Industry Sales Review Report
May 2013

Analysis • Knowledge • Information

पेट्रोलियम योजना एवं विश्लेषण प्रकोष्ठ
पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय
Petroleum Planning & Analysis Cell
Ministry of Petroleum & Natural Gas

Petroleum Planning & Analysis Cell
(Ministry of Petroleum & Natural Gas)

Data on product-wise monthly consumption of petroleum products for May, 2013 is uploaded on PPAC website. This Report analyses the trend of consumption of petroleum products in the country during the month of May, 2013.

2.0 CONSUMPTION:

2.1 Demand Estimates: Although demand estimates for 2013-14 were done at the time of preparation of the 12th Five Year Plan, PPAC, as an annual exercise, has updated demand estimates for 2013-14 (OE) in consultation with industry, which are shared below in Table-1. To have better appreciation of the estimates, we have broken up the estimates in to three categories:

Table-1: Demand Estimates (OE) of POL products for FY 2013-14

Products	2013-14 (Original Estimates)	
	Quantity (TMT)	Growth (%)
(A) Sensitive Products		
LPG	16862	3.9
SKO	7152	-4.0
HSD	74500	6.3
Sub total	**98514**	**5.0**
(B) Major Decontrolled Products		
MS	16535	4.5
NAPHTHA	12024	0.6
ATF	5356	4.2
LDO	385	0.8
LUBES	2729	-0.7
FO/LSHS	6776	-10.0
BITUMEN	4914	0.8
Sub total	**48719**	**0.6**
(C) Other Minor Decontrolled Products		
Petcoke	9085	14.2
Others	5711	4.9
Sub Total	**14796**	**10.4**
All Products	**162029**	**4.1**

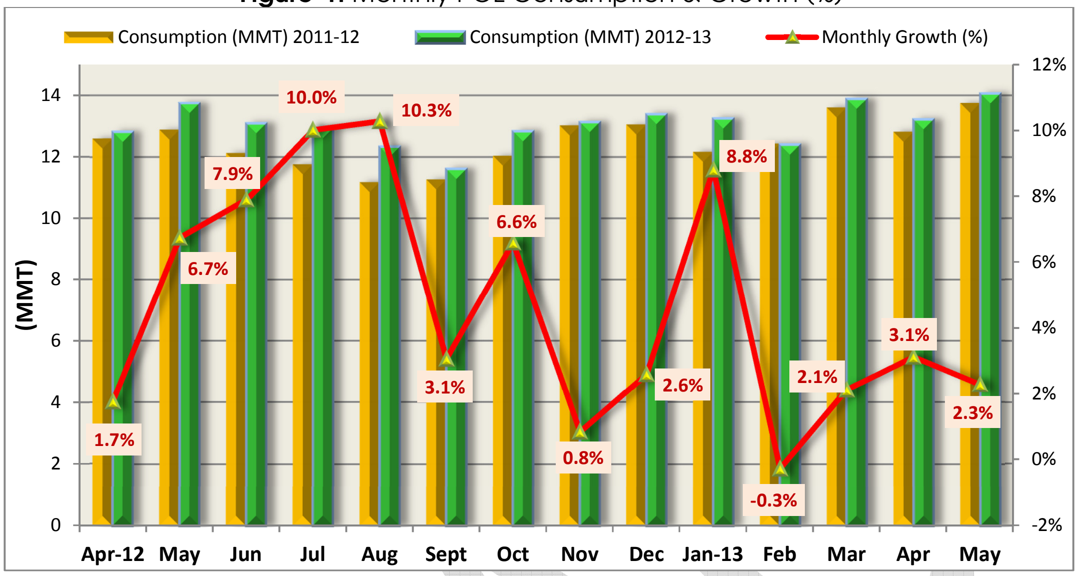
Note: Growth is calculated on provisional consumption figures for 2012-13. Hence, it may undergo minor change after 2012-13 consumption is finalized

2.2 All Products: Overall consumption growth of 2.3 % was recorded in May, 2013. Except for MS, Bitumen, ATF and Pet Coke, all other products recorded negative growth.

Data on direct private imports received from DGCIS, which are added to the final sales reported by oil companies, are available up to March, 2013 and private imports data for the balance two months, (i.e. April, 2013 & May, 2013) are projected based on April-March, 2013 figures.

Figure-1 below gives comparison of monthly POL consumption and Growth (%) during the last 26 months since April, 2011:

Figure-1: Monthly POL Consumption & Growth (%)



Detailed product-wise analysis of growth for May, 2013 is given in the following sections.

2.3 Petrol / Motor Spirit (MS): There has been an abnormal growth of 31.2 % in the consumption of MS during May, 2013, compared to the growth of only1.8 % during April, 2013. The cumulative MS consumption growth for April-May, 2013 is at 16.8 %,

Expectation of price revision, whether upward or downward, vitiates the consumption data unrealistically. The abnormal growth in MS in the month of May, 2013 is mainly attributable to the following key reasons:

- Impact of low inventories with dealers and low Retail Outlet (nozzle) sales in the previous month, i.e. the last week of April'2013 due to expected downward revision in the price by Rs 3/- per litre (approx.).

