

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

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**SCHEME TO PROVIDE FINANCIAL SUPPORT FOR DEVELOPMENT/UPGRADATION OF WATERMILLS AND SETTING UP OF MICRO HYDEL PROJECTS UPTO 100 kW CAPACITY TO STATE GOVERNMENT DEPARTMENTS/STATE NODAL AGENCIES/LOCAL BODIES/CO-OPERATIVES/NGOs/TEA GARDEN & INDIVIDUAL ENTERPREUNERS.**

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 2014-15 and the remaining period of the 12<sup>th</sup> Five Year Plan as per details given below:

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

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

**(a) Watermills:**

S. No.	Category of Watermill	Amount of CFA
1.	Mechanical output only	₹ 50,000/- per Watermill
2.	a) Electrical output (up to 5 kW) or b) Both mechanical and electrical output (up to 5 kW)	₹ 1,50,000/- per Watermill

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

S. No.	Areas	Amount of CFA
1	All states	₹1,25,000/- per kW

Note: A minimum contribution of 10% of project cost should be met by the beneficiaries/project owners.

**Survey & Investigation Studies / new technology/ training programmes**

2. 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 will also provide financial support for the project proposed with new technology for turbine (ultra low head, kinetic etc), generator (permanent magnet and controls (including automation). However, the same will be considered on merit basis on the recommendation of the committee formed by MNRE. The Ministry would also give financial support for training / capacity building, etc under the programmes.

**Incentive to SNA:**

3. In addition to the above CFA, an incentive of ₹5,000/- per watermill in mechanical mode, ₹15,000/- per watermill in electrical / electrical & mechanical mode and 1% of the subsidy or a minimum of ₹ 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 local bodies/ Co-operatives / NGOs in the ratio of 50:50.

### **Eligibility Criteria:**

4. 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/Tea Garden & Individual Entrepreneurs. Ministry will also consider implementing the WM programme through Channel Partners appointed by the State Government/State Nodal Agency/Deptt./MNRE.

### **Watermill Development Centre :**

5. There is huge potential for development of Watermills in Uttarakhand, Himachal and Jammu & Kashmir. But due to lack of awareness, the pace of implementation has been very slow. With a view to create awareness and onsite training to Watermill owners, entrepreneurs on developed Watermills, Micro Hydel Projects and also to help creating after sales service in this sector, it is proposed that two Water Mill Development Centres be established in the state of Uttarakhand and Arunachal Pradesh. The proposed centres will cater to the need of the states of Uttarakhand, Himachal, Jammu & Kashmir and would also help the North Eastern States also to develop their watermill and Micro Hydel Projects programmes. The Centre will also develop and promote ultra low head & low head turbine technologies.

6. The Centre will be developed in coordination with reputed local NGOs engaged in training and Development of Watermills capacity building programme etc., the AHEC, IIT Roorkee and concern SNAs may also be involved as a technical partner for the center. The Centre will also act as monitoring cell for the WM and MHP system. The Ministry will provide fund for establishment of the Centre including staff support/ financial assistance for conducting training courses and monitoring of WMs & MHPs, etc.

### **Procedure for Availing CFA**

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

7. 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.

8. Based on the demand received from State Government Departments/ State Nodal Agency, the Ministry will allocate the target of watermills to the concerned States SNDs/ SNAs. Ministry may also consider the allocation of target to local bodies/ Co-operatives / NGOs etc., on the recommendation of State Government Departments/ State Nodal Agency.

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

9. The State Government departments / State Nodal Agencies, Local bodies, Co-operatives, NGOs & Individual Entrepreneurs 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 (including statutory clearances as applicable, if any).
- iii) Commitment of funds to meet the balance project cost.
- iv) Proof of land availability required for the project.

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

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

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

### **Pattern of Releases**

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

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

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

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

Release of CFA alongwith sanction as advance	: 25%
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.	: 65%
After successful commissioning of the project and submission of generation report of three months verified by State Nodal Department/SNA or any other organization engaged by MNRE and submission of completion report, photographs, utilization certificate & audited SOE of total project cost.	: 10%

\* For individual entrepreneurs the subsidy will be considered for release on submission of Bank Guarantee or will be released on successful commissioning of the Project, provided all other conditions for release of subsidy are also fulfilled as per this scheme.

### **Project Duration**

13. 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.

14. 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 utilization 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 and ST/SC entrepreneurs.



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 Institution/ NGOs/ Entrepreneur 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 2014-15 & the remaining period of the 12<sup>th</sup> Plan i.e. upto 31<sup>st</sup> March 2017, unless further modified and supersedes earlier scheme in this regard under SHP programme of the Ministry, circulated prior to this Administrative Approval.

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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 / Entrepreneur :
2. Postal Address :
3. Fax No. :
4. Email Address :
5. Name of Chief Executive with Designation :
6. Telephone :
  - Office :
  - Res. :
  - Mobile :
7. Name of Project :
8. Rated :
  - a) Capacity
  - b) Head
  - c) Discharge
  - d) 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 :

It is certified that the organization/ Entrepreneur will implement the project as per guidelines/terms & conditions envisaged in the SHP scheme circulated vide letter No. 14/3/2014-SHP dated 02/07/2014

(To be signed by authorized signatory)

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

