INDUSTRY SALES REVIEW REPORT

January 2015

Analysis • Knowledge • Information

पेट्रोलियम योजना एवं विश्लेषण प्रकोष्ठ
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Data on product-wise monthly consumption of petroleum products for January, 2015 is uploaded on PPAC website. This report analyses the trend of consumption of petroleum products in the country during the month of January, 2015.

1.0 CONSUMPTION:

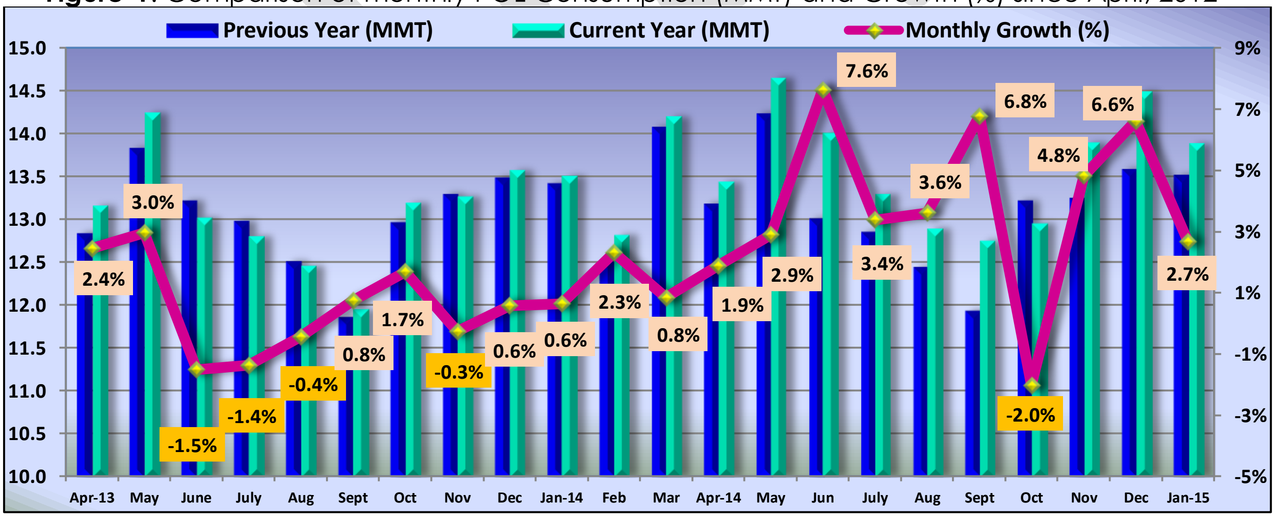
The growth (%) in consumption of petroleum products, category-wise, for the month of January, 2015 is given in Table-1.

Table-1: Consumption (Quantity in TMT)

PRODUCT	% Share	Jan' 2014	Jan' 2015	Growth (%)	Products Included
Sensitive Products	15.6%	2071	2166	4.6%	SKO & LPG
Major decontrolled Products	71.8%	9846	9962	1.2%	Naphtha, MS, HSD, Lubes, LDO, FO/LSHS, Bitumen & ATF
Other Minor decontrolled Products	12.6%	1606	1755	9.3%	Petcoke & other minor products
Grand Total		**13523**	**13884**	**2.7%**	

All Products: The consumption of all petroleum products has registered a growth of 2.7% in January, 2015 as compared to that in January, 2014. Except for SKO, Naphtha, Lubes, Bitumen & ATF, all other products have recorded positive growth during January, 2015 and a cumulative growth of 3.8% during April 2014-January 2015.

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



The slump of more than 45% in the global crude oil price of Indian Basket since June, 2014 has resulted in reduction in petrol prices 10 times, diesel prices 6 times and the prices of LPG cylinders (non-subsidized domestic) have gone down by around 35%.

