

# CHAPTER 1

## INTRODUCTION

*“What the use of fingerprints was to the 19th century, and DNA analysis was to the 20th century, so financial information and forensic accounting has come to be one of today’s most powerful investigative and intelligence tools available.”*

-Gordon Brown, Former Prime Minister, United Kingdom

### 1.1 Introduction

#### *1.1.1 Forensic Accounting: Definition and Scope*

The word forensic traces its nemesis to the Latin word *forēnsis*, which means "of or before the forum" (Tsatsakis, 2008). The term “Forensic Accounting” (FA) was first coined in 1946 by Maurice E. Peloubet in his article named “Forensic Accounting: Its place in today’s economy” (Crumbley & Apostolou, 2002). Amongst the earliest definitions, Lourie, (1953) defined FA as “the practice of accounting in connection with the administration of justice”. The term “FA” has however, been defined in various ways by different authors. As the scope of work of a Forensic Accounting Professional (FAP) has increased over time with the increasing demand, additional dimensions to the definition of FA have emerged. FA is a multidisciplinary field that encompasses a wide range of professional services. There is no single, agreed-upon definition of FA. Sahdan et al. (2020) found that researchers have proposed different definitions of FA, but none of these definitions have been universally accepted. Botes and Saadeh (2018) however, identified three main approaches to defining FA: narrow, more comprehensive (semi-broad) and broad. The narrow approach focuses on the application of accounting facts gathered through the auditing process to solve legal problems (Bologna & Lindquist, 1995; Siegel & Shim, 2010). As the name suggests, the ‘more comprehensive’ or the ‘semi-broad approach’ to defining FA encompasses both the investigative and litigation aspects of FA (Brennan, 2005). Moreover, the broad approach to defining FA focuses on the services that can be offered by FAPs. This approach has therefore been embraced by professional accounting bodies such as the Australian Professional Accounting Standards Board (APASB). The APASB defines FA as:

*“Expert witness services, lay witness services, consulting expert services and investigation services.”*

Further, The AICPA in 2011 defined FA as:

*“non-attest services which involves accounting skills, auditing skills, finance, quantitative methods, law, and research and investigative skills to collect, analyze, and evaluate information and to interpret and communicate findings.”*

Although the broad approach gives a detailed picture of FA; it fails to define the term and limit of FA services offered by CPAs or CAs (Botes & Saadeh, 2018). Subsequent studies have provided a “more comprehensive” definition explaining FA more in terms of outcome-oriented application not limited to legal but also to other different environments. For example, Rezaee et al. (2004) defines FA as the meticulous process of collecting and analyzing data in areas such as litigation support, consulting, expert witnessing, and fraud examination.

Based on how FA has been described in the past, the scope of FA includes legal, investigative, adversarial, and analytical roles. These roles can be clubbed into three categories: namely, consultancy, investigative and non-scientific testimony (Tiwari & Debnath, 2017).

### *1.1.2 Forensic Accounting Education (FAE)*

Prior research (Rezaee et al., 1996; Rezaee & Burton, 1997; Crumbley, 2001; Peterson & Reider, 2001; Rezaee, 2002; Kramer et al., 2017) reviewing the FA-FAE literature provide evidence that FAE has evolved from being a limited professional education for practicing members to a current state of being offered as a separate course by several universities. This surge in FAE is evident around the world. For example, the number of universities providing FAE has increased in Australia (Alshurafat et al., 2019). Furthermore, universities in USA and international accounting bodies have significantly increased the availability of FAE (Seda & Kramer, 2014). Rising financial crimes and scandals; methodological differences between financial and fraud audit, economic and technological advancements have given an extra push to fraud and consequently, FAE (Pearson & Singleton, 2008). It has also been identified that existing accounting education

does not adequately prepare students for fraud detection skills and falls short at fulfilling the demands of society (Pearson & Singleton, 2008; Rezaee, et al., 2015). Buckhoff and Schrader's study (2000) finds that incorporating FA course into the accounting curriculum can greatly benefit stakeholders such as academic institutions, students, and employers of accounting graduates (Peterson & Reider, 2001). Recognizing the significance of development of FA, many universities are offering a specific degree, minor and/or certificate in FA in USA (Kramer et al., 2017). Akyel (2012) stated that FAE must provide training in four issues i.e. financial transaction, investigation, legal testimony, and criminology. In order to obtain and enhance the necessary knowledge, skills and abilities to deliver services, the FAPs need education (Brooks & Labelle, 2006).

