

No. 284/4/2017-SHP
Government of India
Ministry of New and Renewable Energy
(Small Hydro Power Division)

Atal Askhay Urja Bhawan
Lodhi Road, New Delhi-110003
Dated 15.05.2026

To,

The Pay & Accounts Officer
Ministry of New & Renewable Energy
New Delhi-110003

Subject: **Administrative approval for implementation of Small Hydro Power (SHP) Development Scheme from 1 MW to 25 MW for the period FY 2026–27 to FY 2030–31 - Reg.**

Sir/Madam,

I am directed to convey the sanction of the President of India for the implementation of the Small Hydro Power (SHP) Development Scheme for the period FY 2026–27 to FY 2030–31 with an outlay of ₹ 2,584.60 crore with the following components:

S. No.	Component	Financial Outlay (₹ Crore)
1	CFA to SHP Projects (1-25 MW)	2532.6 (including processing fee)
2	CFA for Preparation of DPRs	30.00
3	Support to Technical Institutions (IITs/NITs etc.)	8.00
4	IEC Activities, Capacity Building, International Cooperation and Project Monitoring Unit (PMU)	14.00
	Total	₹ 2,584.60 Crore

2. Solar Energy Corporation of India Limited (SECI) shall be the National Programme Implementing Agency (NPIA) for this Scheme.

3. The total financial outlay of the scheme is Rs.2584.60 Crores including Rs.96 Crores committed liabilities of previous SHP Schemes.



4. The Operational Guidelines for Implementation of Small Hydro Power (SHP) Development Scheme for the period FY 2026–27 to FY 2030–31 is enclosed as **Annexure-A**.

5. This issues in exercise of the powers conferred on this Ministry and with the concurrence of IFD Division vide Diary No. 26 dated 11.05.2026.

6. This has the approval of the Hon'ble Minister for New and Renewable Energy.

Enclosure: As stated above



(S. K. Shahi)
Scientist 'E'

Email: sk.shahi@nic.in

Copy to,

1. ACS/Principal Secretaries/ Secretaries (Renewable Energy/ Energy/Power) of all States/UTs.
2. CMDs/MDs of DISCOMs/ State Nodal Agencies of all States/UTs.
3. Chairpersons, CERC/All State/Joint Electricity Regulatory Commissions.
4. MD, Solar Energy Corporation of India Limited

Copy for information to:

1. PS to Hon'ble Minister of New and Renewable Energy
2. PS to Hon'ble Minister of State of New and Renewable Energy
3. PPS to Secretary/AS/JS/JS&FA/Advisers/Group Heads, MNRE
4. Director (NIS) for uploading on Ministry's Website

GOVERNMENT OF INDIA

MINISTRY OF NEW AND RENEWABLE ENERGY

OPERATIONAL GUIDELINES

for the

**Small Hydro Power (SHP)
Development Scheme for 1 MW to 25
MW capacity**

FY 2026-27 to FY 2030-31

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1. Background

1.1 The Government of India has approved the 'Small Hydro Power (SHP) Development Scheme for the period FY 2026-27 to FY 2030-31' with a total financial outlay of ₹ 2,584.60 crore on 18th March 2026. The scheme targets installation of approximately 1,500 MW of new SHP capacity across India.

1.2 For the purpose of these Guidelines and the Scheme, Small Hydro Power (SHP) refers to hydroelectric power projects having an installed capacity not less than 1 MW and up to (and including) 25 MW. SHP projects harness the energy of flowing water such as rivers, streams, canals etc. to generate electricity without requiring dams or significant land submergence. They are recognized globally as an environmentally sustainable and technically mature source of renewable energy.

2. Objectives of the Scheme

The key objectives of the Small Hydro Power Development Scheme are:

- i. To support the installation of approximately 1,500 MW of new SHP capacity across India over the period FY 2026-27 to FY 2030-31.
- ii. To provide Central Financial Assistance (CFA) to incentivize development of SHP projects in states and union territories, with special emphasis on hilly and North -Eastern states.
- iii. To reduce the tariff of SHP generated electricity, making it more competitive and affordable to DISCOMs/State Government, ultimately benefiting consumers.
- iv. To create an estimated 9,000 permanent jobs and approximately 51 lakh person-days of employment during the construction phase.
- v. To contribute to India's climate commitments by avoiding approximately 4.3 million tonnes of CO₂ emissions annually after commissioning of 1,500 MW of SHP capacity.
- vi. To support the preparation of Detailed Project Reports (DPRs) for minimum of 200 SHP projects, creating a pipeline for future development.
- vii. To foster innovation and institutional capacity through support to IITs, NITs, and technical institutions working in the small hydro power sector.



3. Financial Outlay and Scheme Components

The total approved outlay for the scheme is ₹ 2,584.60 crore. The scheme comprises of the following components:

S. No.	Component	Financial Outlay (₹ Crore)
1	CFA to SHP Projects	2532.6 (including processing fee)
2	CFA for Preparation of DPRs	30.00
3	Support to Technical Institutions (IITs/NITs etc.)	8.00
4	IEC Activities, Capacity Building, International Cooperation and Project Monitoring Unit (PMU)	14.00
	Total	₹ 2,584.60 Crore

4.0 Roles and Responsibilities

4.1 Ministry of New and Renewable Energy (MNRE)

MNRE (the Ministry) will be the overall policy authority for the scheme. Its key responsibilities include:

- Issuing and amending Scheme Guidelines with the approval of the Hon'ble Minister of New and Renewable Energy.
- Policy support and regulatory recommendations to State Governments and DISCOMs.
- Overseeing SECI, SNA and developers and directing the implementation of the scheme.
- Conducting IEC activities, Capacity Building activities and international cooperation activities for implementation of the scheme.
- Coordinating with other ministries and departments as required.
- Monitoring the overall progress and outcomes of the scheme.
- Releasing funds to SECI and project developers on the basis of milestones and fund requisitions.



