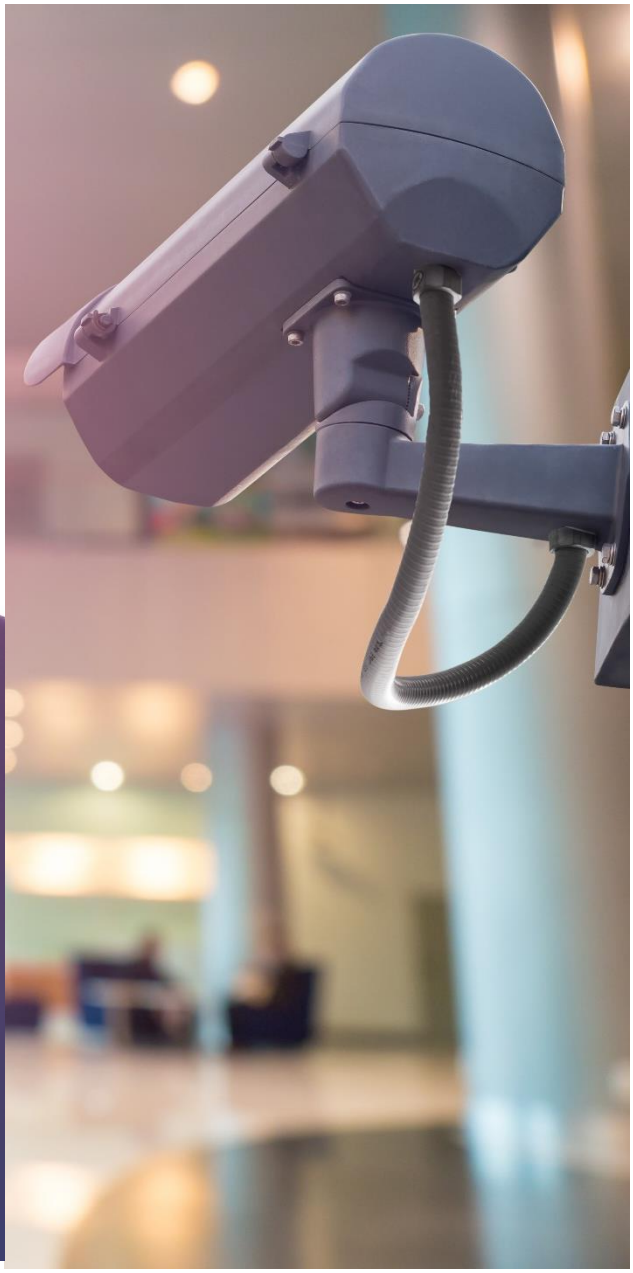




# PRIVATE SECURITY INDUSTRY

## Job Creation and Skill Development

A Report

FICCI BDO

# FOREWORD



The private security sector has emerged as a major industry by virtue of employment of large manpower, both skilled and unskilled, to meet the burgeoning demand of the corporate sector. With national security assuming greater criticality and lower police to people ratio in the country, private security industry, with large manpower, can act as extended arms of law enforcement agencies. This will help relieve police forces from non-critical duties to focus on core areas.

With the anticipated growth of the industry, the employment opportunities are tremendous. Since, majority of the workforce employed is in the unorganized sector, the potential for skilling is evident. Current time requires private security personnel to multitask and use technology to perform security, safety and facilitation functions. Skill development, especially Recognition of Prior learning (RPL), reskilling and upskilling are key issues before the private security sector. Therefore, investment in human capital is vital in preparing this industry to take on greater responsibilities.

The regulatory framework governing this industry also needs proper enforcement. Unorganized segment has largely remained unchecked and players usually skip adhering to mandatory compliance requirements, which creates a detrimental impact for all stakeholders including employees and clients. It is imperative, therefore, for the governments to ensure strict enforcement of the regulations that will improve service delivery quality levels as well as work environment for the security personnel.

This Report highlights the current state of the private security industry with suggestions and recommendations. I would like to acknowledge the efforts of industry members, who have provided valuable inputs and deep insights in the report. We are confident that the information presented in this report will serve as a valuable reference to all stakeholders.



**MR. DILIP CHENOY**
Secretary General
FICCI

# FOREWORD



The Indian economy, as per the latest World Bank figures, is now the world's 6th largest economy and is expected to grow at 7.4 % in 2018 and 7.8 % in 2019. With the economy and businesses growing, security needs are also expanding, which is further necessitated by the ever-increasing security risks and related threat perceptions. Deployment of specialised personnel and systems to prevent and manage security risks and threats including accidents and incidents are vital for peaceful operations at a place. Therefore, the need for implementing security measures and systems at public places such as airports, railways & metro stations, shopping malls & markets, hotels, and public utilities as well as industrial complexes, commercial spaces, offices, and residential blocks has risen multifold.

Indian Private Security Industry (PSI) has also expanded at a Compounded Annual Growth Rate (CAGR) of around 20% over the last decade by adding new players in the field as well as scaling their operational capabilities. In fact, Private Security in India is the 2nd largest sector, after agriculture, in terms of employment, with close to 09 million employees. Traditionally, it has been an unorganised sector with around 40% of the market share being with the organised players. However, the industry is progressing towards being organised as the consumer demand for security is gradually evolving from a mere guard to a professional and skilled guard, trained for movement of men and material, fire incidents, medical exigencies, etc. Further technology is progressively playing an ever-increasing role in the value-added services being offered by the industry that include artificial intelligence, internet of things, hi-tech surveillance systems, biometric technologies, remote sensors, cyber security, etc.

On behalf of BDO in India and FICCI, I take pleasure in presenting this report, that brings out a detailed overview of the Indian PSI, emphasising their significance in skill development and job creation in the country, existing policy frameworks and a need for an able regulator along with the impact of recent changes like introduction of GST, impacts of shift from unorganised to organised segment and the new technology innovations that are being adopted by the industry. I hope that, through this report, you will be able to garner a view of the PSI in India and gain an insight into the recent trends as well as issues and challenges faced by the industry.



**CDR GAUTAM NANDA**
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# INDUSTRY OVERVIEW AND STRUCTURE



# INDUSTRY OVERVIEW

The demand for security services is increasing due to rising urbanisation, the real and perceived risks of crime and terrorism, belief that public safety measures are insufficient, and growth of a middle class with assets to protect and means to pay for supplementary security measures. The security service market is also supported by an improved economic environment and building construction activity.

The Indian personal security market was estimated at INR 57,000 crore (~USD 8.8 billion) in 2016 and is likely to touch INR 99,000 crore (~USD 15.2 billion) by 2020 and INR 1.5 lakh crores (~USD 23.1 billion) by 2022 (as per latest industry estimates). Apart from revenue growth, the Private Security Industry (PSI) is also evolving in its employment practices. Leading industry players are setting new standards in the industry by focusing on training and skill development of their people and customer satisfaction, establishing employee welfare funds, ensuring timely payment of salaries, and defining career progression paths for high-performing employees.

The private security industry is amongst the largest employers in India, employing almost 8.9 million people, with the potential to employ 3.1 million more by 2022[1]. The PSI also has a unique distinction of being the largest corporate tax contributor to the National Exchequer.

As per a study conducted by The Guardian[2], the global market in the year 2017 was USD 180 billion and is expected to be USD 240 billion by 2020. In contrast, the Indian Private Security Industry (PSI) is expected to grow faster at about 20% CAGR owing to the changing landscape of the sector in India. However, there remains a shortfall of manpower of about 30% with a potential to generate a number of jobs for the rural and urban poor[3].

