

## Finance and Management

### 2 Markers

Q.1) (a)

Explanation:

This question is from one of the most important chapters of Management called “MOTIVATION”. The RBI Grade B exam is incomplete without the chapter Motivation. NEVER EVER skip this topic J

Let us talk about the question now, the question is from one of the theories called ‘Maslow Hierarchy of Needs- Theory of Motivation’, in order to attempt such questions first, one should know the correct sequence or hierarchy of needs. Seconds, what do these needs actually mean? If someone knows these two things then it will be a piece of cake to answer this question. The level of the question was easy.

Q.2) (c)

Explanation:

This question is from one of the most important chapters of Management called “MOTIVATION”. The RBI Grade B exam is incomplete without the chapter Motivation. NEVER EVER skip this topic J

Let us talk about the question now, the question is from one of the theories called ‘McClelland Theory of Motivation’. The question is pretty basic in nature, the question wants you to answer how many needs he proposed and here are the three needs:

Need for achievement, Need for power and Need for Affiliation. The level of the question was easy.

Q.3) (d)

Explanation:

This question is from one of the most important chapters of Management called “MOTIVATION”. The RBI Grade B exam is incomplete without the chapter Motivation. NEVER EVER skip this topic J

Let us talk about the question now, the question is from one of the theories called ‘Theory X and Theory Y’. The question is pretty basic in nature.

Q.4) (b)

Explanation:

This question is from one of the most important chapters of Management called “LEADERSHIP”. The RBI Grade B exam is incomplete without the chapter Leadership. NEVER EVER skip this topic J

Let us talk about the question now, pretty basic in nature as the question is asking you to figure out 3 basic styles of leadership.

This topic comes under the most basic topics. So one thing which we can learn here is that DO NOT LEAVE ANYTHING FOR THE EXAMS as even the most basic topics of which we do not have any expectation might come up in the exam.

Q.5) (d)

Explanation:

This question is from one of the most important chapters of Management called “LEADERSHIP”. The RBI Grade B exam is incomplete without the chapter Leadership. NEVER EVER skip this topic

Let us talk about the question now, pretty basic in nature as the question wants you to identify which theories fall under contingency theories of leadership.

Q.6) (b)

Q.7) (a)

Q.8) (a)

Q.9) (c)

Q.10) (a)

Explanation:

This paragraph was from one of the most important topics called ‘COMMUNICATION’, in this paragraph the examiner covered all the important topics under this particular chapter be it Verbal and Non-Verbal Communication, Barriers of Communication etc.

Just like the chapters Motivation and Leadership, this one is also one of the most important chapters of exams and please NEVER EVER leave this topic if you want to score well or make it to the cut-off list.

Q.11) (b)

Q.12) (d)

Q.13) (c)

Q.14) (d)

Q.15) (c)

Explanation:

This question is from the topic of “Financial Inclusion”. It is directly related to RBI’s syllabus and thus becomes important for the exam. This is a scheme-based question. Schemes form part of Current Affairs. Regularly updating yourself will help you solve such questions. You should watch PIB sessions and schemes sessions regularly. These are available on youtube. PMJJBY offers a renewable one year term life cover of ₹ 2.00 Lakh to all the subscribing bank account holders in the age group of 18-50 years, covering death due to any reason, for a

premium of ₹ 330/- per annum per subscriber, to be auto debited from the subscriber's bank account. The 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. Aadhar would be the primary KYC for the bank account. Pradhan Mantri Jan Dhan Yojana is a financial inclusion program of the Government of India open to Indian citizens, that aims to expand affordable access to financial services such as bank accounts, remittances, credit, insurance and pensions.

Q.16) (c)

Q.17) (b)

Q.18) (b)

Q.19) (a)

Q.20) (c)

Explanation:

These 5 questions are from the chapter of 'Corporate Governance in Banking'. The questions are asked directly from RBI's guidelines on corporate governance in Banking. Corporate Governance in banking is an important topic given in the syllabus. It could be done through our course or by personal research as well.

