Indian private security industry

Preparing for the next leap



A report on the key functional and policy challenges to the growth of the private security industry in India

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Foreword



Dr. Sanjaya Baru
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The rapid growth of the private security industry is both a reflection of the inability of government security agencies to provide adequate security to private property and of the growing sophistication of the requirements of the private sector.

In the context of current policy and regulatory developments in the country, the private security industry will continue to play an important role. More investments coming into manufacturing and other related industries will not only trigger the demand for private security personnel but also compel the industry to adopt processes and practices in sync with international standards.

The contribution of this sector to employment generation in India is unique. Private security industry provides employment to a large number of rural youth, which otherwise would have remained outside the fold of formal employment. The industry presently provides employment to over 8 million people and has the potential to become the second largest employment generator in the country.

This report addresses various policy challenges that are hampering the growth of this industry, and the ways to mitigate them. I would like to acknowledge the efforts of industry members, who have provided valuable inputs and deep insights for the report. I hope that the information presented in this report will serve as a valuable reference to all stakeholders.

Preface



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The business world is becoming increasingly fast-paced and highly competitive. While the core business operations team is busy responding to evolving customer preferences, strategic moves of the competition and technology -driven disruptions, someone needs to diligently ensure the safety and security of the company's people, premises and assets. Professional prevention and management of security breaches, accidents and incidents are critical to any company's operational health. The rapid evolution of the private security industry globally and in India is testimony to this.

The private security industry has witnessed higher than 20 per cent growth in the recent past and is expected to continue to do so owing to rapid infrastructural and economic development. The private security industry is amongst the largest employers in India, employing more than 8 million.[1] While its people have thus far been at the forefront of delivery in this service industry, technology and electronics are increasingly playing a strong complementary role. Hi-tech surveillance systems, remote sensors and biometric technologies may usher in a paradigm shift in the go-to-market strategy of private security players.

The private security industry had traditionally been dominated by unorganised players, and characterised by low-cost operations, missing corporate governance, low wages and no statutory compliances or lack of employee welfare. Despite the advent of many global, professionally managed and progressive companies in this industry, unorganised players continue to retain a large market share by holding on to price-sensitive customer segments. Bringing such players into the ambit of regulation is the need of the hour. Tight enforcement of various labour welfare statutes such as minimum wages in accordance with the deployed skills, Provident Fund (PF) deductions, and mandatory enrolment in Employees' State Insurance (ESI) and insurance plans is essential to ensure social welfare of the large manpower employed by the industry.

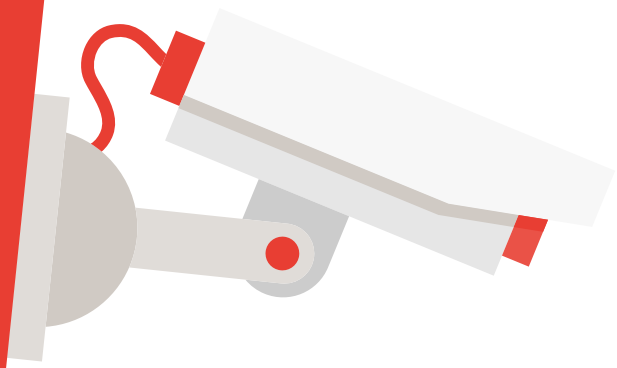
The Private Security Agencies (Regulation) Act (PSARA), notified by the Government of India in 2005, provides the policy and regulatory framework for this industry. This has been used by each state to set up rules. Enforcement of these remains a challenge. Examples of policy frameworks and regulatory practices the world over can facilitate learning and may enable the implementation of the best practices best suited for the Indian market. Enforcement of skill-related reforms can ensure nation-wide standardisation in training on functional skills and core life skills and mandatory assessment and accreditation of individuals employed in the private security sector. It is high time now to evolve the inconspicuous guard to an intelligent, groomed and smart security guard who takes pride in providing this essential service and is duly in turn respected for his reliable services.

Through this report, PwC and FICCI present an in-depth analysis of the Indian private security industry, covering its major service segments, key players, existing policy frameworks, a comparison with global policies and amendments needed to the existing reforms, as echoed by the industry.

I am hopeful that the reader of this report will be able to comprehend the current canvas of private security in India and gain an insight into industry outlook for the near future.

1. FICCI. (2015). Private security services in India. Retrieved from http://ficci.in/spdocument/20673/FICCI-GT-Report.pdf (last accessed on 3 November 2017)

Executive summary



The security industry is a large and expanding area of the economy with an estimated global market worth of 173 billion USD. The private security industry in India, valued at 570 billion INR,[2] is also promising. The Indian industry is still nascent and is likely to see exponential growth both in terms of manpower employed and market share due to rapid infrastructural and economic development, leading to an increased need for prevention, detection and protection of assets and citizens against criminal acts such as fraud, terrorism, theft, drug-related offences and violent crimes. Yet another factor adding to the demand is the increase in individuals joining the billionaire league and seeking private protection at all times.

The private security industry is one of the largest employers in India and is continuously growing. The private security industry is amongst the largest employers in India, employing almost 8.5 million people and has the potential to employ 3 million more people by 2020.[3] Manned guarding continues to be the service line with maximum employment and is also the highest revenue generator for the private security industry, contributing to 80 per cent of the revenue, followed by cash services. With a high level of advancements in technology, services like electronic security services, integrated facility management and security architecture and engineering will see greater prominence in the time to come. This not only has the potential to improve the quality of services offered by security companies but may also prove to be a boon for the large workforce who will have the opportunity to up-skill themselves and progress to engaging employment conditions. With the passage of time, security companies have evolved from servicing only homes and businesses and are now focusing on servicing the government.

However, the industry operates amidst some real challenges: As per industry sources, 60 per cent of the security service providers still operate as unorganised, thereby keeping the sector pricing oriented and amenable to unfriendly employment practices and making it difficult to monitor quality and compliance. The sector continues to be perceived by the workforce as non-aspirational, as people are unaware of career prospects and the benefits that can be achieved. Technology integration is yet another challenge as it is widening the gap between the well-established players and smaller players in the industry. Most clients are now looking for technology-enabled security solutions which some of the bigger players in the industry already have; however, because of high capital and highly skilled manpower requirements, it is getting harder for smaller companies to keep up with the pace. Lack of quality manpower, high attrition rates and compliance requirements also continue to pose major challenges to the growth of the manned guarding security services market.

Government policies are changing the game quickly with important decisions being taken to overcome challenges such as revision in foreign direct investment (FDI) rates, recategorisation of security workers and modification in the minimum wages. However, the industry stakeholders are still of the view that more changes at the policy level and improved enforcement could help private security grow further and make the sector more viable for investments. Some key suggestions are creating a grading framework for private security players in the market and having a single window licence process.

2. FICCI. (2015). Private security services in India. Retrieved from http://ficci.in/spdocument/20673/FICCI-GT-Report.pdf (last accessed on 3 November 2017)

3. Ibid.



1. Industry overview

The 570 billion[4] INR private security industry in India is likely to witness rapid expansion, with the market share going up to 990 billion INR by 2020. Government policies like making guards in schools and ATMs mandatory and mandatory installation of CCTV cameras at various locations have also accelerated the demand for private security guards in the country. Considering the growing demand for security services, security firms in India are seeking capital to expand their business. Some international players are also foraying into India to tap the potential of the industry.

Growth drivers

- Growth in security solutions and electronic security devices
- Rapid infrastructure development
- Increase in crime rate
- Low police to citizen ratio
- Policy reform

Demographic characteristics

India's competitive advantage has been its competitive wage structure and availability of manpower. A large number of youth within the age group of 15–19 fall below the poverty line as they drops out of formal education and have limited avenues for employment.[6] Key regions from where manpower is sourced include Bihar, Uttar Pradesh, Jharkhand, Madhya Pradesh, Rajasthan and Assam. Most of these resources come to urban cities in search of better employment opportunities. The youth from urban cities, though, associate the security industry with low aspirational value owing to lack of social security schemes, long working hours and poor working conditions. However, the private security industry continues to be one of the largest employers in India. Over 90per cent of this workforce consists of security guards who are at the base of the pyramid, with little to no relevant experience or expertise. Most individuals come in search of employment to urban centres and resort to working as security guards as the last option.

Recent policy initiatives

FDI rates: FDI in private security agencies (PSAs) has been revised through the automatic route up to 49 per cent and through the Government approval route to 74 per cent.[7]

Recategorisation: In January 2017, vide a Gazette Notification, workers in private security have been recategorised under the Minimum Wages Act, along with a modification in the minimum rate of daily pay. Security guards without arms have been recategorised as 'skilled', and security guards with arms and security supervisors have been categorised as 'highly skilled'.