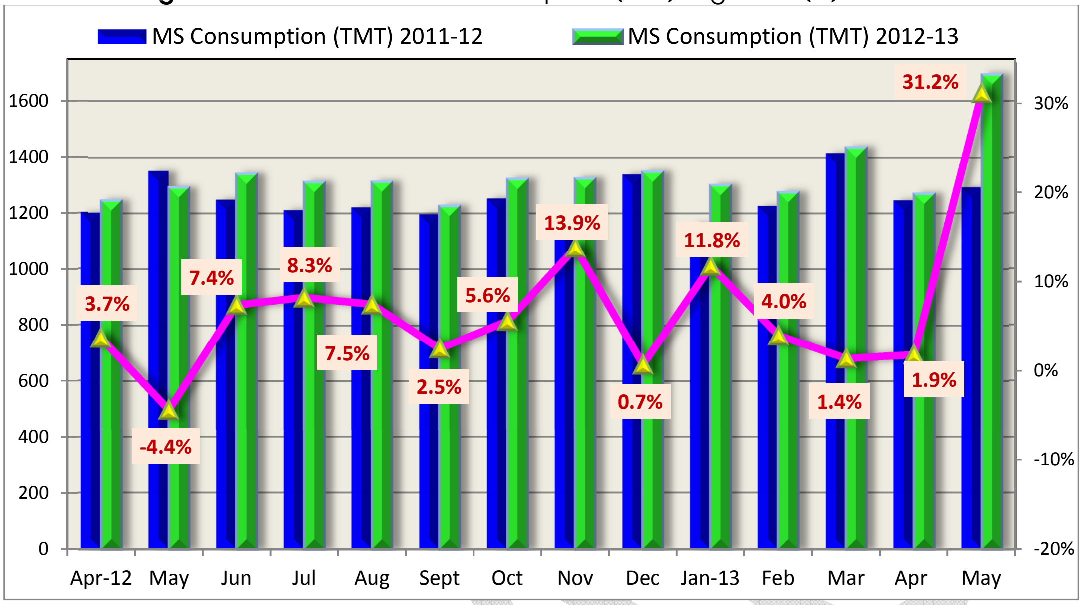
  The actual price revision happened on May 01, 2013, after which dealers brought up the inventories to normal level making up for low inventories of previous month (April, 2013).

- Another factor that affected abnormal growth in MS in April'2013 was low base in the corresponding month of previous year, 2012 (-4.4%).

- Towards the end of the month, the increasing price of international crude, coupled with sharp weakening of Rupee against US $, increased speculation on an upward price revision in MS by Rs 2/- per litre (approx.), resulted in topping up of inventories with dealers. The actual price revision happened on June 01, 2013

Figure-2 gives monthly MS consumption (TMT) and growth (%) during the last 26 months since April, 2011:

Figure-2: Month-wise MS consumption (TMT) & growth (%): 2011-13



Other factors impacting consumption of MS are:

a) **Total Passenger Vehicles (PV) Sales** (comprising of Passenger Cars, Utility Vehicles and Vans) recorded negative growth for the sixth month in a row: Total PV domestic sales recorded negative growth of 8.9% in May, 2013, as sluggish economic growth continued to weigh on demand. Hence, MS consumption outlook in the near future remains moderate at best.

Segment	Growth (%)
Passenger Cars	-12.3 %
Utility Vehicles	4.2 %
Vans	-8.0 %
Total Passenger Vehicles (PVs)	**-8.9 %**

Source: SIAM

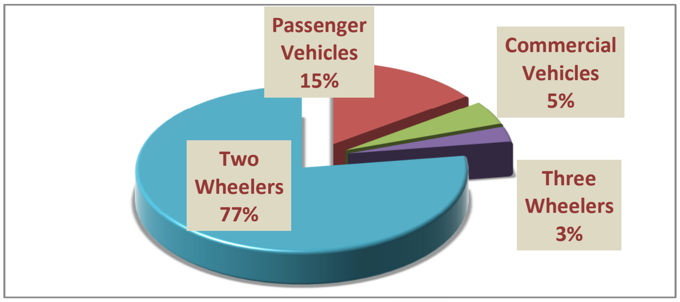
2-wheeler Sales: 1.20 million units of 2-wheelers were sold domestically in May 2013, recording a marginal growth of 1.1 % in May, 2013.

Segment	Growth (%)
Scooter / Scooterttee	13.1 %
Motor Cycles	-0.7 %
Mopeds	-15.6 %
Total Two wheelers	**1.1 %**

Source: SIAM

Figure-3 gives market share of the Sales in the Indian Domestic Automobiles Industry. It is evident that two wheelers accounts for the lion's share of 77 % of the entire Indian domestic automobile sales.