Chair and meetings 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 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.

## 1 Markers

Q.21) (a)

Explanation:

This question is a part of one of the important chapters of management and i.e., "PERSONALITY". This question is from an important topic called 'Big Five Personality Traits'. This topic is specifically mentioned in the syllabus of RBI Grade B so it would be my recommendation to not leave this topic. It is doable.

Let us talk about the question now. In order to attempt this, question a student should know first, what different traits of personality we have (all of which I have mentioned in the options) and in addition to those key words related to every trade. For example, here key words given are "organized, self-disciplined and achievement-oriented", If a student is not familiar with the keywords one will not be able to attend to such questions.

The level of the question was easy.

Q.22) (b)

Explanation:

This question is from the chapter "EMOTIONAL INTELLIGENCE". With the growing importance of soft skills, the importance of Emotional Quotient is also increasing. This is the objective of RBI for adding this topic to your syllabus. This is a direct question as the examiner wants to find the correct keyword which is Emotional Dissonance in this case. Students might get confused here with the options in the exam but the correct answer is option b)

Emotional dissonance refers to the internal conflict or incongruity between the emotions a person feels and the emotions they express outwardly. It occurs when individuals are required to display emotions that are inconsistent with their true feelings or emotions.

The level of the question was easy.

Q.23) (e)

Explanation:

This question is from one of the most important chapters called 'ETHICS'. Questions from this topic do come both in objective and descriptive format every year so it would be advice to all my students to not leave this topic NEVER EVER.

Let us talk about the question now, the question is from "Theories of Ethics" which is a quite an important topic in this chapter. The question is pretty basic in nature and it's a no-brainer for those students who studied for exams dedicatedly.

The level of the question was easy.

Q.24) (a)

Explanation:

This question is from one of the most important chapters called 'ETHICS'. Questions from this topic do come both in objective and descriptive format every year so it would be advice to all my students to not leave this topic NEVER EVER.

Let us talk about the question now. The question is from the topic 'Values'. The question is pretty basic in nature. A simple understanding of values will be sufficient to answer the question.

Q.25) (c)

Explanation:

Accountancy/ Accounting Ratios was a new topic introduced in the syllabus. This question is from the chapter of 'Accounting ratios'. A very easy question.... To solve such questions, you should learn the formulas, practice questions and ask doubts if you have any.

Q.26) (b)

Explanation:

A very easy question about a Development Finance Institute. It was taught to students through RBI247 session plenty of times.

This question can seem to be of current affairs, however it is a new development Finance Institute, and these are something an RBI aspirant should know. A pretty basic question.

**Q.27) (a)**

Explanation:

Liberalized Remittance scheme is very important. It was in the news for the last 1 year for different reasons. We were expecting a difficult question from this scheme, however, this is the easiest possible question that could have been made from this scheme.

**Q.28) (a)**

Explanation:

This is again a straightforward question. The concept is taught in a static section. One of the easiest questions that could have been made from this chapter is ‘Alternate source of finance’. The options were also not close enough. Easily identifiable answer.

**Q.29) (d)**

Explanation:

Again, an easy question. Probably one of the easiest question that could have been made from this topic. These kinds of questions give you free marks. It is asked from ESI- Chapter of BUDGETING.

**Q.30) (c)**

Explanation:

This question is covered both in the Accountancy section as well as finance- instruments. Negotiable and exchangeable instruments is an easy topic and is an important topic. It was a very easy question. It could have been solved with a basic understanding of the topic.

A bill of exchange is an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay on demand or at fixed or determinable future time a certain sum of money only to, or to the order of, a certain person or to the bearer of the instrument.

