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THE IMPACT OF DIGITAL CURRENCIES ON CORPORATE FINANCE - ANALYZING SHIFTS IN FINANCIAL STRATEGIES, TREASURY MANAGEMENT, INTERNATIONAL TRANSACTIONS, AND FUNDRAISING

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Abstract

This article delves into the transformative influence of digital currencies, particularly Bitcoin and blockchain technology, on corporate finance. Beginning with an introduction to the subject, it establishes a conceptual framework elucidating the mechanisms of digital currencies. Subsequently, it highlights the myriad advantages and potentials inherent in these technologies, ranging from enhanced treasury management to streamlined international transactions. Moreover, it examines their applicability in corporate finance, notably in the realms of initial public offerings and equity financing, delineating the strategic advantages they offer. However, alongside these opportunities, the article also addresses the strategic challenges and risk management considerations pertinent to Indian corporations adopting digital currencies. Furthermore, it navigates the evolving regulatory landscape in India, underscoring the importance of compliance and adaptation.

Keywords: Digital Currencies, Bitcoin, Blockchain Technology, Corporate Finance, Treasury Management, Fundraising, Initial Public Offerings, Equity Financing

Introduction

It is for this reason that the global landscape of corporate finance is likely seeing a major shift over its near future due to the emergence of disruptive technologies like digital currencies and blockchain. These are some of the innovations disrupting the conventional approaches to finances hence altering organizational structures and ways of managing finances. The scale of

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this shift is especially noticeable in the rapidly growing economies such as India as they need to invent and be ready for change in order to remain prosperous in the constantly evolving global environment.

Current advancement in global financial technology experienced through the establishment of online trading systems is still in its budding stage. These systems have digitalised the traditional way of performing payments to make them secure and faster. Cryptocurrencies exemplify a newer type of money, digital and virtual that present broader opportunities for investment and transactions. Thus, despite these advancements the topic of the application of these technologies and their legal regulation is still rather vague. Decision-makers and the banking industry in general are still unsure of how these innovations can be incorporated into the existing structures, but within necessary precautions that include preventing fraud, managing large volatility, and performance security issues.[2]

Traditionally financial instruments and financial policies and procedures of Indian corporations' available sources for the operation and expansion of their business. The south east Asian corporate finance is founded on traditional support structures like banks and an equally strong stock market, which has firmly supported and propagated growth in the business sector of each country.

Thus, even at the dawn of the twenty-first century, debt financing is one of the most common sources of funding for Indian corporate. The most crucial source of the external debt capital in India is the banking system, mainly providing corporate loans that are mostly backed by collateral. These loans are bedrock to running of businesses and they help in production of funds required for operations costs, development projects, among others. However, they are not alone in this; companies also secure bonds and debentures, which are other kinds of debt financing. Such tools enable organizations to secure significant funds through loans from the public with the undertaking to pay interests after some time and the face amount after the due time has elapsed.[3]

Stock market forms the most significant platform to raise the equity capital in India, but equity financing is the most crucial source of fund in corporate finance in India. Equity

[2]Iris H-Y Chiu, *Hegemony, Self-Regulation or Responsive Regulation: International Regulation Competition in Crypto-Finance*, 24 CURRENTS: J. INT'l ECON. L. 3 (2021).
[3]Seth C. Oranburg, *Hyperfunding: Regulating Financial Innovations*, 89 U. COLO. L. REV. 1033 (2018).

through a public offer is achieved by companies which offer their securities to the public, hence mobilizing funds from the pool of individuals. It not only finds funds for the firm but also share ownership more widely in comparison to the previous case of having a few shareholders only. Also, private placements facilitate the raising of funds by the company from preferred investors without necessarily involving the public market. Common stock and preferred stock are the two main forms of equity that financiers use in financing their enterprises, although these two forms provide different privileges and advantages to investors. Sometimes common stockholders have the right to vote while in others they do not but they have to contend with a share in the profits of the company through dividend and sometimes they do not have preferential right to the dividend or have voting rights at all but they have preference over other stockholders to be paid the par value plus a certain amount of dividend if any is paid, before the owners of common stocks.

