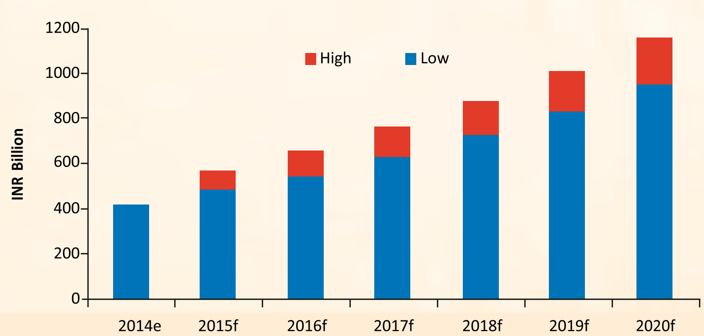
# PRIVATE SECURITY INDUSTRY

The Private Security Industry (PSI) is one of the fast growing industry of the country, with the growth rate estimated at approximately 20% annually. This growth is expected to get a further boost as the country progresses both in terms of infrastructural development coupled with the anticipated economic growth. Other aspects contributing to the growth of the Industry can be attributed to the factors like increased threat perception and inadequate number of Police personnel. The present eight million work force is expected to cross the 11 million mark by 2020. Consequently, in fiscal terms the current INR 570 billion industry is likely to cross the one trillion barrier by 2020. Even today, the personnel employed in this Sector far exceed the combined strength of our Armed Forces.

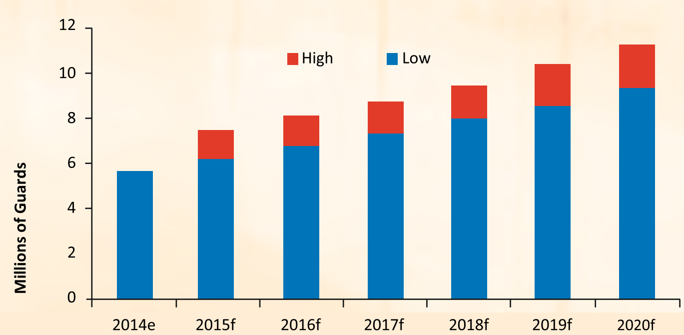
The Security Industry is governed by the Private Security Agencies (Regulatory) Act (PSARA) 2005 duly adopted by the States with modifications in accordance with the States requirement. In majority of the States the Controlling Authorities are the delegated Police officials who act as ombudsmen. PSARA legislates the minimum qualifications required of a security guard along with the basic minimum physical standards he or she must have. It also lays down the subjects that need to be taught to a prospective security guard and defines that a minimum of 160 hours must be devoted to the training of a raw person before he can qualify to be certified as a security guard. Of course, he must clear the assessment test held on conclusion of the said training. This has resulted in the opening up of a large number of training centres across the country which act as feeders to the

**Private Security Sector Growth Forecast**




*Source: Author analysis, Industry discussion (e-estimates, f-forecast)*

**Forecast for number of security guards**




*Source: Author analysis, industry discussion (e-estimates, f-forecast)*

Private Security Agencies. The Skill India Mission launched by the Govt has given impetus to this aspect and there has been a steady growth of imparting skill training as an alternate learning process, especially to facilitate the youth from rural areas and drop outs from schools to attain the required skill levels and thereby be gainfully employed to be able to support their families.While government sponsored programmes can work as support, the competition for the limited funds will continue to increase. In an environment where regulatory requirements are uncertain, sustained private investments in the training of security guards is likely to remain low and will always be reactionary to government schemes.

Being an unorganised sector, there is no structured policy on career growth of an employee in this domain. This continues to remain whimsical often based on the prerogatives of the management of that company employing him. There are no uniform career progression policies in operation. Each company has its own rules & regulations in this regard. In turn this creates a sense of despondency resulting in individuals just performing their routine duties with no ambitions for a better future. Despite the Ministry of Labour upgrading the classification of the security person to that of a skilled worker, it has not been implemented in totality.

Majority of the employees in this sector hail from a rural background & are often found to be from a financially weak family. Mostly school drop outs, who otherwise have very limited job options are forced to accept the terms and conditions of their employer who on rare occasions have been found to exploit this vulnerability.

