

Industry Sales Review

March 2018



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 March, 2018. Data on product-wise monthly consumption of petroleum products for March, 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:

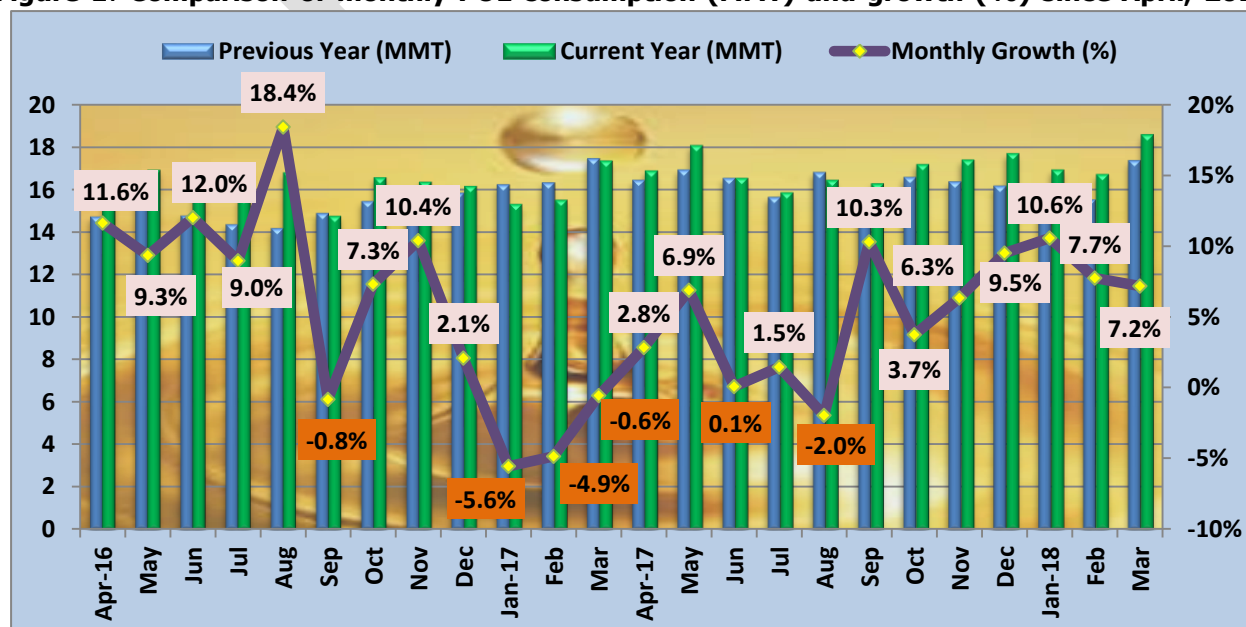
The growth (%) in consumption of petroleum products, category-wise, for the month of March, 2018 is given in Table-1.

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

PRODUCT	Share (%)	March 2017	March 2018	Growth (%)	Products Included
Sensitive products	12.6%	2,302	2,339	1.6%	SKO & LPG
Major decontrolled products	71.6%	12,261	13,324	8.9%	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Other decontrolled products	15.8%	2,837	2,955	4.1%	Pet. Coke & other minor products
Grand Total	100%	17,371	18,617	7.2%	

All Products: India's fuel demand rose by 7.2% in March, 2018. Consumption of petroleum products totaled to 18.6 MMT during the month as compared to 17.4 MMT a year ago. While there was a drop in the consumption of Kerosene (-31.6%) and Others (-3.7%) during the month, all other products recorded positive growth. On cumulative basis, the consumption of petroleum products was 204.9 MMT, thereby registering a growth of 5.3% for the period April 2017 to March 2018 as compared to April 2016 to March 2017.

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



Composite PMI in India increased to 50.8 in March from 49.7 in February, 2018.

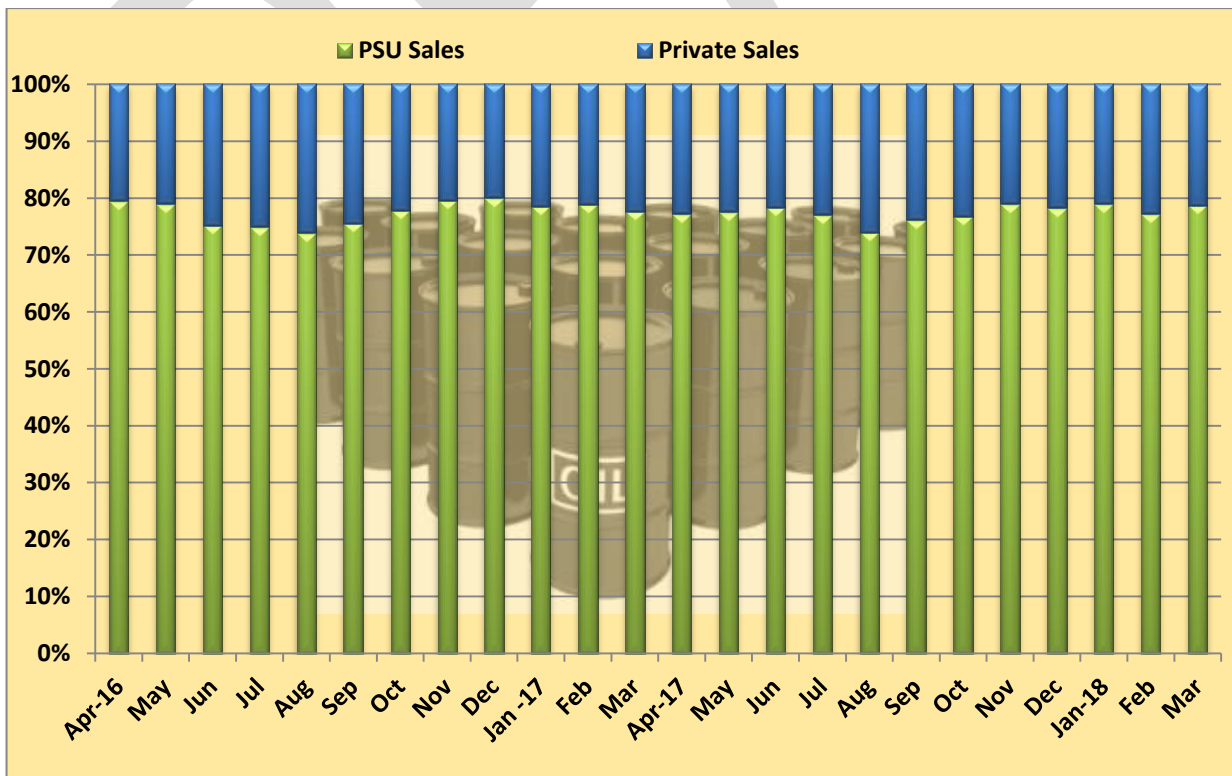
- The Nikkei Services PMI in India surged to 50.3 in March, 2018 from 47.8 a month earlier. New business returned to growth and employment grew the most since June 2011. Also, sentiment reached its highest since July, 2017, when the goods and services tax was implemented
- The Nikkei Manufacturing PMI in India unexpectedly fell to 51.0 in March, 2018 from 52.1 in the prior month. The reading pointed to the weakest expansion in the manufacturing sector since October 2017, as new export orders grew at the softest pace since November 2017. Meantime, new orders increased for the fifth month in a row and manufacturers raised their purchasing activity

