

95% Mumbai restaurants and bars not charging service charge, manage staff incentives through sales

Almost 95% of the restaurants and bars, except for some high end lounges and fine dine bars, in the city are not recovering service charge from their customers. However, they are passing on incentives to their staff, over and above the tips offered by customers, through the regular income from the sales which eventually comes from the customers' pockets. Ultimately, we are service industry, they say.

"Most of these guidelines issued by CCPA are already followed by hotels & restaurants. It's extremely disheartening that the hospitality industry is constantly singled out. We have explained over and over again that there is nothing illegal in collecting a service charge. It is a charge collected for the benefit of the staff which includes everyone from the waiters to the personnel working in the kitchen who have served a consumer directly and indirectly. Besides, no hospitality establishment coaxes a consumer to pay it if for any reason they choose not to," said Mr. Gurbaxish Singh Kohli, Vice President, Federation of Hotel & Restaurant Associations of India (FHRAI).

"But the industry is being painted as the black sheep in the eyes of the consumer for no reason. Ironically, there are several online websites and apps that charge convenience fees including the Government-run IRCTC. These do not even explain what the charge is for nor is the consumer given a choice to opt out of it. We ask the Government to introduce a law that is uniform to all businesses and that the hospitality industry is not discriminated against. We are an industry that creates jobs and at the end of it, any kind of ruling or order against the service charge will be detrimental to employees since they are the ones who will suffer," said Mr. Kohli.

"These are a new set of guidelines that have been issued by CCPA and not a new law. Most of these guidelines have already been followed by hotels and restaurants. Nobody was forced to pay the service charge nor was any consumer turned back if they disagreed to pay it. The industry was expecting the enactment of a comprehensive law that would put curbs on levying charges

over and above the cost of a product or service and which would be applicable across all industries," said Mr. Pradeep Shetty, joint honorary secretary of Federation of Hotel & Restaurant Associations of India (FHRAI).

"However, with these guidelines, it appears that the curbs imposed are applicable only to the hospitality industry. FHRAI may approach the CCPA seeking clarifications and to submit further suggestions. Unfortunately, the beneficial global practice for employees will take a beating. FHRAI will issue a detailed statement after examining and studying the guideline," said Mr. Shetty who is also the Vice President of Hotel & Restaurant Association of Western India (HRAWI).