

Analysis on India's Progressive Step towards Imbibing Digitalisation into the Study of Accounting

Shweta Pathak¹, Kadam Prerana², Khan Shariya³

Asst. Professor¹ and SYBMS^{2,3}

Uttar Bhartiya Sangh's Mahendra Pratap Sharda Prasad Singh College of Commerce & Science, Mumbai, Maharashtra

Abstract: *Accounting serves as the primary means of communication in the commercial world. Conventional accounting methods, such as maintaining journals, ledgers, and other documents, are time-consuming and may not be the most effective way for a modern accounting system. The field of accounting has witnessed numerous technological advancements during its shift from traditional to modern practices. Undoubtedly, the modern accounting system is more effective and efficient. The accounting software industry has experienced rapid growth in recent decades. The digitization of accounting has led to greater demand for accounting software, as well as the need for regular program updates to incorporate new discoveries. In 2020, the global accounting software market had a value of 12.01 billion dollars, and it is projected to reach 19.59 billion dollars by the close of 2026.*

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

I. INTRODUCTION

Chanakya, in his essay "Natyashastra," underscored the imperative need of implementing accounting systems in India. Luca Piccioli, an Italian, published his work titled "Principles of Double Entry Method of Bookkeeping." He is also considered the founding figure of accounting. He introduced three essential accounting principles that enhance the reliability and accuracy of accountants' work. Due to globalization, the world has become significantly smaller, resembling the size of a small village. When a someone possesses the requisite information and skills, several opportunities become available. Corporations are seeking skilled and capable professionals. Digitalization is a global phenomenon that has unified the planet. Digitalization refers to the process of transforming data into electronic form. Accounting digitization is the transformation of financial information from physical documents into a digital format. Computers and accounting software are utilized to transform data into electronic format. Technological improvements have enhanced the ability to rapidly, efficiently, and effectively examine and report financial data. Digital accounting encompasses four primary domains. The topics include Cloud Computing, E-Business, Enterprise Resource Planning (ERP) Systems, and Advances in Digital Technology. The concept of digital accounting was devised to establish a more streamlined taxes system. Commenced in 2003, the initiative aimed to modernize the Tax and Customs Administration under the Federal Government. Subsequently, the Electronic Invoice (NF-e) was introduced, and in 2009, the Digital Bookkeeping System was implemented. (Accelerated). The Digital Bookkeeping System for Tax, Social Security, and Labour Obligations was introduced in 2015. The implementation of digital accounting does not imply the elimination of an accountant's regular duties; instead, it enhances an accountant's efficiency and productivity. Accounting serves as the primary means of communication in the commercial world.

Company communication is the distribution of important business information to individuals or groups who have an interest or investment in the company. Effective account maintenance facilitates accurate planning, budgeting, spending management, error and fraud reduction, performance evaluation, and other related tasks. Due to technological developments, 90% of accountants indicate that they are required to utilize contemporary accounting procedures instead of traditional accounting approaches. Accountants have been driven to adopt new accounting systems due to changes in

market needs, client/customer expectations, continual digitization, and generational shifts. The primary services offered by accounting firms are as follows.

- 1) Examining
- 2) Advisory Services
- 3) Record-keeping
- 4) Tax obligations
- 5) Payrolls and so on

Financial information Cloud computing is an excellent platform for storing accounting data. Utilizing software to manage accounting data simplifies and enhances accessibility of the process. Globally, 67% of accounting professionals prefer cloud accounting. Here are a few instances of accounting software.

- 1) Google Books
- 2) Concentration
- 3) Generation Ex
- 4) Simple Dec
- 5) The peach trees
- 6) Vaal
- 7) Logic
- 8) My Books
- 9) Tally ERP 9
- 10) India Quick Books

In 2015, our Prime Minister, Shri Narendra Modi, launched the Digital India program with the tagline "POWER TO EMPOWER". The aim was to ensure that government services are readily available to citizens through electronic means by improving internet infrastructure. Enhancing internet connectivity and promoting digital empowerment to support trade and infrastructure.

- 1) Digital service delivery is a fundamental element of the digital India initiative, with two other key components.
- 2) Proficiency in using digital technologies and understanding how to navigate and utilize them effectively.
- 3) Cyber infrastructure

An individual can make a contribution to the Digital India initiative by providing their Aadhar Card Number. Digital India is constructed upon nine foundational principles.

