



CRYPTOCURRENCY IN INDIA – A STUDY ON ITS GROWTH AND FUTURE

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ABSTRACT

This study aims to analyze the growth and future of cryptocurrencies in India. The research examines the current status of cryptocurrency in India and the factors influencing its adoption. It also investigates the regulatory landscape and its impact on the growth of cryptocurrency in India. The study uses a mixed-method approach, incorporating both quantitative and qualitative data. The findings indicate that while cryptocurrency adoption in India is still relatively low, it is gradually gaining traction. The primary factors influencing its growth include the increasing digitization of the Indian economy, the potential for low-cost remittances, and the growing interest among investors. However, regulatory uncertainty and lack of awareness remain significant barriers to adoption. The study concludes that the future of cryptocurrency in India is promising, but its growth will depend on the government's approach to regulation

and the initiatives taken by the industry to increase awareness and education.

INTRODUCTION

Cryptocurrencies have emerged as a disruptive force in the global financial landscape, challenging traditional financial systems and offering new avenues for investment, payments, and wealth creation. In India, the adoption of cryptocurrencies has been relatively slow, mainly due to regulatory uncertainty and lack of awareness. However, the potential for cryptocurrencies to transform the Indian financial landscape cannot be ignored, especially given the country's large population, growing digital infrastructure, and dynamic entrepreneurial ecosystem.

This study aims to analyze the growth and future of cryptocurrencies in India, with a focus on understanding the factors influencing their adoption and the regulatory landscape. The research will examine the current status of cryptocurrencies in India, the factors

driving their growth, and the challenges they face. The study will use a mixed-method approach, incorporating both quantitative and qualitative data, to provide insights into the trends, patterns, and drivers of cryptocurrency adoption in India.

The study is relevant in the current context, as India is witnessing a significant shift towards digital transactions, and cryptocurrencies could potentially play a vital role in this transformation. The findings of this research can provide valuable insights to policymakers, regulators, and industry players in shaping the future of cryptocurrency in India.

PURPOSE OF THE STUDY

The purpose of this research study is to analyze the growth and future of cryptocurrencies in India, with a focus on understanding the factors influencing their adoption and the regulatory landscape. The study aims to achieve the following objectives:

- To examine the current status of cryptocurrencies in India, including their adoption rate, user demographics, and usage patterns.
- To identify the factors driving the growth of cryptocurrencies in India, including the potential for low-cost remittances, the increasing digitization of the economy, and the growing interest among investors.
- To analyze the regulatory landscape in India for cryptocurrencies and its impact on their growth, including

the legal framework, regulatory approaches, and industry initiatives.

- To provide insights into the challenges facing the adoption of cryptocurrencies in India, including regulatory uncertainty, lack of awareness, and cybersecurity concerns.
- To provide recommendations for policymakers, regulators, and industry players on how to promote the growth of cryptocurrencies in India and mitigate the challenges they face.

By achieving these objectives, the research study aims to contribute to the understanding of the growth and future of cryptocurrencies in India, and provide valuable insights to stakeholders on how to shape their future in the Indian financial landscape.

OBJECTIVE

The objectives of this study on the growth and future of cryptocurrencies in India are as follows:

- To assess the current state of cryptocurrency adoption in India, including the usage patterns, demographics of users, and the types of cryptocurrencies being used.
- To identify the key drivers of cryptocurrency adoption in India, such as the potential for low-cost remittances, the increasing digitization of the economy, and the growing interest among investors.

- To analyze the regulatory landscape in India for cryptocurrencies, including the legal framework, regulatory approaches, and industry initiatives.
- To identify the challenges facing the adoption of cryptocurrencies in India, including regulatory uncertainty, lack of awareness, and cybersecurity concerns.
- To provide recommendations for policymakers, regulators, and industry players on how to promote the growth of cryptocurrencies in India and mitigate the challenges they face.

By achieving these objectives, the study aims to provide valuable insights into the growth and future of cryptocurrencies in India, and offer guidance to stakeholders on how to shape their development in the Indian financial landscape.

LITERATURE REVIEW

The literature on the growth and future of cryptocurrencies in India is still limited, but there are several studies that provide insights into the factors driving their adoption and the challenges they face.

One key factor driving the adoption of cryptocurrencies in India is the potential for low-cost remittances. A study by PwC India (2018) found that cryptocurrencies could potentially reduce the cost of cross-border remittances by up to 80%. This is particularly relevant for India, which has a large diaspora population that sends significant amounts of money back home.

Another factor is the increasing digitization of the Indian economy. A report by Nasscom and KPMG (2019) noted that India is expected to become a \$1 trillion digital economy by 2025, with the increasing adoption of digital payments and e-commerce platforms. Cryptocurrencies could potentially play a significant role in this transformation, offering a decentralized and secure payment option.

However, the regulatory landscape for cryptocurrencies in India remains uncertain. In 2018, the Reserve Bank of India (RBI) issued a circular prohibiting bank from providing services to entities dealing with cryptocurrencies. This circular was challenged in court, and in 2020, the Supreme Court of India overturned the ban. However, the regulatory framework for cryptocurrencies in India is still evolving, and there are concerns around the lack of clarity and consistency in the regulations.

The lack of awareness and education around cryptocurrencies is another challenge facing their adoption in India. A study by Statista (2021) found that only 5% of Indian internet users had invested in cryptocurrencies, indicating a low level of awareness and understanding.

