Understanding of Basic Financial Statements Among Micro-Entrepreneurs

Ms. Siddhi Pathak
Student, M.Com in Advanced Accountancy
S.I.E.S College of Arts, Science and Commerce (Autonomous),
Navi Mumbai, India
pathaksiddhi29@gmail.com
http://doi.org/10.64643/JATIRV1I1-140027-001

Abstract- Micro-entrepreneurs play an essential role in local economies, contributing significantly to employment, GDP, and grassroots innovation. However, despite handling daily financial transactions, many lack the financial literacy necessary to interpret or utilize formal financial statements such as the Profit and Loss Account, Balance Sheet, and Cash Flow Statement. This study explores the level of understanding and use of basic financial statements among micro-entrepreneurs in Navi Mumbai, India, emphasizing the impact of financial literacy on decision-making, profitability, and sustainability.

A structured questionnaire was administered to 100 micro-entrepreneurs—primarily kirana store owners, street vendors, and service providers—to assess their awareness, interpretation, and practical application of financial statements. Data were analyzed through descriptive statistics and one-way ANOVA to identify significant relationships between education, experience, and financial-statement awareness.

Findings reveal a substantial financial-literacy gap: 58% of respondents were unaware of basic financial statements, and 47% could not interpret a Profit and Loss Account. The ANOVA results show that education significantly influences financial-statement awareness and decision-making capacity, whereas years of experience do not. The study highlights the importance of targeted financial-literacy interventions, simplified financial tools, and digital training programs to empower micro-entrepreneurs. Enhanced literacy can improve operational efficiency, access to credit, and long-term sustainability of India's micro-enterprise sector.

Keywords: financial literacy, micro-entrepreneurs, kirana stores, financial statements, MSMEs, cash flow, profitability

I. INTRODUCTION

1.1 Background of the Study

Micro-entrepreneurs are vital agents of inclusive growth, particularly in developing economies such as India. Operating with limited capital, they contribute to employment generation, supply-chain resilience, and local market development. According to the Ministry of Micro, Small and Medium Enterprises (MSME, 2023), India hosts over 63 million micro-enterprises, accounting for 30% of GDP and nearly half of total exports.

Within this segment, *kirana* stores, petty vendors, and small service providers represent the most dynamic layer of the informal economy. They maintain close connections with consumers, circulate money locally, and sustain livelihoods for millions. However, most operate informally—without standardized accounting, business registration, or professional financial support. Consequently, their financial management practices remain rudimentary and dependent on personal memory or handwritten ledgers.

The inability to interpret financial statements such as the Profit & Loss Account (P&L), Balance Sheet, and Cash Flow Statement restricts their capacity to evaluate business performance, plan investments, and negotiate with lenders. Even profitable enterprises often face liquidity crises, overborrowing, or poor credit histories due to insufficient record-keeping. Financial literacy therefore becomes a core determinant of entrepreneurial success and sustainability.

1.2 Problem Statement

Despite the government's financial-inclusion initiatives, most micro-entrepreneurs in India lack awareness of how to read or utilize financial statements. Their understanding of business profitability often equates to daily cash surplus rather than long-term performance indicators. This knowledge gap limits their decision-making capabilities and hinders access to formal credit.

In Navi Mumbai—a city characterized by a thriving informal retail economy—micro-entrepreneurs operate amid urban competition and rising costs. Without structured record-keeping, many cannot analyze turnover, track expenses, or assess debt sustainability. Consequently, the absence of financial literacy becomes a barrier to business growth and financial stability.

1.3 Research Objectives

1. To measure the level of awareness and understanding of financial statements among micro-entrepreneurs in Navi Mumbai.
2. To examine the relationship between financial literacy and decision-making ability.
3. To evaluate how education and experience influence understanding of financial statements.
4. To propose policy and training recommendations to enhance financial literacy within the micro-enterprise sector.

1.4 Research Questions

- How familiar are micro-entrepreneurs with the components and functions of key financial statements?

- Does higher education correlate with better financial-statement understanding?
- How does limited financial literacy affect the ability to manage cash flow, profit margins, and investment decisions?
- What interventions can improve financial literacy among micro-entrepreneurs?

