

Growing Strategies Of Bitcoin In Bangalore Urban

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Abstract:

This paper talks about whether Bitcoin could change our instalment framework and supplant our money based society. The examination is an endeavour to comprehend the developing systems of bitcoin advertise in India basically concentrating on the speediest uprising city Bangalore. This paper examines the issues that prevent Bitcoin's accomplishing wide selection in our nation, as it has not been generally welcomed by worldwide government national banks. The outcomes have appeared by a factual report, it is a meaning move for bangloreans from a money based economy towards a less money based society. The paper gives helpful data to help the dissemination of Bitcoin developments in Bangalore.

Keywords — BITCOIN, UNOCOIN, VIRTUAL- CURRENCY, CRYPTO – CURRENCY, EXCHANGE RATE, SUPPLY & DEMAND.

I. INTRODUCTION

In all the aspect of financial transaction crypto-currency has been increased in this recent era. Many crypto-currencies have been circulated such as Bitcoin, Litecoin, Peercoin, Auroracoin, Dogecoin and Ripple. Among all these the most outstanding crypto-currency type is Bitcoin, which is growing and becoming more familiar in the field of business. The origin of Bitcoin since 2009 has also increased in the market place as well as many investors have gained the benefit after its growth.

Bitcoin has helped in financial transactions, which provides various services such as payment for goods, repayment of debts in a given country or socio-economic context. The base of the bitcoin is similar to the design which is used in cryptography which controls the creation and transfer of money rather than depending on central authorities for transaction.

II. BITCOIN

A. Meaning

Bitcoin is a decentralised digital currency that empowers moment instalments to anybody, anyplace on the planet. It isn't sponsored by any nation's national bank or government. Bitcoin-to-Bitcoin exchanges are encoded by vigorously made hash codes over a shared innovation which does not work with any focal expert. The shared system screens and confirms the trading of bitcoins between every client. Every client's Bitcoins are put away in a program called a computerised wallet, which additionally stores each address and points of interest from which the client sends and gets bitcoins from, and private key known to the client.

Bitcoins can be exchanged for products or administrations with merchants who acknowledge Bitcoins as instalment. Bitcoin is a type of cash. It is, seemingly, not a decent type of cash, as its esteem is seriously unpredictable. In any case, it is utilised as instalment in money related exchanges. Merchandise and ventures are exchanged on one side, and Bitcoin is exchanged on the other.

Bitcoin has turned out to be very helpful for specific things. It is an almost costless method for exchanging an incentive over long separations, and secretly. It doesn't make utilisation of the managing an account framework, and does not leave a paper trail.

B. Bitcoin Exchanges

A normal client can purchase and offer bitcoin for significant sovereign monetary standards utilizing on the web trades. Trades go about as merchants, filling in as a stage over which purchasers and venders meet up, or as merchants, going up against a stock of bitcoin to pitch to clients and benefitting by the exchanges. Acquired bitcoin would then be able to be put away in an electronic "wallet," which is a component regularly offered by the trade itself, for later utilize. Bitcoin clients traverse the globe, and trades do also. While security concerns remain, bitcoin trades are by and large very straightforward with respect to their operations. Essentially all real trades set aside a few minutes information about costs and volume for use by speculators and web applications.

C. Terminologies Used

Block chain: The piece chain is a shared open ledger on which the whole Bitcoin organize depends. Every affirmed exchange are incorporated into the square chain. Along these lines, Bitcoin wallets can figure their spendable adjust and new exchanges can be confirmed to spend bitcoins that are really possessed by the high-roller. The uprightness and the sequential request of the square chain are implemented with cryptography.

Exchange and Private Keys: An exchange is an exchange of significant worth between Bitcoin wallets that gets incorporated into the square chain. Bitcoin wallets keep a mystery bit of information called a private key or seed, which is utilized to sign exchanges, giving a numerical confirmation that they have originated from the

proprietor of the wallet.

Mining: Mining is a distributed agreement system that is utilized to confirm waiting exchanges by incorporating them in the block chain. It implements a sequential request in the piece chain, secures the impartiality of the system, and enables distinctive PCs to concur on the condition of the framework. To be affirmed, exchanges must be stuffed in a block that fits extremely strict cryptographic tenets that will be confirmed by the system.

