

# Difference between Money Market and Capital Market



Money Market	Capital Market
Money market is the place where short term marketable securities are traded.	Capital Market, where long term securities are traded is known as Capital Market.
Treasury bills, commercial papers, certificate of deposits, trade credit are the instrument of money market.	Share, debentures, bonds, retained earnings are the instrument of capital market.
The money market instruments are rich in liquidity.	The instruments of the capital market are not that much liquid.
Money Market instruments gives lower returns as compared to capital market instruments.	Capital market instruments gives higher returns as compared to money market instruments.
The instrument traded in money market carry low risk.	The capital market instruments carry high risk.
Money Market is unsystematic market and so the trading is done off exchange, i.e. Over The Counter (OTC) between two parties by using phones, email, fax, online, etc.	It is broadly divided into two major categories: Primary Market and Secondary Market.
Redemption of money market instruments is done with in a year.	Capital market instruments have a life of more than a year.

Money Market in India is regulated by Reserve Bank of India.

Capital Market in India is regulated by Securities Exchange Board of India.

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