

# PART 1

confidential filing

UK / Indian relations.

Indo-Soviet Arms deal.

The Appointment of Lord Greenhill as  
de P.M.'s emissary to Mrs Gandhi.

INDIA.

May 1980.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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PART 1 ends:-

28-1-81

PART 2 begins:-

30-1-81

jfh

India

28 January 1981

India

The Prime Minister has seen the Trade Secretary's minute of 27 January about his visit to India. She has agreed to see, briefly, the two Indian Ministers referred to in Mr. Biffen's minute. We will be in touch with you about the details.

I am sending a copy of this letter to Roderic Lyne (Foreign and Commonwealth Office).

M

ODB ALEXANDER

Stuart Hampson, Esq.,  
Department of Trade.

HRP

SUBJECT

re Vastu  
OPD

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T.14A/81



PRIME MINISTER

CC HMT

New Delhi,  
January 27, 1981

Dear Prime Minister,

I am glad to have your letter of November 19, 1980. As you mentioned writing in detail later, I waited before replying.

We are disappointed at the lack of any positive movement in resolving international economic issues during the last year. There was a series of frustrating experiences - UNIDO III, the Committee of the Whole, the United Nations Special Session on Economic Development and the last UN General Assembly. The only silver lining has been the meeting of the 11 Foreign Ministers in Vienna which showed a refreshing identity of approach.

The President of Mexico is on a visit here and we have discussed the proposed Summit of selected countries which is to be held in Mexico City this June. There are many impediments but an effort must be made not only to evolve concrete proposals but to involve and carry along as many countries as possible for urgently needed reforms in the international economy. Almost all reports on the suggested reforms have stressed the importance of the transfer of technology. In our own way, we are updating our industrial policies by introducing innovations. In our circumstances and with the present financial stringencies, it is a gigantic task to fill the technology gap. I am glad that Dr. Charanjit Chana, our Minister for Industry will have the opportunity of calling on you. He will place our point of view before you.

...2/-

The growing tendency towards protectionism in many parts of the industrialised world is causing us immediate concern. It impedes our exports, thereby affecting our capacity to pay for necessary oil and capital goods imports. If our purchasing power is thus reduced, this will obviously have repercussions on the exports of the industrialised countries themselves. Thus positive cooperation between the developed and the developing countries is in the interest of both.

I hear that our delegation at the Indo-British Economic Committee suggested certain specific measures to correct the growing trade deficit between Britain and India. I hope these will be seriously considered. Such exchanges of ideas in various fields are essential to a better relationship.

We were glad to welcome the Prince of Wales. His brief tour of India was a success. I hope he found it interesting and that this glimpse has given him a first-hand understanding of the diversity of our country and the vast range of our problems.

I look forward to your visit in April. Our welcome will be as warm as our weather.

With regards,

Yours sincerely,

*Indira Gandhi*  
(Indira Gandhi)

Rt. Hon. Mrs. Margaret Thatcher, M.P.  
Prime Minister of United Kingdom of  
Great Britain and Northern Ireland,  
London



From the Secretary of State

Mike Pattison Esq  
Private Secretary  
10 Downing Street  
London, SW1

*Catherine: P.M. has agreed  
to try to find time for this, I fear.*

*And  
Please offer him  
0900 on Wed 4<sup>th</sup>.*

*cf. 29/11  
27 January 1981*

*Dear Mike*

VISIT OF DR CHANANA: INDIAN MINISTER OF STATE FOR INDUSTRY

My Secretary of State minuted the Prime Minister today about his recent visit to Delhi for the fourth Indo-British Economic Committee meeting. He referred to the forthcoming visit to this country of Dr Chanana, who will be coming here principally to look for a foreign car manufacturer to collaborate in modernising the Indian car industry, and recommended that the Prime Minister should see Dr Chanana if this was at all possible.

It might be helpful if I give you the latest information I have on Dr Chanana's movements which indicate that Wednesday 4 February would be the most opportune time, as far as his programme is concerned for the Prime Minister, should she be willing to see him. He will be making industrial visits in the Midlands on Monday 2 and Tuesday 3 February, motoring to London in the late afternoon of the Tuesday. Dr Chanana leaves Heathrow for Delhi at 10.30 am on Thursday 5 February.

I am copying this letter to Roderic Lyne, FCO.

*Yours sincerely*

*Catherine Capon*

Catherine Capon  
Private Secretary

HS

Sir J. BUCKLEY  
DAVY Corporation

23 January 1981

*Overdue*

*Mr. Mann*

*P.*

The Prime Minister will wish to reply to the enclosed letter from the Chairman of the Davy Corporation. I should be grateful for a draft reply by Friday 30 January.

T.P. LANKESTER

Ian Ellison, Esq.,  
Department of Industry.

*DS*

HS

23 January 1981

I am writing on behalf of the Prime Minister to acknowledge your letter of 23 January. This is receiving attention and a reply will be sent to you as soon as possible.

T.P. LANKESTER

Sir John Buckley

5

TS





10 DOWNING STREET

PRIME MINISTER

A letter from Sir John  
Buckley drawing your attention  
to a bid for the Davy Corporation  
from a little known American  
company called Enserch of Dallas.  
He seeks the Government's help  
in holding off this bid. I am  
getting a draft reply from  
Industry.

*M. B.*

23 January 1981



Sir John Buckley

**Davy Corporation Ltd**

15 Portland Place  
London W1A 4DD  
England

Tel: 01-637 2821

Telex: 22604

23 January 1981

The Rt. Hon. Margaret Thatcher  
10 Downing Street  
LONDON SW1

*Dear Prime Minister,*

In view of the considerable Government support given to Davy in connection with the Indian US\$3.0 billion Steel Project, and knowing of your personal interest, I thought it was timely for me to write to say that we believe that we are making good progress; we continue to be optimistic.

The visit of His Royal Highness Prince Charles in November, and the business mission that was there at the same time, helped towards the establishment of a congenial climate for business. The visit this past week by the Secretary of State John Biffen has also helped. However, it is the ambience created by Government which has been so important. The Indian response leads us to feel confident that we stand well to win this major contract when the time comes for the Indian authorities to decide.

The worry we have at the moment is the threat from a bid for Davy by a little known American company called Enserch of Dallas. The Secretaries of State for Trade and Industry have been informed of this threat and the Office of Fair Trading have the matter under close examination and we understand that a recommendation will be made to the Secretary of State for Trade very shortly.

The doubt created in the market place by this uninvited bid is damaging and jeopardising major contracts such as the Indian Project. For Davy to be taken over by a company inexperienced in our field would, we believe, make the winning of the Indian Steel Project and similar projects, extremely unlikely. We hope, therefore, that your Government will do what it can to keep Davy an independent British company.

*Yours Sincerely,  
John Buckley*

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PRIME MINISTER

INDIA

I paid an official visit to New Delhi last week to lead the United Kingdom delegation to the Indo-British Economic Committee. I took the opportunity to call on a number of Indian Ministers in support of British exports and I addressed a Financial Times conference on "India as a Trading Partner".

Even in this short visit I was impressed by India's tremendous economic potential. Its agricultural expansion is already under way and a major industrial base has been established.

The market for British exports could be considerable, particularly as the public sector expansion is in areas where we have an obvious supply capability. Nonetheless, this is the area of the Indian economy which is most heavily politicised, and contracts are likely to be awarded on the basis of political decision as much as technical appraisal. India is determined to establish a balance in Government procurement between East and West (the latter, under Mrs Gandhi, meaning largely Europe). Within this Western share there is a disposition to play off Britain and France, with a certain political bias towards the latter because of their relative anti-American stance.

Notwithstanding this political analysis there are a number of areas where, if technological and financial considerations alone prevail, we are in a strong competitive position:

- Davy are the strong front-runners for constructing at least one steel mill during the present period;
- we are discussing a Memorandum of Understanding to provide an umbrella for the supply of mining equipment;

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Prime Minister -

You will wish to read,

I view the suggestion in the final paragraph with gloom. But given your impending visit & the scale of the contracts you may wish - exceptionally - to agree?

Yes not

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India  
Print - 27/1

OLD  
MODIFIED



- we have presented proposals for a negotiated contract for a thermal power station, which should prove attractive to the Indians in view of their urgent need for power;
- British Rail's consultancy services may be able to co-operate on the development of rolling stock;
- there is a strong interest in System X both for installation in the urban areas of India and for collaborative sales to South East Asia;
- in the fields of fertiliser plant construction and offshore oil exploration Britain has the proven expertise which India needs urgently.

I had with me in Delhi a group of businessmen who are involved in these fields, and all expressed satisfaction with their discussions. A number of these projects which are currently under negotiation could be ready for conclusion in time for your visit in April.

(Clearly we wish to make your visit an economic success (and it will no doubt be compared with the recent visit by Giscard d'Estaing), but we shall have to be adroit to ensure that this desire does not allow the Indians to drive too hard a bargain.

Given the Indian anxiety to maintain something like a bilateral trade balance, we cannot expect to attain this growth in our exports without accepting higher imports from India. There is little likelihood that this can be achieved in the traditional areas of textiles, leather goods, jute and tea, either because of our import restrictions or because of stable patterns of United Kingdom consumption. The Indian Government thinks in terms of promotion of trade through the use of public funds and public agencies. But the area of the British economy



which I feel provides the greatest scope for expansion of Indian exports - to mutual advantage - is in engineering, and particularly where British companies selling to export markets are looking for ways of easing the pressure of the strong pound. The Indians are keen to exploit third country collaboration, but I emphasised that the normal criteria of the private sector will apply. I resisted their strong pressure for the establishment of a £200,000 a year export promotion fund, and instead invited to the United Kingdom a selling mission from Indian companies with competitive products to offer. I also offered training assistance in marketing techniques to help India's exports worldwide. If we are to avoid dispute with the Indian Government on the level of two-way trade we need to emphasise and make clear this difference on the role of Government.

I found Indian Ministers extremely sensitive to any discrimination against Indian exports. They mentioned a BBC report on inflammability of cotton fabrics, which had referred specifically to Indian dresses. They were also concerned about the detention by HM Customs of some "folkloric" textile products which they felt should be allowed into the United Kingdom outside quota restraints. More significantly, they are aggrieved that the restrictions on aflatoxin content in animal feedstuffs which we are introducing as an animal health matter will effectively block imports of cotton-seed oil and groundnut oil from India and other developing countries whilst opening the way for greater use of soya and maize products from the developed countries. I insisted that our action was solely on health grounds and no discrimination was involved, but this issue has clearly aroused strong feelings.

As Mrs Gandhi had to be out of Delhi, I did not have an opportunity to discuss defence sales, but obviously India is an important market. We already have a Jaguar programme, but the French are pouring in effort for a light combat aircraft (ICA) - the Mirage 2000 - which could threaten the final stage of Jaguar. I understand that although



there is no RAF requirement British Aerospace and Rolls Royce are keen to enter this field (the latter using the RB 199 engine which is in the Tornado), and the Indian aviation industry is looking for new work on the basis of real partnership. In view of the relatively low technology of the ICA compared with the Mirage 2000 the price might be a link with Tornado, which I realise raises security problems. But the potential long-term benefits of such a project mean that we must consider urgently how far we can go.

Although no Indian politician raised with me immigration and the Nationality Bill, I suspect that there is real anxiety about the admission of United Kingdom passport holders now resident in India, and I am minuting Willie Whitelaw separately on this.

Two Indian Ministers are coming to London in the next fortnight - Mr Sethi, the Minister for Petroleum, Chemicals and Fertilisers, and Dr Chanana, Minister of State for Industry. I met them both in Delhi and in view of the interest of these Ministers in the projects we are bidding for I would suggest that the offer of a short interview with you would be extremely valuable if your programme permits.

I am copying this minute to Peter Carrington, Keith Joseph, Peter Walker, John Nott, David Howell, Sir Robert Armstrong and to HM High Commissioner in New Delhi.

Department of Trade  
1 Victoria Street  
London, SW1H 0ET

27 January 1981

W. J. B.

JB

India

As  
Rund

(2)

PRIME MINISTER

Message from Mrs. Gandhi

Sir Edward Pickering, Chairman of the Commonwealth Press Union, rang this morning to say that he had just returned from a visit to India in the course of which it had been clear that your visit in April is keenly awaited. Prince Charles's visit had been a considerable success and your visit is expected to go even better.

Sir Edward said that he had had two meetings with Mrs. Gandhi. Mrs. Gandhi had asked him to convey her "warmest regards" to you. I thanked Sir Edward on your behalf and suggested that if he were reporting back to India he should both reciprocate Mrs. Gandhi's greetings and say how much you were looking forward to your stay in India.

ms

Rund

22 January 1981

SUBJECT

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RR NEW DELHI  
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 ROUTINE NEW DELHI  
 TELEGRAM NUMBER 25 OF 16 JANUARY  
 INDIA REPUBLIC DAY

1. PLEASE CONVEY THE FOLLOWING MESSAGE FROM THE PRIME MINISTER  
 TO MRS GANDHI ON OR JUST BEFORE 26 JANUARY.

'I AM DELIGHTED, ON THE OCCASION OF REPUBLIC DAY, TO SEND  
 TO YOU AND TO THE GOVERNMENT AND PEOPLE OF INDIA MY WARMEST  
 CONGRATULATIONS AND MY BEST WISHES FOR A HAPPY AND PROSPEROUS  
 FUTURE.

I VERY MUCH LOOK FORWARD TO SEEING YOU AGAIN IN APRIL AND  
 TO RENEWING AND EXTENDING MY ACQUAINTANCE WITH INDIA. I  
 HOLD MANY HAPPY MEMORIES FROM MY PREVIOUS VISITS. IT IS  
 MY SINCERE HOPE THAT OUR FORTHCOMING MEETING WILL STRENGTHEN  
 FURTHER THE BONDS BETWEEN OUR TWO COUNTRIES  
 WARM REGARDS. MARGARET THATCHER'

CARRINGTON

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 PS/PUS  
 SIR J GRAHAM  
 MR DONALD



jfh

India

15 January 1981

BF for tel to 'T'

India: Republic Day Message from the  
Prime Minister

The Prime Minister has seen and approved the text enclosed with your letter to me of 14 January. I should be grateful if you could arrange for its despatch.

MA

R.M.J. Lyne, Esq.,  
Foreign and Commonwealth Office.



(1)



Foreign and Commonwealth Office

Prime Minister

London SW1A 2AH

Apes list overleaf?

14 January 1981

Dear Michael,

Ans 14/1 Yes not

India: Republic Day Message from the Prime Minister

It is customary for the Prime Minister to send a message to the Indian Prime Minister on Republic Day, 26 January.

/ I attach a draft message from the Prime Minister to Mrs Gandhi in the form of a telegram to New Delhi. A copy of / last year's message is also enclosed for reference.

I should be grateful for your approval in time for the High Commission in Delhi to deliver the message on 23 January.

yours ever

Rodric Lyne

(R M J Lyne)  
Private Secretary

M O'D B Alexander Esq  
10 Downing Street

File No. ....  
Department ..... SAD  
Drafted by .....  
(Block Capitals) ..... A J Coles  
Tel. Extn. ....

OUTWARD  
TELEGRAM

Security Classification RESTRICTED
Precedence ROUTINE
DESKBY .....Z

FOR COMMS. DEPT. USE	Despatched (Date) ..... (Time) .....Z	POSTBY .....Z
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PREAMBLE

(Time of Origin) ..... Z (G.M.T.) (Restrictive Prefix) .....  
 (Security Class.) ..... RESTRICTED (Caveat) .....  
 (Codeword) ..... (Privacy marking) .....  
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TO ..... ROUTINE NEW DELHI ..... Tel. No. .... of .....  
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AND TO (precedence/post) .....

AND SAVING TO .....

REPEATED TO (for info) .....

SAVING TO (for info) .....

Distribution:-

[TEXT]

INDIA REPUBLIC DAY

1. Please convey the following message from the Prime Minister to Mrs Gandhi on or just before 26 January.

'I am delighted, on the occasion of Republic Day, to send<sup>to</sup> you and to the Government and people of India my warmest congratulations and my best wishes for a happy and prosperous future.

I very much look forward to seeing you again in April and to renewing and extending my acquaintance with India. I hold many happy memories from my previous visits. It is my sincere hope that our forthcoming meeting will strengthen further the bonds between our two countries.

Warm regards. Margaret Thatcher'

Copies to:-

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IMMEDIATE NEW DELHI

TELEGRAM NUMBER 168 OF 24 JANUARY

YOUR TELNO 100: INDIA: REPUBLIC DAY

1. PLEASE CONVEY THE FOLLOWING MESSAGE FROM THE PRIME MINISTER TO MRS GANDHI:-

BEGINS

IT GIVES ME MUCH PLEASURE TO BE ABLE TO SEND YOU CONGRATULATIONS AGAIN SO SOON, THIS TIME ON THE OCCASION OF REPUBLIC DAY.

MY WARMEST GREETINGS GO TO YOU, YOUR GOVERNMENT AND THE PEOPLE OF INDIA, WITH BEST WISHES FOR FUTURE HAPPINESS AND PROSPERITY.

I KNOW THAT PETER CARRINGTON GREATLY VALUED HIS RECENT MEETINGS WITH YOU AND YOUR MINISTER OF EXTERNAL AFFAIRS. I AM DELIGHTED THAT OUR GOVERNMENTS HAVE HAD THIS EARLY OPPORTUNITY TO EXCHANGE VIEWS. I AM CONFIDENT THAT IT WILL SET THE PATTERN FOR CLOSE CONSULTATIONS BETWEEN BRITAIN AND INDIA.

MARGARET THATCHER

ENDS

CARRINGTON

DIST:

FILES

PS/PUS

SAD

SIR D MAITLAND

PCD

MR CORTAZZI

NEWS DEPT

MR MURRAY

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RECEIVED IN REGISTRY No. 01

19 JAN 1981

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SUMMARY

A ROYAL PROGRESS IN INDIA

1. The visit was meticulously planned and we largely got our way with the arrangements. The Indians were determined to make a success of it. (Paragraphs 1 - 5)
2. The programme was biased towards towns, but villages were worked in and this impressed the Indians. They appreciated the attempt to show the Prince the variety of India and applauded him for his interest. The visit was very much a personal success, and will stand us in good stead. Tricky situations, stemming from protests against our immigration laws, were handled with adroitness and humour, but this is an issue which can damage us in future. (Paragraphs 6 - 8)
3. Because of the shortcomings of the British press contingent the visit was least successful in conveying a sympathetic view of modern India to the British public; but the objective of strengthening Indo-British relations was achieved. The commercial benefits are dealt with in a separate despatch. The warm reception was helpful to our political and commercial relations; but the full impact of the visit remains to be seen. Much depends on Mrs Gandhi's reaction. (Paragraphs 9 - 13)

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## LORD LIMERICK'S INDUSTRIAL DELEGATION TO INDIA

### SUMMARY

1. The visit of Lord Limerick's Delegation, timed to coincide with the Prince of Wales's visit, proved highly successful. The prime objective of adding further momentum to our commercial strategy in the Indian market was achieved. (Paragraph 1)
2. The Delegation undertook a demanding programme with calls on several Ministers and formal meetings with leading Indian business organisations. Some encouraging indications by the Finance Minister of India's willingness to consider commercial credit for major projects. The Delegation's meeting with Mrs Gandhi will have had great symbolic importance. (Paras 2-5)
3. HRH The Prince of Wales was guest of honour at the luncheon co-hosted by Lord Limerick and the High Commissioner for the Delhi business community. His speech struck exactly the right note and impressed his audience. (Paragraph 6)
4. The Delegation's final press conference went extremely well and helped to reinforce the impression in Indian minds of the UK's readiness to play a major role in the development of the Indian economy. For their part the Delegation were left in no doubt of the opportunities for doing substantial business in India. (Paras 7-8)
5. The Delegation's visit, though successful in itself, must be seen as part of an overall strategy requiring close coordination of effort by IMG and British industry. The readiness of Mrs Gandhi's administration to consider government-to-government projects in the key sectors presents us with a good opportunity, provided we can offer attractive financial terms. Our position as the major aid donor and our proven record of assistance give us some advantage over our competitors. The Prince of Wales' visit created a receptive atmosphere in which to highlight the capabilities of British industry. The next steps in the process will be the visit of the Secretary of State for Trade in January 1981 and the proposed visit of the Prime Minister later in the year. (Paras 9-10)

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BRITISH HIGH COMMISSION  
NEW DELHI, INDIA

The Rt Hon The Lord Carrington KCMG MC  
Foreign and Commonwealth Office  
LONDON SW1

My Lord

LORD LIMERICK'S INDUSTRIAL DELEGATION TO INDIA

1. The visit to India of the distinguished team of British industrialists and bankers listed at annex, under the leadership of Lord Limerick, Chairman of the British Overseas Trade Board, was a resounding success in so far as a single visit can be that. It now needs to be followed up. Timed to coincide with the first week of HRH the Prince of Wales's visit, it probably represented to Indian eyes the most telling expression of British interest and involvement in the Indian economy that they have witnessed for at least 20 years. We have long pressed for a British industrial mission of this standing and should have liked to have had one earlier. But in the event the moment could not have been better chosen and the coincidence with the Prince of Wales's visit made a major impact on the Indian business and financial world. The marked improvement in the performance of British companies in the Indian market over the past three years has already done much to restore the UK's credibility as a supplier to, and collaborator in, the Indian market. A prime objective of Lord Limerick's delegation was to build on what has already been achieved in such important sectors as coal, power, steel and engineering goods and to inject further momentum into our commercial activity. This objective was secured.

2. The Delegation undertook a demanding programme. This was geared both to the overall objectives of winning friends and influencing people at the highest possible level, and to the particular commercial interests of the individual members of the team. Formal meetings were held with influential private sector organisations such as the Federation of Indian Chambers of Commerce and Industry and the Association of Indian Engineering Industry. In both instances the Indian sides were led by their respective Presidents, Mr K N Modi and Mr Manmohan Singh. Both are figures of consequence in Indian industry and both have recently led teams of their own to London.

/3. The



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3. The industrialists called individually or in groups on the following Ministers: Finance; Commerce, Steel and Mines; Energy and Coal; Information and Broadcasting; Petroleum, Chemicals and Fertilisers; Planning and Labour; Railways; Tourism and Civil Aviation; and on the Ministers of State for Industry and Defence, each of whom effectively head their Departments. There was also a comprehensive programme of calls on senior officials and industrialists.
4. The most significant meetings with Ministers were those with the Minister of Finance, Mr Venkataraman, and with the Minister of Commerce, Steel and Mines, Mr Pranab Mukherjee. Lord Limerick and his fellow merchant banker, Mr David Thomson of Lazard Brothers, were much encouraged by the indications given by Mr Venkataraman to the effect that, while the doors for overseas borrowing might not become open for Indian industry as a whole, in selected cases permission to raise overseas credit could go considerably beyond the few major projects so far publicised, such as the alumina and coastal steel plants, where this method of financing has already been sanctioned. The meeting with Mr Pranab Mukherjee gave Sir John Buckley of Davy in particular an opportunity to re-emphasize the UK's credentials for securing the contract for the \$2 billion coastal steel plant project.
5. Mrs Gandhi herself received the entire Delegation. We had some difficulty in arranging this and I had to approach Mrs Gandhi personally. It was noticed that a similar German industrial delegation which had been in Delhi earlier in the month had been refused an interview. Many of the elite and all the bureaucracy take their cue from Mrs Gandhi, so the interview had more importance symbolically than in substance. However, it gave Lord Limerick and each of his colleagues the occasion to describe the way in which they thought their companies could make a contribution to the development of Indo-British industrial cooperation. Lord Limerick, and Sir Cyril Pitts, President of the British and South Asian Trade Association, were able to reinforce the message that British industry is ready and willing to meet

/India's

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India's needs. Mrs Gandhi's response, while cautious, was to say that the sectors highlighted by the team as areas for Indo-British collaboration seemed to her well chosen and that what the UK had to offer appeared appropriate to India's needs.

6. In Delhi Lord Limerick and I together gave a luncheon for the Indian business community. HRH The Prince of Wales was the guest of honour and made a speech (text at Annex A) which struck exactly the right note. The Minister of Commerce, who was present commented to me "That is what we have been waiting to hear". The event could hardly have been more successful. HRH talked to a wide cross-section of the most important guests who will not readily forget the occasion. One distinguished Indian industrialist told a member of my commercial staff his view of the Prince: "He will become a great man: he knows how to listen".

7. The formal part of the Delegation's visit was confined to Delhi. However some members of the party stayed behind in India to follow their own business interests. The Deputy High Commissioners in Bombay and Madras and the Acting Deputy High Commissioner in Calcutta all earned high marks for assisting the industrialists in various ways despite their near simultaneous preoccupation with the Prince of Wales's tour. Before leaving Delhi Lord Limerick and his colleagues held a press conference in the High Commission which was the best attended and most lively event of its kind within the memory of my staff. With great skill, and where necessary, with considerable vigour, the members of the Delegation answered the questions of the press in a way which, in the subsequent press and television coverage, left no doubt of the intentions of British industry towards India.

8. The visit of the Delegation, combined with that of the Prince of Wales, has done much to create a more receptive attitude within Indian political and business circles towards the UK and to British equipment and technology. It is also clear from the letters which I have received from Lord Limerick and his team that they are fully persuaded of the potential for doing substantial business with India in the future. Much of this will result from the

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closer relationships which so many British companies have built up over the past three years with their Indian customers. As far as the private sector is concerned, I am sure that much more can be achieved through the establishment of working links between companies and trade associations in the two countries. However, despite a certain measure of liberalisation the Indian economy remains rigidly controlled and when it comes to the public sector our chances of securing a commanding position in such areas as coal, power, steel and transport depend essentially on the state of our relationship with Indian Ministers and with Mrs Gandhi herself."

