

RBI GRADE B 2023

PHASE 2

Finance & Management Memory Based Paper

Detailed Explanations



Dear Students,

It is with great pleasure that we present to you this question paper document with detailed explanations for the **RBI Grade B – Phase 2 - 2023**. This document has been meticulously to serve as a valuable resource for candidates preparing for the RBI grade B exam.

Aspiring candidates are often confused about the pattern, difficulty level and types of questions that may appear in their upcoming exam.

Each question has been carefully solved, and its underlying concepts and principles have been thoroughly explained. This will help you in not only to practice answering questions but also helps you understand the reasoning and logic behind each correct answer. Through explanations, you will be able to reinforce your understanding, clarify any doubts, and develop a deeper grasp of the subject matter.

We wish you all the best in your exam preparation journey and hope that this document proves to be a valuable asset in your pursuit of success.

Disclaimer: While every effort has been made to ensure the accuracy and relevance of the questions, there can be some variations in the question language and options. Therefore, we encourage you to use these questions as a reference point. This will help you acquire a comprehensive understanding of the syllabus and increase your chances of success in the upcoming **RBI grade B exam**.

RBI Grade B 2023 – Phase 2 - Recollected Questions)

Sub-section – Objective

Q.1) The National Bank for Financing Infrastructure and Development Bill, 2021 was introduced in Lok Sabha on March 22, 2021. The Bill seeks to establish the National Bank for Financing Infrastructure and Development (NaBFID) as the principal development financial institution (DFIs) for _____ sector. (1 Marks)

- A. Finance
- B. Infrastructure
- C. Railway
- D. Roadways
- E. Export

Q.2) From the following details calculate the return to assets ratio. (1 Marks)

- Income = 100 Lakh
- Assets = 500 Lakh

- A. 10%
- B. 30%
- C. 20%
- D. 40%
- E. 50%

Q.3) As per OCEAN model, if a person is organized, self-disciplined and he or she is achievement oriented, then which of the following personality trait can be associated to him or her? (1 Marks)

- A. Openness
- B. Extraversion
- C. Agreeableness
- D. Conscientiousness
- E. Neuroticism

Q.4) In the field of Management, _____ describes the difference between true and exposed emotions. (1 Marks)

- A. Perception Défense
- B. Emotional Intelligence
- C. Cognitive Dissonance
- D. Emotional dissonance
- E. Emotional Management

Q.5) Which of the following theories of ethics, focusses on consequences of greater good and evil? (1 Marks)

- A. Teleological Theory of Ethics
- B. Deontological Theory of Ethics
- C. Virtue Ethics
- D. Ethics-Justice Theory
- E. None of the above

Q.6) Generally, _____ is the principle which focusses on the kind of value which displaces concerns of others (1 Marks)

- A. Distribution
- B. Justice
- C. Right
- D. Entitlements
- E. Care

Q.7) Under the Liberalized Remittance Scheme, all resident individuals, including minors, are allowed to freely remit up to _____ per financial year (April – March) for any permissible current or capital account transaction or a combination of both. (1 Marks)

- A. INR 2,50,000
- B. USD 2,50,000
- C. USD 50,000
- D. INR 50,000
- E. INR 15,000

Q.8) In the field of Finance, which of the following is an example of Alternative Sources of Finance? (1 Marks)

- A. Overdraft Credit
- B. G-secs
- C. Bonds
- D. Bank Loan
- E. Forfaiting

Q.9) In general context, which of the following is type of non-Tax revenue? (1 Marks)

- A. GST
- B. Custom Duties
- C. Interest
- D. Production Duties
- E. None of the above

Q.10) Ramesh lent Rupees 25000 to Suresh for 3 months. After three months Ramesh had to pay rupees 25000 to Rajesh so he underwrote an instrument obliging Suresh to pay rupees 25000 directly to Rajesh and thus absolving himself from the liability. What kind of negotiable instrument will they use? (1 Marks)

- A. Line of Credit
- B. Promissory Note
- C. Bill of Exchange
- D. Bill of Landing
- E. Commercial Paper

Directions (11-15): Read the following Paragraph and answer the questions that follows.

Indian Government is committed to provide financial inclusiveness and support to the marginalized and hitherto socio-economically neglected classes. Financial Inclusion is a national priority of the Government as it is an enabler for inclusive growth. It is important as it provides an avenue to the poor for bringing their savings into the formal financial system, an avenue to remit money to their families in villages besides taking them out of the clutches of the usurious money lenders.

In the same regard, one such _____ "X" _____ scheme to promote financial inclusion, was launched by the government on 15th August 2014, which is one of the biggest financial inclusion initiatives in the world.

Moving forward, in order to move towards creating a universal social security system for all Indians, especially the poor and the under-privileged, three ambitious Jan Suraksha Schemes or Social Security Schemes pertaining to Insurance and Pension Sector were announced by the Government in the Budget for 2015-16. The schemes were launched on 9th May 2015, for providing life & accident risk insurance and social security at a very affordable cost namely (a) Pradhan Mantri Suraksha Bima Yojana (b) Pradhan Mantri Jeevan Jyoti Yojana and (C) Atal Pension Yojana

(This is a recreated passage and not the exact one asked in the exam)

Q11) Read the above passage carefully, and identify "____X____" scheme launched by the government on 15th August 2014. (2 Marks)

- A. Pradhan Mantri Jeevan Kalyan Yojana
- B. Pradhan Mantri Jan Dhan Yojana
- C. Pradhan Mantri Jan Arogya Yojana
- D. Pradhan Mantri Jan Manthan Yojana
- E. Pradhan Mantri Jan Yojana

Q12. What is the insurance limit under Pradhan Mantri Jeevan Jyoti Bima Yojana. (2 Marks)

- A. 1,00,000
- B. 3,00,000
- C. 2,00,000
- D. 4,00,000
- E. None of Above

Q13. With regards to the above-mentioned paragraph, what is the Age limit to join the Pradhan Mantri Jeevan Jyoti Bima Yojana. (2 Marks)

- A. 50 Years
- B. 55 Years
- C. 60 Years
- D. 65 Years
- E. 40 Years

Q14. With regards to the above-mentioned paragraph, what is the maximum pension received under PM-Atal Pension Yojana. (2 Marks)

- A. 5000
- B. 2000
- C. 1000
- D. 1500
- E. None of the above

Q15) With regards to the above-mentioned paragraph, what is the premium paid under Pradhan Mantri Suraksha Bima Yojana? (2 Marks)

- A. Rs. 10
- B. Rs. 20
- C. Rs. 12
- D. Rs. 40
- E. Rs. 25

Directions (16-18): Read the following Paragraph and answer the questions that follows.

