INDUSTRY SALES REVIEW REPORT

February 2015

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 February, 2015 is uploaded on PPAC website. This report analyses the trend of consumption of petroleum products in the country during the month of February, 2015.

1.0 CONSUMPTION:

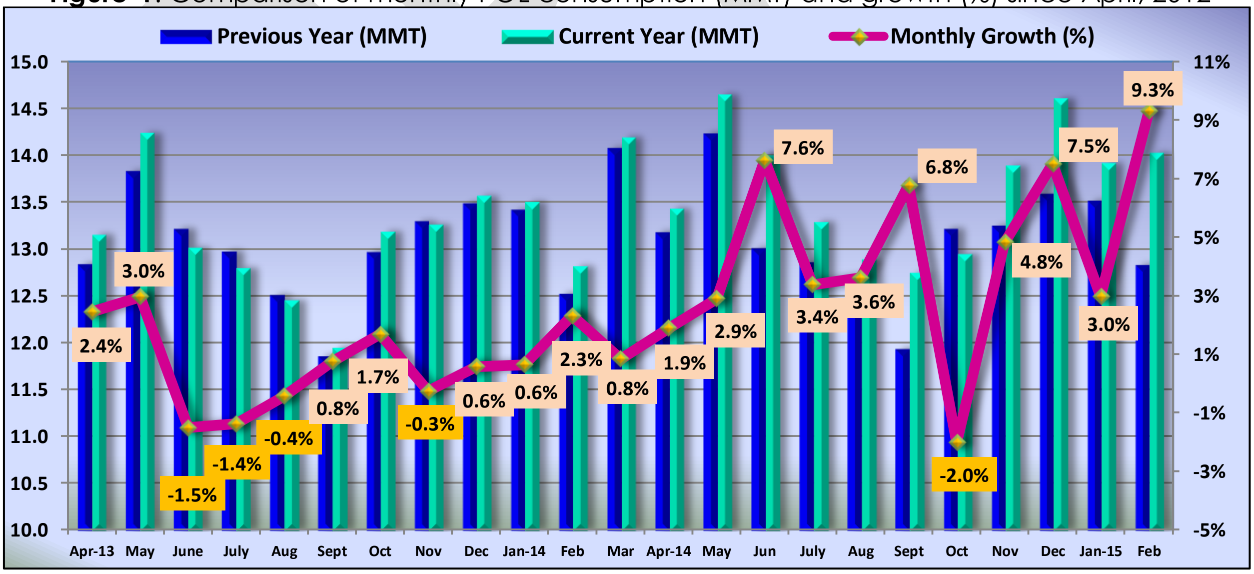
The growth (%) in consumption of petroleum products, category-wise, for the month of February, 2015 is given in Table-1.

Table-1: Petroleum Products Consumption (Quantity in TMT)

PRODUCT	% Share	Feb' 2014	Feb' 2015	Growth (%)	Products Included
Sensitive Products	14.9%	1,981	2,097	5.9%	SKO & LPG
Major decontrolled Products	72.6%	9,427	10,184	8.0%	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Other Minor decontrolled Products	12.5%	1,430	1,752	22.5%	Petcoke & other minor products
Grand Total		**12,838**	**14,033**	**9.3%**	

All Products: The consumption of all petroleum products has registered a growth of 9.3% in February, 2015 as compared to that in February, 2014. This is the highest monthly growth in consumption in more than two years. Except for Naphtha, Bitumen & ATF, all other products have recorded positive growth and a cumulative growth of 4.4% during April 2014-February 2015.