Workforce size of PSI is more than the combined strength of the Army, Navy, Air force and Police put together. With 8.9 million security guards and 1.9 million police officers, India has 05 times as many private security guards than police officers. While the sanctioned strength of police personnel (civil and armed) in 2016 was just 2,464,484 the employment in the PSI far exceeds the number of police personnel in the country. The following table shows data derived from Forbes and Statista estimates, depicting the ratio of personnel employed in private security to that in police force in selected countries.

| Country | Ratio of personnel in Private Security to Police Force * |
|---|---|
| India | 83:17 |
| South Africa | 71:29 |
| Brazil | 71:29 |
| Japan | 65:35 |
| China | 65:35 |
| United Kingdom | 61:39 |
| United States | 58:42 |
| Russia | 57:423 |
| Germany | 50:50 |

* *https://www.forbes.com/sites/niallmccarthy/2017/08/31/private-security-outnumbers-the-police-in-most-countries-worldwide-infographic/#4e4fed94210f*



[1] *http://www.skilldevelopment.gov.in/assets/images/annual%20report/Annual%20Report%202016-2017%20-%20English.pdf*
[2] *https://www.moneycontrol.com/news/business/data-story-india-has-the-worlds-largest-number-of-private-security-workers-industry-to-double-by-2020-2390933.html*
[3] *https://www.dayafterindia.com/2018/01/01/grant-para-police-status-private-security-sector/*

# INDUSTRY OVERVIEW

The results from the above table show that India whilst topping the list, far exceeds other countries in terms of the divide between personnel employed in PSI and police force. Clearly, there is a vast potential for the large workforce in PSI to provide allied police services along with the law enforcement agencies to fill up the current gap. However, it would require an appropriate policy framework to enable PSAs to function as allied police force in India. Some of the allied police services which are globally outsourced to private security are:

- Security of the outer periphery of prisons and transportation of prisoners
- Senior citizen preventive security services
- Street surveillance and video control room management
- Assist police in handling emergencies and disasters
- Background verification of employment applicants
- Security management for events and festivals
- First-level response to home security alarm activations
- Delivery of summons; chip-based tracking of prisoners on parole

Identification of different job roles under the PSARA, streamlining of recognition of prior learning, empowering of service providers to be a part of the training effort under PSARA administered by States and ensuring quality of trainers, assessors and the training being imparted through NSDC will further boost the growth of the industry by giving an identified progress path to the candidates seeking to make a career in this industry. With the highest growth being in the security industry compared to any other industry, GoI schemes to boost the skilling effort by way of provisioning of subsidies through schemes like PMKVY should be introduced.

## KEY GROWTH DRIVERS

01 Increase in crime rate & terrorism

02 Rising urbanisation spike in demand of tier-I & tier-II cities

03 Low police to people ratio of 150:100,000

04 Penetration of organised players. foreign players through FDI

05 Exponential rise in the number of banks and expanding atm network

06 Growth in security solutions

07 Institutional and organisational change

08 Government initiative likes smart cities & make in India

09 Increased concern for personal safety

10 Potential for increase security advisory services & low cost services

# INDUSTRY STRUCTURE

The Private security industry can be broadly divided into 2 major segments, the security services industry and allied services.

## Security Service Industry

A major part of the security services industry is the manned guarding followed by cash and electronic security. Manned guarding accounts for nearly 75% of the security service industry followed by cash services management and electronic security services having nearly 20-25% share.

- **Manned Guarding**
  A major part of the security services industry is the manned guarding where they have the highest employment rate and the highest revenue share in the PSI. Keys users of manned guarding services are IT/ITES, retail, commercial, and manufacturing wherein 41% of the manned guarding services are utilised in the commercial sector and 39% in the residential sector[4]. Further, 70% of the residential sector demand is coming from major cities like New Delhi, Chennai, Bangalore, Pune, Chandigarh, Lucknow, Ahmedabad and Jaipur.

- **Cash Management Services**
  This is predominantly organised, with 7-8 players controlling 75-80% of the market share owing to high level of security concerns associated with operations in this area. The market is not yet mature for this segment as there are issues with licensing of arms, transfer of liability and insurance, making this segment a high risk and low return business. However, there has been an increase in demand for cash management services in view of: -
  - Expanding bank branch network.
  - Increase in number and spread of ATM across the country.
  - Growing use of debit cards.

  The cash management services offered by PSI are:
  - Cash replenishment services for ATM network of banks
  - Movement of cash and high value items within bank's branch network.
  - Cash pick-up and delivery for large corporate houses, retail outlets etc.

## Allied Services

The Allied services segment alludes to security services related to providing of security services and consists of Event security Management and Security guard training

- **Event Security Management**
  Event Security service providers employ unique command and control methodology enabling the client to focus on their event without worrying about security. Major activities under event security management are crowd control and VIP protection services. These services aid in security and emergency management planning also.

- **Security guard training Services**
  The introduction of the Private Security Agencies (Regulation) Act, 2005 has led private security agencies to adopt in-house training practices which are certified under PSARA by respective states. States have authorised the opening of training institutes recognised by them under PSARA. Sector skill council which is the authority on NOS/ QPs related to the subject, also has a number of training partners (TPs), who undertake the training, however the trainees need to be certified by a PSARA certified training agency to be employed as a security guard. The training sector, due to PSARA not recognizing the training conducted by private TPs affiliated to sector skill council, is unorganised and fragmented.




[4] http://www.nsda.gov.in/skill%20gap%20report/sector%20skill%20gap%20report/Private_Security_Services.pdf




# SKILL DEVELOPMENT AND JOB CREATION

FICCI BDO

# INDUSTRY SIZE AND EMPLOYMENT POTENTIAL

Globally, and in India, manned guarding forms a major part of the private security service industry, constituting almost 75% of the private security services industry. In India, the private security industry is one of the largest employment generating industry; it currently employs nearly 8.9 million people and as per a conservative estimate has the potential to employ 3.1 million more by 2022.

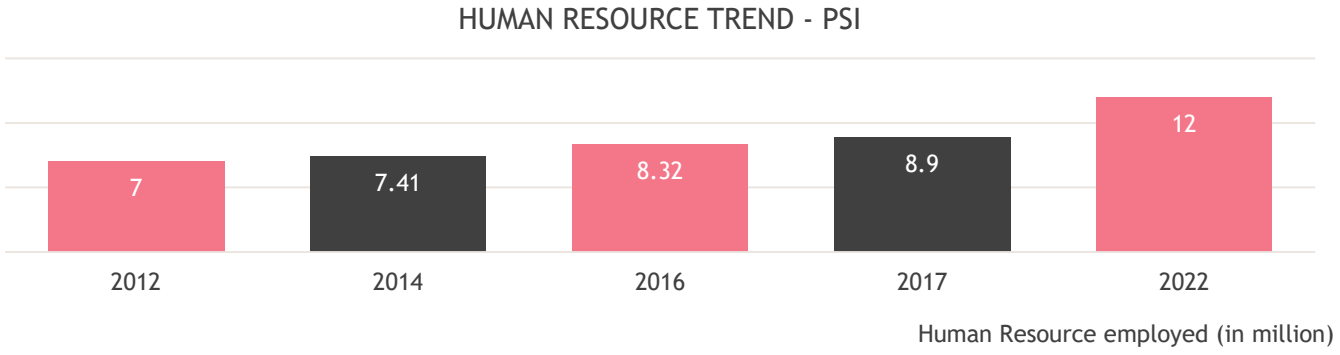
The 8.9 million private security guards and supervisors are employed in more than 22,000 Private Security Agencies (PSAs) in India, mostly managed and run by Ex-Servicemen as their resettlement projects.

Work force is largely sourced from Northern, Central and Eastern parts of India, with states like Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan and Assam contributing the maximum. Regions with significant population of ex-servicemen, paramilitary personnel and unemployed youth are biggest contributors.

Security guards constitute 90% of the private security industry workforce; they form the base of the pyramid with little or no relevant experience. The private security services industry is mainly unorganised and only 10% workforce is employed in the organised sector. With the anticipated growth potential of industry, the employment potential is evident. Further, considering that majority of the workforce is being employed in the unorganised sector, skilling potential is also evident.




*Source:http://www.nsda.gov.in/skill%20gap%20report/sector%20skill%20gap%20report/Private_Security_Services.pdf*




*Source: http://www.skilldevelopment.gov.in/assets/images/annual%20report/Annual%20Report%202016-2017%20-%20English.pdf*

# SKILLING LANDSCAPE

National Skill Development Corporation (NSDC)
An industry with such a large size and employment potential, requires appropriate skilling to ensure job creation as well as presence of appropriately skilled manpower. The Security Sector Skills Development Council (SSSDC) under NSDC, till Jan 2018 before it got subsumed into Management Sector Skills Council, identified the following 8 job roles for the sector:

- Unarmed Security Guard
- Armed security guard
- Security Supervisor
- CCTV supervisor
- Security Officer
- Personal security officer
- Assignment Manager
- Investigator

The training curricula and skills assessment frameworks were defined by the sector skills council under the aegis of the National Skill Development Corporation (NSDC) and accordingly, Qualification Packs (QPs)/National Occupation Standards (NOS) were developed for the above-mentioned job roles. The NOS provides scope of the job roles in addition to prescribing the performance criteria, technical/domain knowledge required for the specific job role as well as core/generic and professional skills for carrying out the activities. Sector skills council also provided programs for training of trainers as well as training of assessors and had formulated a protocol on accreditation of assessment bodies and certification of trainees and trainers for PSI on a pan-India basis. While the NOS describes the skilling requirements, there are no prescribed training standards or procedures provided by the sector skills council for each of the 8 identified job roles listed above. Basis the inputs received from Industry sources, the employers see the following skill gaps in the current workforce: -

| Job roles | Skill Gaps[5] |
|---|---|
| Unarmed security guard | Guards need more rigorous training on fitness, firefighting, english communication skills |
| CCTV supervisor | Guards need more rigorous training on fitness, firefighting, english communication skills |
| Security supervisor | Team management skills, medium-term vision and resource planning are key issues faced by the industry currently |
| Armed security guard | Proficiency in handling of firearms; awareness levels about safety in handling |
| Personal security officer | Proficiency in local languages of regions where the security guards are employed |

[5]*NSDC report HR and skill requirements in private security services*
*http://www.nsda.gov.in/skill%20gap%20report/sector%20skill%20gap%20report/Private_Security_Services.pdf*

*"Many customers increasingly prefer personnel with good soft skills (English communication, presentability, etiquette) and this is a gap in the candidates which has to be addressed both at the time of entry and through relevant training"*

*- A leading PSA*

# SKILLING LANDSCAPE

### Training guidelines prescribed under the Private Security Agencies Regulation Act, 2005 (PSARA)

Under the Private Security Agencies Regulation Act, 2005 (PSARA), the trainees have to undergo training and be certified by Training Partners (TPs), recognised by the States (under the PSARA), and the security service providers are required to employ only the manpower so certified. Further, PSARA does not specify any standard guidelines required for training other than broadly stating the requirement and the need to conduct a 160 hrs training. In addition, PSARA does not specify any categories of security services other than provision of security using unarmed security guards, whereas in contrast, sector skills council under NSDC has specified 8 different job roles as required and being employed by the industry.