One of our greatest drawback is our reluctance to carry out upgradation using available technology. As we progress towards creating SMART cities across the country, electronic means of guarding to ensure crime prevention will become a must. Guards of tomorrow must possess the basic skills of undertaking guarding duties through electronic means. This not only will lead to the reduction of manpower, but also enhance the effectiveness of such guarding. It will perhaps not surprise many of the readers that the guard operating a simple Hand Held Metal Detector may not know what to do should the instrument start sounding a different beep!!

### Key Drivers of PSS in India

The growth of PSS can be explained by factors like increased threat perception and inadequate number of police personnel, however, the most important factor has been the rapid economic growth in India. Figure 1.1 shows the distribution of “Key drivers of PSS in India” as ranked by Private Security Agencies as part of our primary survey.

- Around 76 percent of the PSA surveyed ranked 'Growing Economy' as the key driver of PSS in India.
- 'Increased Threat Perception' was ranked number 1 by only 19 percent of the respondents; however, 51 percent ranked it as the second most important factor.
- 'Regulatory requirements' was ranked No. 1 by only 4 percent of the respondents.

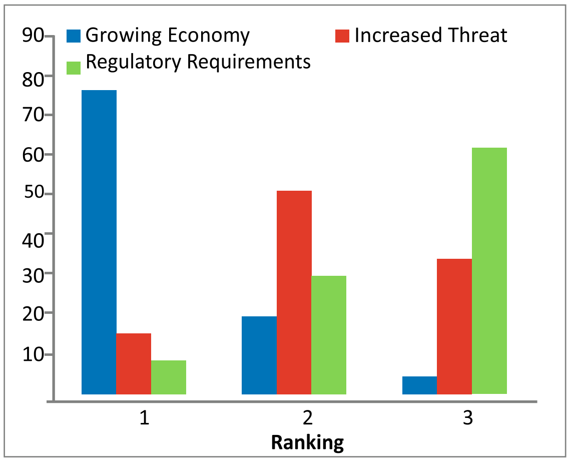



Figure 1.1:Key Drivers of PSS in India

### Defining the private security sector

A number of security operations are provided by the private players in India. The National Product Classification for Services Sector (NPCS) identifies a number of security activities under the heading Investigation and Security Services. Security services are divided into 5 broad headings at 6 digit levels and further into 11 classifications at 8 digit levels.

*Table 1.3: Classification of Investigation and Security Services (Group 99852)*

| Class | Sub-Class | Product Code | Description |
|---|---|---|---|
| 998521 | 9985210 | | Investigation services |
| | | 99852101 | Investigation services by government agencies |
| | | 99852102 | Investigation services by other than government agencies |
| 998522 | 9985220 | 99852200 | Security consulting services |
| 998523 | 9985230 | | Security systems services |
| | | 99852301 | Alarm monitoring system |
| 998524 | 9985240 | | Armoured car services |
| | | 99852401 | Bank currency collection and delivery services |
| | | 99852402 | Securities transfers services |
| | | 99852409 | Other armoured car services n.e.c. |
| 998525 | 9985250 | | Guard services |
| | | 99852501 | Patrolling services |
| | | 99852509 | Guard services n.e.c. |
| 998529 | 9985290 | | Other security services |
| | | 99852901 | Training of guard dogs |
| | | 99852902 | Polygraph services |
| | | 99852903 | Figure 1.8: Distribution of PSS covered under PSARA Finger printing services |
| | | 99852909 | Other security services n.e.c. |

*Source: MOSPI. Available at www.mospi.nic.in/Mospi_New/upload/npc_serv_sec-2010.pdf*

As per the Private Security Agencies Regulatory Act , 2005 (PSARA) :

- "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.
- "armoured car service" means the service provided by deployment of armed guards along with armoured car and such other related services which may be notified by the Central Government or as the case may be, the State Government from time to time;
- "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;

In this study we restrict our focus on the definition of private sector provided by the PSARA.

