US Immigration Policy: The Impact of H-1B Visa on Indian IT companies

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Abstract

The US Immigration Policy, with the H-1B visa in general and Indian IT industries in particular, has often been discriminatory. In September 2015, it introduced the Omnibus Bill whereby the supplemental visa fees was not only doubled but was made applicable for ten years. It also expanded its scope and operation, thus harming the Indian IT companies, which was its largest user group. The provision led to the imposition of around USD 4 billion on Indian companies. The Indian IT companies opposed the Bill tooth and nail, but it had little impact. It was a massive setback to the Indian IT companies as thousands of Indian IT workers who were on H-1B visa had changed their location in the US. According to one estimate, the new clause led to the loss of some USD 40 million to the Indian IT-BPM industry. What followed thereafter was a strong lobbying and follow-up by the Indian IT companies and industry association. As a result, the USCIS withdrew its "retroactively" clause and the Indian IT industry breathed a sigh of relief. The paper attempts to investigate the fallout of immigration policy using secondary data and content analysis from various sources, including policy papers, economic report and industrial outlook of the IT sector.

The Objective of the Study

The objective of the study rests its premise on the fact that visa policies are subservient to the national politics of immigrant-receiving countries. The immigration policy changes as host country's political ideology changes. Secondly, the impact of visa policies, in a globalised world, is felt far and wide and impacts both the

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home and host countries of the immigrants.

Methodology

While drawing heavily from secondary data, the study, as part of its methodology, has made use of quantitative data of the Indian and the US IT companies to analyse the impact of new US visa policy.The proposed paper attempts to investigate the fallout of new immigration policy, especially the amendment to H-1B Visa, and its impact on Indian and the US IT companies. The data, both qualitative and quantitative, has been drawn from various sources, including policy papers, economic report and industrial outlook of the IT sector and online resources.

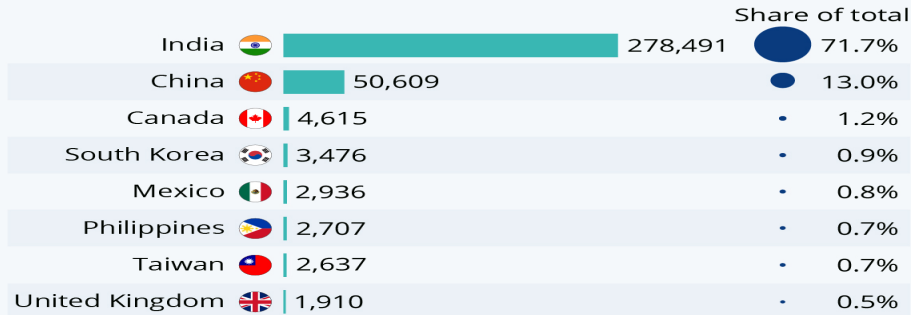## Mapping the US Immigration Policy

The history of Indian workers' migration to the US workforce milieu goes back to 1820s when unskilled Indian farmers went to California to work in local farms (Chakravorty, et.al., 2017, 11). Numbering only a handful then, the skilled and unskilled Indian workforce in the US now stands at a staggering two million and is the second largest foreign-born workforce after the Mexicans (American Community Survey, 2013). The US has regulated the inflow of foreign migrants on its soil, depending on the prevailing political sentiments and its own economic needs. Nevertheless, the 1965 Kennedy Johnson Immigration legislation opened the gates for Indian skilled professionals, allowing Indian engineers, doctors and teachers to settle and work in the US.

The next major landmark in the US Immigration Policy was the Immigration Reform and Control Act of 1990 of the then President George Bush, when the H-1B programme came into existence. The new programme was an attempt to provide skilled manpower professionals to the growing US economy to meet the workforce deficit. The H-1B programme, it must be noted, is a non-immigrant visa that allows US companies to employ foreign-born skilled workers. However, instead of employing foreign workers directly, most US companies have begun to outsource their mundane IT works to foreign IT companies, including the Indian. A large number of these skilled workforces is related to IT-BPM (Business Process Management) and India being the hub, has been the biggest beneficiary of H-1B visa. As per the data of the U.S. Citizenship and Immigration Services (USCIS, 2014), Indian high-skilled workers were the recipients of 70 per cent of the H-1B petitions during the year 2014(Zong, Jeanne, 2015). Despite crackdown on H-1B visa issuance in 2019, India received approval of 71.7% of its application, followed by

China, Canada, South Korea, Mexico, Philippines and others.

