



AN STUDY ON OPPORTUNITIES AND CHALLENGES OF BIT COIN IN INDIA

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ABSTRACT

Many activities in daily life have been checking online prices and more flexible on crypto currencies as a side benefit of Bitcoin activities and the growth of digital technologies and information. Bitcoin is a virtual or digital currency that is joined using crypto. Bitcoin has brought about unprecedented changes in the financial system, including both positive and negative contributions. A Crypto coin is used to direct the transfer of funds such as buying, selling, and trading. This paper investigates users' realistic expectations of cryptocurrency but also the challenges of bitcoins.

Introduction

Created in 2009, Bitcoin is a digital asset that leverages a peer-to-peer network to facilitate the transfer of value without intermediation from banks or central authority. Bitcoin is a digital currency, with no physical bitcoins in circulation

The introduction of digital currencies has completely transformed the multinational payment system on a scale that was unrealistic just a few years ago. A cryptocurrency market is still a digital or virtual currency that is controlled by cryptography for security. David Chaum, an American cryptographer, innovated ecash, an anonymous cryptographic digital money, in 1983. Later, in 1995, he learn how it works with Digi cash, an early form of cryptographic digital payment that allowed user software to withdraw notes from banks and designated encrypted keys before they can be sent to a recipient. Because of this security characteristic, the digital currency is untraceable by the bank account, the government, or any third party.

A cryptocurrency is difficult to counterfeit. A defining feature of a cryptocurrency is that it is not issued by any central authority. It is completely decentralized. Cryptocurrency is a digital or virtual currency that limits access to information for safety. Cryptocurrency has created severe changes in the financial market, tending both positive and negative. The use of block chain technology in cryptocurrency has raised issues in the financial sector, government, shareholders, and private investors. A cryptocurrency is a unit of exchange that is generated and kept digitally on the block chain, using encryption systems to manage the creation of monetary values and to verify funds transfer. A really well example is Bitcoin.

Advantages of Bitcoins:

1. Protection from Payment Fraud

Bitcoins are digital currencies. It uses an algorithm and cryptographic protocols. This makes them impossible to counterfeit.

2. Reduced Possibility of Identity Theft

- ❖ Bitcoin transactions are completely anonymous. Bitcoin transactions do not require personal details or any sensitive information from either sender or receiver.
- ❖ It helps prevent identity theft. Credit cards or debit cards use a pull mechanism where they request your credentials and initiate a payment then pull an amount from your account.
- ❖ Bitcoins use a push mechanism where you initiate the payment and can send any amount to the receiver.

3. Immediate Settlement

Bitcoin does not involve a third party to facilitate the transactions. Funds are settled immediately and once initiated cannot be put on hold or can be refunded.

4. Direct Transfer

Transactions directly take place between users that is the sender and receiver. No third party involved there. Thus, it eliminates the fees for involving an intermediary.

5. Greater Liquidity

While converting to other real-world currencies bitcoin retains most of its value while other cryptocurrencies lost their value.

6. International Transactions

Bitcoin is the easiest method to initiate an international transaction. It does not charge any extra fees and settle immediately to a receiver.

7. Independent

Any political or governing authority does not regulate Bitcoin. It does not have political influence. Neither government nor any authority can freeze it or seize it.

8. Security

Bitcoin has very strong security and it is impossible to counterfeit or cheat the Bitcoin payment network. There will be 21 million Bitcoin ever exist. It makes Bitcoin value a long-term promise against other real-world currencies.

9. Block chain

Bitcoin transactions are tamperproof thanks to Block chain.

Disadvantages of Bitcoin

1. Scams and frauds

Bitcoin is technically difficult and not easy to understand for a common citizen. It leads to in the name of Bitcoin savings, Bitcoin investment, and other bitcoin-related activities. Fake websites and apps are selling Bitcoin and faking people.

2. Black market activity

Bitcoin is popular in the black market and criminals. Due to the complete anonymous feature, Bitcoin is used in cyber hacking, drug deals, and black-market arms deals.

International and national legal systems do not yet have proper laws and authority over bitcoin making it harder to stop Bitcoin-related black market activities.

3. Price volatility

After the FBI declared that, it would treat Bitcoin as other legitimate financial services, Bitcoin value skyrocketed. When a security breach happened in MT. Gox Bitcoin exchange, Bitcoin value fall more than 50 percent. This price volatility makes Bitcoin investment difficult.

4. No refund

Once payment is initiated and complete Bitcoin cannot be held and refunded. It takes place directly between users and without an intermediary. So Bitcoin cannot be transferred back.