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



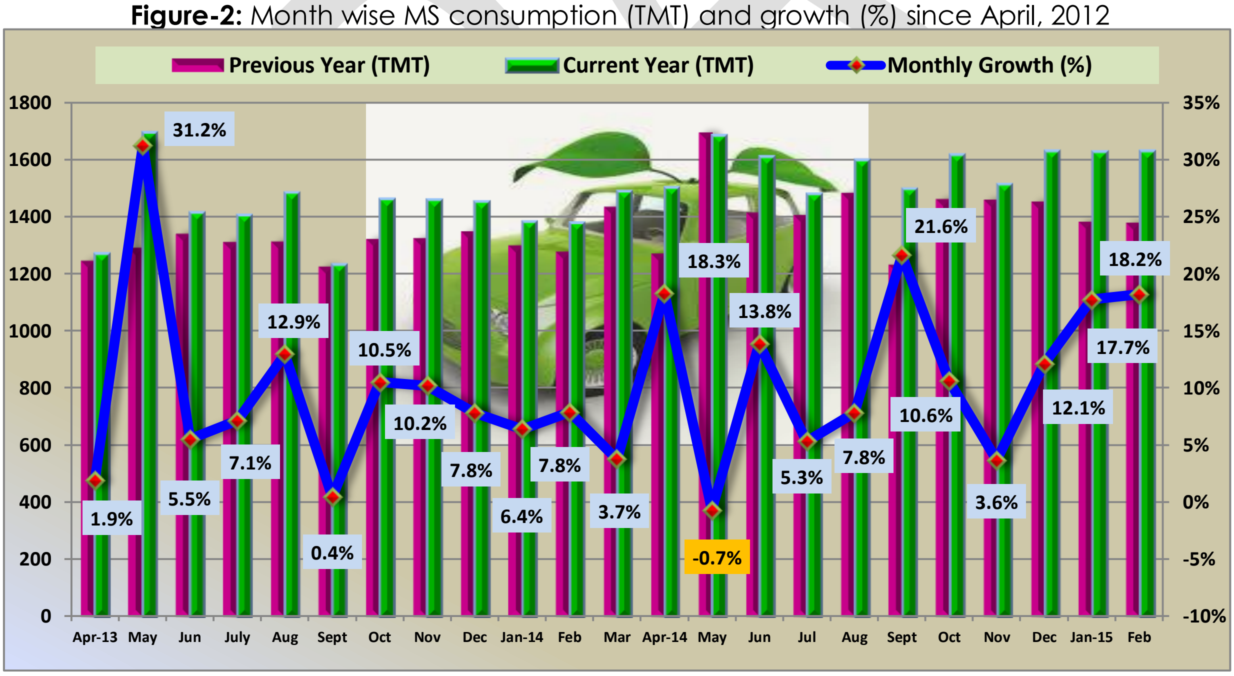
Data on direct private imports received from DGCIS, which are added to the final sales reported by oil companies for estimation of consumption figures, are available up to December, 2014 and private imports data for the balance two months, (i.e. January, 2015 & February , 2015) are projected based on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

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

1.2 Petrol / Motor Spirit (MS): There has been an 18.2% growth in the consumption of MS during February, 2015 and a cumulative growth of 11.2% for the period April 2014-February 2015.

- The high growth in MS consumption can be attributed mainly due to, (**1**) Good weather during the entire month resulting in more vehicular movement (**2**) Shift of consumers preference from diesel to petrol driven vehicles.
- The anticipated downward price revision in MS price during the entire of month of January, 2015 resulted in the dealers maintaining low inventory at retail outlets during end of January, 2015 and subsequently topping up the inventory during the first week of February, 2015.
- The increasing international crude prices and the anticipated upward price revision in MS price during the entire of month of February, 2015 resulted in dealers maintaining high inventory at retail outlets. The MS prices were increased on 16th February, 2015 and again on 1st March, 2015.

