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Foreign and Commonwealth Office

London SW1A 2AH

17 May 1984

Dear John,

Mr Jha's Call on the Prime Minister

/A
Thank you for your letter of 16 May confirming that the Prime Minister could see Mr Jha at 1445 on Friday 18 May. I enclose a brief for the Prime Minister's use. Mr Jha last met the Prime Minister in London in mid-1983.

We understand that Mr Jha proposes to be accompanied by the Indian Deputy High Commissioner and by two officials: details at Annex to the brief. We agreed that Sir C Tickell will be present at the meeting.

/B
We have just received through the Indian High Commission a copy of the message which Mr Jha will be conveying to the Prime Minister: I enclose a copy.

I am copying this letter, with its enclosures to David Peretz (HM Treasury) and Richard Hatfield (Cabinet Office).

Yours ever,
Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

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MR L K JHA'S CALL ON THE PRIME MINISTER, FRIDAY 18 MAY 2.45 pm

Points to Make

A: INTERNATIONAL ECONOMIC ISSUES

LONDON ECONOMIC SUMMIT

1. Expect discussions to focus on how to consolidate the economic recovery, how to spread its benefits more widely, and how to strengthen the international trade and financial systems.
2. Will also address the difficulties faced by developing countries, particularly international debt.
3. Summit leaders will be very conscious of interest of rest of world. Have agreed to send special emissary to India to brief on outcome of Summit, if this would be welcome.

IDA 7

4. Have just heard that Americans now appear ready to support World Bank Selective Capital Increase proposal; hope IDA 7 will quickly be put in place. Sir Geoffrey Howe sent a message to Mr Shultz last week urging an end to the impasse.
5. Remain ready to contribute our share to a Supplementary Fund.

COMMONWEALTH CONSULTATIVE GROUP

6. Commonwealth Consultative Group on International Economic Issues playing useful role as envisaged by New Delhi Statement. Seeking practical changes within existing institutions the right approach.



B: BILATERAL (if raised)

PUNJAB CRISIS

Hope calm will soon be restored. Sympathise with efforts to deal with problem.

SIKH DEMONSTRATION - SUNDAY 20 MAY

Police alerted, taking seriously, and in touch with India House. Demonstration will be kept strictly under control.

MURDER OF INDIAN DIPLOMAT

Successful police investigation. Five men in custody, two charged with murder.

Essential Facts

GENERAL

1. Mrs Gandhi's message will probably be in the name of the Non-Aligned: the Indians are currently Chairman and lay stress on economic issues. A list of Mr Jha's party is at Annex A and a biographical note on Mr Jha at Annex B.

A: INTERNATIONAL ECONOMIC ISSUES

LONDON ECONOMIC SUMMIT

2. The Prime Minister agreed on 16 May to proposals for briefing non-participants on the outcome of the Summit. These included sending Sir Crispin Tickell (FCO) to brief the Indians and the Australians. A visit to New Delhi will demonstrate that the UK, as Summit host, recognises the significance of the Summit for developing countries.

IDA 7

3. Adoption of resolutions on IDA 7 and Selective Capital Increase (SCI) has been delayed. Both represent package deal whereby Japan assumes UK's second place ranking in Bank and contributes generously to IDA 7. US have blocked SCI resolution as lever in their talks with Japanese for liberalisation of her capital markets. UK have not accepted linkage and have appealed to US to end dead-lock. US Executive Director has now said (16 May) they are ready to support SCI proposal. Need to move fast on adoption of package to allow new money for IDA after 1 July.

COMMONWEALTH CONSULTATIVE GROUP

4. Chancellor attended second Ministerial meeting of this Group in London (16 May) which was set up at CHOGM to promote consensus on issues in New Delhi Statement on Economic Action. At latest meeting Ministers identified a number of issues on which agreement might be sought and how and where to do so. They also gave Mr Ramphal responsibility for carrying out further consultations both within and outside the Commonwealth. The Indians, who are also members of the Group, want conference embracing all major groupings.