It may therefore be observed that corporate treasuries in India involve in a number of financial responsibilities which cover the field of cash management, credit risk management, investment, and fund management etc to arrive at the best capital structure. These treasures play a central role in managing organizational funds and ensuring optimization in resource allocation. They are not just responsible for the financial aspects of the organization; they made a key contribution to ensuring that adequate cash is available for both the short and long-term. Corporate treasuries must ensure that all activities operate in a smooth manner on a day-to-day base and in the same time, they must plan for corporation growth in the future based on cash management. This is particularly important for maintaining everyday operational stability and corporate-wide high-level objectives attainment.[4]

In India, two key departments are responsible for regulating the financial systems, and these are the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI). These institutions possess the power to oversee and regulate the identified and expected domains as well as control the entire financial sector with a specific aim and goal of maintaining integrity and stability of the financial markets. The RBI as the apex bank of the country specially caters the need of regime of controlling and maintaining the monetary policy of the country as well as issuing currency. On the other hand, SEBI aims at the welfare of investors in securities and the maintenance of various policies and regulation of securities

[4] *Developments in Banking and Financial Law: 2018*, 37 REV. BANKING & FIN. L. 501 (2018).

market. Combined, these regulatory bodies help to oversee a sound and credible financial market to enhance confidence by all the stakeholders who invest in the market.[5]

Today India is passing through the biggest financial revolution and is showing much interest in the digital currency and blockchain technology. It is revolutionary in the sense that it is rapidly changing the entire nature of conventional financial activities by providing new ways of conducting financial transactions, data storage and asset control. In this case, the use of blockchain through the decentralised ledger is considered as extremely reliable and efficient means of registration of the transaction. Transaction records in a blockchain are secure and distributed, and therefore it is unlikely for hackers to gain full access to falsify the records; this increases the level of trust between the parties to the transaction. The use of the innovative technology presents a host of opportunities such as efficiency gains in operations, low cost per transaction and the removal of middlemen. Such advancements are expected to enhance the flow of funds while bringing about a more efficient participants' environment.[6]

Through the integration of the chain of blocks, it will be possible for the organization to improve its transaction processing capacity, eliminate repetitive activities from the system, and gain more clarity in connection with financial interactions that take place within the organization. The continuous transformation of this industry will surely create a new landscape for the balance of the financial industry, and promote change and growth in the economy. The changing landscape of finance in India also poses great opportunities as well as challenges for corporate treasuries together with the collaboration with the regulatory systems at both the central and state levels in order to take advantages of digital and blockchain currencies without compromising financial system stability.

Conceptual Framework of Bitcoins and Digital Currencies

This is perhaps requiring some elucidation; digital currencies are types of currencies that exist in the electronic or digital platform. Introduction While speaking about the traditional means of money we can obviously touch it in the form of coins or banknotes but the same will not be possible in case of the digital currency. This characteristic suggests that all the transactions involving the said digital currencies are performed through electronic processes;

[5] Muthukarpagavalli A. & R. Nandhitha, *Blockchain and Corporate Governance: A Structural Symbiosis in India*, 4 INDIAN J.L. & LEGAL RSCH. 1 (2022).
[6] *Id*.

hence no physical transfer is necessary. However, the primary strength digital currencies are connected to the fact that most of them do not entail the involvement of third parties, for instance, banks or payment service providers makes it one of the cheapest mediums of exchange. This general direct transaction capability lowers costs and hastens the execution of monetary operations, which makes these digital currencies appropriate for a considerable number of monetary operations.

Digital currencies are managed using a delicate combination of encryption and the most popular form of storing and processing data, the blockchain technology. Digital transaction refers to the exchange of value that is carried out in a digital environment; and this process is carried out through the exchange of units of the currency. This is not a personal transaction where only the individuals involved have to subject themselves to its outcome; instead, details of the transaction are transmitted across numerous computers that contribute towards the existence and functionality of the currency. These act like computers, or nodes, as the platform takes part in validating the transactions. In this network, there are certain focal points that have a more specific role of being miners, which then vie for the privilege of verifying these transactions. Bitcoin involves employed miners to competently solve the elaborate cryptographic puzzles, where the initial miner that solves the problem correctly approves the transaction. Thus, newfound unit of the digital currency becomes the reward of the successful miner in course of its creation. This process not only helps to ensure secure and clear actions on the sale or purchase, but also manages the granting of new units of currency.[7]

