

**RISK, REWARD, AND REGULATION: ANALYZING BEHAVIORAL
SHIFTS AND DEMOGRAPHIC TRENDS IN INDIA'S
CRYPTOCURRENCY MARKET**

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DECLARATION

I, AVINASH PREM K H, do hereby declare that the Dissertation Titled RISK, REWARD, AND REGULATION: ANALYSING BEHAVIORAL SHIFTS AND DEMOGRAPHIC TRENDS IN INDIA'S CRYPTOCURRENCY MARKET is based on the original work carried out by me and submitted to the University of Kerala during the year 2022-2024 towards partial fulfillment of the requirements for the Master of Arts Degree Examination in Sociology. It has not been submitted for the award of any degree, diploma, fellowship or other similar title of recognition before any University or anywhere else.

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CERTIFICATE OF APPROVAL

This is to certify that this dissertation entitled RISK REWARD, AND REGULATION: ANALYSING BEHAVIORAL SHIFTS AND DEMOGRAPHIC TRENDS IN INDIA'S CRYPTOCURRENCY MARKET is a record of genuine work done by AVINASH PREM K H, fourth semester, Master of Sociology student of this college under my supervision and guidance and that it is hereby approved for submission.

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MA Sociology

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Table of Contents

| | |
|--|----|
| ABSTRACT..... | 1 |
| Chapter 1: INTRODUCTION..... | 2 |
| 1.1. INTRODUCTION | 2 |
| 1.2. BACKGROUND OF THE STUDY | 4 |
| 1.2.1 Decentralisation and Autonomy..... | 4 |
| 1.2.2 Economic Globalisation and Financial Inclusion | 5 |
| 1.2.3 Cultural Shift Toward Individualism and Decentralisation | 5 |
| 1.2.4 Post COVID Impact on Crypto Market | 6 |
| 1.2.5 Gamification of Cryptocurrency Trading Platforms | 7 |
| 1.3 STATEMENT OF THE PROBLEM..... | 8 |
| 1.4 SIGNIFICANCE OF THE STUDY..... | 8 |
| Chapter 2: REVIEW OF LITERATURE | 10 |
| 2.1 INTRODUCTION | 10 |
| 2.2 PSYCHOLOGICAL ASPECTS | 10 |
| 2.3 BEHAVIOURAL FACTORS..... | 12 |
| 2.4 POST-PANDEMIC CRYPTO BOOM..... | 13 |
| 2.5 CONSTITUTIONAL REGULATIONS | 13 |
| 2.6 RESEARCH GAP..... | 14 |
| 2.7 CONCLUSION..... | 14 |
| Chapter 3: METHODOLOGY..... | 16 |
| 3.1 INTRODUCTION | 16 |
| 3.2 TITLE OF THE STUDY | 16 |
| 3.3 OBJECTIVES OF THE STUDY | 16 |
| 3.3.1 GENERAL OBJECTIVE..... | 16 |
| 3.3.2 SPECIFIC OBJECTIVES..... | 16 |
| 3.4 RESEARCH QUESTIONS | 17 |
| 3.4.1 GENERAL RESEARCH QUESTION | 17 |
| 3.4.2 SPECIFIC RESEARCH QUESTIONS | 17 |
| 3.5 DEFINITION OF CONCEPTS | 17 |
| 3.5.1 CRYPTO CURRENCY | 17 |
| 3.5.2 BITCOIN (BTC)..... | 17 |
| 3.5.3 ETHEREUM..... | 17 |

| | |
|--|----|
| 3.5.4 BLOCKCHAIN | 17 |
| 3.5.5 ALTCOINS | 18 |
| 3.5.6 P2P (PEER TO PEER)..... | 18 |
| 3.5.7 VIRTUAL DIGITAL ASSETS (VDA) | 18 |
| 3.5.8 NON-FUNGIBLE TOKEN (NFT)..... | 18 |
| 3.5.9 TAX DEDUCTED AT SOURCE (TDS)..... | 18 |
| 3.5.10 RISK | 18 |
| 3.5.11 REWARD..... | 19 |
| 3.5.12 REGULATIONS | 19 |
| 3.6 RESEARCH DESIGN | 19 |
| 3.7 PILOT STUDY | 19 |
| 3.8 SAMPLING | 20 |
| 3.9 SOURCES OF DATA | 20 |
| 3.9.1 Primary Data | 20 |
| 3.9.1 Secondary Data | 20 |
| 3.10 TOOLS OF DATA COLLECTION | 21 |
| 3.11 TOOLS OF DATA ANALYSIS..... | 21 |
| 3.12 PRE-TEST | 21 |
| 3.13 LIMITATIONS OF THE STUDY | 21 |
| Chapter 4: DATA INTERPRETATIONS AND ANALYSIS..... | 22 |
| 4.1. INTRODUCTION | 22 |
| 4.2 DEMOGRAPHIC PROFILE | 22 |
| 4.3 TRADING EXPERIENCE ANALYSIS | 26 |
| 4.4 PERCEPTION AND MOTIVATION ANALYSIS | 30 |
| 4.5 PSYCHOSOCIAL ANALYSIS | 35 |
| 4.6 SOCIAL AND FUTURE OUTLOOK ANALYSIS..... | 39 |
| 4.7 ASSESING THE AWARENES ON REGULATORY NORMS (QUIZ) | 43 |
| 4.8 QUESTIONS OF QUIZ..... | 43 |
| 4.9 QUIZ QUESTIONS AND CORRECT ANSWERS | 44 |
| 4.10 PERFORMANCE ANALYSIS..... | 45 |
| 5.1 INTRODUCTION | 46 |
| 5.2 MAJOR FINDINGS | 46 |

| | |
|--|----|
| 5.2.1 Understanding the Diversity within the Cryptocurrency Trading Community (Insights into Age and Gender Diversity) | 46 |
| 5.2.2 Educational Background and Its Significance | 47 |
| 5.2.3 Occupational Diversity Among Traders..... | 47 |
| 5.2.4 Income Levels and Financial Diversity | 48 |
| 5.2.5 Assessing Traders' Awareness of Regulatory and Taxation Frameworks | 48 |
| 5.2.6 Sources of Information and Their Influence on Awareness | 48 |
| 5.2.7 Regulatory Preferences and Their Consequences | 49 |
| 5.2.8 Quiz Results | 49 |
| 5.2.9 Exploring the Impact of Cryptocurrency Trading on Risk Tolerance, Decision- Making, and Financial Behaviour (Risk Tolerance and Capital Allocation) | 50 |
| 5.2.10 The Influence of Emotions on Trading Decisions | 50 |
| 5.2.11 Financial behaviour and Long-Term Outlook..... | 51 |
| 5.2.12 Advice for Newcomers and Considerations for Regulation | 51 |
| 5.2.13 Sources of Information and Their Influence on Awareness | 51 |
| 5.2.14 Regulatory Preferences and Their Consequences | 52 |
| 5.3 CONCLUSION..... | 52 |
| BIBLIOGRAPHY | 56 |
| APPENDIX..... | 57 |

LIST OF FIGURES

- Figure.4.2.1 Age of the respondents*
- Figure 4.2.2 Gender distribution*
- Figure 4.2.3 Education level*
- Figure.4.2.4 Employment status*
- Figure.4.2.4 Employment status*
- Figure.4.2.5 Income level*
- Figure.4.3.1 Entry into cryptocurrency trading*
- Figure.4.3.2 Trading frequency*
- Figure.4.3.3 Capital range*
- Figure.4.3.5 Capital Usage in Single Trades*
- Figure.4.3.6 Experience with Traditional Trading Platforms*
- Figure.4.4.1 Trust in Cryptocurrency*
- Figure.4.4.2 Source of Cryptocurrency Awareness*
- Figure.4.4.3 Motivation for Trading*
- Figure.4.4.4 Regret for Entering the Market*
- Figure.4.4.5 Trading Time*
- Figure.4.4.6 Preferred Cryptocurrencies*
- Figure.4.4.7 Type of Exchanges Used*
- Figure.4.5.1 Fear of Missing Out (FOMO)*
- Figure.4.5.2 Revenge Trading*
- Figure.4.5.3 Emotional Influence on Trading*
- Figure.4.5.4 Sleep Patterns*
- Figure.4.6.1 Social Acceptance*
- Figure.4.6.2 Making a Living from Cryptocurrency Trading*
- Figure.4.6.3 Future Involvement in Cryptocurrency Trading*
- Figure.4.6.4 Advice to New Cryptocurrency Traders*
- Figure.4.6.5 Desired Regulatory Changes*

ABSTRACT

The advent of cryptocurrency has ushered in a transformative era in the financial world, characterised by the ability to access a comprehensive and immutable record of digital transactions across the globe. Central to this innovation is the concept of cryptocurrency, which has evolved significantly over the past four decades. The inception of Bitcoin in 2009 marked a pivotal moment in this evolution, introducing decentralised digital assets and setting the stage for a broader financial revolution. Bitcoin, along with a growing array of other cryptocurrencies, has significantly disrupted traditional financial markets by offering novel opportunities for trading and investment. In India, the regulatory landscape surrounding cryptocurrencies has undergone considerable change, evolving from initial governmental resistance to a more delicate approach involving regulation and the integration of Virtual Digital Assets (VDAs) into the tax framework. This study explores the complex dynamics of trading cryptocurrencies, concentrating on the Indian market. It investigates the effects of cryptocurrency trading on traders from India, a population with a wide variety of socioeconomic origins. The study looks at several important topics, such as the demographics of cryptocurrency traders, how well-informed they are on the applicable legal and regulatory frameworks, and how trading in this extremely volatile market has changed their behaviour. By examining these variables, the study hopes to give light on how cryptocurrency trading affects both individual financial behaviour and the larger socioeconomic environment. The study aims to give a full knowledge of the impact of cryptocurrencies on traders in India by exploring into these factors in depth, revealing both the potential and problems posed by this rising financial phenomena.

Chapter 1: INTRODUCTION

1.1. INTRODUCTION

“Crypto” is a word we use to denote secrecy and mystery. Something hidden under a cypher. Crypto currency trading involves the buying and selling of digital assets like Bitcoin, Ethereum, and other altcoins on various online platforms called exchanges. Traders aim to profit from the price fluctuations of these cryptocurrencies by buying low and selling high.

The concept of cryptocurrency has been around for about 40 years. In 1983 an American cryptographer named David Chaum published a concept for an anonymous electronic money which he called eCash. In 1989, he launched Digicash, a corporation that allowed him to realise his goal. His idea was introduced in a single bank, but not enough customers were drawn in. A major credit card firm bought his test bank, and he liquidated the business in 1998. After all these, the idea first became a reality in 2009 through the creation of Bitcoin. The first cryptocurrency to be developed, Bitcoin is currently the most valued and well-known. Under the pseudonym Satoshi Nakamoto, a computer programmer, or group of programmers, launched it in January 2009. The real identity of Nakamoto has never been established. Bitcoin (BTC) was created, becoming the first truly decentralised cryptocurrency.

In 2013, Forbes named Bitcoin the year’s best investment. Although seen as a non-legitimate form of currency due to its decentralised character, Indian government opposed the usage of any sort of crypto currency in its primary stage. On Jan 29, 2021, the Indian government announced that it will introduce a bill to create a sovereign digital currency and subsequently put a blanket ban on private cryptocurrencies. In November 2021, the Standing Committee on Finance, met the Blockchain and Crypto Assets Council (BACC) and other cryptocurrency representatives and concluded that cryptocurrencies should not be banned but regulated. In early December 2021, Prime Minister Narendra Modi also chaired a meeting on cryptocurrencies with senior officials.

The Hon. Nirmala Sitharaman, Minister of Finance, announced revolutionary improvements to the virtual asset class in the Union Budget 2022. The government formally classified digital assets, including cryptocurrency holdings, as “Virtual Digital Assets” for the first time.

These include all cryptocurrencies, including Ethereum, Bitcoin, and others, as well as other digital assets like non-fungible tokens (NFTs). Though there are still many discussions that the Indian Government is yet to have with the Indian masses regarding the regulations on Crypto taxation in India for the “Virtual Digital Assets.” According to the budget 2022 session given below are the pointers any crypto investor, trader should keep in mind.

- 1, Income from the transfer of virtual digital assets such as crypto and NFTs will be taxed at 30% at the end of each fiscal year.
- 2, No deduction, except the acquisition cost, will be allowed while reporting income from the transfer of digital assets.
- 3, Loss from digital assets cannot be set off against any other income.
- 4, Gifting of digital assets will attract tax in the hands of the receiver. Losses incurred from one virtual digital currency cannot be set off against income from another digital currency. 1% TDS point should also be mentioned in this list of pointers as it was announced in Budget 2022.

Ever since the advent of crypto currency our fundamental financial landscape has been completely transformed, which has created new avenues for investment, trading, and economic interaction. Crypto trading which combines conventional financial instruments with the quick-changing, decentralised character of digital currency which is one of these breakthroughs that stands out as particularly noteworthy. The sociological elements of trading cryptocurrency are examined in this thesis, along with how new financial instruments are altering market dynamics, regulatory frameworks, and economic behaviours.

In conventional markets (stock market, foreign exchange) these contracts have been a mainstay for controlling speculation and risk. These activities bring a number of social and economic consequences with them as they join the crypto space. This study looks at the strategies traders take to protect themselves from market fluctuations and how they use crypto to traverse the turbulent world of digital assets. It also looks at the effects these strategies have on investor behaviour, monitoring systems and market stability

1.2. BACKGROUND OF THE STUDY

1.2.1 Decentralisation and Autonomy

The idea of decentralisation, which is at the core of blockchain technology, is one of the fundamental explanations behind the surge in popularity of cryptocurrencies. Conventional financial systems, such as banks and currencies backed by the government, function under centralised supervision, in which the issue and movement of money is supervised and regulated by a single body, such as a central bank. Although this system offers benefits, it also limits people's ability to manage their own money. Central banks sometimes have limited recourse for the individual and can control the money supply, set withdrawal restrictions, and even freeze accounts. Conversely, the fundamental nature of cryptocurrencies is decentralised. They function on peer-to-peer networks, in which a dispersed network of nodes verifies transactions in place of a centralised authority. Because of this decentralisation, consumers have more control over their assets because no one entity can control the entire network. This independence is especially desirable in areas with unstable political or economic conditions. Cryptocurrencies provide a non-government-interfering option for nations under economic sanctions, hyperinflation, or restricted banking laws. People in these areas can keep their wealth safe from seizure or devaluation by storing it in a decentralised digital currency. The attraction of cryptocurrencies is further increased by their capacity to facilitate cross-border transactions without the need for middlemen or currency conversion costs, particularly in an increasingly globalised economy. Moreover, the concept of autonomy is not limited to money dealings. Decentralised apps (dApps) on blockchain systems, like Ethereum, let users engage with a range of services without requiring centralised management. These include services ranging from gaming to finance. As a result, people now have more opportunities for creativity and entrepreneurship and may build and engage in a digital economy that functions without the need for conventional gatekeepers. The decentralised nature of cryptocurrency encourages users to feel responsibility and ownership. Users of cryptocurrencies are responsible for their own asset security, unlike regular bank customers, where money are frequently protected, and mistakes may be fixed by the institution. This calls for a greater degree of understanding and instruction about the safe storage and management of digital currencies, which has resulted in the growth of an informed and active user base.

1.2.2 Economic Globalisation and Financial Inclusion

One of the most profound impacts of cryptocurrency has been its potential to promote global financial inclusion. Many regions of the world still have limited access to traditional financial services, especially developing nations. The World Bank estimates that 1.7 billion individuals worldwide do not have access to a bank account or other essential financial services. This financial exclusion hinders people's capacity to save, invest, or borrow money, as well as limiting economic prospects and poverty. Cryptocurrencies offer a compelling solution to this problem by providing an alternative financial system that is accessible to anyone with an internet connection. Cryptocurrencies can be accessible without the need for verification, minimum balances, or fees, in contrast to traditional banking. No bank account or identity is required for people to create a digital wallet, store money, and make transactions. Through their integration into the global economy, millions of unbanked people might be empowered by this accessibility. The rise of mobile technology has also played a significant role in the adoption of cryptocurrencies in developing countries. Even in areas with poor infrastructure, mobile phones are already widespread and offer a practical way to access virtual currencies. People may easily manage their finances, carry out transactions, and take part in the digital economy from the comfort of their mobile devices with the help of mobile wallets and cryptocurrency apps. Cryptocurrencies can help people send money to their families living abroad. They can also lower the cost of financial transactions, which enables struggling people and small enterprises to afford them more easily. For cross-border transactions, traditional banking institutions frequently impose outrageous charges, which can be a major obstacle for individuals residing in underdeveloped nations. Let's take an example where a person wishes to transfer money to their family in India from the United States. In that instance, they can transfer money straight to their family member's digital wallet using a cryptocurrency. Compared to more established techniques like wire transfers or money transfer services, this is quicker and less expensive.

1.2.3 Cultural Shift Toward Individualism and Decentralisation

The popularity of cryptocurrencies can also be linked to broader cultural shifts toward individualism and a preference for decentralised systems. In societies where there is a growing emphasis on personal autonomy and scepticism towards centralised power structures, cryptocurrencies are seen as tools that empower individuals to take control of their own

financial destinies. This cultural trend emphasises personal autonomy, self-reliance, and the pursuit of individual goals over collective or communal responsibilities. In this sense, people who value being able to manage their finances independently of established organisations like banks or governments will find appeal in cryptocurrencies. With the help of cryptocurrencies, people can take charge of their own finances, transact in a way that is consistent with their personal principles, and make financial decisions without the need for middlemen.

1.2.4 Post COVID Impact on Crypto Market

The COVID-19 pandemic, an unprecedented global event, brought about profound changes across various sectors, including finance. One of the most significant shifts occurred in the cryptocurrency market, which experienced dramatic growth and transformation. To understand this phenomenon sociologically, it's crucial to examine the interplay between societal anxieties, technological adoption, economic instability, and changing financial behaviours during and after the pandemic. The COVID-19 epidemic caused a great deal of economic unpredictability. Due to job losses, lockdowns, and the instability of the traditional financial markets, a lot of people searched for new investment alternatives. With their potential for large returns and promise of decentralisation, cryptocurrencies have grown in popularity. This change can be interpreted from a sociological angle as a group reaction to economic instability.