Infrastructure is a key driver of the overall development of the Indian economy. This sector focuses on major infrastructure sectors such as power, roads and bridges, dams and urban infrastructure. The Government of India is expected to invest heavily in the infrastructure sector, mainly for highways, renewable energy and urban transport, and is taking every possible initiative to boost the infrastructure sector.

The changing infrastructure landscape in India and strong private consumption and services are expected to continue to support economic activity. Improved automobile sales, manufacturing and services, the mainstay of India’s growth, are on a positive 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 available data. 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 January, 2018 and private imports data for the months of February, 2018 and March, 2018 are projected based on February 2017 to January 2018 actual data.

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

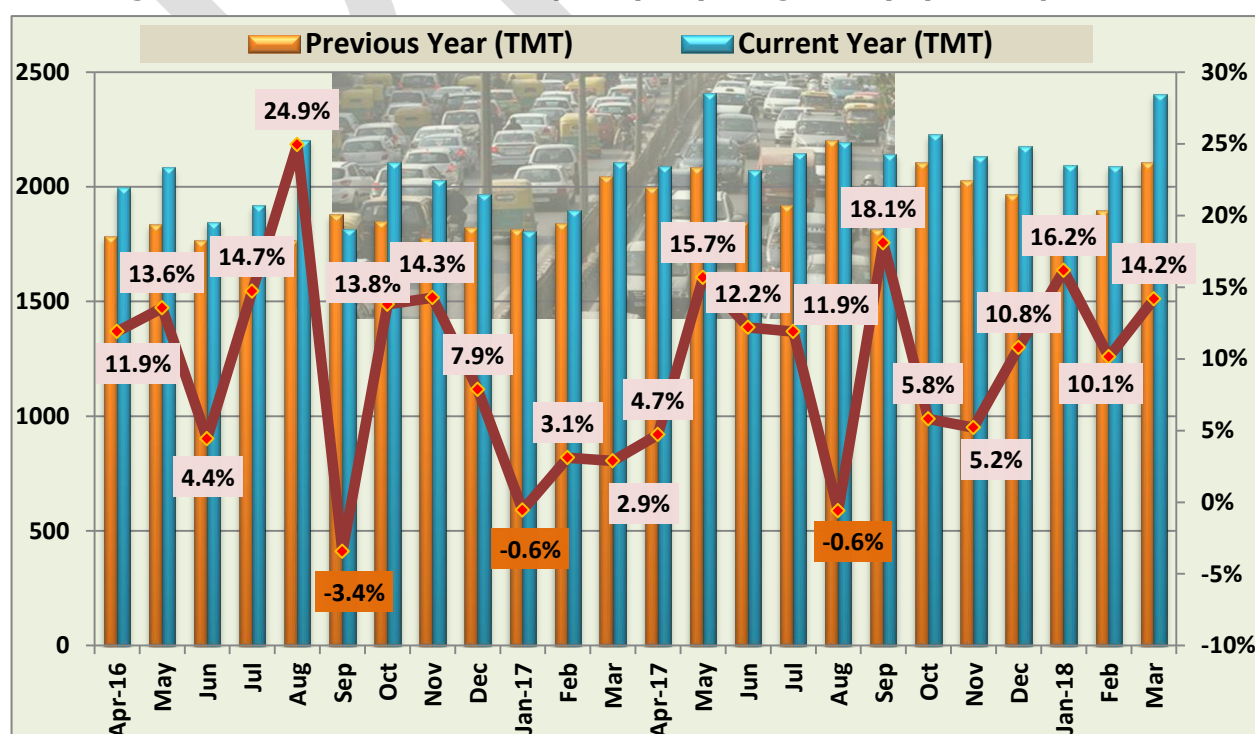
1.2 Petrol / Motor Spirit (MS): MS consumption during March, 2018 recorded a growth of 14.2% as compared to March, 2017, while on cumulative basis a growth of 10.1% was recorded for the period April 2017 to March 2018 as compared to the same period last year. Since March 2017, MS consumption has consistently recorded more than 2 million MT every month.

Major factors contributing to MS consumption during the month were:

- i. The growth in demand came over a low base of last year as MS consumption fell in March, 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. SIAM has reported that by the end of 2017-18, share of diesel in car sales has come down to 23% as against a high of 47% during 2012-13 and presently even the SUV segment is seeing high percentage of petrol driven vehicles.

