CENTRAL CONSUMER PROTECTION AUTHORITY
Krishi Bhawan, New Delhi - 110001
Case No. CCPA- 2/14/2026-CCPA

In the matter of Ranisa Restaurant regarding alleged levying of service charge, violation of Consumer Rights and Unfair Trade Practices

CORAM:
Ms. Nidhi Khare, Chief Commissioner
Mr. Anupam Mishra, Commissioner

Appearance:
Akshat, Representative from Ranisa Restaurant

Date: 11.08.2026

ORDER

1. The Central Consumer Protection Authority (CCPA) has taken suo motu cognizance of a complaint received from Ms. Joyshree Saikia regarding alleged violation of consumer rights and unfair trade practices by Ranisa Restaurant, Block P-14/90, Connaught Place, New Delhi (hereinafter referred to as "the Restaurant"). The complainant alleged that during her visit to the Restaurant on 02.06.2025, the Restaurant insisted upon charging a service charge of 5% despite her explicit request for its removal. It was further alleged that a human hair was found in the Rasgulla served to her cousin sister and that when the issue was brought to the attention of the Restaurant, instead of acknowledging the lapse, the management merely offered a discount of 10% without apologising or addressing the hygiene concern. The complainant, in support of her allegations, enclosed the copy of the bill and other relevant documents. The Consumer in support of his grievance had attached the bill, which is reproduced below:



Ranisa
New Delhi
Ranisa
P-14/90, Connaught Cir, Block P, Connaught Place
New Delhi, Delhi - 110001
9911177118
GSTIN: 07ADBPJ0113B2ZK

Order (Reprint)

15 (Pax - 3)

Order (Reprint) 16744 Jun 02 2025 08:52 PM	1 item (3 Qty) Cashier, FF TAB
Utsav Thali 3 @ 522.60/ea	1,567.80
Sub Total	1,567.80
Discount 10% on 1,567.80	-156.78
Service charge 5% on 1,411.02	70.55
CGST 2.5% on 1,411.02	35.28
SGST 2.5% on 1,411.02	35.28
Bill Total	1,552.13
Bill Total (rounded)	1,552.00

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2. It is pertinent to mention that vide judgement dated 28th March, 2025 the Hon'ble High Court of Delhi in **National Restaurant Association of India & Ors. v. Union of India & Anr.** had held that: *"All restaurant establishments would have to adhere to the guidelines passed by the CCPA. If there is any violation of the same, action would be liable to be taken in accordance with law. CCPA is free to enforce its guidelines in accordance with law."* Further the Hon'ble High Court had upheld the applicability of the CCPA guidelines which is in the interest of consumers and declaring the levy of any mandatory service charge as contrary to law and violates the guidelines.

3. The complaint prima facie indicated that the Restaurant had imposed service charge despite the consumer's express refusal to pay the same. The complaint also alleged lapses relating to hygiene and negligent handling of the consumer's grievance. The allegations disclosed a possible violation of consumer rights and unfair trade practices which could potentially affect consumers as a class. Accordingly, in exercise of powers conferred under Sections 18(2) and 19 of the Consumer Protection Act, 2019 ("the Act"), CCPA undertook a preliminary inquiry to ascertain the veracity of the allegations.

4. Upon examination during the preliminary inquiry, CCPA prima facie observed that the Restaurant had allegedly levied service charge in a manner contrary to the judgement of the Hon'ble High Court of Delhi upholding the Guidelines to Prevent Unfair Trade Practices and Protection of Consumer Interest with regard to levy of service charge in Hotels and Restaurants, 2022 issued by CCPA (hereinafter referred to as Guidelines, 2022). It was further observed that the allegations relating to unhygienic food and negligent redressal of the consumer's grievance warranted examination under the Consumer Protection Act, 2019. The facts disclosed in the complaint indicated a prima facie case of unfair trade practice and violation of consumer rights affecting consumer as a class as envisaged in section 10 of Consumer Protection Act 2019.

