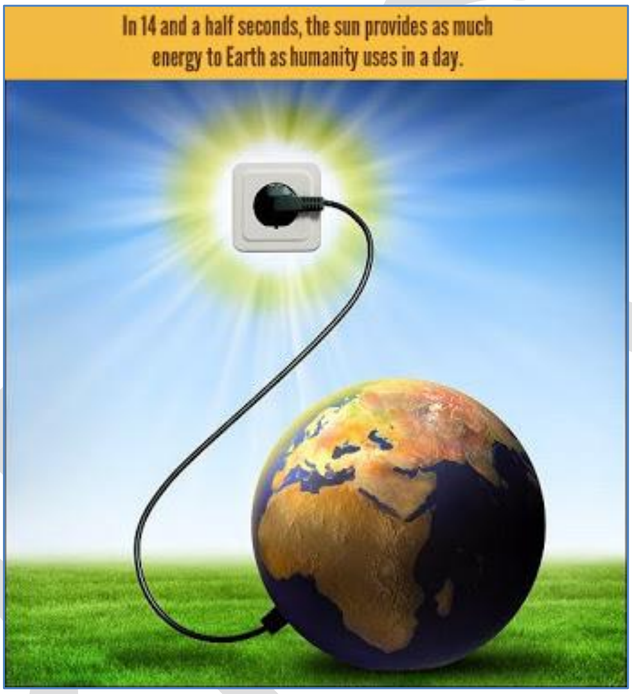
INDUSTRY SALES REVIEW REPORT

July 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 July, 2014 is uploaded on PPAC website. This report analyses the trend of consumption of petroleum products in the country during the month of July, 2014.

1.0 CONSUMPTION:

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

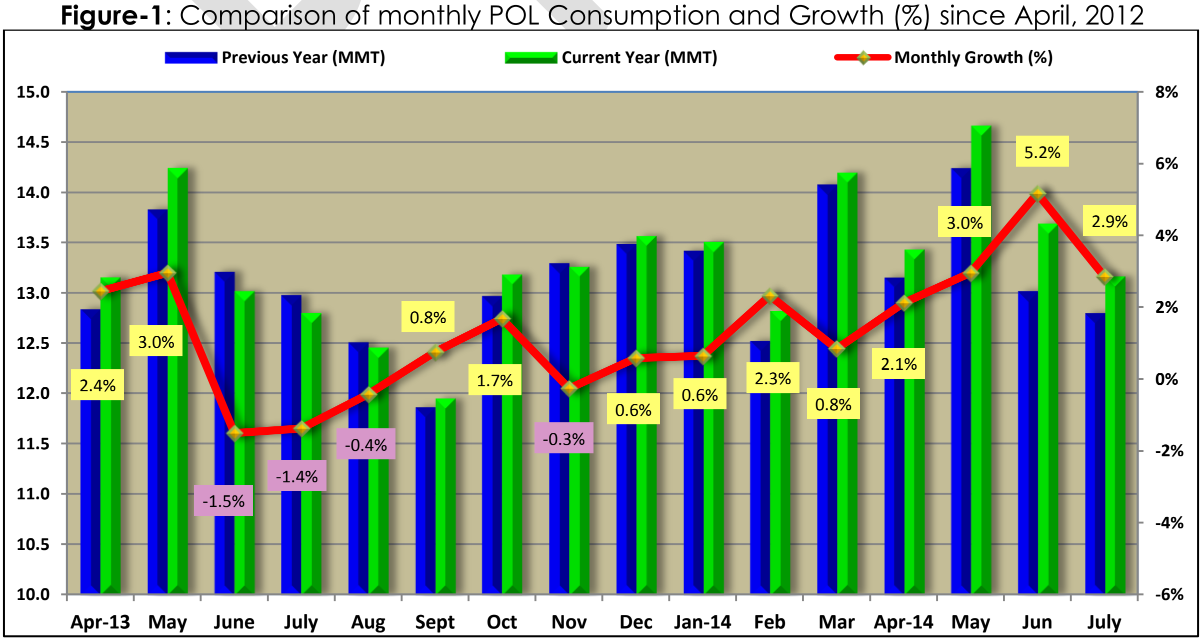
Table-1: Consumption (Quantity in TMT)