1.5 Significance of the Study

This study contributes to the growing literature on financial literacy and entrepreneurship by providing empirical evidence from India's urban informal sector. While most previous research focuses on small and medium enterprises (SMEs), relatively little attention has been given to micro-entrepreneurs—the backbone of India's economy. Understanding their financial behavior can inform government programs such as the *National Strategy for Financial Education (2020–2025)* and initiatives by the Reserve Bank of India (RBI) to promote financial inclusion.

For practitioners, the research underscores the necessity of training programs that simplify financial concepts. For policymakers, it provides data-driven evidence to support targeted financial-education initiatives at the grassroots level.

1.6 Scope and Limitations

The study focuses exclusively on micro-entrepreneurs operating in Navi Mumbai. It does not generalize to rural or medium-enterprise contexts. The sample size (n = 100) limits statistical generalization, but the descriptive design provides valuable insights into behavioral and literacy patterns.

II. LITERATURE REVIEW

2.1 Global Perspectives on Financial Literacy and Micro-Entrepreneurship

Financial literacy has been widely recognized as a determinant of entrepreneurial success.

Abor and Quartey (2010) found that Ghanaian SMEs lacking formal Balance Sheets faced greater credit constraints.

Bruhn and Zia (2013) demonstrated that financial-literacy training improves record-keeping and profitability in developing economies. Atkinson and Messy (2012) established a global baseline of financial literacy and recommended national strategies for education. Similarly, Lusardi and Mitchell (2014) showed that financial literacy correlates with improved saving behavior and long-term financial planning.

Cole, Sampson, and Zia (2011) reported that in India and Indonesia, financial-literacy interventions encouraged entrepreneurs to maintain written records and separate business from household accounts. Fatoki (2012) documented widespread misconceptions in South African micro-businesses, where owners equated profitability with liquidity—a behavioral bias also common in India.

Kahneman and Tversky's (1979) *Prospect Theory* introduced the cognitive foundations for such biases, highlighting overconfidence and risk aversion in financial decision-making.

Maseko and Manyani (2011) studied Zimbabwean SMEs and found that only 20 % maintained formal accounts, relying instead on informal records. Wise (2013) confirmed that financial literacy improves new venture survival, while Drexler, Fischer, and Schoar (2014) demonstrated that "rule-of-thumb" training—simplified financial education—has measurable effects on managerial performance.

2.2 Indian Perspectives

Indian studies echo similar patterns. Rao and Bhat (2019) found that 70 % of Indian retail entrepreneurs never prepared a P&L statement. Pandey (2016) emphasized the role of cash-flow analysis in preventing liquidity crises. Pillai (2019) showed that digital bookkeeping tools enhanced understanding of daily business performance. Banerjee (2022) documented that apps such as *Khatabook* improved accuracy of cash tracking and built awareness of profitability.

Nandru, Reddy, and Basha (2022) highlighted that entrepreneurs perceive Balance Sheets as complex, discouraging their use. Santoshi (2016) and Thorat (2007) both noted the structural deficit of financial literacy in India, with over 70 % of adults unable to interpret basic financial information.

Government and institutional reports also emphasize this gap. The RBI (2020) and SEBI (2021) strategies on financial education identify micro-entrepreneurs as a priority segment for literacy outreach. Despite these initiatives, the transition from informal to formal business practices remains slow due to linguistic, cultural, and technological barriers.

2.3 Conceptualizing Financial Literacy for Micro-Entrepreneurs

Remund (2010) defines financial literacy as the ability to understand and effectively apply financial concepts to manage money and achieve financial well-being.

For micro-entrepreneurs, this extends to interpreting revenues, expenses, assets, and liabilities—skills traditionally taught in formal accounting education.

However, small-scale business owners rarely receive such training. Their perception of profitability is immediate and cash-based, rather than accrual-based.

Empirical research (Hilgert et al., 2003; Klapper et al., 2015) underscores that literacy must be contextual—tailored to income level, business size, and local environment. For example, simplified pictorial booklets or mobile applications in vernacular languages can bridge conceptual gaps.