7^{ve} entrée



B: BILATERAL

PUNJAB CRISIS

Extremist Sikhs based on Golden Temple at Amritsar are directing violent agitation in the Punjab. Moderate Sikhs losing influence. Indian Government appears at a loss to restore order. Decision to storm Golden Temple could spark off violence by extremist Sikhs elsewhere, including UK.

SIKH DEMONSTRATION - SUNDAY 20 MAY: 3-5 pm

Demonstration in Trafalgar Square (300-500 people) to protest about Punjab crisis. Police will only allow up to 50 demonstrators at a time into area in front of India House.

MURDER OF INDIAN DIPLOMAT

Mr Mhatre, Indian Assistant Commissioner in Birmingham. Murdered February 1984. 6 men charged in UK, 5 in custody. Seeking warrants for three more men believed to be in Pakistan

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FOREIGN AND COMMONWEALTH OFFICE
17 May 1984



ANNEX A

MR JHA'S PARTY

- Mr L K Jha : Mrs Gandhi's Special Emissary
- Mr Arjun Sengupta : Special Secretary for Economic Affairs,
Prime Minister's Secretariat
- Mr I F Chaddha : DUS (Economic) Ministry of External
Affairs
- Mr Pushkar Johari : Deputy High Commissioner

JHA, L K

Chairman of the Economic Administration Reforms Commission.

Born 1913; educated at Banares Hindu University and Trinity College Cambridge. Joined ICS in 1937. In 1947 was appointed Joint Chief Controller of Exports. He subsequently served as Additional Secretary in the Ministry of Commerce and Industry when he became internationally well known as India's outstanding representative at meetings of the GATT. He acted as Chairman of the GATT 1957-58 and was Chairman of the UN Interim Committee for Co-ordination of International Commodity Arrangements, 1959-61. He became Secretary, Department of Economic Affairs, Ministry of Finance in 1960, in effect the official head of the Indian "Treasury". Appointed Secretary to the Prime Minister July 1964. Governor of the Reserve Bank July 1967. Appointed Indian representative on the governing body of the IMF, July 1969. Indian Ambassador to the US 1970-73; Governor of Jammu and Kashmir 1973-80. A member of the Brandt Commission on North/South questions which he chaired during Willy Brandt's illness.

As Secretary to the Prime Minister he exerted a great deal of influence on Mr Shastri and initially on Mrs Gandhi. He was an active Governor of the Reserve Bank and was able to exert a good deal of influence on the Finance Ministry under Mr Morarji Desai. But in 1969 Mrs Gandhi disregarded his advice against nationalisation of the major banks. He was sent to Kashmir to get him out of the way though he subsequently played an important role when Sheikh Abdullah returned to power in 1975. After Janata's victory in 1977 many were surprised that he did not return to the Centre. He combines his present job with a general role as Mrs Gandhi's economic adviser and acts particularly as her special representative on North/South questions.

L K Jha is an outstandingly able man with great experience and a sure political touch. He is both pragmatic and imaginative. He is moderate on international economic policy and always looks for opportunities for collaboration rather than confrontation between developed and developing countries. He does not support everything in the Brandt Report. His ambition is to be Finance Minister and, technically, he could make a very good one. However, he is clearly a member of the Old Guard and has no political base of his own. It is doubtful whether Mrs Gandhi will promote him. Since he feels he has inadequate influence in his present job he might be offered and might accept the post of High Commissioner in London. He called on Mrs Thatcher during his visit to London in mid-1983.

He is pro-British, friendly to this Mission and has a delightful Bengali wife (Mekhala) who has done outstanding work in the social services. He has a good collection of Hindu sculpture and enjoys the amenities of life, including a drink.

New Delhi
May 16, 1984

Dear Prime Minister,

Last year, after the Nonaligned Summit I wrote to you, drawing your attention to its recommendations on the current economic crisis as well as for longer term structural changes.

