

“Awareness of Crypto Currency (Bitcoin) & Impact of Government Policies on Cryptocurrency (Bitcoin)”

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Abstract

Cryptocurrency, such as Bitcoin, has gained increasing attention and acceptance in recent years, yet many people in India are still unfamiliar with the concept and its potential implications. In this article, we aim to provide a brief overview of cryptocurrency, its characteristics, and its current state in India. We will discuss the decentralized nature of cryptocurrency, its underlying technology, blockchain, and its potential use cases. Additionally, the survey is categorized in different aspects such as awareness of bitcoin, stock investment related to bitcoin, effect of government policies and its future. The paper will also touch upon the awareness and adoption of cryptocurrency in India and the potential impact it could have on the economy and society. Overall, the purpose of this article is to increase awareness and understanding of cryptocurrency in India, and to encourage informed decision-making regarding its use and investment.

Keywords: Cryptocurrency, Bitcoin, Blockchain Technology

Introduction:

Awareness of Bitcoin and other cryptocurrencies has grown in recent years, but many people still lack a basic understanding of how they work. Some of the key concepts to understand include:

Decentralization: Unlike traditional currencies, which are controlled by governments or central banks, Bitcoin operates on a decentralized network, meaning that no single entity has control over it.

Blockchain technology: The blockchain is a digital ledger that records all Bitcoin transactions. It allows for transparency and helps prevent fraud by ensuring that the same Bitcoin cannot be spent twice.

Mining: Bitcoin transactions are verified by a decentralized network of computers, known as miners. Miners are awarded with newly Bitcoins for successful verifying transactions they make.

Volatility: The value of Bitcoin and other cryptocurrencies can be highly volatile, meaning that it can fluctuate greatly in a short period of time.

As the usage of bitcoin is increasing day by day, it's important for people to be aware of the basics of bitcoin and how it works. It's being widely accepted as a form of payment and it's also becoming a popular form of investment, but it's important to understand the risks and potential benefits before investing.

Objectives:

- Awareness of cryptocurrency in Indian market
- Investment risks in stocks related to cryptocurrency
- New government policies in India and its impact on cryptocurrency
- Present belief regarding investment in crypto currency (Data collected from questionnaire)
- Future of crypto currency in India.

Literature Review:

In regards to awareness of cryptocurrency, previous research has found that awareness and understanding of cryptocurrency among the general population is relatively low, but increasing. Studies have also found that factors such as age, education, and prior experience with technology are positively associated with increased awareness and understanding of cryptocurrency. Additionally, research has shown that media coverage and personal experience with cryptocurrency are also related to increased awareness. Overall, the literature suggests that while awareness of cryptocurrency is still limited, it is growing as the technology becomes more mainstream.

This study will close the existing gap in the literature caused by the absence of a thorough examination of cryptocurrencies from a financial standpoint. The new prospects these developing digital financial instruments can present to people, companies, and financial institutions are also still unknown to business and finance researchers. Through survey and questionnaire sessions, we will conduct a complete investigation of the issue of crypto currency awareness. The investigation also found a dearth of assessments emphasising the advantages and disadvantages of cryptocurrencies in contemporary finance. This study is one of the initial efforts to comprehend how cryptocurrencies are changing and altering the existing financial institutions. By making clear what cryptocurrency is and how it functions, we contend. How they can be useful when it comes to awareness regarding cryptocurrency in india. We add to the existing research, which is still notably deficient and inconclusive with regard to the expansive potential of cryptocurrencies in contemporary financial systems as well as the detrimental impact of new government policies on it. And this study will provide a glimpse of what the near future holds for cryptocurrencies.

Discussion and Analysis:

Impact of Bitcoin on the government

Bitcoin and other cryptocurrencies have the potential to impact government in several ways. One is by challenging the government's control over the monetary system, as Bitcoin allows for peer-to-peer transactions without the need for a central authority. This could potentially lead to decreased government revenue from transaction fees and taxes. Additionally, the anonymity of Bitcoin transactions could make it easier for individuals to engage in illegal activities, making it more

difficult for governments to track and prevent such activities. On the other hand, governments may also see potential benefits from Bitcoin and other cryptocurrencies, such as increased financial inclusion and more efficient financial systems. The impact of Bitcoin on government is still evolving and may vary depending on the country and government's approach to cryptocurrency.

