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President Desks

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It is the matter of immense pleasure to inform that volume 1/Issue 1 (January-2019) of our International Association of Scientists and Researchers (IASR) journal has been published as decided. The remarkable feature is that with each coming issue, the journal is acquiring more strength with increased visibility. With this first issue entire fraternity of the journal and the respected members of editorial and advisory board are filled up with great joy and happiness. The members of IASR board, rich in experience and are varied expertise that provide immense assistance in propelling the journal to acquire a desirous position in the areas of research and development.

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Dr. Ranjeet K Singh
President
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The Efficient Market Hypothesis in Developing Countries: Indonesia

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Abstract:

By keeping into account all the historic and progressive details of the proficiency marketplace theory, in this paper it will be a rapid assessment on the indication of the refusal of the theory based on formerly done readings and based on own examinations. The chief objective of the paper is about the determinations done on stock prices. It is often believed that a superior quality predictableness of the stock charges has a gigantic part in the security market and in the whole macroeconomic policies of a country. The predictability and efficiency accustomed by the competence market theories are desecrated in stock market, by accentuating the statistic that the upcoming stock prices and returns are not estimated entirely by the previous years' data. In this paper, it is attempted to rule out other representations done for revenues and charges securities in Indonesia to ascertain the refusal of the theory, that in fact it is involved also in some other developing nations. The exemplary of the stock charges and the other estimators by using the root test examine the weak form of the proficiency market theory and authorize the refusal of the theory. With the assistance of the Augmented Dickey-Fuller test and the Granger test of causality, it can be understood that market proficiency cannot be fully liable and comprehensible, because it is a concern of the financial performance.

Key Words: *Augmented Dickey Fuller Test, Efficient Market Hypothesis, Indonesia, Stock Markets*

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Introduction

The emerging markets newly are exceeding vast social, economic, political and institutional deviations. Financial progress is connected specially with investment flows, vocation and economic market expansions. All the market members are functioning out together in an attempt to build an intercontinental investment market economy where their evolving marketplace can assimilate in the global financial events. Performance of the stock values and also the variabilities on interchange amount give the hint to the stockholders to have certain info regarding the marketplace. This is the fact where Fama (1970) established the notion of the Capital Market Efficiency which depends on the operation of the data obtainable for the balanced prospects. The competence of the marketplace is assumed to be accomplished whenever the entire marketplace spreads all the info that is required to envisage the upcoming scenario for the fresh capitals. He produced this impression in a practical proof of the association amongst the advancing degree and the commercial degree into an operative method anywhere the advancing degree is assumed to be equivalent to the estimated advert degree and the hazard quality of the delivered safety. It is because of this impression additional experimental studies are prepared specifically on stock marketplaces to show the consequence of charges behavior on widely obtainable data. The theory is presumed to be a dual affair as it is understood that the causes that are supposing the assessment of the values in the next age are balanced in the sense that they do create no methodical anticipating miscalculations and they have adequate data to identify the projected market value symmetry and symmetry revenues. The values of the possessions are believed to be a haphazard gait adjustable. The accessibility of the data and the reasonableness of the causes split the theory into three methods: weak, semi-strong and strong competent systems (Lo and MacKinlay, 1988). This arrangement is done to accentuate the belief where the concept is broken down, which is the point that the market has probable info to be simulated into the securities' standards. Most of the trainings done formerly have been tested due to the first two forms of the hypotheses due to the dissemination of the reserved info is so tough and confidentially protected and there it is supposed that the portion of data is costless and the marketplace should be flawlessly modest so that the values advance all the probability to seizure spontaneously all the marketplace data. An attentive feature that gathered my consideration (being one of the motives why it is I chose Indonesia as a sample in this paper) is that there occur three stock markets: Surabaya, Indonesia and Jakarta Stock market. Every single one of them looks to follow proficient approaches for stockholders and other economical means in order to deliver to the market a lucrative and protected atmosphere. It is because of the financial issues, it is problematic to have an entirely interactive and proficient stock market. Administration is attempting to discover effective strategies to be applied into the finance so that the members can specify themselves to the targets. The Jakarta Stock Market is turning out to be one of the finest performing marketplaces amongst the Asian nations. Though the marketplaces are developing towards economical globalization, there are still some discrepancies between the organizational deviations of the marketplace and the performance of the people notwithstanding that they have three diverse markets for bearing their inclinations from one market to another. But again there are a number of operational threats that link up the corporations that capitalize in the marketplace like as liquidity risk, credit risk, exchange rate risk, market risk etc. There are actual enhancements in the stock market that outclass the stockholders' atmosphere, as enhancements in the assurance of the business sequence and also in the stockholders. The Jakarta Market attempts to outsource the community, the desired sum of the stocks so that they can attempt to accomplish the requisite revenues. It implements micro and macro-economic situations so that the buyers and the sellers of the retreats can intermingle easily with one another. The local environment of the investment market, exclusively the political situations, it has negatively impacted in the global liberalization of the stock market. In most of the developing nations, the effective market theory is forbidden.

Methodology

The EMH postulates the statistic that the stock values replicate all the information given visibly, therefore the Indonesian marketplace by being so well performing entity may agree to this testimonial. The statistics utilized on this analysis contains all the statistics of the stock marketplaces for the business-related firms. Maximum data brought in use are monthly collected from Datastream. On the basis of a few other studies made, there are calculated grades as per the customary EMH procedure. The elementary econometric recession is verified over the logarithms of stock charges of a definite time and one preceding time. $P_t = \mu + P_{t-1} + \varepsilon_t$, *for* $t=1\ldots\ldots\ldots T$ where P_t and P_{t-1} are the logarithm of the values of the stocks of today and tomorrow correspondingly. And the void hypothesis is: H_0: $\mu=0$ *where the* ΔP*=composition of returns* $= \mu+ \varepsilon$. It is used the Augmented Dickey Fuller checks to scrutinize the stability of the values. The examination that is performed here creates the detail that the values are in the marketplace as a complete and also depicts the marketplace revenue percentage unpredictability over a specific time-lapse. If it is checked beyond the time, a wide spectrum of the data studies shall be noted to regulate the track of the belongings charges. Eugene Fama (1970) was the first economist who developed the impression of the market competency theory and he also examined the rudimentary econometric relapsing structure. He has emphasized strongly the randomness in the price movements and the data collected in an arbitrage form, where he calculated the notion of the combined theory, under which the coming analyses were derived. First the approach shall be examined, if the altercation charges are an arbitrary pace and second condition, if the upcoming information are an equitable forecaster of the forthcoming charges taking also into consideration the returns. There are a lot of econometric practices that put an effort to exam the theory and for sure that they all have the same variables adopted in different manner (Guidi, Gupta and Maheshwari, 2011). In the previous researches, studies are treated two kinds of financial markets: the stock market and the exchange rate market. The basic regression used in the exchange rate market is: $\Delta s_{t+k} = \alpha + \beta fp_t + u_{t+k}$.

According to this regression developed by Fama (1970), Dickey-Fuller (1981), Engle and Grager (1987), Phillips and Perron (1988), Johansen (1991) there are uses to assess the investigation by putting into trial, the manner and point of incorporation of the variables and additionally by checking the moving-average inaccuracies. For an example, the elementary ideology behind these assessments is concealed behind the orthogonality concept where the relation of the info presented and the prediction is demonstrated. On the basis of this system, the values of the possessions are scrutinized, in a straightforward manner. Hansen and Hodrick (1983), Giovannini and Jorion (1987), Chan, Gup and Pan (1992) have oppressed the principal possession valuing structure into the econometric equation in order to evaluate the riskiness of safety stocks. They all anticipated that the turnover in the long wait shall be at its usual standard in spite of the small span variabilities, as they are triggered because of a gentle adaptation of the new market information. After them many other regression models are been used to test the hypothesis of the efficiency. Dickinson and Muragu (1994) espoused the very freshly utilized means of self-relapsing provisional heteroscedasticity model to depict the standard of the stock-returns. $E_t [P_{t+1}| S_t] = P_t + \mu$ is the representation of the fundamental definition of the EHM where the expectation of the upcoming values providing all the appropriate data S_t will be equal to the today's price and a deterministic regular variable change μ. In base of this concept, the linear models of regression dominates the financial marketplace by inquiring the price changes. The ARCH linear model have some autoregressive structure of their circulation. Additionally people collectively began paying extra consideration to General ARCH as their structures consist of more than one lag: $h_{t+1}=\alpha_0+\alpha_1 u_t^2+\beta_1 h_t=\alpha_0+ (\alpha_1+\beta_1)h_t+\alpha_1(u_t^2-h_t)$. In which, it is assumed that the shock unpredictability is trying to get replicated in the next period as well. Nevertheless, several studies highlight that stock marketplace unpredictability is greater while the recessions than during expansions, while mean that returns are lower during recessions (Kim and Shamsuddin, 2008). For instance, if there appears to be GARCH (1,1) with $\alpha_1+\beta_1=Ц$ which has a unit self-repulsive origin which indicates that current day's unpredictability is going to influence predictions of unpredictability into the indeterminate future. Moreover the term "volatility clustering" seemed in the ARCH procedures highlight the information that the revenues are very restricted with the phase variations, so also the worth unpredictability are replicated straight in the upcoming time period. The greater the budget is assimilated to the universal system, the greater are the effects of the macroeconomic variables into the marketplace of that country. Above and beyond this it can be say that the return of the stocks beside its prices depends also from the exchange rate fluctuations, inflation rates, interest rates, prices of the bonds and many other macroeconomic variables. Another model is the linear Granger causality test, where there is a nonlinear parametric causality test based on the nonexistent prognostic control for yt of insulated standards of an alternative variable xt that is characterized by an additive smooth transition component as in the additive smooth transition regression model: $\ddot{\eta}_t = \beta_0' g_t + \sum_{j=1}^{q} \delta_j x_{t-j} + \sum_{i=1}^{q}\sum_{j=1}^{q} \varphi_{ij} x_{t-1} x_{t-j} + \sum_{j=1}^{q} \psi_j x^3_{t-j}$. The hypothesis "$x_t$ doesn't Granger cause y_t" can be written as H_0: $\delta 1 = 0, \varphi ii = 0$ and $\Psi j = 0$. There are many other regression equations and models used to treat this topic, but in this study, it is tried to give the most important one. As a brief overview, all the approaches calculate the random walk model for the return distribution.

