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## Scoping Study Report

**Loaction:** Domchach Koderma, Jharkhand

**Submitted To:**

KS-NRO

**Submitted By:**

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# Chapter-1

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## INTRODUCTION

In a developing country like India, finding an opportunity for employment is the biggest challenge, so to get out of it, we need to develop a system which provides surety on the earnings therefore, micro-enterprises emerge as a source of providing non-farm livelihood opportunities throughout the year. Currently, the government is developing small-scale businesses through the Start-up Village Entrepreneurship Program nationwide.

The Start-up Village Entrepreneurship Program (SVEP) is a component of the National Rural Livelihoods Mission launched by the Ministry of Rural Development. It is designed to tackle poverty and unemployment in rural areas by promoting entrepreneurial endeavours among young people living in the countryside. SVEP's main goals are to create mechanisms for sharing knowledge, offering advice, and providing financial assistance to potential entrepreneurs. This program aims to identify and support rural startup founders, guiding them in establishing and maintaining successful enterprises over the long term.

For the sustainability of ME, we need to study all crucial aspects related to the health of ME (micro-enterprise). Here, I will discuss one part of the financial aspect: Micro-enterprise bookkeeping practices.

### **Bookkeeping and its importance for ME**

Bookkeeping is the systematic process of recording, organising, and managing a business's financial transactions. It is crucial for the development of micro rural-enterprises (small businesses with limited resources) for several reasons:

- Financial tracking and control of the investment, income and expenses.
- Bookkeeping to ME help in future for accessing the loan.
- It helps in budgeting and planning for the scale-up and diversification of business.
- We can control our costs by identifying the area through our records where we spend unnecessarily, and we can fix it immediately.
- Cash flow is significant in small businesses, and due to a lack of cash, many enterprises are closed.

- For long-term sustainability, micro-enterprises need to have a clear financial picture.

### **Scope of the study**

My study will cover the existing practices of record keeping by ME., and it will be based on the primary data which I collect. My research reveals the crucial aspect of adapting digital bookkeeping and the attitude and perception of the entrepreneur for the maintenance of records.

- Assess existing bookkeeping practices among rural enterprises (SVEP and non-SVEP).
- Understand entrepreneur's attitudes and perceptions towards data management and sharing.
- Understand entrepreneurs' attitudes and perceptions regarding adopting digital bookkeeping platforms.
- Recommend a suitable digital bookkeeping platform based on the findings.
- Prepare a prototype for a digital bookkeeping platform.

### **STAKEHOLDER IN THE STUDY**

For the digital bookkeeping of micro-enterprises, study stakeholders are ME, which is under the SVEP program, Non- -SVEP, and private enterprises in rural areas of Domchach block of Jharkhand.

### **LIMITATION OF MY STUDY**

- My study is based on a simple random survey, so it might not be the same census result in the study area.
- This study is only for the Domchach Block of Jharkhand, so it applies to the block area, especially for rural micro-enterprises. The scenario for the town and urban area may be totally different.
- The research is affected by social limitations such as people's willingness to participate and their perceptiveness, which means that the fairness of the study's participants is also a drawback. especially, in the case of private enterprises.

# Chapter-2

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## METHODOLOGY

### Research design

For the study of bookkeeping, perception and attitude regarding the digital bookkeeping practices of micro-enterprises, the study used the descriptive research design with the questionnaire as the main instrument for gathering data. My research design is based on a simple, random Sampling of the 110 micro-enterprises in the 14 villages of the Domchach block, and it reveals their existing record-keeping and willingness to adopt digital platforms for bookkeeping.

### Sample design

The study mainly uses primary data. Primary data has been collected using self-administered questionnaires from sampled ME units. The sample design is categorised into two main segments: SVEP and Non-SVEP. Within these segments, it is further broken down into three distinct sectors: trading, manufacturing, and services. The data collection process involves visiting individual shops, going door-to-door for each establishment, and collecting data on-site. Also, it involved the location wise difference in existing practice of records.

