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Crypto Currencies: A Study on its awareness in India

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Abstract:

Currently, India does not have any regulations on crypto currency. There are no laws prohibiting mining or trading in crypto currencies. Since Bitcoin has the greatest market valuation among crypto currencies, it serves as a leading indicator for the industry as a whole. Several experts believe that crypto currencies will likely experience some comeback in 2023 despite severe trade volatility. Today the idea of Bitcoin (BTC) and crypto currencies is not new to India. India is the first largest nation in terms of population. India's crypto currency market today still reflects a nation that is unsure of the asset class. There is myth in the minds of Indian population about "Is Bitcoin legal in India?" This question is a frequent one, despite the fact that news stories have occasionally suggested various potential regulatory actions and restrictions related to crypto currencies. However, the nation has not yet made crypto currencies in general illegal.

In this present research paper, terminologies related to crypto currency have been explained. In this study, researcher compares and contrasts the notion of investment, crypto currency investment, and awareness among the investors about risk and returns in crypto currency. The results of the surveys are then summarized.

Keywords: Crypto Currency, Bitcoin, Digital Currency

Introduction:

Currently, India does not have any regulations on crypto currency. There are no laws prohibiting mining or trading in crypto currencies. Since Bitcoin has the greatest market valuation among crypto currencies, it serves as a leading indicator for the industry as a whole. Several experts believe that crypto currencies will likely experience some comeback in 2023 despite severe trade volatility. Today, the idea of Bitcoin (BTC) and crypto currencies is not new to India. India is the first largest nation in terms of population. India's crypto currency market today still reflects a nation that is unsure of the asset class. There is myth in the minds of Indian population about "Is Bitcoin legal in India?" This question is a frequent one, despite the fact that news stories have occasionally

suggested various potential regulatory actions and restrictions related to crypto currencies. However, the nation has not yet made crypto currencies in general illegal.

Legal status of Bit coin and related crypto currencies varies substantially from country to country and is still undefined. The European Union has passed no specific legislation regarding the status of Bitcoin as a currency but has stated that VAT/GST is applicable to the conversion between traditional currencies to Bitcoin.

In early 2018, the RBI announced a ban on the purchase and sale of crypto currency. In 2019, a petition has been filed with Supreme Court challenging the legality of crypto currency seeking direction or order restraining their transaction. In India, the market for cryptocurrency-related technology is predicted to increase GDP by 2030. As a result, a number of Indian sectors have begun to use blockchain technology to facilitate secure cryptocurrency payments. Numerous crypto currencies, including Bitcoin, Dogecoin, Ethereum, and countless more, are in high demand, which has had a significant impact on every nation's economy. India, a developing nation, is currently concentrating on the crypto currency industry, and several investors, businesspeople, firms, banks, and other financial institutions have begun showing a significant amount of interest in well-known crypto currencies.

In this present study, researcher has focused on understanding the awareness among the respondents about cryptocurrency. Are they have any experience with technology? Is there any association of Age, gender and occupation with the awareness of cryptocurrency? What is the justification for their preference for crypto currencies over national currencies?

Review of Literature:

There is no regulation of crypto currencies in India, the government indicated in Budget 2022 that income from crypto currency transactions will be subject to a flat tax of 30% and a tax deducted source (TDS) of 1%. (<https://www.financialexpress.com/budget/cryptocurrency-tax-news-budget-2022>)

Crypto currencies are unregulated in India but in Budget 2022, the government announced a flat 30 per cent tax on gains from crypto currency transactions as well as a tax deducted source (TDS) of 1 per cent. (<https://www.hindustantimes.com/india-news/union-budget-2022-23-india>)

In the 2022 budget, a new section 115BBH was added to tax crypto currency. Profits from crypto currency trading are subject to a 30% tax (plus any applicable surcharge and 4% cess) under this clause (starting from April 1, 2022). (<https://vakilsearch.com/blog/pay-tax-on-cryptocurrency>..)

