

Kautilya

THE OFFICIAL NEWSLETTER OF KAUTILYA IBS MUMBAI



Mark Cuban invests in Ethereum-Based Indian Cryptocurrency, Polygon:

Billionaire Entrepreneur & one of the main “Shark” on the American start-up reality show “Shark Tank” Mark Cuban has invested an undisclosed amount in Ethereum based Indian Cryptocurrency Polygon. Polygon is known for providing faster and cheaper transaction on the Ethereum blockchain without compromising on security. It made headlines when its native token Matic crossed a market cap of over \$10 Billion and ranked among the top 20 cryptocurrencies in the world.

Out of his total investment in Cryptocurrency, Mark Cuban has 60% in Bitcoin, 30% in Ethereum and 10% in other coins.

(Source: Economic Times)



What's New in Crypto World?

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Most expensive Real Estate deal in Cryptocurrency: \$22.5 Million:

The most expensive deal of the shiny & luxury penthouse on the Miami beach left the entire real estate industry of the U.S. shocked and surprised. An anonymous buyer purchased the penthouse for \$22.5 million, making payment in cryptocurrency. The type of Cryptocurrency was not disclosed. This deal came after the developer of the property announced that they will be accepting cryptocurrency as a form of payment, partnering with blockchain and securities trading platform

“SolidBlock”. In an interview, the property developers, Alex Sapir and Giovanni Fasciano said that “Accepting cryptocurrency has gone beyond a marketing ploy to now being a near-requirement to attract the next generation of luxury home buyers”.

(Source: Business Insider)



India's Cryptocurrency industry draws up “legitimacy plan”

Recently, Reserve Bank of India made clear that bank should not apply its April 2018 circular which was struck down by the supreme court in 2020 to penalize customers dealing in cryptocurrency. After this statement of RBI India's leading cryptocurrency exchanges including WazirX, CoindDCX, CoinSwitch Kuber have come together and partnered with Internet and Mobile Association of India (IAMAI) to set up an advisory board to implement a code of conduct for the industry. The board will be set up under the Blockchain & Crypto Assets Council (BACC), part of IAMA, and will act as a self-regulatory organization for the sector.

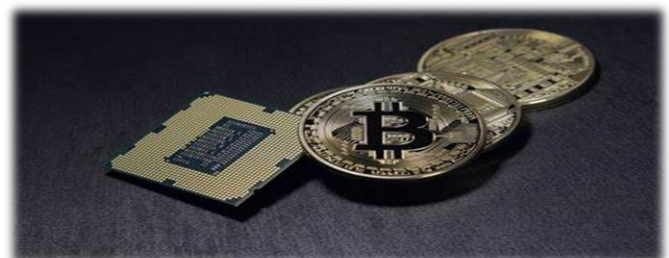
(Source: Economic Times)



El Salvador becomes first country in the world to approve Bitcoin as a legal tender:

El Salvador, a country in central America has become the first country to make bitcoin as a legal tender. Lawmaker in Central American country's congress have approved a proposal of Bitcoin Law made by the president of El Salvador, Nayib Bukele, with 62 out of 84 votes to make bitcoin as a legal tender in the country. On 9th of June 2021, shortly after it was made public, the price of Bitcoin rose by 5% to \$34,239.17. As per the Bitcoin law, prices in the country can now be shown in bitcoin, tax contributions can be paid with the digital currency, and exchanges in bitcoin will not be subject to capital gain tax.

(Source: CNBC)



Concept of Cryptocurrency & how it works

Cryptocurrency, also known as crypto, is a digital currency which only exists in electronic form. It acts as a medium of exchange where the records of the transaction are stored in a computerised database known as a ledger. A concept named cryptography is used to secure the records of the transaction, to control the creation of new coins and also for the verification of ownership. Cryptocurrencies make the transfer of funds easier as there is no third party involved in the transaction such as a bank or a credit card company. At the moment, there are more than 10000 different cryptocurrencies that are traded publicly and Bitcoin is the most famous one.



