

Electricity and electricity generated from hydro projects fall under concurrent subjects. Water being State subject, the actual implementation of SHP projects is governed by the State policies. The decision of setting up SHP projects or its allotment is taken by the State Government. Expressions of interests/ proposals/bids from private developers are invited 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.

The Ministry, being the nodal Ministry for the development of small hydro sector in the country provides broad framework by way of incentivizing the sector development through various measures. These include assistance for the assessment of SHP potential including micro siting, developing testing and standardization and training facilities, support for survey and investigation, Detailed Project Report (DPR) preparation, capital subsidy for projects, support for renovation and modernization etc.

Small hydel projects normally do not encounter the problems associated with large hydel projects of deforestation and resettlement. The projects have potential to meet power requirements of remote and isolated areas. These factors make small hydel as one of the most attractive renewable source of grid quality power generation. 24 States of the country have policies in place towards private sector participation to set up SHP projects.