



## Comparative Analysis of Computerized Accounting System and Manual Accounting System in Ranchi at Jharkhand

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### ORIGINAL ARTICLE



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Comparative Analysis of Computerized Accounting System and Manual Accounting System Ranchi in Jharkhand. Abstract- In this study, a special study is done in comparison of computerized accounting system and manual accounting system of microfinance banks cited in Ranchi district of Jharkhand, India from 2020-2021. According to the objectives, many hypotheses are being prepared, it's post-facto and research.

### ABSTRACT

*In this study, a special study is done in comparison of computerized accounting system and manual accounting system of microfinance banks cited in Ranchi district of Jharkhand, India from 2020-2021. According to the objectives, many hypotheses are being prepared, it's post-facto and research. The design is being adopted as a whole, based on the new technology in the world, and the study books, annual reports, accounting systems, quoted from the accounts of microfinance banks. These findings showed that the computerized accounting system has a more positive effect on the reported profitability of banks than the manual system of accounting. This results in saving employee as well as employee time. Based on this, the study recommends that microfinance banks should introduce computerized accounting systems in all parts of India as compared to manual accounting systems so that its profitability in banks as well as other offices. The level has a more positive effect.*

### KEYWORDS

**Computerized Accounting System, Manual Accounting System, and Tally.**

### INTRODUCTION

To the advance in information related to computer technology in all the states of India and helps them in preparing relevant and faithfully representative financial reports to work manually online in any organization by collecting all the management and its information smoothly for its ultimate decision making. A computerized

accounting system has been introduced in corporate reporting for the replacement of manual accounting system in corporate reporting with the help of long working hours are done in minutes, with the complete time saving of work employee in the organization as well as time management of the organization's time. It is fully utilized in computer accounting. There was evidence of the many advantages of computerized accounting over manual accounting systems; Manual accounting requires that all journal entries, Invoices, and other financial documents should be made to the employee working in the organization so that computerized accounting and work is done smoothly in the interest of his organization. In the organization, users are then given full permission to input information into accounting software programs.

Computerized accounting produces information much faster than manual accounting systems. Accounting software packages, which allow its users to input data, are spreading rapidly in India. Manual accounting systems are prone to mathematical errors and incorrect numbers. With computerized accounting systems, company data is automatically calculated based on the number of input data. In a manual accounting system, a company's income statement, balance sheet, and statement of owner's equity are prepared by hand. Thorough knowledge of your journal entries helps in preparing the financial statements of the company. Computerized accounting systems allow financial statements to be created from information stored in databases. The cost of a computerized accounting system can range from hundreds to thousands of dollars for large businesses. A computerized accounting system can save the man-hours used to create financial statements and other reports through software. For this reason, many small and medium-sized businesses use computerized accounting software altogether because multiple systems are frequently backed up. If pages are lost in a paper pad, firms will have to recreate the transaction by researching and rewriting them. In a computerized system, firms restore only the latest backup and add some transactions that were not saved. In this area, accounting software is superior to manual systems. The data processed through the software is organized and easy to find. This is not the case with manual systems, where you may have to go through several pages to find the one you need. Accounting programs organize information in one place, which is classified based on several types. If an organization wants to find some data about a vendor, it can go to the accounts payable section of the software, usually by clicking a link or tab and search for the vendor.

### **Advantages of using Computer Accounting**

Computerized accounting systems have numerous benefits in modern times:

1. Automation
2. Data Access
3. Accuracy
4. Reliability
5. Speed
6. Security
7. Scalable

### **Change from manual accounting system to computerized accounting system in today's era Speed**

The main difference between the manual accounting system and the computerized system in this era is the speed. Accounting software not only processes the data but also generates the reports much faster than the manual system, and also stores the data with it. Overall it is seen that the computerized accounting system saves a lot of time for the employees working in the organization will survive.

## Accuracy

In traditional times, manual accounting is a tedious process that requires accountants to mathematically check numbers in a company's accounting information with little cost possible. Simple mistakes such as shifting numbers or entering important information in the wrong column can lead to errors. Computerized accounting systems allow accountants to process more information than ever before by creating accurate financial reports. Because of its efficiency and ease of use, computerized accounting systems allow you to improve inventory control and payment collection, save time and improve cash flow. Accountants can potentially spend less time looking for errors and more time analysing information for decision purposes.