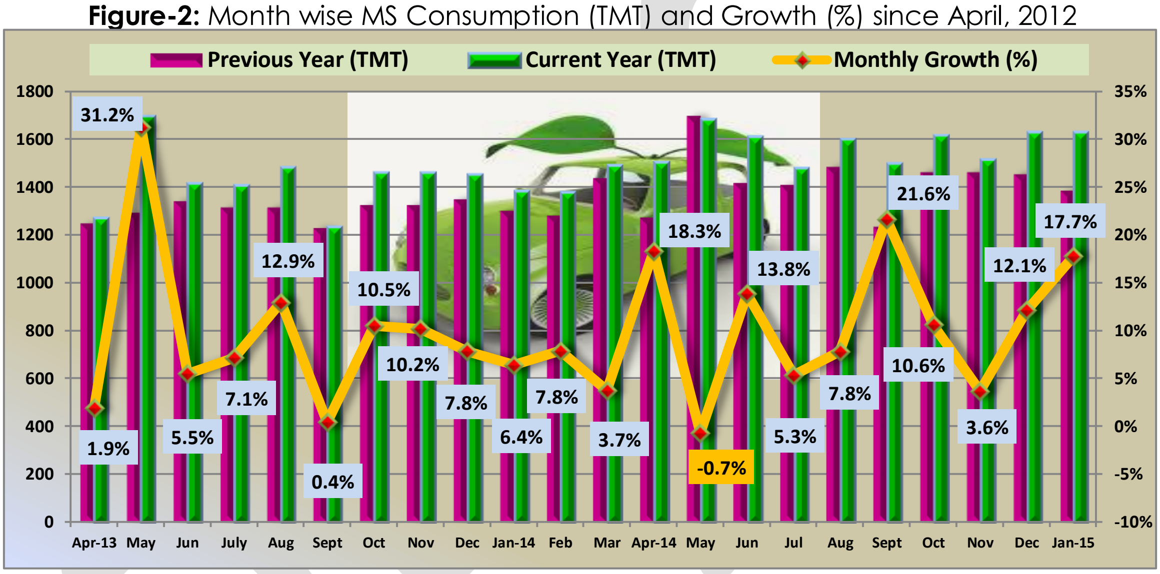
Data on direct private imports received from DGCIS, which are added to the final sales reported by oil companies for estimation of consumption figures, are available up to November, 2014 and private imports data for the balance two months, (i.e. December, 2014 & January , 2015) are projected based on April to November, 2014 figures.

Detailed product-wise analysis of growth for Jan, 2015 is given in the following sections:

1.2 Petrol / Motor Spirit (MS): There has been a 17.7% growth in the consumption of MS during January, 2015 and a cumulative growth of 10.5% for the period April 2014-January 2015.

The anticipated upward revision in MS price on 1st February, 2015, due to increase in crude oil prices, resulted in the dealers uplifting product during the last week of January, 2015. The high growth in MS consumption can also be attributed mainly to good weather condition, MS consumption by new registration of 155.98 lakhs (two/four wheelers) during April 2014-January 2015 and shift of consumers to petrol driven vehicles.

