

Foreign Law Firms and the Indian Legal Market

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The topic of liberalization of the Indian legal profession has once again gained steam to become a hot point of conversation, both in India and globally.

The new Indian government has pro-liberalization lawyers at the helm of the ministries of Law and Finance. India has the third largest GDP as per the Purchasing Power Parity Index, and with the new government having a clear reformist approach across industry sectors, there has been a substantial and meaningful movement towards clarity in the legal sector as well.

As a signatory to GATS, India has an obligation to open up the legal sector. After years of see-sawing, in 2014 the Ministry of Commerce began working on a cabinet paper through a 15- to 20-member inter-ministerial group with limited representation from non-government experts.

The indications are that the proposal will contain a phased-entry strategy for foreign law firms, which will begin with progressive reforms for strengthening Indian law firms and then the gradual entry of international law firms in all non-litigious areas of practice.

Over the past decade, Indian firms have grown in both financial and manpower numbers. The frequent ups and downs of the market, international expansion of Indian corporations, introduction of new practice areas such as competition law, cyber law, etc., and a mix of fragmentation as well as consolidation of law firms have all helped the Indian legal profession to grow in strength and learn from its experiences.

While the world eyes India, a host of Indian firms have opened offices in places like Palo Alto, London, Geneva, Dubai, Singapore and Tokyo, as part of their own plans to go global.

What should foreign law firms do?

Over a hundred international firms have increased their focus on India in the recent past. Even without liberalization, evidently there are opportunities well within the legal framework that these foreign law firms find profitable. These firms stand to gain immensely with the opening up of the legal industry.

The following are some aspects that international firms who are already in India – as well as those looking to enter India – should consider in light of India's current environment.

Strategise: As is the case with any venture, the most important factor is to reduce "ad-hocism." Having a plan in place with a long-term vision is imperative. There are pros and cons to the various ways that international firms plan their India strategy, including best-friend relationships, referral arrangements, India desks and outsourcing. The differentiating factor for success is to strategise the strength of the firm and the kind of work the firm is planning to undertake.

Understand India better: As the world's largest cultural mix, India's diversity is often difficult even for us Indians to completely understand. International firms that are interested in India need to account for this diversity, including such simple steps such as wishing your clients well on important festivals, learning key words in the different languages, and understanding the food and other local preferences

Show that you care: A sure-shot way for gaining accessibility in any new country is to cater to the society. Law firms can look at offering lectures to law students, taking up pro-bono initiatives and tying up with NGOs as some of the ways that this can be achieved.

Invest in India: Show clients in India and in your home country that you are serious about India. This could include making India-specific collaterals and knowledge kits, increasing visibility by writing and taking up speaking opportunities in India related journals and forums, amongst other activities.

With or without liberalization, one thing is for sure: there are exciting times ahead for the Indian legal industry. Some of the above thoughts will help international firms make the most of their foray into India, while staying well within the stipulated legal framework.