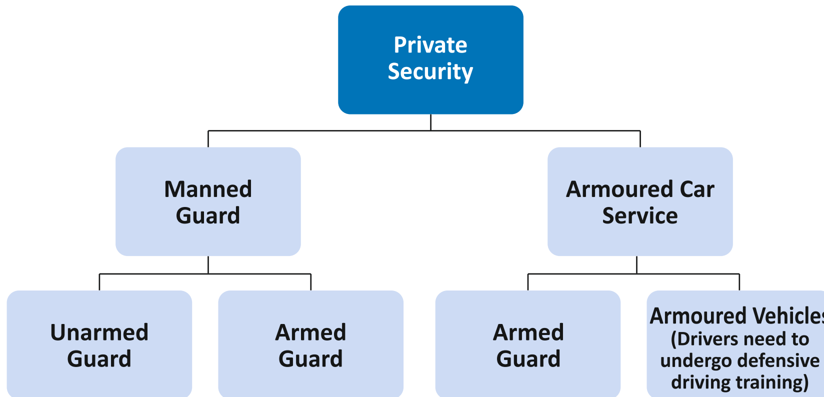



*Table 1.4: Distribution of Manpower across PSS in Indian States*

| 5 L + | 4-5 L | 3-4 L | 2-3 L | 1 - 2 L | 50 k-1L | 20-50 K | <20 K |
|---|---|---|---|---|---|---|---|
| Maharashtra | Karnataka | Uttar Pradesh | West Bengal | Madhya Pradesh | Jharkhand | Assam | Goa |
| Tamil Nadu | Delhi | | Punjab | Rajasthan | Uttarakhand | Jammu and Kashmir | Puducherry |
| Andhra Pradesh | | | Haryana | Bihar | Orissa | Chandigarh | Himachal Pradesh |
| Gujarat | | | | Kerala | Chhattisgarh | | Others* |

** Others include North Eastern States (except Assam) and Andaman & Nicobar Islands which individually have less than 20,000 private security guards employed.*

**Sector wise Distribution**

The highest number of the private security guards are employed in the manufacturing sector at an estimated 22 percent. Most of the guards employed in this sector work at the plant location. As India embarks into becoming a manufacturing hub, the demand for security is expected to rise.

Banking, Financial Services and Insurance sector (BFSI) has been one of the largest employers of private security sector. As the number of ATMs has increased, the demand for cash replenishment has also gone up. Majority of demand for the armoured vehicles are generated in this sector.

The emergence of India as Information Technology Hub has resulted in a number of global IT giants entering the Indian market. Further, the increasing number of support services provided by Indian firms as a part of outsourcing chain has resulted in demand for security. Many of the offices for these firms have come up in new townships requiring elaborate security measures. An estimated 11 percent of security guards are working in this new economy sectors. The key hubs for this are Bangalore, Hyderabad, Delhi NCR, Mumbai, Pune and Chennai.

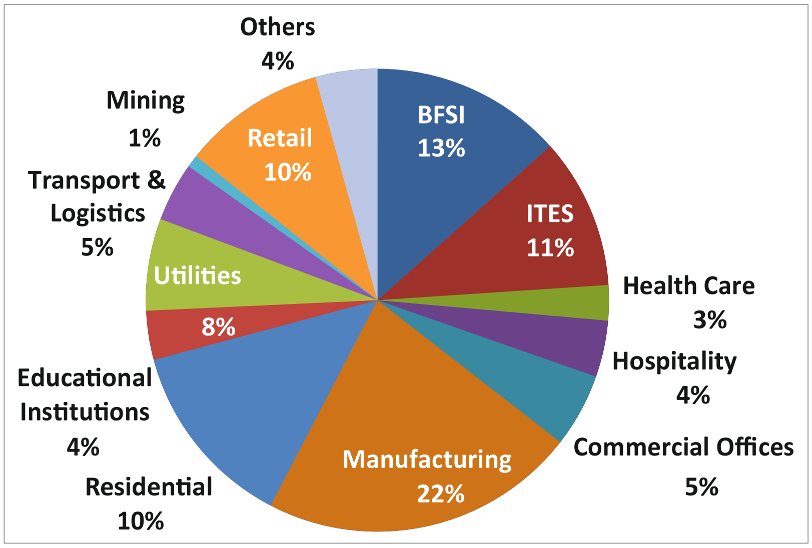
Retail sector employs around 10 percent of the security guards in the country. The emergence of shopping malls and their popularity across metros, tier 1 and tier 2 cities will continue to rise as the Indian middle class grows. The demand for security has increased. Similarly, a number of standalone super markets and showrooms employ security guards in large number.

