

PRIME MINISTER

Further information required

- ① UK PH consist of heads of households + dependants. Surely we do not admit any new voucher holders now - only dependants of past voucher holders.

Your Visit to India : UK Passport Holders

- ② How many dependants per year

I attach further minutes on this subject from the Home Secretary and the Lord Privy Seal.

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I am, of course, well aware of your doubts about the wisdom of making a gesture to the Indian Government on the voucher quota for UK PH. Nonetheless it seems to me that the case for considering a gesture merits very careful consideration.

It is, I think, common ground that a gesture would significantly improve the atmosphere for your visit and might well tip the balance on one or other of the contracts under discussion. An important meeting of the Indian Cabinet is due to take place on 6 April. It is also common ground that there should be no increase in the global quota for UK Passport Holders. You nonetheless believe that the domestic repercussions of any gesture could well outweigh, and certainly outlast, the economic benefits of a gesture.

As regards the short-term repercussions, the Foreign Office now believe that there is no need to announce anything before you reach India. They believe that it will suffice for the High Commissioner to tell Mrs. Gandhi's son that it is your intention to tell Mrs. Gandhi that you will be increasing the quota. Sir J. Thomson would emphasise that this must not become public knowledge before your arrival.

As regards the longer term, the Foreign Office believe that matters can be so arranged that an increase in the UK PH quota will not result in a significant increase in the annual rate of total immigration from India. They believe it would be possible to make this public and that the proposal that those who are already holders of UK passports should be given priority is defensible. The Home Secretary also points out that if the quota were increased - whether to 800 or to 1200 - this would not necessarily mean that this year's

/settlement

settlement figures would be higher than last year's. In recent years the figures of those coming from the Sub-Continent have been falling.

If you feel encouraged by the foregoing ^{to accept} ~~except~~ that on balance you would be justified in informing the Indian Government in advance of your arrival of a prospective increase in the quota, there remains the question of the size of that increase. The Home Secretary would still prefer to limit the increase to a modest step from 600 to 800. The Foreign and Commonwealth Secretary would, as you know, prefer to move from 600 to 1200. You may think that, since the figures will in any case never be published, it might be reasonable to move from 600 to 1000.

Given that the critical meeting of the Indian Cabinet is on 6 April and that if we are to say anything in advance we need to say it soon, you will need to take a decision almost immediately as to how to proceed.

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1 April 1981