Wage rate revision: The Central Government has also revised the minimum wage payable to employees of the 'watch and ward' sector to 637 INR[8] per day effective April 2017. Stakeholders are of the opinion that more changes need to be brought in to make the sector more streamlined and profitable.

4. FICCI. (2015). Private security services in India. Retrieved from http://ficci.in/spdocument/20673/FICCI-GT-Report.pdf along with PwC analysis.

5. Raj, S. (22 September 2017). India has the world's largest number of private security workers, industry to double by 2020. Money Control. Retrieved from http://www.moneycontrol.com/news/business/data-story-india-has-the-worlds-largest-number-of-private-security-workers-industry-to-double-by-2020-2390933.cms (last accessed on 3 November 2017)

6. NSDC report on private security services. Retrieved from http://www.nsda.gov.in/skill%20gap%20report/sector%20skill%20gap%20report/Private_Security_Services.pdf

7. DIPP. (June 2016). Review of Foreign Direct Investment (FDI) policy on various sectors. Retrieved from http://dipp.nic.in/sites/default/files/pn5_2016.pdf (last accessed on 3 November 2017)

8. Source: http://www.capsi.in/notifications/central wages wef april 2017.pdf



2. Industry structure

The private security industry, both globally and in India, has moved from its conventional services and diversified into newer fields. Although manned guarding has the highest employment rate and revenue share, rapid automation and technological advancements will see services like electronic security and remote surveillance and security engineering and design gain momentum and chart a new line of mainstream services in the near future. The new-age security market has evolved from analogue to digital systems, with proliferation of features like intrusion detection, access control, surveillance and alarms, resulting in steady growth of the Indian electronic security equipment industry.

Moreover, security agencies have diversified into providing services like event security management, software and data security, security consulting, and security training. India has opened its doors to large global festivals and sporting events with high footfall such as the FIFA U-17 World Cup, Indian Premier League (IPL), Global Citizen Festival and highly popular music concerts. Many more such events are likely to start in the near future. The growth of such events has seen an increased need for event security management in India.

Software and data security is also a sought after service, with NASSCOM envisaging that the Indian IT industry will grow to approximately 350–400

Mainstream services

Manned guarding

- Guarding premises against unauthorised access or occupation
- Guarding property against destruction or damage, against being stolen
- Guarding one or more individuals against assault or against injuries

Cash handling

- Cash replenishment as well as deposit and cheque clearances
- Cash pick-up and store management
- Processing, bulk transits and vaulting

Integrated facility management

- Soft facility solutions
- Engineering solutions
- Chauffeur solutions
- Corporate solutions
- Telecom and utilities solutions
- Logistics solutions

Electronic security services

- Designing, procurement, installation,
- Testing, commissioning and maintenance of electronic security systems

Security architecture and engineering

- System hardening
- Enterprise firewall management
- Network intrusion detection systems and intrusion protection systems (IDS/IPS) management
- Public-key infrastructure (PKI) management and administration
- Application security

USD billion[9] by 2025. The global cyber security market is expected to reach approximately 190 billion USD by 2025 from 85 billion USD[10] in 2016, the main driver behind this growth being increased digitisation and increased smartphone penetration. The government's initiative to make India a digital economy and the growing number of online financial transactions have accentuated the need for better cyber security.

With demand in the private security space increasing and with the increased need for quality and skilled resources, a tertiary sector quietly growing is that of training agencies not only providing training for in-house employment but also servicing the industry at large.

Allied services



Event security management

- Security and emergency management planning
- Command and control: the establishment and operation of an Event Control Centre (ECC)
- Provision of qualified and experience crowd controllers
- Management of licensed areas
- VIP and close personal protection services
- Emergency and crisis management and
- Traffic management

Software and data security

- Infrastructure and endpoint security
- Security testing and incident response
- Identity and access management
- Data and application security
- Security intelligence and optimisation
- Security strategy, risk and compliance

Security guard training

- New training
- Reskilling/upskilling
- Certification
- Placement

Security consulting

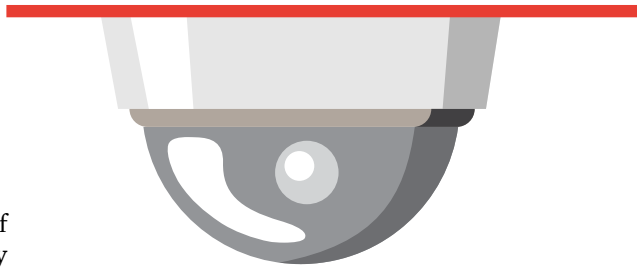
- Threat and vulnerability assessment
- Security audits
- Security master plans
- Security policy and procedure development
- Securing intellectual property

9. DSCI and NASSCOM. (2016). Growing cyber security industry: Roadmap for India. Retrieved from https://dsci.in/sites/default/files/DSCI-Growing-Cyber-Security-Industry-Roadmap-for-India-Exec-Summary.pdf (last accessed on 3 November 2017)

10. Ibid.

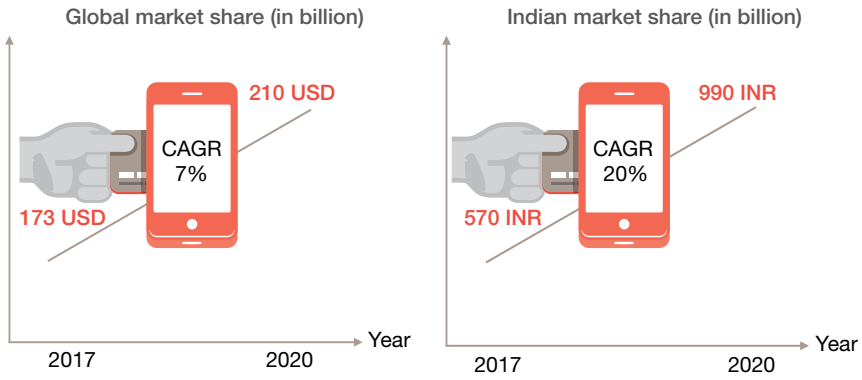


3. Industry size and growth



Demand for security services across the country has grown enormously over the past 10–15 years. Going forward, by 2020, it is expected to become a 990[11] billion INR industry. While the global private security services industry is expected to grow at a compound annual growth rate (CAGR) of 7 per cent, the Indian private security services industry is expected to grow much faster at 20 per cent. What's more, massive expansion in the sector is expected to create millions of jobs for the masses over the next few years. The report further states that the private security industry in the country will generate around 3 million additional jobs by 2020.[12] Currently, around 8.5 million people are employed in this sector.

Apart from revenue growth, the private security sector is also evolving in its employment practices. Some of the leading industry players are charting new standards in the industry with their keen focus on training and skill development of their people, establishing employee welfare funds, ensuring timely payment of salaries, and defining career progression paths for high-performing employees. A few companies that value the quality of manpower are also paying security men higher than the defined minimum wages to incentivise employee retention. Certain companies with an international presence are also introducing global best practices in their Indian operations, such as on-demand continuous learning/ refresher training for their employees imparted through mobile solutions, job rotations and enhancing job definition to make the job more engaging for the individual. This sector can become the choice of the youth provided such practices are adopted as the norm rather than the exception.

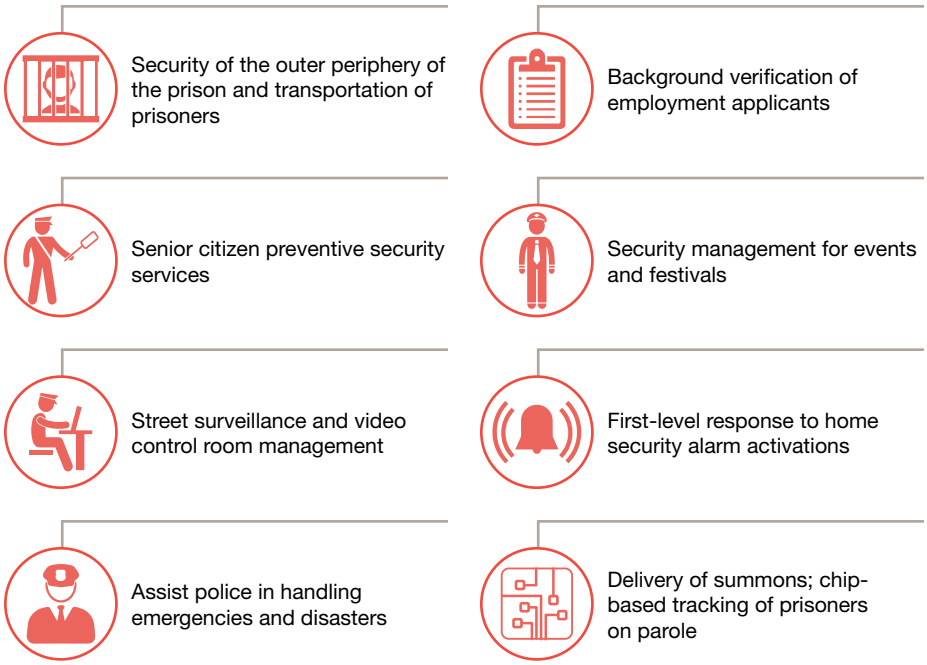


11. FICCI. (2015). Private security services in India. Retrieved from http://ficci.in/spdocument/20673/FICCI-GT-Report.pdf and PwC analysis

12. Ibid.

The private security industry in India employs 8.5 million people as compared to police services, where a meagre 2.2 million[13] people are employed. As per the statistics published by Bureau of Police Research and Development,[14] India in 2015 had an actual police personnel to population ratio of 1:712 as against the sanctioned strength of 1 police officer for 547 people. A large workforce in the private security space can be utilised to make up for the low police to citizen ratio, with careful policy interventions to identify non-core areas of police and security functions that could be outsourced to such agencies—for example, senior citizen monitoring, outer periphery guarding of prisons and other government establishments, event security and police verification. This needs to be coupled with rigorous training and security compliances which these agencies may be asked to fulfil to get eligible for such business.

