

# INDUSTRY SALES REVIEW

June 2017



**पेट्रोलियम योजना एवं विश्लेषण प्रकोष्ठ**

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय

**Petroleum Planning & Analysis Cell**

Ministry of Petroleum & Natural Gas

This report analyses the trend of consumption of petroleum products in the country during the month of June, 2017. Data on product-wise monthly consumption of petroleum products for June, 2017 is uploaded on PPAC website ([www.ppac.gov.in](http://www.ppac.gov.in)).

## 1.0 CONSUMPTION :

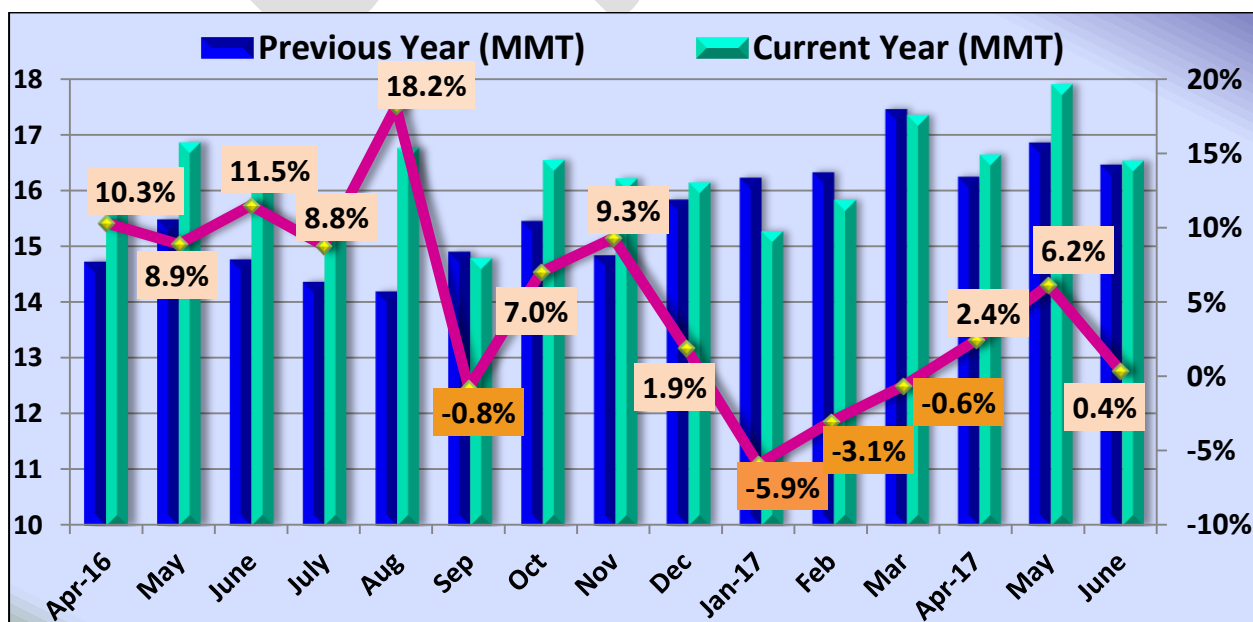
The growth (%) in consumption of petroleum products, category-wise, for the month of June, 2017 is given in Table-1.

**Table-1: Petroleum Products Consumption (Quantity in TMT)**

PRODUCT	Share (%)	June 2016	June 2017	Growth (%)	Products Included
<b>Sensitive Products</b>	13.0%	2,146	2,227	3.8%	SKO & LPG
<b>Major decontrolled Products</b>	69.4%	11,436	11,883	3.9%	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
<b>Minor decontrolled Products</b>	17.6%	2,893	2,431	-16.0%	Pet. coke & other minor products
<b>Grand Total</b>	<b>100%</b>	<b>16,475</b>	<b>16,540</b>	<b>0.4%</b>	

**All Products :** India's consumption of petroleum products recorded a marginal growth of 0.4% in the month of June, 2017. The demand for all oil products rose to 16.54 MMT from 16.47 MMT a year ago. Growth in consumption of petroleum products during the month of June, 2017 was mostly driven by growth in the use of LPG, MS, HSD and ATF. All other products recorded negative growth. SKO continued with downward trend and a drop of -33.0 % was recorded during the month. It was mainly because of reduced allocation to states and voluntary surrender of PDS SKO quota by some states. On cumulative basis, a growth of 3.0% was recorded in consumption of all petroleum products for the period April to June, 2017 as compared to April to June, 2016.

**Figure-1: Comparison of monthly POL consumption (MMT) and growth (%) since April, 2016**



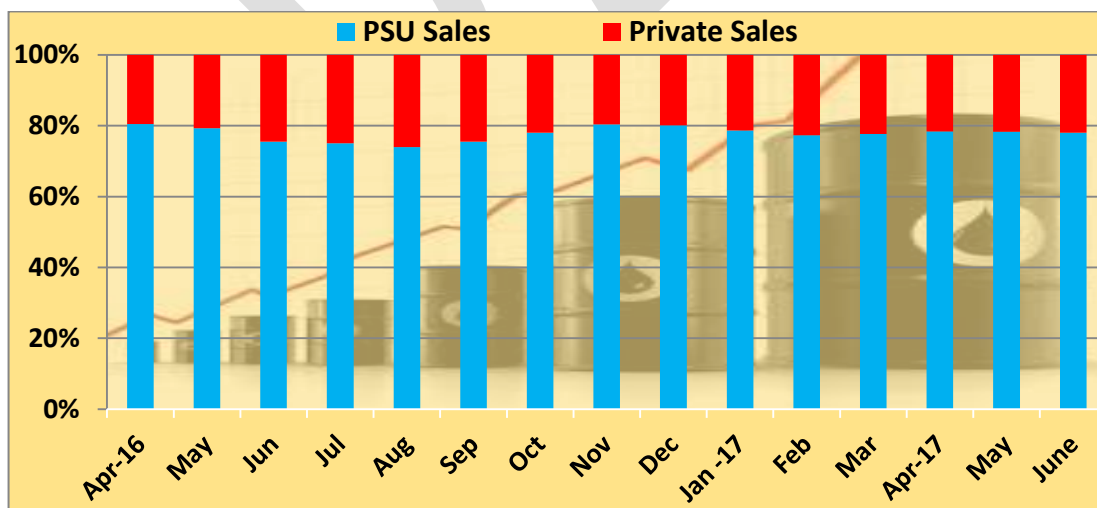
Indian 'Sales Manager's Index' (SMI) for June, 2017, released by London-based World Economics, which produces data and analysis on the global economy, said that, "the Indian economy continued to expand strongly in July, 2017 with a Headline Sales Managers' Index (SMI) of 59.8, indicating fast growing levels of economic activity (although down on a year ago)".

