



CONSUMER UPDATE

Restaurants and hotels can sell bottled drinking water above MRP, rules the Apex Court!

In a major decision on a Special Leave Petition filed by the Federation of Hotel and Restaurant Associations of India against the Union of India, which is unfortunately against consumers' interests, the Supreme Court held that hotels and restaurants can sell bottled drinking water and packaged food at more than the MRP printed on these items. Thus, the provisions of Section 36 of the Legal Metrology Act, which states that "anyone caught selling, distributing or delivering any pre-packaged commodity that does not conform to the declarations on the package shall be punished with fine up to Rs. 25,000 for the first offence. It can increase to Rs 50,000 for second offence and subsequent offences can attract a fine of up to Rs 1 lakh or imprisonment for one year or both," would not apply to hotels and restaurants.

The Supreme Court said when hotels and restaurants sell food and drinks, they also render a service, making it a composite transaction. Accordingly, guests at hotels will fall under the category of "institutional consumers" as defined under Clause (b) of Rule 3 of the Legal Metrology (Packaged Commodities) Rules, 2011 and will therefore not come within the ambit of the Rules.

Supreme Court further observed that "the definition of "sale" contained both in the 1976 Act (Standards of Weights and Measures Act) and now in the 2009 Act (Legal Metrology Act) would go to show that composite indivisible agreements for supply of services and food and drinks would not come within the purview of either enactment."

With absolutely no control and in the absence of any legal provision prohibiting hotels from selling at a price beyond MRP, this can potentially be used to fleece consumers. Moreover, when consumers anyway pay exorbitant charges for the food/tea/coffee they consume in hotels/ restaurants, which will without doubt include all other costs, including that of service, why should they pay more for bottled drinking water or other pre-packed items that have fixed MRP, is a question that comes to one's mind.

Cabinet approves new Consumer Protection Bill

The Cabinet cleared tabling of the Consumer Protection Bill 2017 in Parliament that will replace the archaic Consumer Protection Act 1986, aimed at overhauling consumer laws in the light of a changed economy – from online shopping to faulty services, such as a botched-up hotel stay. The new bill, expected to be tabled in Parliament, will withdraw an earlier version which underwent changes following a vetting by the parliamentary standing committee. The bill provides for the creation of a central consumer protection authority for the first time, which will effectively be the national regulator for consumer rights. It also provides for prosecution of celebrities endorsing products with misleading claims, including a ban and fines. *For further details [click here](#)*

What's the cost of a banking complaint? Nearly Rs 4,000, says RBI

Average cost of handling a complaint was Rs 3,780 during 2016-17 which was lower than the average cost of Rs 4,396 during 2015-16 on account of increase in complaints. Bank consumer complaints at the central bank's Banking Ombudsman increased 27.4 percent to 1.3 lakh, with the highest coming from New Delhi and Mumbai, said the Reserve Bank of India's annual report of the Banking Ombudsman Scheme (BOS).

In the total 20 offices of Banking Ombudsman (OBO) of RBI in the country, "In 2016-17, the OBOs handled 136,511 complaints (5,524 from the previous year) of which 92 percent were disposed within the year. The complaints received by OBOs increased by 27 percent in 2016-17 as compared to a rise of 21 percent in the previous year."

Source: MoneyControl.com

Self-regulation for food companies, fast-food chains on menu

The government will establish a self-regulation platform for food companies, retailers stocking packaged food and fastfood restaurant chains, Food Safety and Standards Authority of India (FSSAI) chief executive Pawan Agarwal said. The move will help benchmark them against the best in class and promote healthy competition among companies, thus raising standards and making companies mindful of rules and consumers. For more details, [click here](#)

Consumer Commission tells postal dept to pay Rs 24.91 lakh + compensation + costs

The State Consumer Dispute Redressal Commission directed the Central Department of Posts and its Mumbai unit to repay Rs 24.91 lakh as compensation to a retired army colonel, Narendra Nath Suri. Col Suri's money kept in a recurring account to the tune of Rs 24.91 lakh was illegally withdrawn by a postal agent in August 2013. The Commission also asked the department to pay him another Rs 1 lakh for the 'mental agony' caused to him and Rs 10, 000 to cover his litigation costs.

Complaint allowed to be lodged against builder after two decades

90-year- old home buyer, who passed away last month, had approached the State Consumer Disputes Redressal Commission only in 2015, 21 years after he didn't get the flat in a Mira Road project.

The National Consumer Disputes Redressal Commission upheld the State Commission's order allowing the 90-year- old man's complaint against a builder around two decades after the developer failed to deliver a flat in a Mira Road project. The ruling was issued despite a specific provision in the Consumer Protection Act, which says that a consumer has to lodge a case within two years from the cause of action. As the builders did not return the amount deposited by the complainant, the Commissions considered it to be a continuing cause of action.

