



**INDIAN SCHOOL MUSCAT
HALF YEARLY EXAMINATION
ECONOMICS (030)**

CLASS: XII

Max. Marks: 80

MARKING SCHEME

SET	QN.NO	VALUE POINTS	MARKS SPLIT UP
MACROECONOMICS			
A	1.	(a) Store of value	1 Mark
B	1.	(b) Saving account deposits and current account deposits	
C	1.	SAME AS SET (A)	
A	2.	(b) Saving account deposits and current account deposits	1 Mark
B	2.	(d) Assertion (A) is false but Reason (R) is true.	
C	2.	(b) Saving account deposits and current account deposits	
A	3.	(d) Assertion (A) is false but Reason (R) is true.	1 Mark
B	3.	False: Only expected Obsolescence is considered as an element of depreciation and not unexpected obsolescence. Loss of value of fixed assets due to unexpected obsolescence is called capital loss.	
C	3.	(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)	
A	4.	(a) Which satisfy collective needs of the people	1 Mark
B	4.	SAME AS SET (A)	
C	4.	(a) Which satisfy collective needs of the people	
A	5.	False: Government budget is a statement of estimated receipts and estimated expenditure of the government during the next fiscal year	1 Mark

B	5.	(b) Capital Receipt	
C	5.	SAME AS SET (A)	

A	6.	(b) Capital Receipt	1 Mark
B	6.	(c) Fiat Money	
C	6.	SAME AS SET (A)	

A	7.	Disinvestment	1 Mark
B	7.	Disinvestment	
C	7.	Globalization	

A	8.	(b) Consumption goods	1 Mark
B	8.	True: Government spends tax receipts for the common benefit of the society. Tax payer cannot expect that the amount will be used for his direct benefit.	
C	8.	(b) Consumption goods	

A	9.	False: Only expected Obsolescence is considered as an element of depreciation and not unexpected obsolescence. Loss of value of fixed assets due to unexpected obsolescence is called capital loss.	1 Mark
B	9.	(c) Wheat used by a flour mill.	
C	9.	SAME AS SET (A)	

A	10.	True: Money flows are opposite to real flows because money flows are in response to the real flows. Money flows from the households to the producer to the household is reciprocal to the real flow of goods and services from the producer to the households. Likewise, money flows from the producers to the households is reciprocal to the flow of factor services by the households to the producers.	1 Mark
B	10.	SAME AS SET (A)	

C	10.	SAME AS SET (A)	
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A	11.	<p>No, a deficit budget is not a sign of government inefficiency. In fact, budgetary deficit may be a planned strategy of the government during periods of depression when the government needs to increase expenditure. It is only when expenditure increases that there is an increase in AD which is required to combat depression.</p> <p style="text-align: center;">OR</p> <p>Fiscal deficit measures borrowing requirement of the government. Higher fiscal deficit is a sign of fiscal indiscipline, particularly when there is inflationary spiral in the country. Higher fiscal deficit compounds the rate of inflation. High rate of inflation leads to high rate of interest, implying high cost of investment. Accordingly, inducement to invest is curbed and growth process is hindered.</p>	Explanation of the concept of budget deficit/ implications of fiscal deficit 3 marks
B	11	SAME AS SET (A)	
C	11.	SAME AS SET (A)	

A	12.	<p>(a) Flows: Reason - it is measured per unit of time period.</p> <p>(b) Stocks: Reason - it is measured at a particular time period.</p> <p>(c) Stocks: Reason - it is measured at a particular time period.</p>	1 X 3 = 3 Marks
B	12.	<p>(a) Stock as deposits are related to a point of time</p> <p>(b) Flows as number of persons employed during a month relates to a period of time</p> <p>(c) Stocks as wealth is related to a point of time.</p>	
C	12.	SAME AS SET (A)	

A	13.	<p>(a) Stock</p> <p>(b) Money is a thing that commonly accepted as a medium of exchange.</p> <p>(c) Inter-bank deposits</p> <p>(d) True as all its components are easily used as a medium of exchange.</p>	1 x 4 = 4 Marks
B	13.	SAME AS SET (A)	
C	13.	SAME AS SET (A)	

