



Foreign and Commonwealth Office

London SW1A 2AH

20 March 1984<sup>5</sup>

*Dear Charles,*

India: Call on Prime Minister by Mr L K Jha

Thank you for your letter of 12 March in which you confirmed that the Prime Minister would see Mr Jha briefly at 16.30 on 21 March. Mr Jha will be bringing a personal letter from Mr Gandhi to the Prime Minister. This was prepared before the Prime Minister met Mr Gandhi in Moscow; we do not know the subject of the letter.

Mr Jha passed through London on 11 March on his way to the US (where we understand he will have seen Mr Shultz) and called on the Foreign Secretary. During their discussion, Mr Jha raised Indian concerns over Sri Lanka and Pakistan. On Sri Lanka, Mr Jha stressed Mr Gandhi's personal interest in seeing an end to the present troubles. On Pakistan he spoke of Mr Gandhi's wish to improve relations. He made a special point about the activities of Sikh extremists in the UK, suggesting that our laws were too lenient. He also raised India's economic liberalisation plans and IDA replenishment. Contrary to expectations, he made no mention of Indian concerns about Pakistan's nuclear programme.

/ I attach separate briefs covering the political and  
/ economic issues which Mr Jha may raise with the Prime  
/ Minister, together with a background note on the nuclear  
/ issue and a personality note.

*Yours ever,*

*Peter Ricketts*

(P F Ricketts)  
Private Secretary

C D Powell Esq  
10 Downing Street

CALL ON THE PRIME MINISTER BY MR L K JHA: 21 MARCH 1985 AT 4.30 PM

INDIA

OUR OBJECTIVES

To tell Mr Jha:

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OF THE PUBLIC RECORDS ACT

(a) that we are doing everything possible within our legal constraints to curb Sikh extremists in the UK;

(b) that we believe that the solution to Sri Lankan terrorism must be a political settlement which satisfies Tamil concerns, and that we have sought to persuade the Sri Lankan Government of this;

(c) we have noted recent meeting between Mr Gandhi and President Zia in Moscow and Pakistan decision to put on trial hijackers of Indian Airlines aircraft. Understand this may be followed up soon by talks between Foreign Secretaries (PUS equivalent). How do you see way ahead?

ARGUMENTS

Sikh Extremists

(a) Will do what we can, but within constraints of UK law: Attorney-General studied

number of court cases against Sikh extremists: some of these recently refused entry to UK: important to maintain close liaison between our security authorities;

Sri Lanka

(b) Support unity and integrity of Sri Lanka. We oppose terrorism. But terrorists cannot be defeated if Tamil minority alienated. Necessary to separate moderates from extremists. Acknowledge role India can play.

(c) Have impressed upon Sri Lankan Government that they should try to relaunch negotiations: that they need to follow up dialogue



initiated by Athulathmudali's visit to Mr Gandhi in February: and that we thought the Indian Government would be more able to constrain Tamil extremists in South India if President Jayewardene were doing more on these lines.

#### TACTICAL ARGUMENTS

##### Sikh Extremists

(a) Welcome assurances that commercial negotiations can go ahead normally; know some in Indian bureaucracy advocate economic pressure on UK: must point out this only inhibits action by HMG: we cannot appear to be acting under duress.

#### HIS OBJECTIVES

(a) to emphasise Indian concern over Sikh extremists, and urge us to take more action by possibly reviewing current laws on extremist statements leading to incitement to crime.

(b) to stress that a solution to Sri Lanka must be negotiated with full participation of Tamils and to ask UK to encourage a new political initiative in Sri Lanka; possibly by means of a public statement.

(c) (possibly) to push the Delhi Six-Nation Declaration on Nuclear Disarmament.

(d) (possibly) to express concern about Pakistan's nuclear programme.

#### YOUR RESPONSE

##### Sikh Extremists

(a) cannot do more than our best; we are doing that;

##### Sri Lanka

(b) Agree on need for political settlement acceptable to Tamils. Have made our position very clear in Parliament. Shall certainly take the opportunity to do so in Colombo next month. Shall also encourage President Jayewardene to follow up dialogue initiated by Athulathmudali's visit to Delhi.

Delhi Six-Nation Declaration

(c) agree on need to avoid nuclear war, but deterrence has worked in Europe for 40 years: Geneva negotiations the best forum for disarmament talks.

Pakistan Nuclear Programme

(d) Have made our views clear to Pakistanis, as have Americans. President Zia's assurances welcome, but do not go far enough. Would like Pakistan to sign NPT or put all facilities under IAEA safeguards. Believe progress only possible through mutual Indo-Pakistan agreement.

BACKGROUND

Sikh Extremists

1. Indian concerns about the activities of Sikh extremists in the UK, and what they see as HMG's lenience towards them, led to an Indian embargo on British ministerial visits and commercial negotiations. Mr Gandhi's Principal Secretary assured us in January that visits and negotiations could now go ahead. This was confirmed by Mr Gandhi on 8 February. But Indian doubts about our willingness to constrain Sikh extremists persist.

2.

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3. The Home Secretary has used his powers of exclusion against two prominent Sikh extremists, Talwinder Singh Parmar and Jasbir Singh; a number of others have been refused entry to the UK. Several prosecutions for acts of violence have been brought against (low-level) members of Sikh extremist organisations.

