

POWER SECTOR

**All-India electricity demand
increased in July 2025 after declining
in Q1 FY2026**

July 2025



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Overview



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Electricity demand saw a recovery in the first 27 days of July 2025, rising by 2.5% year-on-year compared to July 2024. This rebound follows a subdued demand growth in Q1 FY2026, which was impacted by lower consumption due to the early onset of the Southwest Monsoon.



- **India's electricity demand in Q1 FY2026 decreased by 1.4% on a year-on-year (YoY) basis albeit improvement witnessed in July 2025 as per provisional data from the Power System Operation Corporation (POSOCO):** Electricity demand growth slowed in Q1 FY2026, primarily due to an unfavourable base effect and early onset of the Southwest Monsoons across most of the country. Nonetheless, demand growth increased to 2.5% YoY in July 2025 as per the data from POSOCO for the first 27 days of the month. The demand growth is expected to remain modest in the near term amid expectations of an above-average monsoon. However, it is likely to recover after the monsoon, with full-year demand growth projected at 5.0–5.5% for FY2026, trailing ICRA's GDP growth estimate of 6.2%.



- **Spot power tariffs remain at Rs. 4.3 per unit in July 2025, higher than June 2025:** Spot power tariffs on the Indian Energy Exchange (IEX) averaged Rs. 4.3/unit as on July 28, 2025, above June 2025 levels of Rs. 3.9/unit. However, prices were lower than those recorded in July 2024 due to subdued demand growth.



- **Coal stock at power plants remains healthy at 18.6 days in July 2025:** As on July 24, 2025, coal stock levels at power plants stood at 18.6 days, marking a significant improvement from the lows observed in September 2024. Over the past three months, coal inventories have consistently remained around a five-year high of approximately 20 days. This healthy stock position is a positive indicator for the power sector, although a few state utilities continue to face a shortfall in coal availability.



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