FOR INDIAN MSMEs · 6-MINUTE READ

THE RECONCILIATION GAP

You booked the sale. Can you prove the money landed?

How unmatched invoices, bank credits and marketplace payouts quietly lock up MSME working capital — and how purpose-built ERP closes the gap.

THE 2026 CONTEXT

₹60 lakh Crore	**₹8 lakh Crore**	**30–40%**
MSME Credit Gap	Payments Stuck With Buyers	Finance Time Spent Matching

**Bain & Company with NPCI Bharat BillPay, September 2026.*

Prepared by A3M Labs, Gurugram
Custom ERP · CRM · Sales & Bank Reconciliation · Payments
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The Argument In One Page

Most ERP conversations with Indian MSMEs start in the wrong place. Vendors talk modules. Promoters talk dashboards. Accountants talk GSTR-1. The money leaks somewhere quieter: between the moment a sale is booked and the moment cash is confirmed, allocated and closed.

That interval is the reconciliation gap. Marketplace payouts arrive net of commission and ads. UPI hits the bank two days later under a different reference. A buyer pays one lump sum against three invoices. GST, the books, the bank and the gateway each tell a slightly different story. Finance then spends the last week of the month reconstructing the truth in Excel.

This is not bookkeeping inconvenience. It is working capital you already believe you have earned — sitting in suspense, "misc. expense," or an ageing report nobody trusts enough to collect against. It is also why a healthy firm can look risky to a lender.

> **For the Promoter**
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> If your team cannot tell you tomorrow morning which invoices are unpaid, which settlements are short, and which bank credits are unallocated — you do not yet have an ERP. **You have a ledger with extra screens**.

Why the gap widened after digital payments succeeded

GST and e-invoicing professionalised the tax invoice. UPI professionalised collection. Neither professionalised allocation. When receipts were cheques, matching was slow but the volume was small. A growth-stage MSME now takes 400–2,000 inbound credits a month across current accounts, gateways and marketplaces. Reference numbers do not survive the journey. A gateway batches 87 orders into one credit. A marketplace settles a week as one payout that must be exploded back into orders, returns and advertising deductions.

Public rails solved the payment. They did not solve the match. A firm can be fully digital on collections and still close receivables in a spreadsheet.

Five matches that have to agree

Layer	Where it breaks
Sale vs tax invoice	WhatsApp confirmation, dispatch and GST invoice created by different people. Quantity or rate changes after the truck leaves.
Invoice vs payment	On-account advances, one payment against many bills, unilateral cash discount, unexpected TDS, payment from a group entity that is not the billed customer.
Instrument vs bank	Sales marks UPI or a payment link as "paid" before the current account moves. Bank narratives are truncated. Ticking printouts is not control.
Expected net vs payout	Marketplace and gateway credits arrive pooled, net of fees. Contractual cost and leakage get dumped into the same expense line.
Books vs GST / IMS	GSTR-1, 2B/IMS, IRN status and 26AS are ledgers the department already owns. Mismatch becomes a notice, blocked ITC, or a buyer who will not pay.

Intelligent settlement reconciliation is not a month-end report. It is the ability to take a commercial event, a tax document, a channel deduction and a bank credit — and either match them automatically or open a numbered exception with an owner, a due date and a rupee value.

What the leak looks like

Illustrative composite for a multi-channel firm of about ₹40 crore revenue — not a client case, not a guarantee. Even half of the first four lines funds a silent working-capital facility for customers, platforms and process error.

Where the money hides	Illustrative annual drag
Bank credits sitting in suspense	**₹18–35 lakh unallocated**
Marketplace / gateway short-settlement never split	**₹12–28 lakh**
AR that would move with a trusted weekly statement	**₹40–90 lakh stuck 30+ days**
GST mismatch and parked ITC	**₹8–20 lakh**
Accounts overtime and CA fire-fighting	**₹6–12 lakh**
Costlier or slower credit because MIS is unclean	**Optionality measured in crores**

Why the tools you already own do not close it

- **Tally-class accounting** is the right ledger for a CA. It stores a voucher. It does not run multi-source matching, an exception queue, or a channel P&L.
- **Excel** is where unmatched items go to hide. The close process becomes a person. When that person is on leave in GSTR-1 week, the firm discovers it never had a process.
- **Horizontal cloud ERP** often stops at "payment received." Marketplace connectors import orders more reliably than they explode payouts. Operations go live; cash stays in a side file.
- **Enterprise suites** can reconcile. The nine-month project usually cannot. MSMEs need the cash spine live first — orders, invoices, collections, bank, settlements — then inventory, production and HR.

