

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.