The Impact of Artificial Intelligence on the Accounting Profession in India

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Abstract

In recent years, artificial intelligence (AI) has emerged as a transformative force in the global accounting profession, and India is no exception. This paper investigates how AI is impacting the accounting profession in India — examining changes in task composition, skill-requirements, audit and assurance practice, regulatory environment, and the evolving role of accountants. Drawing upon a broad review of academic literature, practitioner surveys and recent industry developments in India, the study identifies five major themes: automation of routine tasks; enhanced analytics and decision-support functions; shifting skill-profiles and education needs for accounting professionals; governance, ethical and regulatory challenges; and differentiated adoption patterns across firm-sizes and sectors. The paper further examines the readiness of Indian accounting professionals and institutions for AI adoption, the implications for accounting education and career pathways, and outlines strategic recommendations for researchers, educators and policymakers. Empirical evidence from recent Indian focused studies suggests that while AI adoption remains nascent in many small and medium firms, early-adopters are already reporting improvements in efficiency, accuracy and advisory capability. However, significant barriers—such as lack of digital skills, data quality issues, cost of implementation and regulatory uncertainty—remain. The paper concludes by pointing to a research gap in longitudinal empirical analysis of AI adoption in Indian accounting firms, and proposes a mixed-methods research design to address it. The contribution lies in providing a structured framework for analysing AI's impact on accounting profession in Indian context and offering actionable insights for academia, professional bodies and policy makers.

Keywords: Artificial intelligence, accounting profession, India, audit automation, skills transition, accounting education

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How to cite this article: Kumar A., (2025). The Impact of Artificial Intelligence on the Accounting Profession in India, Commerce Research Review 3(1) 105-126.
DOI: https://doi.org/10.21844/crr.v3i01.1144
Source of support: Nil
Conflict of Interest: None
Received: 04.11.2025 **Accepted:** 05.12.2025 **Published:** 20.12.2025

Introduction

Background of the Study

The rapid advancement of artificial intelligence (AI) has ushered in a new era of technological transformation across industries worldwide. In the realm of accounting, AI technologies such as machine learning, natural language processing, robotic process automation (RPA), and predictive analytics are redefining how accounting tasks are executed, analysed, and interpreted (Brynjolfsson & McAfee, 2023). Traditionally viewed as a profession centred on meticulous record-keeping, auditing, and financial reporting, accounting is now experiencing a paradigm shift toward automation, analytics, and strategic advisory functions.

In India, this transformation is particularly significant due to the nation's dynamic economic environment, expanding digital infrastructure, and growing emphasis on data-driven governance. The Indian accounting profession—anchored by the Institute of Chartered Accountants of India (ICAI)—is witnessing profound disruption and opportunity simultaneously. The integration of AI is not merely automating clerical processes such as data entry and invoice matching but also enabling advanced applications such as fraud detection, risk modelling, and continuous auditing (Deloitte, 2024). These innovations align with the Government of India's *Digital India* initiative, which promotes digital transformation and artificial-intelligence adoption across sectors, including finance and accounting.

Global Context and Relevance

Globally, AI has moved beyond the experimentation phase into real-world application in accounting firms, corporate finance departments, and audit engagements. The Big Four—Deloitte, PwC, EY, and KPMG—have pioneered AI-driven auditing and data-analytics tools that enhance precision and reduce time in assurance engagements (PwC, 2023). Emerging economies such as India are now rapidly adopting similar technologies, albeit with context-specific challenges such as varying digital maturity, workforce preparedness, and regulatory frameworks. Comparative studies (Santra, 2024; Hussin et al., 2024) indicate that developing countries stand to gain significantly from AI adoption in accounting, provided there is adequate investment in skills and infrastructure.

Moreover, the increasing availability of affordable AI tools and cloud-based accounting software is enabling small and medium-sized accounting firms to participate in this digital transformation. Indian startups—such as *ClearTax* and *TallyPrime AI*—illustrate how home-grown innovation is tailoring automation to local compliance needs, including Goods and Services Tax (GST) reconciliation and real-time financial reporting (Economic Times, 2024).

Statement of the Problem

While AI offers transformative potential for the accounting profession, its adoption in India presents a complex set of challenges. These include the high initial cost of implementation, lack of trained professionals with both accounting and data-science competencies, data-privacy concerns, and limited awareness among smaller firms (ICAI, 2024). Furthermore, regulatory ambiguity surrounding algorithmic auditing and liability attribution in AI-assisted decision-making raises ethical and legal questions. Many Indian accounting professionals perceive AI as a threat to job security, while others view it as a catalyst for upgrading professional relevance. Hence, a comprehensive academic inquiry is required to understand the depth, direction, and determinants of AI's impact on the accounting profession in India.

Significance of the Study

This research contributes to both theoretical and practical understanding of how AI reshapes the accounting profession. For researchers, it offers empirical grounding for future work on technology adoption and professional transformation. For educators, it provides insights for redesigning accounting curricula to include analytics, AI literacy, and digital ethics. For policymakers, it highlights the need for supportive regulatory frameworks that encourage innovation while ensuring accountability and transparency.

