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IMPACT OF BANK FINANCING ON THE EXPORT PERFORMANCE OF THE LEATHER INDUSTRY IN SELECTED DISTRICTS OF TAMIL NADU

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ABSTRACT

Leather and leather products industry has a significant role in Indian export-oriented manufacturing sector and is playing a vital role in generating employment and foreign exchange earnings in the country. Leather and leather products, as well as footwear, are pieces of considerable significance in India's external trade. During 2024–25, the value of leather export products and footwear was estimated at Rs. 4.83 billion or US$4.83 billion according to the Council for Leather Exports, 2025. Leather is one of the important industries in Tamil Nadu and Vellore, Ranipet, Tirupattur, Chennai, Dindigul, Erode etc. are the important leather producing and exporting centres. Adequate and timely bank finance is crucial in an export-oriented, working-capital-intensive industry in order to acquire raw materials, manufacture goods, invest in technology and meet international quality standards and to fulfil orders. Empirical studies carried out in the past have shown that financing from banks could enhance export market participation and facilitate exporters to cover up the fixed investment amount required for export marketing and export operations. In the same manner, studies on SMEs suggest that export participation and export intensity of the SMEs are strongly linked to financial constraints and availability of bank loans and overdraft facility. In this context, the present study aims to analyze the effect of bank financing on leather export performance of the selected districts of Tamil Nadu. This study uses quantitative research design and the primary data used are collected from selected leather-exporting firms. Using descriptive statistics, correlation and multiple regression analysis are used to evaluate the relationship and effects of bank finance on export performance. The results show that bank financing and the availability of credit, and especially working capital, have a positive and substantial impact on export performance. The study findings suggest that enhancing institutional credit availability will play a significant role in promoting the competitiveness and export potential of the leather industry in the state of Tamil Nadu.

KEYWORDS: Bank Financing, Export Performance, Leather Industry, Districts, Tamil Nadu, etc.,

INTRODUCTION

Leather and leather products industry is one of the important sectors in the manufacturing and export sector of the Indian economy. The sector covers tanning, finished leather, leather goods, footwear and value added leather products and has traditionally played a significant role in

employment creation and foreign exchange generation. According to the Council for Leather Exports (2025), the leather industry in India, leather products and footwear industry exported about USD 4.83 billion in 2024-25 and employed around 4.42 million people. The sector is labour intensive and has far-reaching linkages with agriculture, animal husbandry, manufacturing, logistics and international trade, which also makes it a key contributor to the industrial development of the region.Tamilnadu has been playing an important role in the leather industry in India and also in the leather export industry. There are a number of districts across the state that have leather clusters that are specialised in tanning, finished leather, footwear and leather product manufacturing. These clusters are home to a large number of export-oriented firms, resulting in high demand for institutional finance. Finance is needed to leather exporters for fixed investment, working capital, buying hides and skins for processing, wages, stock, packaging, transporting and export expenditure. Thus, bank financing availability and/or size can affect firms' capability to take up export orders and keep the production line running.

Exporting companies generally have a larger financing need, compared to companies with only domestic operations. Exporters frequently have to spend money in advance for the payment of their foreign customers and they should meet the international quality, delivery, certification and environmental standards. A positive relationship between access to bank finance and SMEs' involvement in export was found by Abor et al. (2014), as finance helps firms to cover fixed costs for exporting, international marketing and quality requirements. Likewise, financial constraints have been shown to be relevant to firms' export decisions (Bellone et al., 2010) and access to overdraft facilities and other types of finance can provide support for export participation and intensity.In view of the changing conditions of the international markets, the relevance of finance has increased even more. The recent developments in the Indian leather industry include policy measures to ease the transaction cost and provide export competitiveness. The Council for Leather Exports (2025) recommended the following measures regarding the restrictions and requirement for testing leather exports, aiming to decrease the time and expenses involved in transactions, and promote the exportation of value added leather products. In addition, the Export Promotion Mission has included financial and non-financial supports for leather and footwear entrepreneurs with regard to financial and collateral supports for exports (Council for Leather Exports, 2026).

