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INTERNATIONAL JOURNAL
OF EMERGING TECHNOLOGIES
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INTERNATIONAL JOURNAL OF EMERGING
TECHNOLOGIES AND INNOVATIVE RESEARCH

International Peer Reviewed, Open Access Journal
ISSN: 2349-5162 | Impact Factor: 5.87

UGC and ISSN Approved Journals.

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International Journal of Emerging Technologies and Innovative Research is published under the name of JETIR publication and URL: www.jetir.org.



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Published in India

Typesetting: Camera-ready by author, data conversation by JETIR Publishing Services – JETIR Journal.

JETIR Journal, WWW. JETIR.ORG

ISSN (Online): 2349-5162

International Journal of Emerging Technologies and Innovative Research (JETIR) is published in online form over Internet. This journal is published at the Website <http://www.jetir.org> maintained by JETIR Gujarat, India.

ISSN : 2349-5162





Journal of Emerging Technologies and Innovative Research

An International Open Access Journal

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Certificate of Publication

The Board of

Journal of Emerging Technologies and Innovative Research (ISSN : 2349-5162)

Is hereby awarding this certificate to

JIBIN MATHEW

In recognition of the publication of the paper entitled

**A COMPARATIVE STUDY ON FINANCIAL PERFORMANCE OF PUBLIC
SECTOR AND PRIVATE SECTOR TELECOM COMPANIES IN INDIA**

Published In JETIR (www.JETIR.org) ISSN UGC Approved & 5.87 Impact Factor

Published in Volume 6 Issue 4 , April-2019

Parisa P

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Registration ID : 204762



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A COMPARATIVE STUDY ON FINANCIAL PERFORMANCE OF PUBLIC SECTOR AND PRIVATE SECTOR TELECOM COMPANIES IN INDIA

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Abstract

Telecom or telecommunication means exchange of information by the use of technology. Telecom industry in India is one of the rapidly growing and ever changing industry in the world. B.S.N.L is the major public sector telecom company and which is the pioneer in the telecom industry. Bharati Airtel, Idea Cellular Ltd and Reliance Communications are the major private sector telecom companies in India.

In this competitive world, this study is an attempt to compare the financial performance of public sector and private sector telecom companies in India in the recent years.

KEYWORDS

Mobile Network Operators : Telecommunication service providers provides wirelss voice and data communication for its subscribed mobile users.

Direct To Home Operators : Telecommunication service providers those who provides television channels to subscriber's home from satellite.

Multiple System Operators : Multiple system operators are those who owns or operates two or more cable TV systems.

Internet Service Providers : An internet service provider is a company which provides access to internet to its subscribers.

Consolidated financial statements : Consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent company and its subsidiaries are presented as a statement of a single entity.

Operating profit : Operating profit measures the profit earned by a company from its core business operations, excluding interest and any profit earned from investments made outside the firm.

Trend in operating profit : Trend in operating profit measures the trend in operating profit of a company in different periods based on a base year's operating profit. Here base year is 2012-13.

Operating profit ratio : Operating profit ratio indicates how much profit a company makes after paying various costs of production. It is expressed as a percentage of sales or total revenue and it shows the efficiency of a company in controlling the costs and expenses associated with business operations.

Net profit : Profit earned by a company after deducting all business expenses is called net profit. It represents the actual profit of the company.

Trend in net profit : Trend in net profit is a tool to measure the trend in net profit of a company in different periods based on a base year's net profit.

Net profit ratio : This profitability ratio shows the relationship between net profit after tax and net sales or total revenue. It measures the overall profitability of the firm.

Return on Investment (ROI) : This ratio evaluates the efficiency of shareholder's investments. It states the relationship between net profit and shareholder's fund.

Return on Capital Employed (ROCE) : ROCE is a long term profitability ratio that measures how efficiently and effectively a company can generate profits from its capital employed by comparing net profit to capital employed. Capital employed includes both shareholder's fund and long term debts.

Return on Assets (ROA) : ROA shows the percentage of profit a company earns in relation to its overall resources.

