============ANSWERS===========

Q.1) (d)
Explanation:

This question is from an interesting topic called “Corporate Social Responsibility”. This a factual-based question. To be honest there is no trick to solving factual questions. Only frequent revision can help you in solving these questions.

Q.2) (e)
Explanation:

This question is from an interesting topic called “Corporate Social Responsibility”. This is a factual-based question. To be honest there is no trick to solving factual questions. Only frequent revision can help you in solving these questions.

Q.3) (c)
Explanation:

This question is from an interesting topic called “Corporate Social Responsibility”. This is a factual-based question. To be honest there is no trick to solving factual questions. Only frequent revision can help you in solving these questions.

Q.4) (a)
Explanation:

This question is from an interesting topic called “Corporate Social Responsibility”. This is a factual-based question. To be honest there is no trick to solving factual questions. Only frequent revision can help you in solving these questions.

Q.5) (b)
Explanation:

This question is from the most favourite topic of RBI called “MOTIVATION”. You must be wondering WHY? Because every year RBI asks questions on this specific topic and that too both objective and descriptive questions. YOU OUGHT NOT TO MISS THIS TOPIC.

Let us talk about this question now, Money is the real motivating factor when the physiological and security needs of the workers have not been fully satisfied. Physiological and security needs are hygiene factors by Herzberg. They do not provide on-the-job satisfaction to employees once they are achieved, and they cease to act as a motivational factor.

Q.6) (a)
Explanation:

As this was a passage-based question, this question also falls under the Motivation topic. Here as mentioned in the question above Judy is dissatisfied with the outcome as compared to the input she is putting into her job, and she is also comparing the ratio of input and output with others. This is the basis for the “Equity Theory”. Theories of motivation are very important for the examination purpose so make sure YOU NEVER SKIP THEM. :)

Q.7) (e)
Explanation:

Judy’s concern that she is not paid worth her efforts is a part of Equity Theory. Judy wants to work at a higher scale and will become a part of both Maslow’s and Alderfer’s models. Herzberg’s model can be associated with the higher package Judy wants.

Q.8) (b)
Explanation:

This is a beautiful question where the examiner checks how mature you are and how rational you think. In the above question, options are very tricky and no doubt students can get confused easily. But you should take this as an opportunity by thinking rationally and choosing the best option.

Judy is not concerned with only money or position. It is a combination of these two that is bothering her. Hence, option (b) is the most appropriate choice.

Q.9) (e)
Explanation:

This question was asked from the chapter “ORGANISATIONAL BEHAVIOUR”. This is a basic question as the examiner is only asking at how many levels OB is being studied. Generally, for the sake of important topics, we neglect these basic questions which eventually affect our marks. That is why it is necessary to have in-depth knowledge of the topics.

Q.10) (a)
Explanation:

This question is from the topic called “INTRODUCTION TO ORGANISATIONAL BEHAVIOUR (OB)”. This is a conceptual question. Based understanding of OB for instance, what is it? And what does it include? etc. will be sufficient to answer such questions.

The behaviour of individuals is a complex phenomenon and is affected by a large number of factors such as personality, attitudes, perception, learning, motivation, culture, etc. OB integrated these factors to provide simplicty in understanding human behaviour.

Q.11) (b)
Explanation:

Another topic which you shouldn't miss in the examination is "COMMUNICATION". Both objective and subjective questions are asked from this topic. Here the question is asking about effective communication measurement. Always remember one thing communication is incomplete without 'Feedback'. This is one thing with which we measure how effective communication is. One tip here read the questions thoroughly, sometimes answers lie in the questions only.

Q.12) (e)
Explanation:

As this is a passage-based question, this question is again a part of the topic "COMMUNICATION". This is an easy question. The sub-topic process of communication is paramount. If you have good conceptual clarity and you relate topics to real life you will retain all the steps involved in the process of communication for a long time. Hence, effective reading and understanding are important to attempt questions in the examination.

Q.13) (a)
Explanation:

As this is a passage-based question, this question is again a part of the topic "COMMUNICATION". Sub-topic – Non-verbal communication. Examiners generally ask objective questions from this topic. The key to attempt these kinds of questions is to have conceptual clarity. For instance, kinesics is the study of the body's physical movements like nodding. Conceptual clarity is quite essential while solving these questions and then frequent revision would add an extra advantage in your preparation.