PRODUCT	% Share	July, 2013	July, 2014	Growth (%)	Products Included
Sensitive Products	58.9%	7366	7756	5.3%	SKO, LPG & HSD
Major Decontrolled Products	29.9%	3851	3933	2.1%	Naphtha, MS, Lubes, LDO, FO/LSHS, Bitumen & ATF
Other Minor Decontrolled Products	11.2%	1585	1480	-6.6%	Petcoke & other minor products
Grand Total		**12803**	**13168**	**2.9%**	

1.1 All Products: The consumption of all petroleum products has registered a growth of 2.9% in July, 2014 as compared to that in July, 2013. Except for Kerosene, FO/LSHS and Pet-Coke, all other products have recorded positive growth.

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 upto May, 2014 and private imports data for the balance two months, (i.e. June, 2014 & July, 2014) are projected based on April'13 to March'14 figures.

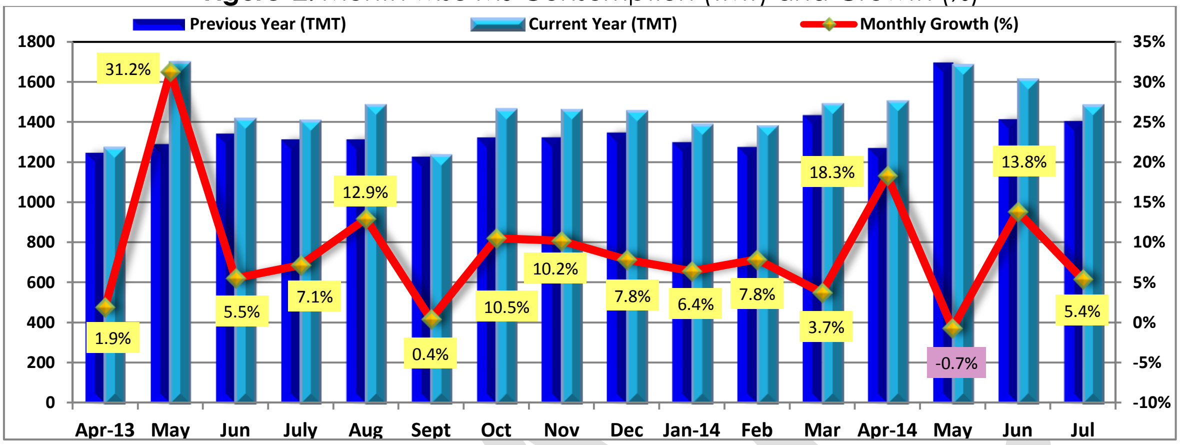
Figure-1: Comparison of monthly POL Consumption and Growth (%) since April, 2012



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

1.2 Petrol / Motor Spirit (MS): There has been a growth 5.4% growth in the consumption of MS during July, 2014 and a cumulative growth of 8.5% for April-July, 2014. Figure-2, gives month wise MS consumption volume (TMT) and month-on-month growth (%) since April, 2012.