- Any other activity required for implementation of the Scheme.

4.2 National Programme Implementing Agency (NPIA)

The Solar Energy Corporation of India Limited (SECI) will serve as the National Programme Implementing Agency (NPIA) for the scheme. Following will be major roles and responsibility of SECI:

- Scrutinize the online applications of eligible SHP developers forwarded by SNA, as per scheme guidelines.
- Appraising/recommending eligible applications to MNRE for sanctioning of the CFA.
- Monitoring physical and financial progress of sanctioned projects.
- Maintain application registry, sanction records and developer database.
- Keep record of financial documents such as bank guarantees or undertakings as applicable.
- Process/recommend CFA release linked to defined milestones.
- Ensure adherence to General Financial Rules, 2017 (if applicable), as amended from time to time, read with the Government of India's decisions incorporated there-under, and any other guidelines which may be issued in this regard.
- Maintain separate scheme accounts for SHP Scheme.
- Handle legal matters related to CFA disbursement.
- Obtain and scrutinize Utilization Certificates (UCs).
- Maintain records for internal audit, CAG audit, and MoF reviews.
- Submit status report periodically to MNRE.
- Conducting field visits and inspections if required.
- Any other work as decided by the Ministry of New and Renewable Energy.

4.3 State Nodal Agencies

State Governments/Union Territories and their designated State Nodal Agencies (SNAs) will play a critical facilitative role in the scheme. All the States/UTs shall have to designate a SNA for the purpose of the Scheme. The responsibilities of SNAs include:

- Scrutiny of documents submitted online by the Project Developers.
- After scrutiny, if documents are found to be in compliance with the Scheme guidelines, SNA will forward it to the National Programme Implementing Agency.

- Facilitating/monitoring the allotment/progress of SHP projects.
- Facilitating in clearances such as forest clearance and grid connectivity.
- Facilitating in assured power offtake through signed PPAs with DISCOMs or State agencies.
- Coordinating with SECI and MNRE on monitoring and reporting.
- Any other role as defined in the scheme guidelines.

5. SHP Online Portal

A dedicated SHP Portal shall be developed and maintained by MNRE or its designated agency for implementation of the Scheme. All activities under the Scheme shall be carried out exclusively through the Portal, including:

- Project developer/SNA/Technical Institute registration.
- Submission of applications and other related documents for SHP project/DPR preparation.
- Submission of proposals by technical Institutes.
- Submission of request for release of eligible CFA.
- Project progress Monitoring.
- Grievance redressal.
- Any other activity required for implementation of the Scheme.

6. Central Financial Assistance (CFA) to SHP Projects (1 MW - 25 MW)

6.1 Objective:

The scheme targets installation of approximately 1,500 MW of new SHP capacity across India. Total outlay under this component is ₹ 2532.60 crores including processing fee of SECI.

6.2 Eligibility:

6.2.1 Under the Scheme, **project developers**, who have been allotted the projects by States/UTs as detailed in para 6.2.3 below, are eligible to apply for setting up of SHP projects

of not less than 1 MW and up to 25 MW capacity. The project developers, for the purpose of the scheme and these guidelines, may be private sector companies/developers, government sector entities, Joint Venture or any other entity having project allotted by the States/UTs.

6.2.2 All the projects where construction on the project has started after announcement of the Scheme (i.e., 18.03.2026) are eligible to apply under the Scheme, subject to meeting all other criteria as laid down in these guidelines. Projects where construction started before announcement of the Scheme are not eligible under the Scheme.

6.2.3 Allotment Condition: To be eligible under the Scheme, the following allotment criteria must be met:

- i. The projects must be allotted through a transparent and competitive bidding process to the project developers.
- ii. In cases where competitive bidding is attempted but does not produce successful outcomes, the project may be allotted to the Government sector entity/ department on a nomination basis.

The projects allotted before announcement of the Scheme, but where construction is started after announcement of the Scheme, are also eligible under the scheme, subject to meeting above allotment conditions and all other criteria as laid down in these guidelines.

6.2.4: Clearances/NOC:

To be eligible under the Scheme, the project must have obtained following clearances/NOC (as applicable):

- i. Forest Clearance (FC)
- ii. Techno-economic clearance from the State/UT Government or its designated agency
- iii. NOC from the State/UT Pollution Control Board (SPCB)
- iv. NOC from Fisheries Department
- v. Grid Connectivity Approval from the State Transmission Utility (STU)
- vi. NOC from local bodies / Gram Panchayat
- vii. NOC from Irrigation Department wherever applicable
- viii. Wildlife Clearance wherever applicable
- ix. Any other NOC and clearances as specified by the concerned State Government /UTs / Central Government.



Above list is an indicative list of permits, clearances, licenses and NOCs. The Project Developer shall be required to obtain all permits, clearances, licenses and NOCs as per the applicable laws, rules, regulations and policies for construction and operation of the Project in the respective State/UT.

6.3 Central Financial Assistance (CFA) Structure

6.3.1 The CFA to SHP projects is 30% of the normative capital cost as determined by the Central Electricity Regulatory Commission (CERC) under CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations 2024, dated 12th June 2024 or 30% of actual cost, whichever is lower with an upper cap of ₹ 30 crore, for North Eastern States & Districts (within any State/UT) having International Borders. The CFA for other locations will be 20% of the CERC normative capital cost or 20% of actual cost, whichever is lower with an upper cap of ₹ 20 crore. The CFA rates applicable are as follows:

Category / Location	CERC Normative Capital Cost (₹ Core/MW)	CFA Rate	Effective CFA (₹ Core/MW)	Upper Cap per Project
North-Eastern States & Districts (within any State/UT) with International Borders (1-25 MW) *	12.00*	30%	3.60*	₹ 30 Crore
Himachal Pradesh, Uttarakhand, West Bengal, UT of J&K, UT of Ladakh (1-25 MW) (other than Districts with International Borders)	12.00	20%	2.40	₹ 20 Crore
Other States (1 MW – 5 MW) (other than Districts with International Borders)	8.90	20%	1.78	₹ 20 Crore
Other States (above 5 MW – 25 MW) (other than Districts with International Borders)	10.27	20%	2.054	₹ 20 Crore

**For districts having international borders in states other than HP, Uttarakhand, West Bengal, UT of J&K, UT of Ladakh and NER, the CFA will be 30% of the CERC normative capital cost applicable to the state in which the district falls, or 30% of actual project cost, whichever is lower with upper cap of ₹ 30 Crore per project.*

6.3.2 The Normative capital cost of SHP projects as specified in the CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations dated 12th June 2024 will be taken as the benchmark normative cost for the entire scheme period.

