

# Buying Peace of Mind

India turns to the private sector for security New Delhi can't provide.

By JASON OVERDORF

**I**NDIA'S PRIVATE-SECURITY INDUSTRY has exploded in recent years, thanks to the country's longstanding terrorism problem and its inept police forces. Now business is likely to grow even faster in the wake of the Mumbai killings.

Just ask Vikram Singh, India's best-known private detective. Singh, who favors natty clothes and a Hercule Poirot mustache, has had a career that embodies the meteoric growth of his profession. Now chairman of the Central Association of the Private Security Industry (CAPSI), the 60-year-old former intelligence officer bet on the security business 30 years ago, when the Indian industry had no major players and security meant hiring an untrained guard with a club and a whistle. But Singh saw potential, and in 1995, he talked George Wackenhut, founder of the U.S.-based Wackenhut Corp., into forming a joint venture. Six years later, Singh sold his stake to focus on his own investigation agency, Lancers, which is now India's top-rated risk-consulting firm.

Now others are trying to get into the world's hottest market for private security, valued at \$2 billion to \$3 billion and employing 5.5 million personnel. Even before the Nov. 26 Mumbai attacks, the Indian industry was growing at an astounding clip of 35 percent. This year alone saw the founding of 200 new companies, and the sector expects to add 1 million new employees in 2009, which would make it India's largest employer. And that figure dates from before the attacks. Six international companies from Israel and Germany have also approached CAPSI about providing antiterrorism training, and surveillance-equipment companies are flocking in.

The reason is simple, says terrorism expert Ajai Sahni. India's police are dramatically understaffed, ill equipped and overburdened. "Our public systems are col-



**AN OPEN FIELD:** One expert says public security systems are 'collapsing' due to underfunding

lapsing because there has for decades been insufficient investment in agencies meant to protect civilians," Sahni says. India has 1.45 police for every 1,000 citizens, less than half the global average, according to the United Nations. Meanwhile, the gap between rich and poor, sectarian tensions and external terrorist threats have all intensified, driving demand for protection. India's crime rate is rising, and incidents like the recent lynching of a multinational's CEO have stoked fears. Then there are the more than 4,000 terrorist attacks India suffered between 1970 and 2004.

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The government's failure to respond has left the field open for private operators. But that's raised its own problems. The quality of many firms is questionable; around 200 Indian firms approach international standards, at least on paper, but 15,000 more operate under the radar without much training or background checks for personnel. Poorly enforced regulations mean that most guards earn less than the legal minimum wage. "It's by and large an exploitative industry, with poorly qualified, poorly trained recruits being flogged out by largely mercenary security agencies," said Sahni. The rent-a-cops are also barred by law from carrying guns, which can make them poor substitutes for the real deal.

Post-Mumbai, many Indian companies are demanding more sophisticated protection and better-trained, better-educated guards. Consumers are also migrating to globally recognized brands. "In the U.S. or Europe, security professionals get paid \$25,000 to \$60,000 a year," Arjun Wallia, chairman of Walsons-Securitas, said. "Whereas in the security industry here you get \$100 a month. You pay peanuts, and you get monkeys."

The central government has also finally stepped in and, after 10 years of lobbying by CAPSI, introduced legislation that requires firms to get a license and set norms for training and compensation. Among other things, the new law requires companies to give their guards a minimum of 160 hours of training. CAPSI is also making improvements voluntarily. It has formed agreements with three state governments to organize job fairs in rural areas and provide training facilities, and it is in talks with four other states.

In the meantime, business is booming. Singh says that about 25 percent of the work done by India's police could be outsourced. Already New Delhi is considering entrusting CAPSI with access control for the 2010 Commonwealth Games, and high-ranking police officers are keen to farm out grunt work. The Army chief of staff estimates that 80,000 troops currently work as security guards and is considering outsourcing some of those jobs at noncritical locations, says Singh.

If these programs succeed, private security firms, rather than the beleaguered public sector, could soon become the country's first line of defense. In many ways, they already are.