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

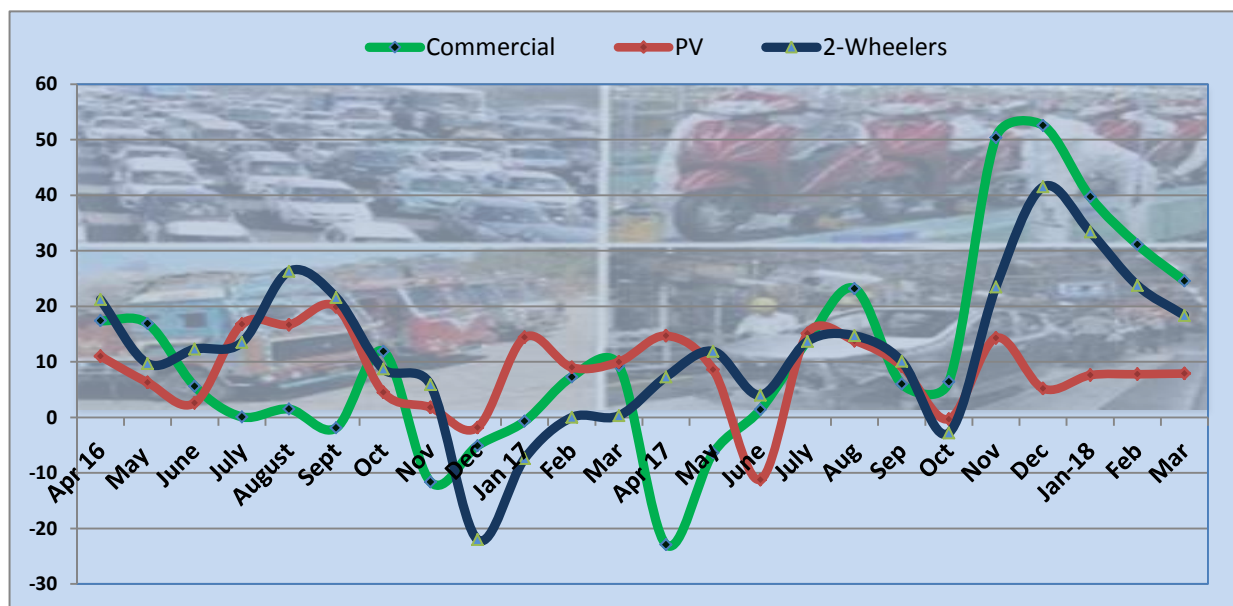


Other factors impacting consumption of MS are:

The automotive sector experienced a mixed fortune during the month of March, 2018. The Indian automobile industry registered record sales last fiscal across passenger, commercial vehicles and two-wheeler segments riding on the back of good monsoons and improved macro-economic conditions buoying consumer sentiments.

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 March, 2018 recorded a growth of 6.4% and stood at 300,722 units, as against 282,698 units in the same month last year. On cumulative basis, a growth of 7.9% was recorded for the period April 2017 to March 2018 as compared to April 2016 to March 2017 for passenger vehicles.

Passenger cars segment recorded a growth of 0.4%, while Utility vehicles which remain the new favorite of car buyers within the passenger vehicle space, posted a strong growth of 17.7% during the month of March, 2018. Van sales posted a growth of 23.0% during the month. On cumulative basis passenger cars, utility vehicles and vans recorded a growth of 3.3%, 21.0% and 5.8% respectively.

Segment	March			April-March		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
Passenger Cars	190,236	191,082	0.4	2,103,847	2,173,950	3.3
Utility Vehicles	77,697	91,483	17.7	761,998	921,780	21.0
Vans	14,765	18,157	23.0	181,737	192,235	5.8
Sub-Total	282,698	300,722	6.4	3,047,582	3,287,965	7.9

Source: Society of Indian Automobile Manufacturers (SIAM)

b) **2-wheeler sales:** In March, 2018, the sales growth has been driven by strong growth in motorcycles in addition to the continued momentum across the range of scooters. During the month of March, 2018, 2-wheeler sales witnessed a growth of 18.3%, and on cumulative basis the growth was 14.8%.

Scooter sales recorded a growth of 6.4% by selling 518,015 units. Motorcycles recorded a growth of 25.1% in sales by selling 1,145,221 units while moped sales recorded a growth of 12.4% by selling 78,413 units. On cumulative basis, scooter and motorcycles sale recorded a growth of 19.9% and 13.7% respectively, while moped sales continued to decline at -3.5%.

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

The prediction of a near normal monsoon during 2018-19 along with low cost of ownership would boost 2-wheeler sales in the next year also leading to sustained growth in MS sales.

Segment	March			April-March		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
Scooter/ Scooterette	486,604	518,015	6.4	5,604,673	6,719,911	19.9
Motor Cycles	915,259	1,145,221	25.1	11,094,547	12,613,241	13.7
Mopeds	69,773	78,413	12.4	890,518	859,520	-3.5
Sub Total	1,471,636	1,741,649	18.3	17,589,738	20,192,672	14.8

Source: Society of Indian Automobile Manufacturers (SIAM)

1.3 High Speed Diesel (HSD): HSD consumption during the month recorded a high growth of 8.0% to reach 7.3 MMT in March, 2018 as compared to 6.8 MMT in March, 2017. On cumulative basis, a growth of 6.6% was recorded for the period April 2017 to March 2018 as compared to the same period last year. Growth in diesel consumption during the month may be attributed mainly to the following factors:

- i. The growth in diesel consumption during March, 2018 is due to the low base effect of last year in March, 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

