



CRYPTO ART: EXPLORING THE INTERSECTION OF DIGITAL CURRENCY AND THE ART IN INDIA

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Abstract: The fusion of digital currency and the art world has given rise to an innovative and transformative phenomenon known as crypto art. This article delves into the fascinating realm of crypto art, a burgeoning artistic movement that harnesses block chain technology and digital currencies to redefine traditional notions of ownership, authenticity, and creativity within the art world. Crypto art represents a paradigm shift, allowing artists to create, tokenize, and sell their digital works as NFTs. These tokens, stored on decentralized block chains like Ethereum, offer unprecedented transparency and immutability, addressing long-standing challenges in the art world related to provenance and authenticity. Collectors and enthusiasts, armed with crypto currency, can now own and trade unique digital assets, creating a global marketplace that operates 24/7. This paper explores multifaceted landscape of crypto art, where block chain technology, non-fungible tokens (NFTs), artistic creativity converge to reshape the way we create, own, and appreciate art. Additionally examine the implications of crypto art for both artists and collectors, discussing the challenges and opportunities that this innovative fusion of technology and creative presents. Through a comprehensive analysis of real-world examples and trends, this article provides valuable insights into the dynamic relationship between digital currencies and the ever-evolving art landscape.

Index Terms – Crypto Currency, Non- Fungible Token, Crypto art

1. INTRODUCTION

Crypto art refers to digital networks that are created and authenticated using block chain technology, typically on platforms known as Non-Fungible Token marketplaces. NFTs are unique digital token that represent ownership of a specific piece of digital art, music, videos, or other forms of digital content. Digital currency also known as crypto currency is form of digital or virtual currency that uses cryptography for security. It operates independently of traditional banking system and is decentralized. Block chain, the foundation of Crypto currencies like Bitcoin and Ethereum, securely preserves and shares information with implications beyond finance, revolutionizing industries by enhancing trust, reducing intermediaries, and enabling new applications like smart contracts and asset tokenization. Both Crypto art and digital currency represent innovative ways of interacting with digital assets and have sparked significant interest in the fields of art, technology, and finance. Digital art can be both a form of artistic expression and an investment opportunity due to the ability to buy, sell and trade digital art as non-fungible tokens on block chain platforms. Their adoption continues to evolve, shaping the future of the digital company.

2. RESEARCH SYNTHESIS

This literature provides an overview of key themes and findings in the field, shedding light on the evolving relationship between digital currencies and art.

2.1 Block chain Technology and Provenance

A central theme in the literature revolves around block chain technology's role in the verifying and preserving art provenance. Researchers have explored how block chain's decentralized ledger ensures the authenticity and traceability of digital art, mitigating issues related to forgery and ownership disputes. Several case studies, including crypto punks and crypto kittes, have demonstrated the potential of block chain to create a transparent and secure art ecosystem.

2.2 Decentralized Art Market

Scholars have highlighted the transformative impact of crypto art on the traditional art market. Digital currencies facilitate peer-to-peer transactions, reducing the need for the intermediaries such as galleries and auction houses. This shift has implications

for artists' income, pricing strategies, and the democratization of the art world. The literature also delves into the challenges and controversies surrounding crypto art. Environmental concerns related to the energy consumption of block chain networks have been discussed. Additionally, questions about the uniqueness and value of digital art in an age of easy replication have been raised. Researchers have explored the concept of "digital collectibles" and how ownership is perceived in the digital realm. Ownership of crypto art is often represented through non-fungible tokens (NFTs), which are unique and can be owned on the block chain. The study of NET ownership dynamics and the creation of digital scarcity has been a focus.

2.3 Cultural Impact and Critique

The cultural impact of crypto art has been analysed, with scholars examining its role in challenging traditional art paradigms and fostering a new wave of digital creativity. However, critiques have also emerged, including concerns about speculative bubbles and the commercialization of art.

In summary, the literature on crypto art demonstrates the multifaceted nature of this emerging field. It highlights the potential for blockchain technology to revolutionize art ownership and distribution while raising important questions about sustainability, authenticity, and the changing nature of art in the digital age. Further research in the area is essential to understand the long-term implications of this innovative fusion of digital currency and the art of world.