## FM - Descriptive

### 15 Marks

Q.1)

**Explain in detail, RBI's Retail Direct Scheme including the scope, applicability, charges, fees, etc.**

- 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 a Gilt Securities Account – “Retail Direct Gilt (RDG)” account with RBI. Using this account, retail investors can buy and sell government securities through the online portal.
- A Retail Investor is a non-professional investor who buys and sells securities or funds that contain a basket of securities such as mutual funds and Exchange Traded Funds (ETFS).  
A Gilt Account can be compared with a bank account, except that the account is debited or credited with treasury bills or government securities instead of money.
- A G-Sec is a tradable instrument issued by the Central Government or the State Governments.
- It acknowledges the Government's debt obligation. Such securities are short term (usually called treasury bills, with original maturities of less than one year- presently issued in three tenors, namely, 91 day, 182 day and 364 day) or long term (usually called Government bonds or dated securities with original maturity of one year or more).

**Aim:**

The scheme is **aimed at diversifying the government securities market**, which is dominated by institutional investors such as banks, insurance companies, mutual funds and others. While foreign portfolio investors were allowed to invest in G-secs, their holding is around 2- 3% in the overall market.

**Scope:**

- i. It offers retail investors a portal avenue to invest in **Central government securities, treasury bills, --State development loans and sovereign gold bonds.**
- ii. They **can invest in primary as well as secondary** government securities markets.

**The kinds of Government securities that an investor can invest in through the Retail Direct platform are:**

- I. Government of India Treasury Bills (T-Bills)
- II. Government of India dated securities (dated G-Sec)
- III. State Development Loans (SDLs)
- IV. Sovereign Gold Bonds (SGB)

**Online Portal:**

Investors can register on the online portal by filling up the online form. The online portal will also give the registered users the following facilities:

- **Access to primary issuance of Government Securities**
- **Access to NDS-OM**

**Eligibility:**

Retail investors, as defined under the scheme, can register under the Scheme and maintain a RDG Account, if they have the following:

- Permanent Account Number (PAN) issued by the Income Tax Department
- Access to primary issuance of Government Securities
- Any Officially Valid documents (OVD) for KYC purpose
- Valid e-mail ID
- Registered mobile number
- Non-Resident retail investors eligible to invest in Government Securities under Foreign Exchange Management Act, 1999 are eligible under the scheme.
- The RDG account can be opened singly or jointly with another retail investor who meets the eligibility criteria.

**Fee and Charges:**

- No fee will be charged for opening and maintaining Retail Direct Gilt account with RBI.
- No fee will be charged by the aggregator for submitting bids in the primary auctions.
- Fee for payment gateway etc., as applicable, will be borne by the registered investor.

**Q.2)**

**Explain the Big 5 Personality Model of Personality. Also, explain how other traits of personality affect organisational behaviour.**

**Answer:**

The Big Five Personality Model, also known as the Five Factor Model, is a widely accepted framework for understanding and categorizing human personality traits. It identifies five broad dimensions that encompass a range of individual differences in personality. These dimensions provide insights into how people differ in terms of behaviour, emotions, and motivations. The Big Five traits are often referred to by the acronym OCEAN.

**Openness to Experience:** This trait reflects an individual's openness, curiosity, and willingness to engage with novel ideas, experiences, and perspectives. People high in openness tend to be imaginative, creative, and open to change. Those low in openness may prefer routine and familiar environments.

**Conscientiousness:** Conscientiousness refers to an individual's level of organization, responsibility, and dependability. High conscientious individuals are organized, goal-oriented, and reliable. Low conscientious individuals may be more spontaneous and less structured.

**Extraversion:** Extraversion relates to an individual's sociability, assertiveness, and preference for external stimulation. Extraverts are outgoing, energetic, and enjoy social interactions. Introverts are more reserved and tend to prefer solitary activities.

**Agreeableness:** Agreeableness reflects an individual's level of cooperativeness, empathy, and concern for others. People high in agreeableness are compassionate and cooperative, while those low in agreeableness may be more competitive or less concerned with others' feelings.