Empirical evidence has found that candidate with FA course contributes more to the organization in terms of prevention of fraud (Mounce & Frazier, 2002). Carpenter et al. (2011) provides empirical evidence that students having FAE possess more professional skepticism than students without such training. LaSalle (2007) stated that students who are being taught about fraud triangle theory in FA course performed infrequent fraud discovery errors than the other students. Students equipped with FAE are more creative than other students (Lee et al., 2015). Further, FAE can enhance the level of awareness among the employees and customers regarding the consequence of fraud and financial misconduct in an organization (Honigsberg, 2020). To enhance its viability, Ramadhan (2015) thus suggests that the accounting programs of colleges and universities in Bahrain should also include a FA course. In this regard, Hidayat and Al-Hadrami (2015) further suggest that there is a consensus among all accounting educators to include specific FA topics in the curriculum at the universities in the context of Bahrain.

### *1.1.3 Curricula for FAE*

Accounting education researchers have recognized the importance of designing academic curriculum (Apostolou et al., 2015). FA being a multidisciplinary area focuses on accounting and law (Botes & Saadeh, 2018), fraud and criminology (Daniels et al., 2013), accounting (Horngren, 1983), psychology and sociology (Ramamoorti, 2008) as well as information and technology (Pearson & Singleton 2008). Therefore. it is important to make a balance of these disciplines while designing a FA curriculum (Kresse, 2008). The literature on FA is increasing and is mostly concentrated in US owing to the developments in the nation strengthening FA over the years (Huber 2012; Seda & Kramer,

2015). For instance, the US based National Institute of Justice (NIJ) proposed a curriculum which was later implemented in many US universities (Fleming et al., 2008; Young, 2008). Nevertheless, researchers are of the opinion that the contents of FA should cover more of experimental learning component than the traditional accounting (Bonita et al., 2016).

#### *1.1.4 Challenges and Benefits of FAE*

The prismatic nature of FA creates a considerable barrier in developing successful FA programs. Cook and Clements (2009) raised another concern in FAE, namely inconsistency in both the delivery style and the content of FA courses. Similarly, Fleming et al. (2008) identified numerous other hurdles, including curriculum rigidity, lack of teaching materials such as textbooks, low administrative support, and insufficient engagement among faculty members. Collectively, these problems impede the effective implementation of FAE. To solve these issues, Rezaee and Burton (1997) advocate that academic institutions should aggressively promote employment prospects in FA by adding FA themes into current courses such as accounting and auditing.

#### *1.1.5 Need for Development of Independent Forensic Accounting Profession*

In earlier times, forensic and investigative accounting was not regarded as a separate profession; rather it was considered a specialized area under the accounting profession (Gosselin, 2014). Lack of independence from public accounting bodies, absence of public recognition, and limited awareness and understanding are the major obstacles for FA to become a separate profession (Huber, 2012; Sahdan et al., 2020). To develop this profession, there is a need for collaboration among stakeholders like practitioners, professional organizations, government and educational institutions (Seda & Kramer, 2009). However, following the incident of enormous fraud cases, the scope of auditing is being re-examined and the need for a separate profession is duly felt i.e., the profession of FA. Fiascos like Enron (2001), Duke Energy (2002), Nortel Networks (2003), General Motors (2008), Satyam (2009) and Autonomy Corporation (2012) were an output of audit failures. With time, in developed countries, FA has emerged as a comprehensive profession providing solution to legal problems by integrating accounting, auditing and law. A remarkable milestone in the development of FA as a profession is the SOX Act enacted in 2002 (Arslan, 2020). Further, the demand for FA services is increasing and will continue to increase with rising cases of fraud and white-collar crimes (Arslan,

2020; Binod, 2021), bankruptcies (Karabayır, 2019), business complexities (West Virginia University, 2007), demand in big data (Kılıç, 2020), merger and acquisition (Ernst & Young, 2013), lack of auditors' independence (Yeoh, 2014; Nawawi & Salin, 2018; Honigsberg, 2020) and professional negligence (Bhasin, 2007; Moid, 2016). At present, FA partially fulfils the sociological criteria of a profession in countries like the USA and Australia (Huber, 2012; Alshurafat, 2021). FAPs are undoubtedly fulfilling their responsibilities to their profession and society by combating fraud (Rezaee & Wang, 2019). However, the absence of monopoly power over non-auditing services opens the door for an entirely new profession, i.e. FA, to emerge as a separate profession (Huber, 2012). Huber, (2012, 2013, 2013a) suggests that the formation of a private agency with minimum standards will carry some weight in contributing to developing FA as a profession. Chukwunedu and Okoye (2011) further stated that a distinct profession can fulfill the expectations of the stakeholders. It is but essential to recognize that if the profession cannot regulate itself, the state should intervene and take necessary steps (Huber, 2013a). The non-regulation of entry and absence of an ethical code of conduct for FAP who are not members from the professional bodies are yet other major challenges that the FA domain continues to encounter (Van Akkeren et al., 2013).