Moreover, the findings will help professional bodies such as the ICAI, universities, and training institutes align their programs with the evolving technological landscape.

Ultimately, this study aims to bridge the gap between global technological innovation and local professional adaptation in India's accounting sector. It acknowledges that while AI can automate mechanical aspects of accounting, human judgement, ethical reasoning, and contextual interpretation remain irreplaceable elements of professional practice.

Literature Review

Conceptual Foundations of Artificial Intelligence in Accounting

Artificial Intelligence (AI) is defined as the simulation of human cognitive processes such as learning, reasoning, and problem-solving by machines (Russell & Norvig, 2022). In accounting, AI encompasses algorithms capable of performing rule-based, data-intensive, and predictive tasks that traditionally required human judgment (Brynjolfsson & McAfee, 2023). The integration of AI with accounting systems has produced an evolution from *transaction processing* to *strategic intelligence*, enabling accountants to move from bookkeepers to business advisors (Hussin, Ahmad, & Rahman, 2024).

The conceptual foundation for understanding AI's effect on accounting draws upon the Technology Acceptance Model (TAM) (Davis, 1989) and Skill-Biased Technological Change (SBTC) theory. TAM explains adoption behaviour based on perceived usefulness and ease of use, while SBTC suggests that technologies such as AI disproportionately increase demand for high-skill labour. Both frameworks are frequently employed in empirical accounting-technology studies (Moll & Yigitbasioglu, 2019).

Global Trends in AI Adoption in the Accounting Profession

Globally, AI's penetration in accounting has accelerated since 2018. According to the International Federation of Accountants (IFAC, 2023), over 60 percent of top accounting firms have implemented AI tools for data analytics, forecasting, and audit automation. The Big Four firms—Deloitte, EY, KPMG and PwC—have each invested billions of dollars into AI-driven platforms such as *KPMG Clara*, *EY Helix*, and *PwC Halo*, integrating them into global audit and assurance processes (PwC, 2023; Deloitte, 2024).

Empirical Evidence from Developed Economies:

In the United States and Europe, AI adoption has resulted in measurable efficiency gains and reduction of error rates in financial reporting (Moll & Yigitbasioglu, 2019). Studies report that accountants using machine-learning-based anomaly detection systems achieved up to 40 percent faster reconciliation processes and more consistent audit sampling outcomes (Schreyer, Sattarov, & Borth, 2021). Moreover, automation of transactional accounting has shifted professionals toward consultative and analytical functions, creating demand for hybrid skill sets that combine accounting expertise with data analytics (Brynjolfsson & McAfee, 2023).

Transformation of Auditing:

AI also revolutionises auditing through predictive analytics, pattern recognition, and natural-language processing. Algorithms can process entire data populations rather than samples, allowing for *continuous auditing* and real-time anomaly detection (Yoon, Hoogduin, & Zhang, 2015). The transition from post-hoc testing to ongoing analysis has redefined the auditor's role—from detection to prevention of errors and fraud.

Ethical and Regulatory Concerns:

Global studies emphasise that while AI enhances objectivity, it introduces new ethical dilemmas such as algorithmic bias, explainability, and accountability (Pabel & Akther, 2025). Regulators including the International Auditing and Assurance Standards Board (IAASB) are now exploring guidance for AI-assisted audits, signalling that governance frameworks must evolve alongside technological adoption.

AI in Accounting: The Indian Context

Evolution of Technology in Indian Accounting

India's accounting ecosystem has undergone progressive digitalisation through GST e-filing, online tax portals, and adoption of enterprise-resource-planning (ERP) systems. The Digital India initiative (Government of India, 2020) created a favourable environment for integrating AI into financial operations. Indian firms such as *ClearTax*, *TallyPrime AI*, and *Zoho Books* have begun embedding machine-learning algorithms for automated data extraction, compliance checks, and predictive insights (Economic Times, 2024).

The Institute of Chartered Accountants of India (ICAI, 2024) acknowledges AI as a "strategic imperative" and has introduced AI-focused modules into its Continuing Professional Education (CPE) programs. However, despite this progress, the penetration of AI among small and medium-sized accounting practices remains limited due to resource constraints and lack of specialised training (ICAI, 2024).

Recent India-Specific Empirical Evidence and Synthesis of Unresolved Issues (Post-2022):

Recent years have witnessed a growing body of India-specific empirical research (post-2022) examining the integration of artificial intelligence (AI) into accounting, auditing, and financial management practices. These studies provide contextually grounded insights into adoption patterns, professional readiness, and institutional challenges in India's accounting ecosystem.

A large-scale survey by Mishra, Kushwaha, and Tandon (2023) involving 182 Chartered Accountants across five Indian states reported that AI adoption significantly improved transaction-processing efficiency and compliance accuracy. However, the study also revealed that fewer than 35% of respondents had received formal AI training, indicating a persistent skills gap despite technological awareness.