**Neuroticism (Emotional Stability):** Neuroticism measures emotional stability versus emotional instability. High neuroticism individuals may experience mood swings, anxiety, and stress more intensely. Low neuroticism individuals are more emotionally resilient and stable.

Beyond the Big Five traits, other personality traits also play a role in shaping individual behaviour within an organizational context. These traits can influence how employees interact with colleagues, respond to challenges, and contribute to the organization's overall culture. Here are a few examples:

**Locus of Control:** This trait refers to the extent to which individuals believe they have control over their own outcomes. Internals believe they have control, while externals believe external factors control their outcomes. Individuals with an internal locus of control are more likely to take initiative and feel empowered in their roles.

**Self-Efficacy:** Self-efficacy is an individual's belief in their ability to successfully accomplish tasks. Those with high self-efficacy are more likely to set challenging goals, persist in the face of setbacks, and achieve better performance outcomes.

**Authoritarianism:** Authoritarianism is a personality trait characterized by a strong preference for obedience to authority figures, rigid adherence to rules and regulations, and a belief in maintaining traditional values and norms. Individuals with high levels of authoritarianism tend to value conformity, order, and structure, often seeking clear hierarchies and well-defined roles.

**Machiavellianism:** It represents the degree to which an individual is pragmatic, maintains emotional distance and believes that ends can justify means. Individuals with high Machiavellianism exhibit manipulative, cunning, and strategic behaviours. They are often focused on achieving their personal goals, regardless of ethical or moral considerations. Machiavellian individuals are skilled at using charm, persuasion, and manipulation to advance their interests and gain power.

Understanding these various personality traits helps organizations in areas such as team composition, employee development, and communication strategies. Organizations can leverage this understanding to create a diverse and harmonious workplace, foster effective teamwork, and design roles that align with employees' strengths and preferences.

**Q.3)**

**What was Henri Fayol's contribution to management? Also, explained his 14 principles of management.**

**Answer:**

Henri Fayol, a French industrialist and management theorist, made significant contributions to the field of management through his theories and principles. His ideas laid the foundation for modern management practices and administrative theory. Here are some of Fayol's key contributions to management.

Fayol is considered one of the founding figures of modern management theory. He developed the administrative management theory, which focused on the functions of management that should guide managers in their roles.

In addition, he outlined 14 principles of management that he believed were crucial for effective management. These principles provided practical guidelines for managers to organize and manage their organizations efficiently. Some of these principles include unity of command, division of labour, discipline, equity and more.

Furthermore, Fayol identified five key functions of management that remain fundamental to management practices today. These functions are planning, organizing, commanding (leading), coordinating and controlling. These functions serve as a framework for managerial activities.

#### **Henri Fayol's 14 Principles of Management**

**Division of Labor:** Work should be divided into specialized tasks to improve efficiency and expertise.

**Authority and Responsibility:** Managers have the right to give orders, and employees have the responsibility to carry them out.

**Discipline:** A culture of obedience, respect, and adherence to organizational rules is necessary.

**Unity of Command:** Each employee should receive instructions from only one supervisor to avoid confusion.

**Unity of Direction:** Activities with similar objectives should be directed by a single manager using a comprehensive plan.

**Subordination of Individual Interest to General Interest :** Individual interests should align with the organization's goals.

**Remuneration:** Compensation should be fair and motivate employees to contribute effectively.

**Centralization:** The level of decision-making authority should depend on the nature of the task and organization.

**Scalar Chain:** There should be a clear hierarchy of authority from the top to the bottom of the organization.

**Order:** Resources and people should be arranged in an organized and efficient manner.

**Equity:** Managers should treat employees with kindness and justice to maintain a harmonious work environment.

**Stability of Tenure:** Employee turnover should be minimized to ensure continuity and efficiency.

**Initiative:** Employees at all levels should be encouraged to take initiative and contribute to the organization.

**Esprit de Corps:** Promote team spirit and unity among employees to enhance morale and performance.

These principles were intended to guide managers in their decision-making and operational activities. While some of Fayol's principles have been criticized or adapted over time, they provided a valuable framework for understanding managerial functions and responsibilities. Fayol's work laid the foundation for future management theories, such as Taylor's scientific management and

later approaches, and his ideas continue to influence management practices today.

