

# *Industry Sales Review Report*

## *December 2013*



**पेट्रोलियम योजना एवं विश्लेषण प्रकोष्ठ**

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय

**Petroleum Planning & Analysis Cell**

Ministry of Petroleum & Natural Gas

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

## 1.0 CONSUMPTION:

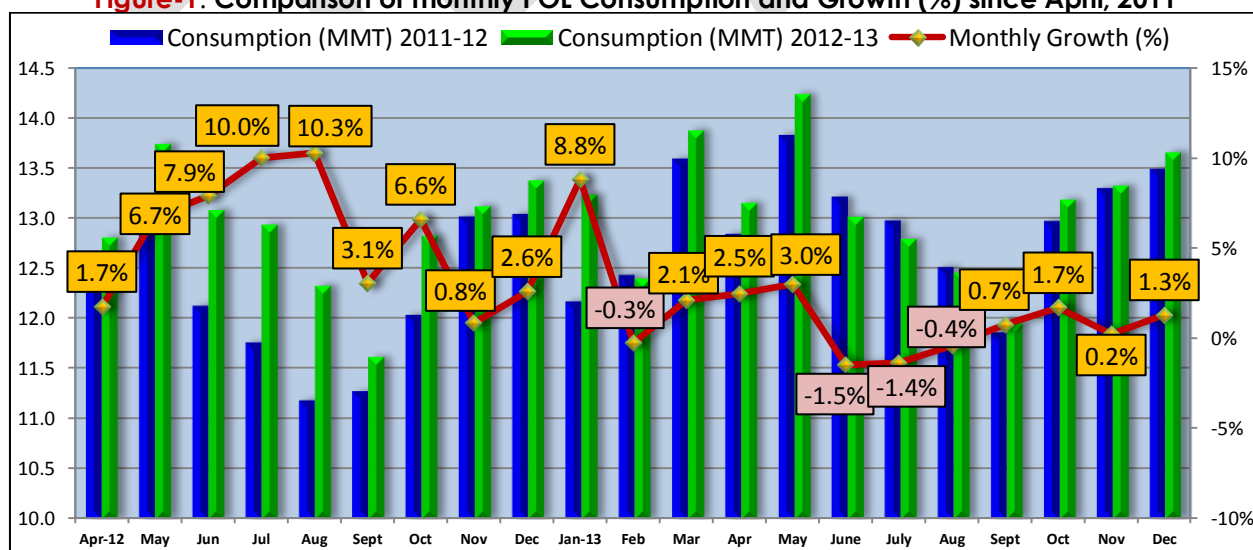
The growth (%) in consumption of petroleum products, category-wise, for the month of December, 2013 and April-December, 2013 is given in **Table-1**.

**Table-1: Consumption (TMT)**

PRODUCT	December, 2013		April-December, 2013		Products Included
	Qty. (TMT)	Growth (%)	Qty. (TMT)	Growth (%)	
<b>Sensitive Products</b>	8005	-0.6	68583	-0.6	SKO, LPG & HSD
<b>Major Decontrolled Products</b>	4176	2.4	35884	-1.8	Naphtha, MS, Lubes, LDO, FO/LSHS, Bitumen & ATF
<b>Other Minor Decontrolled Products</b>	1485	8.7	13366	16.2	Petcoke & other minor products
<b>Grand Total</b>	<b>13666</b>	<b>1.3</b>	<b>117833</b>	<b>0.7</b>	

**1.1 All Products:** The consumption of all petroleum products has registered a growth of 1.3 % in December, 2013 as compared to that in December, 2012 and also was an improvement as compared to the 0.2% recorded during the previous month of November, 2013. Except for SKO, HSD, Naphtha and FO/LSHS, all other products recorded positive growth.