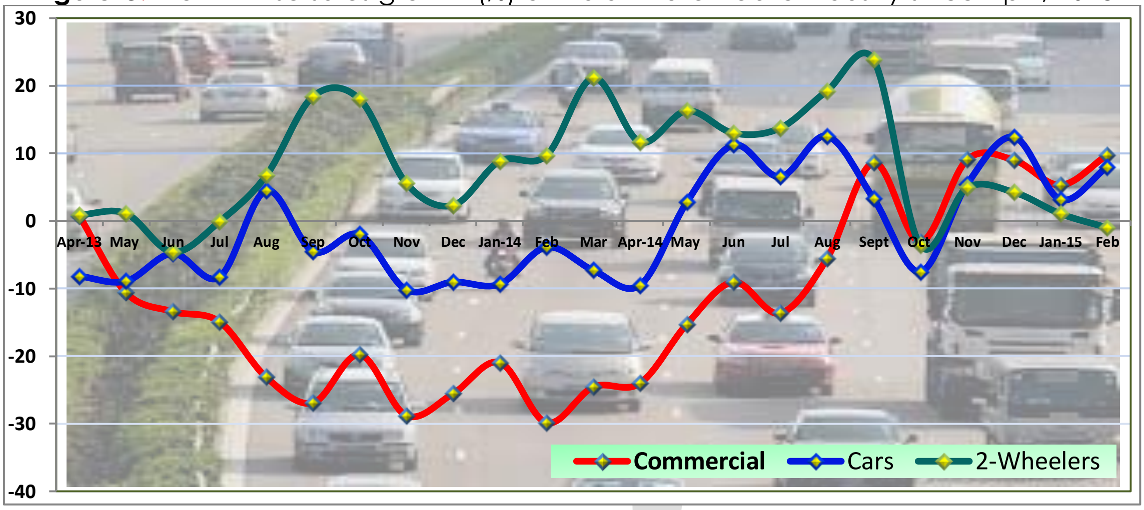
Figure-2: Month wise MS consumption (TMT) and growth (%) since April, 2012



Other factors impacting consumption of MS are:

During April 2014-February 2015, new registration of 23.56 lakh passenger vehicles and 146.81 lakh 2-wheelers across the country have substantially contributed to the growth in consumption of MS. The growth in automobile sales is a reflection of improving consumer sentiments.

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



Total Passenger Vehicles (PV) Sales: The overall passenger vehicles sales registered a growth of 7.99% during February, 2015 and a cumulative growth of 4.03% for the period April 2014-February 2015.

Segment	Feb, 2014	Feb, 2015	Growth (%)
Passenger Cars	156,857	171,727	9.48%
Utility Vehicles	43,679	45,545	4.27%
Vans	13,524	13,893	2.73%
Total: Passenger Vehicles (PVs)	**214,060**	**231,165**	**7.99%**

Source: SIAM

b) **2-wheeler Sales**: With domestic sales of 1.20 million units during February, 2015, the 2-wheeler segment recorded a marginal de-growth of -0.99% and a cumulative growth of 8.97% for the period April 2014-February 2015.

The motorcycle and moped segment registered a decline in the month of February, 2015 whereas the scooter/ scooterette segment continued to record an impressive growth of 18.78% during February, 2015.

Segment	Feb, 2014	Feb, 2015	Growth (%)
Scooter / Scooterette	311,957	370,527	18.78%
Motor Cycles	843,436	774,122	-8.22%
Mopeds	64,748	63,435	-2.03%

