



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

Future of Cryptocurrency in India

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Abstract: The rapid development in Information Technology and communication has merged most of daily activities online and has become easier to access, more effective and time saving. The growth of number of online users since 2015 in India has activated virtual word concept and created a new gateway to business which is called cryptocurrency to facilitate financial activities of buying, selling and trading. Cryptocurrency is a valuable intangible object that is used in different application electronically. Cryptocurrency is a based on block chain technology in which each block represents a transaction which has a unique identifier which is automatically generated depending upon the transaction details in that block and also has details about the previous blocks to which it is connected. This paper investigates that expectation of Indian user from future cryptocurrency. It also identifies the user's confidence of dealing with cryptocurrency as it is a decentralized form of money. Paper also compares the methodology used in different 21 countries in regulations and legislations towards cryptocurrency in order to have a clear picture of its impact on various laws that are implemented in India.

Index Terms - Cryptocurrency, Bitcoin, Legislations, Uses of Cryptocurrency, User trust in Cryptocurrency

I. INTRODUCTION

The era of Information has create many opportunities in several aspects, one of those is to connect financial sector to online connections. Due to rapid increase in number of users made a path way to bring new type of trading, currency and transactions. One of those technology is cryptocurrency, it can be defined as a medium of exchange, apart from real world money that can be used in many financial transactions. Cryptocurrency represents valuable and intangible object which can be used virtually in different applications and networks.

The paper explores different aspects of Cryptocurrency platform to answer the question "What will be the future of Cryptocurrency in India? Will it be the next currency platform?" The paper analyses Cryptocurrency platform in order to provide deep implementation mechanism and also analyses current system and platform in order to extract problems and challenges that exist. This paper also explores the Global Cryptocurrency Market & role of India in it.

II. THE CURRENT CRYPTOCURRENCY MARKET

A. Global Market

As of April 2021 there are 9457 Cryptocurrencies available & trade is about 368 exchanges, Market Capitalization of all currencies is \$2,039,024,238,819 and 24 hours Volume was \$150,450,153,910 current dominating Cryptocurrency coin is Bitcoin which has market cap of \$1.01 Trillion i.e. 49.6% of market share and capitalization

Global Cryptocurrency Charts

Total Market Capitalization



Total Market Capitalization (Excluding Bitcoin)



B. Crypto rise in India

India has a population is about 1,395.57 million and about 51% of population has access to telecoms and internet. Bitcoin and other Cryptocurrencies have been operating in India from past many years as India is considered as fast emerging economy which has seen a greater boost in field of Information Technology. Bitcoin transaction were already taking placed within the county in as early as 2012. In 2013, Bitcoin started to gain level of popularity in many countries. In India first restaurant to accept Bitcoin payment was a pizza shop called Kolonial which is a vintage era shop located in Worli, Mumbai.

In short amount of time cryptocurrency trading and exchange services was started by BtcxIndia, Unocoin and Coinsecure and over time others like Zebpay, Koinex and Bitcoin-India were added to list. Apart from online exchange also the number of over-the-counter (OTC) are available.

On November 8, 2016, Indian Prime Minster announced the commencement of a demonetization policy which demonetized approx. 86% of countries paper currency. The people who had large cash holding started a practice of buying Bitcoins and other cryptocurrencies and then sell them later date to avoid the taxes imposed on the amount of cash holding they had.

III. DATA COLLECTION & DISCUSSION

A study was conducted in April 2021 to collect data about different aspects of cryptocurrency. The idea of survey was to spread usage of cryptocurrency and to have a clear practical view. It explored different cryptocurrencies used by users, how often they used it and how they spend it or trade into it. This survey also identified the confidence of participants dealing with cryptocurrency and also the future expectations.

The survey questionnaire involved 8 questions that were expected to be answered in short time in order to save participants time. I used google forms to design the questionnaire which then distributed online using WhatsApp. Data was collected from 78 users. Most of the participants were aged between 21-30 years old which represented 55.64% of total participation. Participants who were aged between 31-40 years represented 31.26% and participants above 40 years represented 13.1%. The following sections highlights and provide results as to how the main research questions might be answered based on the survey result and analysis.

A. Awareness about concept of Virtual Currency

The awareness of virtual currency seems to be more as people are been using social media platforms on larger scale which has opened up an opportunity to get knowledge about things that are emerging very quickly in world and are accepted on a larger scale. According to survey 40.7% understands the concept of cryptocurrency moderately (Conceptual) and 33.3% people have a good knowledge about the concept and remaining 26% of people are unaware or only knows the concept by its name.

B. The knowledge of Cryptocurrency available in market

The Bitcoin started in India around 2012 when freelance software developer in India started getting paid in Bitcoins form their employers in US or other countries to avoid the transfer fees which was quite high. According to the survey majority of people which is about 83.30% knows only one cryptocurrency i.e. Bitcoin. Other than that there are many cryptocurrency available in market but very few people knows about it, only 6.7% people knows about Dogecoin, 3.3% people knows about Stellar and 6.7% people knows about Ethereum.