Bitcoin is the most well-known example of a digital currency classification and can even be described as digital currency based on cryptosystems since cryptographic processes are used for protection. In contrast to other world currencies that are issued and controlled by the governments of nations, Bitcoin is a kind of digital currency that floats on a number of computers, thereby eliminating the need for a particular country or state to issue it and control its production or the flow of its circulation. As we have seen, due to the decentralised structure of Bitcoin, it creates a form of money that will allow direct, individual and person to person exchange without the assistance of some central body such as a bank. All the

[7]Marcelo M. Prates, *Money in the Twenty-First Century: From Rusty Coins to Digital Currencies,* 15 OHIO ST. BUS. L.J. 164 (2021).

transactions involving the Bitcoins are made through a tangible database that is easily accessible; it is called the block-chain. The blockchain is under the control of various miners, whose responsibility it is to verify various transactions carried out with the currency. Through the use of cryptography to protect the Transactions, and through the use of distributed network, Bitcoin provides a viable and secure solution to the conventional monetary systems while symbolizing the concept of freedom, security and, decentralization as encompassed by modern cryptocurrencies.[8]

Digital currencies use block chain technology, which has facilitated a better way of recording transactions as compared to traditional book keeping systems offered by conventional accountancy firms. The catalyst in this innovation is the blockchain technology, where the database works as a public ledger that accurately authenticates or records each transaction related to the virtual currencies. For instance, let us consider the case of purchase of second-hand car. The traditional setups, in this case, meant that either party could challenge the success of the transaction in question, and this situation could ultimately lead to conflicts and require the services of middlemen. However, when blockchain technology is implemented, such possibilities are negated or eliminated. Blockchain can be seen as an immutable and distributed network, where every transaction is represented and secured against modifications. As seen, the specific area that requires acknowledgement is the increased transparency and simplicity of management when employing the blockchain transaction.

The RBI is the first global financial institution that has advocated for legal tender that is Central Bank Digital Currency (CBDC). CBDCs are in fact the digital counterparts to physical currency that a country has and can be used to drive electronic transactions through authorization by the Central Government. Indeed, CBDCs are expected to have several peculiarities concerning the issuing power, the legal regime, and volatility as compared to other derivations of digital currencies. For the purpose of this discussion therefore we are interested in the normal mining digitally generated currencies which are known to be irreversible, highly stable, and transparent, excluding CBDCs.[9]

[8]Rosa Maria Lastra & Jason Grant Allen, *Virtual Currencies in the Eurosystem: Challenges Ahead*, 52 INT'l LAW. 177 (2019).
[9]Rakesh Kumar Sehgal & R. L. Koul, *Crypto Currencies: Addressing Vulnerability, Legitimacy and Governance Perspective*, 6 GNLU L. REV. 166 (2019).

Advantages and Potential of Digital Currencies and Blockchain Technology

It has widely integrated into different fields and industries, determining extensive modernization in different spheres such as the financing of new forms of businesses via methods like ICO, as well as supply chains and even healthcare. For instance, in Singapore's case, the MAS has successfully incorporated block chain in interbank payments and securities trading. In general, this strategy has provided a significant positive effect in enhancing both the speeds and securities for transactions. Through this technology, MAS has successfully cut across borders transfer charges and times reducing them as opposed to what normally takes time and a lot of money.

One of the biggest advantages of digital currencies is the fact that the financial transactions can be made easier by using the currencies. The conventional financial systems weakly depend on the intermediaries including the banks this is because it comes along with the many complications of delay and many other extra costs. Alike, the above traditional currencies allow direct and straight-forward transmutation between individuals without the intermediation of the above agents. The selected direct transaction model not only saves money since the processing of payments involves no third-party companies, but also speeds up the cross-border payments while being more economical. To this, the inbuilt feature of automation that many digital currencies rely on due to blockchain technology adds efficiency to this process. Blockchain has the capability of eliminating or reducing the occurrence of many transactional functions thus cutting down on expenditure and possibilities of mistakes.[10]

Also, the financial inclusion statistics show that over a billion people in the world still do not have an effective full-fledged access to formal financial services. People who do not have access to traditional financial tools that enable them to store and transfer digital currencies, can use digital wallets as a way of facilitating the issuance of such currencies. This makes them able to get a chance of working in the international market; something that they would have dreamt of attaining in the past.

