INDUSTRY SALES REVIEW REPORT

March 2015

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

1.0 CONSUMPTION :

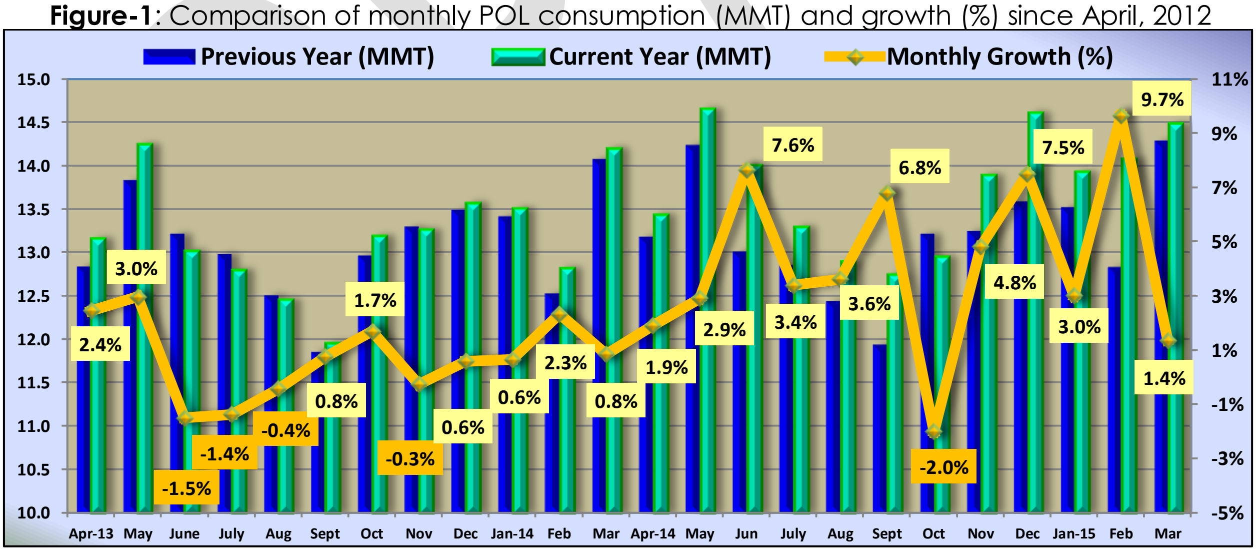
The growth (%) in consumption of petroleum products, category-wise, for the month of March, 2015 is given in Table-1.

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

PRODUCT	% Share	Mar' 2014	Mar' 2015	Growth (%)	Products Included
Sensitive Products	15.2%	2,126	2,198	3.4	SKO & LPG
Major decontrolled Products	72.6%	10,631	10,564	-0.6	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Other Minor decontrolled Products	11.9%	1,534	1,721	12.2	Petcoke & other minor products
Grand Total		**14,291**	**14,484**	**1.4**	

All Products: The consumption of all petroleum products has registered a growth of 1.4% in March, 2015 as compared to that in March, 2014. Except for LPG, Naphtha, MS, Lubes and Pet coke, all other products have recorded negative growth and a cumulative growth of 4.2% during April 2014-March 2015.

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



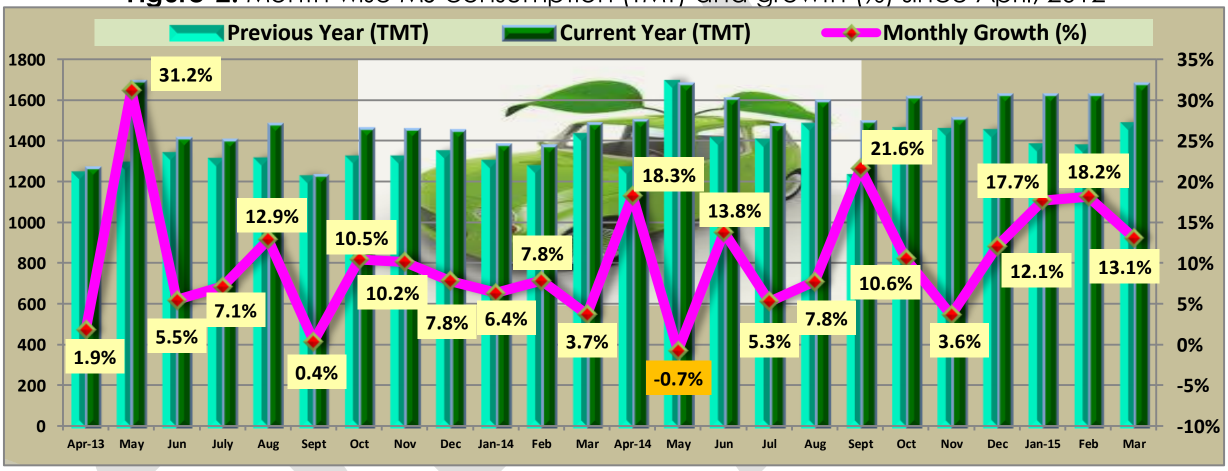
Data on direct private imports received from DGCIS, which are added to the final sales reported by oil companies for estimation of consumption figures, are available up to January, 2015 and private imports data for the balance two months, (i.e. February, 2015 & March, 2015) are projected based on April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