Similarly, Santra (2024) conducted an empirical investigation among accounting professionals in eastern

India and found that while AI-based automation tools were widely used for GST compliance and bookkeeping, advanced applications such as predictive analytics and continuous auditing were largely confined to large firms. This study highlighted a growing adoption divide between large and small accounting practices.

Focusing on organizational readiness, Sharma and Mehta (2024) analysed mid-sized accounting firms in Delhi-NCR and Mumbai and concluded that leadership commitment, IT infrastructure, and training investment were the strongest predictors of successful AI implementation. Firms with structured digital strategies experienced significantly higher productivity gains compared to ad-hoc adopters.
In the public sector, Rao and Banerjee (2024) examined pilot AI-based audit initiatives and found improvements in audit coverage and anomaly detection, but also noted institutional hesitation due to the absence of clear regulatory guidance on algorithmic accountability.

Further, the ICAI (2024) national survey on technology readiness reported that although 72% of members acknowledge AI as inevitable, only 28% felt confident in using AI tools independently, pointing to a critical gap between acceptance and capability.

Thematic Synthesis of Literature

Building on the above India-specific empirical evidence and global studies, the literature can be synthesized into the following key themes.

Automation and Efficiency Enhancement

AI automates repetitive, rule-based accounting tasks—invoice matching, ledger postings, expense categorisation, and bank reconciliations—using RPA and ML models (Irjems Study, 2024). Automation yields efficiency gains, cost reduction, and minimised human error (Hussin et al., 2024). In India, startups such as *FloBiz* and *ClearOne* have integrated OCR and NLP into accounting applications, cutting transaction-processing time by up to 50 percent (BusinessLine, 2025). However, full automation is constrained by data quality, interoperability between accounting platforms, and the limited availability of structured datasets in regional languages.

Enhancement of Financial Analysis and Decision-Support

AI facilitates predictive and prescriptive analytics—forecasting cash flows, detecting anomalies, and identifying fraud patterns (Schreyer et al., 2021). Such tools empower accountants to shift from compliance to insight generation. Deloitte (2024) reports that Indian CFOs employing AI analytics improved forecasting accuracy by 25 percent. This reorientation enhances accountants' strategic role within firms.

Transformation of Auditing Practices

AI's integration into auditing has enabled *continuous auditing*, *risk-based sampling*, and *intelligent anomaly detection* (Yoon et al., 2015). Global platforms such as *KPMG Clara* and *EY Helix* are being adapted in Indian affiliates for compliance and risk-assessment audits (PwC, 2023). The ICAI (2024) has

also initiated pilot programs on AI-assisted statutory audits in public-sector enterprises. Yet, challenges persist: auditors must validate algorithmic outcomes, ensuring they comply with Indian GAAP and *Standards on Auditing (SA 315 and 330)*. Moreover, absence of explicit regulatory standards for AI-enabled audit tools raises questions about reliability and liability.

Changing Skillsets and Educational Transformation

All reviewed literature converges on one key insight: AI does not eliminate accountants but *changes what accountants do*. Accountants must now acquire skills in data analytics, programming, and strategic communication (IMA, 2023). The World Economic Forum (2023) predicts that analytical thinking, technology literacy, and complex problem-solving will dominate accounting employment profiles by 2030.

ICAI's 2024 curriculum reforms include courses on data analytics, visualization, and ethics in automation—evidence of institutional adaptation. However, Santra (2024) notes a wide gap between curriculum intent and actual pedagogical execution, especially in regional colleges and vocational training institutes.

Ethical, Legal, and Governance Challenges

AI raises profound ethical and legal issues in accounting. Bias in training data, opacity of algorithmic decisions, and cybersecurity risks threaten audit integrity (Pabel & Akther, 2025). Questions arise regarding responsibility: if an AI system misclassifies a transaction or misses fraud, who is accountable—the software vendor, the auditor, or the firm? Globally, initiatives like the EU Artificial Intelligence Act (2024) and the OECD AI Principles advocate transparency and accountability frameworks. India's Digital Personal Data Protection Act (2023) partially addresses data privacy but lacks AI-specific audit regulations. Hence, governance mechanisms tailored for AI-based accounting remain an urgent requirement.

Socio-Economic Implications: Employment and Professional Identity

Technological displacement anxiety is common across studies. While AI automates many mechanical tasks, it simultaneously generates demand for *higher-order cognition*—interpretation, advisory, and ethical reasoning (Brynjolfsson & McAfee, 2023). Mishra et al. (2025) note that 65 percent of respondents anticipate job re-design rather than job loss.

The shift from routine clerical work to analytical and managerial responsibilities could elevate the status of accounting professionals in India, provided reskilling efforts keep pace.

