Q8

Consider the following statements: I. India accounts for a very large portion of all equity option contracts traded globally thus exhibiting a great boom. II. India's stock market has grown rapidly in the recent past even overtaking Hong Kong's at some point of time. III. There is no regulatory body either to warn the small investors about the risks of options trading or to act on unregistered financial advisors in this regard. Which of the statements given above are correct? (a) I and II only (b) II and III only (c) I and III only (d) I, II and III Official key: A.

UPSC Civil Services Prelims 2025 · General Studies · 2 marks · Economy

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

Explanation

(a) Official key

I and II only. India is a giant in global equity-option volume, and Indian market cap overtook Hong Kong at one point. III fails: SEBI exists and has acted on unregistered advisors and F&O risk.

(b)

II and III only. III is false.

(c)

I and III only. That keeps the 'no regulator' line.

(d)

All three. III is the planted error.

Summary

Official Set A key is (a) I and II only. Indian exchanges have accounted for a very large share of global equity-option contracts (I). Listed Indian market value overtook Hong Kong's in 2024 (II). III is false: SEBI is the regulator; it warns on derivatives and acts against unregistered investment advisors. So I and II, not I and III.

Related possible facts

These can be asked in a future Prelims paper.

NSE options volume

NSE has led global equity-derivatives contracts in WFE/FOA tables in recent years.

Hong Kong vs India market cap

India's listed-market cap crossed Hong Kong's in 2024 in several news series - Statement II's neighbourhood.

SEBI

Regulates markets, warns on unregistered advisors, and has F&O risk measures. The factual neighbour of III.

Index options weekly expiry

The product design behind the volume boom in I.

IA (Investment Adviser) regulations

SEBI's tool against unregistered advice - why III is a harsh stem.