



# FOOD PROCESSING

Towards Sustainable Growth Opportunities



**LAKSHADWEEP**

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A serene tropical sunset scene. The sun is low on the horizon, casting a golden glow across the sky and reflecting on the calm water. The foreground shows a sandy beach with gentle waves lapping at the shore. On the right side, the dark silhouettes of palm trees frame the view. The overall mood is peaceful and romantic.

# LAKSHADWEEP



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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   |
| CEFPPC       | Creation/Expansion of Food Processing & Preservation Capacities           |
| CLCSS        | Credit Linked Capital Subsidy Scheme                                      |
| DIDF         | Dairy Processing & Infrastructure Development Fund                        |
| DPIIT        | Department for Promotion of Industry and Internal Trade                   |
| DPR          | Detailed Project Report   |
| DRPs         | District Resource Persons   |
| e-NAM        | electronic National Agriculture Market                                    |
| EoDB         | Ease of Doing Business  |
| EOI          | Expression of Interest  |
| 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   |
| GDP          | Gross domestic product  |
| GIS          | Geographic Information System   |
| GMP          | Good Manufacturing Practices  |
| GSDP         | Gross State Domestic Product  |
| GST          | Goods and Services Tax  |
| GVA          | Gross Value Added   |
| ha           | Hectare   |
| HACCP        | Hazard Analysis and Critical Control Point                                |
| HT           | High Tension  |
| ICC          | Integrated Cold Chain and Value Addition Infrastructure                   |
| INR          | Indian Rupee  |
| Km           | Kilometre   |
| LEADS        | Logistics Ease Across Different States                                    |
| LT           | Low Tension   |

## ACRONYMS

| ABBREVIATION | DEFINITION  |
|--------------|---|
| 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                              |
| 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   |

LAKSHADWEEP



## 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 Lakshadweep:**

The agricultural sector in Lakshadweep Islands is well-regarded for its strength and development focus. According to **the LEADS Report 2022, Lakshadweep Islands have been designated as a Graded Aspirer within the UT Cluster**, highlighting its potential in the agricultural domain.

### **Abundant Opportunities in Food Processing Sector:**


The food processing sector in Lakshadweep presents various opportunities, encompassing frozen fish and ready-to-eat items. It also holds potential for processed coconut products such as Virgin Coconut Oil, coconut milk, coconut sugar, and coconut-based snacks. Additionally, there are avenues for value-added seafood products like smoked fish, fish pickles, fish sausages, and fish snacks.

