



UNLOCKING GROWTH IN TOURISM AND HOSPITALITY SECTOR



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पर्यटन मंत्रालय
MINISTRY OF
TOURISM

UNLOCKING GROWTH IN TOURISM AND HOSPITALITY SECTOR

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MESSAGE

Tourism occupies a unique place in India's development journey. It is a sector that simultaneously generates employment, strengthens local economies, promotes cultural exchange and showcases India's rich heritage and diversity to the world. As India advances towards the vision of Viksit Bharat @2047, tourism will play an increasingly important role in driving inclusive growth, regional development and global engagement.

India today stands at an important juncture. While domestic tourism has witnessed unprecedented growth and the country's tourism assets continue to attract global interest, significant opportunities remain to enhance India's competitiveness as an international tourism destination. Achieving the national aspiration of increasing tourism's contribution to GDP to 10 per cent will require sustained efforts to improve the overall visitor experience while creating a more enabling environment for investment and enterprise.

The report, "Unlocking Growth in Tourism and Hospitality Sector", is a timely contribution towards this objective. Based on extensive consultations with States, industry stakeholders and tourism enterprises, it identifies practical reforms that can help address procedural bottlenecks, improve ease of doing business and strengthen the tourism supply ecosystem.

The report rightly recognizes that tourism growth is closely linked to the ease with which businesses can invest, expand and operate. Simplified regulatory processes, improved institutional coordination, reduced compliance burden and a facilitative visa regime are essential to unlocking greater private investment and expanding tourism infrastructure and services across the country.

The recommendations presented in this report provide a pragmatic roadmap for reform. Their implementation can help improve investor confidence, bridge demand-supply gaps in tourism infrastructure, attract higher-value international visitors and support the development of a more competitive and resilient tourism ecosystem.

I commend NITI Aayog, the Ministry of Tourism, State Governments, industry stakeholders and all contributing partners for their efforts in preparing this report. I am confident that the insights and recommendations contained herein will support evidence-based policymaking and contribute meaningfully to India's emergence as a leading global tourism destination.

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MESSAGE

India's tourism sector is uniquely positioned to drive economic growth, employment, and regional development. The report, *Unlocking Growth in Tourism and Hospitality Sector: Recommendations for Non-Financial Regulatory Reforms*, presents a comprehensive assessment of the structural constraints affecting the sector and outlines a clear reform pathway.

A central finding of the report is that India's tourism challenge lies not in demand or resource availability, but in enabling conditions. Despite strong domestic tourism and significant global interest, outcomes in terms of international arrivals, investment and value realization remain below potential. This gap is driven by regulatory complexity, fragmented institutional processes and procedural inefficiencies.

Tourism investments are highly sensitive to time, cost, and predictability. The current regulatory framework characterised by multiple approvals, overlapping requirements and recurring compliance obligations delays project execution and increases costs, thereby affecting investment decisions and the pace of supply creation across accommodation, food services, transport and tour operations.

The report highlights the need to improve Ease of Doing Business to accelerate investments, while also emphasizing the importance of visa facilitation in converting tourism interest into actual arrivals. The recommendations focus on rationalizing regulatory requirements, removing redundancies, enabling risk-based compliance and improving coordination across government levels. The objective is to create a more efficient and predictable regulatory environment, while maintaining necessary safeguards.

Key measures include streamlining approval processes for tourism enterprises, reducing licensing burdens, improving permit regimes for tourist transport and moving towards a more facilitative visa framework, including Visa-on-Arrival for select segments. The report also underscores the importance of coordinated implementation through clearly defined institutional responsibilities and phased reform pathways.

Tourism can serve as a powerful engine of inclusive and sustainable growth. I would like to extend my appreciation and congratulations to the Tourism and Culture Division of NITI Aayog and the Ministry of Tourism for bringing out this report, with a pragmatic and actionable roadmap to unlock India's enormous tourism potential. Implementation of the recommendations of the report are sure to strengthen India's position as a globally attractive tourism destination.

New Delhi
15th June 2026


Rajiv Gauba

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FOREWORD

Tourism is one of India's most dynamic sectors, bringing together the country's diverse geography, culture, and communities into a vibrant economic ecosystem. It plays a vital role in generating employment, supporting local enterprises, and driving inclusive growth across regions.

2. As India's tourism demand continues to expand, the focus may shift towards strengthening the supply ecosystem, ensuring that investments in infrastructure and services can be undertaken efficiently and at scale. The ease of doing business in tourism therefore becomes a critical determinant of the sector's future growth.

3. The report, *Unlocking Growth in Tourism and Hospitality Sector: Recommendations for Non-Financial Regulatory Reforms*, provides a detailed assessment of the regulatory landscape governing tourism enterprises across key segments such as accommodation, food services, transport, and tour operations. It identifies structural constraints that increase compliance burden, delay project execution and proposes actionable reforms to address them.

4. The emphasis on rationalising approvals, reducing redundancies, enabling risk-based compliance, and improving digital integration reflects a pragmatic approach to reform. Equally significant is the report's focus on visa facilitation as a key enabler of international tourism demand.

5. The recommendations outlined in this report offer a clear roadmap to improve efficiency, enhance investor confidence, and support the development of a robust tourism ecosystem. With effective implementation, these reforms can significantly strengthen India's position as a competitive and attractive global tourism destination.

6. I congratulate the Tourism and Culture Division of NITI Aayog for bringing out this insightful report.

Dated: 16th June, 2026


[Nidhi Chhibber]

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सत्यमेव जयते



MESSAGE

India's tourism sector stands at an important juncture in its growth trajectory. The country has witnessed a strong growth in domestic tourism, with record levels of domestic tourist visits. Foreign Tourist Arrivals (FTAs) continue to remain modest relative to India's scale and potential.

This gap reflects a broader structural challenge. Despite strong underlying demand and globally competitive tourism assets, the sector faces constraints on the supply side. India's branded hotel inventory remains limited and accounts for a small share of the overall accommodation base. At the same time, creation of new assets takes far longer often ranging between 36 to 48 months. This leads to delays in capacity addition and contributing to a persistent demand-supply imbalance.

As a result, India's tourism ecosystem faces a dual challenge of limited supply depth and relatively high costs, which can impact competitiveness, particularly in attracting high-value international travellers. A significant opportunity, therefore, lies in transitioning from a volume-driven model to a value-driven approach, with a focus on enhancing per-tourist spending, increasing length of stay, and promoting high-quality, experience-based tourism offerings.

In this regard, improving the ease of doing business in the tourism and hospitality sector becomes a critical enabler. The ability to attract timely investment, streamline project execution, and reduce compliance burden will play a decisive role in strengthening the supply ecosystem and unlocking the sector's full potential.

The report, Unlocking Growth in Tourism and Hospitality Sector: Recommendations for Non-Financial Regulatory Reforms, provides a comprehensive assessment of the regulatory landscape across key tourism segments, including accommodation, food services, transport, and travel operations.

The Ministry of Tourism remains committed to working closely with NITI Aayog, State Governments and other stakeholders to advance this reform agenda. Strengthening the enabling environment for tourism will be key to positioning India as a leading global destination and unlocking the sector's potential as a driver of growth, employment and regional development.

(Bhuvnesh Kumar)

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PREFACE

India's tourism potential lies in its extraordinary diversity of landscapes, cultures, traditions and experiences. Yet, the ability of the sector to fully realise this potential depends on how effectively it can translate demand into on-ground supply and visitor experience.

The report, *Unlocking Growth in Tourism and Hospitality Sector*, seeks to address that gap. It examines the regulatory and procedural landscape that shapes tourism enterprises across their lifecycle from entry and approvals to operations and identifies the constraints that affect investment decisions, project timelines and business viability.

The analysis reveals that the challenge is not the absence of reforms, but the fragmentation of processes, variation across states and persistence of redundant and complex requirements. These factors create uncertainty and increase the cost of doing business, particularly for small and medium enterprises that form the backbone of the tourism ecosystem.

The recommendations in this report are designed to respond to these challenges through a structured and principle-based approach. By focusing on simplification and standardisation, the report aims to create a more coherent and enabling regulatory environment.

This work is the result of extensive analysis, stakeholder consultations and inter-state comparisons. It is intended to serve as a practical guide for policymakers and stakeholders to implement reforms that can accelerate investment, improve ease of doing business, and support the sustained growth of tourism in India.

(Yugal Joshi)

Place- New Delhi

Dated- 17/06/2026

Acknowledgement

Unlocking Growth in Tourism and Hospitality Sector: Recommendations for Non-Financial Regulatory Reforms seeks to examine the regulatory landscape governing tourism enterprises in India and identify key constraints affecting investment and operations. This report has been prepared through a collaborative effort within NITI Aayog, drawing upon detailed analysis, stakeholder consultations and inter-sectoral inputs.

The team of Shri. Amit Bhardwaj (Deputy Advisor), Ms. Divya Nandini (Consultant) and Shri. Manavendra Jain (Consultant) of Tourism and Culture Division, NITI Aayog provided critical analytical inputs in the preparation of this report. The research inputs on reforms were provided by Ms. Bhuvana Anand, Shri. Pranjal Chandra, Shri. Arpit Beniwal and Ms. Arshiya Halder from Prosperiti. The team from Atithi Foundation also provided valuable research inputs and extended support in drafting the report. Design support was provided by NITI Communication Cell. The report would not have been possible without the enriching inputs provided by Senior Officials at NITI Aayog, Ministry of Tourism, DPIIT, MoEFCC and NITI Communication Cell.

We also express our deepest gratitude to the industry stakeholders, hotel associations and sector experts who participated in extensive consultations over the course of this exercise. Their continued engagement, practical insights and policy feedback proved crucial in shaping the recommendations and overall outcomes of the report.

We also extend our sincere thanks to the Shri Bhuvnesh Kumar, Secretary, Ministry of Tourism, Government of India, for his valuable inputs and engagement that have helped strengthen the report. We further recognize support of Shri Suman Billa, Additional Secretary, Shri Gyan Bhushan, Senior Economic Advisor, Ministry of Tourism, and their team.

We express our sincere gratitude to Shri Rajiv Gauba, Member, NITI Aayog, for his vision, mentorship, guidance and constant support. It was his mentorship, untiring guidance and eye for details that made this report possible.

This report reflects a shared commitment to improving the ease of doing business in India's tourism and hospitality sector and to enabling a more efficient, competitive and investment friendly ecosystem.



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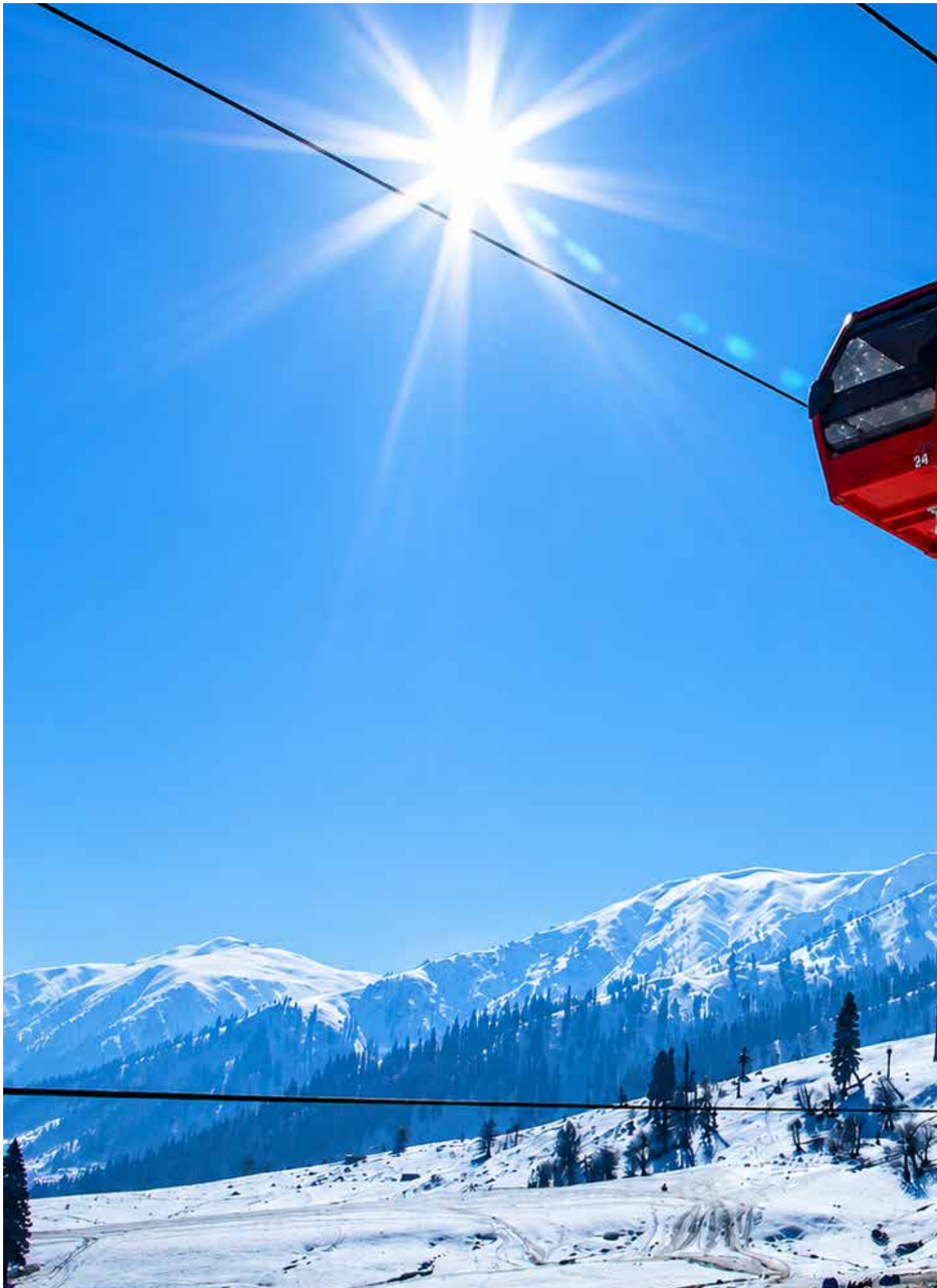
List of Abbreviations

Abbreviation	Full Form
AITP	All India Tourist Permit
ASEAN	Association of Southeast Asian Nations
BRAP	Business Reforms Action Plan
BEE	Bureau of Energy Efficiency
CLU	Change of Land use
CPCB	Central Pollution Control Board
CRZ	Coastal Regulation Zone
CTO	Consent to Operate
DPIIT	Department for Promotion of Industry and Internal Trade
DCR	Development Control Regulations
EAC	Expert Appraisal Committee
EC	Environmental Clearance
EoDB	Ease of Doing Business
FAR	Floor Area Ratio
F&B	Food and Beverage
FMCSA	Federal Motor Carrier Safety Administration
FSSAI	Food Safety and Standards Authority of India
FTAs	Foreign Tourist Arrivals
GDP	Gross Domestic Product
GST	Goods and Services Tax
HTL	Health Trade License
HRACC	Hotel & Restaurant Approval & Classification Committee
HVS	Hospitality Valuation Services
IPS	International Passenger Survey
MICE	Meetings, Incentives, Conferences and Exhibitions
MoEFCC	Ministry of Environment, Forest and Climate Change
MoT	Ministry of Tourism
MVIMS	Motor Vehicle Information Management Systems
NOC	No Objection Certificate
NPCI	National Payments Corporation of India
NSWS	National Single Window System
OECD	The Organisation for Economic Co-operation and Development
OER	Occupational Entry Regulations
SEAC	State Expert Appraisal Committee
SEIAA	State Environment Impact Assessment Authority
TAN	Tax Deduction and Collection Account Number
TTDI	Travel & Tourism Development Index
UNESCO	United Nations Educational, Scientific and Cultural Organization
UDH	Urban Development and Housing
UCR	Unified Carrier Registration
VoA	Visa-on-Arrival
VKM	Vehicle Kilometres Measured
WTTC	World Travel & Tourism Council
WEF	World Economic Forum

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CHAPTER 01

Unlocking Tourism Investments in India

1. Unlocking Tourism Investments in India

1.1 Tourism as a Global High Growth Sector

Tourism is a key pillar of the global economy. In 2024, the travel and tourism sector contributed ~10% to the global GDP, accounting for every one in ten jobs worldwide.¹ International visitor spending reached USD 1.87 trillion, growing nearly 12% year-on-year, while domestic visitor spending hit a record USD 5.3 trillion.² By 2035, the sector's global contribution is projected to reach USD 16.5 trillion, growing at 3.5% per annum, outpacing the broader global economy's forecast of 2.5%.³



Beyond its scale, tourism is significant for developing economies due to three reasons. First, it is highly employment-intensive, generating jobs across the skill spectrum – from entry-level roles in hospitality and transport to specialised roles in management, experience design, and digital services – making it a powerful driver of inclusive growth. Second, tourism enables geographically distributed development by creating economic activity at the location of natural and cultural assets, including heritage towns, coastal regions, and pilgrimage circuits, thereby linking remote regions to income generation. Third, international tourism serves as an efficient source of foreign exchange, with visitor spending functioning as an export consumed domestically, without the logistical costs associated with traditional goods exports.

These characteristics position tourism as a strategic sector for India. Its ability to generate foreign exchange, create employment at scale, and support geographically distributed development makes it an important lever for long-term economic growth.

1 World Travel & Tourism Council. 2025. “Global travel & tourism is strong despite economic headwinds”. Retrieved on March 28,2026. <https://wtcc.org/news/global-travel-and-tourism-is-strong-despite-economic-headwinds>

2 World Travel & Tourism Council. 2025. “Global travel & tourism is strong despite economic headwinds”. Retrieved on March 28,2026. <https://wtcc.org/news/global-travel-and-tourism-is-strong-despite-economic-headwinds>

3 World Travel & Tourism Council. 2025. “Global travel & tourism is strong despite economic headwinds”. Retrieved on March 28,2026. <https://wtcc.org/news/global-travel-and-tourism-is-strong-despite-economic-headwinds>



1.2 India's Tourism Sector: Scale and Significance

India's tourism sector is significant in terms of economic contribution and employment. In FY 2023–24, the sector contributed ₹15.73 lakh crore (~USD 170 Bn⁴) to India's GDP, accounting for 5.22% of the total economy, and supported an estimated 84.6 million jobs – reflecting a ~20% increase over five years.⁵ Domestic tourism has been a key driver, with 2.9 billion domestic tourist visits recorded in 2024, surpassing the pre-pandemic peak of 2.3 billion in 2019.⁶



India's tourism assets are well recognised globally. The country has 44 UNESCO World Heritage Sites, 106 national parks, and 18 biosphere reserves, along with established pilgrimage and wellness tourism segments.⁷

International tourism has also recovered in recent years. In 2024, India recorded approximately 20.6 million total international tourist arrivals (including NRIs), with international tourism receipts of approximately USD 35 billion, reflecting ~9% growth from 2023.⁸ However, it is important to note that a significant share of these arrivals comprises Non-Resident Indians and members of the Indian diaspora visiting friends and relatives, rather than pure leisure or business travellers. Foreign Tourist Arrivals (FTAs), which better reflect non-diaspora travel demand, stood at 9.95 million in 2024.⁹

1.3 The Gap between Potential and Performance

Despite strong fundamentals, India's tourism outcomes remain below potential.

First, India accounts for less than 1.5% of global international tourist arrivals, significantly lower than leading economies. While total international arrivals appear robust, the number of foreign tourist arrivals (9.95 million in 2024), provides a more accurate reflection of core tourism demand and remains below pre-pandemic levels, as well as substantially lower than peer destinations such as Thailand, Malaysia, and Vietnam.

4 Press Information Bureau. 2025. Retrieved on April 19, 2026. <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2171731®=3&lang=2>

5 Ministry of Tourism. 2026. Annual Report 2025 – 26. https://tourism.gov.in/sites/default/files/2026-02/Ministry%20of%20Tourism%20Annual%20Report_2025-26_english.pdf

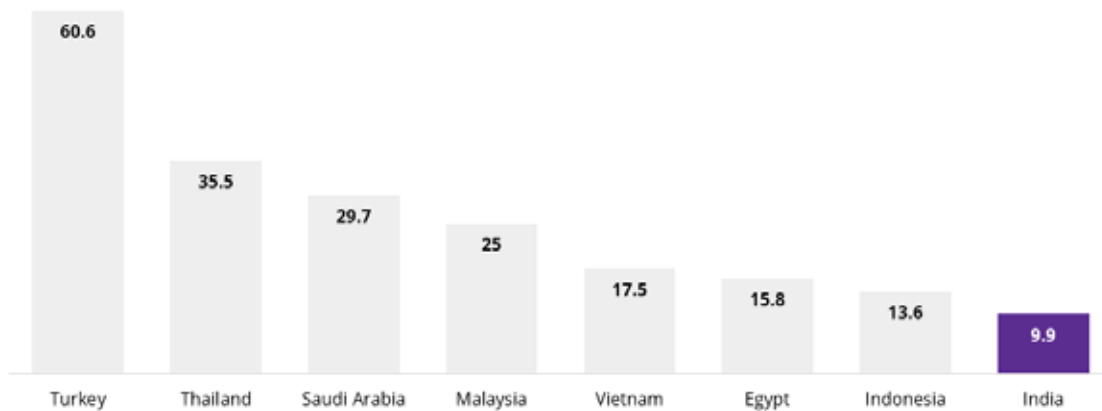
6 Ministry of Tourism. 2025. India Tourism Data Compendium. <https://tourism.gov.in/sites/default/files/2025-09/India%20Tourism%20Data%20Compendium%202025.pdf>

7 World Economic Forum. 2024. Travel & Tourism Development Index 2024. https://www3.weforum.org/docs/WEF_Travel_and_Tourism_Development_Index_2024.pdf

8 United Nations World Tourism Organisation. Retrieved on March 28, 2026. <https://www.untourism.int/tourism-data/un-tourism-tourism-dashboard>

9 Ministry of Tourism. 2025. India Tourism Data Compendium. <https://tourism.gov.in/sites/default/files/2025-09/India%20Tourism%20Data%20Compendium%202025.pdf>





Foreign tourist arrivals have been considered in the case of India given India's huge diaspora

Figure 1.3: International Tourist Arrivals by Country (2024, Millions)

Second, tourism-related foreign exchange earnings remain modest relative to India’s scale and diversity. While India recorded approximately USD 35 billion in international tourism receipts in 2024, this remains lower than key tourism economies such as Turkey (USD 56.3 billion), Thailand (USD 42.7 billion), and Saudi Arabia (USD 42 billion), despite India’s wider range of cultural, natural, and experiential offerings.



