

Mastering Money Management- The Practical Side of Accounting in Daily Living with Reference to the Residents of Vasai Virar Municipal Corporation

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Abstract: -This study aimed to determine the practical implications of accounting and accounting principles in the day-to-day life of an individual concerning budgeting and expense tracking. The study was based on a survey of 150 participants through an online Google form who were residents of Vasai Virar Municipal Corporation, District Palghar, Maharashtra, from the age group of 18 to 50 years of age. The qualification backgrounds of the respondents ranged from non-graduates to postgraduates from commerce and other streams. The respondents ranged from an annual income of up to six lakhs of Indian rupees. However, the questionnaire was framed in simple language to ease respondents' understanding. The Simple Percentage method was used to analyze the responses of the respondents to the above two constraints of budgeting and expense tracking. The study revealed positive results showing the practical application of accounting and accounting principles of the individual irrespective of his/her age, education, income group, and so on.

I. INTRODUCTION

Every individual keeps a record of his income and expenses with various intentions, such as proof of transactions, tracking expenses, controlling expenses, investment, and so on. Such records may be written, oral, or in digital form in the current era of digitalization. Recordkeeping in a systematic manner is called accounting in the commercial world. However, accounting is indirectly done by individuals in their daily lives without formal education in accounting. As stated earlier, accounting is followed by most human beings in different forms. The main aim of the study was to focus on the practical application of accounting and accounting principles, irrespective of the educational background of the residents of Vasai Virar Municipal Corporation, Palghar district, Maharashtra State.

II. REVIEW OF LITERATURE

Samantha luiza de souza borman et al. (2017) and Ganna Chumak (2023) studied the approaches to the role of the budget as an important tool for internal communication management instruments. It studied the fixed and flexible nature of the budget to make it relevant to the time and needs of the organization, along with the cost management system.

O.G. Cherep and M.V. Seshyna (2013) The Ukrainian authors studied the theoretical foundations of budgeting within the organization, the stages of budgeting, sources of budget information, and so on. They stressed the necessity of budgeting for enterprises to increase competitiveness and enhance their work.

Pennings et al. (2005) studied the effects of budget constraints on the estimation process and spending behavior. The study revealed that consumers spend less than their budgeted expenses because of the lack of accuracy in the budget.

Elaine da Silveira Leite (2017) made the bibliographic review to understand the domestic or family budgeting of low-income group women in day-to-day life. The article emphasized the importance of approaching the daily budget as an economic sociological object for understanding contemporary societies.

Mariana Radu (2011) and Moolchand Raghunandan et al. (2012) focused on the behavioral changes in the employees of the organization with respect to the budget made by the management. Various aspects of behavioral change, the nature of change, and reasons for change in employees were stressed upon. At the managerial end, communication with employees and the application of new tools of budgetary control were the suggested steps for maximum development of the enterprise with the help of employees.

Drs. Ec. K Soetanto Warsoko, MM (2006) studied the influence of budget participation, its target difficulty, and evaluation on the level of realization of land and building tax receipt. The study was conducted using a regression method on eight businesses, which showed a 38.9% relationship between these constraints.

Ikhsan Budi Riharjo (2018) provided an understanding of human behavior that affects the budgeting processes. This study was qualitative in nature and stated that budgeting depends on human conceptions and ego at times.

III. RESEARCH GAP

On the systematic review of the papers/ articles, it was realized that there was no relevant study made on the application of accounting principles in day-to-day life especially with reference to budgeting and expense tracking. Studies have been conducted on the corporate application of accounting principles at local and international levels. The application of accounting principles to daily living plays an important role in budgeting and expense tracking.

IV. RESEARCH METHODOLOGY

The data were collected using a survey method by administering a questionnaire to the residents of Vasai Virar Municipal Corporation. The collected data were based on four demographic categories: educational background, age, sex, income, and employment status. Accounting starts with the preparation of a budget in the day-to-day life of an individual. The survey collected responses to questions based on budget, including budget preparation, budget review, and accounting principles followed while preparing the budget. Second, the questions were based on expense tracking of the individuals, such as frequency of expense tracking, categories of expenses, and benefits of expense tracking to manage finance. Further questions were based on the respondents' investment decisions. To invest in hard-earned money, an individual must have some accounting and economic knowledge. Investments made by the respondents were studied based on the role of accounting principles in investment decisions. The criteria considered to be the same

were based on fixed-earnings investments, the availability of investment options, and analysis of the capital market. Lastly, respondents' inclination towards tax planning based on management accounting principles was surveyed. A simple Likert scale ranging from strongly agree to strongly disagree was used to determine the usefulness of management accounting in tax planning.