# 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

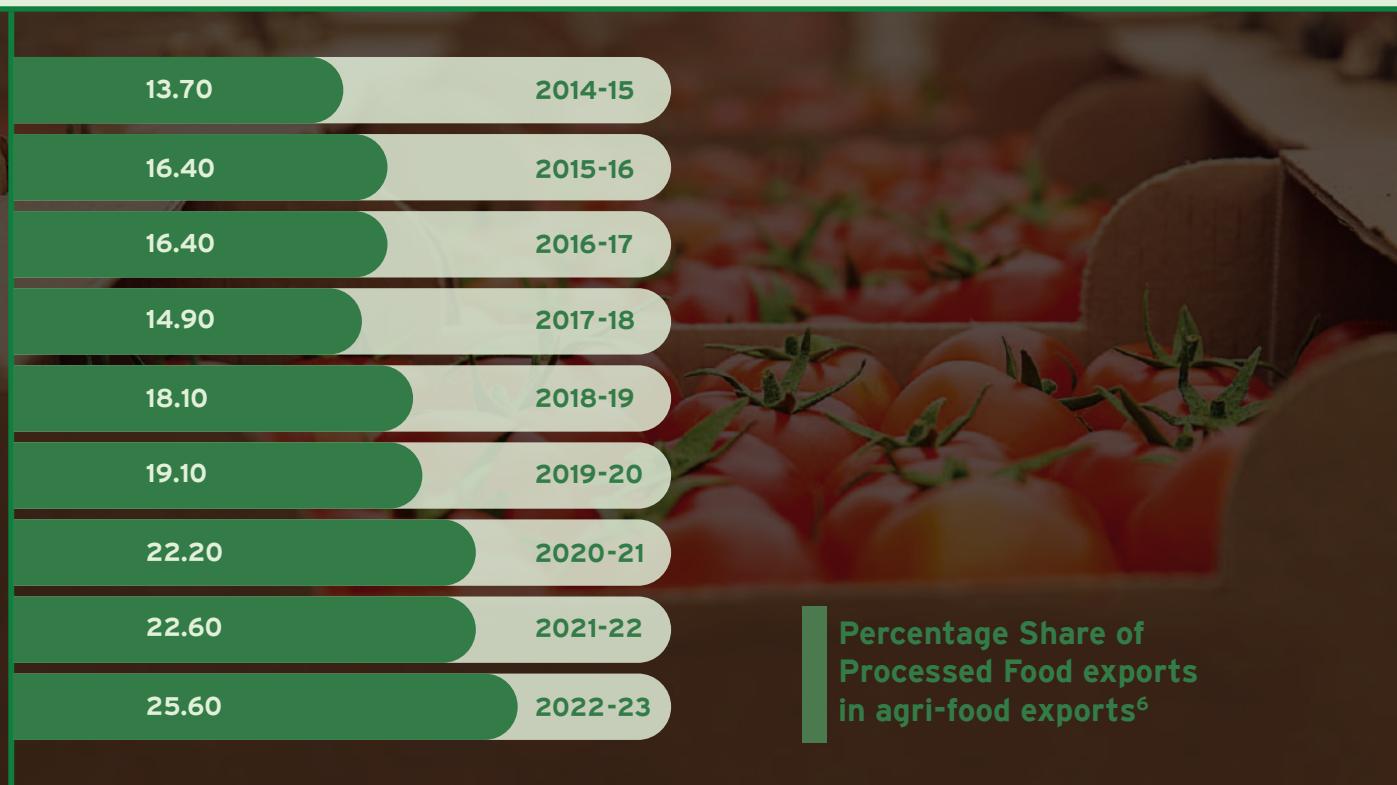
<sup>3</sup> Food and Beverages Global Market Briefing 2023 – The Business Research Company, December 2022

<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

Lakshadweep, India's smallest Union Territory, is an archipelago of 36 islands covering an area of 32 square kilometres. It is a single-district Union Territory with 12 atolls, three reefs, five submerged banks, and ten inhabited islands. The islands cover 32 square kilometres. Kavaratti is the capital and the primary town of the UT. The islands are located in the emerald Arabian Sea, 220 to 440 kilometres from Kochi, Kerala's coastal city. The natural landscapes, sandy beaches, abundance of flora and fauna, and lack of a hurried lifestyle add to Lakshadweep's mystique.

