

RBI Grade B 2019

PHASE 2 PAPER

Solution & Analysis

Finance and Management





RESULTS



No.1 Results in India

NABARD Grade A 2020

65 Selections out of 69 Vacancies



Mr. Gourav Kumar



Mr. Sayed Saif



Mr. Vinay Jadhav



Mr. Ilan Singh



Mr. Vishal Singla



Mr. Amandeep



Mr. Soham



Miss. Neha



Miss. Kanchan Pal



Mr. Yogesh Kumar



Mr. Sumeet



Mr. Mohan Das

RBI Grade B 2019

107 Selections out of 156 Vacancies



Mr. Diptesh Saha



Mr. Avirup Saha



Mr. Rohit Kr Gupta



Mr. Akshay Wakhlu



Mr. Pawan Meena



Mrs. Veena



Mrs. Samanwita Kar



Mr. Abhiram K



Mr. Anshul Sharma



Ms. Sukanya Hazarika



Mr. Preetham Varada



Mr. Harinath K

SEBI Grade A 2018

41 Selections out of 84 Vacancies



Mr. Rajendern S



Mr. Vishal Gawande



Mr. Caurav



Mr. Nitin Kakerwal



Mr. Md Afzal Shareef



Mr. Arun Bhandari

Q.1) Which theory says that in an organization, employees compare themselves on the basis of input and output of their colleagues?

Static or Current – **STATIC**

1 marker or 2 marker – **1 MARKER**

Finance or Management – **MANAGEMENT**

Difficulty Level – **EASY**

Topic – **MOTIVATION**

Options:

- (a) Valence Theory
- (b) Equity Theory
- (c) Self-efficacy Theory
- (d) Theory X & Y
- (e) None of Above

Answer: (b) Equity Theory

Explanation:

According to Adams, author of the theory, people judge the fairness of their work situation in 2 ways:

1. By comparing the inputs that they contribute to the outputs that they receive from their job. This concept is also known as **Equity Norm**.
2. Employees determine what their equitable return should be after comparing their inputs and outcomes with those of their co-workers. This concept is referred to as "**social comparison**".

A person will feel angry, demotivated when:

1. When people feel that their inputs far outweigh the outputs they receive in return, motivation and productivity slumps. The greater the perceived disparity between the inputs and the outputs, the greater the demotivation.

2. **Another important aspect is that people tend to compare their output/input with the output/Input of others (references in the market).** So, if a co-worker or other friends in other company has been rewarded more compared to their input then employee will feel demotivated.

Q.2) A council which governs all the issues related to GST is headed by?

Static or Current – **STATIC**
1 marker or 2 marker – **1 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **EASY**
Topic – **GST**

Options:

- (a) Finance Minister
- (b) Prime Minister
- (c) RBI Governor
- (d) Finance Secretary
- (e) None of Above

Answer: (a) Finance Minister

Explanation:

VOTING STRENGTH	GST COUNCIL
Centre 1/3 VOTE IN COUNCIL	Chairperson Union finance minister
States 2/3 WEIGHT IN COUNCIL	Other Member From Centre Minister of state for finance
DECISIONS NEED 75% VOTE SUPPORT	Vice-chairperson One of the state finance ministers
	Members State finance ministers

Q.3) In India, Fiscal Policy is implemented through a budget. Which government body is responsible for it?

Static or Current – **STATIC**
1 marker or 2 marker – **1 MARKS**
Finance or Management – **FINANCE**
Difficulty Level – **EASY**
Topic – **FISCAL POLICY**

Options:

- (a) RBI
- (b) Finance Ministry
- (c) PMO

(d) RBI & Finance Ministry

(e) None of Above

Answer: (b) Finance Ministry

Explanation:

Fiscal Policy is implemented through a budget and Finance ministry is the responsible government body. Under the fiscal policy, the government deals with taxation and spending by the Centre.

Importance of Fiscal Policy in India:

- In a country like India, fiscal policy plays a key role in elevating the rate of capital formation both in the public and private sectors.
- Through taxation, the fiscal policy helps mobilise considerable amount of resources for financing its numerous projects.
- Fiscal policy also helps in providing stimulus to elevate the savings rate.
- The fiscal policy gives adequate incentives to the private sector to expand its activities.
- Fiscal policy aims to minimise the imbalance in the dispersal of income and wealth.

Q.4) Geneva based, Basel committee on Banking supervision has come up with Basel Norms, which have been formed to address which issues?

Static or Current – **STATIC**

1 marker or 2 marker – **1 MARKS**

Finance or Management – **FINANCE**

Difficulty Level – **MODERATE**

Topic – **RISK MANAGEMENT IN BANKING SECTOR**

Options:

- a) Market risk
- b) Political risk
- c) Bank risk
- d) Systemic risk
- e) None of the above

Answer: c) Bank risk

Explanation:

The Basel Committee on Banking Supervision (BCBS) is an international committee formed to develop standards for banking regulation. The Committee, headquartered at the Bank for International Settlements in Basel.

As of 2019, it is made up of Central Banks and other banking regulatory authorities from 28 jurisdictions. It has 45 members.

It introduced a set of reforms designed to **mitigate risk within the international banking** sector, by requiring banks to maintain proper leverage ratios and keep certain levels of reserve capital on hand.

Q.5) Derivatives are financial instruments to hedge risk. It derives its value from which of the following?

Static or Current – **STATIC**
1 marker or 2 marker – **1 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **EASY**
Topic – **BASICS OF DERIVATIVES**

Options:

- a) Exchange Determined
- b) Fixed by SEBI
- c) Underlying
- d) Market Determined
- e) None of Above

Answer: c) Underlying

Explanation:

A derivative is a contract between two or more parties whose value is based on an agreed-upon **underlying financial asset** (like a security) or set of assets (like an index). Common underlying instruments include bonds, commodities, currencies, interest rates, market indexes, and stocks.

Futures contracts, forward contracts, options, swaps, and warrants are commonly used derivatives.

Derivatives can be used to either mitigate risk (hedging) or assume risk with the expectation of commensurate reward (speculation).

Q.6) Which of the following risk can be eliminated by derivatives?

Static or Current – **STATIC**
1 marker or 2 marker – **1 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **EASY**
Topic – **BASICS OF DERIVATIVES**

Options:

- (a) Market risk
- (b) Unsystematic risk
- (c) Systematic risk
- (d) Interest rate risk
- (e) None of the above

Answer: (d) Interest rate risk

Explanation:

Derivatives are contracts that allow businesses, investors, and municipalities to transfer risks and rewards associated with commercial or financial outcomes to other parties. Holding a derivative contract can reduce the risk of bad harvests, adverse market fluctuations, or negative events, like a bond default, **Interest rate risk etc.**

In each derivatives transaction, just like in any stock or bond trade, there is one party that wants to increase their exposure to a specific risk and one party that is looking to take the opposite risk.

Interest rate risk is measured by a fixed income security's duration, with longer-term bonds having a greater price sensitivity to rate changes. **Interest rate risk** can be reduced through diversification of bond maturities or hedged using **interest rate derivatives**.

Q.7) Treasury Bills is a financial instrument, which is a

Static or Current – **STATIC**
1 marker or 2 marker – **1 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **EASY**
Topic – **MONETARY POLICY**

Options:

- (a) Corporate issued securities
- (b) RBI securities

- (c) Government securities issued by RBI for managing short term funding requirements.
- (d) Security issued and managed by government.
- (e) NONE OF THE ABOVE

Answer: (c) Government securities issued by RBI for managing short term funding requirements.

Explanation:

Treasury bills or T-bills, which are money market instruments, are short term debt instruments issued by the Government of India and are presently issued in three tenors, namely, 91-day, 182 day and 364 day. Treasury bills are zero coupon securities and pay no interest.

Q.8) Commercial papers are issued for what purpose?

Static or Current – **STATIC**
1 marker or 2 marker – **1 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **EASY**
Topic – **MONETARY POLICY**

Options:

- (a) By banks for managing liquidity requirement
- (b) By government for managing short term requirements
- (c) By companies for short term borrowing
- (d) By local government bodies
- (e) None of the above

Answer: (c) By companies for short term borrowing

Explanation:

Commercial Paper (CP) is an unsecured money market instrument issued in the form of a promissory note.

Corporates, primary dealers (PDs) and the All-India Financial Institutions (FIs) are eligible to issue CP.

A corporate would be eligible to issue CP provided –

- a) the tangible net worth of the company, as per the latest audited balance sheet, is not less than Rs. 4 crore
- b) company has been sanctioned working capital limit by bank/s or all-India financial institution/s; and

c) the borrowal account of the company is classified as a Standard Asset by the financing bank/s/ institution/s.

CP can be issued for maturities between a minimum of **7 days and a maximum of up to one year** from the date of issue. Hence it is used to fund **short term liabilities**.

Q.9) Who gave the management principle of 'MBO'?

Static or Current – **STATIC**
1 marker or 2 marker – **1 MARKER**
Finance or Management – **MANAGEMENT**
Difficulty Level – **EASY**
Topic – **GENERAL MANAGEMENT**

Options:

- (a) Philip Kotler
- (b) Michael Porter
- (c) Henri Fayol
- (d) Peter Ducker
- (e) NONE OF THE ABOVE

Answer: (d) Peter Ducker

Explanation:

Management by objectives (MBO) is a strategic management model that aims to improve the performance of an organization by clearly defining objectives that are agreed to by both management and employees. According to the theory, having a say in goal setting and action plans encourages participation and commitment among employees, as well as aligning objectives across the organization.

The term was first outlined by management guru **Peter Drucker** in his 1954 book, The Practice of Management.

Q.10) Alderfer has condensed 5 needs of Maslow's theory into 3 categories of human needs in which theory?