#### *1.1.6 Skill Sets and Techniques Required for Forensic Accounting Profession*

FAP needs problem-oriented skills which may differ across countries (Yogi Prabowo, 2013). The experience, skills and competencies of a FAP may influence the quality of FA and the capacity to detect fraud (Christensen et al., 2016). With the rising regulatory requirements, auditors are asked for more stringent consciousness of fraud detection (Carnes & Gierlasinski, 2001). However, confusion about the auditor's responsibility for detecting financial fraud is nothing new. Furthermore, a statutory audit is not enough to detect high-tech fraud and hence periodic engagement of FAPs will help in unearthing the same (Oyerogba, 2021). It is, therefore, essential to have sufficient skill sets by a FAP. Such skills are necessary to reduce indirect costs like increased unemployment, cost of legal action and also business disruption during investigation (Carnes & Gierlasinski, 2001). It has been established that FA skills help predict fraudulent activities in the organization (Oyerogba, 2021). The sui generis nature of education, skill and personality keeps the services of FA forever in demand (Rufus, 2018). FAP thus requires a wide range of skills including deductive analysis, critical thinking and

unstructured problem solving (Uyar & ÇAvuşoğlu, 2020). The experience in accounting services also plays a vital role in the investigation process. The efficiency of FA skills can be witnessed by observing the number of fraud cases detected by the FAPs in recent times (Oyerogba, 2021).

Although practitioners possess some skills, they must however harness sufficient skills through education and training. FA should not limit itself to financial accounting skills but also expand its horizons to internal control systems, law, proficiency in investigation and interpersonal skills (Bhasin, 2007). Practical or psychomotor skills including computer literacy, analytical skills and research skills will further enhance the ability of FA to evaluate large volumes of data and gather evidence of fraud from financial statements (Okoye & Akamobi, 2009). Experts with core accounting, financial analysis and communication skills can effectively help FAP to present the gathered evidence before the court.

To develop these skills, FAPs require adequate education and training to enhance their interview skills when questioning witnesses (Porter & Crumbley, 2012). It has been observed that certified professional accountants with knowledge of FA through education and training have added advantages in fraud detection (Kreuter, 2017). Moreover, delivering FA services requires a solid understanding of various key areas. This includes the valuation of financial statements and the quantification of economic loss (Oyerogba, 2021). Additionally, the ability to synthesize results from discovery and analyses is crucial. Knowledge of internal control systems, computer and network systems, psychology, governance policies, and the legal framework is also essential for a FAP (Bhasin, 2007). The identification of required FA skills will help in developing effective curricula in the universities (Bhasin, 2013), especially at a time when universities are taking the initiative to enhance skills in line with FA (Carnes & Gierlasinski, 2001). Academicians and practitioners believe that analysis and synthesis of the results from the discovery, critical thinking, investigative flexibility, and legal knowledge are important for FAP. Nevertheless, academicians and practitioners can join hands to develop a synergistic FA curriculum which would enhance the skills of a FAP (Astutie & Utami, 2013).

## 1.2 Financial Scams in India

India has experienced various frauds that have put its financial system in a muddle. Table 1.1 presents an indicative list of financial scams in India. The occurrence of these mega frauds further emphasizes the call for proper implementation of FA in India.