*Table 1 Sample design of ME for Scoping Study*

Category		Number of ME
Under] SVEP	Trading	40
	Manufacturing	20
	Service	30
Non-SVEP (Private)		20

### Research instrument

The survey method used to collect Data from ME and my questionnaire was divided into seven segments: 1. Background Information, 2. Business Information,3. Book Keeping in the current scenario, 4. Attitudes and Perceptions regarding bookkeeping, 5. Barriers to digital bookkeeping, 6. Attitude and perception regarding digital bookkeeping, and 7. SVEP intervention for ME. This questionnaire captures the major aspect of the scoping study.

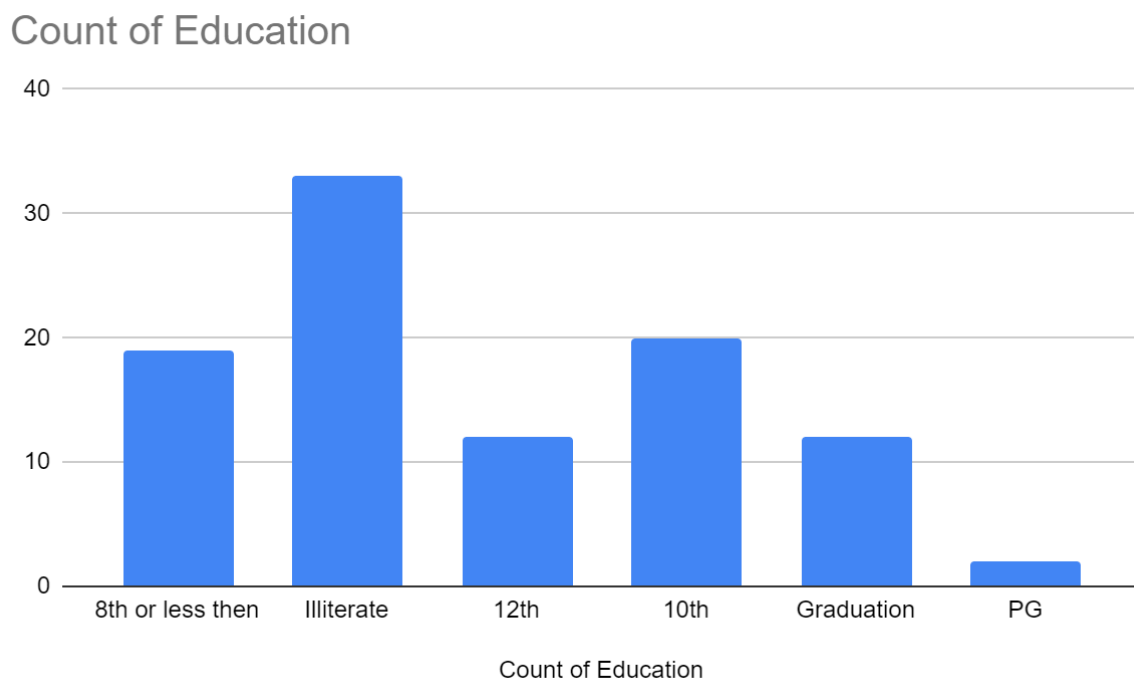
## Data Analysis

The analysis of data was conducted utilising Microsoft Excel, employing frequency distribution and percentages. The examination focused on comparing various practices adopted by micro-enterprises in the rural areas of the SVEP Domchach block.

In terms of capturing the participants' attitudes and perceptions regarding bookkeeping, general observational methods were employed. These methods aimed to glean insights into the behavioural aspects related to data recording for the advancement of micro-enterprises.

### Analysis of the data and findings:

#### Education and relationship with bookkeeping practices of micro-enterprises:



*Figure 1 Education and relationship with bookkeeping practices of micro-enterprises*

Graph, where the x-axis represents the education stages, and the y-axis represents the number of individuals. Each education stage will have a corresponding bar with a height corresponding to the number of individuals.

Observations:

Illiterate: The highest number of individuals falls into the "Illiterate" category, with 51 people.



Less than 8<sup>th</sup> and 10<sup>th</sup>: These categories also have a notable number of individuals, with 17 and 21 people, respectively.

12<sup>th</sup>, Graduation, and PG: These categories have lower counts, with "12<sup>th</sup>" having 10.

Findings:

Education plays a major role in maintaining bookkeeping records, and the village's geographical location also influences record-keeping because, in a remote area, there is a very low literacy percentage and no bookkeeping practices.