With the help of the outcomes of the examination, it can be perceived that the null and void hypothesis of nonlinearity is rejected completely. The current prices are incapable of reflecting to the community the information needed to predict the tomorrow ones, signifying that the marketplace is incompetent. Such kind of examination demonstrates exclusively the internal influence, which the stock market obtains, but aren't bringing into concern the various other related commercial variables.

Results

Table 1. Regression results.

	Coefficient	Std. Error	z-Statistic	Prob.
C	0.0435764935848	0.0167721497886	2.59814598211	0.00937286374323
LOGX	0.992780522113	0.00274149597436	362.130942886	0
	Variance Equation			
C	8.95600570563e-06	1.69972917402e-06	5.26907806404	1.37110649501e-07
ARCH(1)	0.149807018985	0.0580656301223	2.57996027374	0.0098811681507
GARCH(1)	0.600545016307	0.0738663242009	8.13015975553	4.4408920985e-16
R-squared	0.995673121977	Mean dependent var		6.1214737516
Adjusted R-squared	0.995639449775	S.D. dependent var		0.0826286734711
S.E. of regression	0.00545634003197	Akaike info criterion		-7.61638691007
Sum squared resid	0.0153026263239	Schwarz criterion		-7.57542444491
Log likelihood	1981.45240316	F-statistic		29569.5870099
Durbin-Watson stat	1.78604647358	Prob(F-statistic)		0

Source: Author calculations.

As mentioned previously, the stock marketplace must be assumed as a discrete organization where the partakers perform without even observing the marketplace externally. The values of security funds don't act apart from the other micro and macro variables. The variations of the macro pointers bother the expansion of the finances of Indonesia but also the stock values. The depositors when predict the upcoming atmosphere considers into account the current rates and additionally even attempt to seize all the information that supplementary variables provides them. Maximum depositors are fairly very subtle towards the marketplace gossips, exclusively from the ones upstretched from administrative turbulences. Since the rates of the security funds and their revenue percentage are not unaccompanied in the marketplace, it is determined to check a few variables to demonstrate their specific fluxes and unpredictability. The single root check displays in an apt means the deviances of the variables of the economic system. The Augmented Dickey Fuller test that is used is attained by: $\Delta X_t=\lambda_0+\lambda_1 X_{t-1}+\lambda_2 T+\sum_{i=1}^{u}\psi 1\Delta X_{t-1}+\varepsilon$, where λ_0, λ_1, λ_2 are the coefficients that are assessed and ε is the white noise error term. According to the formulary technique, it is emphasized the detail that ADF system is utilized to assess the variables in the occurrence of a deterministic drift and a constant term.

Table 2. The results of the Augmented Dickey Fuller Test.

Variables	With intercept/ no trend	No intercept/ with trend
turnover	-2.851876**	-2.706144*
RER	1.137613	-1.641691*
interest rate spread	-2.407386*	-2.388681*
real interest rate	-2.138996*	-2.437125*
inflation	-2.315566*	-2.233385*
Δturnover	-3.473887***	-3.312033**
ΔRER	-2.309938*	-3.386031**
Δinterest rate spread	-4.58942	-4.585493***
Δreal interest rate	-4.425071	-4.233533***
Δinflation	-4.058288	-3.928913***

Source: Author calculations.

The acute assessments for 1%, 5% and 10 % level of importance for zero tendency variant are -3.9228, -3.0659, -2.6745 correspondingly and acute assessments for 1%, 5% and 10 % levels of importance with tendency variant are -4.6712, -3.7347 and -3.3086 correspondingly. A greater extent of these values are noteworthy but it still should favor the variables with no interrupt and tendency. As it is clearly noticeable from the table above, it isn't just the variable (revenue amount) that discards the single root test but, even additionally nearly all the supplementary variables discard the theories. This states that not just the variable (turnover) is being inconsistent throughout the time but also the finance as a complete entity, does not monitor a fixed route due to the non-linearity, which is a characteristic that links up the marketplaces in common. The imbalanced distribution of the financial criterions in Indonesia misrepresents the expectable stock engagements. The Indonesian market couldn't replicate all the data among the values or yields of the stocks since the ineffectiveness of the markets comes from the instability of the economy in general. The macroeconomic agents fluctuates over time which also changes the prices of the securities since the stock market is a dependent institution with the economy as a whole. The parameters of the economy highlight the ways of dealing with investments among which the investors can evaluate the indexes of the markets. Despite the fact that the Jakarta Stock Market has make huge progress in the last years it doesn't give the strength to attribute all the relevant information to investors to examine the tomorrow prices by just looking at today ones. Traders do not only diversify their portfolio among this three stock Indonesian markets but also they used other fields of the economy, even abroad. Thus the market can experience with some stimulus coming from outside that distort the feature of a "closed and isolated" stock market. Indonesia has an inflation targeted policy. Although the inflation should move on the same track, it does not have a unique linear behavior by indicating that the economy has in general abundance resources. Since the major part of the shares is owned by the foreign investors, the exchange rate and the inflation rate patterns should also be considered. The market in Indonesia is still in a transition period because it is trying to cope with the global standards. The new standardization period is comprised of some new behavior investor perspectives where to reach the needed information it has become more difficult because the market policies have been not successfully. The companies not only have to collect info about the stock market but also about for the functioning of the economy.

Conclusions

The Efficient Market Hypothesis has been studied for more than a couple of decades and on its theoretic basis, it is sustained and encouraged by a large number of Economists but in exercise, it is taken as an incorrect finding. Particularly, the stock marketplace has no enticement to agree to this theory as the rates fluctuate over the time without taking into account the data that is assumed to be engrossed by the members. This paper attempted to accomplish the indication that the EMH possesses in the stock marketplace exclusively within the developing nations. In the very initial phase of this article, it is elucidated about the efficient market hypothesis and its methodic approach. Then after on the basis of the previous experimental examinations, it is attempted to create certain assessments to demonstrate the character, which this hypothesis holds on the stocks' market. Finally, it has established an experimental learning over the Indonesian market. As per the complete market research handled and accomplished, the fragile usage of the theory (that the marketplace reproduces a bunch of data accessible to the stockholders to forecast upcoming values), is sturdily denied. The denial conditions that the stock marketplaces of the emerging nations are incompetent, which means that the charges vacillate actively without possessing any distinctive fashion. The typically used approaches were the unit root test (particularly that of the Augmented Dickey Fuller assessment) that tries to inspect the importance of the standard of the variables for the stock marketplaces (where the most vital check was to verify the unpredictability of the values and its revenues). The earnings of security funds and its charges did not track a moveable fashion. They diverge from the familiarity, so their dissemination is desecrated and they are interrelated successively with one another. The situation of stock marketplace that the emerging nations delivers to the stockholders isn't so dependable due to the uncertainty of the financial condition that these nations have. The poor functioning of the supervisory organizations for the stock marketplaces let into the info extended progressively conflicting from its theme. The financial and as well as the governmental strategy expansions in the emerging nations either close or open fresh doorways for venture prospects. But later on, by observing the retroactive statistics of the stock marketplaces, it was found that they are vastly misleading because of the absence of technology (because of which the data it is not communicated wholly) and organizational associations. On the other hands, in the last years the technological advancements have been occurred but still the prices of securities indexes have not pursue a normality path. The volatility of the prices happened due to the emerging of the markets in the global financial system has make the investors to deal more with the foreign exchange regimes which make the entrepreneurs suspecting and being afraid to react quickly to the market. The relevant information in the market are not so reliable. Moreover the crucial aim of the investors is to maximize their profits so they do not care too much to transmit their acknowledgement to the public; moreover they try to find other illegal ways to increase their earnings. Thus the market by itself cannot adjust the set of the information available to the public because, by opposing the EMH, the stock market is not isolated from the economy as a whole. The inconsistency and inefficiency of the stock market due to macro and micro economic effects and due to the non-asymmetric behavior of the people make the Efficient Market Hypothesis be strongly rejected. To conclude in this paper it is emphasized the fact that the prices of today are not able to reflect all the information that is available to the public for evaluating or predicting the prices for tomorrow. Thus the efficient market hypothesis is strongly rejected especially for the stock market in the developing countries.

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Study the Role of Forensic Accounting in Detecting and Preventing Frauds or Scams in India through Different Techniques: A Review

Gulpas Asrar Ansari[1] and Kaneeka Joshi[2]

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Abstract:

As we look down to the present scenario, where there has been a drastic rise in financial treachery and money related frauds, a need has arisen of experienced forensic accountants. According to the study, it is found that financial scams that took place in the history of India and which is still ought to happen is mainly due to the lack of stern organizations which can have a control on every abnormal financial activity. This study has discussed about what role does a forensic accountant paly in detecting and preventing financial frauds or scams which are taking place in India. Various methods like as Benford's law, Theory of Relative Size Factor (RSF), Data Mining Techniques and Ratio analysis are also discussed in this piece of study. The present study is done by the available literature on forensic accounting and its applications.

