



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	

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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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SDI Review Form 1.6

PART 1: 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>
<u>Compulsory</u> REVISION comments	(1) The study requires a thorough review of English language; (2) The introduction section needs to be rewritten, highlighting the research problem, hypotheses to be tested, general and specific objectives, relevance and contribution of the study to the literature on the subject; (3) The following studies cited in the text of the study are not included in the references section: Asma et al. (2011) Dimitrios (2011) Stambuli (1998) John and Mojekwu (2011) Curtasu (2011) Stewart's (1985) Pesaran et al. (2011) Ghatak and Siddiki (2011) Banerjee et al. (1993) Brown et al. (1975) (4) In the references section, only the following studies are cited in the text: Fajana (1993) Folorunso and Falade Georgantopoulos et al. (2011)	1. It has been now review thoroughly. 2. Agreed. All suggestions have been incorporated in revised version. 3. Mostly all missing studies have been now included. 4. Rest of the studies were also helpful to some extent. All studies cannot be referenced in text.



SDI Review Form 1.6

	Greenidge et al. (2010) Paudel and Perera (2009) Tiruneh (2004) But most of the studies described in the section on bibliographical references are not properly cited throughout the text of the study. (5) In the section “methodological framework”, he original ADF and PP unit root tests are no longer used in empirical research due to several problems already observed and explored in the literature (see reference of Ng and Perron, 2001, in the last page of this review-comment). My recommendations are: (i) Use the modified ADF and MZ tests as described in Ng and Perron (2001). These testes can be found in econometric softwares such as Eviews; (ii) Also use the unit root tests with structural break, for example, Perron (1989), or Saikkonen and Lutkepohl (2002), which can be found in free econometric software JMULTI in internet (see references of this studies in the last page of this review-comment). (6) In the study the results of the cointegration tests with structural breaks should be reported, for example, Johansen Trace Test found in JMULTI and commented in the last page of this review-comment.	5. No doubt, ADF test face size and power problems but PP test settles these issue to a greater extent. Still lot of empirical works used both ADF & PP tests and they are equally valid. (i) These tests will be applied in next studies. (ii) Data has no structural break, so there is no need to use ADF with structural break in this study. 6. In this study, data span has no such uneven occurrence to involve structural break.
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Minor REVISION comments	REFERENCES: NG, S. e PERRON, P. Lag length selection and the construction of unit root tests with good size and power. <i>Econometrica</i>, v. 69, n. 6, p. 1519-1554, 2001. PERRON, P. The great crash, the oil price shock, and the unit root hypothesis. <i>Econometrica</i>, v. 57, n. 6. p. 1361-1401, 1989. SAIKKONEN, P; LÜTKEPOHL, H. Testing for a unit root in a time series with a level shift at unknown time. <i>Econometric Theory</i>, v. 18, p. 313-348, 2002.	Irrelevant for this study. However, these references are very important for further research. Thanks for these valuable comments.
Optional/General comments		