Static or Current – **STATIC**
1 marker or 2 marker – **1 MARKER**
Finance or Management – **MANAGEMENT**
Difficulty Level – **EASY**
Topic – **MOTIVATION**

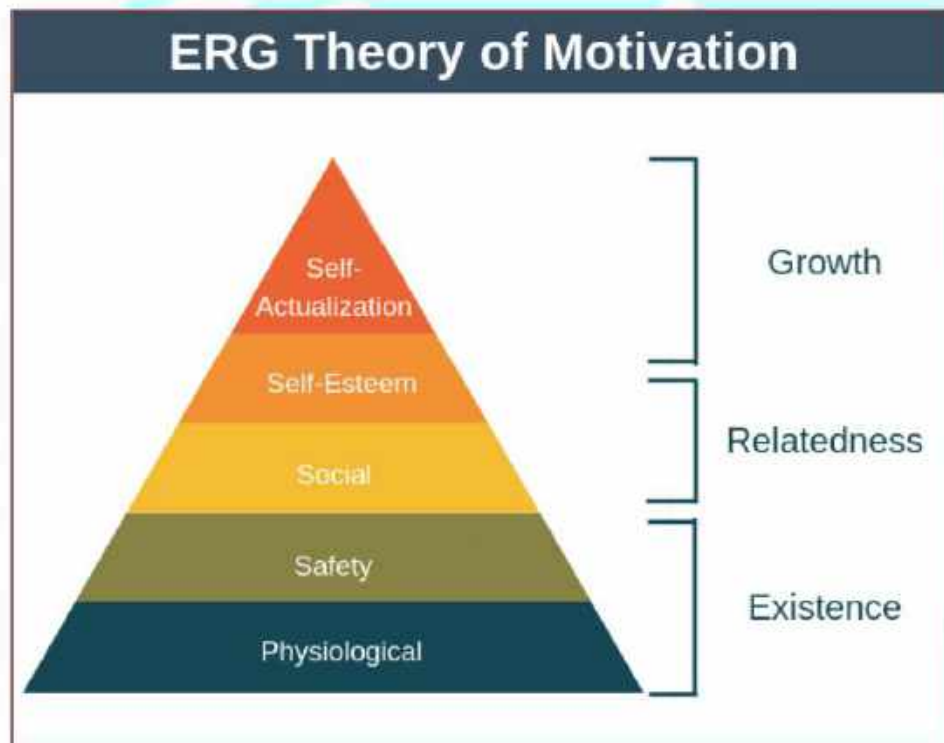
Options:

- (a) Expectancy Theory
- (b) Hygiene Theory
- (c) Reduction Theory
- (d) ERG Theory
- (e) None of the above

Answer: (d) ERG Theory

Explanation:

Clayton P. Alderfer's ERG theory from 1969 condenses Maslow's five human needs into three categories: **Existence, Relatedness and Growth.**



Q.11) Which of the following banks launched India's first banking robot named Lakshmi?

Static or Current – **CURRENT AFFAIRS**
1 marker or 2 marker – **1 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **MODERATE**
Topic – **CHANGING LANDSCAPE OF BANKING SECTOR**

Options:

- (a) ICICI Bank
- (b) HDFC Bank

- (c) City Union Bank
- (d) SBI Bank
- (e) None of the above

Answer: (c) City Union Bank

Explanation:

Meet Lakshmi, India's first banking robot

Updated: 11 Nov 2016, 03:28 PM IST



© BCCL 2021. ALL RIGHTS RESERVED.

1/s Launched by City Union Bank

India's first banking robot Lakshmi made her debut on Thursday in Chennai. Lakshmi, which took more than six months to develop, can interact with customers on more than 125 subjects.

Q.12) For the first time, which of the following companies formally practiced the 360-degree feedback appraisal?

Static or Current – **STATIC**

1 marker or 2 marker – **1 MARKER**

Finance or Management – **MANAGEMENT**

Difficulty Level – **MODERATE**

Topic – **HUMAN RESOURCE DEVELOPMENT**

Options:

- (a) ESSO- Exxon Mobil
- (b) General Electric

- (c) Tech Mahindra
- (d) Infosys
- (e) None of the above

Answer: (b) General Electric

Explanation:

A 360-degree feedback is a process through which feedback from an employee's subordinates, colleagues, and supervisor, as well as a self-evaluation by the employee themselves is gathered.

The CEO of **General Electric**, Jack Welsh was one of the first to use 360s for appraisals, in which he used the results to justify firing the bottom 10% of workers in every feedback cycle. Since then, the application of 360s has evolved from Jack Welch's cutthroat streamlining process.

Q.13) What's the term for giving authority or responsibility to a group or people?

Static or Current – **STATIC**
1 marker or 2 marker – **1 MARKER**
Finance or Management – **MANAGEMENT**
Difficulty Level – **EASY**
Topic – **GENERAL MANAGEMENT**

Options:

- (a) Delegation
- (b) Assignment
- (c) Management
- (d) Agency Function
- (e) All of the above

Answer: (a) Delegation

Explanation:

Delegation is commonly defined as the shifting of authority and responsibility for particular functions, tasks or decisions from one person (usually a leader or manager) to another.

Q.14) Operational Risk in an organization arises from which of the following reasons?

Static or Current – **STATIC**
1 marker or 2 marker – **1 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **MODERATE**
Topic – **CORPORATE GOVERNANCE**

Options:

- (a) New regulatory norms
- (b) Inadequate internal control process
- (c) Inadequate external control process
- (d) Strict internal control process
- (e) All of the above

Answer: (b) Inadequate internal control process

Explanation:

Operational risk summarizes the uncertainties and hazards a company faces when it attempts to do its day-to-day business activities within a given field or industry. A type of business risk, it can result from breakdowns in **internal procedures, people and systems**.

Operational risk is heavily dependent on the human factor: mistakes or failures due to actions or decisions made by a company's employees.

Q.15) Which of the following assessment process analysis an employee's personality traits & psychological process to assess his future potential?

Static or Current – **STATIC**
1 marker or 2 marker – **1 MARKER**
Finance or Management – **MANAGEMENT**
Difficulty Level – **EASY**
Topic – **HUMAN RESOURCE DEVELOPMENT**

Options:

- (a) Emotional Appraisal
- (b) Counselling
- (c) Career review
- (d) Psychological Appraisal
- (e) All of the above

Answer: (d) Psychological Appraisal

Explanation:

Psychological appraisal is one of the most exciting and intuitive appraisal methods. This method **assesses the employees' potential for future performance** rather than their past one.

It focuses on employees' emotional, intellectual, and other personal characteristics affecting their performance.

This method suits the best for the workforce today. Employees now are quite vulnerable and often fall into the pit while balancing their work and personal life. This method understands that aspect and allows employees to shine in the future.

Q.16) Which of the following is a 4 – stage training evaluation model?

Static or Current – **STATIC**
1 marker or 2 marker – **1 MARKER**
Finance or Management – **MANAGEMENT**
Difficulty Level – **EASY**
Topic – **HUMAN RESOURCE DEVELOPMENT**

Options:

- (a) Daniel Goleman
- (b) Clayton
- (c) Kirkpatrick
- (d) Joseph Schumpeter
- (e) None of the above

Answer: (a) Kirkpatrick

Explanation:

Kirkpatrick Model of Training Evaluation



1. **Reaction of the Trainee** - thoughts and feelings of the participants about the training. In other words, these are reactions of the Trainees about the training.

2. **Learning** - the increase in knowledge or understanding because of the training. This can be measured by conducting a test before and after the training.
3. **Impact on Behaviour** - extent of change in behaviour, attitude, or capability. Trainees apply knowledge to actual situations, and this can be gauged whether learners are able to apply learning at workplace. This may reflect its work performance after training.
4. **Results** - the effect on the bottom line of the company because of the training.

Q.17) In hypothecation _____ ?

Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **EASY**
Topic – **FINANCIAL INSTRUMENTS**

Options:

- (a) Only value of asset is transferred
- (b) Only ownership is transferred
- (c) Both value & ownership is transferred
- (d) Neither value & nor ownership is transferred
- (e) None of Above

Answer: d) Neither value & nor ownership is transferred

Explanation:

Hypothecation occurs when an asset is pledged as collateral to secure a loan. **The owner of the asset does not give up title, possession, or ownership rights, such as income generated by the asset.** However, the lender can seize the asset if the terms of the agreement are not met.

A rental property, for example, may undergo hypothecation as collateral against a mortgage issued by a bank. While the property remains collateral, the bank has no claim on rental income that comes in; however, if the landlord defaults on the loan, the bank may seize the property.

Q.18) Which of the following phenomenon includes High inflation & high unemployment?

Static or Current – **STATIC**
1 marker or 2 marker – **1 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **EASY**

Topic – **INFLATION**

Options:

- (a) Hyperinflation
- (b) Deflation
- (c) Disinflation
- (d) Re-Inflation
- (e) None of the above

Answer: (e) None of the above

Explanation:

Inflation simply means rising prices of goods and services across the economy along with the resulting loss of purchasing power.

Deflation is the opposite of inflation. It designates falling prices of goods and services in the economy.

Stagflation is high inflation coupled with low growth and a steadily high rate of unemployment.

Disinflation is a quirky middle ground where prices are generally rising but at a decreasing rate.

Hyperinflation is a term to describe rapid, excessive, and out-of-control general price increases in an economy. While inflation is a measure of the pace of rising prices for goods and services, **hyperinflation** is rapidly rising inflation, typically measuring more than 50% per month.

Q.19) If Reserve Bank decreases cash reserve requirements for the banks, then banks will be able to?

Static or Current – **STATIC**

1 marker or 2 marker – **1 MARKER**

Finance or Management – **FINANCE**

Difficulty Level – **EASY**

Topic – **MONETARY POLICY**

Options:

- (a) Lend less credit
- (b) Increase interest rate
- (c) Lend more credit
- (d) Decrease interest rate
- (e) None of Above

Answer: (c) Lend more credit

Explanation:

If the RBI decides to decrease the CRR then a lesser amount of money will need to be held as reserve and money is freed up to lend.

An increase in CRR has the opposite effect and holds back money from the system.

Q.20) A leadership theory in which dyadic relationship between leaders & followers are formed is known as _____?

Static or Current – **STATIC**

1 marker or 2 marker – **1 MARKER**

Finance or Management – **MANAGEMENT**

Difficulty Level – **EASY**

Topic – **LEADERSHIP**

Options:

- (a) CRT Theory
- (b) LMX Theory
- (c) Vroom Model
- (d) Path Goal Theory
- (e) None of the above

Answer: (b) LMX Theory

Explanation:

The Leader-Member Exchange Theory first emerged in the 1970s. It focuses on the relationship that develops between managers and members of their teams. This theory, also known as **LMX or the Vertical Dyad Linkage Theory**, explores how leaders and managers develop relationships with team members; and it explains how those relationships can either contribute to growth or hold people back.

The leader-member exchange (LMX) theory is a relationship-based approach to leadership that **focuses on the two-way (dyadic) relationship between leaders and followers**. It suggests that leaders develop an exchange with each of their subordinates, and that the quality of these leader-member exchange relationships influence subordinates' responsibility, decisions, and access to resources and performance.

Q.21) A leadership style in which rewards are given for contingent Performance.

Static or Current – **STATIC**

1 marker or 2 marker – **1 MARKER**

Finance or Management – **MANAGEMENT**

Difficulty Level – **EASY**

Topic – **LEADERSHIP**

Options:

- (a) Transformational
- (b) Managerial
- (c) Transactional
- (d) Bureaucratic
- (e) None of the above

Answer: (c) Transactional

Explanation:

Transactional leadership, also known as managerial leadership, focuses on supervision, organization, and performance.

