

**E. File No. 284/2/2024-SHP**  
**Government of India**  
**Ministry of New and Renewable Energy**  
**(Small Hydro Power Division)**

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Atal Akshay Urja Bhawan  
Opp. CGO Complex, Lodhi Road  
New Delhi-110003  
Dated: 26.05.2025

**OFFICE MEMORANDUM**

**Subject: Revision in Guidelines for the Small Hydro Power Schemes circulated vide letter Nos. 14(1)/2008-SHP dated 11.12.2009 and 14(03)2014-SHP dated 02.07.2014-Reg.**

The Guidelines for the Small Hydro Power Schemes circulated vide letter Nos. 14(1)/2008-SHP dated 11.12.2009 and 14(03)2014-SHP dated 02.07.2014 were introduced to promote the development of Small Hydro Power projects as part of India's renewable energy initiatives. Now, in view of challenges and difficulties faced by the sector, the Ministry of New and Renewable Energy is introducing changes/modifications/amendments in the said Scheme Guidelines to address the challenges faced by Stakeholders of Small Hydro Power sector.

2. The proposed changes/modifications/amendments will be applicable to all projects sanctioned under SHP Schemes circulated vide letter Nos. 14(1)/2008-SHP dated 11.12.2009 and 14(03)2014-SHP dated 02.07.2014.

3. The following clauses of Guidelines are amended:

Sl. no.	Clauses in Current Scheme Guidelines	To be read as
1	<p><b>Clause 26 of annexure B of SHP Scheme guidelines 2009:</b></p> <p>The developer would send monthly generation report to the Ministry after start of commercial generation till the time project attains 80% of the quantum of generation for the corresponding months as envisaged in the DPR, for a minimum of three consecutive months. The developer would also provide proof of energy generation such as certificate from SEB/Power Transmission Corporation/ Company etc. regarding purchase/wheeling of power. In case of grid failure, the documentary proof from the</p>	<p><b>Following criteria has to be fulfilled for release of balance CFA to SHP projects:</b></p> <p>a. If the project achieves <math>\geq 80\%</math> of the projected generation for any one corresponding month as envisaged in the DPR, it will receive balance eligible CFA.</p> <p>b. If above condition (a) is not met, CFA will be proportionately restricted by reducing the second installment of eligible CFA:</p>



	<p>SEB/Power Transmission Corp./ Company/ Utility should be attached.</p> <p><b>Clause 22 (vii) of annexure B of SHP Scheme guidelines 2014:</b></p> <p>80% of generation for the corresponding months as envisaged in the DPR for a minimum of three consecutive months OR</p> <p>80 % cumulative annual generation for one year as envisaged in the DPR.</p> <p><b>Clause 24 of annexure B of SHP Scheme guidelines 2014:</b></p> <p>The developer would send monthly generation report to the Ministry after start of commercial generation till the time the project attains 80% of the quantum of generation for the corresponding months as envisaged in the DPR, for a minimum of three consecutive months or 80% annual cumulative generation whichever is applicable. The developer would also provide proof of energy generation such as certificate from SEB/Power Transmission Corporation/ Company etc. regarding purchase/wheeling of power. In case of grid failure, the documentary proof from the SEB/Power Transmission Corp./ Company/ Utility should be attached.</p>	<p><b>Illustration*:</b></p> <p>If the project achieves 73% of the projected generation for the <i><b>cumulative of three consecutive months or cumulative annual generation for one year as envisaged in the DPR</b></i>, CFA would be calculated on pro-rata basis i.e., <math>(100 \times 73) / 80 = 91.25\%</math> of second installment of eligible CFA.</p> <p>* The above methodology will be applied for calculating the second installment of CFA. There will be no deduction from the eligible first installment of CFA.</p> <p>c. The developer would also provide proof of energy generation such as certificate from SEB/Power Transmission Corporation/ Company etc.</p>
2	<p><b>Clause 31 of annexure B of SHP Scheme 2009:</b></p> <p>A grace period of 12 months will be available for the commissioning of project from the original schedule date of commissioning as indicated by the developer in his application due to any unforeseen reasons during execution of project. For any further delay, the financial support would be reduced @ 5% for every quarter delay in commissioning of the project. The developers should regularly inform the Ministry if the project is getting delayed alongwith detailed reasons.</p> <p><b>Clause 29 of annexure B of SHP Scheme 2014:</b></p>	<p>A grace period of 12 months, due to any unforeseen reason, will be available for commissioning of the project from the original scheduled date of commissioning as indicated by the developer in his application. For any further delay, the financial support would be reduced @ 5% for every quarter delay in commissioning of the project, limited to maximum reduction of 50% from the second Installment of eligible CFA, after</p>



