

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary Public

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India

Post: New Delhi

India Lifts SMP Export Ban- Provides Export Incentives

Report Categories:

Dairy and Products
Trade Policy Monitoring
FAIRS Subject Report

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Report Highlights:

On June 8, 2012, the Government of India ended its prohibition on skimmed milk powder exports, ending a ban that has been in place since February 18, 2011. The GOI has also amended its export promotion measures, the Vishesh Krishi and Gram Udyog Yojana, to include SMP. These programs incentivize exports through a duty credit scrip of 5 percent of the free on board value of the export.

General Information:

On June 8, 2012, the Government of India (GOI) ended its prohibition on skimmed milk powder (SMP) exports (HS code 04021010). This follows the GOI's lifting of its casein export ban on May 1, 2012 (GAIN IN2066). SMP and casein bans were enacted on February 18, 2011, when the GOI embargoed dairy product exports in an attempt control rising dairy prices. The bans were consequently rescinded following an unexpected surge in domestic dairy production, resulting in unusually high SMP stocks and forcing down dairy prices. (Industry sources estimate that SMP stocks are as high as 150,000 metric tons above the needed requirement). Under the current export protocol, other milk powders are still prohibited for export. (Details of prohibited goods and the modalities of the rule change are summarized at: [Notification: India Lifts Ban on Skimmed Milk Powder Exports](#)). India has not notified the amendment to the WTO.

Industry sources have indicated that due to global SMP pricing, it is unlikely that Indian SMP will be exported in any significant volumes. In response to this concern, India's Cabinet Committee on Economic Affairs (CCEA) had reportedly considered a cash subsidy for Indian SMP exporters. While this subsidy was not approved, the GOI issued a public notice on June 8, 2012, amending its export promotional measures, the Vishesh Krishi and Gram Udyog Yojana, to include SMP. These programs incentivize exports through a duty credit scrip at 5 percent of the free on board value of the export. Details of the Vishesh Krishi and Gram Udyog Yojana programs can be found under heading 3.13 of the [Foreign Trade Policy 2009-2014](#). The public notice for the amendment to the Vishesh Krishi and Gram Udyog Yojana programs can be accessed at: [Public Notice: VKGUY to Cover Skimmed Milk Powder Exports](#).

DETAILS OF THE [NOTIFICATION: GOVERNMENT LIFTS BAN ON EXPORT OF MILK POWDER](#)

Notification Number: 2 (RE-2012)/ 2009-2014

Type of Regulation: Final

Publication Date: June 8, 2012

Date of Implementation: June 8, 2012

WTO Notification Date: Not notified (as of June 22, 2012)

Products Affected: Skimmed Milk Powder.

Agency in Charge: Department of Commerce, Ministry of Commerce and Industry, Government of India.

Proposed Changes by the Government of India: The amendment moves skimmed milk powder from the “prohibited” to the “free” category, thus permitting skimmed milk powder exports from immediate effect. The exports of Milk and Cream, concentrated or containing added sugar or other sweetening matter including Whole Milk Powder, Dairy Whitener and Infant Milk Foods, is still prohibited. The HS code for the skimmed milk powder, allowed for export is 04021010. (Text of notification is attached)

DETAILS OF PUBLIC NOTICE: VKGUY TO COVER SKIMMED MILK POWDER EXPORTS

Public Notice Number: 4 (RE-2012)/2009-14

Type of Notice: Final

Publication Date: June 8, 2012

Date of Implementation: June 8, 2012

WTO Notification Date: Not notified (as of June 22, 2012)

Products Affected: Skimmed Milk Powder.

Agency in Charge: Department of Commerce, Ministry of Commerce and Industry, Government of India.

Proposed Changes by the Government of India: Skimmed Milk Powder is added to the Appendix 37A of Vishesh Krishi and Gram Udyog Yojana (VKGUY). Exports of skimmed milk powder are now eligible for incentive in the form of Duty Credit Scrip @5% of Free on Board (FOB) value of exports. (Text of Public notice is attached)

(To be Published in the Gazette of India Extraordinary Part-II, Section - 3, Sub-Section (ii))

**Government of India
Ministry of Commerce & Industry
Department of Commerce
Udyog Bhawan**

**Notification No 2 (RE – 2012)/2009-2014
New Delhi, Dated : 8 June, 2012**

Subject:- Amendment in policy for export of Skimmed Milk Powders.

S.O. (E) In exercise of powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No. 22 of 1992) read with Para 2.1 of the Foreign Trade Policy, 2009-2014, the Central Government, with immediate effect, makes a partial amendment in entry number 38 in Chapter 4 of Schedule 2 of ITC(HS) Classification of Export & Import Items. Export of Skimmed Milk Powder (HS Code 04021010) which was prohibited as per Notification No. 23 (RE-2010)/2009-2014 dated 18.02.2011, is now made free. Consequently entry number 38 would be bifurcated into entry number 38 (revised) and entry number 38.01 (new entry) and would be as under:

S.No.	Tariff Item HS Code	Item Description	Export Policy	Nature of Restriction
38	0402	Milk and Cream, concentrated or containing added sugar or other sweetening matter including Whole Milk Powder, Dairy Whitener and Infant Milk	Prohibited	Not permitted to be exported
38.01	04021010	Foods; but not Skimmed Milk Powder Skimmed Milk Powder	Free	

2. Effect of this notification:

Entry Number 38 in the ITC (HS) Classifications of Export & Import Items has been bifurcated and an entry number 38.01(new entry) "Skimmed Milk Powder" is introduced. Export of new entry namely Skimmed Milk Powder has been made free.

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(Issued from File No. 01/91/180/1237/AM'07/PC-III/Export Cell)

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**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
DIRECTORATE GENERAL OF FOREIGN TRADE**

PUBLIC NOTICE No. 4 (RE-2012)/2009-14

DATED: 8 June, 2012

Subject: Amendments in the Vishesh Krishi and Gram Udyog Yojana (VKGUY) of Chapter 3 of Foreign Trade Policy 2009-14 - Appendix 37A of Handbook of Procedure (Vol. I).

In exercise of powers conferred under paragraph 2.4 of the Foreign Trade Policy 2009-2014, the

Director General of Foreign Trade hereby makes the following amendments in the Handbook of Procedures (Vol. I) (Appendices and Aayat Niryat Forms) 2009-2014:

2. In Appendix 37A of Vishesh Krishi and Gram Udyog Yojana (VKGUY), the following product is added in Table 2 for export made with immediate effect:

Sl. No. / Table	VKGUY Product Code	ITC HS Code	Items	Admissible Rate
796	796	04021010	Skimmed Milk Powder	5%

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