Earnings Per Share (EPS) : EPS is an indicator of a company's profitability. It is the portion of a company's profit allocated to each equity share. It can be calculated by dividing the net profit available to equity shareholders with number of equity shares,

Debt Asset Ratio : Debt asset ratio is a leverage ratio states the relation between total debts and total assets. A high ratio represents comparatively high leverage and a high financial risk. It also shows a company's capacity to meet its liability towards outsiders.

Debt Equity Ratio : Debt equity ratio is a measure of financial leverage and it indicates how much debt a company used to finance its assets relative to the value of shareholder's fund.

Current Ratio : Current ratio is a liquidity ratio and it measures a company's ability to pay its short term obligations. It depicts the relation between current assets and current liabilities.

Quick Ratio : Quick ratio is a liquidity ratio that measures how well a company can meet short term financial liabilities. It states the relationship between total quick assets and current liabilities. Quick asset includes cash, marketable securities, accounts receivables etc.

1. INTRODUCTION

Telecom means telecommunication. Telecommunication is the exchange of information by the use of technology. In telecommunications, data is transmitted in the form of electrical signals known as carrier waves, which are modulated in to analog or digital signals for transmitting information. Telecommunications and broadcasting are administered worldwide by an agency called International Telecommunication Union (ITU). Most countries have their own agencies for enforcing telecommunications regulations. In India, Government of India set up Telecom Regulatory Authority of India in 1997 for the same.

Indian telecom industry is a rapidly growing and technologically ever changing industries in the world. Telecom companies in India includes Mobile Network Operators, Direct to Home (DTH) Operators, Multiple System Operators (MSOs), Internet Service Providers (ISPs) etc.

Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL) are the public sector telecom companies in India. MTNL provides services in metros of India like Delhi and Mumbai. MTNL started its functioning in 1985. BSNL was setup by the department of telecom in 2000 to provide telecom services all over India and it is the pioneer in the Indian telecom industry. BSNL is the largest fixed line service provider in India and it has more than 60% market share in broadband services. It is the fifth largest mobile service provider in India. It has 115.29 million customers in 2015. Its revenue in 2016 is Rs.32,918.70 crore and operating loss is Rs.4,169.31 crores.

Private sector telecom companies in India are Airtel, Reliance, Idea, Vodafone, Aircel, Tata docomo etc. Out of these Vodafone India is the Indian subsidiary of UK based Vodafone group. It is the world's second largest mobile phone company and its operational head office in Mumbai.

Idea Cellular Ltd was the third ranked telecom company in India and which was started in 1995. Its head office is situated in Mumbai. The extra-ordinary general meeting of Idea Cellular Ltd held on 26th June 2018 decided to merge with Vodafone India Ltd and changing the name to Vodafone India Ltd to face competition from Reliance and Airtel. Now Vodafone group and Aditya Birla group are the parent companies of Vodafone Idea Ltd. Currently, the Vodafone group holds 45.1% shares and Aditya Birla group holds 26% shares and the remaining portion of the combined entity is held by the public. By this merger, Vodafone India Ltd became the biggest telecom company in India and second largest mobile telecommunication network in the world. In July 2018, Vodafone Idea has 38.37 market share in India with 443.94 million subscribers.

Bharati Airtel Ltd was the largest telecom company in India before the formation of Vodafone India Ltd. It was incorporated in 2015 with its head office in New Delhi. Airtel runs its operations in 20 countries across the world. It has 456 million customers at the end of June 2018. It ranks amongst the top 3 mobile service providers globally in terms of subscribers. The gross revenue of the company in the financial year 2017 is Rs.836.88 billion.

Reliance Communications is a telecom company owned by Anil Ambani which was set up in 2004 and its head office is situated in Navi Mumbai. The newly started telecom company 'Jio' has no relation with Reliance Communications. Jio is a Mukesh Ambani's Company. The 90% of the shares of the company is held by Reliance Anil Dhirubhai Ambani Group and the remaining 10% is held by Mobile TeleSystems India. In 2018, it has earned Rs.4,684 crore revenue.

Aircel, Tata Docomo etc are other leading telecom companies in the private sector. Aircel commenced its operations in 1999 at Tamil Nadu and now it provide services in Tamil Nadu, Odisha, Assam and North-eastern telecom circles. Tata Docomo Ltd is a wholly owned subsidiary of Tata Teleservices, founded in 2008.

