

Year End Review of Ministry of Power - 2025

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The year 2025 marked a landmark period for India's power sector, with historic advancements in energy generation, transmission, and distribution. From meeting peak power demand of 242.49 GW to reducing energy shortages at the national level to a mere 0.03% in FY 2025-26, the sector demonstrated resilience and commitment to sustainable growth. Significant strides in energy conservation, consumer empowerment, and infrastructure development underscore the government's efforts to ensure reliable, affordable, and clean energy for all. With groundbreaking initiatives such as universal electrification, enhanced rural power availability, and the adoption of cutting-edge technologies, India is firmly on the path to becoming a global energy leader.

Improvement in Power Supply Position:

- 1. Record Demand Met:** India successfully met the maximum power demand of 242.49 GW during FY 2025-26.
- 2. Sharp Reduction in Power Shortages:** Due to significant additions in generation and transmission capacities, energy shortages at the national level have reduced to a mere 0.03% in FY 2025-26, a major improvement from 4.2% in FY 2013-14.
- 3. Rise in Per Capita Electricity Consumption:** Per capita electricity consumption in India has surged to 1460 kWh in 2024-25, marking a 52.6% increase (503 kWh) from 957 kWh in 2013-14.
- 4. Improved Power Availability:** The average availability of electricity in rural areas has increased from 12.5 hours in 2014 to 22.6 hours, while urban areas now enjoy up to 23.4 hours of power supply as compared to 22.1 hours in 2014, reflecting substantial improvements in the reliability and reach of electricity services.

Generation:

- 5. Significant Growth in Installed Capacity:** India's total installed power generation capacity has surged by 104.4%, increasing from 249 GW as of March 31, 2014, to 509.743 GW as of November 30, 2025. Generation Capacity Addition during January-November 2025 is 55.57 GW.
- 6. Major Expansion in Renewable Energy:** Since April 2014, 178 GW of renewable energy capacity, including large hydro, has been added. This includes 130 GW of solar power, 33 GW of wind power, 3.4 GW of biomass, 1.35 GW of small hydro, and approximately 9.9 GW of large hydro generation capacity, demonstrating India's strong commitment to clean energy.
- 7. Award of thermal projects:** To meet the projected electricity demand of India's rapidly expanding economy, 13.32 GW of new coal-based thermal capacity has been awarded in FY 2025-26 (till 30.11.2025). Further, 7.21 GW capacity has been commissioned in FY 2025-26 (till 30.11.2025). The total installed capacity of coal and lignite-based thermal plants now stands at 226.23 GW. An additional 40.35 GW of capacity is under construction, with 7.03 GW expected to be commissioned in FY 2025-26. A further 24.02 GW of capacity is in various stages of planning, clearances and bidding.

8. Coal Stock Position: As of March, 2025, Domestic Coal-Based (DCB) power plants held a coal stock of 55.48 MT. As of 21st December, 2025, these plants hold 51.7 MT of coal which is targeted to increase to 66 MT by March 2026. Sustained coal supply during Q1 and Q2 of FY 2026 ensured meeting the peak demand of 242.49 GW in June 2025. With improved domestic coal availability, the Ministry of Power discontinued its advisory for blending imported coal beyond October 15, 2024.

9. Revision of SHAKTI Policy: The Cabinet Committee on Economic Affairs approved the Revised SHAKTI (Scheme for Harnessing and Allocating Koyala Transparently in India) Policy for Coal Allocation to Power Sector in May 2025, streamlining coal linkage mechanisms for the power sector. With the introduction of Revised SHAKTI Policy, existing eight Paras of the SHAKTI Policy, for coal allocation, have been mapped to only two Windows, in the spirit of ease of doing Business, enhancing coal accessibility, operational flexibility, and competition. It ensures optimal utilization of thermal capacity, promotes affordable power, reduces import dependency, and strengthens India's energy security.

10. Hydro Projects. Central Government in August 2025 has approved Tato-II Hydro Electric Project (700 MW) in Arunachal Pradesh. The project will be completed in 72 months at the cost of Rs. 8146.21 Cr. Further, NHPC has fully commissioned Parbati-II Hydroelectric Project (800 MW) on 15.04.2025.