9. Against that background the visit of Lord Limerick's Delegation must be viewed not as an event in itself but as part of an overall strategy which requires a coordination of effort both by Whitehall Departments and by British industry. As I have noted earlier, there are encouraging signs that Mrs Gandhi's Administration are prepared to look to the outside world for assistance, both financial and technical, in grappling with the fundamental problems of the Indian economy; there is rather less emphasis now than previously on India's ability to "go it alone". In addition, Indian Ministers have made plain to me on several occasions that they are prepared to turn to the UK for equipment for major projects provided we are able to make proposals on a government-to-government basis and, most importantly, that we are able to offer financial terms which are attractive. Despite a reduction in our aid programme to India we remain the major provider of bilateral assistance and our proven ability to help through the supply of expertise and technical training gives us some advantage over our competitors.

10. Our overall strategy, then, must continue to be one of convincing the Indian Government that the UK is sympathetic to Indian problems and can contribute towards their solution through the provision of reliable equipment, the right sort of technology and the essential support in terms of training and servicing. I believe that the success of Lord Limerick and the members of his Delegation owed much to their skill in putting those points across

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to their Indian hosts. The visit of the Prince of Wales created a receptive atmosphere. It is imperative that we do all we can to reinforce that message in our contacts with Indian Ministers and senior officials. The next major opportunity for doing that will be the forthcoming visit of the Secretary of State for Trade who will be leading the UK Delegation of officials and industrialists to the Indo-British Economic Committee meeting in Delhi in January. That will in turn pave the way on the economic and commercial fronts for the proposed visit of the Prime Minister later in the year.

11. Copies of this despatch have been sent to the Deputy High Commissions at Bombay, Calcutta and Madras and to the Secretaries of State for Trade and Industry.

I am Sir  
Yours faithfully

*Terrance Wood*

*J.P.* J A Thomson

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ANNEX

MEMBERS OF THE MISSION

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Sir Frederick Page	Chairman	Aircraft Group British Aerospace
<u>Accompanied by:</u>		
Mr G C Dick	Under Secretary	Department of Trade
Mr A G Simmons		Department of Trade

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# British Information Services

British High Commission in India

PW: S-3

To be checked against delivery

Text of speech by His Royal Highness Prince Charles, the Prince of Wales, at the buffet lunch given by the British High Commissioner, Sir John Thomson, and the Earl of Limerick, Chairman of the British Overseas Trade Board and leader of the visiting British industrial mission to India, at the Taj Mahal Hotel, New Delhi, on Wednesday, November 26, 1980

**Joint Hosts, Gentlemen:**

It is always a temptation to tell other people how to run their own businesses. I will resist that, especially since I am talking to an unusually successful group of businessmen. Nevertheless, I think it just possible that there may be a thing or two which I can usefully pass on to you.

As you know, I occupy a rather unusual position. The Press sometimes claim that I am too blunt in speaking publicly about what I hear and learn. However, in this select group I hope I can be franker and less formal than elsewhere. We are fortunate that within the Commonwealth family we are able to speak to each other openly and in a way which we all understand.

Like all good travellers, now that I have been in Delhi for 48 hours, I am qualified to write a book entitled "All About India". Actually, I doubt if anyone knows all about India, but much though  
....I hope

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Issued by British Information Services

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I hope to improve my knowledge in the next few days I do know something. You must remember that India has a special meaning for my family and has a special place in our affections.

Indeed, it is not only for my family that India has a special meaning. There are few people in the older generation in Britain who do not have some experience of India or family link with it. In a way it is sad that through the passage of time the old-stagers are inevitably fading away. But at the same time there is a great and growing awareness, especially amongst young people, of India as a wonderfully exciting country and of the wealth of Indian civilisation. I hope that the publicity in Britain surrounding my visit here will do something to renew and enlarge the consciousness of India in the minds both of the older and younger generation in Britain. I also hope that it will help to bring home to everyone the great achievements of India over the last 30 years.

I am all in favour of keeping fresh the sentimental and historical ties between India and Britain, including our shared traditions in education and sport, as well as in law and administration. But when it comes to business, it is not right — and certainly not profitable — to depend upon sentiment or nostalgia. What matters are the hard facts of life — reliability, profitability, research and development, progressive technology, price, delivery dates, and so on: in short, questions of material resources and skills.

It is not always sufficiently appreciated in the West how sophisticated much of Indian industry has become, or even how much progress the biggest of all industries, agriculture, has made. I do not think it is properly understood what great resources India has, whether in terms of water, power, coal, fertile soil or human skills. People tend to think of India as a poor country. That seems to me wrong. Although a lot of people in India are poor in a material sense, but by no means in a spiritual sense, India is really a rich country which has still got some way to go to realise its full potential.

That is a message which I hope my countrymen here will take back to Britain. If I may address a word or two especially to the Indian members of my audience, I would ask you, while not in any way stinting your drive towards your full potential, to be aware of the present-day pressures on the environment. This is a

....worldwide problem,

worldwide problem, but it can only be tackled nationally. Over the centuries, we in Britain have cut down far too many of our trees and even now, after an intensive tree-planting campaign over the last three-quarters of a century, we are still suffering from our earlier neglect. I am saddened by what I hear of the way in which Indian forest resources are being depleted. I do hope you can reverse this process before it is too late. Of course, it is mainly a matter for governments, but it is also something in which I believe business can help.

I believe that modernisation should mean growing from the roots rather than uprooting traditions, any more than trees. It is true that we all have something to learn from each other, but we can do it without compromising our own distinctive characters.

One of the many characteristics of India which I applaud is your instinctive sympathy for democracy. I have noticed that you like to talk. Of course, it is essential that there should be action too, but talk helps to make the action more rational and more widely acceptable, and the decision-making process more human. There are not all that many democracies in the world. We have a certain common interest, and even obligation, to stand together and to show the world that democracy does work. We need to show that our objective is not merely to have better factories but, through them, to achieve better standards for our peoples. While our own society in Britain must be our first responsibility, nevertheless my countrymen have much sympathy for the huge problems with which India is struggling and which I believe and trust you are overcoming.

It would be bad for the world to become permanently and sharply divided between haves and have-nots. Both groups have a responsibility to act in such a way as to bridge this gap. I believe that India and Britain separately and together can do much. Given India's enormous population and the immensity of her problems, the world looks to her to see whether the prospects for all developing countries are hopeful or the reverse. We in Britain would very much like the word to go out around the world that India is solving her problems and providing a model for others to follow.

I am glad that Britain has made quite a considerable direct contribution to the huge efforts which the Government of India is making. For many years we have provided a bigger aid donation to India than any other government. This year British aid is a grant

....of about

of about £120 million. If I understand the zeros properly, that is about 225 crores of rupees in grant aid. But while aid is important at present, I am sure all Indians look forward to the day when they have no need of it, and indeed when India in her turn can increase her own aid to developing countries. In the longer perspective, the development of infrastructure and the expansion of trade are more important than aid.

We in Britain have an interest in developing Indian infrastructure and trade in a way which is mutually advantageous. A lot is already happening. I am glad to know that Britain is once again one of India's two or three largest trading partners, and that our export figures for this year, in real terms, look as if they will far outstrip those for last. It is perhaps not surprising that Britain is still the largest foreign investor in India, but it is good to know that this is not simply the legacy of history, but rather the result of current hard commercial decisions. Over the last 20 odd years, some 1,350 Indo-British collaborative agreements have been signed — nearly 20 per cent, more than with any other country — and the figures for the last couple of years show that this trend is continuing.

However, is Indo-British collaboration going far enough and, especially, fast enough? It is a truism that time means money, but it also means a lot else. Capital projects that are finished in five years instead of ten years make a big difference to employment, to resource mobilisation and, most important of all, to the standard of living and happiness of millions of people.

Collaboration is altogether easier and more productive when people, companies and organisations know each other — not just on a personal plane but in full awareness of each other's technical skills, experience and standards. In the case of India and Britain, that kind of mutual understanding exists in a wide range of activities and specialisations. In scientific research, medicine, technology, education, engineering and numerous other fields it was the case, and remains the case, that Indian and British experts embarking on a project together start with the knowledge and assurance that in many respects they are thinking in the same terms, working to common standards and employing a shared terminology. That in itself constitutes a tremendous advantage.

....I referred



I referred a moment ago to the good record of collaboration between British and Indian companies. I have no doubt that such agreements contribute materially to Indian endeavours to secure new technologies and skills and thus to improve India's economic and industrial base. But I am sure that much more is needed if the objective of bringing about fundamental and long-lasting improvement is to be achieved. I think that changes of that order can only be effected through the support and encouragement of governments. It is pleasing to learn that the last two years or so have witnessed an increase in the number of major projects involving government-to-government agreement that British and Indian experts and administrators shall work together on tackling some of the more pressing problems of India's economic and social development.

Two outstanding examples concern the coal and power sectors. I think that the Indian members of my audience would agree that large-scale improvements in the generation and distribution of energy are vital to the realisation of India's industrial potential; and that the sooner this can be achieved, the better. The size of the problem and the urgency are such that new approaches and new technologies will be needed.

The coal and power sectors are ones where the United Kingdom is particularly well equipped to help through the provision of equipment, technical assistance and skills. I am glad to see that such a good start has been made and that there is an identity of view between the British and Indian Governments, and between the public- and private-sector undertakings in the two countries, as to what the priorities are and how British help can be directed to meet Indian needs. The groundwork is already there and the basis therefore exists for collaboration on a scale and of a type that can quickly bring results.

In other important areas, too, such as transport and communications, Britain stands ready to help. I was interested to hear that India has invited foreign countries to assist in the task of speeding up the programme of oil exploration offshore. With our own experience of the North Sea there is much that we can offer in this field, and in associated fields such as gas and petroleum by-products.

But to be successful and long-lasting, the effort in all these fields has to be mutual and clearly of benefit to both

....countries. Britain,

countries. Britain, I know, has a lot to offer, especially in the provision of advanced technology. We can provide packages which include the appropriate financing, consultancy and training. India too has a lot to offer. Apart from your natural resources, you have the skills and the machinery to produce good quality at low cost. Jointly the two countries can do much together. Products in which we each have a share can be sold to third countries, and there is considerable scope for Indian and British companies undertaking joint projects abroad.

I promised that I was going to resist the temptation to tell you how to run your own businesses, so I will go no further. But as a former anthropologist and a present student of human behaviour, I am sure you will not mind my saying that successful co-operative ventures must be rooted in mutual trust and mutual profit. However good the technology and however watertight the legal agreements, successful co-operation takes place between men rather than machines.

It is for this reason that I particularly welcome the presence in India at this time of the high-level mission of British businessmen, led by you, Lord Limerick, in your capacity as Chairman of the British Overseas Trade Board. I hope that all the members of your team are taking this opportunity to conclude new and fruitful business. I hope also that you will take back the message to a much wider circle in Britain that India is an expanding country, and one with which it is agreeable as well as profitable to do business.

It is for you Indians to decide where and with whom you want to deal, but I am confident that many of you will look first to Britain — and for hard-headed, not sentimental, reasons. To both sides I would like to say: develop collaboration on a basis of trust and to mutual advantage.

India

27 November, 1980.

Mrs. Gandhi

In principle the period 22 to 24 March 1982 would be acceptable to the Prime Minister for a visit to this country by Mrs. Gandhi (your letter of 25 November refers). The Prime Minister has a major speech on Saturday 27 March, so it would be important not to allow the visit to slip: I note what you say about the date of the Gala concert on 22 March.

M. O'D. B. ALEXANDER

R.M.J. Lyne, Esq.,  
Foreign and Commonwealth Office.

KRB

CONFIDENTIAL

RD  
India

27 November, 1980.

Prime Minister's Visit to India

We are agreed that discussion of dates for the Prime Minister's visit to India should await the completion of the Prince of Wales' tour. However, you will wish to be aware for planning purposes that the Prime Minister has set aside the dates of 14 to 24 April for the trip. She envisages splitting the time about equally between India and the Gulf. I am assuming that the visit to India can be made without visiting Bangladesh and/or Pakistan at the same time.

M. O'D. B. ALEXANDER

R.M.J. Lyne, Esq.,  
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

25 November 1980

*Nris Stephens*

*22-24 March 1982 : OK..?*

*OK. but major speech  
on Saturday 27<sup>th</sup> Noted  
M. S. 2611*

*Dear Michael,*

Mrs Gandhi

The High Commissioner in Delhi recently reported a conversation with Mrs Gandhi which was largely devoted to the forthcoming visit to India of the Prince of Wales (from 24 November to 6 December).

Mrs Gandhi asked that her warm good wishes should be conveyed to the Prime Minister. She added that she was very glad to accept Mrs Thatcher's invitation to be a joint sponsor with her of the Festival of Indian Arts which will be held in the United Kingdom in 1982. Mrs Gandhi also noted with pleasure the fact that the Prime Minister had given a lunch at Chequers last month for the Indian High Commissioner.

You will recall that in agreeing that Lord Greenhill should invite Mrs Gandhi to be a joint sponsor of the Festival of Indian Arts, the Prime Minister also agreed that he should invite her to come to London during the Festival (Delhi telno 657).

No particular time was specified and we do not yet know from Mrs Gandhi that she is prepared to come. But her staff think that in principle she would be ready to visit London at an appropriate moment. The timing should obviously be influenced, if possible, by the timing of the Festival though we would hope that Mrs Gandhi's visit would be of sufficient duration to permit the normal talks and entertainment associated with an official visit by a Prime Minister. From the point of view of the Festival organisers the ideal time would be about 22-24 March 1982, since the formal opening of the Festival will take the form of a Gala concert at the Festival Hall on 22 March (this date is immovable since there is no possibility of changing the Festival Hall booking).

/It

M O'D B Alexander Esq  
10 Downing Street



It is not certain whether these dates will be possible for Mrs Gandhi, since the Budget Debate in the Indian Parliament, which traditionally lasts well into March, may make it difficult for her to leave India.

For planning purposes it would be helpful to know whether the period 22-24 March 1982 would in principle be acceptable to the Prime Minister for a visit by Mrs Gandhi and whether there are any other diary considerations which we should have in mind. But we do not suggest that any further action should be taken with the Indians now. The best time to begin discussions in more detail on the prospect of a visit by Mrs Gandhi will probably be when the Prime Minister has taken a firm decision about her own visit to India. As you know from our advice in connection with Mrs Gandhi's recent message to the Prime Minister, we believe that this should be looked at in about mid-December.

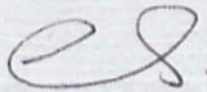
*yours ever*

*Roderic Lyne*

(R M J Lyne)  
Private Secretary

MR. ALEXANDER

You probably do not need reminding of the India dates. What we agreed on Friday was for the Prime Minister to depart after Questions on Tuesday 14 and return on Friday 24 April. I think it is essential that she returns in time for the weekend.

A handwritten signature in dark ink, appearing to be 'E.S.', is located to the right of the main text block.

24 November 1980

India

CF

file

ds



10 DOWNING STREET

*From the Private Secretary*

19 November 1980

Message to Mrs. Gandhi

I enclose the signed text of a letter from the Prime Minister to Mrs. Gandhi in reply to the Indian Prime Minister's letter of 29 October. Given the imminence of Prince Charles' arrival, you may like to arrange for the text to be telegraphed ahead.

M. O'D. B. ALEXANDER

Roderic Lyne, Esq.  
Foreign and Commonwealth Office.

JS





SUBJECT  
PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T226/80

10 DOWNING STREET

THE PRIME MINISTER

19 November 1980

Dear Prime Minister,

I was very interested to receive your letter of 29 October. It was good of you to write so fully and frankly about both international and Indian problems. You have given me a good deal to think about. I should like to reflect and write to you in more detail later.

I am glad you enjoyed meeting Lord Greenhill. I attach the greatest importance to the strengthening of our links and am glad that you share this view. We shall, as you suggest, continue to work closely with your High Commissioner here. Sir John Thomson is, of course, always at your disposal. I hope you will not hesitate to let me know about any problem which concerns you. Meanwhile, the imminent visit of the Prince of Wales will mark another important step forward in British-Indian relations.

I was delighted to hear from Sir John Thomson recently that you were prepared to be a joint sponsor, together with me, of the Festival of Indian Arts of 1982. This will be another valuable opportunity to strengthen the ties between our two countries, particularly in the eyes of the press and of the public.

Thank you too for inviting me to visit India. I very much want to come and to have the opportunity of meeting you again. I shall look into the question of dates (on which I was most grateful for your advice) and be in touch with you again, perhaps after Prince Charles' visit. Thereafter our officials could, as you say, discuss the details.

Warm good wishes.

Yours sincerely  
Rajiv Gandhi

Her Excellency Shrimati Indira Gandhi

*Sir J. Graham*~~Mr Donald~~

PS

cc: PS/LPS  
PS/Mr Blaker  
PS/Mr Marten  
PS  
Sir J Graham  
Mr EvansERD  
CCD  
MED

## INDO/BRITISH RELATIONS

Problem

- A 1. Mrs Gandhi has sent a further message to the Prime Minister. This deals with international and Indian problems, makes the assumption that Mrs Thatcher will visit India next year and suggests that the visit should be arranged for a date earlier than April.

Recommendation

- / 2. That the Private Secretary writes to No 10 on the lines of the attached draft. This envisages an interim reply (draft also attached) to Mrs Gandhi promising a more substantive one later. I suggest that the Prime Minister should not finally commit herself to a visit to India until we have had time to digest the results of the visits by the Prince of Wales and Mr Brezhnev to India in November/December. Sir John Thomson agrees with this approach.

*A. J. Coles*A J Coles  
South Asian Department

13 November 1980

*J. A. Coles*  
13/11

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM:

Reference

Private Secretary

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

No 10 Downing Street

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your letter of 10 November enclosing a letter of 29 October to the Prime Minister from the Prime Minister of India.

CAVEAT.....

[ Mrs Gandhi's letter takes her correspondence with the Prime Minister a stage further. It is the fullest account Mrs Gandhi has yet given us of her views on international and Indian problems. In addition, Mrs Gandhi refers with pleasure to her meeting earlier this year with Lord Greenhill, to the Prime Minister's gesture of a special lunch at Chequers to the new Indian High Commissioner and to the prospect of the forthcoming visit of HRH the Prince of Wales to India.

In a reference to a possible visit by the Prime Minister to India, Mrs Gandhi takes it for granted that this will now be arranged but suggests that in view of the climate in India in April the visit should take place somewhat earlier. ]

Enclosures—flag(s).....

The Foreign/

CONFIDENTIAL

The Foreign and Commonwealth Secretary believes that the correspondence between the two Prime Ministers is a valuable element in our bilateral relations. It helps to demonstrate to Mrs Gandhi that we are interested in and sensitive to her views. As he has advised earlier, this is important both in itself and in relation to the decisions that Mrs Gandhi can be expected to take in the next few months on such matters as Jaguar and coastal steel contracts. Lord Carrington believes that it would be useful for the Prime Minister to send a further letter of some substance to Mrs Gandhi commenting on some of the points in her latest letter and setting out our latest thinking on current international issues. But he thinks this could well wait a while. It will be hard to sustain the value of the correspondence if it becomes too intensive. One more message of substance between now and the Prime Minister's visit to India, if this takes place, would be about right.

There is a further reason for a purely interim reply at this stage. Lord Carrington very much hopes that the Prime Minister will indeed be able to visit India in the first few months of 1981. But it might be unwise to make a firm commitment now. We want to minimise the risk of having to call off a visit owing to some unexpected deterioration in relations. Lord Carrington suggests that the Prime Minister takes a firm decision in about mid-December when we have had time to digest the results of the visits to India of the Prince of Wales

(24 November to 6 December) and of Brezhnev (expected to begin on 8 December).

In your letter of 10 November you said you would look into the possibility of bringing the visit forward from April. This is desirable if it can be done. As Mrs Gandhi says, Delhi is indeed hot and dusty at that time of the year. The cooler weather usually ends some time in March. But if the Prime Minister's diary makes the change impossible Lord Carrington hopes the April visit will go ahead, subject to a final decision later.

I enclose a draft interim reply from the Prime Minister to Mrs Gandhi. This includes a reference to the fact that Mrs Gandhi recently told us (Delhi telno 821) that she was very glad to accept Mrs Thatcher's invitation to be a joint sponsor with her of the Festival of India. It would be helpful if the reply could reach Delhi shortly before the Prince of Wales arrives on 24 November. *We therefore propose to telegraph the text, with a signed copy to follow.*

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM:

Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Her Excellency Shrimati Indira Gandhi  
Prime Minister of the Republic of  
India

Copies to: Copy  
with copy of Mrs  
Gandhi's letter to  
Sir J Thomson, Delhi

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

I was <sup>very interested</sup> most grateful to receive ~~recently~~ your letter of 29 October. It was good of you to write so fully and frankly about both international and Indian problems. You have given <sup>me</sup> ~~us~~ a good deal to think about. I should like to reflect and write to you <sup>in</sup> ~~more~~ <sup>more detail</sup> ~~substantively~~ later.

I am glad you enjoyed meeting Lord Greenhill. I am <sup>attach the greatest importance to</sup> sure that the efforts you and I are making to <sup>the</sup> strengthen <sup>ing of our</sup> relations are well worth while. <sup>and am glad that you share this view.</sup> We shall certainly continue to <sup>work slowly</sup> cooperate with your High Commissioner as you suggest, <sup>while Sir John Thomson</sup> And our own High Commissioner <sup>is</sup> ready to continue working actively to the same end <sup>of course at all times should you so want</sup> with your people. <sup>have anything you wish to say to us.</sup> As you say, the imminent visit of the Prince of Wales will be an important step forward.

I was delighted to hear from our High Commissioner recently that you were prepared to be a joint sponsor, together with me, of the Festival of Indian Arts of 1982. This will be another valuable opportunity to strengthen the ties between India and Britain, <sup>particularly in the eyes of the press and the public.</sup> Thank you ~~very much too~~, for <sup>inviting</sup> ~~welcoming~~ me to visit/

Enclosures—flag(s).....

~~Just a tip about the weather in April.~~

visit India. I very much want to do <sup>come</sup> this and to have the opportunity of meeting you again. I should like to look into the question of dates <sup>(on which I was most grateful for your advice)</sup> and be in touch with you again, perhaps after Prince Charles' visit. Thereafter our officials could, as you suggest, discuss the details.

My warm best wishes.

CONFIDENTIAL



SAD

For advice pse (i.e. no

inform Sir J Thomsch)

10 DOWNING STREET

PS

PS/LPS

PS/Mr Blaker

From the Private Secretary

10 November 1980

PS/Mr Martin

PS/PUS

Sir J Graham

Mr Donald

Mr Evans

ERD

CCD MED

RML

10/xi

Dear Madam,

Message from Mrs. Gandhi

I enclose a copy of the text of a message which the Prime Minister received on Friday from the Prime Minister of India. I should be grateful if you could put in hand the preparation of a reply. I should be grateful for advice as to when you consider the reply should issue.

You will see that Mrs. Gandhi is now taking it for granted that the Prime Minister will visit India in the spring. We here will review the possibilities of bringing the visit forward. I do not think that the chances of our being able to do so are very great.

Yours ever

Michael Alexander

R.M.J. Lyne, Esq.,  
Foreign and Commonwealth Office.

CONFIDENTIAL





PRIME MINISTER

12/2/80  
New Delhi  
October 29, 1980

R 7/n  
Dear Prime Minister,

Last month the Second Commonwealth Heads of Government Regional Meeting for the Asian and Pacific region was held in Delhi. It was a success. There was very frank discussion and interaction which led to a better understanding of problems, especially of the small island countries with which we on this side have not been very familiar. It is good that they had a sense of participation in wider world affairs.

We recognised the growing relevance of economic and technical cooperation in the region. Concrete measures at initiating and expanding such cooperation were outlined. During the First Regional Conference, Working Groups on cooperation in the fields of Trade, Energy, Illicit Drugs and Terrorism were set up. The Conference endorsed the very useful reports of these Groups. It was decided that most of these Groups should continue, with expanded terms of reference in some cases. We also added new areas like Industrial cooperation and Agricultural Research and Development for increased cooperation. Special measures for the small island States were also agreed upon.

....2/-

Apart from questions of particular interest to the region, all participants were deeply concerned about the gravity of international economic issues. The situation is particularly critical for developing countries like India. The Conference underlined that the future of all countries, developed or developing, is closely interlinked. Yet there are growing signs of protectionism in affluent countries. It is often forgotten that if developing countries are unable to export to industrialized countries, they will be in no position to import their products. Narrow-minded and chauvinistic policies can only exacerbate or augment problems. While endorsing the recommendations of the Brandt Commission and the Commonwealth Group of Experts, we underlined the need for bold and innovative international action.

The Joint Communique reflects the considerable common ground on many of the world's current problems despite our diverse approaches. We reiterated our opposition to external interference in the affairs of any country in any form whatsoever. We also emphasised the necessity of resolving all problems through peaceful means.

This approach has become increasingly relevant. The crisis in Afghanistan continues and the active

hostilities between Iraq and Iran are a new source for anxiety. We have excellent relations with both countries. It is painful to see them involved in a destructive conflict which not only affects them directly but also has consequences for the rest of the world. We have noted the efforts made by various countries and organisations to help stop the fighting. Unfortunately, no progress has been achieved so far. Special envoys of the Presidents of Iran and Iraq have called on me to explain their respective points of view. We are in touch with Iran and Iraq as also other like-minded nations and sincerely hope that a way out can be found in a manner honourable to both countries.

Some recent events in India have been widely reported in the Press. The disturbances in Moradabad and Aligarh did not follow the pattern of religious riots as we have known them earlier. Initially, it was a confrontation between some people and the police. There is reason to believe that this was deliberately engineered as is being done on one excuse or another in other parts of the country. Later, wild rumours spread, arousing communal passions. Narrow-minded fanatics exploited the situation for their own ends. But we are determined to maintain our tradition of tolerance and are doing everything possible to prevent the recurrence of such trouble and to give relief to all who have suffered.

In my previous regime, we had considerably reduced such incidents. The minorities and poorest sections felt secure in the feeling that Government would stand up for them. My family and I have always been specially concerned about the welfare of our minorities, for we want different religions to co-exist in peace and dignity. This is essential not only on humanitarian grounds but for the economic progress in which all sections must have a fair share. Since 1951 the population of Muslims in India has more than doubled from about 35 million to 80 million. Our Christian population has also increased from 8 million to over 18 million.

