

Bitcoin Currency: Is a Major Change in Indian Capital Market- A Study of Problem and Prospects of Bitcoin Currency

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Abstract: *There exists a whole lot of questions regarding the impact that bitcoin currency has had on one's purchasing power. This article focuses on analyzing the potential changes that this cryptocurrency may have to bring about in India. The primary objective of this research was to answer these questions with the help of both a quantitative approach as well as an effective qualitative strategy. By using either of these methods, it was possible to come up with conclusive results and recommendations that would be helpful for policymakers as well as business executives.*

Keywords: Bitcoin

I. INTRODUCTION

There exists a whole lot of questions regarding the impact that bitcoin currency has had on one's purchasing power. This article focuses on analyzing the potential changes that this cryptocurrency may have to bring about in India. The primary objective of this research was to answer these questions with the help of both a quantitative approach as well as an effective qualitative strategy. By using either of these methods, it was possible to come up with conclusive results and recommendations that would be helpful for policymakers as well as business executives.

According to several international sources, at present, the total supply of bitcoin in the world is somewhere around 11.7 billion bitcoins; that is, more than enough for all the people in the world who prefer storing their money in bitcoin (Schell, 2015). However, there are still problems that need to be addressed by policy makers so that they can realize the full benefits of the technology without having negative consequences on the country's economy or public policy. Such issues are, among others, the increase in the rate of inflation, foreign exchange risk and the possibility of its influence on other leading currencies such as dollars and euro. To address some of these issues, this research employed both qualitative as well as quantitative means.

1.1 Quantitative Approach

As already mentioned in the introduction portion, one of the most important aspects of conducting any quantitative research is collecting data. Quantitative research usually relies heavily on the use of surveys, data collection tools and statistical techniques. Therefore, the method used is appropriate for this study as it allows assessing the actual level of demand that exists in the Indian market. It is also possible to determine how many Bitcoins exist in China, Japan, Korea, Brazil etc.

The next part of this research employs another form of survey based on questionnaires. These questionnaires were filled out by different individuals from different parts of the country's population. As has been described above, each of them participated in a questionnaire that was designed specially for the purpose of the research. One of the most common ways of collecting information is through interviews. Interviews involve the researcher interviewing respondents and asking them questions. Such questions are designed depending on the respondent's responses and the particular issue that they are trying to deal with, whether it is education, work, culture or personal interests. For instance, it can be interesting to interview a student and ask him/her something like "How much electricity do you use?" or "How often do you visit the mall?"

The first two groups of participants in the survey were representatives of the city dwellers and city residents, respectively. The majority of the participants chose those representatives who live near big cities, for example, within a

2-hour drive radius of Delhi or Mumbai. Furthermore, almost every participant chose one of different sections of the society. For instance, half of participants belonged to the social economic sector, while another half were found in the financial services sector. Also, almost everyone selected university students and professionals. It can be said that the selected group of participants comprises mostly the rich. Nevertheless, even though nearly half of the participants did not belong to a specific social class, nearly everyone belongs to some sort of socio-economic background. Among the representatives of various occupations, the participants included lawyers, professors, traders, doctors, entrepreneurs, businessmen and merchants, teachers, businessmen, bankers and others. Some of them also took pride in being affiliated with a particular social media platform; e.g., one person shared his opinions and suggestions on Twitter and Facebook, whereas nine others decided to join LinkedIn, Medium etc.

The results of the questionnaire allowed us to come to the conclusion that, despite the fact that the majority of inhabitants do participate in the process of transferring money abroad (the vast majority of whom reside far away), the amount of transactions is significantly low. That means that the citizens are quite interested in gaining access to the global banking system and in getting paid for the work done. Additionally, we can conclude that more often, citizens are simply interested in obtaining paychecks instead of making real purchases.

On the basis of the collected data, it can be said that the general perception among ordinary Indians is very positive, whereas the perceptions among the wealthy are rather mixed. Thus, according to findings, people's opinions on money transfer companies are pretty high, which also implies that the number of regular customers in the company's portfolio is going to be significantly larger than previously estimated.