6.4 Application Procedure under the Scheme:

6.4.1 The eligible project developers are required to submit the application through online SHP portal only. The applications received through any other mode will not be considered. SHP portal is accessible at <https://nrep.mnre.gov.in/shp-home>

6.4.2. The project developers are required to submit the application along with the following documents:

- A copy of the project allotment letter from the State/UT Government.
- A Detailed Project Report (DPR) including hydrological and technical assessments.
- All applicable statutory clearances and approvals as per Clause No. 6.2.4.
- Duly notarized Undertaking in original (on a non-judicial stamp paper of Rs. 500) in the format mentioned at **Annexure-V**.
- Any other documents as may be specified by MNRE.

6.4.3 The application submitted by the project developers will be transferred to concerned SNA for verification, rectification. Upon completion of verification and rectification by the SNA, the scrutinized application shall be forwarded to the SECI for further processing.

6.4.4. SECI will scrutinize the applications and appraise/recommend the complete and eligible applications to the MNRE.

6.4.5 MNRE will sanction the projects, with the concurrence of IFD and approval of Competent Authority, on receipt of recommendations/appraisals from the SECI.

6.4.6 Timeline for submission of application and commencement of construction are as under:

- i. Projects where construction has commenced after 18.03.2026 but prior to issuance of these Scheme Guidelines: Such projects shall submit their application under the Scheme within three (3) months from the date of issuance of these Scheme Guidelines.

- ii. Projects where construction commences after issuance of these Scheme Guidelines but prior to issuance of sanction order under the Scheme: Such projects may submit their application under the Scheme either before commencement of construction or within three (3) months from the date of commencement of construction at the project site. Mere commencement of construction or submission of application shall not confer any right or entitlement to financial assistance under the Scheme. Such projects shall be considered for sanction by MNRE only after they are found eligible under the Scheme & subject to availability of funds.
- iii. Projects where construction has not commenced prior to issuance of the sanction order: Such projects shall commence construction at the project site within six (6) months from the date of issuance of the sanction order, failing which the sanction shall be treated as cancelled. However, in case of justified delays, Secretary, MNRE may consider extension in the date of start of the construction, on case-to-case basis, on the request of the developer.

6.4.7 The project developer must submit regular progress reports on the online portal on a quarterly basis. MNRE/SECI/SNA may conduct field inspections at any stage of construction.

6.5 Disbursement of First Instalment of CFA:

6.5.1 The project will be eligible to avail 50% of CFA as first installment on completion of 50% physical progress and 50% of financial progress. The 50% physical progress will be verified by SNA based on the overall physical progress achieved for Civil work, Electromechanical and connected switchyard & duly supported by documents.

6.5.2 In addition to above, the project developers must submit audited statement of expenditure, minimum 5 photographs of completed works, Power Purchase Agreement (PPA) with a State Government/DISCOM etc. The PPA should have a minimum tenure of 15 years.

6.5.3 Prior to any disbursement, private sector developers and Government Sector Entities (except Government Departments) are required to submit a Bank Guarantee (BG) equivalent to the value of the amount of the first instalment, as a financial security against non-performance or abandonment of the project. The BG must be submitted in format attached as **Annexure I**. The Government Department must submit undertaking (as **per annexure II**) for availing the CFA. All such instruments, in original, have to be submitted to the National Programme Implementing Agency.



6.5.4 The first installment of CFA is kept as optional. The developer may choose to get the first installment of CFA along with second / final installment of CFA. The final eligible CFA will be released after achieving Commercial Operations Date (COD) and other terms and conditions of the guidelines. The COD shall be as defined in the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2023 which is re-iterated as under:

“The commercial operation date in the case of a unit of the hydro generating station including a pumped storage hydro generating station shall be the date declared by the generating station after a successful trial run at MCR or de-rated capacity as per sub-clause (b) of clause (2) of Regulation 22 of these regulations, as the case may be, and submission of a declaration as per clause (2) of Regulation 26 of these regulations.”

6.6 Commissioning and final Instalment

6.6.1 The project will be eligible to avail second/final installment of CFA upon meeting all of the following three criteria:

- a. Completion of the Project
- b. Achievement of Commercial Operations Date (COD)
- c. Achievement of minimum 80% of monthly generation at least for a calendar month of the Installed Capacity as envisaged in the approved DPR. This condition has to be met within one year from the date of COD.
- d. If the project is not able to meet the above condition, the CFA will be reduced proportionally on pro-rata basis subject to a minimum of 50% generation. The pro-rata CFA calculation will be as explained below:

Illustration*:

*If the project achieves 73% of the projected generation of the installed capacity as the highest in any three consecutive calendar months (average of three consecutive months) or cumulative annual generation for one year, CFA would be calculated on pro-rata basis i.e., $(100*73)/80 = 91.25\%$ of the total eligible CFA.*

Note: One-year extension over and above clause 6.6.1 (c) in achieving the generation condition may be granted by Secretary, MNRE on case-to-case basis on valid grounds.