**Figure-1: Comparison of monthly POL Consumption and Growth (%) since April, 2011**

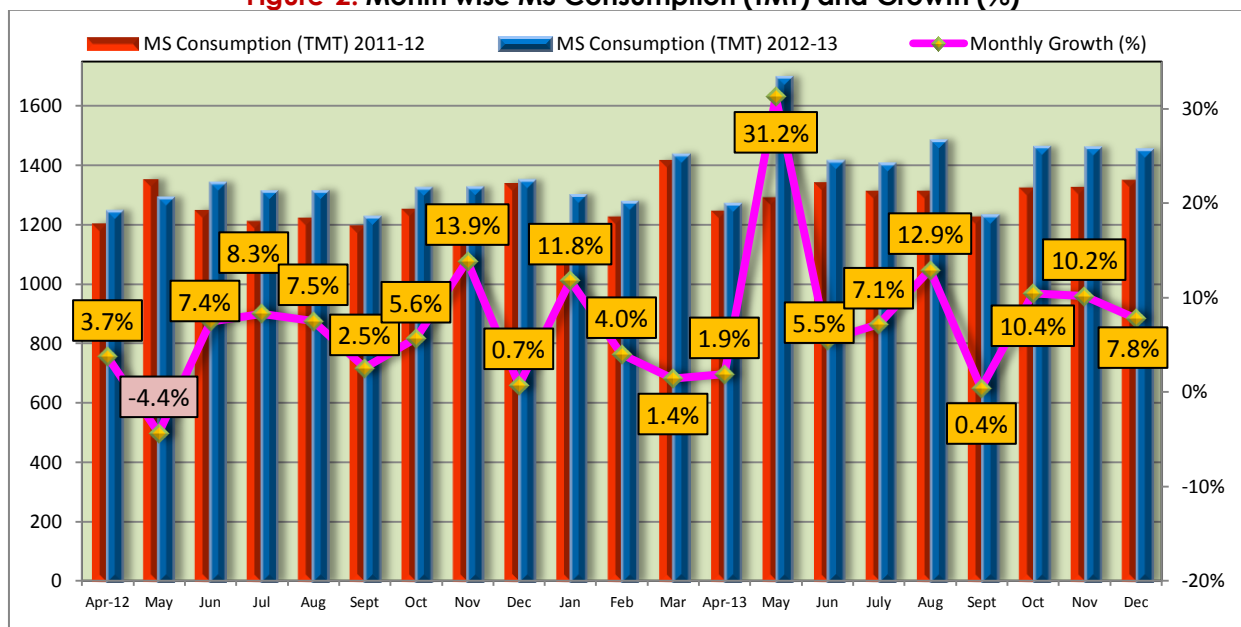


Data on direct private imports received from DGCIS, which are added to the final sales reported by oil companies for estimation of consumption figures, are available up to October, 2013 and private imports data for the balance two months, (i.e. November, 2013 & December, 2013) are projected based on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

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

**1.2 Petrol / Motor Spirit (MS):** There has been a 7.8% growth in the consumption of MS during December, 2013 and cumulative growth for April-December, 2013 is at 9.8%. **Figure-2**, gives month wise MS consumption volume (TMT) and month-on-month growth (%) since April, 2011.

**Figure-2: Month wise MS Consumption (TMT) and Growth (%)**



The growth in consumption of MS in the month of December, 2013 is mainly attributable to low historical base in December, 2012.

But the severe winter conditions in north, parts of west, east, central India with rains in southern part of India and the economic slowdown/weak buyer sentiments have also impacted MS consumption in December, 2013 as compared to the two previous months of October and November, 2013.