Residential sector also employs around 10 percent of the security guards. As the threat of crime against elders, robbery and kidnapping has increased, many housing societies have started employing security guards. This sector is often catered by much smaller players who do not operate as per the criteria set by the regulators.

While defining utilities sector we use a broad definition to include power, water, oil & gas and telecommunications as well. This sector accounts for around 8 percent of the demand from the private security sector.

Other significant sectors are Transport & Logistic (5 %), Commercial Offices (5%), Educational Institutions (4%), Hospitality (4 %) and Health care (3 %).

***Figure 1.10 : Distribution of security guards based on the sectors they are employed in.***




*Source: Authors Calculation, primary survey*

**TRAINING, DEVELOPMENT AND CAPACITY BUILDING MEASURES IN PRIVATE SECURITY SECTOR**

**Training requirements** : The training requirements in the sector emerge not only from the operational point of view but also the specific nature of the sector from a security perspective. From an operational point of view the Principal Employers demand security personals that can carry out their duties in a professional manner. However, this approach tends to vary from each end user and also service provider. Often security is not given much priority and hiring trained guards means incurring additional costs. This has resulted in an average guard who is often without any training or is under trained, and is less than equipped to handle an untoward situation. Further, the role of security guard in a service oriented economy is also changing rapidly. He is seen as the first point of contact and is expected to be well dressed, courteous and hospitable, making good communication imperative skill for working in the sector.

In 2005 the government adopted a more rational approach towards regulating the sector by enacting PSARA to streamline the functioning of the private security sector in India. One of the key aspects was mandatory training for security guards. A detailed clause under section 5 (1) of the PSARA mentioned 160 hours of training (100 hours of classroom instruction and 60 hours of field training) spanning at least twenty working days for private security guards. This training is supposed to equip the security guard to carry out his duty adequately. The controlling authority of each state is empowered to design the curriculum to be fulfilled by the security guard. Ex-Servicemen entering the private security sector are required to undergo a condensed training program of 7 days. These measures were aimed to bring about much required standardization in the minimum level of skill required for each guard.

**Reality Check**: In the early stages of development of the security sector, when the demand was much lower, the role of security guard was mainly executed by ex-servicemen. However, as the demand for private security increased rapidly in the post liberalized economy, the supply of ex-servicemen lagged the burgeoning demand. Many of the larger PSAs started their own training agencies to cater to high end clientele willing to pay for the trained guards.

In an environment where there was virtually no regulation, little barrier to entry and what seemed like an unlimited demand for security personnel large number of firms of different sizes started mushrooming across the country. As demand outstripped supply, the quality of personnel entering the sector started to vary widely across firms based on the clientele. Suddenly, anyone who could stand on his two feet and willing to work as a security guard was being chased by the PSAs.

As part of our survey we asked the PSA if they insist on any minimum training criteria, figure 3.1 provides distribution of their responses. Around 60 % of PSA's insist on 100-160 hours of training, while 30 % insisted that they require guards to undergo less than 100 hours training. These numbers of hours show that the training expected by the PSA is much lower than the PSARA recommended 160 hours in a considerable number of cases. Current industry estimates put the number of private security guards in India between 5.75 to 6.25 million. To a large extent these guards either do not have adequate training or lack training all together. This point is borne out by our survey as well. Figure 3.2 shows the status of training along with the duration of training for the survey respondents. Out of 469 security guards surveyed, 333 or 71 % underwent some sort of training before assuming the responsibilities of a security guard. However out of 290 trained guards, nearly 56 % received training for less than a week (between 1-5 days). The percentage of the security guards who received training as per PSARA guidelines is 15% only. There is quite a discrepancy in the number of hours of training which the PSAs require and the figures reported by security guards agencies.

