

ECONOMIC CONSEQUENCES OF CRYPTO CURRENCY IN INDIA

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ABSTRACT

Crypto currency is new version of cybernetic currency and becoming a medium of exchange. It is a fresh way of investment tool in India. It uses internet for functioning. Crypto currency cannot be over created or mined than the roof limit. Crypto-currency is a digital currency and decentralized. It is neither owned nor controlled by any government or private organization. The study focuses on the Bitcoin, a variety of Crypto Currency which was invented in 2009 by an anonymous group Satoshi Nakamoto. The Bitcoin Value was US \$ 47,901.75 and in INR Rs.36,32,943 in 25th August 2021. Bitcoin is becoming popular in India. People are simply investing. RBI is consistently warning the public against investment on crypto currencies. But now it issued the clarification that banks should not warn the public. The study discussed various benefits and drawbacks, economic consequences faced by Indian economy after its arrival into Indian market. The objectives of the study are: to study the concept of Crypto currency In India, to know the Price performance of Bitcoin in Indian Rupee both in terms of price and growth rate. To understand the present and future of crypto currencies in India and to study the economic consequences of crypto currency on Indian economy, India ia about to legalise the Bitcoin. RBI planned to adopt blockchain technology in banking. Crypto investors are increasing in India. The price and growth rate of Bitcoin in Indian Rupee is found volatile. The economic consequences in India are volatile in price, lack of value backing, unrealistic price fluctuations, work of dark web, threat to RBI, limit the Government functioning, disruption in money market, fear of break down, enhancement of wait time and open to attacks. It may expose to illegal activities, money laundering and terror funding purposes. Govt. of India and RBI has to play a prominent role, assuring the stability of value, ensuring the elasticity of the total supply of such money and taking care of the entire security of the system without fail. And also take proper steps to control and regulate these Crypto currency transactions in India. Every currency has pros and cons; India must adopt and regulate crypto currency with proper care, because people are already fascinated in investing in crypto currency – Bit coin in India. People, investors as well as traders and stakeholders should be very careful so that they should not be under inconvenience situations.

Keywords: *Crypto Currency, Bit Coin, Money Laundering, Money Market, Blockchain Technology.*

Introduction

Crypto currency is new version of cybernetic currency and becoming a medium of exchange. It is invented to function like a currency. Hence, in India, it is a fresh way of investment tool. Normally, it follows the characteristics of cryptography viz., digital signatures to protect monetary dealings, regulate the making of extra units, and check the transfer of properties.

It uses internet for functioning. In conventional method, the financial organisations have to verify and certify each monetary dealing. But the crypto currency dealings are verified by the user's computer accessed with the currency's network. Money supply cannot be increased over a predefined algorithmic rate in case of crypto currency because it is protected and encrypted. The algorithmic rate is well known to every customer. Crypto currency cannot be over created or mined than the roof limit.

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All the crypto currency created will be in the cloud. Hence, it will not have the physical shape. But it will have the digital value. It can be used as a cash equivalent by the customers. Most familiar and successful crypto currency is Bitcoin among different varieties.

Recently, people are noticing the term crypto currency and now it received the public attention. To some people those who are having the intention of privacy, crypto currency become the part of their life as investment and trading.

People's Bank of China planned to introduce digital currency depending on block chain technology in the entire country. To upgrade interbank payment systems, the Bank of Canada and Monetary Authority of Singapore are analyzing its benefits. Deutsche Bun – desbank introduced a preliminary proto type for block chain –based settlement of financial assets. The promoters feel that crypto currencies and block chain technology will become the important determinants of forthcoming payment and financial system.

Crypto-currency is a digital currency. It confirms the dealings of parties as valid but keeps them anonymous. It is neither owned nor controlled by any government or private organisation.