The Nikkei India Services Purchasing Managers' Index, or PMI, rose to an eight month high of 53.1 in June, 2017 as a solid and accelerated upturn in new work resulted in a faster increase in activity. May, 2017 figure was 52.2. The Nikkei Manufacturing PMI in India fell to 50.9 in June, 2017 from 51.6 in the previous month. The reading pointed to the weakest growth in factory activity since February, 2017, as output and new orders expanded at slower pace amid softening business sentiment while employment and buying levels went up marginally.

With services being the prevalent sector in India, a fainter rise in manufacturing was more than offset and growth of private sector output climbed to an eight month peak. Rapid economic growth is leading to greater output, which in turn is increasing the demand of oil for production and transportation.

Figure-2 gives a comparison of percentage of monthly sales volumes of all petroleum products by PSU and Private Oil companies since April, 2016.

**Figure-2: Comparison of monthly POL Sales in PSU & Private Sector (%) since April, 2016**



PPAC analyzes the sales recorded by the Industry on the basis of the data available. Data on direct private imports received from DGCIS, which are added to the final sales reported by oil companies for estimation of consumption figures, are available up to April, 2017 and private imports data for the months of May and June, 2017 are projected based on May, 2016 to April, 2017 actual data provided by DGCIS.

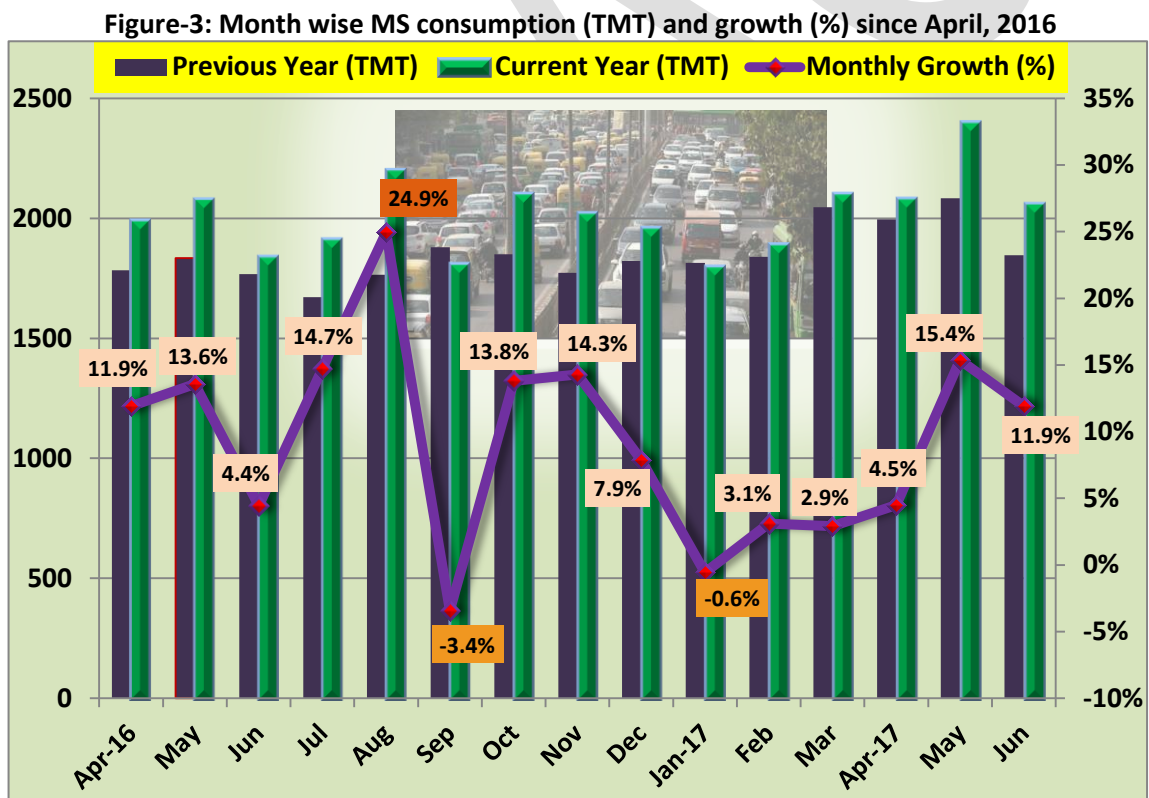
## Detailed product-wise analysis of growth for June, 2017 is given in the following sections:

**1.2 Petrol / Motor Spirit (MS):** MS consumption during June, 2017 recorded a robust growth of 11.9% as compared to June, 2016 and on cumulative basis, a growth of 10.6% was recorded for the period April to June, 2017 as compared to the same period last year. With rising income levels, the demand for petrol driven automobiles has increased which is the main driver for MS sales.

The factors affecting MS consumption during the month can be attributed mainly to the following:

- i. Continuous high growth in automobile industry in the country resulting in increased number of vehicles, including 2-wheelers on the roads.
- ii. Improved road connectivity, good weather conditions and school vacations, pushing travel for tourism, has boosted MS sales in general.

