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EDITORIAL ANALYSIS

The India-EU Work Permit Deal — Opening Doors or Opening Floodgates?

THE HINDU

27 January 2026

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MAINS RELEVANCE:

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INTERVIEW ANGLE

“The India-EU Mobility and Migration Partnership commits 1 lakh annual work permits for Indians. Does this represent India's interests or does it risk accelerating brain drain? How does Mode 4 services shape India's trade diplomacy?”

WHY IN NEWS

The India-EU Mobility and Migration Partnership — part of the 16th India-EU Summit’s “Towards 2030” Strategic Agenda — commits EU member states to collectively issue up to 1,00,000 multi-year work permits and 35,000 graduate-track residence permits annually to Indian nationals. This is the most significant formal commitment on Mode 4 services (movement of natural persons) that any major Western bloc has made with India.

THE BRAIN DRAIN PARADOX

Every major Indian FTA and strategic partnership faces the same question: when India secures easier movement of skilled workers to richer countries, is it a victory for India’s trade interests or a subsidy to the global North at India’s developmental expense?

The question is not hypothetical. India produces approximately **1.5 million engineering graduates** and **60,000–80,000 medical graduates** annually — numbers that exceed domestic absorption capacity in the short to medium term. Indian professionals are among the most sought-after globally in IT, healthcare, finance, and engineering. The **H-1B visa lottery** in the USA is dominated by Indian applicants (60%+ of applications). The **UK’s Skilled Worker Visa** has India as the largest source country.

The new India-EU commitment adds another channel for outward skilled worker flows. Whether this is good or bad for India depends on which theory of labour mobility you subscribe to.

THE ARGUMENTS FOR: REMITTANCES, NETWORKS, AND SOFT POWER

1. Remittances as development finance

India is the world's **largest recipient of remittances** — USD 125–135 billion annually (World Bank data, 2024–25). Remittances from the Indian diaspora in the EU alone are estimated at USD 8–10 billion annually. The new work permits would add to this flow, directly benefiting Indian families and supporting domestic consumption.

2. Technology and knowledge transfer

Indians who work in EU research institutions, tech companies, and advanced manufacturing return — or maintain connections — with Indian counterparts. The EU's **Horizon Europe** programme (€95 billion) integration for India creates a bidirectional flow: Indian researchers go to EU labs, collaborate on EU-funded projects, and bring back techniques, patents, and networks. This is not brain drain; it is **brain circulation**.

3. India's Mode 4 interest is long-standing

India has consistently demanded Mode 4 commitments in every FTA and WTO negotiation since 1995. Securing 1 lakh work permits + 35,000 graduate-track permits from the EU is a negotiating outcome India has pursued for nearly three decades. Framing this as concession to EU pressure misreads the negotiating history — India asked for this.

4. Diaspora as strategic asset

The Indian community in EU countries (estimated ~2.5 million, concentrated in UK, Germany, Netherlands, Italy) represents India's soft power. Work permit holders become long-term residents, voters, and influencers in EU policy. The Indian-American community's influence on US foreign policy toward India is the most visible example of this phenomenon. India benefits from cultivating this in Europe.

THE ARGUMENTS AGAINST: THE NURSE DRAIN AND THE ITI GRADUATE

1. Selective skills drain from under-resourced sectors

The EU's work permit interest is heavily concentrated in **healthcare** (nurses, doctors, elder care workers) and **IT**. India already faces acute shortages in both these sectors domestically. India has 0.7 doctors per 1,000 population (WHO minimum standard: 1 per 1,000). Rural healthcare deficits are severe. Making it easier for trained Indian nurses to move to Germany for higher wages accelerates a crisis India already cannot afford.

2. The fee-collection trap

Countries that exported workers have historically created "**emigration economies**" — where domestic labour markets adjust to export labour, training systems orient towards foreign market qualifications, and local wages remain depressed because the pressure valve of emigration absorbs domestic demand for wage

increases. India must avoid replicating the patterns of Sri Lanka or the Philippines where labour export became the default development strategy rather than domestic value-addition.