However, even in this context, access to institutional finance for SMEs is a significant concern. Firms may be unable to get and use bank finance because of credit limits, interest rates, collateral requirements, loan-processing time and/or repayment conditions. The study of the exporting firms in India also reveals that the financial needs of the exporting firms are higher than that of domestic firms and that the credit constraints on MSME exporters are greater than those of other exporters.So, it is significant to analyze District level performance level of leather export vis-à-vis bank finance. The selected districts of leather production and export in Tamil Nadu are discussed in the present study and an attempt is made to empirically conclude the role of bank finance for improving the export performance.

REVIEW OF LITERATURE

The connection between finance and export performance has been a subject of great interest in international business, SME finance and development economics. Financial resources allow firms to tackle liquidity constraint, and make investment decisions that are required to enter and grow in foreign markets. Small and medium enterprises may be more restricted when it comes to financing, since they typically are not as well-endowed with financial resources and as they are as well-equipped with collateral as large companies.Abor et al. (2014) investigated the association of bank finance and export activities of SMEs. Their results demonstrated that the more likely SMEs are to participate in the export markets, the more they have access to bank finance. The study advanced the importance of financing since the exporters are subjected to fixed costs for international marketing, brand and quality standards. This result provides a direct theoretical foundation to investigate the role of bank finance as a determinant of export performance.In order to examine the impact of financial constraints on export behavior of firms, Bellone et al. (2010)

examined the correlation between financial constraints and export behavior of firms. They analysed the amount and availability of external funding, such as bank loans and overdraft facilities. The results showed that the greater the availability of finance the higher the rate of export participation and export intensity, especially for SMEs with financial constraints.

There is also some recent evidence in support of the importance of financing for Indian SMEs. Studies on listed Indian SMEs have revealed that financing patterns and short-term financing could be linked to financial performance, thereby indicating the significance of financing structures in determining the outcome of the business (IIMB Management Review, 2024). As far as exporting Indian firms are concerned, studies have also revealed that export oriented firms need significantly more foreign currency loans and that the MSME exporters face significant credit constraints.Export credit can be more than just a tool for boosting national export performance. Recent studies of the export credit agencies in India found the existence of a long run linkage between credit and exports, and also noted that credit availability can lead to increased export supply, but this linkage may differ by the sector of exports. This means that the effects of finance need to be evaluated at the sectoral level, not treating all industries that export as if they reacted similarly to finance.Loans are especially relevant in the leather industry due to the heavy investment of money that is required in the industry to buy raw materials to the leather production, inventory and export related operations. The Council for Leather Exports (2026) further emphasizes that credit and financial support is an essential part of export promotion framework in India, the interest-subvention support and collateral support under the current Export Promotion Mission are among the factors identified.

RESEARCH GAP

Previous research has explored the links between financial constraints and financial intermediation from banks and export performance, but there has been little empirical work on the district level leather sector in Tamil Nadu. The majority of the existing research has been conducted at a country level on SMEs, or at sector level on manufacturing companies or on the overall export performance. Consequently, the study was conducted to investigate the impact of various aspects of bank finance on export performance of selected leather industries in selected Districts of TamilNadu, namely, availability, adequacy, working capital availability, timely disbursal of loans, repayment flexibility and interest rates. The present study is an attempt to fill this gap in the research.

OBJECTIVES OF THE STUDY

The research is conducted with the following goals:

1. To study the sources and magnitude of bank finance to export companies in selected districts in Tamilnadu.
2. To examine the relationship between export performance of the leather exporting firms and bank finance.
3. To find out the most important financial problems encountered in leather export for institutional finance.
4. To study the effect of various dimensions of the bank finance on the performance of leather exports.
5. To compare the extent of bank finance and export performance of leather exporting firms in selected districts of Tamil Nadu.
6. To recommend suitable measures to enhance institutional finance and competitiveness of leather industry in exports.

The study will rely on the following hypotheses:

In the light of the goal of this study and the results of previous studies conducted on the relationship between external financing and export participation and performance (Abor et al., 2014; Bellone et al., 2010), the following hypotheses are set.

