

NEFT System

Q.1. What is NEFT System?

Ans : National Electronic Funds Transfer (NEFT) system is a nation wide funds transfer system to facilitate transfer of funds from one bank branch to any other bank branch.

Q. 2. Are all bank branches in the system part of the funds transfer network?

Ans : No. As on December 31, 52427 branches of 89 banks are participating. Steps are being taken to widen the terms of banks and branches.

Q.3. Whether the system is centre specific or has any geographical restriction?

Ans : No, there is no restriction of centres or of any geographical area inside the country. The system uses the centralised accounting system and the bank's account, that are sending or receiving the funds transfer instructions, gets operated from Mumbai only. The individual branches participating in NEFT could be located anywhere across the country, as provided on our website.

Q.4. What is the funds availability schedule for the beneficiary?

Ans : The beneficiary gets the credit on the same Day or the next Day depending on the time of settlement.

Q.5. How does the NEFT system operate?

Step-1: The remitter fills in the NEFT Application form giving the particulars of the beneficiary (bank-branch, bank account type and account number) and authorises the branch to remit the specified amount to the beneficiary by debiting the remitter's account. (This can also be done by using net banking services offered by some of the banks.)

Step-2: The remitting branch prepares a Structured Financial Messaging Solution (SFMS) message and sends it to the clearing centre for NEFT.

Step-3: The Service Centre forwards the same to the local RBI (National Clearing Cell, Mumbai) to be included for settlement. Presently, NEFT is settled in six batches at 0900, 1100, 1200, 1300, 1500 and 1700 hours on weekdays and 1200 hours on Saturdays

Step-4: The RBI at the clearing centre sorts the transactions bank-wise and prepares accounting entries of net debit and credit passing on to the banks participating in the system. Thereafter, bank-wise remittance messages are transmitted to the receiving banks.

Step-5: The receiving banks process the remittance messages received from RBI and effect the credit to the beneficiary's account.

Q.6. How is this NEFT System an improvement over the existing RBI-EFT System?

Ans : The RBI-EFT system is confined to the 15 centres where RBI is providing the facility, whereas there is no such restriction in NEFT as it is based on the centralised concept. The detailed list of branches of various banks participating in NEFT is available on our website. The system also uses the state-of-the-art technology for the communication, security etc, to provide a better customer service.

Q.7. How is it different from RTGS and EFT?

Ans : NEFT is an electronic payment system to transfer funds from any part of country to any other part of the country. Net settlement, unlike RTGS that works on gross settlement and EFT which is restricted to the fifteen centers only where the branches are located.

Q.8. Any limit on the amount of individual transaction?

Ans : There is no value limit for individual transactions.

Q.9. What about Processing Charges/Service Charges

Ans : While RBI has waived the processing charges till March 31, 2009. With a view to rationalize the service charge for offering various electronic products, a broad framework has been mandated as under: –

- a) Inward transactions – Free, no charge to be levied
- b) Outward transactions –
Upto Rs. 1 lakh - not exceeding Rs.5 per transaction.
Rs. 1 lakh and above – not exceeding Rs. 25 per transaction.

Q.10. How will I know which are the branches participating in the NEFT?

Ans : RBI publishes the list of bank branches participating in the NEFT on its website i.e. <https://www.rbi.org.in/scripts/>

Q.11. What is IFS Code (IFSC)? How it is different from MICR code?

Ans : Indian Financial System Code (IFSC) is an alpha numeric code designed to uniquely identify the bank-branch (11 digit code with first 4 characters representing the banks code, the next character reserved as control character appears in the fifth position) and remaining 6 characters to identify the branch. The MICR code has 9 digits to identify a branch.

Q.12. How I will know, what is the IFS Code of my bank-branch?

Ans : RBI had since advised all the banks to print IFSC on cheques leaves issued to their customers. You may visit the bank-branch and get the IFS Code of that branch.

Q.13. Whom I can contact, in case of non-credit or delay in credit to the beneficiary account?

Ans : Contact your bank / branch. If the issue is not resolved satisfactorily, the Customer Service Department may be contacted on nefthelpdeskkncc@rbi.org.in or write to -

The General Manager,
Reserve Bank of India,
National Clearing Centre
First Floor, Free Press House
Nariman Point
Mumbai – 400 027

Q.14. Is it necessary to have a bank account to originate the NEFT transaction?

Ans : Yes, NEFT is an account to account funds transfer system.

Q.15. Is it necessary that the beneficiary should have an account at the destination bank-branch?

Ans : Yes, NEFT is an account to account funds transfer system.

Q.16. Can I receive foreign remittances through NEFT?

Ans : This system can be used only for remitting Indian Rupee among the participating banks within the country.

Q.17. Can I send remittances abroad using the NEFT?

Ans : No

Q.18. Can I originate a transaction to receive funds from another account?

Ans : No

Q.19. Can I send/receive funds from/to NRI accounts?

Ans : Yes, subject to applicability of provisions of FEMA.

Q.20. Would the customer receive an acknowledgement of money credited to the beneficiary?

Ans : No, however electronic acknowledgement is generated for the customer that his money is received by the sender branch.

Q.21. Would the remitting customer get back the money if it is not credited to the beneficiary's account?

Ans : Yes, the remitting customer gets back the money if it is not credited to the beneficiary account.

Q.22. Till what time NEFT service window is available?

Ans : There are six settlements at 0900, 1100, 1200, 1300, 1500 and 1700 hours on weekdays and 0900, 1100 on Saturdays.

Q.23. What is the essential information that the remitting customer would have to furnish for the remittance?

Ans : The essential information that the remitting customer has to furnish is:

- Beneficiary details such as beneficiary name and account number
- Name and IFSC of the beneficiary bank branch.

Q.24. Is there any way a remitting customer can track the remittance transaction?

Ans : The remitting customer can track the remitting transaction through the remitting branch only, as the remitting branch provides information about the status of the remitted transactions.