

**A STUDY ON CRYPTOCURRENCY IN INDIA: AN OPPORTUNITY?**

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**Abstract:**

*India is rapidly growing in the area of information and communication technology. Due to developed technology and digitalization, multiple routine activities of an individual have become more flexible. Technology has played great role in investment and trading sectors as well. In the process of development in technical era, digitalization and advance trading are pre-dominant areas. Multiple techno-Indians in current period are looking forward to grow with advancement in the economy. Cryptocurrency is one of the well-known emerging financial instruments. The present study focuses on future of Cryptocurrency in Indian Economy. As per recent developments in the respective area, Cryptocurrency and Regulation of Official Digital Currency Bill 2021 is to be introduced by government in parliament during winter session. This can be a positive step towards development in the area of Investments and trading.*

**Key Words:** *Cryptocurrency, Investment and trading, Indian Economy*



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**Introduction:**

According to Triple-A, India has more cryptocurrency holders than any other country, nearly more than 100 million holders are from India. A new study by data analytics firm Kantar shows that around 83% of urban India is aware of cryptocurrencies and 16% of them are holders. Presently in India ‘Cryptocurrency trade’ is not governed by any existing laws or any exchanges. Introduction of Cryptocurrency in legal system is primary requirement to smooth line exchange of digital financial instruments, at the same time building trust among investor, protecting traders and investors interest and controlling potential threat is immensely challenging task.



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The study attempt to understand whether opening legal gates for cryptocurrency in india will have positive financial leverage? Whether it will act as an opportunity?

Cryptocurrency:

“Cryptocurrency is a set of binary data designed to act as medium of exchange to secure the transaction and to control additional units creation of the currency”

Bitcoin was first released as open source software, it is the first digitalized cryptocurrency. The Cryptocurrency was first used by Laszlo Hanyecz in 2010, the popularity was increased rapidly. People invested huge amounts in new digital coins like Bitcoin, Litecoin, Zcash etc all over the world. In India the introduction of Indian cryptocurrency is in developing phase as reported by RBI. Indian economy is expecting its own cryptocurrencies named Lakshmi coin and JioCoin.

Cryptocurrency exchanges allow customers to trade cryptocurrencies for other assets or to trade between different digital currencies.

With growing number of holder in India, introduction of Indian cryptocurrency can be strong step towards development. Indian Economy can be benefited with this new advancement in financial instruments.

### **Objective:**

- To analyze whether the Cryptocurrency will act as an opportunity in Indian Economy.
- To Analyze investors and traders approach towards Cryptocurrency
- To Analyze threat related to Cryptocurrency

### **Data analysis:**

Based on secondary date following observations and analysis has been done to fulfill the objectives of the studies,

1. In present scenario regulatory authority has prohibited dealing in cryptocurrencies and has also called an attention to risk attached.
2. RBI has issued direction to banks and Financial Institution prohibiting the cryptocurrency transaction.
3. Though in India trading is prohibited through RBI, there are around 11 platforms which deals in cryptocurrencies.
4. Awareness of cryptocurrencies is restricted to urban India



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5. India is in top 5 countries that have largest number of crypto currency holders.
6. As share markets have seen increase in investors over the years, it can be stated that once legal doors opens for cryptocurrencies, number of holders will increase rapidly.
7. Today's Young investor is tech-savvy, It was observed that population having technical knowledge showed positive responses in buying cryptocurrencies.
8. Majority of Investors who are holder of cryptocurrency have risk bearer approach
9. 'Security of Financial transaction' is major area of concern in cryptocurrency dealings
10. Cyber threat is may have adverse effect on trust building about crypto currencies
11. Though it will be convenient for users of cryptocurrencies, study indicates it may have negative impact to country.
12. Cryptocurrencies are flagged by multiple law enforcement agencies throughout the world for illegal and criminal activities like Money laundering, Illegal fund raising, frauds, drug trafficking.

### Limitation:

1. Cryptocurrencies are highly volatile
2. It increases potential to huge losses
3. Money laundering is major threat which may have adverse impact on economy
4. Currently theses are unregulated and not covered under any law
5. Use is restricted to area having internet and technology
6. No awareness in rural India
7. Threat of increase in Cyber crime rate

### Conclusion:

Cryptocurrency is new system, all systems develops through time. It has huge potential of growth but at the same time risk attached to cryptocurrency system is high. Effective security policy is to be adopted in order to minimize threat. Cryptocurrency can be an opportunity subject to appropriate legal framework and security policies. Holders are currently dealing in exchanges which are not approved yet India is in Top 5 countries, it can be concluded that once legal shelter is provided Indian Holders will increase rapidly which will lead to growth opportunity. This can be next step for India in E Commerce. India as country along with holders will experience potential progressive growth.



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