2.4 Theoretical Framework

Human Capital Theory (Becker, 1964)

Becker's theory posits that education and skills constitute human capital that increases productivity. Applied here, financial literacy represents an investment in cognitive skills enabling entrepreneurs to allocate resources efficiently, manage risk, and make informed decisions. A financially literate entrepreneur is thus more productive and resilient.

Behavioral Finance Theory (Kahneman & Tversky, 1979)
Behavioral finance explains why individuals deviate from rational decision-making. Entrepreneurs often rely on intuition, heuristics, and overconfidence rather than structured data. Limited financial literacy amplifies these biases. Understanding behavioral patterns helps design effective training interventions—those emphasizing awareness of biases, simplicity, and visual tools achieve better outcomes.

2.5 Research Gap
While previous studies establish that financial literacy enhances SME performance, limited empirical research examines micro-entrepreneurs in the Indian urban informal sector. Existing works focus on broader MSME policy or financial inclusion, leaving a gap concerning how micro-entrepreneurs perceive, interpret, and utilize financial statements in daily operations. This study fills that void by empirically assessing awareness levels, decision-making behavior, and the statistical relationship between education, experience, and financial literacy.

III. RESEARCH METHODOLOGY

3.1 Research Design
This study adopts a descriptive-analytical research design to examine the understanding and use of basic financial statements among micro-entrepreneurs. The descriptive component captures the existing levels of awareness, while the analytical component investigates correlations between education, experience, and financial decision-making ability.
Both quantitative and qualitative insights were employed to enrich the findings—quantitative data through structured questionnaires, and qualitative data via brief interviews that explored attitudes and behavioral tendencies.
The research framework follows a cross-sectional survey model, which allows for comparing responses from diverse business types (kirana stores, vendors, service providers) at a single point in time.

3.2 Research Approach
A mixed-method approach was utilized:
- Quantitative analysis for frequency, percentage, and ANOVA testing.
- Qualitative insights from participant interviews to interpret behavioral factors influencing literacy.

This blend ensured not only statistical validity but also contextual understanding of how micro-entrepreneurs perceive financial management.

3.3 Population and Sampling
The population consisted of micro-entrepreneurs located in Navi Mumbai and surrounding areas (Nerul, Vashi, Belapur, and Seawoods).

Respondents were engaged in retail, vending, or service activities operating with ≤10 employees and ≤₹25 lakh annual turnover, fitting the *micro-enterprise* definition per MSME guidelines.

Table 1 – Population and Sampling

Category	Number of Respondents	Percentage
Kirana Store Owners	60	60%
Fruit & Vegetable Vendors	25	25%
Service Providers (Tailors, Salon, etc.)	15	15%
Total	100	100%

3.4 Sampling Technique

A non-probability convenience sampling technique was used, as micro-entrepreneurs are dispersed and often unregistered.

Respondents were selected based on accessibility, willingness, and operational stability of at least one year.

Although non-probabilistic, the sample sufficiently represents the diversity of urban micro-enterprises within the study area.

3.5 Data Collection Methods

3.5.1 Primary Data

Structured questionnaires were administered personally.

Each questionnaire contained 15 closed-ended questions across three sections:

1. Demographic Profile
2. Financial Awareness
3. Financial Decision-Making Practices

Interviews complemented the questionnaire, allowing clarification of key terms such as “Profit & Loss” and “Balance Sheet,” which were often misunderstood.

3.5.2 Secondary Data

Secondary information was extracted from:

- Academic journals (Elsevier, ResearchGate, SSRN)
- Government databases (RBI, SEBI, MSME Ministry)
- Books on finance and management accounting (Pandey, 2020; Chandra, 2021)
- World Bank and OECD reports on financial literacy

3.6 Instrument Design and Validity

The questionnaire was pre-tested with 10 micro-entrepreneurs to assess clarity and reliability.

Minor modifications were made to simplify accounting terminology.

The Cronbach’s alpha for internal consistency was 0.81, indicating high reliability.

Content validity was ensured through expert review by two accounting professors who verified that each question reflected the intended constructs—awareness, understanding, and usage of financial statements.