The increasing popularity of cryptocurrencies might be interpreted as a reflection of greater fears in society, as people tried to take back control of their financial destiny during a difficult period. Social networks and the Adoption of Technology Due to social distancing tactics, the pandemic further accelerated the adoption of digital technology by driving an increasing number of people online. This change made it easier for cryptocurrency markets to expand since digital currencies are in line with a world that is becoming more and more digital. Social networks were essential to this process, as social media platforms, online forums, and communities developed became important hubs for the sharing of knowledge on bitcoin trading. These platforms' peer-to-peer and decentralised structure echoed the decentralised spirit of cryptocurrencies, which increased their appeal. In this way, the pandemic-influenced surge in cryptocurrency might be understood as a component of a larger trend towards digitalisation.

The pandemic also led to changes in financial behaviours, with a growing number of individuals willing to take on higher risks in the pursuit of greater returns. The rise of so-

called “retail investors,” or individual investors trading on their own behalf, was particularly notable during this period. Cryptocurrencies, with their high volatility, attracted these investors, many of whom were new to the financial markets. This trend can be understood sociologically as a shift in risk tolerance, where traditional caution was replaced by a willingness to experiment with new and unregulated financial instruments. The democratization of trading platforms also played a role, making it easier for people to participate in the cryptocurrency market.

1.2.5 Gamification of Cryptocurrency Trading Platforms

Gamification leverages core human psychological traits including the drive for success and acknowledgement. Cryptocurrency systems appeal to traders' innate impulses by including game-like prizes and success markers. This is consistent with the ideas of behavioural economics, which contend that individuals are frequently driven by the gratification of accomplishing goals and by instant rewards. By offering measurable objectives and feedback loops, the usage of experience points, leaderboards, and badges on these platforms not only increases user engagement but also affects behaviour. This may be interpreted as an attempt to adapt the ideas of positive reinforcement to the realm of finance, therefore bringing the sometimes abstract and complicated world of cryptocurrencies closer to the average person and easier to manage. The way that gamified cryptocurrency systems integrate social aspects influences community dynamics and user interactions. Through the creation of a competitive atmosphere that can increase engagement, leaderboards and trade tournaments encourage a sense of rivalry and accomplishment among users. Additionally, collaborative tools and social sharing options allow users to engage with others and establish communities around common interests and objectives. These social dynamics play a critical role in building user loyalty and developing a helpful environment where strategies and information are shared. Gamification can also democratise access to cryptocurrency markets by making them more approachable to a broader audience. Traditional financial systems can be intimidating and opaque, particularly for individuals without a background in finance or technology. By framing cryptocurrency trading and investment as interactive games, these platforms lower the entry barriers, making it easier for newcomers to learn and participate. This has implications for financial inclusion, as it provides opportunities for a diverse range of users to engage with digital assets, potentially leading to a more equitable distribution of wealth and knowledge. The blend of gaming and finance reflects broader cultural shifts towards digital and interactive experiences. As gaming becomes more ingrained in various aspects of life,

from education to professional environments, its influence extends into the financial sector. This intersection reflects a cultural shift towards valuing engagement and interactivity, as well as a growing acceptance of digital and decentralized financial systems. The sociological implications include a redefinition of traditional economic practices and the creation of new social norms around wealth and financial management.

1.3 STATEMENT OF THE PROBLEM

Cryptocurrency trading, involving assets like Bitcoin and Ethereum, has attracted a diverse group of individuals. Understanding demographics such as age, gender, education, and occupation is crucial for comprehending its impact and participants' trading behaviours. This demographic analysis sheds light on who is active in the cryptocurrency market and how their backgrounds influence their interactions with digital assets.

The behavioural changes that Individuals experience after entering the cryptocurrency market are also a focal point of this research. The speculative and intrinsically volatile nature of cryptocurrencies can have a big impact on investment strategy, trading habits, and risk tolerance. The purpose of this study is to investigate the ways in which cryptocurrency trading affects people's financial behaviours, decision-making processes, and general attitude towards risk and investment. This study aims to offer a thorough grasp of the psychological and social processes at work in the cryptocurrency market by examining these behavioural shifts in individuals.

Understanding the frameworks for taxes and regulations is another important field of research. The regulatory environment around cryptocurrency trading in India includes limitations on deductions, prohibitions on offsetting losses against other income, and a 30% tax on profits from digital asset transfers. These rules have a big effect on traders , forming their approaches and affecting how they see the market.

1.4 SIGNIFICANCE OF THE STUDY

Over the past ten years, the cryptocurrency markets have grown exponentially and become extremely volatile, posing both opportunities and concerns for traders, investors, and authorities. In order to improve investor safety and market stability, this research tackles these problems. It examines the state of regulations at the moment, points out any holes and

possible dangers, and offers frameworks that can lessen these difficulties while preserving market integrity.

This study is significant in understanding the multifaceted impact of cryptocurrency trading on individuals and society by focusing on three key objectives: **Demographic profiling, awareness of regulations and taxation, and behavioural changes post-entry into the cryptocurrency market.** The examination of the demographic data of cryptocurrency traders offers crucial insights into the participants of this financial revolution. This study aims to reveal the degree of variety and homogeneity in the trading community by analysing the age, gender, education, and employment of traders. The goal of this thesis is to improve our comprehension of the socio-economic shifts brought about by cryptocurrency trading,

The regulation of cryptocurrency taxation In India is a crucial subject of attention. India being one of the largest and fastest-growing economies in the world, So India's approaches regulating cryptocurrencies might have a big impact. The main goal of this thesis is to improve our comprehension of the socio-economic shifts brought about by cryptocurrency trading, providing guidance to sociologists and traders alike. It aims to investigate the intricate relationships that exist between market forces, technology, advancements, regulations on crypto taxation in India and governmental reactions in the changing field of digital finance. Lastly, investigating the behavioural changes that individuals experience after engaging in cryptocurrency trading sheds light on the psychological and social dynamics at play.

Chapter 2: REVIEW OF LITERATURE

2.1 INTRODUCTION

2.2 PSYCHOLOGICAL ASPECTS

The intention to invest in cryptocurrencies involves an individual's willingness to allocate financial resources to digital or virtual assets that utilize cryptography for security. Cryptocurrencies, such as Bitcoin, Ethereum, and numerous altcoins, have attracted a diverse range of investors due to their potential for significant returns. The motivations and goals of investing in cryptocurrencies are determined by individual investors themselves, who may be driven by various factors such as risk-taking propensity, perceived profitability, and the decentralized nature of blockchain technology. For example, the speculative bubbles in cryptocurrencies and identified multiple patterns and motivations in investment behaviour, including the pursuit of high returns, hedging against traditional financial market fluctuations, and participating in technological innovation. Ackert, Deaves (2009)

According to Housel, (2020) knowing oneself is crucial for effective money management. He makes the case that behaviour has a greater influence on financial performance than knowledge, which is especially true for bitcoin traders who frequently deal with extremely volatile markets. Focusing on the psychological and emotional aspects that affect how people make decisions the work examines how people view risk. Knowing one's risk tolerance is essential while investing in cryptocurrencies, as prices can fluctuate greatly. This places a strong emphasis on the advantages of long-term planning and the dangers of short-termism. This viewpoint is helpful for cryptocurrency traders, who should be aware of long-term consequences even though they may be enticed by the market's frequent promises of fast riches. Common biases like overconfidence, anchoring, and the illusion of control are factors that can lead to poor decision-making in high-stakes environments like cryptocurrency trading. Investment behaviour is still in its nascent stages, with most studies historically focusing on the technological aspects of blockchain rather than the psychological factors driving investor behaviour. The role of motivation is a central determinant in understanding investment behaviour. Risk preference significantly influences motivation, where individuals with a high tolerance for risk are more likely to engage in uncertain and challenging tasks, including investments in volatile markets such as cryptocurrencies. The role of market sentiment and how it can be both a driving force and a pitfall for investors. The authors

highlight the importance of being aware of the psychological factors that can cause price swings, such as herd behaviour and the impact of social media. Also explores psychological factors like **Fear of Uncertainty and Doubt (FUD)** and **Fear of Missing Out (FOMO)** that drive market dynamics in the crypto world. Burniske, Tatar (2017)

According to Ajiboye, (2019) Understanding investment intentions through the lens of **Self-Determination Theory (SDT)** offers a nuanced perspective on how intrinsic and extrinsic motivations influence decision-making processes. **SDT**, developed by Deci and Ryan, explores how several types of motivation affect human behaviour. Intrinsic motivations are driven by internal factors such as personal satisfaction and curiosity. For investors, these motivations might manifest as a genuine interest in blockchain technology or the enjoyment of engaging with innovative financial systems. The sense of accomplishment from understanding and participating in innovative technology can be a powerful motivator. Additionally, curiosity about how cryptocurrencies work and a desire to learn about decentralised finance contribute to intrinsic motivation, encouraging continued engagement and investment. On the other hand, extrinsic motivations are influenced by external rewards such as financial gain and social recognition. In the cryptocurrency investment context, the potential for substantial profits is a significant extrinsic motivator. Investors may be drawn to cryptocurrencies because of their volatile nature and the promise of high returns. The desire for social status and recognition can also play a role, as individuals may be motivated by the prestige associated with being early adopters of modern technologies. The ways in which both intrinsic and extrinsic motives influence investing intentions are further shaped by individual variations such as centre of control and self-efficacy. The term "**locus of control**" describes a person's perception of their power to affect results. Because they think their decisions will have a big influence on their ability to make money, those who have an internal locus of control are more inclined to invest in cryptocurrencies. On the other hand, those who have an external locus of control might be less proactive and blame other forces for their results. The conviction in one's own ability to achieve, or self-efficacy, is equally important. High self-efficacy can encourage both the intrinsic quest of financial gain and the extrinsic belief that one possesses the abilities necessary to negotiate the complexity of the crypto markets. Individuals with high self-efficacy are more likely to engage deeply with the investment despite challenges. This perspective helps in anticipating investor behaviours and trends, offering a clearer picture of the psychological drivers behind investment choices. Top of Form

Awareness about cryptocurrency trading is likely influenced by several factors, including demographics, media exposure, and educational background. For instance, awareness may vary significantly with age, education level, and whether an individual resides in an urban or rural area. Moreover, those who frequently consume digital media might be more aware of cryptocurrency trading compared to those who rely on traditional media sources. Individuals with a background in finance or technology could also have higher awareness levels than those from non-technical fields. In terms of perception, the way people view cryptocurrency trading might be shaped by their perceived level of risk, trust in digital technologies, and government influence. Older adults might perceive cryptocurrency trading as a higher-risk activity than younger individuals. Similarly, people who have a stronger trust in digital technologies are likely to have a more positive perception of cryptocurrency trading. On the other hand, those who place significant trust in government regulations might develop negative perceptions, especially in response to government warnings about cryptocurrencies. Dr. Prakash. (2020)

2.3 BEHAVIOURAL FACTORS

This includes financial literacy, peer influence, and prevailing economic conditions, are likely to have a significant impact on whether individuals choose to engage in cryptocurrency trading. Those with higher levels of financial literacy tend to possess a greater understanding of financial markets and investment opportunities, making them more inclined to explore and participate in cryptocurrency trading. Similarly, individuals are more likely to enter the cryptocurrency market if they are surrounded by peers who are already involved, as peer influence can act as a motivator or source of reassurance. Furthermore, individuals residing in regions marked by economic instability or uncertainty may view cryptocurrencies as a viable alternative to traditional investments, seeking them as a potential safeguard against financial unpredictability. These hypotheses offer a multidimensional framework for examining the awareness, perceptions, and behaviours associated with cryptocurrency trading, particularly within the context of India, where economic, social, and regulatory dynamics may uniquely shape the cryptocurrency landscape. Obreja.(2022)

2.4 POST-PANDEMIC CRYPTO BOOM

The COVID-19 pandemic brought significant changes to the cryptocurrency market, driven by widespread economic uncertainty and a shift toward digitalisation. As traditional financial systems faced instability, individuals increasingly turned to cryptocurrencies as a hedge against inflation and a means of regaining financial control. The accelerated adoption of digital technologies during the pandemic, coupled with the rise of online communities and social networks, fuelled the popularity of cryptocurrencies. This trend reflects broader societal anxieties and declining trust in institutions, where people sought alternative investment opportunities in response to economic challenges. Furthermore, the pandemic led to changes in financial behaviours, with many individuals willing to take on higher risks in pursuit of greater returns. The growth of retail investors and the democratization of trading platforms allowed more people to participate in the cryptocurrency market, contributing to its rapid expansion. Sociologically, this shift highlights a move towards individualism in financial decision-making and raises concerns about financial inequality and consumer protection. The post-COVID cryptocurrency boom is not just an economic event but also a significant social phenomenon with lasting implications for how society interacts with financial systems. Dr Davidson.(2023)

2.5 CONSTITUTIONAL REGULATIONS

The Reserve Bank of India (RBI) has consistently maintained a cautious stance towards cryptocurrencies, primarily due to concerns about their potential use in illegal activities, financial instability, and the lack of consumer protection. Over the years, the RBI has taken several steps to regulate and sometimes restrict the use of cryptocurrencies in India. In 2018, the RBI issued a circular that effectively banned banks and other financial institutions from providing services related to cryptocurrencies. This ban was challenged in the Supreme Court of India, and in March 2020, the Supreme Court lifted the ban, stating that the RBI's action was disproportionate. However, the RBI continues to express reservations about the widespread adoption of cryptocurrencies. The central bank has repeatedly warned the public about the risks associated with virtual currencies and has advocated for the need to develop a robust regulatory framework. In recent times, the RBI has also been exploring the possibility of introducing a central bank digital currency (CBDC), which would be a digital version of

the Indian Rupee. This move is seen as a way to harness the benefits of digital currencies while maintaining control over the monetary system. Overall, while the RBI's stance has evolved over time, it remains wary of cryptocurrencies and emphasizes the importance of regulation to mitigate potential risks. The government of India, in coordination with the RBI, has been working on legislation that could provide a more structured regulatory environment for cryptocurrencies in the country Parul. (2022)

2.6 RESEARCH GAP

The advent of Cryptocurrency has attracted a lot of scholarly attention, Despite the growing body of literature on cryptocurrency trading, significant gaps remain in understanding the behaviours, motivations, and challenges faced by traders, particularly in emerging markets like India. While existing research tends to focus on the technological and financial aspects of cryptocurrency, there is a noticeable lack of comprehensive studies examining the actual demographic diversity of traders, especially in terms of age, gender, education, and occupational backgrounds. Most studies overlook the important role these variables play in shaping trading patterns and market participation. Moreover, limited attention has been given to the traders' awareness of the regulatory and taxation frameworks that directly affect their trading decisions and financial outcomes. As cryptocurrency regulation remains a contentious and evolving issue in India, understanding how traders perceive and navigate these legal frameworks is crucial. There is also a research gap in exploring how emotional and psychological factors such as the **Fear of Missing Out (FOMO)**, **revenge trading**, **trust in crypto currency** and **sleep deprivation impact decision-making processes and risk tolerance**, in a social context. These concept of psychosocial aspects shows to intricate interplay between psychological and social factors that influence an individual's mental health, behaviour, and overall well-being. These factors are often overlooked in favour of focusing on broader financial trends, leaving a gap in our understanding of how personal and emotional influences drive trading behaviour.

2.7 CONCLUSION

Firstly, there is a notable lack of detailed analysis regarding the demographic diversity of cryptocurrency traders, including variables such as age, gender, education level, and occupation. Understanding these aspects is essential for comprehending how different demographic groups engage with cryptocurrency trading and how their backgrounds might

influence trading behaviours and market participation. This information is crucial for gaining insights into the diversity within the trading community and its impact on trading patterns.

Secondly, the study points to a significant gap in understanding traders' awareness of regulatory and taxation frameworks, especially in India. As cryptocurrency regulation continues to evolve, it is important to evaluate how well-informed traders are about these legal aspects and how this awareness or lack thereof affects their trading decisions and financial outcomes. Comprehensive studies should assess traders' knowledge of regulatory requirements and the implications for their trading strategies and compliance.

Lastly, the study emphasises the need to explore how emotional and psychological factors, such as the Fear of Missing Out (FOMO), revenge trading, and sleep deprivation, impact traders' risk tolerance, decision-making processes, trust in crypto currency and overall financial behaviour. Current research has largely overlooked these psychosocial aspects, which are vital for understanding how personal and emotional influences drive trading behaviour. Investigating these factors will provide a more holistic understanding of cryptocurrency trading dynamics, including how they shape risk tolerance and decision-making.

Chapter 3: METHODOLOGY

3.1 INTRODUCTION

This chapter explains various methodologies that were used in gathering data and analysis which are relevant to the research. The methodologies will include areas such as information about the general demographics of the population, research design, sampling and sample size, types of data, data collection method and its management. Research methodology, according to Creswell & Creswell (2018), is a methodical approach for doing research that includes the strategies, methodologies, and instruments used for data collection and analysis. This chapter ensures that the research process is rigorous, legitimate, and dependable by defining the strategy adopted, whether it be qualitative, quantitative, or mixed approaches, and by providing the methodologies used. The comprehension of the study's results and their relevance to the research goals are dependent on the technique.

3.2 TITLE OF THE STUDY

RISK, REWARD, AND REGULATION: ANALYZING BEHAVIORAL SHIFTS AND DEMOGRAPHIC TRENDS IN INDIA'S CRYPTOCURRENCY MARKET

3.3 OBJECTIVES OF THE STUDY

3.3.1 GENERAL OBJECTIVE

To analyse the demographic diversity, regulatory awareness, and behavioral impacts of cryptocurrency trading on individuals, with special focus on traders in India

3.3.2 SPECIFIC OBJECTIVES

- To identify the socio-demographic profile of cryptocurrency traders
- To assess the traders' awareness regarding regulatory and taxation frameworks, particularly in India.
- To explore the impact of cryptocurrency trading on individuals' behavior.

3.4 RESEARCH QUESTIONS

3.4.1 GENERAL RESEARCH QUESTION

How do demographic diversity, regulatory awareness, and behavioural impacts influence cryptocurrency trading among individuals, with a specific focus on traders in India?