Characteristics of Crypto Currency

- It is a digital currency.
- It functions through internet.
- It is neither owned nor controlled by any government or private organisation.
- Existence of peer to peer network.
- Crypto currency can be changed into other variety (nation's) of currency and very fastly credited to customers account.
- Majority of the crypto currency can be dealt namelessly in any part of the globe. Customers need not pay the exchange fee.
- Crypto currency is safe (not cent per cent) and difficult to hack.
- There is a provision to save the crypto currency in offline in "paper" wallet or removable storage hard drive. It can be disconnected from the internet when not in use.

Bitcoin

It was invented during 2008 by unknown group of persons named Satoshi Nakamoto and introduced in 2009. Then onwards, a number of private crypto currencies has been introduced. It has been attracted by several medias. The total market value of Bitcoin is 921.07 billion USD in 28th August 2021. Several central banks thinking of installing crypto currency and block chain technologies for their retail and large value payments.

It is just like any other currency but in virtual form. It is a decentralized crypto currency. The central bank or the government cannot have controlling power over its operation. Even though many countries do not legalised its operations, it became the worldwide payment system. It is an open-source peer-to-peer crypto graphical system (direct connections without an intermediary). Here, the dealings are held through a public ledger known as blockchain handling users' data anonymously. Since its inception, it is largely used and accepted digital currency.

Bitcoins are used in making purchases through mobile apps, buy gift vouchers, for airtime top up, and even for paying bills. It is possible to transfer even the small amount of money from one place to another place even to the unbanked areas. India is familiar for 'largest remittance market in the world' where the remittances made more than \$83.3 Billion annually (in 2020). Now, as there is fluctuation in the prices, it is a suitable time to make Bitcoin revolution in India. Few months ago, all previous records of Bitcoin have been broken out - as the new milestone is achieved. For the very first time in history, the rise in the value of Bitcoin - reaching US \$47,901.75 or Rs.36,32,943 INR per coin on 25th August 2021.

Break up of Bitcoin

We can see the break up of Bitcoin as below:

- | | |
|---------------|----------------------|
| 1 Milibitcoin | = 0.001 Bitcoin |
| 1 Satoshi | = 0.00000001 Bitcoin |

From the above break-up of bitcoin, it is understood that Satoshi is the smallest unit.

Mechanism

Every transaction is entered in a block. The block works as a ledger. After the block is completed, a new block will be created. Each block is interlinked to the other blocks through hash tags. Entering each dealings in chronological order of these blocks becomes a blockchain. The secrecy of the customers dealings are maintained even all the transactions of the customers are entered. Hence, the party who gives it and who receives it cannot be traced.

Types of Crypto Currency

There are more than 1,500 different types of crypto currencies prevailing in the world, but the following six are familiar currencies.

- **Bitcoin (BTC)**

It is very familiar one and it is regarded as an original crypto currency. In 2009, Bitcoin was produced as open-source software. Satoshi Nakamoto is the founder of Bitcoin.

- **Lite Coin (LTC)**

It was introduced in 2011 as a substitute to Bitcoin. It coin is an open source, global payment network which is fully decentralized and operating without central authorities, the differences between these digital currencies:

- Lite coin is believed to feature faster transaction times.
- The coin limit for Bitcoin is 21 million and Lite coin is 84 million.

- **Ethereum (ETH)**

It was invented in 2015. It is also an open source platform based on block chain technology. While tracking ownership of digital currency transactions, Ethereum block chain also focuses on running the programming code of any decentralized application, allowing it to be used by application developers to pay for transaction fees and services on the Ethereum network.

- **Ripple (XRP)**

It was introduced in 2012. While doing monetary dealings, Ripple works like both crypto currencies and a digital payment network and became a global clearance network. By using it, speedy money transferring can be done safely, at cheaper price. US Dollar and Bitcoin can be exchanged to Gold and EUR through Ripple by linking to banks. Huge amount of money can be transferred through Ripple.

- **Bitcoin Cash**

It is one of the variety of digital currency through which several characteristics of Bitcoin is improved. Speedy processing of number of dealings is done by enhancing the size of blocks.

