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10 DOWNING STREET

From the Private Secretary

30 January 1981

Ken Robinson,

Prime Minister's Visit to India

The Indian Deputy High Commissioner, Dr. I.P.C. Singh, called on me this afternoon. He said that he had just returned from leave in India, during which he had seen both Mrs. Gandhi and Mr. Rao, the Indian Foreign Minister. In the light of these discussions he thought it would be useful to mention three points which might be relevant to the Prime Minister's forthcoming (and keenly awaited) visit to India.

During his meetings in London next week, Dr. Chanana would certainly wish to discuss the possibility of co-operation between British Leyland and Maruthi, the manufacturers of the Indian "people's car". Because of the involvement of her son Sanjay, Mrs. Gandhi was determined that the people's car should be a success. Dr. Chanana, the responsible Minister, had previously been inclined to favour co-operation with Renault. However, the success of the Metro had given rise to second thoughts in India. Dr. Singh thought that it would be helpful if Dr. Chanana was able to explain the situation to the Prime Minister (I was able to assure him that a meeting had already been arranged). More importantly, he thought that it would make a great deal of difference to British Leyland's chances of success if it were to prove possible to allocate some of our grant aid to India to the project. Its total value would amount eventually to some 3 billion rupees. The present negotiations over the steel mill contract provided a precedent for the use of aid in this sort of context.

Dr. Singh said that Mrs. Gandhi was being forced to take an interest in the question of the rate of entry of Indians of African origin, i.e. voucher holders, into this country. The Indian Government had no quarrel with HMG about the principles underlying the programme, nor about the way it was handled in the Nationality Bill. However, the provision in the Nationality Bill that the children of East African Indian parents would lose the status of British overseas citizens when their parents died was causing concern. At the present rate of entry it would be another

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15 or 16 years before the 6-8,000 families at present in India reached this country. Mrs. Gandhi was coming under pressure from MPs from Gujerat and Madras, where most of the affected families lived. It would undoubtedly have a significant impact on the success of the Prime Minister's visit to India if something could be done to increase the rate of entry.

Dr. Singh confirmed the point made in the Secretary of State for Trade's minute to the Prime Minister of 27 January that Indian sensitivity as a result of a recent BBC report on the inflammability of cotton fabrics is acute. Mrs. Gandhi herself had been upset. Dr. Singh acknowledged that the BBC had issued a correction and that there was nothing that HMG could do at this stage. However, he seemed to hope that some way could be found to assuage Mrs. Gandhi's feelings.

I gave Dr. Singh no undertakings on any of the points raised above beyond saying that I would ensure they were brought to the notice of those concerned.

I am sending copies of this letter to John Halliday (Home Office), Stuart Hampson (Department of Trade), Ian Ellison (Department of Industry) and David Wright (Cabinet Office).

Yours ever

Richard Alexander

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

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