

# **Benefit Sharing**

## **Practices in Himachal Pradesh**

### **Observations from the field**

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# Executive Summary

The Nepal Centre for Inclusive Growth's Federica Cimato (Lead Economist) and Sophia Khatun (Strategic Adviser) travelled to Shimla in Himachal Pradesh between June 13 and 21, 2012 to gain a firsthand account of the reality on the ground where hydropower projects have been constructed, are in operation or are in the process of being built.

The focus of the visit was to gain an insight into the processes developers follow in their consultation with the local people affected by the individual project for their resettlement and rehabilitation including benefits and compensation packages.

In addition, developers were also asked about their views on the availing practices surrounding land acquisition in India including land acquisition processes for building transmission lines.

The study is aimed at informing the Benefits Sharing Framework that will be incorporated into the Project Development Agreement (PDA) template that has recently been endorsed and approved by the Nepal Investment Board on behalf of the Government of Nepal for hydropower projects above 500MW.

The two main project sites visited were Nathpa Jhakri (1500MW storage dam project) and Rampur (412MW Run of the River) along the Satluj Basin – both developed by SJVN. Nathpa Jhakri has been in operation since 2004 and Rampur is currently under construction.

The following report is based on consultations with developers like SJVN and HP Power Corporation, R&R experts on the ground, local people, journalists, environmentalists, and the World Bank.

Below are the main findings.

# Key Definitions

## As defined by HP Government R&R Guidelines:

**Project affected families** are defined as those families whose land or house/building has been acquired for the project.

**Project affected areas** have been defined as those areas where Govt or Private land is required/acquired either on temporary or permanent basis, including on lease, for construction of any component of the project, submergence area, infrastructure, project dedicated township, offices, construction facilities, welfare facilities etc. and area and underground works are taken up.

**Project affected zone** means zones as notified by the project authority or project affected area plus the area surrounding this project affected area where impact of the project on the lives of the people is considerable even if no direct project activity is taking place in these surrounding areas. Unit for declaring this would be Panchayat. PAZs include : i) Panchayat where project work actually takes place (both on surface and underground) including submergence area due to the reservoir of the project; and ii) adjoining Panchayats within 0.5km to 1km of the project affected area that are affected due to high vehicular traffic, blasting, dust, etc.

**Project Affected Families rendered landless** means those families whose whole agricultural land is acquired for the project or in whose case balance agriculture land left after acquisition is less than 5 bighas (3760sqm). For this purpose agriculture land held by project area by all such persons and their family members shall be taken into account. Person losing land on acquisition of building and land appurtenant there to shall not be treated as landless Project Affected Family. The landless PAF shall be duly certified by the Deputy Commissioner of concerned area.

**Project Affected Families rendered houseless** means those families whose dwelling or house is acquired for the project, which shall be duly certified by the Deputy Commissioner.

Exchange rate: US\$1 = INR 57.

# Hydropower in Himachal Pradesh

## Introduction

The Himachal Pradesh in Northern India has very similar topography to that of Nepal. It also shares another common trait - a huge potential for hydropower.

Currently, the Himachal Pradesh state generates 6460MW while its capacity is estimated at 21,000MW. By 2017, authorities hope to develop the state as “the Hydro-Power State of the country” by more than doubling the installed capacity.

Hydropower is increasingly playing a key role in shaping the state’s economy because of the lucrative peak demand from its neighbouring urban areas. So much so that revenue from hydropower has become the money for the state budget, as claimed a HP official at a hydropower workshop organised by the World Bank in Delhi on June 20, 2012.

However, Himachal Pradesh is extraordinarily advanced compared to any of Nepal’s districts:

- Rural electrification is not an issue. Each and every house no matter how remote has had access to electricity much before any of the hydropower project sites were built in the area.
- HP boasts a responsible, proactive and accountable government, keen to innovate and improve the lives of the people. This is also due to an active civil society, a vibrant media and well informed public that continue to question the motives of the government.
- Corruption is much lower than in Nepal. HP is ranked the second least corrupt state after Kerala in India.
- High literacy rate. The state has a literacy rate of 83.78% according to the 2011 Census Survey, the second highest in India. In Nepal, the adult literacy rate (% of persons aged 15 and over who can read and write) is 59%.
- Per capita income. It is the third fastest growing economy in India with the fourth highest capita per income of 58493 IRS, or US\$1,023 and a population of 6,856,509. With a population of 27 million, Nepal has a per capita income of less than US\$650.
- Access to financial services. Each and every family in the HP state has a bank account.
- Road infrastructure. Accessibility is not an issue. Roads are well maintained and villages are better connected to main roads than in Nepal.

