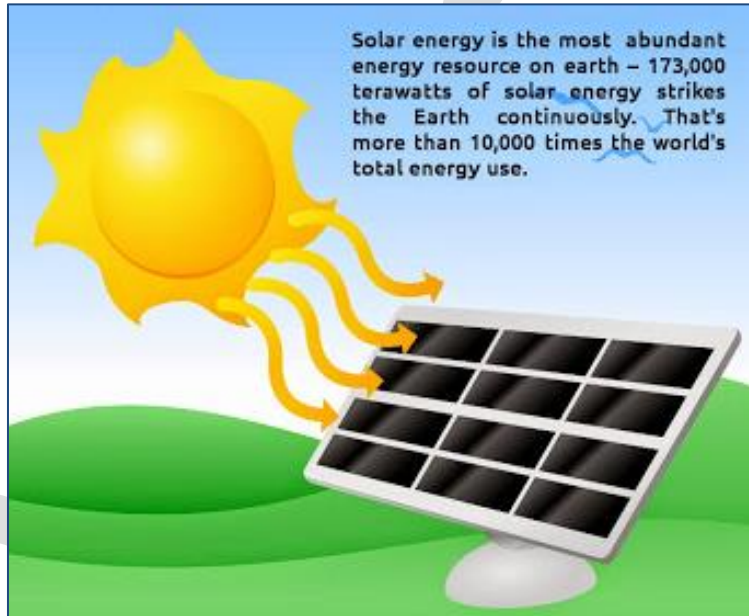


# INDUSTRY SALES REVIEW REPORT

September 2014



Analysis • Knowledge • Information

**पेट्रोलियम योजना एवं विश्लेषण प्रकोष्ठ**

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय

**Petroleum Planning & Analysis Cell**

Ministry of Petroleum & Natural Gas

Data on product-wise monthly consumption of petroleum products for September, 2014 is uploaded on PPAC website. This report analyses the trend of consumption of petroleum products in the country during the month of September, 2014.

## 1.0 CONSUMPTION:

The growth (%) in consumption of petroleum products, category-wise, for the month of September, 2014 is given in Table-1.

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

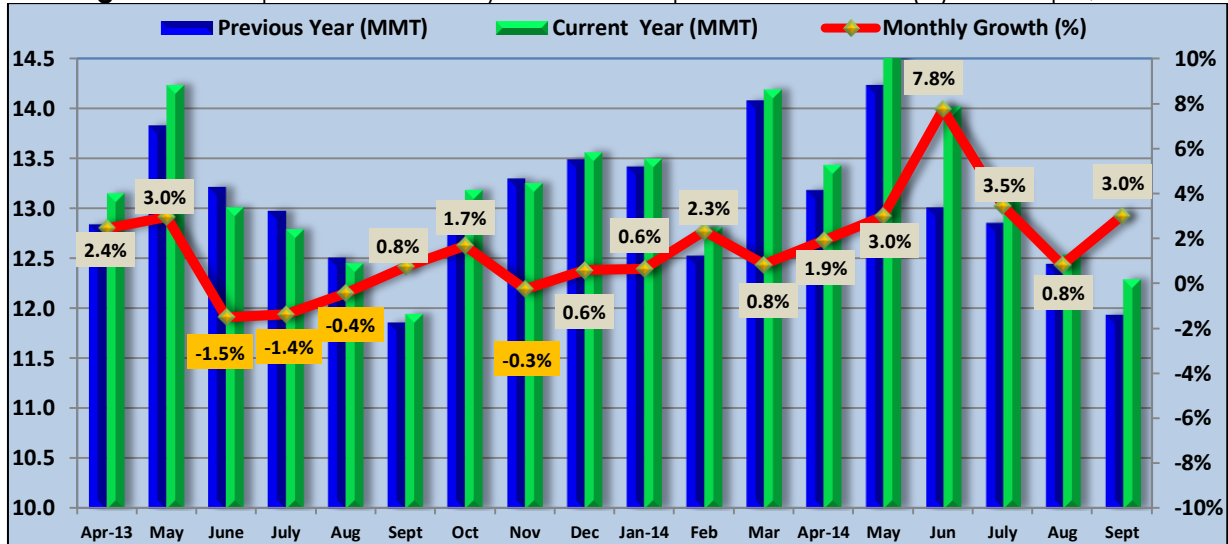
PRODUCT	% Share	Sept' 2013	Sept' 2014	Growth (%)	Products Included
<b>Sensitive Products</b>	57.3%	6826	7043	3.2%	SKO, LPG & HSD
<b>Major Decontrolled Products</b>	30.8%	3501	3783	8.1%	Naphtha, MS, Lubes, LDO, FO/LSHS, Bitumen & ATF
<b>Other Minor Decontrolled Products</b>	11.9%	1615	1476	-8.6%	Petcoke & other minor products
<b>Grand Total</b>		<b>11942</b>	<b>12302</b>	<b>3.0%</b>	

