

Global Financial Governance and Security Risks: IMF Programs in Terrorism-Linked Economies

Nivedita Prajapati

Assistant Professor, Institute of Management Studies, SAGE University, Indore

Abstract: *The International Monetary Fund (IMF) was established to provide global financial stability, yet its interventions in fragile economies have produced controversial outcomes. While IMF programs often provide short-term relief to nations with balance-of-payment crises, in the case of gray-listed countries—those identified by the Financial Action Task Force (FATF) for weak measures against terrorism financing—the assistance can have unintended geopolitical consequences. By sustaining the economies of states accused of supporting terrorism directly or indirectly, IMF bailouts allow such regimes to redirect domestic resources towards non-developmental priorities, including militarization and proxy warfare. For countries like India, which are directly impacted by cross-border terrorism and regional instability, this dynamic raises serious security concerns. This paper critically examines IMF's structural role, explores its interaction with gray-listed economies and argues for reforms that ensure international financial aid does not indirectly sustain terrorism or undermine regional peace.*

Keywords: IMF, Gray-Listed Economies, Terrorism Financing, FATF, Indian Security Interests

