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COMPARATIVE STUDY BETWEEN INVESTMENT RISK OF SHARES AND CRYPTOCURRENCY

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Introduction

1) Shares - The share market of India came into existence in the year 1875. The name of the first share trading association in India was "Native Share and Stock Broker's Association" which later came to be known as Bombay Stock Exchange (BSE).

Basically shares are introduced in the share market to raise money and profits at a large scale. The shares are given to the shareholders of the company who are the owners of the company. Companies issue shares to investors who make investments in the shares of different companies on a regular basis. Companies use this money to further develop and expand their business. The more number of shares investors invest accordingly more number of profit the companies earn. The investors can invest only in the shares which are listed means shares which are listed on the BSE(Bombay Stock Exchange) & NSE(National Stock Exchange) Index. The capital in the form of shares is known as Share Capital. Mainly two types of shares are there in which investment is made by the investors which are Equity Shares and Preference Shares. Equity shares in the form of capital is known as Equity Share Capital and Preference shares in the form of capital is known as Preference Share Capital. Shares are the easiest medium to invest in the financial market.

2) Cryptocurrency- Along with the evolution of human being the development of economy occurred. With the growth of various essential needs mankind has entered in this modern era. In this evolution three things are very important i.e. fire , will and money. In the process of development man has started

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making transactions and adopted barter system. In the primary stage of evolution of economy the money was not present in any form but in the process of development the amount of transactions increased and barter system failed in the market. For valuation of goods and services there was a need to introduce a third medium which will be accepted by all. In various stages of evolution man has accepted various forms of money. In hunter stage man used bones, skin, hair, teeth as money. In shepherd stage man used cow, bullock, goat etc as money. In agriculture stage man used wheat, rice, jawar, as money this type of money is called goods money. After sometime man had to use copper, brass and iron particles as money. After that silver and gold were used as money and from them coins were made to use as money. As the transactions increased the exchange of such coins became difficult so the paper currency was introduced. As the development took place credit money took place of paper currency. With the development of technology and IT services soon the cashless transactions came into limelight and digital money came into existence. Now virtual money which is cryptocurrency shook the economic system of the world.

Meaning-

1) Shares- A share represents a unit of ownership of the issuing company. There are various factors that may influence which way its price moves. When a company performs well and grows, its stock price tends to go up. In such cases, if you're a shareholder you can sell some of the company's stocks at a profit. Shares represent ownership of a company. When an individual buys shares in your company, they become one of its owners. Shareholders choose who runs a company and are involved in making key decisions, such as whether a business should be sold. Companies issue shares primarily to raise capital for their operations, growth, and expansion. Companies can also issue equity shares for the following reasons –

- To raise capital for various operations
- To get listed in the share market

- To gain visibility
- To expand their market reach

2) Cryptocurrency- A crypto currency, crypto-currency, or crypto is a collection of twofold data which is designed to work as a medium of exchange. Individual coin ownership records are stored in a ledger, which is a computerized database using strong cryptography to secure transaction records, to control the creation of additional coins, and to verify the transfer of coin ownership. Cryptocurrencies are generally fiat currencies, as they are not backed by or convertible into a commodity. Some crypto schemes use validators to maintain the cryptocurrency.

Crypto currency does not exist in physical form (like paper money) and is typically not issued by RBI. Cryptocurrencies typically use decentralized control as opposed to a central bank digital currency (CBDC). When implemented with decentralized control, each cryptocurrency works through distributed ledger technology, typically a blockchain, that serves as a unrestricted financial transaction database.

Bitcoin, first released in 2009, is the first decentralized cryptocurrency. Since the release of bitcoin, many other cryptocurrencies have been created.

A cryptocurrency is an encrypted data sequence that denotes a unit of currency. It is monitored and planned by a peer-to-peer network called a block chain, which also serves as a secure ledger of transactions, e.g., buying, selling, and transferring. ... Bitcoin, Ether, Litecoin, and Monero are popular crypto currencies.

Literature Review-

1) Handika et al. (2019) argued that the Asian stock market does not follow the cryptocurrency market.

2) Gil-Alana et al. (2020) had a different opinion after their empirical research on both crypto and stock markets discovered that there is no evidence of connectedness between both the markets.

3) Akyildirim et al. (2020) studied the relationship between

cryptocurrency returns and the volatility of stock market of the US and Europe and proved the inter-relationship of both markets.