*"The key challenges in training standards are around lack of uniformity and minimum standards in training across security companies. Many firms do an ad-hoc job of training, many times not fulfilling the bare minimum set by PSARA. Even in cases where the quality in terms of number of hours are met, the quality of trainers, instruction material is not relevant and outdated"*

– *An industry expert*

### Recognition of Prior Learning (RPL) and Refresher Training

The existence of the security industry (and other industries) pre-dates the initiative to conduct skilling and training in an organised manner. Thus, there exists a large tranche of manpower which has been trained over a period of time and has learnt to carry out their trade while on job. For a system to suddenly shift to a certification-based acceptability of training acumen, it is but necessary for the existing trained manpower to be certified and to this effect Recognition of Prior learning (RPL) was launched. The RPL looks at assessing the existing trained manpower on decided parameters and conforming certificates on them, thus bringing them to the mainstream of certified skilled force.

Recognition of Prior learning (RPL) scheme was first launched as a component under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) 2015-16 with a budget of INR 1,500 crore to train 24 lakh people, including 14 lakh fresh trainees and skilling of the remaining under the RPL program. Following the first phase of the scheme and its review, the PMKVY 2.0 was launched with a budget of INR 12,000 crore to skill 10 million youth by 2020 of these 60 lakh were to be provided fresh training and 40 lakh were to be certified for the RPL program. Currently, RPL has certified about 4.8 lakh people covering 458 districts across India till date[6], the candidates have been enrolled, assessed and certified in 185 job roles across 30 sectors.

In addition, the industry feels that the level of understanding of trainees is lower as well as recognises the need for refresher training on regular basis. However, since guards are reluctant to bear the cost of training, the same has to be borne by the service provider which proves to be a substantial increase in cost. This coupled with the high attrition rate also impacts the management's capability for having training sessions. Another issue which compounds the conduct of refresher training on a regular basis is the inability to relieve the guards from their place of duty for undertaking the same.

*"As the security industry is evolving fast with technology playing a larger role in security solutions – the security personnel also need to become comfortable with the various types of technology solutions and their usage, monitoring, tracking, reporting etc. To this end, the training content has to be made more relevant to the needs of the moment, as well as regular refresher training needs to be conducted."*

– *A leading PSA*

[6] *Data as reported in Skilling Database Management System (SDMS) as on March 14, 2018 http://www.nationalskillsnetwork.in/rpl-under-pmkvy/*

# SKILL DEVELOPMENT AND JOB CREATION
# WAY AHEAD

### Impetus to Aid and Streamline Skilling

The gaps in the skilling proficiency required by the industry/ clients and the training requirements as identified under PSARA are evident and these need to be addressed to make the sector more viable and regulated. Despite the 25 % growth in the sector and the massive requirement of manpower, the industry reels under ambiguity of admissible training certificates as well as requirement of different categories of trained manpower. There is an incremental human resource requirement of 3.1 million for the period 2017-2022[7] . Off late the GoI impetus on skilling of unarmed security guards has declined as no fresh allocation of training numbers has been provided by the GoI for conduct of training and provision of subsidy to the trainees for undertaking the training. The GoI needs to increase the support to the industry to boost the availability of trained manpower. Also, amendments to the PSARA to identify more categories of security services inclusive of armed security guards, as well as streamlining of methodology of certification of training being provided will go a long way in reducing the gap in skilling required for job roles needed by the industry to meet the customer requirement. Further, the formalisation of methodology (acceptance of training carried out by private TPs affiliated to NSDC and not recognized under PSARA) will go a long way in standardising the norms and identification/ acceptance of training certification on a pan India level and make the process more amenable to the industry.

### Maintaining of Quality of Training Imparted

The curriculum, standards of training required to be met as well as the infrastructure standards to be maintained by a training center, certification of trainers as well as assessors may be regulated by the NSDC through sector skills council. The training may be conducted by TPs identified and recognised by states under PSARA. The states may institute an annual certification of the TPs with the certification team comprising of members from sector skills council/ NSDC. NSDC/ Sector skills council may also be mandated to undertake surprise checks of TPs to ascertain the quality of training being imparted by the registered TPs. To make use of existing infrastructure and meet the training requirement it is further possible to allow service providers having more than 1000 guards to establish in house training institutes. Standard Operating Procedures (SOPs) should be framed for the job roles to bring consistency in training processes akin to what MHA is currently reported to be working on in developing - SOP guidelines for the PSAs engaged in cash handling and transportation.



[7] *http://www.skilldevelopment.gov.in/assets/images/annual%20report/Annual%20Report%202016-2017%20-%20English.pdf*

# SKILL DEVELOPMENT AND JOB CREATION
# WAY AHEAD

### Boost to Recognition of Prior Learning (RPL)

The dismal state of recognition of prior learning carried out to date is evident from the figures mentioned earlier. RPL needs to be implemented with greater vigour so as to bring the available skilled manpower into the mainstream. Allowing service providers, employing more than 1000 guards, to establish training institutes and empowering them to undertake RPL will ensure faster assimilation of the skilled 'uncertified' manpower into the mainstream. It will also provide hope to the existing manpower of employability pan India and stop misutilisation of manpower, if any. It will also enable the unorganised sector to come into the fold of the organised sector.

### International Certification

The employed numbers in PSI are large, further the employable population of India is set to rise with India becoming the youngest country, having the maximum number of its citizens with an average age of 29 by 2020. Compared to this, world over, countries are facing shortage of manpower. If we were to align our curriculum and training to international standards and requirement as well as provide international certification, duly recognised in targeted countries (for employment), we will be able to provide for job creation which is an essential requirement of the country.




# POLICY ISSUES CONCERNING PRIVATE SECURITY INDUSTRY

FICCI BDO

# POLICY ISSUES CONCERNING PRIVATE SECURITY INDUSTRY

The private security industry in India is governed by various regulations, the most relevant being the Private Security Agencies Regulation Act (PSARA), 2005 formulated by the Ministry of Home Affairs (MHA), GoI. The Act regulates the eligibility criteria for operating a security agency as well as prescribes training requirements for security guards. Additionally, PSARA also prescribes various compliance requirements for the security agencies eg: verification of employees, affidavit for compliance with FDI policy where applicable, maintaining statutory registers, commencement of activities etc. Apart from the PSARA some other (indicative) regulations applicable to PSI are:

- Arms Act, 1959
- FDI Policy
- Minimum Wages Act (1948)
- Provident Fund Act (1952)
- Employee State Insurance Act (1948)
- Payment of Bonus Act (1965)
- Payment of Gratuity Act (1972)

The current scenario in terms of policy and regulations affecting the PSI are discussed below.

### Overlapping Federal and State regulations

The major concern for the security industry from policy perspective is that it is subject to an overlapping set of federal and state regulations, leading to multiplicity of registrations to conduct business. The PSARA has given the discretion to each State to formulate their rules for implementing the Act. PSARA was brought into effect from 15th March 2006. Due to separate rules in each state, there is a disparity in the processes for grant of licenses etc, despite the details required to be captured majorly remaining the same.

This heterogeneous system acts as a barrier for PSAs in providing integrated professional services on a pan-India basis. Distinct enforcement often leads to disruption of services to clients, impacting the overall growth potential of the industry. The prevailing regulatory issues in the sector adversely stunts the ability of the industry to organise itself in a professional manner and raise service-delivery as well as compliance standards. Therefore, it is critical that a single window licensing system is created as a combination of central/state level registration, depending on factors such as the size, scale/area of operations, employment conditions/terms, past experience and the like for the PSA.

