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vaahuṛa

MAJOR UPDATE

# India Legal Market Liberalization

FEBRUARY 14, 2025

# Centre Proposes Amendments to Advocates Act to Allow Foreign Law Firms

The central government has proposed amendments to the Advocates Act, granting itself the power to regulate the entry of foreign law firms and lawyers into India.

The draft changes, published by the law ministry, also empower the Bar Council of India (BCI) to regulate law firms—something previously unaddressed by the Act. Earlier, the BCI solely managed rules for foreign law firms' entry. Public consultations on these amendments are open until the end of February.

## # The key changes and our analysis of them are as follows:

- / Central Government's Power to Direct BCI on Foreign Law Firm Rules
- / Expansion of the BCI with Government-Nominated Members
- / Explicit Recognition of Foreign Law Firms and Lawyers
- / Expansion of "Legal Practitioner" to Include Foreign Lawyers
- / Recognition of In-House Counsel as "Legal Practitioners"
- / Recognition of Foreign Law Degrees and Qualifications
- / Regulation of Multi-Jurisdictional Law Firms

# Central Government's Power to Direct BCI on Foreign Law Firm Rules

## **PROPOSED AMENDMENT**

- / A new Section 49A(2)(cc) is proposed, empowering the Central Government to make rules for regulating the entry of foreign law firms and lawyers in India.

## **IMPACT**

- / The Central Government now has the authority to establish rules governing the entry of foreign law firms and lawyers.
- / Rules framed by the Central Government will take precedence.

## **STRATEGIC RECOMMENDATION:**

- / Monitor forthcoming BCI regulations and ensure compliance with entry requirements.
- / Engage with local legal partners to maintain continuity during the transition.

# Expansion of the BCI with Government-Nominated Members

## **PROPOSED AMENDMENT**

- / Section 4(1) introduces a new provision allowing the Central Government to nominate up to three members to the Bar Council of India (BCI).

## **IMPACT**

- / This amendment increases the centre's role in legal governance, potentially aligning BCI policies with broader government objectives.
- / The presence of government-nominated members may lead to faster regulatory reforms, benefiting sectors like legal technology, foreign legal collaboration, and corporate legal governance.

## **STRATEGIC RECOMMENDATION:**

- / Legal professionals should engage with policymakers to ensure nominations are merit-based, not political.
- / Monitor regulatory changes on law firms, foreign lawyer entry, and compliance to adapt proactively.

# Explicit Recognition of Foreign Law Firms and Lawyers

## **PROPOSED AMENDMENT**

- / Section 7 of the draft amendment bill designates the Bar Council of India (BCI) as responsible for the registration and regulation of law firms and for establishing reciprocity in recognizing foreign law qualifications.

## **IMPACT**

- / The Bar Council of India (BCI) will now have explicit authority to register and regulate law firms..
- / The BCI will also oversee the recognition of foreign law qualifications and determine their equivalence with Indian law degrees.

## **STRATEGIC RECOMMENDATION:**

- / Firms should develop an India-specific market entry strategy and monitor the BCI regulations.
- / Verify if the firm's home jurisdiction offers reciprocal access to Indian legal practitioners.

# Expansion of "Legal Practitioner" to Include Foreign Lawyers

## **PROPOSED AMENDMENT**

- / The definition of "Legal Practitioner" in Section 2(i) has been expanded to include persons working in foreign law firms. An experience certificate from a foreign law firm or entity is now considered prima facie proof of legal practice

## **IMPACT**

- / This recognizes foreign legal experience for potential admission or practice in India.
- / It may facilitate foreign lawyers in collaborating with Indian law firms under a regulated framework.
- / It suggests potential eligibility for foreign-trained lawyers to provide advisory services in India, subject to further rules.

## **STRATEGIC RECOMMENDATION:**

- / Maintain detailed records and certificates of practice from foreign law firms to facilitate enrolment under the new regime.

# Recognition of In-House Counsel as “Legal Practitioners”

## **PROPOSED AMENDMENT**

- / Section 2(i) expands the definition of "Legal Practitioner" to include advocates and law graduates engaged in legal work within corporate entities as well.

## **IMPACT**

- / General Counsels (GCs) and other in-house legal professionals will now be explicitly acknowledged as legal practitioners
- / GCs can leverage their corporate experience for bar council-related benefits.

## **STRATEGIC RECOMMENDATION:**

- / Advocate for clear guidelines on certification, verification, and rights under this expanded definition.
- / Encourage companies to standardize experience certification for in-house lawyers to ensure compliance with Bar Council verification processes.

# Recognition of Foreign Law Degrees and Qualifications

## **PROPOSED AMENDMENT**

- / The Bar Council of India is now empowered to recognize foreign qualifications in law on a reciprocal basis and prescribe conditions for equivalence as per the proposed Section 49(e).

## **IMPACT**

- / This may enable foreign-educated lawyers to qualify for practice in India through a bridge course or examination.
- / It aligns with global legal integration trends, potentially opening doors for foreign-trained Indian lawyers to practice in India.

## **STRATEGIC RECOMMENDATION:**

- / Assess the need for equivalence procedures and be prepared for additional qualifications such as a bridge course or conversion examination.
- / Prepare to meet examination requirements by accessing preparatory courses or collaborating with Indian legal experts.



# Regulation of Multi-Jurisdictional Law Firms

## **PROPOSED AMENDMENT**

- / The BCI is now empowered to recognize and regulate law firms, including those operating in more than one State as per the amendment proposed under Section 49(ia).

## **IMPACT**

- / This provision could extend to foreign law firms with multiple offices in India, requiring them to register and comply with BCI regulations.
- / Could facilitate the growth of international law firms in India by setting up multiple branches under a single regulatory framework.

## **STRATEGIC RECOMMENDATION:**

- / Ensure compliance with BCI's registration norms and develop a clear operational structure that aligns with Indian regulations.

# Strategic Recommendations for International Law Firms

## **Engage Local Partners**

Build relationships with Indian law firms for advisory or compliant service models until foreign law firm operations are fully defined.

## **Legal Training and Development**

Develop internal training programs to support foreign-qualified lawyers seeking to pass the AIBE.

## **Maintain Compliance:**

Implement stringent internal compliance processes.

## **Prepare for Regulatory Changes**

Participate in BCI consultations on foreign law firm rules and stay informed on implementation timelines.

## **Policy Advocacy**

Collaborate with industry bodies to advocate for fair and transparent entry conditions for foreign firms.

## **Advocate for Reciprocity**

Promote mutual recognition agreements with Indian authorities.

# Conclusion

The Advocates (Amendment) Bill, 2025 formally paves the way for foreign law firms and lawyers to enter the Indian legal market under a regulated system. **The key takeaways are:**

- / Foreign law firms will be regulated through Central Government rules with BCI having the powers to make regulations.
- / Foreign-trained lawyers will have clearer pathways for practice in India.
- / The Government is the doorkeeper, overseeing entry, while BCI is the umpire, regulating within its statutory framework.
- / Multi-jurisdictional law firms will have a structured registration system.
- / Potential expansion opportunity for foreign law firms into India's large and growing legal market with access to India's corporate and commercial sectors.

While these amendments are still under consultation and in progress, the specific rules and regulations governing the entry of foreign law firms in India are yet to be issued and will follow.

# Thank you

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