C. M. Ramesh
8. Shri Magunta Sreenivasulu Reddy
9. Prof. Sougata Ray
10. Smt. Aparajita Sarangi
11. Dr. Amar Singh
12. Shri Tejasvi Surya
13. Shri Anurag Singh Thakur
14. Shri Balashowry Vallabhaneni
15. Shri Dharmendra Yadav

RAJYA SABHA

16. Shri Ashokrao Shankarrao Chavan
17. Shri Shaktisinh Gohil
18. Dr. K. Laxman
19. Shri Praful Patel
20. Shri Sukhendu Sekhar Ray
21. Shri Tiruchi Siva
22. Shri Sudhanshu Trivedi

Secretariat

- | | | |
|----------------------------|---|-------------------|
| 1. Dr. Sanjeev Sharma | - | Joint Secretary |
| 2. Shri Muraleedharan. P | - | Director |
| 3. Shri Alok Mani Tripathi | - | Deputy Secretary |
| 4. Shri Charanjeet Singh | - | Committee Officer |

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2024-25), having been authorized by the Committee, do present this Eighteenth Report (18th Lok Sabha) on Action Taken by the Government on the Observations and Recommendations of the Committee contained in their One Hundred and Thirty Ninth Report (17th Lok Sabha) on “Loss of revenue due to running of Suvidha Express Trains: South Western Railway” relating to the Ministry of Railways (Railway Board).

2. The One Hundred and Thirty ninth Report was presented to Hon’ble Speaker, Lok Sabha on 29th April, 2024 and presented to Lok Sabha/laid on the Table of Rajya Sabha on 24th July, 2024. The Committee considered the draft Action Taken Report on the subject and adopted the same at their sitting held on 12th February, 2025. Minutes of the Sitting of the Committee form appendix to the Report.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the office of the Comptroller and Auditor General of India.

5. An analysis of the Action Taken by the Government on the Observations/Recommendations contained in the 139th Report (17th Lok Sabha) is given at Appendix-II

NEW DELHI:
12 February, 2025
23 Magha, 1946 (Saka)

K. C. VENUGOPAL
Chairperson,
Public Accounts Committee

CHAPTER - I

REPORT

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations/Recommendations of the Committee contained in their One Hundred and Thirty Ninth Report (17th Lok Sabha) on “**Loss of revenue due to running of Suvidha Express Trains: South Western Railway**” relating to the Ministry of Railways.

2. The One Hundred and Thirty Ninth Report (17th Lok Sabha), which was presented to Lok Sabha/laid in Rajya Sabha on 24 July, 2024, contained two Observations/Recommendations. The Action Taken Notes received from the Ministry of Railways have been broadly categorized as under :

- (i) Observations/Recommendations which have been accepted by the Government:

Para Nos. 2-3

Total: 02
Chapter - II

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

NIL

Total: 0
Chapter - III

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

NIL

Total: 0
Chapter - IV

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies/no replies:

NIL

Total: 00
Chapter - V

3. The detailed examination of the subject by the Committee had revealed certain shortcomings on the part of the Ministry of Railways. The Committee had accordingly given their observations/recommendations in their One Hundred and Thirty Ninth Report.

4. The Action Taken Notes furnished by the Ministry on the Observations/Recommendations of the Committee contained in their One Hundred and Thirty Ninth Report (17th Lok Sabha) have been reproduced in the relevant chapters of this Report. The Committee will now deal with the Action Taken by the Government on some of their Observations/Recommendations made in the original Report which require reiteration/merit comments.