According to the Analytics Insight study results, the western part of India, which includes Mumbai, Pune, and other cities, has the most crypto currency investors. Geographically speaking, the West of India accounted for 34.6% of the 281 respondents, while the Northern region came in second with 24.7%. The East of India came in third with 17.9%, while the South of India had only

demonstrated a 17.3% interest in crypto currencies in India. (<https://www.analyticsinsight.net/cryptocurrency-in-india-demographic-survey>)

Despite being outlawed in some nations, crypt currencies are blooming all around the world. The market for crypto currencies can influence intelligent decision-making processes to create other, quick payment solutions based on geographical areas.

Research Objectives:

The primary goal of the study was to determine how many individuals knew about crypto currencies. This objectives will satisfy the question how many Indian investors are aware about the crypto currency?.The secondary goal was to determine what people think about crypto currencies, including its benefits and drawbacks as well as their trading preferences and preferred digital currencies.

Research Limitations:

1. The research is an academic undertaking with limitations on time, money, and location.
2. In this present study, only 136 respondents participated in the data collection, generalization of the findings and outcome of this study to the entire population is inevitable.
3. This study's interpretation is based on the assumption that the respondents provided accurate data.
4. Despite the extensive effort, the interests and the known constraints may have influenced the variables specific to this study.

Research Methodology:

Research Methodology explains about the general plan of how the researcher has undertaken the research survey procedure. In this study researcher used exploratory study and survey method. A survey has been used to collect primary data from total 136 respondents. To have a clear picture of the phenomenon existed in Indian context, different articles, news, research papers were studied. For the pilot study, the prepared questionnaire was circulated among a sample size of 10 respondents and after discussing with them, the questionnaire was finalized after improving the contents of the questions. Some unrequired questions were deleted and new questions were added to finalize the questionnaire.

Research Design:

The current study is a descriptive type field study that aims to determine people's awareness of crypto currencies. Choosing the items that are up for selection during the sample process is known as the sampling frame. The 136 respondents in the current study are spread across several states of India. Data were gathered randomly for the current study's objectives.

Sampling Design:

The present study is the descriptive type with survey type study to find out respondents awareness on crypto currency and age wise, gender wise and occupation wise awareness of crypto currency among the selected respondents.

Sample Frame:

The researcher has decided sample frame and total 136 respondents are from different parts of India. The Google Form is used to collect the data. The Google Form link was sent to different groups of academicians, College students, Investors, Businessmen and housewife etc. For choosing a sample for the current investigation, convenience sampling technique is used in this present study.

Sampling Technique:

Sampling Technique is used to get a representation of the entire universe. For the purpose of the study, data was collected on a random basis. Convenience sampling technique is used to collect the data.

Data Collection Methods:

The instruments used to collect initial data were questionnaires. Before preparation of the questionnaire, discussions with investors who are investing in crypto currency were held to identify the different factors which are focused which are useful for the study. The method of data collection is the questionnaire technique from different whatsapp group members. The questionnaire through Google form was prepared and its link was sent to various people via whatsapp.

Statement of the Problem:

Crypto currency is a relatively new concept and there are various terms, used in it. A researcher wants to study and assess various questions that are challenged in this research are:

1. What is gender wise awareness of crypto currencies?
2. What is the age wise awareness of crypto currencies?
3. What is occupation wise awareness of crypto currencies?
4. Are the investors in crypto currency tech-savvy?
4. Which exchanges are most preferred to buy and trade cryptocurrencies?
5. Which is the most preferred mode of storing cryptocurrencies?
6. How are people aware with various crypto terminologies?
7. What is the most preferred cryptocurrency?
8. Whether they are aware about the risk associated with it?

Crypto currency related Terminologies:

1. Crypto currency:

A digital currency, or crypto currency, is an alternative payment method developed by

utilizing encryption methods. By utilizing encryption technology, crypto currencies can act as both a medium of exchange and a virtual accounting system. The person needs a crypto currency wallet in order to use crypto currencies. These wallets can be software that is downloaded to PC, mobile device, or the cloud. Encryption keys, which verify our identity and connect to our crypto currency, are kept in the wallets.

2. Bitcon:

Bit coin is a type of virtual money that may be used to make online purchases, it is used as a means of payment on the internet..Bitcoin offers a new affective and attractive method of payment that can boost the revenues. It provides alternative method of payment.

3. ICO:

A procedure or event when a business (particularly a start-up) tries to generate money by selling a new crypto currency. Investors may buy the crypto currency in the hopes that its value will rise or to subsequently swap for services provided by the business.