> *"PSARA has been a much-needed regulation to ensure that the minimum quality standards are met; though for a PSA which intends to provide services in different states it is required to make a fresh application in each state. Even the application and process is different from state to state. Getting the license also takes a lot of time, though some states have been moving quickly in giving approvals."*
>
> *- A leading PSA*

### Mandatory Police Verification

Requirement of mandatory police verification for directors of the company and processing time for such applications differ for most states. Moreover the conduct of police verification of each security guard is also mandatorily to be conducted by the security agency hiring them. The processes involved are tedious and timely rendition of police verification invariably seldom happens, which puts the PSAs in a quandary as regard employment/ deploying of guards.

Recently, the MHA issued advisory[8] to all states/UTs and advised them to utilize Crime and Criminal Tracking Network and Systems (CCTNS) database for conducting verification of antecedents for the purpose of issue/renewal of licenses to PSAs. This is a welcome move and if diligently followed by States/UTs it will help in expediting the application process and overcoming delays.

### Changes in FDI limit

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. However, the changes in FDI Policy were not followed by suitable amendments in the PSARA. As per the relevant provisions of PSARA, an Indian should be holding a majority stake in the company, which directly contradicts the revised FDI guidelines permitting upto 74% FDI under approval route for PSAs. Therefore, it is necessary to align the PSARA with the extant provisions of the FDI Policy.

### Challenges pertaining to the Arms Act, 1959

The PSARA does not contemplate provision of armed security as a service. In addition, the current framework of the Indian Arms Act, 1959 only allows individual applicants to hold arms licenses. As a result, private security agencies have been technically compelled to employ people who hold Arms

[8] https://mha.gov.in/sites/default/files/PM_06072018.pdf

# POLICY ISSUES CONCERNING PRIVATE SECURITY INDUSTRY

License in individual capacity. The firearms issued to individuals also have restrictions in terms of territories in which they can be used. This severely curtails the ability to pool armed guards in an efficient manner to service clients and can be particularly difficult in case of inter-state transfer of goods/personnel. The central government has provided some exemptions to certain clauses of the Arms Act to enable companies, banks, industrial or other establishments to obtain licenses in the name of legal entity rather than obtaining it in the name of individuals. Thus, there is a need for an amendment in this regard facilitating the ease of use of armed guards by the security service providers.

### Recategorisation of Private security workers as Skilled/Highly skilled

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

The Central government has also revised the minimum wage payable to employees of the "Watch and Ward" sector to Rs.673 with Rs.637 as the basic wage and Rs.36 as Variable Dearness allowance (VDA) per day for areas under category "Area A" as listed in the notification, Rs 612 per day (Rs 573 as basic wage + 33 VDA) for areas under category "Area B" and Rs 522 per day (Rs 494 basic wage + Rs 28 VDA) for areas under category "Area C" [9].

While the rates prescribed by Centre are mentioned above, each State, vide Labour Department notifications, issues its own minimum wage rates. The table below is an illustrative example of current minimum wages per month prescribed by some States for the period of April 2018:

| Category | Delhi[10] | UP[11] | Haryana[12] |
|---|---|---|---|
| Un-skilled | 13,896/- | 7613.42 | 8297.56 |
| Semi-Skilled | 15,296/- | 8374.77 | 9368.54 |
| Skilled | 16,858/- | 9381.06 | 10328.83 |
| Highly skilled | - | - | 10845.27 |

[10] http://www.capsi.in/notifications/Current%20Minimum%20wages%20Delhi%20w.e.f.%20April%202018.pdf
[11] https://www.labourlawreporter.com/wp-content/uploads/2017/05/UP-MW-revised-w.e.f.-01-04-18-to-30-09-18.pdf
[12] https://www.labourlawreporter.com/wp-content/uploads/2018/05/Haryana-Minimum-Wages-1-1-18.pdf

From a practical view point, the disparity in wages leads to issues relating to shortage of supply of manpower in states with lesser rates. As an example, a worker in skilled category in Delhi may not be willing to take up employment in the NCR region say Gurugram where prevalent Haryana rates differ substantially vis-à-vis the rates prescribed for Delhi. To add to it some states are yet to establish security guards as skilled labourers. These states continue to consider security guards as semi-skilled or unskilled labourers, further creating disparity in the file and rank of manpower employed in the sector. In addition, this creates a situations of exploitation and a feeling of helplessness and incredulity in the employees (security guards).

*Customer speak*

*"Upskilling has improved the take home pay of security staff thus getting better quality persons. It has also increased the cost for us, however, our management is ready for the same in order to get better quality services"*

### Bridging the gap

- To provide a single window system to streamline the registration process, an amendment to the PSARA may be considered for specifying the categories of PSAs that can provide services throughout India based on Central Registration and other PSAs that need to obtain state-level registration. The actual enforcement of the Act can also be segregated between central/state-level authorities accordingly. This would not only reduce enforcement time but also allow national level integration to effectively monitor and plan for the private security industry.
- PSARA has an inclusive definition of "private security" i.e. the business of providing private security services including armored car service, private security guards, etc. Similarly, 'Private security agency' (PSA) is defined as 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. The scope of "private security" under PSARA is broad and does not prescribe an objective test to determine the activities that are sought to be regulated.

[9] https://clc.gov.in/clc/node/572- VDA minimum wages order dated 3/4/2018

# POLICY ISSUES CONCERNING PRIVATE SECURITY INDUSTRY

There is no clarity on whether PSARA applies to specific activities, which has resulted in ambiguity as to what constitutes "private security". With the provision of private security becoming increasingly mechanised owing to constant innovation in technology, it has become an urgent need to amend the PSARA to bring clarity to the industry, with the inclusion as regard use of armed security guards and other security related services offered.

- Each state has its own rules for the grant of license and mandatory conditions for the same. One of the conditions is the verification of antecedents of the applicants. On receipt of such request for verification in prescribed form (as per state rules), the Controlling Authority of the State forwards it to the Deputy Commissioner of Police of the concerned police district where the agency intends to commence its activities and for verification of particulars of the applicant which is time consuming. To ease the same, the states may consider implementation of an online process which would make the verification faster, easier and more accountable. Crime and Criminal Tracking Network and Systems (CCTNS) could be used for implementation of the same as per the advisory issued to all states/UTs by the MHA.
- Online process for the conduct of police verification should also be incorporated for security guards. Moreover the police verification should be made time bound, such that post a certain given number of days, after rendering of application for conduct of police verification, in case of no receipt of reply from the authorities, police verification should be considered as being completed and accorded. This would make the system more streamlined and remove ambiguity from the process and save time. With the Crime and Criminal Tracking Network and Systems (CCTNS) this would be easily implementable also.

*"PSARA must be a uniform implementation, its hampering the delivery and payments. PSI is the biggest affected body due to lack of uniform implementation."*

*- A leading PSA*

- The issue regarding trained personnel being employed in other states has been impacting the employment of personnel inter State. In this regard, MHA vide clarification dated January 11, 2018[13] clarified that certificates issued to trained guards in one state should be accepted by other states as there are no restrictions in PSARA for the same. States should be given suitable direction to implement the same.
- Regulatory impediments, especially lack of clarity and ambiguities in the laws and regulations relating to FDI into India makes attempts at liberalisation counter-productive. In its bid to attract more foreign investment and enhance the ease of doing business in India, legislative action in removing ambiguities in the regulatory framework is imperative. It will be beneficial if the various governmental agencies coordinate between themselves effectively to ensure simultaneous amendments in legislations prior to liberalisations being rolled out. Such initiatives will ensure effective implementation of policies and contribute towards making 'ease of doing business' in India a reality. It is proposed that a suitable amendment be made in the Arms Act so as to allow the licensed PSAs to procure and store arms subject to prescribed compliance and audit requirements.
- The states should also frame regulations for mandating employers to pay minimum wages to the personnel. For example, the Department of Law, Justice and Legislative Affairs of the Delhi government has issued a notification, making it mandatory for employers to pay remuneration either electronically or through cheques, except in some special circumstances. The President gave assent to Delhi government's proposed amendment under Minimum Wages Act under which employers violating labour rules in the city will face fine ranging from INR 20,000-50,000 and jail term between 1 to 3 years. Similar notifications with penalties may also be enforced in other states. It would, thus, take will and intention on the part of employers and the legislators to strengthen the legislation and to ensure that the standards for minimum wages are adhered to in salaries of private security guards and a step in that direction would be to align the minimum wages to the tier of cities rather than leave it for states to decide for the whole state. Further the Central Government needs to impress upon states to standardise the categorisation of security guards as skilled workers.
- Recently, MHA has created a new division to address issues related to security of women comprehensively. On the same lines, it is recommended that MHA should also create a separate division relating to private security so as to help administer the issue related to the industry in a faster manner. Further, uniformity in the ranks/ stature of the all the State controlling authorities across India, as against the existing different levels of offices dealing with the PSARA, would also go a long way in streamlining the associated processes across the country.

