INDUSTRY SALES REVIEW REPORT

May 2015

Analysis • Knowledge • Information

पेट्रोलियम योजना एवं विश्लेषण प्रकोष्ठ

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय

Petroleum Planning & Analysis Cell

Ministry of Petroleum & Natural Gas

This report analyses the trend of consumption of petroleum products in the country during the month of May, 2015. Data on product-wise monthly consumption of petroleum products for May, 2015 is uploaded on PPAC website.

1.0 CONSUMPTION :

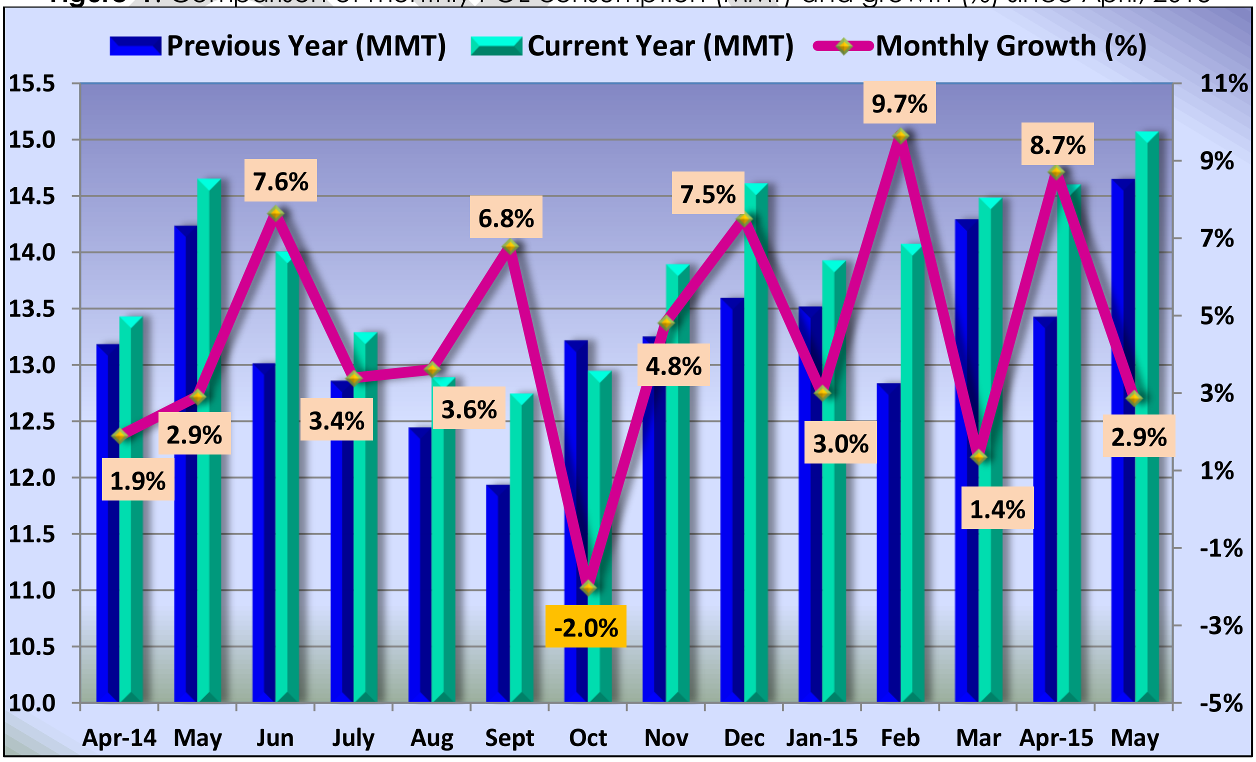
The growth (%) in consumption of petroleum products, category-wise, for the month of May, 2015 is given in Table-1.

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

PRODUCT	% Share	May 2014	May 2015	Growth (%)	Products Included
Sensitive Products	13.7%	2,014	2,082	3.4	SKO & LPG
Major decontrolled Products	75.2%	11,010	11,287	2.5	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Other Minor decontrolled Products	11.1%	1,628	1,700	4.4	Petcoke & other minor products
Grand Total		**14,652**	**15,069**	**2.9**	

All Products: The consumption of all petroleum products has registered a growth of 2.9% in May, 2015 as compared to that in May, 2014. Except for LPG, Naphtha, MS, Lubes, ATF and Pet Coke, all other products have recorded a negative growth. On a cumulative basis, a growth of 5.7% was registered for the period April-May, 2015.

Figure-1: Comparison of monthly POL consumption (MMT) and growth (%) since April, 2013



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 March, 2015 and private imports data for the month of May, 2015 is projected based on April, 2014 to March, 2015 figures.