Transactional leadership is a style of management based on the setting of clear objectives for sub-ordinates and with '**punishment or reward**' to promote or encourage compliance e.g., **carrot and stick** approaches to management.

Q.22) Which of the following is the indicator of 'Low Morale' in team?

Static or Current – **STATIC**

1 marker or 2 marker – **1 MARKER**

Finance or Management – **MANAGEMENT**

Difficulty Level – **EASY**

Topic – **MOTIVATION**

Options:

- (a) High Productivity
- (b) Low level of the motivation of some employee
- (c) High labor turnover
- (d) High level of motivation
- (e) None of the above

Answer: (c) High labor turnover

Explanation:

In case of low morale, the features are:

- (a) Lack of Loyalty to the organization leading to high labor turnover
- (b) Indiscipline
- (c) Lack of Interest in Job
- (d) Lack of Employees Initiative
- (e) Lack of Team-spirit and Cooperation
- (f) Confidence of Employees is missing.

Q.23) A person's intellectual abilities, decision making capabilities, his behavior under high stress situations can be termed as_____

Static or Current – **STATIC**
1 marker or 2 marker – **1 MARKER**
Finance or Management – **MANAGEMENT**
Difficulty Level – **EASY**
Topic – **LEADERSHIP**

Options:

- (a) Intellectual Traits
- (b) Personality Types
- (c) Personality Traits
- (d) Personality Variables
- (e) None of the above

Answer: (c) Intellectual Traits

Explanation:

Intellectual personality is feelings, behavior, beliefs, attitudes, and ways of reasoning, evaluation and a decision making that people utilized when they face with a cultural phenomenon-social, political - religious, historical, economic and then accept or reject it. Intellectual personality is resulted in multiple factors which influence the character of the internal (genetic and temperament) and external (environment, education, training and life stories) of individual. Therefore, the human intellectual interpretation is a mental process, a figure that is based on the information processing and decision making of events evaluation.

Intellectual traits include intellectual integrity, independence, perseverance, empathy, humility, courage, confidence in reason and fair-mindedness etc.

Q.24) Which of the following items doesn't come under GST?

Static or Current – **CURRENT AFFAIRS**

1 marker or 2 marker – **1 MARKER**

Finance or Management – **FINANCE**

Difficulty Level – **EASY**

Topic – **GST**

Options:

- (a) Gold
- (b) Petroleum Products
- (c) Salt
- (d) Milk
- (e) None of the above

Answer: (b) Petroleum Products

Explanation:

[Home](#) > [News](#) > [India](#) > Some petroleum products could be brought under GST

Some petroleum products could be brought under GST



(Pradeep Gaur/Mint)

3 min read . Updated: 27 May 2019, 03:19 PM IST

Q.25) In Banking Sector, Market risk arises mainly due to ___

Static or Current – **STATIC**

1 marker or 2 marker – **1 MARKER**

Finance or Management – **FINANCE**

Difficulty Level – **EASY**

Topic – **RISK MANAGEMENT IN BANKING SECTOR**

Options:

- (a) Geographical factors
- (b) External factors
- (c) Natural calamities
- (d) Internal factors
- (e) None of the above

Answer: (b) External factors

Explanation:

Market risk, or systematic risk, affects the performance of the entire market simultaneously.

Market risk may arise due to changes to interest rates, exchange rates, geopolitical events, or recessions i.e., external factors.

Q.26) Which of the following is not a fund-based transaction?

Static or Current – **STATIC**

1 marker or 2 marker – **1 MARKER**

Finance or Management – **FINANCE**

Difficulty Level – **EASY**

Topic – **BANKING SYSTEM IN INDIA**

Options:

- (a) Recurring Deposit
- (b) Fixed credit
- (c) Cash credit
- (d) Letter of credit
- (e) All of the above

Answer: (d) Letter of credit

Explanation:

A letter of credit, or "credit letter" is a letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount. In the event that the buyer is unable to make a payment on the purchase, the bank will be required to cover the full or remaining amount of the purchase. It may be offered as a facility and thus is not a fund-based transaction.

Q.27) Which of the following a characteristic of Bond and not a characteristic of Equity?

Static or Current – **STATIC**

1 marker or 2 marker – **1 MARKER**

Finance or Management – **FINANCE**

Difficulty Level – **EASY**

Topic – **PRIMARY AND SECONDARY MARKET**

Options:

- (a) Dilution of ownership
- (b) Fixed income
- (c) variable income
- (d) Dividend
- (e) None of the above

Answer: (b) Fixed income

Explanation:

What is equity?

In the stock market, equity represents a 'share' or partial ownership in a company. Companies issue shares when they want to raise funds from the public, for the purpose of expansion or growth. When you buy 'shares or 'equity' in a certain company, you are investing in its future. In return for your investment, **the company offers you certain rights and privileges.** These include the ability to share in the company's profits (usually paid out as dividends) or the right to cast your vote and influence major decisions. Similarly, when the company fails to perform well in the share market, you become an equal partner in its losses limited to the invested amount. As such, equity is nothing but partial ownership in a company and it involves a certain exposure to risk.

What is a bond?

A bond is another way for a company to raise money from the public. When a company or a government entity needs to raise funds, for development or growth, it offers bonds. A bond is essentially a debt instrument like a loan; wherein the company offering the bond is the borrower and the investor is the lender. **It is a fixed-income-or-returns-yielding investment instrument.** A bond essentially works like a fixed deposit, in that the company promises to pay a certain percentage as interest, which earns you a fixed income. The bond

comes with a pre-determined maturity date, and when it matures, you get back your capital investment as well.

Q.28) Which of the following type of banks, act as government of India agent for financial inclusion in rural area?

Static or Current – **STATIC**

1 marker or 2 marker – **1 MARKER**

Finance or Management – **FINANCE**

Difficulty Level – **EASY**

Topic – **BANKING SYSTEM IN INDIA**

Options:

- (a) BCs
- (b) Private Banks
- (c) PSBs
- (d) RRBs
- (e) None of the above

Answer: (d) RRBs

Explanation:

Regional Rural Banks

Regional Rural Banks are local level banking organizations operating in different States of India. They have been created with a view to serve primarily the rural areas of India with basic banking and financial services. However, RRBs may have branches set up for urban operations and their area of operation may include urban areas too. The area of operation of RRBs is limited to the area as notified by Government of India covering one or more districts in the State.

RRBs perform various functions in following heads:

- Providing banking facilities to rural and semi-urban areas.
- Carrying out government operations like disbursement of wages of MGNREGA workers, distribution of pensions etc.
- Providing Para-Banking facilities like locker facilities, debit and credit cards.

Q.29) _____ is a psychological technique in which intensive group discussion and interaction are used to increase individual awareness of self and others.

Static or Current – **STATIC**

1 marker or 2 marker – **1 MARKER**

Finance or Management – **MANAGEMENT**

Difficulty Level – **MODERATE**

Topic – **HUMAN RESOURCE DEVELOPMENT**

Options:

- (a) Sensitivity Training
- (b) Skill Training
- (c) Team Training
- (d) Managerial Training
- (e) None of the above

Answer: (a) Sensitivity Training

Explanation:

Sensitivity training is a form of training with the goal of making people more aware of their own goals as well as their prejudices, and more sensitive to others and to the dynamics of group interaction.

Sensitivity training is a psychological technique in which intensive group discussion and interaction are used to increase individual awareness of self and others.

It is practiced in a variety of forms under such names as T-group, encounter group, human relations, and group-dynamics training.

Q.30) Which of the following is exempted from Income Tax?

Static or Current – **STATIC**

1 marker or 2 marker – **1 MARKER**

Finance or Management – **FINANCE**

Difficulty Level – **MODERATE**

Topic – **DIRECT AND INDIRECT TAXES**

Options:

- (a) Interest earned from deposits.
- (b) Income from sale of Agri Products
- (c) Capital gains on Securities.
- (d) Sale of Property
- (e) None of the above

Answer: (b) Income from sale of Agri Products

Explanation:

Agriculture Income, Scholarship, Income from gratuity, Amount received under voluntary retirement are some of the exemptions under Income Tax Act.

-----X-----X-----X-----X-----

Para 1. A passage on 3-D Leadership Model was given which was followed by 3 questions i.e Q. 1-3

The Three-Dimensional Grid or 3-D Leadership Model is developed by Professor Bill Reddin, who introduced the concept of “situational demands” which talks about the way in which the leader must behave to be most effective.

When the leadership style meets the demands of the situation, then the leadership is said to be effective else ineffective. On the basis of this, there are four styles that a manager adopts: Separated Manager, Related Manager, Dedicated Manager, and Integrated Manager.

Q.1) Leader enjoys involving team members & creating social bond & allows more freedom. Which leadership style is described above?

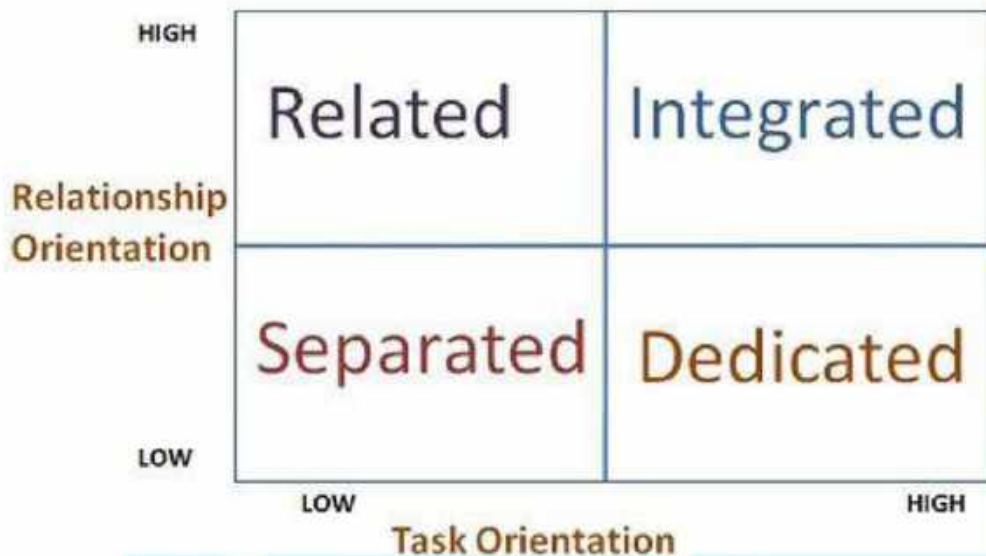
Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **MANAGEMENT**
Difficulty Level – **MODERATE**
Topic – **LEADERSHIP**

Options:

- (a) Integrated
- (b) Separated
- (c) Related
- (d) Dedicated
- (e) None of the Above

Answer: (c) Related**Explanation:**

Reddin 3-D Leadership Model



- The **Separated Manager** is the one who is engaged in correcting deviations. He is the person who formulates the rules and policies and imposes these on others.
- The **Related Manager** is the one who likes to work with others and see an organization as a social system where everyone works together. He does not worry about the time and accepts others as they are and do not try to change them.
- The **Dedicated Manager** is the one who is task oriented and is only concerned with the production. He does not like to mix up with the subordinates and cannot work without power and responsibility.
- The **Integrated Manager** is the one who mixes up with the subordinates and facilitate **two-way communication**. His major emphasis is on building a strong teamwork and effective communication network.