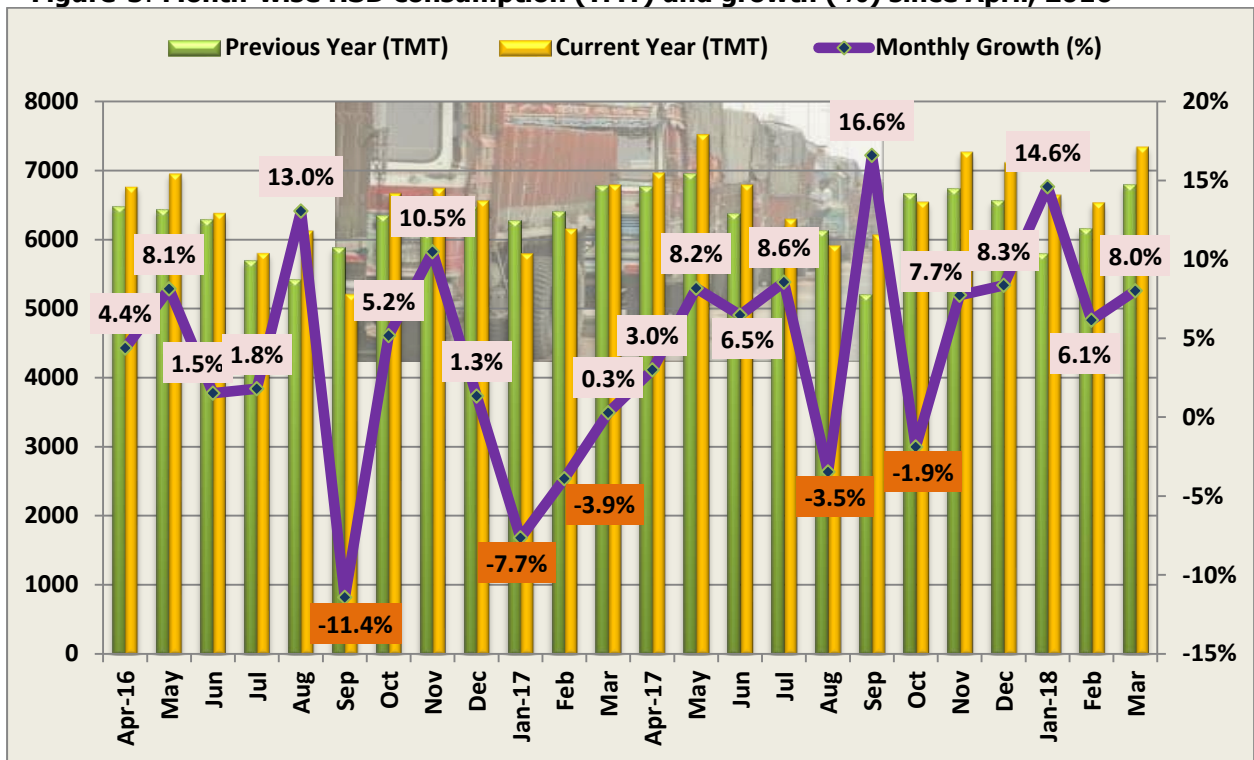
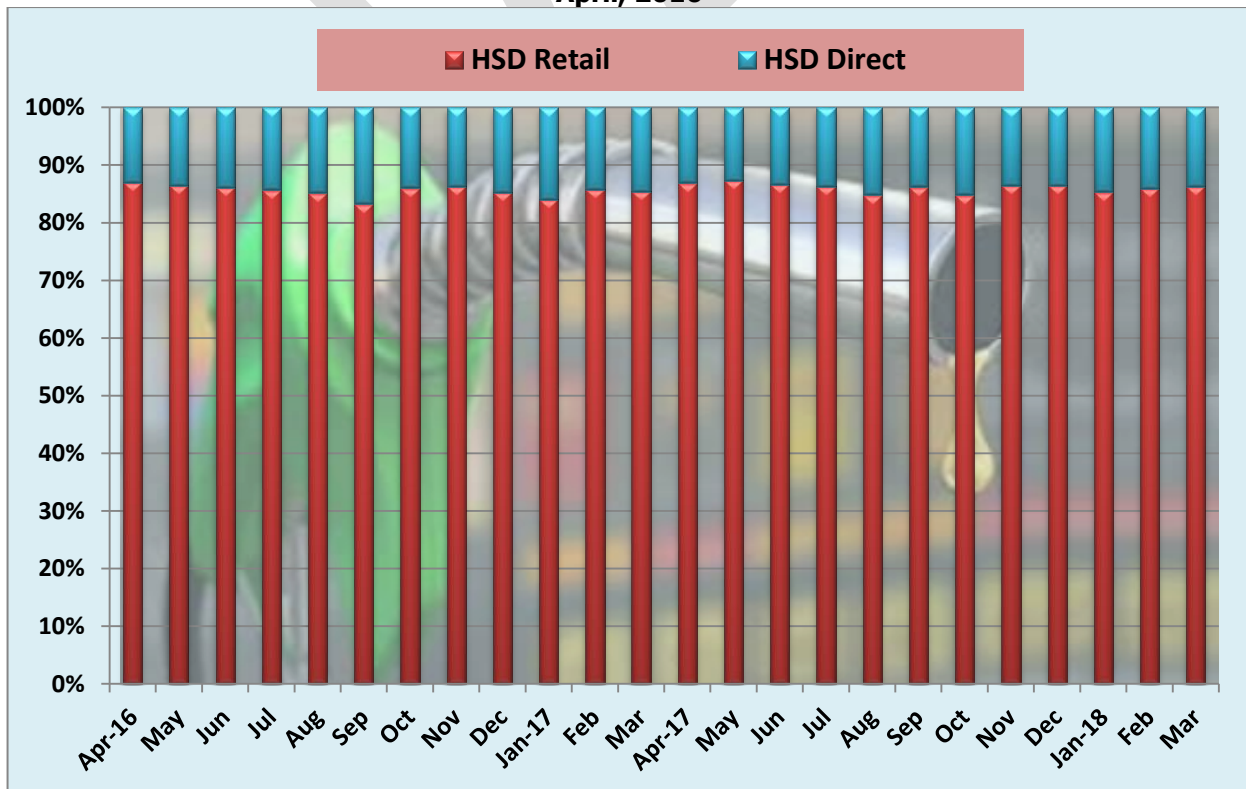


Figure-6 gives a comparison of month-wise percentage of HSD consumption by Retail and Consumer business share since April, 2016.

