

# FOOD PROCESSING

Towards Sustainable Growth Opportunities



# LADAKH

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# LADAKH

IN, HOPE YOU ENJOY THE RIDE



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## ACRONYMS

ABBREVIATION	DEFINITION
AHIDF	Animal Husbandry Infrastructure Development Fund
APC	Agro Processing Cluster
APEDA	Agricultural and Processed Food Products Export Development Authority
ASI	Annual Survey of Industries
ASPIRE	A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship
CAGR	Compound Annual Growth Rate
CCII	Central Comprehensive Insurance Incentive
CCIIAC	Central Capital Investment Incentive for Access to Credit
CEFPPC	Creation/Expansion of Food Processing & Preservation Capacities
CGST	Central Goods & Services Tax
CII	Central Interest Incentive
CLCSS	Credit Linked Capital Subsidy Scheme
DIDF	Dairy Processing & Infrastructure Development Fund
DIPP	Department of Industrial Policy and Promotion
DPIIT	Department for Promotion of Industry and Internal Trade
DPR	Detailed Project Report
DRPs	District Resource Persons
e-NAM	electronic National Agriculture Market
EI	Employment Incentive
EoDB	Ease of Doing Business
EOI	Expression of Interest
EPF	Employees' Provident Fund
EPS	Employee Pension Scheme
F&V	Fruits & Vegetables
FAOSTAT	Food and Agriculture Organization Corporate Statistical Database
FDI	Foreign Direct Investment
FIDF	Fisheries and Aquaculture Infrastructure Development Fund
FME	Formalization of Micro Food Processing Enterprise
FPC	Farmer Producer Company
FPOs	Farmer Producer Organisations
FSSAI	Food Safety and Standards Authority of India
FTL	Food Testing Laboratory
GIS	Geographic Information System
GSDP	Gross State Domestic Product
GST	Goods and Services Tax
GVA	Gross Value Added
GW	Giga Watt
ha	Hectare
HACCP	Hazard Analysis and Critical Control Point
HT	High Tension
ICC	Integrated Cold Chain and Value Addition Infrastructure
ICD	Inland Container Depot
IDS	Industrial Development Scheme

## ACRONYMS

ABBREVIATION	DEFINITION
IGST	Integrated Goods & Services Tax
INR	Indian Rupee
IQF	Individual Quick Freezing
J & K	Jammu & Kashmir
Km	Kilometre
KV	Kilo-volt
LEADS	Logistics Ease Across Different States
LLP	Limited Liability Partnership
LT	Low Tension
MIDH	Mission for Integrated Development of Horticulture
MoFPI	Ministry of Food Processing Industries
MSDE	Ministry of Skill Development & Entrepreneurship
MSEs	Micro and Small Enterprises
MSME	Micro, Small and Medium Enterprises
MT	Metric Ton
MW	Mega Watt
NABARD	National Bank for Agriculture and Rural Development
NAIFF	National Agriculture Infra Financing Facility
NDDB	National Dairy Development Board
NGO	Non-Governmental Organization
NOC	No Objection Certificate
ODOP	One District One Product
PLI	Production Linked Incentive
PLISFPI	Production Linked Incentive Scheme for Food Processing Industry
PLISMBP	Production Linked Incentive Scheme for Millet-Based Products
PMFME	Pradhan Mantri Formalisation of Micro Food Processing Enterprises
PMKSY	Pradhan Mantri Kisan Sampada Yojana
PMKVY	Pradhan Mantri Kaushal Vikas Yojana
PMMSY	Pradhan Mantri Matsya Sampada Yojana
PMPY	Pradhan Mantri Rojgar Protsahan Yojana
PSL	Priority Sector Lending
RBI	Reserve Bank of India
RTC	Ready to cook
RTE	Ready to eat
SFAC	Small Farmers' Agri-Business Consortium
SGST	State Goods and Services Tax
SHG	Self-Help Groups
SMEs	Small and Medium Enterprises
SNA	State Nodal Agency
SPV	Special Purpose Vehicle
Sq. KM	Square kilometre
SWC	Single Window Clearance
USD	U.S. Dollar
UT	Union Territory

## ABSTRACT

### **Establishing Strong Linkages between Industry and Agriculture:**

The food processing sector plays a crucial role in establishing strong linkages between the industry and the agriculture sector. It facilitates collaboration and integration, benefiting both sectors and boosting the overall agricultural value chain.

### **Remarkable Growth in the Indian Food Processing Sector:**

The Indian food processing sector has achieved impressive growth, surpassing a 9% average annual growth rate since 2014-15. This indicates its strong potential and contribution to the Indian economy.

### **Significant Increase in Processed Food Exports:**

India's processed food exports have experienced a significant surge, increasing from USD 4.96 billion in 2014-15 to USD 13.07 billion in 2022-23. This growth showcases the sector's competitiveness and ability to cater to international markets.

### **Agricultural Strength and Development Focus in Ladakh:**

Ladakh's agricultural sector is characterized by its strong focus on apricot production, making it the leading apricot producer in India. The region presents vast opportunities for harnessing solar, geothermal, and green hydrogen energy due to its climatic conditions. With a predominantly rural agrarian economy and a cold, dry climate, agriculture plays a pivotal role in driving Ladakh's economic growth.