4) Hachicha and Hachicha (2021) are of the opinion that different international stock market indices are moving along with the cryptocurrency market.

5) Lahiani et al. (2021) examined indices such as DAX 30, S&P 500, NASDAQ, and BSE 30 with the cryptocurrency market and found that BSE 30 had a predicting power over the cryptocurrency market.

Research Methodology-

Objectives-

1) To study the awareness about Shares and Cryptocurrency.

2) To compare the investment risk between Shares and Cryptocurrency.

Hypothesis-

H1- Awareness about shares is comparatively higher than cryptocurrency among investors.

H2- Investment risk is lower in Shares than Cryptocurrency.

Method of Data Collection-

A) Primary Data-

Primary Data was collected through Questionnaire

B) Secondary Data-

For this study Secondary data was collected through various sources like-

- Reference books on concerned topic
- Trade journals, financial newspapers, magazines
- Government agencies
- Articles published in periodicals
- Internet/ Website

› Annual reports of various firms

Sampling-

Required Sample Size†

Population Size	Confidence = 95% Margin of Error				Confidence = 99% Margin of Error			
	5.0%	3.5%	2.5%	1.0%	5.0%	3.5%	2.5%	1.0%
10	10	10	10	10	10	10	10	10
20	19	20	20	20	19	20	20	20
30	28	29	29	30	29	29	30	30
50	44	47	48	50	47	48	49	50
75	63	69	72	74	67	71	73	75
100	80	89	94	99	87	93	96	99
150	108	126	137	148	122	135	142	149
200	132	160	177	196	154	174	186	198
250	152	190	215	244	182	211	229	246
300	169	217	251	291	207	246	270	295
400	196	265	318	384	250	309	348	391
500	217	306	377	475	285	365	421	485
600	234	340	432	565	315	416	490	579
700	248	370	481	653	341	462	554	672
800	260	396	526	739	363	503	615	763
1,000	278	440	606	906	399	575	727	943
1,200	291	474	674	1067	427	636	827	1119
1,500	306	515	759	1297	460	712	959	1376
2,000	322	563	869	1655	498	808	1141	1785
2,500	333	597	952	1984	524	879	1288	2173
3,500	346	641	1068	2565	558	977	1510	2890
5,000	357	678	1176	3288	586	1066	1734	3842
7,500	365	710	1275	4211	610	1147	1960	5165
10,000	370	727	1332	4899	622	1193	2098	6239
25,000	378	760	1448	6939	646	1285	2399	9972
50,000	381	772	1491	8056	655	1318	2520	12455
75,000	382	776	1506	8514	658	1330	2563	13583
100,000	383	778	1513	8762	659	1336	2585	14227
250,000	384	782	1527	9248	662	1347	2626	15555
500,000	384	783	1532	9423	663	1350	2640	16055
1,000,000	384	783	1534	9512	663	1352	2647	16317
2,500,000	384	784	1536	9567	663	1353	2651	16478
10,000,000	384	784	1536	9594	663	1354	2653	16560
100,000,000	384	784	1537	9603	663	1354	2654	16584
300,000,000	384	784	1537	9603	663	1354	2654	16586

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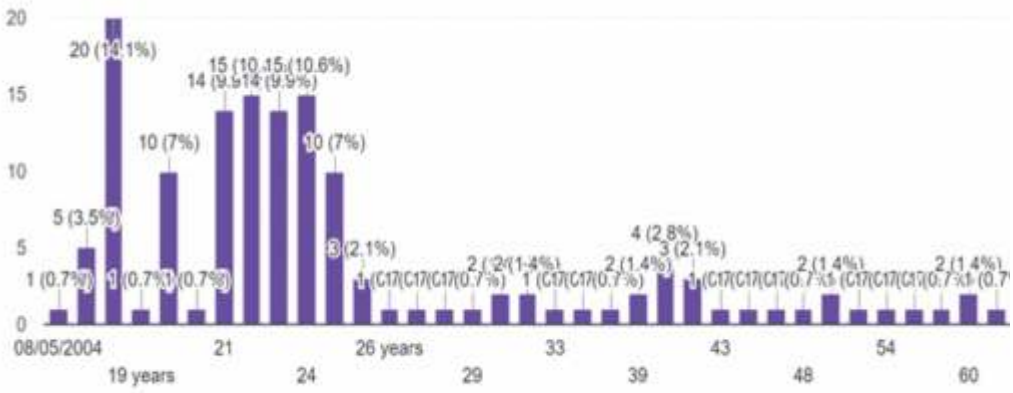
The population used in the study is infinite so as from the above table it can be observed that for infinite population the Sample size should be **384.**