[13] https://psara.gov.in/PDFs/PrivateAct2005_16012018.pdf

# GOODS AND SERVICES TAX (GST) AND ITS IMPACT ON PSI



FICCI BDO

# GOODS AND SERVICES TAX (GST) AND ITS IMPACT ON PSI

**PSI – Issues in GST compliances and current challenges faced by industry**

GST was introduced in India w.e.f July 1, 2017. As a reformatory measure, it eliminates multiple taxes (levied by the Centre and States) and enables businesses to avail credit of tax paid on procurements which were hitherto a cost. However, transition to the GST regime has led to several challenges for PSI and other industries too. Challenges being faced by PSI and way forward are enumerated in the succeeding paragraphs.

**Shifting of tax liability**

In the pre-GST regime, PSAs were liable to pay Service Tax at the rate of 15% on provision of security services to business entities. As an exception, onus of tax payment was on the service recipient in cases of provision of security service by a proprietary firm (or individual / HUF). However, on GST implementation, liability to pay GST at the rate of 18% has been fastened on the service provider without any exception. This has therefore led to a huge compliance cost for service providers (belonging to the unorganised sector) who were earlier not liable to pay tax.

**Cash flow issues**

In the pre-GST regime, trigger for tax liability for security services (rendered by proprietary firms) was linked to payments by the service recipients. As a practice, PSAs would raise invoice for the work force employed in the preceding months only after they received payments from the customers without any cash concerns of discharging tax liability.

On transition to the GST era, PSAs are faced with the challenge of upfront tax payment on a forward charge basis. This has created a setback for PSAs as their customers typically takes 3 to 6 months to pay them after issue of invoice. Therefore, PSAs are facing key challenge of managing additional funding to meet tax obligations.

*"GST has led to a short-term impact on the working capital requirements as customers are delaying payments because of their refunds being stuck with the authorities."*

*- A leading PSA*

In addition, security services provided by PSAs are subject to a high GST rate of 18% which further adds to the GST woes of this industry. These issues are also leading to delay in wages to the work force who primarily hail from weaker sections of the society. Therefore, initiatives which were earlier taken by the industry for skilling and employment of workers belonging to the weaker strata is thwarted in the struggle of keep businesses afloat.

Industry associations have also expressed concern that GST at the rate of 18% would force many agencies to close business and lead to loss of employment for workers[14]. Recent reports of closure of a business by a Kolkata based security agency leading to loss of job for its guards, in a leading newspaper, is an example of the wave of job losses that seems nearer by the day[15].

**Incorrect tax base**

In the Service Tax era, PSAs were required to deposit tax on their gross income which included service fee, wages to workers and contributions made to PF, ESI etc for these workers. This was contested by PSAs on the ground that wages and similar contributions to work force is paid on behalf of the customers and tax should only be levied on the service fee received by PSAs.

*"The security industry does not receive substantial input tax credits, given the fact that almost 90% of the cost is towards salary of guards. Due to increase in tax rate to 18%, working capital requirement has correspondingly increased by almost 2-3%."*

*- A leading PSA*

[14] https://www.thehindu.com/business/Economy/private-security-agencies-seek-gst-on-commission-not-gross-income/article24421383.ece
[15] https://timesofindia.indiatimes.com/city/kolkata/kolkata-private-security-business-reels-under-gst-burden/articleshow/62878333.cms

# GOODS AND SERVICES TAX (GST) AND ITS IMPACT ON PSI

It was expected that the anomaly of an incorrect tax base would be addressed on transition to GST. However, this anomaly has continued in the GST regime as well. This adds to the cash flow worries of PSAs, as wages, PF, ESI etc are effectively incurred by these agencies on behalf of the customers. Split of the revenue received from the customers indicates that work force related costs comprise around 85-90% while the balance forms the service fee of PSAs. This further adds to the question of sustainability of these businesses as levy of 18% GST on the gross amount recovered from the customers is a hurdle that players from the unorganised sector may not be able to overcome.

*"GST is expected to positively contribute to economic activity and fiscal sustainability by reducing the cost of complying with multiple state tax systems and expanding the tax base by bringing more informal activity into the formal sector"*

*- A Leading PSA*

**Way Forward**

The issues highlighted underline the fact that the concerns of this industry require prompt redressal. Given the contribution of PSI to employment generation and skills initiative coupled with adept support to the Government machinery in providing security to the citizenry, it is imperative that a beneficial treatment be accorded to this industry under the GST regime. In this regard, the following solutions may be considered for addressing the GST concerns of PSAs:

**Shifting of tax liability from forward charge to reverse charge basis**

It is proposed that the onus of tax burden be shifted from PSAs to the customers. This would ensure that PSAs would not have to deal with sustainability issues in the wake of GST. PSAs would therefore be geared to meet the security demands of the country and invest in focus areas such as skilling and capability enhancement.

**Tax base to be limited to service fee of the PSAs**

It is proposed that wages and statutory contribution made to workers on behalf of customers be excluded from the tax base for levy of GST. Therefore, the tax base for the payment of GST should be the gross amount received from the customers less amount paid towards salaries and related contributions.

*Customer speak*

*GST should be charged on the service charge of the agency and not the total wages*

In this regard, it is relevant to note that similar dispensation has been granted in many economies to ensure sustainability of such manpower driven businesses. This is based on the rationale that the salaries of the security guards are being paid for by the principals or clients of the PSAs and the security agencies have no control or flexibility regarding the portion of payment which is earmarked as wages or related contributions for the workers[16]. Reference in this regard can be made to the clarification issued by the Ministry of Finance and the State Administration of Taxation of the People's Republic of China where it was clarified that taxpayers engaged in security services would have to pay VAT at applicable rates on the difference between the gross amount received and the amounts paid on salaries and social security contributions[17].

Therefore, levy of GST on the service fee of PSA would positively address the cash flow concerns of this sector and would also encourage compliance[18].

**Reduction in rate of GST from 18% to 5%**

At present, GST rate of 18% charged by PSAs on an enhanced tax base has led many customers to re-evaluate their manpower requirement. This further impacts the sustainability of businesses where supply of manned guard services is the primary source of revenue.

The proposed reduction in tax rate would ensure that concerns of job assurance of the work force is dispensed with.

[16] *Revenue Memorandum Circular No. 39-2007 issued by the Commissioner of Internal Revenue Phillipines*
[17] *Cai Shui [2016] No. 68 dated June 18, 2016*
[18] *https://www.thehindu.com/business/Economy/private-security-agencies-seek-gst-on-commission-not-gross-income/article24421383.ece*

# GOODS AND SERVICES TAX (GST) AND ITS IMPACT ON PSI

**Additional recommendations**

- In addition to resolution of the challenges highlighted above, it is imperative that products which aid effective surveillance measures such as CCTV cameras, sirens, indicator panels, burglar or fire alarms, two - way radio are kept in the concessional tax rate slab as against high tax rate slab of 18%.
  This is important as it would ensure that PSAs are not pressured due to high cost of procurement of such items. Further, benefit of reduced tax rate for goods involved in the provision of security services is also available in other jurisdictions. For example, supply and installation of security/alarm systems as fixtures in buildings is eligible for a reduced VAT rate in Ireland[19]. Therefore, it is proposed that benefit of concessional rate of GST be accorded to goods / products which are critical for provision of effective security services. Similar dispensation i.e exemption from Customs duty on import of such security products would go a long way in incentivizing this sector.
- At present, credit of GST paid on motor vehicles is not available to businesses except when used for further supply, transportation of goods or passengers etc. In such a case, GST credit availed on motor vehicles procured by PSAs for provision of cash logistics services may be disputed by the tax authorities. Given that secure transportation of cash is one of the key private security demands of banks, GST paid on procurement of motor vehicles for transportation of money for banks / financial institutions should be made available to PSAs. Availability of GST credit on motor vehicle for transportation of money is also one of the key proposals for amendment of GST laws which has been approved by the GST council in its meeting on July 21, 2018. Amendments reflecting such change is presently awaited. It is expected that the other tax concerns of this sector would also be shortly addressed.

**Conclusion**

GST implementation is understood to be a major indirect tax reform, which would provide the much-needed fillip to the economic development of the country. Therefore, it is important to work towards achieving the desired objective and remove any unintended obstacles from the path. It is expected that the GST troubles of PSI will be addressed shortly considering the mentioned cogent reasons and the significant growth potential of this industry.

