



From the Secretary of State

M O'D B Alexander Esq
Private Secretary
10 Downing Street
London, SW1

12 May 1981

Dear Michael

CALL BY G D BIRLA

- ... I enclose suggested talking points and a
- ... background note on fertilisers and the
- ... Festival of India as well as biographical
- ... details and a note on the Birla Group for
- ... the Prime Minister's meeting with Mr Birla
- ... at 10.00 tomorrow.

Yours sincerely
Catherine Capon

CATHERINE CAPON
Private Secretary



VISIT OF G D BIRLA
Brief for the Prime Minister

POINTS TO MAKE

Commercial

- (i) Very glad to have head of India's largest private concern here discussing business with UK firms. Birla's size, experience and variety of interests should afford many worthwhile opportunities for co-operation with British firms and for diversifying the traditional patterns of Indo-British trade.
- (ii) This diversification is crucial to remedying India's increasingly adverse balance of trade with the UK - a major concern of the Government of India.
- (iii) Hope Mr Birla's discussions with the process plant contractors (Humphreys-Glasgow, Kellogg, Foster Wheeler) about his fertiliser plant project have been fruitful. UK has been closely associated with the development of India's fertiliser industry. Has much skill and experience to offer.

Festival of India

- (i) The Festival of India (spring to autumn 1982) will be an important event in Indo-British relations.
- (ii) Mrs Gandhi and I are joint patrons.
- (iii) We shall do all we can to make it a major success.



(iv) [if raised] Financing is proving a little difficult. The Government is already a major contributor (through DES and the Arts Council). Festival trustees still seeking substantial sums from private sources.

BACKGROUND

Notes on G D Birla himself and on the Birla Group are attached.

Government of India aims to become self-sufficient in fertilisers. There is ample feedstock (coal and, more recently, offshore oil and gas). Over the past decade HMG has approved some £150m capital aid for 8 fertiliser projects. But consumption continues to outstrip production and currently planned increases in capacity are still expected to leave a shortfall of 3 million tonnes at the end of the 1980s.

The Indo-British trade balance was £105 m in India's favour in 1977; £213m against her in 1980. Concern about this shift is a constant theme of the Government of India. An important part of the problem is that the most progressive and technically competent Indian firms have a huge and highly protected home market and therefore little incentive to look for sales overseas.

The Festival of India trustees need an additional £200,000 to complete the financing of the main programme. Fund raising from private sources has raised only £50,000. HMG are also contributing around £1m through the DES and Arts Council budgets. No more Government money is available.

A statement by the Prime Minister of her support for, and interest in the Festival might enhance the prospects of a contribution from Mr Birla, though it is not recommended that the financial aspect be directly mentioned unless he raises it.



G D BIRLA

G D Birla is the founder of the largest and most diversified non Governmental empire in India.

Ghanshyam das Birla was born on 12 April 1894, at Pilani, Rajasthan into a fairly affluent trading family. His formal education ended at the age of 11. He married at 14 and started his career as a broker in jute gunny bags at the age of 16. He had gained considerable prominence by the age of 32, and was then offered a knighthood, which he declined.

His entry into the jute industry brought him in contact with the British whom (according to a recent interview) he admired for their "superiority in business methods, their organising methods and many other virtues" but he objected to their "racial arrogance".

Now 87 years old, G D Birla is energetic and mentally alert. He starts the day at 4 in the morning and attends his office regularly. He was a close associate of Mahatma Gandhi on whom he has written books, and he contributed large sums toward the independence struggle. Critics of Birla say that his association with Gandhi was an investment which later enabled him to gain economic and political muscle to manipulate levers of power.

Frugal and puritanical by nature, he is deeply religious in an unorthodox fashion. He is very particular about punctuality and fond of reading, painting, cooking, singing devotional songs and traveling in his 25 year old converted Dakota DC-3. He is known for his quick perception, clear thinking and capacity for taking calculated risks. He is the founder member of educational and public foundations, but prefers to keep a low profile on the national scene, refusing to discuss politics and present day politicians.



BIRLA GROUP

Now India's largest industrial concern, the Birla Group (textile based conglomerate) overtook the Tata Group (steel, power, truck based) a few years ago. Both Groups have assets of about US \$1.5 billion each. The Birla group now encompasses 69 companies producing hundreds of items ranging from cloth to jute to paper and aluminium, from cement and cars to alloy and machinery. They produce goods and services valued at Rupees 3.77 crores (nearly £2 million) per day and employ an estimated 500,000 people. In recent years the Birla Group has become more and more involved in projects overseas, particularly in West Asia and West Africa. They are also actively involved in shipping. G D Birla is the cementing factor which holds the Birla family and companies together. There is some rivalry and unfriendly competition between the grandsons of G D and of his two brothers now that each of them have their own companies.



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12/5

10 DOWNING STREET

MR. G D BIRLA

From the Private Secretary

5 May 1981

VISIT OF G D BIRLA

The Prime Minister would be prepared to receive Mr. Birla for a courtesy call. A convenient time for the Prime Minister will be at 1000 on Wednesday, 13 May.

M. O'D. B. ALEXANDER

Mrs. Catherine Capon,
Department of Trade.

RH



From the Secretary of State

M Alexander Esq
Private Secretary
10 Downing Street
London SW1

Prime Minister

Hope that we should fit
him in for a working call?

1 May 1981

Yes no.

Phnt 1/s

Dear Michael

VISIT OF G D BIRLA

As I mentioned to you last week on the telephone the High Commission in Delhi have advised us that Mr G D Birla, Head of the Birla House - probably the largest private industrial group in India, will be arriving in London on Sunday 3 May for a stay of about two weeks. One of the purposes of his visit is to discuss a fertiliser project with the process plant contractors and the Department is facilitating this.

I understand that Mr Birla hosted a meal for the Prime Minister when she was in Bombay and was invited by her to call on her when he was next in London. Mr Birla would like to take up this invitation during his stay and he is expected to contact the Department on arrival in London. If the Prime Minister feels that she would like to see Mr Birla perhaps you could advise me about a possible time which our officials will pass on.

Yours sincerely

Catherine Capon.

MRS C CAPON
Private Secretary

1000 on Wed 13 May