- **Ethereum Classic**

It is one of the Ethereum block chain form which makes smart contracts in the decentralized platform. The smart contracts are the apps developed to nullify the chances of downtime, censorship, fraud or third-party interface. People can use "Classic ether" which is issued as a value token to settle the claims of goods or services bought.

Benefits of Crypto Currency

- **Easy to Use**

The customer can create his wallet very easily with the help of a device and accessing internet. He can use it from any place at any time.

- **Decentralization**

In majority of crypto currencies there is no pivotal authority to control the owners of the coin. The network is opened to all the participants, each computer mining nodes is a member of this system. The payment system will not change even if the network moves to offline.

- **Low Operation Cost**

There is no commission or fees for shifting the crypto to banks and other organizations. A small fee is charged by the Crypto on the buyer.

- **Unlimited Transactions**

Any quantity of money can be paid or shifted through crypto wallets to any place in the globe. There is no limit.

- **Fast Transaction**
Crypto currencies uses the block chain technology, speedy dealings are possible. There is no need to take 3rd party approval for every transactions.
- **Transparency**
Crypto currencies use the block chain technology. So, all the transactions are transparent.
- **Highly Secured**
It is highly secured because it applied cryptography. It is impossible to make the payment from the wallet by any unscrupulous or 3rd party from the wallet.
- **No Inflation**
Inflation is not possible as there is limited coins and mine in crypto currencies. Even political forces or corporations cannot change this.
- **Peer-to-Peer Crypto currencies Network**
There is no master server. All the transactions are shared among two to three or more software clients. Everybody is installed the user's program-wallets. Every client got the data regarding the dealings and the balance of crypto in each wallet. It can not be controlled by the banks or tax authorities or governments.

Drawbacks of Crypto Currencies

- **Lack of Knowledge**
Majority of people do not have awareness about the usage of crypto currencies. So, their crypto may be hacked. Proper knowledge is essential about the digital currency technology.
- **Strong Volatility**
Since the inception of crypto currencies, they are highly volatile in nature. Thus, investor loose the opportunity of making profit.
- **Investment is under Risk**
Investment on Crypto Currencies faces some risks such as volatility, usage of fund for illegal aspects like terror funding or money laundering, no security against bankruptcy.
- **Lack of Wide acceptance**
Till date, the crypto currencies are lack of wide acceptance in the globe. It is legal in a very few countries.
- **No refund in case of wrong payment**
If the crypto investor makes payment to any wrong person by mistake, he cannot get the refund. He can send the request which may or may not be obliged.
- **Keeping Crypto currencies**
Keeping the same device and password in memory by the crypto investor is essential. Once coin is lost, it cannot be regained.
- **Lack of safety and Reliability**
Crypto currency is purely a digital one, it can be hacked, misused for illegal proposes like terror funding, drug dealings, money laundering etc. so, investors faces the problem of safety and reliability.
- **Speculative and Risky**
Market consists of varieties of crypto currencies. Investor cannot get better returns from all crypto currencies. Crypto price is depends upon the crypto currencies' demand and supply. It leads to speculation and which is open for risk.
- **Taxing is Problematic**
Central Board of Direct Taxes (CBDT) imposed the tax on the earnings made by Crypto currency dealings under capital gains head. On the basis of retaining, CBDT bifurcated the Crypto currency gains into two varieties viz., Short-term capital gains and Long - term capital gains. RBI prohibited Crypto currencies in India during 2018. But it legalized it in March 2020. Taxing is purely based on self declaration of Crypto currencies income. Assessment is very difficult because tracing of digital Crypto currencies transactions are not possible.

- **Lack of Regulatory Body**

Till date regulatory body is not constituted to take care the Crypto currencies dealings. It results in many varieties of problems to the investors such as fraud, misusing it in illegal activities like terror funding, money laundering, drug dealings etc.

