



**VIDYABHARTI TRUST COLLEGE OF
BUSINESS, COMPUTER-SCIENCE AND RESEARCH, UMRAXH**

(Affiliated with Veer Narmad South Gujarat University, Surat)

**Department of Computer Application
Newsletter**

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VOLUME 06
ISSUE 08
AUGUST 2026

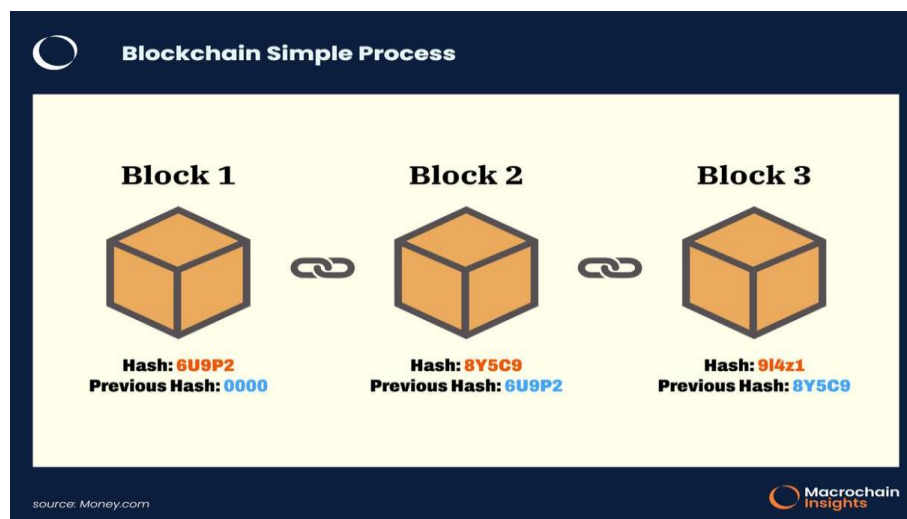
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1. Introduction to Blockchain

Blockchain is a **distributed digital ledger technology** used to record transactions and information in a secure, transparent, and tamper-resistant manner. Instead of storing data on a single central server, blockchain distributes copies of the ledger across multiple computers called **nodes**.

Information is stored in groups called **blocks**. Each block is connected to the previous block using cryptographic techniques, forming a continuous **chain of blocks**.



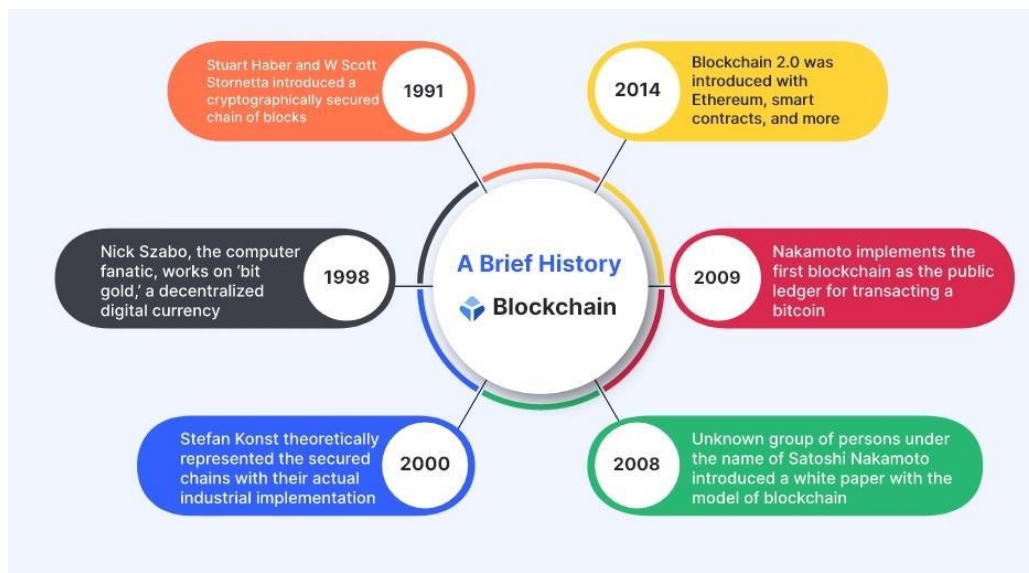
Key characteristics

- **Decentralization:** No single authority necessarily controls the entire network.
- **Transparency:** Transactions can be visible to authorized or public participants depending on the blockchain.
- **Security:** Cryptographic techniques protect blockchain records.