**Figure 3.1: Training requirements reported by PSA**

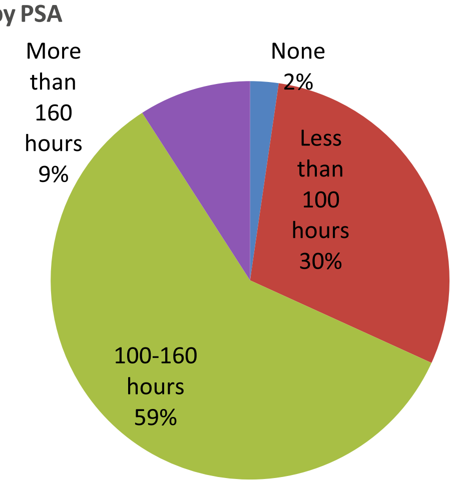
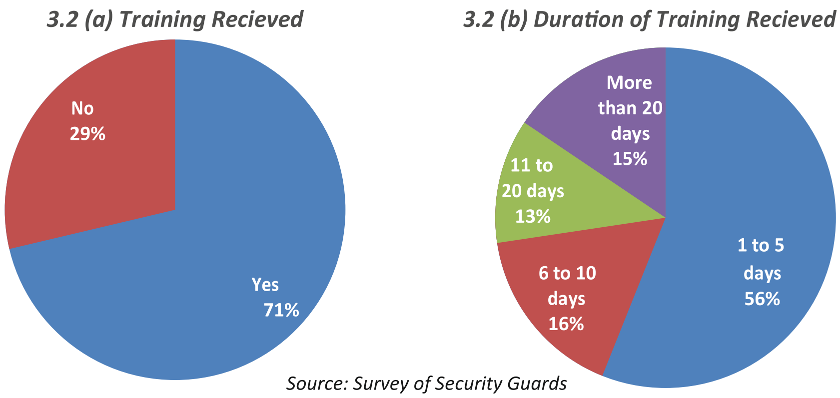


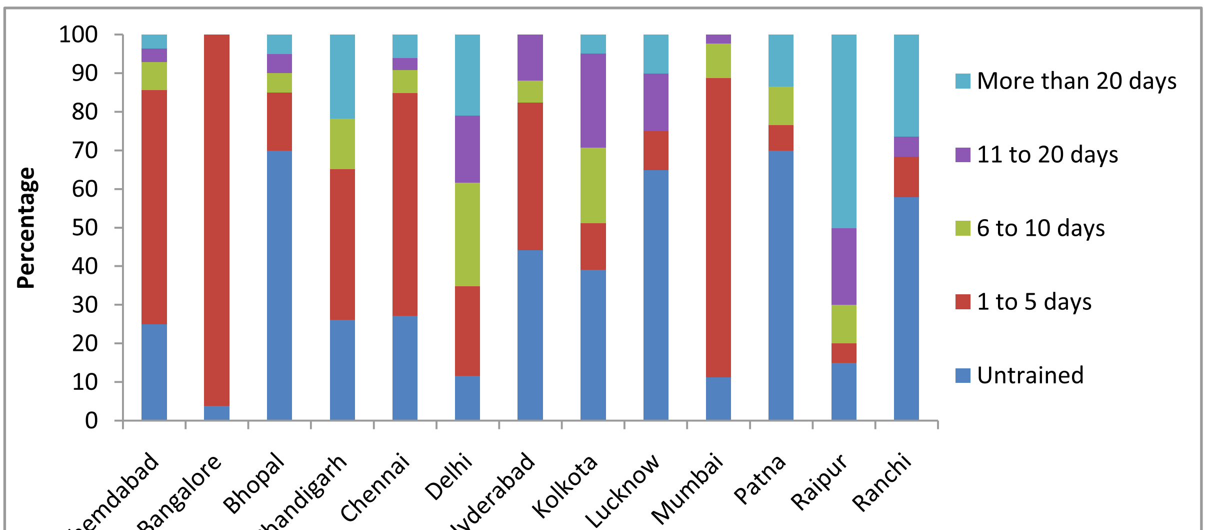
**Figure 3.2: Training duration of security guards**




*Source: Survey of Security Guards*

Figure 3.3 shows the status of training across the surveyed cities. Two key observations emerge from this figure. First, there is large variation across cities in terms of trained guards. Cities like Bengaluru (96 %), Delhi (89 %) and Mumbai (88 %), do much better than cities, like Patna, Ranchi and Bhopal which have as low as 30 percent trained guards. Second, the proportion of guards receiving prescribed training of 160 hours or 20 days is actually much lower. For instance, in Bengaluru 96 percent of the guards surveyed received training, the duration of training was less than 5 days.