5. **The Committee desire the Ministry of Railways to furnish Action Taken Notes in respect of observations/recommendations contained in Chapter I of the report, positively within three months of the presentation of this report to the Parliament.**

6. Recommendation at Para No. 2

The Committee took note of the fact that despite the suggestion of Commercial department, South Western Railway Administration failed to convert Suvidha Express trains running with poor patronage to Tatkal special/superfast express which resulted in the loss of revenue. However, the Ministry in their Action Taken Note stated that the analysis for the period ,2016 to 2021 showed that the actual earning was more to the extent of Rs.7.9 crore when a comparison was drawn between actual earning and the earning potential, and this could not be deemed as loss. The Committee did not find this reply of the Ministry to be justifiable nor tenable and inferred that South Western Railway did not take cognizance of the suggestion of Commercial Department which led to the loss of revenue of Rs. 80.74 crore. The Committee were of the view that the Ministry should have ensured that there was proper co-ordination amongst various authorities of Railways. The Committee were of the view that the main aim of introducing Dynamic fare structure or “surge pricing” was Revenue Optimization and Efficient Resource Allocation. The Committee, however, noted that in case of the Suvidha Express, Dynamic pricing of fares led to loss of revenue and under utilization of seats. The Committee, therefore, recommended that Indian Railway should reassess the application software used in calculating the dynamic pricing structure so as to maximize the revenue generation at all times.

7. The Ministry of Railways in their Action Taken Notes have stated as under:-

SWR vide their reply dated 21.12.2021 to Provisional para had already furnished year wise comparative earning potential of trains and actual earning of Suvidha trains in which it was informed that Railways earned Rs.7.9 crore more in actual earnings by running Suvidha trains during 2016 to 2021. Further, the same was also reiterated in the reply for Action taken note.

In view of above, it is again reiterated that there is no loss involved in running of Yesvantpur-Jaipur Suvidha train.

8. While vetting the above ATNs, the Audit made the following comments:

MoR's reply is based on the comparison made between potential earnings of Mail/express and the actual earnings of the Suvidha Train.

9. In further comments to the above said Audit observation, the Ministry stated as under:

Yeswantpur-Jaipur Suvidha Express was running as a regular time-tabled Suvidha service. Therefore, earnings of Suvidha trains were compared with the potential earnings of Mail/Express regular time-tabled service.

10. **The Committee in their Report had observed that the failure of South-Western Railway (SWR) to convert Suvidha Express trains running with poor patronage to Tatkal special/superfast express resulted in loss of revenue to the tune of Rs 80.74 crore. The Committee did not find this reply of the Ministry to be justifiable nor tenable and inferred that South Western Railway did not take cognizance of the suggestion of Commercial Department which led to the loss of revenue of Rs. 80.74 crore. The Committee were of the view that the Ministry should have ensured that there was proper co-ordination amongst various authorities of Railways. The Committee also noted that in case the Suvidha Express, dynamic pricing of fares led to loss of revenue and under utilisation of seats, recommended that Indian Railways should reassess the application software used in calculating the dynamic pricing structure so as to maximize the revenue generation at all times. The Ministry in their Action Taken Notes have submitted that there is no loss involved in running of Yesvantpur-Jaipur Suvidha train and Railways earned Rs.7.9 crore more in actual earnings by running Suvidha trains during 2016 to 2021.**

The Committee are surprised to note that Railways have stated that dynamic pricing has resulted in revenue generation of Rs. 7.9 crore when earnings of Suvidha trains are compared with the potential earnings of Mail/Express.

The Committee are of the opinion that the Railways should keep it in mind that abnormally high fares may act as a deterrent for passengers in choosing Railways over air travel and Indian Railways cannot afford to be selective about its customers, and accordingly review the fares to arrive at an appropriate solution. Railways should also cater to the needs of those people, who find Railways as the one of the medium of transportation within their means. Therefore, Railways should come up with a pricing mechanism that enjoys broader support and helps to improve its finances, through volume business. Considering the justification of generating more revenue by Yasvantpur-Jaipur Suvidha Express while running the train with vacant seats, the Committee are of the view that rationalization of fares, as already suggested by Commercial Department and recommended by the Committee, would fetch more revenue to Railways and remain passenger friendly.