2. History of Blockchain

The idea behind blockchain developed over several decades.

- **1991:** Stuart Haber and W. Scott Stornetta proposed a method for creating tamper-resistant digital documents using cryptographic timestamps.
- **1998:** Various researchers explored digital currency systems and cryptographic payment concepts.
- **2008:** An individual or group using the name **Satoshi Nakamoto** published the Bitcoin whitepaper, introducing a decentralized electronic cash system.
- **2009:** The Bitcoin network began operating, providing the first widely recognized practical implementation of blockchain.
- **2015:** **Ethereum** introduced a blockchain platform designed to support programmable **smart contracts** and decentralized applications.
- **Today:** Blockchain technology is being explored beyond cryptocurrencies, including finance, supply chains, healthcare, identity, and digital assets.



3. How Blockchain Works

A blockchain transaction generally follows these steps:

Step 1: Transaction

A user initiates a transaction, such as transferring a digital asset.

Step 2: Broadcast

The transaction is shared with participating computers, known as **nodes**.

Step 3: Verification

Nodes verify the transaction according to the blockchain's rules and consensus mechanism.

Step 4: Block Creation

Verified transactions are grouped into a **block**.

Step 5: Consensus

The network reaches agreement about whether the block should be added to the blockchain.

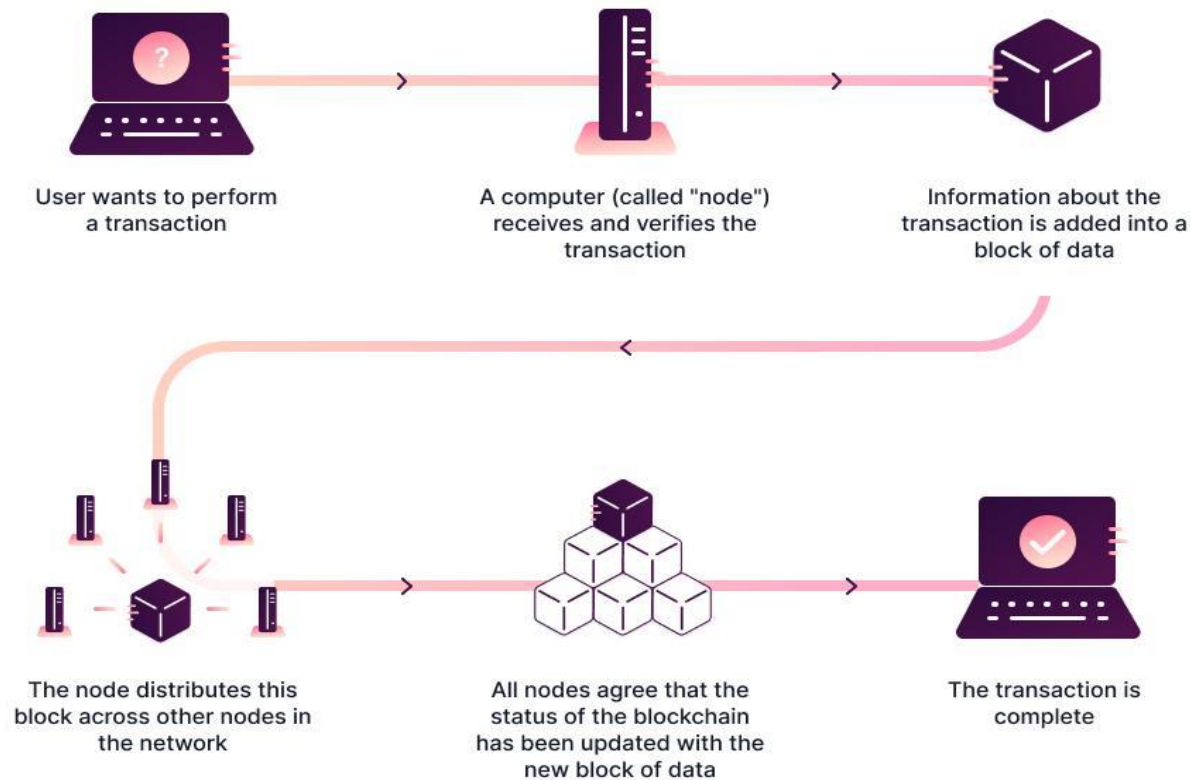
Step 6: Block Addition

The accepted block is connected to the previous block using cryptographic references.

