III. INDUSTRIAL PERFORMANCE

45. Industrial production had increased by 6·4 per cent in 1968 and 7·1 per cent in 1969. The significant rise in agricultural output during 1967-68 was followed by a general improvement in the rate of growth of consumer goods industries and, later, of the intermediate goods and capital goods sectors. This improvement continued during 1969. In that year, food manufacturing industries increased their output over the previous year by 25 per cent. Other important groups which showed large growth in output during that year were electrical machinery, non-metallic mineral products, metal products, chemicals and power generation. Non-electrical machinery, petroleum refinery products, rubber products and paper and paper products also registered sizeable increases.

46. In particular, the output of fertilizers went up by 22 per cent and the output of cement increased by 14 per cent. Similarly, substantial increases took place in the production of radio receivers, storage batteries, dry batteries and electric lamps. Motor cycles, scooters and mopeds too recorded large gains in output. Machine tools made impressive increases. Textiles, the most important group, however, recorded a small decline because of the sharp fall in the production of jute goods.

TABLE VI

Profile of Growth in Industry

Industry	Weight	1960-65 Average Annual Growth rate (per cent)	Percentage change: Over preceding year 1967	1968	1969	Jan. to Oct. 1970 over Jan.-Oct. 1969(P)
1	2	3	4	5	6	7
Machinery except electrical	(3·38)	43·2	+2·8	+9·1	+6·9	+4·9
Manufacture of wood and cork except furniture	(0·80)	27·0	+6·3	+7·0	+9·9	—30·2
Transport equipment of which :	(7·77)	21·3	—11·4	+3·1	—5·2	—1·3
Railway equipment	(3·50)	31·8	—21·5	—8·5	—10·6	—19·4
Metal products	(2·51)	21·1	—7·8	—5·6	+13·1	+3·9
Electrical machinery	(3·05)	20·9	+8·1	+14·0	+16·2	+11·8
Electricity generated	(5·37)	18·2	+11·0	+15·6	+12·9	+11·3

(*contd.*)

2—3 M of Fin.

TABLE VI — (*concld.*)

Profile of growth in Industry

1	2	3	4	5	6	7
Basic metals	(7·38)	16·0	—4·1	+6·5	+8·3	—3·5
Manufacture of footwear, and other wearing apparel and made up textile goods . .	(0·21)	13·9	+5·5	—1·1	—7·8	—12·3
Rubber products . . .	(2·22)	11·9	+7·0	+17·9	+6·6	—2·9
Petroleum refinery products .	(1·34)	11·7	+19·6	+11·1	+8·0	+6·2
Chemicals	(7·26)	10·8	+2·3	+14·6	+10·2	+8·2
of which :						
Fertilizers . . .	(0·456)	30·5	+23·1	+31·3	+22·1	+22·0
Synthetic fibres . .	(0·638)	14·8	+14·3	+11·1	—3·2	+9·2
GENERAL INDEX . .	**(100·00)**	**10·8**	**—0·8**	**+6·4**	**+7·1**	**+4·7**
Non-metallic mineral products .	(3·85)	9·8	+5·2	—0·8	+13·3	+10·2
of which :						
Cement	(1·17)	7·0	+2·1	+5·8	+14·1	+2·7
Beverage and tobacco industries	(2·22)	9·5	+6·0	+8·9	+0·8	+1·8
Paper and paper products .	(1·61)	9·4	+4·4	+10·7	+8·9	+8·6
Mining and quarrying . .	(9·72)	6·3	—0·2	+6·2	+2·2	+1·4
Leather and fur products (except footwear)	(0·43)	4·5	—3·0	—12·0	—13·9	—26·5
Food manufacturing industries	(12·09)	4·4	—13·2	—3·0	+26·3	+16·1
Textiles	(27·08)	3·0	—1·2	+4·6	—2·7	+1·0
of which :						
Cotton textiles . . .	(21·18)	2·3	—1·5	+6·5	No change	+0·5
Woollen textiles . .	(0·63)	7·3	—5·5	+17·7	+6·9	+3·4
Jute textiles . . .	(3·97)	4·1	+3·7	—7·4	—19·3	+20·6

(P) provisional.

