



GURINDER & PARTNERS
Guidance with Precision

Built on Service. Governed by Law.



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HOSPITALITY INDUSTRY



THE SECTORAL CONTEXT

The hospitality industry in India has evolved into a high intensity service ecosystem, spanning hotels, restaurants, and nightlife establishments, each operating within environments of continuous public interaction.

What distinguishes this sector is not scale, but exposure. Every operational decision, from kitchen processes to customer billing is immediately visible and legally consequential.



Hospitality does not operate alongside regulation. It operates within it.



THE LEGAL FRAMEWORK



Hospitality law in India is not codified within a singular statute. It is structured through the intersection of multiple legal regimes, each governing a distinct operational layer.

The principal statutes include the **Food Safety and Standards Act, 2006**, the **Consumer Protection Act, 2019**, and the **Environment Protection Act, 1986**. Fire safety obligations arise under laws such as the **Delhi Fire Service Act, 2007**, while alcohol service is governed by state specific regimes including the **Delhi Excise Act, 2009**.

These frameworks operate simultaneously, creating a system where compliance is layered, interdependent, and continuous.

Domain	Governing Law	Operational Scope	Primary Exposure
Food Safety	Food Safety and Standards Act, 2006	Hygiene, storage, licensing	Closure, penalties
Fire Safety	Delhi Fire Service Act, 2007	Fire systems, evacuation	Criminal liability
Consumer Law	Consumer Protection Act, 2019	Pricing, disclosures	Regulatory action
Environment	Environment Protection Act, 1986	Emissions, fuel use	Fines, shutdown
Alcohol	Delhi Excise Act, 2009	Licensing, service	Suspension, sealing



JUDICIAL AND OPERATIONAL LESSONS

Recent developments, including fire incidents in hospitality venues and operational disruptions in fuel supply, should not be viewed in isolation. They highlight a deeper structural issue within the sector.

Indian jurisprudence has consistently imposed a heightened

iduity of care on establishments that operate in public facing environments. In **Municipal Corporation of Delhi v. Uphaar Tragedy Victims Association**, the Supreme Court emphasised that safety obligations extend beyond formal compliance to actual operational conditions.

Similarly, in **M.C. Mehta v. Union of India**, the Court established that entities engaged in hazardous activities bear strict liability for harm caused.

These principles are not confined to extraordinary circumstances. They apply directly to everyday hospitality operations, particularly where fuel systems are in use, occupancy is high, safety systems require active maintenance

The lesson is not incident specific. It is systemic.

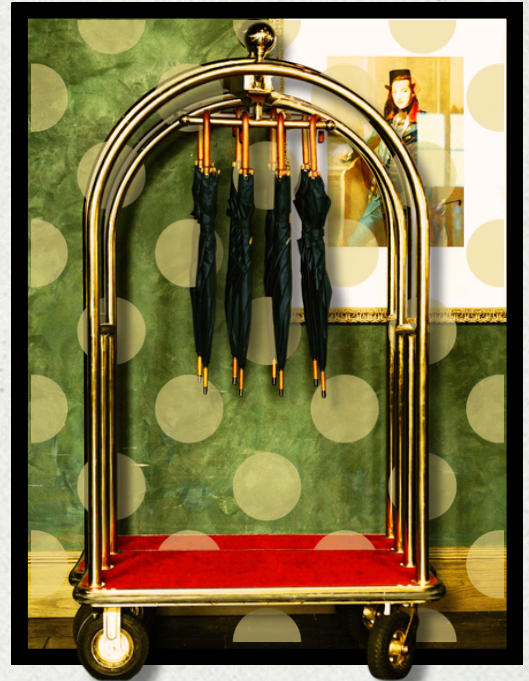




CONSUMER LAW AND THE SHIFT IN ACCOUNTABILITY

A notable evolution in hospitality regulation is the increasing centrality of consumer rights. The position taken by the Central Consumer Protection Authority on service charge reflects a broader trend. Pricing, once treated as a commercial decision, is now subject to legal scrutiny under unfair trade practice standards.

This signals a structural shift i.e transparency is becoming mandatory, consent is becoming enforceable and consumer perception is becoming legally relevant.



STATE CONTROL AND POLICY SENSITIVITY



Alcohol regulation introduces a distinct dimension of state control. Under laws such as the Delhi Excise Act, 2009, licensing is treated as a controlled privilege.

The sector remains highly sensitive to policy changes, with enforcement often immediate and strict. Courts have consistently upheld the State's authority to regulate this domain without accommodating commercial inconvenience.




CONTRACTUAL ALLOCATION AND RISK GOVERNANCE

While statutes define compliance, contracts determine how risk is allocated when operations are disrupted.

Hospitality businesses operate through interconnected relationships with suppliers, landlords, and digital platforms. These dependencies mean that operational failures rarely remain isolated. They travel across the value chain.

Courts have taken a strict view on contractual obligations. In **Energy Watchdog v. CERC**, the Supreme Court held that commercial difficulty does not excuse performance unless expressly covered. Similarly, **Satyabrata Ghose v. Mugneeram Bangur** limits the doctrine of impossibility to narrow circumstances.

As a result, contracts in hospitality are increasingly structured to address supply disruptions, regulatory shutdowns, third party liability.



*Compliance determines whether the
business operates.*

*Contracts determine how the loss is
absorbed when it does not.*



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www.gurinderpartners.com

59 Hemkunt Colony, | +91 11 46557370
Greater Kailash-I, New Delhi-110048 | contact@gurinderpartners.com