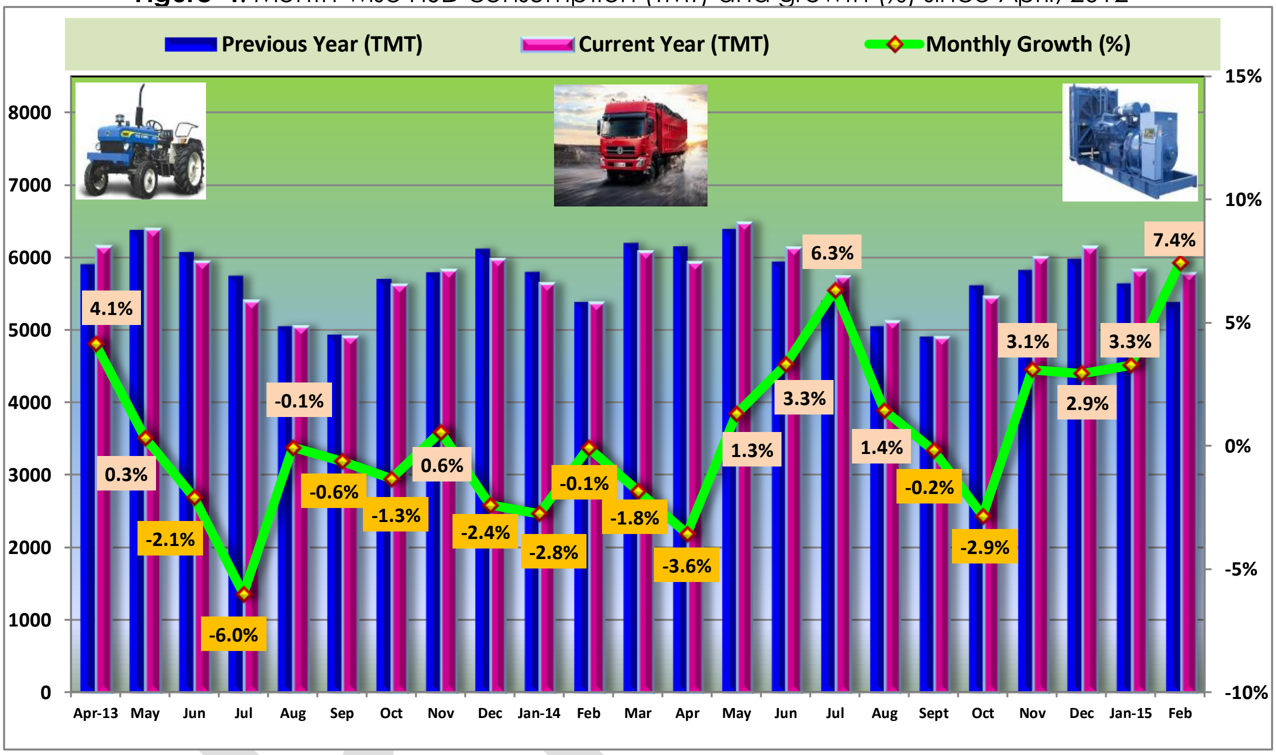
Source: SIAM

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% & -2.9% in the months of September, 2014 & October, 2014 respectively.

Since November, 2014, there was a positive growth trend in the consumption of HSD and during February, 2015, there was a growth of 7.4% growth and a cumulative growth of 2.0% during the period April 2014-February 2015. This is the highest monthly growth in consumption of diesel in more than two years.

- The anticipated downward revision in HSD price during the entire of month of January, 2015 resulted in dealers maintaining low inventory at retail outlets during January, 2015 and subsequently topping up the inventory during the first week of February, 2015. HSD prices were reduced on 4th February, 2015.
- The increasing international crude prices and the anticipated upward revision in HSD price during the entire of month of February, 2015 resulted in the dealers maintaining high inventory at retail outlets. HSD prices were increased on 16th February, 2015 and again on 1st March, 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**: CV sales are believed to be the barometer of the overall economy. CV Sales registered a high growth of 9.75% during February, 2015 and a cumulative negative growth of -3.39% during the period April 2014-February 2015.

The medium and heavy commercial vehicles sales continued to record an impressive 36.35% positive growth during February, 2015 which is mainly attributed to the positive sentiments in the economy and rising demand for logistics and transportation services.

Segment	Feb, 2014	Feb, 2015	Growth (%)
M&HCVs	16,526	22,533	36.35%
LCVs	31,622	30,310	-4.15%
Total: Commercial Vehicles	**48,148**	**52,843**	**9.75%**

Source: SIAM

b) **Port traffic:** There has been a growth of 2.50% in port traffic and cargos handled at major ports during February, 2015 and a cumulative growth of 4.64% during the period April 2014-February 2015, due to improvement at all major ports except Visakhapatnam, Chennai, Cochin, New Mangalore, Mumbai and Kandla.

There has been a growth of 15.74% and 19.40% in fertilizers (raw) and thermal coal traffic respectively handled at major ports during April 2014-February, 2015, while there was a negative growth of -31.90% in iron ore traffic.