### **Promising Opportunities in Ladakh:**

Ladakh, holds promising opportunities in the agrarian sector, boasting a diverse range of crops and horticulture production, ideal for horticultural products, such as, Apricot and Sea Buckthorn-based goods. Raktsey Karpo Apricot has also received the prestigious Geographic Indication (GI) tag in Ladakh. Sea Buckthorn, also known as the Ladakh Gold, presents opportunities for many processed products. The region offers multiple avenues for food processing, including the creation of mixes, as well as juices, nectars, jams, jellies, nut butter, teas, and infusions. Moreover, dietary supplements like protein bars and powders can also be developed, tapping into the health-conscious market. The UT has received assistance/incentives from the Ministry of Food Processing Industries under its flagship schemes, such as, Pradhan Mantri - Kisan Sampada Yojana, Pradhan Mantri Formalisation Micro Food Processing Enterprises, and the Production Linked Incentive Scheme.

# 01. FOOD PROCESSING IN INDIA

The food processing sector is a uniquely placed amongst the manufacturing sector due to its backward linkages to the farming activities. A well-developed food processing sector with sufficiently higher level of processing helps in the improving value addition reducing post-harvest losses, promoting crop diversification, ensuring better returns to the farmers, promoting off-farm employment as well as increasing export earnings.

India ranks first in production of pulses & milk, second in vegetable & fruit, wheat & rice and third in cereals and eggs in the World, as per FAOSTAT estimates.<sup>1</sup>

An abundant supply of raw materials, increase in aggregate demand for processed food products and incentives offered by the Government of India has impacted food processing sector positively. The Gross Value Addition (GVA) has increased from INR 1.34 Lakh Crore in 2014-15 to INR 2.37 Lakh Crore in 2020-21 exhibiting an average annual growth rate of 9.3%. The sector constituted as much as 10.54% and 11.57% of GVA in Manufacturing and Agriculture sectors respectively in 2020-21 (at the 2011-12 prices).<sup>2</sup>



**India's food and beverages market grew at a CAGR of 6.92% between 2017 - 22.<sup>3</sup>**

**India's food and beverages market is forecasted to grow at a CAGR of 9.94% from 2022 - 27.<sup>4</sup>**

<sup>1</sup> Statistics | Food and Agriculture Organization of the United States

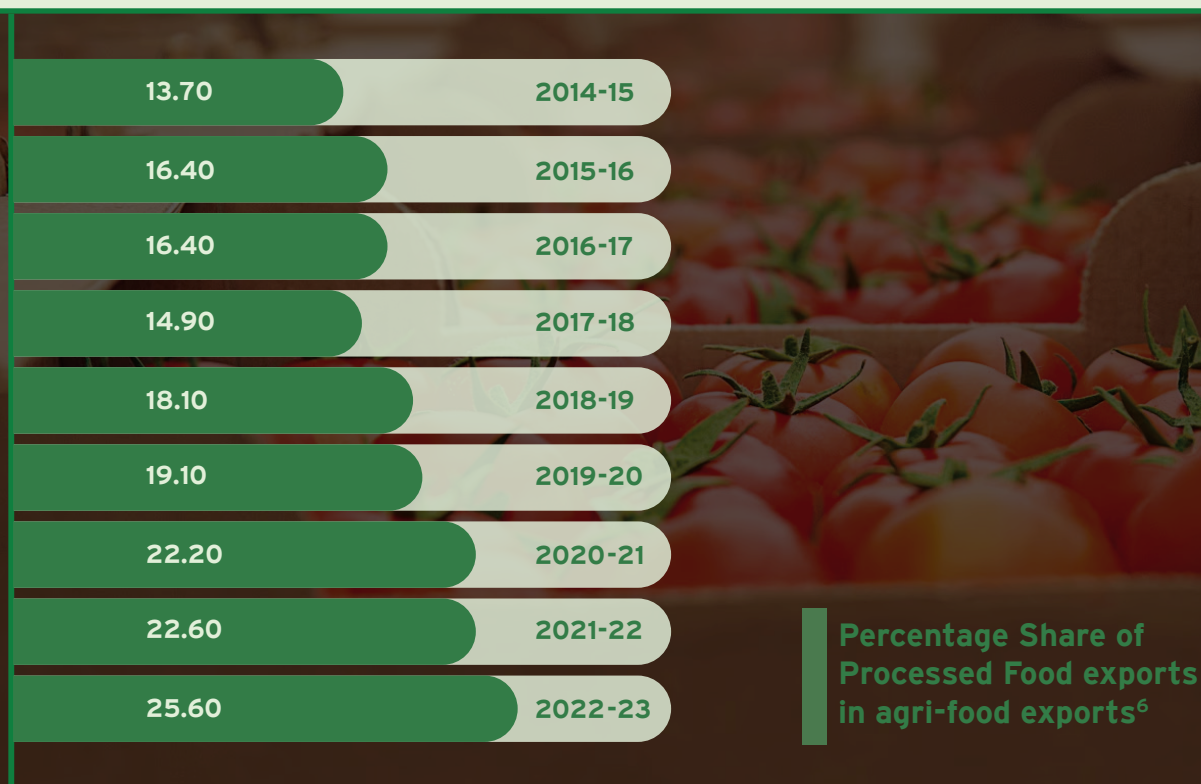
<sup>2</sup> MoFPI

<sup>3</sup> Food and Beverages Global Market Briefing 2023 – The Business Research Company, December 2022

<sup>4</sup> Ibid

As per the Annual Survey of Industries (ASI) latest estimates (2019-20), production of, the Food Processing Sector employees nearly 12.2 % of the workforce in the registered factory sector.

The Export of Agri-Food products has increased from US\$ 36.17 in 2014-15 to US\$ 51.05 billion in 2022-23. The Export of Processed-Food products has increased from US\$ 4.96 in 2014-15 to US\$ 13.07 billion in 2022-23. Thus, the share of the processed-food products in overall agri-food products export has increased from 13.70 % in 2014-15 to 25.60 % in 2022-23<sup>5</sup>.