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

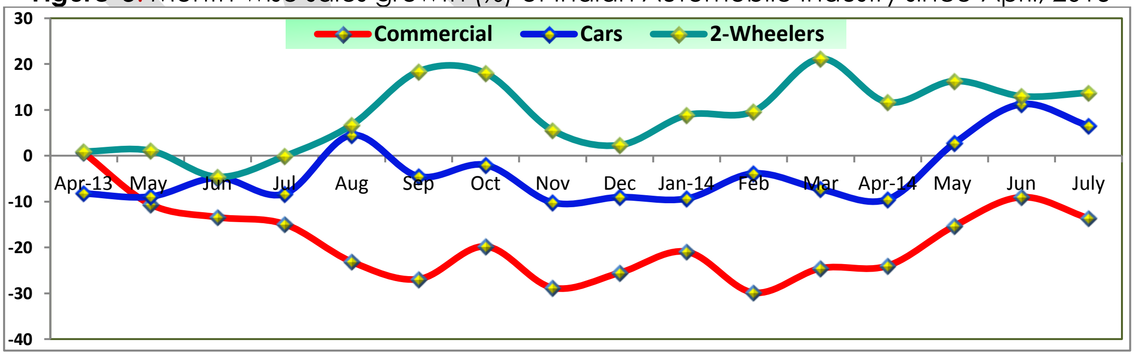


The anticipated upwards price hike on 1st July and anticipated decrease in MS price on 1st August had shifted the sales to the month of June, 2014 & August, 2014 respectively.

Other factors impacting consumption of MS are:

The 2-wheeler segment is showing consistent positive growth, whereas for the last two months passenger vehicles sales has also registered growth, but the commercial vehicles sales is showing negative growth for more than 15 months.

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



a) **Total Passenger Vehicles (PV) Sales**: Heavy discounts, extension of excise duty reduction for the next five months till December, 2014 and riding on positive sentiment over the formation of a stable Government have perked up volumes of the car manufacturers for the third consecutive month. The overall passenger vehicles sales registered a growth of 6.52% during July, 2014. The preference for petrol driven cars is again on the rise as the price differential between MS and HSD which was around Rs. 32 per litre in June 2012 has narrowed down to about Rs 16 per litre in July 2014

Segment	July, 2013	July, 2014	Growth (%)
Passenger Cars	131,257	137,873	5.04%
Utility Vehicles	37,911	44,945	18.55%
Vans	18,066	16,617	-8.02%
Total: Passenger Vehicles (PVs)	**187,234**	**199,435**	**6.52%**

Source: SIAM

b) **2-wheeler Sales**: With domestic sales of 1.28 million units in July, 2014, the 2-wheeler segment recorded a growth of 13.73%, mainly due to a continuous impressive growth of 37.10% in the Scooter/ Scooterettee segment. The share of Scooter/ Scooterettee sales to total 2-wheeler sales during April-July 2014 was 26.3% as compared to 22.8% during the same period last year.

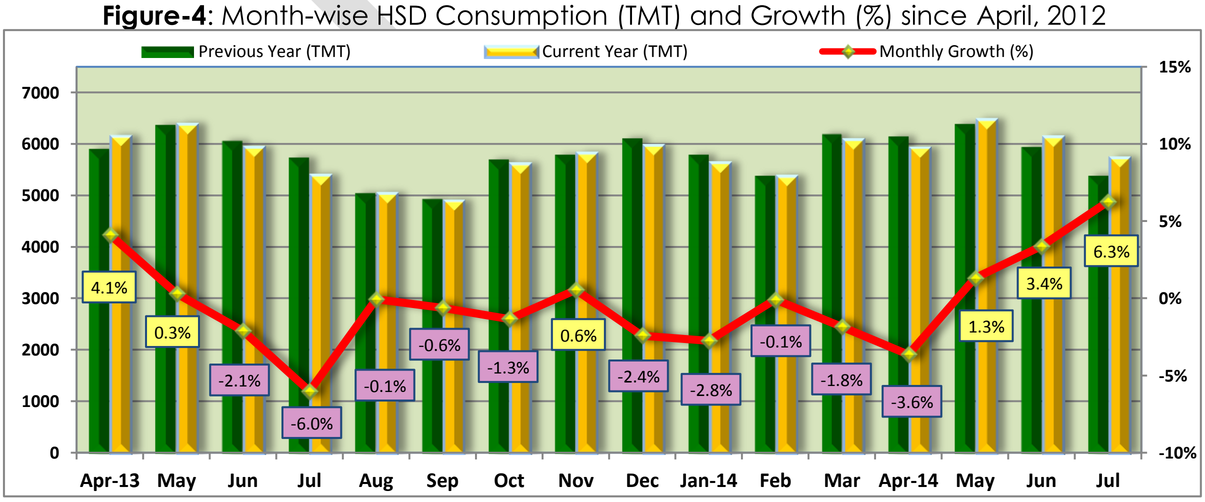
Segment	July, 2013	July, 2014	Growth (%)
Scooter / Scooterette	271,438	372,136	37.10%
Motor Cycles	809,386	859,290	6.17%
Mopeds	51,242	56,036	9.36%
Total: Two wheelers	**1,132,066**	**1,287,462**	**13.73%**