Keywords: *Forensic Accounting, Financial Frauds, Scams, White Collar Crimes.*

Authors:

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Introduction

Because of the excessive fraud committed in corporate sectors, forensic accounting and financial investigation is being focused nowadays (Bansal, 1). In accounting, forensic accounting is an area which is developing rapidly as it aids in detection of any kind of financial treachery such as money laundering, white collar criminal activities etc. (Shaheen *et al.*, 171). Therefore, Forensic Accounting is a branch of Forensic Science which helps in uncovering financial criminal ideologies. It is very difficult to take severe or stern measures on fraud as it needs investment. There is substantial increase in white collar crime over the last two years as noted by the KPMG Fraud Survey. In Indian business, corruption is very common through which the business associates had been made the rule of greasing their hands. India ranks 81st most corrupted country in the world as per the report of global anticorruption watchdog (Moid, 24).

The art of recording, classifying and summarizing the money, transaction and events and interpreting the result in a significant manner is called accounting. The term forensic accounting is described as the application of specialized, comprehensive knowledge and skills to locate unauthentic transactions. Thereby taking strict steps in order to prevent these type of criminal activities.

For the purpose of assisting in lawful affairs, forensic accounting comprises the use of auditing, accounting, along with the investigative skills (Moid, 24). Nowadays different types of frauds are going on among which employee fraud, identity theft and cyber fraud are the most commonly used frauds. There are some types of frauds discussed below:

Types of Fraud

There are following types of frauds through which forensic accountant deals with.

1. **Bank Frauds:** In this kind of financial fraud, perpetrator uses, illegal means to procure bank's assets, money, securities etc, thereby tempering the core of revenue of any country.

2. **Corporate Fraud:** The unlawful gain or advantage of the perpetrating company by an illegal activity of an individual or company.

3. **Cyber Frauds:** A crime that involves computer or network either for committing the crime or making it target, is called as cyber frauds.

4. **Securities Fraud:** An ambiguous training in stock market to induce the investors for making purchase and sale on the basis of false information, also termed as stock fraud and investment fraud.

5. **Identity Theft:** In this type of fraud, fraudsters uses someone's credit card or bank account for purchasing the items.

6. **Insurance Frauds:** Insurance sectors involves different types of frauds such as unlawful claims in insurance, this include any kind of insurance such as health insurance, vehicular insurance, home insurance etc. (Shaheen *et al.*, 172, 173).

7. **Employee Fraud/Misappropriation of Assets:** This type of fraudulent include cases of the stealing, scooping off revenues, stipend related frauds etc. Unethical activities such as manipulation in the billing schemes, payroll schemes, expense refund schemes, cheque manipulation etc. are are the primary examples of asset misappropriation.

8. **Financial Statement Fraud**: Any such activity which includes manipulation, in the accounting records and other such documents from which financial statements are prepare are put under this category. (Golden *et al.*, 5).

Role of Forensic Accountants as per Indian Law

Forensic Accountants has not been mentioned in Indian laws, however statutes 6 has given several information about forensic accountants or auditors. It can be classified as follows:

1. **Investigation and Inspection:** The investigative authorities with the help of forensic accountants may collect evidences for future examination and investigation. For example section 157 Cr. P.C, 1973; section 17, 18 of the Prevention of Corruption Act, 1988; Section 6 of The Bankers Books are some examples of this criteria.

Evidence Act, 1891; Section 78 of Information Technology Act, 2000; Section 209A, 227 of the Companies Act, 1956

2. **Expert Opinion:** This is an opinion given by a skilled and experienced accountant after deep investigation of case study, whether a particular crime has took place in reality or not. Example s.45, s.118 of Indian Evidence Act, 1872; s.293 of Cr. P.C, 1973.
3. **Forensic Accounting under CARO (Companies Auditor's Report Order, 2003):**

Scams in India

Forensic accounting has grabbed the attention of the people after the shooting growth in white collar crimes and also because of the observation which normally dwells in people's mind that the Indian judiciary is not strict to expose and prevent the frauds and scams. (Singh, Grewal and Singh, 2015). Given below is a table which includes information regarding different types of scams that took place recently in India.

Table 1 – Scams that took place in India

Scandal	Year	Amount	Brief
Stamp Paper Scam	2005	INR Six Hundred Billion	Imitation of stamp papers. Selling of duplicates to bulk purchasers like banks, insurance companies & stock brokers.
Satyam Scam	2009	INR Fourteen thousand Crores	False revenues statements, margins and cash balance, profit exaggeratedly increased from 61 crores to 649 crores.
2G Spectrum	2010	INR. One Thousand Seven Hundred and Sixty Billion	Abrupt awarding of spectrum licenses. License distributed on first cum first serve basis instead of auction. Proceeding of cutoff date which is unlawful.
Common-Wealth Games	2010	INR Three Thousand Five Hundred and Thirty Crores	Accusations of dishonesties and maladministration by the establishing team, postponement in building the main location resulting to a exploitation of funds, infrastructural compromise, large payments made in the name of non-existing parties
Uttar Pradesh NRHM Scam	2010	INR Ten Thousand Crores	Top politicians and bureaucrats are alleged to have siphoned off a massive sum from the National Rural Health Mission.
Adarsh Housing Scam	2010	Not known	Originally meant to be a six storey structure to house Kargil war soldiers and widows, but got converted into a 31-storey and allotted to bureaucrats, top defence officers, a former environment minister and legislators. The market rate was 6-8.5

			crores & was allotted at a throw away price of 60-85 lakhs. Violations in environment rules.
Indian Coal Allocation Scam	2012	INR One Thousand Eighty six billion	Coal blocks allotted, not auctioned, leading to estimated losses as per the Comptroller and Auditor General of India.
VVIP Chopper Deal Scam	2013	INR Three Hundred sixty two crores	Former IAF chief has accepted bribes to get contract worth Rs. 36 billion.

There is a major role played by the forensic accounting in solving all the pre mentioned fraud/scam cases using different techniques of forensic accounting. There are some techniques used in solving the financial crimes are as follows.

Techniques used in Forensic Accounting

In this developing world, technologies used by the criminals and fraudsters are also developing constantly. Therefore, to prevent and detect these fraud forensic accounting must need to be more advanced in technology. There are some of the forensic accounting techniques discussed below for examining frauds (Shaheen *et al.*, 176).

1. Benford's Law:

It is the mathematical tool to establish if the variable under examination is unintentional error or result of frauds (Moid, 28). It is the frequency distribution observation of figures related to many real life sets of numerical data. In this frequency distribution, 1 is the leading digit about 30% of the time whereas 9 is the first digit which is less than 5% of the time (Shaheen, 176). This law is helpful when no any other document is present to demonstrate the legitimacy of the dealings as it is not affected by scale invariance (Moid, 29).

2. Theory of Relative Size Factor (RSF):

The uncommon errors or variations of transactions, which might be because of a scam or a true error is identified by this technique. RSF can be calculated as the ratio of largest number and second largest number in the given set. It helps in better detection of differences or outlines (Shaheen *et al.* 176).

3. Data Mining Techniques:

It is a set of supported techniques developed to automatically extract large volumes of data for new, hidden or unexpected information of patterns. This technique is classified in 3 ways viz.

a) Discovery
b) Predictive modeling
c) Deviation and link analysis.

4. Ratio Analysis:

The calculation of data ratios for key numeric fields is known as Ratio analysis. There are generally three employed ratios which are as follows:

a. Ratio of the highest value to the lowest value

b. Ratio of highest value to second highest value

c. Ratio of current year to previous year

With the help of analyzed ratios, forensic accountant can examine the relationship between costs and measures of production. This technique helps a forensic accountant get an estimate of the expenditures (Moid, 29).

REVIEW OF LITERATURE

Shaheen *et al.*, (2014) discussed about forensic accounting and fraud examination in India, in which he stated that forensic accounting is being used a tool for investigation and not for prevention and also said that scams can be restricted if the forensic auditing is mandatory in financial sectors.

Olajide, (2014) noted that there is of need of applying forensic accounting in the detection and preventing financial bugs. It was also noted that the basic need of fighting corruption i.e. teaching of forensic accounting, has not been implemented.

Azih and Okoli, (2015) studied about the uses of forensic accounting and skills needed for the use of forensic accounting of Nigerian public sectors and said that the significance of forensic accounting is vital for the detection of fraud in every organization. In the conflict of high level of corruption in both public and private sectors, it serves as an authentic tool.

Singh, Grewal and Singh, (2015) stated that there is a genuine want of proper knowledge about forensic accounting and also recommended that the courses related to the forensic accounting should start in universities for making the students an expert in detecting and preventing fraud and corruption.

Moid, (2016) observed that the financial forgeries in India are shooting up because of the lack stern surveillance organization. She also learned about the substantial losses in India due to the rise in white collar criminal acts such as making black money into white and about the assumption that our law enforcement agencies do not have expertise and sufficient duration to expose frauds.

