

The American Nightmare

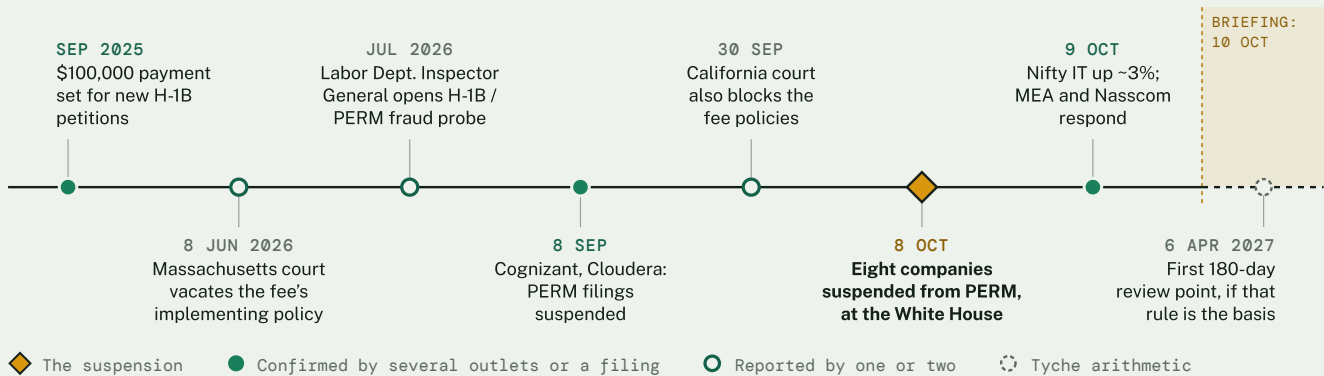
Eight companies are shut out of the US green card process. What that means for Indian IT.



01 INTRODUCTION AND BACKGROUND

A ban, announced from the White House.

FIGURE 1 – FROM THE H-1B FEE TO THE PERM SUSPENSION



Evenly spaced, not to scale. 6 April 2027 is 180 days from 8 October: a review point under the rule lawyers cite, not an end date. Source: Yahoo Finance [1]; The Next Web [2]; law-firm notes [5]; Outlook India, Alma [9]; Forbes, Ogletree [10]; NewsDrum [17]; MEA, Nasscom [6,7].

On the 8th of October 2026, the US Department of Labor Secretary dropped a bomb, suspending eight companies from the PERM program. Made along with the US Vice President JD Vance, this new ruling announced sanctions against 8 companies. Secretary Keith Sonderling said that the department would stop accepting green card applications from these companies, and halt the applications which were pending, essentially shutting the pathway to citizenship for employees of these firms.^{1,2,3}

EXPLAINER

PERM Program: abbreviates to Program Electronic Review Management, and is a system by the US Department of Labor, to ensure that domestic workers don't lose jobs to foreign workers.

The 8 companies hit by this ban were Adobe, Capgemini, Cognizant, HCLTech, Infosys, Microsoft, TCS and Wipro.^{1,4} These companies were targeted due to their mass hiring of Indian diaspora, being described as “Indian IT sweatshops”. Meanwhile only TCS, HCL, Infosys and Wipro are Indian; with the rest being headquartered in the US and France. These companies were noted by the Trump administration for abusing the

green card pathway, by gaming the systems and hiring cheap Indian labor for pennies on the dollar. Seen as a cost cutting move by the companies, the administration sought an end to this practice with this judgement.

EXPLAINER

Green Card: is the official document allowing foreigners to work and live permanently in the US, formally known as a Permanent Resident Card. Green Card holders have the option to become US Citizen, usually after five years of residence.

The Trump Administration claimed that these companies showed preferential treatment towards foreign workers, than domestic workers, in order to skirt around the minimum wage rules. They claimed that these 8 companies alone, requested around 3 million foreign workers since 2009, making a significant majority of the immigrant population of the US.³ Vice President JD Vance even referred to these workers as “indentured servants”, due to the exploitative nature of this process, usually done as a cost cutting measure.¹ This inquiry into the H-1B and PERM programs started in September 2025, when Trump had announced a \$100,000 minimum payment for future applicants.¹⁰