11. Recommendation at Para no.3

The Committee noted from audit observation that utilisation of berths in 2A and 3A class was less than 60 percent during the period, 2016-2021. The Committee were unable to accept the argument forwarded by the Ministry in their written reply that occupancy of trains varies from season to season depending upon factors such as holidays, festivals etc. particularly when other trains on the same route had an average occupancy of 144 percent. Considering the fact, the Committee were of the view that swift action should have been taken on the issue so that earnings of the Railway did not plummet. The Committee could only recommend that continuous review of occupancy pattern and revenue earned should invariably be undertaken so that corrective action could be taken even during a short span of time. The Committee also recommended that in such kind of instances thorough ground work should be undertaken before the introduction of new trains so that optimum utilization could be achieved.

12. The Ministry of Railways in their Action Taken Notes have stated as under:

Review of occupancy and rationalization of Passenger fare are done on regular basis based on occupancy of trains. Based on occupancy the following actions have been taken:

- (i) Discounted schemes were introduced.
- (ii) Tatkal quotas were rationalized in certain trains.
- (iii) Fares are rationalized from time to time.
- (iv) Attachment of Sleeper coaches were allowed in Fully AC 3 tier Humsafar trains.

(v) Where AC-3 tier is running underutilised over certain sections, the same are converted into AC chair Car with lower fare.

(vi) Where Sleeper class is running underutilised over certain sections, the same are converted into second class unreserved/sleeper class unreserved with lower fare.

With regard to the observation of the Committee that thorough ground work should be done before introduction of new trains so as to achieve optimum utilisation, it is stated that the extant practice is in line with the observations made by the Committee and before introduction of new trains, IR takes into account both the operational feasibility and commercial/traffic justification into account. Commercial department of Zonal Railways regularly keep watch on the travelling pattern. In this regard, requests of passenger/business associations, chamber of commerce and Public representatives including Members of Parliament, Members of Legislative Assemblies are also taken into consideration to ensure optimum utilisation of resources and also the occupancy of the train.

13. While vetting the above ATNs, Audit made the following comments:

No comments

14. While observing the fact that utilization of berths in 2A and 3A class was less than 60 percent during the period from 2016 to 2021, the Committee had recommended that continuous review of occupancy pattern and revenue earned should invariably be undertaken so that corrective action could be taken even during a short span of time and thorough ground work should be undertaken before the introduction of new trains so that optimum utilization is achieved. The Ministry in their Action Taken Notes have stated that review of occupancy and rationalization of Passenger fare are done on regular basis based on occupancy of trains and measures like introduction of discounted schemes, rationalization of fares and Tatkal Quotas, attachment of Sleeper coaches in Fully AC 3 tier Humsafar trains, conversion of underutilized AC-3 tier into AC chair Car with lower fare etc. were undertaken. Railways take into account both the operational feasibility and commercial/traffic justification before introduction of new trains.

The Committee reiterate that there should be regular study of utilisation pattern of the Suvidha Trains so that necessary modifications can be done in order to achieve optimum utilisation of berths. The Committee are of the view that keeping in mind that flexi-fare work both ways - hikes and declines, the railways should consider higher occupancy of berths by lowering the price. Besides, mechanism regarding differential pricing for preferred berths and AI model for optimisation of seats in order to identify demand pattern and rejig the allocation of seats may be adopted by the Railways to increase occupancy.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Observation/Recommendation

The Committee take note of the fact that despite the suggestion of Commercial department, South Western Railway Administration failed to convert Suvidha Express trains running with poor patronage to Tatkal special/superfast express which resulted into the aforementioned loss. However, the Ministry in their Action Taken Note stated that the analysis for the period 2016 to 2021 showed that the actual earning was more to the extent of Rs.7.9 crore when a comparison is drawn between actual earning and the earning potential, and this cannot be deemed as loss. The Committee do not find this reply of the Ministry to be justifiable nor tenable and infer that South Western Railway did not take cognizance of the suggestion of Commercial Department which led to the loss of revenue of Rs. 80.74 crore. The Committee are of the view that the Ministry should have ensured that there is proper co-ordination amongst various authorities of Railways. The Committee are of the view that the main aim of introducing Dynamic fare structure or “surge pricing” is Revenue Optimization and Efficient Resource Allocation. The Committee, however, note that in case of the Suvidha Express Dynamic pricing of fares led to loss of revenue and under utilization of seats. The Committee, therefore, recommend that Indian Railway should reassess the application software used in calculating the dynamic pricing structure so as to maximize the revenue generation at all times.

