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REVIEWER'S REPORT

Manuscript No.: IJAR- 58702

Title: Digital Lending Platforms and Credit Access for Micro-Entrepreneurs in Semi-Urban India.

Recommendation:

Accept after minor revision.

Rating	Excel.	Good	Fair	Poor
Originality	✓			
Techn. Quality			✓	
Clarity			✓	
Significance			✓	

Reviewer Name: Dr. Bishwajit Rout

Reviewer's Comment for Publication.

(*To be published with the manuscript in the journal*)

The reviewer is requested to provide a brief comment (3-4 lines) highlighting the significance, strengths, or key insights of the manuscript. This comment will be Displayed in the journal publication alongside with the reviewers name.

1. **Significance**: This research addresses an important contemporary issue at the intersection of digital finance, financial inclusion, fintech innovation, and micro-entrepreneurship in India. Its significance lies in questioning whether rapid digital credit expansion necessarily translates into genuine inclusion. By focusing on semi-urban and rural entrepreneurs, the manuscript highlights an important distributional dimension often obscured by aggregate lending and market-growth statistics.

2. **Strength**: The manuscript's principal strength is its clear and critical central argument that digital lending growth should not automatically be interpreted as financial inclusion. Its discussion of alternative-data underwriting, digital public infrastructure, RBI regulation, rural access, and algorithmic accountability provides strong policy relevance. The manuscript also maintains a balanced position by acknowledging both the potential benefits and unresolved limitations of digital lending.

3. **Key Insight**: The central insight is that increasing digital credit volumes do not necessarily demonstrate deeper financial inclusion. The critical question is whether digital lending reaches borrowers previously excluded from formal finance, provides affordable and appropriate credit, and generates productive entrepreneurial outcomes. Therefore, borrower-level, geographic, and distributional data are essential for determining whether India's digital lending transformation genuinely expands financial opportunity.

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The paper titled *"Digital Lending Platforms and Credit Access for Micro-Entrepreneurs in Semi-Urban India."* reviews the rapid growth of digital lending platforms in India and their impact on credit access for micro-entrepreneurs in semi-urban areas. It examines alternative-data scoring, RBI regulations, and infrastructure such as the Unified Lending Interface. While digital lenders expand reach to thin-file borrowers, the central question remains unresolved: whether growth genuinely deepens inclusion for underserved rural and semi-urban groups or mainly serves populations already closer to formal finance. The evidence is mixed, and the paper argues that this ambiguity, rather than a clear success narrative, should guide ongoing policy attention.

Suggestions for Improvement:

1. Explicitly identify what previous research has not adequately established regarding digital lending's distributional effects among underserved entrepreneurs.
2. Frame the research problem using financial inclusion, information asymmetry, credit rationing, and digital divide perspectives more systematically.
3. Review empirical evidence examining digital lending's effects on approval rates, interest costs, loan sizes, defaults, and entrepreneurial outcomes.
4. Clearly distinguish disbursement values, outstanding portfolios, borrower numbers, digital applications, and projected market sizes when reporting sector growth.
5. Explain the methodology and source underlying the reported MSME digital-credit share to prevent potentially misleading interpretation of access.
6. Discuss privacy and consent concerns surrounding alternative data.
7. Assess whether alternative-data models improve credit access without introducing discriminatory outcomes based on digital behaviour, geography, income, or technology usage.
8. Differentiate infrastructure availability from actual adoption.
9. Evaluate barriers affecting smaller lenders and borrowers.
10. Cite primary RBI regulatory documents for every requirement.
11. Separate regulatory rules from enforcement outcomes clearly.
12. Develop an explicit framework distinguishing additional credit availability from genuinely new borrowers entering formal financial markets for the first time.

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The manuscript addresses a timely and significant issue and offers a valuable critical perspective on digital lending and financial inclusion among Indian micro-entrepreneurs. Its strongest contribution is distinguishing credit expansion from genuine inclusion. However, substantial revisions are required concerning literature-review methodology, theoretical grounding, evidence verification, borrower-level outcomes, alternative-data risks, and empirical support for rural inclusion claims. I recommend Minor Revision before publication, subject to comprehensive methodological, analytical, and editorial improvements. Addressing the identified weaknesses will make it suitable for publication in IJAR.

I recommend this paper for publication after minor revision.