India Accounts For The Bulk Of H-1B Visa Approvals

Origin countries of H-1B visa recipients in FY 2019

		Share of total
India 🇮🇳	278,491	71.7%
China 🇨🇳	50,609	13.0%
Canada 🇨🇦	4,615	1.2%
South Korea 🇰🇷	3,476	0.9%
Mexico 🇲🇽	2,936	0.8%
Philippines 🇵🇭	2,707	0.7%
Taiwan 🇹🇼	2,637	0.7%
United Kingdom 🇬🇧	1,910	0.5%

Source: U.S. Department Of State

statista

(Source: Statista)

Imagining Identity: H-1B Visa Holder

The contribution of Indian diaspora workforce to the US economy could be gauged from the fact that there are more than 2 million India-born immigrants living in the US. During the 2010-2014 period, some 502,000 Indians went to the US and obtained citizenship. Their percentage was 9.66 % of the total global migrants to the US during the course of five years. In contrast, Indians on H-1B visa formed a staggering 54% and 51% of the total work migrants during the year 2014 and 2015 respectively. These figures of the pre-Trump era, it seems,was a deliberate attempt to encourage only high-skilled Indian IT workforce as shown in Table I.

TABLE I: Indian IT Companies Receiving H-1B Visa

	Indian IT companies	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1	Infosys, Bangalore	4900	4559	4559	440	3792	3962	5600	6298	4022	8991
2	TCS, Mumbai	3046	797	1539			1740	7469	6258	7149	6339
3	Wipro, Bangalore	4002	2567	2678	1964	1521	2736	4304	2644	3246	4803
4	HCL, Noida	910	102				1033	2070	1766	927	2776
5	Mahindra Hyder-abad[1]	2880	1396	1917	219	224		1963	1,58	1850	2657
6	L&T In-fotech, Mumbai	947	292	403	602	333	1204	1832	1001	1298	
7	IGATE, Banga-lore[2]	1391	477	296	609	164		1260	1157	886	
8	Syntel Troy, Mumbai[3]	416	130		129			1161	1149	1080	
9	Mphasis, Bangalore	751	248	251	229	197			556	405	
10	Mindtree, Bangalore									487	

Mahindra Satyam, Hyderabad
[2] IGATE (merged w Patni)
[3] Syntel Troy based in Michigan but operated from India.

TABLE II: US IT Companies Receiving Employees on H-1B Visa

	US IT companies	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1	Cognizant Teaneck, NJ	2226	962	467	233	3388	4222	9281	9986	5228	15680
2	IBM, Armonk, New York	1324	199	381	865	882	853	1846	1624	1513	2500
3	Deloitte, New York	1555	525	413	563	196	559	1668	1491	559	
4	Microsoft, Washington	3117	959	1037	1318	1618	947	1497	1048	850	
5	Qualcomm, San Diego	533	158	255	320				909	218	
6	Amazon, Seattle	262	81		182				881	877	
7	Intel, Santa Clara	828	369	351	723				772	700	
8	Google, California	328	248	207	211	172	383		753	728	
9	Oracle, California	1022	113	168	272				475	365	
10	UST Global, Aliso Viejo	339	416		344						

In 2016, India's IT-BPM (Business Process Management) export stood at $108 billion, which was 56% of global outsourcing business (Srivinasan, 2016). This helped the US companies in cutting cost, being more productive and creating new jobs for the locals in the supply chain.