Q.2) A manager retains the cooperative nature of the group and encourages 2-way communication. Which leadership is described above?

Static or Current – **STATIC**
 1 marker or 2 marker – **2 MARKER**
 Finance or Management – **MANAGEMENT**
 Difficulty Level – **MODERATE**
 Topic – **LEADERSHIP**

Options:

- (a) Integrated
- (b) Separated
- (c) Related
- (d) Dedicated
- (e) None of the above

Answer: (a) Integrated

Explanation:

- The **Integrated Manager** is the one who mixes up with the subordinates and facilitate **two-way communication**. His major emphasis is on building a strong teamwork and effective communication network.

Q.3) The managerial grid theory on which Redden's model is based, was given by

Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **MANAGEMENT**
Difficulty Level – **MODERATE**
Topic – **LEADERSHIP**

Options:

- (a) Tannenbaum and Schmidt
- (b) Blake & Mouton
- (c) Heryager and Heckman
- (d) Hersey & Blanchard
- (e) None of the above

Answer: (b) Blake & Mouton

Explanation:

11.1 Blake and Mouton Managerial Grid

The **Blake-Mouton Managerial Grid** is a system that can be used to group like leaders into categories based on the methods that they use. This can be used to identify a manager's existing leadership style and provide a training path to the ideal leadership style required

The matrix analyses a manager's style of leadership by the consideration of two dimensions.

1. The manager's concern for production (or the task)
2. The manager's concern for people (or relationships).

Para 2. A passage on Corporate Governance was given which was followed by 3 questions i.e Q. 3-6

Corporate governance is the combination of rules, processes or laws by which businesses are operated, regulated or controlled. The term encompasses the internal and external factors that affect the interests of a company's stakeholders, including shareholders, customers, suppliers, government regulators and management. The board of directors is

responsible for creating the framework for corporate governance that best aligns business conduct with objectives.

Specific processes that can be outlined in corporate governance include action plans, performance measurement, disclosure practices, executive compensation decisions, dividend policies, procedures for reconciling conflicts of interest and explicit or implicit contracts between the company and stakeholders.

Q.4) Which of the following is related to external mechanism of corporate governance?

Static or Current – **STATIC**

1 marker or 2 marker – **2 MARKER**

Finance or Management – **MANAGEMENT**

Difficulty Level – **EASY**

Topic – **CORPORATE GOVERNANCE**

Options:

- (a) Company policy
- (b) Internal audit
- (c) Reporting to Industry body
- (d) Independent Directors
- (e) All of the above

Answer: (c) Reporting to Industry body

Explanation:

External stakeholders play an important role in ensuring proper corporate governance processes in a business organization. Some of the key external corporate governance controls include:

- **Government regulations** – Government regulations are the most effective external controls on the governance of a company. Companies are required to comply with these or face penalties for violations. This includes reporting to regulatory bodies, Industry bodies etc.
- **Media exposure**- Media scrutiny of the workings and processes of a company ensures, to a certain degree, the proper governance in an organization
- **Market competition**- Companies with the best corporate governance practices have the best standing in the market. Reputation, credibility and positive public perception all play a vital role in boosting a company's image and thus help it trump its competition and best its peers.
- **Takeover activities**- Takeover activities lay a company's internal processes and workings open to public scrutiny. Both government regulators and the media will

focus on the internal policies and governance structures, thus acting as an effective external control.

- Public release and assessment of financial statements- exposes them open to assessment or scrutiny by regulators, investors, members of the public and so on.

Q.5) Which of the following objectives are achieved through internal corporate governance mechanism?

Static or Current – **STATIC**

1 marker or 2 marker – **2 MARKER**

Finance or Management – **MANAGEMENT**

Difficulty Level – **EASY**

Topic – **CORPORATE GOVERNANCE**

Options:

- (a) Avoid customer Dissatisfaction
- (b) Compliance to avoid legal complications
- (c) Improved employee performance
- (d) To curb malpractices across industry
- (e) None of Above

Answer: (b) Compliance to avoid legal complications

Explanation:

Objective of corporate governance:

The fundamental objective of corporate governance is to boost and maximize shareholder value and protect the interest of other stake holders. World Bank described Corporate Governance as blend of **law, regulation and appropriate voluntary private sector practices** which enables the firm to attract financial and human capital to perform efficiently, prepare itself by generating long term economic value for its shareholders, while respecting the interests of stakeholders and society as a whole. Corporate governance has various objectives to strengthen investor's confidence and intern leads to fast growth and profits of companies. These are mentioned below:

1. A properly structured Board proficient of taking independent and objective decisions is in place at the helm of affairs.
2. The Board is balanced as regards the representation of suitable number of non-executive and independent directors who will take care of the interests and well-being of all the stakeholders.
3. The Board accepts transparent procedures and practices and arrives at decisions on the strength of adequate information.

4. The Board has an effective mechanism to understand the concerns of stakeholders.
5. The Board keeps the shareholders informed of relevant developments impacting the company.
6. The Board effectively and regularly monitors the functioning of the management team.
7. The Board remains in effective control of the affairs of the company at all times.
8. The Board ensures that management follow the legal compliance in order to avoid complications.

Q.6) Which of the following is a secondary stakeholder in corporate governance.

Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **MANAGEMENT**
Difficulty Level – **MODERATE**
Topic – **CORPORATE GOVERNANCE**

Options:

- (a) Customers
- (b) Employee
- (c) Shareholders
- (d) Government bodies
- (e) None of the above

Answer: (d) Government bodies

Explanation:

Primary stakeholders:

Stakeholders that hold a direct interest in a business or organization and its dealings are known as primary stakeholders. These stakeholders usually invest their financial capital directly into the business. Examples of primary stakeholders include **shareholders, employees, customers, suppliers, vendors and business partners.**

Secondary stakeholders:

Stakeholders that do not hold direct interests in a business but can have a reasonable influence over a business's dealings are known as secondary stakeholders. An organization does not directly depend upon these stakeholders for survival of its immediate interests. Business competitors, trade unions, media groups, pressure groups and **state or local government organizations** are some examples of secondary stakeholders.

Para 3. A passage on 'PJ Nayak' committee and RBI Fit and Proper Criteria was given which was followed by 3 questions i.e Q. 7-9

The P J Nayak Committee or officially the Committee to Review Governance of Boards of Banks in India was set up by the Reserve Bank of India (RBI) to review the governance of the board of banks in India. The Committee was set up in January 2014. The committee recommended to set up a Bank Investment Company (BIC) as a holding company or a core investment company. Until the BIC is formed, a temporary body called the ___ will be formed to do the functions of the BIC.

The committee also reviewed the 'fit and proper' criteria, for all categories of directors of banks, including tenor of directorship.

Q.7) Which of the following body was created in 2017 as per 'PJ Nayak 'committee recommendations?

Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **MODERATE**
Topic – **CORPORATE GOVERNANCE IN BANKING SECTOR**

Options:

- (a) IBBI
- (b) IBC
- (c) Payment Banks
- (d) Bank Board Bureau
- (e) None of Above

Answer: (d) Bank Board Bureau

Explanation:

About Banks Board Bureau (BBB)

- In 2016, the Banks Board Bureau (BBB) was constituted and started functioning as an recommendatory body.
- It is an autonomous body, constituted to:
 - Improve the governance of Public Sector Banks
 - Recommend selection of chiefs of government owned banks and financial institutions

- To help banks in developing appropriate strategies for their growth and development and capital raising plans
- It is a step towards governance reforms in Public Sector Banks (PSBs) as recommended by **P. J. Nayak Committee**.

Q.8) As per the recent RBI guidelines, Fit and proper guidelines are applicable to:

Static or Current – **CURRENT AFFAIRS**

1 marker or 2 marker – **2 MARKER**

Finance or Management – **FINANCE**

Difficulty Level – **EASY**

Topic – **CORPORATE GOVERNANCE IN BANKING SECTOR**

Options:

- (a) RRBs
- (b) Cooperative banks
- (c) Private banks
- (d) PSBs
- (e) None of the above

Answer: (d) PSBs

Explanation:

The Reserve Bank of India (RBI) has notified guidelines on Fit and Proper criteria for elected directors on the boards of Public Sector Banks (PSB).

- The Reserve Bank of India (RBI) has mandated that the elected directors of public sector banks (PSBs) are to be appointed by the Nomination and Remuneration Committee (NRC) of the board of the respective banks.
- Under Fit and Proper criteria, RBI has mandated all the banks to constitute a Nomination and Remuneration Committee (NRC) consisting of a **minimum of three non-executive directors from amongst the board of directors**.
- Of these non-executive directors, not less than one-half shall be independent directors and should include at least one member from the Risk Management Committee of the board.
- Fit and proper regime is intended to keep centre's nominated directors away from the PSB board and ensure minimum political intervention.
- Members of Parliament, state legislatures, and local governments not eligible to be members of PSB boards.

Q.9) As per the recent RBI guidelines, maximum number of non-executive directors in NRC committee will be?

Static or Current – **CURRENT AFFAIRS**

1 marker or 2 marker – **2 MARKER**

Finance or Management – **FINANCE**

Difficulty Level – **EASY**

Topic – **CORPORATE GOVERNANCE IN BANKING SECTOR**

Options:

- (a) 5
- (b) 3
- (c) 6
- (d) 10
- (e) 7

Answer: (b) 3

Explanation:

The Reserve Bank of India (RBI) has notified guidelines on Fit and Proper criteria for elected directors on the boards of Public Sector Banks (PSB).

- The Reserve Bank of India (RBI) has mandated that the elected directors of public sector banks (PSBs) are to be appointed by the Nomination and Remuneration Committee (NRC) of the board of the respective banks.
- Under Fit and Proper criteria, RBI has mandated all the banks to constitute a Nomination and Remuneration Committee (NRC) consisting of a **minimum of three non-executive directors from amongst the board of directors.**
- Of these non-executive directors, not less than one-half shall be independent directors and should include at least one member from the Risk Management Committee of the board.
- Fit and proper regime is intended to keep centre's nominated directors away from the PSB board and ensure minimum political intervention.
- Members of Parliament, state legislatures, and local governments not eligible to be members of PSB boards.

