

## NEFT System

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Q.1. What is NEFT?

Ans: National Electronic Funds Transfer (NEFT) is a nation-wide payment system facilitating one-to-one funds transfer. Under this Scheme, individuals, firms and corporates can electronically transfer funds from any bank branch to any individual, firm or corporate having an account with any other bank branch in the country participating in the Scheme.

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

Ans: For being part of the NEFT funds transfer network, a bank branch has to be NEFT-enabled. The list of bank-wise branches which are participating in NEFT is provided in the website of Reserve Bank of India at <http://www.rbi.org.in/scripts/neft.aspx>

Q.3. Who can transfer funds using NEFT?

Ans: Individuals, firms or corporates maintaining accounts with a bank branch can transfer funds using NEFT. Even such individuals who do not have a bank account (walk-in customers) can also deposit cash at the NEFT-enabled branches with instructions to transfer funds using NEFT. However, such cash remittances will be restricted to a maximum of Rs.50,000/- per transaction. Such customers have to furnish full details including complete address, telephone number, etc. NEFT, thus, facilitates originators or remitters to initiate funds transfer transactions even without having a bank account.

Q.4. Who can receive funds through the NEFT system?

Ans: Individuals, firms or corporates maintaining accounts with a bank branch can receive funds through the NEFT system. It is, therefore, necessary for the beneficiary to have an account with the NEFT enabled destination bank branch in the country.

The NEFT system also facilitates one-way cross-border transfer of funds from India to Nepal. This is known as the Indo-Nepal Remittance Facility Scheme. A remitter can transfer funds from any of the NEFT-enabled branches in to Nepal, irrespective of whether the beneficiary in Nepal maintains an account with a bank branch in Nepal or not. The beneficiary would receive funds in Nepalese Rupees. Further details on the Indo-Nepal Remittance Facility Scheme are available on the website of Reserve Bank of India at <http://rbi docs.rbi.org.in/rdocs/content/pdfs/84489.pdf>.

Q.5. Is there any limit on the amount that could be transferred using NEFT?

Ans: No. There is no limit – either minimum or maximum – on the amount of funds that could be transferred using NEFT. However, maximum amount per transaction is limited to Rs.50,000/- for cash-based remittances and remittances to Nepal.

Q.7. Whether the system is centre specific or has any geographical restriction?

Ans: No. There is no restriction of centres or of any geographical area within the country. The NEFT system takes advantage of the core banking system in banks. Accordingly, the settlement of funds between originating and receiving banks takes place centrally at Mumbai, whereas the branches participating in NEFT can be located anywhere across the length and breadth of the country.

Q.6. What are the operating hours of NEFT?

Ans : Presently, NEFT operates in hourly batches - there are twelve settlements from 8 am to 7 pm on week days (Monday through Friday) and six settlements from 8 am to 1 pm on Saturdays.

Q.7. How does the NEFT system operate?

Step-1 : An individual / firm / corporate intending to originate transfer of funds through NEFT has to fill an application form providing details of the beneficiary (like name of the beneficiary, name of the bank branch where the beneficiary has an account, IFSC of the beneficiary bank branch, account type and account number) and the amount to be remitted. The application form will be available at the originating bank branch. The remitter authorizes his/her bank branch to debit his account and remit the specified amount to the beneficiary. Customers enjoying net banking facility offered by their bankers can also initiate the funds transfer request online. Some banks offer the NEFT facility even through the ATMs. Walk-in customers will, however, have to give their contact details (complete address and telephone number, etc.) to the branch. This will help the branch to refund the money to the customer in case credit could not be afforded to the beneficiary's bank account or the transaction is rejected / returned for any reason.

Step-2 : The originating bank branch prepares a message and sends the message to its pooling centre (also called the NEFT Service Centre).

Step-3 : The pooling centre forwards the message to the NEFT Clearing Centre (operated by National Clearing Cell, Reserve Bank of India, Mumbai) to be included for the next available batch.