Source: SIAM

1.3 High Speed Diesel (HSD): The declining trend in HSD consumption since July, 2013 continued till April, 2014, with the exception of a marginal growth during November, 2013. However since May 2014, HSD consumption for the third consecutive month recorded positive growth of 6.3% in the month of July, 2014 and a cumulative growth of 1.7% for April-July, 2014. This is the highest monthly growth in consumption of HSD since October 2012.

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)** poor monsoon, **(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 impact the diesel consumption.

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



Factors affecting diesel consumption are discussed below:

a) **Port traffic:** There has been a marginal growth of 0.5% in port traffic and cargos handled at major ports during July, 2014 and a cumulative growth of 3.31% for the period April-July'2014, due to improvement at all major ports except Kolkatta, Paradip and New Mangalore.

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

TRAFFIC HANDLED AT MAJOR PORTS (TMT)				
PORTS	July 2013	July 2014	Gr (%): July 2014	Gr (%): Apr-July'14
KOLKATA + HALDIA	4170	3340	-19.9%	-6.9%
PARADIP	6129	6040	-1.5%	1.0%
VISAKHAPATNAM	5154	5303	2.9%	4.7%
ENNORE	2167	2591	19.6%	16.7%
CHENNAI	4635	4849	4.6%	1.2%
V.O. CHIDAMBARANAR	2394	2827	18.1%	11.7%
COCHIN	1638	1660	1.3%	3.7%
NEW MANGALORE	3221	2724	-15.4%	-3.7%
MORMUGAO	740	824	11.4%	26.8%
MUMBAI	4461	4705	5.5%	8.7%
JNPT	5158	5269	2.2%	4.8%
KANDLA	7542	7498	-0.6%	0.1%
TOTAL:	**47409**	**47630**	**0.5%**	**3.31%**

Source: IPA

b) **Power situation improves**: The power deficit position for the month of July, 2014 is given in Table-3.

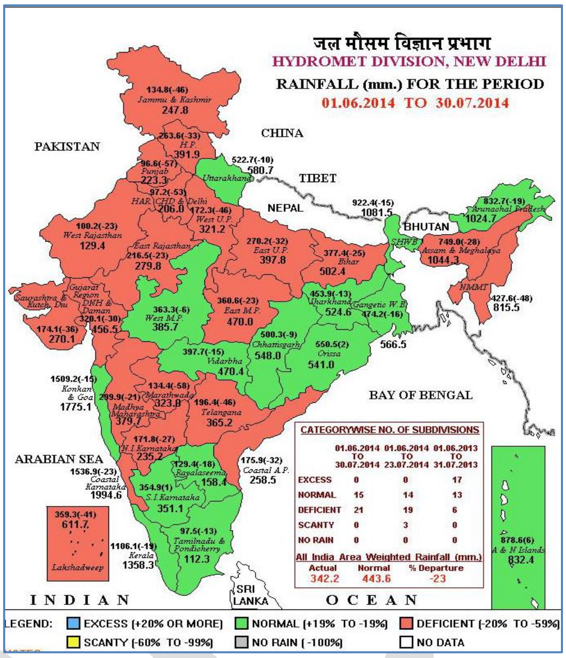
Table-3: Power deficit: Region-wise position for July, 2014 (% deficit)

