



## H-1B Visa Fee Hike

**For Prelims:** [H-1B visa](#), [STEM](#), [Remittances](#), [2+2 Ministerial Dialogue](#), [General Agreement on Trade in Services \(GATS\)](#), [WTO](#), [AI](#), [Quantum Computing](#).

**For Mains:** Impact of global protectionism on Indian IT, and strategies for managing external economic shocks while boosting domestic skill development and innovation.

[Source: IE](#)

### Why in News?

The U.S. President has signed an executive order mandating companies to pay **USD 100,000 per H-1B visa**, effective from **21st September**, with a duration of 12 months unless extended. This fee increase is expected to significantly affect **Indian IT firms**, which file the majority of H-1B petitions.

### What is the H-1B Visa Program?

- **About:** The **H-1B visa** is a **temporary, non-immigrant visa** that enables **US companies** to hire skilled foreign professionals in specialized fields such as **STEM** and **IT**, requiring at least a **bachelor's degree**.
  - Introduced in **1990**, it was designed to help employers address **skill shortages** when qualified US workers were not available.
- **Validity Period:** The **H-1B visa** is valid for up to **six years**. After this, holders must either **leave the US for 12 months** before reapplying or seek **permanent residency (Green Card)**.
- **Share of Indians:** **Indians dominate H-1B approvals**, making up **70%+ annually since 2015**. **China** consistently ranks second, with **12-13% of approvals since 2018**.
- **Quotas and Exemptions:** Each fiscal year, there is a **cap of 65,000 new visas**. An **additional 20,000 visas** are available for those with a **US master's degree or higher**.
  - **Cap exemptions** apply for applicants continuing employment or working with **universities, affiliated nonprofits, and government research bodies**.
- **Benefits of H-1B Visa for Indians:**
  - **Dominance in Tech and STEM Fields:** **Indians** make up over **70% of H-1B recipients**, dominating **IT and STEM roles**, with more than **80% of computer-related jobs** going to them, making them vital to **US tech companies**.
  - **Medical and Healthcare Contribution:** **Indians** constitute about **22% of international medical graduates** in the US, representing **5-6% of all US physicians**. **H-1B holders** play a key role in **hospitals and surgical units**, addressing **healthcare staffing shortages**.
  - **Educational and Career Pathways:** **Many Indian students use H-1B visas to work in the US after higher education, boosting career prospects**. The visa also provides **global exposure, enhancing skills and employability**.
  - **Strategic and Industry Benefits:** The program supports Indian IT sector growth by enabling deployment in high-revenue US projects, sustaining over half its revenue.

## What Can be the Impact of H-1B Visa Fee Hike on India?

- **Impact on Indian Professionals:** The reduction in H-1B visas will limit **opportunities** for **Indian tech professionals**, restricting access mainly to **senior specialized roles** and blocking **career growth** for **early to mid-level talent**.
  - Existing **visa holders** may also face **job insecurity** as costly **renewals** and **transfers** deter **employers**.
- **Impact on Indian IT Companies:** A **USD 100,000 fee per employee** would undermine the **cost advantage** of Indian IT firms like **Infosys, TCS, and Wipro**, causing **revenue losses** and reduced **US contracts**.
  - To adapt, they would need to shift toward **local hiring**, greater **offshoring**, and increased use of **automation/AI**.
- **Impact on Indian Economy:** A drop in **H-1B visa holders** from India could cut **remittances** by up to **USD 400 million annually**, adding pressure on the **rupee**, which is already among **Asia's weakest-performing currencies**.
- **Impact on India-US Relations:** The H-1B restrictions could **strain a cornerstone of the India-US strategic partnership**, impacting a key economic and tech interest.
  - Indian professionals may **diversify globally**, seeking opportunities in **Canada, Australia, and Europe**.
- **Impact on US Companies:** It could **harm US companies** like Amazon, Microsoft, and Google by exacerbating **STEM talent shortages**, raising **wages and operational costs**, and forcing competition for a limited domestic workforce.

## Other US Nonimmigrant Visa Categories

**O-** Foreign national with extraordinary ability in Sciences, Arts, Education, Business or Athletics.

**H-2A-** Temporary agricultural worker.

**H-2B-** Temporary worker performing other services or labor of a temporary or seasonal nature

**B-2-** Tourism, vacation, pleasure visitor.

**V-** Nonimmigrant Visa for Spouse and Children of a Lawful Permanent Resident.

## What Strategies can India Adopt to Address the H-1B Visa Fee Hike?

- **Diplomatic & Government-Led Measures:** Use forums like the **India-US Trade Policy Forum** and **2+2 Ministerial Dialogue** to show how the **H-1B fee hike** harms **US innovation** and **Indo-US strategic ties**.
  - Consider filing a dispute at the **WTO**, arguing the hike is a **protectionist measure** unfairly targeting **Indian IT companies**, potentially violating the **General Agreement on Trade in Services (GATS)**.
- **Strategic Shift for Indian IT Companies:** They can accelerate the '**localization**' model to hire more **US-based talent** and boost **offshore delivery** using **AI**, **cloud**, and **telepresence technologies**.
  - Additionally, **Indian IT companies** should diversify **global markets** by expanding in **Europe, Japan, Australia**, and the **Middle East** to reduce **US dependency**.
- **Skill Development:** India should upskill professionals in high-value areas like **AI**, **cybersecurity**, and **quantum computing**, where higher **visa costs** remain justifiable for **US clients**.
  - Simultaneously, promoting **reverse migration** and **brain gain** can attract **talent** back to **India**, strengthening the domestic **tech ecosystem**.
- **Strengthen Advocacy:** Leverage the **Indian diaspora** to advocate for rational **immigration reforms**, emphasizing the contribution of **Indian talent** to the **US economy**.

## Conclusion

The proposed **H-1B visa fee hike** represents a significant **protectionist shift**, threatening a cornerstone of **India-US economic ties**. While straining **US innovation** and **Indian IT revenues**, it may ultimately accelerate **India's strategic pivot** towards **skill development**, **market diversification**, and strengthening its own **domestic tech ecosystem**.

### Drishti Mains Question:

**Q.** Critically analyze the role of skilled migration in global innovation and talent distribution, citing the H-1B program.

## Frequently Asked Questions (FAQs)

**What is the H-1B visa?**

**Ans:** The **H-1B visa** is a **temporary US work visa** for **skilled professionals** in **STEM/IT fields**.

**How will the proposed H-1B fee hike impact Indian IT companies?**

**Ans:** A **USD 100,000 per visa fee** threatens the **cost advantage** of firms like **Infosys, TCS, and Wipro**, reducing **US contracts**, encouraging **local hiring**.

**What measures can India adopt to mitigate challenges from the H-1B visa fee hike?**

**Ans:** **India** can engage **diplomatically** via **Trade Policy Forums/WTO**, promote **domestic skill development** in **AI, cybersecurity**, and encourage **reverse migration** and **brain gain**.

## UPSC Civil Services Examination Previous Year Question (PYQ)

### Mains

Q. Indian diaspora has scaled new heights in the West. Describe its economic and political benefits for India. (2023)

Q. Indian Diaspora has an important role to play in South East Asian countries' economy and society. Appraise the role of Indian Diaspora in South-East Asia in this context. (2015)