Review of Literature

Kurihara & Fukushima, 2017 viewed that there is not only digital currency exists in the entire globe. In spite of the currencies issued by the Central Banks and the state, the growth of Bitcoin is at will. There is limited quantity of supply of Bitcoin and hence, varying its supply is very difficult

Wonglimpiyarat, 2016 revealed that some hurdles are there to the cryptocurrency. The Bitcoin seeks the state's permission. It is going to change the banking system in developing countries in the coming days. It is very difficult to make it as alternative to cash.

Jonathan Chiu (2017) said that to analyse an ideal format of crypto currency system devised on a blockchain, a new General equilibrium monetary model is established. It is helpful in quantitative analysis of Bitcoin transaction aspects. The provision of ratification of the components of crypto currencies like, maintaining the past transactions through blockchain, its updating and consenting by compiling those updates. Like exact cash, crypto currencies system will not encourage an instant ultimate clearance. At present, Bitcoin scheme makes a welfare loss of 1.4% of consumption. By applying this optimal policy, this loss can be reduced by 0.08 percent as it decreases mining and it depends on progress of money and not on transaction fees and Nance mining rewards. By applying proof-of-stake, the efficiency rate is expected to improve additionally. One of the important economic feature of crypto currency system is that mining is a public good, while double spending to defraud the crypto currencies depends on individual incentives to reverse a particular transaction. This will make the crypto currency to function in a finest way when an individual transaction size is huge in quantity.

Sarah Meiklejoh (2013) in this study, to avoid anonymity on the services of Bitcoin network, a fresh exploratory collection of change of address task is established which makes to gather the addresses relating to the similar user. The experimental interactions with different services based on even small number of transactions, recognition of major institutions and the dealings between them is possible. It can expose the arrangement of the Bitcoin economy, the way of its usage and the organizations and the parties involved.

Sid Angeles and Eric Gonzalez (2013) expressed that there is a lot of modification made to Bitcoin protocol which in turn enhanced the security, resilience and decentralization in a better way. Block chain must be proactive in this regard. For making Bitcoin as an actual substitute payment system, this trend is required.

Statement of the Problem

Bitcoin, a Crypto currency is becoming popular in India. People are investing in Crypto currencies without any thinking. RBI is consistently warning the public against their investment on crypto currencies. Even then, investors are voting towards crypto currencies. Meanwhile, Supreme Court of India issued the directions against RBI's stand. The Government of India and RBI both are thinking to regularize the Crypto currencies. It impacts on Indian economy. Hence, the study focuses on Economic consequences faced by Indian economy after the entry of crypto currency into Indian market.

Objectives of the Study

- To study the concept of crypto currency in India.
- To know the Price performance of Bitcoin in Indian Rupee
- To study the economic consequences of Bitcoin in India
- To know the future of crypto currencies in India.

Data Collection

Secondary data is collected for the study.

Methodology

The study is conceptual and descriptive.

Limitation of the Study

The study is on Crypto currency in India, much focus is on Bitcoin, a familiar crypto currency.

Prospects in India towards Functioning of Crypto Currency

The population of India is more than 1.3 billion. IMF considered India as fastest-growing economy where above 40 per cent of the total population can access to internet services. Since several years, crypto currencies are functioning in India.

- **The 2016 Demonetization**

Banning of Rs. 1,000 and Rs. 500 currency notes from circulation by Prime Minister Narendra Modi on 8th November, 2016 to fight against the circulation of black money, resulting significantly reducing the level of inflation in the country's economy. Indians searching for substitute currency models. Considerable proportion of people in India started to invest on Bitcoin and other varieties of crypto currencies.

- **Availability Internet Facility**

Greater effort has been taken by the Government of India to provide and extend the internet facility all over India. The availability of internet facility becomes an opportunity to initiate and trade with crypto currencies in India.

- **Electricity Facility**

The central and all state governments put efforts to provide the consistent electricity supply. Availability of adequate electricity supply is also helpful for the operation of crypto currency transactions in India.

