Q20

# Give out the major sources of terror funding in India and 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.

UPSC Civil Services Mains 2023 · GS III · 15 marks · Internal Security and Extremism

Linkages between development and spread of extremism.

## Core demand of the question

- List major sources of terror funding in India
- State efforts to curtail them
- Explain the aim of the No Money for Terror conference, New Delhi, November 2022, and why international cooperation is required

## Revision summary

Major sources are overseas patronage, hawala, narcotics, counterfeit notes, extortion, misuse of non-profits, and emerging crypto rails.

India uses UAPA, PMLA, NIA, FIU-IND, FCRA, narcotics and fake-currency drives, and FATF standards.

The No Money for Terror conference in New Delhi in November 2022 was the third ministerial on terror finance.

Its aim was joint investigation, freezing, and no safe haven for financiers, including new payment tech.

International cooperation is required because the money chain is rarely inside one country.

## Introduction

A terrorist module needs **cash, hawala, drugs, or a charity front** more than it needs a speech. Cutting **terror funding** is therefore a core internal-security job. Because money crosses borders in minutes, India hosted the **No Money for Terror (NMFT)** ministerial conference in **New Delhi in November 2022** to push that job onto a common table.

## Body

## Major sources

- **State and overseas patronage** and diaspora collections routed through informal channels.
- **Hawala and underground banking** that avoid the formal wire.
- **Narcotics** (including Afghanistan-Pakistan and Golden Triangle routes) as a profit and a logistics line.
- **Counterfeit currency**.

- **Extortion and taxation** by armed groups in some theatres (left-wing extremism, some north-east pockets).
- **Misuse of non-profits, trusts, and religious collections**; trade-based laundering (over- or under-invoicing).
- **Kidnap, robbery, and local crime**.
- **Newer: virtual digital assets**, prepaid instruments, and social-media solicitation.

## Efforts to curtail

- **Unlawful Activities (Prevention) Act** provisions on raising and using funds for terrorism; listing of individuals and groups.
- **Prevention of Money Laundering Act** and **Enforcement Directorate** attachment of proceeds.
- **National Investigation Agency** cases that include the finance charge, not only the blast.
- **Financial Intelligence Unit - India** suspicious-transaction reports; **Reserve Bank** and **Securities and Exchange Board of India** know-your-customer rules.
- **Fake Indian Currency Note** drives with security-press upgrades and police.
- **Narcotics Control Bureau** and border forces on drug-for-arms routes.
- **Foreign Contribution (Regulation) Act** scrutiny of associations.
- **Financial Action Task Force (FATF)** standards, mutual evaluations, and cooperation on targeted financial sanctions.
- **Domestic gaps remain:** cash intensity, hawala in trade, and slow trial of the finance charge.

## NMFT, New Delhi, November 2022

- **No Money for Terror** is a ministerial series on **countering terror finance**. India hosted the **third** conference in **New Delhi on 18-19 November 2022** (Ministry of Home Affairs).
- **Aim:** share practice on investigation, freezing, prosecution, non-profit abuse, and new payment technologies; keep **UN listings** meaningful; and refuse safe havens for financiers.
- **Why international cooperation:** a handler, an exchange house, a drug lab, and a social-media wallet rarely sit in one jurisdiction. Without FIU-to-FIU sharing, extradition, and common listing, a freeze in Delhi is a transfer in another city. NMFT is a political push for that plumbing, alongside FATF and UN processes.

## Flow diagram

Hawala drugs fakes extortion -> Terror funds

Terror funds -> UAPA PMLA NIA FIU

Terror funds -> Cross-border wallet

Cross-border wallet -> NMFT New Delhi Nov 2022 New Delhi Nov 2022

NMFT New Delhi Nov 2022 -> Freeze share prosecute

## Conclusion

Terror money in India comes from hawala, drugs, fakes, extortion, overseas patronage, and new digital rails. UAPA, PMLA, NIA, FIU-IND and FATF are the curtailment tools. The November 2022 No Money for Terror conference in New Delhi aimed to make States treat the financier as a shared target, because the wallet is already global.

## Facts & figures

### NMFT 2022

Third No Money for Terror ministerial conference, New Delhi, 18-19 November 2022, hosted by the Ministry of Home Affairs.

### UAPA finance

Unlawful Activities (Prevention) Act criminalises raising and using funds for terrorist acts and listed entities.

### PMLA and ED

Prevention of Money Laundering Act lets the Enforcement Directorate attach proceeds, including terror-linked funds.

### FIU-IND

Financial Intelligence Unit - India: receives suspicious-transaction reports and shares with domestic and foreign counterparts.

### FATF

Financial Action Task Force: global standards on money laundering and terror finance; India is a member.

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