- HP is the only state in India that has successfully banned the dowry system, i.e. the payment in cash or some kind of gifts given to the bridegroom's family during marriage.

## **SJVN and HP Power Corporation**

SJVN is a joint venture between the Central Government and the Himachal Pradesh State government. It is one of the leading hydro developers in the region with an authorized share capital of INR7000 crores.

Its first ever project - the Nathpa Jhakri is funded by the World Bank and supplies 1500MW valuable peaking power to the Northern Grid. The project provides 12% free electricity to the state government. SJVN is also currently constructing Rampur HEP 412MW in the Himachal Pradesh. Rampur has been registered as a CDM project, annually reducing emissions of approximately 1.4m tonne CO2 equivalent after commissioning of the project thereby resulting in CDM benefits to the tune of INR 80-90 crore. SJVN is exploring possibilities of CDM for future projects as well.

HP Power Corporation – a state owned company - has four run of the river hydro projects with financing from the ADB – Sawra Kuddu 111MW in Shimla, Sainj 100MW in Kullu, Integrated Kashang 243MW in Kinnaru and Shongtong Karcham 450MW in Kinnaur. Other projects currently under investigation include the Renuka Dam 40MW (for water supply and incidental power) in Sirmour, and Jispa 300MW Storage Dam in Indus Basin.

## **Gaining public acceptance**

An integral part of the first World Commission on Dams priority, “gaining public acceptance,” is the “open and meaningful participation [of all project affected communities] at all stages of planning and implementation, leading to negotiated outcomes. (WCD 2000:261).

An Environmental Impact Assessment (EIA) study is a prerequisite for obtaining environmental clearance from the Ministry of Environment and Forests and various agencies at the state level including the State Pollution Control Board and Committee of Experts under the Department of Science and Technology.

SJVN, a government owned company (25.5% owned by Himachal Pradesh State Govt., 64.47% Government of India, 10.03% Public shares) shared that it hired an independent

consultancy firm to carry out EIAs, baseline socio economic survey and a demographic survey. These in turn inform the design of the R&R plans. They follow the guidelines of the National Policy on R&R of the Government of India, 2007. The objectives are:

- To raise the economic standard of PAFs by providing employment opportunities
- To raise the social standard of PAFs by providing infrastructure and community development services.

SJVN states that it takes into consideration the requirements of multilateral funding agencies while finalizing their Environment Policy. On their website, SJVN writes that it sees its responsibilities under the present legal framework as two fold – mandatory requirements under the law and the guidelines of funding agencies and prescriptive requirements that influence management procedures addressing environmental and social issues.

Mandatory environmental requirements for SJVN at a national level include:

- Land Acquisition Procedures under the Land Acquisition Act, 1894
- Forest clearances under the Forest (Conservation) Act, 1980
- Environmental clearances

In the case of Nathpa Jhakri - a 1500MW dam project, an EIA was carried out across 22 villages in two districts in three months. The EIA study including the R&R plan was shared with the State Pollution Control Board. The Board is responsible for organizing public hearings by giving at least one month's advance notice, putting it up on its website and making hard copies of the EIA in local languages at six public designated places.

Owing to geographical reasons, and very high silt load coming from snow melts in China and cold desert areas of Spiti Valley, the aquatic life in the river is poor. SJVN claims that to assess the existing scenario of fish type available in the river body, 20 days monitoring was carried out in month of March 2006. No fish were reported in the Satluj River in the project area during surveys of 1998, 2004 and 2006.

The principal Environmental Regulatory Agency in India is the Ministry of Environment and Forests. This Ministry formulates environmental policies and issues environmental clearances for projects while the State Pollution Control Board issues a 'No Objection Certificate' and 'Consent for Establishment and Operation' for the projects.

However, a network of NGOs, namely the South Asia Network for Dams, Rivers and People (SANDRP) insist that most EIAs carried out in the Himachal Pradesh are fraudulent tools as they do not investigate environmental impacts for a sufficiently long period of time (considered 1-2 years), and in some cases are not even carried out on the ground. (Note: specific project sites were not mentioned during the interview).

