

ON A VISIT TO THE UNITED STATES

Jaitley may take up H-1B issue with US authorities

Move could have 'unintended consequences': Nasscom

ENS ECONOMIC BUREAU
NEW DELHI, APRIL 19

INDIA MAY take up the work visa issue with US authorities during the visit of finance minister Arun Jaitley to the US. Jaitley on Wednesday indicated that he would take up the visa issue with the US authorities during his visit.

"These (IT industry issues) are matters of discussion with the appropriate authorities there. Once I do discuss and get an opportunity, I will let you know," he told reporters when asked whether he would take up the concerns of the Indian IT sector with the US administration.

The Indian IT industry has expressed concerns over the US government's clampdown on the rules for H-1B visa, which is primarily used by domestic IT professionals for short-term work. US President Donald Trump has signed an executive order for tightening the rules of the H-1B visa programme to stop its "abuse" and ensure that the visas are given to the "most-skilled or highest paid" petitioners.

Jaitley was scheduled to leave on a five-day visit to the United States on Wednesday night to attend the Spring Meetings of the World Bank and IMF as well as deliberations of G20 nations. During his stay in Washington and New York, he will hold meetings with American CEOs and institutional and pension fund investors, where he will pitch India as a favourable investment destination. The finance minister is also slated to hold a meeting with the US Treasury Secretary.

NZ toughens steps for skilled immigrants

Wellington: New Zealand announced on Wednesday that it is introducing tougher requirements for skilled overseas workers as it tries to control immigration numbers that have reached an all-time high.

New Zealand's Immigration Minister Michael Woodhouse said in a speech that the government was unapologetic that industries relying on overseas workers are finding it harder to recruit people from abroad. AP

Industry body Nasscom warned that the US' move to replace the lottery system for issuing H-1B work visas with a merit-based approach could have "unintended consequences" even as it sought to downplay any immediate impact on IT companies this year. "No new changes are being implemented immediately ... Nothing is being proposed that would impact or change the FY18 H-1B lottery that is currently underway," Nasscom said in a statement on Wednesday. The proposed changes are forward-looking and non-specific, it contended.

Another industry body Assocham also expressed concern over the tightening of the visa norms. "...Indian IT companies are bound to face disruptions by way of higher costs and even some laying off work force back home, as the rising rupee is

aggravating the situation further for the technology export firms," it said.

Indian IT firms, however, are confident of sailing through the changes being proposed by the US. "We continue to invest in the local communities in which we operate, including hiring local American top talent, bringing education and training to our clients to shrink the skills gap in the US, and working with policymakers to foster innovation," Infosys said in a statement.

TCS, too, has exuded confidence that these issues can be tackled through greater engagement. It has also said it will "tweak" its business model to continue to be in compliance with regulations. The H-1B visa is a non-immigrant visa that allows US companies to employ foreign workers in speciality occupations that require theoretical or technical expertise in specialised fields. Indian technology companies depend on it to hire tens of thousands of employees each year for their US operations.

The US market accounts for over 60 per cent of the Indian IT sector exports, and any clampdown in the visa regime is expected to result in higher costs and shortage of skilled workers for the \$110 billion Indian outsourcing industry.

On the Australian government's move to eliminate the 457 visa category would not have a major impact on visas granted to Indian IT workers, Nasscom said, "...it is a surprise and seems to be have been driven by domestic political compulsions where we are seeing immigration as a matter of huge political concern within the current geo political environment."

IT firms may face layoffs due to H1B visa curbs

Rising rupee is aggravating situation further for the technology export firms, says Assocham

INDO-ASIAN NEWS SERVICE
NEW DELHI, 19 APRIL

With the US tightening the norms for H1B visas under the President Donald Trump's 'Buy American, Hire American' campaign, the Indian IT companies are bound to face disruptions by way of higher costs and even some laying off work force back home, and the rising rupee is aggravating the situation further for the technology export firms, an Assocham paper said.

Nearly 86 per cent of the H1B visas issued for workers in the computer space go to Indians and this figure is now sure to be scaled down to about 60 per cent or even less, the paper said.

Remittances from the US would decline, hurting the balance of payment.

World Bank data showed the US was the second largest source of remittance for India



in 2015, behind Saudi Arabia, and about \$10.96 billion, nearly 16 per cent of the total inflows, were sent to India. The industry chamber, Assocham expects it to disturb the balance by 8-10 per cent.

