

Explainer

TRUMP'S ORDERS IMPACT ON INDIANS AND THE DIASPORA

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Impact on Indians and the Diaspora

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On January 20, 2025, Donald Trump was re-elected to the White House and took oath of office as 47th President of the United States. Without wasting any time, he signed a number of presidential orders on his first day in office to carry out the pledges he made during the campaign. These directives, while intended to address local issues, have important ramifications for populations around the world, especially Indians and the Indian diaspora. The possible effects of these orders on trade, immigration, bilateral relations, and cultural links between India and the US are examined in length in this Explainer.

Executive Summary Policy/ Presidential Orders affecting India

1. Immigration Reform: Tightening Up of H-1B Visa Requirements - Keeping with his campaign pledge to give preference to American workers, Trump's first move was tightening of H-1B visa program. For highly qualified foreign workers, this executive order reinstated caps and tightened eligibility requirements. This change may limit possibilities and increase competition for Indian IT experts, who make up the largest proportion of H-1B recipients. Operational difficulties and higher expenses are likely for Indian businesses that depend on these visas to send talent to the United States.
2. America First Trade Policy: "Onshoring" Incentives and Tariff Revisions - Reinforcing "America First" trade policies, including as tariff reductions and incentives for onshoring manufacturing, was another important mandate. Indian exporters in sectors like technology, pharmaceuticals, and textiles might face hurdles which may influence bilateral commerce, which was worth over \$191 billion in 2023. While this may present opportunities for India to establish itself as an alternative to China in certain industries and also focus on creating robust supply chains.
3. Educational Reforms: Modifications to the F-1 Visa and OPT Regulations - Changes to the F-1 visa requirements for international students and the Optional Practical Training (OPT) program have been announced by the Trump administration. Restricting post-graduation employment prospects may discourage Indian students, who make up a sizeable share of overseas students attending American universities. This could affect the financial stability of numerous universities that depend on foreign tuition payments and result in a drop in enrolment.
4. Big Pharma and Healthcare: Attention to Drug Prices - Indian pharmaceutical companies that supply generic pharmaceuticals to the U.S. market may be impacted by the executive order targeting high drug prices, even if its goal is to lower costs for Americans. India's pharmaceutical industry, a major contributor to accessible healthcare globally, may face difficulties due to stricter restrictions and possible tariffs.
5. Strategic and Defence Relations: Fortifying Quad Alliances - Trump reiterated the United States' commitment to the Quad, an alliance comprising the United States, India, Japan, and Australia, on the geopolitical front. This emphasises the need to keep up the fight against Chinese influence in the Indo-Pacific. For India, this signals an opportunity to deepen defense ties and collaborate on regional security initiatives, potentially boosting trade in defense technology and equipment.
6. Energy and Climate Policy: There are important ramifications to Trump's decision to revoke American commitments to international climate accords. It may put pressure on India's international climate cooperation with the United States, even while it highlights his

administration's emphasis on local energy independence. Additionally, the executive order encourages the export of energy, including LNG, to nations such as India.

7. Technology and Innovation: To support semiconductor production and artificial intelligence (AI) in the United States, an executive order was issued, which aims to reduce US reliance on foreign technology supply chains. It also creates opportunities for Indian IT companies to work together in joint ventures as long as they adhere to "America First" principles.

Impact on the Indian Diaspora

1. Economic and Professional Uncertainty - Indian diaspora may face economic and professional uncertainty because of changes to immigration regulations and the reinstatement of restrictive visa policies. Temporary work visa holders may have trouble extending their stay, while others may have trouble bringing family members to the United States.
2. Political activism and community contributions - Indian American community, which is renowned for its tenacity and inventiveness, might respond with more political involvement in spite of certain obstacles. Given that Indian Americans hold important political positions in the United States, advocacy could have an impact on immigration-friendly policy results.
3. Soft power and cross-cultural interaction - Dwindling student enrolment may result in decline in cultural and educational exchanges. However, Indian Americans' increasing prominence in academics, technology, and medicine guarantees their continuous contributions to the American economy and society. Trump's emphasis on the Indo-Pacific region might potentially result in cultural outreach initiatives that promote goodwill between the two countries.

