



DEBT MARKET

Money market instruments

Treasury bills, commercial paper, certificates of deposit, call money and TREPS: who borrows, and for how long

RBI directions as on 12 October 2026; market figures as on 31 August 2026

For training and education only. Not investment advice.

The money market is where money is lent and borrowed for 1 day to 1 year.

The Government, banks and companies use it to cover short gaps in cash.
Lenders use it to earn something on money they will need back soon.

The instruments at a glance

Instrument	Who borrows	For how long	What to know
Treasury bill	Government of India	91, 182 or 364 days	Sold at a discount and repaid at face value. No interest payment. Minimum ₹10,000.
Commercial paper (CP)	Companies, NBFCs and some other bodies	7 days to 1 year	Unsecured promissory note, issued at a discount. Minimum ₹5 lakh. Rating of at least A3.
Certificate of deposit (CD)	Banks	7 days to 1 year	Issued only in demat form, at a discount or with a coupon. Minimum ₹5 lakh.
Call, notice and term money	Banks and primary dealers only	1 day; 2 to 14 days; 15 days to 1 year	Unsecured loans among themselves, with no collateral.
Tri-party repo (TREPS)	Members: banks, mutual funds, insurers, companies, others	Overnight or longer terms	Borrowing against securities given as collateral. A clearing corporation stands between the two sides.

Sources: RBI FAQs on the Government Securities Market; RBI Master Directions on CP (2024), CDs (2021) and Call, Notice and Term Money (2021); CCIL, Tri-party Repo.

How a Treasury bill pays

THE SET-UP

A 91-day Treasury bill has a face value of ₹100.

Assume it is bought at auction for ₹98.50.

It pays no interest. After 91 days the Government repays ₹100.

- 1 The discount is $₹100 - ₹98.50 = ₹1.50$ on every ₹100 of face value.
- 2 Return over the 91 days = $₹1.50 \div ₹98.50 = 1.5228\%$.
- 3 As a yearly rate: $1.5228\% \times 365 \div 91 = 6.11\%$. Auction results report the yield on this basis.
- 4 On the minimum lot of ₹10,000 face value: pay ₹9,850 today, receive ₹10,000 after 91 days, a gain of ₹150.

The price is what is quoted; the yield is worked out from it. A lower price means a higher yield.

Illustration with an assumed price. It is not the price or yield of any actual Treasury bill.

How a tri-party repo (TREPS) works

A repo is a loan backed by securities. In a tri-party repo an agent sits between borrower and lender.

1

Collateral goes in

A borrower places eligible securities with the clearing corporation, CCIL. Their value sets how much it can borrow.

2

Orders are matched

Borrowers and lenders place orders on the TREPS screen. Matching is anonymous.

3

CCIL stands in the middle

It is the central counterparty to every trade and the tri-party agent that looks after collateral and settlement.

4

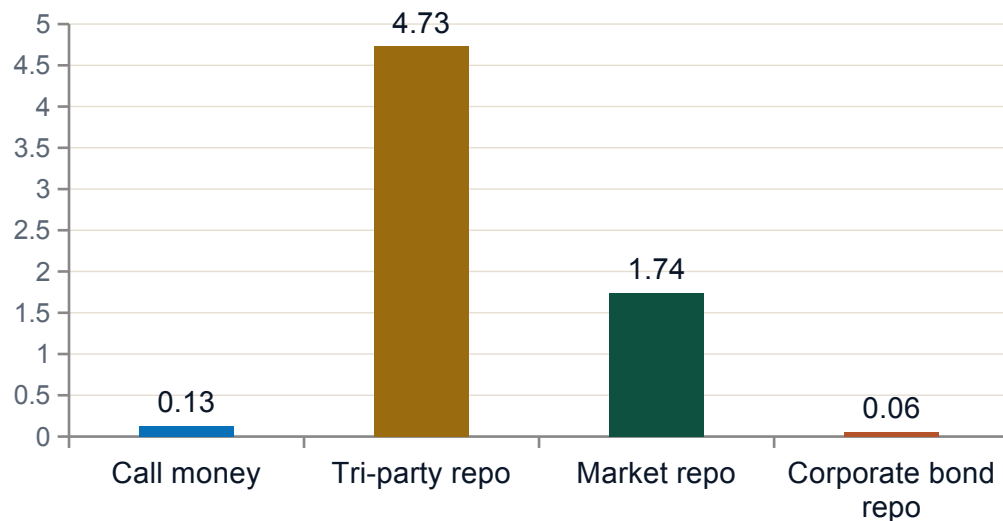
The loan is repaid

At the end of the term the borrower repays with interest. On 31 Aug 2026 almost all deals were overnight; longer terms are also offered.

Sources: CCIL, *Tri-party Repo page*; CCIL notification CCIL/L&S/18/114, 29 Oct 2018; RBI *Money Market Operations*, 1 Sep 2026.

Where overnight money changed hands

Overnight volume, 31 Aug 2026 (₹ lakh crore)



Read the chart

- Tri-party repo: ₹4,73,195 crore, 71% of that day's overnight volume.
- Call money, the unsecured market: ₹12,984 crore, about 2%.
- Market repo: ₹1,73,658 crore. Repo in corporate bonds: ₹6,140 crore.
- Weighted average rates: call 5.18%, tri-party repo 4.96%, market repo 5.00%.

Source: RBI press release 'Money Market Operations as on August 31, 2026', 1 Sep 2026. Shares computed from the four overnight segments.

