

A Study on Impact of Cryptocurrency on Investors and Indian Economy

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Abstract: *This study investigates the profound impact of cryptocurrencies on both individual investors and the Indian economy. Analysing the evolution and unique features of cryptocurrencies, including blockchain technology, the research explores factors influencing investor engagement, encompassing returns, risk considerations, regulatory frameworks, and technological advancements. Utilizing surveys and interviews, the study assesses investor sentiments and motivations, providing insights into the dynamics of cryptocurrency adoption in India. Beyond individual investors, the research scrutinizes broader economic implications, evaluating effects on traditional financial institutions, government policies, and regulatory landscapes. Furthermore, it examines cryptocurrency's role in financial inclusion, considering potential benefits for the unbanked and underbanked populations. The study delves into challenges, such as market volatility, security concerns, and regulatory uncertainties, offering insights into risk management and investor protection. Additionally, it assesses macroeconomic impacts, including effects on monetary policy, inflation, and capital flows, providing a nuanced understanding of how cryptocurrencies influence the Indian economy. By addressing these multifaceted aspects, the study aims to inform policymakers, financial institutions, and investors about the evolving landscape of digital assets, facilitating a comprehensive understanding of the challenges and opportunities presented by cryptocurrencies*

Keywords: Cryptocurrency, Blockchain, Investor Sentiments, Financial Inclusion, Regulatory Landscape, Risk Management, Indian Economy

I. INTRODUCTION

Cryptocurrencies, characterized by their decentralized nature and reliance on blockchain technology, have emerged as a transformative force within the global financial landscape. As these digital assets continue to gain widespread attention and adoption, their impact on individual investors and national economies has become a subject of intense scrutiny. This study seeks to delve into the intricate dynamics of how cryptocurrencies influence investors and, by extension, the Indian economy. With a particular focus on India, a country with a rapidly evolving financial ecosystem and a diverse population of investors, the research aims to unravel the multifaceted implications, challenges, and opportunities presented by the growing presence of cryptocurrencies. By exploring the factors shaping investor behaviour, assessing the regulatory landscape, and analysing the broader economic consequences, this study endeavours to contribute nuanced insights that can inform policymakers, financial institutions, and investors about the evolving role of cryptocurrencies in shaping the financial future of India.

Crypto currencies forms of money could give a huge advantage by defeating the absence of social trust and by expanding the admittance to monetary administrations (Nakamoto, 2008) as they can be viewed as a medium to help the development cycle in non-industrial nations by expanding monetary consideration, giving a superior detectability of assets and to assist individuals with getting away from destitution (Ammous, 2015).

To give a thorough outline of the chances of cryptographic forms of money in non-industrial nations, it is important to comprehend the general benefits and disservices digital forms of money accommodate clients contrasted with national bank-gave government issued types of money, similar to the Euro or the US dollar, and to examine how they rise up out of the fundamental innovation. For this reason, the case of two digital currencies is utilized in this paper. The basic innovation of most cryptographic forms of money is blockchain innovation. A blockchain is a decentralized data set

that is circulated in the organization on various PCs. Portrayed by the reality its entrances are summed up and put away in blocks.

On the off chance that the uber digital money has left you anxious, particularly assuming you are a financial backer in computerized coins like Bitcoin or Ethereum, hold your nerves as there is a silver lining in the pandemonium the crypto resource class experienced the week before.

While the short unstable period has broadly been promoted as a course rectification (one Bitcoin is presently drifting around \$37,000 subsequent to contacting a record high of almost \$60,000 only two or three weeks prior), industry specialists are of the view that remaining contributed and thinking long haul is the thumb rule to observe for crypto financial backers in the country.

India is progressively embracing Bitcoin and other cryptographic forms of money. As per reports, the nation at present has more than one crore crypto financial backers, and the number is altogether developing consistently with a few homegrown crypto trades working in the country.

Regardless of the Hold Bank of India (RBI) being careful about cryptographic forms of money, Indians are making a shortcut to put resources into the computerized coins, promoted as the main resource class of the 21st hundred years.

As per Rahul Adipati, President, ZebPay, Indian financial backers are figuring out how to see Bitcoin as a resource class that has a place in each drawn out portfolio.

