

Should people invest in cryptocurrency?

Description

Theme:

- More and more people are now investing in cryptocurrencies. As of October 2021, <u>India has</u> the highest number of crypto owners in the world.
- The Indian government is going to introduce â?? The Cryptocurrency and Regulation of Official Digital Currency Billâ??, 2021 in Parliamentâ??s winter session to regulate cryptocurrencies.

Pros of investing in cryptocurrencies:

- <u>Metaverse</u>, a 3D virtual world is considered the future of the internet by some experts. All the financial transactions in Metaverse happen using cryptocurrencies. So, the value of the best cryptocurrencies may increase continuously.
- Cryptocurrencies have several advantages such as reduced interference from governments, faster transactions etc. So, the investments in cryptocurrencies will increase. More investments result in an increase in value, which makes investments in cryptocurrencies profitable.
- Blockchain technology, which is behind cryptocurrencies has so many advantages and is expected to revolutionize many sectors. Investments in cryptocurrencies will <u>support the</u> developments in <u>blockchain technology</u>.

Cons of investing in cryptocurrencies:

- The value of cryptocurrencies is <u>highly volatile</u> (volatility means the price of an asset is not constant). That means investing in them is very risky.
- Over the past few months, many new cryptocurrencies are released on the market. The source code of Bitcoin, the first-ever cryptocurrency is publicly available. So, anyone can make a replica of it and can release it in the market by giving it a new name. Most of them are useless and has no value. Many people are investing in these coins after seeing the

increase in value. But after a while, the makers will sell all their coins to make money and that leads to falling of the value drastically. This type of scam is now a common phenomenon. They are called a??shitcoinsa??.

- Reserve Bank of India (RBI) stated that increasing investments in cryptocurrencies may pose <u>a threat to macroeconomic stability</u>. Because of the fluctuations of cryptocurrencies value, economic stability will be affected negatively.
- Unlike gold, <u>cryptocurrencies do not have any intrinsic value</u>. Is the value of gold drops, we can utilize the metal for many purposes such as using it in electronics, making jewellery, using it in the medical field etc. But if the value of cryptocurrencies drops to zero, we will be left with nothing.

Conclusion:

Investments in cryptocurrencies will support innovations in the new technology. But that doesnâ??t guarantee returns. Investing disposable income in cryptocurrencies may not be that bad but investing savings in cryptocurrencies is very risky as of now. As the investments in cryptocurrencies are increasing, the Indian government is thinking of regulating cryptocurrencies, which may reduce crypto scams.

Your Turnâ?!

Whatâ??s your take on cryptocurrencies? Do you want to invest in them? Express your thoughts through the comment section below. And subscribe to our blog to read answers to the trending GD topics.

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