

**F. No. 16/34/2009-SHP**  
**Government of India**  
**Ministry of New & Renewable Energy**

**Block-14, CGO Complex**  
**Lodi Road, New Delhi-110003.**

Date: 18.02.2009

To

1. Chief Secretaries of State Governments
2. Heads of State Nodal Departments/Agencies/Implementing Agencies for Renewable Energy
3. MD, IREDA

**Subject: Scheme for Development / Up-gradation of Watermills and setting up Micro Hydel Projects (up to 100 kW capacity).**

Sir,

I am directed to convey the approval of the Government of India for implementation of the scheme for development / up-gradation of watermills and setting up micro hydel projects (up to 100 kW capacity) during 2008-09 and up to the end of 11<sup>th</sup> Plan.

2. The scheme provides for grant of Central Financial Assistance for development / up gradation of watermills and setting up of micro hydel projects (up to 100 kW capacity). The scheme also envisages support for specialized studies / survey, strengthening of data base, training and capacity building relating to watermills and micro hydel projects. The eligibility conditions and other details are given in Annexure-I.

3. The expenditure on the scheme will be met from the provisions under Demand No.67 in the respective budget heads of the Small Hydro Power Programme.

4. This scheme modifies earlier schemes relating to watermill and micro hydel projects and will continue up to the end of 11<sup>th</sup> Plan period i.e. 31 March 2012. The scheme is subject to changes/modifications as may be decided by the Government from time to time, and is subject to availability of funds.

5. This issues under the delegated powers of the Ministry of New and Renewable Energy with the approval of the competent authority and with the concurrence of IFD, MNRE vide their Diary No. IFD/2045/08 dated 9.2.2009.

Yours faithfully,

**(A.K. Joshi)**  
**Under Secretary to the Government of India**

Copy for information to:

1. PS to MOS (NRE)
2. Sr. PPS to Secretary, MNRE
3. PS to AS&FA, MNRE
4. PS to JS, MNRE
5. Scientists 'G'/Scientists 'F'/ Directors, MNRE

**(A.K. Joshi)**  
**Under Secretary to the Government of India**

**GOVERNMENT OF INDIA  
MINISTRY OF NEW AND RENEWABLE ENERGY  
(Small Hydro Power Division)**

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**Subject: Scheme for Development / Up-gradation of Watermills and setting up Micro Hydel Projects (upto 100 kW capacity).**

The Watermills (WM) and Micro Hydel Projects (MHP) have the potential to meet the power requirements of remote areas in a decentralized manner. To encourage and accelerate the development of Water mills and Micro Hydel Projects in the remote & hilly areas, it is proposed to provide Central Financial Assistance (CFA) during 2008-09 and the remaining period of the 11<sup>th</sup> Five Year Plan as per details given below:

**I. Central Financial Assistance for Watermills and Micro Hydel Projects:**

The amount of CFA will be provided as per following details: -

**(a) Watermills:**

<b>S. No.</b>	<b>Category of Watermill</b>	<b>Amount of CFA</b>
1.	Mechanical output only	Rs. 35,000/- per Watermill
2.	a) Electrical output (up to 5 kW) or, b) Both mechanical and electrical output (up to 5 kW)	Rs. 1,10,000/- per Watermill

**(b) Micro Hydel Projects up to 100 kW Capacity:**

<b>S. No.</b>	<b>Areas</b>	<b>Amount of CFA</b>
1	International Border Districts (excluding Arunachal Pradesh as it is already covered under the PM package)	Rs.1,00,000/- per KW
2	North Eastern and Special category States (other than 1 above)	Rs. 80,000/- per KW
3	Other States (other than 1 above)	Rs. 40,000/- per KW

Note: A minimum contribution of 10% of project cost for North Eastern & special category States (S. No. 2) and 20% for other states (S. No. 3) should be met by the beneficiaries/project owners.

## **Survey & Investigation Studies / training programmes**

Specialized studies / survey to prepare plans for setting up water mills / micro hydel projects and strengthening of data base for potential sites and develop them in clusters will be supported on case to case basis. The survey studies should be carried out preferably district wise and simultaneously for both watermills and micro hydel projects. North Eastern and other border States would be encouraged to take up such studies on priority. The Ministry would also give financial support for training / capacity building programmes.

### **Incentive to SNA:**

In addition to the above CFA, an incentive of Rs.3,500/- per watermill in mechanical mode, Rs.10,000/- per watermill in electrical / electrical & mechanical mode, and 1% of the subsidy or a minimum of Rs. 25,000/- for each micro hydel project will be provided to the State Nodal Agency as service charges, in case the SNA is not the owner of the WM / MHP. In case watermill / micro hydel project is being implemented by NGO, the service charges will be shared between SNA and NGO in the ratio of 30:70.

