

Subject India  
relations P3



PERSONAL MESSAGE

10 DOWNING STREET

TRIAL No. T198A183

cc MASTER  
OPS

THE PRIME MINISTER

28 November, 1983

My dear Prime Minister,

During our most useful preliminary talk when I had the pleasure of calling on you the day before the Commonwealth Heads of Government Meeting opened, I referred rather briefly to two bilateral points: the modernisation of the Durgapur steel plant; and GEC's bid for the captive power station for Balco. I did not want to take time going into detail when we had so much to discuss of immediate concern in the CHOGM context. But it may be helpful if I send you now this letter in amplification since both points are of considerable importance for our bilateral relations.

When we met in September last year you and I sketched out a basis for Indo-British cooperation on the then proposed new steel plant at Daitari. Given the subsequent postponement of that project, we would be very interested in replacing it with a cooperative venture on a similar scale for the modernisation and possible expansion of the Durgapur steel plant, originally built with British assistance. We would be prepared to offer comparable financing, including aid, to support a substantial supply of British capital equipment. If I am right in thinking that this project is of major importance and priority from India's point of view, it would be a magnificent context for cooperation between us, in an area where British technology is known to be a world leader, and for the extensive utilisation of aid funds.

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The offer by GEC to construct a captive power station for Balco's smelter at Korba, which I also mentioned, has been backed by a financing package including capital and local cost aid. GEC have quoted what I understand are very competitive terms as regards both delivery period and price. I hope therefore that their tender will be given fair and favourable consideration by the Government of India. Their success would be a crucial factor in achieving the aim (on which our officials have been working together so constructively) of ensuring that our current year's aid allocation to India is fully and satisfactorily utilised. It would also be an excellent way of maintaining GEC's currently very active interest in the Indian market, notwithstanding their disappointment over their failure to win the telephone exchanges contract earlier this year.

There is another matter which did not arise in our discussion but which I should also like to mention. I think it would add a further valuable dimension to Indo/British relationships if we could resuscitate the practice of periodic non-official conferences on matters of current interest, involving leading Indian and British intellectuals, writers, politicians and other opinion formers. If you agree that such exchanges would be useful, I hope you will encourage the appropriate people on your side to talk to our High Commissioner about the best way to proceed. He was instructed to put forward some of our own ideas on this subject to your people earlier this year; but our minds are entirely open and flexible on detail and we shall much look forward to hearing your ideas.

Yours sincerely  
Rajagant Shastri

Her Excellency Shrimati Indira Gandhi