Step-4 : The Clearing Centre sorts the funds transfer transactions destination bank-wise and prepares accounting entries to receive funds from the originating banks (debit) and give the funds to the destination banks(credit). Thereafter, bank-wise remittance messages are forwarded to the destination banks through their pooling centre (NEFT Service Centre).

Step-5 : The destination banks receive the inward remittance messages from the Clearing Centre and pass on the credit to the beneficiary customers' accounts.

Q.8. What is IFSC?

Ans : IFSC or Indian Financial System Code is an alpha-numeric code that uniquely identifies a bank-branch participating in the NEFT system. This is an 11 digit code with the first 4 alpha characters representing the bank, and the last 6 characters representing the branch. The 5th character is 0 (zero). IFSC is used by the NEFT system to identify the originating / destination banks / branches and also to route the messages appropriately to the concerned banks / branches.

Q.9. How can the IFSC of a bank-branch be found?

Ans: Bank-wise list of IFSCs is available with all the bank-branches participating in NEFT. List of bank-wise branches participating in NEFT and their IFSCs is available on the website of Reserve Bank of India at [http://www.rbi.org.in/Scripts/bs\\_viewcontent.aspx?Id=2009](http://www.rbi.org.in/Scripts/bs_viewcontent.aspx?Id=2009) . All the banks have also been advised to print the IFSC of the branch on cheques issued to their customers. For net banking customers many banks have enabled online search / pop-up of the IFSC of the destination bank branch.

Further, banks have also been advised to ensure that their branch staff provide necessary assistance to customers in filling out the required details, including IFSC details, in the NEFT application form, and also help in ensuring that there is no mismatch between the IFSC code and branch details of beneficiary branch as provided by the customer.

**Q.10. What are the processing or service charges for NEFT transactions?**

Ans: The structure of charges that can be levied on the customer for NEFT is given below:

a) Inward transactions at destination bank branches (for credit to beneficiary accounts)  
– Free, no charges to be levied from beneficiaries

b) Outward transactions at originating bank branches – charges applicable for the remitter

- For transactions up to Rs 10,000 : not exceeding Rs 2.50 (+ Service Tax)

- For transactions above Rs 10,000 up to Rs 1 lakh: not exceeding Rs 5 (+ Service Tax)

- For transactions above Rs 1 lakh and up to Rs 2 lakhs: not exceeding Rs 15 (+ Service Tax)

- For transactions above Rs 2 lakhs: not exceeding Rs 25 (+ Service Tax)

c) Charges applicable for transferring funds from India to Nepal using the NEFT system (under the Indo-Nepal Remittance Facility Scheme) is available on the website of RBI at <http://rbi.org.in/scripts/FAQView.aspx?Id=67>

With effect from 1st July 2011, originating banks are required to pay a nominal charge of 25 paise each per transaction to the clearing house as well as destination bank as service charge. However, these charges cannot be passed on to the customers by the banks.

**Q.11. When can the beneficiary expect to get the credit to his bank account?**

Ans: The beneficiary can expect to get credit for the first ten batches on week days (i.e., transactions from 8 am to 5 pm) and the first five batches on Saturdays (i.e., transactions from 8 am to 12 noon) on the same day. For transactions settled in the last two batches on week days (i.e., transactions settled in the 6 and 7 pm batches) and the last batch on Saturdays (i.e., transactions handled in the 1 pm batch) beneficiaries can expect to get credit either on the same day or on the next working day morning (depending on the type of facility enjoyed by the beneficiary with his bank).

**Q.12. Who should be contacted in case of non-credit or delay in credit to the beneficiary account?**

Ans: In case of non-credit or delay in credit to the beneficiary account, the NEFT Customer Facilitation Centre (CFC) of the respective bank can be contacted (the remitter can contact his bank's CFC; the beneficiary may contact the CFC of his bank). Details of NEFT Customer Facilitation Centres of banks are available on the websites of the respective banks. The details are also available on the website of Reserve Bank of India at [http://www.rbi.org.in/Scripts/bs\\_viewcontent.aspx?Id=2070](http://www.rbi.org.in/Scripts/bs_viewcontent.aspx?Id=2070) .