Third, outbound tourism from India has grown rapidly, indicating leakage of domestic demand. Outbound spending by Indian travellers has increased significantly, exceeding pre-pandemic levels by approximately 15%.¹⁰ This divergence suggests that while demand for travel is strong, a substantial share is being met through international travel rather than within the domestic tourism ecosystem.

¹⁰ Ministry of Tourism. 2025. India Tourism Data Compendium. <https://tourism.gov.in/sites/default/files/2025-09/India%20Tourism%20Data%20Compendium%202025.pdf>



These gaps point to underlying structural constraints that limit India’s ability to convert its tourism assets and demand into realised outcomes.

This is reflected in India’s performance on global competitiveness indicators. According to the Travel & Tourism Development Index published by the World Economic Forum, India performs strongly on resource-based pillars, ranking 6th in Natural Resources and 9th in Cultural Resources, but lags on enabling factors such as business environment, tourist services infrastructure, and international openness. Notably, India’s overall TTDI score in 2024 remains 2.1% below its 2019 level, indicating a deterioration in enabling conditions even as its asset base remains globally competitive.¹¹

The constraint, therefore, lies not in tourism assets or underlying demand, but in the enabling conditions required to translate these into consistent, competitive, and high-value tourism outcomes.

1.4 Two Complementary Constraints: Demand and Supply

India’s tourism performance gap is shaped by two distinct but interrelated constraints: the conversion of global tourism interest into actual arrivals, and the scale and quality of on-ground tourism supply.



On the demand side, international accessibility plays a central role. Visa regimes, entry processes, and travel facilitation influence destination choice and affect the conversion of tourism interest into actual arrivals. These factors are particularly relevant for short-haul, repeat, and high-value travellers. While India has expanded access through mechanisms such as E-Visas, entry processes and policy design continue to shape inbound tourism flows. This dimension is examined in detail in the subsequent chapter on visa reforms.

¹¹ World Economic Forum. 2024. Travel & Tourism Development Index 2024. https://www3.weforum.org/docs/WEF_Travel_and_Tourism_Development_Index_2024.pdf



On the supply side, tourism outcomes depend on the availability and quality of on-ground infrastructure and services. Accommodation capacity, food and beverage ecosystems, transport connectivity, and organised tour experiences determine both the attractiveness of a destination and its ability to absorb and serve demand at scale. Without adequate supply, even accessible destinations cannot retain tourists for longer stays or attract the premium segments that drive high per-visitor spend.

These two dimensions are closely linked. Improvements in access conditions increase inflows; expansion of supply improves visitor experience and spending outcomes. Addressing India's tourism gap requires coordinated action across both dimensions, but through distinct and complementary policy levers.

1.5 Investment as the Central Driver of Tourism Supply

Tourism supply is investment-led. Accommodation, food and beverage services, transport infrastructure, and curated experiences require sustained capital deployment across the value chain. The scale, quality, and depth of a destination's supply base are therefore directly linked to the level of investment it attracts.



The realisation of India's tourism ambitions, including the target of 100 million inbound tourists and a USD 3 trillion tourism economy by 2047, is contingent on a significant acceleration in tourism investment. Without adequate and timely creation of supply, demand growth cannot be effectively absorbed or translated into higher visitor spend and economic impact.



At present, the pace of supply creation has not kept up with demand growth. India's branded hotel inventory stood at ~0.2 million rooms in 2024¹², accounting for less than 8% of the country's estimated 2.48 million total lodging rooms.¹³ While the development pipeline of additional ~0.1 million rooms by 2030 reflects strong underlying investor interest¹⁴, project execution timelines remain a key constraint. A typical hotel project in India takes 36 to 48 months from approval to commissioning, compared to 12 to 18 months in competing ASEAN destinations.¹⁵ This lag directly limits the speed at which new supply can be brought to market, resulting in tighter room availability and upward pressure on tariffs relative to ASEAN peers.¹⁶

Tourism investments are characterised by high upfront capital costs, long payback periods, and sensitivity to project execution timelines and cost structures. At a hospitality sector lending rate of 11–14%, each additional year of project delay materially increases financing costs and erodes investment returns.¹⁷ As a result, many projects that are viable in principle become financially unviable in practice, or take so long to complete that demand conditions have shifted by the time supply arrives.

Project timelines are shaped by multiple factors, including the processes governing approvals, clearances, and implementation. As a result, the efficiency with which projects move from approval to commissioning becomes a critical determinant of investment outcomes.

Investor interest in India's tourism sector remains strong, supported by the scale of domestic demand and long-term growth potential. The constraint is therefore not the availability of capital, but the conditions under which investment is undertaken, conditions that are, in large part, determined by the regulatory environment.

1.6 Ease of Doing Business as a Critical Enabler

The conditions under which tourism investment is undertaken are shaped by the ease of doing business in the sector. Tourism spans multiple activities, including accommodation, food and beverage, transport, and travel services, each operating within a regulatory framework governing land use, construction, environmental clearances, safety standards, and business operations. These requirements are administered across Union, State, and local levels, creating a multi-layered regulatory system.

In this context, three parameters are particularly relevant: the time required to obtain approvals and operationalise projects, the cost of regulatory compliance, and the predictability of processes and outcomes. Together, these factors determine how efficiently investment can be translated into operational supply.

12 Hotelivate. 2025. "India Hospitality Trends and Opportunities". <https://www.hotelivate.com/wp-content/uploads/2025/10/TO-Oct2025.pdf>

13 Hotelivate. 2024. "Sizing Up Indian Hospitality". Retrieved on March 29, 2026. <https://www.hotelivate.com/travel-tourism/sizing-up-indian-hospitality/>

14 Asian Hospitality. 2025. "India's branded hotels post 68 percent occupancy". Retrieved on March 30, 2026. <https://www.asianhospitality.com/india-hotel-occupancy-rate-2025/>

15 Hotel Investment Today. 2025. "India's hotel supply: too little, too slow". Retrieved on March 30, 2026. <https://www.hotelinvestmenttoday.com/Regions/Asia-Pacific/Indias-hotel-supply-too-little-too-slow>

16 India Today. 2024. Why hotel rooms in India cost a bomb, push Indians to holiday abroad. Retrieved on April 19, 2026. <https://www.indiatoday.in/sunday-special/story/indian-hotels-more-expensive-than-resorts-tourist-destinations-abroad-room-rent-tariffs-go-jaisalmer-thailand-2653524-2024-12-22>

17 HVS. "Ease of Doing Business in India's Hospitality Sector". <https://www.hvs.com/staticcontent/Image/20IndiaEaseofBusiness/HVS-Ease-of-Doing-Business-in-Indian-Hospitality-Sector.pdf>



Tourism investments are particularly sensitive to these parameters. Given the capital-intensive nature of the sector and long payback periods, delays in project execution can significantly increase financing costs and reduce returns. Regulatory processes that extend approval timelines, increase compliance burden, or introduce uncertainty therefore have a disproportionate impact on investment decisions in tourism.

This is evident in India’s performance on global tourism competitiveness indicators. According to the Travel & Tourism Development Index 2024 published by the World Economic Forum, India ranks 39th out of 119 countries, placing it below several smaller tourism economies despite its scale and asset base.

A disaggregated view of the index shows that India underperforms on key enabling conditions, particularly business environment and openness. This, in turn, constrains the development of tourism infrastructure and services, resulting in a less developed tourism ecosystem. In contrast, peer tourism economies perform better on these enabling conditions and consequently have stronger infrastructure and service ecosystems, despite relatively weaker resource endowments.



Indicator	India	Thailand	Indonesia	Saudi Arabia
Enabling Environment				
Business Environment	3.79	4.15	4.67	4.95
Safety & Security	5.06	4.87	5.77	6.36
Health & Hygiene	3.47	4.31	3.78	4.79
Human Resources & Labour Market	2.85	4.06	4.13	4.59
T&T Policy and Enabling Conditions				
ICT Readiness	3.84	5.68	4.81	6.00
Prioritisation of T&T	4.11	4.14	6.03	4.43
Openness to T&T	4.13	4.34	3.83	3.10
Price Competitiveness	5.66	4.96	5.44	4.52
Infrastructure and Services				
Air Transport Infrastructure	4.59	4.89	4.34	4.96
Ground & Port Infrastructure	4.43	3.76	3.97	3.84
Tourist Services & Infrastructure	1.60	2.18	1.90	3.96
T&T Resources				
Natural Resources	5.80	4.55	5.43	2.99
Cultural Resources	5.62	2.86	3.98	2.58
Non-Leisure Resources	5.05	4.17	3.06	3.33
T&T Sustainability				
Environmental Sustainability	3.64	4.13	4.34	3.87
T&T Socioeconomic Impact	4.01	3.30	5.41	2.96
T&T Demand Sustainability	4.55	3.67	4.84	4.69

Figure 1.6: India’s TTDI Performance Compared to Peers (2024)¹⁸

Improving ease of doing business can therefore directly support tourism development by enabling faster project execution, reducing compliance costs, and improving investor confidence across the tourism value chain.

1.7 Objective of the Report

This report examines the policy and regulatory framework shaping India’s tourism sector, with a focus on improving international accessibility and enabling investment in tourism infrastructure and services. It covers both entry-related policies that influence inbound tourism flows, as well as regulatory requirements governing the establishment and operation of tourism service providers.

¹⁸ World Economic Forum. 2024. Travel & Tourism Development Index 2024. https://www3.weforum.org/docs/WEF_Travel_and_Tourism_2023-24_financial_yearDevelopment_Index_2024.pdf



The objective is to identify barriers that increase the time, cost, and complexity of travel and doing business in tourism, and to propose actionable reforms to improve ease of travel, simplify regulatory processes, and create a more efficient and predictable environment for sectoral growth.



1.8 Scope of the Study

This report covers two related areas of the tourism ecosystem.

The report focuses on regulations that govern entry into the tourism industry and the day-to-day operations of tourism service providers. The analysis covers four core sectors – accommodation service providers, food and beverage establishments, transport operators, and travel agencies/tour operators.



Figure 1.8: Tourism Service Providers Covered in the Report



These four sectors form the backbone of the tourism value chain and are responsible for the bulk of economic activity generated at the destination level. The regulatory conditions governing their establishment and operation are the primary policy lever for improving India's tourism supply.

- 1.8.1 **Accommodation service providers:** Accommodation units serve as a key pillar of the tourism industry, as they account for a significant share of tourist expenditure. The International Passenger Survey shows that ~18.2% of foreign tourist expenditure is incurred on accommodation, higher than spending on food, transport, and travel services.¹⁹ Given its dominance in expenditure, accommodation plays a crucial role in shaping tourism demand, length of stay, and local economic activity. Therefore, regulations that affect the availability or cost of accommodation have a direct impact on tourism revenue and jobs. This report covers enterprises engaged in providing boarding and lodging facilities to tourists, including hotels, guest houses, homestays, and similar accommodation units.



- 1.8.2 **Food and beverage service providers:** Businesses engaged in the preparation and sale of food and beverages to tourists and the general public, including restaurants, bars, and other eating establishments. F&B is the most frequent daily touchpoint in any tourist's experience. The quality, diversity, and accessibility of the F&B ecosystem shapes destination perception and influences length of stay and repeat visitation. The F&B segment is among the most labour-intensive parts of the tourism economy and has relatively low barriers to entry and start-up costs, making its regulatory environment especially important for inclusive growth.
- 1.8.3 **Tourist transport operators:** Enterprises providing transport services for tourists, including local and inter-city travel to tourist destinations through buses, taxis, tourist vehicles, and other transport modes. determines whether tourists can actually access and move between destinations. Road transport accounts for



approximately 87% of passenger traffic in India.²⁰ The availability of organised tourist transport, from airport transfers to inter-city circuits, directly shapes the range of destinations tourists can reach and the experience they have in transit.

- 1.8.4 **Travel agencies and tour operators:** Businesses engaged in planning, organising, and selling travel-related services, including packaged tours, ticketing, accommodation bookings, transport arrangements, and ancillary services such as visa and travel facilitation. They are disproportionately local businesses, small operators with deep destination knowledge, and their ability to formalise, scale, and compete shapes the sophistication and depth of India’s tourism product.



The report examines visa regimes, entry processes, and travel facilitation at the national level, given their role in shaping international tourist inflows.

1.9 Methodology and Approach

The report follows a five-step approach to identify and analyse constraints affecting tourism outcomes:

- 1.9.1 **Mapping the regulatory landscape:** The first step involves mapping the regulatory framework governing tourism service providers at both the Union and state levels. This includes identifying statutes, rules, schemes, and guidelines that impose licensing, registration, approval, and compliance requirements on tourism-related businesses.
- 1.9.2 **Shortlisting relevant regulations:** Based on the mapping exercise, regulations are shortlisted for their relevance to market entry and the day-to-day operations of tourism service providers.
- 1.9.3 **Analysing procedural and cost implications:** The shortlisted regulations are examined to identify specific provisions that increase the cost of doing business or create procedural inefficiencies.

²⁰ Centre for Social and Economic Progress. 2025. “The Curious Case of VKM Measurement”. https://csep.org/blog/the-curious-case-of-vkm-measurement/#_ftn1

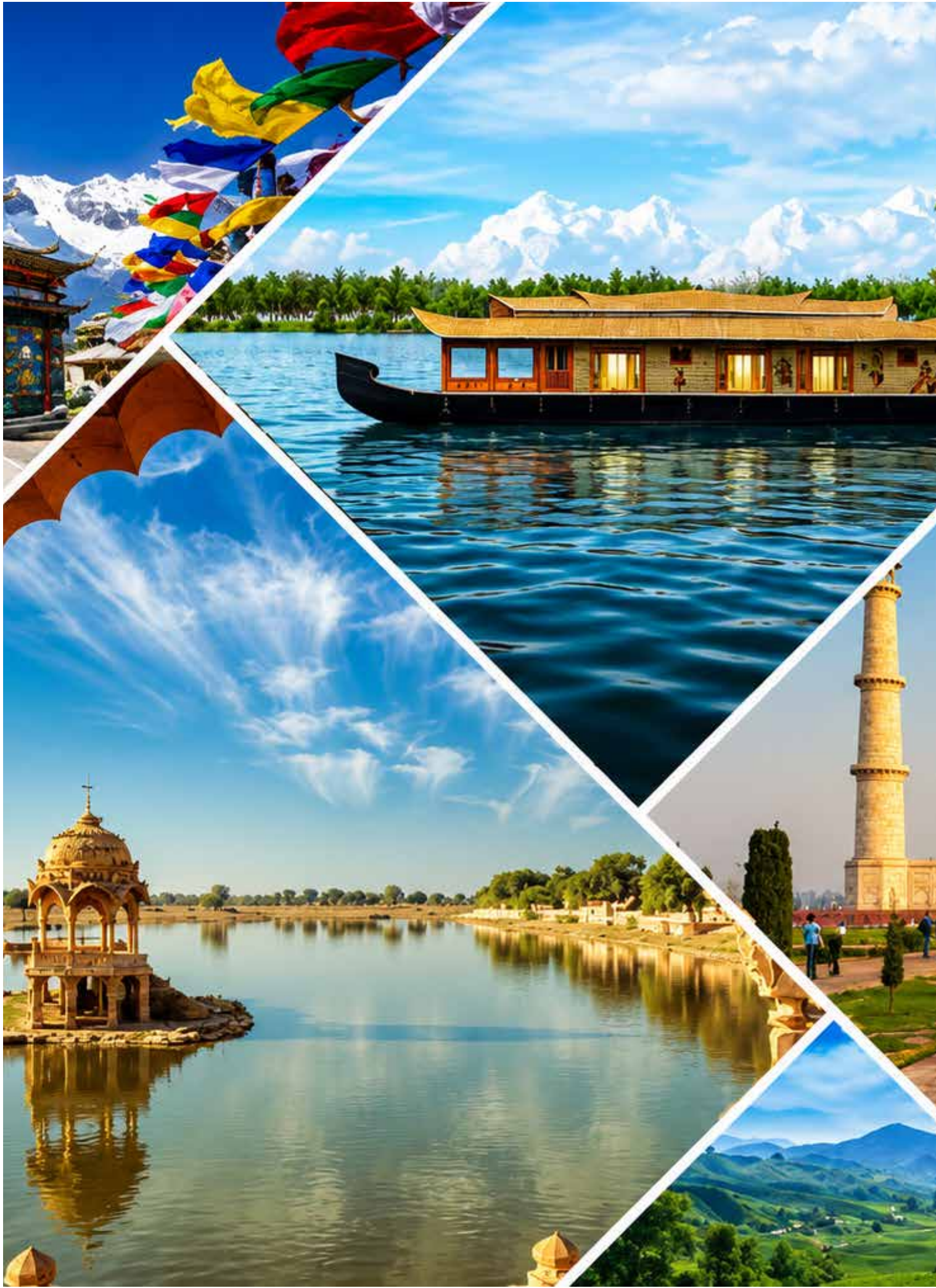


- 1.9.4 **Assessing entry-related policies:** The first step involves analysing visa regimes, entry processes, and travel facilitation frameworks to understand their impact on inbound tourism flows and international accessibility.
- 1.9.5 **Proposing reforms:** Based on the analysis of entry-related policies and regulatory frameworks, and informed by inter-state and cross-country comparisons as well as stakeholder consultations, the study proposes reforms to rationalise regulatory requirements, eliminate redundant or overlapping provisions, simplify compliance processes, and improve ease of travel.

The analysis is complemented by stakeholder consultations and comparative assessment across states and international practices. Based on these insights, the report proposes reforms aimed at improving ease of travel and simplifying regulatory processes to support the growth of tourism in India.









CHAPTER 02

Current Landscape for EoDB in Tourism



2. Current Landscape for EoDB in Tourism

2.1 Tourism Investment Lifecycle

Tourism businesses in India progress through a multi-stage lifecycle, with each stage involving distinct regulatory interactions across multiple government authorities. Understanding this lifecycle is essential to identifying where the regulatory burden is most concentrated, and where reforms can have the greatest impact.

The investor journey spans four broad stages.

Stage 1 (Project Development) covers land identification, acquisition, and project planning, along with securing initial statutory clearances that are prerequisites for any construction activity. These include approvals such as land use change, environmental pre-screening, airport height clearance, and state-level planning approvals.

Stage 2 (Construction) covers the process of obtaining building plan approvals, environmental clearances, and construction-related permits that determine what can be built and at what cost, based on norms such as FAR, ground coverage, and parking requirements. This stage includes approvals such as building plan sanction, environmental clearance, and key no-objection certificates.

Stage 3 (Licensing and Commissioning) covers the most compliance-intensive phase, where operators are required to obtain a range of licences prior to commencing operations. These include core operational licences such as food safety registration, excise permissions, health trade approvals, fire safety certification, and pollution control consent to operate.

Stage 4 (Operations and Compliance) covers the ongoing regulatory requirements throughout the lifecycle of the business, including periodic renewals, inspections, and statutory filings. This includes annual licence renewals, periodic inspections, and continued compliance with environmental and safety regulations.

Across all four stages, investors engage with multiple departments at the Union, State, and local levels through sequential and overlapping processes, with no single coordinating authority. This non-integrated approach creates fragmentation across the lifecycle, with Stage 3 being the most compliance-intensive. The cumulative impact of these interactions ultimately determines the overall ease of establishing and operating a tourism enterprise.

2.2 The Investor Experience: Three Examples

This section maps the end-to-end investor experience across three representative tourism segments – hotels, homestays, and tourist transport operators. It traces the sequence of approvals, institutional touchpoints, and timelines that an investor may navigate across the investment lifecycle, from project development and construction to licensing and operations.

By presenting these journeys step-by-step, the section highlights the key challenges faced by investors in navigating the investment lifecycle across sectors and states.