Para 4. A passage describing economic reform in India starting from 90's was given. Apart from that, recent disinvestment policy was also discussed in the context of economic reforms. Passage also discussed about Bank mergers. The passage was followed by 3 questions i.e Q. 10-12

Q.10) Reforms introduced in 90's was also Known as:

Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **EASY**
Topic – **PUBLIC SECTOR REFORM**

Options:

- (a) Globalization, Industrialization and Liberalization
- (b) Industrialization, Privatization and Liberalization
- (c) Globalization, Privatization and Industrialization
- (d) Liberalization, Privatization and Globalization
- (e) None of the above

Answer: (d) Liberalization, Privatization and Globalization

Explanation:

New Economic Policy of India was launched in the year 1991 under the leadership of P. V. Narasimha Rao. This policy opened the door of the India Economy for the global exposure for the first time. In this New Economic Policy P. V. Narasimha Rao government reduced the import duties, opened reserved sector for the private players, devalued the Indian currency to increase the export. This is also known as the **LPG Model of growth** i.e., **Liberalization, Privatization and Globalization**.

Former Prime Minister Manmohan Singh is considered to be the father of New Economic Policy (NEP) of India.

Q.11) Which of the following sectors have been exempted from the disinvestment process?

Static or Current – **CURRENT AFFAIRS**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **EASY**
Topic – **DISINVESTMENT**

Options:

- (a) Power & Railway
- (b) Atomic power & Railway with certain exceptions
- (c) Atomic power & Railway

- (d) Defense & Power
- (e) None of the above

Answer: (b) Atomic power & Railway with certain exceptions

Explanation:

Part of Current Affairs. Policy changes year on year basis.

Q.12) Which bank was merged with Bank of Baroda?

Static or Current – **CURRENT AFFAIRS**

1 marker or 2 marker – **2 MARKER**

Finance or Management – **FINANCE**

Difficulty Level – **EASY**

Topic – **CHANGING LANDSCAPE OF BANKING SECTOR**

Options:

- (a) Dena Bank & UCO Bank
- (b) Vijaya Bank & UCO Bank
- (c) Dena Bank & Vijaya Bank
- (d) OBC & Vijaya Bank
- (e) None of the above

Answer: (c) Dena Bank and Vijaya Bank

Explanation:

State-run Bank of Baroda recently completed integration of 3,898 branches of erstwhile Vijaya Bank and Dena Bank with itself. In a first three-way amalgamation, Vijaya Bank and Dena Bank were merged with Bank of Baroda from April 1, 2019.

Para 5. A passage was Incentives and its effect on employee was given which was followed by 3 questions i.e Q. 13-15

Most workers need a bit more than a virtual pat on the back from the boss to stay motivated. That's why many employers implement employee incentive programs to keep their staff engaged and working hard. These employee incentives can help you get more out of your team while keeping them motivated and satisfied.

While money can be a motivating factor, it can lose its appeal quickly. Sure everyone likes to be compensated, but there are a few reasons why it may not always be enough to boost employee engagement and performance.

Many people don't necessarily care about a small financial incentive and would rather have some recognition instead. They want to grow in their role, get promoted, and have their managers or higher ups recognize their value. In the long run, being recognized and valued will increase an employees performance.

Money incentives can also sometimes encourage some employees to cheat their way to get a bonus. This could also be unethical practices or ways to beat the system just to get the bonus, which doesn't mean work performance is boosted.

Q.13) In an organization, employee's morale can be boosted by providing:

Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **MANAGEMENT**
Difficulty Level – **MODERATE**
Topic – **MOTIVATION**

Options:

- (a) High incentives to best performer
- (b) Higher bonus
- (c) Incentives to best performer
- (d) Equal opportunities to earn incentives
- (e) None of the above

Answer: (d) Equal opportunities to earn incentives

Explanation:

Cash bonuses, additional days off and other incentives intended to boost morale may backfire when they spark conflict among co-workers. Employers can avoid perceptions of favoritism that might create such conflicts and hamper morale by giving **employees at all levels equal opportunities to earn incentives.**

Q.14) The best strategy to boost morale of a team is:

Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **MANAGEMENT**
Difficulty Level – **MODERATE**
Topic – **MOTIVATION**

Options:

- (a) To provide incentives immediately after target is achieved.
- (b) To provide incentives to all the employees at same time
- (c) To provide higher bonuses
- (d) To reward select few employee
- (e) None of the above

Answer: (b) To provide incentives to all the employees at same time

Explanation:

Cash bonuses, additional days off and other incentives intended to boost morale may backfire when they spark conflict among co-workers. Employers can avoid perceptions of favoritism that might create such conflicts and hamper morale by giving **employees at all levels equal opportunities to earn incentives** and also provide incentives to all the employees at same time.

Q.15) An organization uses incentives to motivate employee along with

Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **MANAGEMENT**
Difficulty Level – **MODERATE**
Topic – **MOTIVATION**

Options:

- (a) Minimizing operational challenges
- (b) Taking leading position in industry
- (c) Achieving business goals
- (d) Attracting more talented employee
- (e) None of the above

Answer: (c) Achieving business goals

Explanation:

1.3 Significance of Morale

Morale is an important part of organizational climate. **Morale is the total satisfaction one derives from his job, his workgroup, his organization, and his environment.** Morale must be high to achieve the organizational objectives

High morale - High morale implies determination at work- an essential in achievement of management objectives. High morale results in:

- A keen teamwork on part of the employees.
- Organizational Commitment and a sense of belongingness in the employee's mind.
- Immediate conflict identification and resolution.
- Healthy and safe work environment.
- Effective communication in the organization.
- Increase in productivity.

Para 6. A passage on communication was given which was followed by 3 questions i.e Q. 16-18

Communication is simply the act of transferring information from one place, person or group to another. Every communication involves (at least) one sender, a message and a recipient. This may sound simple, but communication is actually a very complex subject.

Words play a crucial role in communication process, to transmit the message in the way it is intended to be conveyed. When words are used in the process of communication, it is known as verbal communication. Verbal transfer of information can be performed, orally or in written form. Oral Communication is the oldest means of communication, which is most commonly used as a medium for the exchange of information. It involves gathering or disseminating information through spoken words. Written Communication, on the other hand, is a formal means of communication, wherein message is carefully drafted and formulated in written form.

Q.16) Written communication is preferred in formal communication, because

Static or Current – **STATIC**

1 marker or 2 marker – **2 MARKER**

Finance or Management – **MANAGEMENT**

Difficulty Level – **EASY**

Topic – **COMMUNICATION**

Options:

(a) It is instantaneous

- (b) It require less effort and can be conveyed to large number of people
- (c) It can be stored & documented for legal validation
- (d) It is cost effective
- (e) None of the above

Answer: (c) It can be stored & documented for legal validation

Explanation:

Advantages of Written Communication

- Written communication helps in laying down apparent principles, policies, and rules for running of an organization.
- Permanent: It is a permanent means of communication. Thus, it is useful where record maintenance is required.
- Good for Delegation of Responsibilities: It assists in proper delegation of responsibilities. While in case of oral communication, it is impossible to fix and delegate responsibilities on the grounds of speech as it can be taken back by the speaker or he may refuse to acknowledge.
- Precise: Written communication is more precise and explicit.
- Formal: Effective written communication develops and enhances an organization's image. It is formal form of communication.
- **Legally Valid: Legal defenses can depend upon written communication as it provides valid records.**

Q.17) Which of the following is an advantage of written communication?

Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **MANAGEMENT**
Difficulty Level – **EASY**
Topic – **COMMUNICATION**

Options:

- (a) It is formal mode of communication.
- (b) It can be used for delegation of authority.
- (c) It can be presented as legal proof.
- (d) It can be stored as permanent record.
- (e) All of the above

Answer: (a) All of the above

Explanation:

Advantages of Written Communication

- Written communication helps in laying down apparent principles, policies, and rules for running of an organization.
- Permanent: It is a permanent means of communication. Thus, it is useful where record maintenance is required.
- Good for Delegation of Responsibilities: It assists in proper delegation of responsibilities. While in case of oral communication, it is impossible to fix and delegate responsibilities on the grounds of speech as it can be taken back by the speaker or he may refuse to acknowledge.
- Precise: Written communication is more precise and explicit.
- Formal: Effective written communication develops and enhances an organization's image. It is formal form of communication.
- **Legally Valid: Legal defenses can depend upon written communication as it provides valid records.**

Q.18) Which of the following is true about oral communication?

Static or Current – **STATIC**

1 marker or 2 marker – **2 MARKER**

Finance or Management – **MANAGEMENT**

Difficulty Level – **MODERATE**

Topic – **COMMUNICATION**

Options:

- (a) Oral communication is not prone to distortion.
- (b) Oral communication is free of error of interpretation.
- (c) Oral communication is not useful in addressing large number of people.
- (d) Oral communication retains same aspect of relationship as Social cue.
- (e) None of the above

Answer: (d) Oral communication retains same aspect of relationship as Social cue.

Explanation:

Social cues are verbal or non-verbal signals expressed through the face, body, voice, motion (and more) and guide conversations as well as other social interactions by influencing our impressions of and responses to others. These percepts are important communicative tools as they convey important social and contextual information and therefore facilitate social understanding.

A few examples of social cues include:

- eye gaze
- facial expression
- vocal tone
- body language

Para 7. A passage on Henry Mintzberg -types of Managers was given which was followed by 3 questions i.e Q. 19-21

Henry Mintzberg recommends breaking down management roles and responsibilities and organizing the workplace to simplify complex concepts. This helps to organize companies into a more efficient culture, and it allows each member to develop their own skills.

The term management role refers to specific categories of managerial behavior. He identified 10 identified roles of a manager played in an organization which falls into 3 basic categories: Interpersonal roles, Informational roles and Decisional roles.

Interpersonal Roles: These roles relate to the manager's behavior that focuses on interpersonal contact. Interpersonal roles are roles that involve people (subordinates and persons outside the organization) and other duties that are ceremonial and symbolic. The three interpersonal roles include being a Figurehead, Leader and Liaison.

Informational Roles: Informational roles involve receiving, collecting, and disseminating information. The 3 informational roles include Monitor, Disseminator, and Spokesperson.

Decisional Roles: Decisional roles revolved around making choices. Managers' interpersonal role leads to decisional roles. Information and resources that are collected and gathered by the interpersonal make a manager able to play the decisional roles or responsibilities that he is obligated to. The four decisional roles include being an entrepreneur, disturbance handler, resource allocator, and negotiator.