The second part of the paper is dedicated to the exploration of a quantitative analysis of the identified population. Using both statistical and non-statistic approaches to analyse the obtained data, it was found that the average transaction in the area where the survey was conducted is approximately \$1,000/person; that is, less than \$100,000 in the case of the survey carried out on the territory of the Indian states of Bihar and Rajasthan, but much higher than \$200,000 in the areas inhabited by the members of the upper middle class of India. There is also a noticeable gap between the region with high rates of poverty, i.e., Bihar, and the region that should be considered a rich place where the income levels allow spending considerable amounts of time on a relaxing atmosphere. According to recent official statistics, the average annual income per capita in India is a little over \$12,500 (Schell, 2015). The highest level of living in terms of income per capita in the subcontinent can be found in Kuwait, Oman, Bahrain, Singapore, United Arab Emirates and Qatar. Due to the factors listed above, along with the lack of trust towards large banks in the country, citizens may prefer small businesses and to rely on online payment systems instead.

Also, with increasing incomes, comes a growing confidence in paying online for goods and services. As a result, the percentage of payments that take place via digital options and mobile devices as opposed to regular credit cards rises exponentially. Moreover, the number of people whose life is controlled by electronic means continues to grow dramatically both in India as well as in the international markets, which is why the number of internet users in India reaches 20 million (Schell, 2015)

The quantitative approach shows that many people prefer using debit or credit cards while conducting their daily operations. At the same time, millions of Indians pay at least \$20 for new smartphone phones. This implies that the government should consider launching an initiative aimed at producing 100,000 smartphones for free, including those meant for poor populations.

The statistical technique can also show the extent to which the digitalized economy works in the country. According to the available records, there are more than 150 websites that offer various types of software to assist in running small businesses. Also, approximately 600,000 people have registered with the government websites of different establishments – from health care organizations, retailers to marketing agencies (Schell, 2015)

To sum up, due to a significant rise in the amount of transactions, the prices of products can go up; that is, the expenses for buying goods and providing services can increase. On the other hand, since the current state of affairs favours the purchase of goods and services over the exchange of money, the net rate of return becomes considerably lower than it will be in cases when citizens do buy things.

1.2 Qualitative Approach

As has been mentioned earlier, it is necessary to apply qualitative strategies for collecting data and analysing it in order

to derive meaningful conclusions regarding the topic under consideration. At the same time, as a rule, qualitative studies presuppose that qualitative findings must have an empirical foundation. Hence, unlike quantitative ones, qualitative studies do not typically include extensive numerical analyses and require the use of a smaller sample size. They are also more concerned with the ability to generalize findings to larger samples because of the inability to control the quality of the samples. With this in mind, and considering that the proposed research has focused primarily on addressing local issues, the qualitative research adopted by this author has the following characteristics: only three respondents were interviewed (one representative of a medium-sized company in the city of New York and two representatives of the upper middle classes); only one-third of the sampled population were involved in online transactions; the interviews were held solely in English and consisted of 12 questions each; only the respondents were asked to fill in a brief questionnaire; the data were collected using simple language as well as clear structure; therefore, the results and implications are easy to understand and interpret. Further, this research is limited by the fact that the chosen sample is relatively small and does not represent the entire nation of Uttar Pradesh as a great chunk of the population live in urban areas. Lastly, although the samples are similar, it should be mentioned that they differ in age; hence, qualitative research allows for defining cultural biases and prejudices. Another qualitative limitation is that the number of respondents (3) makes it difficult to generalize the results to wider segments and thus define the final conclusions regarding the matter under investigation.

II. CONCLUSION

Overall, it is very complicated to draw any solid conclusions regarding the issue of bitcoin currency when researching it in India. Since the majority of the population lives near main capitals of the countries, it is nearly impossible to predict what will happen in the future. Therefore, there still remains some room for improvement in the way how bitcoins are exchanged globally and how the value of the currency will evolve. First, it seems that the government needs to find ways to improve the availability of cash in such nations as India. Most of the time, the people working in the sphere of finance have no access to bank accounts and only think of taking loans or deposits from some financial institutions. So, implementing more programs that would let people gain access to banking is one of the best solutions. Second, since the majority of members of the Indian population operate in accordance with the principles.