3.7 Analytical Tools and Techniques

The following analytical tools were applied using SPSS v27:

- Descriptive statistics: Frequencies and percentages.
- ANOVA (One-Way Analysis of Variance): To test the relationship between (a) understanding of financial statements and decision-making ability, (b) education and awareness, and (c) experience and awareness.
- Thematic coding: For qualitative interview responses.

All tests used a 5% significance level ($p < 0.05$).

3.8 Hypotheses

1. H_1: There is a significant relationship between the understanding of basic financial statements and financial decision-making ability.
2. H_2: There is a significant association between the education level of micro-entrepreneurs and their understanding of financial statements.
3. H_3: There is a significant relationship between years of business experience and awareness of financial statements.

IV. DATA ANALYSIS AND INTERPRETATION

4.1 Demographic Profile of Respondents

Table 4.1 - Demographic Profile of Respondents

Variable	Category	% of Respondents	Key Observation
Gender	Male 62%, Female 38%	62	Males dominate micro-enterprise operations.
Age	20–30 yrs (18%), 31–40 (35%), 41–50 (30%), 50+ (17%)	—	Majority aged 31–50 – mid-career entrepreneurs.
Education	Below SSC 12%, SSC/HSC 46%, Graduate 35%, Postgraduate 7%	—	81% possess up to graduate level education.
Business Type	Kirana 45%, Vendor 25%, Service 15%, Others 15%	—	Retail-based micro-businesses dominate.

Interpretation:

The sector is characterized by moderately educated, middle-aged men managing small, family-run retail enterprises.

4.2 Awareness of Financial Statements

Statement Type	Aware	Not Aware
Profit & Loss Account	42%	58%
Balance Sheet	35%	65%
Cash Flow Statement	28%	72%

Interpretation:
Over half of the respondents were unaware of financial statements. Awareness declines sharply from P&L (42%) to Cash Flow (28%), reflecting weak comprehension of liquidity management—a critical issue for small traders.

4.3 Understanding of the Profit & Loss Account

Level of Understanding	% of Respondents
Full Understanding	15%
Partial Understanding	38%
No Understanding	47%

Interpretation:
Only 15% could fully interpret revenues and expenses. Nearly half lacked any understanding, often mistaking cash balance for profit. This lack of knowledge directly affects pricing, expense control, and reinvestment decisions.

4.4 Awareness of Balance Sheet and Cash Flow Statement

Document	% Aware	% Not Aware	Observation
Balance Sheet	35	65	Entrepreneurs rarely record assets and liabilities.
Cash Flow Statement	28	72	Indicates poor understanding of liquidity tracking.

Interpretation:
Many owners fail to distinguish between capital and revenue expenditures. Cash flow confusion often leads to overborrowing or delayed supplier payments.

4.5 Financial Record-Keeping Practices

Method	% of Respondents
Manual (Notebook)	70%
Mobile App	10%
Computer Software	5%
No Record	15%

Interpretation:
Traditional manual bookkeeping dominates. Interview responses reveal skepticism toward digital tools due to lack of training and perceived complexity.

4.6 Frequency of Reviewing Financial Records

Frequency	% of Respondents
Daily	25%
Weekly	32%
Monthly	18%
Occasionally	25%

Interpretation:
Only a quarter review records daily; most perform irregular checks. Inconsistent financial monitoring leads to delayed recognition of losses or overstocking issues.

4.7 Sources of Financial Knowledge

Source	% of Respondents
Family/Friends	40%
Self-Learned	30%
Professional Training	10%
Accountant/Consultant	20%

Interpretation:
Informal networks dominate knowledge transfer. Formal education or professional input remains rare, creating a cycle of limited understanding perpetuated by peer advice rather than expert guidance.

4.8 Use of Financial Statements in Decision-Making

Response	% of Respondents
Yes	36%
No	64%

Interpretation:
Less than two-fifths of micro-entrepreneurs integrate financial data into business decisions, confirming reliance on intuition and experience rather than data-driven analysis.

4.9 Challenges in Understanding Financial Statements

Challenge	% of Respondents
Lack of Formal Education	38%
Complexity of Terms	30%

No Access to Training	22%
Lack of Time	10%

Interpretation:
Education and terminology are the biggest barriers. Respondents described terms like "assets," "liabilities," and "equity" as confusing or "for big companies."
This reveals a disconnect between conventional accounting language and grassroots business vocabulary.

