



Perception of People in Crypto Trading after Taxation Policy Changes

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ABSTRACT

This is a study of people's perception towards crypto trades. This study helps us understand the changes in peoples' perception towards trading in crypto following the decisions of the finance ministry in 2022 budget. Different perceptions of investors were analyzed and results were drawn over that. Questionnaires were circulated among general population, to understand the change of perception after the budget. The analysis is done by random sampling of the data obtained from the questionnaires. Peoples' information and awareness about the various trading exchanges is being studied, and inferences such as, what kind of impact shall the Finance Ministry's decision have on general trading population, is being studied to understand the change of perception of people following the 30% taxation & 1% TDS implementation has over crypto trading population.

Keywords: Crypto-trade, taxation policy, financial budget 2022.

1. Introduction

Crypto trading in India has been on a rollercoaster, with initial proposals to ban the same, and suggestions from the RBI to the center discussing the complexity and efficacy of cryptos. While the proposals for banning got into a cold bag, the central regulatory authorities have been on a rant to disregard crypto as a valid trading avenue and a currency. With different countries having different analogies for the trading of the same. While Crypto has been growing into the mass market all this while. A quite large sum of people also looks forward towards trading in crypto currency, and consider the taxation towards an initial step of legitimization. As the market keeps growing and the volatility being a key driving factor, we try to interpret how the taxation policy may change the mood of the already existing investors, and potential investors towards the avenue.

2. Review Papers

From the works of Kayal, P., Rohilla, P. (2021) we tend to understand about the growth and evolution of crypto currency. The paper also gives us insights regarding the evolution of the trade, and the hype around the same. The survey is drawn from the ideas of study of market dynamics, awareness among the investors, willingness to take risk. Nischal R. (2018) also gave the background of unaware people regarding the crypto trading avenues, and how the practices differ. Also, his work showed us the security of crypto and potential of protection from traditional banks. The works of Rejeb, A., Rejeb, K., & Keogh, J. G. (2021), further helped us understand the work and efficacy of crypto currency in the modern financial sector, and how the possibility of it being a driving force for the same may come up in the time to come.

Furthermore, the works of Mubarak, Mohammed. (2021), gave us an insight of crypto currency scenario in India specifically. The legality of the same was studied, and inferences of risks associated with crypto trade and trading in another domain was studied. Mr. A Maheshwari, Mr. S Sehgal, Mr. Y Sehgal. (2022), analyzed all the legalities surrounding crypto in the world and India and tries to see how it can be dealt with.

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3. Objective Of Study

- To analyze the perception of investors towards a 30% taxation policy on cryptocurrency trading.
- To analyze the impact of taxation on cryptocurrency.
- To know about the general awareness of cryptocurrency in investors

4. Research Methodology

The data collected for the research is from primary sources of a sample size of 126 persons, people from age groups above 20 were taken into consideration, to understand the change in trading and investment opinions preceding the implementation of new taxation policy. The study will utilize null hypothesis to verify, the change in perception of people following the decisions of the central government. 3 hypothesis, H_0 & H_1 are formed to study the various parameters and interest in trading, were

Hypothesis 1

Did the government do it right or wrong by imposing 30% tax? * 30% taxation policy by government will have a positive impact on crypto currency trading. How much do you agree with this statement? Crosstabulation

Count

		Likeliness of positiveness					Total
		1	2	3	4	5	
Did the government do it right or wrong by imposing 30% tax?	Not	1	4	35	10	6	56
	Right	3	10	18	4	6	41
	Wrong	3	5	8	5	8	29
	g						
Total		7	19	61	19	20	126

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	17.343a	8	.027
Likelihood Ratio	17.840	8	.022
N of Valid Cases	126		

a. 6 cells (40.0%) have expected count less than 5. The minimum expected count is 1.61.

- Since the p-value is lesser than our chosen significance level ($\alpha = 0.05$), we accepted the alternative hypothesis. We conclude there is a significant relationship in impact of tax policy changes on cryptocurrency trading. Based on the results, we can state the following:
- Association was found between impact of taxation policy and crypto currency trading ($\chi^2(2) > 17.343, p = 0.027$)

Hypothesis 2

How much, if at all, have you heard or read about cryptocurrencies? * Age Crosstabulation

Count

		Age		Total
		20-30	41-50	
How much, if at all, have you heard or read about cryptocurrencies?	A lot	44	0	44
	Just hearing about it	2	1	3
	Not much	27	3	30
	Some	49	0	49
Total		122	4	126

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	16.473a	3	.001
Likelihood Ratio	12.147	3	.007
N of Valid Cases	126		

a. 5 cells (62.5%) have expected count less than 5. The minimum expected count is .10.

