Indian IT industry needs to rethink business strategy after immigration curb in US, UK & Singapore

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NEW DELHI|BENGALURU: The Indian information technology industry will be forced to seek newer ways of doing business as governments in major markets like the United States, United Kingdom and Singapore place a slew of restrictions on travel and immigration of engineers that are disrupting the outsourcing model which has delivered enormous growth in the past two decades.

The tough stance adopted by these countries aimed at both controlling the inflow of engineers and rooting out visa malpractices in client locations will trigger an overhaul of strategy by outsourcing giants - both local and global-according to industry observers who expect an expansion of Indian operations and more aggressive hiring overseas as the $150 billion industry also battles headwinds from rising automation of technology services.

The US and UK account for over 60% of the Indian IT services revenues.

"I think large companies will be a little more sensitive about using H-1B employees politically. They would not want to be seen as going around the administration," said Dinesh Goel, partner and India Head at consultancy ISG.

India's largest IT services company TCS declined comment on the story while Infosys, Wipro and HCL Technologies did not reply to emails seeking comment.

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On Monday, the US Citizenship and Immigration Services (USCIS), the agency that oversees lawful immigration to the United States, released a policy memo that said computer programmers will not be eligible for H-1B visas by default, and will have to justify being considered for "specialty occupation". It will also undertake site visits across the US to prevent "fraud and abuse" of the visa programme.

"The problem with spot checks especially at client locations, which is what the USCIS might do, could make US companies less willing to allow Indian IT players to deploy more H-1B visa holders at their sites," said an analyst with a Mumbai-based brokerage.

The UK will scrap tier-2 ICT visas for short term travel on Thursday, it has significantly increased the cost of the long term variant. Singapore has not approved any visa applications from engineers in the past year.

The UK visa rule changes will "encourage industry to invest in training the domestic workforce to fill its vacancies but will allow them the flexibility to bring in top foreign talent when they need it if the right people aren't available in the UK," said Britain's Immigration Minister Robert Goodwill in an email response to ET.

Last week, India's minister for external affairs, Sushma Swaraj, told the Rajya Sabha that no new bills related to H-1B visas have been passed by the US Congress so far. "There are a total of 13 Bills, out of which four Bills are about H-1B, six Bills are about outsourcing... (but) nothing has happened, only Bills have been introduced, three of which are about immigration," she said.

Experts are of the view that more immigration restrictions are on the way and to combat this Indian outsourcing companies must "recruit directly from US universities" said Vikram Shroff, Vikram Shroff, Leader, HR Law, Nishith Desai Associates.

In fiscal 2017 TCS operated under a self-imposed visa constraint and applied for just 15% of the visas for which it normally applies.

Indian companies could also look to revise their billing rates with the clients next year, to factor in visa restrictions according to Alka Dhingra, assistant general manager at IT recruiting firm Team lease.

Industry lobby National Association of Software and services Companies has long argued that the Indian IT industry is a net creator of jobs in the US, where it supports over a million jobs, and in the UK, where it spends significantly in upskilling local talent.

"The issue of visas, which we see as a trade issue, unfortunately gets plugged into the immigration debate as a whole, which is considered to be a relatively political issue right now. The challenge we face is delinking worker mobility from the overall immigration issue," said Shailendra Singh, head of global trade development, Nasscom.

"We have been hiring in the US and we are one of the largest job creators in the US in the technology industry," NG Subramaniam, chief operating officer at Tata Consultancy Services told ET in a recent interview.

Sanjoy Sen, Doctoral Research Scholar, Aston Business School, UK, said the impact of the combined pushback will certainly be a jolt to Indian IT companies in the short term.

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