Electronic currencies also bring freedom to users as they control the amounts of money that is needed. Cutting out middlemen to pay for something as simple as stamps and being able to

[10] Saul Canelo, *Now Accepting Virtual Currencies: Bitcoins and United States Regulation*, 5 ST. THOMAS J. COMPLEX LITIG. 22 (2018-2019).

easily and easily access and spend the money in the digital wallet of their choice, marks a significant progression from bank accounts in which much of the money stored can be easily frozen. The resultant autonomy promotes a political economical stature of being financially independent and may simply have the effect of enhancing users' confidence in the financial system. Furthermore, using blockchain technology in tracking the transaction records minimizes cases of fraudulent flows. Because one of the key uses of blockchain is to enhance the credibility of money transactions, this application enhances confidence in the financial sector.[11]

Potential Applications in Corporate Finance

Initial Public Offerings

IPOs are one of the most promising areas that can be improved through the use of smart contracts to make the compliance and investor onboarding operations more efficient. These automated digital contracts can indeed assist companies in checklist checks and in the overall compliance of checks. Historically, this part of going public is filled with many documents and procedures that take much time through which correspondences with the regulations have to be checked. Thus, the principles of smart contracts can be adjusted to ensure that such impending compliance requirements are checked and enforced by the system, greatly lessening the need for extensive manual monitoring. This does not only make it faster to process the information but also reduces the capabilities of human errors in the compliance system and thus makes it more effective.

Besides, smart contracts can improve compliance as well as investor onboarding since the identities of the investors and their onboarding can be automatically approved through the smart contract. This autopsy saves a lot of time and energy required in other activities that a company may require to undertake in order to handle the large volume of investors. The original appeal of streamlining the process lies in the ability to drastically reduce the time it takes to onboard new investors due to the removal of paper-based documentation and checking. This enhanced streamlining particularly helps the companies seeking to go for an

[11] *Id.*

IPO since they will not be bogged down with procedure, but alternatively can dedicate time for policy formulation.[12]

Moreover, conventional e-commerce platforms with an interface incorporating blockchain may manage to reach more companies attended to a wider circle of international investors. Since the barriers of geographical restrictions will be eradicated through blockchain, more access to IPOs will be created equal to the possibilities of expanding funding for the companies. This diversification is important as a way for firms to improve their financial capacities and 'buffers'. Apart from extra cash from international investors the company is equally able to expand and seek partnership in the abroad market.

Equity Financing

Businesses have a new way of funding through selling tokens in the form of an advection of stock on a blockchain. Mobile also has a traditional approach to fundraising but integrated a new innovative direction in using blockchain technology in the process. Through these tokens, companies can also shorten the process of capital formation, which is often a lengthy process especially for private placements since the use of blockchain can cut out many time-consuming steps. That is so, mainly because blockchain technology is essentially more democratized and completely transparent, and there is no doubt that it offers much more increased both as for the issuers themselves and potential investors levels of trust and security due to an increased degree of certainty of the record of transactions.

These frameworks brought the multiple benefits of the blockchain platforms beyond the initial stages of fund raising. One of the main advantages is to establish a market designed for these digital tokens. Unlike common securities, which are generally hard to sell and/or not very liquid, tokens based on blockchain are highly saleable on blockchain-based exchanges. This added liquidity also grants investors a higher level of freedom in deploying their capital by being able to easily enter or exit the tokens within relatively short timeframes. The secondary market therefore offers a platform of constant interaction between investors and

[12]R. Lakshana, *Blockchain Boom & Corporate Finance Revolution: The Futuristic Solutions or Mere Superstitions?*, 3 J. ON GOVERNANCE 137 (2019).

their stakes, implying that activity within the market benefits the overall economy and the stockholders.[13]

Hence, the investment being made through digital tokens can help in a paradigm shift in the traditional investments by empowering direct investment. Traditional structures that required investors to channel their stakes through stand-alone firms such as venture capitalists and investment banks are now no longer necessary. This direct investment model also cuts down costs and is easy to implement since there are few go-betweens to collect their share before completion of the deal. Further, it also makes investment open to a larger pool of investors not only through access to information previously available to moguls alone but also by providing access to the investment opportunities previously available in private places.

