

A REVIEW OF HRA PRACTICES IN PETROLEUM COMPANIES IN INDIA

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ABSTRACT

Human resources are very important, effective and crucial factor of production. In recent time organization having a lot of physical resources with newest technology but suffer with financial difficulty if they have not proper person to manage. Human resource is one of most valuable back office operations of any business organization. Their talent, skill, ability, creativity cannot be replaced with machine and equipment. We cannot get our goal in absence of qualitative manpower. Human resource accounting is a modern concept of accounting. However, the recognition of human in organization as productive resource by the accountant is a recent origin. All the process of the organization are operated by human resource, so valuation of this resource is very necessary and information about the valuation should be given to the investors, the management and others through financial statement. This paper discussed about the valuation of human resource based on secondary data focused on HRA practices in HPCL and BPCL and the period of study extends from the financial year 2013-14 to 2015-16. Human resource element never to be ignored to build the organization economic growth, this one is the most required factor of any business for getting smooth progress.

KEYWORDS: Human Resource, HRA, HPCL, BPCL, Human Resource Accounting.

Introduction

Human resources are very important, effective and crucial factor of production. It is a widely recognize fact that success of any organization greatly depends upon the efficiency, quality and experience of the people working in it. In recent time organization having a lot of physical resources with newest technology but suffer with financial difficulty if they have not proper person to manage. Every organization have required five elements for a operation like, man, material, machine, money and methods but out of them first element man is key resource of production. Human resource accounting is a modern concept of accounting. However, the recognition of human in organization as productive resource by the accountant is a recent origin. Human resource accounting is a particular process of identifying, measuring data about human resources and communicating this information to related parties. The main benefit of such type of accounting are that it develop effective managerial decision making quality of management, stop mismanagement of human resources, increase productivity of human assets, improves morale of manpower, job satisfaction, performance appraisal, motivation, creativity and ability, etc. It follows the tradition theory that all expenditure on human formation is taken as a charge against the revenue of the period as it does not create any physical asset but modern view is that post incurred on any asset as a human resources need to be capitalized as it provides benefit measurable in monetary terms. All the process of the organization are operated by human resource, so valuation of this resource is very necessary and information about the valuation should be given to the investors, the management and others through financial statement.

Concept of HRA

According to American Accounting Association Committee on HRA - "Human Resource Accounting is the process of identifying and measuring data about human resource and communicating this information to interested parties."

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