

# The Role of Anti-Dumping Duties and Its Impact on Chennai Industrial Sector: An Analytical Study

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## ABSTRACT

Trade between India and China which has concerns like dumping of Chinese goods at low price in the Indian market which causes problems to Chennai Industrial sector since Chennai was known as hub of Industries. Because of this problem, the government implemented various anti-dumping duties upon China to ensure fair competition between India and China and also to protect the domestic industries from this dumping issue. Henceforth, Chennai, known as an important industrial hub for automobile products acts as a significant solution to observe the measures taken on by the local manufacturers. This study is to analyze the impact of these duties on the Chennai Industrial sector. The study found that the Disruption in supply chain operations and decline in market competitiveness as the most significant challenge and Balanced growth with greater market opportunities as the long-term consequences and local employment as the impact. It is concluded that Anti-dumping duties implemented by the Indian government plays a significant role in India's trade policy to counter unfair trade practices committed by China on Indian domestic Industries. And the trade remedies should be made in the manner that it goes well with the domestic capacity-building.

**Keywords: China, Duties, Anti-Dumping, Chennai, Products**

## 1. Introduction

Anti-dumping duties in India have evolved from the early 2000's, when Chennai gained recognition for its strong automotive and engineering base and was known as the "Detroit of India". Chennai felt the need for Anti-dumping duties to protect the local manufacturers since they suffered a lot because of their dependence on these products. In 2019, anti-dumping investigations were conducted against China's solar panels, chemical and EV products. This coincided with Chennai's growth as an electronics manufacturing hub. Factors such as Price disparity between China exports and domestic products affected the imposition and effectiveness of anti-dumping duties in Chennai. Chinese products sold at unfair prices in the local market prompts the need for ADDs. Chennai's electronic components, automobiles and sectors such as engineering and medicine become vulnerable in front of Chinese dumping products in local markets at low cost which affects Chennai's competition in foreign markets and also affects the demand for protective measures. Enforcement of ADDs in India was affected due to the economic diplomacy and trade relations between India and China, and also the 2020 Galway Valley clash deteriorated the political relationship between China and India which made the enforcement of anti-dumping duties on China impossible at that time since this incident caused political tensions between the two countries. Because of this incident, India tried to place heavy security and imposed more ADDs on Chinese imports.

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## 2. Objectives

- To analyze the influence of anti-dumping duties in trade relations and the employment status of the respondents.
- To evaluate respondents' views on the anti-dumping duties effectiveness in combating unfair trade practices and their educational qualifications.
- To explore the operational difficulties experienced by businesses in Chennai as a result of anti-dumping duties and the age profile of the respondents.

## 3. Review Of Literature

**John Mathew (1981)** examined how ADDs affected the trade relation between India and China which was there for a long period of time and was strained due to these duties. The methodology here was qualitative research. The study found that these duties may offer a temporary solution but later they may further strain the relation between two countries when it comes to diplomatic purposes. **Avinash. K (2002)** examines the duties. The methodology used here is Qualitative research, it is based on custom records and Investigation reports. It was found that the Circumvention, especially third country routes, is the major challenge for Indian authorities. **Panagariya, Arvind (2004)** examined the Anti-dumping duties and its impact on bilateral investment that took place between China and India. Doctrinal research which includes 2000-2019 reports of the Chinese government. The findings are factors such as trade flows and Chinese investment in India affecting the sectors which are vulnerable and cannot be protected under the trade defense measures. **Kumar, Rajeev (2006)** examined the impact of India's chemical imports. The methodology used here was qualitative research which is based on analysis, and models. Factors such as Volume, price, and Domestic production levels of Chemical imports affected the Indian domestic market. **Aggarwal, Aradhna (2007)** explored the impact of ADDs on Industrial markets in Chennai, how the SMEs were affected due to these duties. The methodology used here is survey-based questionnaires. It was found that challenges such as low cost, production cost and shortage of staff affected the SMEs. When it comes to larger industries, they have the power to afford and counter these problems compared to SMEs. **Crowley, Meredith A. (2007)** examined ADDs effectiveness. The methodology used here was empirical research. It was found that factors such as change in market prices, operational and production cost which is very high made these duties not all effective. **Evenett, Simon J. (2008)** examined the kind of challenges that the ADDs which were imposed by India on China faced during early 2000s. The methodology content used here was empirical research. The study found that the regulation made by the government was not all effective, the policies made to implement and protect India domestic Industries were not all useful. **Goldar, Bishwanath (2008)** examined the impact of tariff reforms, such as the anti-dumping duties imposed on various sectors in India. The methodology is totally based on qualitative research. It was found that factors such as Industry competitiveness, use of anti-dumping in various sectors and the impact of tariff reforms caused an adverse impact. **Sanjay. V (2008)** assessed the effectiveness. The methodology used here is survey-based questionnaires and respondents were employees of SMEs across Tamil Nadu. It was found that SMEs benefited from these duties at the early stage, but later that effectiveness was countered due to the lack of complementary domestic reforms. **Bown, Chad P. (2010)** examined the impact of ADDs on China, how it influences bilateral trade disputes. The study used quantitative methodology content totally based on literature review and books. It was found that bilateral trade disputes that arise are due to excessive import price and also the high maintenance and production cost since there were no alternative imports for trade between two countries. **Vandenbussche et. Al (2010)** examined the effects of ADDs on Chemical imports from China. The study used qualitative methodology which contains reports and reviews. The study found that effects of the low price in Indian industry started to develop after the ADDs on China, the consumer

