



Original Research Paper

UNDERSTANDING BASIC ACCOUNTING PRACTICES IN MICRO ENTERPRISES: INSIGHTS FROM MIZORAM, NORTH EAST INDIA

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ABSTRACT

Every microenterprise must understand and use fundamental accounting procedures to guarantee that their operations operate effectively. Accounting procedures, in addition to improving a company's business success, also represent the results of its operations and the statement of financial condition. As a result, a thorough grasp of financial performance may assist microenterprises not only in evaluating and monitoring their business operations, but also in making key decisions. The goal of this article is to investigate the use of fundamental accounting techniques by microenterprises in Mizoram. Data were obtained from 200 microenterprise owners. The data were analysed in frequency and percentage form using The Statistical Package for Social Sciences (SPSS). The data revealed that the majority of microenterprises used a fairly rudimentary accounting system, keeping both cash and accrual accounting and documenting both electronically and manually. The study also revealed that the majority of microenterprises completed the accounting cycle by maintaining records of their daily business transactions and preparing financial statements at the end of the month, namely profit and loss account. With such well-maintained and full financial records, it is possible to make reasonable and good decisions, which may lead to corporate success. Furthermore, this study discovered that the most significant obstacles encountered by microenterprises were a lack of accounting expertise, as well as a lack of resources, absence of guidelines for record keeping and financial reporting and time to prepare financial statements for their operations. Therefore, in order to maximize the efficiency of their financial management and entrepreneurial growth, microenterprises were advised to enhance their accounting expertise and broaden their knowledge by enrolling in any training program or seminar on accounting procedures.

Keywords: Microenterprises, accounting practices, financial statement, record keeping, financial management.

I. INTRODUCTION

Every microenterprise must acquire knowledge of and practise fundamental accounting procedures in order for their operations to proceed smoothly. Accounting practises not only show the results of a company's operations and the statement of financial status, but they may also improve a company's business performance. Therefore, having a thorough understanding of financial performance may aid microenterprises in important decision-making as well as in evaluating and monitoring their economic activities.

Microenterprise as a form of entrepreneurship had been characterized as one of the major forces for job creation, further contributed to the economic growth, and their contribution was mainly depended on their performance. Kushnir (2019) explained that microenterprises are the lowest form of enterprises in terms of size that could be measured by either investment or employment or total assets of the firm. It was further explained that

microenterprise also have the flexibility of easy start and exit. Bruhn & McKenzie (2014) posited that the majority of the microenterprises in most countries remain as an informal entity. Microenterprises are usually small in size, however, they are responsive and capable of taking benefit of positions which larger enterprises are unable to embark on successfully.

Micro enterprises have little impact when considered individually because the annual turnover of an enterprise is not incomparable as to that of large and multi-national companies, but when considered collectively their impact may be significant and should not be ignored. One of the reasons for this considerable attention is that these enterprises have been found to have potential to generate employment and also to contribute to poverty alleviation in most countries even in India where social environments have worsened overtime due to increasing levels of unemployment as well as increasingly widening gaps of income inequality. According to Ozaret *al.*

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(2008), there has been an increase in interest and attention to the role of small businesses in the economy since the 1980s.

The fact that micro enterprises have played and continue to play a significant role in economies across the globe cannot be overemphasized. MSME sector has been creating 11.10 crore jobs (360.41 lakh in Manufacturing, 387.18 lakh in Trade and 362.82 lakh in Other Services and 0.07 lakh in Non-captive Electricity Generation and Transmission) in the rural and the urban areas across the country (India). Micro sector with 630.52 lakh estimated enterprises provides employment to 1076.19 lakh persons, which accounts for around 97% of total employment in the sector (MSME Annual Report, 2022-23). Biggeriet *al.* (1999) add that small and micro enterprises have been attributed with creating local possibilities and converting local funds into local investments.