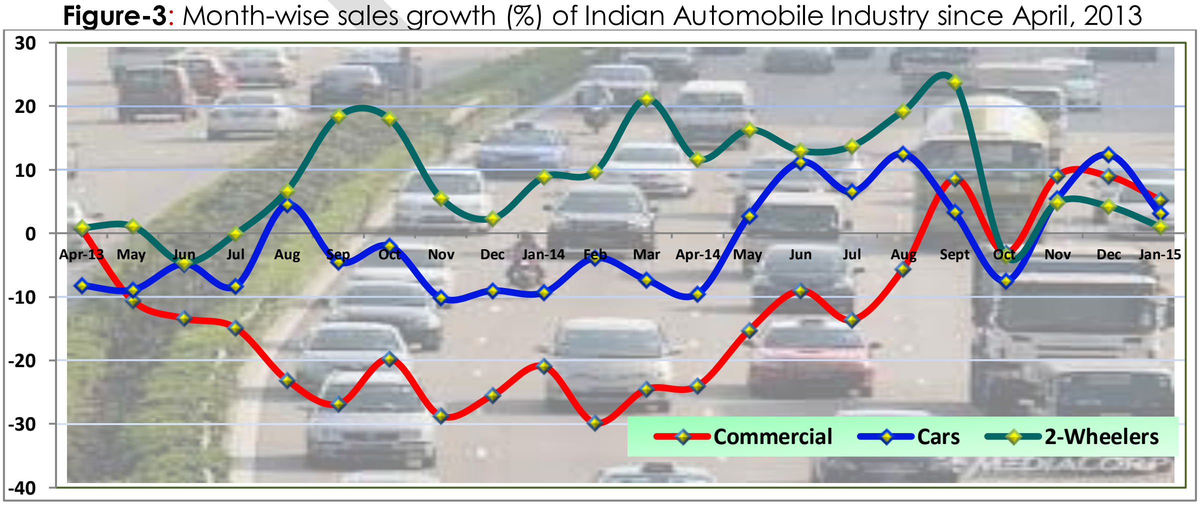
Figure-2: Month wise MS Consumption (TMT) and Growth (%) since April, 2012



Other factors impacting consumption of MS are:

During April 2014-January 2015, new registration of 21.25 lakh passenger vehicles and 134.73 lakh 2-wheelers across the country have substantially contributed to the growth in consumption of MS.

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



Total Passenger Vehicles (PV) Sales: For the third consecutive month, the overall passenger vehicles sales registered a growth of 3.2% during January, 2015 and a cumulative growth of 3.6% during April 2014-January 2015. Consumers had advanced their purchase to December, 2014, in anticipation of the withdrawal of excise sops from January, 2015.

Segment	Jan, 2014	Jan, 2015	Growth (%)
Passenger Cars	164,149	169,300	3.14%
Utility Vehicles	45,797	48,681	6.30%
Vans	13,579	12,638	-6.93%
Total: Passenger Vehicles (PVs)	**223,525**	**230,619**	**3.17%**

Source: SIAM

b) **2-wheeler Sales**: With domestic sales of 1.32 million units during January, 2015, the 2-wheeler segment recorded a growth of 1.06% and a cumulative growth of 9.97% for April 2014-January 2015.

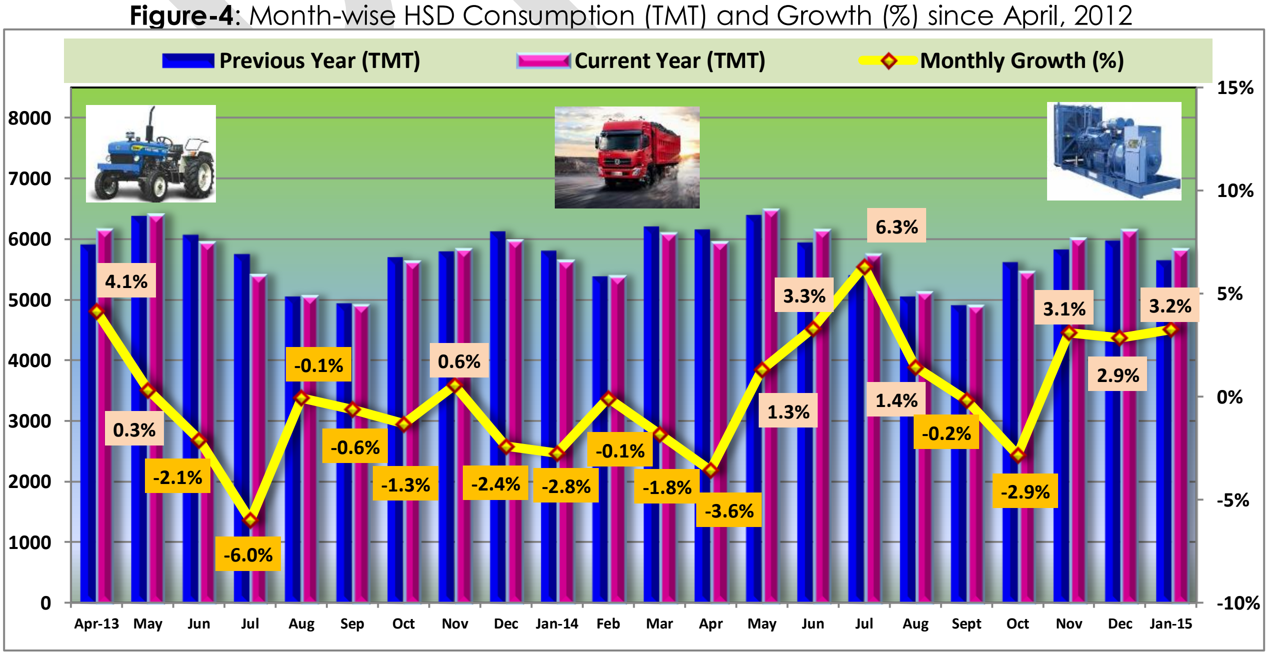
The Scooter/ Scooterette segment recorded an impressive growth of 25.1% during January, 2015, while the motorcycle segment registered a negative growth of -5.8% for the fourth consecutive month due to weak rural demand.