**Table 1.1: List of Financial Scams in India**

Year	Scam	Amount	Key player	Summary
2009	Satyam Computer	Rs. 7,000 Cr	Ramalinga Raju, B. Rama Raju, S Gopalakrishnan and Srinivas Talluri	Raju and his associates manipulated financial statements of the company to inflate profits and non-existent assets to boost the company's stock prices and attract investors.
2012	Vijay Mallya-Kingfisher Airlines case	Rs 9,990 Cr	Vijay Mallya	Mallya's Kingfisher Airlines took out large loans from 17 banks but could not manage to repay them which became bad Non-Performing Assets. He also inflated the lease rent and other payments to siphon off funds.
2018	IL and FS	Rs 94,216 Cr	Hari Shankaran	Two group entities defaulted in repayment of interest on bank loans which sparked fear among investors and IL and FS fell short of liquidity.
2019	Dewan Housing Finance Corporation case	Rs. 31,000 Cr	Aruna Wadhawan, Kapil Wadhawan, and Dheeraj Wadhawan	DHFL promoters were involved diverting funds, issuing fraudulent loans to shell companies, misappropriating assets, and presenting a misleading financial picture.
2018	Nirav Modi case	Rs. 10,000 Cr	Nirav Modi and Mehul Choksi	Fake Letters of Undertakings were used to secure overseas credit from other Indian banks without proper collateral. PNB employees also misused the SWIFT network.
2018	Videocon loan fraud case	Rs 3,250 Cr	Chanda Kochhar, Deepak Kochhar, Venugopal Dhoot	ICICI Bank granted six loans to Videocon Group, and the funds were allegedly diverted for personal use through a quid pro quo arrangement involving Chanda Kochhar and her husband.

2018	Infrastructure Leasing and financial services (IL&FS)	Rs 91,000 Cr	Hari Sankaran, Ravi Parthasarathy, Arun Saha, Ramchand Karunakaran, Ramesh Bawa and C Sivasankaran.	Borrowed extensively to fund infrastructure projects. Subsidiaries of IL&FS faced trouble in repayment of interest. Mismanagement and lack of transparency in financial dealings lead to short of liquidity.
2019	Dewan Housing Finance Corporation case	Rs. 31,000 Cr	Aruna Wadhawan, Kapil Wadhawan, and Dheeraj Wadhawan	It involved diverting funds, issuing fraudulent loans to shell companies, misappropriating assets and presenting a misleading financial picture.
2019	Punjab and Maharashtra Cooperative Bank	Rs 6,500 Cr	Joy Thomas, Waryam Singh, Rakesh Kumar Wadhawan and Sarang Wadhawan	Hid the true financial status of HDIL by not classifying its loans as NPAs. Bank created fictitious accounts to hide loans. False reports were submitted to the Reserve Bank of India.
2019	Rotomac-Bank of India case	Rs 3,695 Cr.	Vikram Kochhar and Rahul Kochhar	Obtained loans from banks based on false information, diverted the funds for personal use, and engaged in round-tripping.
2019	Yes Bank	Rs 466.51 Cr.	Rana Kapoor	Rana Kapoor's leadership invested heavily in DHFL's debentures. In return, DHFL provided loans to entities beneficially owned by Kapoor and his family. These loans were given against highly overvalued or substandard properties.

**Source: Author's Compilation**

### **1.3 Forensic Accounting Regulation and Forensic Accounting Education: Scenario from India**

The Government of India duly acknowledges the need of special organization to deal with rising cases of corporate frauds in India. In this regard, the Naresh Chandra Committee on corporate governance (2003) suggested to establish Corporate Serious Fraud Office in India (Baxi, 2021). Consequently, on 1<sup>st</sup> July, 2015, Government of India established Serious Fraud Investigation Office (SFIO) under Ministry of Corporate Affairs. Similarly, the Securities and Exchange Board of India made it mandatory to



disclose information relating to forensic audits of listed entities by amending the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Forensic audits are typically initiated by lenders or the management of a listed entity when something seems off with the financial statements of the entity, pointing to misstatement, misappropriation, and possible syphoning of funds.

Furthermore, Foreign Contribution (Regulation) Act, 2010 (FCRA, 2010) has been enacted to regulate the acceptance and utilization of foreign contributions or foreign hospitality by certain individuals, associations, or businesses and to prohibit acceptance and utilization of foreign contributions or foreign hospitality for any actions against the interests of the country, as well as any issues that may arise in the course of or as a result of such actions. By notification issued on February 5, 2021, the FCRA delegated duties under the heading "Charter for the Chartered Accountants" mentioning that Chartered Accountants are bound to perform forensic audits to ensure that the receiving and utilization of foreign contributions has occurred within the confines of the law.

Besides, in 2009, the council of the ICAI has chosen to introduce a certificate course on forensic accounting and fraud detection for its members. Withal, Professional accounting organizations such as the Institute of Cost and Management Accountants of India (ICMAI) and the Institute of Company Secretaries of India (ICSI) are now encouraging forensic accounting and auditing by including a special chapter in their curriculum. Moreover, ICMAI has also formulated a "forensic audit" diploma course for its members and final-year students in 2021. Additionally, the Pune-based training and educational organization, IndiaForensic, has also pioneered in providing FA courses, independently and in collaboration with the National Stock Exchange of India. Nationwide, several universities have also come forward to incorporate FA in their curriculum (details in Chapter 3).