**Other factors impacting consumption of MS are:**

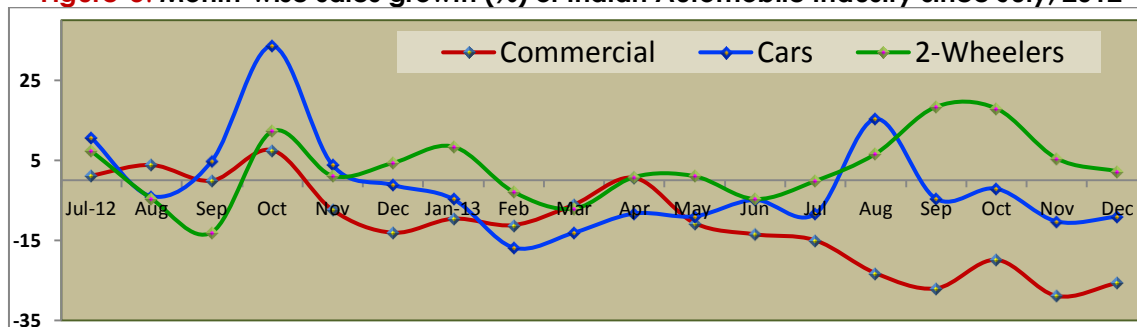
a) **Total Passenger Vehicles (PV) Sales:** The year-end freebies, discounts did not bring any cheers to the automobile industry and the total passenger vehicles sales registered a decline of -9.02% during December, 2013, while the decline in cumulative growth during April-December, 2013 was -5.72%.

Segment	December Growth (%)	April-December Growth (%)
Passenger Cars	- 4.5	- 4.9
Utility Vehicles	- 10.4	- 4.4
Vans	- 36.1	- 15.1
<b>Total Passenger Vehicles (PVs)</b>	<b>- 9.0</b>	<b>- 5.7</b>

Source: SIAM

Rising fuel prices and higher interest rates have escalated the cost of ownership, dissuading the potential buyers in making new purchases.

**Figure-3: Month-wise sales growth (%) of Indian Automobile Industry since July, 2012**



b) **2-wheeler Sales:** With domestic sales of 1.16 million units in December, 2013, the 2-wheeler segment recorded a growth of 2.32%, mainly due to a continuous impressive growth of 29.86% in the Scooter/ Scooterette segment.

Segment	December Growth (%)	April-December Growth (%)
Scooter / Scooterette	29.9	19.9
Motor Cycles	-4.2	2.5
Mopeds	-11.9	- 10.6
<b>Total Two wheelers</b>	<b>2.3</b>	<b>5.4</b>

Source: SIAM

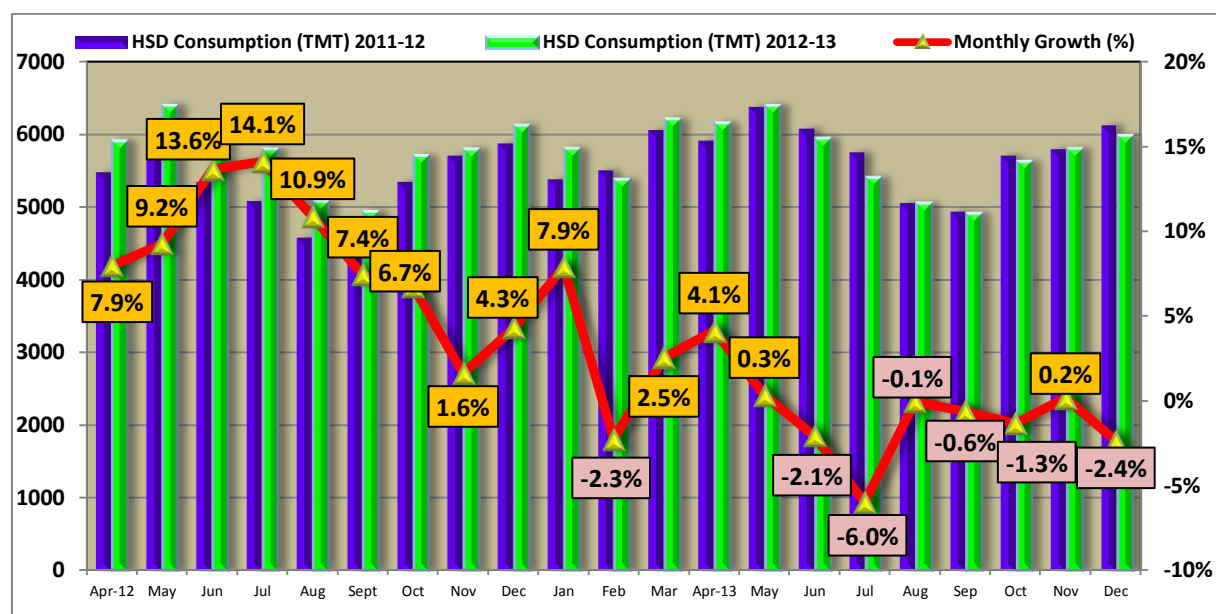
Further, the consumers in the rural and semi-urban areas have been purchasing 2-wheelers especially Scooterette & motor cycles in anticipation of a good agricultural yield this fiscal.