The association further claims that public consultations should be undertaken by an independent agency because government officials are simply too intimidating. Till date, only one hydropower project, Allain Duhangan 192MW, funded by IFC, has had its public consultation undertaken by an independent firm.

An interesting detail uncovered by a report by German PhD students on clean development hydropower dams in Himachal Pradesh released in August 2011 further asserts that developers do not hesitate to provide ample financial resources for compensation schemes and infrastructure development but are reluctant to comply with environmental regulations, particularly with regard to deforestation, debris dumping, and the protection of traditional water supply systems. During our meeting with the SDNRP representative, we were told that local communities have – in the past – made formal complaints against blasting, landslides, dust and muck dumping. Complaints are reported in the 2 interim impact assessments of R&R for NJ and Rampur.

## **Consulting local communities**

For Nathpa Jhakri, two public hearings were organised at two separate venues where 500 families were given executive summaries of the EIA in the Hindi language. Following negotiations at the public hearing and local approval of the project, SJVN began implementation of the R&R plan.

HP Power Corporation - a state government owned entity - recommends a more inclusive consultation process where Community-Based Organisations (CBOs) in particular play a role at each and every stage of the consultation. In addition, HPPC said that the best way to ensure smooth two-way communication and information flow is hiring a local R&R person/s in the process.

While the Indian state of Himachal lacks any robust *Community Forest User Groups* that work actively at the grassroots level like in Nepal, their equivalent of the Nepali *Mother's Groups* are *Mahila Mandals* - prominent womens' groups seen to lead an active role in spreading awareness, improving communal harmony and facilitating welfare schemes and government sponsored programmes. Perceived to be more sensitive towards local issues, one district in 2010 even elected an all-woman *Panchayat*.

Developers are now increasingly partnering with such CBOs as they realize the incentive in engaging with them. HP Power Corporation claims that by working with *Mahila Mandals* and *Yuvak Mandals* (youth clubs), developers are able to implement their R&R efforts more smoothly and effectively.

SJVN has not yet worked with CBOs because they claim there aren't any in and around their project area. However they admitted providing financial assistance to 19 *mahila mandals*

with INR 50,000 every year. They relied heavily on *Panchayat Pradhans* (elected head/s of village councils) who represent the aspirations of the local people and communicate, inform and negotiate on their behalf. The *gram sabha* or the local assembly with voting rights elects every 5 years, *Panchayat* members with not less than one third representation from women.

## **Costs incurred during and after construction for local communities**

We understood that all the expenses incurred during the construction phase of the project including R&R, compensation, environmental restoration and compensation for damage to cash crops, are defined as costs during construction and as such can be passed through via the tariff system; while those costs incurred during generation comes under the CSR category, and cannot be passed through.

In addition to R&R, environmental compensation etc. the HP Pradesh state has introduced a Local Area Development Fund (LADF) to which developers have to contribute with at least 1.5% (they can contribute more if they so desire) of project cost (including interest during construction, R&R, establishment charges and all the expenses that go towards fixing of tariff). Furthermore, from 2013 developers will have to contribute to the fund with 1% free power (over and above the rates of royalty agreed to be paid to the State) to ensure a regular stream of revenues for the locals. This will be a pass through in tariff. The revenues collected by the Directorate of energy from the sale of such free power will be transferred to the LADF.

The LADF will be administered by a committee called the Local Area Development Committee (LADC) including (for projects above 100 MW) District representatives, Panchayat Pradhans of all affected Panchayats, and a representative of the Project Developers.

## **Managing local expectations: the benefit sharing package**

There is a common refrain amongst most developers in the area: that managing local expectations is admittedly the biggest challenge. So how do they do it?

Developers like SJVN let the government take the lead in land acquisition where land rates are fixed by the state authorities.

The preliminary R&R plan is drawn up following the EIA process. During the public consultation process, the R&R plan is discussed and negotiated following which, 50% of the project affected people have to give signed approval for the project to go ahead.

*Panchayat Pradhans* as elected representatives of the local people negotiate on their behalf and interact directly with the developers.

SJVN's R&R plan typically includes:

- land for land,
- a rehabilitation grant in lieu of land for land,
- construction of houses for homeless project affected families,
- livelihood support in terms of employment and training.

There were two types of houses constructed - i) house on plinth area of 60sq m or ii) a house plot of size 260sq m plus construction grant of INR 1.8 lakhs.

