



A STUDY ON SWOC OF CRYPTOCURRENCY IN INDIA WITH SPECIAL REFERENCE TO BITCOIN

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ABSTRACT: From a few years onwards cryptocurrencies and Bitcoin grab a hot topic in the financial industry. Cryptocurrency is a digital or virtual or internet currency that uses cryptography for security. Cryptocurrency has created unmatched changes in the financial market having both positive and negative contributions. The concept of cryptocurrency is a little hard to accept, but it is easy to use. It is considered difficult because it is entirely different from our conventional currencies that we people are using since ages. Bitcoin was created in the wake of the 2008 global financial crisis to operate outside of governments, central banks and financial institutions. Since then, Bitcoin's framework has challenged many regulators, as most of them struggled to find ways to bring it under control. This led to some countries banning it or making it illegal, while some others remained observant and the rest worked out ways to tax and regulate its operations. This is a conceptual paper to study the different aspects of cryptocurrencies, starting with their history, types, its working, advantages and disadvantages, challenges and opportunities. The study also tries to analyse the legal status of Bitcoin in India.

Key Words: : Cryptocurrency, Bitcoin, block chain, Advantages, Disadvantages, Challenges.

INTRODUCTION

The devices used as exchange devices to make the trade transactions as easy as probable according to the market needs have experienced huge growth and change. Those devices used to intermediate the exchange of goods are known as money. Money as something that serves as a moderate of exchange, an unit of accounting, and a store of value. Money is a medium of exchange in the sense that we all agree to accept it in making transactions. Merchants agree to accept money in exchange for their goods; staffs agree to accept cash in exchange for their work. As a unit of accounting, money provides a simple device for recognizing and cooperative value. Money serves as a store of value in that it allows us to store the rewards of our work or business in a suitable tool. From the era of exchange to commodity money, metal and coins, to gold and silver, continuing by present monetary systems and checks and ending with the latest global currency growths, such as overview of cryptocurrencies known as Bitcoin and Ethereum and alike. The overview of cryptocurrencies has transformed the international payment system in a scale that just few years ago were unconceivable. A cryptocurrency is a digital or virtual currency that uses cryptography for safety. In 1983, the American cryptographer David Chaum considered an anonymous cryptographic electronic money called e-cash. Later, in 1995, he applied it through Digi money, an early form of cryptographic electric payments which obligatory user software in order to remove notes from a bank and title specific encrypted keys before it can be sent to a receiver. This allowable the digital currency to be undetectable by the issuing bank, the government, or any third party. A cryptocurrency is problematic to fake because of its security feature. A major feature of a cryptocurrency is that it is not issued by any central authority. It is fully decentralized Today's economies are all cash economies, because all economies have accepted sure currencies (money) as medium of exchange. The cash supply causes inflation as well as depression in economies by its excess supply and contraction in cash supply, hence currencies of dissimilar countries regulated by government in order to combat increase or deflation situations. Now a day's many countries in the world have fixing towards digital currency and dealings. Even some one doesn't want to regulate their currencies and dealings. this brought greater invention in new currency that is

crypto currency, One of the most advanced, ambiguities, rule free currency. In this article I made an attempt to study concerning crypto currency and its development and dealings in India.

Bitcoin is a crypto currency. It is a decentralized digital currency without a central bank or lone administrator that can be sent from user to user on the peer-to-peer Bitcoin network minus the need for intermediaries.

Dealings are verified by network nodes through cryptography and noted in a public distributed ledger called a block chain. Bitcoin was invented in 2008 by an unidentified person or group of people using the name Satoshi Nakamoto and started in 2009 when its source code was unrestricted as open-source software. Bitcoins are shaped as a reward for a process known as mining. They can be replaced for other currencies, products, and services. Research shaped by University of Cambridge estimates that in 2017, there were 2.9 to 5.8 million unique users using a crypto currency wallet, most of them with Bitcoin.

OBJECTIVES OF THE STUDY

- To recognize the idea of crypto currency, its working, its types and the winner Bitcoin.
- To study the opportunities and problems of Bitcoin.
- To analyses the legal status, contests and chances of Bitcoin in India.
- To understand the concept of Bitcoin and it's functioning in regular trading.
- To know legality of Bitcoin in India.
- To compare investment risk in between Bitcoin and gold.

RESEARCH METHODOLOGY

This paper is morally based on secondary data stating to various causes such as journals, newspaper articles, websites and statutory reports.

