

# Accounts Receivable Financing- The India Connection

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Accounts Receivable Financing- The India Connection explores the vast growing marketplace in India and how you can benefit from this trend by importing goods or exporting goods to this ginormous economy with accounts receivable financing.

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India is one of the oldest civilizations in the world. Their history goes back over 10,000 years. India is the largest democracy in the world. As of July, 2007, the Central Intelligence Agency for the United States Government estimated that the population of India is over one billion, one hundred twenty nine million people. In contrast, the population of the United States is estimated to be a little over three hundred two million people. That's 129,000,000 versus 302,000,000 people; India has over four times the population of the U.S. in a geographic area lightly more than one-third the size of the U.S.

{bot\_wrgoogle}India has the third largest economy and the second fastest growing economy in Asia. It has a vast pool of professional talent and an enormous reservoir of intellectual capital with a growing middle class.

India's dense population creates economic opportunities and pressing internal social problems such as overcrowding, environmental degradation, poverty and social unrest. The economy and society are in a state of rapid transition. There are pressing environmental issues because of overpopulation such as air pollution from industrial effluents and vehicle emissions, water pollution from poor sanitary conditions and soil erosion.

According to the World Bank, about 380 million people in India live in poverty on less than \$1 a day; this is about one-third of the population. Nevertheless, middle and upper class Indians have created immense wealth in an economy bursting with opportunities. India's business climate is changing rapidly.

This social paradox is in some ways similar to the controversy in the U.S. over big box stores and their effect on smaller retailers. The same issue is debated in India regarding Western style supermarkets versus mom and pop stores. India has a child labor problem; the U.S. has a problem with illegal immigrants who tend to take the lowest paid jobs in the U.S., performing jobs that most legal Americans do not want to do. We live in a world of conflict, change and opportunities.

There are 14 official languages in India. Hindi is the national language. English is a secondary language used for national, political and commercial communication. India is the largest English speaking nation in the world. India's legal system is based on English common law.

India's economy is growing over 10% per year with a labor force of more than 500 million people. The Indian retail sector is growing at a rate of 47% per year. Manufacturing is expanding. There are large numbers of well educated people skilled in the English language. Today India is a major exporter of software services and software workers. Other major industries include textiles,

chemicals, food processing, steel, transportation equipment, cement, mining and machinery.

In 2006 India exported over \$123 billion dollars of textile goods, gems and jewelry, engineering goods, chemicals, leather items; only 17% were exported to U.S. partners. Imports the same year were \$184 billion dollars; less than 6% of this import business originated with U.S. partners.

What does this all have to do with accounts receivable financing? The expertise of a commercial finance company can be invaluable with regard to helping you succeed in India's enormous marketplace. If you want to export goods to India, a commercial finance company will check the credit of the business in India that you are selling to; this can facilitate capital for exponential growth to creditworthy customers. If you want to import goods from India, purchase order financing combined with accounts receivable financing can help you to achieve the same goal of increasing cash flow to grow your business.

Albert Einstein said: "We owe a lot to the Indians, who taught us how to count, without which no worthwhile scientific discovery could have been made". Mark Twain said: "India is the cradle of the human race, the birthplace of human speech, the mother of history, the grandmother of legend, and the great grand mother of tradition. Our most valuable and most instructive materials in the history of man are treasured up in India only".

The bottom line: India is a land of great problems and great opportunities. Accounts receivable financing combined with purchase order financing can help you succeed in this vast democratic, English speaking marketplace.

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