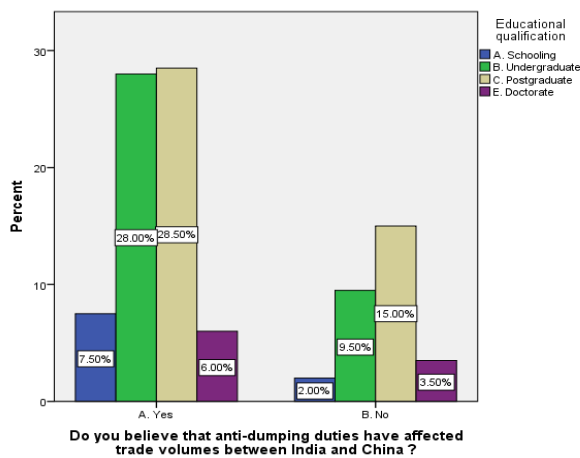
price index and diversion of the price also started to decrease compared to 2020. **Chaudhuri, Sugata (2012)** examined the impact of ADDs on the economic disparity of India especially in the press and printing sector. The study used survey based approach to gain response form the employees of media companies in Tamil Nadu. Factors such as paper court, ink cost and fluctuations in production cost played a significant role in economic disparity. **Kallummal, Murali (2012)** examined that Indian industries in Chennai suffered a lot due to ADDs. The methodology used here was qualitative research. The study found factors such as export price retaliation, competitiveness and lack of local manufacturers. **Mishra, Pankaj (2012)** examined how the use of ADDs on political economy dimensions helped India against China’s dumping. The methodology used here was quantitative research. The findings showed that factors such as political interest, influence of domestic lobbies affected the Anti-dumping duties imposed on China by India. **Veeramani, C. (2012)** examined whether the anti-dumping duties protected India, especially sectors like steel from China’s dumping or not since they are easily vulnerable when it comes to dumping. The methodology used here was Doctrinal research. Findings are ADDs were affected by challenges such as economic disparity, cost of steel, and price trends in the steel sector affected the global competition.

#### 4. Methodology

The study used a descriptive method. A convenience method and the response were collected based on the convenience and the availability of the respondents. The samples were collected in Chennai, and the size of the sample is 200. The independent variables which were mentioned in this study and were compared with dependent variables are age, gender etc.. The dependent variables were challenges, impacts and effectiveness. Tools used here are Tables and graphs. And the coding was done in SPSS.