Researcher have been selected logical research methodology for the this study. To satisfy the objects of the research, academic used secondary data from various books by financial websites, government of India, papers, news papers, books and magazines etc...

BITCOIN MEANING AND HOW IT WORKING

Digital Currency

Digital currency is nothing but the digital picture of the physical currency of a country. Digital currency can be used for transactions and all other utilities that usually would be carried out using physical currency. They are regulated by the government and can be used finished debit/credit cards or online payments.

Virtual Currency

Virtual currency is neither delivered by the government nor is it regulated by the government. Virtual currencies can be used for transaction in apps and games and are delivered by the developers. They do not hold any actual value and can only be used digitally, i.e., they cannot be rehabilitated to fiat currency (digital or physical form). Virtual currency and digital currency is used interchangeably, but the alteration in the two is clear from the stated facts.

Cryptocurrency

Crypto currencies are not controlled by any authorities and are a decentralized form of currency. They are created using cryptography which makes it even more safe as double spending can be avoided. Moreover, there are no intermediaries so they can be directly moved to the receiver in their digital wallet.

How do people get Bitcoins?

There are three main ways people get Bitcoins.

- You can buy Bitcoins using 'real' cash.
- You can sell goods and let people pay you with Bitcoins.
- Or they can be created consuming a computer.

Types of Cryptocurrency

Cryptocurrency is deliberate to work as a medium of exchange. The figure of cryptocurrencies accessible over the internet is over 1600 and rising. A new cryptocurrency can be formed at any time. By market capitalization, Bitcoin is presently the largest block chain network, followed by Ripple, Ethereum and Litecoin

1. Bitcoin (BTC)

One of the most usually known currencies, Bitcoin is careful an original cryptocurrency. It was produced in 2009 as an open-source software. Using block chain technology, Bitcoin allows users to make apparent peer-to-peer transactions. All users can vision these transactions; however, they are tenable through the process within the block chain. While everyone can see the contract, only the vendor of that Bitcoin can decrypt it with a "private key" that is set to each owner. Different a bank, there is no central power figure in the Bitcoin. Bitcoin user's controller the sending and receiving of money, which allows for unspecified communications to take place all over the world.

2. Litecoin (LTC)

Litecoin was launched in October 2011 as an alternate to Bitcoin. Like other cryptocurrencies, Litecoin is a peer-to-peer cryptocurrency and open source-source software project out under the MIT/X11 pass. Its formation and transmission is based on an open source cryptographic protocol and it is fully decentralized. Litecoin is dissimilar in some ways from Bitcoin. A few alterations between these digital currencies are:

- The Litecoin web aims to course a block every 2.5 minutes but Bitcoin takes 10 minutes. this allows Litecoin to have faster transaction approval.
- The coin limit for Bitcoin is 21 million and Litecoin is 84 million.

Experts says that Litecoin are more complex to create and more classy to produce because it uses dissimilar algorithm called scrypt and FPGA (Field Programable Gate Array) and ASIC (Application Specific Integrated Circuit) devices made for mining.

3. Ethereum (ETH)

Ethereum is a kind of cryptocurrency which was future in late 2013 by VitalikButerin, a crypto currency researcher and programmer. It was originally released on July 2015. It is an open cause platform based on block chain technology. While tracing tenure of digital currency relations, Ethereum block chain also efforts on running the indoctrination code of any decentralized application, agreeing it to be used by claim originators to pay for deal fees and facilities on the Ethereum network.

4. Ripple (XRP)

Ripple is a real-time gross settlement scheme, currency exchange and transfer network made by Ripple Labs Incorporation, a US based company. Ripple was released in 2012 that actions as both a cryptocurrency and a digital payment network for financial connections. It's a global settlement network that is planned to construct a fast, secure and low-cost method of moving cash. Ripple agrees for any type of currency to bereplaced, from USD and Bitcoin to gold and EUR and attaches to banks, dissimilar other currencies. Ripple also differs from other types of numerical currencies as its primary focus is not for person-to-person dealings, rather for moving sums of cash on a larger scale.

5. Bitcoin Cash

Bitcoin Cash is a type of numerical currency that was created to increase certain structures of Bitcoin. Bitcoin Money enlarged the size of blocks, allowing more dealings to be processed faster.

6. Ethereum Classic

Ethereum Classic is a form of the Ethereumn block chain. It runs smart settlements on a similar decentralized platform. Smart bonds are requests that run exactly as automatic without any likelihood of downtime, censorship, and cheat or third-party border. Like Ethereum, it sends a value

token called “classic ether,” which is used to pay operatives for crops or services.