## GENERAL SOCIO-ECONOMIC FACTORS AFFECTING PETROLEUM SECTOR:

1. Durga Puja, Navratri, Onam and Viswakarma Puja celebration.
2. Launch of "Make in India" campaign by the Prime Minister.
3. Infrastructure major Larsen & Toubro was awarded a Rs 5,100 crore order for setting up a 1,320 MW thermal power plant in Madhya Pradesh.
4. NTPC Limited, NTPC Vidyut Vyasari Nigam Limited and Solar Energy Corporation of India Limited are set to enter in to separate agreements with Andhra Pradesh Govt. for setting up of large solar power generation parks of above 1000 MW to each.
5. NTPC to invest around Rs. 7000 crore in large solar parks in Andhra Pradesh.
6. Cancellation of allotment of 214 coal blocks out of 218 by March 2015 could have serious implications for the energy sector (Out of 56 , 33 plants had coal stocks for less than 4 days and these 33 include 10 of NTPC).
7. Economic strike in Meghalaya from September 23 , 2014 to protest ban on rat-hole coal mining affecting the goods movement (including POL and LPG supplies ) on NH-6, which is the lifeline for Tripura, Mizoram, Sothern Assam (known as Barak Valley) and Western Manipur.
8. Heavy floods in Kashmir and some parts of Jammu region affected the road connectivity, telecommunication and electricity services.
9. Campaigning for the Assembly Elections in Maharashtra & Haryana.

**1.1 All Products:** The consumption of all petroleum products has registered a growth of 3.0% in September, 2014 as compared to that in September, 2013. Except for HSD, Naphtha, Bitumen & Pet Coke all other products have recorded positive growth and a cumulative growth of 3.3% during April-September, 2014.