A	14.	<p>The budgetary policy reduces inequalities of income through redistribution of income and wealth in the economy. To achieve this objective, government uses fiscal instruments of taxation and subsidies. By imposing taxes on rich and giving subsidies to the poor, the government redistributes income in favour of poorer sections of the society. Progressive taxation in India focuses on the equitable distribution of disposable income. Higher rate</p>	Explanation as how redistribution of income and wealth achieves equity
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		<p>of taxation on higher incomes and lower rate of taxation on lower incomes reduces the gulf between disposable income of the rich and the poor. Subsidies are offered to the BPL (below poverty line) population with a view to enhancing purchasing power of their money income. Thus in India, BPL families are offered monthly quota of rice and wheat at a nominal price of 3 to 4 rupees per kg. Budgetary allocation to social welfare schemes such as MGNREGA is another budgetary initiative to combat inequality. Assured employment is offered for 100 days to the BPL population in rural areas. It is combating inequality by way of combating poverty.</p> <p style="text-align: center;">OR</p> <p>(i) Income tax: Revenue receipt Reason: Neither increase liabilities nor decrease assets.</p> <p>(ii) Recovery of loans: Capital receipt Reason: Decrease assets</p> <p>(iii) Profit from public enterprises: Revenue receipt Reason: Neither increase liabilities nor decrease assets.</p> <p>(iv) Borrowing from RBI: Capital receipt Reason: Increase liabilities</p>	<p>4 Marks</p> <p>½ for identification ½ for reason 1 Mark each 1 X 4 = 4 Marks</p>
B	14.	<p>Circular flow of income refers to the unbroken circularity of real flows and money flows across different sectors of the economy. (2 Marks)</p> <p>The circular flow of income and product involves two basic principles:</p> <p>(i) Real flows (in terms of goods and services) are opposite to the money flows.</p> <p>(ii) Flow of income across different sectors always implies the identity between payments and receipts. (1 mark each)</p>	<p>2 + 2 = 4 Marks</p>
C	14.	SAME AS SET (A)	

A	15.	<p>Circular flow of income refers to the unbroken circularity of real flows and money flows across different sectors of the economy. (2 Marks)</p> <p>The circular flow of income and product involves two basic principles:</p> <p>(iii) Real flows (in terms of goods and services) are opposite to the money flows.</p> <p>(iv) Flow of income across different sectors always implies the identity between payments and receipts. (1 mark each)</p>	<p>2 + 2 = 4 Marks</p>										
B	15.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: left;">Revenue expenditure</th> <th style="width: 50%; text-align: left;">Capital Expenditure</th> </tr> </thead> <tbody> <tr> <td>Revenue expenditure neither creates any asset nor reduces any liability of the government</td> <td>Capital expenditure creates an asset or reduces liability of the government</td> </tr> <tr> <td>It is incurred on the normal running of government departments and for provision of various services</td> <td>It is mainly incurred for acquisition of assets and granting of loans and advances.</td> </tr> <tr> <td>It is recurring in nature</td> <td>It is non-recurring in nature</td> </tr> <tr> <td>Salary, pensions</td> <td>Repayment of borrowings, expenditure on acquisition of capital asset</td> </tr> </tbody> </table> <p style="text-align: center;">OR</p> <p>(a) Revenue expenditure: it neither creates asset nor reduces liability (b) Capital expenditure: it increases asset of the government (c) Revenue expenditure: it neither creates asset nor reduces liability</p>	Revenue expenditure	Capital Expenditure	Revenue expenditure neither creates any asset nor reduces any liability of the government	Capital expenditure creates an asset or reduces liability of the government	It is incurred on the normal running of government departments and for provision of various services	It is mainly incurred for acquisition of assets and granting of loans and advances.	It is recurring in nature	It is non-recurring in nature	Salary, pensions	Repayment of borrowings, expenditure on acquisition of capital asset	<p>1 X 4 = 4 Marks</p>
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		(d) Capital expenditure: it reduces liability of the government	
C	15.	<p>Circular flow of income refers to the unbroken circularity of real flows and money flows across different sectors of the economy. (2 Marks)</p> <p>The circular flow of income and product involves two basic principles:</p> <p>(v) Real flows (in terms of goods and services) are opposite to the money flows.</p> <p>(vi) Flow of income across different sectors always implies the identity between payments and receipts. (1 mark each)</p>	2 + 2 = 4 Marks