Q.19) A leader who shares information with team members is an example of

Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **MANAGEMENT**
Difficulty Level – **EASY**
Topic – **GENERAL MANAGEMENT**

Options:

- (a) Spokesperson
- (b) Liaison
- (c) Disseminator
- (d) Disturbance Handler
- (e) None of the above

Answer: (c) Disseminator

Explanation:

Interpersonal		
Figurehead	Symbolic role, manager obliged to carry out social, inspirational, legal and ceremonial duties.	E.g. receiving visitors and making presentations.
Leader	Manager's relationship with subordinates, especially in allocating tasks, hiring, training and motivating staff.	E.g. seeking to build teamwork and foster employee commitment.
Liaison	The development of a network of contacts outside the chain of command through which information and favours can be traded for mutual benefits.	E.g. lunches with suppliers or customers.
Informational		
Monitor	The manager collects and sorts out information which is used to build up a general understanding of the organisation and its environment as a basis for decision making.	E.g. reading reports and interrogating subordinates.
Disseminator	To be a disseminator means to spread the information widely.	E.g. passing privileged information to subordinates.
Spokesperson	Managers transmit information to various external groups by acting in a PR capacity, lobbying for the organisation, informing the public about the organisation's performance, plans and policies.	E.g. a sales presentation to prospective customers.

EduTap

Decisional		
Entrepreneur	Managers should be looking continually for problems and opportunities when situations requiring improvement are discovered.	E.g. launching a new idea or introducing procedures such as a cost reduction programme.
Disturbance handler	A manager has to respond to pressures over which the department has no control.	E.g. strikes.
Resource allocator	Choosing from among competing demands for money, equipment, personnel and management time.	E.g. approving expenditure on a project.
Negotiator	Managers take charge when their organisation must engage in negotiating with others. In these negotiations, the manager participates as figurehead, spokesperson and resource allocator.	E.g. drawing up contracts with suppliers.

Q.20) A leader who on the behalf of the company addresses a meeting organized by industry body is playing the role of

Static or Current – **STATIC**

1 marker or 2 marker – **2 MARKER**

Finance or Management – **MANAGEMENT**

Difficulty Level – **EASY**

Topic – **GENERAL MANAGEMENT**

Options:

- (a) Figurehead
- (b) Liaison
- (c) Disseminator
- (d) Disturbance Handler
- (e) None of the above

Answer: (a) Figurehead

Explanation:

Refer Image attached in question 19.

Q.21) A leader who states a plan and allocates the resources is playing a role of:

Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **MANAGEMENT**
Difficulty Level – **EASY**
Topic – **GENERAL MANAGEMENT**

Options:

- (a) Resource Allocator
- (b) Planner
- (c) Entrepreneurship
- (d) Figure Head
- (e) None of the above

Answer: (a) Resource Allocator

Explanation:

Refer Image attached in question 19.

Para 8. A passage on Financial Market was given which was followed by 3 questions i.e

Q. 22-24

Financial markets refer broadly to any marketplace where the trading of securities occurs, including the stock market, bond market, forex market, and derivatives market, among others. Financial markets are vital to the smooth operation of capitalist economies.

Financial markets exist for several reasons, but the most fundamental function is to allow for the efficient allocation of capital and assets in a financial economy. By allowing a free market for the flow of capital, financial obligations, and money the financial markets make the global economy run more smoothly while also allowing investors to participate in capital gains over time.

Without financial markets, capital could not be allocated efficiently, and economic activity such as commerce & trade, investment, and growth opportunities would be greatly diminished.

Q.22) Capital market facilitates issuance of new securities & their trading. Which type of capital market facilitates IPO?

Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **EASY**
Topic – **PRIMARY AND SECONDARY MARKET**

Options:

- (a) Primary
- (b) Secondary
- (c) Primary and Secondary
- (d) Primary and Forex
- (e) None of the above

Answer: (a) Primary

Explanation:

Primary market

- Here, companies sell stocks to the public for the first time.
- This is done through a process known as Initial Public Offering (IPO)

Secondary market

- Here, investors and traders buy and sell stocks to each other
- The company does not participate in these transactions

Q.23) Which type of buyer has the right to sell the security before maturity?

Static or Current – **STATIC**

1 marker or 2 marker – **2 MARKER**

Finance or Management – **FINANCE**

Difficulty Level – **EASY**

Topic – **PRIMARY AND SECONDARY MARKET**

Options:

- (a) Call Buyer
- (b) Put Buyer
- (c) Put Seller
- (d) Call Seller
- (e) None of the above

Answer: (b) Put Buyer

Explanation:

Call Options

BUYER receives the right to **buy** an underlying security in return for **paying the premium** to the writer

WRITER **receives the premium** and has an obligation to **deliver** underlying security if the buyer exercises the option.

Put Options

BUYER receives the right to **sell** an underlying security in return for **paying the premium** to the writer

WRITER **receives the premium** and has an obligation to **buy** the underlying security if the buyer exercises the option.

Q.24) A bond which matures multiple time over a period of time and can also be redeemed is known as_____

Static or Current – **STATIC**

1 marker or 2 marker – **2 MARKER**

Finance or Management – **FINANCE**

Difficulty Level – **EASY**

Topic – **PRIMARY AND SECONDARY MARKET**

Options:

- (a) Series Bond
- (b) Multiple Bond
- (c) Multi Bond
- (d) Serial Bond
- (e) None of the above

Answer: (d) Serial Bond

Explanation:

Serial bonds (or installment bonds) describes a bond issue that matures in portions over several different dates. Instead of facing a large lump-sum principal re-payment at maturity, an issuer can opt to spread the principal repayment over several periods.

For example:

	Traditional Bond Issue	Serial Bond Issue
Year 1	\$0	\$0
Year 2	\$0	\$0
Year 3	\$0	\$0
Year 4	\$0	\$0
Year 5	\$0	\$0
Year 6	\$0	\$20,000,000
Year 7	\$0	\$20,000,000
Year 8	\$0	\$20,000,000
Year 9	\$0	\$20,000,000
Year 10	\$100,000,000	\$20,000,000

Para 9. A passage on FRBM Act was given which was followed by 3 questions i.e Q. 25-27

The Fiscal Responsibility and Budget Management (FRBM) Act, 2003 sets a target for the government to establish financial discipline in the economy, improve the management of public funds and reduce fiscal deficit.

As per the requirements of the Act, Centre needs to limit fiscal deficit to 3 per cent of the country's gross domestic product (GDP) by March 31, 2021. While government's debt should be restricted to 40 per cent of GDP by 2024-25.

Most economies around the world, including India, run in a fiscal deficit. In other words, the government's expenditure is more than its income. The converse is also possible – Fiscal Surplus. This happens when the government's income is more than its expenditure.

It is essential to note that the fiscal deficit does not mean that the country is not economically sound. If the government is spending a lot on developmental projects like constructing highways, airports, etc., or industries that will contribute to its income in the coming years, then its current fiscal deficit can be high. Hence, while looking at the fiscal deficit figure, it is important to analyze the income and expenditure sections carefully too.

Q.25) If we deduct interest payment from Fiscal deficit, it known as:

Static or Current – **STATIC**
 1 marker or 2 marker – **2 MARKER**
 Finance or Management – **FINANCE**
 Difficulty Level – **EASY**
 Topic – **FISCAL POLICY**

Options:

(a) Revenue Deficit

- (b) Primary Deficit
- (c) Budget Deficit
- (d) Secondary Deficit
- (e) None of the above

Answer: (b) Primary Deficit

Explanation:

Budgetary deficit is the excess of total expenditure (both revenue and capital) over total receipts (both revenue and capital).

Following are three types (measures) of deficit:

1. Revenue deficit = Total revenue expenditure – Total revenue receipts.
2. Fiscal deficit = Total expenditure – Total receipts excluding borrowings.
3. Primary deficit = Fiscal Deficit - Interest payments

Q.26) Which of the following is not the mode of deficit financing?

Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **EASY**
Topic – **FISCAL POLICY**

Options:

- (a) Borrowings
- (b) Issuing more government securities
- (c) Increasing tax rate
- (d) Issuing treasury securities
- (e) None of the above

Answer: (c) Increasing tax rate

Explanation:

Former Planning Commission of India has defined deficit financing as:

"The direct addition to gross national expenditure through budget deficits, whether the deficits are on capital or on revenue account."

So, whenever the expenditure of the government exceeds its revenue then government envisage the process of deficit financing. So, the temporary arrangement of the funds through various methods is known as deficit financing.

The deficit financing is done in three ways:

- 1) Printing new currency notes
- 2) Borrowing from internal sources (RBI, General Public, Ad-hoc Treasury Bills & government bonds etc.)
- 3) Borrowing from External Sources (like borrowing from developed countries and International institutions like World Bank, IMF, etc.)

Q.27) Government measures to manage its finance by fiscal consolidation leads to

Static or Current – **STATIC**

1 marker or 2 marker – **2 MARKER**

Finance or Management – **FINANCE**

Difficulty Level – **EASY**

Topic – **FISCAL POLICY**

Options:

- (a) Reduce government expenditure.
- (b) Increased borrowings
- (c) Reduced tax collection
- (d) Decreasing tax rates
- (e) None of the above

Answer: (a) Reduce government expenditure.

Explanation:

Fiscal consolidation is a reduction in the underlying fiscal deficit. Fiscal Consolidation refers to the policies undertaken by Governments (national and sub-national levels) to reduce their deficits and accumulation of debt stock. It is not aimed at eliminating fiscal debt.

Following measures from the **expenditure side and revenue side** are envisaged by the government to achieve fiscal consolidation.

- (a) **Improved tax revenue realization:** For this, increasing efficiency of tax administration by reducing tax avoidance, eliminating tax evasion, enhancing tax compliance etc. are to be made.
- (b) **Enhancing tax GDP ratio** by widening the tax base and minimizing tax concessions and exemptions also improves tax revenues.
- (c) **Better targeting of government subsidies/Expenditure** and extending Direct Benefit Transfer scheme for more subsidies.

Para 10. A passage on Career Planning and Development was given which was followed by 3 questions i.e Q. 28-30

In recent decades, career development has seen a shift in the way it is approached. Traditionally, it was up to an organization to ensure that its employees had the skills to meet the company's long-term goals. Now, however, employees advocate that they are—and should be—responsible for their own career development.

This shift has changed the way that organizations handle career development. Career development is viewed today as a kind of partnership with employees. It is also a key component of a company's attraction and retention strategy. Many candidates will not consider employment with an organization unless it offers career development as a basic component of its culture.

Each employee should have a career plan that has been discussed with their manager. Generally, this would take place during the performance review process.

The career plan includes an assessment of the "gaps" or training requirements. The career plan should be reviewed on an ongoing basis. This ensures that both the employee's and the organization's needs and objectives are adjusted over time.

Q.28) A process in which a person seeks guidance & advance from his mentor is:

Static or Current – **STATIC**

1 marker or 2 marker – **2 MARKER**

Finance or Management – **MANAGEMENT**

Difficulty Level – **EASY**

Topic – **HUMAN RESOURCE DEVELOPMENT**

Options:

- (a) Career Planning
- (b) Career Counselling
- (c) Career Target
- (d) Career Path
- (e) None of the above

Answer: (b) Career Counselling

Explanation:

Career counselling refers to **counselling** provided by **career counsellors** who help individuals choose an appropriate **career** based on their interests, skills and abilities. The main objective of **career counselling** is to help individual pick a field that complements their abilities and skills the most.

