

# TELECOM INDUSTRY ANALYSIS

**Priya P**

Student JAIN(Deemed-to-be University), Bengaluru. [priyareddy972sp@gmail.com](mailto:priyareddy972sp@gmail.com)

**Sarvikasree K S**

Student JAIN(Deemed-to-be University), Bengaluru. [sarvikaks@gmail.com](mailto:sarvikaks@gmail.com)

**Veena Ramakrishnan**

Student JAIN(Deemed-to-be University), Bengaluru. [veenaramakrishnan04@gmail.com](mailto:veenaramakrishnan04@gmail.com)

**Balaji Raj PM**

Student JAIN(Deemed-to-be University), Bengaluru. [rajbalaji720@gmail.com](mailto:rajbalaji720@gmail.com)

## ABSTRACT

*The telecommunications industry in India has experienced rapid growth over the past few decades, with the country now being the world's second-largest telecommunications market by number of subscribers. The industry has been a key driver of India's economic growth, creating millions of jobs and contributing significantly to the country's GDP. This abstract provides an overview of the Indian telecommunications industry, covering its history, growth, and current state. It examines the key players in the industry. Overall, the telecommunications industry in India is a critical sector for the country's economic development and is poised for further growth in the coming years. This paper explains the share price details and their role in the market for the company. This paper chooses some of the companies working in India and their market strategies, their positions. The paper also has a detailed study of the technical analysis of the share price of the companies which gives a better understanding of the market and the volatility for the share and how well the company is performing. Telecommunication industry is not just about the communication sector but also includes broadband service companies and the television channel companies too. This paper might help with the decision of whether to make an investment in the companies of the telecommunication industry.*

**KEYWORDS:** telecommunication, broadband services.

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## INTRODUCTION

Telecommunications, or telecom, is a vast and constantly evolving field that involves the transmission of information over long distances via various technologies such as phone lines, satellite systems, and the internet. The industry includes a wide range of services, from traditional voice communication to data services, video streaming, and cloud computing.

Telecom companies are major players in the stock market due to their widespread and essential services. The telecommunications industry has historically been characterized by steady growth and reliable dividends. Shares in the telecom sector can be a good investment option for those looking for stable long-term returns. The industry is known for its high barriers to entry, which provides a relatively secure and stable investment opportunity. However, investing in telecom stocks comes with risks, as companies face regulatory challenges, competition, and technological disruption. Moreover, telecom companies are capital-intensive, requiring significant investments in infrastructure and technology to stay competitive. Investors should conduct thorough research

before investing in telecom stocks, analyzing a company's financials, growth prospects, and competitive positioning.

## OBJECTIVES

Some common objectives of telecom industry could include:

- Understanding the current state of the telecom industry.
- Analyzing the impact of technology on the industry.
- Identifying challenges and opportunities.
- Providing recommendations for industry stakeholders.

## REVIEW OF LITERATURE

**(Jhamb, Mittal & Sharma, 2020)** The study looked at the discrepancy between consumer expectations and perceptions of service quality in Delhi NCR, India's telecom sector. Results revealed reliability and responsiveness gaps, which had an effect on customers' behavioural intentions. In addition to influencing service providers' objectives, closing these gaps can increase consumer satisfaction and loyalty.

**(Mathai & Jeswani, 2021)** The study looks at how well print media marketing works for the Indian telecom industry in the cutthroat digital era. In order to retain customers, findings point to the necessity of integrating print media with digital and social media. Furthermore discussed are implications and potential directions for future research.

**(Agarwal, Sharma & Ramanan, 2021)** This descriptive study examines the causes of stress and debt in the Indian telecom sector. The issues facing the sector have been exacerbated by elements including intense competition, excessive bidding at spectrum auctions, taxes, and disruptive pricing by Reliance Jio. The analysis emphasises the necessity for cautious policy implementation and regulation in the vulnerable telecom sector.

**(RM, 2020)** Customer turnover is a problem in India because there are numerous cellphone operators. Operators want an automated technology to precisely estimate possible customer churn and implement retention strategies in a timely manner to stop customers from transferring to other operators as a result of pricing, call quality issues, or subpar customer service.

**(Roy, 2022)** This article describes a study on customer satisfaction in the Indian states of West Bengal and Assam's telecoms industry. A structured questionnaire was used to collect data from a sample of respondents, and SPSS and Smart PLS 3.2.3 were used to analyse the results. The findings revealed that while organisational competence and efficiency had little bearing on customer satisfaction, service and price range did.