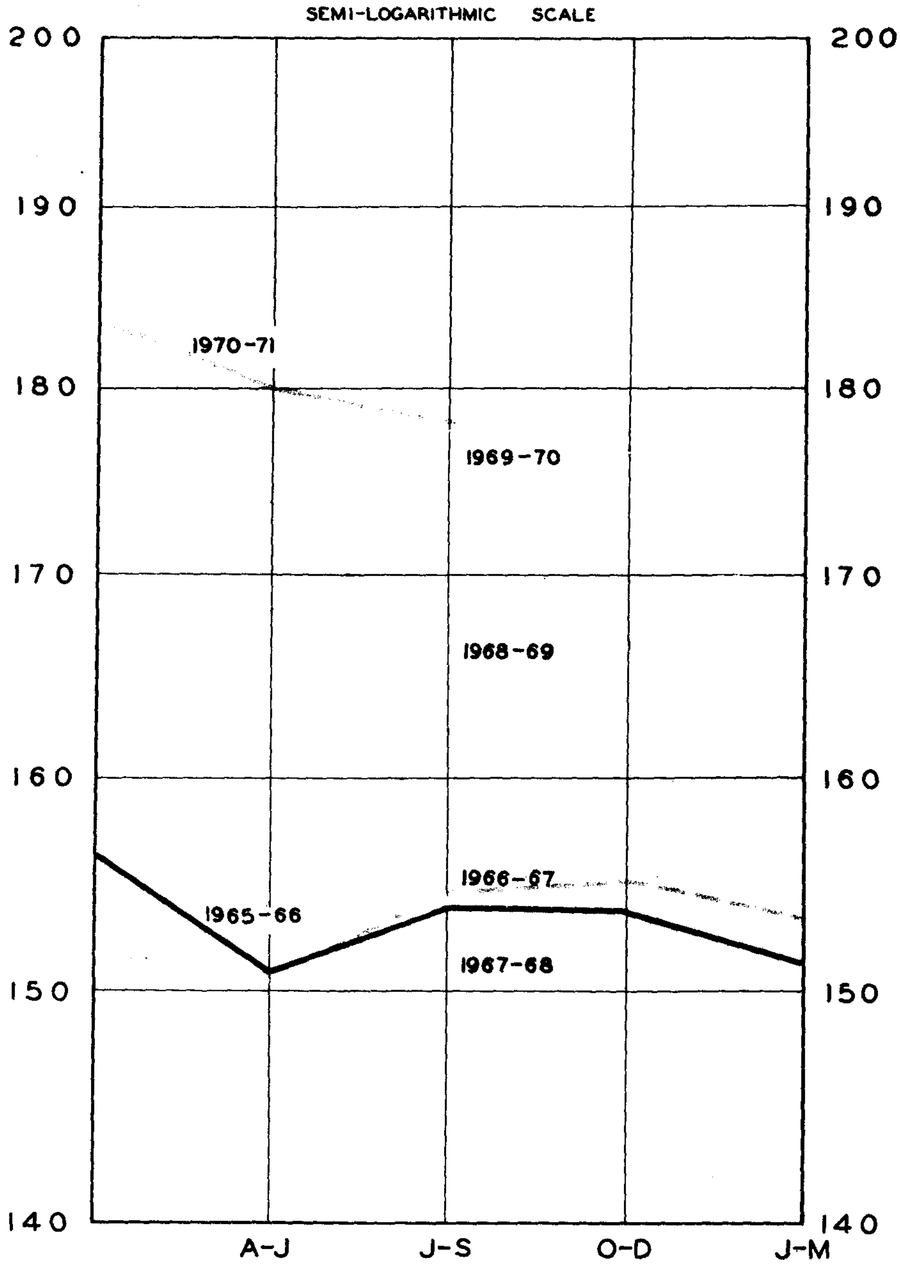
NOTE :—Weights of groups will not add up to 100 because of exclusion of (i) the Miscellaneous Manufacturing Industries Group and (ii) certain items for which data are available only on an annual basis, and which are, therefore, not covered in the Monthly Statistics of Production.

47. Industrial production during 1970 has not lived up to the promise shown in the two previous years when the economy was recovering from the effects of the recession. During the first six months of 1970, the index of industrial production was higher by 6·2 per cent as compared to the corresponding period of 1969; since

INDEX OF INDUSTRIAL PRODUCTION

QUARTERLY AVERAGES

1960=100



MINISTRY OF FINANCE, ECONOMIC DIVISION.