Further, one of the major milestones in Indian legislative system is the introduction of three major acts namely, Bharatiya Nagarik Suraksha Sanhita (BNSS), Bharatiya Sakshya Adhiniyam (BSA) and Bharatiya Nyaya Sanhita (BNS) which replaces Code of Criminal Procedure (CrPC), Indian Evidence Act and Indian Penal Code (IPC) respectively. The BNSS, BSA and BNS mark significant advancements over earlier legislative frameworks by incorporating modern legal, technological, and procedural requirements. These acts are more aligned with the current needs of justice delivery,

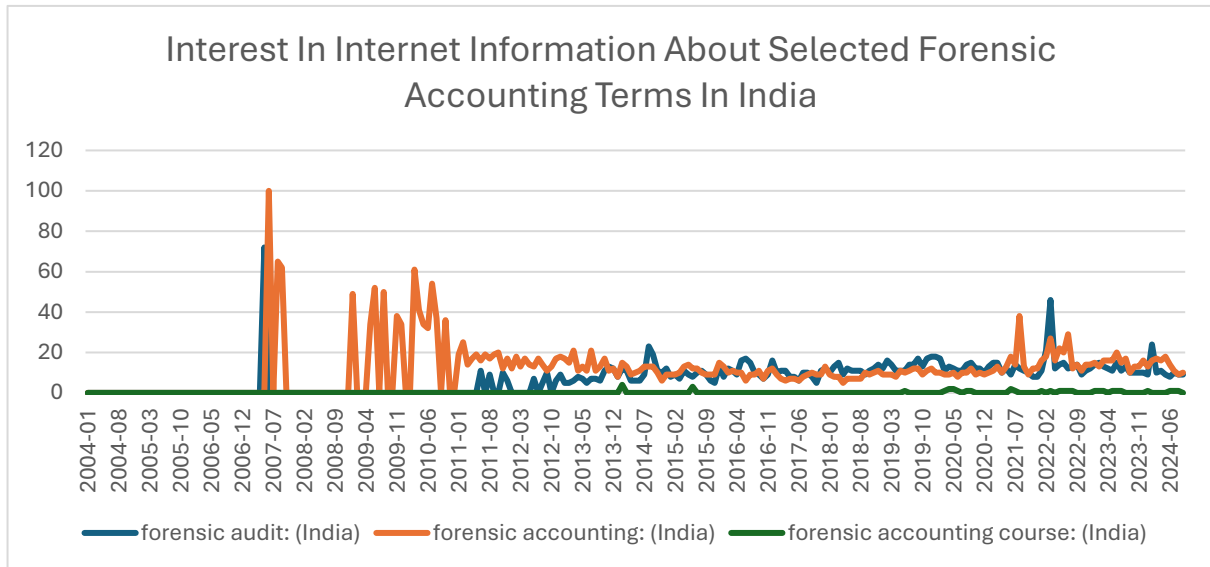
particularly in the context of digital transformation, which was lacking in the earlier laws. For instance, Section 2 of the BNSS defines "electronic communication" and "audio-video electronic means," ensuring the inclusion of modern forms of evidence like digital communications, making the procedural framework more adaptable to contemporary investigative needs. This progression is critical, especially in the domain of FA, where digital and financial evidence often form the core of investigations into fraud, embezzlement, and money laundering. In FA, the admissibility and handling of digital evidence are key aspects, and these acts provide an enhanced legal framework for managing such evidence. Section 28 of the BSA, for example, emphasizes the admissibility of entries in books of account, including those in electronic form, provided they are maintained regularly. This is crucial for FAPs as it allows the use of digital financial records in legal proceedings. Similarly, Section 39 of the BNS empowers expert opinions, including those from FAPS, to be used in court, emphasizing the recognition of FAPs' expertise in analysing complex financial data.

Moreover, these acts enhance the robustness of legal proceedings involving financial crimes by establishing clearer definitions and procedures for handling evidence, such as Section 57 on primary evidence and Section 58 on secondary evidence in the BSA. The inclusion of provisions for electronic records and expert testimony in these acts significantly strengthens the FA domain by ensuring that modern financial evidence is treated with the necessary legal rigour, thus fostering a more effective system for detecting, investigating, and prosecuting financial crimes.

