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## Impact of E- Accounting in India

\*Satish M Dhoke

\*\*Aruna G Pote

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### Introduction

**Concepts of E-accounting:** E-accounting is the application of online and internet technologies to the business accounting function. Similar to e-mail being an electronic version of traditional mail, e-accounting is "electronic enablement" of lawful accounting and traceable accounting processes which were traditionally manual and paper based.

E-accounting involves performing regular accounting functions, accounting research and the accounting training and education through various computer based/ internet based accounting tools, such as digital tools kits, various internet resources international web-based materials, institute and company databases which are internet based, web links internet based accounting software and electronic financial spreadsheet tools to provide efficient decision making.

Online accounting through a web application is typically based on a simple monthly charge and zero administration approach to help businesses concentrate on core activities and avoid the hidden costs associated with traditional accounting software.

E-Accounting is new development in field of accounting. In an electronic accounting system, source documents and accounting records exist in digital form instead of on paper,

E-Accounting might just be the beginning of a new era where world would be extending its arms to India with perspective that "India is the place which can deliver the best". So e-Accounting has visited India with a rainbow of opportunities.

E-accounting means all your transactions will record in online server or database thus eliminating the need to record transactions manually. It helps to increase our processing capacity, produce more work, engage more customers and grow our business. There are unique book keeping accounting software systems that enable us to maintain the books of accounts using various helping aids such as the national chart of accounts. Main problem in e-accounting is hesitation to learn something new but as number of transactions is increasing; it will be more popular in times to come. E-accounting has become important for true accounts professional. The high growth of information technology has created a vast number of situations that need studied potentials and draw backs of e-accounting. Technologies for gathering, storing, manipulating, and communication data is in full swing to revolutionize the accounting & financial information.

E-accounting concept is adopted at International level. There are large number of companies who started e-accounting. The International Accounting Standards Board is also in favour of e-accounting. It is developing new standards which can be utilized for e-accounting at international level. The international Federation of Accountants is searching all the tools of e-accounting for quality accounting education and its development. There are long list of international accounting organizations, who is supporting e-accounting such list includes - The UK's Financial Reporting Review Panel, The UK and Irish Auditing Practices Board, American Accounting Association (AAA) Association of chartered Certified Accountant's etc.

**Characteristics of E-Accounting:** E-accounting can be recognized by the following characteristics which all make for a much more efficient accounting process.

- (i) The ability to use the common software-based office tools online.
- (ii) Multi uses access
- (iii) Multi-site access
- (iv) Zero system administration for end – users
- (v) Very economical to provide services to large number of clients.

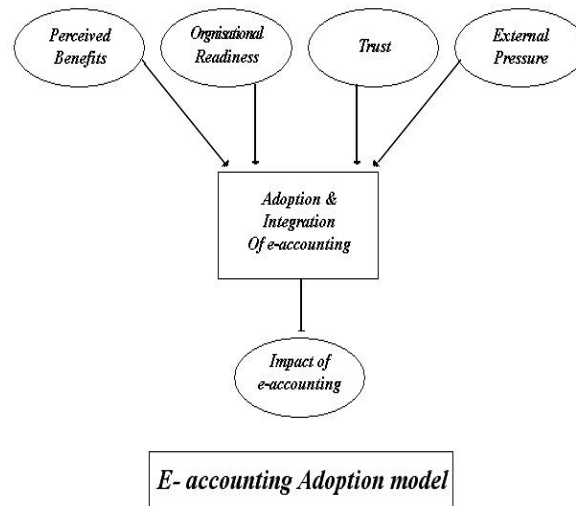
**E-accounting Model:** Hart and Saunders have developed e-accounting model, explaining impact of e-accounting. They identified four factors - perceived benefits, organizational readiness, external pressures and trust –as the main reasons that could explain the e-accounting adoption behaviour of small firms and the expected impact of the technology. Of these factors, external pressure and

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\* Assistant Professor ; Moreswar Arts Science, & Commerce College, Bhokardan, Dist-Jalna.

\*\*Research Students: Department of Commerce, Dr. B. A. M. U, Aurangabad

organizational readiness were considerably more important than perceived benefits and trust. Their model is as below.



#### **Uses of E-accounting:**

- (i) Accounts payable
- (ii) Accounts receivable
- (iii) Payroll
- (iv) Job costing
- (v) Financial write-up and reporting
- (vi) Bank and account reconciliations
- (vii) Quarterly tax reporting
- (viii) Compliance reporting
- (ix) Tax return preparation
- (x) Internal financial consultant
- (xi) Provide insight, courses of action
- (xii) Facilitate future planning and growth.

#### **Benefits of E-Accounting:**

- (i) No need of in house book keepers, training and expertise.
- (ii) No communication difficulties between the accountant and business owner.
- (iii) The cost is low.
- (iv) Save time and money.
- (v) No software is required to be downloaded and installed.
- (vi) Gain greater control of finances by moving from paper records to computerized accounting software.
- (vii) Transactions that affect the company's Bank account can be sent automatically to the online accounting application.

#### **Problems in E-Accounting:**

- (i) **Data security:** All your data resides on a remote server : however, a backup can be taken regularly.
- (ii) **Speed :** Most of the currently available online office suites require a high broadband Internet connection.
- (iii) Lack some features available on the offline office suites: but this is progressively becoming available (MS LIVE, Google online-suite, Think free, Zoho Office, Internet Office. Biz and e Desk Online)
- (iv) A network connection (Usually Internet access) is required to send and receive changes. That is, internet dependence makes it more difficult to work offline.

#### **Conclusions:**

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The contribution of this study will be twofold. First, the contribution of this study lies in the empirical analysis of the determinants of e-accounting adoption. The results of the study may give some evidence on the managers' intentions of small and medium-sized accounting agencies towards e-accounting and thus predict future as of e-accounting systems. Second, this study aims at providing some understandings of the actual benefits of the use of e-accounting systems. This study is limited to small and medium-sized accounting agencies of which some adoption factors, assumed to be relevant in this context, are tested, There is a danger that additional significant factors have not been included in the study, and any comments and suggestions for further improvements on this ongoing research project are very welcome

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