### **Eligibility Criteria:**

The CFA for watermills and micro hydel projects under the Scheme is applicable for the projects to be implemented by the State Government Department / State Nodal Agency/ local bodies/ Co-operatives / NGOs, Individuals (for WM).

### **Procedure for Availing CFA**

#### **(a) Watermills:**

The State Government Departments or State Nodal Agency should assess the potential for development / upgradation of watermills in their states. Based on the assessment of potential and willingness of the watermill owners to install new watermills and/or upgrade the existing watermills, the request should be submitted by them to the Ministry for allocation of targets.

The Ministry, based on the progress of implementation of the earlier sanctioned watermills would allocate the targets for the concerned States.

#### **(b) Micro Hydel Projects:**

The State Government departments / State Nodal Agencies, Local bodies, Co-operatives, NGOs etc. intending to avail CFA are required to submit the application as per enclosed format alongwith the following documents:

- i) Two copies of Project report covering various aspects of project implementation, completion schedule, O&M and cost estimates.
- ii) State Government approval for the implementation of the project.
- iii) Commitment of funds to meet the balance project cost.
- iv) Proof of land availability required for the project.

### **Sanction and Release of CFA**

The Ministry will examine the proposal and approve grant of eligible CFA on the basis of overall technical viability of the proposal, its social benefits and availability of funds.

The subsidy shall be released through the concerned State Nodal Agency.

### **Pattern of Releases**

CFA will be released in installments as per the following pattern:

#### **(a) Watermills-**

Release of CFA on allocation of target as advance	: <b>50%</b>
Release of remaining CFA after installation of watermills and submission of their completion report with utilisation certificate of the previous release	: <b>50%</b>

#### **(b) Micro Hydel Projects:**

Release of CFA alongwith sanction as advance	: <b>25%</b>
Release of CFA on achievement of 25% of physical progress and after placement of order for equipment & submission of their physical/financial progress reports, photographs, utilization certificate & SOE on project cost.	: <b>65%</b>
After successful commissioning of the project and submission of completion report, photographs, utilization certificate & audited SOE of total project cost.	: <b>10%</b>

### **Project Duration**

The watermills must be completed within one year from the date of release of first installment failing which the released amount will be refunded to the Ministry along-with interest accrued on CFA.

The installation of Micro Hydel projects must be started within one year and completed/commissioned within three years from the date of release of first installment. In case of default, the released amount will be refunded to the Ministry along-with interest accrued on CFA.

### **Miscellaneous**

1. The Completion Report of the watermills should contain details of the their location, complete address of the watermill owner, a photograph of the watermill owner alongwith the installed watermill, mechanical and/or electrical installed devices alongwith the address of manufacturer/supplier of machines. The details of power utilisation should also be indicated in case of electrical output from watermills.

2. Preference should be given to the proposals for Watermills owned by women, women entrepreneurs or received from women NGOs.
3. The State Govt. Dept. / Nodal Agencies shall submit regular physical & financial progress reports on quarterly basis to the Ministry after the issue of sanction and release of first installment of funds.
4. The Ministry reserves the right to review/revoke the subsidy and in case the CFA has already been released, to withhold the CFA and recall the CFA already released in the event of subsequent development coming to the notice of the Ministry which may affect the implementation of Watermills.
5. The concerned Govt. Dept./ Nodal Agency of the States/UTs will ensure proper utilization of the CFA released through them.
6. The State Govt. Dept./ Nodal Agency should identify the local bodies & registered NGOs and actively involve them in the Watermill programme based on their expertise, experience in the field, availability of resources & manpower etc.
7. All the expenses, over & above the CFA, for installation of Watermills & Micro hydel projects including cost escalations, if any, will be met/borne or arranged by the beneficiaries/project owners.
8. The above scheme will be effective for the financial year 2008-09 and upto the end of 11<sup>th</sup> Plan, unless further modified, and will supersede the earlier Scheme in this regard under SHP programme of the Ministry.

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**APPLICATION FORM OF CAPITAL SUBSIDY FOR SETTING UP MICRO HYDEL  
PROJECT UP TO 100 KW CAPACITY**

1. Name of the Organisation :
2. Postal Address :
3. Fax No. :
4. Email Address :
5. Name of Chief Executive with Designation :
6. Tel: Office :  
Res. :
7. Name of Project :
8. Rated :
  - i) Capacity
  - ii) Head
  - iii) Discharge
  - iv) Generation
9. Name of the river/stream/dam/canal
10. Location (incl. District, State) :  
(If possible provide latitude and longitude)
11. Whether grid-connected; and the distance of grid :
12. Estimated cost of the project (Rs. lakhs):
  - a) Total
  - b) Civil Works
  - c) E&M Works
  - d) Other
13. Means of financing :
  - a) MNRE support
  - b) Loans
  - c) Other sources
14. Amount of Capital subsidy Requested :
15. Duration (in months) for completing the project:

(To be signed by authorised signatory)

Dated: \_\_\_\_\_