



SDI Review Form 1.6

PART 1:

Journal Name:	British Journal of Economics, Management & Trade
Manuscript Number:	MS: 2012_BJEMT_2940
Title of the Manuscript:	ANALYSIS OF THE PHYSICAL CAPACITY UTILIZATION IN THE SUGAR INDUSTRY IN NIGERIA

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	The paper "ANALYSIS OF THE PHYSICAL CAPACITY UTILIZATION IN THE SUGAR INDUSTRY IN NIGERIA" is worth publication in journal after revising the paper on following grounds: i) Authors must specify the ways they have used to construct variable i.e., a) Whether Gross Output or Net Output has been used; b) How capital has been computed i.e., whether book value of capital has been used or perpetual inventory or any other technique has been used, etc.; ii) Authors need to explain the diagnostic statistics in detail so as to justify the use of double-log equation to explain the Table 2. Merely the largest number of significant variables cannot be the yardstick of ideal estimation (or lead equation); iii) As authors are using SFA techniques to estimate capacity utilization in time series framework, the existence of unit-root may affect the efficiency of estimates. Thus, use of time series analysis is recommended to avoid spurious efficiency estimates; and iv) The sources of capacity utilization have been explained by the authors. However, it would have been better to explain first the trends in Capacity Utilization over the study period and then explain the	We used gross output. Capital was very difficult to capture so we proxied it by the growth rate of the firm's labor force. It is well explain now. We have included and explained more diagnostic tests. Thanks The time series properties of variables have been inserted now. Thanks The trend analysis of the estimated physical capacity utilization rates is a robust area which we will not like to include in this work. Currently, we are doing a comprehensive analysis on the estimated indices and



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	factors effecting capacity utilization.	Industrial policy programmes in Nigeria. We intend to publish that area as s separate article. Thank for your useful contribution to this paper. Thanks.
<u>Minor</u> REVISION comments	i) The print quality of equations in the paper need improvements; and ii) The smoothness is missing in line number 143-145. Authors are also advised to check sentence smoothness in the entire paper.	Noted It is checked
<u>Optional/General</u> comments	The use of Cobb-Douglas type of function imposes strict restrictions over production technology. One must use some flexible form such as TransLog and then test the validity of Cobb-Douglas types of restrictions. Thus, it would improve the quality of paper if authors use Translog type of technology and then test the other restrictions.	The Cobb-Douglas function restriction has been adopted in this research work. That is the reason we settle on this functional form.