Motivation is the driving force that compels individuals to act and pursue goals, stemming from internal desires or external incentives. It energizes behavior, directing efforts toward achieving objectives and satisfying needs, influencing performance and satisfaction in various aspects of life.

Two eminent contributors to the field of motivation are Abraham Maslow and David McClelland. They have identified specific workplace motivational needs. In this context, David McClelland proposed _____ "X" _____ motivating elements, while Maslow presented the hierarchical

structure of the need pyramid. Their seminal work has significantly advanced the understanding of human motivation in organizational settings.

(This is a recreated passage and not the exact one asked in the exam)

Q.16) With regards to the above-mentioned paragraph, Identify “X” from the following given options. (2 Marks)

- A. 1
- B. 2
- C. 3
- D. 4
- E. None of the above

Q.17) With regards of the above paragraph, if an employee is currently at the Physiological needs, then what will be the highest level as per Maslow motivational theory. (2 Marks)

- A. Safety Needs
- B. Security Needs
- C. Belonginess Needs
- D. Self Esteem Needs
- E. Self-Actualization Needs

Q.18) Managers' perceptions of employees can vary significantly. Some may view certain employees as lazy and disliking work, while others may perceive them as enthusiastic and enjoying their job. Identify the theory of motivation which explains such different Managers' perceptions of employees. (2 Marks)

- A. Adam Equity Theory
- B. Vroom Expectancy Theory
- C. Theory X and Theory Y
- D. ERG theory
- E. None of the above

Directions (19-20): Read the following Paragraph and answer the questions that follows.

Leadership is the process of guiding and influencing individuals or a group to achieve shared goals. Effective leaders inspire and motivate others, foster collaboration, and make strategic decisions. Leadership involves traits like communication, empathy, vision, and adaptability, empowering people to realize their potential and achieve collective success.

Kurt Lewin, a psychologist, made significant contributions to the study of leadership through his research on group dynamics and social psychology.

(This is a recreated passage and not the exact one asked in the exam)

Q.19) With regards to the above-mentioned paragraph, which of the following are the three leadership styles introduced by the Kurt Lewin in 1930? (2 Marks)

- A. Autocratic, Democratic, and Equity
- B. Autocratic, Democratic, and Laissez-faire.
- C. Autocratic, Delegative, and Equity
- D. Power, Democratic, and Equity
- E. Autocratic, Democratic, and Supportive

Q.20) There are multiple leadership styles which a leader can follow, in the same regard, which of the following is/are the examples of contingency theory of leadership. (2 Marks)

- A. Fielder Contingency Theory
- B. House path Goal Theory
- C. Blake and Mouton Managerial Grid
- D. Both Option A and B
- E. Both Option A and C

Directions (21-25): Read the following Paragraph and answer the questions that follows.

A Discussion Paper on 'Governance in Commercial Banks in India' was issued by the Reserve Bank on June 11, 2021 to review the framework for governance in the commercial banks. In order to address a few operative aspects received through such feedback, it has been decided to issue instructions with regard to the Chair and meetings of the board, composition of certain committees of the board, age, tenure and remuneration of directors, and appointment of the whole-time directors (WTDs).

Under the revised guidelines for Appointment of Directors and Constitution of Committees of the Board, The Chair of the board shall be an independent director. In the absence of the Chair of the board, the meetings of the board shall be chaired by an independent director. The quorum for the board meetings shall be _____ "X" _____ of the total strength of the board or three directors, whichever is higher. At least half of the directors attending the meetings of the board shall be independent directors.

Moreover, banks are required to form, Audit Committee of Board (ACB) and Risk Management Committee of the Board (RMCB).

The revised instructions would be applicable to all the Private Sector Banks including Small Finance Banks (SFBs) and wholly owned subsidiaries of Foreign Banks. In respect of State Bank of India and Nationalized Banks

(This is a recreated passage and not the exact one asked in the exam)

Q.21) Which part of the of the banking is being addressed by RBI in the above-mentioned passage? (2 Marks)

- A. Corporate Management
- B. Corporate Governance
- C. Risk Management
- D. Outsourcing the IT process
- E. Outsourcing the KYC Process

Q.22) With regards to the above-mentioned paragraph, The Audit Committee of the Board (ACB) shall be constituted with only _____. (2 Marks)

- A. Independent Directors
- B. Non-Independent Directors
- C. Non-executive directors (NEDs)
- D. Promoters
- E. None of the above

Q.23) With regards to the above-mentioned paragraph, Under Risk Management Committee of the Board (RMCB), The board shall constitute an RMCB with a majority of NEDs. The RMCB shall meet with a quorum of three members. Meetings of RMCB shall be chaired by an _____. (2 Marks)

- A. Independent Directors
- B. Non-Independent Directors
- C. Non-executive directors (NEDs)
- D. Promoters
- E. None of the above

Q.24) With regard to the above-mentioned paragraph, Identify "X". (2 Marks)

- A. 1/2
- B. 1/3
- C. 2/3
- D. 3/2
- E. None of the above

Q.25) The Chair of the board may be a member of the RMCB only if he/she has the requisite _____ expertise. (2 Marks)

- A. Finance Expertise
- B. Risk management Expertise
- C. Audit Expertise
- D. Corporate Expertise

E. None of the above

Directions (26-28): Read the following Paragraph and answer the questions that follows.

Rohan's career journey was full of changes, trying out different roles. However, poor communication always held him back. Despite his skills, he felt the need to conquer this obstacle for true success. Like Rohan, many people face multiple barriers to the communication process, some of them are listed below -

- A. Misunderstanding due to translation error caused due to lack of proficiency of translator in both languages.
- B. Lack of confidence of subordinate to communicate and give feedback to superior.
- C. Rules and regulations hindering the communication and Complexity in Organizational structure
- D. Lack of time due to pre-occupied mind

Lastly, Rohan can improve his communication skills through several steps. Firstly, he should actively listen to others and be open to feedback. Practicing clear and concise expression will help him articulate his ideas better.