Figure-3: Market share of Domestic Automobile Industry: 2013-14



Post liberalization in mid-nineties, when new models of 2-wheelers in collaboration with foreign majors became available in Indian markets, motor cycle sales over took scooter sales by leaps and bounds.

While Motor Cycles sales still remain the largest chunk of 2-Wheeler sales; it is observed that in the past few years, Scooters/ Scooterttee have slowly recaptured lost ground replacing Mopeds, which are going out of fashion.

Figure-4 & 5 provide insight in to this changing trend in 2-Wheeler segment:

Figure-4: Market Share in 2002-03

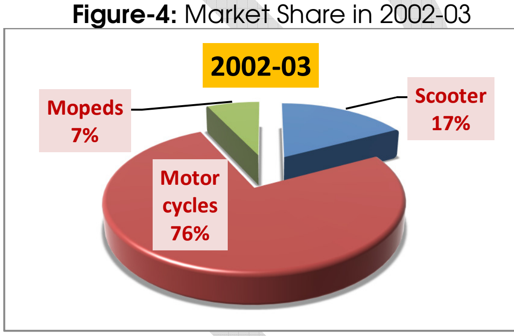
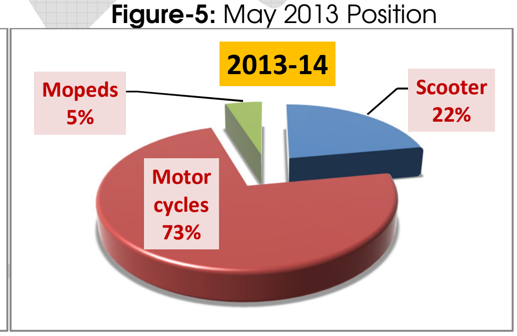


Figure-5: May 2013 Position



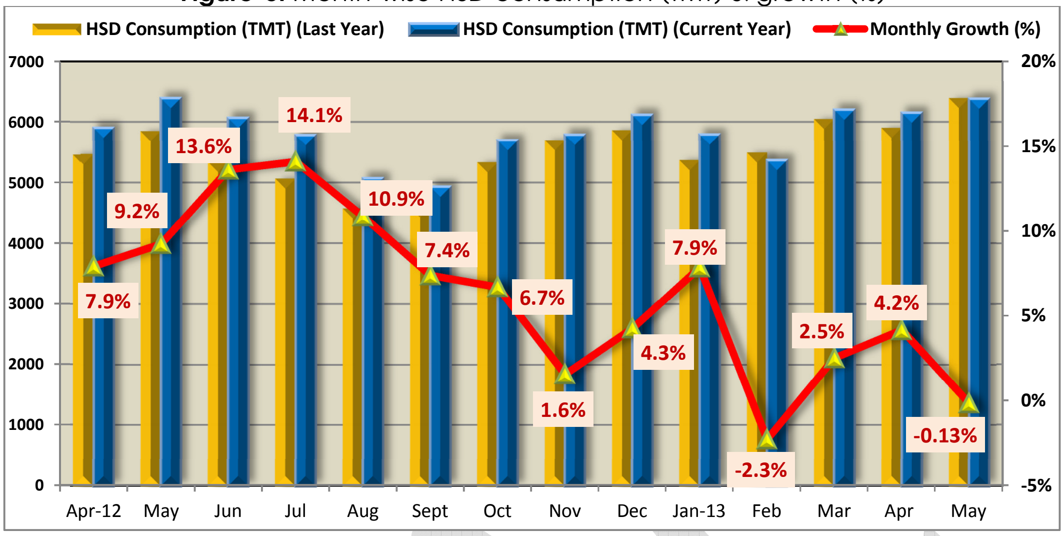
2.4 HSD: A marginal decline of 0.1 % was recorded in HSD consumption during May, 2013 and a cumulative growth of 1.9 % during April-May, 2013.

A combination of factors including slowing down of sales of diesel vehicles (MPVs, Medium & Heavy vehicles, Light commercial vehicles), drop in prices of Furnace oil and overall slowdown in economic activity, has resulted in reduced diesel consumption.

In recent months, petrol powered vehicles are gaining traction over their diesel powered cousins. With the price gap between petrol and diesel narrowing, there is a positive sales growth in petrol vehicles.

Figure-6 gives the monthly HSD consumption (TMT) and growth (%) during the last 26 months since April, 2011:

Figure-6: Month-wise HSD consumption (TMT) & growth (%)



Factors affecting diesel consumption are discussed below:

a) **Deregulation of Direct/ Bulk Diesel Sales**: Government announced on 18th January, 2013 deregulation of diesel sales to direct/ bulk consumers buying the product directly from oil companies. The share of direct/ bulk sales to total sales, which was about 18% in 2011-12, has declined to around 10 % due to the price differential effective January 18, 2013.

The fall in the share of bulk HSD is mainly due to much lower upliftment by State Transport Undertakings (STUs) and industries like Civil Construction, Cement, Mining, Steel, etc., who have shifted in to Retail Outlets or alternate cheaper fuel oil.

