



Impact Factor: 4.081

## Double Entry Accounting System is Necessary for Anandadhara Group's(WBSRLM)

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### ABSTRACT

The accounting system followed by the SGSY and SHG's needs scientific changes. Maximum Ananadhara Groups formerly SGSY's and SHG's follow a traditional accounting system which is unique. Double-entry bookkeeping is an accounting technique that records a debit and credit for each financial transaction occurring within a company. It is seen clearly through the use of a T-account or through the accounting equation -- assets equal liabilities plus shareholders' equity. Double-entry bookkeeping started in Italy but is now used globally. It is important in maintaining an accurate financial system. Companies benefit greatly from using double-entry bookkeeping because it aids in accurate financial reporting and reduces errors and fraudulent activity. Wide variation is found in the preparation of six books of accounts maintained by Ananadhara Groups. This type of variation must hamper the actual objectives of the accounting aspects of Ananadhara Groups. So it is necessary to incorporate the Double Entry System in the Accounting Side of the Ananadhara Groups.

**KEY WORDS:** SGSY, SHG, Unique Accounting System, Double-entry bookkeeping.

### INTRODUCTION

Double-entry bookkeeping is an accounting technique that records a debit and credit for each financial transaction occurring within a company. It is seen clearly through the use of a T-account or through the accounting equation -- assets equal liabilities plus shareholders' equity. Double-entry bookkeeping started in Italy but is now used globally. It is important in maintaining an accurate financial system. Companies benefit greatly from using double-entry bookkeeping because it aids in accurate financial reporting and reduces errors and fraudulent activity. Wide variation is found in the preparation of six books of accounts maintained by Ananadhara Groups. This type of variation must hamper the actual objectives of the accounting aspects of Ananadhara Groups. So it is necessary to incorporate the Double Entry System in the Accounting Side of the Ananadhara Groups.

The Department of Panchayat & Rural Development is the Administrative Department for all the programme of Employment Generation Programme for poverty alleviation in the rural areas including Wage Employment Programme as well as Self Employment Programme. The major Self Employment Programme implemented by

the Department is Swarnjayanti Gram Swarozger Yojana (SGSY). The beneficiaries on this programme are families living below the poverty line i.e., having expenditure less than Rs. 274.35 per capita per month. Swarnjayanti Gram Swarozger Yojana (SGSY) has been launched from April 1, 1999. The programme replaces the earlier self employment and allied programme – IRDP, TRYSEM, DWCRA, SITRA, GKY and MWS which are no longer in operation. SGSY is an innovative and carefully thought-out Yojana. It takes into account all the strength and weaknesses of the earlier self-employment programme. The main objective is to bring the assisted poor families above the poverty line in three years by providing them income generating assets through a mix of Bank Credit and Government subsidy. SGSY is a holistic programme covering various aspect of self-employment such as organization of the poor into a self help group, training, credit, technology, infrastructure and marketing. An accountings Practice protect the major objectives of particular projects. If the Accounting system maintained properly, it reveals the accurate result scientifically and also disclose the accurate accounting information to its stake holder by this way the enterprise or organization can achieve its ultimate goals.

### **OBJECTIVE OF THE STUDY**

The study is aimed at fulfilling the following objectives:

- (1) To know whether the SGSY and SHG s follow a uniform pattern in the preparation of final accounts.
- (2) Evaluation of the actual accounting problem faced by the poor people engaged in SGSY and SHGs in West Bengal.
- (3) To identify the major aspects in the case of which uniformity is lacking, if so, and Providing of suggestive approaches to develop a scientific accounting system i.e. Double Entry or Golden Rule of Accounting System followed by the SGSY and SHGs engaged in Purba Medinipur District, West Bengal for the year 2015-16.

### **CONCEPTS OF ACCOUNTING**

Accountancy is defined by the Oxford English Dictionary (OED) as "the profession or duties of an accountant". Accountancy is the process of communicating financial information about a business entity to users such as shareholders and managers. The communication is generally in the form of financial statements that show in money terms the economic resources under the control of management; the art lies in selecting the information that is relevant to the user and is reliable. The principles of accountancy are applied to business entities in three divisions of practical art, named accounting, bookkeeping, and auditing.

### **THE DOUBLE ENTRY SYSTEM OF ACCOUNTING**

The double entry system of accounting or book keeping means that every business transaction will involve two accounts (or more). For example, when a company

borrow money from its bank, the company's Cash account will increase and its liability account Loans Payable will increase. If a company pays \$200 for an advertisement, its Cash account will decrease and its account Advertising Expense will increase.

