

H-1B crisis sparks legal scramble for new HR solutions

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NEW DELHI/MUMBAI

Law firms and corporations are racing to tackle the human resources impact of the vexed H-1B matter, after US President Donald Trump's latest immigration crackdown threw India's \$283 billion IT sector into turmoil.

The new rule, which mandates that employers pay a staggering \$100,000 fee for each first-time H-1B visa applicant, threatens to cost the country's top IT services companies billions of dollars and has left thousands of employees in limbo. In response, law firms across India are brainstorming on reworking termination clauses, exploring alternate visa routes, and deciding on what happens if an employee on H-1B visa quits mid-way during the US posting. IT services makes up a big chunk of India's broader IT industry.

Arka Majumdar, a partner at Argus Partners specializing in employment law, said his firm is advising companies to tie employee roles to work authorization.

"We are advising to make the role contingent on maintaining



The new rule has left thousands of workers in limbo. ISTOCKPHOTO

valid work authorization and allowing quick conversion to another status or remote arrangement if the visa is refused," Majumdar said. The advice also includes implementing a "variable component" in wages for remote workers, which would only be paid if and when an employee successfully transitions to a US posting.

For IT services companies, the financial hit is immediate and substantial. According to a back-of-the-envelope calculation based on data from the US Citizenship and Immigration Services (USCIS), five of India's biggest IT firms—Tata Consultancy Services, Cognizant, Info-

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sys, LTI Mindtree and Wipro—sent 13,332 employees to the US on H-1B visas in the first half of 2025. At this rate, the new fees could saddle these companies with a combined bill of at least \$1.3 billion for the full year.

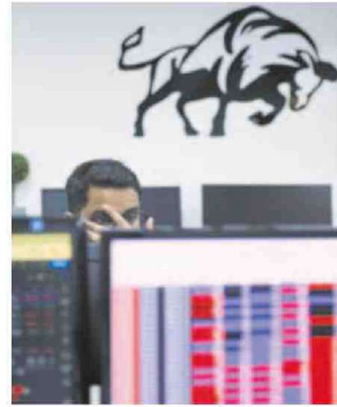
Queries sent on Thursday afternoon to TCS, Cognizant, Infosys, LTI Mindtree and Wipro remained unanswered.

The new fee has sparked a domino effect that reaches deep into corporate strategy and employee contracts. One major point of contention: who foots the bill if an employee quits midway through their US assignment? The hefty \$100,000 fee makes such scenarios far more costly for employers, who are now looking to rework contracts to protect their investment.

As firms rework their contingency plans, a key strategy emerging is a shift toward a “work-from-home-turf” model. Abe Abraham, a partner at Cyril Amarchand Mangaldas, notes that employers will increasingly need to offer alternative arrangements, like remote work from the employee’s home country or a temporary placement in an office outside the US. This shift is particularly relevant for tech and financial services firms that have been building out their Global Capability Centres (GCCs) in India. With over 1,800 GCCs employing five million people in India, these units offer a ready-made solution for firms facing visa curbs.

The visa crackdown has hit shares of Indian IT firms. The Nifty IT index has fallen 5.5% since the news broke on Friday late evening, trailing the Nifty’s 1.7% fall. Derivatives bets indicate that the pain may not be

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The visa crackdown has hit shares of Indian IT firms. REUTERS

over for IT firms, *Mint* reported.

Gerald Manoharan, a partner at JSA Advocates and Solicitors, says employees with offers from US firms who are “on the tarmac waiting for their H-1B visas” may be presented with two unappealing choices: accept a lower salary or take on a flexible work-from-India role.

This particularly affects a vulnerable demographic: recent graduates and fresh recruits. Many were trained for US-based roles and now find themselves in limbo. The timing couldn’t be worse, as a soft job market makes it difficult for these workers to pivot to a new role if their US plans fall through.

Adding to the confusion is a lack of clarity surrounding what happens to the new fee if an employee changes employers. Poorvi Chothani, an immigration attorney and managing partner at LawQuest, highlights this critical ambiguity. “Until now, when there is a transfer of employment, the new employer has to pay all the required fees of a new petition. But now, there is no clarity if the same rule will apply to the new \$100,000 fee,” she said.

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