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

1.2 Petrol / Motor Spirit (MS): There has been a 13.1% growth in the consumption of MS during March, 2015 and a cumulative growth of 11.4% for the period April 2014-March 2015.

- The high growth in MS consumption can be attributed mainly due to (**1**) good weather with unseasonal rains during the entire month resulting in more vehicular movement (**2**) shift of consumer preference from diesel to petrol driven vehicles.
- However, the anticipated downward price revision in MS price during the entire month of March, 2015 resulted in the dealers maintaining low inventory at retail outlets during the entire month, otherwise MS consumption during the month would have been even higher.

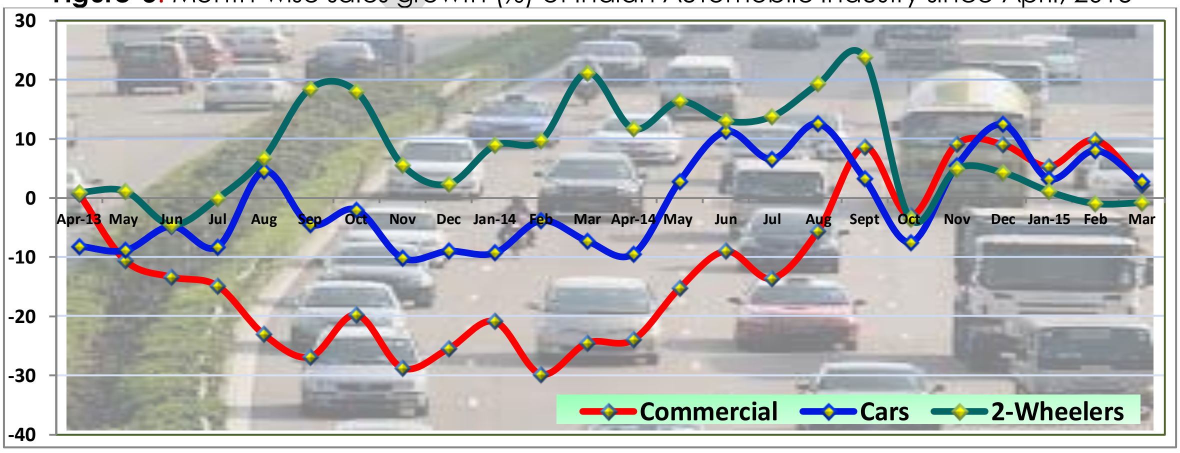
Figure-2: Month wise MS consumption (TMT) and growth (%) since April, 2012



Other factors impacting consumption of MS are:

During April 2014-March 2015, sales of 26.01 lakh passenger vehicles and 160.04 lakh 2-wheelers across the country have substantially contributed to the growth in the 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



a) **Total Passenger Vehicles (PV) Sales**: The overall passenger vehicles sales registered a growth of 2.66% during March, 2015 and a cumulative growth of 3.90% for the period April 2014-March 2015.

Segment	Mar' 2014	Mar' 2015	Growth (%)
Passenger Cars	171,491	176,0117	2.64
Utility Vehicles	51,258	53,211	3.81
Vans	15,309	15,173	-0.89
Total: Passenger Vehicles (PVs)	**238,058**	**244,395**	**2.66**

Source: SIAM

b) **2-wheeler Sales**: With domestic sales of 1.32 million units during March, 2015, the 2-wheeler segment recorded a marginal de-growth of -0.84% during the month and a cumulative growth of 8.09% during April 2014-March 2015.