### **10 Marks**

**Q.1)**

**What is a code of conduct? How is it implemented in the organisation?**

**Answer:**

A Code of Conduct is a set of guidelines and principles that define the expected behavior, values, and ethical standards for individuals within an organization. It serves as a framework to guide employees, management, and other stakeholders in making ethical decisions and behaving in a manner consistent with the organization's values and mission.

The implementation of a Code of Conduct in an organization involves several key steps:

**Development:** The first step is to develop the Code of Conduct. This typically involves collaboration between senior leadership, legal and compliance teams, human resources, and sometimes external experts. The code should reflect the organization's core values, ethics, and compliance requirements.

**Communication:** Once the Code of Conduct is established, it must be effectively communicated to all members of the organization. This can be done through employee orientations, training sessions, internal communications, and posting the code in accessible locations.

**Training:** Conduct training programs to ensure that all employees understand the Code of Conduct and its implications. Training should include real-life scenarios, case studies, and discussions to help employees grasp the code's practical application.

**Accessibility:** Make the Code of Conduct readily accessible to all employees. This includes providing printed copies, electronic versions, or access through the company's intranet.

**Accountability:** Clearly define the mechanisms for reporting and addressing violations of the Code of Conduct. Ensure that employees know how and where to report ethical concerns or breaches confidentially and without fear of retaliation.

**Monitoring and Enforcement:** Implement a system for monitoring and enforcing compliance with the Code of Conduct. This may involve periodic audits, reviews, and investigations into reported violations. Establish consequences for violations and follow through on enforcement consistently.

**Leadership Commitment:** It is vital for senior leadership and management to lead by example and demonstrate their commitment to the code's principles. When employees see that leadership values and adheres to the code, it reinforces the importance of ethical behavior.

**Feedback and Revision:** Periodically review and update the Code of Conduct to ensure it remains relevant and effective in addressing evolving ethical and compliance challenges. Solicit feedback from employees and stakeholders for improvements.

**Incentives and Recognition:** Consider recognizing and rewarding employees who consistently adhere to the Code of Conduct and exhibit ethical behavior. This encourages a positive ethical culture.

**Transparency:** Maintain transparency in the process of implementing and enforcing the code. Open communication about ethical concerns and resolutions fosters trust within the organization.

**Legal Compliance:** Ensure that the Code of Conduct aligns with local and international laws and regulations. It should serve as a tool to help the organization meet its legal obligations.

**Integration:** Integrate the principles and standards from the Code of Conduct into various aspects of the organization, including performance evaluations, decision-making processes, and strategic planning.

In conclusion, a well-implemented Code of Conduct plays a vital role in fostering an ethical organizational culture. It guides behaviour, maintains legal compliance, and ensures that all stakeholders understand and uphold the organization's values and ethics. Effective implementation requires commitment, communication, training, monitoring, and accountability throughout the organization.

**Q.2)**

**Describe ONDC. How it will impact companies like Flipkart, Amazon, Walmart etc.**

**Answer:**

The Open Network for Digital Commerce (ONDC) is an initiative by the Indian government aimed at creating an open and inclusive digital commerce ecosystem in the country. It seeks to standardize the digital commerce infrastructure, promote fair competition, and ensure data privacy and security.

ONDC is designed to provide a technological framework that allows various participants in the digital commerce space, including buyers, sellers, service providers, and platforms, to interact seamlessly. It aims to create a unified digital commerce platform, enabling small and medium enterprises (SMEs) to access a level playing field and compete more effectively with larger players.

