# INDUSTRY SALES REVIEW REPORT

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

## 1.0 CONSUMPTION:

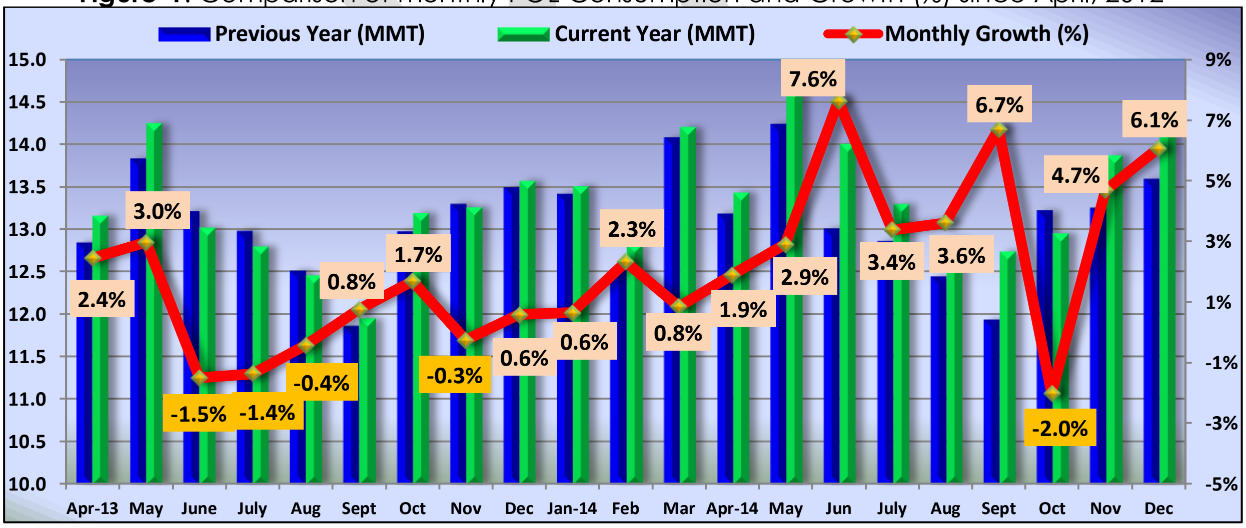
The growth (%) in consumption of petroleum products, category-wise, for the month of December, 2014 is given in Table-1.

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

| Product | % Share | Dec' 2013 | Dec' 2014 | Growth (%) | Products Included |
|---|---|---|---|---|---|
| **Sensitive Products** | 58.4% | 7990 | 8424 | 5.4% | SKO, LPG & HSD |
| **Major Decontrolled Products** | 29.0% | 4268 | 4175 | -2.2% | Naphtha, MS, Lubes, LDO, FO/LSHS, Bitumen & ATF |
| **Other Minor Decontrolled Products** | 12.6% | 1334 | 1817 | 36.2% | Petcoke & other minor products |
| **Grand Total** | | **13592** | **14416** | **6.1%** | |

**All Products:** The consumption of all petroleum products has registered a growth of 6.1% in December, 2014 as compared to that in December, 2013 and a cumulative growth of 3.8% during April-December, 2014. Except for Naphtha, Lubes, LDO, FO, Bitumen & ATF, all other products have recorded positive growth during the month.

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




The global crude prices slumped to a five year low, mainly due to the softening of global demand, mainly in China, as well as other geopolitical factors. The international market is still looking for equilibrium.

IMF in its recent World Economic Outlook projections has estimated India's GDP to grow at 5.6% during 2014-15, 6.3% during 2015-16 and 6.5% during 2016-17. This economic growth is having a positive impact on the consumption of petroleum products during the current year.