"Indians own under 1% of the world's Bitcoin. Being abandoned will make an essential impediment for the Indian economy. In 2021, we anticipate that more organizations and government authorities should perceive that we really want to close the Bitcoin hole," said Adipati.

In April 2018, the RBI requested monetary establishments to extreme binds with people or organizations managing in virtual cash like Bitcoin. Nonetheless, in Walk 2020, the High Court permitted banks to keep dealing with digital money exchanges from merchants and trades, giving a reprieve to the crypto financial backers In Spring this year, Money Pastor Nirmala Sitharaman said that all windows on cryptographic forms of money won't be shut down, carrying further help to the partners.

What is cryptocurrency?

A cryptocurrency is a computerized or virtual cash safeguarded by cryptography which makes forging or twofold spending beyond difficult. Most digital forms of money are decentralized, blockchain-based networks — a public data set worked by a scattered figuring organization. One distinctive trait of cryptographic forms of money is that they are typically not disseminated by any focal organization, delivering them possibly impervious to intercession or maltreatment by the public authority.

The expression "crypto-currency" gets from the encryption techniques used to safeguard the organization. Digital currencies draw in examination for different reasons including their utilization for illegal action, conversion scale variances, and organization streams that underlie them. They were likewise adulated for their compactness, responsibility and distinguishableness.

Cryptographic forms of money are quite often planned to be liberated from government impact and guideline; however, this centre element of the innovation has experienced harsh criticism as they have become more normal. The monetary forms displayed after bitcoin are called altcoins all in all and have frequently endeavoured to introduce themselves as adjusted or further developed variants of bitcoin.

The top cryptocurrencies

Here are the top cryptocurrencies in India.

The cryptocurrency publicity has gone from the west and arrived at India, drawing in financial backers with its high worth. Be it, prepared financial backers or fledgling fans, everybody needs to participate in a change about digital forms of money and offer perspectives. While numerous NRIs have great information about the developing digital money market, Indians need to refresh themselves with the market news.

After the new market plunge brought by China's crypto boycott, the low crypto coin costs have gotten the premium of Indian financial backers and doubters. Individuals, who were once against gambling with cash in such an unpredictable market because of excessive costs, are presently prepared to make their first, yet little digital currency speculation.

For you to get everything rolling, here are the top digital currencies to purchase and hold in May 2021. Starting today, the crypto market is in recuperation, which makes this an optimal chance to contribute

1.Bitcoin (BTC)

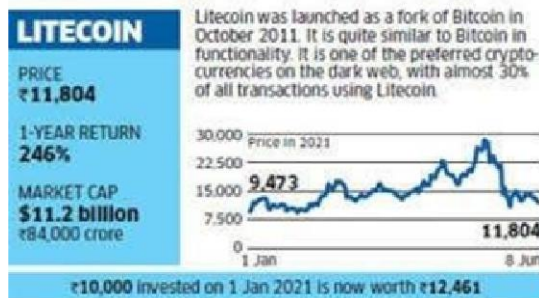
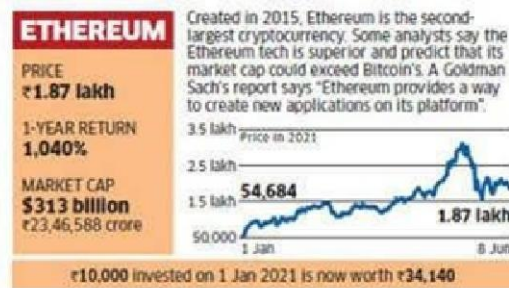
Price today: INR 3,246,223

For Indians, Bitcoin is inseparable from cryptographic money. What's more, as it should be, on the grounds that this was the first and is the most noteworthy esteemed crypto in the market at the present time. In the wake of arriving at a record-breaking high of about \$65000 in April this year, the cost began diving as of late, because of Elon Musk's tweet about Tesla not tolerating Bitcoins any longer (at first, Tesla had chosen to acknowledge Bitcoins as a method of instalment). On the off chance that you have the spending plan, this present time is the best opportunity to purchase Bitcoin as the cost dropped by practically 30%.