Table-3: Traffic handled at major ports in February, 2015

TRAFFIC HANDLED AT MAJOR PORTS (TMT)				
PORTS	February 2014	February 2015	Gr (%): Feb' 2015	Gr (%): Apr-Feb'15
KOLKATA + HALDIA	36744	40508	43.26%	10.2%
PARADIP	61836	64524	9.02%	4.3%
VISAKHAPATNAM	52768	52937	-6.38%	0.3%
ENNORE	24689	27549	7.71%	11.6%
CHENNAI	46389	48157	-13.33%	3.8%
V.O. CHIDAMBARANAR	25789	28979	39.62%	12.4%
COCHIN	19161	19659	-3.02%	2.6%
NEW MANGALORE	35761	32802	-23.01%	-8.3%
MORMUGAO	10607	13001	21.75%	22.6%
MUMBAI	53906	56341	-1.49%	4.5%
JNPT	56476	58230	1.56%	3.1%
KANDLA	79818	84649	-3.70%	6.1%
TOTAL:	**503944**	**527336**	**2.50%**	**4.64%**

Source: IPA

c) **Power situation improves**: The power deficit position for the month of February, 2015 is given in Table-3. The power deficit position during the month has improved compared to February, 2014.

Table-2: Power deficit: Region-wise position for February, 2015 (% deficit)

States	Feb, 2015 (P)				Feb, 2014
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	23,403	22,230	-1,173	-5.0%	-5.5%
West	25,021	24,833	-188	-0.8%	-1.2%
South	22,784	22,317	-467	-2.0%	-5.8%
East	8,736	8,606	-130	-1.5%	-1.0%
North East	1,044	982	-62	-5.9%	-6.8%
Total	**80,988**	**78,968**	**-2,020**	**-2.5%**	**-3.8%**

Source: Central Electricity Authority (CEA)

1.4 Bitumen: Bitumen consumption has registered a decline of -4.8% in February, 2015 and a cumulative growth of 0.7% for the period April 2014-February, 2015.

1.5 LPG: LPG consumption for the eighteenth month in a row recorded a positive growth of 8.4% during February, 2015 and a cumulative growth of 11.0% during the period April 2014-February, 2015.

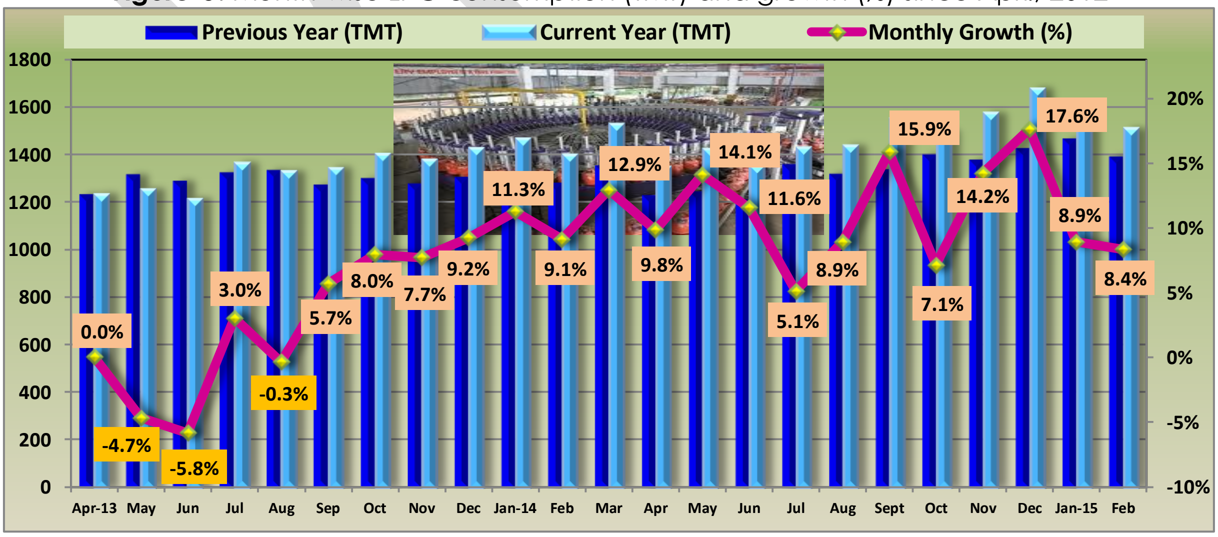
- **LPG-Packed Domestic** consumption registered a positive growth of 5.8% during February 2015 and 12.2% growth for the period April 2014-February 2015. Growth in domestic packed consumption is mainly due to release of 139.6 lakh new connections and 83.8 lakh DBCs during April 2014-February 2015 and consumers picking up their quota of subsidized cylinders before lapse of quota by March, 2015.