[19] *https://www.revenue.ie/en/vat/vat-rates/search-vat-rates/S/security-services-supply-of-.aspx*



# SHIFT FROM UNORGANISED TO ORGANISED SECTOR

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# SHIFT FROM UNORGANISED TO ORGANISED SECTOR

The Private Security Sector is the second largest employer of manpower after the Agriculture Sector and lies predominantly in the unorganised sector of our economy. Industry consultations have suggested that the supply of manpower is likely to grow at a CAGR of about 10% over the next decade. Thus, approximately 70 lakh to 100 lakh individuals are added to the pool every year of which only 20% is estimated to be added through organised supply (compliant with PSARA training requirements and those who are likely to stay for more than 01 year). In 2014, only 35% of industry was organised which is expected to reach a level of approximately 50% in 2020. On the other hand, cash and electronic security which constitute 20-25% of the private security industry is mainly organised with the top 7-8 industry players controlling 75-80% of the market, as has been intimated before. Despite a large majority of the business being unorganised there is a shift towards the sector becoming more organised and compliant.

**Factors contributing in the shift to the organised sector**

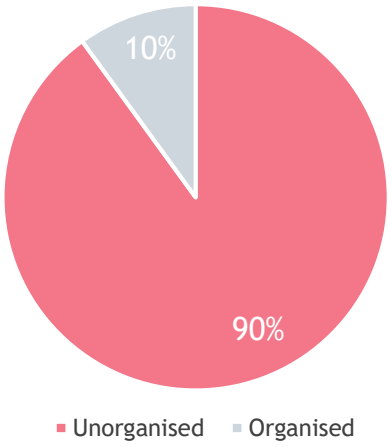
The increase in the proportion of the organised market can be attributed to various factors:

- **Impact of GST** – The new tax regime has led to a shift from unorganised to organised sector supported with the move from manual to digital technologies. GST takes away current unfair advantage enjoyed by the unorganised sector by bringing them to folds of the organised sector. In effect GST has been a positive step and has given a level playing field to the industry players and brought the unorganised sector at par with the organised sector. Thus, unorganised entities have been forced to make efforts to transform their business models into legitimate and compliant entities competing for consumers with the organised entities.

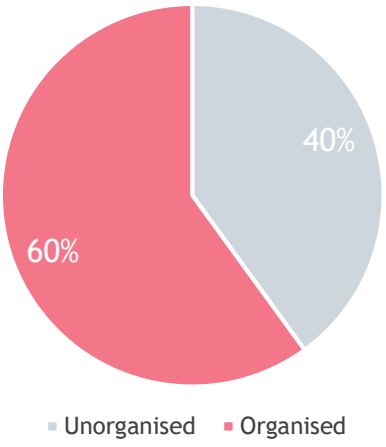
*"GST is also one more step in the path to formalisation of the industry as smaller, non-complaint firms that used to quote bundled prices to clients and not depositing service tax to authorities would lose the advantage they used to get due to their non-compliance. Customers will force them to comply with GST so as to not lose input credit."*

*- An industry expert*

**UNORGANISED vs. ORGANISED SECTOR**




**SHIFT TO ORGANISED SECTOR IN RECENT YEARS**




*FICCI-Grant Thorton report on Private security services in India 2015*

# SHIFT FROM UNORGANISED TO ORGANISED SECTOR

- **Re-categorisation** of workers in the sector has paved way for better framework of regulations (minimum wages, PF norms, gratuity, insurance etc.), better training standards which can be provided by organised players to their employees. However, this needs to be implemented across states for it to have its desired effect.
- **PSARA compliance**s - Post introduction of the PSARA, the companies are required to obtain and hold a license for operating in the sector. In addition, the PSARA prescribes training requirements and has brought in organised players which has led to more private agencies adopting in-house training practices. By bringing about amendments to PSARA to address training related issues concerning NSDC & TPs, the category of security services, etc, will further enhance the effectiveness of PSARA.

*"PSARA has ensured that the security agencies conduct their training, operations with some defined standards and this in turn is leading to a weeding out of non-compliant, fly by night operators who don't meet these requirements. Adherence to standards is critical for any industry to get a recognition and stature in the eyes of the regulators, investors and customers."*

*- A leading PSA*

- **Global players entering India** through own operations and buyouts has led to the expansion of the organised segment. In this regard it is imperative that the PSARA is amended to be in line with the latest rules on FDI.

- **Customer's preferences** have shifted to the organised service providers due to benefits of value added services, better trained personnel, use of advanced technologies and streamlined solutions. Most clients look for technology-enabled security solutions which organised players in the industry already offer, owing to high capital and highly skilled manpower availability.

### Need for empowered regulatory body

The shift from an unorganised sector to an organised sector has been evident since the introduction of the PSARA in 2005. Since then the shift has become further pronounced by the standardisation of training curriculum with the introduction of NOS/ QPs for conduct of security related training and also the introduction of GST. An empowered regulatory body will go a long way in making the sector more organised and conducive for growth and most importantly will bring quality to the fore. As on date companies facing issues do not have a medium to resolve the same apart from recourse to legal authorities. Thus, issues like outstanding payments etc remain largely unresolved and are proving as impediments in the faster growth of the sector.

Keeping the above in mind, a centralised regulatory body constituted and empowered to tackle issues such as non-payment of dues, penalising defaulting companies etc. would enable better functioning of the PSI.

### Policies to Help the Shift from Unorganised to Organised

- **Manpower**
  The private security services industry is manpower intensive and requires a considerable number of personnel to sustain its growth and momentum. Availability of quality manpower is one of the key issues plaguing the industry and is a major area of concern. For example, while manned guarding forms the largest part of PSI, the employment rate is very low due to unwillingness of people to join the manned guarding services.
  - A big challenge in the PSI is the high attrition rate. Current attrition levels stand at 40% for untrained guards and 15% for trained guard[20]. This is due to the poor benefits and compensation packages, improper understanding of the operating environment, and lack of development opportunities to allow employees to grow. Policies to address the issues leading to high attrition rate would further enhance the growth of the sector and its image.
  - Training also plays crucial role in providing candidates with better career opportunities and a feeling of being empowered. The traditional method of training especially in the large informal sector is of concern as the same takes place in an unstructured way. Due to lack of formal training, such persons do not have a formal certificate which acts as an impediment to

[20] http://www.nsda.gov.in/skill%20gap%20report/sector%20skill%20gap%20report/Private_Security_Services.pdf

# SHIFT FROM UNORGANISED TO ORGANISED SECTOR

earning better wages and better career path. RPL, touched upon in Chapter 2, is a way ahead to formalise the existing skills of the manpower employed in the unorganised sector to bring them to the fold of the organised sector.

- Industry also faces a challenge due to shortage of certified trainers and lack of established training standards. Adoption of international training standards through NSDC and programs like Training-of-Trainers (ToT) and Training-of-Assessors (ToA) would help the industry in bridging such gaps. The government may also create incentives for the industry to adopt these training practices.

**Strict enforcement of regulations**

Due to lacunae in the enforcement of the regulatory framework, unorganised segment has largely remained unchecked and players usually skip adhering to mandatory compliance requirements, which creates a detrimental impact for all stakeholders including employees and clients. Therefore, it is imperative for the governments to ensure strict enforcement of the regulations that will improve service delivery quality levels as well as work environment for the security personnel.

**Ease of Doing Business**

The government can play a big role in encouraging the unorganised players to move into the organised segment by facilitating the ease of doing business in the industry. It can be achieved through reforms such as single window clearance, reduction in timelines for license grants and security clearances and consonance in regulations across states.



# MANTECH

## Integration of Manpower and Technology



FICCI BDO

# MANTECH
# Integration of Manpower and Technology

With the growing use of technology in all sectors, PSI is no stranger to technological solutions that are giving a new shape to private security services rendered by the companies today. One of the biggest markets in technology segment is the surveillance market and it has tremendous growth prospects globally as well as in India.

Increasing terror threats, growing public and private infrastructures and the increase in crime rates have resulted in the demand of the surveillance market in India. Video surveillance systems have been the largest product category in India electronics security segment. The Indian video surveillance market was reported to be around US$1.58 billion in 2014 and is expected to reach to US$8.24 billion by 2022, while growing at a CAGR of 22.96%[21]. Market verticals that hold a significant share in the surveillance industry are transport, banking and financial verticals and other commercial offices.

Subsequent paragraphs give an insight into how relevant technological advancements are proposed to be leveraged for provision of security related services by the security service providers.

### Man Vs. Technology Solutions

With the ever-changing technology and increasing reliance on technological solutions in every sector, there has been a shift towards use of the latest technology in the private security industry as well. Manned guarding companies are now realising that technology could improve service delivery. They similarly recognise that investing in new systems and platforms could give them the competitive edge in an increasingly competitive and price-sensitive industry, where even the smallest efficiency savings could translate into significant improvements in margins.
There are a lot of technologies available today that can monitor properties for intruders, secure and detect faults such as water leaks and can provide the police with evidence for prosecution. These include alarms (specially designed and adapted so that they run wirelessly) and cameras (capture both day and night, high quality images which can be recorded and saved off site).

