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Q20

The scourge of terrorism is a grave challenge to national security. What solutions do you suggest to curb this growing menace? What are the major sources of terrorist funding?

UPSC Civil Services Mains 2017 · GS III · 15 marks · Border Security and Organised Crime

Security challenges and their management in border areas - linkages of organized crime with terrorism.

Core demand of the question

- Suggest solutions to curb terrorism as a national-security challenge
- List major sources of terrorist funding
- Cover military, police, legal, diplomatic, and financial tracks

Revision summary

Curbing terrorism needs intelligence fusion, police capacity, borders and coasts, lawful investigation, and a political track in long conflicts.

Diplomacy and FATF-type pressure target State and overseas sponsors.

Major funding sources are State support, hawala, narcotics, counterfeit currency, diverted charity, extortion, and trade or crypto laundering.

UAPA, PMLA, the Financial Intelligence Unit, and UN listings are the legal money tools.

Force without politics, or politics without follow-the-money, leaves the menace intact.

Introduction

Terrorism uses **fear and spectacular violence** against civilians (and often the State) to force a political aim. For India it is a **national-security** problem on the **Pakistan-linked jihadist** belt, in the **North-East**, in leftover **Left-wing extremism** where it shades into terror tactics, and in **lone-wolf / module** form after online radicalisation. Curbing it is not one commando raid. It is **intelligence, law, borders, money, and politics** together. Money is the oxygen the second part of the question names.

Body**Solutions to curb the menace**

- **Intelligence fusion:** Multi-Agency Centre, NATGRID-type data, and State Special Branches that talk to the Intelligence Bureau **before** the blast, not in the debrief. Human sources still beat a dashboard.
- **Police as the first counter-terror force:** city SWAT, forensic labs, and witness protection; the Army is for the border and a few theatres, not every module in a metro.
- **Borders:** fencing, floodlights, and **Integrated Check Posts** where they help; **boats and coastal radar** after 26/11; aviation and hotel security as a permanent drill, not a anniversary memo.

- **Law: Unlawful Activities (Prevention) Act** with **judicial oversight** so it does not become a lazy substitute for investigation; fast terror courts; **National Investigation Agency** for inter-State and cross-border cases.
- **Military and Central Armed Police** in Jammu and Kashmir and the North-East under a **political track**: deradicalisation, jobs, and honest politics so the gun is not the only career. Hard power without a political door recreates the next cohort.
- **Cyber**: take down propaganda, watch encrypted plots within the law, and **counter-speech** from credible local voices - not only a ban that drives users darker.
- **Diplomacy**: isolate State sponsors at the **United Nations, Financial Action Task Force**, and bilateral extradition; evidence dossiers, not only adjectives.
- **Community and prisons**: prevent radicalisation in madrasa fringes **and** in jails; work with genuine faith leaders; protect minorities from the backlash that **feeds** the next recruiter.
- **Left-wing and North-East**: mix of SAMADHAN-type police pressure, talks where groups bargain in good faith, and development that is not only a road for the paramilitary.

Major sources of terrorist funding

- **State sponsorship** and intelligence-agency slush: training, arms, and cash across a land or sea border.
- **Hawala and cash couriers**: the old informal rail that still outruns many bank alerts.
- **Narcotics**: Afghanistan-Pakistan **heroin** and other drugs; the **golden crescent** link to terror groups is a documented overlap (narcoterror).
- **Counterfeit currency**: high-quality fake Indian notes as a dual attack on the economy and a funding stream.
- **Charities and NGOs** that mix genuine alms with diversion; **misuse of zakat** and front trusts.
- **Crime**: kidnapping, extortion, bank robbery, and **taxation** of contractors in insurgent space (also typical of some North-East and Maoist finance).
- **Legal businesses and real estate** as **layering**; trade-based money laundering (over-invoicing).
- **Online**: crowdfunding, **cryptocurrency**, and payment wallets - a rising slice even if **hawala** still dominates in the subcontinent.
- **Diaspora donations** that are political on the surface and operational underneath.

Choking the money

- **Prevention of Money Laundering Act, UAPA** terror-finance clauses, **UN listings**, and **FATF** pressure on neighbours.
- **Financial Intelligence Unit** alerts, know-your-customer on **informal value transfer**, and cooperation with Gulf and Western banks.
- Demonetisation-type cash shocks are blunt; **targeted** follow-the-money on modules works better than a nationwide note ban as counter-terror.
- Freeze of **SIMI / LeT / JeM-type** fronts and of stone-pelting or riot funds when the law's evidence standard is met.

Flow diagram

Terrorism -> Modules attacks

Terrorism -> Funding

Funding -> State hawala narcotics fake notes fronts crime

Intel police borders UAPA NIA

Intel police borders UAPA NIA -> Modules attacks

FIU PMLA FATF PMLA FATF -> Funding

Political cyber community -> Terrorism

Conclusion

Terrorism is curbed by fused intelligence, a professional police, tight coasts and borders, lawful **UAPA**-and-**NIA** work, a political door in long theatres, and diplomacy that names sponsors. Funding comes from States, **hawala**, drugs, fake notes, fronts, crime, and newer crypto rails. Cut the money and the module shrinks; leave the politics untouched and the next module raises a new purse.

Facts & figures

National Investigation Agency (NIA)

National Investigation Agency: Union body for terrorism and related cases that cross State lines or involve foreign links.

Unlawful Activities (Prevention) Act (UAPA)

Unlawful Activities (Prevention) Act: India's principal anti-terror statute, including finance and organisation bans.

26/11 Mumbai 2008

Sea-borne attack that forced a lasting upgrade of coastal security and NSG hub thinking.

Hawala

Informal value transfer used for both migrant remittance and terror cash, hard to see in the formal banking trail.

FATF

Financial Action Task Force: global anti-money-laundering and terror-finance standards used as diplomatic leverage.

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