In lieu of employment, alternative package ranged from INR2-3 lakhs.

An alternative to employment was the award of petty contracts to project affected families. A total of 258 petty contracts were awarded. A total of 330 jobs were provided to PAFs through contractors.

In general, SJVN said that during public hearings the locals asked for higher cash compensation and medical facilities (van and hospital) to be added to the package. However, managing expectations has proven to be difficult, as expectations change and requests increases during and after construction.

For both their projects, SJVN claims to have spent INR390 million (US\$6.9m) so far on major R&R works.

In Nathpa Jhakri, when the cash compensation to be paid to 200 directly affected families amounted to INR240 crores, SJVN brought in major financial institutions like commercial banks to provide financial assistance and advice to the locals on investment and saving opportunities .

As per World Bank guidelines, SJVN also carried out livelihood enhancement workshops and seed capital schemes but admit that these received very poor response from the locals. The possible reason highlighted was that the local entrepreneurs were already satisfied with the income from their apple orchards. The only other avenue that interested them was a government (stable and long-term) job.

Developers like HP claim to have gone the extra mile by providing 500 days wages to resident forest users, despite not having evidence about their ownership of the titles. Their R&R expenses have amounted to 3.5% and 5% of their project cost.

One problem that HP Power Corp. encountered was to do with non-resident owners of land claiming to be entitled to the whole livelihood restoration/improvement package. As directly affected people – by definition – they are indeed entitled to such an uplifting package, though de facto they live elsewhere.

One of the income generating activities implemented by the developers entails hiring vehicles from local affected people, who in some cases bought those vehicles through grant compensation. SJVN told us that a vehicle costs INR600,000 – 800,000 and the owner is paid INR18,000 a month for the rent of vehicle and driver. Ninety seven vehicles have been hired so far. (Note: This may not be a feasible arrangement for Nepal where the same car is sold for more than double the amount because of exorbitant tax rates).

There is no provision for local shares for any hydropower projects in the state. Public shares can be purchased once the company is open for trading following generation.

By building infrastructure like hospitals, schools, public bus stands, and providing facilities like mobile health vans, technical and vocational training, SJVN has even earned very positive feedback from the World Bank (note: the Bank is a financier in both projects) who says these projects can be considered “as one of the best examples of social work in bank-assisted projects in India,” and “should be both exemplified and emulated in other projects.”

## **Land acquisition**

SJVN follows the Land Acquisition Act, 1894 and despite admitting delays in the process, share that they are satisfied with the government taking charge. They have gone for negotiated settlements only when private land to be acquired is very small.

In contrast, developers like HP Power Corporation prefer to go for direct negotiations as the best way to get locals' support. They cite an example of the Renuka Dam, a drinking water project for Delhi, where the land acquisition process started in 2005 by invoking the Emergency Clause, Section 17 of the Land Acquisition Act and the acquisition process is still ongoing. Over 60 families had objected to what they alleged was 'peanuts' for the value of their land and trees resulting in delays in clearances and increase in costs. Had they opted for direct negotiations in the first place, HP Power feels the project would have smoothly gone ahead. In the case of Shongtong Karcham in 2008, the corporation ended up paying the highest rate ever in the country – INR 2,600 per square metre through negotiated settlements with each of the four Village *Panchayats*. Their agreement was based on one condition – that the locals would not go to court after the agreement was finalised.

Please note that at the time of writing, a draft of the new Land Acquisition Bill was awaiting approval in Parliament.

## **Employment and training**

While creating extensive employment opportunities during the construction period, developers do not directly recruit labourers but instead outsource it from local companies. The state's laws require 70% of the unskilled labour force to be recruited locally but

developers seem to be flouting this rule as since they contract out work, they have no record of whether the labour force is local or not.

By outsourcing, developers don't have to directly deal with labour force demands and issues; and employees are not entitled to any of SJVN's own employment policies or benefits. Developers were also quick to point out that they hardly faced any labour problems in contrast to Nepal where labour issues top the list of issues that cause delays and obstruction in operation.

An interesting detail highlighted by a report by German PhD students on clean development hydropower dams in Himachal Pradesh released in August 2011 claims that the majority of construction workers are migrant labourers who are mainly from other northern Indian states and Nepal.

