

AGREEMENT

BETWEEN THE GOVERNMENT OF THE REPUBLIC OF INDIA AND THE GOVERNMENT OF THE RUSSIAN FEDERATION ON COOPERATION IN THE CONSTRUCTION OF ADDITIONAL NUCLEAR POWER PLANT UNITS AT KUDANKULAM SITE AS WELL AS IN THE CONSTRUCTION OF RUSSIAN DESIGNED NUCLEAR POWER PLANTS AT NEW SITES IN THE REPUBLIC OF INDIA

The Government of the Republic of India and the Government of the Russian Federation, hereinafter referred to as the "Sides":

Continuing the cooperation in construction of Nuclear Power Plant (hereinafter referred to as the "NPP") at Kudankulam Site (Tamil Nadu, The Republic of India), under the Agreement between the Republic of India and the Union of Soviet Socialist Republics on cooperation in the construction of a nuclear power station in India, dated November 20, 1988 and Supplement, dated June 21, 1998, to the Agreement between the Republic of India and the Union of Soviet Socialist Republics on cooperation in the construction of a nuclear power station in India, dated November 20, 1988;

Acknowledging that the Republic of India and the Russian Federation as States possessing advanced nuclear technologies, recognize that nuclear energy provides a safe, environmental friendly and sustainable source of energy, and

underline the need to further develop international cooperation in promoting the use of nuclear energy for peaceful purposes in accordance with their respective international commitments and national legislations of the Sides;

Desirous of extending the cooperation in order to construct 4 more VVER power units at Kudankulam NPP Site as well as to construct additional Russian designed power units at Kudankulam NPP Site and at new NPP sites in the Republic of India;

Have agreed as follows:

ARTICLE 1

- 1.1 The Sides shall cooperate, through Indian and Russian organizations authorized by them, in the construction of 4 more VVER power units (3-6) at Kudankulam NPP Site in a phased manner (hereinafter referred to as the "Project") as well as in the construction of additional Russian designed power units at Kudankulam NPP Site (hereinafter referred to as the "power units") and at new NPP sites in the Republic of India.
- 1.2 The construction of 4 more power units at Kudankulam NPP Site will be carried out in a phased manner, by 2 power units during each phase, the time period between the beginning of construction of each pair of the power units being about 2-3 years. At that the first stage will be the construction of power units 3 & 4 together with common structures for power units 3-6 and the second stage will be the construction of power units 5&6. The starting dates for the construction of power units under the present Agreement shall be mutually agreed upon by the Sides and to

be defined in the Contracts between the authorized organizations of the Sides.

- 1.3 The construction of the power units shall be with gradual increase from power unit 3 onwards as per mutually agreed terms for the scope of supplies and services to be provided by the Indian enterprises, and also by joint ventures to be set up for this purpose.
- 1.4 The Sides under the present Agreement shall guarantee the fulfilments of mutual obligations exercising the necessary control at the respective level. The Sides shall establish a Joint Coordination Committee (hereinafter referred to as the "Committee") consisting of the representatives of the authorized bodies of the Sides to exercise control, on behalf of the Sides over implementation of the present Agreement and taking the corrective measures.
- 1.5 The authorized organizations of the Sides shall establish a Joint Technical Team at Kudankulam Site, authorized for taking operative decisions at the Kudankulam Site to ensure continuity of the construction of the power units. The composition, obligations and working arrangements for the Joint Technical Team shall be elaborated by the authorized organizations of the Sides and approved by the authorized bodies of the Sides.
- 1.6 The authorized Russian organization shall prepare Techno-commercial offer for the scope of supply and services proposed to be carried out by the authorized Russian organization. The authorized organizations of the

Sides will jointly review the Techno-commercial offer and agree upon the division of scope of supply and services of each of these organizations. Based on the revised Techno-commercial offer the Indian Side will arrive at the total cost of the Project and will check the economic viability of the Project for acceptance of the revised Techno-commercial offer and implementation of the Project.