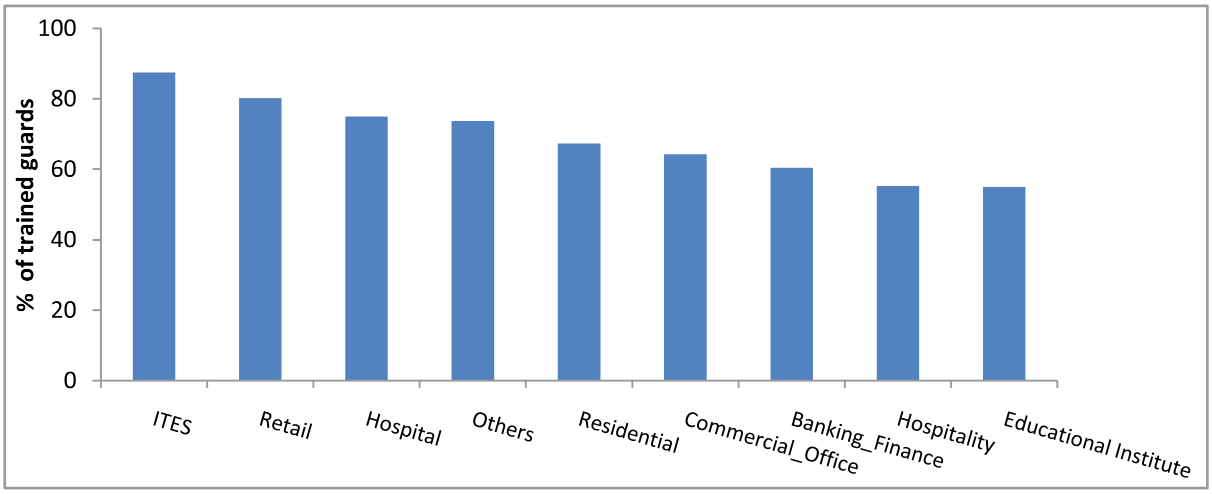
***Figure 3.3: Distribution of trained guards across cities and duration***




*Source: Survey of Security Guards*

The next question we investigate relates to the distribution of trained guards across sectors. Figure 3.4, shows the percentage of guards, who reported to have received some sort of training, across sectors.

*Figure 3.4: Distribution of trained guards across sectors*

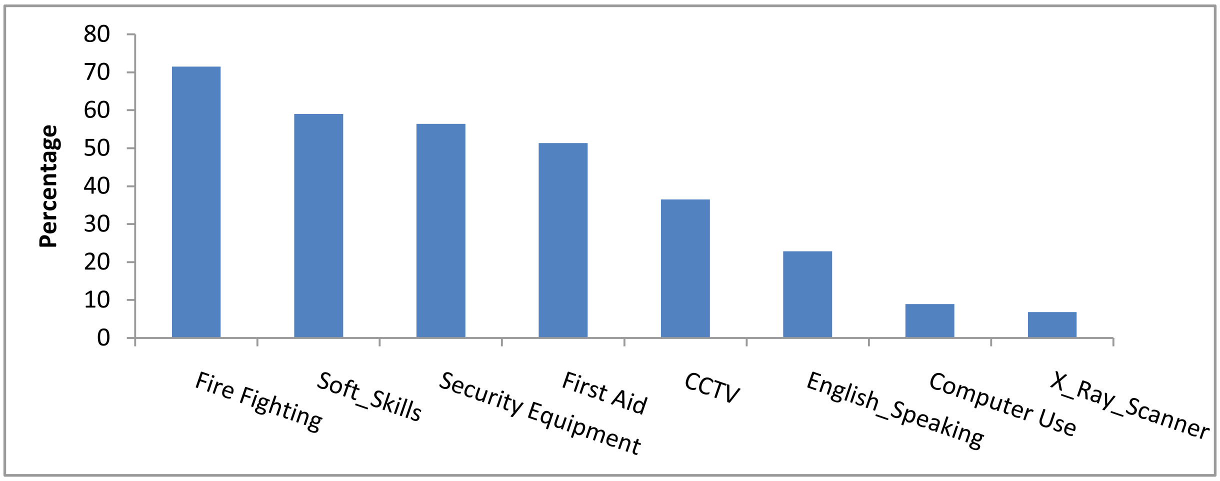



*Source: Survey of Security Guards*

It is observed that while sectors like ITES (IT enabled services) (88%), Retail (80%) and Hospital (75%) employ the largest number of trained guards, whereas Hospitality (55%) and Educational Institutes (55%) employed much lower percentage of trained guards.