Investment risks in stocks related to cryptocurrency

Investing in stocks related to cryptocurrency can be quite risky. The market for cryptocurrency is incredibly volatile and hard to predict, which makes it difficult to gauge the long-term success of companies in this space. Many of these companies are relatively new and untested, so it's hard to say how they'll perform in the future. Additionally, cryptocurrency and blockchain technology are still not very well-understood by the general public, and they haven't yet been widely adopted. This means that demand for products and services related to cryptocurrency might not be very high, which could negatively impact the stock prices of companies in this space. Finally, there's always the risk of changes in laws and regulations that could negatively impact these companies and their stock prices. Overall, investing in cryptocurrency related stocks requires a lot of research and caution.

New government policies in India and its impact on cryptocurrency

Government in India has been making new rules about cryptocurrency, in the past, banks were not allowed to work with companies or people that use digital currencies like Bitcoin. This made it hard for people to buy, sell, or save these kinds of money. But, a court in India changed this rule, which made it easier for people to use digital currencies again.

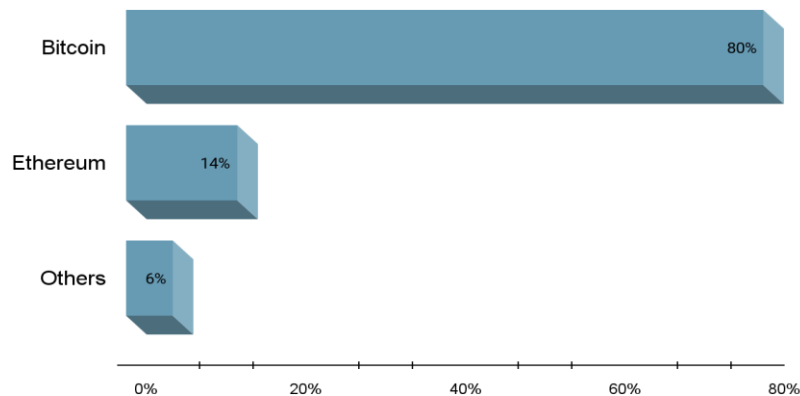
Now, the government is making a new law to control cryptocurrency. The law wants to make a digital version of the Indian money, but it also wants to stop people from using private digital currencies like Bitcoin. It's not clear yet how this new law will affect the use of digital currencies in India. The law is still being discussed and might change before it's official.

Future of bitcoin

The future of Bitcoin is uncertain and subject to speculation. The Indian government has had a mixed stance on cryptocurrency in the past. In 2018, the Reserve Bank of India (RBI) issued a circular prohibiting bank from providing services to cryptocurrency businesses, which effectively banned crypto trading in the country. However, in March 2020, the Supreme Court of India overturned the RBI ban, allowing banks to provide services to crypto businesses again. Recently, the Indian government has proposed a bill that would ban private cryptocurrencies and establish a framework for a digital rupee issued by the Reserve Bank of India. The bill has not yet been passed into law and it's not clear yet how it would impact the future of bitcoin in India. Overall, the future of Bitcoin and other cryptocurrencies in India depends on the government's approach to regulating them. The Indian government has shown a willingness to change its stance on crypto in the past and it's possible that it could do so again in the future. However, it's also possible that the government could continue to take a restrictive approach, which would likely limit the growth and adoption of Bitcoin in the country.

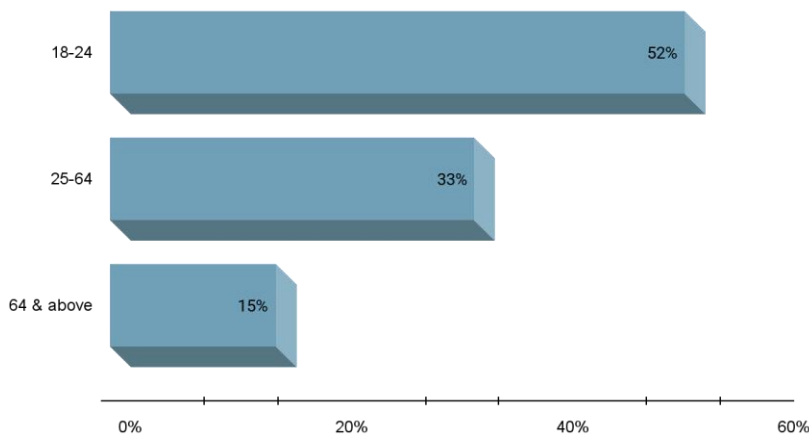
Questionnaire

1. Types of crypto currency you're aware of ?



As per our survey Bitcoin is the first and most well-known cryptocurrency, and it has been around since 2009. It has a larger market capitalization and higher brand recognition than Ethereum that's why the majority of people have chosen this specific currency. Additionally, many people first learned about cryptocurrency through Bitcoin, so it may be more familiar to them. Ethereum, on the other hand, is a newer cryptocurrency, first proposed in 2013 and launched in 2015. It has gained popularity in recent years, but it is still not as widely known as Bitcoin.

