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Journal Name:	British Journal of Economics, Management & Trade
Manuscript Number:	2013_BJEMT_8688
Title of the Manuscript:	ISSUES IN THE SUPPLY-SIDE FINANCING OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) IN NIGERIA
Type of the Article	

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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	- The focus of the paper is on supply-side issues – however, the paper lacks ANY theoretical foundation as to why banks might resort to rationing credits (see e.g. Stiglitz/Weiss (1981) for a discussion) - Add some international evidence on limited access to credits of micro- and small firms (apparently, accessing funding is particularly difficult for Nigerian MSMEs; but this is a global phenomenon: MSMEs generally face higher funding obstacles than larger firms!) - Figure 1 is worrisome: why not show the evolution of total loans (as % of GDP) on a yearly basis to highlight the dramatic decline? Moreover, why combine two different data sources to describe a phenomenon which is so well depicted in Aganga (2013)? - Section 3 is very general – add some more empirical evidence on the effects of lack of funding on: Firm entry (e.g. Aghion et al. 2007), firm growth (e.g. Beck et al. 2005), firm survival (Musso and Schiavo 2007, Clarke et al. 2012), firm performance (innovativeness (e.g Männasoo and Meriküll (2011) Hajivassilou and Savignac (2008) Mohnen et al. (2008)), labour productivity (e.g. Levine and Warusawitharana 2012, Krishnan et al. etc.)) - In section 6: the author highlights that “... Nigerian banks interest in the less risky government bonds	



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	at the expense of the productive sector of the economy.” Which is then substantiated by data on domestic credit to the private sector as percentage of GDP between 2007 and 2012. However, this is misleading: the author fails to show/discuss the overall evolution: actually, from 1991 onwards up to 2006, the indicator only slowly rises from initially 9% to 13% and only in 2007 doubles and then only slowly returns to its pre-2007-peak-value! - Plus, the return to the pre-peak-level may be due to the soaring “Bank nonperforming loans to total gross loans (%)”: 7.2% in 2008, 36.1% in 2009, 20.1% in 2010 and 11.6% in 2011 (WDI).	
<u>Minor</u> REVISION comments	- Correct typos! (references) - Check figures again (e.g. in 2006, total loans as percentage of GDP in Egypt was 54.3% and not 53.3%)	
<u>Optional/General</u> comments	Generally, limited access to funding of Nigerian MSMEs appears to be well documented already (World Bank 2012a, Efina, 2012, Oyelaran-Oyeyinka, 2013, Aganga, 2013 etc) but what is more striking is the exponential fall in credit provision to MSMEs! Seems to be an interesting/promising future research thrust!	

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