3. Who benefits from graduate-track permits?

The 35,000 graduate-track residence permits target Indian graduates of EU universities — students who paid EU tuition fees (or got EU scholarships). The EU's interest is partly in retaining the human capital its universities produced. India should ask: Are we training graduates for India's development, or for EU's demographics?

THE POLICY RESPONSE INDIA NEEDS

The India-EU Mobility and Migration Partnership is not inherently good or bad — it is a trade instrument that requires **complementary domestic policies** to maximise benefit:

- 1. Return migration incentives:** Tax holidays, research grants, and start-up incubation for returnees (brain drain reversal, not just brain circulation)
- 2. Sector-specific ceilings:** India should negotiate sector-specific caps — maximum proportions of permits in healthcare and education to protect domestic sectoral capacity
- 3. Social security portability:** Bilateral Social Security Agreements (SSAs) ensuring Indian workers in EU don't lose pension contributions when they return; India currently has SSAs with only a few EU member states
- 4. Qualification recognition reciprocity:** EU's mutual recognition of Indian qualifications (engineers, architects, pharmacists) would reduce the incentive to emigrate for qualification recognition alone
- 5. Wage equalisation through domestic growth:** The ultimate solution to brain drain is domestic wage growth that reduces the differential. India's IT sector wages (reaching USD 30–40k+ in some segments) are already beginning to compete with entry-level EU salaries — this trend needs acceleration.

UPSC RELEVANCE

Mode 4 services (GATS — movement of natural persons); India-EU Mobility and Migration Partnership (1 lakh work permits + 35k graduate-track; India-EU Summit Jan 27, 2026); India largest remittance recipient (USD 125-135 bn); EU Blue Card; H-1B visa (USA, skill-based lottery); Bilateral Social Security Agreements (SSAs); brain drain vs. brain circulation; Horizon Europe (€95 bn, 2021-2027).

*India's FTA negotiations — Mode 4 services as India's primary interest; India-EU Strategic Partnership; diaspora as soft power; role of bilateral social security agreements. **GS-3:** Remittances and development finance; brain drain vs. brain circulation debate; India's healthcare workforce shortage; skill development (ITIs) and export orientation; migration economics — “emigration economy” concept; India's labour market (formal vs informal); domestic wage growth as Mode 4 substitute.*

★ FACTS CORNER — KNOWLEDGEPEDIA

INDIA-EU MOBILITY & MIGRATION PARTNERSHIP:

Work permits: **1,00,000 multi-year** annually (IT, healthcare, skilled trades)

Graduate-track permits: **35,000** annually (for Indian graduates of EU universities)

First binding Mode 4 commitment from EU to India

MODE 4 (GATS):

Full form: **General Agreement on Trade in Services**, Mode 4 = **movement of natural persons**

India's primary trade interest in services negotiations since WTO 1995

Covers: managers, IT professionals, consultants, independent professionals

INDIA'S LABOUR & DIASPORA DATA:

Annual remittances: **USD 125–135 billion** (world's largest recipient, World Bank)

Engineers produced annually: **~1.5 million** graduates

Doctors: **0.7 per 1,000** population (WHO minimum: 1 per 1,000)

Indian diaspora in EU: **~2.5 million** (UK, Germany, Netherlands, Italy)

KEY FTA/MIGRATION TOOLS:

Bilateral Social Security Agreements (SSAs): Prevent double payment; ensure pension portability

EU Blue Card: EU-wide work permit for high-skilled non-EU workers (Germany's Blue Card most popular)

Horizon Europe: €95 billion EU R&D programme — India's integration under 2026 Summit

OTHER RELEVANT FACTS:

H-1B visa: US specialty occupation visa; Indian nationals = 60%+ applicants

UK Skilled Worker visa: India = largest source country (NHS nurses, IT workers)

Philippines model: ~10% of GDP from remittances — cautionary "emigration economy" example

India's SSAs with EU members: Germany, France, Belgium, Switzerland (partial) — not all 27

Sources: The Hindu, MEA India, World Bank

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