

Small Hydro Power (SHP) Development Scheme

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Small Hydro Power (SHP) Development Scheme Latest News

Recently, the union cabinet approved the 'Small Hydro Power (SHP) Development Scheme for the period FY 2026-27 to FY 2030-31'.

About Small Hydro Power (SHP) Development Scheme

- It supports the installation of **small hydro projects** (1-25 MW capacity each) with a total **capacity of 1,500 MW across the country**.
- Its special focus is on **hilly and North-Eastern states** that hold high untapped potential.
- **Time Period:** FY 2026-27 to FY 2030-31'

Key Features of Small Hydro Power Development Scheme

- **North East & Border Incentives:** Higher **central financial assistance (CFA)** of **₹3.6 crore per MW** (or 30% of cost, capped at ₹30 crore per project) for North Eastern states and international border districts.

- **General State Support:** CFA of **₹2.4 crore per MW** (or 20% of cost, capped at ₹20 crore per project) for other states.
- **DPR Pipeline:** Allocation of ₹30 crore to support government agencies in **preparing Detailed Project Reports** (DPRs) for about 200 future projects.
- **Employment Generation:** Expected to create **51 lakh person-days of employment** during construction, plus long-term roles in operations and maintenance.
- **Indigenous Sourcing:** Mandates **100% sourcing** of **plant and machinery from domestic manufacturers** to boost the local industrial base.
- The initiative **emphasises environment-friendly “run-of-the-river” technology** that generates power directly from the natural flow of rivers without large dams, minimising displacement, deforestation and ecological disruption.
- **Significance:** SHP projects are **environmentally sustainable**, as they avoid large-scale land acquisition, deforestation, and displacement of communities.

Source: PIB

Source: <https://vajiramandravi.com/current-affairs/small-hydro-power-development-scheme/>

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