4. P2P:

The computer network type known as peer-to-peer, or P2P, is frequently used for the distribution of digital media files.Each computer functions as both a server and a client in a peer-to-peer (P2P) network, sending and receiving data, with bandwidth and processing shared among all users. Such a decentralized network is less prone to systemic failure and uses resources more effectively than a traditional network. P2P networks are utilised by Bluetooth-enabled devices and Internet-based communication services.

5. HODL:

HODL stands for "Hold on for dear life" The acronym HODL was rapidly adopted by cryptocurrency investors to stand for "hold on for dear life," Itsa warning to other investors not to cash out when prices drop. The joke also acknowledges that inexperienced cryptocurrency investors lack the skills necessary to make money from short-term trades in the unstable cryptocurrency market.

6. FOMO:

In the crypto Industry FOMO refers to the feeling of missing out on the next big thing in the cryptocurrency world and, consequently, the chance to make significant profits.

7. FUD:

FUD is the abbreviation for Fear, Uncertainty, and Doubt. When the market talks about "FUD," it indicates that there has been some sort of unfavorable incident that appears to have accorded suspiciously with significant fluctuations in the price of Bitcoin that have a significant impact on the bigger crypto market.

8. Satoshi:

The smallest unit of the crypto currency bitcoin is called a Satoshi. It bears Satoshi Nakamoto's name, who invented the blockchain protocol and the bitcoin crypto currency. One bitcoin costs one hundred million Satoshis. One hundred millionth of a bitcoin is represented by a Satoshi. Bitcoin transactions are made simpler by using small denominations that are also readable by individuals.

9. POS:

Proof-of-stake is a consensus algorithm for cryptocurrencies that is used to process transactions and add new blocks to a blockchain. A consensus mechanism is a technique for ensuring the security of a distributed database and validating entries. It keeps the database secured. Since the database in the case of cryptocurrencies is referred to as a blockchain, the consensus process protects the blockchain.

10. POW:

Proof of work (POW) is a technique for adding new blocks of transactions to the blockchain of a cryptocurrency. Making a hash (a lengthy string of characters) that matches the goal hash for the current block is the work in this situation.

Data analysis and Interpretation:

The Google form was circulated among various what's app group of academicians, college students, businessmen, Investors, housewives etc. Collected responses were tabulated and percentages were calculated to understand age wise, education wise and occupation wise responses of the investors in crypto currency. The main aim of this research was to determine the respondents' awareness about crypto currency, their technological knowledge, age wise, education wise and occupation wise classification of respondent. Collected data is tabulated for the purpose of analyzing and interpretation of data with the help of percentage.

Results and discussion

1. According to the survey conducted, out of total selected respondents, 85% of are aware of the crypto currency. Almost 85 % of respondents are responded that they are very familiar with crypto currency.
2. It is observed that, 84 % of the investors who are dealing in crypto currencies are male and remaining only 16 % are female counterpart.
3. Considering the age wise distribution of respondents, 75 % lies in the age category 18-25 and second major 13 % respondents lies in the age category of 26-33.
4. The present study revealed that the tech-savvy people lying in the age group of 18–25-year- makes up the majority of respondents who choose to purchase crypto currencies or are interested

in the crypto currency market.

5. Out of total respondents, 56% respondents are graduated, 28 % have completed their Post-Graduation and only 12 % respondents are under UGlevel.
6. Considering occupation wise distribution, 60 % are the students, 28% are the salaried, 9% respondents are businessmen and only 3% arehousewife, they expressed a strong interest in crypto currency.
7. The most popular exchange for buying crypto currency is Bitcoin, while the most popular wallet for storing it is an exchange wallet.
8. More over 54% of the selected crypto investors, are optimistic about long-term gains and they thinkthat its use will increase significantly during the next five years.
9. The reason behind preferring cryptocurrency over the country currency are data privacy (60% respondents) concern and government regulations (29% respondents) .
10. Out of selected respondents. 54% investors are of the opinion that there is the risk of loss of capital. 25% investors are of the opinion that there is the fear of fraud and hacks.
11. Out of total investors in crypto currency, 54% of the respondents are strongly agree with opinion that crypto's price fluctuations might help us to make money much quicker than the stock market.
12. The present study revealed that majority of respondents are interested in Bitcoin's potential to be profitable in the near future. According to the survey, out of the total participants, 74.0 % were very interested in Bitcoin, 9 % are interested in BNB and BTC. Other crypto currencies including Ethereum, Ripple, IOAT, Bitcoin Cash, Hashgraph, BAND, BTC and others are less familiar among selected respondents.