Bassey *et al.*, (2017) worked on the effect of forensic accounting and litigation support on treachery detection of banks in Nigeria and found out that the fraudulent activity in Nigerian companies was actual and was increasing rapidly. They also found that the forensic accounting is not much more significant in detecting fraud due to which they suggested some recommendations like management and shareholders should be educated on the usefulness of the services of forensic accountants and Nigeria legal system should be supported to lend reliability or confidence in their legal systems.

Bansal, (2017) stated that the establishment of the professional practices in trend in the areas of forensic accounting and fraud detection is needed. The study proceeds to fill the research gap by identifying it, with survey and analysis. Based on the opinions of professionals, the survey hypothesis was created.

Lama and Chaudhuri, (2018) stated that the forensic accounting is the best broad area of accounting that gives the chance of success in corporate sector by improving the role of corporate governance and also helps in formulation and establishment of the efficient control system.

Conclusion

The present study is on the application of forensic accounting in detecting and preventing frauds or scams in India with the help of different techniques. As financial frauds are increasing day by day, there are various techniques discussed here in this review study for the detection and prevention of fraud. The practice and development of forensic accounting is quite unknown in a developing country like India. Therefore it is concluded that there is a need of advancement in the field of technologies to detect and prevent financial mislead

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Role of Financial Inclusion in the Development of Economic Growth

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Abstract:

India has become the world 6th country which has the largest economy on the basis of GDP data, which is approximately 7.2% in January, 2018. Still, in India, a large population live in the rural areas and have low income which is not even sufficient to survive. To overcome with this problem, the Government of India (GOI) launched a programme of financial inclusion. It plays a very vital role in developing the economic growth of the country by reducing the poverty from the country. The main aim of financial inclusion is to provide the financial services to all common people in fair, transparent and equitable manner at reasonable cost. Still many people are there, who are unable to avail the benefits of financial inclusion due to lack of awareness, lack of financial literacy and many other factors. In this paper, a review study has been done on development of economy growth of the country and poverty reduction using financial inclusion programme.

Keywords: *Financial Inclusion, Financial Services, Economy*

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Introduction

In India, around 50% population are below the poverty line because of the high population growth, due to which the achievement of sustainable development is difficult. To overcome from this problem, Government of India (GIO) launched different programs such as Sukanya Samriddhi Yojna, Financial Inclusion Program, Rashtriya Swasthya Bima Yojana etc. But it is necessary to involve the large number of people from all sections of the society. In these programs, financial inclusion is one of the important program through which poor, disadvantaged and underprivileged group can access to the financial services.

According to the Planning Commission (2009), '*Financial inclusion refers to universal access to a wide range of financial services at a reasonable cost. These include not only banking products but also other financial services such as insurance and equity products'* (Singh *et al.*, 2014).

From many years, Financial Inclusion Programs are continuously attracting the global attention in the development of financial growth because of its ability to drive the growth and sustainability of an economy. It is observed that many people are excluded from the financial service due to which there is a loss of deposits or savings, loss of investible funds and related loss of capacity of the global economy to generate wealth (Adetiloye, Erin and Modebe, 2017).

Factors Affecting access to Financial Services

The process of providing the bank services like saving account, insurance product and credit facility to low income people of the society is the main objective of the financial inclusion program. But access to the financial services is limited due to multiple factors which are followed as:

- **Living Area:** Generally, most of the banks are operated only in commercial areas. While large population live in the rural areas who find difficulty to access the financial services.

- **Absence of Legal Identity and Gender Biasness:** Due to the lack of the legal identities such as original birth certificates and identity cards exclude many people (minorities, economic and political migrants, refugee workers and woman) from the accessing of financial services.

- **Limited Knowledge of Financial Facilities:** In order to access various financial services, incomplete basic education and financial literacy are the major problems to an individual. They are unaware from the significance of financial products like bank accounts, check facility, bank loan or overdraft and insurance. With the complete and proper financial knowledge, many financial products can be used by different economic agents like Business Correspondents, NGOs and MFIs and etc.

- **Low Income and Bank Charges:** People's financial status plays a crucial role in accessing the financial services. But this is impossible for poor people to access the financial services even financial inclusion program is made for the low income group. One of the reasons is the bank charges. Banks have a lot of hidden charges which demoralize poor people to access the financial services.

- **Type of Occupation:** What is the occupation of an individual is also a main factor in accessing the financial services. People may have a small scale, large scale, organized or unorganized businesses. Many banks deny or refuge the small borrowers and unorganized business people to give the loans and hence loan application is rejected (Iqbal and Sami, 2017).

These factors are the barriers for the rural as well as urban peoples to access the financial services. Due to these barriers, the focus of financial inclusion is in confined area. Poor people are restricted to access the financial services due to the low income while people (Affluent Customers) who are easily able to access the financial services, are hesitated because of the security concern (Sundaram and Sriram, 1575).

The financial services show less penetration in rural areas of India. The factors is responsible for these barriers that can be seen from both supply side and demand side aspects.

- Low income level and lack of financial literacy may be the reason for low demand of financial services.

- In case of supply side, there may be no bank branch in the locality (Singh *et al*, 2014).

So, Government of India and Reserve Bank of India (RBI) put efforts to increase the financial inclusion. Different programs of financial inclusion are developed by the Government of India and Reserve Bank of India. These program are Jan Dhan Yojna and Pradhan Mantri Suraksha Bima Yojna, are the programs for the life insurance term plan. Pradhan Mantri Jeevan Jyoti Bima Yojana is a program as an accidental insurance plan while Atal Pension Yojna is applied as benefit pension product. These are the new initiative under financial inclusion. These financial programs ensure to access the financial services and products by the low income people at affordable cost (Johia, 2017). The review of this paper is based on the importance of financial inclusion to develop the economic growth and factors prohibit the people to access the financial services, discussed by different researcher (Sundaram and Sriram, 1575).

Review of Literature

Paramasivan and Ganeshkumar (2013) stated that only literacy and awareness are not enough to increase the level of financial inclusion in India. Investment opportunity must be significantly improved in an India.

According to Mittal and Shukla (2014) financial inclusion are emerged all over in India but exclusion is seen in the rural area where poorer section are unable to access to the financial services. There is need to modify the financial services by creating an appropriate credit delivery system to achieve greater inclusion.

Deepak and Praksh (2014) carried out the result as there is one way to develop the India in which poverty and financially illiterate are brought to the financial services by the RBI and Governments through new policies and schemes.

Avais (2014) discussed the problem of the rural peoples as the financial inclusion is like a dream for them because of the large gap between demand and supply process of financial service and the common people. he gave some steps like micro credit cards, Islamic microfinance and opening of more microfinance branches at village level by which people can aware with benefits of financial services.

Mol TP (2014) gave an idea that more participation of people in the economic and social process can lead to the increase in the economic growth. RBI and Information and communication technology are taking various steps to improve and strengthen the financial inclusion for the unbanked people.

Shah and Dubhashi (2015) proposed that there is need of holistic approach for the bank to increase the awareness about the financial services, give adequate financial advice to the financial exclusive population. And the specific strategies should be developed by the bank to expend their services for the financial exclusion promotion which can be achieved by the linkage with the NGOs, local communities and microfinance institution.

Gomathy M, (2015) concluded that financial inclusion of unbanked society can be enhanced by formulating specific plans with the strategies for the reduction of transection cost by which people will actively participate in the process of financial inclusion.

According to Sundaram and Sriram, (**2016**), to bring changes in the financial system overnight is not possible for the bank and concerned authorities. Bank can go in the bottom of the pyramid section by optimum plan and speedy action but profitable proportion's possibility will be in higher volume and beneficiary's number will increase.

Thyagarajan and Nair, 2016 gave a suggestion about to increase the economy of the country by the help of bank process in financial inclusion. Different methods like registration of mobile number and linkage of account with the Aadhaar are necessary for the alertness about the financial services.

William, Adegoke and Dare, (2017) In their research they used a log linear model specification method to find the role of financial inclusion in economic growth and poverty reduction and concluded that financial inclusion is not stable effectively for the finance and market support in the development of economy for the reduction of poverty. On the other side, it may solve the many uncertainty problems, transection cost and information problems related to agriculture products and give more efficient allocation of investment that will encourage economy growth and reduce poverty.

Sachdeva *et al.* (2018) analyzed on the basis of their study and concluded that Government of India launched many scheme in which more than 60% population are involved and they are realized by the financial inclusion, their financial health has been improved. But some population do not feel comfortable with net banking and credit cards.

Sujalana and Kiran (2018) stated that financial services should be provided in rural areas for the economy growth by which rural household can fund the growth of their livelihood. By the efforts of Governments, new emerging technology are playing a vital role in the financial inclusion program. ATMs, Immediate Payment Service (IMPS) and Mobile Banking are being used by the number of peoples.

Rajasekaran (2018) discussed the solution of legal identity to open the account in bank by using Aadhaar Card as a legal document. But lack of financial literacy and low income, large population is excluded from the financial services.

Conclusion

Financial inclusion programme plays an effective role to develop the economic growth by reducing the poverty. Government of India (GOI) and RBI launched many financial programs by which people are able to access the financial services and improve their financial health. But still some factors are affecting to access the financial services such as Lack of financial literacy, legal identity etc. In recent days, GOI are trying to overcome from the barrier by using Aadhaar Card as a legal proof and opening the micro-branches of banks in rural areas. So, we can concluded that financial inclusion programme is more useful to develop the economy of country and help in reducing the poverty from the country
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Comparative Study of Taxation Structure of India with BRICS Countries

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Abstract:

The economic progress of a country is directly depend upon the taxation system of the country. The BRICS participants are either developing or recently developed nations, but they are basically illustrated by their huge, rapidly-growing economy and substantial impact on provincial and universal dealings. The high rate growth of China, India, and Russia increase the importance of BRICS countries to the Global economy. On the other side, the implementation of GST in India shows altered impact on Indian economy. In this current newspaper, an effort has been made to thoroughly understand the taxation structure of India by a comparative analysis along it the following nations: Brazil, Russia, and China and South Africa (BRICS) nations. The factors like as Total Tax Rates, GDP Ratio, No of Tax Payments, Time to Comply Taxes and Ease of doing Business are calculated for comparing BRICS countries tax structures with India. In this paper, we compare Indian tax system with other BRICS countries to analyze the strengths and weaknesses.

