

Analysis of Cryptocurrency: Global Moment vs Indian Scenario

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Abstract: *The study delves into the regulatory frameworks governing cryptocurrencies in India and compares them with international standards and practices. It explores the evolution of cryptocurrency markets in India, examining factors such as adoption rates, trading volumes, and investor sentiment. Furthermore, it investigates the role of government policies, regulatory uncertainty, and public perception in shaping the trajectory of cryptocurrencies within the Indian context.*

On the global front, the paper analyses the key trends and developments driving the momentum of cryptocurrencies. It investigates factors such as institutional adoption, technological advancements, and macroeconomic factors influencing cryptocurrency markets worldwide. Additionally, the study assesses the impact of regulatory frameworks implemented by different countries on the global adoption and acceptance of cryptocurrencies. Through a comparative lens, this research aims to provide insights into the similarities, disparities, and interconnectedness between the Indian cryptocurrency landscape and the global momentum. By identifying challenges, opportunities, and best practices, this analysis contributes to a nuanced understanding of the role of cryptocurrencies in both local and global financial ecosystems, informing policymakers, investors, and stakeholders alike..

Keywords: Cryptocurrencies, Market adoption, Taxation policies, Investor sentiment, financial inclusion, Government stance, India, Global

I. INTRODUCTION

The advent of cryptocurrencies has unleashed a transformative wave across the global financial spectrum, challenging established norms, and reshaping the dynamics of monetary transactions, investments, and regulatory frameworks. At the forefront of this revolution stands India, a nation grappling with the dual challenge of harnessing the potential of cryptocurrencies while navigating the complexities of regulatory uncertainties. Against this backdrop, a comparative analysis that juxtaposes the Indian scenario with the broader global momentum surrounding cryptocurrencies becomes not only pertinent but imperative. This paper embarks on a comprehensive exploration, delving into the multifaceted dimensions of cryptocurrencies within the Indian context and their interconnectedness with global trends and developments. Cryptocurrencies, epitomized by Bitcoin's meteoric rise, have transcended geographical boundaries, captivating the imagination of investors, technologists, policymakers, and the general populace alike. India, home to a burgeoning tech-savvy population and a rapidly digitizing economy presents a compelling case study for understanding how cryptocurrencies are perceived, adopted, and regulated within a dynamic socio-economic landscape.

The comparative lens through which this study is conducted offers a nuanced understanding of the similarities, disparities, and interdependencies between the Indian cryptocurrency ecosystem and the global phenomenon. Regulatory frameworks serve as a linchpin in this analysis, as they delineate the boundaries within which cryptocurrencies operate, impacting market dynamics, investor sentiment, and innovation. In India, the regulatory landscape has been marked by a blend of caution, experimentation, and ambiguity, with regulatory bodies grappling to strike a balance between fostering innovation and mitigating potential risks associated with cryptocurrencies.

OBJECTIVE

1. Comparative analysis of crypto adoption
2. Global vs Indian Cryptocurrency trends
3. Impact of Cryptocurrency on India

II. RESEARCH METHODOLOGY

The study is based on secondary sources of data/information. Secondary data collected to analyse of cryptocurrency global moment vs indian scenario was collected through online journals, new articles, and so on. Utilize statistical methods to compare global cryptocurrency movements with the Indian scenario, examining factors such as adoption rates, regulatory environments, and socio-economic factors to draw.

III. REVIEW OF LITERATURE

"Cryptocurrency, a digital payment method independent of banks, enables peer-to-peer transactions globally. India's burgeoning cryptocurrency landscape offers significant growth prospects. This study aims to analyze its evolution, juxtaposing it with traditional investments and conducting a SWOT analysis for insights into its Indian market potential. Despite India's 20 million active cryptocurrency users and a staggering 640% market surge from July 2020 to June 2021, conventional investment avenues remain dominant due to factors like information gaps, security concerns, and regulatory uncertainties. However, cryptocurrency's decentralized nature, minimal transaction costs, and global accessibility suggest promising future growth despite challenges like market volatility and security risk (Sharma,2022). This study analyzes the correlations between the cryptocurrency market, represented by bitcoin and ethereum, and traditional financial markets such as stock indices, Forex, and commodities, from January 2020 to October 2022. The aim is to determine whether the cryptocurrency market maintains its autonomy or has integrated with traditional markets, potentially sacrificing independence. Previous studies yielded mixed results, prompting this investigation. Utilizing high-frequency 10-second data in rolling windows, the analysis examines dependencies across various time scales, fluctuation magnitudes, and market periods. Findings suggest that since the COVID-19 panic of March 2020, bitcoin and ethereum prices have become intertwined with traditional markets, notably evident in 2022, particularly during market downturns. Additionally, cryptocurrencies now respond to economic data like the Consumer Price Index akin to traditional instruments, indicating a significant shift towards interdependence. This spontaneous coupling resembles phase transitions seen in complex systems, suggesting cryptocurrencies may no longer serve as a secure haven for financial investments (Wątorrek et al. 2023).

The recent surge in digital currency innovations presents both unprecedented opportunities and formidable regulatory hurdles. These currencies streamline global financial activities like money transfer, trade, investment, and speculation while amplifying anonymity, fostering tax evasion, money laundering, and illicit activities. They also decentralize monetary creation and economic regulation from national governments and central banks. This trend could lead to a global currency basket, supported by the collective productive capacity of humanity. The convergence of the internet, distributed ledgers, and cryptocurrencies could catalyze a new era of economic growth surpassing the impact of the World Wide Web. However, it challenges government taxation capabilities, necessitating international cooperation and the evolution of global regulatory institutions. Central banks have predominantly scrutinized cryptocurrencies' risks and benefits within national contexts, but there's a growing need to examine their global implications and the role of international bodies in regulating them and managing global finances (Jacbs 2018).



