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Report Highlights:

FAS New Delhi (Post) forecasts India's marketing year (MY) 2023 (January-December) fluid milk production to increase by nearly two percent to 207 million metric tons (MMT) assuming normal 2023 southwest monsoon (June-September) and weather conditions ensuring sufficient availability of fodder. MY 2022 fluid milk production is revised lower to 202.5 MMT, the result of an uneven 2022 monsoon season, spiraling feed costs, and the outbreak of Lumpy Skin Disease. Post forecasts MY 2023 butter exports at 55,000 metric tons (MT) on expected sufficient domestic milk supplies and recovery in export demand. Under the same assumptions, skimmed milk powder (SMP) exports are forecast to increase to 60,000 MT, or 11 percent higher than the revised estimated figure for MY 2022.

EXECUTIVE SUMMARY

FAS New Delhi (Post) forecasts India's fluid milk production in market year (MY) (January-December) 2023 at 207 million metric tons (MMT), up two percent from the earlier revised MY 2022 estimates of 202.5 MMT.

Post forecasts India's fluid milk consumption in MY 2023 at 86.5 MMT, up somewhat compared to the MY 2022 consumption of 85 MMT. Post attributes the increase to a growing population (about 0.67 percent per annum), along with greater product affordability due to a growing economy and rising per capita incomes.

FAS New Delhi forecasts India's MY 2023 skimmed milk powder (SMP) production at 740,000 metric tons (MT), an increase of almost six percent above the USDA official MY 2022 figure of 700,000 MT. This increase is anticipated from strong prices and increased export demand in MY 2023. Post forecasts India's MY 2023 butter production higher at 6.7 MMT, an increase of three percent from the USDA official MY 2022 figure of 6.5 MMT. The increase is attributed to rising domestic demand due to rising incomes.

Post forecasts India's SMP consumption in MY 2023 at 685,000 MT, up two percent increase in comparison to the MY 2022 revised consumption estimates of 670,000 MT. Typical for a normal year, the derived stock of SMP from the productive months of 2021-2022 (flush season runs from October to March) was utilized to supply reconstituted milk during the lean season (April-September), with estimated SMP supplies in MY 2022 sufficient to meet domestic milk requirements during the lean season. Butter consumption in MY 2023 is forecast at 6.64 MMT, a three percent increase from the MY 2022 revised estimate of 6.45 MMT. Based on the market reports, MY 2022 butter consumption estimated is lower.

Post forecasts exports of SMP in MY 2023 at 60,000 MT, up by 11 percent from Post's revised estimate of 54,000 MT. SMP exports for MY 2022 and MY 2021 are revised based on the latest official trade data. Post forecasts MY 2023 butter exports at 55,000 MT on expected sufficient domestic milk supplies and recovery in export demand.

COMMODITIES:

FLUID MILK

Table 1. India: Commodity, Dairy, Milk, Fluid - Production, Supply and Distribution (PSD)

DAIRY, MILK, FLUID	2021		2022		2023	
MARKET YEAR BEGINS	JAN 2021		JAN 2022		JAN 2023	
INDIA	USDA OFFICIAL	NEW POST	USDA OFFICIAL	NEW POST	USDA OFFICIAL	NEW POST
COWS IN MILK (1000 HEAD)	58000	58000	59800	59500	0	61000
COWS MILK PRODUCTION (1000 MT)	96000	96000	98000	97000	0	99000
OTHER MILK PRODUCTION (1000 MT)	103000	103000	105500	105500	0	108000
TOTAL PRODUCTION (1000 MT)	199000	199000	203500	202500	0	207000
OTHER IMPORTS (1000 MT)	0	0	0	0	0	0
TOTAL IMPORTS (1000 MT)	0	0	0	0	0	0
TOTAL SUPPLY (1000 MT)	199000	199000	203500	202500	0	207000
OTHER EXPORTS (1000 MT)	10	10	10	10	0	10
TOTAL EXPORTS (1000 MT)	10	10	10	10	0	10
FLUID USE DOM. CONSUM. (1000 MT)	83000	83000	85000	85000	0	86500
FACTORY USE CONSUM. (1000 MT)	115990	115990	118490	117490	0	120490
FEED USE DOM. CONSUM. (1000 MT)	0	0	0	0	0	0
TOTAL DOM. CONSUMPTION (1000 MT)	198990	198990	203490	202490	0	206990
TOTAL DISTRIBUTION (1000 MT)	199000	199000	203500	202500	0	207000
(1000 HEAD) (1000 MT)						