INTRODUCTION TO BITCOIN

One of the most general cryptocurrency folder using is Bitcoin which was created by an unknown individual or group of persons using the name Satoshi Nakamoto in 2008. Bitcoin is a cryptocurrency, a form of electrical cash. It is a decentralized digital money that can be directed from user to user on the peer-to-peer Bitcoin net without the need for arbitrators, where dealings happen through a public ledger called block chain, handling users' data incognito. Ten years since its outline, Bitcoin is today the most broadly used and known digital currency.

Although Bitcoin is usually mentioned to as a cryptocurrency, Nakatamo himself referred to it as “a system for electronic dealings without relying on trust”. Other electronic expenses require a trusted in-between, such as bank or electric unit, in order to verify a deal. Instead of trusting on a single trusted intermediate, like a bank or a credit card network to convey and verify deal, the Bitcoin system relies upon a large figure of competing “miners” to verify dealings. Bitcoin regulate and produce units of currency using the rules of cryptography. The deal fees of modern online payment mechanisms are more than the deal fees of Bitcoin deal. Bitcoins are fully virtual coins designed to be self-contained for their value. There is no want for bank to move and store cash. Bitcoins are not really present, so that only balances are kept on a public wallet in the cloud. All Bitcoin deal is verified by a massive amount of calculating power. A personal catalogue that you can store on your CPU drive, on your smart phone, on your drug or somewhere in the cloud is called wallet. Bitcoins are moved from one personal file to another.

History of Bitcoin in India

In a bid to fight corruption and terrorism, on November 8, 2016, Prime Minister of India Narendra Modi shocked the nation by demonetizing Rs. 500 and Rs. 1000 currency notes – sparking a new interest in the digital currency and other cashless mechanisms such as internet banking, digital wallets, credit cards etc. The demonetized notes amounted to 86% of India's cash in circulation. India is a country where 87% of transactions are done in cash. Chaos was inevitable. This resulted in long queues at the ATMs and banks for weeks. There was not enough cash with the banks to dispense. People holding cash could deposit their money in the bank accounts or exchange for new Rs. 500 and Rs. 2000 notes before 30 December. People who were hoarding “black money” (unaccounted cash) could not deposit cash into their accounts because banks were keeping a close eye on suspicious deposits. What choices do these people have? Let go all of their cash? Well some of them did exactly that. Old notes were found in fluctuating in the river. While others turned to look for commodities to hedge the risk of an financial slowdown; some bought gold, some bought silver. What did government do to curb this? They started raiding gold jewelers. When gold wasn't working, people were buying silver which meaningfully increased the demand of silver. With gold and silver being targeted by authorities, these souls saw Bitcoin as a safe haven. Using their connections and by paying up to 30-35% premium they started buying Bitcoins with cash. Bitcoin price started to surge and weekly volume of Bitcoin trading nearly doubled. Not to forget, India is one of the largest remittance markets with a total value of more than \$70 billion. On this a user usually pays up to 15% in bank charges and conversion fees. This is where Bitcoins true potential lies. To understand how Bitcoin may progress in India it will be beneficial to know the role gold plays in Indian society. An American couple's most valuable asset is typically their home, income and education. An Indian couple's possession of gold touches on all these areas. It is fair to compare Bitcoin to gold, as they both are liquid commodities. Bitcoin as a result can be seen in the middle of fiat currency and gold – only lacking the cultural weight that gold has.

BITCOIN MEANING AND HOW IT WORKING

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Is Bitcoin Legal in India?

Finance minister Arun Jaitley, in his budget talking on 1 February 2018, stated that the government will do everything to discontinue the use of bitcoin and other virtual currencies in India for criminal uses. He repeated that India does not recognize them as legal tender and will instead inspire block chain technology in payment systems.

"The government does not identify cryptocurrency as legal tender or coin and will take all measures to remove the use of these crypto assets in backing illegitimate activities or as part of the payments system," Jaitley said.

In early 2018 India's central bank, the Reserve Bank of India (RBI) proclaimed a ban on the sale or purchase of cryptocurrency for entities delimited by RBI. Banning of Cryptocurrency and Regulation of Official Digital Currency Bill 2019 draft has projected a 10-year prison sentence for anyone who mines, generates, holds, sells, transfers, disposes, matters or deals in crypto currencies.

In 2019, a petition has been marched by Internet and Mobile Association of India with the Supreme Court of India challenging the validity of crypto currencies and seeking a way or order restraining their deal. In March 2020, the Supreme Court of India passed the verdict, cancelling the RBI ban on cryptocurrency trade.