**Figure 3** gives month-wise MS consumption volume (TMT) and month-on-month growth (%) since April, 2016.

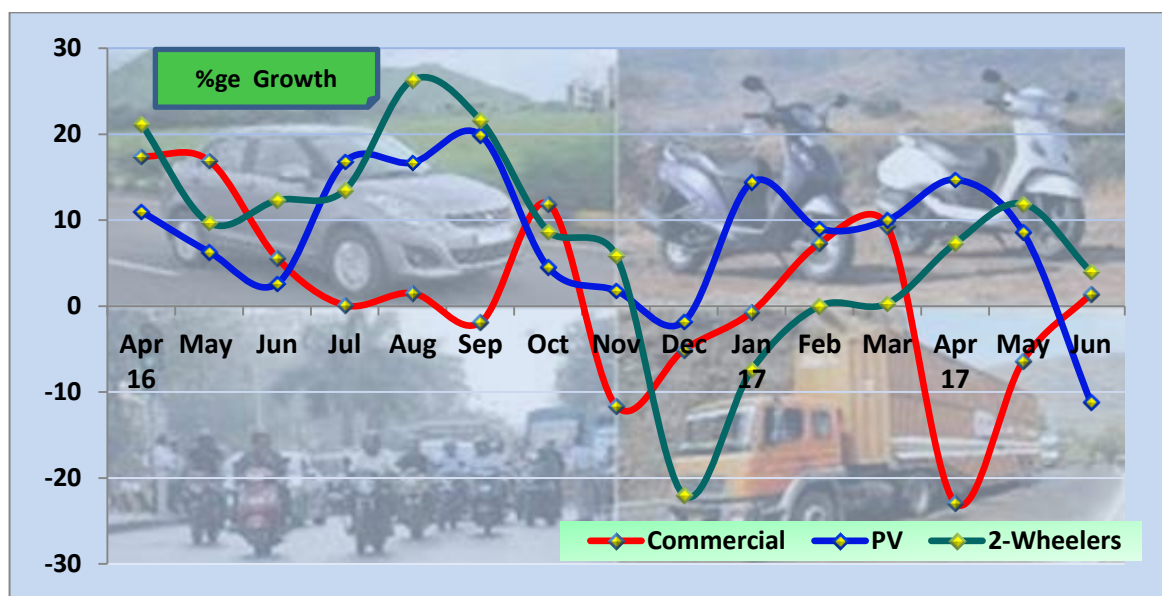


## Other factors impacting consumption of MS are:

GST put the brakes on sales of passenger vehicles in the month of June, 2017. Customers held back purchases in June to benefit from lower GST rate on cars from 1<sup>st</sup> July, a trend that reflected negatively on car sales of top auto firms.

**Figure-4** gives a graphic representation of month-wise growth percentages of Passenger Vehicles, Commercial Vehicles and 2-Wheelers since April, 2016.

**Figure-4: Month-wise sales growth (%) of Indian Automobile Industry since April, 2016**



a) **Total passenger vehicles (PV) sales:** According to the data released by the Society of Indian Automobile Manufacturers (SIAM), domestic passenger vehicle sales dropped by 11.2 % to 198,399 units in June 2017 as against 223,454 units in the corresponding period in 2016. For many vehicle manufacturers, all of June, 2017 went into stock rationalization, especially at the dealer end, with most dealers focusing on liquidating their existing inventory. With good monsoons forecast this year and GST regime set to tax SUVs at a lower rate compared to smaller cars, the SUV market is expected to boom.

Segment	June 2016	June 2017	Growth (%)
Passenger Cars	154,237	136,895	-11.2%
Utility Vehicles	55,825	49,547	-11.2%
Vans	13,392	11,957	-10.7%
<b>Total: Passenger Vehicles (PVs)</b>	<b>223,454</b>	<b>198,399</b>	<b>-11.2%</b>

Source: Society of Indian Automobile Manufactures (SIAM)

b) **2-wheeler sales:** The two wheelers segment registered a growth of 4.0%, at 1,527,049 units during the month. Rural buying is largely dependent on good monsoons, which define the sentiments across the regional markets. The sales of two-wheelers, particularly of commuter motorcycles, are one of the early indicators of market direction during and after the monsoon season. Scooter sales witnessed a growth of 10.6% at 497,478 units. Motorcycles recorded a growth of 2.2% in sales by selling 964,269 units while moped sales went down by -12.6%.

Segment	June 2016	June 2017	Growth (%)
Scooter / Scooterette	449,807	497,478	10.6%
Motor Cycles	943,706	964,269	2.2%
Mopeds	74,750	65,302	-12.6%
<b>Total: 2-wheelers</b>	<b>1,468,263</b>	<b>1,527,049</b>	<b>4.0%</b>

Source: Society of Indian Automobile Manufactures (SIAM)

**1.3 High Speed Diesel (HSD):** HSD consumption went up by 6.5% to 6.79 million tons for the month of June, 2017. On cumulative basis, a growth of 5.8% was recorded for the period April to June 2017 as compared to the same period last year. Improved economic activity, road conditions and economic viability of public transport and carrier vehicles due to cheaper fuel resulted in improving diesel sales.

Following were the major factors affecting diesel sales during the month:

- Augmentation of STU fleet by various State governments like Karnataka, Maharashtra, etc., improved road connectivity, good weather conditions and school vacations pushing travel for tourism has boosted HSD sales during the month.
- No rainfall and drought like conditions across southern India affecting agricultural activity and stoppage of quarry operations in Kerala adversely affected HSD sales.

