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# **Report Name:** Dairy and Products Annual

**Country:** India

**Post:** New Delhi

**Report Category:** Dairy and Products

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**Report Highlights:**

FAS New Delhi forecasts India's total milk production in 2025 to rise to 216.5 MMT, attributable to the growing herd size of animals in milk, increased government support for the dairy sector, the expected continuation of good weather, high milk prices, and an absence of a major disease outbreak. The forecasted growth in milk supply is expected to boost production of butter and nonfat dry milk (skim milk powder). Post forecasts these products to reach 7.2 MMT and 0.8 MMT, respectively. Demand-side factors including growing population, rising disposable income, and other physical factors are advancing the domestic consumption of fluid milk, butter, and SMP, which are forecasted to reach 91 MMT, 7.1 MMT, and 0.8 MMT, respectively. While fluid milk and butter exports are forecasted to rise to 0.03 MMT and 0.06 MMT, SMP exports are expected to remain largely unchanged.

## Executive Summary

FAS New Delhi forecasts continuing growth in India's production and consumption of fluid milk, butter, and nonfat dry milk (skim milk powder) in 2025. India's cow and water buffalo milk production is forecast to rise to 216.5 million metric tons (MMT) in 2025, from 211.7 MMT in 2024. This is due to the increasing national trend for cows in milk, which is expected to reach 62 million head, a 0.8 percent increase from 2024. The trend is driven by the continued government support for the development of the national dairy sector. Additionally, the expectation of the increasing rise of milk prices, good weather, steady availability of fodder, improving milk yields, and the absence of a major disease outbreak, explain the growth in milk production.

The fluid milk supply growth has spurred greater production of both butter and skim milk powder (SMP) which are estimated to reach 7.2 MMT and 0.8MMT in 2025. The increase in butter production is also a result of the demand-side, from both domestic and international markets.

India's growing population, accelerating disposable income, improved access via quick and e-commerce, increasing number of dairy brands, and extensive marketing are boosting consumption demand for milk and processed milk products. While the domestic consumption of fluid milk in 2025 is anticipated to experience a two percent growth from 2024 and reach 91 MMT, butter consumption is anticipated to grow three percent and reach 7.1 MMT. Post forecasts demand of fluid milk for factory consumption at 125.5 MMT, an uptick of two percent from 2024. The domestic consumption of SMP is also expected to grow, following the growing year-round consumption demand for milk and milk products. Post forecasts SMP consumption at 0.8 MMT for 2025.

While Indian milk and butter exports are expected to grow in 2025, SMP exports are expected to remain almost unchanged. Post forecasts fluid milk exports at 0.03 MMT, driven by steady demand from Bhutan, Singapore, and United Arab Emirates. Post estimates butter exports at 0.06 MMT in 2025, driven by high global prices and higher demand from Middle Eastern countries.

**COMMODITIES:**

**FLUID MILK**

**Table 1: India: Commodity, Dairy, Milk, Fluid – Production, Supply and Distribution**

| Dairy, Milk, Fluid | 2023 | | 2024 | | 2025 | |
|---|---|---|---|---|---|---|
| Market Year Begins | Jan 2023 | | Jan 2024 | | Jan 2025 | |
| India | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Cows In Milk** (1000 HEAD) | 61000 | 61000 | 61500 | 61500 | 0 | 62000 |
| **Cow Milk Production** (1000 MT) | 99000 | 99000 | 99500 | 101000 | 0 | 103200 |
| **Other Milk Production** (1000 MT) | 108100 | 108100 | 110700 | 110700 | 0 | 113300 |
| **Total Production** (1000 MT) | 207100 | 207100 | 210200 | 211700 | 0 | 216500 |
| **Other Imports** (1000 MT) | 0 | 1 | 0 | 0 | 0 | 0 |
| **Total Imports** (1000 MT) | 0 | 1 | 0 | 0 | 0 | 0 |
| **Total Supply** (1000 MT) | 207100 | 207101 | 210200 | 211700 | 0 | 216500 |
| **Other Exports** (1000 MT) | 16 | 16 | 20 | 20 | 0 | 25 |
| **Total Exports** (1000 MT) | 16 | 16 | 20 | 20 | 0 | 25 |
| **Fluid Use Dom. Consumption** (1000 MT) | 87050 | 87051 | 89000 | 89000 | 0 | 91000 |
| **Factory Use Consumption** (1000 MT) | 120034 | 120034 | 121180 | 122680 | 0 | 125475 |
| **Feed Use Dom. Consumption** (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Dom. Consumption** (1000 MT) | 207084 | 207085 | 210180 | 211680 | 0 | 216475 |
| **Total Distribution** (1000 MT) | 207100 | 207101 | 210200 | 211700 | 0 | 216500 |
| Note: Post data is not official USDA data | | | | | | |

**PRODUCTION**

**Cows in milk:** Post forecasts India's herd size of cows in milk at 62 million head in 2025, less than a one percent growth from 2024. The government's increased support for the advancement of the national dairy sector, along with the expectations of high milk prices, good weather, steady availability of fodder, and an absence of a major disease outbreak, all influence the increased herd size.

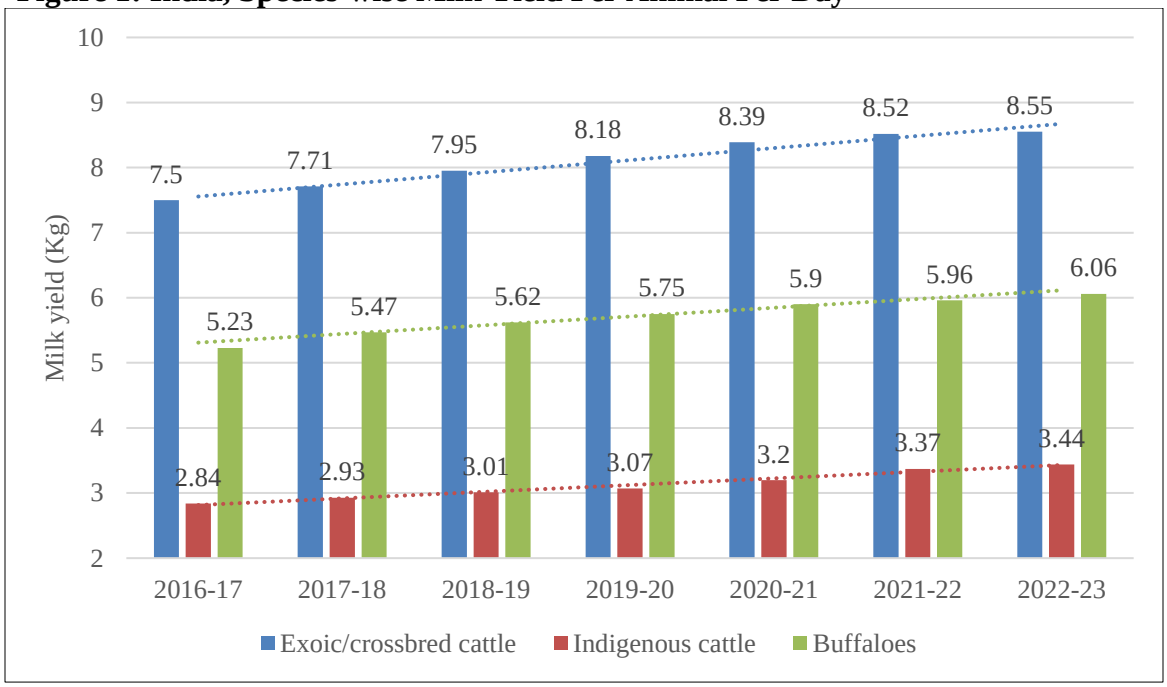
**Cow milk production**: India's cow milk production is expected to reach 103.2 MMT in 2025, up from 101 MMT in 2024. In addition to the steadily growing herd size, various other factors that augmented milk production in 2024, are anticipated to boost milk production in 2025 as well. These factors include:

- **Government support**: India's fiscal year 2024-25 budget, includes higher fund allocations for the advancement of the dairy and livestock sector. The government offers both financial and technical assistance. The financial support facilitates credit options and low-rate interest opportunities for the purchase of animals which establishes entrepreneurship and a living wage for milk farmers. The technical support enhances

dairy infrastructure, marketing, quality control, feed and fodder availability, animal breeding and healthcare, livestock insurance, and more.

- **Improving milk yield**: Although India's milk yields lag behind other major milk-producing countries, there has been improvement in both cow – indigenous and crossbred – and buffalo sectors (see, Figure 1).

**Figure 1: India, Species-wise Milk Yield Per Animal Per Day**




Source: FAS New Delhi Office Research, Basic Animal Husbandry Statistics, 2023

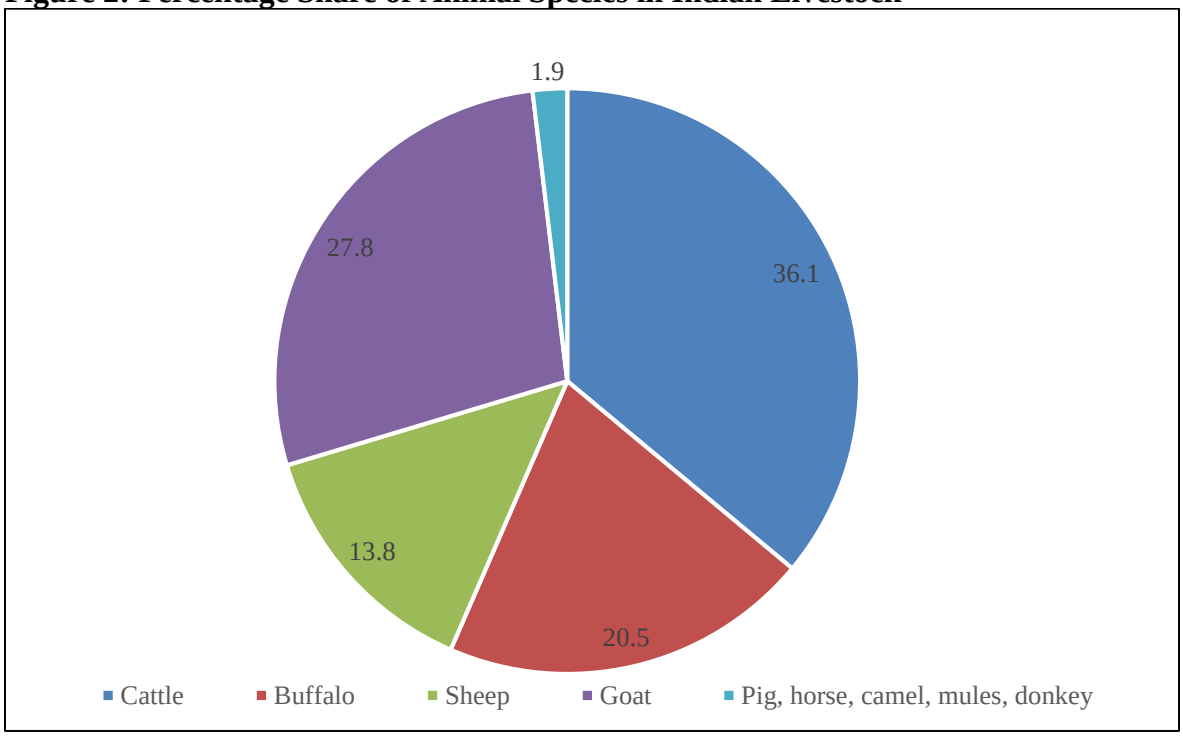
- **Remunerative occupation**: Farmers in India continue to receive lucrative prices, especially in regions with active dairy cooperatives. The procurement price by dairy cooperatives often acts as a floor price. Dairy cooperatives collect all the milk that the farmer members have to offer at a price that often covers the cost of production. Prices of fluid milk and milk fat, are rising steadily in India. There are also government programs that facilitate loans for cooperatives to pay favorable prices to farmers, mostly in the form of bonuses.

- **Good weather**: As per India's Metrological Department (IMD) India received 749 millimeters (mm) of rainfall, against the normal 701 mm, between June 1 and September 1, 2024, and is expected to continue receiving above-normal rainfall in many parts of the country in September. The surplus to normal range rainfall and cooler weather over a longer period increased availability of fodder and forage crops for higher milk production. The expectation of a cooler winter and another good monsoon season in 2025 are also boosting milk production.

- **No major disease outbreak**: Although India continues to grapple with a few cattle diseases like Foot and Mouth Disease (FMD) and Brucellosis, these are not likely to cause significant reductions in milk production. In 2024, the livestock sector recovered from the Lumpy Skin Disease (LSD) that caused widespread cattle mortality and morbidity in 2023.

**Other milk production**: Besides cows, Indian livestock comprises other animals, mainly buffaloes, goats, and sheep. Animals such as pigs, horses, camels, mules, donkeys, and yaks form less than two percent of the total livestock population. See Figure 2. Post forecasts other milk production, mainly comprising milk from Asian domestic water buffalo, to increase to 113.3 MMT, up from 110.7 MMT in 2024. Along with the other above-mentioned factors, the growing herd size of buffaloes in milk and their improving milk productivity are foreseen to influence other milk production growth.[1]

**Figure 2: Percentage Share of Animal Species in Indian Livestock**




Source: GAIN-India | Livestock and Products Annual – 2024.