***KEYWORDS**: BRICS Tax system, GDP, Comparison of tax structures.*

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Introduction

"It was only for the good of his subjects that he collected taxes from them, just as the Sun draws moisture from the Earth to give it back a thousand fold" – Kalidas

The word "Tax" Originates from "Taxation" which means an estimate. In the words of Dalton, tax is defined as *"a compulsory contribution imposed by a public authority irrespective of the exact amount of service rendered to the tax payer in return and not imposed as a penalty for any legal offence* (Jaiswal, 1). For the taxpayer the meaning of tax is different from its legal interpretation or a financial burden as it contains outflow of cash but for the government, it is an important mechanism of raising revenues in which an element of sacrifice involves without deliberating any direct benefit or return to tax payers.

Tax policies play an important role on countries growth and development. For collecting the taxes from public, taxation structure is made in which laws and rules are formulated by specific individual nation (Ghuge and Katdare, 2016). In taxation system, Complex system limits the growth of country and responsible for hindering the ease of doing business. On the other side, simplified tax system has occasioned in simplifying the comfort of carrying ventures along with development and growth of that specific nation.

India is one of the most rapidly emerging economies in the world. The *One Hundred and First Amendment* of the Constitution of India, officially known as The Constitution (One Hundred and First Amendment) Act, 2016, presented a national Goods and Services Tax in India from 1 April 2017. It is a simplified and well-structured taxation scheme, where an influential segregation has been done among the state governments', the central government, and the local bodies.

For analyzing the Indian tax structure's strength and weaknesses, we compare the Indian tax structure with other BRICS countries tax system (Ghuge, Katdare, 2016). As BRICS is an alliance of five foremost developing national markets: Brazil, Russia, India, China and South Africa. The BRICS participants are either emerging or recently developed countries, but they are renowned by their huge, rapidly-growing economies and noteworthy effect on local and universal matters (Jaiswal, 2016). Currently BRICS nations signify around 3 billion people, which is about 42% of world's entire population of around 7.074 billion and hold about 27.3% of combined GDP of the world with China on top (US$ 12,269 billion) followed by India (US$ 4793 billion), Russia (US$ 3373 billion), Brazil (US$ 2365 billion) and South Africa (US$ 586 billion).

Review of Literature

Alpna Yadav, (2017) in her working paper "Impact of Goods and Services Tax on Indian Economy" established that after implementation of GST Indian economy shows a major change in the taxation system which shall resolve the issue of complication of taxation system. With the application of GST, the charge of production of goods shall decrease. The GST shall provide India with a universally-acceptable taxation scheme by gripping diverse actions taken into the service sector and the manufacturing. GST shall also provide assistance to consumers and producers by delivering them a comprehensive and wide coverage of service tax set off, subsuming the several taxes and input tax credit set off. GST is expected to progress tax collection and thus, enhance India's financial growth.

Ravi. M. V., (2016) in his working paper on A comparative study of Indian tax policy with BRICS countries tax policy concluded that in BRICS countries China and Brazil is attracting more FDI by reducing their tax rates, Zero tax Policy, Tax Incentives, Subsidies, and speedup the policy implementation. If India follows the same structure then all these Tax Revenue, FDI, GDP, Employments, Investments, Exports will definitely increase which will in turn leads to Economic Development of the nation.

Ghuge and Katdare, (2016) stated that the Indian taxation system stays behind in nearly every single display, as taxation to GDP ratio, total tax percentage etc. An Analytical Study of Taxation System of India with concern to a few other nations shows that there is a strong requirement for simplifying the taxation system, as a country's financial advancement vastly relies upon the kind of tax system.

CBGA-India, (2015) established that the advancement of the taxation system of India is way too subordinate, when compared to the international standards. They specified that the nation requires to escalate its tax-GDP quotient for sufficient reserve deployment that upraised the queries on taxation enforcement in India and also upturned queries on a quantity of taxation exclusions provided in India and listed that there is a necessity to reconsider India's taxation scheme.

Anna Voronkova, (2015) in his research BRICS association: evaluation of the countries' financial prudence, geopolitical influence, and probable growth determined that the chief motives for BRICS nations to join into this global association and to advocate the probable expansion of BRICS countries and compare the current, economic and political performance of BRICS countries. It is found out that BRICS assembly has attained fabulous evolution degrees in the past two decades and has a vast financial prospective.

Research Methodology

An impressive economy performance of BRICS countries shows the potential of high growth in the future. The taxation structure is compared by drawing comparative charts for all BRICS countries that will help to recognize the presentation of all the BRICS nations with reverence to all the key displays.

Data is collected from sources like Magazines, Research Papers published in International and National Journals, Reports published by Ministry of Commerce and Ministry of Finance, World Data Bank, Reports published by international financial organizations, Websites and Newspapers etc.

Overview of Taxation in BRICS Countries

1. Brazil:

It is the 5th largest nation on the globe, in reference to the total surface area and human population. It is one of the leading economy and largest country in South America. In Brazil, the chief directives for taxation process are delivered by centralized national constitution that forms the broad values of taxation system, the restrictions on one's right to tax, tax competency through the various stages of government and tax revenue sharing provisions. In 2016 Brazil counts 92 diverse types of taxations and the government is trying to approve another two type of taxes (a tax over big fortunes and a financial transaction tax over banking accounts). With too many taxes the legislation system of Brazil also suffers number of changes in short period.

2. Russia:

It is the world's largest country in reference to the total land area and has been ranked 9th in population. In BRICS, Russia has an important place and on other side, Russia gained the position of non-western political and economic power.

The tax legislation of Russia was based on the laws enacted in the final years of the Soviet Union. The tax system during 1992-1998 was decentralized which was not beneficial for the economy. Therefore, in 1995, Boris Yeltin proposed to recentralize the tax system through a Tax Code**,** substituted the prior abundant and miscellaneous lawful acts administrating taxation, and augmented the arrangement of taxations. In beginning there are more than fifty taxes, only fourteen taxes remain currently applicable.

3. India:

It is one of the vastly emerging financial markets in the world. It is the 10th largest country in terms of GDP. From July 1, 1860, the income tax was introduced in India as a temporary measure to meet a financial emergency attendant upon the first war of independence in 1858. In 1922, the Income Tax Act was approved that combined all the previously prevailing acts. The milestone in the historical pages of the Indian income tax scheme was 1922 Act which was further replaced by the Income Tax Act, 1961, and is a comprehensive legislation. It brought changes in all aspects of income taxation, i.e. administration, procedure of assessment, and compliance to curb tax evasion. Then the Hundred and First Amendment of the Constitution of India, officially known as The Constitution (One Hundred and First Amendment) Act, 2016, announced a national Goods and Services Tax in India from 1st of April 2017. The GST implementation in India is dual in nature. An imposing isolation has been performed amongst the Central Government, the various State Governments along with the Local Bodies. The Department of Revenue under the Government of India's Ministry of Finance is exclusively answerable for the calculation of taxes. This sector charge taxes on organizations as well as individuals for customs duties, income tax, central excise and service tax. On the other hand, the farming based income taxes are imposed by the specific State Governments. Local bodies possess the control of computing and levying taxes on assets and other convenient services like water supply, drainage and several others.

4. China:

China is a communist country in East Asia and is also the world's most highly populated nation. Taxation is an essential component of the macroeconomic strategy of China and so bears a huge influence on socio-economic situations of China. Soon after the Communist Party formed its Government in 1949, China started a socialist restoration of the economy.

From the year1956 to 1978, a firm Soviet-type command economy was brought into practice and this led almost to the disappearance of the private sector. In 1978, a fresh financial strategy was created and it familiarized a two-track system- domestic track and foreign track. From the developments during 1994, China has a well-organized tax scheme. There are presently 26 categories of taxations in China, which are additionally classified into 8 classes as per their nature.

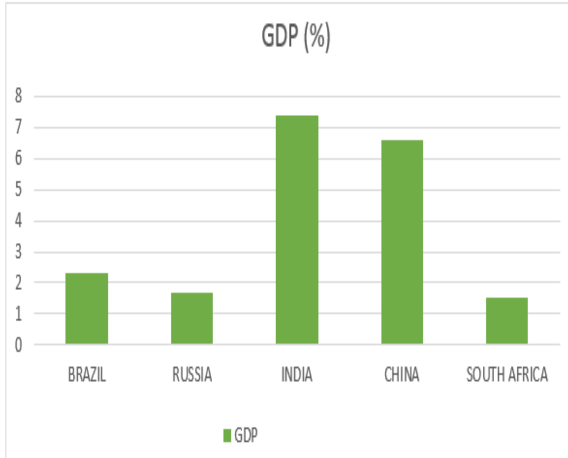
5. South Africa:

South Africa has an advanced income tax scheme that is based on the fact that the affluent should fund a bigger fraction towards being supportive to the Nation than the needy. As per the South Africa law, all the owners need to enlist all the workers as the tax-payers irrespective of their tax accountability. The tax system of South Africa is taxed at two levels which is the central government and the local government. Taxation System in South Africa was announced in 1914 with an overview of the Income Tax Act No 28, an act that had its roots in the New South Wales Act of 1895. The act has undergone a number of modifications with the act currently enforced is the Income Tax Act No 58 of 1962 which comprises the provisions for four diverse kinds of income taxes, they are Donations tax, Normal tax, Secondary tax on companies concealing the tax.