	<p>A grace period of 12 months will be available for the commissioning of project from the original schedule date of commissioning as indicated by the developer in his application due to natural calamities and /or any other unforeseen reasons for delays during execution of project. For any further delay, the financial support would be reduced @ 5% for every quarter delay in commissioning of the project. The developers should regularly inform the Ministry if the project is getting delayed alongwith detailed reasons.</p>	<p>deducting the eligible first installment of 50% CFA.</p>
3	<p><b>Clause 16 of annexure C of SHP Scheme 2009:</b></p> <p>The projects should be completed within the approved project period unless extended by the competent authority. In case, even 50% progress on the projects has not been achieved after this period without any valid &amp; justified reasons, the sanctioned financial support may be either restricted to the released funds only, or the released amount of financial support could be recalled alongwith the interest @ 10% per annum, depending on the merit of case.</p> <p><b>Clause 15 of annexure C of SHP Scheme 2014:</b></p> <p>The projects should be completed within a period of five (5) years from the date of award of contract unless extended by Competent Authority/Secretary, MNRE based on justified reasons and subject to the achievement of more than 70% physical (aggregate) &amp; financial progress on the project. However, "NO" Extension will be considered beyond seven years. The implementation organization must apply for extension of project duration well before the expiry of project duration. Further, if the implementing organization fails to complete the project within the approved project duration (including extended project duration) the sanctioned financial support may be either restricted to the released funds only or the released amount of financial support could</p>	<p>The projects should be completed within a period of five (5) years from the date of award of contract. In case of delays, Secretary, MNRE may grant extensions, on case-to-case basis, based on justified reasons and subject to the achievement of 50% aggregate physical progress on the project.</p>

	be recalled along with interest as applicable depending on the merit of case.	
4	<p><b>Clause 18 of annexure B of SHP Scheme guidelines 2009:</b></p> <p>After completion of the project and performance guarantee tests, the developer would ensure testing &amp; certification of performance of the project from AHEC, Roorkee and/or any other organisation as decided by the Ministry.</p> <p><b>Clause 24 (2<sup>nd</sup> installment) of annexure B of SHP Scheme guidelines 2009:</b></p> <p>Receipt of 'Completion Report' with Statement of Expenditure, Utilisation Certificate. generation data, audited accounts statement based on actual expenditure on the project etc. after successful commissioning of project, performance testing &amp; three months generation.</p> <p><b>Clause 25 of annexure B of SHP Scheme guidelines 2009:</b></p> <p>The developer would inform the Ministry about placement of orders for electro-mechanical equipment, disbursement of 50% of term loan &amp; achievement of 50% progress on the project to consider for release of first installment of financial support. For release of second installment of financial support, the developer would further inform the Ministry of successful completion of the project, fulfillment of performance guarantee tests, testing &amp; certification of performance of the project and the commencement of commercial generation.</p> <p><b>Clause 15 of annexure B of SHP Scheme guidelines 2014 is as follows:</b></p> <p>After completion of the project and performance guarantee tests, the developer would ensure physical inspection/testing &amp; certification of performance of the project from AHEC-IIT Roorkee</p>	<p><b>Following criteria has to be fulfilled for release of CFA to SHP projects:</b></p> <p>(a) The developer would inform the Ministry about placement of orders for electro-mechanical equipment, disbursement of 50% of term loan, 50% expenditure of the project cost supported by Audited Statement of Expenditure and achievement of 50% progress on the project, certified by the State Nodal Agency for considering the release of the first installment of CFA.</p> <p>(b) After commissioning of the project, the developer would ensure physical verification of the project and also verification of certificates to the effect that the major equipment used in the power plant conform to the relevant Indian/ International standards by HRED, IIT Roorkee/Jadhavpur University or any other organisation as decided by the Ministry from time to time.</p> <p>(c) For release of the second/final installment of CFA, the developer has also to submit the followings:</p> <ol style="list-style-type: none"> <li>Commissioning certificate</li> <li>Utilisation Certificate (if first instalment is released)</li> </ol>