The consumption of petroleum products is a reflection of economic health of the country. India's energy consumption grew at 7.1 per cent in 2014, the highest rate of increase among major economies. As per BP Statistical Review of World Energy 2015, energy production rose by 4 per cent to record the fastest pace in five years. India's economic growth is driving India's energy consumption. India's economy grew at a fair pace of 7.3% in 2014-15. The 7.3% GDP growth rate was underpinned by a robust 7.1% growth in manufacturing and 11.5% surge in financial services and real estate business.

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

1.2 Petrol / Motor Spirit (MS): There has been a growth 8.9% growth in the consumption of MS during May, 2015 as compared to May, 2014 and a cumulative growth of 13.5% for the period April to May, 2015. After witnessing double digit growth month-on-month for the last 5 months, the growth in MS consumption has dipped to single digit during May, 2015. Figure 2 gives month wise MS consumption volume (TMT) and month on month growth (%) since April, 2013.

- The high growth in MS consumption can be attributed mainly due to (1) shift of consumer preference from diesel to petrol driven vehicles. (2) continuous high sales of Passenger Vehicles for more than last 6 months have given impetus to MS sales. (3) an average sale of 12.5 lakh of two wheelers sold per month during the last financial year and the continuing trend during current financial year has given good growth to MS sales.

- Price increment speculations towards the end of April, 2015 (which finally happened on 1st May) prompted the dealers to build up the inventories at retail outlets resulting in advance shifting of MS sales to April 2015. Otherwise the growth in MS consumption could have been even higher as the historical growth during May, 2014 was marginally negative.

Other factors impacting consumption of MS are:

Continuing with the recent trend, sales of passenger vehicles registered a growth of 4.67% during the month of May, 2015 and 9.98% on cumulative basis during April to May, 2015. These high sales of passenger vehicles (mostly petrol driven) have contributed to the growth in the consumption of MS. The growth in automobile sales is a reflection of improving consumer sentiments.

Figure-2: Month wise MS consumption (TMT) and growth (%) since April, 2013

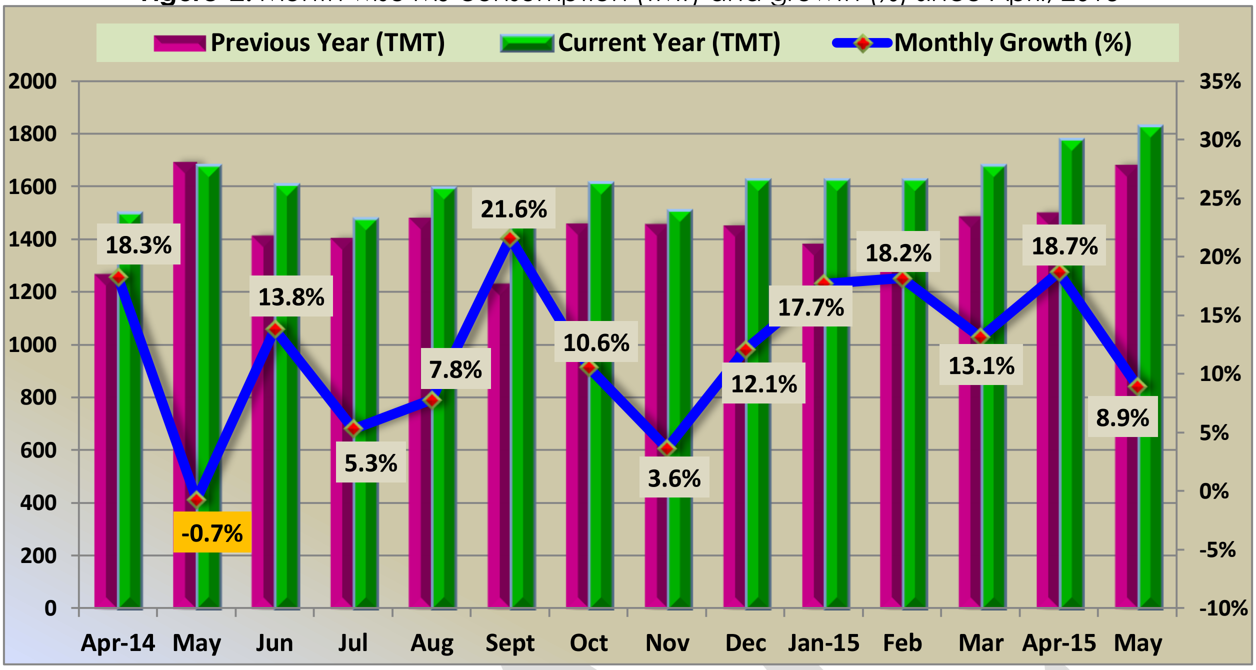
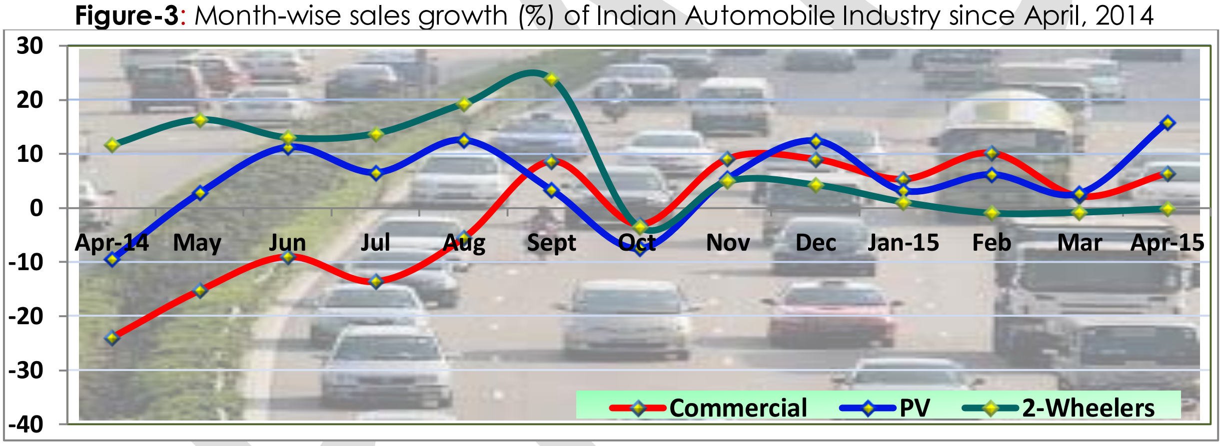