Figure-5: Month-wise HSD consumption (TMT) and growth (%) since April, 2016

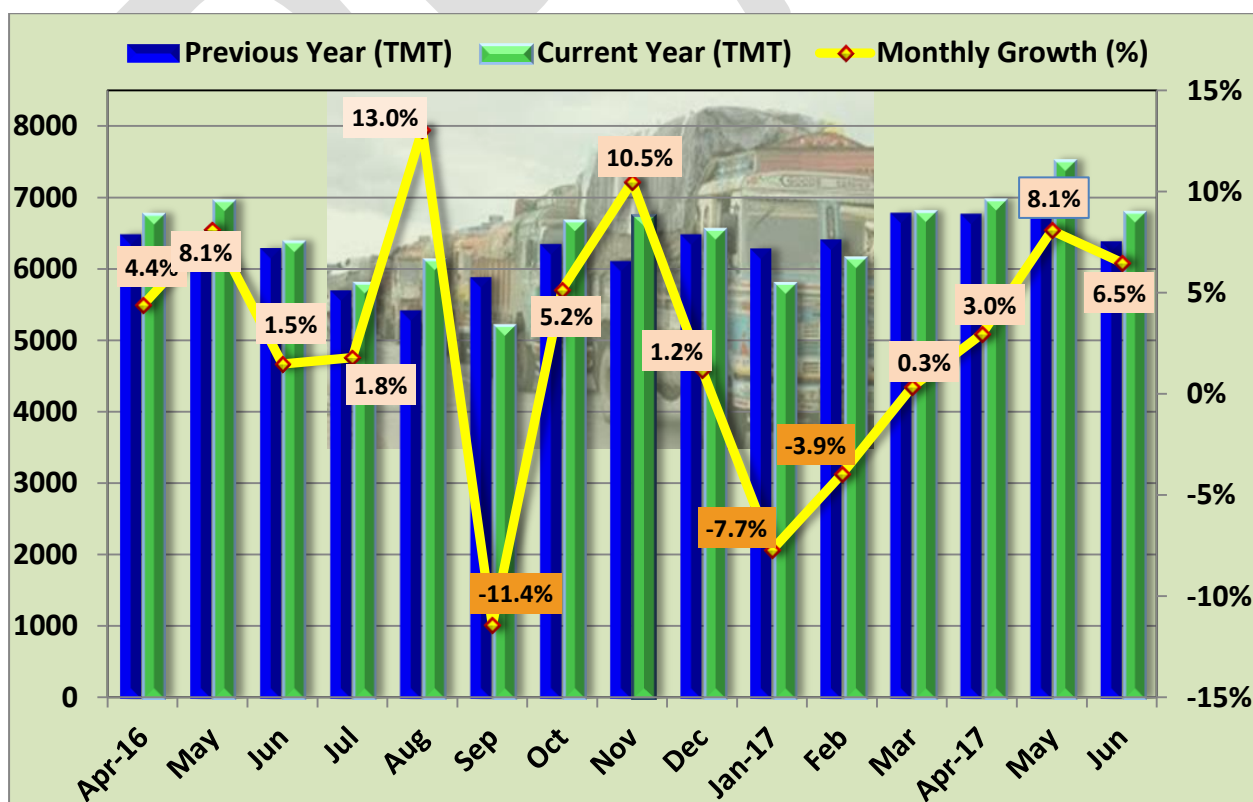
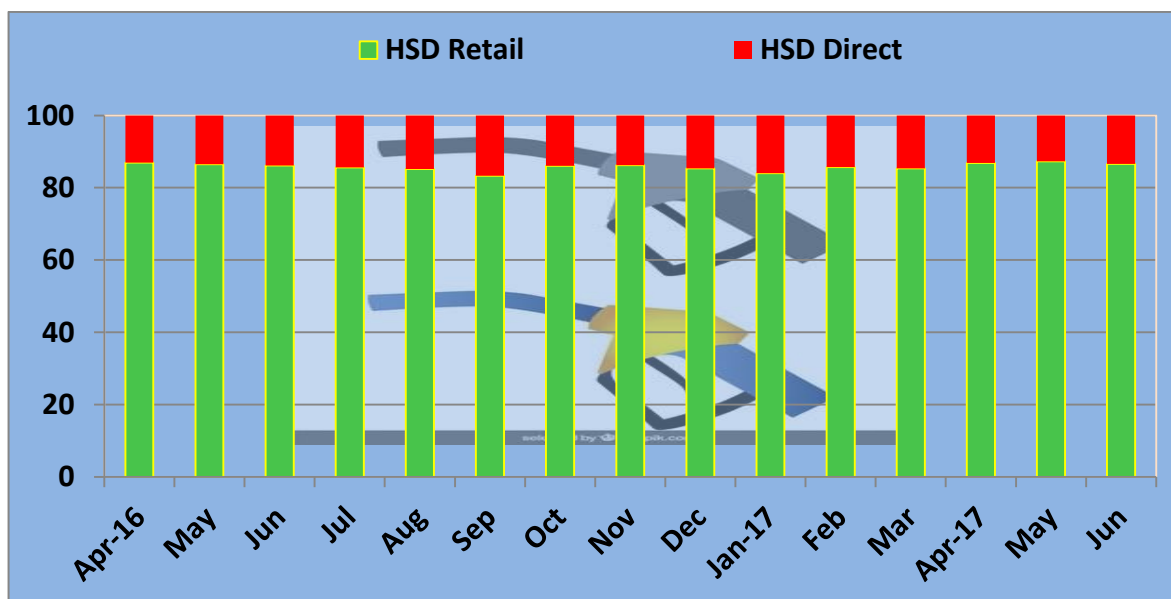


Figure-6 gives a comparison of month-wise HSD consumption by Retail and Consumer business share (%) since April, 2016.

**Figure-6: Month-wise HSD consumption by Retail and Consumer business share (%) since April, 2016**



#### Other factors affecting diesel consumption are discussed below:

- a) **Commercial vehicles (CV) sales:** The recovery in the medium and heavy commercial vehicle (M&HCV) segment in India after almost two years of slow sales has prompted manufacturers to develop better products to get a slice of the growing market. The overall commercial vehicle sale in June, 2017 was higher by 1.4% over June 2016. As a result of the BS IV upgrade on April 1, vehicle prices were raised slightly. Supply constraints of OEMs who were unable to produce enough BS IV-compliant vehicles in first two months of FY2018 eased a little in the current month. This has resulted in recovery of M&HCV sector recording a sales of 21,175 units and a de-growth of -6.5% over historical in the current month. In April and May, 2017, de-growth in M&HCV sector was -54.9% and -33.0% respectively.
- b) **Light Commercial Vehicle (LCV):** LCV sector contributed sales of 35,715 units and a growth of 6.8% over historical.