Data Analysis & Interpretation-

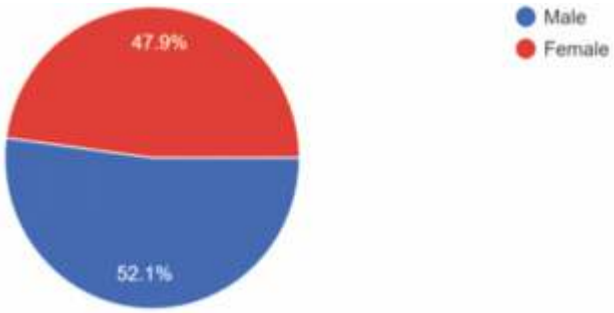
Qn.1) Age



Data Interpretation-

From the above table it can be observed that 14.9% of the population is above 20 years and only 0.7% of the population is above 60 years of age.

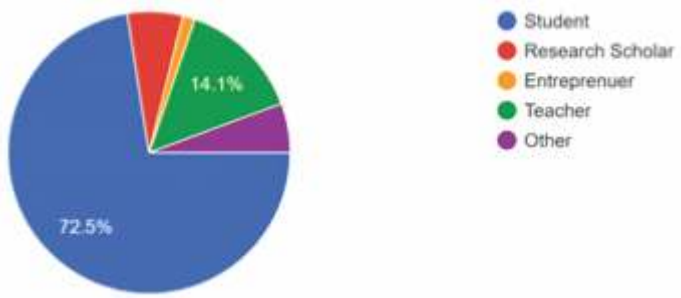
Qn. 2) Gender



Data Interpretation-

From the above chart it can be seen that 52.1% population of the total sample size is Male and 47.9% of the population is Female.

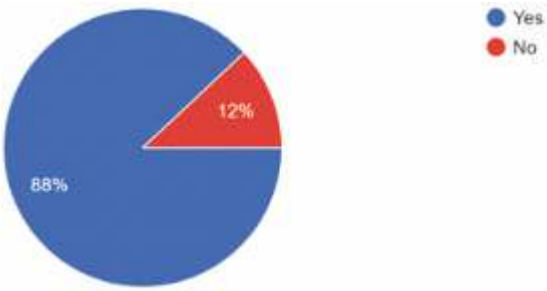
Qn. 3) Profession



Data Interpretation-

From the above chart it can be seen that 72.5% of the population are Student, 14.1% of the population are Teachers, 6.3% of the population are Research Scholar, 5.6% of the population are with Other Profession, 1.4% of the population are Entrepreneur.

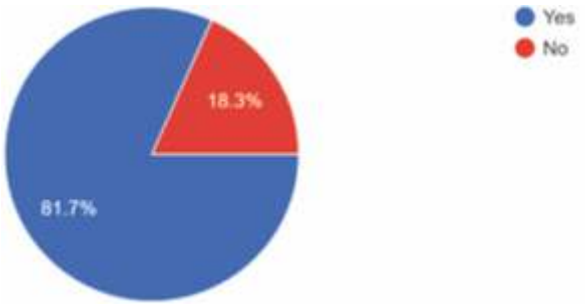
Qn. 4) Knowledge about Indian Financial System



Data Interpretation-

It can be observed from the above table that 88% of the total sample population have knowledge about Indian Financial System and only 12% of the population do not have knowledge about Indian Financial System

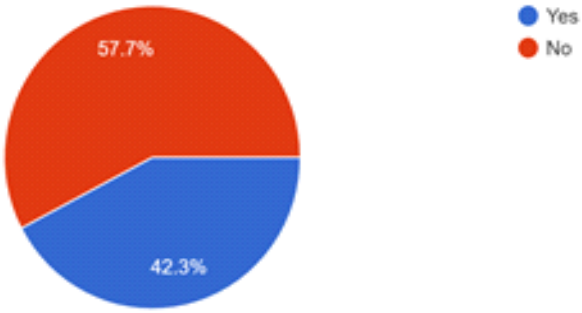
Qn. 5) Awareness about Share Market



Data Interpretation-

The above pie chart says that 81.7& of the population are aware about Share Market and 18.3% of the population are not aware about share market.