(This is a recreated passage and not the exact one asked in the exam)

Q.26) With regards to the above-mentioned passage, which of the following is/are example of personal barriers in the communication process. (2 Marks)

- A. Only A
- B. Only B
- C. Only C and B
- D. Only A, B and C
- E. Only B and D

Q.27) Identify the barriers of communication, wherein the person (Sender or Receiver) is unable to translate the language in the required manner.

- A. Personal Barriers
- B. Semantic Barriers
- C. Organizational Barriers
- D. Emotional Barriers
- E. Psychological barriers

Q.28) Which of the following is an example of Non-Verbal Communication

- A. Writing letter
- B. Memos
- C. Body Language and Gestures
- D. Flyers and posters
- E. Infographics

Q.29) Power is the capacity to exert authority, influence decisions, direct actions, or command resources, often to attain specific objectives or maintain control. There are different types or basis of power. Raven has identified power bases of two broad categories: Positional and personal, in the same regards, identify the correct option from below –

- A. Positional (legitimate, reward, Coercive) , Personal (knowledge, referent)
- B. Personal (legitimate, reward, Coercive), Positional (knowledge, referent)
- C. Personal (Charismatic power), Positional (knowledge, referent power)
- D. Positional (Coercive power), Personal (Reward Power)
- E. None of the above

Q.30) Identify the theory of corporate governance, which is based on the perception that a corporation for its effective function has to forge a number of relations with different people/institutions including suppliers, consumers, employees, government.

- A. Steward Ship Theory
- B. Stakeholder Theory
- C. Agency Theory
- D. Feedback Theory
- E. None of the above

Sub-section – Descriptive Writing

Question 1 - What is Open Network for Digital Commerce (ONDC)? How it will beat other e-commerce giants like Amazon and Flipkart (400 words, 10 marks)

Question 2 - What is a code of conduct? How it is implemented in an organization (400 words, 10 marks)

Question 3 - RBI has Allowed Pre-Sanctioned Credit Lines Via UPI. How is it a step towards financial inclusion? (400 words, 10 marks)

Question 4 - What is the contribution of Henry Fayol in the field of management? Also, explain fourteen principles of management as given by him? (600 words, 15 marks)

Question 5 - Discuss the big-five model of personality. (600 words, 15 marks)

Question 6 - Briefly explain the Retail direct scheme of the Reserve Bank of India (RBI)? (600 words, 15 marks)

Answer Key

RBI Grade B 2023 – Phase 2 - Recollected Questions

Section – Objective (1 Marker)

Question Number	Answer
1	B
2	C
3	D
4	D
5	A
6	E
7	B
8	E
9	C
10	C

Section – Objective (2 Marker)

Question Number	Answer	Question Number	Answer
11	B	21	B
12	C	22	C
13	A	23	A
14	A	24	B
15	B	25	B
16	C	26	E
17	E	27	B
18	C	28	C
19	B	29	A
20	D	30	B

RBI Grade B 2023 - Phase 2 - Recollected Questions

Explanations

Sub-section – Objective

Q.1) Explanation:

The National Bank for Financing Infrastructure and Development Bill, 2021 was introduced in Lok Sabha on March 22, 2021. The Bill seeks to establish the National Bank for Financing Infrastructure and Development (NaBFID) as the principal **development financial institution (DFIs) for infrastructure financing**.

NaBFID shall be regulated and supervised as an All India Financial Institution (AIFI) by the Reserve Bank under Sections 45L and 45N of the Reserve Bank of India Act, 1934.

Hence **B** is the correct answer.

Q.2) Explanation:

The term return on assets (ROA) refers to a financial ratio that indicates how profitable a company is in relation to its total assets. Corporate management, analysts, and investors can use ROA to determine how efficiently a company uses its assets to generate a profit.

Here, use the formula to ROA, which is Profit After Tax (Net income)/ Assets.

$$\text{ROA} = 100 \text{ lakh} / 500 \text{ lakh} = 20\%$$

Hence **C** is the correct answer.

Q.3) Explanation:

The Big Five personality traits are extraversion (also often spelled extroversion), agreeableness, openness, conscientiousness, and neuroticism.

Conscientiousness: Standard features of this dimension include high levels of thoughtfulness, good impulse control, and goal-directed behaviors

Therefore, **if we see and match the key words of the question, then the answer will Conscientiousness.**

Hence **D** is the correct answer.

Q.4) Explanation:

Emotional dissonance refers to the psychological conflict or incongruity that occurs when an individual experiences a discrepancy between their true emotions and the emotions they express or display in a particular situation. **This concept is often associated with the workplace, especially in professions where employees are required to regulate their emotions as part of their job duties.**

It is important to counteract the effects of emotional labor and emotional dissonance. Employees who engage in surface displays should be given a chance to relax and recharge

Hence D is the correct answer.

Q.5) Explanation:

Greek philosophers, in particular Aristotle, popularized the teleological theory. The word teleology is derived from telos which means the end or consequences.

Teleological theories do give a definite perspective to make moral choices by comparing competitive alternatives, and the relative impact on people.

Hence A is the correct answer.

Q.6) Explanation:

Care Ethics - All religions in the world including Jainism, Christianity, Hinduism, Islam and Buddhism depend on care-based ethics.

Care-based ethics teach the golden rule: "Do unto others as you would have them do to you". The ethics of care is based on the philosophical theory of reversibility. It gives us the realization that how will we feel if we are the victims and others are the caretakers.

Hence E is the correct answer.

Q.7) Explanation:

The LRS full form is Liberalised Remittance Scheme. It is a foreign exchange policy initiative introduced by the Reserve Bank of India in 2004. It intended to simplify and streamline the process of remitting funds outside India.

Under the Liberalized Remittance Scheme, all resident individuals, including minors, are allowed to freely remit up to USD 2,50,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both.

Hence B is the correct answer.

Q.8) Explanation:

Forfaiting is similar to factoring which allows exporters to obtain cash by selling their receivables from the foreign country at some discount.

In simple words, Forfaiting is a type of financing that helps exporters receive immediate cash by selling their receivables at a discount through a third party.