D. How does it works?

As another client, you can get started with Bitcoin without understanding the specialized subtle elements. When you have introduced a Bitcoin wallet effectively on your PC or cell phone, it will produce your first Bitcoin address and you can even make more at whatever point you require one. You can reveal your addresses to your companions with the goal that they can pay you or the other way around. Truth be told, this is quite like how email functions, with the exception of that Bitcoin locations should just be utilized once.

To execute in bitcoin, one should communicate to the bitcoin arrange and enter the general population key of the payee and the measure of bitcoin one means to transfer. Every bitcoin address has an associated private key that acts as a password to ensure that all transfers are authorised and along with one's own public key, it allows one to digitally sign bitcoin transactions. The primary concern of the payee is that the amount of bitcoin being transferred has already been spent, and therefore does not belong to the payer. Another concern is the rate of creation, since a high degree of inflation could reduce the value of one's holdings. What allows bitcoin to be functional is that it overcomes these two major obstacles facing any digital currency: avoiding double spending and controlling creation. Both of these problems are solved in the process of mining. As transactions are broadcast over the bitcoin network, "miners" work to collect transactions into a group, known as a "block," to be added to the block chain. Every

block must be accompanied by a hash (a string of characters of a fixed length generated by a set function) that depends on the list of transactions. The hash serves as a proof-of-work. Once an acceptable hash is found, the 5 successful miner broadcasts the block to the network, which is accepted as long as all the transactions are authorized and the hash is valid. As a reward for the computer power expended to verify transactions, bitcoin miners receive newly created bitcoins. The difficulty of mining adjusts every two weeks so that blocks are mined at a rate of one every ten minutes, thus controlling the rate at which new bitcoins are created.

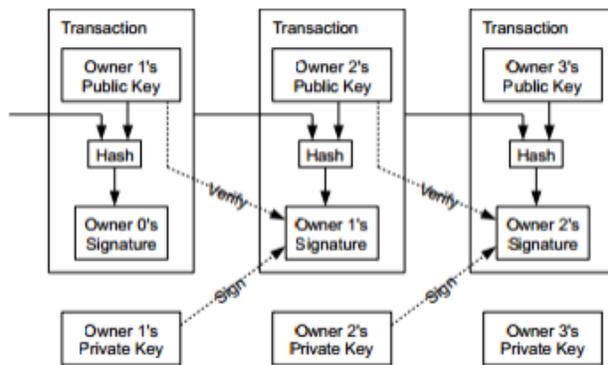


Fig. 1 shows the working of a bitcoin.

III. UNOCOIN IN INDIA

Unocoin is India's most popular Bitcoin Company and was the first bitcoin exchange launched. The Service operated by this Company in the name of Unocoin allows buyers and sellers to buy and sell Bitcoins.

The Service provided to its members are:

1. Transfer Bitcoins to other Members or other users of Bitcoin,
2. Send and receive Bitcoins,
3. Purchase and sell Bitcoins, and
4. Use Bitcoins for purchasing goods.

In India Bitcoins are usually referred to as Unocoin. To get verified as a user of Unocoin, individuals need to have an Indian PAN (Personal Account Number) card, they must also supply a full name and contact details with proof of address, and an

optional photo. Transfers are handled via linked bank accounts. Users can send and receive bitcoins without limits, and users who trade local currency for bitcoins regularly for 60 days or more are elevated to Gold User status, with higher limits. It's also possible to send bitcoins to a friend via email whether the recipient has an existing bitcoin wallet with Unocoin or not. If not, they would be invited to sign up with Unocoin to claim the amount. Unocoin also has two-factor authentication and the ability to generate paper wallets with client-side JavaScript to take bitcoin storage completely offline.

IV. GROWTH OF BITCOIN IN BANGALORE

Bitcoin's popularity in India is steadily growing, particularly in the country's third most populous city, Bangalore. Unocoin which is India's leading Bitcoin Exchange, is also located in the city, Unocoin is helping the businessman of the city to trade with bitcoin, it also gives service to the shopkeeper, and merchant, it also facilitates the payment of the bitcoin to the common citizens. Bangalore has the large number of merchants who are taking payments in the form Bitcoin. It has been monitored that the total number of merchants accepting bitcoin in this city is about 400 in number now, and has 50 outlets accepting bitcoin. It is estimated by the CEO of Unocoin that it also processes more than 200 million INR every month from the country.

