Working capital plays a significant role in improved profitability of firms. Firms can achieve optimal management of working capital by making the trade-off between profitability and liquidity. This paper analyzes trend of working capital over past 09 year of public sector telecom companies in India i.e. BSNL and MTNL. Working capital plays a very significant and vital role in the performance of a firm as it is required for day to day routine transaction. Every company should maintain sufficient level of working capital to avoid the problems such as illiquidity, bankruptcy etc. Therefore, the level of Working Capital must be properly determined and allocated to various segments, effectively controlled and regularly reviewed in order to have adequate and efficient flow of working capital. In this perspective, this paper analyzes working capital trend of public sector telecom companies. In this paper working capital trend analysis represents a picture of variations in current assets, current liabilities and working capital of Public Sector Telecom companies of India over a period of time. Trend Analysis is a tool of financial analysis where changes are compared to the base year, keeping the base year as 100.

Such an analysis helps us to study upward / downward trends in current assets and current liabilities and its effect on working capital. This study will be helpful to the investors, government, financial analyst, various stake holder of the company and many other users of the financial information.

Introduction:
Working capital is meant to support the day to day normal operations of an enterprise. The working capital has become a very important part of a firm’s financial management because its functioning not only affects the survival of firm but the performance of firm is also dependant on how effectively and efficiently working capital is utilized in the firm’s operations. Therefore, it is very important to see that how working capital management policies affect the firms performance. Traditionally, the primary objective of Working Capital policies was considered to maintain sufficient cash to meet the claims of creditors. However, the concept of working capital management has changed and now a days it also includes management of all current assets including cash, inventory, marketable securities, accounts receivable, as well as the current liabilities. Therefore, the level of Working Capital must be properly determined and allocated to various segments, effectively controlled and regularly reviewed in order to have adequate and efficient flow of working capital. Maintaining liquidity was one of the prime goals of the firms for number of years and they strive to maintain higher liquidity to safeguard against risk of default. This focus was mainly due to the reason that, at that time the financial viability of firms was associated with their liquidity.

The working capital trend analysis represents a picture of variations in current assets, current liabilities and working capital of Public Sector Telecom companies of India over a period of time. Such an analysis helps us to study upward / downward trends in current assets and current liabilities and its effect on working capital.

Literature Review:
Dr. Muhammad Azam (2011) has done the study to investigate the impact of working Capital Management on firms’ performance. The results are obtained by using Canonical Correlation Analysis for identifying the relationship between working capital management and firms’ performance. The findings of his study shows that working capital management has significant impact on firms’ performance and it is concluded that managers can increase value of share holder and return on asset by reducing their inventory size, cash conversion cycle and net trading cycle. Chowdhury and Amin (2007) has done the study to measure the impact of overall working capital policies on the profitability firms. The primary and secondary data was used for the purpose of study. The results of their study indicated that for the overall performance of the industry, working capital management played a vital role and there existed a positive relationship between current assets management and performance of firms.

Sumaira Tufail (2012) has mentioned in her study that Working capital can be considered as source of existence for a financial body and management of working capital is regarded as one of the most essential part of business management. Results of her study shows that aggressiveness of working capital management policies is negatively associated with profitability. Moreover liquidity and size of the firm have positive relation profitability whereas debt to equity ratio is negatively correlated with profitability.

Mohammad Morshedur Rahman (2011) has mentioned in his study that profitability and Working Capital Management position of the Textiles Industry in bangladesh are not satisfactory. The study reveals that correlation exists between Working Capital Management and Profitability. The study also brings to fore that Working Capital Management has a positive impact on Profitability.

Daniel Mogaka (2013) has mentioned in his study that Working capital management plays a significant role in improved profitability of firms. He further mentioned that firms can achieve optimal management of working capital by making the trade-off between profitability and liquidity.

Dr. B Vijayalakshmi (2013) has mentioned that the financial health of all select Telecom companies in India i.e. BSNL, Airtel and R-Com have been poor. Inspite of having a well established infrastructural capacity, the public sector giant BSNL is still suffering to cope-up with the competition from private network operators like Airtel, R-Com etc. further she has suggested that all the Telecom companies in India should take innovative steps for the survival and betterment of financial health.

Importance of Working Capital
Working Capital is one of the important measurement of the financial position of a firm. Maintenance of adequate working capital is necessary in order to discharge day-to-day liabilities and protect the business from adverse effect in times of emergencies. The efficiency of a firm to earn profits depends largely on its ability to manage working capital. In other words, working capital management policies have a crucial effects on firm’s liquidity and profitability. Hence, working capital has to be effectively planned, systematically controlled and optimally utilised.
Methodology
Telecom companies are established in two sectors viz., public and private. The study is geographically restricted to India, which covers all the states. Both the Public Sector Telecom companies have been selected for the study i.e., BSNL & MTNL and this study covers the period of 9 years from 2004-04 to 2012-13.

Study Period
Taking into account the availability of data, I have chosen the study period spanning from 2004-05 to 2012-13.

Data Collection
The study is confined to only Public Sector Telecom companies. This study is mainly based on secondary data. The required information about Public Sector Telecom companies is obtained from the published annual reports of corresponding companies.

Tool for Analysis
Trend analysis has been used as a financial tool to measure the overall working capital trend, current assets trend and current liabilities trend which covers the 9 years scenario of corresponding companies.