2.Ethereum

Price today: 158,130.49

Ether, presented in 2015, is as of now the second-greatest computerized cash by market esteem behind bitcoin, yet it slacks overwhelmingly behind the prevailing cryptographic money. Successful January 2020, the market worth of ether is around 1/10 the size of bitcoins. Ethereum is centred around sensible brilliant agreements for the digitalisation of exchanges utilized by a few organizations. Ethereum is a decentralized figuring system that empowers the development and running of Brilliant Agreements and Decentralized Applications with no outsider interference, robbery, power or intercession. On Ethereum, the projects run on the stage explicit cryptographic token, ether.



3.Binance Coin

Price today: INR 31,390

According to showcase capitalization, Binance Coin is the third-biggest cryptographic money, the initial two being Bitcoin and Ethereum. In 2017, Binance Coin was sent off by one of the world's biggest digital currency trades Binance, as a utility token. Consequently, the estimating of this crypto coin relies upon its utility on the Binance stage. In straightforward terms, assuming that more individuals use Binance Coin to exchange other cryptos, it's worth will increment. Specialists foresee that toward the finish of May 2021, the cost of one Binance Coin will hit \$505.

4. Ripple:

Sent off in 2012, Wave assists saves money with genuine timing settle cross-line exchanges for start to finish straightforwardness and lower costs. With its new plan of action, Wave has seen a good outcome; it stays one of the most engaging advanced monetary standards for standard monetary organizations tracking down ways of changing cross-line instalments. This is likewise the world's third-biggest digital currency by in general market esteem right now. Swell had a market cap of \$9.2 billion as of January 8, 2020, and a load of \$0.21 per token.

5. Dogecoin (DOGE) Price today: INR 31.605

It is perplexing how a crypto coin that began as an image is presently a main player on the lookout. Informally supported by the "Doge father" Elon Musk, Dogecoin is an inexpensively evaluated cryptographic money with gigantic development assumptions. However, the market decline had confused the cost of Dogecoin, it is as yet the fourth-biggest cryptographic money according to the market cap.

II. RELEVANCE OF THE STUDY

- This study is applicable to see profoundly the effect of cryptographic money on financial backers' direction and the economy.
- It assumes fundamental part in monetary speculations these days and helps raising computerized capital and does influences development of economy.
- To meet the ongoing necessities of the computerized period and impact choices of the financial backers.

OBJECTIVES OF THE STUDY

The objectives of this study are as follows:

- To become familiar with the effect of digital currency on Indian economy
- To concentrate on the ongoing status of digital currency in India and the future it holds
- To comprehend the meaning of digital currencies as per the impression of financial backers.
- To dissect the impression of financial backers towards digital forms of money.

NEED OF THE STUDY

- To give the outline of the digital money market in India.
- To figure out the monetary place of the organization.
- To figure out productivity of the organization.
- To realize the surveying working productivity.

HYPOTHESIS

Hypothesis 1-

H0-There is positive effect of cryptocurrency money on Indian economy.

H1-There is negative effect of cryptocurrency money on Indian economy.

Hypothesis 2-

H0 - cryptocurrencies forms of money have essentially affected the speculation choices of financial backers.

H1-cryptocurrencies forms of money lastly affect venture choices of financial backers.

III. DATA COLLECTION AND RESEARCH METHODOLOGY

TYPE OF RESEARCH USED.

Exploration can be ordered in a wide range of ways based on philosophy of the examination, the information it makes, the client gatherings, the examination issue it researches, and so forth. Following is the procedure that we have utilized in research:

Quantitative Research:

In regular and sociologies, and at times in different fields, quantitative exploration is the precise exact examination of discernible peculiarities by means of factual, numerical, or computational procedures. The goal of quantitative examination is to create and utilize numerical models, speculations, and speculations relating to peculiarities. The

course of estimation is vital to quantitative examination since it gives the essential association between exact perception and numerical articulation of quantitative connections.