Accounting is paramount in any business, even the smallest business needs to follow the accounting practices to analyze their performance by examining the sales and pricing policies as to know if the difference between the selling price and cost price generates enough margin i.e., profit. The accounting practices of the micro enterprises are routine in nature where the financial activities are gathered and recorded which is often limited to the preparation of cash book, debtor's book, creditor's book respectively since most of the small businesses cannot afford the complexities of detailed accounting. Micro enterprises follow different accounting system. They have a unique unrecorded accounting system (Mwangi, 2011) and they may follow the accounting practices directly or indirectly (Uddin et al, 2017). Application of accounting policies usually accounts for normal, practical application of accounting policies that occur within a business enterprise. To ensure the ease of understanding of the users of accounting records, the business should ensure the consistency of the adopted accounting practices which would also enhance the credibility of the same. Auditors depend upon steady accounting practice when inspecting a company's financial statements.

A sound accounting system does not simple means that good accounting records are kept but it is able to meet the information required by both internal and external interested parties. Maseko and Manyani (2011) suggested that for a small or micro business, accounting practices will include the maintenance of adequate Cash Book, Bank Accounts, Petty Cash system, irregular or regular preparation of Bank Reconciliation statement, Credit Policies with creditors for Purchases and with customers on Sales, Stock-keeping policy, Fixed Asset register and Budgeting for the entire business. The daily transactions of the business should be recorded. The process of recording and maintaining these books is known as book-keeping. Efficient financial managers dwell on the past and present in order to predict the future and for proper

evaluation and, comparison of financial activities. This research aims to investigate basic accounting practises among microenterprises because they are at risk of experiencing cash flow problems, wasting money, and missing out on possibilities to expand their company. Despite the fact that financial information can be used to assess performance, growth, financial condition, and the impact of poor decisions, a proprietary company's failure may be linked to insufficient accounting records.

Accounting practises are one of the most significant entrepreneurial skills that can assist microenterprise business operations succeed. Accounting practises are critical for SMEs in making better financial and management decisions. They also aid in the preparation of annual tax payments and the planning of the next stage in the business. However, multiple studies have demonstrated that the failure of small businesses, such as microenterprises, is primarily due to a lack of entrepreneurial abilities. Zotorvie (2017) agreed that inefficient use of erroneous accounting information to support SME owners' financial decisions can have an impact on the financial position and long-term viability of SMEs. According to Uddin et al. (2017), an accounting system is used to manage, monitor, and regulate a business's income, expenses, and other financial activities, including preparing for taxation and supporting organisational responsibilities. Mbroh and Attom (2011) noticed in additional instances that businesses that are interested in estimating their profitability should incorporate relevant accounting principles, concepts, rules, and standards to achieve uniformity of assessment. Furthermore, accounting records can help to improve business performance, and as Abdul-Rahamon and Adejare (2014) revealed, there is a substantial positive association between accounting records keeping and the growth of SMEs. In short, SMEs will be unable to understand the state of their businesses if accurate books of accounts are not kept. According to Dawuda and Azeko (2015), high costs in the involvement of qualified personnel make it very difficult for SMEs owners to maintain proper book accounts. In fact, they also failed to uphold proper account books to avoid tax payments. They assumed that the overall impact of poor financial record keeping is that the owners who provide strong financial statements could prevent them from conducting financial analysis to establish trends to find out whether their business is working properly or not. They are also unable to understand and foresee the business environment, and this is one of the indicators of business failure. Every microenterprise needs to learn and perform basic accounting practices to ensure that their business progress is running smoothly. Besides able to improve the business performance of a company, accounting practices also represent the result of operations of a company, as well as the statement of financial position. Therefore, by understanding financial performance very well might help the microenterprises not only to evaluate and monitor their business activities

but also facilitate them in a critical way to make a better decision.

II. REVIEW OF LITERATURE

The Dictionary for Accounting terms (Shim & Siegel, 2010), defines accounting practices as normal practical applications of accounting and/or auditing practices that occurs within a business. A firm's accounting practice refers to the method by which its accounting policies are implemented and adhered to on a routine basis (Businessdictionary.com, 2019). It is the day to day implementation of the accounting policies of an organization (Kenton 2021), the system of procedures and controls that an accounting department uses to create and record business transactions. Accounting practice should ideally be extremely consistent, since there are a large number of business transactions that must be dealt with in exactly the same manner in order to produce consistently reliable financial statements (Shim & Siegel, 2010). It exists as the daily recording of financial data that is important to the evaluation and monitoring of the firm's economic activities. It has been found that the majority of business enterprises are categorized in the microenterprise group.