In addition to their economic contribution, the lives of H-1B visa holders can be compared to *Jhum* cultivators or the shifting cultivators of the agrarian economy who move from one country to another, and from one company to another and are often body-shopped. They do not consume the goods and services they produce, unlike the *Jhum* cultivators. The fruits of their labour are however enjoyed by

companies and countries, which hire them. They have been responsible in contributing to the formation of new businesses and have also played a pivotal role in IT Business Revolution in the US.

For the H-1B visa immigrants, the legal deed of work agreement becomes the central piece of their survival. In the past, the colonial Indian indentured immigrant, who went to work in a sugar plantation in Fiji in 1880, called themselves *girmitiyas*. The term is derived from the English word '*agreement*', which was fundamentally a labour contract between the British and the immigrants(Ray, 2006). This goes to signify the importance of work agreements in the lives of an immigrant, so much so that it becomes their *alter ego* and reference point of identity.

It might sound inappropriate and far removed to compare the lives of a modern day immigrant to that of a slave during the medieval age or colonial America or to an indentured laborer during the British colonial period, but if we look closer into their lives, it was largely governed by a legal contract. It was the 'work agreement' that governed the relationship between the 'master and slave' and 'employer and employee'. Undeniably, there has been a progressive transfer of freedom and rights from the former to the latter as part of the democratization process in the working relationship between the two.

Rotation of Opportunities: From Global to American

It was the US President Donald Trump's executive order on immigration and his pronouncement on 'buy American and hire American' as against employing the foreign migrants that unleashed a sense of fear, anxiety and uncertainties in the minds of transnational diaspora living in the US. It was the source of major anxietyamong the Indian IT companies, whose business interests were first to be impacted by the new dispensation.

It should be noted that it was the US Alien and Sedition Acts of 1798, which gave the President the sweeping power to deport any foreigner deemed dangerous to the US. Understandably, the Trump government extended the provision to safeguarding the economic interests of the Native Americans in the wake of globalization and the loss of jobs to foreign immigrants. One should not however, fail to notice that the global political economy has undergone a sea change from the 'protective' regimes of earlier times to the 'diversified' economy of a globalized community. The newly emerged transnational world is throwing new surprises in the wake of

new political and economic order, coming in direct conflict with the conservative protective regime of the earlier era(Zong, Jeanne, 2015).

In the meantime, there were allegations of misuse of H-1B visa by the US corporations and the domineering trend of Indian IT companies in enjoying H-1B visa benefits, coupled with the loss of high-paying jobs to foreign works, further precipitated the issue. As a result, there was a demand to put a cap on the number of H-1B visa and levying higher taxes on the US companies using H-1B visa. All these measures had an adverse impact on the profit and future of Indian and American IT companies, thereby impacting the global workflow.

Intra-Country Nomads

The new US Immigration policy may have much wider ramifications,as it is feared that the provision of allowing the spouses of H-1B visa holders to work in the US could be curtailed. The non-immigrants who go to the US on H-1B visa is not only body-shopped and exploited but continue to live on tenterhooks during their temporary stay in the US, entailing hardships and difficulties in the process of settling down in an alien land. The families of the immigrants have to bear the brunt, as Radhika M.B. in her book *Visa Wives: Emigration Experiences of Indian Women in the US* (Radhika, 2016) says:

"Pink-slip fears and nightmares of H-1B holders can affect families greatly". These short-term temporary workers are 'bodily-lifted' from one part of the country to another once their work/contracts are over and transplanted into a new location. "Such moves transform transcontinental nomads to intra-country nomads of the IT workforce,"

Sometimes, IT companies 'decide to let go of the H-1B holder who may be a 'contractor', and he may be left with no pay slips to apply for a transfer of his visa to another company.'In addition to this, the new Immigration policy might also impact Indian students studying in the US who form the second largest group of international students, after the Chinese. According to a survey of 250 colleges and universities released by the American Association of Collegiate Registrars and Admissions Officers, nearly 40 per cent of colleges are reporting overall declines in applications from international students. (Saul, 2017).

