

Common cause

Trade and investment consultant **Amarjit Singh** outlines six reasons why now is the right time for UK lawyers to help transform business relations with India



When prime minister of India Narendra Modi made his historic visit to the UK last November, it was hailed as one of the greatest business opportunities for a generation. The visit was significant on a number of fronts – politically, culturally and economically.

During his time here, Modi became the first serving Indian prime minister to speak in the UK parliament. He addressed a crowd of more than 60,000 supporters at Wembley Stadium and, most importantly, signed business agreements worth more than £9bn, securing nearly 2,000 jobs in the UK.

Modi spoke of a ‘huge moment for our two great nations’, one of ‘the leading global partnerships’, and ‘two strong economies and two innovative societies’.

The financials make fascinating reading: India invests more in the UK than the rest of the EU combined; it is the third biggest job creator in the UK; and its economy is growing at nearly 8% a year.

There is tremendous potential. Bilateral trade is being supported at the highest levels of government. To quote David Cameron: ‘As the largest G20 investor in India, British businesses already support nearly 700,000 jobs in India and India invests more in the UK than in the rest of the EU combined, creating almost 8,000 new jobs here last year.’

At the time of Modi’s visit, I spoke to a number of global news organisations about the potential this relationship heralds and the role business can play. In many ways, the visit was a game-changer in UK and India business relations.

To keep pace with its economic growth, India needs one million jobs to be created every month. This requires British expertise and services. The country is going through a digital revolution; there are now more than a billion mobile phones in India – and that figure is growing all the time.

There is huge demand for UK tech companies to support the expansion. This is particularly important, as the flagship ‘Make in India’ manufacturing programme needs technological support, science-based engineering, and research and development, in which the UK leads the world.

Doing business in India is getting easier. In the past year, it has leapt 12 places in the World Bank’s ease-of-doing-business index – a fairly big jump for such a big economy. There has never been a better time for one of the world’s oldest democracies to work with the world’s biggest.

The breadth of industries is staggering: from healthcare and education to logistics, technology, IT, cyber, retail, finance and professional services.

But what does this mean for the legal profession? And how can firms in India and the UK work together to encourage this development?

In an attempt to bring some clarity to the issues and challenges, I have identified six reasons why now is the right time for law firms to get involved. These reasons are core to why the legal industry is so important and how it can play a vital role in the development of economic growth and partnerships between the two countries.

Liberalisation of legal sector

The liberalisation of India’s economy has enabled significant growth in the past quarter of a century. In 1991, there was a concerted attempt to open the Indian economy to foreign investment; the success has been marked.

It is fair to say that the progress of the legal sector has been manifestly slow in comparison. However, things are changing. This January, in an unprecedented move, Indian finance minister Arun Jaitley and UK chancellor George Osborne agreed to ensure the liberalisation of the national legal services market. This took place during the eighth UK/India economic and finance dialogue in London. If you put this alongside a memorandum of understanding (MoU) that has recently been drafted by the Law Society, Bar Council of England and Wales and Bar Council of India, it gains momentum and importance.

This MoU is designed to set out a roadmap for liberalisation and will open up the sector in a phased

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Narendra Modi speaking at Wembley in November



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manner. It is likely to be signed later this year and will inject significant impetus into long-awaited reform.

I have no doubt that the liberalisation of India's legal services will boost bilateral trade and investment. It will provide Indian corporates with greater access and choice of global legal services, as well as enhancing career opportunities for lawyers in India and the UK.

Common legal heritage

The UK and India share a great deal of history, language and culture. They also come from the same legal tradition. The common law system binds the two countries to an astonishing degree.

The core genesis of the system gives us a head start in terms of legal practice and business. Indian and UK companies are both familiar with the governance structure and legal system underpinning transactions and business dealings. It is difficult to overstate the importance of this.

If you also factor in language, UK companies have a big advantage over their competitors. The number of English speakers in India's middle-class is growing incredibly quickly. It is the language of business – and clearly there are big benefits to UK law firms.