Segment	Jan, 2014	Jan, 2015	Growth (%)
Scooter / Scooterette	323,162	404,159	25.06%
Motor Cycles	922,485	869,198	-5.78%
Mopeds	68,311	54,531	-20.17%

Source: SIAM

1.3 High Speed Diesel (HSD): For the third consecutive month HSD consumption recorded a positive growth of 3.2% growth during January, 2015 and a cumulative growth of 1.5% during the period April 2014-January 2015.

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



Factors affecting diesel consumption are discussed below:

a) **Commercial Vehicles (CV) Sales**: After months of negative growth, for the third consecutive month, CV Sales registered a positive growth of 5.30% during January, 2015 and a cumulative negative growth of -4.60% during the period April 2014-January 2015.

The medium & heavy commercial vehicles sales recorded an impressive 36.81% positive growth during January, 2015 mainly attributed to the positive sentiments in the economy and rising demand for logistics & transportation services.

Segment	Jan'2014	Jan'2015	Growth (%)
M&HCVs	15,615	21,363	36.81%
LCVs	34,226	31,118	-9.08%
Total: Commercial Vehicles	**49,841**	**52,481**	**5.30%**

Source: SIAM

b) **Port traffic:** There has been a growth of 3.16% in port traffic and cargos handled at major ports during January, 2015 and a cumulative growth of 4.85% during the period April 2014-January 2015, due to improvement at all major ports except Paradip, Visakhapatnam, Ennore and JNPT during January, 2015.

There has been a growth of 16.22% and 18.67% in fertilizers (raw) and thermal coal traffic respectively handled at major ports during April 2014-January 2015, while there was a negative growth of -30.81% in iron ore traffic.

Table-2: Traffic handled at major ports for January, 2015

TRAFFIC HANDLED AT MAJOR PORTS (TMT)				
PORTS	**January 2014**	**January 2015**	**Gr (%): Jan'2015**	**Gr (%): Apr-Jan'15**
KOLKATA + HALDIA	3229	4195	29.92%	7.6%
PARADIP	5800	5357	-7.64%	3.9%
VISAKHAPATNAM	4830	4581	-5.16%	1.0%
ENNORE	2657	2519	-5.19%	12.0%
CHENNAI	4016	4670	16.28%	5.6%
V.O. CHIDAMBARANAR	2248	2435	8.32%	9.7%
COCHIN	1856	2029	9.32%	3.1%
NEW MANGALORE	3309	3307	-0.06%	-6.9%
MORMUGAO	957	1411	47.44%	22.7%
MUMBAI	5419	5405	-0.26%	5.1%
JNPT	5604	5200	-7.21%	3.3%
KANDLA	7135	7438	4.25%	6.9%
TOTAL:	**47060**	**48547**	**3.16%**	**4.85%**

Source: IPA

c) **Power situation improves**: The power deficit position for the month of January, 2015 is given in Table-3.