#### 5. Analysis

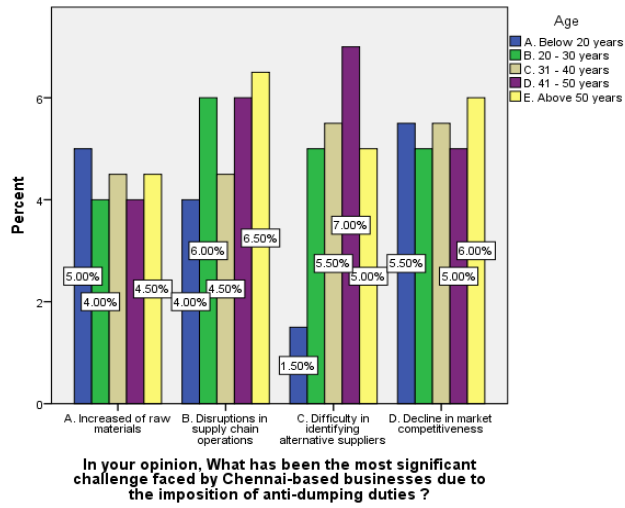
**FIGURE 1**



**Legend:**

Figure 1 shows the educational qualification and their opinion on this statement.

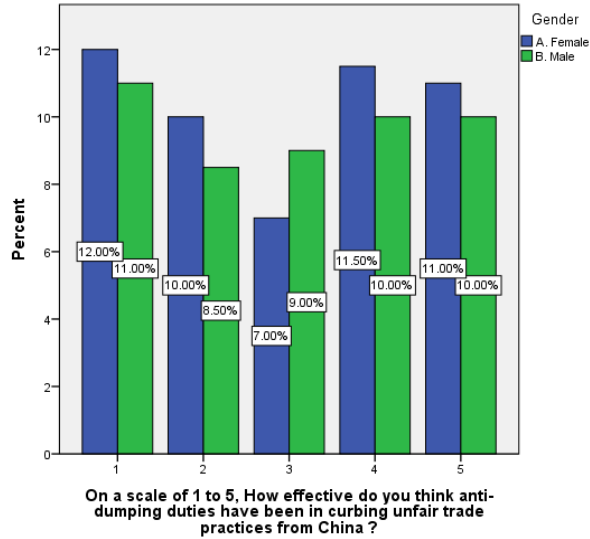
**FIGURE 2**



**Legend:**

Figure 2 shows the age and the most significant challenge faced.

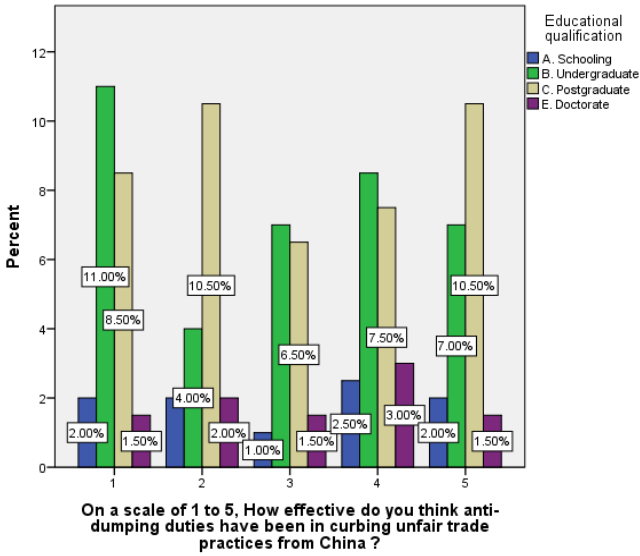
**FIGURE 3**



**Legend:**

Figure 3 shows the gender and their effectiveness.

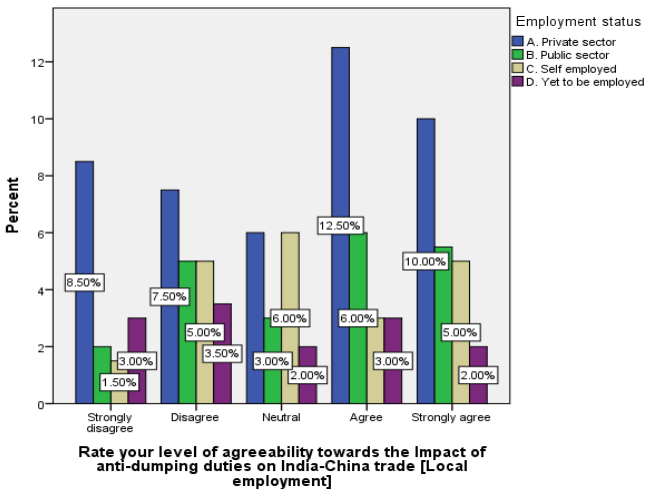
**FIGURE 4**



**Legend:**

Figure 4 shows the educational qualification and their effectiveness.