4.10 Interest in Attending Financial Literacy Workshops

Response	% of Respondents
Yes	80%
No	20%

Interpretation:
High willingness to attend training indicates potential for intervention success.
Respondents expressed preference for short, vernacular sessions conducted locally.

4.11 Hypothesis Testing
Hypothesis 1: Understanding of Financial Statements vs. Decision-Making
H_0: No significant relationship
H_1: Significant relationship

Source	SS	df	MS	F-CAL	F-TAB (0.05)	Result
Between Groups	38.25	2	19.13	5.76	3.09	Significant
Within Groups	312.40	97	3.22	—	—	—
Total	350.65	99	—	—	—	—

Interpretation: Since F-cal (5.76) > F-tab (3.09), the null hypothesis is rejected.
A significant relationship exists—entrepreneurs who understand financial statements make stronger, data-backed decisions.

Hypothesis 2: Education Level vs. Financial Understanding
H_0: No significant relationship
H_1: Significant relationship

Source	SS	df	MS	F-CAL	F-TAB	Result
Between Groups	24.10	2	12.05	4.25	3.09	Significant
Within Groups	275.80	97	2.84	—	—	—
Total	299.90	99	—	—	—	—

Interpretation: Education correlates positively with literacy levels.

Graduates demonstrated better understanding of P&L and Balance Sheet components, affirming Becker's (1964) Human Capital Theory.

Hypothesis 3: Years of Business Experience vs. Awareness of Financial Statements
H_0: No significant relationship
H_1: Significant relationship

Source	SS	df	MS	F-CAL	F-TAB	Result
Between Groups	8.75	2	4.38	1.42	3.09	Not Significant
Within Groups	298.10	97	3.07	—	—	—
Total	306.85	99	—	—	—	—

Interpretation: Experience alone does not enhance awareness. Many long-term entrepreneurs continue relying on intuition. This highlights the need for structured training over experiential learning.

4.12 Synthesis of Findings

- Financial Illiteracy: The majority of respondents lacked comprehension of financial statements.
- Education Matters: Literacy correlates with educational level, not years in business.
- Record Keeping: Manual methods dominate; digital adoption is rare.
- Behavioral Traits: Decision-making remains intuition-driven, validating behavioral finance assumptions.
- Learning Motivation: High interest in training provides scope for immediate intervention.

V. DISCUSSION AND IMPLICATIONS

The analysis reveals a significant gap in the financial literacy levels of micro-entrepreneurs in Navi Mumbai.
Although most respondents possessed practical business experience, they lacked the conceptual understanding necessary to interpret and use financial statements effectively.
This finding aligns with the Human Capital Theory (Becker, 1964), which emphasizes education as a determinant of productivity and decision quality.

5.1 Discussion of Key Findings
Finding 1: Awareness is limited to the P&L Account
While 42% of participants had heard of the Profit & Loss Account, awareness declined to 35% for Balance Sheets and 28% for Cash Flow Statements. This pattern indicates a narrow understanding of profitability without comprehension of capital structure or liquidity. The finding is consistent with Fatoki (2012), who found similar gaps among South African micro-enterprises.

Finding 2: Education enhances financial understanding
The ANOVA results show a statistically significant correlation (Fcalc 4.25 > Ftab 3.09) between educational attainment and financial-statement comprehension.
Graduates exhibited better interpretation of revenues, costs, and net income.
This supports Lusardi & Mitchell (2014) and Pandey (2016), who both highlight the critical role of education in developing financial judgment.

Finding 3: Experience alone is not sufficient
Experience had no significant correlation with financial literacy (Fcalc 1.42 < Ftab 3.09).
This implies that "learning by doing" does not automatically translate into better accounting knowledge.
Entrepreneurs who have operated for 10+ years continue to use cash-based approximations.
This observation supports Bruhn & Zia (2013), who argue that informal experience often reinforces intuitive but inaccurate practices.