The oil crisis and world inflation have placed tremendous burdens on our economy. The lack of a coherent policy in the last three years resulted in further deterioration. In addition, there was drought in many parts of India in 1979. Luckily, during my last regime, we had not only achieved complete self-sufficiency in foodgrains production but had built up buffer stocks of 20 million tonnes of cereals. This helped us to tide over the difficult period last year. We were also able to help some friendly countries in a modest manner.

The stagnation in industrial production is partially due to the bad law and order situation which we inherited

from the previous regime. Lack of discipline and social responsibility are attacking the very vitals of our economy. Anti-social elements, which had been brought under control previously went completely out of hand after the Jayaprakash Narayan agitation. We are still plagued with labour trouble, fomented in many cases by politicians. Recently we have taken some measures to tackle these problems. Within our Constitution, a set of legal rules has been framed to enable action against anti-social elements so that peace between various religious communities, industrial workers and other sections of society can be effectively maintained for the general good. The problems India faces are particular to our society. Solutions must, naturally, be in response to these particular problems. Sometimes these measures are misunderstood and presented out of context. This is due to a lack of understanding of the Indian situation. But it is the responsibility of every elected government to safeguard the lives and liberty of the vast masses of people against encroachment by a minuscule minority of anti-social elements. We have taken care to ensure that the fundamental freedoms of the masses are safeguarded. There has now been some improvement in the law and order situation and in the industrial field. We are confident that production in agricultural field will also continue to register satisfactory growth.

It was a pleasure to meet your representative, Lord Greenhill. We do need to make an effort to improve our relations in various fields. Thank you for taking the trouble of introducing our new High Commissioner to important individuals, particularly in the public media. With the continued cooperation of your Government, I hope the High Commissioner will be able to strengthen our relations. We look forward to Prince Charles' visit; this will be another step forward.

We shall be glad to welcome you in India next April. However, I must warn you that this time of year is exceedingly hot and dusty. Would it not be possible for you to come earlier? I have asked our Ministry of External Affairs to finalize necessary details about dates etc. in consultation with your Foreign Office.

Yours sincerely,

*Indira Gandhi*  
(Indira Gandhi)

The Rt. Hon. Margaret Thatcher, MP,  
Prime Minister and First Lord of Treasury  
and Minister for the Civil Service,  
London, U.K.

India

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FROM DELHI 100730Z NOV  
TO ROUTINE FCO  
TELEGRAM NUKBER 821 OF 10 NOVZMBER 1980

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1. I SAW MRS GANDHI ON SUNDAY EVENING AHEAD OF MY RETURN TO LONDON. MOST OF THE CONVERSATION WAS ABOUT THE VISIT OF THE PRINCE OF WALES AND ALSO ABOUT INDIAN DOMESTIC DEVELOPMENTS. IN ADDITION SHE ASKED ME TO CONVEY PERSONALLY HER WARM GOOD WISHES TO THE PRIME MINISTER AND TO SAY THAT SHE WAS VERY GLAD TO ACCEPT MRS THATCHER'S INVITATION TO BE A JOINT SPONSOR WITH HER OF THE FESTIVAL OF INDIA.

2. MRS GANDHI'S STAFF HAVE TOLD ME SEPARATELY THAT THEY THINK SHE IS IN PRINCIPLE READY TO COME TO LONDON IN FEBRUARY 1982 TO ASSIST AT THE OPENING OF THE FESTIVAL. MRS GANDHI DID NOT MENTION THIS TO ME HERSELF AND OF COURSE THE PRIME MINISTER'S INVITATION TO HER TO COME TO LONDON DURING THE FESTIVAL WAS NOT SPECIFIC AS TO TIMING. HOWEVER, NUMBER 10 AND THE FESTIVAL ORGANISERS MAY WISH TO BEAR IN MIND THAT ACCORDING TO PRECEDENT THE BUDGET SESSION OF THE INDIAN PARLIAMENT WOULD BEGIN ABOUT 18 FEBRUARY. ACCORDINGLY IT MIGHT BE PRUDENT TO PLAN THE OPENING OF THE FESTIVAL FOR THE FIRST HALF OF FEBRUARY. INCIDENTALLY, I HOPE THE MAIN PART OF THE EXHIBITION, INCLUDING THE HAYWARD GALLERY, WILL STILL BE OPEN IN JUNE 1982. THIS IS THE PEAK PERIOD FOR INDIANS VISITING LONDON.

3. I SHOULD BE GRATEFUL IF MRS GANDHI'S GOOD WISHES AND ACCEPTANCE OF THE PRIME MINISTER'S INVITATION COULD BE CONVEYED TO MRS THATCHER. MRS GANDHI ALSO NOTED WITH PLEASURE THE CHEQUERS LUNCH FOR THE INDIAN HIGH COMMISSIONER.

THOMSON

[COPIES SENT TO NO 10 DOWNING ST]

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SIR J GRAHAM  
MR DONALD

[NOT ADVANCED]

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HS

*India*

10 November 1980

*BF 17.11.80*

Message from Mrs. Gandhi

I enclose a copy of the text of a message which the Prime Minister received on Friday from the Prime Minister of India. I should be grateful if you could put in hand the preparation of a reply. I should be grateful for advice as to when you consider the reply should issue.

You will see that Mrs. Gandhi is now taking it for granted that the Prime Minister will visit India in the spring. We here will review the possibilities of bringing the visit forward. I do not think that the chances of our being able to do so are very great.

MICHAEL ALEXANDER

R.M.J. Lyne, Esq.,  
Foreign and Commonwealth Office.

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*GB*



HS

10 November 1980

I am replying on the Prime Minister's behalf to your letter to her of 7 November. The message from Mrs. Gandhi which you enclosed has, of course, been placed before the Prime Minister.

MICHAEL ALEXANDER

His Excellency Dr. V.A. Seyid Muhammad

010



Prime Minister (2)

9, KENSINGTON PALACE GARDENS,

LONDON, W. 8.

I shall commission a reply.  
As you will see the Indians are taking your visit in April for granted. It would not be easy to bring the visit forward but we would try.

November 7, 1980

Dr. V. A. Seyid Muhammad

Dear Prime Minister, *Print 7/11*

*We must remember the budget date.*

I have the honour to forward herewith a cover addressed to you from Shrimati Indira Gandhi, Prime Minister of India.

With assurances of my highest consideration.

Yours sincerely,

V. A. Seyid Muhammad

The Rt. Hon. Mrs. Margaret Thatcher,  
Prime Minister,  
10 Downing Street,  
London.

SUBJECT



PRIME MINISTER

T 212A/80

PRIME MINISTER'S  
PERSONAL MESSAGE

SERIAL No. T. 212A/80

cc to Mr. X  
of

R 7/11

New Delhi  
October 29, 1980

Dear Prime Minister,

Last month the Second Commonwealth Heads of Government Regional Meeting for the Asian and Pacific region was held in Delhi. It was a success. There was very frank discussion and interaction which led to a better understanding of problems, especially of the small island countries with which we on this side have not been very familiar. It is good that they had a sense of participation in wider world affairs.

We recognised the growing relevance of economic and technical cooperation in the region. Concrete measures at initiating and expanding such cooperation were outlined. During the First Regional Conference, Working Groups on cooperation in the fields of Trade, Energy, Illicit Drugs and Terrorism were set up. The Conference endorsed the very useful reports of these Groups. It was decided that most of these Groups should continue, with expanded terms of reference in some cases. We also added new areas like Industrial cooperation and Agricultural Research and Development for increased cooperation. Special measures for the small island States were also agreed upon.

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Apart from questions of particular interest to the region, all participants were deeply concerned about the gravity of international economic issues. The situation is particularly critical for developing countries like India. The Conference underlined that the future of all countries, developed or developing, is closely interlinked. Yet there are growing signs of protectionism in affluent countries. It is often forgotten that if developing countries are unable to export to industrialized countries, they will be in no position to import their products. Narrow-minded and chauvinistic policies can only exacerbate or augment problems. While endorsing the recommendations of the Brandt Commission and the Commonwealth Group of Experts, we underlined the need for bold and innovative international action.

The Joint Communique reflects the considerable common ground on many of the world's current problems despite our diverse approaches. We reiterated our opposition to external interference in the affairs of any country in any form whatsoever. We also emphasised the necessity of resolving all problems through peaceful means.

This approach has become increasingly relevant. The crisis in Afghanistan continues and the active

hostilities between Iraq and Iran are a new source for anxiety. We have excellent relations with both countries. It is painful to see them involved in a destructive conflict which not only affects them directly but also has consequences for the rest of the world. We have noted the efforts made by various countries and organisations to help stop the fighting. Unfortunately, no progress has been achieved so far. Special envoys of the Presidents of Iran and Iraq have called on me to explain their respective points of view. We are in touch with Iran and Iraq as also other like-minded nations and sincerely hope that a way out can be found in a manner honourable to both countries.

Some recent events in India have been widely reported in the Press. The disturbances in Moradabad and Aligarh did not follow the pattern of religious riots as we have known them earlier. Initially, it was a confrontation between some people and the police. There is reason to believe that this was deliberately engineered as is being done on one excuse or another in other parts of the country. Later, wild rumours spread, arousing communal passions. Narrow-minded fanatics exploited the situation for their own ends. But we are determined to maintain our tradition of tolerance and are doing everything possible to prevent the recurrence of such trouble and to give relief to all who have suffered.

In my previous regime, we had considerably reduced such incidents. The minorities and poorest sections felt secure in the feeling that Government would stand up for them. My family and I have always been specially concerned about the welfare of our minorities, for we want different religions to co-exist in peace and dignity. This is essential not only on humanitarian grounds but for the economic progress in which all sections must have a fair share. Since 1951 the population of Muslims in India has more than doubled from about 35 million to 80 million. Our Christian population has also increased from 8 million to over 18 million.

The oil crisis and world inflation have placed tremendous burdens on our economy. The lack of a coherent policy in the last three years resulted in further deterioration. In addition, there was drought in many parts of India in 1979. Luckily, during my last regime, we had not only achieved complete self-sufficiency in foodgrains production but had built up buffer stocks of 20 million tonnes of cereals. This helped us to tide over the difficult period last year. We were also able to help some friendly countries in a modest manner.

The stagnation in industrial production is partially due to the bad law and order situation which we inherited

from the previous regime. Lack of discipline and social responsibility are attacking the very vitals of our economy. Anti-social elements, which had been brought under control previously went completely out of hand after the Jayaprakash Narayan agitation. We are still plagued with labour trouble, fomented in many cases by politicians. Recently we have taken some measures to tackle these problems. Within our Constitution, a set of legal rules has been framed to enable action against anti-social elements so that peace between various religious communities, industrial workers and other sections of society can be effectively maintained for the general good. The problems India faces are particular to our society. Solutions must, naturally, be in response to these particular problems. Sometimes these measures are misunderstood and presented out of context. This is due to a lack of understanding of the Indian situation. But it is the responsibility of every elected government to safeguard the lives and liberty of the vast masses of people against encroachment by a minuscule minority of anti-social elements. We have taken care to ensure that the fundamental freedoms of the masses are safeguarded. There has now been some improvement in the law and order situation and in the industrial field. We are confident that production in agricultural field will also continue to register satisfactory growth.

It was a pleasure to meet your representative, Lord Greenhill. We do need to make an effort to improve our relations in various fields. Thank you for taking the trouble of introducing our new High Commissioner to important individuals, particularly in the public media. With the continued cooperation of your Government, I hope the High Commissioner will be able to strengthen our relations. We look forward to Prince Charles' visit; this will be another step forward.

We shall be glad to welcome you in India next April. However, I must warn you that this time of year is exceedingly hot and dusty. Would it not be possible for you to come earlier? I have asked our Ministry of External Affairs to finalize necessary details about dates etc. in consultation with your Foreign Office.

Yours sincerely,

*Indira Gandhi*  
(Indira Gandhi)

The Rt. Hon. Margaret Thatcher, MP,  
Prime Minister and First Lord of Treasury  
and Minister for the Civil Service,  
London, U.K.





10 DOWNING STREET

THE PRIME MINISTER

13 October 1980

Dear Mr. Paul,

I am writing to thank you for the delightful carved ivory box which you were kind enough to present me yesterday. It is simply beautiful and I am deeply appreciative.

I fear this letter will be delivered after your departure for India. Let me, nonetheless, express the hope that you will have a most successful and enjoyable visit.

We very much enjoyed the luncheon and hope you did too.

Warm regards.

Mr. Swraj Paul.

Yours sincerely,

Margaret Thatcher DSG



file No

India

10 DOWNING STREET

*From the Private Secretary*

13 October 1980

Dear Dr Singh,

The Prime Minister has asked me to thank you and your wife for the two books which you left for her at Chequers. She looks forward to reading them.

May I add how much I enjoyed our talk together. I hope that it will prove possible to bring to fruition the plans we discussed.

Yours sincerely

Nihal Alexander

Dr. Indu Prakash Singh.

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*W. J. W.*



Foreign and Commonwealth Office

London SW1A 2AH

10 October 1980

*Prime Minister*

*Am 10/10*

*Dear Michael,*

As background to the Prime Minister's lunch at Chequers on 12 October you may like to have a brief account of recent developments in Indo-British relations and some suggestions as to how topics which could arise during the lunch might be handled. The guest list is enclosed.

I also enclose Lord Greenhill's telegram from Delhi reporting his talk with Mrs Gandhi on 1 September. Since his visit there have been clear signs of an improvement in bilateral relations:

(a) There have been reports from Indian sources that the chances of a British firm (Davy) securing the £1 billion Coastal Plant have improved. The Indian Minister of Commerce (Mukerjee), who has long had an invitation to come here, proposed a visit between 27 and 29 October and then cancelled it on the grounds that Davy were now likely to get the contract and that if he was visiting London around the time that detailed negotiations began with Davy he would run into political controversy on his return. It is too soon to count chickens and we do not expect a firm Indian decision for some time yet but the visit may be a straw in the wind. Mr Swraj Paul, one of the Prime Minister's guests at lunch, is taking a close interest in the steel contract and has been lobbying in Delhi on Davy's behalf (Sir John Buckley of Davy is also invited).

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(b) The Indian Minister for Energy and Coal (Chaudhury) visited London last month for talks with the Secretary of State for Trade. The Indians have since proposed that a team come here in early November for substantive talks on collaboration in the coal and power fields.

(c) The Indian Minister of Communications (Stephen), also in London in September, appeared to be keen to explore possible collaboration in his fields of interest.

(d) There have been no new developments on the Jaguar contract (the Indians still seem to be looking at various options) but more may be learnt on 20 October when the Indian Defence Secretary (PUS), Menon, will be visiting the Ministry of Defence. This is another example of an earlier invitation now being taken up.

We cannot be sure but our guess (shared by the High Commissioner in Delhi) is that these encouraging developments stem from the Prime Minister's decision to send Lord Greenhill to see Mrs Gandhi on her behalf and the success of the talks he had with her.

But we also judge that the maintenance of this improved state of bilateral relations cannot be taken for granted. It could be upset at any time, and it is consequently important that we do all we can to sustain the improvement. We are now entering a very important period in our relations with India. The next six months or so should determine whether Davy get the steel contract, whether the Jaguar contract is maintained or modified and whether the other important commercial opportunities noted above can be turned to our advantage. The Prince of Wales' visit to India from 26 November to 6 December could be highly significant in that context, as it will be across the whole range of our bilateral relations. It would of course be a mistake to make too obvious a link between Prince Charles' visit and commercial matters. But it will come at just the right time to maintain and improve the general atmosphere of our relations and encourage the Indian government to take steps on their side to improve them (and avoid action in a contrary sense, such as awarding a major contract to our commercial rivals.)

/As



As you know from earlier correspondence, the Indians and Mrs Gandhi in particular are sensitive to the portrayal of India in the British media. Mrs Gandhi stressed this problem in her letter of 27 August to the Prime Minister. Lord Greenhill told Mrs Gandhi that the problem could never be completely solved but that there ways of ameliorating it. He said, speaking frankly, that Indian public relations in Britain left much to be desired (Mrs Gandhi agreed). He then added that we would be ready for continuing mutual consultation in London on how to meet our common public relations problems. Mrs Gandhi did not respond directly and the Indians have not taken up our offer of consultations since. But if and when they do so we are ready to arrange a meeting with their High Commission here to discuss the problem and shall have some specific ideas to put to them. Mr Blaker discussed the problem with the Indian Minister of Communications at lunch recently and Sir Michael Palliser did likewise with his Indian opposite number during recent official talks. So the Indians should be in no doubt that we are giving thought to the matter.

Against this general background we suggest that the main objective of the Prime Minister's luncheon should be to convey to the Indian participants our continued interest at the highest political level in a close and productive relationship with India. The event (and the unusual significance of the Prime Minister's gesture in offering a lunch for a newly arrived High Commissioner) will certainly be reported back quickly to Mrs Gandhi. Mr Swraj Paul is leaving for India on 15 October and will, we understand, be seeing her.

We recommend that specific comment on the negotiations for the steel contract or the state of play on the Jaguar contract is avoided. Both are at a delicate state. We are confident that all that can be done to promote our interests is being done and we do not think the Prime Minister need intervene on these matters for the moment.

The fact that media representatives are present at the lunch will probably inhibit too specific a discussion of India's problems with the British media. But the occasion provides a very useful opportunity for the new Indian High Commission to meet senior figures in the British media and to put his relations with them on a sound basis from the outset of his appointment.

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- 4 -

/ I enclose a brief note of points which the Prime  
/ Minister may wish to make on the problem of the media,  
/ if it is discussed, and on other topics. I also  
/ enclose personalities notes on the Indian participants  
/ and background notes of India's internal situation and  
/ foreign policy.

I am sending a copy of this letter and its  
enclosure to Alastair Shaw (Lord Chancellor's Office).

*yours ever*  
*Rodric Lyne*

(R M J Lyne)  
Private Secretary

M O'D B Alexander Esq  
10 Downing Street

GRS 4000  
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DESKBY 020800Z  
FM DELHI 011430Z SEP 80  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 657 OF 1 SEPTEMBER.

FOLLOWING FOR PRIME MINISTER AND FOREIGN SECRETARY FROM LORD GREENHILL MEETING WITH MRS GANDHI ON 1 SEPTEMBER

1. THE HIGH COMMISSIONER AND I SAW MRS GANDHI THIS MORNING FOR AN HOUR AND 40 MINUTES. SHE LOOKED WELL, WAS RELAXED AND AMIABLE AND VERY READY TO SMILE. SHE WELCOMED THE FACT THAT YOU HAD SENT A SPECIAL EMISSARY, WHILE POINTING OUT THAT MR PAUL SHOULD NOT STRICTLY SPEAKING BE CALLED HER REPRESENTATIVE, BUT RATHER A FRIEND. I BELIEVE SHE HAS WRITTEN TO YOU ABOUT THIS.

2. I OPENED BY GIVING MRS GANDHI YOUR MANUSCRIPT LETTER WHICH SHE READ WITH EVIDENT SATISFACTION. SHE REACTED WELL TO YOUR MESSAGE OF SYMPATHY ABOUT SANJAY'S DEATH AND WHEN I QUOTED YOU AS SAYING THAT FOR A MOTHER A CHILD WAS ALWAYS A CHILD, SHE SAID "THAT'S QUITE TRUE". I SPOKE ALONG THE LINES OF YOUR BRIEFING AND STRESSED THAT YOU WOULD LIKE TO KEEP UP A DIALOGUE WITH HER. SHE LIKED THE REFERENCES TO YOUR EARLIER CONVERSATIONS AND ESPECIALLY TO THE TIME WHEN YOU WERE IN OPPOSITION.

3. SHE SMILED WHEN I SAID THAT YOU HAD ASKED ME TO TELL HER THAT YOU WERE DEEPLY UPSET THAT SHE WAS UPSET WITH US. THIS CLEARLY HAD THE RIGHT EFFECT. IN RESPONSE TO MY COMMENTS ON THE PROBLEMS OF DEALING WITH THE MEDIA, SHE SAID THAT SHE WAS NOT BOTHERED SO MUCH BY THE INDIVIDUAL PIECES OF CRITICISM, AS BY THE FACT THAT THE CAMPAIGN SEEMED "WELL ORCHESTRATED" AND "SOPHISTICATED". IT WAS NOT JUST IN BRITAIN AND IT WAS NOT JUST THE PRESS. THE PROBLEM WAS THAT VARIOUS ASSOCIATIONS AND SOCIETIES AS WELL AS THE PRESS SEEMED TO BE RUNNING A CAMPAIGN AGAINST INDIA AND HERSELF. SHE FELT THAT PARTICULARLY IN THE US, SOME SOCIETIES HAD NO OTHER FUNCTION. IT WAS EVIDENT THAT SHE SAW A COORDINATING HAND BEHIND THE CRITICISM AND ASCRIBED IT AT LEAST IN PART TO HER POLITICAL ENEMIES IN INDIA. SHE DECLINED TO NAME ANY BODY OR PERSON IN THE UK, BUT EVIDENTLY HAD IN MIND (NEXT TWO WORDS UNDERLINED) INTER ALIA MACFARQUHAR'S INDO-BRITISH EXCHANGE CONFERENCE.

4. I SAID THE PUBLIC RELATIONS PROBLEM COULD NEVER BE COMPLETELY SOLVED, BUT THERE WERE WAYS OF AMELIORATING IT. SPEAKING FRANKLY, INDIAN PUBLIC RELATIONS IN BRITAIN LEFT MUCH TO BE DESIRED. SHE AGREED WHOLE HEARTEDLY. I SAID WE WOULD BE READY FOR CONTINUING MUTUAL CONSULTATION IN LONDON ON HOW TO MEET OUR COMMON PUBLIC RELATIONS PROBLEMS. SHE DID NOT RESPOND DIRECTLY, BUT HER ATTITUDE SUGGESTED THAT SHE LIKED THIS IDEA.

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5. TURNING TO OTHER ASPECTS OF BILATERAL RELATIONS, I SPOKE OF THE FORTHCOMING VISIT OF THE PRINCE OF WALES AND OF THE FESTIVAL OF INDIA. SHE WAS EVIDENTLY DELIGHTED THAT YOU HAD AGREED TO BE PATRON OF THE LATTER. I SAID NOTHING WOULD PLEASE US MORE THAN IF SHE COULD SEE HER WAY TO JOIN YOU AND EVEN BEST OF ALL COME TO THE UK TO JOIN WITH YOU IN OPENING ONE OF THE EXHIBITIONS. HER RESPONSE TO THIS SEEMED TO ME TO BE WHOLLY FAVOURABLE.

6. I STRESSED THE IMPORTANCE IN INTERNATIONAL AFFAIRS OF NATIONAL LEADERS KNOWING THE VIEWS AND THE PRECISE PURPOSES OF THEIR COUNTERPARTS. YOU WANTED A CONTINUING DIALOGUE WITH HER. I THEN DEPLOYED OUR VIEWS ON THE NORTH/SOUTH QUESTION, ON THE ARAB/ISRAEL SITUATION AND FINALLY ON SOVIET INTENTIONS. MRS GANDHI FOLLOWED THIS CAREFULLY AND TOOK AN OCCASIONAL NOTE. SHE RESPONDED AT SOME LENGTH ON EACH OF THESE POINTS AND A DISCUSSION DEVELOPED.

7. AS A PRELUDE TO HER VIEWS ON NORTH/SOUTH QUESTIONS, MRS GANDHI GAVE ME AN ACCOUNT OF THE DOMESTIC SITUATION IN INDIA. SHE SAID THAT THE POLITICAL OPPOSITION TO HER HAD NEVER REALLY ACCEPTED THE VERDICT OF THE PEOPLE. EVEN AFTER HER 1971 VICTORY AND THE BANGLADESH WAR AN AGITATION HAD STARTED AGAINST HER AND THE SAME THING WAS HAPPENING NOW. HOWEVER, THE SO CALLED COMMUNAL RIOTING TAKING PLACE AT PRESENT WAS NOT FOLLOWING THE OLD PATTERN. THE PRESENT RIOTING HAD NOT ORIGINALLY BEEN A MATTER OF ONE COMMUNITY FIGHTING ANOTHER. IT HAD BEGUN AS ACTION AGAINST THE POLICE AND MORE GENERALLY THE CENTRAL GOVERNMENT. IT HAD BEEN CAREFULLY ORCHESTRATED WITH A NEARLY TOTALLY FALSE PUBLICITY CAMPAIGN ON RAPE. NINE OUT OF TEN CASES REPORTED TURNED OUT TO BE BASELESS. SHE HAD PRIVATELY QUESTIONED ONE OF THE "VICTIMS". A SIMILAR SITUATION EXISTED IN ASSAM WITH SIMILAR ALLEGATIONS OF RAPE. THE ACTION THERE WAS NOT SO MUCH AGAINST THE POLICE WHO HAD JOINED THE AGITATORS AS AGAINST THE ARMY AND THE CENTRE. IN SHORT, SHE SAW A WIDESPREAD CONSPIRACY AGAINST THE CENTRAL GOVERNMENT WHICH MADE USE OF COMMUNAL TENSIONS. THOSE WHO ORGANISED IT WERE ALSO MAKING A DELIBERATE ATTEMPT TO TURN ARAB COUNTRIES AGAINST HER. SHE SUSPECTED CERTAIN PERSONS, GROUPS AND PARTIES WHO WERE CONCENTRATING ON THIS QUESTION RATHER THAN ON THE GENUINE GRIEVANCES OF THE PEOPLE, EG IN RELATION TO PRICE RISES. THE VERY STABILITY OF INDIA WAS BEING ATTACKED AND THIS WAS SERIOUS NOT ONLY FOR INDIA, BUT FOR THE REGION AS A WHOLE. THE FACT THAT INDIA WAS A NEIGHBOUR OF PAKISTAN MADE IT EASY TO RAISE ALLEGATIONS OF PAKISTANI INCITEMENT. FOR HER OWN PART, SHE DID NOT BELIEVE THEM, ALTHOUGH NO DOUBT THERE WERE A FEW PAKISTANI SPIES. THE INDIAN MOSLEMS AS A WHOLE WERE NOT PRO-PAKISTANI. THE AGITATION WAS DIRECTED BY PARTIES WHICH HAD ALWAYS HAD ANIMOSITY TO BOTH MOSLEMS AND CHRISTIANS. THE HIGH COMMISSIONER TELLS ME THAT SHE WAS CLEARLY POINTING THE FINGER AT THE JANA SANGH.