The use of bitcoin in Bangalore is so widely spread that, Business Standard recently described, adding that products and services that can be purchased with bitcoin in the city include bus tickets, meals, e-shopping vouchers, and also getting a haircut.

Some Unocoin merchants include Bangalore's largest book mall Sapna online, Dharwad international school and many more who are actually accepting bitcoin as a payment mode.

Therefore, the trend of bitcoin as virtual currency is rapidly growing in the metro cities of India such Bangalore.

V. STATISTICAL STUDY

In the survey conducted, primary data was collected on a set of people through a questionnaire. Random sampling method was adopted and selected, representing both the genders, different age groups, education level, marital status and monthly income.

The following objectives were kept in mind while the study was taken place:

1. To understand the consumer's awareness towards Bitcoin trends.
2. To understand the attitude of consumer's towards bitcoin as a mode of payment.

A set of 6 questions were asked to different categories of people and their responds were collected for further statistical analysis. Table II shows the people's awareness about Bitcoin and its trend in the market.

TABLE II
FINDINGS

Sl.No	Description	%Of Respondents Who Said Yes	%Of Respondents Who Said No
1.	Are you aware of the term 'Bitcoin'?	58	42
2.	Do you trust in the concept of virtual currency such as bitcoin?	45	55
3.	Do you want to invest on Bitcoin?	47	53
4.	Have you ever invested in Bitcoin?	28	72
5.	Do you think Bitcoin should be globalized as a global currency?	15	85

The Table I given below shows the demographic information about the respondents which reveals that 60% of the respondents were under the age group of 20-30, 26% of the respondents come under 30-40 and 14% of respondents were above 40 years of age.

TABLE I
DATA ANALYSIS AND INTERPRETATION

Age	%	Occupation	
		Male	Female
20-30	60	78	22
30-40	26	89	19
Above 40	14	90	10
	100		
Monthly-Income	%		
0-10k	20		
11-40k	35		
41-50k	30		
51-70k	10		
>70k	5		

VI. INTERPRETATIONS

All the above questions mentioned in the questionnaire were asked to each and every person in a direct personal observation method.

The people who were not aware of the bitcoin concept was explained about it to them in detail and were asked the next three questions (2, 3 & 5).

It was interpreted that just 58% of the people were aware of Bitcoin and its trends in the market and rest were unaware of it. It was also interpreted that people who are working in a high class profile job and who were educates were aware of it than the illiterate people doing small business and petty shops.

Many of the people never trusted in the working of bitcoin and stated that it is a risk factor and very few people wanted to invest on virtual currencies such as Bitcoin. The people who had already invested on it stated that it is a very useful for trading purpose in foreign market as the transactions are not monitored and agreed to globalize Bitcoins as global currency.

Hence Bitcoin is slowly taking a vulnerable position in the economic market of Bangalore.

VII. EXISTING SYSTEM

Indian laws does not define any digital or virtual currency, so we will have to look at the traditional definition of currency to see if Bitcoin falls into the criteria of becoming a legal officialised currency. The term currency defined in the Indian law does not include any such virtual currency into its act of being legal. Bitcoins are not illegal in India, and are not widely used by the people or regulated in India, but it is notable here that this is an inclusive definition which means that it has a large scope for expansion. RBI is trying to study and understand how the bitcoin currency works, before regulating it. RBI is trying to figure out the potential of these technologies for reconstructing the business and service delivery models for more efficiency. The legislature has consciously made the definition capable of further expansion which means that the Reserve Bank of India (“RBI”) has the authority to notify and appoint such virtual currencies as legal under some rules and regulations. The usage of bitcoins will drastically affect the market values of different products. Some countries are even starting to either regulate or restrict Bitcoins. But India is still keenly observing the stage of crypto currencies, learning their role in the other countries before taking any solid steps to regulate or ban them. This means that if any instrument which is being used as a currency is not covered by the definition as it stands, then the RBI is free to notify it and include it in the definition of currency anytime.