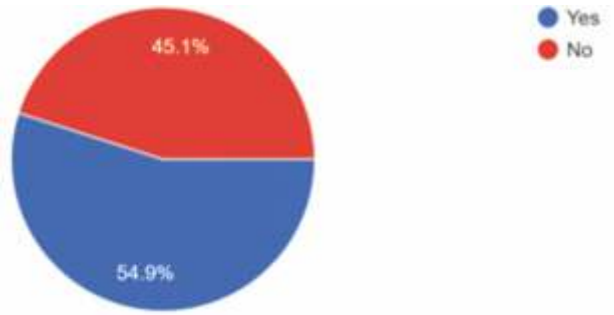
Qn. 6) Investment in Share Market.



Data Interpretation-

From the above chart it can be interpreted that 57.7% of the population invest in share market and 42.3% of the population don't invest in share market

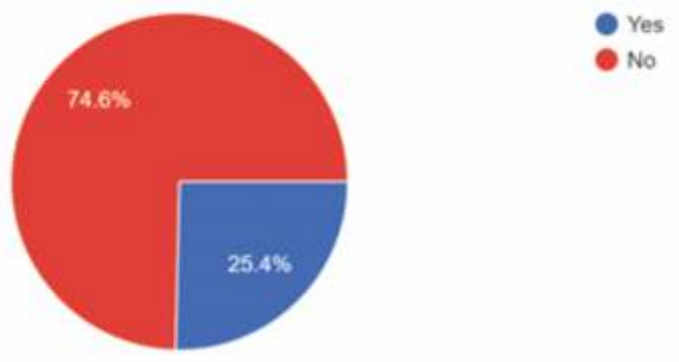
Qn. 7) Awareness about Cryptocurrency Market



Data Interpretation-

From the above it can be clearly interpreted that 54.9% of the sample population are aware about Cryptocurrency Market and 45.1% of the population are not aware about cryptocurrency market.

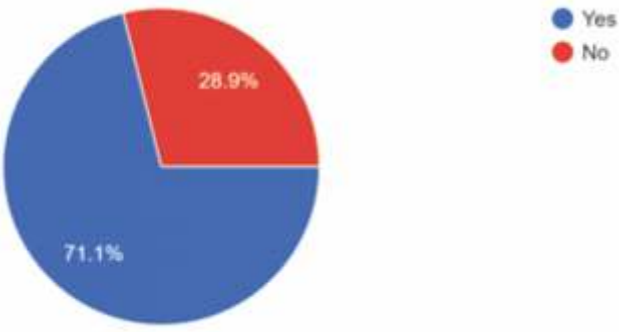
Qn. 8) Investment in Cryptocurrency



Data Interpretation-

From the above chart it is interpreted that 74.6% of population invest in Cryptocurrency Market and 25.4% of the population does not invest in Cryptocurrency market.

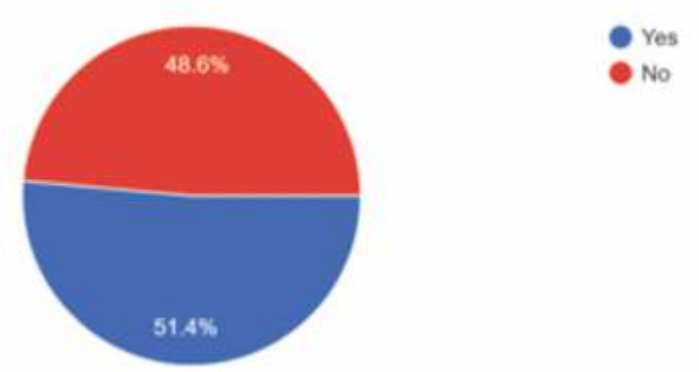
Qn. 9) Awareness about Investment risk in shares.



Data Interpretation-

It is been observed from the above chart that 71.1% of the total sample population are awareness about investment risk in shares and 28.9% of the population are not aware about investment risk in shares.

