

## POWER SECTOR

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**Muted growth in FY2026, power demand to rebound to around 5% in FY2027**

**MARCH 2026**



## 1 Overview



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## Overview

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*Electricity demand growth witnessed muted YoY growth in the first 22 days of March 2026, as per POSOCO data, reversing the recovery witnessed over the last three months. In line with this trend, the full-year demand increase for FY2026 is expected to only remain around 1%. However, growth is projected to rebound to around 5% in FY2027, trailing expected real GDP growth of 6.0–7.0%.*



- **Demand growth witnessed marginal year-over-year (YoY) growth in March 2026 as per provisional data from the Power System Operation Corporation (POSOCO):** India's electricity demand growth has been weak in FY2026 YTD, impacted by early and prolonged monsoon conditions and a high base effect. Demand grew marginally by 0.8% on a YoY basis in the first 22 days of March 2026, as per data from POSOCO, due to a slow recovery during the winter season owing to weather disruptions seen over last few days. Reflecting the growth trend in FY2026 YTD, full-year growth for FY2026 is expected to remain around 1% (revised from 1.5-2.0%). However, demand growth is expected to rebound to around 5% in FY2027, supported by expectations of normalised weather conditions, a lower base and continued momentum in industrial and commercial activity. However, the growth will remain contingent on the absence of any unforeseen weather-related events.
- **Spot power tariffs on the Indian Energy Exchange (IEX) averaged Rs. 3.9 per unit as of March 12, 2026, higher than Rs. 3.6 per unit in February 2026.** Prices were much lower compared to the March 2025 level of Rs. 4.5 per unit due to subdued demand growth in March 2026. Also, spot tariffs have been declining during most of the months in FY2026 due to an improved supply position and low demand growth.
- **Coal stock at power plants stood at 18.9 days as of March 10, 2026, slightly lower than 19.2 days as on February 28, 2026,** as well as below the normative level due to supply slowdown from monsoon-affected mining operations along with low demand from the thermal plants. However, stocks remain higher than those in September 2024 and 2023 and have generally stayed near normative levels in recent months, which is a positive for the power sector.



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