Kushnir (2019) explained that microenterprises are the lowest form of enterprises in terms of size that could be measured by either investment or employment or total assets of the firm. It was further explained that microenterprise also have the flexibility of easy start and exit.

The Micro, Small and Medium Enterprises (MSMED) Act, 2016 stipulated that effective from 1st July, 2020, in India, microenterprises are characterized as an enterprise whose investment in plant and machinery or equipment is less than ₹ 1 crore and their turnover must be less than ₹ 5 crore subject to all sectors of services and manufacturing (MSMED Act, 2006, Revised Classification on 2020). An establishment must meet the requirement of either one of the two specified criteria, to be considered as an SME.

The majority of micro business do not fully used their accounting information because lacking business knowledge and accounting skills. This is proved by several studies that due to these main reasons, numerous micro businesses could not prepare and practiced comprehensive records of account (Mbroh&Attom (2011), Muteti et al. (2018), and the cost to hire professional and qualified accountants (Mbroh&Attom (2011), Amoako (2013)).

Mwangi (2011) in his study revealed that small and micro enterprises do have an unrecorded accounting system. He also states that the existence of informal trade in which small and micro enterprises thrive cannot be dismissed as transitory.

Maseko and Manyani (2011) investigated accounting record keeping practices for performance measurement employed by SMEs in Zimbabwe. The study revealed that SMEs do not keep complete accounting records because of lack of accounting knowledge and the cost of hiring professional accountants.

Amoako (2013), investigated the record keeping strategies utilized by SMEs in Kumasi (Ghana) through data based on responses to a structured questionnaire from 210 SMEs in Kumasi. The results revealed that SMEs do not maintain proper books of accounts because owners do not appreciate the need to keep accounting records, lack the necessary accounting knowledge and blame the cost of hiring accounting professional.

It was posited by Abdul-Rahamon&Adejare (2014) that the double entry system is important in creating a convenient relationship which permits an interim check of accuracy of recording work at any time during the process.

Bruhn and McKenzie (2014) posited that the majority of the microenterprises in most countries remain as an informal entity. Microenterprises are usually small in size, however, they are responsive and capable of taking benefit of positions which larger enterprises are unable to embark on successfully (Malaysia, B.N., 2015).

According to Mintahet *al* (2014) for good financial record keeping practices, an entity must keep records on purchases, sales, earnings, receipts and payments. The following books must therefore be kept; Purchases Journal/ Ledger, Sales Journal/Ledger, General Journal/Ledger, Debtors and Creditors Account, Cash/Bank Account.

Dawuda and Azeko (2015) stated that high costs in the involvement of qualified personnel make it very difficult for SMEs owners to maintain proper book accounts. In fact, they also failed to uphold proper account books to avoid tax payments. They are also unable of comprehending and anticipating the business environment, which is one of the markers of corporate failure. To ensure that their firm progresses smoothly, every microenterprise must study and practise basic accounting practises. Accounting practises, in addition to being capable of improving a company's business performance, also represent the results of operations as well as the statement of financial status. Understanding financial performance may therefore assist microenterprises not just in evaluating and monitoring their business activities, but also in making key decisions.

Lalhunthara (2015) in his study on the entrepreneurship in micro enterprises in Aizawl district revealed that the entrepreneurs do not keep proper records of their business transaction and most of them do not have training or skill development programme.

Uddin et al. (2017) studied the accounting practices of SMEs in Bangladesh. The research aims to examine and evaluate the current status of adopting and implementing the accounting systems and practices of SMEs in Rangpur region. The study reveals that accounting systems are followed directly or indirectly.

