Private Security Industry in India

The Mumbai attack of 26/11 brought the Indian private security industry or the manned guarding industry in the focus. The security guards of Hotel Taj were the first ones to encounter the terrorists and many experts commented that had the guards been trained and armed to face the situation, the story would have been less tragic.

The industry was born in the 60's with a handful of players. According to industry sources, Private Security Industry is estimated to be worth INR 22,000 crore and is likely to cross INR 40,000 crores by 2015. The industry growth could be attributed to the key drivers like growing urbanization and increasing insecurity, mushrooming of shopping malls and self contained townships, frequent terror attacks, shortage of police personnel and last but not the least security agency itself being a profitable business. A more economic justification for engaging private security is that insurance companies particularly fire insurance carriers will give substantial discount to sites as presence of security reduces odds of incidence

As early as in 2006 it was reported that the industry was paying Rs 10,000 crores to the exchequer by way of service tax, provident fund, contributions to employees insurance etc. The PSA's have become an important segment of the economy, by not only contributing to the Government but by generating employment opportunities for urban and the BPL youth.

The industry's most notable growth has been in the past 6-7 years, with a CAGR of over 25 %. The number of companies operational is approximately 15000 including both unorganized and organized. There are over 5 million private security guards available as compared to 3.2 million police officers contributing to one of the major factors in boosting the demand in the industry. Today the industry is perceived to be growing at 40%.

Challenges in the Private Security Industry

1. **Compliance concerns**

The centre drafted Private Security Agencies (Regulation) (PSAR) Act in 2005 and encouraged the states to enact & enforce it. All most all states have adopted the Act. The law provided the much needed regulatory environment but the delay in implementation has lead to a number of issues. The following issues are most like to get addressed upon the implementation of the Act.

- The provisions in the Act make it easy to start a security business and if the business is not registered, the exit is also very easy. Substandard service offering and delivery is a also a common practice

- The supply of manpower to the industry is most often from rural and interior parts of India. They are barely literate and most often not trained to assume the role of a security guard. However, considering that the demand to supply mismatch is to the tune of 30 per cent, all of them get absorbed.

- There is a specific need for identifying and classifying or grading the security personnel according to the trainings undertaken to help them be placed in the jobs they specialize and also help determine remuneration.
- Today, the scope of a guard's work has expanded vastly and includes everything from preventing industrial espionage and conducting electronic surveillance to providing personal security, conducting investigations and managing facilities. Lack of trained personnel is the bane of the industry. PSAR Act 2005 makes it mandatory for every guard to undergo at least 160 hours of training. 100 hours of classroom learning and 60 hours of on-the-job training.

2. **Sub optimal use of technology –over dependence on manpower**

   The security industry has pre-dominantly become manpower intensive. Due to lack of availability of skilled manpower, most of the agencies hire people to meet the basic demand of guarding entrances and exists. Baring the larger players, who have their own training facilities, many refrain from use of technology owing to the higher investment needs for gadgets and training.

3. **Talent retention –Fair employment practices & career progression**

   A security guard has a very small career progression path. A maximum level that he can attain with adequate training is that of a 'supervisor', with not much increase in the money that he earns. Besides, he works on an average for more than 12 hours a day. The agencies therefore have to not only provide good working conditions but also use fair employment practices to retain talent.

Empowering Private Security Industry in India

India experienced lesser number of deaths due to extremism in the last few years, but still it remains one of the most terrorism-afflicted nations in the world according to the annual State Department Country Report on Terrorism for 2011. Also considering limitation like the poor police citizen ratio and the increasing ratio of private security guards to the police personnel, the need of the hour is a security model which elegantly clarifies and public private partnership for security. There is an opportunity to empower the private security in order to shoulder greater responsibilities along with the police.

1. **Defining powers of private security personnel**: Many a times, the private guards are the first line of defense available. There is a need to pass legislation regarding private security personnel's powers that could clearly define the activities and powers that can be exercised by them in case of exigency.

2. **Right to detain**

   At present there is no clause in the Act, which empowers private security officers with right to detention. In developed economies, the private security officers can detain a suspect till local authorities take charge of the situation. There is a tremendous opportunity for Private security industry to become an extended arm of the authorities.

3. **Create pool of Specialists**
   Specific legislation allowing municipalities and authorities to draw from a range of listed tasks related, essentially, to patrol and assistance for security can prove vital for the industry. Specific legislation empowering specialist officers who are, engaged with private security remains 'on call'. The legislation if enacted is likely to boost the private security industry and its standards.

4. **Better Training**
   There is a need for the Government to recognize specialized security academies for providing advanced training to private guards, technical as well as soft skills. The facilitation would be important owing to the fact that most of the people employed in the industry are not in a position to pay for their own trainings. On the other hand the security training needs to be made mandatory owing to the increased threat perceptions and in line with technological advancements the terrorists have achieved. ***Government's initiative of setting up SKSDC should provide the necessary empowerment.***

Envisaging the future growth potential and the need to concentrate on critical issues of security FICCI formed a Private Security Industry committee recently. The Committee brings together all the stakeholders on a common platform to share their knowledge and vision for the industry. **The Committee focuses on areas that have a significant bearing on the sector, such as:**

1. **Amendments in PSAR Act 2005**
   The committee has identified the lacunas in the Act which are limiting the industry growth. The committee is working towards creating consensus in the industry with regard to the proposed amendment to the PSAR Act. A white paper has been submitted to MHA for consideration

2. **Private Security Workers' categorization as Skilled / Highly Skilled workers under Central & State Minimum Wages**
   Today, the private security sector operates across over 550 districts in the country directly employing over 50 lakh individuals. Despite discharging highly skilled functions like access control using baggage x ray machines and metal detection equipment at five star hotels or guarding industrial complexes through use of CCTV surveillance systems or managing entry / exit of thousands of workers and vehicles outside IT parks or managing complex functions at private ports and airports, the private security guard continues to be categorized as 'unskilled worker' or 'semi-skilled'.

   The committee is working towards getting the categorization of the private security industry workers as skilled and highly skilled.

3. **Armed security for cash logistics**
   The Cash Logistics Industry deals with the physical movement and storage of currency notes and other valuables on behalf of the banks. This sector employs about 40,000 individuals and caters to approximately 80,000 ATMs for cash replenishment services. There are about 6,000 cash vans that operate across the country and carry approximately INR 15,000 crores of cash every day. This Industry also holds approximately 4,000 crores of cash overnight in

their vaults on behalf of the banks. Currently there are seven companies which account for 95% share of the market in this Industry.

It is important that the Ministry of Home Affairs articulates a clear policy to for deployment of armed guards for such high risk activities.

4. **Minimum standards for cash logistics/ Guidelines for Cash Logistics Companies in India**
   It is pertinent to mention that 6000 – 7000 cash vans operate across the country each day to transport INR 15,000 crores of currency, stores over INR 4,000 crores in private cash vaults, replenishing ATMs and facilitating door step banking. The need for such services shall only increase with expected expansion in banking operations in the country. In view of the increased incidents of attacks on cash vans and private cash vaults in recent months, there is a need for defined operating standards for cash logistics companies or for banks that outsource cash logistics operations to private service providers.

   Given the risks involved it is extremely important to establish benchmark standards and operating guidelines for cash logistics companies. The issue is being discussed with RBI, FICCI has sought RBI lead committee to come up with a viable guidelines.

5. **Private Detective Agency Regulation Act**
   The committee will take initiative to appear before the Standing committee on Home Affairs and present its recommendations for their perusal and action.

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