

Book Keeping and Accounting Practices Followed By the Small Tea Growers of Assam, With Special Reference to Charaideo District of Assam

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Abstract – The intended research work viz. A critical study on Book-Keeping and accounting practices followed by the small tea growers is designed to find out how the small tea growers of Assam and specifically the small tea growers of Charaideo District keep the records of their business in terms of financial transactions made in the process of carrying out the business successfully. The researcher lays emphasis on the knowledge of Book-Keeping and accounting practices to be acquired by the small tea growers to ascertain the profit or loss of their business concerned. To make the study systematic and scientific, the researcher uses survey method for gathering information from the small tea growers directly through direct visits, observations, interviews and administration of questionnaires. Problems encountered by the small tea growers in maintaining proper accounts of their business are highlighted through the study. Both qualitative and quantitative analysis have been made to assure the authenticity of the research work. The book-keeping and accounting processes followed by the small tea growers of the surveyed area have been clearly highlighted through this study and the advantages and disadvantages of the practices adopted by the small tea growers have also been focused for information of the future entrepreneurs in the field of tea growing enterprise.

Key Words: Accounting Process, Book Keeping, Financial Statements, Transactions, Entrepreneur

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INTRODUCTION

Though the tea industry in Assam is more than 180 years old, the concept of the tea cultivation on small holding is comparatively a recent development. Earlier the cultivation in Assam was colonial in nature without any involvement of local and native people. It was limited within the influential classes only and not permissible to common people. Even after independence, the situation remained same for many years. The indigenous people of Assam were deprived of this outstanding entrepreneurship because of some prevailing legislations. However in 1978 the Government of India as well as the Government of Assam allowed the local people to cultivate tea on small holdings by abolishing all legislative barriers. Some energetic entrepreneurs came forward to begin tea plantation in small holdings taking advantage of congenial weather for tea cultivation and other infrastructural facilities which were readily available in Assam. In Assam the first commercial tea plantation in small plot of land was started in Golaghat District in 1978.

Small tea growers in the district of Charaideo, Assam are playing a vital role in the enhancement of rural economy. Recently most of the small farmers of Charaideo district have started cultivation of tea in small scale. According to the All Assam Small Tea Growers Association(AASTGA) the small tea growers of Charaideo district are co-producing more than 11 million kgs of green leaf of the states overall production. The small tea gardens of Charaideo district are mostly scattered in Sonari, Longpotia, Sapekhati, Borhat, Titlagarh, Bimolapur and Charaipung area. Most of the small tea growers of Charaideo district are young and educated entrepreneurs.

Accounting practices poses as a problem for small tea growers because of their ignorance about systematical keeping of accounts. Hence a brief discussion on the concept of accounting needs to be delineated. The original object of accounting was to ascertain the operational results of a business on a particular date. With the phenomenal development of trade and commerce and fundamental changes in the organizational set up, the scope of accounting

has widened. Nowadays it has to meet the varied needs of different types of users like farm, business owners, managers, creditors, investors, tax authorities and the Governmental agencies as well. The small tea growers are not exception to it. Some useful objectives of accounting may be summarized as follows.

1. To keep systematic and authentic records of business and financial transactions.
2. To protect business properties.
3. To ascertain the operational performance.
4. To ascertain the financial position of the business.
5. To help the management in review the business policies
6. To determine tax liability
7. To help the Government in fixing price and fiscal policies.
8. To determine credit worthiness.
9. To show the causes of profit and loss.
10. To show the total debtors and creditors.
11. To plan the availability of cash.

In the entire process of accounting, one of the most important knowledge the small tea growers have to acquire is the knowledge of systematic book-keeping. There are two systems of book-keeping. 1. Double entry system and 2. Single entry system.

Double entry system is such a system of recording each and every transaction and event in the books of accounts of a party affecting two accounts in opposite direction viz. Debit and Credit for the same or equivalent value. It is a scientific system and accepted by all.

But Single entry system is such a system where the principle of double entry is not exactly followed. Under this system some transactions are recorded only in one aspect while some other transaction are not recorded at all. Thus this cannot be called a system in true sense of the term.

OBJECTIVES OF THE STUDY

Following are the main objectives of the present study.

1. To access the accounting practices used in by the small tea growers in Assam, specifically in Charaideo district follows the generally accepted accounting principles.

2. To give advices on the better use of accounting system to enhance the performance of the small tea growers.

METHODOLOGY

The survey method is used in gathering information from respondents. This included direct visits, observations, interviews and administration of questionnaires. A personal administration of the questionnaire is employed because of the constraints on the part of these entrepreneurs. As a prelude to the questionnaire personal interviews and discussions were conducted to prepare the minds of respondents and also to serve as a check on inconsistent and/or conflicting response. Personnel of AASTGAs were also interviewed to determine the extent to which they assist the small tea growers in preparing the accounts.

