

INTERNATIONAL CONFERENCE ON

“ENVIRONMENT, AGRICULTURE & HUMAN WELFARE: AN OVERVIEW OF SUSTAINABLE GOALS OF FUTURE”

26TH November, 2023

Impact of Crypto Currency on Indian Market

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Abstract

With the development of technology and IT services soon the cashless transactions came into limelight and digital money came into existence. Now virtual money which is crypto currency shook the economic system of the world. Crypto currency received its name because it uses encryption to verify transactions. This means advanced coding is involved in storing and transmitting crypto currency data between wallets and to public ledgers. The aim of encryption is to provide security and safety. Crypto currencies don't have a central issuing or regulating authority, instead using a decentralized system to record transactions and issue new units. Instead of being physical money carried around and exchanged in the real world, crypto currency payments exist purely as digital entries to an online database describing specific transactions. When you transfer crypto currency funds, the transactions are recorded in a public ledger. Crypto currency is stored in digital wallets. The current study aims to find out whether Crypto currency is a Boon or a Bane for the Indian Economy and its impact on the Indian Economy. For this Research Secondary data is been used to study about crypto currency. After the Study it can be said that as the government has sanctioned the potential of crypto currency as a means of payment, thereby proposing a bill to issue and legalize crypto currency in the country this will lead Crypto Currency to rule the Indian Economy.

Keywords- Crypto currency, Indian Economy, Crypto Markets, Online Transactions

Introduction:-

Along with the evolution of human being the development of economy occurred. With the growth of various essential needs mankind has entered in this modern era. In this evolution three things are very important i.e. fire, will and money. In the process of development man has started making transactions and adopted barter system. In the primary stage of evolution of economy the money was not present in any form but in the process of development the amount of transactions increased and barter system failed in the market. For valuation of goods and services there was a need to introduce a third medium which will be accepted by all. In various stages of evolution man has accepted various forms of money. In hunter stage man used bones, skin, hair, teeth as money. In shepherd stage man used cow, bullock, goat etc. as money. In agriculture stage man used wheat, rice, jawar, as money this type of money is called goods money. After sometime man had to use copper, brass and iron particles as money. After that silver and gold were used as money and from them coins were made to use as money. As the transactions increased the exchange of such coins became difficult so the paper currency was introduced. As the development took place credit money took place of paper currency. With the development of technology and IT services soon the cashless transactions came into limelight and digital money came into existence. Now virtual money which is crypto currency shook the economic system of the world.

Meaning:

A crypto currency, crypto-currency, or crypto is a collection of binary data which is designed to work as a medium of exchange. Individual coin ownership records are stored in a ledger, which is a computerized database using strong cryptography to secure transaction records, to control the creation of additional coins, and to verify the transfer of coin ownership. Crypto currencies are generally fiat currencies, as they are not backed by or convertible into a commodity. Some crypto schemes use validators to maintain the crypto currency. In a proof-of-stake model, owners put up their tokens as collateral. In return, they get authority over the token in proportion to the amount they stake. Generally, these token takers get additional ownership in the token over time via network fees, newly minted tokens or other such reward mechanisms. Crypto currency does not exist in physical form (like paper money) and is typically not issued by a central authority. Crypto currencies typically use decentralized control as opposed to a central bank digital currency (CBDC). When a crypto currency is

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minted or created prior to issuance or issued by a single issuer, it is generally considered centralized. When implemented with decentralized control, each crypto currency works through distributed ledger technology, typically a block chain that serves as a public financial transaction database.

Bit coin, first released as open-source software in 2009, is the first decentralized crypto currency. Since the release of bit coin, many other crypto currencies have been created.

A crypto currency is an encrypted data string that denotes a unit of currency. It is monitored and organized by a peer-to-peer network called a block chain, which also serves as a secure ledger of transactions, e.g., buying, selling, and transferring. ... Bit coin, Ether, Lite coin, and Monero are popular crypto currencies.

Crypto Currency and Indian Economy:

The Indian crypto currency economy has been rated second in global crypto currency implementation, just after Vietnam. The size of the crypto- tech market in India is anticipated to reach \$241 million by 2030, growing at a CAGR of 14%, with the potential of creating 877,000 jobs by then. Crypto currency is the new slogan in the Indian Economy.. What will happen to the crypto in future in and after 2023 is impossible to predict. More questions remain than there are answers for it. But as the market progresses, we will be able to make smoother investment picks by keeping an eye on a few key crypto trends. The future of crypto in the next five years looks hopeful, and India is on the edge of ruling the crypto market. The government and the RBI are concerned about the various contrary effects of crypto currency. One among them was the part that crypto money could play in supporting violence and money laundering.