5. Based on the preliminary inquiry findings, CCPA directed the restaurant to furnish their response vide Notice dated 20th February, 2026 for violation of the Act, 2019 and *Guidelines to Prevent Unfair Trade Practices and Protection of Consumer Interest with Regard to Levy of Service Charge in Hotels and Restaurants issued on 04.07.2022.*

6. In response to the said notice, the restaurant made the following submissions on 20th March, 2026:

a. The Restaurant denied that service charge was being forcibly levied upon consumers and submitted that the service charge was voluntary in nature and was charged with the consent of the consumer.
b. It was submitted that the service charge was duly disclosed to consumers, including through the menu, and that the consumer had the option to object to or seek removal of the service charge at the time of billing.
c. With respect to the complaint in question, the Restaurant submitted that the issue may have arisen on account of a misunderstanding with the billing staff.
d. The Restaurant expressed its willingness to refund the service charge collected from the complainant.
e. In relation to the allegations concerning hygiene and food safety, the Restaurant submitted that it maintained the requisite hygiene standards and possessed valid FSSAI and municipal licences.
f. The response, however, did not clearly establish that service charge was not being automatically included in the bill or that affirmative consent of the consumer was obtained prior to its levy.

7. Upon examination of the response furnished by the Restaurant, CCPA observed that the matter required detailed investigation. Although the Restaurant contended that the service charge was voluntary and levied with the consent of the consumer, the material furnished did not satisfactorily establish whether service charge was being levied only after obtaining the consumer's express consent or whether the same was being automatically added to the bill, requiring the consumer to subsequently seek its removal. Further, the allegations concerning unhygienic food and the manner in which the consumer's grievance was handled also required examination. CCPA was therefore satisfied that a prima facie case existed warranting investigation into possible unfair trade practice and violation of consumer rights under the Consumer Protection Act, 2019 and non-compliance with the Guidelines dated 04.07.2022.

8. In light of the above observations, CCPA vide letter dated 27th March, 2026 directed Director General (Investigation) to conduct a detailed investigation.

9. The Director General (Investigation) submitted the Investigation Report vide email dated 22nd June, 2026. The findings in the Investigation report are as under:

A. Unfair Contract: M/s Ranisa Restaurant added 5% service charge of ₹70.55 to a subtotal of ₹1,411.02. The service charge was included before GST, making

the total ₹1,552.00. The restaurant claims that the service charge is voluntary, added with customer's consent and disclosed on the menu. The invoice shows the charge was added without any express agreement. The restaurant also claims that customers must object at billing, which imposes the burden on customers and creates a pressured, disadvantageous position. This conduct amounts to deceptive billing and breaches rules against unfair contractual terms, notwithstanding the restaurant's stated "corrective measures".

B. Unfair Trade Practice: The Ranisa Restaurant's invoice levied "5% Service Charge – ₹70.55," then applies CGST ₹35.28 and SGST ₹35.28, producing a total of ₹1,552.00. Presenting and adding the service charge automatically gives the impression that it is mandatory and authorised by any government authority. Automatic inclusion without clear, affirmative consent misleads the customers and limits their freedom of choice. This conduct of restaurant constitutes deceptive and unfair trade practice under Section 2(47) of the Consumer Protection Act.

C. Violation of Consumer Rights: The Ranisa Restaurant, imposed "5% Service Charge – ₹70.55" on the ₹1411.02 subtotal, followed by CGST of ₹35.28 and SGST of ₹35.28, resulting in a grand total of ₹1552.00. This practice demonstrates that the customer paid tax on a non statutory charge, inflating the total payable amount due to the automatic inclusion of the service charge without any recorded voluntary contract agreement by the customer. In this case, the customer was entitled to protection against unfair trade practices, and the right to be informed. The automatic addition of the service charge undermines informed choice, creates pressure at the billing stage, and makes it socially uncomfortable for customers to object, thereby imposing a financial burden unless actively disputed invoice. Offering a refund in such cases after payment does not rectify the violation, as the infringement occurs at the time of billing when consent must be free and informed. This clearly indicates that the restaurant has violated consumer rights.

In view of the findings on record, the investigation report conclusively established that Ranisa Restaurant violated multiple provisions of the Consumer Protection Act, 2019. Although the restaurant contends the service charge was properly disclosed to customers and voluntary in nature, the tax invoice dated 02.06.2025

proves otherwise, as Ranisa Restaurant's automatic addition of the 5% service charge (₹70.55) constitutes multiple violations:

(a) Unfair Contract [Section 2(46)(vi)]: Ranisa Restaurant, invoicing/billing impose automatic addition of service charge of ₹70.55" was levied on the ₹1411.02 subtotal, followed by CGST of ₹35.28 and SGST of ₹35.28, resulting in a grand total of ₹1552.00 was levied. Thus restaurant show noncompliance under Section 2(46) of CP Act, 2019.

