



A Study on Cryptocurrency with Special Reference on the Perception of Bitcoin Trading in Bihar

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Abstract: Cryptocurrency is a keenly observed market trend. It has been a crucial subject for debate for almost two decades. But it has been in the limelight during the last two years due to the pandemic, one of the most well-known cryptocurrency that is Bitcoin is the major topic of discussion in this research project. This research aims at comprehending the future potential of bitcoin trading in Bihar as well as to analyze the feasibility of bitcoin trading in Bihar, to understand and study the reasons behind the sudden hype surrounding

cryptocurrency during the Covid era in the region of Bihar and to access the level of awareness among people of Bihar regarding bitcoin trading, the legality of bitcoin trading in India, latest Regulation Bill of Cryptocurrency and the impact of Bitcoin mining and other Cryptocurrency mining on the environment.

Keywords: Cryptocurrency, Bitcoin Trading, Investment, Currency, Blockchain.

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Introduction:

“Cryptocurrency, A new Platform for the future Investment.”

Cryptocurrency, or the virtual currency, is a decentralized digital asset, that was invented in the year 2008 by a group of unknown people using the name Satoshi Nakamoto the currency began use in 2009. The whole objective of cryptocurrency is to remove the middlemen from the picture, which were the banks and financial institutions in this case. It is simply transferring of digital assets without the interference of the banking institutions between two persons, so instead of recording every transaction electronically in different banks an enormous electronic spreadsheet is kept for every transaction, this is called ledger.

So even though every transaction is recorded on one enormous ledger there are numerous other copies of the same ledger that exists in every computer of that

network so if a person purchases one Bitcoin that transaction will be recorded in the ledger and will also be reflected in each and every copy of that ledger independently after checking if it completed the transaction successfully.

This entire transaction is encrypted and protected using cryptography by using a system called the blockchain. It is a system that is used to record transactions in a secure way on blocks, each block contains information about the merchant and the consumer between whom the transaction took place, with a unique hash and previous hash of the previous transaction which is also recorded in that block.

There are more than 4000 types of crypto currencies out of all, Bitcoin is the most well-known. As because these currencies are so new and digital no one knows what exact value they hold which is one of the major reasons why it is so volatile.

Objectives:

1. To understand the concept of Bitcoin trading.
2. To assess the level of awareness among people of Bihar regarding Bitcoin trading.
3. To learn about the other Cryptocurrencies such as Litecoin, Zcash, Ripple, Ether with Bitcoin.
4. To assess the mindset of people of Bihar regarding Bitcoin trading.
5. To analyze the future potential of Cryptocurrency in Bihar, India

Hypotheses :

H1. Investment in cryptocurrency has caught attention of some bright prospective investors.

H2. Inclination towards investment in cryptocurrency like Bitcoin is still in a naïve stage in this part of the country.

Research Methodology: The study aims at analyzing the perspectives and perception of people regarding Bitcoin trading in Patna, Bihar.

Data Collection : Primary Method of data collection and data mining was done through online surveys conducted via Google Forms.

Further to support the purpose of the research, self-prepared questionnaires were circulated amongst the local people of Bihar through various social media sites.

The Secondary Method of data collection comprises the information collected from books, articles and references from the Internet.

Research Questions: This research study is based on some research questions on certain parameters like;

1. How feasible it is for a common man of Bihar to invest in crypto currency?
2. Trading in Bitcoin legal, illegal or restricted in India?
3. Impact of Bitcoin Mining on the environment?

Major Findings of the Research

General Survey

Data Analysis and Interpretation:

1. Classification on the basis of Respondents' age

Table 1.

Age	No. of Respondents	Percentage
Below 20	51	47.2%
20-30	56	51.9%
30-50	01	0.9%
Above 50	00	0.00%
Total Responses	108	100%

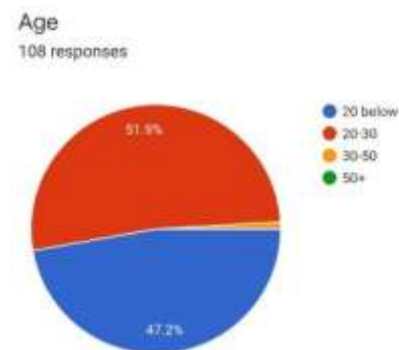


Fig. 1

Interpretation: Out of 108 respondents, 47.2% are below the age of 20 which suggests that these respondents are students and have no income, 51.9% of respondents are aged between 20 to 30. And the remaining 0.4% falls under the age group of 30-50, and there were no respondents aged above 50.

