

Industry Sales Review

February 2018



पेट्रोलियम योजना एवं विश्लेषण प्रकोष्ठ
पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय
Petroleum Planning & Analysis Cell
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This report analyses the trend of consumption of petroleum products in the country during the month of February, 2018. Data on product-wise monthly consumption of petroleum products for February, 2018 is uploaded on PPAC website (www.ppac.gov.in). PPAC has also launched its mobile app "PPACE (PPAC-Easy)" that draws on the full range of information available on PPAC website and is available on the play-stores of Android and Apple iOS.

1.0 CONSUMPTION:

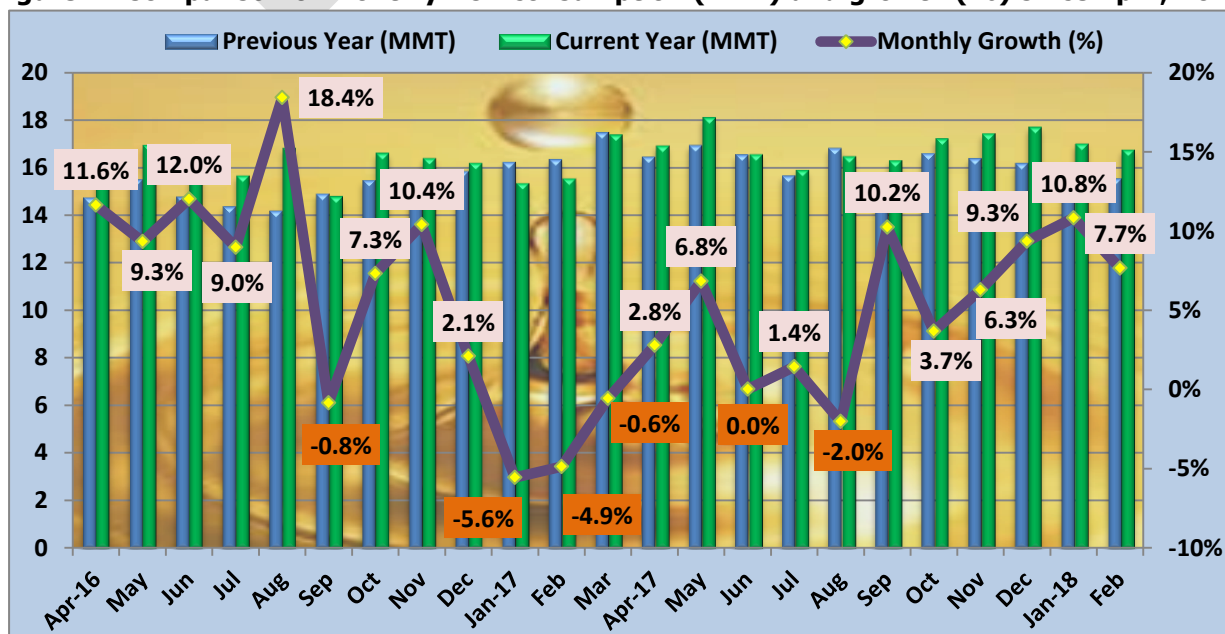
The growth (%) in consumption of petroleum products, category-wise, for the month of February, 2018 is given in Table-1.

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

PRODUCT	Share (%)	February 2017	February 2018	Growth (%)	Products Included
Sensitive products	13.5%	2,175	2,255	3.7%	SKO & LPG
Major decontrolled products	69.8%	11,122	11,684	5.1%	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Minor decontrolled products	16.7%	2,244	2,792	24.4%	Pet. Coke & other Minor products
Grand Total	100%	15,541	16,732	7.7%	

All Products: India's fuel demand rose by 7.7% in February 2018. Consumption of petroleum products totaled to 16.7 MMT during the month as compared to 15.5 MMT a year ago. While there was a drop in the consumption of Kerosene (-16.7%) and Naphtha (-10.7%) during the month, all other products recorded growth. On cumulative basis, a growth of 5.1% was recorded in consumption of all petroleum products for the period April 2017 to February 2018 as compared to April 2016 to February 2017.

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



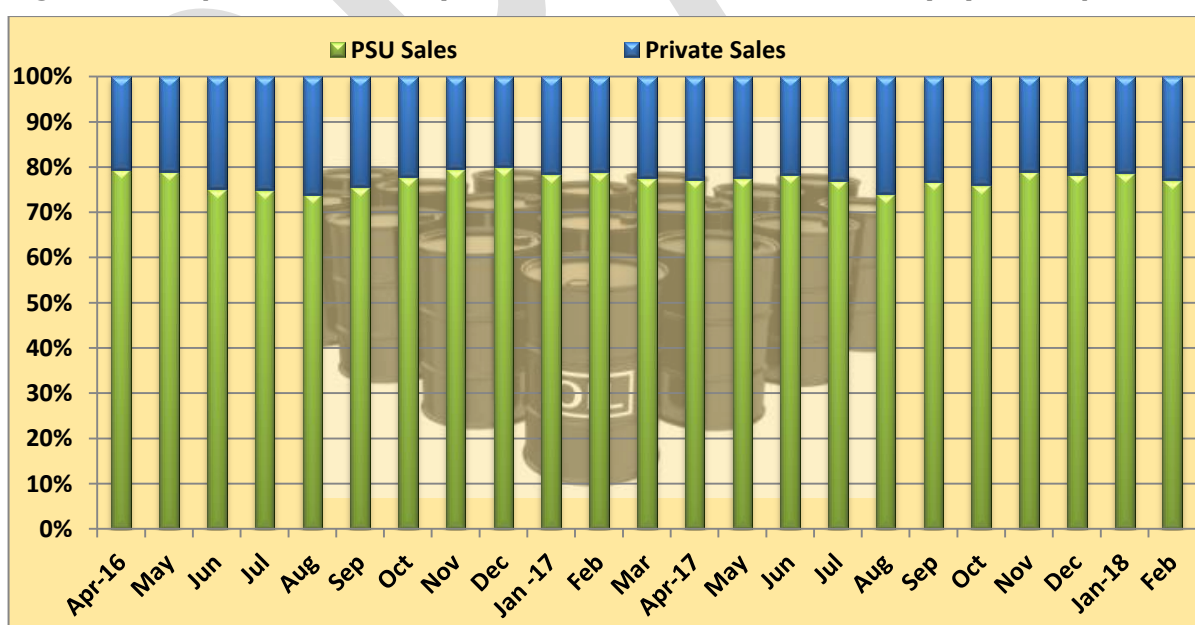
Composite PMI in India decreased to 49.7 in February, 2018 from 52.5 in January, 2018.

