

1. The circular flow diagram divides the economy into:
 - a. Domestic sector and foreign sector.
 - b. Agricultural sector and non-agricultural sector.
 - *c. Producer sector and consumer sector.
 - d. Operating sector and non-operating sector.
 - e. Real sector and nominal sector.

2. The circular flow diagram divides the economy into:
 - *a. Producer sector and consumer sector.
 - b. Real sector and nominal sector.
 - c. Domestic sector and foreign sector.
 - d. Operating sector and non-operating sector.
 - e. Winners and losers.

3. The circular flow diagram divides the economy into:
 - a. Winners and losers.
 - b. Real sector and nominal sector.
 - c. Domestic sector and foreign sector.
 - d. Agricultural sector and non-agricultural sector.
 - *e. Producer sector and consumer sector.

4. The circular flow diagram divides the economy into:
 - *a. Household sector and business sector.
 - b. Real sector and nominal sector.
 - c. Domestic sector and foreign sector.
 - d. Agricultural sector and non-agricultural sector.
 - e. None of the above is correct.

5. One of the major points of the circular flow diagram is:
 - *a. If GDP rises due to increased production, incomes earned from producing GDP must rise.
 - b. Increasing gross private domestic investment is the best way for a nation to grow.
 - c. Increasing government spending is the best way for a nation to grow.
 - d. The top and bottom flows are proof that most economies should always be in equilibrium.
 - e. None of the above.