

Current & future trends in the Indian legal services marketplace

By Bithika Anand

A flourishing legal industry is growing in lockstep with one of the world's most dynamic and fastest-growing economies, creating extraordinary opportunities for lawyers and law firms. Here's everything you need to know about the remarkable growth and incredible future of the Indian legal market.

Myths and misinformation about India's legal industry continue to hold surprising sway among lawyers and clients both inside and outside the country. Therefore, it seems appropriate to begin this overview of the Indian legal market with some hard facts that establish the enormous promise of this burgeoning sector.

- India's legal profession is the world's second-largest, with more than 600,000 lawyers in more than 500 legal practices nationwide.
- In 2010, the total value of the Indian legal market was estimated to be approximately US\$1.25 billion.



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- Expertise is flourishing in such practice areas as arbitration and ADR, competition law, environmental law, international trade law, outbound foreign direct investment, and restructuring and insolvency.
- Growing numbers of firms are exploring alternative pricing models, heralding a not-too-distant day when the billable hour will no longer be a viable pricing arrangement.
- Many large and mid-sized law firms are aiming to build a pan-India presence, adding more practices and expanding their reach by acquiring smaller firms.
- Increasing numbers of firms are investing in technology to strengthen their

knowledge management processes.

- To compete in an increasingly tough environment, a number of leading law firms are recruiting executives from overseas.

- Thanks to the widespread availability of

high-quality and ambitious legal professionals, the industry has seen many partners leave existing firms to start their own enterprises.

This remarkable time of growth and change marks the onset of a new age for the Indian legal industry. The new breed of midsized and boutique law firms is now seeking professional assistance to increase revenues and control costs to enhance profits. These firms are recruiting teams of experts to manage business support functions or simply outsourcing these functions altogether, as well as weaving technology into processes and functions related to HR and knowledge management.

Moreover, Indian law firms are looking beyond national borders, taking part in major international deals and working out arrangements for sustained work through referral and best-friend arrangements with international law firms. Some firms are even opening offices outside India, leading to a need for enhanced brand image. In many respects, a whole new legal profession is now emerging in India.

Government-led reforms of the legal profession have also played a part in this flourishing process. The Ministry of Law and Justice has drafted a *Legal*

Practitioners Act that will establish a Legal Services Board to regulate the Indian law industry, structured along similar lines as the Legal Services Board in the UK.

In addition, the ministry has announced its intention to restructure legal training methods, to design and implement a world-class CLE system, and to help the industry become more professionally managed. “Liberalization” of the legal industry remains an official government commitment, with the authorization of LLPs in 2008 regarded as a tentative step in that direction.

OBSTACLES REMAIN

The future is not relentlessly bright, however — at least, not for the many Indian firms for which growth and expansion remain a dream. Many firms find growth stymied by challenges in managing their talent, creating and implementing business strategies, implementing proper KM processes, and instituting business support functions.

Not only that, but the prospect of liberalization is not universally welcome in the Indian profession. Many firms worry about the impact of liberalization on the industry, fearing that it may suffer the same fate as the country’s accounting firms. The Big Four have virtually annihilated inde-

pendent accountancy professionals in India, and there is a widespread belief that the same would happen to lawyers should the market open up.

Many law firms also remain cautious about setting up “best friend” alliances with foreign counterparts, believing that they could lead to the loss of referrals. International firms, for their part, have to consider the possibility of lost opportunities to build relationships with other local firms. The role of cultural differences and their impact on each party’s expectations of these relationships is also significant.

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BUT PROSPECTS ARE STRONG

India's consumption-led economy continues to make the country a highly attractive investment destination in the short- to medium-term. Its domestic demand-driven growth model has helped and will continue to help the country weather volatility in the global markets, providing significant growth opportunities to local businesses.

India and other emerging economies in Asia will continue to be attractive destinations for law firms from North America and Europe; their success in this regard will have a major impact on the potential benefit and future viability of their internationalization strategies.

Beyond the myriad concerns and challenges, according to Dun & Bradstreet, lie opportunities and a promise of growth: India's economy is expected to grow to a staggering US\$5.6 trillion by 2020 at current market prices, up from US\$1.7 trillion in 2010–11.

This continued growth should help law firms to prosper, driving a more profitable industry. India and other emerging economies in Asia will continue to be attractive destinations for law firms from North

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So what can we expect from the Indian legal industry in future? Look for:

- a clear distinction between the management and ownership of firms, with management responsible for firm operations and strategic business decisions;
- firms that are more process-driven and professionally managed, with active participation by non-lawyers in management and ownership;
- firms more focused on achieving real strategic growth, as opposed to the simple maintenance of clients;
- a cleaner judiciary, with the enactment of legislation like the *Judicial Accountability Bill 2010* and the proposed Lokpal Bill;
- large and midsized law firms “percolating” down to smaller centers to cater

to the demands of litigants there;

- better-trained lawyers, with vast improvements in Indian legal education and the arrival of more national and international law schools;
- a more litigious society, as rising literacy levels result in greater awareness of individual rights and a corresponding growth in lawsuits;
- “first-generation lawyers” on the rise, eventually bringing to an end the tradition of law as a family-run profession;
- increasing use of ADR techniques such as arbitration and mediation, as they receive unprecedented levels of recognition and acceptance in the corporate world; and
- the ongoing march of liberalization, with the eventual entry of foreign law firms creating more and better lawyer job opportunities and an increase in the quality of litigation. •



Incisive insights

Bithika Anand is the founder and CEO of Legal League Consulting (LLC), the first Indian management consulting firm to offer strategic and operational solutions to India's legal industry. With more than 23 years experience in the professional services domain, Bithika helps her law firm clients with strategic planning, branding, marketing and business development, human resource management, and numerous other aspects of law firm operations.

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