



FOOD

REGULATORY

Easing Compliance Burden: Analysis of Revised FSSAI Licensing Thresholds

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The food safety regulatory framework in India has undergone significant recalibration with the issuance of the Food Safety and Standards Authority of India Order dated March 13, 2026, implementing revised turnover thresholds for food business categorisation. This regulatory instrument, bearing reference number RCD-01002/1/2021-Regulatory-FSSAI-Part(1), emerges from a broader governmental initiative to simplify non-financial regulatory frameworks and reduce compliance burdens on food business operators while preserving essential safety oversight mechanisms. The Order represents a substantive amendment to the Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011, which constitute the primary legislative framework governing the licensing and registration regime under the Food Safety and Standards Act, 2006.

The legal foundation of this regulatory intervention rests upon the enabling provisions of the Food Safety and Standards Act, 2006, which established FSSAI as a statutory authority empowered to prescribe standards and regulate food businesses across the national territory. The 2011 Regulations, notified under this parent legislation, originally established a tiered regulatory structure categorising food business operator into three distinct classes based on scale of operations: Registration for petty manufacturers, State License for medium enterprises, and Central License for large-scale operations. This stratified approach was designed to apply proportionate regulatory scrutiny commensurate with business size and potential public health impact. However, the turnover thresholds originally specified had become outdated, necessitating revision to reflect contemporary business realities and inflationary adjustments over the preceding fifteen years.

The impetus for regulatory reform originated from the High-Level Committee on Non-Financial Regulatory Reforms constituted by NITI Aayog, which undertook comprehensive review of licensing and compliance requirements across sectors. The Committee's recommendations, subsequently approved by the Food Authority and the Ministry of Health and Family Welfare, provided the policy foundation for the amendments now brought into force. These recommendations recognised that excessive regulatory fragmentation and outdated threshold limits were creating unnecessary compliance burdens, particularly for small and medium enterprises, without commensurate public health benefits. The reform agenda thus sought to rationalise categorisation criteria while strengthening risk-based oversight mechanisms as an alternative to purely scale-based regulation.

The Food Safety and Standards (Licensing and Registration of Food Businesses) Amendment Regulations, 2026 were formally notified through Gazette Notification dated March 10, 2026, introducing three significant structural changes to the regulatory architecture. First, the amendments addressed persistent concerns regarding dual compliance requirements imposed upon street food vendors, who frequently faced overlapping obligations under municipal vending regulations and food safety licensing provisions. Second, the amendments introduced the concept of perpetual validity for FSSAI registration and licenses, departing from the previous periodic renewal requirement and instead subjecting continued validity to risk-based inspection outcomes. This shift from time-based to risk-based validity determination represents a fundamental reconceptualization of regulatory oversight, prioritising actual safety performance over bureaucratic compliance with renewal formalities. Third, and most critically for present purposes, the amendments inserted enabling provisions empowering the Food Authority to specify turnover thresholds and other categorisation criteria through delegated legislative instruments, providing flexibility for periodic adjustment without requiring full regulatory amendment procedures.

The Authority has now prescribed revised turnover thresholds through the instant Order. Food business operators with annual turnover not exceeding Rs. 1.5 crore shall fall within the Registration category, representing a substantial enhancement from previous thresholds that had remained static for over a decade. Enterprises with turnover exceeding Rs. 1.5 crore but not exceeding Rs. 50 crore shall require State License, while operations with turnover above Rs. 50 crore shall continue to require Central License from the Food Authority directly. These revised limits reflect careful calibration to reduce regulatory burden on small and medium enterprises while maintaining appropriate oversight of large-scale operations with potentially significant public health implications.

The Order explicitly supersedes all prior instruments specifying turnover thresholds or categorisation criteria under the 2011 Regulations, ensuring regulatory clarity and preventing confusion from conflicting provisions. This omnibus supersession clause operates prospectively, preserving the validity of licenses and registrations obtained under previous thresholds while mandating application of revised criteria for future categorisation determinations and renewal applications. The effective date of April 1, 2026, provides reasonable transition time for food business operators to assess their regulatory status and obtain appropriate authorisations if threshold changes affect their categorisation.

The FSSAI Order implementing revised turnover thresholds represents a measured regulatory reform balancing multiple policy objectives. By substantially raising threshold limits for registration and state licensing, the reform alleviates compliance burdens on small and medium food businesses, reducing regulatory costs and procedural obstacles that had constrained sectoral growth. Simultaneously, the introduction of risk-based inspection mechanisms and perpetual validity subject to performance monitoring ensures that regulatory relief does not compromise food safety outcomes. The delegated legislative approach adopted enables responsive threshold adjustment as economic conditions evolve, avoiding the regulatory inertia that had rendered previous limits obsolete. As these reforms take effect from April 2026, food business operators, regulatory authorities, and consumers alike stand to benefit from a more proportionate, efficient, and safety-focused food governance framework that aligns with contemporary ease-of-doing-business imperatives without sacrificing public health protection.

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