
IMPACT OF INDIAN MONEY MARKET TO THE EMPLOYEE

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ABSTRACT

In India the money market plays a vital role in the progress of economy. But it is not well developed when compared to American and London money markets. In this market short term funds are borrowed and lent among participants permitted by RBI. Money Market ensures that institutions which have surplus funds earn certain returns on the surplus. Otherwise, these funds will be idle with the institutions. Similarly, the money market ensures funds for the needy at reasonable interest. This way liquidity position is assured by money market operations. Let us now discuss the various money market instruments in India. In India the Money Market is regulated by RBI. Hence, the instruments traded and the players in the market require to be approved by RBI. The average turnover of the money market in India is over Rs. 40,000 crores daily. This is more than 3 percent of the total money supply in the Indian economy and 6 percent of the total funds that commercial banks have let out to This implies that 2 percent of the annual GDP of India gets traded in the money market in just one day. Even though the money market is many times larger than the capital market, it is not even fraction of the daily trading in developed markets.

Keywords: Money Market India, Economy, RBI (Reserve Bank Of India), Short-Term Funds, Surplus Funds, Liquidity, Money Market Instruments, Turnover, Commercial Banks.

I. INTRODUCTION

The research area for the assignment on the Indian money market focuses on understanding the structure, functioning, and regulation of the financial market in India that deals with short-term borrowing, lending, buying, and selling of financial instruments. The Indian money market plays a crucial role in facilitating liquidity management and channeling funds between surplus and deficit units in the economy.

II. RESEARCH PROBLEM

The research problem for the assignment on the Indian money market could be defined as follows: "To analyze and evaluate the functioning, structure, and challenges of the Indian money market, with a focus on understanding its role in facilitating monetary policy transmission, promoting financial stability, and supporting economic growth."

This research problem highlights the need to explore various aspects of the Indian money market, including its structure, functioning, and impact on monetary policy transmission, financial stability, and economic growth.

III. RESEARCH OBJECTIVES

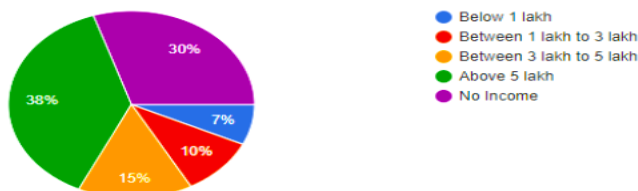
1. To examine the structure and components of the Indian money market: This objective involves studying the different segments of the Indian money market, such as call money market, treasury bills market, commercial paper market, certificate of deposit market, etc. It aims to understand how these segments operate and interact with each other.
2. To analyse the role of the Indian money market in monetary policy transmission: This objective focuses on investigating how changes in monetary policy by the Reserve Bank of India (RBI) are transmitted through the money market to influence interest rates, liquidity conditions, and credit availability in the economy.
3. To assess the contribution of the Indian money market in promoting financial stability: This objective aims to evaluate how well-regulated and efficient functioning of the money market contributes to maintaining financial stability by ensuring smooth liquidity management, risk mitigation, and efficient allocation of funds within the financial system.

IV. RESEARCH ANALYSIS

Interpretation and Presentation:

- 1) What is your annual income?

SR. NO.	PARTICULARS	FREQUENCY	PERCENTAGE
1	Below 1 lakh	7	7%
2	Between 1 lakh to 3 lakhs	10	10%
3	Between 3 lakhs to 5 lakhs	15	15%
4	Above 5 lakhs	38	38%
5	No income	30	30%

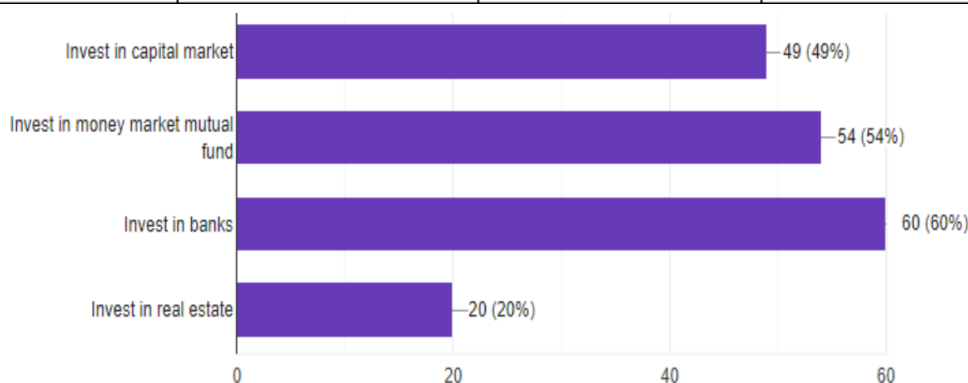


Interpretation:

There were total 100 responses out of which 7% respondents have annual income of below 1 lakh. 10% respondents have an annual income between 1 lakh to 3 lakhs, between 3 lakhs to 5 lakhs were of 15%, above five lakhs were 38% and for no income there are 30%.

2) How do you invest in your saving?

SR NO.	PARTICULARS	FREQUENCY	PERCENTAGE
1	Invest in capital market	49	49%
2	Invest in money market mutual fund	54	54%
3	Invest in bank	60	60%
4	Invest in real estate	20	20%

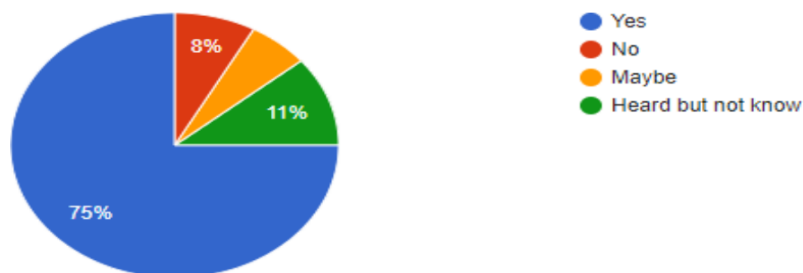


Interpretation:

From the above data we can see that 49% of the respondents invest in capital market, 54% of respondents invest in money market mutual fund, 60% invest in banks and 20 % invest in real estate.

3) Do you have any knowledge about money market instruments?

SR NO.	PARTICULARS	FREQUENCY	PERCENTAGE
1	YES	75	75%
2	NO	8	8%
3	MAYBE	6	6%
4	HEARD BUT DON'T KNOW	11	11%

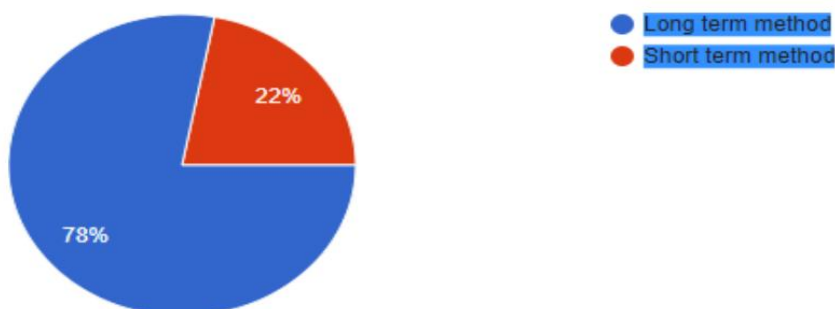


Interpretation:

From the above analysis we can see that 75% have heard about money market and knows about that, while there are 6% people who aren't sure about this, 11% people have heard about the term money market but have no knowledge about that and then about 8% of the respondents don't know anything about money market.

4) How long would you like to hold your money market instruments?

SR NO.	PARTICULARS	FREQUENCY	PERCENTAGE
1	LONG TERM METHOD	78	78%
2	SHORT TERM METHOD	22	22%



Interpretation:

From the above data 78% of the people like to keep money market instruments for long term method while other people which are about 22 % keep it for the short-term method. We can see that most of them are willing to keep their investment for long

V. CONCLUSION

- The money market is a vibrant market, affecting our everyday lives. As the short-term market for money, money changes hands in a short time frame and the players in the market have to be alert to changes, up to date with news and innovative with strategies and products.
- The withdrawal of non-bank entities from the inter-bank call-money market is linked to the improvement of settlement systems.
- Any time-bound plan for the evolution of a pure inter-bank call/notice money market would be ineffective till the basic issue of settlements is addressed.
- In brief, various policy initiatives by the Reserve Bank have facilitated development of a wider range of instruments such as market repo, interest rate swaps, CDs and CPs.

VI. REFERENCES

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