This study is an attempt to compare financial performance of Indian telecom companies in public sector and private sector. For this purpose, public sector telecom company BSNL is taken on one side and major private sector telecom companies like Bharati Airtel Ltd, Idea Cellular Ltd, Reliance Communications Ltd etc. on the other side.

1.1 STATEMENT OF PROBLEM

Telecom industry in India is a rapidly growing industry in the world. In India we can see a tough competition between these telecom companies. Public sector and private sector companies are existing in this field. BSNL is the major public sector telecom company and Bharati Airtel, Idea Cellular Ltd, Reliance Communications etc. are private sector telecom companies. This study is an attempt to compare financial performance of public sector and private sector telecom companies.

1.2 REVIEW OF LITERATURE

Gajera, Alpeshkumar Chandulal (2016) have compared the financial performance of private sector banks and public sector banks and identified the affecting factors and their impact on performance. For this study they considered all public sector banks and all private sector banks and analysed financial data of 12 years from 2001-02 to 2012-13. Out of 10 parameters public sector banks have superiority in 6 parameters like capital adequacy (tier-1), investment in non-approved securities to total investment ratio, return on equity ratio, cost of borrowing ratio, return on investment ratio etc. Private sector banks have priority over public sector banks in terms of remaining 4 parameters such as capital adequacy, secured advance to total advance ratio, return on asset ratio and return on advance ratio.

Christina Sheela & Karthikeyan K (2015) have observed the financial performance of pharmaceutical industry in India. For this study they have selected top 5 pharmaceutical companies which is listed in NSE that includes GlaxoSmithKline, Sun Pharmaceuticals, Lupin, Dr. Reddy's, Cipla etc. and analysed financial performance of 10 years from 2003-04 to 2012-13. Among these companies, GlaxoSmithKline has a good financial performance because it is strong in profitability, asset utilization and leverage position. Seven ratios were taken for this study such as total debt –equity ratio, proprietary ratio, total debts to total assets ratio, total debts to total capital ratio, total capital to total asset ratio, capital reserve ratio and equity ratio. They suggested that, companies should make an effort in maximising assets and minimizing liabilities to improve the overall financial position.

Gadhia, Nayankumar, Chandarana & Harish M (2015) have shown the financial performance of selected public and private sector banks in India with reference to CAMEL model. For this study, they have taken 5 private sector banks and 5 public sector banks such as State Bank of India, Punjab National Bank, Bank of Baroda, Bank of India, Union Bank, ICICI, HDFC, AXIS Bank, KOTAK Mahindra Bank and INDUSIND Bank. They observed that, private sector banks are top in terms of capital adequacy, asset quality and management efficiency and public sector banks show low economic soundness. They also suggested that, government need to focus more on public sector banks in order to increase the return on average assets ratio, operating profit to average working fund ratio, profit per branch and business per branch etc. Public sector banks lending at comparatively lower rates of interest and focusing more on priority sectors.

Durga Devi & Soundara Raja (2014) have studied financial performance of public sector oil companies especially IOCL and HPCL for 15 years from 1997 to 2012. These companies are listed in navarathna public units. They are of the opinion that, both company's performance is capable to attract potential investors. Both have adequate current assets to meet its current liabilities and followed a good inventory management. These companies are able to meet interest commitments and their share price reached at maximum. IOCL have maintained a considerable amount of profit and HPCL is good in effective use of capital and creditors management.

Saravanavel & Mubarak Ali (2010) have analysed the financial performance of Bharat Heavy Electricals Ltd for 9 years from 2000-01 to 2008-09. BHEL is one of the navarathnas in India and the main competitors of BHEL is ABB, General Electrics and Siemens. As per their view, financial performance of the company is satisfactory. There are fluctuations in profit but running with high profit margin and dividend pay-out ratio is satisfactory. Net worth and capital employed were rising and debt-equity ratio is always good. Debtor's velocity is bad and creditor's velocity is constant. Return on net-worth is normal and return on shareholder's fund is increasing. They suggested that, Company should take necessary steps to maintain a good operating profit and reduce operating cost.

