FOOD PROCESSING

Towards Sustainable Growth Opportunities

Union Territory Profile
Lakshadweep

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Abstract

Growth and Linkages in the Indian Food Processing Sector:

The Indian food-processing sector has witnessed remarkable growth, during the last 9 years ending 2023-24, Food Processing Industries sector has been growing at an Average Annual Growth Rate (AAGR) of around 6.55% as compared to around 6.06% in manufacturing at 2011-12 prices. The sector constituted as much as 7.93% share of FPI in manufacturing sector in 2023-2024. The sector is one of the largest employment providers in the organised manufacturing sector with 12.91% employment in the total registered/organised sector. This highlights its competitiveness and capacity to cater to global markets.

India is the world's largest producer of milk, pulses and jute and ranks as the second largest producer of rice, wheat, sugarcane, groundnut, vegetables, fruit and cotton. It is also one of the leading producers of spices, fish, poultry, livestock and plantation crops. This abundant raw material base offers immense potential for value addition and export. Notably, India reported the processed food exports amounted to USD 10.09 billion in 2024-2025 with significant shares in processed vegetables and fruits, pulses, cereal preparations etc. Further, the sector has attracted 7.21 billion FDI inflow in the last one-decade ending 2024-25. Recognizing the sector's significance, Ministry of Food Processing Industries has extended support and incentives for creation of modern infrastructure with efficient supply chain management, creation of employment opportunities, reducing post-harvest losses, increasing the processing level and enhancing export of the processed foods.

Agricultural Strength and Economic Advantages of Lakshadweep:

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.

1. Overview

Lakshadweep, India's smallest Union Territory, is an archipelago of 36 islands covering an area of 32 square kilometers. Lakshadweep has the second highest literacy rate of 91.85% in India, after Kerala, which ranks first.[1]

It is a single-district Union Territory with 12 atolls, 3 reefs, 5 submerged banks, and 10 inhabited islands. The islands cover 32 square kilometers. Kavaratti is the capital and the primary town of the UT. The islands are in the emerald Arabian Sea, 220 to 440 kilometers 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.

Table 1: Lakshadweep Overview

Particulars	**Details**
UT Capital	Kavaratti
Geographic Area[2]	32 sq. km
Population (Census 2011)[3]	64,000
Total Road Length (March, 2020)[4]	223 km
Airport[5]	Agatti
Installed power[6]	31.80 MW
Available Land[7]	3.04 Ha

[1] https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/HANDBOOK09122024426229B8B51C4BDE99607F1ADC64154A.PDF
[2] Government of Lakshadweep
[3] https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/HANDBOOK09122024426229B8B51C4BDE99607F1ADC64154A.PDF
[4] https://morth.nic.in/sites/default/files/Basic%20Road%20Statistics%20of%20India-2019-20.pdf
[5] Airports Authority of India - https://www.aai.aero/sites/default/files/AAI%20AR_2024_ENG_05.12.2024.pdf
[6] https://cea.nic.in/wp-content/uploads/installed/2024/03/IC_Mar_2024_allocation_wise.pdf
[7] https://iis.ncog.gov.in/parks/login1

2. Advantage Lakshadweep

- According to the LEADS Report 2024, Lakshadweep Islands have been designated as a graded Fast Mover within the UT Cluster, highlighting its potential to succeed in the food processing domain.[8]
- Well connected with 10 minor ports and an airport in Agatti[9]
- Abundant Fishing Opportunities[10]
- Vast Tuna fishing opportunities on Minicoy Island[11]
- Food Processing: Significant presence of MSME units in food and beverage manufacturing[12]
- Thriving timber industry with abundant coconut and wood-based MSME units[13]
- 12+ MW solar projects for power surplus via Green Energy[14]
- There are 10 vessels for improved island-mainland trade and connectivity.[15]
- Exclusive Economic Zone of 4,00,000 sq. km.[16] {Exclusive Economic Zone (EEZ) is a region of the ocean, where the coastal state has special rights regarding exploration and exploitation of natural resources. This includes both living resources like fish and non-living resources like oil and gas. The EEZ also allows the coastal state to manage and conserve these resources.} Thus, Lakshadweep has territorial waters of 20,000 sq km and EEZ of 4,00,000 sq km.