As per an Industrial estimate, Asia Pacific emerged as the dominant region in the global food and beverages market with 41.5% share of the global food and beverages market in 2022. Within the Asia Pacific region, India's food and beverages market was the third largest, followed by China and Japan, in the said period.<sup>7</sup>

<sup>5</sup> MoFPI

<sup>6</sup> Ibid

<sup>7</sup> Food and Beverages Global Market Briefing 2023 – The Business Research Company, December 2022

<sup>8</sup> Ibid



## 02. UT OVERVIEW

On the 31st of October 2019, Ladakh officially became a Union Territory in India. Situated in the northernmost part of India, Ladakh is a landlocked region nestled amidst the Himalayan and Karakoram Mountain ranges. It is widely recognized for its magnificent natural landscapes, including majestic snow-capped peaks, glacial lakes, and vast stretches of captivating desert beauty. The region's unique culture is a fusion of Tibetan, Indian, and Central Asian influences, characterized by vibrant festivals, traditional music and dance, and a distinctive cuisine.

Agriculturally, Ladakh plays a significant role in the production of apricots, being the largest apricot producer in India. Furthermore, it is a prominent producer of dried apricots. Due to its exceptional suitability for solar energy technologies and the abundance of sunlight and clean air, Ladakh has earned the moniker "roof of the world."

UT Capital

**Leh**

Geographic Area<sup>9</sup>

**86,904 sq. km**

Population (Census 2011)<sup>10</sup>

**2,74,289**

Total Road Length (March 2019)<sup>11</sup>

**1060 km**

Rail length (2021)<sup>12</sup>

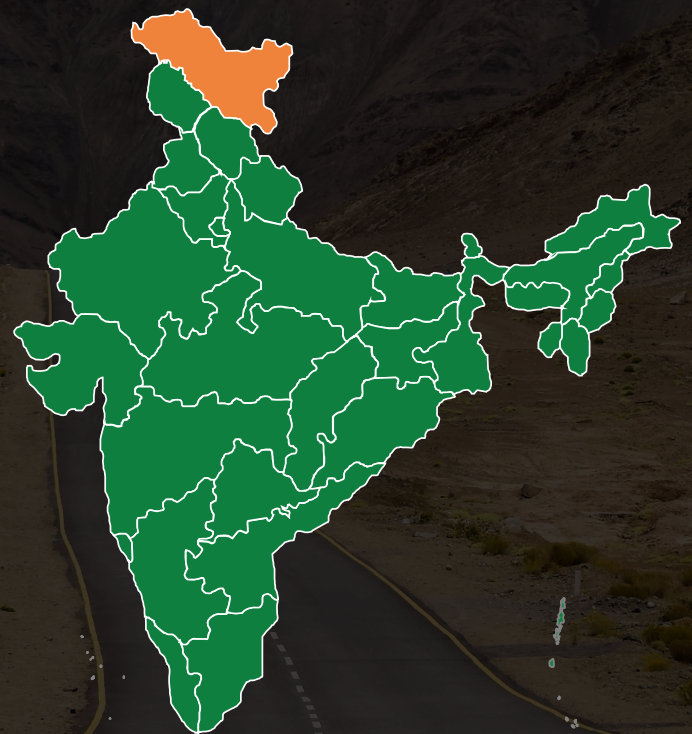
**498** (Bhanupli-Leh line in progress)

Airports<sup>13</sup>

**Leh Airport**

Available Land<sup>14</sup>

**1.62 ha**  
(Mixed Category)



Installed Capacity<sup>15</sup>

**140 MW**

<sup>9</sup> ASSOCHAM | Ladakh Unleashing Potential

<sup>10</sup> ibid

<sup>11</sup> Union Territory of Ladakh | National Informatics Centre

<sup>12</sup> Ministry of Railways | Government of India | Press Information Bureau

<sup>13</sup> Airport Authority of India

<sup>14</sup> India Industrial Land Bank (31.05.2023)

<sup>15</sup> Vision 2050 Ladakh | Administration of Union Territory of Ladakh

## 03. ADVANTAGE LADAKH



Largest producer of **Apricot**<sup>16</sup>



India's first **Geothermal plant approved**: A renewable energy milestone<sup>18</sup>



Ladakh's **milk surplus fuels processing/export potential**<sup>20</sup>



Country's largest **solar power project** with a staggering capacity of 7.5 GW, set to be established in Pang, Ladakh<sup>22</sup>



Model **Organic Villages, Model Farm Marts, and Hub-Spoke Integration**<sup>24</sup>



Offers a **stunning display of apricot orchards** and the exotic Sea Buckthorn plant<sup>26</sup>



Known as the '**Land of Passes**' (La-passes, dakh-land) and is one of the highest areas in the world<sup>17</sup>



Solar Radiation – **Most abundant natural resource** of the UT<sup>19</sup>



**Reliable power supply for Srinagar and Leh** with 220 kV transmission line<sup>21</sup>



**Buckwheat flourishes** in warm Leh and Kargil regions of Ladakh<sup>23</sup>



Only state with **100% clean energy**<sup>25</sup>

<sup>16</sup> Ministry of Commerce & Industry | Apricot Export

<sup>17</sup> ASSOCHAM | Ladakh Unleashing Potential

<sup>18</sup> ibid

<sup>19</sup> ibid

<sup>20</sup> ibid

<sup>21</sup> Ladakh – Journey of 2 years of Growth & Development | Department of Information & Public Relations

<sup>22</sup> Ladakh – Journey of 2 years of Growth & Development | Department of Information & Public Relations

<sup>23</sup> First Report on Buckwheat from High Altitude Temperate Zone of North-Western Himalayan Region | KIRAN | Government of India

<sup>24</sup> Vision 2050 Ladakh | Administration of Union Territory of Ladakh

<sup>25</sup> ibid

<sup>26</sup> ibid

## 04. LOCAL FOOD SYSTEM

### 4.1 INDIGENOUS PRODUCE

Primary commodities are Apricots and Sea Buckthorn.

