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OO DELHI
GRS 365
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FM FCO 291430Z MARCH 82
TO IMMEDIATE DELHI
TELEGRAM NUMBER 319 OF 29 MARCH
MIPT: TEXT OF CONFIDENTIAL AGREEMENT

1. FOLLOWING DISCUSSIONS DURING THE VISIT TO LONDON OF
MRS GANDHI, THE TWO GOVERNMENTS HAVE AGREED ON THE FOLLOWING
POINTS:-

A) IN THE LIGHT OF THE STRONG REPRESENTATIONS MADE BY
MRS GANDHI ON BEHALF OF INDIA AND ALL OTHER RECIPIENTS
OF AID FROM THE IDA THAT THE NON-US DONORS SHOULD NOT
INSIST ON THE APPLICATION OF THE PRO RATA COMMITMENT
PROVISIONS OF THE IDA 6 AGREEMENT, THE UNITED KINGDOM
GOVERNMENT HAVE INDICATED THAT THEY WILL WAIVE THE
APPLICATION OF THOSE PROVISIONS IN RESPECT OF THE
SECOND INSTALMENT OF THEIR CONTRIBUTION TO IDA 6. THEY
HAVE ALSO AGREED TO COOPERATE WITH THE GOVERNMENT OF
INDIA IN SEEKING TO PERSUADE OTHER DONOR COUNTRIES TO
FOLLOW SUIT.

B) SUBJECT TO NEGOTIATION OF THE DETAILED TERMS, THE
GOVERNMENT OF INDIA HAS STATED ITS INTENTION TO ENTER
INTO A CONTRACT WITH THE BRITISH CONSORTIUM LED BY NORTHERN
ENGINEERING INDUSTRIES WHO HAVE PUT FORWARD PROPOSALS
SUPPORTED BY THE UNITED KINGDOM GOVERNMENT FOR THE
CONSTRUCTION OF 2 X 500 MEGAWATT SUPER THERMAL POWER
STATION AND FOR AN ASSOCIATED COAL MINE AND EQUIPMENT. AS A
CONTRIBUTION TO THE FINANCING OF BRITISH GOODS PURCHASED
UNDER THIS CONTRACT AND IN CONSIDERATION OF THE IMPORTANCE
OF THE POWER STATION TO INDIA'S ECONOMIC DEVELOPMENT, THE
UNITED KINGDOM GOVERNMENT WILL, SUBJECT TO THE NORMAL
APPRAISAL PROCEDURES, PROVIDE POUNDS 65 MILLION
OF SPECIAL ADDITIONAL GRANT AID TO THE GOVERNMENT OF
INDIA.

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C) IN RECOGNITION OF THE STRENGTHENING ECONOMIC AND COMMERCIAL RELATIONS BETWEEN THE TWO COUNTRIES AND IN THE LIGHT OF INDIAN DEVELOPMENTAL NEEDS, THE UNITED KINGDOM GOVERNMENT HAVE STATED THEIR INTENTION TO PROVIDE REGULAR BILATERAL AID TO INDIA OF POUNDS 105M IN 1982/83 AND POUNDS 110M IN 1983/84, INCLUSIVE OF RTA LOCAL COST AID AND TECHNICAL COOPERATION.

D) THE TWO GOVERNMENTS WILL ENSURE THAT THIS INCREASED LEVEL OF AID IS USED IN AGREED SECTORS TO THE MAXIMUM MUTUAL BENEFIT. THESE SECTORS COULD INCLUDE, AMONGST OTHERS, COAL MINING, POWER GENERATION, AND TRANSPORTATION INCLUDING PORTS.

