

TradeBRITISH HIGH COMMISSION
NEW DELHI, INDIA

13 August 1982

Mr C Benjamin
PEP 2
Department of Trade
1 Victoria Street
LONDON SW1H 0ET*H*
*16/8**Dear Mr Benjamin*

ORISSA STEEL PLANT

1. I gather you would welcome a considered view from here on the progress achieved during your visit, in amplification of the two reporting telegrams which you and Roger Beetham sent.
2. I share your assessment that it was a useful week and that there are definite prospects for substantial UK involvement in the development on Daitari. I have not been here long enough to be more than cautious in my judgement, and of course I have not yet had a chance to discuss the prospects with anyone at Ministerial level.
3. It seems to me that there are three layers involved. The top layer is political: meaning both the existence of a political decision at the highest level to proceed with the project, and a clear political bias in favour of involving the UK in a substantial way with it. The bottom layer is the Ministry of Steel, which has been entrusted with responsibility for executing the project, wishes it to go ahead but is having problems in finding the resources to do so and getting the necessary clearances, and therefore has its own reasons for encouraging our involvement in a way which will help alleviate any financial difficulties.
4. In the middle come the people who will actually have to decide on the scheme's priority and fund it accordingly - the Planning Commission, and, more crucially, the DEA. Not only are some of them sceptical about India's need for a further steel plant at this juncture; they are also conscious of the difficulty of finding new finance to support it when other schemes in the 6th plan are already under pressure.



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5. I am under no illusions about the real difficulties of convincing those in the middle layer. But I believe that, thanks to your visit and your efforts, we can be encouraged to continue to devote significant efforts to assisting the other two layers to move matters forward towards significant British involvement, since at those levels, at least, Indian and British interest coincide. The ready acceptance of your idea to produce an aide memoire to emphasise the Government to Government role will I think help us to keep up the pressure.

Yours sincerely
E. Kennedy

P.P. R L Wade-Gery

cc: Mr M Burton, SAD, FCO
Mr J Coles, No 10
Mr A J Hurrell, ODA