#### **1.4 Interest in Forensic Accounting and Forensic Accounting Education**

This section provides an assessment of interest in information about common FA terms. The search for internet information about FA terms was used as a proxy for the Indian interest in information about specific FA terms. The topics are "forensic accounting (FA)", "forensic accounting courses (FAC)", and "forensic audit (FAU)". To do this, monthly "interest over time" data were collected from Google Trends database for the three search terms. The three variables were selected because existing studies show that these three terms are among the major themes in the FA literature (DiGabriele, 2014; Ozili, 2023). The sample period for the analysis is from January 2004 to September 2024, while the country coverage is India. The data output from the database are numbers (or popularity count) ranging from 0 to 100. These numbers represent interest in a keyword relative to

the highest point on the scale for the given location, region and time. A count of less than 50 indicates that interest in the keyword was relatively low. A count of 50 means that interest in the keyword is half as popular. A count of 100 means that interest in the keyword was highly popular and reached the peak popularity for the term. A score of 0 means there was not enough data for the term (Ozili, 2023).



**Figure 1.1: Forensic accounting terms: interest in internet information in Indian context**

**Source: Google Trends**

The Google Trends data for FA and auditing in India shows notable spikes in interest from 2006 to 2009, likely driven by high-profile fraud cases such as the Satyam scandal in 2009, which exposed major corporate governance failures. While FAU searches showed steady growth, reflecting its increasing importance in regulatory frameworks, searches for FAC remained low throughout, indicating a lack of formal educational development in this field despite growing awareness. The consistency in forensic audit interest, particularly during 2020-2022, could be tied to heightened scrutiny following corporate frauds like the IL&FS crisis (2018) and the Punjab National Bank scam (2018), further underlining the critical need for expertise in this area. The minimal search interest in FAC reveals a critical gap between public awareness and professional education, signifying that while FA is recognized in the nation, India has not yet established a strong educational framework to meet the growing demand for skilled FAP. The rise in FAU interest highlights an evolving

landscape where reactive measures to fraud are prioritized, but proactive educational initiatives lag significantly behind, creating a disconnect that could impede the development of a robust FA practice in India.

### **1.5. Statement of Problem:**

FA has gained significant recognition worldwide as an essential tool in combating financial fraud and ensuring corporate transparency (Van Akkeren & Buckby, 2017). However, despite its rising global significance, FA remains underdeveloped in India, particularly in terms of education, regulation, and professional recognition. The absence of a structured FA framework and standardized educational pathways has restricted the growth of the profession and its ability to meet the demands of financial scrutiny in India. While developed economies such as the United States, Canada, and Australia have established dedicated FA programs within higher education, the Indian academic landscape lacks a formalized FAE (Chetry et al, 2024; Tiwari & Debnath, 2017). Further, due to the absence of structured FAE, professionals in India primarily acquire FA skills through work experience rather than academic training, which raises concerns about the preparedness and competence of FAPs (Hegazy et al., 2017; Botes & Saadeh, 2018; Howieson, 2018). Moreover, the regulatory ambiguity limits the credibility and standardization of FA services, affecting its recognition as a distinct profession (Huber, 2013; Arslan, 2020). While recent initiatives such as the establishment of the SFIO and the Forensic Accounting and Investigative Standards (FAIS) by ICAI signify progress, there is still no clear legal or institutional framework governing FAE and practice in India. This regulatory gap hinders the integration of FA into mainstream financial governance, thereby affecting its long-term development as a profession. Additionally, FAE faces multiple pedagogical and institutional challenges. Prior research highlights obstacles in FAE in developed countries (Rezaee & Burton, 1997; Seda & Kramer, 2009; Young, 2008). While FA is inherently multidisciplinary, incorporating elements of law, criminology, finance, and data analytics, Indian universities have yet to develop a comprehensive pedagogical framework to deliver this integrated learning approach. The absence of a structured curriculum further exacerbates inconsistencies in FAE across institutions, leading to fragmented learning experiences and insufficient professional preparedness among graduates.

Furthermore, FA is increasingly being recognized as a distinct profession in developed economies, where standardized education, certification programs, and professional accreditation contribute to its credibility and industry acceptance (Van Akkeren & Tarr, 2014; Alshurafat et al., 2019). However, in India, FA remains largely perceived as a supplementary function within auditing rather than an independent field of expertise. The lack of professional status and accreditation channels for FAPs in India limits career prospects and discourages specialization in the field. Without a recognized professional identity, FAPs struggle to establish their legitimacy and secure specialized roles in consultancy, fraud examination and litigation support (Yang & Lee, 2020; Alshurafat et al., 2020).

