

EMPLOYMENT AND MARKET GROWTH OF PRIVATE SECURITY INDUSTRY IN INDIA

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Abstract:

The private security industry in India has been growing at a remarkable rate. The employment generation in this sector also has grown in the recent period. The globalization has promoted several economic activities in urban area, which has resulted into the establishment of several industries, hospitals, educational institutions, commercial malls and other. Every establishment has been creating employment for the private security personnel. The globalization is linked with urbanization and both have promoted the employment and market growth of private security industry in India. This research paper has analyzed the employment and market growth of private sector industry in India

Keywords: private security industry, globalization, urbanization, employment growth, market growth

1. Introduction:

The private security industry has occupied an important place in Indian economy, since this industry has been providing most essential service required for security and safety of person and property. Private security services are also responsible in protecting the private and public property. The private security personnel could be found at every establishment in India. The private security industry also has been extending its supply to meet the increasing demand. However, there has been higher potential growth in the demand for private security services in India.

The Private Security Agency Regulation Act-2005 and The Private Security Agencies (Regulation) Act, 2015 (Act No. IX Of 2015) have given the meaning of private security services and related terminologies in terms of law. These can be discussed as below-

The Act defines the “private security” as the 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. The “private security guard” indicates that, the security with or without arms to another person or property or both and includes a supervisor.

2. Objective of the Study

2.1 To analyze the growth of employment in private security industry

2.2 To explore the growth of market of the private security industry

2.2 To give the discussion on the relationship between growth of market and growth of employment in the context of private security industry in India

3. Hypothesis of the Study:

3.1 There has been increasing trend in employment in private security industry

3.2 The market size of private security industry has been expanding

3.3 The globalization has promoted the growth of the private security industry

4. Review of Literature:

George Rigakos (1999) has analyzed the private security in United States of America. The author has argued that, the neo-liberal states of America have promoted private security police. There has been technical development in the private security industry, which has become more advanced. The private security personnel are digitally computerized with professionally established operators. Aldrie Henry-Lee, (2002) has explored the condition of security guards in social and economic perspectives. The author found that, there was high rate of economic deprivation in the security guards services. The wage was influenced by social factors. Bhavana Verma (2007) has studied the domestic workers and their social security. The researcher has stated that, the domestic workers were

lacking social security measures at significant level. Nagaraj Vijay (2012) has analyzed the private security industry in India with a perspective of political economy. The author has opined that, the private security industry is profitable and growing business. Grant Thornton (2015) has conducted a study on 'Private security services in India', which explores the changing situation of this industry over the years. According to this report, the private security industry India has greater potential to grow in coming years.

5. Methodology

The study is based on secondary data, which includes various reports published by government and non-government authorities. The reports Federation of Indian Chambers of Commerce & Industry, National Skill Development Corporation and Ministry of Skill Development and Entrepreneurship have published the reports on private security services. The researcher has referred these reports and after processing the data, the analysis has been given.

6. Analysis and Results:

The urbanization in India has been increasing, which has brought several positive and negative consequences. The crimes in urban area has increased, which has increased the demand for security guards. Simultaneously, the process of economic liberalization has segregated Indian society into classes. The segregation of the society is also an important cause for the demand for private security. In addition to that, economic activities in urban area have expanded at remarkable rate. Several establishments as 'Shopping Malls', 'Business Parks', 'Industrial Area', 'Hotels' 'Commercial Complex' etc are emerging. At these places, there has been increasing demand for private security. The Federation of Indian Chambers of Commerce & Industry Central (FICCI) Report (2018) has pointed out that, "the private service market has grown tremendously. The demand for private security services has been increasing in both commercial sector and residential sectors. According the report of government of India (2017), the private industry in India is known as emerging industry. This industry has greater potential of employment generation. This sector has greater potential of employment generation; the size of employment in coming years is expected to rise significantly as the industry expands. This growth is a result of increasing demand for security services, driven by initiatives like Smart Cities and Make in India. The private security industry in India is now shifting from traditional man-guarding to more sophisticated services like cash management and electronic surveillance. The private security Industry (PSI) has emerged one of the high growth potential sectors. The process of employment generation in this industry has been growing in the recent years. The demand for both skilled and unskilled security guards is increasing in selected states. The employment opportunities in this sector are large in coming years. The total employment generate in PSI in the year was 7.14 million (person), which increased to 8.32 million in the year 2015. Further in the year 2017, the total employment generated was 8.81 million and finally in the year 2022, it was recorded as 11.83 million (person). (See Table No. 1.) This shows that, the PSI has greater potential to create employment at large scale. The organized sector, including private security, has seen employment growth, with the private sector showing higher annual growth rates compared to the public sector. This trend is expected to continue, driven by the increasing demand for security services

