

A STUDY ON PRICE MOVEMENT OF BITCOIN AND BITCOIN GOLD IN INDIA

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Abstract:-

Due to the fast development in the Information Technology, many aspects in our life have become online which are flexible and more effective. A new concept like digital currency was created a new business phenomenon in this digital platform to permit the financial aspects like buying and selling. The adoption of virtual currency has become widespread in many trading systems in recent years. As per norms this kind of Digital money is not fully controlled and restrained, majority of the countries have not acknowledged this virtual currency in their commercial activities. The present study was considered price movement of BITCOIN INDIA and BITCOIN GOLD and try to identify the movement of prices. Correlation and T Test were conducted to identify the correlation of price movement among them. The paper studies the regularities of Bitcoin India and Bitcoin Gold and their future in India.

Key Words: BITCOIN, BITCOIN GOLD, Digital Platform, Virtual currency etc..,

INTRODUCTION:

Crypto currency is a digital payment system that doesn't depend on banks to verify transactions. It is a process of buying and selling of Digital currency instead of physical money. In India, Bitcoin is not legal and in 2018, Central bank and RBI announced ban on the sale or purchase of this crypto currency. In July 2019 draft has proposed a ten years prison sentence for one who "Mines, generates, holds, sells, transfers or deals in crypto currencies". Later the government of India has planned on making a bill to regulate crypto currencies which was presented in the Parliament during Winter Session in November. Since it was not mentioned during the period, experts believe the government might mention it in the February budget. (www.livemint.com/market) "Today, leading crypto currencies follow strict self-regulatory practices. Investors felt that Indian Government will come up with some regulation related to cryptocurrencies which will help to set up standised practices which will help to reduce misconceptions related to cryptocurrencies. However in the Finance Bill 2022, Finance Minister Nirmala Sitaraman mentioned about cryptocurrency and added that India will also introduce a new crypto currency soon. Hence it is expected that we may soon have some regulations for trading in cryptocurrencies.

Buying and Selling of BITCOIN in India:

There are two ways to trade Bitcoin in India

1. Exchanges
2. Peer to Peer Method

Both the methods should follow all KYC norms and generally needs all the documentation like PAN cards, Aadhaar card / Passport.

REVIEW OF LITERATURE:

- Study was done by Saloni Sunilkumar Doshi on “A Study of Opinions of Future of Crypto Currency in India” the main objective of his study is to examine the opinion of investors in India. The researcher collected data from 100 respondents. In the study they identified that big investors who are living in urban area are more positive towards cryptocurrency investment.
- A Study was done by Prof.Blesson James, Prof.Manjari Parashar on “ Criptocurrency: An Overview on its Impact on India Economy” the study deals with current status of cryptocurrency in India and its impact on Indian economy. The study reveals that the crypto currency has a future in India and there is a ray of hope.
- A study on “BITCOIN and Cryptocurrency: Challenges and Opportunities and Future Work” is done by Fauzi, Muhammad Ashraf, Paiman, Norazha, Othman, Zarina . The paper discuss regarding law and regulation, high energy consumption , possibility of crash and bubble and attacks on network. The researcher conclude that cryptocurrency in the best of its ability would be one of the most prominent discoveries in the 21st Century.
- The study conducted by Mr.J.P.Jaideep, Mr.K.Rao Prashanth Jyoty on “ A Study on Cryptocurrency in India –Boon or Bane- With special reference to Bitcoin” studies on the role of Bitcoin and its future in the Indian economy. It reveals that there are few organisations promoting Bitcoin, treating it as exploration has begun about the transparency, business module of those firms and the people who deal with it.

OBJECTIVES OF THE STUDY:

1. To understand the idea of Bitcoin and Bitcoin Gold and its regulations.
2. To know authenticity and trading of Cripto currency in India.
3. To compare movement of prices between Bitcoin and Bitcoin gold.

RESEARCH METHODOLOGY:

Sources of data collection

Secondary data

The main source of data collection is through secondary data which were collected from the published source in the academic library, web sites, books, journals, magazines, etc.

Period of the study

The study period covers from March 2018 to December 2021 of Bitcoin Bitcoin Gold.

Hypothesis

Ho: There is no significant relationship between price movement of Bitcoin gold and Bitcoins in India.

H1: There is a significant relationship between price movement of Bitcoin gold and Bitcoins in India.

Scope of the Study:

The study is confined to BITCOIN India and BITCOIN GOLD only for the said period and find no comparative study between these two.