**India is yet to tap its milk production potential**

India has the largest herd of bovine animals making it the largest milk producer in the world. However, the milk yields continue to be low, despite gradual increase. In addition to vulnerability to climate change, the following factors are suppressing India's milk production potential:

[1] Post forecasts India's total herd of cattle and buffalo at 307.5 million in 2025 (see, GAIN-India | Livestock and Products Annual – 2024)..

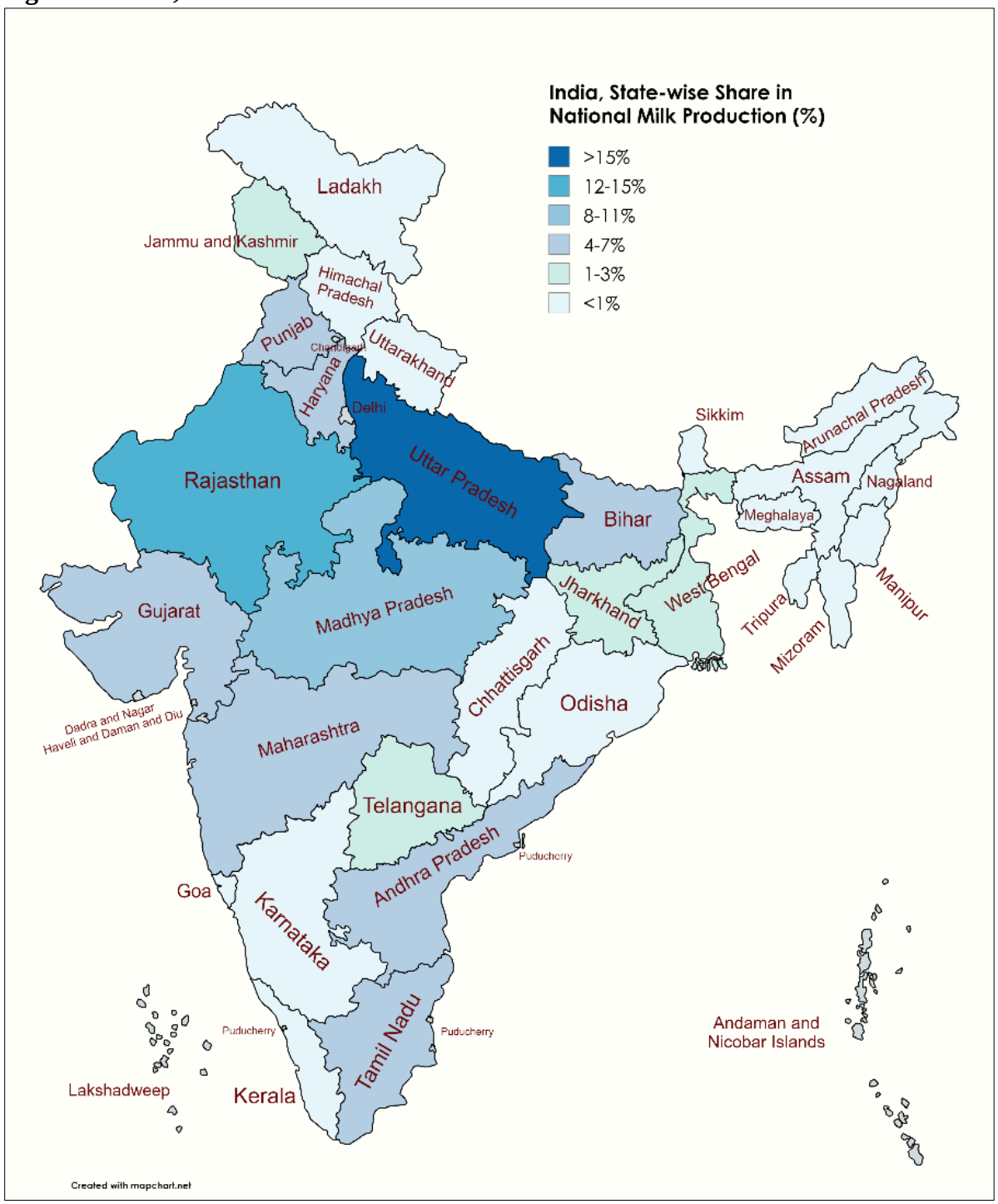
a) **Prolonged feed and fodder shortages:** India's fodder and feed deficit continues to be notable. According to the Government of India, the deficit of green fodder, dry fodder, and concentrate feed ingredients are 11.24 percent, 23.4 percent, and 28.9 percent respectively. Further, the deficit is projected to increase in the future. Such shortages impact milk production and raise the cost of milk production.[2] Additionally the sweltering heat that has hit India prior to the monsoon season exacerbates the fodder and feed shortages in India.

b) **Low genetic potential of cattle**: Crossbreds and exotic cattle record the highest yield in India (see, Figure 1). But these comprise only 39 percent of the total cows in milk. The remaining 61 percent are low yielding indigenous and non-descript cows.[3]

**Milk production across India:** The states of Uttar Pradesh, Rajasthan, Madhya Pradesh, Gujarat, and Adhara Pradesh continue to be the highest milk-producing states in India (see, Figure 3). Most of the dairy farms in India rear both cattle and buffaloes. Dairy cooperative societies and private milk companies are the two main collectors of the national milk produced.[4]

[2] Media reports highlight the under-feeding and distress-sale of cattle by small farmers due to the fodder shortages.
[3] See, Basic Animal Husbandry Statistics, 2023.
[4] The top dairy cooperatives in India include, Gujarat Co-operative Milk Marketing Federation Ltd, Mother Dairy Fruits & Vegetables Pvt Limited, Karnataka Co-operative Milk Producers Federation Limited, Rajasthan Cooperative Dairy Federation Ltd (RCDF), Tamil Nadu Cooperative Milk Producers Federation Ltd (TCMPF), Karnataka Milk Federation, and Punjab State Cooperative Milk Producers Federation Ltd (MILKFED). A few of the major private dairies include Nestle India Limited, Hatsun Agro Product Limited, Tirumala Milk Products Pvt Ltd., and Heritage Foods India Limited.

**Figure 3: India, State-wise Milk Contribution to National Milk Production**




Source: FAS New Delhi Office Research, Basic Animal Husbandry Statistics, 2023

## PRODUCTION POLICY

Currently India accounts for nearly 13 percent of the world's cow population. India would like to increase its contribution to world milk production to 30 percent by 2030, up from 24 percent at present. The dairy sector is a significant component in India's economic growth and

development. It facilitates nutrition availability for its growing population and creates gainful employment opportunities, especially in the rural areas.[5] Given the value of the sector to the Indian economy and society, the government has prioritized the following:

**White Revolution 2.0**: In September 2024, the Home Minister and Minister of Cooperation unveiled 'White Revolution 2.0'. It aims to empower women, create jobs, increase milk procurement, and alleviate malnutrition. The government initiative would include the following components:

- Providing financial support and services to dairy farmers in underdeveloped areas via interest-free cash credit, multi-purpose district cooperative societies, and multi-purpose Primary Agricultural Credit Societies (PACS).[6]
- Establish and strengthen dairy cooperatives and increase milk procurement by these institutions.[7] There are currently over 260 milk unions, and 170 thousand dairy cooperative societies spread across the country.