In 2021, the government is traveling the creation of a state-backed digital currency issued by the Reserve Bank of India, while banning private ones like Bitcoin.

Investing in Bitcoin

Block chain in particular has become the new buzzword in monetary media, with crypto-currencies, Initial Coin Offerings (ICOs) and tokens pending a close second. In this first issue of our series dedicated to FinTech-specific risk factors appropriate to Cayman Islands ("Cayman") asset funds, we highlight some of the major risk factors that investors in crypto-currencies must become familiar with.

Top 5 Risk Factors Specific to Bitcoin and Other Cryptocurrencies

Successfully investing or interchange bitcoin and other cryptocurrencies requires technical skill and at least a basic information of how Block chain works. Below we set out some of the most significant issues that investors should be aware of in this new and fast changing industry.

1. Loss or Destruction of the Private Key

Bitcoins (and this applies to other cryptocurrencies) are stored in a digital wallet and are governable only by the bearer of both the public key and the private key connecting to the digital wallet in which the bitcoins are held, both of which are unique. If the private key is lost, destroyed or otherwise cooperated, an investor may be unable to access the bitcoins held in the related digital wallet which will fundamentally be lost. If the private key is developed by a third party, then this third party may be able to gain access to the bitcoins.

2. Other Cyber-Security Risks Including Malicious Activity

Trading platforms and third-party service providers may be defenseless to hacking or other malicious activities. For example, in August 2016, nearly 120,000 units on behalf of US\$72 million-worth of bitcoins were stolen from the Bitfinex exchange in Hong Kong, which led to an instant 23% drop in pricing . One year earlier, in September 2015, BitPay lost approximately \$1.8 million of bitcoins due to a phishing attack . Also, if one or more malicious actor(s) obtain switch of sufficient agreement nodes on the Bitcoin Network or other means of alteration, then a Block chain may be altered. While the Bitcoin Network is decentralized, there is increasing evidence of

attentiveness by creating of “mining pools” and other methods, which may increase the risk that one or several actors could control the Bitcoin Network or other similar Block chain.

3. Risks Associated with Peer-to-Peer Transactions

Digital currencies can be traded on many online platforms, through third party service providers and as peer-to-peer dealings between parties. Many market places simply bring together counterparties without providing any clearing or intermediary services and without being controlled. In such a case, all risks (such as double-selling) remain between the parties directly involved in the deal.

4. Other Risks Related to Trading Platforms and Exchanges

Digital currency trading stages, largely unregulated and providing only limited slide with respect to their operations, have come under cumulative scrutiny due to cases of fraud, business failure or security breaches, where investors could not be compensated for losses hurt. Although one does not need a trading platform or an exchange to trade bitcoins or other cryptocurrencies, such platforms are often used to change fiat currency into cryptocurrency, or to trade one cryptocurrency for additional.

5. Loss of Confidence in Digital Currencies

Digital currencies are part of a new and rapidly evolving “digital assets industry”, which itself is topic to a high degree of uncertainty. For a comparatively small use of digital currencies in the retail and commercial marketplace, online platforms have made a large trading activity by risk-takers seeking to profit from the short-term or long-term holding of digital currencies. Most cryptocurrencies are not backed by a central bank, a national or global organization, or assets or other credit, and their value is strictly determined by the value that market members place on them through their dealings, which means that loss of confidence may bring about a collapse of trading activities and an abrupt drop in value.

Gold vs. Bitcoin: Which Is Better?

As an investor, you'd conventionally hold a portion of your portfolio in precious metals like gold. This provides a hedge against the losses stocks can take during a downward economic trend. This has proven actual and still is—but a new substitute is challenging this old-school [capital preservation](#) method. Bitcoin is proving to be an stimulating asset for investors because it has been around long enough to gain gratitude and support—it is even viewing a few trends.

- Gold has been an asset that holds value over long ages and is used to hedge against market downturns.
- Bitcoin is young and unproven as an speculation, but cryptocurrency speculators are using it to store value and hedge beside corrections and recessions.

Key Differences

Gold has dominated the thrifts and markets for thousands of years as a means of exchange and holding wealth. Bitcoin was threw in 2009 and only achieved widespread gratitude several years later. Other key differences can provide clues into which one you might want to comprise in your portfolio.

