H1B Visa Ban Impact on Information Technology Companies Shares in National Stock Exchange

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Abstract

This paper aims to study the Impact of the IT companies share in NSE. The researchers chose the selected companies from the IT sector in NSE. The study comprises the daily data of IT stocks closing price, trade quantity, turnover and number of thetrade from May 1, 2016, to February 28, 2017, which is collected from the National stock exchange web port. The researchers used paired sample t-test for to find the impact of IT share thepre-post implementation of the H1B visa ban. The researcher concluded that the respective stock prices are influenced by the H1B visa ban.

Keywords: Information technology, Stock, NSE, paired sample t-test

Introduction

Information technology (IT) is playing an important role in India. India is one of the biggest IT capitals of the modern world and all the major players in the world IT sector are present in the country. India is the world largest sourcing destination for theIT. The Indian IT companies have been outsourcing their services to US companies and earning approximately more than 60 percentages of their revenue from the US market only. After theban, the H1B visa the market expert assumes that the Indian IT goes down because it brings new rules for outsourcing process. The US companies recruiting the H1B visa IT employees from India. The possible impact of ban H1B visa force the US Companies to give the employment opportunity to the US citizens. So that the US companies are reduced their outsourcing from the Indian IT companies. Due to this action, the share price of Indian IT companies is unstable in NSE. Hence, an attempt has been to study the H1B visa ban impact on major IT companies stock in NSE such as Tata Consultancy Services (TCS), Wipro, HCL, Tech-Mahindra and Infosys.

Methodology

There are many IT companies listed on the NSE out of these companies, the researcher took only five major IT firms for this analysis. These five companies are having high outsourcing projects from the U.S such as TCS, WIPRO, HCL, Tech-Mahindra and Infosys. The daily closing price, trade quantity, trade volume and the number of trades are taken from May 1, 2016, to February 28, 2017. These data are collected from the NSEs official web port.

Hypothesis

H0: There is no mean difference between before and after H1B visa rules impact on IT share price, trade quantity, turnover and number of trades.

Empirical Analysis

The paired sample T-test is a statistical procedure used to determine whether the mean difference between two sets of observations. In a paired sample t-test, each variable is measured twice, resulting in pairs of observations. It is used to measure the impact of a sample of data before and after completing the particular event.

Table 1. H1B Visa Ban IMPACT ON TCS STOCK

Variables		Mean	Std. Deviation	Std. Error Mean	95%Confidence Interval of the Difference		T	Df	Sig. (2-tailed)	Hypothesis Remarks
					Lower	Upper				
Pair 1	Before and after TCS Close Price	229.28	152.90	15.13	199.25	259.31	15.14	101	.000	Rejected
Pair 2	Before and after TCS Traded Quantity	-228189.80	973548.80	96395.69	-419412.93	-36966.67	-2.36	101	.020	Rejected
Pair 3	Before and after TCS Turnover in Lacs	-2909.54	23031.68	2280.47	-7433.40	1614.30	-1.27	101	.205	Accepted
Pair 4	Before and after TCS No. of Trades	-3652.57	41678.64	4126.80	-11839.04	4533.88	-.88	101	.378	Accepted

Source: Author computation

Table 1 describes that the result of H1B visa ban impact on TCS stock. There are four variables have considered such as closing price, trade quantity, turnover and no of trades. The closing price and trade quantity of TCS have attained the significant value of less than the 0.05 percent. It indicates that the null hypothesis is rejected. The turnover and no of trades have the insignificant values. Therefore, it implies that the null hypothesis is accepted.

Table 2 H1B Visa Ban IMPACT ON WIPRO STOCK

Variables		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig(2-tailed)	Hypothesis Remarks
					Lower	Upper				
Pair 1	Before and after WIPRO Close Price	65.73	33.24	3.29	72.26	72.26	19.96	101	.000	Rejected
Pair 2	Before and after WIPRO Traded Quantity	268368.02	1387802.59	137412.93	540958.31	540958.31	1.95	101	.054	Accepted
Pair 3	Before and after WIPRO Turnover in Lacs	2163.58	6872.54	680.48	3513.48	3513.48	3.17	101	.002	Rejected
Pair 4	Before and after WIPRO No. of Trades	911.127	28858.312	2857.399	6579.438	6579.438	.319	101	.750	Accepted

Source: Author computation

Table 2 reveals the H1B visa ban impact on the Wipro stock. From the result, Wipro stock closing price and the turnover have less than the significant value of 0.05 percent. It indicates that U.S election result has influenced both variables. The Wipro trade quantity and the no of trade have not been influenced by H1B visa ban. Hence the two variables accept the null hypothesis.