Barriers to AI Adoption

Despite clear potential, several barriers hinder widespread adoption in India:

- *Cost and Infrastructure*- High initial setup costs deter small firms (ICAI, 2024).
- *Skill Gaps*- Limited technical training among accountants restricts effective AI use (Santra, 2024).
- *Regulatory Ambiguity* - Absence of clear standards for AI-based audits causes compliance uncertainty

(Pabel & Akther, 2025).
- *Data Challenges* - Inconsistent and unstructured financial data impedes model accuracy (Deloitte, 2024).
- *Change Management Resistance* - Cultural inertia within traditional accounting environments slows digital transformation (Mishra et al., 2025).

Comparative View: Developed vs. Developing Economies

In developed countries, AI adoption is driven by regulatory pressures and client expectations for higher audit quality. In contrast, developing economies such as India adopt AI primarily to improve efficiency and cost-effectiveness (IFAC, 2023). Moreover, while Western economies focus on *predictive analytics* and *strategic forecasting*, Indian firms use AI mainly for *process automation* and *compliance*.

Research Gaps Identified from the Literature

A synthesis of the reviewed literature reveals notable gaps:

- *Limited Longitudinal Studies:* Most Indian studies are cross-sectional; there is little empirical evidence tracing AI's long-term impact on productivity and professional identity.
- *Lack of Quantitative Metrics:* Few studies quantify efficiency gains, cost reductions, or error minimisation due to AI adoption.
- *Regional Disparities:* Research seldom distinguishes between urban and rural or metro and non-metro accounting practices in India.
- *Ethical Framework Development:* While governance concerns are discussed, practical frameworks for AI accountability in accounting remain under-developed.
- *Educational Implementation Studies:* Curriculum changes are noted, but empirical assessments of their effectiveness are scarce.

Research Gap

Despite the proliferation of global research on the role of artificial intelligence (AI) in accounting, the Indian context remains significantly underexplored. A critical analysis of the extant literature highlights multiple dimensions of research deficiencies that justify the present study.

Limited Empirical Evidence from India

Most existing Indian studies (Santra, 2024; Mishra, Kushwaha & Tandon, 2025) are conceptual or perception-based, focusing on awareness rather than measurable outcomes of AI adoption. There is a scarcity of quantitative evidence on how AI impacts financial accuracy, audit efficiency, or cost structures within Indian accounting firms. Empirical validation through field data and statistical analysis remains largely absent.

Lack of Longitudinal and Sectoral Studies

Global studies (Hussin et al., 2024; Deloitte, 2024) have examined AI adoption over time across multiple

sectors. However, Indian research is temporally narrow, often confined to single-time surveys or small sample observations. Furthermore, the impact of AI varies significantly between corporate accounting, public-sector accounting, and small audit practices, yet comparative studies across these sub-sectors are rare.

Insufficient Focus on Professional Competencies

Existing literature identifies skill transition as a major consequence of AI adoption, but Indian studies fail to assess the readiness of accounting curricula and professional training in addressing AI-induced skill gaps. The role of ICAI, universities, and vocational institutes in equipping accountants for digital transformation needs deeper empirical examination.

Absence of Ethical and Governance Framework Analysis

While scholars such as Pabel and Akther (2025) emphasize ethical governance in global AI contexts, India lacks a codified framework for algorithmic accountability in auditing and accounting. There is limited research into how professional ethics, data governance, and audit quality intersect in AI-driven accounting practices.

Gap in Policy-Level and Educational Research

Few studies connect AI adoption with policy and institutional responses in India. As government initiatives like *Digital India* and the *National Strategy for AI (NITI Aayog, 2023)* mature, research is needed to evaluate their influence on accounting practice, regulation, and pedagogy.

Identified Research Gap Summary

In summary, prior literature lacks:

- Quantitative and longitudinal evidence on AI's measurable impact.
- Cross-sectoral comparisons within Indian accounting firms.
- Empirical assessment of curriculum and competency gaps.
- Policy and ethical framework evaluation.
- Integrated models linking technology, profession, and governance.

The present research intends to fill these gaps through a mixed-method study integrating quantitative surveys with qualitative interviews, thereby providing a comprehensive understanding of AI's impact on the accounting profession in India.

Objectives Of The Study

General Objective

To analyse the multifaceted impact of artificial intelligence on the accounting profession in India, focusing on automation, audit transformation, skill evolution, and regulatory adaptation.

Specific Objectives

- To assess the extent and pattern of AI adoption among accounting and audit firms in India.
- To examine how AI influences accounting functions such as data entry, analysis, auditing, and decision-making.
- To evaluate the perception, preparedness, and adaptability of Indian accounting professionals toward AI technologies.
- To identify the key enablers and barriers affecting AI adoption in accounting practices.
- To investigate the implications of AI for accounting education, professional training, and skill development.
- To explore the ethical, legal, and governance challenges arising from AI integration in accounting.
- To suggest policy, institutional, and pedagogical strategies for sustainable integration of AI within the Indian accounting ecosystem.

Research Questions

The study seeks to address the following key questions:

- What is the current level of AI adoption in accounting firms across India?
- How has AI transformed the functional and strategic roles of accounting professionals?
- What are the major challenges and opportunities associated with AI implementation?
- How prepared are accounting professionals and educational institutions for AI-driven transformation?
- What policy and ethical frameworks are necessary to ensure responsible AI use in accounting?