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then, the growth has slackened. Athough output continued to be higher than in 1969, the rate of growth during 1970, in terms of the monthly official index numbers of industrial production, came to 4·6 per cent. On the basis of past revisions of the "annual" index, however, which includes many items not included in the monthly index, the aggregate increase may be expected to be at least 5 per cent over the previous year.

48. The apparent decline in the rate of industrial growth in 1970 is also in part the outcome of a statistical adjustment, and may not wholly reflect the realities of the situation. During the year a number of industrial units (*e.g.* leather products, zinc oxide etc.) were transferred from the books of the Directorate General of Technical Development to those of the Small Scale Sector; as a consequence, their production returns were excluded from the index of industrial production, but no corresponding adjustments have yet been made for the earlier years. The official index of industrial output does not relate to the small scale industrial sector for which sufficient information is lacking. The Reserve Bank of India has estimated that output in the small scale sector registered an impressive increase of 11·2 per cent in 1969-70 as compared to 8·2 per cent in the previous year. Estimates are not yet available about how the small industries have performed during 1970-71. Since there are a number of indicators—referred to later—which suggest that the rate of advance in the small scale sector is faster than in the previous year, the overall rate of increase in industrial output is likely to be somewhat higher than what the official index would imply.

49. The leading growth sectors in 1970 were food processing, electrical machinery and power generation. Within the group of food-processing industries, while the output of sugar has continued to increase, the sharpest rise in production has been in flour milling. Apart from the industries indicated above, a high rate of growth has also been recorded by non-metallic mineral products, though its main constituent, cement, has improved its performance only slightly. Chemicals, paper and paper products and petroleum products have shown appreciable rise in output. Fertilizer production has increased at more or less the same rate as in the previous year.

50. On the other hand, non-electrical machinery, metal products, mining and quarrying, as well as beverage and tobacco industries have improved their performance over the previous year only to a moderate degree. The output of cotton textiles has remained stagnant, mostly because of a shortage of raw cotton. Jute textiles have, however, staged a recovery with an increase of 21 per cent, again because of a larger availability of the raw fibre. The leather-based industries continue on their downward trend because of a shortage of tanned hides and skins; but the extent of the decline in output is somewhat overstated in the official index because, as mentioned earlier, a number of units have been transferred to the small-scale sector, and their output is no longer reflected in the official index. In rubber products, too, there has been a decline in output, the items affected being bicycle tyres and tubes and rubber footwear. Another minor group, *viz.*, manufactures of wood and cork, has also suffered a sharp decline in production.

51. In electrical machinery, the rate of growth in 1970 has been lower than in the previous year, as the output of several lighter items such as batteries, electrical appliances and radio receivers was relatively stagnant. On the other hand, the output of transformers and electrical motors was at a much higher level; that of cables and wires too showed improvement, reflecting the greater emphasis on rural electrification. The production of non-electrical equipment appears to have suffered a set-back in the latter half of 1970. Even so, the output of machine tools has been higher by 25 per cent. The index of the aggregate output of industrial machinery has come down by about 5 per cent, though some individual items have shown substantial increases in 1970.

52. A few items have, however, been marked by sharp falls in production. The most important among these is steel: organisational problems, including industrial unrest, were, mainly responsible for the decline in the output here, which in turn affected the growth of all steel-using industries. The production of sewing machines has been affected by industrial disputes in a major unit. While generally good rainfall may have contributed to a certain fall of demand in the more recent years, stationary diesel engines and power-driven pumps are possibly also feeling the effects of competition from other types of irrigation equipment. In regard to diesel engines, rural electrification has generally cut down the demand for oil engines; some over-production in earlier years, in both the large-scale and small-sectors, may also be responsible for the lower level of output during 1970. There is reason to believe that pumps are being increasingly manufactured in the small-scale sector, which tends to explain why the increasing demand for electric motors is not being accompanied by a similar demand for pumps produced by the organised sector. Apart from the specific factors which may be inhibiting the growth of output for irrigation equipment produced in the organised sector, it is perhaps necessary to add that structural conditions in agriculture, and the lack of availability of adequate credit among the small farmers, may also be increasingly restraining the demand for such equipment, and hence their output.