2. Classification on the basis of respondents' initial knowledge about Cryptocurrency.

Table 1.2

Responses	No. of Respondents	Percentage %
Educational Institutions	22	20.4%
Social Media	80	74%
Friends and Families	05	4.6%
Others	01	1%
Total Responses	108	100%

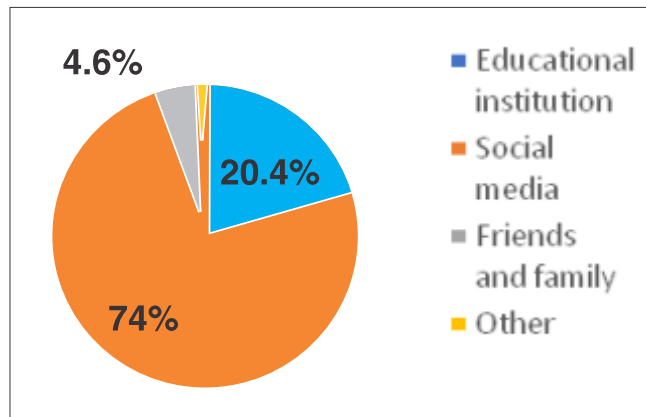


Fig. 1.2

Interpretation: Out of 108 responses 74% of the respondents were aware of the term Cryptocurrency through Social Media, 20.4% of the respondents got awareness through their Educational Institutions, 4.6% of them were aware through their families and friends and the remaining 1% had awareness through other sources.

3. Classification on the basis of trading preferences.

Table 1.3

Responses	No. of Respondents	Percentage %
Yes	25	23.15%
No	83	76.85%
Total Responses	108	100%

108 responses

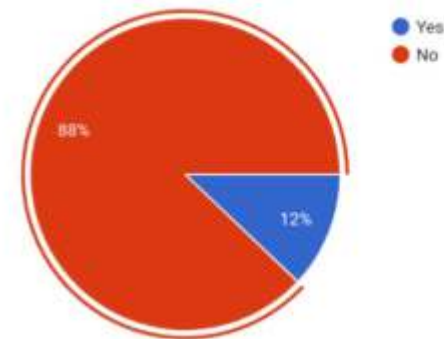


Fig. 1.3

Interpretation: Out of 108 respondents, 25 respondents were only actively investing in Crypto currencies, while 83 respondents have never traded in Crypto currencies.

These are the responses collected by the people who have already invested in Crypto Currencies.

1. Classification on the basis of major reasons for people choosing to trade on stocks over Cryptocurrencies.

Table 2.1

Responses	No. of Respondents	Percentage %
Lack of education	6	24%
Lack of regulatory body	6	24%
Lack of Infrastructure	3	12%
All of the above	10	40%
Total Responses	25	100%

Preference for choosing to trade Stock over Cryptocurrencies

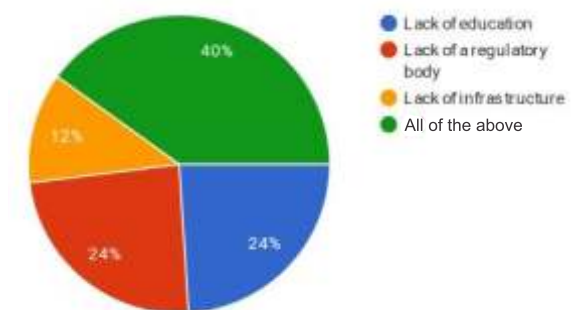


Fig. 2.1

Interpretation: 24% of the respondents agree that lack of education is the major reason for downfall of Crypto over stocks, 24% of them agree that lack of Regulatory Body is the cause of downfall of Crypto, 12% of them agree that lack of infrastructure is the major cause of downfall of Crypto and 40% respondents agree with all the three reasons to be the consolidated reason for the downfall of Cryptocurrency trading.

