GGA INDIA PRIVATE LIMITED · GOVERNANCE STUDY · TRADE CHANNEL PAYMENT RISK

Trade channel risk is not spread evenly, and it is not found late by accident.

A dealer book worked over five years, examined for what actually mitigates payment risk rather than what is usually recommended. Three findings drive everything else: recovery yield collapses with age, the decision on when to act sits with the party least willing to make it, and risk concentrates far more tightly by geography than by dealer.

Type: governance study, computed from client ledger data
Evidence base: an Indian agri inputs dealer book, 2021–2026
Scale: 11,284 customers at handover; 481-account assignment tranche tested in full
Currency: ₹ (1 crore = 10 million)

481 of 481 Accounts where assignment matched the aged balance exactly	**35% → 2.4%** Recovery yield, within a year against beyond five	**74.6%** Of the risk pool held by six states of eighteen
47.8% Realised on settled cases otherwise written off	**9×** Seasonal swing in monthly collection capacity	

THE ARGUMENT

Payment risk in a dealer book is created by three decisions the seller controls — how much credit, when it is called wrong, and when somebody else is allowed to act. None of them belongs where it usually sits.

> *The overdue book is spread across eighteen states, so it feels like a market problem. Then somebody sorts it by state and three quarters of it turns out to sit in six.*

01 Executive summary

This study examines payment risk mitigation on a single Indian trade channel book — a dealer and distributor network in agri inputs — worked from 2021 to 2026. It asks a narrower question than most receivables work: of everything a company might do about dealer payment risk, which measures actually change the outcome.

1. **Acting early is worth more than acting harder.** On the same book, worked by the same team, balances converted inside one year returned 35.2% of value; beyond two years, 8.1%; beyond five years, **2.4%**. Recovery deteriorated sharply with age, though the band-to-band sequence is not smooth.
2. **The timing decision is structurally late.** On a 481-account tranche tested in full, the value released for recovery matched the balance already beyond 240 days on **481 of 481 accounts, to the rupee**. Everything younger was retained. Recovery never sees a balance while the yield curve is still favourable.
3. **Risk concentrates geographically, not by dealer.** Six states of eighteen hold **74.6% of the risk pool**, with one state alone at 25.4%. That points at regional credit practice and supervision rather than at individual dealer behaviour — and it is a far cheaper thing to fix.
4. **Settlement recovers what write-off does not.** On cases negotiated to settlement, **₹2.23 crore was realised against ₹4.65 crore of overdue — 47.8%** on balances that would otherwise have produced nothing. Settlement is a mitigation instrument, not a concession.
5. **Collection capacity is seasonal and the swing is large.** Monthly collections ran at ₹0.82 crore in January against ₹0.09 crore the following August — a ninefold difference driven by the crop calendar rather than by effort. Despatch and assignment timing should both respect it.
6. **Field verification is the only way to size the loss honestly.** Visits across nineteen states established that ₹5.81 crore was owed by dealers who could not be located at any address held, and ₹0.52 crore by businesses whose proprietor had died with no successor accepting liability. No ledger shows this.

02 Where the risk actually sits

Most trade channel risk analysis is done by dealer — who owes what, who has aged worst. On this book that cut is less informative than the geographic one, and considerably less actionable.

The risk pool by state, ₹21.95 crore across eighteen states

STATE	RISK POOL	SHARE	CUMULATIVE
State A	₹5.57 cr	25.4%	25.4%
State B	₹3.20 cr	14.6%	40.0%
State C	₹3.02 cr	13.8%	53.7%
State D	₹1.66 cr	7.6%	61.3%
State E	₹1.48 cr	6.7%	68.0%
State F	**₹1.45 cr**	**6.6%**	**74.6%**
Remaining twelve states	₹5.57 cr	25.4%	100%

Six states of eighteen hold three quarters of the risk. One holds a quarter on its own. A problem distributed that unevenly is not a dealer problem. It is a regional credit practice problem, and it has a named manager attached to it.

This matters because of what each diagnosis implies. If risk is spread evenly across a dealer base, the remedy is a policy change affecting everybody — slow, expensive, resisted. If three quarters of it sits in six territories, the

remedy is a review of how credit was granted and supervised in those six, which is a far smaller intervention with a far larger effect.

It is also a question almost no company asks. Credit exposure is reported by customer and by ageing bucket. Reported by geography against the regional manager responsible, it becomes a performance conversation rather than a collections one — which is presumably why the cut is rarely run.

03 Why timing beats effort

The single most consequential fact about trade channel risk is that recoverability decays, and the decay is steep enough to dominate every other variable.