**(Kavitha et.al, 2020)** To forecast and lower customer turnover, which affects revenue and service length, the telecoms sector uses machine learning algorithms including Decision Tree, Random Forest, and XGBoost. Telecom firms can increase profitability by retaining customers and minimising churn.

**(Singh, Mishra & Farooq, 2020)** Since the National Telecom Policy was introduced in 1994, the Indian telecoms sector has experienced rapid expansion. According to a study, while knowledge of the Department of Telecommunications (DoT) and the cost-effectiveness of telecom services is higher, knowledge of the Telecom Regulatory Authority of India (TRAI) is lower. However there are differences in affordability among genders, age groups, and educational levels, indicating a need for more awareness and unique pricing options for female customers.

**(Hidayat, Mahardiko & Alaydrus, 2020)** Due to its vast region, mobile telecommunications rollout in Indonesia is behind schedule. The article provides information on revenue growth and the quantity of Base Transceiver Stations (BTSs) for 2G, 3G, and 4G technologies, and also makes predictions about future growth. Despite an increase in 4G deployment, 2G networks are still actively used and generate a sizable amount of income. This

makes it difficult to shut down 2G networks anytime soon.

(Talukdar & Chowdhury, 2020) The Indian telecommunications sector has experienced rapid growth and competition, raising user expectations. Customer Relationship Management (CRM) is a tool used to boost customer satisfaction and retention. Although some people question its efficacy, the impact of CRM varies depending on the client demographics. It is advised to conduct further research across India with customers from a variety of backgrounds in order to fully comprehend how CRM may enhance service quality.

(Deo, 2017) India's telecom sector is expanding quickly and presently holds the second-largest market share worldwide. It makes a sizable contribution to the GDP of the nation and is predicted to generate millions of employment by 2020. Yet, the industry also has to contend with restrictions imposed by the government and client requests for better customer service.

## RESEARCH METHODOLOGY

This research focuses on the study of Secondary data collected from different Journals, research paper publications from different websites related to the power industry and technical analyses of industries under the power sector.

## ANALYSIS AND INTERPRETATION

### ZEE ENTERTAINMENT

#### Moving Average:

<u>Period</u>	<u>Simple</u>	<u>Action</u>	<u>Exponential</u>	<u>Action</u>
MA5	233.46	Sell	235.26	Sell
MA10	245.99	Sell	242.89	Sell
MA20	255.69	Sell	247.19	Sell

A moving average is a technical indicator that investors and traders use to determine the trend direction of securities. Moving averages help technical traders to generate trading signals.

#### Relative Strength Index (Momentum Oscillators):

<u>Name</u>	<u>Value</u>	<u>Action</u>
RSI	31.613	Sell

It is a momentum indicator used to identify overbought or oversold conditions in the stock. Time period generally considered is 14 days. RSI reading below 25 is interpreted as oversold. RSI between 25 & 45 is interpreted as a bearish condition.

#### Resistance and Support (Pivot Points):

<u>Name</u>	<u>S3</u>	<u>S2</u>	<u>S1</u>	<u>Pivot Points</u>	<u>R1</u>	<u>R2</u>	<u>R3</u>
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Classic	222.34	223.17	223.59	224.42	224.84	225.67	226.09
Fibonacci	223.17	223.65	223.94	224.42	224.90	225.19	225.67
Camarilla	223.66	223.77	223.89	224.42	224.11	224.23	224.34
Woodie's	222.12	223.06	223.37	224.31	224.62	225.56	225.87
DeMark's	-	-	223.38	224.31	224.62	-	-

Support represents a low level a stock price reaches over time, while resistance represents a highlevel a stock price reaches over time.

**ZEE TECHNICAL ANALYSIS:**

<b><u>Title</u></b>	<b><u>Actions</u></b>
Moving Averages	Strong sell
Momentum Oscillators	Strong sell
Trend Oscillators	Strong sell
Volatility	Strong sell



**VODAFONE IDEA LTD****MOVING AVERAGES**

Period	Simple	Exponential
MA5	7.33 Sell	7.18 Sell
MA10	7.69 Sell	7.58 Sell
MA20	8.20 Sell	7.97 Sell

Investors and traders use a moving average as a technical indicator to identify the direction of a security's trend. Technical traders can create trading signals with the aid of moving averages. A rising MA will indicate a rise in prices generally, while a declining MA will observe a drop in the general level of prices. The stock is going in an upward direction because to VODAFONE IDEA LIMITED's rising price.