**2024-25 Budget Support**: The Government of India, in its fiscal year 2024-25 budget allocates INR45.2 billion ($540 million) for the Department of Animal Husbandry and Dairying (DAHD). This is a 16 percent increase in comparison to 2023-24.[8] The main programs for dairy development undertaken by the DAHD, are centered around:

- **Breed Improvement**: The Rashtriya Gokul Mission (RGM) program has a budget allocation of INR7 billion ($84 million) for the fiscal year 2024-25. It offers financial assistance to facilitate the improvement of animal genetic potential. The program also prioritizes development and conservation of indigenous breeds. The financial assistance is extended for:
  - **In vitro fertilization (IVF)**: INR.5 thousand ($60) per IVF, especially for animals owned by small and marginal farmers,
  - **Sex-sorted semen**: 50 percent subsidy on the cost of sex-sorted semen, and **Breed multiplication farms**: 50 percent subsidy on capital cost, up to INR. 20 million ($239 thousand).

The program also facilitates the availability of high genetic germplasm and strengthening of the extension service network across the country for artificial insemination.

[5] The Indian dairy sector employs a large proportion of the rural population. Nearly 450 million people from 90 million rural households, especially women and marginal farmers are reported to be associated with the dairy sector.
[6] PACS are the grass root level cooperative institutions with individual farmers, artisans, and other weaker sections as member shareholders. PACS are registered under the Cooperative Societies Act of the State. These extend short-term credit to rural borrowers, and provide credit-linked services like input supply, storage and marketing of agricultural produce, etc.
[7] Dairy cooperative societies in India mostly follow the "Anand Pattern". It is a three-tier system wherein at the bottom of the pyramid is the dairy cooperative society (DCS). Milk producers in a village become members of DCS. The members sell milk to the respective DCS for which they are paid regularly. The next tier up is the District Cooperative Milk Producers' Unions that are owned by the DCS. The Unions buy milk from all the DCS, and process and market the processed products. These unions on a state level together form the highest tier in the cooperative society system and are called the State Federation which is responsible for marketing the fluid milk and processed dairy products of the milk unions.
[8] All values in USD are generated based on Indian rupee exchange rate of 2024

- **Improvement of dairy infrastructure**: The National Program for Dairy Development (NPDD) has an allocation of INR3.7 billion ($44 million) for 2024-25. It facilitates availability and distribution of milk quality testing infrastructure, creates market linkages for rural production, and promotes capacity building of stakeholders. Another program, Dairy Processing and Infrastructure Development Fund (DIDF), provides subsidized credit to milk cooperatives for replacing old chilling and processing plants and encourages the production of value-added products. It also extends financial support for milk transportation, lab equipment for research and development, product development, and marketing infrastructure including the e-market systems, bulk vending systems, milk parlors, deep freezers, cold storage, etc.,

- **Animal feed**: The government of India's DIDF program extends financial support for setting up cattle feed/supplement plants, and feed warehouses. The National Livestock Mission (NLM) program incentivizes entrepreneurship in feed and fodder development, establishment of hay and silage-making production units, and setting up seed-chain to improve the availability of certified fodder seed. The program of Animal Husbandry Infrastructure Development Fund (AHIDF) assists in establishing and upgrading animal feed plants. It also facilitates the availability of quality concentrated animal feed at affordable prices.

- **Strengthening dairy cooperatives**: The government is pinning rural economic wellbeing and milk production growth on dairy cooperatives. The program of Supporting Dairy Cooperatives & Farmer Producer Organizations (SDCFPO) extends working capital support to dairy cooperatives and Farmer Producer Organizations (FPOs). The Government of India allocates INR1.0 billion ($12 million) towards financial assistance in the form of low-interest loans. The SDCFPO funds are utilized to provide market access to dairy farmers, make timely payments to farmers, and offer favorable milk prices even in flush seasons.

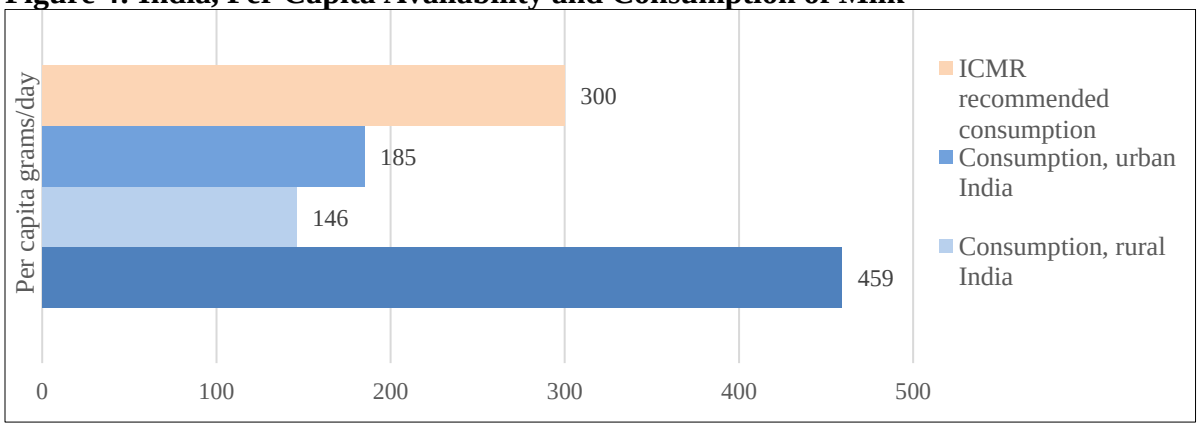
- **Animal disease control and healthcare**: Initiated in 2019, the National Animal Disease Control Program (NADCP) has a total budget outlay of INR.133 billion ($1.6 billion) for five years (2020 to 2024). It is facilitating FMD control through vaccinations and expects eventual eradication by 2030. For animal healthcare services at farmers' doorsteps, the government funds Mobile Veterinary Units (MVU).

**CONSUMPTION**

**Domestic consumption**: Post forecasts fluid milk consumption at 91 MMT in 2025, up from 89 MMT in 2024. India's National Sample Survey Office's (NSSO) Household Consumption Expenditure Survey report 2022-23 highlights a steady increase in the proportion of expenditures on milk and milk products. Factors such as population growth, growing milk production, rising disposable income, increasing awareness about health and nutrition, convenience via quick and e-commerce, growing number of dairy brands and marketing, are seen as drivers in boosting consumption demand.