PRODUCTION

FAS New Delhi (Post) forecasts India's fluid milk production in market year (MY) (January-December) 2023 at 207 million metric tons (MMT), up two percent from the revised MY 2022 estimates of 202.5 MMT. Assuming a normal 2023 southwest monsoon season (June-September), sufficient feed availability, and improved management of dairy cattle (*Bos taurus* and *B. taurus indicus*) and of Asian domestic water buffalo (*Bubalus bubalis*), India's milk yield productivity stands to increase. India's growing population, coupled with rapid urbanization and improving incomes is spurring demand for milk and milk products in the out-year.¹

According to the [United Nations](#), by 2027, India is projected to overtake China as the world's most populous country.² India's per capita milk consumption at 427 grams (g)/day (2020-2021), already exceeds the world average of 305 g/day (2020).

Fluid milk production in MY 2022 is revised lower to 202.2 MMT, the result of lower milk yields in cattle and water buffalo herds affected by the Lumpy Skin Disease (LSD) outbreak in India,

¹ India's population of 1.38 billion, with a median age of 28.7 years is growing at 0.67 percent per annum (Central Intelligence Agency, 2022 estimate).

² See, <https://www.un.org/en/global-issues/population>.

concentrated in the Maharashtra region and the northern parts of India (see, [GAIN-INDIA | IN2022-0066 | Outbreak of Lumpy Skin Disease in Cattle Raises Alarm in Cattle-rearing Communities in the State of Gujarat](#) and [GAIN-INDIA | IN2022-0070 | Update - Lumpy Skin Disease Spreads to Northern States of India](#)).³



Source: Zee News, India.

The rising cost of fodder and grain prices are an added contributing factor in lower milk yields per animal (see, [GAIN-INDIA | IN2022-0075 | Livestock and Products Annual - 2022](#)). Media sources report that while the government is keen on reducing daily deficit to achieve self-sufficiency in milk production, soaring cattle feed costs is throwing dairy farmers into distress. The uneven 2022 monsoon, which was characterized by prolonged dry spells, coupled with abnormally high rains, is affecting fodder supply availability throughout 2022.

Dairy Producers: Roughly 500 million Indians depend on livestock rearing.⁴ Reportedly, there are some 80 million households engaged in dairy farming as their main source of income. The majority are small-scale, marginal farmers that often lack title to grazing fields.⁵ Dairy farming startup costs are lower than those associated with seasonal planted crops. Nonetheless, with 95 percent of India's milk producers only having herd sizes of one-to-five animals, these producers remain mired essentially at subsistence levels.⁶ Larger dairy farms come in at around 50 or more animals; these larger farm

³ Lumpy skin disease is an infectious viral disease in cattle. The LSD virus is a member of the *capripoxvirus* genus of *Poxviridae*, also known as Neethling virus. It is a viral disease transmitted by insects that feed on cattle blood, such as flies, mosquitoes, and ticks. Symptoms include fever, discharge from the animal's eyes and nose, excess salivation, blisters on the body, and reduced milk production. Afflicted animals will also have trouble eating. The virus has an economic impact, since affected animals will experience permanent damage to their skin (impacting hide values), suffer from chronic debility, reduced milk production, as well as poor growth, infertility, and even death. LSD, which originated in Africa, has been sweeping Gujarat for three months since the first case was reported on April 23 in Kaiyari village in Abdasa Taluka of Kutch district, where many depend on cattle-herding for their livelihood.

⁴ See, [2018 FAO Report – India: Increasing Demand Challenges the Dairy Sector](#).

⁵ Eighty-six percent of Indian farmers are classified as small-scale, marginal farmers. Only forty-seven percent of which own the lands that they farm. These own about 75 percent of the milch animals (i.e., dairy cows kept mainly for milking purposes).

⁶ [Department of Animal Husbandry and Dairying](#).