Figure-3: Month-wise sales growth (%) of Indian Automobile Industry since April, 2014



a) **Total Passenger Vehicles (PV) Sales**: The overall passenger vehicles sales registered a growth of 4.67% during May, 2015, of which Passenger cars recorded a growth of 7.73% , Utility Vehicles recorded a de-growth of -2.27% and Vans recorded a de-growth of -5.06%.

Segment	May 2014	May 2015	Growth (%)
Passenger Cars	148,577	160,067	7.73
Utility Vehicles	44,267	43,260	-2.27
Vans	15,109	14,344	-5.06
Total: Passenger Vehicles (PVs)	**207,953**	**217,671**	**4.67**

Source: SIAM

b) **2-wheeler Sales**: With domestic sales of 1.38 million units during May, 2015, the 2-wheeler segment recorded a marginal de-growth of -1.25% during the month. The motorcycle segment registered a sharper decline of -3.04% in the month of May, 2015 whereas the scooter/ scooterette and moped segment continued to record a growth of 2.61% and 5.29 % respectively during April, 2015.

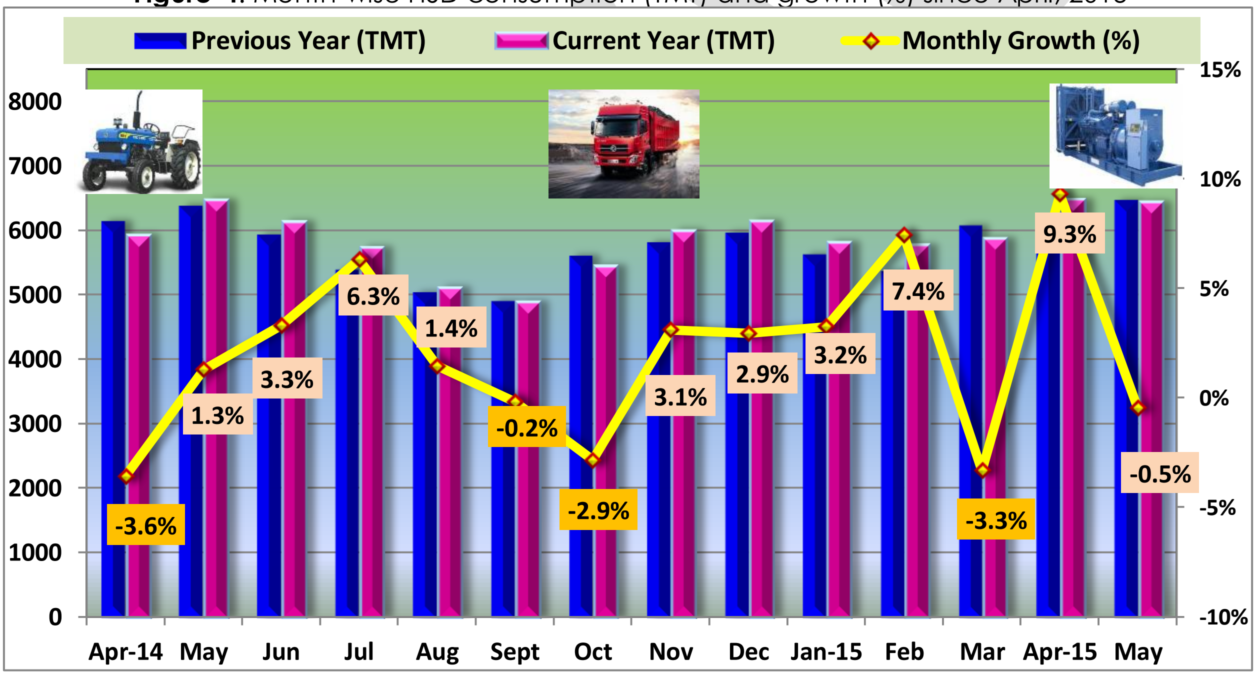
Segment	May 2014	May 2015	Growth (%)
Scooter / Scooterette	354,808	364,073	2.61
Motor Cycles	983,210	953,322	-3.04
Mopeds	60,358	63,555	5.29
Total: 2-wheelers	**1,398,376**	**1,380,950**	**-1.24**