3.4.2 SPECIFIC RESEARCH QUESTIONS

What are the general demographics of cryptocurrency traders, and how do these factors contribute to the diversity within the trading community?

How aware are cryptocurrency traders in India of regulatory and taxation frameworks, and how does this awareness impact their trading behaviour?

How does engaging in cryptocurrency trading influence individuals' risk tolerance, decision-making processes, and overall financial behaviour?

3.5 DEFINITION OF CONCEPTS

3.5.1 CRYPTO CURRENCY

Conceptual: a digital currency produced by a public network, rather than any government, that uses cryptography to make sure payments are sent and received safely, cryptocurrencies such as bitcoin

3.5.2 BITCOIN (BTC)

Conceptual: a brand name for a type of cryptocurrency, a digital currency that is produced by a public network rather than any government and uses special codes to keep it secure

3.5.3 ETHEREUM

Conceptual: Public blockchain platform with programmable transaction functionality

3.5.4 BLOCKCHAIN

Conceptual: a system used to make a digital record of all the occasions a cryptocurrency (digital currency such as bitcoin) is bought or sold, and that is constantly growing as more blocks are added. The first prominent use of blockchain was bitcoin.

3.5.5 ALTCOINS

Conceptual: any cryptocurrency (a digital currency that is produced by a public network rather than by a government and uses special codes to keep it secure) that is not bitcoin (the first cryptocurrency to be established). There are thousands of Altcoins in existence today. Each altcoin operates according to its own rules.

3.5.6 P2P (PEER TO PEER)

Conceptual: peer-to-peer: involving sharing files or other resources between computers connected through a network, rather than using a central server (a central computer that stores files)

3.5.7 VIRTUAL DIGITAL ASSETS (VDA)

Conceptual: Any information or code or number or token (not being Indian currency or foreign currency), generated through cryptographic means or otherwise, by whatever name called, providing a digital representation of value exchanged with or without consideration, with the promise or representation of having inherent value, or functions as a store of value or a unit of account including its use in any financial transaction or investment, but not limited to investment scheme; and can be transferred, stored or traded electronically

3.5.8 NON-FUNGIBLE TOKEN (NFT)

Conceptual: Non-fungible token: a unique unit of data (the only one existing of its type) that links to a particular piece of digital art, music, video, etc. and that can be bought and sold

3.5.9 TAX DEDUCTED AT SOURCE (TDS)

Conceptual: Tax Deducted at Source (TDS) is a procedure implemented by the Indian government to collect taxes at the source of income. A certain percentage of tax is deducted by the payer at the time of making payments to the receiver, and this amount is then remitted to the government. TDS is applicable to a wide range of income categories such as salaries, interest on fixed deposits, rent, commissions, TDS helps prevent tax evasion and understanding it is crucial for both payers and receivers of income in India.

3.5.10 RISK

Conceptual: Risk something to put something valuable or important in a dangerous situation, in which it could be lost or damaged

Operational: In this study, risk refers to the extent to which cryptocurrency traders allocate their financial resources, make decisions influenced by emotional and psychological factors, and engage with volatile markets despite uncertain regulatory framework

3.5.11 REWARD

Conceptual: A thing that you are given because you have done something good, worked hard, etc financial reward

Operational: In this study, reward refers to the perceived and actual benefits or gains that cryptocurrency traders expect or experience from their trading activities such as financial gains, perception of financial freedom career opportunities, social emotional satisfaction

3.5.12 REGULATIONS

Conceptual: an official rule made by a government or some other authority

Operational: In this study, regulations refer to the legal frameworks and governmental guidelines that govern cryptocurrency trading, with particular attention to how traders in India perceive, understand, and respond to these rules

3.6 RESEARCH DESIGN

The study uses a quantitative approach. The objective of a quantitative research strategy is to reflect a certain population or phenomenon through the systematic collection and analysis of numerical data. This method entails laying up a precise study goal, picking suitable sample strategies, and employing trustworthy instruments to gather quantitative data. Software such as the Statistical Package for the Social Sciences is then used to analyse the data that has been gathered. The results are provided with a statement of the study's limitations and using tables, charts, graphs, or written descriptions. In order to characterise and compile data from sizable samples or populations, descriptive quantitative research designs are frequently employed in the domains of sociology, psychology, education, marketing, and public health and to describe and summarise data from large samples or populations, and to gain insights into the characteristics, behaviours, or attitudes of specific groups.

3.7 PILOT STUDY

To assess the feasibility of the study among respondents, a pilot study was conducted. thirteen respondents were randomly selected, and data was collected from them. After analysing the data obtained from the pilot study the necessary corrections and modifications were made to

the actual questionnaire itself. This test was crucial in validating, recognizing, and addressing the concerns, ensuring the reliability and accuracy of the collected data.

3.8 SAMPLING

Snowball sampling: Snowball sampling is a non-probability sampling technique where researchers start with a small group of initial participants who recruit others from their networks, creating a "snowball" effect. This method is particularly useful for studying hard-to-reach populations, such as crypto currency trading communities. However, it may introduce bias since the sample is not random, and generalising findings to a broader population can be challenging. Despite its limitations, snowball sampling is valuable for exploratory research where initial insights are needed. The sample size for the quantitative data included a total of 102 respondents

3.9 SOURCES OF DATA

3.9.1 Primary Data

Primary data was collected using a self-administered questionnaire that was meticulously designed by the researcher to gather in-depth information. This questionnaire was specifically crafted to capture a comprehensive range of respondents' perspectives and experiences related to the impact of cryptocurrency trading activities. By carefully developing the questionnaire, the researcher ensured that each question was tailored to align with the research objectives, thereby enabling the collection of data that was directly relevant and highly specific to the phenomenon under study. The design process involved formulating questions that addressed various aspects of cryptocurrency trading, including traders' personal experiences, behavioural patterns, perceptions of the new and updated regulatory system by the government of India.

3.9.1 Secondary Data

Secondary data was acquired from a number of sources, such as relevant books, online resources, and journal articles. This data supported the analysis of primary data by providing existing knowledge and previous findings related to cryptocurrency trading, behavioural patterns, and perceptions of the new and updated regulatory system by the Indian government and its impact. This gave the research a broader context and background. Understanding the study's underlying theoretical frameworks and larger patterns was made easier by the use of secondary materials.

3.10 TOOLS OF DATA COLLECTION

The researcher has utilised questionnaire and administers it in the form of Google Forms to collect Primary data from the respondents. This digital approach facilitated streamlined data collection and organization for subsequent analysis. Google Forms provided a convenient and efficient Platform for data collection, allowing the respondents to easily fill out the questionnaire online. A questionnaire was prepared by the researcher to gather data on the particular population who are involved in cryptocurrency trading.

3.11 TOOLS OF DATA ANALYSIS

For data analysis, the researcher employed the Statistical Package for the Social Sciences (SPSS). which is a software package specifically designed for statistical analysis. The collected data was subjected to both descriptive and inferential statistics. Descriptive statistics were utilised to summarise and describe the main characteristics of the data. Inferential statistics, on the other hand, were employed to draw conclusions, make predictions, and test the hypotheses about the population based on the collected sample data.

3.12 PRE-TEST

After creating the questionnaire, the researcher tested its validity to ensure that the tools provided accurate results. The test intended to discover issues like slowness, incomplete responses, and confusion. The questionnaire itself contains the opening questions. The validity test was critical for recognizing and addressing these concerns while assuring the accuracy and dependability of the collected data.

3.13 LIMITATIONS OF THE STUDY

This study has a few drawbacks that should be noted. First, the use of snowball sampling, while useful for accessing a specific audience experienced with trading cryptocurrency, may induce selection bias because participants are referred by others inside their network. This may limit the diversity of opinions and affect the generalizability of the results. Secondly, relying on self-reported data from questionnaires and interviews may result in response bias, as participants may give most profitable ideas, answers and opinions rather than their genuine ideas.

Chapter 4: DATA INTERPRETATIONS AND ANALYSIS

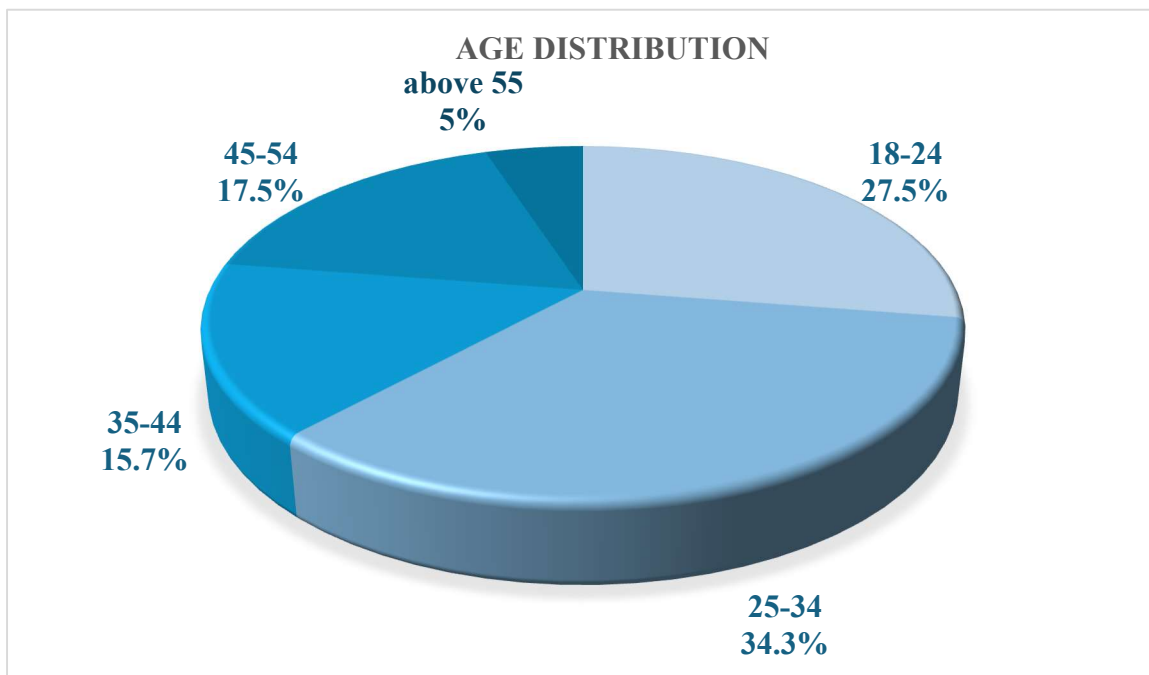
4.1. INTRODUCTION

This chapter discusses data analysis using SPSS (Statistical Package for Social Sciences), Google Forms analysis and Microsoft Excel. All the data used for analysis was collected from participants who are engaged in cryptocurrency trading activities across different demographics. The data was collected through a questionnaire with the help of Google Forms. The google forms questionnaire was designed in a particular way to understand the general demographics of the population, awareness among people about regulatory and taxation frameworks, effects on individuals' risk tolerance, decision-making processes, and overall financial behaviour

4.2 DEMOGRAPHIC PROFILE

The demographic profile includes age, gender, education, employment, and annual income.

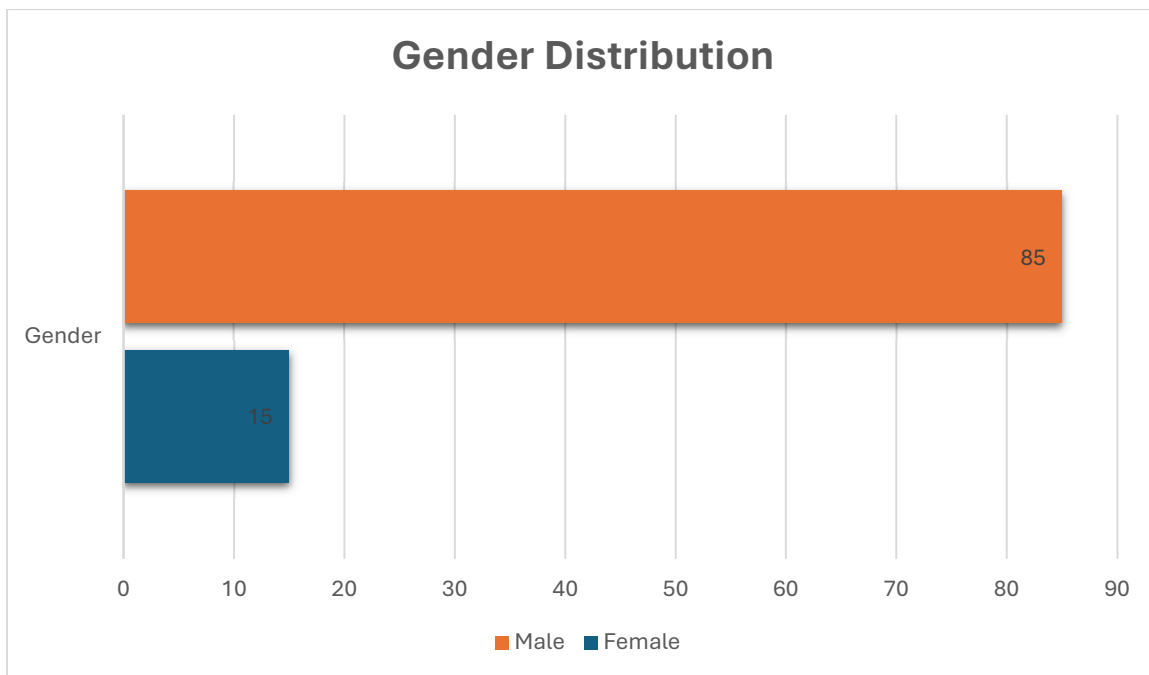
Figure.4.2.1 Age of the respondents



The data illustrates the gender distribution sampled population in the study. The majority of respondents are between 18-34 years old, with 61.8% falling into this age range. This suggests that cryptocurrency trading is most popular among younger adults, which aligns with global trends where younger generations are more likely to engage in digital finance.

The dominance of the 18-34 age group indicates a tech-savvy, risk-tolerant demographic that is open to exploring new financial opportunities. The predominance of younger individuals, particularly those in the 18-34 age range, suggests that cryptocurrency trading is seen as an attractive investment avenue among the digitally native, more risk-tolerant younger generation. The limited participation from older age groups may indicate either a lack of familiarity with digital assets or a preference for more traditional, stable investments. This concentration of younger adults suggests that cryptocurrency trading is appealing to a generation that grew up with the internet and is more adaptable to technological changes. Their engagement could be driven by the desire for quick financial gains or as part of a broader search for economic independence, often in contrast to more traditional career paths. The digital financial landscape offers a novel opportunity for wealth accumulation, which could be particularly attractive in societies where economic mobility is limited.

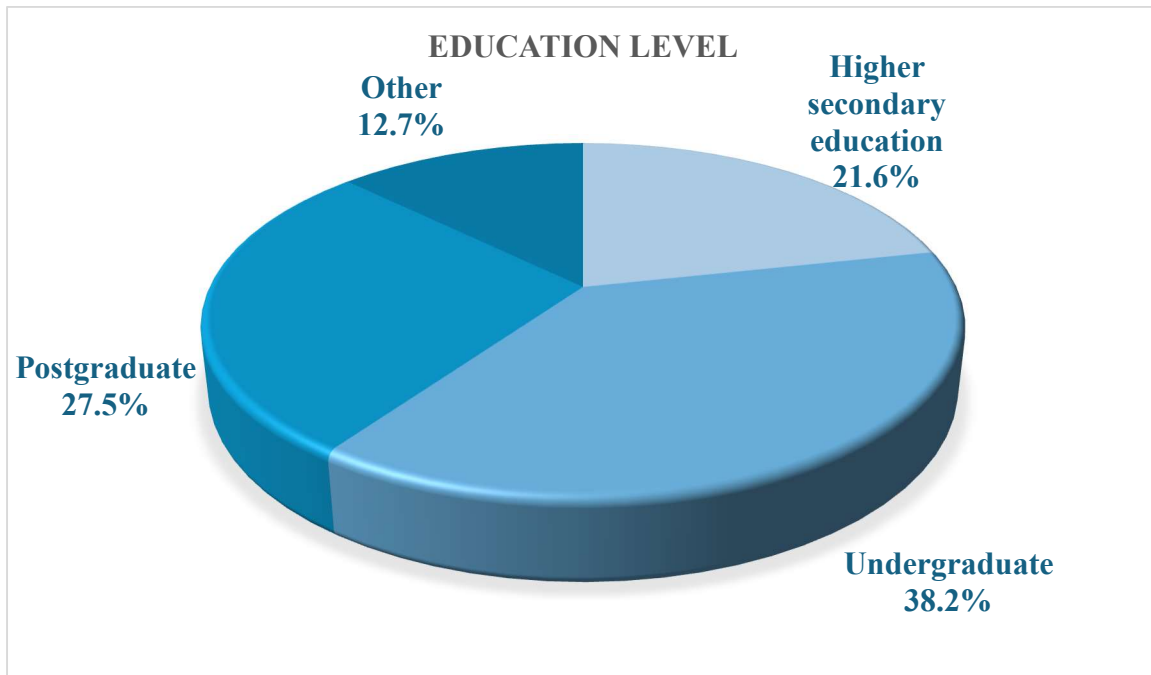
Figure 4.2.2 Gender distribution



85% of respondents are male, and 15% are female. This gender imbalance reflects the broader global trend where cryptocurrency trading has a predominantly male demographic. However, the presence of female traders suggests growing inclusivity in the market. This could be due to cultural expectations that men should be financially assertive, or due to structural barriers that limit women's participation in new financial markets. This trend might

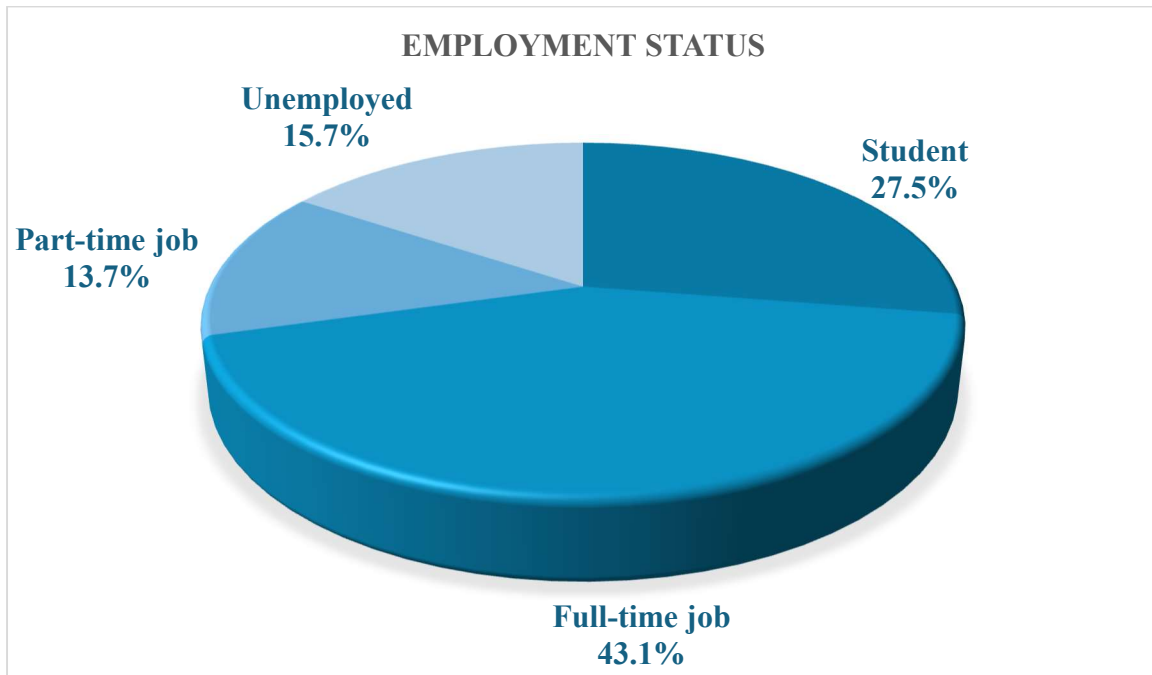
also highlight a potential gap in financial literacy and inclusion among women, which could have long-term implications for gender equity in wealth accumulation.