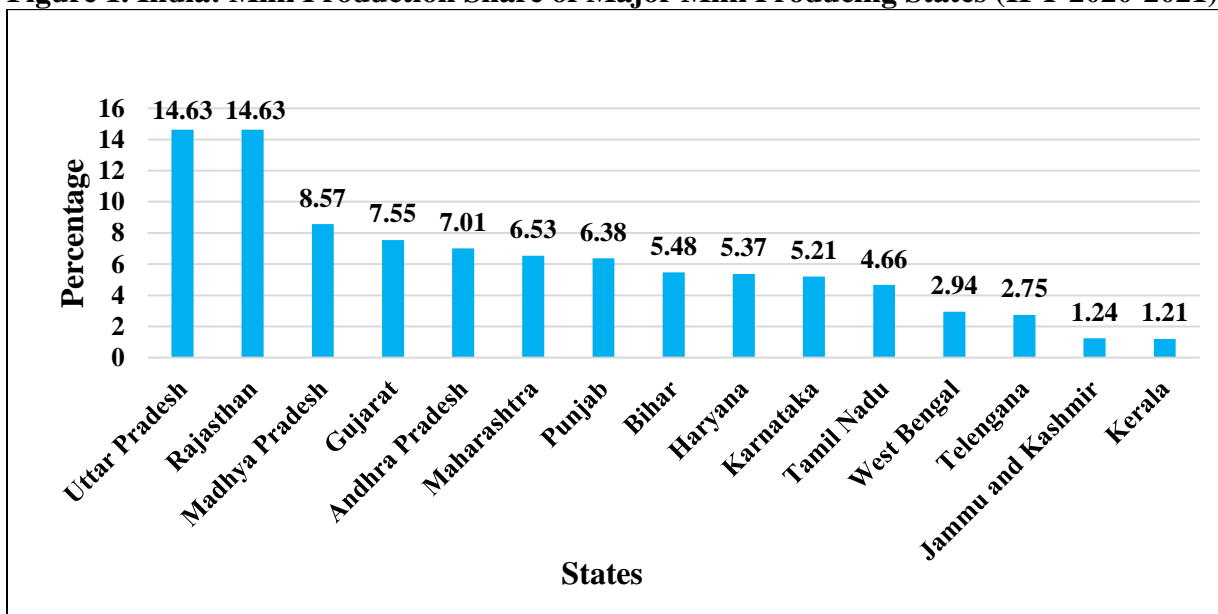
operations are increasing in the dairy production states of Punjab, Gujarat, Maharashtra, and Telangana/Andhra Pradesh.

Milk Production and Supply: India is a leading global milk producer. Roughly 46 percent of the milk produced is consumed either at the producer level or sold/bartered to non-producers in rural areas. Fifty-four percent of milk production is marketed through milk cooperatives and or unorganized players such as milkmen and contractors. India’s five largest milk-producing states, accounting for over half of the national production, are Uttar Pradesh (15 percent), Rajasthan (15 percent), Madhya Pradesh (nine percent), Andhra Pradesh (seven percent), and Gujarat (eight percent). Forty-nine percent of India’s milk production comes from domestic water buffaloes. The state of Uttar Pradesh holds 33 percent of India’s water buffalo herd, followed by Rajasthan (12.5 percent), and Madhya Pradesh (10 percent).

The relative share of milk from cows is growing compared to that from water buffalo. The latest Indian Livestock Census (2019) highlights the share of milk from cows having grown to 48 percent, up by three percent compared to the previous 2012 census numbers. On the medium-to large dairy farms, more milk is being produced from foreign (i.e., temperate climate) introduced breeds and crossbreeds.⁷

Dairy cattle production is largely concentrated in a handful of states. The three Indian states of West Bengal, Uttar Pradesh, and Madhya Pradesh account for about 30 percent of national dairy cattle numbers. They are followed by the states of Bihar (eight percent), Maharashtra (seven percent), and Rajasthan (seven percent). These six states represent over half of India’s total dairy cattle population.

Figure 1. India: Milk Production Share of Major Milk Producing States (IFY 2020-2021)



Source: Department of Animal Husbandry and Dairying - [Animal Husbandry Statistics, 2021](#).

India’s small dairy farmers favor water buffaloes over cattle, which produce milk with a higher fat content (seven-to-eight percent) and are better adapted to Indian climatic conditions. Buffalo milk

⁷ Among various dairy breeds of the world, Holstein Friesian and Jersey breeds have been identified as the most suitable for cross breeding in India. The Jersey breed is known for the milk fat percent and Holsteins for the high quantity of milk.

benefits from higher market prices as milk pricing is based on fat and solids-not-fat (SNF) content. Water buffalo calves and unproductive females can also be sold for slaughter across India. Dairy cattle slaughter, however, is banned in most states; unproductive/spent cows and bulls are just abandoned.

Factors Affecting Milk Productivity: Factors limiting dairy cow productivity include the low genetic potential of Indian bovines, limited nutritious and balanced feed rations, and inadequate veterinary care. India’s latest national estimates (2019-2020) place the average milk yield per animal per day lower than those obtained in the United States of over 30 kilograms (kg)/day and the United Kingdom at 22 kg/day.