- **Manned Guarding**
  - A visual deterrent against crime, trespassing, and vandalising.
  - Incidents reported by a human will tend to be genuine and not false alarms.
  - An on-site response to utility faults.
  - General inspection and management services.
  - Real time surveying of CCTV footage, if applicable.
  - Alarm system surveillance.
  - Manned guards may hear a possible breach before CCTV sees it.

- **Technological solutions**
  - Many alarm sensors can be fitted around a property to provide a number of ‘eyes’ all at once.
  - Alarms are attentive, they monitor 24/7.
  - Substantial cost saving compared to manned guarding.
  - Visual and audible warnings can be used, if installed.
  - Breaches can be captured on video in real time. Monitoring stations can determine if such a breach is genuine or false before taking further action.

On the flip side, manned guarding has substantial costs and requires a high degree of trust for high value sites. Similarly, technology solutions deployed on site have fair chances of raising false alarms and may not be suitable for all sites. It is thus, imperative that each site be reviewed properly to select a balanced solution combining both manned guarding and use of technology.

*Customer speak*

*“We have implemented an Online Visitor Management system which registers visitor with an OTP on their phone and a photo ID. Visitor is provided with a RFID badge through which the application tracks his/her movement. The application also tracks the count and location of the visitors. As soon as a visitor is registered, an auto-generated email is sent to the concerned person on whose confirmation only, is the visitor allowed to move beyond reception.”*

[21] http://www.ncnonline.net/special-story/surveillance-market-in-india-increased-tremendously.html

# MANTECH
# Integration of Manpower and Technology

### Integration with security technologies advancements

With high level of advancements in technology, services like electronic security services, integrated facility management and security architecture and engineering have seen greater prominence in recent times. Technology integration helps in improving the quality of services offered by security companies. Additionally, the existing large workforce also gets an opportunity to up-skill themselves and progress to engaging employment conditions.

Technology integration has clearly benefitted the security industry by improving service delivery. Some of the advantages of this change are: -

- Paperless working: Historically, manned guarding firms have had to wait for the paper trail to end before the true picture of their performance could be measured. In the past, it could be months after an event before the true impact of that event could be measured and a response could be determined. Customer satisfaction, which needs to be measured daily, could be harmed to the point of bringing a relationship to the point of collapse before the severity of the situation was properly known. Systems and platforms enable businesses to use the power of the internet to manage the services they provide, dramatically improve communications, maximise operational efficiency, and add significant value to customer relationships. These systems achieve this whilst also bringing significant advantages to individual employees.
- Transparent customer relationships: Customer satisfaction scores can be interrogated in real-time, issues immediately identified, and remedial action taken where required. The level of detail on the scoresheet can be granular; trends can be determined to compare and contrast performance across an entire client portfolio. Dashboards can be created at the touch of a button to see the performance of a particular site and of individual officers — all benchmarked against targets and key performance indicators.
- New technology does not just deliver advantages for employers or their customers. Employees also benefit. Their own portal enables them to manage their own time, pay, and performance.

Security companies have evolved from servicing only homes and businesses to servicing the government. This not only enables entry of technocrats into the industry, but also provides an opportunity for dispersal of technical knowledge and professional expertise in PSI.

*"As PSI is evolving fast with technology playing a larger role in security solutions, the security personnel also needs to become comfortable with the various types of technology solutions and their usage, monitoring, tracking, reporting etc. To this end, the training content has to be made more relevant to the needs of the moment."*

*- A PSI skilling expert*

### Technology trends

- **Artificial Intelligence (AI)**
  Within the security market, robots that use AI are emerging as a way for businesses to augment existing security patrols and provide greater situational awareness. Security robots can bring substantial benefits to businesses:
  - Patrolling of perimeter of corporate campuses or critical infrastructure sites to identify potential trouble/ issues;
  - Removes traditional guards from dangerous situations;
  - Detects individuals or vehicles in unauthorised areas;
  - Integrates with existing sensors and systems to allow operators to gain new levels of intelligence and insight into situations.

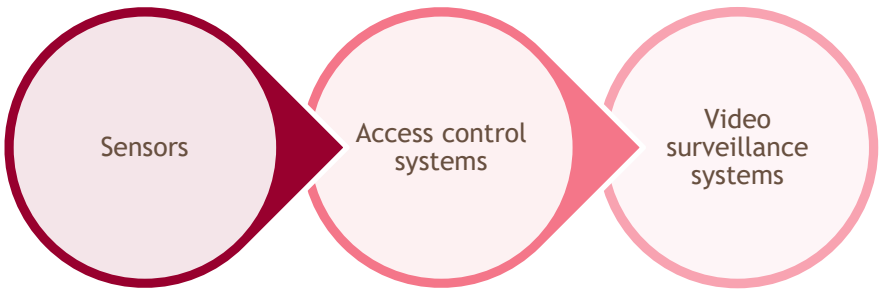
- **Combining AI and robotics**[22]
  Security robots work by using multiple sensors to bring the information together. Open-platform applications work together seamlessly to collect and analyse data. AI software is embedded to provide security officials with the ability to analyse the images captured by onboard cameras.
  Advanced AI technologies have made it possible for robots to be able to "learn" their surroundings. Robots are initially programmed to navigate a particular route, but as they continue on this path numerous times, the robot can make adjustments. AI makes this possible by giving the robot the "brains" to engage with its surroundings and adding significant value to patrols.
  AI also makes it possible to recognise patterns within large amounts of collected data. In the case of robotics, this can include automatically searching through video surveillance feeds for anomalies. Security-based AI, however, is narrower in focus, executing certain defined tasks such as object recognition or navigation. Advanced object recognition enables a robot to become a core part of the enterprise security team. Leveraging this type of AI allows robots to identify when a human or vehicle is approaching a perimeter and then execute a set of procedures in line with an organisation's goals.

[22] https://www.securityindustry.org/2017/09/01/robots-guards/

# MANTECH
# Integration of Manpower and Technology

- **Internet of Things (IoT)**
  Everyday objects that can send and receive data have started to enter our homes and this new development of the internet is what we call the 'Internet of Things'. Security companies use networks of various sensors to measure and monitor the real world, react to it and present the necessary information to security officers for evaluation and action. Some of these sensors include - Motion sensors, Entry Sensors for doors and windows, Glass Break sensors and Video Cameras. The majority of sensor technologies rely on detecting changes in Infra-Red light, Acoustics, and Magnetic fields[23].
  Some examples of use of IoT in security are:
  - Network video recording (NVR) systems - These systems allow real-time viewing of security cameras from devices connected to the Internet. These systems can be used to view live footage of a home or business anywhere, at any time and on different devices.
  - Setting up CCTV systems to work with the alarm systems – In this case, when an alert is sent to the home or business owner, they can check the footage to make sure it is a legitimate alert. These systems are also be used to monitor company vehicles in real time to enhance their security and surveillance. Combined with GPS tracking capabilities, the system adds another level of protection as well as added security. Real-time viewing can also be used to help improve employee driver safety and identify unauthorised or inappropriate use of company vehicles.
  - Integrating CCTV with live Point of Sale transactions where a shop owner can check the specific transaction time against the CCTV footage.

- **Drone surveillance**
  Surveillance is the close observation of a person, group of people, behaviour, activities, infrastructure, building etc for the purpose of managing, influencing, directing, or protecting. In addition to manned surveillance, security companies are using technologies like GPS tracking, camera observation, stake-outs, data mining and profiling, and biometric surveillance to aid in the traditional methods of surveillance.
  Drone surveillance presents an easier, faster, and cheaper method of data collection, and a number of other key advantages. Drone planes can enter narrow and confined spaces, produce minimal noise, and can be equipped with night vision cameras and thermal sensors, allowing them to provide imagery that the human eye is unable to detect. While it helps in covering difficult-to-reach areas, it also reduces staff numbers & costs and do not require much space for their operators. However, India requires an enabling regulatory framework to use the drones for these applications while current regulations prohibit any civilian use of drones.