Allied police services which are globally often outsourced to private security



Comparison of private security to police[15]		
Country	Private security	Police officers
India	76%	24%
China	65%	35%
Brazil	71%	29%
United States	58%	42%
Russia	57%	43%
South Africa	72%	28%
Japan	65%	35%
Germany	50%	50%
United Kingdom	61%	39%
Australia	68%	32%
Canada	58%	42%

Source: Derived from Forbes estimate of number of private security workers and police officers in 2017

13. Data on Police Organisations in India (2015) released by Bureau of Police Research and Development

14. Ibid

15. McCarthy, N. (2017). Private Security Outnumbers The Police In Most Countries Worldwide. Retrieved from: https://www.forbes.com/sites/niallmccarthy/2017/08/31/private-security-outnumbers-the-police-in-most-countries-worldwide-infographic/#2b37f81d210f



4. Investment in the sector

In June 2016, the government notified changes in the FDI policy with a view to making India more investor friendly and an attractive FDI destination. With these changes,[16] international companies can have majority ownership in private security firms. Earlier, FDI in the security industry was capped at 49 per cent. Even though the government has allowed 74 per cent FDI in PSAs, only 49 per cent is allowed under the automatic route, meaning no government approval is required. For foreign investment beyond 49 per cent and up to 74 per cent, government consent is a must. The change could make the sector more attractive to global security players, thus bringing in increased benchmarks of service quality, efficiency and process orientation.

Recent developments in India

In August 2017, the leading security service provider Security and Intelligence Services (India) Ltd (SIS) was listed on the Bombay Stock Exchange and National Stock Exchanges after raising close to 7800 million INR from an initial public offering (IPO). Another development is the imminent entry of yoga guru Baba Ramdev's Patanjali Group into the private security business. With the tagline 'parakram suraksha, aapki raksha', the security wing of Patanjali will be known as Ramdev's Parakram Suraksha Private Limited. It plans to recruit retired army personnel, paramilitary troopers and police personnel to 'differently and professionally train' them as private security guards.

Recent global developments

There has been some major consolidation on the security and technology fronts globally. Honeywell announced that they will be acquiring the smoke detection and security company Xtralis for 480 million USD. Honeywell saw Xtralis' systems, a leader in smoke detection products, as complementing their growing security and fire business. Earlier, Honeywell also acquired RSI Video Technologies, provider of the video intrusion detection system, for $123 million. In 2016, a 1.3-billion USD deal was struck between Avast Software and AVG Technologies – two security vendors with a big play in security software such as anti-virus for PC and mobile devices. Avast said the acquisition will allow it to 'gain scale, technological depth and geographical breadth' which is essential to harness emerging growth opportunities in Internet security.[17]



16. Zachariah, R. (21 June 2016). Easier for private security companies to raise funds. Times of India. Retrieved from https://timesofindia.indiatimes.com/business/india-business/Easier-for-private-security-companies-to-raise-funds/articleshow/52842786.cms (last accessed on 3 November 2017)

17. CRN slideshow. Retrieved from http://www.crn.com/slide-shows/security/300081286/the-5-biggest-security-acquisitions-of-2016-so-far.htm/pgno/0/1



5. Impact of recategorisation of security workers

The Ministry of Labour & Employment, vide its Gazette notification dated 19 January 2017, recategorised security industry workers under the Central Minimum Wages Act and modified the minimum rate of daily pay. This notification is a good move to make the industry more aspirational and attractive for the youth. Higher wages will attract better talent and enhance the quality of services provided by the sector.

Recategorisation

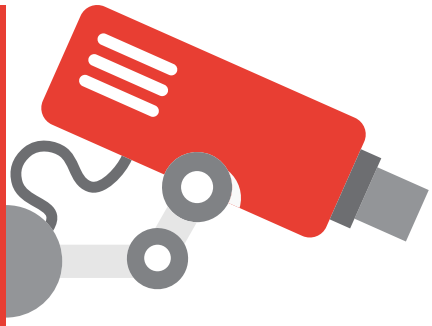
1. Security guards without arms have been categorised as 'skilled workers' as against semi-skilled workers as per the 2008 notification.
2. Security guards with arms and security supervisors have been categorised as 'highly skilled workers'.

Wage rate

1. The wage rate revision was a consequence of the recategorisation of security workers. The Central Government has revised the minimum wages payable to employees of the 'watch and ward' sector to 637 INR[18] per day. The previous wage rate as per Notification No.S.O.2232 (E) and 2233 dated 18 September 2008 of the Ministry of Labour & Employment was 247 INR per day without arms and 273 INR per day with arms.[19]

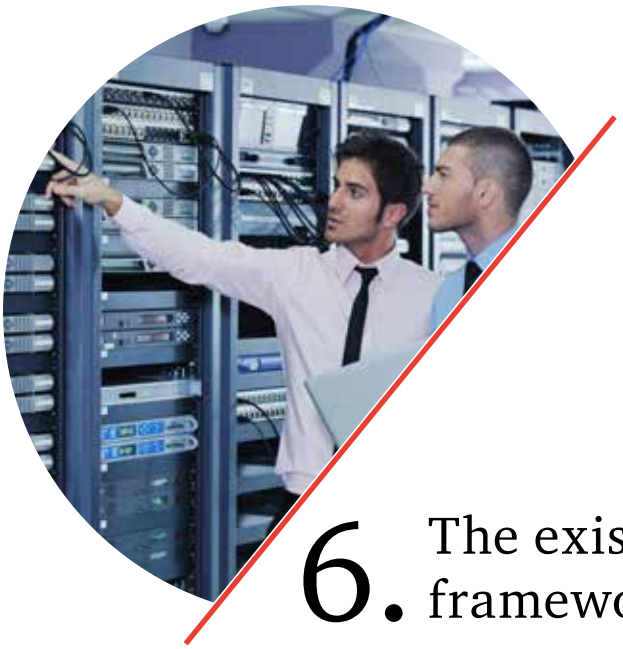
Impact of recategorisation and wage rate change

1. Higher wages will attract better talent.
2. Enhance the quality of services provided by the sector.
3. Reduce attrition.



18. Source: http://www.capsi.in/notifications/central wages wef april 2017.pdf

19. Source: http://www.ilo.org/dyn/travail/docs/629/Revision%20of%20Variable%20Dearness%20Allowance%20and%20thus%20increase%20in%20Minimum%20Wages%20in%20Mines%20and%20Government%20establishments.pdf



6. The existing policy framework

The security sector has a direct impact on the safety of citizens and valuable assets. It is therefore important that robust regulatory mechanisms are in place to ensure the balanced growth of this industry, safeguard citizens' welfare, and provide a fair and competitive operating environment to the industry. The private security industry in India is governed by the Private Security Agencies (Regulation) Act (PSARA), 2005. The act provides for the regulation of PSAs and matters connected or incidental to the same. PSARA was enacted by the Parliament and extends to the whole of India, except the state of Jammu and Kashmir.

As per PSARA, 2005:[20]

'Private security' means security provided by a person, other than a public servant, to protect or guard any person or property or both and includes provision of armoured car service.

'Private security agency' means a person or body of persons other than a government agency, department or organisation engaged in the business of providing private security services, including training to private security guards or their supervisor or providing private security guards to any industrial or business undertaking or a company or any other person or property.

'Private security guard' means a person providing private security with or without arms to another person or property or both and includes a supervisor.