Strategic Challenges and Risk Management for Indian Corporations

Digital currencies indeed present great prospects for Indian corporations regarding internationalization or even global dominance in this sphere; however, certain challenges must be resolved. A distinct issue to deliberate on is the instability risk connected to some cryptocurrencies. This volatility can insert significant risk into corporate treasuries, which can affect all aspects of maintaining a healthy cash balance with adequate investments. It can also be seen that the value of digital currencies can vary to a great extent and if not managed well can make quite a blow to the financial market. It is imperative that corporations sustain efficient systems for managing risks and that they develop comprehensive knowledge of these markets to optimise during times of such fluctuations. There are some factors like hedging, diversification or using stable coins which may reduce some risks but again they are complex financial activities that call for experience and tools.[14]

However, access to evolution and certain technological devices as well as abysmal infrastructure is a bottleneck to increased adoption. This suggests that while some of the notable blockchain networks which are the basis for most cryptocurrencies may be scalable, this scalability may not allow for transaction speeds that are needed to handle high volumes of transactions that are associated with large companies. Blockchain's present position can result in slow processing duration of transactions and high charges at periods of heavy usage

[13]*Id*.

[14]Tissy Annie Thomas, *Understanding Digital Money as a New Modus of Money Laundering: Legal Introspection in India*, 2 DNLUSLJ 46 (2023).

which is disadvantageous to businesses that require fast and affordable sales. It is also important to note that like the absence of strong infrastructure as well as problems with stable Internet connection, or the absence of popular digital wallets that are traditionally used in many countries, which can slow down the large-scale application of such technologies in corporations based in some regions of India, for example. Some deeming may find connectivity issues particularly in the rural and semi urban areas which may greatly affect the efficiency or reliability of the digital currency.

It is still unclear regarding the regulations that govern the digital assets in India. Another problem associated with the presence of decentralized digital currencies is the absence of transparent guidelines that have a positive influence on the relations between businesses and corporations, and influence their decisions regarding the inclusion of digital currencies into their economic activities. Business operations are often hindered in the lack of concrete legal regulation since it is difficult to determine the proper compliances to adhere to and legal risks to avoid. This regulatory indeterminacy can also result in decreased use of digital currencies due to compliance with current legislation that may be followed by more restrictive legislation in future. Setting and achieving identifiable and precise rules that will govern these engagements will be vital in creating a more stable regime towards corporate participation in the development of digital currencies. An effective applicable legal framework would provide direction on how to tax, apply the AML/CTF legislation, and protect consumers, thus giving corporations the confidence to participate in digital assets spaces.[15]

Further, the framework for the digital currencies' implementation throughout the Indian corporations is also relatively less developed. Purchasing methods must be improved and the choice of convenient digital wallets and crypto stocks should be increased to complete purchases and manage the wallet's assets securely. Currently there are a lot of such platforms but many of them might not have adequate security in place which is necessary for running large scale corporate transactions and there are abundant possibilities of frauds and hacking. Furthermore, this has the impact of coordinating efforts in building the trust of the public in embracing digital currencies. Increased public education and awareness of such programs together with successful application of the technologies across different industries can assist

[15] *Id.*

in easing organizational concerns and acceptance of the same across firms. This way various myths associated with the use of digital currencies such as money laundering, terrorism financing, or other unlawful intentions are erased and the general user base becomes more informed of the uses and precautions of such currencies. Also, examples of how these digital currencies can be implemented successfully in fields like supply chain management, financial markets, and retail will help communicate the real-life values and positive impact of adopting digital currencies.[16]