UT Capital

**Kavaratti**

Geographic Area<sup>9</sup>

**32 sq. km**

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

**64,473**

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

**232 km**

Airports<sup>12</sup>

**Agatti**

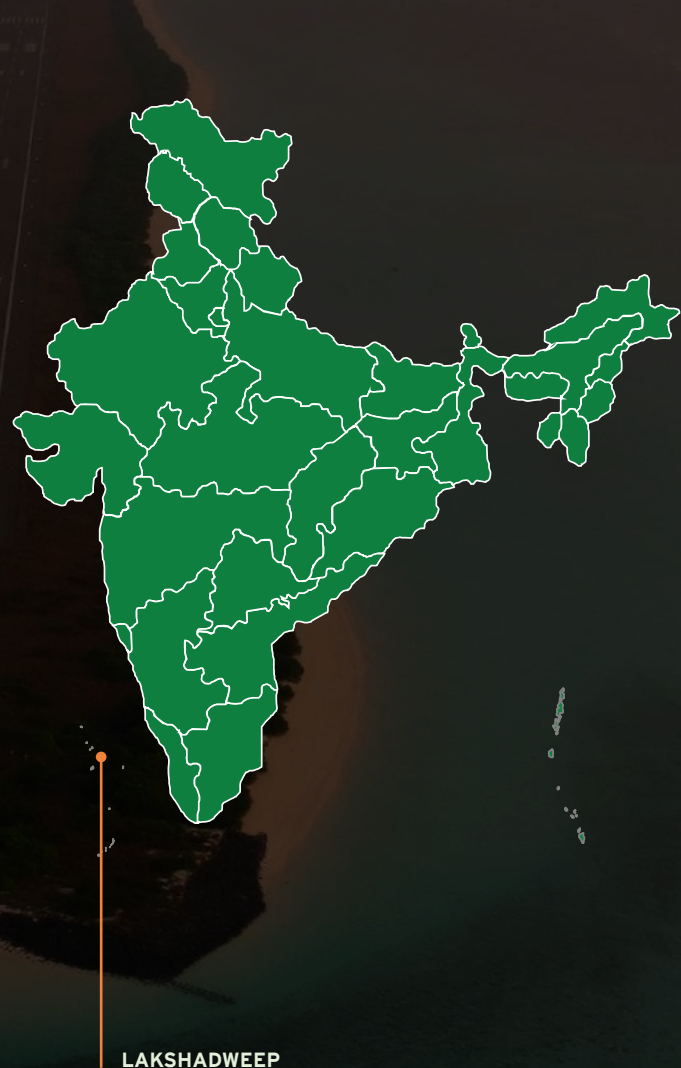
Installed power<sup>13</sup>

Thermal

**26.83 MW**

Renewable

**3.27 MW**



<sup>9</sup> Government of Lakshadweep

<sup>10</sup> Population Census 2011 | Office of Registrar General of India, Ministry of Home Affairs

<sup>11</sup> RBI | Handbook of Statistics on Indian States | State-wise Length of Roads

<sup>12</sup> Government of Lakshadweep | Tourism

<sup>13</sup> Central Electricity Authority | Installed Capacity Report

## 03. ADVANTAGE LAKSHADWEEP



Graded as Aspirer within the UT Cluster according to DPIIT's LEADS Report 2022.<sup>14</sup>



Well connected with 10 minor ports and an airport in Agatti.<sup>15</sup>



Abundant Fishing Opportunities<sup>16</sup>



Vast Tuna fishing opportunities on Minicoy Island<sup>17</sup>



Food Processing: Significant presence of MSME units in food and beverage manufacturing<sup>18</sup>



Thriving timber industry with abundant coconut and wood based MSME units<sup>19</sup>



12+ MW solar projects for power surplus via Green Energy.<sup>20</sup>



10 vessels for improved island-mainland trade and connectivity.<sup>21</sup>



Exclusive Economic Zone of 4,00,000 sq. km.<sup>22</sup>



Rich biodiversity, vibrant coral reefs, and thrilling water sports

<sup>14</sup> DPIIT | LEADS <sup>2022</sup>: Logistics Ease Across Different States  
<sup>15</sup> India Investment Grid | DPIIT | Ministry of Commerce And Industry  
<sup>16</sup> ibid  
<sup>17</sup> Lakshadweep | Ministry of External Affairs  
<sup>18</sup> ibid  
<sup>19</sup> ibid  
<sup>20</sup> ibid  
<sup>21</sup> ibid  
<sup>22</sup> Government of Lakshadweep | Fisheries

## 04. LOCAL FOOD SYSTEM

### 4.1 INDIGENOUS PRODUCE

Lakshadweep's waters are rich in fishery resources, particularly Tuna, with an estimated potential of around one lakh tonnes. Fishing plays a crucial role in the livelihoods of the island inhabitants, and fish production has steadily grown to reach 12,000 tonnes<sup>23</sup>, offering significant opportunities for the fishing industry's development. The tuna fishery and the traditional fishery product, "masmin," hold a prominent position among Indian marine fishery products.

In Lakshadweep, the Animal Husbandry programs prioritize integrated poultry development, Goat/Cattle Development, and Disease Control. The department has established demonstration farms and hatcheries on all islands to educate and support local farmers in creating sustainable livelihoods. To encourage farmer participation and generate employment, private players have been outsourced to manage these facilities, fostering economic activities.