- Since the p-value is lesser than our chosen significance level ($\alpha = 0.05$), we rejected the null hypothesis. We conclude there is a significant relationship between heard about cryptocurrency and age. Based on the results, we can state the following:

- Association was found between knowledge about crypto and age ($\chi^2(2) > 16.473, p = 0.001$).

Hypothesis 3

How frequently you trade in cryptocurrency? * Age Crosstabulation

Count

		Age		Total
		20-30	41-50	
How frequently you trade in cryptocurrency?	Always	12	0	12
	Frequently	16	0	16
	Never	58	3	61
	Occasionally	12	0	12
	Rarely	24	1	25
Total		122	4	126

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.970 ^a	4	.741
Likelihood Ratio	3.151	4	.533
N of Valid Cases	126		

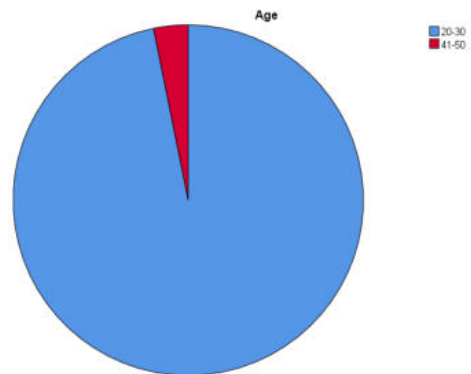
a. 5 cells (50.0%) have expected count less than 5. The minimum expected count is .38.

- Since the p-value is greater than our chosen significance level ($\alpha = 0.05$), we accepted the null hypothesis. Rather, we conclude there is no significant relationship between frequently trade and age. Based on the results, we can state the following:
- No association was found between trading frequency and age ($\chi^2(2) > 1.970, p = 0.741$).

Here are the questionnaires responses;

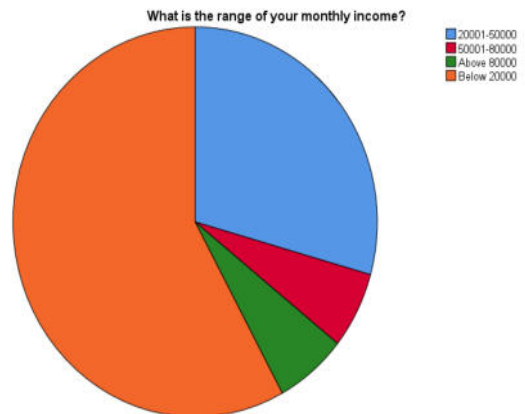
Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-30	122	96.8	96.8	96.8
	41-50	4	3.2	3.2	100.0
	Total	126	100.0	100.0	



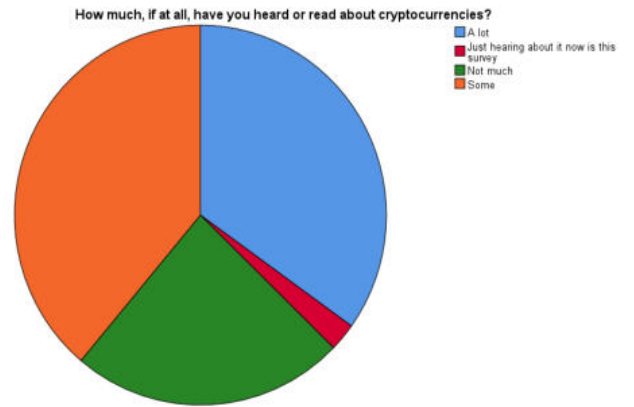
Range of monthly income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20001-50000	37	29.4	29.4	29.4
	50001-80000	8	6.3	6.3	35.7
	Above 80000	8	6.3	6.3	42.1
	Below 20000	73	57.9	57.9	100.0
	Total	126	100.0	100.0	



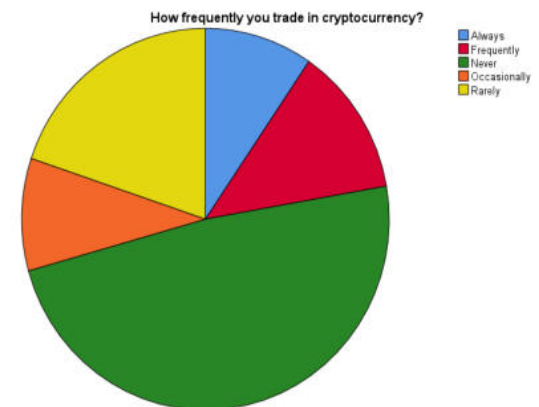
Awareness about cryptocurrencies

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid A lot	44	34.9	34.9	34.9
Just hearing about it now is this survey	3	2.4	2.4	37.3
Not much	30	23.8	23.8	61.1
Some	49	38.9	38.9	100.0
Total	126	100.0	100.0	