In conclusion, the literature review highlights the potential for cryptocurrencies to transform the Indian financial landscape, particularly in the areas of low-cost remittances and the increasing digitization of the economy. However, the regulatory uncertainty and lack of awareness remain significant barriers to their adoption. The

study aims to contribute to this literature by providing insights into the growth and future of cryptocurrencies in India, and recommendations for promoting their adoption while mitigating the challenges they face.

RESEARCH METHODOLOGY

This research relies on secondary data from various crypto and business websites. We have compiled information available on numerous websites, including Forbes, economic times, Cointelegraph, coin desk, bitcoin news, yahoo finance, Forbes India, etc. the complete list is available at the end of the report. The above mentioned are the most reliable sources of information available on the Internet and provide news related to crypto. We have also gathered some numerical data sets and presented them in graphics later as a part of a study on crypto users worldwide, famous coins, their market cap, etc.

We have also focused on analyzing the data and converting it into tabular form and graphical form to assess the outcomes and come to a qualitative conclusion. The nature of study being more qualitative and definition based. We focus on how this data can predict the future of cryptocurrency and address issues related to it. Coin Metrics provides CSV files for each cryptocurrency that include the date (day), on-chain transaction volume and counts, market capitalization, price, exchange volume, created coins, and fees for each cryptocurrency.

SUGGESTIONS

Three metrics are used by the data analysis firm to calculate a country's score. Using purchasing power parity (PPP) per population, the on-chain value received is compared to the country's wealth per capita to determine how significant a country's whole bitcoin activity volume is.

An attempt is made to gauge the wealth of non-professional, individual consumers using the on-chain retail value transferred metric, which is similarly weighted by PPP per capita

The volume of P2P exchange transactions weighted by PPP per capita and the number of internet users in the country is the final figure. Peer-to-peer transactions are the focus of the third metric, which aims to identify nations where people are investing more of their wealth.

Since Q3 2019, Bitcoin has grown by 2,300 percent globally, while emerging markets are using it to secure their money from catastrophic currency depreciation in the face of financial crisis. In contrast, in North America, Western Europe, and Eastern Asia, institutional players have mostly drove acceptance.

Bitcoin is criticised by wealthy investors in underdeveloped nations, but in places like Vietnam, Kenya, Nigeria, and Venezuela, they show why it's the greatest alternative for them. Bitcoin is already being used on a regular basis by people in disadvantaged countries around the world to store and exchange currencies. Such use cases will

soon grow all across the world, resulting in the widespread acceptance of bitcoin as a medium of exchange.

In a nutshell, the purpose of this index is to provide an objective estimate of which nations have the highest levels of bitcoin adoption.

Three variables are used to rank countries: on-chain value received, on-chain retail value received, and P2P (Peer to Peer) exchange trade volume.

In the 2021 Global Crypto Adoption Index, India rose from 11th (of 2020 Global Crypto Adoption Index) to 2nd place.

CONCLUSION

Because all economies have embraced specific currencies (fiat currency) as a medium of exchange, all of today's economies are money economies, according to the World Bank. Many governments throughout the world are currently focusing their attention on digital currency and transactions. Even some people are opposed to the regulation of their money and financial transactions. In turn, more innovation occurred in a new currency, cryptocurrency, which is now considered to be one of the most sophisticated, ambiguous, and unregulated of all currencies. There is a large variety of traits shared by all cryptocurrencies, and these characteristics are changing over time as the unique characteristics of each instrument emerge.

According to some, the fact that Bitcoin and other cryptocurrencies do away with the need for middlemen such as banks will have a negative impact on the global economy, particularly in developing and developing countries. This is primarily due to the fact that it is new and that customers generally lack trust in it. Others who hold a positive view on cryptocurrency contend that the lack of government regulation supports democracy. The argument goes on to say that cryptocurrency is promoting 'financial inclusion' in poor countries at an unprecedented rate, owing to the increased transparency that occurs during transactions, the low transaction fees, and the potential to beat inflation if used as a store of value.

The changing pace and rules in India, with the young population interested in cryptocurrency. The future of cryptocurrency is bright in India. Connected with payments with metaverse, coming of NFTs, blockchain technology might the future. Cryptocurrency has the potential to make international payments convenient without involvement of third party. Currency like bitcoin which is very limited, if made more stable can help in curbing inflation as it is limited like the resources.

Major challenges come ahead, as learning and adopting a completely new technology is a challenge. Government needs to change a lot of systems in order to adapt to the blockchain technology. Tracking illegal activities through crypto will be another challenge. With searching for ways to adapt

cryptocurrency, even investors interest will be playing a crucial part in the future.

Since last year, the amount of money being invested in cryptocurrencies has increased by orders of magnitude in India. Despite the fact that the legal standing of the company is still uncertain, it appears that the investors are not concerned about it.

Furthermore, the administration has not submitted the cryptocurrency prohibition bill, which was expected to be introduced during the last winter session. The Finance Bill-2022 has also increased the tax rate on cryptocurrency investment income to 30% from the current 20%. This appears to be a positive development for the future of cryptocurrencies in India.

Overall, it can be stated that, despite the fact that the cryptocurrency business in India is booming, there are still significant uncertainties.

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