More than 60% of the petrol consumption is by 2-wheelers in the country. The spurt in the 2-wheeler sales in the recent past, also suggests that people are opting for 2-wheeler over small car segment. It is an observed trend that more women are opting to take to 2-wheelers, which is resulting in a healthy growth in the Scooter/ Scooterette segment.

**1.3 High Speed Diesel (HSD):** After a declining trend for five consecutive months during the current fiscal year, HSD consumption had recorded a marginal growth of 0.1% in the month of November, 2013, but again recorded a negative growth of -2.4% in the month of December, 2013 and a cumulative decline of -0.9% during April-December, 2013.

A combination of factors such as (a) slowing down of sale of commercial diesel vehicles (MPVs, Medium & Heavy vehicles and Light commercial vehicles), (b) improved power situation, (c) good rainfall, (d) shift of Industrial consumers to alternate fuels due to price differential (dual pricing) and increasing fuel prices, and (e) shift of 4-Wheeler/ SUV consumer preference from diesel to petrol driven vehicles, continue to dampen diesel consumption

**Figure-4: Month-wise HSD Consumption (TMT) and Growth (%) since April, 2011**



**Factors affecting diesel consumption are discussed below:**

a) **Deregulation of Direct/Bulk Diesel Sales:** Government announced on 18<sup>th</sup> 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 and 16.8% in December, 2012, declined to around 10% in December, 2013.

The fall in the share of bulk HSD is mainly due to very limited upliftment by State Transport Undertakings and by industries like Civil Construction, Cement, Mining, Steel, etc., who have shifted in to Retail Outlets or to alternate fuels.

b) **Port traffic:** There has been a healthy growth of 5.7% in port traffic and cargos handled at major ports during December, 2013. The positive growth of 1.91% during the cumulative period April-December, 2013 is mainly due to improvement at Kolkatta, Haldia, Paradip, Cochin, new Mangalore and Ennore ports.

**Table-2: Cumulative traffic handled at major ports for April-December, 2013 (in '000 Tonnes)**

TRAFFIC HANDLED AT MAJOR PORTS				
PORTS	DEC'2013 (% Growth)	APRIL TO DECEMBER		
		2013	2012	Growth (%)
KOLKATA + HALDIA	6.9%	30735	28864	6.5%
PARADIP	21.6%	50858	40749	24.8%
VISAKHAPATNAM	14.7%	43067	44201	-2.6%
ENNORE	82.5%	19801	12212	62.1%
CHENNAI	-5.1%	38098	39896	-4.5%
V.O. CHIDAMBARANAR	-5.9%	21224	20951	1.3%
COCHIN	-21.0%	15603	14893	4.8%

TRAFFIC HANDLED AT MAJOR PORTS				
PORTS	DEC'2013 (% Growth)	APRIL TO DECEMBER		
		2013	2012	Growth (%)
NEW MANGALORE	4.5%	29344	27025	8.6%
MORMUGAO	63.0%	8565	14918	-42.6%
MUMBAI	4.1%	43644	44092	-1.0%
JNPT	8.8%	45991	47977	-4.1%
KANDLA	-15.9%	66084	69497	-4.9%
<b>TOTAL:</b>	<b>5.7%</b>	<b>413014</b>	<b>405275</b>	<b>1.9%</b>

Source: IPA

The port traffic movement in Western Region is primarily affected due to slowdown in the mining sector, especially in the domestic iron ore mining, as a result of curbs on mineral rich states such as Goa, Karnataka and Odisha. However, recently mining activities have partially resumed in Odisha and Karnataka.