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 March, 2018 and witnessed a growth of 24.6%. Overloading regulations and replacement buying pushed demand for higher tonnage trucks and tippers that boosted the growth in the M&HCV segment.

M&HCV recorded a growth of 16.3% in March, 2018 by selling 45,760 units as compared to 39,353 units in March, 2017. On cumulative basis, M&HCV recorded a growth of 12.4%.

- b) **Light Commercial Vehicle (LCV):** The LCV segment performed strongly, witnessing a 31.3% growth driven by rising demand from e-commerce and logistics sectors. LCV sector contributed sales of 62,921 units as against a historical of 47,905 units during the month. A growth of 25.4% was recorded for the segment for the period April 2017 to March, 2018.

Segment	March			April-March		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
M&HCV	39,353	45,760	16.3	302,567	340,313	12.4
LCV	47,905	62,921	31.3	411,515	516,140	25.4
Total Commercial Vehicles	87,258	108,681	24.6	714,082	856,453	19.9

Source: Society of Indian Automobile Manufacturers (SIAM)

- c) **Port traffic:** There was a growth of 2.9% in port traffic during the month of March, 2018 mainly due to increase in traffic at all ports except at Mormugao, Chennai, Mumabi and New Mangalore.

There has been a cumulative growth of 4.7% in port traffic during the period April 2017 to March 2018. Growth was registered specifically in POL products (7.2%), other liquids (4.3%), finished fertilizer (6.7%), raw fertilizer (7.2%), coking coal (8.6%), thermal coal (2.7%), containers (7.2%), TEU (8.0%) and others (0.08%). A drop has been observed only in iron ore traffic (-2.7%). 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 March, 2018.

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

TRAFFIC HANDLED AT MAJOR PORTS (TMT)			
PORTS	March 2017	March 2018	Growth (%)
Kolkata + Haldia	5,417	5,846	7.9%
Paradip	8,342	8,859	6.2%
Visakhapatnam	5,488	5,839	6.4%
Kamarajar (Ennore)	2,724	3,204	17.6%
Chennai	4,654	4,295	-7.7%
V.O. Chidambaranar	3,300	3,532	7.0%
Cochin	2,417	2,566	6.2%
New Mangalore	4,014	3,878	-3.4%
Mormugao	4,190	2,947	-29.7%
Mumbai	5,476	5,426	-0.9%
JNPT	5,860	6,128	4.6%
Kandla	9,106	10,224	12.3%
TOTAL:	60,988	62,744	2.9%

Source: Indian Ports Association (IPA)

- d) **Power situation:** The power deficit position for the month of March, 2018 is given in Table-3. The power deficit position widened from -0.3% in March, 2017 to -0.8% in March, 2018. The deficit was mainly in the states of Jammu & Kashmir, Uttar Pradesh and Rajasthan. The increase in power deficit in March, 2018 may have led to increased usage of diesel for back-up power generation.

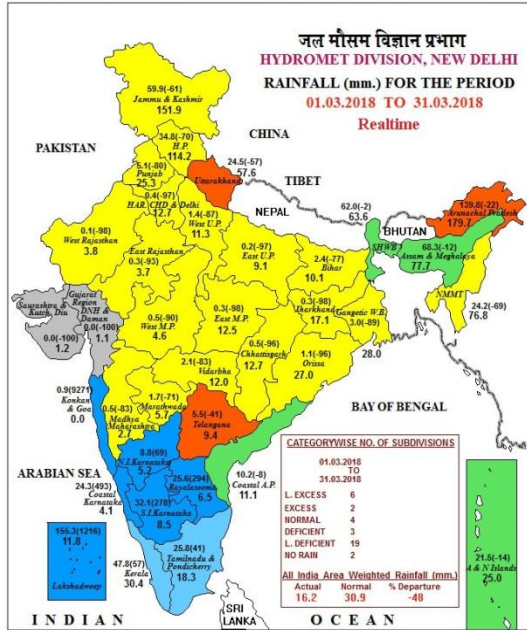
Table-3: Power deficit: Region-wise position for March, 2018 (% deficit)

States	March 2018 ^(P)				March 2017
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	28,552	28,062	-490	-1.7%	-0.7%
West	32,266	32,266	0	0.0%	0.0%
South	31,462	31,186	-276	-0.9%	-0.1%
East	11,747	11,731	-16	-0.1%	-0.1%
North-East	1,201	1,161	-40	-3.3%	-2.8%
Total	1,05,228	1,04,407	-822	-0.8%	-0.3%

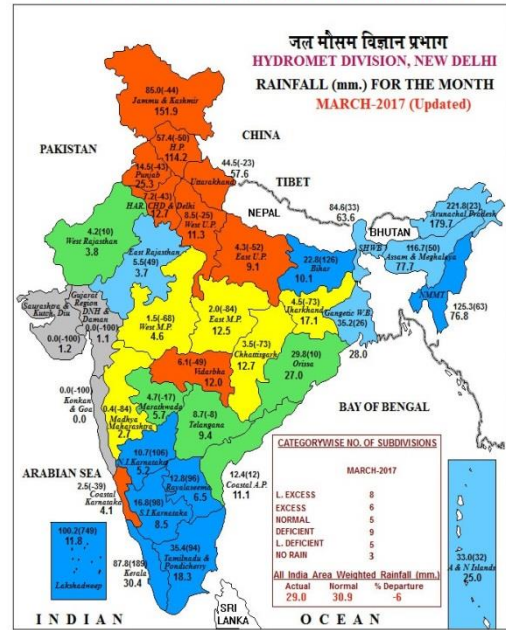
Source: Central Electricity Authority (CEA)

- e) **Seasonal rainfall scenario:** The rainfall in the country during March, 2018 was -48% below normal. As against a normal of 30.9 mm, 16.2 mm rain was recorded during March, 2018. 67% of 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.