The act lays down regulations in terms of the following:

- Powers of the controlling authority
- Licensing of PSAs
- Eligibility for obtaining licence
- Application for obtaining licence
- Renewal of licence
- Training requirements for private security guards and supervisors
- Eligibility criteria for a person to become a private security guard

The act has been adopted and enacted by various states. Therefore, the state rules act as the regulating force for the agencies operating within a state. PSARA entitles states to use the common guidelines endorsed by the Ministry of Home Affairs (MHA) to frame state-specific rules with regard to the conditions for obtaining a licence, training requirements, requirements for applying for a licence, information to be maintained by agencies, renewal of a licence, conditions for cancellation and suspension of a licence, conditions for submission of appeals by agencies, etc.

The existing regulatory framework largely caters to the manned guarding portion of the industry but fails to provide concrete guidelines on cash services and electronic security services. Similarly, the guidelines do not cater to the procurement and maintenance of arms and ammunition required by private security guards. Apart from the **Private Security Agencies Regulation Act, 2005,** guidelines on licensing, training and other aspects mentioned above, the private security industry in India is also significantly impacted by the following acts:

- The Payment of Wages Act, 1936
- The Industrial Disputes Act, 1947
- The Minimum Wages Act, 1948
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- The Payment of Bonus Act, 1965
- The Contract Labour (Regulation and Abolition) Act, 1970
- The Payment of Gratuity Act, 1972
- The Equal Remuneration Act, 1976

20. Ministry of Law & Justice: Retrieved from http://lawmin.nic.in/ld/P-ACT/2005/The%20Private%20Security%20Agencies%20(Regulation)%20Act,%202005.pdf (last accessed on 6 November 2017)

- The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

As states have the discretion to frame their specific rules based on the broader guidelines defined by the Central Model Rules act, 2006, a number of different procedures and compliances exist for companies operating in various states, resulting in greater procedural overheads. This is acting as a barrier to expansion for some regional PSAs. Each state has separate requirements for police verification, different timelines for processing the requests, etc.

During the course of our research for this study, many industry experts voiced an urgent need for a single window for the acquisition and renewal of licences. This will help in improving ease of doing business in this sector.





7. Comparison with global policies

Countries all over the world have designed regulatory frameworks governing the private security industry that are best suited for their business. It will be a good reference to see how some of these countries fare in comparison to India.

Case study 1: United Kingdom (UK)

1. **Regulating authority:** The private security industry in the UK is regulated by the Security Industry Authority (SIA). It is a statutory organisation and reports to the home secretary under the terms of the Private Security Industry Act, 2001. The SIA carries out the following functions:[21]
   - to license individuals in specific sectors and to approve security companies,
   - to keep under review the private security industry and the operations of the legislative framework,
   - to monitor the activities and effectiveness of those working in the industry,
   - to conduct inspections,
   - to set and approve standards of conduct, training and supervision within the industry, and
   - to make recommendations to improve standards.

In addition to the above, the SIA is also authorised to perform the following:

- The SIA can undertake activities it considers necessary or helpful in discharging its functions.
- It can also make proposals to the secretary of state to modify any provisions contained in the Private Security Industry Act, 2001, and to undertake, arrange or support research relating to the provision of security services.

The SIA has to comply with directions from the secretary of state and provide any information that the secretary of state requests for. The secretary of state, in turn, has to consult the SIA before giving any directions.

In India, the private security industry is regulated by PSARA, 2005. This act has been formulated by the Central Government and has to be adopted by states. The states have formulated their own rules based on the framework of the act and also have a state-level controlling authority overseeing compliance of the act in their respective states.

There are two major differences here:

- The first is the standardisation of regulations. In the UK, there is one act regulating the industry, whereas in India, the central act is customised by states, which effectively results in state-specific rules for pan India compliance.
- Secondly, a single authority is established to ensure compliance in the UK, which is not the case in India. The single authority is governed by the Private Security Industry Act, 2001, and has a dedicated role—that is, to ensure compliance.

2. **Licensing requirements**

   The SIA has a set of activities which require licences to be performed. These activities include:
   - Manned guarding, which includes:
     - Cash and valuables in transit
     - Close protection
     - Door supervision
     - Public space surveillance
     - Security guarding
   - Immobilisation, restriction and removal of vehicles, which includes wheel clamping
   - Key holding

Further, there are two types of SIA licences:

Front-line licence: Required in case of undertaking licensable activities, as mentioned above. This licence is essentially for field staff.

Non-front-line licence: Required for those who manage, supervise and/or employ individuals who carry out licensable activities. This essentially covers directors and partners of private security firms.

21. Source: https://www.sia.homeoffice.gov.uk/Pages/about-establishing.aspx

However, as per the private security act, a licence is not required by guards employed in-house unless their activities are in relation to licensed premises.

As per the Private Security Agencies Regulation Act, 2005, only the private security agency is required to obtain a license as per the terms and conditions of the act and not the individuals managing or controlling the agency. The process comprises of antecedent verification for all directors.

Under both the acts, a licence can be obtained only after the payment of prescribed fees and is valid only for a certain period of time.

3. **Training of staff**
   Individuals applying for a front-line SIA licence must hold SIA-endorsed qualifications to be eligible for the licence. This ensures that the individual becomes capable to perform his/her duties in a manner that will not cause harm to himself/herself or to the public. The SIA does not run training courses or award qualifications, and does not assess or accredit training providers itself. It only specifies the skills the licence holder needs to possess. The SIA has endorsed certain awarding bodies to approve training providers, oversee standards and award qualifications.

4. As per Private Security Agencies Regulation Act, 2005, an individual has to undergo required training to obtain a licence. However, standard guidelines on training are not defined by the act. In India, training curricula and skills assessment frameworks are defined by the Security Sector Skills Development Council (SSSDC), which is an industry body established under the aegis of the National Skill Development Corporation (NSDC). The states can also specify the training requirements and draft rules needed to obtain a licence.

5. **Maintaining a register**
   Under the Private Security Industry Act, 2001, in the UK, the SIA is required to maintain a register of individual licences, and the register should be available for public inspection. A public register of approved contractors should also maintained, which should be made available to the public.

   Under Private Security Agencies Regulation Act, 2005, a register containing the following details has to be maintained which can be requested by the controlling authority as and when required. However, currently, this register is not publicly available.

   - Names and addresses of the people managing the PSA
   - Names, addresses, photographs and salaries of private security guards and supervisors under control
   - Names and addresses of the agency's clientele
   - Any other details, as required by the controlling authority

6. **Approved contractor scheme:** The SIA runs approved contractor schemes within which private security agencies who have achieved the approved status by meeting certain criteria can advertise themselves as SIA approved. This visible marker for quality and compliance makes customers aware of availing higher quality standards and, more importantly, incentivises other players to get licensed to remain business relevant. Private Security Agencies Regulation Act, 2005, does not run any such scheme.

7. **Power of inspection:** SIA-authorised individuals may inspect the premises owned or occupied by a regulated person and may also ask for documents for the purpose of inspections. The guidelines for inspection activity are well drafted by the SIA.

   As per Private Security Agencies Regulation Act, 2005, the controlling authority or any officer authorised by the controlling authority may enter the premises of the PSA for inspection of the place of business, records, accounts and other documents connected with the licence.
   However, a set of comprehensive guidelines is not designed by the Private Security Agencies Regulation Act, 2005, as done by the SIA.

Case study 2: South Africa

1. **Regulating authority:** The private security industry in South Africa is regulated by the Private Security Industry Regulatory Authority (PSIRA). This authority commenced operations in 2002 and was established under the terms of the Private Security Industry Regulation Act, 2001. Private security companies in South Africa are required to be registered by law with the PSIRA. The primary objective of the PSIRA is to regulate the industry and exercise effective controls over the practices of security service providers in the public and national interest and in the interest of the private security industry itself. The authority also defines minimum standards in terms of industry operations, training of security service providers, fair and transparent registration processes, and protection and enforcement of the rights of security officers and other employees of the industry.

   The authority is governed and controlled by a council developed as per the provisions of the Private Security Industry Regulation Act, 2001. This council comprises a chairperson, vice-chairperson and three additional councillors. The council is appointed by the minister of safety and security, in consultation with the cabinet. The act also lays down regulations in terms of the appointment and operations of the council. Some of them are as follows:

- Eligibility of a person to be appointed as a councillor
- Terms and conditions of office, vacation of office and payment of remuneration and allowances
- Functions of the council and chairperson as per the objectives of the act
- Accountability of the council

A key point to note here is that the minister of safety and security plays an important role in the functioning of the council and the authority. Also, the regulations related to the authority and council are very well drafted in the act. The development of such bodies enables focussed control over industry operations and also ensures that a set of standard regulations are adhered to across the nation.

2. Licensing requirements

As per the Private Security Industry Regulation Act, 2001:

For a security business to be registered as a security service provider, all people performing executive or management functions for the business have to be registered as security service providers. This effectively means that every director/member/partner/trustee for a company/close corporation/ partnership or trust has to be registered as a security service provider.

