

Bitcoin - Everything You Need To Know



Introduction

Bitcoin is a virtual currency (to be precise Bitcoin is cryptocurrency and a payment system). It can be defined as “decentralized means of tracking and assigning wealth or economy, it is a software protocol. It was invented by an unidentified programmer, or group of programmers, under the name of Satoshi Nakamoto. It was introduced on 31st October 2008 to a cryptography mailing list and released as open-source software in 2009. Bitcoin is the largest of its kind in terms of total market value. Bitcoin uses two cryptographic keys, one public (username) and one private (password) are generated, no name, IP address or phone number is recorded. It is estimated that there a total of 21Million Bitcoin. Just like 1Rupee=100 paisa, 1Bitcoin= 108 Satoshi.

There are 3 ways to earn Bitcoin

- Solving data blocks (Mining Software)
- Goods and service Exchange.
- Exchange currency (i.e. exchange your fiat currency for Bitcoin and vice versa).

SBI NETBANKING VERSES BITCOIN

RTGS: Real Time Gross Settlement	NEFT: National Electronic Fund Transfer	Bitcoin
Retail 2-5 Corporate:>5	50k at a time	No ceiling
Processing fees 25-55 Rupees	2.50-25 Rupees	None
Instant	1 hour cycles	Up-to 10 minutes
Bank account needed	Bank account needed	Not even ID is needed only Bitcoin wallet

ADVANTAGES OF BITCOIN

Safes from duplication (i.e. cannot be copied) by frequently checking code at an interval of 10 minutes.

- No Tracking
- No Transaction costs
- Bitcoin cannot be stolen
- No risk of charge backs
- It can easy be converted into Dollar from MT.GOX

DISADVANTAGES OF BITCOIN:

- No central bank has authorised Bitcoin
- No trade through BSE, NSE, commodity exchange (SEBI, FMC)
- No Forex dealer under FEMA converting \$\$=Rs=Bitcoin illegals
- Bitcoin Exchange website= legal status unclear

Risks

- It can be Hacked, phished, damaged by malware, password lost. In all case, money will be lost.
- Consumer courts cannot help as these bodies follow fiat currency.
- Mere digital code, no intrinsic value, not backed by Gold Silver or crude oil.
- Same with all other crypto-currency lite coin, bbq coins, dogecoin etc. Even in India Laxmicoin.com is founder by Mitts Daki (US) and Raj Dangi(Bangalore) and promises to give 30% of profit to NGO but RBI denied their proposal in 2013 as they stand “Examining the issues in Digital currency”.
- Buysellbitco.in; First Bitcoin exchange in India; founded by Mahim Gupta from Bhopal. It was closed by RBI in 2013. They provide around Rs 14,400 for 1 Bitcoin and sell 1 Bitcoin for around Rs 14,800.
- Reserve Bank Of India and People Bank Of China denied it as legal tender.

As we Indians have Income Tax Department USA has IRS (Internal Revenue Service), IRS stand for Bitcoin.

Bitcoin Price History



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