There are also talks of tightening the Optional Practical Training (OPT), which al-

lows foreign students to take up jobs in the US for 36 months during the period of their stay in the country. On the other side of the spectrum, the high-paced technological companies in the US and India,while lobbying for a more liberal approach towards H-1B visa, are exploring new technological innovations to beat these restrictions. Some of these companies are suggesting the use of cloud computing and Artificial Intelligence to overcome the transnational restrictions.

It is believed that the proposed restriction on H-1B Visa could have a limited and temporary impact on Indian IT companies. As a logical sequence to such an event, the Indian companies may strive to become more self-reliant by exploring new markets or doing the same business differently. India learnt a harsher lesson during 1980s when she was denied western nuclear technology. This led to the development of indigenous strategic armament including nuclear powered ballistic missile. The case of H-1B Visa may be too mild and of micro-importance but could very well offer a strategic advantage to the Indian IT companies in the long term as they regain their bargaining power in the global IT business.

The Power of Perception

What makes an Indian H-1B Visa holder a preferred employee in the US is largely based on the perception of the Indian Diaspora. According to a new survey of people working far from home by the expat social group InterNations, expats from India are younger, better educated and harder working as compared to expatriates from other countries. Indians have proven to be the highest ranked group of migrants to the U.S., in terms of education and pay. More than 90% of those surveyed had a college degree or higher in comparison to 83% of the world's expats who graduated from university. They also spent more hours at work with an average of 45.2 hours a week in contrast to 42 hours by other expatriates (Bellman, 2015).

But when it comes to temporary expatriates and those on H-1B visa, there is a yawning gap both in terms of right, privileges and their growth history.For the non-immigrants on H-1B visa, the precarious nature of temporary work permit creates a crisis in their professional lives and the resultant business ambivalence further intensifies uncertainty in their livelihood. It is these reasons, however unpalatable, that have helped in the creation of close communities among the non-immigrants, cutting across the ethnic identity. They have developed a close affinity and help each other in the case of loss of a job or when the work contracts get terminated during unfavorable times.
As a H-1B visa holder stays in an alien country and is dependent on the mercy of

the parent company back in India, a major part of their energy is utilized in maintaining synergy between the offshore work and the expectations of their superiors back in India. The work communities in the host country become their only resort and solace-provider in times of need and professional crisis. This has led to the formation of knowledge Diaspora and technological identities to overcome immigration restrictions in the wake of business challenges, which threatens their very raison d'être. Communication among knowledge Diaspora, using online media has proved a saving grace of their existence (Qui, 2006).

The H-1B visa holders often become victims as well as the beneficiary of non-immigrant policies. They are victims because they bear the brunt of uncertain professional situations and are beneficiary at the same time because it enhances their professional skills and increases their earnings and bargaining power. Their dilemma is often shared and expressed in a virtual community platform where it finds a voice and heard by the compatriots.

These virtual community platforms help in the formation and cultivation of new relationships by providing virtually instantaneous access to thousands of potential contacts that share similar interest and experience (McLaughlin, 1995). It is by mobilizing such shared values of technical expertise, professional survival and national and regional backgrounds that these temporary migrants are able to survive in a globalized yet localized world of stiff competition. As a corollary to this, these tactics of survival become the 'conduits of collective belonging which aid in reconstructing the identities of these immigrants (Bonus, 1997).

There are no formal structure or organized institutions, which binds these immigrants in a single thread of common identity. They are loosely structured and only connected for their professional expertise and opportunities. Their identity is based on group formation on the basis of profession instead of ethnicity or national identity. As 'identity is a mutable, essential idea held on common, signified by agreement' (Belden, 1997).

It has been observed that as H-1B visa holders are widely scattered over a large geographical area of the US, they have not been able to develop a powerful 'big family' feelings or able to conceive one among themselves. The H-1B visa holders, like other communities, often find their network identity by seeking the congruencies that existed prior to their entry into the virtual space(Mitra, 1997).
The angle of congruence in the case of H-1B Visa holder is the technical expertise

that helps them find a place in the employment market, run and manipulated by global IT companies.