Along with the application for registration in the prescribed format, a clear and complete set of fingerprints of each director/ member/partner/trustee/ administrator, as the case may be, has to be submitted. The act also empowers the authority to conduct inspections prior to the registration process.

Applicants need not pay any fees for getting registered as a security service provider.

The act lays down terms and conditions based on which the registration of a security service provider is subject to suspension/ withdrawal or lapses. The authority can also apply to the court of order against a security service provider if they do not comply with the terms of the act.

As per Private Security Agencies Regulation Act, 2005, only the PSA is required to obtain a licence and not the individuals managing or controlling the agency. The process comprises of antecedent verification for all directors. Also, in India, licensing is subject to the payment of certain fees.

3. Code of conduct

The minister in consultation with the council prepares a code of conduct that is to be complied with by all security service providers under the ambit of the act. This code of conduct is legally binding on all security service providers.

The code of conduct provides a behavioural framework prepared in the best interests of all the stakeholders. It ensures the payment of minimum wages and compliance with standards aimed at preventing exploitation or abuse of employees in the private security industry, including employees used to protect or safeguard merely the employer's own property or other interests, or persons or property on the premises of or under the control of the employer.

The Private Security Agencies Regulation Act, 2005, does not lay down any guidelines related to the code of conduct for concerned stakeholders.

4. Appeal committee

As per the act, an appeal committee is set up by the Minister for Safety and Security who is independent and has no personal interest in the private security industry.

In comparison, the Private Security Agencies Regulation Act, 2005, allows for applicants to submit an appeal to the principal secretary of the state government in cases related to the issue/renewal/suspension/ cancellation of licences. However, there is no mention of a prescribed procedure to address such appeals.

5. Training of staff

One of the key objectives of the authority is to promote high standards in the training of security service providers and prospective security service providers. Service providers who offer training are required, by law, to be registered and accredited with the PSIRA before they offer their services.

The key functions of the PSIRA regarding training are as follows:

- Determining minimum statutory training standards for the industry
- Accreditation training centres and instructors that present PSIRA statutory courses, assets in transit, reaction services, event security and dog handlers
- Evaluation and processing course reports
- Liaising with the South African Qualifications Authority (SAQA), Quality Council for Trades and Occupations (QCTO) and Safety and Security Sector Education and Training Authority (SASSETA) in respect of the development of NQF qualifications and programmes for all categories or classes of security service providers
- Recognition of prior learning

As per the Private Security Agencies Regulation Act, 2005, an individual has to undergo required training to obtain a licence. However, standard guidelines on training are not defined by the act. Most states define the training syllabus along with minimum hours of training to be undergone by security personnel.

This effectively means that the skill level and efficiencies of guards may not be at par across states.

Also, formal recognition of informal or prior on-job learning is not yet prevalent in the security services sector in India, resulting in such individuals seeking employment with unorganised players in the security sector.

6. Maintaining a register

The authority has to maintain a register in which it must maintain the name and prescribed particulars of every security service provider registered, as per the terms of the act.

Under the Private Security Agencies Regulation Act, 2005, a register containing the following details has to be maintained, which can be requested by the controlling authority as and when required. However, this register is not publicly available.

- Names and addresses of the people managing the PSA
- Names, addresses, photographs and salaries of private security guards and supervisors under control
- Names and addresses of the agency clientele
- Any other detail, as required by the controlling authority

7. Power of inspection

As per the act, the council appoints inspectors as staff members of the authority. An inspector may carry out inspection of a security service provider/any person who employs a security officer/any person who may be believed to be a security service provider or employs a security officer. Post inspection, the inspector publishes a report and submits a copy of it to the security service provider and the original to the director of the authority. The council prescribes a code of conduct for inspectors which is legally binding on them. The guidelines to carry out inspections are also well drafted by the act.

As per Private Security Agencies Regulation Act, 2005, the controlling authority or any officer authorised by the controlling authority may enter the premises of the PSA for inspection of the place of business, records, accounts and other documents connected with the licence. There is not much information in the act regarding the appointment of inspectors and the code of conduct to be followed by inspectors or the inspecting authority. Further, the act does not mention anything about the submission of an inspection report.

Case study 3: US

The US is the world's largest consumer of private military and security services and has a long history of contracting with the private sector. Due to the widespread use of private military and security contractors within the US Government, regulation and oversight is diffused, split amongst congress, federal agencies and specially-created oversight commissions. Private military and security contractors are subject to a complex set of laws and regulations and their activities are reviewed and reported on by more than 20 federal oversight bodies and committees.[22]

Private military and security companies (PMSCs) in the US are generally licensed (as businesses), registered and regulated (in their domestic operations), primarily under state and/or local laws rather than federal laws. This regulatory framework is supported by criminal and civil laws.[23]

The private security industry in the US is regulated through several federal statutes, regulations and federal agency requirements instead of a comprehensive federal-level legal regime.

1. Jurisdictional statutes

- Torture Victims Protection Act, 1992
- Military Extraterritorial Jurisdiction Act, 2000
- Additional jurisdictions in certain trafficking offenses, 2008
- War Crimes Act, 1996
- Alien Tort Statute, 1789
- Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001
- Foreign Corrupt Practices Act, 1977
- Federal Tort Claims Act, 1948
- Uniform Code of Military Justice, 1951
- Federal Torture Statute, 1994

2. Procurement regulations

- Federal Acquisitions Regulations, 1984
- Federal Activities Inventory Reform Act, 1998
- OMB Circular A-76, 'Performance of Commercial Activities', 1983
- Arms Export Control Act, 1976
- Defense Base Act, 1941
- International Traffic in Arms Regulation of 2011
- Victims of Trafficking and Violence Protection Act, 2000
- Strengthening Protections Against Trafficking in Persons in Federal Court, 2012
- Local guard contracts, 2009
- National Defense Authorization Acts published between the years 2003–2015

3. Agency regulations

In addition to the US and other host nation laws, private military and security contractors hired by US

22. University of Denver. (n.d.). Private Security Monitor. National regulations, United States. Retrieved from http://psm.du.edu/national_regulation/united_states/index.html (last accessed on 3 November 2017)

23. Lanigan, K. Legal regulation of PMSCs in the United States: The gap between law and practice. Retrieved from http://www.privatesecurityregulation.net/files/Microsoft%20Word%20-%20PMSC%20Article,%20US,%20Kevin%20Lanigan,%20Final.pdf (last accessed on 3 November 2017)



> Government agencies are subject to agency-specific regulations and policies. US federal agencies are endowed with broad policymaking powers and promulgate rules and procedures related to their substantive missions. There are three executive departments that issue rules, policies and regulations concerning PMSCs: the US departments of defence, justice and state. One federal agency created by congress—(USAID)—has implementing partners that utilise the services of PMSCs, and thus, USAID also issues regulations related to the use of private security services.[24]

The regulatory framework in the US for PMSCs is highly complex, unlike that in India, where a single act at the Centre is adopted and enforced by various states. This model is unlike those of the UK and South Africa as well, wherein a separate governing body is established to govern the operations of the private security industry.

The various acts and laws mentioned above have direct or indirect impact on the way the private security industry functions in the US and covers activities such as contracting, licencing, training, arms procurement, code of conduct and penalties.

The regulatory framework in the US in very comprehensive in terms of its requirements, thereby leaving very less room for ambiguity. However, the Private Security Agencies Regulation Act, 2005, has loose ends—for example, with regard license renewal. Also, it does not highlight policies for important aspects such as arms procurement, Thus, making the Private Security Agencies Regulation Act, 2005, more comprehensive to address these issues would be beneficial.

Case study 4: Singapore

The private security industry in Singapore is regulated by the Private Security Industry Act, 2007 (chapter 250 A). This act regulates private investigators, private investigation agencies, security officers, security agencies and security service providers operating in Singapore. The act defines the eligibility and non-eligibility criteria to be categorised under any of the specified regulated entities. The act has specific regulations for private investigators, private investigation agencies, security officers, security agencies and security service providers in terms of licensing norms for obtaining licences, cancellation of licences, penalties if licensing norms are breached, maintenance of records for a certain period of time for persons utilising private security services, records of employees and their assignments, training requirements, right to inspection of premises of security service providers, power to arrest security service providers if they are found breaching the regulations of the act, regulations concerning the possession of weapons by a private investigator, security officer or security service provider at public places.

Singapore also employs people in auxiliary police forces. However, they do not come under the regulatory ambit of the Private Security Industry Act.

