

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:803

ANSWERED ON:07.02.2017

Levy of Service Charge by Hotels

Mani Shri Jose K.;Patil Shri Shivaji Adhalrao;Raut Shri Vinayak Bhaurao;Shrirang Shri Chandu Barne

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the Government has received complaints from consumers that hotels and restaurants are levying an additional 5 to 20 per cent in bills as service charge in lieu of tips, regardless of the kind of service provided and if so, the details thereof and the reasons therefor along with the action taken thereon;
- (b) whether the Government has issued any advisory that levy of such service charges are not mandatory and amounts to unfair trade practices and if so, whether the Government has asked the hotels and restaurants to give a choice to consumers whether to pay the service charges or not;
- (c) whether there is no provision under the existing law to take action against hotels/ restaurants which levy service charge from the consumers forcefully and if so, the details thereof; and
- (d) the steps taken by the Government to make amendments in the law to take action against the hotels/restaurants which levy service charge from the consumers?

Answer

THE MINISTER OF STATE
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(SHRI C. R. CHAUDHARY)

- (a) : Yes, Madam. The Government has received a number of complaints from consumers through the National Consumer Helpline that some hotels and restaurants have been levying service charge at the rate of 5-20 per cent on the bills of food and beverages in lieu of tips which a consumer is forced to pay irrespective of the kind of service provided to him.
- (b) : The Department of Consumer Affairs has examined the matter and issued advisory to the State Governments to sensitize the companies, hotels and restaurants in the states regarding the provisions of the Consumer Protection Act, 1986 on unfair trade practices and also to advise the hotels/restaurants to disseminate information through display at the appropriate place in the hotels/restaurants that the "service charges" are discretionary/ voluntary and a consumer dissatisfied with the services can have it waived off.

(c) & (d) : The Consumer Protection Act, 1986 provides that a trade practice which, for the purpose of promoting the sale, use or the supply of any goods or for the provision of any service, adopts any unfair method or deceptive practice, is to be treated as an unfair trade practice. The said Act further provides that a consumer can make a complaint to the appropriate consumer forum established under the Act against

- (i) an unfair trade practice adopted by any trader or service provider
- (ii) the services hired or availed of, suffered from deficiency in any respect
- (iii) a trader or service provider, as the case may be, has charged for the goods or for the services a price in excess of the price (a) fixed by or under any law for the time being enforce, (b) displayed on the goods or any package containing such goods, (c) displayed on the price list exhibited by him or under any law for the time being in force or (d) agreed between the parties.
