



A Study on White - Collar Crimes and proposed updates of Forensic Accounting in India

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Abstract- The white collar crimes are becoming more popular in the world of financial scams. It is a financial racket which is committed by well educated citizens of country. They are placed at the top positions in big corporate houses and do criminological actions to become richer persons in short span of time. In this research paper, we try to highlight the latest initiatives by ICAI expert committee as well as government of India in the field of forensic accounting. We also try to put light on the proposed forensic accounting standards which are planned to be implemented in India. With this India is becoming the first country which is thinking about Forensic Accounting and Investigation Standards and another part of this paper are about white-collar crimes. The beginning of forensic accounting is for the examination of white-collar crimes. On 1st September 2020, ICAI present the proposed forensic accounting and Investigation standards.

Keywords: financial scams, criminological, ICAI

I. INTRODUCTION:-

White collar crime is an important part of Forensic accounting. As we know forensic accounting deals with the detection of financial crimes which is committed by the highly paid employees of the organisation. They want to become richest person in the society and adopt a shortcut path of success. For earning more they are taking bribe, misappropriation of assets of the organisation or mismanagement of the financial statements of business organisation. All above activities considered as a white collar crime in corporate sector. The percentage of professional crime is becoming more popular. Since 2012 the percentage of it is increasing rapidly in India. We heard about new financial crimes that are committed by high authorities or high salaried persons of the organisation. Intrinsically these kin specialists of Law, management, engineering, auditors as well as government officer or software engineer etc. The best example of white collar offences in India is Amarpali Scam or Punjab National Bank Scam (also known as Nira Modi Financial crime).

Definition of White collar crime:-

At emerging stage of White collar crimes well defined by Sutherland in 1939 as a "Crime is committed by a person of respectability and high social status in the course of his occupation". They treated white collar offence as a Non Violent activity that happened to become a wealthy person in the society within short period of time. Walter Reckless also well said, "White collar evil is an activity which is occurred by too senior officers of the organisation and those officers responsible for the strategic management as well as responsible for the policies preparation and execution of it at all level of the business organisation."

Objective of Study:-

Primary objective of the study is:-

- A) To understand the concept of White collar crimes and its present situation in India.
- B) To analysis how proposed forensic accounting and Investigation standard (FAIS) will be helpful to overcome the white collar crimes.

Secondary Objective of study:-

- A) To analysis major white collar crimes in India till date and how Forensic is accounting is helpful to examine the scam cases.

B) To study the exposure draft of FAIS(17th September 2020)

II. METHODOLOGY OF STUDY:-

The information gathered has been collected through secondary sources. The mode of research is based on the descriptive research. This study is hinge on previous research in same field. This study will be helpful to understand the white collar crime present situation in India and in lighten on the proposed draft of FAIS (Forensic Accounting and Investigation standard) and how it is helpful to overcome the financial crimes.

White collar offences in India:-

In these days the percentage of financial crimes is going up with very high speed which is committed by white collar persons. They have placed at good designation in the organisation. On the other hands they full fill their job responsibilities along with motive of earn more without any efforts within short span of time. For all this process they go on wrong track of life. They used to getting money through bribe from suppliers or customers of the organisation, misappropriation of organisational assets, mismanagement of financial statements of the organisation. Today white collar crimes are increasing very fast. White collar crimes refer to bank fraud, bribery, taxation fraud, computer fraud and Money laundering etc.

Another writer also said Forensic accounting is an open window for white collar crimes. It acts as an evidence of any crime which is acceptable in the court room. The leading White collar tort (financial crimes) in India i.e. examined with the help of forensic accounting as given below table:-

Name of Financial Scam	Year of Con	Monitory Figure of SCAM	Fraudulent Kin	Short story of scam
Satyam Computers Scam	2009-10	Rs.7800 Crore	Ramalinga Raju (Founder of the Stayam computers) & his Brothers	Misappropriate and mismanagement of Financial statement and Tax evasion
Sahara Group Scam	2011	Rs. 20000 Crore	The deuce person is Subrata Roy and Vijay Mallaya	Following scam relevant to IPL Teams (Sahara Pune warriors and Royal Challengers Bangalore) SEBI ordered Sahara to refund the amount of Investors and shareholder money. And 28th February 2014 the accused person arrested.
2G Spectrum Scam	2010	Rs. 1760 billion	A Raja, MK Kanimozhi, Nira Radia,	Issuing of licenses to Mobile Telephones Companies during the period of 2010. In February 2012, The Supreme Court of India gave the order to cancel the 122 licenses which was issued in 2008.
Commonwealth games Scam	2010	Rs. 70000 Crore	Suresh Kalmadi (Lok Sabha MP, Pune during period of scam) & other organizing committee members.	Observation of jobbery and mismanagement by the organizing committee, and charged under the prevention of corruption Act.