Example 1: Investor Journey for Hotel Development in Jaipur

01

Project Development

- The investor incorporates the company and secures a **Certificate of Incorporation** and **Certificate of Commencement of Business**
- She completes **Income Tax and GST** registrations
- Since the hotel is located near an airport zone, she needs to obtain **AAI Height Clearance**.
- She applies for **Consent to Establish (CTE)** from the **Rajasthan State Pollution Control Board** under:
 - i. Water (Prevention and Control of Pollution) Act, 1974
 - ii. Air (Prevention and Control of Pollution) Act, 1981
- She submits **change of land use plans** under the:
 - i. Rajasthan Urban Areas (Permission for Use of Land) Rules, 2012
 - ii. Rajasthan Land Revenue Rules, 2007

02

Construction Conditions

- She needs to obtain **multiple parallel technical approvals, each governed separately**:
 - i. File a Fire NOC under the Rajasthan Municipalities Act, 2009
 - ii. File for Lift Installation Approval under the Rajasthan Building bye-laws, 2020
 - iii. File for Construction Material Storage Permission under the Rajasthan Municipalities Act, 2009
- **Ground coverage is capped at ~40%** and **Floor Area Ratio (FAR) is typically ~2** in Rajasthan, forcing the investor to build vertically to achieve the same built-up area and increasing structural costs
- Crossing height thresholds triggers high-rise classification, which requires:
 - i. Fire lifts
 - ii. Refuge areas
 - iii. Advanced fire-fighting systems
- She is subjected to periodic fire safety, electrical, and boiler inspections; any deviation risks rework, penalties, or stoppage
- She needs to **file for Boiler Approval** under the Rajasthan Boiler Rules, 1954 and **DG Set Approval** under the Electricity Act, 2003 and CEA Regulations, 2010

03

Licensing

- Before opening, she needs to obtain **Consent to Operate (CTO) from the Rajasthan State Pollution Control Board**, where her hotel is classified into the Red, Orange, or Green category based on size and star rating, determining inspection frequency (every 6 months to 2 years) and validity (5–15 years)
- She secures **core operational licences**, each from a different authority:
 - i. FSSAI Licence
 - ii. Eating House Licence
 - iii. Health Trade Licence
- For **revenue-generating services**, she applies separately for:
 - i. Bar Licence (valid for only 1 year in Rajasthan, costs ₹1–16 lakh annually)
 - ii. Licence under the Rajasthan Police Act, 2007
 - iii. Peg Measure Licence
- She needs complete labour and employee compliances:
 - i. EPF Registration
 - ii. Employee Pension Registration
 - iii. ESI Registration
- If applicable, she obtains a Laundry Licence under the Factories Act and applies for Star Classification (HRACC)

04

Operational Compliance

- Post-opening, she needs to manage continuous renewals for Fire NOCs, Bar Licence, and CTO, each on a separate timeline
- She also remains subject to ongoing inspections across departments – pollution control, food safety, labour, and municipal authorities



Example 2 – A Homestay Owner in Goa

03

Licensing and Commissioning

- The homeowner identifies a residential property and applies for **registration with Goa's State Department of Tourism** (the registration process is governed by the **Goa Registration of Tourist Trade Act, 1982 and Rules, 1985**)
- The homestay to operate within **regulatory definitions of a small-scale accommodation unit**, complying with **limits on the no. of rooms**
- She prepares to comply with **~11 total regulatory requirements** and multiple NOCs across departments
- The investor to obtain **clearances from up to 9 different authorities** post homestay registration, including an NOC/licence from the **Gram Panchayat or Municipal Council** to operate the premises as a homestay
- Upon securing all required NOCs and approvals, the investor completes **formal registration with the Department of Tourism**; the homestay is now legally recognized as a tourism unit
- However, compliance remains **multi-authority dependent**, with no consolidation of approvals and a continued dependence on local body permissions

04

Operational Compliance

- Post-registration, the homestay operator to maintain validity of all NOCs and licences and manage **renewals across multiple authorities**, each with separate timelines

Example 3: A Transport Operator on the Kerala–Rajasthan Circuit

03

Licensing and Commissioning

- The transport operator **needs to ensure each vehicle satisfies the baseline requirements under the Motor Vehicles Act, 1988** and related rules:
 - Valid vehicle registration
 - Fitness certification
 - Insurance certification
 - Payment of motor vehicle taxes
 - All India Tourist Permit
- **The operator is regulated by both Union and State frameworks:**
 - The Union government sets the legal framework for registration, permits and inter-state movement
 - The State transport departments administer permits, enforce compliance, levy road-use taxes and regulate registration
- The operator to obtain an All India Tourist Permit to carry tourists across state boundaries:
 - AITP is only valid for 90 days or multiples of 90 days, up to a maximum of 5 years at a time**, requiring operators to plan renewals around fixed permit cycles
 - Under the 2026 amendment, **the vehicle needs to start or conclude each journey in its home state**, limiting the ability to run continuous Kerala– Rajasthan tourist circuits without returning to base
 - A vehicle holding an AITP **cannot remain outside its home state for more than 60 days at a stretch**, forcing periodic returns even when the permit remains valid
 - Each return and re-entry into another state may **trigger fresh compliance steps and state-level charges within the same operating cycle** where such levies continue to apply



Two obligations activate during normal operations on the Kerala-Rajasthan circuit:

A. Kerala state entry tax

- Kerala continues to impose state-level tax on vehicles registered outside Kerala, even when they hold a valid AITP, creating a parallel state-level charge on top of the national permit regime
- Under Section 3 of the Kerala Motor Vehicles Taxation Act, 1976, an out-of-state AITP vehicle to pay tax in Kerala from the date of entry until the end of that quarter, increasing operating cost each time the vehicle enters Kerala
- If the vehicle returns to its home state and later re-enters Kerala, the operator may face repeated state-level tax payments within the same operating cycle

B. Re-registration after a year in another state

- If a vehicle is kept in another state for more than 12 months, Section 47 of the Motor Vehicles Act, 1988 triggers re-registration, even if ownership has not changed
- The operator to apply for a new registration mark in the state where the vehicle has been kept
- The operator needs to submit 18 separate documents, obtain an NOC from the state of origin, pay the central fee under Rule 81 of the Central Motor Vehicle Rules, 1989, and pay motor vehicle tax to the new state, adding documentation, cost and coordination burden
- Compliance is checked mainly through manual enforcement by state transport authorities

2.3 Current EoDB Landscape

Ease of doing business has been a central focus of policy reform in India, with sustained efforts to simplify regulatory processes, improve transparency, and reduce compliance burden. In the context of tourism, these reforms are particularly important given the sector’s dependence on multiple approvals across land use, construction, licensing, and operations, often involving several government agencies.

At the national level, the National Single Window System (NSWS), launched in 2021, aims to provide a unified digital interface for investors to identify and apply for approvals across Union and State governments²¹. Complementing this, the Business Reforms Action Plan (BRAP), administered by the Department for Promotion of Industry and Industrial Trade (DPIIT), has created a framework to benchmark and incentivise states on regulatory reforms, including tourism-relevant areas such as licence rationalisation, digitisation of approvals, and reduction in compliance requirements.²²

In parallel, several states have undertaken targeted reforms that directly impact tourism businesses. For instance, Maharashtra follows a fire NOC approval system that doesn’t require periodic renewal²³; Delhi eliminated police-issued eating house licences that duplicated food safety and municipal requirements, benefiting the food and beverage segment²⁴; and Kerala has removed the requirement for Panchayat and Municipal NOCs for homestay classification, resulting in an increase in registered homestay supply.²⁵ These reforms demonstrate that simplification of regulatory requirements across tourism segments, is both feasible and impactful.

21 National Single Window System. <https://www.nsws.gov.in/>

22 Department for Promotion of Industry and Industrial Trade. <https://eodb.dpiit.gov.in/>

23 Directorate of Maharashtra Fire Services. 2014. Maharashtra renewal of fire approval from the Director, Chief Fire Officer or Nominated Officer (p. 2). Government of Maharashtra. <https://mahafireservice.gov.in/circular/Circular-MFS-Not%20Necessity%20of%20renewal%20of%20Fire%20Approval-30.10.2014.pdf>

24 Excise and Taxation Department. (2025). Order regarding Eating House Registration and Lodging Certificate *requirements* (Circular No. No. F(2)/Ex/Policy/Misc-II/2023-24/397-400). Government of National Capital Territory of Delhi. https://excise.delhi.gov.in/sites/default/files/Excise/circulars-orders/8228_0.pdf

25 Department of Tourism. 2022. Order regarding no requirement of NOC from local bodies for homestay classification. (G.O.(Rt) No. 177/2022/TSM). Government of Kerala. https://www.keralatourism.org/cls/homestays/Classified_Homestay.php



Evidence from both domestic and international contexts shows that targeted regulatory simplification can materially improve business outcomes. A study on Chicago's licensing framework found that simplifying restaurant licensing and removing unnecessary licences reduced both time and costs for businesses, while also improving compliance.²⁶ Similarly, in India, reforms under BRAP and state-level single-window systems have led to reductions in approval timelines and the number of touchpoints required for certain services, particularly in hospitality and food services, contributing to greater formalisation of businesses.

However, while the direction of reform is clear and progress is evident, the current landscape remains uneven in its implementation across sectors and states. The extent to which these reforms translate into a simplified and predictable regulatory experience varies across the tourism value chain and geographies.

This variation can be attributed to three structural factors:

First, reforms introduced in individual states have not been systematically replicated, resulting in divergent regulatory requirements and processes. **Second**, while digital platforms for approvals have been introduced in several states, the level of integration across departments remains limited, with approval processes continuing to operate sequentially in many cases. **Third**, reform efforts have been concentrated in select segments, particularly larger accommodation units, while other segments such as homestays, food and beverage establishments, tourist transport, and tour operators have seen relatively limited simplification.

2.4 Regulatory Landscape Across Tourism Sub Sectors and Key Constrains

The regulatory burden on tourism businesses varies across sub-sectors in both its nature and intensity, particularly in terms of the number of approvals required and the stage of the investment lifecycle at which they arise.

Within **accommodation**, hotels face the highest regulatory intensity, often requiring ~50 approvals across the lifecycle, spanning land, construction, and operations. In contrast, homestays operate within existing residential premises and face a lower overall regulatory load, with compliance concentrated at the point of entry through state-level registration frameworks.

In the **food and beverage segment**, regulatory requirements are concentrated at the operational stage, where establishments typically require ~30 licences across food safety, municipal authorities, excise, and safety regulations. These are often administered by multiple authorities with overlapping mandates.

Tourist transport operators face a relatively streamlined entry process centred around permits and vehicle registration, but encounter ongoing complexity in operations due to inter-state variation in permits, taxation, and compliance requirements.

Tour operators operate within a comparatively lighter but fragmented regulatory environment, with variation across states in registration requirements, eligibility conditions, and incentives for formalisation.



While the nature and intensity of regulatory requirements differ across sub-sectors, the burden on tourism businesses is not a random accumulation of individual requirements. Instead, four recurring categories of regulatory design issues emerge consistently across accommodation, food and beverage, tourist transport, and tour operations, and across stages of the investment lifecycle: **restrictive standards, redundancy in approvals, cumbersome and fragmented processes, and recurring compliance burden.**

Together, these structural constraints shape the overall ease of doing business in tourism and explain the persistence of regulatory friction despite a strong underlying asset base and ongoing reform efforts.

2.4.1 Restrictive standards: Regulatory frameworks often impose conditions that are not aligned with the scale, risk profile, or operating model of businesses. This can reduce project viability, limit scalability, and create entry barriers, particularly for smaller enterprises, without necessarily improving safety or service quality.

2.4.2 Redundancy in approvals: Multiple authorities frequently regulate similar aspects of business activity through parallel processes, leading to duplication of documentation, inspections, and compliance requirements. This increases time and cost burdens for businesses without delivering proportional gains in regulatory oversight.

2.4.3 Cumbersome and fragmented processes: Approval processes are typically structured in a sequential and department-specific manner, with limited coordination across agencies. This extends timelines, reduces predictability, and increases transaction costs, making it difficult for investors to plan and execute projects efficiently.

2.4.4 Recurring compliance and renewal burden: Periodic renewals and ongoing compliance requirements impose a continuous administrative burden on businesses, often irrespective of changes in risk or operating conditions. This results in recurring costs and effort that may not add commensurate regulatory value, while also diverting both business and administrative capacity from more productive activities.

The subsequent chapters examine each tourism sub-sector in detail, mapping the regulatory requirements and analysing the issues through the lens of the four identified categories. This is complemented by an assessment of best practices across states and relevant international examples. Based on this analysis, the report proposes targeted reform measures along with implementation pathways to enable a more streamlined, consistent, and efficient regulatory framework.







CHAPTER 03

**Accommodation
Service Providers**

3. Accommodation Service Providers

The Ministry of Tourism defines an accommodation unit as an entity providing a room or a group of rooms designed for lodging guests, and classifies the different offerings into 14 categories.²⁷ These categories include establishments operating on commercial tariffs and functioning as registered enterprises such as hotels, heritage hotels, and resorts. The categories also include smaller or partially commercial units that typically operate out of residential/non-conventional structures like homestays, houseboats, tented accommodation and so on.

Hotels and homestays are the most prominent and growing segments of the travel accommodation ecosystem in India. Hotels lead the market, with 26,219 units currently registered under the National Integrated Database of the Hospitality Industry (NIDHI).²⁸ On the other hand, homestays have gained significant traction as an alternative, catering to the rising demand for authentic, local travel experiences. Currently, 4,925 homestays are registered in India.²⁹ Together, they generated ₹4,722 crore in sales revenue in 2024.³⁰

Commercial accommodation service providers (such as hotels) in India are subject to multiple approvals under the jurisdiction of the Union, State, and Municipal authorities. At the Union level, they may comply with regulations related to approval from the Ministry of Tourism, star classification, environmental clearance, food safety standards, and pollution control regulations. At the state level, they are governed by building standards regulations, trade licensing, excise rules, and labour laws. At the municipal level, they require multiple health trade licences for ancillary services provided within the same premises. Currently, hotel operators are required to obtain at least 60 licences from local, state, and central government authorities. Non-commercial units such as homestays have simpler compliances but are still subject to restrictions such as caps on room offerings and minimum conditions.

Many of the licences required by accommodation units involve mandatory inspections, high-frequency renewals, and other filings and returns. These conditions can increase compliance costs, delay the commencement or continuation of operations, and create administrative uncertainty for operators. This highlights the need to simplify the regulations governing accommodation units. The following reforms discuss in detail the regulatory issues affecting such units and provide corresponding recommendations.

3.1 Issue Category: Restrictive Standards

3.1.1 Reforms: Liberalise building standards for hotels to enhance usable floor area and reduce construction costs

Hotel development is directly shaped by building regulations, including floor area ratio (FAR), ground coverage, parking norms, and minimum plot size requirements, which together determine the scale and financial viability of projects. Inter-state comparison of building regulations shows that commercial buildings, like hotels, are neither offered a

²⁷ The 14 types of accommodation services are hotels, resorts, bed-and-breakfasts, homestays, guest houses, lodges, farm stays, heritage properties, tented accommodations, houseboats, apartment hotels, motels, timeshare resorts, and legacy vintage properties.

²⁸ Ministry of Tourism. 2023. Accommodation Units. National Integrated Database of Hospitality Industry. <https://nidhi.tourism.gov.in/home/page/accommodation-units>

²⁹ Ministry of Tourism. 2023. Accommodation Units. National Integrated Database of Hospitality Industry. <https://nidhi.tourism.gov.in/home/page/accommodation-units>

³⁰ Aarti, B. 2025. Homestay Market Analysis 2026. Cognitive Market Research. <https://www.cognitivemarketresearch.com/homestay-market-report>



competitive floor area ratio (FAR) nor are they able to utilise the floor area effectively. These building regulations reduce the number of hotel rooms that can be constructed on urban plots. As a result, hotel development becomes more expensive and less responsive to demand.

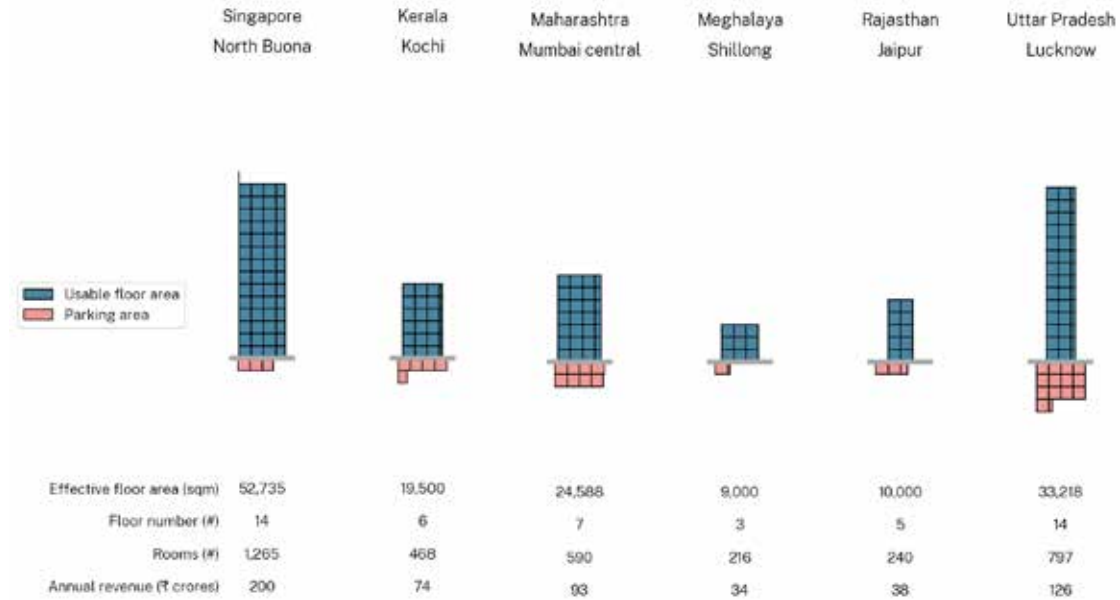


Figure 3.1.1: Comparing the Built Form of Hotels on 5,000 sqm Plots Across Jurisdictions

Low permissible ground coverage: Ground coverage dictates the maximum permissible floor area that a building may occupy at the ground level as a proportion of the plot area.³¹ Low permissible ground coverage limits the floor area that can be stacked per floor. As a result, a developer may construct more floors to utilise the maximum permissible floor area, resulting in slender buildings and higher construction costs. A hotel with 33,000 sqm built-up area in Uttar Pradesh for example, requires 14 floors, whereas the same hotel will require nine floors if constructed in Singapore. Similarly, a hotelier on a 5,000 sqm plot in Rajasthan may construct five floors to accommodate a built-up area of 10,000 sqm. This happens due to a ground coverage limitation of 40%, which leaves the building footprint at 2,000 sqm. However, if there were no ground coverage limit, the building footprint would be increased to 59% of the plot area. This will allow the hotelier to construct the same built-up area in three to four floors.

Low Floor area ratio (FAR) limits: Floor area ratio (FAR) is the ratio of the total built-up area to the plot area. FAR determines the maximum permissible floor area that can be constructed on a plot.³² FAR limits lead to two distinct challenges: First, a low base FAR limits the number of rooms a hotel can accommodate on a plot. For instance, on a 1,000 sqm plot in Rajasthan, at a base FAR of 2, a developer can build 48 rooms. Meanwhile, on the same plot in Odisha, a developer can build up to 120 rooms. Second, some states permit a higher FAR on payment of a premium, raising the development cost. These rates can range from 25% of the circle rate in Punjab to 40-80% of the circle rate in Uttar

31 Rule 2.1(aa), pg. 4, Local Self Government Department. 2019. Kerala Municipality Building Rules (S.R.O. No. 828/2019). Government of Kerala. <https://townplanning.kerala.gov.in/wp-content/uploads/2019/08/KMBR-2019.pdf>

32 Rule 2(37), pg. 12, Housing and Urban Development Department. 2025. Uttar Pradesh Building Construction and Development Byelaws. Government of Uttar Pradesh. https://www.awasbandhu.in/wp-content/themes/awasbandhu/pdf/Uttar-Pradesh-Building-By-laws-2025_PR8_250409_184117.pdf



Pradesh. For instance, a hotel on a 2,500 sqm plot in Kanpur can build 136 rooms without paying for FAR. Doubling the room count requires an additional payment of ₹20.7 crore for premium FAR.³³

Parking mandates: Parking requirements prescribe the number of spaces to be provided for parking based on the size and/or use of a building. When surface parking becomes infeasible after meeting ground coverage and setback requirements, parking spaces may be shifted to basements. However, basement parking significantly increases construction costs due to excavation, structural reinforcement, waterproofing, ventilation, and fire safety requirements. Indian hotels are required to construct a higher number of car parking spaces compared to other countries. The hotel with a 33,000 sqm built-up area in Uttar Pradesh requires 415 car parking spaces, whereas the same hotel will require 158 car parking spaces if constructed in Singapore.

High minimum plot area requirements: Minimum plot area requirements prescribe the smallest plot area on which a building may be developed based on its use. High minimum plot area requirements increase the entry barrier for small enterprises. Budget hotels or business hotels like Bloom Rooms aim to provide low-cost options in city centres and have constructed hotels on plots less than 500 sqm. This norm might force budget hotels to build away from city centres, effectively losing their competitive advantage and reducing budget-friendly options for regular business travellers.

Minimum road width requirements: Minimum road width requirements prescribe the width of the road abutting a plot that is required for a building to be permitted for construction. High minimum road width restrictions create entry barriers for small developers, as they render a large share of existing plots non-developable in the urban core areas where road networks are narrow. For context, 80% of roads in Indian urban areas are less than 8 m wide. Therefore, mandating higher road width requirements can hinder planned development by making it more challenging to meet these standards.

High-rise threshold: The high-rise threshold prescribes the maximum height beyond which a building is classified as a high-rise building. Once this threshold is exceeded, additional fire and life safety compliance is required. These compliances include installation of fire lifts, refuge areas, enhanced stair pressurisation, and specialised fire-fighting systems, as well as additional approvals from fire authorities. For instance, the high-rise threshold is 15 meters in Kerala, and 32 meters in Maharashtra (Mumbai). A hotel standing at 16 meters in height in Kerala will require the installation of a first aid hose reel. However, the same hotel in Maharashtra would not require these installations. Therefore, hotels incur higher construction costs and approval timelines when they cross these high-rise thresholds, disincentivising vertical development.



RECOMMENDATIONS

- Remove ground coverage requirements to allow maximum use of plot area for construction after meeting other mandatory requirements, such as setbacks, parking, and open space requirements, as is the case in states like Andhra Pradesh, Odisha, Maharashtra, Telangana, and Uttar Pradesh.
- Increase base FAR limits to 1-4 FAR on roads up to 18 m wide, and 5-7 FAR on roads over 18 m wide, in states where current limits are lower, and consider further liberalisation, subject to geographic, seismic, and environmental factors.
- Rationalise the car parking space requirements for hotels to fall within a range of 1.33 to 1.5 equivalent car parking spaces, in line with best practices followed across the country.
- Remove the minimum plot area requirements for low-rise hotels, as is the case in states like Haryana, Odisha, and Tamil Nadu.
- Reduce the minimum road width requirements for hotels to 9 m, as is the case in states like Maharashtra, Odisha, and Tamil Nadu, subject to geographic, seismic, and environmental factors.
- Increase the high-rise threshold to 23 m in states where the threshold is lower to permit hotels to be constructed on higher floors without the imposition of additional compliance requirements, subject to geographic, seismic, and environmental factors.

Rationale

Ground coverage restrictions aim to limit the building footprint to facilitate groundwater recharge. However, such restrictions can constrain building footprint even where alternative, performance-based solutions are available to meet the same objectives.³⁴ New technological developments in the field of rainwater harvesting now allow recharge objectives to be achieved more effectively without sacrificing productive land. For instance, in Meghalaya, all hotels are mandated to install a rainwater harvesting structure. States like Andhra Pradesh, Odisha, Maharashtra, Telangana, and Uttar Pradesh do not mandate a strict cap on ground coverage. Instead, owners can utilise the plot area left after ensuring other open space standards in these states as a building footprint. Ground coverage restrictions may also be redundant given that other standards already determine a building's built form and density.³⁵ Standards like setbacks, open space norms, and parking already limit a building's footprint. Removing ground coverage requirements can ensure the utilisation of land that is neither used for construction nor to comply with any other standard.

FAR limits can reduce the built-up area of a hotel, directly impacting the number of rooms that a developer can build. This caps operational capacity and reduces revenue potential, particularly in high-demand locations where vertical development is necessary to achieve financial viability. When base FAR is low, developers are compelled to purchase premium FAR to achieve commercially viable hotel sizes. Since premium charges are often linked to the circle rate/notified land value, small players can incur substantial

34 Patel, B., Byahut, S., & Bhatha, B. 2018. Building regulations are a barrier to affordable housing in Indian cities: The case of Ahmedabad. *Journal of Housing and the Built Environment*. 33(1), 175–195. <https://doi.org/10.1007/s10901-017-9552-7>

35 Patel, B., Byahut, S., & Bhatha, B. 2018. Building regulations are a barrier to affordable housing in Indian cities: The case of Ahmedabad. *Journal of Housing and the Built Environment*, 33(1), 175–195. <https://doi.org/10.1007/s10901-017-9552-7>



upfront development costs. Indian states offer low FAR to hotels compared to other Asian jurisdictions. On average, Indian states allow an FAR of 2 to 4 on narrow roads. Hotels are offered an FAR of up to 7, but only if they abut roads that are highway-width. In contrast, Singapore and the Philippines offer an FAR of up to 11. A few states prescribe a higher base FAR for hotels that align with the above-mentioned recommendations. For instance, Odisha allows a base FAR between 1.5 and 5 based on the abutting road width. Similarly, Tamil Nadu and Punjab allow base FAR as high as 3.25 and 3, respectively.