- 1) Universal Mobile Connectivity.
- 2) E-Governance: Utilizing technology to modernize and improve government operations.
- 3) E-Kranti – Digital Service Delivery
- 4) High-speed internet highways
- 5) Public Internet Access Program
- 6) Manufacturing of electronic devices.
- 7) Information Technology for Employment.
- 8) General Information
- 9) The Early Harvest Program

The government initiated the Jan Dhan Accounts for the Indian populace as a component of the digital India plan. Various industries, including accounting, marketing, sales, customer service, manufacturing, operations, agriculture, and others, have started adopting digital accounting and digital wallets like UPI (Unified Payments Interface). With the introduction of payment interfaces like Paytm, Phoneme, Google Pay, BHIM app, companies and users are becoming increasingly familiar with digital payments. Within a brief timeframe, a substantial proportion of individuals have acquired familiarity with digital transactions. Digital payments are ecologically advantageous compared to manual payments due to their multifaceted benefits. Based on the 2020 census data, approximately 207 banks provided Unified Payments Interface (UPI) services to their customers.

II. OBJECTIVES OF DIGITAL ACCOUNTING

- 1) Systematic documentation: digital accounting facilitates the maintenance of organized accounting records, which enhance the comprehension of daily firm activities.
- 2) Safeguarding the business: By organizing accounting information in a systematic manner, it helps to ensure the protection of company assets.
- 3) Profit and loss: Due to the simplified nature of the accountant's role, it is highly straightforward for them to regularly report the financial status of the organization in terms of profit and loss.
- 4) Balance sheets provide an accurate understanding of a business's financial condition, and the use of digital accounting tools facilitates this understanding.

III. ADVANTAGES OF DIGITAL ACCOUNTING:

- 1) Accountancy is the act of transforming a financial statement into a journal entry.
- 2) The process of digitizing accounting facilitates the automatic creation of financial statements, including ratio analysis, cash flow statement, income statements, balance sheet, and statements of shareholder's equity.
- 3) Digital accounting incurs cheaper maintenance costs, resulting in increased cost efficiency. Additionally, it enhances labor efficiency in comparison to manual accounting and can be stored in digital formats.
- 4) Time efficiency is enhanced in comparison to manual accounting due to the automation of most tasks.
- 5) Regardless of the circumstances, if the data is lost, it may be promptly recovered as it is stored in digital format.

IV. THERE ARE SOME LIMITATIONS ASSOCIATED WITH DIGITAL ACCOUNTING

- 1) The use of digital accounting results in substantial costs. Since a new version is available, the application needs to be updated.
- 2) Due to the computer's significant role in performing tasks, there is apprehension regarding the potential increase in unemployment.
- 3) Work delays may occur due to system breakdown.
- 4) The process of converting accounting to a digital format requires training whenever a program is upgraded, which increases the overall cost.
- 5) Although digital accounting generates accurate figures, it is incapable of making subjective decisions and detecting mistakes and fraudulent activities.
- 6) The presence of viruses and software hacking poses a risk of unauthorized alteration of original records.

V. CONCLUSION

Digital accounting streamlines accounting tasks, provides highly skilled personnel, and delivers precise data. Accounting digitalization enables immediate data access and improves efficiency. New clients and personnel are being included. Accounting digitization facilitates the automated production of financial statements, including ratio analysis, cash flow statement, income statements, balance sheet, and statements of shareholder's equity.

Undoubtedly, the modern accounting system is more effective and efficient. The accounting software industry has experienced rapid growth in recent decades. The digitization of accounting has led to greater demand for accounting software, as well as the need for regular program updates to incorporate new discoveries.

REFERENCES

- [1]. <https://www.researchgate.net/journal/The-International-Journal-of-DigitalAccounting-Research-1577-8517>
- [2]. [https://www.emerald.com/insight/content/doi/10.1016/S1474-7979\(02\)05035](https://www.emerald.com/insight/content/doi/10.1016/S1474-7979(02)05035)
- [3]. <https://www.outlookindia.com/outlookmoney/tech-toys/digital-accounting-is-thefuture>