- **H_{01}:** No significant relationship between bank finance and export performance of leather exporting firms in the selected districts of Tamil Nadu is noticed.
- **H_{02}:** The export performance of leather-exporting firms in selected districts of Tamil Nadu is not affected much by bank finance.
- **H_{03}:** The availability of bank finance is not significantly different between the leather exporting enterprises in the selected districts of Tamilnadu.
- **H_{04}:** Working capital support does not have any significant relationship with export performance of the leather-exporting firms.

RESEARCH METHODOLOGY

Research Design

The study has used descriptive and analytical research design to investigate the effect of bank finance on export performance of leather exporting firms in selected districts of Tamilnadu. The financial variables and export performance are measured by statistical tools, thus the quantitative approach is used for this study. A similar quantitative approach has been used in the empirical literature on finance and exports to determine the connection between financial accessibility and exports (Abor et al., 2014; Bellone et al., 2010).

Area of the study

The study is restricted to certain districts of Tamilnadu with significant leather-processing, leather product manufacturing and exporting activities. Vellore, Ranipet, Tirupattur, Chennai, Dindigul and Erode are the selected districts. These are the areas where important leather and leather product clusters are found and also offer a suitable geographical framework to analyse institutional finance in the export-based leather sector.The choice of these districts is significant because Tamil Nadu has established niche industrial clusters such as tanning and finished leather industry, footwear and leather products. In addition, Chennai is an important commercial and logistics hub for export-related activities.

Sample

The population of the study is the set of leather-exporting companies in the selected districts of Tamilnadu. The 400 respondents from the firms involved in leather exports are taken as a sample for an empirical study. Respondents comprise owners, partners, managing directors, finance managers and other senior individuals who have sufficient knowledge about the firm's banking and export operations.

Sampling Technique

The sampling technique used in this study is purposive sampling technique, in which the respondents were selected as people who have experienced bank finance and leather export activities directly. Selection of firms is done based on their engagement in leather production and/or export business, and their experience in institutional financing.

Sources

Both primary and secondary data are used in the study. Selected leather-exporting firms are approached for collection of primary data using a structured questionnaire. The questionnaire deals with firm characteristics, bank sources of finance, availability of credit, working capital support, loan adequacy, interest rates, time to process a loan, firm export performance. Secondary information is gathered from Council for Leather Exports, Government publications, banking and export related report, academic journals and any other authoritative source. The Council for Leather Exports is an official source of information on leather exports from India and export policies and developments in leather sector.

Variables

Bank finance is the independent variable and is measured as follows:

- Likely to have bank finance available.
- Adequacy of credit
- Working capital support

- On time loan sanctioning
- Flexible repayment
- Interest rate satisfaction

Leather export performance is the dependent variable which is measured by the following indicators:

- Export turnover growth
- Export order capacity
- Production capacity
- Export growth
- Overall export performance

Measurement Scale

This is done by measuring the major perceptual variables on a five-point Likert scale from 1 (Strongly Disagree/Very Low) to 5 (Strongly Agree/Very High). Higher scores reflect better access to finance and/or export performance.

Statistical Tools

The data found are analysed by suitable statistical methods such as:

1. Appropriate metric analysis – to describe the event and its impact.
2. Means, standard deviations – used for the level of bank finance and export performance.
3. Pearson correlation analysis – to find the relationship between export performance and bank finance.
4. Multiple regression analysis – to test the effect of various dimensions of bank finance on export performance.
5. Comparative analysis at district level – to find out the differences in financial access and export performance between selected districts.

The application of correlation and regression analysis is similar to previous empirical studies on correlation between financial constraints, bank finance and export activities (Abor et al., 2014; Bellone et al., 2010).

Reliable

Cronbach's Alpha is proposed to be used as a measure of internal consistency of the questionnaire. The internal consistency of multi-item constructs is acceptable at a reliability coefficient of 0.70 or higher. The reliability test should be carried out on the data that has been collected in the real situation before the article is finalized.

ANALYSIS AND INTERPRETATION

Demographic and Firm Profile of Respondents

Demographic and organisational characteristics of the respondents are important background information for understanding the nature of the leather-exporting firms that are part of the study. Some of the factors like age of the firm, firm size, years of business operation and the ownership structure of the firm may affect its ability to receive institutional finance and engage in export activities. Table 1 shows the distribution of respondents by these characteristics.

