RBI Grade B 2025 Finance and Management Recollected Questions

Finance and Management

Objective

Direction (Q1 – Q2) - Read the passage given below and answer the following questions:

To address the need for a long-term capital provider with a comprehensive, cross-sectoral mandate, unlike the niche-focused mandates of other Development Finance Institutions (DFIs), the________was established as an infrastructure-focused DFI. The________accorded it the status of an All-India Financial Institution (AIFI) on 8 March 2022, making it the fifth AIFI in India.

It pursues both financial and developmental objectives. Its financial objective is to lend or invest, directly or indirectly, in infrastructure projects and to catalyse investments from private sector and institutional investors, thereby supporting sustainable economic development. Its developmental objective is to coordinate with the central and state governments, regulators, financial institutions, institutional investors, and other relevant stakeholders to strengthen the infrastructure financing ecosystem.

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

Q1. Which of the following organization is being referred to in the above paragraph?

F. National Bank for Agriculture and Rural Development (NABARD)
G. Infrastructure Development Finance Company (IDFC)
H. National Bank for Financing Infrastructure and Development (NaBFID)
I. Small Industries Development Bank of India (SIDBI)
J. Industrial Development Bank of India (IDBI Bank)

Q2. The organisation mentioned in the above paragraph is regulated by which of the following authorities?

A. Securities and Exchange Board of India (SEBI)
B. Ministry of Finance, Government of India
C. Reserve Bank of India (RBI)
D. Department of Economic Affairs
E. National Institution for Transforming India (NITI Aayog)

Direction (Q3 – Q4) - Read the passage given below and answer the following questions:

___________ is a screen-based, electronic, anonymous order-matching system for secondary market trading in Government securities, owned and operated by the Reserve Bank of India. Membership of the system is currently open to entities such as banks, primary dealers, insurance companies, and mutual funds, i.e., entities that maintain Subsidiary General Ledger (SGL) accounts with the RBI. These entities are designated as Primary Members (PMs) of the system and are permitted by the RBI to participate directly. Gilt Account Holders, who maintain gilt accounts with these Primary Members, are allowed indirect access to the system and may place trades by requesting their respective Primary Members to submit orders on their behalf on the system.

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

Q3. Which of the following systems is being referred to in the above paragraph?

F. Negotiated Dealing System – Order Matching (NDS-OM)
G. Electronic Clearing Service (ECS)
H. Core Banking Solution (CBS)
I. Real Time Gross Settlement (RTGS)
J. Centralised Treasury System (CTS)

Q4. Which of the following executes transactions on the NDS-OM platform?

F. Reserve Bank of India (RBI)
G. Clearing Corporation of India Ltd. (CCIL)
H. National Payments Corporation of India (NPCI)
I. Central Depository Services (India) Ltd. (CDSL)
J. National Securities Depository Ltd. (NSDL)

Direction (Q5 – Q6) - Read the passage given below and answer the following questions:

Infrastructure Investment Trusts (InvITs) are investment vehicles designed to facilitate investment in infrastructure assets through a trust structure. They allow developers to monetise completed and revenue-generating infrastructure projects, while providing investors with a stable income stream. InvITs raise funds from investors and invest primarily in infrastructure assets such as roads, power transmission, pipelines, and telecom infrastructure. They are regulated by the Securities and Exchange Board of India (SEBI) and are required to distribute a substantial portion of their cash flows to unit holders. InvITs can be publicly listed or privately placed, enhancing liquidity and transparency. By attracting long-term capital, they play an important role in financing India's infrastructure development.

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

Q5. In case of a public issue of an Infrastructure Investment Trust (InvIT), ________ of the units are reserved for Qualified Institutional Buyers (QIBs) and ________ for retail investors.

K. 65% and 15%
L. 70% and 20%
M. 75% and 10%
N. 80% and 5%
O. 60% and 25%

Q6. Up to ________ of the portion available for allocation to Institutional Investors can be allocated to Anchor Investors.

F. 30%

G. 40%

H. 50%

I. 60%

J. 75%

Direction (Q7 – Q9) – Based on the given information answer the following questions:

Reserves = 6,00,000

Equity = 4,00,000

Debt to Net Worth = 0.5

Assets Turnover Ratio = 2: 1

Gross Profit = 30% on sales

Q7. What is the Gross Profit?

A. ₹6,00,000

B. ₹7,50,000

C. ₹9,00,000

D. ₹12,00,000

E. ₹15,00,000

Q8. Based on the above information, what is the total debt of the company?

