Not too 'FAR': India set to enter Bloomberg index on FPI thumbs up

Formal call likely in Jan; inclusion may trigger $25 billion inflows

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India's chances of entering the Bloomberg Global Aggregate Index have strengthened after large foreign portfolio investors (FPIs) gave positive feedback on the country's bond market operations, with an official announcement expected as early as January 2026, said people aware of the development.

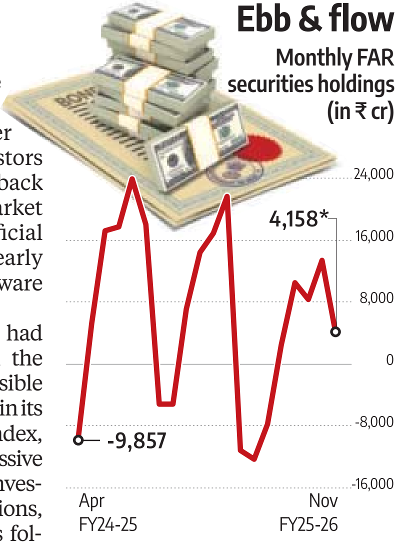
Bloomberg Index Services had sought investor feedback on the inclusion of India's fully accessible route (FAR) government bonds in its flagship Global Aggregate Index, tracked by nearly $3 trillion of passive assets. According to multiple investors involved in the consultations, leading global asset managers following the index have endorsed India's entry, citing improved market access and operational comfort.

They said that India offers two clear draws for global bond buyers: Higher yields than peers like China, the yield on whose 10-year government bond is now at 1.8 per cent-1.9 per cent; and an exchange rate around 88.6 per dollar, which is seen as an attractive entry point by foreign investors.

"Most of the big FPIs who already transact in Indian government securities have said India should be included. The official inclusion announcement is expected in January. India remains attractive to global investors because its government and corporate bond yields are significantly higher than those of other emerging markets such as China. Also, the current exchange rate offers a compelling entry point," said a person familiar with the discussions.

Ebb & flow

Monthly FAR securities holdings (in ₹ cr)



*until November 18 Source: CCIL

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IPO secondary sales near ₹1 trn this year

Since 2015, around two-thirds of total IPO fundraising has been in the form of OFS (₹4.73 trillion), while just ₹2.44 trillion has come from primary issuance, according to PRIME Database.

Fresh capital from IPOs is typically channelled into capex and often viewed as a barometer of economic activity. OFS, by contrast, signals a shift in ownership, usually involving private equity (PE) investors or promoters trimming stakes. While such proceeds do not directly fund expansion, they can nevertheless serve productive ends. PE investors may recycle capital into new ventures, and promoters may deploy funds into fresh businesses, experts said.

Most IPOs by new-age companies this year, including Lenskart, Groww and Pine Labs, have seen a greater proportion of OFS than fresh issuance. In many cases, early investors have booked sizeable profits, sparking concerns that PE funds are cashing out at the expense of retail participants. But market participants reject this narrative.

"The dominance of OFS in IPOs is a healthy sign for the market. Investors should focus on business fundamentals rather than whether their capital is being used for primary fundraising," said Bhavesh Shah, managing director & head of investment banking at Equirus Capital. "In the past, there was a bias toward primary issuances, but that often meant funding cash-hungry businesses instead of cash-generating ones. In reality, investors create more value in mature, cash-generating companies, which typically have less need for primary capital."

Experts say India's IPO ecosystem has matured to back both primary and secondary issuance, rendering the mix less consequential. "The growth or risk capital companies earlier sought from the IPO market is now provided by angel, venture capital and PE funds. Firms are approaching public markets only once they achieve scale and governance maturity. This mirrors the evolution seen in Western markets," said Pranav Haldea, managing director, PRIME Database.

The debate over IPO composition resurfaced on Monday after Chief Economic Advisor V Anantha Nageswaran observed that IPOs were increasingly becoming exit routes for early investors rather than vehicles for long-term capital formation, potentially undermining the core purpose of public markets. Securities and Exchange Board of India Chairman Tuhin Kanta Pandey downplayed such concerns. "The mix between primary and secondary components varies from one IPO to another. Many companies have already raised primary capital earlier, which is why existing investors choose to exit during the IPO. There are also instances where companies raise fresh capital to fund greenfield projects. In my view, the capital market should accommodate all such objectives," he had noted at the same event.

Not too 'FAR': India set to join *Bloomberg* index

In September, *Bloomberg* Index Services started the process of seeking investor feedback on the inclusion of Indian government securities in its flagship Global Aggregate Index.

India is currently being evaluated for a potential weighting of around 1 per cent in the index, an allocation that could translate into $25 billion of inflows, spread over roughly 10 months, if admitted. The feedback window closes on November 30, after which Bloomberg Index Services is expected to review inputs and take a formal inclusion call in January.

The country was added to the JPMorgan Emerging Market Bond Index two-and-a-half years ago, generating around $25 billion in inflows since. The potential Bloomberg index inclusion would mark another significant step in India's integration into global bond portfolios, though timelines for actual index entry could stretch 10 months-12 months after the decision, according to background notes shared with investors.

Bloomberg Index Services had earlier said inclusion would depend on feedback on accessibility, settlement mechanisms, and remaining operational gaps. With most large FPIs now expressing confidence in India's processes, the market is increasingly expecting a favourable outcome once the index provider completes its review. Indian government FAR securities are already included in the Bloomberg Emerging Market (EM) Local Currency Government Index with an initial weighting of 10 per cent of their full market value as on January 31, 2025.

Bond market participants said that if the announcement comes in January, the actual inclusion would begin only after a few months. As a result, the inclusion process would start much later. However, it is still expected to ease yields.

"Around $20 billion-$25 billion is expected. So obviously, there will be new money coming into the market. That should have a soothing effect on yields," said Vijay Sharma, senior executive vice-president at PNB Gilts. "The actual inclusion will start later. Nonetheless, it should have at least 4-5 basis points on the yields," he added.

In September 2023, when JPMorgan announced that Indian bonds would be phased into the index starting June 28, 2024, and reaching the full 10 per cent weighting by March 31, 2025, at 1 per cent per month, analysts predicted passive inflows of $20 billion-$25 billion, with bullish scenarios extending up to $30 billion when including active repositioning. Much of the inflow occurred in the months leading up to the actual inclusion between September 2023 and June 2024, net inflows stood at approximately ₹92,302 crore. This indicated significant front-loading by investors who anticipated the move and adjusted their portfolios ahead of schedule.

Between June 2024 and March 2025, total foreign purchases under the FAR route had reached ₹1.09 trillion, or around $14 billion.

Biorad works on a 'pacemaker' for diabetes

The vagus nerve plays a key role in regulating metabolic processes, including glucose homeostasis, insulin secretion and inflammation. VNS seeks to leverage these intrinsic regulatory pathways to help manage blood-sugar levels.

Studies in animal models indicate that VNS can enhance whole-body and brain insulin sensitivity, and increase insulin and GLP-1 release from the pancreas. VNS may also reduce inflammation, a major contributor to type-2 diabetes. Moreover, VNS influences hormones governing hunger and satiety, and has been linked to weight reduction in several studies, potentially aiding the management of obesity-related diabetes.

While VNS is being explored for diabetes therapy, it is already approved by the US Food and Drug Administration (FDA) for epilepsy and depression.

Biorad Medisys has completed the full acquisition of ReShape Lifesciences' assets through an asset-purchase agreement executed in parallel with the ReShape–Vyome Therapeutics merger. The