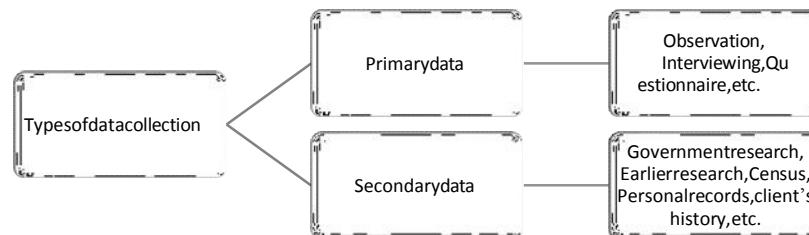
Quantitative examination is for the most part firmly associated with thoughts from 'the logical strategy', which can include:

- The age of models, speculations and theories.
- The improvement of instruments and strategies for estimation.
- Test control and control of factors.
- Assortment of experimental information.
- Demonstrating and investigation of information.

QUANTITATIVE RESEARCH

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> • Specific research problem • Clear independent and dependent variable • High level of reliability • Minimum personal judgement 	<ul style="list-style-type: none"> • Limited outcomes due to structured method • Unability to control the environment • Expensive (large number of respondents)

TYPES OF DATA USED



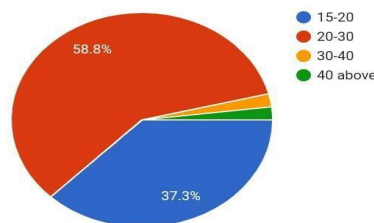
Here, we have used both Primary and Secondary Data while conducting research.

DATA ANALYSIS AND INTERPRETATION

The examination strategy utilized was review through survey. A sample size of 50 individuals was taken.

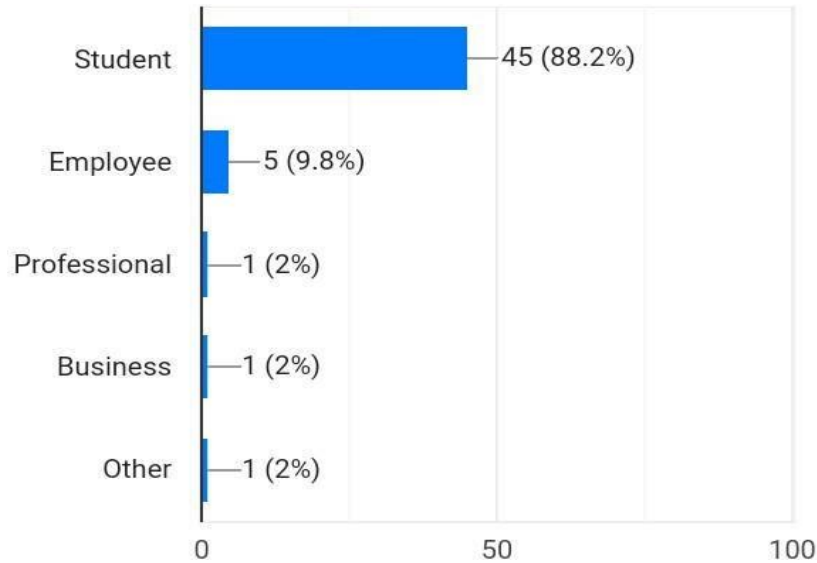
These are the inquiries posed to in the study poll and the outcomes are as per the following-

Age-



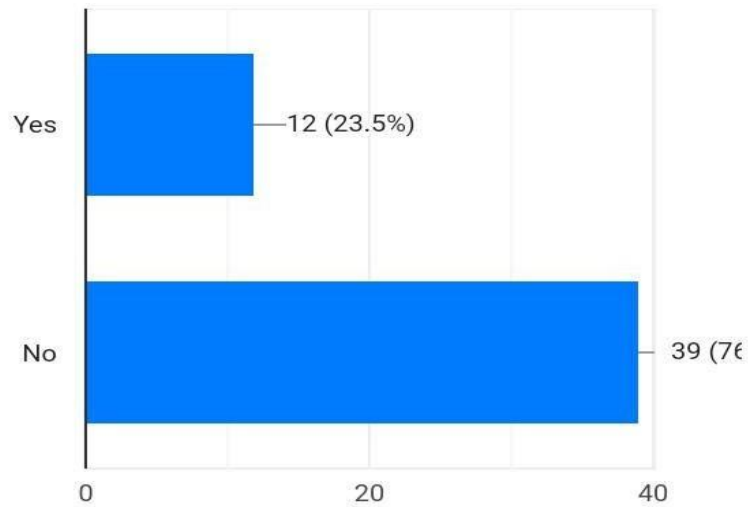
Interpretation – Almost 95 % of the people in the sample were between the age of 15-30 years. This states that most of the people were from the young generation.