Source: SIAM

1.3 High Speed Diesel (HSD): The sales of HSD dropped marginally by 0.5% during the month mainly due to price increase speculations towards the end of April, 2015 (which finally happened on 1st May) prompting the dealers to increase the inventories at retail outlets which resulted in advance shifting of HSD sales to April, 2015 and therefore lower sales in May, 2015.

Other factors were: (1) Shift of consumer preference from diesel to petrol driven vehicles. (2) Shift of industrial consumers to alternate fuels due to price differential and increasing fuel prices. (3) Crop planting across India was 9% lower than it was last year, showing that the feeble monsoon at the start of the season is affecting agriculture. In all, the total area under kharif plantation has fallen to 75.10 lakh hectares from 82.27 lakh hectares, as per government data.

Figure-4: Month-wise HSD consumption (TMT) and growth (%) since April, 2013



Factors affecting diesel consumption are discussed below:

a) **Commercial Vehicles (CV) Sales**: CV sales registered a positive growth of 3.9% during May, 2015.

b) The medium and heavy commercial vehicles sales continued to record an impressive 24.4% positive growth during May, 2015 which is mainly attributed to the positive sentiments in the economy and rising demand for logistics and transportation services.

Segment	May 2014	May 2015	Growth (%)
M&HCVs	16,572	20,615	24.4
LCVs	30,414	28,226	-7.19
Total: Commercial Vehicles	**46,986**	**48,841**	**3.9**

Source: SIAM

c) **Port traffic:** There has been a growth of 9.42% in port traffic and cargos handled at major ports during May, 2015 due to improvement at all major ports except Visakhapatnam and New Mangalore. Table 2 below gives the port-wise performance during the month of May, 2015.

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

TRAFFIC HANDLED AT MAJOR PORTS (TMT)			
PORTS	May 2014	May 2015	Growth (%):
KOLKATA + HALDIA	3,215	4,468	38.97
PARADIP	5,311	5,891	10.92
VISAKHAPATNAM	5,380	4,913	-8.68
ENNORE	2,438	2,741	12.43
CHENNAI	4,418	4,442	0.54
V.O. CHIDAMBARANAR	2,394	3,221	34.54
COCHIN	1,937	2,010	3.77
NEW MANGALORE	3,444	3,204	-6.97
MORMUGAO	1,215	1,669	37.37
MUMBAI	4,931	5,589	13.34
JNPT	5,444	5,576	2.42
KANDLA	8,369	9,338	11.58
TOTAL:	**48,496**	**53,062**	**9.42**

Source: IPA

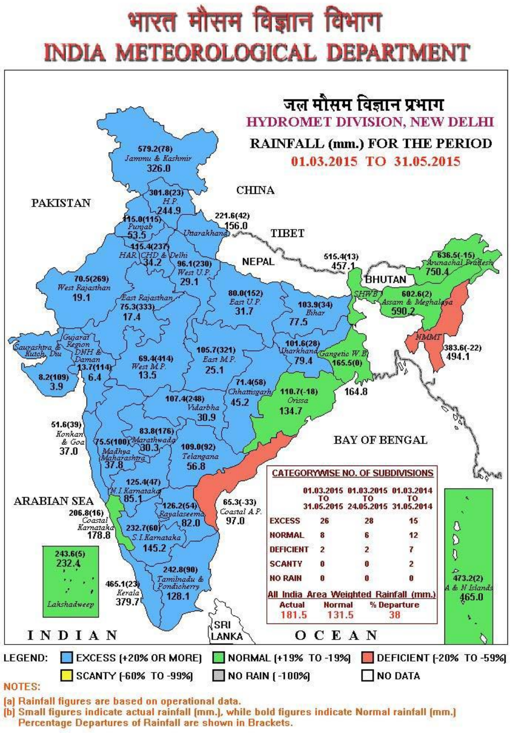
d) **Power situation improves**: The power deficit position for the month of May, 2015 is given in Table-3. The power deficit position during the month has improved compared to May, 2014 resulting in reduction in diesel consumption for back-up power generation.

