

Changing Scenario of Accounting Education

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Abstract : *Accounting education in India is imparted mostly at senior secondary in schools, under graduate and post-graduate levels in universities and at polytechnic institution, but none of the products of these institutions enjoy any status of professional accountant. Only the products of professional institutions as ICWAI and ICAI are considered as accounting professional. While there is a growing demand of accounting professionals in the field of business due to changing scenario as in world trade relations, tax reforms introduced by governments, changes in legal environment, inflow of foreign and multinational capital changes in Information Technology, increasing the demand in service sector, applicability of accounting standards in the internationalization of trade and market etc. Thus there is a demand of professional accountant at all levels not only the auditors (products of ICAI and ICWAI) to fulfill the demand for professional accountant at lower level and middle level accountant (those are not preparing by the professional institutes) universities should have a strong linkage with the professional institutions. So that their B.com Degree with specialization of accounting should be recognized for accounting professional. Thus professional approach can be adopted in accounting education to face the changing scenario for this, Indian Accounting Association can play vital role in this direction.-*

Keywords : *Changed Scenario, Legal Environment, Tax Reforms, Professional Accountants, ICWA, ICAI.*

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Prologue

Accounting education which serves the business and industry in all aspects of its functioning is imparted mostly at senior secondary level in schools, under graduate and post graduate levels in universities in our country, but none of the products prepared at these levels are accorded a professional status. Products of the polytechnics do not enjoy any status of accountants but they have a status of book-keeper only. The only products that are considered as accounting professional in our country, are those who complete their final level examination of ICAI and ICWAI but number produced by these institution is not adequate enough to meet the growing demand for accounting professional needed by the industry, the commercial organizations and the government. On the other hand the demand for accounting profession is enhancing due to the changing scenario.

Objectives of Study

The present study is based on the following objectives.

1. To know the need of accounting education in India.
2. To highlight the present position of accounting education in Indian educational and professional Institutions and universities.

Research Methodology

This paper is based on secondary data only which is derived from various journals, published materials, books. Different course curricula of Accounting Education has been derived from published manuals of Universities and professional institutions.

Limitation of the Study

The present study has some following limitations:

1. The present study is based on the secondary data. No primary data has been collected for a meaningful conclusion.
2. Industrial organizations are not taken into consideration in this study.

Impact of Changed Environment on Accounting

The impact of changing scenario of accounting professionals may be as follows:

Changes in world trade relation: With breaking up of trade barriers, the WTO has brought many opportunity and challenges for developing countries. The inflow

of foreign investments exposure to global competition, reduction of tariffs and dismantling of non-tariff barriers, less dependence on subsidies and concession and concentration of industrial economics on core competencies are off-shoots the process of globalization under the protection of WTO. Keeping in view these developments, the accounting profession has to contribute to the efficient allocation of the resource and to the cost efficiency of the industries.

Tax Reforms Introduced by the Government

As per the recommendations of the tax reforms committees, the central government has introduced tax reforms, which have directly affected the accounting profession. The objective behind the tax reforms, is to enhance revenue buoyancy through the overhauling the structure and administration of the taxes. In tax reform measures income tax rates are lowered, GST is adopted to replace complex taxes on domestic trade, law and procedure is drastically simplified and tax administration is modernized. These tax reforms have their positive impact in terms of improvements in the competence index. All these tax reforms measures are increasing the importance of accounting professions in the coming time.

Changing in the Legal Environment

Provisions are made regarding the audit committee in the new companies bill. Under these provisions every public company having paid-up capital of not less ¹ 5 crores will constitute a committee, known as audit committee. In this committee, there will be at least three directors of the company and this committee will be attended by the auditor, CAO and internal auditor of the company. This committee will have the detailed discussion with auditor, regarding internal control system, observations of the auditors, all financial statements and also the right to investigate any matter referred to it by the board of directors. After investigations, this committee can recommend to the board regarding the financial management including audit report. Board will be bound to accept these recommendations. Thus, the functioning of this committee enhance the importance of accounting professionals. Taxation and stock Audit in Banks have expanded the scope of accounting profession.

Inflow of Foreign and Multinational Capital

Foreign institutional and multinational investors are thinking that Indian markets have a tremendous potential for future growth and it is expected that millions of US Dollars will be invested in Indian market in the form of taking over the business and merging the business. In such a competitive situation it is necessary that Indian

corporate should achieve the cost efficiency and Improve the quality standards to give the higher 'shareholder value' in order to service. Adequate financial disclosure should be there to meet the demands of institutional investors and fund providers. Accounting profession should satisfy the all expectations of stakeholders, creditors, investors, customers, and society.

Changes in Information Technology

Now accounting professional members have to be more proficient to face the revolutionary changes in Information Technology and the process of globalization. In the information Technology the countries of the world are coming closer. These developments are enhancing the importance the accounting professionals. There will be a multisided role of an accountant. Accountant as a manager of information Technology, a manager as a user of information Technology accountant as evolution of information system etc. Recently the international Federation of Accountant (IFAC) has issued guidelines on the application of Information Technology for the Accountants.