Q.14) (e)
Explanation:

This question is part of the sub-topic called "FORMAL COMMUNICATION NETWORK". Here also conceptual clarity is important before anything else. One cannot use the elimination method while solving these questions.

Q.15) (d)
Explanation:

This is a static question to answer. This question is asked from your syllabus called "REGULATORY BODIES OF INDIA". Good knowledge of NBFCs is required to attempt such questions. As per the definition of the Act, A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by the Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of an immovable property.

Q.16) (c)
Explanation:

This is a static question to answer. This question is asked from your syllabus called "REGULATORY BODIES OF INDIA". Good knowledge of NBFC is required to attempt such questions. As per the definition of the Act, A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by the Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of an immovable property.

Q.17) (b)
Explanation:

This question is asked from the topic called 'BASEL NORMS'. AIFIs are required to maintain a minimum Pillar 1 Capital to Risk-weighted Assets Ratio (CRAR) of 9% on an ongoing basis (other than capital conservation buffer and countercyclical capital buffer etc.). These institutions should have minimum total capital at 9 per cent from 1 April 2022.
Basel norms has been one of the favourite topics of RBI as Basel norms focuses on the risks to banks and the financial system.

Q.18) (c)
Explanation:

This question is asked from the topic called 'BASEL NORMS'. This is static in nature. If you read the questions and options clearly, they are meant to confuse you. All the mentioned options are part of tier 1 and tier 2 capital. However, the question, it is asking about components of Tier 2 capital.
This topic could be confusing in nature. I would recommend you understand the topic in detail so that do not miss any important details and it would be a piece of cake for you to attempt such questions.

Q.19) (a)
Explanation:

This is a static question from the chapter "Basel Norms". PNCPS stands for Perpetual Non-Cumulative Preference Shares (PNCPS). Perpetual Non-Cumulative Preference Shares (PNCPS) held by members/subscribers, may be treated as shares for the purpose of compliance with the extant share linking to borrowing norms.
As I mentioned earlier it is important to study the Basel Norms in greater detail as it holds good weightage for this exam.

Q.20) (d)

Explanation:

As per RBI's guidelines on issuance of shre capital by rural co-operative banks, he limit of the outstanding amount of PNCPS and perpetual debt instrument (PDI) along with outstanding innovative perpetual debt instruments (IPDI) shall not exceed 35% of total Tier 1 capital at any point of time.

This question is from RBI's guidelines, which are very important for the exam.

Q.21) (a)
Explanation:

This question is from the chapter "COMMUNICATION". In this question, an examiner wants to know whether you are familiar with different types of communication or not. Just by reading the question one can identify the correct answer is Downward Communication. NEVER EVER skip this topic as both objective and subjective questions do come in the examination, and you know what the best thing is, this topic is easy to understand and scoring too.

Q.22) (a)
Explanation:

This question is a part of the "ORGANISATIONAL CHANGE" topic. This chapter carries higher weightage when it comes to the RBI examination. Kurt Lewin's Model of Planned Change is itself very important. Here you can say the question can be factual or conceptual, you must be thinking. WHY? In order to retain facts your concepts should be clear. In this model, we have three steps first - Unfreeze, Change and Refreeze. And to solve critical questions in the examination you should know their practical approaches as well. Time is gone when only theoretical questions are used to ask in the examination.

Q.23) (a)
Explanation:
This question is a part of the topic "PERSONALITY". These are the different personalities based on the 'Big 5 Personality Model'. In order to solve these questions, one must be well-versed in each type of personality. In addition to those certain keywords are also necessary to know, because generally what happens is you get case studies in your examination and to solve those you should be familiar with keywords like what happened in the given question.

Conscientiousness describes a person's level of goal orientation and persistence. Those who are higher conscientiouness are organised and determined, and are able to forgo imidiate gratification for the sake of long term achievement.

Q.24) (a)
Explanation:

This question is from the topic called "ETHICS". This is a newly added topic in syllabus. This is a conceptually based question as before you select the correct option it is important to well understood these terminologies. So, my recommendation to you is to study smartly and cover everything you can. This way you will be able to answer any question. All the best :)

Q.25) (d)
Explanation:

This is a factual question asked from the "ECONOMIC SURVEY". As I always say the economic survey is a very important topic for examination purpose. I would encourage you to read these limits respective to Micro, Small and Medium Enterprises. I know it is slightly boring to remember these minute details, however with repetitive revision and with the help of mock tests you will be able to remember them.

