

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:5143  
ANSWERED ON:14.08.2014  
PROMOTION OF SMALL SCALE POWER UNITS  
Chavan Shri Harishchandra Deoram

**Will the Minister of POWER be pleased to state:**

- (a) whether the Government proposes to promote the small scale power units generating 25 megawatt and 50 megawatt power and grant them certain concessions;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

**Answer**

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER, COAL AND NEW & RENEWABLE ENERGY  
( SHRI PIYUSH GOYAL )

(a) to (c) : The matters relating to small hydro projects of 25 MW and below are dealt by the Ministry of New & Renewable Energy (MNRE) and above 25 MW are dealt by the Ministry of Power.

The MNRE provides financial supports in the form of grant/assistance/subsidy in respect of the following schemes/activities relating to Small Hydro Projects (SHPs) of 25 MW and below:

(i) Scheme to support Identification of new potential SHP sites, preparation of Plan and Detailed Project Report (DPR) including Detailed Survey & Investigation (DSI) for SHP project sites, to the Central/State Government Department & agencies/local bodies.

(ii) Scheme to support setting up new SHP projects in the government/ private/co-operative/joint sector.

(iii) Scheme to support renovation and modernization of existing SHP projects in the government sector.

(iv) Scheme to support development/upgradation of Water Mills (mechanical/electrical output) and setting up Micro Hydel projects (up to 100 KW capacity).

(v) Support to R&D projects, strengthening of technical institutions, setting up turbine laboratory, business meets, training programmes/courses, fellowship, monitoring of SHP projects, consultancy and/or any other activity felt necessary for the SHP development.

The Ministry of Power introduced New Hydro Power Policy, 2008 which prescribes, inter-alia, the following measures to boost the development of hydro power in the country in respect of the Hydro Electric Projects (HEPs) of above 25 MW capacity:

(i) The cost plus Tariff regime (in which tariff is to be determined by the regulator under section 62 of Electricity Act, 2003) has been extended for public as well as private sector hydro power projects up to December 2015.

(ii) Transparent selection criteria for awarding sites to private developers.

(iii) In order to enable the project developer to recover the costs incurred by him in obtaining the project site, he has been allowed a special incentive by way of merchant sales of up to a maximum of 40% of the saleable energy. With a view to ensure timely completion of these projects, delays of every six months in the commissioning date would result in reduction of merchant sales by 5%.