Figure-7: HSD Retail & Bulk consumption (% Ratio)

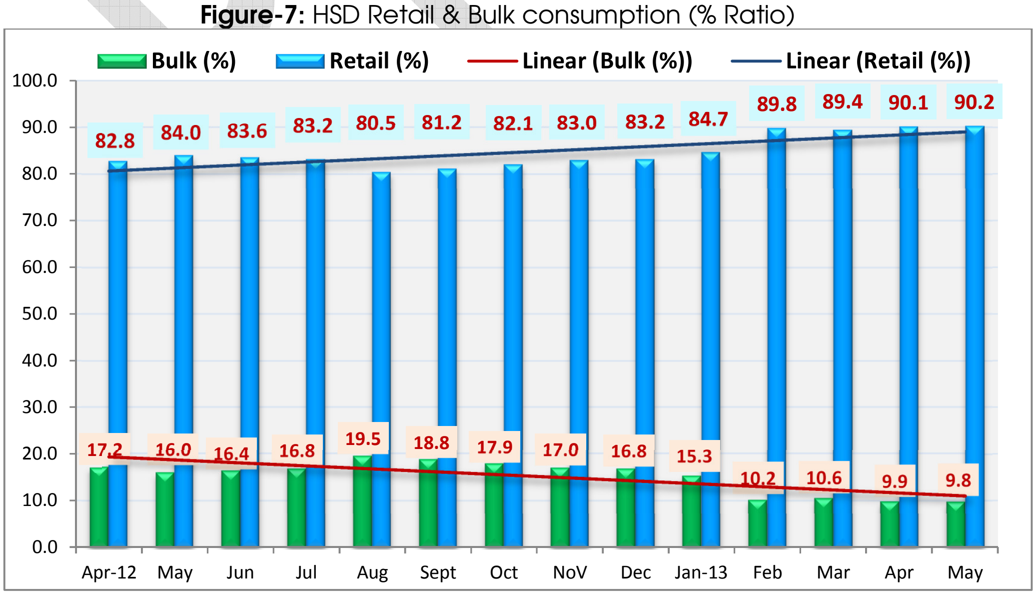
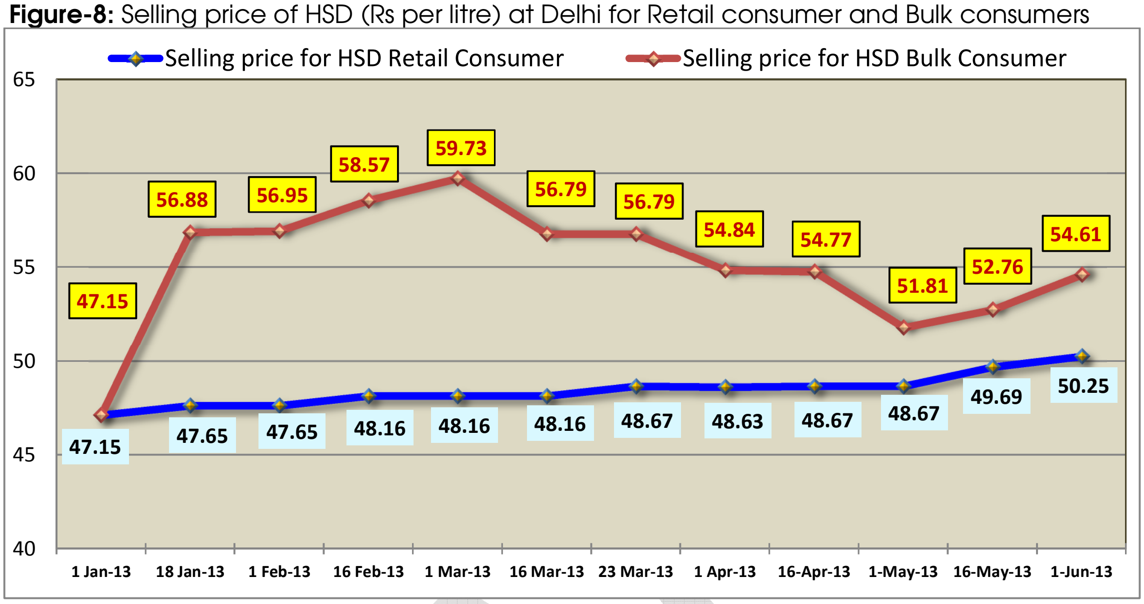
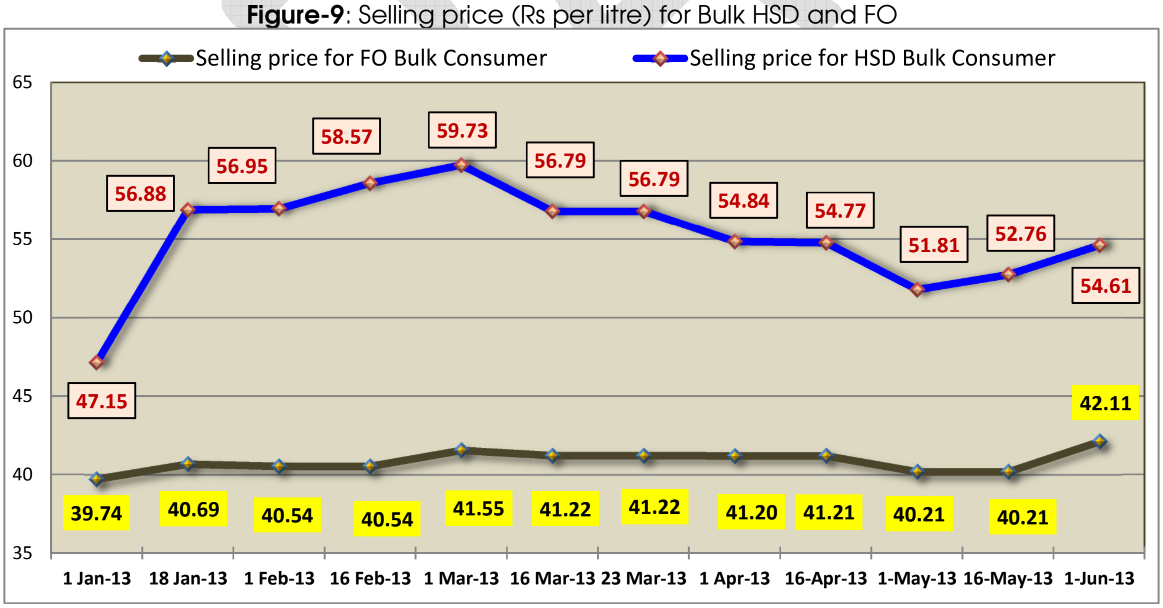