Q.26) (c)
Explanation:

This question is part of the topic called "FDI FPI". This topic holds relevance for both objective and subjective questions for the examination. It would be my advice to you to cover the static part well and with the help of the newspaper keep updating yourself with the current part. Here in this question, the Government of India sets the limit of 15% for corporate bonds. Figures like these you will have to memorise in order to attempt questions easily and fast.

Q.27) (b)
Explanation:

This is a current affairs-based question. Topic – "FINTECH". The Legal Entity Identifier (LEI) is a 20-character alpha-numeric code used to uniquely identify parties to financial transactions worldwide. It has been implemented to improve the quality and accuracy of financial data reporting systems for better risk management. As I already mentioned ALWAYS KEEP YOURSELF UPDATED with current affairs. In this era, examiners look for versatile candidates, they want to know everything. I know I know this sounds a little bizarre but trust me if you keep your resources limited and revise regularly you will be able to score good marks.

Q.28) (c)
Explanation:

This is a current affair cum factual question. This was in news just before the examination. The Payments Infrastructure Development Fund (PIDF) was set up by the Reserve Bank of India (RBI) to subsidise the deployment of Points of Sale (PoS) infrastructure (physical and digital modes) in tier-3 to tier-6 centres and north-eastern states of the country in June 2020, has reached a corpus of Rs 811.4 crore, the RBI said today. Increasing payments acceptance infrastructure by adding 30 lakh touch points – 10 lacks physical and 20 lakh digital

payment acceptance devices every year.
It generally happens that something new comes an earlier year and we get to see updates regarding the same. In this situation, students should make sure to cover the previous static part of the same for good understanding and eventually good marks.

Q.29) (c)
Explanation:

This question is from the RBI's website only. Bank credit to NBFCs (including HFCs) for On-Lending will be allowed up to a limit of five per cent of individual banks' total PSL. Priority Sector Lending (PSL) is an important topic when it comes to the RBI examination. So, make sure you cover all the recent amendments for the same. And NEVER EVER MISS any update from RBI website.

Q.30) (d)
Explanation:

This question is from the chapter "COMMUNICATION". As I said in previous questions, 'types of communication' is an important topic. By just reading the options you can have an idea of what these options are trying to convey. For instance, Downward communication signifies something going down, it could be any order, instructions, etc., by a supervisor to a subordinate. and that is how you can use the elimination method. Here just by reading the option one can have a sense that it is crosswise/diagonal communication. The trick is to be conceptually clear with the topics and use the elimination method whenever required.

FM - Descriptive

15 Marks

Q.1)
What is communication? What are the common barriers to interpersonal communication in an organisation? How can these barriers be overcome by managers?

Answer:
Communication is an indispensable activity in all organizations. No organisation can think of its existence without effective communication.

It is the process of transmitting information, ideas, thoughts, feelings, and messages between individuals or groups through verbal and nonverbal means. Effective communication is essential for conveying intentions, sharing information, making decisions, and fostering understanding within organizations.

In large organisations, there are a large number of obstacles that make the transmission of messages more difficult. It should be noted that although there is no such thing as perfect communication, yet a considerable degree of perfection can be achieved in communication if the communication barriers are overcome.

The main communication barriers are as follows:

a) **Organizational barrier**: The organization structure has an important influence on the ability of the members of the organization to communicate effectively. These days the organizational structure of most big enterprises is complex involving several layers of supervision and long communication lines. Organizational structure creates problems because communication may break down at any level of supervision due to faulty transmission.

b) **Status barrier**: The placing of people in superior/subordinate capacities in the formal organization structure also blocks the flow of communication and more particularly in an upward direction. The greater the difference between hierarchical positions in terms of their status, the greater would be the possibility of communication breakdown.

c) **Semantic barrier**: Words and symbols used to communicate facts and feelings may mean different things to different persons. For example, 'Profit' may mean management as efficiency and growth, whereas to employees, it may suggest excess funds piled up through paying inadequate wages and benefits. People interpret the same message in different ways depending upon their social and cultural backgrounds, education, and experience.

d) **Perceptual Errors**: A person's perception is determined by his/her needs, social environment, level of education, cultural factor, etc. Every person tries to interpret the information he/she receives from his/her own angle or point of view. This may create complexities in the process of communication. Effective communication requires the willingness to see things through the eyes of others.

e) **Personal barriers**: Personal barriers relate to the factors that are personal to the sender and receiver and act as a hindrance in the communication process. These factors include life experiences, emotions, attitudes, and behaviour that hinders the ability of a person to communicate.

