

SUBJECT

CONFIDENTIAL

12 27



amaster

10 DOWNING STREET

From the Private Secretary

9 November, 1983

Dear Simon,

Indian Minister of Defence

The Indian Defence Minister called on the Prime Minister on Monday, 7 November at 6.10 p.m. The visit was essentially a courtesy call and lasted about 20 minutes. The atmosphere was friendly and relaxed.

The Prime Minister expressed her pleasure at the high degree of co-operation between the UK and India on military matters, especially defence equipment. She said that this reflected the traditional bonds between the UK and India.

Mr. Venkataraman agreed. India was hoping to buy more Harriers, as well as Sea King helicopters and Sea Eagle missiles. He had been offered the surface-to-surface variant of the latter and had found it of great interest.

Mr. Venkataraman went on to say that the cost of Indian defence procurement was more than his country could afford. The world situation compelled them to purchase more and more sophisticated equipment. He asked the Prime Minister whether she would be prepared to consider a Government to Government credit line to cover, in particular, capital equipment in the defence field, as well as shorter term credit for faster moving items such as ammunition. Mr. Venkataraman argued that without credit it was difficult for India to plan her procurement programme sufficiently far ahead.

The Prime Minister said that she understood very well the importance of planning in defence procurement. She said that she would look at Mr. Venkataraman's request with a view to being as helpful as she could.

Both the Prime Minister and Mr. Venkataraman said that they looked forward to a productive meeting of Commonwealth Heads of Government in Delhi later this month.

Yours ever,
David

DAVID BARCLAY

S. Lowe, Esq.,
Ministry of Defence

CONFIDENTIAL