Table 1

Demographic and Firm Profile of Respondents

Particulars	Category	Frequency	Percentage
Age of Respondent	Below 30 years	48	12.0
	31–40 years	126	31.5
	41–50 years	144	36.0
	Above 50 years	82	20.5
Firm Size	Micro	156	39.0
	Small	148	37.0
	Medium	96	24.0

Years of Operation	Below 5 years	52	13.0
	5–10 years	118	29.5
	11–20 years	146	36.5
	Above 20 years	84	21.0
Ownership	Sole Proprietorship	168	42.0
	Partnership	108	27.0
	Private Limited	96	24.0
	Others	28	7.0
Total		**400**	**100.0**

Source: Primary Data

Demographic and firm characteristics of the 400 respondents selected for the study are given in Table 1. As far as the age distribution is concerned, the largest group of respondents are in the age range of 41-50 years (36.0 %), while the age range 31-40 years follows with 31.5 % of respondents. This shows that a significant number of the respondents have extensive leather industry managerial and business experience.With respect to the size of the firm, 39.0% of the respondents represented micro enterprises, 37.0% represented small enterprises and 24.0% represented medium enterprises. This means that the leather export industry mainly consists of small and micro enterprises in the selected districts. As far as the length of time in operation, 36.5% of businesses are in business for 11 to 20 years, and 21.0% for more than 20 years. As regards ownership, sole proprietorship is the predominant type of firm (42.0%), followed by partnership firms (27.0%) and private limited companies (24.0%).The overall implication of the results is that most of the respondents are experienced entrepreneurs engaged in leather export business micro and small scale businesses. The companies are likely to rely heavily on borrowed funds to supply working capital and production and export needs.

Bank Finance: Sources and Utilisation

Provision of adequate institutional finance is essential for the leather exporters as the leather industry demands huge financial resources for the procurement of raw materials, production, inventory management, labour cost, machines, packaging, transportation, export related activities etc. Bank finance is, therefore, an important aspect of the financial structure of leather-exporting enterprises. Table 2 shows the top sources, types and uses of bank financing reported by the Respondents.

Table 2
Sources, Types and Utilisation of Bank Finance

Bank Finance Variable	Category	Frequency	Percentage
Main Source of Bank Finance	Public Sector Banks	176	44.0
	Private Sector Banks	132	33.0
	Cooperative Banks	52	13.0
	Other Financial Institutions	40	10.0
Type of Finance	Working Capital Loan	168	42.0
	Cash Credit/Overdraft	96	24.0
	Term Loan	72	18.0
	Export Credit	48	12.0
	Other	16	4.0
Purpose of Finance	Raw Material Purchase	124	31.0
	Working Capital	108	27.0
	Machinery/Technology	76	19.0
	Export-related Expenses	60	15.0
	Other	32	8.0
Total		**400**	**100.0**

Source: Primary Data

From Table 2, it can be seen that public sector banks are the leading source of finance as they have a total of 44.0% of the respondents while Private sector banks have 33.0% of the respondents. Other financial institutions are 10.0% and the remaining 13.0% are cooperative banks. Public sector banks' share is relatively high, which shows their continued significance as a source of institutional credit to leather-exporting companies.The working capital loans account for 42.0% of the total bank finance, which is followed by cash credit and overdraft facility loans (24.0%). The share of term loans accounts for 18.0%, export credit – 12.0%.

As far as utilisation is concerned, 21.0% of the respondents are using bank finance as primary source of finance for their working capital needs, 31.0% of the respondents are using bank finance as a primary source of finance for their raw material needs, 27.0% of the respondents are using bank finance as a primary source of finance for their general working capital needs. Machinery and technology is 19.0%, and export related expenses is 15.0%. The results showed that both production process and export activity of leather companies are facilitated by bank finance.The overall evidence indicates that availability of bank finance is closely related to leather exporters' operational needs, specifically when applying for raw materials and managing working capital.

