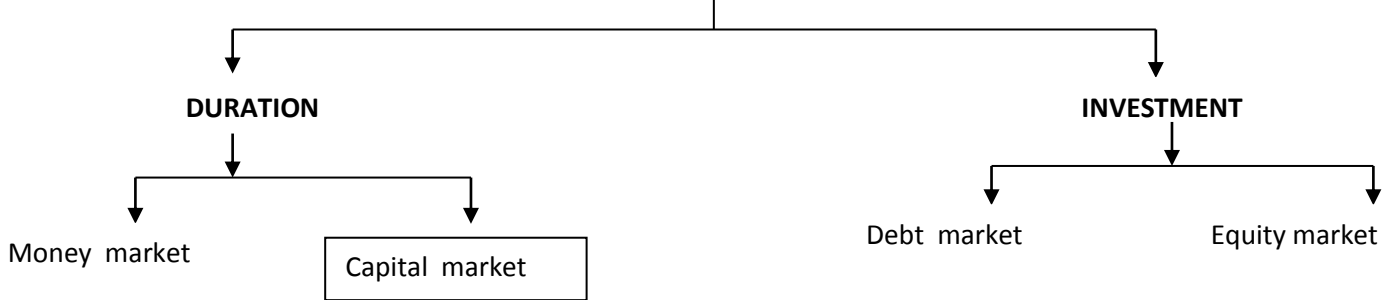


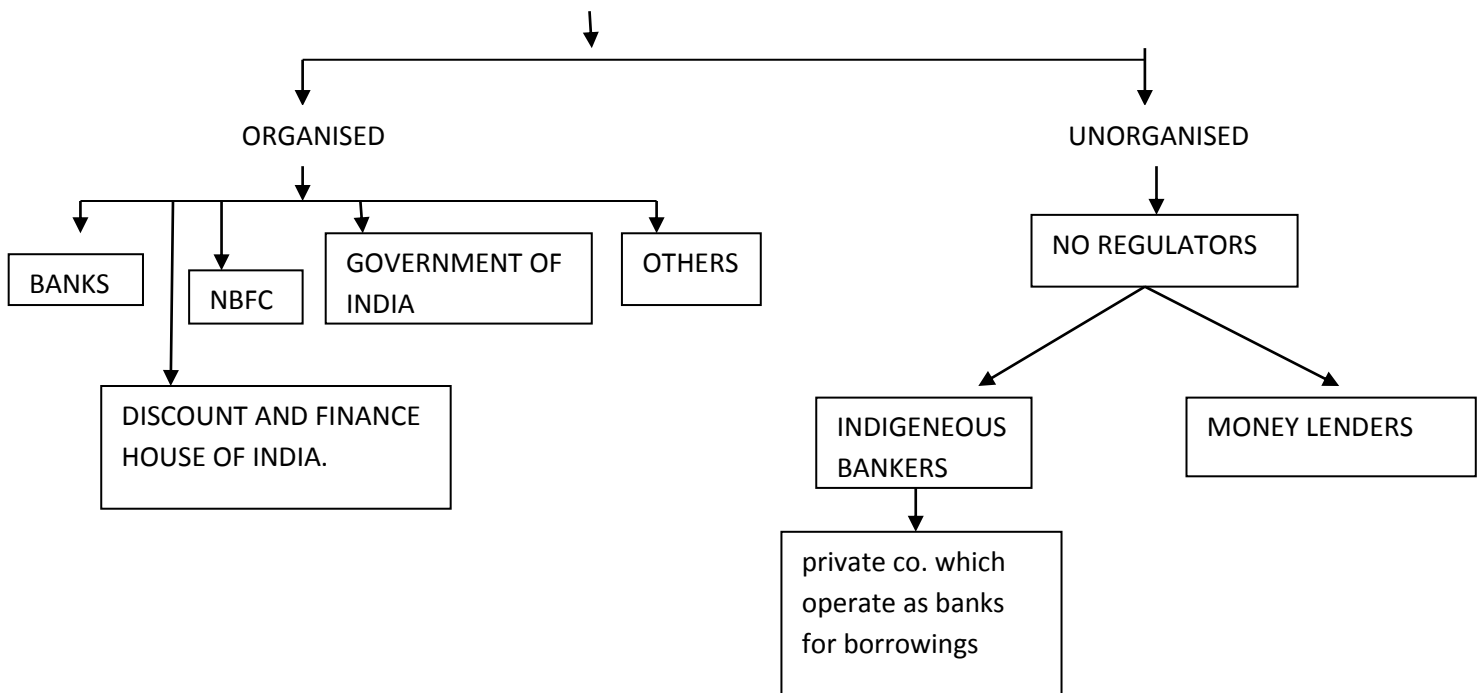
1. CLASSIFICATION OF MONEY MARKET



2. MONEY MARKET:-

- a) Short term market (0-364 days)
- b) Based on management of liquidity.
- c) Largely regulated by RBI. {SEBI also regulates}
- d) It includes debt+equity.
- e) Generally transferable.

3. MONEY MARKET



4. DISCOUNT AND FINANCE HOUSE LTD was set up in march 1988 by RBI to help public sector banks and its main focus is to develop money market by primary dealers.