## Automation

Manual accounting is much more difficult as compared to the computerized accounting system. Since in manual system the column has to be added correctly, in computer accounting system the work only has to be double-checked and the numbers have to be written physically. These routine tasks are handled efficiently by computerized systems that update records automatically and on the go. And all its calculations are automated as a means of software program, to arouse interest to reduce errors and increase efficiency.

## Integrating accounting with business processes

Accounting is not a separate activity in itself. Rather it is associated with carrying out other business processes, such as sales, purchases, banking, taxation, etc. In manual accounting, if a transaction is faced with the following constraints affecting various processes, it needs to be recorded at multiple locations to ensure.

## Reporting

With a manual accounting system, it may take several days to locate the information from each book and compile it into a report. And needs to be compiled. With a computerized accounting system, information or reports for a particular period can be compiled quickly, as the accounting software will automatically pull all the relevant ledger entries for the period's report. Computerized systems can also provide instant reports on stock valuations, profit, and loss, accounts receivable and payable reports, payroll, and sales analysis, again, your business strategy in India needs to be adjusted rapidly.

## Compliance

Compliance is considered one of the important activities for any business, and now due to the introduction of GST. Businesses ideally want to be obedient, but because of its time-consuming nature, want to spend the least amount of time on it. Be it Direct Taxes (Income Tax, 44AB Audit) or Indirect (GST), at present, it is considered almost impossible to handle all this in manual books, which allows quick checks for transaction-level compliance, matching of books, and ultimately filing of accurate returns based on accurate business data.

## Backup

The key difference between manual and computerized accounting systems is the ease of backing up to a computerized system. It also certifies that all transactions can be saved and backed up smoothly in case of its other mishap. You can't do this with paper records unless you've made copies of all the pages, which in itself is a lengthy and inefficient process. Also in case of an accident, computerized systems are allowed to recover quickly from data loss.

## Data storage, security, and management

In manual accounting systems, where accounts are kept in the books, a lot of effort is required to store important business data as it does not require space. Most importantly, the security of the data is

compromised, as the business owner needs to place his trust in a few individuals in his organization and all the employees of the company hope that nothing will go wrong. Computerized accounting is a robust system for storing business data such that it requires less effort and cost to store the data and also allows automated security levels to be set within the organization, and its business owner gets peace of mind with a computerized accounting system.

### **The Objective of the Study**

1. Use of Computer accounting software by the Company.
2. The latest technology saves numerous data records.

### **Hypothesis**

The following hypotheses being stated in their null form are tested at their 5% significance level which hypotheses are considered better.

**H<sub>0</sub>:** Not only manual accounting system and computerized accounting system, now all organizations in Jharkhand of India have started using computer accounting.

**H<sub>1</sub>:** With the use of manual accounting systems and computerized accounting system, now all the organizations in Jharkhand of India have started using computer accounting.

**H<sub>0</sub>:** Manual accounting systems and computerized accounting systems are not used in all the organizations in India.

**H<sub>1</sub>:** Manual accounting systems and computerized accounting systems are used in all the organizations in India.

### **Review Literature**

According to scholars based on literature review, Computerized Accounting System (CAS) is a computerized accounting system that should be used for planning so that work can be done smoothly in less time, by which financial information on business transactions can be recorded. Is organized, summarized, analysed, interpreted, and communicated to stakeholders through the use of computers. Such as accounting packages. He emphasized that it is a mechanized process of facilitating the flow of financial information as well as automation of accounting functions such as database recording and report generation. Like IBM Statically intermediate tools. Tally and many more **Rakesh Rahul** (2019).

According to scholarly literature, the software is considered to be of great use in this era to bring from manual to the computerized accounting system, which is the use of computer and computer capabilities in performing accounting functions in an organization, not only in the company but in all the organizations. It is being used in this which saves time as well as employee **Kumar Prince** 2020.

According to scholarly literature in today's era, the computer accounting system is being campaigned in all the areas of each organization, especially so that a lot of data is collected together and with this, the time of the employee is saved **Kumari Priya** 2021.