Developers in the state share that there is widespread demand and interest from the locals for jobs especially government jobs – often seen as a status symbol and a permanent income for life. But lack of skills or job openings means many are disappointed.

To address this apparent disillusionment across local people following their failure to land lucrative jobs, either due to lack in qualification/skill or lack in vacancies, the government has made it mandatory for hydropower projects to sponsor youths for training at technical institutes. There are several such institutes run by the state in the area. As a result, since 2006, SJVN has sponsored 195 candidates out of 600 applicants from project affected families till date, out of which 50% are currently in full employment. Each course costs SJVN INR 20,000 and every student receives a monthly stipend of INR 700.

The eligible candidate has to pass grade ten following which s/he will be enrolled at the training institute for 1-2 years depending on the kind of training. Suitable candidates are picked up by SJVN for a year of apprenticeship before gaining a permanent full time job at the company at a starting salary of INR 30,000. By Nepal's standards, this is an extremely good deal as even fresh MBA graduates here don't earn as much. The training is mainly for electricians, plumbers, and fitters. They have also started merit scholarships for students from affected areas who get INR 800 per month and who are already studying at the technical institute.

## **Addressing grievances**

The grievance mechanism to handle complaints is a lengthy process via the district administration sub divisional magistrate. So locals instead prefer to lodge their grievances at the Public Information Centre set up by SJVN. Here, locals write their concern on the register with their names, and contact details which is looked at by the junior officer and

forwarded to relevant SJVN officials. The majority of concerns are related to requests for jobs.

In Kandhar village, a natural landslide occurred in 2005. SJVN provided the families with tents and provided 45 villagers INR 10.08m to construct new homes.

In the case of Nathpa Jhakri, a landslide in 2008 in the area caused damage to houses in Nathpa village, which is located 2km above the dam site. SJVN again responded with tents for the villagers. The locals, many of whom belong to Scheduled Tribes (indigenous groups), demanded compensation from the developer but SJVN refused to pay citing that it was a natural cause and had nothing to do with the project. Instead what the developer did was to help the village file for compensation from the state. At the time of writing, the case was pending in court. Additionally, SJVN gave INR2.96m to the state to build a ropeway from the National Highway 22 to the village to facilitate transportation of local goods.

## **Transmission Lines: Land acquisition, R&R and Environmental and Social Safeguards Policy**

The HP Transmission Corporation is responsible for construction of transmission lines, and deals with R&R and Environmental and Social safeguards from bus bar.

Definitions and compensation rates are clearly set out in the Guidelines and Policy Documents:

### **Project Affected Area**

Project Affected Area means area as notified by the Project Authority or where land is acquired for construction of Power Substation, Power Transmission Line and dumping site. Unit for declaring Project Affected Area would be *Panchayat* or revenue village.

### **Project Affected Family**

- (i) A family whose primary place of residence or other property or source of livelihood is adversely affected by the acquisition of land for construction of power substation or tower or laying of transmission line.
- (ii) Any tenure holder, tenant, lessee or owner of other property, who on account of acquisition of land (including plot in the *abadi* or other property) in the affected area.
- (iii) Any agricultural or non-agricultural labourer, landless person (not having homestead land, agricultural land, or either homestead or agricultural land), rural artisan, small trader or self-employed person; who has been residing or engaged in any trade, business, occupation or vocation continuously for a period of not less than three years preceding the date of declaration of the affected area, and who has

been deprived of earning his livelihood or alienated wholly or substantially from the main source of his trade, business, occupation or vocation because of the project. Source of livelihood would be determined by the Deputy Commissioner concerned.

## **Compensation Mechanisms**

### **For Substations**

Land would be acquired under the prevalent land acquisition Act or through negotiation in exceptional cases, land may also be taken on long lease basis.

### **For Transmission Lines**

The titleholders may opt for any one of these alternatives. Option once exercised shall not be revised.

**A. Land acquisition under LAA by paying onetime compensation:** In this option the titleholder will get onetime compensation as decided by the Land Acquisition Authorities or through negotiation.

**B. Land acquired by paying yearly lease money:** In this option the titleholder will get yearly compensation as decided by the land acquisition authorities for the life of the project that is 30 years. The compensation once decided shall not be revised during the operation of the lease agreement.

**C. Transmission line laid by invoking The Indian Telegraph Act 1885:** In this option the title holder will be compensated for the damages to the property/crop/ orchard during the execution of the transmission project as assessed by the expert from Horticulture/ Agriculture department. In this option the title of the property remains with the title holder.