Figure-8: Selling price of HSD (Rs per litre) at Delhi for Retail consumer and Bulk consumers



Until the middle of 2012-13, HSD was cheaper than Furnace Oil and a number of FO customers (predominantly bulk customers) had switched over to HSD. However, in recent months, these customers are switching back to FO, as it is cheaper than bulk HSD.

Figure-9: Selling price (Rs per litre) for Bulk HSD and FO



b) **Port traffic growth remains negative:** There is no major improvement in port traffic and traffic handled at major ports for May, 2013, mainly due to slowing of exports and ban on mining activities. Of the 12 major ports in the country six have recorded negative growth in port traffic led by Marmugao (-77.71%), Mumbai (-19.16%), JNPT (-7.22%), Chidambaranar (-6.52%) and Vishakhapatnam (-1.42%).

Table-2 shows cumulative traffic handled at major ports for April-May, 2013:

Table-2 (Figures in `000 Tonnes)

Traffic handled at major Ports			
PORTS	April to May		% Growth
	2013*	2012	
KOLKATA + HALDIA	6359	5395	1.02
PARADIP	11551	8114	42.36
VISAKHAPATNAM	9986	10130	-1.42
ENNORE	4180	2902	44.04
CHENNAI	8441	8734	-3.35
V.O. CHIDAMBARANAR	4427	4736	-6.52
COCHIN	3449	3371	2.31
NEW MANGALORE	6653	5582	19.19
MORMUGAO	1875	10804	-77.71
MUMBAI	8734	11268	-19.16
JNPT	10455	11268	-7.22
KANDLA	15371	13710	12.12
TOTAL:	**91481**	**94056**	**-2.74**

Source: IPA

c) **Power situation**: After recording highest monthly all India power deficits of (-9.8%) in January 2013 during the Financial year 2012-13, the all India power deficit has improved during May, 2013 at -5.7 %. The State-wise power deficit position for the month of May, 2013 is given in **Annexure-I**.

All regions except south, has shown improvement. The improved power position may have led to reduced consumption of HSD for power generation. Region-wise position for May 2013 is given in Table-3:

Table-3: Region-wise Power Deficits (%)

Region	May 2012	May 2013
North	-9.4	-5.9
West	-3.5	-0.9
South	-10.8	-12.4
East	-4.1	-1.4
North-East	-11.1	-8.4
All India	**-7.5**	**-5.7**

Source: CEA

d) **Commercial Vehicles (CV) Sales**: The CV sales registered a decline of 10.6% in May, 2013.