**Figure-1:** Comparison of monthly POL Consumption and Growth (%) since April, 2012

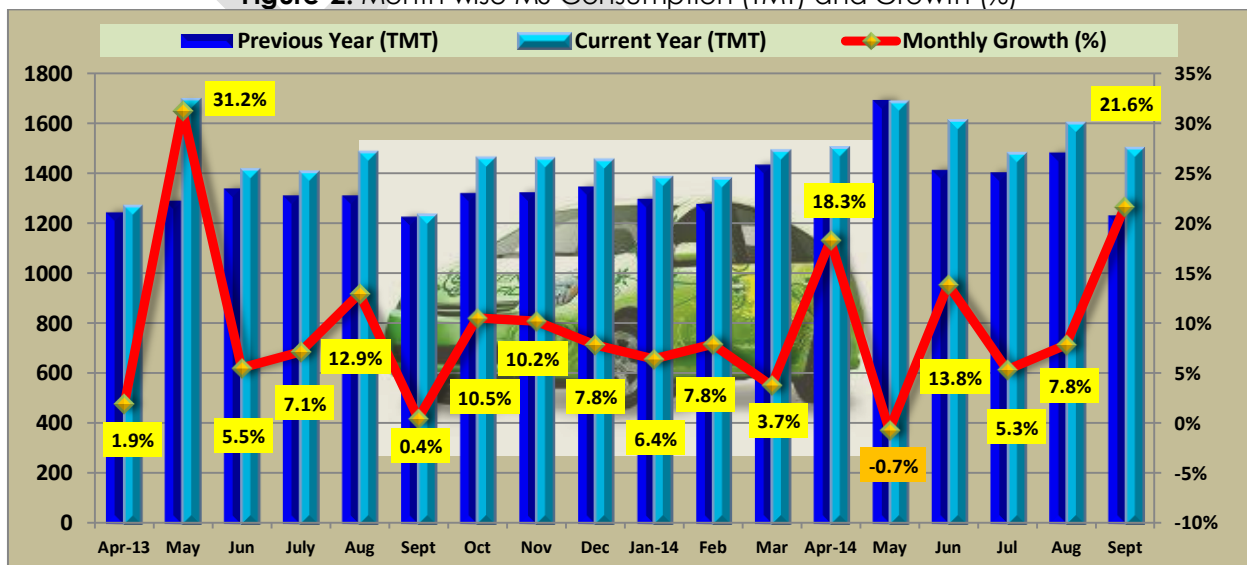


Data on direct private imports received from DGCIS, which are added to the final sales reported by oil companies for estimation of consumption figures, are available up to July, 2014 and private imports data for the balance two months, (i.e. August, 2014 & September, 2014) are projected based on April, 2013 to March, 2014 figures.

**Detailed product-wise analysis of growth for September, 2014 is given in the following sections:**

**1.2 Petrol / Motor Spirit (MS):** There has been a 21.6% growth in the consumption of MS during September, 2014 and a cumulative growth of 10.3% for April-September, 2014. **Figure-2**, gives month wise MS consumption (TMT) and month-on-month growth (%) since April, 2012.

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



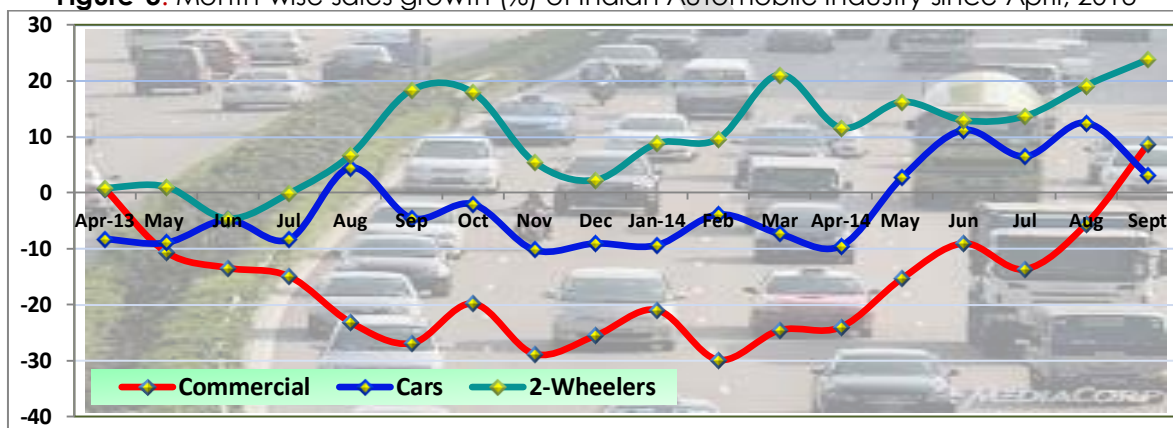
The month of September, 2014 registered a high growth mainly on account of festivals resulting in increase in vehicular movements, increase in two-wheeler movement on roads due to less rains and low historical base during September last year.

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

The 2-wheeler segment is showing consistent positive growth, whereas for the last five months passenger vehicles sales have also registered growth. The commercial vehicles sales for the first time in 18 months have registered positive growth.

During April-September, 2014, the sales of 12.52 lakhs passenger vehicles and 81.69 lakhs have substantially contributed to the growth in consumption of MS.

**Figure-3:** Month-wise sales growth (%) of Indian Automobile Industry since April, 2013



Source: SIAM

- a) **Total Passenger Vehicles (PV) Sales:** Heavy discounts, extension of excise duty reduction till December, 2014 and riding on positive sentiment of a stable Government have perked up volumes of the car industry for the fifth consecutive month. The overall passenger vehicles sales registered a growth of 3.29% during September, 2014.

Segment	Sept, 2013	Sept, 2014	Growth (%)
Passenger Cars	156,494	154,882	-1.03%
Utility Vehicles	42,444	53,069	25.03%
Vans	17,571	15,683	-10.74%
<b>Total: Passenger Vehicles (PVs)</b>	<b>216,509</b>	<b>223,634</b>	<b>3.29%</b>

Source: SIAM

- b) **2-wheeler Sales:** With domestic sales of 1.56 million units in September, 2014, the 2-wheeler segment recorded a growth of 23.81%, mainly due to a continuous impressive growth of 37.99% in the Scooter/ Scooterette segment. More than 60% of the petrol consumption is by 2-wheelers in the country.