To boost the export of agricultural and food products from Ladakh, the Ministry of Commerce and Industry, in partnership with the export promotion body APEDA, actively assists and advises stakeholders in the Apricot value chain. The aim is to increase Apricot exports from Ladakh under the brand 'Ladakh Apricot'.

The livelihood of 90% of Ladakh's population hinges on agriculture, making them heavily dependent on the Indus River for their survival.<sup>27</sup>

### 4.2 KEY PRODUCTION HIGHLIGHTS



#### FRUITS

'000 MT

APRICOT<sup>28</sup>

15.79

SEA BUCKTHORN (ESTIMATE)<sup>29</sup>

128.80

<sup>27</sup> Assocham | Ladakh Unleashing Potential

<sup>28</sup> Apricot Export | Ministry of Commerce & Industry | Press Information Bureau

<sup>29</sup> Vision 2050 Ladakh | Administration of UT of Ladakh

## 05. PRODUCTION CLUSTERS<sup>30</sup>

The list below showcases the Production Clusters within the State under the Pradhan Mantri Formalisation of Micro Food Processing Enterprises Scheme (PMFME) -



Sea Buckthorn based Products  
Leh



Apricot based Products  
Kargil

## 06. MILLETS IN LADAKH



Millets are a crucial component of subsistence agriculture, mainly practiced by small-scale farmers. These small-seeded grasses, known as millet, are widely cultivated worldwide as cereal crops or grains for both animal feed and human consumption. The millets play a significant role in traditional food preparations and are also utilized as fodder for livestock.

Within the UT of Ladakh, proso millet Buckwheat is grown. In the Nubra Valley of Leh District and the Khalste region of Kargil District, Buckwheat is cultivated. This pseudo-millet finds its main sourcing points in these two regions of Ladakh. The Nubra Valley of Leh District and the Khalste region of Kargil District serve as primary locations for the cultivation of Buckwheat and its associated products. Notably, a startup company based in Leh has recently introduced Buckwheat Tea as an innovative value-added product, further showcasing the potential of this crop in the region.<sup>31</sup>

<sup>31</sup> APEDA | E-Catalogue For Export Of Millets And Value Added Products Jammu & Kashmir and Ladakh

## 07. POTENTIAL OPPORTUNITIES

Ladakh with a rural-based agrarian economy, Agriculture plays a predominant role in the UT's economy. With an overview of the UT profile and geographical conditions, following segments can be focused under food processing in the UT of Ladakh.

### FRUITS PROCESSING

Ladakh, known as the biggest apricot producer in India, presents significant food processing opportunities in the region. With a substantial production of dried apricots and the prestigious GI tag for Raktsey Karpo Apricot, Ladakh has a strong foundation for value addition. Additionally, Ladakh is home to Sea Buckthorn, locally referred to as the Ladakh Gold, which has diverse uses, including medicinal applications. Some key opportunities are:

#### ■ APRICOT PROCESSING OPPORTUNITIES:

- Trail Mixes, Granola Bars
- Bakery Products (cakes, muffins, cookies)
- Juice, Nectar, Jams, Jellies
- Nut Butter, Tea, and Infusions
- Oil for Soaps, Lotions, Creams
- Dietary Supplements like Protein Bars and Powders

#### ■ SEA BUCKTHORN PROCESSING OPPORTUNITIES:

**Value-added Products:** innovative products like Sea Buckthorn juice, jams, jellies, and dietary supplements can cater to health-conscious consumers and capitalize on the nutritional benefits of Sea Buckthorn.

**Medicinal Applications:** Exploring the utilization of Sea Buckthorn for medicinal purposes, such as, dietary supplements or herbal remedies.

### INFRASTRUCTURE

Ladakh presents significant opportunities for food processing infrastructure development, utilizing its unique geography and agricultural resources. Key areas for focus include:

- **Cold Storage and Warehousing:** Establish modern facilities for proper storage and preservation of perishable produce.
- **Processing Units:** Set up advanced processing units for fruits, vegetables, dairy, and medicinal plants.
- **Packaging and Labelling Facilities:** Develop facilities that meet national and international standards for enhanced presentation and marketability.
- **Quality Control and Testing Labs:** Build laboratories for food testing, certification, and compliance.
- **Power and Energy Infrastructure:** Ensure reliable power supply, exploring renewable energy options.
- **Logistics and Transportation:** Strengthen transportation infrastructure and cold chain logistics.

These infrastructure developments will unlock Ladakh's agricultural potential, promote value addition, create employment, and contribute to economic growth.

## 08. GOVERNMENT OF INDIA SCHEMES FOR FOOD PROCESSING

### 8.1 SCHEMES UNDER MINISTRY OF FOOD PROCESSING INDUSTRIES<sup>34</sup>

Support rendered under the scheme of Ministry of Food Processing Industries, Government of India are mentioned below:

#### 8.1.1 PRADHAN MANTRI KISAN SAMPADA YOJANA (PMKSY)

##### Brief of Scheme

Given the nature and size of processing units operating in the food processing sector, investment requirements in basic infrastructure and common facilities are enormous. In order to attract private investment to the food processing sector, the Ministry of Food Processing Industries has taken various initiatives through schemes to develop infrastructure, expand processing capacity, and provide other supportive measures for the healthy growth of the industry. To streamline these efforts, all these schemes have been integrated under a comprehensive program called the Pradhan Mantri Kisan Sampada Yojana (PMKSY), which was launched on May 3rd, 2017.