To address these pressing issues, this study critically examines the existing state of FAE, regulation, and professional development in India. The lack of structured academic programs, regulatory clarity, and professional recognition has impeded the systematic growth of FA as an independent discipline. This study undertakes a detailed exploration into the effectiveness of current educational and regulatory frameworks, the competencies required by FAPs, and the institutional challenges that hinder its development. By analyzing global practices and identifying actionable strategies, this study aims to formulate policy recommendations and curriculum models that can support the institutionalization of FA in India. The findings will provide insights that can strengthen the role of FA in financial oversight, fraud prevention, and corporate accountability, ultimately contributing to a more robust financial governance system.

### **1.6 Research Gap: Exploring Untapped Research Frontiers**

FA offers a variety of tools for corporate fraud investigation that may help detect or prevent corporate fraud (Akinbowale et al., 2020). It is not only limited to fraud detection; rather, it includes consulting and non-scientific testimony services under its umbrella (Tiwari & Debnath, 2017). However, there are several challenges that restrict the growth and recognition of FA as a practice and also as a distinct profession (Yang & Lee, 2020). These challenges are primarily related to the regulation of FA (Arslan, 2020), the standardization of FA professional work (Huber, 2013) and education (Rezaee et al., 2016; Wang et al., 2016; Alshurafat et al., 2020). In recent times, there has been a global surge in the requirement for FA professionals and their services, which has subsequently led to an increase in the number of FA educational programs as well as firms rendering FA

services (Van Akkeren & Tarr, 2014; Hegazy et al., 2017; Alshurafat et al., 2019). Empirically, the increasing interest and demand for FA have been documented by various scholars (Brooks & Labelle, 2006; Tiwari & Debnath, 2017; Kaur et al., 2023; Chetry et al., 2024). However, despite the growing interest in FA as a distinct profession in developed countries like the United States of America and its increasing relevance in combating financial fraud, there exists a significant literature gap, particularly in the context of India. While various studies have examined the development of FA education and practice globally, limited empirical research has focused specifically on the Indian landscape, especially concerning the perspectives of FAPs and academicians. This gap is critical for several reasons.

Firstly, while there is a robust body of literature addressing the challenges and opportunities associated with FA in developed countries, comparable studies in India are sparse. The existing literature primarily emphasizes educational initiatives in countries like the USA, Canada, and Australia, where FA is more established (Hegazy et al., 2017; Tiwari & Debnath, 2017). However, there are limited studies on the regulatory prospect of FA. Furthermore, India's unique socio-economic environment presents distinct challenges and opportunities that have not been adequately addressed. For instance, the recent establishment of the SFIO and the introduction of FAIS by the ICAI mark significant developments that warrant detailed investigation to understand the implications on FA practice and education in India.

Secondly, while previous studies have highlighted the importance of specialized training and ethical standards for FA professionals (Huber, 2012; Buhai, 2016; Alshurafat et al., 2020; Alshurafat, 2021), there is a lack of comprehensive study that specifically examines how these factors influence the professionalization of FA within the Indian context. In the literature on FA, limited attention has been provided to the professional status of FA.

Moreover, there is a notable absence of studies that investigate the perceptions and experiences of Indian FAPs and academicians regarding their professional status and challenges. Understanding these perspectives is essential for identifying barriers to professional recognition and for developing strategies to enhance the credibility and effectiveness of FA practices in India. The voices of practitioners are crucial in shaping

educational frameworks that align with industry needs. Their insights can provide valuable guidance for curriculum development.

Finally, while some studies have identified key skills and techniques for a FAP (Singleton & Singleton, 2010; Abdullahi & Mansor, 2018; Kaur & Sood; 2022), there is limited empirical evidence on how these are being emphasized in the development of FAE curriculum and pedagogy within the Indian setting. This gap highlights the necessity for research that not only identifies key competencies and technique but also proposes curriculum content and pedagogical approaches to educational institutes to prepare students for careers in FA.

Therefore, this study aims to fill these critical gaps by focusing on the perspectives of FAPs and academicians in India. By exploring the intersection of education, regulation, and professional practice within this unique context, it seeks to contribute to a deeper understanding of how FA can be effectively developed as a recognized profession in India. This study will not only enhance the academic discourse but also provide practical insights that can guide policy-making and educational strategies aimed at strengthening FA as a vital component of India's financial integrity framework.