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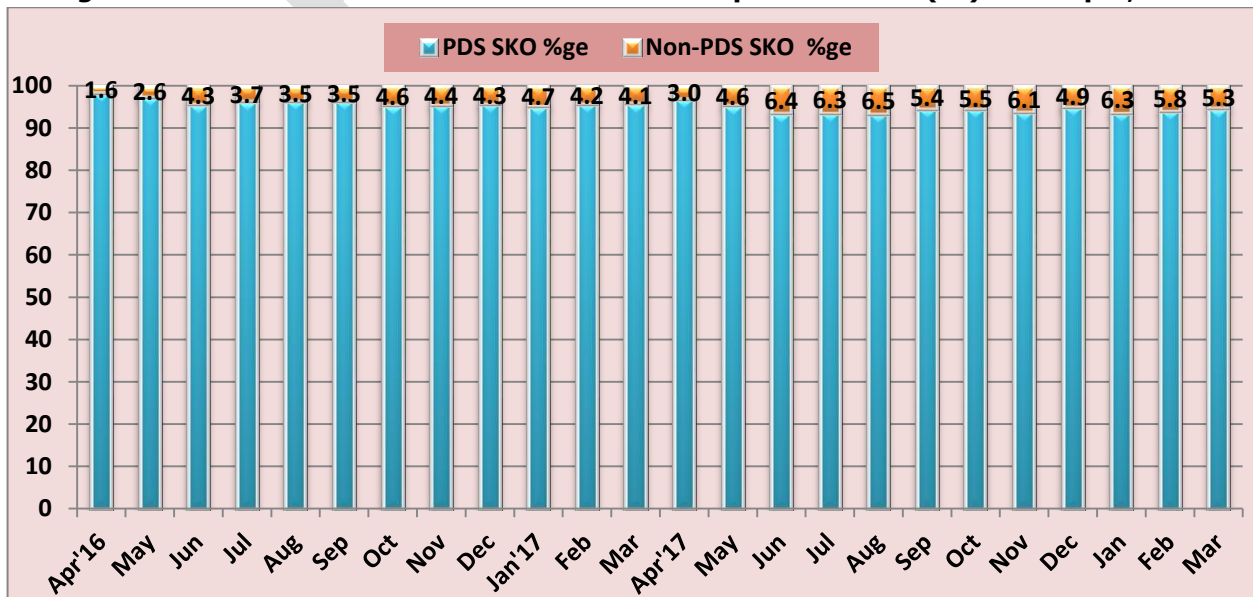


Source: India Meteorological Department (IMD)

1.4 Kerosene: Kerosene consumption recorded a drop of -31.6% during March, 2018 and -28.8% on cumulative basis for the period April 2017 to March 2018 as compared to April 2016 to March 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 March, 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

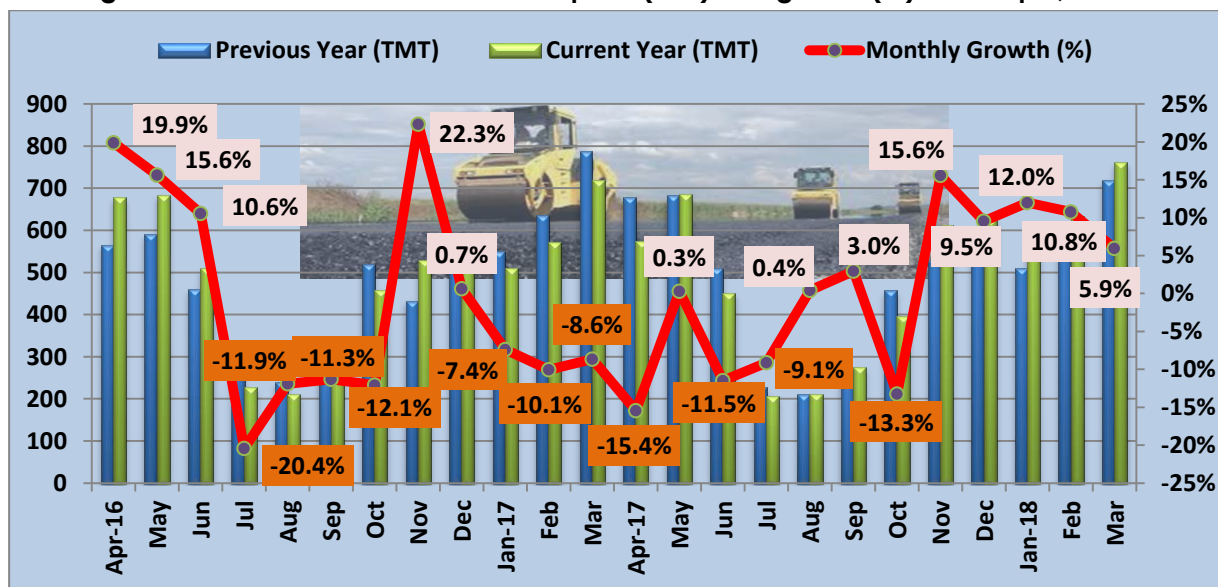


1.5 Bitumen: Bitumen consumption recorded a growth of 5.9% during the month of March, 2018 and a growth of 1.2% on cumulative basis for the period April 2017 to March 2018 as compared to April 2016 to March 2017. Bitumen consumption in India has increased on the back of infrastructure spending and expanding road networks across the country which was helped by good weather during the month.