Cryptocurrencies such as bitcoin are essential for executing financial transactions in the trading industry due to their decentralized nature, traceability, and anonymity features, enabled by blockchain technology. However, they also underpin some of the largest unregulated marketplaces globally, leading to numerous regulatory challenges. These challenges encompass issues like drug and weapon trafficking, money laundering, and terrorist financing. This chapter delves into the legal and ethical implications of cryptocurrency use, exploring potential solutions to the complex problems faced by policymakers and regulators daily. Drawing from an analysis of 30 recent peer-reviewed publications, the authors propose various mechanisms to detect and prevent illicit activities, which currently dominate cryptocurrency trading. They also suggest methodologies and applications for identifying dark markets if the need arises in the future (Gosavi and Joshi 2021).

IV. DATA ANALYSIS

In recent years, the crypto currency market has witnessed exponential growth, becoming a focal point of global financial discussions. This surge in interest has sparked numerous debates and analyses surrounding its implications on both a global scale and within individual countries, such as India. In this analysis, we delve into the dynamics of crypto currency trends, comparing the global momentum with the unique landscape of the Indian crypto market. By examining key indicators, regulatory frameworks, and market behaviors, we aim to provide insights into the intersection of global crypto trends and the specific context of India, shedding light on the evolving nature of this digital asset class, following are cryptocurrency momentum globally versus indian scenario:

Global Momentum: Cryptocurrency has gained significant momentum globally, with increasing adoption by both individual investors and institutional players. Major cryptocurrencies like Bitcoin and Ethereum have experienced significant price appreciation over the years, driving interest and investment.

Indian Scenario: In India, cryptocurrency adoption has been met with mixed reactions. The regulatory environment has been uncertain, with the Reserve Bank of India (RBI) expressing concerns about the risks associated with cryptocurrencies. However, despite regulatory challenges, the interest in cryptocurrencies among Indian investors has been growing steadily.

Price Movements: Price movements in the global cryptocurrency market often influence the Indian market, but local factors such as regulatory announcements and market sentiment also play a significant role in shaping price trends.

Regulatory Landscape: The regulatory landscape in India has been evolving. While there have been periods of uncertainty and even proposals for bans on cryptocurrencies, there have also been discussions about potential regulations to govern the industry. The clarity and direction of regulatory policies have a significant impact on cryptocurrency adoption and investment in India.

Investor Sentiment: Investor sentiment in both the global and Indian cryptocurrency markets can fluctuate based on various factors, including market developments, technological advancements, regulatory news, and macroeconomic conditions.

SWOT ANALYSIS OF CRYPTOCURRENCY

Cryptocurrencies represent a significant global technological shift, leveraging blockchain technology for internet-based transactions. India stands to gain considerable economic advantages through digital currency adoption. While initially banned by the RBI in 2018, the Supreme Court overturned this decision in 2020, paving the way for investment opportunities. Tax implications introduced in the 2022-23 Union Budget underscore the government's regulatory stance. Understanding cryptocurrency dynamics requires analyzing factors like demand-supply dynamics and SWOT analysis to assess strengths, weaknesses, opportunities, and threats in this emerging landscape.

Strengths and Opportunities of Cryptocurrency System

STRENGTHS	OPPORTUNITIES
Decentralized system	Globalize market
Open source	Reinstitution of money
Store of value	Can reduce systematic risk
Easy and quick transfer	Possibility of entry of new business models

Low transaction cost	Automation (smarts contracts)
Worldwide accessibility	

The table displays the strengths and opportunities within the cryptocurrency market. Cryptocurrencies offer decentralized systems, making them independent of government or centralized control. They also demonstrate significant value appreciation over time. Transactions are swift and cost-effective, with global acceptance. Cryptocurrency presents opportunities for a globalized market, improved efficiency, reduced systemic risk, and innovative business models like digital currency in gaming.

Weakness and threats of the cryptocurrency system

Weakness	Threats
Highly volatile currency	Speculative motive/ black market
Immaterial currency	Low adoption due to lack of knowledge
Security threats	Legal framework(banned in different countries)
Possible of hacking	Competitive technological environment
Scams	The collapsing concern of cryptocurrency
Less reliable	KYC(threats associated with unknown identity)

The table outlines the prevalent threats and weaknesses in the current cryptocurrency system. A significant weakness lies in the market's high volatility, with prices fluctuating rapidly. Cryptocurrencies' intangible nature makes them vulnerable to hacking, resulting in fake currency or theft. Lack of reliable information deters some users from adoption. Additionally, speculative trading and regulatory bans pose threats to digital currencies' stability and authenticity.

V. CONCLUSION

The study delves into India's evolving cryptocurrency landscape, contrasting it with traditional investments and conducting a SWOT analysis to unveil its market potential. Despite India's substantial active user base and remarkable market surge, conventional investments persist due to information gaps, security concerns, and regulatory uncertainties. However, cryptocurrency's decentralized nature and global accessibility hint at promising growth despite challenges like market volatility and security risks. Furthermore, the study explores the integration of cryptocurrencies with traditional financial markets, indicating a shift towards interdependence and potential implications for global financial systems, underscoring the need for international cooperation in regulating cryptocurrencies to mitigate risks and harness their transformative potential.

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