

CON 1375

R. B. I. S. B. (B-DR)

2002

[TIME—3-00 P.M. TO 6-00 P.M.]

(Maximum Marks—100)

PAPER I

ENGLISH

N.B.—(1) All questions are *compulsory*.

(2) Figures to the right indicate marks.

(3) Each question must be started on a fresh page.

(4) All parts of a question must be answered together without other answers intervening.

(5) Marks will be deducted if an answer far exceeds or falls short of the set limit, or is irrelevant, or if the handwriting is illegible.

(6) Answers must be written in *English*.

Marks

1. Write an essay of about 500 words on one of following subjects. Awareness of different points of view will be given credit. After writing the essay, state the number of words in it :—

40

(a) Is IT a Boon for India ?

(b) The Role of Credit Cards in a developing country.

(c) The Wars of the future will be on Water Management.

(d) Impact of Budget 2003 on the Indian Economy.

(e) Does Cricket Mania really mean Love of Sport ?

(f) National Integration is a dream without Communal Harmony.

2. (a) Make a precis of the following passage in your own words, reducing it to about 180 words and give it a suitable title. Use the special sheet given for the purpose.

24

The manufacturing sector is in the throes of a radical restructuring. Producers are finding their feet outside the hothouse of protection. World-wide recession and competition from countries like China have extinguished the hopes of those on the brink. But survivors have grown lean and fit, aware of their potential and ready to respond to domestic and international opportunities. Longterm growth will depend on technology, quality, fulfillment of delivery and support standards and price. To offer goods and services at attractive prices, input must be available at global rates, production costs (including interest payments) competitive and taxes reasonable.

Infrastructure quality is the key to global and domestic sourcing of inputs. The budget must continue to emphasize road upgradation and improvement of rail and air freight condition and turnaround times at ports. Power sector reform is still in a cul-de-sac. Despite commitments made in structural adjustment programmes, state governments are resisting full-scale implementation of the findings of regulatory commissions. Dramatic changes in the energy demand structure and coping strategies developed by manufacturing units have improved the availability of power. Budgetary policy should focus on overhauling T and D lines to avoid system breakdown. Manufacturing units also have financing concerns. Prepayments and the recession have improved bank liquidity, but financing is not a cakewalk for

[Turn over

borrowers with fresh projects. Financial sector reform has placed the onus for interest rate determination and project appraisal in the hands of lenders, but they are too obsessed with capital adequacy to get their act together. Lending banks are booking profits by manipulating floating interest rate schemes through refusal to revise PLR rates and restricting access to lowered rates to new borrowers by sub-PLR lending!

Will the FM and the RBI succeed in inducing banks to turn away from fully secured housing finance to manufacturing? There is greater scope for immediate effective intervention on the taxation side, since the tax element determines the ultimate sale price. The tax burden on different sectors is routinely assessed by adding Cenvat and state sales tax rates, but this is a serious underestimate. It overlooks the complex interplay of various types of levies and cascading effects, which result in much higher effective tax rates than apparent at first glance. Industry itself is not fully aware of the tax burden on goods sold locally or exported, due to multiplicity of taxes, divergence in bases of treatment of capital goods, raw material, consumables and intermediaries, absence of tax credit, interstate barriers and tax avoidance practices. At the central level, there is Cenvat or excise (specific or *ad-valorem*) and additional excise duty. To this is added the cascading effect of unrebated service tax. At the state level, it is confusion worse confounded. Systems vary widely across states although some kind of typology can be generated. Turnover, luxury and entry taxes are superimposed on general sales tax though the base differs from state to state. Few are also aware of the existence of state-sector service taxes like electricity duty and passenger and goods tax, which go unrebated. In states without entry taxes, local authorities raise octroi: for such levies, the taxable event is entry of the commodity (not sale).

Such a layered overlapping of structure raises the effective tax rate and demands elaborate, unsatisfactory duty drawback computations. Systems in competing and customer countries are far more streamlined, since most of them tax value addition in goods and services, not "manufacture" or "sale". We cannot overnight shrug off the constraints of a federal polity. But the central budget can dilute their effects with action on several fronts by amending central excise and customs statutes and providing leadership on the reform of state consumption taxes. In this, the FM could even look beyond the Kelkar Committee.

States must also be armed with the power of comprehensive consumption taxation allowing them to tax all services and items under additional excise duty. Service taxation at the state level needs investment of time and effort and full-scale handholding by the Centre, starting with merger of existing taxes and moving towards alignment of slabs and rates with those for the VAT on goods. Central involvement is essential to confront the core problem of a destination-based VAT under federal conditions: tax rebate for inter-state transactions. The present consensus for restricting VAT credit to intra-state sales could cripple efforts to forge a common market and damage competitiveness.