As the cost pressure would increase, aggravated by rising rupee leading to lower realisations, the Indian IT firms may be forced to displace work force. "In that case, the

chances of layoffs are real," said Assocham Secretary General D.S. Rawat.

He said that the IT industry apex organisations and the government need to work out a joint strategy to deal with the unfolding situation.

In the last three months, the Indian currency has gained by at least five per cent against US dollar, reducing net realisations for software exporters,

among other export-oriented sectors. According to the Assocham paper, the reverses resulting from the tightening of the H1B visas would force IT giants to effect fundamental changes in their strategies in terms of hiring, salaries, jobs, impacting employees in India too. With Britain already hiking the minimum wage requirement to euro 35,000 for tier II visa immigrants, this lat-

IT LAYOFFS

- » US tightening of visa norms to lead to layoffs
- » IT export firms hit by higher costs, rising rupee
- » 86 pc of H1B visas issued to Indian IT workers to fall to 60 pc
- » Likely decline in the remittances from US to hurt balance of payment

est move by US will act as a definitive dampener to Indian outsourcing industry.

The alternate solutions for the Indian outsourcing industry are: Investing "near shore centres"-facilities close to the US; focus on local hiring in America; and to work virtually, which is becoming easier with the wider adoption of cloud services and greater digitisation, it said.

IT cos' reputation is taking a hit: Nasscom

■ Hiring in India is likely to be affected

AGE CORRESPONDENT
BENGALURU, APRIL 19

Indian IT industry body Nasscom on Wednesday said that the new executive order signed by US President Donald Trump to promote 'Buy American, Hire American' campaign is driven by "persistent myths" to damage the reputation of the Indian IT sector.

"We believe that the current campaign to discredit our sector is driven by persistent myths, such as the ideas that H-1B visa holders are 'cheap labor' and 'displace American workers' who train their replacements," none of which is accurate," said the statement released by Nasscom.

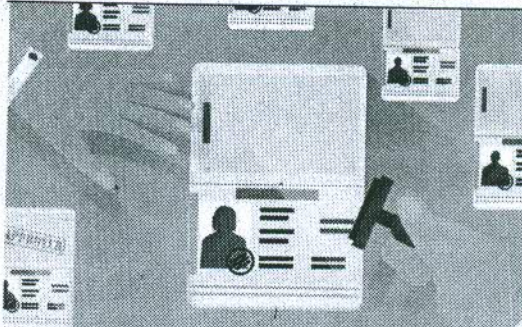
However, the likely amendments to the existing H-1B visa program affects the Indian IT services firms that have adopted off shoring business models. In addition, the move would also hurt thousands of US businesses and their efforts to be more competitive by hindering access to needed talent, according to Nasscom.

Trump's executive order has directed the federal bureaucracy to look for new ways to restructure and restrict the H-1B system, and enforce the law more vigorously.

However, the IT industry body said that nothing is being proposed that would impact or change the FY18 H-1B lottery that is currently underway.

Ashok Soota, the founder of Happiest Mind Technologies and IT industry veteran said that the firms are waiting to gain clarity on the likely changes to the H-1B visa policy.

Along with the US,



DIFFERENT APPROACH

■ **TRUMP'S** executive order has directed the federal bureaucracy to look for new ways to restructure and restrict the H-1B system, and enforce the law more vigorously

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■ **THE LIKELY** amendments to the existing H-1B visa program affects the Indian IT services firms that have adopted off shoring business models

■ **ALONG WITH US,** Singapore and Australia have also been looking for ways to curb their work visa programs, which would mean more headwinds

Singapore and Australia have also been looking for ways to curb their work visa programs, which would mean that the Indian IT companies are in the midst of uncertainty.

According to a report released by Assocham, the Indian IT firms are bound to face disruptions by way of higher costs due to visa curbs.

The rising rupee is also expected to aggravate the situation further for the firms.

As per the paper released by Assocham, the reverses resulting from the tightening of the H-1B visas would force IT giants to create fundamental changes in

their strategies in terms of hiring, salaries, jobs, impacting employees in India too.

However, Nasscom said that it will work towards lobbying for a level-playing field.

Commenting on the Australian government's decision to scrap 457 visa category, Nasscom said, "We will be working closely with the Government of India and Australian government to understand more details on the changes and ensure how these could be implemented seamlessly to ensure business continuity and value for Australian customers," the statement said.