Challenges

The share of India in total global crypto currencies market capitalization is just 2 percent. The reasons are:

- **High Crypto Prices**

The prices of crypto currencies is high (i.e., by 5 to 10 percent) in India. Lack of large-scale mining facilities to Bitcoin and strict government restrictions on international money flow are the reasons for high prices of Bitcoin.

- **RBI's Version**

The Reserve Bank of India (RBI) has been consistent in warning citizens of the risk associated with crypto currencies. It keep on issuing the statements about negative security, financial, and legal consequences of crypto investments. But now RBI clarified that banks should not warn the general public against their investment in Crypto currencies in India based on Court direction.

- **Legality**

In India, Crypto currency trading is not banned or not legalized. There is no clarity on tax liability on crypto currency transactions and profits.

- **Settlement Risk**

They pose potential financial, legal, customer protection and security-related risks. Payments by such currencies are on a peer-to- peer basis and there is no established framework for recourse to customer problems, disputes, etc. No Legal framework is there about Crypto currency introduction and operation and addressing or settling the Crypto investors' or customers' grievances.

- **Ambiguity in Regulatory Body Aspect**

In April 2018 the Reserve (RBI) banned banks and any regulated financial institutions from "dealing with or settling virtual currencies". The sweeping regulation prohibited trade of crypto currencies on domestic exchanges – and gave existing exchanges until 6 July 2018 to wind down. SEBI is still does not issued any guidelines, but thinking whether ICO is coming under existing legal framework or amendments required. But Crypto Currency exchanges requested the Government that capital market regulator SEBI is more suited to regulate the space than the RBI because, crypto currency assets such as Bitcoin, Ethereum are closer to commodities than currencies.

The Status of Crypto Currency in India

Google recently reported that searches from India about Bitcoin have reached all-time highs, and the value has too.

Owing to the shortage of Bitcoin sellers in India, the Indian Bitcoin price often ran at a premium of over \$47,901 from the international market price.

India seems to be next in line to legalizing Bitcoin, now that the government has agreed to regulate Bitcoin.

RBI planned to adopt block chain technology in banking. In India, the Department of Economic Affairs, Ministry of Finance has framed an inter-disciplinary committee to study and submit a report on Crypto currencies which involve consumer protection, education and money laundering.

Cryptousers are escalating in India. It is regret that still stock and commodity brokers not involved in Crypto currency market dealings. No one key exchanges of India are trading other crypto currencies and digital assets. In India, investors are buying altcoins and ICO tokens from international exchanges.

The demonetization policy of 2016 encouraged considerable share of the population towards crypto currencies.

In crypto currencies market the prices are decreasing.

Government of India still not offered the legal status to crypto currencies due to 2 reasons as follows:

- problem in tracing its dealings and fear of hacking, terror funding etc.
- crypto currency market can become the chief competitor for the banking service industry.

Crypto currency like Bitcoin has become popular in India

Researchers felt that the quantity of rupee dominated crypto currency is the third largest volume traded after American dollar and yen.

India only contributes two percent of the whole global crypto currencies market capitalization.

Present and Future of Crypto Currencies in India

At present, there is no regulation in India for crypto currencies. Both RBI and Govt. of India are silent on Crypto Currency operations. Bitcoin exchanges such as Unocoin, Zebpay, etc have initiated their trading on crypto currencies with Know Your Customer (KYC) norms.

Since 2014, RBI is intended to adopt blockchain technology to reduce the physical paper currency circulation.

After Supreme Court's direction to set aside the past RBI circular dated 6th April 2018, RBI clarified the banks not to warn customers against Crypto currency – Bitcoin trading using old order in June 2021.

The Govt. of India was about to ban the Crypto Currency in India, but framed the committee to give recommendations. RBI is coming up with its own digital rupee. Government of India is planning to regulate instead of prohibiting it.

In the earlier days, Crypto currency trading platforms in India faced lack of support from Indian banking system. Banks often close their tie-ups with them and in result these platforms cannot able to make the dealings in a proper way. Now RBI ordered the banks to support these trading platforms.

