# Defence & Security · GS - III

**Give out the major sources of terror funding in India and the efforts being made to curtail these sources. In the light of this, also discuss the aim and objective of the 'No Money for Terror (NMFT)' Conference recently held at New Delhi in November 2022.**

| EXAM YEAR | PAPER | SUBJECT |
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| MARKS | WORD LIMIT |
|---|---|
| 15 | ~250 words |

## Answer Hint

**Terrorism depends upon financial networks as much as ideological or operational networks; India therefore combines financial intelligence, anti-money-laundering measures, international cooperation and asset disruption to choke terrorist financing.**

## Model Answer

### Introduction

Terror financing involves raising, transferring, storing or using financial resources to support terrorist organisations or activities. Its sources can be both domestic and transnational, making financial disruption an important pillar of counter-terrorism.

### Body

### Major Sources of Terror Funding

**Cross-border financing:** Funds may originate from foreign-based networks and hostile actors.

**Illicit trafficking:** Narcotics, arms, human trafficking and counterfeit currency can generate revenue.

**Extortion:** Terrorist and extremist organisations may impose levies on businesses, contractors and local populations.

**Hawala networks:** Informal channels can facilitate anonymous or difficult-to-trace transfers.

**Illegal mining and other criminal activities:** Extremist organisations may generate funds through control or exploitation of local resources.

**Misuse of legitimate channels:** Front organisations, charities, shell entities and crowdfunding mechanisms can potentially be exploited.

## Measures to Curtail Terror Financing

**Financial Intelligence Unit:** Monitors suspicious financial transactions and disseminates financial intelligence.

**PMLA framework:** Enables investigation, attachment and prosecution relating to proceeds of crime and money laundering.

**NIA:** Investigates terror-financing cases under relevant anti-terror laws.

**Asset freezing:** Authorities can freeze or confiscate assets associated with terrorism and illicit finance.

**International cooperation:** India works through mechanisms such as the **Financial Action Task Force (FATF)** and international information-sharing arrangements.

**Digital and border surveillance:** Technology assists in identifying suspicious financial and logistical networks.

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## NMFT Conference, New Delhi, 2022

The **No Money for Terror Ministerial Conference** sought stronger international cooperation against terrorist financing. Its objectives included strengthening information-sharing, improving coordination among financial-intelligence and law-enforcement agencies, addressing emerging financing methods such as virtual assets and crowdfunding, and ensuring that terrorist organisations cannot exploit gaps between national financial systems.

## Conclusion

Countering terror financing requires a **follow-the-money approach**. International cooperation, financial transparency, effective investigation and rapid disruption of illicit assets are essential to making terrorism financially unsustainable.

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