

# SectorVector

## Reading the topical trends

November 2024

### Positive turn

After two months of decline, power demand logs an increase in October

Power demand is estimated to have risen ~0.4% on-year to ~140 billion units (BUs) in October, after two consecutive months of decline. Over April-October, power demand is estimated to have increased ~4.7% on-year.

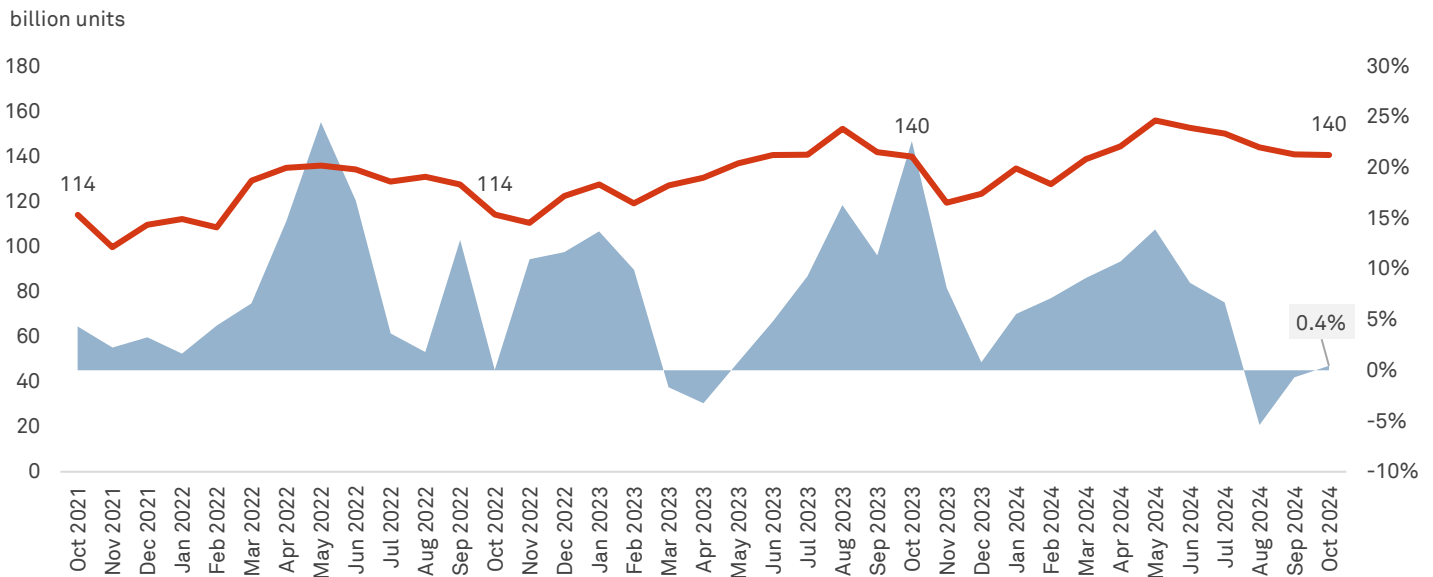
Power demand grew in October following the withdrawal of the southwest monsoon (according to the India Meteorological Department), with the country still receiving 3% above-normal rainfall between October 1 and 23. A pick-up in industrial activity as the festival season approaches has supported power demand during the month as well. The Purchasing Managers' Index has risen to 58.6 in October from 58.3 in the previous

month, indicating a further expansion in manufacturing growth (demand from commercial and industrial consumers accounts for ~50% of India's total power demand).

Curtailing a further rise, though, is moderation in construction activity, which is typically low this time of the year. Also, electricity consumption from the agriculture sector decreases as irrigation requirements typically ease post the sowing season.

In line with the slow power demand growth, there is respite in peak power trends as well.

Power demand recovers marginally in October 2024



Note: October 2024 data from Grid India is provisional  
Source: Central Electricity Authority (CEA), Grid India, CRISIL MI&A Research

## Peak power demand cools

GW	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
FY23	216	206	212	192	197	200	187	188	206	213	210	209
FY24	217	221	224	208	238	243	221	204	213	223	222	221
FY25	224	250	245	226	217	231	219					

Note: October 2024 data from Grid India  
Source: CEA, Grid India, CRISIL MI&A Research

