

Cryptocurrency and its scope in India

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Abstract - A cryptocurrency is a digital currency mainly based on blockchain technology. Currencies are issued and regulated by central bank and government of the country in order to combat inflation and deflation situations. Now a day's many countries in the world have focusing towards digital currency and transactions. Even some one doesn't want to regulate their currencies and transactions. this brought greater innovation in new currency that is crypto currency, One of the most advanced, ambiguities, regulation free currency. In this article I made an attempt to study regarding crypto currency and its development and future prospectus in India.

Index Terms - Cryptocurrency, Blockchain, Bitcoin, Market cap.

The crafting of this article is to make the young India to have better understanding of crypto currency and its future in India.

INTRODUCTION

A cryptocurrency is a digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend. Many cryptocurrencies are decentralized networks based on blockchain technology—a distributed ledger enforced by a disparate network of computers.

Today's economies are all money economies, because all economies have accepted certain currencies (money) as medium of exchange. The money supply causes inflation as well as deflation in economies by its excess supply and contraction in money supply, hence currencies of different countries regulated by government in order to combat inflation or deflation situations. Now a day's many countries in the world have focusing towards digital currency and transactions. Even some one doesn't want to regulate their currencies and transactions. this brought greater innovation in new currency that is crypto currency, One of the most advanced, ambiguities, regulation free currency. In this article I made an attempt to study

regarding crypto currency and its development and future prospectus in India.

Over in the recent past crypto currency has been a subject of discussion among the public at large. In the world of technological advancements, crypto currency is becoming more comfortable for investors who values privacy and creation of money. In these days crypto currencies like Bitcoin, ethereum, Ripple, Litecoin, etc are trending in the financial market as people are showing interest in buying cryptocurrencies. On the other hand there are a greater population at a confused state of mind with regards to the overall performance of cryptocurrency. Cryptocurrency doesn't form any physical form as it is completely a digital value in the web. These currencies can be used as cash equivalent for transactions and other business. Cryptocurrency doesn't rely on the financial institutional regulations Cryptocurrency charges fee at a minimum rate which are comparatively lesser than the fee collected by a financial institution for the processing of a credit card. Cryptocurrency can be changed over into different types of money and kept into client's records at a faster pace. Crypto currency is electronic money designed to be quicker, cheaper and more reliable than government issued money. It enables people to send money directly without a middleman and the transactions are affordable for all. The first Cryptocurrency was Bitcoin created in 2009 by Satoshi Nakamoto. With its ongoing and increasing demands and developments, it draws attention from researchers. In financial system, it is helping the industries to grow rapidly with its nature of low transaction cost.

REVIEW OF LITERATURE

Kurihara & Fukushima, 2017 explained, it is not digital cash, which has prevailed all over the world. Unlike central bank- and government-issued currency,

Bitcoin can be inflated at will, the supply of Bitcoin is limited to a certain volume, which cannot be changed.

Wonglimpiyarat, 2016 highlights that there are obstacles of lawless tender where Bitcoin wants the government's legislation to boost the permissibility of this new currency. Bitcoin currency may transform the future of banking in developing countries but it is hard to substitute a cash-based society.

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Vora (2015) explained that crypto currencies are a welcome development, they will offer competition to the existing modalities of money and government regulations, they will provide alternate means to economic agents for their transactions, and their innovative existence should be encouraged so that it can help to a great extent to the developing countries to come forward and boost their economy.

CoinMarketCap.com, as of Dec. 10, 2021.

Bitcoin (BTC)

- Price: \$47,710
- Market cap: \$901 billion

As the harbinger of the cryptocurrency era, Bitcoin is still the coin people generally reference when they talk about digital currency. Its mysterious creator — allegedly Satoshi Nakamoto — debuted the currency in 2009 and it's been on a roller-coaster ride since then. However, it wasn't until 2017 that the cryptocurrency broke into popular consciousness.

2. Ethereum (ETH)

- Price: \$3,979
- Market cap: \$472 billion

Ethereum — the name for the cryptocurrency platform — is the second name you're most likely to recognize in the crypto space. The system allows you to use ether (the currency) to perform a number of functions, but the smart contract aspect of Ethereum helps make it a popular currency.

3. Binance Coin (BNB)

- Price: \$561.45
- Market cap: \$94 billion

Binance Coin is the cryptocurrency issued by Binance, among the largest crypto exchanges in the world. While originally created as a token to pay for discounted trades, Binance Coin can now be used for payments as well as purchasing various goods and services.

4. Tether (USDT)

- Price: \$1.00
- Market cap: \$76 billion

Tether's price is anchored at \$1 per coin. That's because it is what's called a stablecoin. Stablecoins are tied to the value of a specific asset, in Tether's case, the U.S. Dollar. Tether often acts as a medium when traders move from one cryptocurrency to another. Rather than move back to dollars, they use Tether. However, some people are concerned that Tether isn't safely backed by dollars held in reserve but instead uses a short-term form of unsecured debt.

5. Solana (SOL)

- Price: \$172.02
- Market cap: \$53 billion

Launched in March 2020, Solana is a newer cryptocurrency and it touts its speed at completing transactions and the overall robustness of its "web-scale" platform. The issuance of the currency, called SOL, is capped at 480 million coins.

6. Cardano (ADA)

- Price: \$1.26
- Market cap: \$42 billion

Cardano is the cryptocurrency platform behind ada, the name of the currency. Created by the co-founder of Ethereum, Cardano also uses smart contracts, enabling identity management.