2. In which age bracket you fall?

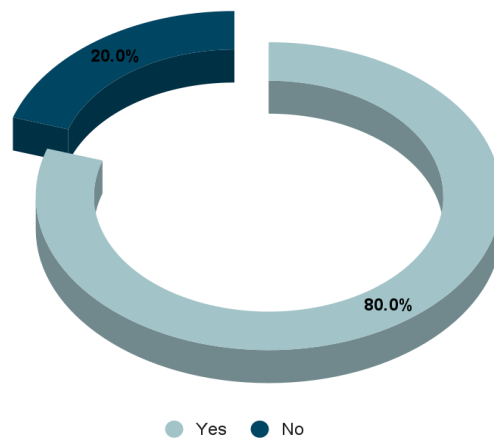


The reasons for why people aged 18-24 may invest more in cryptocurrency can vary. Some factors that may contribute to this demographic's interest in cryptocurrency include:-

- A desire for financial independence and control: This age group may be more likely to take risks with their money and be attracted to the decentralized and borderless nature of cryptocurrency.
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- Lack of trust in traditional financial systems: Some young people may have a general mistrust of traditional financial institutions and may see cryptocurrency as an alternative.

- Early adoption: Being the early adopters of new things is a common trait of young people, they want to be the first to invest in new trends and technologies. Investment Opportunity: Cryptocurrency has seen a significant rise in value over the years, and this demographic may see this as a potential investment opportunity with high returns.

3. Are you willing to invest in any crypto currency?



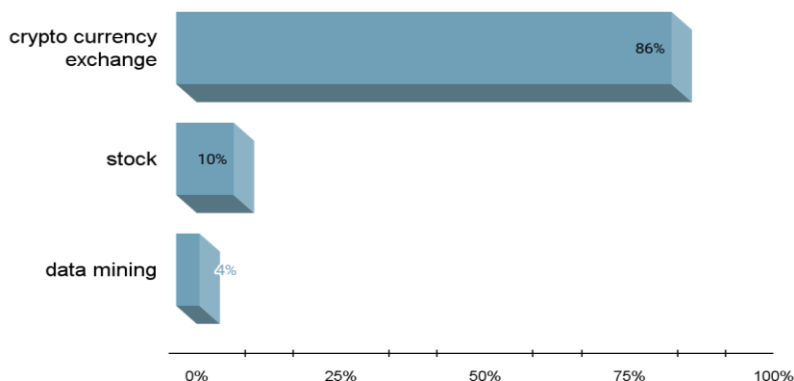
There are several reasons why the majority of people have chosen to invest in cryptocurrency. Some of the most commonly cited reasons include:

Potential for high returns: Cryptocurrency has the potential for significant price appreciation, which can result in large returns for investors.

Decentralization: Cryptocurrency operates on a decentralized system, which allows for more autonomy and potentially less interference from governments or financial institutions.

Innovation: Cryptocurrency is a new and innovative technology that has the potential to disrupt traditional financial systems.

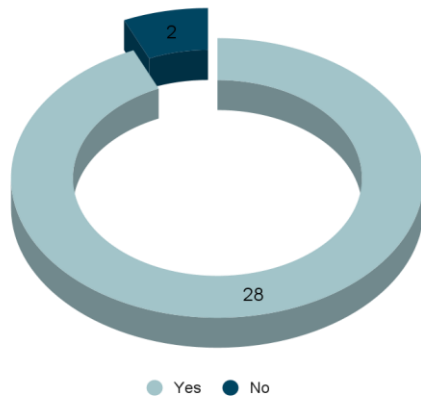
4. Which method do you prefer to purchase crypto currency?