- 1.7 The working documentation for power units under the present Agreement shall be prepared using the working documentation of power units 1&2 of Kudankulam NPP (hereinafter referred to as "the power units 1 & 2") according to the scope, schedule and procedure to be agreed upon in the contracts between authorized organizations of the Sides.
- 1.8 The authorized Russian organizations within the framework of the relevant contracts shall perform the functions of suppliers of equipment and services for power units and NPPs to be constructed under the present Agreement.
- 1.9 The Regulating Authorities of the Republic of India and the Russian Federation may co-operate, if they so desire, on mutual agreement.

ARTICLE 2

For the purpose of the cooperation envisaged in Article 1 of the present Agreement the Russian Side shall ensure the implementation by the authorized Russian organizations of the following obligations during the construction of power units according to the present Agreement:

- 2.1 Preparation of the working documentation for power units 3&4 using the working documentation of power units 1&2 in the scope similar to the scope of the working documentation for these power units.

The design of power units 3&4 shall be developed based on the Russian regulations and standards used in design and construction of power units 1&2 taking into consideration the changes introduced to these regulations and standards as on the date of entry into force of this Agreement, as well as the changes, which the Indian Atomic Energy Regulatory Board may require. The terms and conditions for meeting these additional requirements of the Indian Atomic Energy Regulatory Board shall be agreed by authorized organizations of the two Sides.

The authorized Russian organization shall authorize the authorized Indian organization to use the working documentation of power units 1&2 and of power units 3&4 upon its elaboration by the authorized Russian organizations for power Units 5&6 on the agreed terms and conditions.

At the same time preparation of working documentation for the reactor building and reactor auxiliary building with certain safety systems for power units 5 & 6 shall remain in the scope of obligations of the authorized Russian organizations with the coordination of details between the authorized organizations of the Sides.

- 2.2 Providing technical support to authorized Indian organizations upon the agreed terms and conditions, including the following:

Technical support in the agreed scope during erection, start-up and commissioning of power units at Kudankulam NPP Site;

Technical consultations during the guarantee period operation of the power units at Kudankulam NPP Site;

Designer supervision within the scope of design to be carried out by Russian organizations during the construction, erection, commissioning and operation of the power units at Kudankulam NPP Site (before the preliminary acceptance of power units by the Indian side) shall be done by way of deputing concerned specialists at the NPP site;

Dispatch of Working Documentation.

- 2.3 Delivery from the Russian Federation and from the third countries of equipment, devices, instruments, materials necessary for commissioning of power units at Kudankulam NPP Site in compliance with the scope and specifications agreed upon in relevant contracts and the spare parts as envisaged by norms of the manufacturers for the period of erection, commissioning and the guarantee period in accordance with the scope and specifications agreed upon in the relevant contracts under the following conditions:

- FOB Russian port/third country port for vessel lots.
- FCA Russian port/third country port for containerized cargoes.
- FCA International Russian airport/third country airport for urgent delivery of equipment in cases provided in relevant contracts.

- 2.4 Agreement upon the scope and procedure for supply of individual equipment and materials manufactured by enterprises of the Republic of

India in accordance with design requirements and equivalent Indian Standards meeting the above mentioned requirements that will be the responsibility of authorized Indian organizations.

2.5 Deputation of Russian specialists to the Republic of India under the relevant contract to give technical support during erection of the important equipment, start-up and adjustment and commissioning of systems of the NPP at Kudankulam Site. Deputation of the specialists from third countries to the Republic of India, their number, time period, terms and conditions and dates of trips shall be agreed upon in the relevant contracts.

2.6 Participation in joint inspections of equipment at Kudankulam Site to ensure the incoming inspection of equipment and inspection of storage conditions.

2.7 Supply of spare parts for the equipment supplied by Russian organizations for the period of operation of the NPP at Kudankulam Site to be mutually agreed between the authorized Indian and Russian organizations under the terms and conditions to be stipulated in relevant contracts;

Participation in the arrangement of manufacture of spare parts and replaceable equipment at Indian Enterprises, as well as at joint ventures to be set up with the purpose to ensure the availability of spare parts for the entire period of operation of the NPP at Kudankulam Site.