Figure 4.2.3 Education level



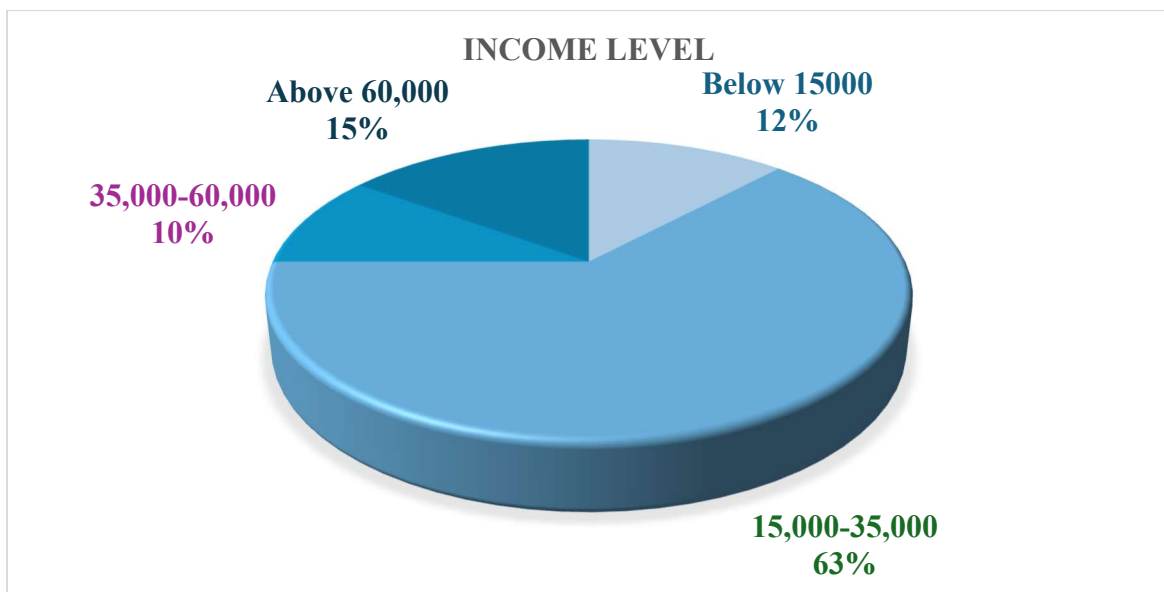
Most respondents have a high level of education, The study data reveals that a substantial portion of cryptocurrency traders possess a high level of education. Specifically, 38.2% of respondents have completed an undergraduate degree, while an additional 27.5% hold postgraduate qualifications. This demonstrates that most of the individuals engaged in cryptocurrency trading are highly educated, implying that they likely possess the analytical skills and intellectual capacity needed to comprehend the intricacies of digital financial markets. The presence of such a well-educated demographic within the trading community suggests that navigating the complexities and risks of cryptocurrency may require a certain level of financial literacy and critical thinking, traits that are often developed through higher education. Furthermore, the significant involvement of highly educated individuals in this space may also reflect a shift in investment behaviour, where well-informed youth are exploring alternative financial avenues that offer greater potential returns compared to more traditional investment options, which they may perceive as either less accessible or less lucrative

Figure.4.2.4 Employment status



43.1% are employed full-time, and 27.5% are students. The significant number of full-time employees and students indicates that cryptocurrency trading is largely seen as a side activity rather than a primary occupation. For students, it may represent an early entry into financial markets, driven by a desire to accumulate wealth before securing traditional employment. The fact that a substantial portion of full-time workers are also engaged in trading could reflect a broader dissatisfaction with conventional employment and the search for alternative income streams to supplement stagnant wages or to achieve financial independence.

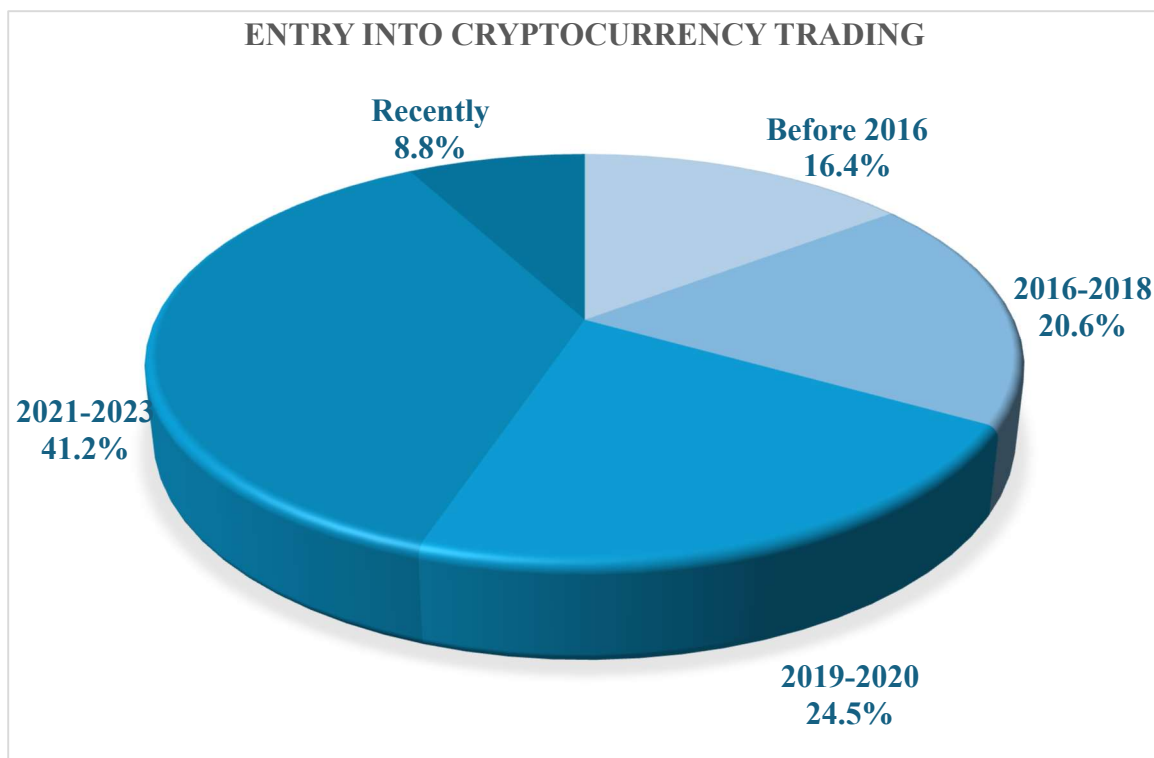
Figure.4.2.5 Income level



63% earn between ₹15,000-35,000 monthly, while 15% earn above ₹60,000. The majority of traders belong to the lower-middle-income bracket, suggesting that cryptocurrency trading might be seen as a means to overcome financial constraints or to achieve upward mobility. For those in higher income brackets, trading could represent a speculative venture driven by the potential for high returns. The involvement of individuals across different income levels also suggests that cryptocurrency is perceived as accessible and potentially lucrative, regardless of one's financial starting point, which could democratise access to financial markets but also expose lower-income individuals to significant risk

4.3 TRADING EXPERIENCE ANALYSIS

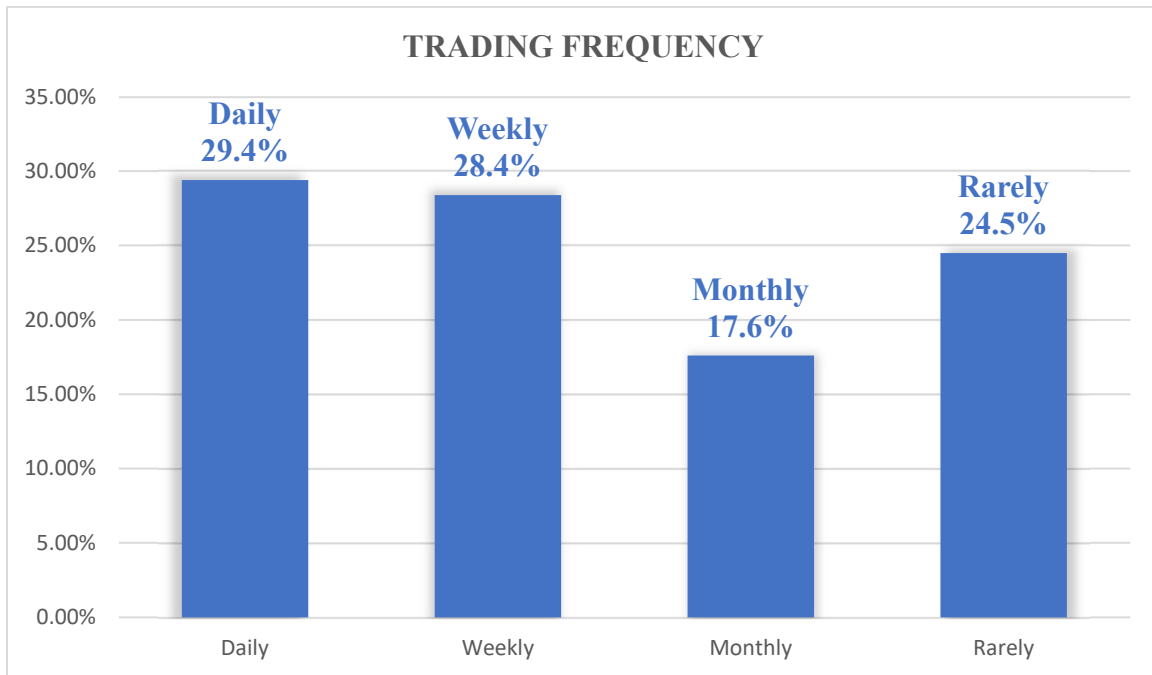
Figure.4.3.1 Entry into cryptocurrency trading



This data represents the particular time period where respondents entered the market, where 41.2% started trading between 2021-2023. The recent surge in trading interest reflects the global cryptocurrency boom, which has been fuelled by media coverage, social media influence, and the allure of quick wealth during economic uncertainty. This trend may indicate a societal shift towards the acceptance of decentralized finance and a growing distrust in traditional financial institutions, particularly among younger generations who feel disillusioned with conventional economic opportunities. The timing also coincides with the

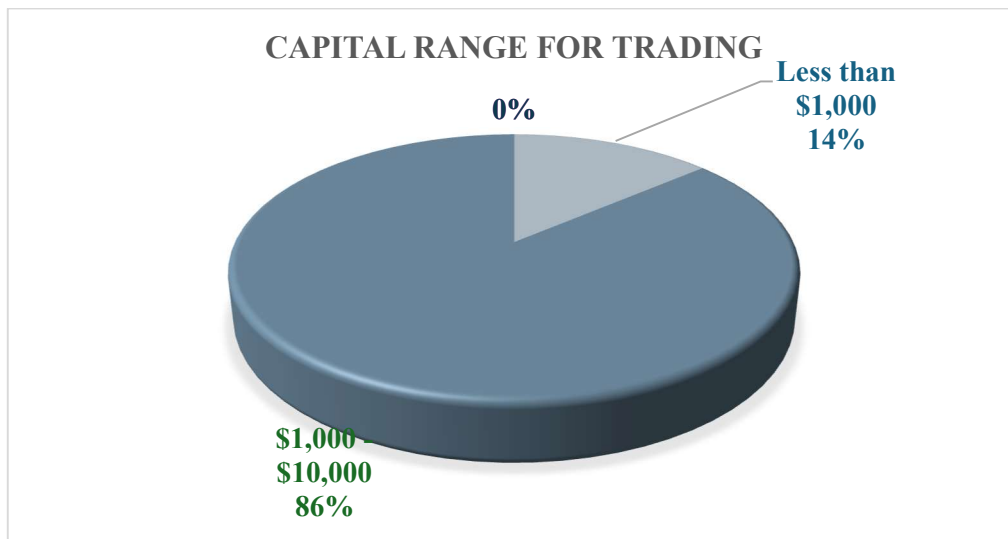
COVID-19 pandemic, which may have accelerated the adoption of digital finance as people sought alternative income sources during economic disruptions.

Figure.4.3.2 Trading frequency



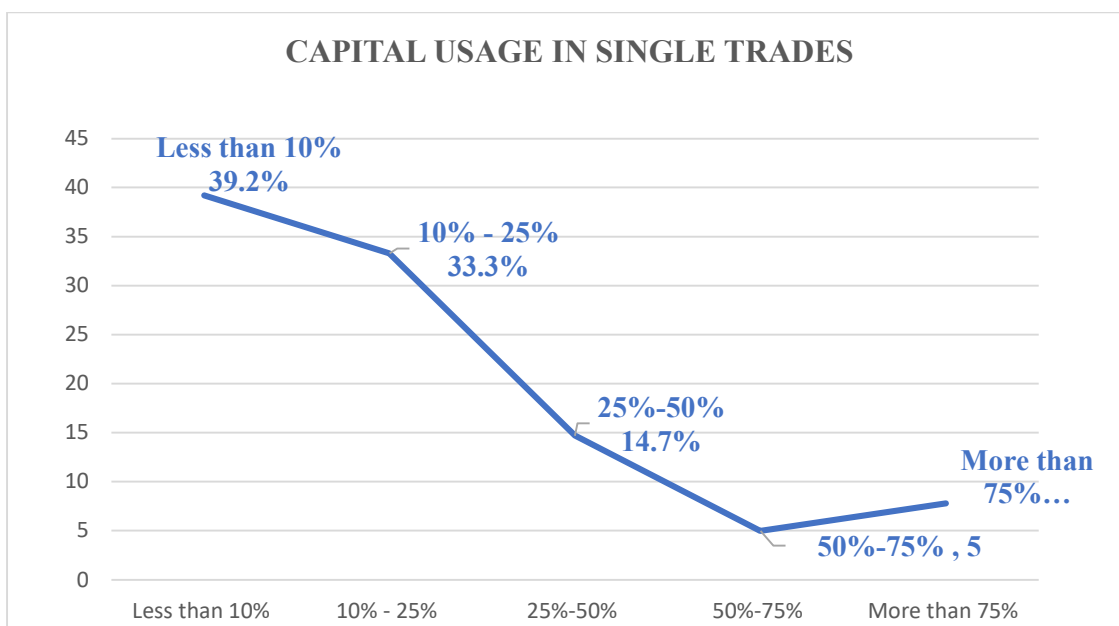
Trading frequency is basically the number of trades taken in a day. From the data collected, 29.4% trade daily, and 28.4% trade weekly. This suggests a high frequency of trading from an average. This high frequency of trading suggests an intense engagement with the market, which could be driven by the volatility and 24/7 nature of cryptocurrency exchanges. This behaviour might be influenced by the gamification of trading platforms, where trading becomes a habit or even an addiction. From a sociological perspective, this could also reflect broader societal trends of instant gratification and the influence of digital technologies in shaping daily routines and economic behaviours, blurring the lines between work, leisure, and financial speculation.

