

# The Future Scope of Cryptocurrency in India

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## ABSTRACT

Technology is the biggest achievement in human race to development. Every century is characterized by rapid and drastic evolution in technology in terms of communication and informatics science which has contributed in making the human life smooth. The huge growth of online users has activated the concept of Virtual World and the Cryptocurrency (virtual currency) is the one of the innovative steps. Cryptocurrency is the digital currency which is decentralized and used technologies such as Blockchain and Cryptography for security, production and transaction purposes. The investment in cryptocurrency in India is similar as the gold investments. Thought government has imposed strict regulations starting from 2022, but consideration of cryptocurrency as a legal form of currency is still unclear in India.

**Keywords**-Cryptocurrency, Blockchain, Cryptography

## I. INTRODUCTION

Today with the growing need and demand, the cryptocurrency market has expanded drastically and has attracted numerous investors from all age groups around the world. Driving into the history of cryptocurrency one gets its traces back



Fig.[4]

from 1983 when an American cryptographer David Chaum proposed an idea of cryptographic electronic money called “Ecash”, which was later implemented by him, that allowed digitally transaction of cash that remained untraceable by the issued bank. Later this conceive was implemented and upgraded by different people and kept on being advance with the time until an unknown person or group named Satoshi Nakamoto voiced and framed the ideas around and presented the first ever cryptocurrency, Bitcoin around 2009.[1] This was the first decentralized currency which was also known as peer-to-peer transaction. The idea behind the cryptocurrencies like Bitcoin was to have an electric version of cash that would allow payments directly between the parties without any interference of financial institute and do not rely on any Financial Institution regulation. The technologies like Blockchain, Cryptography, Data Mining, etc. helps to produce, maintain and secure the cryptocurrency technology.[2]

## II. OBJECTIVE OF STUDY

1. To analyze the future aspect of cryptocurrency in India.
2. To understand the concept of cryptocurrency and it’s functioning in regular trading.
3. To analyse the investment risk and benefits of cryptocurrency.

## III. METHODOLOGY

To conduct this research, we have collected data through secondary sources, which includes articles, journals, books, websites, and blogs.

## IV. LITERATURE REVIEW

**Cryptocurrency: An overview on its impact on Indian Economy by Prof. Blesson James and Prof. Manjari Parashar; 2018:** This paper talks about the rise of cryptocurrency India, it’s legal overview by financial institute, it’s pros and cons. This paper also talks about the aspects of future growth of cryptocurrency with respect to the developing technologies now days.[6]

**A study on cryptocurrency in India by Dr. Mubarak and Hosmani Manjunath; 2021:** As this paper is post covid so, this paper talks about the rise of cryptocurrency in India during the Covid era where the world had switched to online mode and also there is an extensive and fast rise and advancement in technology, thus this paper talks about the high rise in cryptocurrency users in India and the leading services for the same. This paper gives an overview of Bitcoin, it’s history, legal issues and digital transactions in India.[8]

In the technical terms like cryptocurrency and bitcoins have captured the eye of both tech - savvy and also the internet expert. As per the article “A Short Introduction to World of Cryptocurrencies” by Fabiana Schar and Aleksander Berentsen, bitcoin first came into existence with a white book that was published in 2008 (Berentsen & Schar, 2018). The creators of the model intended to introduce the “cashless payment model” that will allow electronic transactions rather than the physical cash transactions. so as to assist the readers understand the

concept of bitcoin, the authors have highlighted the cash transactions further because the electronic payment system (Abdi, 2014).[11]

The major difference between the normal and Electronic payment via bitcoin is that there's no involvement of physical profit the later system. Bitcoin could be a virtual money unit that has no physical or tangible representation (Abramaowicz, 2016). so as to use this currency, it's necessary to ascertain in the least times, the whole number of a money units that exist and therefore the number of a replacement money units that are created. Such approaches are highly crucial to create sure that the involved participants consent about the ownership rights referring to a digital currency units. Bitcoin is that the cryptocurrency that uses a "peer-to-peer" technological model that permits different forms of functions like the issuance of currency, the processing activities associated with the transactions, and verification process.

This technology based virtual model has grown to an oversized degree in exactly a decade and it's expected that this trend is probably going to continue within the future in addition (Vigna & Casey, 2016).

### **XIII. LEGAL IMPACT**

Cryptocurrency has always been in the controversial box in India. Since 2013, its state of legality isn't well clear to the customers. RBI has regularly checked and released warning regarding the vital currencies in India.[12]



Fig.[9]

Till the end of 2017, RBI clarified crypto as illegal currency. At same time Supreme court was dealing with two PILs with where against and in favor for regulation of cryptocurrency in India. Beside all these ongoing disputes many on the Indian Banks continuously allowed the transactions in cryptocurrency and there was no such ban. On April 6, 2018, a circular issued by RBI closed all dealing in cryptocurrency which resulted in great fall in crypto exchange. In Feb 2019, a bill was proposed which recommended a blanket cover on the trading of cryptocurrency. Then in March 2020, the Supreme Court of India lifted the curb on cryptocurrency imposed by RBI which again allowed bank to provide access to trade in cryptocurrency. Thus, we can see

the uncertainty regarding the laws regarding cryptocurrency. Recently in 2022 Budget, government has imposed 30% tax on the transfer of crypto assets. This makes the stake of cryptocurrency more unclear over India to be legal or not.

### **IX. FUTURE SCOPE**

The future of cryptocurrency shows ray of developed technology and advanced management system with less chance of fraud. But at the same time the head financial institution of India, RBI fears it the most as



Fig.[6]

crypto trading dominate most of the major terrorist and illegal activities dealing all over world. Till date cryptocurrency does not has any clear stand in our country India, still due to the advanced technical influence people trade in cryptocurrency and invest in the same.

In our opinion, the future is still uncertain as cryptocurrency, decentralized currency which is not regulated by any financial institution is next to best option of trading but due to its dangerous aspects of involvement with illegal activities and its major flaws which can cause great scams and depressions in Indian economy, there is a very less chance to be accepted by our government.

### **X. CONCLUSION**

In our opinion, cryptocurrency is the most uncertain currency in India, as its stake is still very uncertain to be legal or not. However, Cryptocurrency is a modern developed technology of trading which is continuously getting popularity and is gaining many investors. At the same time, it is also believed that all illegal activities around the world are traded via cryptocurrency. So use of cryptocurrency in India won't be much appreciated.

In our opinion, cryptocurrency is the most uncertain currency in India, as its stake is still very uncertain to be legal or not. However, Cryptocurrency is a modern developed technology of trading which is continuously getting popularity and is gaining many investors. At the same time, it is also believed that all illegal activities around the world are traded via cryptocurrency. So, use of cryptocurrency in India won't be much appreciated by government or it would undergo through many restrictions as it is now.

Also, Indian government must take a way out to reform and uplift the cryptocurrency from its drawbacks and present a refined digital currency which should be much more secured and free to regulate.

India had started its first cryptocurrency trading through “uno coin”, which had launched many other trading platforms like Merchant Gateway, which allows business entity to accept bitcoin and in 2017, BookMyShow was launched which allows public to book shows tickets online through bitcoin.

Thus, these points shows that India had always tried to adopt the new way of trading and someday it will come up with some secure and legal digital currency.

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