6.6.2. The project developer will have to submit following documents for second/final installment of CFA:



- i. Certificate of Commercial Operation.
- ii. Audited Statement of Expenditure.
- iii. Monthly Joint Meter Reading of the project since commissioning until it attains 80% generation condition.
- iv. Minimum 5 photographs of the project covering all the components of the project.
- v. Certificate from the Bank/FI (from where loan is availed, if any) that the project is not a "Non Performing Asset" (NPA) and the developer is not a defaulter.
- vi. Physical Inspection/verification Report in line with Clause No. 6.6.3 below.
- vii. Any other document as sought by MNRE/SECI/SNA.

6.6.3 The developer shall, at its own cost, arrange for physical inspection/verification of the project from HRED-IIT Roorkee and/or any other organization as decided by the Ministry. Projects will be subjected to physical inspection/verification relating to proper installation, electricity generation and that the major equipment installed in the project conform to Indian or International standards. Format for submission of physical inspection/verification report is given at **Annexure-VI**.

6.6.4 The CFA will be released directly to the project developer's loan account. If the developer has not taken any loan or loan has been repaid completely, the CFA will be disbursed in the account of the project developer.

6.7 Project Completion Timeline

6.7.1. Projects must be completed within 4 years from the date of start of construction on site. Start date of Construction shall be as verified and intimated by the SNA. A grace period of 1 year in completion of the project may be granted by Secretary MNRE for justified delays such as force majeure events or any other event beyond the developer's control, upon submission of documentary evidence by the project developer. The SNA after careful consideration of the case, will recommend to consider the grace period to MNRE.

6.7.2 If the project completion is delayed, the CFA will be reduced at 4% of total Eligible CFA sanctioned for every quarter delay. For part quarter delay, the CFA will be reduced on pro-rata basis (up to 3 decimals) by taking 90 days in a quarter.

6.7.3 No CFA will be considered for projects that are not completed or where Commercial Operations have not commenced within 7 years from the date of start of construction. For that

project, the Capacity completed and commissioned within 7 years from the date of start of construction will only be eligible for CFA on pro-rata basis as per eligible CFA defined in the scheme. In case Project fails to achieve completion and commissioning of the sanctioned capacity within 7 years of the start of Construction of the Project, the SHP Developer shall return the CFA on pro-rata basis for the capacity which has not been completed and commissioned.

6.7.4 Any return of the CFA shall be with an interest calculated at the rate as may be determined by the Government of India, applicable from the date of CFA release until its repayment by the project Developer.

6.8 Processing Fee

A processing fee of 0.5% of the amount of funds disbursed to SHP projects will be paid to SECI as remuneration for their services as NPIA.

6.9 Miscellaneous

6.9.1 The financial institution/bank would adjust the amount as deemed fit, after receipt of the financial support. The FI/bank are advised not to charge any pre-payment penalty, if any, from the developer for this amount.

6.9.2 Incomplete proposals in any form or without requisite documents will not be entertained and shall be rejected. Timely submission of complete application along with all requisite documents shall be sole responsibility of the applicant / developer.

6.9.3 The Ministry reserves the right to review/revoke the financial support and in case the financial support has already been released to withhold the financial support and recall the financial support already released to the developer in the event of subsequent developments coming to the notice of the Ministry which may affect the project and the FI / Bank / developer shall be bound by the decision of the Ministry in this regard.

7.0 Standards and technical specifications, component wise.

7.1 All the engineering design and construction should be as per Indian standards issued by Bureau of Indian Standards (BIS) or International Standards, CWC, CEA and AHEC (HRED IITR) and shall be climate resilient. Indicative standards are given at **Annexure-III**.



7.2 The Hydro-Mechanical and Electro-Mechanical equipment must conform to latest available Indian Standards (IS) or International Standards (IEC/ISO) or any other Standard issued by the Government of Indian or it's organization. The list of Indicative standards is given at Annexure-IV.

8. Support for Preparation of Detailed Project Reports (DPRs)

8.1 Objective

The Ministry aims to sanction a minimum of 200 DPRs over the scheme period. The total outlay for this component over the scheme period is ₹ 30 crore.

8.2 Eligible Agencies

8.2.1 The CFA for DPR preparation is available to the following entities:

- Central Government Departments, Agencies, and Public Sector Undertakings (PSUs)
- State Governments/Union Territories and their Designated departments
- State Government/UT agencies, PSUs, and Nodal Agencies for Renewable Energy

8.2.2 The eligible Agency has to designate a nodal person, with the approval of Head of the Department/agency, who shall apply through the online portal under this component.

8.3 CFA for DPR Preparation

8.3.1 The CFA support for DPR preparation shall be ₹10 lakhs per DPR or the actual expenditure incurred, whichever is lower, for projects up to 15 MW capacity. For capacities exceeding 15 MW, the CFA will be enhanced at the rate of ₹50,000 per MW of additional capacity with a maximum ceiling of ₹15 lakhs per DPR.

8.4 Application for DPR Support

8.4.1 Eligible agencies intending to apply for CFA for preparation of DPRs may submit their applications through the online portal. Following documents are required to submit by the eligible agency while applying for DPRs:

- i. Recommendation letter from Head of the Department/Agency
- ii. Pre-feasibility report
- iii. Estimated cost for DPR preparation.

- iv. Letter from SNA mentioning the DPR have not been prepared earlier for same site.
- v. Nomination letter for nodal person by SNA as per clause 8.2.2, above.

8.4.2 While applying through online SHP portal, the agency has to fill location, coordinates, estimated capacity and river or stream details along with above documents.

8.5 Disbursement of CFA

8.5.1 The CFA would be released as 50% along with sanction Order and 50% on submission of the approved DPR and other documents as detailed below.