- The Nikkei Services PMI in India plunged to 47.8 in February 2018 from 51.7 a month earlier. It was the first contraction in services activity since November 2017 and the steepest in six months. New business declined for the first time in three months.
- The Nikkei Manufacturing PMI in India unexpectedly fell to 51.2 in February 2018 from 52.4 in the prior month .The reading pointed to the weakest expansion in manufacturing sector since October 2017, as output and new export orders increased at softer paces while new orders rose the least in four months.

India's GDP is projected to grow at 7.4% in 2018, as per World Economic Outlook update released by International Monetary Fund (IMF) in January 2018. The growth rate acceleration comes after a slow down last year due to demonetization and the implementation of GST. Strong private consumption and services are expected to continue to support economic activity while infrastructure activity by government increases to improve public services. Improved automobile sales, manufacturing and services, the mainstay of India's growth, are on a growth trajectory as well. India's economic growth is closely related to energy demand; therefore the consumption of oil and gas is projected to grow steadily.

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 December, 2017 and private imports data for the months of January 2018 and February 2018 are projected based on January 2017 to December 2017 actual data.

Detailed product-wise analysis of growth for February, 2018 is given in the following sections:

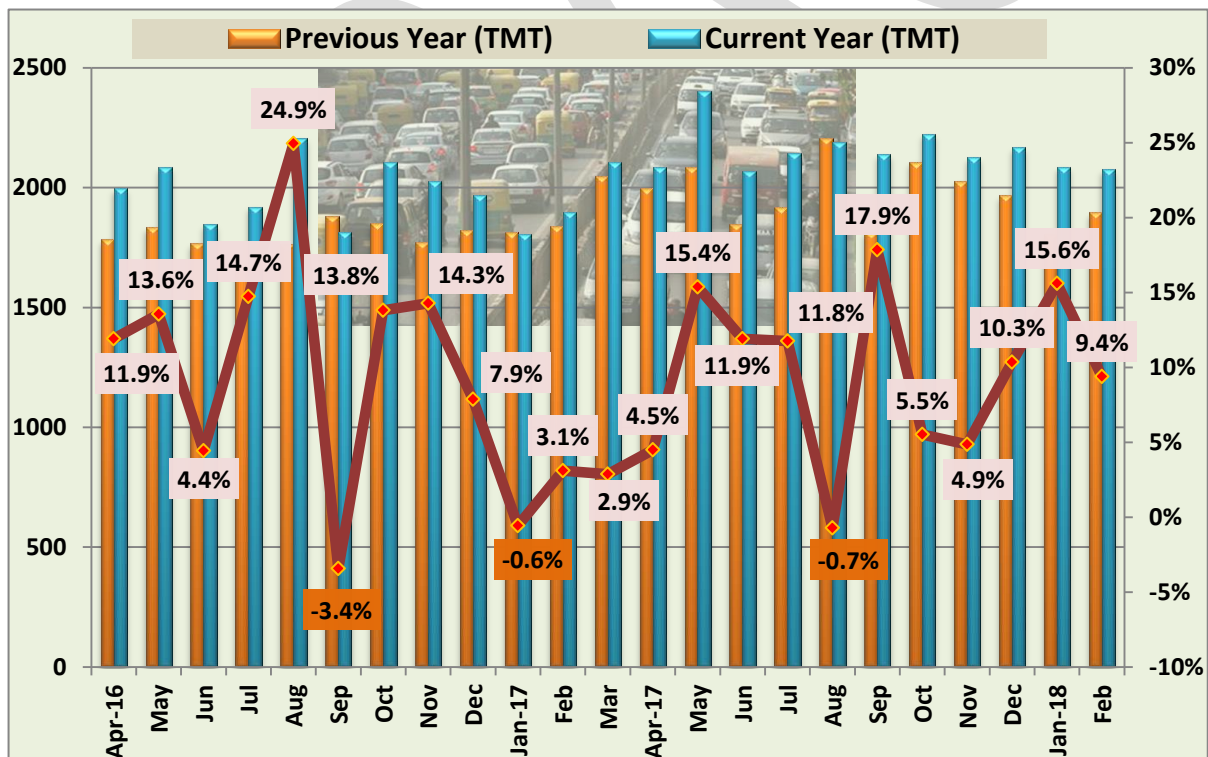
1.2 Petrol / Motor Spirit (MS): MS consumption during February, 2018 recorded a growth of 9.4% as compared to February, 2017, while on cumulative basis a growth of 9.4% was recorded for the period April 2017 to February 2018 as compared to the same period last year. Since March 2017, MS consumption has consistently recorded more than 2 million MT every month.

MS consumption during the month was affected due to following factors:

- i. The growth in demand came over a low base of last year as MS consumption fell in February 2017 following the government’s crackdown on high-value currency notes.
- ii. With rising income levels, improved road connectivity in rural areas and automobile industry growing at a fast pace, the demand for petrol driven automobiles (both 4-wheelers and 2-wheelers) has increased which is the main driver for MS sales.