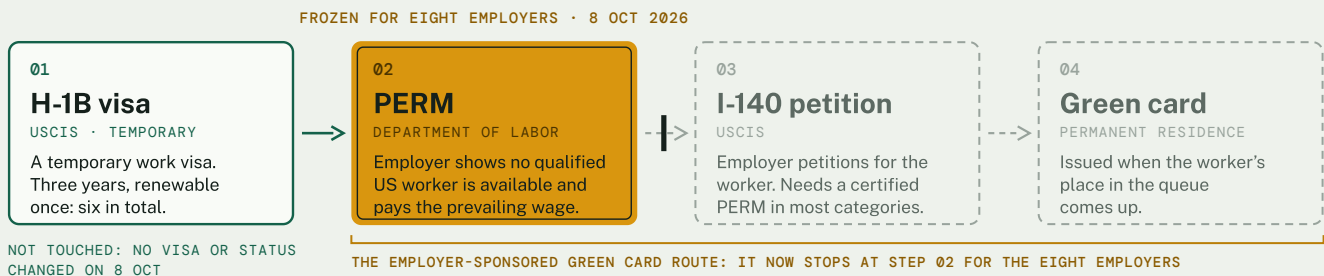
As announced in the press conference, eight companies have been banned from the green card process, without any end date or a published order.^{2,5}

02

WHAT IS THE PERM PROGRAM?

The rental agreement, and the form to buy the flat.

FIGURE 2 – THE ROAD TO A GREEN CARD, AND THE STEP THAT IS FROZEN



Schematic of the usual employer-sponsored route. Some categories skip PERM. Source: law-firm notes on the action [5]; MEA statement [6].

A lot of Indian newspapers covering this ruling, misrepresented who this ruling is going to affect, causing mass panic for the Indian diaspora in the United States. There is a difference between the H-1B visa and Green Card pathways. The H-1B is a temporary work visa granted to foreign workers, to work inside the United States. While the Green Card is a more permanent status, which allows the worker to stay in the United States for much longer, and is not necessarily tied to their employment status as well.

Let's use the analogy of a homebuyer to illustrate this example. Suppose you rent an apartment, and plan on buying it in the future. The current rental agreement is your H-1B visa, while your purchasing of the flat is your green card. The PERM program is the form you need to fill to buy the apartment. If the form being filled doesn't

go through, you aren't evicted from your flat, but can keep living there as long as your rental agreement lasts. So since the PERM program is being suspended for these companies, the employees still can stay in the United States, but their plans of permanently staying there are in jeopardy.

While the Indian media spread mass panic regarding the announcement, nobody technically lost their job after the press conference.⁶ If the PERM is suspended for long enough, around six years or more, only then will the H-1B holders who have filed for their green cards, have to leave the country. Also only a maximum of 7% of the total green cards issued in a year, can be given to one country's citizens. With Indians reportedly holding more than 70% of the H-1B visas, the wait time for green cards has been estimated to be 15+ years.¹¹

FIGURE 3 – H-1B VISA VS GREEN CARD

	H-1B VISA	GREEN CARD
What it is	A temporary work visa	Permanent residence in the US
How long it lasts	Three years, renewable once: six in total. Longer only if a green card filing is already under way	Permanent. Citizenship is an option, usually after five years
Tied to the employer?	Yes: the employer sponsors it	Not necessarily, once it is issued
Needs PERM?	No	Yes: the first step in most employer-sponsored cases
After 8 October	Unchanged: no visa cancelled, no status changed	New and pending PERM applications from the eight employers are frozen

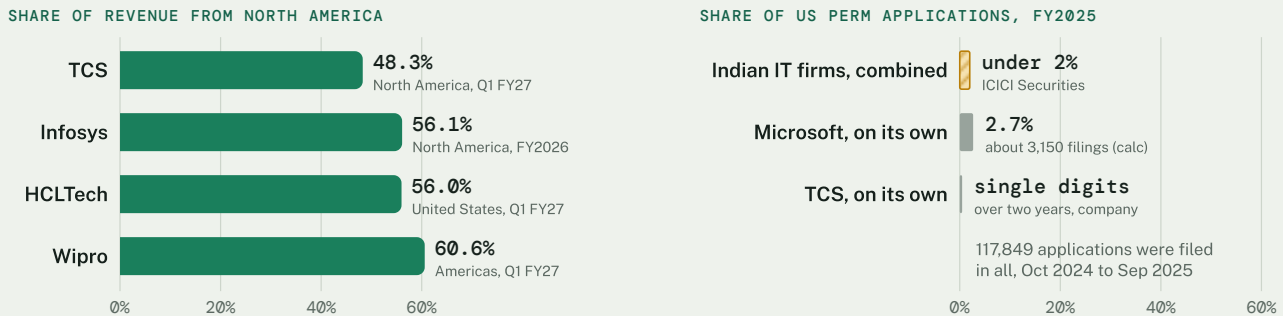
Source: law-firm notes on the action [5]; MEA statement [6]; The Next Web [2].