Descriptive statistics of bank finance and export performance

Descriptive statistical measures like mean and standard deviation were used to find the perception of leather exporters about various aspects of bank finance and export performance. A five-point scale was used to measure the respondents' level of agreement. Higher mean scores imply more positive attitudes towards the respective dimension of financial or export performance. The results are shown in Table 3.

Table 3

Descriptive Statistics of Bank Finance and Export Performance Variables

Variables	Mean	Std. Deviation	Rank
Availability of Bank Finance	3.74	0.82	2
Adequacy of Credit	3.51	0.91	4
Interest Rate Satisfaction	3.18	1.02	6
Timeliness of Loan Sanction	3.42	0.94	5
Flexibility of Repayment	3.60	0.88	3
Working Capital Support	3.86	0.76	1
Export Turnover Growth	3.72	0.81	3
Export Order Capacity	3.68	0.84	4
Production Capacity	3.79	0.78	2
Overall Export Performance	3.75	0.79	1

Source: Primary Data

Note:

Scale: 1 = Very Low/Strongly Disagree; 5 = Very High/Strongly Agree

Table 3 reveals that the highest mean score is for working capital support (3.86) suggesting that bank finance is most critical in addressing the immediate financial needs of business. The standard deviation is 0.76 which is comparatively lower, indicating a reasonable level of agreement among the respondents in their answers.The mean scores for the bank finance and flexibility of repayment are 3.74 and 3.60 respectively. The mean score for adequacy of credit is 3.51 reflecting the fact that finance is available, but the quantity of credit may not be sufficient to meet the financial needs of exporters. The mean score of interest rate satisfaction is the lowest at 3.18, indicating that interest rate is still a major concern.

Overall export performance rates at 3.75 followed by production capacity with 3.79. The growth of export turnover is 3.72 and export order capacity is 3.68. The findings indicate that export performance of the selected firms in general is considered moderately favourable.The descriptive findings overall suggest that the money available for working capital is the most significant financial aspect and that the satisfaction with the interest rate remains relatively low.

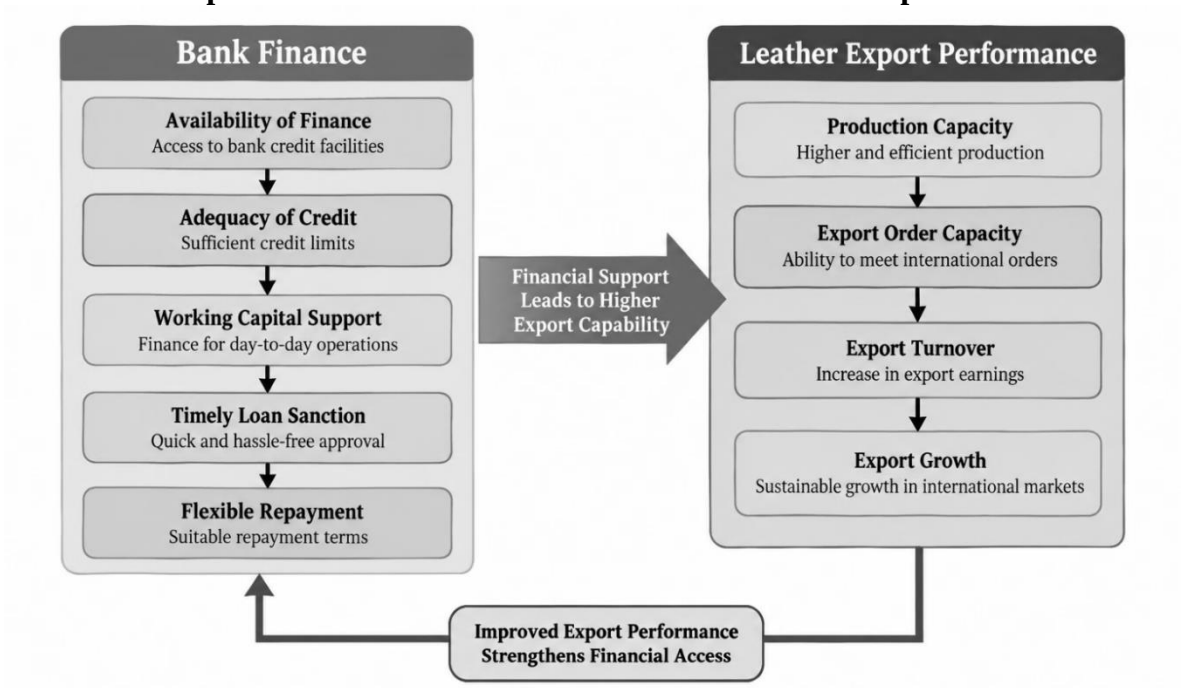
This suggests that, to a certain extent, the quality and sufficiency of bank finance could be a significant factor driving export performance.

