

## H-1B wages will rise by over 30%: Cato

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BENGALURU: H-1B employers will have to increase actual wage offers by more than 30% following the US department of labour (DoL)'s new wage rules for H-1B employees, according to US public policy research organisation Cato Institute.

This would significantly increase costs for Indian IT services companies that depend on H-1Bs, and will push them to hire locally, and/or move work to offshore locations like India.

Vikram Shroff, head of HR law practice at law firm Nishith Desai Associates, said large technology companies may be able to comply with the wage increase rule, especially to get foreign talent. "However, several smaller and mid-sized employers who also rely on H-1B might find such conditions restrictive. Then, there is also the question of employer needing to proportionately increase the wages of the similarly employed workers, given that anti-discrimination laws are highly developed in the US," he said.

Cato's data has compared the new hourly prevailing wage rates with the actual hourly wage offers in 2020. The prevailing wage is the minimum wage that employers must pay to H-1B and other foreign workers.

David J Bier, an immigration policy analyst at the Cato Institute, said 94% of H-1B job offers were below the prevailing wage rates. The new prevailing wage rate is 20% higher than the actual wage offers for 88% of H-1B jobs in 2020, he said.

Cato finds that TCS, which offers \$36.5 an hour, will now be expected to pay \$52.7, an increase of 44%. Wipro's wages will go up from \$38 an hour to \$57 an hour, a 50% increase. Cognizant offers \$42.4 an hour which can go up to \$62 an hour. Among MNC IT services firms, Oracle will see a sharp rise in hourly wages paid, from \$58.7 to \$87 an hour. Among the technology companies, Apple will see a spike from \$67 an hour to \$89 an hour.