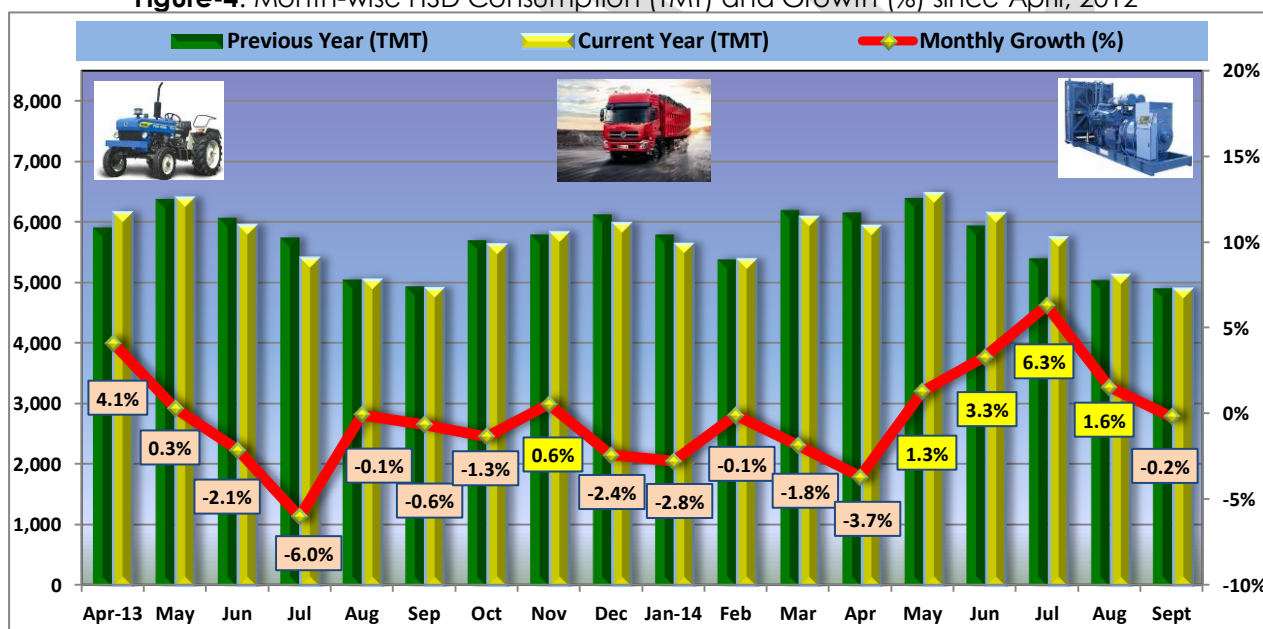
Segment	Sept, 2013	Sept, 2014	Growth (%)
Scooter / Scooterette	317,750	438,470	37.99%
Motor Cycles	885,309	1,056,509	19.34%
Mopeds	62,837	72,372	15.17%
<b>Total: Two wheelers</b>	<b>1,265,896</b>	<b>1,567,351</b>	<b>23.81%</b>

Source: SIAM

**1.3 High Speed Diesel (HSD):** After a positive trend for the last four months since May, 2014, the HSD consumption has recorded a marginal de-growth of -0.2% in the month of September, 2014 and a cumulative growth of 1.4% for April-September, 2014.

The decline in consumption of HSD during September, 2014 is mainly due to high historical base in September, 2013, speculation of RSP reduction throughout the month resulting in low inventory at Retail Outlets, reduced truck movement due to ban in coal mining, shift of 4-Wheeler/ SUV consumer preference from diesel to petrol driven vehicles and delay in agricultural harvesting.

**Figure-4:** Month-wise HSD Consumption (TMT) and Growth (%) since April, 2012



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

a) **Commercial Vehicles (CV) Sales:** CV sales, which is believed to be the barometer of the overall economy, for the first time in 16 months has registered a growth of 8.59% during September, 2014 and cumulative negative growth of -10.14% for the period April-September, 2014.

During the last two to three years, the continued sluggishness in economic activity, struggling mining sector and grim industrial output, had influenced the slowing down of sales of heavy diesel vehicles.

