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Journal Name:	**British Journal of Economics, Management & Trade**
Manuscript Number:	**2014_BJEMT_13982**
Title of the Manuscript:	**Is There A Casual Relationship Between Lending Interest Rate and Credit Availability to Households in Namibia?**
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)

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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)*
Compulsory REVISION comments	On the basis of general guideline for peer review process, the paper addresses an interesting issue and doesn't suffer of a lack of novelty. However, concerning the robustness and the technicality, the manuscript presents some difficulties, especially concerning the interpretation of results. The paper would deserve publication but requires a revision. **SUMMARY OF THE PAPER'S MAJOR FINDINGS** The article addresses an interesting issue. The author tries to establish a relationship between the lending interest rate and credit volume available to households in Namibia. According to the life cycle theory, the author highlights that households' consumption depends not only on the current income but also on its level of wealth. Consequently, it justifies the study of the impact of lending interest rate on credit to households. The author chooses VAR and Cointegration techniques to determine the short run and long run relationship respectively between these two variables. The main finding of the paper is (or	Agreed with the reviewer, an interpretation of the results with relation to the literature was need thus we added it. The impulse response was re-conducted, displaying the response of interest rate to changes in credit volume only. The errors and misspellings as well as the incomplete sentences where corrected.

	would be) that interest rate has a negative impact on credit availability. **REMARKS CONCERNING THE MODEL** This study examines the relationship between lending interest rate and credit for households in Namibia over the period 2000-2012. First, the Granger causality test determines a one way causal relationship running from credit for households to lending interest rate and not vice-versa. Concerning this result, there is a lack of interpretation from the author in relation with the literature review. In other words, according to the literature, how can we explain this one way relationship? If interest rate doesn't explain credit availability in Namibia, it would be appropriate to explain why (other factors: intermediation rate in Namibia, share of informal,). Note that it would be also appropriate to interpret the result of the cointegration test which shows that there exists only a short run relationship between the two variables. After the Granger causality test, the author draws an impulse function. An impulse response function reveals the way a change in a variable level affects another variable over time. But, this response function is meaningful only if the Granger causality is verified. So, in this study, as the	

	Granger test specifies that only the credit for households has an impact on interest and NOT VICE VERSA, the impulse response function can't draw a conclusion on the way a change in interest rate affects the credit availability. In a word, the author gives a wrong interpretation of the results of the impulse response function. The results deserve to be reinterpreted. **ADDITIONAL COMMENTS** - The author could consider the fact that the relationship between interest rate and credit availability entails problems of asymmetric information (see Dell'Arriccia G. and Garibaldi P.; 1998). - The author could also consider the impact of the conjuncture in the relationship between the variables. - Other references would be recommended to improve the model : Calza, A. M. and Sousa, J. 2006 Sorensen, K. C. Marques-Ibanez, D. and Rossi, C. 2012, - Concerning the structure of the article. The paper is well structured and its presentation	

	is clear and coherent. Nevertheless, the paper could be improved with the help of a copy editor to correct some misuses of language. For exemple, - l. 31 “on the one END” - l. 35 “Borrowing takes in the financial services sector, takes place in two ways” - l.46 « inn » - l.127 « increase of » In addition, several sentences are not complete.	
Minor REVISION comments		
Optional/General comments		