Detailed Analysis

Immigration Reform: Tightening of H-1B Visa Requirements

Donald Trump's executive order on H-1B visa reform aimed at prioritising American workers represents a pivotal shift in U.S. immigration policy. The H-1B program, managed by the U.S. Citizenship and Immigration Services (USCIS), has long allowed American companies to hire foreign workers in specialised occupations such as technology and engineering. However, the executive order tightened eligibility criteria, reinstated stringent caps, and emphasised higher wage thresholds to discourage reliance on foreign talent.

Indian IT professionals, who make up the largest group of H-1B recipients (approximately 75% in FY 2023, per USCIS data), are disproportionately affected. The reform mandates that employers offer salaries in line with or above the 45th percentile of the prevailing wage for comparable U.S. workers—a significant increase from the previous 17th percentile threshold. This policy forces companies like Infosys, Wipro, and Tata Consultancy Services (TCS) to either pay higher wages or reduce their reliance on H-1B visa holders.

Operationally, this increases costs for Indian IT firms, which rely on sending talent to U.S.-based projects. Infosys, for instance, invested \$2 billion in establishing six innovation centers in the U.S., creating 25,000 local jobs by 2023. This shift reduces dependency on foreign workers but at the cost of higher operational expenditure. The order also impacts mid-level professionals who lack advanced U.S. degrees, as Trump's reforms prioritize applicants with master's degrees from American institutions.

The economic ramifications extend beyond corporations. India is the world's largest recipient of remittances, receiving \$120-125 billion in 2023 (World Bank data), with the U.S. being a significant source. A reduction in H-1B approvals could curtail these remittance flows, affecting India's foreign exchange reserves and household incomes. Moreover, bilateral relations are strained as India's Ministry of External Affairs frequently raises concerns over the disproportionate impact of these reforms during Trade Policy Forum discussions.

While the policy fulfils Trump's campaign pledge to prioritize American workers, its broader consequences highlight the complexities of immigration reform in a globally interconnected economy. For Indian professionals and businesses, navigating these challenges requires strategic diversification and advocacy for balanced visa policies through diplomatic channels.

America First Trade Policy: Onshoring Incentives and Tariff Revisions

The "America First" trade policy marks a definitive effort to revitalise U.S. manufacturing by incentivising onshoring and revising tariffs. Trump's administration implemented measures like the Advanced Manufacturing Tax Credit and expanded tax incentives under the Tax Cuts and Jobs Act (2017). These policies aim to reduce dependence on foreign imports and create domestic jobs by encouraging companies to bring manufacturing operations back to the U.S.

Indian exporters face significant challenges under these policies. In 2023, bilateral trade between India and the U.S. reached \$191 billion, with Indian exports totalling \$83.2 billion (U.S. Census Bureau data). Key sectors like pharmaceuticals, textiles, and IT hardware are particularly vulnerable to increased tariffs and trade barriers. For instance, under Section 301 of the Trade Act, anti-dumping duties were imposed on several Indian products, including steel and aluminium components.

Indian pharmaceutical companies, which supply 40% of generic drugs consumed in the U.S. (FDA data), also face challenges due to stricter compliance requirements under the U.S. Food and Drug Administration (FDA). Glenmark Pharmaceuticals, for example, encountered heightened scrutiny for

not meeting the FDA's Current Good Manufacturing Practices (CGMP) guidelines, resulting in delayed approvals for critical medications.

Despite these challenges, opportunities exist for collaboration. India's Production Linked Incentive (PLI) Scheme, launched in 2020, aims to strengthen domestic manufacturing in sectors like electronics and pharmaceuticals. The scheme aligns with U.S. efforts to diversify supply chains away from China. Apple's \$1 billion investment in India through Foxconn highlights the potential for joint ventures that benefit both economies.

Strategic trade dialogues under the Trade Policy Forum and the U.S.-India Strategic Partnership Forum are crucial for addressing tariff asymmetries and ensuring balanced economic relations. By leveraging complementary strengths, the U.S. and India can navigate the evolving trade landscape and foster sustainable growth.

Educational Reforms: Modifications to the F-1 Visa and OPT Regulations

Trump's modifications to the F-1 visa and Optional Practical Training (OPT) program represent a significant shift in U.S. education policy, with implications for international students. The changes include a 12-month cap on OPT employment for STEM graduates and the elimination of the two-year STEM OPT extension, which previously allowed foreign students to gain practical work experience post-graduation.

