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# A Study Of Equity Analysis Of Mobile Networks

**S. ELAVARASAN**

**REASEARCH SCHOLAR**

**DEPARTMENT OF COMMERCE**

**VISTAS**

**PALLAVARAM ,**

**CHENNAI-600 117.**

**CORRESPONDING AUTHOR**

**Dr. M.KAVITHA**

**M.Com, M. Phil, MBA, PH.D, SET.,**

**PG PROFESSOR &REASEARCH GUIDE**

**DEPARTMENT OF COMMERCE**

**VISTAS**

**PALLAVARAM ,**

**CHENNAI-600 117.**

**E - Mail Id : kavitha.sms@velsuniv.ac.in**

 

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## INTRODUCTION

The network communication plays a major role in global interaction. In the network interaction India plays the status of second largest telecom network in the world by holding 1 million subscribers to 881.40 million subscribers as of October 2011. Usage of mobile network by lower and middle class people increased by reducing the reducing the mobile network subscribing tariff form Rs 14 to Re 1. The world telecommunication industry agrees India will have 1.200 billion subscribers by 2013 and global consultancies point out India exceeds chine's mobile network subscriber's count in 2013. The Indian government by permitting spectrum operators clears the issue of signal clarity and develops the subscribers benefit. The healthy competition between different mobile network service providers create the mobile number portability, value added service, voice message, MMS, SMS, unbreakable signals, scheme changes, easy to recharge, other comfortable and satisfactory service to the mobile network subscribers. The mobile network service providers ready to serve their subscribers anywhere at any time to retain the existing subscribers and to earn a new subscribers. By knowing the preference and buying behaviour of consumers the mobile network service providers can develop the promotional method to survive in the competitive market.

### IMPORTANCE OF THE STUDY

What services are provided by the various mobile providers now a days and how they can provide better service to the subscribers and to understand aspects of customers views and satisfaction and this study is conducted to understand the behaviour and preference of mobile phone services by mobile users in the study area.

### OBJECTIVES OF THE STUDY

To study the consumer preference and satisfaction in mobile networks

To examine the factors associated in preference towards mobile network

 

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To analyse the expectation of customers

To suggest measures to reduce the dissatisfaction

**HYPOTHESSES**

H0: There is no impact of market returns on the returns of telecommunication sector.

H1: There is a positive impact of market returns on the returns of telecommunication sector

**THEORTICAL FRAME WORK AND ANALYSIS**

• To understand the concept of equity analysis and gain a practical knowledge

• To know the present scenarios of telecom sector

• To give suggestions based on findings.

• To suggest the investors whether to choose the telecom sector to invest to earn appropriate profits.

• To analyze the risk and return involved with telecom sector.

**UNIT PROFILE**

India is currently the world's second largest telecommunications market with a subscriber base of1.05 billion and has registered strong growth in the past 10 years. The telecom sector in India is increasing rapidly and contributing towards India's gross domestic product.

**Idea**

Idea cellular is an aditya Birla company. Idea is one of the top three operators in India with an annual revenue in excess of USD 5 billion and a market share of 19% with nearly 200 million

 

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subscribers. It ranks sixth in global rankings of operators. Idea won the prestigious telecom awarding 2017 for best enterprise mobility solution. Idea cellular ltd incurred a loss as intense competition in the telecom sector continued to hurt. It is selling its telecom tower to reduce debt, which posted a loss of RS 1107crores in quarter ended 30 september2017.

**Airtel**

Bharat airtel limited is a global telecommunication company which operates in 16countries.its headquarters is located at new Delhi. It provides 3G and 4G mobile services and voice services. It is the third largest mobile operator in the world which was headed by Sunil mittal.

**Reliance Jio**

Reliance Jio, the world's biggest startup, and India's richest man MukeshAmbani's telecom baby, was born in late 2016. With the launch of Jio services, India's telecom story was re-written. Country's incumbent and biggest operators – Bharti Airtel, Vodafone India and Idea Cellular – were caught unawares, and they were yet to fathom what was in store for them in the coming times.

## ANALYSISAND DISCUSSION

In order to fulfil the objectives the study used both primary and secondary data are used. The secondary data are collected through books, reports newspapers, and internet etc. The primary collected through the questionnaire in a survey method. The sampling method adopted for the study is convenient sampling.128 questioners are distributed through emails and in person but 104 questioner is taken for the study as few questioners were found not fully answered by the respondents. Due to the difficulties in summarizing the data computer is used to simplify the task. The software viz., SPSS version --- is used for the statistical calculation. The statistical tools like frequency table, mean and standard deviation, chi-square, two way analysis are used.

 

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Primary Data: The structured questionnaire is used to collect the primary data.The information collected directly from the company and processes in a required manner is called as primary data.

Secondary Data: Secondary data is collected by referring related books, journals, websites and magazines. The data have been collected from journals like impact journals, books like Donald E. Fischer and Ronald J.Jordan and BSE official website and integrated websites of telecommunication.

Mean

Mean is the average of the number.It is the most common and best general purpose for the midpoint of a set ofvalues. Mean is calculated by using following formula

$\bar{X} = \Sigma x/N$

Where, $\bar{X}$= mean

$\Sigma x$= symbol for summation scores.

N = number of scores

Standard deviation

It is a statistical tool. It is applied to the annual rate of returns of an investment so that it reveals the historical volatility of that investment. The greater the standard deviation of a security, the greater the variance between each price and mean. Standard deviation can be calculated by using the following formula

$\sigma = \text{sqrt}\ [\Sigma(Xi - \mu)2 / N]$

Where

$\sigma$ = Standard deviation

X = each value in population

$\mu$ =mean

 

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N = Number of values

Beta

The systematic risk of a security is measured by a statistical measure called beta. The input data required period for the calculation ofbeta.The historical data of returns of individual securities as well as the returns of representative stock market indices.