Literature Review:-

Rahman and Dawood(2019) in their Bitcoin and Future of Cryptocurrency focused on cryptocurrency as an imaginative and technically advanced alternative for globalization. It examined the possibility of an alternative for processing payments across geographical boundaries and if regulated effectively cryptocurrency could remove a lot of the financial challenges faced in the present.

C.A. (Dr.) Pramod Kumar Pandey(2017) in his Bitcoin As Emerging Virtual Currency and Its Related Impact on India focused on the high returns and the high risk that comes along. He believed bitcoins aren't mature and investing in bitcoins would be like jumping in a dark well without knowing the depth, since bitcoin is not backed by anything. One of the challenges to be faced would be to establish it as a currency or commodity. If this is established as a currency, probably RBI will play a leading role in its regulation, while if this is a commodity, SEBI will initiate regulations.

Komal Dhande (2017) in his Bitcoin and Its Prospects in India study focuses on the remarkable growth in the acceptance of cryptocurrencies but does not see it replacing paper currencies anytime soon. The problem is to structure it for the law enforcement agencies and users to ensure safety in transactions and the problems to determine a way to charge cryptocurrency tax. The high growth on bitcoins has attracted a lot of interest but the high amount of risk involved in keeping the investors hesitant to invest. Though the study shows belief in virtual currencies, a good legal and regulatory framework is required for investors to trust this form of currency in India.

Dr. Vijeta Banwari(2017) CRYPTOCURRENCY-SCOPE IN INDIA discusses the change in finance and the world of money. Cryptocurrencies have a huge risk factor but are increasingly popular and it will be difficult for the government to control the transaction. According to the Blockchain Foundation of India, (lobby of around 45 crypto dealers,) claimed that more than 30 new exchanges have applied for membership in the recent two months.

(The Print, 2018). Blockchain has huge potential to improve the way data is stored. Despite the ban on cryptocurrency, the blockchain is adopted in various government

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organizations(Andhra Pradesh, Maharashtra, and so on). Over the counter, markets could come up in the future instead of routing transactions through banks.

Shailak Jaini (2018) in his *The Growth of Cryptocurrency in India* focuses on aspects such as the impact of cryptocurrencies in India and the opportunities that come along with it. It also talks about the various aspects of other countries and their rules and legislature revolving around the Introduction of cryptocurrencies. A cryptocurrency is a form of currency that exists only digitally that does not have a central issuing or regulating authority. To prevent fraudulent transactions a decentralized system relies on the blockchain system to record and oversee transactions. Blockchain technology is a type of system used to record transactions, which makes it difficult to hack. Each block within the chain contains a variety of transactions, and each time a replacement transaction occurs on the blockchain, a record of that transaction is added to each participant's ledger. Blockchain transactions are recorded with an unchanging cryptographic signature called a hash. To corrupt the blockchain, a hacker would have to change every block of a chain, which is constantly growing increasing the system security. ABSTRACT Volume - 10 | Issue - 10 | October - 2020 | PRINT ISSN No. 2249 - 555X | DOI : 10.36106/ijar KEYWORDS : Cryptocurrency, Bitcoin (BTC). India, Legalisation, The Reserve Bank of India (RBI), Digitalisation.

Harshil J Shah Student, BBA, Center for Management Studies, Jain (Deemed-to-be University), India. Ria Maheshwari Student, BBA, Center for Management Studies, Jain (Deemed-to-be University), India. Sparsh Sai Shivakumar Student, BBA, Center for Management Studies, Jain (Deemed-to-be University), India. 10 INDIAN JOURNAL OF APPLIED RESEARCH Rahul J. Nikam (2018) in his *Model draft regulation on Cryptocurrencies In India* focuses on aspects of India to start taking a firm decision on cryptocurrency trading and regulate it and also speaks about how the RBI should be more open to the idea of cryptocurrencies and understand the value and opportunities that come with it.

Research methodology-

Objectives-

- 1) To study the Impact of Crypto currency on Indian Economy.
- 2) To study whether Crypto currency is a Boon or Bane for the Indian Economy.