The motorcycle and moped segment registered a decline in the month of March, 2015 whereas the scooter/ scooterette segment continued to record a growth of 11.14% during March, 2015.

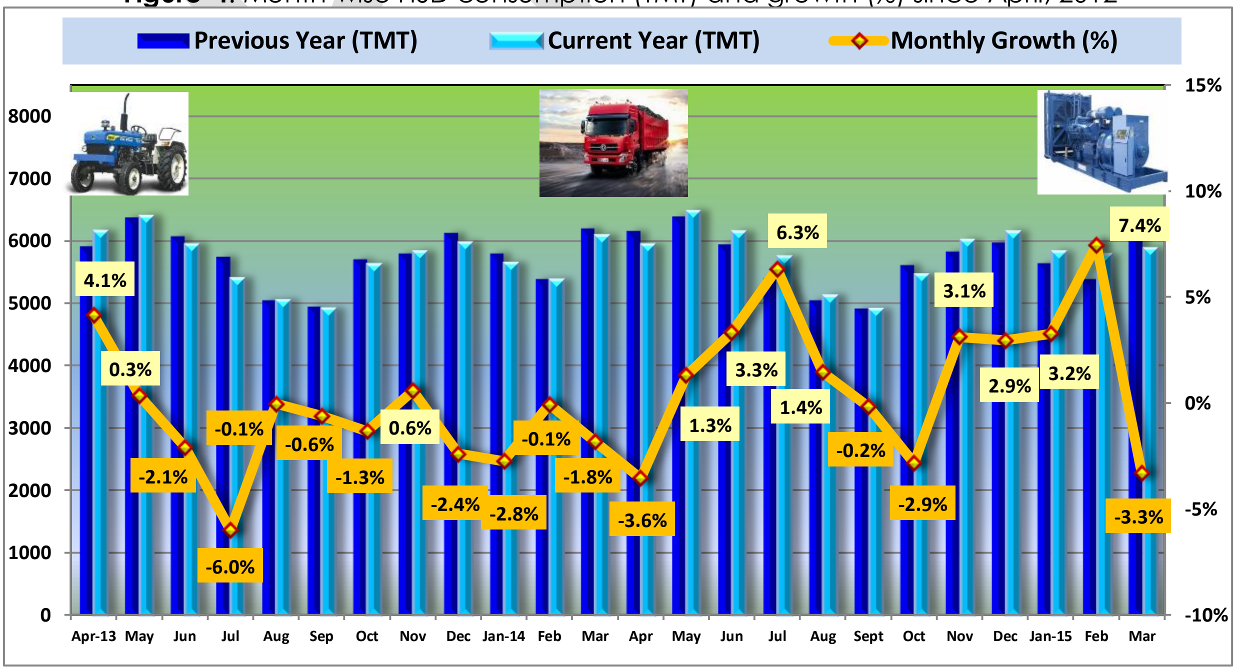
Segment	Mar' 2014	Mar' 2015	Growth (%)
Scooter / Scooterette	356,233	395,901	11.14
Motor Cycles	906,901	859,521	-5.22
Mopeds	71,316	67,762	-4.98
Total: 2-wheelers	**1,334,450**	**1,323,184**	**-0.84**

Source: SIAM

1.3 High Speed Diesel (HSD): Since November, 2014, there was a positive growth trend in the consumption of HSD but during March, 2015, there was a decline in growth of -3.3% and a cumulative growth of 1.5% during the period April 2014-March 2015.

The anticipated downward revision in HSD price during the entire month of March, 2015 resulted in dealers maintaining low inventory at their retail outlets.

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



Factors affecting diesel consumption are discussed below:

a) **Commercial Vehicles (CV) Sales**: For the fifth month in a row, CV sales registered a positive growth of 2.14% during March, 2015 and a cumulative negative de-growth of -2.83% during the period April 2014-March 2015.

The medium and heavy commercial vehicles sales continued to record an impressive 23% positive growth during March, 2015 which is mainly attributed to the positive sentiments in the economy and rising demand for logistics and transportation services.

Segment	Mar' 2014	Mar' 2015	Growth (%)
M&HCVs	23,433	28,829	23.03
LCVs	40,668	36,646	-9.89
Total: Commercial Vehicles	**64,101**	**65,475**	**2.14**

Source: SIAM

b) **Port traffic:** There has been a growth of 4.78% in port traffic and cargos handled at major ports during March, 2015 due to improvement at all major ports except Visakhapatnam, Chennai and JNPT and a cumulative growth of 4.65% during the period April 2014-March 2015.