Zotorvie (2017) examined the financial accounting practices of SMEs drawing on a survey of 225 owner/managers in Ho Municipality. The results revealed that majority of SMEs failed to keep proper accounting records pertaining to their businesses. The major reasons for the entities failure to maintain proper accounting records and prepare a complete set of financial statements included high cost of hiring qualified accountants and lack of accounting knowledge on the part of some owner-managers.

Priskil&Fanai (2018) stated that the food and grocery shop owners of Mizoram do not go beyond basic products of banking services such as savings bank account, withdrawing and depositing cash, passbook, cheque book, ATM cards. They do not have proper records of their business transactions and therefore cannot determine their net profit.

Germain (2019) posited that SMEs perceive record keeping as a method of recovering initial investment in the form of cash at the end of the accounting period. However, if SME's accounting records are not maintained properly, long term sustainability of the business could be affected.

According to a study on Mizo women entrepreneurs by Lalnunthara, Jyoti Kumar &Laldinliana (2023), there is growing recognition of the critical role that women entrepreneurs play in economic progress, which is vital to the improvement of society and the economy as a whole. Despite being a small state with no large industry (Lalhunthara, 2019, Lalnunthara, Jyoti Kumar &Laldinliana, 2023), female entrepreneurs in Mizoram are growing, developing, launching a wide range of businesses, and enhancing the state's economy.

PrikilLalremruati&LalneihtluangiFanai,(2026), in their study revealed that educational institutions may introduce entrepreneurship-oriented education and practical training to encourage entrepreneurial attitudes among youth at early stage.

The above research studies were related to the accounting practices, application, adoption, importance and challenges of application of accounting practices and the profile of entrepreneurs in MSMEs in different parts of India and foreign countries. However, these studies may not be adequate to explain the real application of accounting practices by micro enterprises in Mizoram. There are very few studies of entrepreneurship in India which focused on their accounting practices. Though the studies conducted by Lalhunthara (2013), Rama Ramswamy (2010,2013), Lalnunthara, Jyoti Kumar

&Laldinliana (2023) elaborated different dimensions of entrepreneurship, their studies did not confine to the accounting practices of micro enterprises. Therefore, there exists a serious gap in the existing literature which prompted the researcher to take up the study with reference to accounting practices of the micro enterprises in Mizoram.

III. OBJECTIVES OF THE STUDY

1. To study the socio-economic characteristics of micro entrepreneurs and profile of micro enterprises in terms of form of business and period of establishment.
2. To study the basic accounting practices of micro enterprises in the current study.

IV. METHODOLOGY

This study used quantitative methods and data collected through a questionnaire where the forms were distributed to the respondents to investigate the implementation of basic accounting practices among microenterprises. The target population for this study were microenterprises came from variety of manufacturing and service enterprises located in Aizawl and Lunglei, Mizoram. Years of operation were considered in defining the subjects (micro-enterprise) of the study where micro enterprises who are operating for more than 5 years were considered for the study. A non-probability with convenience sampling technique was used in this study because it more suitable for researcher for approachability and nearness with respondents. A total of 200 owners of microenterprises had been participated. The data were analyzed using Statistical Package for Social Science (SPSS) version 22 for descriptive analysis such as frequency and percentage.

V. RESULTS AND DISCUSSION

This section demonstrated and accordingly explains results on microenterprises' demographic characteristics, accounting basis used and accounting practices.

Demographic characteristics and profile of micro enterprises

Table 1 demonstrates that most (59%) microenterprises are operated by male compared to female. Compared to the earlier studies on entrepreneurship, the high participation rate of women in the current study (49%) demonstrates that Mizo women today are growing more competent, ambitious, and confident in pursuing their entrepreneurial abilities and chances. In an overall analysis, more than one-third (56.5%) of the entrepreneurs' age were 40 and above. It is also interesting to note that some of entrepreneurs under the study have started their business at a young age regardless of the challenging task of managing the business. Many of the studies conducted on entrepreneurs in Mizoram shows that the entrepreneurs are mostly below 40 years. The reason for declining in the number of entrepreneurs with the increase in age may be that the Mizo people above 60 years of age want to live a retired

life and free from all the economic burden they shoulder for a long period.