**RELATIVE STRENGTH INDEX (MOMENTUM OSCILLATORS)**

Name	Value	Action
RSI	52.22	Sell

It is a momentum indicator used to identify overbought or oversold condition in the stock. Time period generally considered is 14 days. RSI reading below 25 is interpreted as oversold. RSI between 25 & 45 is interpreted as a bearish condition. Hence it is sold.

**Resistance and Support (Pivot Points)**

Type	R1	R2	R3	PP	S1	S2	S3
Classic	6.18	6.27	6.33	6.12	6.03	5.97	5.88
Fibonacci	6.17	6.21	6.27	6.12	6.06	6.02	5.97
Camarilla	6.11	6.13	6.14	6.12	6.09	6.07	6.06

Support represents a low level a stock price reaches over time, while resistance represents a high level a stock price reaches over time.

**TECHNICAL ANALYSIS**

Title	Action
Moving Averages	Strong Sell
Momentum Oscillators	Strong Sell
Trend Oscillators	Strong Sell
Volatility	Strong Sell

**TATA COMMUNICATIONS**

**Moving Averages**

Period	Simple	Exponential
MA5	1248.03 Buy	1254.33 Buy
MA10	1260.64 Sell	1262.60 Sell
MA20	1285.51 Sell	1283.50 Sell

- Simple Moving Average is basically a technical indicator and it will determine if an asset will continue or if it will reverse a bull or bear trend.
- Here, according to the MA of 5 days, it is recommended to buy the share while in 10 or 20 days it is recommended to sell.
- Exponential Average is a technical indicator used to produce buy and sell signals.
- According to the MA of 5 days, it is recommended to buy the share while in 10 days or 20 days it is recommended to sell.

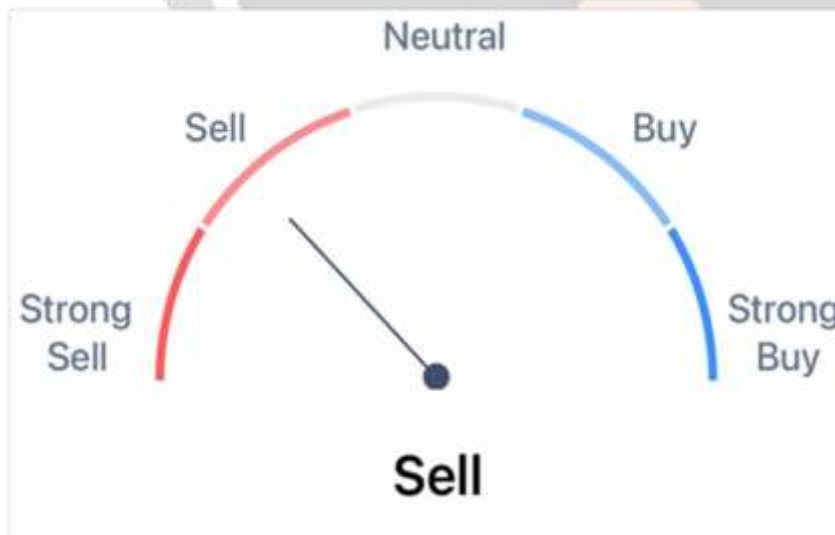
**Resistance and Support (Pivot Points)**



Pivot	Classic	Fibonacci	Camarilla	Woodie	DM
S3	880.95	1081.75	1219.23	1006.80	—
S2	1081.75	1158.46	1237.64	1096.50	—
S1	1178.10	1205.84	1256.04	1207.60	1129.93
P	1282.55	1282.55	1282.55	1297.30	1258.46
R1	1378.90	1359.26	1292.86	1408.40	1330.73
R2	1483.35	1406.64	1311.26	1498.10	—
R3	1684.15	1483.35	1329.67	1609.20	—

- Support - It shows a downward trend. Here, the prices will fall down because there is an excess of supply over demand. Lower the price, the more the share price becomes attractive.
- At S3, the prices will stop falling give a support to the prices,
- Resistance - It is the opposite of Support. Prices move up as there is more demand than supply.
- At R3, the prices stop going up from that given price as they have reached the maximum price that the stock can reach.

**Tata Technical Analysis**



According to the technical analysis, tata communication stocks are better to be sold now as we see a downward trend according to the share prices.

