

**GOVERNMENT OF INDIA  
HOME AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:1965  
ANSWERED ON:05.12.2006  
FINANCIAL NEXUS OF TERRORISTS  
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**Will the Minister of HOME AFFAIRS be pleased to state:**

- (a) the details of financial nexus of the terrorists cases reported during each of the last three years in the country including the source of their finance;
- (b) whether the Government has formulated any scheme to break the financial nexus of the terrorists;
- (c) if so, the details thereof; and
- (d) the steps taken by the Government to check funding of terrorists in the country?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI SRIPRAKASH JAISWAL)

(a): According to available reports, terrorist groups in India are receiving funds from abroad mainly through hawala and other informal channels. The use of banking channels to transfer funds has also come to notice. The terrorist outfits in the North East States and the naxal affected States are mainly raising funds through collection of tax/levy of cess and extortion.

(b), (c) & (d): The Unlawful Activities (Prevention) Act 1967 as amended in September, 2004 has provisions to combat financing of terrorism. The Foreign Contribution (Regulation) Act, 1976

(FCRA), also regulates and monitors receipt and use of foreign funds by the recipients. The Foreign Exchange Management Act (FEMA), has provisions to deal with case of unauthorised transfer of foreign exchange including through hawala. The Prevention of Money Laundering Act

(PMLA) and the Financial Intelligence Unit (FIU-IND) have also come into effect. The security and law enforcement and revenue agencies are sensitized from time to time to pursue an inter-agency approach to detect sources and channels of funds being received by the terrorist groups.