5. Future Cryptocurrencies

Bitcoin may be replaced by some other future [cryptocurrency](#), which can address the disadvantage of Bitcoin while retaining a superior secure network.

6. Cyber hacking

Hacking and illegal ransom ware use Bitcoin as a payment system to extort money from affected victims. This makes them untraceable due to bitcoins anonymous nature.

7. Piracy

Pirated file-sharing services rely on bitcoins to run their network.

Objectives of the Study

- To understand the concept of BITCOIN IN KUMBAKONAM
- To know the opportunities and challenges of Bitcoin in Kumbakonam.
- To find out the top player Bitcoin.

Review of Literature

Anil Kumar, Ph.D. (2019) A study of the prospects and huge issues of cryptocurrency in India, with a focus on Bitcoin, is detailed in this research report. The purpose of this article is to learn what cryptocurrency works, and the benefits and challenges, and to assess the legal status, challenges, and

problems of Bitcoin in India. Cryptocurrencies, he thinks, may bring more positive change to the E-Business and E-Payment sectors. Cryptocurrencies, on the other hand, do not yet have a high level of trust. Various challenges, obstacles, and issues exist in many Cryptocurrency apps, and users must take extra steps while utilizing such virtual money until it is well regulated and controlled.

Research Methodology

Research methodology is the specific procedures or techniques used to identify, select, process, and analyze information about a topic. In a research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability.

Research Design

Research design is a blueprint of a scientific study. It includes research methodologies, tools, and techniques to conduct the research. It helps to identify and address the problem that may rise during the process of research and analysis. In this article, we will look at different types of research designs.

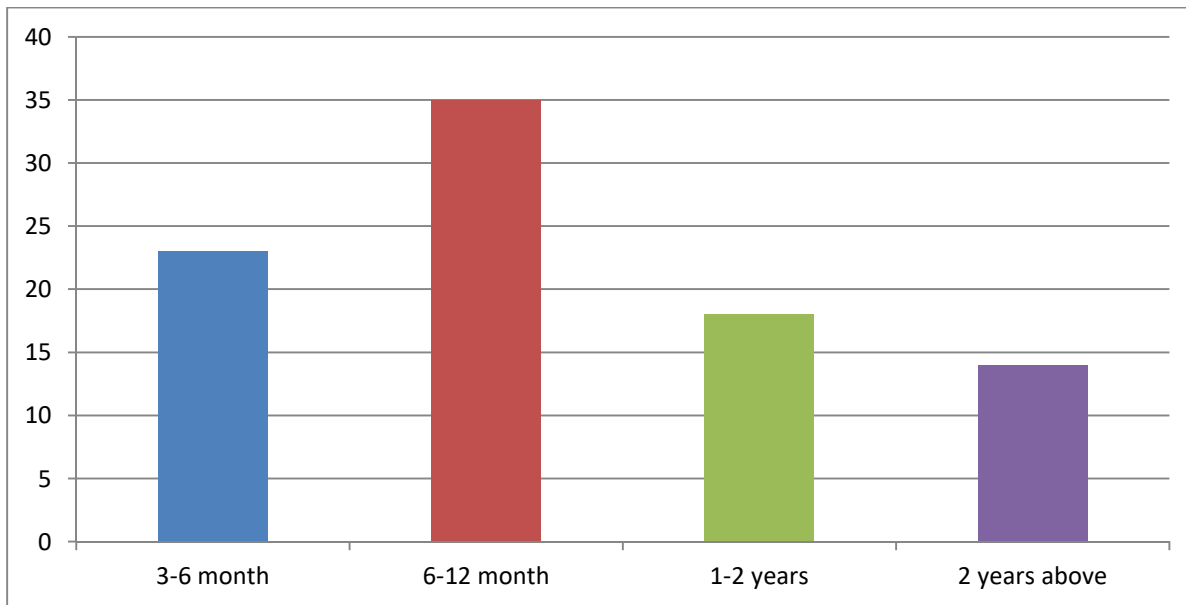
Data Collection Tool

- Data is collected from various employees through personal interaction.
- Some other information is collected through secondary data also. Data was collected through a structured questionnaire; Like Scale is used for analysis.
- Convenience sampling Method is used to collect data for interpretation and analysis of research.