53. The production of transport equipment continued to shrink, because of the declining fortunes of the railway equipment industry due to lack of demand from the railways. The latter are experiencing difficulties with regard to traffic and are therefore reluctant to order additions to equipment.

54. At the same time, the situation in regard to utilisation of capacity is better than last year and seems to have operated as a constraint on a further increase in production at least in some industries. Quite a few industries are working to full capacity, while several others have improved, albeit moderately, the level of utilisation. What is particularly noteworthy is the rising capacity utilisation in a number of industries belonging to the machinery group. The electrical equipment industries such as transformers, electrical motors, batteries, house service meters and electrical measuring instruments are working at full capacity. The same is true of HT insulators; in cables and wires too there has been a rise in the degree of utilisation. Similarly, in the non-electrical machinery group, full

capacity utilisation has been the order in the case of items such as ball and roller bearings, plastic working machines, twist drills, etc. Utilisation has also improved for machine tools and accessories, portable tools, and grinding wheels. Aluminium and copper, caustic soda, soda ash, artificial fibres, paper and paper board, and automobile tyres and tubes are all industries which have been working to full or near-full capacity. In fact, planned increases in capacity are already under implementation in the case of some of these industries; for some others, expansion is urgently called for.

55. The major problem in regard to capacity working relates to steel, heavy engineering and transport equipment. Utilisation of installed capacity in steel during 1970-71 has been of the order of only 67 per cent as against 71 per cent in the previous year. In the case of the public sector steel plants, utilisation was as low as 59 per cent, primarily because the Durgapur unit could not work more than 50 per cent of capacity in any single month. Output at the Rourkela unit too remained far below the installed capacity. Organisational deficiencies have held back progress in the heavy engineering sector. In the case of transport equipment, as already indicated, lacklustre demand from railways has affected output. In coal, a levelling off of demand, reinforced by difficulties in movement, has contributed to fall in production. In contrast, difficulties in the supply of raw material have cut back the rate of growth of both cotton and jute textiles, and also perhaps of hydrogenated vegetable oil industries.

56. To mitigate the impact of the shortages of agricultural raw materials and steel on production and prices, steps were taken to increase their imports as also to establish a proper organizational setup for equitable distribution. Arrangements have been completed to import one million bales of cotton (including staple fibre) before June 1971, and imports have begun to arrive. The Cotton Corporation of India has been established in order to canalise imports of cotton into the country and also to enter the local market if and when considered necessary.

57. The import policy regarding steel was liberalised in 1970 for the same reason. Steel-consuming industries, both in the large scale and the small scale sectors, were allowed to import 50 per cent of their total consumption of eight major items of steel in addition to the normal entitlements under the import policy for the year. Import licences for steel valued at Rs. 117 crores have been issued between April, 1970 and February 1971, and further, licensing worth roughly Rs. 80 crores has been approved under the liberal import policy indicated earlier. This order of licensing was more than twice the value of licences issued for the same period in 1969-70.

Investment Trends

58. While during the past year, and more, the climate for private investment has been good and the share market buoyant, the actual behaviour of the new issue market presents a mixed picture. A considerable volume of investment seems to be taking place in the small scale industrial sector. Under the impetus of the new policy initiated in the banking sector, advances by the public sector banks

to small scale industry rose by over Rs. 170 crores during the period July 1969 to December 1970, the number of accounts increasing by well over 60,000. The hire-purchase scheme of the National Small Industries Corporation, the operations of the State Financial Corporations, and the value of import licences issued to small-scale units, all indicate an upward trend in activity in this sector. The value of import licences issued to the small industrial units during the first eleven months of 1970-71 was about one-third larger than in the corresponding period last year.

TABLE VII

Consents for the Issue of Capital by the Controller of Capital Issues, and Capital Raised†

	1967	1968 (Rs. crores)	1969	1970
A. Consents				
All Companies	**237·0**	**149·0**	**143·5**	**100·7**
1. Government Companies	2·4	5·3	10·0	2·2
2. Non-Government Companies . .	234·6	143·2	133·5	98·5
(i) Share Capital	**158·4**	**96·9**	**82·5**	**83·4**
(a) Equity	93·3	52·2	36·5	30·2
(b) Preference	17·3	11·2	4·9	10·3
(c) Bonus	47·8	33·5	41·1	42·9
(ii) Others (including debentures and Loans etc.)	76·2	46·3	51·0	15·1
B. Capital Raised				
Total	**263·9**	**294·4**	**295·2**	**N.A.**
of which :				Jan.—Sept.
				1969 1970
Private Sector*	86·3	95·9	89·2	44·6 67·2(P)

†Capital Raised is during the year, and irrespective of the year (s) of approval.