Growing Service Sector

This sector is increasing very fast, while primary (Agriculture) and secondary (industry) sectors are not increasing so fast. Therefore, accounting professional should satisfy all its special and growing requirements. A large part of public and government fund is invested in the building up the infrastructure as power telecommunication, roads etc. Here accounting professionals work will be to watch how best maximum benefits out of such investments are reaped by the Indian economy.

Accounting Standard in Internationalization of Trade and Market

In order to improve the credibility of reporting in the eyes of public, Accounting Standards are necessary to make the comparison of financial statement published by various business enterprise across the country and world also. Accounting standards developed in India mark some departure from International Accounting standards in the wake of internationalization of trade and market. It is necessary that Accounting Standards Board (ASB) and the international Accounting standards so as to render inter firm comparability not only at national level but also at international level. It is also argued that uniformity may not be possible in accounting practices. Therefore, consistency and disclosure should be given more emphasis than uniform accounting standard. Statement showing the 'true and fair views'

should be certified by the accountants keeping in mind the accounting policies and practices.

Others

ICAI and ICWAI are playing a vital role in accounting education in our country and providing qualified professional accountants to the industry, trade and commerce. But due to their tough examination system the number of students who qualify it, is increasing very slowly. An average student takes 5 to 7 years to qualify their examinations. Practical exposure to the student is confined only to the article ship for a period of 18 months, which is not taken up seriously by the student. Independent auditors are expected to be accountable to the shareholders. Most of the audit work is treated as routine and a useful report is prepared by the auditors regarding the books giving true and fair view of the company's final accounts as per the requirements of law, ignoring socio-economic responsibilities from the point of shareholders. Window dressing (mere using the rubber stamp) is being done. 'Social Audit' should be given its due place in Corporate Reporting System. Professional accounting should apply a suitable technique (as ratio analysis and other statistical models) to predict the future of the company. There is also a problem of disclosure or inadequate disclosure. Proper regard is not being given on social responsibility, HRD, environment, pollution control, energy conservation etc. in the corporate reporting. Thus there is a greater need to review our Accounting Education System in our country.

At the time of reviewing the Accounting Education System, we should look at how the accounting education is organized in the developed countries. There are four professional institutes which provides the accounting education for various levels of accounting man power requirements in United Kingdom, viz (i) Association of book keepers for accounting jobs at lower level (ii) The chartered Association of Certified Accounting (ACCA) for accounting jobs at middle level (iii) Association of Chartered Accounting for Auditors and (iv) Association of cost and Management Accounting (ACMA) for Cost Accountants . Other than these, polytechnics and private institutes provide the accounting education for the various levels after getting the due accreditation from these institutes but examinations are conducted and supported by these institutes. Universities provide specialized degree in Accounting at UG and PG levels. But this is done with due linkages with ACCA and ACA which exempt these graduates from a good number of papers for their examinations.

Action plan suggested for India

Accounting profession has expanded unimaginably and therefore professional approach should be adopted in accounting education in inevitably. For it, strong linkage should be build-up between universities and the accounting professional institutions. This is necessary for Indian Accounting Education because the professional institutions do not prepare the accountants at all levels of manpower requirements and university accounting degree of B.Com. and M.Com. are not recognized for rendering accounting services at lower and middle levels, but university products act mainly as a feeder cadre to these institutes. In all our Indian universities, B.Com. has been a common program which mainly provides the business education at under graduate level. We are quite familiar with the fact that mostly commerce graduates go in for professional qualification in accounting, financial management, costing and company secretary ship etc. and those who do not like to go in these professions, they general seek an accounting and financing job in industry, commercial institutions and in the governments for which they are prepared. But they never get recognition as accounting and financing personnel. We also know the fact that an average student does not possess the required intellectual capacity and resources to pursue higher education, therefore it is need that specialization should be given at the under graduate level and this should be recognized as profession. It is high time that we should understand the problem and should plan for a well- designed B.Com in accounting with the co-operation of ICAI and ICWAI. Like this way, our commerce graduates may get the recognition for middle level jobs in accounting profession and get the necessary exceptions of papers in examinations conducted by professional institutes. This will enable to acquire the qualification of a Chartered Accountant or Cost Accountant with a faster speed. If we do not understand the problem at the right time, there are chances that BBA program will take over all these areas by providing necessary specialization filed (like the advanced country), then B.com may lose its relevance. At the post-graduation level, M.com. should be with the specialization in Accounting, Costing, Company Secretary-ship, Taxation, Banking etc. rather than providing specialization in personnel Management , Marketing Management and Financial Management as these are the branches of MBA. M.Com. should be especially for teaching and research purpose. We should make a National Commerce Education syllabus with a strong accounting baias adopting the professional approach in accounting. At the time of restructuring the syllabus, commerce faculties of all the Indian universities should take due consultations with ICAI and ICWAL. In order to convert our views into reality, we think that Indian Accounting Association can play a very-very

important role.

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