Data Analysis

1) **When is your firm thinking about trading cryptocurrency?**

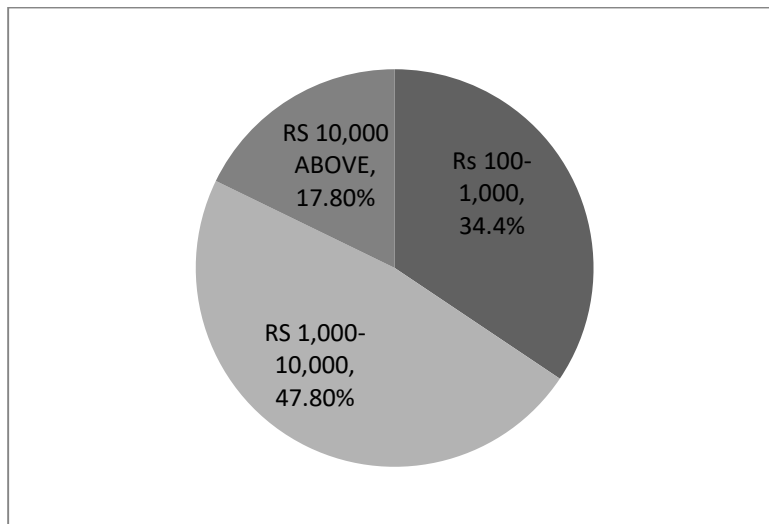
	Responses	Percentage
3-6 Month	23	25.6%
6-12 month	35	38.9%
1-2 years	18	20%
2 years above	14	15.6%
Total	90	100



The majority 38.6% of the respondent says that the firm thinks about cryptocurrency during 6 - 12 month. From the above table, no 3.4 25.6% of respondents are from 3-6 months, 38.6% of respondents are from 6-12 months,20% of respondents are from 1-2 years, and 15.6% of respondents are from 2 years above.

2) How much money do you invest in Bitcoin?

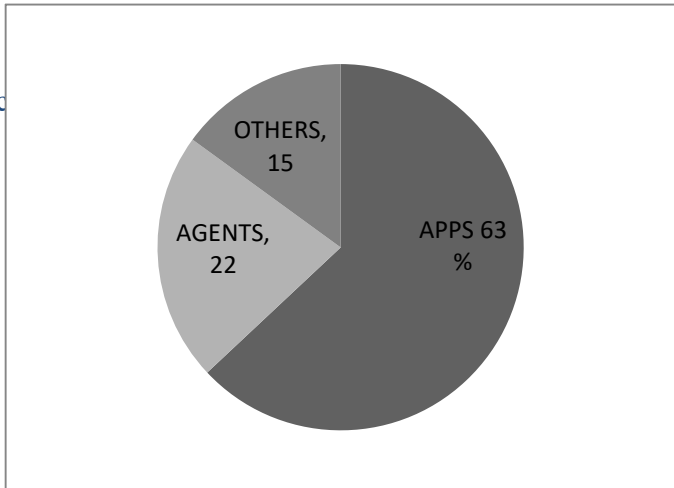
	Responses	percentage
Rs 100- 1000	31	34.4%
Rs 1,000- 10,000	43	47.8%
Rs 10,000 – Above	16	17.8%
Total	90	100%



The majority 47.8% of respondents have invested more than 1,000-10,000rs on cryptocurrency. From the above table no 3.7 34.4% of respondents' money investment Rs.100- 1000, 47.8% of respondents' money investment rs.1000-10,000,17.8% of respondents money investment Rs. 10,000 above.

3) Preference in Mode of Purchase Bitcoin

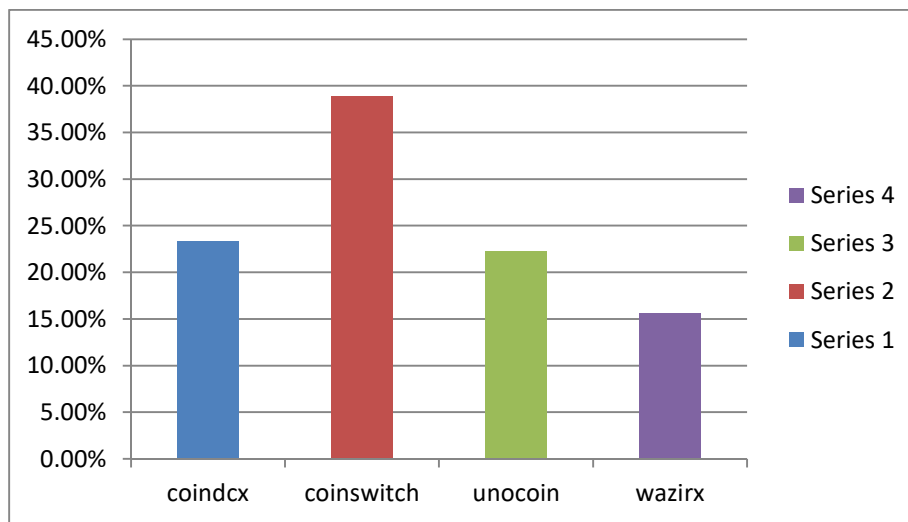
	Responses	Percentage
Apps	57	63%
Agents	20	22%
Others	13	15%
Total	90	100%