H-1B Visa – the Bone of Contention

In February 2017, a Bill regarding H-1B Visa was introduced in the US House of Representatives, which is likely to have far reaching impact on the Indian IT companies doing business in the US. The American and Indian IT companies have already started lobbying against the Bill, as it would be detrimental to their business interests. As per the American Immigration Policy, the US companies can annually hire not more than 85,000 skilled foreign workers, out of these 65,000 could be hired from abroad, while 20,000 from foreign nationals studying in the US.

The H-1B Visa is a non-immigrant visa and expires after three years but could be renewed for the maximum period of six years. The new Bill, as critics point out may not help the US economy in fulfilling its manpower deficit in STEM areas (Science, Technology, Engineering and Math) where there is a huge skill gap between what is required and what is available.

According to an estimate, prepared by the US Labor Department, employment in computer and information technology in the US is expected to grow 12 per cent between 2014 and 2024. And because of the shortfall in STEM areas, some 2.4 million vacancies will remain unoccupied, which in itself is a yawning gap.

The High-Skilled Integrity and Fairness Act of 2017, on the other hand seeks to "supplement the US workforce with talented, highly-paid, and highly-skilled workers who help create jobs here in America, not replace them" will have to work in tandem with the existing market realities and the global business growth, of which the US is a focal point. But before we delve into the intricacies of the proposed Bill, let's see how much it has been changed and what new clauses have been added to it.

The Proposed H-1B Visa Bill: Highlights

- Doubling minimum salaries of H-1B visa holders from the earlier $60,000 to $130,000.
- Earmarking 20% of H-1B visas for small and start-up employers.
- Removing 'per country' cap for employment visas to ensure equal distribution.

- Firms hiring H-1B visa holders need to make a "good faith" effort to recruit Americans.
- Give preference to students educated in the US for H-1B visas
- Prohibit spouses of H-1B visa holders from working in the US
- Prohibit companies with more than 50 employees, hiring additional H-1B employees
- Strict audit and vetting by Department of Labor to clamp down on fraud or misuse

The Bill however does not address the underlying shortage of STEM-skilled workers in the US and it may not be helpful in bridging the high-skilled manpower deficit. Also, it does not treat all IT companies on equal footing and is biased when it comes to H-1B dependent companies. In the new Bill, there is also no calibration as to what kind of IT work constitutes a high-skilled job and what measures an IT company should take during a sudden rise or fall in the preference to a skill. Increasing the minimum salaries of H-1B visa holders from the earlier $60,000 to $130,000 per annum in the proposed Bill seems to be quite arbitrary and devoid of any rationale. How the proposed hike will help the businesses in the US and India is difficult to fathom. When we talk about other work areas like engineering, healthcare and manufacturing, will it not have a ripple effect, thus disturbing the equilibrium of proportion in other professions?

The Model of Business

The non-immigrants on H-1B Visa who are employed by the Indian IT companies and sent to the US are generally developers, architectures and managers who have high skilled technological knowledge and are variously used in the domains of banking, energy utilities, retail, manufacturing and healthcare. The curtailing of H-1B Visa is likely to impact the US companies working on the above-mentioned domains.

It is assumed that restrictive H-1B Visa may have a reverse impact thereby benefiting the Indian IT companies in the long run. In the absence of skilled IT workforce in the US, these opportunities may be outsourced to India, thereby increasing their profit margins and augmenting their revenues. This may further spurt growth in India's Business Processing Outsourcing (BPO) work despite having an adverse impact initially.

The costing model of the Indian IT companies are generally based on Fixed-Priced Model or called FP model which is determined by the upfront requirements of the US clients and is given to a IT firm after the bidding process. The other model called Time and Material Model (T&M Model) is based on hourly basis in which human resources are deputed onsite and costs more(Korotia, 2017). This adds complexities to the Indian IT firms, which have to arrange the workforce and manage the workflow. While undertaking any IT work, both the parties enter into a Master Service Agreement (MSA) which broadly defines the scope of the work and are legally enforceable after it is duly signed by both the parties. It may also include reverse penalty for non-completion of the work. The Statement of Work (SoW), on the other hand, is a governing document for a specific or day-to-day work requirement of the client firm and is often based on FP model.