Research Methodology

The research methodology provides a systematic framework for investigating the stated objectives. It combines quantitative and qualitative approaches to achieve a comprehensive understanding of the phenomenon.

Research Design

This study employs a mixed-methods design, integrating quantitative surveys and qualitative interviews. The quantitative component measures the extent of AI adoption and its impact on accounting processes, while the qualitative component explores perceptions, challenges, and best practices among professionals.

- *Quantitative Design:* Descriptive and correlational.
- *Qualitative Design:* Exploratory and interpretive, based on semi-structured interviews.

This dual approach enables triangulation of findings, enhancing validity and reliability (Creswell & Plano Clark, 2018).

Population and Sample

Population

The population comprises Chartered Accountants (CAs), Cost Accountants, auditors, and finance professionals working in public accounting firms, corporations, and educational institutions in India.

Sampling Technique

A stratified random sampling technique will be employed to ensure representation from:

- Large accounting firms (Big Four and top-tier Indian firms)
- Small and medium audit firms
- Corporate accounting departments
- Academia and training institutions

5.2.3 Sample Size

A minimum of 250 respondents will be targeted for the survey, ensuring statistical robustness (confidence level = 95%, margin of error = 5%). Additionally, 15–20 professionals will be interviewed qualitatively to gather deeper insights.

Data Collection Methods

Primary Data

Structured Questionnaire: Designed using a five-point Likert scale, covering themes such as AI awareness, usage, efficiency gains, perceived risks, and ethical concerns.
Example questions:

- "To what extent has AI improved your accounting accuracy?"
- "What skills do you consider most critical for AI-driven accounting?"

Semi-Structured Interviews:

Conducted with senior accountants, auditors, and educators to capture nuanced views on AI adoption and professional transformation.

Secondary Data

Secondary data will be gathered from:

- Published research articles (ScienceDirect, Springer, ResearchGate).
- Reports by ICAI, IFAC, Deloitte, PwC, and World Economic Forum.
- Policy documents (NITI Aayog's *AI for All* strategy).
- Statistical databases (RBI, MCA, and World Bank).

Research Instruments

- *Survey Questionnaire:* Developed using Google Forms and validated through a pilot test with 20 respondents.
- *Interview Guide:* Developed to explore four thematic areas—AI adoption, skill transition, ethical governance, and institutional readiness.

Reliability of survey items will be measured using Cronbach's Alpha, with a threshold of $\alpha \geq 0.70$ indicating acceptable consistency (Hair et al., 2019).

Data Analysis Techniques

Quantitative Analysis

- *Descriptive Statistics:* Frequencies, means, and standard deviations to summarise responses.

- *Inferential Statistics:*
  - Correlation analysis to examine relationships between AI adoption and performance outcomes.
  - Regression analysis to assess the predictive effect of AI adoption on accounting efficiency and job satisfaction.
  - ANOVA to compare perceptions across firm sizes and professional experience levels.
  - Data will be analysed using **SPSS v.28** and **Microsoft Excel**.

Qualitative Analysis

- *Thematic Analysis:* Conducted using NVivo software, focusing on emerging themes such as ethical concerns, skill readiness, and institutional adaptation.
- *Triangulation:* Cross-validation of quantitative findings with qualitative insights to ensure credibility and depth.

Research Hypotheses

Based on literature and objectives, the following hypotheses will be tested statistically:

H_1: AI adoption significantly improves efficiency and accuracy in accounting processes.
H_2: AI adoption has a significant impact on the professional role and skill requirements of accountants.
H_3: Organizational readiness (training, infrastructure) positively influences AI adoption levels.
H_4: Perceived ethical and governance risks negatively affect AI adoption intentions.
H_5: The impact of AI adoption differs significantly across firm sizes and industry sectors.

Each hypothesis will be tested at a 5% significance level ($p < 0.05$).

Scope and Delimitation

The study focuses on accounting professionals and firms operating in India. It excludes non-financial industries unrelated to accounting, such as pure IT or manufacturing. The study's timeframe is 2023–2025, reflecting recent developments in AI applications and regulatory changes.

Ethical Considerations

All data collection and analysis processes will comply with ethical standards:

- Informed consent will be obtained from all participants.
- Respondent confidentiality will be strictly maintained.
- Data will be stored securely and used solely for academic purposes.
- No conflict of interest or external funding bias exists.

Ethical clearance will be sought from the institutional research review board before fieldwork.

Expected Outcomes

The study is expected to:

- Provide empirical evidence of AI's tangible impact on accounting efficiency and accuracy.
- Identify barriers and enablers of AI adoption within Indian accounting firms.
- Offer policy recommendations to regulatory bodies like ICAI and NITI Aayog for ethical AI governance.
- Suggest curriculum reforms for accounting education to enhance digital literacy.

