



CRYPTOCURRENCY: EVOLUTION, IMPACTS AND FUTURE IN INDIA

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ABSTRACT

*The new peer to peer trading through cryptocurrency in India played an important role in encouraging people to make investments and earn profits. Cryptocurrency were evolved over a period of time by Satoshi Nakamoto. Now there are approximately 1384 crypto currency are available as on Jan 2018. The high frequency of ups and downs of bitcoins has captured the attention of many. Starting from a price of just \$1000 in January 2017 reached to \$15000 in December 2017 has amazed not only the investors but the government as well. It is due to this high volatility that government has issued the warnings three times i.e. in December 2013, February 2017 and December 2017 to the people not to invest in these bitcoins or other cryptocurrencies. It has shown both positive and negative aspects. Now a days this form of digital money has been started to be accepted by some concerns but due to the governments statements on its deregulated form it raises the concern of people. But when we see the same situations about the cryptocurrency trading in other countries we find that in spite of banns and licensing cryptocurrency and blockchain are still growing in these countries. The present research paper is secondary data base. The data for this paper has been collected through **web** and **alternative revealed** sources.*

Keywords: Cryptocurrency, Bitcoin, India and Blockchain

Introduction

The new peer to peer trading through cryptocurrency in India played an important role in encouraging people to make investments and earn profits. The financial services system's most important role is the allocation of financial capital between different economic activities. Basically in India, from bitcoins trading people of all income groups have earned a lot.

Research Methodology

The present research paper is secondary data base. The data for this paper has been collected through web and alternative revealed sources.

Literature Review

In 1997, E.H. Solomon became the first person who had studied the electronic money in its various forms and told about the advantages and disadvantages of virtual money.

In 2002, Edward Castronova explained that the virtual money performs the same functions which are performed by the real currencies.

In 2004, Hiroshi Yamaguchi however said, that while it is possible to exchange virtual assets for real money, it is the willingness of players to adopt this mechanism and their acceptance of exchange rate risk that ensures viable conditions for the virtual money or asset used in the trading activities online to remain "meaningful" within the trading system.

In 2014, Luther and Olson explains the bitcoin the core of cryptocurrency can perform all the functions of money which can be performed by the traditional money with ease of exchange.

In 2016, Camoron claims that it is very unlikely that governments will allow the use of cryptocurrencies in the way that are currently operating.

In 2017, Li & Wang have conducted a theory-driven empirical study of the Bitcoin exchange rate (against USD) determination, taking into consideration both technology and economic factors. They explained that in the short term, the Bitcoin exchange rate adjusts to changes in economic fundamentals and market conditions. The long-term Bitcoin exchange rate is more sensitive to economic fundamentals and less sensitive to technological factors.

In 2017, C.V. Smalley have raised the issue of cryptocurrencies and tax, claiming that there is more to be done in this aspect since the taxability of cryptocurrency transactions

Evolution of Cryptocurrency

The world's 1st electronic money payment befell in May 1, 1994. However, most attempts at creating a workable cryptocurrency have failed to gain consumer acceptance. Cryptocurrency were evolved over a period of time by Satoshi Nakamoto. Satoshi introduced the first cryptocurrency named as Bitcoin in January 2009. He described it as a peer to peer electronic cash system which makes the life of many people easy in doing many transactions as well as increasing the value of their cryptocurrency. Thereafter in April 2011 Namecoin was created and then in October 2011 Litecoin comes in the scenario. Another very popular cryptocurrency was evolved as Peercoin in 2012. Now there are approximately 1384 cryptocurrency are available as on Jan 2018.

Impacts of Cryptocurrency on the Society

The high frequency of ups and downs of bitcoins has captured the attention of many. Starting from a price of just \$1000 in January 2017 reached to \$15000 in December 2017 has amazed not only the investors but the government as well. It is due to this high volatility that government has issued the warnings three times i.e. in December 2013, February 2017 and December 2017 to the people not to invest in these bitcoins or other cryptocurrencies. It has shown both positive and negative aspects which can be discussed in the following points-

Positive Impacts

Self dependency- In doing transactions under cryptocurrency no help of any third person is required as once the application for Bitcoin cryptocurrency is downloaded the person who wants to transfer the money can enter his code and do the transactions by himself.

Trading comfort- Cryptocurrency can be converted into other forms of currency and deposited into user's accounts at a lightning speed. For doing any transaction the person don't have to stand in a queue as it is propagated instantly in the network and confirmed in a couple of minutes.

Emergence of New Markets- Cryptocurrency are giving rise to new financial market which is free and better from present government held traditional market. It provides various advantages to the investors and traders.

Low transaction charges- In doing transactions in Bitcoins , the transaction fees charged is as less as 0.1% which is very less . No fees or commission is to be given in any form to any bank or other authorities.

No Government intervention- It is not regulated by Government or any other central authority so no permission of any government or else is required for transferring funds in Bitcoins.

Secure- As already discussed earlier that cryptocurrency works through cryptography system which is very secure. The funds are locked through the public key in the system. The cryptocurrency can only be send by the person who is the owner of the private key.

