

The Difference of NPL for Investment Credits and Working Capital Loans in MSME (Small, Micro and Medium Enterprise)

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Abstract: *Central Bank is facing a dilemma in lending to MSMEs. On the one hand, a credit policy is needed that makes it easy for MSMEs to access investment credit and working capital. On the other hand, it will increase NPLs (non-performing loans) for banks.*

The purpose of this study was to determine the differences between MSME MSMEs in working capital and investment loans.

The data used are secondary data from the Central Bank for the period 2017 to 2018. Analysis of the data used is 1 way ANOVA.

The results showed that there were MSMEs with working capital loans NPL greater than investment loans. This is due to the high level of inflation in 2017 - 2018 so that the purchasing power of the people decreases towards MSME products. This has a greater impact on short-term credit, working capital than long-term investment credit.

Keywords: *NPL, Working Capital Credit, Investment Credit*

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I. Introduction

Increasing credit to MSMEs will increase the risk of banking NPLs. When lending, of course, collateral is needed as a credit guarantee. But Manurung and Manurung's research (2019) explains that collateral does not affect the level of MSME credit.

Credit to MSMEs can be divided into two namely short-term credit in working capital and long-term credit in investment. Short-term credit is not used to purchase fixed assets, while long-term credit is for buying fixed assets.

MSME's definition according to Law 20/2008 on Micro, Small and Medium Enterprises sets the following limitations on MSME criteria:

1. Criteria for Micro Business are as follows: (a) Has a net asset of no more than Rp 50,000,000 (fifty million rupiah) excluding land and buildings for business premises; or (b) Has annual sales results of at most Rp.300,000,000.00 (three hundred million rupiah).

2. Small Business Criteria are as follows: (a) Has a net asset of more than Rp.50,000,000.00 (fifty million rupiah) up to a maximum of Rp500,000,000.00 (five hundred million rupiah) excluding land and buildings where the business is located ; or (b) Has annual sales results of more than Rp.300,000,000.00 (three hundred million rupiah) up to a maximum of Rp2,500,000,000.00 (two billion five hundred million rupiah).

The criteria for Medium Enterprises are as follows: (a) Has a net asset of more than Rp. 500,000,000.00 (five hundred million rupiah) up to a maximum of Rp 10,000,000,000.00 (ten billion rupiah) excluding land and buildings where the business is located; or (b) Has annual sales results of more than Rp2,500,000,000.00 (two billion five hundred million rupiah) up to a maximum of Rp50,000,000,000.00 (fifty billion rupiah)

Sumanto (2016) described Working capital loans have more influence on the welfare of the community compared to investment loans. Working capital loans are, in fact, used to purchase merchandise or raw material inventories and supporting materials, including the continuation of labor costs. The use of venture capital will increase company profits, or the company can still operate in the midst of business competition or the problem of increasing minimum wages that occur continuously each year. If the company's profits increase or the company continues to survive in the midst of competition, then it is distributed to the workforce and converted by workers in various forms of welfare in the form of purchasing power, the ability to obtain education and health is increasing.

Olomi (2008) reported that medium-sized textile firms with limited access to the long-term capital markets tend to rely more heavily on owner financing, trade credit and short-term bank loans to finance their operations.

The purpose of this study is to examine the differences in NPLs in working capital and investment loans in MSMEs in Indonesia

Research data

The study uses secondary data published by Bank Indonesia from January 2017 to September 2018. Figure 1 describes two findings: first, the majority of bank credit is allocated to large businesses, not SMEs. Second, there is relatively no increase in the proportion of credit to MSMEs, even though the Central Bank's policy is to encourage an increase in MSME loans.

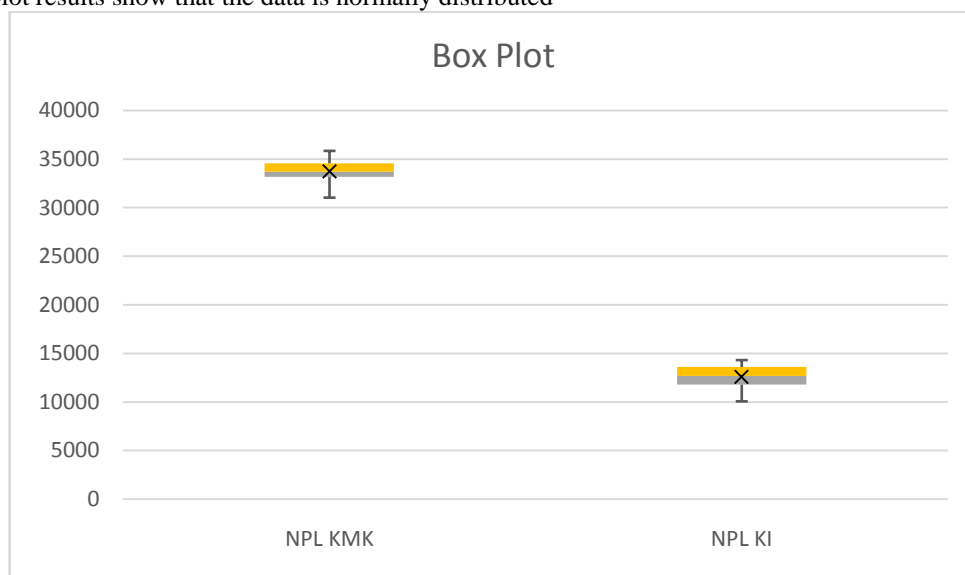
II. Findings and Results

This study aims to examine the differences in MSME MSME loans in investment loans and working capital.

ANOVA Assumptions

1. Normality Testing

The box plot results show that the data is normally distributed



2. Indicates data that there is no outlier

	<i>NPL KMK</i>	<i>NPL KI</i>
mean	33,734.05	12,580.02
stdev	1165.782984	1146.398978
# outliers	0	0
# blank	0	0
# non-num	0	0
d'Agostino-Pearson		
DA-stat	1.140537543	2.068578858
p-value	0.565373462	0.355478884
alpha	0.05	0.05
normal	yes	yes

3. Homogeneity of variance

Shows that the variance is homogeneous with the p value in the levene test is 0.860942533 > 0.05 then accepts Ho. This means that there is no difference in variance in group 1 and group 2

Hypothesis testing

so that continued t test with equal variance and show results

	<i>NPL KMK</i>	<i>NPL KI</i>
Mean	33734.048	12580.019
Variance	1359049.966	1314230.618
Observations	21.000	21.000

Pooled Variance	1336640.292
Hypothesized Mean Difference	0.000
df	40.000
t Stat	59.290
P(T<=t) one-tail	0.000
t Critical one-tail	1.684
P(T<=t) two-tail	0.000
t Critical two-tail	2.021

III. Conclusion

Rata-rata NPL kredit modal kerja UMKM adalah lebih besar dibanding dengan investasi. Oleh karena itu perbankan perlu berhati-hati dalam memberikan kredit berbentuk investasi kepada UMKM. Hal yang dapat dilakukan adalah (1) memperketat persyaratan kredit investasi UMKM (2) lebih menekankan aspek collateral dalam penjaminan kredit UMKM.

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