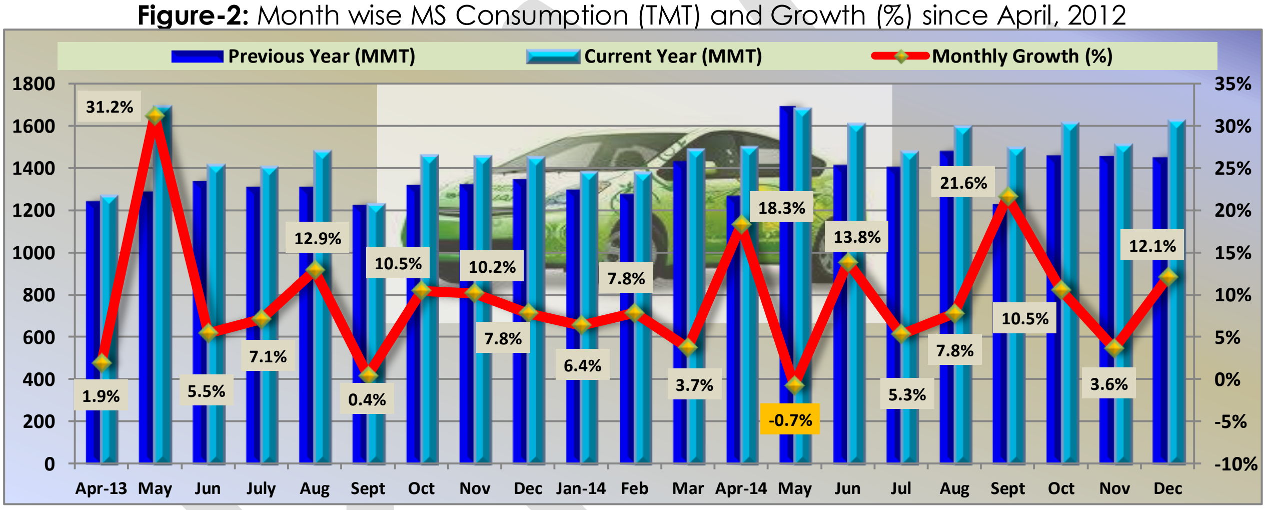
Data on direct private imports received from DGCIS, which are added to the final sales reported by oil companies for estimation of consumption figures, are available up to October, 2014 and private imports data for the balance two months, (i.e. November, 2014 & December, 2014) are projected based on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

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

**1.2 Petrol / Motor Spirit (MS):** There has been a 12.1% growth in the consumption of MS during December, 2014 and a cumulative growth of 9.7% for the period April-December, 2014.

The anticipated downward revision in MS price during the entire month of December, 2014 resulted in the dealers maintaining low inventory at retail outlets.

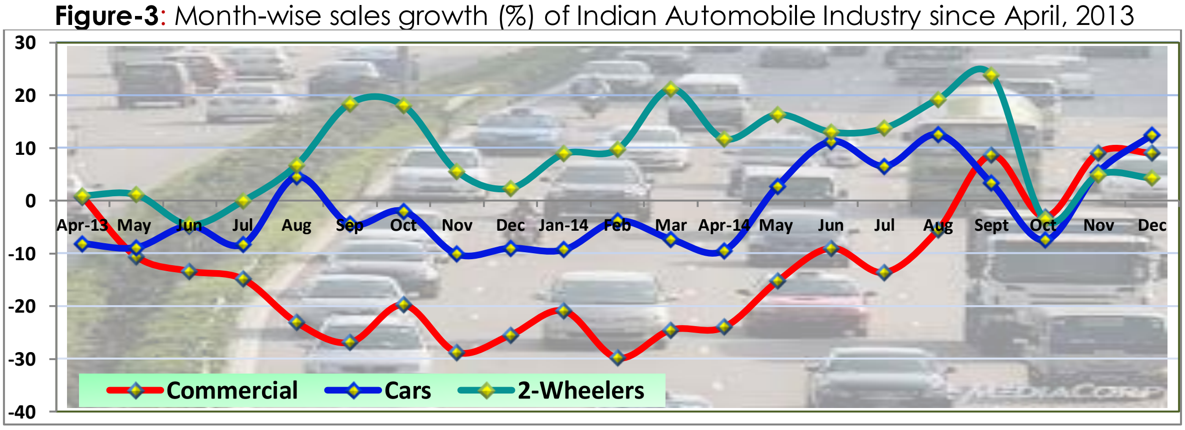
**Figure-2:** Month wise MS Consumption (TMT) and Growth (%) since April, 2012




## Other factors impacting consumption of MS are:

During April-December, 2014, new registration of 18.95 lakh passenger vehicles and 121.45 lakh 2-Wheelers across the country have contributed to the growth in consumption of MS.