The call rate and RBI's corridor

1

Weighted average call rate

The average rate on a day's call money deals, weighted by the size of each deal. Usually shortened to WACR.

2

RBI's operating target

RBI manages the amount of cash in the banking system so that the WACR stays close to the policy repo rate.

3

The corridor

The SDF rate, 0.25 percentage point below the repo rate, is the floor. The MSF rate, 0.25 point above, is the ceiling.

4

On 31 August 2026

Repo 5.25%, SDF 5.00%, MSF 5.50%. The WACR was 5.18%, inside the corridor. Tri-party repo averaged 4.96%, just below the floor.

Sources: RBI, Monetary Policy overview page (operating target, corridor); RBI Money Market Operations, 1 Sep 2026; RBI Current Rates, 1 Sep 2026 (policy rates).

Where things stand

Late August 2026. The repo rate was 5.25% then; it has been 5.50% since 7 October 2026.

91-DAY T-BILL YIELD

5.26%

Cut-off yield in the result RBI published on 27 August 2026. 364-day bill: 5.80%.

AVERAGE CALL RATE

5.18%

Weighted average on 31 August 2026. Deals ranged from 4.55% to 5.25%.

CDs, ₹ LAKH CRORE

6.36

₹6,35,985 crore of certificates of deposit outstanding on 31 August 2026.

CP, ₹ LAKH CRORE

6.40

₹6,39,857 crore of commercial paper outstanding on 31 August 2026.

Sources: RBI press releases, T-bill auction result (27 Aug 2026) and Money Market Operations (1 Sep 2026); RBI Bulletin, September 2026, Tables 28 and 29.

How an individual reaches this market



Treasury bills, directly

On RBI Retail Direct an individual can bid for Treasury bills from ₹10,000, and can set up auto-bidding to reinvest the money when a bill matures.



Through debt funds

Overnight, Liquid and Money Market Funds hold these instruments. Together they held ₹11,48,720 crore on 31 August 2026.



CP and CDs

Issued in multiples of ₹5 lakh. Individuals may subscribe (up to 25% of a primary CP issue); mutual fund schemes also hold them.

Sources: RBI press releases of 12 Nov 2021 (Retail Direct) and 6 Aug 2025 (auto-bidding); RBI FAQs on G-secs; SEBI Master Circular, 20 Mar 2026; AMFI Monthly Note, August 2026.

If you learnt this from older material

What older decks say

- Treasury bills come in 3, 6 and 9-month maturities.
- CDs run from one month to five years, in any denomination.
- Call money is lent for one to fifteen days.
- Call money is the most important part of the money market.

What holds now

- Treasury bills are issued for 91, 182 and 364 days.
- CDs run from 7 days to 1 year, in lots of ₹5 lakh (RBI Directions, 2021).
- Call is overnight. Notice money is 2 to 14 days; term money 15 days to 1 year.
- On 31 Aug 2026 tri-party repo was far larger: 71% of overnight volume; call about 2%.

Sources: RBI FAQs on the Government Securities Market; RBI Master Directions on CDs and Call, Notice and Term Money (2021); RBI Money Market Operations, 1 Sep 2026.

Four things people get wrong



'The money market has no risk.'

Treasury bills carry the Government's promise. CP is unsecured, and a CD depends on the bank that issued it.



'Treasury bills pay interest.'

They pay no coupon. The return is the gap between the discounted price paid and the face value repaid.



'Mutual funds lend in call money.'

RBI's Directions list only banks and primary dealers. Funds lend through tri-party repo and buy T-bills, CP and CDs.



'RBI sets the call rate.'

Borrowers and lenders set it each day. RBI sets the corridor and manages cash so that the rate stays near the repo rate.

Check yourself

Q1

A 182-day Treasury bill with a face value of ₹100 is bought for ₹97.00 (assumed). What is its yield, on the basis used in auction results?

Q2

Name the three unsecured markets open to banks and primary dealers, and the term of each.

Q3

On 31 August 2026 call money was about 2% of overnight volume and tri-party repo about 71%. Why is the call rate still watched so closely?

Sources and disclaimer

SOURCES FOR THE FIGURES IN THIS DECK

- Treasury bills: RBI FAQs 'Government Securities Market in India'; RBI Press Release 2026-2027/972, 27 Aug 2026 (auction result).
- Commercial paper: RBI Master Direction, 3 Jan 2024. Certificates of deposit: RBI Master Direction, 4 Jun 2021. Call, notice and term money: RBI Master Direction, 1 Apr 2021.
- Tri-party repo: The Clearing Corporation of India Ltd. (CCIL), Tri-party Repo page. Start date of 5 Nov 2018: CCIL notification CCIL/L&S/18/114, 29 Oct 2018.
- Volumes and rates on 31 Aug 2026: RBI Press Release 2026-2027/1008, Money Market Operations, 1 Sep 2026. Policy rates on that date: RBI Current Rates (page archived 2 Sep 2026).
- CDs and CP outstanding: RBI Bulletin, September 2026, Tables 28 and 29. Operating target and corridor: RBI Monetary Policy overview page. SDF as floor since 8 Apr 2022: RBI press release.
- Funds: SEBI Master Circular, 20 Mar 2026; AMFI Monthly Note, August 2026. RBI Retail Direct: RBI releases of 12 Nov 2021 and 6 Aug 2025. The T-bill example uses an assumed price.

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