



IMPACT OF INVESTOR COGNIZANCE AND SCRUTINY OF MONEY MARKET

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Abstract

Money market plays a very important role in financial market. It provides short term finance to business and a good source of liquidity to investors. Central governments all over the world have control towards money market. It also helps lenders to effectively invest their idle funds. Both the lender and the borrower profit in this fashion. Since most of the businesses lack the necessary working cash, these businesses can obtain the funding they need to meet their working capital needs through the money market. As a result, there is little chance of a default. Thus, a market for financial assets that are close replacements for money can be said to exist in the money market. It is a significant source of funding for both domestic and foreign trade in the public sector. This thereby gives the banks a chance to shelter their surplus funds. It keeps the supply and demand for financial transactions made in the market in balance for duration of six months to a year.

I. Introduction

The money market is a significant component of the global financial system, providing short-term finance to businesses and governments, as well as a source of liquidity for investors. A money market instrument includes term certificates of deposit; interbank loans (loans between banks); money market mutual funds; commercial paper; Treasury bills; and securities lending and repurchase agreements. Short-term financial assets with a liquidity of one year or less can be exchanged on stock exchanges in the money market. These make it easier for the participant's short-term financing requirements through bill trading. Banks, institutional investors, and retail investors are the frequent players in this financial sector. Money market

is seen as a secure location to invest. The RBI still oversees the money market and has created electronic trading platforms and integrated money market system. In India, the money market is a crucial source of short-term borrowing for businesses and governments and is strictly regulated. Long-term interest rates are impacted by short-term interest rates. By controlling interest rates, the money market mobilizes resources for the capital markets.

II. Review of Literature

“Abhishek Pandey & Sneha Singh, 2020 in an article “Money Market: A Study with Reference to India” The definition of money for money market purposes is not confined to bank notes but includes a range of assets that can be turned into cash at short notice, such as short-term government securities, bills of exchange, and bankers’ acceptances This paper analyses the real effects of financial markets subsequent to financial liberalization in economy with risk averse savers and learning by lending.

III. Research Methodology

A. Objectives:

- ✓ To identify the return of investment from the money market.
- ✓ To understand the individual preference to invest in the money market.
- ✓ To analyze their awareness level in the money market.
- ✓ To analyze their reason for not investing in the money market.

B. Scope

- This article focuses on the different types of investment in the money market.

- It also concentrates on the money market mutual funds and their types in the market.
- This article tries to determine the investment preference of the investors.
- It also focuses on level of risk in the money market and money market mutual fund

C. Limitations:

- The sample size is limited to 98 respondents only in Chennai
- The time for the study is limited
- Respondent’s bias is another limiting factor.
- The analysis is based on the data provide by the respondents.

IV. Data Analysis:

1. Percentage analysis

1.1 Reason for not borrowing in money market funds(No sufficient Knowledge)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	78	79.6	79.6	79.6
	Neither agree nor disagree	19	19.4	19.4	99.0
	Disagree	1	1.0	1.0	100.0
	Total	98	100.0	100.0	

Inference: This representation shows that majority of the respondents 79.6% did not borrow money because of no sufficient knowledge in the money market.19.4% neither agree or disagree and 1% disagree

1.2 Reason for not borrowing in money market (Short term repay)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	63	64.3	64.3	64.3
	Neither agree nor disagree	29	29.6	29.6	93.9
	Disagree	6	6.1	6.1	100.0
	Total	98	100.0	100.0	

Inference: This representation shows that majority of the respondents 64.3% are not borrowed money because of short term repay of debt in the money market.

1.3 Reason for not borrowing in money market [High interest rate than returns]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	54	55.1	55.1	55.1
	Neither agree nor disagree	42	42.9	42.9	98.0
	Disagree	2	2.0	2.0	100.0
	Total	98	100.0	100.0	

Inference: This representation shows that majority of the respondents 55.1% are not borrowed money because of high interest rate for debt in the money market.42.9% neither agree or disagree and 2% disagree

2. T-test

H0: There is no significant difference between the occupation of the Respondent and Awareness of the Return on Investment from MMI.

H1: There is a significant difference between the occupation of the Respondent and Awareness of the Return on Investment from MMI

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Return of investment from the money market investment	Equal variances assumed	2.435	.123	.249	77	.804	.062	.250	-.436	.560
	Equal variances not assumed			.349	16.475	.731	.062	.178	-.315	.440

Inference: From the above table, it is inferred that $P (.804) > \alpha (0.05)$, Accept H_0 , Reject H_1 . Thus, there is no significant difference between the occupation of the Respondent and Awareness of the Return on Investment from MMI.