Hence E is the correct answer.

Q.9) Explanation:

Non-tax revenue refers to the income or revenue that a government or public sector entity generates from sources other than taxes.

Examples of non-tax revenue sources include:

- **Fees and charges:** Revenue generated from fees for government services, licenses, permits, and administrative charges.
- **Dividends and profits:** Earnings from government-owned enterprises and corporations in which the government has a stake.
- **Interest and dividends on investments:** Revenue earned from investments made by the government or public sector entities in bonds, stocks, or other financial instruments.

Non-tax revenue plays a crucial role in funding various government expenses and development projects. It complements tax revenue and helps governments diversify their income sources while reducing reliance solely on taxation to meet financial needs

Hence C is the correct answer.

Q.10) Explanation:

The negotiable instrument that Ramesh and Suresh will use in this scenario is Bill of Exchange.

A Bill of Exchange is a written instrument that contains an unconditional order by the drawer (Ramesh) to the drawee (Suresh) to pay a certain sum of money to the payee (Rajesh) or their order at a specified future date. In this case, Ramesh will be the drawer, Suresh will be the drawee, and Rajesh will be the payee.

By issuing a Bill of Exchange, Ramesh instructs Suresh to make the payment directly to Rajesh, thus absolving himself from the liability of repaying the debt to Rajesh. It allows for the transfer of the liability from Ramesh to Suresh, making Suresh responsible for paying the debt to Rajesh at the specified time.

Hence C is the correct answer.

Q.11) Explanation:

Pradhan Mantri Jan Dhan Yojana was announced by the honorable Prime Minister of India Shri. Narendra Modi in the year 2014, on the eve of Independence Day.

Objective of "Pradhan Mantri Jan-Dhan Yojana (PMJDY)" is ensuring access to various financial services like availability of basic savings bank account, access to need based credit, remittances facility, insurance and pension to the excluded sections i.e. weaker sections & low-income groups using technology. **Under the Jan Dhan scheme, any individual who is older than 10 years of age and does not possess a bank account can open one in his or her name with an opening deposit of zero.**

It has following benefits

- Individuals whose Jan Dhan account completes 6 months are eligible to an overdraft facility of Rs.10,000
- No minimum balance required
- The scheme offers a life cover of Rs. 30,000 to customers who comply with certain norms of the scheme and offers **Rs.2,00,000 as insurance sum in the event of death due to accident**

Hence B is the correct answer.

Q.12) Explanation:

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) is an insurance scheme by Ministry of Finance, offering life insurance cover for death due to any reason. It is a one-year cover, renewable from year to year. The scheme is offered / administered through LIC and other Life Insurance companies willing to offer the product on similar terms with necessary approvals and tie ups with Banks / Post office for this purpose.

All individual account holders of participating banks/ Post **office in the age group of 18 to 50 years** are entitled to join. Aadhaar is the primary KYC for the bank / Post office account. **PMJJBY offers a renewable one-year term life cover of ₹ 2.00 Lakh**

Hence C is the correct answer.

Q.13) Explanation:

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) is an insurance scheme by Ministry of Finance, offering life insurance cover for death due to any reason. It is a one-year cover, renewable from year to year. The scheme is offered / administered through LIC and other Life Insurance companies willing to offer the product on similar terms with necessary approvals and tie ups with Banks / Post office for this purpose.

All individual account holders of participating banks/ Post **office in the age group of 18 to 50 years** are entitled to join. Aadhaar is the primary KYC for the bank / Post office account. **PMJJBY offers a renewable one year term life cover of ₹ 2.00 Lakh**

Hence A is the correct answer.

Q.14) Explanation:

Atal Pension Yojana (APY) is an old age income security scheme for all the savings account holder between age group 18-40. Each subscriber under APY shall receive a guaranteed minimum pension of Rs. **1000 per month or Rs. 2000 per month or Rs. 3000 per month or Rs. 4000 per month or Rs. 5000 per month, after the age of 60 years until death.**

Hence A is the correct answer.

Q.15) Explanation:

Pradhan Mantri Suraksha Bima Yojana accident Insurance Scheme offering accidental death and disability cover for death or disability on account of an **accident. Premium paid is Rs.20/- per annum** per member.

This Scheme is available to people in the age group 18 to 70 years with a bank account who give their consent to join / enable auto-debit on or before 31st May for the coverage period 1st June to 31st May on an annual renewal basis.

Hence B is the correct answer

Q.16) Explanation:

David McClelland identified three learned or acquired needs, often referred to as "manifest needs." These needs are:

- **Achievement Need (nAch):** This is the desire to excel, accomplish challenging goals, and experience a sense of accomplishment and success.
- **Affiliation Need (nAff):** This need pertains to the desire for social interaction, companionship, and positive relationships with others.
- **Power Need (nPow):** The power need involves the desire to influence, control, and have an impact on others or one's environment.

Hence C is the correct answer

Q.17) Explanation:

If an employee's physiological needs are met, the highest level they can aspire to as per Maslow's motivational theory is self-actualization. At this stage, they seek personal growth, fulfillment, and the realization of their full potential, focusing on creativity and self-development.

Hence E is the correct answer

Q.18) Explanation:

Theory X and Theory Y are contrasting management theories proposed by Douglas McGregor. Theory X assumes employees are inherently lazy, dislike work, and need constant supervision, relying on punishments and rewards. In contrast, Theory Y suggests that employees are intrinsically motivated, enjoy work, and can be self-directed when given autonomy and responsibility. These theories influence managerial approaches, with Theory Y fostering a more participative and empowering leadership style

Hence C is the correct answer

Q.19) Explanation:

Kurt Lewin, a psychologist, made significant contributions to the study of leadership through his research on group dynamics and social psychology. He is best known for his three leadership styles: autocratic, democratic, and laissez-faire.

- **Autocratic Leadership:** In this style, the leader holds complete control over decision-making and closely supervises their team.
- **Democratic Leadership:** Lewin's democratic leadership style emphasizes collaboration and participatory decision-making.
- **Laissez-Faire Leadership:** The laissez-faire style involves minimal intervention by the leader, granting employees a high degree of autonomy and freedom in decision-making.