Figure.4.3.3 Capital range



Trading capital is the cash reserve used by the traders to buy and sell assets. 94.1% trade with less than \$1,000. The low capital investment indicates a cautious approach, likely due to the high-risk nature of cryptocurrency markets. It suggests that for many, trading is an exploratory or supplementary activity rather than a primary investment strategy. This cautiousness could be a reflection of broader economic insecurity, where individuals are unwilling or unable to risk substantial portions of their wealth. It may also suggest that cryptocurrency trading is accessible even to those with limited financial resources, which could democratise participation in financial markets but also raise concerns about financial vulnerability among low-capital traders

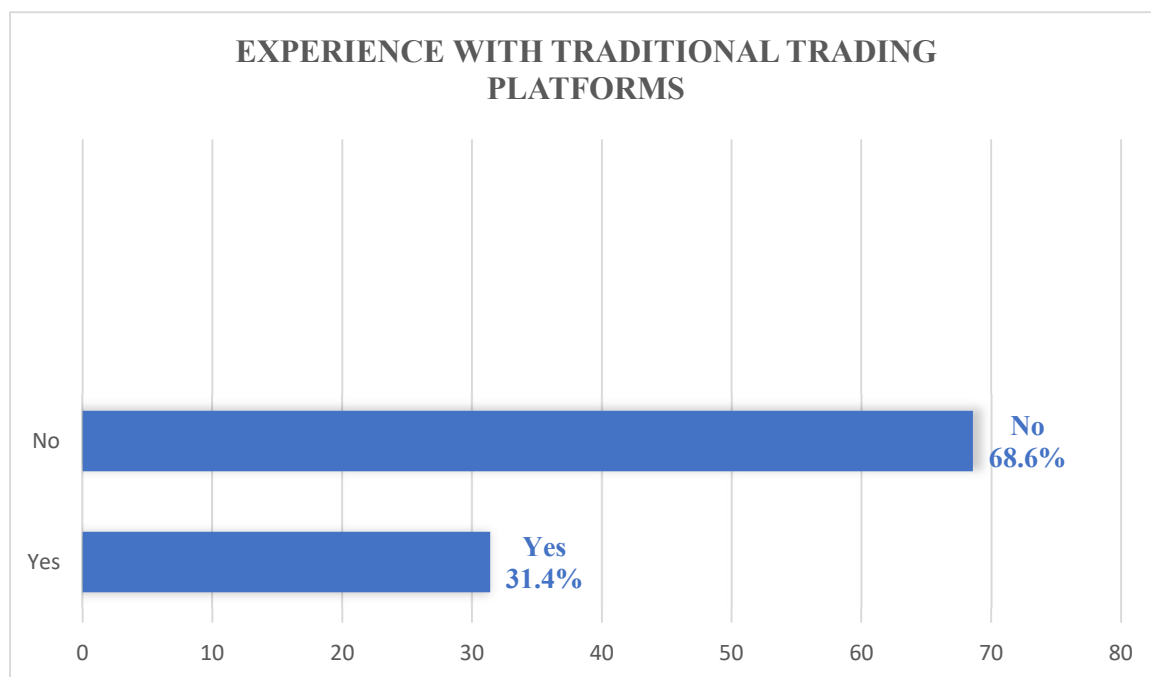
Figure.4.3.5 Capital Usage in Single Trades



39.2% use less than 10% of their capital in a single trade.

The tendency to risk only a small portion of capital per trade reflects a strategy aimed at mitigating losses and spreading risk. This could indicate a learned cautiousness, possibly influenced by previous market experiences or an awareness of the high volatility of cryptocurrencies. It also suggests that traders are employing risk management techniques, which could be a result of increased financial literacy or the influence of trading communities and educational resources available online.

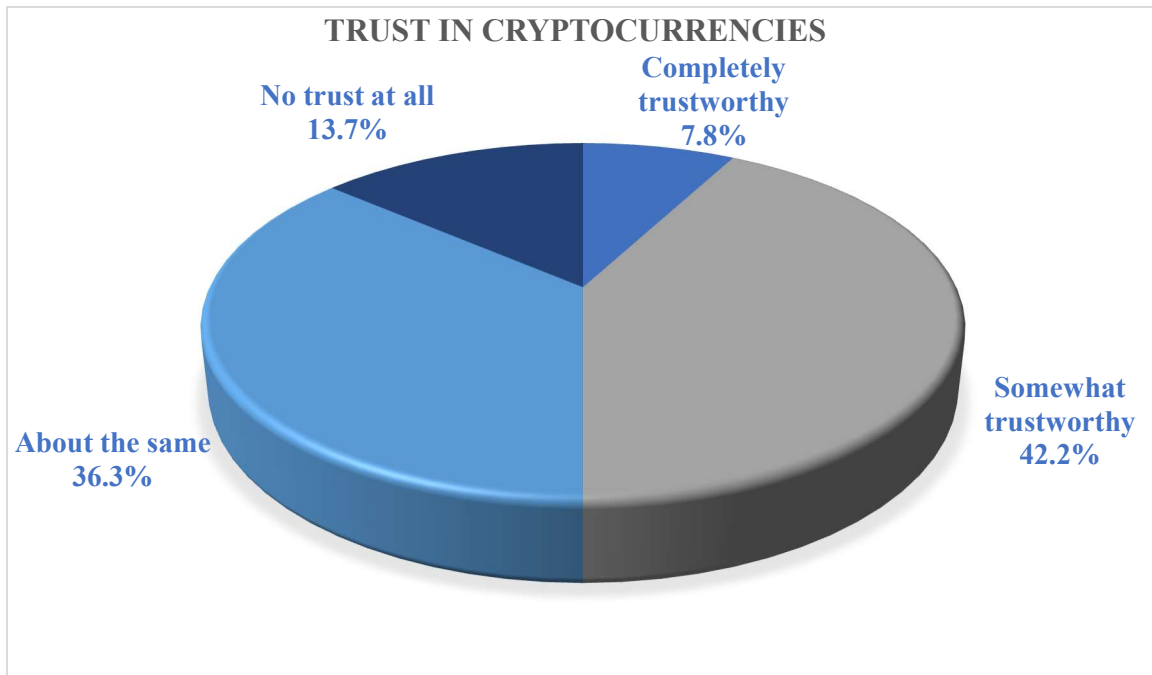
Figure.4.3.6 Experience with Traditional Trading Platforms



68.6% have no prior experience with traditional trading platforms. The lack of experience with traditional markets suggests that many individuals are entering the financial world for the first time through cryptocurrency. This could be due to the perceived barriers of entry in traditional markets, such as higher capital requirements, complex regulations, or a lack of trust in traditional financial institutions. Cryptocurrency, with its lower entry barriers and decentralized nature, may appeal to those who feel excluded from conventional financial systems, offering a new avenue for participation in global markets.

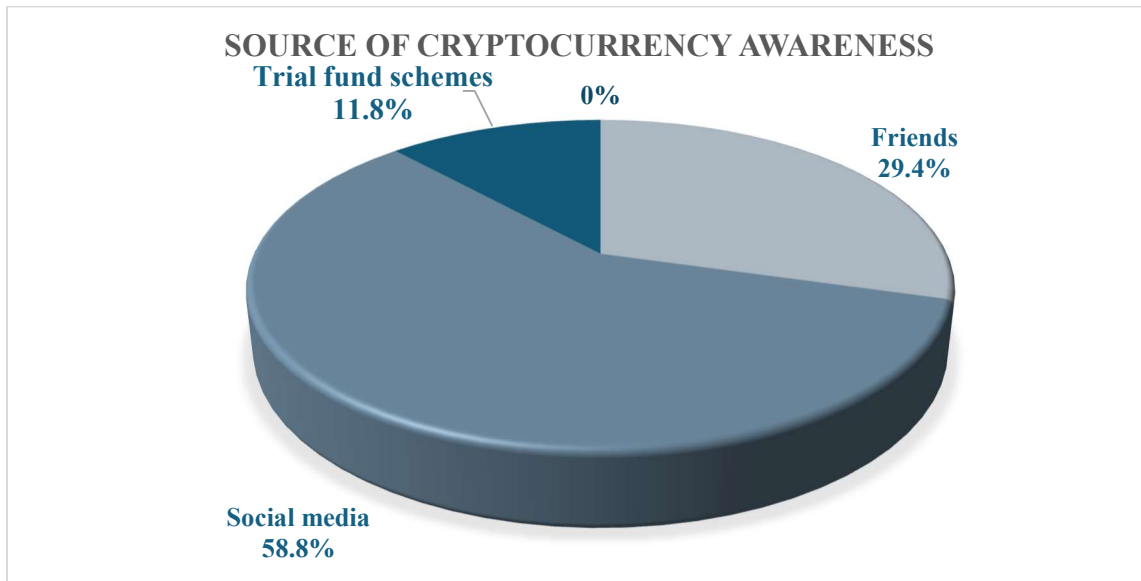
4.4 PERCEPTION AND MOTIVATION ANALYSIS

Figure.4.4.1 Trust in Cryptocurrency



The finding that 42.2% of individuals view cryptocurrencies as somewhat trustworthy highlights a significant degree of cautious optimism. This mixed trust level indicates that while there is recognition of the innovative potential and financial opportunities offered by cryptocurrencies, there are also considerable concerns regarding their stability and regulatory environment. The tension between the attraction of decentralised finance and the reality of market volatility likely contributes to this opposition of 13.7%. This data suggests that public perception of cryptocurrencies is shaped by broader anxieties about financial stability and technological impact, underscoring a need for greater clarity and regulation in the sector. The lingering scepticism about their long-term viability reflects a preference for the perceived safety and reliability of traditional financial systems, emphasizing that trust in emerging financial technologies remains tentative and heavily influenced by current market and regulatory dynamics.

Figure.4.4.2 Source of Cryptocurrency Awareness



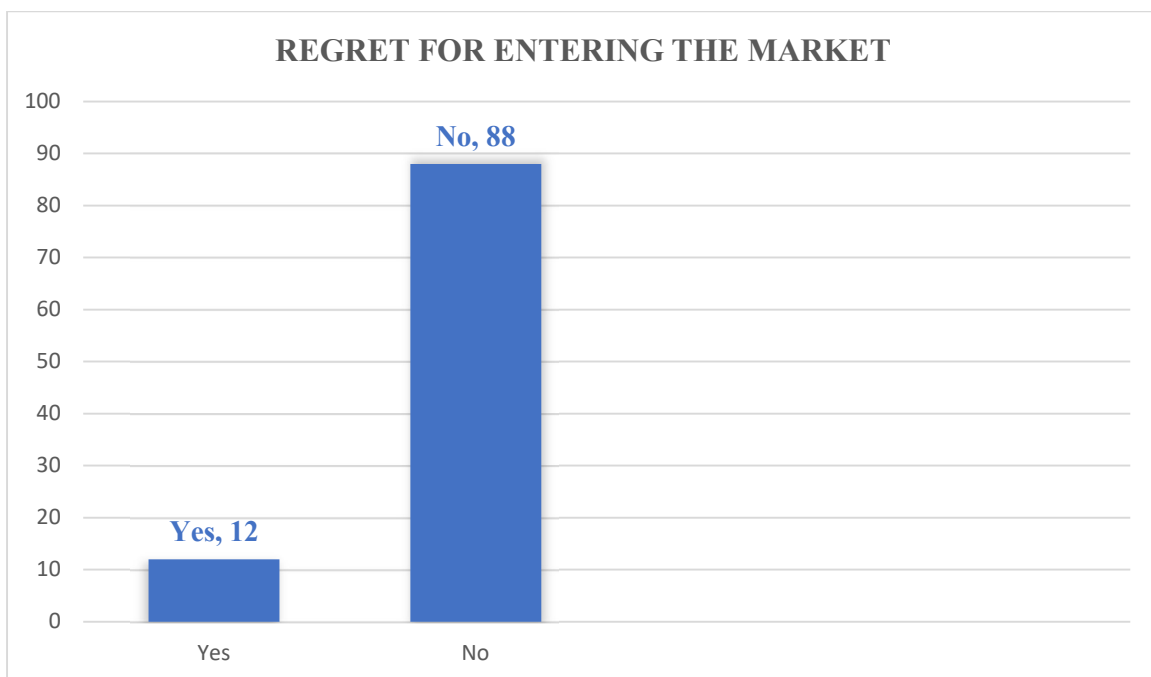
58.8% learned about cryptocurrency through social media. The dominance of social media as a source of information underscores the role of digital platforms in shaping financial knowledge and behaviours. It highlights the decentralization of information and the power of online communities in driving market trends. This reliance on social media can lead to both rapid dissemination of information and misinformation, reflecting broader challenges in the digital age, where traditional gatekeepers of information are bypassed, and individuals must navigate a complex and often unreliable information landscape.

Figure.4.4.3 Motivation for Trading



58.8% learned about cryptocurrency through social media. The dominance of social media as a source of information underscores the role of digital platforms in shaping financial knowledge and behaviours. It highlights the decentralization of information and the power of online communities in driving market trends. This reliance on social media can lead to both rapid dissemination of information and misinformation, reflecting broader challenges in the digital age, where traditional gatekeepers of information are bypassed, and individuals must navigate a complex and often unreliable information landscape.

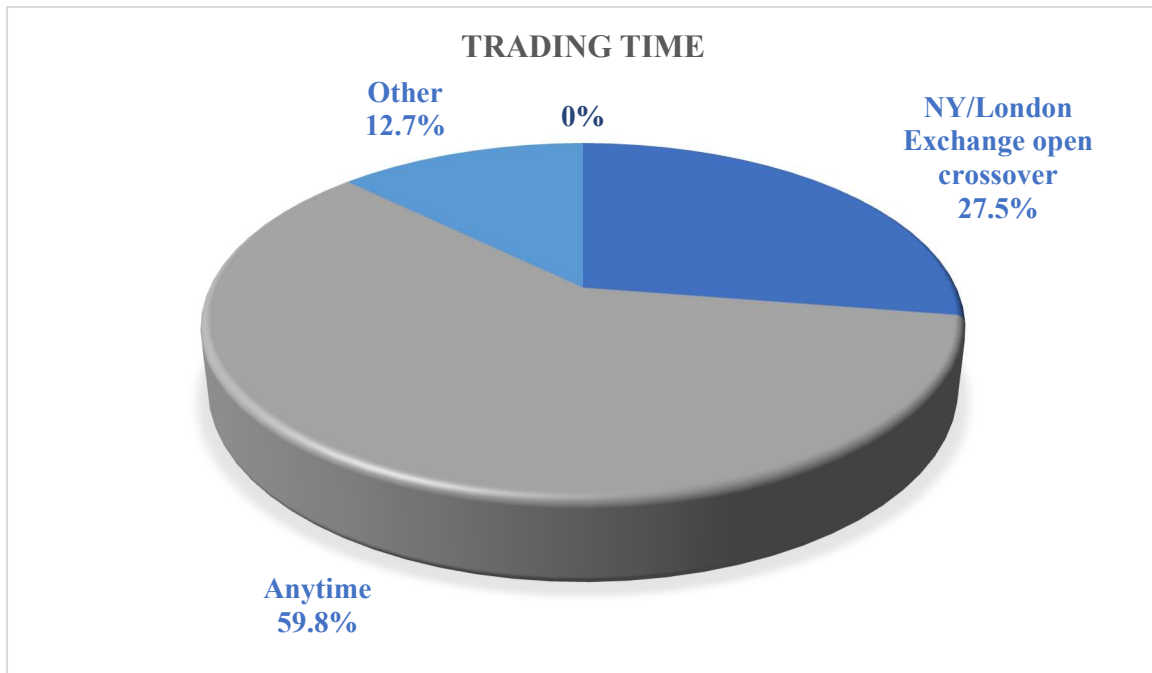
Figure.4.4.4 Regret for Entering the Market



88% do not regret entering the cryptocurrency market. The low level of regret among traders suggests a generally positive experience with cryptocurrency trading, despite its risks. This could indicate that participants have either been successful in their trades or are optimistic about the future potential of the market. It also reflects a broader cultural trend of embracing risk and uncertainty as part of the financial landscape, where the possibility of significant gains outweighs the fear of losses. This attitude may be shaped by the success stories and narratives prevalent in media and online communities, which often emphasize the rewards of risk-taking.

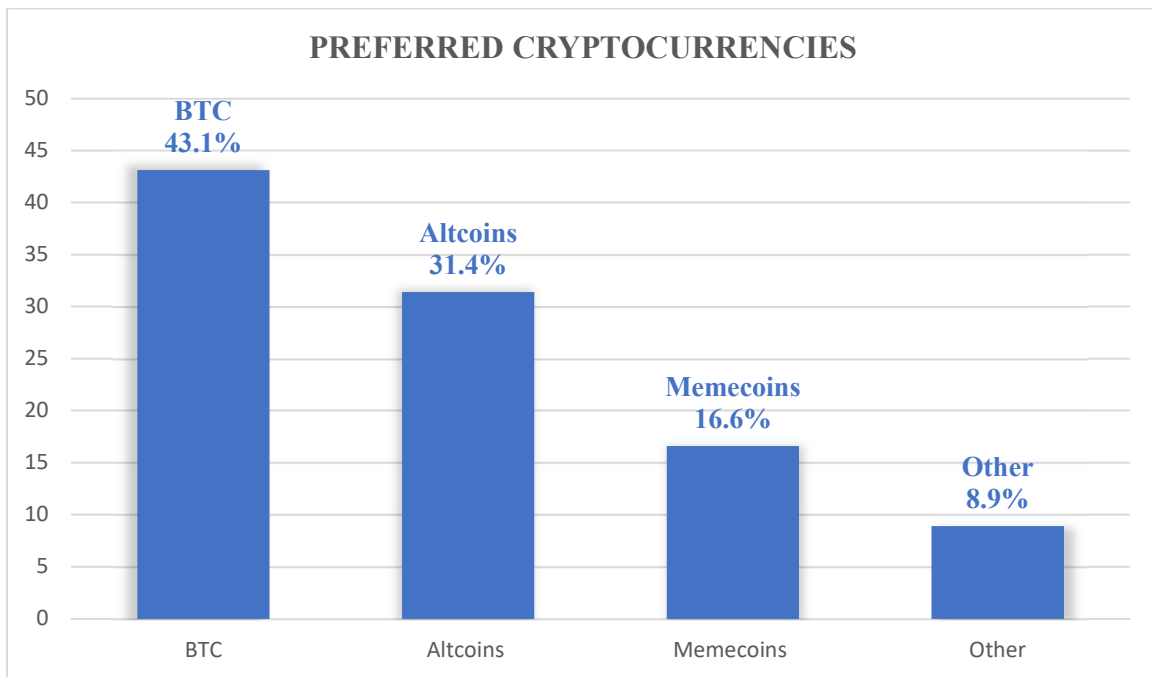
Trading Habits and Preferences Analysis

Figure.4.4.5 Trading Time



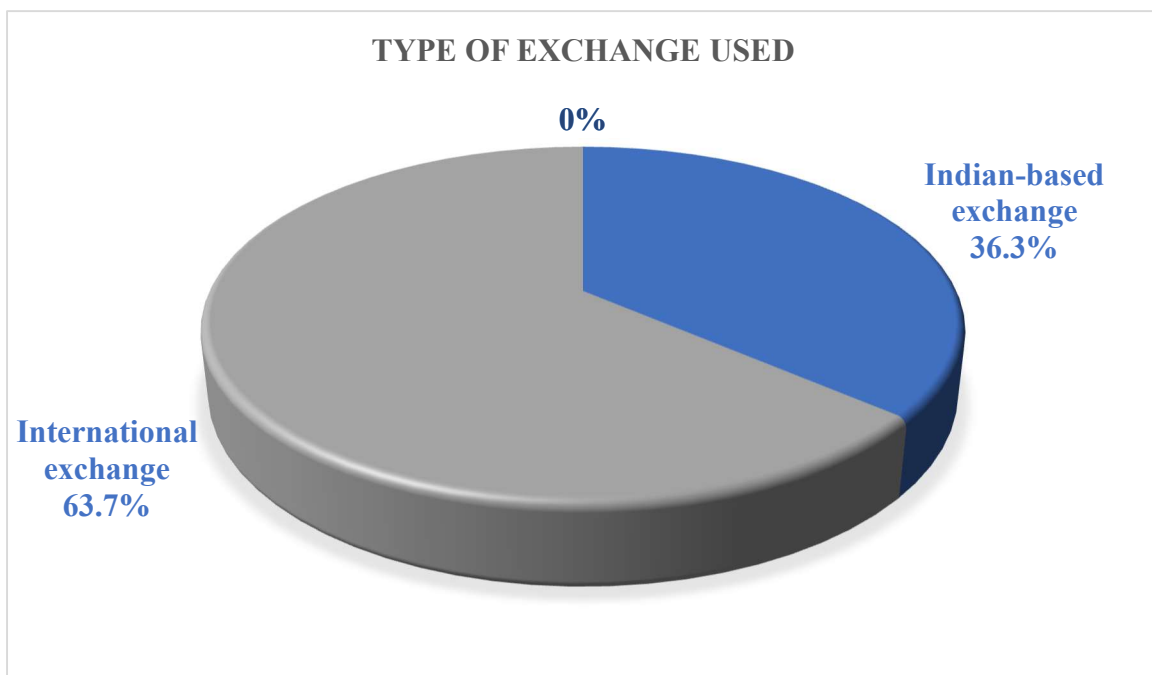
59.8% trade at any time, rather than during specific market opening. The flexibility in trading times reflects the 24/7 nature of cryptocurrency markets, which contrasts with traditional markets that operate on fixed schedules. This round-the-clock availability allows individuals to engage in trading outside of regular working hours, making it accessible to a broader population. It also points to the blurring of boundaries between work and leisure in the digital age, where economic activities can be pursued at any time, often leading to the integration of trading into daily life routines.