Auxiliary police forces are regulated by the Police Force Act, 2004. In Singapore, auxiliary police officers are security police appointed under section 92(1) or (2) of the Police Force Act, 2004, and are vested with all the power, protection and immunities of a police officer of a corresponding rank and are licensed to carry firearms when carrying out their duties. Auxiliary police officers (APOs) are paid full-time employees of their respective companies and are not directly affiliated to the Singapore Police Force. They are appointed as auxiliary police officers only after attending and passing a residential course, the curriculum of which is set by the Security Industry Regulatory Department of the Singapore Police Force. Each APO is issued with a warrant card signed by the Commissioner of Police of the Singapore Police Force. Some of the functions performed by the auxiliary police force are:

- To safeguard life and property of its employer
- To safeguard life and property of any other person in Singapore

24. University of Denver. (n.d.). Private Security Monitor. Laws and regulations, United States. Retrieved from http://psm.du.edu/national_regulation/united_states/laws_regulations/index.html#federal_laws_and_regulations (last accessed on 3 November 2017)

- To assist the Singapore Police Force in maintaining law and order
- To assist any department of the government or any statutory body in the discharge of any duty imposed or function conferred under any written law, etc.

The act lays down regulations governing various aspects for APOs which enables in smooth functioning and monitoring of the scheme of things. Since, APOs are vested with various powers, it is all the more necessary to define robust regulatory mechanisms to avoid any misconduct. The following are the regulatory aspects for APOs covered by the act:

- Organisation structure and management of auxiliary police forces
- The schemes of training for auxiliary police officers
- The appointments and promotions of auxiliary police officers
- The discipline and punishment of auxiliary police officers, including a fine not exceeding 5,000 USD or imprisonment for a term not exceeding two years or both for any auxiliary police officer who is convicted of an offence under these regulations
- The uniform and equipment, arms and ammunition to be carried by auxiliary police officers
- The auditing of the conduct of operation, suitability and availability, recruitment and training of the auxiliary police force, as may be necessary, for preventing abuse or neglect of duty, for rendering the auxiliary police force efficient in the discharge of their duties and for carrying out the objects of this act
- The establishment and administration of any association established for the welfare of auxiliary police officers, the control of the funds of any such association and the collection of subscriptions from members thereof
- The powers and procedure of a compensation board, including the awarding of costs and referring questions of law to the High Court
- Such other matters as may be necessary and expedient for preventing abuse or neglect of duty, and for rendering the auxiliary police forces efficient in the discharge of their duties and for carrying out the objects of this act





8. Stakeholder view on policy

Interactions of the research team with industry stakeholders threw light on some important issues faced by the private security industry in India. The introduction of PSARA, 2005, brought in some structure to the otherwise disorganised and fragmented industry. The industry players were mostly unanimous on the need for better enforcement. Some of the reforms suggested by the industry are as follows:

Single window process: A uniform act governing licensing and other rules adopted across all states will greatly facilitate the ease of operations and may increase compliance with the regulations. Until this happens, a single window system for the submission and processing of applications for licences, renewal of licences, etc. would prove to be useful. A central web portal could be useful to disseminate updated information amongst all stakeholders as well as faster processing of applications/licence renewals.

Licensing norms: The private security industry feels that there is a need to make amendments to the current licensing terms. Firstly, it is important to introduce a single licence for an agency operating in multiple states in contrast to obtaining state-wise licences, as is the case currently.

Secondly, the existing policy framework does not provide any guidelines on what needs to be done after the agency's licence is cancelled due to an incident concerning a security guard. The act does not lay down guidelines on the next steps to be followed by agencies if such a situation arises, particularly with respect to existing service contracts that the agency may have with other customers. Thirdly, police verification of PSA directors is a time-consuming step in the current licensing process. Further, this verification needs to be repeated for each state where a licence is requested. In case a valid certificate exists for the director, the same must be accepted when applying to other states. Some other challenges faced while acquiring licences at the state level include cumbersome documentation processes, long timelines to procure licences (varies from six months to two years), complex and time-consuming background verification processes and no clear communication of reasons if applications are rejected.

Amendment of the Arms Act, 1959: The industry faces a supply constraint owing to restrictions on security agencies to hire only those individuals as armed guards who possess an arms licence. There is no provision in the current act for an agency to procure the required weapons and then train its employees to use them.

Private security for allied police services: Given the low police to people ratio in India (one police per 720 people),[25] PSAs can play a big role working along with the police for providing allied police services. However, this needs the backing of robust policy reforms.

Improved enforcement needs: The existing policy needs to be improved upon to cater to non-compliant or unlicensed agencies, default scenarios, etc.

Employee viewpoint

Various reforms are essential to safeguard the interests of the manpower employed in the sector. A uniform classification for skilled and unskilled manpower should be in place and should be followed by all states to allow mobility to employees. Presently, various states classify security guards under different brackets, thereby directly affecting the wage structure and the quality of manpower. The policy should also mandate provisions to provide insurance and better medical and wellness facilities to security guards, given the nature of the industry. The policy framework also needs to address the importance of self-defence and protective laws for guards. Also, the right to detain any subject who is hampering security should be permitted. The policy should provide more emphasis on training of security guards by including more stringent guidelines around training and training curriculum.

25. Nigam, A. There is 22per cent job generation in private security sector: Tenon Executive Chairman. The Hindu Business Line. Retrieved from http://www.thehindubusinessline.com/companies/there-is-22-job-generation-in-private-security-sector-tenon-executive-chairman/article9763278.ece (last accessed on 3 November 2017)

Customer viewpoint

Quality manpower: Security guards many times are not adequately trained to perform tasks assigned to them. There are also cases where the proper code of conduct is not followed, leading to behavioural issues being reported. However, in such instances, the agencies representing the guards are prompt to address complaints and transfer the guards to some other assignment. Also, there is a need to increase the number of women in this industry and provide them with the required physical training.

Comparison with government agencies: According to the ex-administrative head of an automobile player, there are huge differences in the services provided by government security agencies and PSAs. The workforce employed by government agencies is properly trained and has a good code of conduct, whereas PSAs are lacking in this area. Private agencies often do not have adequate training facilities for their manpower. Also, government agencies provide better benefits and perks to their employees as compared to private agencies, therefore their employees are fully engaged and proud of their work.







9. Expert insights

The number of private security guards has crossed five million already. For skill development in the Private Security Sector (PSS), the Security Sector Skill Development Council was formed in 2011 incorporating many top-level private security companies. It aims to transform the PSS from an unorganised industry to an organised one by taking initiatives on developing the driving forces of knowledge and skills to address the interests of all stakeholders of the industry. However, such skill development is a gigantic requirement which needs persistent efforts. This five million plus resource of the PSS must be integrated into the security sector both for intelligence gathering and on-the-spot incident response.[26]

Prakash Katoch,
Former Lieutenant General,
Indian Army

There are approximately 7 million security guards in India, supplied by around 16,000 security agencies. While the lack of premium attached to skills still remains a challenge in the sector, policy impetus is driving the focus on training. We have collaborated with all stakeholders to standardise training as per national occupation standards and will strive to make India a safer country.[27]

Major General Kuldip Singh,
ex-CEO and COO, SSSDC



26. Lt. Gen. Katoch, P. India's security sector: An appraisal. Indian Defence Review. Volume number 30. Retrieved from http://www.indiandefencereview.com/news/indias-security-sector-an-appraisal/2/ (last accessed on 3 November 2017)

27 Ministry of Skill Development and Entrepreneurship, Government of India. (2015). India's private security services sector will require more than 11.8 million skilled employees by 2022: NSDC report [Press release]. Retrieved from https://www.nsdcindia.org/New/sites/default/files/Incremental_Human_Resource_Requirement_in_Private_Security_Sector.pdf (last accessed on 3 November 2017)



The challenges of community security are increasing by the day, which has put immense pressure on the police forces and indirectly on the armed forces. The time has come to introspect and find answers from within our resources. Besides the optimisation of the armed forces and police organisations, we have to look at alternative resources. The answer perhaps lies in the optimal utilisation of the existing force of 7 million in the PSS. A study needs to be undertaken to identify softer police functions that could be handed over to the PSS, which could initially be discharged jointly by the police and PSS, followed by the PSS alone, with marginal police supervision retained in more critical areas. We cannot continue to rely only on our military for national security. We must have a civilian or a private security force that is just as powerful, strong and well-funded. To start with, the PSS can be the eyes and ears of the police force.[28]

Major General DK Jamwal (Retired), ex-CEO, SSSDC

Citizens of the country are ready to pay a premium for their safety. Trained security guards are not only manning private offices but are also being employed by various government organisations and households. The biggest example of this is the Delhi Metro. Private Security organisations have started realising the importance of supplying 'quality' manpower to fulfil the growing demand. Increasingly, employers are beginning to understand the need to have competitive as well as trained security guards for their organisations. They are being trained to man the reception desk and are offering on the job and customised training programmes. The good news is that with the surge of training providers, enabling schemes and industry initiatives, the industry is moving into a formal set-up from a predominantly informal one.[12]

Dilip Chenoy, ex-Managing Director and CEO, NSDC

28. Maj. Gen. Jamwal, D.K (Retired). (5 June 2016). Private security sector: Force multiplier for India's internal security. Retrieved from http://bharatshakti.in/private-security-sector-force-multiplier-for-indias-internal-security/ (last accessed on 3 November 2017)



10. Policy-level challenges

Amendment to PSARA, 2005

1. Changes in FDI limit[29]

In 2016, the Department of Industrial Policy and Promotion (DIPP) allowed for 49% FDI via the automatic route and up to 74% via the approval route for PSAs in India.

