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A STUDY ON FUTURE PROSPECT OF INVESTMENTS ON BITCOIN IN INDIA

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ABSTRACT

Bitcoin is a crypto currency and it is the first decentralized currency, which is accepted worldwide and which is not governed by central bank or single administrator. The network is based on peer to peer and transactions take place between users directly without an intermediary. Bitcoin's came into market in the year 2008 with very small value but today the value of a Bit coin varies between \$10000 to \$15000.

KEY WORDS: *crypto currency, store value, block chain, Bitcoin mining, volatility*

INTRODUCTION

The blockchain is a public ledger that records Bitcoin transactions. A novel solution accomplishes this without any trusted central authority: the maintenance of the blockchain is performed by a network of communicating nodes running Bitcoin software. Transactions of the form payer *A* sends *B* bitcoins to payee *C* are broadcast to this network using readily available software applications

Mining is a record-keeping service done through the use of computer processing power. Miners keep the blockchain consistent, complete, and unalterable by repeatedly grouping newly broadcast transactions into a block, which is then broadcast to the network and verified by recipient nodes. Each block contains a SHA-256 cryptographic hash of the previous

block, thus linking it to the previous block and giving the blockchain its name.

REVIEW OF LITERATURE

Hamad Sheikh, who pointed out that “Digital currency is here to stay, simply because it does not require middle men or local regulatory bodies to hinder its transnational efficiency”

Farah commented, “Bitcoins are useful for trading currencies internationally ... seamlessly in real time—something current banks lack ...”

RESEARCH PROBLEM

In the present world Bitcoin was the first crypto currencies introduced in the form then it became a most buzzing word in the finance and most of the people started Bitcoin mining farm in country like Chain. The study was made to know the futuristic

perspective of Bitcoin and evaluate whether Bitcoin will replace the money in prospect.

OBJECTIVES OF THE STUDY

- To Know the perception of investors towards investment in Bit coin
- To Study is made to know Bitcoin be a prospect currency.
- To evaluate the possibility of Bitcoin replacing the money.

RESEARCH METHODOLOGY

- Qualitative research based on the secondary data collected
- It's purely analytical research.

FUNDINGS OF ANALYSIS

The Bitcoin community was looking forward for a good popularity and increase in the price. If you talk to a Bitcoin enthusiast long enough, it's only a matter of time until they proclaim that it's not even possible for it to be a bubble since it's a currency. This wouldn't be true even if it was one, but it's not. It's stock in a much, much worse version of PayPal.

It's pretty simple. It has to do with the fact that, from the beginning, Bitcoin's mysterious inventor decided that there would only ever be 21 million coins. That limited supply means that any increase in demand can send prices soaring into the stratosphere, especially when people see everyone around them making a lifetime's worth of money in a couple of months. After all, the only thing worse than being the greater fool who buys into a bubble is being the greatest one who stays out and doesn't make any money off it.

We most probably have to agree with this one as more and more merchants are starting to accept Bitcoin as a payment option (Google has launched its payments API with Bitcoin, Amazon is rumored to soon start accepting payments in Bitcoin, etc). Moreover, the network of Bitcoin ATMs and the number of Bitcoin Payment Cards is growing constantly, which makes this crypto similar to our beloved fiat. However, this is only one side of the coin. In fact, the most popular cryptocurrencies performs quite poorly as a medium of exchange. This is fundamentally due to high volatility, which makes it inconvenient and impractical to denominate goods or services in Bitcoin. For example, at the beginning of the day you might price your Mac Book at 1 BTC, but due to daily fluctuations (that can range up to 30 to 40 percent), at the end of the day it should cost 1.5 BTC. To put this into perspective, the daily exchange rate between USD and EUR is on average 1 to 3%.

Though the store of value resembles Bitcoin pretty well, it is still rather different to what conventional money should have. Probably one of the key features of currency as a store of value is that it

should be stable. And this is especially important for countries that are striving to attract investment. Simply put, those who invest are expecting some stream of prospect earnings, and unstable currency compromises investors' ability to accurately predict prospect earnings, which makes investments less valuable, and hence less attractive.

In economics, a unit of account denotes a nominal monetary unit of measure or currency used to represent the real value of any economic item such as goods, services, assets or liabilities, income, expenses. Again, referring only to volatility, we can understand that Bitcoin does not satisfy this criterion.

CONCLUSION

After taking a look at the key attributes of a currency, we can easily see that Bitcoin is not one. Taking into account slow transactions, relatively high costs and energy inefficiencies for running the network, as well as some fundamental disagreements (in terms of prospect developments) within the Bitcoin community, it is more than obvious that this cryptocurrency will never seriously challenge USD, GBP or EUR.

However, this does not mean that Bitcoin has no prospect. It can be applicable and use full only in those countries where the home currency is not reliable and stable. And only in those countries there is a possibility to replace the currency wit Bitcoin.

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