Double entry also allows for the accounting equation (assets = liabilities + owner's equity) to always be in balance. In our example involving Advertising Expense, the accounting equation remained in balance because expenses cause owner's equity to decrease. In that example, the asset Cash decreased and the owner's capital account within owner's equity also decreased. A third aspect of double entry is that the amounts entered into the general ledger accounts as debits must be equal to the amounts entered as credits.

### **FUNDAMENTALS OF GOVERNMENT ACCOUNTING**

Government accounting deals with the identification, measurement and communication of information about the financial events and phenomena of governmental entities. There are three major subsystems of Government accounting: union or central Government accounting, state government accounting and local government accounting. Panchayati Raj Institutions (PRI's) and Other small Government or Non-Governmental accounting belongs to the last mentioned subsystem. The accounting system consists of the methods and records established to identify, assemble, analyze, classify, record, and report an entity's transactions and to maintain accountability for the related assets and liabilities.

An effective accounting system which contributes to fulfilling an agency's control responsibilities would give appropriate consideration to establishing methods and records that will:

- ✓ identify and record all valid transactions;
- ✓ describe on a timely basis the transactions in sufficient detail to permit the proper classification of transactions for financial reporting;
- ✓ measure the value of transactions in a manner that permits recording their proper monetary value in the financial statements;
- ✓ determine the time period in which transactions occurred to permit recording of transactions in the proper accounting period; and
- ✓ present properly the transactions and related disclosures in the financial statements.

Although government accounting has many features in common with other branches of accounting, there are certain distinct accounting measurement and classification issues which are unique to governmental entities. It is in view of this that government accounting has come to be recognized as a separate branch of accounting. The issues on which attention is focused include the application of the fund concept, the determination of the basis of accounting and the application of the concept of accountability. The discussion begins with the identification of the specified features of governmental entities which are responsible for creating demands for special accounting concepts and principles in government accounting

## RESEARCH DESIGN AND METHODOLOGY

The present study is basically descriptive in nature. But the conclusions drawn and suggestive measures offered for improvements is substantiated by empirical evidences collected by way of administering questionnaires and personal contacts as stated below.

The study is based on the Anandadhara – WBSRLM (Former SGSY and SHGs) engaged in the Purba Medinipur District, West Bengal, like others, the SGSY and SHGs are guided by the Department of Panchayat & Rural Development Department, Government of West Bengal. The district may be considered as representative one considering various activities that the SGSY and SHGs are now being performed in changing socio-economic scenario of West Bengal.

The primary source of information for the study is field survey. A set of questionnaire representing financial aspects of SGSY and SHGs are to be administered among the selected Sarna Jayanti Gram Swarojgar Yojana and Selp-Help Groups (Former) in the Purba Medinipur District, West Bengal for the year 2015-16.

In Purba Medinipur District, West Bengal as on 01-04-2015, there were 223 Sangha from 27112 groups as per the records of district administration. Of this, 15 per cent Groups are selected as sample units. The district consists of four Sub –divisions, viz., Tamluk, Haldia, Contai and Egra Sub- Division. Equal representation from the sub-divisions is ensured while selecting the sample units. The sample distributions are:

Table1:Statement showing elaborately the selected Sangha for the Study

Sub-Division	No. of Panchayat Samity	No. of Gram Panchayts i.e. Sangha	No. of selected Sangha
Tamluk	07	82	08
Haldia	05	38	08
Contai	08	61	08
Egra	05	42	08
Total-	25	223	32

Source: Annual Report from Anandadhara-WBNRLM, Purba Medinipur.

## RESULTS AND DISCUSSION

The accounts are maintained by Anandadhara – WBSRLM (Former SGSY and SHGs groups) according to Community Accounts Manual, 2015(2nd Edition). The Anandadhara – WBSRLM (Former SGSY and SHGs groups) are conducted its functions by five formula popularly known as Panchasutra. These are;

1. Regular meeting;

2. Regular deposit of Savings;
3. Regular loan Distribution among the members;
4. Regular Re-payment of loan;
5. Regular entry of transactions in the books ;

By these five formulas popularly known as Panchasutra the groups are maintained the following Books of accounts.

