



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.



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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)
<u>Compulsory</u> REVISION comments	Abstract: What are these implications in line 21 INTRODUCTION; THE BROBLEM IS NOT WELL DEFINED; no major objective; the specific objectives are okey. MATERIALS AND METHOD; 2.1 materials; is more of literature review. Some portion could be merged with the introduction as theoretical issues. What is Y in the tobit and probit models.	Implications inserted from line 20-23. The problem has been re-specified. Section 2 has now been changed to literature review based on this comment and the comments of other reviewers. Y in the Probit model is a dummy variable which denotes the credit constraint condition of the farmer. Thus, whether or not the farmer received the entire loan amount he/she applied for. If the farmer received an amount less than what he/she applied for then that farmer is said to be credit constraint, and is dummied one (1); on other hand if the farmer received all the loan amount applied for then he/she is not credit constraint, and is dummied zero (0).



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	The explanatory variables of the tobit model should be explained. Discussion: It appears a lot of information is concealed in the discussion. The complete socioeconomic characteristics of the respondents should be presented. The use of constraint and non constraint in table 1 is not clear. The use of the term credit and credit allocation should be with some caution. Credit is borrowing capacity and is usually allocated to loans or reserve. Use of loan and allocation of credit are two different things.	Y in the Tobit model is the rate (proportion) of the loan (credit) received that is allocated to the farm sector. Table 2 provides a description of the variables used in the Tobit model. Explanation to each of the explanatory variables are now included in the paper. Also, further explanations of these variables are provided in the discussion section of the results in Table 4 of the paper. Thank you for your suggestion. The explanation of constraint and non constraint in table 1 has been provided. Thank you for your comment. Explanations have been provided in the introduction. Credit to farmers can be categorised into cash credit (loans given to farmers by financial institutions), and non-cash credit which comprise the supply of inputs to farmers by companies, individual entrepreneurs/businessmen, etc. To
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	Table three is summary. One would have wanted to see the farm and non farm activities for which respondents use the loan funds and perhaps the amount of money involved. The ABS must have been generated from somewhere, let us know.	farmers, for which these farmers make payments after harvesting. This study is focused on cash credit (i.e., loans that the farmers received from the financial institutions). The farm activities for which the loan is used are as follows: Land Preparation/Clearing, Seeds, Planting, Fertilizer, Fertilizer, Fertilizer Application, Weedicide, Labour, Machinery, Weedicide application, insecticide, insecticide application, and Harvesting. The amount spent on each of these activities was part of the data collected from the farmers. We did a summation of all amounts spent on the farm sector. The ABS has been generated from the data collected. The assumption made is that all other amounts of the loan that are not spent on the farm sector (activities) are spent outside the farm sector (i.e., non-farm activities). However, the specific off-farm activities
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		of each individual farmer are not known. The ABS is the amount of the loan spent on the farm sector/total amount of loan received by the farmer, multiplied by 100.
<u>Minor</u> REVISION comments		
<u>Optional/General</u> comments		