



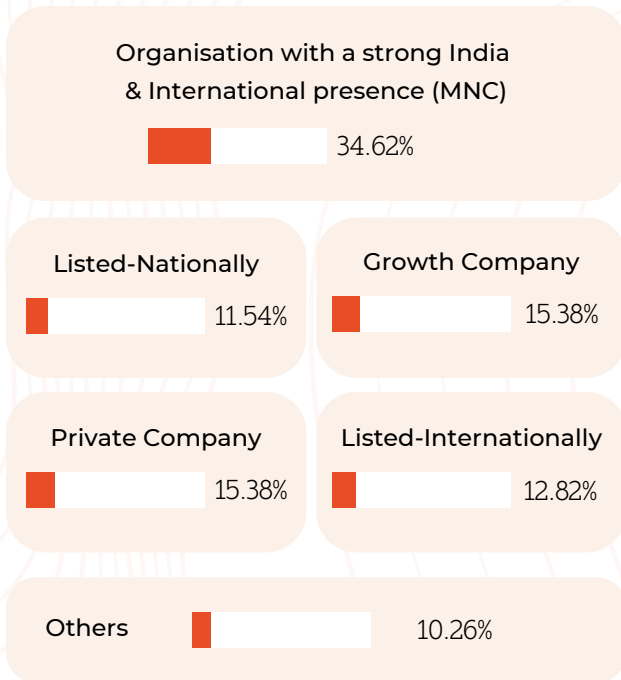
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THE VIEW FROM THE HOUSE

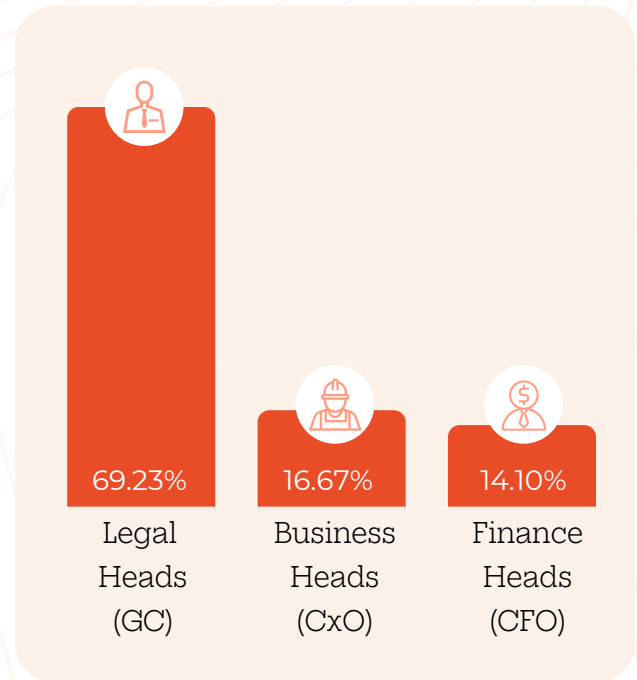
Market Research Report on Indian Legal Liberalisation

DEMOGRAPHICS FOR THE REPORT

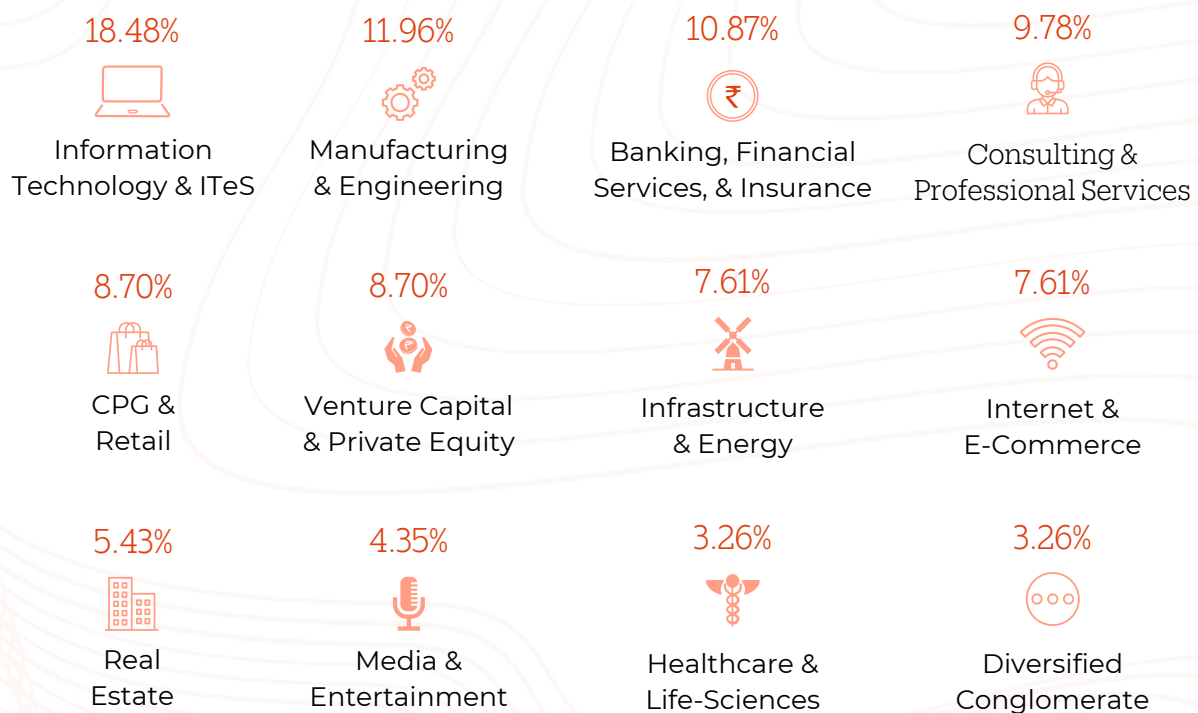
ORGANISATION TYPE



DESIGNATIONS



SECTORS





It is not a house divided, at least on the big stuff.