Beporiker, Neeta & Palande (1997) have observed the financial performance of some selected central public sector enterprises which covers basic and strategic industries like coal, steel, minerals, heavy engineering, chemicals, fertilizers, pharmaceuticals etc. which promote the socio- economic and strategic development of the country. For this study, they evaluated the financial performance of 8 companies such as Oil and Natural Gas Corporation, Fertilizer Corporation of India Ltd, Hindustan Antibiotics Ltd, Indian Petro Chemicals Ltd, Bharat Heavy Electricals Ltd, HMT Ltd, Hindustan Latex Ltd and Bharat Leather Corporation Ltd. Out of these 8 companies more than 50% suffering huge loss in the year 1994-95. They pointed out reasons for poor performance both financial and non-financial in nature. Some of them are lack of financial consciousness, non-economic considerations in decision making, excessive adherence to rules and procedures, lack of experience and training to employees, lack of effective audit systems, lack of systematic cost records and inventory control methods, weak credit collection, large capital blocked in inventories and receivables etc.

1.3 OBJECTIVES OF THE STUDY

- 1) To assess the financial performance of public sector telecom companies in India.
- 2) To assess the financial performance of private sector telecom companies in India.
- 3) To compare the financial performance of private sector and public sector telecom companies.

1.4 HYPOTESIS

H0 – There is no significant difference between the financial performance of public sector and private sector telecom companies.

2. RESEARCH METHODOLOGY

This study is purely an analytical study. It is completely based on secondary data. For this study data has been collected from annual reports of four Indian telecom companies such as BSNL, Bharti Airtel, Idea Cellular Ltd and Reliance Communications. Out of these companies only BSNL is a public sector company and all others are private sector companies. Here, consolidated financial statements of the above mentioned companies are used for analysis.

Bharti Airtel has many subsidiary companies like Airtel India, Airtel Payments Bank Ltd, Airtel Sri Lanka, Airtel Africa, Robi Axiata Ltd, Telenor India etc. Whereas, Idea Cellular Ltd has the following subsidiaries. Such as Aditya Birla Telecom Ltd, Idea Mobile Services Ltd, Idea Cellular Infrastructure Services Ltd, Idea Cellular Services Ltd, BTA Cellcom, Idea Mobile Communications, RPG Cellular, Idea Tele-systems Ltd, Swinder Singh Satara & Co. Ltd, Asian Telephone Services Ltd, Sapte Investments Pvt Ltd, Idea Telecommunications Ltd, Vsapte Investments Pvt Ltd, Bhagalaxmi Investments Pvt Ltd etc.

Reliance Communications Ltd is first in number of subsidiaries. Their subsidiaries are Reliance Digital TV, Global Cloud X Change, MTS India, Reliance Infratel, Reliance Globalcom Services Incorporation, Digicable, Reliance Globalcom Ltd, Reliance Communications Infrastructure Ltd, Reliance Telecom Ltd, Towercom Infrastructure Pvt Ltd, Reliance Infostreams Pvt Ltd, D S Toll Road Ltd, Reliance Website Ltd, Reliance Globalcom BV, Flag Telecom Singapore Pte Ltd, Reliance Tech Services Pvt Ltd, Campion Properties Pvt Ltd, Global Telecommunications Infrastructure Trust, Reliance Communications International, Reliance Mobile Lanka, Tech Reliance, Reliance Entertainment Pvt Ltd, Reliable Internet Services Ltd, Big Digital TV DTH, Netizen Rajasthan Ltd, Reliance Infocom Infrastructure etc.

2.1 DATA COLLECTION

For this study, 5 years data has been collected from annual reports of four Indian telecom companies from 2012-13 to 2016-17.

2.2 TOOLS USED

In this study, for analysing and presenting data financial analysis tools like trend analysis and ratio analysis are used.

3. RESULTS

To analyse the financial performance of private sector and public sector telecom companies for the last 5 years, ratio analysis tools like operating ratio, net profit ratio, Return on Investment (ROI), Return on Capital Employed (ROE), Return on Assets (ROA), Earning Per Share (EPS), Debt Asset Ratio, Debt Equity Ratio, Current Ratio, Quick Ratio etc. and trend analysis tools like trend in operating profit and trend in net profit are used.

3.1 TABLES

A) Operating profit, Trend in operating profit and Operating profit ratio.

Bharat Sanchar Nigam Ltd.

