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Journal Name:	British Journal of Economics, Management & Trade
Manuscript Number:	Ms_BJEMT_27712
Title of the Manuscript:	THE DETERMINANTS OF DOMESTIC PRIVATE SAVINGS IN NIGERIA
Type of the Article	Original Research 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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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	<i>Abstract</i> I find the first recommendation in lines 24 to 26 suggesting that lowering cost of borrowing will increase investment and savings a bit out of order. Indeed lowering cost of borrowing encourages investment in projects as people and entities can borrow. However, this might cause a disincentive in savings since people see interest as the opportunity cost of savings. See the various "theories of the interest and capital" such as the basic loanable fund model and/or the Hicks-Hansen IS-LM framework for further arguments. Also the study recommends more government spending and reducing cost of borrowing which I find conflicting. Normally when governments run budget deficits to meet its expenditure will resort to borrowing from financial institutions and the general public and this might increase demand for funds and consequently increase in the cost of borrowing. So how do we reconcile the two? <i>Background</i> Lines 77 to 82 contains important statements that are categorical without a source and even statistic to indicate the magnitude of this low savings in rural Nigeria. Author(s) could have enhance the clarity and understanding of presentation in the paragraph containing lines 91 to 100 with a line/trend graph and commenting on it. As it stands now it is not clear what that paragraph is intending to shows. Also, instead of presenting the income in its current form which looks clumsy, author(s) could just shorting it by presenting the first important figures and the attaching trillion, billion and/or million to it. <i>Data and Method of Analysis</i>	Based on the issues raised, changes were made in the variables and a new regression run with results significantly different from the original manuscript. This new result led to changes in the abstract, especially in areas of findings and recommendations. The new result is attached as appendix for easy clarifications.



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	Author(s) should tone down on the repeated statements of Keynes, lines 386 to 400, in the introduction of the model specification which has already been presented in the literature review. Equation 5, author(s) should appropriately attach the time dimension as subscripts to the various variables to make it clear and specific. The use of “ut” with “t” not being a subscript is not appropriate. The methodological processes is quite poor. This requires a major work to bring it up to standard. Author(s) need to indicate in the methodology how the time series properties of the data were investigated with equations specified (i.e. equations for the unit root; cointegration; causality and the VECM theoretically). On Unit root, the author(s) need to comment on the results. Also the use of the ADF and PP are not state of the art and could be shroud with suspicions given the limitations of these tests. Author(s) could consider the KPSS (see Kwiatkowski, et al. 1992; and for application Nkegbe and Abdul Mumin, 2014) and/or the DF-GLS (see Elliot, et al. 1996; Stock and Watson, 2007; and for application Mumin, et al. 2016). VECM: Author(s) need to specify an empirical VEC model in the methodology and show what the components mean (e.g. the short run and long run parts and error correction term). Results Table 6 can be improved by using the description of the actual variables and not the C(1) C(7) from the Eviews which does not make much sense to the reader. Also the interpretation of statistics are strange and author(s) need to work on to improve this. For instance, instead if using ranks in the cointegration, the author(s) used “...as shown from first and second trace statistics...”. In the case of causality, it will be appropriate for other to indicate the direction of causality (e.g. causality from X to Y) using the variables. Interpretation of results	Lines 77 to 82 has been provided with relevant sources and mode of presentation adjusted to reflect your advice. Keynes citation on methodology has been expunged and appropriate time dimension added. The methodological process has been improved.