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8. MRS GANDHI DESCRIBED THE VERY DIFFICULT ECONOMIC SITUATION WHICH SHE HAD INHERITED. SOME OF IT WAS INEVITABLE, BUT SOME WAS DUE TO THE INCAPACITY AND INTERNAL QUARRELS OF HER PREDECESSORS. BEFORE SHE TOOK OFFICE, SHE HAD NO IDEA OF THE REAL STATE OF DRIFT AND CONFUSION. THE RISE IN THE OIL PRICE CAME ON TOP OF ALL THAT. HER FIRST REACTION AFTER THE ELECTION HAD BEEN TO THROW UP HER HANDS IN HORROR. IT WAS TRUE THAT MANY COUNTRIES WERE EXPERIENCING THE SAME TYPE OF CRISIS, BUT EVERY PROBLEM WAS ALWAYS MAGNIFIED IN INDIA. THIS WAS IN PART DUE TO THE VERY STRONG POLITICAL CONSCIOUSNESS OF THE INDIAN PEOPLE. THEIR AWARENESS OF POLITICAL ISSUES AT THE GRASS ROOTS WAS OF LONG STANDING. THIS SOMETIMES MADE IT DIFFICULT TO TAKE THE STEPS WHICH WOULD OBJECTIVELY SPEAKING BE THE MOST RATIONAL. INDIA WAS BETWEEN TWO STOOLS; ON THE ONE HAND THERE WAS A SOPHISTICATED SECTION OF THE ECONOMY AND ON THE OTHER, MASS UNDER-DEVELOPMENT. PROGRESS HAD TO BE MADE AND IN THESE CIRCUMSTANCES IT WAS DIFFICULT TO PROVIDE AS MUCH SOCIAL JUSTICE AS SHE WOULD LIKE. SHE HAD MADE A BEGINNING WITH THE ECONOMIC PROBLEMS AND THERE WAS A VERY SLIGHT IMPROVEMENT BUT THIS WAS NOT SATISFACTORY. THOUGH INDIA HAD MADE GOOD USE OF THE AID PROVIDED TO HER AND OF HER OWN ADVANTAGES IN TECHNOLOGY TO SOLVE SOME PROBLEMS, THE RESULT HAD BEEN THE CREATION OF NEW PROBLEMS. NOBODY STOPPED TO REFLECT ON WHAT HAD BEEN ACHIEVED. THEY DEMANDED MORE. DEVELOPMENT CREATED DISSATISFACTION, THOUGH NO DOUBT THIS WAS NECESSARY TO ACHIEVE PROGRESS.

9. MRS GANDHI EXPLAINED THAT THESE DOMESTIC POLITICAL AND ECONOMIC CONDITIONS WERE THE BACKGROUND TO HER THINKING ON NORTH/SOUTH QUESTIONS. SHE BELIEVED THERE SHOULD BE A DIALOGUE WITH THE DEVELOPED COUNTRIES. THE LATTER HAD THEIR OWN DIFFICULTIES, BUT THEIR SITUATION WOULD NOT BE HELPED IF THE GAP BETWEEN DEVELOPED AND DEVELOPING INCREASED. I DREW ON THE GOVERNMENT'S WHITE PAPER ON THE BRANDT REPORT TO EXPLAIN SEVERAL ASPECTS OF THE BRITISH POSITION. IN RESPONSE, MRS GANDHI AGREED THAT NOT ALL OF THE PROPOSALS IN THE BRANDT REPORT WERE WORTHY OF SUPPORT. THE REPORT CONTAINED LITTLE THAT WAS NEW, BUT SOME OF IT WAS WORTHWHILE AND A BEGINNING SHOULD BE MADE IN DEVELOPING THE DIALOGUE. SHE DID NOT DISPUTE THAT HMG'S ATTITUDE WAS CONSTRUCTIVE AND WAS PARTICULARLY INTERESTED IN THE PASSAGE IN THE WHITE PAPER ON RESTRUCTURING. SHE READILY UNDERSTOOD THE DOMESTIC PROBLEMS THAT DEVELOPED COUNTRIES HAD IN PURSUING THIS POLICY AT A TIME OF DEPRESSION AND UNEMPLOYMENT. I COMMENTED THAT SOME DEVELOPING COUNTRIES WHO WERE WELL ABLE TO LOOK AFTER THEMSELVES WERE NEVERTHELESS SEEKING UNDESERVED PRIVILEGES. IN REPLY TO MY QUESTION ABOUT THE POSITION OF THE OPEC COUNTRIES IN THE DIALOGUE, MRS GANDHI WAS CAUTIOUS AND UNENTHUSIASTIC. SHE SAID THE NEWEST PROPOSALS OF OPEC WERE DISADVANTAGEOUS TO INDIA. THEY LOOKED ONLY AT OIL CONSUMPTION AS A WHOLE, DISREGARDING THE FACT THAT INDIA'S CONSUMPTION, THOUGH CONSIDERABLE IN ABSOLUTE TERMS, WAS POSSIBLY THE LOWEST PER CAPITA IN THE WORLD. IN ADDITION, INDIA WAS EXPERIENCING INCREASED DEMAND

ESPECIALLY FROM FARMERS. OPEC COUNTRIES SAID THEY WISHED TO BE HELPFUL, BUT HAD DONE NOTHING TANGIBLE. SHE SHARED MY HOPE THAT THE GLOBAL TALKS WOULD DRAW THE OPEC COUNTRIES INTO THE DIALOGUE IN A CONSTRUCTIVE WAY.

10. THIS MADE A NATURAL TRANSITION TO HER COMMENTS ON THE ARAB/ISRAELI SITUATION. MRS GANDHI SAID FRANKLY THAT INDIA HAD NO OPTION BUT TO SUPPORT THE ARABS. HOWEVER, INDIA WAS NOT ANTI-ISRAEL. SHE WAS GLAD THAT THE PLO NOW APPEARED TO ACCEPT THE EXISTENCE OF ISRAEL. THE PROBLEM OF PALESTINE WAS A RUNNING SORE TO WHICH SHE COULD SEE NO SOLUTION. HOWEVER, ANY SOLUTION WOULD HAVE TO BE ACCEPTABLE TO MOST ARABS. AT THE SAME TIME, SHE NOTED THE ARABS WERE FAR FROM UNITED. SHE SPOKE WARMLY OF SADAT AS A MAN, BUT WAS EVIDENTLY DOUBTFUL ABOUT SUPPORTING HIS POLICIES. NEVERTHELESS, IT WAS CLEAR THAT MRS GANDHI WAS LESS THAN SATISFIED WITH THE SUPPORT AND HELP THAT SHE RECEIVED FROM THE ARABS GENERALLY AND THAT ALTHOUGH THE ARABS HAD BEEN OPPOSED TO THE PREVIOUS INDIAN GOVERNMENT, THEY HAD NOT DONE ANYTHING SPECIFIC TO IMPLEMENT THE KIND WORDS THAT THEY HAD SAID WHEN SHE RETURNED TO POWER. SHE BELIEVED THAT THE ATTITUDE OF THE ISRAELIS AS WELL AS THAT OF THE ARABS HAD SOFTENED A BIT. HOWEVER, WHEN I REFERRED TO THE CURRENT EUROPEAN INITIATIVE AND ASKED IF SHE SAW ANY SPECIFIC ACTION THAT WE OR INDEED SHE COULD USEFULLY TAKE, SHE REPLIED "FRANKLY NO". I SUGGESTED THAT INDIA MIGHT PLAY A ROLE IN ATTEMPTING TO MAINTAIN THE MOMENTUM OF THE SEARCH FOR AN ARAB/ISRAELI SETTLEMENT AFTER THE AMERICAN ELECTION.

? NOT  
11. I REFERRED TO THE DECLINE OF THE ATTRACTION OF COMMUNISM AS AN IDEOLOGY, COUPLED WITH THE STEADY INCREASE IN SOVIET MILITARY STRENGTH. THE SOVIETS NOW DEPENDED FOR RESPECT, NOT ON THEIR IDEOLOGY, BUT ON THEIR BRUTAL USE OF POWER. MRS GANDHI AGREED. SHE SAID THAT PERSONALLY SPEAKING SHE THOUGHT THAT BOTH CAPITALISM AND COMMUNISM HAD FAILED, BUT SHE COULD NOT SEE WHAT WOULD TAKE THEIR PLACE. SHE SPOKE OF HER CONVERSATIONS WITH VARIOUS SOVIET LEADERS OVER THE YEARS AND SAID THAT SHE WAS CONVINCED THAT THEY WERE GENUINELY DESIROUS OF PEACE. HOWEVER, THEY WERE HAUNTED BY THE THREAT OF ENCIRCLEMENT. SHE THOUGHT THE CRITICAL POINT HAD BEEN PRESIDENT NIXON'S VISIT TO CHINA. OR WITHOUT REASON, THE SOVIETS WERE OBSESSED BY THE CHINESE MENACE AND VICE VERSA. THE US POSITION, NOT LEAST IN DIEGO GRACIA AND THROUGH THEIR FRIENDSHIP WITH THE SHAH, HAD CONTRIBUTED TO THE SOVIET FEELING BELEAGUED AS THEY HAD IN THE EARLY 1920S. THEY WERE BOUND TO REACT. SHE HERSELF ABHORRED INTERFERENCE IN THE AFFAIRS OF OTHER COUNTRIES, ESPECIALLY MILITARY INTERFERENCE. SHE HAD MADE THIS CLEAR TO THE RUSSIANS, BOTH PUBLICLY AND IN PRIVATE. HOWEVER, SHE WAS NOT SURPRISED THAT THEY HAD FELT COMPELLED TO SECURE THEIR POSITION IN AFGHANISTAN AS A BORDERING STATE. THEY HAD CERTAINLY MISCALCULATED THE AFGHAN REACTION. SHE SEEMED READY TO EXCUSE RUSSIAN ACTION IN AFGHANISTAN AS AN UNDERSTANDABLE SELF-PROTECTIVE MOVE. SHE HAD HAD A LONG CONVERSATION WITH ABDUL GHAFFER KHAN, THE FRONTIER GANDHI. HE HAD

SAID THAT INITIALLY THE AFGHANS WERE PLEASE TO SEE THE RUSSIANS, BUT, AS SOON AS THEY LEARNED THAT THEY HAD COME TO STAY, FRIENDSHIP HAD TURNED TO HOSTILITY. THE RUSSIANS' POSITION HAD HARDENED. ORIGINALLY THE SOVIET AMBASSADOR HAD TOLD HER THAT THE RUSSIANS WOULD LEAVE MOMENTARILY, THEN GROMYKO HAD SAID THAT IT WOULD TAKE A SITTLE LONGER AND NOW THERE WAS NO TALK OF THEIR GOING AT ALL. SHE WAS INCLINED TO THINK THAT THE STRENGTH OF THE UN RESOLUTION HAD BEEN ADMIRABLE IF IT WAS DIESIGNED MERELY AS A CONDEMNATION, BUT HAD BEEN AN OVER-REACTION IF THE REAL AIM WAS A NEGOTIATION TO GET THE SOVIETS OUT. SEVERAL AFRICANS HAD EXPRESSED TO HER THEIR REGRET THAT THEY HAD VOTED FOR THE ORIGINAL RESOLUTION AS THEY FELT THAT IT WAS IMPEDING NEGOTIATIONS.

12. I REFERRED TO OUR PROPOSALS FOR A NEUTRAL AND NON ALIGNED AFGHANISTAN. SHE WAS EVASIVE. THE RUSSIANS WOULD NOT GO IF THEY THEY THOUGHT AN AFGHAN GOVERNMENT WOULD COME UNDER US INFLUENCE BUT IT WAS NOW VERY HARD TO SEE HOW THERE COULD BE A GOVERNMENT OF AN INDEPENDENT AFGHANISTAN WHICH WAS SUFFICIENTLY PRO-SOVIET TO BE ACCEPTABLE TO THE RUSSIANS. SHE BELIEVED THE SITUATION IN AFGHANISTAN HAD DETERIORATED CONSIDERABLY.

13. IN REPLY TO MY QUESTIONS ABOUT THE INFLUENCE OF RECENT EVENTS IN POLAND AND THE SITUATION IN THE MOSLEM REPUBLICS OF THE SOVIET UNION, MRS GANDHI SAID SHE HAD NO CLEAR INFORMATION. HOWEVER, SHE WAS INCLINED TO THINK THAT EVENTS IN POLAND WOULD HARDEN THE SOVIET ATTITUDE. AS TO THE INTERNAL POSIMON IN THE SOVIET UNION, SHE THOUGHT THE SEPARATIST TENDENCIES IN GEORGIA AND THE UKRAINE WERE, OR HAD BEEN STRONGER THAN IN THE ISLAMIC REPUBLICS.

14. THE CONVERSATION TURNED TO POSSIBLE SOVIET ACTION IN IRAN. MRS GANDHI DID NOT SEEK TO MINIMISE THE SERIOUSNESS OF ANY SUCH ACTION, BUT SHE DID NOT THINK THAT THE RUSSIANS WOULD ACT SIMPLY OUT OF A CONCERN FOR THEIR QIL SUPPLIES. NOR DID SHE THINK IT LIKELY THAT THEY WOULD AIM TO ANNEXE PART OF THE COUNTRY. HOWEVER, SHE BELIEVED IT LIKELY THAT THEY WOULD TRY TO BUILD UP THE IRANIAN COMMUNISTS. SHE RETURNED TO HER THEME THAT WE MUST AVOID SUGGESTING TO THE RUSSIANS THAT THEY WERE BEING ENCIRCLED. IF THEY FELT THEIR BACKS WERE TO THE WALL, THEY WOULD HIT OUT REGARDLESS. THIS LED TO AN EXCHANGE ABOUT SINO-SOVIET RELATIONS IN WHICH SHE RECALLED THAT KHRUSCHEV HAD SAID THAT THE CHINESE DID NOT NEED AN ARMY: THEY WOULD SIMPLY MOVE THEIR POPULATION EN MASSE. MAO HAD TALKED OF THE ACCEPTABILITY OF ONE MILLION CHINESE CASUALTIES. NEVERTHELESS, SHE GAVE ME THE IMPRESSION THAT SHE ATTRIBUTED A GREATER MILITARY STRENGTH TO CHINA THAN IN FACT IS THE CASE.

15. MRS GANDHI SAID THAT THAILAND WAS NOW THE CENTRE OF AMERICAN CIA ACTIVITY IN ASIA AND SHE SPOKE OF AN ARTICLE IN THE WESTERN

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PRESS WHICH HAD SUGGESTED DOLLARS 64 MILLION HAD BEEN PASSED FROM THAILAND INTO ASSAM. SHE ALSO REFERRED TO THE TROUBLE MAKERS IN ASSAM HAVING A MASTERY OF THE ENGLISH LANGUAGE WHICH WAS CERTAINLY NOT JUSTIFIED BY THEIR OWN CAPABILITIES. HOWEVER, SHE BALANCED THIS BY SAYING THAT DESPITE SOVIET OBJECTIONS INDIA WISHED TO IMPROVE RELATIONS WITH CHINA AND THIS SHE WOULD SEEK TO DO.

16. AS I WAS LEAVING, I REPEATED YOUR WARM WISHES TOWARDS HER, WHICH SHE FULLY RECIPROCATED. I SAID THAT I KNEW YOU WOULD WELCOME AN OPPORTUNITY TO VISIT INDIA NEXT YEAR, SHE SAID YOU WOULD ALWAYS BE WELCOME.

17. IN SUMMARY I HOPE YOU WILL FIND THIS CONVERSATION TO HAVE BEEN OF ASSISTANCE. THERE CAN BE NO DOUBT THAT MRS GANDHI'S ATTITUDE WAS RECEPTIVE AND FRIENDLY. SHE ENGAGED IN A LONGER DISCUSSION THAN I EXPECTED AND TOOK TROUBLE TO ANSWER SPECIFICALLY THE POINTS THAT HAD BEEN RAISED WITH HER. IF I MAY SUGGEST IT, I WOULD HOPE YOU COULD FOLLOW THIS UP BY SOME VISIBLE GESTURE. BOTH THE HIGH COMMISSIONER AND I THINK THAT A MEAL AT CHEQUERS, IN HONOUR OF THE ARRIVAL OF THE NEW HIGH COMMISSIONER, WOULD STRIKE EXACTLY THE RIGHT NOTE. IT WOULD BE HELPFUL IF THIS ARRANGEMENT BECAME KNOWN EARLY. HER LAST WORDS WERE THAT WHILE IT WAS ALWAYS GOOD TO HAVE A DIALOGUE, SHE WAS PARTICULARLY PLEASED TO HAVE ONE WITH YOU AND ESPECIALLY AT THIS DIFFICULT TIME. I AM RETURNING TO LONDON TONIGHT AND I AM AT YOUR DISPOSAL UNTIL 9 SEPTEMBER.

THOMSON

LIMITED D  
HD/SAD  
PS  
PS/KAS  
PS/MR BLAKER  
PS/AUS  
SIR J GRAHAM  
MR DONALD

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## POINTS TO MAKE

### New High Commissioner

1. Hope he is now feeling better (he was ill with a stomach complaint soon after his arrival in September) and has settled in well.

### Mrs Gandhi

2. Enjoyed meetings with her in Belgrade ~~and Lusaka~~. Very much hope for other and early opportunities.

### Bilateral Relations

3. Delighted that our Ministerial contacts are thickening up. Met Minister for Energy (Chaudhury) recently. Heard that Minister of Communications (Stephen) was here. ~~Glad to learn that Minister of Commerce (Mukerjee) hopes to come on 27 October and that~~ Other visits are in prospect. Prince of Wales' visit to India from 26 November to 6 December. Secretary of State for Trade going in January.

4. There are the makings here of a really constructive dialogue. Want, as Mrs Gandhi knows, to be kept fully informed of Indian views on the issues of the day. And to be sure that our views are known in Delhi.

### Iraq/Iran

5. India must be as worried as we are. Understand that nearly 70% of India's crude oil imports come from Iran and Iraq.

### Afghanistan

6. Britain and India agree that Russians must withdraw. But difference of view on how to bring that about. We think pressure must be maintained and the Russians shown that invasions do not pay. How do you think they can be brought to withdraw?

### India and the Media

7. Media representatives here will tell you that the government/

government cannot control what they say. They are right. Know that Indians feel that British media do not print the good stories; and do not set the other stories against the true Indian background. If the good stories (e.g. Indian industry, science and agriculture) are not getting through, the reason must lie somewhere between the place where the stories occur - India - and the British press offices in London. What do the professionals think?

8. One way or another India is likely to get a good deal of coverage in foreseeable future. The Prince of Wales' programme is geared to modern India - the key sectors of industrial, agricultural and scientific advance. Financial Times Conference in Delhi in January. Festival of Indian Arts in Britain in 1982.

National Security Ordinance (new Indian legislation - if raised)

9. Not for us here to pronounce. It is an Indian matter. British press have well explained the background of communal disturbances and the important differences between the new legislation and that passed during the Emergency.

DR V A SEYID MUHAMMAD: PERSONALITY NOTE

Indian High Commissioner in London since 8 September 1980

- Born 1923. Studied at the Aligarh Muslim University, University College London and the Inner Temple.
- 1965-67 Advocate-General of Kerala
- 1967-71 Standing Counsel of Union of India in Supreme Court
- 1971 Senior Adviser to Indian Delegation to the UN in 1971
- 1972-77 Member of the Rajya Sabha (Indian Upper House)
- 1975 Alternate delegate to the UN General Assembly
- 1975-77 Minister of State for Law and Company Affairs (during Emergency)
- 1977-80 Member of the Lok Sabha. Represented Calicut in Kerala on Congress (i) ticket. Did not stand for election this year.

He seems to be a pleasant man with a sense of humour and a good brain, and perhaps a rather academic turn of mind. (He has done some research work on the weaknesses of Marxist theory as applied to Asiatic society.)

His selection for his present position was a surprise and is probably due to his background of close connections with the Nehru family, his activities as an author - he defended Mrs Gandhi's Emergency Rule in one of his books - and his efforts in support of Mrs Gandhi. He apparently helped to secure some financial support for the party from Arab sources. Married with four children, his wife and two young daughters accompany him. His elder son is at college in Canada, the young at school in India.

Mrs Muhammad is said to be quiet but friendly.



## DR INDU PRAKASH SINGH: PERSONALITY NOTE

Indian Deputy High Commissioner in London since 1 June 1980

Born 1931	Jaunpur. Studied at Allahabad University: MA(Phil) 1952, PhD 1958
1955	Joined Indian Foreign Service
1957-59	Third Secretary, Cairo
1959	Second Secretary, Beirut
1960-62	Under Secretary, Ministry of Commerce, Delhi
1962-66	First Secretary, <u>Washington</u>
1966-70	Deputy Secretary, MEA Delhi
1970-73	Counsellor/Minister, Kathmandu
1973-76	Ambassador, Khartoum
1976-79	Joint Secretary, MEA Delhi

As Joint Secretary of the Pakistan Division of MEA, Dr Singh worked hard to improve all areas of India's relations with Pakistan and was given much credit in the Indian press for the improvement which followed. He is thought to have been especially chosen for the London post to provide expert advice to the then High Commissioner, a political appointee of the Janata Government.

From August 1978-early September 1980 he was Acting High Commissioner in London following the resignation of the previous High Commissioner as a result of the fall of Janata Government.

Dr Singh is an able and intelligent career diplomat. He is married with five children (3 sons and 2 daughters). He is mild-mannered, and has an academic interest in Indian culture and history.



## SWRAJ PAUL: PERSONALITY NOTE

Vice Chairman (Past Chairman) Indo/British Association and the driving force behind the Association since it was established in 1976.

Organiser in UK of Congress (I) Supporters Group.

A confidant of Mrs Gandhi who although resident in Britain and registered as a UK Citizen maintains very close links with the Congress (I) Party and with Mrs Gandhi personally. For example, he was present in her party at the Independence Celebrations in Salisbury and at Tito's funeral in Belgrade, and greeted Mrs Thatcher when she met Mrs Gandhi. Rumours, which we think authentic, suggest that in January 1980 Mrs Gandhi asked him to be Indian High Commissioner in London. He is said to have declined for business reasons. His British nationality would have been another complication.

He has considerable business interests in Britain and is the Managing Director of Ambika Shipping Co Ltd, a UK registered company. Mrs Gandhi opened a new private steel fabrication factory which he owns in South Wales when she visited Britain in November 1978.

He has close links with Mr Eldon Griffiths MP who is currently Chairman of the Indo/British Association.

Mr Paul is highly intelligent and very well-informed about Indian developments. He needs to be handled with care since anything said to him will be played back to Mrs Gandhi.

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CHEQUERS LUNCH: 12 OCTOBER 1980

INDIA: INTERNAL POLITICAL (BACKGROUND)

1. Mrs Gandhi was returned to power in the Indian General Election in January. Her victory was a personal triumph and left her with the support of about 2/3 of the members of the Indian Lower House. Her Cabinet, however, lacks experience and talent, and decisions of importance have been taken by Mrs Gandhi. So far her government's performance has been unimpressive. Ministerial changes are expected.
2. 9 State governments were suspended pending elections in May, which it was hoped would produce compliant pro-Gandhi state governments. Her calculation that the elections would favour her was correct although the Indian Marxists (CPI(M)) control the states of West Bengal, Kerala and Tripura and an Opposition Tamil Party (DMK) controls Tamil Nadu. After elections for the Indian Upper House Mrs Gandhi's party held 121 out of 244 seats.
3. Mrs Gandhi's son Sanjay had become steadily more powerful, nominating many state parliamentary candidates and party workers, and influencing senior Civil Service appointments. He was the only political adviser whom his mother fully trusted. It is believed that Sanjay was prominent in moves to reopen government contracts in order to reap benefit for party funds.
4. Sanjay's death leaves Mrs Gandhi seriously exposed. Her style of government is autocratic, and the Cabinet which is compliant and inexperienced refers all key decisions upwards. Without someone like Sanjay to press for action the inertia of the Indian bureaucracy will be difficult if not impossible to reverse.
5. There are indications that Mrs Gandhi's elder son Rajiv will be drafted in to occupy Sanjay's vacant place as adviser, and possibly nominated for a vacant Lok Sabha seat. But there are doubts whether he will be effective in the short term in relieving Mrs Gandhi of much of the burden of decision-taking and crisis management. He lacks

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experience of politics, having been an aircraft pilot.

6. The future management of Congress (I) is also a problem for Mrs Gandhi. Sanjay's brusque approach alienated many of the older Congress (I) activists, and the share of spoils tended to go to younger men who were wholehearted Sanjay supporters. Since Sanjay's death, these divisions in the party have become more apparent. Dissident factions have emerged in most Congress (I)-ruled states, and although both sides would claim allegiance to Mrs Gandhi, there is no machinery within the party other than her decision for resolving these conflicts. It seems unlikely that Rajiv will be sufficiently robust to grasp and solve these problems, nor perhaps to run the networks through which Sanjay raised party funds by unscrupulous methods.

7. There is no shortage of problems awaiting government action. At home, election promises on law and order and the economy show no sign of being redeemed. Public order has deteriorated. There was a serious outbreak of Moslem/Hindu riots at the end of August. The Government believe that its opponents and in particular the extreme Hindu Jan Sangh were behind this. Disorder in Assam has been kept at bay rather than solved. Inflation is increasing, the balance of payments is deteriorating, and no effective industrial policies have been developed. The short-term prospects for the government of India thus depended entirely upon the physical and mental stamina of Mrs Gandhi, and on her ability to fend off problems or share the burden, probably with Rajiv.