South African revenue services (SARS) performs on the behalf of state government for the gathering of taxes, central government collects, Corporate Tax, Income tax, Vat as well as fuel duty however the local management body collects public charges and reserves from central government.

Data analysis and Interpretation

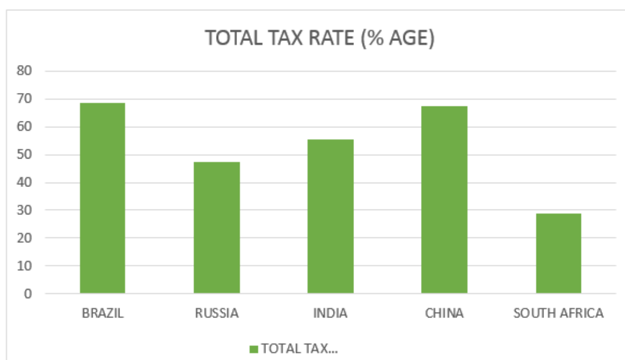
1. Gross Domestic Product (GDP)



Source: IMF Data Mapper

GDP is a one of the strongest measures to check the financial stability of a nation. It is the sum-total production of a nation and thus includes all consumptions of goods and services manufactured by a nation and services used by firms, individuals, foreigners and various governing entities. The Gross Domestic Product in a nation as India, is undergoing a rapid growth rates in the current years. The GDP of India is high among all BRICS country which shows a positive side of economic growth.

2. Total Tax Rate

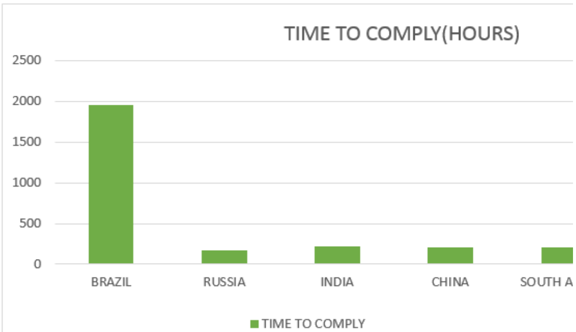


Source: PWC Paying Ranking 2018

Total tax rate processes the quantity of taxes and the compulsory assistances billed by trades after accounting for permissible exemptions and deductions as a part of monetary benefits.

The complete tax rate of India is relatively extraordinary, if we analyze it in context with other BRICS nations. On the other side, China and Brazil surpasses India's sum-total tax rate midst the BRICS countries. These raise severe concerns to overall Indian Tax Policy and Administration.

3. Time to Comply

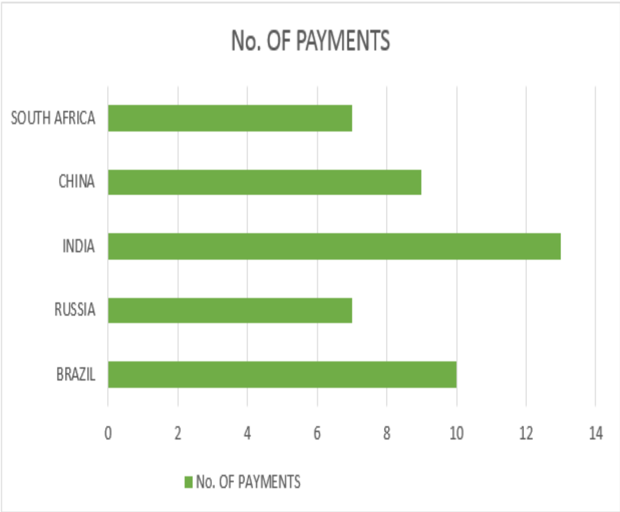


Source: PWC Paying Ranking 2018

Time to comply is the time taken or consumed to formulate and pay taxes in hours per year, it takes to formulate, organize, and pay (or withhold). Contributions and taxes take into consideration the corporate income tax or profit, labor taxes and social contributions performed by the employer are: property transfer taxes, property taxes, capital gains tax, dividend tax, waste collection taxes, vehicle and road taxes, financial transactions tax, and any other minor taxes or fees counting payroll taxes and social security contributions. The positioning of financial hierarchy on the comfort of forfeiting taxes is recognized by cataloging their distance to boundary line scores for charging taxes

The total time taken for tax agreements in India is also great, when associated to other BRICS nations, other than Brazil. India needs to slow down its tax submission time at the heights of developed nations, in an attempt to bring forth additional productions in India.

4. No. of Payments



Source: PWC Paying Ranking 2018

Tax expenditures by industries are the sum-total of taxes charged by industries, including electronic filing. The tax is counted as been charged once annually, even though the payments are quite often.

India stays behind a lot, when equated against this indicator. India has a vast quantity of tax payments i.e. 13; whereas all other nations designated in the model are quite forward of time, with moderately lesser number of tax payments.

India needs to cut short a certain amount of taxes or club them. Current activities to get GST to substitute maximum of the secondary taxes is one of the optimistic phase towards clubbing of taxes. Decrease in the number of payments of taxes shall also decrease time for agreements of the taxes.

5. Ease of doing Business

Country	**Rank Secured in Ease of doing Business Among 188 Countries**
Brazil	**125**
Russia	**35**
India	**100**
China	**78**
South Africa	**82**

Source: World Data Bank

Taxation has a larger influence on carrying out a trade. Highly the tax policy shortened, greater is the comfort of carrying out the trade. Maximum the tax policy complex, lower is its ease of carrying a trade.

This effect can be seen on to the table listed above. India levels 100 in comfort of carrying out a trade amongst 188 nations. The other nations except Brazil in the BRICS countries are quite ahead of India in these ranks.

Conclusion

After matching India with the list of BRICS nations on these 5 standards, it is noticed that Indian taxation system stays behind on some pointer. But impression of GST on Indian economy is quite appreciative. Which shows direct impact on GDP. An identical and practical taxation scheme in India would result to minor distractions in the economical market and more effective circulation of capitals within the production. All BRICS members have their unique strength and characteristics. The Indian economy is positioned on a high growth trajectory, with drastic reforms such as demonetization and Goods and Services Tax reform (GST) considering standard growth. The growth outlook in South Africa remains unresponsive. The Brazilian economy is leaving recession strongly on a disinflationary trend, with fiscal outlook and election biggest uncertainty

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Impact of Reliance Jio on Indian Telecom Industry

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Abstract:

Indian mobile industry is the most rapidly expanding businesses in the world. Presently, India is the one of the world's second largest telecommunication market and is still mounting. The telecommunication economy of India is budding speedily and it shall therefore, contribute considerably to India's Gross Domestic Product (GDP). Reliance Jio's charge-free scheme generates a huge essential and unanticipated variations in customer's actions and opponent's policies. Reliance Jio presented a huge surprise to Indian telecom business, offers as free calling, free internet, and 4g network pose a severe menace to others and appears as a fresh option for the users. The additional service providers surface a fresh kind of challenge and find it problematic to manage up with fresh situations. The review paper here, debates the present trends in the Indian Telecom Industry and impact of Reliance Jio on the competing approaches of opponents in this business.

***KEYWORDS**: Indian Telecom Industry, Telecommunication, Impact of Reliance Jio, India's*

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Introduction

The backbone of fast growing Indian economic picture of this era is the Indian telecommunications sector. Telecom sector is one of the rapidly emerging and money-making businesses around the globe. Diverse methods of communiqué medium like as Wi-Fi, internet, and smart phones, are distributed in communiqué manufacturing which generates significant variations in the observances of customers, legal frame work, business entities, philosophy of the government's strategies and processes, and the ideologies of entrepreneurs. Indian telecommunication market is presently the second largest telecommunication market globally, with an average subscribers of about 1.19 billion. The mobile economy of India is increasing quickly and shall fund significantly to India's GDP (Gross Domestic Product), as per the account presented by GSM Association (GSMA) in alliance with the Boston Consulting Group (BCG), India is anticipated to bear about 180 million smartphones by 2019, adding in about 13.5 percentage to the universal smartphone bazaar, on the basis of growing affordability and healthier accessibility of data and calling facilities.

The base of telecom subscriber expands substantively in India. The Indian market is targeted with mobile service provider, foreign investment, mobile device producer etc. The generous and reorganizing strategies of the Indian Government have been contributory along with sturdy customer claim in the speedy progress in the Indian telecom segment. The Government has permitted a stress-free market admittance to telecom paraphernalia and a just and positive supervisory agenda that has guaranteed accessibility of telecom facilities to customer at reasonable charges. The Indian supervisory consultants are possibly likely to handle fresh trials from these innovative fashions and retain their promises of giving a worth facility, carrying the process out evidently and sensibly. On the other side telecom workers remain to emphasis on giving a great value, reliable network experience providing the speeds and reportage estimated by consumers. In the current set-up, the market is occupied with substitutes to the consumer to pick either mobile devices or service suppliers.