**Research Methodology:**

A sizeable proportion of this study was accomplished through surveys of industry experts, industry veterans, public databases, research articles and other literature in this regard.

The first objective was attained through a study of the information given by Telecom Regulatory Authority of India, Department of Telecommunication and other public databases.

The second research objective was attained through a study of collusion, cooperation and competition models present in Economic Thought and modeling of the same to the Indian context. The objective is to establish presence of competition and comment on how it is conducted and suggest an equilibrium solution in the Indian context.

The third research objective was attained through attainment of recommendations and opinions of the authorities on the subject including industry experts and industry veterans. Focus was also given to secondary databases such as the academic papers, research articles and surveys conducted by third parties, on the industry. Use was also made of information derived from articles, journals, newspapers, company website for the case study on Jio.

**Scope of Future**

Revenues from the telecom equipment sector are expected to grow to US$ 26.38 billion by 2020. The number of internet subscribers in the country is expected to double by 2021 to 829 million and overall IP traffic is expected to grow 4-fold at a CAGR of 30 per cent by 2021. The Indian Government is planning to develop 100 smart city projects, where IoT would play a vital role in development of those cities.

 

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The National Digital Communications Policy 2018 has envisaged attracting investments worth US$ 100 billion in the telecommunications sector by 2022. The Indian Mobile Value-Added Services (MVAS) industry is expected to grow at a CAGR of 18.3 per cent during the forecast period 2015–2020 and reach US$ 23.8 billion by 2020. App downloads in India are expected to increase to 18.11 billion in 2018F and 37.21 billion in 2022F.Exchange Rate Used: INR 1 = US$ 0.0142 as of Q2 FY19.

**Todays report**

Competition in the telecom industry, which has led to consolidation in the sector, is unlikely to abate in the coming quarters, as MukeshAmbani-controlled Reliance JioInfocomm Ltd continues to focus on subscriber acquisition and retention, according to recent reports from top equity research firms.

Jio’s ambition to gain and retain subscribers was evident in its aggressive pricing at the beginning of the year and the firm’s current move to extend Jio Prime benefits for no fee, said a 2 April Morgan Stanley research report on the Indian telecom sector.

Reliance Jio had on 30 March extended membership for the 175 million existing users of the Jio Prime loyalty programme for another year for free. Jio Prime membership costs Rs99 for new members. Jio Prime membership gives registered Reliance Jio users access to a suite of applications and services for free, including live TV channels, movies and music, higher data benefits as well as lower tariffs.

“Clearly, Reliance Jio’s focus continues to be on subscriber acquisition and retention in the near term," the Morgan Stanley report said, adding, “Charging prime fee for existing users could have possibly resulted in some subscriber churn for Reliance Jio."

Morgan Stanley expects a 7% impact on Reliance Jio’s earnings before interest, taxes, depreciation, and amortization (Ebitda) for financial year 2018-19, from extending Prime benefits to its existing subscriber base. Reliance Jio, which currently has over 175 million customers, doubled its telecom market share to 13.71% as on 31 December 2017, from 6.40% a year ago, regulatory data shows. A Reliance Jio spokesperson said most of its customers are Jio

 

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Prime members and non-Prime members account for a negligible part of the company's subscriber base.

A report by Citi Research on 1 April said the competitive intensity of the telecom sector is unlikely to abate anytime soon. "As the industry consolidates owing to smaller telco closures, we expect the top 3 telcos to continue to focus on grabbing subscriber share," said the Citi Research report on India Telecom."While the latest announcement from Jio doesn't indicate another flare-up on pricing (it is broadly along expected lines), we think a pricing recovery is unlikely in the near term," it added.Meanwhile, leading incumbents like Bharti Airtel Ltd and Idea Cellular Ltd/Vodafone India Ltd have continued to match Reliance Jio's tariffs for its existing 4G (fourth generation) users via segmented offers.

"Jio's pricing moves in the month of January 2018, impact of international termination rate (ITR) cut effective February 1, 2018, and continued ARPU (average revenue per user) downtrading are likely to reflect in another quarter of sharp sequential revenue decline for the incumbents," said a Kotak Institutional Equities report on Telecom (India) dated 2 April. We expect the January-March 2018 quarter to be another weak quarter for the wireless incumbents, the report said, adding that the brokerage expects a 8-9% quarter-on-quarter decline in ARPU for Bharti Airtel and Idea Cellular. "Jio's pricing moves in the month of January 2018, even as the incumbents (barring Bharti to some extent) have not responded with headline price cuts, each of them has been forced to cut prices selectively," the Kotak Institutional Equities report said, adding that the brokerage ARPU forecast for Bharti Airtel and Idea Cellular for Jan-March 2018 quarter stands at Rs115 (down 8.6% on quarter) and Rs104 (down 9% on quarter) respectively. "While Jio continues to add subscribers and the Jio Phone would allow it to gain a larger share of the lower end ARPU market, the focus has now shifted to monetizing the high-end subscriber base beyond the telecom tariffs," the JP Morgan report said.

## FINDINGS AND CONCLUSION

 

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From the above study we can conclude that equity analysis is an appropriate method to measure the relationship between market returns and telecom sector returns. This study helps the investors to ascertain the risk involved with each selected company and market returns and impact of market returns with other companies because it analyses the returns on the basis of price fluctuation. This study also explained the relation among selected companies. Even though this study helps the investors in decision making they should also concern some internal forces of companies which would impact positively or negatively on share prices while making investment decisions.

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