Rates for compensation are defined by the Govt Guidelines. For projects above 50 crores, additional development schemes should also be provided to the local communities, including medical schemes, scholarships, petty contracts for local suppliers etc.

[HPPTCL: Environment and Social Safeguards Policy](#)

[HPPTCL: Resettlement, Relief, Rehabilitation and Compensation Policy](#)

## Conclusion and Recommendations

**EIA and beyond - Greater involvement of local communities needed.** Engaging the local communities in dialogue and consultation should begin at the earliest phase of the EIA and remain consistent throughout the process. The role of an independent agency that undertakes the EIA study should also be extended to monitoring the implementation of the R&R plan. Attention should be paid to strengthen local community resources in terms of training in technical skills, disaster preparedness and management, and environment mitigation and monitoring. With adequate incentives, monitoring and guidance, CBOs can play an integral role of mediator, observer and monitor throughout the project cycle from the pre-planning and consultation stage through to construction and operation of the project.

**Risk of landslides and disruption from blasting underestimated.** Developers seem to face recurring complaints from locals regarding damage to buildings and assets due to landslides and blasting. It is advised that developers assess ex ante the affected areas' propensity to landslides, and take preventive measures to reduce the risks. It is also advisable that the developers carry out an ex ante assessment of the condition of the existing buildings - in order to assess the real impact of blasting on those buildings.

**Communication with the local communities.** The EIA findings and the R&R plan are communicated to local people during public hearings. To ensure that the voice of the communities is fairly represented, it is recommended to identify CBOs well in advance and ensure their active participate before, during and after the hearings.

We recommend that great attention be given to the choice of the location of the Information Centre. Its accessibility is fundamental for an effective and truly inclusive communications strategy. Information centres located within company premises are poorly accessible and intimidating to local people. Use of languages like English and references to websites on leaflets is not recommended as information on the website is not a substitute to other forms of communications, as poor people do not have access to the Internet. Written communication should always be translated into local language/s. In addition, if the local population is illiterate, other forms of communication should be considered. For example, communicating the R&R plan and the EIA main findings through community radio, street dramas, oral and video presentations, etc.

**Grievance mechanisms.** These mechanisms should be simple, and as transparent as possible. Public Information Centres can serve dual functions of informing the public as well as recording complaints and grievances. A monitoring committee involving a representative of the local people, the CBO, the developer and the local development office could assess the amount of time taken to divert grievances to concerned authorities and how and whether it was addressed. They could also play a role in managing local

communities' grievances and communicating with the developers. The Centre should be easily accessible and staffed by a local to mitigate risks of intimidation.

**Legal agreement to protect developers from rising expectations.** Developers said they face increasing and changing demands from local communities, and this leads to escalating costs. In HP, the new LADF mechanism overcomes this issue by ensuring 1.5% of project costs and 1% of revenues are earmarked and allocated to the communities. The 1% of free electricity in particular ensures a regular and predictable stream of revenues flowing to the communities. In Nepal, in addition to the flow of royalties, a similar mechanism can be envisaged. For example, a Development Fund managed by the locals themselves could be created to benefit the local communities directly. In addition, to protect the interests of both developers and communities, agreements could be made legally binding.

**Training - Links with training institutes.** Partnerships with some public/government/private training institutes could be envisaged. Developers should gather information on the locals' training skills and expectations. Ex-ante (pre-construction) training schemes could be designed so as to help locals gain the right skills and work during construction as well. The specific kind of trainings and skills that would generate genuine interest and demand from the locals needs to be first identified, as this will inform the design of the training schemes and ensure a high probability of success.

**Focus on vulnerable groups and greater sensitivity to indigenous people.** The WB guidelines require a Vulnerable People Plan and so crucial in the Nepal PDA would be the identification of vulnerable people and their needs as part of the socio-economic analysis, and ensuring their representation and active participation at hearings and public consultations.

**Employment.** We were told that the main concern of people is to get good jobs, and that usually meant stable or permanent jobs. The field visit in HP revealed that people were not interested in seed capital schemes to setting up new businesses. However, training schemes with apprenticeship received a positive response from the locals.

**Land Tenure.** Particular attention should be given to the rights of residents vs. non-residents and their entitlements to local development packages when in the form of grants, shares, and other forms of compensation.