Navigating the Evolving Regulatory Landscape in India

Cryptographic transferring known by blockchain technology has inspired many organizational and individual interests from quite a lot of areas in the global level. In India, it must be noted that the technology itself practiced or implemented is not prohibited or restricted, although the government eyes its immense possibilities for revolutionizing sectors and industries. Due to the decentralized and tamper-proof structure of blockchains, their application is highly useful in various industries such as supply chain management, record ownership, and identification process. Such features carry the potential to bring significant changes in how information is dealt with, and how transactions are performed, with more assured protection and effectiveness. The Indian government has a relatively favourable attitude towards blockchain but rarely actively promotes the technology. They figure that keeping an open mind to the use of the technology is better than rushing to make decisions on making a definite regulatory framework.

However, concerning cryptocurrencies, which is a relatively new form of money, the RBI has been most cautious. As more regions around the world embrace digital currency, the RBI has not considered these digital currencies as legal tender. Thus, notwithstanding whether it is legal or an unlawful restraint of trade, the problem of cryptocurrencies' definition remains in the fact that at the present moment such currencies are not defined as a definite concept in the Indian legal system. As part of its regulatory efforts towards cryptocurrencies, the RBI has released several notices containing information that regards the risks the cryptocurrencies pose, including but not limited to, price volatilities, money laundering and financial fluctuations. These were cautionary and arising from the fact that the institution is protective

[16] Surya Dashottar & Vikas Srivastava, *Corporate banking - risk management, regulatory and reporting framework in India: a Blockchain application-based approach*, 22 J. BANKING REG. 39 (2021).

especially given the potential threats that cryptocurrencies might present to the conventional financial framework.[17]

However, the RBI's attitude can be seen as rather reserved while the Indian government appears to have a more complex view on cryptocurrencies. Earlier this year, a new Section 10(38) was inserted into the Income Tax Act, 1961 to bring gains realised from cryptocurrencies transactions under its ambit. This legislative change suggests an effort to incorporate cryptocurrencies in to the conventional financial system which has been given an allowance within the tax laws without giving a stamp of approval to the cryptocurrency as a legal tender. Moreover, there has been a historic ruling in September 2021, in which the Supreme Court of India reversed the RBI circular which previously prohibited banks from dealing with crypto companies. This ruling is new and opens up what may well be a shift to a more positive and accepting attitude towards digital currencies. The legal judgement to some extent confirms the subsequent changes in India's attitude to emerging financial technologies, which gradually shifts from fundamental scepticism to a more elaborate approach that takes into account management's postulates.[18]

Recent developments of the Indian digital currency are the proposed Cryptocurrency and Regulation for Official Digital Currency Bill, 2021, which has not yet been passed and is a proposed mechanism for managing digital currencies in India as a whole in the given year. The first aspect of the bill is focused to lay down the legal structure for the potential creation of a CBDC by RBI. This is a clear sign of the interest that the government has in maintaining the benefits of digital currencies, including the promotion of financial inclusion as well as the improvement of the effectiveness of executing monetary policy when held by the CBDC while keeping direct control over the digital currencies.

The second aspect of the bill, which has gained considerable attention both in the media and among the public, has raised concerns, as its authors propose the complete or partial legalization of crypto assets such as Bitcoin, Ethereum, and similar cryptocurrencies at the legislative level. Were this aspect of the bill to be written into law, it would deeply alter the Indian crypto market, which has been growing rapidly, and attracting considerable investment in recent years. The current draft legislation is meant to outlaw any action by an individual or

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[17]Priyanka Suresh Todewale, *India on Cryptocurrency*, 5 INT'l J.L. MGMT. & HUMAN. 836 (2022).
[18]*Internet and Mobile Association of India v. Reserve Bank of India*, AIR 2021 SC 2720.

organization with respect to cryptocurrencies such as mining, possessing, buying, selling, issuing, and employing, digital tokens in India. A broad definition of cryptocurrencies here includes any data, code, or token for which part or the whole of its value is empowered in the form of digital value representation to operate as currency in business transactions, hold value as currency, or function as accounting units. Civil penalties for these provisions included severe fines and criminal sanctions, which was imprisonment for a term that did not exceed 10 years.