*Comprises equity, preference and debenture capital.

(P) Provisional.

59. There are a number of pointers to indicate that, in the large-scale sector too, enterpreneurial interest has been steadily on the increase during 1970. Although the figure of consents for capital issues given to non-Government companies is lower than in the previous year, the difference is accounted for by loans and debentures; equity and preference issues taken together are at the same level as in 1969. Capital actually raised by the private sector during January-September 1970 was about Rs. 23 crores more than during the

same period in 1969. The response to public issues has also been enthusiastic. The term lending institutions such as the IDBI, IFC, etc., have been expanding their operations fast. Sanctions during 1970 were Rs. 51 crores higher than in the previous year, while disbursements rose by as much as Rs. 28 crores.

60. Other indicators of investment intentions are industrial licences and letters of intent issued which, during 1970-71, were nearly twice the figures for the previous year. A total of 475 industrial licences were issued during 1970-71 as compared to 219 in 1969-70, while letters of intent issued showed an increase from 219 to 321 over the year. The number of applications for industrial licences received during 1970 was also more than twice that for the year 1969. Approvals by the Capital Goods Committee during 1970-71 were for a value about 35 per cent higher than in 1969-70. Import licensing of raw materials and components too during the year has been as much as 35 per cent higher than in the preceeding year.

61. While developments in the private sector must, therefore, be considered to have been on the whole encouraging, the fact remains that for some time to come, much greater support is required from public sector investment which not only adds to industrial potential directly but also creates a favourable environment for private enterprise. Apart from lack of industrial raw materials and organisational bottlenecks, another element which has affected the rate of industrial growth during the year has been, as seen above, a weakness in demand for the investment-goods industries. The generally depressed state of these industries in turn has affected the output of several auxiliary and ancillary units, and has also affected the rate of employment. An improvement in the magnitude of public investment could provide an impulse and quicken the pace of activity in each of these industries. During 1970-71, despite the markedly large Plan outlay provided for in the Budget, public investment does not seem to have increased to the extent hoped for. The railways, which have been the single most important factor influencing investment decisions in a large part of the engineering industry., particularly in the eastern sector, cannot see their way to a substantial increase in capital outlay in a not too encouraging traffic situation. There have been shortfalls too in major industrial projects such as the Bokaro Steel Plant, the petrochemicals project, and the public sector fertilizer units. Only with regard to power generation, there seems to be a resurgence in public investment. There is, therefore, pressing need to enlarge the scale of public investments in industry as well as infra-structures such as transport and communications if the rate of industrial growth is to be sustained and improved upon.

Industrial Licensing Policy

62. The new industrial licensing policy, announced in February 1970, which came into full play during the year under review, aims at giving much greater freedom to private enterprise. The objective of eliminating excessive concentration of economic power is sought to be achieved both by modifications in the licensing policy with regard to the larger industrial houses and through the enactment of

the Monopolies and Restrictive Trade Practices Act which came into operation with effect from the 1st June, 1970. Clearance under the MRTP Act is necessary before industrial licences can be granted to such firms as are already within the ambit of the Act, or are likely to be subject to its provisions after the inclusion of the schemes for which licences are sought.

63. This general consideration apart, the new industrial licensing policy, as a whole, is oriented towards providing greater opportunities to fresh entrants in the industrial field and to the small entrepreneurs. New undertakings, as well as expansion of existing units, requiring an investment of Rs. 1 crore or less, have been generally exempted from the licensing requirements, subject to certain conditions relating to the requirements of foreign exchange. In another category of industries requiring investment ranging from Rs. 1 crore to Rs. 5 crores, licences will be issued liberally to parties other than the larger industrial houses and foreign concerns, except in such cases where exigencies of foreign exchange requirements necessitate careful scrutiny. In order to ensure the timely implementation of programmes in the field of basic, strategic and critical industries, a "core" sector has been defined, and the inputs required for these industries will be provided on a priority basis. Industries in this sector, as well as in the heavy investment sector involving an investment of more than Rs. 5 crores, will be open to the larger industrial houses and foreign concerns (subject to the reservation made in favour of the public sector by the Industrial Policy Resolution of 1956). The new policy also envisages that there will be a joint sector of enterprises, comprising private as well as public presence, covering major projects in the core and heavy investment sectors. This decision has been taken in view of the fact that several of the large industrial units tend to draw heavily upon the resources of the public financial institutions, and it is considered desirable to allow these institutions a larger say in matters concerning the policy of these units.

