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10 DOWNING STREET

From the Private Secretary

3 April 1981

Ken Stephen,

Prime Minister's Visit to India:
UK Passport Holders

As you know, the Prime Minister held a further meeting here this morning to discuss the Home Secretary's minute of 30 March and the Lord Privy Seal's minute, undated, commenting on it. The Lord Privy Seal and the Minister of State at the Home Office were present.

The Prime Minister reiterated her concern about the impact in this country of a decision to increase the voucher quota for UKPH in India. It was argued that since there would be no increase in the overall quota for UKPH and that since any increase in the number of UKPH arrivals in this country would be matched at least in part by a decrease in the arrival of other dependents, the impact need not be severe. It was also suggested that a gesture on the quota might have a significant effect on the prospects for our winning one or other of the major contracts currently under negotiation with the Indians.

At the end of the discussion it was recognised that while an increase in the quota from 600 to 900 could be envisaged, there was a major problem about the presentation of such a decision. While the Indian Government would only be told that a "significant" increase had been decided upon, they would certainly wish to give this publicity. The effects

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of such publicity in this country would be considerable. Attempts to offset them by pointing to the diminution in the number of dependent arrivals would be resented in India.

The Prime Minister agreed an attempt should be made to produce a draft telegram of instructions to the High Commissioner in Delhi, together with draft "lines to take" for use in India and in this country, in order to see whether the difficulties which had been identified could be resolved. When the texts were subsequently submitted to her, the Prime Minister decided that she would prefer not to carry the matter any further for the moment. She will consider in the days ahead how the matter should be dealt with when she meets Mrs. Gandhi.

I am sending copies of this letter to John Halliday (Home Office) and David Wright (Cabinet Office).

Yours ever

Michael Alexander

Stephen Gomersall, Esq.,
Foreign and Commonwealth Office.

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