Around **81%** of the 78 client-side professionals surveyed by Vahura think that India's legal liberalisation will have a positive impact on the market. Respondents included General Counsels, heads of the Legal function, CFOs, CEOs, Founders and other C-suite executives. They represent organisations of varying sizes, ranging from start-ups and growth companies to well-established MNCs, both listed and unlisted.

Perception of the liberalization of the Indian legal market and its impact on the legal profession.

 **80.77%**

 **14.10%**

 **5.13%**


The big takeaway?

63 out of 78 respondents who have a sunny outlook on the impending entry of international law firms believe that the market will become more competitive, leading to improved service levels and more opportunities for Indian talent.

While **82%** of all respondents agree that service levels across the industry would rise, there are still varying opinions about whether foreign firms are a cut above domestic firms in terms of the quality they provide.

Half of the respondents picked **"Neutral"** when we asked them whether **"Foreign firms provide higher-quality services."**

"Once a foreign law firm is provided full-blown operational freedom, domestic firms will have to gear up on talent retention, quality of work, as well as competitive rates. Of course, foreign firms will also have to depend upon Indian firms for the talent pool to navigate the complex legal system. Overall, for a client, the pie to choose from becomes larger."

 — Global General Counsel of an international nutrition company

However, there's no ambiguity about the overwhelming feeling that Indian talent stands to gain from the entry of international firms: **81%** of respondents think that opportunities and demand for Indian lawyers are going to increase.

ON THE CLIENT SIDE, THE OVERALL VIEW IS OPTIMISTIC

Eighty-three percent (83%) of respondents believe that Indian clients would stand to benefit from the increased competition. Around three-quarters of the respondents believe that India will become a more attractive destination for investments, as foreign funds will have the comfort of leveraging their existing relationships with international firms.

CLIENT SURVEY ON LEGAL LIBERALISATION

Around 81% of respondents agree that an India office signals the commitment of an international firm towards the Indian market. It fulfils leaders' expectation of in-person access to domain experts on international matters. Around 90% of respondents believe that they will have increased in-person access with the opening up of the market.

When it comes to the kind of matters that respondents would like to engage foreign firms on, the results were hardly surprising.

"It will improve the experience for large organisations but may impact small and medium companies as overall legal fees may rise as a result."



— Regional General Counsel of an International Technology Group

International matters for which corporates would engage a foreign law firm in India

International Arbitration	75.00%
Corporate Law & M&A	66.67%
Intellectual Property Law	40.28%
Forensics & Investigations	34.72%
VC/PE	27.78%
ESG	23.61%
Tax Law	16.67%
Capital Markets	16.67%
Labour & Employment	13.89%
Infrastructure & Projects	12.50%
Banking & Finance Law	11.11%
TMT	9.72%

CHANGE IN FEES FOR LEGAL SERVICES

One startling takeaway was that as many as 44% of respondents believe that there will be no significant change in the fees for legal services in India. Of the 47% who think we will see an increase in fees, 8 respondents felt that there will be more than 30% increase in fees, while 29 respondents felt that the increase won't be as steep (between 10 to 30%).

ON FEE-SETTING, THE JURY'S OUT

35%

Thirty-five percent of respondents expect foreign firms to charge a premium to Indian firms.

26%

About twenty-six percent believe fees will depend on the nature of the matter.

17%

Seventeen percent suggest international firms will charge the same as domestic firms.

17%

Seventeen percent of respondents think foreign firms will offer a discount to their home country rates.

5%

A little more than five percent surmise that foreign law firm rates in India will be equal to those in their home country.



CLIENT SURVEY ON LEGAL LIBERALISATION

But there is some consensus about how liberalisation will shake up the domestic market. More than 80% of respondents expect **domestic firms to explore alliance opportunities with foreign law firms**. More than half of the respondents agree on the need to come up with plans to attract and retain talent.



■ 80%

On consolidation, we see some divergence in views, which makes it all the more interesting to see how it will play out. Around 35% of respondents predict consolidation among domestic law firms; while a similar percentage believes **domestic firms will respond to the entry of foreign firms by sharpening their own access to international expertise and resources**.



■ 35%

So that's the tea from the client side. The big picture emerging from the survey is the general optimism about the entry of foreign firms. The opening up of the market is expected to create new opportunities and improve service quality.

Domestic firms will benefit from access to international expertise and resources. For them to remain competitive, they may need to double down on talent retention and alliance opportunities, especially since MNCs are likely to bank on pre-existing relationships with international law firms in multi-jurisdictional matters. While there seem to be varying views on fee benchmarking and consolidation, it's clear that the shake-up might require firms of all hues to reassess their staffing, pricing and knowledge management strategies.

"This is a great development from the perspective of overall practice standards and efficiencies in terms of synergies and best practices. It also provides foreign companies and investors with jurisdictional comfort as India is now seen as a global leader with a great economic outlook for local and global businesses."



— Group General Counsel of an international automotive and e-commerce company

THE LEGAL LANDSCAPE IS CHANGING, & THE CLIENTS ARE WATCHING CLOSELY



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