

Contributor

Tzvetelina Georgieva, CFA
Senior Analyst
Fixed Income Indices
t.georgieva@spglobal.com

New Horizons for Sovereign Bonds: The Addition of India and Greece into the iBoxx[®] Global Government Index

Introduction

The inclusion of India and Greece in the iBoxx Global Government Bond Index marks a shift in the landscape of global bond markets. This decision highlights improvements in the sovereign credit ratings and market conditions of both countries.

The addition of India and Greece is expected to enhance the index's overall composition, increasing its size by approximately USD 600 billion, or 1.4%, based on Sept. 30, 2025, data. This change would result in a small increase in the index's average annual yield and coupon, while annual modified duration is expected to decline slightly. Once fully incorporated, India and Greece are projected to represent about 1.20% and 0.23% of the index, respectively, contributing to the diversification of the index.

Why Are India and Greece Being Added to the Index?

The iBoxx Global Government Index Series follows a rules-based methodology, governed by the iBoxx Global Government Annual Country Eligibility Review. Country inclusion or exclusion is determined based on sovereign credit rating, bond market size and capital controls assessment, which in turn is underpinned by GEMLOC Investability Indicator data. The GEMLOC Investability Indicator assesses each country's bond market by a set of six broad

indicators—capital controls, market liquidity, regulatory quality, creditor rights, market infrastructure, taxation and domestic investor base. The 2025 Eligibility Review resulted in India and Greece becoming eligible for the iBoxx Global Government Overall Indices.¹ Nevertheless, S&P DJI’s customization capabilities mean that index users can choose to exclude certain markets in the index if they are not currently ready to add these new markets to their strategies.²

India’s inclusion in the index was driven by positive developments in the country’s capital controls, which led to improvements in its GEMLOC score. Despite being rated investment grade since 2006, the Indian government has traditionally imposed quota requirements and holding restrictions for foreign investors. Over the years, India has pursued a strategy of gradual, managed capital-account liberalization. The Fully Accessible Route (FAR) was formally launched in March 2020, where select bonds were designated as fully open to all foreign investors. The scheme gradually expanded, and in 2025, India further eased regulations for FAR investors by creating a simplified category with lighter know-your-client (KYC) policies, fewer disclosures and relaxed ownership rules.

The Greek sovereign credit rating is investment grade across the major credit rating agencies, with Moody’s being the latest rating agency to upgrade the sovereign to Baa3 on March 14, 2025. Other rating agencies have affirmed Greece’s credit rating with a stable outlook, reflecting the country’s solid economic and fiscal performance amid high external and government debt levels. The rating upgrade marks the country’s return to investment grade, following downgrades in 2010, when the country was also excluded from the index. From 2010 to 2018, Greece’s economy was constrained by a sovereign debt crisis, forcing the country onto a recovery journey, boosted by structural reforms, EU recovery funds and a resurgent tourism sector. Future economic prospects appear to be solid, reinforced by a budgetary surplus and improved debt sustainability.³

How Will the New Countries Be Included?

Based on comparable index weights as of September 2025, India and Greece are expected to represent approximately 1.20% and 0.23% of the index, respectively, once fully included. However, under the current methodology, the maximum monthly weight adjustment for a country entering or exiting the index is limited to 1.0% until full inclusion or removal is reached. Consequently, India will enter the index with an initial weight of 1.0% at the end of January 2026, reaching its full weight by the rebalancing at the end of February 2026.

¹ [“Announcement: iBoxx Global Government Annual Country Eligibility Review.”](#) S&P Dow Jones Indices, Oct. 14, 2025.

² For more information on index customization, see our [Custom Index Solutions](#).

³ [“Greece Affirmed At 'BBB/A-2'; Outlook Stable.”](#) S&P Global Ratings, Oct. 17, 2025.

Greece, by contrast, will be fully incorporated into the index at the January 2026 month-end rebalancing, given its smaller representation of around 0.23% of the index composition.

What Will Be the Impact on the iBoxx Global Government Overall Index?

Once Greece and India are fully included in the index, the iBoxx Global Government Overall Index will increase by approximately USD 603 billion, or 1.43%, based on the September 2025 composition. The benchmark average coupon and average annual yield will increase around 0.16% and 0.05%, respectively. At the same time, annual modified duration would decrease by around 0.01%.