8.5.2 For Release of Second Instalment, the agency has to submit the following:

- i. Complete DPR document covering all required studies
- ii. Approval or acceptance of the DPR from the Competent State/UT Government Authority
- iii. Utilization Certificate (UC) for the first instalment of CFA
- iv. Audited Statement of actual expenditure incurred on DPR preparation
- v. Any other documents as may be specified by MNRE at the time of sanction

8.5.3 The DPRs should be in conformity with "Guidelines for formulation of Detailed Project Reports for Hydro Electric Schemes" as laid down by CEA and/or as per other relevant standards/practices issued by AHEC/CEA/CWC and must cover the following studies and analyses:

DETAILED PROJECT REPORTS (FORMAT)	
Chapter 1	Introduction
Chapter 2	Basic data
Chapter 3	Survey and investigations
Chapter 4	Geological and Geotechnical Investigations
Chapter 5	Hydrology
Chapter 6	Power Potential & Installed Capacity
Chapter 7	Civil Works
Chapter 8	Electro Mechanical Works
Chapter 9	Construction Planning
Chapter 10	Project Organisation
Chapter 11	Environmental And Ecological Aspects Questionnaire Issues By The Department Of Environment For River Valley Projects
Chapter 12	Contribution of Small Hydropower in Carbon-Di-Oxide Emission Reduction
Chapter 13	Cost Estimates
Chapter 14	Financial and Economic Studies
Chapter 15	Risk Assessment and Mitigation measures

Chapter 16	Conclusions and Recommendations
	List of personnel involved
	Annexure
	Drawings
	Photographs

8.6 Miscellaneous

8.6.1 States/UTs which have implemented/awarded the maximum number of Projects against the DPRs sanctioned in earlier SHP Schemes will be given priority in sanctioning CFA for new DPRs.

8.6.2 MNRE reserves the right to reject any application / proposal for DPR preparation without assigning any reason.

9. Support to Technical Institutions

9.1 Eligible Institutions

IITs, NITs, and other technical institutions of repute which have developed expertise in areas relevant to small hydro power including hydraulic turbine design, civil engineering for water structures, environmental flow assessment, and grid integration of small hydro are eligible to apply under this component.

9.2 Nature and Quantum of Support

9.2.1 A maximum of ₹ 2 crore per year for all the institution will be provided, based on proposals received and appraised by a committee of experts constituted by MNRE. The support will be sanctioned after acceptance of recommendations of expert committee by Secretary, MNRE. The releases will be made as per proposal received, recommendation of Expert Committee and in line with GFR 2017. The total outlay for this component over the scheme period is ₹ 8 crore. The support may be used for:

- Research and development on SHP technologies, turbine design, and civil structures
- Development of testing facilities and laboratories
- Documentation of best practices, case studies, and technical guidelines for the sector
- Any other work in SHP sector



9.2.2 The Eligible and interested Institutes are required to submit the proposal through online portal. The proposal must contain the following:

- i. **Institutional Profile and Credentials:** brief overview of the institution's work in the small hydro or allied sectors, list of relevant research publications/projects and equipment development work undertaken in the past five years.
- ii. **Area of Work and Relevance to SHP Sector:** Description of the specific area of work proposed, its direct relevance and applicability to advancing the small hydro power sector in India.
- iii. **Objectives and Expected Outcomes:** Specific & measurable objectives of the proposed work, expected deliverables and anticipated benefits to the SHP sector upon completion.
- iv. **Work Plan and Methodology:** Detailed description of the methodology to be adopted, activity-wise work plan with clearly defined tasks, sub-tasks, milestones and timeline for completion of each activity.
- v. **Team Composition and Expertise:** Details of the principal investigator and co-investigators, including their academic qualifications, relevant experience, and specific expertise and any external collaborators or industry partners involved in the work.
- vi. **Infrastructure and Facilities Available:** Description of existing laboratory infrastructure, testing facilities, equipment, and computational resources available at the institution that will be utilised for the proposed work, identification of any additional infrastructure to be procured.
- vii. **Budget Estimate and Justification:** Item-wise budget breakup covering manpower costs, equipment procurement, consumables, travel, training, testing charges and overheads etc. Justification for each budget head and confirmation that the total request does not exceed the ceiling of ₹ 2 crore per year as prescribed under the scheme.
- viii. **Linkage with Industry and SHP Developers:** May include description of existing or proposed linkages with SHP project developers, equipment manufacturers, State Nodal Agencies, or DISCOMs, mechanism for transfer of knowledge, technology or trained manpower to the industry upon completion of the work.
- ix. **Plan for Dissemination and Capacity Building:** Details of how the outputs of the work will be disseminated along with the number & profile of beneficiaries expected to be trained or supported, if any.



- x. **Monitoring, Evaluation, and Reporting Framework:** Proposed mechanism for internal monitoring of progress, frequency and format of progress reports to be submitted to MNRE.

10. IEC Activities, Capacity Building and Project Monitoring Unit

10.1 A total of ₹ 14 crore has been earmarked under the scheme for Information, Education and Communication (IEC) activities, Capacity Building, International Cooperation, and creation of a Project Monitoring Unit (PMU).

10.2 IEC programme will be implemented to raise awareness about the SHP scheme among potential developers, state governments, financial institutions, and local communities. IEC activities will include:

- National and regional workshops, seminars etc.
- Publication of scheme guidelines, technical manuals, and best practice documents
- Print/Digital outreach
- Outreach to financial institutions to familiarize them with SHP project financing
- Community engagement programmes in areas where SHP projects are planned
- Any other activity associated with creating awareness about the scheme

10.3 Capacity building initiatives will focus on training state government/SNA officials and other Stakeholders. International cooperation activities will facilitate knowledge exchange with countries having well-developed SHP sectors such as China, Norway, Austria, and Switzerland Canada etc.

10.4 MNRE shall establish a dedicated PMU in the Ministry. The PMU shall function as a support unit to MNRE for monitoring, evaluation and policy inputs. Following will be major roles and responsibility of PMU:

- Monitor physical progress, commissioning status, and capacity addition.
- Develop and maintain MIS dashboards at scheme level.
- Flag delays, bottlenecks, and non-performing projects to MNRE.
- Assist MNRE in scheme design, guidelines, amendments and FAQs.
- Assist in third-party evaluations and impact assessments.
- Prepare analytical reports for review meetings.
- Coordinate with States, SNAs, IREDA, developers and other Ministries.