States	July 2014				July 2013
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	33,739	31,572	-2167	-6.4%	-6.4%
West	25,108	24,959	-149	-0.6%	-0.3%
South	23,890	22,988	-902	-3.8%	-6.3%
East	10,493	10,384	-109	-1.0%	-1.4%
North East	1,270	1,166	-104	-8.2%	-4.3%
Total	**94,500**	**91,069**	**-3,431**	**-3.6%**	**-4.1%**

Source: Central Electricity Authority (CEA)

Further, the poor monsoon in the entire country during the agricultural season in July, 2014, has increased the consumption of Diesel for pump sets.

c) The IMD maps reflect the impact of rainfall (shortfall/deficit of 24%) during June to July, 2014 as compared to the same period last year :



d) **Commercial Vehicles (CV) Sales**: The CV sales registered a decline of -13.64% during July, 2014 and cumulative negative growth of -15.51% for the period April-July, 2014.

During the last two to three years, the continued sluggishness in economic activity, reduced mining and manufacturing activities and slowdown in infrastructure projects, had influenced the sales of heavy diesel vehicles.

Positive signs of the turnaround in the commercial vehicle (CV) sector was visible in the last two months with improvement in both business enquiries and vehicle sales.

Segment	July, 2013	July, 2014	Growth (%)
M&HCVs	18,611	17,799	-4.36%
LCVs	36,699	29,966	-18.35%
Total: Commercial Vehicles	**55,310**	**47,765**	**-13.64%**

Source: SIAM

1.4 LPG: The LPG consumption for the eleventh month in a row recorded a positive growth 4.6% during July 2014 against growth of 0.2% in July 2013 and a cumulative growth of 9.8% for the period April-July, 2014, as compared to a decline of -1.9% during Apr-July 2013.

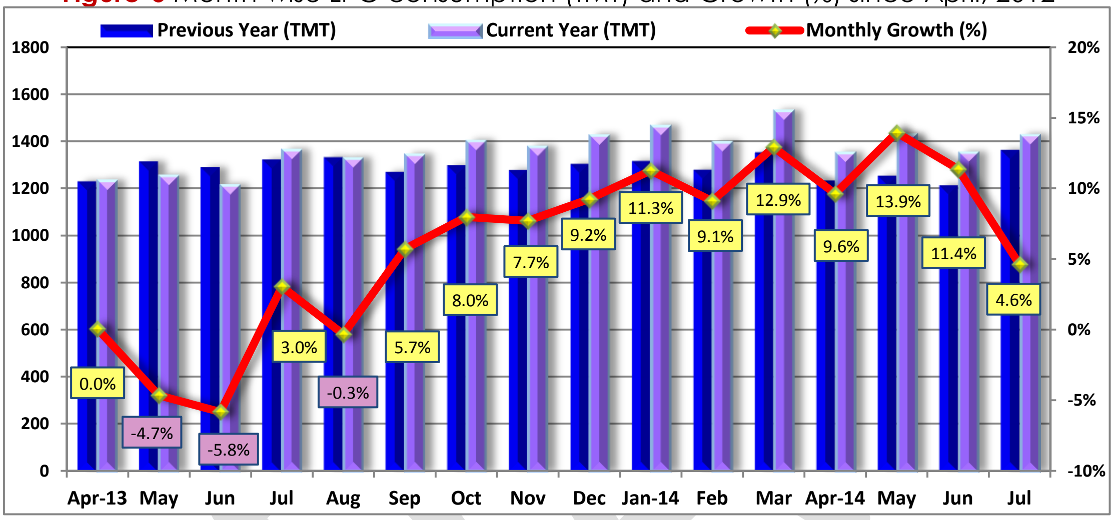
- LPG-Packed Domestic sales registered a growth of 12.5% during Apr-July 2014 against degrowth of -4.2% in Apr-July 2013. Growth in LPG-Packed Domestic is mainly due to release of new connections (48.9 lakhs) and DBCs (29.3 lakhs) during April-July 2014.

