

12– 07 – 2022

News: Central Consumer Protection Authority (CCPA)

- Recently, **CCPA announced five guidelines to prevent unfair trade practices and to protect consumer interests regarding the levy of service charges** in hotels and restaurants.
- The guidelines are in addition to the Centre's 2017 guidelines which prohibit the levy of service charges on consumers by hotels and restaurants, and term the charging for anything other than “the prices displayed on the menu card along with the applicable taxes” without “express consent” of the customer as “unfair trade practices”.

New guidelines

- As per the new guidelines, **hotels or restaurants are prohibited from levying extra charges automatically or by default in the bill or by any other name.**
- Also, **they are not allowed to force service charges, and must clearly inform the consumers that service charges are voluntary, optional, and at their discretion.**
- Most importantly, **hotels and restaurants are no longer allowed to restrict entry or services based on the collection of service charges.**

- Furthermore, hotels cannot add service charges to their bills and charge GST on the total.
- The point here is that any tip, donation, token, gratuity, etc., is no longer permitted to be charged and shall be considered as a separate transaction between the consumer and the staff • of the hotel and restaurant. It is entirely up to the consumer to decide whether or not to tip.
- If a consumer enters a restaurant or orders something, the restaurant policy cannot require them to tip.
- Therefore, consumers cannot be forced to pay a service charge without having the choice to decide whether they want to do so.

Redressal Mechanisms

- If any consumer finds that a hotel or restaurant is levying a service charge in violation of these guidelines, they may request the concerned hotel or restaurant to remove the service charge from the bill or may lodge a complaint on the National Consumer Helpline (NCH), which works as an alternate dispute redressal mechanism at the prelitigation level by calling 1915 or through the NCH mobile app.

- A complaint may also be filed against unfair trade practice with the Consumer Commission electronically through edaakhil.nic.in. for its speedy and effective redressal.

Central Consumer Protection Authority (CCPA)

- Central Consumer Protection Authority draws its statutory powers from Section 10 (1) of Consumer (Protection) Act, 2019.
- Headquarters of CCPA is situated in New Delhi.

Powers of the authority

- It can inquire all matters relating to consumer rights (including suo-moto rights to lodge a file).
- Recommends central government in consumer protection policies.
- Recall all goods and services that are dangerous and hazardous.
- Pass an order to refund the products if consumers' interest is delegated (maximum 10 lakh or upto 2-year imprisonment).
- Misleading advertisements can be found guilty.
- Unfair trade practices shall be punished.

Composition

- CCPA includes a Chief Commissioner and 2 other commissioners of one being related to goods and other being related to services.
- CCPA will be having an investigation wing headed by Director General. District authority under CCPA will be headed by District Collector.