Foreign Breeds (kg/day)	Crossbred Cows (kg/day)	Indigenous Cows (kg/day)	Non-Descript Cows (kg/day)	Indigenous Buffalo (kg/day)	Non-Descript Buffalo (kg/day)	Goat (kg/day)
9.15	7.22	3.34	2.71	6.41	4.13	0.47

Source: Department of Animal Husbandry and Dairying - [Annual Report 2021-2022](#).

Fodder availability is a major constraint for India’s dairy sector. Access to better feeds and fodders would help enhance dairy animals’ milk productivity. Current estimates by the Indian Grassland and Fodder Research Institute indicate that India faces a net deficit of 11.2 percent green fodder, 23.4 percent dry crop residues, and 28.9 percent concentrate feed ingredients. Precise data on production of fodder crops, yield, adoption of improved varieties and technology are not available and there is no agency to monitor these aspects. This seriously dampens effective policy formulation and research planning for fodder development and cultivation. Fodder shortage could be overcome by increasing the cultivation of forage crops, which are major feed resources for livestock across states.⁸

[Media](#) reports indicate that the Department of Animal Husbandry and Dairying (DAHD) will fast track this issue by setting up 100 fodder Farmer Producer Organizations through the National Dairy Development Board. The reports also mention that the government plans to prepare a National Action Plan to address any future fodder shortages. To address short-term fodder shortages, the government has decided to connect deficit states with surplus fodder producing states. The long-term measure includes promoting quality seeds and entrepreneurs in fodder production.

Milk Collection and Food Safety: Most of the private and cooperative dairies do not have separate collection systems for cow and water buffalo milk. Packaged milk products are mostly a mix of the two, and only a few processors market pure cow milk.

Milk collection from India’s predominantly small-sized dairy farms is a huge challenge, requiring significant investment in infrastructure and procurement systems. Food safety also remains difficult, since a significant volume of India’s total milk production is handled and marketed by small vendors. These often suffer from limited exposure to efficient milk handling methods/systems and lack the capital or incentives to comply with food safety regulations which would increase their production costs.

⁸ [Dairy Value Chain by T. Nanda Kumar.](#)

CONSUMPTION

FAS New Delhi forecasts India's fluid milk consumption in MY 2023 at 86.5 MMT, compared to MY 2022 consumption of 85 MMT. Post attributes this increase to changing lifestyle patterns, increasing disposable incomes, and Indians' increasing health consciousness. Following the COVID-19 pandemic, Indians are increasingly consuming more milk to meet higher protein intake.

India's vegetarian consumers rely heavily on milk as a source of protein. Along with pulses, milk and dairy products are Indian consumers' (especially for the large vegetarian population) the major source of protein. Rural households consume almost 50 percent of total milk production. The remaining 50 percent is sold on the domestic market. Of the share of milk sold on domestic market, almost 50 percent is consumed in fluid form, 35 percent as traditional products such as cheeses, yoghurt, and milk-based sweets, with the remaining 15 percent consumed in the form of butter, ghee, milk powder, and other processed dairy products (i.e., baby foods, ice-cream, whey powder, casein, milk albumin).

Production and Consumption Patterns: India's milk and dairy production and consumption patterns vary across the country's 29 states and eight union territories. Five states alone account for over half of the country's dairy products' consumption: Uttar Pradesh (19 percent), Rajasthan (nine percent), Gujarat (eight percent), Maharashtra (seven percent), and Bihar (seven percent).

According to the Department of Animal Husbandry and Dairying's provisional estimates, per capita milk availability in Indian Fiscal Year (IFY) 2021-2022 (April-March) has reached 427 grams per day, with fluid milk production coming in at 209.96 MT. Most Indians consume dairy products. Dairy alternatives such as oat and almond milk, in addition to camel and goat milk, are primarily a newer urban phenomenon for niche end consumers. Sales of dairy alternatives are at the nascent stage, finding a market largely among health-conscious consumers and those seeking greater quality and convenience products. Also, the demand for plant analogues remains low in India; in a country that is the largest global producer and consumer of bovine milk.

Demand Drivers: A key Indian demand driver for fluid milk consumption is driven by India's demographics. About a third of the national population is under 14 years-of-age, a cohort inclined to consume higher quantities of milk. Dual income households, rapid digitization of commerce (e-platforms), increasing disposable incomes, growing urbanization, changing consumer lifestyles, and other demographic shifts are helping to pump up demand for processed, value-added dairy products. India's growing organized retail sector is driving value added dairy product sales with 15-20 percent annual growth. Smaller packaged dairy products are being aggressively marketed for the second and third tier markets to deepen a brand's penetration and increase the volume in the country. Increasing numbers of players in the dairy sector are now focusing more on the untapped opportunity for growth in semi-urban and rural regions.

