Revival of Corporate Earnings

What is the issue?

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Corporate earnings has rebounded to an appreciable extent after a low customer base created by the demonetisation and GST.

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What is the status of corporate earnings?

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- Recent analysis shows corporate earnings of Q3 (October-December 2017) of Indian economy has recovered.
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- Sales have grown a commendable 12.8 per cent, while other income rose 28 per cent.
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- Operating profits rose by 14.4 per cent and, net profits have grown by 24.7 per cent, and the revival is spread across several sectors.
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What is the status of goods and services industries?

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- Most automobile majors have reported an improved performance than expected.
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- Fast-moving consumer goods companies, which represent low- consumption have also seen improvement.
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- Sales in capital goods sector where rose by 19 per cent which indicates some sort of revival in the investment climate.
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- Offtake in cement and steel is heavily driven by construction, which, in turn, is driven by infrastructure project activity.

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- Export driven industries such as pharmaceuticals and software, continue to deliver results under par.
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- The telecom sector remains under pressure due to the tussles between the competitors which is expected to recover soon.
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- Thus overall corporate results show an encouraging trendparticularly those dominated by public sector undertakings.
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Source: Business Standard

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