Occupation-



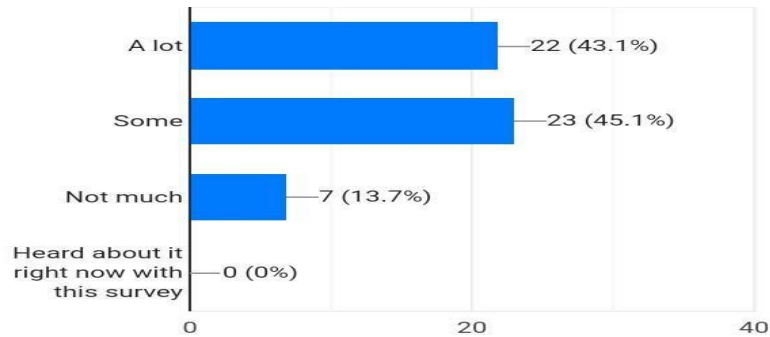
Interpretation - out of the sample of 50 most of them were students and some working employees. Small part of the sample was from the category of business, professional and others.

Do you own cryptocurrency?



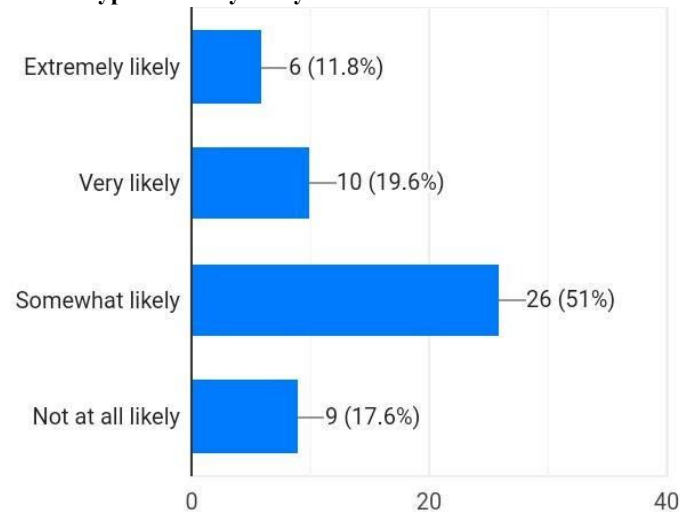
Interpretation – As most of the people from the sample were learning student’s majority of them did not own any type of cryptocurrency, yet there are some who did own cryptocurrency.

How much, if at all have you heard or read about cryptocurrency like bitcoin and Ethereum?



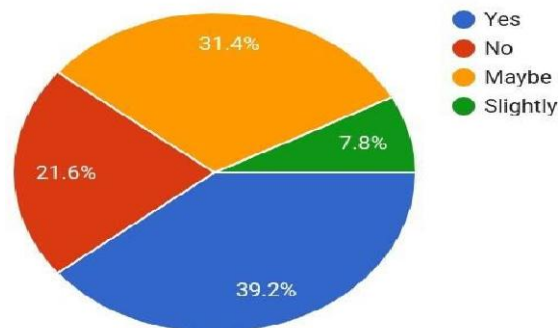
Interpretation – Majority of the people from the sample are aware about the concept of cryptocurrency and have good knowledge about it as most of them are learning students and people of the current generation.

How likely are you to invest in cryptocurrency this year?