Market location specially business location

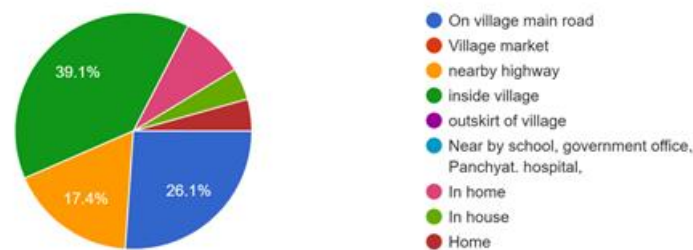


Figure 2 Business Location of ME

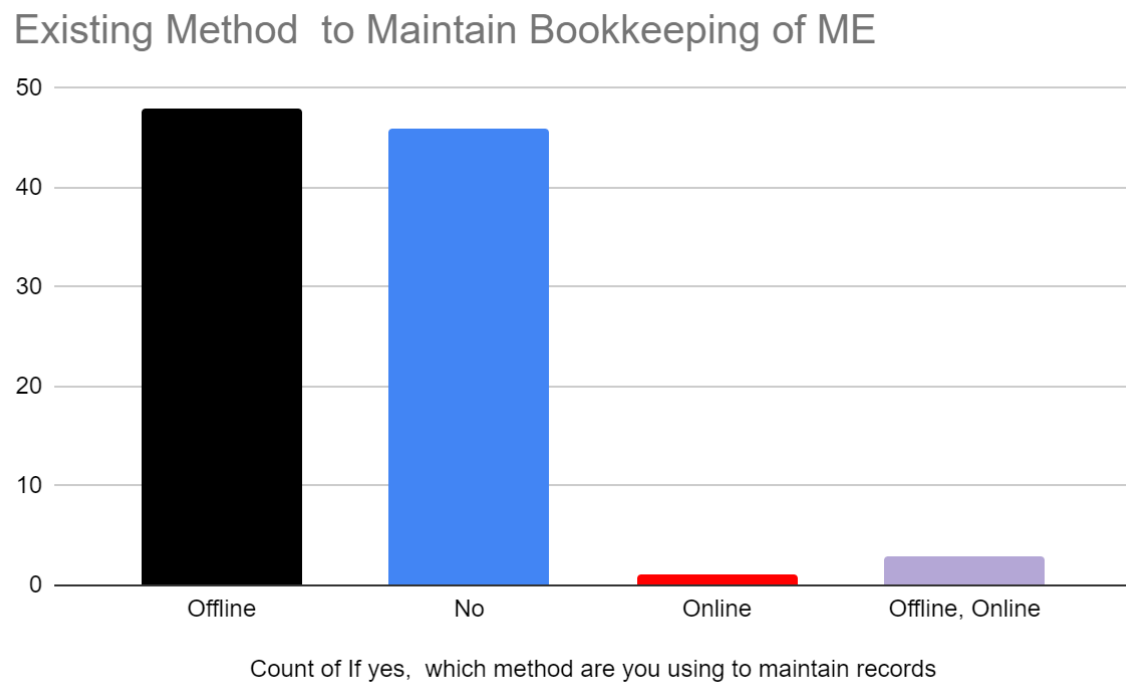
The village, ME, has different locations. The major locations are mentioned above, and I found during the study that those enterprises within a house's record-keeping do not have but only have the debtor record and those who were in the market and rented ME have some manual records.

- Education challenges result in limited financial literacy among micro-entrepreneurs. This can hinder their understanding of the importance of bookkeeping, making it difficult to maintain accurate bookkeeping records.
- Education challenges result in a lack of awareness of financial records and compliance requirements.

### Existing bookkeeping practices of ME in relation to education

The present bookkeeping practices of ME were manual, and during data collection, I found that ME under the SVEP program and people who are educated are properly managing the

bookkeeping, and those who are not educated are just formalising to complete the SVEP Day-book.