- 2.8 Rendering support to the authorized Indian organization in obtaining clearances from the Indian Atomic Energy Regulatory Board by submitting information, explanations and data related to equipment & design, within the scope of obligations of the Russian organizations under respective contracts.
- 2.9 Render to Indian authorized organization consultations in operation, modernization and updating of power units at Kudankulam NPP Site during the post-guarantee period of their operation upon the terms and conditions to be agreed upon.
- 2.10 Ensuring of the effective implementation of work quality management within the scope of obligations of Russian organizations, including the procedures of acceptance and delivery of equipment and materials.
- 2.11 Planning and monitoring of works and services to be provided by Russian organizations in accordance with overall Project implementation schedule. For this purpose the Russian authorized organization will elaborate a detailed network for planning and monitoring of implementation of the Project and will elaborate the monthly progress reports of Russian organizations for joint application.
- 2.12 Rendering assistance in obtaining visas and in arrangement of work of the Indian specialists (including their family members) deputed to the Russian Federation for fulfilment of the obligations of Indian organizations related to the construction of the NPP at Kudankulam Site as well as in setting up the representations of the Indian

organizations in Moscow and, if necessary, in other cities of the Russian Federation including assistance in installation of the means of communication (telephone, telex, fax and other means).

2.13 Provision of assistance in getting suitable accommodation for Indian specialists deputed to the Russian Federation. Payment for the rent of accommodation shall be effected by the Indian specialists.

2.14 Detailed division of obligations envisaged in the present Article and Article 3 of the present Agreement, shall be stipulated in the contracts to be concluded by the authorized organizations of the Sides.

ARTICLE 3

For the purpose of the cooperation envisaged in Article 1 of the present Agreement the Indian Side shall ensure the implementation by Indian authorized organizations of the following obligations during the construction and operation of power units under the present Agreement:

3.1 Development and adaptation of the working documentation for power units starting from power unit 5 onwards, using the working documentation of power units 1&2 and of power units 3&4 upon its elaboration by Russian organizations in the scope agreed by the authorized organizations of the Sides, upon authorization granted by Russian organizations on the agreed terms and conditions.

- 3.2 Design of buildings and structures of the NPP at Kudankulam Site in the agreed scope.
- 3.3 Obtaining the necessary permits of the Indian Atomic Energy Regulatory Board for construction and operation of the NPP at Kudankulam Site.
- 3.4 Overall Project Management.
- 3.5 General planning and monitoring of construction work of power units of the NPP at Kudankulam Site taking into account the status of implementation of activities to be carried out by Russian organizations and preparation of reports for concerned organisations of the Sides participating in realization of the present Agreement on the Project progress and the issues causing concern.
- 3.6 Civil activities related to the Project, including construction of the main buildings and structures and sea hydro-engineering structures of the NPP at Kudankulam Site under the designer's supervision of the Russian organizations in the scope of design performed by the Russian organizations.
- 3.7 Supply of equipment and materials from the Republic of India on the basis of technical specifications of Russian organizations in accordance with the division of obligations between the authorized organizations of the Sides.
- 3.8 Design and construction of infrastructure facilities.

- 3.9 Transportation to Kudankulam Construction Site of equipment, instruments, devices, materials and spare parts from the Russian Federation and third countries under the terms and conditions stipulated in paragraph 2.3 of Article 2 of the present Agreement as well as from Indian ports; carry out a joint incoming inspection of the equipment and materials delivered to Kudankulam Site and ensure their storage in accordance with the agreed storage conditions.
- 3.10 Provide furnished accommodation at the Kudankulam NPP township and offices at Kudankulam NPP Site, transport, social and healthcare facilities for Russian experts and specialists from third countries (including their families in case the deputation period exceeds one year), who may be sent on deputation to the Republic of India for fulfilling the obligations of the Russian organizations.
- 3.11 Provide assistance in getting visas and work permits, obtain licenses and other authorizing documents on import of the supplied equipment, materials and services for the NPP at Kudankulam Site including temporary import of equipment. Extend assistance to Russian organizations in setting up of their representative offices in the territory of the Republic of India on mutual agreement of the Sides. Provide at Kudankulam Site and the township of Kudankulam NPP communication links to Russian specialists including access to ISD and "Internet" services.