- **LPG-Packed non-domestic** consumption registered a growth of 26.9% in February 2015 for the second month in a row. This high level of growth may be attributed to implementation of DBTL and also curb in diversion of subsidized domestic cylinders. However, de-growth of -4.6% is observed during April 2014-February 2015.

- **Bulk LPG** consumption recorded a high growth of 64.2% during February 2015 and 27.2% during April 2014-February, 2015.

- **Auto LPG** registered a positive growth of 15.9% in February 2015, the second time in a row mainly due to curb in diversion of subsidized domestic cylinders. However, negative growth of -17.9% has been recorded during the period April 2014-February 2015.

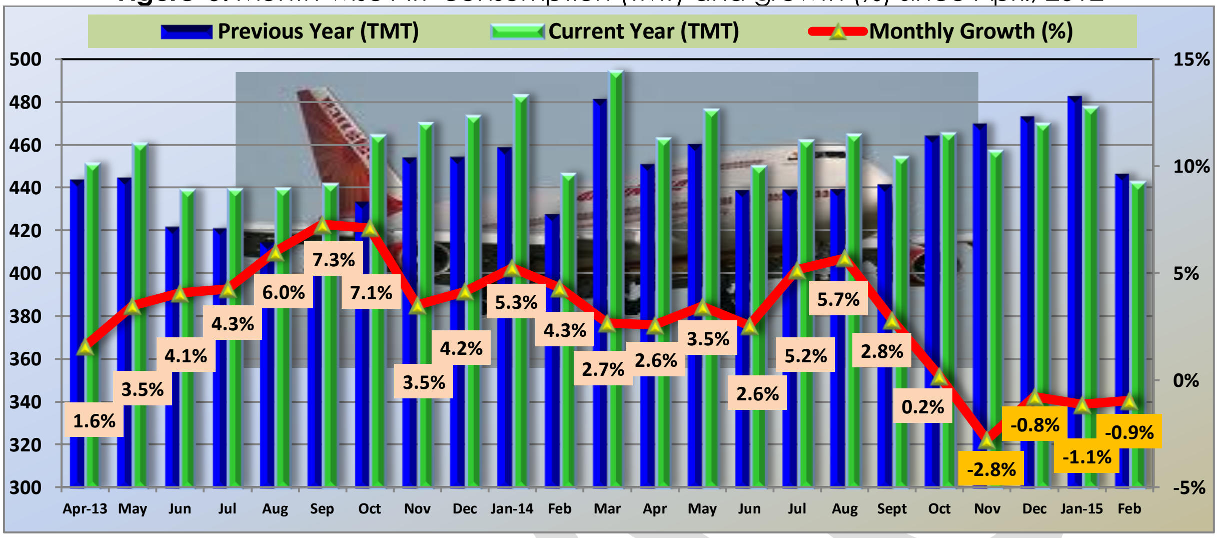
Figure-5: Month-wise LPG consumption (TMT) and growth (%) since April, 2012



1.6 Naphtha: Naphtha consumption registered a decline in growth of -2.6% in February, 2015 mainly due to decrease in consumption in the power sector, and a cumulative de-growth of -4.6% for the period April 2014-February, 2015.

1.7 ATF: For the fourth month in a row, there has been a marginal decline in growth of -0.9% in the consumption of ATF during February, 2015 and a cumulative growth of 1.5% for April-February, 2015. Consequent to reduction in number of flights by Spicejet, other airlines have optimized their operations and have increased their passenger load factor.