A manager can use the following strategies to overcome the barriers to communication:

a) **Clarity of message**: Clarity of thoughts is essential for good communication. The message must be perfectly clean and free from all ambiguity. The language used should be simple and precise which the receiver can understand easily. Different components of the message must be logical and well-knit. Technical jargon and high-sounding words should be avoided.

b) **Free flow of information**: The system of communication should be so designed that it has short lines of information flows. There should be free movement of information both vertically and horizontally. The rigid organizational structure should not be allowed to come in the way of a smooth and speedy flow of information.

c) **Open Mind**: The parties to the communication must have open minds. They should not try to withhold information just to serve their interests. They should be able to interpret the information without any prejudice. They should be receptive to new ideas that may come across. They should not react before receiving and understanding the full message.

d) **Effective Listening**: The sender must listen to the receiver's words attentively so that the receiver may also listen to the sender at the same time. It is also necessary for every employee to update his/her knowledge by reading company notices, bulletins, reports, etc.

e) **Flexibility**: A good system should be flexible enough to adjust to the changing environment. It should be able to carry extra loads of information without much strain. It should absorb new techniques of communication with little resistance. Use of a wide range of media such as oral and written messages face to face contacts, telephonic calls, group meetings, etc. should be encouraged without any hesitation.

In addition to the above principles, there are special aids for promoting free and frank communication. An open-door policy and participation in social functions are structured or informal aids. Suggestions schemes and personal counselling are structured or formal aids for communication. Communication is an art and it can be improved through continuous practice. Communication is not a substitute for good management, but good management is required to operate the communication system effectively and efficiently.

Q.2)
Why is change resisted in an organization? What can the management do to overcome it?
Answer:

Change is a constant force that shapes the trajectory of organizations, industries, and societies. Yet, despite its inevitability, change is often met with resistance within organizational contexts. This resistance can stem from a variety of factors and psychological reactions that individuals experience when faced with the prospect of change. Recognizing these barriers and understanding how management can address them is essential for navigating successful transitions and fostering a culture of adaptability.

The various reasons for the resistance to change are as follows:

Individual Resistance

Economic Factors: These factors relate to the basic economic needs of the workers like necessities of life, job security, and safety. These factors are:

a) Skill Obsolescence: new technology is expected to reduce the proportion of labour input and therefore, people resist such a change as it will affect the security of their jobs.
b) Workers may fear that they will be demoted if they do not acquire the skills required for the new jobs.

Psychological Factors: These factors arise when workers perceive that factors relating to their psychological needs will be affected adversely by the proposed change. These factors are the sense of pride, achievement, self-fulfilment, etc. The psychological factors are:

a) Workers may resist a change because they do want to take trouble in learning new things.
b) Workers may not know about the entire change, or they may be incapable of understanding the implications of new ideas or methods.

Social Factors: Individuals do have certain social needs like friendship, belongingness, etc. for the fulfilment of informal relations in the organization. They become members of certain groups and act as members of the group to resist change.

Organizational Resistance to Change

Threat to Power: Top managers may consider a change as a potential threat to their power and influence in the organization due to which the change will be resisted by them. For example, Top management would not like to take steps by which the position of a trade union is strengthened.

Stability of System: If the organization is stable then any change may be perceived as a threat by the organization itself. Change is quite often resisted by the bureaucratic structure where jobs are narrowly defined, lines of authority are spelt, and the flow of information is stressed from top to bottom.

Resource Constraints: Changes may be resisted by an organization if it lacks some resources which are critical for implementing the change. For example, if new technology is adopted, it will require resources to procure machines, buildings, training of its personnel, and commensurate expenses on other items too.

Overcoming resistance to change is a problem of great importance in introducing organizational change. Unless this problem is overcome properly, the effect of change may not be as functional as envisaged by the management.

The problem of overcoming resistance to change can be handled at two levels: at the individual level and the level of the group.