In comparison with the other countries regarding employment generation, India has created highest employment generation than any other country in the world. In the year 2017, India had created around 8 million person employment in the PSI, which was significantly higher than any other country. Followed by China, where around 5 million person were engaged in PSI as workers. Other all countries were sharing insignificant size of employment compared to India. United States of America (USA) had created 1.1 million person jobs in PSI, where as Brazil, Russia, Japan and Germany had created employment of 1.7 million, 0.8 million, 0.45 million and 0.45 million person respectively. Surprisingly the United Kingdom (UK) had created 0.23 million of person employment in PSI, which was lowest in these selected countries. This shows that, PSI in India has vast potential to grow than any other countries. As discussed above, the main reason for this that, India has been on

the edge of growth with increasing urbanization. Besides that, the crime rates and security issues were considerably higher. Therefore, the foreign companies or operators of private security are interested to inter in the Indian PSI. (See Table No. 2)

The private security industry (PSI) has developed as large market in terms of monetary transaction. The PSI market size in India has been growing very fast. In the year 2013, the market size was estimated at around 360 billion rupees, which increased to 518 billion rupees in the year 2015. Further in the year 2018 and 2020, the market size increased to 858 INR billion and 1136 INR billion respectively. Despite of Covi-10 pandemic, this market continued to grow and finally in the year 2020, the market size was estimated at around 1501 billion rupees. This shows that, within nine years i.e. from 2013 to 2022, the market size increased by at around 1141 INR billion. This increase was around more than four times as compared to 2013. The demand for private security workers is increasingly in India, which has helped the market to grow at this size. In case of annual growth rate, the PSI market has been growing with 20 per cent per annum during the period of 2013 to 2018. In the later phase i.e. during 2020 to 2022, the PSI market size increased by 15 per cent per annum. This remarkable annual growth rate shows that, PSI has been growing in India and has greater potential in terms of market and employment. (See Table No. 3). The employment and market size of private security industry in India is expanding in the recent years. There different key growth drivers, which can be discussed as below.

a) **Rising Crime Rates:** Increasing crime rates and changing societal dynamics have led to a surge in demand for private security services. In the year 2021-22, the total number of registered crimes in India was 60,96,310, which includes various types of crimes. There was higher number of crimes in the urban area. This situation has created insecurity among the general public. As a result of this, there has been increase in the demand for private security services.

b) **Government Initiatives:** Government of India has launched several developmental projects in urban area. One of the big projects is the Smart Cities project. Besides this, several infrastructural development projects have been launched by the government. Altogether, The government initiatives has created the employment opportunities for private security companies to provide services.

c) **Rapid urbanization and Industrialization:** The size of urban population in India has been increasing in the recent years. The industrialization has promoted the rapid urbanization. According 2001 census, the total urban population in India was 28.53 per cent, which increased 31 per cent in the year 2011. After the globalization and industrialization, the rate of urbanization has fastened in the recent years. According the United Nations Report, around 41 per cent of the total population of India will be residing in urban area.

These all key growth drivers have expanded the employment and market size of private security industry.

Table No. 1

Employment Generation by Private Security Industry in India

Year	Employment Generated in Private Security Industry (in Million Person)
2013	7.14
2015	8.32
2017	8.81
2020	NA
2022	11.83

Source: <https://skillsip.nsdindia.org/sites/default/files/kps-document/Private-Security-Services.pdf>

Employment Generation by Private Security Industry in World (Year: 2017)

Country	Total Employment Generated (In million person)
India	8
China	5
USA	1.1
Brazil	1.7
Russia	0.8
Japan	0.45
Germany	0.25
UK	0.23

Source: Forbes Statista/The Guardian cited on <https://www.linkedin.com/pulse/standardisation-indian-private-security-industry-sambit-nath>

Table No. 3

Growth of Private Security Industry Market in India

Year	Market Size (in INR Billion)	Annual Growth (%)
2013	360	20%
2015	518	20%
2018	858	20%
2020	1136	15%
2022	1501	15%

Source: <https://skillsip.nsdcindia.org/sites/default/files/kps-document/Private-Security-Services.pdf>

7. Conclusion:

The private security industry in India presents a promising opportunity for employment growth, driven by increasing demand and government initiatives. However, the industry must address challenges related to technology adoption and skill development to sustain its growth momentum. The private security services in India are growing along with the growth of urbanization and globalization. The globalization and urbanization has helped to increase several economic activities in India. The metro cities have been busy with several developmental economic activities. Every activity are part of establishment hence as a result of this, there has been increasing demand for private security services.

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