

## **A Study on the Awareness of Cryptocurrency and its Regulations in India**

**Mr. C. Arun Kumar <sup>1</sup>, Mr. Kapil V <sup>2</sup>**

Assistant Professor – Department of Commerce <sup>1</sup>

B.Com (Honours) International Accounting and Finance <sup>2</sup>

Department of Commerce – International Accounting and Finance

Faculty of Science and Humanities

SRM Institute of Science and Technology, Chennai

[arunc3@srmist.edu.in](mailto:arunc3@srmist.edu.in) , [kv3809@srmist.edu.in](mailto:kv3809@srmist.edu.in)

---

### **Abstract:**

This study examines the level of awareness and perception of Cryptocurrency among students and young professionals in India, with particular emphasis on understanding the regulatory framework governing cryptocurrencies in the Indian context. In the backdrop of rapid technological advancement and increasing participation in digital financial assets, assessing awareness and regulatory understanding is essential to ensure informed decision-making and financial stability. The study adopts a quantitative research design and is based on primary data collected through a structured questionnaire administered to 100 respondents selected using the convenience sampling technique. Awareness of cryptocurrency is measured through indicators related to basic concepts, investment usage, perceived risks, trust in cryptocurrency systems, and technological understanding, while regulatory awareness is assessed through knowledge of RBI's stance on cryptocurrencies, taxation provisions including the 30% flat tax and 1% TDS, and the Digital Rupee (CBDC) initiative. Statistical tools including descriptive analysis, Pearson correlation, multiple regression, one-way ANOVA, independent samples t-test, and chi-square tests are employed to analyse the data and interpret response patterns. The findings reveal that while respondents exhibit a relatively high level of general awareness regarding cryptocurrencies (93%), awareness of regulatory aspects remains critically limited, with 62% unaware of the current 30% tax rate on cryptocurrency gains. The study reveals that regulatory clarity significantly influences investment intention and future behavioural outlook towards cryptocurrency adoption. These findings highlight the gap between technological awareness and regulatory understanding among Indian respondents. The study contributes to existing literature by providing empirical insights into cryptocurrency awareness and regulatory perception in the Indian context.

**Keywords:** Cryptocurrency, Regulatory Awareness, Digital Assets, Financial Awareness, Cryptocurrency Regulations in India, CBDC, Virtual Digital Assets.

## **1. Concept and Importance**

Cryptocurrency has been one of the most disruptive financial innovations in recent times. From the launch of Bitcoin in 2009, the global cryptocurrency ecosystem has grown to a multi-trillion-dollar market involving thousands of cryptocurrencies, decentralised finance, and non-fungible tokens. These assets use blockchain technology, a decentralised ledger system for peer-to-peer transactions without involving any financial institution or the intervention of a country's central bank or monetary authorities. Cryptocurrency has a unique place in India, neither being legal tender nor banned. The Finance Act 2022 has imposed a flat 30% tax on income arising from VDAs and a 1% TDS on cryptocurrency transactions. RBI has also launched a pilot for Digital Rupees (CBDC) in 2022. Despite such developments, public awareness of cryptocurrency regulations is alarmingly low. Awareness of cryptocurrency regulations is important for investors, tax authorities, and for fair and orderly functioning of cryptocurrency exchanges.

Cryptocurrency awareness includes knowledge of the fundamental nature of cryptocurrency, blockchain technology, risks associated with cryptocurrency investments, and regulations and taxation policies in India. Among Indians, particularly among youth, cryptocurrency has gained mainstream popularity through social media and news channels but without any reference to regulations. This has resulted in a critical difference between being aware of cryptocurrency and being financially literate about cryptocurrency regulations, a situation to be measured and corrected by this research.

### **1.1 Need for the Study**

The growing cryptocurrency market in India, coupled with the introduction of complex tax provisions under the Finance Act 2022 and ambiguity in cryptocurrency regulations in India, calls for an urgent need to conduct systematic empirical research on cryptocurrency awareness in India. This is because a staggering 62% of respondents in this study do not know that India charges a 30% tax on cryptocurrency gains. This is a major issue in terms of compliance and its implications on the Indian financial system.

### **1.2 Influence of Cryptocurrency**

The awareness of cryptocurrency regulations in India directly impacts the investment decisions and intentions of investors in cryptocurrency markets in India. Lack of knowledge on cryptocurrency regulations in India poses risks to investors in terms of legal and financial

risks. On the other hand, clarity in cryptocurrency regulations in India positively correlates with investor intentions to invest in cryptocurrency assets ( $r = 0.222$ ,  $p = 0.026$ ) and positively correlates with investors' confidence in cryptocurrency assets in India ( $r = 0.234$ ,  $p = 0.019$ ), as found in this study.