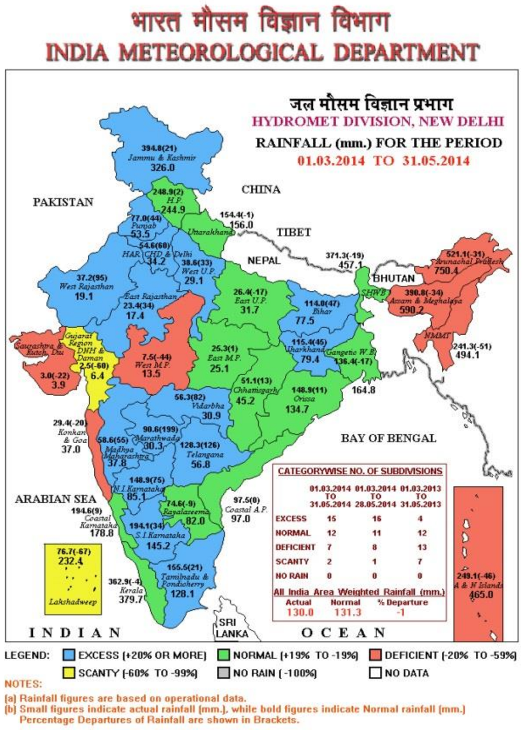
Table-3: Power deficit: Region-wise position for May, 2015 (% deficit)

States	May 2015 (P)				May 2014
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	29,973	28,586	-1,387	-4.6	-5.9
West	28,275	28,196	-79	-0.3	-1.2
South	24,053	23,585	-468	-1.9	-5.3
East	9,520	9,417	-103	-1.1	-1.0
North East	1,286	1,086	-200	-15.6	-9.0
Total	**93,107**	**90,870**	**-2,237**	**-2.4**	**-3.8**

Source: Central Electricity Authority (CEA)

e) **Rainfall improves**: Even though the whole country received five per cent more rainfall than the normal limit until now, northwest India, the southern peninsula and Central India have received below normal rainfall. This contributed to lesser use of HSD for pump sets in addition to depressed agriculture in the country due to feeble entry of monsoon in the country.





1.4 Bitumen: Bitumen consumption has registered a decline of -3.0% in the month of May, 2015 and cumulatively there is a drop of -6.1% for the period April/ May 2015 mainly due to no major works being undertaken currently in many parts of the country and the Government's emphasis on building concrete roads.

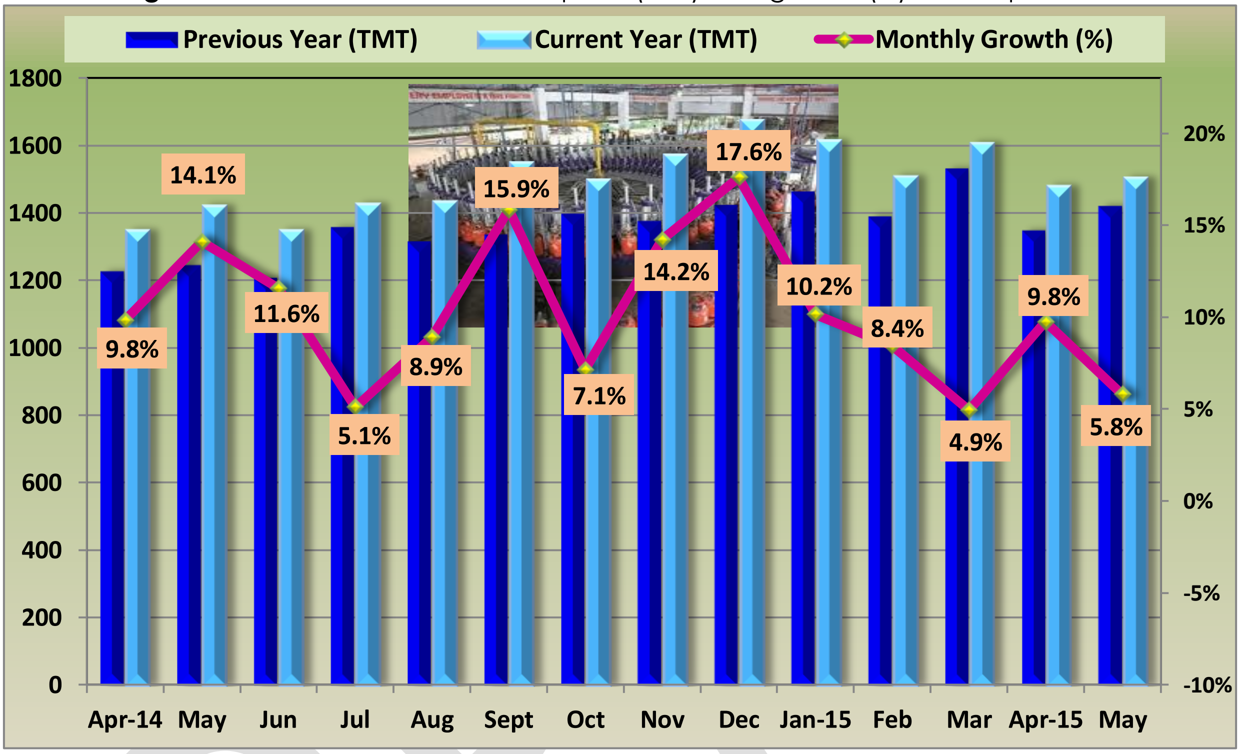
1.5 LPG: The overall LPG consumption for the 21st month in a row recorded a positive growth of 6.0% during May 2015 and a cumulative growth of 7.8% for the period April -May 2015.