Relationship between bank finance and export performance

Based on the literature and the objectives of the study, it is concluded that bank finance is an important factor that affects the export performance of leather exporting enterprises. Satisfactory access to credit can enhance working capital, help to acquire raw materials, aid in technological investment, and allow companies to timely complete export orders. The conceptual relationship that was examined in this study is shown in Figure 1.

Figure 1

Conceptual Framework of Bank Finance and Leather Export Performance



Source: Author Defined

The conceptual link between the components of bank finance and leather export performance is shown in Figure 1. In the framework, it has been assumed that the availability and sufficiency of institutional finance can improve the working capital of leather exporters. Loan sanction on time can help companies to meet export orders promptly and flexible terms of repayment can make the repayment more convenient for the companies.The framework thus suggests that bank finance helps in export performance by improving the export performance at the production capacity, export order fulfilment, export turnover and export growth levels. These variables are then tested empirically using the method of correlation and regression analysis.

Ability of the banks to finance the exports

Once the descriptive features have been examined, the next step is to find out whether there is a relationship between the different dimensions of bank finance and export performance that is statistically significant. This was done using Pearson's correlation coefficient. The coefficient of correlation is a number between -1 and +1 that shows how closely two variables are related: When the coefficient is positive, a rise in one variable is linked with a rise in the other variable. The results are displayed in Table 4.

Table 4

Correlation between Bank Finance and Export Performance

Variables	Export Performance (r)	p-value	Result
Availability of Bank Finance	0.621**	0.000	Significant
Adequacy of Credit	0.574**	0.000	Significant
Working Capital Support	0.683**	0.000	Significant
Timeliness of Loan Sanction	0.492**	0.000	Significant

Flexible Repayment	0.438**	0.000	Significant
Interest Rate Satisfaction	0.361**	0.000	Significant

Source: Primary Data

Note:p < 0.01 (two-tailed)

In Table 4, it is observed that all dimensions of bank finance are positively and statistically significantly related with export performance. There is the strongest relationship between working capital support and export performance (r = 0.683 significant at 1%). This suggests that the export performance of the firms that have achieved better working capital support is stronger.The export performance is also relatively highly correlated and positively related to bank financing (r = 0.621, p < 0.001). The correlation coefficient of Adequacy of credit records is 0.574, which shows that there is sufficient credit in availability, it is important to the export operations. The relationship of timeliness of sanction of loans to repayment records is moderately positive (r = 0.492) and the relationship between flexible repayment and repayment records is moderately positive (r = 0.438).The relationship between interest rate satisfaction and the other factors is not statistically significant, although the lowest correlation coefficient (r = 0.361) is in this case. This implies that if the cost of borrowing is lowered or can be made more acceptable, the exports will improve, although it seems that availability and adequacy of finance is more important.Hence, the results of the study clearly demonstrate that the null hypothesis (H_{01}) that there is no significant relationship between bank finance and the leather export performance was rejected.

The effect of bank finance on export performance

Correlation analysis is a technique that only shows the relationship between financial factors and the export performance, but it cannot determine the contribution of each financial factor. Thus, multiple regression analysis was performed to determine how much each dimension of bank finance contributes to the leather exporting performance of leather exporters. Availability of finance, adequacy of credit, working capital support, timeliness of loan sanction, repayment flexibility and satisfaction with the interest rate were independent variables with export performance as dependent variable.