Industry Overview

1. Idea Cellular

Idea Cellular was established in the year 1995 by Aditya Birla Group Company. Idea is among the uppermost three mobile operatives in India, with a yearly income in surplus of USD 5 billion, and a returns market share of 19%. Idea's pan-India network of over 2.7 lakh cell locations shields over 400,000 villages and towns. Idea has moved way ahead of the chief opponents and has occupied an increasing income market share of 33% from the previous three years. Idea provides 3G and 4Gs LTE amenities on its personal range auction in 13 rounds of telecom facility zones and 340 towns covering almost the entire India geographically. Idea empowered its consumer ground after initiating mobile number transferability it has 191 million subscribers, Rs.354 Billion (US$5.3 billion) Revenue and Net income is Rs.31.92 billion(US$470million) for the year ending 31st 2016. With approximately 200 million subscribers, Idea positions sixth in the universal grading of operators in subscriber rapports, for solo nation operations. In January, 2017 it was declared that Idea is in plans to come together with Vodafone in Indian set-ups.

2. Vodafone

It is an English-based international telecommunications corporation, originated in the year 1991. It started actions during 1994, when its forerunner Hutchison Telecom attained the cellular license for Mumbai. Brand Vodafone was propelled in India in September 2007, after Vodafone Plc. attained a widely held post in Hutchinson Essar during May 2007. It is now graded as world's succeeding biggest mobile operators in the quantity of active networks. It possesses and functions connections in 76 republics and also IT facilities to commercial clients in 150 nations. It has been constantly expanding its set-ups throughout the nation over all 22 telecom circles and service to 203 million Indian customers. The charge-free combat of Reliance Jio's effect consequences gathers incessant harm creased to $5.5 billion from last two quarters of 2016. On 20 March 2017, Vodafone proclaimed that it was unifying its Indian industry with Idea, India's third-largest network.

3. Airtel

Sunil Mittal was the responsible person, who led to finding Airtel in 1995. Bharti Airtel Limited is the primary worldwide tele-communications business with active operations across 20 countries within the continents of Africa and Asia. The firm positions itself among the top 4 mobile service providers worldwide in terms of subscribers. Airtel was named India's second most priced brand in the first ever grading by "Milliward Brown and WPP plc." Airtel is accredited with revolutionizing the business policy of out sourcing all of its business processes with miniature factory model of small price and great dimensions. Its policy has since been approved by several operators. The broadcast fortifications are sustained by affiliates of Bharti group. Airtel served first time low call rates in India. The revenue of Rs. 966.021 billion, EBIT is Rs.341 with net turnover of Rs.54 billion for the year culmination of 2016.The Jio's outperform have pricked Airtel which testified a 55% reduction in third –quarter net revenue to Rs.504 crore in 2016. It is the big moment to reform its policies to contend the market leader with Telenor.

4. Reliance Jio

The Reliance has provided a fresh substitute to the consumers in the label of "JIO". Reliance JioInfocomm Limited (RJIL) formerly recognized as Infotel Broadband, which is a broadband facility provider that attained 4G licenses for carrying their operations throughout India. Mukesh Dhirubhai Ambani, is the chairperson and MD of Reliance JioInfocomm. The Reliance Company commercially inaugurated its facilities on 5th of September, 2016. Jio crossed 100 million subscribers by the end of February 2017. This is the one of the most rapid upsurge by any mobile network operator in any part of the world. As per the sources, Jio is setting a new record - has developed 1,000 consumers per minute (since September 05) and 6 lakh per day. Jio endures to be the rapidly mounting company in the world and has crossed 50 million subscribers in record of 83 days. Jio possesses spectrum in 800 MHz and 1,800 MHz bands in 10 and 6 circles, respectively, of the total 22 circles in the country, and also owns pan-India licensed 2,300 MHz spectrum. Reliance communications possesses and functions the world's largest next generation IP assisted connectivity infrastructure which includes 2,80,000 kilometers of fiber optic cable systems in India, USA, Europe, Middle East and the Asia Pacific region. . RJIL is setting up reliance (4th generation) high speed internet connectivity, opulent communication facilities and numerous digital services on pan India with the elementary key spheres such as healthcare, education, security, financial services, entertainment, and government citizen interfaces.

The entry of Reliance JIO has compelled gigantic networks as Airtel, Vodafone, Idea service providers to cut off their plans. For the last 6 months, 7 customers per second of every day are on an average, subscribing to JIO. The market leader Airtel has 26 crore 4 lakhs subscribers which was founded in the year 1995.

Review of Literature

Pritish and Saxena (2015), overall socioeconomic development of India is contributed significantly by Indian Telecom Industry and it is a vital means for the advancement of a nation. Growth of industry is increased by the several telecom service providers who bring the deal for data and voice facilities to the consumers through diverse counties of the nation.

Kalyani (2016), in this review paper, composed facts and data are very vibrant that market is achieved by "Reliance Jio Effect". 15 to 25 years aged individual, bearing more end mobile devices for collaborating and amusing requirement. They are making use of the smartphone for the purpose of gaming, online purchase, instant messaging and so on, and using for "free" data and voice Reliance has directed the same. In worldwide area, Reliance Jio connection has built its network in a very short time frame and don't have the roaming data from one vendor to other vendor.

Boobalan and Jayaraman (2017): The service provided by Jio customers are satisfactory as customer is the backbone of the company treating the customers as a friend is one of the best way to attract them and make them always come back. It will help in building strong businesses relationship. In this study it is found that there is an important bond between income and gratification and there isn't any noteworthy bond between age and awareness level.

Haq (2017): Internet startups by more customers that have means is more internet users. Jio marketing approach is pretty simple that attract the customers or users by free-calls and cheap data. It should not be difficult for convenience to user to use more and more data because user habit is formed. Jio break the record and drop the rates of other data and competition will drive with Idea, Airtel and others. In all over country, Jio is going to be an explosion of new data users in next few years.

Mahalaxmi and Kumar N (2017) studied on a particular geographical region and concluded that Jio services are same to all in spite of the people monthly income. The services provided by the Jio tariff like mobile data and free calling were able to convince the students. In future, competitors (other network services) can fluctuate the market by giving the competitive policies. Jio network support only in the 4G handset, not in 3G handset. If their offer will be for the 3G handset then Jio would be in high rate. This study was made on a particular region. So, accurate result cannot be obtained. Future scope of Jio network, will face the competition by more innovative marketing strategies.

Priya and Sathiya (2017), in this study, computing the stage of preference and satisfaction of Jio customer and improving their network coverage and to wipe out the calling congestion by Reliance Jio Company that is recommends by researcher. By the comments of customers, Company can accomplish the 100% satisfaction and also customers might not switch over to other network that shall create willingness for company.

Satyanarayana, Rao and Naidu (2017) proposed that the consumer's behavior and competitors' strategies has been changed racially and unexpectedly by the introduction of Reliance Jio's free. After providing the services, other mobile networks are facing problems. To compete with Jio, there is need to make strategies and to strengthen themselves in the industry.

Conclusion

India market is the world's 2nd biggest telecom market and delivers job and business prospects to the people which will aid in growing the GDP of the nation. On the other side, Reliance Jio is producing the most widespread and futuristic connectivity in India. It will probably deliver the coming age group a legacy free digital facilities with an attempt to end all IP network that can impeccably be elevated even to 5G or beyond. Jio's Mobile data services convinced most of the students to prefer this network. For small companies it is difficult within the industry to create a noteworthy share in the market. The only choice to become mightier to contend with Jio is to create tactical groupings with other contenders. In near future the contenders can again vary the market by demonstrating competing policies.

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Legal Acceptance of Bitcoin in India

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Abstract:

Cryptocurrency is a kind of digital or virtual coinage that uses an encryption technique in order to standardize the generation set of currency unit. In numerous types of cryptocurrency, Bitcoin is one of the most renowned one and is also termed as first decentralized virtual currency. It provides a solution to double spending problem without interference of third party. Still the increasing trend of bitcoin has come under government's eyes and according to our current finance minister it is more like any other Ponzi scheme, which is presumed to cause real and heightened risk of investment bubble and is thought to give rise to sudden and prolonged crash exposing investor. And hence, is constrained of use in India.

Lawful position of bitcoins vary from nation to nation. Some states like Australia, Canada and Germany, have legalized its use as earned income as per rule of bitcoin but in other countries, it is used illegally or in non-uniformity in the legalization. In this review paper, we focus on legality and regulatory framework of bitcoin in India.

Keywords: *Cryptocurrency, Bitcoin, Decentralized, Legalized*

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Introduction

Cryptocurrency is a digital currency that is designed to be secure and aids for increasing the rates of payment system (Mohod, Mannarwar and Badukale, 2018; Andrianto and Diputra, 2018). Commonly known as virtual currency or digital currency which is associated with internet that uses the cryptography process. Cryptocurrency secures the information, communications and money online (Mohod, Mannarwar and Badukale, 2018). It depends on the Blockchain which is a digital bookkeeping system. Cryptocurrency contains several kinds of currency in which most common are Bitcoin, Litecoin, Ripple, Ethereum, New Economy Movement (NEM) and many more. Below is the table showing different kinds of cryptocurrency with its symbol: (Andrianto and Diputra, 2018).

Table 1 – Different kinds of Cryptocurrency with its Symbol

Name	Symbol
Bitcoin	BTC
Ethereum	ETH
Ripple	XRP
Litecoin	LTC
New Economy Movement	NEM
Bitcoin Cash	BCH
Stellar	XLM

In numerous type of currencies, Bitcoin is most popular currency that contains worldwide payment system. It is commonly known as digital currency or decentralized digital currency that is introduced by Santoshi Nakamoto in 2009 (Mohod, Mannarwar and Badukale, 2018). For managing the creation or flow of money, it does not depend on any central services (Kumar, 2018).