There has been a growth of 11.39% and 20.36% in fertilizers (raw) and thermal coal traffic respectively handled at major ports during April 2014-March, 2015, while there was a negative growth of -36.92% in iron ore traffic.

Table-2: Traffic handled at major ports in March, 2015

TRAFFIC HANDLED AT MAJOR PORTS (TMT)				
PORTS	March 2014	March 2015	Growth (%): Mar' 2015	Growth (%): Apr-Mar'15
KOLKATA + HALDIA	4641	5784	24.63	11.9
PARADIP	6167	6487	5.19	4.4
VISAKHAPATNAM	5735	5067	-11.65	-0.9
ENNORE	2648	2702	2.04	10.7
CHENNAI	4716	4384	-7.04	2.8
V.O. CHIDAMBARANAR	2853	3435	20.40	13.2
COCHIN	1726	1936	12.17	3.4
NEW MANGALORE	3604	3764	4.44	-7.1
MORMUGAO	1132	1710	51.06	25.3
MUMBAI	5278	5319	0.78	4.2
JNPT	5857	5572	-4.87	2.4
KANDLA	7186	7848	9.21	6.3
TOTAL:	**51543**	**54008**	**4.78**	**4.65**

Source: IPA

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

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

States	March, 2015 (P)				March, 2014
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	22,426	21,484	-942	-4.2	-7.7
West	25,481	25,404	-77	-0.3	-1.5
South	25,972	25,388	-584	-2.2	-6.3
East	8,523	8,411	-112	-1.3	-1.8
North East	1,170	1,097	-73	-6.2	-5.5
Total	**83,572**	**81,784**	**-1,788**	**-2.1**	**-4.7**

Source: Central Electricity Authority (CEA)

1.4 Bitumen: Bitumen consumption has registered a decline of -12.1% in March, 2015 and a cumulative growth of -0.5% for the period April 2014-March, 2015 mainly due to unseasonal rains in many parts of the country.

1.5 LPG: LPG consumption for the nineteenth month in a row recorded a positive growth of 4.9% during March, 2015 and a cumulative growth of 10.6% during the period April 2014-March, 2015.

- **LPG-Packed Domestic** consumption registered a positive growth of 3.2% during March 2015 and 11.3% growth for the period April 2014-March 2015.

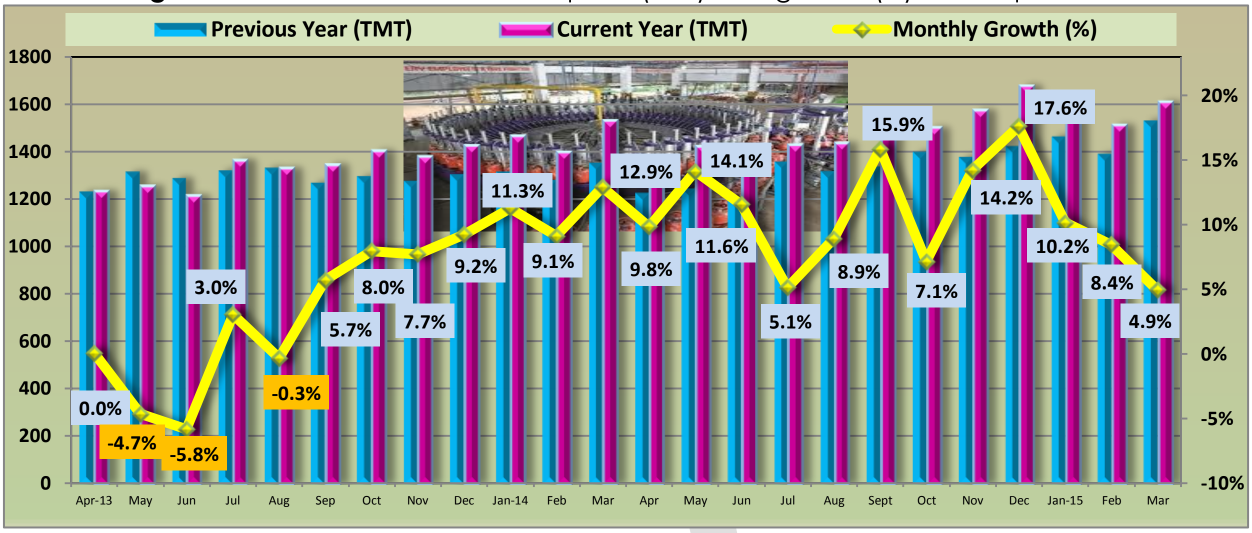
  Growth in domestic packed consumption is mainly due to release of 163.4 lakh new connections and 101.2 lakh DBCs during April 2014-March 2015 and consumers picking up their quota of subsidized cylinders before lapse of quota by March, 2015.