Year	Operating Loss (Rs. in crores)	Trend in operating Loss (Base year 2012-13)	Operating Profit Ratio
2012- 2013	(8,894)	100 %	-34.67
2013-2014	(8,558)	96 %	-32.72
2014-2015	(9,548)	107 %	-35.05
2015-2016	(7749)	87 %	-29.19
2016-2017	(7,214)	81 %	-25.34

Bharti Airtel

Year	Operating Profit (Rs. in crores)	Trend in operating profit Base year 2012-13)	Operating Profit Ratio
2012- 2013	9,326	100 %	12 %
2013-2014	12,010	129 %	14 %
2014-2015	15,595	167 %	17 %
2015-2016	16,432	176 %	17 %
2016-2017	15,546	167 %	16 %

Idea Cellular Ltd.

Year	Operating Profit (Rs. in crores)	Trend in operating profit Base year 2012-13)	Operating Ratio
2012- 2013	2,498	100 %	11 %
2013-2014	3,726	149 %	15 %
2014-2015	5,515	221 %	17 %
2015-2016	6,371	255 %	18 %
2016-2017	2,449	098 %	07 %

Reliance Communications

Year	Operating Profit (Rs. in crores)	Trend in operating profit Base year 2012-13)	Operating Ratio
2012- 2013	2,097	100 %	10 %
2013-2014	2,108	101 %	10 %
2014-2015	3,373	161 %	15 %
2015-2016	2,752	131 %	13 %
2016-2017	689	033 %	04 %

B) Net profit, Trend in net profit and Net profit ratio**B S N L**

Year	Net Loss (Rs. in crores)	Trend in net loss (Base year 2012-13)	Net profit ratio
2012- 2013	(7,884)	100 %	-29.06 %
2013-2014	(7,020)	89 %	-25.08 %
2014-2015	(8,234)	104 %	-28.74 %
2015-2016	(3,880)	49 %	-14.76 %
2016-2017	(3,945)	50 %	-12.24 %

Bharti Airtel

Year	Net profit (Rs. in crores)	Trend in net profit (Base year 2012-13)	Net profit ratio
2012- 2013	2,274	100 %	2.83 %
2013-2014	3,019	133 %	3.52 %
2014-2015	4,586	202 %	4.98 %
2015-2016	5,826	256 %	6.03 %
2016-2017	3,197	141 %	3.35 %

Idea Cellular Ltd

Year	Net profit (Rs. in crores)	Trend in net profit (Base year 2012-13)	Net profit ratio
2012- 2013	1,011	100 %	4.51 %
2013-2014	1,968	195 %	7.45 %
2014-2015	3,193	316 %	10.11 %
2015-2016	3,080	305 %	8.56 %
2016-2017	(822)	- 81 %	- 2.31 %

Reliance Communications

Year	Net profit (Rs. in crores)	Trend in net profit (Base year 2012-13)	Net profit ratio
2012- 2013	744	100 %	3.62 %
2013-2014	1,137	153 %	5.35 %
2014-2015	620	83 %	2.85 %
2015-2016	658	88 %	03 %
2016-2017	(1,286)	- 173 %	- 6.60 %

C) Return on Investment Ratio (ROI)

Year	B S N L	Airtel	Idea	Reliance
2012-2013	-12.39 %	4.52 %	07.07 %	2.20 %
2013-2014	-12.20 %	5.05 %	11.93 %	3.51 %
2014-2015	-17.21 %	7.40 %	13.87 %	1.63 %
2015-2016	-08.84 %	8.73 %	11.95 %	2.08 %
2016-2017	-08.91 %	4.74 %	- 3.32 %	- 4.50 %

D) Return on Capital Employed (ROCE)

Year	B S N L	Airtel	Idea	Reliance
2012-2013	-11.36 %	1.96 %	3.76 %	1.17 %
2013-2014	-11.40 %	2.53 %	5.53 %	1.86 %
2014-2015	-16.04 %	3.67 %	7.87 %	0.90 %
2015-2016	-07.43 %	3.65 %	4.69 %	0.92 %
2016-2017	-08.44 %	1.98 %	-1.06 %	-2.21 %

E) Return on Assets (ROA)