7. USD Coin (USDC)

- Price: \$1.00
- Market cap: \$41 billion

Like Tether, USD Coin is a stable coin pegged to the dollar, meaning that its value should not fluctuate. The currency's founders say that it's backed by fully reserved assets or those with "equivalent fair value"

and those assets are held in accounts with regulated U.S. institutions.

8. XRP (XRP)

- Price: \$0.82
- Market cap: \$39 billion

Formerly known as Ripple and created in 2012, XRP offers a way to pay in many different real-world currencies. Ripple can be useful in cross-border transactions and uses a trust-less mechanism to facilitate payments.

9. Polkadot (DOT)

- Price: \$26.20
- Market cap: \$26 billion

Launched in May 2020, Polkadot is a digital currency that connects the technology of blockchain from many different cryptocurrencies. A co-founder of Ethereum is one of Polkadot's inventors, and some industry watchers believe Polkadot is looking to dethrone Ethereum.

10. Terra (LUNA)

- Price: \$64.06
- Market cap: \$24 billion

Using its currency Luna, Terra is a platform that helps backstop a range of stablecoins based on real currencies such as the dollar or euro. Terra helps stabilize the price of stablecoins through various technical means, and it also supports smart contracts.

11. Dogecoin (DOGE)

- Price: \$0.1684
- Market cap: \$22 billion

Originally created as a joke after the run-up in Bitcoin, Dogecoin takes its name from an internet meme featuring a Shiba Inu dog. Unlike many digital currencies limiting the number of coins in existence, Dogecoin has unlimited issuance. It can be used for payments or sending money.

12. Avalanche (AVAX)

- Price: \$84.11
- Market cap: \$20 billion

Avalanche is a fast and low-cost smart contracts-based blockchain platform focused on building decentralized apps and facilitating the creation of custom

blockchains. Its users can process transactions in the native AVAX token.

The Bitcoin has maximum dominance in the cryptocurrency market with around 45% of market share & market capitalization of \$901 Billions . Its market price is \$ 47,710. Other cryptocurrencies excluding bitcoins are referred collectively as altcoins, it includes other 1550 currencies that are traded.

POSITIVE IMPACTS OF CRYPTO CURRENCY

- There is no need of middleman. All the transactions are done on one to one basis and it also becomes easier to establish audit trails.
- These currencies can overcome the problem of social trust and by increasing its access, it can serve to increase the growth process in developing countries.
- Unlike other traditional payment systems like debit and credit card, crypto currencies have no processing charge, since those transactions are facilitated through crypto currency's public network which is called Blockchain technology.
- Credit or debit cards often take two or three days to process. With crypto currencies, transactions take 10 minutes to clear it. This shows that the speed of transactions in case of crypto currencies is high.

NEGATIVE IMPACTS OF CRYPTO CURRENCY

- The price of crypto currencies can change drastically over a short period of time which becomes trading with it slight difficult for the marketers.
- While the details of users of crypto currencies are held in a public ledger, there can be an issue when complying with customer's identification or protection of fraud. This shows the lack of anonymity in the system.
- Crypto currencies operate digitally and the proof of ownership is limited to the private keys and this become the prime target to hack it, since many of the businessman are unaware of how to protect this new kind of digital currency.
- Crypto currencies are considered harm to the planet. This digital currency uses blockchain technology which requires computers all over the

planet to solve complex equations in order to verify transactions. This is called data mining, which can be lucrative. The person involved in it earns bitcoin as a reward. This procedure of calculations consumes large amount of electricity impose negative impact on natural resources.

CRYPTOCURRENCY IN INDIA

Indian government has made it clear with their stand of not providing a legal status for cryptocurrency in India. The reason for this kind of a decision from government hails from first, the challenge of monitoring the decentralized transactions in cryptocurrencies are difficult to trace which could be advantageous for the hackers, criminals and also for terrorist activities. The second reason being cryptocurrency market could be a leading competitor for the banking service industry. Cryptocurrency like Bitcoin has become popular in India like other nations as the volume of Indian rupee being traded in cryptocurrency have been at the highest post demonetisation. Researches shows that the volume generated by the rupee dominated cryptocurrency is the third largest volume traded after American dollar and yen. The demonetization policy of 2016 may have encouraged the implementation of cryptocurrencies amongst a substantial share of the population but realities rapidly began to come out that have subdued the growth of the market in the country. In spite of its enormous population, India only contributes two percent of the whole global cryptocurrency market capitalization.

Being digital mode of transaction, it may be a common platform for hackers, terror finance, drug transaction, and money laundering. That's why it is said to be less reliable and secure in India . If an investor makes a capital gain from the investments of cryptocurrencies, it invites tax liability as long term capital gain or short term capital. Recently central government of India expressed its intention to introduce a bill aimed to prohibiting private cryptocurrency in India. "The private cryptocurrency may pose threat macro-economic and financial stability of the country" – Shakti Kant Dass, Retd. Rbi Governor. The cryptocurrency and regulation of official digital currency bill 2021 seeks to prohibit all private cryptocurrency but to certain exceptions. Cryptocoins like Dash, Monero and their likes to be banned in

India. The most popular cryptocurrencies like Bitcoin, Ethereum, Dogecoin and ShibaInu are public and their transactions and completely transparent. These cryptocurrencies seems to be allowed by Govt. of India. At present there is no legislation that covers cryptocurrency in India that doesn't mean it is illegal. Central bank digital currency (CBDC) has received a proposal from RBI for an amendment in RBI-1934 act to enhance the scope of definition of bank note to include in digital form. The central bank said that CBDC has potential to provide significant benefits like reduced dependence on cash, lower transaction costs and reduced settlement risks. The cryptocurrency and regulation of official digital currency bill 2021 likely to prohibit all private cryptocurrencies but seeks to introduce a digital currency of its own.

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