- **LPG-Packed Domestic** consumption also registered a positive growth for the 21st month in a row with a growth of 3.5% during May, 2015 and 5.6% growth for the period April to May, 2015. Growth in domestic packed consumption is mainly due to release of 27.4 lakh new connections and 17.2 lakh DBCs during April-May 2015.
- **LPG-Packed non-domestic consumption:** For the fifth month in a row, LPG packed Non-domestic consumption registered a growth of 37.5% in May, 2015 and cumulative growth of 39.3% during April to May, 2015. This high level of growth may be attributed to implementation of DBTL, resulting in curb in diversion of subsidized domestic cylinders.

- **Bulk LPG** recorded a growth of 4.7% during May, 2015 for the fifth month in a row and a growth of 16.1% during April to May, 2015.

- **Auto LPG -** For the fifth time in a row, Auto LPG registered a positive growth of 9.4% in May, 2015, mainly due to curb in diversion of subsidized domestic cylinders. Growth of 10.9% has been recorded during April to May, 2015.

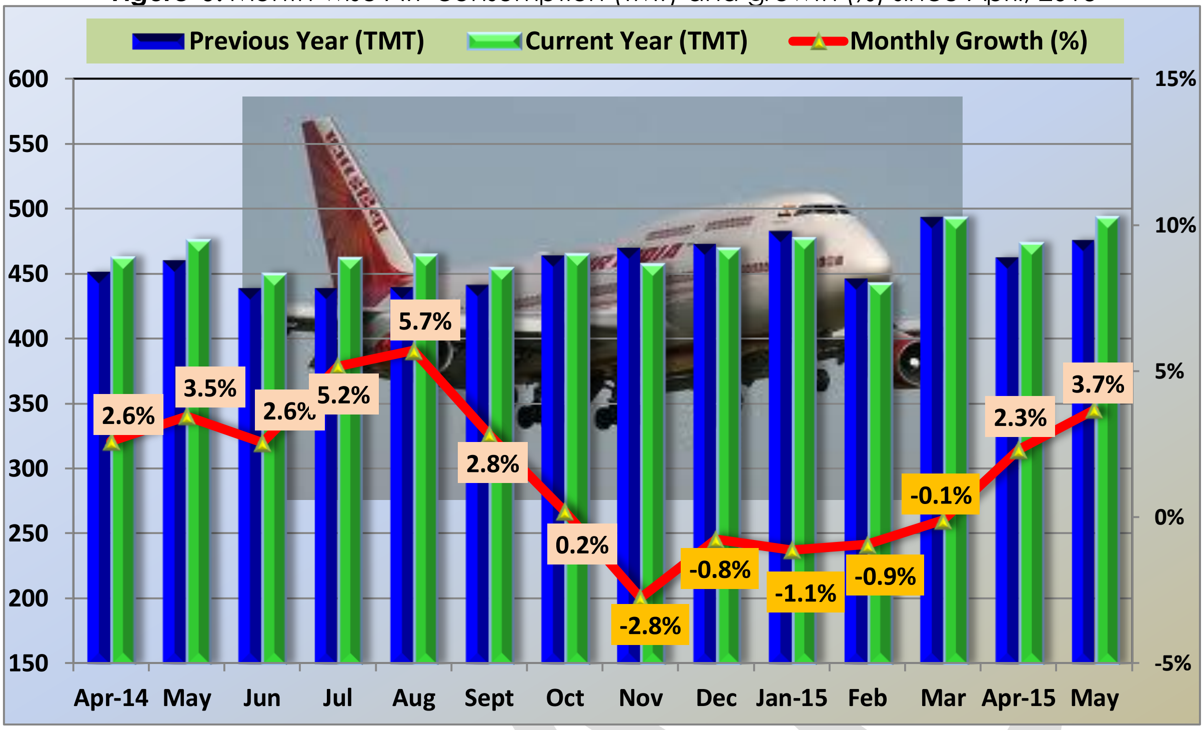
Figure-5: Month-wise LPG consumption (TMT) and growth (%) since April, 2013



1.6 Naphtha: continued to record growth of 20.7% during the month and recorded a growth of 15.7% on cumulative basis. Main reason for high growth during the month has been contributed by petrochemical industries. Petrochemical sector registered growth due to increased demand by RIL, IOCL, ONGC and APCL petrochemical plants and there was a minor increase in consumption by the power sector unit, mainly that of RIL and BSES Ernakulum.

