

Government of India
Ministry of Consumer Affairs, Food and Public Distribution
Department of Consumer Affairs

LOK SABHA
UNSTARRED QUESTION NO. 2395
TO BE ANSWERED ON 09.03.2021

SERVICE CHARGE BY RESTAURANTS

2395. SHRI A.K.P. CHINRAJ:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्री be pleased to state:

- (a) whether levy of the service charge by restaurants in addition of GST is legal or not;
- (b) the steps to be followed by restaurants for levying service charge;
- (c) whether any complaint has been received by the Government against levy of service charge by restaurants and if so, the details thereof;
- (d) whether it is true that even after guidelines in relation to service charge by the Government, restaurants are not following the Government guidelines; and
- (e) if so, the steps taken by the Government against restaurants who are not following the guidelines issued by the Government?

ANSWER

उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण राज्य मंत्री
(श्री दानवे रावसाहेब दादाराव)

THE MINISTER OF STATE
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(SHRI DANVE RAOSAHEB DADARAO)

(a) to (e) : The Government in April 2017 issued guidelines on fair trade practices related to charging of Service Charge from consumer by hotel/restaurants. As per these guidelines, Service Charge is optional and payment of it depends entirely upon the discretion of the consumers.

This Ministry vide Circular dated 21.04.2017 had advised the State Governments to sensitize the companies, hotels and restaurants in the state regarding provisions related to unfair trade practices of the Consumer Protection Act and to disseminate the information through display at the appropriate place in the hotels/restaurants that the 'service charges' are discretionary/ voluntarily and a consumer dissatisfied with the services can have it waived off.

During the year 2020, 81 complaints related to levying of Service Charge by restaurants, pubs and hotel have been received at National Consumer Helpline. All the complaints were taken up with the respective Hotels/ Restaurants for appropriate redressal. The response received from the Hotels/Restaurants were thereafter conveyed to the complainants.

The Consumer Protection Act, 2019 provides for a three tier quasi-judicial machinery called Consumer Commissions at the Central, State and District levels and the consumers can approach District Commissions for redressal of grievance related to collection of service charges by hotels and restaurants.