RBI asks the assurance from both banks and crypto platforms to assure that the crypto dealings should not be used for fraudulent activities and tax evasion. It also required customer due diligence process like KYC, Anti-Money Laundering (AML), Combating of Financing of Terrorism (CFT), etc.

Very recently Bitcoin, Dogecoin, Ethereum and other coins became very familiar in India and millions of fresh investors have joined this crypto trend. So, the Govt. of India and RBI finds no way but forced to bring regulations to safeguard the crypto investors.

Cryptocurrency industry believes that blockchain and crypto currencies have to go hand in hand.

In the same time, 'Digital Assets and Blockchain foundation' is an association established by the private crypto currency dealing companies and educating the public about the benefits and different opportunities in crypto currencies by conducting security checks, identification documents issued by the government, Permanent Account Numbers (PAN) or Aadhaar IDs.

Existence of good internet system made crypto currencies a good potential market in India. By using both the internet and blockchain technology, virtual banks are going to establish in coming days.

In addition, RBI is planned to introduce its own crypto currencies named as 'Lakshmi'.

The future is bright for Indian crypto Industry.

Table 1: Price performance of Bitcoin in Indian Rupee from (22 days) 08-08-2021 to 27-08-2021

Date	Price	Growth (in %)
27-08-2021	35,30,328	1.51
26-08-2021	34,77,701	32.26
25-08-2021	26,29,417	-25.66
24-08-2021	35,37,453	-3.63
23-08-2021	36,70,871	0.22
22-08-2021	36,62,485	0.81
21-08-2021	36,32,943	-0.89
20-08-2021	36,65,813	5.41
19-08-2021	34,77,502	4.65
18-08-2021	33,22,787	-0.01
17-08-2021	33,23,336	-2.45
16-08-2021	34,06,842	-2.38
15-08-2021	34,90,139	-0.11
14-08-2021	34,94,117	-1.52
13-08-2021	35,48,244	7.54
12-08-2021	32,99,423	-2.24
11-08-2021	33,75,325	-0.52
10-08-2021	33,93,169	-1.72
09-08-2021	34,52,790	0.06
08-08-2021	32,51,059	--

Source: Gadgets.ndtv.com

The above table i.e., Table No. 1 depicts that Price performance of Bitcoin in Indian Rupee from 08-08-2021 to 27-08-2021 i.e., for 22 continuous days. There is high volatility in price of Bitcoin. During these 22 days, the price of the Bitcoin in Indian Rupee shows the highest price of Rs.36,70,871 i.e., on 23-08-2021. The lowest price is 26,29,417 which is traced on 25-08-2021. The price of the Bitcoin in Indian Rupee shows the fluctuating trend in all the days. In 26-08-2021 the growth rate of price of the Bitcoin in Indian Rupee is very high i.e., 32.26. In 26-08-2021 the growth rate of price of the Bitcoin in Indian Rupee is very low i.e., -25.66. Every alternative day, the growth rate of price is moving positive to negative and vice versa.

Economic Consequences on Indian Economy

- **No Value Backing**

Bitcoin's procedure expects the decentralized consent and there is no intervention of any central authority. Simply it is fascinated by the observers. There is no value backing for this. It seems like a community of online gamers, who exchange real money for items that only exist in cyber space. It propounds its own unit of account. But occurs variation in value.

- **Unrealistic Price Fluctuation**

It is very impractical to set the Bitcoin's price. Hence, it weakens its effectiveness as a means of exchange and causes a poor store of value. The structure of the Bitcoin market is absolutely concentrated and dense. The research reports evident that there is manipulation of price of Bitcoin.