Global- The bitcoins can be exchanged throughout the world in all the countries which recognizes Bitcoins.

Anonymity- It is completely anonymous and at the same time fully transparent. Any company can create an infinite number of bitcoin addresses without reference to name, address or any other information.

No inflation- The most range of coins is strictly restricted by twenty one million Bitcoins. As there are a unit neither political forces nor firms ready to amendment this order, there's no chance for development of inflation within the system.

Negative Impacts

No methodology of determination client grievances- Because it may be a virtual currency listed on peer to peer basis with none recognized central agency, if the client faces any downside then there's no means that of determination the problems or the dispute of the client.

Lack of safety – As Bitcoins aren't ruled by banking company of Republic of India or the other licensed Central Authority therefore there's no legal believability of the Bitcoins.

Acceptance rejection - Some individuals don't acknowledge it as cash as they are doing not believe cryptocurrency due to that they hesitate and even resist in accepting crypto currency as a payment.

Pseudonymous- It doesn't disclose the \$64000 identity of anyone UN agency is dealing within the Bitcoins. It works solely through the networking of addresses seen as thirty characters. no one will verify the \$64000 identity of the persons UN agency area unit dealing the accounts.

Irreversible- Once the payment is formed and group action get confirmed, there's no methodology to urge your funds back if it's been hacked or scammed by someone.

Highly Volatile- The costs of Bitcoins rises and downfalls in no time thanks to that some investors hesitate in finance them as they take into account it extremely volatile and risky.

Chances of losing money- The cryptocurrency system works on peer to see digital system basis and is liable to malware attacks, hacking or loss of countersign. As there's no licensed central government or agency is running it if any of this threat taken place then the total cash keep within the pocketbook within the type of virtual currency are lost with none recovery possibility.

Black cash- some individuals additionally uses bitcoins so as to try to to concealment or creating black money through nonpayment.

Future of cryptocurrency in India-

The new peer to see commercialism through cryptocurrency in Republic of India compete a vital role in encouraging individuals to form investments and earn profits. The monetary services system's most significant role is that the allocation of economic capital between totally different economic activities. Essentially from bitcoins commercialism individuals of all financial gain teams have earned a great deal. In India, Bitcoin is one in all the types of digital cash. In India, Bitcoin has been listed the foremost as a type of cryptocurrency. This digital cash isn't controlled or regulated by central government or run however is managed and controlled by its developers. Bitcoins has gained quality and a pointy increase in its worth over a amount of short span of your time. However thanks to a number of its limitations its future cannot be foretold with certainty. Currently a days kind this type {this kind |this manner |this way} of digital cash has been began to be accepted by some considerations however thanks to the governments statements on its deregulated form it raises the priority of individuals. Currently the long run of bitcoins will still be anticipated. It's thanks to this high volatility that government has issued the warnings thrice

i.e. in December 2013, February 2017 and Dec 2017 to the individuals to not invest in these bitcoins.

The financial institution (RBI) issued a release that said:

“Technological innovations, together with those underlying virtual currencies, have the potential to boost the potency and inclusiveness of the financial set-up. However, Virtual Currencies (VCs), additionally diversely brought up as cryptocurrencies and crypto assets, raise considerations concerning client protection, market integrity, and concealment, among others.

Reserve Bank has repeatedly cautioned users, holders and traders of virtual currencies, together with Bitcoins, concerning numerous risks related to coping with such virtual currencies. seeable of the associated risks, it's been determined that, with immediate impact, entities regulated by run shall not handle or give services to someone or business entities coping with or sinking VCs. Regulated entities that already give such services shall exit the connection among a such time. A circular during this regard is being issued on an individual basis.”

Experience of ban in different countries on cryptocurrency-

India stands on the eighth position among different countries in prohibition the cryptocurrency. If we tend to see the ban on cryptocurrency in different countries and its impact there we will slightly predict the long run in Republic of India additionally. As so much as China is bothered, within the half-moon of the year 2017, the Chinese government additionally puts an analogous message to their banks so as to ban the bitcoins and cryptocurrency commercialism in their country. This ends up in creating several massive exchanges to depart the country and began exchanging at different places. However still the investors and innovators doesn't stop in finance and continue commercialism. Asian nation had additionally created their law demanding towards commercialism in cryptocurrency. within the same line countries like Japan , Austraila, U.S. have additionally become cautious in creating the law towards the commercialism and dealing in cyptocurrency. However despite these countries area unit still growing within the commercialism of cryptocurrency and blockchain.

Conclusion

Cryptocurrency may be a new mode of doing commercialism electronically. It encourages individuals to form investments and earn profits. Individuals of all financial gain clusters invested with in it and additionally earned large profits. however thanks to the high volatility of cryptocurrency government concern are raised and so as to save lots of individuals from facing large losses, the Indian government had taken bound measures to prevent cryptocurrency within the country. However after we see a similar things concerning the cryptocurrency commercialism in different countries we discover that in spite of announcement and licensing cruptocurrency and blockchain area unit still growing in these countries.

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