Indian students, who comprised 21% of the 914,095 international students in the U.S. in 2023 (IIE Open Doors Report), are among the hardest hit. The financial contributions of these students are substantial, amounting to \$8 billion annually, according to SEVP data. By restricting work opportunities, the reforms risk discouraging Indian students from pursuing higher education in the U.S., affecting university revenues and research output.

The changes also impact U.S. industries that rely on STEM talent. A National Foundation for American Policy (NFAP) study found that international students on OPT contributed to 20% of STEM jobs in major metropolitan areas like Silicon Valley. Restricting this talent pipeline could undermine innovation and competitiveness in key sectors.

India, meanwhile, must address these challenges by strengthening its domestic higher education system. Initiatives under the National Education Policy (NEP) 2020, such as international collaborations and enhanced research funding, aim to retain talent and reduce dependency on foreign education systems.

Big Pharma and Healthcare: Attention to Drug Prices

Trump's executive order on drug pricing aimed to reduce the cost of medications for American consumers by promoting transparency, encouraging domestic production, and limiting price markups. This has direct implications for Indian pharmaceutical companies, which supply nearly 40% of the generic drugs consumed in the U.S. (FDA data). India's pharmaceutical exports to the U.S. amounted to \$8 billion in 2023, making it one of the largest contributors to affordable healthcare in America.

The executive order targets practices such as "middleman" pricing in pharmaceutical distribution chains, which inadvertently pressures generic drug manufacturers to lower prices further. Indian companies, including Dr. Reddy's Laboratories and Sun Pharmaceuticals, face increased scrutiny under tightened U.S. Food and Drug Administration (FDA) regulations. FDA's frequent inspections of Indian facilities have resulted in warning letters and import bans, further complicating market access.

Moreover, Section 232 investigations into pharmaceutical imports may result in additional tariffs, disproportionately affecting Indian exporters. While these measures aim to protect domestic manufacturers, they risk creating supply shortages and increasing healthcare costs for American consumers. For example, the withdrawal of Indian generic drugs from the U.S. market in 2020 due to compliance issues led to price surges in specific categories of essential medicines.

To counter these challenges, India launched the Production Linked Incentive (PLI) scheme for APIs in 2020, reducing dependence on Chinese imports and strengthening its domestic manufacturing ecosystem. Collaborating under frameworks such as the U.S.-India Health Dialogue can also help harmonise regulatory standards and ensure the uninterrupted supply of affordable generics.

Strategic and Defense Relations: Fortifying Quad Alliances

Trump's reaffirmation of the Quad alliance—comprising the U.S., India, Japan, and Australia—signals a strengthened commitment to counterbalancing Chinese influence in the Indo-Pacific. The Quad emerged as a critical geopolitical forum, with its agenda encompassing maritime security, technology sharing, and defense collaboration.

India's strategic role in the Quad is underscored by its geographical proximity to critical shipping lanes and its growing defense capabilities. U.S.-India defense trade, valued at \$21 billion between 2008 and 2023, reflects this alignment. Notable agreements, such as the Basic Exchange and Cooperation Agreement (BECA) signed in 2020, enhance interoperability between the two nations' armed forces by enabling the sharing of geospatial intelligence.

Under Trump's administration, defense technology transfers to India increased, with landmark deals including the purchase of Apache and Chinook helicopters. The U.S. also granted India the status of a "Major Defense Partner," facilitating the acquisition of advanced military equipment.

Additionally, joint military exercises such as Malabar 2023 have strengthened operational coordination among Quad nations. These exercises, which involve carrier strike groups and anti-submarine warfare drills, are critical for ensuring maritime security in the Indo-Pacific.

While the Quad offers opportunities for defense collaboration, it also demands increased commitments from India. This includes enhancing indigenous defense manufacturing under initiatives like "Make in India" and participating in coordinated regional responses to Chinese aggression. The Quad also facilitates technology partnerships, such as co-developing drones and artificial intelligence systems for defense applications.

Energy and Climate Policy

Trump's decision to withdraw the U.S. from the Paris Agreement and prioritize energy independence marked a significant policy shift with global ramifications. The executive order emphasised increasing fossil fuel production, reducing environmental regulations, and promoting energy exports, including liquefied natural gas (LNG).

