



Round the Clock RTGS Facility

Why in News

The **Real Time Gross Settlement System (RTGS)**, used for large value transactions, will be made **available round-the-clock from December 2020**.

Key Points

▪ RTGS:

- It enables **real-time transfer of funds** to a beneficiary's account and is primarily meant for large-value transactions.
- **Real time** means the **processing of instructions at the time they are received** and **gross settlement** implies that **settlement of funds transfer instructions occurs individually**.

▪ **Current Scenario:** RTGS is available for customers from 7.00 a.m. to 6.00 p.m. on all working days of a week, except second and fourth Saturdays of every month.

▪ **24x7x365 RTGS Decision:** The [Reserve Bank of India \(RBI\)](#) has decided to make available the RTGS system round the clock on all days from December 2020 in order to **facilitate swift and seamless payments in real-time** for domestic businesses and institutions.

- In **December 2019**, the [National Electronic Funds Transfer \(NEFT\)](#) system was made available on a **24x7x365 basis**.
- From July 2019, **RBI stopped levying charges on transactions through NEFT and RTGS**, with an aim to **promote digital transactions** in the country.

▪ Significance:

- This will **facilitate innovations** in the large value payments ecosystem and promote **ease of doing business**.
- This will help in **global integration of Indian financial markets** and will facilitate India's efforts to develop **international financial centres**.
- With this, **India will be one of the very few countries globally** with a 24x7x365 large value real time payment system.

▪ RTGS vs NEFT:

- **Use:** **RTGS** is meant for **large-value instantaneous fund transfers** while **NEFT** is generally used for **fund transfers of up to Rs. 2 lakh**.

- The **minimum amount** to be remitted through RTGS is **Rs. 2,00,000 with no upper or maximum ceiling**.
- There is **no limit imposed by RBI for funds transfer through NEFT system**. However, **banks may place amount limits** based on their own risk perception with the approval of its board.

◦ Mechanism:

- **NEFT** is an electronic fund transfer system in which the transactions received up to a particular time are **processed in batches**.

- Contrary to this, in RTGS, the **transactions are processed continuously on a transaction by transaction basis** throughout the RTGS business hours.

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