If the issue is not resolved satisfactorily, the NEFT Help Desk (or Customer Facilitation Centre of Reserve Bank of India) at National Clearing Cell, Reserve Bank of India, Mumbai may be contacted through [e-mail](#) or by addressing correspondence to the General Manager, Reserve Bank of India, National Clearing Centre, First Floor, Free Press House, Nariman Point, Mumbai – 400 021.

**Q.13. What will happen if credit is not afforded to the account of the beneficiary?**

Ans: If it is not possible to afford credit to the account of the beneficiary for whatever reason, destination banks are required to return the transaction (to the originating branch) within two hours of completion of the batch in which the transaction was processed.

For example, if a customer submits a fund transfer request at 12.05 p.m. to a NEFT-enabled branch, the branch in turn forwards the message through its pooling centre to the NEFT Clearing Centre for processing in the immediately available batch which (say) is the 1.00 pm batch. If the destination bank is unable to afford the credit to the beneficiary for any reason, it has to return the transaction to the originating bank, not later than in the 3.00 pm batch. On receiving such a returned transaction, the originating bank has to credit the amount back to account of the originating customer. To conclude, for all uncredited transactions, customers can reasonably expect the funds to be received back by them in around 3 to 4 hours time.

Q.14. Can NEFT be used to transfer funds from / to NRE and NRO accounts?

Ans: Yes. NEFT can be used to transfer funds from or to NRE and NRO accounts in the country. This, however, is subject to the adherence of the provisions of the Foreign Exchange Management Act, 2000 (FEMA) and Wire Transfer Guidelines.

Q.15. Can remittances be sent abroad using NEFT?

Ans: No. However, a facility is available to send outward remittances to Nepal under the Indo-Nepal Remittance Facility Scheme.

Q.16. What are the other transactions that could be initiated using NEFT?

Ans: Besides personal funds transfer, the NEFT system can also be used for a variety of transaction including payment of credit card dues to the card issuing banks. It is necessary to quote the IFSC of the beneficiary card issuing bank to initiate the bill payment transactions using NEFT.

Q.17. Can a transaction be originated to draw (receive) funds from another account?

Ans : No. NEFT is a credit-push system i.e., transactions can be originated only to transfer / remit funds to a beneficiary.

Q.18. Would the remitter receive an acknowledgement once the funds are transferred to the account of the beneficiary?

Ans: Yes. In case of successful credit to the beneficiary's account, the bank which had originated the transaction is expected to send a confirmation to the originating customer (through SMS or e-mail) advising of the credit as also mentioning the date and time of credit. For the purpose, remitters need to provide their mobile number / e-mail-id to the branch at the time of originating the transaction.

Q.19. Is there a way for the remitter to track a transaction in NEFT?

Ans: Yes, the remitter can track the NEFT transaction through the originating bank branch or its CFC using the unique transaction reference number provided at the time of initiating the funds transfer. It is possible for the originating bank branch to keep track and be aware of the status of the NEFT transaction at all times.

Q.20. What are the pre-requisites for originating a NEFT transaction?

Ans : Following are the pre-requisites for putting through a funds transfer transaction using NEFT –

- Originating and destination bank branches should be part of the NEFT network
- Beneficiary details such as beneficiary name, account number and account type, name and IFSC of the beneficiary bank branch should be available with the remitter
- For net banking customers, some banks provide the facility to automatically pop-up the IFSC once name of the destination bank and branch is highlighted / chosen / indicated / keyed in.

Q.21. What are the benefits of using NEFT?

Ans: *NEFT offers many advantages over the other modes of funds transfer:*

- The remitter need not send the physical cheque or Demand Draft to the beneficiary.
- The beneficiary need not visit his / her bank for depositing the paper instruments.
- The beneficiary need not be apprehensive of loss / theft of physical instruments or the likelihood of fraudulent encashment thereof.
- Cost effective.
- Credit confirmation of the remittances sent by SMS or email.
- Remitter can initiate the remittances from his home / place of work using the internet banking also.
- Near real time transfer of the funds to the beneficiary account in a secure manner.