Exhibit 1: iBoxx Global Government Overall Index Plus India and Greece – Key Analytics

Metric	Number of Bonds	Market Value (USD)	Percentage of the Current Index (%)	Average Coupon (%)	Annual Yield (%)	Annual Modified Duration (Years)
Current Index	1887	41,635,137,725,320	-	2.59	3.41	6.94
Index as of Jan. 30, 2026	1941	42,155,458,888,932	98.77	2.74	3.45	6.93
Index as of Feb. 28, 2026	1941	42,239,131,291,971	98.57	2.75	3.45	6.93

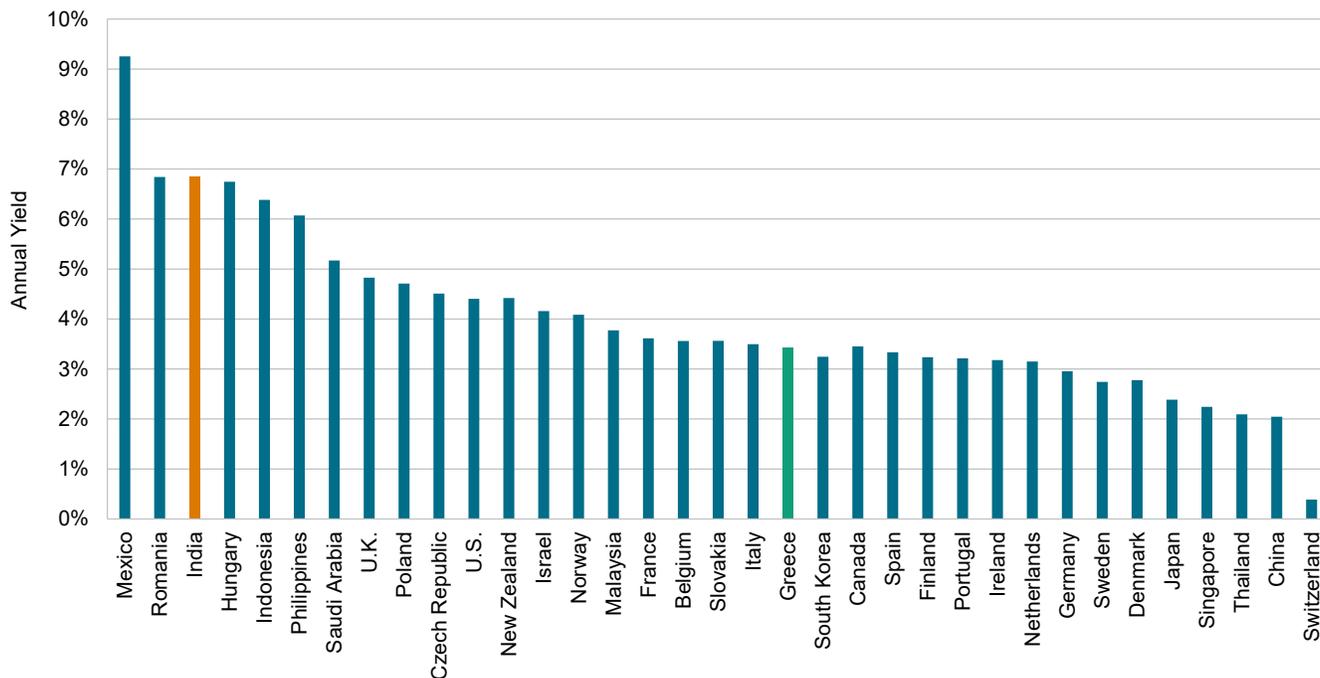
Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2025. Index performance based on total return in USD hedged. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

How Will the Annual Yield Change Following the Inclusion?

As of Sept. 30, 2025, India is one of the three highest-yielding markets, with an annual yield of approximately 6.85%. This places India between Romania (around 6.90%) and Hungary (around 6.70%), making India the highest-yielding market in the APAC region, which underscores the relatively higher return potential offered by emerging markets. These elevated yields may reflect both stronger nominal growth expectations and a higher risk premium demanded by market participants amid ongoing global rate volatility.

Greece, on the other hand, occupies a mid-range position, with an annual yield of around 3.40%, comparable to Italy and South Korea. This suggests a normalization of Greek sovereign yields following years of spread compression and improving credit perceptions.

Exhibit 2: Annual Yields of Markets within the iBoxx Global Government Index Plus India and Greece

