

- It will **identify trusted sources** of telecom equipment that can be used by India's cellular operators on their networks. It will also **release the names of the firms whose equipment cannot be used**.
  - Hence, it will make **procurement more transparent and eliminate dubious foreign suppliers**.
- The directive has provisions that to qualify as domestic players in the trusted category they should meet the criteria of the Department of Telecommunications' **Preferential Market Access (PMA) scheme**, which provides preference to domestically manufactured electronic products, in procurement of those electronic products, which have security implications for the country.
  - **Realizing Self-reliance (Atmanirbhar Bharat mission)**: Currently, India is heavily dependent on import of telecom equipment at Rs 1.30 trillion and China is the biggest exporter. Hence, this directive will help to include more domestic trusted sources, which ultimately helps in boosting India's domestic capacities and reduce reliance on foreign equipment.

Adopting a holistic approach to cyber-security, which includes threat detection, incident response plans and preventive measures, India would be better prepared to counter such cyber-threats.

**3. Explain how crypto-currencies can emerge as a new vehicle for money laundering or terrorist financing. (150 words) 10**

**Approach:**

- Brief explaining the concept of crypto-currencies, discuss their role as a new vehicle for money laundering or terrorist financing.
- Discuss various reasons for growing use of crypto currencies for money laundering and terror financing.
- Conclude accordingly.

**Answer:**

Crypto-currencies are a class of digital currency that uses cryptography as a means to protect monetary interactions and monitor the generation of crypto-currency units. Increased use of crypto-currencies has raised serious threats and concerns regarding money laundering and terror financing.

**Crypto-currencies as new vehicle for money laundering and terrorist financing:**

- FATF found that virtual currencies such as Bitcoin have developed into a powerful payment method. Crypto currencies are used to hide the origin of illicit funds. Various methods are used at different stages of money laundering like placement wherein illicit funds are brought into the system through **intermediaries such as financial institutions, exchanges, shops and casinos**.
- Using crypto exchanges, they are converted into another type of funds and crypto holdings are also moved to another country.
- Then these funds are put back in the economy through the use of **over the counter (OTC) brokers**.
- Other techniques used are **Crypto mixing, peer-to-peer Crypto networks, crypto ATMs and online gambling**.
- Similarly, terrorism-financing schemes using crypto currencies are growing in sophistication, according to researcher Chainalysis Inc. It is easier for terrorist organizations to **collect crypto currencies and is a much quicker method to raise funds than prior efforts**.
  - For example, in 2019, the military wing of Hamas collected money through a website that generated a new Bitcoin address for every donor to send funds.

**Various factors that are making crypto currencies a favorite hotspot for money laundering and terror financing:**

- Crypto currencies like Bitcoin, Litecoin, and Ethereum are backed by block chains that provide incorruptible digital ledger of economic transactions with **encrypted networks, incorruptible data, better transparency, and easy accessibility**.