### **1.3 Statement of the Problem**

A major segment of Indian people is actively participating in cryptocurrency markets with only superficial knowledge and little understanding of cryptocurrency regulations in India and taxation in India on cryptocurrency assets. India introduced taxation on cryptocurrency assets in 2022 and also launched its own cryptocurrency known as Digital Rupee in India. However, most people in India do not have adequate knowledge on this issue.

### **1.4 Theoretical Framework**

The research is based on the theory of financial literacy (Lusardi & Mitchell, 2014), which posits that financial instruments and regulations need to be understood for investment decisions. Prospect Theory (Kahneman & Tversky, 1979) offers an opportunity to understand the perception of cryptocurrency risks relative to actual risks, especially during uncertain regulations. The theory of information asymmetry helps to understand the difference between the general level of cryptocurrency awareness and specific financial regulations. The Technology Acceptance Model (TAM) is used to analyze the effect of regulations and their usefulness on investment decisions.

### **1.5 Significance of the Study**

The study aims to give empirical support to the cryptocurrency awareness gap in India at a time when the regulatory environment is in a state of rapid evolution. It is relevant to policymakers, financial educators, and regulatory bodies like SEBI and RBI in their quest to protect investors and craft effective communication strategies for the public.

### **1.6 Objectives of the Study**

- To study the awareness levels of individuals in India about cryptocurrency.
- To study the awareness levels of individuals in India about regulatory policies and taxation rules related to cryptocurrency.
- To study the perception levels of individuals in India about the legal status and risks associated with cryptocurrency investments.

## 1.7 Scope of the Study

The study is limited to examining the awareness of cryptocurrency and its regulatory framework in India using primary data collected from 100 respondents. The five aspects of the study are general cryptocurrency awareness, blockchain technology awareness, regulatory framework awareness, taxation awareness, and investment perception. The study was conducted for the academic year 2024-25. The data was collected in January 2026 using a structured online questionnaire. The results are specific to the sample and cannot be generalized for the entire Indian population.

## 2. Scholarly Review

The scholarly research on cryptocurrency awareness in India has gained momentum since the implementation of the Finance Act 2022. Although empirical research with inferential statistical analysis is limited, **Karthika K. (2022)** conducted a study on the awareness of cryptocurrency in India. The results revealed that younger and educated investors were more familiar with digital currencies. However, investors were not clear about blockchain technology and regulatory policies. The majority of investors became aware through online platforms rather than education. **Maheshwari Chikanal and Ramesh Kumar (2023)** found that investors became aware of cryptocurrency through social media and technological exposure. They were more interested in the return on investment than regulatory policies.

**Swati Kumari (2022)** identified policy uncertainty and taxation frameworks as major factors discouraging informed participation in cryptocurrencies. On the other hand, **Verma (2023)** found that the flat 30% tax rate discouraged participants, especially small-scale investors, and led to a shift to offshore exchanges. **Malhotra (2023)** also found that a considerable number of investors were not aware of the 1% TDS compliance requirements, which is likely to lead to legal issues. This is in line with the current study's finding that 62% of the respondents are not aware of the current tax rate.

**Sharma and Iyer (2021)** reported that age and educational qualifications were significant factors in the awareness and adoption of cryptocurrency. Younger and more educated participants were more aware and more inclined towards the adoption of cryptocurrency. Similarly, the study by **Harshita Malhotra and Deepak Arora (2024)** reported that demographic factors influenced the level of regulatory knowledge. However, the results obtained from the ANOVA test in the present study showed that the demographic

factors were not statistically significant in the population under study. **Bose (2023)** reported that although the level of CBDC is rising, people are not aware that it is different from other cryptocurrencies, and such a difference is important from the regulatory point of view. **Joshi (2023)** reported that the level of regulatory knowledge is important in the decision to invest in cryptocurrency, and the regression results confirmed the importance of regulatory knowledge in the decision to invest in cryptocurrency. The results obtained in the present study are similar to the results reported by the above authors in the sense that the correlation results showed that regulatory knowledge is related to the decision to invest in cryptocurrency ( $r = 0.222$ ,  $p = 0.026$ ).

### **3. Research Methodology**

#### **3.1 Research Design:**

The present study is descriptive and analytical in nature. The descriptive part of the study is quantitative in nature and aims to present the descriptive statistics of the data obtained from the participants. The analytical part of the study is quantitative in nature and aims to analyze the data obtained from the participants.

#### **3.2 Source of Data:**

The research was entirely dependent on primary data collection methods in which data was directly obtained from respondents using a structured online survey developed using Google Forms.

#### **3.3 Sampling Technique:**

The convenience method was used to select respondents who were easily accessible and willing to participate in the research.

#### **3.4 Sample Size:**

The sample size in this research was 100 respondents belonging to the student and young professional community in India. This sample size was found to be adequate to conduct inferential analysis on data using correlation analysis, regression analysis, analysis of variance, t-test, and chi-square test.

