Q43

In India, which of the following can trade in Corporate Bonds and Government Securities? 1. Insurance Companies 2. Pension Funds 3. Retail Investors Select the correct answer using the code given below: (a) 1 and 2 only (b) 2 and 3 only (c) 1 and 3 only (d) 1, 2 and 3 Official key: D.

UPSC Civil Services Prelims 2024 · General Studies · 2 marks · Economy

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

Explanation

(a)

1 and 2 only. Retail investors can also access G-Secs and corporate bonds.

(b)

2 and 3 only. Insurers are large holders of both.

(c)

1 and 3 only. Pension funds also trade these papers.

(d) Official key

1, 2 and 3. Insurers, pension funds and retail (RBI Retail Direct / exchanges) can all participate.

Summary

Official key is (d) all three. Insurance companies and pension funds are core holders of G-Secs and corporate bonds. Retail investors can buy them via RBI Retail Direct, gilt funds and exchange platforms. All three can trade in that market.

Related possible facts

These can be asked in a future Prelims paper.

RBI Retail Direct

Allows individuals to buy G-Secs in primary and secondary markets.

IRDAI / PFRDA

Regulate insurer and pension-fund investment in rated bonds and G-Secs.