

23/3/09

PSUs cash in on security boom

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NEW DELHI, MARCH 22

AT A time when business houses are struggling to stay afloat in the wake of the global economic meltdown, the one business trying hard to keep up with increasing demand is the security equipment manufacturing sector. While private companies are cashing in on the post-Mumbai attack scramble to upgrade security across the country, it is the Public Sector Units (PSUs) — which have been in the business for decades — that are set to grab the lion's share of the orders.

The public sector behemoths Electronics Corporation of India Limited (ECIL) and Bharat Electronics Limited (BEL) are set to be the biggest beneficiaries of the post-Mumbai security surge. While Electronics Corporation of India Limited (ECIL) has traditionally provided the hardware for the Government's commint (communication intelligence) and security-related requirements, BEL caters to its elint (electronic intelligence) needs.

Top officials at ECIL elaborated on the impact of the Mumbai attack in Delhi, particularly, the fast-tracking of the Delhi Police proposal to give 56 markets and border posts sophisticated CCTV coverage. After several rounds of consultations, ECIL has received the contract to embark upon a pilot project to provide integrated security cover to the Vasant Vihar market, to be followed by similar cover for the remaining markets and border

check-posts. The cost of the pilot project is estimated to be over Rs 3 crore and is expected to be completed within three months with the rest of the project slated to be implemented well in time for the 2010 Commonwealth Games.

ECIL had earlier provided integrated security cover for Parliament House, Phase-1 of Delhi's metro project and more recently, security coverage for the Delhi Government's Secretariat building.

However, unlike the past practice of the Delhi Police installing "reasonably priced" CCTVs made in Taiwan and China for crowded marketplaces, the most sophisticated cameras and surveillance equipment from renowned companies like Bosche, Panasonic and Palco is set to be installed this time around. The package would include train-

ing and back-up to the Delhi Police to man and maintain the equipment.

With the Government not shying away from opening its purse strings for security-related expenditure, the stakes are huge and the customers are not willing to settle for anything less than state-of-the-art equipment. For example, the CCTV's to be purchased for the Capital's markets and border check-posts will be IP (internet protocol) based, with the capability of reading the number plates of each and every vehicle.

Says Col (retd) R K Bhanot, ECIL's Executive

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Director, "As in the past, ECIL thinks of the Delhi CCTV and access control project as one of great national importance. It is not as if our company wants to exploit the prevailing security situation. We want to provide the best hardware and security solutions for the Capital."

For BEL, that has traditionally supplied high-end equipment for the defence forces and paramilitary forces, orders have not yet started flowing in but the sheer scale of the prospects has led to the PSU preparing itself for a major role in the security overhaul. It is in "active discussion" with the Ministry of Home Affairs for providing smart cards or electronic identification cards to fishermen across coastal India. "We are looking at tie-ups and joint ventures to assimilate the best technology from across the world. What we lack is technology to produce a complete set of sensors, from explosive detectors, X-ray machines, access control systems and visual sensors," a BEL official said. The PSU is now short listing foreign firms that can provide it the technology at competitive rates but says it will take at least two years to even understand the variety of equipment available across the world.

Other PSUs, like Hindustan Aeronautics Limited (HAL), already have their order books full after tie-ups with foreign firms to meet domestic security requirements. These PSUs are cashing in on their formidable reputation and long experience to even venture into fields like developing software packages. HAL's tie up with UK giant British Aerospace (BAE), for example, has led to projects

worth Rs 200 crores in its kitty.

For Indian private sector companies too, the post Mumbai attack growth has come like an adrenaline rush into the otherwise slow market. Indian firms are rushing to cash in to the security boom that is expected to peak in the coming financial year.

While big players like Mahindra, which has tied up with Israel to act as a consultant for a consortium of security industries for the Indian market, have already made their presence felt, smaller companies are also gearing up for a foothold in the area. The Samtel Group, which was traditionally into manufacturing picture tubes and colour monitors, has now decided to focus on the domestic defence sector. The company has a tie-up with HAL to make colour displays for the Su-30 fighters and is confident of a 30 per cent annual growth over the next five years.

With the post-Mumbai attack tensions exposing the precarious state of the armed forces, companies are looking at business from the three services in terms of upgrades and modernisation programmes.

"What is happening after 26/11 is that certain programmes have been accelerated. We are looking, for example, at the Mirage fighter upgrade programme coming soon. (After Mumbai) there may be a case where the upgrade may be required a little quicker than envisaged earlier," Puneet Kaura, Director, Samtel Group says.

(Tomorrow: Delhi's hotels and corporates acquire the latest security gizmos)