A	16.	<p>1) Issuing of Notes:</p> <p>(i) Central bank of the country is authorized by the govt. for the printing/issuing of currency. No other individual or institution can issue currency.</p> <p>(ii) In India RBI prints/issues the currency notes in the denominations of ₹10, ₹20, ₹50, ₹100, ₹500 and ₹2000.</p> <p>(iii) RBI prints currency notes under minimum reserve system in the form of gold and foreign securities</p> <p>2) Banker to the government.:</p> <p>(i) Central bank does the same functions for the govt. as commercial banks do for their customers as a banker, agent and advisor.</p> <p>(ii) As a banker central bank accept deposits and advance/give loans to the govt., buys and sells securities for the govt.</p> <p>(iii) As an advisor central bank advises the govt. in case of inflation and deflation.</p> <p style="text-align: center;">OR</p> <p>(i) Bank Rate: The interest rate at which central bank gives loans to commercial banks for long period. RBI increase bank rate to decrease money supply in case of Inflation and decrease bank rate to increase money supply in case of Deflation.</p> <p>(ii) CRR (Cash Reserve Ratio): Minimum percentage of total deposits that the banks have to keep with central bank. RBI increase CRR to decrease money supply and decrease CRR to increase money supply.</p> <p>(iii) Open Market Operations: It refers to sale and purchase of securities in open market by central bank to control money supply. RBI sells securities to decrease money supply and purchase securities to increase money supply.</p>	<p>3 Marks for Issuing of Notes</p> <p>3 Marks for Banker to Government</p> <p>3 + 3 = 6 Marks</p> <p>2 Marks for Bank rate</p> <p>2 Marks for CRR</p> <p>2 marks for OMO</p> <p>2 + 2 + 2 = 6 Marks</p>
B	16.	SAME AS SET (A)	
C	16.	<p>(i) Repo Rate: The interest rate at which central bank gives loans to commercial banks for short period. RBI increase repo rate to decrease money supply and decrease repo rate to increase money supply.</p> <p>(ii) Reverse Rate: The interest rate at which commercial bank gives loans to central bank. RBI increase reverse repo rate to decrease money supply and decrease reverse repo rate to increase money supply.</p> <p>(iii) SLR (Statutory Liquidity Ratio): Minimum percentage of total deposits that the banks has to keep in cash form with themselves. RBI increase SLR to decrease money supply and decrease SLR to increase</p>	<p>2 Marks for Repo rate</p> <p>2 Marks for Reverse Repo rate</p> <p>2 marks for SLR</p> <p>2 + 2 + 2 = 6 Marks</p>

		money supply.	
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A	17.	<p>Revenue expenditure is that expenditure of the government which neither creates assets for the government nor causes a reduction in liabilities of the government. Example: Payment of subsidies and scholarships.</p> <p>Capital expenditure, on the other hand, is that expenditure of the government which either creates assets for the government or causes a reduction in government liability. Example: Purchase of shares (creation of assets), and repayment of loans (reduction in liabilities).</p> <p>Distribution of income is significantly influenced by taxation and government expenditure. To correct inequality, the government pursues the policy of progressive taxation. It implies greater tax burden on the rich than the poor. In fact, those with very low incomes are exempted from the payment of tax. On the expenditure side, the government offers subsidies to the poor. Subsidies are offered to poorer sections of the society so that their real disposable income is raised. Also, essential food items are sold to the BPL families (below poverty line families) at subsidised rates.</p>	<p>2 Marks for Revenue Exp. 2 Marks for Capital Exp. 2 Marks for Distribution of income 2 + 2+2 = 6 Marks</p>
B	17.	SAME AS SET (A)	
C	17.	SAME AS SET (A)	

INDIAN ECONOMIC DEVELOPMENT

A	18.	(c) Collection of rent with no interest in the economic conditions of the cultivators.	1 Mark
B	18.	SAME AS SET (A)	
C	18.	SAME AS SET (A)	

A	19.	(b) India entered the second stage of demographic transition post 1947	1 Mark
B	19.	(a) True	
C	19.	SAME AS SET (A)	

A	20.	(c) Economic planning	1 Mark
B	20.	(d) Electric telegraph	

C	20.	SAME AS SET (A)	
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A	21.	(a) Eradicate Inequality	1 Mark
B	21.	SAME AS SET (A)	
C	21.	(c) Human development is bases on the idea that education and health are integral to human well- being	

A	22.	(d) Related concepts, but certainly not identical	1 Mark
B	22.	(a) Equity	
C	22.	SAME AS SET (A)	

