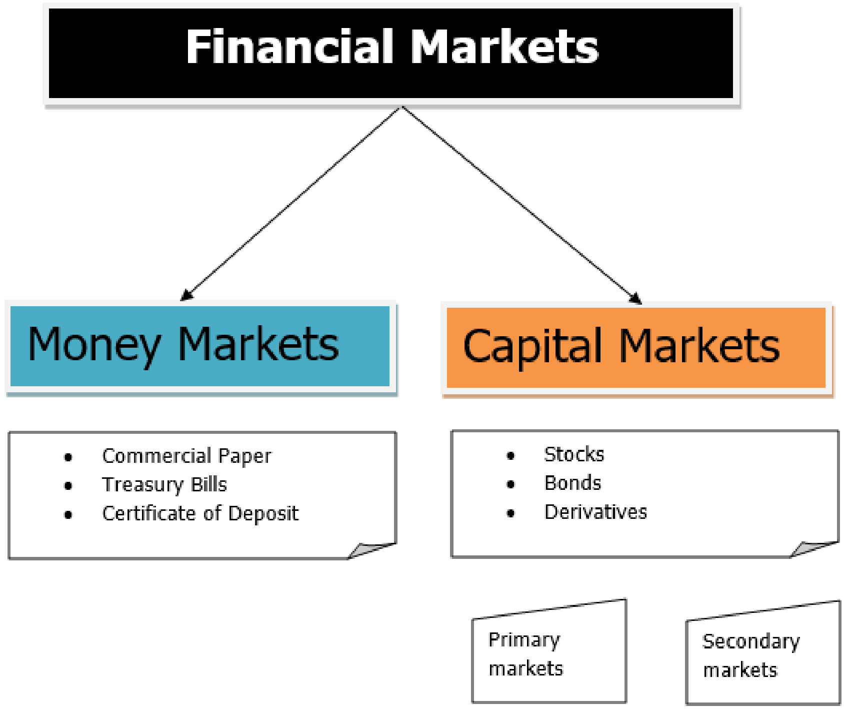

	Capital Market	Money Market
Definition	Market where long-term securities are issued and traded	Market where short-term borrowing lending of securities takes place
Maturity	One Year or more, may even be indefinite	Up to one year
Liquidity	Comparatively lower	High liquidity
Risk Factor	Comparatively higher	Lower risk
Return on Investment	Comparatively higher	Lower than that of capital markets
Credit Instruments	Treasury bills, commercial papers, municipal notes, money funds, repurchase agreements, swaps	Government securities, shares, bonds, debentures, currencies, derivatives

Difference between money and capital market

Basis	Money market	Capital market
Meaning	It is a market dealing in securities of short-term funds, whose maturity period is upto one year.	It is a market dealing in securities for long-term funds, whose maturity period is more than one year.
Participants	Major participants are RBI, commercial banks, financial institutions and finance companies.	Participants of capital market are financial institutions, banks, corporate entities, foreign investors and ordinary retail investors from the members of public.
Instruments	Instruments traded are T-bills, commercial bills, certificate of deposits, etc.	Main instruments traded are shares, debentures, bonds, preference shares, etc.
Investment outlay	In money market, instruments require huge sums of money, because these are quite expensive.	It does not require huge capital outlay, as the value of units of securities is generally low, i.e. ₹ 10 or ₹ 100. Even the trading lot is kept low at 5,50, 100 or so.
Duration	They have a tenure of maximum one year and may even be traded for a single day.	Deals with medium term and long-term securities with a maturity period of more than one year.
Liquidity	They are highly liquid and have an arrangement for providing liquidity, which is provided by Discount and Finance House of India (DFHI).	They are less liquid, e.g. a person wanting to sell shares may not get a buyer.
Risk/safety of funds	Money market instruments are generally safe due to shorter duration and credibility of issuers.	Capital market instruments are riskier both in terms of returns and repayment of principal.
Expected returns	The expected rate of return is less due to short duration.	The expected returns are high and there is even a possibility of capital gain.