However, despite the improved per capita availability of milk in India, the per capita consumption of dairy continues to be less than the Indian Council of Medical Research (ICMR) recommendations (see, Figure 4).

**Figure 4: India, Per Capita Availability and Consumption of Milk**




Source: FAS New Delhi Office Research, https://ccelms.ap.gov.in/adminassets/docs/24112023025348-6560103c30b18.pdf

**Factory use consumption**: India's factory-use consumption of fluid milk is forecasted at 125.5 MMT in 2025, up from 122.7 MMT in 2024. The processed and packaged dairy products commonly consumed in India are ice creams, butter, dairy desserts, yogurts, cheese, and condensed milk. Rising disposable income, growing population of middle-income class, booming youth population, access to multiple sales platforms especially e-commerce and quick-commerce, growing availability of the wide variety of dairy products and brands and growing individual awareness of cross-regional and healthy consumption habits, continue to influence increased demand for processed dairy products.[9-10]

**TRADE**

**Import**: Post forecasts India to import less than one thousand metric tons (MT) of milk in 2025, similar to 2024.

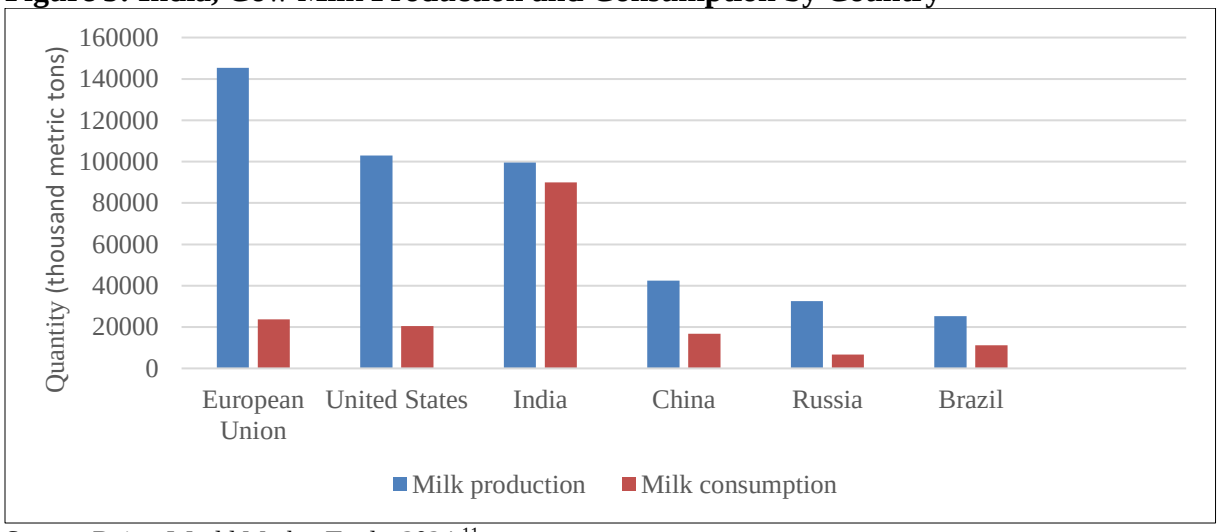
**Export**: India's fluid milk exports are expected to reach 0.03 MMT in 2025, up from 0.02 MMT in 2024. The international markets for Indian fluid milk including Bhutan, Singapore, Maldives, United Arab Emirates, and Philippines are expected to grow steadily.

India continues to be the largest producer and consumer of fluid milk in the world, with little surplus, in contrast to other top milk-producing countries in the world (see, Figure 5).

[9] Ice-cream Manufacturer's Association (IICMA) reports a four-fold increase in per capita ice-cream consumption over the last decade in India. Independent reports forecast a CAGR of 13.49 percent for ice-cream industry in India during 2024-30.

[10] Research reports exhibit that the middle-income class of population in India is increasing which is creating more demand for processed foods.

**Figure 5: India, Cow Milk Production and Consumption by Country**




Source: Dairy: World Market Trade, 2024.[11]

## TRADE POLICY

**Import Restrictions**: **Veterinary Health Certificate:** The U.S. dairy industry has limited market access due to a combination of high dairy tariffs and burdensome non-tariff trade barrier (NTBs) that lack scientific justification. On November 1, India is scheduled to implement an amended import requirement for dairy and dairy product which will require a veterinary health certificate which incorporates DAHD's sanitary requirements along with the food safety requirements of the Ministry of Health and Family Welfare/Food Safety and Standards Authority of India's (FSSAI). The certificate includes trade restrictive attestations that will need to be certified by a competent authority in the exporting country.

Implementation of the certificate was first notified in March 2023, by DAHD. However, the implementation has been postponed, allowing transition time for the stakeholders. On August 7, 2024, DAHD published Office Memorandum L-11/1/2019-Trade (E-11542) granting its most recent extension to October 31, 2024. (see, GAIN-INDIA | IN2024-0036 | India - More Time for Implementation of Integrated Veterinary Health Certificate for Importing Milk and Milk products).

**Registration of Foreign Manufacturing Facilities**: On October 10, 2022, FSSAI announced plans to require the registration of all foreign food manufacturing facilities that intend to export milk and milk products to India through Order F. No. TIC-B02/2/2022-IMPORTS-FSSAI (see, GAIN-INDIA | IN2022-0086 | India: India's FSSAI Requires Mandatory Registration of Foreign Food Manufacturing Facilities for the Import of Certain Categories of Foods). The registration requires the food safety competent authority in the exporting country to email a list of manufacturers who intend to export milk and milk products to India as per the format published by the FSSAI. On April 4, 2024, FSSAI extended the implementation date for the mandatory registration to September 1, 2024 (see, GAIN-INDIA | IN2029-0019 | India: India's FSSAI Extends Effective Implementation Date for Mandatory Registration of Foreign Food

[11] Dairy: world Market Trade, 2024, at https://fas.usda.gov/data/dairy-world-markets-and-trade-07232024.

Manufacturing Facilities). Currently, there are 47 registered U.S. dairy facilities on FSSAI's website.