Table-3: Power deficit: Region-wise position for January, 2015 (% deficit)

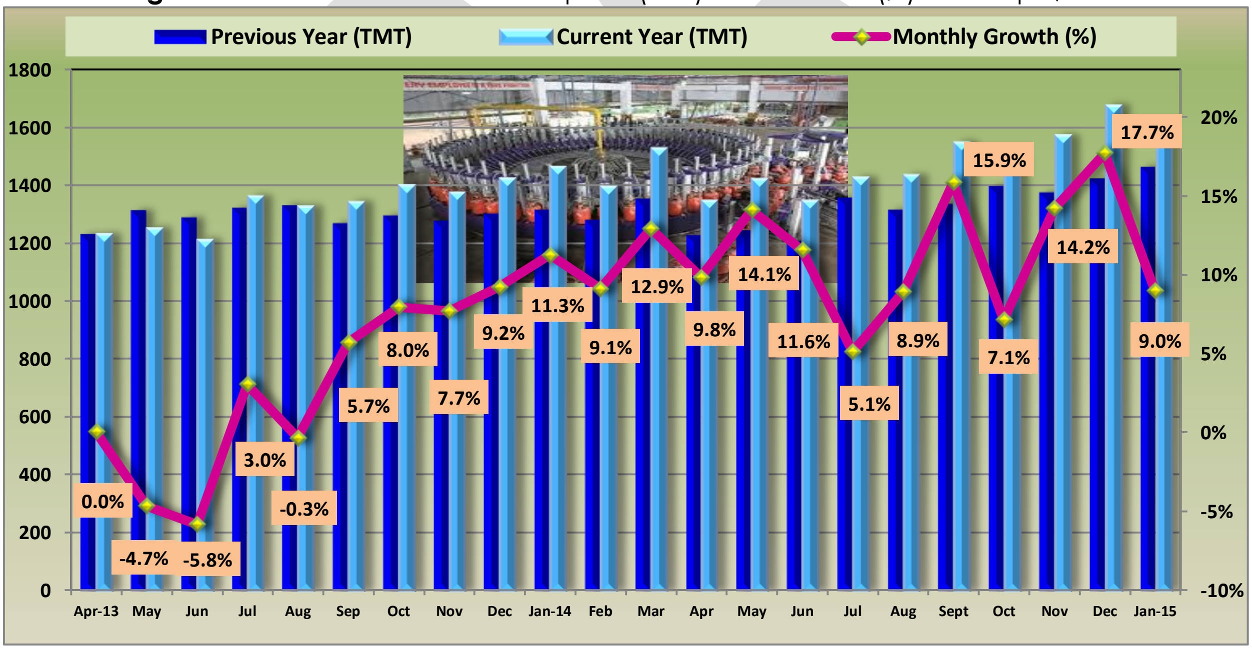
States	January, 2015				Jan'2014
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	25,858	24,100	-1,758	-6.8%	-5.6%
West	26,216	26,093	-123	-0.5%	-1.4%
South	23,599	23,058	-541	-2.3%	-3.7%
East	9,337	9,191	-146	-1.6%	-1.1%
North East	1,246	1,117	-129	-10.4%	-7.0%
Total	**86,256**	**83,559**	**-2,697**	**-3.1%**	**-3.4%**

Source: Central Electricity Authority (CEA)

1.4 LPG: The LPG consumption for the seventeenth month in a row recorded a positive high growth of 9.0% during January, 2015 and a cumulative growth of 11.3% during the period April 2014-January 2015.