Step 7: Ledger Update

The updated blockchain becomes available to participating nodes.

How do **blockchains** work?



Simple flow:

Transaction → Verification → Block → Consensus → Block Added → Updated Ledger

4. Components of Blockchain

A blockchain system consists of several important components:

1. Block

A block stores a group of transactions or other records.

2. Hash

A hash is a unique-looking digital value generated from data. Even a small change in the data generally produces a different hash.

3. Previous Block Hash

A block normally contains a reference to the previous block's hash, helping connect blocks together.

4. Nodes

Nodes are computers participating in the blockchain network. Depending on the system, they may store data, validate transactions, or perform other network functions.

5. Ledger

The ledger contains the recorded transactions or state of the blockchain.

6. Consensus Mechanism

A consensus mechanism defines how participants agree on valid transactions and blockchain updates.

7. Cryptography Cryptography provides mechanisms for securing data, authentication, and digital signatures.

5. Types of Block-chain

Blockchain networks can be categorized based on who can participate and how they are governed.

1. Public Blockchain

Anyone can generally join the network and participate according to its rules.

Examples: Bitcoin and Ethereum.

2. Private Blockchain

Access is restricted and controlled by a specific organization.

Example: A company using blockchain internally to manage records.

3. Consortium Blockchain

The network is governed by a group of organizations rather than a single organization.

Example: Several banks sharing a blockchain for inter-organizational processes.

4. Hybrid Blockchain

A hybrid blockchain combines characteristics of public and private systems, allowing an organization to keep some information restricted while exposing selected information more broadly.

TYPES OF BLOCKCHAIN NETWORKS



6. Consensus Mechanisms

A **consensus mechanism** is a method used by blockchain participants to agree on the valid state of the network.

Proof of Work (PoW)

Participants called **miners** compete to solve computational puzzles. The Bitcoin network uses Proof of Work.

Advantages: Strongly tested and resistant to certain types of attacks.

Limitation: Can require significant computational resources and energy.

Proof of Stake (PoS)

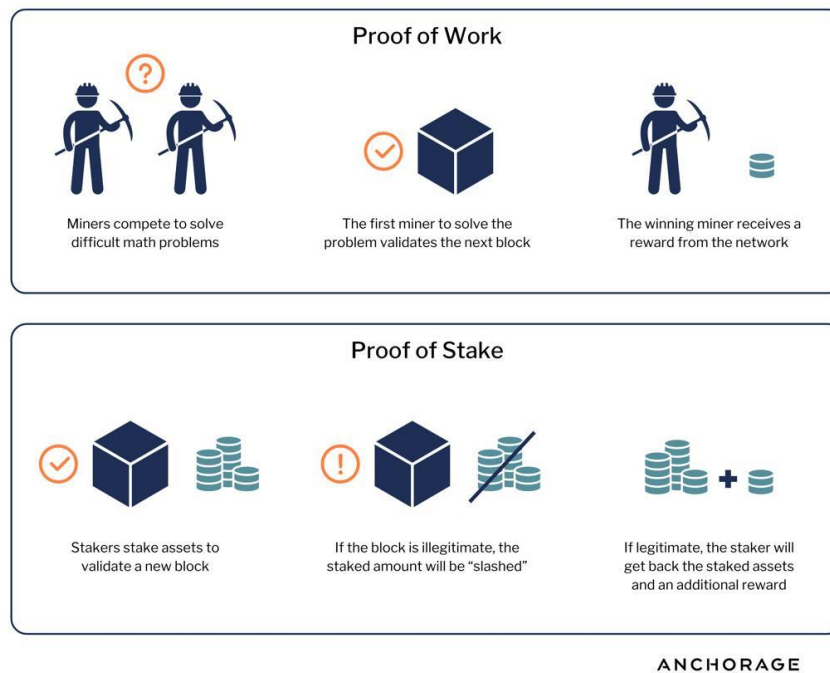
Participants called **validators** commit, or stake, cryptocurrency to participate in validating transactions and proposing blocks.