Cryptocurrency:

Cryptocurrency is nothing but digital or virtual currency which uses block chain technology. Under this technology data is converted into codes. The main advantage of cryptocurrency is that they are very easy to transact since the barriers to entry is very low. Further it is considered as secure.

The market capitalisation of the world's top 5 crypto assets are about 70% of market capitalisation. Bitcoin is the leading and top cryptocurrency and followed by Ethereum, Bianca Coin, Tether and Solana (www.timesofindia.com)

The process of crypto transaction is done through recording of distributed ledger which is called as the Blockchain process. The transaction is permanently recorded in the blockchain. Basically the cryptocurrency is for the purchase of valuable metals. But now Bitcoin is the one of the most investable option through this cryptocurrency.

Cryptocurrency and other crypto products have been hailed as an innovative product that had changed the traditional way to digital technology.

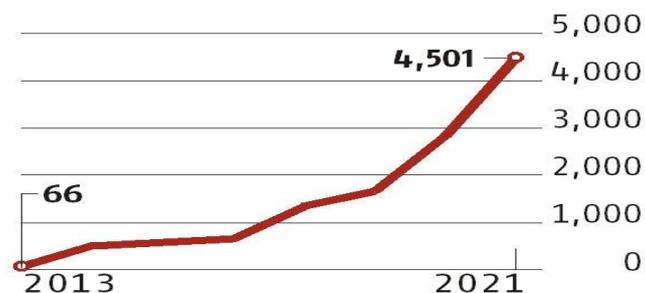
BITCOIN

Bitcoin is a digital currency without a central bank or a administrator to monitor. It can be sent from one person to another through network with a verified network nodes through cryptography. Satoshi Nakamoto is the name of the person first introduced this currency in the open source software in the year 2008.

Bitcoin is the first cryptocurrency opted by millions of people in different locations around the world. As per 2021 majority of the estimated users of crypto currency are male in india. It has been almost 300% increase from 2020 to 2021.

2: NEW CRYPTOCURRENCIES EMERGE AS WORLD GOES VIRTUAL

Number of cryptocurrencies in use worldwide



Data for 2018: March; 2019: November; 2021: February

Source: Business Standard.com, Statsguru-seven-charts.

Bitcoin Gold:

Bitcoin Gold was first introduced in the year 2017 and has become an alternative to Bitcoin. The BTG network aims to combine the security and durability of the Bitcoin blockchain and its characteristics with the opportunity for investigation and development. Some of the people of the community feels that the invention of ASIC miners to create a market to make the people to purchase these products. As there is a lot of struggles to enter the mining process.

Data Analysis and Interpretation:

BTC/INR - Bitcoin Indian Rupee			BTG/INR - Bitcoin Gold Indian Rupee		
Month	Price	Change %	Month	Price	Change %
Dec-21	34,42,226	-19.54	Dec-21	3,007	-27.67
Nov-21	42,78,062	-6.86	Nov-21	4,157	-15.04
Oct-21	45,93,131	41.42	Oct-21	4,893	27.45
Sep-21	32,47,950	-5.58	Sep-21	3,839	-30.86
Aug-21	34,39,921	11.47	Aug-21	5,553	44.31
Jul-21	30,85,944	18.44	Jul-21	3,848	1.88
Jun-21	26,05,588	-3.65	Jun-21	3,777	-13.48
May-21	27,04,282	-36.82	May-21	4,365	-36.95
Apr-21	42,80,074	-0.35	Apr-21	6,924	143.11
Mar-21	42,95,089	28.98	Mar-21	2,848	60.23
Feb-21	33,29,987	38.06	Feb-21	1,777	132.4
Jan-21	24,11,950	13.99	Jan-21	765	26.09
Dec-20	21,15,850	45.18	Dec-20	607	-16.12
Nov-20	14,57,389	41.63	Nov-20	723	37.2
Oct-20	10,28,993	29.89	Oct-20	527	-10.36
Sep-20	7,92,221	-7.18	Sep-20	588	-20.9
Aug-20	8,53,531	0.62	Aug-20	743	-4.54
Jul-20	8,48,261	22.87	Jul-20	779	-1.51

