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US 123% Anti-Dumping Duty on Indian Solar Exports — What It Means for India's Solar Sector

27 April 2026 · **ECONOMY** **IR** **SCIENCE & TECH**

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US 123% Anti-Dumping Duty on Indian Solar Exports — What It Means for India's Solar Sector

27 April 2026 · 4 min read · 4 tags

WHY IN NEWS

The **US Department of Commerce** has imposed a **preliminary anti-dumping duty of 123.04%** on solar cells and modules imported from India — adding to existing **countervailing duties (CVD) of over 125%** already in place, creating a combined tariff burden of **over 200%** for Indian solar products entering the US market. Companies specifically identified: **Mundra Solar Energy, Mundra Solar PV, Kowa, and Premier Energies**. This follows a complaint filed in July 2025 by the US Solar Energy Industries Association, alleging dumping by India, Indonesia, and Laos.

WHAT IS ANTI-DUMPING DUTY?

Anti-dumping duty (ADD) is a tariff imposed when a foreign country exports a product below its fair market value (i.e., below the cost of production plus normal profit margin) — constituting “dumping.” Under WTO’s Anti-Dumping Agreement (Article VI of GATT), countries may impose ADD to protect domestic industries.

PROCESS STAGE	DETAIL
Complaint filed	By domestic industry association (US Solar Energy Industries Association, July 2025)
Investigation	US DoC and US International Trade Commission (USITC) investigate
Preliminary determination	DoC determines preliminary dumping margin; imposes provisional duty
Final determination	Within 75 days of preliminary — final margin determined
Review	Annual reviews; companies can apply for separate rates

THE SCALE OF THE TARIFF

DUTY TYPE	RATE	STATUS
Countervailing duty (CVD)	~125%+	Already in force
Anti-dumping duty (ADD)	123.04%	Preliminary – just imposed
Combined effective tariff	>248%	Effective immediately for provisional purposes

A **250% combined tariff** effectively closes the US market to Indian solar exports — no exporter can absorb such costs and remain price-competitive.

IMPACT ON INDIA'S SOLAR SECTOR

DIMENSION	IMPACT
Companies directly hit	Mundra Solar (Adani Group), Premier Energies, Kowa
PLI Solar Scheme	India's PLI for High-Efficiency Solar Modules (₹24,000 crore) was partly designed to target US exports
India's US solar exports	~\$2.2 billion annually (cells and modules) — now effectively blocked
Capacity at risk	5-6 GW of annual India-to-US solar cell/module pipeline
Jobs	50,000+ workers in solar manufacturing in India's PLI units
Stock market impact	Adani Green, Premier Energies shares fell 4-7% on the news

WHY THE US SOLAR INDUSTRY FILED THE COMPLAINT

The US solar manufacturing industry — anchored by the **Inflation Reduction Act (IRA) 2022**, which offered massive domestic production subsidies — argued that Indian (and other Asian) manufacturers were selling modules below cost to undercut US domestic production. Specific allegations:

- ❶ Subsidised financing from Indian state banks (particularly for Adani group)
- ❷ Below-cost selling enabled by cross-subsidisation within conglomerates
- ❸ Currency advantages from rupee depreciation making Indian goods cheaper in USD terms

INDIA'S BROADER TRADE CONTEXT

This duty adds to India's solar trade tensions with the US:

- India had **previously complained to WTO** when the US imposed its Section 201 safeguard tariffs on solar imports in 2018 (India won at WTO Dispute Settlement in 2022 but US appealed)
- The current ADD is separate from safeguard tariffs — a parallel mechanism
- India-US trade relations have been strained over **reciprocal tariff** demands; the US imposed 26% tariffs on most Indian goods in April 2025 under Section 301 before a 90-day pause

SIGNIFICANCE FOR INDIA'S ENERGY TRANSITION

India has set ambitious solar targets: **500 GW of non-fossil power by 2030**, with solar contributing ~300 GW. The PLI Solar scheme aimed to build India into a global solar module exporter (to offset import costs). If the US market is closed, India's export strategy for its PLI-backed capacity must pivot to:

- **South Asia** (Bangladesh, Nepal, Sri Lanka)
- **African markets** (35+ countries seeking solar financing)
- **Middle East** (Saudi Arabia, UAE green energy programmes)
- **ASEAN** (subject to their own solar duty regimes)

UPSC RELEVANCE

PAPER	ANGLE
GS3 — Economy	Anti-dumping duty; PLI solar scheme; India's renewable energy export strategy
GS2 — IR	India-US trade tensions; WTO dispute settlement; Section 201/301 tariffs
GS3 — Science & Tech	Solar energy; energy transition; solar manufacturing in India

Mains Keywords: Anti-dumping duty, US DoC, Indian solar exports, PLI Solar scheme, countervailing duty, Mundra Solar, Premier Energies, WTO anti-dumping, India-US trade, solar manufacturing

Facts Corner

ITEM	FACT
Anti-dumping duty	123.04% (preliminary)
Countervailing duty (existing)	~125%+
Combined tariff	>248%
Complaint filed	July 2025 by US Solar Energy Industries Association
Countries targeted	India, Indonesia, Laos
Companies identified	Mundra Solar Energy, Mundra Solar PV, Kowa, Premier Energies
Final determination	Within 75 days of preliminary
India-US solar exports	~\$2.2 billion annually
PLI Solar scheme	₹24,000 crore; targets high-efficiency module production
US solar policy	Inflation Reduction Act (IRA) 2022 — domestic production subsidies

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