Segment	Sept, 2013	Sept, 2014	Growth (%)
M&HCVs	15,473	19,035	23.02%
LCVs	36,227	37,105	2.42%
<b>Total: Commercial Vehicles</b>	<b>51,700</b>	<b>56,140</b>	<b>8.59%</b>

Source: SIAM

- b) **Port traffic:** There has been a growth of 10.9% in port traffic and cargos handled at major ports during September, 2014 and a cumulative growth of 4.2% for the period April-September, 2014, due to improvement at all major ports except Cochin and New Mangalore.

**Table-2:** Traffic handled at major ports for September, 2014

TRAFFIC HANDLED AT MAJOR PORTS (TMT)				
PORTS	September 2013	September 2014	Gr (%): Sept' 2014	Gr (%): Apr-Sept' 14
KOLKATA + HALDIA	3323	3956	19.05%	-0.9%
PARADIP	5075	6010	18.42%	4.0%
VISAKHAPATNAM	4298	4871	13.33%	5.7%
ENNORE	1989	2509	26.14%	15.6%
CHENNAI	4149	4717	13.69%	1.8%
V.O. CHIDAMBARANAR	2402	2828	17.74%	11.5%
COCHIN	1987	1905	-4.13%	4.7%
NEW MANGALORE	3611	3129	-13.35%	-5.9%
MORMUGAO	907	1083	19.40%	22.3%
MUMBAI	4838	5290	9.34%	8.2%
JNPT	4804	5277	9.85%	4.5%
KANDLA	6433	7026	9.22%	1.3%
<b>TOTAL:</b>	<b>43816</b>	<b>48601</b>	<b>10.92%</b>	<b>4.20%</b>

Source: Indian Ports Authority

- c) **Power situation improves:** The power deficit position for the month of September, 2014 is given in Table-3. The deficit during the month has increased compared to September, 2013.

**Table-3:** Power deficit: Region-wise position for September, 2014 (% deficit)

States	September'2014				September'2013
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	29,337	26,934	-2403	-8.2%	-6.5%
West	25,475	25,323	-152	-0.6%	-0.7%
South	23,031	22,332	-699	-3.0%	-2.8%
East	9,979	9,805	-174	-1.7%	-1.3%
North East	1,321	1,115	-206	-15.6%	-6.7%
<b>Total</b>	<b>89,143</b>	<b>85,509</b>	<b>-3,634</b>	<b>-4.1%</b>	<b>-3.4%</b>

Source: Central Electricity Authority (CEA)



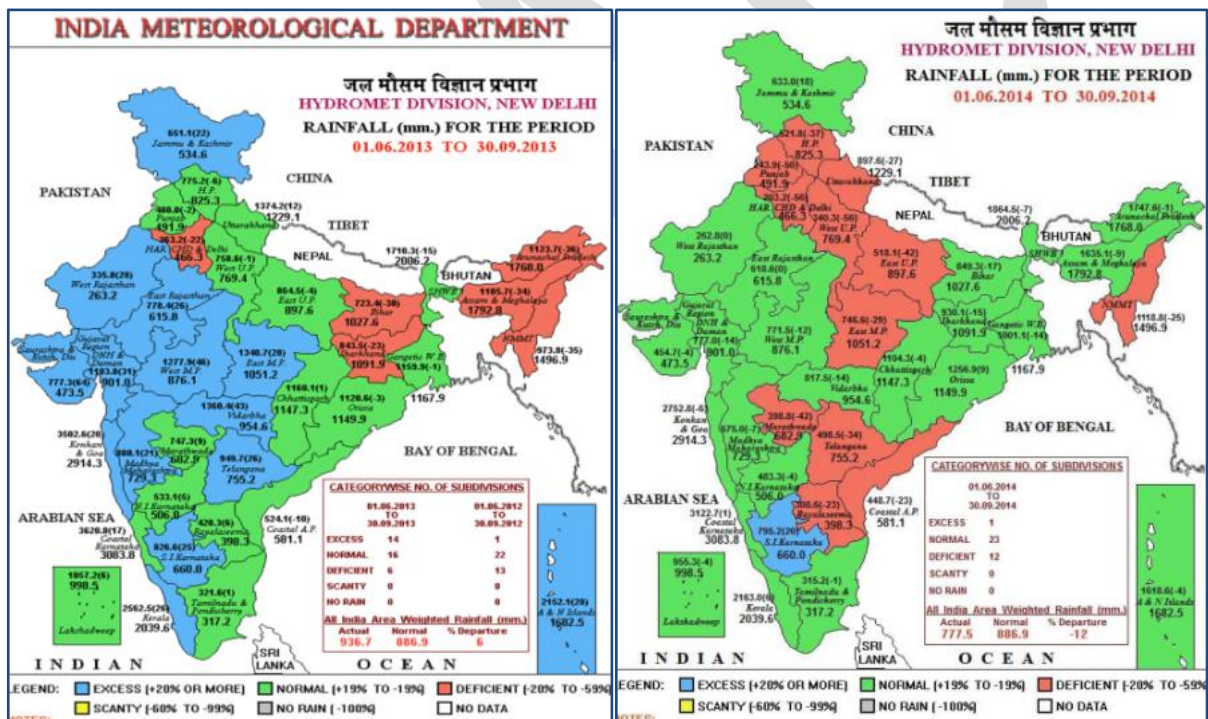
Further, the scanty monsoon in the entire country in September, 2014, has increased the consumption of diesel for power generation by DG sets.