1. Savings Register of the members;
2. Loan Register of the members;
3. Stock Register;
4. Asset Register;
5. Cash Book;
6. Genearal Ledger Book;

**Savings Register of the members**

Name of the member-- Rama Mondal

Member serial no. ---9

Date-	Page no. of cash book	Page no. of meeting book	Total Savings	Withdrawal from Savings	Balance-	Signature of the Treasurer
1	2	3	4	5	6	7
1.4.15	Opening Balance	----	-----	-----	25000	
7.4.15	34	55	1000	0	26000	
14.4.15	35	57	1000	0	27000	
22.4.15	40	61	900	0	27900	

**Source:** Prepared by the Researcher from WBSRLM Community Accounts Manual , 2015( 2<sup>nd</sup> Edition)

**Loan Register of the members**

Name of the member-AA

Father/Husbands name-CC

Address-RR

(i)Amount of Loan- 25000/ (ii) Page no. of meeting book-44

(iii) Page no. of Cash book-9 (iv) Purpose of Loan- Purchase of Goat

(v) Repayment of Loan by 25 Installment and Installment Ammount-1000

(vi) Rate of Interest 2% per month (on due loan)

Date	No. of Installment	Page no of cash book	Loan	Redeemable Loan		Repayment of Loan		Balance of Loan		Loan Overdue	
				Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
1	2	3	4	5	6	7	8	9	10	11	12
1.4.14	Opening Bal	33	-	-	-	--	---	20000	--	--	---
30.4.14	6 <sup>th</sup>	34	0	1000	400	1000	400	19000	0	-	--
31.5.14	7th	40	0	10000	380	1000	380	18000	0	-	--
30.6.14	8 <sup>th</sup>	45	0	1000	360	1000	360	17000	0	-	---
31.7.14	9th	50	0	1000	340	1000	340	16000	0	-	---

**Source:** Prepared by the Researcher from WBSRLM Community Accounts Manual , 2015( 2<sup>nd</sup> Edition)

**Stock Register**

-----Anandadhara Group

Name of Goods-----

Date	Purchase/procurement		Sale /Disburse		Balance-NO./Volume	Remarks/Signature
	Voucher no. and Date	Volume	Date	NO./Volume		

**Source:** Prepared by the Researcher from WBSRLM Community Accounts Manual , 2015( 2<sup>nd</sup> Edition)

**Asset Register**

-----Anandadhara Group

Name of Assetss-----

Date	Purchase/procurement		Sale /Disburse		Balance-NO./Volume	Remarks/Signature
	Voucher no. and Date	Volume	Date	NO./Volume		

**Source:** Prepared by the Researcher from WBSRLM Community Accounts Manual , 2015( 2<sup>nd</sup> Edition)

**Cash Book**

Receives							Payments							Signature
Date	Page no. meeting book	Receipt no.	name	particulars	cash	Bank	Date	Page no. meeting book	Voucher no.	name	particulars	cash	Bank	
Total Receive							Total Receive							
Opening Balance							Opening Balance							
Total-							Total-							

**Source:** Prepared by the Researcher from WBSRLM Community Accounts Manual , 2015( 2<sup>nd</sup> Edition)

**General Ledger Book  
Member----A---Ledger A/C**

Dr.			Cr.		
Date	Particulars	Ammount	Date	Particulars	Ammount
1.3.15	Opening Balance	13500	31.3.15	Cash Khat	1500
			Closing Balance		12000
Total-		13500	Total-		13500

**Member----B---Ledger A/C**

Dr.			Cr.		
Date	Particulars	Ammount	Date	Particulars	Ammount

**Member---C---Ledger A/C**

Dr.			Cr.		
Date	Particulars	Ammount	Date	Particulars	Ammount

**Source:** Prepared by the Researcher from WBSRLM Community Accounts Manual, 2015(2nd Edition)

**CONCLUDING REMARKS**

Double-entry bookkeeping is an accounting technique that records a debit and credit for each financial transaction occurring within a company. It is seen clearly through the use of a T-account or through the accounting equation -- assets equal liabilities plus shareholders' equity. Double-entry bookkeeping started in Italy but is now used globally. It is important in maintaining an accurate financial system. Companies benefit greatly from using double-entry bookkeeping because it aids in accurate financial reporting and reduces errors and fraudulent activity. Wide variation is found in the preparation of six books of accounts maintained by Ananadadhara Groups. This type of variation must hamper the actual objectives of the accounting aspects of Ananadadhara Groups. So it is necessary to incorporate the Double Entry System in the Accounting Side of the Ananadadhara Groups in future.

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