*Figure 3 Existing Record Keeping*

### **Offline Bookkeeping**

Manual Bookkeeping: Manual bookkeeping for micro-enterprises involves recording financial transactions using paper-based methods, and in this method, ME records the following types of data

- Debtor entry
- Inventory purchased bills
- Profit
- Cost of the product (only in special case eg. Manufacturing ME)
- Some manufacturing units have Cash Book

Day Book records graphical presentation

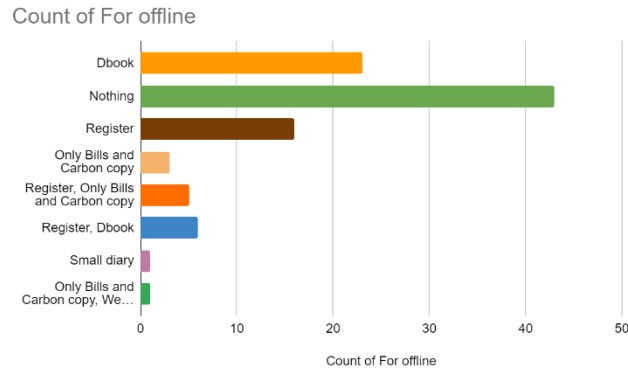


Figure 4 Day Book records graphical presentation

## Digital Bookkeeping of ME

During data collection from ME, I found that managing the record digitally is not possible because the owner of the ME is not educated and does not have digital devices in most cases and also, in a few cases, the shop is not operated by the persons who get GAT, BMT training.

Analysis from Data Collection-

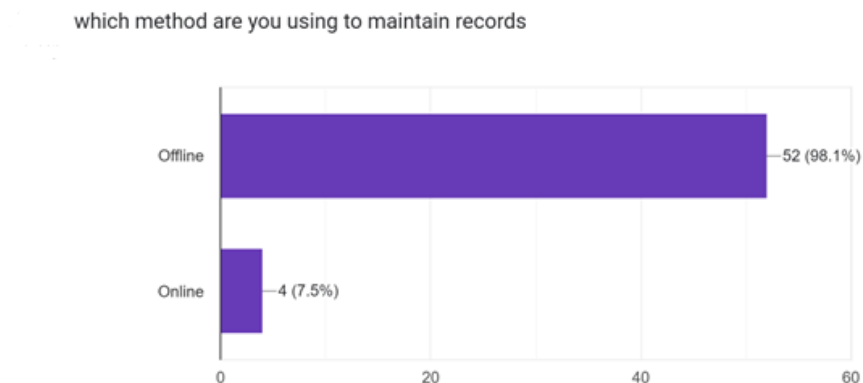


Figure 5 Record keeping Method

Out of 110 ME, 56 are maintaining the records, only 4 enterprises are known about digital bookkeeping, and 3 are private enterprises.

- No single shop using digital record keeping. Those four are using it, just aware of it. They have applications but are not in use.
- Major applications they are aware of OK credit, khata Book and Swalekha
- The feature which people most liked was the notification to the debtor if we set the timing

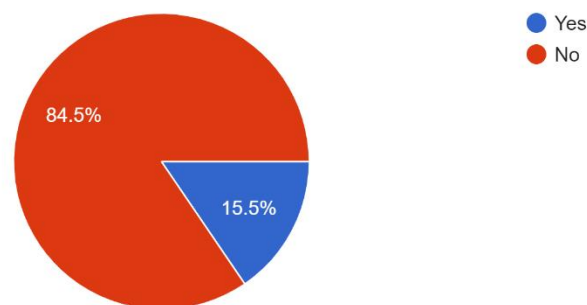
- Resistance to adopting digital bookkeeping practices may stem from a preference for traditional methods, fear of technology, or a lack of understanding of the benefits that digital tools can bring to the business.
- In the Domkach I see that the total electricity hours are 7 to 10 and in a day it is only a few hours also the network is a big constraint to using an online application which depends on the internet.
- People are comfortable with their present bookkeeping practice because they have been using for a long time and they are not interested in switching also, their earnings are not this much, to they can adopt the new application or software.

## Perception and attitude regarding bookkeeping

### Awareness of digital bookkeeping of Rural micro-enterprises

Are you aware of digital bookkeeping records?

97 responses



*Figure 6 Awareness of digital bookkeeping of Rural micro-enterprises*

- It is a tedious task and also time-consuming because the person who operates an ME business they are involved in multiple working at a time, so it is an essential reason for the record-keeping when we develop any recordkeeper; this point must be noticeable.
- People think they do not need to pay someone or for something, so why are we maintaining records.
- Whatever we purchase and sell, we remember everything, and we are not selling on the credit. Everything we sell is cash, so we do not need to maintain any record.
- Why do we maintain we do not need to show someone about our business.