- **LPG-Packed non-domestic** consumption registered a growth of 26.1% in March 2015 for the third month in a row against degrowth of -8.2% during March 2014. This high level of growth may be attributed to implementation of DBTL and also curb in diversion of subsidized domestic cylinders. However, degrowth of -2.3% is observed during April 2014-March 2015.

- **Bulk LPG** recorded a growth of 41.4% during March 2015 for the third month in a row, and a growth of 28.5% during April 2014-March 2015. The reason for growth of LPG Bulk is mainly due to some business has come to PSU oil companies from Pvt. Players, even though the volumes are low.

- **Auto LPG** - Auto LPG registered a positive growth of 10.1% in March 2015, the third time in a row mainly due to curb in diversion of subsidized domestic cylinders. However, negative growth of -15.7% has been recorded during April 2014-March 2015. Last year in March 2014, Auto LPG registered negative growth of -27.5%, mainly due to huge difference in price of MS and Auto LPG.

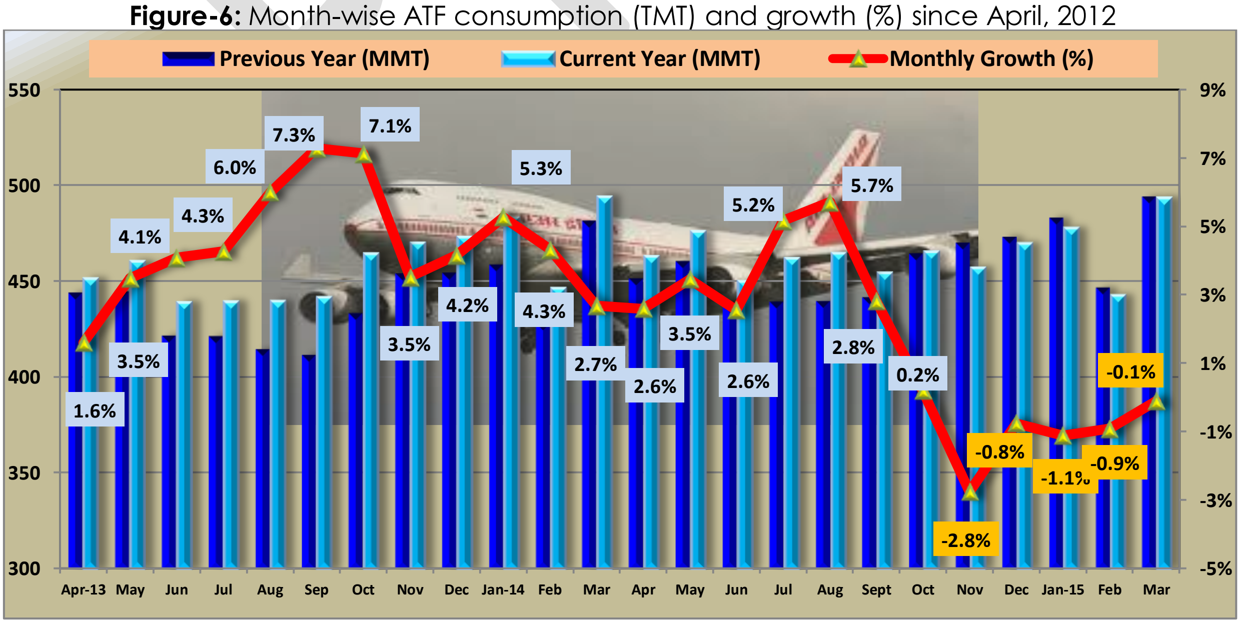
Figure-5: Month-wise LPG consumption (TMT) and growth (%) since April, 2012



1.6 Naphtha: After decline in consumption growth for seven months in a row since July 2014, Naphtha consumption registered a positive growth of 7.0% in March, 2015 mainly due to increase in consumption in (a) fertilizer sector by units such as MFL & MCFL Mangalore (b) Petrochemical sector by units such as APCL, GAIL, ONGC and (c) Power sector by units such as SPGL, GVK INDUS, TNEB Basin Bridge and a cumulative de-growth of -3.2% for the period April 2014-March, 2015.