Segment	June 2016	June 2017	Growth (%)
M&HCVs	22,656	21,175	-6.5%
LCVs	33,426	35,715	6.8%
<b>Total: Commercial Vehicles</b>	<b>56,082</b>	<b>56,890</b>	<b>1.4%</b>

Source: Society of Indian Automobile Manufacturers (SIAM)

- c) **Port traffic:** There has been a growth of 4.0 % in port traffic during the month of June, 2017. The growth in port traffic and cargos handled during June, 2017 is mainly due to increase in traffic at all ports except Visakhapatnam, Ennore, Chidambarnar, Mormugao, JNPT and Kandla.

There has been a cumulative growth of 5.0% in port traffic during the period April to June 2017. Growth was registered specifically in iron ore (33.4%), finished fertilizer (4.8%), raw fertilizer (9.1%), POL products (9.9%), other liquids (7.5%), containers (5.4%), TEUs (6.2%) and others (5.6%), while there has been a drop in thermal coal (-13.0%) and coking coal (-0.50%). High growth in iron ore traffic is due to resumption of iron ore mining activities in Karnataka, Goa and Odisha.

**Table-2** below gives the port-wise performance during the month of June, 2017.

**Table-2: Traffic handled at major ports in June, 2017**

TRAFFIC HANDLED AT MAJOR PORTS (TMT)			
PORTS	June 2016	June 2017	Growth (%)
Kolkata + Haldia	4,340	4,655	7.3%
Paradip	6,573	8,237	25.3%
Visakhapatnam	5,299	5,119	-3.4%
Kamarajar (Ennore)	2,569	2,545	-0.9%
Chennai	4,596	4,645	1.1%
V.O. Chidambaranar	3,459	2,887	-16.5%
Cochin	2,116	2,459	16.2%
New Mangalore	2,610	3,791	45.2%
Mormugao	1,720	1,307	-24.0%
Mumbai	4,574	4,577	0.1%
JNPT	5,161	5,108	-1.0%
Kandla	8,592	8,325	-3.1%
<b>TOTAL:</b>	<b>51,609</b>	<b>53,655</b>	<b>4.0%</b>

Source: Indian Ports Association (IPA)

- d) **Power situation improves:** The power deficit position for the month of June, 2017 is given in Table-3. The power deficit position improved from -0.6% in June, 2016 to -0.5% in June, 2017. The shortage during the month improved for all regions. The deficit continues mainly in the states of Jammu & Kashmir, Uttar Pradesh and Assam. The improved power position in June, 2017 has led to reduced usage of diesel for back-up power generation.

**Table-3: Power deficit: Region-wise position for June, 2016 (% deficit)**

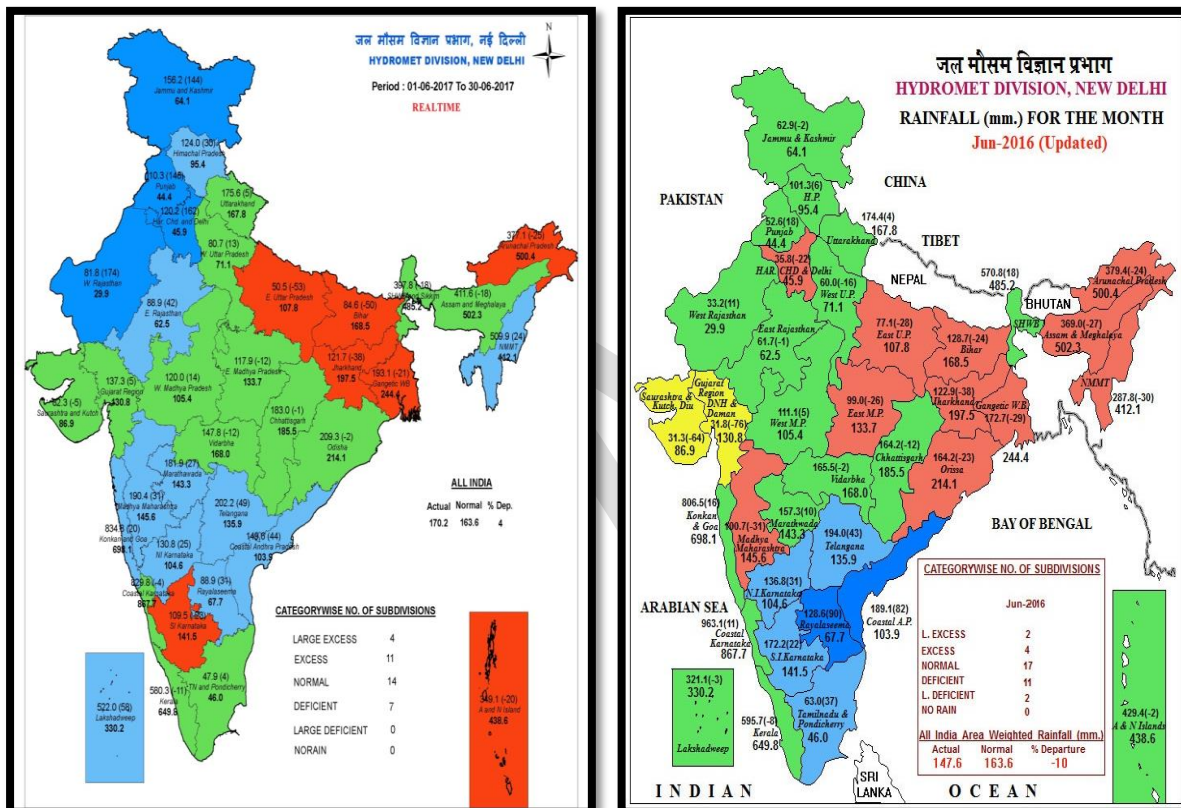
States	June 2017 <sup>(P)</sup>				June 2016
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	33,708	33,237	-470	-1.4%	-1.3%
West	29,510	29,510	0	0.0%	-0.1%
South	24,245	24,242	3	0.0%	0.0%
East	11,053	11,044	-9	-0.1%	-0.2%
North-East	1,308	1,267	-41	-3.1%	-2.7%
<b>Total</b>	<b>99,824</b>	<b>99,300</b>	<b>-524</b>	<b>-0.5%</b>	<b>-0.6%</b>

Source: Central Electricity Authority (CEA)



e) **Seasonal rainfall scenario:** The rainfall in the country during June, 2017 was -4.0% below normal. As against a normal of 170.2 mm, 163.6 mm rain was recorded during the month.

