



DIGITAL ACCOUNTING AND ITS GROWTH IN INDIA

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Abstract: Accounting is the language of business. Traditional accounting practices such as maintaining of journals, ledger and other books require much time and may not be most efficient method for modern system of accounting. Accounting from traditional to modern have emerged a lot of technological changes. There is no doubt in saying modern system of accounting is more effective and more efficient. The modern accounting software market has seen a rapid growth from past few decades they are generating revenue over past years, in fact digitalization of accounting increased the need for accounting software, and update of software in regular intervals as and when new software is discovered. In 2020 the accounting software market globally valued at 12.01 billion dollars, which may increase to 19.59 billion dollars by the end of 2026.

Keywords: Digitalization, Digital Accounting, Tally ERP 9, Focus, Market, Software, Traditional Accounting, Modern Accounting, Cloud Computing, ERP, E-Business.

Introduction: Chanakaya introduced accounting system in India by giving its emphasis and importance in his book “Arthashastra”. Luca Pacioli an Italian published his work by name called “principles of Double Entry system of Book-keeping”. He is also known

as father of accounting. He gave the three golden rules of accounting which make the work of accountant more reliable and accurate. Due to globalization world has become global village. Opportunities are at high when one is ready with the essential knowledge skills. Companies are in search for the skilled professionals. Digitalization is also one of the process which brought and world on one roof. Digitalization is the process of transferring data to electronic format. Digitalization of accounting refers transferring of financial data form bygone to electronic format.

Computers and accounting software's are used to convert data into electronic data. Advancement in technology had enhanced the ability to interpret and report financial data at high speed, more effectively and more efficiently. Digital accounting can be classified into four main categories. They are Cloud Computing, E-Business, Enterprise Resource Planning (ERP) Systems and Digital Technology Advancements.

Digital accounting concept was established for more efficient taxation system. it is originated back in 2003 as a project of Federal Government to Modernize the Tax and Customs Administration. Later came the Electronic invoice (NF-e) and in 2009 the Digital Bookkeeping System (Sped). By 2015, the Digital Bookkeeping System Tax, Social Security, and Labor Obligations were introduced. Digital accounting does not mean that it will eliminate the routine work of an accountant; in fact it helps in enhancing the working power of an accountant. Accounting being the language of business means communication of information of business to the stake holders. Proper maintaining of accounts help in right planning , budgeting, cost control, reduction of errors and frauds, evaluation of performance etc., Due to the changes in technology 90% of accountants believe that they have to adopt modern accounting methods rather than going with traditional methods of accounting. Changes in market demands, client/customer demands, ongoing digitalization, and generational changes also forced the accountants to adopt modern system of accounting. The following are the first services rendered by accounting firms.

- 1) Auditing
- 2) Business advisory
- 3) Book – keeping
- 4) Tax payments
- 5) Payrolls etc.,

Clouding of accounting data is also the best platform for storing accounting information. Maintain of accounting data with the help of software make the work easy and more accessible, globally 67% of accounting professionals prefer cloud accounting. Some of the software used for accounting are given below.

- 1) Zoho Books
- 2) Focus
- 3) Generation Ex
- 4) Dec easy
- 5) Peach tree
- 6) Vyapal
- 7) Logic
- 8) My Books
- 9) Tally ERP 9
- 10) Quick books India

Our Prime Minister Shri Narendra Modi launched Digital India campaign in the year 2015 with a motto “POWER TO EMPOWER” in order to ensure the services of government are made available to citizens easily by electronic way by improving online transactions, infrastructure through increasing internet connectivity and by making the country empowered digitally.

The three main components of digital India are

- 1) Digital delivery of services
- 2) Digital literacy, and
- 3) Digital infrastructure

With a simple Aadhar Card Number a citizen can be a contributor to digital India.

Digital India works on nine pillars

- 1) Universal Access to Mobile Connectivity.
- 2) E-Governance: Reforming Government through Technology.
- 3) E-Kranti - Electronic Delivery of Services.
- 4) Broadband Highways.