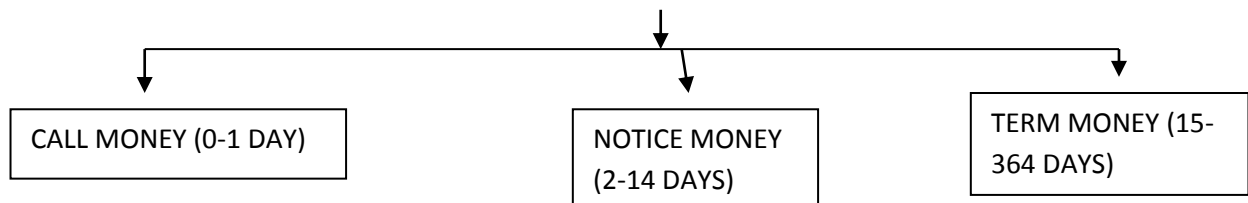
Primary dealers are agencies that buys government securities directly from the issuing company.



DFHI is a primary dealer.

LIC is a secondary dealer.

5. TYPES OF MONEY MARKET:-

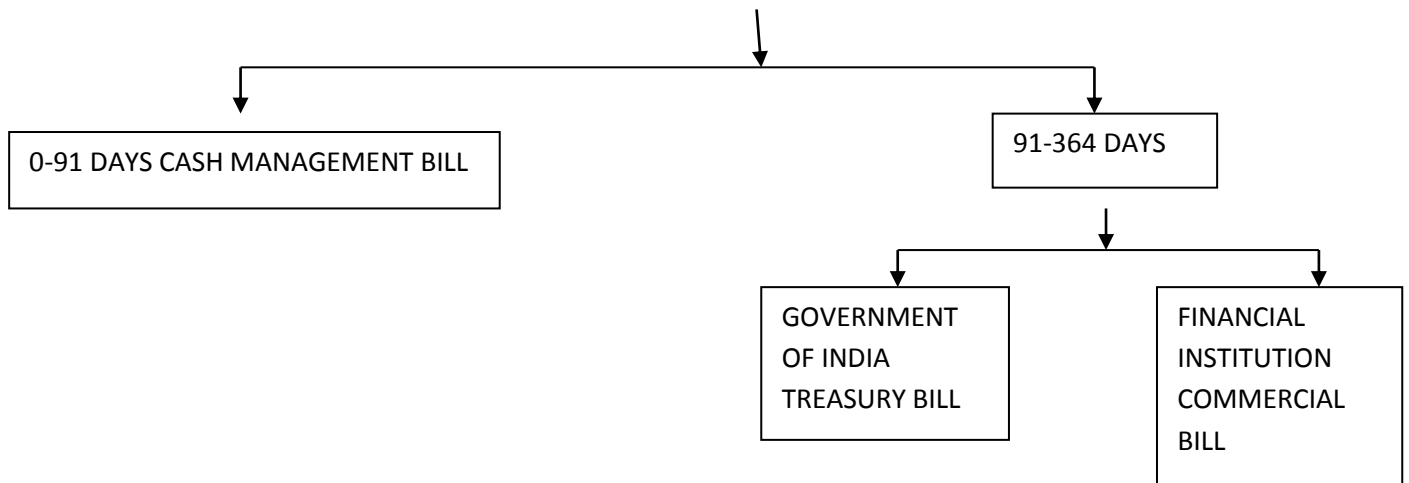


CALL MONEY:-Inter bank market ;80% of transactions between banks is by call money.

Example of call money:-MUMBAI INTER BANK OFFER RATE(MIBOR)

Average interest rate of all the call money rate of big banks.

6. MONEY MARKET



7. Treasury bills are issued by GOVERNMENT OF INDIA through RESERVE BANK OF INDIA to individuals, organisations, financial institutions at a discount on the face value.

Minimum value of treasury bill is rs 25000 and in multiples of 25000 .

Treasury bill is also known as GILT EDGED SECURITY . Treasury bills are auctioned every Wednesday . Notified amount is 100 crore.

182 days treasury bill auctioned; alternate Wednesday (non reporting week).

364 days treasury bills auctioned alternate Wednesday (reporting week) notified amount 500 crore.

8. COMMERCIAL BILLS issued by financial institution, private corporates.

9. COMMERCIAL PAPERS issued in multiples of 5 lacs. Commercial papers are sold at discount bases. Issued in the form of promissory notes.

10. CERTIFICATES OF DEPOSITS issued by scheduled commercial against banks. (excluding regional rural banks and local area banks).

The deposits is done by an individuals and companies. It can also be issued by ALL INDIA FINANCIAL INSTITUTIONS. It is issued in multiples of 1 lacs .

Certificate of deposits can be issued for a term of 7-364 days. But when issued by ALL INDIA FINANCIAL INSTITUTIONS upto 3 yrs.

11. dated government securities are securities which carry a fixed or floating coupon (interest rates) which is to be paid on face value on half yearly basis. Generally the tenure of dated securities is between 5 yrs to 30 yrs (max. 40 yrs)