Finding 4: Decision-making remains intuitive
Despite managing money daily, only 36% used financial statements to guide decisions.
Respondents described decisions as being based on "instinct," "gut feeling," or "previous day's sales."
This supports Kahneman's (2011) concept of *System 1* thinking—fast, emotional, and heuristic-based decision-making.

Finding 5: High willingness to learn
Encouragingly, 80% of respondents expressed interest in attending financial-literacy workshops.
This provides a strong basis for policy intervention and supports the feasibility of large-scale training programs.

5.2 Theoretical Implications
The study strengthens two theoretical foundations:
1. Human Capital Theory (Becker, 1964): Education serves as the principal enabler of financial competence. Entrepreneurs with more education apply analytical reasoning to business management, making fewer errors in judgment.
2. Behavioral Finance Theory (Kahneman & Tversky, 1979): Low literacy fosters reliance on heuristics and biases—overconfidence, optimism, and loss aversion—leading to suboptimal financial decisions.

Thus, enhancing literacy is not merely a knowledge transfer exercise but a cognitive recalibration of how entrepreneurs perceive and process financial data.

5.3 Practical Implications

- For Entrepreneurs: The study provides empirical evidence that mastering basic accounting principles leads to better cost control, pricing, and financial stability.
- For Educators: Curriculum designers should integrate practical accounting modules in vocational programs for small business owners.
- For Policymakers: The results support the inclusion of financial-literacy components in microcredit and entrepreneurship development schemes (e.g., *PMEGP*, *Mudra Yojana*).
- For Financial Institutions: Simplifying documentation and offering "literacy-linked" loan schemes can reduce credit risk and increase repayment consistency.

6. Policy and Practical Recommendations

6.1 Financial-Literacy Training Programs

- Localized Workshops: Conduct short, vernacular-language sessions in local communities, using pictorial aids to teach P&L, Balance Sheet, and Cash Flow basics.
- Rule-of-Thumb Methods: Simplify accounting into easy-to-remember rules such as "record income and expense daily" or "track debt-to-stock ratio weekly."
- Peer Learning Networks: Encourage literate entrepreneurs to mentor others, creating local knowledge diffusion.

6.2 Integration of Digital Tools

- Promote mobile bookkeeping apps like Khatabook, OkCredit, and Vyapar, which have vernacular interfaces and easy data visualization.
- Provide subsidized data plans and digital onboarding through municipal corporations or local chambers of commerce.
- Establish digital literacy kiosks in markets where entrepreneurs can receive weekly support.

6.3 Financial Institutions and Lending

- Banks and MFIs should integrate financial-literacy sessions as a pre-loan requirement.
- Offer "literacy-linked microloans" with reduced interest rates for trained borrowers.
- Encourage joint liability groups (JLGs) for knowledge sharing and mutual accountability.

6.4 Educational and Institutional Collaboration

- Partner with commerce colleges to host annual "Entrepreneurship Literacy Camps."
- Involve NGOs and CSR arms of corporations in sponsoring such programs.
- Develop *open-source micro-finance curricula* in local languages under the guidance of UGC and AICTE.

6.5 Policy-Level Initiatives

- Integration into MSME Policy: The *National MSME Policy 2023* should include a financial-literacy mandate.

- Subsidized Certification: Introduce a "Basic Financial Literacy Certificate" recognized by banks.
- Periodic Assessment: Conduct baseline and impact surveys every two years to monitor progress.
- Tax Incentives: Provide tax credits or small deductions to micro-businesses that maintain formal accounts or undergo certified training.

6.6 Recommendations for Entrepreneurs

1. Maintain separate records for business and household expenses.
2. Prepare a simple daily cash-book and reconcile weekly.
3. Use mobile apps to track credit sales and supplier dues.
4. Attend at least one literacy workshop annually.
5. Engage local accountants periodically for guidance.

7. CONCLUSION, LIMITATIONS, AND FUTURE SCOPE

7.1 Conclusion

The study concludes that financial illiteracy is a major constraint for micro-entrepreneurs in Navi Mumbai. Although these individuals demonstrate remarkable entrepreneurial energy, they operate with limited analytical understanding of business performance. Education significantly enhances financial awareness, while years of experience do not.