Cryptocurrency is mostly used for quick payments and to avoid the charges of regular banks. Some people also use cryptocurrency to invest, hoping for its value to go up. Cryptocurrency can be brought through online exchange platforms. One can also earn cryptocurrency through 'Mining'. Mining is the process of creating new cryptocurrency by solving various mathematical problems on their computers. The verification of the cryptos created through mining is done through a process named proof of work (PoW).

Cryptocurrency follows the concept of decentralisation. Decentralisation means no involvement of a third party. All the transactions of crypto can be tracked publicly and no single individual or entity can change the data making it completely safe for use.

Just in case, if a Digital wallet (the place where cryptos are stored) gets stolen or one tends to forget their password or any other case of mishappening, the loss has to be suffered as there is no central authority that can help.

(Newsletter Team Member -Raveena Batreja)

Growth of Non-Fungible token market

There is a novel term that will become part of many people's dictionaries the same way Cryptocurrency lately has. **Its NFT: Non-Fungible Token.** NFTs are digital blockchain-linked assets that, unlike Cryptocurrencies, are totally exclusive and not substitutable with any other asset. Instances range from plots of computer-generated land in multi-user platforms, to programmable art, to title records for physical resources since they are exceptional and impossible to imitate, they can link the gap amid the virtual and the physical economies, offering a huge market of appreciable digital goods that can be scaled, collected, and traded.



The non-fungible token (NFT) market boosted in 2020, with the total value of transactions growing by **299%** year on year to more than **\$250 million**. The overall value of all NFT transactions augmented from **\$62,862,687** in 2019 to **\$250,846,205** in 2020. In addition, the market activity has improved significantly: the overall number of active wallets managing NFTs hit the roof, growing **97%**, from **112,731** in 2019 to **222,179** in 2020. In the same way, the number of buyers and sellers rose from **44,644** to **74,529 (+66%)**, and **25,264** to **31,504 (+24%)**, correspondingly. These innovative markets for digital assets raised to about **\$550 million** of period overall traded volume towards the end of March 2021, but over **\$200 million** of that trade occurred in the month of March unaccompanied.

NFT traders have also experienced extraordinary financial performance, with profits of up to **\$500,000** in a single year and certain traders able to make yearly profits in excess of **\$100,000** from trading NFTs.

(Newsletter Team Member -Khuzaima M. Banatwala)

Cryptocurrency scenario in India, are we missing out?

In spite of the uncertainty over the future of cryptocurrency in the nation. The desire for blockchain technology and cryptocurrency remains fascinating.

So why has Cryptocurrency gained popularity over all these years?

One of the key factors is traditional Indian reverence for gold as a means of saving, and with increasing technological sophistication, crypto is emerging as a kind of digital gold. The advanced currency has democratized the currency and opened up avenues for international transactions.



India has a lot to gain if bitcoin and blockchain become mainstream and are not restricted by strict regulatory constraints. How can the country benefit from promoting decentralised cryptocurrencies? It can aid in the protection of national security, the prevention of financial fraud, the strengthening of monetary policy, the attraction of international capital, and the advancement of the country toward becoming a global power. Furthermore, because blocks operate on a peer-to-peer network, they aid in the prevention of corruption by tracking the flow of funds and transactions. Political arrogance and sales without invoices are two of our country's most serious vices. This results in the creation of black money and a significant loss of revenue to the government. The automated blockchain-based token system could be a great solution to the nation's problems.

To add on, India is one of the largest inward remitters from many foreign countries, and there is expected to be a significant increase in remote work and remittances in the future. A significant portion of these transactions is lost due to transfer and currency conversion fees. Cryptocurrencies, on the other hand, save money and time for both the sender and the receiver because they are conducted entirely on the Internet, use a mechanism with very low transaction fees, and are almost instantaneous.

(Kautilya Co-Head -Jaspreet Kaur Gurtatta)

The Bitcoin Collapse

When we think about Bitcoin, the name which immediately comes to our mind is that of Elon Musk, CEO of Tesla and other companies. It is a known fact that he has a great influence on the Cryptocurrency market and his tweets have the power to move the Crypto market.