3. LEGAL STANDING OF NFTs IN INDIA

It remains unclear due to the uncertain of crypto currencies. While the supreme court of India struck down a ban on crypto currencies in 2020, there is still no clear framework for crypto assets. The supreme court of India overturned a ban on crypto currencies, stating that violation of Article 19(1) (g) fundamental right so it was unconstitutional. Some argue that NFTs could be considered derivatives, which may require trading on recognized stock exchanges. This lack of clarity makes trading NFTs in India riskier. In the case of Internet and Mobile Association of India V Reserve Bank of India, RBI advised banks not to follow the earlier ban, leading to uncertainty in crypto currency regulation in India. The Government is still working on comprehensive regulations. In India there are no specific laws governing NFTs, but they are considered virtual digital assets (VDAs) under the Income Tax Act 1961, Income from trading of NFTs is taxed at a rate of 30% and 1%TDS and the revenue generated from the sale of crypto currencies can be considered as capital gains. The specific tax treatment would depend on factors such as holding period and purpose of acquisition. Crypto currencies can indeed be seen as a form of computer program under the Copyright Act 1957, as they involve a set of instructions and code that is expressed in computer-readable formats to perform specific tasks or achieve results. NFTs, as marketable digital assets, may be considered goods under the Sales of Goods Act 1930, making certain implied warranties applied applicable. If crypto currency mining and its revenue from crypto currency sales is considered as a service under Foreign Exchange Act, Service Tax (28% GST). Additionally, the consumer protection act 2019, and its 2020 E-commerce Rules protect NFT consumers, allowing them to make liability claims for defective NFTs products purchased over digital networks. The crypto currency and its regulations ensure compliance with Indian law especially Information Technology Act 2000 reads the Information Technology (Reasonable Security Practices and Procedures and Sensitive personal data and information) Regulations of 2011.

In India, the specific rights transferred from the creator to the first buyer are typically determined by a "smart contract" established by the platform. While some platforms may claim full copyright ownership under section 17 of the copyright act, like WazirX, which grants buyers "complete ownership rights" allowing them to use, copy and display the NFT, these rights often apply within the platform's ecosystem. The full transfer of copyright can be possible if required by the platform, but the extent of these rights varies depending on the terms set by each platform and this aspect is still evolving in the nascent India NFT market. The Indian government is planning a new crypto currency and official digital currency regulation bill 2021 to regulate crypto currencies, allowing exceptions for certain reserved crypto currencies. This aims to promote virtual currency technology, support transactions, and lay the groundwork for a government-issued digital currency by the RBI. The bill simplifies the process of creating an official digital currency for India. Before determining the legal and regulatory status of crypto currencies in a particular jurisdiction, it's important to consider the following rules.

1. The Exchange Management Act 1999 (FEMA)
2. The Federal Reserve Bank of India Act 1934 (RBI ACT)
3. The Coinage Act, 1906
4. Indian Contract Act, 1872
5. The Payment and Settlement Systems Act, 2001
6. The Securities Contracts (Regulation) Act, 1956 (SCARA)
7. The Sale of Goods Act, 1930

4. CONTRAST OF CRYPTO CURRENCY AND E-RUPEE

The Reserve Bank of India (RBI) took a significant step on December 1, 2022 by initiating a pilot project for a digital currency called (e₹), which is also referred to as a e-Rupee. This digital currency is a digital representation of the Indian Rupee, aimed at modernizing and streamlining India's financial system. During this pilot project, the RBI tested how e functions, its security and its potential impact on the Indian economy and financial transactions. This move reflects the growing trend of central banks worldwide exploring digital currencies to adopt to the evolving digital landscape and promote financial inclusion. In the e-R pilot phase the Reserve Bank of India is testing specific use cases for person-to-person (P2P) and Person-to-Merchant (P2M) transactions.

Additionally, they are exploring the potential for Cross-border transactions at both institutional and individual levels. This suggests that e₹ is being evaluated for its effectiveness and security in facilitating international financial transactions for both businesses and individuals thereby extending its utility beyond domestic use. The success of e-Rupee, a digital currency hinges on several key factors. First it must gain popularity among users who need to trust and adopt it for further transactions. Second, a businesses and

merchants should be willing to accept it as a form of payment. Third, it needs support from regulations and government authorities to ensure its legitimacy and security. Lastly public confidence is essential to ensure people have faith in its value and reliability. Achieving success would also involve addressing various technological, legal, and regulatory issues by implementing suitable solutions to make e-Rupee a viable and widely used digital currency.

Crypto currencies are digital or virtual currencies that use cryptography to ensure secure transactions and regulate the creation of new units. They are typically based on block chain technology, a decentralized ledger that records transactions transparently and permanently. Block chain is a chain of blocks, each containing transactions and linked to the previous one. This technology is revolutionary in finance and technology due to its secure, transparent, and decentralized nature, changing how we think about currency and data management. Crypto currencies use a decentralized network user, secured by public and private key cryptography. Mining creates new units through complex computations. Block chain records are transparent and unchangeable. Various consensus mechanisms impact network security and speed. Wallets manage and transfer crypto currency, and then can be bought, sold, or traded online. Different crypto currencies have unique features. Popular crypto currencies include Bitcoin, Ethereum, Litecoin, and Ripple. Additionally, can invest in crypto through payment services like PayPal or even indirectly through investment vehicles like Bitcoin trusts or Blockchain stocks. Cryptocurrency is a new way to handle and invest in digital assets.