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	This place appears misleading because results are presented here. It will be better to present these statistics either with the tables or in the discussions and only save this section for implications. Reporting significance, directions and apriori expectations are appropriate in these two subsections suggested. What is the apriori expectation between real interest rate and domestic private savings? You should have indicated your apriori expectations for all the variables. Also, is not the case that the positive relationship between real interest rate and private savings identified should be expected? Remember the first suggestion made with respect to your recommendation in the abstract. It rather appears the apriori relationship between real interest rate and savings are met because increase interest rates leads to increased opportunity cost of spending (as such investment spending will rather falls) and therefore increase savings (confirm this in the paper from lines 515 to 519). Please your findings and interpretation needs to be relooked at because of some statements that appears not to be valid. For instance, from lines 519 to 522, the author(s) argued that increase income leads to decrease in savings and was attributed to the cost of borrowing which causes reduced propensity to save. 1. It must be noted that this is not theoretically valid as suggested by the author(s) because increased cost of borrowing rather leads to increased motivation to save and savings and hence increased propensity to save. 2. The transmission mechanism suggested is incorrect because when interest rate (cost of borrowing increases) causes domestic interest related-private investment to decrease (savings to increase) and aggregate demand/income to also decrease. It appears your findings in this regard is confirming theory that you are either not clear about or failing to acknowledge. Also in the case of your model, you are tracing the transmission mechanism inversely and so you need to reconsider this. 3. This assertion contradicts your earlier report that an increase in interest rate will lead to an increase in domestic private savings. Conclusions and recommendations On the conclusion, the authors need to improve on it by focusing on informing readers what they found to tell the world and not present a summary again.	Necessary comments made to explain the unit root results. Authors feel comfortable with the use of ADF and PP. A new section has been introduced as estimation procedure to address all specification issues on all the methods of estimation Description of actual variables added as suggested. Our interpretation style has been changed to accommodate your opinion.
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	With the recommendations: 1. These are quite speculative, vague and do not indicate how the government and the main actor will execute what is being suggested. 2. Also, government making plans to increase salaries is misplaced because the study did not examine the effects of wages on domestic private savings. In additions, the effect of income on savings as shown from your study is from the aggregate demand side (private investment) and not supply side. As such recommendations should rather focus on augmenting aggregate demand. Finally, a thorough and careful proof reading need to be done. References There are number of references in the list of references that are not intext e.g. see Gujarati; Engle and Granger etc. Some references in text are not also in the list of references. E.g. Thilwal.	Results are now presented and reported and implications discussed differently. Apriori expectation of all variables discussed based on the new regression result which details are attached as appendix for easy clarification. These issues have been taken over by the findings in the new regression result. All the issues raised as regard findings and Interpretation has been addressed by the new regression results. conclusions and the recommendations of this study have been changed by the result of the new regression run. s is noted and addressed as suggested
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		All the necessary references has been included in the work and the one that is not vital has been removed.
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Minor REVISION comments	Abstract The abstract is very long and has a lot of details which could have been spared. For instance it is not necessary reporting the statistics at this point again. Recommendation on wages when it is not a variable.... Background Need to organize the presentation to prevent confusing of ideas. You move from global and theory to Nigeria and immediately back to global. See paragraph containing lines 71 to 76. Literature review In lines 291 to 293, there is an evidence of plagiarism because of the use of “we” in the sentence without quotation and citation with page numbers. Lines 301 to 330 could be broken into two paragraphs? Results Author(s) should show evidence that the optimal lag other selected was one. Also in line 440, instead of the use of “between”, “among” could be appropriate. The presentation is not detailed enough because the comments and discussion on some of the table, e.g. the VECM table, do not say much about the results and the variables. Unfortunately no detail presentation was made on these in the methodology. Also copying the table directly from Eviews and pasting is not the best. The style of the tables can be improved by author(s) developing their own tables in work and not from Eviews. Causality should ideally be investigated before looking at effects and/or impacts. You need to know whether there is a causal relationship between or among variables before find the effects. Conclusion is not completely spelt in line 537. The authors could drop summary and only write a very good conclusions and	All issues raised in the abstract has been addressed and highlighted accordingly. Noted and corrected as suggested. The background of study has been reviewed and corrected. Literature review has been reviewed and reported appropriately, the correction is highlighted for easy clarification. Noted and corrected. This issue has been corrected by the result of new regression run. The author has dropped summary as advised, conclusions and recommendations done appropriately
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	recommendations. Also, conclusions should be presented before recommendations. References In line 596 Bolaji is spelt in capitals which is not consistent with the others.	Bolaji is not vital in the study after the changes made in the study and had been removed.
<u>Optional/General</u> comments		