A. Results: -

The findings of the study based on the survey are stated below under four major constraints: budgeting, expense tracking, investment decisions, and tax planning. However, the brief findings of the demographic pattern are summarized

➤ Demographic Results:

• Based on Age: -

The outcome of the survey revealed that 90% of the respondents were below the age of 30 and the balance was above 30 years of age.

• Based on Sex: -

The results showed female participation of 60 % and male participation of 40% of total respondents count of 150.

• Based on Income: -

Considering the income criteria, the respondents were divided into income slabs of 1.2 lakhs ranging from zero to six lakhs and above. The outcomes are summarized in the table below.

Table 1 The Outcomes are Summarized

Income	No of respondents	Percentage
0 – 1,20,000	79	53.00
1,21,000 – 2,40,000	22	14.00
2,41,000 – 3,60,000	20	13.00
3,60,001 – 4,80,000	07	05.00
4,80,001 – 6,00,000	07	05.00
6,00,001 & above	15	10.00
Total	150	100.00

• Based on Educational Qualifications: -

Considering the educational background, not all the respondents were from the faculty commerce background. It was found that 12% of the total population under study was from the non-commerce background (both graduate and postgraduate), 73% were from the faculty of commerce and the balance 15% were undergraduates.

• Employment Status: -

Based on employment status the population under the study was divided into employed, unemployed, and other (business). The outcome of the survey revealed that the total employed population was 51%, the population business or other activities comprised 29% and the unemployed population was 20% of the total respondents.

➤ Based on Accounting principles: -

The main aim of the study was to know the practical application of accounting and accounting principles to the residents of Vasai Virar municipal corporation. The constraints of budgeting, expense tracking, investment decisions, and tax planning were studied with different sub-criteria. The said criteria and their outcomes are stated below.

• Role of Accounting Principles in Budgeting: -

With reference to budgeting the questionnaire was divided into three sub-constraints as stated below along with the results.

✓ Was the personal budget maintained? (YES/ NO)

It was found that 81% of the surveyors maintained a personal budget while 19% of the total population were not maintaining a personal budget.

✓ *What was the frequency of reviewing the budget? (Regularly, Sometimes, Rarely, and Never)*

The outcome of the survey stated that 51% of the population reviewed their budget regularly, 35% reviewed sometimes, 11% reviewed rarely, and the balance 3% never reviewed their budget.

✓ *Which accounting principles are followed while preparing the budget? (Complete disclosure, Monetary Value, Consistency, and All the above)*

As stated above, not all participants were from the commerce faculty. The questions were framed in simple words arriving at the above principles of accounting. It was found that from the total population under study, 7% followed the principle of complete disclosure, 27% followed the principle of monetary value, 23% followed the principle of consistency and the balance 43% followed all the above principles of accounting.

• *Role of Accounting in Expense Tracking: -*

The expense of the individual depends on the income. The expenses may be categorized as living expenses, savings, investments, entertainment, etc. However, from the viewpoint of accounting application in day-to-day life, the survey was conducted on two basic constraints which are as follows.

✓ *How were the expenses tracked?*

The tracking of expenses was marked on three parameters i.e., daily diary maintenance, online records, and use of digital apps like khatabook. It was found that 38% of the population maintained daily diaries, 15% maintained online records and 47% used digital apps.

✓ *How did the tracking of expenses help in managing the finances?*

From the viewpoint of management accounting and principles of management accounting, the importance of tracking expenses was divided into three major constraints balancing the income and expenses, having control of expenses, and managing the income. Based on the above 23% of the population stated that tracking of expenses was helpful to maintain balance in income and expenses. 31% felt that it was helpful to control the expenses. Only 9% of the target population found that tracking expenses was helpful to manage income. On the contrary maximum 37% population felt that tracking expenses is helpful for all the above constraints.

V. CONCLUSION

It can be concluded that accounting and accounting principles are an indivisible part of human life. It was seen that more than 25% of the population was either from non-commerce faculty or an undergraduate and only 10% of the population was a tax paying population. Even though, accounting principles played a significant role in the day-to-day life of the target audience in terms of budgeting. The budget prepared was reviewed and accounting principles were followed by the non-commerce background respondents either in an organized or disorganized manner. It can also be concluded that accounting is helpful for expense tracking,

which helps the target audience in maintaining the balance between income and expense or in controlling expenses in daily life. The study gave an insight into the investment patterns, decision-making for investments, and factors of investments of the respondents from various backgrounds. It was observed that most of the targeted population was helped by accounting and accounting principles in tax planning. Finally, it can be concluded from the study that accounting and accounting principles are inseparable parts of human life irrespective of the fact that a person has formal knowledge of accounting or not.

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