However rainfall over the country as a whole for the 2017 southwest monsoon season (June to September) is most likely to be normal (96% to 104% of long period average (LPA)).



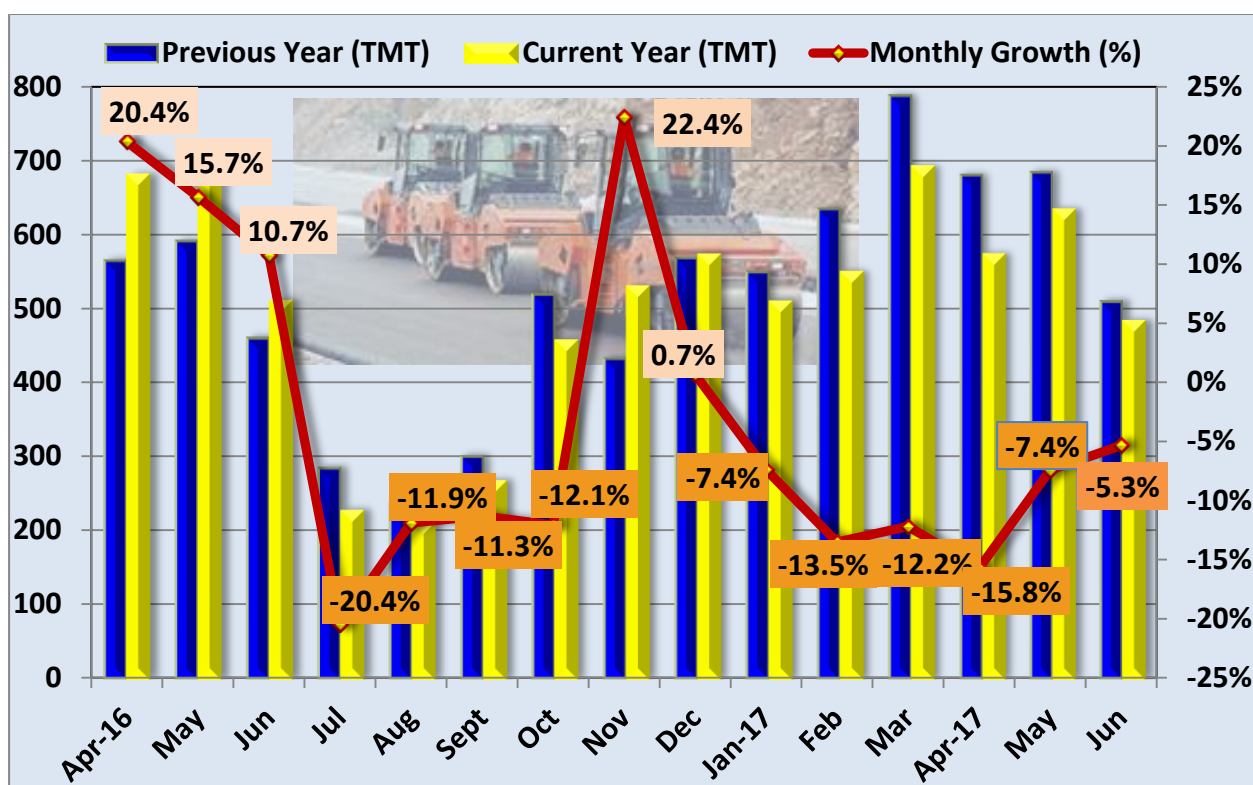
Source: India Meteorological Department (IMD)

**1.4 Bitumen:** Bitumen consumption recorded de-growth of -5.3% during the month of June, 2017 and -9.9% on cumulative basis for the period April to June, 2017 as compared to April to June 2016.

While the government has kept the development of roads on high priority by setting up new networks and rehabilitating existing road networks but demonetization of currency since November, 2016 in the country resulted in a slow-down in construction activities and consumption of bitumen has reduced. Moreover, the Government is making a transition from bitumen to cement and concrete for making national highways.

**Figure-6** gives the month wise bitumen consumption and growth since April, 2016.

Figure-6: Month-wise Bitumen consumption (TMT) and growth (%) since April, 2016



**1.5 LPG: Total LPG consumption** continuously for the last forty six months in a row recorded a positive growth of 15.9% during June, 2017 and a cumulative growth of 10.6% for the period April to June, 2017. Out of five regions, Northern region had the highest share in consumption of 31.3% followed by Southern region at 28.5%, Western region at 21.7%, Eastern region at 16.1% and North Eastern region at 2.4% during the period April to June, 2017. Eastern region had the highest growth of 21.1% in total LPG consumption during the period April to June, 2017.