While consumption of domestic LPG growth was 8.6% during January, 2015, the growth in non-domestic LPG consumption was 22.3%, bulk LPG was 38.8% and growth in Auto LPG consumption was 13.2%.

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



1.5 Naphtha: Naphtha consumption registered a decline in growth of -16.4% in January, 2015 and a cumulative de-growth of -5.3% for the period April 2014-January 2015.

There has been a decrease in the consumption in the fertilizer sector in MCFL (Mangalore) and MFL due to discontinuation of subsidy to naphtha based plants w.e.f. October, 2014. There has also been substantial reduction in consumption of naphtha in the power and petrochemical sectors.

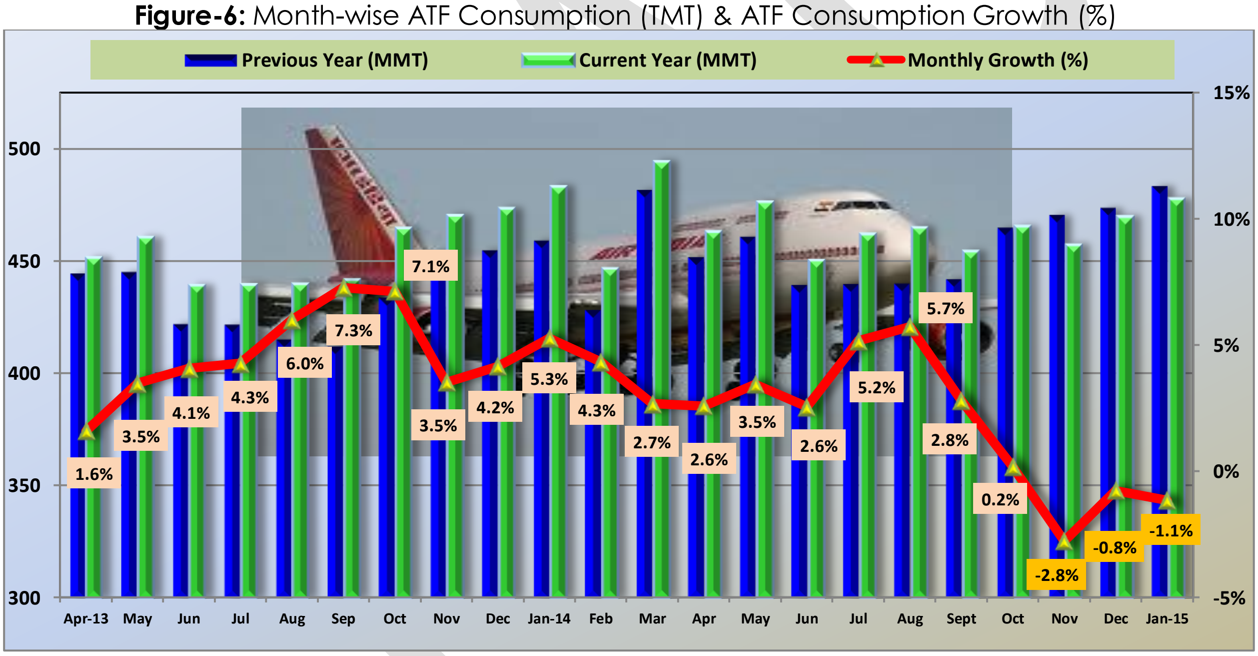
1.6 Bitumen: Bitumen consumption has registered a decline of -12.0% in January, 2015 and a cumulative growth of 0.5% for the period April 2014-January 2015, as road construction activities are yet to pick up in most of the states.

1.7 FO/LSHS: FO+LSHS consumption registered a growth of 3.8% during January, 2015 and a cumulative de-growth of -5.2% for the period April 2014-January 2015.