Like any other business, the rule of demand and supply governs the IT opportunities in the US and opens the door for bidding not only to the Indian companies but also to the global IT companies. It is not only the cost and business opportunities but also the resource availability in the US market, which plays a vital role in the growth of US IT companies. If Trump's assertion gains momentum in time to come, it is sure to benefit US citizens in short term, but harming the people and US IT companies in the long run because of optimum talent crunch. Both, as it is being feared, would lose their edge and competitiveness.

Economic performance of IT companies

The Indian IT industry is one of the largest employers in the country, employing nearly 3.5 million professionals. It added over 230,000 employees to the workforce and recorded a growth of about 8.5 percent in 2015. The $150 billion Indian IT industry may have to come to terms with the harsh realities of the changing times with the new regime of Trump administration(Srivinasan, 2016).

The growth of Indian IT companies has been quite robust during the last two decades. While Infosys projected its revenue growth of 11.5% and 13.5% for the June 2016 quarter, Cognizant Technology kept it a modest 9.5%. During the same period the dollar revenue of TCS increased 3.7% to $4.36 billion and Wipro improved its dollar revenue by 2.6% sequentially to $1.93 billion (Companies annual report, 2016). As Table III demonstrates, Infosys, Wipro, HCL and Tech Mahindra were among the Indian IT companies which showed considerable revenue growth in 2016.

**TABLE III: Revenues of Indian IT Companies in 2016 and the Rate of Growth**

	Indian IT companies	**Revenue in crores**	**Rate of growth**
1	TCS	Rs 111,700	0.1355
2	Infosys	Rs 65, 569	0.1554
3	Wipro	Rs 54,096	0.0951
4	HCL	Rs 42, 235	0.1161
5	Tech Mahinda	Rs 27, 051	0.1902

When growth is measured in terms of year-on-year dollar revenue during the period April-June 2016, Infosys, Cognizant, TCS and Wipro showed impressive performance as Graph II demonstrates.

Graph II: Revenue Growth of Indian IT Companies
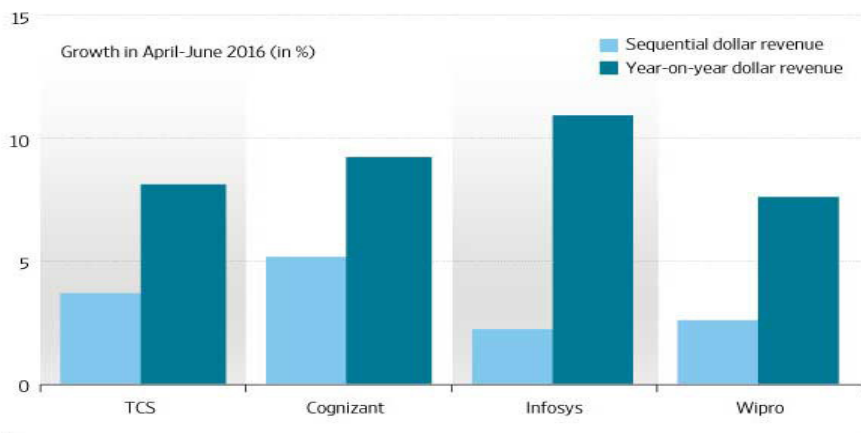
managed double-digit dollar revenue growth in 2015. The Indian IT industry increased its contribution to India's GDP from 1.2% in 1998 to 7.5% in 2012. In 2015, the aggregated revenue from the sector was USD 147 billion, of which the export revenue was USD 99 billion and domestic revenue stood at USD 48 billion. India accounted for 56 percent of the global outsourcing market in the year 2015 (NASSCOM Report, 2015).