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

Figure-3: Month wise MS consumption (TMT) and growth (%) since April, 2016



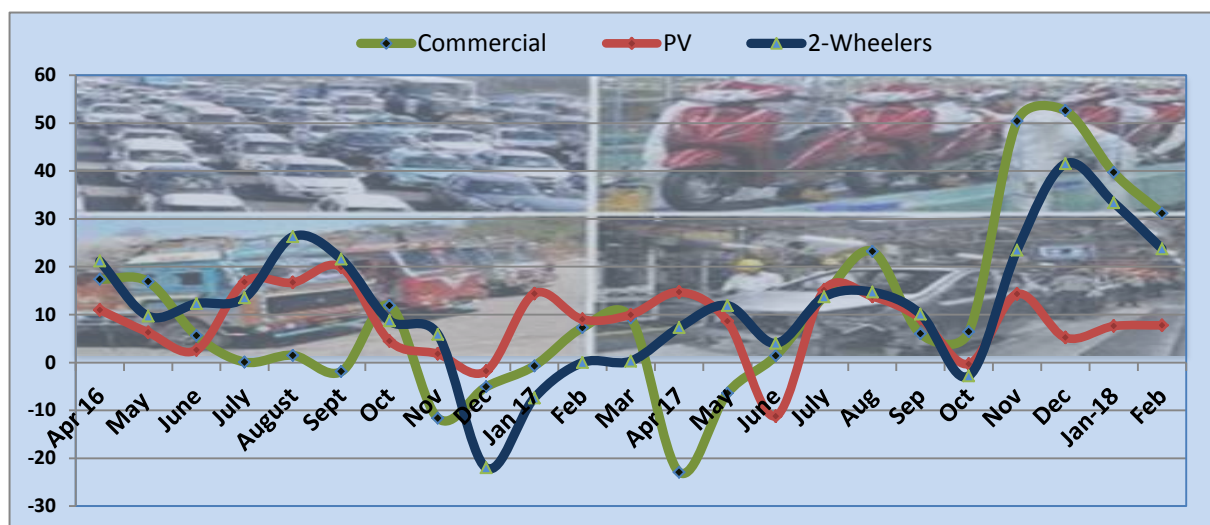
Other factors impacting consumption of MS are:

The automotive sector experienced a mixed fortune during the month of February 2018. While new models drove the growth in the passenger vehicle segment, rising fuel prices,

inflation and a spurt in interest rates have slowed down the industry as it nears the end of FY18.

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:** The Indian passenger vehicle industry's sales for the month of February, 2018 recorded a growth of 7.7% and stood at 275,329 units, as against 255,470 units in the same month last year. On cumulative basis, a growth of 8.0% was recorded for the period April 2017 to February 2018 as compared to April 2016 to February 2017 for passenger vehicles.

Passenger cars recorded a growth of 3.7%, while Utility vehicles which remain the new favorite of car buyers within the passenger vehicle space, posted a strong growth of 21.8% during the month of February, 2018. Van sales posted a drop of 5.3% during the month. On cumulative basis passenger cars, utility vehicles and vans recorded a growth of 3.6%, 21.3% and 4.2% respectively.

Segment	February			April-February		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
Passenger Cars	172,737	179,122	3.7%	1,913,609	1,982,868	3.6%
Utility Vehicles	65,877	80,254	21.8%	684,299	830,334	21.3%
Vans	16,856	15,953	-5.3%	166,963	174,057	4.2%
Sub-Total	255,470	275,329	7.7%	2,764,871	2,987,259	8.0%

Source: Society of Indian Automobile Manufacturers (SIAM)

b) **2-wheeler sales:** In February, 2018, the sales growth has been driven by strong growth in scooters in addition to the continued momentum across the range of

motorcycles. During the month of February, 2018, 2-wheeler sales witnessed a growth of 23.7%, and on cumulative basis the growth was 14.4%.

Scooter sales recorded a growth of 23.9% by selling 560,653 units. Motorcycles recorded a growth of 26.4% in sales by selling 1,053,230 units while moped sales recorded a drop of -6.6% by selling 71,931 units. On cumulative basis, scooter and motorcycles sale recorded a growth of 21.1% and 12.6% respectively, while moped sales continued to decline at -4.8%.

Increasing rural income, better road connectivity, new product launches and upgrades of existing models along with expanding dealer network has contributed to the increased sales of 2-wheelers.

Segment	February			April-February		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
Scooter/ Scooterette	452,295	560,653	23.9	5,118,069	6,201,896	21.1
Motor Cycles	832,695	1,053,230	26.4	10,179,288	11,468,020	12.6
Mopeds	77,053	71,931	-6.65	820,745	781,107	-4.8
Sub Total	1,362,043	1,685,814	23.7	16,118,102	18,451,023	14.4

Source: Society of Indian Automobile Manufacturers (SIAM)

1.3 High Speed Diesel (HSD): HSD consumption during the month recorded a growth of 6.0% to reach 6.5 MMT in February, 2018 as compared to 6.1 MMT in February, 2017. On cumulative basis, a growth of 6.5% was recorded for the period April 2017 to February 2018 as compared to the same period last year. Diesel consumption during the month was affected due to following factors:

- i. The growth in diesel consumption during February, 2018 is due to the low base effect of last year in February, 2017.
- ii. Improved economic and manufacturing activities, increased construction activities allied with infrastructure growth in the country, economic viability of public transport and carrier vehicles resulted in improving diesel sales.
- iii. Stoppage of sand mining activities in Southern and Eastern regions of India had an adverse effect on the growth of diesel sales.

