

OPINION REGARDING EXPORT FINANCE AMONG EXPORTERS IN LEATHER INDUSTRY WITH SPECIAL REFERENCE TO VELLORE DISTRICT

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DOI: <https://doi.org/10.5281/zenodo.18493635>

Published Date: 05-February-2026

Abstract: Export finance plays a vital role in promoting the growth and competitiveness of the leather industry, particularly in export-oriented regions like Vellore District. This study examines the opinion of leather exporters regarding export finance facilities provided by banks and financial institutions. It focuses on exporters' awareness, accessibility, adequacy, cost of finance, procedural requirements, and overall satisfaction with export credit services. The study also identifies key challenges faced by exporters, such as delays in sanctioning, stringent documentation, high interest rates, and foreign exchange risks. Primary data were collected from leather exporters in Vellore District using a structured questionnaire, and appropriate statistical tools were applied for analysis. The findings highlight the need for simplified procedures, exporter-friendly credit policies, and improved banker-exporter coordination to enhance the effectiveness of export finance and support the sustainable growth of the leather industry in the district.

Keywords: Export Finance, Leather Industry, Opinion, Credit, Easy Access.

1. INTRODUCTION

1.1 Introduction:

Export finance plays a crucial role in enabling exporters in accepting and efficiently executing their export orders. Export credit is required for short periods before and after the dispatch/shipment of an order. While the pre-shipment export finance is required as working capital for accomplishing timely production, packing, and shipment of the orders, the post-shipment finance facilities sustaining exporters' business operations while still waiting to receive payments due from foreign buyers. Commercial banks play a major role in providing export credit. The provision of export finance differs from the provision of finance to production-oriented to domestic markets due to risks associated with export credit. Such risks include probable credit as well export hazards in various forms. The standard credit risks include situations, in which the buyer does not pay, buyers' financial insolvency where the buyer cannot pay, refusal of receipt of exported goods, and unfair termination of the contract. Export-related risks include foreign exchange risk, and country risk including the potential threat of losses due to political and economic events beyond the control of the exporter. These risks have to be considered by both the exporters as well as the credit agencies.

Export credit plays an important role in risk management and obtaining contracts for exporters. It has the potential to augment the international competitiveness of a country by leading to geographical diversification of exports and developing new markets. A country needs to develop and maintain an efficient system of providing export credit lest it should become a bottleneck in winning an export contract.

1.2 Review of Literature:

There was a tremendous increase in leather exports to many countries while it is low only in a few countries. Therefore the government should take various steps to improve the exports of leather to greater levels and provide more policies to promote exports and the countries should take an active part to increase export performance [Dr.B.Saranya et. al (2016)]. Export trade financing by EXIM Bank of India for Various types of exports to Indian Exporters, assesses the sufficiency of quantum of finance and the suitability for enhancing the same, it's working as a pioneer in export credit, its role in supporting Indian industries, particularly exporting companies which truly need export credit, in their globalization efforts through a wide range of the products and services offered at all stages of the business cycle, is the subject matter of the present study. The researcher concluded that the achievements of the past three decades provide a strong foundation to EXIM Bank from where it will continue to catalyze India's international trade and investment. The Bank is committed to go beyond traditional financing and facilitate exports of a variety of products and services which have the potential to go overseas, by creating a niche for them in the international business arena [Alam Ahmad (2016)] examined the Government of India had identified the Leather Sector as a Focus Sector under 'Make in India' program keeping in view its immense potential for growth and employment generation. The Government is also implementing diverse Special Focus Initiatives under the Foreign Trade Policy for the growth of the leather sector. With the achievement of various industrial developmental programs as well as export promotional activities; and keeping in view the past performance, and industry's inherent strengths of skilled manpower, innovative technology, increasing industry compliance to international environmental standards, and dedicated support of the allied industries, the Indian leather industry aims to augment the production, thereby enhance export, and resultantly create additional employment opportunities [Council for Leather Exports (2017)] India's export of Leather and Leather Products for the period April – August 19 – 20 touched the US \$ 2276.39 Mn as against the performance of US \$ 2398.44 Mn in the corresponding period of last year, recording a decline of 5.09%. Export of different categories of Footwear holds a major share of about 47.59% in India's total leather & leather product exports with an export value of US \$ 1083.33 Mn. This is followed by Leather Goods & Accessories with a share of 25.67%, Finished Leather 10.44%, Leather Garments 8.35%, and Saddlery & Harness 2.89%. [Council for Leather Exports (2018)].

1.3 Objectives of the Study:

The Main objective of the study is to analyze the Opinion Regarding Export Finance Among Exporters In Leather Industry With Special Reference To Vellore District

1.4 Research Methodology:

Research methodology is the scientific approach to validate the research design. It is the process by which the researcher produces authentic research findings. The methodology part provides details about the research design for the study, the nature and source of data collected for the study and details about the research instrument used. Further, it provides a brief description of the variables used for the study and provides details about the various tests employed to establish the reliability and validity of the collected data for the purpose of data analysis. Finally, it provides details about the statistical package and statistical tools used for analyzing the data to empirically test the hypotheses based on the objective of the study.