Q.29) Throughout his career, a person moves across various positions travelling through horizontal, lateral hierarchy is known as:

Static or Current – **STATIC**

1 marker or 2 marker – **2 MARKER**

Finance or Management – **MANAGEMENT**

Difficulty Level – **EASY**

Topic – **HUMAN RESOURCE DEVELOPMENT**

Options:

- (a) Career Progress
- (b) Career Goal
- (c) Career Target
- (d) Career Path
- (e) None of the above

Answer: (d) Career Path

Explanation:

Career paths are routes that individuals take from their first foray into the job market through to their final position before retirement. Generally speaking, career paths start with the most junior position and end with the most senior position.

It is also defined as the way that you progress in your work, either in one job or in a series of jobs.

Q.30) A person's vertical movement across the organization hierarchy is termed as:

Static or Current – **STATIC**

1 marker or 2 marker – **2 MARKER**

Finance or Management – **MANAGEMENT**

Difficulty Level – **EASY**

Topic – **HUMAN RESOURCE DEVELOPMENT**

Options:

- (a) Career Hierarchy
- (b) Career Ladders
- (c) Career Target
- (d) Career Path
- (e) None of the above

Answer: (b) Career Ladders

Explanation:

A career ladder is a formal process within an organization that allows employees to advance their careers to higher levels of salary, responsibility or authority. Once employees meet certain criteria, they are eligible to move into higher-level roles.

Para 11. A passage on Financial Inclusion was given which was followed by 3 questions i.e Q. 31-33

The role of Microfinance has been critical in driving financial inclusion in India. The microfinance lenders have been providing easy access to formal credit to customers particularly in semi-urban and rural geographies through a branch, business correspondent model. Microfinance lenders have transformed themselves to deliver beyond lending to the clients – they have leveraged the relationship with clients and the community to offer insurance, savings, services around health, environment, education & financial literacy, water, energy and a host of other relevant services. We are seeing opportunities for MFIs to grow through credit plus products, leveraging data & analytics to drive efficiencies and fostering partnerships to cater to customers' needs at an optimal cost.

Q.31) Which of the following is of Micro- Finance institution is a universal bank now?

Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **EASY**
Topic – **FINANCIAL INCLUSION**

Options:

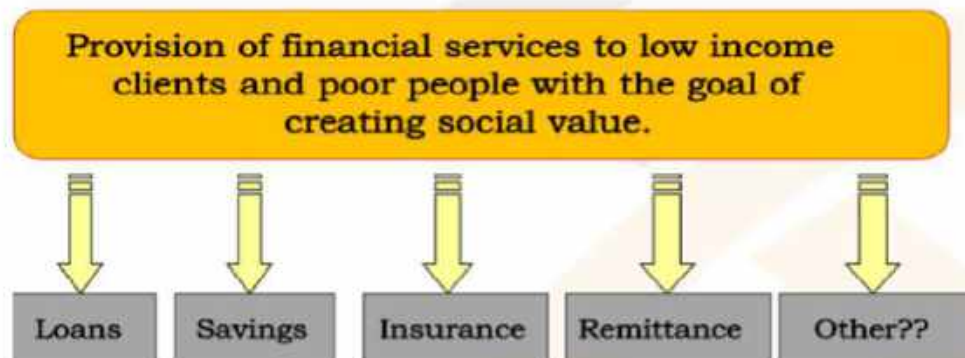
- (a) ESAF Finance Bank
- (b) Bandhan Financial service
- (c) Ujjivan Finance Bank
- (d) AU Small Finance Bank
- (e) None of the above

Answer: (b) Bandhan Financial service

Explanation:

2. Definition of Microfinance:

Microfinance is the provision of financial services to the poor. These financial services may take the form of **micro-savings, micro-credit and micro-insurance**.



The Task Force on Supportive Policy and Regulatory Framework for Microfinance (NABARD), 1999, defines microfinance as 'provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards'.

On 17 June 2015, the Reserve **Bank** of India granted the **universal banking** licence to **Bandhan Bank**.

3.13 Bandhan Bank gets CCI nod for merger with Gruh Finance

[Recent developments in financial sector]

- **Bandhan Bank** has recently **received approval from the Competition Commission of India (CCI) for the proposed scheme of amalgamation of Gruh Finance with the bank.**
- **Gruh Finance, the affordable housing finance arm of HDFC Ltd,** was taken over by Bandhan Bank in a share-swap deal in January.
- The Reserve Bank of India had approved the Bandhan-Gruh Finance merger in March 2019.

Relevance of this deal:

- According to the deal, **Bandhan Bank has to transfer 14.9% stake to HDFC for merging Gruh Finance with itself.**
- The Gruh Finance deal will reduce stake of Bandhan Financial Holdings Ltd in Bandhan Bank to about 61% from the current 82%. HDFC will hold about 15% stake in the merged entity from about 57% in Gruh Finance.

Q.32) Which of the following is not a scheme related to financial inclusion?

Static or Current – **STATIC**

1 marker or 2 marker – **2 MARKER**

Finance or Management – **FINANCE**

Difficulty Level – **EASY**

Topic – **FINANCIAL INCLUSION**

Options:

- (a) Jan Dhan Scheme
- (b) Easy KYC norms
- (c) MUDRA Scheme
- (d) Banking Correspondence
- (e) None of the above

Answer: (c) MUDRA Scheme

Explanation:

6 Financial Inclusion

6.1 Measures not in the Recent Past

1. RBI's financial inclusion efforts can be traced back to the 1960s when the focus was on channelizing of credit to the neglected sectors of the economy and weaker sections of the population. While the Government of India nationalized the banking operations of few commercial banks in two tranches in 1969 and 1980; RBI also took initiatives like laying down priority sector lending requirements for banks, Lead Bank Scheme, establishment of Regional Rural Banks (RRBs-1975-76), Service Area Approach (1989), Self-Help Group Bank Linkage Programme (1989-90), setting up of Local Area Banks etc., all aimed at making available benefits of banking services to the masses.

2. RBI had Advised all banks in the past to open **Basic Saving Bank Deposit (BSBD)** accounts with minimum common facilities such as no minimum balance, deposit and withdrawal of cash at bank branch and ATMs, receipt/ credit of money through electronic payment channels, facility of providing ATM card.
3. **No Frills Account:** Many people do not like the idea of minimum deposit that needs to be maintained in the bank. RBI has given guidelines to the banks to make available a basic banking 'no frills' account either with 'NIL' or very minimum balances as well as charges that would make such accounts accessible to vast sections of the population
4. **Simplified KYC Norms:** Recognizing that the KYC requirements and related documentation may potentially become a hindrance in encouraging sections of the population in opening bank accounts, KYC for opening bank accounts was simplified to the extent possible. Consequently, small accounts could be opened with self-certification in the presence of bank officials. Further, Aadhaar, the unique identification number allotted by the Unique Identification Authority of

Q.33) Which of the following acts as agent of Micro- Financial institutions?

Static or Current – **STATIC**

1 marker or 2 marker – **2 MARKER**

Finance or Management – **FINANCE**

Difficulty Level – **EASY**

Topic – **FINANCIAL INCLUSION**

Options:

- (a) Insurance Companies
- (b) NBFCs
- (c) Self-Help Groups
- (d) Regional Rural Banks
- (e) None of the above

Answer: (c) Self-Help Groups

Explanation:

A self-help group (commonly abbreviated SHG) is a financial intermediary committee usually composed of 10 to 25 local women between the ages of 18 and 40. Most self-help groups are in India, though they can be found in other countries, especially in South Asia and Southeast Asia. An SHG is generally a group of people who work on daily wages who form a loose grouping or union. Money is collected from those who are able to donate and given to members in need.

Members may also make small regular savings contributions over a few months until there is enough money in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. **In India, many SHGs are linked with banks for the delivery of micro-credit.**

Para 12. A passage on GDP Measurement was given which was followed by 2 questions i.e Q. 34-35

Economists use many different methods to measure how fast the economy is growing. The most common way to measure the economy is real gross domestic product, or real GDP. GDP is the total value of everything - goods and services - produced in our economy. The word "real" means that the total has been adjusted to remove the effects of inflation.

In countries with deep cultural, religious and economic diversity such as India, it is extremely important for the government to allocate resources wisely. Various factors such as uplifting underprivileged sections of the society, facilitating financial inclusion,

mitigating regional disparity, upgrading defense capabilities, providing proper educational facilities, and much more need to be focused on. Therefore, a well-planned budget is of utmost importance for any government to ensure economic stability and growth.

Q.34) What is the base year for calculating India's GDP?

Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **EASY**
Topic – **FISCAL POLICY**

Options:

- (a) 2005-06
- (b) 2011-12
- (c) 2001-02
- (d) 2014-15
- (e) 2017-18

Answer: (b) 2011-12

Explanation:

Base Year:

- It is a **specific year against which the economic growth is measured.**
- It is allocated a value of 100 in an Index.
- The estimates at the prevailing prices of the current year are termed as "at current prices", while those prepared at base year prices are termed "**at constant prices**".
- The **base year is changed periodically** to take into account the **structural changes** which take place in the economy.
- The **first official estimates of national income** were computed by CSO with **base year 1948-49** for the estimates at constant prices.
- A **base year has to be a normal year without large fluctuations in production, trade and prices of commodities in general.**
- **Reliable price data** should be available for it; it should be **as recent as possible.**
- For example, if we take a year which had a severe drought, in that year the agriculture produce would have been very less and thus the prices would have been very high. So, taking this year as a base year would not be appropriate as this year was a one-off case because of the occurrence of drought.

New Base Year 2011-12:

The Ministry of Statistics & Programme Implementation has released the new series of national accounts, revising the base year from 2004-05 to 2011-12.

Q.35) Which of the following is not an example of developmental expenditure?

Static or Current – **STATIC**
1 marker or 2 marker – **2 MARKER**
Finance or Management – **FINANCE**
Difficulty Level – **EASY**
Topic – **FISCAL POLICY**

Options:

- (a) Grants to states
- (b) Developing Infrastructure Project
- (c) Defense Expenditure
- (d) Developing Railways
- (e) None of the above

Answer: (c) Defense Expenditure

Explanation:

(i) Developmental Expenditure

Developmental expenditure refers to the expenditure of the government which helps in economic development by increasing production and real income of the country.

Developmental expenditure on revenue is divided into developmental expenditure on revenue account and developmental expenditure on capital account.