Milk Distribution and Processing: India's installed milk processing capacity is 66.3 million liters/day in Indian dairy cooperatives, 73.3 million liters/day in private sector companies, and 2.5 million liters/day at producer companies.⁹ Unlike the unorganized milk sector, these companies have wide procurement and distribution networks starting from village-level milk collection and chilling centers.

⁹ Source: Indian Dairy Vision-2022. National Action Plan for Dairy Development.

The milk collected at these centers is processed in dairy plants, which involves pasteurization, standardization, branding, packaging, and preparation of certain value-added products. Of India’s total milk production, an estimated 48 percent is either consumed at the producer level or sold to small outlets in rural areas, with the remaining 52 percent earmarked for processing for sale to urban consumers.¹⁰

TRADE

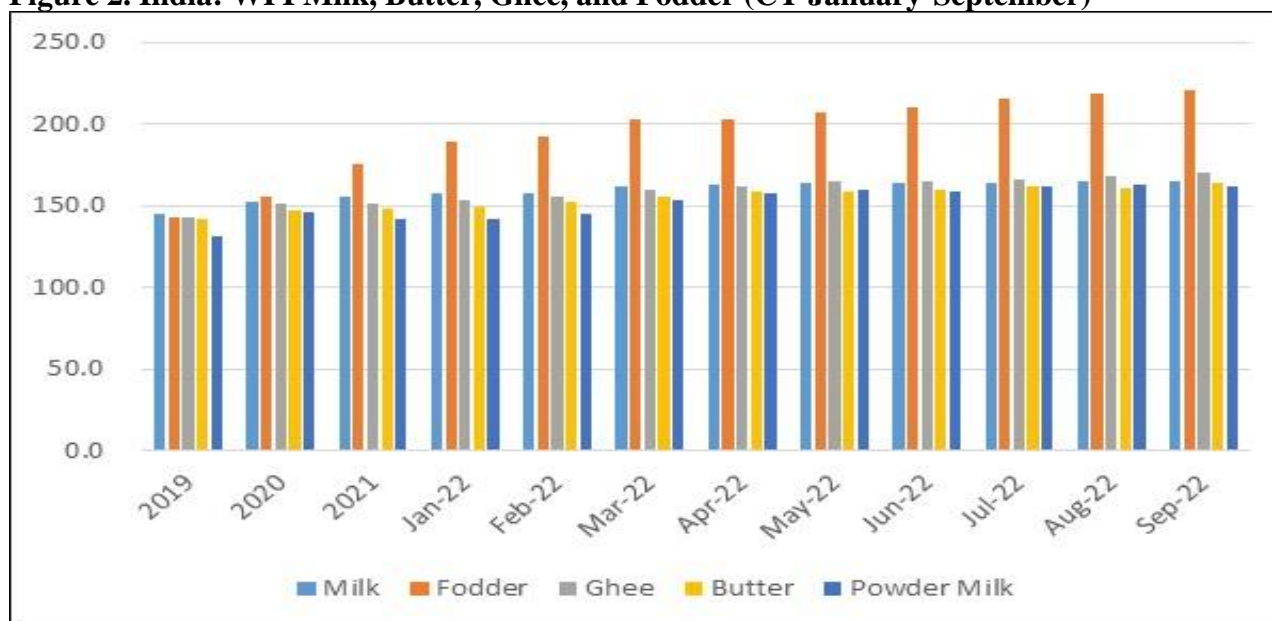
Exports: Despite being the leading global milk producer, India is not a significant exporter of fluid milk. FAS New Delhi forecasts India’s exports of fluid milk in MY 2023 at just 10,000 MT, largely unchanged from the MY 2022 export estimate of 10,000 MT.

Imports: India does not import fluid milk. FAS New Delhi does not foresee India importing fluid milk anytime soon.

