

What's Next for the Bitcoin Revolution in India?

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By Sathvik Vishwanath

With the Bitcoin revolution reaching the Indian subcontinent, a new currency is born. Rare as it is to witness the coming of age of a new currency, at a fundamental level, Bitcoin also has the features necessary for spreading financial inclusion in India and banking the widespread unbanked sections.

Last year's demonetization drive was another push towards this cryptocurrency, opening floodgates of opportunities for its nationwide adoption and acceptance. Various Bitcoin players have shown remarkable agility in making the most of the unprecedented push. As a consequence, the value of Bitcoin had appreciated so much that just few week backs it was trading at about 1 Lakh Indian rupees.

However, according to the Bloomberg report titled "India's missing Investors", only 1.5 percent Indians invests in securities market. The number is feeble, especially when viewed against 10 percent in China and 18 percent in the US. Even with such low figures, Indians found a new interest in Bitcoins.

But Why Is Bitcoin So Popular?

Bitcoin is the first decentralized cryptocurrency which runs on a completely independent network from the traditional governments. Introduced in the year 2008 in a white paper published under the pseudonym of Satoshi Nakamoto.

Once it was discovered, the popularity of this currency has only grown in leaps and bounds. From being perceived as one of the upcoming fads amongst the geeks or tech-savvy users, Bitcoin today enjoys a larger user base comprising the 40 to 60 age demographic. We can easily infer from this that the Bitcoin wave has hit everyone equally.

The expression of financial freedom and the sole ownership of one's own funds have caught the interest of people who have already been seeing suppressive currency models for their life. Apart from that, Bitcoin exhibits a wide variety of characteristics that are very unique for a currency. These include limited supply, transaction history and globally acceptable protocol. Due to all these reasons, there is now an increased enthusiasm amongst people, especially Indians to consider buying Bitcoin.

The above mentioned characteristics of Bitcoin also added to its popularity and mass appeal, hence encouraging a host of Bitcoin exchanges and businesses modeled around Bitcoin to sprouting out. And the very fact that these exchanges are funded by the very reputed Indian and foreign investors testifies the fact that the Bitcoin industry is here to stay in India.

Government's Attention, DABFI and the Future Perspective for Bitcoin

Bitcoin has clearly outgrown its specific niche and seeks formal recognition amongst Indians. The opportunity to be part of building a global financial framework is paramount for India. Although there is always the possibility of breach to the foreign exchange capital controls and money laundering, Bitcoin exhibits some interesting features enabling greater financial inclusion and optimized global transactions. Furthermore, India must learn from the well-thought regulatory frameworks of other countries such as Japan, China and USA.

Subsequently, the Indian government is taking right steps to understand and frame guidelines for businesses operating in the cryptocurrency space. With the onset of all these developments, Indian government has decided to set up a committee to develop a regulatory framework around this space.

4 of the Bitcoin start-ups in India, Unocoin, Zebpay, Searchtrade and Coinsecure, together launched Digital Asset and Blockchain Foundation of India (DABFI). The foundation is responsible for facilitating the periodic and transparent growth of virtual currency market in India, laying down self-governing protocol regulating bitcoins and other digital assets based on blockchain.

The organization is further responsible for drafting standard of KYC, Suspicious Transaction Reports and Anti-Money Laundering for all of its member companies. DABFI has further appointed the international law firm, Nishith Desai Associates, for developing self-regulation protocol.