- d) The country's worst monsoon season in five years (since 2009) ended in September, 2014 and despite a large rainfall deficit, a delayed finish is expected to improve soil moisture and sowing prospects for winter crops.

This year's monsoon has escaped a drought from agricultural point of view but the poor first half will have a bearing on the summer harvests.

A wet run in the monsoon also caused flash floods in host of states in north and eastern India including Kashmir. On the other hand, the dry run in the first half forced two states in north India -- Haryana and Uttar Pradesh -- to declare droughts, and seek federal government subsidies on diesel to run pumps for irrigation.

The IMD maps attached below reflect the rainfall impact (shortfall/deficit) of approx. 12% due to EL Nino effect during June-September, 2014 compared to the same period last year :

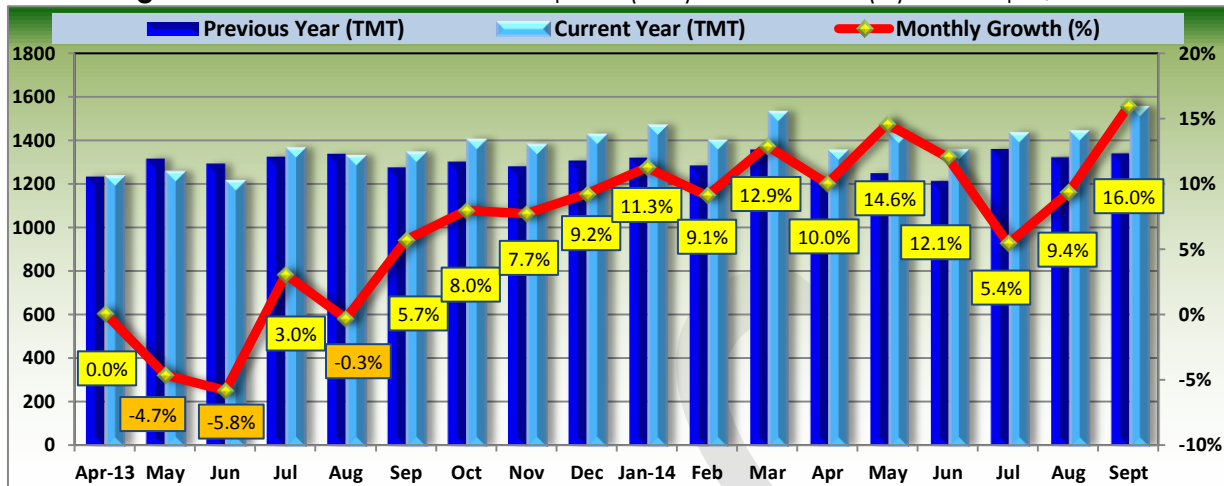


**1.4 Naphtha:** Naphtha consumption registered a decline in growth of -11.1% in September, 2014 and the cumulative marginal growth of 0.7% for the period April-September, 2014.

There has been a decrease in the consumption in the Southern region fertilizer power sector in SPIC (Tuticorin). However, some petrochemical units such as IOCL Panipat, Asian Peroxide, NTPC, Kayamkulam and Haldia Petrochemicals have recorded positive growth.