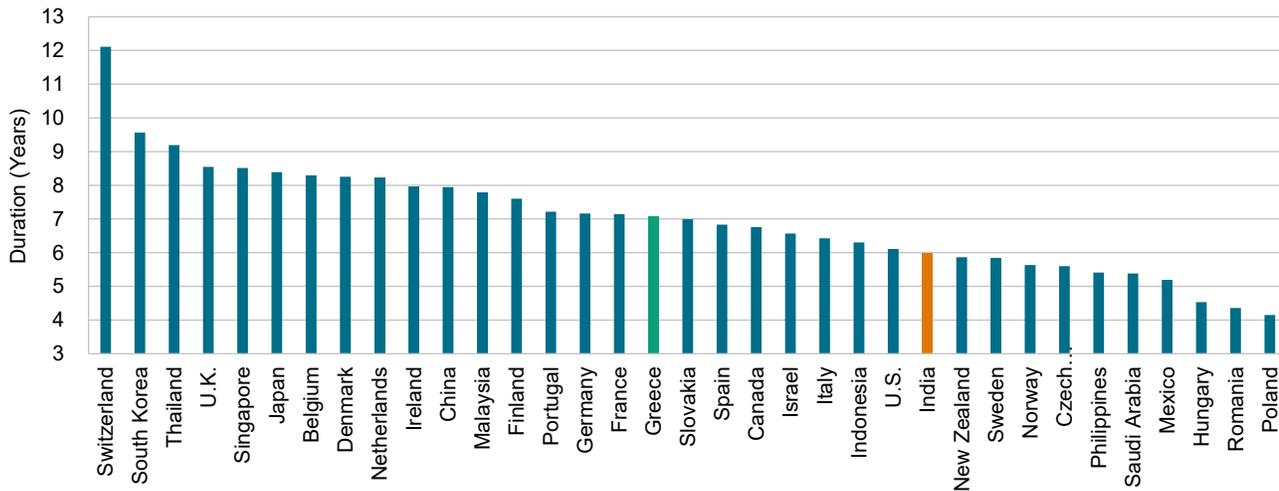


Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2025. Index performance based on total return in USD hedged. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

What Is the Impact on Annual Modified Duration?

When comparing annual modified durations across markets, Greece (7.07) is positioned near the midpoint of the range and India (6.00) is toward the lower end of the distribution, suggesting a moderate to lower sensitivity to interest rate movements. Switzerland stands out with the highest annual modified duration at 12.21, implying greater sensitivity to yield fluctuations and a longer maturity profile. In contrast, Poland’s annual modified duration of 4.06 indicates a more defensive positioning, with lower interest rate risk relative to peers.

Exhibit 3: Annual Modified Duration of Countries within iBoxx Global Government Index Plus India and Greece

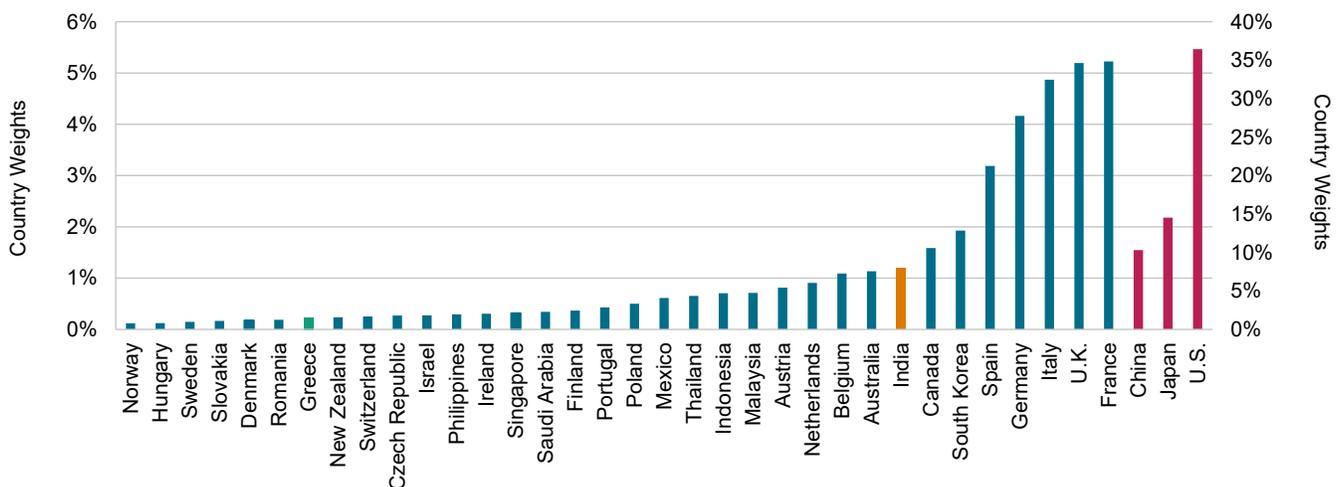


Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2025. Index performance based on total return in USD hedged. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

What Are the Approximate Weights of India and Greece upon Inclusion?

Once India and Greece are fully included in the index, they would represent 1.2% and 0.23% of the index, respectively, as per data from Sept. 30, 2025. This means India would have the third-highest contribution in the emerging markets region after China and South Korea. This reflects the expansion of the FAR, first introduced in 2020.