Recovery yield by age of balance when converted

AGE WHEN COLLECTED	YIELD	SHARE NOW CLASSIFIED RISK
Inside 1 year	35.2%	16–45%
1–2 years	19.0%	49.7%
2–3 years	24.8%	62.2%
3–4 years	9.9%	83.5%
4–5 years	11.4%	66.4%
Beyond 5 years	**2.4%**	**93.7%**

One row runs against the trend and is reported as measured. The two-to-three year band returns 24.8%, above the 19.0% of the year before it. A small number of large settlements in one band moves the figure materially on a book this size, and we have not smoothed it. The direction across the whole curve is the finding; any single band should be read with that in mind.

The right-hand column moves with the left almost exactly. 16% of the youngest balances are classified as risk, against 94% of the oldest. Age is not merely correlated with irrecoverability in a dealer book — it produces it, because time removes the counterparty rather than just the willingness.

That is the difference from institutional receivables and it matters for provisioning. On a Day 0 institutional mandate elsewhere in this series, a legacy book twelve to thirty-six months old at takeover still reached 92.0% ultimate recovery, because the counterparty persisted and only the paperwork had decayed. In a trade channel book the dealer shutters, absconds, dies, or dissolves the partnership. **A single ageing-based provision matrix applied across both types of book is wrong in opposite directions.**

A rupee acted on inside its first year returns about 35 paise. The same rupee after five years returns two and a half. No amount of additional collection effort at year five recovers what timing gave away at year one.

04 Who controls the timing

If timing dominates, the governance question is who sets it. On this book that can be tested rather than asserted, because one assignment tranche is available line by line.

A list of 481 dealer accounts was prepared for release to recovery, carrying ₹15.92 crore of total outstanding. Each row showed the balance inside 240 days, the balance beyond it, and the value assigned.

A 481-account assignment tranche, tested in full

	VALUE	SHARE	TREATMENT
Total outstanding on the list	₹15.92 cr	100%	Prepared for release
Balance inside 240 days	₹6.14 cr	38.6%	Retained internally
Balance beyond 240 days	₹9.78 cr	61.4%	Released to recovery
Assigned scope	₹9.78 cr	61.4%	Identical to the aged balance
Accounts where the two matched exactly	**481 of 481**	**100%**	**No exceptions**

On every account without exception, the released value equals the balance already beyond 240 days. The rule is mechanical: keep what is young, release what is old.

Which places recovery permanently on the wrong part of the curve. By construction it receives balances only after they have crossed from roughly a third yield to under a tenth. Whatever it then achieves is measured against a starting position that guaranteed a poor number — and the internal team's performance on what was retained is generally not measured at all.

The formal rule is age. The discretion is over which accounts reach the list. That discretion sits with the sales organisation, and the incentive is worth naming without hostility: nominating accounts already beyond hope moves difficult conversations off the desk, and poor recovery afterwards confirms what was said about using an outside firm. Accounts believed still winnable stay in, unmeasured.

The test that would settle it is not run. Nobody compares recovery on retained balances against recovery on released balances, matched for age. Until that comparison exists the claim that the internal team would have done better cannot be disproved, which is precisely why it persists.

Payment risk mitigation fails at the assignment date more often than at the collection call. A book only ever handed over after it has aged is a governance outcome, not a collections outcome.

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05 Collection capacity is seasonal

On a book selling into a crop cycle, dealer payment capacity is not constant and the variation is larger than most credit policies assume.

Monthly collections on this book ranged from ₹0.82 crore to ₹0.09 crore — a ninefold swing. The peak fell in January, in the post-harvest window when farm cash reaches the channel; the trough in the following August, mid-season, when the dealer has bought inputs and not yet sold them.

Effort did not drive that pattern and could not have changed it. A dealer holding no cash pays nobody regardless of how insistently they are asked. What the pattern does change is when three decisions should be taken.

What seasonality implies for each decision

DECISION	IMPLICATION
Despatch timing	Stock landing just after a payment window has a full season to sit unsold before the dealer next holds cash. Quarter-end pushes that miss the window create receivables with a year-long minimum life.
Assignment to recovery	A balance released in the trough is worked through months of structurally low capacity. Releasing ahead of the window puts the file in front of the dealer when the money is actually there.
Credit review	Payment behaviour assessed mid-season looks worse than the same dealer assessed post-harvest. Reviews run on a fixed calendar date compare dealers at different points of their own cycle.

The general point applies beyond agriculture. Any channel whose end demand is concentrated — seasonal, festival-driven, or tied to a procurement cycle — has windows in which collection is possible and periods in which it is not. Measuring collections performance without adjusting for that measures the calendar.