Over the past few months, Bitcoin and Blockchain are constantly being seen on news. Many eateries in Bengaluru have decided to accept Bitcoin as another payment mode like Paytm or Paypal. Most of the people are betting on bitcoins, the worldwide cryptocurrency, and digital payment system. Eventually the bitcoin prices are increasing rapidly and is trying to come up with a cashless economy. Bitcoin’s market value was recently \$267 billion, at a price near \$16,000/Bitcoin. It is noted that in later stage bitcoin can become a massive Speculative demand, the demand which can turn into supply in an instant. And by my personal research, I think that “fundamental” demand for Bitcoin as a transactional tool will have continues growth underneath. From the recent survey of 2017

it is found that the market for bitcoin is going up rapidly than the gold market.



Fig. 2 shows the demand of Bitcoin over Gold

VIII. PROBLEMS FACED

Like any other currencies there are problems related to bitcoin. Bitcoins are not widely accepted among individuals. Only a few number of online merchants and businessman are actually using bitcoins, the very crucial problem is that most of the people in India or Bangalore are not actually aware of Bitcoin, and government is still trying to learn the potentiality of bitcoins for the efficient use of it in the Indian economy. Therefore we cannot completely depend upon bitcoin as a currency.

The other main problem faced is the hardware and software maintenance, if the hardware collapses or virus distorts the data, then the bitcoin is considered to be lost and there is no way to retrieve it, these coins become forever idle on the system. The occurrence of such hardware and software problems lead to a huge loss of Bitcoin investors who face bankrupt without any form of recovery.

Bitcoins are completely virtual and doesn't have any physical form. As the bitcoins are not in physical form it cannot be used in most of the physical stores. If we want to use it, then we have to convert it into cash. So it becomes a tedious process.

The value of bitcoins keep fluctuating depending on the people's demand. When the price constantly fluctuate, the bitcoin accepting sites have to constantly change the prices. It will eventually lead

to lots of confusion .since there is no government authority for validating the bitcoin, there is no guarantee of its value. The suburbanized nature of bitcoin is both a blessing and cursing.

Bitcoin is not similar to any of the instruments mentioned in the definition of currency stated in the Indian law. Since Bitcoin is not really backed by any institution and has no backing by any central bank or institution of India, hence the transactions involving acceptance of Bitcoin are voluntary in nature, therefore it does not seem that Bitcoin is an instrument that can be used to create a financial liability. This can be explained with the help of an example:

E.g. If a person has Indian rupee note worth Rs. 500 and everyone stops accepting the currency, he can easily go and claim his money from the governor of RBI, but if a person owns a Bitcoin there evolves a risk factor, Bitcoin can be used to buy any goods or services is entirely dependent upon the willingness of third parties to accept Bitcoin as a valuable item. Therefore it is clear that Bitcoins do not fit into the definition of currency under Indian law.

IX. PROPOSED SYSTEM

To overcome the problems faced by the existing system like unawareness, lack of hardware and software maintenance, lack of trust, and other risk factors regarding Bitcoin. We can focus on each sector in detail and improve them for the betterment of the system.

The first step is to spread awareness about this system to as much as people possible. For this our first step is to educate the people about this system. There should be an awareness programs and workshops held in which the volunteers explain in detail to the people about what is Bitcoin? How it works? What are its trends in the foreign and Indian market? And so on. This may increase the demand of Bitcoin in the market.

The second step is to secure and enhance the hardware and software systems, we can overcome the attack of virus by appointing software specialists and specialised anti-virus

systems to take care of such circumstances, and the system should mainly concentrate on helping the investors prevent loss of their bitcoins or retrieve their bitcoins back when the hardware collapses.

This system should be flexible enough to convert into cash form whenever the investor wants to obtain it's Bitcoins in the form of cash, it should cut short the process of converting Bitcoin to cash. There should also be a proper validation of such system for its betterment and growth.

X. CONCLUSION

Since the day of establishment Bitcoin is used as crypto-currency. It is recently become a highly controversial topic. Talking about the positive side it is actually cheaper to send money internationally, the minimal fees of it and its lack of regulations makes it much easier. However, when we look at the negative side this can also lead to facilitation of criminal activity and it takes away the rights of the government to generate revenue.

Therefore, after keeping an account of all the pros and cons of this system, we come to a conclusion that Bangalore is actually raising its demand for Bitcoin gradually and in coming future we may also interpret that Bitcoin can take over the post of global currency in the world, though there are many debates on this factor.

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