03

DO COMPANIES REALLY ABUSE THIS SYSTEM?

Indian IT had mostly stopped using this pathway.

FIGURE 4 – WHERE THE REVENUE COMES FROM VS WHO FILES FOR GREEN CARDS



Both panels use one scale. Revenue bases differ by company (TCS, Infosys: total revenue; HCLTech: services; Wipro: IT services). Hatched = "under". Company-level PERM counts are not published in the reports seen. Source: company filings [16]; US DOL [12]; ICICI Securities via Reuters [13]; Newsweek [15]; TCS [8].

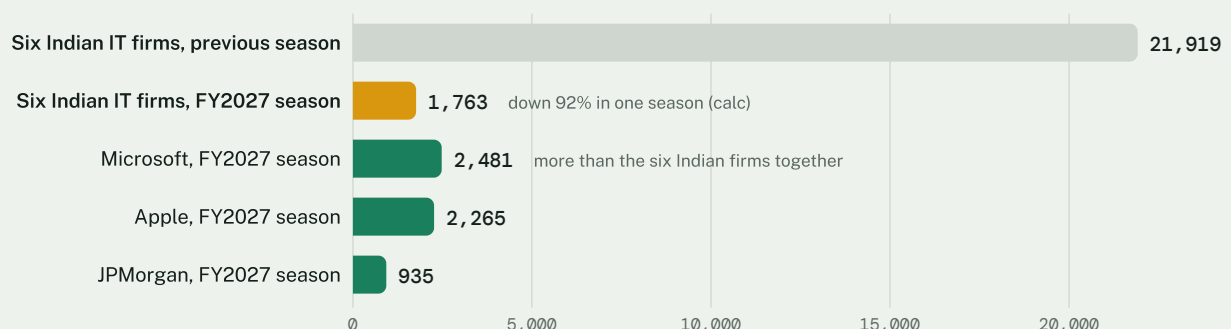
While this recent announcement was to prevent abuse of the PERM program, especially from Indian companies, they had mostly stopped using this pathway. TCS, one of the companies affected, claimed that PERM applications were in the single digits over the past couple of years.⁸ In another report, Indian IT firms were claimed to make up less than 2% of the 1.18 lakh applications filed in FY 24-25.^{12,13} Even in the H-1B program, which was claimed to be taken up by Indian citizens, saw their application dwindle down from 21,919 to 1,763 applications in a single year.¹⁴

So are Indian IT firms being made scapegoats for ruining this system? Why is the US still a priority for these firms? Due to the practice of offshoring projects to Indian firms for cheap, these Indian IT firms have become dependent on US clients for a majority of their revenue. Companies like TCS and Infosys make around 50% of their revenues from North American clients alone.¹⁶ The trend of hiring Indian workers in these foreign offices, has significantly dropped over the years, with more US workers being hired.⁷

THE ONE-LINE VERSION

About half of the revenue comes from North America; under 2% of the green card filings do.