06 What actually mitigated the loss

Three instruments were used on this book at the far end of the curve, where conventional follow-up had stopped working. Their results differ sharply.

Settlement

On cases negotiated to settlement, ₹2.23 crore was realised against ₹4.65 crore of overdue — 47.8%. These were balances that would otherwise have produced nothing: dealers acknowledging the debt and unable or unwilling to clear it in full.

Settlements were structured as instalments and monitored against schedule rather than agreed and filed. The distinction matters — an unmonitored settlement is a discount, and a monitored one is a recovery plan.

Settlement at roughly half the balance on a case heading for write-off is not a concession. It is the difference between 48 paise and nothing. The reluctance to settle early is the same reluctance that produces the ageing in the first place.

Field verification

Physical visits across nineteen states established what no ledger could. ₹5.81 crore was owed by dealers who could not be located at any address the company held. ₹0.52 crore was owed by businesses whose proprietor had died with no successor accepting liability. ₹0.16 crore was identified as false billing, discoverable only on the ground.

That is not a collections result. It is a provisioning result, and it is the only honest basis for one — a provision built on ageing bands assumes the counterparty exists.

Legal process

₹10.54 crore sits with dealers who acknowledge the balance and decline to pay, with a further ₹4.17 crore already in legal process. Where recovery reaches this point the economics change: a suit runs for years and produces a decree that must still be executed against assets that may no longer exist.

Leverage against a defendant is highest before a decree, not after — which is why the settlement instrument above outperforms it, and why both outperform waiting.

07 What a board should require

Six requirements. None needs a new system, and each addresses a specific failure identified above.

1. **Set the assignment date by rule, not by conversation.** A balance crossing a defined age moves to recovery automatically, with a written exception process approved outside the sales organisation. This is the highest-value change available, because it operates where the yield curve still works.
2. **Release a representative sample, not the residue.** Include younger balances in whatever is assigned externally. Otherwise neither the outside firm's performance nor the internal team's can be measured, and the comparison that would settle the argument never exists.
3. **Report credit exposure by geography against the responsible manager.** Six states of eighteen held 74.6% of the risk here. That cut turns a collections report into an accountability conversation, and it is one query away in any ERP.
4. **Verify the field position before setting the provision.** A provision built on ageing assumes the dealer exists. On this book ₹6.33 crore was owed by counterparties who had shuttered, absconded or died. Visits establish that in weeks; ledgers never do.
5. **Authorise settlement early and monitor it.** Roughly half of an otherwise-lost balance is available while the dealer still trades and still has something to protect. Structure it as instalments with a schedule, and track adherence.

6. **Time despatch and assignment to the payment window.** Where end demand is seasonal, stock pushed after the window and balances released into the trough both consume a full cycle before anything can happen.

08 Method and limitations

This study draws on one Indian trade channel book in agri inputs, worked from 2021 onward, comprising fifteen monthly dashboards covering April 2025 to July 2026 and two handover files from December 2021 and November 2022. Figures are computed from the client's own line-item data.

The assignment finding is a full-population test. All 481 accounts in the November 2022 tranche were checked; on every one the assigned scope equalled the balance beyond 240 days exactly. It is one tranche on one book and is reported as such.

The yield figures compare collections recorded over twenty months against pendency measured at a single date, so the individual percentages are directional rather than precise. The shape of the curve is robust to that limitation; the specific rates should not be read as exact recovery rates. The 2–3 year band sits slightly above the 1–2 year band, which reflects the composition of what was worked in those periods rather than a genuine reversal of the trend.

The handover ageing describes the full ageing report shared at engagement — 11,284 customers, ₹2,764 crore of outstanding, 61.4% already beyond 350 days and 41.4% beyond two years — of which the value actually assigned for recovery was a subset. No performance claim is made against the full report.

States are anonymised. The distribution is reported as measured; naming territories would identify the client and would attribute payment behaviour to specific regions on the strength of one book.

The reason taxonomy and the field verification findings are the client's own classification, gathered through visits across nineteen states, reported as recorded rather than independently verified. **The account of how assignment decisions are made** combines a measured rule with practitioner inference about the selection behaviour underneath it; the first is data, the second is stated as inference.

No client, dealer or individual is identified. GGA does not publish the payment behaviour of any named company.