KEY PRODUCTION STATISTICS ARE PRESENTED BELOW<sup>23</sup>



#### CROPS & VEGETABLES

'000 MT

CROPS

0.67

VEGETABLES

0.76



#### LIVESTOCK & FISHERIES

MILK

4 '000 tonnes

MEAT

1 '000 tonnes

EGGS

163 lakh

FISH

0.20 lakh tonnes

<sup>23</sup> U.T. Administration of Lakshadweep | Departments | Fisheries

<sup>24</sup> RBI | RBI Handbook of Statistics on Indian States

## 05. PRODUCTION CLUSTERS<sup>25</sup>

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

### COCONUT based products

Lakshadweep



## 06. AGRICULTURAL MARKETING

The UT has undertaken dedicated initiatives to strengthen the agricultural marketing system and enhance its effectiveness. It emphasizes the coordination between the Agricultural Marketing Organization and Mandis. Furthermore, it provides facilities and assistance to exporters and producers, conducts conferences and seminars to promote agricultural exports, and explores opportunities to tap into exportable surplus.

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Warehouses (Storage of Food Grains)<sup>26</sup>

1

Mandi<sup>27</sup>

1

Cold Storage units<sup>28</sup>

1

<sup>26</sup> Ministry of Consumer Affairs, Food & Public Distribution | Storage of Food Grains

<sup>27</sup> Agmarket | Directorate of Marketing & Inspection (DMI), Ministry of Agriculture and Farmers Welfare

<sup>28</sup> Cold Storage Facilities in the Country | Ministry of Agriculture and Farmers Welfare

## 07. POTENTIAL OPPORTUNITIES

Lakshadweep is known for its marine produce in India. With an overview of the UT profile and geographical conditions, following segments can be focused under food processing in the UT of Lakshadweep:

### FISHERIES

Steady growth of fish production which crossed 12,000 tonnes in the recent years which is about 5% of the estimated fishable potential Potential avenues are:

- **Canning and curing** fish species like tuna and mackerel
- **Fish filleting and freezing**
- Utilizing by-products of the fishing industry, such as fish waste and offal, can lead to the production of fish meal and fish oil
- **Value-added Seafood Products:** Smoked fish, fish pickles, fish sausages, and fish snacks
- **Quality Control and Certification** such as Hazard Analysis and Critical Control Points (HACCP) and Good Manufacturing Practices (GMP), can ensure that the processed seafood meets international standards and opens doors to export opportunities



## COCONUT

Potential avenues are:

- Coconut oil, coconut milk, coconut flour, desiccated coconut, coconut sugar, and coconut-based snacks.
- Virgin Coconut Oil Production



## 08. GOVERNMENT OF INDIA SCHEMES FOR FOOD PROCESSING

### 8.1 SCHEMES UNDER MINISTRY OF FOOD PROCESSING INDUSTRIES<sup>29</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>29</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               |       |

## 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>30</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>31</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>32</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>30</sup> Mission for Integrated Development of Horticulture (MIDH)

<sup>31</sup> National Agriculture Infra Financing Facility

<sup>32</sup> Department Of Fisheries

## 4 Pradhan Mantri Matsya Sampada Yojana (PMMSY) Scheme<sup>33</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>34</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>35</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>36</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>37</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>33</sup> Pradhan Mantri Matsya Sampada Yojana

<sup>34</sup> Animal Husbandry Infrastructure Development Fund (AHIDF) | Department of Animal Husbandry and Dairy

<sup>35</sup> Dairy processing & Infrastructure Development Fund (DIDF) | Department of Animal Husbandry and Dairy

<sup>36</sup> Agriculture And Processed Foods Export Promotion Scheme of APEDA for the 15th Finance Commission Cycle (2021-22 To 2025-26)

<sup>37</sup> Credit Linked Capital Subsidy Scheme for Technology Upgradation | Ministry of Micro, Small & Medium Enterprises Credit Linked Capital Subsidy Scheme



9

### Venture Capital Assistance Scheme of SFAC (Small Farmers' Agri-Business Consortium)<sup>38</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.