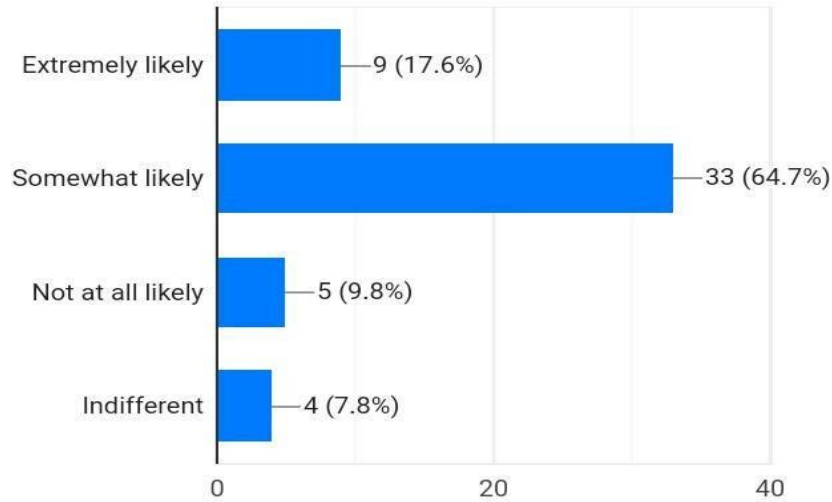
Interpretation-most of the people are somewhat likely to invest in cryptocurrency this year and considering the decision of buying cryptocurrency.

If you are a regular investor or want to start investing, does the introduction of cryptocurrency have impacted your decision of investment?



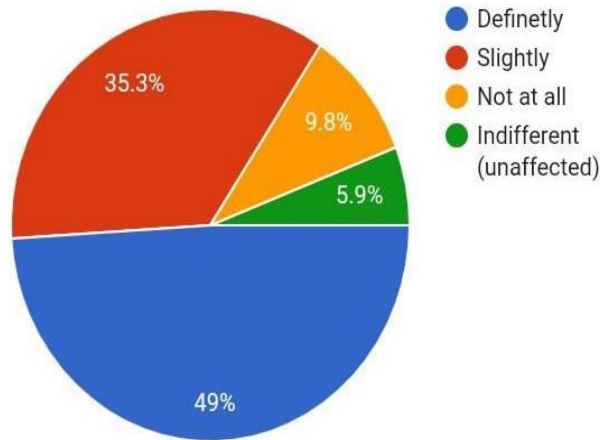
Interpretation - the introduction of cryptocurrency has impacted differently on different people regarding their investment decisions.

Cryptocurrency is still in its infancy stage and may undergo many changes in the near future which makes it extremely volatile. How likely would this affect your decision to use cryptocurrency?



Interpretation – the extreme volatile nature of cryptocurrency has affected the decision of investment in cryptocurrency of most of the people.

Unlike other currencies, cryptocurrency requires much less fee to operate. Would this increase your interest in using cryptocurrency



Interpretation – on knowing about the low-cost investment requirements of cryptocurrency have increased the interest in investment in cryptocurrency of majority of the people.

IV. SWOT ANALYSIS

Bitcoin strengths: cryptocurrency can't be tracked or stolen.

Bitcoin utilizes blockchain (a shared) network between the source and the beneficiary. Just these two gatherings are involved. It's not normal for some other strategy for moving cash — which includes an outsider, similar to a bank. A go between is restricted from Bitcoin exchanges.

Furthermore, since that troublesome outsider doesn't exist, it makes Bitcoin a tax-exempt money. The public authority

doesn't control or direct Bitcoin.

For most Bitcoin clients, this is a crazy positive since it's not imprudence to financial strife. Bitcoin's worth is settled upon by the shipper and the recipient. Not an organization. Regardless of whether the economy crashes, Bitcoin can get by.

Shockingly, this isn't the reason Bitcoin's notoriety soar inside the most recent couple of years.

The real strength is the secrecy.

Each individual in the Blockchain network has a confidential wallet address. It is completely unknown to Exchange Bitcoin. It's 100% untraceable. Except if you choose to make your wallet address — yet most of clients don't. Since the obscurity makes your monetary information completely covered up.

An interesting PIN number doled out to each Bitcoin veils the personality of the merchant. When the Bitcoin is sold, the PIN changes again. Right now, just the purchaser knows the PIN. It's irreversible, except if the ongoing proprietor chooses to change the possession back.

Albeit this amounts to there are no hope once the Bitcoin is sent, it likewise implies you can't take this money. You can take your actual wallet. You can take charge card data and commandeer your web-based financial balance. However, you can't take Bitcoin.

This is a result of this expanded security that pushes individuals towards cryptographic money.

Bitcoin weaknesses: crippling slow transactions and accessibility loss.

Bitcoin exchanges aren't generally so quick as they were a couple of years prior. This is one of the drawbacks of Blockchain: the more individuals use it, the more Blockchain limits your exchanges speeds.