M&HCVs	**-17.0%**
LCVs	**-7.0 %**
TOTAL COMMERCIAL VEHICLES	**-10.6%**

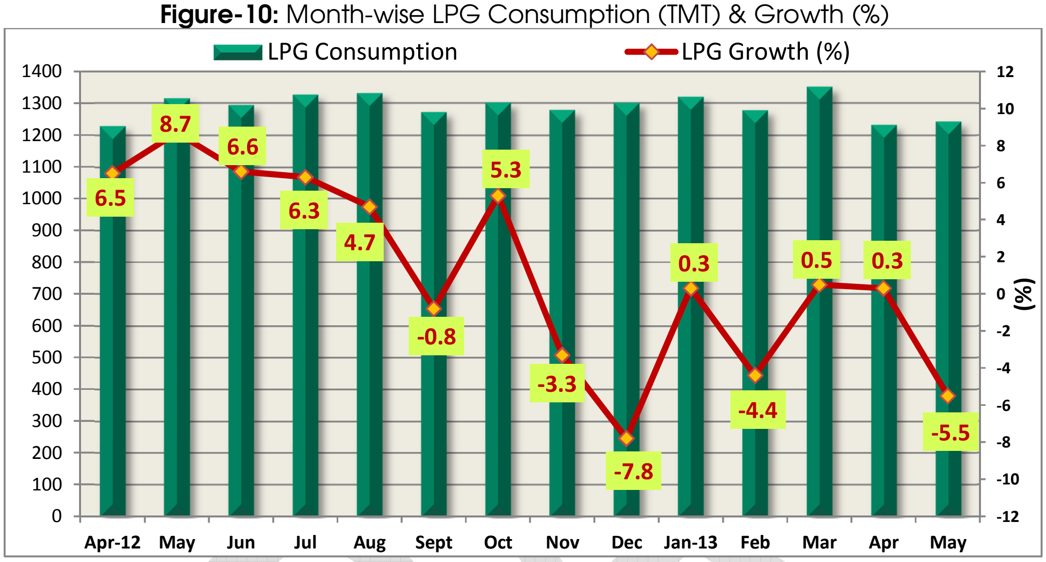
Source: SIAM

The overall sluggishness in the economic activity has hugely influenced the slowing down of sales of heavy diesel vehicles.

2.5 LPG: The LPG Consumption has registered a negative growth of -5.5% during May, 2013 and a cumulative negative growth of -2.7% for April-May, 2013.

Capping on LPG subsidized cylinders, increase in Auto LPG price, control on diversion of subsidized LPG for auto use and the exercise of OMCs to detect and block duplicate domestic connections had an overall dampening impact on the cumulative LPG sales during the last couple of months.

Figure-10: Month-wise LPG Consumption (TMT) & Growth (%)



2.6 Naphtha: Naphtha consumption recorded negative growth of -14.9 % in May, 2013 and a cumulative negative growth of -2.7 %, during April-May, 2013.

There has been reduced consumption in both the Fertilizer (SPIC Tuticorin, Zuari Goa, MCFL Mangalore and FACT Ernakulam) and Petrochemicals sectors (RIL Jamnagar). Whereas, IOCL Panipat and Haldia Petrochemicals recorded positive growth of Naphtha consumption in the Petrochemical sector during May, 2013.

2.7 Bitumen: Bitumen consumption recorded a growth of 21.9 % in May, 2013, and 20.9% for the period April-May, 2013.

The performance of road sector was not inspiring in FY 2012-13; with a number of NHAI projects held up for want of clearances. On the constitution of Cabinet Committee on Investments (CCI), clearances have become faster, which may be one of the key factors for higher growth in bitumen consumption in FY 2013-14.

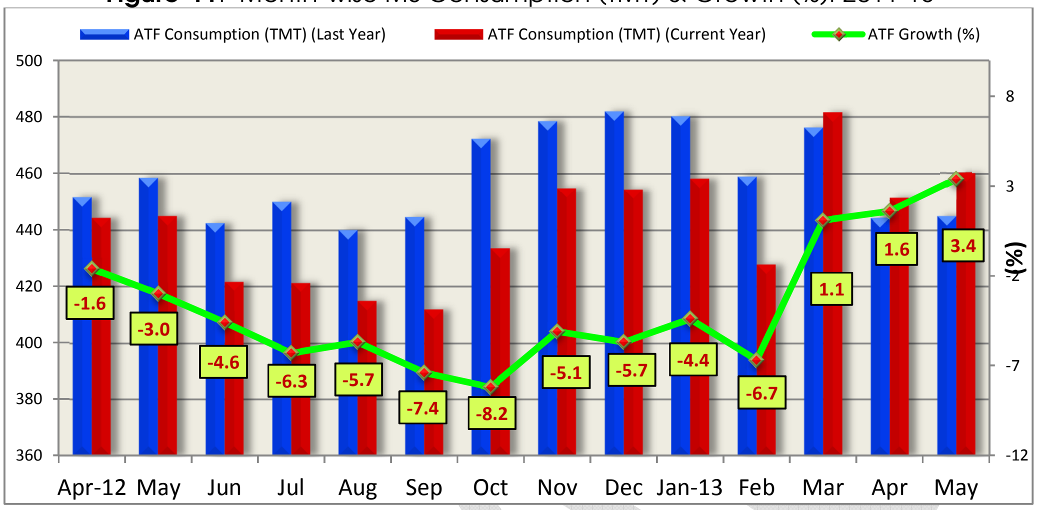
2.8 FO/LSHS: As reported in our previous reports, the Fertilizer sector has contributed to the negative growth in FO/LSHS sales. NFL Panipat & Bhatinda, the major consumers in the fertilizer sector, have switched to gas and their upliftments for the past two months are nil.