Research Limitations:

1. The research is an academic effort which constraints time, cost and geographical area.
2. The data is collected from 68 respondents only, generalization to all the people is inevitable.
3. An interpretation of this study is based on the assumption that the respondent has given the correct information
4. In spite of the intensive effort, the variables confined to this study may have been influenced by the interests and the known limitations.

Conclusion:

Out of selected respondents, 85 percent of the respondents knew about the crypto currency. It shows that Indians are familiar with the idea of cryptocurrencies. Bitcoin is still the most popular cryptocurrency among the Indians and while the most popular wallet for storing it is an exchange

wallet. Most of the youth and college going students are having more interest in crypto currency are dealing with Bitcoins. The investors in crypto currency are more techno savvy Security and widespread adoption are significantly more crucial than alternative uses for cryptocurrencies and blockchain technology. Most of the investors are having a fear of risk of loss of capital and fear of frauds and hacks. Bitcon is the most popular among Indians than other digital currency options.

Table 1: Demographic Distribution of Respondents

A) Gender wise Distribution of respondent			
S.N.	Particulars	Frequency	Percentage
1	Male	114	83.82%
2	Female	22	16.18%
	Total	136	100
B) Age wise Distribution of respondent			
1	18-25	102	75%
2	26-33	18	13.23%
3	34-41	9	6.62%
4	42-49	5	3.67%
5	Above 50	2	1.47%
	Total	136	100
C) Education Wise Distribution of respondents			
1	12th	5	3.67%
2	UG	17	12.50%
3	Graduated	76	55.88%
4	Post Graduate	38	28%
	Total	136	100
D) Occupation wise distribution of Respondents			
1	Students	81	59.55%
2	Salaried	38	27.94%
3	Businessmen	13	9.56%
4	Housewife	4	2.94%
5	unemployed	0	0.00%
	Total	136	100

Source: Primary data

Table No 2: Preferred storage for crypto currency

SN	Particulars	Frequency	Percentage
1	Exchange Wallet	108	79.41%
2	Paper Form	5	3.67 %
3	Online wallet	23	16.91%
4	Hardware wallet	0	0
	Total	136	100 %

Source: Primary data

Table No 3: Preferred Crypto Currency

S.N.	Particulars	Frequency	Percentage
1	Bitcoin	101	74.26%
2	Bitcoin Cash	2	1.47%
3	Etherium	1	0.73%
4	Ripple	2	1.47%
5	IOTA	2	1.47%
6	Hashgraph	1	0.73%
7	Manero	2	1.47%
8	PNB	2	1.47%
9	BAND	12	8.85%
10	BTC	11	8.08%
	Total	136	100

Source: Primary data

Table No 4: Reasons behind preferring crypto currency over the country currency

S.N.	Particulars	Frequency	Percentage
1	Data Privacy	81	59.56%
2	Govt Regulations	39	28.67 %
3	Low business acceptance	5	3.67%
4	Security Issue	7	5.14%
5	Physical cash are too strong to handle	2	1.47%
6	Unable to pay without taxes	2	1.47%
	Total	136	100

Source: Primary data

Table No 5: Awareness about Risk associated with Crypto currency

S.N.	Particulars	Frequency	Percentage
1	Loss of Capital	74	54.41%
2	Govet regulation	28	20.60%
3	Fraud and hacks	34	25.00%
	Total	136	100

Source: Primary data

Table No 6: Opinion about Price fluctuations in crypto currency & its impact

S.N.	Particulars	Frequency	Percentage
1	Strongly Agree	74	54.41%
2	Agree	27	19.85%
3	Neutral	10	13.60%
4	Disagree	5	3.67%
5	Strongly Disagree	20	14.70%
	Total	136	100

Source: Primary data

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