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 -1.1% in the consumption of ATF during January, 2015 and a cumulative growth of 1.7% for the period April 2014-January, 2015, even though 21.3% more passengers were carried by domestic airlines during the current month as compared to January, 2014.

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

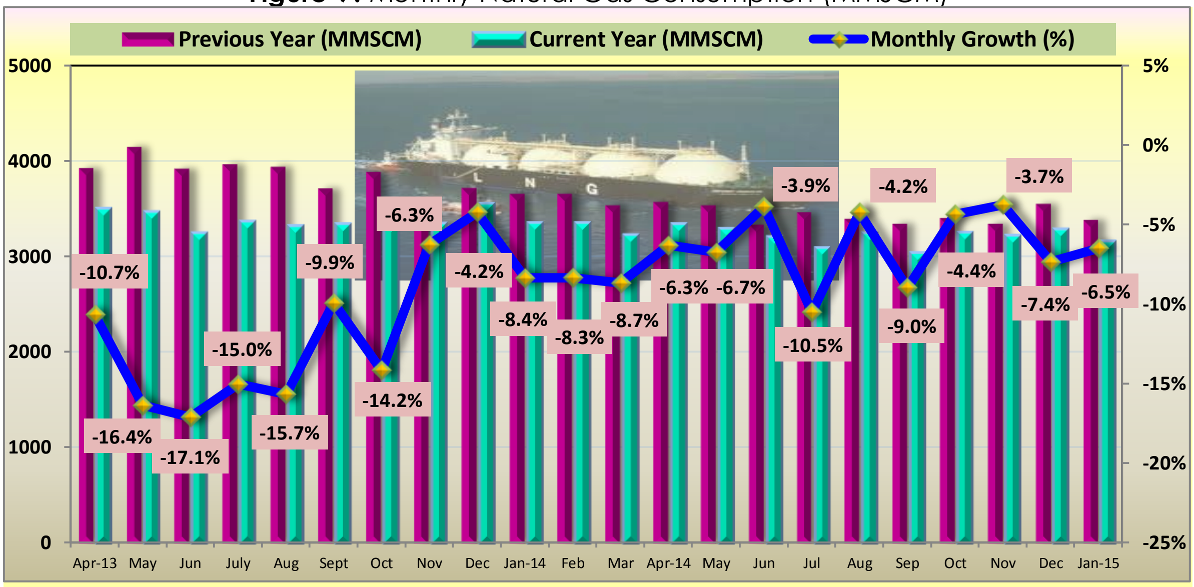


1.9 PETCOKE: Petcoke consumption has registered a growth of 14.2% during January, 2015 and a cumulative growth of 20.0% during April 2014-January 2015.

1.10 LDO: LDO consumption recorded a growth of 10.6% in January, 2015 and a cumulative negative growth of -9.0%, during April 2014-January 2015.

1.11 Natural Gas: Natural Gas consumption saw an overall decline of about -6.49% in the month of January, 2015 as compared to January, 2014. The total consumption (excluding sales of GSPC) for January, 2015 has been 3,167 MMSCM as compared to 3,387 MMSCM for the same month last year.

Figure-7: Monthly Natural Gas Consumption (MMSCM)



(Excluding sales of GSPC)

The cumulative gas consumption for April 2014-January 2015 was around 32,193 MMSCM against 34,461 MMSCM in April 2013-January 2014, registering a decline of -6.58%. Natural Gas consumption has shown decline predominantly due to reduction in domestic gas production.

Major factors affecting Natural Gas sales are highlighted below:

1. **Power Sector**: Power sector showed a slight increase of 1.82% from 708.20 MMSCM in January, 2014 to 721.09 MMSCM in January, 2015 due to high off-take by power producers in Northern and also Western regions owing to severe cold conditions. Although the same was offset by decrease in consumption in Southern region to a large extent. The net effect collectively resulted in a positive growth in the sector. There was decline of around 8.72% on cumulative basis from April 2014 to January 2015 as compared to last year.

