20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **Money market instruments are short-term debt tools with maturities of up to one year.**
   They let banks, the RBI and institutions borrow or lend surplus cash for short periods with high safety and liquidity.

2. **Treasury Bills (T-Bills) are zero-coupon instruments issued at a discount to face value by the RBI on behalf of the Government of India.**
   Because they are sold below face value and redeemed at par, the discount itself is the investor's return.

3. **T-Bills are issued in three tenors: 91-day, 182-day and 364-day.**
   The three tenors give banks and investors different short-term maturity options within the same sovereign instrument.

4. **91-Day T-Bills are auctioned weekly, usually on Wednesdays, and are the most liquid T-Bills.**
   Weekly auctions make the 91-day T-Bill the most actively traded and most closely watched short-term benchmark.

5. **T-Bills and Cash Management Bills are SLR-eligible government securities.**
   Being government securities, they qualify as approved investments for banks meeting their SLR requirement.

6 **Cash Management Bills (CMBs) were introduced in 2010 to meet temporary government cash flow mismatches.**

CMBs let the government cover short-term funding gaps without waiting for the next scheduled T-Bill auction.

7 **CMBs have maturities of less than 91 days and are issued on an ad hoc basis, unlike the regular T-Bill auction calendar.**

Their irregular, need-based issuance is what separates CMBs from the fixed weekly T-Bill auction schedule.

8 **Commercial Paper (CP) is an unsecured promissory note issued by corporates, primary dealers and eligible NBFCs.**

CP lets creditworthy issuers raise short-term funds directly from the market instead of relying only on bank credit.

9 **Commercial Paper has a minimum maturity of 7 days and a maximum of one year.**

This maturity band lets issuers tailor CP tenure to their exact short-term funding need.

10 **Certificates of Deposit (CDs) are negotiable, unsecured instruments issued by scheduled commercial banks against deposited funds.**

Banks raise fixed-period deposits through CDs, which are then tradable, unlike a normal term deposit.

11 **CDs are freely transferable and can be traded in the secondary market, unlike an ordinary fixed deposit.**
Tradability in the secondary market gives CD holders liquidity that a regular fixed deposit does not offer.

12 **The key distinction between CP and CD is the issuer: CP comes from corporates, CD from banks and financial institutions.**
This issuer distinction is one of the most frequently tested comparison points in the TIRM exam.

13 **Call Money is overnight, one-day interbank borrowing and lending among banks and primary dealers.**
Surplus banks lend idle overnight funds to deficit banks at the prevailing call rate.

14 **Notice Money covers interbank borrowing and lending for 2 to 14 days.**
This slightly longer window lets banks manage liquidity mismatches beyond a single overnight cycle.

15 **Term Money covers interbank borrowing and lending for 15 days up to one year.**
Term Money bridges the gap between very short notice money and longer-tenor money market borrowing.

16 **A Repurchase Agreement (Repo) is a collateralised short-term borrowing arrangement using securities as collateral.**
The seller agrees to repurchase the same securities later at an agreed price, making the loan collateral-backed.

17 **CBLO was discontinued in November 2019 and replaced by TREPS (Tri-Party Repo).**

TREPS is now the standard term for tri-party repo transactions in the Indian money market.

18 **TREPS settlement is handled by CCIL, the Clearing Corporation of India Limited, as a neutral third party.**

CCIL acts as central counterparty, guaranteeing settlement and reducing counterparty risk in TREPS trades.

19 **The Standing Deposit Facility (SDF) has been the floor of the RBI's liquidity corridor since April 2022.**

SDF let the RBI replace the earlier reverse repo as the floor tool for absorbing surplus bank liquidity.

20 **In the LAF corridor, the MSF rate sits at the top, the Policy Repo Rate in the middle, and the SDF rate at the bottom.**

This three-tier corridor structure anchors how short-term money market rates move with RBI policy actions.