FOOD PROCESSING

Towards Sustainable Growth Opportunities

Union Territory Profile
Puducherry

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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 Puducherry:

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. India reported an increase in export of Fruits & Vegetables by 5.67% from USD 3.66 Billion in FY 2023-24 (April-March) to USD 3.87 Billion in FY 2024-25 (April-March) and exported agri and processed food worth USD 25.02 billion in 2023-24[1]. This growth showcases the sector's competitiveness and ability to cater to international markets.

Puducherry, known for its robust agricultural sector, has a Gross State Domestic Product (GSDP) of USD 5.74 billion[2]. It has been classified as a "Fast Mover" within the Union Territory cluster by LEADS 2023, signifying its focus on agricultural development. Furthermore, Puducherry has achieved the highest irrigation penetration rate, reaching 90%.

[1]https://indbiz.gov.in/agri-and-processed-food-exports-up-by-9-in-fy23/
https://pib.gov.in/PressReleasePage.aspx?PRID=2122016
Farmer Connect Portal

[2] https://statistics.py.gov.in/sites/default/files/stathandbook-23-24.pdf

The food processing sector in the Puducherry offers a range of opportunities, including frozen fish products, ready-to-eat items, and processed fruits and vegetables. The region holds a prominent position as the top producer of mangoes, watermelons, tapioca, and guavas among the Union Territories. Puducherry also ranks as the second largest producer of bananas, sapotas (chikoo), brinjal (eggplant), and okra (ladyfinger) among the Union Territories. Puducherry's food processing sector holds great potential for the production of various processed food products, including jams, pickles, sauces, chutneys, juices, and dehydrated snacks. The UT is further strengthening its food processing infrastructure through flagship schemes of the Ministry of Food Processing Industries such as Pradhan Mantri - Kisan Sampada Yojana, Pradhan Mantri Formalisation Micro Food Processing Enterprises, and the Production Linked Incentive Scheme.

1. Overview

Puducherry, also known as Pondicherry, is a Union Territory located on the south- eastern coast of India. Covering an area of approximately 490 square kilometers, it is bordered by the state of Tamil Nadu, while Yanam district and Mahe district are enclosed by the States of Andhra Pradesh and Kerala respectively. The economy of Puducherry is primarily driven by tourism, manufacturing, and services. Auroville, an experimental township located near Puducherry, is a unique community dedicated to human unity and sustainable living. The city of Puducherry showcases well-preserved French colonial architecture. The French Quarter, known as the White Town, exudes a tranquil ambiance with its tree-lined streets, quaint cafes, boutique shops, and art galleries.

Table 1: Puducherry Overview

Particulars	Details
UT Capital	Puducherry
Geographic Area[3]	490 sq. km
Population (Census 2011)[4]	12,48,000
Total Road Length (March, 2020)[5]	5,572 km
Gross State Domestic Product (GSDP) 2023-24[6]	USD 5.74 billion
Airports	1 Domestic- Puducherry
Rail Network[7]	23 km
Industrial Area[8]	No. of Industrial Parks: 10
Installed Power[9]	427.56 MW
Available Land[10]	397.17 ha

3 https://statistics.py.gov.in/sites/default/files/PAG2024.pdf
4 https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/HANDBOOK09122024426229B8B51C4BDE99607F1ADC64154A.PDF
5 https://morth.nic.in/sites/default/files/Basic%20Road%20Statistics%20of%20India-2019-20.pdf
6 https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/HANDBOOK09122024426229B8B51C4BDE99607F1ADC64154A.PDF
7 https://rdso.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/2025/IR%20Year%20Book%202023-24-English.pdf
8 https://www.pib.gov.in/PressReleseDetailm.aspx?PRID=1695462
9 https://cea.nic.in/wp-content/uploads/installed/2024/03/IC_Mar_2024_allocation_wise.pdf
10 https://iis.ncog.gov.in/parks/login1

2. Advantage Puducherry

- Close proximity to international airport - Chennai and domestic airports- Bengaluru and Hyderabad[11] and international markets.
- Highest irrigation penetration at 90%.[12]
- Graded as a **"Fast Mover"** within the Union Territory cluster[13]

[11] https://www.aai.aero/en/airports/puducherry
[12] https://statistics.py.gov.in/sites/default/files/season-crop-report-2021-22.pdf
[13] DPIIT| LEADS 2023: Logistics Ease Across Different States - https://warehousingindia.org/wp-content/uploads/2022/10/LEADSReport2022_13October2022.pdf

3. Local Food System

3.1 Indigenous Produce

Agriculture is one of the most important occupations for the people of Puducherry. About 45% of the total population depends directly or indirectly on farming. The agriculture sector contributes approximately 1.14 % of the Gross State Domestic Product (GSDP) of the UT of Puducherry.[14]

Puducherry is one of the largest producers of bananas, tapioca, green chillies, watermelon, and Sapota among the UTs in India.[15]

Total gross sown area of the UT is 30.4 thousand hectares (including non-food crops), and the net sown area is 16.27 thousand hectares (2023-24).[16]