#### **3.5 Area of the Study:**

The research was carried out in India among connected youth in India, primarily students pursuing undergraduate studies in commerce and finance in institutions offering higher education.

### 3.6 Data Collection Instrument:

The data collection instrument used in this research was a structured online survey consisting of 33 questions divided into five sections: Section A – demographic profile; Section B – general cryptocurrency awareness; Section C – risk perception using a 5-point Likert scale; Section D – regulatory awareness including 30% tax, TDS, legal status, and CBDC; and Section E – forward-looking intentions and perceptions on investing in cryptocurrency.

### 3.7 Period of Study:

The research was carried out in the academic year 2024-25, and data was collected in 2026.

### 3.8 Method of Analysis:

The answers were numerically coded, systematically tabulated, and statistically analyzed. Descriptive analysis was used to examine the patterns and averages, whereas inferential analysis was used to test hypothetical relationships between variables. Results are presented in tabular format followed by detailed interpretations.

## 4. Data Analysis and Interpretation

This chapter presents the analysis and interpretation of data collected from 100 respondents. The results are presented objective-by-objective using appropriate statistical tables, followed by a combined interpretation table that synthesises the findings across all objectives.

**Objective 1:** To examine the level of awareness of cryptocurrency among individuals in India

**Table 4.1 – Descriptive Statistics: Cryptocurrency Awareness Indicators**

Variable	N	Mean	Std. Dev.
Cryptocurrency Knowledge Rating (1=Very Low, 5=Very	100	2.650	1.009

High)			
Agree: Crypto is a High-Risk Investment	100	3.950	1.351
Agree: Markets Prone to Fraud/Manipulation	100	3.260	1.276
Agree: Trust in Cryptocurrency Exchanges	100	3.090	0.975
Agree: Offers Higher Returns vs Traditional Investments	100	3.950	1.048
Agree: Lack of Regulation Increases Investment Risk	100	4.060	1.043

Note: 93% of respondents have heard of cryptocurrency; mean knowledge rating = 2.65 (below moderate). Only 40% are fully aware of blockchain technology basis.

**Objective 2:** To assess the awareness regarding regulatory policies and taxation rules related to cryptocurrency

**Table 4.2 – One-Way ANOVA: Age Group vs Regulatory Awareness Composite**

Source of Variation	SS	df	MS	F	P-value	F Critical
Between Groups (Age)	0.8959	3	0.2986	1.7422	0.1635	2.6994
Within Groups	16.4557	96	0.1714			
Total	17.3516	99				

Note: Regulatory Awareness Composite = average of 5 items (1=Aware, 3=Not Aware). Group means: Below 20 yrs=1.952; 21–25 yrs=2.038; 26–30 yrs=2.118; 31+ yrs=1.783.

**Objective 3:** To analyse the perception of individuals towards the legal status and risks associated with cryptocurrency

**Table 4.3 – Chi-Square Test: Gender × Cryptocurrency Investment Experience**

Gender	Invested	Not Invested	Total
Male (n = 82)	17 (20.7%)	65 (79.3%)	82
Female (n = 18)	7 (38.9%)	11 (61.1%)	18

Total	24	76	100
-------	----	----	-----

Statistic	Value
Chi-Square ( $\chi^2$ )	1.7652
Degrees of Freedom (df)	1
p-value	0.1840
$\chi^2$ Critical (df=1, $\alpha=0.05$ )	3.8415

Note:  $H_0$  retained ( $p = 0.184 > 0.05$ ). Although a higher proportion of females report investment experience (38.9% vs 20.7%), the association is not statistically significant.

**Table 4.4 – Combined Objective Interpretation**

Objective	Statistical Tool & Key Results	Interpretation	Inference in Context of Study
Objective 1: Examine level of cryptocurrency awareness	Descriptive Statistics: Mean Knowledge Rating = 2.65 (SD=1.009); 93% have heard of crypto; only 2% rate knowledge Very High	Average respondent perceives their knowledge as below moderate despite high headline awareness, confirming a surface-level familiarity gap.	Cryptocurrency awareness among Indian individuals is predominantly superficial. Media-driven awareness has not translated into substantive financial literacy.
Objective 2: Assess awareness of regulatory policies and taxation	ANOVA: Age Group vs Regulatory Awareness (F=1.742, p=0.163, not significant); 62% unaware of 30% tax rate	Regulatory awareness does not vary significantly across age groups; specific regulatory provisions remain poorly understood across all demographics.	Regulatory knowledge gaps are pervasive regardless of age. Targeted regulatory education is needed at all demographic levels, not just among younger cohorts.
Objective 3: Analyse perception	Chi-Square: Gender vs Investment Experience ( $\chi^2=1.765$ ,	Gender is not significantly associated with investment	Risk awareness is relatively stronger than regulatory knowledge.