1.7 ATF: For the fifth month in a row, there has been a marginal decline in growth of -0.1% in the consumption of ATF during March, 2015 and a cumulative growth of 1.3% for the period April 2014-March, 2015. Consequent to reduction in number of flights by Spicejet, other airlines have optimized their operations and have increased their passenger load factor. During the month of March, 2015, 62.9 lakh passengers were carried by domestic airlines as compared to 52.9 lakhs during March, 2014.

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



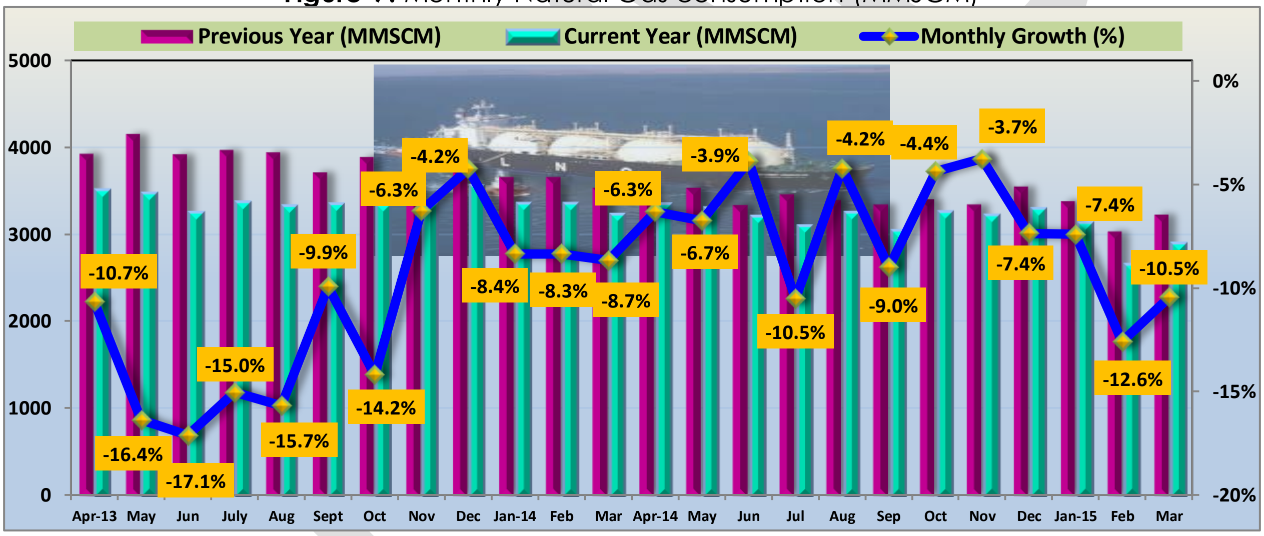
1.8 FO/LSHS: FO+LSHS consumption registered a decline in growth of -11.2% during March, 2015 mainly due to high base in the same month last year and a cumulative de-growth of -3.5% for the period April 2014-March 2015.

1.9 PETCOKE: Petcoke consumption has registered a growth of 9.3% during March, 2015 and a cumulative growth of 22.6% during April 2014-March 2015.

1.10 LDO: LDO consumption recorded a de-growth of -15.3% in March, 2015 mainly due to high historical base and a cumulative negative growth of -5.5%, during April 2014-March 2015.

1.11 Natural Gas: Natural gas consumption saw an overall decline of about -10.46 % in the month of March, 2015 as compared to March, 2014. In terms of quantity, total consumption during March, 2015 was 2,894 MMSCM as compared to 3,232 MMSCM for the same month last year. Cumulative gas consumption volume for the period April 2014-March 2015 was around 37,623 MMSCM against 41,458 MMSCM in the same period last year, showing a decline of about -9.25%. 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**: Natural Gas consumption in the power sector showed a decrease of about 10% from 759 MMSCM in March, 2014 to 679 MMSCM in March, 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 9.54% on cumulative basis from April 2014-March 2015 as compared to the same period in 2013-14.