According to our survey, the majority of people prefer to use cryptocurrency exchanges to purchase crypto because these exchanges act as a marketplace where people can buy and sell cryptocurrencies using fiat currency or other cryptocurrencies. Exchanges provide a user-friendly platform that allows individuals to buy and sell cryptocurrencies in a fast and secure manner. They also offer a wide variety of cryptocurrencies to trade, making it easy to find the specific one the user

is looking for. Additionally, many exchanges offer trading pairs, allowing users to exchange one cryptocurrency for another. This makes it easy to diversify a portfolio or take advantage of price movements in different cryptocurrencies.

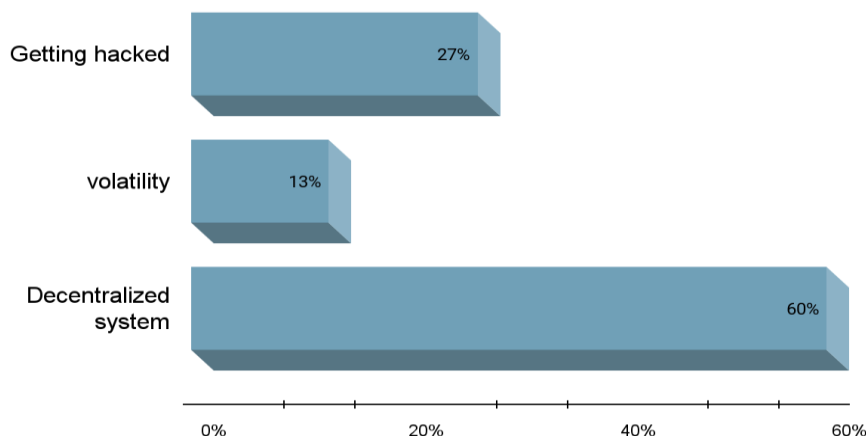
5. Will you purchase security ?



People have chosen to purchase security in the form of cryptocurrency for several reasons, including: Hedge against inflation: Some investors view cryptocurrency as a hedge against inflation, as the supply of most cryptocurrencies is limited, and this can make it less affected by inflation.

Lack of trust in traditional markets: Some investors may not trust traditional financial markets and institutions, and see cryptocurrency as a more secure or reliable alternative. Blockchain technology: Some investors are interested in the underlying technology of cryptocurrencies, blockchain, and see security in it as a way to invest in the technology.

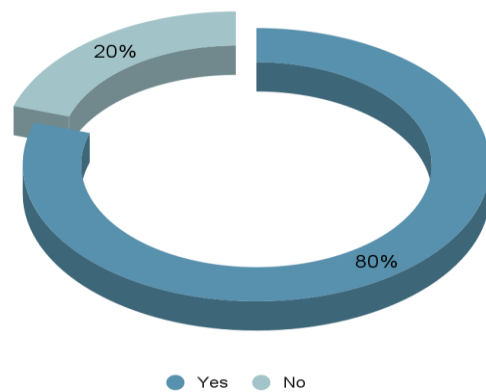
6. Reason for purchasing security ?



Main culprit for purchasing security is the decentralized system. This system is one in which there is no central authority controlling the network. In the case of cryptocurrency, this means that there is no central bank or government controlling the supply of the currency or the transactions that take place on the network. Instead, transactions are recorded and processed by a network of computers,

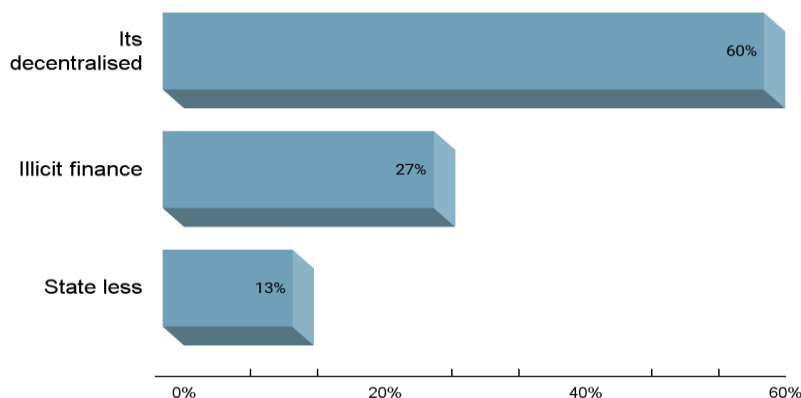
called nodes, that work together to maintain the integrity of the blockchain, the technology that underlies most cryptocurrencies. This increases the risk factor for the majority of people.