National Security Ordinance

8. A National Security Ordinance was promulgated in India on 22 September to re-introduce detention without trial. But this ordinance differs significantly from the Maintenance of Internal Security Act which was the foundation for the 1975-77 Emergency. The new legislation provides for advisory boards each chaired by a High Court judge to review all detention orders; and contains no provision for press censorship.

9. The Indian Government may have judged that they need some such measure in reserve to deal with their present law and order problems.

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There have been serious communal disturbances recently. The Indian opposition have denounced the measure, but otherwise it has been received cautiously.

10. If the legislation is used to detain political opponents there is bound to be criticism in the UK which could upset bilateral relations. But all depends on how the legislation is used. For the time being we should watch the situation and avoid critical comment in contacts with the Indians.

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CHEQUERS LUNCH: 12 OCTOBER 1980

INDIAN FOREIGN POLICY (BACKGROUND)

1. Since Mrs Gandhi's return to power in January, foreign affairs have been a major preoccupation for her. She came to power in the immediate aftermath of the Soviet invasion of Afghanistan with the legacy of criticism whilst in Opposition of the previous Government's policy towards India's neighbours and an election promise to recognise the Government of Heng Samrin in Cambodia.

2. Mrs Gandhi has a major influence on the whole area of foreign policy. The Indian Foreign Minister Narasimha Rao is respected by his officials, and appears to be growing into office in an area of which he had virtually no experience on his appointment. But he is clearly at pains to take his cue from Mrs Gandhi and his officials seem largely to be motivated by the desire to recommend policies which they believe will be acceptable.

The Soviet Union and Afghanistan

3. Mrs Gandhi's policy is essentially pro-Indian in intention. She has a deep antipathy towards the United States and although she continues with her father's policies of keeping India non-aligned between East and West, she does not view the Soviet Union with the same disfavour. On Afghanistan, India's policy, heavily constrained as it is by their unwillingness to condemn the Russians, seems to have come up against a dead end. They have no positive proposals to make and their position appears to their neighbours to be a reflection of Soviet policy. We know that the Indians do not see much of a role for the non-aligned movement on Afghanistan.

Relations with Neighbours

4. On Pakistan Mrs Gandhi has taken a tough line. Although the dialogue between senior Indian and Pakistan officials was renewed after Mrs Gandhi's return to power the Indians remain strongly opposed to proposals for increased arms supplies to Pakistan and have expressed

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concern that Pakistan is continuing its drive towards a nuclear explosive capability. In a statement in the Lok Sabha on 19 July Mrs Gandhi promised firmness with India's neighbours if India's national interests were menaced.

5. Communal tensions and violence in India in August have led to suspicions within India of outside interference. There have been allegations of Pakistani involvement in the Indian media, and relations have been strained by a Pakistani statement which the Indians interpreted as interference in their internal affairs.

China

6. Mrs Gandhi's Government has responded cautiously but positively to Chinese efforts to improve Sino-Indian relations. There are signs of an expansion of commercial and other exchanges but there is likely to be widespread opposition in India to any deal which appears to involve the loss of territory and this will make it difficult to resolve the problem of Sino-Indian border. The Indians have said that relations with China will not be improved at the expense of India's relations with the Soviet Union. An autumn visit by Huang Hua was postponed by the Chinese shortly after Indian recognition of Heng Samrin, but this is seen only as a temporary setback.

Kampuchea

7. India's recognition on 7 July of the Heng Samrin regime is a cause of satisfaction to the Russians and of displeasure to the ASEAN states and China. The decision appears to have been Mrs Gandhi's. It is an example of the apparent lack of concern of Mrs Gandhi's Government about the reaction of India's neighbours and contributes to a growing Indian isolation in the region on major international issues.

Non-Aligned Movement

8. India will be host to the next regular meeting of the non-aligned Foreign Ministers in New Delhi in January 1981. The Indians have adopted an intermediate position between the pro-Soviet members and the main critics of Soviet action in Afghanistan. The signs are that the meeting will be a difficult one for the Indians.

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The Commonwealth

9. Mrs Gandhi is content that India should play its part in Commonwealth meetings although she attaches more importance on non-alignment as a channel for projecting Indian influence.

The Indian Ocean

10. The Indians regard with disfavour activities by the super-powers in the Indian Ocean and surrounding areas. They support the proposal for an Indian Ocean peace zone but are opposed to the Pakistan proposal for a South-Asian nuclear weapon free zone which they see as an attack on India's nuclear facilities.

North/South Relations

11. There has been considerable interest in India in the Brandt Commission report and the UN Special Session. There has been criticism of what is described as the negative British attitude.

12. The Indians are sensitive on the subject of aid, in particular to any suggestion that this can be used as a lever by aid donors to obtain political or commercial advantage.

Arms Sales

13. The Indians have been able to exploit the value which the Russians place on good relations with them to secure further arms supplies on exceptionally generous terms. Under a deal concluded in May the cost of arms to be supplied is equivalent to some \$2 billion but repayment is to be made in currency over a 17-20 year period at a soft 2 1/2 per cent interest rate.

Arab World

14. India is anxious to maintain good relations with the Arab world. She depends on Arab oil, and until recently 60% of her crude oil imports came from Iran and Iraq. India thus has serious cause for anxiety about the present hostilities, but seems to be in no position to mediate. Also, the Arab countries tend to be the natural allies of Pakistan, and

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have in the past been prepared to pay for arms purchases. If there were to be hostilities at some future time between India and Pakistan, then India's oil supplies might well be affected.

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The National Archives

LETTERCODE/SERIES ..... <i>PREM 19</i> .....	Date and sign
PIECE/ITEM ..... <i>488</i> ..... (one piece/item number)	
Extract/Item details:  <i>Letter from Alexander to Lever dated 30 September 1980</i>	
CLOSED FOR ..... YEARS UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>4 August 2011 A. Wayland</i>
TEMPORARILY RETAINED	
MISSING ON TRANSFER	
MISSING	
NUMBER NOT USED	

vb

30 September 1980

Message to Mrs Gandhi

The Prime Minister has seen your letter to me of 22 September about a further message to Mrs Gandhi. She agrees that we should proceed as you propose. She also agrees that we should delay a decision on her visit to India until December.

MODBA

Paul Lever, Esq.,  
Foreign and Commonwealth Office.



The National Archives

LETTERCODE/SERIES ..... <i>PREM 19</i> .....	Date and sign
PIECE/ITEM ..... <i>488</i> ..... (one piece/item number)	
Extract/Item details:  <i>Letter from Lever to Alexander dated 25 September 1980, and enclosure</i>	
CLOSED FOR ..... YEARS UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>4 August 2011 Wayland</i>
TEMPORARILY RETAINED	
MISSING ON TRANSFER	
MISSING	
NUMBER NOT USED	



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BTF 28-10-80  
for draft letter

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

Content to proceed  
on this basis?

22 September 1980

yes not  
Paul 24/9

Dear Michael,

Thank you for your letters of 10 and 11 September about Mrs Gandhi's message to the Prime Minister in reply to Mrs Thatcher's letter of 13 August.

Lord Carrington has noted that the Prime Minister wishes to keep in close touch with Mrs Gandhi and believes this will be very helpful to our relations with India. He suggests that the general aim should be to maintain but not overburden the dialogue between now and next April when, as you know, it is tentatively proposed that Mrs Thatcher might visit India.

We think the next step might be a letter from the Prime Minister to Mrs Gandhi after the lunch party for the new Indian High Commissioner at Chequers on 12 October. This could usefully take up some of the points made by Mrs Gandhi about the media and draw her attention to the fact that the Prime Minister, as a special gesture, arranged an occasion at which the Indian High Commissioner and other prominent Indians in this country could meet prominent representatives of the British media and others interested in India. We would supply a draft in due course.

Thereafter, and depending on any reactions from Mrs Gandhi, it may be desirable to aim at one or two further exchanges before April. The subject-matter would clearly depend on international and other developments.

As to the Prime Minister's possible visit to India, we believe the right time to take a firm decision would be after the Prince of Wales' visit. By early December we should be able to assess more confidently the likely course of internal developments in India and make a firm recommendation.

Yours own

(P Lever)  
Private Secretary

Michael Alexander Esq  
10 Downing Street  
London



Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

The guest list is being submitted to you separately. Don't it is proposed unless that you should see the new 1 September 1980

Dear

Mike

High Commissioner briefly before the lunch at Chequers. Agree? *Phd 11/9*

In your letter of 27 August reporting some of the points arising from the Prime Minister's discussion with Lord Greenhill, you asked for suggestions for a guest list for a lunch at Chequers with an Indian orientation.

We welcome this proposal. You will have seen that Lord Greenhill in his telegram from Delhi reporting his discussions with Mrs Gandhi is also strongly supporting the idea.

Suggestions for a possible guest list are attached. This is deliberately long, in order to give the Prime Minister a wide choice. A few suggested omissions are indicated. As you will see we have proposed that the guests might include in addition to the new Indian High Commissioner, the Indian Deputy High Commissioner as we believe that Dr Mohammad, who will be new to his first diplomatic appointment, would welcome Dr Singh's support. We have proposed Mr Swraj Paul as a close associate of Mrs Gandhi and a number of figures from the information and business fields as well as Members of Parliament. We see the composition of the lunch as an opportunity to demonstrate to the Indians that we would like a better understanding of India by the media in this country. The decision by the Prime Minister to accept the invitation to be a Joint Patron of the Festival of Indian Arts could also provide an occasion, should the press seek one; hence the inclusion in the attached list of Sir Michael Walker. We are not aware at the present time of any plans for visits by Ministers or senior Indians at the time of the lunch.

/Finally

M A Pattison Esq  
10 Downing Street  
London SW1



Finally, you should be aware that India House have asked whether the new High Commissioner, who arrived this week, could make a courtesy call on the Prime Minister as soon as is convenient. As India is not a realm he does not have letters of introduction to present. But we recommend that the Prime Minister should, if possible, see Dr Mohammad briefly before the Chequers lunch. This would be appreciated by the Indians and should also help with the Chequers party. A biographical note on Dr Mohammad is attached.

*Yours are*

A handwritten signature in dark ink, appearing to read 'M A Arthur', written in a cursive style.

M A Arthur  
Private Secretary to the  
Lord Privy Seal

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DR V A SEYID MOHAMMAD: BIOGRAPHICAL NOTE

Born 1923. Studied at the Aligarh Muslim University, University College London and the Inner Temple.

- 1965-67 Advocate-General of Kerala
- 1967-71 Standing Counsel of Union of India in Supreme Court
- 1971 Senior Adviser to Indian Delegation to the UN in 1971
- 1972-77 Member of the Rajya Sabha (Indian Upper House)
- 1975 Alternate delegate to the UN General Assembly
- 1975-77 Minister of State for Law and Company Affairs (during Emergency)
- 1977-80 Member of the Lok Sabha. Represented Calicut in Kerale on on Congress (I) ticket. Did not stand for election this year.

He has been described as a pleasant man with a keen down-to-earth sense of humour and a good brain. His selection for his present position was a surprise and is probably due to his background of close connections with the Nehru family, his activities as an author - he defended Mrs Gandhi's Emergency Rule in one of his books - and his efforts in support of Mrs Gandhi. He apparently helped to secure some financial support for the party from Arab sources. Married with four children, his wife and two young daughters accompany him. His elder son is at college in Canada, the younger at school in India.

Mrs Mohammad is said to be a quiet but friendly naturally happy person.

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has seen  
12/9

SUGGESTIONS FOR GUEST LIST FOR LUNCH AT CHEQUERS ON 12 OCTOBER

Guests from:

Indian High Commission

Indian High Commissioner and Mrs Seyid Mohammad  
Dr and Mrs I P Singh, Indian Deputy High Commissioner

Press and Television

Mr A Balu, Chief Correspondent, Press Trust of India  
Mr and Mrs W M Nair, Chief Correspondent, Statesman  
Mr and Mrs Rakshat Puri, Chief Correspondent, Hindustan Times  
Mr George Howard (widower), Chairman, BBC  
Lord and Lady Thomson, Chairman (designate), IBA  
Mr and Mrs William Rees Mogg, Editor, Times  
Mr and Mrs Peter Preston, Editor, Guardian  
Mr and Mrs Andrew Knight, Editor, Economist

Indian Business Community

Mr and Mrs Swraj Paul  
Mr and Mrs D Basu, General Manager, State Bank of India (UK Branch)  
Mr B Prakash, Regional Manager, State Trading Corporation of India  
(UK Division) (Mrs Prakash is in India)

HMG, MPs & FCO

Lord and Lady Carrington  
Mr and Mrs Peter Blaker  
[Sir Ian and Lady Caroline Gilmour]  
Lord Hailsham  
[Sir Edward and Lady Youde]  
Rt Hon William Whitelaw and Mrs Whitelaw  
or  
[Mr and Mrs Timothy Raison]  
Mr Eldon Griffiths, Chairman, Indo-British Association  
Baroness Emmett (widow), Vice Chairman, Indo-British Parliamentary  
Group

British Business

Lord and Lady Limerick, Chairman, BOTB (visiting India Nov/Dec)  
Sir Cyril and Lady Pitts, Chairman, British and South Asian Trade  
Association (BASATA) (visiting India Nov/Dec)  
[Lord and Lady Beswick, Chairman, British Aerospace]



British Business (cont'd)

[ Mr and Mrs Thomas, Director, Unilever (Former Head Unilever,  
Hindustan) ]

Sir Michael and Lady Edwardes, British Leyland

[ Lord and Lady Inchcape ]

Others

Lord and Lady Greenhill

Sir Michael and Lady Walker, Former BHC Delhi 1974-77, Chairman,  
Festival of Indian Arts

Mr Birendra Shankar, Centre of Indian Arts Ltd (Member of Steering  
Committee, Festival of Indian Arts)

11 September, 1980

Further to my letter to you of 10 September enclosing a message to the Prime Minister from Mrs Gandhi, you will wish to be aware that the Prime Minister has minuted on Mrs Gandhi's letter that "We must keep in close touch".

M. O'D. B. ALEXANDER

S J Gomersall, Esq  
Lord Privy Seal's Office

Rd

BF 17.9.80

10 September 1980

I enclose a copy of a message to the Prime Minister from Mrs Gandhi. This is in reply to the Prime Minister's letter of 13 August.

I should be grateful to have, in due course, advice as to whether you think the correspondence with Mrs Gandhi should be carried further and, in the event that you think a further letter from Mrs Thatcher would be appropriate, to receive a draft. Presumably any further letter should follow rather than precede the lunch party which the Prime Minister is planning to give the new Indian High Commissioner at Chequers on Sunday 12 October.

MODBA

S.J. Gomersall, Esq.,  
Lord Privy Seal's Office.

8.

vb

10 September 1980

Thank you for your letter of 9 September. I have, of course, brought the enclosed message from your Prime Minister to Mrs Thatcher's immediate attention.

MODBA

Dr. I.P. Singh



सत्यमेव जयते

Dr. I. P. Singh  
Deputy High Commissioner

INDIA HOUSE,  
ALDWYCH,  
LONDON, W.C.2.

No. LON/POL/123/1/80

September 9, 1980

Dear Mr. Alexander,

27-880..

I am forwarding herewith a cover addressed to The Rt. Hon. Margaret Thatcher, Prime Minister, from Shrimati Indira Gandhi, Prime Minister of India. I shall be grateful if you kindly bring it to the Prime Minister's attention at your earliest.

*With warm regards,*

Yours sincerely,

(I. P. Singh)

Mr. M.O.B. Alexander,  
Private Secretary to  
the Prime Minister,  
10, Downing Street,  
London, SW-1.

India



*With the Compliments  
of the  
British High Commissioner*

**Chanakyapuri,  
New Delhi-21.**

2 September 1980

Mr G R Archer  
South Asian Department  
FCO

LORD GREENHILL'S SPECIAL MISSION TO MRS GANDHI

1. Delhi Telegram No 657 constitutes the full record of Denis Greenhill's conversation with Mrs Gandhi yesterday. By the time this letter reaches you, you will probably have spoken with him and heard any further reflections he may have on the mission and its follow-up. My views on both points are as follows.

2. The proof of the pudding is in the eating, but to judge from Mrs Gandhi's demeanour at the interview, I am fairly confident that Denis Greenhill achieved Mrs Thatcher's object. In other words, I believe that Mrs Gandhi will have been pretty much convinced that in Mrs Thatcher she has a counterpart who has a special understanding for her and for Indian problems and one, moreover, who is prepared to take exceptional personal trouble. Mrs Gandhi was undoubtedly pleased with Mrs Thatcher's letter, with the sending of the special envoy, with the messages he carried and with the long and interesting conversation which she had with Denis Greenhill. She herself spoke freely and was clearly responding at length and in some detail to a communication which she felt came from an interested and sympathetic source. The points she made are a useful contribution to a better understanding of her positions on all the issues on which she touched. But on none of them did she say anything which was surprising or indicative of a new turn in Indian policy. This, however, was not the object of the exercise. What we have achieved is perhaps to get a special relationship going. Now we have to build on it. It is in the nature of such relationships and perhaps especially one with Mrs Gandhi that you cannot be certain for how long a good impression will continue to exercise significant influence. The relationship needs constant feeding. As a first step, I propose to call as soon as possible on Ram Sathé, the Foreign Secretary, to make sure that he understands that the ball is in the Indian court on 2 of the matters discussed between Mrs Gandhi and Denis Greenhill. The first of these is whether, and if so how, to follow up our offer of mutual consultation with the Indians on public relations questions. The second is the invitation to Mrs Gandhi to become a patron of the Festival of India and in the longer term to visit London at the time of the Festival. I will also take the opportunity of mentioning Mrs Gandhi's welcome to the idea of a visit from Mrs Thatcher next year. I will quite informally sound him about the possibility of keeping the last week of April free for this purpose.

/3. Although

3. Although the ball is in the Indian court on the public relations exercise, I hope we will not simply wait for them to make the next move. We need to have an agreed line both here and in London on what to say if the Indians ask us to make our proposal more specific. For example, who would we nominate on our side for the proposed continuing consultations with the Indian High Commission.

4. I am delighted at the Prime Minister's initiative in suggesting an India Day at Chequers, possibly in mid October. I entirely agree with the recommendation in the last paragraph of Denis Greenhill's reporting telegram that we should get on with the arrangements for this and let them be known at an early date. The Prime Minister will have her own views on how to organise this. For what they are worth, my tentative views are that the occasion should be a meal for the new Indian High Commissioner and that this event should be used to improve the public relations image of India and Mrs Gandhi. Clearly the Acting High Commissioner, I P Singh, should be invited and probably the top man in the High Commission on the public relations side, though he appears to have been so ineffective that you may think it useless to bring him in. It would be useful to have a couple of the more senior and influential Indian journalists stationed in London and too the editors of the Times, the Guardian and the Economist. If the object of the exercise is to be served, the Indians must give a good account of themselves. I believe the chances that they would do so would be much improved by including T Thomas in the party. As you know, he is only the third Director of the top board of Unilever who is neither a British nor a Dutch subject. He has just handed over his former post as Head of Unilever in India and is now resident in London. It would obviously be tactful also to invite Swaraj Paul. We here will keep a watch to see what notable Indians are likely to be in the UK in mid October. However, it is my belief that the offer of a meal at Chequers would tempt almost any top industrialist or editor here to make himself available. The same would probably go for a Minister provided Parliament was not in session: the dates for the next session have not yet been announced. Numbers will obviously be important and it will be necessary to decide whether it is to be a working meal or whether spouses are invited. I should be grateful if you could let me know as soon as possible how you see this event shaping up and what participation from here, if any, you want me to try to arrange.

5. It will be important to keep the dialogue going on substantive points. We must not let it languish, but equally we must not overdo it. Obviously there will be possibilities for a high level communication in the fairly near future on any of the 3 main topics of discussion - North/South, Arab/Israel and Soviet intentions. It is too soon to decide on the substance of the next communication, but as to timing, I am inclined to think that we should aim for something in October, always provided that the substance makes it appropriate. I am not forgetting for a moment

/that



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- 3 -

that a crucial though unavowed part of our object relates to the Jaguar and Coastal Steel Plant contracts. On the latter, we have done all we usefully and prudently can at present: further pressure could be counter-productive. What happens during the Indian visit to Farnborough this week and the content and timing of the package which the Head of Defence Sales is putting together may well be crucial for Jaguar. I hope you will keep closely in touch with this and that we shall be given a full account of what passes at Farnborough, Wharton and in London. I am inclined to think that the action Mrs Thatcher has just taken with Mrs Gandhi and the approaching visit of the Prince of Wales ~~gives us at a minimum the best protection available against an adverse decision~~ and are the most effective things we can do on the political level, but we still need to produce an industrial package.

J A Thomson

cc: Mr M A Pattison, 10 Downing Street, LONDON SW1

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10 DOWNING STREET

(1)

Prime Minister.

Would you like to see  
Lord Brentford to discuss his

Mission. Next Monday  
afternoon (Sept 8) might be  
convenient?

Paul

Yes please.  
no

Meeting fixed for 5.30 on 8 Sept.

Paul



India  
file  
RB

10 DOWNING STREET

*From the Private Secretary*

28 August 1980

I wrote to you yesterday reporting Lord Greenhill's discussion with the Prime Minister as preparation for his visit to India as personal emissary to Mrs. Gandhi. I now enclose the original of the Prime Minister's personal letter to Mrs. Gandhi together with two copies.

I understand that Lord Greenhill will be calling at the office tonight to collect the letter from Mr. Archer in South Asia Department, It would be helpful if Mr. Archer could give me a ring to confirm receipt of the letter.

**M. A. PATTISON**

Christopher Jebb, Esq.,  
Foreign and Commonwealth Office.

Subject.



PRIME MINISTER'S

PERSONAL MESSAGE

10 DOWNING STREET

SERIAL No. T167/80

27<sup>th</sup> August 1960.

THE PRIME MINISTER

Dear Mrs. Gandhi,

You have been in my thoughts a good deal recently. I admire so very much the way you have carried on your great public duties despite the tragedy of Parivar's death, and all that it means to you personally.

Also, I feel that we in Britain do not know quite as much about your views and India's problems as we would wish. You will know that among our people here there is a special affection for India and a profound interest in the wonderful & courageous way in which you tackle the enormous tasks that face you.

Within the next few weeks, I shall be seeing a number of political leaders to discuss the troubled world scene. In Belgrade, you spoke to me about a number of matters as you see

them - the effect of events in Iran on your  
own Asian population, Afghanistan, and how  
the increased price of oil was affecting your economy.  
To me it was extremely helpful and I  
should be so grateful if you could tell  
Lord Greenhill how you view things now.  
News of events - and successes - in India would  
also be very much welcomed

I know that you have been  
concerned about some of the things the Press and  
media here have been saying. May I say that  
I will do all I can to see that the traditional  
friendship which I value so much is not marred  
by unjust personal attacks on you or on India.

Yours sincerely

Rajiv Gandhi

**SUBJECT**  
**PRIME MINISTER'S**  
**PERSONAL MESSAGE**  
**SERIAL No. T166A/80**



PRIME MINISTER

Prime Minister

(2)

We must keep in  
close touch.  
ms.

New Delhi,  
August 27, 1980

A, dear Prime Minister,

I have your letter of the 13th August. I am glad that you could find time to meet Mr. Swraj Paul. Mr. Paul is a friend but I should like to clarify that he is not a representative of any kind.

I shall gladly meet Lord Greenhill when he comes. We have the Commonwealth Heads of Governments Regional Meeting between September 4 and 8, and President Kaunda of Zambia will be here from 12th to 15th September.

I hope you won't mind my touching upon a rather sensitive matter. It is my own and my Government's desire to improve our relations with the U.K. Unfortunately there appear to be groups and individuals in your country, and perhaps elsewhere, who do not wish this. Anyone in public life has to be immune to criticism and I have long got used to it, but the pattern of reporting on India in the press and media in the U.K., and almost all over the Western world, reveals what seems to be a persistent and concerted campaign of misrepresentation and the deliberate propagation of stories and image-casting which have little, if any, base in actuality.

It is not my intention that you should in any way interfere with the freedom of your press or academic institutions but I thought that I should mention that this is of considerable concern to the Indian people, who are made to feel that the U.K. does not care for our friendship.

The violence that has recently erupted in some areas of India is unlike the communal rioting that we have known earlier. We discern a systematic pattern which could only

be the outcome of a degree of preparedness. We suspect the hands of political personages and an attempt of certain opposition parties to provoke confrontation with Government authority. It is significant that conflict is engineered between sections of the public, specially those who wholeheartedly supported my Party in the elections, and the police forces.

The escalation in petroleum prices and the new international tensions make our own development effort so much more difficult. Public investments for future growth are inescapable. Yet public expenditure has to be curtailed. Our per capita oil consumption is amongst the lowest in the world. Even so we are doing our best to minimize it but because of the very large size of our country and population, the total figure cannot be small. Hence we do not get advantage from the concessions offered by OPEC countries. The restrictive trade policies of the developed nations aggravate our problem.

We follow your news with great interest. Times are troublesome almost all over the world.

With warm regards,

*Yours sincerely*

*Indira Gandhi.*

The Rt. Hon. Margret Thatcher  
Prime Minister of Britain  
London.

CF

India,PRIME MINISTER

You intend to write a note  
to Mrs. Gandhi tonight.

I attach suggestions from  
Sir John Thomson, in case  
you find that the words are  
not flowing easily.

M. A. PATTISON

27 August 1980





Foreign and Commonwealth Office

London SW1A 2AH

27 August 1980

Mr Paterson  
No 10

*Dear Michael,*

Following our meeting with the Prime Minister yesterday evening you asked on the telephone this morning for a draft letter to Mrs Gandhi. I attach a cockshy attempt.

*Yours ever*  
*John Thomson*

John Thomson



Foreign and Commonwealth Office

London SW1A 2AH

27 August 1980

Dear Mike,

*overlaken.*

NFA

The Festival of India

*MFD 27/8*

Lord Carrington has seen a copy of Mr St John Stevas' letter of 17 August to the Prime Minister. He supports Mr St John Stevas' suggestion that the Prime Minister should agree to be a joint patron of the Festival of India.