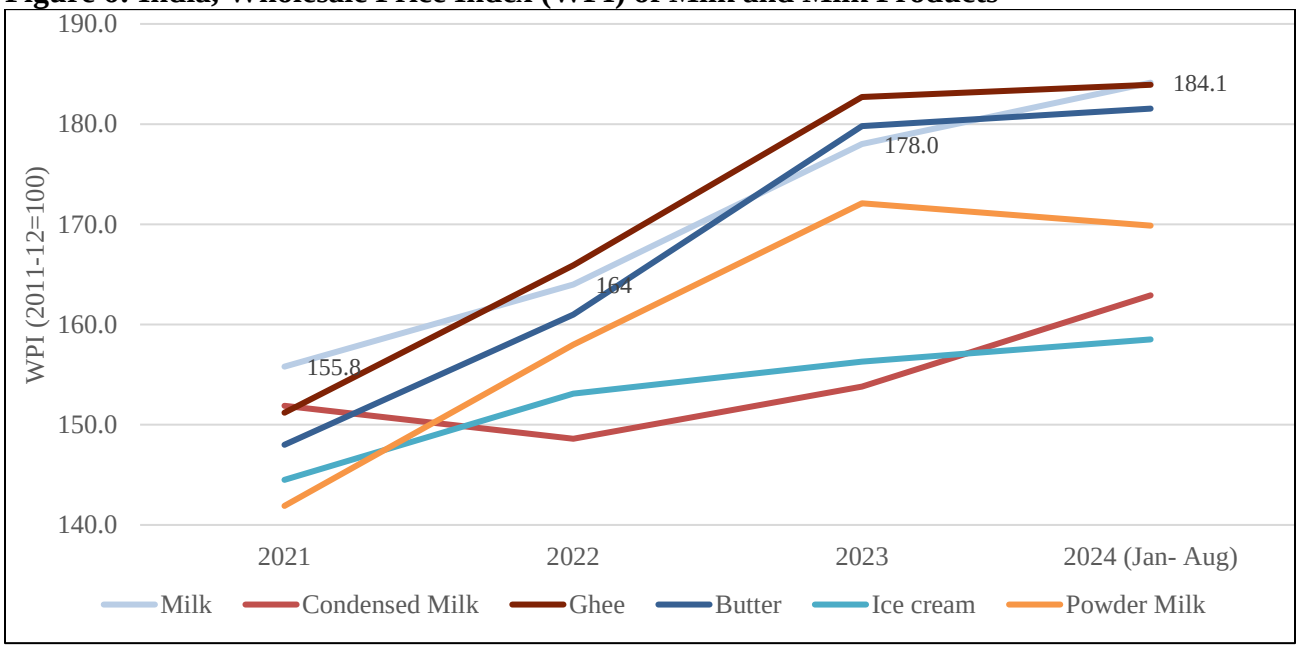
**Custom Duties:** India's relatively high custom duties on dairy products can restrict trade. See Appendix Table 1 for duties on selected dairy commodities.

**Quota Allocations:** Certain products are under quota allocations and include milk powder (harmonized tariff system - HS code 0402.10 and 0402.21) and white butter, butter oil, anhydrous milk fat (HS code 0405). Entities eligible for quota allocations include the National Dairy Development Board (NDDB) and the National Cooperative Dairy Federation (NCDF). For India's dairy quota allocations, refer to Appendix Table 2.

**PRICE**

The price of fluid milk in India is forecast to grow in 2025 (see, Figure 6). This is mainly attributable to the rising cost of production. The expectation of growing demand, along with the rise in milk procurement prices, costs of processing and manufacturing and marketing operations, and overall inflation in the economy are likely to pull up wholesale milk prices. At the same time expectations of lower fodder and manufactured feed prices due to anticipated good weather, are likely to dampen the pace in 2025.[12]

**Figure 6: India, Wholesale Price Index (WPI) of Milk and Milk Products**




Source: Government of India, Office of Economic Advisor, and FAS New Delhi Office Research

[12] In June 2024, major milk brands in India including Amul, Mother dairy, Nandini, Verka, etc. raised fluid milk prices due to rising operational and procurement costs. Previously in 2023, average milk prices increased by over 12 percent in contrast to 2022 due to pertinent milk shortages and rising cost of production. India is mulling another price hike in September.

**COMMODITIES:**

**BUTTER**

**Table 2: India: Commodity, Dairy, Butter (PSD)**

| Dairy, Butter | 2023 | | 2024 | | 2025 | |
|---|---|---|---|---|---|---|
| Market Year Begins | Jan 2023 | | Jan 2024 | | Jan 2025 | |
| 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) | 6750 | 6750 | 6950 | 6952 | 0 | 7155 |
| **Other Imports** (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Imports** (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Supply** (1000 MT) | 6750 | 6750 | 6950 | 6952 | 0 | 7155 |
| **Other Exports** (1000 MT) | 24 | 24 | 45 | 47 | 0 | 55 |
| **Total Exports** (1000 MT) | 24 | 24 | 45 | 47 | 0 | 55 |
| **Domestic Consumption** (1000 MT) | 6726 | 6726 | 6905 | 6905 | 0 | 7100 |
| **Total Use** (1000 MT) | 6750 | 6750 | 6950 | 6952 | 0 | 7155 |
| **Ending Stocks** (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Distribution** (1000 MT) | 6750 | 6750 | 6950 | 6952 | 0 | 7155 |
| Note: Post data is not official USDA data | | | | | | |

**PRODUCTION**
Post forecasts butter production in 2025 at 7.2 MMT, a three percent growth over 2024. It is anticipated to be boosted by rising milk production, and domestic consumption and exports of butter.

**CONSUMPTION**
Domestic butter consumption is forecast at 7.1 MMT in 2025, a three percent growth from 2024. This is being influenced by an increasing population, rising disposable income, growing consumer habits in favor of processed foods, increased consumption of bakery products, and expanded accessibility of quick and e-commerce platforms.[13]

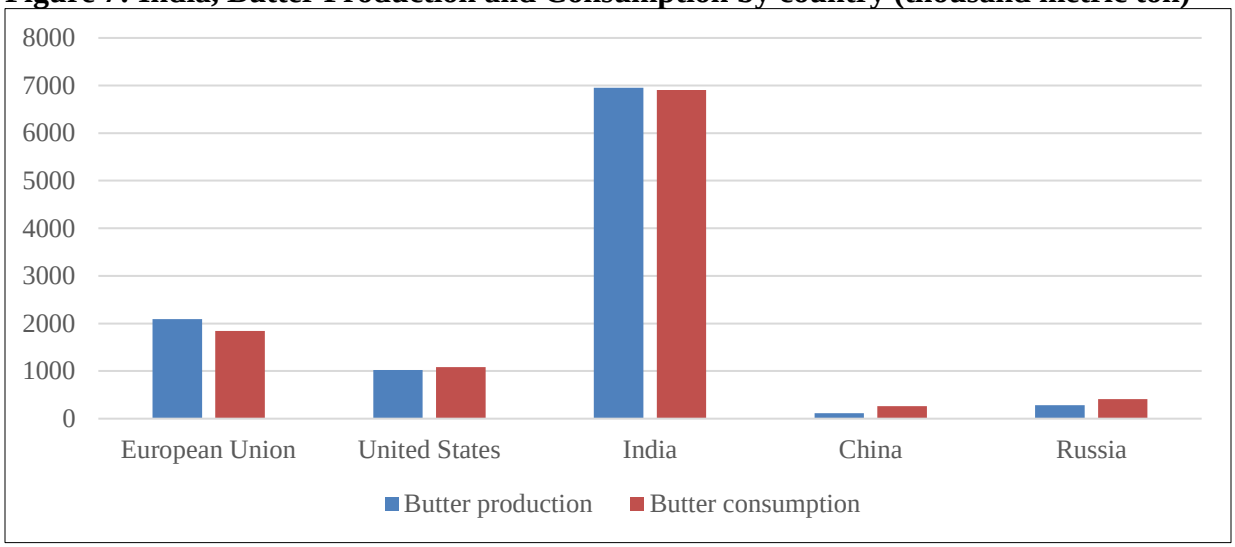
**TRADE**
**Import**: India's butter imports are expected to be less than 500 MT in 2025, similar to 2024. The growing domestic production and availability of butter are limiting butter imports. The market for imported butter continues to be niche, catering to upper-middle-income and high-income consumers.