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

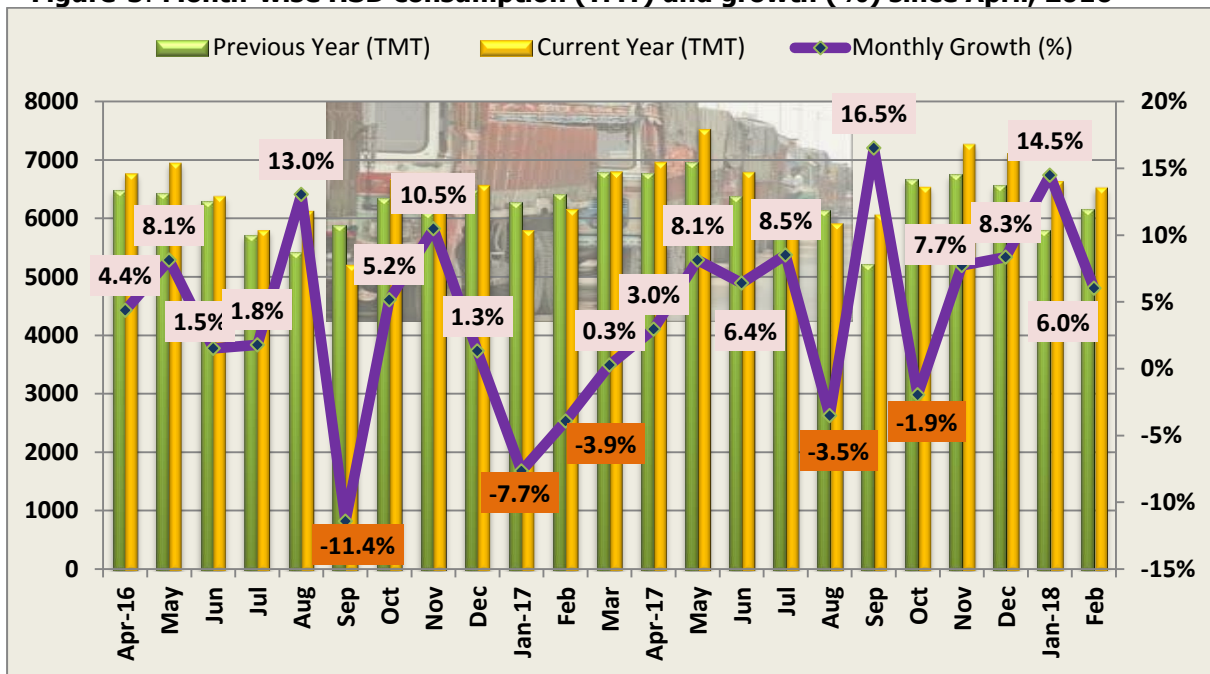
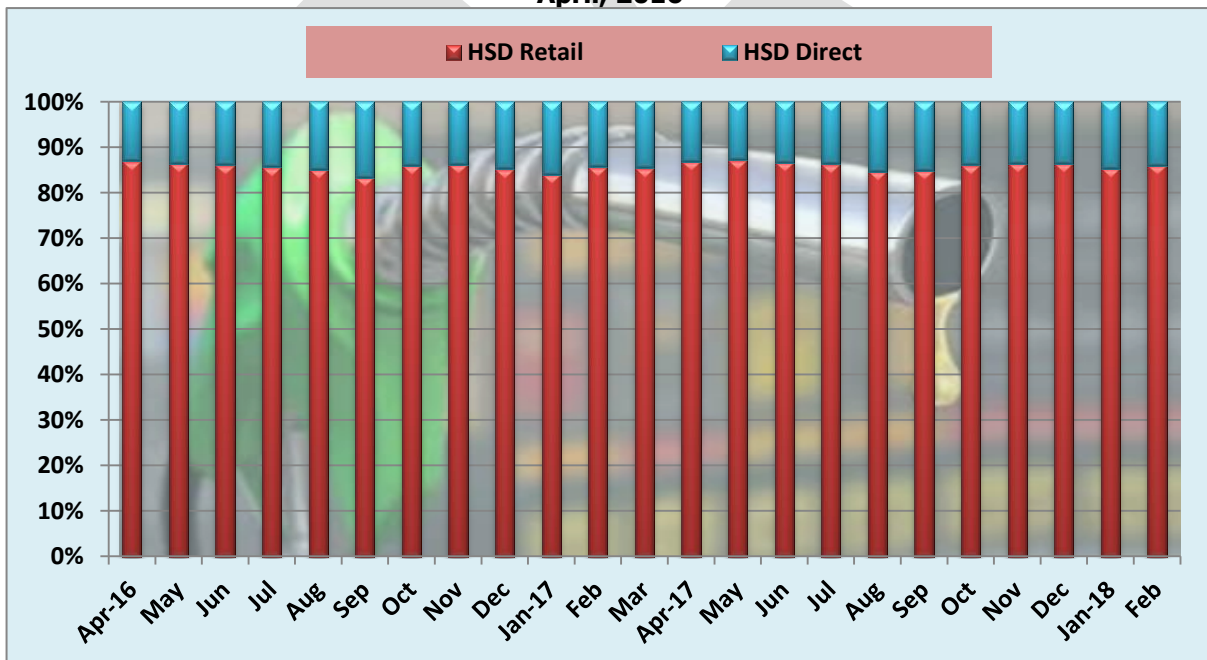


Figure-6 gives a comparison of month-wise percentage of HSD consumption by Retail and Consumer business share since April, 2016.

Figure-6 : Month-wise HSD consumption by Retail & Direct business share (%) since April, 2016



Other factors affecting diesel consumption are discussed below:

- a) **Commercial vehicles (CV) sales:** The growth in commercial vehicle sales was facilitated by infrastructure growth, fresh tenders in car carriers and coal transportation. Further, increasing demand from the construction, logistics, e-commerce and FMCG sectors gave a boost to this market. Commercial vehicles were leading the automobile sales in the month of February, 2018 and witnessed a growth of 31.1%. Overloading regulations and replacement buying pushed demand for

higher tonnage trucks and tippers. The increased imposition of restrictions on overloading, continued momentum in the infrastructure and construction segments and fresh tenders in the car carrier, coal movement and the petroleum sectors boosted the demand in the M&HCV segment.

M&HCV recorded a growth of 23.0% in February, 2018 by selling 37,552 units as compared to 30,519 units in February, 2017. On cumulative basis, M&HCV recorded a growth of 11.9%.

- b) **Light Commercial Vehicle (LCV):** The LCV segment performed strongly, witnessing a 37.9% growth driven by rising demand from e-commerce and logistics sectors. LCV sector contributed sales of 50,225 units as against a historical of 36,418 units during the month. A growth of 24.6% was recorded for the segment for the period April 2017 to February, 2018.

Segment	February			April-February		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
M&HCV	30,519	37,552	23.0	263,214	294,553	11.9
LCV	36,418	50,225	37.9	363,612	453,221	24.6
Total Commercial Vehicles	66,937	87,777	31.1	626,826	747,774	19.3

Source: Society of Indian Automobile Manufacturers (SIAM)

- c) **Port traffic:** There was a growth of 9.1% in port traffic during the month of February, 2018 mainly due to increase in traffic at all ports except at Mormugao and New Mangalore.

