

H-1 B Visa Restrictions as a Non-Tariff Barrier: Impact on India's IT Service ExportsDr. Kailash Patel¹. Yogesh Yadav²DOI: <https://doi.org/10.5281/zenodo.20721249>**Review: 01/05/2026****Acceptance: 04/05/2026****Publication: 16/06/2026****1. Abstract:**

H-1B visa is critical in facilitating Indian professionals' entry into the U.S. and, therefore, has been a major factor in promoting the exports of IT services by Indian companies. However, Modify in U.S. immigration policy, such as Elevate in fees and stringent requirements, now act as non-tariff barriers and have affected the ease with which Indian IT professionals enter the country. Utilizing a combination of qualitative and quantitative research methods through the examination of export figures and case studies of major Indian IT companies, this paper shows how there has been a reduction in export volume of companies whose business strategy rely heavily on onsite staffing. To mitigate this issue, Indian firms have opened GCCs, hired locals, and automated their operations. While they've helped reduce the impact, they haven't fixed the problem entirely.

Keywords: H-1B Visa, U.S. Immigration Policy, Indian IT Services Exports, Non-Tariff Barriers, Global Capability Centers (GCCs)

2. Introduction**2.1 Background**

Since 1990, the H-1B visa has Permitted American companies to hire skilled workers from abroad for specialized works. India, as the Gargantuan H-1B recipient, has utilizing resources this channel to strengthen its IT services sector, which relies heavily on onsite project Dispatch in the U.S. However, latest policy reforms—including a sharp rise in fees and lengthier processing—have disrupted this flow. The enhanced costs undermine India's export competitiveness and reshape global labor mobility in technology services.

2.2 Problem Statement

Tariffs directly impact the trade of goods, while visa restrictions act as non-tariff barriers in the trade of services. These barriers indirectly increase costs, reduce flexibility, and restrict the ability of firms to deliver onsite projects. This paper examines how H-1B visa restrictions act as NTBs influencing India's IT service exports and how Indian firms are responding to sustain trade performance.

2.3 Objectives

- 1) Assess the effect of H-1B restrictions on India's IT service exports.
- 2) Spot those areas impacted by visa restrictions.
- 3) How major IT companies are facing to these tasks.
- 4) Offer policy proposition for governments to strengthen IT trade.

2.4 Significance

Given India's global IT leadership, understanding how migration policy impact export performance is important. This research donates empirical insights into the intersection of trade and immigration protocols, Giving knowledge for policymakers and corporate strategists to navigate emerging global barriers.

3. Literature Review

¹ Associate Professor, Department of Commerce, IPS Academy, Indore, Madhya Pradesh, India

² Teaching Associate, Department of Commerce, IPS Academy, Indore, Madhya Pradesh, India

3.1 High-Skilled Migration and Services Trade

According to WTO’s Mode 4 of service delivery, temporary movement of skilled personnel is vital to cross-border trade in services. Restrictions on this mobility hinder service exports and knowledge exchange. Studies (Borchert et al., 2016; Bound et al., 2017) Shows that such constraints reduce creation, slow project transferring, and escalate costs.

3.2 Impact of H-1B Policies on Indian IT Firms

Indian IT companies—especially Infosys, TCS, and Wipro—depend on H-1B visas for onsite project execution. Gupta (2025) got 15% reject in the U.S.A project revenue after visa restrictions, while NASSCOM (2025) reported expand operational costs due to higher fees. These findings represent that restrictive immigration policies function as NTBs, impeding India’s trade competitiveness.

3.3 Adaptation Strategies

To counter visa challenges, Indian IT firms have:

- Enlarge GCCs to deliver remotely from India.
- Hired locally in the U.S. to decrease dependence on foreign visas.

3.4 Policy and Diplomatic Responses

India has increased concerns about U.S. visa fees both at the WTO and in bilateral conversation, arguing that these measures breach trade commitments (WTO, 2020). Even though these efforts, progress has been set of budget, forcing companies to get their own ways to adapt.

4. Research Methodology

4.1 Design:

We used a mixed-methods approach. This approach combines numbers from trade data with insights from companies.

4.2 Data Sources

- Quantitative: We got export data from MEITY, RBI and NASSCOM for the years 2019 to 2025.
- Qualitative: We studied Infosys, TCS, Wipro, HCLTech and Mindtree to understand their experiences.

4.3 Analytical Techniques:

We used a difference-in-differences model to see how exports changed before and after visa rule changes. We also analyzed company responses to find patterns.

4.4 Limitations

The data on visa use by firms is incomplete. Our findings might not represent IT companies. Visa policy effects on exports can also be influenced by economic factors.