- c) **Power situation improves:** All regions have shown improvement and the power deficit position for the month of December, 2013 is given in Table-3. The lower deficit is on account of increased generation and also lower demand due to reduced economic activities.

**Table-3: Power deficit: Region-wise position for December, 2013 (% deficit)**

Region	December 2013	December 2012
North	-7.0	-7.3
West	-1.3	-4.1
South	-4.3	-17.5
East	-1.5	-5.0
North-East	-6.5	-5.0
<b>All India</b>	<b>-3.9</b>	<b>-8.9</b>

Source: Central Electricity Authority (CEA)

The good monsoon in the fiscal year has resulted in topping up of water reservoirs across the country, resulting in improvement of power generation from Hydel power plants. Further, the improved power position has led to reduced consumption of HSD for power generation by DG sets.

- d) **Commercial Vehicles (CV) Sales:** The CV sales registered a decline of -25.53% during December, 2013 and a cumulative decline in sales of -18.38% during the period April-December, 2013.

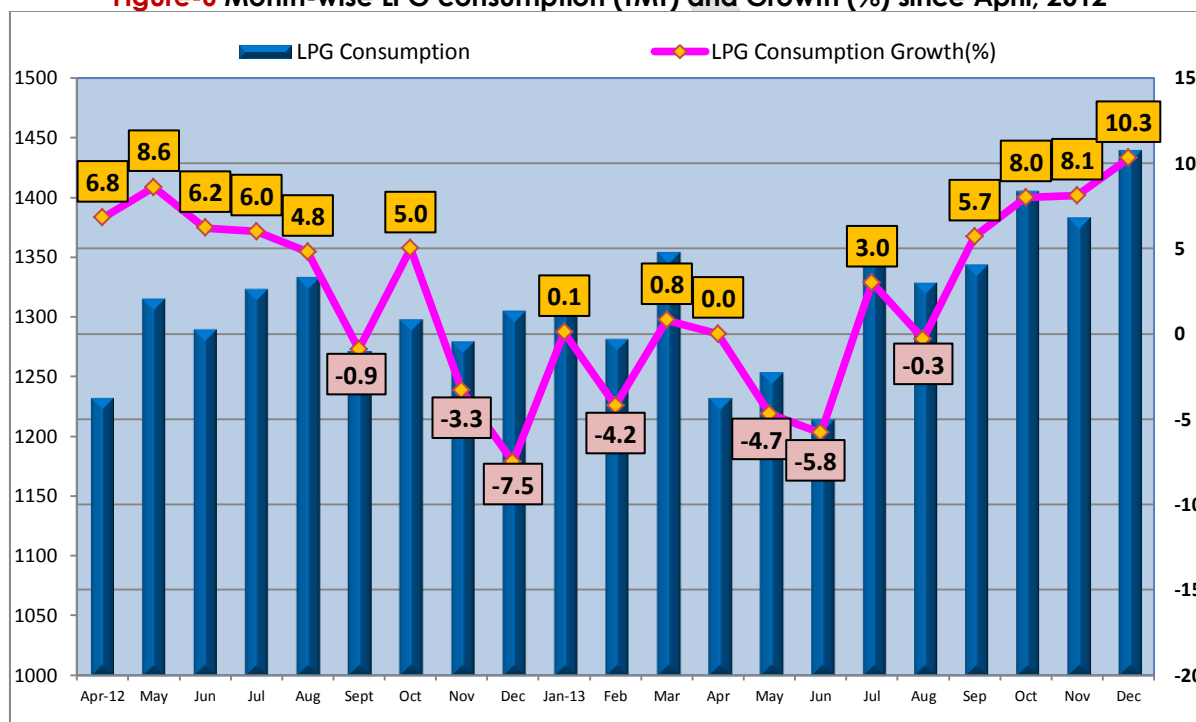
In the last 19 months, sales of heavy commercial vehicles have fallen substantially. Major Indian manufactures such as Ashok-Leyland and Tata Motors, are now working at 30% to 50% level of their total production capacity.