**(Recommendation/Observation No.2 of 139th Report of
Public Accounts Committee)
(17th Lok Sabha)**

Action Taken

SWR vide their reply dated 21.12.2021 to Provisional para had already furnished year wise comparative earning potential of trains and actual earning of Suvidha trains in which it was informed that Railways earned Rs.7.9 crore more in actual earning by running Suvidha trains during 2016 to 2021. Further, the same was also reiterated in the reply for Action taken note.

In view of above, it is again reiterated that there is no loss involved in running of Yesvantpur-Jaipur Suvidha train.

Vetting Comments of Audit:

MoR's reply is based on the comparison made between potential earnings of Mail/express and the actual earnings of the Suvidha train.

This Action Taken Note has been vetted by the Audit vide their U.O. No. 517-Rly/SWR/12-29/2021 dated 25.07.2024.

Updated Comments of the Ministry

Yeswantpur-Jaipur Suvidha Express was running as a regular time-tabled Suvidha service. Therefore, earnings of Suvidha trains were compared with the potential earnings of Mail/Express regular time-tabled service.

Comments of the Committee

Please see Para No. 10 of Chapter I.

Observation/Recommendation

The Committee note from audit observation that utilization of berths in 2A and 3A class was less than 60 percent during the period, 2016-2021. The Committee are unable to accept the argument forwarded by the Ministry in their written reply that occupancy of trains varies from season to season depending upon factors such as holidays, festivals etc. particularly when other trains on the same route had an average occupancy of 144 percent. Considering the fact, the Committee are of the view that swift action should have been taken on the issue so that earnings of the Railway do not plummet. The Committee can only recommend that continuous review of occupancy pattern and revenue earned should invariably be undertaken so that corrective action could be taken even during a short span of time. The Committee also recommended that in such kind of instances thorough ground work should be undertaken before the introduction of new trains so that optimum utilization is achieved.

**(Recommendation/Observation No.3 of 139th Report of
Public Accounts Committee)
(17th Lok Sabha)**

Action Taken

Review of occupancy and rationalization of Passenger fare are done on regular basis based on occupancy of trains. Based on occupancy the following actions have been taken:

- (i) Discounted schemes were introduced.
- (ii) Tatkal quotas were rationalized in certain trains,
- (iii) Fares are rationalized from time to time.
- (iv) Attachment of Sleeper coaches were allowed in Fully AC 3 tier Humsafar trains.
- (v) Where AC-3 tier is running underutilized over certain sections, the same are converted into AC chair Car with lower fare.
- (vi) Where Sleeper class is running underutilized over certain sections, the same are converted into second class unreserved/sleeper class unreserved with lower fare.

With regard to the observation of the Committee that thorough ground work should be done before introduction of new trains so as to achieve optimum utilization, it is stated that the extant practice is in line with the observations made by the Committee and before introduction of new trains, IR takes into account both the operational feasibility and commercial/traffic justification into account. Commercial department of Zonal Railways regularly keep watch on the travelling pattern. In this regard, requests of passenger/business associations, chamber of commerce and Public representatives including Members of Parliament, Members of Legislative Assemblies are also taken into consideration to ensure optimum utilization of resources and also the occupancy of the train.

Vetting Comments of Audit:

No comments

This Action Taken Note has been vetted by the Audit vide their U.O. No. 517-Rly/SWR/12-29/2021 dated 25.07.2024.

Comments of the Committee

Please see Para No. 14 of Chapter I.