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



a) **Total Passenger Vehicles (PV) Sales**: Heavy discounts and anticipated increase in excise duty from January, 2015 helped in preponing the purchases in December 2014. The recent cuts in the fuel prices have also translated into reasonable positive push in sales of passenger vehicles.

The overall passenger vehicles sales registered a growth of 12.41% during December, 2014 and a cumulative growth of 3.67% for the period April-December, 2014.

| Segment | Dec' 2013 (Nos.) | Dec' 2014 (Nos.) | Growth (%) |
|---|---|---|---|
| **Passenger Cars** | 132,524 | 152,743 | 15.26% |
| **Utility Vehicles** | 40,175 | 43,256 | 7.67% |
| **Vans** | 13,252 | 13,026 | -1.71% |
| **Total: Passenger Vehicles (PVs)** | **185,951** | **209,025** | **12.41%** |

*Source: SIAM*

b) **2-wheeler Sales**: With domestic sales of 1.21 million units during December, 2014, the 2-wheeler segment recorded a growth of 4.25% and a cumulative growth of 11.04% for April-December, 2014.

The Scooter/ Scooterette segment, recorded an impressive growth of 24.01% in December, 2014. In the country, more than 60% of the petrol consumption is by 2-wheelers segment.

| Segment | Dec' 2013 (Nos.) | Dec' 2014 (Nos.) | Growth (%) |
|---|---|---|---|
| **Scooter / Scooterette** | 301,714 | 374,159 | 24.01% |
| **Motor Cycles** | 808,389 | 779,908 | -3.52% |
| **Mopeds** | 53,470 | 58,929 | 10.21% |

*Source: SIAM*

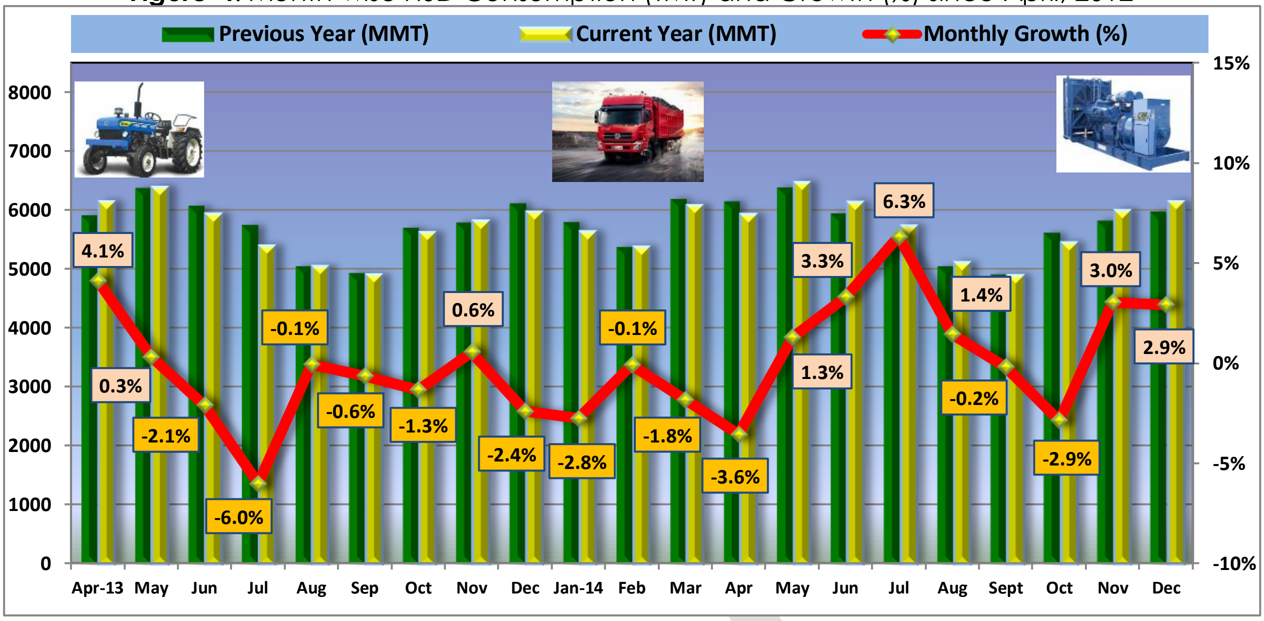
**1.3 High Speed Diesel (HSD):** After a positive trend for four months since May, 2014, HSD consumption had recorded a marginal de-growth of -0.2% in the month of September, 2014. The downward trend of HSD consumption continued with a negative growth of -2.9% during October, 2014. However, this trend has been reversed and since November, 2014, there is positive growth.