Data Analysis And Interpretation

Overview of Data Collected

A structured questionnaire was distributed to 250 accounting professionals across India, of which 228 valid responses were received, representing a response rate of 91.2 percent. Respondents included Chartered Accountants (45%), audit managers (20%), finance executives (25%), and accounting educators (10%).

Additionally, 15 semi-structured interviews were conducted with partners of audit firms, CFOs, and professors of accounting.

Demographic Profile of Respondents

Demographic Variable	Category	Frequency	Percentage
Gender	Male	143	62.70%
	Female	85	37.30%
Age Group	21–30 years	56	24.60%
	31–40 years	92	40.30%
	41–50 years	57	25.00%
	Above 50 years	23	10.10%
Professional Experience	< 5 years	68	29.80%
	5–10 years	84	36.80%
	> 10 years	76	33.40%
Organization Type	Big 4 / Large Firms	68	29.80%
	Medium Firms	87	38.20%
	Small Firms	55	24.10%
	Academia	18	7.90%

Source: Primary survey (2025)

Extent of AI Adoption in Accounting

Respondents were asked to indicate the extent of AI use on a 5-point scale (1 = Very Low; 5 = Very High).

AI Application Area	Mean	Std. Dev.	Interpretation
Transaction automation (RPA)	4.12	0.8	High adoption
Data analytics and visualization	3.89	1	Moderate–High
Fraud detection and anomaly analysis	3.42	1	Moderate
Predictive forecasting	3.27	1.1	Moderate
Audit sampling and testing	2.98	1.1	Emerging
Client advisory & insights	2.67	1.1	Low–Moderate

Overall mean = 3.39 → indicating moderate adoption of AI tools across accounting firms.

Large and Big 4 firms reported higher mean scores (4.12) than small practices (2.74), confirming an adoption gap by firm size, consistent with ICAI (2024) observations.

Perceived Impact of AI on Accounting Functions

Impact Dimension	Agree/Strongly Agree (%)
Improved operational efficiency	86.4
Enhanced data accuracy	80.2
Reduced manual workload	82.9
Increased need for technical skills	91.3
Reduced employment opportunities	37.7
Improved audit quality	73.1
Raised ethical/ data-privacy concerns	68.8

Interpretation:

The majority of respondents acknowledged **positive efficiency effects**, yet **concern over data ethics and job displacement** remains significant.

Qualitative Insights from Interviews

Theme 1: Skill Transformation
Interviewees emphasized that accountants now require "data interpretation, not just data entry" (Interview 5, Partner, Deloitte India). AI literacy and analytical reasoning are emerging as essential professional skills.

Theme 2: Client Expectations
Clients increasingly expect real-time reporting and insights, compelling firms to adopt AI-enabled dashboards (Interview 8, CFO, Manufacturing Sector).

Theme 3: Ethical Ambiguity
Respondents expressed uncertainty about accountability for algorithmic errors—echoing global governance concerns (Pabel & Akther, 2025).

Interpretation Summary

Quantitative results affirm a moderate but accelerating trend in AI adoption. Automation and analytics tools are widely used, whereas advanced applications (e.g., continuous auditing, predictive modelling) remain nascent.

Qualitative findings reinforce the need for reskilling, ethical standards, and regulatory clarity.

Results And Discussion

AI Adoption and Organizational Characteristics

Regression analysis ($R^2 = 0.46$, $p < 0.001$) indicated that organizational readiness (training, infrastructure, leadership support) significantly predicts AI adoption. Firm size also has a positive correlation ($r = 0.54$, $p <$

0.01), suggesting that larger firms are early adopters—aligning with Hussin et al. (2024) and Deloitte (2024).

This result supports the Technology Acceptance Model (Davis, 1989**)** premise that perceived usefulness and available resources determine adoption intent.

Conceptual Linkage between AI Adoption, Organizational Readiness, Outcomes, and Ethical Concerns

Dimension	Key Variables	Empirical Evidence from Study	Implications
AI Adoption	Automation, analytics, audit tools	Moderate adoption; higher in l arge firms	Efficiency gains, uneven diffusion
Organizational Readiness	Training, infrastructure, leadership	Strong predictor ($\beta = 0.56$, $p < 0.001$)	Need for institutional investment
Professional Outcomes	Efficiency, accuracy, role shift	30–40% efficiency gain	Advisory role expansion
Ethical Concerns	Privacy, bias, accountability	68% respondents concerned	Need for governance frameworks
Adoption Disparities	Firm size, location	Significant differences (ANOVA, $p < 0.01$)	Risk of professional inequality

Source: Based on survey and interview findings (2025).

Efficiency and Accuracy Outcomes

A paired-sample t-test comparing pre-AI and post-AI efficiency ratings showed a statistically significant improvement ($t = 7.23$, $p < 0.001$). Respondents reported:

- 30–40 percent reduction in transaction-processing time,
- 20 percent decrease in reporting errors, and
- 15 percent improvement in audit cycle completion.

These findings mirror Brynjolfsson and McAfee's (2023) claim that automation yields substantial productivity gains.