Parking mandates may be contributing to congestion, although they were instituted to alleviate crowding. Mandated parking incentivises more cars on the road. However, road infrastructure cannot be rapidly expanded to keep pace. This mismatch could exacerbate congestion and negatively impact central business districts, undercutting the economic advantages of high density.³⁶ At the same time, parking mandates discourage compact, high-density development that encourages shorter commute times for workers and reduces transport costs.³⁷ Other states prescribe lower car parking requirements for hotels. Uttar Pradesh requires 1.25 equivalent car spaces (ECS) per 100 sqm of floor area. Odisha mandates 1.33 ECS per 100 sqm of built-up area. Maharashtra adopts a staggered approach, requiring no parking for the first 50 sqm of floor area, 2.5 ECS per 100 sqm up to 800 sqm, and 1.25 ECS per 80 sqm of floor area thereafter.

Reducing the **minimum plot size requirement** promotes affordability and grants flexibility to a small enterprise to construct the premises on a relatively smaller piece of land, depending on its requirements. Haryana and Odisha do not mandate a minimum plot area requirement for hotels. Tamil Nadu mandates a minimum plot area of 50-200 sqm for low-rise hotels.

High **road width requirements** restrict hotel development to a limited number of roads. For context, 80% of Indian city roads are under 8 m wide.³⁸ In these cities, internal roads within the city are narrower.³⁹ As a result, high minimum road widths push new hotels away from cities' cores toward peripheral sites where wider roads are available. However, such sites require visitors to travel longer distances away from high-footfall commercial areas. In Odisha, hotels under 15 m are allowed on 9 m wide roads, and buildings over 15 m are permitted on 12 m wide roads. In Tamil Nadu, hotels under 18.3 m are allowed on 9 m wide roads, and buildings over 18.3 m are permitted on 12 m wide roads in non-CBD areas. In Maharashtra (outside Mumbai), hotels are permitted on 9 m wide roads in congested areas, and on 12 m wide roads in non-congested areas.

A **lower height threshold** increases the cost of construction and operation by increasing the compliance requirements. Advanced technological solutions and new construction methods, such as prefabricated components, flexible materials, and seismic-resistant techniques, have improved the safety and feasibility of high-rise buildings. Maharashtra (within Mumbai) defines high-rise buildings as those exceeding 32 m in height. Other states,

36 Manville, M., & Shoup, D. 2018. People, Parking and Cities. *Journal of Urban Planning and Development*, 131, 233–245. [https://doi.org/10.1061/\(ASCE\)0733-9488\(2005\)131:4\(233\)](https://doi.org/10.1061/(ASCE)0733-9488(2005)131:4(233))

37 Ministry of Urban Development. 2015. *Urban and Regional Development Plans Formulation and Implementation Guidelines Volume 1*. Government of India. <https://mohua.gov.in/upload/uploadfiles/files/URDPFI%20Guidelines%20Vol%201%282%29.pdf>

38 Sholmo, A., Lamson-Hall, P., Madrid, M., M. Blei, A., Parent, J., Sanchez, N. G., & Thom, K. 2016. *Atlas of Urban Expansion: The 2016 Edition, Volume 2: Blocks and Roads*. Lincoln Institute of Land Policy. <https://www.lincolninstitute.edu/app/uploads/legacy-files/pubfiles/atlas-of-urban-expansion-2016-volume-2-full.pdf>

39 Brush, J. E. 1962. The morphology of Indian cities. *India's Urban Future*, 1. https://shekhar.cc/wp-content/uploads/2017/05/brush_morphology.pdf



However, state boards such as the Maharashtra State Pollution Control Board place all hotels in the orange category regardless of size or rating.⁴²

In practice, there is no clear mechanism within the CPCB framework that allows an individual hotel to seek reclassification to a lower-risk category by demonstrating that its actual pollution levels are lower than the sector average. While the framework provides risk-based classification and enables periodic inspections, it does not prescribe a unit-level methodology for PI recalculation or category change. As a result, hotels that invest in cleaner technologies do not have a formal pathway to align their regulatory classification with their actual environmental performance.

RECOMMENDATION

- Introduce an environmental reclassification framework for hotels, based on pollution outcomes.

Rationale

Currently, CPCB classifies hotels into different colour categories based on sector-level assessment. Individual hotels within a category are regulated uniformly, irrespective of their energy use, technologies, or waste generation. However, the environmental impact of hotels depends on a variety of factors, including their use of technology. A study by the Government of India, through Bureau of Energy Efficiency (BEE) and USAID, on the hotel industry in India, found that a 5-star hotel has lower emissions per square meter than a 4-star hotel, reflected by its ability to invest in newer and greener technologies.⁴³

International practice shows that environmental performance assessment conducted by accredited third parties supports risk-based regulation and improves compliance. Independent verification mechanisms strengthen compliance by basing it on verified, measurable performance.⁴⁴ This can ensure oversight toward high-polluting operators and ease routine requirements for low-impact and compliant operators.⁴⁵

Implementation Roadmap

Central Pollution Control Boards (CPCB) and State Pollution Control Boards (SPCBs) may institute a CPCB notified environmental reclassification framework for hotels and other accommodation service providers.

3.1.3 **Raise the cap on the number of rooms that can be offered by homestay units**

Background

State tourism departments limit the number of rooms permitted for homestays in registration and operational rules. In Kerala, under the Guidelines notified for the Classification and Reclassification of Homestay Units, the maximum number of rooms that can be given for tourist accommodation is 6.⁴⁶

42 Maharashtra State Pollution Control Board, Consent Management – Categorisation of Industries (R/O/G): List of Industries under 'RED' Category. <https://mpcb.glack ov.in/consent-management/rog>

43 Balance & United States Agency for International Development. 2011. An overview of Carbon Emissions, Mitigation opportunities of the Hotel Industry in India. https://cbalance.in/wp-content/uploads/2013/01/CB_ECO3_White-paper_Hotel-Industry-March28-2012_v2.pdf

44 World Bank. 2019. State and trends of carbon pricing 2019. World Bank Group. <https://openknowledge.worldbank.org/handle/10986/31755>

45 Molfetas, A., & Martin, I. 2022. Risk-based approaches to environmental licensing. World Bank. <https://documents1.worldbank.org/curated/en/099051123160521750/pdf/P178189078a42d0f4087170e8b5c8f3080b.pdf>

46 Government of Kerala. (2020). Homestay Classification/Reclassification Scheme (No. GO-MS-No-03-2020-TSM-16012020-1). <https://homestaykerala.org/wp-content/uploads/GO-MS-No-03-2020-TSM-16012020-1.pdf>



Uttar Pradesh, vide a government order, passed under the new Uttar Pradesh Bed & Breakfast and Homestay Policy-2025. Under this policy, ‘homestay’ has been defined as having a maximum of 6 rooms.⁴⁷

Similarly, in Rajasthan, homestays are regulated under the schemes notified under the Rajasthan Tourism Trade (Facilitation and Regulation) Act, 2010.⁴⁸ Section 5 under the Rajasthan Homestay (Paying Guest House) Scheme restricts the maximum number of rooms to five.⁴⁹

RECOMMENDATION

- Raise the cap on the number of rooms that can be offered by homestay units from 6 rooms to 9 rooms.

Rationale

Room caps on homestays function as a quantity restriction. They limit the supply that a compliant operator can offer, even where demand exists. Accommodation providers require a minimum scale to cover fixed costs such as utilities, maintenance, and regulatory compliance, and economies of scale are a key determinant of profitability in the hospitality sector.⁵⁰ Limits on supply therefore affect viability and discourage expansion.

A revised cap of up to 9 rooms preserves the conceptual distinction between a homestay and a commercial guest house. The proposed increase does not alter the essential character of a homestay as a small-scale, owner-operated accommodation model. Beyond a specified threshold, establishments may fall under the regulations applicable to guest houses or small hotels and be subject to a different compliance framework. Setting the cap at up to 9 rooms therefore provides limited expansion flexibility while maintaining regulatory clarity and preventing category dilution. For instance, Rajasthan introduced the Tourism Guest House Scheme, 2020, to allow Guest Houses to offer up to 20 lettable rooms.⁵¹

Implementation Roadmap

Department of Tourism under the State government may amend the guidelines for the classification/reclassification of homestays to increase the permissible number of rooms for a homestay from 6 to 9.

47 Government of Uttar Pradesh. 2025. Uttar Pradesh Bed & Breakfast and Homestay Policy—2025 (No. 308/2025/41-2-2025/03/2025-CN-1894113). https://up-tourismportal.in/pdf/GOHome_Stay.pdf

48 Department of Tourism. 2010. Rajasthan Tourism Trade (Facilitation and Regulation) Act, 2010 (Notification No. No. F8 (42) Trade/DT/09/3116). Goverflexibility for expansionment of Rajasthan. https://www.tourism.rajasthan.gov.in/content/dam/rajasthan-tourism/english/pdf/acts-and-policy/16-Rajasthan-Tourism-Trade-Rules,-2010-and--Notifications_Other-Notifications.pdf

49 Department of Tourism. 2021. Rajasthan Homestay (Paying Guest House) Scheme, 2021 (No. No. 11530). Government of Rajasthan. <https://istart.rajasthan.gov.in/public/Policies/rajasthan-homestay-pg-house-scheme-2021.pdf>

50 Gu, Z. 2005. Economies of Scale Could Be Key to Profitability. *International Journal of Hospitality & Tourism Administration*. https://doi.org/10.1300/J149v06n01_05

51 Section 1, pg. 1. Department of Tourism. Rajasthan Guest House Scheme, 2020. Government of Rajasthan. <https://istart.rajasthan.gov.in/public/Policies/rajasthan-guest-house-scheme-2020.pdf>



3.2 Issue Category: Redundancy in Approvals

3.2.1 Remove project-stage approval by the Ministry of Tourism and de-link star classification of hotels from grant of any license or approval or sanction of loans

Background

The Ministry of Tourism operates a voluntary scheme for approval of Hotel projects through its Hotel & Restaurant Approval & Classification Committee (HRACC).⁵² This framework is intended to ensure that hospitality establishments meet contemporary standards of facilities, safety, and service quality for tourists.⁵³ Applications are submitted online through the HotelCloud portal. The form requires detailed promoter documentation, land-use permit, architectural specifications, environmental and safety features, local body approvals/ NOC, capital structure disclosures, and projected timelines.

The approval is valid for five years and may be extended by one year. It ceases to be valid three months prior to expiry or on the date the hotel becomes operational, whichever is earlier. During the project implementation stage, the promoter may file online returns showing quarterly progress in the prescribed format on the same portal, failing which the project approval is liable to be withdrawn.⁵⁴ On completion of the Hotel Project, the promoter may submit a completion certificate issued by the competent authority.

The Hotel and Restaurant Approval and Classification Committee (HRACC) under the Ministry of Tourism, Government of India, lays down the guidelines for voluntary classification/ reclassification of hotels at the project or operational stage.⁵⁵ Hotel projects are approved under one of the star categories at the implementation stage, whereas operational hotels are classified or reclassified after commencement of operations.

Applications are submitted online through the HotelCloud portal. Applications for 1-Star to 3-Star categories are processed by the concerned Director at the India Tourism Office, at the state level. Applications for the 4-Star, 5-Star, 5-Star Deluxe, and Heritage (Basic) categories are processed at the central level, and any queries are handled by the Member Secretary (HRACC), Ministry of Tourism. The clearance of the classification application for hotels typically takes around 90 days, per the guidelines. This results in delays that directly affect hotel launch schedules. The issue is further compounded by the lack of standardised service level agreements (SLAs) and formal escalation mechanisms across agencies.

Similarly, the Central Pollution Control Board (CPCB) assigns environmental categories to hotels using star classification as a determining factor. Hotels rated above 3 stars or with 100 or more rooms are placed in the Red category, while hotels up to 3 stars or with 20 to 99 rooms are placed in the Orange category. This makes the voluntary star classification mandatory in practice.

⁵² Ministry of Tourism. 2018. Revised guidelines for approval of hotels at project stage and star classification/reclassification of operational hotels. Government of India. <https://nidhi.tourism.gov.in/uploads/gallery/1667476361.pdf>

⁵³ Ministry of Tourism, Government of India. 2018. Guidelines for Hotel Approval & Classification Committee (HRACC). https://tourism.gov.in/sites/default/files/2020-02/Hotel_Guidelines_From%2019-01-2018.pdf

⁵⁴ Ministry of Tourism, Government of India. 2023. Guidelines for hotel project approval and classification (1667476361.pdf). <https://tourism.gov.in/sites/default/files/2024-02/1667476361.pdf>

⁵⁵ Ministry of Tourism. 2018. Revised guidelines for approval of hotels at project stage and star classification/reclassification of operational hotels. Government of India. <https://nidhi.tourism.gov.in/uploads/gallery/1667476361.pdf>



Although the star classification is voluntary for hotels, it is considered mandatory for them to serve Indian liquor and foreign liquor to residents. State excise departments grant licences to hotels that hold a star classification. Star classification also serves as the primary basis for deciding the liquor license fee. For example, the Delhi Excise Rules, 2010 set the fee for a bar license for serving Indian Liquor inside a bar/restaurant attached to a hotel between ₹4 lakhs to ₹12 lakhs, based on the star classification.

RECOMMENDATIONS

- Remove project-stage approval for hotels by the Ministry of Tourism. Retain only the post-construction star classification of hotels.
- Ministry of Tourism may issue appropriate communication to clarify that star classification is a voluntary quality benchmark and may not be used as a basis for granting any other license, approval or regulatory permission or sanction of loans etc.

Rationale

The purpose of star classification is to denote the size of the hotel and the amenities it provides. The project stage approval and post-construction star classification serve the same objective of classifying hotels into star categories. At the project stage, the promoter declares the intended star category and submits plans to demonstrate compliance with room size norms, amenities, eco features and safety standards. After the hotel becomes operational, the promoter may apply again for star classification within three months, and the Ministry reassesses substantially the same parameters in built form. This results in the same standards being examined twice, first on paper and then on site. Further, since other approvals (such as environmental clearance, health trade licence, excise licence, and so on) are contingent on star classification, what began as a voluntary process, has de facto become a mandatory approval.

The linkage of star classification with license eligibility creates a bottleneck that could delay hotel operations without any clear policy benefit. The classification can take several months to process through HRACC's system. This delay leads to postponing revenue streams from food and beverage services and undermines business competitiveness.

Over time, since other approvals (such as environmental clearance, health trade licence, excise licence, financial loan sanctions and so on) are contingent on star classification, what began as a voluntary process for project stage approval has de facto become a mandatory approval.

Star classification may be delinked from CPCB categorisation because it does not necessarily reflect a hotel's environmental impact. A study on the Indian hotel sector found wide variation in energy use and emissions even among hotels within the same star category.⁵⁶ For example, a five-star hotel in warm and humid region, emits much more CO₂ per square meter than a five-star hotel located in cold region.

Making star classification mandatory in the case of liquor licensing runs counter to the voluntary intent of the starrating scheme. The Ministry of Tourism guidelines emphasise that classification is optional and primarily for marketing and service benchmarking, yet

⁵⁶ Balance & United States Agency for International Development. 2011. An overview of Carbon Emissions, Mitigation opportunities of the Hotel Industry in India. https://cbalance.in/wp-content/uploads/2013/01/CB_ECO3_White-paper_Hotel-Industry-March28-2012 v2.pdf



state excise laws bind it to alcohol sale permissions that are economically significant for hospitality businesses. Removing this linkage, or at least allowing provisional star ratings for licensing purposes, would align excise regulation with the voluntary nature of the classification regime, reduce unnecessary delays, and enable hotels to begin operations and generate employment and revenue without being held up by non-core procedural requirements. FSSAI removed the similar star classification requirement, which was earlier required to grant a fresh license/renewal to Hotel Food Business Operators (FBOs).

BEST PRACTICE | New Zealand

Internationally, star classification is managed by an official national tourism authority or a recognised board that sets quality standards and issues ratings based on published criteria. For example, in New Zealand, accommodation star-rating is administered by 'Qualmark', a government owned organisation under Tourism New Zealand. It functions as New Zealand's official star classification board for hotels and tourism quality standards. It sets assessment criteria, evaluates properties (including facilities, safety, sustainability and service), and awards star ratings to accommodation service providers.

Implementation Roadmap

- (i) Acting on above recommendations, the Ministry of Tourism has issued necessary instructions to remove project-stage approval for hotels.
- (ii) Ministry of Tourism has also issued instructions to states not to base any license, approvals or financial loan sanctions on this project-stage approval for hotels.
- (iii) Ministry of Tourism has also clarified that star classification may be delinked from regulatory approvals and fiscal incentives. [(i), (ii) & (iii) above, Ref. QS-10/68/2025-Q&S Division dated 16.03.2026, Ministry of Tourism].
- (iv) Central Pollution Control Board, Ministry of Environment, Forest and Climate Change may modify Central Pollution Control Board classification guidelines, and all other relevant rules, orders and notifications to remove any reference to star classification as a criterion for environmental approval or regulatory categorisation.
- (v) Excise Departments under the State government may modify Excise Rules and all other relevant rules, orders and notifications to remove any reference to star classification as a criterion for license eligibility, fee determination or regulatory categorisation.

3.2.2 Reform: Introduce a single Health Trade License for hotels for all ancillary services

Issue

Hotels may obtain a separate license for each ancillary service provided on their premises. For instance, a hotel or resort in Mumbai with a banquet hall, laundry or beauty salon, may obtain separate health trade licences for each of these services. This requirement arises under Section 394 of the Mumbai Municipal Corporation Act, 1888, read with Schedule of License Fees and Rules (Schedule M)⁵⁷.



Service Type	Licence Fee (₹, subject to maximum)	Validity Period
Banquet Hall / Restaurant / Catering	47,320	1 year
Beauty Salon	3,590	1 year
Laundry Service / Shop	47,320	1 year
Lodging House	28,560	1 year

Figure 3.2.2: Types of Health Trade Licence (Health Trade Licence) for Hotels in Mumbai⁵⁸:

RECOMMENDATION

- Introduce a single, Health Trade License that subsumes separate licences for hotels to be issued by the local municipal corporation/ municipality.

Rationale

The requirement to obtain separate licences for each ancillary service within the same premises results in duplication and higher compliance costs. Hotels are treated as multiple independent establishments for licensing purposes, even when ancillary services such as spas, swimming pools, banquet halls, and bars operate within a single business unit under common ownership.

The overlapping licensing structure is also inconsistent with the objective of ease of doing business and regulatory simplification. The Business Reforms Action Plan (BRAP) of the Department for Promotion of Industry and Internal Trade (DPIIT) explicitly calls for simplification of trade licences, reduction of documentation, and elimination of overlapping approvals.⁵⁹

Implementation Roadmap

Local Self-Government Department (LSGD)/ Urban Development Department/ Municipal Administration and Water Supply Department (MAWS) under the State government may introduce a single, Health Trade License that subsumes separate licences for ancillary services for hotels.

3.2.3 Reform: Introduce a single liquor license for hotels for service areas within the same premises

Background

Hotels require multiple liquor licences for serving liquor within the same hotel premises. When a hotel holds a valid liquor license to operate a bar, it cannot serve liquor in guest rooms or in other areas such as poolside spaces, terraces, lawns, or at banquets. These locations need to be separately authorised under an additional liquor license, in accordance with the applicable state excise rules. For instance, in Delhi, Section 81 of the Delhi Excise Act, 2009, governs the government's rule-making power regarding the

⁵⁸ [ps://portal.mcgm.gov.in/irj/go/km/docs/documents/CBA/Trade/Fee%20Schedule%20of%20394.pdf](https://portal.mcgm.gov.in/irj/go/km/docs/documents/CBA/Trade/Fee%20Schedule%20of%20394.pdf)

⁵⁹ Department for Promotion of Industry and Internal Trade. 2024. Business Reforms Action Plan (BRAP) 2024 [PDF]. Government of India. https://eoddb.dpiit.gov.in/PublicDoc/Download/n1oGktz5P6kwxWdvTViC9w_eee_eee



wholesale or retail sale of intoxicants.⁶⁰ Under the Act, the Delhi Excise Rules, 2010 prescribe that an L-16/L-16F license permits the sale and consumption of liquor only within the approved bar or restaurant space inside the hotel, and nowhere else. If the hotel wants to serve liquor inside guest rooms, it may separately obtain an L-15/ L- 15F license, which is meant for serving liquor to resident guests in their rooms.⁶¹ For a 3-star hotel in Delhi, the annual L-16/L-16F licence (for serving liquor in the bar/restaurant) costs ₹18,04,598 for up to 75 seats. If the hotel also wants to serve liquor in guest rooms, it may take a separate L-15/L-15F licence, which costs ₹6,27,686 annually, for a hotel with 51–100 rooms.⁶² Similarly, in Himachal Pradesh, different areas of service within a hotel (such as lawns, terrace, banquet hall) require different/additional licences, based on the Himachal Pradesh Excise Act.⁶³

RECOMMENDATION

- Introduce a single liquor license for hotels for service areas within the same premises.

Rationale

In the case of liquor licensing, separate licences for different service areas within the same hotel premises create operational rigidity and can restrict service flexibility. Multiple licences for similar services increase documentation requirements, inspection frequency, license fees, and renewal timeline for a hotel business.

BEST PRACTICE | New Delhi

The Expert Committee on Excise Reforms (2020) under the Government of NCT of Delhi recommended abolishing multiple existing retail license categories and replacing them with a single retail license category for simplification of retail liquor licences.

Implementation Roadmap

Excise Department under the State government may amend the Excise Act and Rules at the State level to introduce a single liquor license for hotels, for service areas within the same premises.

3.2.4 Reform: Remove the requirement to obtain local authority NOCs for homestay registration

Background

Homestays need to be registered with the department of tourism, under the state government. Homestay operators are required to secure multiple approvals before commencing operations, including around 5 No Objection Certificates (NOCs) and 11 total compliance

60 Delhi Excise Act, No. XIII of 2009. 2009. Government of NCT of Delhi. https://www.indiacode.nic.in/bitstream/123456789/13622/1/delhi_excise_act.pdf

61 <https://excise.delhi.gov.in/excise/grant-l-15l-16-license>

62 Department of Excise, Entertainment & Luxury Tax, Government of NCT of Delhi. 2025. L-15 and L-16 licences (fee structure and conditions). <https://excise.delhi.gov.in/excise/115-and-116>

63 The Himachal Pradesh Excise Act, 2011. 2011. Government of Himachal Pradesh. <https://www.indiacode.nic.in/bitstream/123456789/3304/1/THE%20HIMACHAL%20PRADESH%20EXCISE%20ACT%2C%202011.pdf>



requirements from various government authorities.⁶⁴ For example, Meghalaya mandated all accommodation providers (including homestays) to obtain a No Objection Certificate (NOC) from both the district administration and district police.⁶⁵ Similarly, as per the Goa Registration of Tourist Trade Act, 1982 and Rules, 1985, a homestay registration in Goa can trigger clearances from up to nine different authorities, apart from the registration with the tourism department.⁶⁶ Among these, homestay operators are often required to obtain a license/NOC of the Gram Panchayat/Municipal Council to run the premises as a homestay.

