



## Concerns on Anti-dumping duty

### What is the issue?

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Indian economy continues to be hurt by dumping of products from other countries and there is a need for a clear procedure to levy anti-dumping duties.

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### Why should an anti-dumping duty be levied?

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- Dumping is a process where a company exports a product at a price lower than the price it normally charges in its home market.

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- An anti-dumping duty is a protectionist tariff that a domestic government imposes on foreign imports that it believes are priced below fair market value.

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- India is one of the largest consumption economies in the world and a potential ground for dumping a wide variety of goods, especially from China, Taiwan and South Korea.

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- Thus, India must have strong anti-dumping defences in place.

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### What are the concerns in dealing with dumping?

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- **Under-staffing** - The Directorate General of Trade Remedies (DGTR) that looks at unfair trade practices by exporters from other countries, is inadequately staffed.

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- DGTR has just seven costing officers and five investigating officers and the allocation of work is uneven among them.

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- This has resulted in delay and arbitrariness in decision-making.

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- **Duty Imposition** - Generally, once initial investigation reveals injury on account of dumping, an interim duty is levied for immediate relief.

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- A final duty is levied after extensive investigation.

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- Every case taken up for investigation had interim duties levied in 2009.

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- But this has gradually declined in recent years.

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- Imposition of interim and final duties are also invariably delayed.

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- This has resulted in shutting down of MSMEs who are unable to compete in the market.

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- e.g In many case, getting the case initiated itself takes about a year, which is followed by Finance Ministry taking another 3 months to impose ADD.

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- **Sunset review** - ADD is applicable only for a selective period.

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- If dumping still continues, the industry can apply for a sunset review at the end of 5 years.

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- Globally, once a sunset review is applied for, the ADD is extended for 1 year pending investigation.

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- In India, industries has been asked to apply for sunset review 9 months before the expiry of ADD.

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- This made the Indian players getting deprived of protection for a year compared to their peers across the world.

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- This is critical because the DGTR has been rejecting almost every sunset review application.

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- **Difference of opinion** - In 2018, only one of seven reviews was duty extended.

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- DGTR is increasingly hesitant to extend ADD beyond 10 years on the grounds that this period is good enough for the industry to become competitive.
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- But the industry players argue that as long as dumping continues ADDs need to be in place to protect the domestic industry.
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- **Duty calculation** - Dumping margin is the difference between the normal value and the export price of the goods under complaint.
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- Lesser duty means lesser of dumping margin or injury margin.
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- Anti-dumping duty should be either equal to dumping margin or lesser amount, which is sufficient to redress injury.
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- India follows a 'lesser duty' rule.
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- Also, at times, even when DGTR recommends ADD, the Finance Ministry declines on the ground that low-priced imports are good for the country.
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### What should be done?

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- Predatory priced imports will eventually kill the domestic industry and make the country dependent on imports.
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- Hence DGTR has to lay down a clear procedure on levying anti-dumping duties in India such that a balance between domestic production and local consumption be ensured.
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**Source: Business Line**

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