With regards to educational qualification of the respondents (Table 1), it is observed that 30.5% of the entrepreneurs were Under Graduates, 30% accounted for Matriculates, 23.5% accounted for respondents completing Higher Secondary, 15.5% accounted for Post Graduates and only 0.5% accounted for respondents having MPHIL/PHD degree. This shows that educational qualification is also not a barrier for entry into micro enterprises but higher education is preferable for the smooth functioning of the business and acquiring technical knowledge and skills in maintenance of proper records of financial transaction. The level of education completed by the Mizo entrepreneurs is far better off compared with the other studies within the country and across the globe.

From the business background, it is observed that there were 54% sole proprietors out of the total respondents and family-owned business accounted for 46%. It is observed that the Mizo population's preference for nuclear families is causing a slowdown in the growth of

family-owned businesses. Due to their desire for independence and the ability to make their own company decisions, Mizo entrepreneurs are increasingly choosing to operate as sole proprietors.

It may be observed that 32.5% of the sample micro enterprises started their entrepreneurial career in and before 2000's. It is important to note that these company owners persisted in operating despite the challenging and troubling circumstances. It is accurate to state in this instance that the most crucial factor for company survival is determination, regardless of limitations and obstacles. Entrepreneurial ability, including accounting knowledge and skills, is one of the many factors that determine the stability, retention, and growth of business units. The biggest proportion of the micro enterprises i.e., 47% were in business for at least 5 to 10 years. The second biggest proportion of them which account to 25.5% were in business for 16 to 20 years. The percentage of the micro enterprises who were established for 11 to 15 years accounts to 20.5% of the total respondents and the table also shows that the sample who were in business for more than 20 years was 7% only.

Table 1: Demographic Information of Microenterprises

Variables	Category	Frequency	Percentage (%)
Gender	Male	118	59
	Female	82	41
Age	Less than 20 years	2	1
	21 - 40 years	85	42.5
	41 - 60 years	97	48.5
	Above 60 years	16	8.0
Marital status	Married	145	72.5
	Single	39	19.5
	Divorced	10	5
	Widowed	6	3
Educational Qualification	Matriculate	60	30
	Higher Secondary	47	23.5
	Undergraduate	61	30.5
	Postgraduate	31	15.5
	M.Phil./Ph.D.	1	0.5
Form of business	Sole Proprietor	108	54
	Family owned business	92	46
Period of establishment	5 - 10	94	47.0
	11- 15	41	20.5
	16 - 20	51	25.5
	More than 20	14	7.0
	5 - 10	94	47.0

Accounting basis, method and record keeper

Table 2: Accounting basis, method used for book keeping, method of recording and person responsible for record keeping

Variables	Category	Frequency	Percentage (%)
Accounting basis	Cash basis	86	43
	Accrual Basis	0	0
	Hybrid basis	114	57
Method used for recording	Manual/Register	119	59.5
	Computerized method	25	12.5

	Neither	56	28
Method of recording	Daily basis	126	63
	Weekly basis	10	5
	Monthly basis	8	4
	Not Prepared	56	28
Person responsible for record keeping	Owner	119	59.5
	Accountant	1	0.5
	Manager	22	11
	Sales personnel	2	1
	Not prepared	56	28

Table 2 presents, 43% of respondents used the cash basis of accounting while 57% used the hybrid basis. Table also showed that no respondents were exclusively using accrual based accounting. The study conducted by Zarandia et al. (2013) shows that accrual accounting basis was typically employed by large enterprises, but cash accounting basis was a common way for small businesses. The findings on this study clarified why the majority of owners utilized both accounting bases, depending on the circumstances and a number of factors, including taxation, credit transactions, and credit acquisition.