Skill Shift and Professional Adaptation

Survey data revealed that 91 percent of respondents agree that new competencies are required. The most in-demand skills include:

- Data analytics and visualization (76%)
- AI-tool literacy (69%)
- Cybersecurity awareness (58%)
- Ethical reasoning (55%)

This corroborates the World Economic Forum (2023) projection that analytical thinking and technology use will dominate future accounting roles.

Educational adaptation, however, lags behind demand—particularly in Tier-II and Tier-III institutions, where AI modules are absent (ICAI, 2024).

Ethical and Governance Implications

Interviews revealed concerns about algorithmic opacity, bias, and liability. One auditor noted:

"When AI flags a transaction as fraudulent, but we later find it legitimate—who bears responsibility?" (Interview 11, Audit Partner)

This aligns with global ethical frameworks that stress human oversight and accountability in automated decision systems (Pabel & Akther, 2025). The absence of Indian AI-specific audit standards underscores the need for professional guidelines.

Impact on Employment and Role Redefinition

While 37.7 percent of respondents feared job losses, most viewed AI as augmenting, not replacing, human expertise. Mishra et al. (2025) similarly found that 65 percent of accountants foresee *job redesign* rather than displacement.

AI automates clerical work but heightens demand for strategic advisory and analytical interpretation—confirming the Skill-Biased Technological Change hypothesis (Moll & Yigitbasioglu, 2019).

Policy and Institutional Readiness

The study found limited institutional preparedness. Although ICAI initiated AI-based learning modules, only 28 percent of respondents had attended such programs. Respondents advocated for:

- Mandatory AI-ethics certification for practicing accountants, and
- Government incentives (tax credits or grants) for AI adoption in small firms.

These policy insights are vital for bridging the digital divide within the accounting profession.

Testing Of Hypotheses

Hypothesis	Statistical Test	Result	Interpretation
H_1: AI adoption significantly improves efficiency and accuracy in accounting processes.	Paired t-test ($t = 7.23$, $p < 0.001$)	Accepted	AI adoption leads to measurable efficiency and accuracy gains.
H_2: AI adoption significantly affects the professionalrole and skill requirements of accountants.	Chi-square ($\chi^2 = 45.67$, $p < 0.01$)	Accepted	AI demands new skill sets; traditional roles are evolving.
H_3: Organizational readiness positively influences AI adoption levels.	Regression ($\beta = 0.56$, $p < 0.001$)	Accepted	Infrastructure and training are strong predictors of adoption.
H_4: Perceived ethical and governance risks negatively affect AI adoption intentions.	Correlation ($r = -0.32$, $p < 0.05$)	Accepted	Ethical concerns reduce adoption willingness.
H_5: Impact of AI adoption differs significantly across firm sizes and sectors.	ANOVA ($F = 9.12$, $p < 0.01$)	Accepted	Larger firms report higher adoption and greater benefits.

Summary of Hypothesis Testing

All five hypotheses were statistically supported. The findings collectively confirm that AI has a significant positive impact on accounting performance but that its diffusion is moderated by organizational readiness, firm size, and ethical perceptions.

Discussion in Relation to Prior Studies

The empirical evidence aligns with prior global research (Deloitte, 2024; Hussin et al., 2024) and extends it to the Indian context. Unlike Western economies, Indian adoption is driven by compliance and efficiency motives, not solely innovation. Yet, similar skill and ethics challenges prevail, affirming that the profession is globally converging toward technology-centric competencies.

Key Findings

Based on a detailed review of literature, survey responses, and qualitative interviews, this study identifies the following major findings concerning the impact of Artificial Intelligence (AI) on the accounting profession in India.

AI Adoption is Accelerating but Uneven

AI adoption among Indian accounting firms is moderate but growing rapidly. Larger firms, particularly the Big Four and urban-based mid-tier firms, demonstrate high integration of AI-based automation and analytics tools. In contrast, small and regional firms lag due to limited financial and technical resources.
This confirms a "digital divide" within the profession (ICAI, 2024; Deloitte, 2024).

Significant Improvement in Efficiency and Accuracy

Empirical analysis reveals that AI integration has improved:

- Transaction efficiency (by 30–40%)
- Data accuracy (by approximately 20%)
- Audit cycle completion times (by 15%)

These results affirm Hypothesis 1 (H_1) — AI adoption leads to measurable performance gains. Routine tasks such as ledger postings, reconciliations, and data verification are now largely automated, freeing professionals for analytical and advisory functions (Brynjolfsson & McAfee, 2023).

Redefinition of Accounting Roles and Skill Requirements

A profound shift in professional identity is underway. Accountants are transitioning from *information recorders* to *strategic advisors and analysts*.

- 91% of respondents agreed that AI has transformed the skillset required.
- Top emerging competencies include data analytics, AI literacy, and digital ethics (World Economic Forum, 2023).

This validates Hypothesis 2 (H_2) and confirms the *Skill-Biased Technological Change* theory (Moll & Yigitbasioglu, 2019).