PRICE DATA

Fluid Milk Prices: The farm gate prices offered to dairy farmers by state-level dairy cooperatives set the benchmark prices that private dairies follow. In determining farm gate prices, dairy cooperatives factor in feed and fodder cost increases in addition to other input costs. A few of the Indian state governments provide financial subsidies to dairy cooperatives, helping farmers obtain more profitable milk prices. Industry sources indicate that due to rise in input costs in 2022, cow milk (3.5 percent fat and 8.5 percent SNF) procurement prices ranged between Indian rupees (INR) 32-36/liter (U.S. dollar (USD) \$0.40-\$0.45); buffalo milk (seven percent fat) procurement prices range between INR 55-57/liter (USD \$0.68-\$0.71).

Figure 2. India: WPI Milk, Butter, Ghee, and Fodder (CY January-September)



Note: Indian Fiscal Year (IFY).

Source: Ministry of Commerce and Industry/Office of the Economic Adviser.

¹⁰ Department of Animal Husbandry and Dairying.

As an essential commodity, milk availability is steady even throughout the lean period thanks to the supply of reconstituted milk. Beginning in April 2022, the wholesale price index (WPI) for milk, ghee, butter, and powdered milk has steadily increased. India's Fodder Price Index evidenced a similar pattern. The Indian national average consumer retail price of milk is INR 54/liter (USD \$0.67).

Marketable Surplus: Of the 52 percent of dairy production that is processed, about 40 percent of the sales are handled by the organized sector, with 20 percent by cooperatives and producer companies, and 20 percent by private dairies. The remaining 48 percent is handled by the unorganized sector consisting of small private dairy, milkmen, and local producers. Among dairy products, the market for packaged milk is one of the faster growing segments, followed by various value-added dairy products. It is marketed as pasteurized milk, either as a mix of cow and buffalo milk or in pure form, with varying percentages of fat content.

Concerns about milk safety and quality drive strong demand for packaged, ultra-high temperature (UHT) milk, which is sold in aseptic (sterilized) packaging which provides a longer shelf life. The Indian government's National Action Plan for Dairy Development aims to double organized milk production from the current 20-21 percent to 41 percent by 2022 and to 50 percent by 2023-2024. Milk handling (i.e., production) by cooperatives is being targeted to increase from 10 to 20 percent, and the private sector from 10 to 30 percent. If these goals are achieved, it would give Indian dairy farmers greater access to the organized milk processing sector and ultimately higher incomes.

POLICY

There were no additional policy changes in the animal husbandry and dairy development in 2022 (see, [GAIN-INDIA | IN2021-0122 | Dairy and Products Annual – 2021](#)).

Food Safety Programs: To improve fluid milk product quality and food safety, the Indian government continues implementing the Strengthening Infrastructure for Quality and Clean Milk Production program (INR 300 million/USD \$3.6 million). The program seeks to address food safety issues at the farm and village level to improve milk quality throughout the supply chain. The Ministry of Food Processing Industries is providing subsidies for cold chain infrastructure.

COMMODITIES:

SKIMMED MILK POWDER AND BUTTER

Table 2. India: Commodity, Dairy, Milk, Nonfat Dry - Skimmed Milk Powder – PSD

Dairy, Milk, Nonfat Dry	2021		2022		2023	
Market Year Begins	Jan 2021		Jan 2022		Jan 2023	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	62	62	44	44	0	20
Production (1000 MT)	680	680	700	700	0	740
Other Imports (1000 MT)	0	0	0	0	0	0
Total Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	742	742	744	744	0	760
Other Exports (1000 MT)	45	45	52	54	0	60
Total Exports (1000 MT)	45	45	52	54	0	60
Human Dom. Consumption (1000 MT)	653	653	662	670	0	685
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	653	653	662	670	0	685
Total Use (1000 MT)	698	698	714	724	0	745
Ending Stocks (1000 MT)	44	44	30	20	0	15
Total Distribution (1000 MT)	742	742	744	744	0	760
(1000 MT)						

Table 3. India: Commodity, Butter – PSD

Dairy, Butter	2021		2022		2023	
Market Year Begins	Apr 2021		Apr 2022		Apr 2023	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	6300	6300	6500	6500	0	6700
Other Imports (1000 MT)	0	0	0	0	0	0
Total Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	6300	6300	6500	6500	0	6700
Other Exports (1000 MT)	25	11	44	50	0	55
Total Exports (1000 MT)	25	11	44	50	0	55
Domestic Consumption (1000 MT)	6275	6289	6456	6450	0	6645
Total Use (1000 MT)	6300	6300	6500	6500	0	6700
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	6300	6300	6500	6500	0	6700
(1000 MT)						

PRODUCTION

FAS New Delhi forecasts India's MY 2023 skimmed milk powder (SMP) production at 740,000 MT, an increase of almost six percent over MY 2022 on forecast of higher milk production in MY 2023 and increased export demand. Increased demand for reconstituted milk and steady export demand for SMP are the major drivers supporting increased production. The SMP market is accustomed to the Indian procurement system, with its predictable remunerative cash flow. However, it is slowly developing a marketing network for high-value perishable goods.