There has been a 2.9% growth in the consumption of HSD during December, 2014 and a cumulative growth of 1.3% during the period April-December, 2014.

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

a) **Commercial Vehicles (CV) Sales**: CV sales which are believed to be the barometer of the overall economy, has recorded positive growth for the second consecutive month.

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




CV Sales registered a growth of 9.01% during December, 2014 and cumulative negative growth of -5.65% during the period April-December, 2014. The medium & heavy commercial vehicles sales recorded an impressive 58.33% growth during December, 2014, mainly attributed to the positive sentiments in the economy and rising demand for logistics & transportation services.

| Segment | Dec, 2013 (Nos.) | Dec, 2014 (Nos.) | Growth (%) |
|---|---|---|---|
| **M&HCVs** | 13,770 | 21,802 | 58.33% |
| **LCVs** | 33,015 | 29,198 | -11.56% |
| **Total: Commercial Vehicles** | **46,785** | **51,000** | **9.01%** |

*Source: SIAM*

b) **Power situation improves**: The improvement in power deficit implies that less HSD has been consumed for power generation by DG sets. The power deficit position for the month of December, 2014 is given in Table-3.

**Table-2:** Power deficit: Region-wise position for December, 2014 (% deficit)

| States | December 2014 | | | | Dec, 2013 |
|---|---|---|---|---|---|
| | Requirement (MU) | Available (MU) | Deficit | | Deficit (%) |
| | | | MU | (%) | |
| North | 26,494 | 24,802 | -1,692 | -6.4% | -7.0% |
| West | 26,859 | 26,782 | -77 | -0.3% | -1.3% |
| South | 22,891 | 22,261 | -630 | -2.8% | -4.3% |
| East | 9,411 | 9,241 | -170 | -1.8% | -1.5% |
| North East | 1,205 | 1,012 | -193 | -16.0% | -6.5% |
| **Total** | **86,860** | **84,098** | **-2,762** | **-3.2%** | **-3.9%** |

*Source: Central Electricity Authority (CEA)*

c) **Port traffic:** There has been a growth of 2.79% in port traffic and cargos handled at major ports during December, 2014 and a cumulative growth of 5.04% during the period April-December, 2014, due to improvement at all major ports except Visakhapatnam, New Mangalore, JNPT and Paradip. There has been a growth of 15.62% and 18.19% in Fertilizers (raw) and Thermal Coal traffic respectively handled at major ports during April-December, 2014, while there was a negative growth of 29.69% in Iron Ore traffic.

