



A study on the challenges and opportunities of Cryptocurrency in India with special reference to Bitcoin

Prof. Amita Garg, Prachi Sopariwala, Mayank Parmar

1. Assistant Professor, Parul University of Engineering and Technology, Parul University, Vadodara 391760, India

2. Students, PIET (MBA), Parul University, Vadodara 391760, India

ABSTRACT

Cryptocurrencies like Bitcoin have become a big topic in the financial business in recent years. Cryptocurrency is a type of digital, virtual, or internet currency that is secured by encryption. Cryptocurrency has brought about unprecedented changes in the financial industry, both favorable and negative. Cryptocurrency is a difficult idea to grasp, but it is simple to utilize. It's challenging because it's so different from our traditional currency, which we've been using for centuries. Following the global financial crisis of 2008, Bitcoin was established to operate independently of governments, central banks, and financial institutions. Since then, the architecture of Bitcoin has been a problem to many policymakers, who have struggled to discover ways to bring it under control. As a result, some nations have banned or made it illegal, while others have stayed vigilant and sought out ways to tax and control its operations. This paper is an attempt to investigate the various elements of cryptocurrencies, starting with the most basic. Their origins, types, operation, benefits and drawbacks, difficulties and possibilities in addition, benefits and drawbacks, difficulties and possibilities in addition, the research Attempts to assess Bitcoin's legal status in India

Keywords: Cryptocurrency, Bitcoin, Legal status, Working

1.1 Introduction

We understand that the 21st Century is the century of records and era. Those generation has modified the manner people paintings, communicate, save or even purchase goods. Organization and consumers don't usually decide upon for cash device anymore, and this bearing is giving upward thrust to contactless bills like PayPal, Paytm and masses of more. With the boom in the demand of technology worldwide many sectors have benefited in one of the different approaches. The one zone which have a widespread impact of those technology and on-line functioning is monetary and commercial enterprise. As the wide variety of online users are increasing every day, which in outcomes have given a growth to a wonderful monetary form which have emerged in previous couple of years is Cryptocurrency. Cryptocurrency (Cc) may be a digital fee approach which would not rely upon any banks to verify transactions. It is a peer-to-peer techniques which can be allow via every person sitting on any corner of the globe can ship and acquire payments. Instead of being body currencies it truly is dole out for exchanged within the universe, cryptocurrency is absolutely virtual based totally bills. The entries of this digital currencies are made on online database that could represent the particular transaction. When the transactions are made, the principal factors are record at some stage in a public ledger. The Cryptocurrency represents valuable and tangible item that's hired in numerous packages and networks like on line social networks, on-line social video games and so on.

Talking about Bitcoin, it is one in every of the foremost popular cryptocurrency wallets that uses Bitcoin, discovered in 2008 by an unknown person or group called Satoshi Nakamoto. Bitcoin may be a style of cryptocurrency, electronic cash. This research offers deep insight approximately the mechanisms of enforcing, controlling, issuing, spending and replacing cryptocurrencies which gives a useful and a prepared cryptocurrency type. This paper additionally analyses contemporary Cryptocurrency platforms and structures a good way to extract worries, issues, troubles and demanding situations which are exist. Together with the introduction of the cryptocurrency, it comes the Bitcoin and other kinds of Cryptocurrencies. Bitcoin may be a new form of digital cash and, as a substitute like with all cash, you will be able to keep it, alternate it, and make bills with it. The important thing to what

makes Bitcoin exclusive from national currencies much like the u's dollar, the Euro or Indian Rupees be its decentralized shape and decide –in mode. We don't need to are looking for permission form the government agencies or any banks to apply Bitcoin and there is no hazard in the use of it. Importantly, the gadget itself is headless and dispensed globally, making it each impenetrable corruption and completely durable. Moreover, this research paper will offer the pros and Clones of Bitcoin and additionally, approximately the challenges and opportunities of Bitcoin in India.

1.2 Working of Bitcoin

Individuals may use Bitcoin to make payments to other individuals or merchants regardless of a third party, such as a bank or financial institution, for verification purposes. Instead, transactions are approved and verified in the system by blockchain technology. Simply put, it is a system that transfers and stores data or information that arises during a transaction in cryptocurrency. Blockchain is a public ledger that records and displays all Bitcoin transactions executed on the Bitcoin system. The block is a permanent record of recent transactions. The recorded data blocks are built one on top of the other to form a blockchain that identifies all the routes associated with the first bitcoin transaction. The transparency verification process established by the blockchain is necessary to secure, as it allows the community to monitor and self-police transaction activities. It also allows verification of both spending person and the recipient and ensures that bitcoins that are spent twice are impossible.

When someone creates a Bitcoin wallet to store Bitcoins, that person receives a public key and a private key. Public keys and private keys long sets of numbers and letters; They are like his username and password. Since it is just a set of numbers and digits, no one needs to know their name or email address etc. This makes Bitcoin users anonymous. But the private key was not disclosed. In a blockchain, a private key is a person's identity, a private key used to access bitcoins. If anyone sees this, they can steal all the bitcoins in the account or wallet.