11. Pump Storage Projects (PSP): India has the potential of PSPs of about 258 GW with around 7 GW (2.7%) developed so far. Government has set an ambitious target of adding 57 GW PSP capacity by 2031-32 out of which, 12 GW is under construction and rest is under development stage.

12. Battery Energy Storage System (BESS): Under the Viability Gap Funding (VGF) Schemes for development of BESS, a capacity of 43,220 MWh is targeted for addition.

Transmission:

13. National Electricity Plan: Govt. of India has finalised National Electricity Plan from 2023 to 2032 for Central and State transmission systems to meet a peak demand of 458 GW by 2032. The total cost of the plan is Rs 9.16 lakh Cr. Under the previous plan 2017-22, about 17,700 circuit kilometres (ckm) lines and 73 GVA transformation capacity were added annually. Under the new plan, transmission network in the country will be expanded from 4.98 lakh ckm in Nov'2025 to 6.48 lakh ckm in 2032. During the same period the transformation capacity will increase from 1,398 Giga Volt Ampere (GVA) to 2,345 GVA. Inter-Regional transfer capacity will increase from 120 GW to 168 GW. This plan covers the network of 220 kV and above. This plan will help in meeting the increasing electricity demand, facilitate RE integration and green hydrogen loads into the grid.

14. 25.8 GW ISTS Capacity Approved: 25.8 Giga Watt of RE linked Inter State Transmission Projects costing Rs. 38,849 Cr have been approved from Jan'25 to Nov'25. About 335 GW transmission network would be required to connect 280 GW of Variable Renewable Energy (VRE) to the Inter-State Transmission System (ISTS) by 2030. Out of this, 48 GW has already been completed, 172 GW is under construction, and 18.5 GW is under bidding. Balance 96.5 GW will be approved in due course.

15. Improvement in Transmission System: During 2025, 6,511 ckm of transmission lines (of 220 kV & above), 1,00,368 MVA of transformation capacity (of 220 kV & above) and 1600 MW of Inter-regional Transfer Capacity have been added.

16. Right of Way (RoW) compensation Guidelines: To ensure the timely development of power transmission infrastructure for evacuating 500 GW of renewable energy by 2030, the Ministry of Power revised the Right of Way (RoW) guidelines in June, 2024, linking compensation to the market value of land. For tower base area, the compensation has been increased from 85% to 200% of the land value. For the RoW Corridor, compensation has been raised from 15% to 30% of the land value.

Further, Ministry of Power issued Supplementary Guidelines for payment of compensation in regard to RoW on 21.03.2025. These supplementary guidelines provide for assessment of market rate of land, to be

determined by a Market Rate Committee (MRC) based on the valuation by independent land valuers, for the payment of RoW compensation. The compensation amount for RoW corridor has been revised for ISTS lines as 30% of the land value in rural areas, 60% of the land value in municipal corporations & metropolitan areas notified by the State Government, and 45% of the land value for municipalities, nagar panchayats and all other urban planning areas notified by the State Government.

Distribution:

17. Revamped Distribution Sector Scheme (RDSS): Under RDSS which aimed at improving operational efficiencies and financial sustainability of Discoms, 19,79,30,131 prepaid Smart meters, 52,52,692 DT meters and 2,05,475 Feeder meters have been sanctioned at a cost of ₹1,30,671 Cr. Loss Reduction works of ₹ 1,52,854 Cr. have been sanctioned and ₹ 38,187 crores have been released under RDSS. As on 31.12.2025, 3.76 Consumer meters, 12.56 DT meters and 1.58 Feeder meters have been installed under RDSS. As a result of reform measures taken under the scheme. AT&C losses have come down to 16.16% (provisional) and ACS-ARR gap has reduced to Rs. 0.11/kWh (provisional) in FY2025 from 21.91% and Rs 0.69/kWh respectively in FY 2021.

18. All identified households from Particularly Vulnerable Tribal Groups (PVTGs) under the PM-JANMAN (Pradhan Mantri Janjati Adivasi Nyaya Maha Abhiyan), tribal households under the DA-JGUA (Dharti Aaba Janjatiya Gram Utkarsh Abhiyan) and households identified under Pradhan Mantri Anusuchit Jaati Abhyuday Yojna (PM-AJAY) are being provided with on-grid electricity connections under RDSS. To date, a total of ₹ 6,522 crore has been sanctioned for the electrification of 13,65,139 households under RDSS, along with public places identified under the PM-JANMAN and DA-JGUA initiative.