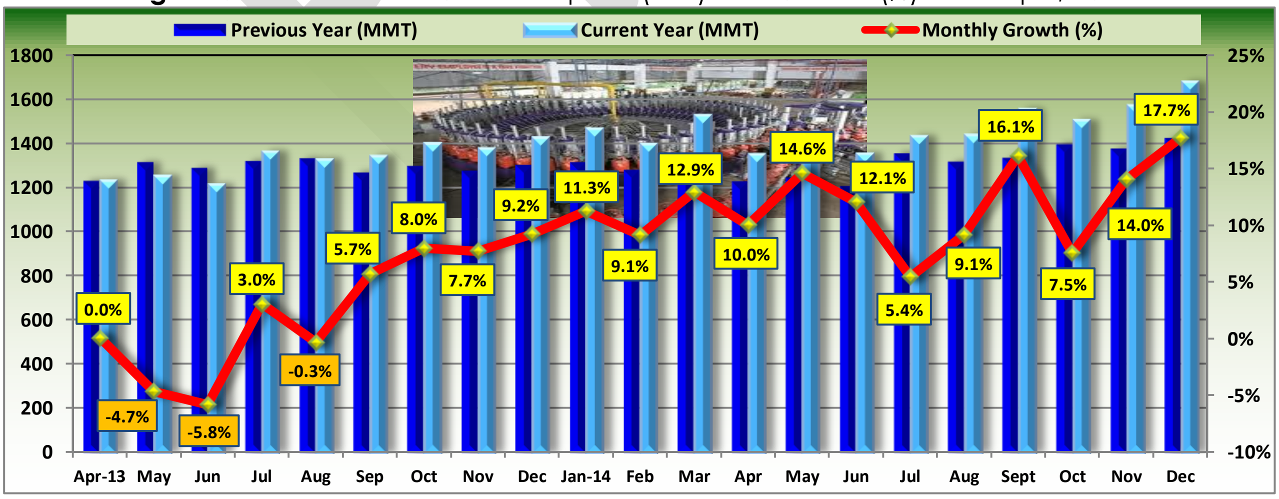
**Table-3:** Traffic handled at major ports for December, 2014

| TRAFFIC HANDLED AT MAJOR PORTS (TMT) | | | | |
|---|---|---|---|---|
| PORTS | December 2013 | December 2014 | Gr (%): Dec' 2014 | Gr (%): Apr-Dec'14 |
| KOLKATA + HALDIA | 3318 | 4212 | 26.94% | 5.2% |
| PARADIP | 6423 | 6214 | -3.25% | 5.2% |
| VISAKHAPATNAM | 5490 | 4858 | -11.51% | 1.7% |
| ENNORE | 2652 | 2731 | 2.98% | 14.3% |
| CHENNAI | 4094 | 4319 | 5.50% | 4.4% |
| V.O. CHIDAMBARANAR | 2338 | 2473 | 5.77% | 9.8% |
| COCHIN | 1287 | 1404 | 9.09% | 2.4% |
| NEW MANGALORE | 3625 | 2719 | -24.99% | -7.6% |
| MORMUGAO | 1162 | 1225 | 5.42% | 19.9% |
| MUMBAI | 5423 | 5518 | 1.75% | 5.8% |
| JNPT | 5566 | 5334 | -4.17% | 4.5% |
| KANDLA | 6565 | 8272 | 26.00% | 7.2% |
| **TOTAL:** | **47943** | **49279** | **2.79%** | **5.04%** |

*Source: Indian Ports Association (IPA)*

**1.4 LPG:** The LPG consumption for the sixteenth month in a row recorded a positive high growth of 17.7% during December, 2014 and a cumulative growth of 11.9% during the period April-December, 2014.

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




LPG Packed Domestic-Subsidized consumption, which constitute 87% of the total LPG consumption, recorded a high growth of 26.4% during December, 2014 and 17.3% during April-December 2014 mainly due to release of 107 lakh new connections and 67 lakh DBCs during April-December 2014 and likelihood of consumers picking up their quota of subsidized cylinders before nationwide launch of DBTL w.e.f. January, 2015. LPG Packed Domestic non-Subsidized, LPG Packed non-Domestic, Bulk LPG and Auto LPG consumption recorded negative growth during December 2014.

**1.5 Naphtha:** Naphtha consumption registered a decline in growth of -9.4% in December, 2014 and a cumulative de-growth of -4.2% for the period April-December, 2014.

There has been a decrease in the consumption in the Southern region fertilizer sector in MCFL (Mangalore), MFL, SPIC (Tuticorin) due to discontinuation of subsidy to naphtha based plants w.e.f. October, 2014 & some petrochemical units such as Asian Peroxide, APCL, GAIL etc.

