

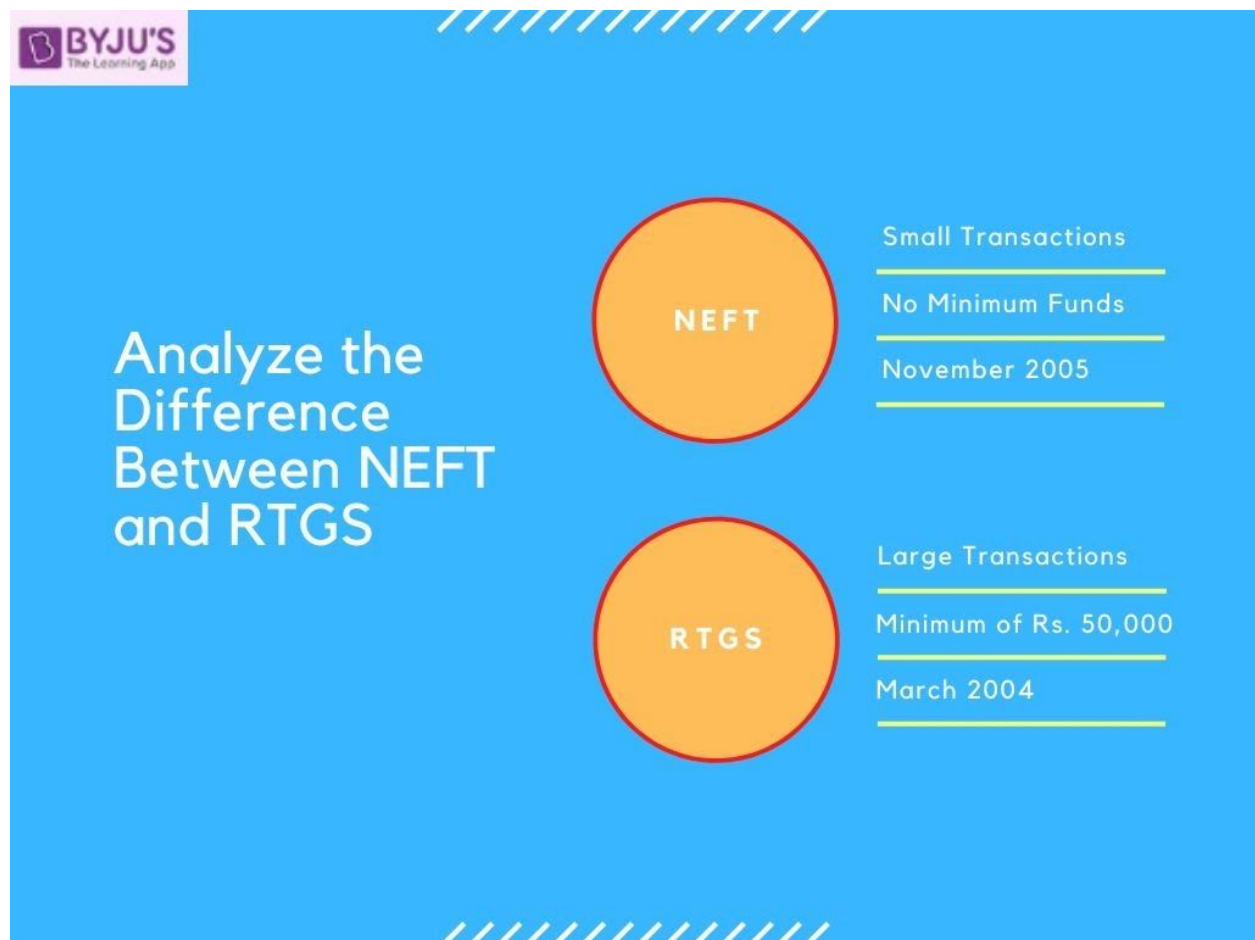
Difference Between NEFT and RTGS

When it comes to online banking, two terms are often used extensively: NEFT and RTGS

National Electronic Funds Transfer (NEFT) is an online system for used for transferring small to large amounts of money from one financial entity to another within India.

Real-Time Gross Settlement (RTGS) is a funds transfer system where funds of high quantity are transferred from one bank to another in 'real-time' and on a gross basis.

The similarity between them is that they are both commonly used methods of transferring money online. But they are very different from each other based on a wide range of factors.



The differences between NEFT and RTGS will be discussed in great detail within the context of the IAS Exam

Differences between NEFT and RTGS	
NEFT (National Electronic Funds Transfer)	RTGS (Real-Time Gross Settlement)
Through National Electronics Funds Transfer, transactions of any amount can be sent to the recipient's account without any maximum limit to the funds that can be sent in a day	Large amounts of funds can be used to transfer instantly with Real-Time Gross Settlement. The transactions speed is faster than any other forms of online payment.
National Electronic Funds Transfer method does not have a minimum transfer limit ceiling.	The minimum amount needed to be transferred has to be of Rs. 2 Lakhs and above for RTGS
The funds transferred through NEFT are processed in 12 batches between 8:00 AM to 6:30 PM on weekdays and between 8:00 AM and 1:00 PM on Saturdays. It is not available on Sundays and bank holidays.	The Reserve Bank of India (RBI) has allocated the following time-slots for Real-Time Gross Settlements settlements: <ul style="list-style-type: none"> ● 9:00 AM - 4:30 PM on weekdays ● 9:00 AM - 1:30 PM on Saturdays
The settlement of funds happens on a half-hourly basis	The settlement of funds is instantaneous and happens in real-time
The NEFT mode is used when the transactions are of smaller values.	RTGS is used in high-value transactions.
The National Electronic Funds Transfer system was introduced in November 2005 to replace the Special Electronic Fund Transfer (SEFT) system that was in use at the time.	Real-Time Gross Settlement system was first implemented in India in March 2004 as a major technology-based electronic funds transfer system across the country.
When NEFT transactions fail	In an event when

or are not processed on time, destination banks are required to return the fund to the originating branch within two hours of completion of the batch in which the transaction was processed	transactions fail, the money is credited into the sender's account once the money is received back by the remitting bank. The funds are returned to the originating bank within one hour or before the end of the RTGS business day or whichever comes first
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