FIGURE 5 – H-1B REGISTRATIONS: SIX INDIAN IT FIRMS VS THREE US EMPLOYERS



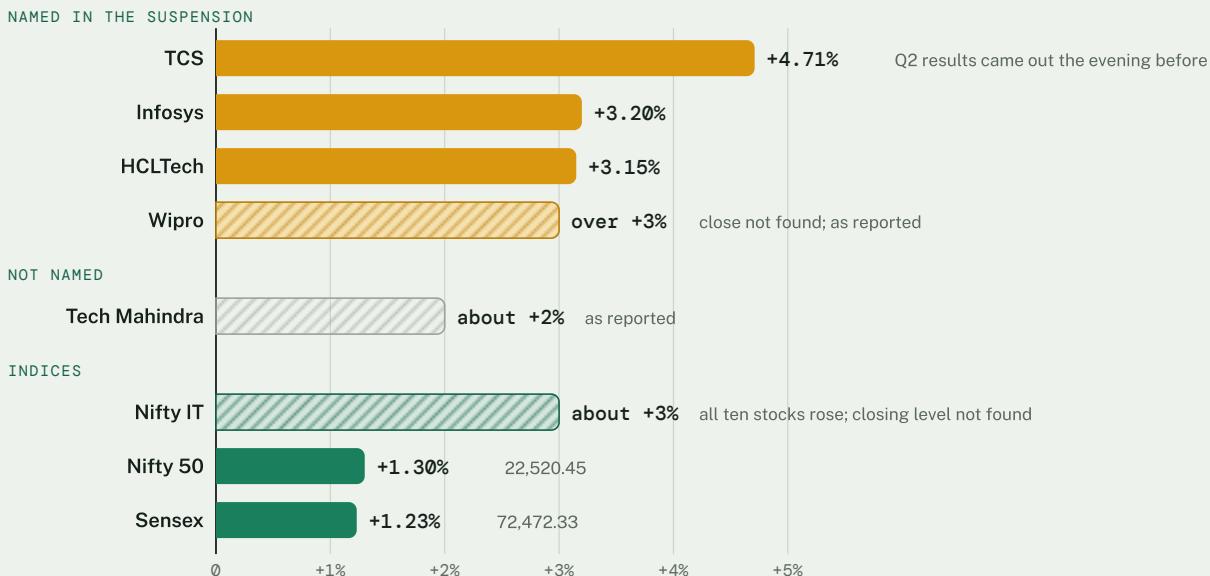
The six: TCS, Infosys, HCLTech, Wipro, LTM, Tech Mahindra. Infosys went from 8,886 to 759 and TCS from 5,955 to 284. Source: Economic Times analysis of US government data, via Business Today, 29 Sep 2026 [14].

04

THE RULING'S IMPACT ON THE STOCK MARKET

The stocks went up.
It is hard to prove why.

FIGURE 6 – FRIDAY 9 OCTOBER, THE FIRST INDIAN SESSION AFTER THE NEWS



Change on the day. Solid = closing figure; hatched = approximate, as reported. Source: NewsDrum, 9 Oct 2026 [17]; Reuters via Business Standard [13].

After this was announced, social media went bonkers, with netizens calling for these companies to crater after the press announcement. However, on 9th October, NIFTY IT index, went up by around 3%, with all the companies showing green.^{13,17} Companies directly affected such as TCS, Infosys and HCLTech were up 3%–4%. Indices like the NIFTY 50 was up 137 bps, while SENSEX was up 142 bps.

EXPLAINER

NIFTY IT: is an index in the National Stock Exchange which tracks the 10 largest public IT companies.

Despite the gains, it would be misleading to imply that the ruling had positively affected the markets, or was even irrelevant. On October 8th, same day as the press

conference, TCS reported their Q2 FY27 results, with profits up by 15% at 13,884 crore INR (\$1.4 billion), and revenue up 11.2% at 73,188 crore INR (\$7.64 billion).¹⁸ So it would be disingenuous to claim that it had any causality for TCS's stock price.

We should also keep in mind that the Indian IT sector has already been one of the worst performing sectors in the current financial year. It's down around 25% compared to the market being down 14%.¹³ Nifty IT has also gone down by a lot, due to a lot of fears surrounding AI replacing these firms and their offerings.¹⁹ While analysts called this announcement a negative sentiment, it would be hard to prove its causality on the Indian stock markets.^{13, 20}

+15%

TCS Q2 FY27 profit, ₹13,884 crore,
reported on the evening of 8 October

-25%

Indian IT sector in 2026, as of 9 October

-14%

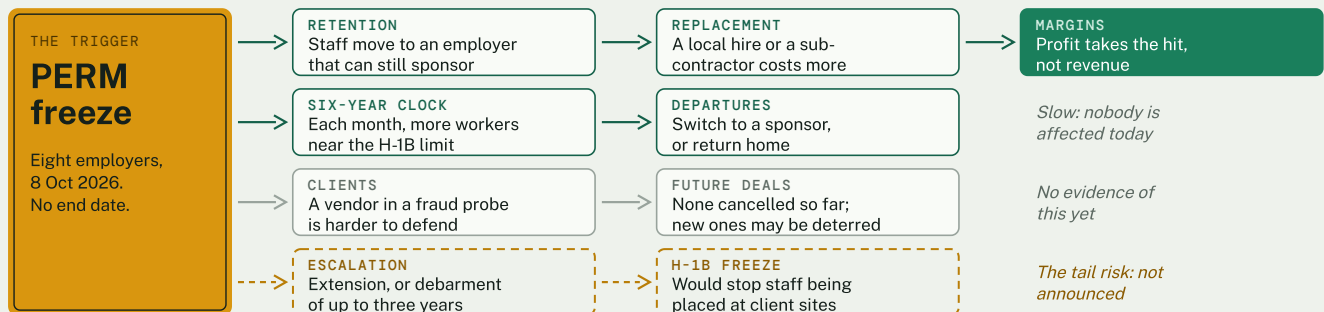
the wider Indian market over the same period

05

RISKS OF THIS RULING

The main risk: the ripple effects.

