

# Block Chain Technology in Digital Accounting

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## ABSTRACT

The manual system of business process has been restricted by the Nobel Covid-19, and people have begun to work digitally. Block chain technology cannot be ignored when it comes to digitalization. Cryptocurrency and digitalization have grown far more rapidly than any other industry, and this technology is at the heart of it. Especially in the accounting field, this technology could have a major impact. It is possible that block chain technology could transform accounting from a two-entry system to a three-entry system.. As a result of this accounting fundamental need, it becomes imperative to maintain and update financial records. The transactions are recorded in real time, with full accuracy and reliability, and once the transaction is completed, it cannot be changed.

**Keywords---** Reconcile = to settle, Reliability = trust, Drastically= big amount, storming= boom, Simultaneously= together with, seeks = obtained, ERP= Enterprises resource planning, A.I.= Artificial Intelligence, CIBIL= The information Bureau India LTD, GST= Goods & Service Tax, SEBI= Security Exchange Board of India, MCA= Ministry of Corporate Affairs, CBDT= Central Board of Direct Tax, CBIC= Central Board of indirect & Custom, ITC= Input Tax Credit, MIS = Microsoft Information System, UPI= unified Payment Interface

## I. INTRODUCTION

The Nobel Covid-19 has restricted the manual system of business process and people have started working digitally. When it comes to digitalisation, block chain technology cannot be ignored. This technology is storming in cryptocurrency there is no doubt the field of cryptocurrency & digitalization has more expanded than over sector of business. Especially in accounting area may undergo transformation with this technology drastically. Block chain technology may shape accounting from double entry system to triple entry system. Due to this accounting fundamental need becomes change in keeping records financial transactions are maintained and updated. Block chain technology recorded all the transactions are in real time with full of accuracy and reliability, it cannot be altered easily, once the transaction is completed.

## II. GENSIS & GROWTH

Block chain is a chain of blocks and distributed data base information which runs on many devices simultaneously through the internet network on both part of sides. Blocks are in chronological order and connected like a chain the resulting ledger is accessed by all servers of participants. Any information added to a block chain is stored into block form and connected together to form a chain. It is securely transfers the data from one block to another block.

Block chain technology brings network base accounting records for seeks accounting functions by lowering overheads of maintaining and reconciling ledgers and offering complete transparency into assets, ownership, and history.

## III. REVIEW OF LITRATURE

Perera Nanayakkara, Rodrigo Senratne and Weinand (2020) suggested that private block chain networks could provide reliable business software solutions to the construction industry, as construction industry work with sensitive data.

Kaushal and Tyle (2016) examines that block chain technology is not confined to bitcoin, it may ignite to the content of block chain to the height that it is in use today. Block chain as a technology on its own is a more remarkable and wise innovation than that of bitcoin. Recently Finance Minister has also realised the safety of block chain technology and prospective investment, they introduce the cryptocurrency and regulation of official currency bill 2021 and this may extend the use of block chain technology to many business processes by imposing income tax @40%.

## IV. GAP OF STUDY

We will make a research on new generation digital currency with formulating new accounting standard which would be helpful in maintaining and recording uniformity of all digital transaction. The main objective of application of this technology is to crate eco-friendly environment and transparency in accounting system. However new research focuses on string internet network, and literacy to operate by the best use of banking network other than UPI.

## V. OBJECTIVE OF STUDY

1. To protect investor interest against speculation.
2. To analyse the potentiality of block chain technology in accounting prospective
3. To examine the current issues and challenges of block chain technology in respect to recent development.
4. To formulate new accounting system for keeping best way of digital transactions.

## VI. RESEARCH METHODOLOGY

A pilot study was collected data from the various different places of digital centre in the Kanpur city by using chart, diagram, graph, and percentage of analysis. A feasible visit was made to the Reserve Bank of India at Kanpur to know about the working procedure of bitcoin in India and their prospect.

## VII. RECENT DEVELOPMENT OF BLOCK CHAIN AND THEIR IMPACT

There are some recent technology developments in block chain and their impact on key areas:-

1. **Multi-tasking business (ERP):-** ERP system could create an super strategic plan in computer software technique across organisation by which bring in transparency and safety in passion of goods and services.
2. **Financial Transformation:-** With the help block chain system banks and other financial institutions can move assets with more efficiency and effectiveness by using CIBIL for tracing credit information of borrowers.
3. **Artificial Intelligence:-** By using of artificial intelligence new data base prediction analysis which will derive to mere exact projection of any investment in the best possible manner.
4. **Supply Chain Transparency:-** Improved data transparency with high accountability could give supplier and consumer visibility into a products entire lifecycle starting with raw material.
5. **Management Secrecy:-** The use of block chain technology to secure the integrity of electronic, medical records, claims and medical bills etc.

## VIII. BLOCK CHAIN AND ACCOUNTANCY

After understanding block chain technology and applying to accounting is not difficult. In block chain system book keeping entries increases efficiency of the proves of accounting for assets, liabilities, capital, revenue and expenses. This would empower the accounting profession to explore of keeping accounting records and creating accounting standard for public utility.

Three dimensional approaches of accounts under block chain technology may be bifurcated into:-

1. Nature of Accounts.
2. Assets
3. Equity and liabilities

It is also extension of double entry system. The distributed registry and other features of the block chain may benefit accounting. Wherein reduction in human error, no risk of fraud, automation of system, increase in reliability in financial report etc.

Accounting profession deals with recording, measuring, and communication of financial transactions and interpreting the results. It has the potential to increase the efficiency of accounting profession by bringing down the cost of maintaining, updating and reconciling ledgers.

## IX. CURRENT ISSUES AND CHALLENGES OF BLOCK CHAIN TECHNOLOGY

Block chain technology is popularly cryptocurrency which is based on virtual implemented in accounting audit I'm regulating for successfully in future after addressing challenges and threats block chain does not ensure that a transaction recorded in account is not unauthorised fraudulent or illegal. It could be executed between the parties by agreement that is off chain. After considering the complex nature of Indian accounting standards, it may incorrectly explained in financial statements. This technology can be transformed according to the need of accounting and auditing.

**1- NO REGULATION BODY** – absence of monitoring and controlling body under block chain technology is a perturbing matter. Regulation is a serious issue under block chain technology when it is related to accountancy accounting standards compliances are required to attend ticket the financial transactions.

**2- RISK OF LIQUIDITY** – excessive use of block chain technology may lead to liquidity risk bank for international settlement has also worried that excessive uses of block chain maybe boost the recent liquidity

**3- TECHNOLOGY RISK** -- A challenge associated to Internet Protocol protection data privacy speed and performance a huge calculation takes on an average few minutes to complete the recording of transactions, it may be delaying if the operational process complex in value of transaction.

## X. ANALYSIS & INTERPRETATION OF DATA

By use of chart, graph and diagram block chain technology interpretation is being done as:-

**1. Triple Entry accounting under Block Chain Technology**



2. Three-Dimensional Outlook of Accounts



3. Crypto Approaches



#### 4. Types of Block Chain



### XI. CONCLUSION, IMPLEMENTATION AND SUGGESTION

1. Spreading literacy in detail about Block Chain Technology.
2. Optimum utilisation of banking network with high priority data security system.
3. To make prompt examination of expected fraud and errors in accounting entries and timely transaction verification made automatically.

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