Year	B S N L	Airtel	Idea	Reliance
2012- 2013	-08.33 %	1.36 %	2.78 %	0.82 %
2013-2014	-07.94 %	1.65 %	4.23 %	1.26 %
2014-2015	-11.18 %	2.34 %	5.28 %	0.68 %
2015-2016	-05.53 %	2.58 %	3.73 %	0.64 %
2016-2017	-06.52 %	1.37 %	-0.85 %	-1.29 %

F) Earnings Per Share (EPS)

Year	B S N L	Airtel	Idea	Reliance
2012- 2013	-15.77	6	3.05	3.60
2013-2014	-14.04	7	5.93	5.57
2014-2015	-16.47	13	8.87	2.49
2015-2016	-7.76	15	8.55	2.64
2016-2017	-9.59	10	-2.28	-5.17

G) Debt Asset Ratio

Year	B S N L	Airtel	Idea	Reliance
2012- 2013	25.83 %	66.74 %	59.47 %	58.60 %
2013-2014	26.33 %	64.44 %	63.03 %	60.78 %
2014-2015	34.57 %	65.45 %	60.47 %	56.17 %
2015-2016	37.84 %	67.55 %	67.52 %	67.61 %
2016-2017	34.87 %	67.65 %	74.01 %	69.25 %

H) Debt Equity Ratio

Year	B S N L	Airtel	Idea	Reliance
2012- 2013	38.42 %	221.92 %	151.25 %	156.12 %
2013-2014	40.48 %	197.53 %	177.57 %	169.43 %
2014-2015	53.22 %	206.83 %	158.78 %	135.16 %
2015-2016	60.47 %	228.38 %	216.59 %	221.48 %
2016-2017	47.68 %	233.41 %	289.37 %	211.75 %

I) Current Ratio

Year	B S N L	Airtel	Idea	Reliance
2012- 2013	0.88	0.45	0.42	0.57
2013-2014	1.10	0.40	0.29	0.55
2014-2015	0.77	0.42	0.90	0.96
2015-2016	1.08	0.39	0.36	0.44
2016-2017	1.16	0.32	0.45	0.37

J) Quick Ratio

Year	B S N L	Airtel	Idea	Reliance
2012-2013	0.67	0.45	0.41	0.55
2013-2014	0.92	0.39	0.29	0.53
2014-2015	0.61	0.42	0.90	0.94
2015-2016	0.84	0.39	0.35	0.44
2016-2017	1.13	0.32	0.44	0.37

4. DISCUSSION

When analysing the operating profit and operating ratio of the above four telecom companies, we can see that the public sector telecom company BSNL suffered huge loss every year. But the operating loss ratio is reducing year after year as compared to the base year loss. The net profit trend and the net profit ratio also shows huge loss in BSNL. But all the private telecom companies are performing well. In last year, we can see a decrease in operating profit and net profit. This is the effect of Reliance Jio, it attracts customers by issuing new offers at a lowest price. It decreases business of all other telecom companies working in India. All companies except Bharati Airtel suffered loss in the last year.

ROI and ROCE of Airtel and Idea shows an increasing trend except in the last year. ROI and ROCE of Reliance communications showing a fluctuating trend. In the last year, both the ratios of idea and Reliance Communications changed to negative because of loss incurred in the last year. Both ROI and ROCE of Airtel has reduced in the last year due to reduction in profit. In case of BSNL both figures are negative and it denotes loss on investment and loss on capital employed.

ROA of Airtel and Idea shows an increasing trend except in the year 2016-17. ROA of Reliance shows a fluctuating trend. ROA of BSNL shows negative figures in every years. ROA of all private sector companies shows negative figures in the last year.

Bharati Airtel is the company having high EPS in the Indian telecom sector. Its EPS has raised up to 15 in the year 2015-16. In the last year it has reduced to 10 due to tight competition in the

market. Idea is the next company having high EPS. Its EPS has raised to 8.57 in 2014-15. In the last year, the EPS of Idea and Reliance have changed to negative. BSNL is the only one company in Indian telecom sector giving loss per share to its shareholders continuously.

Debt- Asset Ratio of all companies showing fluctuating trend. But most of the years, debt-equity ratio of all private sector companies above 60%. Only BSNL follows a rigid debt policy and its debt asset ratio is below 40%. In 2012-13 it was less than 26% and in the year 2015-16 it has increased to around 38%.

