**Status of H-1B visas in FY18 (1st Oct’17 - 30th Sept’18)**

H-1B visa is a non-immigrant visa that allows US companies to employ foreign workers in speciality occupations that require theoretical or technical expertise.

As an H-1B non-immigrant, the applicant may be admitted for a period of up to 3 years, which may be extended, but not beyond a total of 6 years. This visa has an annual numerical limit cap of 65,000 each fiscal year. The first 20,000 petitions filed on behalf of beneficiaries with a US Master's degree or higher are exempt from the cap.

The US Department of Homeland Security (DHS) proposed a new visa rule, where the firms seeking to obtain H-1B visas will have to electronically register their petition in advance with USCIS. There will be a reverse selection process to include US Master’s or advanced degree holders within the 65,000 – cap. This move is expected to reduce the chance of Indian software engineers getting US visas.

US is believed to have taken this step with the goal of protecting the wages and job opportunities of US workers, along with ensuring that H-1B visas are awarded to the most skilled or highest paid. This proposal in President Donald Trump’s fall agenda is consistent with the ‘Buy American, Hire American’.

This report analyses data on H-1B visas, provided by United States Citizenship and Immigration Services (USCIS). Petitions approved are for both initial employment and continuing employment. Petitions approved in a fiscal year maybe filed in previous years.

In FY18, H-1B petitions were received from about 207 countries. Out of the total 419,637 petitions received during the year, the majority was received from India, with 73.9% share. After India, China had a share of 11.2%, while each of the remaining countries formed a minimal share of about 1%.

During the year, consulting, audit and tax advisory firms have topped the list of those applying for H-1B visas, where the top occupations were software developers- applications, computer systems analyst, accountants and auditors, computer programmers, operations research analysts, etc.
H-1B visa approvals

As seen in chart 1, the total number of approved H-1B petitions rose by 20% in the past 5 years. While they almost doubled between FY15-17, FY18 de-grew by 9%. With the American President signing the ‘Buy American and Hire American’ executive order in Apr-17, focus is on creating higher wages and employment rates for U.S. workers by awarding H-1B visas to the most-skilled or highest-paid beneficiaries.

Chart 1: Number of H-1B approved petitions

In FY18, a total of 331,098 H-1B petitions were approved and companies with the highest number of approvals were Cognizant Tech Solutions US Corp, TCS Ltd, Infosys Ltd, Deloitte Consulting LLP and Microsoft Corporation, which cumulatively received 33,576 approvals. These include both initial and continuing employment as shown in Chart 2. However, the number of approvals reduced by 11%, from 37,393 in FY14.

Out of the total awardees, 73% possess Bachelor’s degree and rest 27% have Master’s degree. The median salaries offered by companies in chart 2 were in the range of USD 75,000 to 131,000.

Chart 2: Top 5 employers with highest numbers of approved petitions in FY18

Source: USCIS
H-1B visa denials

Cognizant Tech Solutions witnessed 4,338 denials in FY18, the highest by any company. This was followed by TCS Ltd and Infosys Ltd. The top five companies were cumulatively denied 11,907 petitions, out of which 80% were of extension visas and rest 20% of initial visas.

Chart 3: Top 5 companies with highest H-1B visa denials in FY18

Source: USCIS

Indian scenario: H-1B visa approvals

In the past 5 years, the number of H-1B approvals reduced by 21%, however they declined sharply in the past year by nearly 50% on a Y-o-Y basis (chart 4). In FY18, the total numbers of H-1B approved petitions for five Indian IT majors including TCS Ltd, Infosys Ltd, Wipro Ltd, Tech Mahindra Americas Inc. and HCL America Inc. were 22,429. Out of these, 72% were with Bachelors degree and rest 28% with Masters degree. The median salaries for these companies were in the range of USD 74,000-90,000.

Chart 4: Approved H-1B petitions of Indian IT majors

Chart 5: Approved H-1B petitions of Indian IT majors in FY18

Source: USCIS
Indian scenario: H-1B visa denials

Infosys with 26%, registered the highest number of H-1B visa denials among Indian IT majors, followed by HCL America Inc, TCS Ltd, Tech Mahindra Americas Inc and Wipro Ltd.

Chart 6: H-1B visa denials of five Indian IT majors in FY18

Concluding remarks

- The increasing protectionist measures imposed by US administration to safeguard US workers are directly having an adverse impact on the Indian IT majors.
- Out of the top 3 companies with highest H-1B visa denials in FY18, Cognizant was leading with 32% denials followed by two Indian IT majors namely Infosys and TCS with 26% and 18% denials respectively.
- This has compelled Indian IT majors to increase local hiring in US, leading to an escalation in employee costs and impacting cost structures of Indian IT majors.