Segment	December Growth (%)	Apr-December Growth (%)
M&HCVs	- 27.9	- 26.9
LCVs	- 24.5	- 13.9
<b>TOTAL COMMERCIAL VEHICLES</b>	<b>- 25.5</b>	<b>- 18.4</b>

Source: SIAM

**1.4 LPG:** The LPG consumption for the fourth month in a row recorded a positive growth (10.3%) during December 2013, as compared to a negative growth of -7.5% during December, 2012. The cumulative growth consumption has been 2.7% during April-December, 2013.

**Figure-6 Month-wise LPG consumption (TMT) and Growth (%) since April, 2012**



Ceiling in number of subsidized cylinders and blocking of duplicate/ multiple connections had brought down the consumption of subsidized domestic cylinders since September, 2012. However, since September, 2013 there has been growth in LPG consumption due to release of new connections and DBCs and also due to low base of previous year.

Decline in bulk LPG sales has been observed since December, 2010, which may be mainly due to shift of customers to PNG and parallel marketers, and also due to slowdown in industrial activity.

**1.5 Naphtha:** Naphtha consumption recorded a decline of -7.9% in December, 2013 and a cumulative negative growth of -7.9%, during April-December, 2013.

There has been reduced consumption in the fertilizer sector (SPIC Tuticorin, Zuari Goa, and FACT Ernakulam) and the power sector (Reliance Energy, Goa and NTPC, Kayankulam), due to shift to Natural Gas by Zuari and reduced demand in power sector, due to improved power generation from other sources. However, some petrochemical units such as IOCL Panipat, Asian Peroxide and Haldia Petrochemicals have recorded positive growth during December, 2013 while there is negative growth in Reliance, Jamnagar.

**1.6 Bitumen:** Bitumen consumption registered an impressive growth of 13.8% in December, 2013 and a cumulative growth of 9.2% was recorded during April-December, 2013.

A number of new NHA project clearances and activities of new road construction and repairing of existing roads have contributed to the growth in Bitumen consumption.

**1.7 FO/LSHS:** The declining trend in the negative growth of FO+LSHS consumption in the current fiscal year continued with -7.8% growth during December, 2013, and a cumulative negative growth of -21.0% for the period April-December, 2013.

The Fertilizer and Power sectors have contributed to the negative growth in FO/LSHS sales. NFL Panipat & Bhatinda and GNFC Bharuch, the major consumers in the fertilizer sector, have switched to natural gas and their upliftment for the past couple of months is nil.

**1.8 ATF:** ATF sales recorded a growth of 4.1% in December, 2013 and a cumulative growth of 4.6% during April-December, 2013-14 mainly due to increased passenger and goods traffic during the current year.

Higher domestic fares have not deterred Indians from flying within the country. After almost two years, domestic air travel is showing signs of growth. During December, 2013 there has been a growth of 3.36% in domestic air passenger traffic over December, 2012. In order to boost air traffic in the coming months, most of the airlines have announced slashing of air fares up to 50% for travel in February and March, 2014.

**1.9 Petcoke:** Petcoke consumption registered a growth of 4.7% during December, 2013 and a cumulative growth of 18.1% during April-December, 2013.

The high growth during the last couple of years has been due to increased availability after the commissioning of Resid project at the existing IOCL Gujarat Refinery and new refineries at Bina and Bhatinda, and also due to increased imports because large scale exports from USA. Energy Information Administration reported that U.S. refineries produced in excess of 56 million metric tons of petcoke during 2012, of which 80% was exported and similar trend was observed during 2013.