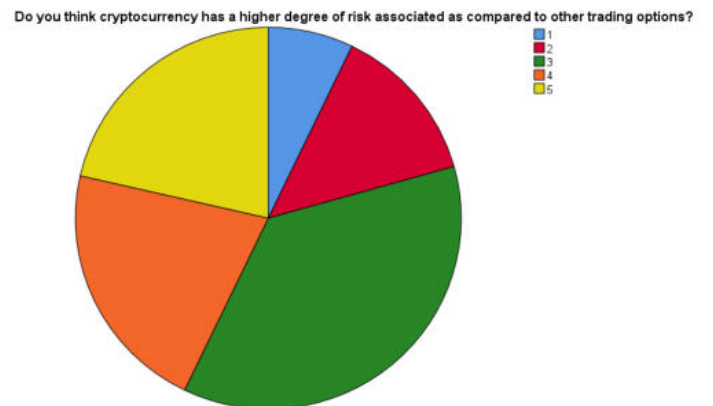
Frequency of trading in cryptocurrency

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Always	12	9.5	9.5	9.5
Frequently	16	12.7	12.7	22.2
Never	61	48.4	48.4	70.6
Occasionally	12	9.5	9.5	80.2
Rarely	25	19.8	19.8	100.0
Total	126	100.0	100.0	



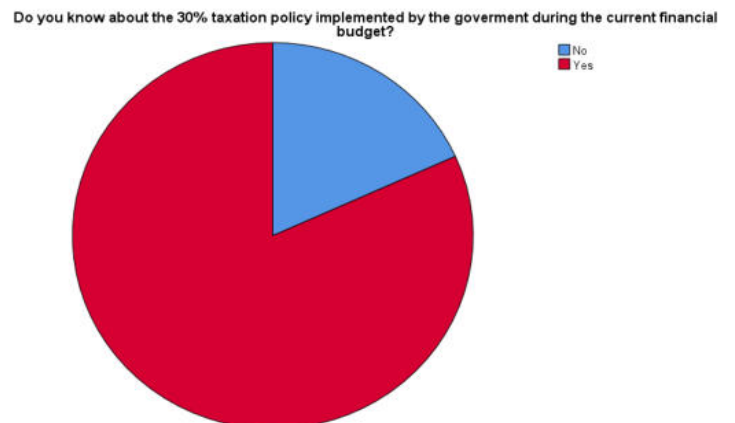
Risk association to crypto trade

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	9	7.1	7.1	7.1
2	17	13.5	13.5	20.6
3	46	36.5	36.5	57.1
4	27	21.4	21.4	78.6
5	27	21.4	21.4	100.0
Total	126	100.0	100.0	



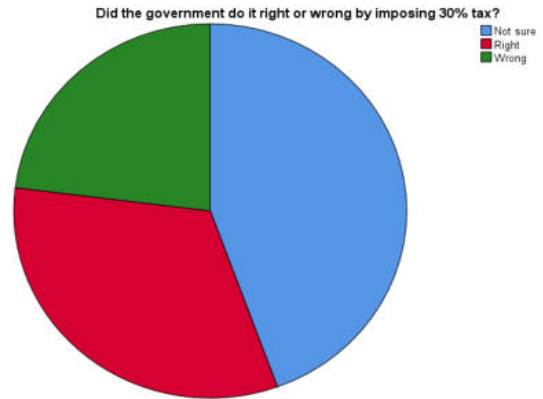
Awareness of people on crypto taxation by Finance Ministry

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No	23	18.3	18.3	18.3
Yes	103	81.7	81.7	100.0
Total	126	100.0	100.0	



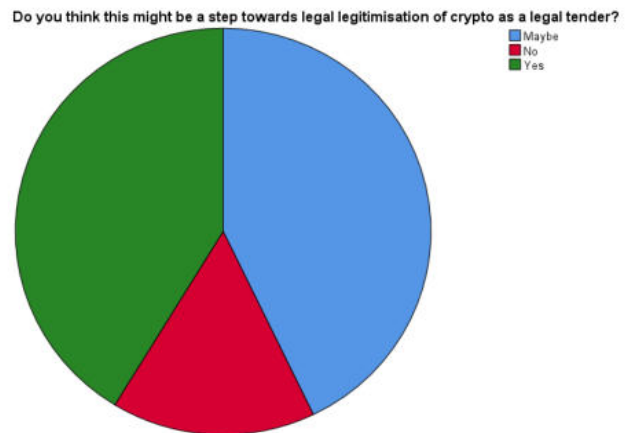
Peoples outlook towards the implementation of tax

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not sure	56	44.4	44.4	44.4
	Right	41	32.5	32.5	77.0
	Wrong	29	23.0	23.0	100.0
	Total	126	100.0	100.0	