Individual level

Participation: It is difficult to resist a change decision in which we've participated. It allows individuals to express their views and opinions. Such participation clears misunderstanding, reduces resistance, and increases acceptance of the change. However, this is not a one-time action, rather, this should be looked upon as a dialogue that continues over a period of time.

Education and Training: The management can change the basic values of the people through education and training. To successfully implement the change, subordinates must be indoctrinated in new relationships, taught new skills, and helped to change attitudes. They should be given the information they need to understand where they fit into the picture and how they will be expected to operate under the new setup. The educational process can be aided by training classes, meetings, and conferences.

Building support and commitment: When employees' fear and anxiety are high, counselling and therapy, new-skills training, or a short paid leave of absence may facilitate the adjustment. When managers or employees have a low emotional commitment to change, they favour the status quo and resist it. Employees are also more accepting of changes when they are committed to the organization as a whole.

Group Level

A group is a cluster of persons related in some way by common interests over a period of time. Members of the group interact with each other and develop group cohesiveness among themselves. Therefore, managers should consider the group and not the individual as the basic unit of change. Group interactions create social situations which facilitate adaptation to change. This was very well shown by Hawthorne Studies. Each individual did not feel free to set up for himself a production quota; it was set and enforced by the group. Workers who deviated significantly in either direction from the group norms were penalized by their co-workers. It was found that a person who resists pressure to change his behaviour as an individual will readily accept it if the group of which he is a member accepts the change.

Therefore, efforts should be made equally at individual and group levels to incorporate necessary changes in the organization.

Q.3) What do you understand by blockchain technology. In the current era, where blockchain is at its peak, will it disrupt banking?

Blockchain technology is a decentralized and distributed ledger system that records transactions across multiple computers in a way that is secure and transparent. Each group of transactions is bundled into a "block," and these blocks are linked together in a chronological "chain." The key features of blockchain technology include:

- Decentralization: There is no central authority or intermediary involved in blockchain transactions. Instead, a network of nodes (computers) validates and records transactions, making it resistant to censorship or control by a single entity.
- Transparency: Transactions on a blockchain are visible to all participants in the network. This transparency enhances trust among users and allows for public verification of transactions.
- Security: Blockchain uses cryptographic techniques to secure transactions and prevent unauthorized changes to the data. Once a transaction is recorded on the blockchain, it is extremely difficult to alter.
- Immutability: Once information is added to the blockchain, it becomes part of a permanent and unchangeable record. This feature ensures the integrity of the data.
- Consensus Mechanisms: Blockchains use consensus algorithms like Proof of Work (PoW) or Proof of Stake (PoS) to validate and add transactions to the ledger. These mechanisms ensure agreement among network participants before a transaction is considered valid.

As for whether blockchain technology will disrupt banking, it's important to note that blockchain has the potential to significantly impact the financial industry in several ways:

- **Efficiency**: Blockchain can streamline many banking processes, such as cross-border payments and settlements, by reducing the need for intermediaries and automating complex procedures. This can lead to cost savings and faster transaction times.

- **Transparency and Security**: Blockchain's transparency and security features can help reduce fraud and errors in the financial system. It can also enhance the audit trail for regulatory purposes.
- **Financial Inclusion**: Blockchain can provide access to financial services for the unbanked and underbanked populations by creating a more accessible and inclusive financial ecosystem.
- **Tokenization of Assets**: Blockchain enables the tokenization of various assets, including stocks, bonds, and real estate. This can make it easier for individuals to invest in these assets and potentially disrupt traditional asset markets.
- **Central Bank Digital Currencies (CBDCs)**: Several central banks are exploring the use of blockchain technology to issue their digital currencies. CBDCs could reshape the way money is transacted and managed.

While blockchain holds great promise, it also faces challenges and regulatory hurdles. The pace and extent of disruption in the banking industry will depend on various factors, including regulatory developments, the adoption of blockchain technology, and the willingness of traditional financial institutions to adapt to these changes.
In conclusion, blockchain has the potential to disrupt certain aspects of the banking industry by enhancing efficiency, security, and accessibility. However, the full extent of its impact will become clearer as the technology matures and regulatory frameworks evolve

10 Marker

Q.1) What is targeted long-term repo operations (TLTRO)

Targeted Long-Term Repo Operations (TLTRO) is a **monetary policy tool** introduced by the Reserve Bank of India (RBI) to provide liquidity support to specific sectors of the economy. It is designed to **address any liquidity shortage faced by banks** and **to ensure the smooth functioning of credit flows in the economy**. TLTRO aims to encourage banks to lend to sectors that require funds for productive purposes, thereby promoting economic growth.

