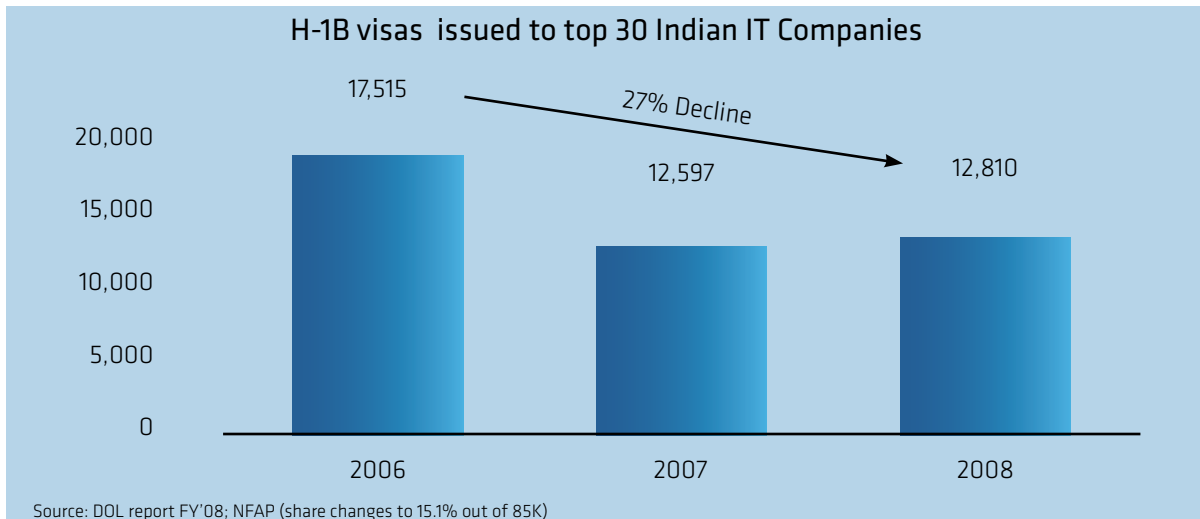


US Debating New H-1B Legislation: Indian IT-BPO Industry Concerned About its Outcome



The introduction of the H-1B legislation by Senators Durbin and Grassley in the US has caused considerable consternation within the Indian IT-BPO industry, which is concerned that the move could prove detrimental to US-India trade relations.

According to the Indian IT industry and analysts, while the bill relates to visa guidelines in the US, and is aimed at preventing fraud and visa abuse, it appears to be targeting Indian IT companies and restricts their ability to compete in the US market place.

Were the H-1B bill to become law, the fear is it would seriously stand in the way of free trade between India and the US, creating a protectionist barrier against the entry of Indian companies and skilled professionals. The bill also goes against President Barack Obama's stand on protectionism, which he shared with other world leaders at a recent G20 meeting.

The fact is when it comes to mutually beneficial trade, India and the US have taken significant strides over the past few years. A large number of leading US companies have invested in India and are realising significant benefits from operating in the country's vast domestic market. At the same time, Indian IT-BPO companies have also enabled US enterprises to cut costs, optimise resources, improve efficiency and productivity and enhance global competitiveness. According to an industry report, India remained the fastest growing market for US exports, increasing at an average annual rate of around 27 per cent. India believes that the H-1B legislation will jeopardise this healthy give-and-take and put the countries back by many years.

When talking about the H-1B visa issue, it is important to separate the myth from reality. Here's a quick look at what is being currently projected and real, on-the-ground situation.

- The premise that the H-1B visa is used to displace American workers is misplaced. An analysis on H-1B visas issued last year indicates that Indian companies were allocated only 12,000 visas, out of the total limit of 85,000 visas
- The latest data from the USCIS shows that from April 2009 till date, it has received approximately half the H-1B visa applications against the cap for FY10. This clearly demonstrates that companies are not using the H-1B visa route to replace US workers with lower cost foreign talent. The US does not have a temporary service visa as in other countries, and companies that do send highly skilled engineers on H-1B visas do so for a temporary period, where the average stay in the US is less than two years
- Today, the H-1B visa is being actually used to provide technically qualified talent that is in short supply in the US, open new markets, accelerate innovation and increase competitiveness for American companies

NASSCOM will be actively lobbying with US lawmakers against the bill becoming a law, while emphasising its negative impact on trade between old partners – India and the US.