Will crypto become a legal tender following the FMs decision

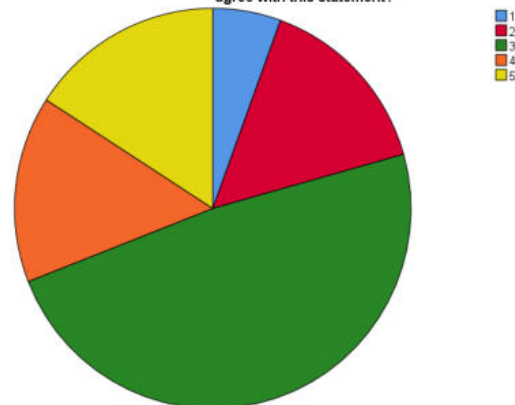
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Maybe	54	42.9	42.9	42.9
	No	20	15.9	15.9	58.7
	Yes	52	41.3	41.3	100.0
	Total	126	100.0	100.0	



Impact of 30% taxation policy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	7	5.6	5.6	5.6
	2	19	15.1	15.1	20.6
	3	61	48.4	48.4	69.0
	4	19	15.1	15.1	84.1
	5	20	15.9	15.9	100.0
	Total	126	100.0	100.0	

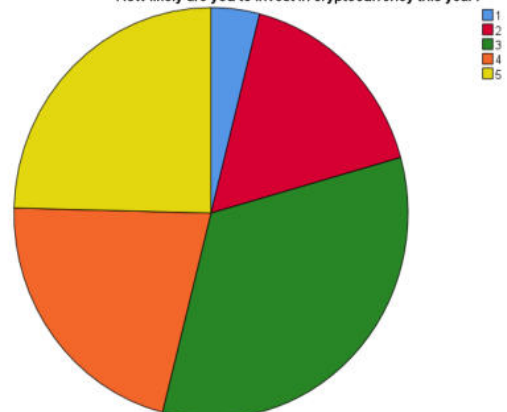
30% taxation policy by government will have a positive impact on crypto currency trading. How much do you agree with this statement?



Likeliness to invest

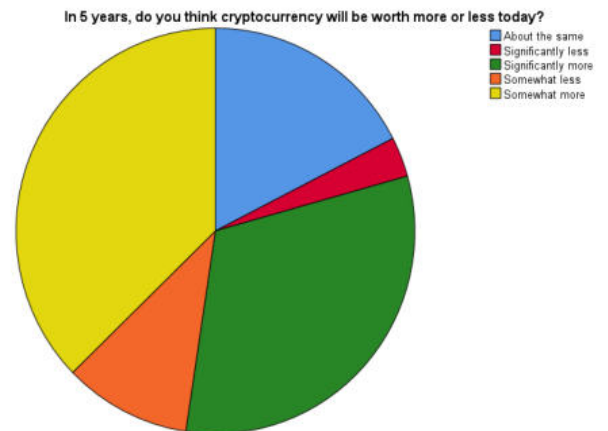
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	5	4.0	4.0	4.0
	2	21	16.7	16.7	20.6
	3	42	33.3	33.3	54.0
	4	27	21.4	21.4	75.4
	5	31	24.6	24.6	100.0
	Total	126	100.0	100.0	

How likely are you to invest in cryptocurrency this year?



Worthiness of crypto

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	About the same	22	17.5	17.5	17.5
	Significantly less	4	3.2	3.2	20.6
	Significantly more	40	31.7	31.7	52.4
	Somewhat less	13	10.3	10.3	62.7
	Somewhat more	47	37.3	37.3	100.0
Total		126	100.0	100.0	

**4. Results & Conclusions**

- Majority of respondents aren't very much aware about crypto trading.
- Majority of them think the legitimization of crypto will not occur, and taxation is not a good step.
- Male youngsters are more aware about crypto.
- Majority of crypto investors has not stable income source.
- Due to lack of awareness of people regarding crypto, most of the people don't tend to trade in crypto.
- Most of the survey sample thinks that there is somewhat a moderate amount of risk.
- A lot of sample population in the survey tends to be aware of the new taxation policy of crypto implemented during the 2022 financial budget.

Conclusion

- The sample size tends to point towards a very key aspect of low.
- Understanding and knowledge of people regarding crypto trading, due to which people tend to be disconnected from the same.
- The legitimization of the same in our country has somewhat kept people ashore from investing.
- The taxation of crypto has mixed outcome from people and they tend to believe that it wouldn't matter much into one's choices of trading the same.
- A lot of people tend to become new investors into the crypto trade market following the taxation, and in the coming 4-5 years of time.
- Understanding of the advantages and disadvantages of the trading in crypto is very low among individuals, and hence the possibility of an increased trading volume shall be seen in future when crypto becomes more mainstream.

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