- 3.12 Payment of income-tax leviable in the Republic of India on Russian juristic and physical persons as well as customs duties on equipment, machinery and materials imported into the Republic of India under this Agreement.
- 3.13 Preparation of detailed procedures for erection, post-erection cleanings and flushing, individual testing of equipment, maintenance on the basis of the technical requirements contained in the working and manufacturers' documentation and taking into consideration the information acquired at power units 1&2.
- 3.14 Erection of all the equipment and components of the NPP at Kudankulam Site in accordance with the requirements of the working documentation and erection procedures.
- 3.15 Testing, start-up and adjustment and commissioning of all the equipment, systems and power units of the NPP at Kudankulam Site in accordance with the requirements of the working and commissioning documentation.
- 3.16 Training and certification for the personnel deployed at the NPP at Kudankulam Site.
- 3.17 Operation of power units of the NPP at Kudankulam Site at all stages including start-up and commissioning.

- 3.18 Coordination of the activities pertaining to localization of equipment. The list of such equipment and conditions of its manufacture and supply will be agreed upon by the authorized organizations of the Sides.
- 3.19 Security measures for physical protection of the NPP at Kudankulam Site and personal security of Russian and third countries' specialists and their families in the Kudankulam NPP township.
- 3.20 Effect payments to authorized Russian organization for the supplies of equipment, materials and related services from third countries in US dollars or in Euro as the case may be in the amount, on the terms and within the dates as mutually agreed by the authorized Indian and Russian organizations to be included in contracts between the authorized Russian organizations and suppliers from third countries.
- 3.21 Detailed division of obligations envisaged in the present Article and Article 2 of the present Agreement, shall be stipulated in the relevant contracts to be concluded by the authorized organizations of the Sides.

ARTICLE 4

The authorized Russian organization shall supply on contractual basis and the authorized Indian organization shall purchase on contractual basis, at mutually agreed price taking into account the prevailing international prices, throughout

the operational period of power units of the NPP at Kudankulam Site constructed under the present Agreement:

- Nuclear fuel in the form of complete fabricated fuel assemblies manufactured in the Russian Federation in the scope required for the initial fuelling and annual refuelling of the power units;
- Control rods manufactured in the Russian Federation in the scope required for operation of the power units.

The authorized Russian organization shall deliver nuclear fuel in the form of complete fabricated fuel assemblies and control rods to enable the Indian Side to maintain a mutually agreed reserve of fuel assemblies and control rods required for smooth and continuous operation of power units of the NPP at Kudankulam Site constructed under the present Agreement.

The Sides will jointly explore the possibility of technology transfer for fabrication of the fuel assemblies in the Republic of India, including the setting up of a joint venture.

ARTICLE 5

The Indian Side shall store and reprocess the spent nuclear fuel under IAEA safeguards in a national facility on the territory of the Republic of India for retention and use of the reprocessed materials in the Republic of India. Whenever the Republic of India sets up another national reprocessing facility dedicated to reprocessing of IAEA safeguarded spent fuel, reprocessing of spent fuel falling under the purview of this Agreement will be done in such a national facility. The Indian Side shall undertake to accept the application of IAEA

safeguards as stipulated in Article 12 of this Agreement to all supplied nuclear materials incorporated in fuel assemblies transferred under this Agreement, including subsequent generations of special fissionable material, produced, processed or used in or by the use of the reactor facilities throughout the entire period of their actual use on the territory of the Republic of India or under the jurisdiction of the Republic of India.

ARTICLE 6

Russian Side in order to cover up to 85% of the cost of supplies and services, including nuclear fuel & control rods (for the initial loading and 5 subsequent reloading for each power unit of the NPP), provided by Russian organizations for the construction of the additional 4 power units 3 - 6 at Kudankulam Site, will extend a State credit to the Indian Side and / or grant a State Guarantee of the Russian Side necessary to obtain the above mentioned funds. This guarantee will be given under a condition that a counter guarantee is granted by the Indian Side.

In case the Sides reach an agreement that the State credit mentioned in the present Article is to be extended, the amount, terms of drawal and repayment (in US Dollars) of such credit as also the activities in case of non-fulfillment of the obligations contained in this Agreement will be defined in the addendum (Protocol) to this Agreement.

