

# Real Time Gross Payment System

October 10, 2020

## In News

RTGS stands for **Real Time Gross Settlement**, which can be explained as a system where there is **continuous and real-time settlement of fund-transfers**, individually on a transaction by transaction basis (without netting). 'Real Time' means the processing of instructions at the time they are received; 'Gross Settlement' means that the **settlement of funds transfer instructions occurs individually**.

## Features of RTGS

- 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**.
- The RTGS system is primarily meant for **large value transactions**. The minimum amount to be remitted through RTGS is **₹ 2,00,000/- with no upper or maximum ceiling**.
- The Reserve Bank has **waived the processing charges** levied by it for RTGS transactions. Banks may pass on the benefit to its customers.
- For a funds transfer to go through RTGS, both the sending bank branch and the receiving bank branch need to be RTGS enabled.
- The RTGS system **accepts future value dated transactions** from the remitting bank for settlement on RTGS working days up to three days' in advance. Such **transactions will be placed in the queue** and shall be settled on the basis of the value date of the transaction.
- **Unique Transaction Reference (UTR)** number is a 22

character code used to uniquely identify a transaction in an RTGS system.

### Advantages

- It is a safe and secure system for funds transfer.
- RTGS transactions/ transfers have no amount cap.
- There is real time transfer of funds to the beneficiary account.
- The remitter need not use a physical cheque or a demand draft.
- The beneficiary need not visit a bank branch for depositing the paper instruments.
- The beneficiary need not be apprehensive about loss/ theft of physical instruments or the likelihood of fraudulent encashment thereof.
- Remitter can initiate the remittances from his/ her home/ place of work using internet banking, if his/ her bank offers such service.
- The transaction has legal backing.