The proposal for the Festival was announced in 1978 by the then Prime Ministers of Britain and India. It has the strong support of the present Indian Government. For political reasons, it is important that it should be a success. India is important to us, as the largest member of the Commonwealth and a major power in the non-aligned movement. At the same time, she is suspicious and requires careful handling. The Festival will help to persuade the Indian Government of the importance we attach to maintaining and developing a close and cooperative relationship with India. Lord Carrington has no doubt that they, and Mrs Gandhi in particular, would be pleased if the Prime Minister agreed to be a joint patron. Mrs Gandhi seems likely to agree to a similar request. It would be a nice touch if we were able to let it be known to Mrs Gandhi - perhaps through Lord Greenhill - that the Prime Minister had expressed the hope that she would do so.

The duties as patron would not be onerous. But the organisers would naturally hope that the Prime Minister would attend the inaugural ceremonies for the Festival.

I am sending a copy of this letter to Mr St John Stevas' office.

*Yours ever*

*C. Jebb*

(C Jebb)

Private Secretary

M O'D B Alexander Esq  
No 10 Downing Street  
London

CONFIDENTIAL



file vs  
be press

10 DOWNING STREET

*From the Private Secretary*

27 August 1980

David Neilands wrote to me on 22 August about the proposal that Lord Greenhill should call on Mrs Gandhi, as the special emissary of the Prime Minister.

As you know, Lord Greenhill, accompanied by Sir John Thompson called on the Prime Minister last night for a briefing discussion. In the course of an hour's talk, Sir John Thompson gave a picture of the personality of the Indian Prime Minister, and the Prime Minister explained her personal feelings of respect and admiration for Mrs Gandhi, and her view of the British relationship with India.

There are four specific points which I should record arising from the meeting. First, the Prime Minister agreed that Lord Greenhill could refer to the Prime Minister's hope that she will be able to visit India in the spring of 1981. The Prime Minister left it entirely to Lord Greenhill's discretion whether or not to raise the point. (For our internal planning purposes, we have noted the week beginning 27 April as a possible time for such a visit.)

Secondly, the Prime Minister said that she would be delighted to be a patron of the Festival of India, and that she would be happy for Lord Greenhill both to convey to Mrs Gandhi her agreement to take this on, and to say at the same time that the Prime Minister would be pleased if Mrs Gandhi could agree to be a joint patron herself.

Third, the Prime Minister said that she would be happy to let Lord Greenhill have a brief manuscript note which he could pass to Mrs Gandhi in the course of their meeting. The Prime Minister intends to write this this evening, and I will arrange for it to be delivered to you tomorrow morning.

Fourth, the Prime Minister said that she would like to consider the possibility of giving a party at Chequers in the near future with an Indian orientation. The guest list might include the Indian High Commissioner, one or two senior Indian industrialists, perhaps an Indian Minister if one was visiting the UK at the time, and a carefully chosen selection of British journalists, for whom the occasion might serve as something of an education about India.

/ I discussed

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- 2 -

I discussed this further with Sir John Thompson after the meeting, and a lunch on Sunday <sup>12</sup>14 October would appear to be the strongest possibility if this is to be fitted in ahead of the Prince of Wales' visit to India. It would be helpful if we could quickly have suggestions for a possible guest list, so that we can consult the Prime Minister further about this.

The Prime Minister looks forward to seeing Lord Greenhill again after his visit to India.

M. A. PATTISON

Christopher Jebb, Esq.,  
Foreign and Commonwealth Office.

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10 DOWNING STREET

*From the Private Secretary*

27 August 1980

The Prime Minister has seen the Chancellor of the Duchy's letter of 7 August, about the Festival of India. She would be delighted to be a patron of the Festival of India, and she would also be happy to see Mrs Gandhi as a joint patron.

I have written separately to the Foreign Office about this, as there should shortly be an opportunity for the Prime Minister's views to be conveyed personally to Mrs Gandhi. The Prime Minister would prefer to leave any announcement until the news has been conveyed to Mrs Gandhi through the channels now in mind. You will no doubt wish to liaise with the Foreign and Commonwealth Office about an announcement here in due course.

I am sending a copy of this letter to Christopher Jebb (Foreign and Commonwealth Office).

M. A. PATTISON

Miss Mary Giles,  
Office of the Chancellor of the Duchy of Lancaster.

Handwritten notes: "Judea" and "be Press"

Handwritten initials: "GB"



Foreign and Commonwealth Office

London SW1A 2AH

22 August 1980

*✓ Press Office*

*For final para.*

*Dear Mike,*

*MAD 27/8.*

Emissary to Mrs Gandhi

I am writing to follow up the proposal, which the Prime Minister agreed, that Lord Greenhill should go to New Delhi for a meeting with Mrs Gandhi, as the special emissary of the Prime Minister. The Prime Minister has agreed to see Lord Greenhill with Sir John Thomson, our High Commissioner in New Delhi, at 6.30 pm on 26 August to discuss the line to be taken with Mrs Gandhi. Sir John Thomson returns to Delhi on 27 August. The Prime Minister's letter to Mrs Gandhi has been delivered and we are seeking an early appointment for Lord Greenhill with her on 31 August or 1 September, the only early dates convenient to Lord Greenhill. Her response is awaited.

We see Lord Greenhill's mission as an opportunity to convince Mrs Gandhi of the Prime Minister's personal interest in India and of her concern to have a close and constructive relationship with the Indians.

I enclose a copy of the draft brief prepared for Lord Greenhill. It suggests that Lord Greenhill should tell Mrs Gandhi that the Prime Minister had asked him to make various points (paras 1-5 of brief), that he should give Mrs Gandhi a general outline of the Government's thinking on recent world developments (paras 6-17) and talk about Mrs Gandhi's concern about coverage of India in the British media (paras 18-22).

There are two particular proposals which will require the Prime Minister's specific agreement. Lord Carrington is recommending separately that the Prime Minister should agree to Mr St John Stevas' proposal that the Prime Minister should agree to be a joint patron of the Festival of India to be held in Britain in 1982. We think that it would be useful if Lord Greenhill could convey her agreement to take this on to Mrs Gandhi and if he could at the same time say that the Prime Minister would be pleased if Mrs Gandhi could agree to be a joint patron herself. The Prime Minister has also been giving consideration to a visit to India. It would be helpful if Lord Greenhill could tell Mrs Gandhi that the Prime Minister would like to visit India in 1981 if a suitable opportunity for this can be found. He could suggest that this could be looked

*You have agreed -  
MAD*

/at again



at again after the Prince of Wales' visit and this would therefore not constitute any definite commitment to a visit.

We are not proposing any advance publicity for Lord Greenhill's visit. But we do not plan any secrecy. Lord Greenhill has many business interests in India and if his call on Mrs Gandhi comes to attention, we propose, subject to the Prime Minister's agreement, to confirm that he is in India for a business visit and that the Prime Minister had suggested that he should call on Mrs Gandhi.

*yours ever*

*David Nield*  
(P Lever)

M A Pattison Esq  
10 Downing Street

BRIEF FOR LORD GREENHILL'S CALL ON MRS GANDHI

POINTS TO MAKE

1. Prime Minister's personal interest in India. Convinced of importance of better understanding with India and of importance of modern India and its view of the world.

*W* 2. Prime Minister enjoyed meeting you in ~~Lusaka~~ *Harare* and Belgrade. Also appreciated account of your thinking conveyed by Mr Paul. Recognises importance of direct political contact to supplement diplomatic channels.

*She wasn't there!!*

A 3. Prime Minister asked me to say at outset how much she admires your fortitude in face of Sanjay's death. Severe blow both in personal and political terms, given Sanjay's dedication to the task of assisting in government and modernising India. She understood your letter to The Times of 30 July.

4. Prime Minister convinced of value of close relations between Britain and India. Two countries have many shared interests: both members of Commonwealth as well as many international bodies; there is immense scope for effective commercial cooperation from which both will benefit. At the same time each has opportunity to make mark in different areas - we in West, India in Asia and non-aligned movement. Regular exchanges of views can benefit both ourselves and others. Welcome more high level contacts in Delhi and London.

5. Prime Minister thought you might like to know of her own thinking about recent world developments. She has asked me to report to her personally anything you wish to convey on the international situation and on our bilateral relations.

World/



World Political Situation

6. The three problems of Afghanistan, Iran and the Arab-Israel dispute are profoundly worrying. All are linked to pressing international problem of East-West relations.

Arab-Israel Dispute

7. In medium and long term perhaps the greatest problem which confronts us. No doubt that Arab countries feel that West, and in particular United States works to double standards. They worry about Afghanistan and about hostages in Iran and are prepared to make fuss about these issues but feel that US and by implication the West are not prepared to use influence on Israel to make Israel withdraw from occupied Arab lands. There is a danger if this goes on that there will be tendency for Arab world to polarise. Such a polarisation would present very grave world crisis.

8. So Europe has decided there is something it should do. The Community which has been increasing scope and effectiveness of political cooperation has decided to play a more active role in search for Middle East settlement. Statement on conflict made by Nine in Venice on 13 June set out their view of principles which should form basis for negotiated settlement. No particular axe to grind on final shape of settlement but we have clear interest in helping to find solution which will bring peace and stability to area.

Iran

9. There is urgent need for solution to hostages issue. So long as they are held Western Europe is unable to play any useful role in assisting economic and political recovery in Iran. Present outlook very bleak with likelihood of growing instability and grave consequences not only for Iran but for Gulf/

Gulf and oil supplies from region as a whole. Risk must exist if great power involvement, either by the US in desperation, their patience exhausted, or the Soviet Union, in alarm at confusion over the border.

#### Afghanistan

10. Essence of Britain's policy has been that adversary relationship between East and West needed to be managed realistically. There have been substantial achievements in East/West relations in past decade. Soviet invasion of Afghanistan was a severe setback to world security and East/West relations. It confirmed that Soviet Union has an ambition to gain and consolidate influence in other countries, using military force if necessary. It underlined potential threat to independence of countries of many types in many areas. We believe that international community cannot acquiesce in aggression, however cloaked. It should do nothing which could make it easier for occupation to continue or harder for Afghan people to express their views on future form of government in their country. Soviet Union claims to see threat to their security through foreign military intervention. Any such intervention would be excluded by independent neutral status which we have suggested and which was the status chosen for herself by Afghanistan in the past. Next step will be UNGA where Afghanistan is on provisional agenda. Value your latest thinking on Afghanistan. Any evidence of Soviet flexibility?

#### East/West Relations

11. We believe that despite setback by invasion of Afghanistan serious discussion between East and West must go on. We will go ahead with CSCE review meeting in Madrid. We hope that discussion there will help Soviet Union to recognise need for negotiated/

negotiated settlement restoring Afghanistan to genuine independence.

12. Bound to have different perception of Soviet policies as seen from Europe and from Asia. Does India see prospect for resolution of present tensions? What of failure in the Soviet Union as the present leaders give way to new ones?

United States

13. Accept perceptions of US different also from Europe and from Asia. UK sees US as very close ally but also believes that UK can help as bridge of understanding in tackling current problems. Hence what we are doing over Middle East.

14. What effect will US Presidential election have on South Asia?

China

15. Welcome emergence from isolation and current pragmatic, outward-looking policies.

16. British aim to encourage Chinese through exchanges of views to maintain internationally responsible attitude. What progress has there been in dialogue between India and China?

North/South

17. Great mistake to talk of North versus South. All need each other. OPEC countries need industrialised West for their technology and goods; industrialised West needs developing countries with their markets and raw materials; developing countries need developed countries for expertise and/

- 5 -

and investment. UK attitude to Brandt Commission report misunderstood. We believe it poses problem well, and we go along with some of recommendations; but British view is that world economic system needs to be adapted and improved, not uprooted and replaced. We believe that present system offers opportunity to all those engaged in economic activity to contribute towards soundly based development. There is need for climate of confidence to allow expanded international trade, provide direct investment from developed countries, and international cooperation to help governments in difficulty. We recognise need for something to be done quickly and fact of world inter-dependence.

#### Bilateral Relations

18. Prime Minister knows you are concerned about portrayal of India in British media. She particularly asked me to raise this topic. Much regret that British papers and television sometimes produce programmes which are offensive to our friends, as they sometimes produce programmes which are offensive to HMG or our Royal Family. There is fund of sympathy for Indian views in Britain. We welcomed Malcolm MacDonald's letter to The Times on 13 August.

B

19. A press free from interference is a part of the whole nature of social and political life in Britain. This means that decisions on what they publish are taken by the papers themselves. Even in the case of television, responsibility for vetting programmes rests not with the government but with the Governors of the BBC and the IBA, whose powers are restricted. Nevertheless if India has a complaint it will always be useful if this is taken up through the Indian High Commission in London with the paper or appropriate television authority concerned. We can advise.

20. Although the Government's ability to help in this area is/

is necessarily very circumscribed, we are sympathetic and recognise that wringing hands will not change anything. We believe that the press often miss much of the achievements of modern India and that India's achievements in industrial, agrarian and economic fields and in the area of research and development deserve to be more widely understood. We hope that the Prince of Wales's visit and the Festival of India will provide good opportunities to focus media attention on achievements. We have deliberately proposed that Prince Charles's visit should be concentrated on areas which will project an up-to-date image of India.

21. We hope too that a high level team of industrialists will be in India at about the same time as the Prince of Wales. Always easier to interest British press in economic, industrial and scientific fields if there is a British angle.

22. Does the Indian Government contemplate measures to strengthen their own information organisation in Britain e.g. through the work of Public Relations Adviser. The British Government would be pleased to discuss and help to develop any ideas which the Indian Government may have which will ensure that the British public is made aware of the full picture of policy and progress in India. We believe that there is still widespread interest in Britain in India, an awareness of India's size and world importance and of her cultural tradition. It should be possible to benefit from this.

#### Festival of India

23. The Prime Minister believes that the proposal for a festival in Britain in 1982 is a particularly useful idea.  
Need/

Need to consider emphasis on Indian society and economy as well as culture.

24. It has been suggested that Mrs Thatcher should be a joint patron of the Festival and she would be very willing to do this (No 10 to confirm). It would give Mrs Thatcher great pleasure if you could agree to join her as joint patron. Perhaps there might be an opportunity for you to visit Britain in connection with the Festival?

Prime Minister's Visit

25. Mrs Thatcher would herself very much like to visit India in 1981 if a convenient time can be arranged. Perhaps this could be considered after the Prince of Wales's visit. (No 10 to confirm).

cutting dated 30 JUL 1960 19

A

The Times

I.P.

*A personal message from  
Mrs. Indira Gandhi*

Thousands of messages are pouring in from all parts of the world offering condolence in my loss. Much as I should like to acknowledge each individually, it is not possible to do so.

Sanjay braved with dignity the unprecedented calumny, concerted baseless propaganda and hardship to which he was subjected. He came reluctantly into public life. Once in it, he worked with phenomenal intensity and his only concern was the welfare of the nation. His spirit will live on to guide the youth of India, to whom the torch must pass.

I am greatly moved by such an outpouring of feeling for him. Through the Press I thank all those who have sent me words of sympathy. I deeply value their thoughtfulness.

Indira Gandhi

## An understanding view of India

From Mr Malcolm MacDonald, OM  
Sir, I read with interest this morning (August 7) your Delhi Correspondent's personal parting assessment of India. Indeed, I make a habit of reading most of what the British press has to say about contemporary India. And I have come to wonder whether many of us in this country are not in danger both of forgetting much of what people of my generation knew regarding earlier, economically extremely underdeveloped India, and of failing to appreciate adequately the constructive efforts which its leaders are making to guide the vast Indian nation onwards in the very complex modern world.

Many who know and love India (and they are countless individuals in this country) will, I think, be disturbed by the impression created by your correspondent's article. He, of course, writes that Mrs Gandhi's recent tragic loss must have caused her incalculable grief and loss. Did he pause to ask himself how that grief would be affected by his subsequent description of her son's death as a release for both India and its Prime Minister?

He refers disparagingly to the "legend" of Sanjay's identification with the poor and downtrodden and his ability to get things done in the national interest. But the impression I received from reading reports in your columns and elsewhere at the time of his funeral was that his death did indeed evoke sincere massive sympathy in India. The multitudes of those who joined publicly there in expressing condolences clearly included masses of those "poor and downtrodden" who, your correspondent implies, were not served by Sanjay's work.

And is it for us, from our position of comparative affluence, to cast aspersions on those who are working to bring to India the benefits of modern industrial, scientific and related achievements? I read very little in our newspapers which displays an understanding of the advances that India has made through recent times in the industrial, agricultural and scientific fields. The coverage of even so momentous an event as the launching of a first space satellite from Indian soil was distressingly slight, and in some cases almost unsympathetic.

I suggest that in view of our past association with the Indian people we British should be more sympathetically understanding of the situation and problems in India today, and should give all the friendly support that we can to that extremely important nation's further advances. Incidentally, after 33 years of independence its government and people continue to be by far the largest Parliamentary democracy that has ever existed on this Earth.

Yours faithfully,  
MALCOLM MacDONALD,  
Raspit Hill,  
Ivy Hetch,  
Sevenoaks,  
Kent.  
August 7.

The Times

13 August 1980



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FM DELHI 181200Z AUG 80

TO PRIORITY FCO

TELEGRAM NUMBER 630 OF 18 AUGUST.

INFO ROUTINE ISLAMABAD AND DACCA.

INFO SAVING BOMBAY, CALCUTTA, KATHMANDU, COLOMBO.

*MAP*

RIOTS IN INDIA

1. YOU WILL HAVE SEEN PRESS REPORTS OF SERIOUS OUTBREAKS OF COMMUNAL VIOLENCE ACROSS NORTHERN INDIA TOWARDS THE END OF LAST WEEK. THE MAIN INCIDENTS WERE AT MORADABAD (UTTAR PRADESH) WHERE THE OFFICIAL DEATH TOLL HAS NOW REACHED 111. A LARGE NUMBER OF THESE DEATHS WERE THE DIRECT RESULT OF POLICE ACTION AND RETALIATION BY ARMED MUSLIMS. COMMUNAL TROUBLE ALSO BROKE OUT OVER THE WEEKEND IN A NUMBER OF OTHER TOWNS IN UP AND IN DELHI ITSELF, PARTLY IN RESPONSE TO THE EVENTS IN MORADABAD.

2. THERE HAS BEEN A SAD TENDENCY TO MISREPRESENT THE CAUSES OF THESE OUTBREAKS. THE PRESS HAVE CARRIED ALLEGATIONS OF A "HIDDEN HAND" BEHIND THEM AND HAVE SUGGESTED THAT THIS WAS A FOREIGN ONE. THEY HAVE SPECULATED THAT THE PAKISTAN GOVERNMENT WERE NOT WITHOUT A MOTIVE (NAMELY, TO STIR UP MUSLIMS IN INDIA AGAINST WHAT THEY SAW AS MRS GANDHI'S PRO-SOVIET POLICY OVER AFGHANISTAN). THE POSSIBLE INVOLVEMENT OF MIDDLE EASTERN GOVERNMENTS HAS ALSO BEEN MOOTED. EVEN RESPONSIBLE POLITICIANS LIKE A B VAJPAYEE HAVE BLAMED FOREIGN INTERFERENCE, NO DOUBT TO COUNTER SUGGESTIONS THAT EXTREMIST HINDU ELEMENTS IN HIS OWN PARTY, THE BHARATIYA JANATA PARTY (BJP), WERE RESPONSIBLE. I GIVE NONE OF THESE ALLEGATIONS ANY CREDENCE, BUT THE VIEWS THEMSELVES ARE DEPRESSINGLY TYPICAL OF CURRENT INDIAN ATTITUDES.

3. THE FACT IS THAT COMMUNAL CLASHES HAVE BEEN A PERMANENT FEATURE OF INDIAN LIFE AND CROWDED INDIAN TOWNS PROVIDE CONDITIONS WHICH CAN TURN THE SMALLEST VIOLENT INCIDENT INTO A FULL-SCALE RIOT. HARDLY A DAY PASSES ON WHICH THERE ARE NO DEATHS IN INDIA AS A RESULT OF CIVIL DISTURBANCES. MOREOVER, THE TINDER IS PARTICULARLY DRY AT THE END OF RAMAZAN AND IN THE LAST MONTH OF A LONG HOT SUMMER. THE ABSENCE OF ANY APPARENT FUNDAMENTALIST OVERTONES ALSO UNDERMINES THE CASE FOR FOREIGN INVOLVEMENT.

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4. IN THIS PARTICULAR YEAR, THINGS ARE MADE WORSE BY LOW MORALE WITHIN THE POLICE FORCES (THOUGH NOT THE ARMY) AND WITHIN THE ADMINISTRATION MORE GENERALLY. THE POLICE HAVE COME IN FOR PUBLIC CRITICISM RECENTLY (MUCH OF IT JUSTIFIED) AND THE RESULTING LACK OF TRUST MAKES FOR BAD DECISIONS: MOST OBSERVERS AGREE THAT THE POLICE IN MORADABAD WERE ORDERED TO OPEN FIRE MUCH TOO SOON. IN ADDITION, THE URBAN POOR HAVE A LOT TO COMPLAIN ABOUT. RISING PRICES ARE THE MAIN SOURCE OF THEIR COMPLAINT (THIS BROUGHT ABOUT NON-COMMUNAL RIOTS IN AHMEDABAD OVER THE WEEKEND - PROBABLY BJP-INSPIRED), WITH DISSATISFACTION ABOUT THE GOVERNMENT'S FAILURE TO IMPROVE THE MAINTENANCE OF LAW AND ORDER A CLOSE SECOND.

5. MRS GANDHI IS REPORTED TO BE UPSET AND ANGRY ABOUT THE RIOTS AND TO BE THREATENING TO SACK THE CHIEF MINISTER OF UP, AMONG OTHERS. SHE IS RIGHT TO BE CONCERNED. WHILE I DO NOT BELIEVE THE COMMUNAL RIOTING TO HAVE BEEN POLITICALLY INSPIRED, THE OPPOSITION WILL NOT RESIST THE TEMPTATION TO EMBARRASS THE GOVERNMENT OVER LAW AND ORDER WHENEVER THE OPPORTUNITY ARISES. MEANWHILE, THE POLICE SHOW NO SIGNS OF REGAINING PUBLIC CONFIDENCE, AND PUBLIC DISSATISFACTION WITH CENTRAL AND STATE GOVERNMENTS (AND THEREFORE WITH MRS GANDHI) IS INCREASING.

FCO PASS SAVING TO COLOMBO

EWANS

[REPEATED AS REQUESTED]

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India

THE PRIME MINISTER

13 August 1980

SUBJECT  
PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. 1162/80

I enjoyed my talk with Mr. Swraj Paul when he came to see me on your behalf in July. For my part I greatly value being kept up to date on your thinking. It is important to us to have a clear understanding of India and its view of the world. By the same token it may be useful to you to have an account of my own thinking from time to time. I should much like to send a special representative to discuss with you privately on my personal behalf the range of international and bilateral issues in which we share an interest. I have in mind Lord Greenhill and would suggest late August or early September as the best timing. I much look forward to hearing whether you could receive him.

(SGD) MARGARET THATCHER

Her Excellency Shrimati Indira Gandhi

rh

FILE  
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RH

13 August, 1980

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute of 12 August, about relations with India.

She has agreed that she should send a personal emissary to India in the near future, and would be happy for Lord Greenhill to take on this role if he is available.

I enclose the signed original of the message which the Foreign and Commonwealth Secretary proposed.

I am sending a copy of this letter to David Wright (Cabinet Office).

**M. A. PATTISON**

R M J Lyne, Esq  
Foreign & Commonwealth Office

**CONFIDENTIAL**

Gr.



CONFIDENTIAL

PM/80/66

THE PRIME MINISTER

Relations with India

Prime Minister 3  
If you are content to  
send Lord Greenhill  
as your emissary to  
India, would you please  
sign the attached  
message? MAF 12/8

See  
India :  
June 1980

1. Despite your successful talk with Mrs Gandhi's emissary (Swraj Paul) on 2 July, there is growing evidence that our relations with India are not what they should be.
2. The Indians are reviewing the important Jaguar contract. It is by no means certain that Davy will get the £1 billion steel contract on which you exchanged letters with Mrs Gandhi recently. She is personally concerned about the treatment of India in the British media. Indian spokesmen compare the friendliness of India's relations with France and Germany to its relations with Britain.
3. Mrs Gandhi's own position is difficult. She weathered the loss of Sanjay remarkably well to begin with but signs of personal strain are now being reported. She has no-one else on whom to rely and appears increasingly isolated and beleaguered. She is now more than ever liable to form exaggerated notions of who her friends and enemies are. If she believes that we are not in the former camp, our material interests could suffer when the decisions on the contracts referred to above - and others - are taken. And that could spoil the atmosphere for the Prince of Wales' visit in November on which we are setting great hopes.
4. I think she needs a political gesture from us, to convince her that we want a good, productive relationship with India. I wonder whether taking a leaf out of her book, and by way of following up Swraj Paul's meeting with you on 2 July, you would consider sending a personal emissary of your own to see her. The aim would be to influence her general attitude towards us rather than to haggle about such issues as Jaguar and steel, although we should of course hope that the one would influence the other.

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5. It would be a great help if the emissary could hint that you would like to visit India in, say, April of next year. I do not think we should go firm on this until after the Prince of Wales' visit. It would be unwise to be committed too far in advance because the direction that Indian internal politics may take is somewhat uncertain. Another specific point which the emissary might make, subject to further consideration here, is that we are prepared to discuss whether anything can be done to influence the image of India in the British media, a subject about which we know Mrs Gandhi is personally concerned. There are obvious limits but there is probably a good deal that the Indians themselves could do to ensure, for example, that their industrial and scientific achievements get better coverage.