According to the survey, 59.5% of business owners opted for manual/register methods. The preference for manual recording may stem from concerns about fraud, financial disclosure, or perceived lack of benefits associated with digital accounting tools. Such gradual adoption of computerized methods can also be understood in the broader context of technology adoption, where managerial readiness, technological accessibility, and organizational support influence successful implementation (Singh & Kaur, 2025). By understanding the prevalent methods used for recording financial transactions, micro entrepreneurs can explore opportunities to enhance their accounting practices and improve financial management processes. While 12.5% of micro entrepreneurs were adopting computerized method for recording and 28% business owners did not record financial transactions at all. The implications from the findings is that Computerized Accounting System is also gaining popularity in a Tribal community like Mizoram as around 12% of the micro enterprises were adopting computerized method for recording their financial transactions. The Mizos are fast to learn and embrace new things, thus it is probable that the micro companies in the current research that use conventional methods of recording, i.e. manual, may soon integrate ICT for accounting-related tasks.

The table also illustrated that 63% of the micro enterprises recorded financial transactions on a daily basis and this implies that the entrepreneurs were very curious to know their financial transactions which is a positive attitude, just 5% of micro entrepreneurs recorded financial transactions on weekly basis and 4% of business owners documented financial transactions on a monthly basis. 28% of business owners failed to document financial transactions. This highlights the need

for improved recording practices to ensure accurate financial reporting and decision-making.

According to the responses concerning who was responsible for keeping financial records, 59.5% of businesses revealed that their owners themselves were in charge of this task. However, 11% of respondents have managers who handle the financial record keeping, compared to 0.5% who hired an accountant to do so. Only 1% of responses mention salespeople maintaining the records. The study found that the owner/manager is primarily in charge of recording transactions, and the accountant is also involved in recording transactions. The study indicates a high level of involvement and oversight of the owners in the accounting records and financial reporting process.

Basic Accounting practices by Microenterprises

Good records provide the financial data that help the business operate more efficiently, thus increasing the profitability. For good financial record keeping practices, an entity must keep records on purchases, sales, earnings, receipts and payments. The following books must therefore be kept; Purchases Journal/ Ledger, Sales Journal/Ledger, General Journal/Ledger, Debtors and Creditors Account, Cash/Bank Account (Mintah, E.K., Adjei, H., Mintah, C.O., & Okofo, C.A., 2014). A study was conducted to identify the books of accounts prepared by the micro enterprises in Mizoram.

With regards to preparing a Cash Book, the table indicated that 72% of the respondents keep Cash Book to keep track of their cash inflows and in terms of preparing Sales book 53% indicated that they do prepare a Sales book. In terms of keeping a Purchase Book, it is observed that 31% maintain a Purchase Book and 61% of the respondents keep an Expense Book. The table also shows that 47% of the respondents maintain a Debtor's Book while only 11.5% of the respondents maintain Creditor's book. The table further revealed that only 5% of the respondents maintain Fixed Asset Register while 7.5% of the respondents maintain Stock book for materials and in terms of keeping Payroll Records, the data shows that 11% of the respondents maintain it.

The findings inferred that all the micro enterprises under study had kept some sort of financial records. However, no entity kept complete records of financial records or books of accounts which are required to be prepared by them for their sustainability. As a result, preparing

financial reports for proper company evaluation is extremely challenging, given that accurate record keeping is the cornerstone of financial reporting. The most popular or common book of accounts prepared by the micro enterprises in Mizoram were Cash Book followed by Expense Book. Even though it is important to maintain and keep complete accounting records, micro

enterprises can be an exception since their turnover and revenues were very small as compared to other forms of business. So, having a bare minimum record may suffice to assist them in taking financial decisions. Besides, they might think these incomplete records are sufficient for them to carry on their business.