Method of Data Collection:-

For this study Secondary data was collected through various sources like-

- Reference books on concerned topic
- Trade journals, financial newspapers, magazines
- Government agencies
- Articles published in periodicals
- Internet/ Website
- Annual reports of various firms

Data Interpretation:

Positives of Crypto currency in Indian Economy:

- 1) **Boosting of Startups**-A number of start-ups have gained up throughout the country, allowing the average native to start investing and trading in crypto money markets.
- 2) **Highest Number of Crypto holders**-According to the most recent report, the popularity of crypto currency in the country can be appraised from the fact that India already has the highest number of crypto holders in the world at 10.07 crore.
- 3) **Inclination of Youth towards Crypto currency**-India's population, specially the youth, is encouraging crypto growth rapidly.
- 4) **Development in FinTech**- Crypto Markets will provide a huge increase to the FinTech sector and push the Indian economy headlong.
- 5) **Decentralization in Crypto currency**-With the government offering the creation of a single, officially-recognized crypto currency, the dependence on third-party, private, and foreign-based crypto currency will be eradicated. The official crypto currency will be completely

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developed in the country and will forgo the need to depend on other crypto currencies. Investors, traders, and other individuals will have a single crypto currency for their needs and help the government fulfil their goal of ‘Atmanirbhar Bharat’ in the crypto currency sector.

- 6) **Growth in Digital Economy-** It will give a huge increase to the Indian digital economy. Digital currency/E-currency will also lead to a more effectual and low-priced money management scheme. However, central bank digital currency should exist in coordination with other crypto currencies to acquire the full paybacks of the block chain technology.
- 7) **Advantage of Tax-** In February 2022, Indian Government announced a 30 per cent tax on profits from crypto money trading and a 1 per cent TDS on all transactions.

Negatives of Crypto Currency in Indian Economy:

- 1) **Contractual Issues:** Crypto currency faced challenges due to Indian Contract Act, 1872. Whether Crypto currency fits under the features or rules and regulations mentioned under the Act is the major contractual issue which is creating a challenge for carrying out the transactions smoothly.
 - 2) **Location Issues:** Crypto currency also faced a challenge as it creates a doubt in the mind of the person doing contract due to the issues surrounding around the crypto currency because the location of the opposite party is hard to trace thus forming a jurisdictional issue.
 - 3) **Illegal Activity Issues:** Due to lack of tracing facility given by crypto currency the rise of crime and criminals and illegal activities is enforced on the mechanism of crypto currency there as becoming a big challenge for the crypto currency transactions to take place.
 - 4) **New Generation Criminals:** Drug dealers and people doing financial frauds are free to do crimes due to the unrecognized transactions of crypto currency and hence are termed as New Generation Criminals.
 - 5) **Confidentiality Issue:** The confidentiality issue like data theft is been done with the crypto currency transactions because of the unrecognized transactions and the anonymity of the user doing the transaction.
 - 6) **No clearly defined Laws:** There are no clearly defined laws as such given by the Government therefore creating fraud and the issuers are not getting any help and justice regarding same.
- First Indian Crypto Coin- Gander Coin-1Gander Coin costs Rs.18.24 First Indian Crypto Token- Gari Coin launched by Mr. Salman Khan. Best Crypto Exchanges in India. Mudrex, Coin DCX, Coin Switch, WazirX, Zeb Pay and Bit BNS. Crypto currency application Crypto Wire launched IC15, India's first crypto currency index in 2022, in collaboration with crypto exchange Bit bns. Taxes on Crypto Currency in India are levied 30% [plus 4% surcharge] on the Gains made by the Company/Individual included in ITR forms in a separate section called Schedule – Virtual Digital Assets.

Suggestions:-

- Education and Awareness to be increased to make people believe in crypto currency.
- Time to be reduced for conversion of money to crypto currency.
- Feature should be added in the crypto apps regarding generation of new private key.
- History feature also to be included in the crypto apps.
- Fluctuation rate needs to be stabilized.
- It is not a replacement but an alternative for large amount of investment.

Conclusion:-

The crypto currency market cannot be unnoticed, and the possibilities are never-ending. Even the government has sanctioned the potential of crypto currency as a means of payment, thereby proposing a bill to issue and legalize crypto currency in the country and thereby enhancing cross border trading. In the future, we can see crypto currency becoming the chief player driving the country's economy. So from the above it can be concluded that crypto currency is definitely a Boon for the Indian Economy.

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