	Bitcoin	
Regulations	Depends on the country	Some restrictions
Utility	The number of uses is growing	Used across many industries and products
Liquidity	Depends on the market	Depends on market and type of asset
Volatility	Started 2021 at \$32,222, rose to a high of \$69,000, closed the year at \$46,211.	Started 2021 at \$1,943 an ounce, dropped to a yearly low of \$1,683, ended year at \$1,805.

Regulation

Gold’s recognized system for trading, weighing, and following is pristine. It’s very hard to steal or fake; it's also highly regulated. In many countries, you cannot cross borders while resonant gold without regulatory permission.

When [investing in gold](#), you'll usually only be able to purchase it from listed dealers and brokers; one caveat is that you should only buy bodily gold if you can safely store it.

Bitcoin is also difficult to steal and fake, thanks to its encoded and decentralized system. It is generally legal to use across the borders of different countries, with a few exceptions. However, the controlling infrastructure that could exist to ensure that users are safe is not yet in place—the nameless nature of cryptocurrency also makes it challenging to control.

Utility

Gold has historically been used in many requests—currency, luxury items, specialized requests in dentistry, electronics, and much more. This cross-functional utility has given gold its skill to maintain value when other asset values fall.

Bitcoin is limited in its utility. It is now only used as a digital currency and a hypothetical investment. However, there is an emerging [financial technology](#) whose concept is to use cryptocurrency for financial dealings called decentralized finance. Bitcoin has utility in this developing tech as a form of lending, borrowing, and possibly more. It also has the potential to be involved in nearly as many requests as gold—but following the same line of thought, it has just as much potential to become useless and priceless.

Liquidity

One primary concern for savers looking toward Bitcoin as a haven is its liquidity. Cryptocurrencies are usually very liquid assets; however, this may not always be the case. There are times when it might be more fluid than other assets and times after it isn't.

Volatility

Bitcoin has factually proven to be subject to the [media effect](#), investor sentiment, controlling actions, and hype. News from the digital currency sphere could prompt savers to panic and make quick decisions, quickly sending Bitcoin's price upward or downward. This volatility is not inherent to gold for the reasons stated above, making it perhaps a safer asset.

Is Bitcoin Rarer Than Gold?

Gold is one of the more rare metals. Bitcoin is rare likened to other cryptocurrencies, and gold is rare likened to other metals. They are both rare in their individual categories.

Is Bitcoin Like Gold?

Bitcoin is similar to gold in that it has become an alternative investment for some investors. It has the possible for many uses and can be a worthwhile asset if used in the right strategy.

Is Bitcoin a Better Investment Than Gold?

Which is better be contingent upon your risk tolerance, investing strategy, how much capital you have to use, and how much you can stand losing. Bitcoin is much more volatile than gold, making it a riskier speculation than gold.

Devoting in cryptocurrencies and other Initial Coin Offerings (“ICOs”) is highly risky and notional, and this article is not a reference by Investopedia or the writer to invest in cryptocurrencies or other ICOs. Since each person's situation is unique, a qualified qualified should always be referred before making any financial decisions. Investopedia makes no depictions or warranties as to the accuracy or suitability of the information contained herein.

Features of Bitcoin

The Bitcoin protocol is not just about sending cash from one person to extra. It has many features that differentiate it from other crypto currencies.

- Control against fraud: It delivers users with top level of defense against most common frauds like charge backs or undesirable charges. Because of the Safety Users can encrypt their wallet and have complete control over their cash. So there is no chance of any type of Scam.
- Globally accessible: Bitcoin allows any bank, commercial or separate to securely send and receive expenditures anywhere at any time in few minutes. All types of Expenditures in the world are acceptable.

- Cost efficient: With Bitcoin dealings can be possible directly without any mid person. The deal time and cost is much less as relate to other recompense system.
- Transparency: All Bitcoin dealings are public and clear to all users. The Block chain stores all contract details. Where user can any time prove.

Working of Bitcoin

Persons can use Bitcoins to make payments to other persons or merchants without involving a third-party, like a bank or monetary institution, for the purpose of proof. Instead, dealings are cleared and validated within the scheme through the block chain. Most cryptocurrencies are based on block chain knowledge. In simple terms, it is a system to transmission and store data or material that is made while managing in a cryptocurrency. The block chain is a civic ledger that records and publicly displays all Bitcoin dealings that have been performed within the Bitcoin system. A block is an enduring record of recent dealings. The blocks of logged data build upon each other to form the block chain which days all the way back to the first Bitcoin deal. The transparency recognized by the block chain is essential in securing the authentication process as it allows the shared to monitor and self-police deal activity. It also allows for verification of both the spender and the receiver and ensures that double-spending a Bitcoin is unbearable.