A	23.	<table style="display: inline-table; border: none;"> <tr> <td style="padding-right: 10px;">A</td> <td style="padding-right: 10px;">B</td> <td style="padding-right: 10px;">C</td> <td>D</td> </tr> <tr> <td>(d) (iii)</td> <td>(iv)</td> <td>(i)</td> <td>(ii)</td> </tr> </table>	A	B	C	D	(d) (iii)	(iv)	(i)	(ii)	1 Mark
A	B	C	D								
(d) (iii)	(iv)	(i)	(ii)								
B	23.	SAME AS SET (A)									
C	23.	SAME AS SET (A)									

A	24.	(a) True	1 Mark
B	24.	(b) Globalisation	
C	24.	(a) To promote regional equality	

A	25.	True: NEP introduced in 1991 was a complete U – turn of then existing Licensing, Quotas and Permits to pull out the economy from economic crisis and to put the economy into a rapid and steady growth path.	1 Mark
B	25.	SAME AS SET (A)	
C	25.	SAME AS SET (A)	

A	26.	Tariff	1 Mark
B	26.	(b) Privatization	

C	26.	SAME AS SET (A)	
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A	27.	(b) Globalisation	1 Mark
B	27.	Expenditure on Migration	
C	27.	SAME AS SET (A)	

A	28.	<p>Under the British rule, the objective behind the development of infrastructure was not to provide basic amenities o the people but to cater to their colonial interests.</p> <p>(i) Roads were developed for the purpose of mobilizing army & transporting raw materials to the nearest railway station and port.</p> <p>(ii) Railways were developed to encourage commercialization of agriculture</p> <p>(iii) Postage & telegraph were introduced to enable them to control the large sub- continent.</p>	1 X 3 = 3 Marks
B	28.	SAME AS SET (A)	
C	28.	SAME AS SET (A)	

A	29,	<p>(i) Land reforms: Land reforms were initiated in order to bring equity in ownership of landholdings. It was decided to make the tillers of the owners of land. It gives the tillers the incentives to invest in making improvements in land provided sufficient capital was made available to them.</p> <p>(ii) Land Ceiling: - If refers to fixing the maximum size of land which could be owned by an individual to reduce the concentration of land ownership in a few hands and to promote equality in the agricultural sector.</p> <p>(iii) Green Revolution: - It refers to large increase in reduction of food grains resulting from the use of High yielding variety (HYV) seeds. The farmers should be provided adequate financial resources in order to purchase agricultural inputs.</p> <p style="text-align: center;">OR</p> <p>(i) Public enterprises were played a central role in the process of Industrialization</p> <p>(ii) Private enterprises were to play only a secondary role in the process of industrialization. Private sector were to obtain a license for their industrial establishments and to produce goods within the prescribed limits of production capacity.</p> <p>(iii) Major thrust was given to import substitution. Production of those goods were high importance which were imported from abroad and to achieve the objective of growth with self-reliance.</p>	1 X 3 = 3 Marks
			1 X 3 = 3 Marks

		(iv) Domestic industries were given protection from foreign competition by imposing heavy duty on imports (Any Three)	
B	29.	SAME AS SET (A)	
C	29.	SAME AS SET (A)	

A	30.	(d) All of the above (a) Destination based/ consumption based (b) Five True: One Nation, One Tax. GST is applicable throughout the country with one rate for one type of goods/service.	1 Mark each. 1 x 4 = 4 Marks
B	30.	<ul style="list-style-type: none"> • Education and health care services create both private and social benefits and this is the reason for the existence of both private and public institutions in the education and health service markets. Expenditures on education and health make substantial long-term impact and they cannot be easily reversed. • Individual consumers of these services do not have complete information about the quality of services and their costs. In this situation, the providers of education and health services acquire monopoly power and are involved in exploitation. The role of government in this situation is to ensure that the private providers of these services adhere to the standards stipulated by the government and charge the correct price. • A substantial section of India's population cannot afford to reach super specialty health care and higher education. Furthermore, when basic education and health care is considered as a right of the citizens, then it is essential that the government should provide education and health services free of cost for the deserving citizens and those from the socially oppressed classes. 	Any Two Points of discussion with valid arguments in favors of Government intervention. 2 + 2 = 4 Marks
C	30.	SAME AS SET (A)	