Punjab National Bank Scam	2018	Rs.14356.84 Crore	The accused persons are Nirav Modi, Mehul Choksi and PNB officials.	The fraudulent kin breach the trust of RBI because they issued the fraudulent letter of undertaking. In this financial scam core committee of Punjab national Bank involved and found culprit in this scam.
Amarpali Scam Case	2019	Rs. 11652 crore	CMD Anil Sharma and directors, Shiv Priya and Ajay Kumar and directors.	They kept Rs.94 Crore in his bank account of homebuyers. They taken the money from home buyers and invest it in further projects but not completed the relevant projects.SC instruct to Noida authorities to accomplished the uncompleted projects and handover to the homebuyers with short span of time.
SBI, ICICI, Axis and Yes Bank etc	2016	Rs. 3.2 Million users effected (Cyber Crime)	The breach of Financial Information through online banking, debit cards.	This case related to the malware practices during 2016 with the Hitachi Payment services. They stolen the financial information i.e. relevant to the debit card and become more popular.
Sim Swap Scam	2018	4 Crore Cyber crime	Main two accused belongs to Navi Mumbai	This cyber crime apt to the breach of bank information through the SIM card. They grabbed all financial information through illegal way with the help of internet banking etc. They transferred around Rs 4 Crore from various accounts.
Drop Box	2016	68 Million users affected globally	Drop Box susceptible for this fraudulent activity because they share the email and password of 68 million people in the dark net market.	The Drop Box sold their database in the dark net market. The company sent the email to their users to reset the passwords and stolen or hacked the all content information for cyber crime.

Figure - 1

Above table number 1 showing the leading white collar scandal cases in India and these cases finally examined by forensic accountant and proved it is best technique for the fraud detection and prevention of financial scams whether it is on the nose of cyber crime or misappropriation of financial statement of the organisation. In the interest of Forensic Accounting, we can say it is a combination of three traits:- Investigation, accounting and auditing . So rather than call to three different people we can hire forensic accountant who have multi traits for the examination of financial rackets. In these days Forensic accounting going to use frequently in financial racket solution. Since Satyam Computers Scam 2010, India government also initiate steps against detection of financial scam and taking step to prevent it. Moreover this financial scam along with the cyber crimes it's going upward day by day. Few names of white collar crimes as mentioned in Table-1 like Amarpali Scam case in which higher authority used public funds for more property of the organisation rather than completion of project at time. Furthermore case of financial scandal is Punjab National bank scam, in which top management also involved and participate in the financial racket with the misuse of their position in the

bank. As the days gone, the way of the fraudulent activity is also modify the mode of attempt towards fraud. The point of act in fraudulent activity also changed as we studied in Table-1, it is showing in the last cases of financial scandal with the help of internet and becoming more interesting in the field of monetary scam. The kin persons used to use electronic data for hacking the financial or banking information through advertising activity or issuing other beneficial schemes to the customers whether they are customer of bank or using any electronic mobile application they stolen their financial information (Internet password, debit or credit card numbers etc).

Indian Government approach towards Forensic Accounting and Proactive action:-

The Government of India is also taking headway for the legal formation and separate entity of the forensic accounting. On 1st September 2020, ICAI issued press release on Forensic Accounting and Investigation Standards. Till now there are no standards for the course of action, for collection of evidence for the examination of scam cases in India. Even though there is no country through worldwide who have standard for forensic accounting. So India is going to be a first country who's introduces the accounting standards for Forensic accounting and Investigation.

In the end of 2nd quarter of 2020, ICAI released the proposed FAIS after accepting the proposal of DAAB (Digital Accounting and Assurance Board). As per President of ICAI, Atul Kumar Gupta is the head of core committee. It is also part of "Atamanirbhar Bharat" vision of India. Forensic Accounting and Investigation standards will not be helpful for accounting professional even though it prove as an essential tool for the collection of evidence as well as other course of action of law endorsement activities.

The ICAI introduced the draft exposure through press release on 1st September 2020, and accepted the expert comments on it. ICAI also release the names as an expert for committee and ask for the comments till 19th October 2020. The exposed six FAIS at initial stage as given below:-

Sr#	FAIS #	Content of FAIS
1	100	STANDARDS ON KEY CONCEPTS (100 SERIES)
2	200	STANDARDS ON PRACTICE MANAGEMENT (200 SERIES)
3	300	STANDARDS ON THE EXECUTING ASSIGNMENTS (300 – 400 SERIES)
4	500	STANDARDS ON SPECIALISED AREAS (500 SERIES)
5	600	STANDARDS ON QUALITY CONTROL (700 SERIES)
6	700	DEFINITIONS AND TERMS

Source:- www.taxguru.in **Table-2**

As per above Table # 2, at initial stage of exposure draft of FAIS they introduced six standards. It started from FAIS 100 till 700 except 400.