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FOREIGN AND COMMONWEALTH OFFICE  
17 May 1984

PRIME MINISTER'S MEETING WITH MR L K JHA: 21 MARCH  
ECONOMIC ISSUES

OUR OBJECTIVES

- a) to persuade Indians that discussions of international economic and financial issues should be contained within framework of existing institutions; that neither International Monetary Conference nor Cancun style meetings would serve useful purpose now.
- b) to express our continued support for India to receive a substantial share of IDA funds.

ARGUMENTS

- a(i) Look forward to positive discussion in April Interim and Development Committee Meetings; they offer important opportunity to discuss in constructive framework wide range of matters of concern to developing countries.
- (ii) No global solutions; an international monetary conference likely raise undue expectations, be confrontational, and not achieve practical progress. Cancun.
- b) HMG strong advocate of India's receiving substantial share of IDA. Some reduction inevitable with low (\$9 bn) replenishment, and Chinese access. Establishment of Special Facility should help to ease pressure.

TACTICAL ARGUMENTS

- a) At their meeting in Toronto in September 1984 Commonwealth Finance Ministers favoured IMF Interim and World Bank Development Committees as a forum for discussion.

- b) Developing country interests not uniform.
- c) India still a major recipient of international funding - IBRD has committed \$1.7 bn to India in FY1984.

HIS OBJECTIVES

- a) To press for our support on India's maintaining her share of IDA funds.
- b) To establish our position on the Spring meetings, and on proposed international monetary conference.

YOUR RESPONSE

- a) Continue to support India's claim to IDA funds and during Seventh Replenishment argued against abrupt changes in resource allocations. Believe this being followed. India well in front of China if FY85 level maintained.
- b) No lack of opportunities for constructive dialogue, but no easy answers. Developing countries emerging from difficult period but prospects now more favourable. Best contribution industrialised countries can make is to secure sustainable non-inflationary growth.

Important to spread benefits widely. Markets must be kept open and protectionist pressures resisted.

PRESS LINE (If required)

- a) The PM and Mr Jha discussed a range of international economic issues.

The Prime Minister hoped the Spring meetings of Interim and Development Committee would contribute to the understanding

between the industrialised and developing countries. Sustained non-inflationary growth remains the best way to help world recovery. Markets must be kept open and protectionist pressures resisted. It was encouraging that many developing countries such as India were increasingly looking to their own resources to help themselves.

- b) The United Kingdom pledged its continued support to India remaining a major beneficiary of IDA funds.

#### BACKGROUND

- a) The Interim and Development Committees meeting April 17-19 to discuss, in a medium to long term framework, issues relating to adjustment efforts and balance of payments problems, including external indebtedness, international capital flows, trade policies and role of IMF and IBRD.
- b) There will be demands for a political dialogue and claims that the existing structure imposes unequal burdens of adjustment on developing countries. To sustain our case we will need to demonstrate that the case by case approach remains the valid basis for a strategy.
- c) India has been a leading proponent of a call for an international monetary conference. Before the London Summit Mr Jha delivered a letter from Mrs Gandhi urging that the Summit should restore momentum to the dialogue and suggesting such a conference. Sir Crispin Tickell called on Mrs Gandhi after the Summit and pointed out the world climate had changed over the last 18 months; that global negotiations were not now feasible, a point Mrs Gandhi accepted. He emphasised that it was best to work within existing institutions; differences were less on objectives than on methods.
- d) India has been a major recipient of IDA resources. She received some 34% of IDA6. The pattern of IBRD/IDA lending to India has changed; now obliged to borrow more from IBRD than



IDA. FY85 borrowing \$1.7bn IBRD; \$1.0bn IDA. In FY85 IDA flows to India will be \$650 mn and China \$400 mn. This will be probable pattern for the next 2 fiscal years of IDA7. India's IDA share therefore 22%, China 13%.

- e) The NAM Summit in 1983 commissioned a Report on the future of the international monetary and financial system (circulated by Mrs Gandhi just before her death last year). This makes a number of recommendations for changes in the international financial system and recommends an international monetary conference. We were considering a reply but had not done so before the death of Mrs Gandhi.

A, 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.



late SK

(3) ccpc

10 DOWNING STREET

*From the Private Secretary*

12 March 1985

INDIA: VISIT BY MR L K JHA

BS/

Thank you for your letter of 11 March about the visit of Mr L K Jha. The Prime Minister is able to see Mr Jha for a brief meeting at 1630 on 21 March.

C D POWELL

Peter Ricketts Esq  
Foreign and Commonwealth Office



Foreign and Commonwealth Office

London SW1A 2AH

11 March 1985

*Prime Minister*

*Agree to see him?*

*Yes mt CDP 1/3*

*Dear Charles,*

India: Visit by Mr L K Jha

Mr L K Jha, who is a close adviser to the Indian Prime Minister, will be passing through London on 11 and 21 March on his way to and from the US. He has informed Sir R Wade-Gery that he will be carrying a personal letter from Mr Gandhi for the Prime Minister.

Mr Jha acted as economic adviser to Mrs Gandhi and continues to exert considerable influence on Indian economic policy.

He is a man of outstanding political ability and experience. His views on international economic policy are moderate, and he is pro-British. He called on the Prime Minister during a visit to London in mid-1983.

I understand that the Prime Minister's diary might permit a meeting on 21 March at 1630. We therefore recommend that this appointment be offered to Mr Jha.

*Yr ever,  
Peter Ricketts*

(P F Ricketts)  
Private Secretary

C D Powell Esq  
10 Downing Street

POSTAL TELEGRAPH AND TELEPHONE

11 MAR 1985

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