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DD 040330Z NEW DELHI

GRS 319

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DESKBY 040330Z

FM FCO 021500Z FEB 85

TO IMMEDIATE NEW DELHI

TELEGRAM NUMBER 141 OF 2 FEBRUARY

YOUR TELNOS L56 AND L58: INDO BRITISH RELATIONS

1. WHEN YOU SEE NARASIMHA RAO ON 4 FEBRUARY PLEASE SPEAK ON THE FOLLOWING LINES. THE PRIME MINISTER WAS GREATLY REASSURED TO BE TOLD OF THE ASSURANCES WHICH ALEXANDER GAVE ON RAJIV GANDHI'S BEHALF ON 16 JANUARY THAT BRITISH MINISTERS WOULD BE WELCOME IN INDIA AND THAT THERE WERE NO POLITICAL INHIBITIONS ON COMMERCIAL NEGOTIATIONS PRECEDING NORMALLY.
2. THE PRIME MINISTER IS FOLLOWING PERSONALLY THE EXCHANGES ABOUT THE SUPPLY OF WESTLANDS HELICOPTERS TO ONGC. SHE PERSONALLY APPROVED THE FUNDING OF THE CONTRACT FROM THE UK AID PROGRAMME AND CORRESPONDED WITH MRS GANDHI ABOUT THE AGREEMENT. THE TWO GOVERNMENTS HAVE ALWAYS ENVISAGED THAT THE CONTRACT SHOULD BE AGREED IN TIME FOR THE FIRST PAYMENT TO BE MADE FROM OUR AID PROGRAMME WITHIN THIS FINANCIAL YEAR. IF THIS IS NOT POSSIBLE IT WILL INESCAPABLY REDUCE THE LEVEL OF UK AID DISBURSEMENTS TO INDIA IN 1984/85: THE PRIME MINISTER IS PARTICULARLY RELUCTANT TO SEE THIS HAPPEN BECAUSE OF THE ASSURANCES THAT SHE HERSELF GAVE TO MRS GANDHI IN 1982 THAT SHE WOULD USE HER BEST ENDEAVOURS TO MAINTAIN THE LEVEL OF OUR AID PROGRAMME TO INDIA.
3. SHE BELIEVES THAT MR GANDHI'S VISIT WILL PROVIDE A MOST USEFUL OCCASION TO DISCUSS THE WHOLE RANGE OF RELATIONS BETWEEN BRITAIN AND INDIA WHICH COULD NOT FAIL TO BENEFIT FROM PERSONAL CONTACT AT THIS LEVEL.
4. WHEN YOU SEE RAJIV GANDHI'S PRIVATE SECRETARY, GHAREKHAN, YOU SHOULD SPEAK SIMILARLY. IF YOU THINK IT WOULD HELP, YOU COULD LEAVE WITH HIM A SPEAKING NOTE ON THE ABOVE LINES (WHICH MIGHT ALSO SPELL OUT ALEXANDER'S ASSURANCES IN FULL).

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5. WHEN YOU SEE NARASIMHA RAO YOU MIGHT EXPRESS SURPRISE THAT THE MEA SEEM TO BE UNAWARE OF ALEXANDER'S ASSURANCES TO YOU AND OF THE CLOSE CONTACTS WHICH HAVE TAKEN PLACE ABOUT THE SIKH PROBLEM.

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