The Indian IT industry now has to get ready to face tough competition from countries like China, Philippines and global IT companies in the outsourcing business. Despite these tough competitions, what has given India an edge apart from its cheap high-skilled manpower is its quick adaptability to the changing technological needs. It has started investing in emerging areas of Artificial Intelligence, Cloud computing, Big Dataand Internet of Things (IoT).It is charting new areas of business development through its 4,200 startups, which often needs two-way transfer of knowledge and expertise between India and the US.

Lessons From the Past

History is replete with examples that trade and businesses behave much like social groups and society. Once they become insular to outside influences they gradually lose their survival capability as a consequence of excessive inbreeding and overtly excessive self-preservation borne out of fear of outside competition. A very telling example is illustrated in the early human evolutionary history. The Neanderthals and the Cro-Magnon inhabited the earth almost during the same time. While Neanderthals were physically more powerful, better hunters and more capable to survive, they became extinct. The Cro-Magnon, while on the other hand, were able to survive and flourish because of their capability to accumulate, pool and pass on their knowledge to the next generation and at the same time developing effective techniques andcommunication skills. A more open, liberal and welcoming attitude to global knowledge diaspora is more to benefit the US and its people than the short-term job loss to the foreign immigrants.

An alarming fact that has gone unnoticed during the high decibel H-1B visa controversy is the danger of loss of jobs because of automation. The US might be losing only couple of thousandsof jobs to foreign immigrants, but according to one estimate, the ongoing automation process would lead to millions of job losses, which is quite staggering in comparison to few thousands. Now this brings us to a very critical paradigm in the *status quo* and raises question, which needs to be

investigated. As majority of the automation processes are driven and initiated by IT, will Indian H-1B visa holders, who write the code for automation, be blamed for the loss of jobs in the US?

Changing the Goal Post

The vagaries of change in the rules governing H-1B visa often puts the immigrant and the Indian IT companies in tight spot. In April 2015, United States Citizenship and Immigration Services (USCIS) issued new guidelines, which held that employers must file amended H-1B petitions when the H-1B visa holder changes its work location. The new Labor Condition Application (LCA) made the new rule mandatory "retroactively" and gave the Indian IT companies a deadline of 90 days to comply with it.

It was a massive setback for the Indian IT companies as thousands of Indian IT workers who were on H-1B visa had changed their location in the US. According to one estimate, the new clause would have led to the loss of some USD 40 million to the Indian IT-BPM industry. What followed was a strong lobbying and follow-up by the Indian IT companies and industry association. As a result, the USCIS withdrew its "retroactively" clause and the Indian IT industry breathed a sigh of relief.

The US Immigration Policy, with the H-1B visa in general and Indian IT industries in particular, has often been discriminatory. In September 2015, it introduced the Omnibus Bill whereby the supplemental visa fees was not only doubled but was made applicable for 10 years. It also expanded its scope and operation, thus harming the Indian IT companies, which was its largest user group. The provision led to the imposition of around USD 4 billion on Indian companies. The Indian IT companies opposed the Bill tooth and nail, but it had little impact.

America's Growth Story

Immigrants have played a key role in the growth of American economy and tightening the restriction on H-1B Visa is sure to impact its GDP, if not significantly than marginally. The number of H-1B Visa immigrants to the US may be insignificant, but there are associated value addition and economic activities which help the US economy in areas like retail, housing, banking and hospitality as H-1B Visa holders are accompanied with their family on the road to immigration. A comment on Quora by a reader on a H-1B Visa restriction succinctly sums up its impact on

the US economy. We quote his comment verbatim:

"In the 19th Century, the US needed thousands of immigrants to build the railway that would drive its current progress. Imagine a President at that time taking those immigrants working at the railway away of the US. Undoubtedly, the economy of the US wouldn't have progressed at the pace it did in the following years. I believe it is the same now; the current unemployment rate in the US is less than 5%. That level of unemployment is caused by other factors rather than an actual lack of opportunities. The IT industry in the US is growing very fast and is expected to grow even faster" (Davis, 2017)

In a joint research paper, SanchitVirGogia and AnshooNandwaani of Greyhound Knowledge Group point out that the H-1B visa restriction will not only have an adverse impact on startup IT business in the US but will also harm the established and reputed Fortune 500 organizations, who have deeply invested and dependent on IT service providers using H1-B visas. As the cost of such high-skilled work is quite competitive while sourcing it from India, it will exert economic pressure on them while looking for a replacement, which may not only be difficult but quite expensive and may throw a spanner in work. This may dampen the spirit of innovation and entrepreneurship for which America is so globally famous.