- Classification on the basis of having a basic knowledge about Cryptocurrency.

Table 2.2

Responses	No. of Respondents	Percentage %
Extremely important	15	60%
Important	7	28%
Somewhat important	3	12%
Total Responses	25	100%

Profound knowledge about Cryptocurrency

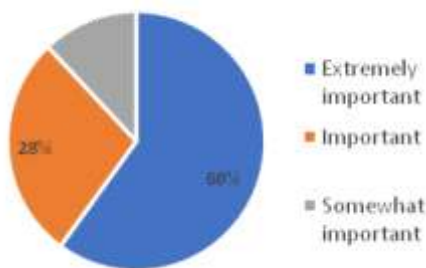


Fig. 2.2

Interpretation: People are intrigued to know more about Cryptocurrency and Bitcoin trading through this graph it can be analyzed that 60% of the respondents consider it extremely important to have basic knowledge about Cryptocurrencies 28% of them consider it as important, 12% of them consider it somewhat important to have basic knowledge about it.

- Classification on the basis of respondents' major aim or reason for investing in Cryptocurrency

Table 2.3

Responses	No. of Respondents	Percentage %
Future Potential	8	32%
Secure Investment	8	32%
For acquiring knowledge	7	28%
Others	2	8%
Total responses	25	100%

Goal or Aim for investing in Cryptocurrency

25 responses

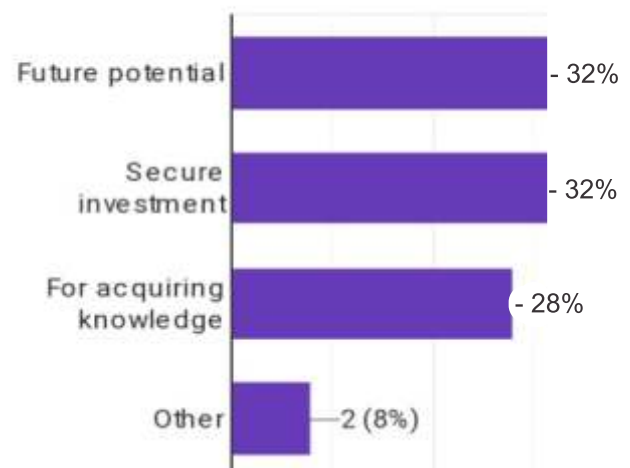


Table 2.3

Interpretation: This graph suggests that 32% of the respondents invested in it as they consider it to have good future potential in it whereas, another 32% of the respondents have invested due to it is considered as secured investment transactions, 28% of them have invested just to acquire knowledge about Cryptocurrency and the rest 8% have invested because of other reasons.

- Classification on the basis of Cryptocurrencies that people prefer to invest in

Table 2.4

Responses	No. of Respondents	Percentage %
Bitcoin	12	48%
Ether	6	24%
Ripple	2	8%
Litcoin	1	4%
Other	4	16%
Total Responses	25	100%

Preferable Cryptocurrency

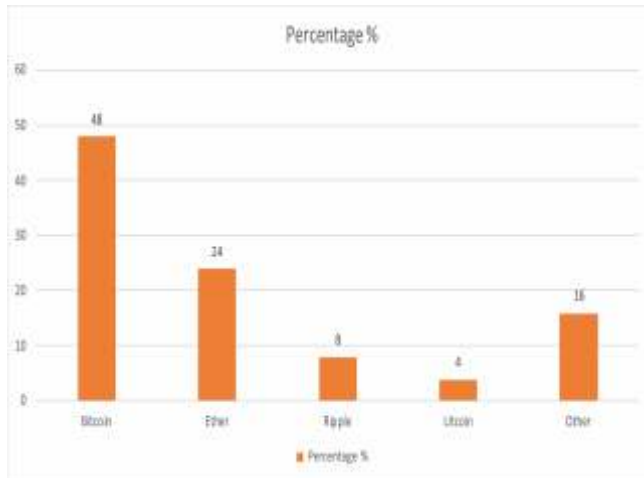


Fig. 2.4

Interpretation: Through this graph it can be observed that 48% people prefer to trade more in Bitcoin as compared to other Altcoins. 24% of them prefer to trade in Ether, 8% of them prefer to trade in Ripple, 4% of them prefer to trade in Litecoin and the rest 16% to trade in other altcoin.