One of the questions asked to the security guards relates to the areas covered as part of their training. Figure 3.5 shows the response as a percentage of guards who got training and said yes to each category. While some skills require specialized training like X Ray Scanner and only few would have undergone the required training, others are more common like fire fighting which would be expected to be covered in each training course

*Figure 3.5 : Selected skills covered under training*

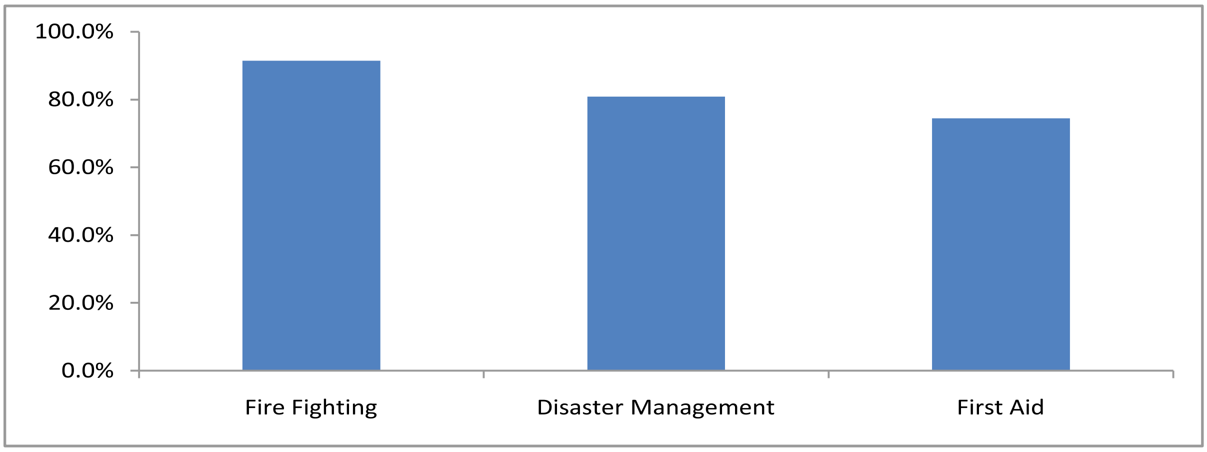



*Source: Survey of Security Guards*

More than 70 percent of the trained guards reported receiving training related to fire fighting. Almost 60 percent received training in soft skills followed by use of security equipment (56 %) and first aid (51 %). These numbers are not very encouraging, especially considering that they only represent guards who are trained. Presence or absence of skills related to Fire Fighting and First Aid could make a huge difference in case of an untoward incident happening. Further, Principal Employers expect security guards to have these skills.

When Principal employers were asked to rank additional expertise they expected guards to have in addition to their core responsibilities, more than 90 percent respondents answered fire fighting skills, followed by Disaster Management (81 %) and First Aid (75 %)

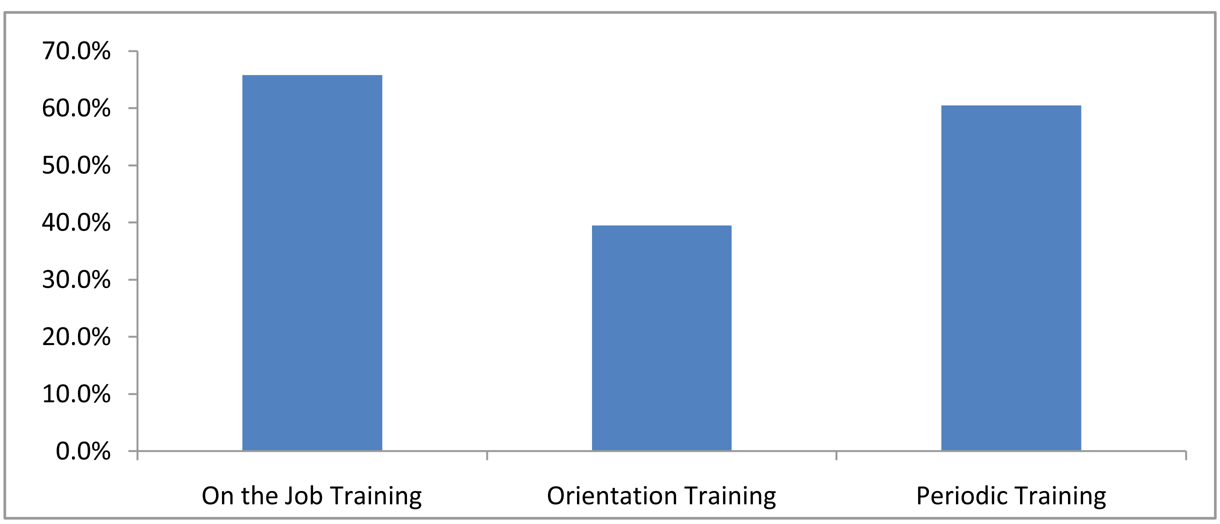
*Figure 3.6 : Additional skills/ expertise expected by Principal Employers from Security Guards*