2. Review Papers

According to Mauto Conti, Sandeep Kumar, Chhagan Lal and Sushmita ruj-2018, Research paper, the author has said about the Security and the Privacy issues using the Bitcoin. They said that the Security of the Bitcoin heavily relies on the incentive compatibility proof-of-work (POW) which is based on the Consensus protocol, which is run by the network nodes known as Miners. They will maintain the Blockchain where the records of Bitcoin are distributed on an append only public ledger, in exchange of incentives in maintaining the blockchain. This paper also includes the existing vulnerabilities in Bitcoin and its supporting technologies such as Blockchain and POW-based consensus protocol. They have also discussed about the various security threats, feasibility, robustness, and future challenges which will demand the solution of privacy and securities for Bitcoin [1]. According to Feroz Ahmad, Prashant Kumar, Gulshan Shrivastava and Med Salim Bouhlel-2018, Research paper, the Author said that a digital decentralized cryptocurrency structure where dealings are secured by cryptography and are independent of any centralized third party is discussed. The different functioning of bitcoins and how transactions occur between two users using bitcoin as a medium along with some reality and instances are also discussed. The instant internet development facilitates cyber-crime attacks to all type of online dealing and also to bitcoin network transactions. Many of the security issues are also discussed in the along with the cyber-crimes and their punishments [2]. According to S. Jani-2018, Research paper, the Author said that Due to the increasing demand of information technologies, A giant number of online users has accepted virtual word concepts of Digitalization in the financial activities such as purchasing, selling and trading. Cryptocurrency represent valuable and untrue objects which are used digitally in different applications and networks. This paper has investigated the user's assumptions of the cryptocurrency in near future. It also investigates the users' confidence of dealing with cryptocurrency is not fully controlled and regulated. The paper also analyses how different countries have responded towards cryptocurrency and its terms of regulations & legislations to generate a clear picture of its impact on multiple laws in India in order to regulate [3].

Objective of study

- To comprehend the concept of crypto money, how it works, the various varieties of crypto currency, and the leading player Bitcoin.
- To investigate the benefits and cons of Bitcoin.
- To examine Bitcoin's legal position, difficulties, and potential in India

3. Research Methodology

For this research primary data was collected through questionnaire to find out the knowledge about cryptocurrency. Secondary data was also used for the survey which was collected from previous study, journals and website.

3.1 Legal Status of Bitcoin in India

The legal status of Bitcoin and its related currency can vary substantially from country to country and remains undefined or may carry on changing. Whereas the bulk of nations don't make the usage of Bitcoin itself illegal, its status as money varies, with differing regulatory implications. While some countries have explicitly allowed its use and trade have banned and restricted it. And, similarly various government agencies and policies have classified Bitcoin differently. Countries where Bitcoin is legalized are us, Italy, Mexico, Portugal, France, Hong Kong, Rica, Ireland, Brazil, Turkey, Namibia, Russia, Japan Switzerland, Singapore, Norway, Germany, African country where Bitcoin are totally banned are China, Nepal, Pakistan, Taiwan, Indonesia, Bangladesh, Iran, Kingdom of Saudi Arabia, Cambodia, Egypt, Morocco, and Algeria. But in India, Canada, Jordan, Vietnam and Thailand

Bitcoin are legal but there is a banking name imposed. In India since 2012 Bitcoins has been available in India. On 1 February 2018, minister of finance Arun Jaitley, in his budget speech stated that the government will do everything to discontinue the use of Bitcoin and other virtual currencies in India for criminal uses. He reiterated that India doesn't recognize them as tender and may instead encourage blockchain technology in payments systems in step with the India government people using these kinds of currencies should take certain caution because there isn't any lawful protection for these currencies. And no help could also be gained by the people from the government. In early 2018 the Federal Reserve System Bank of India (RBI) announced a ban on the sale or purchase of cryptocurrency for entities regulated by RBI. In 2019, a petition has been filed with the Supreme Court of India challenging the legality of cryptocurrencies and seeking a direction or order restraining their transaction. The Indian government is drafting then regulatory framework for cryptocurrencies. On February 25, the Supreme Court gave the govt. four weeks to return up with crypto regulation. The court will then hear the petitions against the crypto banking ban by the country's financial organization, the RBI.

3.2 Opportunities of Bitcoin in India

Trader in our country is seeing this as a natural opportunity for the expansion of Bitcoin and other cryptocurrencies within the country. In the latest report, that India currently has around 30,000 Bitcoin owners within the country, which numbers can be seen to grow.

- For Buyer, there may be a transaction system which doesn't require to supply private credentials
- To enterpriser it's a way to save lots of transaction cost
- For migrant out's a tool to send allowance without charges

3.3 Challenges to Bitcoin

- No or less Regulation: The bitcoin market is working without any permanent or manor regulation
- Mainstream Adoption is low: It is to buy, sell, and use Bitcoin but there are very few user-friendly investors to encourage the mainstream adoption.
- Government Regulation: The Future growth of crypto currency is doubtful in India because government will not consider the crypto currency as legal tender as of 2019. Because it is completely decentralized.

3.4 Merits of Bitcoin

- Anonymity: In Bitcoin, anyone sitting in any corner of the world can transfer money to anyone. No KYC documents are required.
- Protection from Payments: It will take only few minutes to transfer any amount of money.

3.5 Demerits of Bitcoin

- No Refunds: There will be no refund rules applicable to everyone investing in the currency market. Once your money has been invested in crypto currency then it will be no refundable.
- Technical Problems: As the Whole transaction are technical based and no document work are made which arises the problem for power failure, delay of transaction, or problem in storing the data in the server and so on.

4. Findings and Conclusion

From the survey, we learn that Cryptocurrency especially Bitcoin provide new method of payment that can speed up our economy and Indian Business. It has also opened the door for processing the financial activities like selling, buying transferring etc. easily. This, digital currency may bring the positive change in the e-Business and e-Payment's methods. People are trying to learn this new currency trading and banning this is not the right option.

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