- Classification on the basis of legality of Cryptocurrency as a medium of exchange in the future.

Table 2.5

Responses	No. of Respondents	Percentage %
Yes	13	52%
No	1	4%
Maybe	11	44%
Total responses	25	100%

Perception of cryptocurrency as a legal tender or medium of exchange in the future
25 responses

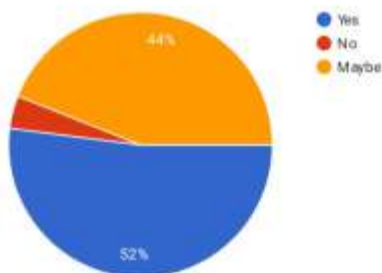


Fig. 2.5

Interpretation: Interpretation: 52% of the respondents agree with the statement of using Cryptocurrency as a medium of exchange in the future however, 44% are still uncertain and 4% disagree with the statement.

- Classification on the basis of people's view on launching of India's own Cryptocurrency.

Table 2.6

Responses	No. of Respondents	Percentage %
Strongly disagree	0	0%
Disagree	2	8%
Neutral	8	32%
Agree	13	52%
Strongly agree	2	8%
Total responses	25	100%

Perception on government launching india's on Cryptocurrency
25 responses

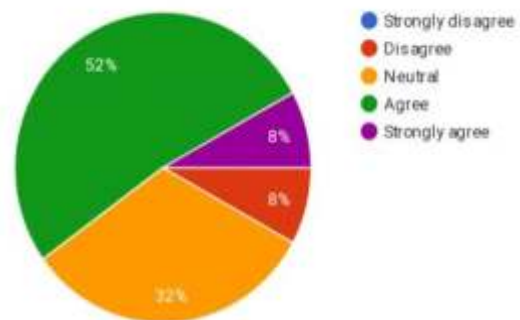


Fig. 2.6

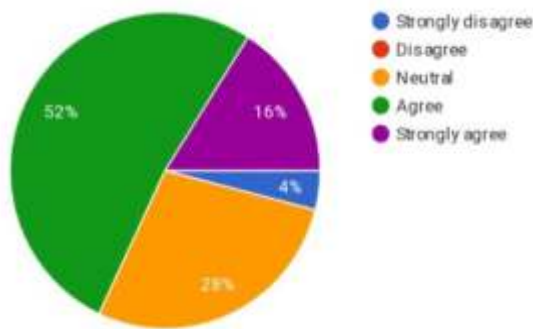
Interpretation: 52% of the respondents agree with the Government on launching its own Cryptocurrency, 8% strongly agree, whereas 32% are neutral with the Government's new bill. 8% disagree with this may be due to unawareness about the bill.

- Classification on the basis of Cryptocurrency as a potential for future investment.

Table 2.7

Responses	No. of Respondents	Percentage %
Strongly disagree	1	4%
Disagree	0	0%
Neutral	7	28%
Agree	13	52%
Strongly agree	4	16%
Total responses	25	100%

Perception on Cryptocurrency being a potential avenue for investment


Fig. 2.7

Interpretation: 52% of the respondents agree with the term that it holds a good potential for investment, 28% are neutral, 16% strongly agree with the fact that it holds a good potential for investment, 4% strongly disagree

Major Findings:

Concept of Bitcoin Trading: Bitcoin is one of the most well-known cryptocurrency. It is a digitally owned asset which is electronically stored in ledgers and the transactions are protected by strong cryptography from where it derives the name Cryptocurrency; the ledgers are recorded using a method called blockchain. Blockchain is a system of recording information in a way that makes it difficult or impossible to change, hack, or cheat the system. A blockchain is essentially a digital ledger of transactions that is duplicated and distributed across the entire network of computer systems on the blockchain.