Under TLTRO, the **RBI conducts auctions** where it provides long-term funds to banks at a fixed interest rate. These funds are **typically made available for a period of one to three years**. The key feature of TLTRO is that the **funds provided by the RBI are earmarked for specific sectors or purposes, as determined by the central bank**.

The RBI specifies the eligible sectors or categories of borrowers that banks can lend to using the funds obtained through TLTRO. These sectors are typically those that require immediate liquidity support, such as agriculture, micro, small, and medium enterprises (MSMEs), and other sectors affected by economic disruptions.

Banks participating in TLTRO auctions can avail funds at the repo rate, which is the rate at which the RBI lends to banks. The repo rate is currently determined by the RBI's Monetary Policy Committee (MPC) and serves as a benchmark for interest rates in the economy. The repo rate is subject to periodic revisions based on the prevailing economic conditions and policy objectives.

Features of TLTRO

Total Funds to be injected: Up to Rs 1 Lakh crores.
Interest Rate: Repo Rate.

Why is it called On-Tap?
This facility can be availed by any bank as and when the need for liquidity arises.

Conditions:

TLTRO has **certain conditions and guidelines that banks need to adhere to**. For instance, banks are required to maintain the funds obtained through TLTRO in a separate account called the TLTRO portfolio. These funds must be deployed within a specified time frame and as per the defined sectoral limits.
Liquidity availed by banks must be deployed in corporate bonds, commercial papers, and nonconvertible debentures issued by entities in specific sectors. Liquidity availed can also be used to extend bank loans to these sectors.

Method of Operations: Carried out through e-Kuber. e- Kuber is the Core Banking Solution of the RBI which enables each bank to connect their single current account across the country.

Rationale:

•Reduce rate of Interest on the long-term loans.
•The reduction in the long-term rate of interest would force the banks to reduce the rate of interest on short term loans. (The rate of interest on long term loans is usually higher than that on short term loans)
•Incentivize the Banks to reduce their overall lending rates and improve the monetary policy transmission.
By directing liquidity towards specific sectors, TLTRO helps boost lending activity in those sectors, especially during periods of stress or when traditional credit channels are constrained. This supports the flow of credit to productive sectors and safeguards the overall stability of the financial system.
The introduction of TLTRO by the RBI was a response to the economic challenges posed by the COVID-19 pandemic. The pandemic led to disruptions in various sectors, affecting businesses, employment, and overall economic growth. TLTRO was intended to provide immediate liquidity support to sectors adversely affected by the pandemic, facilitating their recovery and revival.

Q.2) Describe India's response to the Global Financial Crisis 2008.

In 2008, the world faced a severe financial crisis that began in the United States and quickly spread to other countries, leading to a global economic downturn. This crisis, often referred to as the "Global Financial Crisis" (GFC), had a significant impact on economies worldwide, including India. In this article, we will discuss how India responded to the GFC and the measures it took to mitigate its effects.

Understanding the Global Financial Crisis:

The GFC was primarily caused by the bursting of a housing bubble in the United States, leading to a crisis in the banking and financial sectors. As financial institutions collapsed and credit markets froze, it triggered a worldwide recession. This crisis affected not only the developed economies but also emerging markets like India.
India's Resilience:

India entered the GFC with a relatively strong economy. However, it was not completely immune to the crisis due to its integration into the global financial system. Nevertheless, India's regulatory framework and economic policies had certain protective measures in place, which helped it weather the storm more effectively than many other countries.
Key Measures Taken by India:

Monetary Policy Adjustments: The Reserve Bank of India (RBI), the country's central bank, swiftly responded by reducing key interest rates. Lowering interest rates made borrowing cheaper, encouraging spending and investments.

Fiscal Stimulus Package: The Indian government implemented a fiscal stimulus package to boost demand and support key sectors like housing and automobiles. It involved increased government spending and tax cuts.

Strengthening Financial Sector: India focused on stabilizing its financial sector by infusing capital into banks and financial institutions. This ensured that banks remained solvent and could continue lending.

