

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

**LOK SABHA**

**STARRED QUESTION NO. \*156**

TO BE ANSWERED ON 27.07.2022

**LEVY OF SERVICE CHARGES**

\*156. SHRI L.S. TEJASVI SURYA: SHRI B.B.PATIL:

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

- (a) whether it is true that restaurants, hotels, shops and establishments cannot levy service charge in addition to GST on a customer and if so, the details of the rule/ regulation laid down in this regard;
- (b) the grievance redressal mechanism available for a customer to report the above along with the details of the appellate authority who considers these cases;
- (c) whether the Government helpline for consumers has received complaints against restaurants and other such chains levying service charge and denying entry to a customer for refusing to pay service charge;
- (d) if so, the number of such complaints received, resolved or under investigation, etc., year-wise and category-wise; and
- (e) the measures taken/likely to be taken by the Government to provide concrete legal backing to deal with this issue?

**ANSWER**

**उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्री**  
**(श्री पीयूष गोयल)**

**THE MINISTER OF**  
**CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION**  
**(SHRI PIYUSH GOYAL)**

(a) to (e) : A Statement is laid on the Table of the House.

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**STATEMENT REFERRED IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO.\*156 FOR 27.07.2022 REGARDING LEVY OF SERVICE CHARGES.**

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(a) to (e): Section 18(2)(1) of the Consumer Protection Act, 2019 empowers Central Consumer Protection Authority to issue necessary guidelines to prevent unfair trade practices and protect consumers' interest.

A number of complaints were being received on National Consumer Helpline regarding addition of service charge by restaurants and hotels in the bill without consent of consumers. A component of service is inherent in price of food and beverages offered by the restaurant or hotel. Pricing of the product thus covers both the goods and services component. There is no restriction on hotels or restaurants to set the prices at which they want to offer food or beverages to consumers.

The Central Consumer Protection Authority, taking cognizance of such complaints being received on National Consumer Helpline regarding levy of service charge by hotels and restaurants, has issued guidelines to prevent unfair trade practices and protection of consumer interest with regard to levy of service charge in hotels and restaurants on 4th July, 2022. The guidelines issued by CCPA stipulate that hotels and restaurants shall not add service charge automatically or by default in the food bill and have to clearly inform the consumer that service charge is voluntary, optional and at consumer's discretion. These guidelines do not prohibit a consumer to pay tips to serving staff voluntarily.

High Court of Delhi has, vide its order dated 20.07.2022, stayed para 7 of these guidelines with further directions that the proposed levy of a service charge in addition to the price and taxes payable and the obligation of customers to pay the same shall be duly and prominently displayed on the menu or other places where it may deemed to be expedient and no service charge be levied on any take away items.

Under the *ibid* Act, a three tier quasi-judicial mechanism, namely the National Consumer Disputes Redressal Commission, State Consumer Disputes Redressal Commissions and District Consumer Disputes Redressal Commissions have been set up in the country to provide simple, inexpensive and speedy redressal to the consumer disputes including those related with levy of service charge.

At pre-litigation stage, a consumer can lodge a complaint in National Consumer Helpline. During 2019-20, 658 complaints were filed regarding levy of service charge in National Consumer Helpline. For the year 2020-21 and 2021-22, 99 and 413 such complaints were filed respectively. All the complaints have been disposed of with either resolution provided by the concerned hotel or restaurant or with the advice to the consumer to approach consumer commission. Details of these grievances received on National Consumer Helpline during last three years are available at URL-[https://consumeraffairs.nic.in/NCH\\_Grievances\\_on\\_Service\\_Charge.xlsx](https://consumeraffairs.nic.in/NCH_Grievances_on_Service_Charge.xlsx).

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