- 5) Public Internet Access Programme.
- 6) Electronics Manufacturing.
- 7) IT for Jobs.
- 8) Information for All.
- 9) Early Harvest Programme.

With digital India project government started Jan Dhan Accounts for the citizens of India. Sectors such as, accounting, marketing, sales, customer service, production, operations, agriculture, etc., started using digital accounting, Digital Wallets such as UPI (Unified Payment Interface), such as paytm, phonepe, Google pay, BHIM app etc., are introduced, merchants and consumers is getting acquainted with digital payments. Within a short time large number of population, are comfortable in using with digital payments, digital payments are more eco friendly when compared to manual payments since, it benefits in various ways. According to 2020 census, approximately 207 banks made UPI available to their customers.

Objectives of digital accounting:

- 1) Systematic record: digital accounting helps in maintain systematic accounting records, which helps in understanding day to day transactions of a business concern in a systematic manner.
- 2) Protect the business: since accounting information is secured in a systematic manner it helps in providing security to business assets.
- 3) Profit and loss: since the work of accountant is made easy, it is very effortless for an accountant to show the position of profit and loss of business at regular intervals.
- 4) Balance sheets: the financial position of the business concern is know accurately by maintaining proper accounts and digitalization of accounting helps in knowing it.

Advantages of digital accounting:

- 1) One has to prepare the journal or pass the entry to subsidiary books, then the data will be automatically processed, into the trial balance, profit and loss a/c and balance sheet is prepared automatically which will reduce the work of an accountant.
- 2) Digitalization of accounting help in generating the financial statements , such as ratio analysis , cash flow statement , income statements, balance sheet, statements of shareholder's equity automatically .
- 3) The cost of maintaining the digital accounting is also less, hence it is cost effective , it make the work faster as compared with manual accounting, and can be stored in soft copies.
- 4) The consumption of time is also less when compared with manual accounting as most of work is done automatically.
- 5) In any circumstances if the data is lost, it can be easily retrieved as it is stored in soft copies.

Research Methodology

The study is an explanatory of digitalization in various fields.

Data collection: the study is based on secondary data and part of primary data; research is conducted by way of interview with professionals.

Statistical Analysis: the present research work deals about the increasing digitalization in the accounting field. Data is expressed as mean and standard deviation. The comparative data for operating period 2020-2021 for various fields where automation/digitalization is done is shown as under

Names	X	$x = X - \bar{X}$	x^2
Accounting	29	9.572	91.623
Marketing	28	8.572	73.479
Sales	27	7.572	57.335
Customer Service	25	5.572	31.047

Operations	15	-4.428	19.607
Production	9	-10.428	108.743
Others	3	-16.428	269.879
	$\Sigma X = 136$		$\Sigma X^2 = 651.713$

$$\bar{X} = \Sigma X / N = 136 / 7 = 19.428$$

$$\sigma = \sqrt{\Sigma X^2 / N} = \sqrt{657.713 / 7} = \sqrt{93.959} = 9.6932$$

Limitation of digital accounting:

- 1) Installation of digital accounting incurs heavy cost /expenditure .since the software need to update when ever new version is available
- 2) Most of the work is automatically done by the computer, hence there is a fear of unemployment increase
- 3) Failure of system can lead to delay in work
- 4) Digitalization of accounting requires training , whenever a software is updated which will again involve the cost/expenditure
- 5) No doubt digital accounting gives accurate results, but is does not have the capability of judgment and detect the error and frauds.
- 6) There is a danger of virus attack and hacking the software, which can lead to tampering of original records.

Conclusion: Digital accounting is making the accounting work easy, digitalization provides more effective skilled employees, and digitalization provides more accurate data. Digitalization of accounting provides immediate access to data; it also helps in increasing new clients, employees. Digitalization of accounting help in generating the financial statements , such as ratio analysis, cash flow statement , income statements, balance sheet, statements of shareholder's equity automatically

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