When one makes a Bitcoin wallet to store Bitcoin, the person will obtain a public key and a private key. Public keys and private keys are a set of long figures and letters; they are like his/her user name and password. People want their public key of if they want to send cash to them. Because it is just a set of statistics and digits, unknown needs to know their name or email address etc. This makes Bitcoin's users anonymous. But the private key is not revealed. On the block chain, private key is one's independence. Private Key is used to access the Bitcoin. If somebody sees it, they can steal all the Bitcoins in the account or folder.

Legal Status of Bitcoin in India

The legal status of Bitcoin and related crypto apparatuses varies considerably from country to country and is still indeterminate or changing in many of them. Whereas the mainstream of countries do not make the usage of Bitcoin itself unlawful, its status as money (or a commodity) varies, with differing controlling insinuations. While some states have openly allowed its use and trade, others have banned or controlled it. Likewise, various administration agencies, departments, and courts have classified Bitcoins otherwise.

The European Union has passed no specific lawmaking relative to the status of Bitcoin as a exchange, but has stated that VAT/GST is applicable to the translation between traditional (fiat) currency and Bitcoin. Countries include where Bitcoin legalized are United States, France, Ireland, Russia, Ireland, Japan, Switzerland, Singapore, Norway, Germany, South Africa, Costa Rica, Jamaica, Kyrgyzstan, Venezuela, Brazil, Argentina, Chile, Philippines, Israel, Lebanon, Turkey, Hong Kong, Czech Republic, Venezuela, Turkey, Uzbekistan, Costa Rica, Mexico, Namibia, Lebanon, Ukraine, Denmark, Finland, Iceland, Sweden, Bosnia, Bulgaria, Greece, Italy, Lithuania, Malta, Macedonia, Portugal, Herzegovina, Spain, Belgium, Luxembourg and Netherlands

Bitcoin are totally banned and dealings based on Bitcoin are illegal in nations like Nepal, China, Pakistan, Taiwan, Cambodia, Indonesia, Bangladesh, Iran, Saudi Arabia, Colombia, Ecuador, Bolivia, Egypt, Morocco and Algeria.

But in India, Canada, Jordan, Vietnam and Thailand Bitcoin is legal but there is a banking ban forced. The State Bank of Vietnam has professed that the issuance, supply and use of Bitcoin and other similar simulated currency is illegal as a mean of payment and subject to sentence ranging from 150 million to 200 million VND but the government doesn't ban Bitcoin exchange as a virtual goods or assets.

Coming to India since 2012 Bitcoins has been obtainable in India. On 1 February 2018, Finance minister Arunjaitley, in his budget discourse stated that the government will do everything to cease the use of Bitcoin and other virtual currencies in India for criminal uses. He repeated that India does not recognize them as legal tender and will instead encourage block chain knowledge in payment systems. Rendering to the Indian government people using these types of currencies should take certain caution because there is no legal defense for these currencies. And no help can be gained by the people from the government side if some scam is faced by the people.

In early 2018 the Reserve Bank of India (RBI) publicized a ban on the sale or acquisition of cryptocurrency for units regulated by RBI

In 2019, a petition has been filed with the Supreme Court of India stimulating the legality of cryptocurrencies and seeking a direction or order warning their deal. The Indian government is drafting the regulatory background for cryptocurrencies. On February 25, the Highest Court gave the government four weeks to come up with crypto directive. The court will then hear the petitions against the crypto banking ban by the country's central bank, the RBI.

Advantages of Bitcoin

Ivaschenko (2016), provide the advantages and disadvantages of Bitcoin as stated below.