(b) (i) Answer any two of the following questions on the passage briefly, and in your own words:— 10

- (1) Discuss some of the problems of the manufacturing sector today.
- (2) Why is financing not a cakewalk for borrowers today?
- (3) What should a budget stress on and why?
- (4) How can the central budget deal with the overlapping structure of taxes?
- (5) Comment on the feasibility of the suggestion in the last paragraph.

(ii) Explain clearly and in your own words the contextual meaning and implication of any three of the following expressions in the passage:— 6

- ✓ Finding their feet, on the brink, cul-de-sac, a cakewalk, to get their act together.

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3

Marks

20

3. Attempt any one of the following :—

(a) An unforeseen fire caused extensive damage on one floor of your office. A Committee has been set up to investigate the causes and make suitable recommendations. Draft the report of this committee.

(b) As Branch Manager of the State Bank of India write a confidential letter to an MNC which had inquired about the creditworthiness of a new company banking with you.

(c) A client has complained that in his bank statement, a double debit of a credit card payment has been wrongly made. As Bank Manager respond suitably that the error will be rectified at once.

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CON 1376

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[TIME-9-30 A.M. TO 12-30 P.M.]
(Maximum Marks-100)

PAPER II
ECONOMIC AND SOCIAL ISSUES

- N. B. (1) Answer any five questions.
 (2) All questions carry equal marks.
 (3) Answers may be written either in English or in Hindi at the candidate's option. However, all questions should be answered only in the language so chosen. Answer-books written partly in English and partly in Hindi will not be evaluated.
 (4) Parts of the same question must be answered together without answers to other questions intervening.
 (5) Answer to each question must be started on a fresh page.
 (6) Marks will be deducted if handwriting is not easily legible.
 (7) Answers will be judged on the basis of perspective, analysis and presentation rather than length.

10th Five Year Plan

- Comment on any two of the following in the context of India's 10th Five-Year Plan :-
 (a) Targeted growth rate.
 (b) Required investment.
 (c) Employment generation.
- Distinguish between monetary and fiscal policy. To what extent is the monetary policy independent of fiscal policy in India?
- What are the different ways of privatising public sector enterprises? Review briefly the progress of privatisation in India.
- Distinguish clearly between the functions of the IMF and the World Bank in the context of the world economy.
- How would the education services sector in India be affected by its opening up under the provisions of GATS?
- To what extent has South Asia been able to further its agenda of regional co-operation? What, in your view, are the main obstacles in this process?
- How far can legislation help in improving the status of women in the Indian society?
- Do you agree with the view that political parties have appropriated social movements in India to the detriment of the Indian society?
- Is the Human Development Index a better indicator of development as compared to per capita income? Give reasons for your answer.

RBI - M&F Policy

Privatisation

IMF vs WB

GATS & Education

SAARC

Women

Social Movements

HDI / Per Cap Income

Sustainable dev
Exit Policy
Reservation
Urbanisation

- III. Write notes on any two of the following :
- Sustainable development.
 - Exit policy in India.
 - Reservation policy in India.
 - Urbanisation in India.

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[TIME--3:00 P.M. TO 6:00 P.M.]

[Maximum Marks--100]

PAPER III

FINANCE AND MANAGEMENT

- Instructions:--(1) Attempt any three questions from Section I and any two questions from Section II.
- (2) All questions carry equal marks.
- (3) Answers must be *Brief and To-The-Point*.
- (4) Answers may be written either in *English* or in *Hindi* at the candidate's option. However, all the questions should be answered only in the language so chosen. Answer-books written partly in *English* and partly in *Hindi* will not be evaluated.

SECTION I

1. What does the Union Budget 2003-2004 offer to the salaried employee and the common man?
2. Explain briefly the salient features of the Foreign Exchange Management Act.
3. Discuss the role of the Reserve Bank of India in the economic development of the country. *Regulator*
4. Critically evaluate our country's efforts in disinvestment in public sector undertakings.

Write short notes on any two of the following:

- (a) Regional Rural Banks
- (b) Mutual Funds
- (c) Role of NABARD in economic development
- (d) Difference between direct and indirect taxes.

1. Reserve Bank of India
2. Govt. of India
3. Regulatory
4. Disinvestment
5. NABARD
6. Regulator of Money Mkt.
7. Central Bank

SECTION II

6. "Planning and Control are two sides of the same coin". Do you agree? Why?
7. What are the advantages and disadvantages of decentralisation?
8. Identify the skills required for a manager to be an effective leader.
9. What is performance appraisal? What are its objectives?

1. To know
2. To put a check on unfavourable performance. *Then over*
3. To decide about the need of training and development programmes.
4. To motivate the workers to give their best.

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