64. The existing policy in regard to reservation of industries for the small-scale sector will continue, and the scope of the "reserved list" is being progressively widened in areas where economies of scale are not important and decentralisation of activity can, therefore, provide a stimulus to the dispersal of industries and the development of hitherto backward areas. Special assistance will be accorded to units set up in certain "backward" districts selected in each State; special facilities will also be given for the supply of equipment and raw materials to entrepreneurs setting up industrial undertakings in such areas. The cooperative sector will continue to be shown preference, particularly in relation to agro-industries.

65. Although the delineation of sectors under the new industrial licensing policy imposes certain restrictions on the larger industrial houses and foreign concerns, these restrictions may be relaxed in case the interests of the economy so require. For example, in the middle sector involving investments between Rs. 1 crore to Rs. 5 crores, applications for normal expansion will be considered from established firms wherever such an expansion is considered desirable in the interests of cost efficiency. Moreover, even the larger

industrial houses and foreign concerns will be permitted to start new units, or to expand the older units, where certain minimum export commitments are undertaken.

Employment and Industrial Relations

66. During 1969-70 employment in the organised sector continued to show an improvement, overall employment increasing by about 400,000 or 2.4 per cent. The largest percentage increase was in electricity, gas and sanitary services due no doubt to the increased emphasis on rural electrification. Employment in trade and commerce also showed an appreciable rise, part of which would be on account of the rapid expansion of bank branches following nationalisation. Employment in the manufacturing and services sectors too recorded significant improvement, employment in manufacturing having risen by as much as 150,000. On the other hand, employment in construction has seemingly tended to stabilise after the spurt noticed in the previous year.

67. The rise in employment in the public sector was 3·1 per cent. over the year, but this subsumed the change brought about through the nationalisation of 14 major commercial banks. If adjustment is made for this factor, employment in the public sector would show an increase of 2·3 per cent; the corresponding rise in employment in the private sector was 2·6 per cent. The private manufacturing sector provided additional employment to 125,000 persons in 1969-70 as against 63,000 in 1968-69.

68. Data regarding employment in 1970-71 are available only for the period April-September 1970. Employment in the public sector rose by about 1·60 lakhs, spread over all the industry divisions. However, due to a seasonal fall in employment in the private sector the total increase in employment in this period was only 29,000. Since this seasonality would reverse itself during the second half of the year the increase in total employment during the whole year should be significant.

69. A Crash Scheme for Rural Employment was announced by the Central Government in January, 1971. The Scheme contemplates the execution of labour-intensive projects with the two-fold purpose of (i) creation of new employment for 1,000 persons in every district on an average wage of Rs. 100 per month for ten months in a year (the project would employ as far as possible persons belonging to families where no adult member is currently employed), and (ii) capital formation through works of a durable nature, such as roads, land development or reclamation, drainage, embankments, minor irrigation, soil conservation and afforestation etc., either as a supplement or complement to local development plans. A provision as been made within the overall allocation for such materials and equipment as will ensure that the works are of a permanent nature. The scheme which has come into operation from April, 1971 will cover the remaining three years of the Fourth

Plan. It is intended for the benefit of all the districts in the country, and particularly of those which are not covered adequately by other programmes. The scheme is expected to cost Rs. 50 crores a year to be borne entirely by the Government of India.