Debt- equity ratio of all companies showing an increasing trend. Most of years, debt-equity ratio of private sector companies is more than 200%. But, the same ratio of BSNL is less than 61%. In the first year it was only 38%.

Current ratio shows a fluctuating trend. The ideal current ratio is 2:1. Most of the years private sector telecom companies kept their current ratio between 0.50 to 0.60. So we can consider it as an industrial average. Current ratio of BSNL is comparatively high.

Quick ratio also shows fluctuating trend. The ideal quick ratio is 1:1. Quick ratio of private sector telecom companies in most of the cases was 0.50. So we can consider 0.50 as an industrial average. In very rare cases, the quick ratio of Reliance and Idea increased to 0.94. The quick ratio of BSNL is always more than 0.60.

4.1 HYPOTHESIS TESTING

H₀ – There is no significant difference between the financial performance of public sector and private sector telecom companies.

From the analysis of the above data we can find that, the financial performance of Public sector telecom company is not good as compared to the financial performance of private sector telecom companies in India. Even a single year BSNL couldn't make profit. So there is a significant difference between the financial performance of public sector and private sector telecom companies. So the null hypothesis H₀ is rejected.

4.2 IMPLICATIONS

1. BSNL is a public sector telecom company. A public sector company should be a good source of revenue to the government. But in case of BSNL they couldn't make any profit even in a single year. The loss made by the company destroys the revenue made by the government from other sources like tax and it will affect the national development.
2. In case of a public limited company, it is owned and managed by the government. Even though it is a public property and the general public are the real owners. So the public have the right to know about the performance of public sector companies. This study will be helpful to know the people about the inefficiency and poor performance of BSNL. This study also opens ways for discussions for eradicating the issues relating to these poor performance and inefficiency.
3. This study is also helpful to the government of India to study about the reasons for huge losses and poor performance of BSNL in comparison to private sector companies doing the same business and taking corrective actions.
4. By the introduction of Reliance Jio, all telecom companies are facing tough competition from Jio and all existing companies are facing losses or a huge reduction in profit in recent years. In this special situation, if BSNL can't improve its financial performance, they can't survive in the market.
5. This study is also helpful for private sector telecom companies like Reliance Communications to improve their performance. Other companies can plan 'how to face forthcoming competition from Reliance Jio'.

4.3 CONCLUSIONS

Indian telecom industry is a rapidly growing and ever changing industry in the world. B.S.N.L is the major public sector telecom company and which is the pioneer in the telecom industry. Bharati Airtel, Idea Cellular Ltd and Reliance Communications are the major private sector telecom companies in India. When analysing the financial performance of these companies we can find that, BSNL suffered huge loss in every years. All public sector companies are performing well. But in the last year, the introduction of Reliance Jio affected all companies in the telecom industry. All telecom companies except Bharati Airtel suffered loss in the year 2016-17. The net profit of Airtel decreased at larger extent in that period. This study pointed out to the inefficiency and poor performance of BSNL. They couldn't make profit at a single financial year. A high operating cost of BSNL has stolen all revenues made by it. The financial performance of private sector telecom companies is good in every years as compared to BSNL.

4.4 RECOMMENDATIONS

1. BSNL couldn't make operating profit at least in a single year. By reducing operating cost they can make profit. For this, they should try to reduce employee benefit expenses and other administrative expenses. Surplus labour is the main problem faced by most of the public sector companies in India including BSNL.
2. The government and its different organs should interfere in the operations of BSNL. A strict government control and supervision will improve the present situation.
3. Companies should use more debt funds to strengthen its capital base and improve their area of operation. Now the debt-equity ratio and debt-asset ratio of BSNL are lower than the industry average. But, if they can't improve their return, increase in debt will make a negative impact.
4. BSNL should introduce more offers to attract the customers. As compared to private sector companies, offers issued by BSNL is not attractive. They should provide high speed internet to its customers and redress complaints of customers at right time. Then the company can increase their business and increase profit.
5. Maintaining a comparatively higher current ratio and quick ratio is good for the company. It will help the company to maintain liquidity.

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