A Study on Impact of Digital Currency in India

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ABSTRACT:
Cryptocurrencies like Bitcoin have matured from being associated exclusively with techies and radicals to being considered by central banks as a technology to implement digital money. Cryptocurrencies exist only in digital form and can be transferred completely between digital addresses. There are more than 1600 cryptocurrencies present in the world today that help us for making payment transactions.

Key words: Digital currencies, Crypto Currencies, Bitcoins, Electronic Currency.

Introduction:
Digital currency is a form of currency that can be used only through digital or electronic form. It can be also called in different names like digital money, electronic currency, or by cybercash. Digital currencies don’t possess any physical forms and there are only available in digital form. Transactions in digital currencies are used in computer or through any electronic wallets that are connected to an internet or any designated networks.
Cryptocurrencies, the common type of digital currency that is in the mind of most people. Cryptocurrencies are encrypted to secure the process included in generating unit and conducting transactions. In the year 1983 David chaum, an American computer scientist and cryptologist, first time introduced the idea of digital currencies in his research paper, “Blind signatures for untraceable payment”.

Meaning:
A digital currency is a mode of exchange that is generated, stored and transferred in electronically form.

Types of Digital currency

- Bitcoin
- Ethereum
- Litecoin
- Ripple
- Cardano
- Bitcoin cash
- Dash
- E Gold
- Central Bank Digital currency

Advantage:

- In Digital currency method payment can been done faster
- It can be accessible at anytime
- It helps at the time of unbanked and underbanked.
- For cheaper international transfer it is suitable.
- It is more efficient for government payment.
**Disadvantage**

- It is very much difficult to understand about digital currencies it requires more effort and time.
- It could lose its value and became worthless
- Digital currencies have serious scalability issues.

**Impact of Digital currency in India:**

The Reserve Bank of India is set to launch the pilot of its central bank digital currency (CBDC), which it grouped as a legal tender in a digital form. It is known as the digital rupee, it will be exchangeable at a par existing currencies and will be considered acceptable for payment and safe store of value.

RBI started its pilot of Digital Rupee from November 1, 2022 and there are nine bank are identified as regulator they are:

- State Bank of India
- Bank of Baroda
- Union Bank of India
- HDFC Bank
- ICICI Bank
- Kotak Mahindra Bank
- Yes Bank
- IDFC First Bank
- HSBC

By using digital Currency it makes the inter-bank market more efficient. RBI has announced to issue two types of digital Rupee they are

1. General purpose or Retail (CBDC-R): it can be used by all businesses, private sector and non-financial consumers. It is an electronic version of cash meant for retail transactions
2. Wholesale (CBDC): it is designed for restricted access to select financial institutions. It is for the purpose of settlement of interbank transfers and meant wholesale transactions.

Crypto and NFTs are taxable in India at 30%. In India coinswitch kuber is the biggest crypto currencies exchange platform(3500%) . the leading exchange app Wazix X (1735%) and BitBns(849%).

**Data analysis and Interpretation**

![Graph of Price vs. Crypto and NFTs](image)

Secondary data:
The above diagram shows the price of Digital currencies value in Indian Rupee and interpret that Bitcoin was highest Rupee value of Rs 16,88,083 and Tether as the lower value in Rupee and Ethereum as 1,30,237, Binance 26,723 value in terms of Rupees.

Secondary data:
The above graph shows the market CAP of digital currencies values in Indian Rupees and interpret that Bitcoin(BTC) has highest market CAP of Rs 32.4T and Ethereum(ETH) with Rs  16.0 T followed with Tether(USDT) Rs 5.7T and Binance with lowest market CAP with Rs 4.3T.

Secondary data:
The above graphs shows that India is raking 7th place with 7.3% of the population owned digital currency in 2021, in the list of top 20 global economies for digital currency ownership as a share of the population.
Finding

1. Bitcoin have highest Rupee value when compare to other type of digital currencies.
2. Market CAP is also highest for Bitcoin than other digital currencies.
3. In the top 20 Global economies for digital currency ownership for India ranks at 7th place.
4. 7.3% population owned digital currency in 2021 by India.
5. Bitcoin was the first and most popular cryto launched in 2009.

Conclusion:

The digital currencies are the hot topic in the global financial system. It helps to boost the Indian digital economy. It is more efficient and cheaper currency management system. They is high risk in trading with digital currencies but it also has a great volatility in exchange rate. Because of the growth in digital currency the speculators have great attention on this. Digital currency can be easily portable as there are in electronic form.

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