2. **Fertilizer Sector**: Fertilizer sector saw a negative growth of around 8.54% in January, 2015 primarily due to low off-take by all the regions. In the North, there was low off-take by Tata Chemicals (UP). In Western region, there was low off-take by NFL (MP) and GNFC (Gujarat). Similarly, in Southern region there was reduced off-take by NCFL (Kakinada) and FACT (Kochi). Natural gas consumption in fertilizer sector for January, 2015 was 1216.4 MMSCM as compared to 1330.04 MMSCM in January, 2014.

3. **City Gas Sector**: There was an overall growth of approx. 21% in CGD consumption in January, 2015 due to increase in off-take by CGD companies in UP and Delhi in Northern region and Gujarat and Maharashtra in Western region.

   The cumulative natural gas consumption during April-January, 2015 showed a positive growth of approx. 15% as compared to last year and in terms of volumes, the cumulative figures from April 2014-January 2015 was 3535 MMSCM as compared to 3079 MMSCM in the same period last year.

4. **Internal Consumption**: Internal consumption (IC) showed an overall slump of approx. 6.24% primarily due to low consumption by IOCL refineries in North, and low consumption of gas in GAIL's Lakwa plant. Total consumption of gas for internal consumption in January, 2015 was 345.60 MMSCM as compared to 368.60 MMSCM in January, 2014. On cumulative basis the figures are 3734 MMSCM during April 2014-January 2015 and 3418 MMSCM during April 2013-January 2014.

5. **Others Sector**: There was overall decrease of about 37% in consumption in 'Others' sector which include refineries, steel & other industries. Such decline in consumption is primarily due to reduced domestic gas availability and low allocation priority in all the four regions. The consumption figures for January, 2015 and January, 2014 are 367 MMSCM and 580 MMSCM respectively. Cumulative volumes for the period April 2014-January 2015 showed a fall in volumes to an extent of approx. 27% compared to the same period last year.

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Industry Consumption Trend Analysis (Provisional) : April 2014-January 2015

('000 MT)

Product	January			April-January		
	2013-14	2014-15	Growth (%)	2013-14	2014-15	Growth (%)
(A) Sensitive Products						
SKO	604.2	568.2	**-6.0**	5982.8	5908.6	**-1.2**
LPG	1466.4	1598.0	**9.0**	13368.2	14884.2	**11.3**
Sub Total	**2070.6**	**2166.2**	**4.6**	**19351.0**	**20792.8**	**7.5**
(B) Major Decontrolled Products						
Naphtha	990.2	827.9	**-16.4**	9369.7	8872.7	**-5.3**
MS	1383.7	1628.8	**17.7**	14260.8	15761.4	**10.5**
HSD	5639.2	5822.3	**3.2**	56900.6	57738.8	**1.5**
Lubes + Greases	367.4	256.1	**-30.3**	2714.3	2446.6	**-9.9**
LDO	34.0	37.7	**10.6**	322.0	292.9	**-9.0**
FO/LSHS	490.6	509.1	**3.8**	5243.3	4971.8	**-5.2**
Bitumen	457.8	402.8	**-12.0**	3804.2	3823.0	**0.5**
ATF	483.2	477.7	**-1.1**	4563.6	4641.5	**1.7**
Sub Total	**9846.1**	**9962.4**	**1.2**	**97178.5**	**98548.7**	**1.4**
(C) Other Minor Decontrolled Products						
Petroleum Coke	1075.1	1227.4	**14.2**	9661.8	11594.6	**20.0**
Others	531.1	528.0	**-0.6**	5087.1	5325.7	**4.7**
Sub Total	**1606.2**	**1755.4**	**9.3**	**14748.9**	**16920.3**	**14.7**
Total	**13522.9**	**13884.0**	**2.7**	**131278.4**	**136261.8**	**3.8**