By 2019, Tesla announced that they had invested in Bitcoin to the extent of **\$1.5 billion**. Eventually, Elon Musk also tweeted that Tesla will be accepting payments for their cars in Bitcoin as well. This announcement came as good news for the crypto investors, and many new investors flocked to the market. Immediately after his announcement, Bitcoin reached its then all-time high price of **\$58,000**.



Soon after this, Elon Musk sent out a tweet that said that Tesla would no longer be accepting payments in Bitcoin owing to the high energy consumption of Bitcoin in the mining process. After this shocking tweet, Bitcoin fell to almost **\$30,000**.

The investors' sentiments were affected to some extent when Elon Musk tweeted about Bitcoin's environmental impact. However, this was not the only reason for the market fall. Many other factors, besides his tweets, only act as a catalyst for driving investor sentiments.

Many technical analysts believe that Bitcoin was overbought at that time and only needed a trigger to fall and correct itself. Elon Musk's tweet served as a trigger for the much-needed correction in the cryptocurrency market.

The prices of Bitcoin further plummeted on 4th June 2021, after Elon Musk tweeted a breakup with the cryptocurrency, making a broken heart emoticon and sharing rock band Linkin Park's song lyrics.

(Newsletter Team Member -Rhea Pinto)

Rise & Fall of the meme crypto- DOGE COIN

Dogecoin is a well-known name in the meme world as well as the cryptocurrency industry. Its fascinating depth, on the other hand, should not be overlooked. After all, the meme cryptocurrency is more valuable than Honda, the automaker.

It was the year 2013, and a generation of young memes had struck the social media industry. One such meme depicted the 'Shiba Inu,' a Japanese breed of dog. The Shiba Inu dog's face is shown on the dogecoin. Around this time, an IBM developer named Billy Markus from Portland, Oregon sought to create a 'fun' alternative to the well-known cryptocurrency, Bitcoin.



Until January 2021, Doge was just like any other little cryptocurrency on the market. It was picked on discussion group venues such as Reddit and Discord. Elon Musk, the founder of Tesla and SpaceX, tweeted a single word, 'Doge,' one day in January. Dogecoin generated some buzz on online sites such as Reddit. "Has Doge ever been to a dollar?" tweeted the chairman of WallStreetBets, which was also responsible for the GameStop Short Squeeze Fiasco earlier this year.

By early May 2021, the value of Dogecoin has increased by a whopping 99 percent. Elon Musk then followed up with a slew of tweets praising Dogecoin. Every time he did so, the cryptocurrency's price fluctuated. Dogecoin quickly became a centre of memes and jokes due to Elon Musk's and other influencers' hilarious tweets. Dogecoin's supply is infinite. In contrast, Bitcoin has a fixed supply of 21 million bitcoins. Bitcoin's limited supply has an inflationary impact, causing the price to rise. In Dogecoin, a sustained price increase is impossible since supply nearly always exceeds demand. Unlike Dogecoin, Bitcoin is supported by strong technology. Dogecoin rallies have occurred only when it has been supported by social media influencers.

Elon Musk was scheduled to appear on the popular American chat show Saturday Night Live (SNL). Elon Musk was expected to 'hype' the altcoin. Instead, Elon Musk made a joke about it, referring to Dogecoin as a "hustle." Shortly after the show, the price of Dogecoin plummeted.

(Newsletter Team Member - Jaffin Jacob)

The king of Bull Market, Rakesh Jhunjhunwala's view on Bitcoin.

At a time when cryptocurrency is reaching new heights, Ace investor Rakesh Jhunjhunwala has expressed his view on cryptocurrency. Talking about Bitcoin he said that **"Something which fluctuates 5 to 10% in a day cannot be considered as currency. Only the sovereign has the right to create currency in the world."** According to him it is the speculation of the highest order & will never buy even \$5 worth of cryptocurrency. He said that he doesn't want to join every party in the town (referring to people investing in cryptocurrency) and that the hangover from it would be much worse.



(Source: CNBC)

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