



SDI Review Form 1.6

Journal Name:	<u>British Journal of Economics, Management & Trade</u>
Manuscript Number:	2013_BJEMT_8837
Title of the Manuscript:	AN ECONOMETRIC ANALYSIS OF DETERMINANTS OF EXTERNAL DEBT IN PAKISTAN
Type of the 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.

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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)
<u>Compulsory</u> REVISION comments	1. The author should discuss the chosen variables for external debt of Pakistan thoroughly. The work lacks basic discussion of the variables. For instance, under 4, Econometric Model and Data, the author should pick each variable and discuss its potential effect on external debt for readers to understand. Discussions of the variable are just in three lines (153-155). Before the log specification, readers should understand each variable and its impact on external debt before the author logs them (tell us why logs were used before the final estimating model). 2. The author should tell us why the variables were chosen and how, for instance, trade openness affects external debt. 3. The next section, 4.1 are all specification and robust test performed by the author. Though they are critical they just tell us that the variables chosen are good fit for the model. More discussions are critical. 4. I am not sure of the word "barrow" used by the author. If the author meant "borrow" then it should be corrected.	1. The study discussed briefly chosen variables however revised version gives basic discussion. As model to be estimated has been specified in log form that is why log is used. Revised version gives functional form first and then log form. 2. This variable combination has not been used earlier for Pakistan that is why this study used this combination. 3. These tests are necessary to me to apply to avoid misspecification issue. 4. Agreed. This is typo error. Actual word is "borrow" and has been corrected in revised version.



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<u>Minor</u> REVISION comments	The author should explain further for readers the estimation procedure for the short- run and long –run models, as well as the variable (ecm (-1)). Since the error correcting factor (-0.50554) in the model is the core factor. The author should explain further for readers to appreciate that econometric technique.	Necessary detail has been given. Anyhow revised version fills this gap.
<u>Optional/General</u> comments	Despite the work being titled an econometric analysis, readers should understand why so many tests were done. The diagnostic tests could be organized and presented at the appendix since they are all tests of autocorrelation, serial correlation, homoscedasticity and heteroscedasticity (relevance, robust and unbiased tests).	This is an Econometric Analysis basically. As data are annual time series, therefore to proceed further, first stationarity properties are analysed and then suitable methodology is decided. Thanks for these valuable comments.