6. The choice of person is not easy. He would need to impress Mrs Gandhi as having your confidence (it would be important for him to be able to say he had been briefed personally by you). He would have to be able to deal with her sensitively in her present mood and would need to be familiar with the various international issues which she would doubtless want to discuss. Some of the people who would fit this bill would probably, because of their stature, attract a good deal of press speculation. I doubt if we want that. It would be better if whoever went avoided publicity as much as possible. He would need to go in late August/early September if the visit is to influence decisions on the Jaguar and steel contracts. It occurred to me that Lord Greenhill would be a good choice. I enclose a draft of a personal message that you could send to Mrs Gandhi if this idea commends itself to you and after we have checked that whoever you may choose is available.

Foreign and Commonwealth Office  
12 August 1980

*P Carrington*  
(CARRINGTON)



PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

Chancellor of the Duchy of Lancaster  
and  
Minister for the Arts.

7th August 1980

The Rt Hon Margaret Thatcher MP  
The Prime Minister  
10 Downing Street  
LONDON SW1

*Prime Minister*

*Yes*

*Content to be a patron of  
the Festival of India, if  
Lt Cunningham thinks this  
useful?*

*Dear Prime Minister*

*MAT 2/8*

THE FESTIVAL OF INDIA

As you may know there are plans to organise a Festival of India in Great Britain during 1982. It will be a joint venture between the British and Indian Governments, and will consist of a series of exhibitions, events and performances reflecting many aspects of Indian civilisation from prehistoric times to the present day and represents close collaboration between Indian and British institutions, scholars and artists. It is well over thirty years since an Indian exhibition of any scale has been seen here and during that time new evidence has come to light which emphasises the richness and glory of India's cultural heritage.

The Arts Council and various other bodies such as the British Museum, the British Library, the Victoria and Albert Museum and the Commonwealth Institute will collaborate in the Festival to achieve the widest possible manifestation of Indian arts, crafts, history and culture by means of a series of overlapping exhibitions and performances. The British were in India for over two hundred years, but there is a post-Independence, post-World War II generation of Britons and Indians looking for a new understanding of one another. The Festival will show that the whole civilisation and culture of India is not only worth knowing for its own sake, but has much to offer the world both in art, in philosophy and a way of life. It will mark an important step in the new relationship between India and Britain.

The Festival of India will be a major event in the artistic world in 1982 and its importance to India is underlined by

Contd .....

the fact that we understand that Mrs Gandhi would be prepared to accept an invitation to become a patron, Your support would be invaluable and I wonder if you would be prepared to be a joint patron. Your acceptance would add to the prestige of the Festival and give enormous pleasure to all those involved in staging the various events.

I am sending a copy of this letter to the Foreign Secretary.

John A. L.



India

GRS 400

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FM DELHI 290315Z JUL 30

TO PRIORITY FCO

TELEGRAM NUMBER 590 OF 28 JULY.

MIPT: INDO-BRITISH RELATIONS

1. AS WE ARE REPORTING BY LETTER TO THE DEPARTMENT, IT IS BECOMING CLEAR THAT MRS GANDHI IS UNDER CONSIDERABLE STRAIN. SHE HAS DRAFTED HER SON, RAJIV, TO TRY TO TAKE SOME OF THE BURDEN OFF HER, BUT IT IS MOST UNLIKELY THAT HE WILL COME WITHIN MILES OF FILLING THE PART FORMERLY PLAYED BY SANJAY. SHE IS FEELING ISOLATED AND SOMEWHAT BELEAGUERED, AND HENCE MORE THAN EVER PRONE TO SEE MATTERS IN PERSONAL TERMS. SHE IS LIKELY TO BE MORE ERRATIC IN HER OPINIONS AND TO FORM EXAGGERATED NOTIONS OF WHO ARE HER FRIENDS AND WHO HER ENEMIES.

2. BOTH OVER THE JAGUAR AND NOW OVER THE COASTAL STEEL PLANT, IT IS THEREFORE INCREASINGLY LOOKING AS IF THE FINAL DECISIONS WILL BE TAKEN BY MRS GANDHI ON THE BASIS OF HER PERSONAL FEELINGS AND IRRESPECTIVE OF OBJECTIVE MERITS. SHE IS LIKELY TO SEE THE JAGUAR AND STEEL PLANT ISSUES AS LYING BETWEEN THE FRENCH AND OURSELVES AND THE GERMANS AND OURSELVES RESPECTIVELY, AND TO MAKE UP HER MIND PURELY ON THE BASIS OF WHO SHE THINKS IS BETTER DISPOSED TOWARDS HER AND THEREFORE DESERVES TO GET THE BUSINESS.

3. IT IS NOT CLEAR WHETHER WHAT WAS SAID TO ME LAST WEEK ABOUT THE ATTITUDE OF THE BRITISH PRESS TOWARDS MRS GANDHI'S NUCLEAR AND FOREIGN POLICIES (MY TELS NOS 585 AND 586) REFLECTS MRS GANDHI'S PERSONAL RESENTMENT AT THE BRITISH MEDIA IN PARTICULAR. I HAVE, HOWEVER, JUST HAD FRESH EVIDENCE FROM A CLOSE ASSOCIATE OF THE FAMILY THAT THE HANDLING BY THE BRITISH MEDIA OF SANJAY'S DEATH CAUSED HER MUCH RESENTMENT. YOU WILL KNOW THAT THE INDIAN MINISTER OF SHIPPING, MR SHARMA, TOOK THE OPPORTUNITY TO REFER TO THIS IN HIS MEETING ON 10 JULY WITH MR FOWLER. I SEE A CONTINUING DANGER THAT MRS GANDHI'S RESENTMENT AT THIS SORT OF THING WILL, IF IT HAS NOT DONE SO ALREADY, ASSUME THE NATURE OF RESENTMENT AT BRITAIN IN GENERAL, WITH CONSEQUENT SUBSTANTIAL LOSSES TO THE BRITISH MANUFACTURERS WHO ARE TRYING TO GAIN OR PRESERVE THESE VERY SUBSTANTIAL PIECES OF BUSINESS.

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4. I THEREFORE MAKE NO EXCUSE FOR REVERTING AGAIN TO THE NEED, AS I SEE IT, FOR A POLITICAL GESTURE DESIGNED TO REASSURE MRS GANDHI PERSONALLY ABOUT HMG'S ATTITUDE TOWARDS HER. THE PRINCE OF WALES' VISIT WILL CERTAINLY HELP AND ITS EARLY ANNOUNCEMENT WILL BE VALUABLE. BUT SOMETHING RATHER MORE IMMEDIATE IS, I BELIEVE, STILL NEEDED. I HAVE NOT YET SEEN COLES' LETTER FORESHADOWED IN PARA 6 OF YOUR TEL NO 539 ABOUT JAGUAR AND WILL TELEGRAPH AGAIN IF NECESSARY WHEN IT ARRIVES.

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FM DELHI 281122Z JUL 80

TO PRIORITY FCO

TELEGRAM NUMBER 589 OF 28 JULY

INFO PRIORITY ODA, DOI

INDO-BRITISH RELATIONS: COASTAL STEEL PLANT

1. DURING A CALL MADE ON HIM ON 25 JULY BY JAY, FIRST SECRETARY (AID), TO DISCUSS VARIOUS AID MATTERS, SIVARAMAN, JOINT SECRETARY IN THE DEA, RAISED THE QUESTION OF THE COASTAL STEEL PLANT. HE SAID THE CABINET WERE EXPECTED TO DECIDE WITHIN A FEW DAYS THAT THE PROJECT SHOULD GO AHEAD. THE WAY WOULD THEN BE OPEN FOR DETAILED NEGOTIATIONS WITH DAVY AND DEMAG, AND THE DEA WOULD, FOR THE FIRST TIME, BECOME CLOSELY INVOLVED IN THE DETAILS OF THE PROJECT.

2. SIVARAMAN, STRESSING HE WAS SPEAKING INFORMALLY, SAID HE WAS UNCERTAIN HOW TO EVALUATE THE FINANCIAL MERITS OF THE BIDS. IF THE AID ELEMENT OF THE DAVY BID WAS TAKEN INTO ACCOUNT, PEOPLE (EG CHANANA, MINISTER FOR INDUSTRIES) WOULD ASK WHY BRITAIN WAS BEING GIVEN CREDIT FOR AID AT A TIME WHEN OUR PROGRAMME WAS BEING REDUCED, AT THE EXPENSE OF GERMANY, WHOSE PROGRAMME WAS INCREASING. TO JAY'S REPLY THAT THE PROPER COMPARISON WAS BETWEEN THE TWO FINANCIAL PACKAGES AND THAT THE BROADER ISSUES OF AID LEVELS WERE NOT RELEVANT, SIVARAMAN SAID IT WAS UP TO THE DEA TO ALLOCATE GERMAN AID FUNDS FOR THE DEMAG BID IF THEY WISHED. JAY SAID THAT HMG'S £100 MILLION TIED AID OFFER CAME NOT FROM OUR BILATERAL PROGRAMME BUT FROM THE QUITE SEPARATE AID/TRADE PROVISION NOW AVAILABLE TO INDIA FOR THE FIRST TIME, BECAUSE BILATERAL AID WAS FULLY COMMITTED. IF THIS AID WERE NOT USED IT WOULD REVERT TO THE POOL AT A REAL COST OF £100 MILLION TO THE INDIAN ECONOMY. AS THIS WOULD NOT BE THE CASE WITH GERMAN AID, THE DAVY BID WITH OUR AID ELEMENT REMAINED PREFERABLE. TO SIVARAMAN'S ARGUMENT THAT THIS WAS AN UNDESIRABLE USE OF AID WHICH OTHERS MIGHT FOLLOW, JAY SAID OTHER DONORS HAD KNOWN FOR SOME TIME OF THE AID/TRADE PROVISION AND THERE WAS NO REASON TO SUPPOSE THEY WOULD BE MORE INFLUENCED BY IT NOW THAN IN THE PAST. TO HIS ARGUMENT THAT MINISTERS WOULD NOT WISH TO APPEAR TO SUCCUMB TO PRESSURE, JAY SAID THE MAIN POINT WAS THE UNDENIABLE FINANCIAL BENEFIT OF THE DAVY PACKAGE.

3. SIVARAMAN SAID ANOTHER FACTOR THAT WOULD WEIGH WITH MINISTERS WAS BRITAIN'S GENERALLY UNSYMPATHETIC ATTITUDE TOWARDS THE THIRD WORLD AT PRESENT, AS EVIDENCED BY OUR RESPONSE TO THE BRANDT COMMISSION REPORT. JAY REPLIED ALONG THE LINES OF FCO GUIDANCE TEL NO 76, AND SUGGESTED THAT THIS BROADER ISSUE WAS NOT RELEVANT TO THE EVALUATION OF THE TWO BIDS.

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4. JAY WAS ASKED WHETHER HMG WOULD CONSIDER INCREASING THE £50 MILLION RTA AID CONTRIBUTION TO THE PROJECT TO HELP OVERCOME THE PROBLEMS SIVARAMAN HAD OUTLINED. HE SAID WE WOULD NEED TO CONSIDER THIS, BUT £150 MILLION WAS A LARGE AID ELEMENT IN THE PACKAGE AND MADE IT ATTRACTIVE AS IT STOOD.

5. SIVARAMAN'S INFORMAL ARGUMENTS (OF WHICH A FULL ACCOUNT FOLLOWS BY BAG) WERE NO DOUBT DESIGNED TO ASSIST THE DEA IN FORMULATING ITS EVENTUAL ADVICE. NONETHELESS, I BELIEVE HE IS RIGHT IN THINKING THAT THE DECISION ON THE STEEL PLANT WILL BE TAKEN ON POLITICAL AND NOT JUST TECHNICAL AND FINANCIAL GROUNDS. THE DAVY BID APPEARS TECHNICALLY AS GOOD AS DEMAG AND THE LAZARD'S FINANCIAL PACKAGE BETTER. WE SHALL KEEP STRESSING THIS TO OFFICIALS OVER THE NEXT FEW WEEKS. BUT WE NEED TO CONSIDER WHAT MORE WE CAN DO TO HELP THE BID AT A POLITICAL LEVEL. A CONTACT OF OURS WHO HAS SEEN THE PRIME MINISTER'S LETTER TO MRS GANDHI OF 13 JUNE, HAS SUGGESTED THAT WE OUGHT TO DRAW AN INFERENCE FROM THE FACTS THAT (A) (SO FAR AS HE AND WE KNOW) THERE HAS BEEN NO REPLY, AND (B) PRANAB MUKHERJEE, THE MINISTER OF COMMERCE AND STEEL, HAS FAILED TO TAKE UP OUR INVITATION TO VISIT THE UK, ALTHOUGH HE HAS FOUND TIME TO PAY VISITS ELSEWHERE.

6. SEE MY IFT (TO FCO ONLY).

EWANS

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TO PRIORITY FCO  
TELEGRAM NUMBER 585 OF 25 JULY.

*fn*  
*Ant*

## INDO-BRITISH RELATIONS

1. I WAS SUMMONED THIS MORNING BY THE INDIAN FOREIGN SECRETARY, WHO TOLD ME THAT HE HAD BEEN INSTRUCTED TO CONVEY TO ME MRS GANDHI'S CONCERN AT RECENT REPORTS IN THE BRITISH PRESS WHICH HAD SUGGESTED THAT SHE WAS ADOPTING "HAWKISH" POLICIES, PARTICULARLY IN NUCLEAR MATTERS.
2. SATHE GAVE ME TO UNDERSTAND THAT THE REPORTS IN QUESTION HAD CENTRED ROUND INDIA'S RECENT SUCCESSFUL LAUNCHING OF AN EARTH SATELLITE AND THAT THE ALLEGATION HAD BEEN MADE THAT THIS WAS A STEP TOWARDS THE DEVELOPMENT OF A NUCLEAR WEAPON DELIVERY SYSTEM. HE SAID THAT ON THE CONTRARY, AS MRS GANDHI HAD RECENTLY REAFFIRMED IN PARLIAMENT, INDIA'S NUCLEAR PROGRAMME WAS DESIGNED EXCLUSIVELY FOR PEACEFUL PURPOSES. IT WAS TRUE THAT INDIA WOULD NEVER SIGN THE NPT AND THAT SHE WAS KEEPING HER OPTIONS OPEN. IF PAKISTAN WERE TO DEVELOP A NUCLEAR WEAPON, THEN THE INDIAN GOVERNMENT WOULD HAVE TO THINK AGAIN. BUT SUCH REPORTS OF INDIA'S PRESENT POLICY WERE BOTH INACCURATE AND UNFORTUNATE.
3. I ASSURED SATHE THAT HIS ACCOUNT OF INDIAN NUCLEAR POLICY ACCORDED FULLY WITH WHAT HAD BEEN REPORTED BY THIS HIGH COMMISSION AND THAT, WHATEVER MAY HAVE BEEN SAID IN THE BRITISH PRESS, I WAS CONFIDENT THAT HMG TOOK A BALANCED AND ACCURATE VIEW.
4. SATHE THEN RAISED, RATHER DISJOINTEDLY, THE SUBJECT OF DIEGO GARCIA. WE SHOULD UNDERSTAND THAT THE VIEW WAS HELD STRONGLY IN INDIA THAT THE INDIAN OCEAN SHOULD BE A ZONE OF PEACE AND FREE FROM BASES AND MILITARY PRESENCES FROM OUTSIDE. INDIA HAD ALSO SPOKEN FIRMLY TO THE RUSSIANS IN THIS SENSE. IN REPLY, I TOLD SATHE THAT IT WAS NOT CORRECT TO REFER TO DIEGO GARCIA AS A BASE; RATHER IT WAS A FACILITY DESIGNED TO SUPPORT THE DEPLOYMENT OF FORCES IN THE INDIAN OCEAN AREA, SHOULD THE NEED ARISE. HE SHOULD UNDERSTAND THAT, FOR BETTER OR FOR WORSE, THE WEST HAD VITAL INTERESTS IN THE AREA OF THE PERSIAN GULF. WHILE BRITAIN AND THE US HAD NO WISH TO HAVE MILITARY FACILITIES IN THE INDIAN OCEAN, THE EXISTENCE OF A POTENTIAL THREAT TO THEIR VITAL INTERESTS, WHICH THE EVENTS IN AFGHANISTAN UNDERLINED, LEFT THEM WITH LITTLE OPTION.

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CONFIDENTIAL

5. SATHE WENT ON TO ASK WHAT ATTITUDE WE TOOK TOWARDS PARTICIPATION IN THE PROPOSED CONFERENCE ON THE IOPZ. I SAID I WAS WITHOUT INSTRUCTIONS, ALTHOUGH MY IMPRESSION WAS THAT WE SAW SOME DIFFICULTIES IN THE IOPZ PROPOSAL ITSELF, FOR EXAMPLE IN DETERMINING THE BOUNDARIES OF THE ZONE. I UNDERTOOK TO TRY TO LET HIM HAVE SOMETHING MORE AUTHORITATIVE ABOUT OUR POLICY. HE REMARKED THAT HE UNDERSTOOD THAT THE RUSSIANS AND THE FRENCH WOULD BE ATTENDING, THE LATTER WITH SOME RESERVATIONS. HE DID NOT KNOW WHERE THE AMERICANS STOOD.

6. SATHE THEN TREATED ME TO A TOUR D'HORIZON OF INDIA'S RELATIONS WITH HER NEIGHBOURS. SHE WAS TRYING ACTIVELY TO IMPROVE HER RELATIONSHIPS BOTH WITH PAKISTAN AND WITH CHINA. HE REALISED THAT INDIA'S OTHER NEIGHBOURS, PARTICULARLY NEPAL, SRI LANKA AND BANGLADESH, WERE A LITTLE DUBIOUS ABOUT INDIA'S INTENTIONS. IT WAS TRUE THAT THE PRESENT INDIAN GOVERNMENT DID NOT INTEND TO CONTINUE THE DAMAGINGLY SOFT POLICIES PURSUED TOWARDS THEIR NEIGHBOURS BY THE PREVIOUS GOVERNMENT, AND THAT THE PENDULUM WAS SWING BACK. BUT IT WAS NOT INDIA'S DESIRE TO CREATE OR PROLONG ANY STRAINS IN HER RELATIONS WITH HER NEIGHBOURS: ON THE CONTRARY, SHE WISHED TO REMEDY THEM. IT WAS ALSO TRUE THAT THE DECISION TO RECOGNISE HENG SAMRIN HAD MADE THE ASEAN COUNTRIES ANGRY, BUT HE HAD THE FEELING THAT THEIR PROTESTS WERE (NEXT TWO WORDS UNDERLINED) PRO FORMA AND THAT THEY WOULD SIMMER DOWN. OVER THIS WHOLE FIELD TOO, THE BRITISH PRESS WAS THEREFORE NOT JUSTIFIED IN DESCRIBING MRS GANDHI'S ATTITUDE AS HAWKISH.

7. I TOLD SATHE THAT I WOULD OF COURSE REPORT OUR CONVERSATION BUT THAT I HOPED THERE WAS NO CONFUSION WITHIN THE INDIAN GOVERNMENT BETWEEN WHAT WAS SAID IN THE BRITISH PRESS AND THE VIEWS OF HMG. HAVING SERVED IN A NUMBER OF COMMONWEALTH COUNTRIES, I WAS CONSCIOUS THAT THERE OFTEN TENDED TO BE A PROBLEM, ON THE ONE HAND BECAUSE CERTAIN SECTIONS OF THE BRITISH PRESS WERE INCLINED TO BE CRITICAL OF COMMONWEALTH COUNTRIES AND WERE IN ANY CASE LOOKING FOR SENSATIONAL NEWS SEMICOLON AND ON THE OTHER, BECAUSE MORE ATTENTION TENDED TO BE PAID IN COMMONWEALTH COUNTRIES TO THE BRITISH PRESS THAN TO THE PRESS OF OTHER NATIONS. IT WAS IMPORTANT THAT THIS SHOULD NOT GIVE RISE TO MISUNDERSTANDINGS.

8. I THEN WENT ON TO SAY THAT IN THIS SITUATION, IT SEEMED TO ME MORE THAN EVER DESIRABLE THAT HIGH-LEVEL CONTACT SHOULD BE MAINTAINED BETWEEN OUR TWO GOVERNMENTS. I REFERRED TO THE MESSAGE RECENTLY CONVEYED BY MRS GANDHI TO THE PRIME MINISTER AND TO THE LATTER'S RESPONSE, AND SAID THAT IT SEEMED TO ME VERY IMPORTANT THAT WE SHOULD CONTINUE TO KEEP IN CLOSE TOUCH. WE WERE LOOKING FORWARD TO HIS OWN VISIT IN SEPTEMBER AND TO A VISIT BY HIS MINISTER LATER IN THE YEAR. WAS THERE ANYTHING HE COULD TELL ME ABOUT THE DATES FOR THE LATTER (MY TEL NO 567)? HE SAID THAT HE HAD SPOKEN TO HIS MINISTER AND HOPED TO LET ME HAVE A RESPONSE AS SOON AS THE LATTER WAS BACK IN DELHI.

9. SEE MY IFT FOR COMMENT.

EWANS

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[THIS TELEGRAM WAS NOT ADVANCED]

SAD

CABINET OFFICE

FILE

RH

India

18 July, 1980

I enclose a copy of a letter which the Prime Minister has received from the Prime Minister of India in reply to her letter to Mrs Gandhi of 13 June. I have acknowledged receipt. No further action would seem to be called for.

I am sending copies of this letter and its enclosure to Ian Ellison (Department of Industry) and Stuart Hampson (Department of Trade).

M. O'D. B. ALEXANDER

R M J Lyne, Esq  
Foreign and Commonwealth Office

MM

FILE

RH

18 July, 1980

I am replying on the Prime Minister's behalf to your letter to her of 17 July.

The letter which you enclosed from the Prime Minister of India has, of course, been brought to the Prime Minister's attention.

M. O'D. B. ALEXANDER

Dr I P Singh

MM





Dr. I. P. Singh  
Acting High Commissioner

INDIA HOUSE,  
ALDWYCH,  
LONDON, W.C.2.

No. 582-AHC/80

July 17, 1980

Dear Prime Minister,

I have the honour to forward herewith a sealed cover containing a letter from the Prime Minister of India Shrimati Indira Gandhi, in reply to your letter of June 13, 1980.

With assurances of my highest consideration.

(I. P. Singh)

The Rt Hon. Margaret Thatcher, MP,  
Prime Minister,  
10, Downing Street,  
London, SW-1.

Encl: One

SUBJECT

T/188/80

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 138A/80



PRIME MINISTER

Prime Minister (2)

Print

New Delhi  
July 9, 1980

Dear Prime Minister,

Thank you for your letter of June 13, 1980.

We share your concern in improving economic and industrial cooperation between our two countries. I have noted your interest in an important area of our industrial development and your support for Davy International.

Davy International and the Steel Authority of India have held a series of discussions on the project. We are not yet at the stage of drawing up plans for the proposed coastal steel plant. When we do so we shall give careful consideration to the British firm's offer.

High level exchanges between Governments are always helpful and can be of mutual benefit in further strengthening our bilateral relations.

With warm regards,

Yours sincerely,

*Indira Gandhi*

(Indira Gandhi)

Rt. Hon. Margaret Thatcher,  
Prime Minister of the United Kingdom,  
London.

India



Es

10 DOWNING STREET

*From the Private Secretary*

7 July 1980

Indo/Soviet Arms Deal

Thank you for your letter of 1 July on this subject. The Prime Minister has read it with interest.

MICHAEL ALEXANDER

Roderic Lyne, Esq.,  
Foreign and Commonwealth Office.

GB

Copy

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File

HG



Subject on: India: visit of  
Mr Swraj Paul: June 1980.

10 DOWNING STREET

From the Private Secretary

2 July 1980

Kear Rosenic,

Call by Mr. Swraj Paul

Mr. Swraj Paul called on the Prime Minister this morning as arranged.

Mr. Paul said that Mrs. Gandhi had asked him to seek a meeting with the Prime Minister in order to convey Mrs. Gandhi's concern that relations between India and the United Kingdom were drifting and to express the hope that something positive could be done to reverse this trend. Mrs. Gandhi hoped that the Prime Minister might be able in future to take a rather greater personal interest in the question of relations with India.

Mr. Paul expressed concern on two specific points. He said that there was a strong feeling in New Delhi that the media in the United Kingdom were consistently and unfairly critical of India. Both the press and the broadcasting companies here seemed to Indians to be more critical than their colleagues in other western countries. Mr. Paul mentioned in this connection an article by Mr. MacFarquhar in the Economist and a series of three television programmes carried by ITV. Both the article and the programmes had appeared on the eve of the recent Indian elections. The Prime Minister told Mr. Paul that she had little influence over the press (a point Mr. Paul readily acknowledged) but that she had taken careful note of what he had said.

Mr. Paul then referred to the Indo-British Exchange Conference. He recalled the circumstances in which the Exchange had originally been established in 1977 and said that it had always been a centre of criticism of Mrs. Gandhi. It was unfortunate that HMG had continued to support the Exchange until very recently and that they had only cancelled the official reception connected with the recent conference when the Indian Government had cancelled a planned session of inter-Governmental talks. This had been an unfortunate affair which had caused a great deal of ill feeling in Delhi. The Prime Minister said that she had known nothing about the difficulties with the Exchange Conference.

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-2-

until she had seen the briefing for her meeting with Mr. Paul. She undertook to look into the background. I should be grateful if you could let me have a full account of what happened. It would be helpful if your analysis could deal with the suggestion that we were very slow to disengage ourselves from the conference. (Mr. Paul suggested that the Socialist International are involved with the conference.)

In the course of a general discussion about how relations might be improved, Mr. Paul said that Mrs. Gandhi was looking forward to receiving Prince Charles in India in the autumn. The Prime Minister commented that he was very keen to make the visit. Mr. Paul added that the Prime Minister would shortly be receiving a reply from Mrs. Gandhi to her letter about the steel plant contract which is shortly to be awarded. He went on to express the hope that the links between the Prime Minister and Mrs. Gandhi could be further developed. He believed that Mrs. Gandhi and Mrs. Thatcher could achieve a great deal if they worked together. He asked whether it would be possible for the Prime Minister to visit India in the near future. The Prime Minister said that she had always greatly enjoyed her discussions with Mrs. Gandhi. She was very enthusiastic about the idea of a visit to the sub-continent but she thought it would be right to wait until after Prince Charles' visit had taken place. She added that anything she could do to cement the friendship between the United Kingdom and India, she would do.