1. Anonymity. With a bank, the persons must give their ID when applying for an account. With Bitcoin, anyone wherever in the world can send cash to each other. There is no KYC (Know-Your-Customer) process to open a Bitcoin wallet. It is fully anonymous and at the same time fully translucent. Any company can create an countless number of Bitcoin addresses without orientation to name, address or any other evidence.
2. Peer-to-peer cryptocurrency network – in such nets there is no master server, which is liable for all operations. Exchange of evidence (in this case — money) is between 2-3 or more software clienteles. All installed by user's program-wallets are part of a Bitcoin net. Each client stores a record of all committed dealings and the number of Bitcoins in each wallet. Dealings are made by hundreds of dispersed servers. Neither banks or taxes, nor administrations can control the exchange of cash between.
3. No inflation – the extreme number of coins is strictly limited by 21 million Bitcoins. As there are neither dogmatic forces nor corporations able to change this order, there is no leeway for growth of inflation in the system.
4. Open code for mining crypto currency – BTC applies the same procedures that are used in online banking. The only difference of Internet banking is the revelation of information about the users. All information about the deal in the BTC network is shared (how, when), but there is no data around the receiver or the sender of the coins (there is no access to the personal data of the owner's wallet).
5. Unlimited possibilities of deal – each of the wallet holders can pay to anyone, wherever and any amount. The deal cannot be controlled or prohibited, so you can make transfers anywhere in the world anywhere another user with a Bitcoin wallet is located.
6. No boundaries. Payments made in this system are unbearable to cancel. The coins cannot be forged, copied or spent twice. These abilities guarantee the honesty of the entire system. Every month the number of online shops, incomes, and companies to accept BTC is expanding.
7. Low BTC operation cost. The BTC cryptocurrency works as physical cash, joining the functions of e-commerce. No need to pay commission and fees to banks and other officialdoms. The main part of such process is arithmetic, which does not need cash. The charge fee in this system is lower than in any other. It amounts to 0.1% of the deal amount. The operation interest charges go to BTC miner's wallets.
8. Decentralization. There is no central control buff in the network, the network is spread to all members, each computer mining Bitcoins is a member of this scheme. This means that the Central authority has no power to dictate rules for holders of Bitcoins. And even if some part of the network goes offline, the payment system will endure to operate stable.
9. Easy to use. Taken into account that the process of opening an account for the company in Ukrainian banks is overcomplicated and can be refused without explanation, using BTC is expedient for companies. The company needs roughly 5 minutes to create a BTC wallet and immediately starts to use it without any queries and commissions.
10. Transparency. The BTC stores the history of dealings that have ever taken place. It is called a sequential chain of blocks or block chain. The block chain keeps data about everything. So if the company has openly used the BTC address, then anyone can see how much BTC is kept. If the company address is not publicly established, then no one will ever know that it belongs to this company. For complete anonymity businesses usually use the unique BTC address for every sole deal.
11. Speed of deal. The ability to send cash anywhere and to anyone in a matter of minutes after the BTC network will process the sum. If we want to send an international payment, it will normally take 3+ days with our bank. If we send it using Bitcoin, it will only take around 10 minutes. Occasionally it takes longer (up to an hour or more), but it is still much earlier than the 3+ days that the banks take.

Disadvantages of Bitcoin

1. Bitcoin dealings are irreversible: Conventional payment approaches such as a credit card charge, bank draft, personal check, or wire transmission all benefit from being insured and revocable by the banks complex. In the case of Bitcoins, every time Bitcoins change hands and change folders, the result is final. Concurrently, there is no insurance protection for your Bitcoin wallet. If you lose your wallet's hard drive data or even your wallet password, your wallet's contents are gone incessantly.

2. Cannot be Frozen or Audited: Bitcoin wallets cannot be seized or frozen or checked by banks and law enforcement. Bitcoin wallets cannot have spending and withdrawal limits imposed on them. Nobody but the owner of the Bitcoin wallet decide how the wealth is managed.
3. Bitcoin is not very easy to use: Private keys, public keys, initial and using a wallet etc. are not very easy for people who aren't poised using computers. When we want to send a payment to somebody, we have to type a long set of statistics and letters (their public key) into the computer. Bitcoin needs to develop easy to use so that everyone in the world can use it, just like sideways the internet is.
4. Technical weakness-time delay in confirmation: Bitcoins can be double-spent in some infrequent instances during the validation interval. Because Bitcoins travel peer-to-peer, it takes numerous seconds for a deal to be confirmed across the P2P swarm of processors. During these few seconds, a lying person who employs fast clicking can submit a second sum of the same Bitcoins to a different receiver. While the system eventually catches the double-spending and refutes the dishonest second transaction, if the second recipient transfers goods to the dishonest buyer before receiving confirmation of the dishonest transaction, then that second recipient loses both the payment and the goods.