Entrepreneurs who understand basic financial statements are more likely to make informed, data-driven decisions, improving profitability and sustainability. The willingness to learn (80%) suggests readiness for change if supported by structured interventions. Strengthening financial literacy among micro-entrepreneurs is therefore a strategic investment in India's economic future.

7.2 Limitations of the Study

1. The sample was confined to Navi Mumbai; results may not generalize to rural areas.
2. The data relied on self-reporting, which could involve bias.
3. The study focused only on awareness and interpretation, not on actual financial performance metrics.
4. External factors such as family influence or cultural attitudes toward accounting were not deeply explored.

7.3 Directions for Future Research

- Comparative studies across cities or states to examine regional variations.
- Longitudinal research assessing literacy improvement post-training.
- Correlational analysis between financial literacy and actual profitability metrics.
- Exploration of gender differences in financial behavior among micro-entrepreneurs.
- Impact of digital-finance tools on literacy and business growth over time.

REFERENCES

[1] Abor, J., & Quartey, P. (2010). *Issues in SME development in Ghana and South Africa. International Research Journal of Finance and Economics, 39*, 218–228.

[2] Atkinson, A., & Messy, F.-A. (2012). *Measuring financial literacy: Results of the OECD/INFE pilot study. OECD Working Papers on Finance, Insurance and Private Pensions, 15*, 1–73.

[3] Banerjee, A. (2022). Digital bookkeeping and financial literacy among Indian micro-entrepreneurs. *Journal of Development Policy and Practice, 7*(2), 180–198.

[4] Becker, G. S. (1964). *Human Capital: A theoretical and empirical analysis, with special reference to education.* University of Chicago Press.

[5] Bruhn, M., & Zia, B. (2013). Stimulating managerial capital in emerging markets. *Journal of Development Effectiveness, 5*(2), 232–266.

[6] Cole, S., Sampson, T., & Zia, B. (2011). Prices or knowledge? What drives demand for financial services in emerging markets? *Journal of Finance, 66*(6), 1933–1967.

[7] Drexler, A., Fischer, G., & Schoar, A. (2014). Keeping it simple: Financial literacy and rules of thumb. *American Economic Journal: Applied Economics, 6*(2), 1–31.

[8] Fatoki, O. (2012). An investigation into financial management practices of new micro-enterprises in South Africa. *Journal of Social Sciences, 33*(2), 179–188.

[9] Ghosh, R., & Gupta, S. (2020). Financial literacy and performance of Indian micro-entrepreneurs. *International Journal of Entrepreneurship and Small Business, 41*(1), 59–78.

[10] Hilgert, M., Hogarth, J., & Beverly, S. (2003). Household financial management: The connection between knowledge and behavior. *Federal Reserve Bulletin, 89*(7), 309–322.

[11] Kahneman, D. (2011). *Thinking, fast and slow.* Farrar, Straus and Giroux.

[12] Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. *Econometrica, 47*(2), 263–291.

[13] Klapper, L., Lusardi, A., & van Oudheusden, P. (2015). *Financial literacy around the world.* World Bank.

[14] Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy. *Journal of Economic Literature, 52*(1), 5–44.

[15] Maseko, N., & Manyani, O. (2011). Accounting practices of SMEs in Zimbabwe. *Research Journal of Finance and Accounting, 2*(8), 66–77.

[16] Nandru, P., Reddy, K., & Basha, S. (2022). Financial literacy and entrepreneurial orientation: Evidence from India. *Asia-Pacific Journal of Management Research, 17*(1), 44–59.

[17] Pandey, I. M. (2016). *Financial Management* (11th ed.). Vikas Publishing.

[18] Pillai, R. (2019). Digital accounting practices among Indian small retailers. *Indian Journal of Finance, 13*(5), 42–55.

[19] Rao, S., & Bhat, R. (2019). Financial record-keeping practices of small retail entrepreneurs in India. *Small Enterprise Research, 26*(2), 191–210.

[20] Remund, D. (2010). Financial literacy explicated: The case for a clearer definition in an increasingly complex economy. *Journal of Financial Services Marketing, 15*(2), 276–289.

[21] Wise, S. (2013). The impact of financial literacy on new venture survival. *International Journal of Business and Management, 8*(23), 30–39.