AN ANALYSIS OF WORKING CAPITAL TREND IN PUBLIC SECTOR TELECOM COMPANIES IN INDIA (BSNL & MTNL)
The working capital trend analysis represents a picture of variations in current assets, current liabilities and working capital of Public Sector Telecom companies of India over a period of time. Trend Analysis is a tool of financial analysis where changes are compared to the base year, keeping the base year as 100. Such an analysis helps us to study upward / downward trends in current assets and current liabilities and its effect on working capital. The following analysis was carried out to find out working capital trend in Public Sector Telecom companies of India.

1. Current Assets Trend Analysis
2. Current Liabilities Trend Analysis
3. Working Capital Trend Analysis

Current Assets Trend Analysis:
Chart 1.1
Temporal Change in Current Assets of BSNL
(From 2004-05 to 2012-13)

Chart 1.1 reveals that current assets in BSNL shows an increasing trend till the year 2009-10. Almost there is a continuous increment in the current assets till 2009-10, but from the year 2010-11 it has shown decreasing trend on a continuous mode. As compare to the base year value it has only 66.40%, 59% and 43% of current assets in the year 2010-11, 2011-12 and 2012-13 respectively. It has been found from the analysis that company has kept huge amount in terms of cash and bank balance during the period 2004-05 to 2009-10 but afterwards i.e. from 2010-11 onwards the amount of cash and bank balance has shown sudden down fall till the year 2012-13 and this is the main reason which indicates the decreasing trend in the current assets. This decreasing trend of current assets creates liquidity problem for the company.

Current Liabilities Trend Analysis:
Chart 1.3
Temporal Change in Current Liabilities of BSNL
(From 2004-05 to 2012-13)

Chart 1.3 reveals that current liabilities in BSNL shows almost stable trend till the year 2009-10. But from the year 2010-11 onwards it has shown decreasing trend on a continuous mode. As compare to the base year value it has only 70.67%, 13% and 11% of current assets in the year 2010-11, 2011-12 and 2012-13 respectively. It has been found from the analysis that company has kept huge amount in terms of cash and bank balance and short term loans and advances during the period 2004-05 to 2009-10 but afterwards i.e. from 2010-11 onwards the amount of cash and bank balance and short term loans and advances have shown sudden down fall till the year 2012-13 and this is the main reason which indicates the decreasing trend in the current assets. This decreasing trend of current assets creates liquidity problem for the company. Specifically in the year 2011-12 and 2012-13 the level of current assets was very low.
Chart 1.3 reveals that current liabilities in BSNL is almost about at stable level except in the year 2009-10 in which it is almost more than double as compare to the base year i.e. it was around 219% of the base year value. In the remaining year it ranges near about to base year value. The reason for the huge increment in the level of current liabilities in the year 2009-10 is that they had huge amount as a liability in terms of claims payable to DoT. The amount was Rs.(lac) 1875599.

Chart 1.4
Temporal Change in Current liabilities of MTNL
(From 2004-05 to 2012-13)

Chart 1.5 reveals that, in BSNL current assets are greater than current liabilities during the whole period except in the year 2012-13 in which working capital is negative i.e. current liabilities are more than its current assets. From the data presented it is apparent that difference between current liabilities and current assets is minimum around 20.53 % of the base year value in the year 2011-12 whereas highest around 210% of the base year value in the year 2007-08.

Working capital shows continues downward trend from the year 2008-09 and it becomes negative in the year 2012-13. The main reason for negative working capital in the year 2012-13 is that there is continuous decrement in the amount of current assets i.e. current assets was only around 43% of base year value, where as its liabilities were almost around its base year value i.e. it was around 88% of base year value.

As a whole it may be concluded that working capital trend was positive during the period of 2004-05 to 2008-09, but then after it has shown continuous down ward trend which became negative in the year 2012-13.

Chart 1.6
Temporal Change in Working Capital of MTNL
(From 2004-05 to 2012-13)

Chart 1.6 reveals that, in MTNL current assets are greater than current liabilities during the period of 2004-05 to 2008-09, but then after it has shown drastically down wards fall during the period of 2009-10 to 2012-13 in which working capital is negative i.e. current liabilities were almost around its base year value i.e. it was around -218.50% of the base year value in the year 2009-10.

Working capital shows continues negative trend from the year 2009-10. The main reason for negative working capital during the period of 2009-10 to 2012-13 is that there is continuous and huge decrement in the amount of current assets, where as downfall in the liabilities were less as compare to the current assets.

As a whole it may be concluded that working capital trend was positive during the period of 2004-05 to 2008-09, but then after it has shown continuous negative trend during the period of 2009-10 to 2012-13.
Conclusion:
Considering the trends of working capital of BSNL and MTNL it can be concluded that both the company's working capital trend is not satisfactory. Study shows that after the year 2008-09 the working capital trend has become very poor for both the company especially in the case of MTNL in which it has shown negative trend during the period 2009-10 to 2012-13 which indicates that company does not have sufficient current assets to pay its current liabilities. Same way in case of BSNL. Working capital shows continues downward trend from the year 2008-09 and it becomes negative in the year 2012-13. Overall it can be briefly concluded that the working capital trend of Public sector telecommunication company in India is not satisfactory during last few years, hence there is need to improve the management of working for both the public sector company.