A	31.	<p>(i) Growth: - It refers to increase in the country's capacity to produce the output of goods and services within the country. It implies either a large stock of productive capital or an increase in the efficiency of productive capital and services like transport, banking & communication etc. In other words, it means steady increase in the gross domestic product (GDP). It is necessary to produce more goods and services if the country need to achieve higher growth level.</p> <p>(ii) Modernization: - It is necessary to adopt new technology in order to increase production of goods & services. Adoption of new technology is called modernization. However, modernization does not refer only to the use of new technology but also to change in social outlook such as women empowerment. A modern society makes use of the talents of women in the work place so that the society will be more civilized and prosperous</p>	1 Mark each. 1 x 4 = 4 Marks
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		<p>(iii) Self-reliance: - It refers to utilization of country's resources in order to promote economic growth and modernization without using the resources imported from other countries. It means avoiding imports of those goods which could be produced in India itself. It is necessary in order to reduce our dependence on foreign countries in order to safeguard the sovereignty of our country and unnecessary foreign interference in our polices.</p> <p>(iv) Equity: - It means equal distribution of income and wealth among the societies. It is important to ensure that the benefits of economic development should reach the poor sections of the society as well instead of being enjoyed by the rich. It is necessary that every people of a country should be able to meet their basic needs such as food, education, health facilities in order to reduce the inequality</p>	
B	31.	<p>(d) All of the above (a) Destination based/ consumption based (b) Five True: One Nation, One Tax. GST is applicable throughout the country with one rate for one type of goods/service.</p>	
C	31.	<ul style="list-style-type: none"> • Inward looking trade strategy was adopted as foreign trade policy. This strategy is called import substitution. • It aims at replacing or substituting imports with domestic production. • Domestic industry is offered protection from foreign competition through import duties. • Its main objective was to save foreign exchange by encouraging domestic production of such goods which could be imported from rest of the world. • The Government protected the domestic industries from competition through tariffs and quotas. Through imposition of tariffs and quotas, the government restricted the imports of goods and thereby protecting the domestic firms from foreign competition. 	<p>Any four valid points to highlight the Foreign Trade Policy during Planning Period. 1 x 4 = 4 Marks</p>

A	32.	<p>Expenditure on education: It is one of the most important sources of human capital formation) proper utility of manpower depends on the system of education, training and industrial experience of the people. Spending on education by individuals is similar to spending on capital goods by companies with the objective of increasing future profits once a period. This increase the income of the people and their standard of living. Investment in education is not only highly productive but also it is yields increasing return and accelerates economic growth of all the resources education receives most importance because it gives maximum contribution to the development of the country.</p> <p style="text-align: center;">OR</p> <table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%; text-align: center;">Physical Capital</th> <th style="width: 50%; text-align: center;">Human Capital</th> </tr> </thead> <tbody> <tr> <td>(a) Physical capital is tangible and can be easily sold in the market</td> <td>(a) Human capital is intangible and cannot be sold in the market.</td> </tr> <tr> <td>(b) It depreciates with the passage of time.</td> <td>(b) Depreciation in human capital can be reduced by making continuous investment in</td> </tr> </tbody> </table>	Physical Capital	Human Capital	(a) Physical capital is tangible and can be easily sold in the market	(a) Human capital is intangible and cannot be sold in the market.	(b) It depreciates with the passage of time.	(b) Depreciation in human capital can be reduced by making continuous investment in	<p>Explanation of the importance of expenditure on education for Human Capital Formation. 4 Marks</p> <p>Any FOUR Distinctions. 1 Mark each. 1 X 4 = 4</p>
Physical Capital	Human Capital								
(a) Physical capital is tangible and can be easily sold in the market	(a) Human capital is intangible and cannot be sold in the market.								
(b) It depreciates with the passage of time.	(b) Depreciation in human capital can be reduced by making continuous investment in								

			education & health.		Marks
		(c) It is more mobile between countries	(c) Human capital is less mobile between countries as compared to physical capital.		
		(d) Physical capital (like machinery) can be separated from its owners.	(d) Human capital (like skills of a person) cannot be separated from the owners		
		(e) Physical capital is the outcome of the conscious decision of the owner and is mainly an economic and technical process.	(e) Formation of human capital is partly a social process by partly a conscious decision of the possessor of the human capital.		
		(f) Its fault can be corrected through inspections.	(f) Human capital formation faults is to be done through conscious policy formulations.		
B	32.	SAME AS SET (A)			
C	32.	SAME AS SET (A)			