1.7 ATF: After registering de-growth for five months in a row since November, 2014, ATF consumption has recorded growth for the second month in a row during May, 2015. ATF consumption growth was 3.7% during May, 2015 and a cumulative growth of 3.1% during the period April to May, 2015. Consequent to reduction in the number of flights by Spicejet, other airlines have optimized their operations and have increased their passenger load factor. Passengers carried by all Indian carriers during the month of May, 2015 recorded a growth of 18.35 % by carrying 71.27 lakh passengers during the month as compared to 60.22 lakhs during the month of May, 2014.

Figure-6: Month-wise ATF consumption (TMT) and growth (%) since April, 2013



1.8 FO/LSHS: FO+LSHS consumption registered de-growth of -10% during May, 2015. On cumulative basis there has been de-growth of -1% for the period April to May, 2015. The decline has been mainly because of drop in consumption of LSHS. The consumption of LSHS has reduced due to shift to natural gas by major customers like power and fertilizer industries, viz GNFC, NFL etc., while other sectors like petrochemicals, steel etc. have registered a growth in the consumption of the product as compared to the previous year.

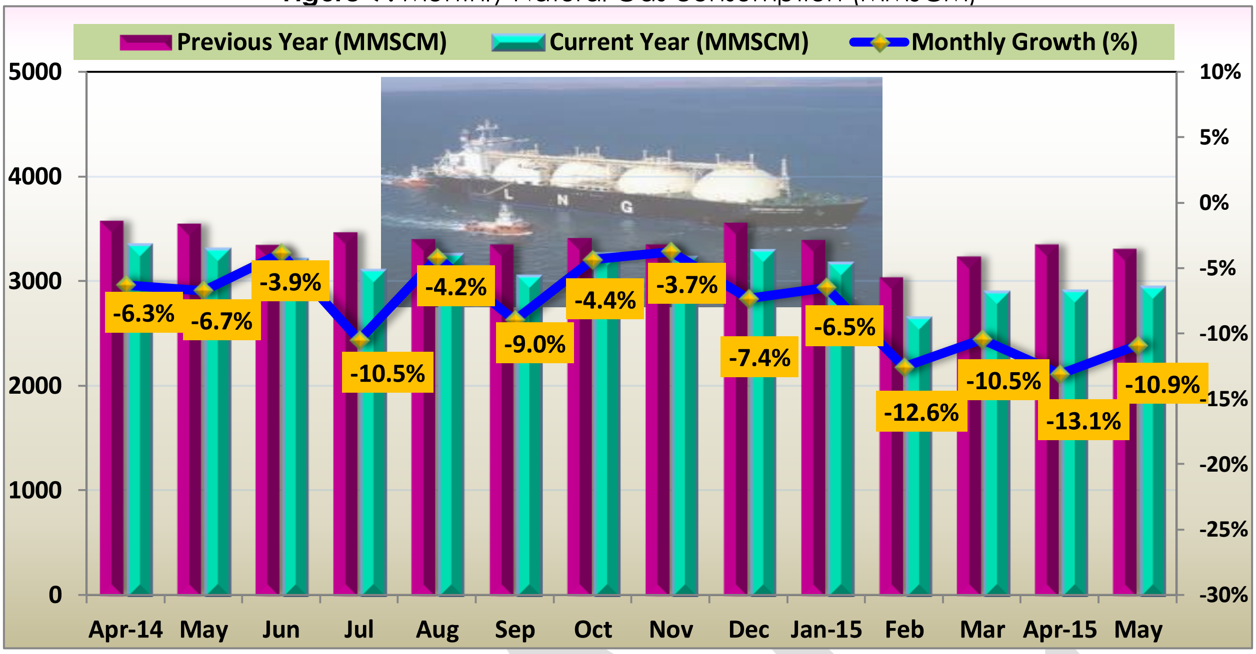
1.9 PETCOKE: Pet coke consumption has continued to register consistent growth of 7.8% during May, 2015 and a cumulative growth of 11.8% was registered during the period April to May, 2015.

1.10 LDO: LDO consumption recorded de-growth of -16.9% in May, 2015. LDO consumption is price sensitive and its demand fluctuates depending on the requirement at power plants and availability of cheaper fuel which prompts customers to switch over from LDO

1.11 Natural Gas: Natural gas consumption witnessed an overall decline of about 10.79% during the month of May, 2015 as compared to May, 2014[1]. In terms of volumes, total consumption during May, 2015 was 2,942 MMSCM as compared to 3,302 MMSCM in May, 2014. Cumulatively gas consumption declined by -8.56% to 7,144 MMSCM during April to May, 2015 as compared to 7,813 MMSCM during the same period last year. Natural gas consumption has shown decline predominantly due to reduction in domestic gas production and lower off-take of gas in core sectors.

