



SDI Review Form 1.6

PART 1:

Journal Name:	<u>British Journal of Economics, Management & Trade</u>
Manuscript Number:	2013_BJEMT_4879
Title of the Manuscript:	Remittance and the National Household Disposable Income in Nigeria (1980-2025): Dynamic Forecasting Approach
Type of the Article	Research paper

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

- This form has total 7 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 <i>(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)</i>
Compulsory REVISION comments	1. The author(s) aims to examine the determinants of national disposable income and the impact of remittances on national disposable income of Nigeria. This paper needs English editing. 2. The theoretical framework given in the paper seems confused. I do not understand why the author discusses the section 3. The author may want to say the relationship between section 3 and empirical model. 3. The author might want to discuss the relation in the section of dynamic forecasting model (line 532) and empirical model (line563). Otherwise, the reader would have some difficulty in understanding their relations. 4. The specification of the empirical model in the paper seems confused. For instance, in the equation (8), line 564 on page13, it is not clear why the author choose $\log NHD(-2_t)$ in the model. The author want to say the means of the notation $-2t$. Additionally, the author writes: $NHD_t = \alpha_0 + \sum \alpha_i \log BTR_t + \dots$ Discussion of the symbol of parameters in the text (line 572-577) should be consistent with the equation (8). 5. The author used OLS to estimate the empirical model may be inappropriate. The author tested stationarity of the variables in the paper and is saying that the data are non-stationary (on line 602-603). In my understanding, if the variables are non-stationary then this cointegration test is	The work is now edited I do not agree with this Corrected (see correction) Corrected (see correction) The objective is not to examine the variables cointegration but to study the dynamic impacts of remittances both in short and long run. The objective is now clearly stated. The reason for stationarity test is to avoid



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	necessary. The author should need to test for the existence of a long-run cointegration among the explanatory variables using cointegration tests. If the variables are cointegrated, then there exists a long-run equilibrium relationship among these variables. And this means that estimating an error correction model is necessary. Using OLS estimation will yields biased results. 6. Line 521-522 on page 12, the author is saying that the data set for this paper consists of annual time series from 1980-2011. In statistics, we test whether a time series variable is generally non-stationary using the augmented Dickey-Fuller test or the Phillips-Perron test. However, it is not clear why the authors choose the Im, Pesaran and Shin unit root test. In my understanding, the test for unit root is based on panel data. In this paper, the data set is time series data. Refer to Im, Pesaran and Shin (2003).	spurious regression that can lead to OLS estimation biased. The study use three years moving average growth rate with an AR(1) series to forecast for the short and long run. So the issue of estimation biased is out. The Im, Pesaran and Shin unit root test has the t-stat and probability values. The advantage of using Im, Pesaran and Shin is that it gives summary of each of the ADF test series t-stat result. It is group unit root test.
<u>Minor</u> REVISION comments	1. Line 631 on page 15, the author states "the author states "lagged of Household Disposable-Income (NHD(-1)) are positively related to". But, Table 2, we find only (NHD(-2)). The section is confusing. The same happens in the texts. 2. The paper's references are fragmental and arbitrary.	Based on the model in equation 8 and the estimated result, it is (NHD(-2)) and not(NHD(-1)), it is typographical error Corrected (see Correction)
<u>Optional/General</u> comments	References 1. Im, K. S., Pesaran, M. H. and Shin, Y. (2003), "Testing for Unit Roots in Heterogeneous Panels," Journal of Econometrics, 115, 53-74.	Thanks for the reference. I did not cite this reference because I used it in estimation from Eview 7. The Im, Pesaran and Shin unit root test is one of the methods in Eview 5, 6 and 7, so I do not need to incite it.