**BHARTLAIRTEL****BHARTLAIRTEL TECHNICAL ANALYSIS**

<b>Title</b>	<b>Actions</b>
<b>Moving Averages</b>	<b>Strong sell</b>
<b>Momentum Oscillators</b>	<b>Strong sell</b>
<b>Trend Oscillators</b>	<b>Strong sell</b>
<b>Volatility</b>	<b>Strong sell</b>

**MOVING AVERAGES**

<b>Period</b>	<b>Simple</b>		<b>Exponential</b>	
<b>MA10</b>	<b>807.49</b>	<b>Sell</b>	<b>793.19</b>	<b>Sell</b>
<b>MA20</b>	<b>803.99</b>	<b>Sell</b>	<b>788.59</b>	<b>Sell</b>
<b>MA30</b>	<b>772.02</b>	<b>Buy</b>	<b>776.06</b>	<b>Sell</b>

A moving average is a technical indicator that investors and traders use to determine the trend direction of



securities. Moving averages help technical traders to generate trading signals. An increasing MA will point towards an overall price increase, while a decreasing MA will recognize a decrease in the overall price level.

**RELATIVE STRENGTH INDEX (MOMENTUM OSCILLATORS)**

Name	Value	Action
RSI	43.0	Neutral

RSI is 43.0, RSI below 30 is considered oversold and above 70 overbought

It is a momentum indicator used to identify overbought or oversold condition in the stock. Timeperiod generally considered is 14 days.

**RESISTANCE AND SUPPORT (PIVOT POINTS)**

Pivot	Classic	Fibonacci	Camarilla	Woodie	DM
S3	301.53	533.33	742.35	458.55	—
S2	533.33	621.88	763.60	543.65	—
S1	669.72	676.59	784.85	690.35	717.42
P	765.13	765.13	765.13	775.45	788.99
R1	901.52	853.68	827.35	922.15	949.22
R2	996.93	908.39	848.60	1007.25	—
R3	1228.73	996.93	869.84	1153.95	—

**Support represents a low level a stock price reaches over time, while resistance represents a high level a stock price reaches over time**



**Technical analysis of Bharti airtel tells that it is in a neutral state, which tells that the stock can be bought or sold and the profit and loss margins will be minimal with any decision.**

## SUGGESTIONS

The appropriate suggestion from all the technical analysis is that the telecommunication industry is not a very volatile industry in terms of share price performance. If we check the chosen stock prices of the company here, it represents that there is not much fluctuation in the daily prices of the shares, there is not much risk in these stocks. As the risk factor is very minimal in these stocks, the profit margin is also directly affected. This says that both the risk factor and the profit margins are very minimal. These stocks can be named as safe playing stocks. Having them in a portfolio does not provide anything much. The share value may increase in the future as the company's performance and their ability to cope up with the market. The only example here which does not fit to the suggestion is VI which is a merger of Vodafone and Idea. Their share prices have a record of falling low. So the suggestion here would be not to invest in Vodafone Idea. Suggesting about other company stocks of telecommunication industry, they are very calm stocks, not aggressively performing stocks in the market.

Their investors have ample amounts of returns from the investment but not very high. These stocks can be used as a long term investment for safeguarding the portfolio. Day trading is not possible with these stocks, so it's better that day traders stay away from them, also new investors can take a chance in these stocks and observe how the market works as these stocks are not volatile.

## CONCLUSION

In conclusion, investing in telecom stocks can be a wise decision for investors looking for stable returns and long-term growth prospects. The telecom industry has shown significant resilience over the years, with consistent demand for communication services, increasing data consumption, and rapid advancements in technology. Telecom companies typically operate with high barriers to entry, as establishing a telecom network requires significant capital investments, regulatory approvals, and technical expertise. This makes the industry relatively less competitive, and established players enjoy a strong market position. Investing in telecom stocks can provide a stable source of income, as these companies typically offer attractive dividend yields. Moreover, the sector has shown resilience during economic downturns, as people continue to use communication services regardless of the economic environment. However, investors should also be aware of the potential risks associated with telecom stocks, such as regulatory changes,

technological disruptions, and increased competition from new entrants. Therefore, it is essential to conduct thorough research and analysis before investing in any telecom stock. Overall, investing in telecom stocks can be a suitable option for investors looking for a stable income stream and long-term growth potential, provided they conduct proper due diligence and have a well-diversified portfolio.

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