

Cabinet approves scheme on ‘Small Hydro Power (SHP) Development Scheme for the period FY 2026-27 to FY 2030-31’

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The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the ‘Small Hydro Power (SHP) Development Scheme for the period FY 2026-27 to FY 2030-31’ with an outlay of Rs.2584.60 crore for installation of Small Hydro Power (SHP) Projects of an approximate capacity of 1500 MW.

The scheme will support small hydro projects (between 1-25 MW capacity) to come up in different states and will especially benefit hilly and North Eastern states with high potential for such projects. In North Eastern States and in districts with international border, central financial assistance to the tune of Rs.3.6 crore per MW or 30% of the project cost, whichever is lower with an upper limit of Rs.30 crore per project will be available. In other states Rs.2.4 crore per MW or 20% of project cost, whichever is lower with a cap of Rs.20 crore per project would be available. This will help in tapping the small hydro potential in remote and difficult to reach locations. An amount of Rs. 2,532 crore has been earmarked for such projects. This is likely to bring in Rs. 15,000 crore of investment in the small hydro sector giving a boost to the clean energy initiative, investment in remote and rural areas and creating significant employment opportunities. The investment will also leverage 100% of the plant and machinery from indigenous sources fulfilling the objective of Atmanirbhar Bharat.

The scheme will also incentivise the states to prepare the detailed project report for about 200 projects to create a pipeline of small hydro projects in future. An amount of Rs.30 crore has been kept to support state and central government agencies to prepare such DPR.

The scheme will support 51 lakh person days of employment during the project construction and will also enable employment in maintenance and operation of these SHPs which will come up in largely rural and remote locations. SHP projects being decentralized in nature, the requirement of long transmission line is minimal, which also reduces the transmission losses.

Launching of this Scheme will rejuvenate the Small Hydro Power sector and will help in exploiting the available potential at a much faster pace. SHP projects are environmentally sustainable, as they avoid large-scale land acquisition, deforestation, and displacement of communities. It will also promote socio-economic development of remote areas by boosting local investment, apart from creating long-term employment with project lifespans typically ranging from 40 to over 60 years.

MJPS