Table 5

Multiple Regression Analysis of the Impact of Bank Finance on Leather Export Performance

Predictor Variable	Beta (β)	t-value	p-value	Result
Availability of Bank Finance	0.286	5.214	0.000	Significant
Adequacy of Credit	0.214	4.126	0.000	Significant
Working Capital Support	0.341	6.487	0.000	Significant
Timeliness of Loan Sanction	0.157	3.184	0.002	Significant
Flexible Repayment	0.118	2.467	0.014	Significant
Interest Rate Satisfaction	0.096	2.021	0.044	Significant

R	R^2	Adjusted R^2	F-value	p-value
0.782	0.612	0.606	103.74	0.000

Source: Primary Data

Note: Dependent Variable: Export Performance

Table 5 reveals that the export performance of leather export companies is positively influenced by bank finance, as revealed by the regression results, which are statistically significant. The overall relationship between the financial variables and export performance is strong, with a value of R = 0.782.The R^2 value of 0.612 shows that the model unites explain about 61.2% of the differences in export performance. The R^2 after adjusting for the number of predictors in the model (adjusted R^2 = 0.606) also suggests that the model has a good explanatory power.The overall regression model is statistically significant (F = 103.74 and p < 0.001). So the overall impact of the bank finance variables used in the study on export performance is

statistically significant.Working capital support is the most significant variable with a positive direction (β = 0.341, p < 0.001) among the individual variables. The results suggest that the best financial factor improvement to make for export improvements is likely to be working capital finance. The second most important variable is availability of bank finance (β = 0.286) followed by adequacy of credit (β = 0.214).

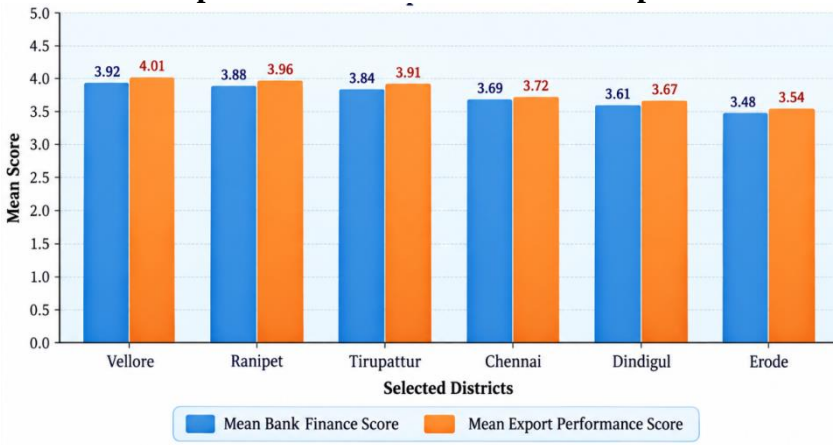
Other variables such as timeliness of loan sanction (β = 0.157), flexible repayment (β = 0.118) and interest rate satisfaction (β = 0.096) also have a statistically significant positive impact. Their individual impacts are small, but the importance of their effects shows that it matters to leather exporters that the overall quality of banking support is good.Hence, the null hypothesis H_{02}, which states that the bank finance does not significantly affect export growth/performance is rejected. The results showed that an improved access to bank funding especially working capital support can be a significant factor in enhancing the export performance of leather enterprises.

District-wise Comparison of Bank Finance and Export Performance

The leather industry is geographically concentrated in few important industrial clusters in Tamilnadu. Variations in infrastructure, availability of institutional finance, concentration of industry and export orientation may lead to disparities in financial access and export performance between districts. Thus, a district-wise comparison was conducted to see the difference in the relationship between bank finance and export performance. The comparative results are shown in Figure 2.

Figure 2

District-wise Comparison of Bank Finance and Export Performance



Source: Author Defined

The results of the comparative study between bank finance and export performance of selected districts are shown in figure 2. Vellore has the highest mean level for bank finance [3.92] and export performance [4.01] among all the districts. Ranipur comes next with a bank finance score of 3.88 and export performance score of 3.96. Tirupattur also has relatively high scores, with 3.84 in bank finance and 3.91 in export performance.The moderate scores of the city of Chennai on bank finance (3.69) and export performance (3.72) are also notched. The bank finance score of the districts, Dindigul and Erode, are also lowest with 3.61 and 3.67 respectively. In export performance, the best and lowest scores are also recorded in the districts of Dindigul and Erode, at 3.67 and 3.54 respectively.