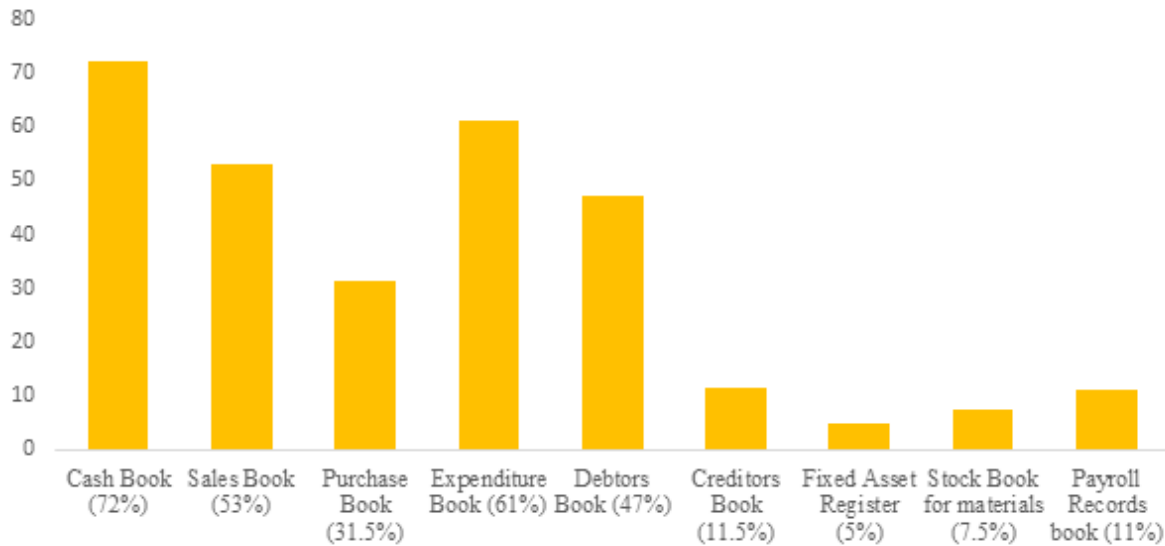


Fig 1: Books of Accounts Maintained by Microenterprises

Fig. 2 illustrates that microenterprises commonly prepared comprehensive income statement or known as profit and loss account (52%), whereas 10% prepared balance sheet and only 2.5% prepared statement of cash flow. Majority of microenterprises prepared

comprehensive income statement or known as profit and loss account. The failure to prepare financial statements by most of the micro enterprises was a result of incomplete account records maintained by the entrepreneurs.

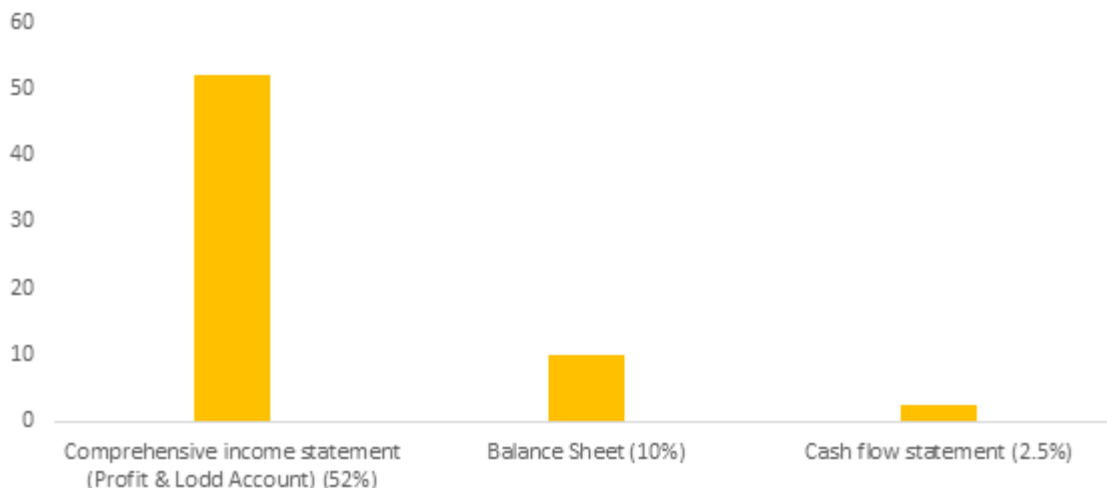


Fig 2: Financial Statement prepared by Micro enterprises

Reasons of preparing and challenges to prepare Accounting Records and Financial Statement

