20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **India's money market handles borrowing and lending of funds for periods up to one year.**
   It is the short-term segment of the financial system, distinct from the long-term capital market.

2. **The Reserve Bank of India regulates the money market.**
   RBI sets the rules and key rates and uses the market to conduct monetary policy.

3. **The capital market, unlike the money market, is regulated by SEBI.**
   SEBI oversees long-term instruments such as shares, bonds, and debentures.

4. **Call Money is funds lent between banks overnight to cover daily liquidity needs.**
   Its interest rate, the call rate, moves daily with liquidity in the banking system.

5. **Notice Money involves inter-bank funds lent for a period of 2 to 14 days.**
   It sits between overnight Call Money and longer Term Money in the maturity ladder.

6 **Term Money is inter-bank money lent for more than 14 days and up to one year.**
It is the longest-tenure instrument in the call, notice, and term money segment.

7 **Treasury Bills are short-term government securities issued for 91, 182, or 364 days.**
They are sold at a discount to face value since the government pays no coupon on them.

8 **Treasury Bills carry virtually no default risk because the Government of India issues them.**
Sovereign backing makes T-Bills the safest instrument in the Indian money market.

9 **Commercial Paper is an unsecured promissory note that corporates and NBFCs issue for working capital.**
CP typically carries a maturity ranging from seven days to one year.

10 **Certificates of Deposit are negotiable term deposits that banks issue at a discount.**
Like Commercial Paper, CDs generally mature between seven days and one year.

11 **The key difference between Commercial Paper and a Certificate of Deposit is the issuer.**
Commercial Paper is issued by corporates and NBFCs, while a Certificate of Deposit is issued by banks.

12 **Repo and Reverse Repo are collateralised borrowing and lending tools used by banks and the RBI.**
They mostly run from overnight to a few weeks and are central to RBI liquidity management.

13 **TREPS, or Tri-Party Repo, is a collateralised money market segment that has been growing.**
A tri-party agent manages the collateral in this repo arrangement between borrowers and lenders.

14 **The Bill Rediscounting Scheme lets banks raise short-term liquidity by rediscounting eligible bills.**
It is one of the sub-markets within India's organised money market segment.

15 **India's organised money market includes banks, primary dealers, mutual funds, insurers, and the RBI.**
This formal, RBI-regulated segment carries out the bulk of money market trading.

16 **India's unorganised money market includes moneylenders, indigenous bankers, and chit funds.**
This informal segment operates outside direct RBI regulation.

17 **The money market is the RBI's main platform for implementing monetary policy.**
The RBI uses tools such as repo and reverse repo within this market to manage liquidity.

18 **The Indian money market is a wholesale market dominated by banks and large institutions.**
Retail participation is limited compared to institutional trading volumes.

19 **Money market instruments mature within one year, while capital market instruments mature after one year.**
This tenure difference is the core distinction tested between the two markets.

20 **Money market instruments generally carry low risk and low returns compared to capital market instruments.**
Their short tenure and strong issuers keep default risk low but cap the returns.