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Q25

Consider the following markets: 1. Government Bond Market 2. Call Money Market 3. Treasury Bill Market 4. Stock Market How many of the above are included in capital markets? (a) Only one (b) Only two (c) Only three (d) All four Official key: B.

UPSC Civil Services Prelims 2023 · General Studies · 2 marks · Economy

Indian economy, budget, schemes - Prelims GS Paper I.

Explanation

(a)

Only one. Government bonds and equities are both capital-market instruments.

(b) Official key

Only two. G-sec market and stock market. Call money and T-bills are **money market**.

(c)

Only three. Call money and T-bills are short-term, not **capital market**.

(d)

All four. Money-market legs must be dropped.

Summary

- **Official key is (b) only two. Capital markets are for long-term funds:** government bonds and shares. Call money (overnight) and treasury bills (up to one year) sit in the **money market**.

Related possible facts

These can be asked in a future Prelims paper.

Money market

Short-term: call/notice, T-bills, CP, CD.

Capital market

Long-term: G-secs, corporate bonds, equities.

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