- **Misused for Illegal Activities**

The Bitcoin- cryptocurrency operations may be misused for illegal activities such as black money hoarding, money laundering, terror funding etc.,

- **Dark Web Works More**

It is very difficult to access the Dark web with the help of search engine. It requires a superior software such as Tor Browser to access. Illegal stuff such as Destroyers, weapons etc. can be traced in the Dark web. With the help of this, people are hiding their Crypto currency or Bitcoin transactions. It leads to illegal transactions like money laundering, terror fund, block money etc.

- **Volatility**

There is huge price changes occurred in Bitcoin value. It causes speculation. People involve in trading with Bitcoins as shares in Stock exchanges.

- **Threat to the Central Bank**

The invention and introduction of Crypto currency is curbing the power of Central Bank. The people will make the crypto currency transactions in the large scale. Then it may leads to lobbying. In the global scenario, the Crypto currency and Bit coin transactions are uncontrollable and unpredictable by the Central Banks.

The central bank had said, RBI Deputy Governor R Gandhi warned against crypto-currencies such as Bit coin. The RBI had informed that the creation, trading or usage of Virtual Currencies including Bit coins, as a medium for payment are not authorized by any central bank or monetary authority. No regulatory approvals, registration or authorization is stated to have been obtained by the entities concerned for carrying on such activities

- **Limit the Government Functioning**

Crypto currencies and Bit coins causes difficulty in tracing the economic activities of the people. It is becoming the check on the functioning of the Governments.

- **Disruption in Money Markets**

Introduction of Crypto currencies and Bit coins leads to arrival of new markets. Now, this crypto currency market is not controlled by any Government and Central Banks. These currencies like Bitcoins etc are becoming greater than the conventional hard cash money existed in the world.

- **Fear of Breakdown**

Investors must be aware that Bitcoin may break down altogether. In addition to adequate crypto currencies and cryptography it requires electricity supply. If anything becomes insufficient, then it leads to break- down.

- **Consumes more Electricity**

The safe processing of Bitcoin dealings requires huge electricity supply. Its operation requires a procedure named "Proof of work". This procedure is enormously energy- intensive. At present, the miners maintain the system security and they are satisfied with newly minted coins. But the system consumes huge electricity than all of Switzerland.

- **Enhancement in Wait times and Easily Open to Attacks**

In the coming days after reaching the maximum supply of 21 million coins, the demand for miners will decline. Thus, it will cause enhancement in wait times. Then, the attacker rents the mining equipment on a short-term basis and executes a change-of-history attack. Hence, Crypto currency system is vulnerable to several attacks. Such instances are already occurred.

Conclusion

Every new currency has to face encounter legal and technical difficulties. Crypto currencies are not legalised in India. Under GST and Capital Gains head its transactions are charged to tax now. Government of India and RBI warning that Crypto currency is not safe and banned it also. But after Supreme Court's direction, RBI issues clarification that the banks should not warn the customer against their investment in Crypto currencies. There are several economic consequences in India due to Crypto currency viz., price performance of Bitcoin in India in Rupee value is highly volatile, lack of value backing, unrealistic price fluctuations, work of dark web, threat to RBI, limit the Govt. functioning, disruption in money market, fear of breakdown, enhancement of wait time and open to attacks. The new head of the Bank for International Settlements, also said Bitcoin threatened to undermine public trust in central banks and posed a threat to financial stability. But anyhow, Bitcoin or Crypto currencies are operating in India without the permission of RBI or Government. As it is used even for illegal activities, money laundering and terror fund purposes, it leads to many problems viz., economical, cultural, social etc. RBI has to adopt more advanced technology to protect their investors money. Investors should not keep all their crypto coins in one basket. Govt. of India and RBI has to play a prominent role, assuring the stability of value, ensuring the elasticity of the total supply of such money and taking care of the entire security of the system without fail. And also take proper steps to control and regulate these Crypto currency transactions in India. Every currency has pros and cons; India must adopt and regulate crypto currency with proper care, because people are already fascinated in investing in crypto currency – Bit coin in India. People, investors as well as traders and stakeholders should be very careful so that they should not be under inconvenience situations.

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