Figure.4.4.6 Preferred Cryptocurrencies



43.1% prefer Bitcoin (BTC), while 31.4% prefer altcoins. The preference for Bitcoin reflects its status as the most established and widely recognized cryptocurrency, often seen as the "gateway" into the broader cryptocurrency market. However, the significant interest in altcoins indicates a willingness to explore other digital options beyond the flagship cryptocurrency.

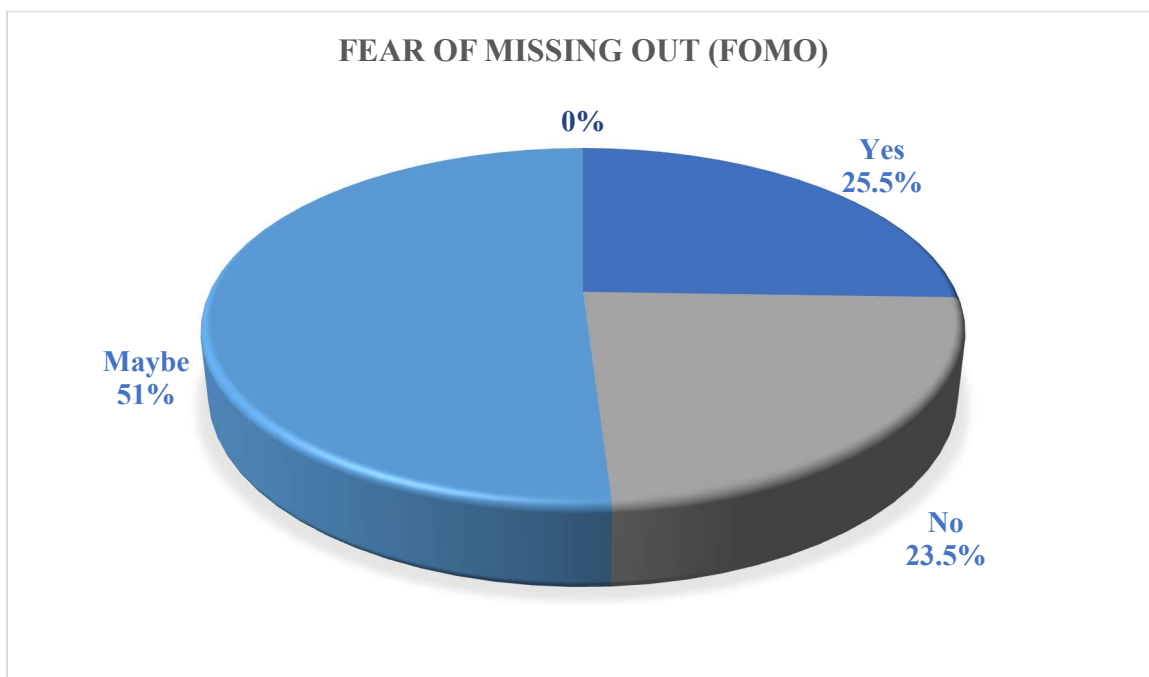
Figure.4.4.7 Type of Exchanges Used



A significant 63.7% of respondents show a clear preference for international cryptocurrency exchanges. This inclination could be attributed to the fact that these exchanges typically offer a wider range of trading options, including access to a more diverse selection of cryptocurrencies. Additionally, international platforms often provide better liquidity, allowing traders to execute trades more efficiently and with less price slippage. Lower transaction fees compared to Indian-based exchanges may also be a key factor driving this preference, making international exchanges more appealing for cost-conscious traders. Furthermore, this preference for international platforms may reflect traders' desire to take advantage of potential tax benefits or reductions, as some countries have more lenient tax policies regarding cryptocurrency trading

4.5 PSYCHOSOCIAL ANALYSIS

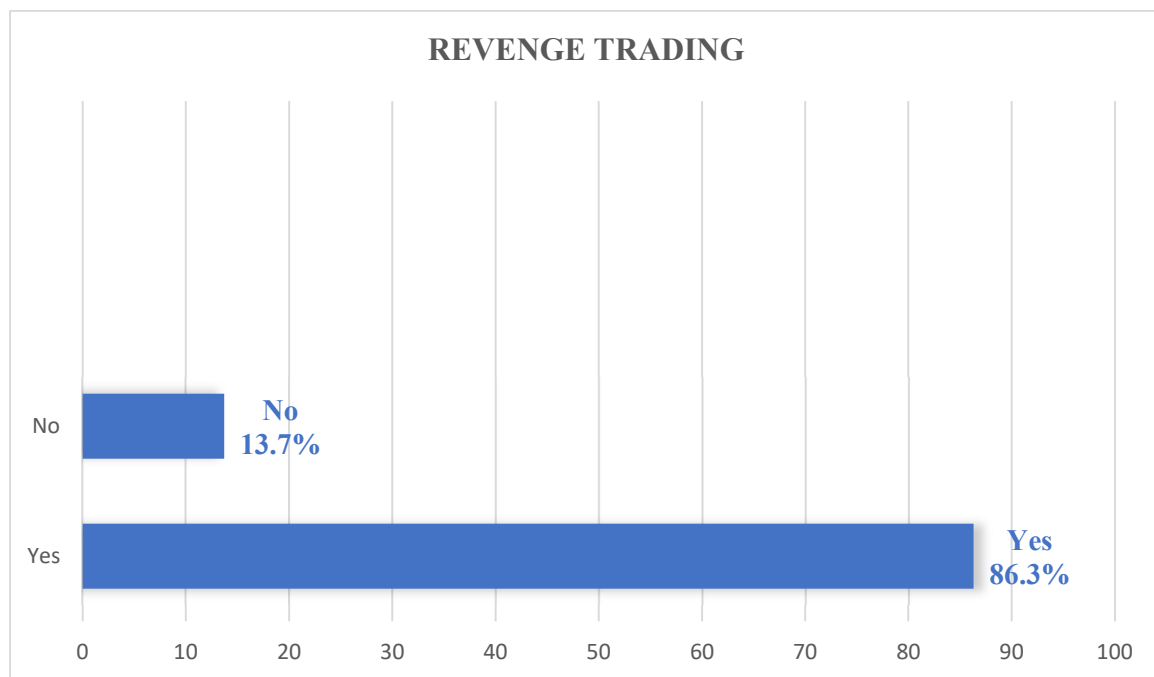
Figure.4.5.1 Fear of Missing Out (FOMO)



The Fear of Missing Out (FOMO) emerges as a prominent psychological factor influencing a significant portion of cryptocurrency traders. According to the study, 51% of respondents indicate that they may experience FOMO, reflecting the uncertainty and emotional tension that can accompany trading decisions. Additionally, 25.5% of respondents openly acknowledge that they do experience FOMO, while 23.5% report that they do not experience this phenomenon. The fact that more than half of the participants are either directly or

indirectly affected by FOMO underscores its pervasive presence in the cryptocurrency trading community. This emotional response to market opportunities whether real or perceived can create heightened anxiety among traders, particularly in fast-moving, volatile markets where gains and losses can occur rapidly. FOMO often manifests when traders observe others profiting from trades and feel pressured to take action to avoid being left behind, even if the timing or circumstances may not align with their original strategy.

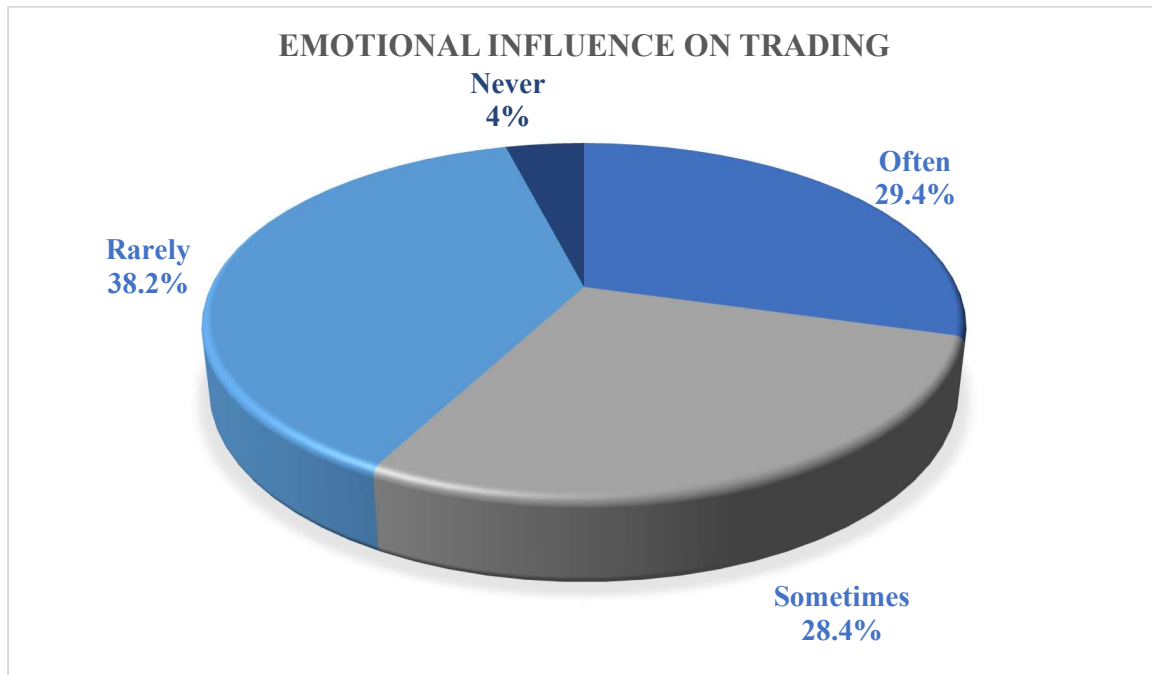
Figure.4.5.2 Revenge Trading



Revenge trading refers to a psychological trap where traders try to quickly recover their losses, often leading to irrational trading decisions. Revenge trading can lead to a dangerous cycle of poor trading decisions, as traders start basing their trades on emotions rather than proper trading strategies. Emotions play a pivotal role in the decision-making process of many cryptocurrency traders. A significant 29.4% of respondents admit that they frequently let their emotions influence their trading behaviour, while an even larger proportion, 38.2%, acknowledge that emotions occasionally affect their decisions. This emotional involvement can often lead to impulsive trading actions, where decisions are made based on fear, greed, or anxiety, rather than a rational assessment of market conditions. Moreover, a striking 86.3% of traders identify as revenge traders, meaning they attempt to recover previous losses by engaging in more aggressive trading strategies. This behaviour, while common, can be

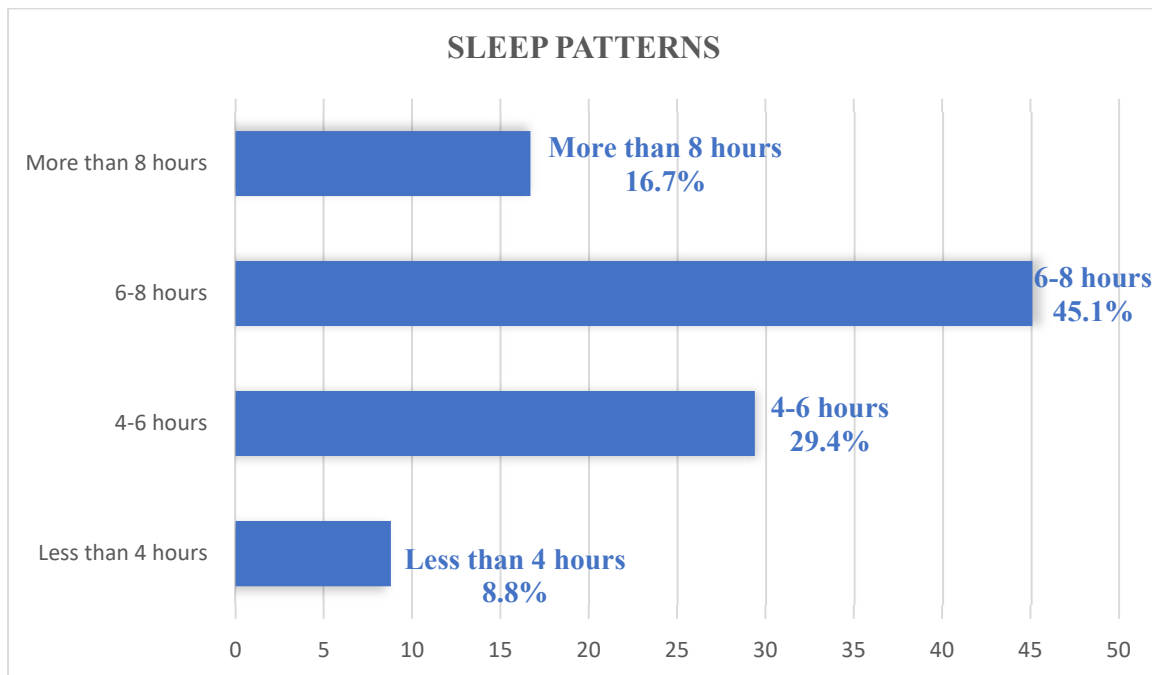
particularly risky as it often leads to further losses, driven by frustration or a desire to "win back" lost capital. The prevalence of such emotionally driven actions suggests that many traders may struggle with maintaining objectivity and discipline in the face of market volatility, potentially undermining long-term financial success. This highlights the critical need for better emotional regulation and risk management strategies in the trading community.

Figure.4.5.3 Emotional Influence on Trading



38.2% say emotions rarely affect their trading, though 29.4% admit it often does. While some traders manage to keep their emotions in check, a significant portion is influenced by them, which can lead to deviations from planned strategies.

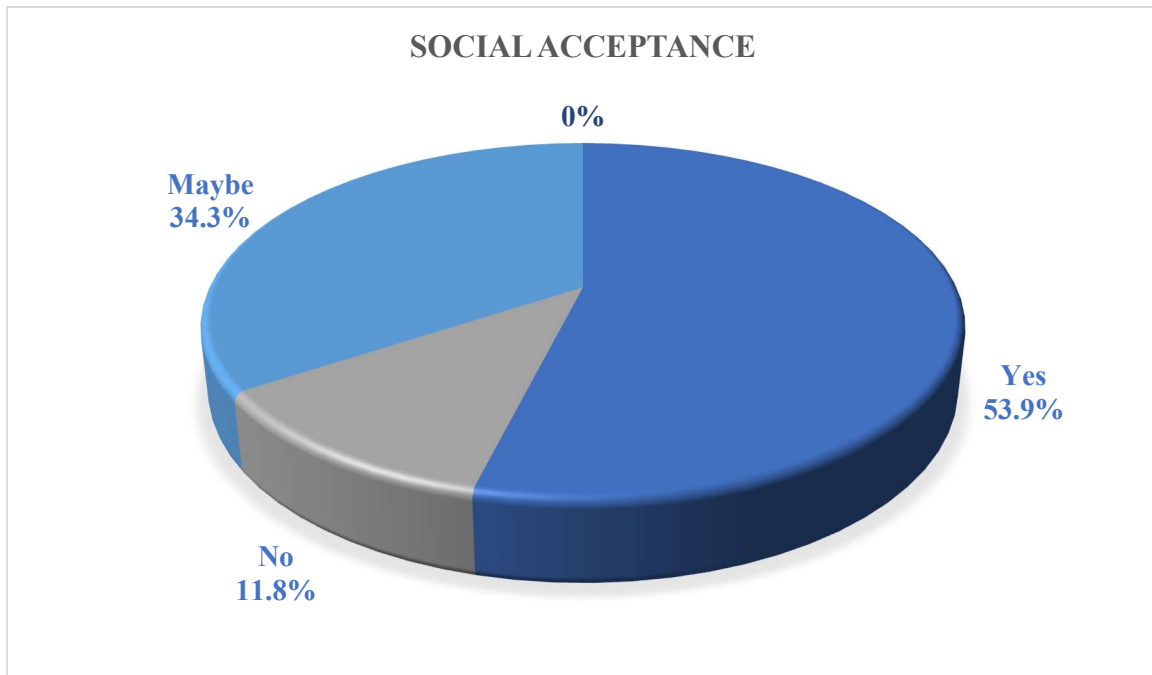
Figure.4.5.4 Sleep Patterns



Sleeping is a basic human need, like eating, drinking, and breathing. Like these other needs, sleeping is vital for good health and well-being throughout your lifetime. Sleep deprivation is a condition that occurs if you don't get enough sleep. Adequate sleep is crucial for cognitive function and decision-making. The fact that some traders get less than 4 hours could negatively impact their trading performance and overall well-being. Also shows that individuals who are more involved in trading are prone to sleep deprivation. The study results reveal notable insights into the sleep habits of cryptocurrency traders. A significant 45.1% of respondents report getting 6-8 hours of sleep per night, suggesting that nearly half of the traders maintain a relatively healthy sleep schedule. However, a concerning 8.8% of participants admit to sleeping less than 4 hours per night. This extreme lack of sleep reflects a small but notable portion of traders who may be sacrificing rest, potentially due to the demands of monitoring a 24/7 market. The rest of the respondents likely fall into intermediate sleep categories, further illustrating a diverse range of sleep patterns among traders. The disparity in sleep duration among participants highlights the varied ways in which individuals manage their time and energy while engaging in highstakes trading.