Table 3 H1B Visa Ban IMPACT ON HCL STOCK

Variables		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig(2 tailed)	Hypothesis Remarks
					Lower	upper				
Pair 1	Before and after HCL Close Price	-55.16	29.11	2.86	-60.85	-49.47	-19.22	102	.000	Rejected
Pair 2	Before and after HCL Turnover in Lacs	-1595730.65	882340.67	86939.61	-1768174.96	-1423286.35	-18.35	102	.000	Rejected
Pair 3	Before and after HCL Turnover in Lacs	3886.61	15261.90	1503.79	903.83	6869.39	2.58	102	.011	Accepted
Pair 4	Before and after HCL No. of Trades	48631.65408	28764.85099	2834.28499	43009.86325	54253.44491	17.158	102	.000	Rejected

Source: Author computation

Table 3 describes the H1B visa ban impact on HCL stock. From the outcome of the result implies that the HCL stock closing price, trade quantity and no of trades have a significant value which is less than 0.05 percent. Hence the null hypothesis rejected. It confirms that the H1B visa ban influence above three variables of the HCL stock.

Table 4 H1B Visa Ban IMPACT ON HCL STOCK

Variables		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		T	df	sig. (2-tailed)	Hypothesis Remarks
					Lower	Upper				
Pair 1	Before and after TEC - M Close Price	32.60	43.26	4.28	24.10	41.10	7.61	101	.000	Rejected
Pair 2	Before and after TEC M Traded Quantity	-1490956.64	3437380.56	340351.39	-2166122.25	-815791.03	-4.38	101	.000	Rejected
Pair 3	Before TEC M Turnover in Lacs	-6336.81	16804.00	1663.84	-9637.43	-3036.19	-3.80	101	.000	Rejected
Pair 4	Before and after TEC M No. of Trades	-17661.51	30314.13	3001.54	-23615.77	-11707.24	-5.88	101	.000	Rejected

Source: Author computation

Table 4 demonstrate the impact of the Tech Mahindra stock. From the result, all the variables are having the less than 0.05 percent significant value. Hence the null hypothesis has been rejected. It concludes that Tech Mahindra stock closing price, trade quantity, turnover and no of trades are influenced by the H1B visa ban.

Table 5 H1B Visa Ban IMPACT ON Infosys STOCK

Variables		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		T	df	Sig(2 tailed)	Hypothesis Remarks
					Lower	upper				
Pair 1	Before and after Infosys Close Price	151.43	77.29	7.65	136.25	166.61	19.79	101	.000	Rejected
Pair 2	Before and after Infosys Traded Quantity	-527154.22	3976884.13	393770.20	-1308288.380	253979.95	-1.34	101	.184	Accepted
Pair 3	Before and after Infosys turnover in Lacs	-231.38	41819.56	4140.75	-8445.52074	7982.76	.000	101	.956	Accepted
Pair 4	Before and after Infosys No. of Trades	-7422.490	86523.827	8567.136	-24417.383	9572.402	-.866	101	.388	Accepted

Source: Author computation

Table 5 demonstrate the impact of the Infosys stock. From the result out of four variables, the Infosys closing price only has less than 0.05 percent significant value whether the other variables such as trade quantity, turnover and no of trades are insignificant. Hence the null hypothesis is accepted for this three variable. It concludes that H1B visa ban influenced the Infosys stock price only and other variables are trade quantity, turnover and no of trades have not been influenced.

Conclusion

From there results, the banning of H1B visa has affected the selected Indian IT companies share prices. The trade quantity of the TCS, HCL and Tech –Mahindra were influenced by the H1B visa ban and it did not influence the Wipro and Infosys. The H1B visa Ban has not influenced the turnover volume of the TCS, HCL, but it influences the Wipro and Tech-Mahindra. The no of trades of all IT companies' shares is influenced by the H1B visa ban except Tech-Mahindra. The H1B visa ban is an external factor for the Indian stock market. In the current scenario, the government of India introduce the make in India and Digital India scheme. These two schemes are established for developing the technology of the country and also change the market conditions also in future. Hence, the researchers concluded, that persons who are having the open position of these shares that investors hold their share for long term period.

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