Post forecasts India's MY 2022 butter production at 6.7 MMT, an increase of three percent over previous market year on rising domestic demand.

CONSUMPTION

FAS New Delhi forecasts India's SMP consumption in MY 2023 at 685,000 MT, up two percent in comparison to the MY 2022 revised consumption estimates of 670,000 MT. The derived stock of SMP from the productive months (flush season runs from October to March) of 2021-2022 is being utilized to reconstitute milk for the lean season (April-September), which was sufficient for domestic requirements. Butter consumption is forecast at 6.64 MMT, up three percent from the MY 2022 revised estimate of 6.45 MMT. Post is also revising its MY 2022 estimate figure to 6.45 MMT to better match the domestic market situation.

In India there is growing trend towards greater health consciousness, and a commensurate demand for healthier food products, gaining traction in the post-COVID-19 period. Consumers, especially those with higher disposable incomes are demanding value-added dairy products. These products include fermented yoghurts, turmeric and nutrient-based health drinks that feature milk, buttermilk, processed cheese (e.g., mozzarella, spread, flavored, and spiced), and ice-cream. Additionally, the demand for ghee and butter is robust since ghee is one of the most consumed value-added dairy products in India.

TRADE

Export: India exports limited quantities of dairy and dairy products. Exports of SMP in MY 2023 are forecasted at 60,000 MT, up 11 percent from the revised Post estimates of 54,000 MT. SMP exports for MY 2022 and MY 2021 are being revised based on the latest official trade data. Post forecasts MY 2023 butter exports at 55,000 MT on expected sufficient domestic milk supplies and recovery in export demand.

India exports surplus SMP to Bangladesh, Bhutan, Nepal, Afghanistan, the United Arab Emirates, Malaysia, and the Middle East countries. Trade sources report that exports of value-added dairy products such as butter, butterfat, infant food preparations, cheese (e.g., cheddar and Colby), milk powder, lactose, dairy spreads, and milk albumin dropped in MY 2022, with the current production being largely allocated to meet increasing domestic consumption.

Imports: FAS New Delhi forecasts negligible imports of SMP and butter in MY 2023, largely due to growing domestic production. India historically has imported, milk powder and butter in limited

quantities, premised on domestic production shortfalls or when deemed necessary to help control inflation.

India's main dairy product imports include milk albumin (such as concentrates of two or more whey proteins), lactose and lactose syrup, infant food preparation, casein, ice cream, edible ice (e.g., additives), and cheese. The United States, France, Thailand, Singapore, New Zealand, and the Netherlands are India's main suppliers. Historically, India has imported limited quantities of milk powder and butter.

January-August 2022 trade data indicates that SMP and butter imports were just 238 MT, with 162 MT of SMP and some 76 MT butter (with a combined value of \$1.4 million). Post foresees SMP imports to reach 350 MT by December 2022. The United States is India's largest supplier of milk albumin, while both the United States and the Netherlands are the largest suppliers of lactose. Thailand leads in the provision of infant food preparations, while France ships whey. The United States and the Netherlands are the key providers of casein and its derivatives, and Italy exports cheeses.

Food use lactose and whey imports must meet all Indian veterinary import requirements. India insists, premised on religious and cultural grounds, that all imports of dairy products be derived from animals which have never been fed any animal feed preparation produced from the internal organs, blood meal, and or tissues of ruminants (i.e., bovines).

Effective November 1, 2022, all milk and milk products; pork and pork products; and fish and fish products imported into India will need to be accompanied with a health certificate issued by the competent authority of the exporting country in the format published in the Food Safety and Standards Authority (FSSAI) notification of August 3, 2022 (see, [GAIN-INDIA | IN2022-0069 | India's FSSAI Issues Notification Requiring Health Certificates to Accompany Imports of Milk and Milk Products – Pork and Pork Products-Fish and Fish Products](#)). The intent of this trade measure is interpreted as being trade restrictive.

On October 10, 2022, the Food Safety and Standards Authority of India published **Order F. No. TIC-B02/2/2022-IMPORTS-FSSAI**, requiring that all foreign food manufacturing facilities intending to export milk and milk products; meat and meat products; egg powder; infant food; and nutraceuticals to India, to register with a competent authority. Additionally, the order requires the competent authorities of all exporting countries to email the FSSAI, a list of existing manufacturers and of those who intend to export such food products to India as per the format published by the FSSAI. The FSSAI itself will load this information to its online portal. The effective date of this order is February 1, 2023.