FO+LSHS consumption recorded a negative growth of -23.3 % in May, 2013, with a cumulative negative growth for April-May, 2013 at -24.7%.

2.9 ATF: ATF sales recorded a growth of 3.4 % this month and a cumulative growth of 2.5 % during Apr-May 2013-14. There has been a marginal growth in both the passenger and cargo transportation.

Figure-11 gives monthly ATF consumption (TMT) and ATF growth (%) during the last 26 months since April, 2011:

Figure-11: Month-wise MS Consumption (TMT) & Growth (%): 2011-13

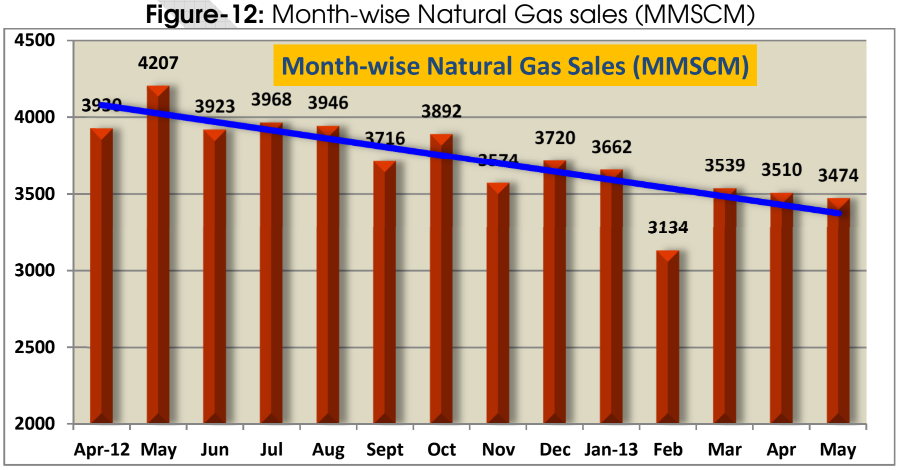


2.10 Petcoke: Petcoke recorded a growth of 27.7 % during May, 2013, with a cumulative consumption growth of 24.2% for the period April-May, 2013.

The high growth during the last couple of years has been due to the commissioning of Resid project at existing IOCL Gujarat Refinery and new refineries at Bina and Bhatinda.

2.11 Natural Gas: There has been a decline of about 16.37 % in the sales of Natural Gas in May, 2013, with a cumulative negative growth of 13.35% for April-May, 2013. The overall sale for the month was 3474 MMSCM as compared to 4207 MMSCM in May, 2012.

Figure-12: Month-wise Natural Gas sales (MMSCM)



Source: GAIL

Major factors affecting Natural Gas sales in the month of May, 2013 are:

1. Decline in gas output in KG basin.
2. **Power Sector:** There was a decline of about 39% in natural gas sales in the power sector. This was primarily due to reduced off-take by power producers in the northern region despite, increased consumption in Assam; whereas the western and southern regions were hugely impacted by the declining volumes of KG basin gas. Since March, 2013, RIL NG sales to power sector has become Nil.
3. **Fertilizer Sector:** There was approx. 6% growth in sales due to increased off-take by consumers (NFL Nangal & Bathinda) in northern and southern India compared to the same period last year; whereas in the western region, there was low off- take by KRIBHCO-Gujarat & KRIBHCO Shyam - Maharashtra.
4. **City Gas Sector:** There was overall marginal growth of approx. 2% in CGD sales, which was primarily due to increased short-term/ spot R-LNG offtake by IGL in NCR region. Western region showed a marginal decline of 3% in CGD sales due to low offtake by CGD companies in Gujarat.
5. **Internal Consumption:** There was a marginal increase of approx. 1.5% in internal consumption compared to the same period last. The increase is primarily due to increased GAIL consumption in NR & WR.
6. **Others Sectors:** There was an overall decrease of about 21% in sales in other sectors. While the sale in NR was constant, other regions showed decline in sales due to decrease in domestic supply and low LNG offtake by customers.

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ANNEXURE – I

विद्युत आपूर्ति स्थिति (पूर्वावलोकन) / Power Supply Position (Provisional)

