

With AI coming in, lawyers lose case for billable hours

By Maulik Vyas, ET Bureau | Last Updated: Nov 03, 2025, 12:56:00 AM IST

Synopsis

Legal services are changing. Artificial intelligence is making routine tasks faster. This means lawyers will move away from charging by the hour. Instead, clients will pay fixed fees for specific results. This shift is expected to make legal help more accessible. Companies are already pushing for this new model.



Mumbai: The time-based model that has long defined how lawyers work and how clients pay is starting to give way to a faster, outcome-driven future for legal services, as artificial intelligence increasingly handles routine drafting, reviewing and research, said leading general counsels and industry experts.

Industry veterans expect hybrid or fixed-fee models to prevail within the decade, especially where AI proves its worth in due diligence, compliance, regulatory work and routine litigation.

While complex advisory matters may still command premium hourly rates, the broader shift away from time-based billing appears irreversible, said experts.

Corporate legal teams and general counsels have started nudging firms to adopt fixed or project-based pricing, following the lead of consultancies such as McKinsey & Co and Boston Consulting Group.

"For us, fixed pricing is now the norm across most matters, including M&A, real estate, IP and compliance," said Unnati Divecha Patel, general counsel at the country's largest paper-based packaging solutions provider and a Warburg Pincus portfolio company Parksons Packaging Ltd. "We are willing to pay a premium for clear, outcome-driven results with defined costs, not open-ended hours."

General counsels increasingly want more accountability and outcome-linked billing structures. "We now expect true transparency not just hours logged, but how output efficiencies translate into value due to AI," said Saloni Kothari, group general counsel, BDO India. "Going forward, we would like law firms to provide us with upfront certainty on costs, allowing us to plan our budgets without the fear of incurring runaway legal bills."

Sanjeev Gemawat, managing director and group general counsel at Essar

Group, said one positive outcome of this shift due to AI could be the democratisation of legal services, which he believes may turn out to be the most transformative change in the profession's future. "Large, resource-intensive firms may no longer command every advantage. With AI levelling the playing field, individual practitioners and small- to mid-sized firms can now deliver high-quality, sophisticated outputs at far more competitive costs," said Gemawat.

During FY25, Nifty 500 companies spent over ₹62,146 crore (about \$7.27 billion) in legal expenses, suggests data compiled by ETIG. Interestingly, according to Grand View Research, India is the fastest-growing regional legal AI market in the Asia Pacific. It generated a revenue of \$29.5 million in 2024 and is expected to reach \$106.3 million by 2030. Faced with rising client pressure for efficiency and predictability, law firms are also now open to reinventing their models to meet evolving client needs.

"Our billing models continue to be largely as per industry standards, and we remain flexible to accommodate our clients' unique requirements and objectives while passing on the benefits of efficiency that AI and other technological solutions allow us," said Haigreve Khaitan, senior partner, Khaitan & Co. "We are continuously engaging in meaningful discussions with our clients on how they view use of such tools and technology in the work that we do for them." And reading the changing lay of the land, law firms are increasingly investing in AI and legal tech to stay competitive.

Nishant Parikh, partner and member of the management committee at law firm Trilegal, said the firm is already transforming routine legal tasks into automated workflows. "By combining technology with deep sectoral expertise and specialists in niche areas like ESG, forensics, international trade and more, we are building a future-ready, multidimensional legal practice," added Parikh. Khaitan & Co's Haigreve said his firm is developing proprietary platforms to help them safely deploy pilot projects and analyse how AI can streamline certain internal processes and increase efficiency.

As regulatory and compliance demands grow, in-house legal teams are also ramping up investments in AI and legal tech tools to boost efficiency and productivity.

BDO's Kothari said they value their external legal advisors, but AI has made many in-house tasks easier and lessened our need for outside counsel.

Add ET as a Reliable and Trusted News Source



(You can now subscribe to our [Economic Times WhatsApp channel](#))

Lessons from the Grandmasters