ARTICLE 7

The Sides agreed that the authorized Indian organization shall effect the payments to the authorized Russian organization for sending of Russian

specialists to the Republic of India (in US Dollars) in the amount and on the terms to be agreed upon between the authorized organizations of the Sides in relevant contracts.

ARTICLE 8

For implementation of the present Agreement the authorized organizations of the Sides shall enter in relevant contracts to cover the agreed scope of obligations under the present Agreement to be signed at different stages of the construction of the NPP at Kudankulam Site. Contracts for supply of nuclear fuel and control rods will be signed by the authorized organization of the Department of Atomic Energy of the Government of the Republic of India and the Russian Side.

The contracts concluded in pursuance of the present Agreement shall provide for IAEA safeguards application in accordance with the present Agreement and appropriate physical protection measures.

ARTICLE 9

In case of suspension of implementation of this Agreement by one Side by written notification of the other Side for some period of time due to war, hostilities or any other similar extraordinary circumstances beyond the control of any of the Sides to this Agreement the representatives of the Sides shall immediately consult each other and agree upon the measures to be taken. If such agreement can not be reached within an acceptable period of time, the authorized Indian organization may complete the designing and construction of the Project and execution of other works in the manner which may be considered necessary but even in such a case the rights and obligations of the Sides arising

from the present Agreement shall remain in force in respect to the delivered part of supplies and services and to the supplies and services which to the extent are delivered at the moment when the above-mentioned circumstances occurred unless otherwise agreed upon by both Sides.

ARTICLE 10

Within the framework of the present Agreement no exchange of the secret information of the Republic of India and information being the state secret of the Russian Federation is realized.

The information transferred under the present Agreement or created as a result of the implementation hereof and in respect of which the Side established requirements to observe confidentiality shall be clearly identified by it as such.

The documents to be transferred in compliance with the present Agreement or created as a result of the implementation hereof and containing information in respect of which the Side established requirements to observe confidentiality shall bear a mark in English "Limited Distribution" and in Russian "Конфиденциально" .

Handling of the information in respect of which the Side established requirements to observe confidentiality is performed in accordance with the State legislation of the Side receiving information and this information shall be neither disclosed nor transferred to third party without a written authorization of the Side that transferred the information.

According to the Russian Federation legislation such information shall be handled as internal information of limited distribution. Such information shall be protected in accordance with the Russian Federation legislation.

According to the legislation and regulations of the Republic of India such information shall be handled as information, which has classification "Restricted". Such information shall be protected in accordance with the legislation and regulations of the Republic of India.

The information to be transferred under the present Agreement shall be used exclusively in compliance with the present Agreement.

The Sides shall limit as much as possible the number of people having access to the information in respect of which the Side established requirements to observe confidentiality.

ARTICLE 11

The rights on intellectual activity results (intellectual property) including the copyright, industrial property and know-how rights which belonged to any Side before the Agreement effective date shall remain with that Side.

The rights on those intellectual activity results, which are created by either Side independently in the course of implementation of the Agreement, shall belong to that Side.

The intellectual property transferred by the Russian Side to the Indian Side as well as the intellectual property jointly created in the course of implementation of the present Agreement, which contains the intellectual activity results obtained from the Russian Side shall be used by the Indian Side exclusively for the purposes of the present Agreement and shall not be transferred to a third side.

Exclusive rights on the intellectual activity results jointly created in the course of implementation of the present Agreement shall belong to the Sides.

Determination of conditions of the use and management by the Sides of any results of intellectual activity jointly created by the Sides and the rights on them shall be a subject of written Agreement between the Sides. Till the achievement of such agreements, the results of intellectual activity jointly created by the Sides shall be used exclusively for the purposes of the present Agreement and any of the Sides has no right to dispose of them independently.