##### PMKSY has the following component schemes.

- Mega Food Parks
- Integrated Cold Chain and Value Addition Infrastructure
- Creation/Expansion of Food Processing & Preservation Capacities (Unit Scheme)
- Infrastructure for Agro-Processing Clusters
- Creation of Backward and Forward Linkages
- Food Safety and Quality Assurance Infrastructure
- Human Resources and Institutions
- Operation Greens

PMKSY is a comprehensive package that aims to establish modern infrastructure with efficient supply chain management, spanning from the farm gate to the retail outlet. This initiative not only provides a significant boost to the growth of the food processing sector in the country but also contributes to better returns for farmers. It is a crucial step towards doubling farmers' income, generating substantial employment opportunities, particularly in rural areas. Additionally, it helps reduce agricultural produce wastage, promotes higher levels of processing, and enhances the export of processed foods.

<sup>34</sup> MoFPI | Annual Report (2022- 2023)

Initially approved with a budget of INR 6,000 Crore for the period 2016-20, aligned with the 14th Finance Commission cycle, PMKSY's timeline was subsequently extended to FY 2020-21. The Government has now decided to restructure the component schemes for implementation during the 15th Finance Commission, with a total outlay of INR 4,600 crore. This revision includes the provisions for committed liabilities of its component schemes such as Mega Food Park, Creation of Backward & Forward Linkages, and Human Resources and Institution - Skill Development, Promotion Activities and HACCP, as these components have been discontinued in the 15th FC cycle. The component scheme continued during the 15th Finance Commission Cycle for new projects are:

- **Integrated Cold Chain and Value Addition Infrastructure (ICC)**
- **Creation/Expansion of Food Processing & Preservation Capacities (CEFPPC)**
- **Infrastructure for Agro-Processing Clusters (APC)**
- **Food Safety and Quality Assurance Infrastructure (FTL)**
- **Human Resource and Institutions - R&D**
- **Operation Greens**

## 8.1.2

### PRADHAN MANTRI FORMALISATION OF MICRO FOOD PROCESSING ENTERPRISES SCHEME (PMFME)

#### Introduction

In line with the Aatmanirbhar Bharat Abhiyan initiative, the Ministry of Food Processing Industries (MoFPI) has introduced a nationwide centrally sponsored scheme called the "PM Formalisation of Micro food processing Enterprises (PMFME) Scheme." This scheme aims to provide financial, technical, and business support to establish or upgrade micro food processing enterprises. It was approved by the Union Cabinet on 20th May 2020, and the scheme's guidelines were issued on 19th June 2020. The PMFME Scheme will be implemented over a period of five years, from 2020-21 to 2024-25, with a budget allocation of INR 10,000 Crore. The scheme aims to directly assist two lakh micro food processing units by providing credit-linked subsidies.

#### Objectives

Recognizing the significance of unorganized micro food processing enterprises and the obstacles they face; the Ministry of Food Processing Industries (MoFPI) is implementing the scheme by providing a comprehensive package of support and services. The objectives of the scheme are as under:



- **Increased access to credit by existing Micro Food Processing entrepreneurs, FPOs, Self Help Groups and Co-operatives.**
- **Integration with organized supply chain by strengthening branding & marketing**
- **Support for transition of existing 2,00,000 enterprises into formal framework.**
- **Increased access to common services like common processing facility, laboratories, storage, packaging, marketing, and incubation services.**
- **Strengthening of institutions, research, and training in the food processing sector.**
- **Increased access for the enterprises to professional and technical support.**

### **Provisions under the Scheme**

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#### **Support for setting up / upgradation of Micro Food Processing Enterprises**

- Support for setting up of new micro food processing enterprises and for upgradation of existing micro food processing enterprises are provided under the scheme.
- Organizations such as Individual entrepreneurs/ Proprietorship Firms/ Partnership Firms/ FPOs / NGOs / Cooperatives/ SHGs / Pvt. Ltd. Companies, who have established or propose to establish micro food processing unit, are eligible for financial assistance under the Scheme.
- Credit-linked capital subsidy @35% of the eligible project cost, maximum ceiling INR 10 lakhs per unit. Eligible project cost comprises cost of plant and machinery and technical civil work, but excludes cost of land/ rental or lease work shed. However, technical civil work should not be more than 30% of the eligible project cost.
- Beneficiary contribution - minimum of 10% of the project cost, balance loan from Bank.
- Applicant/Enterprise is eligible for bank loan under the Scheme, even if he has availed bank loan in other Subsidy Linked Schemes of Government. Applicant is also eligible for Interest Subvention and Top Up convergence with other relevant Government Sponsored Schemes. Lending Banks may consider sanctioning need based working capital limit to the beneficiaries, as admissible. However, no subsidy is provided on the working capital.

### Support for setting up of common infrastructure Facilities

- Organisations such as Farmer Producer Organisations (FPOs)/ Farmer Producer companies (FPCs)/ Cooperatives/Self Help groups (SHGs) and its Federation/Govt. agencies, who have established or propose to establish food processing line along with common infrastructure/value chain/incubation centres are eligible for financial assistance under this component of the Scheme.
- Credit-linked capital subsidy @35% of the eligible project cost, maximum ceiling INR 3 Crore per unit would be provided. Eligible project cost comprises cost of plant and machinery and technical civil work but excludes cost of land/rental or lease work shed. However, technical civil work should not be more than 30% of the eligible project cost.
- Total eligible project cost should not exceed INR 10 Crore. There will be no pre condition of minimum turnover and experience of the applicant organization.
- The applicant organization's contribution should be minimum of 10% of the project cost with balance required funds being loan from Bank. Before applying on the portal, the applicant organization is also required to submit in-principal approval from the lending bank for the loan envisaged in the means of finance of the project.
- Assistance of INR 50,000/- per case is provided to the applicant organisation for preparation of Detailed project report.

