

A NEWS BULLETIN ON BANKING& INSURANCE

By Kandivli Education Society's B. K. Shroff College of Arts & M. H. Shroff College of Commerce

Transfer money via NEFT 24x7 from December 16 and from January 1, 2020 it is free of cost

From December 16, money can be transferred online using ber 6. There will be 48 half-hourly batches every day. The the National Electronic Funds Transfer (NEFT) route ______ settlement of the first batch will commence after 00:30

24x7, i.e., any time of the day and any day of the week. The Reserve Bank of India stated earlier in the month of December that bank customers will be able to transfer funds through NEFT around the clock on all days including weekends and holidays from December 16. In November, the central bank had directed that from January 2020 banks can no longer charge savings bank account holders for online transactions in the NEFT system .

NEFT transactions on 24X7 basis

This will allow the bank customers to transfer the money all around the clock. Earlier, NEFT payment system operated for customers from 8:00AM to 7:00 PM on all working days except on 2nd and 4th Saturday as banks remain closed on that day. NEFT system operation according to RBI's circular issued on Decem-

NEFT is a nation-wide payment system that allows transfer of funds from one bank account to another. Individuals, firms and corporate can transfer the money from one bank branch to any other bank account held by an individual, firm or corporate in the country. The beneficiary, i.e., the bank account in which money has to be transferred will receive the money within two hours.

hours and the last batch will end at 00:00 hours. The system will be available on all days of the year, including holidays. NEFT transactions after usual banking hours of banks are expected to be automated transactions initiated using 'Straight Through Processing (STP)' modes by the banks. The existing discipline for crediting beneficiary's account or returning the transaction (within 2 hours of settlement of the respective batch) to originating bank will continue. Member banks will ensure sending of positive confirmation message (N10) for all NEFT credits. All provisions of NEFT procedural guidelines will be applicable for NEFT 24x7 transactions as well.

No charges on online NEFT transactions

RBI has mandated banks to not to charge any fees on NEFT transactions done by savings account holders from January 1, 2020. According

to the central bank's press release, this move is aimed at pushing savings bank account customers to transfer money using electronic modes via NEFT. The central bank in its monetary policy review held in July 2019 had announced its decision to do away with the charges levied for NEFT and RTGS transactions. RBI's statement said, "In order to provide an impetus to digital funds movement, it has been decided to do away with the charges levied by the Reserve Bank for transactions processed in the RTGS and NEFT systems. Banks will be required, in turn, to pass these benefits to their customers." In July, almost immediately after RBI's saying that banks should remove charges on NEFT, State Bank of India announced waiver of charges on NEFT, RTGS and IMPS.



Aarogya Sanjeevani Health Insurance Policy

The Insurance Regulatory and Development Authority of India (IRDAI), on January 2, issued a circular mandating health and general insurance companies to offer a standardised product that will take care of the basic requirements of policyholders.

According to IRDAI, the policy will be named as Arogya Sanjeevani Policy, succeeded by the name of the insurance company. The regulator

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said, no other name is allowed in any of the documents. Insurers will have to start offering the policy from April1, 2020.

According to IRDAI's guidelines, issued on January 2, these are the key features of the Arogya Sanjeevani Policy.

Health insurance policy to take care of basic health needs of insuring public

To have a standard product with common policy wordings across the industry

To facilitate seamless portability among insurers

The health insurance plan will have the basic mandatory covers as specified under the guidelines which will be uniform across the health insurance sector.

IRDA declared that this policy will be known by no other name but "Arogya Sanjeevani" followed by the insurance company's name. This will give better clarity to the policy customers. No other name can be used in any of the documents as well. Every insurance company must offer the Arogya Sanjeevani Policy.

The policy is expected to cover 22 diseases. Waiting time varies depending on the treatment required. This cna range from 24 to 48 months. Depending on the coverage, along with IRDA guidelines, the pricing of the policy will be decided by the insurance companies. They are expected to be economical, as the policy is introduced with the objective of ensuring the easy availability of health insurance policies.

The minimum age to avail the policy is 18 years and it can be renewed across your life. There is no age cap. The policy term is for one year. Also this policy must not be combined with other benefits covers or critical illness covers



Now deposit more than Rs 25,000 in your PPF account at non-post office home branch

The Department of Post has announced that you can now deposit a cheque of any amount into your post office small savings account at any non-home post office branch. Earlier, as per the rule, you weren't allowed to deposit a cheque worth more than Rs 25,000. In an order dated December 2, 2019, the department has revised this rule regarding limit for accepting post office savings account cheques in savings account, Public Provident Fund (PPF), Sukanya Samriddhi Account (SSA) and Recurring Deposit accounts. The revision was made after many people complained about the difficulty in depositing cheques in their PPF, RD, and Sukanya Samriddhi accounts of more than Rs 25,000 in any other CBS post office branch. The move will help post office savings account holders to deposit cheque of any amount in any non-home post office branch in their sav-



ings account, RD, PPF, Sukanya Samriddhi Account. As per the order,

cheque of Post Office Savings Bank (POSB) issued by any CBS or core banking solutions branch, if presented at a post office can be accepted at any other post office branch for the credit in savings account, RD, PPF and SSA. However, if the cheque is presented for withdrawal at any other post office CBS branch, then in such a case maximum Rs 25,000 can be withdrawn. The order states, "AII POSB Cheques issued by any CBS Post Office, if presented at any CBS Post Office should be treated as AT PAR cheques & should not be sent for clearing.

"Do not save what is left after spending; instead spend what is left after saving."

STUDENT ZONE

Test Yourself-NEFT

- 1. What is the Maximum amount per transaction for cash-based remittances through NEFT within India?
- A) Rs 10,000
- B) Rs 25,000
- C) Rs 50,000
- D) No Limit
- 2. What is the limit on amount transferred through NEFT?
- A) Rs 50,000
- B) Rs 2 lakhs
- C) Rs 10 lakhs
- D) No Limit
- 3. NEFT system operates in batches of _____ interval.
- A) half hour
- B) hourly
- C) 15 mins
- D) 90 minutes
- 4. There are how many settlement batches of NEFT in a day?

- A) 18
- B) 13
- C) 12
- D) 23
- 5. _____ is an alpha-numeric code that uniquely identifies a bank-branch participating in the NEFT system.
- A) MICR Code
- B) IFSC
- C) BSR Code
- D) Sol ID
- 6. IFSC Code consists of ____ digits and its ____ digit is definitely Zero.
- A) 16; 8th
- B) 11; 6th
- C) 12; 6th
- D) 11; 5th
- 7. _____ is a message containing a batch of NEFT payment instructions for funds transfer.

- A) PFMS
- B) SFMS
- C) AEPS
- D) NFMS
- 8. NEFT is a _____
- A) Credit Push System
- B) Credit Pull System
- C) Both A and B
- D) Debit Pull System
- 9. What is the Penal Interest Rate for banks is NEFT deposit is not done on time?
- A) Repo rate + 1%
- B) CRR + 2%
- C) Repo Rate + 2%
- D) CRR + 1%
- 10. NEFT operates on _____ basis.
- A) Real Time
- B) Deferred Net Settlement (DNS)
- C) Partly Settlement
- D) Gross Basis

BUSTLING BANCA

Answers to Test Yourself: 1c,2d,3a,4d,5b,6d,7b,8a,9c,10b



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ABIN



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