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Topic of Research: Antidumping and Countervailing Duties in India: An Empirical Analysis

Findings

India has emerged as one of the most active users of anti-dumping (AD) measures globally, while its use of countervailing duty (CVD) measures has been relatively limited but steadily increasing in recent years globally, employing these instruments as strategic tools to protect domestic industries between 1995 and 2020. With an average success rate of 76% and a peak of 95%, India's Directorate General of Trade Remedies (DGTR) has shown a consistent inclination towards affirmative determinations, particularly in the chemical and metal sectors.

The empirical evidence demonstrates that while AD actions have effectively reduced imports in several sectors, they have also led to price suppression rather than protection. Exporters often counteract duties through price adjustments to maintain market access, resulting in reduced unit prices instead of higher domestic prices. Metals show the most significant trade restriction effect, followed by textiles and chemicals in terms of trade value, while plastics and machinery exhibit greater reductions in trade volume.

Despite following WTO norms, DGTR's discretionary methodology—especially in determining normal value and employing “best information available”—raises concerns over procedural neutrality. Preliminary affirmative outcomes often translate into final measures, reflecting institutional bias toward petitioners. Developing countries are the primary targets of India's ADD actions, experiencing higher rates of withdrawal and negative outcomes compared to developed nations, suggesting uneven efficacy across trade partners.

The study's econometric results, using Random Effects and GMM models, confirm that antidumping duties distort trade more through value and price adjustments than through volume restrictions. GDP growth in importing countries positively influences import flows, while exchange rate fluctuations and distance continue to restrain trade. Tariffs,

however, appear statistically insignificant, highlighting the greater relevance of non-tariff barriers like ADDs.

CVD measures, though increasingly used, play a complementary rather than primary role. While ADDs yield immediate trade effects, CVDs are more suited to addressing structural distortions caused by subsidies. Together, they form an evolving framework that balances defensive trade policy with welfare considerations.

Overall, India's experience underscores the dual character of ADD and CVD as both protective mechanisms and potential distortions. While these measures safeguard domestic industries, their excessive use risks trade diversion, retaliatory action, and reduced transparency. A calibrated approach anchored in procedural fairness, sector-specific assessment, and enhanced institutional credibility is essential to ensure that trade remedies promote long-term industrial welfare rather than short-term protectionism.