There has been a cumulative growth of 4.9% in port traffic during the period April 2017 to February 2018. Growth was registered specifically in POL products (8.1%), other liquids (4.3%), finished fertilizer (4.5%), raw fertilizer (3.1%), coking coal (4.3%), thermal coal (0.4%), containers (8.0%), TEU (8.3%) and others (3.1%). A drop has been only observed in iron ore traffic (-2.4%). While iron ore mining activities have increased in Karnataka and Odisha, it has been severely restricted in Goa.

Table-2 below gives the port-wise performance during the month of February, 2018.

Table-2: Traffic handled at major ports in February, 2018

TRAFFIC HANDLED AT MAJOR PORTS (TMT)			
PORTS	February 2017	February 2018	Growth (%)
Kolkata + Haldia	4,040	4,957	22.7%
Paradip	7,711	8,582	11.3%
Visakhapatnam	4,543	5,255	15.7%
Kamarajar (Ennore)	2,440	2,451	0.5%
Chennai	3,352	4,008	19.6%
V.O. Chidambaranar	3,000	3,108	3.6%
Cochin	2,135	2,362	10.6%
New Mangalore	3,523	3,379	-4.1%
Mormugao	2,919	2,599	-11.0%
Mumbai	4,628	4,694	1.4%
JNPT	4,836	5,358	10.8%
Kandla	7,866	8,886	13.0%
TOTAL:	50,993	55,639	9.1%

Source: Indian Ports Association (IPA)

- d) **Power situation:** The power deficit position for the month of February, 2018 is given in Table-3. The power deficit position widened from -0.5% in February, 2017 to -0.6% in February, 2018. The deficit was mainly in the states of Jammu & Kashmir, Uttar Pradesh and Rajasthan. The increase in power deficit in February, 2018 may have led to increased usage of diesel for back-up power generation.

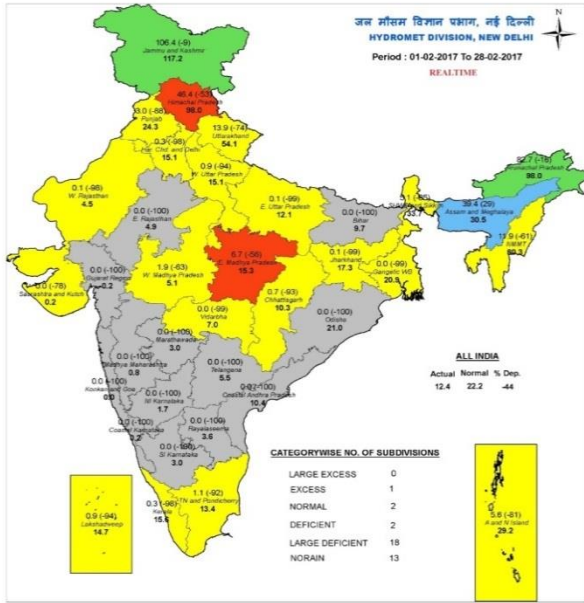
Table-3: Power deficit: Region-wise position for February, 2018 (% deficit)

States	February 2018 ^(P)				February 2017
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	25,648	25,180	-468	-1.8%	-1.5%
West	29,394	29,393	-1	0.0%	0.0%
South	26,632	26,604	-29	-0.1%	0.0%
East	9,636	9,625	-11	-0.1%	-0.1%
North-East	1,193	1,171	-22	-1.9%	-1.6%
Total	92,503	91,973	-531	-0.6%	-0.5%

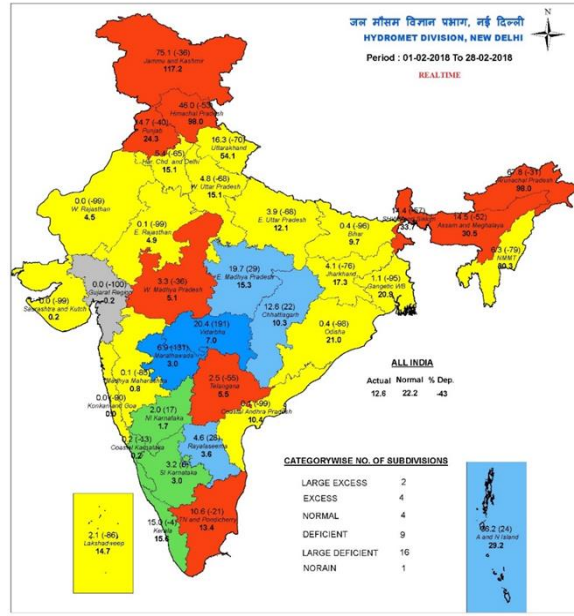
Source: Central Electricity Authority (CEA)

- e) **Seasonal rainfall scenario:** The rainfall in the country during February, 2018 was -45% below normal. As against a normal of 22.2 mm, 12.6 mm rain was recorded during February, 2018. 26 subdivisions out of 38 in the country either received deficient or no rainfall during the month as can be seen from the following map. Reduced rainfall may have led to increased usage of diesel for agriculture related activities.