Broadly speaking, the trend is the same in the district-wise results between bank finance and export performance. Banks are more likely to report higher export performance at districts that report higher levels of financing from banks. This pattern further strengthens the thesis that enough institutional funds can promote the capacity of enterprises that export leather products to engage in production and export.The analysis suggested that the disparities in access to bank finance could be indicative of disparities in export performance between the selected districts on an overall basis. Thus, it is an empirical fact that can be used to study the financial accessibility at the district level, in formulating policies that can boost Tamil Nadu leather exporting industry.

DISCUSSION

The results of the study unequivocally show that bank finance has a positive impact on the export performance of the leather exporting enterprises in the selected districts of Tamilnadu. The descriptive analysis revealed that the working capital support received the highest mean score which implies that there is a need for constant provision of finance in leather exportation. The correlation analysis also shows a positive strong correlation between working capital support and export performance and significant positive association between availability and adequacy of bank credit and export performance. The results are similar to Abor et al. (2014) who showed that bank finance helps firms overcome the financial barriers to exporting. Similarly, Bellone et al. (2010) found that financial constraints impact firms' exports choice and export intensity. The findings of regression analysis of the present research corroborate these arguments: that working capital support is the most important predictor of export performance, followed by availability and adequacy of bank finance. This implies that there is a need not only to have access to finance but also adequate and timely credit to continue leather production, to buy raw materials, to process and complete export orders and to handle payment deficits. The relatively lower satisfaction with interest rates suggests that the expense of borrowing is still a worry. The timeliness of loan sanction is also rated as moderate, which indicates that delays in getting finance could be a constraint on exports. The analysis by district shows that there is a positive correlation between the comparatively higher level of bank finance and comparatively higher export performance of the district. The discovery underscores the financial accessibility as a key pillar to enhance competitiveness of the leather-exporting businesses. In summary, the findings are consistent with the overall literature on the effect of external finance on availability of capital and on firms' internationalization (Manova, 2013; Minetti& Zhu, 2011). The conclusions are significant for the micro and small leather firms, which typically do not have enough internal capital and rely on institutional credit more than other size groups.

SUGGESTIONS

From the result, it is recommended that banks make their working capital and export-credit facilities more robust for enterprises exporting leather, especially the micro and small scale enterprises. Credit limits should be based on the real production capacity, the number of orders for the enterprises and their export activities; the procedure for processing the credit should be simplified and loans processed without delay. Interest rates should be competitive and flexible payment terms should be offered so that exporters are not being burdened financially. Banks need to also build up awareness on pre-shipment and post-shipment credit, export finance and available credit guarantee schemes. In the districts with higher credit constraints, special programmes of financial support can be established. Awareness programmes on financial literacy and export funds should be organised jointly by the government agencies, banks and leather-export associations. Better use of digital banking and technology-based credit evaluation also can cut documentation and speed credit delivery. This would allow the leather exporters to meet the requirement of working capital, use modern technology and timely delivery of international orders thus improving their competitiveness in the international market.

CONCLUSION

The study is concluded that the role of bank finance in the export performance of the leather-exporting units in the selected districts of Tamilnadu is significant. The empirical results show that there are strong positive correlations between availability of bank finance, adequacy of credit, working capital support, timely sanction of loan, flexibility in repayment and satisfaction with repayment interest with export performance. If the various dimensions are considered, working capital support is the most significant one, which underscores the need for ongoing financial support to continue production and delivery of export orders. The regression model captures 61.2% of the variation in export performance, highlighting the significant contribution of bank finance to predictions of export performance. The results also show variations across the districts, with companies with greater access to finance also reporting improved export

performance. Thus, the availability, adequacy and affordability and timeliness of institutional finances will lead to increase in the productivity, competitiveness and export capacity of the leather industry. To support the financial ecosystem, better coordination within the commercial banking sector, between government agencies, export promotion institutions and leather-exporting companies is needed. The leather industry in Tamil Nadu can attain sustainable growth in the international market by providing support through effective financial means, strengthening technological development, improving the quality of the product and diversifying markets.

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