Energy Conservation and Efficiency:

19. Indian Carbon Market: The Ministry of Power has notified the Carbon Credit Trading Scheme, empowering industries to reduce greenhouse gas emissions and earn carbon credits. This initiative fosters investments in transformative technologies, positioning India as a leader in global green finance. The landscape of CCTS broadly comprises of two mechanisms – a.) Compliance and b.) Offset.

a. Under the compliance mechanism, the obligated entities have to comply with the prescribed greenhouse emission intensity (GEI) targets by the Central Government. Further, the obligated entities who reduce their GHG emission intensity below their prescribed norms will be issued carbon credit certificates (CCCs) whereas those entities who could not meet their targeted GHG emission intensity can meet their shortfall by purchasing CCCs from Indian carbon market. The Greenhouse gas emission intensity (GEI) target notification for four sectors - Aluminium, Cement, Chlor-Alkali, and Pulp & Paper covering 282 obligated entities was notified by the Central Government in October 2025.

b. Under the offset mechanism, which is a voluntary project-based baseline and credit mechanism, the non-obligated entities can register their projects for GHG emission reduction or removal or avoidance for issuance of carbon credit certificates. This mechanism will enable country to tap mitigation from sectors not covered under the compliance mechanism and can incentivize actions in such sectors. Under offset mechanism, 9 methodologies and detailed procedures have been published.

20. Standards and Labelling Program: In the appliance sector, the Standards and Labelling (S&L) programme of BEE has been very successful in providing the consumer an informed choice about energy intensive appliances and equipment. Voluntary star labelling program has been introduced for EV Charger and Evaporative Air Cooler in FY 2025-26. With these additions, the programme now covers 41 appliances out of which 18 appliances are under the mandatory phase while the remaining 23 appliances are under the voluntary phase.

21. To strengthen energy efficiency in MSMEs, ADEETIE (Assistance in Deploying Energy Efficient Technology in Industries and Establishments) was launched in July 2025 with ₹1,000 crore outlay. It provides investment-grade audit support, handholding, and interest subvention (5% for micro/small enterprises; 3% for medium enterprises). It covers 60 clusters across 14 sectors, promoting energy efficiency and competitiveness.

Reforms and Initiatives

22. Late Payment Surcharge Rules, 2022: To promote payment discipline across the power sector value chain, which had long been a concern due to the mounting receivables of generating companies and other entities, Central Government notified the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 on 3rd June 2022. Since their implementation, significant progress has been achieved - against legacy dues of Rs.1,39,947 crore as on 03.06.2022, 13 States/UTs have paid Rs.1,31,942 crore through 39 EMIs, prepayments, and reconciliations. Consequently, the outstanding legacy dues have reduced to Rs.8,005 crore, and DISCOMs are now largely paying their current dues on time, reflecting a marked improvement in sectoral financial discipline.

Ministry of Power notified an amendment to the Electricity (Late Payment Surcharge and Related Matters) Rules on 2nd May 2025, bringing intra- state transmission licensees under the payment security mechanism prescribed in the Rules. This inclusion will help ensure timely payments and enhance payment security for intra-state transmission licensees, thereby attracting critical investments for strengthening intra-state transmission networks. This is vital for evacuating power from the planned renewable generation capacity expansion.

23. Electricity (Amendment) Rules, 2025: Electricity Rules, 2005 have been amended to allow consumer-owned energy storage. These amendments strengthen the regulatory framework to facilitate the integration of energy storage into India's power system, enhancing reliability, flexibility, and renewable energy utilization.

24. The Government of India, vide notification dated 01.08.2025, has revised the capital expenditure limit for schemes related to setting up hydro generating stations to ₹3,000 crore, requiring the concurrence of the CEA. Further, the Government has exempted off-stream closed-loop pumped storage schemes, irrespective of the quantum of capital expenditure, from the requirement of concurrence by the CEA.

25. Energy Transition and NDC Achievement: India has achieved its Nationally Determined Contribution (NDC) target of 50% cumulative non-fossil electric capacity nearly five years ahead of schedule. Non-fossil capacity share has risen from 32% in 2014 to 51% by October 2025, demonstrating India's rapid transition towards clean energy and its commitment to global climate goals.

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