



SDI Review Form 1.6

Journal Name:	<u>British Journal of Economics, Management & Trade</u>
Manuscript Number:	2014_BJEMT_13133
Title of the Manuscript:	Exchange Rate and Economic Growth Nexus: Evidence from Bangladesh
Type of the Article	Original Research Article

General guideline for Peer Review process:

This journal's peer review policy states that **NO** manuscript should be rejected only on the basis of '**lack of Novelty**', provided the manuscript is scientifically robust and technically sound.

To know the complete guideline for Peer Review process, reviewers are requested to visit this link:

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



SDI Review Form 1.6

PART 1: 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	The paper looks at the relation between exchange and economic growth in Bangladesh. This is a very interesting paper that addresses some rather significant matters pertaining to how the policymakers in Bangladesh should pay special attention to the fluctuations of exchange rate in order to support economic growth rates. Revisions considered necessary in order for paper to be accepted for publication. Finally, I inform the editor that many similar empirical studies (see for example International Growth Centre Working Paper October 2012, paper write by Khondker, Bidisha and Razzaque: <i>The exchange rate and economic growth: an empirical assessment on Bangladesh.</i>) have been conducted to evaluate this relation for the Bangladesh case. I think the Khondker et al. paper is more robust than this one I comment. I have a few more comments as listed below that can be used to improve the actual version of this paper: First of all, the paper title not related to the objective of the research. The title is Exchange rate and economic growth nexus: evidence from Bangladesh, but following lines 53-54, author announces that the objective of the study is to investigate the relationship between FDI, portfolio equity, trade openness, exchange rate and economic growth. According to this	Thanks for your feedback, basically the objective of this paper is clearly written in introduction and methodology part of this paper and variables consider in this paper that match to the title of this paper , i.e. exchange rate and economic growth and supporting variables are mentioned here. The real motivation of this paper is to check the impact of exchange rate on economic growth and how exchange rate affects other variables i.e. FDI, Portfolio equity and Trade openness. As of both of the unit root test interpret that all the variables are I(1), which also infer the descriptive stat of the data. But in case of time series data ADF and pp unit root test is still significant. As of there is no cross sectional dependency and heterogeneity issue, i didn't go for robustness checking of unit root test.



SDI Review Form 1.6

	literature, the third first variables can be explained exchange rate; consequently it be considered as channel through which exchange rate affects economic growth. For that reason I suggest to the author to change the title for adapting to its objective. Second, I ask question about to the real motivation of this paper. The author must motivate its research. Regarding the econometric methodology, I think that the author has appropriately chosen Johansen-Juselius cointegration test, Multivariate Granger Causality methods for empirical analyses. But we doubt that the author well-known inference procedures. Even the VAR system employed under the Johansen-Juselius procedure allow considering all variables (dependent and independent) there are important problems associated with this method (I refer the author to Khondker et al. paper). Consequently, it is important for author to justify its approach and must clearly present its method. Report some more descriptive statistics – most readers usually look at the descriptive statistics of a paper before turning to more sophisticated ones. Though these statistics are, most of the time, quite ad-hoc, but sometimes, convincing descriptive statistics are really helpful. The interpretation of the results for the Unit root test is incorrect. For example in line 182 -183 the sentence is not conformed to results (see variable exchange rate and trade openness). The author should explain better their results and is preferable to make the comments after Table. The author should review the presentation of the tables to facilitate comparisons	
--	---	--



SDI Review Form 1.6

	between the different results and should be improved the interpretation for the innovative empirical work that he has done. I think that the revised version of the paper should correct the conclusion of Unit root tests and should provide more elaborate interpretations of all results. The author must define all the variable used. Exchange rate used is nominal or real variable because the impact is not the same. If is nominal variable, it might not influence the long-run economic growth. Why Author does not use GLS-based unit root test? They more powerful and more recent than ADF test and PP test. Also give details how lag order has been selected. Use MAIC available in Eviews. I think that the revised version of the paper should take into account all the above comments to clarify and improve the methodology. Finally, the author should discuss the direction in which robustness checks should be performed.	
--	---	--



SDI Review Form 1.6

Minor REVISION comments	It is not necessary to present Table 1 in body of the text (see pages 4-5). It is preferable to put it in annex. The author can use graphic to show the evolution of different data used.	
Optional/General comments	To deepen our knowledge, I think that many extensions are required to assess the robustness of the exchange rate and economic growth relations explored in the paper.	
competing interest issues in this manuscript	The relation between exchange rate and economic growth is important and fundamental questions in open macroeconomics. Many empirical studies (see for example Khondker, Bidisha and Razzaque paper: <i>The exchange rate and economic growth: an empirical assessment on Bangladesh.</i>) have been conducted to evaluate this relationship for the Bangladesh case. In this perspective, the paper not contributes to advancing knowledge. However, I recommend to the Editor to consider this paper after the author made the necessary revisions.	