OPPORTUNITIES OF BITCOIN IN INDIA

- Entrepreneurs within the country are seeing this as a natural opportunity for the proliferation of Bitcoin and other cryptocurrencies within the country. It's stated that India currently has around 30,000 Bitcoin proprietors in the country, and that number is expected to grow.
- For customers is a payment system which does not require to provide private identifications
- To marketers it is away to save deal cost
- For emigrants it is an appliance to send remittances without charges

CHALLENGES OF BITCOIN IN INDIA

- Government Regulation: Indian government stand near Bitcoin is the prime challenge for its growth. The future of crypto currency's doubtful in India for now. Currently in 2019 RBI proclaimed that cryptocurrency will not be careful as a legal tender. Because it is completely decentralized. Security Threat: Hackers and malicious users can create as abundant as they want from virtual currency if they break the scheme and know the method of virtual currency creations. This will lead to the ability to create false virtual currency or steal virtual currency by just changing the accountsbalances.
- Using for Alleged activities : Several incidences have happened stating that Bitcoins have been used for illicit and illegal activities around the globe like cash laundering, black marketing, tax evasion etc.
- No Ombudsman: There is no forum, where a user can perhaps reach out for any help or grievance,as a result of which Indian consumers are being exposed to transactional and revealing risks.
- Upcoming entry of India's own Cryptocurrency. As per business normal report the Indian government is going to present its own Cryptocurrency similar to Bitcoin called "Lakshmi". It's conversation is going on.
- Deep embedment on local currency: EY's Global Novelty Leader Paul Brody has indicated that Bitcoin and other cryptocurrency lack any real practical use in the country, given that local currency is deeply embedded in the budget.
- Human mismanagement in online exchanges: The people running loose online exchanges that trade cash for Bitcoins can be lying or incompetent. The only difference is that conventional banking losses are partially insured for the bank users, while Bitcoin connections haveno insurance coverage for users.

CONCLUSION

The genesis of cryptocurrency is a white paper available by Satoshi Nakamoto proposing "a system for electronic dealings" based on a peer-to-peer network, where dealings would be verified and recorded by nodes, or computing systems, that are part of the network, thus making such dealings decentralized. Soon after, in 2009, Satoshi Nakamoto implemented the first cryptocurrency – Bitcoin. A flow bill titled as the 'Banning of Cryptocurrency and Regulation of Official Digital Currency Bill, 2019 (Draft Bill)' was ready by the Inter-Ministerial Committee constituted on 2 November 2017 to suggest specific action on crypto currencies. The Draft Bill has been under thought and is yet to be introduced in the

Parliament. The Draft Bill gives a wide definition to "cryptocurrency" and effectively forbids the use of and dealing in all forms of digital assets, not just digital currencies. If bill passed by assembly then investors in digital currencies would be afflicted. You don't need to invest in bitcoin to have a well-diversified portfolio. If you need to make a hypothetical bet on bitcoin, do it with a small, single-digit, portion of your assets. There isn't adequate evidence to suggest either will deliver more reliable returns. But investing in gold is better because it will give consistent return as likening to bitcoin. It can be concluded from the above conversation that the journey of cryptocurrency is not too long in India but it has seen many ups and downs in this short span. The proscription of cryptocurrencies bill in 2019 and Supreme Court decision in 2020 are the key issues. Cryptocurrencies have a high potential and recently after union budget of 2022-23 (presented in 1st February 2022), Indians have once over started talking about it. It will be very interesting to see that after 30% tax burdens, how investors react about cryptocurrencies in India. The launch and features of RBI's-future digital currency will also be very significant. After the union budget 2022-23, investors are ongoing saying that India is following China by giving sole authority to RBI to launch and promote digital currencies. If administration of India will present fresh bill on cryptocurrency, it will be very interesting to see the nature and regulations of it. Apart from all the facts and forecasts, one thing is clear that cryptocurrencies (and hence Block chain) will be the matter of conversation for upcoming years and this article may be useful as a orientation for further research and studies in the said regard. Cryptocurrency especially Bitcoin offers a new, real and attractive model of payment methods that can boost companies and operators revenues. It also provide alternative method of sum, apart from real money, that enable users to make financial activities such as buying, selling, moving and exchanging easily. Cryptocurrency can bring more positive changes to e-Business and e-Payment sector. However cryptocurrency doesn't get that much of trust yet. Many concerns, tests and issues are existing in manycryptocurrency stages. Until cryptocurrency is being well controlled and controlled, users need to take extra defenses of using such virtual cash. So the lack of legislations is considered as the main concern in cryptocurrency systems. The silence of the RBI on the controlling status of Bitcoins may prove to be damaging. An industry has grown around Bitcoins in India- traders, connections and merchants who accept payments in Bitcoins. Bitcoins have already gained wide receipt around the world- hence banning them would not be an option in India. Instead, this manufacturing would need to be regulated. The sooner this is done, the better.

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