F. ₹3,00,000

G. ₹4,00,000

H. ₹5,00,000

I. ₹6,00,000

J. ₹8,00,000

Q9. Based on the above information, what are the total liabilities of the company?

A. ₹10,00,000

B. ₹12,00,000

C. ₹14,00,000

D. ₹15,00,000

E. ₹18,00,000

Direction (Q10 – Q11) - Read the passage given below and answer the following questions:
In a large financial institution, several top-level managers gradually began engaging in unethical practices, such as favouring certain clients and bypassing due-diligence norms. Observing this behaviour, many lower-level employees also started compromising their ethical standards. One junior officer even approved a clearly risky and unethical loan that later turned into a bad loan. When questioned, he justified his action by saying, "Everyone else in the organization is doing this, so why shouldn't I? If the seniors can do it, we can also follow the same practice." This attitude reflects how unethical conduct at the top can cascade down the hierarchy and influence the behaviour of the entire organization.
(This is a recreated passage and not the exact one asked in the exam)

Q10. Which ethical theory best explains the behaviour of the lower-level employee who justified his unethical action by saying, "Everyone is doing it, so I am also doing it"?
F. Utilitarianism
G. Deontological (Duty-based) ethics
H. Ethical Relativism
I. Virtue Ethics
J. Justice Theory

Q11. Based on the above passage, if the organization implements and strictly enforces a formal Code of Ethics, which of the following outcomes is most likely to be observed?
F. Increased tolerance of unethical practices at lower levels
G. Increase in ethical behaviour across the organization
H. Greater dependence on informal norms rather than rules
I. Higher short-term profitability despite ethical compromise
J. Reduction in accountability of senior management

Direction (Q12 – Q14) - Read the passage given below and answer the following questions:
A growing manufacturing company initially relied heavily on precise work-measurement techniques to improve efficiency. Managers conducted detailed time studies, motion studies, and work standardisation exercises to break tasks into smaller units and ensure maximum productivity from each worker. Over time, as the organisation expanded, coordination became difficult, so it adopted a strict hierarchy-based structure with clear authority lines to maintain control.
Later, realising that employee involvement improves motivation and decision-making, the company moved toward a participative style where workers' opinions were actively included in planning and problem-solving. Eventually, as the business environment became more dynamic, the company embraced a systems-based approach, recognising that all departments are interrelated and that organisational success depends on the smooth functioning of the entire system.
(This is a recreated passage and not the exact one asked in the exam)

Q12. Which of the following management theories emphasises work specialisation, time study, and motion study?

F. Human Relations Theory
G. Scientific Management Theory
H. Systems Theory
I. Contingency Theory
J. Behavioural Management Theory

Q13. Which of the following management thinkers is most closely associated with a strict hierarchy-based organisational structure with clear lines of authority?

F. Frederick W. Taylor
G. Elton Mayo
H. Henry Fayol
I. Chester Barnard
J. Peter F. Drucker

Q14. Which of the following is a key feature of the Systems Theory of management?

F. Closed and self-contained organisational structure
G. Emphasis on unity of command and scalar chain
H. Interaction with the external environment (open system)
I. Task specialisation through time and motion studies
J. Centralised decision-making for efficiency

Direction (Q15 – Q16) - Read the passage given below and answer the following questions:

The Government of India initiated a comprehensive reform process in the financial system during 1992–93, following the recommendations of the Committee on the Financial System (1991). As part of the second phase of reforms, another committee was constituted in December 1997 under the chairmanship of M. Narasimham. The committee focused on strengthening the banking system through improved regulation, competition, and efficiency. Its terms of reference clearly indicated an emphasis on banking sector reforms, including prudential norms and market-oriented monetary tools. The committee recommended greater participation of private and foreign banks to enhance competition. It also emphasised shifting from direct controls to indirect instruments of monetary policy for liquidity management. Several structural and operational reforms of the banking system were guided by these recommendations.

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

Q15. Which of the following statements is/are correct with reference to the above paragraph?

1. **The committee referred to in the paragraph is the Committee on Banking Sector Reforms.**
2. **The committee recommended licensing of new private banks, including domestic and foreign banks.**
3. **The committee recommended continued reliance on CRR as the primary tool for liquidity management.**

A. Only 1
B. Only 1 and 2
C. Only 2 and 3
D. Only 1 and 3
E. 1, 2 and 3

Q16. ___________ was introduced on the recommendation of the Narasimham Committee to manage liquidity through indirect monetary policy instruments.