(b) Unfair Trade Practice [Section 2(47)]: The bill presented ₹1552.00 as a regular line item alongwith GST, making a non-mandatory charge appear compulsory through a confusing format. By calculating GST on the inflated amount and requiring customers to dispute the charge at payment, Ranisa Restaurant created the impression that payment was unavoidable. This misleading billing practice and coerced payment constitute an unfair trade practice under Section 2(47) of the Consumer Protection Act, 2019.

(c) Consumer Rights Infringement: The restaurant undermines the customer's rights to information and fair treatment through unlawful actions. These compel payment of the bill with additional service charge thereby indulge in violation of Section 2(9) of the Consumer Protection Act, 2019.

The impugned invoice reflects these facts Ranisa Restaurant in Delhi automatically levied Service Charge @5% (₹70.55) by violating Sections 2(9), 2(46)(vi), 2(47) of the Consumer Protection Act, 2019.

10. The Investigation Report submitted by DG (Investigation) was shared with the Restaurant vide letter dated 25th June, 2026 to furnish its comments and an opportunity of hearing was also provided to the Restaurant on 20th July, 2026 under Section 20 and 21 of the Act, 2019 before passing an order.

11. During the hearing, the representative of the Restaurant appeared before the Central Authority and submitted that the levy of service charge was earlier treated by the Restaurant as optional and was charged after seeking the consent of the consumer. It was, however, admitted that the Restaurant continued to levy service charge till receipt of the Notice issued by CCPA, whereafter the practice was discontinued. The representative stated that the Restaurant had stopped charging service charge entirely and that the same was no longer being reflected in its system-generated invoices. The Restaurant attributed the earlier levy to lack of awareness regarding the legal position and expressed regret for the same.

12. The Central Authority clarified during the hearing that the burden could not be placed upon consumers to request removal of service charge and that, in terms of the Guidelines dated 04.07.2022 and the judgment of the Hon'ble High Court of Delhi, service charge ought not to be added by default or otherwise incorporated in the bill in a manner requiring the consumer to opt out. The Restaurant was accordingly directed to furnish an undertaking specifying the date from which levy of service charge had been discontinued and confirming that its billing system no longer generated any service charge component. The Restaurant was further directed to refund the service charge amount collected from the complainant and furnish proof thereof. The matter was thereafter reserved for orders, subject to submission of the aforesaid undertaking and proof of refund.

13. In furtherance of the hearing the restaurant has, vide email dated 24.07.2026, the submitted an Undertaking in compliance with the hearing dated 20.07.2026. The Restaurant also furnished proof evidencing refund of the service charge to the concerned consumer.

14. In the said Undertaking, Mr. Pawan Kumar Jain, owner of M/s Jain Refreshment Corner, operating under the brand name "Ranisa Restaurant", stated that the Restaurant was no longer charging service charge from its customers and enclosed copies of bills for the preceding months in support thereof. The Restaurant further expressed regret regarding levy of service charge in the past and stated that the service charge collected from the concerned consumer had been refunded. The Restaurant also undertook not to charge any service charge from its customers and to comply with applicable laws, including consumer protection law and the Guidelines.

15. The documentary proof furnished along with the email dated 24.07.2026 shows that an amount of ₹70/- was refunded to Ms. Joyshree Saikia on 20.07.2026. **(Annexure I)**

16. Before delving into the specifics of the case, it is pertinent to examine the relevant legal framework that governs such transactions.

    a. As per the Consumer Rights enshrined under Section 2(9) (ii) and (v) of the Act states that the consumer rights includes- "the right to be informed about the quality, quantity, potency, purity, standard and price of goods, products or services, as the case may be, so as to protect the consumer against unfair trade

practices" and "the right to seek redressal against unfair trade practices or restrictive trade practices or unscrupulous exploitation of consumers."

b. From the bare reading of Section 2 (28) of the Act, 2019 it can clearly be concluded that when a restaurant displays a menu with specific prices, the consumer is duly informed about the cost of the food. However, if a mandatory and non-statutory service charge is added later, it conveys an express or implied representation that the restaurant, a service provider had deliberately concealed the actual price of the food and service thereof, constituting an unfair trade practice.

c. Furthermore, Section- 2(47) of the Consumer Protection Act, 2019 defines "Unfair Trade Practice" which includes deceptive or unethical methods used to promote the sale of goods, use or supply of any goods or provision of services.

d. CCPA had 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 extracts of which are given below:

"3. Service charge is being levied in addition to the total price of the food items mentioned in the menu and applicable taxes, often in the guise of some other fee or charge.