- Organize review meetings, workshops and consultations.
- Any other work as decided by the Ministry.

11. Grievance Redressal

Any developer or stakeholder who has a grievance related to the implementation of the Scheme may raise the grievance through online portal. SECI will acknowledge the grievance within 15 working days and aim to resolve it within 90 days of the receipt.

12. Amendments/Clarifications

12.1 MNRE may make necessary amendments to these scheme guidelines within the overall framework and spirit of the Cabinet approval, as and when required, with the approval of the Hon'ble Minister of New and Renewable Energy. Such amendments proposals will be routed through IFD. It will also be communicated to all stakeholders through official notifications and will be made available on the MNRE website and SHP Portal.

12.2 MNRE may also issue clarifications to remove any difficulties in the implementation of the scheme, provided such clarifications do not alter the overall financial outlay or fundamentally change the scheme structure, with the approval of Secretary, MNRE.

12.3 In case of any ambiguity in the Scheme Guidelines, the decision of the Ministry shall be final and binding.

12.4 Fresh applications on the SHP Portal will be accepted till 31.12.2030 only.

12.5 *The aforesaid scheme is subject to change(s) and modification(s) as may be decided by the MNRE, Govt. of India from time to time, and subject to the limit as indicated in para no. 3. It is further clarified that mere submission of the application should not be construed as a right to sanction/approval of the project for grant of CFA by MNRE.*



FORMAT OF BANK GUARANTEE

Guarantee No & date.....
 Amount of Guarantee Rs.....
 Guarantee cover from dated:..... To dated:
 Last Date for Lodge of claim:

The Managing Director
 Solar Energy Corporation of India Limited
 6th Floor, Plate-B, NBCC Office Block Tower-2, East Kidwai Nagar, New Delhi - 110023

THIS DEED OF GUARANTEE executed at _____ this the _____ of
 _____ by _____
 (Name of the Bank)

 (Address of the Bank)

(hereinafter referred to as "the Guarantor", (which expression shall include its successor or successors) IN FAVOUR OF Solar Energy Corporation of India Limited (SECI), a Public Sector Undertaking of the Ministry of New and Renewable Energy presently having its Office at 6th Floor, Plate-B, NBCC Office Block Tower-2, East Kidwai Nagar, New Delhi - 110023 (which expression shall include its successor or successors and assigns).

WHEREAS in consideration of Office Memorandum No. - SHP dated of Solar Energy Corporation of India Limited, a Public Sector Undertaking of the Ministry of New and Renewable Energy presently having its Office at 6th Floor, Plate-B, NBCC Office Block Tower-2, East Kidwai Nagar, New Delhi - 110023 having provisions of providing financial support in setting up of SHP project in the lines of terms and conditions laid-down by MNRE in the said Notification.

WHEREAS MNRE has considered the application of[Insert name of the Project Developer] (which expression shall unless repugnant to the context or meaning thereof include its executors, administrators, successors and assignees), hereinafter called the "SHP Developer" and issued sanction to the Project vide Sanction No. _____ to the SHP Developer.

Whereas the SHP Developer has requested MNRE to release and disburse 50% of the eligible financial support and whereas MNRE would release an amount of Rs.....subject to SHP Developer complying the terms and conditions under the said scheme, interalia, providing a Bank guarantee to the satisfaction of SECI.

AND WHEREAS, the Guarantor has, at the request of the SHP Developer, agreed unconditionally and irrevocably to guarantee payment to SECI for the financial assistance of Rs. Lakhs (Rupees only)..... in the manner following.

Now, therefore, in order to induce SECI to release an amount of Rs.....the parties hereto agree as follows :-

1. The Guarantor absolutely, unconditionally and irrevocably guarantees and undertake to pay an amount of Rs (Rupees.....) without any demur, reservation, recourse, contest or protest on first demand merely on demand from the Government of India stating that the amount claimed is due by way of loss or damage caused or would be caused or suffered by the Government by reasons of any breach by the said Small Hydro Power Developer of any of the terms or conditions contained in the said Notification.



2. We _____ Bank, further agree with the SECI that the Government shall have fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any or the terms and conditions of the said MNRE Notification.
3. The Guarantor represents and warrants that this Agreement has been duly authorized, executed and delivered by the Guarantor, and constitutes a valid and legally binding obligation of the Guarantor enforceable in accordance with its terms, is in full force and effect with no default thereunder and there is no action, suit, proceeding or investigation pending or threatened on any basis therefore, which questions the validity of this Agreement.
4. The Guarantor agrees and undertakes to execute, sign, seal and deliver all documents, papers, acknowledgements and other writings as may be required by SECI/MNRE at any time during the period this Agreement is in force with a view to more fully and effectively securing the monies due and payable by the Guarantor to the SECI in terms of this Agreement.
5. The Guarantor shall pay or cause to be paid all taxes, charges, and fees now or hereafter imposed on or in connection with the execution, delivery recording or registration of this Agreement, the obligation evidenced hereby or payment hereunder.
6. The Guarantor shall not assign or transfer this Agreement without having first obtained the written consent of SECI. All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind their several and respective successors.
7. The Guarantor hereby agrees that, in the event of default / breach committed by the SHP Developer to the SECI under the said notification or otherwise, the Guarantor shall, within seven (7) days from the date of delivery by the SECI to the Guarantor of a notice in writing of such default, fully discharge its obligations under this Agreement. The Guarantor hereby further agrees that an intimation in writing by the SECI to the Guarantor that a default / breach that has occurred, shall be treated as final and conclusive proof of the facts stated in the said notice.
8. The Guarantor hereby agrees that, on demand by the SECI, the Guarantor shall make payments to SECI under this Agreement at New Delhi.
9. The Guarantor shall not be released from obligations hereunder, except upon receipt by the SECI of the sum of Rs. Lakhs (Rupees lakhs only) or except with the express consent of SECI that the Bank is discharged from its obligations.
10. This Bank Guarantee shall be valid up to _____ (minimum of three years from the date of issue of this bank Guarantee) and shall, at the request of the _____ (the SHP Developer) be extended from time to time and kept valid unless the Bank is discharged expressly by SECI, before the said date, the Bank Guarantee automatically without any further action by MNRE stand extended to the release of second instalment by SECI or until further communication by SECI that the Bank is discharged from the obligation whichever is later. Further, a claim period of 180 days after validity period (claim period) is available to SECI to make a demand for encashment under the Bank Guarantee,
11. This Guarantee constitutes an independent and separate Contract between the Bank / Guarantor and the Beneficiary/SECI and its not contingent upon the validity and enforceability of the Sanction Order issued by the MNRE.
12. This Guarantee shall be Governed by the laws of India and subject to the exclusive jurisdiction of Courts at New Delhi.
11. All communications or notices to this Agreement shall be in writing or sent by registered post.