The user can securely and anonymously purchase a bitcoin as easily as downloading songs on a pen drive as there are no banking sectors involved, it makes the

transaction fees almost nil, and later sell it in less than a minute. The transaction takes place between two people in need and there are no financial institutions to act as middlemen.

This makes bitcoin trading easier than trading in stocks, and using money in forms of cash and digital money. And thus the Hypothesis H1 is proved here as it shows that there are budding investor's who have picked up interest in Bitcoin trading but the number is very less.

Awareness Among People of Bihar Regarding Bitcoin trading: It is observed through the surveys and the questionnaires that the people of Bihar are reasonably aware of the term Cryptocurrency, they have little knowledge about it but not in depth as it is still in its initial stages of development. The survey also reveals that people consider it as an important term which will be very crucial part of the future and they want to know about it thoroughly, they want to learn more about it and explore it. Bitcoin trading in Bihar is still in introductory stage but people are willing to learn about it and also plan to start investing in it as they see a future in it.

Learning about other Altcoins with Regard to Bitcoin: With the success of the crypto, many countries gave a view to issuing their currencies. But with the merits come the demerits of Bitcoin, as one of the biggest complaints against bitcoin is due to transaction delay meaning to create one transaction in blockchain 10 minutes on an average is required and the other issue faced is because of its limited supply (21 million).

So to overcome the issues faced by Bitcoin various other Altcoins were issued like Litecoin, Zcash, Ripple and Ether. Each altcoin have their own merits like Ripple on average takes less than 4 seconds to create a blockchain and Ether takes less than 25 seconds to create a blockchain, also the supply of Ether (Ethereum) is unlimited, 18 million ether can be supplied every year.

Litecoin on the other part was issued in 2011, though having a limited supply of 84 million the blockchain creation time of Litecoin was 2.5 minutes much faster as compared to Bitcoin.

Zcash is also an altcoin that uses cryptography to provide privacy to the users as it is based on Bitcoin's codebase. According to <https://youtu.be/L4G3q1IMgMM>.

Mindset of People of Bihar Regarding Bitcoin

Trading: To assess the mindset and knowledge among People of Bihar about Bitcoin trading online survey was conducted and with the help of that survey we got to know that the people of People of Bihar are hesitant when it comes to investing their money in Bitcoin trading. This resistance pops up in their mind due to a lack of proper knowledge about cryptocurrency and also due to its highly volatile nature. But the main reason why the people of Bihar are not much into Bitcoin trading is because of its unsystematic nature with no regulatory agencies to modulate Bitcoin trading in India.

Feasibility of a Common Man: Average Indians have their money invested and divided across places such as savings account, fixed deposits etc. therefore it is very much feasible for a common man to invest in Bitcoin trading in Patna, Bihar. Although just because of its sudden spike people should not invest in it without having any proper knowledge. The way to invest in any cryptocurrency would be to read about it. Have proper knowledge about it, know about its volatility and not just blindly invest in it. A common man may not know about a lot of Bitcoins and other related currencies.

Bitcoin Legal, Illegal or Restricted in India: At the moment there is no legal legislature that covers the area of cryptocurrency.

But this doesn't mean that Bitcoin trading is illegal in India or restricted in India. It is neither legal nor illegal to trade in Bitcoin in India. It simply means that there is no robust legal framework for Bitcoin investors, meaning that the crypto users will not necessarily enjoy the benefits of safeguard as compared to owners of stock who are registered under SEBI.

Due to the massive spike of cryptocurrency many Indian investors have also invested in crypto which has led to an increase in the number of crypto investors in India. Although due to the lack of regulation and anonymous nature of transactions government of India is all set to ban cryptocurrency especially private cryptocurrency. But our Finance Minister has said that this decision will be taken on the interest of the crypto investors of India. And to view cryptocurrency as an asset to India. And the second Hypothesis H2 is proved correct as Bitcoin trading is still in infancy stage because

of its unstable regulation.

Impact on Environment: Bitcoin (BTC) and Ethereum (ETH) have seen massive growth in price and users; however the major concern surrounding data mining is about its effect on the environment as according to a study over 39% of energy used in bitcoin mining alone comes from renewable sources such as hydropower.

