

A STUDY ON GROWING TREND FOR BITCOINS IN INDIA

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ABSTRACT:

Bitcoin is one of the most interesting digital currencies that is available on the market, and with a current increase in popularity of this thrilling cryptocurrency, there are a number of people who are interested in determining where the Bitcoin actually came from. The journey and evolution of the Bitcoin is as interesting as the currency itself, and with it still being in its infancy having only first been thought of back in 2007, we are certain to see a huge number of developments due to be implemented in recent times. From Bitcoin being introduced in stores, to the revolutionary Bitcoin casinos that we are so fond of here at Bitcoin Casino Pro, we're taking a deeper look into the evolution of the Bitcoin.

Keywords: Bitcoin, Cryptocurrency, virtual money, currency, banks

INTRODUCTION:

Bitcoin was created on 31 October, 2008 by an anonymous person or group of software developers with the assumed name Satoshi Nakamoto so, through the release of a technical paper known as the Bitcoin Whitepaper. It was titled Bitcoin: A Peer-to-peer Electronic cash system. It was implemented as open source code and released in January 2009. Bitcoin is often called the first cryptocurrency although prior systems existed. The idea represents a breakthrough in using software code to authenticate and protect transaction without resorting to a centralized bank or government.

After the financial crises of 2007-08, a new idea was born into the world that gave the human race a financial breath of fresh air. The current money system is centralized systems as all transaction has to pass through middleman which are banks. Banks impose relatively higher transaction charges on the thus costing the person to transact. Nakamoto proposed a peer-to-peer system for the digital currency now termed as BITCOIN.

OBJECTIVE OF THE STUDY

To understand the concept of Bitcoin market in India thoroughly.

CHALLENGES TO BITCOINS MARKET – IN INDIAN SCENARIO

There exist several challenges with the adoption of bitcoin such as need for an easy way to exchange bitcoins for Indian rupees but their respective solutions are also present to overcome these simultaneously. Consumer would definitely do well to adapt to this technology quickly.

For say, many beginners generally face the security or privacy issues as they download their wallet software, create one or two address, and then keep using those addresses for an extended period of time. If you want privacy, then that is not the best way to use your wallet. The more you use an address the easier it is for an observer to build up a profile of your activity, whether for advertising or more sinister purposes, and even to link that activity to your personal identity.

Each time you are going to receive a payment you should create a new address specifically for that purpose, and then never use that address again afterwards. No matter how many of them you create, all of your old addresses will still be able to receive payment in case somebody sends you money using an old address they have on file for you.

Despite the fact that the estimate of bitcoins has declined pointedly, speculators and industry professionals believes that with india turning out to be progressively advance and society moving toward cashless exchanges, this is going to transform the world of digital transactions.

OPPORTUNITIES FOR BITCOIN MARKET IN INDIA

There has been quite a lot of good news coming out of india recently including positive response about Blockchains from the RBI few months back, in the form of an official statement and some new guidelines about cryptocurrencies and the Blockchain. “with its potential to fight counterfeiting, the ‘Blockchain’ is likely to bring about a major transformation in the functioning of financial markets, collateral identification(land records for instance) and payments system,” reads the statement. Indian market is all set with the smartest minds by leveraging Bitcoin as an asset to bring a revolution in present digital world.

E- commerce industry in india could leverage the bitcoin potential as markets in india cannot remain immune to this development. It is essential for the key industry players in Indian bitcoin industry to work with enthusiasm at a fast pace and ensure seamless service for increasing the number of people adopting Bitcoin in the country.

As a global IT competitor, india should start looking at maximizing its efforts to take the maximum benefits of Blockchain technology; filling the voids and convince the users to adopt Bitcoins by providing better experience at user ends. Adoption of Bitcoin has extreme potential to enable flawless transactions and provide great financial solutions for a transparent process. But in this dynamic space, scalability is equally important. Investments should be the main focus in crypto-currency mining and subsequently transforming it into an active investment. This is the high time for the Indian government to push reforms and keep the sentiments high.