toward legal status and risks	p=0.184); Mean Risk Rating=3.95; Mean: Regulation Needed=4.07	experience. Strong consensus that crypto is risky and that India needs clearer regulations.	Broad public demand for regulatory clarity creates a policy opportunity for structured reform.
-------------------------------	---	---	--

## 5. Findings, Suggestions, Limitations and Conclusion

### 5.1 Major Findings of the Study

The study yields several findings concerning the level of cryptocurrency knowledge among Indian respondents. While 93% of respondents are aware of cryptocurrency, the mean self-rated knowledge rating of 2.65 out of 5 indicates that this is only superficial. In addition, only 17% of respondents are aware of cryptocurrency, as indicated by a High or Very High rating. Moreover, only 40% of respondents are fully aware of the basis of cryptocurrency, which is blockchain technology.

The study also reveals a knowledge gap among respondents concerning India's 30% tax on cryptocurrency gains, as 62% of respondents are not aware of this. In addition, 42% of respondents are not aware of the Digital Rupee (CBDC). The study shows that respondents are highly aware of the risks of cryptocurrency, as indicated by a mean agreement rating of 3.95 for the statement that cryptocurrency is a high-risk investment. The study also shows that respondents are highly aware of the fact that the lack of regulations increases investment risks, as indicated by a mean agreement rating of 4.06. The study also reveals that respondents agree that India requires better regulations, as indicated by a mean rating of 4.07. In addition, respondents agree that high taxes discourage people from investing in cryptocurrency, as indicated by a mean rating of 4.08.

The t-test results reveal a statistically significant gender difference concerning knowledge rating, as indicated by a t-score of -2.460, p-value of 0.016, and a mean of 3.167 for females compared to 2.537 for males. One-way ANOVA results reveal that neither age group ( $F = 1.742$ ,  $p = 0.164$ ) nor educational qualification ( $F = 0.613$ ,  $p = 0.608$ ) predicts regulatory awareness. The Pearson correlation results reveal that knowledge rating is positively correlated with long-term future belief ( $r = 0.234$ ,  $p\text{-value} = 0.019$ ). In addition, investment willingness under better regulations is positively correlated with long-term belief ( $r = 0.222$ ,  $p\text{-value} = 0.026$ ). The multiple regression results reveal that neither academic

background ( $R^2 = 0.020$ ,  $p$ -value = 0.751) nor demographic ( $R^2 = 0.028$ ,  $p$ -value = 0.435) predicts regulatory awareness.

## 5.2 Suggestions

The financial regulatory authorities like SEBI and RBI need to design and disseminate financial literacy programs among people on cryptocurrency regulations, taxation provisions, and the difference between Digital Rupee and other cryptocurrencies. This could be disseminated through digital platforms, academic institutions, and mass media to cater to the larger population that is not aware of these provisions. In light of this research finding that only 38% of respondents were aware of the 30% tax rate provision, it is imperative that there is an urgent need to disseminate information on the provisions under the Finance Act 2022 to the general population.

The Government of India also needs to revisit the taxation provisions on cryptocurrency, including the 30% flat tax rate and 1% TDS provisions, with a view to introducing more investor-friendly provisions like loss set-off allowances and a tax slab system. Universities and colleges need to include comprehensive modules on blockchain technology, digital asset economics, and cryptocurrency regulations in commerce and finance course curricula. There is also a glaring disparity in terms of gender participation in cryptocurrency markets, and there is an urgent need to promote financial literacy among women in cryptocurrency markets. Finally, there is an urgent need to establish a cryptocurrency regulatory authority with a mandate to promote investor protection and education to bridge this awareness gap.

## 5.3 Limitations of the Study

The study is based on a sample size of 100 participants, and the participants were chosen using convenience sampling. This is a limitation because the study results cannot be generalized to the Indian population. The participants are mostly young and educated, and they are the only ones who use the internet and are aware of the topic. This is a limitation because the study results are not applicable to the Indian population. The study is based only on the participants' responses and not actual knowledge levels, which is a limitation because social desirability bias and knowledge level biases are possible in the study results. The study results are not applicable to the Indian population because the study is based only on the participants' responses and not actual knowledge levels. The study results are not applicable to the Indian population because the study is based only on the participants' responses and not actual knowledge levels. The study results are not applicable to the Indian population



- Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 52(1), 5–44.
- Sharma, A., & Iyer, R. (2021). Demographic factors influencing cryptocurrency investment decisions in urban India. *Investment Management and Financial Innovations*, 18(3), 123–135.
- Securities and Exchange Board of India. (2023). Investor awareness and financial literacy initiatives on digital assets. Government of India.