### Support to Self-Help Groups (SHGs)

- Seed capital @ INR 40,000/- per member of SHG for working capital and purchase of small tools
- Seed capital to be given as grant to the SHG Federations which should provide as a loan to the members of SHGs

### Branding and Marketing Support

- Grant upto 50% for Branding and Marketing support to groups of FPOs/ SHGs/ Cooperatives or an SPV of micro food processing enterprises. It is to be provided for ODOP product at the State or regional level.
- Developing a common brand and packaging including standardization and common packaging for branding.
- Marketing tie-up with national and regional retail chains and state level institutions; and Quality control to ensure product quality meets required standards.
- Support to the said activity under provisions of marketing and branding could also bring competitive price realisation according to the targeted market and customer base.

## Capacity Building

The capacity development aspect of the Scheme encompasses a wide range of initiatives aimed at empowering institutions, individuals, and groups. Training plays a pivotal role within this component. The Scheme aims to provide training to various stakeholders, including trainers such as Master Trainers and District Level Trainers, as well as District Resource Persons. Additionally, both existing and new food processing entrepreneurs, along with members of different groups such as Self-Help Groups (SHGs), Farmer Producer Organizations (FPOs), and Cooperatives, engaged in food processing activities, will receive training through the Food Processing Entrepreneurship Development Program. District Resource Persons (DRPs) are appointed by State Nodal Agencies (SNAs) to provide ongoing support to beneficiaries, including assistance with application filing, preparation of Detailed Project Reports (DPR), and guidance for formalization and operationalization processes.

### 8.1.3

#### PRODUCTION LINKED INCENTIVE SCHEME FOR FOOD PROCESSING INDUSTRY (PLISFPI)

The food processing industry in India includes manufacturing enterprises at all scales, ranging from micro to large industries. India possesses a competitive advantage due to its abundant resources, a sizable domestic market, and opportunities for promoting value-added products. To unlock the full potential of this sector, Indian companies need to enhance their competitive strength compared to global counterparts in terms of output scale, productivity, value addition, and their integration into the global value chain.

The Central Sector Scheme known as the Production Linked Incentive Scheme for Food Processing Industry (PLISFPI) aims to support the establishment of global food manufacturing champions in line with India's abundant natural resources. It also aims to promote Indian food product brands in international markets. The scheme has a budget allocation of INR 10,900 crore. The PLISFPI has been developed based on the Production Linked Incentive scheme of NITI Aayog under the "Aatma Nirbhar Bharat Abhiyaan for Enhancing India's Manufacturing Capabilities and Enhancing Exports." The scheme will be implemented over a period of six years, from 2021-22 to 2026-27.

The objectives of the scheme are to provide support to food manufacturing entities that meet the specified minimum sales criteria and are willing to make the required minimum investment for expanding their processing capacity. The scheme also aims to offer branding support for promoting Indian brands in international markets, with the intention of incentivizing the development of strong Indian food product brands. The scheme seeks to not only facilitate the establishment of global food manufacturing champions but also to enhance the presence and acceptance of selected Indian food product brands in international markets. In addition, the scheme aims to generate more employment opportunities in non-farm sectors, ensure better prices for agricultural produce, and increase income for farmers.

The first component of the Scheme focuses on providing incentives for the manufacturing of four primary food product segments, namely *Ready to Cook/ Ready to Eat (RTC/ RTE) foods, including products based on millets, processed fruits & vegetables, marine products, and mozzarella cheese.* The second component is dedicated to the production of innovative and organic products by Small and Medium Enterprises (SMEs) in these four segments. This includes products such as free-range eggs, poultry meat, and egg products. The third component is centered around offering support for branding and marketing activities overseas. This aims to encourage the development of strong Indian brands through in-store branding, renting of shelf space, and marketing initiatives.

An additional element pertaining to Millet Based Products was incorporated into the scheme. This inclusion aimed to promote the utilization of millets in Ready to Cook/Ready to Eat (RTC/RTE) products and provide incentives for their value addition and sale in both domestic and export markets under the PLI Scheme. The millet-based products with over 15% millet content by weight/volume are covered under this component.

### Approved Applications under PLISFPI Scheme

SCHEME	SEGMENT	NO. OF APPROVALS	TOTAL
CATEGORY 1	RTE/RTC	12	56
	Fruits & Vegetables	29	
	Marine	11	
	Mozzarella Cheese	4	
CATEGORY 2	Innovative	2	16
	Organic	14	
CATEGORY 3	B&M	78	78
PLISMBP	Large Entities	8	30
	MSME	22	

### Achievements of MoFPI schemes in Ladakh (as on date: 31.05.2023)<sup>35</sup>

#### PRADHAN MANTRI FORMALIZATION OF MICRO FOOD PROCESSING ENTERPRISE SCHEME (PMFME)

SCHEME NAME	NO. OF PROJECTS APPROVED
MICRO ENTERPRISES APPROVED UNDER FME (Formalisation of Micro Food Processing Enterprises Scheme)	36 (as on 07-06-2023)
Incubation Centres	2

<sup>35</sup> Ministry of Food Processing Industries

## 8.2 SCHEMES BY ALLIED MINISTRIES

Support rendered under various schemes of Allied Ministries of the Government of India is mentioned below:

### 1 **Mission for Integrated Development of Horticulture (MIDH) Scheme<sup>36</sup>**

A centrally sponsored scheme under the Ministry of Agriculture and Farmers Welfare for the holistic growth of the horticulture sector covering fruits, vegetables, root & tuber crops, mushrooms, spices, flowers, aromatic plants, coconut, cashew, cocoa, and bamboo. Under MIDH, financial assistance is provided for following major interventions/activities:

- Setting up of nurseries, tissue culture units for production of quality seed and planting material;
- Area expansion i.e. Establishment of new orchards and gardens for fruits, vegetables, and flowers;
- Rejuvenation of unproductive, old, and senile orchards;
- Protected cultivation, i.e. poly-house, green-house, etc, to improve the productivity & grow off season high value vegetables and flowers;
- Organic farming and certification;
- Creation of water resources structures and watershed management;
- Bee-keeping for pollination;
- Horticulture Mechanization;
- Creation of Post Harvest Management and Marketing infrastructure.