ARTICLE 12

The Indian Side undertakes that the reactor facilities (confined to complete nuclear reactors, nuclear reactor vessels, nuclear reactor fuel charging and discharging machines, reactor control rods and equipment, nuclear reactor pressure tubes, zirconium tubes, primary coolant pumps, nuclear reactor internals, heat exchangers, neutron detection and measuring instruments) and nuclear fuel supplied by the Russian Side to the Indian Side under this Agreement, or nuclear materials sourced by the Indian

Side from alternative sources for use in Russian supplied reactors, as well as reactor facilities (as detailed above) and nuclear materials produced therefrom or as a result of their utilization:

- a) shall not be used for the production of any nuclear weapon or any other military purpose, and these materials shall be used exclusively for peaceful purposes and shall not be used for the production of any kind of nuclear explosive device;
- b) shall remain under the IAEA safeguards during the entire period of their actual use in accordance with the agreement on safeguards, which shall be concluded between the Republic of India and IAEA:

When the Sides have jointly determined that the reactor facilities (as detailed in first Para of this Article) are no longer useable for any nuclear activity or for further operation, the IAEA would be jointly approached by the Sides for termination of these facilities safeguards;

- c) They shall be provided with levels of physical protection not less than the recommendations as contained in the IAEA document INFCIRC/225/Rev. 4 (Corrected);
- d) They can be re-exported/exported or transferred from the jurisdiction of the Republic of India only on conditions as mentioned in the present Article and with the written consent of the Russian Side.

ARTICLE 13

13.1 The Indian Side and its authorized organization at any time and at all stages of the construction and operation of the NPP power units to be constructed under the present Agreement shall be the Operator of power units of the NPP at Kudankulam Site and be fully responsible for any damage both within and outside the territory of the Republic of India caused to any person and property as a result of a nuclear incident occurring at NPP and also in relation with a nuclear incident during the transportation, handling or storage outside the NPPs of nuclear fuel and any contaminated materials or any part of NPP equipment both within and outside the territory of the Republic of India.

13.2 Nuclear liability due to nuclear incident occurring when handling and transporting the fuel shall be transferred from the authorized Russian organization to the authorized Indian organization after physical hand-over of the fuel at the place of delivery.

ARTICLE 14

The disputes of the Sides related to interpretation and implementation of the present Agreement shall be settled by way of consultations and negotiations between the Sides with a view to arriving at a mutually acceptable resolution.

ARTICLE 15

This Agreement enters into force unchanged on the date of the receipt of the last written notification of the completion by the Sides of the internal state

procedures necessary for the entry into force of the Agreement taking into account the understanding stated in the Sides' letters, which are attached to this Agreement.

The present Agreement has an unlimited validity period and shall be in force till elapsing one year from the date of receipt by one Side of a notification from another Side about its intent to terminate the Agreement. Such a notification can be issued only if consultations and negotiations as provided for in Article 14 of the present Agreement have taken place and it has not been possible to arrive at a mutually acceptable resolution.

In case of termination of the present Agreement, the terms and provisions contained in this Agreement applicable to the implementation, completion and lifetime operation of units 3-4-5-6, including in particular the supply obligations stipulated in Article 4 of the present Agreement shall remain in force except in case of material violation of Article 12 of the present Agreement. If a Side cites a violation of Article 12 of the present Agreement as the reason for its actions, the Sides shall enter into consultations to ascertain whether the violation was caused inadvertently or otherwise and whether the violation could be considered as material. No violation may be considered as being material unless corresponding to the definition of material violation or breach in the Vienna Convention on the Law of Treaties. Violation of an applicable safeguards provision under article 12 of the present Agreement can be cited by a Side only if the IAEA Board of Governors has made a determination to that effect.

After receipt by one Side of the notification concerning the termination of the present Agreement from the other Side, the Sides shall immediately begin

consultations about modalities for fulfillment of all obligations for the implementation, completion, and lifetime operation of units 3-4-5 and 6.


Notwithstanding the termination of the present Agreement the obligations stipulated in Articles 5, 10-13 of the present Agreement shall remain in force.

The present Agreement can be amended or supplemented only with the written consent of both the Sides.

Made in New Delhi on 5 December 2008 in two originals, each in the Hindi, Russian and English languages, all the texts being equally authentic. In cases of divergence in interpretation the English text shall prevail.



For the Government of the
Republic of India



For the Government of the
Russian Federation