SUBDIVISION RAINFALL MAP



SUBDIVISION RAINFALL MAP

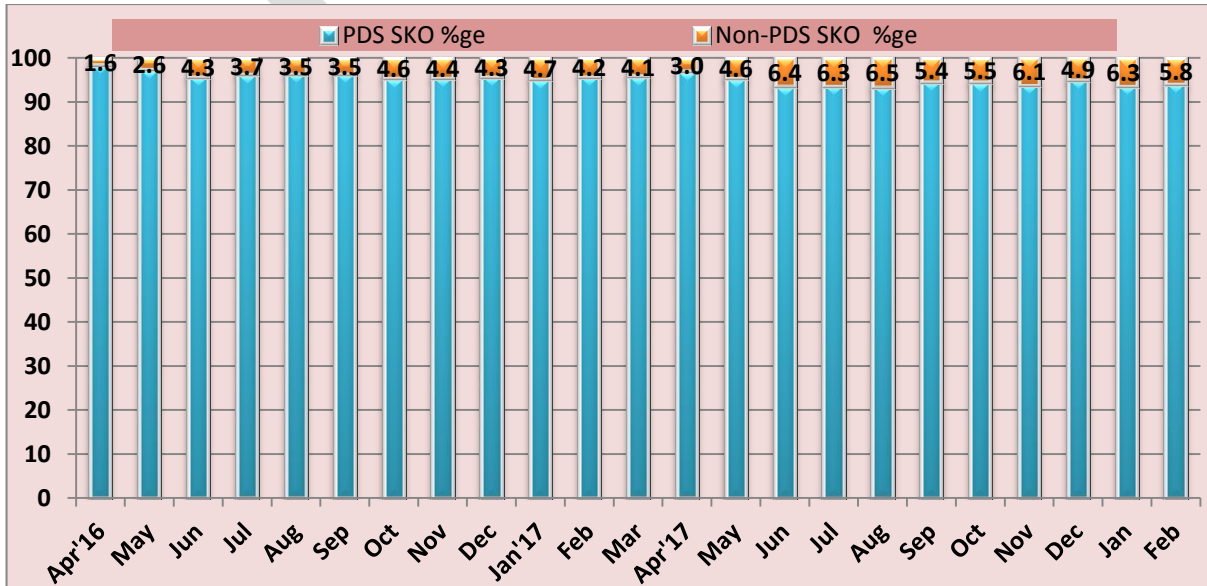


Source: India Meteorological Department (IMD)

1.4 Kerosene: Kerosene consumption recorded a drop of -16.7% during February, 2018 and -28.5% on cumulative basis for the period April 2017 to February 2018 as compared to April 2016 to February 2017. This was mainly because of reduced allocation to states and also voluntary surrender of PDS SKO quota by a few states/UTs. The month of February, 2018 saw nil upliftment by Andhra Pradesh, Chandigarh, Delhi, Dadra & Nagar Haveli, Daman & Diu, Haryana, Puducherry, Punjab and Uttarakhand.

Figure-6 gives a comparison of kerosene sales in public distribution system vis-à-vis Non-PDS system since April, 2016.

Figure-6: Month-wise PDS & Non PDS SKO consumption in share (%) since April, 2016

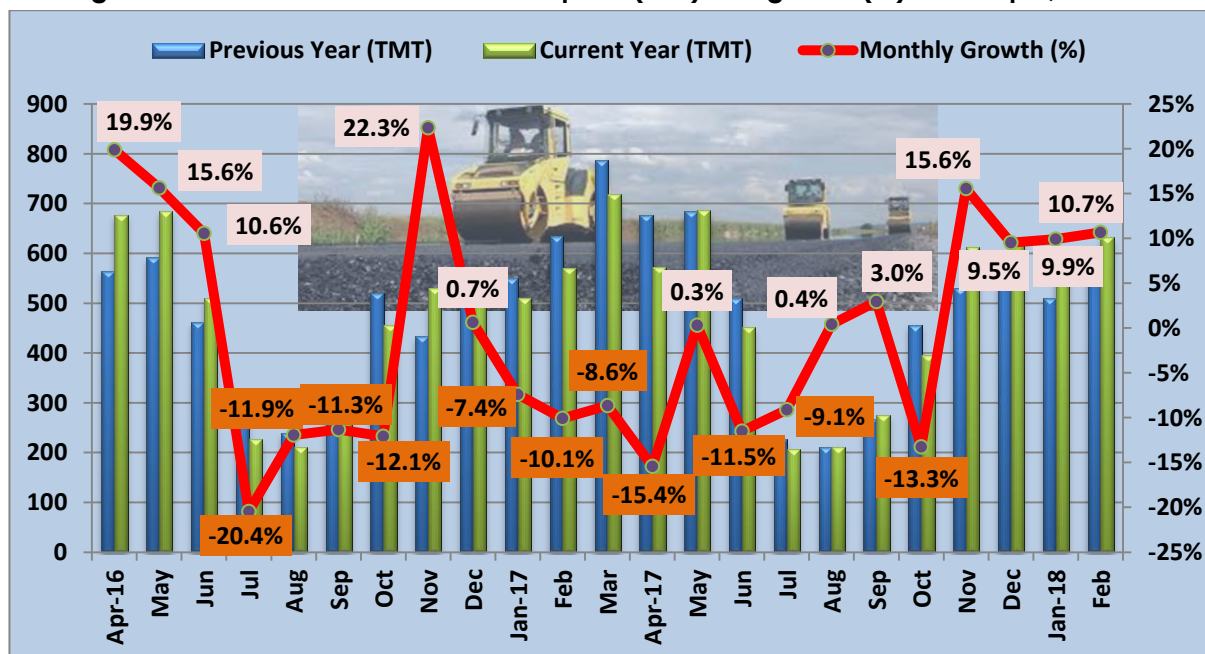


1.5 Bitumen: Bitumen consumption recorded a growth of 10.7% during the month of February, 2018 and a marginal growth of 0.3% on cumulative basis for the period April 2017 to February 2018 as compared to April 2016 to February 2017. Bitumen consumption in India has increased on the back of infrastructure spending and expanding road networks across the country.

However, the Government is also making a transition from bitumen to cement and concrete for making national highways and other roads.

Figure-7 gives the month wise bitumen consumption and growth since April, 2016.

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



1.6 LPG: Total LPG consumption continuously for the last fifty four months in a row recorded a positive growth. Growth of 7.9% during February 2018 and a cumulative growth of 7.9 % for the period April 2017 to February 2018 was observed. Out of the five regions, Northern region had the highest share in consumption of 31.4% followed by Southern region at 28.5%, Western region at 22.2%, Eastern region at 15.6% and North Eastern region at 2.4% during the period April 2017 to February 2018. Eastern region had the highest growth of 15.2% in total LPG consumption during the period April 2017 to February 2018.

