



CONSUMER UPDATE

Hope you enjoyed reading our last issue of “Consumer Update”! We are happy to share the next issue of the newsletter with you. We look forward to your feedback.

Happy reading!

CAG and other consumer groups demand for removing of service charges from hotel bills

Service charges billed by restaurants are optional and it is up to the customers to pay it, the Department of Consumer Affairs said in January 2017. The department cited complaints that hotels and restaurants are levying an additional 5 to 20% in bills in lieu of tips, regardless of the kind of service provided. It asked state governments to sensitise hotels and restaurants and advise them to display at appropriate places on their premises that service charges are discretionary/voluntary and can be waived if a consumer is dissatisfied with the services. The department said arbitrary levy of this sum in lieu of tips amounts to an unfair trade practice.

While appreciating the Department for taking cognizance of the issue and coming out with this clarification, CAG and other consumer groups from across the country wrote to the Government stating that this clarification did not address the issue on hand and demanded for a more cogent announcement from the Government, stating that service charges cannot be part of the bill, which would benefit consumers. Leaving it to the discretion of consumers is going to be practically difficult and embarrassing for consumers, yielding no desired results, the letter said.

Consumer awareness programs

As part of CAG’s efforts to create awareness, Saroja addressed the students of Prince Venkateshwara College of Arts and Science and Queen Mary’s college on consumer protection and consumers and safe environment, respectively.

Also, considering the need to educate financial consumers on unfair contracts, hidden commissions, mis-selling of financial products and the like, to which they very often unknowingly fall prey to, CAG organized a Consumer Guidance Seminar on Financial Services on 11.02.2017. The seminar was well attended with around 80 people participating. Representatives from consumer organizations in Tamil Nadu, consumers and students from various colleges participated in the event.



There were four speakers who covered various topics of consumer interest. Yogesh Sapkale, Deputy Editor, Moneylife, Mumbai spoke on the issues around responsible business conduct of financial service providers. He cited diverse cases where consumers were affected due to mis-selling of financial products, ponzi schemes and other such schemes. Following this, Raghavan, Head- Consumer Banking, Equitas spoke in detail about the important role that micro finance played in the lives of the lower income group and the challenges around it. Later, Deepti George, Head – Policy, IFMR Finance Foundation spoke on problems of non-disclosure and lack of transparency in financial services and Gopalakrishnan, Ex-Banking Ombudsman, spoke about the inbuilt redress mechanisms available within the system to resolve consumer disputes. The sessions were co-ordinated by Aarati Krishnan, Editorial Consultant, Hindu-Businessline.

The seminar was well received by the audience and the question and answer session saw some lively deliberations.

Misleading Ads for Traditional Medicine under Centre's Scanner

The Ministry of AYUSH has asked the Advertising Standards Council of India (ASCI) to proactively identify potentially misleading advertisements of traditional systems of medicine in domains such as ayurveda, yoga and naturopathy. Usually, ASCI scans advertisements based on complaints it receives. “ASC has been given a self-monitoring mandate by the Ministry of AYUSH to identify potentially misleading advertisements in the sector and process complaints through its Consumer Complaints Council (CCC)”, according to a statement from the watchdog. These will include advertisements on ayurveda, yoga and naturopathy, unani, siddha and homeopathy medicines, treatment and related services.

“The arrangement would ensure that any advertisement making claims for diseases and disorders, in violation of the notification issued by our ministry for indications that have been prohibited from claiming, are brought to our attention”, said Secretary, the Ministry of AYUSH.

For more details, click [here](#)

Regulations on Nutraceuticals

The Food Authority has notified the Food Safety and Standards (Health Supplements Nutraceuticals, Food for Special Dietary Use, Food for Special Medical Purpose, Functional Food and Novel Food) Regulations, 2016 in the Gazette of India. The regulations cover eight categories of foods, namely, Health Supplements, Nutraceuticals, Food for Special Dietary Use, Food for Special Medical Purpose, Speciality Food containing plant or botanicals, Foods containing Probiotics, Foods containing Prebiotics and Novel Foods. Requirements for such foods as detailed in these regulations pertain to essential composition, claims and labelling, etc. The regulations do not allow the use of hormones or steroids or psychotropic ingredients in any of the articles of food.

These regulations not only open a window for such food products in the domestic market, as was the demand of various stakeholders for over a year now, but also strengthens the food safety authorities to effectively regulate such products (both domestically produced and imported) while ensuring their food safety and efficacy. The said regulations came into force with immediate effect but the obligation of the food business operator to comply with the provisions of the regulation will be effective from January 1, 2018.

Govt. mulls over Unified body for Grievances Redressal in Financial Sector

In order to strengthen the consumer protection mechanism, the government has initiated an exercise to set up a unified body to address grievances of customers in the financial sector.

Currently, there are separate grievance redressal mechanisms for insurance, banking services, pension and securities market.

Financial Redressal Agency (FRA) design offers a simplified resolution process, allowing retail consumers in distant and remote locations to pursue effective remedies against financial service providers (FSPs), without imposing significant costs on them, Finance Ministry said in a statement.

It will try to resolve all complaints through mediation and discourage court-like processes, it said, adding that cases where the parties are unable to reach a settlement would be resolved through a light-touch adjudication process.

For more details, click [here](#)

Telecom Firms to Assist TRAI in Call Drop Audits

The Telecom Regulatory Authority of India (TRAI) will now conduct operator-assisted audits of networks across India to ensure that they meet quality of service parameters, including the vexed problem of call drops.

The assisted audits will be in addition to independent tests that TRAI conducts to measure quality of service.

“We have introduced operator-assisted test drives along with conducting independent test drives and we have now requested telecom operators to assist us,” said a senior official at the telecom regulator. “All the licensed operators in the given area will assist us in the tests and this is an attempt to increase number of tests to ensure better quality. We will complete the tests by March and the results will be published on the website,” the official added.

TRAI will conduct five ‘test drives’ in Jaipur, Bhopal, Hyderabad, Bengaluru and Kolkata. They will test operators for call setup success rate, blocked call rate, call dropped rate and signal strength.

Death by mosquito bite an accident, insurer liable to pay - NCDRC

In what could be a path-breaking order, the National Consumer Disputes Redressal Commission held that a malaria death caused by mosquito bite is an accident, and directed the insurer to honour its policy to a widow. An accident is something that happens unexpectedly and is not planned," said the Commission. "It can hardly be disputed that a mosquito bite is something which no one expects and which happens all of a sudden without any act of omission on part of the victim," said Justice V K Jain, presiding member of NCDRC.

The order came on a claim filed by Mousumi Bhattacharjee, who lost her husband in November 2012 to malaria in Mozambique where he worked in a tea factory. The husband, Debasish, a Kolkata resident, had availed of a policy of the National Insurance Company called "Bank of Baroda Home Loan Suraksha Bima" to cover death by accidents. He paid a one-time premium for the sum insured, Rs.13.15 lakh, to be paid in case of "death due to accident". But when his widow filed a claim, the insurance company rejected it saying a mosquito bite was not an accident under the policy, and that malaria was a disease. But all three Consumer Fora, right from the District and State Consumer Forums to the apex National Consumer Commission held the company's stand incorrect. For more details, click [here](#)



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CAG is a 31 year old non profit, non political, professional organization working towards protecting citizen's rights in consumer and environmental issues and promoting good governance including transparency, accountability and participatory decision making.

The complaints cell at CAG addresses specific problems of consumers. Also CAG regularly conducts consumer awareness programmes for schools, colleges and special target groups.

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