The impact of ONDC on companies like Flipkart, Amazon, Walmart, and other e-commerce giants could be substantial, though the extent and specifics of the impact may evolve as the initiative progresses.

Some of the potential impacts are:

**Increased Competition:** ONDC aims to reduce entry barriers and create a more competitive environment by enabling smaller players to participate more actively in digital commerce. This could intensify competition for established e-commerce platforms, leading to potentially lower margins and increased innovation to retain market share.

**Standardization and Interoperability:** ONDC seeks to standardize technology protocols and facilitate interoperability among various digital commerce platforms. This might result in a more transparent and efficient ecosystem where different platforms can seamlessly interact. However, established players might need to adapt their systems to comply with these standards.

**Data Sharing and Privacy:** ONDC emphasizes data privacy and security. It may enforce strict regulations on data sharing and usage, impacting how companies like Flipkart, Amazon, and Walmart handle user data. Compliance with these regulations could require adjustments to existing data practices.

**Empowerment of SMEs:** SMEs often face challenges in competing with larger e-commerce players due to resource limitations. ONDC could empower SMEs by providing them with a platform to reach a wider audience, potentially disrupting the dominance of established players.

**Regulatory Changes:** As ONDC progresses, regulatory changes may occur to ensure fair practices and compliance. This could involve new rules governing marketplaces, seller-buyer relationships, pricing, and more, impacting the strategies of established companies.

**Transparency:** The ONDC platform enables great transparency by allowing customers to compare prices of various goods and services at a single platform with bigger pool of options. Greater transparency ensures fair pricing and fair competition in the market.

In summary, ONDC's impact on major e-commerce companies will likely involve increased competition, changes in operational practices to comply with standards and regulations, and a potential shift in the competitive landscape as SMEs gain more prominence in the digital commerce space. Adaptation and innovation will be key for larger players to navigate the evolving landscape brought about by ONDC.

**Q.3)**

**What are pre-sanctioned credit lines at banks through the UPI? How is it going to help in furthering financial inclusion?**

**Answer:**

Pre-sanctioned credit lines through the Unified Payments Interface (UPI) at banks refer to a facility where banks offer pre-approved or pre-sanctioned loans or credit limits to customers directly through the UPI platform. This means that eligible customers can access a certain amount of credit or loan that has been pre-approved by the bank without having to go through the traditional loan application process each time they require funds.

This initiative can significantly aid in furthering financial inclusion for several reasons:

**Convenience and Accessibility:** Pre-sanctioned credit lines via UPI offer easy access to credit for customers, eliminating the need for

lengthy application procedures and paperwork. Customers can access funds instantly or as needed through their UPI-linked accounts.

**Reach to Underserved Populations:** This approach can benefit individuals who might have limited access to formal banking services or face challenges in obtaining credit due to lack of credit history or collateral. It allows such individuals to access funds swiftly through a platform they already use for payments and transactions.

**Timely Financial Assistance:** In cases of emergencies or urgent financial needs, having pre-approved credit lines available via UPI can provide immediate financial support, ensuring that individuals do not face financial hardships due to lack of access to funds.

**Encouraging Digital Transactions:** Integrating pre-sanctioned credit lines with UPI encourages the adoption of digital payment methods. It incentivizes users to make transactions through the UPI platform, thereby promoting a cashless economy.

**Enhanced Financial Management:** Having access to pre-approved credit lines can help individuals manage their finances more effectively by providing a safety net during financial crunches. It can also be utilized for planned expenditures or investments without delays associated with loan approvals.

Overall, the availability of pre-sanctioned credit lines through UPI at banks can play a crucial role in fostering financial inclusion by offering convenient, accessible, and timely credit facilities to a wider section of the population, especially those who are underserved or financially excluded. It streamlines the borrowing process and ensures that individuals have access to necessary funds when required, contributing to greater financial stability and inclusion.