- Degrowth in LPG-packed non-domestic is mainly due to increased number of subsidized cylinders during the current year.

- Bulk LPG recorded a growth of 71.4% in Apr-July 2014 as compared to degrowth of -11.6% during Apr-July 2013. It is mainly due to low base and upliftment by ONGC for their petrochemical unit.

- Auto LPG declined by -24.0% during Apr-July 2014 as compared to growth of 5.0% during Apr-July 2013. It is mainly due to increase in Auto-LPG price.

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



1.5 Naphtha: Naphtha consumption registered a growth of 5.4% in July, 2014 and the cumulative growth of 2.2% for the period April-July, 2014.

There has been an increase in the consumption in the Southern region power sector in NTPC, Kayamkulam. Also, some petrochemical units such as IOCL Panipat, Asian Peroxide and Haldia Petrochemicals have recorded positive growth during the month.

1.6 Bitumen: Bitumen consumption registered a high growth of 31.9% in July, 2014 and the cumulative growth of 9.2% for the period April-July, 2014.

The high growth for the second consecutive month is mainly due to low base & resumption of road construction activities after the general elections and availability of fair weather in some parts of the country.

1.7 FO/LSHS: FO/LSHS consumption registered decline of -22.1% during July, 2014 and a cumulative de-growth of -8.6% for the period April-July, 2014.

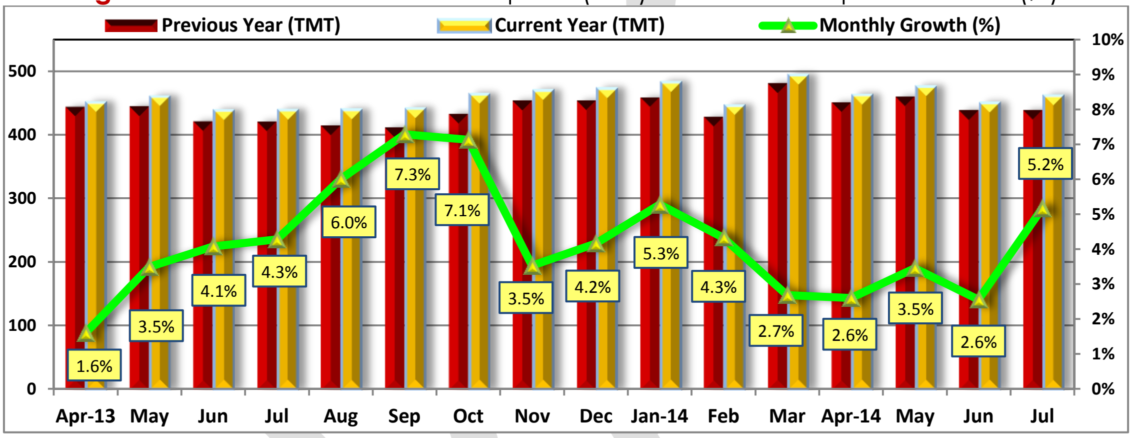
However, there has been an increase in the consumption in the Southern region power sector in Kozhikode DPP, Sampalpatt KTPS, Polavancha and VTPS Ibrahimpatnam

Some 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 5.2% growth in the consumption of ATF during July, 2014 and cumulative growth for April-July, 2014 is at 3.4%.

In order to boost air traffic, most of the airlines had announced slashing of air fares up to 75% for travel upto July, 2014. As a result, the domestic airlines flew 52.16 lakhs passengers in July this year registering a growth of 7.19% over the 48.66 lakhs passengers flown during the same period in the previous year.

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



1.9 PETCOKE: Petcoke consumption has registered a de-growth of -7.9% during July, 2014 and a cumulative growth of 7.8% during April-July, 2014.

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.