**1.5 LPG:** The LPG consumption for the thirteenth month in a row recorded a positive growth of 16.0% during September 2014 and with a cumulative growth of 11.2% for the period April-September, 2014.

**Figure-5:** Month-wise LPG consumption (TMT) and Growth (%) since April, 2012



**1.6 Bitumen:** Bitumen consumption after growth for three consecutive months, has registered a marginal de-growth of -0.5% in September, 2014 and cumulative growth of 9.7% for the period April-September, 2014. Heavy and widespread rains during the month affected road construction activities.

The high growth during the current year is mainly due to low base, resumption of road repair/construction activities after the general elections and scanty monsoon in some parts of the country.

**1.7 FO/LSHS:** FO+LSHS consumption registered a growth of 14.6% during September, 2014 and a cumulative de-growth of -6.9% for the period April-September, 2014.

There has been an increase in consumption in the Southern region power sector in Kozhikode DPP, Sampalpatt KTPS, Polavancha and VTPS Ibrahimpatnam. In the State of Odisha the consumption of FO/LSHS is anticipated to show growth in the coming months mainly due to relaxation of restriction on environmental issues for aluminum companies.

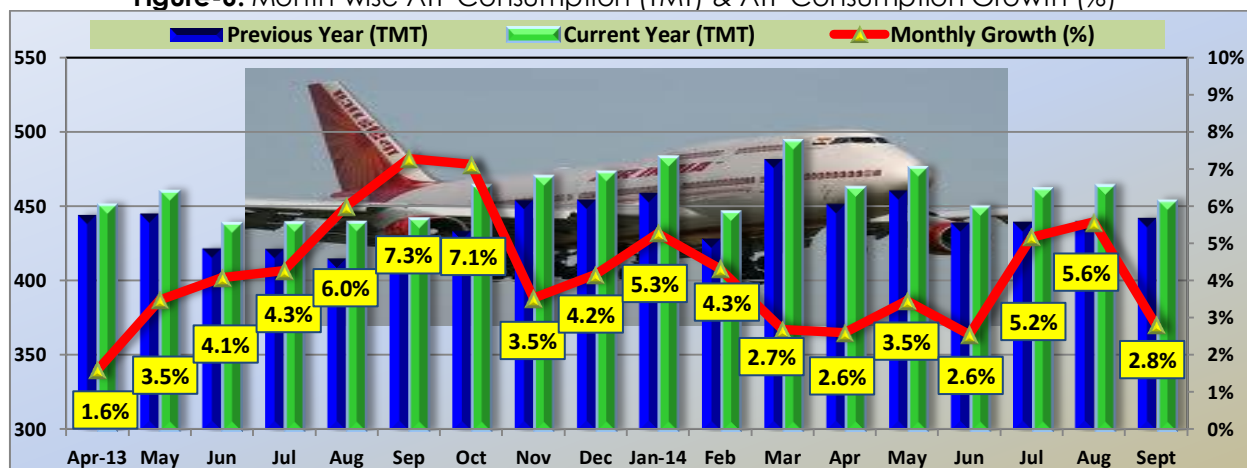
Fertilizer and Power sectors have contributed to the negative growth in FO/LSHS sales. GMR Vasavi in power sector of South India and NFL Panipat & Bhatinda and GNFC Bharuch, the major consumers in the fertilizer sector, have switched to natural gas and their upliftment for the past couple of months is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

**1.8 ATF:** There has been a growth of 2.8% growth in the consumption of ATF during September, 2014 and a cumulative growth of 3.7% for April-September, 2014.



In order to boost air traffic, most of the airlines had announced slashing of air fares up to 75% for travel upto September, 2014. According to the aviation regulator Directorate General of Civil Aviation (DGCA), the domestic air passenger traffic increased by 27.82 percent in September to 58.22 lakh passengers - up from 45.55 lakh ferried in the corresponding month last year. The passengers carried by domestic airlines during Jan-Sep 2014 were 491.47 lakh as against 465.95 lakh during the corresponding period of the previous year thereby registering a growth of 7.55 percent.