RECOMMENDATION

- Remove the requirement for an NOC from Municipality or Panchayat to register a homestay.

Rationale

The requirement for homestay operators to obtain NOCs from multiple authorities can create administrative hurdles and delays in the registration process. To address this, Kerala removed the requirement of NOC from Panchayat/ Municipality/ Corporation for the classification of homestays.⁶⁷ As per the Government Order (G.O.), the NOC requirement in Kerala was removed after the difficulties faced by homestay owners were examined. The local municipalities/ panchayats of the state have also expressed the view that the requirement to submit a No Objection Certificate for homestay classification may be removed.

BEST PRACTICE | Kerala

The **Government of Kerala** removed the requirement of NOC from Panchayat/ Municipality/ Corporation for the classification of homestays⁶⁸. As per the Government Order (G.O.), the NOC requirement in Kerala was removed after the difficulties faced by homestay owners were examined. The local municipalities/ panchayats of the state have also expressed the view that the requirement to submit a No Objection Certificate for homestay classification may be removed.

Implementation Roadmap

- (i) Department of Tourism under the State government may remove the requirement for an NOC from Municipality or Panchayat to register a homestay.
- (ii) Department of Tourism under the State government may introduce self-registration of homestays.

64 Expert Committee on Reforms in Liquor Trade, Government of NCT of Delhi. (n.d.). Report of the Expert Committee suggesting measures for various reforms in liquor trade in Delhi [PDF]. https://excise.delhi.gov.in/sites/default/files/important-news/report_of_expert_committee_suggesting_measures_for_various_reforms_in_liquor_trade_in_delhi.pdf

65 Directorate of Tourism. 2025. Online Data Collection and No Objection Certificate for registration of Homestay/Guest House/Lodge/ Inn. (Press Release No. No. M/D-Tour. 15/2023/Pt/40). Government of Meghalaya. <https://cdn.s3waas.gov.in/s32a084e55c87b1ebcdaad1f62fdbbac8e/uploads/2025/07/17537762994877.pdf>

66 Department of Tourism. 2022. Revised documents for New Registrations/Renewal (Government Order No. No. NS/3(865)2022-DT/2G). <https://goatourism.gov.in/wp-content/uploads/2018/12/Ease-of-Doing-Business-EoDB-order.pdf>

67 Department of Tourism. 2022. Order regarding no requirement of NOC from local bodies for homestay classification. (G.O.(Rt) No.177/2022/TSM). Government of Kerala. https://www.keralatourism.org/cls/homestays/Classified_Homestay.php

68 Department of Tourism. 2022. Order regarding no requirement of NOC from local bodies for homestay classification. (G.O.(Rt) No.177/2022/TSM). Government of Kerala. https://www.keralatourism.org/cls/homestays/Classified_Homestay.php



3.3 Issue Category: Cumbersome and Fragmented Approval Process

3.3.1 Reform: Adopt Auto-DCR scrutiny and integrate departmental NOCs into the building permit portal

Background

Pre-DCR is a pre-submission validation step within the process of building plan approval. It is a desktop tool or plugin used on computers to prepare and pre-check building drawings before submitting them for approvals. Pre-DCR ensures that drawings are correctly formatted and broadly compliant, so that only valid plans are submitted for scrutiny. For example, Meghalaya's Online Building Permission System (OBPS) operates under Meghalaya Urban Areas Building Bye-Laws, 2021.⁶⁹ It relies on portal-based Electronic Development Control Regulation (EDCR) scrutiny after uploading drawings. However, it does not have a pre-DCR validation tool/plugin to pre-check drawings.⁷⁰

In practice, architects may rely on repeated EDCR uploads to identify errors and then resubmit until approval. Meghalaya's OBPS documentation focuses on electronic plan submission and EDCR scrutiny but does not reference integration of multi-agency NOC clearances within the same portal workflow in official toolkit documents. In Kerala, under the K-SMART platform, the applicant/architect prepares drawings manually using published guidelines and uploads them directly.⁷¹ It does not have a formal Pre-DCR desktop plugin/tool that architects run before upload, as seen in Auto-DCR implementations. K-SMART also does not currently provide an end-to-end, API-linked automated NOC clearance module with other departments (e.g., fire, environment, transport, utilities) within the same permit workflow. Sections 381-388, 565 of The Kerala Municipality Act, 1994 govern the building rules and bye-laws, giving powers to the government. Under this Act, the Kerala Municipality Building (Amendment) Rules, 2021, under Rule 19A states that clearances and NOCs from any authorities concerned may be submitted along with the application.⁷²

RECOMMENDATION

- Adopt Auto-DCR scrutiny for building plan approvals and integrate departmental NOCs (such as the Public Works Department (PWD), the Water Resources Department (WRD), and the height clearance NOC) into the online building permit portal.

Rationale

Several processes lengthen the approval timeline and add to the operational workload of municipal corporations/councils and town panchayats. In 2015, manual construction permits in Delhi and Mumbai involved 24 to 44 separate procedures. On average, the permits took 171 to 195 days to get approved.⁷³

69 Government of Meghalaya, Urban Affairs Department. 2021. The Meghalaya Building Bye-Laws, 2021. https://meglaw.gov.in/rules/The_Meghalaya_Building_Bye_Laws_2021.pdf

70 Meghalaya Urban Development Authority. 2025. Toolkit / Instructions – Online Building Permission System (OBPS). <https://obps.meghalaya.gov.in/obps/instructions.htm>

71 Information Kerala Mission. 2024. K-SMART modules, Government of Kerala. <https://ikm.gov.in/sites/default/files/2024-04/ksmart-modules-status-31.03.2024.pdf>

72 Kerala Municipality Building (Amendment) Rules, 2021. <https://www.legitquest.com/act/kerala-municipality-building-amendment-rules-2021/df5c>

73 World Bank. 2020. From Paper to the Cloud – Improving Building Control through E-permitting. <https://documents1.worldbank.org/curated/en/705331592344507733/pdf/From-Paper-to-the-Cloud-Improving-Building-Control-through-E-permitting.pdf>



Automated permitting systems improve processing efficiency and reduce approval delays. The introduction of e-permitting systems in 2020 reduced delays with approval processes taking around 113 days in Delhi and 98 days in Mumbai.⁷⁴ Similarly, Chennai Metropolitan Development Authority (CMDA) has adopted an automated building plan approval system.⁷⁵ Applicants upload building plans and supporting documents through an online portal. The auto-DCR software verifies the technical compliance of the plans with development and building regulations.

Auto-DCR (Automated Development Control Regulations) is a software application that automatically checks whether a building plan complies with applicable Development Control Regulations, such as building height, setbacks, floor area, parking and safety requirements. Auto-DCR provides a Pre-DCR validation tool as part of its workflow process. It is a software application that architects can run on their computers as a plugin to prepare and pre-check the building plan drawings. It allows errors to be corrected before upload and significantly reduces rejections. Architects first prepare and validate their drawings using the Pre-DCR tool, ensuring only compliant plans can be uploaded for automated scrutiny in the online planning permission system.

BEST PRACTICE | Chennai

CMDA's Online Planning Permission Application (Online PPA) system explicitly states that NOC integration for 10 departments, where applicants can initiate, track, and receive clearances from external NOC-issuing departments, is part of the same online planning permission process.⁷⁶ The list of integrated departments includes the Forest Department, Public Works Department, Southern Railways, Chennai Metro Rail Ltd, and more. CMDA granted 792 online approvals in 2025 alone, reflecting the scale of usage of its Auto-DCR-enabled Online PPA system.⁷⁷

Implementation Roadmap

Local Self-Government Department (LSGD)/ Urban Development Department/ Municipal Administration and Water Supply Department (MAWS) under the State government may adopt Auto-DCR software for building plan approvals and integrate departmental NOCs in a single online portal.

⁷⁴ World Bank. 2020. From Paper to the Cloud – Improving Building Control through E-permitting. <https://documents1.worldbank.org/curated/en/705331592344507733/pdf/From-Paper-to-the-Cloud-Improving-Building-Control-through-E-permitting.pdf>

⁷⁵ Chennai Metropolitan Development Authority. 2021. PreDCR Help Manual. Government of Tamil Nadu. <https://onlineppacmda.tn.gov.in/BPAMS.Common/Downloads/CMDA/PreDCRManual.pdf>

⁷⁶ Chennai Metropolitan Development Authority. (Retrieved in 2025). NOC Integration. <https://cmdachennai.gov.in/NOCIntegration.html>

⁷⁷ Chennai Metropolitan Development Authority. (2025). Online PPA approval details. <https://www.cmdachennai.gov.in/OnlinePPAApprovalDetails/2025.html>







CHAPTER 04

**Food and Beverage
Service Providers**

4. Food and Beverage Service Providers

The regulation of Food and Beverage (F&B) units follows a three-layered governance structure, similar to accommodation units. At the Union level, authorities regulate food safety, income tax, GST, imports, and registrations under the Employees' Provident Fund. State governments regulate areas such as excise, pollution control, fire safety, and electricity through sector-specific laws and authorities. Municipal bodies oversee local public health, sanitation, change of land use (CLU) approval, and entertainment licences, among others.

F&B businesses in India may obtain several mandatory licences even to start operations, unlike in countries such as Singapore and China. According to the National Restaurants Association of India (NRAI), an operator requires a total of 36 approvals to open a restaurant in Bengaluru, 26 in Delhi, and 22 in Mumbai.⁷⁸ On average, operating an F&B unit requires obtaining at least 24 licences, registrations, and permissions across different levels of government.

Requiring businesses to submit identical information to multiple authorities may impose avoidable compliance burdens, particularly on small and medium-sized enterprises.⁷⁹ In this context, this section outlines reform recommendations to streamline the licensing framework governing Food and Beverage (F&B) service providers.

4.1 Issue Category: Recurring Compliance and Renewal Burden

4.1.1 Reform: Increase the turnover threshold and validity period for FSSAI registration and licensing

Background

All food business operators are required to register with or obtain a license issued by the Food Safety and Standards Authority of India (FSSAI). The power to grant registrations/licences stems from the Food Safety Standards Act 2006 (FSS Act 2006). The FSS (Registration and Licensing of Food Businesses) Regulations 2011 have been formulated in pursuance of section 92(2)(o) and section 31 of the FSS Act 2006, which states that no person can start or operate a food business without obtaining a license under the Food Safety Standards Act, 2006.

The Food Safety Standards (Registration and Licensing of Food Businesses) Regulations 2011 determine whether an FBO requires a state/central license or registration. The thresholds for registering and licensing Food Business Operators (FBOs) were established in 2011 to achieve universal coverage for food safety regulation. While turnover thresholds for other classifications, such as MSMEs and GST, have been updated over time, thresholds for FSSAI registrations and licences have remained unchanged. With the current thresholds, even small-scale food business operators fall under the licensing regime.

⁷⁸ Sections 6.18 and 6.19, pg. 134. Ministry of Finance. 2020. Economic Survey 2019-20, Volume 1. Government of India. https://www.indiabudget.gov.in/budget2020-21/economicsurvey/doc/vol1chapter/echap06_vol1.pdf

⁷⁹ Organisation for Economic Co-operation and Development. 2020. One-Stop Shops for Citizens and Business (OECD Best Practice Principles for Regulatory Policy). https://www.oecd.org/en/publications/one-stop-shops-for-citizens-and-business_b0b0924e-en.html



FSSAI issues time-bound licences/registrations, which may be mandatorily renewed at least 30 days before expiry. Failure to renew a license can attract a penalty of up to ₹10 lakh. Given that FBOs already undergo multiple post-establishment checks, the renewal process duplicates effort and raises costs.

Licences/registrations issued by FSSAI are valid for a period of 1 to 5 years. Regulation 2.1.7(1) of the Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 states that FBOs can choose the validity when applying.

Regulation 2.1.7(2) requires an FBO to renew its license/registration at least 30 days before the date of expiry. FBOs renew licences/ registrations by submitting a form and paying the license/registration fee. Even if FBOs can choose the validity period, they have to pay the annual rates of renewal fees.

The failure to renew can lead to the expiration of a license/registration. Under section 63 of the Food Safety and Standards Act (FSSA), 2006, an FBO operating without an active license/registration may have to pay a penalty of up to ₹10 lakhs.

RECOMMENDATION

- Increase the turnover threshold for registration to ₹1.5 crore.
- Threshold limit for State and Central licences to be increased in the following manner:
State license: Above ₹1.5 crore and up to ₹50 crore
Central license: Above ₹50 crore
- Introduce perpetual validity of FSSAI registration/license, license fees to be paid annually.

Rationale

Increasing the thresholds for registration and licensing of FBOs would decrease the compliance burden on small-scale FBOs. Licensed FBOs face extra compliance requirements at both the application and post approval stages.

Increasing the turnover thresholds and introducing perpetual validity for FSSAI registrations and licences align with the recommendations of Report 1 15112025 of the High-Level Committee on Non-Financial Regulatory Reforms. The report has called for the rationalisation of regulatory thresholds and the reduction of recurring compliance burdens in FSSAI licensing and registration frameworks.

Implementation Roadmap

- (i) Based on the recommendations of the High-Level Committee (HLC) on Non-Financial Regulatory Reforms constituted by NITI Aayog, the Ministry of Health and Family Welfare has approved major reforms in the FSSAI regulatory framework with effect from 1 April 2026. As part of these reforms, the turnover threshold for FSSAI registration has been increased from ₹12 lakh to ₹1.5 crore, while the threshold for State licensing has been revised up to ₹50 crore, with Central licensing applicable beyond this limit.
- (ii) The reforms provide perpetual validity of FSSAI registrations and licences, aimed at reducing compliance burden, simplifying procedures, and improving ease of doing business for food business operators, particularly micro and small enterprises.



4.1.2 Reform: Extend the Validity Period for Liquor Licenses

Alcoholic liquor for human consumption falls under entry 51 of the State List in the Seventh Schedule of the Constitution. The sale and service of alcoholic beverages are regulated at the state level, requiring establishments to obtain a bar license from the Excise Department of the State government. In at least seven states, including Uttar Pradesh, Tamil Nadu, Goa, Rajasthan, Jharkhand, West Bengal and Assam, bar licences are valid for only one year. For instance, Section 15 (1) of the Uttar Pradesh Excise (Grant of Bar Licences) Rules, 2020 stipulates that an establishment with a license to serve liquor may get it renewed every year on 31 March.

State	Name of Licence	Validity	Annual Fees Range (₹)
Uttar Pradesh ⁸⁰	FL-6 (Hotel Bar) / FL-7 (Restaurant Bar)	1 year	5 lakh – 27.5 lakh
Tamil Nadu ⁸¹	FL-2/3 (Bar Licence for hotels/clubs)	1 year	5.82 lakh – 12.85 lakh
Goa ⁸²	L-4/L-5 (Bar/Hotel Bar)	1 year	0.4 lakh – 3.75 lakh
Rajasthan ⁸³	Hotel Bar Licence	1 year	1 lakh – 16 lakh

Figure 4.1.2: Retail Bar Licensing Framework Across Select States in India

RECOMMENDATION

- Increase the period of validity of bar licences to five years.

Rationale

Time-limited licences can create unnecessary compliance burdens and discourage long-term investment. Short renewal periods for bar licences create a recurring compliance cost for restaurants and bars. In practice, compliance is better ensured through inspections and enforcement, rather than through mandatory periodic renewals.⁸⁴ Eliminating frequent renewals or allowing auto-renewals to reduce recurring compliance costs is also recommended by the Department for Promotion of Industry and Internal Trade (BRAP 2022). Extending the validity period of liquor licences follows from the same reform principle.⁸⁵

80 Government of Uttar Pradesh. 2025. Uttar Pradesh Excise Policy 2025–26 https://upload.indiacode.nic.in/showfile?actid=AC_UP_88_459_00001_00001_1597737627591&filename=notify_policy_2025-26_eng..pdf&type=rule

81 Tamil Nadu Commissionerate of Prohibition & Excise. (n.d.). P & E Fees Structure [PDF]. https://cpe.tn.gov.in/tamil/pdf/P_and_E_Fees_structure%20.pdf

82 Government of Goa, Department of Finance. (2020). Principal notification 20–21 [PDF]. <https://excise.goa.gov.in/docs/Notifications/Principal%20notification%2020-21.pdf>

83 Government of Rajasthan, Excise Department. (n.d.). New licence fee schedule [PDF]. <https://iems.rajasthan.gov.in/homepageassets/image/NewLicenceFee.pdf>

84 Organisation for Economic Co-operation and Development. 2025. Licensing and Permitting: How to Manage Risks While Supporting Growth. https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/10/licensing-and-permitting_f2b74324/68fc3301-en.pdf

85 Department for Promotion of Industry and Internal Trade. 2022. Business Reforms Action Plan. Ministry of Commerce and Industry, Government of India. <https://eodb.dpiit.gov.in/PublicDoc/Download/46010>



BEST PRACTICES | Maharashtra and Andhra Pradesh

- The **Maharashtra** Excise Department allows bar licences to be issued for up to **five years**, with licence fees calibrated based on expected sales over the period.⁸⁶
- Under the **Andhra Pradesh** Excise Rules, 2025, bar licences are granted with a validity period of 36 months, reducing the frequency of renewals.

Implementation Roadmap

Excise Department under the State government may amend the relevant section(s) under the State's Excise Rules, under the respective State Excise Act to increase the validity of bar licences to five years.

4.2 Issue Category: Redundancy in Approvals

4.2.1 Reform: Remove the Eating House Licence requirement for food and beverage service providers

Background

The eating house license is a police-issued requirement intended to ensure public order, safety, and compliance by food-serving establishments. It is mandatory to obtain a certificate of registration for an eating house. For instance, Section 131-A of the Bombay Police Act 1951 states that whoever fails to obtain a license under this Act in respect of a place any eating house within the prescribed period may, on conviction, be punished with a fine of up to ₹2,000, and may additionally face closure of the premises until compliance, with further penalties including imprisonment of up to one month or a fine of up to ₹5,000, or both, in case of non-compliance with such closure orders.^{87,88} Apart from this, Section 394 (e) of The Mumbai Municipal Corporation Act mandates a separate municipal license for the eating house business, specified in Part IV of Schedule M. To obtain this license for an eating house in Mumbai, 22 documents are required.⁸⁹ Moreover, there exist 20 special conditions, apart from the other 31 general conditions, for the trade of an eating house, u/s 394 of the MMC Act.

RECOMMENDATION

- Discontinue the requirement for food and beverage service providers to obtain an eating house license from the police.

⁸⁶ Excise and Taxation Department. (2023). Revisions under Maharashtra Prohibition Act, 1949 (Notification No. No. BPA 112023 / 2023-2024/01/ VI). Government of Maharashtra. https://stateexcise.maharashtra.gov.in/Site/Upload/Pdf/Rewise_Renewal_Notification_2023-2024.pdf

⁸⁷ Section 131-A. Government of Maharashtra. 1951. The Bombay Police Act. https://www.indiacode.nic.in/bitstream/123456789/6792/1/bombay_police_act_1951.pdf

⁸⁸ <https://indiankanoon.org/doc/39112056/#:~:text=%5BPenalty%20for%20not%20obtaining%20licence,forthwith%20comply%20with%20such%20direction%5D>

⁸⁹ Government of Maharashtra. 2015. Aaple Sarkar Portal. <https://aaplesarkar.mahaonline.gov.in/en>



Rationale

Simplifying and maintaining a business-friendly regulatory environment is essential to reducing constraints in doing business.⁹⁰ International experience supports this approach. A study on Chicago's licensing framework found that simplifying restaurant licensing and removing unnecessary licences reduced time and costs for businesses as well as improved compliance.⁹¹

BEST PRACTICE | Maharashtra and Andhra Pradesh

- Delhi, following the removal of police-issued licensing requirements for seven activities, the Eating House Licence is no longer required for the grant or renewal of excise licences.⁹²

Implementation Roadmap

Home Department under the State government may amend the relevant sections of the State government acts to eliminate separate licences for eating house.

90 Section 6.1, pg. 128. Ministry of Finance. 2020. Economic Survey 2019-20, Volume 1. Government of India. https://www.indiabudget.gov.in/budget2020-21/economicsurvey/doc/vol1chapter/echap06_vol1.pdf

91 Molfetas, A. 2019. Business Licensing Reforms. World Bank. <https://documents1.worldbank.org/curated/en/247941561971098931/pdf/Business-Licensing-Reforms-Insights-from-Selected-Country-Experiences.pdf>

92 Excise and Taxation Department. (2025). Order regarding Eating House Registration and Lodging Certificate requirements (Circular No. F(2)/Ex/Policy/Misc-II/2023-24/397-400). Government of National Capital Territory of Delhi. https://excise.delhi.gov.in/sites/default/files/Excise/circulars-orders/8228_0.pdf









CHAPTER 05

Transport

5. Transport

Tourism in India relies on the smooth movement of vehicles across states. The road transport sector accounts for about 87% of passenger traffic.⁹³ India's tourism ecosystem also includes a growing segment of tourist transport operators. The Motor Vehicles Act, 1988, governs tourism transport operators. As per Section 2 (43) of the Motor Vehicles Act, 1988, a 'tourist vehicle' is a contract carriage constructed or adapted and equipped and maintained in accordance with such specifications as may be prescribed for this purpose.

Under Sections 2 and 66 of the Act, vehicles used, including those used for tourism services, may operate with valid permits issued by the competent transport authorities. At the Union level, this is operationalised through the All-India Tourist Permit (AITP) regime, which authorises tourist vehicles to operate across state boundaries. Since 2021, over 3.5 lakh AITPs have been issued, with more than 1.3 lakh granted in 2025 alone.⁹⁴

For transportation, the Union government sets the legal framework for vehicle registration, permits, and inter-state movement under the Motor Vehicles Act, 1988 and related rules. On the other hand, states are responsible for administering permits, enforcing compliance, levying road-use taxes and regulating registration through their transport departments. Therefore, in practice, tourism transport operators may comply with multiple regulatory requirements such as vehicle registration, fitness and insurance certification, payment of motor vehicle taxes, and procurement of an All India Tourist Permit.

