Prospects of BlockChain Technology

Why in news?

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Andhra Pradesh government took steps to use blockchain technology for land titling.

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What is blockchain technology?

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- Blockchain technology uses disintermediation i.e the removal of intermediaries in exchange processes.
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- It enables people to transact in a peer-to-peer fashion based on the trust provided by blockchain.
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What are the problems with the existing method?

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- **Record keeping -** At present, land ownership data is stored with the government in centralized ledgers.
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- This means that the data can be accessed and modified only by the government.
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- This is a problem because if this data is erroneously entered, lost or forged, the ledger will no longer represent the true ownership of assets.
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- The poor in India do own things, but they don't have a way to represent their property and create capital.
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- Without representations their assets are "dead capital".
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- **Reliable information -** At present, trading an asset requires an enormous effort just to determine the basics of the transaction like the real owner, his right to transfer, reliability of claimants.
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- That is why even the sale or lease of a house may involve cumbersome procedures.
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- **Lawsuits -** Also, more than 66% of the civil cases are related to land or property.
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- Not only is the judiciary overburdened, the poor litigants are also losing Rs.1,300 on average per day of court hearing.
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How can blockchain technology help?

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- The prosperity of Western nations can be traced to the security provided to property by the formal legal system.
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- This can be achieved with the help of blockchain technology.
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- Blockchain has the potential to link the asset, its size, location, use-restrictions, etc, to the owner unambiguously, and can all exchanges.
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- It allows the government to maintain a public ledger of asset-ownership in a distributed fashion.
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- The data is stored on a network of devices and there is no central point of failure.
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- It ensures trust by being transparent as it is visible for everyone to verify.
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- At the same time, it ensures privacy for the owner by ensuring that the ownership of the asset only changes hands after authorization.
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- Also people who use goods and services and don't pay for them will be identified and charged interest penalties.
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- Contract violations can be traced.
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- Legal infractions can be more easily prosecuted.

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Source: Livemint

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