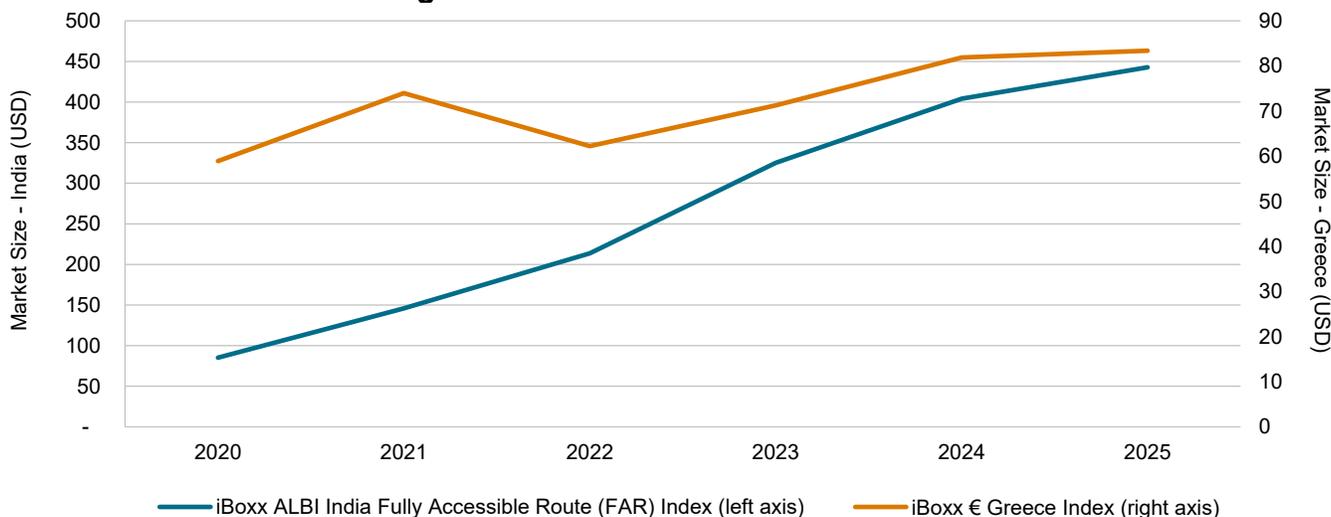
Exhibit 4: Country Weights within iBoxx Global Government Overall Index Plus India and Greece



Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2025. China, Japan and the U.S. are represented on the right-hand axis. All other countries are represented on the left-hand axis. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

The Reserve Bank of India, in consultation with the Government of India, introduced the new channel of investment for non-residents of India in specified government securities in 2020, called FARs. Under this scheme, the eligible market participants are not subject to any ceilings for investing in specified government securities (G-secs). Since then, issuance of FAR-eligible bonds has increased exponentially—more than 5x from 2020 to 2025. Currently, FAR-eligible bonds make up almost 40% of the Indian Government Bond universe, suggesting significant size and relevance.

Exhibit 5: Market Size of Eligible Greek and Indian Government Bonds



Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2025. Chart is provided for illustrative purposes.

Greece, on the other hand, experienced non-linear growth, overcoming setbacks posed by the COVID-19 pandemic. There was a noticeable contraction in bond market size in 2022, which was not due to credit concerns or default risk, but rather a reversal of ultra-accommodative conditions. First, the withdrawal of the European Central Bank's Pandemic emergency purchase programme (PEPP) net purchases in March 2022 removed a significant buyer and, without this support, yields on lower-rated sovereigns, such as Greece (BB at the time), experienced upward pressure.⁴ Second, inflation rose to over 12% in September 2022, forcing some investors to rotate into potentially safer markets, further compressing trading volumes and market depth in Greek debt.⁵ Third, with higher yields and volatile market conditions, Greece issued fewer long-dated bonds, focusing instead on shorter-tenor instruments and liability-management operations. This reduced the gross supply of new sovereign paper.⁶ As Greece regained investment grade status (2023-2025) and inflation normalized, its sovereign bond market began to stabilize and gradually expand again.

⁴ ["Pandemic emergency purchase programme \(PEPP\),"](#) European Central Bank.
["Greece Economic and Financial Outlook,"](#) Alpha Bank, October 2022.

⁵ ["Annual inflation up to 9.9% in the euro area,"](#) eurostat. Oct. 19, 2022.

⁶ ["Hellen Republic Public Debt Bulletin,"](#) Ministry of National Economy and Finance, September 2022.

Conclusion

The inclusion of India and Greece in the iBoxx Global Government Bond Index signifies a key development in the index's composition and relevance in global financial markets. This addition will broaden the index's geographic diversification. With their inclusion in the index, the respective bond markets of India and Greece may benefit from increased visibility and investment flows. The index will continue to measure broad coverage of the investment grade global sovereign bond universe as an integral part of the global iBoxx index offerings, which provide the marketplace with accurate and objective indices by which to assess the performance of bond markets and investments.

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