

Small Hydro Power (SHP) projects are environmentally friendly because they do not encounter the problems of large scale land acquisition/deforestation and displacement of human settlements. Being located in remote locations and at the tail end of the transmission network, they help in improving voltage levels and can also feed into the local grid in case of a major grid failure, thereby avoiding complete black out. They improve the socio economic condition of the adjoining areas as well as a large chunk of the investment made in the projects feeds into the local economy. Further, they lead to creation of permanent jobs for operation and maintenance for at least 35 to 40 years. Moreover, Micro Hydel Projects (MHP) and Watermills also have the potential to meet the power requirements of remote areas, helping the local people in developing small scale industries and supporting livelihood projects in areas like handicrafts, carpet manufacturing, food processing, textiles, etc. Hence, these projects can play a crucial role in India's sustainable development and energy security as it meets the criteria of sustainability, availability and reliability.

Till 31st March 2017 (extended till 30th September), the Ministry used to have schemes to provide financial support for development of SHP/MHP/Watermills. However, at present there is no existing scheme in this Ministry to provide financial support to new projects.

Further, water resource being State subject, the actual implementation of SHP projects is governed by State policies. The decision of setting up SHP projects or its allotment is taken by the State Government. States have their own policies and procedure for developing the sector and allotment of projects. The Techno-Economic Clearances (TEC)/ approvals for the SHP projects are provided by the concerned State Government.