

Revised SHAKTI Policy (2025) - Simplified Notes for UPSC

What is SHAKTI?

SHAKTI stands for **Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India**.

It was launched in **2017** to reform coal allocation to the power sector and make it more transparent and competitive.

☐☐ What's New in the Revised SHAKTI Policy (2025)?

The **Cabinet Committee on Economic Affairs (CCEA)** approved the **Revised SHAKTI Policy** on **7th May 2025**, chaired by Prime Minister **Narendra Modi**.

Key Objectives of the Revised Policy:

- Promote **transparency** in coal allocation
- Ensure **flexibility**, **wider eligibility**, and **easier access** to coal for power plants
- Support affordable and reliable **electricity supply**
- Boost **domestic coal usage** and reduce **import dependency**

☐☐ Major Changes Introduced

1. Simplified Framework

- Earlier: Multiple categories under SHAKTI for coal linkages
- Now: Mapped into **two main windows** under the new policy:
 - **Window I:** Coal at **notified price**

- **Window II:** Coal at **premium over notified price**

2. Window-I: Coal at Notified Price

- For **Central and State Government power plants**
- Includes:
 - Central Gencos, State Gencos, their JVs and subsidiaries
 - Power producers selected through **Tariff-Based Competitive Bidding (TBCB)** or with **PPA under Section 62 of the Electricity Act, 2003**

3. Window-II: Coal at Premium Price

- Open to **all domestic coal-based power plants**
- Includes **imported coal-based plants** (ICB) who want to shift to domestic coal
- Coal can be secured through **auction**
- Validity of linkage:
 - **Short-term (up to 12 months)** or
 - **Long-term (up to 25 years)**
- Power can be sold in **any market** (including power exchanges)

☐☐ **Benefits of the Revised SHAKTI Policy**

Economic and Sectoral Benefits:

- **Increased power generation**
- **Cheaper electricity tariffs**
- **Revival of stressed power assets**
- **More jobs** due to higher mining and power generation

Structural Benefits:

- Promotes **Atmanirbhar Bharat** (self-reliant India)
- Boosts **energy security** and **indigenous coal use**
- Reduces dependence on **imported coal**
- Encourages **pit-head** (near coal mines) **thermal plants**
- Enhances **state revenue** through increased coal production

☐☐ Impact on Power Market

- Power can now be generated using **Un-Requisitioned Surplus (URS)** capacity and sold in power markets.
- This improves the efficiency and utilization of existing power plants.
- It also strengthens power exchanges by increasing the availability of electricity.

☐☐ Key Takeaways for UPSC

Feature

Launch Year of Original SHAKTI

Revised SHAKTI Policy 2025

2017

Full Form

Scheme for Harnessing and Allocating

Koyala Transparently in India

Approved By

CCEA (Chaired by PM Narendra Modi)

Date of Approval

7 May 2025

Main Focus

Transparent coal linkage to power sector

New Structure

Window-I (Notified Price) and Window-II (Premium Price)

Duration of Coal Linkage in Window-II

Upto 25 years

Key Benefits

Affordable power, better access to coal, boost to economy, job creation, energy security

□ Why This is Important for UPSC Exam

- **GS Paper 2:** Government Policies and Interventions
- **GS Paper 3:** Infrastructure – Energy sector, Economic Development, Natural Resources
- **Prelims:** Government Schemes, Reforms in Coal Sector
- **Essay & Mains:** Energy security, Atmanirbhar Bharat, Environmental sustainability

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