[8] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2090056
[9] India Investment Grid | DPIIT | Ministry of Commerce and Industries
[10] Ibid
[11] Lakshadweep | Ministry of External Affairs
[12] Ibid
[13] Ibid
[14] Ibid
[15] Ibid
[16] Government of Lakshadweep | Fisheries

3. Local Food System

3.1 Indigenous Produce

Lakshadweep's waters are rich in fishery resources, particularly Tuna fish. Fishing plays a crucial role in the livelihoods of the island inhabitants, and fish production has steadily grown to reach 12,000 MT, 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.

3.2 Key Production Statistics

Table 2: Plantation Crops & Vegetables ('000 MT)[17], 2023-24

S.No.	Particulars	Production
1.	Plantation Crops	0.67
2.	Vegetables	0.76

Table 3: Livestock, 2023-24[18] & Fisheries

S.No.	Particulars	Production
1.	Eggs (lakh nos.)	73.63
2.	Meat ('000 MT)	0.11
3.	Milk ('000 MT)	0.39
4.	Fish (lakh MT) (2022-23)[19]	0.11

[17] https://agriwelfare.gov.in/en/StatHortEst
[18] https://dahd.gov.in/sites/default/files/2025-01/FinalBAHS2024Book14012025.pdf
[19] https://dof.gov.in/sites/default/files/2024-06/Handbook.pdf

4. Production Clusters

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

Table 4: Production Cluster in Lakshadweep[20]

S.No.	Products	Districts
1.	Coconut Based Products	Lakshadweep

[20] https://pmfme.mofpi.gov.in/pmfme/assets/PDF/other-downloads/ODOP_LIST_OF_35_STATES_&_UTs.pdf

5. 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.

Table 5: Agricultural Markets in Lakshadweep[21]

S.No.	Particulars	Details
1.	Warehouse (Storage of Food Grains)	22 (6400 MT)
2.	Agro processing unit- Coconut	1
3.	Cold Storage Capacity	15 MT

[21] https://www.nabard.org/auth/writereaddata/tender/0707235354KER_Lakshadweep.pdf

6. 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:

6.1.Fisheries

Steady growth of fish production provides the below-mentioned potential avenues:

- 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 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), ensures that the processed seafood meets international standards and opens doors to export opportunities

6.2.Coconut

Lakshadweep is abundant in coconuts and has about 2675 hectares under palms.[22] NABARD announced Rs 1055.84 lakh credit potential for food & agro processing in Lakshadweep in FY 2024.[23]
Potential avenues are:

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

6.3 Seaweed

Under the seaweed cluster programme, the cluster-based approach enhances competitiveness and efficiency by uniting geographically connected enterprises of all sizes i.e. micro, small, medium, and large across the entire value chain, from production to exports.[24] Its diverse applications, including use in food, nutraceuticals, and as a source of hydrocolloids (agar, alginate, carrageenan), make seaweed a valuable resource for both local communities and global industries. The 2024 Pradhan Mantri Matsya Sampada Yojana (PMMSY) cluster-development programme earmarks three seaweed hubs in Lakshadweep, coupling farmer

[22] https://www.nabard.org/auth/writereaddata/tender/0707235354KER_Lakshadweep.pdf
[23] Ibid
[24] https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2083813

collectives with processing units for agar, carrageenan and bioplastics[25]. Seaweed can be processed into premium health foods, snacks, dried seaweed etc.

[25] https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2083813

7. Regulatory Framework: Registration / NoCs / Licenses

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

Table 6: Pre – Establishment Approvals

S.No.	Name of Service	Authority/ Agency/ Office/ 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

Table 7: Post – Operational Approvals

S. No	Name of Service	Authority/ Agency/ Office/ Department officer granting approval
1.	Building Plan – Completion Certificate / NoC	Lakshadweep Public Works Department
2.	Electric Power Connection LT/HT	Electricity Department
3.	Permission for Engaging Contractor for Labour	Labour Department
4.	Registration under Factories Act/Shops & Establishment Act and other Labour Acts.	Labour Department

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