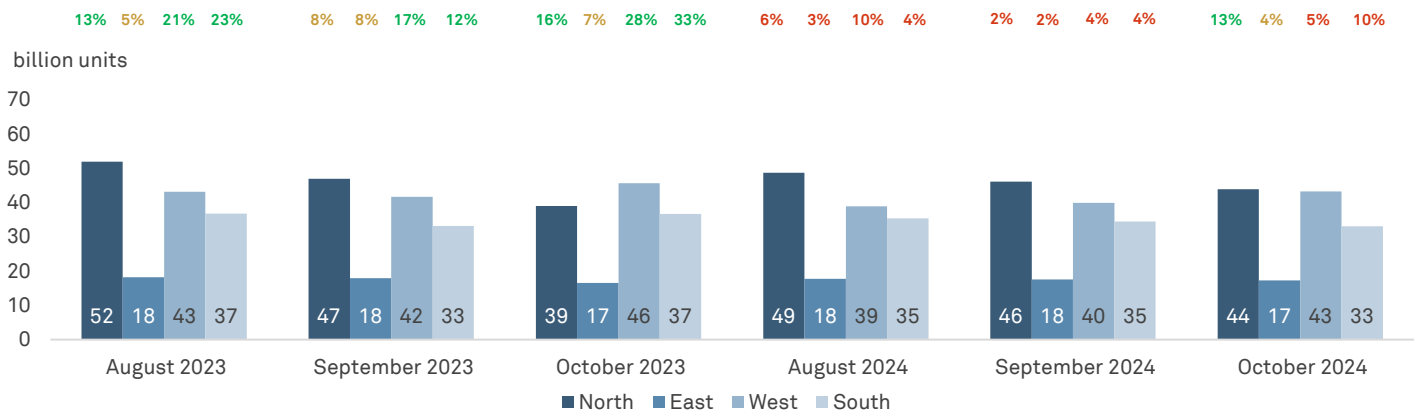
% Dev from peak ■ Less than 0% ■ >0% & <= 5% ■ >5% & <= 10% ■ More than 10%  
■ Peak demand for respective fiscal year

Region-wise, the trend in power demand shows a wide variation.

With the withdrawal of the southwest monsoon, power demand in the northern and eastern states has surged 13% and 4% on-

year, respectively, in October. In contrast, power demand in the southern region, which also receives the northeast monsoon between October and December, declined 10% on-year.

## Power demand in southern states to fall as northeast monsoon commences



**Notes:**

- 1) October 2024 data from Grid India is provisional
  - 2) % above the bar indicates on-year power demand growth
  - 3) Red: <0%; yellow: 0-10%; green: >10%
  - 4) North: Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Ladakh, Punjab, Rajasthan and Uttarakhand; West: Chhattisgarh, Gujarat, Madhya Pradesh, Maharashtra, Dadra and Nagar Haveli and Daman and Diu, and Goa; South: Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Puducherry and Lakshadweep. East: Bihar, Damodar Valley Corporation, Jharkhand, Odisha, West Bengal, Sikkim, and Andaman and Nicobar Islands
- Source: CEA, Grid India, CRISIL MI&A Research

## Power generation rose ~2.4% on-year in October

Power generation is estimated to have increased ~2.4% on-year to ~152 BUs in October, more than meeting the month's demand. Capacity-wise:

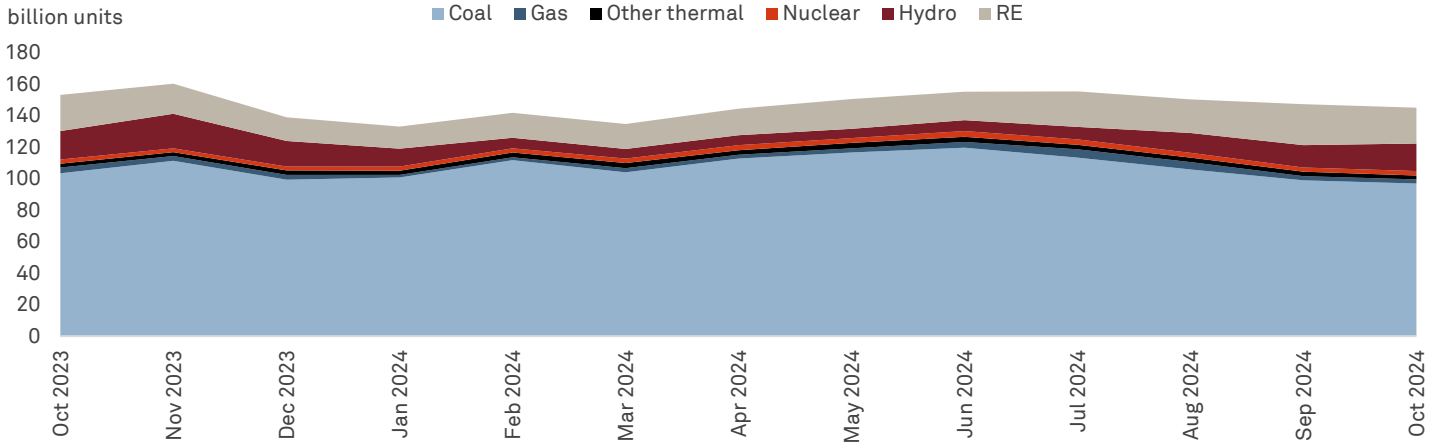
- Generation of hydro, nuclear and renewable energy increased 43%, 6% and 1% on-year, respectively.
  - The sharp rise in hydro power generation was on account

