

By Sidharth Mishra



India and the United States have agreed to operationalise the civilian nuclear deal of 2008, which could not be implemented all these years as differences remained over Civil Liability for Nuclear Damages Act passed by Indian Parliament, which made the equipment suppliers (read the US and other foreign companies) ultimately responsible for an accident. All these years, countries like France and the US have asked India to follow global norms under which the primary liability lies with the operator. The deal agreed between India and US on Sunday gives considerable protection to the US suppliers through the creation of an insurance pool, which would be funded partly by the government-run insurance companies and the remaining expenditure would also be subsidized by the government.

In return, India has agreed to inspections only by the International Atomic Energy Agency (IAEA). US President Barack Obama decided to use his executive powers to waive off this condition imposed by US negotiators. As per the final agreement, IAEA will monitor India's use of nuclear material and equipment.

"Today we achieved a breakthrough understanding on two issues that were holding up our ability to advance our civil nuclear cooperation and we are committed to moving towards full implementation," said Obama at the news conference in New Delhi.

The US officials, explaining the impact, have said that the understanding on the civil nuclear

With US firms insured, Obama gives assurance on no tracking

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programme resolves the US concerns on both tracking and liability. “In our judgment, the Indians have moved sufficiently on these issues to give us assurances,” Ben Rhodes, US Deputy National Security Adviser told American journalists. Under the Sunday deal neither country needed to take legislative action to complete the agreements reached between the two leaders. Now this is tricky as the existing Indian legislation held back American firms like Westinghouse Electric Company and GE-Hitachi from proceeding with the construction of reactors.

Whether the insurance pool would prove to be sufficient to add to the confidence and clear the misgivings of the US companies about investment in India would only be known with passage of time. According to Rhodes, it will still be for the US companies to assess the market and decide whether to partake in India’s nuclear programme.

In July, 2005 Prime Minister Manmohan Singh and US President George W Bush had agreed in principle to a civilian nuclear cooperation deal.

Thereafter, in October, 2008 Bush signed legislation to enact the landmark US-India civilian nuclear agreement. Then External Affairs Minister Pranab Mukherjee and his US counterpart Condoleezza Rice signed the deal. In August, 2010, the Parliament passed the Civil Liability for Nuclear Damages Bill, which allowed the operator to sue the supplier in case of an accident, inviting protests from US companies.