On the subject of reasons for preparing accounting recorded as presented in Table 3, 95.8% entrepreneurs in the present study felt that determining business

profitability contributes significantly to the purpose of preparing financial statements and accounting records. Around 95% of the respondents indicated that performance evaluation specifically determining financial position and financial performance is the main

reason why micro enterprises choose to prepare accounting practices. Only around 35% of the respondents agreed that their reason of preparing accounting reports is for tax obligations. Around 70% the respondents agreed that access to credit and finance also contributes to the purpose of maintaining accounting records. Over 90% of the entrepreneurs agreed that they prepare accounting records and financial statements to enhance their sustainability, to make effective and efficient decisions and to plan their future.

Table 3 shows that 85% of the respondents felt lacked accounting knowledge, requirement of more staff and

absence of guidelines posed a challenge in preparing accounting for business. These challenges are also relevant to technology-enabled accounting practices, as limited digital literacy, technology complexity, and inadequate technical support may hinder effective adoption and utilization of digital technologies (Patra & Singh, 2026). 78% faced cost constraints, and 75% were having the fear of discouragement in case loss. The other challenges included 62% facing time constraint and 61% who were having wrong perception about accounting and, 52% who were unable complete accounting record and 11% having the fear of the need to pay more tax.

Table 3: Reasons for preparing & challenges to prepare accounting records & financial statements

Variables	Category	Frequency	Percentage (%)
Reasons for preparing Accounting Records & Financial Statement	Determining profitability	138	95.8
	Performance evaluation	137	95
	Tax compliance	45	35
	Access to credit and finance	103	70
	Enhancing business sustainability	134	90
Challenges to prepare Accounting Records & Financial Statement	Time constraints	124	62
	High cost of hiring professionals	155	78
	Requirement of more staffs	170	85
	Lack of knowledge and expertise	170	85
	Difficult to maintain the system	104	52
	Fear of exposing business information	122	61
	Fear of paying more tax	22	11
	Fear of discouragement in case of loss	150	75
	Absence of guidelines	171	85

VI. MAJOR FINDINGS OF THE STUDY

Demographic Characteristics: The study revealed that most microenterprises in Mizoram are operated by males, with a high participation rate of women entrepreneurs showing growth and competence in the field.

Educational Qualification: Educational qualifications of the entrepreneurs varied, with a significant percentage being undergraduates, followed by matriculates and higher secondary completers. Postgraduates and those with MPhil/PhD degrees formed a smaller percentage.

Challenges Faced: The research highlighted various challenges faced by microenterprises in preparing accounting records and financial statements, including lack of accounting knowledge, cost constraints, fear of discouragement in case of loss, time constraints, and wrong perceptions about accounting.

Reasons for Preparing Accounting Records: The main reasons cited for preparing accounting records and financial statements were determining profitability, performance evaluation, access to credit and finance, and enhancing business sustainability.

Responsibility for Record Keeping: The study found that a majority of business owners themselves were responsible for keeping financial records, with a small

percentage having managers or accountants handling this task

VII. CONCLUSION AND RECOMMENDATIONS

The research showed that while the majority of business owners kept accounting records, they did not maintain all the necessary original entry books and therefore could not provide adequate information to prepare financial reports. This is due to their lack of knowledge of accounting and failure to hire professional accountants. The results also showed that owners did the accounting for the company themselves at the end of the period rather than designating a third party to do so. Some of them also prepared solely certain financial statement for their own interest.

The study highlights an opportunity for improvement in enhancing the accounting capabilities of micro entrepreneurs in Mizoram. By investing in educational initiatives and providing resources for skill development in accounting practices, small businesses can strengthen their financial management processes, leading to better business outcomes and long-term sustainability. In essence, it emphasizes the need for continuous learning and skill development in accounting practices among micro entrepreneurs to overcome challenges, embrace technological advancements, and drive business growth and success in the competitive business landscape. From the findings drawn from the study, it was recommended

that microenterprises should enhance their accounting knowledge and skills by enrolling in any training or seminar for accounting practises towards the efficacy of financial management and entrepreneurial development in order to prevent business failure.

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