For India, this policy presents a mix of challenges and opportunities. On the one hand, the divergence in climate commitments complicates collaborative efforts to combat global warming. India, which pledged to achieve net-zero emissions by 2070 under the Paris Agreement, relies on international partnerships to fund renewable energy projects and develop green technologies. The U.S.'s withdrawal weakens global climate governance structures, potentially delaying India's progress toward sustainable energy goals.

On the other hand, increased U.S. energy exports align with India's strategy to diversify its energy supply. LNG imports from the U.S. grew by 150% between 2018 and 2022 (EIA data), reducing India's dependence on Middle Eastern suppliers. Collaborative frameworks like the U.S.-India Strategic Energy Partnership (SEP) provide a platform for enhancing trade in conventional and renewable energy.

India's domestic initiatives, such as the National Solar Mission and its leadership in the International Solar Alliance (ISA), further complement bilateral energy cooperation. However, balancing these opportunities with the need for global climate action remains a critical challenge.

Technology and Innovation

Trump's executive order promoting domestic semiconductor and artificial intelligence (AI) production seeks to reduce reliance on foreign technology supply chains. The CHIPS and Science Act (2022) allocated \$52 billion for U.S.-based semiconductor manufacturing, reflecting this policy priority.

For India, which exported \$150 billion in IT services in 2023 (NASSCOM data), this shift demands strategic adaptation. Indian IT firms like Infosys, Wipro, and TCS must align their operations with U.S. localisation requirements to maintain market access. Collaborative ventures, such as HCL Technologies' partnerships with American firms on AI development, exemplify the potential for synergies.

India's Ministry of Electronics and IT is actively exploring partnerships under the U.S.-India Initiative on Critical and Emerging Technologies (iCET). This initiative facilitates joint research and development in areas such as 5G, quantum computing, and cybersecurity.

While the focus on domestic production challenges India's traditional outsourcing model, it also creates opportunities for collaboration in high-tech manufacturing and innovation ecosystems. Strengthening domestic capabilities under programs like the Production Linked Incentive (PLI) scheme for electronics can enhance India's competitiveness in global technology supply chains.

Impact on the Indian Diaspora

Economic and Professional Uncertainty

The Indian diaspora, estimated at over 4.8 million individuals in the United States (U.S. Census Bureau, 2020), represents one of the most economically successful immigrant communities. However, Trump's reinstatement of restrictive visa policies, particularly for temporary work visa holders, introduces significant economic and professional uncertainties.

H-1B visa holders, many of whom are Indian professionals working in technology, healthcare, and finance, may face challenges in renewing their visas due to increased scrutiny and tightened eligibility criteria. According to the U.S. Citizenship and Immigration Services (USCIS), denial rates for H-1B visa applications increased from 6% in FY 2015 to 21% in FY 2020. The "Buy American, Hire American" executive order further compounded these difficulties by prioritising U.S. citizens for employment, potentially leaving Indian professionals in precarious positions. Families on dependent visas such as H-4 are also impacted, with delays in Employment Authorisation Document (EAD) approvals preventing spouses from contributing economically.

Additionally, Trump's policies limiting family-based immigration restrict the ability of Indian diaspora members to bring relatives to the U.S. The cap on family-sponsored green cards, part of the broader

immigration overhaul, increases wait times for reunification. For example, the U.S. Department of State reports that family-based immigration wait times for Indian nationals can exceed 15 years.

These changes directly affect the economic stability of Indian households and professionals in the U.S. Many individuals on temporary work visas contribute significantly to remittances, which amounted to \$89 billion globally for India in 2022 (World Bank data). A decrease in visa extensions or permanent residency approvals could reduce these remittance flows, affecting families and communities back home.

Indian businesses in the U.S., particularly in technology and startups, may also feel the ripple effects. Companies like Freshworks and Mindtree, founded by Indian-origin entrepreneurs, rely on a steady influx of skilled labor from India. Stricter visa policies disrupt these businesses' ability to attract top talent, affecting their competitiveness in a global market.

Political Activism and Community Contributions

Despite the challenges posed by restrictive immigration policies, the Indian American community has demonstrated resilience and adaptability. Known for their political engagement and advocacy, Indian Americans are likely to respond to these obstacles by increasing their political activism to influence immigration-friendly policies.

