

## 1. Blockchain Basics

A blockchain is a decentralized digital ledger that records transactions across a network of computers in a way that is transparent, secure, and immutable. Each record, or "block," contains data and is linked to the previous block using cryptographic hashes, forming a chronological chain. This structure ensures that once data is recorded, it cannot be altered without consensus from the network, making blockchains highly resistant to tampering and fraud. Blockchains eliminate the need for central authorities, as trust is established through cryptographic algorithms and distributed consensus mechanisms. While blockchains are best known for powering cryptocurrencies like Bitcoin, their applications extend to any scenario where secure, transparent, and tamper-resistant record-keeping is valuable.

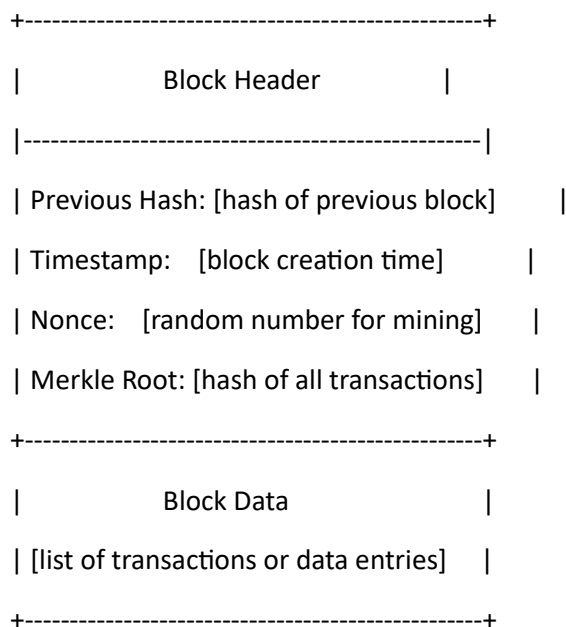
### Real-life use cases:

**Supply Chain Management:** Companies like IBM and Walmart use blockchain to track products from origin to consumer, improving transparency, traceability, and food safety.

**Digital Identity:** Platforms such as Self Key use blockchain to provide secure digital identity verification, reducing fraud and giving users control over their personal data

## 2. Block Anatomy

Block Diagram:



**Data:** Contains the list of transactions or records.

**Previous Hash:** Links to the hash of the previous block, ensuring continuity.

**Timestamp:** Records when the block was created.

**Nonce:** A random number miners adjust to solve the cryptographic puzzle.

**Merkle Root:** A single hash representing all transactions in the block.

### **Merkle Root and Data Integrity:**

The Merkle root is generated by repeatedly hashing pairs of transaction hashes until a single hash remains. To verify a specific transaction, you only need a small subset of hashes (not every transaction), allowing for efficient verification. For example, if you want to verify transaction B in a block containing A, B, C, and D, you use the hashes of A and the combined hash of C and D to reconstruct the Merkle root. If the computed root matches the block's Merkle root, the transaction is valid and unaltered. If any transaction data changes, the Merkle root changes, instantly signaling tampering.

## **3. Consensus Conceptualization**

### **Proof of Work (PoW):**

Proof of Work is a consensus mechanism where network participants, called miners, compete to solve complex mathematical puzzles using computational power. The first miner to solve the puzzle gets to add the next block to the blockchain and receives a reward. This process requires significant energy because it involves running powerful computers continuously to perform billions of calculations per second. The energy-intensive nature of PoW is a key reason for its environmental impact.

### **Proof of Stake (PoS):**

Proof of Stake selects validators to create new blocks and confirm transactions based on the amount of cryptocurrency they "stake" or lock up as collateral. Validators are chosen randomly, but those with larger stakes have higher chances. Unlike PoW, PoS does not require solving complex puzzles, so it uses far less energy and allows for faster, more efficient transaction processing.

### **Delegated Proof of Stake (DPoS):**

Delegated Proof of Stake is a variation where token holders vote to elect a small group of trusted validators (delegates) who are responsible for validating transactions and creating new blocks. This system is more democratic and scalable, as it reduces the number of participants involved in consensus and allows for quick decision-making. Validators are selected based on community votes, and poor performance or malicious behavior can lead to their replacement.