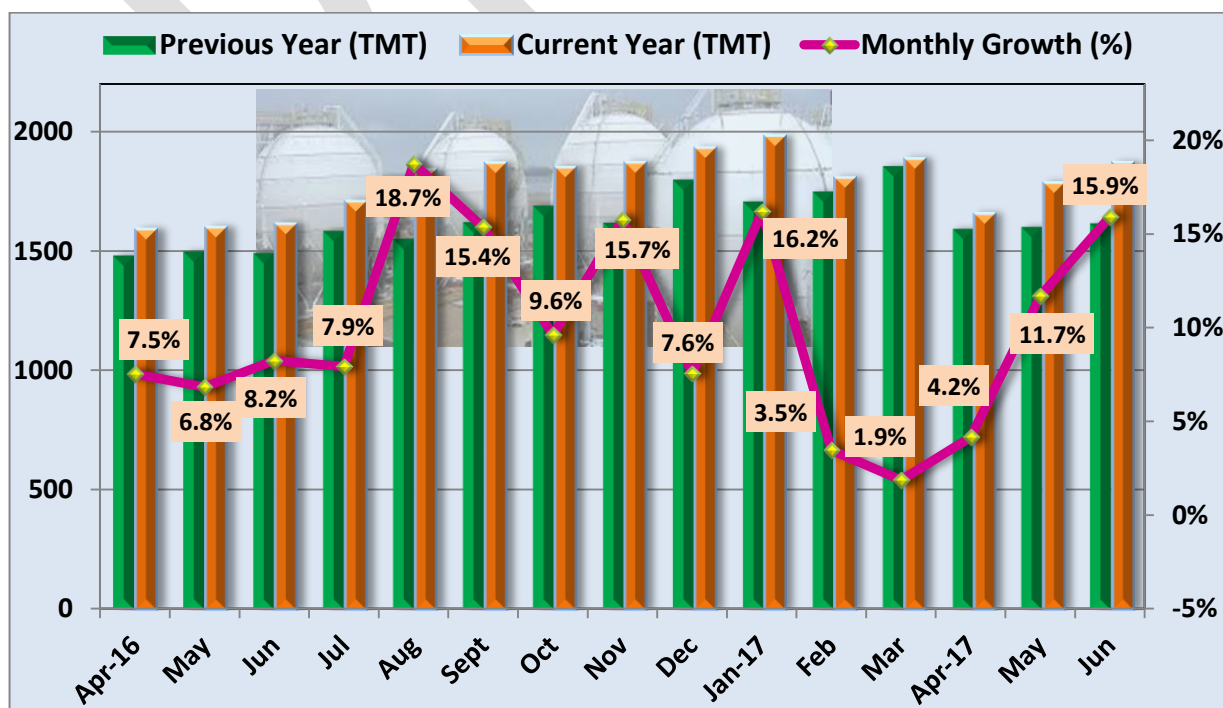
**LPG-Packed Domestic** consumption registered a growth of 16.3% during June, 2017 and a growth of 10.6% during the period April to June, 2017. Last year during June, 2016 growth of 7.0% was observed and cumulative growth during April to June, 2016 was 6.4%. This year during the period April to June, 2017, 16.8 lakh DBCs and 84.6 lakh new connections were released out of which 15.7 lakh were released under PMUY. Total 244.8 lakh connections were released under PMUY till 30.06.2017 since inception. During April to June, 2017, the five states with the highest LPG-Packed domestic sales were Uttar Pradesh (14.1%), Maharashtra (11.1%), Tamil Nadu (8.2%), West Bengal (7.6%) and Karnataka (6.2%). During the month of June, 2017, percentage share of LPG-Packed Domestic was 88.8% of total LPG consumption; however, in June, 2016 it was 89.3%

**LPG-Packed Non-Domestic** consumption for the last thirty months in a row registered a positive growth of 25.4% in June, 2017 and cumulative growth of 17.1% during April to June, 2017. This year during the period April to June, 2017, 0.5 lakh new connections were released. Last year during June, 2016, high growth of 25.0% was observed and cumulative growth during April to June, 2016 was 25.4%. Share of LPG Packed Non-Domestic has increased to 8.6% in June, 2017 from 8.0% in June, 2016. Region wise share of LPG Packed Non-Domestic consumption is highest in Southern region (40.9%) followed by Western region (30.1%) during April to June, 2017. This high growth and increase in share of LPG Packed Non-Domestic consumption is mainly due to easy availability, low price of non-domestic LPG and curb in diversion of subsidized domestic cylinders after the launch of DBTL.

**Bulk LPG** consumption registered a growth of 9.1% during June, 2017 and a cumulative de-growth of -13.8% during the period April to June, 2017. Last year in the month of June, 2016, growth of 33.7% and for the cumulative period April to June, 2016, a growth of 28.6% was witnessed. Percentage share of bulk LPG consumption has also decreased to 1.8% in June, 2017 as compared to 1.9% in June, 2016.

**Auto LPG consumption** registered a growth of 12.5% in June, 2017 and cumulative growth of 11.4% during April to June, 2017. The sales volume increase was about 1.7 TMT in June, 2017 as against June, 2016. However, last year in the month of June, 2016 a de-growth of -8.1% and cumulative de-growth of -5.6% during April to June, 2016 was observed.

**Figure-6: Month-wise LPG consumption (TMT) and growth (%) since June, 2016**



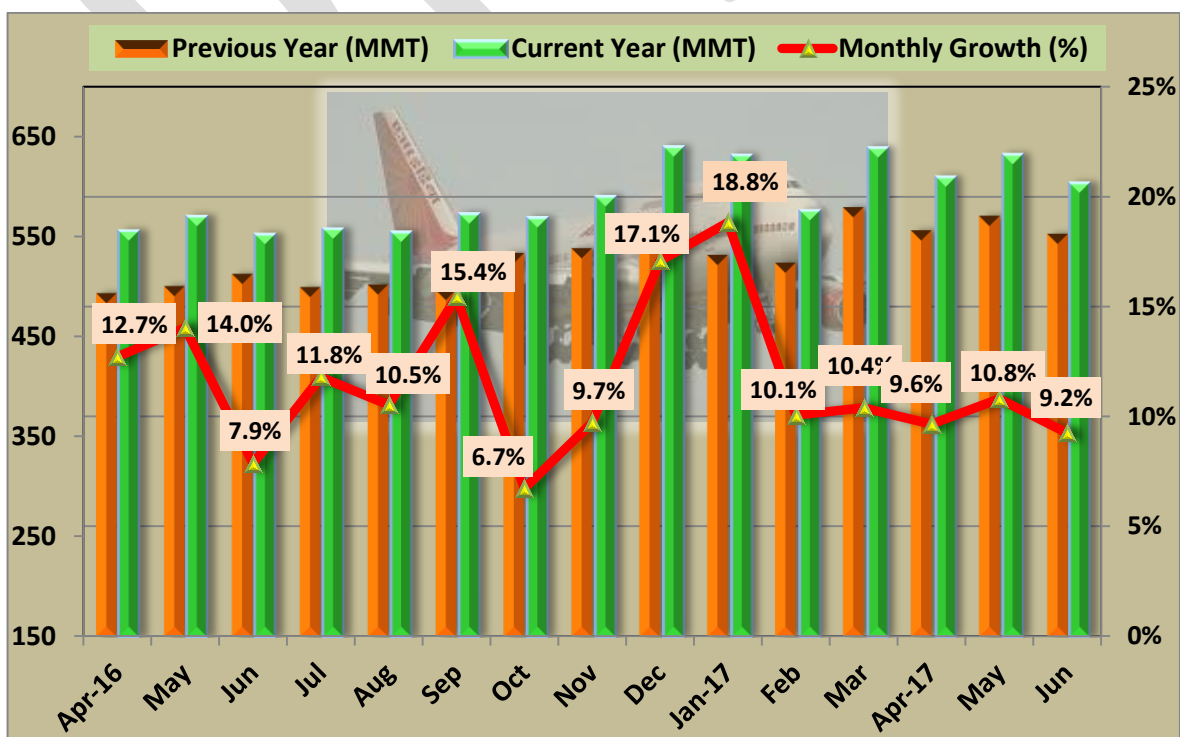
**1.6 Naphtha:** consumption recorded a de-growth of -4.3% for the month of June, 2017 and a de-growth of -3.4% for the period April to June 2017 as compared to April to June 2016. Petrochemical industries remain the main consumers of naphtha in addition to minor consumers like fertilizer and power plants. Fluctuation in demand of naphtha by the petrochemical industry (particularly polymers and plastics) largely drives the growth in consumption.