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 five months in a row recorded a positive growth. Growth of 8.9% during March, 2018 and a cumulative growth of 8.0 % for the period April 2017 to March 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 15.5% and North Eastern region at 2.4% during the period April 2017 to March 2018. Eastern region had the highest growth of 14.7% in total LPG consumption during the current year.

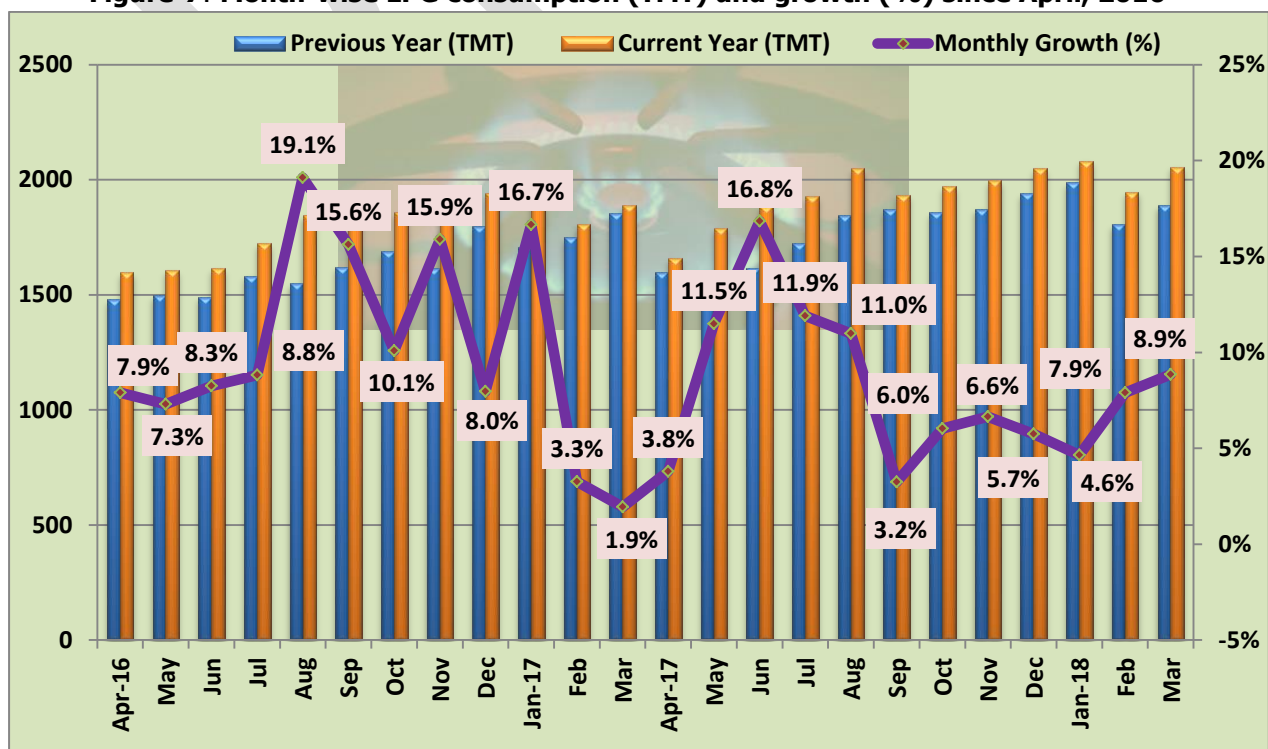
LPG-Packed Domestic consumption registered a growth of 7.9% during March, 2018 and a growth of 7.8 % for the period April 2017 to March 2018. Last year during March, 2017 growth of 3.4% was observed and cumulative growth during April 2016 to March 2017 was 9.8%. This year during the period April 2017 to March 2018, 68.8 lakh DBCs and 284.7 lakh new connections were released out of which 155.7 lakh were released under PMUY. Total 356.0 lakh connections were released under PMUY till 31.03.2018 since inception. During April 2017 to March 2018, the five states with the highest LPG-Packed domestic sales share were Uttar Pradesh (13.8%), Maharashtra (11.4%), Tamil Nadu (8.2%), West Bengal (7.3%) and Karnataka (6.3%). During the month of March 2018, percentage share of LPG-Packed Domestic was 88.7% of total LPG consumption whereas in March 2017 it was 89.8%.

LPG-Packed Non-Domestic consumption for the last thirty nine months in a row registered a positive growth. Growth of 24.4% in March, 2018 and cumulative growth of 17.5% during April 2017 to March 2018 was observed. Last year during March, 2017, growth of 2.7% was observed and cumulative growth during April 2016 to March 2017 was 21.3%. Share of LPG Packed Non-Domestic in total LPG consumption has increased to 9.0% in March, 2018 from 7.9% in March, 2017. Region wise share of LPG Packed Non-Domestic consumption was highest in Southern region (40.0%) followed by Western region (29.6%) and Northern region (22.0%) during April 2017 to March 2018. 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 growth of 15.2% during March, 2018 and a cumulative de-growth of -2.7% during the period April 2017 to March 2018. Last year in the month of March, 2017, a drop of -17.4% and for the cumulative period April 2016 to March 2017, a growth of 14.9% was witnessed. Percentage share of bulk LPG consumption to total LPG consumption increased to 1.6% in March, 2018 as compared to 1.5% in March, 2017 and decreased to 1.5% during April 2017 to March 2018 as compared to 1.7% during April 2016 to March 2017.

Auto LPG consumption registered a growth of 4.7% in March, 2018 and cumulative growth of 10.2% during April 2017 to March 2018. The sales volume increase was about 0.7 TMT in March 2018 as against March 2017. However, last year in the month of March, 2017 a growth of 1.0% and cumulative drop of -2.1% during April 2016 to March 2017 was observed. During the month of March, 2018, percentage share of Auto LPG was 0.8% of total LPG consumption and it was at the same level as of March, 2017.