5. CRYPTO PROTOCOL

Imagine a giant public digital ledger that records every transaction made with cryptocurrencies. It is like a digital book where every entry is visible to everyone. Cryptocurrencies are created through a process called mining, where powerful computers solve complex puzzles to generate new coins. It is like a digital version of mining gold or other precious resources. People can obtain cryptocurrencies by buying them from brokers just like would buy foreign coins in secure digital wallets on their computers or devices. When one owns cryptocurrency, do not have it as a physical coin or bill. Instead, have it as digital key that lets move a specific amount of that cryptocurrency from one person to another and it is all done securely and without the need for an intermediary like a bank. Cryptocurrencies and blockchain technology are still quite new in the world of finance. They hold the potential to revolutionize how we trade not just currencies but also other financial assets like stocks and bonds. This could make transactions more efficient and transparent. So, cryptocurrencies and blockchain are changing the way and handle money and assets, making everything digital secure and more decentralized.

6. CULTURAL IMPACT OF CRYPTO ART

The cultural impact of crypto art is a profound and multifaceted phenomenon that is re-shaping how we perceive, create, and interact with art in the digital age. This impact can be understood through several key dimensions.

6.1 Democratization of Art

Crypto art has democratized the art world by providing a platform for artists from diverse backgrounds to gain recognition and financial successes. It challenges the traditional gatekeepers of the art industry such as galleries and auction houses by enabling artists to reach global audience directly. This democratization extends the opportunity to underrepresented and emerging artists who might have struggled for visibility in the traditional art world.

6.2 Ownership and Provenance

Blockchain technology which underlies crypto art ensures transparent ownership records and provenance tracking. This innovation addresses long – standing challenges related to the authenticity and provenance of artworks. Collectors can verify the history and authenticity of their acquisitions promoting trust in the art market. Crypto art challenges traditional notion of art and ownership. It introduces the concepts of owning a unique digital asset represented by an NFT. This ownership is not confined to physical spaces but exists in the digital realm, inviting new perspectives on what art can be. It redefines the relationship between creators, collectors and audiences emphasizing the digital medium's unique qualities. Crypto art empowers artists by providing them with greater control over their work and income. Through NFTs and smart contracts artists can earn royalties on secondary sales, ensuring ongoing compensation for their creations. This financial empowerment reduces artists' reliance on intermediaries and allows them to focus on their craft. Crypto art bridges the gap between digital and physical art. While digital's art has often existed separately from traditional art forms, crypto art blurs these boundaries. Traditional art institutions and galleries are increasingly recognizing the significance of crypto art and collaborations between the digital and physical art worlds are on the rise. Crypto art has fostered global artistic communities that transcend geographical borders. Artists, collectors, and enthusiasts from around the world can connect and collaborate on digital art projects creating a sense of unity and cultural exchange. The digital nature of crypto art encourages innovation and experimentation in artistic expression. Artists are exploring new mediums, technologies, and forms of interaction. This creative freedom is expanding the horizons of what art can achieve. The rise of crypto art challenges traditional art markets. It introduces new economic models, pricing structures and modes of art consumption. Traditional institutions, galleries and auction houses are adopting to incorporate digital art acknowledging its cultural significance. The energy- intensive nature of some block chain networks used in crypto art has raised environmental concerns. This has led to discussions within the crypto art community about adopting more sustainable block chain solutions.

7. CONCLUSION

The fusion of digital currency and the art world has sparked a transformative phenomenon known as crypto art. This innovative movement harnesses block chain technology and digital currencies to redefine art ownership, authenticity, and creativity. Artists now tokenize their digital works as NFTs, revolutionizing expression and monetization. This exploration illuminates the multifaceted realm of crypto art, where block chain, NFTs, and artistic creativity intersect, reshaping art creation, ownership, and

appreciation. Implications for artists and collectors, along with challenges and opportunities in this fusion of technology and creativity, are underscored.

The research synthesis underscores block chain's potential to revolutionize art authenticity and ownership while raising crucial questions about sustainability and art's evolution in the digital age. Ongoing research is essential to comprehend the long-term impacts of this amalgamation of digital currency and art. The legal standing of NFTs in India is also examined, emphasizing the need to grasp the current regulatory environment for those involved in crypto art.

The cultural impact of crypto art is profound, democratizing the art world and challenging traditional norms. From redefining ownership to empowering artists and bridging digital and physical art, crypto art shapes how we perceive, create, and interact with art. However, it also presents challenges, necessitating a balanced approach to ensure sustainability and inclusivity in the evolving world of crypto art. Overall, crypto art stands at the forefront of a transformative shift in the art landscape, promising innovation, and redefined paradigms.

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