2. **Fertilizer Sector**: Fertilizer sector saw a negative growth of 11.02 % in March, 2015 primarily due low off-take in Western & Sothern regions. In the Western region, there has been significantly lower off-take by 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 March, 2015 was 1,012 MMSCM as compared to 1,137 MMSCM during March, 2014. On cumulative basis, overall consumption in April 2014-March 2015 has been 14,051 MMSCM against 15,020 MMSCM during the same period in 2013-14.

3. **City Gas Sector**: There was an overall decrease of 7.10% in CGD consumption in March, 2015, with a consumption of 362 MMSCM in March, 2015 as compared to 337 MMSCM during March, 2014. On cumulative basis, there has been a positive growth of 12% as compared to last year with overall consumption of 4,187 MMSCM during April 2014-March 2015 against 3,747 MMSCM during the same period in 2013-14.

   The decrease in off-take was by CGD companies in Northern region and Gujarat in Western region. Since GOI's order dated 3.2.2014 that all demand of CGD sector (CNG transport and PNG domestic) is to be met by domestic gas, there has been a month on month growth in this sector but March, 2015 has been an exception. This was because in March, 2014, GAIL had supplied gas to certain industrial consumers in Gujarat on a one-time basis who have not consumed any volumes in March, 2015 and there has also been a decreased off take by IGL in the North. Cumulative natural gas consumption in CGD sector for 2014-15 showed a positive growth of approx. 12% as compared to last year and in terms of volumes, the cumulative figures from April 2014-March 2015 was 4,187 MMSCM as compared to 3,747 MMSCM in April 2013-March 2014.

4. **Internal Consumption**: Internal consumption (IC) showed an overall growth of approx. 31% 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 March, 2015 was 350 MMSCM as compared to 268 MMSCM in March, 2014. On a cumulative basis, the figures are 4,419 MMSCM during April 2014-March 2015 and 3,991 MMSCM during the same period in 2013-14.

5. **Others Sector**: There was overall decrease of about 44% 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. Such decline in consumption was primarily due to reduced supply to RIL's refineries in Dahej, Hazira, Baroda and IOCL refinery in Baroda. The consumption figures for March 2015 and March 2014 are 342 MMSCM and 613 MMSCM respectively. Cumulative volumes for the period April 2014-March 2015 showed a fall in volumes to an extent of approx. 37% as compared to the same period last year.

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Industry Sales Trend Analysis (Provisional) : April-March 2014-15

('000 MT)

Product	March			April-March		
	2013-14	2014-15	Growth (%)	2013-14	2014-15	Growth (%)
(A) Sensitive Products						
SKO	593.2	589.6	**-0.6**	7164.8	7086.7	**-1.1**
LPG	1533.1	1608.8	**4.9**	16293.6	18018.7	**10.6**
Sub Total	**2126.3**	**2198.4**	**3.4**	**23458.4**	**25105.4**	**7.0**
(B) Major Decontrolled Products						
Naphtha	978.2	1046.9	**7.0**	11305.2	10938.7	**-3.2**
MS	1488.6	1683.7	**13.1**	17128.3	19074.5	**11.4**
HSD	6083.1	5880.5	**-3.3**	68363.9	69404.0	**1.5**
Lubes + Greases	306.8	330.9	**7.8**	3305.3	2963.8	**-10.3**
LDO	44.0	37.3	**-15.3**	386.3	365.1	**-5.5**
FO/LSHS	575.2	510.8	**-11.2**	6235.7	6017.2	**-3.5**
Bitumen	660.7	580.5	**-12.1**	5007.0	4982.9	**-0.5**
ATF	494.2	493.7	**-0.1**	5504.6	5578.0	**1.3**
Sub Total	**10630.8**	**10564.3**	**-0.6**	**117236.3**	**119324.2**	**1.8**
Sub - Total (A) + (B)	**12757.1**	**12762.7**	**0.0**	**140694.7**	**144429.6**	**2.7**
(C) Other Minor Decontrolled Products						
Pet.Coke	1073.1	1173.1	**9.3**	11755.8	14407.5	**22.6**
Others	460.4	547.8	**19.0**	5956.4	6149.7	**3.2**
Sub Total	**1533.5**	**1720.9**	**12.2**	**17712.2**	**20557.2**	**16.1**
Total (A + B + C)	**14290.6**	**14483.6**	**1.4**	**158406.9**	**164986.8**	**4.2**