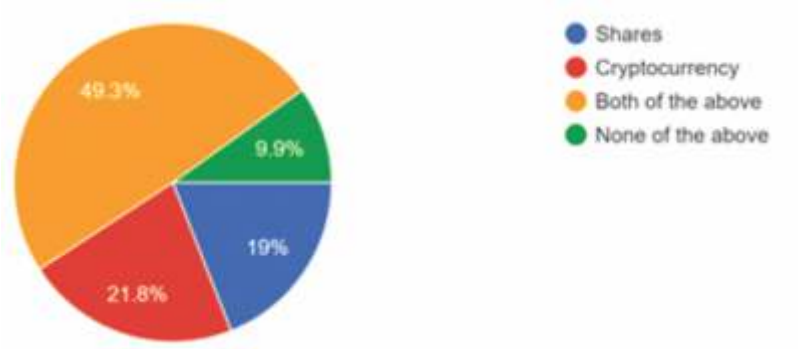
Qn.10) Awareness about Investment risk in Cryptocurrency



Data Interpretation-

From the above chart it is been observed that 51.4% of the people are aware about investment risk in cryptocurrency and 48.6% of the people from the sample population are not aware about investment risk in cryptocurrency.

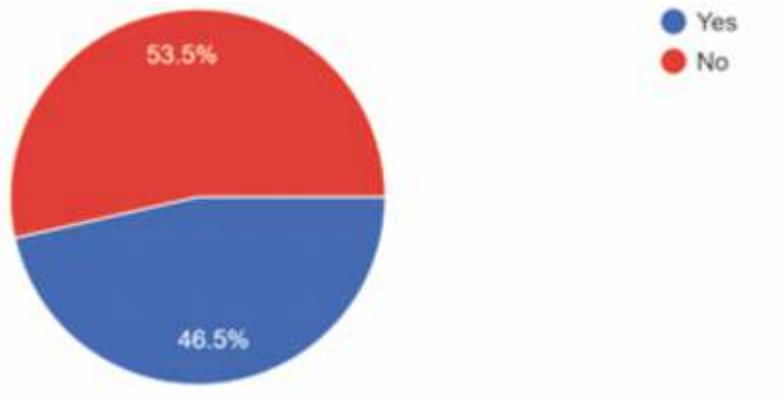
Qn.11) High Investment risk



Data Interpretation-

From the above chart it is seen that population think that 49.3% think that both Shares and Cryptocurrency have high investment risk, 21.9% think that Cryptocurrency have high investment risk, 19% of the population think that Shares have high investment risk, 9.9% of the population think that neither shares nor cryptocurrency have high investment risk.

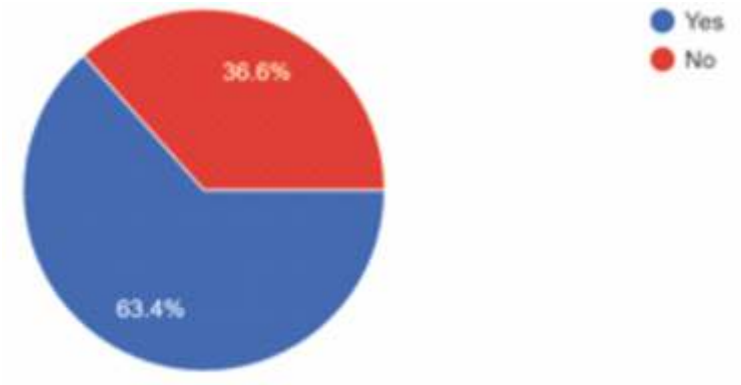
Qn.12) Relationship between Shares & Cryptocurrency



Data Interpretation-

The above chart interprets that 53.5% of the population think that there is no relation between shares and cryptocurrency and 46.5% of the population think that there is relation between shares and cryptocurrency.

Qn.13) Awareness about taxation on earnings



Data Interpretation-

The above chart says that 63.4% of the population have awareness about earnings and tax of shares and cryptocurrency and 36.4% of the population do not have awareness about tax on earnings of shares and cryptocurrency,

Conclusion

From the above data analysis it can be concluded that-

H1- Awareness about shares is comparatively higher than cryptocurrency

among investors.

- 88% of the sample size population are aware about Indian Financial System.
- 81.7% of the population are aware about Share Market
- 54.9% of the population only know about Cryptocurrency Market

Hence from the above it can be concluded that more percent of the population are aware about shares rather than cryptocurrency therefore H1 is accepted.

H2- Investment risk is lower in Shares than Cryptocurrency.

- From Question 11 of Data Analysis & Interpretation it can be concluded that 21.8% of the population think investment in cryptocurrency is more risky whereas only 19% of the population think that investment in shares is risky . Hence H2 is accepted.

Suggestion

1) Awareness about cryptocurrency market should be increased
2) Investment in both Share Market & Cryptocurrency Market should be done carefully after gaining knowledge about the same.
3) Share Market & Cryptocurrency market should be merged to lower the investment risk of investors.

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