(ii) Non-Developmental Expenditure

It refers to those expenditure of the government which does not directly help in economic development of the country. Cost of tax collection, cost of audit, printing of notes, internal law and order, **expenditure on defense** etc.

EduTap

Question Paper Analysis: OBJECTIVE

TABLE 1

SUBJECT	TOTAL NUMBER OF QUESTIONS ASKED	TOTAL MARKS ALLOCATED
FINANCE	35	52
MANAGEMENT	30	48

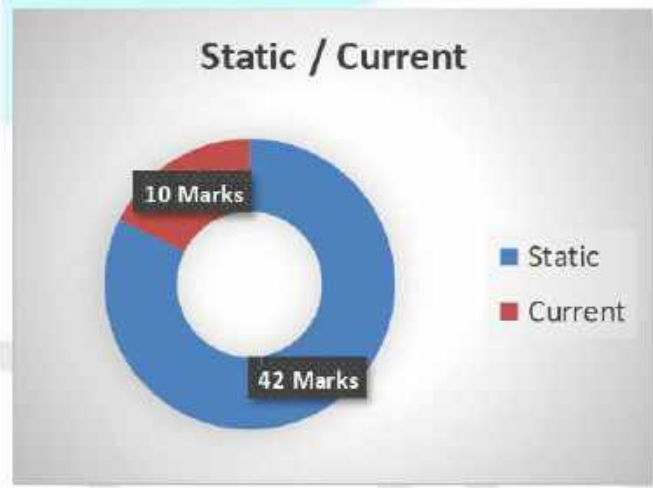
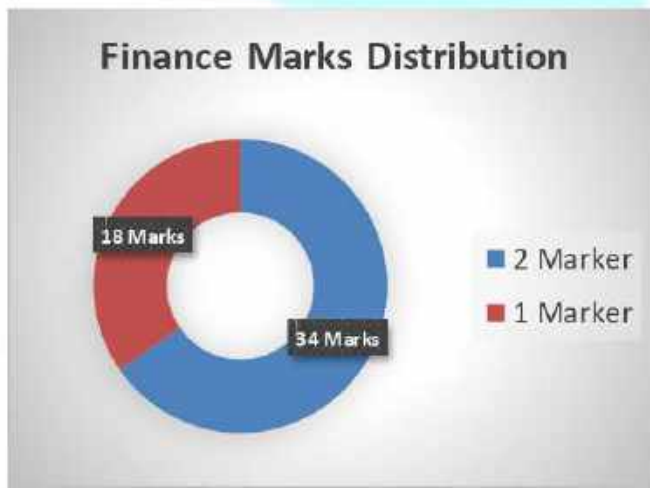
TABLE 2

DIFFICULTY LEVEL	TOTAL NUMBER OF QUESTIONS ASKED
EASY	51
MODERATE	13
DIFFICULT	1

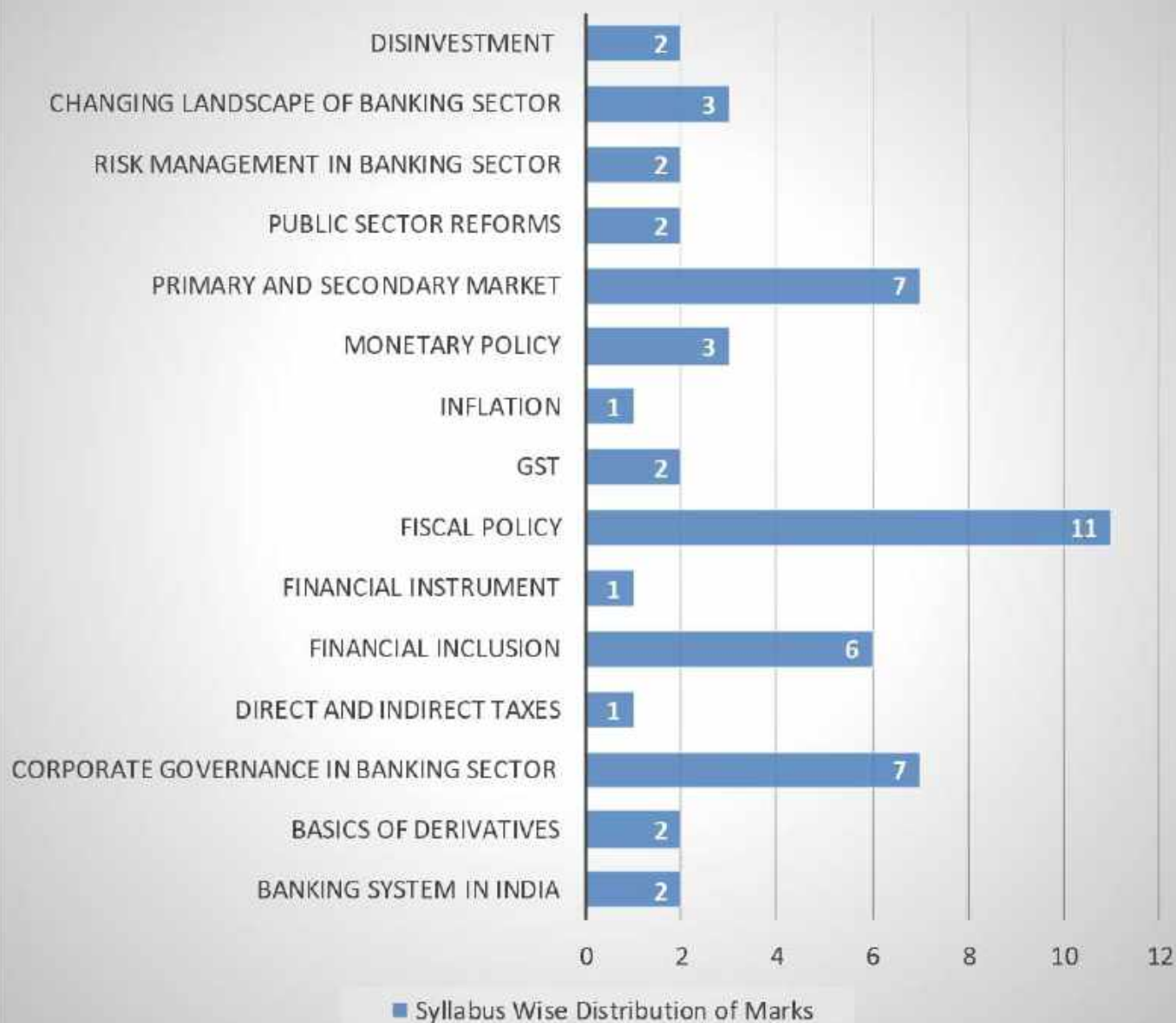
Important take away from Table 1 and 2

- ❖ Finance was given slightly more weightage (52%) than Management (48%).
- ❖ Overall objective paper was on easier side.

Finance Analysis



Syllabus Wise Distribution of Marks



Important take away from Finance Analysis.

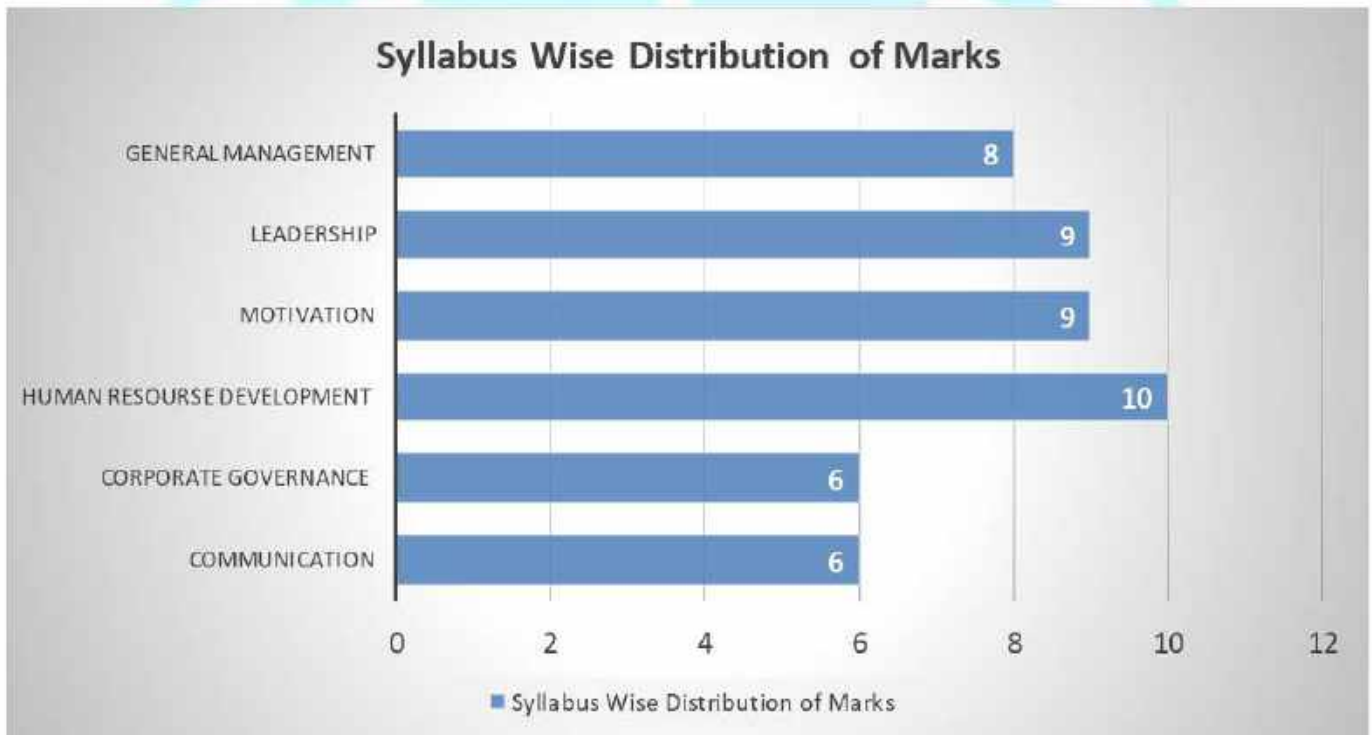
❖ Current Affairs

- Current Affairs focused on 1st in News. – Like Lakshmi – India's 1st AI Banking Robot.
- RBI Notification (< 6 month) preferred. – RBI fit and proper criteria – Aug 2019.
- Even older current Affairs (> 6 months) were asked. – Bank of Baroda Merger.

❖ No Numerical asked

❖ Static was on easier side.

Management Analysis



Important take away from Management Analysis.

- ❖ Management questions were slightly on the application side.
- ❖ Paragraph based questions tried to cover one topic in entirety- **Henry Mintzberg- Types of Managers, 3-D Leadership Model** etc.
- ❖ Majority of questions were direct and thus easy.