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PRIME MINISTER

YOUR VISIT TO INDIA
VOUCHER QUOTA FOR UNITED KINGDOM PASSPORT HOLDERS IN INDIA

In the absence abroad of the Foreign and Commonwealth Secretary I write to comment on the Home Secretary's minute of 30 March to you.

The Foreign and Commonwealth Secretary's minute of 26 March drew attention to the likely impact of this issue on your visit to India and in particular on our commercial interests. We have in mind especially, but not exclusively, the £1 billion steel contract which the Indian Government may decide to award at about the time of your visit. Our latest information is that the Indian Cabinet may take its decision at a meeting on 6 April. This time-table could of course slip. But even if it does Mrs Gandhi is likely to consider whether or not the contract should be awarded to Davy at the time of your visit as a gesture to you. Our High Commissioner told Mrs Gandhi yesterday that the matter was ripe for decision and that if the order came our way in time it would obviously do much to enhance the significance and value of the visit.

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It is impossible to prove that a concession over UKPH will tip the balance in our favour. But it has long been our judgement that it could well have that effect provided the concession was sufficiently substantial. As the Foreign and Commonwealth Secretary pointed out in his minute, Mrs Gandhi's son, Rajiv, recently told us that nothing would do more to promote the success of the visit than a favourable statement about UKPH in advance of it. It remains our judgement that an increase in the annual quota sufficient to have an observable effect in the rate of flow would be required; and that to have such an effect a doubling of the quota to 1200 is necessary. This would enable us to talk to the Indians of a substantial increase without of course specifying figures.

The Home Secretary points out that the increase of 600 in the quota which we believe to be necessary would be reflected in a total increase of 1800 because of dependants. But it is worth noting that the longer these people wait the more children will be born outside the UK and this increase will be reflected in the immigration figures in due course.

I entirely understand the difficulties and, above all, the need not to arouse domestic controversy over the matter. I have looked again at the question of whether there would need to be a public announcement in advance of your visit. It seems to me that our objective could be achieved by authorising the High Commissioner to tell Rajiv Gandhi privately, with reference to their previous conversation, that it was your intention to inform Mrs Gandhi during your visit that the annual quota for UKPH in India will be substantially increased. He would emphasise that this must not become public knowledge before your visit. We could

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then consider further whether the concession should be allowed to emerge publicly while you are in India or after you have returned. The former might be best from the point of view of the atmosphere surrounding the visit.

There remains the question of the effect of such an increase for UKPH in India on total immigration figures. The Indians have made it plain that they are prepared to accept that a concession over UKPH may mean that the rate of immigration of other categories of people from India will slow down. As the Home Secretary states in his minute this would inevitably happen to some extent because officers now processing the other categories would have to be diverted to work on special voucher applications. We would need to look at this in more detail. But it should be possible to arrange administratively that a concession on UKPH does not lead to a significant increase in the annual rate of total immigration from India. And in public we could say, when the time comes, that we do not expect a significant increase from this source, and that in any event the global quota for UKPH was not being increased. I believe that our public position would be the more defensible since the people concerned are already holders of United Kingdom passports and we have long accepted that we are obliged to admit them to the United Kingdom. All that is at issue is the rate of admission. Furthermore it can fairly be argued that it is unjust to make people in such a position wait many years (up to 7 1/2 by 1984 if we only increase the quota by 200, up to 9 1/2 if we do nothing) for their admission.

I am copying this to the Home Secretary and Sir R Armstrong.

J. H. S.