**Exports**: India consumes most of its butter production (see, Figure 7). Post forecasts butter exports in 2025 at 0.06 MMT, a three percent growth from 2024. Growing international demand and rising global prices of butter are anticipated to influence export growth. International

[13] Research reports forecast bakery market in India to grow at CAGR of ~10 percent between 2024-32. Indian quick commerce markets are poised to grow at CAGR 63 percent during 2023-2030.

markets for Indian butter, namely Saudi Arabia, Bahrain, Morocco, Qatar, Egypt, and the United States, are likely to grow in 2025.

**Figure 7: India, Butter Production and Consumption by country (thousand metric ton)**




Source: Dairy: World Market Trade, 2024

**PRICE**

Indian butter prices are expected to continue increasing in 2025. See Figure 6. This is largely influenced by the rising domestic and international demand, increasing prices of milk, and growth in incremental costs of processing and operations.

**COMMODITIES:**

**MILK, NONFAT DRY (SKIMMED MILK POWDER)**

**Table 3: India: Commodity, Dairy, Milk, Nonfat Dry – Skimmed Milk Powder (PSD)**

| **Dairy, Milk, Nonfat Dry** | **2023** | | **2024** | | **2025** | |
|---|---|---|---|---|---|---|
| **Market Year Begins** | **Jan 2023** | | **Jan 2024** | | **Jan 2025** | |
| **India** | **USDA Official** | **New Post** | **USDA Official** | **New Post** | **USDA Official** | **New Post** |
| **Beginning Stocks** (1000 MT) | 30 | 30 | 20 | 20 | 0 | 23 |
| **Production** (1000 MT) | 730 | 730 | 750 | 755 | 0 | 770 |
| **Other Imports** (1000 MT) | 0 | 1 | 0 | 0 | 0 | 0 |
| **Total Imports** (1000 MT) | 0 | 1 | 0 | 0 | 0 | 0 |
| **Total Supply** (1000 MT) | 760 | 761 | 770 | 775 | 0 | 793 |
| **Other Exports** (1000 MT) | 1 | 1 | 7 | 7 | 0 | 6 |
| **Total Exports** (1000 MT) | 1 | 1 | 7 | 7 | 0 | 6 |
| **Human Dom. Consumption** (1000 MT) | 739 | 740 | 740 | 745 | 0 | 755 |
| **Other Use, Losses** (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Total Dom. Consumption** (1000 MT) | 739 | 740 | 740 | 745 | 0 | 755 |
| **Total Use** (1000 MT) | 740 | 741 | 747 | 752 | 0 | 761 |
| **Ending Stocks** (1000 MT) | 20 | 20 | 23 | 23 | 0 | 32 |
| **Total Distribution** (1000 MT) | 760 | 761 | 770 | 775 | 0 | 793 |
| Note: Post data is not official USDA data | | | | | | |

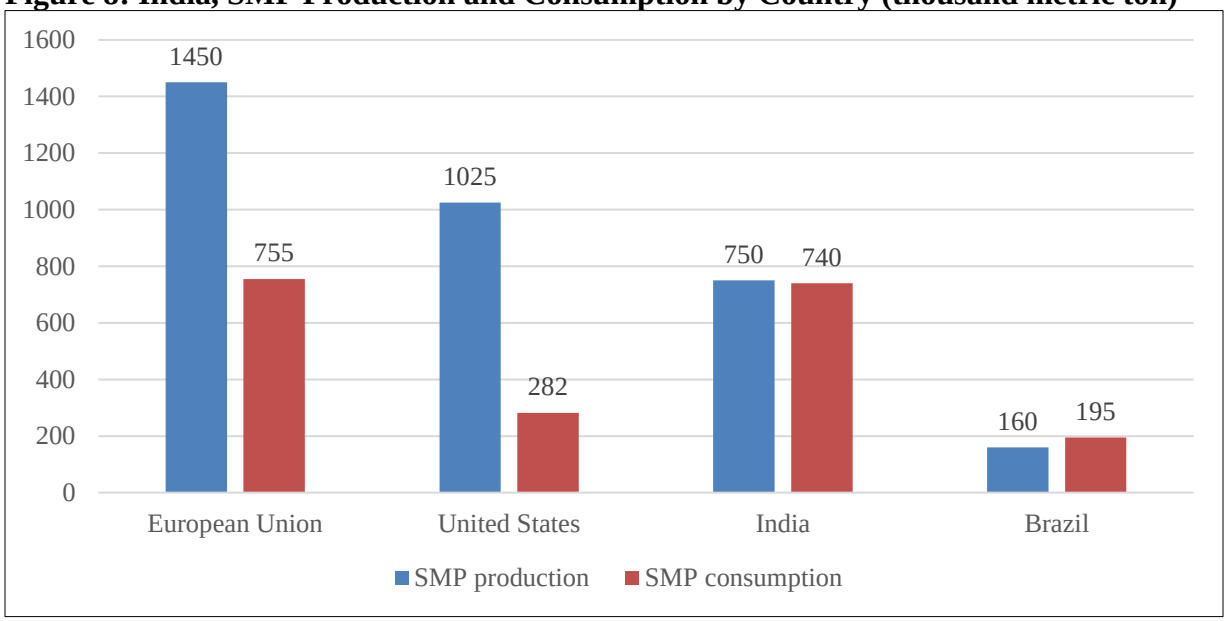
**PRODUCTION**
Post forecasts India's nonfat dry milk (skim milk powder – SMP) production to reach 0.8 MMT in 2025, a two percent growth from 2024. SMP production is driven by the rise in milk production, and year-round demand for milk and milk products such as ice creams, yogurts, desserts, condensed milk, and cheese.

**CONSUMPTION**
India's domestic consumption of SMP is expected to increase by one percent and reach 0.8 MMT in 2025. Anticipation of a steady rise in demand for milk and milk products throughout the year is resulting in the growth forecast. However, the growth of SMP consumption in 2024 and 2025 is lower than that in 2023 which was a year of seasonal milk shortages.

