New US legislation on H1B visa

Why in news?

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The Immigration Innovation (I-Squared) Act-2018 was introduced recently in the US Senate.

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What is the Act about?

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- The H1B is a common work visa granted to high-skilled foreigners to work at companies in the US.
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- Its validity is three years and can be renewed for three more years.
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- The present Act seeks to increase the annual H1B visa quota.
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What are the key provisions?

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- The Act advocates **increasing the number of base H1B visas** from 65,000 to 85,000 a year.
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- This is to encourage the migration of talented engineers to the United States.
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- It also puts forth the creation of a plan that allows the issuance of these visas based on market demand.
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- The new Bill seeks to **prevent the H1B visa programme from being used for outsourcing jobs or undercutting American wages**.
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- It allows the US government to raise as much as $ 1 billion from increased visa fees.

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- This is to fund science, technology, engineering, and mathematics (STEM) education as well as train workers in the country.
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- The act provides work authorisation for spouses and dependent children of H-1B visa holders.
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- It also establishes a grace period during which H-1B visa holders can change jobs without losing legal status.
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What would the impact be?

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- The top American IT companies would have the world’s best and brightest to fill jobs in highly technical, specialised fields.
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- Notably there is a shortage of American labour in this front.
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- Logically, the major beneficiaries of this would be companies like Google, Microsoft, Facebook, etc.
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- On the other hand, if the Bill was approved, it could be a big setback for Indian IT services companies.
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- This is in the context of higher salary norm and the threat of increased brain drain.
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- The minimum salary would be increased to $100,000 and so top companies can attract talent.
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- However, due to a higher minimum salary, the number of people going to the US from other smaller Indian firms would come down.
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- Notably, many IT firms have once been the biggest beneficiaries of the H1B visa regime.
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- But with stricter norms, dependency on such visas has consistently been reduced and local hiring in the US increased.
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- In all, the measure would mean a trend away from offshoring and outsourcing to India.

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How does the future look?

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- India's National Association of Software and Services Companies (Nasscom) has advocated a more liberal visa regime.
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- The demand is to allow better labour movement from India to overcome the shortage of over one million engineers in the US.
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- The fact is that US technology companies need IT talent but the US politics is so divided.
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- The so-called I-Squared Act have been introduced in earlier sessions too; but unsuccessfully.
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- However, with Trump's protectionist and anti-immigration focus, it is to be seen whether the Bill would be passed.
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Source: Business Standard

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