4.6 SOCIAL AND FUTURE OUTLOOK ANALYSIS

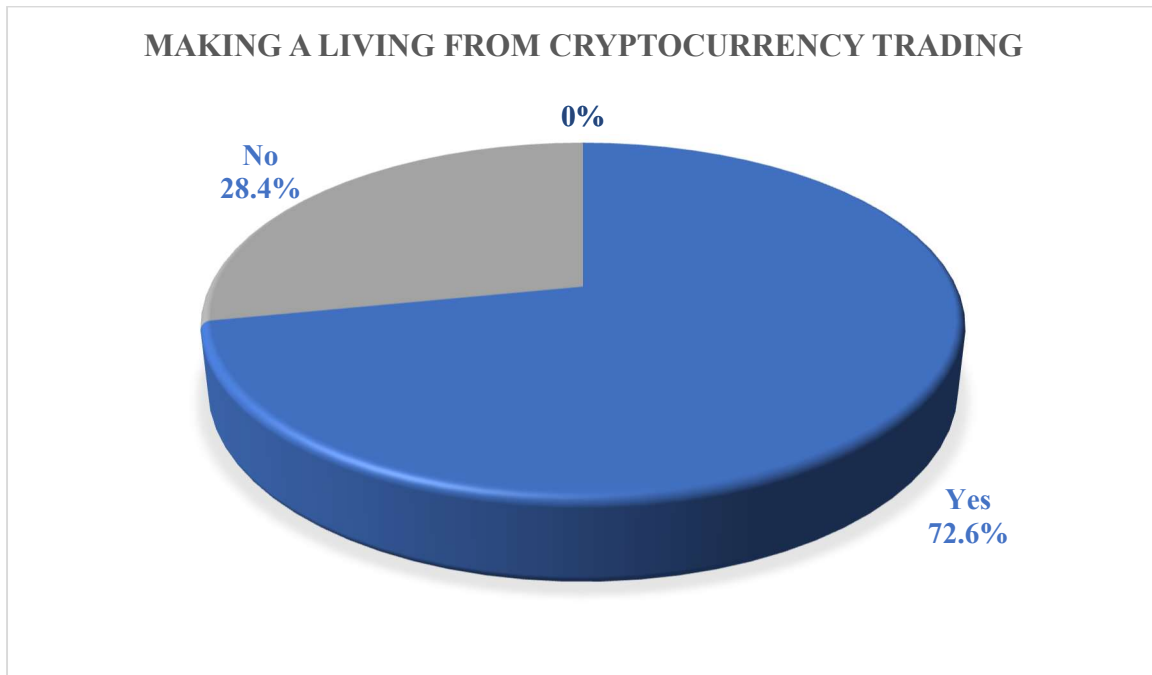
Figure.4.6.1 Social Acceptance



53.9% feel socially accepted as cryptocurrency traders. A majority feel accepted, which may be indicative of the growing normalization of cryptocurrency trading in society.

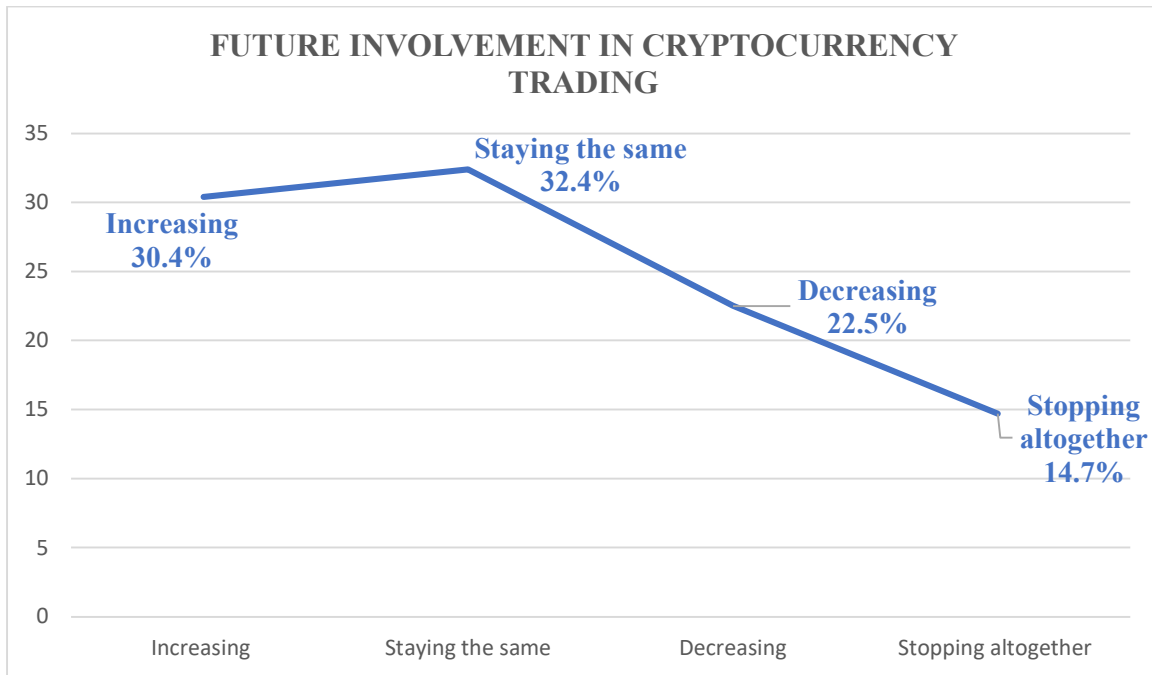
The 34.3% who are unsure about their social acceptance might be experiencing a transitional phase where cryptocurrency trading is still somewhat stigmatized or misunderstood in their broader social context. This uncertainty can stem from varying levels of awareness and acceptance within different social groups, indicating that while some communities are embracing this new form of trading, others may still view it with scepticism perception of social acceptance is likely influenced by the social network traders are a part of. Those who are surrounded by peers who are also engaged in or supportive of cryptocurrency trading may feel more accepted. In contrast, individuals in more traditional or conservative social environments may face criticism or doubt, leading to feelings of isolation or uncertainty. The feeling of acceptance can also be tied to how trading success or failure impacts social status. Successful traders may gain social prestige, while those who experience losses may face social stigma, particularly if their engagement in cryptocurrency is seen as risky or irresponsible by their peers.

Figure.4.6.2 Making a Living from Cryptocurrency Trading



72.6% believe they can make a living from trading crypto. This optimism could drive sustained engagement in the market, although it might also reflect an underestimation of the risks involved. The belief that one can make a living from cryptocurrency trading reflects broader aspirations for economic mobility and financial independence. This belief may be particularly strong in societies where traditional avenues for upward mobility (such as stable jobs or investments) are perceived as limited or inaccessible. The high percentage of respondents who believe in making a living from crypto trading might be influenced by cultural attitudes towards risk and entrepreneurship. In cultures that value innovation and are open to non-traditional forms of income generation, cryptocurrency trading might be seen as a viable pathway to success. Conversely, in cultures that are more risk-averse, this belief might be seen as overly optimistic or naive.

Figure.4.6.3 Future Involvement in Cryptocurrency Trading



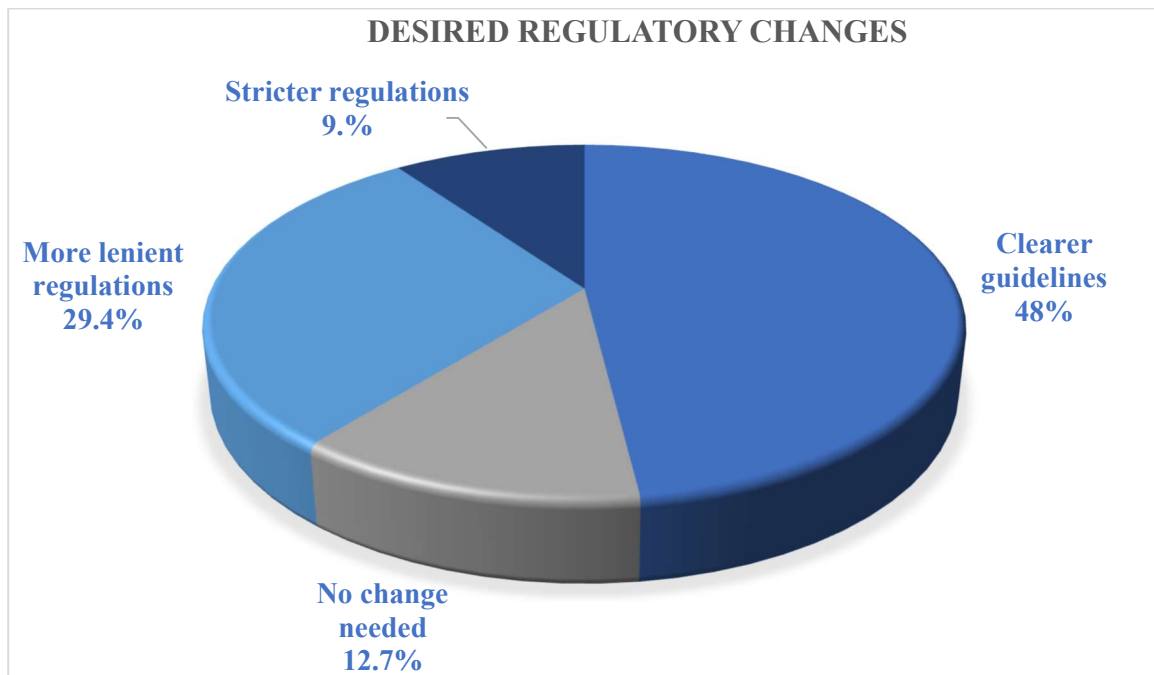
30.4% foresee increasing their involvement in cryptocurrency trading, 32.4% expect to maintain their current level, 22.5% anticipate decreasing their involvement, and 14.7% plan to stop altogether. The varied responses suggest different levels of commitment and outlook among traders. Those planning to increase their involvement may see cryptocurrency as a long-term investment or career path, reflecting a deepening integration into the digital economy. This could be driven by confidence in the market's growth potential or by personal success in trading. The 22.5% who plan to decrease their involvement, and the 14.7% who plan to stop trading altogether, might be experiencing burnout or disillusionment. This could stem from the emotional toll of trading, financial losses, or a realization that the market is not as lucrative as they initially believed. Sociologically, this points to the potential negative impacts of high-risk, high-stress occupations on individuals' well-being

Figure.4.6.4 Advice to New Cryptocurrency Traders



43.1% would encourage new traders to approach with caution, 19.6% would remain neutral, 17.6% would strongly encourage trading, and 19.6% would discourage it altogether. The fact that the largest group advises caution reflects a recognition of the risks involved in cryptocurrency trading. This cautionary advice likely stems from personal experiences of volatility, loss, or the emotional strain of trading. It suggests a growing awareness within the trading community of the need for careful consideration and responsible trading practices. The distribution of advice indicates the presence of collective wisdom within the trading community. Those with more experience may feel a responsibility to guide newcomers, particularly in an unregulated and unpredictable market. This could lead to the development of informal mentorship networks where seasoned traders help newcomers navigate the complexities of cryptocurrency trading.

Figure.4.6.5 Desired Regulatory Changes



Except for the regulations on taxation there are no further initiation for the protection of traders. 48% want clearer guidelines, and 29.4% prefer more lenient regulations. The call for clearer guidelines reflects a desire for better regulatory clarity, which could help legitimize the market and provide better protection for traders.

4.7 ASSESING THE AWARENES ON REGULATORY NORMS (QUIZ)

To assess the awareness on current regulatory norms, a quiz containing a total of four questions was conducted to assess the knowledge level of participants on current Indian regulatory norms on cryptocurrency. Assuming that individuals who could score the most score, that would be 4/4 considered as proficient especially beyond the average.

4.8 QUESTIONS OF QUIZ

What is the tax rate on income from the transfer of virtual digital assets as per the Budget 2022?

- a, 15%
- b, 20%
- c, 30%
- d, 35%

Which of the following is allowed as a deduction when reporting income from the transfer of digital assets?

- a, Legal fee
- b, Acquisition cost
- c, Marketing expenses
- d, transaction fees

What tax implication does gifting digital assets have according to the new regulations?

- a, Taxed at a reduced rate
- b, Taxed in the hands of the giver
- c, Taxed in the hands of the receiver
- d, No tax implications

What percentage of TDS (Tax Deducted at Source) for digital assets transactions in India?

- a, 0.5%
- B, 1%
- c, 1.5%
- d, 2%

These were the questions handed over to the respondents in the form of a quiz to assess their knowledge and awareness on Indian regulatory system on cryptocurrency market. Out of a population of the population, a total of 52.25 % achieved full score, as per the analysis these respondents are considered to be individuals with well updated and outstanding knowledge on the current regulatory system on the tax implications on digital assets and cryptocurrency. The quiz provided assesses respondents' knowledge of cryptocurrency regulations in India, specifically focusing on taxation and legal implications. The questions cover key areas such as tax rates, deductible expenses, gift taxation, and TDS (Tax Deducted at Source) percentages. Here's a breakdown and analysis of the data.

4.9 QUIZ QUESTIONS AND CORRECT ANSWERS

1. Tax Rate on Income from Virtual Digital Assets

Correct Answer: c) 30%

As per Budget 2022, income from the transfer of virtual digital assets is taxed at a flat rate of 30%. This high tax rate is designed to curb speculative activities in the cryptocurrency market.

2. Deductible Expenses

Correct Answer: b) Acquisition cost

The only deduction allowed when reporting income from digital asset transfers is the acquisition cost. Other expenses, such as legal fees and marketing expenses, are not deductible.

3. Tax Implications of Gifting Digital Assets

Correct Answer: c) Taxed in the hands of the receiver

The new regulations state that digital assets received as gifts are taxed in the hands of the receiver, making it essential for recipients to report such gifts in their income.

4. TDS Percentage for Digital Asset Transactions

Correct Answer: b) 1%

A 1% TDS is applicable on digital asset transactions, ensuring that the government collects tax at the point of transaction to prevent tax evasion.

4.10 PERFORMANCE ANALYSIS

Population Scoring 4/4: 52.25% of respondents scored 4/4, demonstrating a strong understanding of cryptocurrency regulations in India. Population Scoring Below 4/4, 47.75% did not achieve a perfect score, indicating varying levels of awareness and knowledge. The fact that over half of the respondents scored 4/4 suggests that there is a substantial level of awareness about cryptocurrency regulations among traders. This reflects positively on the information dissemination efforts by regulatory bodies and the media, and it indicates that a significant portion of traders are well-informed about their legal obligation. However, nearly 48% of respondents scored below 4/4, highlighting a knowledge gap in the community. This gap could be due to the complexity of the regulations, lack of access to information, or a general lack of interest in understanding the legal nuances of cryptocurrency trading.

CHAPTER 5: FINDINGS & CONCLUSION

5.1 INTRODUCTION

In the modern digital economy, cryptocurrency trading has become a prominent financial phenomenon that draws a wide range of players from different socioeconomic and demographic backgrounds. Understanding the makeup and behaviour of cryptocurrency traders has become essential for both academic research and the creation of legislation as this market continues to expand. In order to provide a complete image of the people involved in this new type of financial speculation, this study aims to investigate the diversity within the cryptocurrency trading community. It does this by concentrating on important demographic factors including age, gender, education, and occupation. By examining these factors, the study aims to shed light on the characteristics that define the modern cryptocurrency trader, thereby contributing to a deeper understanding of the social dynamics at play in this emerging market. The study further investigates the behavioural and psychological components of cryptocurrency trading, with a focus on how risk tolerance, decision-making, and financial behaviours are related. It is crucial to comprehend how traders manage risks and make financial judgments because of the unpredictable character of the digital currency markets. The study also evaluates traders' knowledge of tax and regulatory systems, concentrating on the ways in which these elements affect trading behaviour, particularly in the Indian setting. The study's conclusions not only shed light on the complex and constantly changing world of cryptocurrency trading, but they also serve as a basis for the creation of focused regulatory guidelines and training programs that will better assist traders in this fast-paced financial climate.

5.2 MAJOR FINDINGS

The major findings of the of the study includes the following

5.2.1 Understanding the Diversity within the Cryptocurrency Trading Community (Insights into Age and Gender Diversity)

The data collected from the survey illustrates that the majority of cryptocurrency traders are concentrated within the younger age groups, particularly those between the ages of 18 and 34, who represent 61.8% of the total respondents. This age-related trend suggests that younger

individuals, likely more attuned to technological developments and the nuances of digital finance, are the predominant participants in the cryptocurrency market. The inclination of this demographic towards cryptocurrency implies a readiness to engage with and invest in emergent financial systems that align with their digital proficiency.