The Cost to India

The new dispensation is likely to eat away the lucrative profit margins of the Indian IT companies and may put an additional burden in the range of 5-10 percent year-on-year depending on their H1-B visas resource deployment, says Greyhound Research. It is expected that as the onsite deployment of H-1B Visa holders takes a beating retreat, there could be a definite surge in the on-shoring and near-shoring business of Indian IT companies. In fact, it was not too long time ago when Melba Pria, Mexico's Ambassador to India invited Indian IT companies to her country when she said, 'If US cracks down on H1B visas, we'll be happy to have Indians relocate to Mexico'.

In a changed scenario of economic opportunities, it is likely that new paradigm of economic growth may emerge, which would be based on Coopetition Economy, combining cooperation and competition, leading to a win-win situation for both the business partners.

Donald Trump, himself a seasoned businessman, had confessed that his businesses had used H-1B visa for hiring high-skilled workers. He however, has been of the opinion that the H-1B programme should not be continued as it diminishes the employment opportunities of Americans to be hired for high-paying jobs. The biggest tragedy with the American workforce as of now is that it does not have enough high-skilled professionals to steer the ship of its IT entrepreneurship, of which it is a breeding ground.

To discourage Indian IT companies from eating the bigger pie of high-skilled and high-paying jobs, the new changes in the H-1B visa rule may not go well with other countries having high volume bilateral trade with the US. The new Bill, as is being speculated, was also to prevent the Indian IT companies from hiring cheap IT skills and deploying them in the US in the guise of high-skilled professionals to augment their profitability. This will, according to them, will force the Indian IT companies in using the H-1B programme only in the rare of the rarest case and only when it is genuinely required. Adding woes to the Indian IT companies, there have also been discussions to mandate the Indian IT companies to undergo a labour market test to ensure the unavailability of such highly skilled professionals in the US before filing a petition with the USCIS for H-1B visa allowance.

A strong possibility that may see the light of the day while adversely impacting the Indian IT industry is restricting the number of present 65,000 H-1B visas. Although, no such decision has been taken by the Trump administration, any such decision, if it comes through, should not be a bolt from the blue for the Indian IT industry.

The prevailing mood in the US about the misuse of H-1B visas by the Indian IT companies is best exemplified by Huy Nguyen of the Harvard Kennedy School who says, "Even if the H-1B cap is not raised, a reform bill that disqualifies Indian consulting firms from filing H-1B will help relieve the pressure on the quota and allow legitimate companies to get the workers they need. The Indian consulting companies have been abusing the system for years and should be punished anyway."

The transnational irritant to H-1B visa notwithstanding, the Indian IT industry, while generating business for themselves have also been contributing to the US economy by creating new job opportunities for the Americans and paying taxes to the US government. According to a NASSCOM report, Indian IT compa-

nies invested more than USD 2 billion in the US during 2011-2013 and paid over USD22.5 billion to the US Treasury as taxes during the last five years. It also helped in creating, directly and indirectly, some 411,000 jobs in the US, to which the US citizens were the largest beneficiaries.

Although it is too early to predict the future course of the Indian IT industry in the wake of changing norms on H-1B program, its impact could vary, depending on the prevailing political and business sentiment in the US economy. There is also a possibility that the Trump administration might not push the H-1B programme, beyond a breaking point so as to harm the American IT industry. The political exigencies may force the US administration to take a more balanced approach on the impeding issue to avoid business and bilateral imbroglio. As far as the Indian IT industry is concern, any drastic step on the part of US could only be short-lived with temporary effect. It also has the probability to bounce back in India'sfavour as new business opportunities offer new model of businesses in the coming years.

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