4. It may be mentioned that 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. Thus, placing an order involves consent to pay the prices of food items displayed in the menu along with applicable taxes. Charging anything other than the said amount would amount to unfair trade practice under the Act.

7. Therefore, to prevent unfair trade practices and protect consumer interest with regard to levying of service charge, the CCPA issues the following guidelines –

(i) No hotel or restaurant shall add service charge automatically or by default in the bill.

(ii) Service charge shall not be collected from consumers by any other name.

(iii) No hotel or restaurant shall force a consumer to pay service charge and shall clearly inform the consumer that service charge is voluntary, optional and at consumer's discretion.

(iv) No restriction on entry or provision of services based on collection of service charge shall be imposed on consumers.

(v) Service charge shall not be collected by adding it along with the food bill and levying GST on the total amount."

e. The Hon'ble High Court of Delhi ***[National Restaurant Association of India & Ors. Vs Union of India & Anr.]*** passed the Judgment on 28th March, 2025 held in favor of CCPA wherein the Court held the following:

i. *Service charge or TIP as is colloquially referred, is a voluntary payment by the customer. It cannot be compulsory or mandatory. The practice undertaken by the restaurant establishments of collecting service charge that too on a mandatory basis, in a coercive manner, would be contrary to consumer interest and is violative of consumer rights.*

ii. *The collection of service charge and use of different terminologies for the said charge is misleading and deceptive in nature. The same constitutes an unfair trade practice under Section 2(47) of the CPA, 2019.*

iii. *The guidelines framed by the CCPA are thus valid and are in the interest of the consumers and the same are upheld.*

iv. *While this Court holds that the mandatory collection of service charge is contrary to law and violates the guidelines, it is also of the opinion that if consumers wish to pay any voluntary Tip for services which they had enjoyed, the same would obviously not be barred. The amount however, ought not to be added by default in the bill/invoice and should be left to the customer's discretion.*

v. *All restaurant establishments would have to adhere to the guidelines passed by the CCPA. If there is any violation of the same, action would*

be liable to be taken in accordance with law. CCPA is free to enforce its guidelines in accordance with law.

17. In light of the above provisions and consideration of the investigation report of DG Investigation (CCPA) along with the submissions of the Restaurant, CCPA arrives at the following findings:

a) **Automatic addition of service charge cannot be treated as voluntary:** The material on record establishes that the bill dated 02.06.2025 contained a 5% service charge amounting to ₹70.55, which was incorporated into the bill before computation of the final amount payable by the consumer. The Restaurant has sought to contend that the service charge was optional and that consumers were asked whether they were willing to pay the same. However, the very fact that the charge formed part of the generated bill and required the consumer to seek its removal is contrary to the requirement that payment of any such amount must originate from the consumer's own voluntary choice. The Investigation Wing also found no record of any express or affirmative consent having been obtained from the consumer prior to inclusion of the service charge.

b) **The burden cannot be shifted upon the consumer to opt out:** The plea of the Restaurant that a consumer could request removal of service charge cannot justify its inclusion in the bill. The legal framework does not contemplate a mechanism whereby service charge is first added and thereafter removed if the consumer objects. Rather, the consumer must be left free to decide, after receiving the service, whether any voluntary tip is to be paid. A practice which requires the consumer to specifically object to or seek deletion of an additional charge places the burden upon the consumer and undermines free and informed choice. This aspect is also borne out from the Investigation Report, which records that requiring consumers to object at the billing stage places them in a pressured and disadvantageous position and that subsequent refund of the amount does not erase the violation occurring at the time of billing.

c) **The violation continued despite the prevailing regulatory and judicial position:** The Guidelines regulating levy of service charge had been in force since 04.07.2022 and were subsequently upheld by the Hon'ble High Court of Delhi on 28.03.2025. The impugned transaction took place on 02.06.2025, i.e. subsequent to the aforesaid judgment. During the hearing, the Restaurant itself acknowledged that service charge continued to be levied until proceedings were initiated by the Central Authority vide notice dated 20.02.2026 and attributed the same to lack of

knowledge regarding the legal position. Lack of awareness, however, cannot justify continuation of a billing practice contrary to the applicable Guidelines and the judgment of the Hon'ble High Court, particularly when the service charge was being incorporated into bills generated in the ordinary course of business.