Towards the end of the conversation Mr. Paul commented that the western world was quite wrong to assume that Mrs. Gandhi was in any way pro-Soviet or 'leftist' inclined. There had been a period between 1969 and 1973 when many of her advisers had been pro-Soviet. This situation had ended in 1973 when her then Private Secretary had been moved. It was true that Mrs. Gandhi was suspicious of the United States. She was not convinced that the United States had the same interest in the security of Asia as it had in the security of Europe. The Indians could not share the confidence in American intentions that the Europeans enjoyed. The Prime Minister recalled that Mrs. Gandhi had referred to her doubts about the Soviet Union during their conversation in Belgrade.

Mr. Paul and the Prime Minister discussed briefly the death of Sanjay Gandhi. Mr. Paul confirmed that the death of her son had been a terrible blow for Mrs. Gandhi. He had spent some time alone with Mrs. Gandhi shortly before the funeral and Mrs. Gandhi had told him that she had come to regard Sanjay not as a son but as an elder brother. Although she was putting a brave face on things, she was now in an extremely lonely and isolated position. None of her Ministers were her equals either socially or educationally, in experience or in

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-3-

ability. She had in effect no-one to talk to. Mr. Paul said that he had flown out to the funeral with Mrs. Gandhi's other son who had been holidaying in Italy at the time of the accident. The elder brother had confirmed to Mr. Paul that he had no wish to become involved in Indian politics.

You will no doubt wish to consider further the timing of a possible visit by the Prime Minister to India. In doing so you will need to bear in mind that the Prime Minister is already committed to longish visits to Canada next summer for the Economic Summit and to Australia in the autumn for the Commonwealth Heads of Government meeting. The Prime Minister would like to spend several days in India: it will therefore not be easy to link it with any other visit except, perhaps, elsewhere in the sub-continent. A possible time might be next April.

Yours ever

Michael Alexander

R.M.J. Lyne, Esq.,  
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

1 July 1980

*Prime Minister* (2)  
*mt* *mt*  
Dear Michael,

Indo/Soviet Arms Deal

Your letter of 3 June asked why, if the Indians are prepared to spend some \$1.6 billion on buying weapons from the Soviet Union (albeit provided by loans on favourable terms), we should continue to provide them with aid on the present scale.

The recent arms deal with the USSR is large. Agha Shahi told us that he felt that the cost of the items being supplied if purchased in the West would be some \$8-10 billion. This is certainly too large a figure, but the Soviet terms are so soft that, in comparison with commercial market terms, the sale amounts almost to a gift. There was thus a strong inducement to the Indians to complete the agreement.

We would normally consider defence expenditure as an argument against a substantial aid programme only if its level was more than could reasonably be justified or if the recipient was regularly accepting subsidised sales to the exclusion of British manufacturers. Neither of these considerations applies to India. At 3.2% of GNP, Indian defence spending is not out of line with comparable developing countries; and India is continuing to maintain a balance between weapons supplied from the Warsaw Pact countries and from the West. We ourselves have sold substantial quantities of armaments to India and are actively seeking opportunities for further contracts.

There are strong commercial considerations in support of the aid programme. Over the last three years we have used aid to support a major effort to interest British industry in India after a period of indifference and neglect. We have had a distinct measure of success. British exports to India at £456 millions for 1979 were 31% up on 1978 (these figures do not include arms sales): more than to the Soviet Union and considerably more than to China. Following the aid policy review we are giving greater weight to British commercial and industrial (as well as political) benefits in allocating aid and India is a strong contender on these grounds. It is a condition of all British aid to India,

/ other than

M O'D B Alexander Esq  
10 Downing Street

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other than that provided under the RTA (Retrospective Terms Adjustment) Debt Relief Agreement, that it is spent on the purchase of British goods and services, and aid has secured contracts for British supplies which they would not have won otherwise. There are examples of this in the power generation, coal, steel and process plant sectors of the UK economy. The Indian coal mine mechanisation programme is a particularly good example. British firms have won orders for long wall mining equipment which we believe will assist them to establish themselves in the expanding market in India and to win further contracts on commercial terms. We are also hopeful of securing a £1 billion steel plant contract for which the Davy Group is bidding (the Prime Minister recently sent Mrs Gandhi a personal message supporting the Davy bid) and financial support for this is on offer from the aid programme.

In terms both of need - a per capita income average of £75 p/a - and effect use of resources - a consistently high level of actual disbursements - India has for many years been regarded by the principal donors in the West as a suitable recipient of substantial aid. In 1979/80 gross receipts from all Western sources (including the World Bank) amounted to \$1,739 million, of which Britain, the leading bilateral donor, provided 13.8% (£121 million). However, in terms of per capita receipts India, which contains more than half the world's poorest people, receives considerably less from all sources, including Britain, than nearly any other developing country.

There are also political reasons for maintaining a significant level of aid. Indian relations with the United States are poor: an effective bilateral relationship between Britain and India is important to the West, not least in the context of the Soviet invasion of Afghanistan. Our aid programme is seen by Mrs Gandhi's government as one of the touchstones of the Indo/British relationship as a whole. The Indians accept that the overall level of British aid is a matter for the British Government to decide, and have accepted the cuts so far made with good grace. However, they are apprehensive that a further cut in British aid to India would have an adverse effect on other bilateral donors - the Governor of the Indian Reserve Bank recently mentioned Indian concerns to the Chancellor of the Exchequer. Any further reduction in the Indian share of the reduced British bilateral programme would be seen by Mrs Gandhi as discriminating against India and against her government in particular; and as evidence of our downgrading Indo/British relations. It would be contrasted with our increased programme of aid for Pakistan. Cuts in aid to India by other aid donors, many of whom like us face constraints imposed by domestic economic problems, could then be blamed on us.

/In such matters

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In such matters Mrs Gandhi has shown in the past that she is often swayed by her feelings rather than by sound economic and political analysis. One cannot of course quantify the political effect of a further cut in our aid programme. But in present circumstances it would be better to avoid actions which might finally drive her from her position of comparative balance between East and West into a significantly closer connection with the Soviet Union.

Partly because of the political merits of the other competing claims (such as Zimbabwe, Turkey and Pakistan) the India programme has already borne a considerable share of the reduction in our global aid. The £121 m which we expect to spend this year and the £87 million proposed for 1981/82 are respectively 26% and 51% less in real terms than the £135 million provided in 1978/79. These figures cut projected expenditure to little more than inescapable forward commitments. Other considerations aside, Ministers here feel that to go further than is currently proposed in reducing the India aid programme would give rise to serious presentational difficulties and would prejudice our own political and commercial interests.

I attach a breakdown of our present aid programme to India as background to this letter.

*yours ever*  
*Roderic Lyne*

(R M J Lyne)  
Private Secretary

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AID TO INDIA: FORECAST EXPENDITURE 1980/81  
(Principal British suppliers/contractors in brackets)

£'m

I. AID FOR LARGE PROJECTS

1. Equipment for Mysore Paper Mills (Beloit Walmsley)	0.9
2. Cargo Ships (British Shipbuilders)	11.8
3. Mobile Clinics (Seward Surgical)	3.0
4. Equipment for Hoshangabad Paper Mill (Portals)	3.5
5. Earthmoving Equipment (Terrex & others)	5.3
6. Submarine Telecommunications Cable (STC)	10.0
7. Equipment and services for vaccine plant (Wellcome)	2.0
8. Steam generation equipment for Thal Fertiliser Plant (Foster Wheeler Power Products)	13.4
9. Steam generation equipment for Hazira Fertiliser Plant (Foster Wheeler Power Products)	10.4
10. Equipment for Rourkela Steel Plant (Vacmetal UK Ltd)	1.7
11. Equipment for Kanpur Fertiliser Plant (Various suppliers)	5.4

II. MAINTENANCE AID

1. Steel (BSC)	0.6
2. Explosives (Various suppliers)	0.1
3. Miscellaneous (Various suppliers)	0.1

III. AID FOR COAL AND POWER SECTORS

1. Longwall mining equipment (Dowty and Gullick Dobson)	4.8
2. Walking Dragline (Ransome & Rapier)	0.5
3. Gas turbines for West Bengal (John Brown)	0.6
4. Turbo generators for Calcutta Electricity Supply Corporation (Parsons)	6.9
5. Hydro turbines for Nagarjunasagar (Baring and GEC)	4.2

IV. LOCAL COSTS AID

For projects for which tied aid allocations made

1. West Bengal gas turbines	3.3
2. Submarine Telecommunications Cable	3.4
3. Hoshangabad Paper Mill	2.0
4. Fertiliser Plants	9.0

/For

For poverty focused projects

5. Family Planning/Mother and child health	1.5
6. Agricultural credit re-financing	6.0
7. Fertiliser use education	1.0
8. Integrated rural development/nutrition	0.3

V. TECHNICAL COOPERATION

1. British consultancy services	2.1
2. Training in Britain	2.2
3. Assistance to Cancer Hospital	0.4
4. Other TC	3.3

TOTAL I-V 119.7

Subject

File

India

DS



**PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 126A/80.**

10 DOWNING STREET

THE PRIME MINISTER

13 June 1980

The British Government is keenly interested in working with the Government of India to open up fresh opportunities for participation by British industry in India's continuing economic and industrial development. I believe that British industry has the potential to contribute to India's requirements in many sectors, but I should like to take this opportunity to mention in particular the important sector of steel production.

I understand that your Government may shortly be reaching important decisions about the major new coastal steelworks project. The British company Davy International, which is leading a bid for this project is a highly experienced and reputable company with a considerable international record in steelworks construction, including much experience of India. I would like you to know that the British Government is giving Davy the fullest support in their bid: and we believe that the package which Davy has put forward is technically advanced, competitive and designed to meet India's requirements. I therefore hope that the Indian authorities will decide to

/award

award this important contract to Davy, and I have every confidence in Davy's ability to carry out the project in a satisfactory manner, thus making a substantial contribution to meeting India's growing steel requirement over the coming years .

I had hoped to have an opportunity to talk to your Minister of Commerce about ways in which the British and Indian Government could work more closely together on projects which will be of benefit both to our industry and to your economic and industrial development. I understand that the Mukherjee has been unable to confirm arrangements for a visit this month, but I hope that you will be able to arrange for such a Ministerial visit, as I think this would be very useful at the present time from the point of view of both our countries.

With very best wishes,

(Sgd MARGARET THATCHER)

Her Excellency Shrimati Indira Gandhi

Private Secretary

~~Mine~~ Pattison

Legal  
Party

As we agreed, I  
have telegraphed this  
to Michael Alexander  
in Venice

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FM F C O 121340Z JUN 80  
TO IMMEDIATE VENICE  
TELEGRAM NO 22 OF 12 JUNE

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MA

FOLLOWING FOR MICHAEL ALEXANDER FROM LYNE: PROPOSED MESSAGE TO MRS GANDHI.

1. MIKE PATTISON HAS AGREED THAT I SHOULD TELEGRAPH THE FOLLOWING TO YOU. WE HAVE JUST HEARD THAT BUCKINGHAM PALACE NEED EARLY CONFIRMATION OF INDIAN ACCEPTANCE OF THE INTENDED VISIT BY PRINCE CHARLES. BEFORE APPROACHING THE INDIANS ABOUT PRINCE CHARLES, WE WISH TO INJECT A MESSAGE ABOUT THE STEEL PLANT, FOR WHICH A BRITISH FIRM IS BIDDING. WE SHOULD LIKE IF POSSIBLE TO DELIVER THIS MESSAGE DURING THE NEXT FEW DAYS. THE TEXT HAS BEEN APPROVED BY LORD CARRINGTON.

2. THE REASONS FOR SENDING A MESSAGE FROM THE PRIME MINISTER TO MRS GANDHI ARE AS FOLLOWS:-

BEGINS: THE BRITISH COMPANY DAVY INTERNATIONAL, WITH ADVICE FROM LAZARDS, ARE LEADING A CONSORTIUM BIDDING FOR A £100M CONTRACT TO BUILD A STEEL WORKS ON A COASTAL SITE FOR THE STEEL AUTHORITY OF INDIA. THE UK ELEMENT IS LIKELY TO BE SOME £450M. THE MAIN COMPETITOR IS THE GERMAN COMPANY DEMAG: THEIR BID WOULD ALSO INCLUDE SOME UK SUPPLY, BUT WORTH ONLY ABOUT 100 MILLION POUNDS STERLING TO BRITAIN.

THE INDIAN GOVERNMENT ARE NOW GOING THROUGH THE PROCESS OF DECIDING IN PRINCIPLE WHETHER THE PROJECT SHOULD PROCEED, AND THEN AT WHAT SITE AND WITH WHICH CONTRACTOR. THE GOVERNMENT HAVE GIVEN DAY VERY STRONG SUPPORT THROUGHOUT THE NEGOTIATIONS ON THIS PROJECT. SIR KEITH JOSEPH WROTE TO MR MUKHERJEE, THE INDIAN MINISTER FOR COMMERCE AND STEEL AND MINES, ON 21 MARCH IN SUPPORT OF THE DAVY BID. WE HAVE ALSO OFFERED THE INDIANS AN ADDITIONAL 100 MILLION POUNDS STERLING IN TIED AID TOWARDS THE COST OF THIS PROJECT, CONDITIONAL UPON DAVY'S BEING AWARDED THE CONTRACT AND ON THE OUTCOME OF AN ECONOMIC APPRAISAL OF THE PROJECT BY ODA. WE ARE SEEKING INDIAN GOVERNMENT AGREEMENT TO SET THIS APPRAISAL IN HAND AS SOON AS POSSIBLE SO THAT THERE IS NO AVOIDABLE DELAY IN THE DECISION-MAKING PROCESS.

A PROJECT OF THIS SIZE WOULD BRING VERY GREAT BENEFITS TO THE UK METALLURGICAL INDUSTRY, WHICH IS SUFFERING A SHORTAGE OF DOMESTIC ORDERS AS A RESULT OF CUT-BACK IN BRITISH STEEL CORPORATION'S INVESTMENT PROGRAMME.

THE DECISION ON THIS PROJECT WILL REST ULTIMATELY WITH MRS GANDHI HERSELF, AND WE AND THE DEPARTMENT OF INDUSTRY JUDGE THAT THE TIME IS NOW RIGHT FOR A LETTER FROM THE PRIME MINISTER. ENDS

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3. M I F T CONTAINS THE DRAFT MESSAGE.

IN MY LETTER OF 5 JUNE, IN PUTTING FORWARD PROPOSALS FOR A VISIT BY THE PRINCE OF WALES TO INDIA, MENTIONED THAT WE WOULD BE RECOMMENDING SEPARATELY A MESSAGE FROM THE PRIME MINISTER TO MRS GANDHI STRESSING BRITAIN'S INTEREST IN THE COASTAL STEEL PLANT. A MESSAGE WOULD TIE IN WELL WITH THE PROPOSAL THAT WE HOPE TO PUT TO MRS GANDHI SHORTLY ABOUT THE POSSIBILITY OF A VISIT THIS AUTUMN BY THE PRINCE OF WALES.

I ATTACH A DRAFT LETTER. I AM COPYING THIS LETTER TO THE PRIVATE SECRETARY AND THE SECRETARY OF STATE FOR INDUSTRY.

CARRINGTON

FILES  
SAD  
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PS  
PS/A BLAKER  
P.U.S.  
SIR J HATLAND

Copies to  
M. A. PATTERSON No 16 Dec 1946  
57.

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CONFIDENTIAL  
FROM FCO 121345Z  
TO IMMEDIATE VENICE  
TELEGRAM NUMBER 23 OF 12 JUNE

CONFIDENTIAL

*rc*  
*MMA*

FOLLOWING FOR MICHAEL ALEXANDER FROM LYNE  
MIPT: PROPOSED MESSAGE TO MRS GANDHI

1. SUBJECT: DRAFT PRIME MINISTERIAL LETTER TO MRS GANDHI  
DEAR PRIME MINISTER

THE BRITISH GOVERNMENT IS KEENLY INTERESTED IN WORKING WITH THE GOVERNMENT OF INDIA TO OPEN UP FRESH OPPORTUNITIES FOR PARTICIPATION BY BRITISH INDUSTRY IN INDIA'S CONTINUING ECONOMIC AND INDUSTRIAL DEVELOPMENT. I BELIEVE THAT BRITISH INDUSTRY HAS THE POTENTIAL TO CONTRIBUTE TO INDIA'S REQUIREMENTS IN MANY SECTORS, BUT I SHOULD LIKE TO TAKE THIS OPPORTUNITY TO MENTION IN PARTICULAR THE IMPORTANT SECTOR OF STEEL PRODUCTION.

I UNDERSTAND THAT YOUR GOVERNMENT MAY SHORTLY BE REACHING IMPORTANT DECISIONS ABOUT THE MAJOR NEW COASTAL STEELWORKS PROJECT. THE BRITISH COMPANY DAVY INTERNATIONAL, WHICH IS LEADING A BID FOR THIS PROJECT IS A HIGHLY EXPERIENCED AND REPUTABLE COMPANY WITH A CONSIDERABLE INTERNATIONAL RECORD IN STEELWORKS CONSTRUCTION, INCLUDING MUCH EXPERIENCE OF INDIA. I WOULD LIKE YOU TO KNOW THAT THE BRITISH GOVERNMENT IS GIVING DAVY THE FULLEST SUPPORT IN THEIR BID: AND WE BELIEVE THAT THE PACKAGE WHICH DAVY HAS PUT FORWARD IS TECHNICALLY ADVANCED, COMPETITIVE AND DESIGNED TO MEET INDIA'S REQUIREMENTS. I THEREFORE HOPE THAT THE INDIAN AUTHORITIES WILL DECIDE TO AWARD THIS IMPORTANT CONTRACT TO DAVY, AND I HAVE EVERY CONFIDENCE IN DAVY'S ABILITY TO CARRY OUT THE PROJECT IN A SATISFACTORY MANNER, THUS MAKING A SUBSTANTIAL CONTRIBUTION TO MEETING INDIA'S GROWING STEEL REQUIREMENT OVER THE COMING YEARS.

I HAD HOPED TO HAVE AN OPPORTUNITY TO TALK TO YOUR MINISTER OF COMMERCE ABOUT WAYS IN WHICH THE BRITISH AND INDIAN GOVERNMENT COULD WORK MORE CLOSELY TOGETHER ON PROJECTS WHICH WILL BE OF BENEFIT BOTH TO OUR INDUSTRY AND TO YOUR ECONOMIC AND INDUSTRIAL DEVELOPMENT. I UNDERSTAND THAT THE MUKHERJEE HAS BEEN UNABLE TO CONFIRM ARRANGEMENTS FOR A VISIT THIS MONTH, BUT I HOPE THAT YOU WILL BE ABLE TO ARRANGE FOR SUCH A MINISTERIAL VISIT, AS I THINK THIS WOULD BE VERY USEFUL AT THE PRESENT TIME FROM THE POINT OF VIEW OF BOTH OUR COUNTRIES.

WITH VERY BEST WISHES  
YOURS SINCERELY  
MARGARET THATCHER

CARRINGTON

FILES  
JAD  
PCD  
IS  
PS/ALAN  
PS/PCAS  
SIA/TATLAND

COPIES TO  
AL PATIELSON NO 10  
DOONING ST

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

12 June 1980

*Dear Michael,*

We have just heard that Buckingham Palace need early confirmation of Indian acceptance of the intended visit by Prince Charles. Before approaching the Indians about Prince Charles, we wished to inject a message about the steel plant, for which a British firm is bidding. We should like, if possible, to deliver this message during the next few days. The text has been approved by Lord Carrington.


The reasons for sending a message from the Prime Minister to Mrs Gandhi are as follows:-

- (i) The British company Davy International, with advice from Lazards, are leading a consortium bidding for a £1000m contract to build a steel works on a coastal site for the Steel Authority of India. The UK element is likely to be some £450 m. The main competitor is the German company Demag, their bid would also include some UK supply, but worth only about £100m to Britain.
- (ii) The Indian Government are now going through the process of deciding in principle whether the project should proceed, and then at what site and with which contractors. The Government have given Davy very strong support throughout the negotiations on this project. Sir Keith Joseph wrote to Mr Mukherjee, the Indian Minister for Commerce and Steel and Mines, on 21 March in support of the Davy bid. We have also offered the Indians an additional £100m in tied aid towards the cost of this project, conditional upon Davy's being awarded the contract and on the outcome of an economic appraisal of the project by ODA. We are seeking Indian Government agreement to set this appraisal in hand as soon as possible so that there is no avoidable delay in the decision-making process.
- (iii) A project of this size would bring very great benefits to the UK metallurgical industry, which is suffering a shortage of domestic orders as a result of cut-back in British Steel Corporation's investment programme.
- (iv) The decision on this project will rest ultimately with Mrs Gandhi herself, and we and the Department of Industry judge that the time is now right for a letter from the Prime Minister.

I enclose a draft letter. I am copying this letter and enclosure to Ian Ellison (Dept of Industry) and Stuart Hampson (Dept of Trade).

M O'D B Alexander Esq  
10 Downing Street

*Yours ever*  
*Rodric Lyne*  
(R M J Lyne)  
Private Secretary



DRAFT PRIME MINISTERIAL LETTER TO MRS GANDHI

Dear Prime Minister

The British Government is keenly interested in working with the Government of India to open up fresh opportunities for participation by British industry in India's continuing economic and industrial development. I believe that British industry has the potential to contribute to India's requirements in many sectors, but I should like to take this opportunity to mention in particular the important sector of steel production.

I understand that your Government may shortly be reaching important decisions about the major new coastal steelworks project. The British company Davy International, which is leading a bid for this project, is a highly experienced and reputable company with a considerable international record in steelworks construction, including much experience of India. I would like you to know that the British Government is giving Davy the fullest support in their bid; and we believe that the package which Davy has put forward is technically advanced, competitive and designed to meet India's requirements. I therefore hope that the Indian authorities will decide to award this important contract to Davy, and I have every confidence in Davy's ability to carry out the project in a satisfactory manner, thus making a substantial contribution to meeting India's growing steel requirements over the coming years.

I had hoped to have an opportunity to talk to your Minister of Commerce about ways in which the British and Indian Governments could work more closely together on projects which will be of benefit both to our industry and to your economic and industrial development. I understand that Mr Mukherjee has been unable to confirm arrangements for a visit this month, but I hope that you will be able to arrange for such a ministerial visit, as I think this would be very useful at the present time from the point of view of both our countries.

With very best wishes

Yours sincerely

Margaret Thatcher

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BR 24 6.80  
3 June 1980

INDO-SOVIET ARMS DEAL

The Prime Minister has seen Delhi Telegram No. 421 of 28 May on this subject. She has asked why if the Indians are prepared to spend this much money, albeit provided by loans on very favourable terms, on arms from the Soviet Union, we should continue to provide them with aid on the present scale. I should be grateful for an answer to the Prime Minister's question.

I am sending a copy of this letter to Susan Unsworth (Overseas Development Administration).

M. O'D. B. ALEXANDER

R.M.J. Lyne, Esq.,  
Foreign and Commonwealth Office.

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GRS 200

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FM DELHI 281000Z MAY 80

TO IMMEDIATE FCO

TELEGRAM NUMBER 421 OF 28 MAY.

INFO IMMEDIATE MODUK (FOR DIA AND SALES 4)

INFO ROUTINE WASHINGTON, MOSCOW AND UKDEL NATO

*Prime Minister*

*MP 2/4*

*Why should we  
give them aid  
when they spend  
money like this?  
no.*

INDO-SOVIET ARMS DEAL: MY TELNO 160730Z MAY TO MODUK

1. BOTH THE BBC WORLD SERVICE AND TODAY'S LOCAL PRESS HAVE GIVEN PROMINENT COVERAGE TO A NEW INDO-SOVIET AGREEMENT PROVIDING FOR THE SUPPLY OF 13 BILLION RUPEES (ABOUT £700 MILLION) WORTH OF MILITARY EQUIPMENT TO INDIA. THE AGREEMENT, INITIALED AT THE END OF THE SIDDHU TEAM'S VISIT TO THE SOVIET UNION, IS SAID TO PROVIDE FOR REPAYMENT OVER 17 YEARS AT 2-1/2%.

2. ACCORDING TO PRESS ACCOUNTS, THE DEAL COVERS THE SUPPLY OF MISSILE-EQUIPPED PATROL BOATS, AIR TO AIR AND SURFACE TO SURFACE MISSILES, ROCKETS, ANTI-TANK WEAPONS AND ELECTRONIC EQUIPMENT. HOWEVER ONLY A LIMITED NUMBER OF T72 TANKS ARE SAID TO HAVE BEEN PURCHASED. THIS CONTRASTS WITH EXPECTATIONS WHEN SIDDHU WENT TO MOSCOW ON 19 MAY.

3. NEITHER THE AGREEMENT ITSELF NOR ITS TERMS ARE UNEXPECTED. A MAJOR INDO-SOVIET ARMS DEAL HAS BEEN IN PROSPECT FOR SOME TIME (SEE POSTSCRIPT TO MANNING'S LETTER OF 17 MARCH 1979 TO PEARCE SAD). IF ANYTHING, IT IS SURPRISING THAT IT HAS TAKEN MRS GANDHI'S GOVERNMENT NEARLY 5 MONTHS TO CONCLUDE IT (SEE FOR INSTANCE PARA 2(D) OF MY TELNO 203 OF 13 FEBRUARY).

4. WE ARE FOLLOWING UP WITH OUR CONTACTS AND WILL REPORT FURTHER AS APPROPRIATE.

EWANS

FILES

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NEWS D

PS

PS/LPS

PS/MR BLAKER

PS/PUS

SIR D. MAITLAND

SIR A. ACHAND

MR BULLARD

MR DONALD

MR P. H. MOBERLY

MR FERUSSON

CABINET OFFICE.

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