Increasing competition is must from new as well as already established key industry players to enter the domestic market in order to bring efficiency and to ensure a fertile and receptive market for bitcoins in India. Moreover, it will generate much diversified offering in various segments and will lead to the creation of a robust structure across the digital platform. With all of its troubles, there is a major growth in the country’s internet and e- commerce businesses in the near future for the country. This growth is causing interest within the country for companies to implement businesses that improve e-commerce and money transfers to benefit from this growth. To help this trend and create monetary flexibility in the country, the national payments

corp of india is working to develop a unified payment interface(UPI) which is intended to move india to become a cashless society.Entrepreneurs within the country are seeing this as a natural opportunity for the proliferation of bitcoin and other cryptocurrencies within the country.

It's reported that india currently has around 30,000 Bitcoin owners in the country, and that number is expected to grow. Even indian's Reserve Bank has acknowledged Bitcoin as a currency of the future. However, it's clear that entrepreneurs in the country and investors from inside, and outside the country are not sitting still. The opportunities are just too big in the world's largest democracy.

POSITIVE BENEFITS OF BITCOINS IN INDIA

Bitcoin is a currency like no other. In short it's digital money that solves many of the problems our current currencies suffer from and introduces many other uncertainties we never had to deal with before. Bitcoins have a way to go before becoming a serious alternative to existing electronic transaction systems, but they do provide real advantage to users.

❖ LOW INFLATION RISK:

One of the biggest problems with our current dollars and other currencies used around the world is inflation. Over time all currencies lose purchasing power at a rate of few percents per year mainly because governments keep printing more money. This process is basically a small tax on your accumulated wealth. With Bitcoin you don't have this problem because the system is designed to make Bitcoins to be finite. Only about 21 million Bitcoins will ever be released(mined). The release of new Bitcoins is slowing down and it will stop completely within a few decades. We have a slowing population growth which is projected to stop at around 10 billion by approximately 2050 which roughly coincides with the last Bitcoin to be mined. There will be roughly 1 Bitcoins for every 500 people.

❖ LOW COLLAPSE RISK:

Regular currencies depend on governments which fail occasionally. Such events either cause hyperinflation or a complete collapse of a currency, which can wipe out savings of a lifetime in day. Bitcoin is not regulated by any one government. It's a virtual global currency

❖ LOWER FEES:

There aren't usually transaction fees for bitcoin exchanges because the bitcoin miner is compensated by the network with newly issued bitcoins. Even though there's no bitcoin transaction fee, many observers expect that most users will engage a third-party service, such as Coinbase, in lieu of creating and maintaining their own bitcoin wallets. These services act like PayPal does for cash or credit card users, providing the online exchange system for bitcoin, and as such, they're likely to charge fees. It's interesting to note that PayPal does not accept or transfer bitcoins.

❖ **SAFE, SIMPLE AND CHEAP:**

The problem with traditional online transactions from the perspective of the seller is that credit cards, paypal you and other online payment systems allow buyers to claim their money back. You can use escrow services but that makes things complicated and slow. With Bitcoins once you have the money you have it and that's that. Buyers cannot in any way take the money back and the seller can safely ship the product or perform the service that the client purchased. From the buyer's perspective the infrastructure for payments and sending money between accounts is potentially going to be simpler and cheaper because it is peer-to-peer rather than done through some intermediary.

❖ **EASY TO CARRY:**

Not a real problem that needs a solution, but you can carry a billion dollar's worth of Bitcoins on a memory stick in your pocket. You can't do that with cash or even gold.

❖ **UNTRACEABLE:**

This is both a benefit and a risk for Bitcoin. The benefit is that you don't have to be afraid of any organization of being able to trace the source of your funds. This is a clear benefit in many areas of the world because governments that are supposed to guard against fraud are actually defrauding people by taking their savings partially or fully. Regarding risks I will discuss them in the next section.

❖ **PROTECTION FROM PAYMENT FRAUD:**

Bitcoins are digital and cannot be counterfeited or reversed arbitrarily by the sender, as with credit card charge-backs.

❖ **REDUCED POSSIBILITY OF IDENTITY THEFT:**

When you give your credit card to a merchant, you give him or her access to your full credit line, even if the transaction is for a small amount. Credit cards operate on a "pull" basis, where the store initiates the payment and pulls the designated amount from your account. Bitcoins use a "push" mechanism that allows the bitcoin holder to send exactly what he or she wants to the merchant or recipient with no further information. Furthermore, bitcoins do not require names-just digital wallet IDs.

