



SDI Review Form 1.6

PART 1:

Journal Name:	British Journal of Economics, Management & Trade
Manuscript Number:	MS: 2012/BJEMT/2270
Title of the Manuscript:	Agricultural Credit Allocation and Constraint Analyses of Selected Maize Farmers in Ghana.

General guideline for Peer Review process is available in this link:

(<http://www.sciencedomain.org/page.php?id=sdi-general-editorial-policy#Peer-Review-Guideline>)

- This form has total 9 parts. Kindly note that you should use all the parts of this review form.



SDI Review Form 1.6

PART 2: Review Comments

	Reviewer's comment	Author's comment (if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)
Compulsory REVISION comments	(i) Line 350 - Please clearly specify your Y (dependent variable) before the model. (ii) Line 377 - Wrong use of model: Tobit is a censored regression model with dependent variable continuous from 0-1 or 0-100. - Since rate is a quantity and not a dummy variable, therefore, qualitative choice model like Tobit is not appropriate, rather OLS can be used.	The Dependent variable Y has now been clearly described and specified before the model. The Tobit model can also be used for this particular regression. The rate of credit (loan) allocation to the farm sector ranges from zero (0) to one (1), though this quantity is a fraction. However, we can have zero allocation to the farm sector, and we can have all allocation to the farm sector, which makes the rate equal to one. Thus, $0 \leq \text{rate} \leq 1$. Hence, we have rates that range from 0 to 1 inclusive in this framework. The advantage of using the Tobit model is that it produces results that are more robust than those of the Ordinary Least Squares (OLS), though the OLS can also be used. In fact, we have used the OLS as a check and realised that the significance of the explanatory variables are the same as that of the Tobit model, however, the Tobit model results are more robust.



SDI Review Form 1.6

	(iii) Line 368 (Table I) The inclusion of the variable Age squared is inappropriate and its role is not clear. Moreso, it is likely to cause multicollinearity problems. Please expunge. I still insist that the use of both “Age” and “Age square” in the same model is wrong. I agree with you on the correction of linearity of the model using “Age squared”, then, you should expunge the “Age” variable”. Please, the use of the variable “age squared” theoretically requires the use of the variable “age” as well. We cannot use “age squared” straight away, we have to include the variable “age” to take account of any linear relationship that might exists between the dependent variable (credit allocation) and the variable “age”. In this respect, we are taking account of both linear and non-linear relationships that might exist. In our empirical results of the Tobit model, both “age” the variable “age squared” were significant, but with different signs, whiles age is negative, age squared is positive. These results have implications for credit allocation in the life span of the farmer. In some other cases, the “age” may be significant” while the “age square” may not, or both of them may be significant, or both may not be significant (as in the results of the Probit model). Results of this nature would have their corresponding implications.	The inclusion of the explanatory variable Age-squared is very relevant. This is because it will take account for the fact that Age has a non-linear relationship with the dependent variable. Thus as the farmer ages, the conditions regarding credit (loan) allocation to the farm sector changes. Indeed, the explanatory variable ‘Age-squared’ is significant in the Tobit model (see Table 7).
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SDI Review Form 1.6

	Please, the inclusion of the variable “age” and “age squared” in the specification of the model is the best and more robust in the framework of this nature. More importantly, we did not encounter multicollinearity problems in the estimation of the model (that might have arisen as a result of the inclusion of both variables). If there were multicollinearity problem, it would have been indicated during the estimation of the data by the statement “near singular matrix “. Please, numerous studies have used this methodology (see for example, Martey et al., 2012 attached). Thank you very much for your understanding. I hope to hear from you soon.	
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SDI Review Form 1.6

Minor REVISION comments	(i) Line 117: - Ideally, materials that would be of great help in the methodology can be sustained in this section. However, if materials are flowing literature of the subject, it can be paraphrased into 1-2 pages and dove-tailed into the introduction along lines of the objectives of the study and thus enhancing the introductory section. (ii) Line 290: - Please cross-check the longitude, it should be East (and not West) (iii) Line 445: - Preferably, use 5% LOS (instead of 1%) (iv) Line 550: - Use Conclusion and Recommendations, since there are elements of recommendations in this section. (v) Recommend areas of further research based on your experience in the study.	This section has been renamed/re-titled 'Literature Review'. This has been checked and the subsection has been sent to the Appendix, due to the opinion of another reviewer. Level of Significance has been changed from 1% to 5%. 'Conclusions and Recommendations' has been used as the subtitle. Suggestions for further research have now been specified.
Optional/General comments	(i) Line 11: Omission (insert data to read primary data) (ii) Remove "d" in sampled to read Sample t-test.	Insertion of 'data' on line 11 has been done. 'd' has been removed to read Sample t-test.



SDI Review Form 1.6

	(iii) Grammatical errors (many): - Line 16: ... farmers were (not are) - Line 19: ... farm sector were (not are) (iv) Line 88: - Link up the preceding section with Therefore, the objectives of the study are four folds ... (v) Line 112: - Restructure to reflect: Section Two is materials and methods, Section Three presents the results while Section Four is the summary of findings, conclusion and recommendations. (vi) Line 318: - Quantitative data were (not was)	Grammatical errors have been corrected. The word 'were' has been used to replace the word 'are'. Linkage has been done by using the word 'Therefore'. Restructuring of this paragraph has been done to reflect the content of the paper. Grammatical error have been corrected by using 'were' to replace 'was'.
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