

New UK immigration norms spell good news for Indian IT firms

■ No cuts in intra-company transfers ■ However, people costs for companies may go up

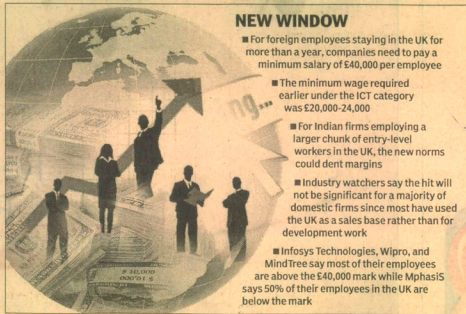
Goutam Das

Bangalore, Nov. 25: The UK's new immigration norms will largely benefit the Indian IT industry. There will be no cuts in the number of Intra-Company Transfers (ICT), a visa category under tier II of the UK's points-based system, which the industry uses extensively to send employees for on-shore projects.

However, few companies in the industry may have to incur higher people costs from next year as the minimum salary requirements have nearly doubled. For foreign employees staying in the UK for more than a year, companies need to pay a minimum salary of £40,000 per employee. The minimum wage required earlier under the ICT category was £20,000-24,000. For Indian firms employing a larger chunk of entry-level workers in the UK, the new norms could sink margins.

Industry watchers said the hit would not be significant for a majority of domestic firms since most have used the UK as a sales base rather than for development work. Most of the sales professionals get a salary far higher than the £40,000 benchmark. Infosys Technologies, Wipro, and MindTree said most of their employees are above the £40,000 mark while Mphasis said 50% of its employees in the UK are below the mark.

British home secretary Theresa May, in a statement to the House of Commons on Tuesday announced the number of 'tier I' highly-skilled job seekers from non-EU countries would be cut by 13,000 to 1,000



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and the number of tier II workers would increase by 7,000. May also said the government has "kept ICT outside the limits" of the new curbs.

Nasscom for instance, had made a very strong representation to the UK government against any curbs in September this year. The body made representations to the UK Borders Agency, Migration Advisory Committee and the Home Affairs Select Committee in British Parliament. The UK government overlooked the demands of anti-migration lobbies that were demanding a

cap of up to 43,700 for skilled workers and intra-company employees.

Nasscom president Som Mittal told *FE* he was very happy with the announcement. "There is no cap on ICT visas which is the only category we use. Our business does not get impacted. That is what we had wanted. There are changes in terms of minimum salary levels and we are trying to see the impact," he said.

Mphasis CFO Ganesh Murthy said there will be an impact for the firm. "We will either have to hire more locally or in-

crease salary levels which will impact margins," he noted. About 18% of the firm's revenues come from Europe, a significant chunk from the UK.

Infosys board member and HR chief Mohandas Pai said he expected the minimum salary requirements to be hiked. "The IT industry works at the top end. It would have some impact in some parts of the work. But overall, I think it is positive because it would clean up the regulatory area. A very large majority of our people get £40,000 plus," he said.

MindTree CFO Rostow Ravanani said about 90-95% of the people the IT industry sends to the UK, on an average, would meet the minimum salary requirements. "It will not be a big impact in the short-term. The problem could be next year when the criteria used for evaluating visa applications get more stringent. Obtaining visas may become a little difficult," he noted.

Anti-migration bodies in the UK have aggressively pointed to the abuse of visas by many firms. They have alleged visas were being used for generic IT skills, widely available in the UK and this was impacting local employment of graduates. The ICT should ideally import more specialist staff.

Ravanani said while MindTree ensures that the correct people go on the correct visa, there could be companies who are not stringent on compliance. "I am not sure if everybody is on the same wavelength. However, I don't think it is a wide spread issue," he added.