FIGURE 7 – FOUR WAYS A GREEN CARD FREEZE CAN REACH A COMPANY



Schematic of the mechanism, not a forecast; no source seen puts a number on any of these. Dashed = not announced. Source: law-firm notes [5]; analysts via Reuters and Business Today [13,20].

Since the ruling has been announced, the roughly 500,000 Indian citizens have been paranoid about their prospects of living in the US. The main risk of this ruling is not the suspension itself, but its ripple effects. This same ruling can allow the suspension to be extended indefinitely, and can also have legal consequences on companies. If fraud can be proven in court, certain companies can face penalties and be debarred for up to three years.⁵ For example, Cognizant was suspended in September itself;⁹ and while a freeze on green cards doesn't affect companies, an H-1B freeze would directly impact the ability for companies to put their employees at client sites.

The company's margins are affected by this ruling as well. A foreign worker let's say working for Infosys who can no longer get their green card, might move to a different employer who hasn't been suspended from the program. As their green card sponsorship isn't affected, by switching companies. Replacing these employees by bringing in a domestic worker or a subcontractor, cost more than a foreign worker, will eat up profit margins of the company.^{13, 20} While this ruling was to prevent "indentured labor" and wage theft, it has this ripple effect on company profitability. We must not forget that the systems of capitalism that allowed this to take place, as companies have only cared about increasing profit

margins, leading them to hire foreign talent for pennies on the dollar.

Since the suspension can be extended indefinitely for these companies, the clock is always ticking. Since the six year limit is in place, employees aren't affected today, but for every month the suspension holds, workers grow more and more paranoid towards the end of their H-1B. Incentivizing them to switch to different companies willing to sponsor, or return back to their home country.

Another thing to watch out for is the ruling being a public relations nightmare. While these clients have faced backlash from the public, for allowing these practices to take place. Their American clients might also be repelled, by the company being involved in fraud investigation. While this has not led to any deals being cancelled, can discourage future clients from partnering up with these firms.

Once again the \$100,000 fee for new H-1B petitions, while still blocked by two US federal courts, is still being appealed by the federal government.¹⁰ This is an indicator as to how US policies are being shaped, and what all measures will be enforced soon enough, to prevent these systems from being abused.

SOURCES Dated 8-10 Oct 2026 unless shown; entries are links. † = seen only as a search summary; open before publication.

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| [1] Investing.com via Yahoo Finance, 8 Oct: the suspension | [11] South Asian Herald: 7% country cap, India's green card wait |
| [2] The Next Web, citing Reuters; corrected 9 Oct on pending cases | [12] US Dept. of Labor, PERM Selected Statistics, FY2025 Q4 |
| [3] Bloomberg Law, 8 Oct: Sonderling's statement and figures | [13] Reuters via Business Standard, 9 Oct: analysts; sector vs market |
| [4] The Tribune: the eight firms named | [14] Business Today, 29 Sep, on an Economic Times analysis: H-1B data |
| [5] WR Immigration; Ellis; KORE1: 20 C.F.R. § 656.31(b), debarment | [15] Newsweek: Microsoft's 3,157 PERM filings (another report: 3,153) |
| [6] Ministry of External Affairs, via Business Standard, 9 Oct† | [16] TCS, HCLTech, Wipro Q1 FY27 releases; Infosys 20-F FY2026 |
| [7] Nasscom statement, via HDFC Sky, 9 Oct | [17] NewsDrum, 9 Oct: Sensex, Nifty and IT stock closes |
| [8] TCS statement, via TradingView news feed | [18] Business Standard, 8 Oct; TCS investor relations: Q2 FY27 results |
| [9] Outlook India; Alma: September action on Cognizant, Cloudera | [19] Business Standard, 30 Jun: Nifty IT's worst first half since 2003 |
| [10] Forbes, 1 Oct; Ogletree; DiRaimondo & Schroeder: \$100,000 H-1B fee | [20] Business Today, 9 Oct: what analysts say |

Figures are as publicly reported; interpretation is the author's. "Calc" = Tyche arithmetic. Not affiliated with any company named.

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