



Cryptocurrency as a New Investment Option

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ABSTRACT

This study is about an investment in crypto currency as an open option for an investor as to invest their fund in market to get a good return as share market and understand a different between a crypto world and a stock market as its totally new area for investors and this study will help them to understand the different and what is crypto as an investment option and also to make sure to get all the knowledge about block chain and how it works. We have taken some major coins to understand returns and workings of the coins. This project was through with the assistance of secondary data as research in finance subjects is completed on performance and not potential. The project selected by me is to try and do a comparative ratio analysis for the stock exchange and crypto market using various financial statements. The most intention was to group or regroup the varied figures and data to draw fruitful conclusions there from. I found that by comparing ratios of both the markets unveils why one is more efficient in its activity as compared to the opposite.

1. Introduction

This project report covers all the aspects regarding the CRYPTOCURRENCY AS A brand new INVESTMENT OPTION interpreted per standards. This project was through with the assistance of secondary data as research in finance subjects is completed on performance and not potential. The project selected by me is to try and do a comparative ratio analysis for the exchange and crypto market using various financial statements. The most intention was to group or regroup the assorted figures and data to draw fruitful conclusions there from. I found that by comparing ratios of both the markets unveils why one is more efficient in its activity as compared to the opposite. Ratios are valuable as they depict how are you utilizing and managing your resources. All and everyone it absolutely was a decent experience doing this project and can be of great help to me within the future. Crypto currencies are digital cash that is designed to be quicker, cheaper, and more reliable than our regular government-issued money. Rather than trusting a government to make your money and banks to store, send and receive it, users transact directly with one another and store their money themselves.

2. Review Papers

Saksonova (2019) The Evolution of Financial Markets and Cryptocurrencies. Cryptocurrencies are assessed as an investment vehicle in this article. Cryptocurrencies are a relatively new concept. The authors did calculations and used scientific research methodologies such as data analysis for correlation, covariance, and return on investment, as well as collecting and processing historical bitcoin rates from July 2017 to January 2018.

Darlington (2014) Through the study we analyzed bitcoin's both strong and weak sides and made conclusion about Bitcoin's future. Firstly the main issue is described as infrastructure of Bitcoin's system.

Devries (2016) Through the study, the author conducted a swot analysis to figure out Bitcoin's role in shifting economic paradigms. In step with the results of the analysis, the author claims that cryptocurrencies are still in their infancy period and it will take a time to figure out that they're going to find a sustainable place in world markets.

3. Research Methodology

The research approach used in the study is qualitative in nature, comprising of specific pragmatic observations, appropriate mathematical analysis and verifiable findings that can be generalized. To build a justifiable research framework, secondary data is used for review of literature. This study specially focuses on all the factors of existence of the diversity of cryptocurrencies as a new investment option. With the help of this study, challenges are studied and it also helps in understanding why cryptocurrency can be adopted as a new investment option. The collected data has been analysed using a statistical tool to find out the results of the research. In the present study, statistical data has been used. The numerical presentation has also been used to make effective presentation of the results of the study.

4. Objectives Of The Study:

- To identify the challenges and to study the capacity of cryptocurrency to become a part of financial system.
- To identify both the markets and study the strengths and weakness of stock market and crypto market.
- To acknowledge people about digital currency and benefits of blockchain.
- To understand the actual return of the shares and crypto-currencies.

5. Research Design

The research approach used in the study is qualitative in nature, comprising of specific pragmatic observations, appropriate numerical analysis and verifiable findings that can be generalized. To build a justifiable research framework, secondary data is used for review of literature.

Formula for Rate of Return (ROR) :

$$\text{Rate of Return} = \frac{(\text{Current Value} - \text{Original Value}) * 100}{\text{Original Value}}$$

The data collected in this study is fully secondary in nature. The research approach used in this study is qualitative in nature.

