

Review of: "Factors Influencing Access to Credit for Rural People in Ethiopia"

Tanmoyee Banerjee(Chatterjee)¹

¹ Jadavpur University

Potential competing interests: No potential competing interests to declare.

Review report on "Factors Influencing Access to Credit for Rural People in Ethiopia"

Comments:

1. Introduction: The authors should make this part more organized. The papers should be reviewed thematically. Studies showcasing the effect of microfinance on other middle income and low income economies should be discussed with special focus on African countries.
2. There are certain statements without any empirical support like "Microcredit for the rural poor in Africa is insufficient"Authors should cite secondary data to validate the sentence.
3. In the literature review part while explain the important factors that affect the access to credit authors can include two more variables religious identity and Political affiliation of the borrowers. (Banerjee et al., 2010a; Banerjee et al. 2010b; Banerjee et al., 2015; Poddar et al., 2019; Poddar et al., 2023)
4. In the section sample of the study, in the formula used for sample size, p is usually known as prevalence rate or population proportion. It is found usually from some existing secondary sources that shows the corresponding population proportion (Banerjee et al. 2010a; Banerjee & Roy, 2023). However, authors have assumed it equal to 0.5 without citing any secondary evidence. This part must be presented more rigorously.
5. Econometric model: The authors used A logistic regression model with many independent regressor. The model would me more intriguing if the author first calculate an index for banking facility by including variables like distance, repayment procedure and rigidity, processing fee, speed of lending and others using suitable method. Inclusion of these variables may cause multi collinearity problem as these variables may be correlated among themselves and as result in table 4 shows some of them are insignificant.
6. Also, repayment rate of a customer cannot be treated as an exogenous variable. It is an endogenous regressor that is highly dependent on family income and other variables. Studies show that loan repayment rate for women is higher than males (Armendáriz and Morduch, 2010). Hence if authors include repayment of a customer as an explanatory variable to determine probability of loan access of the customer, the regression technique should be suitably revised to incorporate endogenous regressor in the model.
7. The reference list must be alphabetically arranged.

References

Armendáriz, B., & Morduch, J. (2010). *The economics of microfinance*. MIT press.

Banerjee, T., Ghosh, C., & Roy, M. (2010a). Borrowers in a village economy: an analysis of credit contracts across rural households. *Asia-Pacific Social Science Review*, 10(1), 85-101.

Banerjee, T., Roy, M., & Ghosh, C. (2010b). Does political identity matter in rural borrowing? Evidence from a field survey. *Journal of South Asian Development*, 5(1), 137-163.

Banerjee, T., Roy, M., Raychaudhuri, A., & Ghosh, C. (2015). What drives households to divert loans? A village level study. *Asia-Pacific Social Science Review*, 15(2), 33-55.

Banerjee, T., & Roy, P., (2023). Measuring indoor air pollution in India: an application of quantile regression technique. In *Sage Research Methods Cases Part 1* SAGE Publications, Ltd., <https://doi.org/10.4135/9781529630886>

Poddar, M., Banerjee, T., & Raychaudhuri, A. (2019). An economic analysis of the determinants of pattern of institutional borrowing in India. *Journal of Social and Economic Development*, 21, 54-92.

Poddar, R. M., Banerjee, T. C., & Raychaudhuri, A. (2023). Religious and social group diversity in borrowing and spending behaviour: Analysis of survey results from rural West Bengal, India. *Economic Annals*, 68(236), 51-79.