09 Definitions

Terms as used in this study

TERM	DEFINITION
Assignment date	The point at which a balance moves from internal follow-up to recovery. The most consequential governance variable on a trade channel book, and usually the least formalised.
Adverse selection in assignment	The tendency for accounts released to recovery to be systematically worse than those retained, because selection is made by a party with an interest in the outcome.
Recovery yield	Value converted to cash as a proportion of the balance in an age band.
Risk pool	Value classified as unlikely to convert through ordinary follow-up, established through field verification rather than ageing alone.
Monitored settlement	A negotiated reduction structured as instalments against a schedule, with adherence tracked. Distinct from an agreed discount, which is filed and forgotten.
Payment window	The concentrated period in which channel customers hold cash. Outside it, collection capacity is limited regardless of follow-up intensity.

10 Frequently asked questions

How should a company mitigate trade channel payment risk?

By fixing three decisions rather than intensifying collection effort. Set the assignment date by rule so balances move to recovery while they can still convert — on the book examined, yield fell from 35.2% inside a year to 2.4% beyond five. Report credit exposure by geography, since six states of eighteen held 74.6% of the risk pool. And verify the field position before setting a provision, because ageing assumes the dealer still exists.

Why does trade channel debt become unrecoverable so quickly?

Because time removes the counterparty, not just the willingness. On the book examined, 94% of balances beyond five years were classified as risk, and field visits across nineteen states found ₹5.81 crore owed by dealers who could not be located at any address held and ₹0.52 crore where the proprietor had died with no successor accepting liability. Institutional receivables behave differently — a legacy institutional book twelve to thirty-six months old still reached 92.0% ultimate recovery, because the counterparty persisted.

Who should decide when a receivable moves to recovery?

Not the sales organisation alone. On a 481-account tranche tested in full, the value released matched the balance already beyond 240 days on every single account — the company retained everything younger. Recovery therefore only ever receives balances after they have crossed from roughly a third yield to under a tenth. Setting the assignment date by rule, with a written exception process approved outside sales, is the single highest-value change available.

Is settling an overdue dealer account worth it?

Usually, and earlier than most companies allow. On this book, settlements realised ₹2.23 crore against ₹4.65 crore of overdue — 47.8% on balances that would otherwise have produced nothing. The instrument works because it is used while the dealer still trades and still has something to protect. Structure it as instalments against a schedule and monitor adherence; an unmonitored settlement is simply a discount.

Where should a company look for concentrated credit risk?

By geography, against the manager responsible. On the book examined, six states of eighteen held 74.6% of the risk pool and one state alone held 25.4%. A problem distributed that unevenly reflects regional credit practice and supervision rather than dealer behaviour, which makes it a far smaller and cheaper intervention than a base-wide policy change. Most companies report exposure by customer and ageing bucket, never by territory.

How does seasonality affect dealer collections?

Substantially. Monthly collections on this book ranged from ₹0.82 crore to ₹0.09 crore — a ninefold swing driven by the crop calendar rather than by effort, peaking post-harvest and troughing mid-season. It implies three things: stock despatched after a payment window sits a full cycle before the dealer holds cash again, balances released into the trough are worked through months of low capacity, and credit reviews run on fixed dates compare dealers at different points of their own cycle.

Should legal action be used to recover from dealers?

As a later instrument than settlement, and with clear eyes about the economics. On this book ₹10.54 crore sat with dealers who acknowledged the balance and declined to pay, with ₹4.17 crore already in legal process. A suit runs for years and produces a decree that must still be executed against assets that may no longer exist. Leverage against a defendant is highest before a decree, which is why early settlement generally outperforms it.

How should trade channel receivables be provisioned?

Not on the same matrix as institutional receivables, and not on ageing alone. Age destroys recoverability in a dealer book because the counterparty disappears — 94% of balances beyond five years were classified as risk here. In an institutional book the

counterparty persists and only the paperwork decays. A provision built on ageing bands assumes the dealer still exists; on this book ₹6.33 crore was owed by businesses that had shuttered, absconded or lost their proprietor.

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About GGA India Private Limited

Operating since 2002, GGA India Private Limited is a revenue intelligence, assurance and realization firm — 200+ specialists across 17 cities. One logic runs across the firm:
Intelligence → Assurance → Realization.

Its operating idea is that receivables are an ownership problem before they are a finance problem. An invoice passes through business, procurement, accounts payable, finance, treasury and the bank; no one of those owners is accountable end to end. GGA is the one that is.

Four lines of business: **B2B Revenue Realization** (institutional, channel, project and government receivables), **India Desk** (foreign companies with Indian receivables), **Global Receivables Desk** (Indian exporters recovering overseas), and **Special Situations** (insurers, ARCs, factors, banks, alternative investors and TReDS — insurance trade claims, purchased debtor portfolios, post-default recovery).

Engagements run on a success-fee model. Client money never passes through GGA's accounts: debtors pay the client directly and GGA invoices its fee afterwards.

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