Advantages: Generally requires much less energy than PoW.

Limitation: Its security and incentive design depend on the particular implementation.

Other mechanisms

Other blockchain networks use mechanisms such as **Delegated Proof of Stake (DPoS)**, **Proof of Authority (PoA)**, and **Practical Byzantine Fault Tolerance (PBFT)**.



7. Smart Contracts

A **smart contract** is a program stored and executed on a blockchain. It can automatically perform actions when predefined conditions are satisfied.

For example:

IF payment is received
THEN transfer ownership of a digital asset.

Smart contracts reduce the need for manual processing in suitable applications and can provide predictable, programmable execution.

They are widely associated with platforms such as **Ethereum** and are used in decentralized applications (**DApps**), decentralized finance (**DeFi**), digital assets, and other blockchain-based systems.

8. Applications of Blockchain

Blockchain can be used in many areas beyond cryptocurrency.

➤ Banking and Finance

Used for digital assets, settlement, payments, and certain financial record-keeping processes.

➤ Supply Chain

Can provide a shared record of products as they move from manufacturers to customers.

➤ Healthcare

Can support controlled sharing and verification of healthcare-related records, depending on privacy and regulatory requirements.

➤ Voting

Blockchain-based voting has been researched for creating auditable digital records, although practical implementations face significant security, privacy, accessibility, and governance challenges.

➤ Education

Can be used to issue and verify digital certificates and academic credentials.

➤ Digital Identity

Can support systems for managing and verifying certain types of digital identity information.

9. Advantages of Blockchain

Blockchain provides several potential benefits:

➤ **Security**

Cryptography and distributed validation can make unauthorized alteration more difficult.

➤ **Decentralization**

A blockchain can reduce dependence on a single central database or authority.

➤ **Transparency**

Depending on the blockchain design, participants can independently verify transaction records.

➤ **Traceability**

Records can provide a history of transactions or asset movements.

➤ **Automation**

Smart contracts can automate certain predefined processes.

➤ **Shared Data**

Multiple organizations can use a common ledger without necessarily maintaining separate versions of the same record.

10. Limitations of Blockchain

Despite its advantages, blockchain has several challenges.

➤ Scalability

Some blockchain networks can face limitations in transaction throughput and processing speed as usage increases.

➤ Energy Consumption

Certain consensus mechanisms, particularly Proof of Work, can consume substantial amounts of electricity.

➤ Storage

As blockchain records grow continuously, storing and maintaining the complete ledger can become challenging.

➤ Privacy

Transparent transaction records can create privacy concerns if sensitive information is exposed or can be inferred.

➤ Complexity

Developing, maintaining, and governing blockchain systems requires specialized technical knowledge.

➤ Regulation

Blockchain applications may be affected by changing laws and regulations across different countries and industries.

11. Future of Blockchain

Blockchain technology is continuing to develop beyond its original association with cryptocurrency. Future developments are likely to focus on **scalability, interoperability, privacy, energy efficiency, and easier integration with existing systems.**

Potential areas of development include:

- **Decentralized Finance (DeFi)**
- **Tokenization of real-world assets**
- **Digital identity**
- **Central Bank Digital Currencies (CBDCs)**
- **Supply-chain traceability**
- **Blockchain-based credentials**
- **Web3 applications**
- **Integration with IoT and AI**
- **Layer-2 and other scaling technologies**

Conclusion

Blockchain is a **distributed ledger technology** that enables participants to record and verify information using cryptography, network-based validation, and consensus mechanisms. Although it became widely known through cryptocurrencies such as Bitcoin, its applications now extend to areas such as finance, supply chains, digital identity, healthcare, education, and digital assets.

Its future will depend not only on technological development but also on **scalability, security, privacy, regulation, interoperability, and practical business requirements**. As these challenges are addressed, blockchain may become an important component of various digital systems.

- PROF. KHETVI PANCHAL