Volt-face in the corridors of power

Electricity demand shrank nearly a quarter in April 2020 as commercial and industrial activity switched off majorly following the nationwide lockdown.

For states with ample skin in manufacturing – such as Uttarakhand, Gujarat, Haryana, and Tamil Nadu – demand dimmed a significant 30-50%.

Put another way, that is like experiencing a total blackout every alternate or third day!

The upshot? Power demand growth, which was already feeble last fiscal, could trip to de-growth this fiscal.

That said, there was some offset because about 1.4 billion people stayed at home, of which millions also worked from home, leading to a surge in domestic electricity consumption via more recharging of devices, more videos streamed, more online content consumed, and more cooking at home (often involving use of electrical appliances).

That cushioned the slack-demand blow for Andhra Pradesh, Bihar, Odisha and Haryana in particular, which have a substantial domestic-consumer base.

Lower demand from industrial users, who pay the highest tariffs and cross-subsidise domestic and agricultural users, would hit the revenues of discoms.

Sector recovery will be a function of how quickly economic activity replugs, reboots and resurges.

State-wise assessment of power demand

Top 20 states accounting for ~95% of power demand hit hard by lockdown
Top five power consuming states see demand falling by a quarter on average in April

<table>
<thead>
<tr>
<th>State</th>
<th>% power demand decline on year for April 2020</th>
<th>% peak demand decline on year for April 2020</th>
<th>% share of secondary activities in GSVA*</th>
<th>% share of domestic consumers*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haryana</td>
<td>-34%</td>
<td>-44%</td>
<td>33%</td>
<td>36%</td>
</tr>
<tr>
<td>Uttarakhand</td>
<td>-28%</td>
<td>-38%</td>
<td>40%</td>
<td>39%</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>-29%</td>
<td>-30%</td>
<td>29%</td>
<td>27%</td>
</tr>
<tr>
<td>Odisha</td>
<td>-30%</td>
<td>-32%</td>
<td>23%</td>
<td>23%</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>-22%</td>
<td>-26%</td>
<td>21%</td>
<td>21%</td>
</tr>
</tbody>
</table>

*Share as on FY'18; GSVA – Gross state value added
Source: MoSPI, PFC, POSOCO, CRISIL Research
Pan-India power demand growth in the past 24 months

### Top 5 power consuming states
- Maharashtra, 12.1%
- Uttar Pradesh, 9.4%
- Gujarat, 8.9%
- Tamil Nadu, 8.5%
- Rajasthan, 6.3%

### Distribution of power consumers*
- Domestic, 24.8%
- Commercial, 8.2%
- Industrial, 41.2%
- Agriculture, 17.7%
- Others, 8.1%

*Data for fiscal 2019

Note: April 2020 are provisional numbers

Source: CEA, CRISIL Research

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**Power demand growth (%, y-o-y)**

- April 2020: 4.8%
- May 2019: 9.2%
- Jun 2019: 6.9%
- Jul 2019: 6.9%
- Aug 2019: 7.1%
- Sep 2019: 11.8%
- Oct 2019: 4.0%
- Nov 2019: 4.5%
- Dec 2019: 2.7%
- Jan 2020: 6.5%
- Feb 2020: 8.5%
- Mar 2020: -0.5%
- Apr 2020: 12.8%
- May 2020: -4.4%
- Jun 2020: 0.4%
- Jul 2020: 4.0%
- Aug 2020: 11.7%
- Sep 2020: -8.7%
- Oct 2020: -24.0%

**Avg. power demand growth (%)**

- Avg demand growth over period: 1.2%

Note: April 2020 are provisional numbers

Source: CEA, POSOCO, CRISIL Research

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