*Source: Principal Employers Survey*

The lack of training or the much pervasive under-training has meant many principal employers need to conduct in house training. At times specialized training is required to be given to the guards, considering the specific environment and jobs which they may be required to perform their duties in. Figure 3.7, provides the responses from Principal Employers relating to the in house capacity building programmes held by them. Around 66 percent of them conduct "On the Job Trainings", almost the same number (61 %) said they also conduct periodic training.Only 40 percent said they conducted orientation programmes.

*Figure 3.7 : Training conducted by Principal Employers*



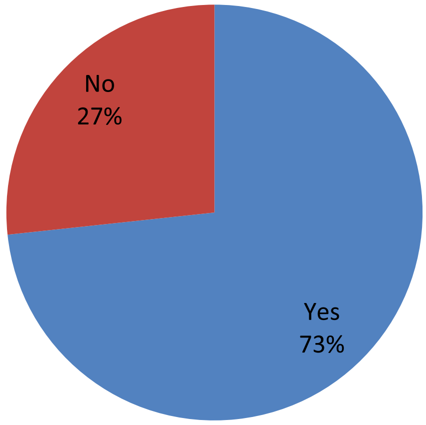

*'Source: Principal Employers' Survey*

**The lack of trained manpower also has impacted the expansion plans of the PSA**. Almost 73 percent of the PSA, we surveyed, mentioned that they were constrained by lack of trained manpower in their expansion plans. As the regulation becomes stringent many PSA fear they will not be able to meet the demand and this will have adverse impact on their business.

As the previous section highlighted, the status of training of security guards leaves much to be desired in the country. This mainly results from the unorganized manner in which the industry has developed. As per the current estimates around 75 percent of the PSAs are unlicensed and hence do not follow the regulations. Further, even among the licensed players trained guards are provided only to select clienteles. Hence, fully trained guards are more of an exception than the norm. Even though PSARA has been in effect for almost 9 years, enforcement of regulation leaves much to be desired.

When PSARA was enacted, it provided PSA a grace period of one year to become compliant and get the licenses. In 2005, the industry is estimated to have been employing around 4 to 5 million people already. Only handful of training institutes were available. Many of the larger firms had their own training programmes, but the industry per se neither had willingness nor the means, even if they desired, to train their guards. Further there was no incentive for majority of PSA to train their guards as only a fraction of Principal Employers were willing to pay for additional costs.

**Figure 3.8: Lack of trained manpower hurting expansion plans**




*Source: Primary Survey of PSA*

Unlike many other countries, the security guards in India do not require any license to work in the industry. This means there is no incentive or legal requirement for a person to get training before he joins the sector. After a person is hired as a security guard, the PSA often cannot afford to have the guard absent from duty for a period of 20 days for getting them trained. In an extremely competitive environment where the turnaround time between getting a contract and putting the guards on duty is very limited, PSA see a training of 20 days being an impractical requirement.

The other problem relates to the low level of liaison between the Private Security Guards and the law enforcement agencies in India. One of the key reasons relate to the lack of training which a guard receives and hence the lack of confidence in their ability. However, this is changing as the government slowly realizes the reach of the PSA. They have been identified as having the ability to act as a force multiplier to help law enforcement agencies.