

The \$100,000 Question: What the H-1B Visa fee hike means for India

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Citing misuse of the H-1B visa program as a threat to national security, President Donald Trump issued a [Proclamation](#) on September 19 titled “*Restriction on Entry of Certain Non-Immigrant Workers*.” The announcement triggered both anxiety and rebuke in India. It introduced a new one-time USD 100,000 fee for H-1B visa petitions, applicable on fresh applications filed from September 21 onwards. Existing visa holders would not be impacted. Under the directive, entry of non-immigrants vis-à-vis specialty occupations is restricted without the petitions involving the new fee—a steep increase from the [current](#) USD 2000-5000. The measure, unless renewed, would lapse 12 months from the date it was promulgated.

The proclamation, while noting disadvantageous labor market conditions for American workers, emphasizes the science, technology, engineering, and math (STEM) fields, which have the largest share of H-1B workers. Exemptions have also been

outlined: the restriction will not apply to individuals, companies, or industry groups if the Secretary of Homeland Security determines their hiring serves U.S. national interest and poses no security risks. The Secretary has been tasked with initiating a rulemaking process to prioritize highly skilled and highly paid workers for admission.

India's MEA spokesperson Randhir Jaiswal [stated](#) that the implications of the move were under study by relevant stakeholders, including the Indian industry. He added, "This measure is likely to have humanitarian consequences by way of the disruption caused for families", while being hopeful that the US would address India's concerns. Mr Jaiswal also hinted at silver linings from talent mobility and exchanges that both countries have witnessed over the years. Revanth Reddy, Chief Minister of Telangana (state accounting for a considerable proportion of Indian H-1B visa holders), [denounced](#) the fee hike as "unacceptable".

The Proclamation also drew criticism from former Indian diplomats and academics, who described it as "atrocious." Former Ambassador K.P. Fabian said the fee hike amounted to a U.S. ["self-goal"](#) that would hurt American technology companies by curtailing Indian talent mobility. There is also a widespread domestic sentiment that Trump's proclamation could be an opportunity in the long term, which would strengthen domestic innovation and talent development, as well as drive IT firms away from physical mobility towards digital service delivery.

India's Heavy Dependence on H-1B Access?

At first glance, Trump's recent decision highlights an uncomfortable reality for India: the dependence of the country's technology sector on access to the American market, which is now a source of vulnerability.

In FY 2024, India [accounted](#) for nearly 75% of all approved

H-1B petitions, including new applications and renewals. China followed at a distant second with just 12%. On the employer side, major US technology firms such as Amazon, Google, and Apple, along with Indian services firms like Infosys and Tata Consultancy Services (TCS), employ large numbers of H-1B visa holders, most of whom are Indian nationals.

For Indian IT firms, the US remains the single most critical market, with the top five drawing about 55% of revenues from America. According to [Jefferies](#), Infosys records the highest annual revenue share linked to H-1B employees at 11.5%, followed by Hexaware at 10.4%, LTIMindtree at 8.8%, Coforge at 8.5%, HCL Tech at 8%, and TCS at 7.7%.

Two opposing narratives have emerged regarding the Proclamation. One camp views the measure as a serious blow to firms traditionally reliant on filing large volumes of inexpensive H-1B applications. The fee—roughly 30 times higher than before—threatens profitability. On-site H-1B employees of Indian firms [generate](#) annual billings of USD 150,000-200,000, with margins of 10%, resulting in profits of USD 15,000-20,000 per worker. A USD 100,000 fee essentially erases five to six years of profit from each visa holder. Motilal Oswal estimates IT firms may stop filing new H-1B petitions altogether.

The second camp is more measured. Firms such as Nomura argue the impact will be limited in the near term, as IT firms have significantly localized US hiring since Trump's first presidency. While only 25-30% of workers in 2016 were [locals](#), today the share exceeds 60%. Nuvama echoes this optimism, noting that less than half of the US workforce in IT companies is now on H-1B visas. Moody's adds that larger players like TCS and Infosys, backed by strong balance sheets and high profitability, can absorb the shock. For example, TCS reports [annual profits](#) in the USD 160–170 billion range.

Industry data also supports the limited-impact perspective, showing lower reliance on H-1B visas than aggregate figures

suggest. Google's US office employs 180,000 people, of which only 4,200 hold H-1B visas. In 2024, H-1B visa holders made up just 2.2% of TCS's US workforce and 3.3% of Infosys's. Moreover, [only](#) three of the top ten US firms with the most H-1B workers in 2023 were Indian-linked, down from six in 2016. Even if approvals decline, visas will likely continue to be granted to exceptional foreign-origin candidates with irreplaceable skills, while firms simultaneously increase local hiring.

However, a major concern is the future prospects of Indian students pursuing STEM degrees in the US. Demand for STEM talent remains high, and Indians lead the way. In 2024, eight of the top ten [majors](#) chosen by Indian students were STEM-related. These degrees are prestigious pathways to global careers. The Optional Practical Training (OPT) program enables F-1 international students to work in the US for up to 36 months following graduation. Of the 165,524 students who participated in STEM OPT last year, Indians [accounted](#) for 48%.

Yet, OPT is increasingly contested. US lawmakers and sections of the workforce are calling for its termination. The director of US Citizenship and Immigration Services has raised concerns, and Congress is [considering](#) imposing Federal Insurance Contributions Act (FICA) taxes on OPT earnings, which are currently exempt.

If Trump's fee hike is renewed after a year, it could disrupt transitions from OPT to H-1B visas and eventually Green Cards for thousands of young Indian professionals. This may also discourage Indian students from viewing the US as an attractive destination for education and work, undermining long-standing people-to-people ties.

The move presents a fresh bilateral challenge. It comes amid resumption of trade negotiations and a renewed US emphasis on optimism in relations. The creation of a "pay-to-play" system challenges the symbiotic relationship between Indian talent

and American innovation. Generating anxieties among sections of Indians, many see the measure as a message that a professional's value lies not in talent but in the employer's wealth.

The America First approach embodied in this move risks disrupting the deeply intertwined ecosystem of technology and talent underpinning India-US cooperation. The friction is especially concerning in STEM fields, which include areas like AI, biotechnology, and space—precisely the domains under the much-touted Initiative on Critical and Emerging Technology (iCET), now rebranded as TRUST.

Domestic Talent Retention Challenge

The main challenge, however, relates to long term prospects of domestic talent and tech ecosystem. Whether the government can effectively address this challenge—by building an ecosystem wherein STEM talent stays in India rather than going abroad—remains open to debate. The reversal of the brain drain would depend on the efficacy of a variety of measures—whether its investments in creating globally-competitive technology companies, the expanded scope of PLI schemes for electronics and software, or upscaling of university programs in STEM fields.

Meanwhile, in the short-term, Indian IT firms—especially small and mid-sized ones such as Hexaware and Coforge—owing to cost considerations, could, besides hiring locals, likely pursue an outsourcing model, meaning outsourcing jobs to India. Whereas current Indian students in US pursuing STEM courses, and IT professionals failing to land a job in the US, could likely explore and pivot to alternative markets such as European Union, Canada, and Australia. The German Ambassador to India, Philipp Ackermann's recent [post](#) on X—a clarion call to all highly skilled Indians in STEM and other sectors to consider Germany as a market for jobs, which does not change its rules 'overnight'—provides a reliable alternate option for affected

Indians.