

TRU Primer

24th Nov 2025

India's Inclusion in Global Bond Index – 2.0

India is nearing inclusion in the Bloomberg Global Aggregate Index, which could bring in around \$25 bn of foreign inflows. The move is supported by positive feedback from large FPIs, highlighting India's higher bond yields and attractive exchange rate. An official announcement is expected by January 2026, marking a significant step in India's integration into global bond markets and possibly easing government bond yields. This development follows earlier successes, such as India's inclusion in JPMorgan's index, reinforcing its growing appeal to global investors.

India's Inclusion in Global Bond Index – 2.0

Introduction

Indian government bonds are moving closer to joining the Bloomberg Global Aggregate Index (tracked by nearly USD 3 tn in passive assets) after receiving strong support from major foreign portfolio investors (FPIs), as per latest media reports. The inclusion could significantly boost foreign inflows into Indian government securities under the Fully Accessible Route (FAR), with an official announcement expected by January 2026.

Key Highlights

- The consultation process began in September 2025, when Bloomberg sought feedback on adding India's FAR bonds to its flagship Global Aggregate Index.
- Most large FPIs already active in Indian G-Secs have expressed support for inclusion in the index, citing improved market access and operational comfort in bond transactions.
- Indian government bond yields are substantially higher at 6.5% than peers such as China, whose 10-year yield stands around 1.8–1.9%.
- The recent rupee depreciation and its current level above 89 per USD, is seen as a favourable entry point for foreign investors.
- India could secure about a 1% share in the Bloomberg Global Aggregate Index, translating into an estimated USD 25 bn of passive inflows over 10 months, if approved.
- Bloomberg will review investor feedback after November 30 and is expected to make a formal inclusion announcement in January 2026.
- Indian FAR securities are already part of the Bloomberg EM Local Currency Government Index with a 10% weight.

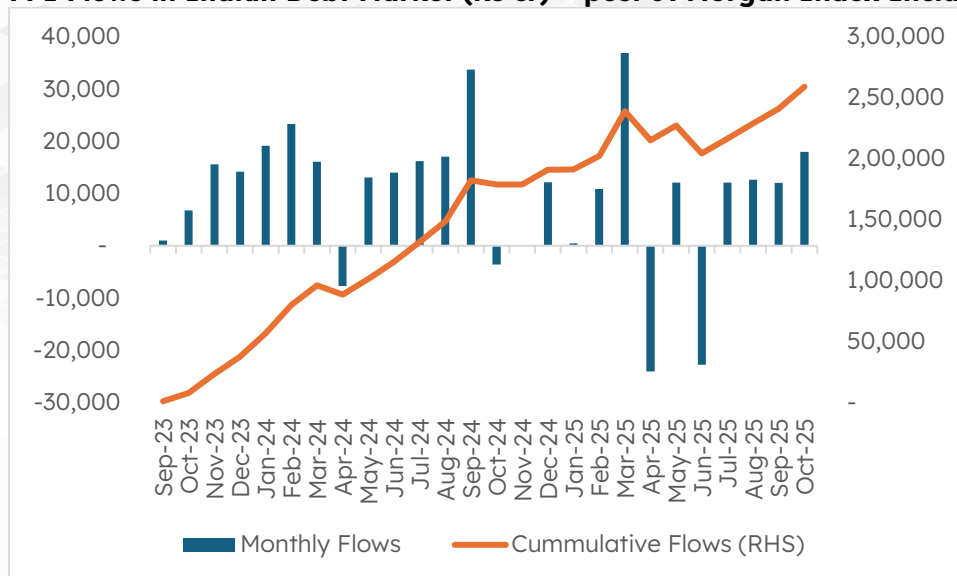
Earlier Success: JPMorgan Index Inclusion

India's earlier inclusion in the JPMorgan Emerging Market Bond Index two and a half years ago brought about USD 25 bn (Rs ~2.1 lakh cr) in inflows, signalling strong foreign demand for Indian debt. This inclusion was announced on 22nd Sep 2023 with allocation beginning on 28th Jun 2024 and completed over 10-month period till 31st Mar 2025. Below table shows the flows during these periods.

FPI Flows in FAR G-secs

Period	Description	FPI Flows (Rs. cr)
Sep 2023 to Jun 2024	Period between announcement and actual implementation date	90,053
Jun 2024 to Mar 2025	During implementation period (10 months)	1,19,833
Total		2,09,885

FPI Flows in Indian Debt Market (Rs cr) – post JPMorgan Index Inclusion



Source: NSDL

Key Implications for Bond Market:

- Potential fall in bond yields with improved demand from FPIs.
- Enhanced foreign inflows could boost banking system liquidity, supporting overall financial stability.
- Foreign flows could potentially limit rupee depreciation against USD by increasing foreign currency reserves and demand for the rupee.

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