POLICY

India restricts market access for U.S. food products. Imports of most livestock and livestock-derived food products, including several milk and milk products, are banned due to Indian import requirements (see, [GAIN-INDIA | IN2021-0151 | India Exporter Guide-2021](#)).

India permits imports of SMP/whole milk powder under a tariff-rate-quota (TRQ) of 10,000 MT, with a 15 percent import duty.¹¹ Outside of the TRQ, imports are subject to a 60 percent import duty.

Table 4. India: TRQ for Imports of SMP, Butter, and Oils

Description	HS Code	In/Out of Quota Rate (%) as per WTO	In/Out of Quota Rate (%) as per Indian Tariff	Notifications	TRQ in Metric Tons
Milk and Cream: Skimmed Milk Powder, granule, and solid forms, of fat content by weight no exceeding 1.5% and later exceeding 1.5%	0402.10 0402.21	15/60	15/60	12/12-Cus S.I No.7 and 12/12-Cus S.I No.7	10,000
Butter and Other fats	0405.10	NA	0/30	12/12-Cus S.I No.9	15,000
Butter Oil	0405.9010		0/30	12/12-Cus S.I No.9	
Ghee	0405.9020		0/30	12/12-Cus S.I No.9	
Dairy Spreads	0405.20	NA	0/40	12/12-Cus S.I No.9	15,000
Other	0405.9090		0/40	12/12-Cus S.I No.9	

Note: Harmonized tariff system (HS).

Source: Ref: Para 2.60, Handbook of Procedures, Director General of Foreign Trade.

Eligible Entities for Quota Allocations: Products with quota allocations include milk powder (HS code 0402.10 or 0402.21) and white butter, butter oil, anhydrous milk fat (HS 0405). Entities eligible for quota allocations include the National Dairy Development Board (NDDB), State Trading Corporation (STC), National Cooperative Dairy Federation (NCDF), National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED), Minerals and Metals Trading Corporation (MMTC), Projects and Equipment Corporation of India Limited (PEC), and Spices Trading Corporation Limited (STCL).

The revised procedures for the export/import of bovine germplasm are available at: [Guidelines Import/Export Bovine Germplasm](#). Imports require multiple approvals at the state and federal level, which restricts trade significantly. The veterinary health certificate for the import of various livestock products is located at: [Animal Quarantine and Certification Services](#). The following links provide information regarding the various sanitary import requirements: [Bovine Semen](#), [Bovine Embryo from the United States](#), [Bovine Semen from the United States](#), and [SOP for traceability of bovine germplasm](#).

Imports of Germplasm: Imports of cattle/buffalo germplasm fall under India's restricted list. These are authorized with a license issued by the Ministry of Commerce/Director General of Foreign Trade (DGFT) on the recommendation of the DAHD. The introduction of temperate breeds into India, for crossbreeding with indigenous non-descript cattle, has long been accepted given the strong demand for exotic germplasm.

¹¹ Earlier, in June 2017, the 10,000 MT TRQ was fixed at a 15 percent tariff rate. In February 2020, this provision was deleted from the notification. With the Customs notification No. 28/2020 (June 23, 2020), the status quo has been restored.

Sanitary Import Permitting: India requires that imported milk and dairy products be accompanied by a DAHD sanitary import permit in addition to a [veterinary health certificate](#) from the exporting country's veterinary authority. Import certification requirements for milk and dairy products are available on the [DAHD website](#).

Farmer Incentives: There are no significant updates on the incentives being offered to dairy farmers other than the Indian government's schemes as reported in the policy section in [GAIN-INDIA | IN2021-0122 | Dairy and Products Annual – 2021](#).

There is a dearth of public information available on this matter, although some media reports are confirming that a few of the Indian state governments are finding ways for providing incentives to dairy farmers. For example, one mechanism being recurred to is the Mukhyamantri Dugdh Utpadak Sambal Yojana (launched in 2019 in Rajasthan). Here milk producers are given a subsidy of INR 2 per liter (USD \$0.025). In the IFY 2022-2023 Budget, this amount has been now increased to INR 5 per liter (USD \$0.060), going into effect commencing April 1, 2022 (Source: [Business Standard, 10/20/22](#)).

Attachments:

No Attachments