Figure-6: Month-wise ATF consumption (TMT) and growth (%) since April, 2012



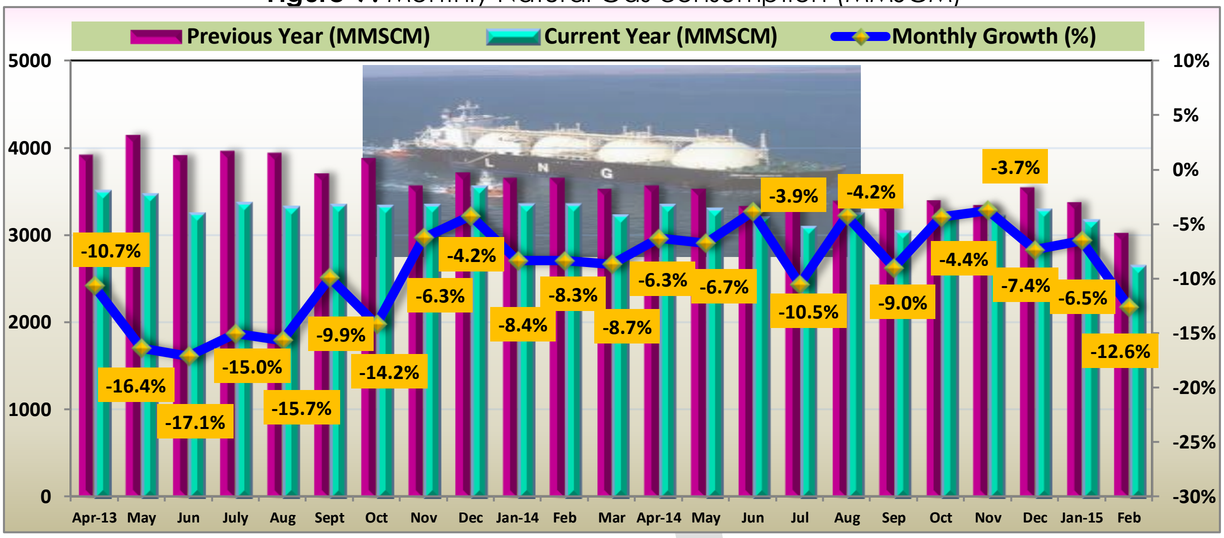
1.8 FO/LSHS: FO+LSHS consumption registered a high growth of 32.6% during February, 2015 mainly due to low base in the same month last year and increased consumption in the power and petrochemical sectors, and a cumulative de-growth of -3.0% for the period April 2014-February 2015.

1.9 PETCOKE: Petcoke consumption has registered a growth of 21.7% during February, 2015 and a cumulative growth of 23.2% during April 2014-February 2015.

1.10 LDO: LDO consumption recorded a high growth of 71.5% in February, 2015 mainly due to low historical base and a cumulative negative growth of -4.2%, during April 2014-February 2015.

1.11 Natural Gas: Natural gas consumption saw an overall decline of about 12.60 % in the month of February, 2015 as compared to February, 2014. In terms of quantity, total consumption during February, 2015 was 2,652 MMSCM as compared to 3034 MMSCM for the same month last year. Cumulative gas consumption volume for the period April 2014-February 2015 was around 34,832 MMSCM against 38,315.50 MMSCM in the same period last year, showing a decline of about 9%. 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 and spot cargos imported by private players like Adani Group, TOTAL, RIL, etc.)

Major factors affecting Natural Gas sales are highlighted below:

1. **Power Sector**: Power sector showed a decrease of about 18% from 711.61 MMSCM in February, 2014 to 585.59 MMSCM in February, 2015 due to low off-take by power producers primarily in U.P, Rajasthan, Andhra Pradesh and also some producers in the Western region. Resultantly, there was decline of 9.46% on cumulative basis from April 2014-February 2015 as compared to the same period in 2013-14.