This decision by the government requires PSARA to be amended, according to which:

'A company, firm or an association of persons shall not be considered for issue of a licence (for security agency) under this Act, if, it is not registered in India, or having a proprietor or a majority shareholder, partner or director, who is not a citizen of India.'

As per the act, an Indian should be holding a majority of stakes in the company and the decision to lift the FDI directly contradicts this.

Therefore, it is necessary to align the PSARA act with regard to FDI limit.

2. Absence of a clause on detainment

The current act does not provide any authority to a private security guard to detain any suspicious person. However, in some developed economies, a security guard can officially withhold a person in case of any cynicism. Post which, authorities can take over the matter.

So, it can be proposed to the Government of India (GoI) to incorporate a clause wherein the roles and responsibilities of a guard can be extended, as expressed above. In order to avoid unwarranted exploitation of such a provision, a PSA may be asked to log and report all such incidents to the controlling authority as part of its monthly reporting.

3. Presence of multiple regulations at the central as well as state level

The current regulatory framework necessitates obtaining a separate approval at the state level for licences. This acts as a barrier to the operations for different PSAs. Different states have different requirements for police verification and different timelines for processing requests. Therefore, various industry experts have proposed having a single window for acquiring relevant licences.

Some Rules formulated by individual states include:

1. Delhi Private Security Agencies (Regulation) Rules, 2007
2. Haryana Private Security Agencies (Regulation) Rules, 2007
3. Uttar Pradesh Private Security Agencies (Regulation) Rules, 2007

4. Include a clause for defining the status of a PSA post the cancellation of its licence and while it is in the process of renewal

According to the survey conducted with a large PSA, there is no clarity on the status of an agency in case its licence is revoked. The operating status also becomes ambiguous if the operating license renewal process is not completed in time. In such scenarios the agency may be permitted to perform its existing contracts till renewal, provided there is no issue raised by the controlling authority as part of the renewal process. Therefore, it is proposed to incorporate a section in PSARA, which would address this issue.

Challenges pertaining to the Arms Act, 1959

No clarity on the terms related to the procurement of arms

The PSARA has no clear definition on arms as well as armed security personnel. If the PSARA is read in conjunction with the Arms Act, 1959, then according to the Arms Act, 1959, arms can only be procured by an individual. This leads to the conclusion that PSAs cannot procure arms and distribute them among their guards. Also, as per the Arms Act, 1959, firearms cannot be used beyond the territory issuing the firearm. This leads to the below challenges:

1. Restrictions on recruitment of only armed personnel—that is, individuals having licences for firearms
2. Difficulty in transferring armed personnel to another territory
3. Less armed personnel for cash management services
4. Increased risk in the security sector

Therefore, it is proposed that the GoI introduce a section or a clause which details the requirements on arms or armed personnel.

29. PTI. (7 July 2016). Need to amend act to effect 74% FDI in pvt security agencies. The Economic Times. Retrieved from https://economictimes.indiatimes.com/news/economy/policy/need-to-amend-act-to-effect-74-fdi-in-pvt-security-agencies/articleshow/53098657.cms (last accessed on 3 November 2017)



11. Industry speak – operational challenges

Unhealthy competition in the private security market

Low prices of services, coupled with non-compliance with regulations, have been the operational mode for some unorganised players. Also, in order to acquire a contract for providing security services, some players in the market underbid for a tender, thus leading to poor delivery of quality services. This practice has resulted in price-based competition instead of competition based on both price and quality. All these factors have posed a challenge to market players which are known to deliver quality services compliant with sector regulations.

Also, according to the managing director of a large PSA, the private security industry has a low entry and exit barrier. Unorganised players can enter the market by employing less manpower without the need for licences and can pose a competition to compliant players. If the business does not seem to be profitable, then they can easily close their operations.

As a solution, it is proposed to:

1. Pro-actively enforce the procurement of licences by unorganised players
2. Promote quality- cum price-based tendering

Lack of required manpower/ leadership/skill sets

Skewed wage patterns for security manpower in India has proven to be a concern for PSAs in retaining required resources. Also, no defined career progression is in place for security guards. A PSA's guard can grow to the position of a supervisor. The challenge lies not only in retaining manpower but also in attracting quality talent. Further, due to ever-increasing competition in the market, costs need to be decreased by reducing manpower.

The future of any company in a competitive environment depends on the personnel leading the company from the front. However, in the security services industry, any unforeseen turnover at the senior management level leads to adversities, thereby affecting operations on a large scale.

A challenge also exists with regard to trainers/supervisors available in the industry. Based on research, it was observed that for about 1 lakh of security personnel, the industry has about 1,000–1,500 supervisors only, which clearly shows the dearth of management personnel for the private security sector.

Along with the economy, the rate of crime in India is also growing, leading to the need for efficient policing services. However, there has been a dearth of required skill sets among security personnel because of which PSAs are unable to counter new ways of committing crime.

As a solution, it is proposed to:

1. Include a detailed section on training requirements in the PSARA.
2. Set up schools across India for the training of manpower.
3. Include private security as a part of school curriculum.
4. Define a career progression for entry-level guards and give them opportunities to move to public security.
5. Increase the usage of technology services such as CCTVs to increase efficiency and reduce costs.

Issues related to licences

Not only is there ambiguity in the procurement of both state- and central-level licences, but the complete process of procuring these licences is complex, according to people from the industry. The police verification in place is quite complex and time consuming. Also, there is very limited enforcement from the government for private security players to be compliant on licences, as a result of which the unorganised security sector covers about 70% of the market and offers cheap and poor quality services. Adding to the woes, the procurement of licences at the state level is a time-consuming process.

According to a PSA, in case of the cancellation of a licence, no proper reasoning/explanation is provided to companies.

As a solution, it is proposed to:

1. Have a single window for the procurement of licences by deploying a web portal for private security agencies.
2. Automate the process possibly link it through the existing PSARA Protal

Low margins

As per the survey conducted across major PSAs, 'low margins' was a common issue reported by these agencies. According to PSAs, the industry is already under stress with regard to cash flows owing to delays in payments from clients. On the top of that, GST, which the agencies claim is good for the industry, has impacted working capital. Therefore, there is a need to lower GST rates for PSAs as they are just the provider of manpower services and play the role of middlemen. This has ultimately resulted in the delay of salaries of the workforce.

As a solution:

1. PSAs should have sufficient working capital so the salaries of their workforce can be paid on time.
2. The GoI should consider lowering GST rates for PSAs.

Less innovation and growth

The Indian economy has shown tremendous growth with respect to digital initiatives and innovations; however, the private security industry is yet to match pace. This industry is still unable to fully harness the strength of technologies such as analytics, IoT, sensors, CCTVs and central command centres. According to an industry expert, this sector should be a mainstream component of the infrastructure sector and both the sectors should grow in parallel.

As a solution PSAs should collaborate with technology companies to develop solutions that offer the benefits of remote surveillance technologies, thus reducing manpower costs.





12. Way forward and recommendations

Leveraging new-age technologies

It is evident that PSAs are facing a shortage of adequate and skilled manpower. In addition to that, rising cost of manpower is a reality. Also, there has been a rise in various adversities such as:[30]

1. Natural calamities
2. Loss of classified information
3. Cyber security concerns
4. Terrorist activities

This has led to a demand for integrated solutions such as CCTVs and alarm systems.

Some advanced hi-tech electronic solutions that must be adopted by PSAs are elucidated below.[30]

1. **Automated fire alarm systems**
   a. Smoke detectors
   b. Gas, flame and heat detectors
   c. Indication panel for fires
2. **Integrated and automated home security solutions**

   Solutions such as CCTVs, intrusion detection, fire alarms, glass break detectors, panic buttons, access control with systems such as HVAC, lighting control and D2H should be integrated. This has a high potential to be provided as a service-based solution. For a subscription fee, PSAs could take up the task of installing and maintaining such surveillance equipment, setting up of manned control centres and responding with a team of security staff and incident handlers.

