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## **A STUDY ON FUNDAMENTAL ANALYSIS OF INDIAN TELECOM COMPANIES**

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# A Study on Fundamental Analysis of Indian Telecom Companies

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**Abstract – The Indian telecom industry undergo an elevated velocity of market liberalization and enlargement since 1990s and now has turn out to be the world's most competitive and one of the fastest growing telecom markets. The Industry has full-grown over twenty times in just ten years, from under 37 million subscribers in the year 2001 to over 846 million subscribers in the year 2011[5].**

**Keywords: Telecom Industry, Markets, Technology, Liberalization**

## INTRODUCTION

India has materialized as one of the main and fast rising wealth of the world. Even in the time of downturn, Indian economy has shown substantial resistance leading to growth across the board when a lot of regions of the world had shown significant decline in enlargement. The far-reaching measures introduced by the Government of India over the past decade to liberalize the Indian market have helped the business and regulatory environment to fruitfully move towards greater transparency and efficiency. Services sector has been the primary engine for this development. Telecom commerce is one of the best mounting sectors of Indian economy with important contribution from the private sector. The telecom sector can be divided into basic (fixed), mobile and internet services [6].

The growth in demand for telecom services in India is not limited to basic telephone services. India has witnessed rapid growth in cellular, radio paging; value added services, internet and global communication by satel item (GMPCS) services. The agents of change, as observed from international viewpoint, have been generally categorized into economic structure, competition policy and technology. Economic reforms and liberalization have driven telecom sector through several transmission channels of which these three categories are of major significance.

## REVIEW OF LITERATURE:

World Telecommunication Development Report (2002) [2] explains that network expression in India was accompanied by an increase in productivity of telecom staff measured in terms of ratio of number of main lines in operation to total number of staff. Indian Telecommunication Statistics (2002) [3] in its study

showed the long run trend in supply and demand of Direct Exchange Lines (DEL). Potential demand for telecom services is much more than its supply. In eventful decade of sect oral reforms, there has been significant growth in supply of DEL. Economic Survey, Government of India (2002-2003) [4] has mentioned two very important goals of telecom sector as delivering low-cost telephony to the largest number of individuals and delivering low cost high speed computer networking to the largest number of firms. The number of phone lines per 100 persons of the population which is called teledensity, has improved rapidly from 43.6 in March 2001 to 4.9 in December 2002.

## Studies related to growth and developments in Indian telecom sector

According to Wellenius and Stern (2001) [1] information is regarded today as a basic factor of production, alongside assets and labor. The information economy accounted for one-third to one-half of gross domestic product (GDP) and of employment in association for financial cooperation and Development (OECD) countries in the 1980s and is expected to reach 60 percent for the European Community in the year 2000.

## VSNL (Videsh Sanchar Nigam Limited) 16th Annual Report (2002) [7]

India like a lot of other nations has adopted a regular approach to telecom sector reform throughout selective privatization and managed rivalry in dissimilar segments of the telecom sector. India introduced private rivalry in value-added services in 1992 followed by opening up of cellular and basic services for local area to rivalry.

### Indian Telecommunication Statistics (2002) [8]

In its study demonstrated the long run tendency in supply and demand of DEL (Direct Exchange Lines). Potential insist for telecom services is much further than its supply. In exciting decade of sectoral reforms, there has been important growth in supply of DEL.

#### Three phases of fundamental analysis

- 1) Understanding of the macro-economic atmosphere and growth
- 2) Analyzing the forecast of the industry to which the firm belongs
- 3) Assessing the projected recital of the corporation

The three phase examination of fundamental psychoanalysis is also called as an Economy-Industry-Company analysis (EIC) framework or a top-down approach-

Financial analyst first makes forecasts for the economy, then for industries and finally for companies. The industry forecasts are based on the forecasts for the economy and in turn, the company forecasts are based on the forecasts for both the industry and the economy. Also in this approach, industry groups are compared against other industry groups and companies against other companies. Usually, companies are compared with others in the same group. For example, a telecom operator (Spice) would be compared to another telecom operator not to an oil company.

#### The fundamental analysis is a 3 phase analysis of

- a) The economy
- b) The industry and
- c) The company

Analysis	Purpose	Tools and techniques
Economic Analysis	To evaluate the general economic circumstances of the nation.	Economic indicators
Industry Analysis	To evaluate the prediction of a variety of industry groupings.	Industry life cycle analysis, Competitive analysis of industries etc.
Company Analysis	To analyze the Financial and Non-financial aspects of a corporation to determine whether to buy, sell or hold the shares of a company.	Analysis of Financial aspects: Sales, Profitability, EPS etc. Analysis of Non-financial aspects: management, corporate image, product quality etc.

### CONCLUSION:

In this paper we found that speculation is usually illustrious from assumption in terms of three factors, namely risk, capital gains and time period. Betting is the tremendous form of speculation. Investors may be individuals or institutions. The optimal of financial soundness is could be achieve by company that manage the tradeoff between liquidity and solvency management [5].

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