

Swiggy, Zomato Will Soon Need Mandatory Licensing To Run Shop

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FSSAI is amending Food Safety and Standards Regulations 2011

The year-on-year licensing requirement is likely to be replaced with a one-time license

Cloud kitchens could be classified as 'brand franchisors' under new rules



With the rise in the popularity of online food aggregators and delivery platforms, food safety authority Food Safety and Standards Authority of India (FSSAI) will make licensing mandatory for digital food business operators (FBOs) such as Zomato, UberEats, Swiggy and the yet-to-launch Amazon Prime Now service, among others.

The statutory authority had already **asked the platforms** to opt for licenses, but now it is planning to introduce the requirement formally in the licensing regulations through the proposed amendments in the Food Safety and Standards (Licensing and Registration of Food Business) Regulations 2011, as **reported** by The Hindu Business Line.

Moreover, FSSAI will also be defining some food businesses especially those running multicity chains as 'brand franchisor' to ensure that their restaurants and brands consistently following licensing rules and regulations. This would also ensure that aggregators working with such franchisors are not blamed for any non-compliance by the restaurant partners. Cloud kitchens are likely to be classified as brand franchisors.

In addition to all of this, FSSAI is also looking to do away with year-on-year license renewal requirement. The body plans to roll out perpetual licenses for FBOs, who can apply for it by e-filing of an annual declaration of their annual turnovers, product testing protocol and annual returns.

The food business currently get the licensing for 1 to 5 years, whereas small scale business with turnover up to INR 12 Lakh are required to register with the authority. Moreover, the platforms also rely on state licenses, central licenses or getting themselves registered.

The amendments will enable the food safety authority to ensure that food delivery platforms are complying with all FSSAI rules, regulations, third party audits, inspections and food testing processes. In addition, with this online declaration, FSSAI will also have a record of the appointment of trained food safety supervisors with the business.

Along with the updates, FSSAI has also decided to launch an online system to make the licensing and registration process simpler. In addition, it has also decided to amend the fee structure charges for licences and registrations, simplifying new registration and licensing applications process.

According to an IBEF [report](#) of 2017, Indian food industry is poised for huge growth and accounts for 32% of the global food market and has been increasing this trade every year. The report highlights that India is the sixth largest food and grocery market with retail contributing 70% of the sales.

Another [report](#) by Invest India states that the Indian food and retail market is expected to \$828.92 Bn by 2020, whereas the dairy industry will reach \$140 Bn by the same deadline. The report also adds that the Indian food processing industry is estimated to attract \$33 Bn investment and generate employment for 9Mn people by 2024.