10

### A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE)<sup>39</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>40</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>38</sup> Small Farmers' Agri-Business Consortium | Venture Capital Assistance Scheme

<sup>39</sup> A Scheme For Promotion Of Innovation, Rural Industries & Entrepreneurship (ASPIRE) | Ministry of Micro, Small & Medium Enterprises

<sup>40</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>41</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>50</sup> "Key Reforms in the Food Processing Sector Since 2014-15" | MoFPI

## 09. STATE GOVERNMENT INITIATIVES AND SCHEMES

Lakshadweep has always endeavoured to provide a hassle-free business environment to enable investors. The Lakshadweep UT Government has implemented numerous reforms to create a conducive and investor-friendly business environment for those interested in establishing their businesses within the UT. The table below highlights some of the key initiatives undertaken by the UT Government.

| Key Initiatives   | Lakshadweep and Andaman & Nicobar Islands Industrial Development Scheme (LANIDS) *, 2018 <sup>42</sup>  |
|---|---|
| <b>Central Capital Investment Incentive for access to credit (CCIIAC)</b> | Capital Investment Incentive for access to credit (CCIIAC) @ 30% of the investment in plant and machinery with an upper limit of INR 5.00 Crore. (For new industrial units and existing industrial units)   |
| <b>Central Interest Incentive (CII)</b>                                   | <ul style="list-style-type: none"> <li>• 3% interest incentive on working capital credit for 5 years from commencement of commercial production.</li> <li>• Working capital capped at 25% of annual turnover for units. (For new industrial units and existing industrial units)</li> </ul>   |
| <b>Central Comprehensive Insurance Incentive (CCII)</b>                   | 100% reimbursement of insurance premiums on building and Plant & Machinery for up to 5 years from the start of commercial production/operation. (For new industrial units and existing industrial units)  |
| <b>Goods and Services Tax (GST) Reimbursement</b>                         | Eligible for GST reimbursement on finished products for 5 years from the start of commercial production. (For new industrial units and existing industrial units)   |
| <b>Income Tax (IT) Reimbursement</b>                                      | The industrial unit set up under this scheme can claim reimbursement of central share of income tax for first 5 years, including the year of commencement of commercial production by the unit.   |
| <b>Transport Incentive (TI)</b>   | <p>Valid for 5 years from the start of commercial production, subject to actual receipt verification.</p> <ul style="list-style-type: none"> <li>• Up to 20% transportation cost coverage for shipping finished goods from the nearest port to the industrial unit's location.</li> <li>• 20% transportation cost coverage, including current railway incentives, for rail transport of finished goods from the mainland port's nearest railway station to the buyer's nearest railway station.</li> <li>• 33% transportation cost coverage for air freight of perishable items/goods (as defined by IATA) from the industrial unit's nearest airport to any domestic airport near the buyer, involving scheduled airlines and DGCA-approved non-scheduled operator permit (NSOP) holders.</li> </ul> |

\* The total incentives availed by an eligible industrial unit under the scheme should not exceed the total investment in plant and machinery, subject to a maximum limit of Rs. 200.00 crores per unit

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

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

### PRE-ESTABLISHMENT APPROVALS

| S.No | Name of Service                           | Authority/ Agency/ Office/<br>Department officer granting approval |
|------|---|--|
| 1.   | Building Plan Approval                    | Lakshadweep Public Works Department                                |
| 2.   | Consent to Establish under Pollution Acts | Lakshadweep Pollution Control Committee                            |
| 3.   | Temporary Water Connection                | Lakshadweep Public Works Department                                |
| 4.   | Fire Layout Approval                      | Directorate General Fire Services                                  |
| 5.   | Electric Connection (Temporary)           | Electricity Department   |

### POST-OPERATIONAL APPROVALS

| S.No | Name of Service  | Authority/ Agency/ Office/<br>Department officer granting approval |
|------|--|--|
| 6.   | Building Plan -Completion<br>Certificate/NOC   | Lakshadweep Public Works Department                                |
| 7.   | Electric Power Connection LT/HT  | Electricity Department   |
| 8.   | Permission for Engaging Contractor for<br>Labour                                     | Labour Department  |
| 9.   | Registration under Factories Act/Shops &<br>Establishment Act and other Labour Acts. | Labour Department  |



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