1.4.1 Research Design:

The research carried out by the researcher is both descriptive and analytical in nature. This type of research is mainly concerned with description of facts. This study is called descriptive since it describes the Opinion Regarding Export Finance among Exporters in Leather Industry with special reference to Vellore District

Table 1.1: List of Exporters in Vellore District

S.No	Name of Industries	Taluk Name
1	KH Leather Industries	Ranipet
2	SreeSastha Leather Industries	Vellore
3	AXA – Leather Group	Vaniyambadi
4	Quresh leather exports	Vaniyambadi
5	Good leather company	Vaniyambadi
6	Essar foot wear Pvt Ltd	Vaniyambadi

7	Sara leather Industries	Ranipet
8	KH Exports Pvt Ltd	Vellore
9	Majestic leather exports	Vellore
10	Select leather craft	Vellore
11	Nuha leather	Vellore
12	DP Leathers PVT Ltd	Vellore
13	Welfare Leather company	Vellore
14	Overseas leathers	Vellore
15	Faruq Fatah leathers	Vellore
16	IBRA leather exporters	Ranipet
17	Abrar leather exports Pvt Ltd	Ambur
18	Super tech leathers	Ranipet
19	MeihuaCollagenix Exports	Vellore
20	Ambika leather company	Ranipet
21	Rumana leather company	Ambur
22	Universal shoe company	Ambur
23	RK Leathers	Ranipet
24	Prara leathers PVT Ltd	Ranipet
25	P. Samuel Exports	Vellore
26	H.Jeelani leather	Ranipet
27	TM leather	Vellore
28	NK traders	Vellore
29	FRN manufactures	Vellore
30	Tangar exports	Vellore
31	Hidesign PVT Ltd	Ranipet
32	PoineerLeder Tex Pvt Ltd	Ranipet
33	Priya leather industries	Ranipet
34	Kibro leather company	Ranipet
35	Mother Industries	Ranipet
36	Bharath best leathers	Alangayam
37	DON leathers	Ranipet
38	Kfaz leather Industries	Ambur
39	Thabasiya Tanning Industries	Arcot
40	Lloyd Shoes India Pvt. Ltd	Gudiyatham
41	NM Zackriah	Vellore
42	Rajpriya Industries	Vellore
43	Shah Leather Exports	Ranipet
44	KH Arind	Arcot
45	Farooq industries	Vellore
46	Saleem leather Export	Ranipet
47	Vinyork Leather Works	Ranipet

Source: Compiled from different sources

1.4.2 Sample Size:

The total population of the exporters of the leather industry is 47 in Vellore District. Based on this, the sample size has been derived as 47 exporters by given in above table.

1.4.3 Sample Technique:

Non- probability sampling method, the Convenience sampling method was used for the study to select the exporters.

1.4.4 Nature and Sources of Data:

This study is based on both primary and secondary data.

(a) Primary Data: The primary data were collected using the structured questionnaire. Google form, mail through Face to face, self-administered, the interview schedule was used as a data collection tool to collect the data from exporters.

(b) Secondary Data: The secondary data were collected from the Annual report of district profile in Vellore district, Report from the council of leather Industry, Report from annual publications of Reserve bank of India, the data were collected from the council of leather exports in Tamil Nadu during ten years i.e. from 2011 to 2020, will be considered as the reference period. The data were collected from Journals, Magazines, Books, and RBI Reports, NABARD & State level bankers committee in Tamil Nadu.

1.5 Data Analysis and Interpretation

1.5.1 Opinion Regarding Export Finance on Leather Industry:-

The rank analysis was performed on the mean score variables. Table 1.2 indicates the opinion regarding export finance on leather industry.

Table 1.2: Opinion Regarding Export Finance on Leather Industry

S.No	Factors	Mean	Rank
1	Competitive Interest Rates	4.821	1
2	Fee Structures & Letter of Credit, Guarantees etc.	3.756	7
3	Absence of Hidden charges	2.564	15
4	Collateral Security Requirements	3.415	9
5	Requirement regarding Guarantees	3.215	11
6	Time taken for sanctioning Loan	3.335	10
7	Procedural Formalities	2.789	14
8	Willingness to accommodate credit Needs	3.892	6
9	Global branch Network	3.118	12
10	Inter Branch Facilities	4.785	2
11	Bank Ownership	2.341	16
12	Confidentiality of Client's Information	4.589	3
13	Knowledge of customer's Business	2.895	13
14	Easy Access to Loan Office	4.356	4
15	Bank's Ability to provide a long term relationship	3.543	8
16	Prompt provisions of services	4.215	5

Source: Primary Data

The rank analysis was performed by using the overall mean score on factors, the following were found to be important towards opinion regarding export finance on leather industry; it is inferred from the Table that out of 16 variables the high mean score value was given to the variable 'Competitive Interest Rates' with the mean value of 4.821, 'Inter Branch Facilities' with the mean value of 4.785; 'Easy Access to Loan Office' with the mean value of 4.589; 'Prompt provisions of services' with the mean value of 4.356. The above variables are considered as more than 4.00 hence it is concluded that Competitive Interest Rates is the most important opinion regarding export finance in leather industry.

1.6 Conclusion:

The study concludes that export finance plays a crucial role in supporting the operations and international competitiveness of leather exporters in Vellore District. Most exporters recognize the importance of bank-provided export finance facilities such as pre-shipment and post-shipment credit, packing credit, and export incentives. However, their opinions indicate moderate levels of satisfaction due to issues related to procedural delays, stringent documentation requirements, higher cost of finance, and limited flexibility in credit terms. Lack of timely credit availability often affects production schedules and order fulfillment, thereby influencing export performance.

Further, the study reveals a need for improved communication and coordination between bankers and exporters. Exporters expect faster sanctioning, simplified processes, better guidance on export finance schemes, and effective management of foreign exchange risks. Strengthening exporter awareness programs, adopting digital processing systems, and offering customized export finance solutions can significantly enhance exporter confidence. Overall, addressing these concerns will help improve exporters' perception of export finance and contribute to the sustainable growth of the leather industry in Vellore District.

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