### **Research Methodology**

The research methodology was based on qualitative and quantitative methods. Primary data and secondary data were collected by researchers from different companies of Ranchi District of Jharkhand state. In the research methodology of computer accounting, specialized knowledge is the specific procedures or techniques used to identify, select, process, and analyze information about a subject. In a research paper, the methodology section is used to critically assess the overall validity and reliability of a study.

## Primary Data

Through the following sources the primary data will collect:

Questionnaire and scheduling

Observation

## Secondary Data

Company

Journals;

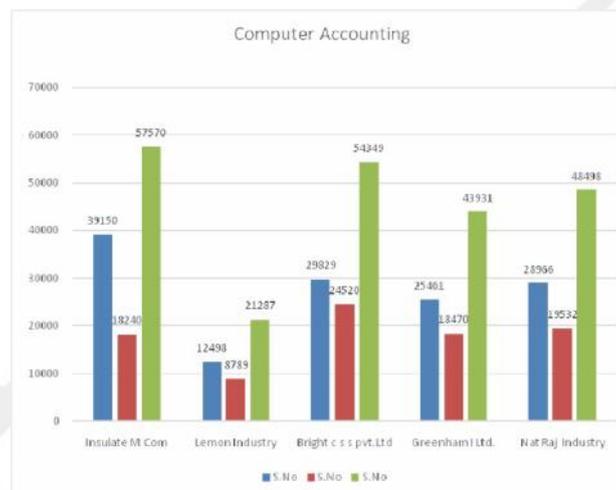
## Data Interpretation

Table no 01: Use of computer accounting software by a company in Ranchi district, Jharkhand, India.

S.No	Company Name	Male Workers	Female Workers	Total
01	Insulate Manufacturing Company	39150	18420	57570
05	Lemon Industries	12498	8789	21287
03	Bright code Software services Pvt. Ltd	29829	24520	54349
04	Greenham Industries Ltd	25461	18470	43931
05	Nat raj Industries	28966	19532	48498

(Source: Msme.nic.In)

Use of computer accounting software by a company in Ranchi district, Jharkhand, India.



## Data Analysis

It is evident that table no 01 Use of Computer accounting software by Company Insulate Manufacturing Company, Male Workers 39150, Female Workers 18420, and Total workers 57570, Lemon Industries, Male Workers 12498, Female Workers 8789, and Total workers 21287, Bright code Software Services Pvt. Ltd, Male Workers 29829, Female Workers 24520, and Total workers 54349, Greenham Industries Ltd, Male Workers 25461, Female Workers 18470, and Total workers 43931, Nat raj Industries, Male Workers 28966, Female Workers 19532, and Total workers 48498, under the registered company respectively.

## FINDING

From the study of the summary of the findings, it has been found that the use of computerized accounting systems in comparison to manual accounting systems is increasing day by day, not only in India but in all the parts of the country. Accounting of a computerized accounting system is considered more difficult than a manual accounting system, as well as having a positive impact on the reported

profitability of banks not only in the country but also with the following organizations. The computerized accounting system has a more positive impact on the level of confidence of global investors and investment analysts in the financial statements of companies in India than the manual system of accounting.

## CONCLUSION

Computerized Accounting System is also known as Electronic Data Processing (EDP) Accounting System as a technical accounting system, is an integrated computer, the based system which allows the user to enter transactions in the program once and all accounts are updated as needed. It is also a specialized machine system used extensively in information gathering. It also provides information for decision-making functions and has been of tremendous benefit not only in banks but for all types of firms and organizations. A computerized accounting system has helped in facilitating timely, prompt customer service delivery, provision of accurate and reliable information as required by them (banks and other firms and organizations). It has also brought about quality performance in banking operations adhering to accounting instructions and guidelines which helps them to mitigate the risks/challenges faced in the course of their duties as well as to meet and overcome such challenges. Adequate measures are also being taken by the organization, due to which the organization gets a lot of conveniences.

## Suggestions

1. Use of computer accounting saves the employee's time.
2. Employees do more work in less time.
3. Assists in storing data.
4. Company computer accounting should be used in proper way.

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