**1.7 ATF:** ATF consumption recorded a growth of 9.2% for the month of June, 2017 as compared to June, 2016. On cumulative basis, for the period April to June 2017, a growth of 9.9% was recorded as compared to the same period last year.

The continued high growth in consumption of ATF has been mainly due to growth in domestic passenger traffic. Passengers carried by domestic airlines during June, 2017 were 95.68 lakhs as against 79.75 lakhs during June, 2016 thereby registering a growth of 19.9%. . Cumulatively for the first quarter of the year the growth in passenger traffic has been 17.5% as compared to the same period of the last financial year.

India, the third largest domestic air travel market, is estimated to be on a high growth trajectory. India's domestic air passenger traffic reached 100 million in 2016, behind only that of the US (719 million), China (436 million) and ahead of Japan (97 million). Through the UDAN scheme, the government is further facilitating affordable air travel as also to bring small cities and towns to the air transport network.

**Figure-7: Month-wise ATF consumption (TMT) and growth (%) since April, 2016**



**1.8 FO/LSHS:** FO and LSHS consumption registered a de-growth of -12.9% during June, 2017 as compared to June, 2016 and a de-growth of -7.7 % was recorded for the period April to June 2017 as compared to the same period last year. The drop is due to decreased consumption of FO in fertilizer, petrochemicals, steel and general trade sectors. The consumption of LSHS has reduced due to shift to natural gas by major customers like the fertilizer industry.

**1.9 PETCOKE:** Pet-coke consumption registered a de-growth of -18.6% in the month of June, 2017 as compared to June, 2016 and on cumulative basis, a growth of only 1.1% was registered for the period April to June, 2017. The demand for the product has been rising remarkably and during the last five fiscals, it has grown at a CAGR of 30.9%. Tendency for using pet-coke as primary fuel or partially replacing coal with it is gaining momentum among its end users due to its higher composition of carbon relative to coal and resultant calorific value. However due to its high sulphur content, the use of pet coke as a fuel (for other than cement industries) is going to be affected in the future.

**1.10 LDO:** LDO consumption recorded a de-growth of -5.6% for the month of June, 2017 and a de-growth of -1.1% for the period April to June, 2017 as compared to the same period last year. LDO month wise demand fluctuates depending on its requirement at power plants for boiler restart as it trips. LDO is also extensively used in various types of furnaces and any fluctuation in manufacturing activities leads to fluctuation in its consumption.

\*\*\*\*\*

## Industry Consumption Trend Analysis 2017-18 (P)

('000 MT)

Product	June			April-June		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
<b>(A) Sensitive Products</b>						
SKO	533.0	357.0	-33.0	1,579.5	1,041.1	-34.1
LPG	1,613.3	1,870.2	15.9	4,803.2	5,313.3	10.6
<b>Sub Total</b>	<b>2,146.3</b>	<b>2,227.2</b>	<b>3.8</b>	<b>6382.7</b>	<b>6,354.4</b>	<b>-0.4</b>
<b>(B) Major Decontrolled Products</b>						
Naphtha	1,140.3	1,091.4	-4.3	3,331.0	3,217.8	-3.4
MS	1,845.5	2,065.2	11.9	5,924.3	6,553.3	10.6
HSD	6,383.7	6,797.7	6.5	20,109.2	21,285.2	5.8
Lubes+Greases	332.8	254.5	-23.5	897.3	801.0	-10.7
LDO	37.0	34.9	-5.6	106.9	105.6	-1.1
FO/LSHS	633.5	551.7	-12.9	1,897.9	1,752.5	-7.7
Bitumen	510.4	483.1	-5.3	1,875.1	1,689.7	-9.9
ATF	553.2	604.3	9.2	1,681.1	1,847.2	9.9
<b>Sub Total</b>	<b>11,436.4</b>	<b>11,882.8</b>	<b>3.9</b>	<b>35,822.8</b>	<b>37,252.3</b>	<b>4.0</b>
<b>Sub - Total (A) + (B)</b>	<b>13,582.7</b>	<b>14,110.0</b>	<b>3.9</b>	<b>42,205.5</b>	<b>43,606.7</b>	<b>3.3</b>
<b>(C) Minor Decontrolled Products</b>						
Pet Coke	2,327.1	1,894.6	-18.6	5,795.4	5,857.7	1.1
Others	565.7	535.9	-5.3	1,604.7	1,638.5	2.1
<b>Sub Total</b>	<b>2,892.8</b>	<b>2,430.5</b>	<b>-16.0</b>	<b>7,400.1</b>	<b>7,496.2</b>	<b>1.3</b>
<b>Total</b>	<b>16,475.5</b>	<b>16,540.5</b>	<b>0.4</b>	<b>49,605.6</b>	<b>51,102.9</b>	<b>3.0</b>