

## **H-1B visa suspension: Remote working during COVID-19 lockdown insulates India's IT sector; Indian talent will be in demand, say experts**

Analysts and sector specialists said that the latest move by the Trump government is not expected to have much impact on the Indian tech sector which has a significant presence in the US.

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The Donald Trump government's latest salvo with regard to H-1B visas is not a surprise. Since Trump's election in December 2016, the H-1B visa has been a focal point of discussion and has come in for a three-pronged attack from the Justice Department, Department of Homeland Security and the United States Citizenship and Immigration Services. Trump, who campaigned on an 'America First' platform of favouring Americans for hiring, has remained true to his promise by putting in jeopardy jobs and lives of IT professionals from across the world who work in the US.

The latest move by the US government though has come in for criticism across Silicon Valley and the technology sector in general. Nasscom, a trade association of Indian Information Technology (IT) and Business Process Outsourcing (BPO), in a statement on 23 June said, the US government's new proclamation will prevent "our companies and thousands of other organisations from accessing the talent they need from overseas. With very few exceptions, Indian nationals and others who are granted new H-1Bs or L-1s as well as other visa types after 23 June will not be allowed to enter the US until the proclamation expires".

**Won't impact Indian tech sector**

Analysts and sector specialists said that the latest move by the Trump government is not expected to have much impact on the Indian tech sector which has a significant presence in the US. Analysts felt the COVID-19 outbreak and subsequent lockdown for over three months has led to businesses and bottom lines taking a hit -- be it manufacturing, services, or hospitality among other sectors.

Vidya Mahambare, professor of Economics, Great Lakes Institute of Management, Chennai, said, "There isn't going to be much direct impact of the visa suspension for the rest of the year or a hike in visa fee on Indian tech companies. The travel in the remaining part of this year would have been minimal in any case due to the pandemic. In addition, it would take time for the demand for IT services to recover, so the requirement for on-site projects would have been lower. Rather, if there is a shortage of skilled workers in the US, existing skilled workers including Indians already in the US may benefit."

### **Election posturing by Donald Trump**

Industry observers termed the latest move on visas as election posturing by Trump. The US unemployment rate fell to 13.3 percent in May, down from 14.7 percent in April. "It is natural for the leadership to take such actions in an election year," said a sector specialist.

BV Mohan Reddy, executive chairman and founder at Cyient-a global engineering and technology solutions company, had met up with Trump during his two-day visit in February 2020 to India. Reddy said he had appraised the US president of the fallout if visa norms were changed. "Trump told me he would find solutions. But I understand he too has political compulsions," he said.

The unemployment rate for technology occupations in the US fell to a 20-year low of 1.3 percent in May as hiring gains were recorded in both the tech sector and across the economy, according to an analysis of US Bureau of Labor Statistics 'Employment Situation' report by [CompTIA](#), a technology industry association. The tech sector continued to be the bright spot where employment for May remained in the positive territory. An estimated 5,800 new hires were added to the tech sector workforce in May, CompTIA said.

### **Digitisation surges post-COVID**

Under the H-1B visa programme, US-based companies hire highly skilled foreign workers. They are hired as there is a shortage of talent in the country. "If you don't allow highly skilled foreign workers to enter the US, projects that are based there will not only be delayed but the cost too will escalate," said Reddy of Cyient.

Industry veteran TV Mohandas Pai said the COVID-19 outbreak and lockdown has pushed businesses to increasingly adopt digitisation even more than earlier. "The need to go abroad to do work has come down during lockdown. Indians account for a mere 12-15 percent application for H-1B visas," he said. Organisations will have to reorient their business model in the post-COVID era, he said, adding by September more work in the sector will come to India.

Reddy, like Pai, was optimistic about how the US government's latest move would work well for India with the Narendra Modi government's Aatma Nirbhar Bharat Abhiyan promoting

the local economy. “The workforce talent will be available for three sectors viz: defence, telecom and healthcare,” Reddy said.

The local talent in the US, said analysts, were found to be wanting on efficiency, work level ethics among other parameters compared to their Indian counterparts. But the rules mandating more hires to be made locally has also led to the relevance of offshore jobs coming down. Many Indian IT companies have been hiring locally in the US and subsequently train them to suit the requirements of the organisations.

The Indian economy in general benefits because on-site, skilled workers learn processes, get exposed to different work practice and accumulate new knowledge/ideas. This stays with them and any firm/sector they work after returning to India benefit those organisations, said Mahambare.

### **IT sector prepared for challenges**

If the change in visa rules were to come into force, say about five to six years ago, the trajectory of the Indian IT sector in the US would have been different. However, the constant change in the visa rules in recent times has led to the sector becoming prepared for these challenges.

Many Indian companies have shifted to nearby Vancouver and Toronto in Canada where the government has welcomed them. Besides, Canada’s easy merit-based immigration has helped attract talent, said Shaan Ray, blockchain advisor, Ionixx Technologies- an IT and Services firm.

“The Trump government putting a hold on the H-1B visa won't have a major impact on the Indian IT sector. While some companies may choose to move parts of their operations to Canada due to proximity and ease of doing business, others could keep their employees remote and work from India or anywhere else in the world,” Ray said.

The COVID-19 lockdown has led to the IT sector, especially, becoming an early adaptor of the work from home culture. Benoy CS, vice-president, Digital Transformation Practice and Head-South Asia, Frost & Sullivan, a research and consulting firm, said the change in work culture brought about by the lockdown has made boundaries redundant.

“Tech can work from any location. With employees forced to work from home, offshore work was also done from remote location leaving just a manager on site. With the change in visa norms, the US will be the most affected as offshore jobs will come at a heavy cost. Even if you want a local hire to oversee the job, the employee will have to be paid significantly higher in the post-COVID era and it will turn out to be far more expensive to send engineers from India for offshore work. But the good news is that the percentage of these jobs are coming down,” he said.

Silicon Valley in the US is not the only source for innovation and talent. There are multiple such sources and hubs in China, Israel and India, for instance. “People are open to remote working especially post-COVID,” said Shiv Sundar, co-founder and COO, Esper, an Android mobility and IoT startup founded in 2018.

Sundar said the company hired a youngster from Maharashtra, who as a 17-year-old turned out to be an Android app expert. “He became our first employee. So what it means is that talent will be sourced from any part of the globe,” he said.

Is the suspension of visas by the US government a source of worry for the Indian tech sector? Not yet. For starters, the suspension is only till the year-end. But a few Indian firms who have applied for these visas and whose documentation process would be half-way this month would be stumped with this latest move by the Trump government.

All these processes will come to a standstill and there will be a further delay if and when these will be revived. But it is no cause for alarm as the cascading effects of this move will be felt more in the US where Trump is trying to promote and protect jobs for locals. Indian firms are known to provide high-quality services at a competitive cost and they won't go out of business but will have to juggle a few employees around. The good news is that this may keep good talent in India for a while longer rather than continue the brain drain into the US.

Link: <https://www.firstpost.com/india/h-1b-visa-suspension-remote-working-during-covid-19-lockdown-insulates-indias-it-sector-indian-talent-will-be-in-demand-say-experts-8518621.html>