C. Future Expectancy of Cryptocurrency by people

Cryptocurrency being emerging source of investment and payment people have different thoughts regarding its future, analyzing the responses of survey it seems that use of cryptocurrency will grow in coming years. According to survey 43.3% people thinks cryptocurrency will be grow in usage, 36.7% people thinks that it will grow substantially and remaining amount of people think that it will be remained same as it is now.

D. The Future of using virtual currency

The future of virtual currency can be predicted from current expanding and growing of platforms that provide trading of huge amount of trading in virtual currency. Analyzing the survey responses very few people have knowledge about trading in cryptocurrency and people have less confidence in trading in it as it is a decentralized form of currency and there is no such law in India as of now that protects and builds confidence of people in Cryptocurrency.

IV. CHALLENGES AND ISSUES

The cryptocurrencies is not free from security concerns, according to few studies I analyzed that the main problems and impact on cryptocurrency can include:

A. Security Problems/threats:

Hackers and other malicious user can create as much as virtual currencies if they break the system and get to know the main method to create the currency, this will lead to fake currency in market and could create a scam of selling the fake cryptocurrencies to people.

B. Cryptocurrencies system collapse:

Issuing of virtual currency in variety of virtual communities can be lead to economic problems since it is not based on the demand and supply. It is possible for some providers to issue unlimited cryptocurrency and increase their virtual item price to gain more real revenue.

C. Money Laundering:

Money laundering is one chance that's exceptionally likely to rise with the utilization of virtual currency particularly with stages that empower clients to trade virtual money with genuine cash. In viable case happened in Korea in 2008, the police captured a bunch of 14 people for washing \$38 million gotten from offering virtual cash. The gather changed over the sum of \$38 million, which is produced by gold cultivating, from Korea to a paper company in China as installments for buys.

D. Unknown Identity risk:

Since making an account in most of virtual money stages such as social diversions and social systems isn't confirmed, money related exchanges cannot be observed exceptionally well. Gamers and clients can make more than one account with obscure characters and utilize them for illegal exchanges. There's no way to recognize the source of making or cashing out the virtual monetary standards. This leads to failure to track the exchanges in case of cash washing doubt. Moreover, unknown character will empower offenders to urge paid with virtual cash for their violations.

E. Cryptocurrency Black Market:

The money related position of a few social diversions such as Moment Life and World of Warcraft are develop sufficient to form dark showcase for buying and offering their virtual money. The expanding ubiquity of virtual cash in online environment has driven to a flourishing dark showcase for exchanging virtual cash with genuine cash. By watching a few social games' gatherings, a few extortion cases have been raised and talked about between clients. For illustration, when a gamer chooses to stopped from a diversion, he/she may need to offer the possessed virtual currency by advertising them within the game's gatherings. The way of accepting the installments is unsafe since numerous malevolent clients may not total the installment or they debate after paying. In this case, they will get their cash back also the virtual cash.

V. CONCLUSION

Cryptocurrency offers an unused, successful and alluring demonstrate of installment strategies that can boost companies and administrators incomes. It moreover give elective strategy of installment, separated from genuine cash, that empower clients to create monetary exercises such as buying, offering, exchanging and trading effectively. In spite of the fact that cryptocurrency stages open numerous channels for computerized budgetary exchanges and give an unused frame of money with diverse instruments and strategies, they are not controlled and directed as they merited. The investigation analyzed cryptocurrency stages and extricated numerous concerns and challenges that put such monetary framework beneath the chance. The need of legislations is considered as the most concern in cryptocurrency frameworks.

The future of Cryptocurrency concept is promising, revealing more opportunities to bring positive changes and progress to e-Business and e-Payment sectors. With rapid progress and improving of technology, progressing of cryptocurrency is nonstop. There are many studies was conducted on concept of cryptocurrencies which are improving the steps of expanding the concept of cryptocurrencies and more vendors have started accepting payment in form of cryptocurrency. In India, there is no such law introduced for control over cryptocurrency but in future there might be some law getting introduced in order to assure people that it a safe medium to invest and also that government will protect their laws while trading into these technologies.

The Cryptocurrency field creates a lot of research opportunities and many studies need to be done in order to provide scientific contents. The relationship between the genuine money related laws and the authoritative status of actualizing cryptocurrency stage has to be considered advance from different diverse prospective. Moreover, the adoption and acknowledgment level too needs more thought and more examination with expansive tests. Believe and certainty are critical components that have to be explored assist in terms of utilizing and exchanging the Cryptocurrency shapes. The advance inquire about scope can be amplified to creating use-cases for applications of cryptocurrency over distinctive divisions in India.

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