of a low base effect – generation had declined 31% on-year in October 2023

- In contrast, power generation from coal and natural gas capacities declined ~1.0% and ~27% on-year, respectively

Consequently, the share of hydro power generation rose to 11% in October from 8% in the corresponding month of last year, whereas the share of coal-based power reduced to 73% from 75%.

**Coal and natural gas capacities cede ground to hydro**



Note: October 2024 data from Grid India is provisional  
Source: Grid India, CEA, CRISIL MI&A Research

**Coal stocks improve as hydro does the heavy lifting**

Coal remains the mainstay of electricity generation in India. To ensure uninterrupted generation, despatch of coal to power plants surged 4% on-year in the first half of fiscal 2025, thereby increasing coal stocks. In the second quarter of fiscal 2025, though, despatches rose only 0.6% on-year, as coal production was relatively flat at 0.4% on-year with the monsoon season curbing mining activity.

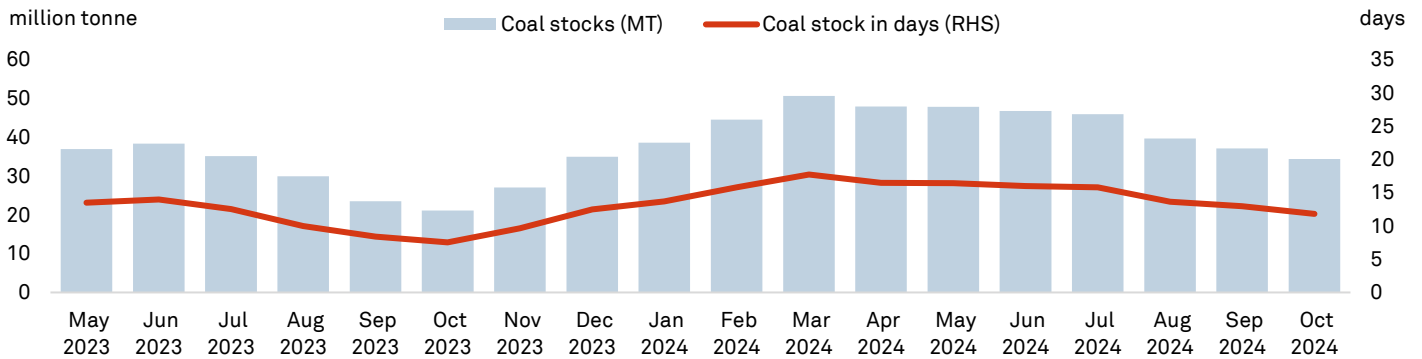
As on October 31, 2024, thermal power plants had 35 million tonne (MT) of coal stock vs 21 MT in the same period last year. In October 2023, higher temperatures due to El Nino, along with lower rainfall vis-à-vis the long term average, increased depen-

dence on coal power, with generation surging 33% on-year in the month.

However, plants have higher coal stocks this year. As on October 31, power plants had 12 days of coal stocks vs eight days last year.

Another reason for the high coal stock is the government mandating in April that imported coal-based (ICB) power plants run on full capacity till October 15, 2024. As a result, coal imports by power plants surged 29% on-year to 36 MT in the first half of this fiscal. Consequently, stocks with ICBs are estimated to last for 19 days as against 12 days for plants using domestic coal as on October 31.

**Coal stocks sufficient on steady dispatches**



Source: National Power Portal

## Power demand to track economic growth this fiscal

For the current fiscal, CRISIL MI&A Research projects power demand to rise 6-7% on-year. Vagaries of the weather, including severe and prolonged heatwaves seen in the first quarter and

deficient rainfall in July in northern India, have lifted power demand as well. With intense weather patterns expected to continue post monsoon, power demand is estimated to remain elevated. Strong economic activity, with estimates pointing to the country's gross domestic product expanding 6.8% on-year this fiscal, is also seen boosting demand.

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