	<p>and/or any other organization as decided by the Ministry.</p> <p>a. Projects with installed capacity of 1 MW and below will only be subjected to physical inspection relating to proper installation and commissioning in order to determine the rated capacity and generation at rated load with 10% overloading for grid connected or load as available for off grid connecting.</p> <p>b. Projects with installed capacity above 1 MW would be subjected to full testing and Certification of performance.</p>	<p>iii. Audited Statement of Expenditure based on actual total expenditure on the project and</p> <p>iv. Three months generation data.</p>
5	<p><b>Clause 10 (4<sup>th</sup> installment) of annexure C of SHP Scheme guidelines 2009:</b></p> <p>Submission of 'Completion Report with SOE, UC, generation data, audited accounts statement based on actual total expenditure on the project etc. after successful commissioning of project, performance testing &amp; 3 months generation.</p>	<p>Submission of Commissioning Certificate, UC, three-month generation data, Audited Statement of Expenditure based on total expenditure on the project and physical verification by MNRE Officers or any other Organisation as decided by the Ministry from time to time.</p>

4. Powers to relax any of the provisions in the SHP Scheme guidelines circulated vide letter Nos. 14(1)/2008-SHP dated 11.12.2009 and 14(03)2014-SHP dated 02.07.2014, would vest with Hon'ble Minister of New & Renewable Energy.

5. Remaining contents of the Guidelines for the Small Hydro Power Schemes circulated vide letter Nos. 14(1)/2008-SHP dated 11.12.2009 and 14(03)2014-SHP dated 02.07.2014 shall remain unchanged.

6. This issues w.r.t. Department of Expenditure's OM dated 30.04.2025 and with the approval of Hon'ble Minister of New & Renewable Energy.



(S.K. Shahi)  
Scientist 'E'

**To (through website of the Ministry):**

1. All Central Government Ministries and Departments
2. Renewable Energy/Power/Energy Departments of all States & UTs

3. Principle Director of Audit, Scientific Audit-II, DGACR Building, I.P.Estate, Delhi-110002
4. CMD, Indian Renewable Energy Development Agency Limited (IREDA), 3<sup>rd</sup> Floor, August Kranti Bhawan, Bhikaji Cama Place, New delhi-110066
5. State Nodal Agencies (SNAs) of all States/UTs
6. Head, Department of Hydro and Renewable Energy (HRED) IIT Roorkee, Uttarakhand
7. Heads of Banks/Financial Institutions

Copy To:

1. PS to Hon'ble Minister of Power and New and Renewable Energy
2. PS to Hon'ble Minister of State for New and Renewable Energy
3. PPS to Secretary, MNRE
4. PPS to Additional Secretary, MNRE
5. All Group Heads, MNRE
6. Sh. L.K. Trivedi, Director (PFC-I), Department of Expenditure, Ministry of Finance, North Block, New Delhi-110001
7. Chief Controller of Accounts, MNRE
8. PAO, MNRE
9. DS(IFD), MNRE
10. DDO, MNRE
11. Director (NIC) – for uploading on website of the Ministry