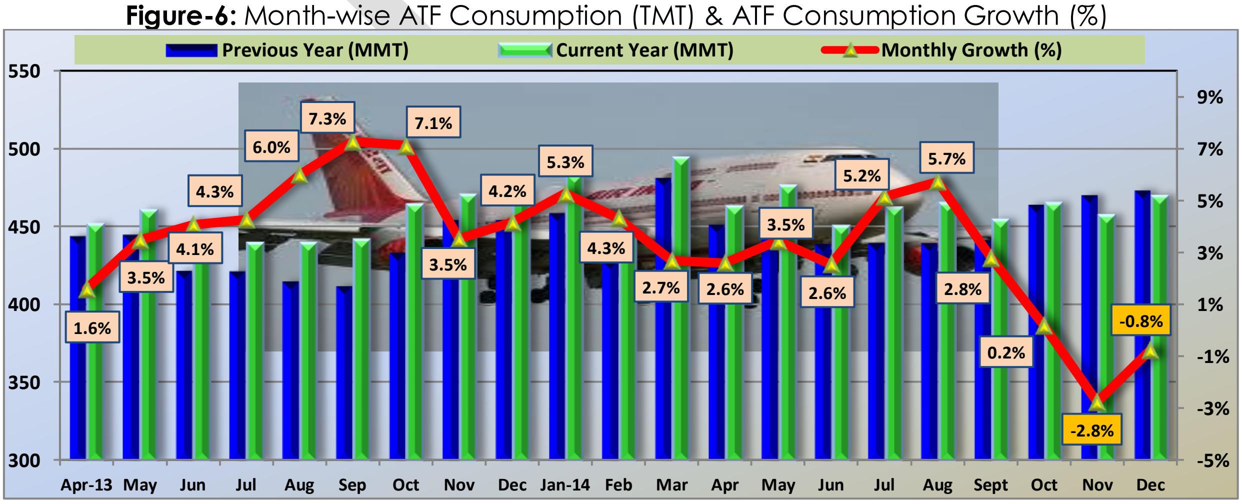
**1.6 Bitumen:** Bitumen consumption has registered a decline of -16.2% in December, 2014 and a cumulative growth of 1.2% for the period April-December, 2014.

**1.7 FO/LSHS:** FO+LSHS consumption registered a de-growth of -5.0% during December, 2014 and a cumulative de-growth of -6.5% for the period April-December, 2014.

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

**1.8 ATF:** There has been a marginal decline in growth of -0.8% in the consumption of ATF during December, 2014 even though 15.3% more domestic passengers were carried during the current month as compared to December, 2013. A cumulative growth of 2.0% has been registered for ATF consumption during April-December, 2014, while there has been a growth of 9.7% in domestic passenger traffic.

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



**1.9 PETCOKE:** Petcoke consumption has registered a high growth of 42.8% during December, 2014 and a cumulative growth of 22.6% during April-December, 2014.