**FIGURE 5**



**Legend:**

Figure 5 shows the Employment and their level of agreeability.

**TABLE 1**

**ANOVA**

		Sum of Squares	df	Mean Square	F	Sig.
Rate your level of agreeability towards the Impact of anti-dumping duties on India-China trade [Innovation in Domestic Manufacturing]	Between Groups	.907	3	.302	.165	.920
	Within Groups	359.813	196	1.836		
	Total	360.720	450			
Rate your level of agreeability towards the Impact of anti-dumping duties on India-China trade [Supply chain stability]	Between Groups	2.380	3	.793	.374	.772
	Within Groups	415.300	196	2.119		
	Total	417.680	450			
Rate your level of agreeability towards the Impact of anti-dumping duties on India-China trade [Local employment]	Between Groups	5.350	3	1.783	.923	.431
	Within Groups	378.805	196	1.933		
	Total	384.155	450			
Rate your level of agreeability towards the Impact of anti-dumping duties on India-China trade [Domestic Industry Protection]	Between Groups	2.712	3	.904	.465	.707
	Within Groups	380.843	196	1.943		
	Total	383.555	450			
Rate your level of agreeability towards the Impact of anti-dumping duties on India-China trade [Quality Domestic products]	Between Groups	5.130	3	1.710	.885	.450
	Within Groups	378.870	196	1.933		
	Total	384.000	450			

**Legend:**

Table 1 uses the ANOVA table where in this table the null hypothesis was accepted.

**6. Result**

**Figure 1** shows that 28.50% of people in education believe the statement and most of the respondents were of Post graduate background. **Figure 2** shows 7% people of 41-59 years that alternative supplies are the major challenge and nearly 10% 20-30 years. **Figure 3** shows that 16.70% from employment status agree with the statement and 7 % from the public and 10% from the private sector. **Figure 4** shows 33.50% agreeing with the statement from the residential status. **Figure 5** is of gender where 33.50% think it has not influenced the trade volumes and most of the respondents were from male group. **Table 1** significant level is greater than 0.05.

## 7. Discussion

Many people think like that because of their academic background since they have specific knowledge regarding it and also observed the measures they think like this (**Figure 1**). Most young respondents think like that because they know the difficulties because of these dumping and also know how the cost affects the Indian economy and Chennai industries. The domestic market is also affected by this problem (**Figure 2**). Most male respondents chose this option because of their interest in knowing daily updates and their interest in industrial growth since they experienced it first hand, they know how these measures work in real life (**Figure 3**). Most educated people think that because of these measures they were not at all effective since their overall impact is still in questionable stage and the government also has not implemented it fully yet it may be because of that. (**Figure 4**). It may be because of their employment status as many of the respondents who work in industry set up know the problems that happen in the domestic market (**Figure 5**). No difference between the variables (**Table 1**).

## 8. Suggestions

It is suggested that India should approach in a manner as to focus on industries which are likely to fall vulnerable to unfair trade practices and also should balance the approach by avoiding blanket imposition on all sectors. And to help trade between Chennai and other regions, transparency and communication should be improved to make the countries adapt to these anti-dumping duties by enhancing communication between regulatory bodies and affected industries which may minimise operational disruptions. Awareness should be made and the Indian Government should make more investment on innovation and technology for the growth of domestic industry.

## 9. Conclusion

The main reason for anti-dumping duties is to counter the dumping of Chinese products at low cost at the Domestic Industry of Chennai. To prevent China from committing unfair trade practices on India, Indian government imposed anti-dumping duties to protect and restrict China from selling their products at very low cost at Indian market since it affects not only the local market but also the Industrial growth of Chennai because these practices can cause harm to local Industries by cutting their normal prices and force them to sell product at a very low price. The findings are interruption in supply chain as the challenge and local employment as the impact. It is concluded by stating that the anti-dumping duties imposed by India on China is only temporary and cannot be considered as a permanent solution for the dumping problems since for the long-term effectiveness, factors such as limitation in structural reforms is still there and it is suggested that there is a need for new policy which may intervene to balance trade protection by combining it with sustainable industry growth.

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