

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.