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[Economics](#), [Currency](#)



The internet is full of posts about cryptocurrencies, especially Bitcoins.

Bitcoins can be confused with stocks or the stock market. But, it is not a stock, though it might resemble one. For one, bitcoin is decentralized and a world-wide payment system, it is governed by the Internet and is "mined" by people on the internet. This is an online currency released in 2009, whose price keeps increasing as its demand increases. Many economists believe that bitcoin is a bubble waiting to burst, and their claims are well-founded. Bitcoin is extremely volatile. In an instance you can lose thousands of rupees or gain thousands more.

Bitcoin took 5 years to reach \$1 from \$0, and had a 62% drop in 2014.

The inventor of bitcoin, Satoshi Nakamoto is still anonymous, though there is no dearth of imposters trying to hog the credit. Nowadays, one can even use bitcoin as an actual currency with some merchants. In 2010, a man bought 2 pizzas from Papa John's for 10,000 BTC which amounted to a mere \$41 then.

Now, a Lamborghini can be bought for the equivalent number of bitcoins.

For trading in bitcoins, a private key is needed. If the key is lost, the bitcoins are lost too. James Howell, an IT guy lost about 7500 bitcoins because he threw away his hard disk which had his private key. Till now, 25% of the bitcoins mined has been lost. There can be a maximum of 21 million bitcoins only, out of which 16 million are already in use.

A bitcoin transaction once performed, vanishes from your end, you won't get it back, even if it was a fraud or a lost connection, or anything. The transactions are anonymous and are made directly, with no intermediaries.

The transactions are recorded in blockchains, which are public distributed ledgers. In India, bitcoin trading can be done through Unocoin, Zebpay, and Coinsecure, but the profits, if any, are liable to income tax. The fluctuating market of cryptocurrency is enchanting as well as dangerous.