The majority 63.3% of respondents preferred apps for a mode of purchasing. From the above table, no 3.10 63% of the respondents accept on APPS, 22% of the respondents accept on Agent or broker, 15% of the respondents accept on others.

4) Preferred Mode of Cryptocurrency

	Reponses	Percentage
Coindex	21	23.3%
Coinswitch	35	38.9%
Unocoin	20	22.2%
Wazirx	14	15.6%
Total	90	100%



38.9% of respondents have preferred coin switch apps as a preferred mode of cryptocurrency. From the above table, 23.3% of the respondents accept APPS ON COINDCX. 38.9% of the respondents

accept APPS ON COIN SWITCH, 22.2% of the respondents accept APPS on UNOCOIN, 15.6% of the respondents accept APPS ON WAZIRX.

Hypothesis Test:

One Way Anova

➤ Null hypothesis (H0): There is no significant difference between investment in Bitcoin and understanding involved in bitcoin .

Anova

Investment in Bitcoin

	Sum of square	df	Mean square	f	Sig.
Between group	5.086	4	1.271	2.609	.041
Within group	41.414	85	.487		
Total	46.500	89			

➤ Alternative Hypothesis (H1): There is significant difference between investment in Bitcoin and understanding involved in bitcoin

Multiple comparison

Dependent variable: Investment in Bitcoin 95% confidence interval

A clear understanding of the involved with Bitcoin investment	A clear understanding of the involved with Bitcoin investment	Mean Difference (I-J)	Std. error	Sig.	Lower Bound	Upper Bound
Strongly agree	Strongly disagree	.686	.237	.017	.10	1.27
Agree	Strongly disagree	.482	.225	.111	-.08	1.04
Neutral	Strongly disagree	.493	.243	.143	-.11	1.10
Disagree	Strongly disagree	1.143	.583	.106	-.17	2.45

The mean difference is significant at the 0.05 level.

Dunnett t-test treat ne group as a control and compare all other against it.

Inference

Since the p-value of 0.106 is greater than 0.05 null hypothesis is accepted alternate hypothesis is rejected. Hence, there is a significant difference between money invested in bitcoin and the clear understanding of the bitcoin investment.

Suggestions

At last, the trust and faith in using cryptocurrencies are noticeably strong, as shown by several cases presented in this paper in addition to the survey results. Users, on either coin, are ignorant of the possible scope of using cryptocurrency. Many cryptocurrency firms, in fact, do not yet have that degree of trust. Many challenges, constraints, and issues exist in many cryptocurrency platforms, as indicated in the preceding sections of this article. Users should exercise multiple cautions when using cryptocurrency until it is regulated properly and regulated. What's more, some individuals are unsure of the awareness of cryptocurrency because they are afraid and will not know how to use the cryptocurrencies, so the awareness should be properly delivered to the people so that they should start using the cryptocurrency. Moreover, people are afraid of cryptocurrency investment because virtual money and illegal activities are regularly used with the help of bitcoins, so service providers and app distributors should ensure that give proper guidance to the people.

Conclusion

Cryptocurrency, in special Bitcoin, presents a new, effective, and attractive payment method model that can raise revenues for businesses and operators. It also supports alternate methods of payment, in addition to real money, that allows customers to easily do financial activities like buying, selling, transferring, and exchanging. Cryptocurrency has the potential to bring about positive changes in the e-Business and e-Payment sectors. However, cryptocurrency has yet to gain widespread acceptance. Many issues, challenges, and problems exist in many cryptocurrency trading platforms. Users to take extra precautions when using cryptocurrency until the cryptocurrency is well regulated and controlled. As a basis, the scarcity of legislation is seen as the main risk in cryptocurrency systems. The RBI's silence on the regulatory position of Bitcoin may be damaging. In India, an industry has developed around Bitcoins, to traders, exchanges, and sellers are able to accept Bitcoin payments. Bitcoins already have gained considerable recognition around the world, therefore outlawing them would be inconceivable in India. This industry, on the other hand, would have to be regulated. The soon this is checked, the better.

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