Jun-20	6,90,369	-3.49	Jun-20	791	14.18
May-20	7,15,323	10.3	May-20	693	-6.29
Apr-20	6,48,529	34.2	Apr-20	739	35.56
Mar-20	4,83,270	-21.91	Mar-20	545	-8.42
Feb-20	6,18,838	-7.53	Feb-20	595	-23.96
Jan-20	6,69,214	30.35%	Jan-20	783	106.25
Dec-19	5,13,407	-5.16	Dec-19	380	-17.44
Nov-19	5,41,312	-16.66	Nov-19	460	-20.99
Oct-19	6,49,510	10.86	Oct-19	582	6.58
Sep-19	5,85,865	-14.52	Sep-19	546	-28.8
Aug-19	6,85,360	-1.32	Aug-19	767	-40.03
Jul-19	6,94,522	-6.68	Jul-19	1,279	-29.53
Jun-19	7,44,275	25.36	Jun-19	1,814	-10.72
May-19	5,93,713	52.46	May-19	2,032	72.31
Apr-19	3,89,434	34.57	Apr-19	1,179	28.8
Mar-19	2,89,395	4.89	Mar-19	916	1.57
Feb-19	2,75,899	10.61	Feb-19	902	25.78
Jan-19	2,49,431	-6.63	Jan-19	717	-19.58
Dec-18	2,67,136	-5.19	Dec-18	891	-31.29
Nov-18	2,81,748	-40.28	Nov-18	1,297	-33.75
Oct-18	4,71,799	-1.7	Oct-18	1,958	4.27
Sep-18	4,79,973	-3.62	Sep-18	1,878	18.26
Aug-18	4,97,978	-6.15	Aug-18	1,588	-11.93
Jul-18	5,30,589	21.29	Jul-18	1,803	0.86
Jun-18	4,37,470	-13.36	Jun-18	1,788	-40.16
May-18	5,04,930	-17.63	May-18	2,987	-38.3
Apr-18	6,13,004	36.06	Apr-18	4,848	71.37
Mean	1398505.3778			1877.2889	
SD	1353734.83024			1624.98096	

(Source: investing india.com)

Descriptive Statistics

	Mean	Std. Deviation	N
BTC	1398505.3778	1353734.83024	45
BTG	1877.2889	1624.98096	45

Correlations

		BTC	BTG
BTC	Pearson Correlation	1	.725**
	Sig. (2-tailed)		.000
	N	45	45
BTG	Pearson Correlation	.725**	1
	Sig. (2-tailed)	.000	
	N	45	45

** . Correlation is significant at the 0.01 level (2-tailed).

The correlation coefficient Based on the results, it was found that BTC and BTG has a significant linear relationship ($r=.725$, $p<.001$) is positive (i.e, BTC and BTG are positively correlated), it means that these variables tend to increase together (i.e, greater BTC is associated with greater BTG). The magnitude, or strength of the association is approximately high.

One-Sample T-Test

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
BTC	45	1398505.3778	1353734.83024	201802.87359
BTG	45	1877.2889	1624.98096	242.23786

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
BTC	6.930	44	.000	1398505.37778	991798.4099	1805212.3456
BTG	7.750	44	.000	1877.28889	1389.0906	2365.4872

H0: There is no significant relationship between BTC and BTG

H1: There is a statistically significant relationship between BTC and BTG

In Table, Since P value is less than 0.01, null hypothesis is rejected at 1% level with regard to BTC and BTG. Based on mean score, the BTC value is more than BTG mean score. **Hence there is significant difference between BITCOIN and BITCOIN GOLD.**

Findings:

- It was found that BITCOIN GOLD have highest increase in the value of the price in the month of April 21 by 143.11 percent which is highest and next by 132.4 in the month Feb'21
- Bitcoin has the highest growth in the values of price in the month of May'19 at 52.46% and next 45.18% I Dec,20.
- From the study it was found that as P value is less than 0.01, null hypothesis is rejected at 1% level with regard to BTC and BTG. Based on mean score, the BTC value is more than BTG mean score. **Hence there is significant difference between BITCOIN and BITCOIN GOLD.**

Conclusions and Recommendations:

- From the study it may be recommended that investment on BITCOIN and BITCOIN GOLD is profitable but as there is no certain provisions and regulations and no guideline from RBI the investors has to invest on their own risk.
- It was identified that 2021 is an eventful year for the crypto in India. In crypto industry in past year witnessed the highest prices for Bitcoin. The major developments in the year 2021 were increase in user registrations and daily trading volumes even RBI ban the crypto.
- Regulation of Official Digital Currency Bill” was passed in parliament during winter session currently. In 2022, we can expect more solutions that will make faster, accessible and cheaper decentralized block chains.

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