3.2 Key Production Highlights

- Primary commodities are rice, maize, ragi and pulses.
- Valuable cash crops, including cotton, sugarcane, oilseeds, coconut, sesame, and chillies.
- Diverse agro-climatic conditions facilitate the horticultural production of fruits, including bananas and mangoes
- Largest producer of tapioca amongst UTs[17]
- 2nd largest producer of brinjal and okra (ladyfinger) in UTs[18]
- 3rd largest producer of banana in UTs[19]

Key Production Statistics

Table 2: Crops ('000 MT)[20], 2023-24

S.No.	Particulars	Production
1.	Rice	61.3
2.	Total Cereals	61.7
3.	Pulses	0.8

[14] file:///C:/Users/WD832HP/Downloads/HANDBOOK09122024426229B8B51C4BDE99607F1ADC64154A.pdf
[15] https://statistics.py.gov.in/sites/default/files/stathandbook-23-24.pdf
[16] ibid
[17] https://agriwelfare.gov.in/sites/default/files/2023_24_FinalEstimates.xls
[18] ibid
[19] ibid
[20] ibid

Table 3: Livestock, 2023-24[21], & Fisheries

S.No.	Particulars	Production
1.	Milk (‘000 MT)	49.75
2.	Egg (lakh nos.)	114.09
3.	Meat (‘000 MT)	14.66
4.	Fish (lakh MT) (2022-23)[22]	0.50

Table 4: Fruits (‘000 MT), 2023-24[23]

S.No.	Particulars	Production
1.	Mango	2.85
2.	Guava	1.15
3.	Watermelon	0.25
4.	Banana	5.71

Table 5: Vegetables (‘000 MT), 2023-24[24]

S.No.	Particulars	Production
1.	Brinjal	2.01
2.	Tapioca	1.52
3.	Ladyfinger	0.70
4.	Bottle gourd	0.48

Table 6: Spices (‘000 MT), 2023 - 24[25]

S.No.	Particulars	Production
1.	Tamarind	0.18
2.	Ginger	0.04
3.	Black Pepper	0.01
4.	Turmeric	0.02

[21] https://dahd.gov.in/sites/default/files/2025-01/FinalBAHS2024Book14012025.pdf

[22] https://dof.gov.in/sites/default/files/2024-06/Handbook.pdf
[23] https://agriwelfare.gov.in/sites/default/files/2023_24_FinalEstimates.xls
[24] ibid
[25] ibid

4. Production Clusters

The list below showcases the Production Clusters within the UT under the Pradhan Mantri Formalization of Micro Food Processing Enterprises Scheme (PMFME) –

Table 7: PMFME Production clusters in Puducherry[26]

S.no.	Products	District
1.	Fish Products	Karaikal
2.	Milk based products	Puducherry

[26] https://www.mofpi.gov.in/sites/default/files/revised_list_of_odop_for_35_states_13.03.2024_1.pdf

5. Agricultural Marketing

The table below indicates the agricultural marketing infrastructure available in the UT.

Table 8: Agricultural Markets in Puducherry

S.No.	Particulars	Details
1.	Food processing units[27]	68
2.	Mandi[28]	2
4.	E-NAM mandi[29]	2
5.	Warehouse (Storage of food grains)[30]	1
6.	Cold storage facilities[31]	4 (as on Nov 2023)

[27] Annual Survey of Industries 2022-23
[28] https://pib.gov.in/PressReleasePage.aspx?PRID=2086484&utm_source=chatgpt.com
[29] https://enam.gov.in/web/mandis-online
https://wdra.gov.in/documents/20143/139675979/WDRD+ANNUAL+REPORT+ENGLISH+23-24.pdf/8ff1a439-22f7-ba3b-586a-0534a256ddcd
[30] https://wdra.gov.in/documents/20143/139675979/WDRD+ANNUAL+REPORT+ENGLISH+23-24.pdf/8ff1a439-22f7-ba3b-586a-0534a256ddcd
[31] https://static.pib.gov.in/WriteReadData/specificdocs/documents/2023/dec/doc20231219291701.pdf?utm_source=chatgpt.com

6. Potential Opportunities

Puducherry exhibits a variety of soil types, including red sandy soil, clayey soil, alluvial soil, and coastal sandy soil. The soil composition and fertility vary across different areas of the region, providing opportunities for different types of cultivation. Puducherry's agricultural sector focuses on the cultivation of crops such as paddy rice, pulses, millets, oilseeds, vegetables, and fruits. The UT presents the following potential opportunities in the food processing sector:

6.1.Nut Processing

The total coconut production of Puducherry is of 20 thousand MT[32], total cashew nut production is 60 MT[33] and the total areca nut production is 78 MT in 2023-24[34].