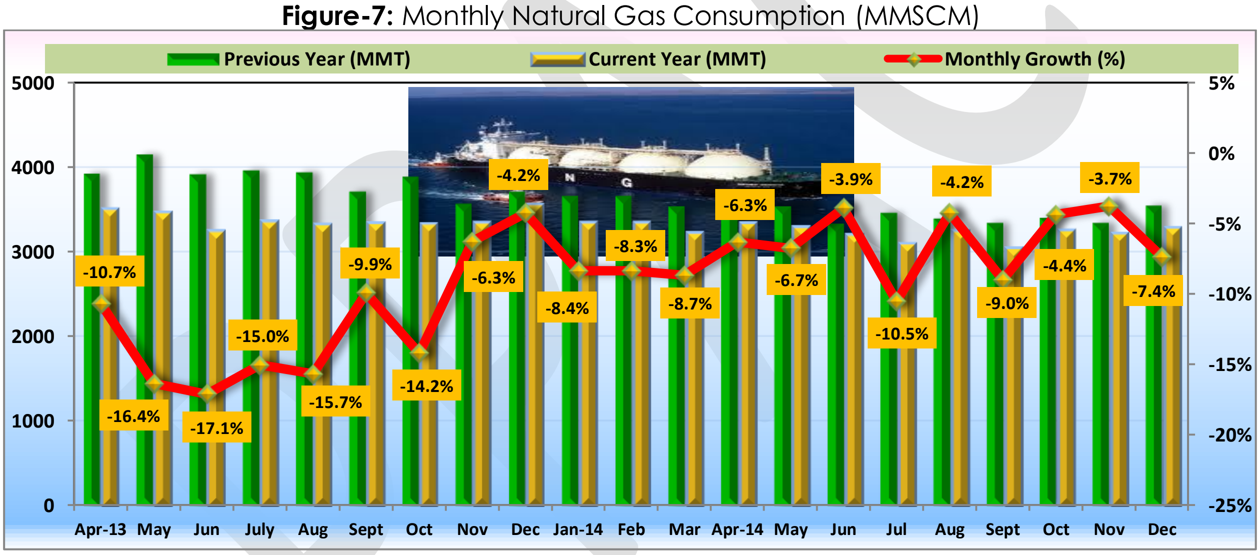
**1.10 LDO:** LDO consumption recorded a decline in growth of -4.7% in December, 2014 and a cumulative negative growth of -11.5%, during April-December, 2014.

**1.11 Natural Gas:** Natural Gas consumption saw an overall decline of about -7.36% in the month of December, 2014 as compared to December, 2013. The total consumption (excluding sales of GSPC) for December, 2014 has been 3,292 MMSCM as compared to 3,554 MMSCM for the same month last year.

The cumulative gas consumption for April-December, 2014 was 28,978 MMSCM against 31,073 MMSCM in April-December, 2013, registering a decline of -6.74%.

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

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




*(Excluding sales of GSPC)*

**Major factors affecting Natural Gas sales are highlighted below:**

1. **Power Sector**: Power sector showed a decline of -14.72% in consumption of NG, from 775 MMSCM in December, 2013 to 661 MMSCM in December, 2014 due to reduced off-take by power producers in Western region and shutdown of few power plants in Southern region. Though this decrease has to a certain extent been offset by increased consumption in Northern region, the net effect remains negative. There was decline of -10.18% on a cumulative basis from April to December this year as compared to last year.

2. **Fertilizer Sector**: Fertilizer sector saw a decline growth of -9.35% in December, 2014 primarily because of low off-take in all the regions. In North, IFFCO (UP) was under shutdown and low off-take by Tata Chemicals (UP) and NFL (Punjab). In Western region, there was low off-take by NFL (MP) and GSFC &

GNFC (Gujarat). Similarly, in Southern region there was reduced off-take by NCFL (Kakinada) and FACT (Kochi). Natural Gas consumption in fertilizer sector for December, 2014 was 1,229 MMSCM as compared to 1,356 MMSCM in December, 2013.

3. **City Gas Sector**: There was an overall growth of 14.0% in CGD consumption in December, 2014 due to increase in off-take by CGD companies in UP & Delhi in Northern region and Gujarat & Maharashtra in Western region.

   The cumulative Natural Gas consumption in the CGD sector during April-December, 2014 showed a positive growth of 15.29% as compared to last year and the cumulative consumption of NG during April-December, 2014 was 3,188 MMSCM as compared to 2,765 MMSCM consumption in the same period last year.

4. **Internal Consumption**: Internal consumption showed an overall growth of 8.79% primarily due to high consumption by IOC refineries in the North and West. The total consumption of gas for internal consumption purpose during December, 2014 was 382 MMSCM as compared to 351 MMSCM in December, 2013.

   The cumulative consumption during April-December, 2014 was 3349 MMSCM against 3080 MMSCM during April-December, 2013.

5. **Others Sector**: There was overall decrease of about -21.79% in sales in 'Others' sector which include refineries, steel & other industries. The decline in sales is primarily due to reduced domestic gas availability and low allocation priority in all the four regions. Cumulative volumes for the period April-December 2014 showed a fall in volumes to an extent of approx. 24.41% compared to the same period last year.

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