H1-B Visa Bill – Explained

Why in news?

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- The **'Protect and Grow American Jobs Act'** makes important changes to the eligibility requirements for H1-B Visa exemptions was re-introduced yesterday by two US Congressmen.
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- The legislation, they argued, will help crack down on abuse and ensure that these jobs remain available for the best and brightest talent from around the world.
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- The bill comes after a number of companies have come under fire for abusing the H1B Visa programme to replace American workers with foreign workers.
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What is a H1-B visa?

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- Generally, a citizen of a foreign country who wishes to enter the United States must first obtain a visa, **either a nonimmigrant visa for temporary stay, or an immigrant visa for permanent residence.**
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- Temporary worker visas are for persons who want to enter the US for employment lasting a fixed period of time, and are not considered permanent or indefinite.
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- **The US H-1B visa is a non-immigrant visa** that allows US companies to employ graduate level workers in specialty occupations that require theoretical or technical expertise in specialized fields for a certain period of time.
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What is the H1-B visa programme Bill?

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- The Bill encourages companies to recruit American workers. It **explicitly prohibits replacement of American workers** by H1-B or L-1 visa holders.
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- The Bill seeks to increase the minimum salary of H1-B visa holders from $60,000 to $1,00,000 per annum.
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- By raising the salary to a level more in line with the average American salary for these positions, it would help cut down on abuse by removing the profit incentive and ensuring these positions remain available for companies who truly needed them.
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- Currently, firms need not go through extensive paperwork if the potential H1-B employee has an equivalent of a Master's degree. **The Bill aims to do away with the Master's degree exemption.** Because, they are easily obtained by foreign workers.
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- It also prohibits companies from hiring H1-B employees if they employ more than 50 people and more than 50 per cent of their employees are H1-B and L-1 visa holders.
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What is President-elect Donald Trump's stand on the issue?

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- **Reshaping immigration is a central tenet** of President-elect Donald Trump's push for companies to invest and hire more in the U.S.
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- He promised to end the misuse of visa programmes by companies to undercut American workers, referring to an incident that involved Indian companies and IT professionals on H1-B visas.
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- The incident is HCL Inc. and CTS hired Indian IT professionals on H1-B visas for contracts obtained from Disney World in Florida.
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How will the Bill affect Indian companies?

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- If the reform goes through, the resultant increase in employee wages will be a **cost worry for the IT industry.**
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- For the Indian firms, the challenge would be more on increased local hiring. Such wage hikes may hit their margins initially but going forward they will have to rethink over more local hiring.
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- **Indian IT stocks today fell by as much as 4 per cent** after the re-introduction of the bill. The top four companies — TCS, Infosys, Wipro and HCL Tech — together lost over Rs 22,000 crore in market valuation.
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- “This has just been introduced in the house, we have to still see what the new president does. If the bill passes we will have to adapt. The industry has already started hiring onshore so that will increase," an executive with a large IT company said.
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- Apart from the visa curbs, the U.S. had also recently hiked the visa fee for certain categories of the H1-B and L1 visas which has had an impact on Indian companies.
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Will it affect American Economy?

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- Indians with H1B and L-1 visas **contribute USD 1 billion annually to the US.**
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- Indian IT industry contributes to about 4 lakh direct and indirect jobs in the US , contributing for about USD 5 billion in taxes annually.
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- A stricter immigration law towards H1B visas is **likely to hurt the American economy**, as the people working with foreign IT companies in the US holding H1B visas are adding value to American companies.
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- With the Industry seeing a shift from traditional services to digital technology delivery, they will need more on-the-site deployment.
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Source: The Hindu

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