

THE NEW NORMAL AND THE PROMISING ROAD AHEAD



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During the initial months of the pandemic, the situation was getting beyond control with businesses across sectors irrespective of their sizes were deeply impacted and the economy too had experienced a slow down.

With the functioning of legal institutions and systems being affected too, the law firms had no option but to prepare themselves to embrace the new normal.

Thankfully the last few months have been looking a bit promising, as the government is trying to bring in more effective public health schemes (including the recent vaccination drive) and revive our economy. With the lock-down norms being relaxed, business activities have seen a gradual increase and even the markets have been very receptive to the recently announced union budget especially to the series of fiscal measures to boost liquidity and market sentiments.

In fact, the leading credit ratings agencies including the UN has heaped high praise for India's economic performance in the face of pandemic and believe that India is moving back to a higher nominal growth trajectory, offering a more credible market for investment and can expect a strong FPI inflow vis-à-vis the other global markets. In the light of the above it would be safe to say that the economy is on its way to recovery.

Taking a cue from the above, the law firms are also gearing up to become more flexible and innovative with their operational strategy and approach to clients.

TECHNOLOGY – A REAL GAME CHANGER

The Covid-19 situation pushed the industry to embrace technology for effective and efficient functioning – though the dependence on technology increased but it ensured seamless accessibility of resources without physical interaction, continued client connectivity, minimizing costs and saving time. Having moved on virtual courts and hearings, e-filings and increased online interactions, the legal system has adapted well to the situation and in the process has acquainted itself with this virtual mode of functioning.

The Union Budget too, has further emphasized on harnessing Technology for good governance and administration in the legal sector too. It has been suggested that the NCLT Framework will be strengthened by implementing e-courts system and alternative methods of debt resolution. Additionally, a special framework will be introduced to ensure faster resolution of disputes/cases.

While the legal systems will continue to function the

way it did earlier, the above measures will only reduce the pressure on courts; and ensure safety & well being, judicious utilization of resources with minimization of costs & productive time involved.

LESSONS FROM THE PAST

The previous global economic downturns have taught us that the local players have not been deeply affected as compared to firms with presence in global markets. Additionally, the litigation, restructuring, Insurance and regulatory practice areas were thought to be money spinners for firms as compared to transactional practices.

However, it was learnt that owing to slew of regulatory and financial reforms, the transactional practices did see an upsurge with increased demand for legal services. Despite increased write-offs, excessive discounts and delayed settlements, Law Firms did manage to sail with a definite pricing strategy and a more focused recovery plan.

WAY FORWARD

Though the testing times are far from over, however, the data released from IBEF states that certain sectors are already showing encouraging signs with the FPIs growing. Speaking of the Services sector, where the growth is governed by both domestic as well as global factors – the Facilities Management market is expected to surpass the US\$ 19 billion mark courtesy support from the growing retail and hospitality sectors.

By 2025, Indian healthcare industry is expected to reach US\$ 132 billion, IT and business services sector is expected to reach US\$ 14.3 billion with 8% growth and the digital economy in India is estimated to

reach US\$ 1 trillion. Further, the Indian healthcare industry is expected to shift digitally enabled remote consultations while the telemedicine market in India is being pegged for a growth of 31% (CAGR) around the same time.

Besides, the sectors such as Healthcare, Medical Supplies, Food Retail, In-home entertainment, Insurance are experiencing a sharp increase in demand; the infrastructure sector has become the biggest focus area for the Government of India.

According to IBEF reports, India plans to spend US\$ 1.4 trillion on infrastructure during the next 5 years to have a sustainable development of the country. The Government has suggested investment of Rs. 5,000,000 crore (US\$ 750 billion) for railways infrastructure in the next 10 years. India and Japan have joined hands for infrastructure development in India's Northeast states. They intend to set-up an India-Japan Coordination Forum for Development of Northeast to undertake strategic infrastructure projects for the region.

The opportunities will continue to grow for law firms with the other sectors also showing signs of recovery from this short slump. However, with an all time high competition, increasing operational costs and clients negotiating for better commercial arrangements; circumventing this challenge will require law firms to be innovative, have better communications with their clients, more definite with quality deliveries, while following an effective pricing strategy.

This in turn, will call for observing efficiencies in controlling costs and utilizing resources more judiciously and hence, technology will play a pivotal role in being innovative, efficient and financially prudent.

All views are personal.