- Individuals with a higher level of education have a more positive attitude toward bookkeeping, understanding its role in business management. On the other hand, those with limited education view it as a complex or unnecessary process.
- There is a fear or distrust of technology among micro-entrepreneurs in rural areas. Concerns about complexity, security, or the need for technical expertise can contribute to a negative attitude toward adopting digital bookkeeping.
- It is a boring process to maintain day to day record.

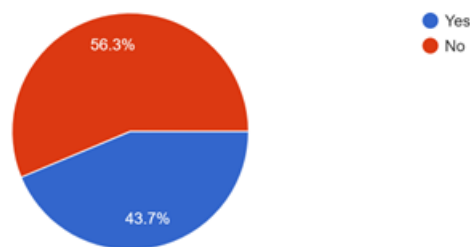
# Chapter-3

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## Recommendation

- According to my study on both SVEP and non-SVEP enterprises on digital bookkeeping implementation, we need to start training, or we need to make a curriculum with GAT and BMT because this SVEP program really influences the bookkeeping of ME.

If you are part of the SVEP program, has it influenced your bookkeeping practices and overall business management?



*Figure 7 SVEP influence on record keeping*

The pie diagram represents the approx. 50%, but it is a good number because those people who do not know about the record keeping they are aware and start maintaining the records properly before SVEP or Non-SVEP their record keeping is only debtor entry, but now for SVEP ME, it is a process to run business.

- Positive experiences with demonstrations and training on digital bookkeeping can shift perceptions. Practical exposure to user-friendly tools and success stories from similar businesses can inspire confidence and foster a more positive attitude.
- Micro-entrepreneurs are likely to embrace digital bookkeeping if they perceive tangible benefits, such as time savings, improved accuracy, and better access to financial insights. Highlighting these advantages can positively influence attitudes.
- The opinions and experiences shared within the community can shape individual attitudes. Positive endorsements from peers or community leaders who have successfully adopted digital bookkeeping can influence perceptions.

- Offering financial incentives or subsidies for adopting digital bookkeeping can positively impact attitudes. The prospect of cost savings or potential financial rewards can motivate micro-entrepreneurs to overcome initial resistance.

## **Prototype**

It is hard to capture each. Information in the one application, but I am trying to make a simple prototype of digital bookkeeping, so I am trying to make a prototype which tailored a specific needs according to localises people.

Creating a simple prototype of a digital bookkeeping system for micro rural enterprises involves focusing on user-friendliness, essential features, and accessibility. Below is a basic outline of a prototype:

### **Digital Bookkeeping Prototype for Micro Rural Enterprises**

Landing Page:

Welcome Message: A friendly welcome message explaining the purpose and benefits of the digital bookkeeping system.

User Registration: This simple registration form collects essential information such as business name, contact details, and location.

Dashboard:

Overview: A clean dashboard displaying key financial metrics, such as total revenue, expenses, and net profit for the selected period. It is similar to the DAY book, but it has an edit option for ME. They are able to edit if they put the wrong data.

Recent Transactions: A section showing the most recent transactions for quick reference.

Transactions:

Add Transaction: Intuitive form for adding new transactions, including fields for date, description, category (e.g., sales, expenses), and amount.

Expense Categories: Predefined categories for common expenses, making it easy for users to categorise transactions accurately.

Income Categories: Similar predefined categories for income sources to streamline the transaction entry process.

## Reports:

**Income Statement:** A simple income statement summarising revenue, expenses, and profit over a selected period.

**Expense Breakdown:** Visual representation of expense categories, helping users identify major spending areas.

## Settings:

**Profile Settings:** Users can manage their account details, including updating contact information and password.

**Notification Preferences:** Options for users to choose their preferred method of receiving system notifications (e.g., email, SMS).

## Help and Support:

**FAQ Section:** Frequently Asked Questions to provide instant guidance on common issues.

**Support Contact:** Contact information for customer support or assistance or recording a growth of ME according to their information

## Additional Features :

**Data Export:** Option to export financial data in common formats (CSV, Excel) for external use or record-keeping.

**Mobile Accessibility:** Responsive design or a dedicated mobile app for easy access from smartphones.

## User Onboarding (Tutorial):

**Tutorial:** A brief, interactive tutorial guiding users through the key features and functionalities of the digital bookkeeping system.