Hence **B** is the correct answer

Q.20) Explanation:

Both the Fielder Contingency Theory and the House Path-Goal Theory are examples of contingency theories of leadership. These theories emphasize the significance of situational factors and follower characteristics in determining the most effective leadership style.

Fielder's Contingency Theory focuses on the match between the leader's style and the favorability of the situation, while the House Path-Goal Theory emphasizes the leader's role in clarifying paths to achieve goals and providing the necessary support to enhance employee motivation and performance.

Please note that contingency theory of leadership is also called as situational leadership theories.

Hence **D** is the correct answer

Q.21) Explanation:

Clearly the passage talks regarding the review for framework of governance in the commercial banks, therefore the correct answer has to be corporate governance.

Corporate governance refers to the system of rules, practices, and processes by which a company is directed, controlled, and managed. It encompasses the relationships between various stakeholders, including shareholders, management, customers, suppliers, financiers, government, and the community. The primary objective of corporate governance is to ensure that the company operates with transparency, fairness, accountability, and responsibility, **in order to safeguard the interests of all stakeholders and maximize long-term value.**

Hence **B** is the correct answer

Q.22) Explanation:

The Audit Committee of the Board (ACB) shall be constituted with **only non-executive directors (NEDs)**. The Chair of the board shall not be a member of the ACB. The Chair of the ACB shall not be a member of any committee of the board which has a mandate of sanctioning credit exposures.

Committees on the Board	<p>directors attending the meetings of the board shall be independent directors</p> <p>Audit Committee of the Board (ACB):</p> <ol style="list-style-type: none"> 1. The ACB shall be constituted with only non-executive directors (NEDs). The Chair of the board shall not be a member of the ACB. The Chair of the ACB shall not be a member of any committee of the board which has a mandate of sanctioning credit exposures 2. The ACB shall meet with a quorum of three members. At least two-thirds of the members attending the meeting of the ACB shall be
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Hence C is the correct answer

Q.23) Explanation:

Risk Management Committee of the Board (RMCB) - Meetings of RMCB shall be chaired by an independent director who **shall not be a Chair of the board** or any other committee of the board. The Chair of the board may be a member of the **RMCB only if he/she has the requisite risk management expertise.**

<p>Risk Management Committee of the Board (RMCB)</p> <ol style="list-style-type: none"> 1. The board shall constitute an RMCB with a majority of NEDs. 2. The RMCB shall meet with a quorum of three members. 3. At least half of the members attending the meeting of the RMCB shall be independent directors of which at least one member shall have professional expertise/ qualification in risk management 4. Meetings of RMCB shall be chaired by an independent director who shall not be a Chair of the board or any other committee of the board. The Chair of the board may be a member of the RMCB only if he/she has the requisite risk management expertise. 5. The RMCB shall meet at least once in each quarter. <p>Nomination and Remuneration Committee (NRC)</p> <ol style="list-style-type: none"> 1. The board shall constitute an NRC made up of only NEDs. The Chair of the board shall not chair the NRC
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Hence A is the correct answer

Q.24) Explanation:

The Chair of the board shall be an independent director. In the absence of the Chair of the board, the meetings of the board shall be chaired by an independent director. The quorum for the board

meetings shall be **one-third of the total strength of the board or three directors, whichever is higher.**

	separately.
Chair and Quorum of Meetings of the Board	<p>The Chair of the board shall be an independent director. In the absence of the Chair of the board, the meetings of the board shall be chaired by an independent director.</p> <p>The quorum for the board meetings shall be one-third of the total strength of the board or three directors, whichever is higher. At least half of the directors attending the meetings of the board shall be independent directors</p>
Committees on the Board	Audit Committee of the Board (ACB):

Hence B is the correct answer

Q.25) Explanation:

Meetings of RMCB shall be chaired by an independent director who shall not be a Chair of the board or any other committee of the board. The Chair of the **board may be a member of the RMCB only if he/she has the requisite risk management expertise.**

<p>Risk Management Committee of the Board (RMCB)</p> <ol style="list-style-type: none"> The board shall constitute an RMCB with a majority of NEDs. The RMCB shall meet with a quorum of three members. At least half of the members attending the meeting of the RMCB shall be independent directors of which at least one member shall have professional expertise/ qualification in risk management Meetings of RMCB shall be chaired by an independent director who shall not be a Chair of the board or any other committee of the board. The Chair of the board may be a member of the RMCB only if he/she has the requisite risk management expertise. The RMCB shall meet at least once in each quarter. <p>Nomination and Remuneration Committee (NRC)</p> <ol style="list-style-type: none"> The board shall constitute an NRC made up of only NEDs. The Chair of the board shall not chair the NRC
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Hence B is the correct answer

Q.26) Explanation:

Personal Barriers can be categorized as barriers related to subordinates or superiors.

Now in the question, if you notice, only statement B and D are related to the Personal Barriers, because statement A is related to the Semantic Barriers and Statement C is related to the organizational barriers.

Therefore, the correct answer will be option E.

Q.27) Explanation:

Semantics is science of meaning. All communications use words, pictures or actions that suggest certain meanings. These barriers arise from the limitations in symbols with which we communicate.

Faulty Translations is an example of semantic barriers: Sometimes a message for wide circulation is translated from one language to another. **Fault in Translation will make the communication ineffective.**

Hence B is the correct answer

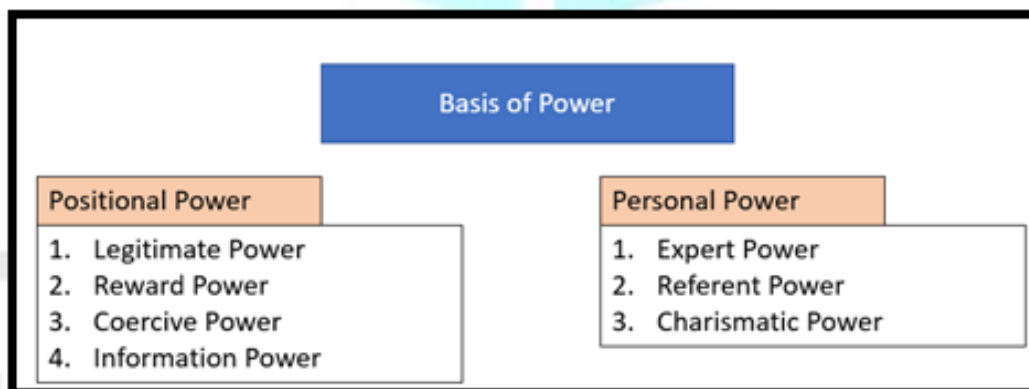
Q.28) Explanation:

Body Language in general means studying all parts of body such as eyes, face etc. which are discussed in separate points. Body Posture and movement means our way of sitting, standing, or moving. For example, a posture in which a person sits with arms crossed is perceived to be a defensive person

Hence C is the correct answer

Q.29) Explanation:

There are different types or basis of power. Raven has identified power bases of two broad categories: Positional and personal. Within each category there are different types of power as shown in the figure below –



Hence A is the correct answer

Q.30) Explanation:

By seeing the language of the question, one might get confused with stewardship theory and stakeholder theory, but here the correct answer will be stakeholder theory of corporate governance.

It's because, the stakeholder theory of corporate governance, explains that corporate organization is to create wealth not only for the owners but also for the stakeholders. This theory focuses on managerial decision-making for the benefit of all the parties concerned.

The answer is not stewardship theory because, in stewardship theory, the key theme revolves around the duty of a steward (managers) is to protect and **maximize the stock of wealth of the shareholders, and by doing so they get their own rewards**

Hence **B** is the correct answer

Sub-section – Descriptive Writing

Question 1 - What is Open Network for Digital Commerce (ONDC)? How it will beat other e-commerce giants like Amazon and Flipkart (**400 words, 10 marks**)

Answer –

ONDC, is an initiative of the Department of **Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce & Industry, Government** of India, to create a facilitative model to **revolutionize digital commerce**, giving greater thrust to the penetration of retail e-commerce in India. It was incorporated as a **Section 8 company in December 2021, with the Quality Council of India and Protean eGov Technologies Limited** as Founding Members.

The following are the major objectives of the ONDC portal-

- 1) **Democratizing and decentralization of e-Commerce:** ONDC, a UPI of e-commerce, seeks to democratize digital or electronic commerce, moving it from a platform-centric model to an open network. Through ONDC, merchants will be able to save their data to build credit history and reach consumers.
- 2) **Advancing Open Networks:** The new framework aims at promoting open networks developed on open-sourced methodology, using open specifications and open network protocols independent of any specific platform.

Here are some ways in which ONDC could give tough competition to Amazon and Flipkart:

1. **Lower barriers to entry:** ONDC's open platform will make it easier for small businesses and sellers to set up shop online. This could lead to a wider range of products and services being available on the platform, which could in turn attract more customers.
2. **Inclusive for small and medium enterprises-** ONDC is expected to make e-Commerce more inclusive and accessible for consumers. Consumers can potentially discover any seller, product or service by using any compatible application or platform, thus increasing freedom

of choice for consumers. It will enable the consumers to match demand with the nearest available supply.

3. **No fear of economies of scale-** Amazon and Flipkart will continue to profit from economies of scale, which allow them to negotiate lower prices than their competitors. Any action taken to restrict trade that results in higher pricing could generate consumer anger, and the major platforms may ultimately benefit the most from ONDC.
4. **Freedom to customers to choose:** ONDC is structured as a set of standards, it will give customers the freedom to choose between various shopping platforms. Based on the same criteria, each platform will obtain the same information regarding the products, their prices, and their levels of availability.

India is on the fast track to digitization, and the government is in the process of strengthening efforts to build a digital ecosystem based on open network APIs. These are poised to bring the country into the tech age. As UPI disrupted the digital payments domain, ONDC holds the potential to effect a transformational change in the e-commerce space. The democratization of digital commerce, and a movement away from platform-based e-commerce giants monopolizing the space, is a promising prospect.

Question 2 - What is a code of conduct? How it is implemented in an organization (400 words, 10 marks)

Answer -

A code of conduct is a **set of ethical guidelines and standards** that outlines the expected behaviour and values of individuals within an organization. It serves as a compass for employees, executives, and stakeholders, guiding them toward upholding integrity, fostering a positive work environment, and adhering to legal and regulatory requirements. A well-implemented code of conduct fosters trust promotes a strong corporate culture and enhances the reputation of the organization.

1. The Purpose and Significance of a Code of Conduct in the Organization-

- a) **Ethical Guidance:** The code provides employees with clear guidelines on how to make ethical decisions, ensuring that their actions align with the organization's values and principles.
- b) **Internal Cohesion:** The code unifies the workforce around shared values, fostering a positive and inclusive work culture that promotes teamwork and collaboration.

2. Implementation of a Code of Conduct-

For a code of conduct to be effective, it must be successfully implemented throughout the organization. Here are some ways to implement it.

- a) **Leadership Commitment:** The organization's leadership, including top-level executives and the board of directors, must demonstrate unwavering commitment to the code of conduct. They must lead by example and consistently promote ethical behavior.
- b) **Communication and Training:** The code should be communicated to all employees, ensuring they understand its importance and relevance to their roles. Training programs can provide real-world examples and scenarios to help employees grasp the principles.
- c) **Integration with Policies and Procedures:** The code of conduct should align with other organizational policies, such as human resources, anti-discrimination, and privacy policies. This integration ensures consistency across the organization.
- d) **Regular Review and Updates:** The code should not remain stagnant but be periodically reviewed and updated to reflect changes in laws, regulations, and the organization's evolving values and goals.
- e) **Monitoring and Reporting:** Implement mechanisms to monitor adherence to the code and establish a confidential reporting system for ethical concerns. Encourage employees to report potential violations without fear of retribution.
- f) **Enforcement and Accountability:** Consistent enforcement of the code, with impartial investigations and appropriate consequences for violations, ensures credibility and reinforces the code's significance.

A well-implemented code of conduct is essential for any organization seeking to maintain high ethical standards, promote a positive corporate culture, and build lasting trust with stakeholders. By outlining core values, behavioural expectations, and legal compliance, organizations can foster an environment of integrity and accountability, ultimately contributing to their long-term success and positive impact on society.