**Figure-6:** Month-wise ATF Consumption (TMT) & ATF Consumption Growth (%)

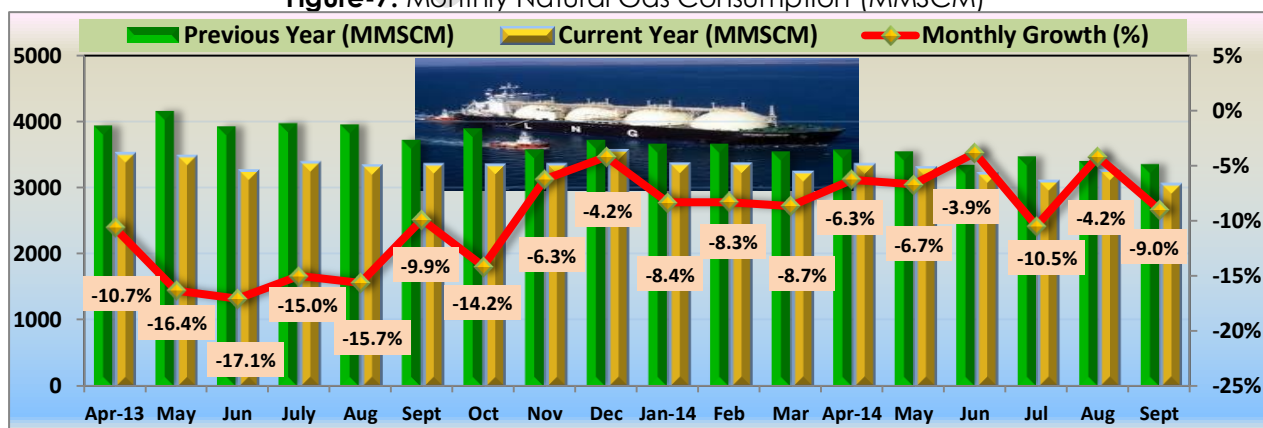


**1.9 PETCOKE:** Petcoke consumption has registered a decline in growth of -4.1% during September, 2014 and a cumulative growth of 10.2% during April-September, 2014.

**1.10 LDO:** LDO consumption recorded a growth of 17.3% in September, 2014 and a cumulative negative growth of -10.3%, during April-September, 2014.

**1.11 Natural Gas:** There has been a decline of about -8.99% in the consumption of Natural Gas in September, 2014. The overall sale for the month was 3046.71 MMSCM as compared to 3347.76 MMSCM for the same month last year. The cumulative consumption volume for April-September, 2014 was 19,260.23 MMSCM against 20,714.52 MMSCM for the same period last year, showing a decline of -7.02%.

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



Natural gas consumption has shown decline predominantly due to reduction in domestic gas production.

1. **Power Sector:** Power sector showed a slump of 12.65% in September, 2014 primarily because supplies in the South were hit due to an accident in one of the gas pipelines in the KG Basin region. In the Northern region, power producers showed slightly higher off-take of gas as compared to last year. On a cumulative basis, however, power sector showed decline in gas consumption. In Eastern and Western regions for the month of September, 2014, the gas consumption has been almost at the levels of September last year. Total power sector consumption from April to September showed a decline of 10% as compared to the same period last year.
2. **Fertilizer Sector:** Fertilizer sector saw a negative growth of around 10% in September, 2014 primarily because of negligible supply to NCFL in Kakinada area of the Southern region due to the pipeline accident. Further, some of the Gujarat producers also reduced the intake of gas for their fertilizer plants. Natural gas consumption in fertilizer sector for September, 2014 was 1148 MMSCM as compared to 1275 MMSCM in September, 2013.
3. **City Gas Sector:** There was an overall growth of approx. 23% in CGD consumption in September, 2014 due to large increase in off-take by CGD companies in Gujarat because of allocation of APM gas for city gas distribution. Cumulative natural gas consumption for 2014-15 also showed a positive growth of approx. 17% compared to last year and in terms of volumes, the cumulative consumption from April to September, 2014 was 2170 MMSCM as compared to 1848 MMSCM consumed in the same period last year.
4. **Internal Consumption:** Internal consumption (IC) showed an overall growth of approx. 7% although there was decrease in internal consumption in RIL's East West Pipeline as compared to September last year. Overall increase in IC was primarily due to high consumption by IOC refineries at Panipat and Mathura.
5. **Other sectors:** There was overall decrease of about 28% in consumption in other sectors which include refineries, steel & other industries. The decline in consumption is primarily due to reduced gas availability and low allocation priority in all the four regions. Cumulative volumes for the period April to September, 2014 showed a fall in volumes to an extent of approx. 28 % compared to the same period last year.

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