LPG-Packed Domestic consumption registered a growth of 7.9% during February 2018 and a growth of 7.8 % during the period April 2017 to February 2018. Last year during February 2017 growth of 3.6% was observed and cumulative growth during April 2016 to February 2017 was 10.5%. This year during the period April 2017 to February 2018, 63.2 lakh DBCs and 263.7 lakh new connections were released out of which 143.7 lakh were released under PMUY. Total 344.1 lakh connections were released under PMUY till 28.2.2018 since inception. During April 2017 to February 2018, the five states with the highest LPG-Packed domestic sales were Uttar Pradesh (13.8%), Maharashtra (11.4%), Tamil Nadu (8.2%), West Bengal (7.3%) and Karnataka (6.3%). During the

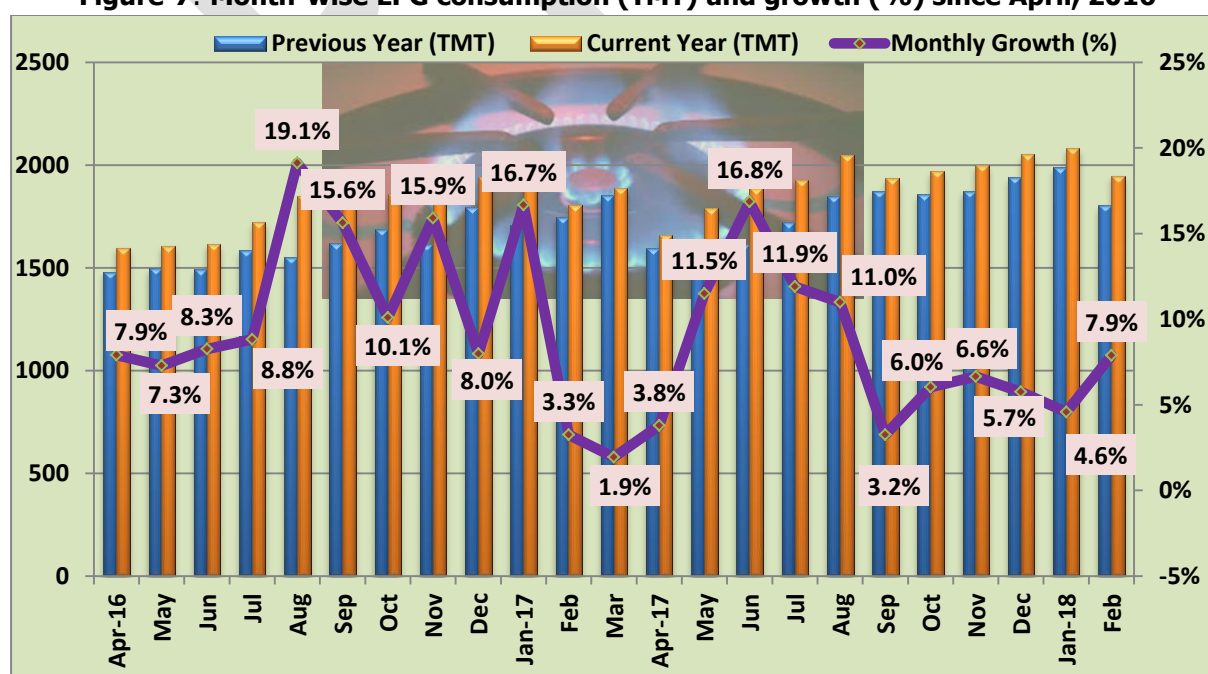
month of February 2018, percentage share of LPG-Packed Domestic was 88.7% of total LPG consumption and it was at the same level as of February 2017.

LPG-Packed Non-Domestic consumption for the last thirty eight months in a row registered a positive growth. Growth of 13.0% in February 2018 and cumulative growth of 16.8% during April 2017 to February 2018 was observed. Last year during February 2017, growth of 15.6% was observed and cumulative growth during April 2016 to February 2017 was 23.3%. Share of LPG Packed Non-Domestic in total LPG consumption has increased to 9.3% in February 2018 from 8.9% in February 2017. This high growth and increase in share of LPG Packed Non-Domestic consumption is mainly due to easy availability of product and curb in diversion of subsidized domestic cylinders after the launch of DBTL.

Bulk LPG consumption registered a drop of -15.1% during February 2018 and a cumulative drop of -4.2% during the period April 2017 to February 2018. Last year in the month of February 2017, a growth of 17.6% and for the cumulative period April 2016 to February 2017, a growth of 18.7% was witnessed. Percentage share of bulk LPG consumption to total LPG consumption decreased to 1.3% in February 2018 as compared to 1.6% in February 2017 and 1.5% during April 2017 to February 2018 as compared to 1.7% during April 2016 to February 2017.

Auto LPG consumption registered a growth of 2.2% in February 2018 and cumulative growth of 10.7% during April 2017 to February 2018. The sales volume increase was about 0.3 TMT in February 2018 as against February 2017. However, last year in the month of February 2017 a drop of 3.3% and cumulative de-growth of 2.4% during April 2016 to February 2017 was observed. During the month of February 2018, percentage share of Auto LPG was 0.7% of total LPG consumption whereas in February 2017 it was 0.8%.