d) **Disclosure in the menu does not validate automatic levy:** Even assuming that the Restaurant disclosed on its menu that service charge would be levied or that such charge was described as optional, such disclosure by itself does not authorise automatic inclusion of service charge in the bill. The Guidelines specifically prohibit addition of service charge automatically or by default. Therefore, disclosure of the charge beforehand cannot substitute the requirement of an independent and affirmative decision by the consumer to pay a voluntary tip.

e) **Subsequent corrective action:** At the same time, the Central Authority takes note of the corrective measures subsequently undertaken by the Restaurant. During the hearing, the Restaurant stated that it had completely discontinued levy of service charge. Pursuant to the directions issued during the hearing, the Restaurant submitted an undertaking affirming that service charge was no longer being charged and undertook not to levy the same in future. It also expressed regret regarding the past levy and refunded the service charge collected from the complainant. The email dated 24.07.2026 further records submission of the undertaking and proof of refund to the concerned consumer.

However, it is pertinent to note that subsequent corrective action does not absolve the Restaurant of liability for the contravention already committed. Hence, in view of the facts and circumstances of the present case, the findings of the Investigation Report and the foregoing analysis, the Restaurant is found to be in violation of the following provisions of the Consumer Protection Act, 2019 and the Guidelines issued thereunder:

i. Consumer rights under section 2(9) (ii) of the Act, 2019.
ii. Consumer rights under section 2(9) (v) of the Act, 2019.
iii. Engaging in Unfair Trade Practice as defined in section 2(47) of Act, 2019 read with section 2(46) (vi) of Act, 2019;
iv. Misleading advertisement under Section 2(28) (i) and (iii) of the Act, 2019.
v. 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.

18. Considering the above findings and the violations noted in the foregoing paras the CCPA is empowered under Section 20 and 21 of the Consumer Protection Act, 2019 to issue directions to modify the advertisement or discontinue such advertisement and practices, if necessary, it may, by order, impose a penalty which may extend to ten lakh rupees and for every subsequent contravention may extend to fifty lakh rupees. Further, Section 21 (7) of the above Act, 2019 prescribes that following may be regarded while determining the penalty:

    i. the population and the area impacted or affected by such offence;
    ii. the frequency and duration of such offence;
    iii. the vulnerability of the class of persons likely to be adversely affected by such offence;
    iv. the gross revenue from the sales effected by virtue of such offence

19. It is evident that the restaurant has a substantial consumer reach, and levy of service charge by default on bill has the potential to affect a large number of consumers. It is also pertinent to note that, as per the restaurant's own submission, it discontinued the levy of service charge with effect from March, 2026, i.e., subsequent to the Central Authority taking cognizance of the present matter. Therefore, the conduct of the restaurant attracts the applicability of Section 21(7) of the Act, 2019.

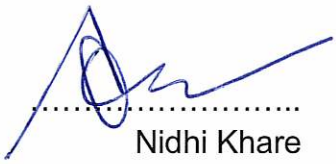
20. In light of the above CCPA issues the following directions:

    I. The Restaurant shall discontinue and refrain from levying or collecting any service charge automatically or by default, whether under the nomenclature of "service charge" or by any other name, and shall ensure strict compliance with the Guidelines to Prevent Unfair Trade Practices and Protection of Consumer Interest with Regard to Levy of Service Charge in Hotels and Restaurants dated 04.07.2022.To take immediate steps to modify its software generated billing system by removing default addition of service charge or charge by any other name.

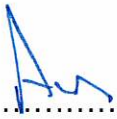
    II. The undertaking furnished by the Restaurant that it has discontinued levy of service charge and shall not charge service charge from consumers in future is also taken on record. The Restaurant shall remain bound by the said undertaking, and any subsequent violation thereof shall be viewed seriously and dealt with in accordance with the provisions of the Consumer Protection Act, 2019.

III. In view of the violations established in the present proceedings and after taking into consideration the factors stipulated under Section 21(7) of the Consumer Protection Act, 2019, including the scale of operations of the Restaurant as well as the subsequent corrective measures undertaken by it, the Restaurant is directed to pay a penalty of ₹ 10,000/- only.

The Restaurant shall submit a compliance report of the above-mentioned directions to the CCPA within 15 days from the receipt of this order.



Nidhi Khare
Chief Commissioner



Anupam Mishra
Commissioner