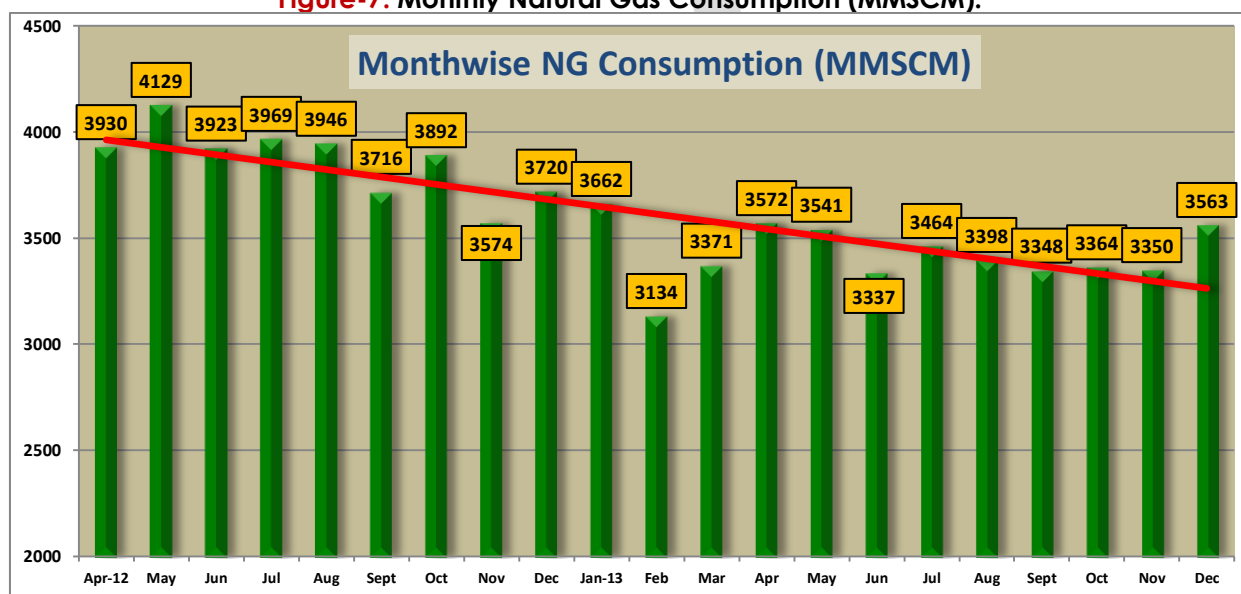
Petcoke is used as fuel at power plants to generate electricity, by the smelting industry to create aluminum and steel, and as a fuel for cement making.

**1.10 LDO:** LDO consumption recorded a growth of 14.2% in December, 2013 and a cumulative negative growth of -4.9%, during April-December, 2013.

**1.11 Natural Gas:** There has been a decline of about -4.23% in the consumption of Natural Gas in December, 2013 and a cumulative negative growth of -11.10% during April-December, 2013. The overall sale for the month was 3,563.09 MMSCM, as compared to 3,720.37 MMSCM in December, 2012.

Natural gas consumption declined mainly due to reduced domestic gas availability, primarily from the KG D-6 basin.

**Figure-7: Monthly Natural Gas Consumption (MMSCM):**



- Power Sector:** There was a decline of -24.51% in natural gas consumption to the power sector. This was primarily due to reduced consumption by both public and private power producers in Northern, Western and Southern region. The sector has been negatively impacted by declining volumes of domestic gas.
- Fertilizer Sector:** There was a growth of 8.07% in consumption due to increased off take by some major fertilizer consumers in Northern (NFL, Nangal, Bhatinda and Panipat) and Southern (Nagarjuna Fertilizers and FACT Kochi) India compared to the same period last year.
- City Gas Sector:** There was a negative growth of 3.62% in CGD consumption due to reduced off-take in Western region, i.e., by Gujarat CGD companies due to high price of LNG. Northern, Eastern and Southern regions has shown marginal growth in CGD consumption, but the situation may change in coming months due to recent price revision and revised APM allocation in CGD sector.

4. **Internal Consumption:** There was a decline of -4.72% in internal consumption (IC) compared to the same period last year. The decrease was primarily due to reduced internal consumption by IOC Mathura in Northern India, GAIL's reduced consumption in Western and Eastern regions and RIL's reduced internal consumption in Southern India.
5. **Others Sectors:** There was overall decline of -8.18% in consumption in other sectors, due to fall in domestic supply and low LNG off-take by customers.

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PPAC