Mutual advantages

There are more than 1.5 million Indians living in the UK. Like the common language, this should not be underestimated. There are well-established business and professional links. The role of the Indian diaspora in the UK is sometimes overlooked when considering cross-border trade. I have always found this baffling.

Why on earth would you not take full advantage of all the opportunities available to you? The advantages of the diaspora are considerable. Of the Indians living in the UK, many are active in the professions, industry, sport, politics – and they are very well connected in the motherland. They play an important role in strengthening affinity, communication channels and ties with India – and many act as 'bridge-builders' between the two countries. At the India Business Group, we have always found this to be very important.

Cultural shift

The legal profession in India is one of the biggest in the world. The latest figures count the number of advocates at just under 1.5m. As with the UK, India has a reputation that is globally respected. The very scale, nature and history of the profession in India mean it can accommodate any number of new firms and expand – both on a domestic and international level.

Part of the very core of the professional governance of the legal operation in India is to recognise international qualifications, with particular relevance to the UK.

There is no doubt that the legal market in India is open to expansion. It is an area that will be welcomed and one where UK firms and legal operations can take full advantage.

Trade liberalisation

India is witnessing a sea change at an unrivalled speed and scale. It has recently overtaken China as the fastest-growing major economy in the world. The signs are this is only going to continue.



David Cameron has stressed that British businesses support nearly 700,000 jobs in India

A large part of the latest surge was Modi's landslide electoral victory in May 2014. He has led a concerted charge to put new impetus into India's business landscape and to change the perception of what is involved in international investment in India.

As mentioned above, the perfect illustration of this was his trade visit to the UK in November. However, the £9bn worth of trade deals should only be seen as the beginning.

There is so much room to expand and develop this relationship. One particular area where deals are often overlooked is in the mid-tier corporate space. There is a steady source of deal flow and ongoing mergers and acquisitions between Indian and UK companies. This can only get bigger and will require the support of legal services.

The flagship Indian initiatives Make in India, Digital India and Smart India have been widely promoted to invite foreign investment and innovation.

Modi could not have been more active in pushing this. In the past two years, he has been on more than 35 overseas trade visits. This is being supported by the ongoing reform agenda and relaxation on the limits of foreign direct investment to some of India's core sectors, including defence, banking, railways and construction. For example, earlier this year the Indian government outlined plans to allow a far higher level of investment in the public banking system. The cap on foreign investment increased from 20% to 49%.

This is symptomatic of the liberalisation policy and one that demands a very significant legal input. It signals a far more business-like approach from the current Indian administration – one that encourages greater opportunities for Indian and international business.

Replicating the 'trusted adviser' model

My final reason relates back to the cultural similarities between the UK and India – the trusted adviser role. The concept is to build a deeper relationship with a client, which will naturally require more time and investment by an adviser. It entails developing a personal relationship with key decision-makers in a client's organisation as a central part of your business development. This is very important when doing business in India. The convention is to become friends first and business contacts second. This is a role that, in my experience, suits those in the UK legal system very well.

What next?

This article is meant as an introduction – an outline of the opportunities available and the reasons why I believe the UK and Indian legal professions can work together.

There are many reasons to be excited. This month the Duke and Duchess of Cambridge are visiting India and Bhutan, in what is being seen as another important boost to bilateral trade. By 2030 it is predicted that India will have the largest population and the third-biggest economy in the world. There is a clear link between our two nations, historically, culturally and economically.

The liberalisation of legal services offers a big opportunity. The next year will be pivotal to trade and business relations in India and the UK. It is one in which I fully expect the legal profession to play a major role.

● *Amarjit Singh is CEO of the India Business Group, a consultancy that helps facilitate bilateral trade and investment opportunities between the UK/EU and India. He was one of two lawyers to accompany prime minister David Cameron on his 2013 trade visit to India*

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