5. Data Analysis and Results

5.1 Export Trends

Table 1: India’s IT Service Exports to the U.S. (2019–2025)

Year	Total Exports	Exports to U.S.	Onsite Sector	Remote Sector	% U.S. Share
2019	150	90	50	40	60%
2023	190	115	62	53	61%
2025	195	112	56	56	57%

Analysis: Export growth slowed down after 2023 in sectors that require onsite work. This suggests that exports are sensitive to visa policies.

5.2 Visa Trends

Table 2: H-1B Visa Statistics for IT Professionals (2019–2025)

Year	Applications	Approvals	Approval %	Avg. Processing Time (days)
2019	150,000	85,000	56.7	90
2025	195,000	77,000	39.5	165

Analysis: The decline in visa approvals and increase in processing delays make it harder for Indian IT professionals to work in the U.S.

5.3 Firm-Level Adaptation

Table 3: Adaptation Strategies

Firm	Strategy	Description	Effectiveness
TCS	Expansion of GCCs	Offshore delivery centers in India and Asia	High
Infosys	Local Hiring	20% workforce added in the U.S.	Medium–High
Wipro	Automation & AI	Remote project tools	Medium
HCLTech	Client Diversification	Shifted focus to Europe & APAC	Medium
Mindtree	Remote Delivery Model	Enhanced virtual collaboration platforms	High

by Leading IT Firms:

Analysis: Companies like TCS and Mindtree do well by expanding their offshore delivery. Infosys balances costs by hiring in the U.S.

5.4 Sectoral Impact

Table 4: Estimated Impact of H-1B Restrictions on Export Revenue (USD Billion)

Sector	2023 Revenue	2025 Revenue	Change (%)
Consulting	62	56	-9.70%
Software Development	35	36	2.80%
Cloud Services	18	20	11.10%
Project Management	13	11	-15.40%

Analysis: Sectors that can be done remotely like cloud services grew. However sectors that require staff, like consulting and project management declined.

6. Discussion

H-1B visa restrictions have changed how India exports IT services. These restrictions work like hidden trade barriers. The sectors that are most affected are consulting, systems integration and project management. These sectors need people to work on-site. On the hand sectors that can be done remotely like those helped by digital transformation did better.

6.1 Key Insights

- Visa policies hurt sectors that need a lot of people.
- Companies are adapting by using a mix of on-site and remote work setting up offices in countries and automating tasks.
- The U.S. Wants to protect jobs but too many restrictions can hurt innovation and working together globally.

6.2 Policy Implications

For India:-

- Build remote work infrastructure and digital capabilities.
- Help small and medium IT firms use a mix of on-site and remote work.
- Keep talking to the U.S. For visa terms.
- For the U.S.:-
- Have visa policies in sectors that need talent.
- Balance creating jobs with the need for innovation.
- Bilateral Cooperation:

India and the U.S. Need to keep talking to make trade and migration policies work for both countries.

7. Recommendations

7.1. This study shows that H-1B visa restrictions significantly affect India's IT service exports. Sectors that need on-site work had slowdowns.. Firms that adapted digitally did well through innovation and changes. Even though Indian firms have been resilient visa barriers still threaten their competitiveness.

7.2 Policy Recommendations: For India:-

- Make remote service systems stronger. Invest in digital skills.
- Help exports to Europe and Asia-Pacific.

For the U.S.:-

- Re-evaluate policy to match skill demands.
- Encourage working with global partners on innovation.

For Firms:-

- Keep investing in AI, automation and hybrid work.
- Build workforces in key markets to balance costs and rules.

7.3 Future Research:

Future studies could look at long-term innovation effects. They could compare how small and large firms adapt. They could also evaluate policy solutions across countries to reduce -tariff barriers in services trade.

8. References:

- Aggarwal, S. (2020). The impact of US immigration policies on India's IT industry. *Journal of International Trade and Development* 29(3) 112–134.
- Borchert, I., Gootiiz, B., & Mattoo A. (2016). Policy barriers to trade in services. World Bank.

- Bound, J., Cahill, K., & Turner, S. (2017). Skilled immigration and firm productivity. NBER.
- Chakraborty, S., & Mukherjee, R. (2021). H-1B. The outsourcing of services. *World Economy*, 44(9) 2487–2504.
- Gupta, R. (2025). Implications of H-1B visa restrictions on IT exports. *International Journal of Trade and Services* 12(2) 45–62.
- Mehra, A. (2021). Non-tariff. Services trade: India–US relations. *Journal of Economic Policy Studies*, 15(2) 85–104.
- NASSCOM. (2019). Impact of US immigration policies, on IT companies.
- World Trade Organization. (2020). Trade policy review: United States. Geneva: WTO Publications.