The environmentalists proclaim that bitcoin mining produced around 30 kilotons of electronic waste per year and they believe that in near future it can push global warming beyond 2° C. The consequences of widespread cryptocurrency adoption. In particular, many skeptics and environmentalists have raised concerns about cryptocurrency mining, which can consume massive amounts of energy, according to the news of climate. Columbia (<https://www.google.com/search?q=impact+of+data+mining+in+cryptocurrency+on+the+environment&oq=impact+of+data+mining+in+cryptocurrency+on+the+environment+&aqs=chrome..69i57j33i22i29i30l2.30998j0j9&client=ms-android-samsung-ga-rev1&sourceid=chrome-mobile&ie=UTF-8>)

Future Potential of Cryptocurrency: According to estimates India is one of the largest numbers of bitcoin holders, even though in India bitcoin is banned to be used as a legal tender yet, it cannot be denied that it's not already a part of society. The Indian government's crypto tax legislation received the assent of the President of India, the final formality before becoming law. The crypto tax law enforces a 30% tax on profits from crypto transactions, effective April 1. Traders will not be able to set off losses from other crypto transactions. Crypto gifts within a family would be exempt, but gifts above Rs. 50,000 (\$660) outside the family would be taxable once in the hands of recipients. The most controversial provision – the 1% tax deducted at source (TDS) liability – won't take effect until July 1. TDS is a liability enforced against the exchanges that deposit tax on behalf of sellers on the platform. It will be calculated at 1% of transaction value. The seller would be able to set off this 1% TDS from their total tax liability of 30%. The TDS mechanism is used to trace transactions and prevent tax evasion, according to the

government. Several crypto lawyers told CoinDesk they believed challenging the crypto tax legislation as a whole (both 30% tax on profits and 1% TDS) would be a "bad move." The Reserve Bank of India (RBI), the nation's central bank, issued a circular that effectively prevented banks from providing services to crypto exchanges in 2018. The nation's Supreme Court struck down the RBI circular in March 2020, in a clear victory for the crypto community, according to the news of coindesk .

(https://www.coindesk.com/policy/2022/04/05/can-indias-controversial-new-tax-law-be-challenged-in-court-yes-say-crypto-lawyers/?utm_medium=referral&utm_source=rss&utm_campaign=headlines)

However the moment the government issued legal order about bringing a new bill the prices of many big cryptocurrency hunched down rapidly creating a massive panic selling of cryptocurrencies reducing the demand, According to the news of onmanorama (<https://www.onmanorama.com/news/business/2021/11/26/cryptocurrency-future-india-reasons-forhigh-demand.amp.html>).

Conclusion: Cryptocurrency at the moment for People of Bihar is more like an optimistic gamble rather than a strategic investment.

Cryptocurrency is a virtual digital asset with great potential and a very secure mechanism for transactions called blockchain and it is encrypted using cryptography, the transactions take place individually without the interference of any middlemen like banking sectors. But it has flaws that make it very obscure and unsystematic which will be rejected by the majority when it comes to trading due to its volatile and unsystematic nature, it does not have any regulatory body to regulate it. It can be said that it has potential but it is yet not ready to be a part of the society concerning Patna, Bihar, India.

Cryptocurrency is like a boundary-less country with no jurisdiction to act as a watch guard to protect and

safeguard the interest of the investors which poses as a major concern, which is why the Indian government is imposing a ban on certain private cryptocurrencies to limit and create boundaries but at the same time, the RBI is launching its digital currency to promote the growth of India for the future. But it is a very complicated task as India has the largest number of Bitcoin holders around ten crore investors are from India above, so banning it would create many other problems such as money laundering, illegal buying & selling, as it would increase losses for the government.

Suggestions:

- Webinars should be conducted in Colleges and other institutions regarding Cryptocurrencies.
- Students and people should be given a platform where demonstration regarding trading in Cryptocurrency should be shown.
- Automated purchases of Cryptocurrency, just as it is with regular stocks and shares, can help to automate crypto purchases.
- To be in Crypto trading for long term as leaving money in the market for months or years at a time could offer best rewards.

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