There are generally three very principal means to obtain bitcoin:

i. Excavating new ones

ii. Purchasing new ones on an exchange

iii. Accepting them for goods and services (Tamradaman and Nagpure, 2017)

Balance is kept only into the public wallet in the cloud because bitcoin are not physically present. By using the massive amount of computing power, all bitcoin transaction is verified. A personal database that is stored into the computer drive, smartphone, and tablet or somewhere in the cloud called wallet and it can be transfer form one personal wallet to another wallet (Mohod, Mannarwar and Badukale, 2018).

Bitcoin in India

Day by day, bitcoin demand is on an increase in India and people understand the authority or benefits that these decentralized virtual or digital currency can provide. Indian currency possess some rules and regulation so if bitcoin is considered in India then, all those listed rules and regulations are applied on to bitcoin also. RBI controls all the rules and regulations in India.

According to Article 246 as per the Indian constitution, a record of all the activities that are legislated by the central and the state government. According to entry 36 and 46 of list I of the seventh schedule of the Constitution states that "*Central Government is allowed to legislate in respect of currency, coinage, legal tender, foreign exchange and bills of exchange, cheques, promissory notes and other like instruments respectively*". Central Government would have special powers to enact if bitcoin falls in any of these categories.

The primary laws regarding Indian currency are listed below:

I. The Constitution of India, 1950;

II. The Foreign Exchange Management Act, 1999 ("FEMA");

III. The Reserve Bank of India Act, 1934 ("RBI Act");

IV. The Coinage Act, 1906 ("Coinage Act");

V. The Securities Contracts (Regulation) Act, 1956 ("SCRA");

VI. The Sale of Goods Act, 1930 ("Sale of Goods Act");

VII. The Payment and Settlement Systems Act, 2007 (“Payment Act”).

VIII. Indian Contract Act, 1872 (“Contract Act”)

If RBI treats bitcoin as a currency, these laws will be applicable to bitcoins as well. By using bitcoin, payment system may lead to the following issues:

1. Digital wallets stockpiled the bitcoins, if they are responsible to endure hacking, loss of passwords, malware attacks etc. and they are neither created nor traded through any approved fundamental organization. In case of any loss of e-wallet, then loss of bitcoins are held in them.

2. There is no process for customer problems/disputes/issues etc. because Bitcoin dealings are peer-to-peer without involvement of any central consultant that keeps a close check on the payment.

3. No one is accountable for faulty functioning.

4. Unidentified coinage method leads to accidental ruptures of money laundering and contending the funding of terrorism laws (Tamradaman and Nagpure, 2017).

Legalization of Bitcoin in India

The main problem with determining the legal status of how should be handled the Bitcoins is whether they are currency, security, commodity or something different. According to the legal definition, currencies must be issued, used and accepted by country but it is not applicable in case of bitcoin. All countries are illegally used of it is another problem. Bitcoins are used legally and are applied normally in earned income rules in some countries like Australia, Canada, Finland and Germany but in many countries, do not made a clear statement with legalization and use of bitcoin. In Thailand country, bitcoins are used illegally but in different countries, non-uniformity in the legalization of bitcoin is a major issue. As per the Foreign Exchange Management Act, 1999, currency is defined as "*all currency notes, postal notes, postal orders, money orders, cheques, drafts, travelers cheques, letters of credit, bills of exchange and promissory notes, credit cards or such other similar instruments, as may be notified by the Reserve Bank*". As per the reiterated Finance Minister Arun Jaitley, the cryptocurrencies cannot be considered as a lawful tender in the Union Budget February 2018. During his speech, Minister said “*The Government does not consider crypto-currencies legal tender or coin and will take all measures to eliminate use of these crypto-assets in financing illegitimate activities or as part of the payment system*” (Kumar, 2018).

KYC norms

Know Your Customer (KYC) standards are an arrangement done by RBI in India, according to which a bank requires the customer’s dealings, in order to keep an updated record of customer’s individuality but it is not a mandate for bitcoin transactions. Bitcoins bringing are listed under the present India laws.

Cross border transfer of Bitcoin

All the inbound and outbound foreign exchanges are regulated by Foreign Exchange Management Act (FEMA) that is related to transactions. The section 3 of FEMA states that no individual shall “‘*deal in or transfer any foreign exchange or foreign security to any person not being an authorized person*”.

- Payment of any amount should be done by using the credit card of any individual, who is outside India in any manner.
- Obtain otherwise through an accredited party, amount payment should be done on the behalf of any individual, resident outside India, in any manner.
- Monetary deal in India as conception or allocation of a right attain, any asset outside India by any individual.

According to these points, there will not be any violation of FEMA, if bitcoin is purchased by resident Indian from the non-resident through a valid banking channel. There can possibly be a defilement of FEMA, if the sale of bitcoin by resident Indian to the non-resident.

Taxation

Taxation in most difficult thing in India and it may be applicable to income or expenditure. In case of applying the tax on bitcoin, check differentiate between income and expenditure that is related to bitcoin (Tamradaman and Nagpure, 2017).

Future of Cryptocurrency

In future, Cryptocurrencies like bitcoins will give a healthy competition to different currencies because it are rapidly transforming into real money issued by centralized governing bodies. Current price of bitcoin is increased, reflects that bitcoin will have a bright future. There will be no need to be a specific currency for every individual country all time because bitcoins have potential to be world's currency in the future. (Mohod, Mannarwar and Badukale, 2018).

Advantages and Disadvantages

Digital currency has very large advantage. These are as follows:

- Cryptocurrency does not have any limit in the transaction and readily available for the general public.
- Cryptocurrency made an easy mode of payment.
- The transfer of fund between two parties is also done by cryptocurrency in an easier way. For security purpose, public and private keys are used for transfers that take place with minimal processing fees.
- Extra or steep fees are avoided by the cryptocurrency transaction, charged by the bank for wire transfers.
- Inter-country transaction is done by the cryptocurrency in an easier way as its function is not under central bank.

Here, discuss the drawbacks of cryptocurrencies that is

- Many people are unaware of the use of cryptocurrencies and hacked themselves by hacker.
- Many people invest in cryptocurrencies without knowledge and lose money.
- Cryptocurrency is not accepted by many website and companies because it does not use in legalized term in many countries.
- Mistakenly pay to someone by using cryptocurrency is not refundable (Mohod, Mannarwar and Badukale, 2018).

Review of Literature

Nayak, Kotak and D'mello (2014) stated that bitcoin is the extremely blooming field and definitely the big thing for online payment systems. Bitcoins has definitely some drawbacks but in many cases, positive outweigh the negatives. Cryptocurrencies have been developed more currencies such as Litecoin, Peercoin, and Ripple etc. after the success of Bitcoin.

Dhanda (2017) discussed about the bitcoin that are not replace the "fiat currency" in future but there growth has been increase in acceptance of cryptocurrency. Bitcoins regulatory will not be fully aligned with the goal of regulatory its exchange, transfer and trading and protection of individuals. Every Indian individuals are hesitate to invest in bitcoin at a high risks but still the demand of bitcoin is increase.

Seetharaman, *et al.* (2017) bitcoin is facing, growth is not increase but the way it have to be increased if it had regulatory support. It is the limited supply because it has limited units such as 21 million. In this paper, said that people are ready to explore the technology and give the different format of virtual currency they get some reasonable assurance that the underlying virtual currency has a regulatory backing.

Tamradaman and Nagpure (2017) discussed about the problem is that leap of alteration in protocols; change in guideline is that what takes a path of progress, recommend and approve which usually takes an era. Supervisory variations normally advance at a gentler speed than revolution thereby killing it by announcing it unlawful. Bitcoin generally alter extensively and used as a universal mode, that is volatile over time.

Mohod, Mannarwar and Badukale (2018) stated that bitcoin is one of the greatest invention of individual. Now a days, banks are trying to use the blockchain but it is not authorized by government. Bitcoins are introduce by government that contain own cryptocurrency named "Lakshmi", this information is revealed by RBI's.

Kumar (Februray 2018) bitcoin is not a formal authorized currency but it is a decentralized digital currency. In world, every currency has legalized by government but bitcoins are not. The value of bitcoin is volatile over time that is decrease from \$20000 approximately to \$6000. During the budget speech on February 2018 declared that the cryptocurrencies are not considered as a legitimate deal in India. To give warning to the people by various government with the help of tax notice that they are aware from investment of digital currencies.

Andrianto and Diputra (2018) dictated that the increasing high risk of cryptocurrencies are specified by the average aberration rate that can reach more than 100%. This risk is normally seen from the two things, first one is decrease the standard deviation rate from same rate of return and second is the increase in allocation options to produce higher returns, that is more attractive to some investors which is high risk tolerance.

Conclusion

Bitcoins play a very pivotal part in India to aggregating the growth percentage of the nation but it is not possible because bitcoins are not government authorized currency as compared to other countries. Nowadays, bitcoins value is highly volatile over time that has been decrease from $ 20,000 to $ 6000. During budget speech that was held on February 01, 2018, Finance Minister has declared that the cryptocurrencies (bitcoins) are not recognized as legal tender in India. Various government has issued tax notices to the users for warned to investments of cryptocurrencies in digital currencies. Finally, bitcoins do not have legal tender in India till today.

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