70. With the increasing emphasis on employment creation, commercial banks have instituted special credit schemes to provide financial assistance to self-employed persons such as small-scale industrial entrepreneurs, transport operators, retail traders, small businessmen, professionals etc. A Committee was constituted by the Reserve Bank of India in October 1970 to review existing financing schemes for encouraging self-employment and to evolve guidelines for their proper functioning. The Committee found that the financing of new units and new borrowers was not satisfactory and that the terms and the security asked for did not often take into account the special situation and requirements of self-employed borrowers. For maximum effectiveness for employment creation, the Committee envisages the setting up of a multi-service agency which will provide technical assistance to self-employed persons about the feasibility of their projects, and guidance on materials procurement, marketing, management, taxation and labour laws. The Banks are to provide a package of assistance to meet the various requirements; the terms of repayment are to be soft during the period of gestation of the project and security asked for should be minimal; a third party's guarantee should not be insisted upon as a condition for granting a loan for a self-employed person or to a small industry.

71. Industrial disputes are becoming a matter for increasing concern. The number of man-days lost owing to work stoppages was about 17 million each in 1967 and 1968. In 1969, the situation in the first half of the year was encouraging with the number of man-days lost being less than 5 million; there was considerable deterioration later and, for the year as a whole, the number went up to 19 million. Information available so far indicates that the number of man-days lost in 1970 may be 18·7 million.

72. During the year under review, industrial relations were rather unsatisfactory in ports and docks, the air corporations and certain Central undertakings. There was a countrywide agitation by bank employees (including employees of the nationalised banks) in September 1970. A strike by bargemen at the Calcutta port during June and July affected exports, particularly of jute goods. Towards the end of the calendar year, a three-week strike in the jute industry resulted in a considerable loss in production.

73. Decisions on the reports of the Wage Boards for sugar, road transport, engineering, port and dock workers, and electricity undertakings which were announced in 1970 should pave the way for better industrial relations. An important development, in the context of the current shortage of steel in the country, was the signing of a wage agreement between the management and the workers in the steel industry. The new agreement, which covers both public and private sectors, is valid for four years, and provides that during this

period industrial peace will be maintained and sustained efforts made to raise productivity Similar agreements have been signed in the insurance and banking industries.

74. In so far as West Bengal is concerned there are certain special problems arising out of the fact that it is the engineering industries (of which there is a large concentration in the State) that were most hit by the recession. Special attention is being paid to the problems in this State. A Regional Office of the IDBI has been opened in Calcutta, and a Committee to help and guide the Regional Office and to take decisions for sanction of assistance upto Rs. 20 lakhs has been set up. More recently, it has been decided to set up an Industrial Reconstruction Corporation of India with headquarters at Calcutta. The Corporation will endeavour to rehabilitate industrial units which have either closed down, or are facing the risk of closure, and will thus, it is hoped, be able to play a useful role in reducing unemployment.

Problems and Prospects

75. In terms of the results achieved during the past two decades, India's rate of industrial progress has been remarkable. There are few commodities, including sophisticated ranges of industrial equipment, which the country is not now able to produce. Alongside with general industrial growth, there has been a steady spread of the technological base, a large stock of skilled manpower, who could help accelerate the pace of industrial expansion once investments pick up substantially, is also available.

76. This very sophistication and intensity of growth have, however, brought in their train a number of specific problems. In the recent period, much of the industrial expansion has been induced by import restrictions supported, occasionally, by administrative price fixation for a wide range of industrial goods on the principle of what has come to be known as 'cost plus'. Neither practice has been particularly helpful towards promoting efficiency or lowering costs. On the other hand, if costs cannot be reduced, the demand, both internal as well as in the foreign market, for several of our industrial products may remain on a low key.

77. While failure to raise the production of industrial raw materials would also restrain industrial growth, another major problem is related to organisational deficiencies. The new industrial licensing policy described above goes a considerable way to simplify procedures and thus reduce delays. Other simplifications—which could promote growth as well as efficiency—should also be feasible, and the search for them will have to continue in the light of experience.

78. There is the additional, and much more intricate, problem of generation of employment opportunities. It is not only a question of the appropriate technology but also of a careful regional dispersal of investments so that opportunities are evenly distributed over the

different parts of the country. Clearly, the scale of investments by itself will be able to meet only a part of the problem. The challenge has wider, and deeper facets. The pattern of investments has to be carefully sifted to ensure the reconciliation of the needs of production with those of absorption of labour. In selected areas, the objectives of local participation, additional resource mobilisation and responsiveness to the needs of the people must be kept to the fore, as far as possible, in implementing the programmes. The employment-oriented schemes must, therefore, add up to an integrated plan.