IN WITNESS WHEREOF, the Guarantor has caused Shri _____ to hereto set his hand for and on its behalf on this Agreement as of the date first above written.

Signed and delivered by Shrifor and on behalf of the.....(Name of the Bank) in the presence of :

1.

2.



Annexure II

UNDERTAKING BY STATE GOVERNMENT DEPARTMENT

(For Availing Central Financial Assistance under the Small Hydro Power (SHP) Development Scheme, FY 2026-27 to FY 2030-31)

This Undertaking is executed on this _____ day of _____, 20____, by:

Name of the Entity	_____
Type of Entity	State Government Department
State / Union Territory	
Name of Authorized Signatory	
Designation	
Office Address	

Project Details:

Project Name	
Project Location (River / Stream / District / State)	
Installed Capacity (in MW)	
MNRE Sanction Order No. & Date	
Amount of CFA Sanctioned (₹ in Crore)	
Date of Start of Construction	

Hereinafter referred to as the "Developer", do hereby solemnly undertake and declare as follows:



TERMS OF UNDERTAKING

1. The Developer is a **Government Department** within the meaning of the Operational Guidelines for the Small Hydro Power (SHP) Development Scheme, FY 2026-27 to FY 2030-31 (hereinafter referred to as "**the Scheme**") issued by the Ministry of New and Renewable Energy (MNRE), Government of India, and is eligible to submit this Undertaking for availing first Instalment of Central Financial Assistance (CFA) under the Scheme.
2. The Developer has applied for and has been sanctioned CFA amounting to ₹ _____ crore (Rupees _____ only) vide MNRE Sanction Order No. _____ dated _____ for the establishment of _____ (name of project) Small Hydro Power Project of _____ MW capacity at _____ (hereinafter referred to as "**the Project**").
3. The Developer hereby unconditionally and irrevocably undertakes to utilise the CFA so received exclusively for the purpose of development, construction and commissioning of the Project as described in the sanctioned Detailed Project Report (DPR) and strictly in accordance with the terms, conditions, and provisions of the Scheme guidelines, as amended from time to time.
4. The Developer further undertakes that the Project shall be completed and achieve Commercial Operations Date (COD) **within 7 (seven) years from the date of start of construction**. The Developer acknowledges that failure to commission the Project within 7 years from the date of start of construction shall render the Developer ineligible for any CFA under the Scheme, and the CFA already released shall be liable to be refunded in full along with applicable interest.
5. The Developer hereby undertakes to **refund the CFA amount** already released, along with interest at the rate as may be determined by the Government of India, in the event of any of the following circumstances:
 - (a) Violation of any provision, condition or guideline of the Scheme;
 - (b) Non-completion of the Project within 7 years from the date of start of construction;
 - (c) Abandonment, surrender or cessation of the Project without prior approval of MNRE;
 - (d) Submission of false, misleading or fabricated information or documents at any stage of the application, sanction or disbursement process;
 - (e) Diversion or misutilisation of CFA funds for any purpose other than the sanctioned Project;
 - (f) Cancellation or withdrawal of the Project sanction by MNRE for any reason attributable to the Developer;
 - (g) Non-compliance with any order, direction or instruction issued by MNRE or SECI (National Programme Implementing Agency) relating to the Scheme.

6. The Developer acknowledges and agrees that the Ministry of New and Renewable Energy reserves the right to review, suspend, withhold or recall the financial support/CFA at any stage if it is found that the progress of the Project is unsatisfactory, or any condition of the Scheme guidelines has been violated. The decision of MNRE in this regard shall be final and binding on the Developer.
7. The Developer undertakes that it will take Bank Guarantee from EPC contractor for amount of the CFA released and will encash the BG & submit the amount to the MNRE in case of violation or non-completion of the project in seven years from the start of work at the site.
8. This Undertaking is given in good faith and with full authority. The signatory is duly authorised by the competent authority of the Developer entity to execute this Undertaking on its behalf and to bind the Developer to the obligations stated herein.

DECLARATION

I, _____, the undersigned, solemnly declare that the information furnished above is true and correct to the best of my knowledge and belief and nothing has been concealed or misrepresented. I confirm that I am duly authorised to sign this Undertaking on behalf of the above-named Developer.