CHAPTER III

**OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT
DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE
GOVERNMENT**

NIL

CHAPTER IV

- (v) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration**

NIL

CHAPTER V

- (i) **Observations/Recommendations in respect of which Government have furnished interim replies/no replies:**

NIL

NEW DELHI:
12 February, 2025
23 Magha, 1946 (*Saka*)

K. C. VENUGOPAL
Chairperson,
Public Accounts Committee

APPENDIX-I

MINUTES OF THE THIRTEENTH SITTING OF THE COMMITTEE ON PUBLIC ACCOUNTS (2024-25) HELD ON 12 FEBRUARY, 2025

The Committee on Public Accounts sat on Wednesday, the 12 February, 2025 from 1500 hrs to 1715 hrs in Committee Room D, Parliament House Annexe, New Delhi.

PRESENT

Shri K.C. Venugopal - Chairperson

Members

LOK SABHA

2. Dr. Nishikant Dubey
3. Smt. Aparajita Sarangi
4. Dr. Amar Singh
5. Shri Tejasvi Surya
6. Shri Anurag Singh Thakur
7. Shri Dharmendra Yadav
8. Shri T. R. Baalu
9. Prof. Sougata Ray

RAJYA SABHA

10. Dr. K. Laxman
11. Shri Tiruchi Siva

LOK SABHA SECRETARIAT

- | | | | |
|----|-------------------------|---|------------------|
| 1. | Dr. Sanjeev Sharma | - | Joint Secretary |
| 2. | Shri Muraleedharan. P | - | Director |
| 3. | Shri Alok Mani Tripathi | - | Deputy Secretary |
| 4. | Shri Pankaj Sharma | - | Deputy Secretary |
| 5. | Shri Atul Bhawe | - | Deputy Secretary |
| 6. | Smt. Malvika Mehta | - | Deputy Secretary |

**REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

1. Sh. Rebecca Mathai - Dy. CAG
2. Ms. Atreyee Das - Dy. CAG
3. Ms. Smita S. Chaudhari - Dy. CAG
4. Sh. Samar Kant Thakur - Director General

REPRESENTATIVES OF THE MINISTRY OF XXXXXX

1. XXXXXXXXXXXX
2. XXXXXXXXXXXX
3. XXXXXXXXXXXX
4. XXXXXXXXXXXX
5. XXXXXXXXXXXX
6. XXXXXXXXXXXX
7. XXXXXXXXXXXX
8. XXXXXXXXXXXX
9. XXXXXXXXXXXX

PART A

XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX

PART B

Thereafter, Hon'ble Chairperson stated that the following nine draft reports may be taken up for consideration and adoption :-

- a. XXXXXXXXXXXX
- b. XXXXXXXXXXXX
- c. XXXXXXXXXXXX
- d. XXXXXXXXXXXX
- e. XXXXXXXXXXXX
- f. XXXXXXXXXXXX
- g. XXXXXXXXXXXX
- h. XXXXXXXXXXXX
- i. Action Taken by the Government on the Observations/Recommendations of the Committee contained in their 139th Report (17th LS) on 'Loss of Revenue due to Running of Suvidha Express Trains: South Western Railway'

After some deliberations, the Committee adopted the aforesaid Draft Reports without any modifications and authorised the Chairperson to finalise the Reports in the light of factual verification done by the Audit.

The Committee then adjourned.

A copy of the proceedings of the Sitting has been kept on record.

APPENDIX-II

(Vide Paragraph 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR ONE HUNDRED AND THIRTY NINTH REPORT (SEVENTEENTH LOK SABHA)

(i)	Total number of Observations/Recommendations	2
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 2 and 3	Total: 2 Percentage: 100
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government: Para No. – NIL	Total: 0 Percentage: 0
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: Para No. – NIL	Total: 0 Percentage: 0
(v)	Observations/Recommendations in respect of which the Government have furnished interim replies: Para No. – NIL	Total: 0 Percentage: 0