The current road freight and transport systems highlight that fragmented charging practices increase operational costs and reduce efficiency. Several states impose multiple, layered charges on vehicles, like permit fees and road user charges. Such charges can weaken the objective of nationally or regionally valid permit regimes.⁹⁵ When charges are imposed by multiple authorities without coordination, they undermine the objective of nationally or regionally valid permit regimes. The following section examines two such issues affecting road-based transport services and proposes reforms to simplify charges and permit requirements.

93 Ministry of Road Transport and Highways. 2025. Road Transportation (Introduction). Government of India. <https://morth.nic.in/en/road-transport>

94 Ministry of Road Transport and Highways. 2025. Vahan Parivahan Portal. Government of India. <https://vahan.parivahan.gov.in/aitp/faces/index.xhtml>

95 Asian Development Bank. (2022). Road Funds and Road User Charges in the Carec Region. <https://www.adb.org/sites/default/files/publication/850396/road-funds-road-user-charges-carec.pdf>



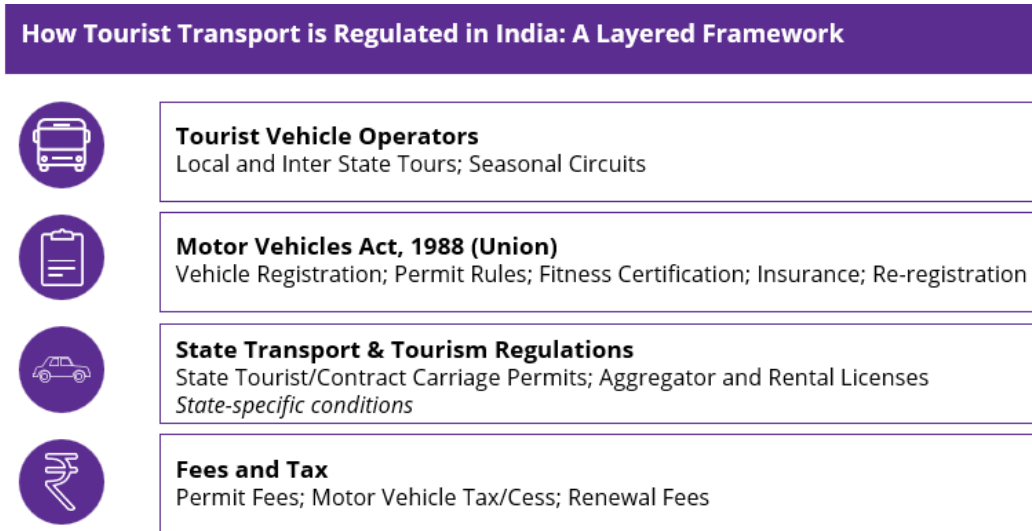


Figure 5: Regulatory Framework for Transport Operators in India

5.1 Issue Category: Recurring Compliance and Renewal Burden

5.1.1 Reform: Extend the validity of All India Tourist Permits (AITPs) and remove state-level entry taxes and fees on tourist vehicles

Background

Section 88 of the Motor Vehicles Act, 1988, governs the validation of transport vehicle permits for use outside the region or state in which they were originally granted. The All-India Tourist Vehicles (Permit) Rules, 2023, framed under sub-section (9) of Section 88 of the Act, state that an AITP may be valid for a period of ninety days or its multiples thereof not exceeding five years at a time.

Some states continue to impose additional entry taxes on vehicles, even when they hold a valid All India Tourist Permit (AITP). For instance, the Kerala Motor Vehicles Taxation Act, 1976, contains specific provisions under Section 3 that apply to vehicles entering Kerala from other states with permits under Sections 88(8) and 88(9) of the Motor Vehicles Act, 1988. Vehicles holding an AITP and registered outside Kerala are required to pay tax in Kerala from the date of entry until the end of that quarter, at the rate specified under the Kerala Motor Vehicles Taxation Act, 1976.⁹⁶

The All India Tourist Vehicles (Permit) Amendment Rules, 2026 introduced a new Rule 4A, which requires that a vehicle holding an AITP may either start or conclude its journey in the home state.⁹⁷ The vehicle cannot remain outside the home state for more than sixty days at a stretch. In practice, the 60-day limit requires vehicles operating outside their home state to return periodically, even when the permit remains valid. Each return and subsequent re-entry into other states may trigger fresh State-level entry taxes/fees where such levies continue to apply. As a result, transport operators face recurring administrative steps and repeated charges within a short operating cycle.

⁹⁶ Kerala Motor Vehicles Taxation Act, § 3 (1976). <https://mvd.kerala.gov.in/sites/default/files/Downloads/Taxation%20act%20updated%20upto%202023.pdf>

⁹⁷ Ministry of Road Transport & Highways, Government of India. 2026, February 13. All India Tourist Vehicles (Permit) Amendment Rules, 2026 (G.S.R. 131(E)). https://morth.nic.in/sites/default/files/circulars_document/GSR%20131%20E%20dated%2013.02.2026%20-%20AITP%20Amendment%20Rules%2C%202026_0.pdf



RECOMMENDATION

- Extend the minimum validity of the All India Tourist Permit from 90 days to 1 year.
- Remove the state-level entry taxes/ fees on motor vehicles already holding the All India Tourist Permit.

Rationale

Repeated authorisation and renewal requirements in road transport increase operational costs and administrative workload for operators. Permits and renewal procedures require businesses to repeatedly spend time and resources on compliance, adding to their operating costs.⁹⁸

The All-India Tourist Vehicles (Permit) Rules, 2023 were made with the objective of seamless and hassle-free movements of tourist vehicles across the country on the strength of a permit issued after making the payment of the fee. Section 5 of AITP Rules 2023 contains a formula-based distribution of permit fees among States and Union Territories.⁹⁹ However, States continue to rely on their own motor vehicle taxation laws, leading to parallel fee and tax regimes. The Ministry of Road Transport and Highways (MoRTH) clarified that permit fees collected under the AITP Rules are shared with States and UTs and advised them not to levy any additional taxes or fees.¹⁰⁰

BEST PRACTICE | United States

Within the U.S. interstate passenger transport system, carriers transporting passengers for compensation in interstate commerce are required to obtain federal operating authority from the Federal Motor Carrier Safety Administration (FMCSA), rather than seeking separate approvals from each state they operate in.¹⁰¹ Federal law also limits the ability of states to impose additional entry or operating-authority requirements on interstate passenger carriers, reducing fragmentation in cross-state operations.¹⁰²

A second feature is the Unified Carrier Registration (UCR) system. Under UCR, covered interstate operators register annually with their base state and pay a single annual fee¹⁰³. The UCR framework facilitates the sharing of registration information and revenue across participating states.¹⁰⁴

This provides a strong example of how a nationally valid transport regime can be combined with a coordinated revenue-sharing mechanism for states, instead of relying on multiple state-level registrations or fragmented fee structures.

98 Organisation for Economic Co-operation and Development. 2007. Cutting red tape: Comparing administrative burdens across countries. OECD Publishing. https://www.oecd.org/content/dam/oecd/en/publications/reports/2007/09/comparing-administrative-burdens-across-countries_g1gh8270/9789264037502-en.pdf

99 All India Tourist Vehicles (Permit) Rules, CG-DL-E-20042023-245256 § 5 (2023). https://morth.nic.in/sites/default/files/notifications_document/All%20India%20Tourist%20Vehicles%20%28Permit%29%20Rules,%202023.pdf

100 Ministry of Road Transport and Highways. 2023. Levy of fee/passenger tax/border tax from tourist vehicles plying under All India Tourist Vehicles (Permit) Rules (Circular No. RT-1 1 036/69/2023-IVVL). Ministry of Finance, Government of India. https://morth.nic.in/sites/default/files/circulars_document/MVL_CIR_RT11036692023%20MVL.pdf

101 FMCSA, Legal Notice for Motorcoach Operations. 2014. <https://www.fmcsa.dot.gov/safety/passenger-safety/legal-notice-motorcoach-operations>

102 49 U.S. Code § 14501: Federal authority over intrastate transportation. <https://www.law.cornell.edu/uscode/text/49/14501>

103 UCR. 2025. Fee Brackets. September 21, 2025. <https://plan.ucr.gov/fee-brackets>

104 UCR. 2025. Participating States. September 12, 2025. <https://plan.ucr.gov/participating-states/>



Implementation Roadmap

- (i) Ministry of Road Transport and Highways (MoRTH) may amend Section 4(4) of AITP Rules 2023 to increase the minimum validity period.
- (ii) Motor Vehicles Department under the State governments may amend state-level Motor Vehicles Taxation Acts to exempt vehicles registered in other states that hold a valid All India Tourist Permit (AITP) from the requirement to pay entry fees or additional state entry taxes.

5.2 Issue Category: Restrictive Standards

5.2.1 Reform: Revise the re-registration requirement for vehicles relocated to another state for more than twelve months

Issue

Section 47 of the Motor Vehicles Act, 1988 mandates re-registration of a vehicle that has been kept in a different state for more than 12 months. When a motor vehicle registered in one State has been kept in another State for a period exceeding twelve months, the owner of the vehicle has to apply to the registering authority, within whose jurisdiction the vehicle then is, for the assignment of a new registration mark. Section 47 also requires obtaining a No Objection Certificate (NOC) from the state of origin as part of the re-registration process.

RECOMMENDATION

- Revise Section 47 of the Motor Vehicles Act 1988, to require reregistration in case of a change in the owner's residence.

Rationale

Re-registration of a motor vehicle under Section 47 requires submission of 18 separate documents, merely because the vehicle stayed in another state for over 12 months.¹⁰⁵ Apart from this, the owner is required to pay both the central fee under Rule 81 of the Central Motor Vehicle Rules, 1989, and the motor vehicle tax levied by the new State.

Requiring periodic vehicle re-registration is an administratively inefficient practice, as accurate vehicle records can be maintained through simple updates. Modern vehicle registration systems follow the 'continuous registration' principle, in which vehicles remain on the register, and changes are recorded through updates rather than frequent re-registration.¹⁰⁶

¹⁰⁵ Ministry of Road Transport and Highways. (2025). Reassignment Of Registration Mark. Government of India. <https://parivahan.gov.in/en/content/reassignment>

¹⁰⁶ Roger, G., & Ponce de Leon Valdes, M. (2025). Motor Vehicle Information Management Systems. World Bank. <https://documents1.worldbank.org/curated/en/099734011042534543/pdf/IDU-4a2326d8-cbda-41d6-a401-77cb35852c07.pdf>



Motor Vehicle Information Management Systems (MVIMS) are national, centralised systems that maintain up-to-date vehicle records and share them across authorities. The MVIMS shows that vehicle records can be kept up to date through simple updates, without frequent re-registration.

India already has the necessary digital infrastructure to support such a model. VAHAN, an integrated e-governance platform by the Ministry of Road Transport and Highways (MoRTH), functions as India's MVIMS. It is a national centralised digital database that holds a single, continuous record for every registered vehicle in the country. Regional Transport Offices (RTOs) use VAHAN to approve online applications, verify documents, and update fields such as address, ownership, tax, or permits, with every change becoming visible across India.

Currently, Bharat (BH series) registration vehicles do not require re-registration when they stay in another state for more than 12 months. A simple address update is carried out in VAHAN, and the registration number remains unchanged. However, for non-BH registration vehicles, if the vehicle is kept in another State for more than 12 months, the law requires re-registration under Section 47 of the Motor Vehicles Act, 1988. In cases of re-registration, the originating State RTO verifies the vehicle record, while the new State RTO assigns a new registration number, and the old number is closed while retaining the same vehicle identity. At present, VAHAN does not automatically monitor or track the 12-month duration of stay in another State. Compliance is checked largely through manual enforcement by State transport authorities.

BEST PRACTICES | Malaysia and Spain

- In **Malaysia**, Section 58A, Road Transport Act, 1987 requires registered vehicle owners to notify the transport authority of any change in address within two months, following which the national motor vehicle register is updated.¹⁰⁷ The provision is limited to maintaining accurate records and does not mandate re-registration or any change in the vehicle's registration mark.
- **Spain** operates a single, nationwide vehicle registration system under the Reglamento General de Vehículos, with registration remaining valid irrespective of provincial movement.¹⁰⁸ Under this system, Article 27(1) establishes that the ordinary registration of a motor vehicle is unique and national, which remains unchanged throughout the life of the vehicle. It allows departure from this principle only in limited exceptional circumstances, such as vehicles entering from abroad or specific legacy cases.

¹⁰⁷ Section 58A. Government of Malaysia. 1987. Road Transport Act, 1987. <https://www.mot.gov.my/en/Documents/Act%20333%20-%20Road%20Transport%20Act%201987.pdf>

¹⁰⁸ Government of Spain. 1999. General Vehicle Regulations (Royal Decree No. 2822/1998). <https://www.boe.es/buscar/act.php?id=BOE-A-1999-1826>



Implementation Roadmap

Ministry of Road Transport and Highways (MoRTH) may revise Section 47 of the Motor Vehicles Act 1988, to require re-registration in case of a change in vehicle owner's residence.







CHAPTER 06

Tour Operators and Travel Agencies

6. Tour Operators and Travel Agencies

Tour operators and travel agencies are defined under 3(I) and 3(II) of the Revised Guidelines for Recognition of Tourism Service by the Ministry of Tourism (2020).¹⁰⁹ A **tour operator** designs, packages, and delivers end-to-end travel experiences within the country, including arrangements for transport, accommodation, sightseeing, entertainment, and other tourism-related services, either directly or through online platforms. A **travel agent** facilitates travel by arranging tickets for air, rail, sea, and other modes of transport, along with services such as passport and visa assistance for tourists visiting India. A travel agent may also arrange accommodation, tours, entertainment, and other tourism-related services as covered under the tour operator category.

Tour operators and travel agents play a central role in connecting tourists with destinations, transport, and accommodation. Their functions include itinerary planning, ticketing, accommodation booking, and transport coordination. As these services directly affect consumer safety, service quality, and destination reputation, governments often regulate market entry and operations, forming the basis for registration and recognition frameworks.

Establishing and operating a tour operator business typically requires obtaining a licence upon meeting the qualifications prescribed by the relevant authorities. State governments primarily regulate tour operators and travel agencies through registration schemes, rules, or guidelines under their tourism policy frameworks. These instruments set out eligibility criteria, documentation, and operational requirements for recognition. However, the nature and stringency of these requirements vary significantly across states.

In some states, registration is mandatory, requiring operators to obtain approval prior to commencing operations. For instance, states such as Kerala, Tamil Nadu, Himachal Pradesh, and Karnataka have compulsory registration requirements. In contrast, states such as Rajasthan, Meghalaya, Maharashtra, and Uttar Pradesh provide voluntary recognition frameworks under their tourism policies. In such cases, registration is typically linked to eligibility for availing benefits and incentives. The key distinction is that mandatory regimes regulate market entry, whereas voluntary regimes primarily serve as a quality-signalling mechanism without restricting entry.

The state tourism departments set conditions to define the criteria for businesses to apply for tour operators/ travel agency registration. This section focuses on three such criteria: (a) minimum capital requirements, (b) minimum qualifications, and (c) minimum experience. The conditions can act as entry barriers and may significantly limit the participation of small, new, and local operators.

¹⁰⁹ Ministry of Tourism. 2020. Revised Guidelines for Recognition of Tourism Service (Office Memorandum No. No. TT-701/2/2018-TT). Government of India. <https://tourism.gov.in/sites/default/files/2020-12/Tour%20Opertaors%20Revised%20Guidelines.pdf>



6.1 Issue Category: Restrictive Standards

6.1.1 Reform: Remove minimum capital, educational and experience requirements to register as a tour operator or travel agency

Background

Registration frameworks for tour operators and travel agencies in several states impose minimum capital, educational, and prior experience requirements as eligibility conditions.

- (i) **Minimum capital requirement:** Across India, several states impose a minimum paid-up capital requirement for tour operator and travel agent registration, ranging from ₹50,000 to ₹4 lakh. At least three key tourism states – Rajasthan, Meghalaya, and Tamil Nadu – require operators to maintain a minimum paid-up capital to obtain registration. In these states, tour operators may provide proof of capital through a bank solvency certificate and the latest audited balance sheet or a Chartered Accountant’s certificate. For example, Clause 2 of the Tamil Nadu Tour Operators/ Travel Agents and Tourist Transport Operators (Registration) Scheme, 2023, requires all tour operators and travel agents in Tamil Nadu to register by meeting six conditions. One of the key requirements of these conditions is a minimum paid-up capital of ₹1 lakh to be eligible for registration.
- (ii) **Minimum educational requirement:** Across India, these requirements typically include completing secondary education or earning a degree in a tourism-related field. For instance, in Kerala, under Rule 3 of the Kerala Registration of Tourist Trade Act, 1991, a travel agent is required to possess either a degree from a recognised university or a degree or diploma from a recognised institution related to tourism and travel studies. Similarly, in Tamil Nadu, the Tamil Nadu Tour Operators / Travel Agents and Tourist Transport Operator (Registration) Scheme, 2023, introduced by the Department of Tourism under the Tamil Nadu Tourism Policy 2023, seeks to standardise service quality. Clause 2 of the Scheme prescribes a minimum educational qualification of 10+2 or equivalent. It further requires at least one staff member to possess a degree from a recognised university.
- (iii) **Minimum experience requirement:** Prior industry experience is required in some states for registration as a tour operator or travel agency to ensure operational competence and professional service delivery. In Kerala, as per Rule 3 of the Kerala Registration of Tourist Trade Act, 1991, there are minimum experience requirements to operate as a travel agent. These requirements include previous work experience as a key qualification for registration as a Travel Agent. Similarly, in Rajasthan, the Terms and Conditions for Recognition and Renewal of Travel Agencies, Excursion Agencies, and Safari Operators require agencies to have been engaged in the excursion business for at least one year before applying for recognition, with management staff possessing a minimum of four years’ experience in excursion work within a registered agency.



RECOMMENDATIONS

- Remove the minimum capital requirement to register as a Tour Operator or Travel Agency.
- Remove the requirement for a tourism/travel-related diploma or degree as a condition for registration.
- Remove the minimum work experience requirement, while introducing accessible skilling programmes to ensure quality standards are maintained.

Rationale

- (i) **Minimum capital requirements** act as significant barriers to market entry, particularly for small and first-time entrepreneurs. Evidence shows that in several developing economies, minimum capital requirements remain a major obstacle to starting a business.¹¹⁰ In these countries, entrepreneurs are required to commit capital equal to at least three times the average annual income simply to register a firm. Therefore, removing paid-up capital thresholds can expand participation, improve competition, and support inclusive tourism growth.
- (ii) **Minimum educational qualification** requirements can act as barriers to entry in service occupations where skills are primarily acquired through experience rather than formal education. Organisation for Economic Co-operation and Development (OECD) notes that market entry, especially in professional services, is often limited by tight qualification requirements.¹¹¹ For tour operators, effective performance largely depends on local destination knowledge, customer service, and operational experience. Thus, removing strict degree requirements can help local people to work as operators and staff.
- (iii) Removing the **prior-experience requirement** allows a broader pool of people to enter the tourism industry and work as tour operators or travel agents. Occupational entry regulations (OER) such as minimum requirements often reduce both business dynamism and employment, and lead to higher prices for consumers. By limiting who can legally enter an occupation, these regulations restrict the supply of service providers and reduce competitive pressure. This can raise costs for consumers and limit job creation.¹¹²

BEST PRACTICE | Himachal Pradesh

Under Rule 19 of the Himachal Pradesh Tourism Development and Registration of Tourism Trade Rules, 2012, travel agent eligibility focuses on a minimum of 10+2 education, the ability to communicate in Hindi or English, knowledge of local culture and customs, and familiarity with the state's tourist destinations – without any minimum paid-up capital requirement or prior experience condition. This approach targets practical competence rather than formal credentials.

110 Djankov, S., La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. 2002. The Regulation of Entry. *The Quarterly Journal of Economics*, 117(1), 1–37. <https://doi.org/10.1162/003355302753399436>

111 Organisation for Economic Co-operation and Development. 2024. Competition and regulation in professions and occupations. https://www.oecd.org/en/publications/competition-and-regulation-in-professions-and-occupations_218869f5-en.html

112 Organisation for Economic Co-operation and Development. 2020. Occupational licensing – how much and what effects? <https://oecde-coscope.blog/2020/03/31/occupational-licensing-how-much-and-what-effects/>



BEST PRACTICES | Unites States and Malaysia

- In the **United States**, regulation of tour operators (referred to as “sellers of travel”) is primarily administered at the state level. Registration requirements exist in certain states (e.g., California under the Business & Professions Code § 17550.20(a))¹¹³, but there are no prescribed minimum educational qualifications or prior experience requirements for entry into the sector. This approach focuses on registration and consumer protection mechanisms without imposing restrictive eligibility criteria, thereby enabling broader participation while maintaining oversight.
- In **Malaysia**, the Tourism Industry Act, 1992 of Malaysia regulates licensing eligibility based on business suitability requirements such as office location, facilities, and staffing, without imposing minimum educational qualifications on operators.¹¹⁴

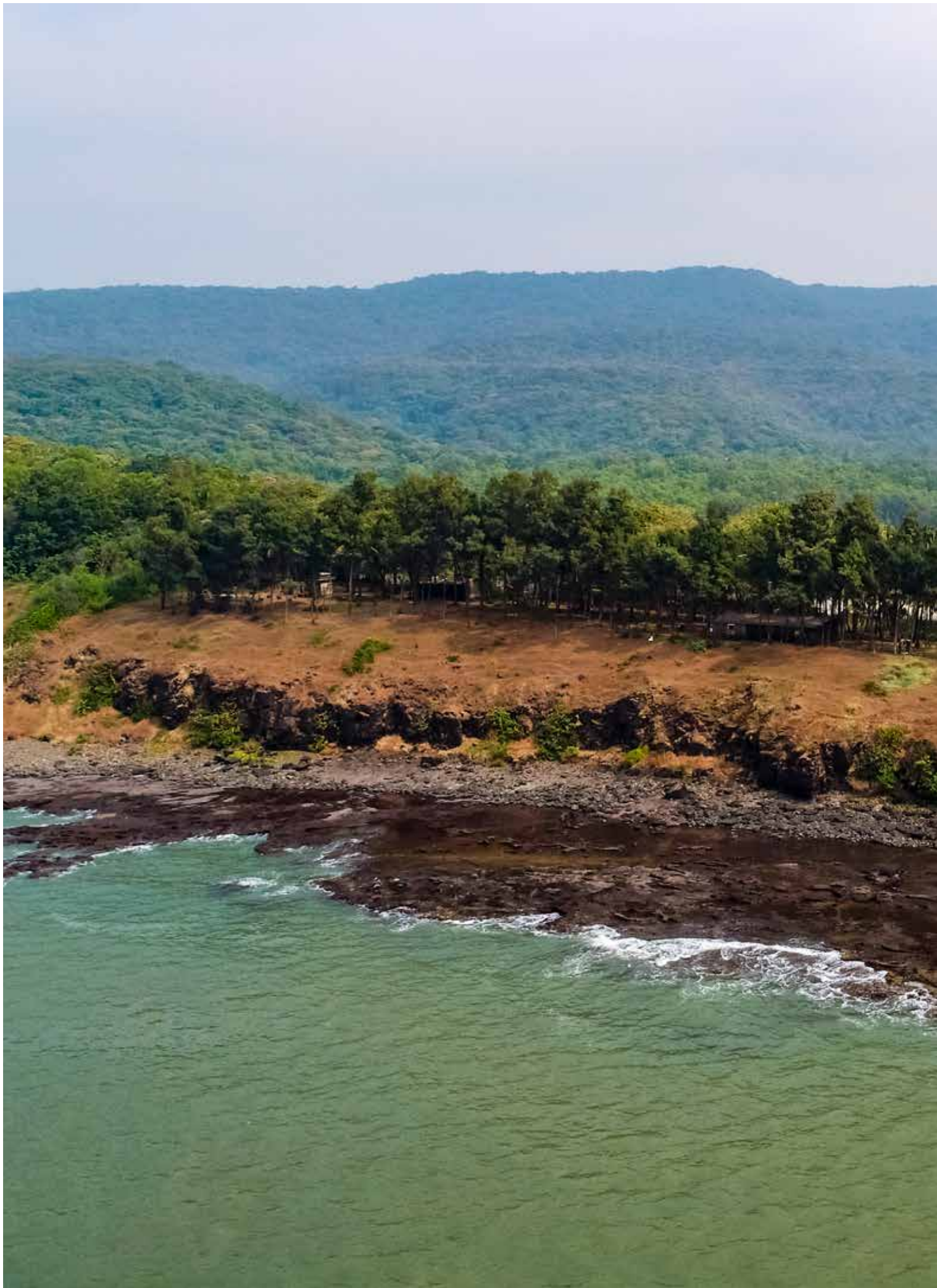
Implementation Roadmap

- (i) Tourism Department under the State governments may amend the registration rules for Tour Operators/Travel Agents to remove the minimum capital requirement to register as a Tour Operator/Travel Agency.
- (ii) Tourism Department under the State governments may amend the registration rules for Tour Operators/Travel Agents to remove the minimum diploma/degree in tourism/travel related disciplines, to register as a Tour Operator/Travel Agency.
- (iii) Tourism Department under the State governments may amend the registration rules for Tour Operators/Travel Agents to remove minimum experience requirement while introducing accessible skilling programmes to ensure quality standards are maintained.

