

# **Assessing impact of lending by trade development joint loan board on traders in Malindi District**

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## **Abstract:**

MFIs are a major source of finance to SMEs in Kenya; it is with this in mind that Trade Development Joint Loans Board was identified for study in order to assess the various contributions it has made on SMEs in Malindi. Many sources of literature were used by the researcher to gain an in-depth knowledge and fully appreciate the contributions MFIs have made to alleviate SMEs problems all over the world, Kenya and Malindi in particular. Various research methods were used in identifying the research area, target population, and sample to study. Stratified random sampling technique was used to identify the sample for study from the target population. Descriptive statistical methods were used to analyze the data collected. Presentation of the research findings was done through tables, figures and percentages for ease of clarification and understanding. The results from the study found out that credit acquisition from TDJLB which is an MFI enhances growth of SMEs. This was reflected in 73.33% of the loanees recording various levels of increase in sales volume after loan acquisition from TDJLB. The results recorded a positive effect recorded by loanees after accessing loan facility from the board as 71.43% of the loanees used the loan to increase stock in their businesses. Among loanees interviewed, 83.33% reported that the loans issued from the board proved useful in the growth of their businesses. It was found that most loanees are married and have dependants who depend on them. The businesses they operate supplements the provision of dependants needs and wants without which, life would be difficult. Most loanees have been able to offer employment opportunities to many unemployed members of the society. Therefore, due to credit facility offered by TDJLB, many loanees have contributed to easing of unemployment crisis in the country, thereby fulfilling the objective for which the board was set. Various recommendations were forthcoming from the interviewed loanees where most suggested that, due to changed economic scenario, the maximum amount being offered by TDJLB to SMEs should be increased to more than Kenya shillings one hundred thousand, which is the present maximum amount issued by the board. Areas for further research were identified which, this study could not cover; they included a need to conduct research on why TDJLB loanees default on loans borrowed from the board. There is also a need to conduct research on the training needs of officers charged with the responsibility of managing TDJLBs. The research therefore successfully assessed the impact which Trade Development Joint Loans Board which is an MR, has had on traders in Malindi District.