- Door and window entry sensors
- Panic buttons
- Radio frequency identification tags
- Alarm gates
- Motion detection sensors
- Glass break sensors
- Photoelectric beam sensors

- 360 degree Panoramic cameras
- Facial recognition
- People counting
- Drones
- Video surveillance

[23] https://www.theseus.fi/bitstream/handle/10024/130974/Dobre_Valentin.pdf?sequence=1&isAllowed=y



# CASE STUDIES

## Mantech - Integration of Manpower and Technology

FICCI BDO

# CASE STUDY
# Protecting high value assets for a Gold Loan Company

The high value nature of the above-mentioned business, along with information confidentiality, have been the main concerns of the client. The security services provider offered a solution integrating technology along with provisioning of physical security, covering the undermentioned aspects: -

| | |
|---|---|
| **Scope of Work** | Among other things the scope of work included: -<br>▪ Monitoring of CCTV feed and command & control center<br>▪ Safe operation of the vault |
| **Technology and Manpower** | ▪ Health Monitor<br>– Monitoring of various inputs in respect of electrical assets of the branches.<br>– Raising of alert on unusual parameters in equipment.<br>– Coordination of technicians to manage the problem.<br>▪ Managed Services<br>– Real time 24x7 smart monitoring: All activities monitored 24x7 smartly with the use of Video Analytics.<br>– Real time alerts for validated alarms: All alarms are validated and an alert for a possible threat raised via call, email, etc to authorities in real time.<br>– Remote support to on-ground Emergency Response Team (ERT).<br>• The command center coordinates with the local police, security agency and fire department on as required basis.<br>• Additionally, command center uses the two-way communication between itself and the branches, to cater for exceptions.<br>▪ Vault Operations<br>– A mobile based OTP solution has been deployed to create an additional layer of security to the vault operations. The branches raise a request for OTP every time the staff needs to enter the branch vault. On raising the request, command center checks the branch for sanity and safety, using installed CCTV cameras, for the following:<br>• The branch manager is not under force to request for OTP,<br>• The branch is clean, and no one is under any threat.<br>– After due validation, the OTP is sent.<br>– Post-delivery of the OTP, the vault is monitored live to check the staff to ensure all vault operations are carried out as per the SOP. |
| **Benefit** | Integration of technology along with provision of manpower for execution at the ground level provides the security service provider a better control over the security. The technology aspect of security provides the security personnel the bandwidth to be proactive in adverse situations, rather than being reactive. Internal pilferages has been reduced drastically. This has resulted in the business process optimisation for the client. It has provided the client with an air tight security solution, safeguarding property and resources and providing a peace of mind. |

# CASE STUDY

# Protecting high value assets for an Oil Exploration Company

The following are the details of a project that involved a multi-disciplinary engagement combining technology, people, command centers, vehicles etc. for creating a solution that was customised to solve the client's requirement for pipeline security. The solution integrated CCTV, GPS and other technologies to bring in efficiency and reliability.

| | |
|---|---|
| **Scope of Work** | ▪ System Installation, Operation & Maintenance of 10 local control room & 1 central control room<br>▪ Deployment of 10 Quick Response Team (QRT) vehicles<br>▪ Static guarding at critical installations<br>▪ Line patrol (2033 Km Pipeline) with app based hand held GPS android device<br>▪ Multi-location deployment across seven states |
| **Technology and Manpower** | ▪ 800 + Manpower<br>▪ 231 Cameras (PTZ & Static) with 139 Network Video Recorder<br>▪ 10 QRT Vehicles with proper branding of client as well as security solution provider<br>▪ 98 GPS enabled android devices for line patrol<br>▪ 37 solar panels where power grid is not available |
| **Benefit** | Technology, in this case, enabled the security provider to monitor and protect the assets spread across a wider geography, located in the open, with no physical protection like walls or fences. CCTV cameras, GPS enabled android devices have been deployed for surveillance as well as for monitoring of patrol activities. This is another example of successful deployment of man-tech and therefore, ensuring a better security service with better than desired quality at a cost lower than just deploying the manpower, which otherwise would have been required in massive numbers. |

# ABOUT FICCI

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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.

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### FICCI Committee on Private Security Industry

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. FICCI has constituted a Committee on Private Security Industry (PSI) which has been advocating the key policy issues confronting the industry.

### Key Focus Areas:

- Enforcement of Private Security Agencies Regulation (PSAR) Act, 2005: The Private Security Agencies (Regulation) Act introduced a regulatory framework into an otherwise un-regulatory industry, but the act needs to be enforced and implemented effectively. FICCI is advocating the proper enforcement of this act, across states.
- Minimum Wage policy: Uniformity of wage policies need to be considered and should be centralised. FICCI proposed the Ministry of Labour and employment, GoI to advise the state labour departments to implement the 're categorisation of Security Guards and Security Supervisors / Armed Guards as Skilled workers under State Minimum Wages notifications, in accordance with Central Minimum Wages notification (S.O.191(E)), so that the real benefit percolates to the Security Guards across the country.
- Minimum standards/guidelines for cash logistics companies: In order to protect the interest of the private security operators who render both cash van and armed guards services (comprehensive solution) to banks for ATM cash replenishment and other such solutions, there is a need for well-articulated standards and guidelines that must be adhered to. With the recent announcement of minimum operating standards for conducting Cash logistics activities by RBI vide its notification RBI/2017-18/152, the industry is effectivity placed in reset mode. FICCI has been pursuing the agenda pertaining to minimum standards and guidelines for Cash Logistics companies in India and has submitted several representations.
- GST issues concerning the Private Security Industry - Private Security Agencies (PSAs), who are mainly from the small and medium enterprise segments, operate on very thin margins and find it challenging to cope with the requirements of the GST compliance provisions. Private Security sector operates on a cost plus pricing model. Basis for per head cost is applicable Minimum Wage and statutory obligations like PF, ESIC, Leave, Bonus, Gratuity etc. FICCI has made several representations to the Central and State Government to consider revising the tax rate and its imposition to address the many issues that beset the viability of private security industry.

# ABOUT FICCI

- Armed security for cash logistics: The increasing urban insecurities and rising incidents of crime have increased the demand for armed security. The PSAs in India are, however, not authorised to hold arms licenses, and are thus forced to employ people having individual arms license. FICCI has submitted the draft inputs to Ministry of Home Affairs, Ministry of Finance and RBI for a well-articulated policy for the deployment of armed private security guards for the protection of cash vans which carry crores of public money every day has been submitted to the Government.
- Re-categorisation of Private security workers' as skilled/highly skilled workers: FICCI has made continuous efforts in this direction and submitted its recommendations to Ministry of Labour and Employment for categorisation of security workers as skilled and highly skilled workers under Central & State Minimum Wages. In January 2017, recategorisation notified vide a Gazette notification S.O.191(E) and stated that Security guards without arms have been categorised as 'Skilled Workers' and Security guards with arms have been categorised as 'Highly Skilled Workers'.
- Security guard category to be included under new Pradhan Mantri Rojgar Protsahan Yojana(PMRPY) Scheme: FICCI has submitted a representation mentioning the suitable changes required to include security guard category for availing the benefit of PMRPY scheme. FICCI proposed the Labour Ministry, Government of India, to consider the security guards from availing the benefit of PMRPY scheme.

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|---|---|---|---|---|
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- Virtual Analytics



## TECHNOLOGY

# GLOSSARY

| | |
|---|---|
| AI | Artificial Intelligence |
| ATM | Automated Teller Machine |
| FDI | Foreign Direct Investment |
| CAGR | Compounded Annual Growth Rate |
| CCTNS | Crime and Criminal Tracking Network Systems |
| CCTV | Closed Circuit Television |
| DIPP | Department of Industrial Policy and Promotion |
| ERT | Emergency Response Team |
| ESI | Employees' State Insurance |
| ESIC | Employees' State Insurance Corporation |
| GoI | Government of India |
| GPS | Global Positioning System |
| GST | Goods and Services tax |
| HUF | Hindu Undivided Family |
| IoT | Internet of Things |
| IT/ITES | Information Technology/ Information Technology Enabled Services |
| MHA | Ministry of Home Affairs |
| NCR | National Capital Region |
| NOS | National Occupation Standards |
| NSDC | National Skill Development Corporation |
| OTP | One Time Password |
| OVMS | Online Visitor Management System |
| PF | Provident Fund |
| PMKVY | Pradhan Mantri Kaushal Vikas Yojana |
| PMRPY | Pradhan Mantri Rojgar Protsahan Yojana |
| PSA | Private Security Agencies |
| PSARA | Private Security Agencies Regulation Act |
| PSI | Private Security Industry |
| PSS | Private Security Sector |
| PTZ | Pan-Tilt-Zoom |
| QP | Qualification Pack |
| QRT | Quick Response Test |
| RBI | Reserve Bank of India |
| RFID | Radio Frequency Identification |
| RPL | Recognition of Prior Learning |
| SDMS | Skilling Database Management System |
| SOP | Standard Operating Procedure |
| SSSDC | Security Sector Skill Development Council |
| ToA | Training of Assessors |
| ToT | Training of Trainers |
| TP | Training Partner |
| VAT | Value Added Tax |
| VDA | Variable Dearness Allowance |

# NOTES

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With a Partner/Director group of 120+ and a staff strength of over 1800, the firm is positioned to support the business needs of mid-market companies with a comprehensive suite of tailored solutions. With a deep cultural understanding of business geography, our functional heads offer knowledge and expertise in establishing, structuring and operating business in India.

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