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PS/MR HURD

P S / P U S

LORD BRIDGES

MR DONALD

MR GIFFARD

COPIES TO:

MISS M NEVILLE ROLFE, PEP D O T

MR C R O JONES, S A D/O D A

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No. 10 DOWNING STREET

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OO DELHI
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FM FCO 291330Z MARCH 82
TO IMMEDIATE DELHI

TELEGRAM NUMBER 318 OF 29 MARCH

YOUR TELNOS 343 AND 345: MRS GANDHI'S VISIT

1. WE HAVE HEARD FROM INDIAN HIGH COMMISSION THAT, IN THE EVENT, MRS GANDHI DECIDED NOT TO MAKE A SEPARATE ANNOUNCEMENT ON ARRIVAL ABOUT IDA6 AND BILATERAL AID. SHE PROPOSES INSTEAD TO BREAK THE NEWS TO HER CABINET ON WEDNESDAY MORNING AND MAKE A STATEMENT IN THE LOK SABHA THAT AFTERNOON COVERING ALL THREE POINTS. WE HAVE EXPLAINED TO INDIA HOUSE THAT THIS DELAY MAKES IT EVEN MORE DIFFICULT FOR US TO KEEP THE STORY UNDER WRAPS AT THIS END BUT THAT WE WILL CONTINUE TO DO OUR BEST.

2. TEXTS OF CONFIDENTIAL AGREEMENT AND DRAFT STATEMENT BY MRS GANDHI ARE IN MIFTS. WE UNDERSTAND THAT MRS GANDHI HAS BEEN PERSUADED TO DELETE THE WORD 'SUBSTANTIALLY' FROM THE FINAL SENTENCE OF THE THIRD PARAGRAPH OF HER STATEMENT.

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FROM DELHI 011120Z MAR

TO IMMEDIATE FCO

TELEGRAM NUMBER 217 OF 01 MARCH 1982

MY TELEGRAM NUMBER 214 PARA 8:

MRS GANDHI'S VISIT

1. SINCE ALEXANDER (MRS GANDHI'S PRINCIPAL SECRETARY) AND FOREIGN SECRETARY SATHE HAPPENED TO BE DINING WITH ME LAST NIGHT I ASKED WHAT LAY BEHIND THE DECISION NOT TO BRING EITHER THE FOREIGN MINISTER OR THE FOREIGN SECRETARY TO LONDON DURING MRS GANDHI'S VISIT. THEY REPLIED WITH ONE ACCORD THAT THIS WAS BECAUSE SHE WISHED THE VISIT TO BE PRIMARILY A CULTURAL EVENT CELEBRATING THE GOOD RELATIONS BETWEEN THE TWO COUNTRIES. MRS GANDHI BELIEVED THERE WERE NO IMPORTANT BILATERAL ISSUES BETWEEN US AND TO MAKE SURE OF THIS SHE HAD JUST AUTHORISED THE MEA TO DISPOSE OF THE INDIAN COMPLAINT AGAINST BRITAIN AT THE COMMISSION FOR HUMAN RIGHTS IN GENEVA.

2. I SAID THAT I AGREED ABOUT THE HAPPY STATE OF INDO/BRITISH RELATIONS AND FELT THAT IT WAS INDEED RIGHT THAT THE FESTIVAL AND ALL THAT IT SYMBOLISES SHOULD TAKE FIRST PLACE BUT I HAD HEARD A RUMOUR THAT MRS GANDHI MIGHT BE INTENDING TO RAISE THE QUESTION OF THE IDA DISTRIBUTION AND RELATED ISSUES. ALEXANDER SAID THAT SHE DID INDEED INTEND TO DO THIS. I SAID I DID NOT COUNT THAT AS A CULTURAL ITEM. THE UPSHOT IS THAT I AM TO SEE ALEXANDER AND SATHE SEPARATELY LATER IN THE WEEK, (TIMES NOT YET FIRM) ABOUT WHAT POINTS THE TWO PRIME MINISTERS MIGHT WISH TO MAKE TO EACH OTHER. IF YOU WISH TO SEND ME ANY INSTRUCTIONS I WOULD BE GRATEFUL FOR THEM AS SOON AS POSSIBLE BUT IF NECESSARY I CAN PROBABLY COPE WITH THE SITUATION WITHOUT THEM.

THOMSON

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