A	33.	<p>The following are the reasons that explain the adverse effects of the economic reforms on India's agriculture sector: -</p> <p>(i) Reduction of Public Investment: There has been a drastic decrease in the volume of public investment in the agricultural sector. There has been an acute cutback from the Indian government to provide sufficient irrigation facilities, electricity, information system, market linkages and roads. Moreover, investment in agricultural research and development was not as extensive as it was during green revolution phase</p> <p>(ii) Removal of Subsidies: Removal of subsidies on fertilisers pushed up the cost of production of agriculture. This made farming more expensive, thereby, adversely affecting the poor and marginal farmers.</p> <p>(iii) Liberalisation and Reduction in Import Duties on Agricultural Products: Due to adherence to the WTO commitments, Indian government reduced import duties on agricultural products that forced the poor and marginal farmers to compete with their foreign counterparts in the international markets. Stiff competition in the international market along with traditional techniques of farming badly affected the poor farmers.</p> <p>(iv) Shift towards Cash Crops and Lack of Food Grains: The export oriented production strategies led to the shift of agricultural production from food grains to the production of cash crops like cotton, jute, etc. This led to reduced availability of food grains and, consequently, t lower nutritional values which further reduced their productivity.</p> <p>(v) Inflationary Pressures on Food Grains: The shift towards cash crops production along with the removal of subsidies exerted inflationary pressures on the prices of food grains. This in turn adversely affected the agricultural sector's performance by making</p>	<p>Any three points of explanation</p> <p>OR</p> <p>Any other valid points of explanation</p> <p>2 marks each</p> <p>2 X 3 = 6 – Marks</p>
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		<p>the cost of producing food grains more expensive.</p> <p style="text-align: center;">OR</p> <p>The poor performance of industrial sector may be attributable to the following reasons:</p> <p>(i) Cheaper Imports: The demand for industrial output reduced due to the cheaper imports. The imports from the developed countries were cheaper due to the removal of import tariffs. These cheaper and quality foreign imports led to the fall in the demand of domestic goods.</p> <p>(ii) Lack of Investment: Due to the lack of investment in infrastructure facilities (including power supply) the domestic firms could not compete with their developed foreign counterparts in terms of cost of production and quality of goods. The inadequate infrastructural investment pushed up the cost of production of the domestic producers and, consequently, led to the non-feasibility of their growth prospectus.</p> <p>(iii) High Non-tariffs Barriers by the Developed Countries: It was very difficult to access the developed countries market due to high non-tariff barriers maintained by the developed countries. For instance, US did not remove quota restrictions on imports of textiles from India and China.</p> <p>(iv) Vulnerable and Infant Domestic Industries: During the pre-liberalised period, the domestic industries were provided a protective environment to grow and expand. But at the time of liberalisation, the domestic industries were still not developed up to the extent it was thought and consequently, they could not compete with the multi-national companies. The dependence of domestic industries on traditional technologies which were neither cost effective nor quality effective was an important reason for their poor growth. Thus, the domestic industries were adversely affected by liberalisation.</p>	<p>Any three points of explanation</p> <p style="text-align: center;">OR</p> <p>Any other valid points of explanation</p> <p>2 marks each</p> <p>2 X 3 = 6 - Marks</p>
B	33.	SAME AS SET (A)	
C	33.	SAME AS SET (A)	

A	34.	<ol style="list-style-type: none"> Human Capital formation is very important for the growth of an economy. Effective use of physical capital: Its growth and productivity depends on human capital formation. Human capital formation raises the productivity and production as knowledgeable and skilled worker makes the better (use of the resources). Increase in productivity and quality production depends on technical skill of the people which can be acquired only by education or training and maintaining health of the people. Inventions, innovations and technological improvement are all due to the extra knowledge acquired during education which provides lot of innovations and inventions. The knowledgeable, skilled and physically fit people help in the human capital formation. Increases life expectancy: Formation of human capital raises life 	<p>1 Mark each</p> <p>1 X 6 = 6 Marks</p>
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		<p>expectancy of the people. Health facilities and availability of nutritive food enable people to live a healthy and long life. This in turn, adds to the quality of life.</p> <p>5. Improves Quality of life: The quality of population depends upon the level of education health of a person and skill formation acquired by the people. Human capital formation not only makes people productive and creative but also transforms the lives of the people.</p> <p>6. Control of population growth: It has been observed that educated persons have smaller families as compared to illiterate families, So, spread of education is necessary to control the population growth rate.</p>	
B	34.	SAME AS SET - A	
C	34.	SAME AS SET - A	