3. MANN – WHITNEY TEST

H_0 : There is no significant difference between gender and financial institutions to borrow

H_1 : There is significant difference between gender and financial institutions to borrow

Ranks				
	GENDER	N	Mean Rank	Sum of Ranks
Financial institutions to borrow	Male	66	50.64	3342.50
	Female	32	47.14	1508.50
	Total	98		

Inference: Since the asymptotic significant value (0.537) is greater than 0.05, we accept the null hypothesis. Hence, there is no significant difference between the gender and financial institutions to borrow

4. CHI-SQUARE TEST:

4.1 Income of the respondents and how long they invest in money market

H_0 – There is no Significant Relationship between Income of the Respondents and how long do they invest in the money market.

H_1 - There is a Significant Relationship between Income of the Respondents and how long do they invest in the money market.

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	31.640 ^a	12	.002
Likelihood Ratio	29.760	12	.003
Linear-by-Linear Association	.105	1	.746
N of Valid Cases	98		
a. 16 cells (80.0%) have expected count less than 5. The minimum expected count is .57.			

Inference: From the above table, it is Inferred that $P\text{-value} (31.640a) > \alpha (21.026)$, Accept H_0 , Reject H_1 . Thus, There is no Significant Relationship between income of the respondents and how long do they invest in the money market.

4.2 Qualification of respondents and awareness of money market

H0 – There is no Significant Relationship between qualification and awareness of money market

H1 - There is a Significant Relationship between qualification and awareness of money market

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.963 ^a	12	.959
Likelihood Ratio	5.467	12	.941
N of Valid Cases	98		
a. 13 cells (65.0%) have expected count less than 5. The minimum expected count is .03.			

Inference: From the above table, it is Inferred that P-value (4.963) < α (21.026), Accept H1, Reject H0. Thus, There is a Significant Relationship between qualification of the Respondents and awareness of money market

4.3 Occupation of the respondent and money can be lent from the money market

H0 – There is no Significant Relationship between Occupation of the Respondent and money can be lent from money market

H1 - There is a Significant Relationship between Occupation of the Respondent and money can be lent from money market

Chi-Square Tests		
Value	df	Asymp. Sig. (2-sided)
43.640 ^a	20	.002
41.841	20	.003
6.828	1	.009
98		
a. 25 cells (83.3%) have expected count less than 5. The minimum expected count is .10.		

Inference: From the above table, it is Inferred that P-value (43.640) > α (31.410), Accept H0, Reject H1. There is no Significant Relationship between the Occupation of the Respondent and money can be lent from the money market

V. Findings:

1. The money market is the most suitable market for the short term investors as it gives safest and highest return compared other markets and deposits.
2. It is the lowest risk market because the instruments are trading in the market.
3. The money market plays an important role in overall monetary policy as it deals with bills, bonds of the banks, companies and many organisations. RBI using the money market to control the money flow in the country.
4. There should be proper platform to educate the public to invest in the money market.
5. As most of the people are learning from YouTube without proper guidance there is high degree of chance to lose money in the market.
6. People like to get more returns from the investment but most of the people are not accepting that higher the risk, higher the returns.
7. Money market can still provide a modest yield or return to the investors. Since the money market is low risk investment area modest yield is generated.
8. The charges for the maintaining the account, tax rate should also reduce as the money market account holders are expecting it.

9. The account holders also like to have more withdrawal of cheques, drafting demand drafts and reduce the restrictions to withdraw their money.
10. Most of the money market account holders are not aware of their perks like getting loan against their investment, can use it as their collateral

VI. Suggestions

1. The money market analysis should create good profit portfolio to their customers.
2. More promotions and actions should create to open the money market account like the D-mat account.
3. Many seminars, webinars should conduct to the new clients and existing clients.
4. Still now there is no proper promotion for the money market, so the benefits of money market for short term investment is not shown to the market.
5. The money market should have strong support system, servers and other services.

VII. Conclusion

Money market is one of the best capital markets and the size of the market is very huge. Money market serves an important function in the economy by providing a source of short-term funding for corporations, governments and financial institutions. It also provides a safe and convenient way for investors to earn a return on their funds while preserving capital. Though the money market is the huge market and growing steadily for the years, still it is not tapped widely. The reason behind this is lack of awareness, low returns, limited access. To use this market effectively proper awareness should be created and all hurdles should be clear and make it ease for the investors.

VIII. Bibliography

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