Place: _____ Date: _____	(Signature of Authorised Signatory) Name: _____ Designation: _____ Official Seal / Stamp: _____
-----------------------------	---

Witness:

1. Name: _____ Designation: _____ Signature: _____	2. Name: _____ Designation: _____ Signature: _____
--	--

To be submitted in original to:

The Managing Director
Solar Energy Corporation of India Limited (SECI)
 National Programme Implementing Agency – SHP Development Scheme
 Ministry of New and Renewable Energy, Government of India



Indicative standards in respect to Clause 7.1 of this Guidelines

Item	Standard
Penstock and Anchor Block	IS 11625 – 1986 IS 5330 – 1984 IS 11639 - 1986
Hydropower Intakes	IS 9761 - 1995
lined canal	IS 10430 – 2000 IS 7916 – 1992
Power house Design	IS 4247 – 1993
Design of Tunnels	IS 4880 – 1987 (1 to 7)
Guidelines for sediment Management in Hydropower projects	CWC, May 2018
Civil Works – Hydraulic and Structural Design	AHEC-IITR, 2.2 and 2.3 – July 2013



The list of Indicative standards in respect to Clause 7.2 of this Guidelines is as below:

Equipment	Standard
Field acceptance tests to determine the hydraulic performance of hydraulic turbines, storage pumps and pump-turbines	IS/ IEC 60041:1991 IS/ IEC 60193:2019 IEC 60545:2021 IEC 61116:2025 IEC 61362:2024 IEC 62006:2010 IEC 62270:2013 IEC 62364:2019 IEC/IEEE 63198-2775:2023 IEC 63461:2024 IS 12800 (part 3) 1991
Hydraulic turbines, storage pumps and pump-turbines - Model acceptance tests	
Guidelines for commissioning and operation of hydraulic turbines, pump-turbines and storage pumps	
Electromechanical equipment guidance for small hydroelectric installations	
Guidelines to specification of hydraulic turbine governing systems	
Hydraulic machines - Acceptance tests of small hydroelectric installations	
Guide for computer-based control for hydroelectric power plant automation	
Hydraulic machines - Guidelines for dealing with hydro-abrasive erosion in Kaplan, Francis and Pelton turbines	
Technical guidelines for smart hydroelectric power plant	
Pelton hydraulic turbines - Model acceptance tests	
Turbines	
Generator Rotating Electrical Machine	IS: 4722-2001 IEC 60034 – 2026 Part 1 to 34
Governing system for hydraulic turbines	IEC 60308 – 2024
Transformers	IS 3156 – 1992 IS 2705 – 1992 IS 2026 - 2011
Inlet valves for hydro power stations & systems	IS 7326 – 1992

Duly notarized undertaking in original (on a non-judicial stamp paper of Rs. 500)

UNDERTAKING

I _____ duly authorized by the Board Resolution XXXXXXXXX to execute the present Undertaking on behalf of <name & address of the firm/company/organization> do hereby solemnly declare and affirm as under:

1. I /We confirm that I/We have read, understood and accepted all the terms and conditions of the Scheme / Notification issued by the MNRE and agree to comply with the same in full. Further the CFA shall be utilized solely for the purpose of development, construction and commissioning of the sanctioned SHP capacity and for no other purpose.
2. That proposed SHP project <details> is situated at <address> shall have configuration of all required standard equipment and components as per SHP Scheme guidelines.
3. All the equipment of the proposed project (mentioned above) for which CFA is being applied are new.
4. We shall not dislocate/dismantle the project without prior information to the Ministry.
5. There are no pending litigation/disputes pending before any Commission, Tribunal and Court in relation to the said Project on date of making the application, In future if any litigation/dispute arises, the SNA, SECI and MNRE will be informed about the same.
6. I hereby undertake that the details and information provided for the application are true and correct to the best of my knowledge.
7. We shall share generation data with MNRE or any other designated agency as and when requested.
8. The Ministry shall have the right to get all the project related data to publish success stories/case studies/technical papers and for third party inspection and evaluation on the operation and performance aspects of the plants.
9. All documents/approvals/clearances/agreements, etc. in original will be made available on demand by the Ministry of New and Renewable Energy (MNRE).
10. Above content of this affidavit are true and correct to the best of my knowledge and acceptable to the undersigned. In case of violation of the above clauses of this affidavit or any clause of the Scheme, the Ministry of New and Renewable Energy (MNRE) shall be entitled to cancel the CFA or recover the CFA released by MNRE with applicable interest rates from us.

Authorized Signatory (Sign & stamp)

_Name:

Designation:



Report of Physical Verification of Small Hydro Power Project

Basic project Details

Name of the Project:

Location of the Project:

Capacity of the Project:

Name of the Project Developer:

Name of the River/stream/canal:

Civil Work details:

S. No.	Part/System	Observations
i.	Diversion works/Intake works/Arrangement	
ii.	Feeder/Intake Channel	
iii.	Desilting tank	
iv.	Forebay tank /surge tank/trash rack	
v.	Penstock	
vi.	Power House building	
vii.	Tailrace Channel	

2. Equipment Inspection

i.	Turbines	Make: Number of units: Type: Pelton / Francis / Semi Kaplan / Kaplan / Tubular / Cross Flow / Turgo Rated Head: m Rated Discharge: m ³ /s Rated Speed : rpm
----	-----------------	---

ii.	Generators	Make: Number: Type: Synchronous / Induction Output Ratings: kW, kVA, pf,kV, Hz, Rated Speed: rpm Designed Overloading:%																		
iii.	Panels in Control Room	Make of Panels <table border="1" data-bbox="486 612 1220 1077"> <thead> <tr> <th data-bbox="486 612 845 669">Panel No.</th> <th data-bbox="845 612 1220 669">Make</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table>	Panel No.	Make																
Panel No.	Make																			
iv.	Power Transformer (s) (01/..... No.) Line Circuit Breakers (01/..... No.)	Make: Ratings: MVA, kV / kV, 50 Hz Make : Type : SF6/ VCB, Outdoor Ratings : kV, A Rated Short Circuit Current: kA																		
v.	Power Evacuation-kV double / single-circuit line going to Substation of Corporation (DISCOM).																		

3. Maximum output at the time of visit

3.1	The maximum output at the time of visit was observed as	Maximum Output: _____ in kW Maximum Output: _____ in KVA Current at maximum Output: ___(in Amp.) Voltage at maximum Output: ___(in Volts.)
-----	---	---



4. Photographs (Minimum 5 Photographs):

5. Equipment Certificates w.r.t. Standards/manuals as per Scheme Guidelines.

Signatures of the Officers:

A handwritten signature in blue ink, appearing to be 'S. S. S.', written in a cursive style with a horizontal line underneath.