

Topic: Home management,

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Account Keeping

The only best way to determine whether the family income is being well spent or not, is by keeping accounts. While the budget is a plan for future spending, account keeping is a record of past spending. A household account is a record of expenditures actually incurred by the family in the course of a day, or a month. It will include the income earned by the family, the expenditure incurred, and the amount spent on each item of expenditure.

Generally, accounts help to

1. Show where the money goes actually.
2. Check the amount spent on each item according to the budget.
3. Check the adequacy of allotting the income over the items.
4. Give basis for a better planning of expenditure in future.
5. Change our way of life either by reducing the consumption of certain costly food items, or taking up extra job etc.

Different methods of accounting used in the household are given below.

1. The Sheet System

It is a very simple method. Single, double or multiple sheets can be used for keeping accounts. The sheet along with the pencil can be hung in any convenient place (e.g.) back of door or a shelf.

2. Note book System

It is a very convenient method. Either bound or loose-leaf notebooks can be used, since here insertions can be made easily. It is especially convenient for children if they help in account- keeping. The book should have columns to indicate the total income, the date, the account head and daily expenses. Neat recording prevents confusion. Calendar and diary are also helpful to keep the accounts

The Envelope System

In one type, a number of envelopes are kept for different budget heads. The portion of allotted income is put in the envelope for each item as per the budget allocation. This system is essentially helpful for those who earn weekly wages. In another system, a large envelop is used in which day to day bills, slips, tickets etc. are put. Later at a convenient time, they can -be accounted. The outside of the envelope may be used for noting down the expenses.

4. Card File System

Separate cards may be maintained for income - budget allocation, and expenditure on each budget head. All expenses are entered as and when they occur day wise and categorised under each head. Various cards can be filed together. While keeping accounts, one should start a convenient system that is easily workable and make account keeping a regular habit.

Savings

Savings means, setting aside a portion of monthly income in terms of money. Today's income may be sufficient for today's needs but the future may bring increased need or decreased income or both. Only savings enable one to face future bravely. Savings do not occur on its own. It is the result of careful planning and achieved by denying or postponing some present needs. So, to say savings is the result of wise spending plan of the individual.

Savings may be temporary or permanent. Temporary savings are designed to achieve immediate goals such as purchasing a household equipment or going for

a trip during vacation. Permanent savings are set aside for future security. The following are the reasons for savings

1. To meet the demands at the time of fall in income during old age, sickness, unemployment.
 2. To meet increased expenditure caused by illness, accidents, robbery or household repairs.
 3. The desire to buy capital goods or assets like land, house and durable goods such as four-wheeler, refrigerator etc.
 4. For pleasure trip during holidays.
 5. To celebrate functions and festivals.
 6. To meet the expenditure on higher education and also for marriage.
 7. To invest in business.
 8. To gain social status and economic security.
 9. To provide a secure life for the dependents.
 10. To attend the social functions like marriages, birth day parties, etc.
- Savings play an important role in raising one's standard of living and improving the quality of living also.

In fact, savings well invested can help to generate more income. Savings give mental satisfaction and the capital to build up the nation's progressive plans.

Different Types of Savings

1. Individual Savings

Individuals have been in the habit of saving in one form or the other. Traditionally people were saving a part of their income in the form of commodities, animals, precious metals like gold and silver.

2. Corporate Savings

Corporate savings are exercised by some agencies or companies which highly help in the capital formation of a country (e.g.) Banks.

3. Compulsory Savings

When the state exercises an element of compulsion or force in making the individuals to save, that is called as compulsory savings (e.g.) Employee's provident Fund, General provident Fund.