What good looks like

1. **One commercial identity.** Billing entity, paying entity, GSTIN, marketplace seller ID and collection UPI sit on one customer — not four.
2. **Money lands in a matching engine, not a journal.** Bank files, gateway settlements and marketplace payouts are ingested. Rules close the obvious. The rest becomes an exception with a rupee value.
3. **Exceptions have owners and SLAs.** Sales owns "customer paid, no invoice." Accounts owns "bank credit, no advice." The promoter sees aged money, not noise.
4. **Channel fees sit next to channel collections.** Contracted commission, fulfilment, ads and TCS post to the P&L. Only the unexplained remainder stays in investigation.

5. **CRM and finance share the same truth.** A salesperson should see open invoices, unallocated credits and the last exception before asking accounts whether a dealer is clear to ship.

The same gap, different industries

Hospitality must match occupancy to OTA payouts and shift cash. Automobile dealerships must attach money to a VIN and a job card. Clinics must explode TPA bulk credits. Distributors live on running accounts and scheme goods. Real estate splits one payment across two units. Cooperatives must allocate every receipt to a member. The matching problem is the same. The document chain is not. That is why a generic module demo fails and a configured cash spine does not.

What A3M Labs implements

A3M Labs is a Gurugram based team that builds customisable ERP and CRM around the client's actual cash cycle — with particular depth in sales reconciliation, bank reconciliation and payment integration — for hospitality, healthcare, real estate, automobile, cooperatives and the wider SME segment.

You get	In practice
ERP cash spine	Orders, invoices, collections and financials on one process, configured to how the firm actually collects.
Sales reconciliation	Counter, field, gateway, marketplace and dealer running accounts matched. Short-settlement isolated, not buried.
Bank reconciliation	Statement ingest, rule-based match, unallocated-credit queue. Close does not wait for a printed passbook.
Payment integration	Links, gateway and UPI write back to the invoice they collected against. "Paid" in sales means visible in finance.
CRM on the same data	Follow-ups include outstanding and promises-to-pay. Collection becomes a customer conversation, not a back-office surprise.
Loan-readiness	Cleaner evidence for a credit officer. A3M Labs does not lend; it can refer eligible firms to trusted partners.

Delivery sequence that MSMEs survive:

Discover the cash spine → Clean the masters matching depends on → Go live on invoice–collection–bank → Add marketplace and gateway files → Only then extend into deeper operations.

Customise the irreversible local reality. Do not recreate every historical spreadsheet.

Eight Questions. No Spreadsheet.

If more than three answers are "I would have to ask," this is already a management issue.

1. What is the rupee value of bank credits not allocated to an invoice as of this morning?
2. Which three customers have the largest unapplied on-account balances — and why?
3. Last month's marketplace or gateway short-settlement: how much was contracted fees, how much unexplained?

4. Do sales and accounts use the same number when they say a dealer "has paid"?
5. Can you produce channel contribution that includes fees and returns, not just billed value?
6. How many hours did accounts spend last month matching bank statements by hand?
7. If your senior accountant took two weeks' leave, would month-end still close?
8. Would a lender understand your cash cycle from the MIS pack you can produce this week?

This month, before you buy a software

- Export last month's bank statement, invoice register, gateway settlements and marketplace payouts. Count unmatched items and their rupee value. That number is the business case.
- List the ten exception types that consume sales and accounts. If the list is longer than ten, you are describing symptoms.
- Ask a partner who has built sales and bank reconciliation to run those exceptions through a workbench — not a module demo.

Book a Reconciliation Diagnostic

One working session on your last 30 days of invoices, bank credits and channel payouts. You leave with a valued exception map and a 90-day cash-spine design — what custom ERP should take on first, and what it should not.

A3M Labs

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A3M Labs builds custom ERP and CRM for Indian MSMEs and does not lend. Credit-gap figures: Bain–NPCI, Sept 2026. Rupee impacts are labelled composites, not client results.