

# IMPS TRANSACTION DAILY LIMIT INCREASED TO 5 LAKH

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

The Reserve Bank of India(RBI) today increased the daily limit of IMPS transactions to 5 lakh from earlier 2 lakh earlier for the ease of consumers.

"Immediate Payment Service (IMPS) offers instant domestic funds transfer facility 24x7 through various channels. In view of the importance of the IMPS system and for enhanced consumer convenience, it is proposed to increase the per transaction limit from 2 lakh to 5 lakh," said RBI governor Shaktikanta Das.

With RTGS now operational round the clock, there has been a corresponding increase in settlement cycles of IMPS, thereby reducing the credit and settlement risks.

"In view of the importance of the IMPS system in the processing of domestic payment transactions, it is proposed to increase the per-transaction limit from 2 lakh to 5 lakh for channels other than SMS and IVRS. This will lead to further increase in digital payments and will provide an additional facility to customers for making digital payments beyond 2 lakh," the RBI said in a statement.

Immediate Payment Service (IMPS) of National Payments Corporation of India (NPCI) is an important payment system providing 24x7 instant domestic funds transfer facility and is accessible through various channels like internet banking, mobile banking apps, bank branches, ATMs, SMS and IVRS. The per-transaction 2 limit in IMPS, effective from January 2014, is currently capped at 2 lakh for channels other than SMS and IVRS.

The per-transaction limit for SMS and IVRS channels is 5000.

Meanwhile, the RBI on Friday decided to keep benchmark interest rate unchanged at 4 per cent but maintained an accommodative stance even as the economy is showing signs of recovery after the second COVID wave.

This is the eighth time in a row that the Monetary Policy Committee (MPC) headed by RBI Governor Shaktikanta Das has maintained status quo.

RBI had last revised its policy repo rate or the short-term lending rate on May 22, 2020, in an off-policy cycle to perk up demand by cutting interest rate to a historic low.

MPC decided to keep benchmark repurchase (repo) rate at 4 per cent, Das said while announcing the bi-monthly monetary policy review. Consequently, the reverse repo rate will also continue to earn 3.35 per cent for banks for their deposits kept with RBI.

Das said MPC voted unanimously for keeping interest rate unchanged and decided to continue with its accommodative stance as long as necessary to support growth and keep inflation within the target.

Amidst rising fuel prices, the retail inflation stood at 5.3 per cent in August.

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