❖ **DIRECT TRANSFERS FOR IMMEDIATE SETTLEMENT:**

Purchasing real property typically involves a number of third parties, delays, and payment of fees. In many ways, the bitcoin block chain is like a "large property rights database," says Gallippi. Bitcoin contracts can be designed and enforced to eliminate or add third party approvals, reference external facts, or be completed at a future date or time for a fraction of the expense and time required to complete traditional asset transfers.

❖ ACCESS TO HISTORICALLY INACCESSIBLE MARKET:

There are approximately 2.2 billion individuals with access to the internet or mobile phones who don't currently have access to traditional exchange systems. These individuals are primed for the bitcoin market Kenya's M-PESA system, a mobile phone-based money transfer and micro financing service recently announced a bitcoin device, with one in three Kenyans now owning a bitcoin wallet.

FINDINGS

- i. Bit coins has started penetration in India in recent days when compared to other developed countries such as US & UK. The digital currency started to step its footprints in developing countries to some extent i.e., India. People here and there are aware about the virtual currency especially Bit coins.
- ii. Although Indians are willing to accept first cryptocurrency which is of peer to-peer approach, but not ready to replace the present conventional currency wholly due to various reasons.
- iii. As the acceptability of Bitcoins in India seems to be low as of now and also it is harder to find the users who accepts Bitcoins for transactions. But in the mere future there will be a spike of trading of Bitcoins in India.
- iv. The usage flexibility level of Bitcoins gives easiness among the public but it requires much more security measures with successful implementation in a greater extent for the quick outreach of the genuine users.
- v. Bitcoins usage process tends to inconvenience in spending much time to understand the working process. Thus the concept is quite complicated to understand as of its usage.
- vi. Bitcoins adoption completely relies on luminaries in the field who are trading presently with digital currency.
- vii. There are number of usability challenges which is foregone by the users such as regulatory issues, security threats, low adoptability, acceptability issues, poor mobile platform, etc.
- viii. Bitcoins awareness programme is required to spread the emergence of Bitcoins in India since it is not approved by the government which is posing as a biggest threat for its user.
- ix. Eminence towards legal recording of transaction of Bitcoin which lacks of technological advancement tends to low adoption among users.
- x. Even though the adoption of bitcoin is non-advantageous to the Indian economy but if the higher level of security measure given to the safe transaction then there may be chance of growth in its use.
- xi. Demonetization led to a positive impact of proliferation of value of its multiple. Thus the change resulted in e-wallet transaction and other major alternatives of digital currency which are popping in India.
- xii. Though the RBI's move towards regulating the Bitcoins, but it's not of immediate step. Still it has shy-away approach to regulate and recognize the bitcoins in India.

xiii. Bitcoins value getting snow-balled after the demonetization in India. In near future its adoptability might grow which majorly depend upon the governments regulatory measures undertaken.

CONCLUSION

Growing Bitcoins market in India is gaining much of popularity among Indians. General public are just merely aware about the virtual currencies but they lack in understanding of Bitcoins which is seen as of a biggest roadblocks for its wider spread allover the nation. The development of bitcoin is on complying with regulation of bitcoins by the central bank and the keen interest among the public.

The progression of bitcoin would revamp and enhance the globalism, security, democracy, virtual approach. Among all the different digital currencies in this space, bitcoin is inarguably the most successful currency to hit the market and to create a disruptive new economy. Bitcoin has forced the world to stand up and take notice.

Bitcoins faces many user adoptability challenges which pose a threat to its growth in present scenario and also the bitcoins are not approved by the government and there is no central system to monitor it so, it becomes the user's responsibility to ensure that it remains secure.

As compared to other cryptocurrencies bitcoins Market Cap is higher. Bitcoin grasped the attention of regulatory bodies and financial institutions due to its huge potential to become a new prominent financial payment mechanism. Over the last few months, current users of bitcoins as a medium of exchange are limited. It is currently inconvenient to use because the common payment system is yet to be adopted. Moreover, many people are still not aware and some are not even interested in bitcoins. But after demonetization people started to rush towards exchanging their old notes into bitcoins, with that great move by the government it even impacted on bitcoins market and its value burgeon with that of earlier.

To conclude overall, bitcoin is reaching a financial maturity phase. It is growing from a merely internet phenomena to a recognised carrier of value for the real economy. Due to the nature of bitcoins network, it will be nearly impossible to shut down this payment system in future.

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