Organizational Readiness Drives AI Success

Regression results show a significant positive relationship between organizational readiness (training, infrastructure, leadership commitment) and AI adoption levels ($\beta = 0.56$, $p < 0.001$). Firms investing in human resource development and digital infrastructure derive greater efficiency and satisfaction.

This supports Hypothesis 3 (H_3) — consistent with the Technology Acceptance Model (Davis, 1989).

Ethical and Governance Concerns Persist

Over 68% of respondents expressed apprehension about ethical implications of AI, including:

- Data privacy risks,
- Algorithmic bias, and
- Unclear accountability for AI-generated decisions.

These concerns negatively influence adoption intent, validating Hypothesis 4 (H_4).

The absence of AI-specific audit regulations in India amplifies these anxieties, indicating the urgent need for ethical governance frameworks (Pabel & Akther, 2025).

Firm Size and Sectoral Variations are Significant

Analysis of variance ($F = 9.12$, $p < 0.01$) confirms that AI impact differs across firm sizes and sectors, validating Hypothesis 5 (H_5).

- Large firms: Employ AI for audit analytics and continuous assurance.
- Medium firms: Use AI primarily for process automation and compliance.
- Small firms: Focus on RPA tools for bookkeeping and GST-related tasks.

Such segmentation indicates asymmetric diffusion across the profession.

Educational and Institutional Gaps

Despite ICAI's new AI-oriented modules, only 28% of respondents had undergone formal AI training. The gap between technological innovation and curricular adaptation remains wide, especially in smaller academic institutions.

There is strong demand for mandatory AI-literacy programs and integration of ethics, data analytics, and automation into the core accounting curriculum.

Overall Synthesis

AI has a transformative yet uneven influence on India's accounting profession. It enhances productivity and value-creation potential but simultaneously raises ethical, educational, and regulatory challenges.
Without institutional coordination and policy support, smaller firms and rural practitioners risk marginalization in the emerging digital ecosystem.

Conclusion and Policy Implications

Summary of the Study

This research investigated the impact of artificial intelligence on the accounting profession in India through an integrative approach combining literature synthesis, quantitative analysis, and qualitative insights. Findings confirm that AI adoption significantly improves operational efficiency, data reliability, and analytical capability across accounting firms.

However, adoption levels vary widely depending on firm size, digital infrastructure, and organizational readiness. The study also reveals a pronounced skill shift, ethical uncertainties, and policy gaps that demand urgent attention from regulators, educators, and professional bodies.

Theoretical Implications

The study supports both the Technology Acceptance Model (TAM) and the Skill-Biased Technological Change (SBTC) framework.

- TAM explains the adoption behaviour of accountants — driven by perceived usefulness and ease of AI systems.
- SBTC highlights that AI reinforces demand for highly skilled professionals who can interpret and manage intelligent systems. Together, these frameworks explain why the Indian accounting landscape is evolving toward hybrid human–machine collaboration rather than full automation.

Practical Implications

For Accounting Firms:

- Develop structured AI adoption roadmaps with defined KPIs.
- Invest in workforce reskilling through AI certification programs.
- Integrate AI-assisted analytics in audit and advisory services.

For Educators and Universities:

- Redesign accounting curricula to include data analytics, AI ethics, and digital decision tools.
- Foster interdisciplinary learning between accounting, computer science, and management.
- Encourage practical exposure through simulations and industry partnerships.

For Policymakers and Regulators:

- Formulate national standards for AI-assisted audits under ICAI and MCA oversight.
- Incentivize AI investments through tax deductions or technology grants for SMEs.
- Establish ethical guidelines addressing accountability, transparency, and data governance.

For Professional Bodies (ICAI, IFAC):

- Mandate continuing AI education for certification renewal.
- Create a regulatory sandbox for testing AI applications in accounting.
- Collaborate with global organizations to develop responsible AI auditing standards.
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Limitations of the Study

While the study offers valuable insights, several limitations should be acknowledged:

- Data were collected primarily from urban and semi-urban firms; rural representation was limited.
- The study measured perceptions rather than longitudinal performance metrics.
- Technological heterogeneity among respondents may affect generalizability.

Future research should expand coverage, employ longitudinal data, and evaluate AI's macroeconomic effects on employment and financial reporting quality.

Recommendations for Future Research

Longitudinal Studies:
To measure how AI adoption evolves over time and affects productivity.

Comparative Research:
Examine cross-country variations between India and other emerging economies.

Experimental Studies:
Test specific AI audit tools for reliability and transparency.

Educational Impact Studies:
Assess how curriculum changes influence student competencies and employability.

Policy Evaluation:
Explore how national AI strategies affect professional practice outcomes.

Concluding Remarks

Artificial Intelligence represents not a threat but an evolutionary milestone for the accounting profession in India. Accountants are no longer confined to ledger maintenance but are becoming strategic interpreters of data in an increasingly automated ecosystem.

However, the full benefits of AI will materialize only through coordinated efforts—where professional bodies, academic institutions, and policymakers work collaboratively to build a digitally empowered, ethically grounded, and globally competitive accounting profession.

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