Fundamentally, the blocks get greater the more it's being used. Making the entire cycle cumbersome and slow. Until this issue is settled, it's far-fetched Bitcoin cash will usurp ordinary Visa use.

V. BENIFITS OF CRYPTOCURRENCY

Job opportunities – With numerous new companies reemerging the market, rivalry for top ability in the space of blockchain innovation and digital currencies might increment. From blockchain designers to developers, creation specialists and venture directors, there will be numerous admirers for top ability in the field of blockchain. Industry specialists, sponsors, content designers and gathering managers among others will currently play a significant part to play in the public hug of digital currencies that will presently be looked for by numerous new companies.

Immunity from theft – as of now, the monetary framework, and the resultant economy, isn't resistant to burglaries or extortion. As we probably are aware the planet is turning out to be more powerless against complex holes and hacks. With a few ransomware assaults, information spills from first class banks and Mastercard organizations, news titles have been buzzing over the most recent couple of years. India was going advanced at that point, the foundation of which was based on Aadhaar confirmation, Jan Dhan accounts and so on. Notwithstanding, the equivalent leads to defects in innovation, with crooks wanting to break the validation system of Aadhaar or Jan-Dhan accounts. In making digital currencies generally confirmed exchanges should be saved in a public record.

Accessibility – Blockchain is the justification for why digital currency merits something. Usability is the justification for why there is a popularity for cryptographic money. All you really want is a versatile screen, a web association, and you effectively make instalments and cash moves to your records. There is multiple billion individuals with admittance to the Web who can't utilize customary types of exchange. These individuals are enlightened to the digital money market.

Global economies – Cryptographic money gives Indians a once in a lifetime chance to be comparable to the worldwide economy, especially the present prospering millennial age. A digital forms of money drove economy is a decentralized economy. There is a lot of time and cash to get outsider endorsements, and constantly and energy spent in talks will as of now not be required while purchasing, for instance, a house and so on. Taking into account a portion of the exploring and age making patterns of the past, including the rise of the web, the innovative economy, the production of Silicon Valley and so on., India has recently looked to adjust the speed of worldwide developments.

TIMELINE OF RBI AND CRYPTOCURRENCY

- India's RBI delivered an official statement cautioning the general population against virtual money mining, as Bitcoin mining back in 2013. With the cost of shooting up cryptographic money and their rising acknowledgment and use by individuals outside the traditional cliques, specialists all over the planet began to think about this arising improvement.
- No national bank subsidizes Advanced monetary standards.
- Esteem is an issue of theory, not of a resource or a decent.
- RBI has not allowed exchanging or the utilization of virtual monetary standards.
- RBI is currently auditing the proposed administrative construction for digital currencies in India and will give further headings in view of their survey.
- State leader Narendra Modi reported a demonetization program started on November 8, 2016. The public authority's choice to demonetize around 86% of the nation's paper cash sent shockwaves across India's subcontinent. Individuals with significant money saves believed that another way should keep their capital without huge assessment pressures and various strategy oversight. Purchasing huge orders of Bitcoin or other digital currencies became standard practice for other people and afterward exchanging them sometime in the not-too-distant future. This implied that they bypassed what ought to have been enormous tax assessment had they needed to move their cash into the monetary area.

VI. CONCLUSION

Digital currency is such a development which has turned into a worldwide peculiarity. Prior RBI cautioned the Indians from utilizing digital currency that to be related with illegal tax avoidance and fear-based oppressor supporting. Notwithstanding, digital money is a cutting-edge innovation and an instrument which requirements to look forward for. Despite the fact that there has been no administrative reaction from the Indian government, the quantity of financial backers in digital currency is expanding rather quickly throughout recent years. Indian government ought to make dependable strides now to manage such cash as its client in India is quickly developing. Eventual fate of cryptographic money in India looks encouraging and there is beam of trust.

Digital currencies could give a huge advantage by defeating the absence of social trust and by expanding the admittance to monetary administrations (Nakamoto, 2008) as they can be thought of as a medium to help the development cycle in non-industrial nations by expanding monetary consideration, giving a superior recognizability of assets and to assist individuals with getting away from destitution.

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