आँकड़े मिलियन यूनिट नेट / Figures in MU net

राज्य /State प्रणाली / System क्षेत्र / Region	मई 2013 / May 2013				अप्रैल 2013 -मई 2013/ April 2013 to May 2013			
	आवश्यकता Requirement (MU)	उपलब्धता Availability (MU)	अधिशेष / कमी (-) Surplus / Deficit (-) (MU)	(%)	आवश्यकता Requirement (MU)	उपलब्धता Availability (MU)	अधिशेष / कमी (-) Surplus / Deficit (-) (MU)	(%)
चंडीगढ़ / Chandigarh	164	164	0	0.0	284	284	0	0.0
दिल्ली / Delhi	2,682	2,674	-8	-0.3	4,776	4,761	-15	-0.3
हरियाणा / Haryana	3,973	3,973	0	0.0	6,876	6,833	-43	-0.6
हिमाचल प्रदेश / Himachal Pradesh	896	893	-3	-0.3	1,609	1,592	-17	-1.1
जम्मू कश्मीर / Jammu & Kashmir	1,300	967	-333	-25.6	2,522	1,884	-638	-25.3
पंजाब / Punjab	4,183	4,164	-19	-0.5	8,198	8,152	-46	-0.6
राजस्थान / Rajasthan	4,936	4,928	-8	-0.2	9,213	9,177	-36	-0.4
उत्तर प्रदेश / Uttar Pradesh	8,885	7,647	-1,238	-13.9	16,674	13,983	-2,691	-16.1
उत्तराखंड / Uttarakhand	1,098	1,045	-53	-4.8	2,046	1,967	-79	-3.9
उत्तरी क्षेत्र / Northern Region	**28,117**	**26,455**	**-1,662**	**-5.9**	**52,198**	**48,633**	**-3,565**	**-6.8**
छत्तीसगढ़ / Chhattisgarh	1,806	1,790	-16	-0.9	3,590	3,532	-58	-1.6
गुजरात / Gujarat	8,531	8,533	2	0.0	15,880	15,881	1	0.0
मध्य प्रदेश / Madhya Pradesh	3,948	3,947	-1	0.0	7,903	7,894	-9	-0.1
महाराष्ट्र / Maharashtra	12,287	12,061	-226	-1.8	23,941	23,403	-538	-2.2
दमण और दिउ / Daman & Diu	198	198	0	0.0	392	392	0	0.0
दादर व नगर हवेली / Dadra & Nagar Haveli	439	439	0	0.0	877	877	0	0.0
गोवा / Goa	383	382	-1	-0.3	695	694	-1	-0.1
पश्चिमी क्षेत्र / Western Region	**27,592**	**27,350**	**-242**	**-0.9**	**53,278**	**52,673**	**-605**	**-1.1**
आन्ध्र प्रदेश / Andhra Pradesh	8,825	7,463	-1,362	-15.4	17,683	14,799	-2,884	-16.3
कर्नाटक / Karnataka	5,480	4,804	-676	-12.3	11,630	9,707	-1,923	-16.5
केरल / Kerala	1,938	1,804	-134	-6.9	3,894	3,607	-287	-7.4
तमिल नाडु / Tamil Nadu	8,294	7,409	-885	-10.7	16,493	14,178	-2,315	-14.0
पुडुचेरी / Puducherry	219	218	-1	-0.5	427	424	-3	-0.7
लक्ष्य द्वीप / Lakshadweep #	4	4	0	0	8	8	0	0
दक्षिणी क्षेत्र / Southern Region	**24,756**	**21,698**	**-3,058**	**-12.4**	**50,131**	**42,719**	**-7,412**	**-14.8**
बिहार / Bihar	1,234	1,176	-58	-4.7	2,376	2,184	-192	-8.1
दामोदर घाटी निगम / DVC	1,689	1,692	3	0.2	3,105	3,087	-18	-0.6
झारखण्ड / Jharkhand	638	609	-29	-4.5	1,204	1,162	-42	-3.5
उड़ीसा / Odisha	2,054	2,008	-46	-2.2	4,126	4,072	-54	-1.3
पश्चिम बंगाल / West Bengal	3,775	3,771	-4	-0.1	7,708	7,668	-40	-0.5
सिक्किम / Sikkim	36	36	0	0.0	68	68	0	0.0
अंडमान- निकोबार / Andaman- Nicobar #	20	15	-5	-25	40	30	-10	-25.0
पूर्वी क्षेत्र / Eastern Region	**9,426**	**9,292**	**-134**	**-1.4**	**18,587**	**18,241**	**-346**	**-1.9**
अरुणाचल प्रदेश / Arunachal Pradesh	43	40	-3	-7.0	79	73	-6	-7.6
असम / Assam	596	551	-45	-7.6	1,131	1,034	-97	-8.6
मणीपुर / Manipur	47	44	-3	-6.4	83	78	-5	-6.0
मेघालय / Meghalaya	142	120	-22	-15.5	270	237	-33	-12.2
मिज़ोरम / Mizoram	33	31	-2	-6.1	68	65	-3	-4.4
नागालैण्ड / Nagaland	47	44	-3	-6.4	80	75	-5	-6.3
त्रिपुरा / Tripura	87	81	-6	-6.9	185	171	-14	-7.6
उत्तर -पूर्वी क्षेत्र / North-Eastern Region	**995**	**911**	**-84**	**-8.4**	**1,896**	**1,733**	**-163**	**-8.6**
सम्पूर्ण भारत / All India	**90,886**	**85,706**	**-5,180**	**-5.7**	**176,090**	**163,999**	**-12,091**	**-6.9**

Lakshadweep and Andaman & Nicobar Islands are stand- alone systems, power supply position of these,does not form part of regional requirement and availability.