The growing prominence of Indian Americans in U.S. politics is evident from the election of leaders like Kamala Harris, the Vice President of Indian and Jamaican heritage, and representatives such as Ro Khanna and Pramila Jayapal. Organizations like the U.S. India Political Action Committee (USINPAC) and the Indian American Impact Fund are instrumental in mobilising resources and advocating for policies that benefit the diaspora.

A Pew Research Center study (2021) highlights the high voter turnout and political engagement of Indian Americans, particularly on issues like healthcare, immigration, and education. This political capital can influence bipartisan support for policies that address the challenges faced by the diaspora. For instance, lobbying efforts during the Trump administration led to the introduction of the H.R.1044 bill, which sought to remove country-specific green card caps, benefiting Indian professionals disproportionately affected by long wait times.

Indian Americans also continue to make significant contributions across sectors. With a median household income of \$123,700 (U.S. Census Bureau), the diaspora supports philanthropic initiatives and invests in U.S.-India bilateral relations. For example, the Indiaspora Giving Report (2022) estimates that Indian Americans contribute over \$1 billion annually to charitable causes in both countries, fostering goodwill and collaboration.

Soft Power and Cross-Cultural Interaction

The Indian diaspora plays a crucial role in enhancing India's soft power by fostering cultural and educational exchanges. However, Trump's restrictive immigration policies, particularly on student visas, may jeopardise this dynamic. Indian students, who comprise 21% of the total international student population in the U.S. (SEVIS Report, 2023), contribute significantly to American universities' financial stability. These students also act as cultural ambassadors, promoting Indian traditions and perspectives in academic settings.

A decline in student enrolments due to changes in F-1 visa regulations and Optional Practical Training (OPT) limits may reduce India's cultural footprint in U.S. academic institutions. Additionally, decreased post-graduation employment opportunities discourage students from pursuing education in the U.S., shifting their focus to countries like Canada, Australia, and Germany.

Despite these challenges, the diaspora's achievements in fields like technology, medicine, and academia ensure continued contributions to American society. High-profile leaders such as Sundar Pichai (CEO of Alphabet) and Satya Nadella (CEO of Microsoft) exemplify the success of Indian-origin professionals in driving innovation and economic growth. Indian American doctors, who make up 17% of the U.S. physician workforce (American Medical Association), are indispensable to the country's healthcare system.

Trump's emphasis on the Indo-Pacific region, particularly through the Quad partnership, may also catalyse cultural outreach initiatives. Programs like the U.S.-India Educational Foundation (USIEF) and cultural exchanges sponsored by the Indian Council for Cultural Relations (ICCR) can strengthen people-to-people ties, promoting mutual understanding and goodwill. For instance, the annual India Day Parade in New York City attracts thousands, celebrating Indian culture and heritage.

The diaspora's role in maintaining strong bilateral relations extends to the realm of technology and innovation. Collaborative ventures, such as research initiatives under the U.S.-India Science and Technology Endowment Fund (USISTEF), highlight the potential for cross-border innovation. These partnerships not only enhance India's technological capabilities but also reinforce the diaspora's contributions to global progress.

Some of Trump's plans may pose challenges, however, there are opportunities for India to improve its standing as a major actor in the world:

- **Growing the Domestic IT Sector:** Indian IT companies may step up their efforts to find new markets and cultivate domestic talent pools.
- **Strengthening Bilateral Defence Cooperation:** India might use its Quad membership to bargain for advantageous defence agreements and cooperative projects.
- **Promoting Strategic Autonomy:** India's emphasis on independence (Aatmanirbhar Bharat) is consistent with less dependence on the United States, encouraging domestic production and innovation.

For Indians and the Indian diaspora, Donald Trump's return to the White House creates a complicated situation. While certain rules/policies may restrict opportunities, others may create avenues for cooperation and development. Government and communities alike will need to be flexible and strategically involved in order to adapt to this changing environment. The changing Indo-U.S. connection will be crucial in addressing global issues and promoting shared prosperity as these changes take place.

President Donald Trump's executive actions upon taking office signal a renewed emphasis on his defining themes of strategic alliances and economic nationalism. These policies offer a complicated web of opportunities and difficulties to Indians and the Indian diaspora. Indian professionals and companies will need to make strategic adjustments to navigate the tougher immigration environment and possible trade obstacles. At the same time, the focus on U.S.-India relations provides a forum for strengthening bilateral collaboration in sectors such as energy, technology, and defence.

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