Sample: For the present study 10 small tea growers located in Sapekhathi and Choraipung area of Charaideo district have been selected and random sampling methods are used for selection of the STGs.

ANALYSIS AND INTERPRETATION OF DATA

Table 1: Reasons for Opening Small Tea Garden

Reason	No. of Respondent	Percentage
Self-employment	6	60
Diversification	1	10
Other reasons	3	30
Total	10	100

Source: Field survey 2017

From the table 1 it is clear that majority opens small tea gardens for the desire to be self employed. They accounted for 60% of the respondent. This is followed by other reasons which represents 30% and diversification had 10%. This shows us that majority of owners of STGs set up their businesses because of the desire to be one's own boss.

Table 2: How Do You Determine Your Profit Margin?

Determination Of Profit Margin	No. of Respondents	Percentage
Selling price- Cost price	6	60
By guessing	4	40
Total	10	100

Source: Field survey 2017

On the subject of how small tea growers determine their profit margin varied views was express by them. 6 representing 60% of the small tea growers

interviewed indicated that they determine their profit by deducting their cost price from their selling price and 4 respondents representing 40% does it by guessing.

Table 3: How They Record Their Proceeds?

Procedure	No. Of Respondents	Percentage
Ordinary note book	3	30
Donot have systematic record	7	70
Total	10	100

Source: Field survey 2017

The above table shows that 3 STGs, that is 30% of the STGs surveyed record their proceeds in an ordinary notebook and 7 respondents representing 70% donot record their proceeds systematically. Their reasons were that they donot see the need and others said they donot know how to go about it.

Table 4: Who Does The Recording?

Who Does the Recording	No. Of Respondents	Percentage
By own (myself)	7	70
Accounting personnel (account clerk)	3	30
Total	10	100

Source: Field survey 2017

On the question on who does the recording, 70% of the respondents do the recording themselves and the remaining 30% have to depend on personnel that takes up the recordings.

Table 5: Do you receive any training in Book-keeping?

Training	No. Of Respondents	Percentage
Some form of training	2	20
No training	8	80
Total	10	100

Source: Field survey 2017

Most of the 10 STGs contacted stated that they had little or no training in basic book-keeping and accounting procedure. 2 of the 10 STGs had some form of training. 8 which form the majority had no training in the subject matter.

Table6: Training Institutions

Institution	Number of Training
AASTGA	3
Banks	2
NGOs	1
Others	4
Total	10

Source: Field survey 2017

Table 6 above shows that, AASTGA AND Banks are the leading providers of training in financial recordings to the STGs.

Table 7: Training Rating

Training rating	Number	Percentage
Very good	4	40
Good	2	20
Average	3	30
Poor	1	10
Total	10	100

Source: Field survey 2017

When the 10 STGs asked to rate the quality of the training they had, 4 respondents representing 40% rated the training to be very good, 2 STGs rated it to be good representing 20%, 3 respondents said it was average representing 30% and 1 STG gave them a poor marking representing 10%.

Table 8: Topics studied

Topics studied	Number	Percentage
Cash book	8	80
Profit and loss account	--	--
Balance sheet	2	20
Stock level management	--	--
Total	10	100

From the table 10 above, it shows 8 representing 80% individuals indicated that they had training in cash book and 2 representing 20% also had training in preparation of Balance sheet. None of them had training in P/L Account or stock level management. This indication shows that STGs were only interested in cash book management which is a positive sign for the growth of STGs.

Besides the above tables another important question about preparation their account at the end of the period was also asked. All the respondents indicated that they donot prepare periodical accounts. They do these on adhoc basis, that is when the need arises. For example, when they were seeking finance assistance from financial institutions.

FINDINGS

The contribution of the small tea growers have been recognized by both Governmental and non Governmental agencies. This paper aimed at finding out the need for proper book-keeping and accounting procedures in STGs. The research covered 10 STGs and an interview conducted at AASTGA, Charaideo District office.

The study found out that there was lack of managerial skills especially in basic accounting principles and book-keeping procedures among STGs in Charaideo District.

The study shows the illiteracy rate in financial recording is generally high and AASTGA is doing everything possible to correct this anomaly.

The study further found out that STGs do not attach any importance in proper book-keeping and basic accounting principles.

The study also revealed that there is an apparent non-existence of proper book-keeping and basic accounting procedures in STGs. It is also found that effort of educating these business owners on the need of proper book-keeping is not enough. Finally, STGs do not employ account clerks to prepare their financial books.

RECOMMENDATIONS

Due to the enormous contribution of Small tea growers to the socio economic up- liftment of the towns and villages where they are located, and the country as a whole, much attention ought to be given to proper book-keeping and basic accounting procedures in small tea gardens.

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