7. Does the diversity of crypto currency increase your risk factor?



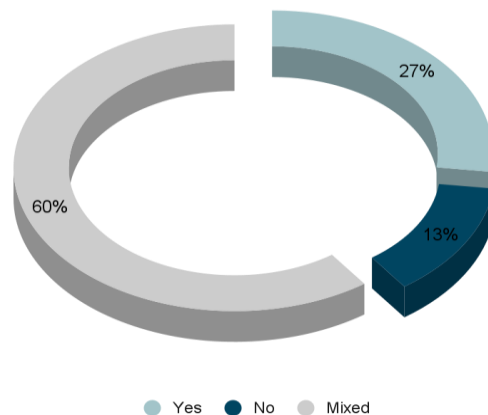
Diversifying your cryptocurrency investments can help spread risk and potentially increase returns, but it can also increase the overall risk of your portfolio. When you diversify your investments, you are spreading your money across different assets, which can help reduce the impact of any one investment performing poorly. However, it's important to note that not all cryptocurrencies are created equal. The value of some cryptocurrencies may be more volatile than others, or they may be more susceptible to market fluctuations. Additionally, some cryptocurrencies may be more vulnerable to hacking or other security risks, that's the most vital reason which drastically increases the risk factor when it comes to diversification.

8. Why has the government-imposed legislation on crypto currency?



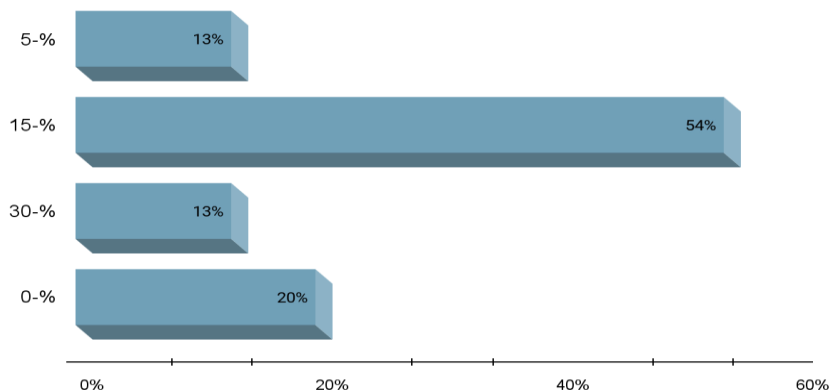
Some ways criminals use crypto for money laundering is by buying and selling cryptocurrency on different exchanges using different identities, using crypto mixers or tumblers that mix multiple transactions together to obscure the original source of funds. Also, they use a technique called "smurfing", which is breaking up large transactions into smaller ones to avoid detection by financial institutions. Due to this, governments around the world have been implementing regulations to combat money laundering through cryptocurrency

9. Will these government policies have an adverse effect on crypto currency ?



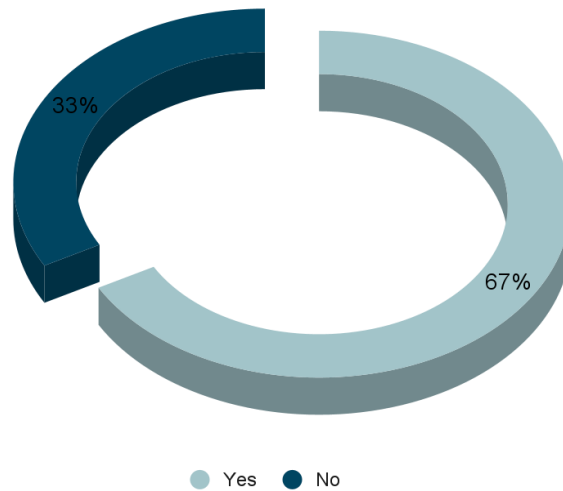
When it comes to government policies and their impact on the cryptocurrency market, it's important to be aware that they can potentially have both positive and negative effects on the industry. Stricter regulations can make it harder for individuals and businesses to buy, sell and use cryptocurrency, which can in turn impact the market's growth and adoption. However, governments can also create a favorable environment for the market by recognizing and regulating cryptocurrency, increasing trust and adoption among the general public. It's important for investors and entrepreneurs to keep a close eye on government policies and regulations around cryptocurrency, as these can change rapidly and have a significant impact on the market.

