Pushing more work out of the US will take time: Navneet Chugh

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Large IT companies will change the onsite-offshore ratio of employees, says Navneet Chugh, founder of Chugh LLP

Coming on the back of the USCIS temporarily suspending premium processing for all H-1B petitions from April this year, the $155-billion IT industry is jittery but believes that the move will not be a "significant impediment".

In a conversation with *BusinessLine,* Navneet Chugh, Managing Partner and Founder of Chugh LLP, a Los Angeles-based immigration law firm based in Los Angeles that represents 50 out of the top 100 Indian companies like HCL Technologies, Tech Mahindra, believes that for the Bill to become a law is a far shot, and a possibility of lesser H-1B filings.

Post the temporary stopping of visas, would it have a bearing on the number of filings for work visas?

The general sense we get is that the number of H-1Bs filed this time around will be lesser. So, instead of 1 out of three making it through the lottery — one out of two will make it.

Some companies are filing lesser than they would have. Currently, as things stand, these Bills are nowhere close to getting passed. There will be more Bills which will be sent to the House immigration sub-committee. Subsequent debates will ensue and after that a final Bill will get moved into House for passing. If the House passes the Bill, same process will follow in the Senate. If Senate passes it then the President will sign it if he wants to.

Considering that April is when the H-1B annual applications are accepted, do you think President Donald Trump will sign an executive order to push the Bill through faster?

No he will not. The Bills will take their time and the executive orders cannot replace the role of Bills in the US system.

Are Indian outsourcing companies looking at ways to work around this Bill in the eventuality of it getting passed? If so what are they looking to do?

Companies are in the wait and watch mode right now. Pushing more work out of the US is a long process and will take time.

As companies plan their technology budgets and then ask for bids from the Indian IT companies – the big companies will change the onsite-offshore ratio of employees. If it is 15:85 (onsite-offshore mix), these companies are looking to change it to 10:90. This would reduce the reliance on US-based onsite employees and work will slowly shift offshore.

Also a lot of American companies have their captives in India – they will be able to move work faster. Apart from this, the big Indian IT companies are working along with Nasscom and USIBC on many issues.

Any particular issues that you can throw some light on?

The first and foremost being that one wage rule does not work in the US. The cost of living is very different in small cities versus big cities and in some States versus other States. So, a minimum wage of $100,000 or $130,000 uniform throughout the country will not work. Secondly, one should not forget that the Indians based there contribute to the local economy — directly and indirectly. Our assessment is that 25 per cent is contributed in the form of taxes and day-to-day expenses. This creates jobs there. It is sad that these engineers who contribute to the US social security system will not benefit from it through these sorts of changes in working environment.

Secondly, there is a shortage of software engineers and STEM graduates in the US. If you look at it in the large context, 85,000 is a very small number when compared to the 160 million workforce in the US. The one thing that the administration has to keep in mind is that technology is what will catapult US into the next level and Indian engineers have played a vital role.

Regarding the lack of engineering talent, one of the arguments is that there is a lot of talent available in the US through layoffs and that Indian engineers are taking their jobs.

Not much layoffs are happening. The unemployment in the country stands at 4.8 per cent, which is low. The US economy has the capacity to kill millions of jobs per year but also create equal millions of jobs to substitute the same.

Many Indian companies are facing lawsuits against them for non-payment of wages in line with local State laws. How much of an impact did that have on tabling of this Bill?

Very few Indian companies had had such lawsuits. The fraud if at all is very little and sporadic. Majority of them abide by all federal, State and local laws.

There are a few aberrations. All of the companies are currently paying wages to their software engineers of an amount that is mandated by the Department of Labor. And, the Department determines these wages based on prevailing wages in that locality for that job.

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