The administration is setting up a Coconut Mission for promotion of value -added products based on Coconut.
Potential avenues are:

- Coconut oil, coconut milk, coconut flour, desiccated coconut, coconut sugar, and coconut-based snacks.
- Virgin Coconut Oil Production
- Areca nut Processing: Areca nut-based products like betel nut candies, mouth fresheners, and supari (chewed betel nut)
- Cashewnut Kernels, Snacks like flavoured cashew nuts, coated cashew nuts, and cashew nut bars
- Cashewnut Confectionary Products like chocolates, cookies, and energy bars.

6.2.Fisheries

Puducherry's coastal location and rich marine resources contribute to a thriving fisheries sector. The total fisheries production of the UT is 0.50 lakh MT.

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

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[32] https://statistics.py.gov.in/sites/default/files/stathandbook-23-24.pdf
https://statistics.py.gov.in/sites/default/files/scr-2023-24-new.pdf
[33] https://statistics.py.gov.in/sites/default/files/scr-2023-24-new.pdf
[34] https://statistics.py.gov.in/sites/default/files/scr-2023-24-new.pdf

6.3.Rice

Puducherry's agricultural sector focuses on the cultivation of crops such as paddy rice. It’s cultivation is prominent in areas with fertile alluvial soil, where both traditional and modern farming techniques are practiced. Puducherry’s rice production is 61.3 thousand MT[35].

Potential opportunities can be in the form of:

- Rice flour which is made by grinding rice into a fine powder can be utilized in a variety of culinary applications, including baking, sauce thickening, and the preparation of rice vermicelli
- Rice bran oil comes from the outer bran layer having a pleasant taste and health benefits
- Rice can be processed into foods such as breakfast cereals and it can be sold in various convenient forms such as parboiled rice and instant rice

6.4. Sugarcane

Sugar Production Mills or processing units can crush sugarcane to extract the juice, which is then processed into granulated sugar through boiling, clarification, and crystallization processes.

- Jaggery and Jaggery-Based Products like jaggery candies, jaggery syrup, and jaggery-coated snacks
- Sugarcane Juice and Sugarcane-Based Beverages with value addition of other natural ingredients like ginger, lemon, or mint.
- Sugarcane Bagasse-Based Products: Sugarcane bagasse, the fibrous residue left after extracting juice from sugarcane can be processed into plates, bowls, food containers, and packaging materials.

6.5. Tapioca

Tapioca, also known as cassava, is a versatile crop with significant potential for value addition in Puducherry. The total tapioca production of Puducherry is of 4.3 thousand MT in 2023-24.[36] Given the region's diverse soil types and favorable climatic conditions, there are several avenues for developing the tapioca processing sector:

- Starch Production: Tapioca roots can be processed to extract starch, which is used in various industries, including food, textiles, paper, and pharmaceuticals. Establishing starch extraction units can cater to both domestic and industrial demands.
- Sago Manufacturing: Sago, a popular food item made from tapioca starch, has a steady market in India. Setting up sago production units can tap into this demand.
- Tapioca Chips and Snacks: Processing tapioca into chips and other snack items can cater to the growing snack food market. These products can be flavored and packaged for both local consumption and export.
- Bioethanol Production: Tapioca starch can be fermented to produce bioethanol, a renewable energy source. This aligns with sustainable energy initiatives and can contribute to energy security.
- Animal Feed: The residual pulp from starch extraction can be used as animal feed, ensuring zero waste and adding value to the processing chain.
- Export Opportunities: Processed tapioca products, such as starch and sago, have demand in international markets. Developing export-oriented processing units can boost the region's economy.

[35] https://statistics.py.gov.in/sites/default/files/scr-2023-24-new.pdf

[36] ibid

7. UT Government Initiatives and Schemes

The UT Government has undertaken several reforms to offer an enabling and investor-friendly business climate for investors keen on setting up business in the UT. Some of the key EoDB initiatives by the UT include-

- **Puducherry Single Window System**

  A GIS-based portal covering industrial parks that serves as a repository for all infrastructure-related data, including connectivity, infra, natural resources and terrain, plot-level information on vacant plots, and contact information.

- **Industrial Land Bank Portal:**

  To attract investment in manufacturing and infrastructure, the UT administration is constructing land banks using both private and public lands.

- **Puducherry Industrial Policy 2016:**

  To improve the quality of life for residents of union territory Puducherry and establish a Prosperous Puducherry through accelerated industrial growth, proactive assistance and efficient management.

8. Major Players in Food Processing and Allied Sectors

Beneficiaries under PMFME[37]

Table 9: Total assistance approved under PMFME - As on 31.05.2025

State/UT	Puducherry
Number of Micro Enterprises	176
Approved Subsidy (in Rs Crore)	3.95
Number of SHG Members	1424
Approved Subsidy (in Rs Crore)	5.43
Number of Approved Incubation Centre	0
Approved Subsidy (in Rs Crore)	0.00
Number of Approved B&M Projects	1
Approved Subsidy (in Rs Crore)	1.58
Net Enterprises-PMFME	1601
Total Subsidy under PMFME (in Rs Crore)	10.96

[37] https://www.mofpi.gov.in/sites/default/files/636.pdf

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