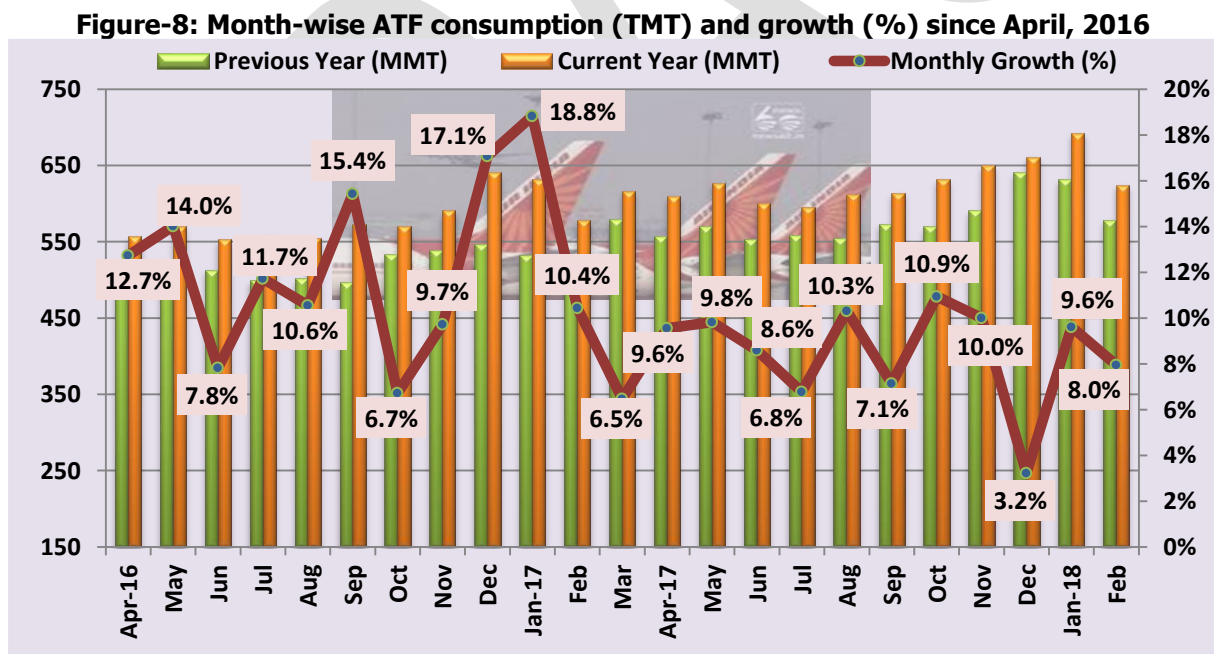
Figure-7: Month-wise LPG consumption (TMT) and growth (%) since April, 2016



1.7 Naphtha: Naphtha consumption recorded a growth of 2.8% for the month of March, 2018 and a drop of -5.2% for the period April 2017 to March 2018 as compared to April 2016 to March 2017. Steel and 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 11.1% during March, 2018 as compared to March, 2017. On cumulative basis, for the period April 2017 to March 2018, a growth of 8.9% 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 March, 2018 stood at 115.80 lakhs as against 90.45 lakhs during March, 2017 thereby registering a growth of 28.0%. On cumulative basis a total of 1236.86 lakh passengers were carried by domestic airlines during the period April 2017 to March, 2018 as against 1042.64 lakh in the same period last year and thereby a growth of 18.6% 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.



1.9 FO/LSHS: FO and LSHS consumption registered a growth of 6.3% during March, 2018 as compared to March, 2017 and a drop of -5.5% was recorded for the period April 2017 to March 2018 as compared to the same period last year. The overall drop during the current year is due to decreased consumption of FO in steel 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 6.5% in March, 2018 as compared to March, 2017 and on cumulative basis, a growth of 9.3% was registered for the period April 2017 to March 2018.

The consumption of petcoke by the cement industry is on the rise after the Supreme Court order of December 2017 allowed its use as a feedstock.

1.11 LDO: LDO consumption recorded a growth of 44.8% for the month of March, 2018 and a growth of 16.6% for the period April 2017 to March 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.

PPAC

Industry Consumption Trend Analysis 2017-18 (P)

('000 MT)

Product	March			April-March		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
(A) Sensitive Products						
SKO	414.2	283.5	-31.6	5,396.8	3,845.1	-28.8
LPG	1,888.0	2,055.2	8.9	21,608.2	23,343.3	8.0
Sub Total	2,302.2	2,338.7	1.6	27,005.0	27,188.4	0.7
(B) Major Decontrolled Products						
Naphtha	1,095.5	1,125.7	2.8	13,240.8	12,548.9	-5.2
MS	2,105.4	2,403.8	14.2	23,764.9	26,175.2	10.1
HSD	6,802.2	7,347.1	8.0	76,026.6	81,073.2	6.6
Lubes+Greases	300.1	357.1	19.0	3,470.1	3,779.2	8.9
LDO	35.3	51.2	44.8	449.0	523.6	16.6
FO/LSHS	556.4	591.3	6.3	7,150.4	6,760.5	-5.5
Bitumen	719.6	762.4	5.9	5,935.5	6,004.1	1.2
ATF	617.0	685.2	11.1	6,997.5	7,623.1	8.9
Sub Total	12,231.5	13,323.8	8.9	137,034.8	144,487.8	5.4
Sub - Total (A) + (B)	14,533.7	15,662.5	7.8	164,039.8	171,676.2	4.7
(C) Other Decontrolled Products						
Petcoke	2,186.1	2,327.9	6.5	23,964.0	26,192.4	9.3
Others	651.2	626.8	-3.7	6,593.5	7,052.8	7.0
Sub Total	2,837.3	2,954.7	4.1	30,557.5	33,245.3	8.8
Total	17,371.0	18,617.2	7.2	194,597.3	204,921.5	5.3