## **1.7 Research Questions**

To understand FAE and Forensic Accounting Regulation (FAR) within the Indian and in global context, the study delves into the following research questions (RQ):

*RQ 1: What is the status of FAE and FAR in global context?*

*RQ 2: What are the most requisite skill sets and techniques for an FAP?*

*RQ 3a: What are the key challenges in FAE and FAR in India?*

*RQ 3b: What are the benefits of FAE?*

*RQ 3c: What is the most appropriate method of delivering of FAE?*

*RQ 3d: What is the most preferred discipline for imparting FAE?*

*RQ 3e: What is the preferred educational level for FAE?*

*RQ 4: Whether FA in India aligns with the sociological criteria of a profession?*

*RQ 5: What are the core curricula components and distinct pedagogies for FAE?*

## **1.8 Objectives of the Study**

The present study aims to fulfil the following objectives:

- i. To study the development of forensic accounting education and regulation in select countries;
- ii. To explore the requisite skill sets and techniques for forensic accounting practitioners;
- iii. To examine the challenges in forensic accounting education and regulation in India;
- iv. To examine the prospects of developing forensic accounting as a distinct profession in India; and
- v. To explore and develop forensic accounting curriculum and pedagogies.

## **1.9 Contribution of the Study**

By addressing the identified gaps in the existing literature, this study aims to contribute in the following ways, within its defined scope:

- i. Firstly, the study provides a comprehensive understanding of the current status of FAE and FAR in the select countries. The present study is a maiden attempt to fill the gap in existing literature by presenting a holistic picture about the status of FAE and FAR in global context.
- ii. Secondly, this study identifies the requisite skills and techniques essential for FAPs specifically within the Indian context. While previous research has predominantly focused on skill sets in developed countries, this study fills a critical gap by engaging with both FAP and academicians in the context of an emerging economy i.e. India.



- iii. Third, this study sheds light on the challenges faced in FAE and FAR in India, particularly in light of the growing demand for FA services. As the need for forensic accountants increases, regulatory reforms have been initiated, and universities are beginning to offer FAE. However, despite these advancements, the demand for comprehensive FAE remains underdeveloped. By systematically identifying key challenges in both education and regulation, this research provides critical insights into the barriers that hinder the effective establishment of FA as a recognized profession in India.
- iv. Fourth, the study provides a comprehensive understanding of the current status of FA in India by evaluating the extent to which it aligns with sociological criteria defining a profession.
- v. It significantly advances the field of FAE in India by exploring and developing a curriculum that addresses the specific needs and perceptions of FAPs and academicians. By identifying essential topics and pedagogical approaches that should be included in FAE, the study provides a structured framework for enhancing educational offerings in this critical area. The findings of this study are particularly valuable as they inform academic institutions about the skills and knowledge deemed necessary by industry professionals. This alignment between educational content and practitioner expectations is crucial for ensuring that graduates are adequately prepared to meet the demands of the FA services. Furthermore, by highlighting effective pedagogical strategies, the study contributes to the development of innovative teaching methods that can enhance student engagement and learning outcomes in FA courses.

## **1.10 Conclusion**

In the context of India's development, the increasing demand for FA necessitates a significant role for FAE in shaping future professionals. The issuance of FAIS by the ICAI marks a critical milestone in this journey, although many countries remain uncertain about similar regulatory frameworks. As India undergoes these regulatory reforms, practitioners encounter various challenges that must be identified and communicated to regulators. Additionally, as FAE evolves, it is essential to address the challenges, benefits, key skills, techniques, and pedagogical approaches relevant

to this field. This study aims to illuminate these aspects, providing valuable insights that can guide the development of a robust FA profession in India.

### **1.11 Outline of the Study**

This study is organized into eight chapters, each addressing critical aspects of FAE and FAR. The first chapter deals with introduction, research context, research gaps, and research objectives. Chapter two delves into the theoretical framework, review of literature and research methodology. Chapter three presents a global perspective on the status of FAE and FAR, while chapter four focuses on empirical evidence regarding the requisite skills and techniques necessary for FAPs. In chapter five, the challenges and benefits of FAE are examined alongside the regulatory barriers encountered in practice. Chapter six specifically addresses the state of the FA profession in India. Chapter seven explores empirical evidence related to FA curricula and pedagogical approaches. Finally, chapter eight concludes the study by synthesizing key findings and outlining policy implications for stakeholders involved in enhancing FAE and FAR.