Question 3 - RBI has Allowed Pre-Sanctioned Credit Lines Via UPI. How is it a step towards financial inclusion? (400 words, 10 marks)

Answer -

The Reserve Bank of India's (RBI) decision to allow pre-sanctioned credit lines via the Unified Payments Interface (UPI) is a groundbreaking move that has the potential to accelerate financial inclusion in India. UPI has already been a transformative force in the country's payment landscape, enabling seamless, instant, and secure transactions. By integrating pre-sanctioned credit lines with UPI, the RBI aims to provide easier access to credit for underserved segments of the population, promoting financial empowerment and inclusion for millions of individuals and businesses.

UPI pre-sanctioned credit line

A pre-sanctioned credit line from banks means pre-approved credit, which is essentially credit that banks approve for customers based on data analytics carried out on internal deposits (analyzing internal data).

Here's how **UPI's pre-sanctioned credit line will boost financial inclusion in the country.**

- a) **Empowering the Unbanked and Underbanked:** In India, a significant percentage of the population remains unbanked or underbanked, with limited access to formal banking services and credit facilities. The introduction of pre-sanctioned credit lines via UPI can be a game-changer for these individuals, as it allows them to build a credit history and gain access to credit without having to navigate the complex barriers of the traditional banking system.
- b) **Stimulating Entrepreneurship and Small Businesses:** Accessing formal credit for small businesses has been an uphill battle for many of these enterprises due to limited financial documentation and collateral. With pre-sanctioned credit lines available via UPI, SMEs can now secure credit swiftly and efficiently based on their transaction history, sales records, and customer ratings. This will enable them to invest in business expansion, purchase inventory, and overcome working capital challenges, fueling entrepreneurship and fostering economic growth.
- c) **Reducing Dependence on Informal Credit Channels:** One of the challenges of financial inclusion is the prevalence of informal credit channels, often associated with exorbitant interest rates and exploitative practices. The availability of pre-sanctioned credit lines via UPI can offer a viable alternative to individuals who previously relied on these informal sources. By providing formal and regulated credit options, the RBI's initiative can protect consumers from predatory lending practices, promoting financial stability and enhancing overall economic well-being.
- d) **Driving Digital Adoption:** The convergence of pre-sanctioned credit lines with UPI will inevitably drive further digital adoption across the country. As individuals and businesses embrace UPI for both payments and credit access, they will become more familiar with digital financial services. This increased digital literacy can extend to other financial products and services, such as savings accounts, insurance, and investments, expanding the reach of formal financial systems to even the most remote areas of the country.

The RBI's decision to allow pre-sanctioned credit lines via UPI represents a significant step towards financial inclusion in India. By leveraging the simplicity and reach of UPI, this initiative aims to empower the unbanked, facilitate credit access for SMEs, reduce dependence on informal credit channels, drive digital adoption, and enhance credit penetration and monitoring. As more individuals and businesses gain access to formal credit, they will have the means to achieve their aspirations and contribute to the country's economic growth. However, effective implementation, continuous monitoring, and proactive measures will be essential to maximize the impact of this transformative initiative and ensure a more financially inclusive future for India.

Question 4 - What is the contribution of Henry Fayol in the field of management? Also, explain fourteen principles of management as given by him? **(600 words, 15 marks)**

Answer –

Henry Fayol (1841-1925) was a prominent French management theorist and industrialist, widely regarded as one of the founding fathers of modern management theory. His significant contributions to the field of management have had a lasting impact on how organizations are

managed and operated. Fayol's work laid the foundation for many management principles and practices that are still relevant and widely applied today.

In the same regard, here are the contributions of Fayol in the field of management.

a. Administrative Management Theory: Fayol's most significant contribution was the development of the administrative management theory. He focused on the administrative aspects of management, emphasizing the importance of managerial functions and the role of managers in organizations.

b. Division of Management Functions: Fayol identified five essential management functions: planning, organizing, commanding, coordinating, and controlling. He argued that managers at all levels of an organization perform these functions to achieve organizational goals effectively.

c. Management Process: Fayol was one of the first to conceptualize management as a continuous process, where managers engage in ongoing activities to guide the organization towards its objectives.

Along with this contribution, he has also given fourteen principles of management which are as follows.

- 1. Division of Work:** Also known as the principle of specialization, this emphasizes breaking down tasks into smaller, more manageable components. Specialization leads to increased efficiency and expertise.
- 2. Authority and Responsibility:** Managers have the authority to give orders, and with authority comes the responsibility to ensure tasks are completed. Authority and responsibility should go hand in hand.
- 3. Discipline:** Employees should respect and follow the rules and regulations established by the organization. Discipline ensures order and stability within the workplace.
- 4. Unity of Command:** Each employee should receive instructions and guidance from only one manager. This avoids conflicting commands and helps maintain clarity in the chain of command.
- 5. Unity of Direction:** Teams with similar objectives should work together under a single plan to achieve common goals. This promotes coordination and focus throughout the organization.
- 6. Subordination of Individual Interests to the General Interest:** The interests of individuals or groups should not supersede the overall interests of the organization. Everyone should work towards the organization's common objectives.
- 7. Remuneration:** Fair and equitable compensation is essential to motivate employees and ensure job satisfaction.
- 8. Centralization:** The degree to which decision-making authority is concentrated in a few hands. Fayol believed that the level of centralization should depend on the specific circumstances of the organization.

9. **Scalar Chain:** The scalar chain represents the hierarchical structure of authority within the organization, from top management to the lowest ranks. Communication should flow along this chain.
10. **Order:** A well-organized workplace with a place for everything and everything in its place enhances efficiency and reduces wastage of time and resources.
11. **Equity:** Managers should treat employees with kindness and justice, promoting a sense of fairness and goodwill among workers.
12. **Stability of Tenure of Personnel:** To build expertise and loyalty, organizations should strive to minimize employee turnover and provide job security.
13. **Initiative:** Encouraging employees to take initiative and be innovative fosters a culture of continuous improvement.
14. **Esprit de Corps:** Promoting team spirit and harmony among employees contributes to a positive work environment and higher productivity.

Henry Fayol's contributions to management laid the groundwork for modern management practices. His administrative management theory, division of management functions, and fourteen principles of management have had a lasting impact on how organizations are managed worldwide. Fayol's emphasis on the importance of managerial functions, unity of command, and principles like division of work and discipline continues to be relevant and are essential components of effective management practices in the present day.