There have been several discussions to find a basis for the North-South dialogue. None has yielded any positive results. There is general despondency amongst developing countries because their plight is worsening, and threatening prosperity and stability everywhere. The problems of the industrialised countries are also not entirely over. In some of them, there are signs of recovery but it remains weak and uncertain and we have yet to see its impact on developing countries. In an inter-dependent world, recovery in the North will be difficult to sustain without growth in the South.

...2

Hasn't the time come for us to give some impetus to such a dialogue? For instance, a fresh initiative could be considered on the question of money and finance. The functioning of the international monetary and financial system has been under close scrutiny in different forums, including the Williamsburg Summit and the Commonwealth Heads of Government Meeting. In pursuance of a decision taken by the Nonaligned Summit in New Delhi to call an International Conference on Money and Finance for Development, we set up a high level group of experts, which has just finalised its report. Such a Conference would be possible only after a thorough preparatory process, which will take time. Therefore, our immediate concern is to break through the impasse and find a way of beginning some dialogue between the North and the South. Time is not on our side. The different summit processes would eventually need to come together.

The urgent need to implement a programme of immediate measures and to launch global negotiations remains. These issues have been discussed on several occasions, notably at UNCTAD VI and during the 38th session of the UN General Assembly.

Both these long-term and the short-term issues are probably also engaging your attention and may figure in your deliberations at the forthcoming London Summit. I am asking my personal emissary Mr. L.K. Jha to explain our suggestions to your Government. There will be other ideas also. We are open to suggestions and I should be glad to know your own views. I also hope that our concerns will be taken into consideration in the course of your talks in London.

With regards and good wishes,

sd/L

The Rt. Hon. Margaret Thatcher,
Prime Minister of Britain,
London.

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10 DOWNING STREET

From the Private Secretary

16 May 1984

Special Emissary from Mrs. Gandhi

Thank you for your letter of 14 May.

The Prime Minister could see Mr. Jha for 30 minutes at 1445 on Friday 18 May. I should be grateful for a brief.

I am copying this letter to David Peretz (HM Treasury) and Richard Hatfield (Cabinet Office).

A. J. COLES

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

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Prime Minister.

Foreign and Commonwealth Office

Would you be prepared to see London SW1A 2AH

Mr. Jha for 30 minutes at

14.45 on Friday, 18 May? 14 May 1984

Dear John,

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Yes

Special Emissary from Mrs Gandhi

Our High Commission in New Delhi have been asked to arrange for Mrs Gandhi's personal emissary, Mr L K Jha, to deliver a message from Mrs Gandhi to the Prime Minister about the London Economic Summit. He will be in London on 17-18 May.

Given the short notice, Mr Jha would be content with a brief call on the Prime Minister. But the Indians will attach importance to Mr Jha delivering Mrs Gandhi's letter to the Prime Minister in person if at all possible. As the current Chairman of the Non-Aligned Movement (NAM) they are under a responsibility to the NAM membership to put across the views of the developing countries on international economic issues in the run-up to the Economic Summit. India also has important interests of her own at stake, notably IDA 7, which the Indians will certainly hope to see raised at the Summit. This is a good opportunity to demonstrate that, as host to the Economic Summit, we are giving due weight to the developing countries' concerns.

Mr Jha has also asked to see the Foreign Secretary and the Chancellor of the Exchequer but they will both be in Paris for the OECD Ministerial meeting for much of the time he is in London. If the Prime Minister cannot see Mr Jha he may be obliged to stay on in London until Monday 21 May in order to deliver the message at a sufficiently high level.

Mr Jha arrives at London Airport at 1300 on Thursday 17 May and will be available for calls on the 17th and all day on Friday 18 May.

Mr Jha is a well-known figure in the field of international economic relations and acts as Mrs Gandhi's personal adviser on these matters. He last met the Prime Minister when he was

/in London

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/ in London in July 1983. I enclose a personality note.

I am sending a copy of this letter to David Peretz
in the Chancellor's office.

*Yours ever,
Peter Ricketts*

(P F Ricketts)
Private Secretary

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JHA, L K

Chairman of the Economic Administration Reforms Commission.

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