

FICCI Moves Govt. to Secure Public Money Handled by Cash Logistics Companies and Give Arms Licences to Security Agencies; Submits Detailed Guidelines

NEW DELHI, June 14, 2013. In a bid to secure public money handled by Cash Logistic segment of the Private Security Industry (PSI), keep fraudulent operators at bay and ensure a hassle-free development of the sector, FICCI has proposed to the Government 'Guidelines for Cash Logistics companies in India' It has also given guidelines on 'Armed Security for Cash Logistics'.

The FICCI guidelines for the Cash Logistics companies submitted to the RBI propose strict procedures and processes for compliance. These procedures relate to premises for cash holding, security arrangements, monitoring of cash delivery vans through a communication protocol, selection of staff, weapons to be used under valid licences, training facility etc. In view of the critical importance of the sector, such guidelines will help prevent fraudulent operators from entering the sector.

The recommendations on 'Armed Security for Cash Logistics' urge the Ministry of Home and the Ministry of Finance to intervene for ensuring armed protection for cash logistics in order to safeguard the interest of the banking sector. Further, FICCI requested the RBI to intervene for issue of commercial arms licenses to security agencies, engaged in cash logistics.

With the exponential growth of the Indian economy over the last two decades, the need for security arrangements has increased manifold. This is particularly manifest in the banking sector, where the need for enhanced security is increasing with the introduction of new banking solution. The Cash Logistic segment of the Private Security Industry (PSI) deals with the physical movement and storage of currency notes and other valuables on behalf of the banks. In the last two decades, cash logistics segment of PSI has taken shape as an industry vertical in its own right. This sector employs about 40,000 individuals and caters to approximately 80,000 ATMs for cash replenishment services. There are about 6,000 cash vans that operate across the country and carry approximately INR 15,000 crore of cash every day. Based on the Budget announcement it is expected that the number of ATMs in the country will double to 2 lakhs in the next two years.

A major issue faced by cash logistic companies is the use of arms for protection of cash and other valuables under transit. Ironically, arm licenses are issued to individuals without the legal permit to be used for commercial purposes. The two main Acts (Arms Act, 1959, and Private Security Agencies (Regulation) Act 2005) pertaining to private

security agencies have a radically different provisioning for carrying arms. There is a prevalent practice of hiring people with individual arm license for guarding purposes, which defy some aspect of the Arms Act. Security guards face many challenges including harassment at the hand of the security forces for use of arms not issued under commercial licenses. Another major concern is the lack of any prescribed standard for Cash Logistic companies to operate in India. The security guard faces challenges of verification, domicile and harassment for want of the right law.

The FICCI Committee on Private Security Industry, headed by Ms. Manjari Jharuhar, Former Special DG, CISF, and Co-chaired by Mr. Rituraj Sinha, COO, SIS India Ltd. looks into various verticals with the private security industry, such as manned guarding, cash logistics, electronic services, etc and is working on various policy issues in this sector.

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