113 California Business and Professions Code, § 17550. <https://oag.ca.gov/sites/all/files/agweb/pdfs/travel/sot-statute-17550-59.pdf>

114 Government of Malaysia. 1992. Tourism Industry Act. <https://gotraz.com.my/wp-content/uploads/2021/04/TOURISM-INDUS-TRY-ACT-1992.pdf>







CHAPTER 07

**Environment, Coastal, and
Forest Related
Regulations for Tourism
Related Projects**

7. Environment, Coastal, and Forest Related Regulations for Tourism Related Projects

Tourism projects, particularly those located in ecologically sensitive areas such as coastal regions, forest landscapes, and environmentally regulated zones, are subject to a range of approvals and compliance requirements. These regulations serve important public objectives, including environmental protection, conservation of natural resources, and sustainable development. However, the current framework is often characterised by multiple layers of approvals, overlapping mandates across authorities, and limited clarity in processes, which can lead to delays and increased compliance burden for project developers. This chapter outlines recommendations to streamline environmental, coastal, and forest-related regulatory frameworks governing tourism projects, while ensuring that core environmental safeguards are maintained.

7.1 Environmental Clearance

7.1.1 Reform: Constitute a dedicated Expert Appraisal Committee (EAC) at the State level for expedited appraisal and grant of Environmental Clearance (EC) to hotel projects

Background

Environmental Clearance (EC) is a mandatory pre-construction approval for building, construction, and area development projects, as applicable under the Environment (Protection) Act, 1986.¹¹⁵ The EIA Notification, 2006, under the Act, broadly categorises projects into two categories: Category A and Category B.¹¹⁶ There is no single size limit that applies to all projects; instead, the notification prescribes sector-specific size or capacity thresholds for each type of project. If a project exceeds the higher threshold set for its sector, it is treated as Category A, appraised by the Expert Appraisal Committee (EAC). If it falls within the lower range, it is classified as Category B and is appraised by the State Expert Appraisal Committee. For example, a thermal power plant of 500 MW or more is treated as Category A, while a smaller plant falls under Category B. Within Category B, projects are further divided into B1 which require a full Environment Impact Assessment (EIA) study and public hearing and B2, which do not require a full EIA. For instance, building and construction projects with a built-up area between 20,000 and 1,50,000 sq. m. fall under Category B2.

Category A projects are appraised by the Expert Appraisal Committee (EAC) and granted clearance by the Ministry of Environment, Forest and Climate Change (MoEFCC), Government of India. They do not undergo a screening stage and mandatorily require preparation EIA report. **Category B projects** are appraised by the State Expert Appraisal Committee (SEAC) and approved by the State Environment Impact Assessment Authority (SEIAA). They first undergo screening stage by the SEAC to determine whether an EIA study is required.

¹¹⁵ Ministry of Environment, Forest and Climate Change. 2006. The Environment Impact Assessment Notification, 2006 (S.O. 1533(E), 14 September 2006). https://environmentclearance.nic.in/writereaddata/EIA_notifications/2006_09_14_EIA.pdf

¹¹⁶ Environmental Protection Act, 1986. 1986 https://www.indiacode.nic.in/bitstream/123456789/4316/1/ep_act_1986.pdf Environmental



Appraisal stage involves a detailed scrutiny of the proposal by the EAC or the SEAC. In cases where an EIA study and public consultation are required, the Committee examines the final EIA report, the outcome of public consultation, and all related documents. After the EIA study and public consultation, the final report is submitted for appraisal, which may be completed within 60 days. The Ministry is required to communicate its decision within 45 days of receiving the EAC's recommendation. For projects that do not require public consultation or EIA report, appraisal is carried out on the basis of the prescribed Form-1/ Form- 1A. The appraisal may be completed by the EAC or the SEAC within 60 days of receipt of the final EIA report and any other required documents. In cases where public consultation is not required, the 60-day period is counted from receipt of Form 1 and Form 1A, as applicable.

The regulatory authority may communicate its decision within 45 days of receiving the recommendations of the EAC or the SEAC. The overall process for grant or rejection of Environmental Clearance is to be completed within 105 days of receipt of the complete application with requisite documents.¹¹⁷ For category B projects, the State EAC reviews the documents and then advises the SEIAA on whether to grant Environmental Clearance (EC). The PARIVESH portal is the official online system for submitting and tracking EC applications, where project proponents can edit and monitor the status of proposals submitted for environmental clearance.

In practice, the EC approval process is marked by delays. Appraisal depends on SEAC meeting schedules, which are not always predictable. Even after SEAC/SEIAA meetings are held, the minutes and clearance decisions take far longer to be uploaded on the official portal.¹¹⁸ As a result, accommodation projects face delays in getting the environmental clearance to start operations.

RECOMMENDATION

- Constitute a dedicated EAC, on request of states, to review applications for the grant of Environmental Clearance (EC) for tourism related projects.

Rationale

Accommodation service providers often face delays in obtaining EC because SEAC's review a wide range of projects across sectors. When the same committee examines mining, infrastructure, industrial, and building projects together, appraisal timelines increase. An audit report by Comptroller and Auditor General of India (CAG) on the grant of Environmental Clearances found that 89% of cases faced delays where clearance was not granted within the mandated 105-day period, with delays occurring at different stages of the EIA process, including appraisal.¹¹⁹

One way to address these delays is to create specialised appraisal bodies focused on particular sectors. For example, the Ministry of Environment, Forest and Climate Change (MoEFCC) issued a notification that reconstituted the SEIAA and four separate SEACs in

117 Paragraph 8, Ministry of Environment, Forest and Climate Change. 2006. The Environment Impact Assessment Notification, 2006 (S.O. 1533(E), 14 September 2006). https://environmentclearance.nic.in/writereaddata/EIA_notifications/2006_09_14_EIA.pdf

118 Mr. Sayyed Mohammed Sabir Usman v. Union of India, Appeal No. 33/2024 (National Green Tribunal Western Zone Bench, Pune, Aug. 13, 2025). <https://www.casemine.com/judgement/in/68bad39953f6b4579e703e1e>

119 CAG. 2016. Chapter 2: Process of grant of environment clearance (Report No. 39 of 2016). GoI. https://cag.gov.in/uploads/download_audit_report/2016/Chapter_2_Process_of_grant_of_environment_clearance_Union_Government_Report_39_of_2016.pdf



Rajasthan to assist with environmental clearances across the state.¹²⁰ Each SEAC now has defined territorial jurisdiction to review and appraise project proposals, which has helped streamline the clearance process for mining projects facing Supreme Court-mandated deadlines for EC renewal.

BEST PRACTICE | United States

In the **United States**, the FAST-41 is a legislatively established process for environmental review for infrastructural projects. It assigns a lead authority, sets time-bound review schedules, and allows public tracking of approvals through an online dashboard. It provides clarity on requirements up front and reduces uncertainty over time through time-bound processing.

Implementation Roadmap

- (i) Ministry of Environment, Forest and Climate Change (MoEFCC) may write to and work with the States to setup a dedicated State Expert Appraisal Committee for tourism related projects, to enable expedited appraisal of Environmental Clearance applications.
- (ii) Department of Environment, Forest and Climate Change under State government may request the Ministry of Environment, Forest and Climate Change to setup dedicated State Expert Appraisal Committee for tourism related projects, to enable expedited appraisal of Environmental Clearance applications.

7.2 Coastal Regulation Zone (CRZ) Clearance

7.2.1 Reform: Issue guidelines for granular mapping of coastal areas to simplify Coastal Regulation Zone (CRZ) clearance

Coastal Regulation Zone (CRZ) clearance is a mandatory preconstruction approval under the Coastal Regulation Zone (CRZ) Notification, 2019, as issued under Section 3 of the Environment (Protection) Act, 1986.^{121,122} Coastal areas are classified into four categories – CRZ-I (ecologically sensitive areas), CRZ-II (developed urban areas), CRZ-III (relatively undisturbed rural areas), and CRZ-IV (water areas up to 12 nautical miles from the shore on the seaward side). In CRZ-I and CRZ-IV zones, construction/ building activities are not allowed. In CRZ-II and CRZ-III zones, accommodation service providers require pre-construction approval from the State Environment Impact Assessment Authority (SEIAA), based on the recommendation of the State Coastal Zone Management Authority (SCZMA).

For a construction project in CRZ-II and CRZ-III zones, accommodation service providers may submit applications for CRZ clearance to the relevant State/UT Coastal Zone Management Authority (CZMA) through the PARIVESH portal.

¹²⁰ Government of Rajasthan. 2024. Reconstitution of State Environment Impact Assessment Authority and State Level Expert Appraisal Committees (Notification No. SEIAA/SEAC/2024/10122024). Department of Environment, Government of Rajasthan. https://environment.rajasthan.gov.in/content/dam/environment/Env/Notification/10122024_Notificaton.pdf

¹²¹ Ministry of Environment, Forest and Climate Change. 2019. Coastal Regulation Zone Notification, 2019 (G.S.R. 37(E)) [PDF]. State Coastal Zone Management Authority, Odisha. <https://www.sczmaodisha.org/pdf/CRZ%20Notification%202019%20English.pdf>

¹²² Environment (Protection) Act, 1986, No. 29 of 1986, Government of India. 1986. The Environment (Protection) Act, 1986. https://www.indiacode.nic.in/bitstream/123456789/4316/1/ep_act_1986.pdf



Where a project requires both Environmental Clearance (EC) and CRZ clearance, the CZMA examines the proposal and forwards its recommendations for a composite EC+CRZ clearance. CZMA is required to make its recommendation within 60 days of receipt of a complete application.

However, in practice, CRZ clearance often takes longer than these prescribed timelines. Such delays arise from issues related to the High Tide Line (HTL) and Low Tide Line (LTL) demarcation, the interpretation of the Coastal Zone Management Plan (CZMP), and repeated site clarifications. In several coastal states, HTL and LTL reference maps are not properly verified for accuracy even after Coastal Zone Management Plans (CZMPs) are approved.¹²³ Gaps persist in the granular mapping and digitisation of coastal data at the state level. Such issues affect how coastal zones are identified and can slow down the processing of CRZ clearance applications.

RECOMMENDATION

- Ministry of Environment, Forest and Climate Change may issue guidelines for states and to support states in developing detailed and accurate maps of coastal zones (with verified HTL/LTL), for use in the CRZ clearance process to avoid repeated clarifications and reduce delays.

Rationale

Delays in CRZ clearance often occur because coastal boundaries and zoning details are not available in a clear and verified digital format. Publishing clearly updated maps with verified HTL/LTL demarcation would reduce the need for repeat site clarifications.

BEST PRACTICE | United States

In the **United States**, under the Coastal Zone Management Act, coastal states maintain publicly accessible GIS datasets covering shoreline boundaries, erosion hazard areas, wetlands, flood zones, and setback lines. NOAA's Digital Coast platform provides authoritative, standardised coastal geospatial data used directly in permitting decisions.

Implementation Roadmap

Coastal Zone Management Authority, Ministry of Environment, Forest and Climate Change (MoEFCC) may issue guidelines to states and support them in developing detailed and accurate maps of coastal zones (with verified High Tide Line/ Low Tide Line) for use in the Coastal Regulation Zone (CRZ) clearance process, to avoid repeated clarifications and reduce delays.

¹²³ Comptroller and Auditor General of India. 2022. Compliance audit of management of coastal regulation zone in the Ministry of Environment, Forest and Climate Change (Chapter 2). https://cag.gov.in/uploads/download_audit_report/2022/Chapter%202-062f1f-1d0a6f573.14543971.pdf



7.3 Forest Related Regulations

7.3.1 Reform: Mandate high-resolution mapping of forest lands and integrate with revenue records for forest land diversion approval

Background

Forest land diversion approval (Forest Clearance) is a mandatory pre-construction approval under Section 2 of Van (Sanrakshan Evam Samvardhan) Adhiniyam, 1980.¹²⁴ It mandates prior approval of the Government of India before forest land can be used for non-forest purposes. The procedure for submission, scrutiny and grant of such approvals is laid down under Rules 9, 10 and 11 of the Van (Sanrakshan Evam Samvardhan) Rules, 2023.¹²⁵ Applications are submitted and processed online through the Government of India's PARIVESH portal, which handles environmental, forest, wildlife and CRZ clearances. For hotel projects, Forest Clearance is mandatory if any part of the proposed land is recorded as forest land or falls within areas requiring approval under the Van (Sanrakshan Evam Samvardhan) Adhiniyam, 1980. The mandate applies even if the land appears non-forest in revenue records but is treated as forest in government notifications or court directions.

In practice, project developers face uncertainty about whether a land parcel qualifies as forest land. Revenue records often do not align with forest department records, and no official overlay maps exist to show forest boundaries alongside revenue parcels. A recent CAG audit reported that 1.98 lakh hectares of forest land are yet to be mutated in favour of the Forest Department.¹²⁶ Such mismatches delay project approvals and hinder timely pre-construction planning.

RECOMMENDATION

- Issue guidelines to states and support states in developing and digitising high-resolution forest land maps, to integrate them with revenue forest records for early identification of Forest Clearance requirements.

Rationale

A clear overlay of forest and revenue records would allow developers to confirm forest status at the outset, before land acquisition and design approval. This would reduce mismatches between departments and reduce delays in the pre-construction stage.

124 Van (Sanrakshan Evam Samvardhan) Adhiniyam, 1980. 1980. <https://www.indiacode.nic.in/bitstream/123456789/1760/4/a1980-69.pdf>

125 Van (Sanrakshan Evam Samvardhan) Rules, 2023. 2023. Government of India. <https://thc.nic.in/Central%20Governmental%20Rules/Van%20%28Sanrakshan%20Evam%20Samvardhan%29%20Rules%2C%202023.pdf>

126 Comptroller and Auditor General of India. 2024. Audit II Report No. 3 of 2024: Compliance Audit on Forest Land Management (English). https://cag.gov.in/uploads/download_audit_report/2024/AUDIT-II-REPORT-No.3-of-2024-English-066a241b7b9b7c4.37123517.pdan that clearly demarcated



BEST PRACTICE | United Kingdom

The United Kingdom government's MAGIC (Multi- Agency Geographic Information for the Countryside) Map platform overlays protected areas, ancient woodland, conservation zones, and other environmental designations. This reduces departmental disputes by providing an official environmental overlay map as a single source of truth.

Implementation Roadmap

Ministry of Environment, Forest and Climate Change (MoEFCC) may issue guidelines to states and support them in developing and digitising high-resolution forest land maps, to integrate them with revenue forest records, for early identification of Forest Clearance requirements.



Check-in Information

01 ECONOMY CLASS	→ 01-60
02 PREMIUM ECONOMY CLASS	→ 61-80
03 BUSINESS CLASS	→ 81-90
04 GROUP CHECK-IN	→ 71-75
05 ONLINE CHECK-IN	→ 76-80
06 BAGGAGE DROP	→ 81-90

Have a pleasant flight! 10:31

Check-in Information

01 CLASSÉ ECONOMIQUE	→ 01-60
02 ECONOMIE PREMIUM	→ 61-80
03 CLASSÉ AFFAIRES	→ 81-90
04 ENGAGEMENT DE GROUPE	→ 71-75
05 ENGAGEMENT DE LIÈNE	→ 76-80
06 DÉPÔT DE BAGAGES	→ 81-90

Dun 130 10:31





CHAPTER 08

Visa Reforms

8. Visa Reforms

8.1 Role of Visa Facilitation in Tourism Outcomes

As highlighted in Chapter 1, India's tourism sector continues to underperform relative to its potential despite strong underlying assets. While supply-side constraints have been examined in the previous chapters, international tourism outcomes are also shaped by the ease of entry for foreign visitors.

Visa regimes play a central role in shaping international tourism flows. Research indicates that restrictive visa requirements can reduce inbound travel by approximately 70%, while visa liberalisation has a positive effect on tourism service exports, particularly from distant, high-income source markets.¹²⁷

Globally, visa regimes have become more facilitative over time. Between 2008 and 2023, the share of travellers requiring traditional pre-departure visas declined from ~77% to ~47%, while the use of Electronic Visas (E-Visa) increased sixfold and visa-free travel expanded.¹²⁸ Evidence from OECD and ASEAN economies suggests that visa facilitation measures can increase tourist arrivals by up to 25%, highlighting the role of visa policy as a demand-side lever.¹²⁹

India has not scaled visa facilitation to the same extent as leading tourism economies. It ranks below the global average on the UN Tourism Visa Openness Index, with a score of 38.14 compared to the world average of 40. Asia and the Pacific averages at 46, well above India, while more open destinations such as Malaysia (80.48), Sri Lanka (67.07), Thailand (58.66), and Indonesia (53.16) are far ahead, positioning visa reform as a key lever for competitiveness¹³⁰.

In this context, visa policy functions not only as an administrative requirement but as a strategic instrument for demand generation, visitor retention, and international tourism competitiveness.

8.2 Structure and Key Issues in India's Visa Regime

India's visa framework comprises four primary entry channels: visa-free access, visa-on-arrival, E-Visa, and regular visa. Visa-free entry is currently available only to Nepal, Bhutan, and Maldives under bilateral arrangements. Visa-on-arrival facilities are also limited to a few nationalities (Japanese and South Korean nationals get VoA for 60 days) and are not widely available as a mainstream entry channel.¹³¹ As a result, most international travellers are required to obtain prior approval before travel.

The E-Visa framework has emerged as the primary instrument for facilitating inbound travel, covering nationals of 175 countries and valid for entry through 38 designated airports, 16 designated seaports and 02 land ports.¹³² It includes 09 sub categories including

127 Lawson, R. A., & Roychoudhury, S. 2015. Do travel visa requirements impede tourist travel? *Journal of Economics and Finance*, 40(4), 817–828. <https://doi.org/10.1007/s12197-015-9343-5>

128 World Tourism Organisation. 2023. *Tourism Visa Openness Report 2023 Default Book Series*. <https://www.e-unwto.org/doi/10.18111/9789284425044>

129 World Tourism Organisation. 2023. *Tourism Visa Openness Report 2023 Default Book Series*. <https://www.e-unwto.org/doi/10.18111/9789284425044>

130 World Tourism Organisation. 2024. *Tourism Visa Openness Report 2023*, UNWTO, Madrid, DOI: <https://doi.org/10.18111/9789284425044>

131 <https://indianvisaonline.gov.in/evisa/tvoa.html>

132 Press Information Bureau. 2026. *Tourism reforms undertaken by the Central Government to strengthen on-ground safety mechanism for tourists*. <https://www.pib.gov.in/PressReleaseDetailm.aspx?PRID=2226972>



e-Tourist Visa, e-Business Visa, e-Medical Visa, e-Medical Attendant Visa, e-Student Visa, e-Family Visa, e-Transit Visa, e-Miscellaneous Visa, e-Production Investment Visa¹³³. In parallel, regular visas continue to operate for longer-term and specialised purposes, often involving more extensive documentation and processing timelines.

Despite this multi-channel framework, several constraints limit the effectiveness of India’s visa regime.

8.2.1 Limited Access and Restrictive Design

Visa-on-arrival facilities are available only to a limited set of nationalities (Japan, South Korea, UAE), and visa-free entry is restricted. As a result, most international travellers are required to obtain prior approval before travel. This reliance on pre-approval processes increases planning requirements and limits short-notice and discretionary travel.

Further, even within the E-Visa framework, variation across categories in terms of validity, stay limits, and entry conditions creates complexity for applicants.

e-Visa Category	e-Visa subcategory	Duration	Entries allowed
e-Tourist visa	e-T1V	30 days	Double
		1 year	Multiple
		5 years	Multiple
		6 months	Single
e-Business Visa	e-T2V	1 year	Multiple
		30 days	Single
		1 year	Multiple
e-Medical Visa	e-B1V	60 days	Triple
		60 days	Triple
e-Medical Attendant Visa	e-M3V	60 days	Triple
		60 days	Triple
e-Student Visa	e-M2V	1 year	Four
		1 year	Four
e-Family Visa	e-M4V	6 months	Multiple
		6 months	Multiple
e-Production Investment Visa	e-SV	30 days	Double
		3 months	Multiple
e-Transit Visa	e-TRV	1 year	Multiple
		1 year	Multiple
		5 years	Multiple
e-Miscellaneous Visa	e-X1V	3 months	Multiple
		3 months	Multiple

Figure 8.2.1(a): Variations in E-Visa Across Categories¹³⁴

In contrast, competing destinations have adopted more liberal entry regimes. Indonesia¹³⁵, Thailand¹³⁶, and Türkiye for example, provide visa on arrival to nationals from 97, 31, and 27 countries, respectively¹³⁷.