### 2 **National Agriculture Infra Financing Facility (NAIFF) Scheme<sup>37</sup>**

The National Agriculture Infra Financing Facility (NAIFF) is an online single window facility under the aegis of the Department of Agriculture & Farmers Welfare. The objective of the initiative is to provide impetus for development of farm gate & aggregation point, affordable and financially viable Post Harvest Management infrastructure, with a financing facility worth INR 1,00,000 Crores, by converging all schemes of central & State governments.

### 3 **Fisheries and Aquaculture Development Infrastructure Fund (FIDF)<sup>38</sup>**

Government of India has created a dedicated fund, FIDF, implemented by the National Fisheries Development Board with a total fund outlay of INR 7522.48 crore (US\$ 940.31 Million). Under FIDF, creation of fisheries infrastructure facilities both in marine and inland fisheries sectors are augmented, including fishing harbours, fish landing centres, construction of ice plants, cold storage, transport facilities etc.

<sup>36</sup> Mission for Integrated Development of Horticulture (MIDH)

<sup>37</sup> National Agriculture Infra Financing Facility

<sup>38</sup> Department Of Fisheries

## 4 Pradhan Mantri Matsya Sampada Yojana (PMMSY) Scheme<sup>39</sup>

Pradhan Mantri Matsya Sampada Yojana (PMMSY) is a flagship scheme under the Department of Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying to facilitate the Blue Revolution, promoting sustainable and accountable growth in the fisheries industry in India, an approximate investment of INR 20050 crores (US\$ 2.51 Billion) has been allocated. This investment aims to ensure comprehensive development of the fisheries sector, while also prioritizing the well-being of fishers. Supporting activities under PMMSY:

- Enhancement of Production and Productivity
- Infrastructure and Post-harvest management
- Fisheries management & Regulatory framework

## 5 Animal Husbandry Infrastructure Development Fund (AHIDF)<sup>40</sup>

The Department of Animal Husbandry and Dairying is implementing the Animal Husbandry Infrastructure Development Fund (AHIDF) scheme with an outlay of INR 15000 crore (US\$ 1.88 Billion) under the Atma Nirbhar Bharat Abhiyan stimulus package. The objective of the scheme is to help increase milk and meat processing capacity and product diversification in the country.

## 6 Dairy Processing & Infrastructure Development Fund (DIDF)<sup>41</sup>

DIDF is implemented with a total outlay of INR. 11,184 crores with National Bank for Agriculture and Rural Development (NABARD), comprising a corpus fund of INR 8004 crores have been set up for the creation of dairy processing infrastructure. The objective is to provide subsidized loans @6.5% to capital-stressed milk cooperatives for replacing their decades-old chilling and processing plants and addition of value-added product plants. The National Dairy Development Board (NDDB) is the implementing agency of the fund.

## 7 Agriculture Export Promotion Plan Scheme of APEDA (Agricultural and Processed food Products Export Development Authority)<sup>42</sup>

The Agriculture Export Promotion Plan Scheme of APEDA supports the development and promotion of export of products like, Fruits, vegetables and their products, Meat and meat products, Poultry and poultry products, Dairy products, Confectionary, biscuits, and bakery products, etc. The scheme is designed to boost agricultural product exports, offers support to exporters by addressing challenges in the industry. It accomplishes this by understanding exporter difficulties, providing necessary assistance to overcome obstacles, and offering financial aid in areas such as export infrastructure development, quality enhancement, and market expansion. The scheme focuses on three broad components viz,

- Infrastructure Development
- Market Development
- Product Quality Development

## 8 Credit Linked Capital Subsidy Scheme (CLCSS) of Ministry of MSME (Ministry of Micro, Small and Medium Enterprises)<sup>43</sup>

The objective of the CLCSS Scheme is to facilitate technology up-gradation in MSEs by providing interest subsidy on upgrade of plant & machinery with state-of-the-art technology. The scheme provides an upfront capital subsidy of 15% (on institutional finance of upto INR 1 crore availed by them) for induction of well-established and improved technology.

<sup>39</sup> Pradhan Mantri Matsya Sampada Yojana

<sup>40</sup> Animal Husbandry Infrastructure Development Fund (AHIDF) | Department of Animal Husbandry and Dairy

<sup>41</sup> Dairy processing & Infrastructure Development Fund (DIDF) | Department of Animal Husbandry and Dairy

<sup>42</sup> Agriculture And Processed Foods Export Promotion Scheme of APEDA for the 15th Finance Commission Cycle (2021-22 To 2025-26)

<sup>43</sup> Credit Linked Capital Subsidy Scheme for Technology Upgradation | Ministry of Micro, Small & Medium Enterprises Credit Linked Capital Subsidy Scheme

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### Venture Capital Assistance Scheme of SFAC (Small Farmers' Agri-Business Consortium)<sup>44</sup>

Venture Capital Assistance is financial support in the form of an interest-free loan provided by SFAC (Small Farmers' Agri-Business Consortium) to qualifying projects to meet the shortfall in the capital requirement for the implementation of the project.