F. Cash Reserve Ratio (CRR)
G. Statutory Liquidity Ratio (SLR)
H. Liquidity Adjustment Facility (LAF)
I. Market Stabilisation Scheme (MSS)
J. Bank Rate

Q17. What is the name of the curve that shows an inverse relationship between inflation and unemployment in an economy?

F. Laffer Curve
G. Phillips Curve
H. Kuznets Curve
I. Beveridge Curve
J. Lorenz Curve

Direction (Q18 – Q20) - Read the passage given below and answer the following questions:
Micro, Small and Medium Enterprises (MSMEs) play a crucial role in India's economic development by contributing significantly to employment, exports, and industrial output. Despite their importance, MSMEs often face challenges related to delayed payments and limited access to formal credit. To address these issues, digital platforms have been introduced to improve liquidity and working capital availability. One such mechanism enables MSMEs to discount their trade receivables online in a transparent manner. These platforms connect MSME sellers, buyers, and financiers to facilitate invoice-based financing. The system reduces dependence on collateral-based lending and improves cash flow for small businesses. It also promotes financial inclusion and strengthens supply-chain financing. The platform operates under a regulated framework to ensure safety, transparency, and efficiency.

Participation is voluntary but encouraged for faster realization of dues. Such initiatives support the overall resilience of the MSME sector.
(This is a recreated passage and not the exact one asked in the exam)

Q18. The Trade Receivables Discounting System (TReDS), a digital platform that enables MSMEs to discount their invoices, is regulated and controlled by which authority?

F. Securities and Exchange Board of India (SEBI)
G. Ministry of MSME
H. Reserve Bank of India (RBI)
I. Clearing Corporation of India Ltd. (CCIL)
J. National Payments Corporation of India (NPCI)

Q19. With reference to the Trade Receivables Discounting System (TReDS), consider the following statements:

1. **TReDS enables MSMEs to obtain liquidity by facilitating the discounting of trade receivables arising from sales to corporate and government buyers through an electronic platform.**
2. **The platform addresses the issue of delayed payments to MSMEs by allowing multiple financiers to bid on invoices accepted by buyers.**
3. **TReDS entities are recognised as market infrastructure institutions.**

Which of the statements given above is/are correct?

A. Only 1
B. Only 1 and 2
C. Only 2 and 3
D. Only 1 and 3
E. 1, 2 and 3

Q20. Which of the following statements correctly describes the settlement mechanism under the Trade Receivables Discounting System (TReDS)?

A. Settlement of funds on TReDS is carried out through RBI-regulated payment and settlement systems
B. MSMEs receive payment only on the invoice due date, not at the time of discounting
C. Financiers recover funds directly from MSMEs in case of buyer default
D. Settlement timelines on TReDS are determined by mutual agreement between MSMEs and financiers
E. TReDS operates outside the formal financial system to reduce regulatory burden

Q21. In which type of communication can an employee provide feedback, complaints, or suggestions to the upper management?

F. Downward communication
G. Upward communication
H. Horizontal communication
I. Diagonal communication
J. Informal (grapevine) communication

Q22. What does the JAM Trinity stand for?

F. Jan Dhan, Aadhaar, Mobile
G. Jan Dhan, Agriculture, Microfinance
H. Jan Suraksha, Aadhaar, Mobile
I. Jan Dhan, Aadhaar, Money
J. Jan Suraksha, Agriculture, Mobile

Q23. What is the current corpus (amount) of the Contingency Fund of India?

F. ₹500 crore
G. ₹30,000 crore
H. ₹10,000 crore
I. ₹50,000 crore
J. ₹1,00,000 crore

Q24. If the Consumer Price Index (CPI) is increasing while the Wholesale Price Index (WPI) is decreasing, what does it indicate?

F. Retail prices are increasing while wholesale prices are declining
G. Retail prices and wholesale prices are both increasing
H. Retail prices are stable while wholesale prices are declining
I. The economy is experiencing deflation at all levels
J. The economy is in a phase of economic recession

Q25. SEBI's T+2 settlement cycle is applicable for which of the following corporate actions?

F. Rights Issue
G. Bonus Issue
H. Initial Public Offer (IPO)
I. Follow-on Public Offer (FPO)
J. Preferential Allotment

Q26. What is the ethical theory that holds that universal, fixed, and unchanging moral principles apply to all individuals, irrespective of situation or culture?