10. What do you think should be the tax rate on crypto currency ?



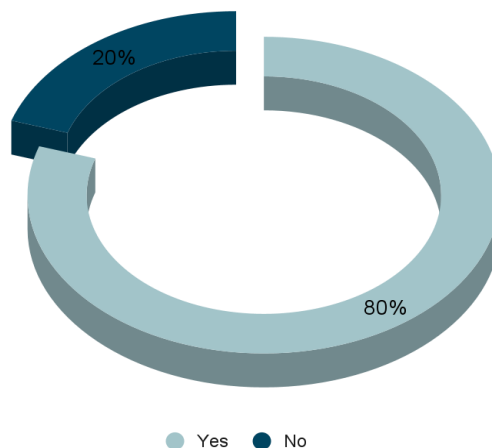
A 30% tax rate on cryptocurrency transactions could be considered relatively high compared to the tax rates on other types of income or investments in some countries. It is likely to be on the higher end of the range of tax rates applied to cryptocurrency transactions. That's why the majority of people chose 15% as it fits perfectly for a country where inflation is high and people do not have much awareness about it. For example, a 5% tax rate on cryptocurrency transactions could be considered low in comparison to a country with a high tax rate of 50% on capital gains. On the other hand, a 5% tax rate on cryptocurrency transactions could be considered high in comparison to a country with no tax on capital gains.

11. Have you invested in the crypto currency post ban phase?



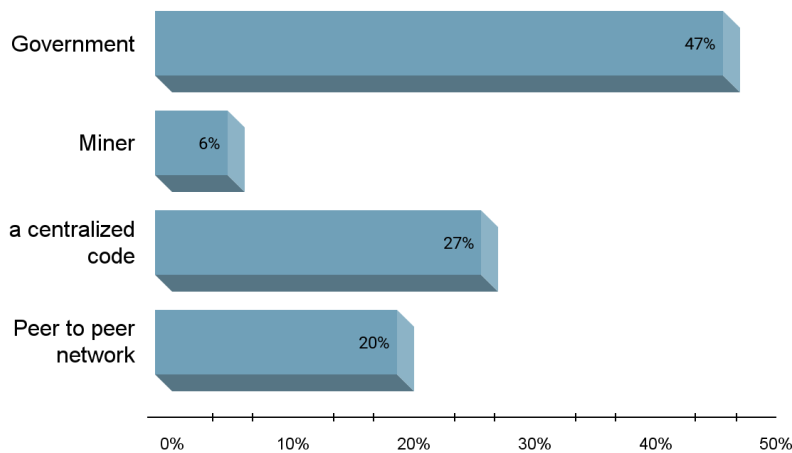
It is likely that some individuals and businesses continued to invest in cryptocurrency through unregulated channels, such as peer-to-peer exchanges or overseas exchanges. While the ban has made it difficult for Indians to buy and sell crypto through regulated channels, it hasn't stopped them from investing in it. Some Indians have found ways to invest in crypto through over-the-counter (OTC) platforms, peer-to-peer (P2P) trading platforms, and exchanges based outside India, that's why majority of people do invest in crypto even after the ban phase.

12. Is blockchain technology secure and trustworthy ?



Yes that's what our survey says because blockchain technology is considered to be secure and trustworthy by many experts in the field. The decentralized and distributed nature of blockchain technology allows for secure and transparent transactions, as well as the ability to record and verify data in a tamper-proof manner. One of the main features of blockchain is that it uses cryptography to secure transactions. This makes it difficult for hackers to tamper with the data stored on the blockchain, as any changes made to the data would be immediately apparent and would not be accepted by the network.

13. In the near future who do you think should control cryptocurrencies ?



As our survey leans towards the government side because governments and financial institutions will likely play a significant role in the regulation and control of cryptocurrencies due to their ability to influence laws and policies surrounding their use and distribution. Governments may seek to regulate the use of cryptocurrencies to prevent illegal activities such as money laundering and to ensure that taxes are being paid. Financial institutions may also be involved in controlling the use of cryptocurrencies by providing services such as exchanges and custody solutions for holding and trading digital assets.