In addition to the aforementioned points, digitisation has made proactive monitoring of any suspicious activities possible by informing concerned stakeholders via the establishment of command centres. Technologies such as video surveillance, along with predictive command centres, can play a crucial role in the private security industry. Wi-Fi cameras for low-level surveillance, point-to-point cameras for larger areas and remote surveillance systems prove to be a boon for providing complete security solutions to clients by delivering alarm management solutions in conjunction with E2E IP video surveillance.[30]

Going one step further, the security market can also leverage new-age security technology solutions such as:[31]

1. IoT sensors
2. Analytics
3. Real-time connectivity
4. Biometrics

By incorporating new-age solutions, PSAs can transform themselves from just a security provider to a solutions provider. Security can be provided as services to clients over a subscription model (e-security as a service [SaaS]) Also, data collected from these solutions can lead to better business intelligence and knowledge discovery.[32]

In our outlook, if any PSA wants to transform its business model to cope with the mentioned trends, then a roadmap citing a go-to market strategy, focus areas, investment plans, etc., need to be chalked out for effective transition.

Corporate background check

Currently, big corporate houses hire background verification agencies to conduct investigations on employees' background such as checks on their residential address, education, etc. Since this activity is in line with the work performed by PSAs, it is recommended to include this new line of service in the gamut of services provided to Indians. A PSA has already ventured into this area and this has become one of its growth factors.

Public-private partnerships (PPP) – hybrid policing

The role of the private security sector can be strengthened with the support of the government policing brigade. Also, the private security sector can contribute in places where it is difficult for the police to. This shall lead to surveillance at a granular level and prevent an increase in crime rates. Countries such as the US and Netherlands are already working

30. Admin. (March 2017). Integrated security: Need of the hour. Realty Plus. Retrieved from http://realtyplusmag.com/integrated-security-need-of-the-hour/ (last accessed on 3 November 2017)

31 Data Quest Magazine – May 2017

32 Data Quest Magazine – May 2017

on these policies. This has led to an increase in personnel in the private security sector.

1. **Joint operations by police and PSAs:** Police can share patrolling and investigating duties with PSAs.
2. **Contracting security services to PSAs:** For efficient and effective policing services, the police can hire PSAs for carrying out overhead services currently undertaken by them, such as security management during festivals and sports events, senior citizens monitoring, speeding control on highways, traffic management, peripheral security of establishments, verifications for employment etc. Further, police services will be able to cater to more important cases. Private security guards can also undertake some services for guarding shipyards, railways; protection of VIPs; controlling riots and safety of women.
3. **Supporting the armed forces:**[33] PSAs can outsource their manpower for guarding base camps, convoys, logistic dumps and high-profile targets.

Introduction of new legal frameworks[33]

In order to support the public forces, there is a requirement to make changes in the currently available legal support mechanism. Legal provisions may be considered to cater to scenarios where private security guards may need to use a firearm in case of an assault, to defend himself or the people that he is hired to protect.

Improvement in training techniques and required funding mechanisms[33]

Looking at the potential of the private security market as a large employer for youth of the country and the relatively low operating margins of PSAs, it is recommended that the government incentivises / subsidises provision of quality training to the workforce of PSAs. Some such schemes are in force through NSDC.

This upskilling activity will help in defining the career path of the workforce and will also help high performers to be rewarded accordingly. Induction programmes on technology need to be the prime focus for each PSA.

Single licensing system

The procurement of licences from multiple states has proven to be troublesome for almost all major players in the market. Therefore, it is recommended to have a one-stop solution for PSAs to procure licences. A dedicated portal for this can ease out the process and automation can help in avoiding multiple tasks.

Improvements in enforcement

Due to the absence of mandatory compliance requirements, unorganised/ small players have an undue advantage over large/compliant players. Due to non-compliancy, unorganised players provide cheap services which generally are of low quality. GoI should have strict enforcement measures in place so that there is a focus on quality of service delivery and equitable and fair treatment of the workforce.

Some recommendations that can be considered are: a) listing of all registered licensed PSAs on the web portal and its details needs to be updated periodically, b) listing of agencies whose licence was cancelled along with the reasons, c) deciding a logo or standardisation mark for PSARA licensed vendors that could act as a visible compliance marker and could also help in building publicity and awareness amongst potential customers.

33. Maj Gen Jamwal, D.K. (5 June 2016). Private security sector: Force multiplier for India's internal security. Bharat Shakti. Retrieved from http://bharatshakti.in/private-security-sector-force-multiplier-for-indias-internal-security/ (last accessed on 3 November 2017)

List of abbreviations

Sr. no.	Abbreviation	Expansion
1	PSIC	Private Security Industry Conclave
2	PSARA	Private Security Agencies (Regulation) Act
3	GoI	Government of India
4	PSA	Private security agency
5	SSSDC	Security Sector Skills Development Council
6	APO	Auxiliary police officer
7	USAID	United States Agency for International Development
8	PMSCs	Private military and security companies
9	SAQA	South African Qualifications Authority
10	QCTO	Quality Council for Trades and Occupations
11	SASSETA	Safety and Security Sector Education and Training Authority
12	PSIRA	Private Security Industry Regulation Act
13	NSDC	National Skill Development Corporation
14	D2H	Direct to home
15	IoT	Internet of things
16	PPP	Public private partnerships



13. FICCI Security Department

FICCI has many specialised committees where key concerns of the industry are debated and discussed with the specific aim of presenting the recommendations to the Government for favourable decisions.

Considering internal security is the backbone of growth and overall development of a nation, FICCI has constituted two specialised committees to look into various aspects of security –

- Committee on Homeland Security (HLS) is chaired by Mr. G. K. Pillai, Former Union Home Secretary, Govt. of India, which is working towards bridging the gap between policing and technology.
- Committee on Private Security Industry (PSI) is chaired by Ms. Manjari Jaruhar, Former Special DG – CISF, Govt. of India. The committee has been advocating for key policy issues confronting the industry.

Some of the focus areas:

Police modernisation: FICCI is working towards bridging the gap between policing and technology. We engage with various enforcement agencies and provide them a platform to interact with industry, to articulate their requirements and to understand new technologies for security. This initiative is under our umbrella theme of "Safe & Secure Nation".

Road safety: United Nations has proclaimed 2011-20 as the Decade of Action on Road Safety. FICCI feels that the Indian Industry can play a significant role in addressing the issue of road safety and will be promoting potential private sector interventions in Road Safety through their core business activities

Indian unmanned aerial systems (UAS) policy & regulations: FICCI has initiated formulating Working Groups in areas of: (a) enabling regulations for developmental use of UAS, and prevention of rouge UAS; (b) framework for permission and licencing for manufacturing of UAS; and (c) technological structure for detection and neutralisation of unidentified UAS. FICCI will submit the suggestions and recommendation for Indian UAS Policy & Regulations to the Ministry of Home Affairs.

SMART policing: FICCI has initiated the process of examining the details of initiatives in SMART Policing across the country and will share the same with the relevant ministries/ departments to help Government and police departments in learning from the experiences of other states and also for possible adoption of some of the best practices. FICCI has also been advocating for the cause of SMART policing and its relevance for India's growth.

India risk survey: FICCI every year conducts survey of risk as perceived by corporates, which could affect business continuity. The objective of the report is to inform and sensitise all stakeholders about the emerging risks for a developing economy like India, so that well planned and strategic policy decisions can be made.

Security standards and guidelines: FICCI is working with the Bureau of Indian Standards (BIS) for creation of standards and guidelines for electronic security.

Capacity building programmes: FICCI has initiated capacity-building programmes and workshops as an attempt to increase awareness about Women Safety at Work Place, Forensics of Fraud Detection, White Collar Crimes, etc.

Public procurement for internal security: FICCI is working towards advocacy for bringing well-defined procedures for fair and transparent procurement of security products and solutions, so as to provide level playing field to the industry.

Enforcement of Private Security Agencies Regulation (PSAR) Act 2005: Major portion of the private security industry is unorganised. FICCI is advocating the proper enforcement of the Act.

Armed security for cash logistics: FICCI is advocating for a well-articulated policy for deployment of armed private security guards for protection of cash vans, which carry crores of public money every day.

Private security workers' categorisation as skilled / highly skilled workers: Recategorisation notified vide a Gazette notification S.O.191(E). Security guards without arms have been categorised as 'Skilled Workers' and Security guards with arms have been categorised as 'Highly Skilled Workers'.

Minimum standards/guidelines for cash logistics companies: FICCI is advocating for establishment of standards and operating guidelines for cash logistics companies.



About FICCI

Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialization, and its emergence as one of the most rapidly growing global economies.

A non-government, not-for-profit organisation, FICCI is the voice of India's business and industry. From influencing policy to encouraging debate, engaging with policy makers and civil society, FICCI articulates the views and concerns of industry. It serves its members from the Indian private and public corporate sectors and multinational companies, drawing its strength from diverse regional chambers of commerce and industry across states, reaching out to over 2,50,000 companies.

FICCI provides a platform for networking and consensus building within and across sectors and is the first port of call for Indian industry, policy makers and the international business community.

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Notes

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