F. Ethical Relativism
G. Utilitarianism
H. Ethical Absolutism
I. Virtue Ethics
J. Situational Ethics

Q27. Which theory explains that people's attitudes influence their motivation and performance at work?

F. Maslow's Need Hierarchy Theory
G. Porter and Lawler Theory
H. Reinforcement Theory
I. Herzberg's Two-Factor Theory
J. None of these

Q28. Which of the following statements best explains cost-push inflation in an economy?
(This question and theme may not be exact as per the exam.)

F. Inflation caused by excess aggregate demand over aggregate supply during high economic growth
G. Inflation resulting from an increase in wages and raw material costs, leading to higher production costs
H. Inflation arising due to excessive money supply created by the central bank
I. Inflation caused by higher indirect taxes imposed by the government without any change in costs
J. Inflation occurring due to increased productivity and technological advancement

Q29. Which of the following statements is most accurate regarding zero-coupon bonds?
(This question and theme may not be exact as per the exam.)

F. Zero-coupon bonds are issued at a discount and redeemed at face value, with the return earned entirely through price appreciation
G. Zero-coupon bonds provide periodic coupon payments but no capital gains
H. Zero-coupon bonds are not affected by changes in market interest rates
I. Zero-coupon bonds always have lower duration than coupon-paying bonds
J. Zero-coupon bonds cannot be issued by the government

Q30. In the context of index futures, which of the following statements is most accurate?
(This question and theme may not be exact as per the exam.)

A. Index futures eliminate systematic risk through daily mark-to-market settlement.
B. Index futures prices are independent of spot index movements due to arbitrage restrictions
C. Index futures are cash-settled and their fair value reflects the cost of carry model
D. Index futures always trade at a discount to the spot index during high volatility
E. Index futures margins are fixed by the issuing company and remain constant till expiry.

Descriptive

15 marker (600 words)

Q1. Discuss how the Capital market is seen as the growth engine of India. Also, list the steps taken by SEBI for the Capital markets.
Q2. Why do employees resist organisational change? What is the systematic approach for bringing organisational change?
Q3. What is the advantage of Non-Verbal communication in an organisation? List its usage for leadership, work culture and collaboration.

10 marker (400 words)

Q4. Define various concepts related to the Union Budget. Explain how monetary and fiscal policy is used to balance between Growth and inflation control.
Q5. Explain the role of the RBI in the supervision and regulation of financial markets.
Q6. State the risks and challenges associated with use of AI - it's new dimensions and Ethical standards with respect to the financial system.

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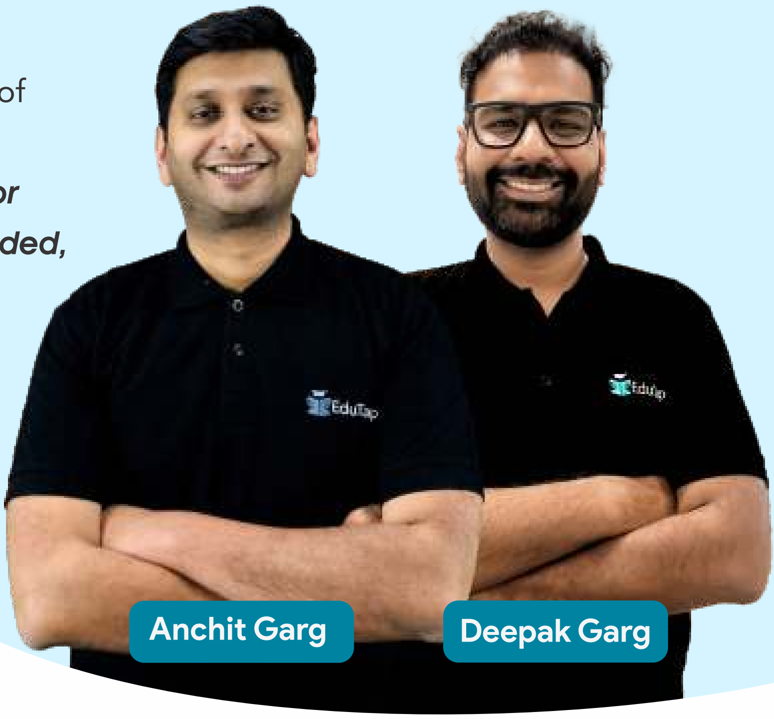

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