However, it is also important to mention the part of the bill that plays into a more progressive agenda as well. It offers the opportunity to test, research or learn the basic principles or methodology of any given cryptocurrency. This perhaps suggests that the government appreciates the value of new ideas and research on modern technology while at the same time looking to criminalize the use of private new generation money through the utilization of digital currencies.

Apart from the proposed legislation, the RBI has its arm of technology and research innovation arm known as the IDRBT is very much inclined towards identifying the application of the blockchain concept. The IDRBT has established a technological model which is founded a blockchain platform for satisfying exigent demands on banking sector. This initiative shows the desire in using the blockchain within one's organisation, predicated on the fact that the Chinese government does not want anything to do with private cryptocurrency, but has no issues with the technology behind it.[19]

When it comes to the regulation of digital currencies, and blockchain technology in India the current setup is highly ambiguous. This lack of comprehensive regulation means that there is a lack of guidelines, so it could pose a barrier to the ventured growth of these technologies. However, policies protecting against equivalence and the willingness of the government to innovate based on existing tax laws as well as, the framework for the creation of a CBDC suggest that the government is not ill-equipped to handle changes within the digital currency space.

The validity of alternative digital currencies remains an open question: the bill has not yet been confirmed. At the same time, there can be no doubt that the Indian authorities are

[19]*Supra* note 16.

carrying out a detailed assessment of the profits and dangers posed by the digital currencies and blockchain technologies. Such conservative yet progressive approach implies that any future attitude toward regulation is going to be proactive in the context of promoting innovative progress while seeking to maintain safety and stability within the economy.

Conclusion

As stresses the need to constantly consider what is new within the current stream of corporate finance, the advent of digital currencies and block chain technology has posed a distinct shift. These innovations have created new waves that have redirected the conventional standards of financial operation, and provided companies new avenues to reinvent their models and methods. The structure and ownership of digital currencies are relatively decentralized, thus offering an unparalleled degree of freedom and no unnecessary contact with third parties. This change is expected to herald greater operational efficiency and cost-savings for corporates through integration into the investment universe and offering a new investment class for corporate treasuries, which can potentially manage risks associated with conventional assets.

With development and acceptance of digital currencies, the effects begin to also extend and intensify in the treasury management. The efficiency of managing cross-border transactions, thus has the potential to lower carrier transaction costs, accelerate transaction turnover, and improve the management of cash resources for corporations that are functioning within the global environment. Additionally, the audited company which embrace digital currencies will benefit from enhanced transparency through efficient audit trail, which is enhanced by the blockchain technology in digital currencies.

Furthermore, they can offer the prospect of a reserve currency digital asset, thereby becoming a form of value store for the corporations. However, the process of reaching for this new state of technological transition is not out of hardships. Digital currencies' uncertainty presents various challenges in terms of risks which are always likely to occur and can cause losses that impinge on financial security hence, proper risk management mechanisms need to be put in place to manage such risks. Furthermore, the current trend in the statutory laws where definite provision is lacking, or standards vary across countries, is that there is an urgent need for the authorities to set standards for the protection of citizens while at the same time promoting innovation.

In this new changing fiscal regime, suitable authorities and organizations require an enabling environment to encourage the deployment and use of virtual currencies while safeguarding customers and maintaining fair market practices. This calls for strong legal structures that the firms can use to; The following challenges reflect this necessity of strong legal Structures; Besides, it is still imperative for regulating authorities to work in unison all around the world to ensure that there are resemblances in terms of policies, hence minimizing on Regulatory arbitrage and also ensuring compliance in different world markets too.

In addition, it will require the creation of a solid digital foundation that will successfully foster the application of digital currency and the blockchain institution. This encompasses funding in technologies with underpinning systems such as the blockchain networks, digital wallet solutions, and payment platforms, among others alongside efforts towards designing and popularizing the appropriate corporate and consumer literacy towards new digital technologies. It should be noted that corporate education projects may greatly contribute to improving understanding of decentralized digital currencies and blockchain among companies and, respectively, prevent their ineffective or inadequate use in the economy.