This gap in access and flexibility reduces India’s competitiveness, particularly for short-haul, discretionary travel, spontaneous travel, and short-notice visits, where ease and predictability of entry are key determinants of destination choice.

133 <https://indianvisaonline.gov.in/evisa/tvoa.html>

134 <https://indianvisaonline.gov.in/evisa/tvoa.html>

135 <https://www.imigrasi.go.id/wna/daftar-negara-voa-bvk-calling-visa>

136 Thailand MFA. 2024. Summary of Weekly Press Briefing. <https://mfa.go.th/en/content/weeklypressbriefing180724-2?cate=5d5bc-b4e15e39c306000683e>

137 <https://www.evisa.gov.tr/en/info/who-is-eligible-for-e-visa/>



A comparison with Asian peers shows India is relatively less open on entry, offering visa-free or visa-on-arrival access to just 5 countries (vs. 21–169 for others). India also attracts fewer foreign tourists than these countries.



Figure 8.2.1(b): Flexible Visa Regimes and Corresponding FTAs¹³⁸

8.2.2 Shorter Validity and Limited Repeat Travel

While the introduction of one- to five-year validity options under the E-Visa framework is a facilitative step, the continued reliance on shorter-duration visas, restricted entries, and annual stay caps increases reapplication requirements and compliance burden for travellers. In contrast, competing destinations offer more flexible visa frameworks that reduce friction for repeat travellers and enable continuity in travel planning. Consequently, India’s current visa structure provides relatively limited flexibility for repeat travel, even as leading tourism economies increasingly use long-term, multiple-entry visas to encourage repeat visitation and deepen tourist engagement.

Country	Entries Allowed	Validity
USA	Multiple	Upto 10 years ¹³⁹
Canada	Multiple	Upto 10 years ¹⁴⁰
UK	Multiple	2, 5, or 10 years ¹⁴¹
China	Multiple*	Upto 10 years

138 UN WTO dashboard; Visa regulations from respective country portals: <https://www.imi.gov.my/index.php/en/main-services/visa/visa-requirement-by-country/>; <https://www.indonesia.travel/gb/en/travel-ideas/culture/visa-free-for-169-countries-to-travel-to-indonesia/>; <https://thaiconsulatela.thaiembassy.org/en/publicservice/visa-exemption-and-visa-on-arrival-to-thailand/>; <https://www.ica.gov.sg/enter-transit-depart/entering-singapore/>; <https://vietnam.travel/things-to-do/viet-nam-waives-visas-citizens-12-countries/>; https://www.visaforchina.cn/SYD3_EN/tongzhigonggao/265975107544027136.html; <https://www.thehindu.com/news/international/sri-lanka-to-offer-free-visas-to-40-countries-to-boost-tourism-foreign-minister/article69856398.ece>

139 International Trade Administration. 2024. December and Annual 2024 Total International Travel Volume. <https://www.trade.gov/feature-article/december-and-annual-2024-total-international-travel-volume>; U.S. Department of State. Visitor Visa. <https://travel.state.gov/content/travel/en/us-visas/tourism-visit/visitor.html>

140 Statistics Canada. 2024. The Daily-Retail Trade, December 2023. <https://www150.statcan.gc.ca/n1/daily-quotidien/240222/dq240222a-eng.htm>; Government of Canada, Immigration, Refugees and Citizenship Canada. What Is the Difference Between a Single-Entry and a Multiple-Entry Visa? <https://ircc.canada.ca/english/helpcentre/answer.asp?qnum=417&top=16>

141 Office for National Statistics. Leisure and Tourism <https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism>; UK Government. Visit the UK as a Standard Visitor: Overview. <https://www.gov.uk/standard-visitor>



Country	Entries Allowed	Validity
ROK	Multiple*	5 – 10 years ¹⁴²
Japan	Multiple*	< 5 years ¹⁴³
UAE	Multiple	5 years ¹⁴⁴
India	Double (30-day e-Tourist) Multiple (1-year and 5-year e-Tourist)	30 days, 1 year, 5 years

Figure 8.2.2: Visa Validity and Number of Entries Allowed by Country

8.2.3 Friction in application process

The visa application process remains complex and fragmented, with multiple points of friction across the user journey.

In late November 2025, an American investor posted a widely shared complaint about India’s E-Visa portal.¹⁴⁵ Subsequent coverage reported that the post drew over 1 million views and prompted many travellers to share similar issues, including irrelevant content appearing within the form and foreign credit cards being rejected. The WTTC has argued that simplifying travel access to India is a high-impact growth lever: in June 2025, its President and CEO said that “making it easier to visit India is one of the fastest ways to unlock further international arrivals and spending,”¹⁴⁶ while calling for simplification of the E-Visa process and highlighting visa frictions in key source markets.

Compared to peers, the process is characterised by higher processing times, more input-intensive application requirements, and lower overall usability. In addition, the absence of key user-centric features such as mobile responsiveness, seamless payment options, and real-time tracking contributes to a less efficient and more cumbersome application experience. These issues reduce application completion rates and create a perception of unreliability in the system, particularly for first-time travellers.

Key issues include:

- (i) **Fragmented systems:** Fragmentation across portals and agencies creates repeated data submission and verification requirements, increasing friction before, during, and after travel. Data is submitted repeatedly across E-Visa, Arrival, and Form C systems with no unified traveller profile.
- (ii) **Excessive E-Visa form fields:** The E-Visa form asks for far more information than is proportionate for a standard tourist E-Visa, including personal, family, and travel-history details that appear unrelated to low-risk short-stay travel. This increases applicant burden, slows completion, and makes India’s E-Visa process feel more intrusive than competing systems.

142 Korea Tourism Organisation. Tourism Statistics. <https://kto.visitkorea.or.kr/eng/tourismStatics>; Korea Visa Portal. Visa Navigator. https://www.visa.go.kr/openPage.do?MENU_ID=10101

143 Japan National Tourism Organisation. Japan Tourism Statistics. <https://statistics.jnto.go.jp/en/>; Ministry of Foreign Affairs of Japan. Validity of a Visa. https://www.mofa.go.jp/j_info/visit/visa/procedure/validity.html


144 The Official Portal of the UAE Government. Visiting and Exploring the UAE. <https://u.ae/en/information-and-services/tourism>; The Official Portal of the UAE Government. Tourist Visa. <https://u.ae/en/information-and-services/visa-and-emirates-id/tourist-visa>

145 Times of India. 2025. <https://timesofindia.indiatimes.com/world/us/us-investor-slams-comically-broken-e-v-sa-application-process-in-india-if-you-can-survive-it/articleshow/125613765.cms>

146 WTTC. 2025. <https://wtcc.org/news/india-international-visitor-spend-soars-to-record-highs>



- (iii) **Technical failures:** Applicants frequently face website crashes during peak hours, session timeouts that erase entered data, CAPTCHA loops that block submission, and random display glitches. The platform is also not suitably optimised for modern browsers and mobile devices. These failures reduce application completion rates and create a perception of unreliability in India’s digital governance systems.
- (iv) **Payment gateway failures:** Foreign credit and debit cards are routinely declined on the portal, with transactions limited to Indian bank gateways such as SBI ePay and Axis Bank, which often fail for cross-border payments. There is little integration with globally accepted processors; cases of double charges also lack a clear refund mechanism. This creates unnecessary drop-offs at the final step of the application journey.
- (v) **Poor communication and support:** When something goes wrong, applicants have little clarity on how to fix it. Tracking is limited, support is largely automated, and live support is absent. Source of friction arises from the limited visibility and support available to applicants during the visa application process. While the E-Visa system provides basic status updates like *application submitted, under progress and granted/rejected*; applicants have limited ability to track the progress of their application like expected processing timelines or understand the reasons for delays. Support mechanisms are largely automated and rely primarily on FAQs, standardised responses and standardized email responses, with limited access to personalised assistance like Real-time chat support or dedicated customer service helpline. Further, the absence of readily accessible real-time customer support makes it difficult for applicants to resolve technical issues, payment-related issues or application-specific queries in a timely manner. These limitations increase uncertainty for travellers and may adversely affect the overall user experience, particularly for first-time visitors.
- (vi) **Poor user interface:** The portal interface lacks visual hierarchy, making it difficult for users to distinguish between key actions, informational content and navigation elements. Important information such as application status, required actions and supporting instructions is not sufficiently prioritised through layout, typography or visual cues. As a result, it reduces the overall ease of use of the platform. Weak user experience has also enabled fraudulent lookalike websites to proliferate, further damaging trust.



The screenshot shows the E-Visa Application Process page. Annotations include:

- Information overload increases cognitive effort for first-time users:** Points to the top navigation bar and the left sidebar with multiple menu items.
- Content structure doesn't clearly guide users through the journey:** Points to the central 'E-VISA APPLICATION PROCESS' section which is cluttered with text and icons.
- Primary actions lack prominence due to weak visual hierarchy:** Points to the bottom navigation bar with various icons for services like 'Apply for a Visa', 'Track my Visa', etc.





Figure 8.2.3(a): Issues with India's E-Visa Portal

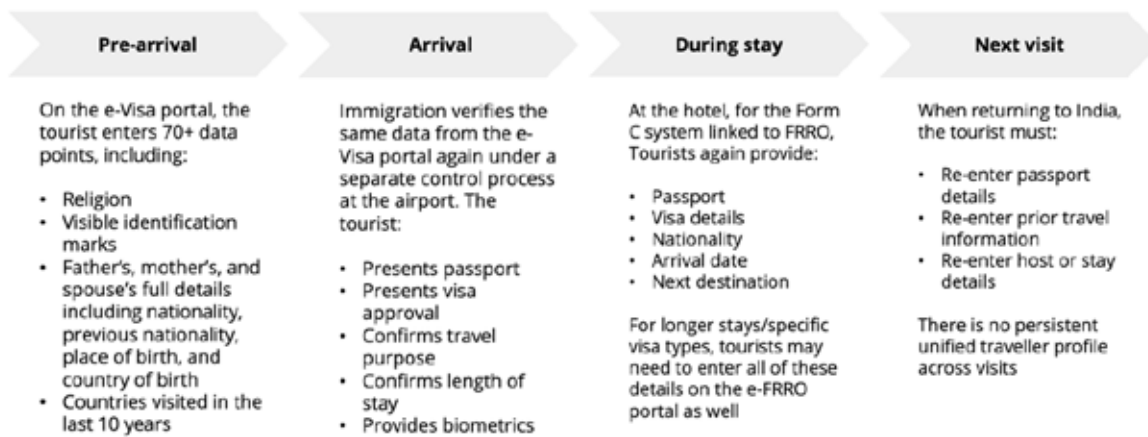


Figure 8.2.3(b): Friction Points at Each Stage of the Tourist Journey

8.2.4 Fragmented marketing

India's fragmented marketing and lack of integrated loyalty programmes dilute the potential impact of visa facilitation on repeat visitation. Without a cohesive digital destination platform and structured incentives for return visitors, India does not compound the value of each acquired visitor over time. Repeat visitors are a high-value segment¹⁴⁷ because they are a cost-effective source of demand, often stay longer¹⁴⁸, engage more deeply with the destination, and generate word-of-mouth and loyalty effects that help attract first-time visitors¹⁴⁹.

147 Tan, W. 2016. Repeat visitation: A study from the perspective of leisure constraint, tourist experience, destination images, and experiential familiarity. *Journal of Destination Marketing & Management*, 6(3), 233–242. <https://doi.org/10.1016/j.jdmm.2016.04.003>

148 WANG, DONGGEN. 2004. Tourist Behaviour and Repeat Visitation to Hong Kong. *Tourism Geographies* 6 (1): 99–118. doi:10.1080/14616680320001722355.

149 Gellerstedt, M., Arvemo, T. 2019. The impact of word of mouth when booking a hotel: could a good friend's opinion outweigh the online majority?. *Inf Technol Tourism* 21, 289–311. <https://doi.org/10.1007/s40558-019-00143-4>

8.3 Easing the Challenges in Visa Application

India has initiated important steps toward portal rationalisation and User experience improvements, aligning the visa platform more closely with global best practices through external payment gateways, unified applicant profiles, and streamlined data entry. These reforms strengthen the processing backbone and improve user experience.

Between August 2025 and February 2026, India expanded E-Visa coverage by adding 3 new nationalities, 1 new visa sub-category, 6 additional airports, 10 additional seaports, and 2 land ports, widening access for inbound travellers.

Parallel on-ground facilitation is also being strengthened through visitor support services for inbound travellers. The Government has announced initiatives including a multilingual tourist helpline and a digital e-Arrival Card¹⁵⁰ for foreign travellers, aimed at improving traveller assistance and facilitating the visitor journey after arrival.

India is also piloting payment facilitation for foreign visitors, a major friction point closely linked to travel readiness: in February 2026, National Payments Corporation of India (NPCI) extended/launched the UPI One World prepaid wallet pilot for international visitors from 40+ countries, enabling them to make UPI merchant payments without an Indian bank account. These systems need significant improvements to function effectively on-ground. For instance, the digital e-Arrival card requires OTP verification, which often fails for foreign tourists due to issues with international phone numbers.

8.4 Suggested Reform: Transition to a Tourist Visa-on-Arrival (VoA) Framework

Given the issues identified above, it is recommended that India gradually transitions towards a Tourist Visa-on-Arrival (VoA)-led facilitation framework, supported by simplified visa categories, a targeted country selection approach, and strengthened digital and payment infrastructure.

This reform marks a shift from a predominantly pre-approval-based system to a facilitation-led entry regime aligned with global best practices. By reducing procedural barriers at the point of entry and enabling greater flexibility in travel planning, the proposed framework is expected to improve the conversion of travel intent into actual visits, support repeat visitation through easier re-entry, and enhance India's competitiveness in attracting high-value international tourists.

8.4.1 Introduction of Tourist Visa-on-Arrival (VoA)

A **90-day, multiple-entry Tourist Visa-on-Arrival (VoA)** may be introduced for selected countries to strengthen inbound tourism demand and enable seamless travel.

Under this framework, eligible travellers would be able to obtain entry permission at designated airports and seaports through a simplified on-arrival process, eliminating the need for prior application and approval. This shift is expected to significantly reduce entry friction, particularly for short-notice and discretionary travel, where procedural barriers often deter travel decisions.



To maximise tourism outcomes, the VoA may allow **multiple entries within the validity period**.

Multiple-entry access is critical to enabling **repeat travel behaviour**, which is a key driver of tourism revenue in leading destinations. It supports the development of regional circuits, medical follow-ups and allows travellers to combine India with neighbouring destinations, and enables longer and more flexible itineraries.

From a policy perspective, enabling repeat entry reduces the need for repeated applications, lowers administrative burden, and increases the lifetime value of each visitor. It also aligns India's visa framework with global practices, where long-duration, multiple-entry visas are used strategically to deepen tourist engagement and encourage return visits.

The facility may also be extended to **medical tourists**, enabling timely access to treatment and strengthening India's positioning as a global hub for affordable and high-quality healthcare services.

Targeted Country Selection Framework

The VoA regime may be introduced in a **phased and targeted manner**, with eligible countries selected from the existing E-Visa list.

Country selection may be guided by a combination of tourism potential, reciprocity, and risk considerations. The following criteria is proposed for selection:

- (i) Country-Wise distribution of Foreign Tourist Arrivals (FTAs) in India (2023)
- (ii) Highest Diaspora Population (Population >10,000)
- (iii) Foreign Countries which provide Visa On Arrival/ Visa Free arrival facilities to Indian Passport holders
- (iv) Top 25 Passports in The Henley Passport Index 2025 Global Ranking

In addition, eligibility may be limited to countries with low irregular migration risk and demonstrated cooperation with India on security and regulatory matters.

A calibrated approach to country selection will ensure that visa liberalisation is aligned with both tourism growth objectives and national security priorities, while enabling a phased rollout that can be scaled over time.

8.4.2 On-Arrival Registration and Digital Authorisation

To ensure that facilitation is balanced with security considerations, the VoA system may be supported by a **streamlined on-arrival registration and digital authorisation process**.

This would enable:



- (i) real-time capture of traveller information
- (ii) automated security screening and risk assessment
- (iii) issuance of electronic travel authorisation at the point of entry

Biometric verification may be integrated at entry points to strengthen identity validation while maintaining processing efficiency.

Such systems are widely used in leading destinations and demonstrate that ease of entry and border security can be effectively combined through digital integration. For India, this approach would ensure that the transition to a more facilitative regime does not compromise regulatory oversight.

Thailand Digital Arrival Card aims to streamline immigration by ensuring faster processing, less paperwork and enhanced border security.

Citizens of Visa Waiver Program (VWP) countries do not need a visa for US for a stay of 90 days, but may complete the Electronic System for Travel Authorisation (ESTA) before travel.

8.4.3 Rationalisation of E-Visa Categories

The current E-Visa framework includes multiple sub-categories with overlapping purposes, contributing to complexity for applicants and inefficiencies in processing.

It is recommended to rationalise existing categories into a smaller set of broad-purpose classifications, including:

- (i) tourism
- (ii) business visits
- (iii) short-term medical treatment
- (iv) short-term student visas
- (v) dependent or attendant visas

This simplification will reduce cognitive and procedural complexity for applicants, improve clarity in visa selection, and enable more efficient backend processing. It will also support the transition to a more user-centric visa system aligned with international best practices.

8.4.4 Strengthening Digital and Payment Infrastructure

The effectiveness of the VoA system will depend on the availability of robust digital and payment infrastructure to support seamless processing at entry points.

Key priorities include:

- (i) real-time data capture and verification systems
- (ii) integration with global payment networks to enable international transactions
- (iii) reliable and secure payment processing at ports of entry
- (iv) backend integration across immigration and security databases

Strengthening these systems will be critical to ensuring that the VoA framework is



operationally efficient, scalable, and secure, while also addressing existing friction points in the visa application and payment process.

8.4.5 Enhancing Visitor Retention and Experience

Visa facilitation may be complemented by measures to enhance visitor retention and long-term engagement, particularly for high-value travellers.

This includes:

- (i) introduction of loyalty programmes for repeat visitors
- (ii) faster and differentiated processing for frequent travellers
- (iii) integration of visa systems with tourism platforms and visitor services
- (iv) Tourist Refund Scheme (TRS) allowing international visitors to claim back GST (Goods and Services Tax) paid on purchases made in India.

Global experience indicates that repeat visitors contribute disproportionately to tourism revenues. By enabling easier re-entry and improving the overall travel experience, India can increase the lifetime value of each visitor and build sustained tourism demand.

Singapore | Digital infrastructure improves clearance scale

Singapore's Immigration & Checkpoints Authority (ICA) has progressively digitised the traveller journey; the MyICA Mobile app is a one-stop access point for immigration e-services¹⁵¹ and the SG Arrival Card (SGAC) is the digital pre-arrival submission form¹⁵².

MyICA enables SGAC submission and allows travellers to scan the passport bio page to prefill details; it also supports group submission and record retrieval. ICA's portal provides status-check and enquiry services (application status, pass/permit status, e-pass enquiries, etc). Singapore's international visitor arrivals are derived from SG Arrival Cards and compiled from immigration movement records.

ICA cleared 192.8 million travellers in 2023 and 230.4 million travellers in 2024, while reporting that clearance experience generally improved due to these initiatives (including automated lanes and digital processes)¹⁵³.

151 MyICA Mobile Application. <https://www.ica.gov.sg/public-education/myica-mobile>

152 SG Arrival Card (SGAC). <https://www.ica.gov.sg/enter-transit-depart/entering-singapore/sg-arrival-card>

153 ICA Annual Statistics. 2024. https://www.ica.gov.sg/docs/default-source/ica/stats/annual-stats-report/ica-annual-statistics-report-2024.pdf?sfvrsn=431ee247_0







Conclusion



9. Conclusion

India's tourism sector stands at a critical inflection point. While the country possesses a rich, diverse and globally competitive tourism offering, its full potential remains constrained by regulatory complexity and frictions in international accessibility. Bridging this gap is essential to unlocking growth, enhancing competitiveness and strengthening India's position in global tourism flows.

The analysis in this report highlights that the constraint is not one of demand or underlying assets, but of enabling conditions. On the supply side, regulatory fragmentation, duplicative approvals and high compliance burdens continue to slow investment, delay project execution, and limit the scale and quality of tourism infrastructure. On the demand side, despite progress through mechanisms such as E-Visa, India's visa regime has not yet evolved to match the accessibility, scale, and user experience offered by leading tourism economies, particularly in facilitating repeat and high-value travel.

The reforms outlined in this report therefore focus on two complementary and mutually reinforcing levers: regulatory simplification and visa facilitation. Together, they represent a transition from a system characterised by procedural complexity and fragmented governance to one that is predictable, transparent, and visitor-centric.

On the regulatory front, rationalising requirements, eliminating redundancies, and streamlining approval processes can significantly improve the ease of doing business in tourism. This, in turn, will enable faster capacity creation, reduce project timelines and costs, and support the development of a more competitive and diversified tourism supply base.

Complementing this, a more facilitative visa regime characterised by simplified design, improved user experience, expanded access, and repeat-friendly structures may reduce friction across the traveller journey and improve conversion from travel intent to actual visits. Scaling visa facilitation in line with global benchmarks will be critical to enhancing India's international accessibility and competitiveness.

Importantly, these reforms are not merely administrative improvements; they are central to strengthening India's tourism value proposition. A streamlined regulatory environment can drive investment, formalisation and service quality, while an efficient and predictable visa regime can significantly improve international perception and ease of travel.

Progress in these areas can be achieved through coordinated action across Union and State governments, with several reforms implementable through administrative rationalisation and improved alignment of existing frameworks. Ensuring consistency across jurisdictions will be key to delivering a seamless experience for both investors and travellers.

As India advances towards its broader economic and development goals, tourism has the potential to emerge as a major driver of growth, employment, foreign exchange, and regional development. Realising this potential will depend on the country's ability to create an ecosystem that is efficient, accessible, and globally competitive. The reforms proposed in this report provide a clear and actionable pathway towards this objective, with regulatory transformation and visa facilitation forming the foundation for positioning India as a leading global tourism destination.