The list of stakeholders for inputs on Exposure Drafts released by ICAI:- Among other things they also launched the list of proposed departments for the (Inputs) comments on the exposure Draft of Forensic accounting and investigation standards. These names are given below in Table number 3.

Proposed Departments for Inputs on Exposure Drafts	Proposed Departments for Inputs on Exposure Drafts
1) The Ministry of Corporate Affairs	17) The Central Board of Direct Taxes
2) The Ministry of Home Affairs	18) The Central Board of Excise and Customs
3) The Reserve Bank of India (RBI) – Including Regional Offices	19) The Institute of Cost Accountants of India
4) The Securities and Exchange Board of India (SEBI)	20) The Institute of Company Secretaries of India
5) The Comptroller and Auditor General of India (CAG)	21) Recognized Stock Exchanges in India
6) The Controller General of Accounts (CGA)	22) The Indian Banks' Association
7) The National Cyber Coordination Centre (NCCC)	23) The Standing Conference of Public Enterprises
8) The National Crime Records Bureau (NCRB)	24) The National Bank for Agricultural and Rural Development

9) The Central Bureau of Investigation (CBI)	25) The Indian Institute(s) of Management (Various)
10) The Enforcement Directorate (ED)	26) The Telecom Regulatory Authority of India
11) The Economic Offences Wing (EOW)	27) The Central Registrar of Co-operative Societies
12) The Serious Frauds and Investigations Office (SFIO)	28) Industry bodies/associations, such as, The Confederation of Indian Industry, The Associated Chambers of Commerce and Industry, The Federation of Indian Chambers of Commerce and Industry, etc.
14) Insolvency and Bankruptcy Board of India (IBBI)	29) State Police Agencies and Cyber Crime Cells
15) Computer Emergency Response Team- (CERT)	30) Any other body considered relevant by the Digital Accounting and Assurance Board, keeping in view the nature and requirements of the Forensic Accounting and Investigation Standards.
16) The Data Security Council of India	31) Gujarat Forensic Sciences University

(Source:- www.taxguru.in)

Table-3

After above process then 2nd phase of this process came into existence on 28th December 2020. The Digital Accounting Assurance Board of The Institute of Chartered Accountants of India (ICAI) invites comments on the below following exposure drafts of Forensic Accounting and Investigation Standards (FAIS):-

Sr#	FAIS #	Content of FAIS
1	250	Standard on Communication with Stakeholders - 250
2	360	Standard on Reporting Results- 360
3	370	Standard on Testifying Before a Competent Authority – 370
4	510	Standard on Applying Data Analysis - 510
5	520	Standard on Evidence Discovery in Digital Domain – 520
6	530	Standard on Loans and Borrowings – 530
7	540	Standard on Related And Connected Parties – 540

Source:- www.cainindia.org

Table-4

As over above study, the department The Digital Accounting Assurance Board of The Institute of Chartered Accountants of India (ICAI) released the 2nd version of Accounting Standards for forensic accounting. On 29 December 2020 they introduced the Forensic Accounting and Investigation Standards. It includes total seven standards and most important standard is 510 relevant to the applying data analysis or standard for loan and borrowings etc. The FAIS standard number 250 is relevant to the communication with stakeholders. With the introduction of FAIS, India becomes the first country in the world that has initiated the process of legalisation and set the standards for Forensic accounting to overcome the white collar crimes.

III. CONCLUSION

In the cogitated words, we can say, Forensic accounting is effective tool for the detection and prevention of white collar crimes. As per above study, we able to under stand the importance of forensic accounting and check the status of white collar offences in India and found it is going upward day by day since 2010 after Satyam Computers scam. Throughout this case the counting of fraudulent cases going up. From 2017 to 2020, we see many financial scam cases in India and effect Indian economy. For the detection and prevention of financial scam Indian government used to use forensic accounting and getting positive results. On 1st September 2020 they introduced the first phase of draft of Forensic accounting and investigation standards

through press release and become first country who's thinking for the legalization of forensic accounting. After getting positive response from input stakeholders then ICAI proceed for the 2nd phase of this and release the exposure draft for additional seven standards for forensic accounting. So in deemed words we can say forensic accounting is precious tool to overcome white collar crimes.

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