Data of Bitcoin :

DATE	CL. PRICE	OP. PRICE	% CHANGE
2019 – 2020	7196.4	3709.5	93.99%
2020 – 2021	28949.4	7196.4	302.3%
2021 - 2022	28951.7	46219.5	59.64%

Data of Ether:

DATE	CL. PRICE	OP. PRICE	% CHANGE
2019 – 2020	129.21	131.9	- 2.0394%
2020 – 2021	735.94	129.21	469.6%
2021 - 2022	3677.85	735.87	399.8%

Data of Binance Coin :

DATE	CL. PRICE	OP. PRICE	% CHANGE
2019 – 2020	13.73	6.11	124.71%
2020 – 2021	37.34	13.73	171.96%
2021 – 2022	511.7	37.33	1270.7%

Data of Solana :

DATE	CL. PRICE	OP. PRICE	% CHANGE
2019 – 2020	-	-	-
2020 – 2021	1.514	1.555	- 2.6367
2021 – 2022	169.985	1.514	11,128%

Data of Dogecoin :

DATE	CL. PRICE	OP. PRICE	% CHANGE
2019 – 2020	0.002015	0.002327	- 13.408%
2020 – 2021	0.004666	0.002015	131.56%
2021 - 2022	0.170297	0.004666	3550%

Data of USDT :

DATE	CL. PRICE	OP. PRICE	% CHANGE
2019 – 2020	1.0048	0.9995	0.5303%
2020 – 2021	1.0005	1.0095	-0.8915%
2021 – 2022	1.0000	1.0004	-0.039984%

Data of Nifty50 :

DATE	CL. PRICE	OP. PRICE	% CHANGE
2019 – 2020	12168.45	10881.7	11.825%
2020 – 2021	13981.75	12202.15	14.584%
2021 - 2022	17354.05	13996.15	23.99%

From the above calculations and computations of the Rate of Return of the currencies and Nifty50, we can observe that Crypto-currencies can be regarded as an investment option, and can be considered beneficial for its investors. Nifty50 also gave decent returns, but if we compare it with the RoR of crypto-currencies, Crypto-currencies have a great RoR as compared to that of Nifty50. Therefore, Cryptocurrency can be considered as a brand new investment option.

Tabular presentation of the Rate of Return of every Crypto-currency and Nifty50 :

YEARS	BITCOIN	ETHER	BINANCE	SOLANA	DOGECOIN	USDT	NIFTY50
2019-2020	93.99%	-2.0394%	124.71%	-	-13.408%	0.5303%	11.825%
2020-2021	302.3%	469.6%	171.96%	-2.6367%	131.56%	-0.8915%	14.584%
2021-2022	59.64%	399.8%	1270.7%	11,128%	3550%	-0.03999%	23.99%

46.Results and Conclusion

RESULTS:

- According to the aforementioned estimate of the Rate of Return of Bitcoin and Nifty50 in 2019-2020
- The ROR of Bitcoin was 93.99 percent and the ROR of Nifty50 was 11.825 percent. Bitcoin had a ROR of 302.3 percent in 2020-2021,
- While the Nifty50 had a ROR of 14.584 percent.
- The ROR of Bitcoin in 2021-2022 was 59.64 percent, whereas the ROR of the Nifty50 was 23.99 percent.
- We can see that the Rate of Return of Bitcoin has always been higher than the ROR of the Nifty50.
- According to the preceding computation, Ethereum or Ether had a negative return of – 2.0394 percent from 2019 to 2022, but it had large returns in both 2020-2021 and 2021-2022.
- In contrast, the Nifty50 returned 11.825 percent, 14.584 percent, and 23.99 percent in 2019-2020, 2020-2021, and 2021-2022, respectively.
- According to the foregoing estimates Binance Coin provided a return of 124.71 percent in 2019-2020 and 171.96 percent in 2020-2021, respectively.
- A tremendous return of 1270.7 percent in 2021-2022. Nifty50, on the other hand, delivered solid returns of 11.825 percent, 14.584 percent, and 23.99 percent.
- According to the above figures, Solana, which was founded in 2020, had a negative Rate of Return of – 2.6367 percent, but in the years 2021-2022
- Solana exhibited a tremendous improvement in RoR. It began at \$ 1.514 and finished at \$ 169.985. For 2021-2022, the rate of return was 11,128 percent. The Nifty50, on the other hand, increased decently.

7.CONCLUSION:

- In this report we look at Cryptographic money as a resource class, and dig further into whether Digital currency has a spot in individual speculation portfolios.
- Through analyzing the information viewpoint of conventional money, you'll get the benefits on Bitcoin and other cryptocurrencies and its place in a more steady and unsurprising portfolio.
- With the help of this study, challenges are studied and it also helps in understanding why cryptocurrency can be adopted as a new investment option.
- From the report we can observe that Cryptocurrency like Bitcoin, Solana, and Ether gave great returns to its investors. They can be considered as an Investment Option, and investors can earn great returns from it. It can be said that Cryptocurrency can be a part of main frame financial system.

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