However, the complainant, Ismail Damudi, is no more and his family will now pursue the case. For further details, [click here](#)

Home buyers cannot wait indefinitely for possession: NCDRC

Home buyers cannot be made to wait indefinitely for possession of flats booked by them, the National Consumer Commission said as it asked a private builder to refund the amount paid by its customers.

The National Consumer Disputes Redressal Commission noted that possession was not given even after five years and asked New Delhi-based Adel Landmarks Limited to refund over Rs 66 lakh to 5 customers who were allotted flats in their project in Gurgaon in 2012.

"The firm has chosen not to come forward to tell this Commission as to why it has failed to deliver possession to them, and by which date it expects to deliver the possession, the buyers in my opinion are entitled to refund of the amount paid by them to the opposite party (firm), along with appropriate compensation," the bench headed by its presiding member, Justice V K Jain, said.

For further details, [click here](#)

Bombay High Court upholds validity of RERA

The Bombay High Court, on December 6, 2017 upheld the validity of the Real Estate (Regulation and Development) Act (RERA).

A bench of Justices Naresh Patil and Rajesh Ketkar pronounced its judgement on a bunch of petitions filed by real estate developers and individual plot owners, all challenging the constitutional validity of the Act that was brought into effect earlier this year.

The Act, among other things, mandates that all developers register themselves under a common regulatory authority. It also allows buyers to claim compensation for delay in possession, and envisages cancellation of a developer's registration in case the developer fails to complete the project within stipulated deadline.

The petitions claimed that the Act, and the constitution of a state-level authority for its implementation, were arbitrary, and therefore unconstitutional.

Financial Resolution and Deposit Insurance (FRDI) Bill, 2017

The proposed Financial Resolution and Deposit Insurance Bill, 2017 has raised concerns among commoners.

In June 2017, the central government approved the FRDI Bill which is intended to frame new rules for banks that are failing. It has created panic among savings account holders. According to the Bill, a failing bank may be allowed to use depositors' money to stay afloat. What this means is that the bank can reduce its liability of paying its depositors.

Currently, a deposit in the bank is insured up to a specified limit. According to the Deposit Insurance and Credit Guarantee Corporation Act, up to Rs 1 lakh of the money deposited in a bank is insured if a bank were to fail.

In practice, however, the Reserve Bank has ensured that this never happens. Failing, or weak banks, have been merged or allowed to be taken over by healthier banks including their liabilities. But the proposed banking reforms bill may change that. The Bill provides for "bail-in" powers to banks. A rescuing body known as Resolution Corporation has been proposed under the Bill which can use depositors' money in case the bank sinks. This is different from a traditional bailout in which government's money helps bank tide over the crisis. In case of a bail-in, it is the bank's own deposit that is used to rescue the bank or reduce its liabilities.

For more details, [click here](#)

வாடிக்கையாளரை அலட்சியம் செய்த வங்கி - ரூ.50 ஆயிரம் இழப்பீடு தர உத்தரவு

வாகன கடன் தொகையை முழுவதும் செலுத்தியும், தடையின்மை சான்றிதழ் வழங்க மறுத்த தனியார் வங்கி, வாடிக்கையாளருக்கு, ரூ. 50 ஆயிரம் இழப்பீடு வழங்க வேண்டும் என நுகர்வோர் நீதி மன்றம் உத்தரவிட்டது. சென்னை, அண்ணாநகர் வைகை காலனியைச் சேர்ந்தவர், ராதாகிருஷ்ணன். நுங்கம்பாக்கம் நெல்சன் மாணிக்கம் சாலையிலுள்ள தனியார் வங்கி ஒன்றில், கார் வாங்க, 3.50 லட்சம் ரூபாய் கடன் பெற்றார்.

வட்டியுடன் முழு தொகையை செலுத்தியும், தடையின்மை சான்றிதழையும், கடன் பாதுகாப்புக்காக வழங்கப்பட்ட, காசோலைகளை வழங்கவும், வங்கி மறுத்து வந்தது. எனவே, 'தடையின்மை சான்றிதழ், காசோலைகளை வழங்க வேண்டும்; மன உளைச்சலுக்கு, உரிய இழப்பீடும் வழங்க வேண்டும்' என சென்னை, மாவட்ட வடக்கு நுகர்வோர் நீதி மன்றத்தில், ராதாகிருஷ்ணன் வழக்கு தொடர்ந்தார்.

இந்த வழக்கை விசாரித்த நீதிபதி மற்றும் நீதித்துறை உறுப்பினர், "வங்கி உரிய சேவை வழங்கவில்லை. ஆகவே, தடையின்மை சான்றிதழுடன் ஆறு காசோலைகளையும், மனுதாரருக்கு தாமதமின்றி வழங்க வேண்டும். அத்துடன் இழப்பீடாக, 50 ஆயிரம் ரூபாயும் வழக்கு செலவு தொகையாக 5000 ரூபாயும் தரவேண்டும்", என்று உத்தரவிட்டனர்.

December 24 —

National Consumer Rights Day



CAG

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CAG is a 32 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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