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### A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE)<sup>45</sup>

ASPIRE- A scheme for promotion of Innovation, Rural Industry and Entrepreneurship, is being implemented by the Ministry of Micro, Small & Medium enterprises (MSME). The objective of the scheme is to set up a network of technology centres and to set up incubation centers to accelerate entrepreneurship and to promote startups for innovation in the agro-industry. The scheme also envisages programmes to facilitate Forward and Backward linkages with multiple value chain of manufacturing and service delivery will also be put in place

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### Pradhan Mantri Kaushal Vikas Yojana (PMKVY)<sup>46</sup>

PMKVY is the flagship scheme of the Ministry of Skill Development & Entrepreneurship (MSDE), implemented by National Skill Development Corporation. The objective of the PMKVY scheme is to encourage and promote skill development in the country by providing free short-duration skill training and incentivizing this by providing monetary rewards to youth for skill certification. The overall idea was to boost the employability of youth corresponding to the industrial demand. The scheme can be leveraged for skill development in the food processing sector



<sup>44</sup> Small Farmers' Agri-Business Consortium | Venture Capital Assistance Scheme

<sup>45</sup> A Scheme For Promotion Of Innovation, Rural Industries & Entrepreneurship (ASPIRE) | Ministry of Micro, Small & Medium Enterprises

<sup>46</sup> Pradhan Mantri Koshal Vikas Yojana | Ministry of Skill Development & Entrepreneurship

## 8.3

### GOVERNMENT OF INDIA INCENTIVES FOR THE FOOD PROCESSING SECTOR

#### Income tax incentive to the Food Processing sector<sup>47</sup>

- 100% deduction on profits and gains for new Food Processing Units for the initial 5 assessment years and 25% (30% for companies) for the next 5 years.
- 100% deduction on the expenditure on capital invested for setting up and operating Cold Chain and Warehouse Storage facilities for agricultural produce.



#### Agro-Processing included in Priority Sector Lending

- Loans for food and agro-processing up to an aggregate sanction limit of INR 100 crore per borrower classified under agricultural activity for Priority Sector Lending (PSL) - RBI Master Directions dated 4th September, 2020.
- Loans to MSMEs engaged in "food and agro-processing" are eligible for classification under Priority Sector Lending (PSL).



#### 100% FDI permitted

- 100% FDI permitted under automatic route in manufacturing of food products since 2016-17.
- 100% FDI allowed through government-approval route for retail trading, including through e-commerce, in respect of food products manufactured/ produced in India since 2016-17.



#### Automatic Route

Under the Automatic Route, the non-resident investor or the Indian company does not require any approval from the Government of India for the investment.

#### Government Route

Under the Government Route, prior to investment, approval from the Government of India is required. Proposals for foreign direct investment under Government route, are considered by respective Administrative Ministry/ Department.

<sup>47</sup> "Key Reforms in the Food Processing Sector Since 2014-15" | MoFPI



## 09. REGULATORY FRAMEWORK: REGISTRATION/NOCS/ LICENSES

The table below represents the indicative information regarding Regulatory Mechanism available in the UT.

### FOR STARTING OPERATIONS

S.No	Name of Service	Authority/ Agency/ Office/ Department officer granting approval
1.	License for Cold Storage	FSSAI Government of India
2.	Registration under FSSAI Act,2006, Regulation 2011	FSSAI Government of India
3.	License under FSSAI Act,2006, Regulation 2011	FSSAI Government of India
4.	License under Contract Labour Act, (Regulation and Abolition), 1970	Labour Department
5.	Registration under GST (Goods and Services Tax Rules, 2017)	Department of Goods & Services Tax (GST)
6.	Consolidated Consent & Authorization under Water Act, 1974, Air Act, 1981 & Authorization under The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016	Pollution Control Committee of Ladakh
7.	Application for Pre-Operational Fire NOC (National Building Code, 2005)	Fire Department Ladakh

## FOR SETTING UP OF BUSINESS

S.No	Name of Service	Authority/ Agency/ Office/ Department officer granting approval
8.	Land allotment in departmental industrial estates	Director Of Commerce & Industries
9.	Application for Land / Plot Allotment	Industries & Commerce Department
10.	Application for new connection LT / HT line non-domestic / industrial	Ladakh Power Development Department
11.	Application for Water Connection	Public Health Engineering Department
12.	Application for building plan approval	Labour Department
13.	Application for Completion cum Occupancy Certificate	Housing and Urban Department
14.	Consent to Establish under Water (Prevention and Control of Pollution) Act, 1974	Ladakh Pollution Control Committee
15.	Consent to Establish under Air (Prevention and Control of Pollution) Act, 1981	Ladakh Pollution Control Committee
16.	Consent to Operate under Air (Prevention and Control of Pollution) Act, 1981	Ladakh Pollution Control Committee
17.	Application for Pre-Establishment Fire NOC (National Building Code, 2005)	Fire Department Ladakh
18.	Site Plan Approval under the Factories Act, 1948	Labour Department

## 10. LIST OF FARMER PRODUCER ORGANISATIONS

A total of 3 Farmer Producer Organisations (FPO) are present in the UT of Ladakh and out of these the following indicative list represents FPOs with major crop/produce production of the UT. The details of FPOs in the UT are available at APEDA Farmer Connect FPO Directory

NAME OF THE FIRM	ADDRESS / CONTACT	COMMODITY
Stendel Fed Farmers Producer Company Limited	C/o SKALZANG DORJEY, MANEY TSELDING Shop. No.7, Near bus Station, Leh, Ladakh - 194101	Pea, Cauliflower, Onion, Carrot, Broccoli & Cabbage
Rangyul Organic Producer Company Ltd	Kargil	Buckwheat
Sham Valley Apricot Producers Cooperative Ltd.	Leh	Millet

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