SWOC ANALYSIS OF TRADING IN CRYPTOCURRENCY

Strengths:

- High potential for growth and returns
- Decentralized and global nature allows for 24/7 trading
- Increasing acceptance and mainstream adoption

Weaknesses:

- Volatility and lack of regulation can make it risky for some investors
- Lack of understanding and knowledge about the market among some investors
- Cybersecurity concerns and potential for hacking

Opportunities:

- Increasing demand for environmentally friendly and socially conscious investments
- Growing desire for investments that are socially and environmentally responsible
- Potential for partnerships and collaborations with traditional financial institutions

Challenges:

- Uncertainty and potential changes in government regulations
- Competition from other cryptocurrencies and digital assets
- Potential for market saturation and a decrease in demand

Findings:

The awareness and adoption of cryptocurrencies, such as Bitcoin and Ethereum, has been steadily increasing in recent years. A survey conducted in 2019 found that around 36% of Americans had heard of Bitcoin, while 14% reported owning some form of cryptocurrency. This represents a significant increase from previous years, when awareness and ownership levels were much lower.

Additionally, according to our survey we have found that younger generations tend to have higher levels of awareness and ownership of cryptocurrencies. A survey conducted by us found that around 52% of individuals aged 18-24 had heard of Bitcoin, compared to just 15% of those aged 65 and over. But majority of them are not willing to invest in crypto currency due to new government norms and rules as they have not regularized crypto in india, According to our survey 66% people have not invested in crypto while the remaining 34% did but further survey suggested that it will not be their primary element of investment. Main reason behind this as our survey said was tax rate 54 % of them found 15% to be a viable option instead of 30 % which is current tax rate on crypto.

Furthermore, the increasing mainstream acceptance of cryptocurrencies as a legitimate form of investment has also contributed to the rise in awareness. Major corporations such as Tesla, MicroStrategy, and Square have invested billions of dollars into Bitcoin, further legitimizing the digital currency.

In conclusion, awareness and adoption of cryptocurrencies have been increasing in recent years, particularly among younger generations and major corporations. However, there is still a significant lack of understanding among the general public about the technology and its potential use cases.

Suggestions

Suggestions for increasing awareness of cryptocurrency and its trade potential:

1. **Education:** Provide educational resources and workshops to teach individuals about the basics of cryptocurrency and blockchain technology.
2. **Marketing:** Utilize social media, influencer marketing, and other forms of advertising to reach a wider audience and raise awareness of cryptocurrency.
3. **Community building:** Build a community of enthusiasts, investors, and developers to support the growth of the cryptocurrency industry.
4. **Regulation:** Encourage government regulators to provide clear guidelines and regulations for the cryptocurrency industry to build trust and credibility among the general public.
5. **Use cases:** Highlighting the practical use cases and benefits of cryptocurrency, such as peer-to-peer transactions, micropayments and cross-border payments.
6. **Collaboration:** Partner with established financial institutions, tech companies, and educational institutions to increase awareness and understanding of cryptocurrency.
7. **Public figures:** Encourage well-known public figures and celebrities to invest in or promote cryptocurrency to increase public awareness and acceptance.
8. **Risk Management:** Emphasize the importance of risk management and educate the traders about the risks associated with the crypto trade.

Conclusion:

The one thing that never changes in human existence is change. There has been an improvement in the form of money and in the form of the interface of their transactions, on which the parties engage on business, from the system so called barter to rupees and from that to physical transactions then to online money transactions. And now is the time for cryptocurrencies, which are viewed as a secure

means of exchange and a potential avenue for investment. After introducing its own cryptocurrency, the government may attempt to outlaw illicit cryptocurrencies in the years to come, but in the long run it will need to make room for the oncoming wave of cryptocurrency investors. One of the biggest trap for investors when it comes to cryptocurrencies is not being the victim of hype. Spend some time learning about the many available currencies and exploring blockchain technology. There are several accessible and written for laypeople introductions to blockchain technology. Spend some time reading the project's white paper before deciding whether to invest. With all of these factors in mind, our research outlines how each person should view cryptocurrencies in light of the new rules and regulations the government has put in place as well as their potential future. Additionally, learn about cryptocurrencies and blockchain technologies to increase your awareness of digital currency, as the majority of people lack the necessary understanding linked to investing in crypto currency, therefore this research paper is to provide you a glimpse of awareness of cryptocurrency in our culture. to be better equipped to decide whether this type of investment opportunity is profitable for you.

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Links:

- [Indian Government Launching Crypto Awareness Campaign – Regulation Bitcoin News](#)
- [Crypto Awareness Campaign \(drishtiias.com\)](#)
- [Bitcoin - Wikipedia](#)
- [Bitcoin price today, BTC to USD live, marketcap and chart | CoinMarketCap](#)
- [Awareness of crypto currency among adults - JMRA](#)