Additionally, the gender composition of this trading community is notably imbalanced, with 85% of the respondents identifying as male. This pronounced gender disparity reflects global patterns within financial markets, especially in areas such as cryptocurrency trading, where male participation substantially surpasses that of females. Although female participation remains relatively low at 15%, this figure does indicate a growing interest among women in the cryptocurrency space, suggesting the possibility of future shifts in gender participation as the market evolves and becomes more inclusive.

5.2.2 Educational Background and Its Significance

An examination of the educational levels among the survey respondents reveals a significant concentration of academic achievement, with 65.7% holding either undergraduate or postgraduate degrees. This finding implies that a majority of those involved in cryptocurrency trading possess a strong educational foundation, which may be instrumental in equipping them with the critical analytical skills required to navigate the often complex and volatile landscape of digital finance. The presence of a well-educated trader base could also suggest a community that is more capable of understanding the intricate aspects of market trends, risk management, and investment strategies.

5.2.3 Occupational Diversity Among Traders

The survey further highlights the occupational diversity present within the cryptocurrency trading community, with respondents coming from a wide array of employment backgrounds. Notably, 43.1% of the traders are in full-time employment, while 27.5% are students, and 13.7% work part-time. An additional 15.7% are currently unemployed. This occupational distribution suggests that cryptocurrency trading appeals to a diverse group of individuals, ranging from students who may view trading as a potential career path or a supplementary income source, to full-time professionals who might engage in trading as an additional revenue stream. The relatively high proportion of students engaged in trading also

underscores the appeal of cryptocurrency as a modern financial tool, resonating particularly with a younger, technologically adept demographic.

5.2.4 Income Levels and Financial Diversity

The income distribution among traders, as revealed by the survey, indicates that most respondents earn a monthly income within the ₹15,000-35,000 range, with 63% of participants falling into this category. A smaller segment, 15%, earns over ₹60,000 monthly. This range suggests that many traders are in the earlier stages of their careers or operate within modest income brackets, yet they are nonetheless attracted to cryptocurrency trading as a means to potentially improve their financial situation. The variation in income levels among traders highlights the broad appeal of cryptocurrency, drawing in individuals from both lower and higher income brackets who see potential in this new financial avenue.

5.2.5 Assessing Traders' Awareness of Regulatory and Taxation Frameworks

Trust in Cryptocurrencies Compared to Traditional Financial Instruments

The survey results reveal varying levels of trust among traders when comparing cryptocurrencies to traditional financial instruments. Only 7.8% of respondents consider cryptocurrencies to be completely trustworthy, while a larger group, 42.2%, views them as somewhat trustworthy. Additionally, 36.3% of respondents believe cryptocurrencies to be as trustworthy as traditional financial assets. This distribution of trust levels suggests a cautious optimism within the trading community, where the potential benefits of cryptocurrencies are acknowledged, but with a concurrent awareness of the associated risks and uncertainties, particularly in relation to regulatory and taxation frameworks.

5.2.6 Sources of Information and Their Influence on Awareness

A significant insight from the survey is the predominant role that social media plays in shaping traders' awareness and understanding of cryptocurrencies. With 58.8% of respondents identifying social media as their primary information source, it is clear that informal channels are the dominant means through which knowledge about digital assets is disseminated. Friends and peer networks are the second most common source of information, with 29.4% of respondents learning about cryptocurrencies through these networks. The reliance on social media and informal networks may contribute to gaps in understanding,

especially concerning the regulatory and taxation aspects of cryptocurrency trading. This trend also implies that formal education and authoritative sources may be underutilized in providing comprehensive guidance to traders, which could impact their awareness of legal obligations and the broader regulatory environment.

5.2.7 Regulatory Preferences and Their Consequences

The survey uncovers a strong demand among traders for more explicit regulatory guidelines, with 48% of respondents expressing a preference for clearer rules governing cryptocurrency trading. This preference suggests a desire for greater transparency and legal clarity, which could boost traders' confidence in the market and aid them in navigating the complexities of taxation and compliance. On the other hand, 29.4% of respondents advocate for more lenient regulations, reflecting concerns that overly stringent rules could hinder innovation and growth within the cryptocurrency sector. A smaller fraction, 9.8%, support stricter regulations, indicating that the majority of traders prefer a balanced approach that safeguards their interests without imposing overly restrictive measures.

5.2.8 Quiz Results

The quiz results show that while a majority of the trading community is knowledgeable about current cryptocurrency regulations in India, there remains a significant portion that is not fully aware of these critical legal requirements. This knowledge gap could potentially lead to non-compliance and financial penalties for those who are uninformed. It suggests a need for more targeted educational initiatives and resources to ensure that all traders are fully aware of the regulatory landscape, particularly as it continues to evolve. Enhanced regulatory literacy could help traders make more informed decisions and mitigate the risks associated with non-compliance. The findings underscore a substantial level of awareness among cryptocurrency traders in India concerning the key elements of taxation and regulatory frameworks. Notably, a majority (52.25%) of respondents displayed a comprehensive understanding, achieving perfect scores by correctly identifying the critical regulations, including the 30% tax on income derived from virtual digital assets, the limited allowance for acquisition costs as the only deductible expense, the taxation of digital assets received as gifts by the recipient, and the 1% TDS requirement on digital asset transactions.

Nevertheless, the fact that 47.75% of respondents did not achieve a perfect score indicates a notable knowledge gap within the trading community. This gap reveals that, while many traders possess a thorough understanding, almost half may lack complete comprehension of the regulations, thereby increasing their vulnerability to non-compliance. This finding emphasizes the pressing need for ongoing educational efforts and the provision of accessible resources to ensure that all traders are well-informed about the legal landscape governing cryptocurrency trading in India. Strengthening regulatory literacy is essential for minimizing risks and promoting adherence to legal standards in this rapidly developing market.

5.2.9 Exploring the Impact of Cryptocurrency Trading on Risk Tolerance, Decision-Making, and Financial Behaviour (Risk Tolerance and Capital Allocation)

The survey data reveals that most traders exhibit a conservative approach to risk, with 72.5% allocating less than 25% of their capital to any single trade. This cautious strategy reflects a deliberate effort to mitigate potential losses in a highly volatile market. However, a smaller group of traders (7.8%) demonstrate a much higher risk tolerance, investing more than 75% of their capital in a single trade. This divergence in capital allocation strategies highlights the varying risk profiles within the trading community, where some individuals are willing to take substantial risks for the possibility of higher returns, while others prioritize capital preservation and long-term financial stability.

5.2.10 The Influence of Emotions on Trading Decisions

Emotional factors play a critical role in the trading decisions of many respondents. The survey indicates that 29.4% of traders frequently allow emotions to influence their trading behaviour, while 38.2% acknowledge that emotions occasionally impact their decisions. Furthermore, a significant 86.3% of respondents identify as revenge traders, engaging in trading activities aimed at recovering previous losses. This emotional involvement in trading underscores the psychological challenges that traders encounter, which can lead to impulsive decisions and suboptimal financial outcomes. The prevalence of revenge trading, in particular, suggests a need for greater emphasis on emotional discipline and risk management education among cryptocurrency traders.

5.2.11 Financial behaviour and Long-Term Outlook

The financial behaviour of traders, as revealed by the survey, is characterized by a high degree of confidence in the potential of cryptocurrency trading to generate significant income. Most respondents (72.6%) believe that they can sustain a living through cryptocurrency trading, reflecting a strong belief in the profitability and viability of their trading activities. This confidence is further bolstered by the finding that 30.4% of traders expect to increase their involvement in cryptocurrency trading over the next five years, while 32.4% plan to maintain their current level of activity. The expectation of continued or increased engagement in the market suggests that traders view cryptocurrencies as a feasible long-term investment, despite the inherent risks and uncertainties.

5.2.12 Advice for Newcomers and Considerations for Regulation

Despite their confidence in cryptocurrency trading, experienced traders remain cautious in their advice to newcomers. The survey shows that 43.1% of respondents recommend approaching cryptocurrency trading with caution, while 17.6% strongly encourage participation. This cautious stance reflects an awareness of the market's volatility and the potential for significant financial losses. The preference for clearer regulatory guidelines, as expressed by nearly half of the respondents, further emphasizes the need for a well-defined legal framework that can protect traders and foster a more stable trading environment.

5.2.13 Sources of Information and Their Influence on Awareness

A significant insight from the survey is the predominant role that social media plays in shaping traders' awareness and understanding of cryptocurrencies. With 58.8% of respondents identifying social media as their primary information source, it is clear that informal channels are the dominant means through which knowledge about digital assets is disseminated. Friends and peer networks are the second most common source of information, with 29.4% of respondents learning about cryptocurrencies through these networks. The reliance on social media and informal networks may contribute to gaps in understanding, especially concerning the regulatory and taxation aspects of cryptocurrency trading. This trend also implies that formal education and authoritative sources may be underutilized in

providing comprehensive guidance to traders, which could impact their awareness of legal obligations and the broader regulatory environment.

5.2.14 Regulatory Preferences and Their Consequences

The survey uncovers a strong demand among traders for more explicit regulatory guidelines, with 48% of respondents expressing a preference for clearer rules governing cryptocurrency trading. This preference suggests a desire for greater transparency and legal clarity, which could boost traders' confidence in the market and aid them in navigating the complexities of taxation and compliance. On the other hand, 29.4% of respondents advocate for more lenient regulations, reflecting concerns that overly stringent rules could hinder innovation and growth within the cryptocurrency sector. A smaller fraction, 9.8%, support stricter regulations, indicating that many traders prefer a balanced approach that safeguards their interests without imposing overly restrictive measures.

5.3 CONCLUSION

This research provides a sociological examination of the cryptocurrency trading landscape, focusing on the demographic diversity, behavioural patterns, and regulatory awareness among traders. The study is grounded in an analysis of how various social factors such as age, gender, education, occupation, and income shape individuals' participation in cryptocurrency trading, particularly within the context of Indian society. Through a detailed survey, the study uncovers significant insights into the social dynamics at play in this rapidly emerging financial domain.

A key finding of the study is the pronounced presence of youth within the cryptocurrency trading community, with most participants aged between 18 and 34 years. This demographic trend highlights the attractiveness of digital currencies to younger individuals, who are often more embedded in digital cultures and open to experimenting with novel financial systems. The gender imbalance, with men comprising 85% of respondents, mirrors broader global trends in financial markets. However, the increasing participation of women signals a gradual shift towards more gender-inclusive financial practices.

The educational background of traders emerges as a significant factor in their engagement with cryptocurrency. The predominance of individuals holding undergraduate or postgraduate degrees suggests that higher education plays a crucial role in equipping traders with the critical skills necessary to navigate the complexities of digital finance. This finding points to a potential stratification within the trading community, where those with higher educational attainment are more likely to engage in informed and strategic trading practices.

The study also reveals the occupational diversity within the cryptocurrency trading community, reflecting the wide-ranging appeal of this financial activity. Cryptocurrency trading attracts individuals from various occupational backgrounds, including full-time professionals, students, and those who are unemployed. This diversity indicates that trading is not confined to any specific social class but resonates with a broad spectrum of participants seeking economic opportunities in this new market. The income distribution further underscores this point, showing that while many traders belong to modest income brackets, there is a strong motivation to use cryptocurrency as a means of improving 'financial wellbeing'

A central aspect of this sociological inquiry is the exploration of traders' awareness of regulatory and taxation frameworks. The findings reveal a cautious optimism towards cryptocurrencies, with many traders acknowledging the potential benefits while remaining conscious of the associated risks. The varying levels of trust in cryptocurrencies, as compared to traditional financial instruments, reflect a critical stance among traders who balance enthusiasm for digital finance with a recognition of its uncertainties. This cautious approach is also evident in traders' strategies for risk management' and 'capital allocation'. where most participants adopt conservative methods to protect against losses in the volatile cryptocurrency market.

The study further examines the emotional and psychological dimensions of cryptocurrency traders. Emotions significantly influence trading decisions, with a notable proportion of traders admitting that their decisions are impacted by emotional factors, particularly through behaviours like revenge trading. This emotional engagement highlights the psychological complexities and challenges their trading practice, which can lead to impulsive and potentially harmful financial choices. The prevalence of such behaviour points to a sociological need for greater emphasis on emotional regulation and the development of

educational resources focused on risk management. Despite their overall confidence in the profitability of cryptocurrency trading, traders exhibit a cautious approach when advising newcomers to the market. This cautiousness reflects an awareness of the market's inherent volatility and the potential for substantial financial loss, underscoring a social understanding of the risks involved. Moreover, the reliance on 'social media' and informal networks as primary sources of information suggests that there may be significant gaps in traders' regulatory and taxation knowledge. This trend highlights the sociological importance of providing more formal and authoritative educational resources to ensure that traders are well-informed.

The quiz results highlight the significant degree of knowledge that Indian cryptocurrency traders possess on the essential components of tax and regulatory policies. Remarkably, the majority of respondents (52.25%) demonstrated a thorough understanding, attaining perfect scores by accurately naming the key regulations, such as the 30% tax on income derived from virtual digital assets, the restriction on the amount that can be deducted for acquisition costs, the taxation of digital assets that are given as gifts by the recipient, and the 1% TDS requirement on transactions involving digital assets. However, the fact that 47.75% of participants did not receive a perfect score suggests that there is a significant knowledge gap in the trading community. This disparity indicates that although a large number of traders have a comprehensive awareness of the rules, nearly half may not fully comprehend them, making them more susceptible to non-compliance. This conclusion highlights the urgent need for continued training initiatives and the availability of easily available information to guarantee that all traders are knowledgeable of the laws governing cryptocurrency trading in India. In this quickly evolving economy, reducing risks and encouraging adherence to legal norms need strengthening regulatory literacy.

Finally, the study identifies a strong demand among traders for clearer regulatory guidelines. While there is a desire for 'transparency' and 'legal clarity.' There is also concern that overly strict regulations could hinder innovation within the cryptocurrency sector. The preference for balanced regulatory measures reflects a broader social need for protections that do not stifle the growth of this emerging market. This study offers valuable insights into the demographic diversity, behavioural patterns, and regulatory awareness within the cryptocurrency trading community. These findings not only deepen the understanding of the social dynamics in this evolving financial market but also suggest the need for targeted regulatory frameworks and

educational initiatives that can better support traders as they navigate the complexities of cryptocurrency trading.

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APPENDIX

1. What is your age?

- a) Under 18
- b) 18-24
- c) 25-34
- d) 35-44
- e) 45-54
- f) 55 and above

2. What is your gender?

- a) Male
- b) Female

3. What is your highest level of education?

- a) Higher secondary education
- b) Undergraduate
- c) Postgraduate
- d) Other

4. Are you employed?

- a) Student
- b) Full-time job
- c) Part-time job
- d) Unemployed

5. How much do you get paid from your current day job (in rupees ₹)?

- a) Below 15,000
- b) 15,000-35,000
- c) 35,000-60,000
- d) Above 60,000

6. When did you first get into cryptocurrency trading?

- a) Before 2016
- b) 2016-2018
- c) 2019-2020
- d) 2021-2023
- e) Recently

7. How frequently do you trade cryptocurrencies?

- a) Daily
- b) Weekly
- c) Monthly
- d) Rarely

8. What is your capital range for cryptocurrency trading?

- a) Less than \$1,000
- b) \$1,000 - \$10,000
- c) \$10,000 - \$50,000

- d) \$50,000 and above

9. What percentage of your capital do you use in a single trade?

- a) Less than 10%

- b) 10% - 25%

- c) 25%-50%

- d) 50%-75%

- e) More than 75%

10. Do you have any prior trading experience using traditional platforms other than crypto (stock market, forex)?

- a) Yes

- b) No

11. How much trust do you have in cryptocurrencies compared to traditional financial instruments?

- a) Completely trustworthy

- b) Somewhat trustworthy

- c) About the same

- d) No trust at all

12. Where did you first hear about cryptocurrency?

- a) Friends

- b) Social media

- c) Trial fund schemes

13. What is the motivation behind the idea of trading cryptocurrency?

- a) Peer pressure
- b) Financial freedom
- c) Side hustle
- d) Just for fun

14. Do you regret the choice of stepping into the market?

- a) Yes
- b) No

15. When do you trade?

- a) NY/London Exchange open crossover
- b) Anytime
- c) Other

16. Which types of cryptocurrencies do you prefer?

- a) BTC
- b) Altcoins
- c) Meme Coins
- d) Other

17. Which type of exchange do you primarily use?

- a) Indian-based exchange

- b) International exchange

18. Do you have the fear of missing out (FOMO)?

- a) Yes

- b) No

- c) Maybe

19. Do you consider yourself a revenge trader?

- a) Yes

- b) No

20. Do your emotions play a factor in diverting from trading rules?

- a) Often

- b) Sometimes

- c) Rarely

- d) Never

21. How many hours of sleep do you get on average per night?

- a) Less than 4 hours

- b) 4-6 hours

- c) 6-8 hours

- d) More than 8 hours

22. Do you feel socially accepted as a cryptocurrency trader?

- a) Yes
- b) No
- c) Maybe

23. Do you think you can make a living out of trading crypto?

- a) Yes
- b) No

24. How do you foresee your involvement in cryptocurrency trading evolving in the next five years?

- a) Increasing
- b) Staying the same
- c) Decreasing
- d) Stopping altogether

25. What advice would you give to someone considering starting to trade cryptocurrencies?

- a) Neutral
- b) Strongly encourage
- c) Encourage with caution
- d) Discourage

26. What changes would you like to see in cryptocurrency regulations in India?

- a) Clearer guidelines
- b) No change needed

- c) More lenient regulations
- d) Stricter regulations

26. What is the tax rate on income from the transfer of virtual digital assets as per the Budget 2022?

- a) 15%
- b) 20%
- c) 30%
- d) 35%

27. Which of the following is allowed as a deduction when reporting income from the transfer of digital assets?

- a) Legal fees
- b) Acquisition cost
- c) Marketing expenses
- d) Transaction fees

28. What tax implication does gifting digital assets have according to the new regulations?

- a) Taxed at a reduced rate
- b) Taxed in the hands of the giver
- c) Taxed in the hands of the receiver
- d) No tax implications

29. What percentage of TDS (Tax Deducted at Source) for digital assets transactions in India?

- a) 0.5%

- b) 1%

- c) 1.5%

- d) 2%