1.10 LDO: LDO consumption recorded a growth of 4.2% in July, 2014 and a cumulative negative growth of -11.0%, during April-July, 2014.

1.11 Natural Gas: There has been a decline of about -10.5% in the consumption of Natural Gas in July, 2014. The overall consumption for the month was 3099.60 MMSCM as compared to 3464.14 MMSCM during the same month last year. The cumulative consumption during April-July, 2014 was 12954.39 MMSCM against 13940.92 MMSCM for the same period last year, showing a decline of about -7.1%.

Natural gas sales have shown decline predominantly due to reduction in domestic gas production.

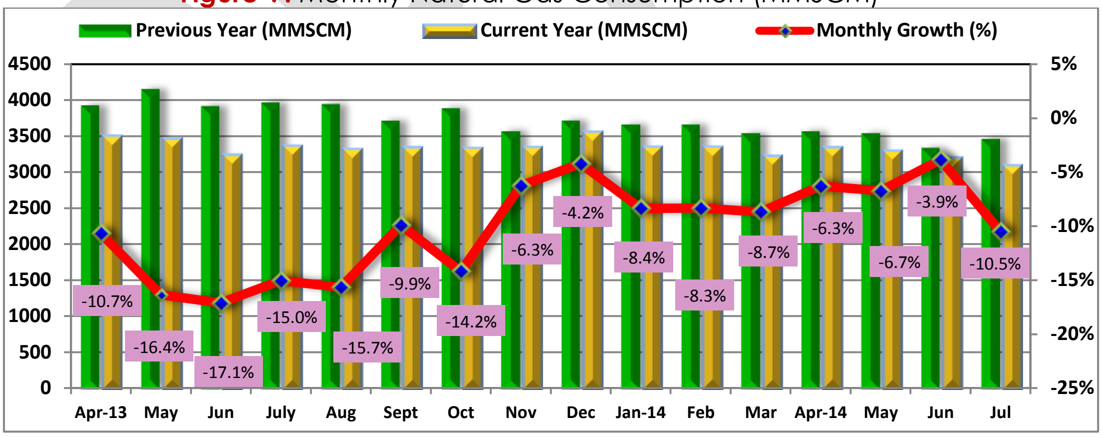
1. **Power Sector**: Consumption in power sector has shown a de-growth of -12.43% in July 2014 and a cumulative volume for the sector dropped almost -11.09% as compared to last year, primarily because supplies in the South were hit due to accident in one of the gas pipelines in the KG Basin region. Further, in Northern region power producers have been utilizing more coal based capacities which also resulted in low off-take of gas.

2. **Fertilizer Sector**: Gas consumption in fertilizer sector registered a negative growth of -10.17% in July 2014 and a cumulative de-growth of -2.88% as compared to last year, primarily due to negligible off-take by NCFL in Kakinada area of the Southern region. Further, some of the Gujarat producers also reduced the intake of gas for their fertilizer plants.

3. **City Gas Sector**: There was an overall growth of approx. 12.68% in CGD consumption in July 2014 due to increase off-take by CGD companies in Gujarat because of allocation of APM gas for city gas distribution. Cumulative natural gas consumption during 2014-15 also showed a positive growth of approx. 16.99% compared to last year.

4. **Internal Consumption**: Internal consumption (IC) showed a positive growth of 9.65% in July 2014 compared to the same month last year due to increased internal consumptions by IOC Panipat/ Mathura in Northern Region while there was a slight decrease in internal consumption by RIL's East West Pipeline as compared to July last year. The cumulative internal consumption during 2014-15 also showed a positive growth of 7.04% as compared to last year.

Figure-7: Monthly Natural Gas Consumption (MMSCM)



5. **Others Sectors**: There was overall decline of -33.07% in consumption by other sectors which include steel, iron etc. manufacturers. The decline in consumption is mainly due to decrease in domestic supply and low LNG off-take by customers. The cumulative volume for the sector registered a negative growth of 27.22% in 2014-15 as compared to last year.

* * * * * *