Liberalization of External Commercial Borrowings (ECBs): To attract foreign funds, India liberalized its ECB policy, allowing Indian companies to borrow more easily from foreign sources. This provided a source of financing during the crisis.
Infrastructure Investment: The government increased investments in infrastructure projects, which not only created jobs but also boosted economic activity.

Regulatory Reforms: India also implemented regulatory reforms to enhance transparency and strengthen the financial sector. These reforms included stricter norms for credit rating agencies and enhanced supervision of financial institutions.
Exchange Rate Management: RBI intervened in the foreign exchange market to stabilize the Indian Rupee and ensure that it did not depreciate excessively.

Inclusive Growth: India continued its focus on inclusive growth by implementing social welfare programs like the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), which provided employment opportunities in rural areas.

Positive Outcomes:
India's response to the GFC yielded several positive outcomes:
Resilient Growth: India maintained relatively high economic growth rates compared to many other countries during the crisis.
Stability: The Indian financial sector remained stable, with limited exposure to toxic assets that plagued Western banks.

Fiscal Prudence: The government managed its fiscal deficits responsibly, avoiding excessive borrowing.
Investor Confidence: India's prudent economic policies during the crisis boosted investor confidence in the country.

Challenges Faced:
Despite its relatively robust response, India faced some challenges during the GFC:
Global Impact: India's export-oriented industries faced a slowdown due to reduced global demand.

Inflation: High food and fuel prices led to inflation concerns, prompting RBI to strike a balance between growth and inflation control. In conclusion, India's response to the Global Financial Crisis of 2008 was marked by a combination of monetary, fiscal, and regulatory measures. These actions helped the country maintain economic stability, sustain growth, and recover from the crisis more swiftly than many other nations. India's resilience during the GFC showcased its ability to adapt to global economic challenges while maintaining its commitment to inclusive growth.

Q.3)
What is the importance of ethical behaviour in society and throw some light on the manager's role in encouraging ethical behaviour in an organization?

Answer:

Ethics plays an imperative role in business success, abiding by ethical behaviour not only enhances business reputations but also paves the way for growth & development.

- **Survival, Growth & Brand Loyalty:** Business ethics incorporates issues & principles of transparency, accountability, honesty & trust. If stakeholders believe that the entity, they are dealing with is transparent, accountable for its actions & honest in its dealings, it will build up trust.

  A business that wants to survive in the long term & also wants to achieve market credibility by making brand loyalty as its main goal, can only achieve this by following ethical standards.

- **Building Long-Term Plans:** Developing long-term relationships with employees, investors, clients, and stockholders & continuous nurturing of ethical conduct & culture enthuses stakeholders & builds a reputation of a socially responsible organisation.

- **Providing Competitive Advantage:** Sustainable global competitive advantage occurs when a company implements value-creating strategies which other companies are unable to imitate. Business ethics as competitive advantage involves the effective building of relationships with a company's stakeholders based on its integrity.

- **Increased Productivity & Framework:** Ethical practices would contribute towards high productivity & strong teamwork & thus, in the long run, it would benefit if the organisation were equipped to withstand the competition.

- **Business is a major contributor to society:** Businesses can be a good contributor to society by providing employment, producing those goods & services which we want, paying taxes, acting as an engine for economic development etc.

The Managers or the directors in the organisations plays a very crucial role in promoting ethical aspects in the organisations as they can act as a role model and guide the team members in case of ethical dilemmas.

Below are some of the aspects which are taken care by the Managers:

- The board of directors set the ethical tone for the organization and must ensure that it becomes part of the DNA of the company.
- Ethics, values, and appropriate behaviours should permeate every core of an organisation and should be reflected in its mission, vision, and strategy.
- If ethical standards are embedded in the organisation, this will form the bedrock for company's future sustainability.
- Ethical standards and associated behaviours must be led, developed and disseminated by the board.
- The BODs should show strict adherence to the standards put forth by the code of ethics thus setting an example for all employees to follow suit.
- Managers/Board's responsibilities include:

- Developing, agreeing, and documenting the ethical and values framework of the company
- Living these values as the leaders of the company
- Supporting ethics programmes for staff at induction and on an ongoing basis
- Ensuring that the company lives up to its stated ethical values through appropriate monitoring mechanisms.

Overall, we can say that the managers can act as stimulants in inculcating ethical orientation amongst the employees and the organisation and this shall provide the relevant push towards ethical activities.