**TRADE**
**Imports**: Post forecasts negligible imports of SMP in 2025, similar to 2024. The increased domestic production, and growing SMP inventory, are expected to generate ample supply for domestic use.

**Exports**: SMP exports are expected to reach just six thousand MT in 2025. Bangladesh, United Arab Emirates, Bhutan, and Sri Lanka are the top international destinations for Indian SMP. While the demand from Bangladesh, which in the past accounted for more than 50 percent of India's SMP exports, is expected to weaken in 2025 due to the ongoing civil unrest, the demand from United Arab Emirates, Bhutan, and Sri Lanka is expected to remain steady.

**Figure 8: India, SMP Production and Consumption by Country (thousand metric ton)**




Source: Dairy: World Market Trade, 2024

## STOCK

For year 2025, Post expects SMP ending stocks to reach 32MT due to the growing production, a higher opening stock, unchanged exports, and steady domestic consumption. The SMP ending stock in 2024 is also estimated to be higher than 2023 attributable to growing SMP production which is further driven by growing milk production.

## PRICE

Post forecasts domestic SMP prices to remain low in 2025, similar to 2024 (see, Figure 6). Higher domestic supply (stock and production) along with weak domestic and export demand are likely to generate surplus stocks, suppressing SMP prices.

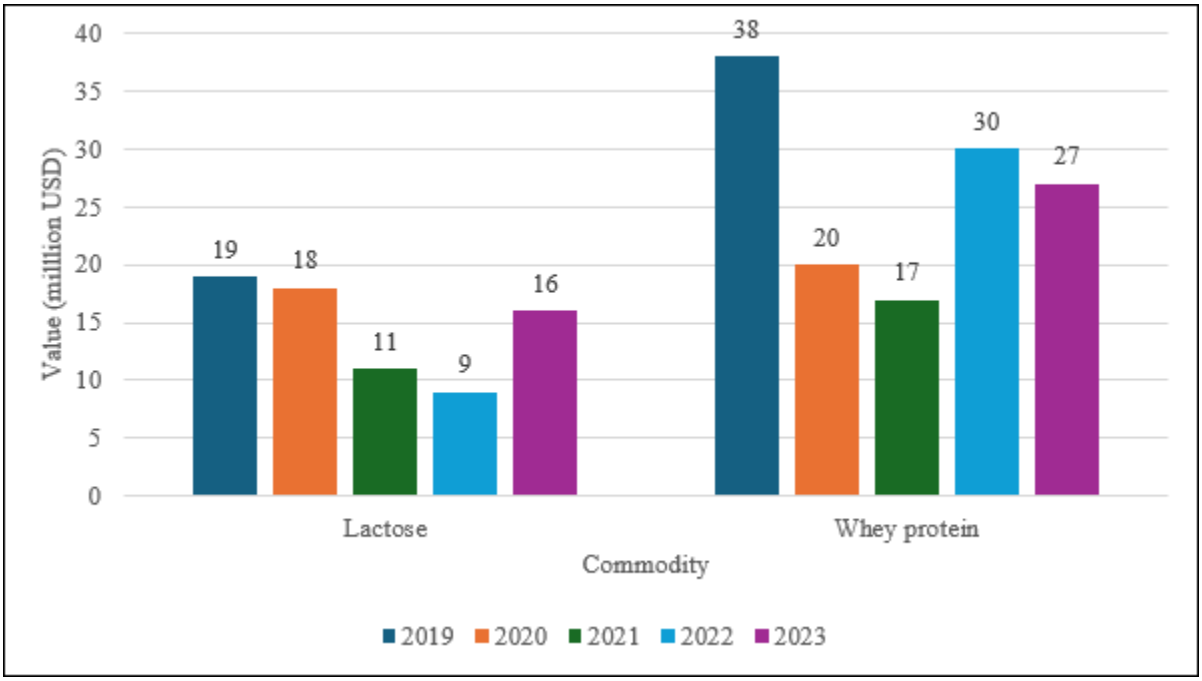
## OTHER DAIRY PRODUCTS

Lactose (harmonized system code (H.S.) 1702.11 and 1702.19) and albumins including whey protein (H.S. code 3502) are the two main U.S.– origin dairy product categories imported into India. See Figure 9. India imports these commodities as its domestic production is negligible.

**Lactose**: Indian imports of lactose are expected to reach 80 thousand MT in 2025, a 20 percent increase over 2024. Based on historical data, and assuming no change in import regulations, the United States is expected to continue being the third largest exporter of lactose to India with a 13 percent market share.

**Albumins including concentrates of whey protein**: Post forecasts India's imports to increase to 23 thousand MT in 2025, up by 20 percent over 2024. Based on historical data, and assuming no change in import regulations, the United States is expected to continue being the second largest exporter to India with nearly 21 percent market share.

**Figure 9: U.S.-origin Lactose and Whey Protein Imports by India**



**Appendix Table 1: India: Tariff for Select Dairy Products**

| HS Code | Item Description | Basic custom duty (BCD) | IGST | Import policy |
|---|---|---|---|---|
| 0401 | Milk and cream, not concentrated nor containing added sugar or other sweetening matter | 30 | 0/5 | Fr Sanp* |
| 0402.10 | Milk and cream, concentrated or containing added sugar or other sweetening matter | 60 | 5 | Fr SanP BIS |
| 0405.10 and 0405.90 | Butter and other fat oils derived from milk: dairy spreads | 40 | 12 | Fr SanP |
| 1702.11 and 1702.19 | Lactose and lactose syrup containing by weight 99% more lactose, expressed as anhydrous lactose; other | 25 | 18 | Free |
| 3502 | Albumins (including concentrates of two or more whey proteins, containing by weight more than 80% whey protein), albuminates and other albumin derivatives | 20 | 18 | Free |
| *Standard grade must confirm to IS 13334 (part 1) and extra grade must confirm to IS 13334 (Part2) | | | | |

**Appendix Table 2: India: Tariff Rate Quota for Import of SMP, Butter and Oils**

| Description | HS Code | Tariff rate quota quantity (MT) | In/out of quota tariff rate (%) |
|---|---|---|---|
| Milk and cream in powder, granule or other solid forms,<br>a) of a fat content by weight not exceeding 1.5%.<br>b) of a fat content, by weight, exceeding 1.5% - not containing added sugar or other sweetening matter | 0402.10 or 0402.21 | 10,000 | 15/60 |
| Butter and other fats | 0405.10 | 15,000 | 0/30 |
| Butter oil | 0405.9010 | | |
| Ghee | 0405.9020 | | |
| Dairy spreads | 0405.20 | 15,000 | 0/40 |
| Other | 0405.9090 | | |

**Attachments:**

No Attachments