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

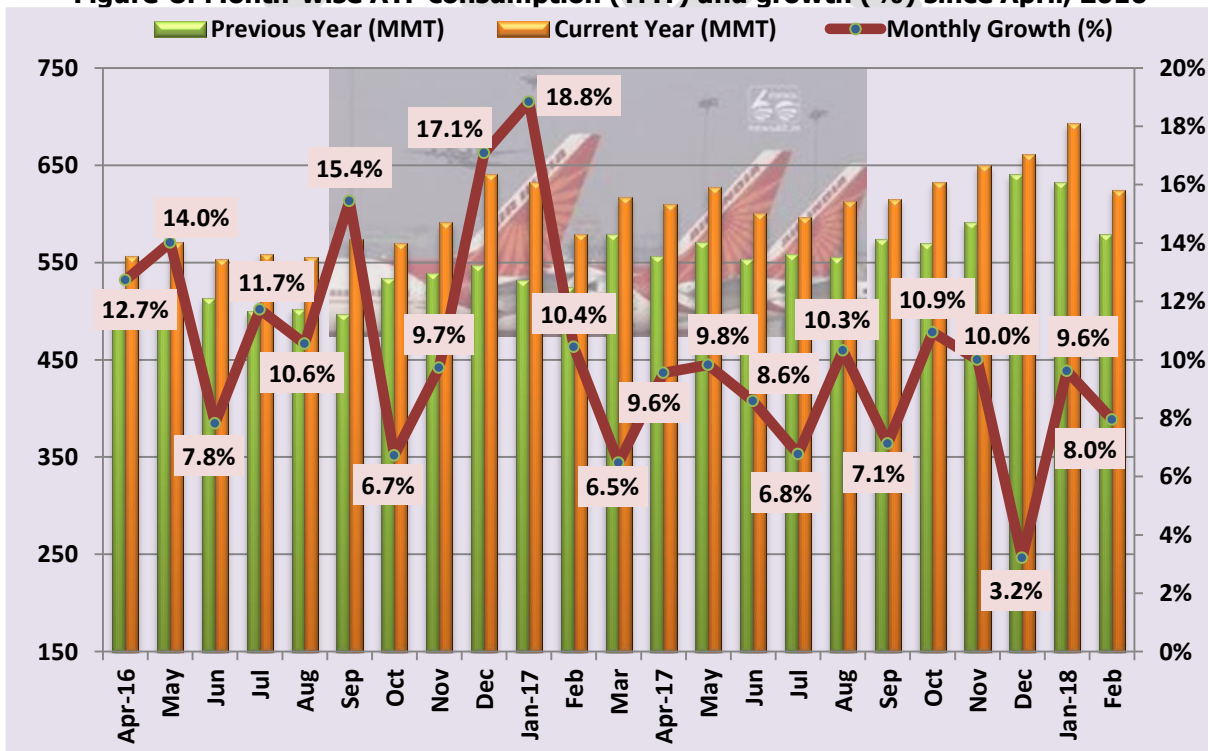


1.7 Naphtha: Naphtha consumption recorded a drop of -10.7% for the month of February, 2018 and a drop of -7.3% for the period April 2017 to February 2018 as compared to April 2016 to February 2017. Petrochemical industries remain the main consumers of naphtha in addition to minor consumers like fertilizer and power plants. Fluctuation in demand by the petrochemical industry (particularly for polymers and plastics) largely drives the pattern of naphtha consumption.

1.8 ATF: ATF consumption recorded a growth of 8.0% during February, 2018 as compared to February, 2017. On cumulative basis, for the period April 2017 to February 2018, a growth of 8.5% was recorded as compared to the same period last year.

The continued high growth in domestic passenger traffic has resulted in increasing demand for ATF with a CAGR of 4.9% in the last five years. Passengers carried by domestic airlines during February, 2018 stood at 107.44 lakhs as against 86.55 lakhs during February, 2017 thereby registering a growth of 24.1%. On cumulative basis a total of 1121.05 lakh passengers were carried by domestic airlines during the period April 2017 to February, 2018 as against 951.19 lakh in the same period last year and thereby a growth of 17.8% in domestic air traffic was recorded. Due to major initiatives taken by the government for the aviation sector for improving infrastructure and connectivity, the consumption of ATF is expected to increase in line with the thrust applied.

Figure-8: Month-wise ATF consumption (TMT) and growth (%) since April, 2016



1.9 FO/LSHS: FO and LSHS consumption registered a marginal growth of 0.1% during February, 2018 as compared to February, 2017 and a drop of -6.6% was recorded for the period April 2017 to February 2018 as compared to the same period last year. The overall drop during the current year is due to decreased consumption of FO in

sectors steel, others and general trade sectors. However a marginal growth was noted for power and fertilizer sectors. The drop in consumption has been mainly due to ban of FO in Delhi, Uttar Pradesh, Rajasthan and Haryana. Consumption of LSHS has also reduced due to shift to natural gas by major customers like the fertilizer industry.

1.10 PETCOKE: Petcoke consumption registered a growth of 27.6% in February, 2018 as compared to February, 2017 and on cumulative basis, a growth of 10.8% was registered for the period April 2017 to February 2018.

The Supreme Court order banning the use of Pet coke as a fuel due to its high sulphur content in Delhi, Uttar Pradesh, Rajasthan and Haryana has affected the consumption of petcoke in many industries in these regions. However its use as a fuel still continues in other parts of the country.

1.11 LDO: LDO consumption recorded a growth of 32.4% for the month of February, 2018 and a growth of 14.2% for the period April 2017 to February 2018 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 and due to fluctuation in manufacturing activities. LDO is also extensively used in various types of furnaces and the ban of FO in Delhi, Uttar Pradesh, Rajasthan and Haryana has led to an increase in consumption.

Industry Consumption Trend Analysis 2017-18 (P)

('000 MT)

Product	February			April-February		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
(A) Sensitive Products						
SKO	370.8	309.0	-16.7	4982.6	3561.6	-28.5
LPG	1804.1	1946.4	7.9	19720.2	21286.7	7.9
Sub Total	2174.9	2255.4	3.7	24703	24848.3	0.6
(B) Major Decontrolled Products						
Naphtha	1070.2	955.5	-10.7	12145.3	11258.8	-7.3
MS	1896.4	2074.5	9.4	21659.5	23699.8	9.4
HSD	6161.0	6531.5	6.0	69224.4	73691.7	6.5
Lubes+Greases	283.1	292.2	3.2	3170.0	3368.4	6.3
LDO	35.2	46.5	32.4	413.6	472.3	14.2
FO/LSHS	526.2	526.8	0.1	6594.0	6157.6	-6.6
Bitumen	571.2	632.1	10.7	5215.9	5230.6	0.3
ATF	578.9	624.9	8.0	6380.5	6922.3	8.5
Sub Total	11122.2	11684.0	5.1	124803.2	130801.4	4.8
Sub - Total (A) + (B)	13297.1	13939.4	4.8	149506.0	155649.7	4.1
(C) Minor Decontrolled Products						
Pet.Coke	1725.3	2201.3	27.6	21777.8	24133.7	10.8
Others	519.1	591.1	13.9	5942.3	6457.1	8.7
Sub Total	2244.4	2792.4	24.4	27720.1	30590.8	10.4
Total	15541.5	16731.8	7.7	177226.1	186240.5	5.1