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Union Cabinet approved the Small Hydro Power Development Scheme

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Small Hydro Power Development Scheme (Rs 2,585 Cr)

Small Hydro Power in India

The Union Cabinet approved the Small Hydro Power (SHP) Development Scheme for the period FY 2026–27 to FY 2030–31.

Total outlay: ₹2,500+ crore (approx. ₹2,584 crore).

Target: Development of ~1500 MW capacity through small hydro projects.

Focus areas: Remote, rural, hilly, and North-Eastern regions.

Features of the Scheme

Covers Small Hydro Projects (SHP) with capacity between 1 MW to 25 MW.

Provides Central Financial Assistance (CFA):

Up to ₹3.6 crore per MW or 30% of project cost (whichever is lower)

Maximum limit: ₹30 crore per project (special support for NE and border areas)

Encourages preparation of Detailed Project Reports (DPRs) for around 200 projects.

Promotes run-of-the-river projects (minimal environmental impact, no large dams).

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Objective & Significance

Boost renewable energy capacity and reduce dependence on fossil fuels

Provide decentralized power supply in remote regions

Support energy security and grid stability

Promote sustainable and eco-friendly power generation

Additional Facts

Small Hydro Power (SHP): Projects up to 25 MW capacity.

India's estimated SHP potential: ~20 GW.

First hydro project in India: Darjeeling (1897).

Implementing Ministry: Ministry of New and Renewable Energy (MNRE)

Part of India's broader push toward clean energy transition and Net Zero goals