## Considerations:

**Language and Localization:** Ensure the system is available in local languages and considers the specific needs of the rural community.

**Offline Mode:** If possible, incorporate an offline mode to allow users to input transactions even without a constant internet connection.

**Security Measures:** Implement basic security features to protect user data and build trust in the system.

This prototype focuses on simplicity, ease of use, and functionality essential for micro-rural enterprises. It is important to gather user feedback during testing to make necessary adjustments and ensure the system aligns with the needs and preferences of the target users.



# Chapter-4

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## Conclusion

Following a thorough analysis of the data, the study concludes that the SVEP program has demonstrated a positive impact on altering the record-keeping practices of Micro Enterprises (MEs). However, it also emphasises that for the successful implementation of digital bookkeeping in MEs, further efforts and initiatives are necessary. Education, business environment, and village-wise location are also the influencing factors of the ME record-keeping practices. The study has also established that there is a direct relationship between record keeping and the education of entrepreneurs. During my study, there was no existing digital record keeping as such, and it was not possible to implement any digital solution directly. So we need to a prior training of ME about digital bookkeeping and also benefits about using it.

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## Appendices

### Background information

Name of the owner

- Age
- Education
- Household size
- Contact details

### Business Information:

- Name of the Micro-Enterprise:
- Business Location
- Have you started after the SVEP intervention? (yes or no)
- Year Established:
- Type of enterprises:

Under SVEP

Non-SVEP (government-supported)

Private

→ Which type of help was provided by SVEP (loan, business plan, bookkeeping, market identification, mentorship, funding, workspace, other)

→ Which group of JSLPS SHG are you engaged

Enterprise: Trading, services, manufacturing

Work of Enterprises

What do you do before starting an enterprise

Have you any prior experience running this business

Number of Employees:

## **Book Keeping in the current scenario**

Do you maintain any record of daily transactions? (Yes or no)

→ No, any reason for not recording the data

Yes, which method are you using to maintain records? In online what or if offline, what

(Manual only consciously, DAY book, register, other)

which type of data you are recording (Cash Flow Statements - Sales/Income Records - Expense Records - Inventory Records)

→ then the frequency of recording

## **Attitudes and Perceptions Regarding bookkeeping**

In your opinion, how has proper bookkeeping benefited your enterprise/it helps in

- a) Calculating profit
- b) Expansion of business or diversification in the business
- c) Budget allocation and planning for the future
- d) Comparison
- e) Other -----
- f) Not benefiting

If not benefiting, any reason—

What challenges or barriers do you face in maintaining proper bookkeeping records?

Are you interested in sharing business data with any third parties for the growth of your enterprises?

## **Some Barriers to the digital bookkeeping**

Digital devices

- Laptop
- Tablet
- Mobile
- Computer

Are you able to operate digital devices

- If not, why any reason

Your devices have internet connectivity

### **Attitudes and perceptions regarding digital bookkeeping**

Are you aware of digital bookkeeping records? Yes, can you tell me anyone,

- If you are aware of and not using it, then, are you interested in switching this present method of transaction recording to a new type

If not, are you willing to learn and start keeping the data digitally?

Which type of help you need to learn

### **Under the SVEP program**

If you are part of the SVEP program, how has it influenced your bookkeeping practices and overall business management? If yes, on a scale of one to five, how much score do you want to give

Daybook, is it beneficial to you?

Which type of benefit (in remembering creditor, profit, inventory selling, other)

Any problem with DAYbook?

Would you like to share something from your side related to bookkeeping or enterprises-related

### **Survey Link**

[https://docs.google.com/forms/d/e/1FAIpQLSfINJpSEaAHYGhGds0mMu1cmYxj8t4NVbnGxQNNqNBC42SXdw/viewform?usp=sf\\_link](https://docs.google.com/forms/d/e/1FAIpQLSfINJpSEaAHYGhGds0mMu1cmYxj8t4NVbnGxQNNqNBC42SXdw/viewform?usp=sf_link)

## Photo Gallery