2. **Fertilizer Sector**: Fertilizer sector saw a negative growth of 11.48 % in February, 2015 primarily because of low off-take in all the regions. In Northern region, IFFCO Phulpur and NFL Nangal were under shut down. In Western region, there was low off-take by fertilizer plants in M.P, namely NFL (Guna) and plants in Gujarat, namely Kribhco (Hazira), GSFC (Baroda) & GNFC (Bharuch). Similarly, in Southern region there was reduced off-take by NFCL (Kakinada). Natural gas consumption in fertilizer sector during February, 2015 was 1010.32 MMSCM as compared to 1141.30 MMSCM during February, 2014.

3. **City Gas Sector**: There was an overall growth of 1.34% in CGD consumption in February, 2015 due to increase in off-take by CGD companies in UP and Delhi in Northern region and Gujarat and Maharashtra in Western region. This is due to GOI's order that all demand of CGD sector (CNG transport and PNG domestic) is to be met by domestic gas. The same was done by reducing gas supplies to 'Others' sector. Cumulative natural gas consumption in CGD sector during April 2014 to February 2015 showed a positive growth of approx. 14% as compared to last year and in terms of volumes, the cumulative figures for April 2014 to February 2015 was 3850.71 MMSCM as compared to 3384.23 MMSCM in the same period in 2013-14.

4. **Internal Consumption**: Internal consumption (IC) showed an overall growth of approx. 9.22% primarily due to high consumption by IOCL refineries in Northern and Western region. Though low internal consumption was recorded in GAIL's Lakwa plant and RIL's pipelines in the South, the same was offset by increase in IOCL's refinery consumption. Total internal consumption in February 2015 was 334 MMSCM as compared to 306 MMSCM in February, 2014. On a cumulative basis, the figures are 4068 MMSCM during April 2014-February 2015 and 3723 MMSCM during the same period in 2013-14.

5. **Others Sector**: There was overall decrease of about 43% in consumption in 'Others' sector, which includes steel, sponge-iron, manufacturing and other miscellaneous industries. Such decline in consumption is primarily due to reduced domestic gas availability and low allocation priority for this sector. The sales figures for February 2015 and February 2014 are 268 MMSCM and 476 MMSCM respectively. Cumulative volumes for the period April 2014 to February 2015 showed a fall in volumes to an extent of approx. 37% as compared to the same period in 2013-14.

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Industry Sales Trend Analysis (Provisional) : April 2014-February 2015

('000 MT)

Product	February			April-February		
	2013-14	2014-15	Growth (%)	2013-14	2014-15	Growth (%)
(A) Sensitive Products						
SKO	588.8	588.5	**0.0**	6571.5	6497.1	**-1.1**
LPG	1392.4	1508.8	**8.4**	14760.6	16390.7	**11.0**
Sub Total	**1981.2**	**2097.3**	**5.9**	**21332.1**	**22887.8**	**7.3**
(B) Major Decontrolled Product						
Naphtha	957.4	932.6	**-2.6**	10327.1	9850.7	**-4.6**
MS	1378.9	1629.5	**18.2**	15639.7	17390.8	**11.2**
HSD	5380.2	5779.9	**7.4**	62280.9	63524.5	**2.0**
Lubes+Greases	284.2	295.2	**3.9**	2998.5	2710.9	**-9.6**
LDO	20.3	34.8	**71.5**	342.3	327.8	**-4.2**
FO/LSHS	417.1	553.1	**32.6**	5660.5	5489.0	**-3.0**
Bitumen	542.0	515.7	**-4.8**	4346.2	4376.8	**0.7**
ATF	446.8	442.6	**-0.9**	5010.4	5084.2	**1.5**
Sub Total	**9426.9**	**10183.4**	**8.0**	**106605.4**	**108754.7**	**2.0**
Sub - Total (A) + (B)	**11408.1**	**12280.7**	**7.6**	**127937.5**	**131642.5**	**2.9**
(C) Other Minor Decontrolled Products						
Pet.Coke	1020.9	1242.1	**21.7**	10682.7	13166.2	**23.2**
Others	409.0	509.7	**24.6**	5496.1	5647.5	**2.8**
Sub Total	**1429.9**	**1751.8**	**22.5**	**16178.8**	**18813.7**	**16.3**
Total	**12838.0**	**14032.5**	**9.3**	**144116.3**	**150456.2**	**4.4**