Question 5 - Discuss the big-five model of personality. (600 words, 15 marks)

Answer –

Personality is the combination of traits or qualities that forms a person's unique identity. It signifies the role which a person plays in public.

In recent times, researchers have identified five fundamental traits that are especially relevant to an organization. These five traits make up the Big Five personality model and are as following:

1) Openness –

Openness in the context of the Big Five refers more specifically to Openness to Experience, or openness to considering new ideas. People who like to learn new things and enjoy new experiences usually score high in openness. Openness includes traits like being insightful and imaginative and having a wide variety of interests.

Example: Mr. Azim Premji, an Indian Business tycoon, has always been open for new experiences. From dropping out from Stanford at the age of 21 to starting a vegetable oil production and further expanding the production line towards hydraulic cylinders, Soaps and lighting products shows his openness to new ideas and experiences, and this openness ultimately resulted in the formation of India's one of the biggest Information Technology company Wipro Ltd.

2) Conscientiousness –

Conscientiousness describes a person's level of goal orientation and persistence. People that have a high degree of conscientiousness are reliable and prompt. Traits include being organized, methodic, and thorough.

Example: The high degree of conscientiousness of Mark has led him to the way of success, he is a hardworking, and always willing to put in extra time and effort to accomplish goal to achieve success. His willingness to put in extra time to complete something, such as he uses eight hours to create the Facemash site. So, we can see that when he got an objective that need to be achieved, he will show his high conscientiousness to work on that aim in order to achieve success

3) Extraversion –

Extraversion describes a person's inclination to seek stimulation from the outside world, especially in the form of attention from other people. Extroverts get their energy from interacting with others, while introverts get their energy from within themselves. Extraverts engage actively with others to earn friendship, admiration, power, status, excitement, and romance. Introverts, on the other hand, conserve their energy, and do not work as hard to earn these social rewards. Extraversion includes the traits of being energetic, talkative, and assertive.

Example: Keen observation has shown that Elon Musk is not afraid of public platforms, you can often see him on stages making unveils of new products, charity speaking, connecting with customers, asking for reviews and opinions, and considering their feedback shows that he is high on Extraversion.

4) Agreeableness –

Agreeableness describes the extent to which a person prioritizes the needs of others over their own needs. People who are high in Agreeableness experience a great deal of empathy and tend to get pleasure out of serving and taking care of others. These individuals are friendly, cooperative, and compassionate. Traits include being kind, affectionate, and sympathetic. People with low agreeableness may be more distant.

Example: Ratan Tata has always been known for his empathy not only for his employees but also to the society at large. From Donating 1500 crore during COVID to taking care of families of employees who suffered during the Taj terrorist attack, Ratan Tata has always been known as a person who gets pleasure out of serving and taking care of others.

5) Neuroticism –

Neuroticism describes a person's tendency to respond to stressors with negative emotions, including fear, sadness, anxiety, guilt, and shame. Neuroticism is also sometimes called Emotional Stability. This dimension relates to one's emotional stability and degree of negative emotions. People that score high on neuroticism often experience emotional instability and negative emotions. Traits include being moody and tense.

Example: If there is one daunting trait that Musk has taken is that of neuroticism. He is a bit harsh with employees. There have been many reports that he often lashes out at employees if they are not following his guidelines. One of his employee Seth (2015) states that he often demands seemingly impossible things and publicly chews out at employees who fall short of his goals.

Personality is to a man what perfume is to a flower. Personality has key influence on work performance and the Big Five model of personality can play a really important role in modern-day organizations.

Question 6 - Briefly explain the Retail direct scheme of the Reserve Bank of India (RBI)? (600 words, 15 marks)

Answer –

Prime Minister Narendra Modi launched the innovative customer-centric Retail Direct Scheme of the Reserve Bank of India on 12 November 2021. The Retail Direct scheme is a one-stop solution to facilitate investment in Government Securities by Individual Investors. Under this scheme, Individual Retail investors can open Gilt Securities Account – “Retail Direct Gilt (RDG)” Account with the RBI.

Features of the RBI Direct Retail Scheme

- It offers investors a new avenue for directly investing in securities issued by the Government of India and the State Governments. Investors will be able to easily open and maintain their government securities account online with the RBI, free of cost.
- Retail investors (individuals) can open an online Retail Direct Gilt Account (RDG Account) with RBI under the RBI Retail Direct Scheme. These accounts can be linked to their bank accounts for savings.
- Individuals’ RDG Accounts can be used to participate in government securities issuance and secondary market operations via the screen-based system
- To provide liquidity in the secondary market, a market-making arrangement, wherein the primary dealers shall be present on the NDS-OM platform (odd-lot and Request for Quotes segments) throughout market hours and respond to buy/sell requests from Retail Direct Gilt Account Holders (RDGAHs) has been notified.

Reasons of opening a Retail Direct Gilt (RDG) account?

1. Opening an RDG account will allow individuals to buy Government securities directly in the primary market (auctions) as well as buy/sell in the secondary market. For the retail investor, Government securities offer an option for long term investment. The advantages for retail investors can be listed as under:

2. **G-sec have reasonable liquidity:** G-sec have reasonable liquidity and can be transacted on NDS-OM. With the introduction of Retail Direct Portal, retail investors can now participate easily in primary and secondary market.
3. **Zero charges under Retail Direct Scheme:** Retail Direct Account is completely free of charge and does not involve any intermediary. It would reduce overall transaction charges for individual investors in terms of the charges which they are otherwise required to pay for investing through aggregators or taking indirect exposure through mutual funds.

Criteria for opening the RDG account-

As per the notification issued by the RBI on July 12, 2021, a retail investor can open the RDG account if they have the following:

- Rupee savings bank account maintained in India;
- PAN issued by the Income Tax Department;
- Anofficially valid document such as Aadhaar, Voter ID for KYC purposes;
- Valid email ID; and
- Registered mobile number

The RBI Retail Direct Scheme is aimed at enhancing access to the government securities market for retail investors enhancing the participation of retail investors in the Financial Market. Opening an RDG account will allow individuals to buy Government securities directly in the primary market (auctions) as well as buy/sell in the secondary market. For the retail investor, Government securities offer an option for long term investment.