[1] Data does not include natural gas sales of GSPC and spot cargoes imported by private players like Adani Group, Total, RIL, etc.

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 witnessed an overall decline in volumes of 14.6% from 817 MMSCM in May, 2014 to 698 MMSCM in May, 2015 due to shut down of RIL power plant in Goa and GSEC plant in Gujarat and low off-take by consumers in Southern region. In Maharashtra, Ratnagiri Gas & Power Pvt. Ltd. did not produce any power and hence consumed NIL gas. On a cumulative basis, consumption declined by 14.6% to 1,356 MMSCM during April to May, 2015 as compared to 1,588 MMSCM during April to May, 2014.

2. **Fertilizer Sector**: Fertilizer sector had witnessed flat year on year growth and monthly consumption stood at 1,194 MMSCM. In spite of improved consumption by Indo-Gulf, Nagarjuna Fertilizers & IFFCO units, month long shutdown on NFL, Bhatinda and lower consumption by GNFC affected the growth in consumption. On cumulative basis, consumption in the fertilizer sector declined by 1.9% to 2,362 MMSCM during April to May, 2015 as compared to 2,407 MMSCM during the same period last year.

3. **City Gas Sector**: There was an overall decrease of 13.4 %, from 368 MMSCM in May, 2014 to 319 MMSCM in May, 2015 due to decrease in off-take by CGD companies in Northern and Western regions. Since the Government's order that all demand of CGD sector be met by domestic gas, there had been a month on month growth in this sector, but the last couple of months have shown downward trend. This may be because certain high volume consumers of CGD have switched from gas to other liquid fuel alternatives after steep decline in oil prices. On a cumulative basis, consumption during April to May, 2015 has declined by 10 % to 648 MMSCM against 720 MMSCM during April to May, 2014.

4. **Internal Consumption**: Internal consumption (IC) showed an overall decline of approx. 17.7%, from 371 MMSCM in May, 2014 to 305 MMSCM in May, 2015, primarily due to shutdown of GAIL Petrochemical complex at Pata, shutdown of GAIL, Usar LPG unit due to non-availability of feed gas and permanent shut down of GAIL's Lakwa plant for asset transfer to Brahmaputra Cracker & Polymer Limited (BCPL). In the Southern region, due to low flow in RIL pipeline, internal consumption was low. On a cumulative basis, overall internal consumption has declined by 17.6% to 598 MMSCM during April to May, 2015 as compared to 726 MMSCM during the same period last year.

5. **Others Sector**: There was a decrease of about 26% in the consumption in 'Others' sector which includes steel, sponge-iron, refineries, manufacturing and other industries. From a level of 465 MMSCM in May, 2014, the consumption has come down to 343 MMSCM during May, 2015. Such decline in sales was primarily due to reduced supply to RIL's refineries in Dahej, Hazira, Baroda and IOCL refinery in Baroda. On a cumulative basis, consumption has reduced by 31.3% during April to May, 2015 to 709 MMSCM as compared to 1,032 MMSCM during April to May, 2014.

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Industry Consumption Trend Analysis (Provisional) : April-May 2015

('000 MT)

Product	May			April-May		
	2014-15	2015-16	Growth (%)	2014-15	2015-16	Growth (%)
(A) Sensitive Products						
SKO	591.2	577.1	**-2.4**	1175.4	1145.0	**-2.6**
LPG	1422.8	1505.3	**5.8**	2771.9	2984.8	**7.7**
Sub Total	**2014.0**	**2082.4**	**3.4**	**3947.3**	**4129.8**	**4.6**
(B) Major Decontrolled Products						
Naphtha	1011.0	1220.7	**20.7**	1881.5	2176.7	**15.7**
MS	1683.4	1833.8	**8.9**	3185.6	3616.8	**13.5**
HSD	6476.5	6446.3	**-0.5**	12411.1	12936.6	**4.2**
Lubes + Greases	248.6	253.5	**2.0**	497.5	493.2	**-0.9**
LDO	29.5	24.5	**-16.9**	56.4	50.2	**-11.0**
FO/LSHS	528.3	475.3	**-10.0**	982.5	972.8	**-1.0**
Bitumen	555.9	539.0	**-3.0**	1124.0	1055.3	**-6.1**
ATF	476.4	493.9	**3.7**	939.5	968.7	**3.1**
Sub Total	**11009.6**	**11287.0**	**2.5**	**21078.1**	**22270.3**	**5.7**
Sub - Total (A) + (B)	**13023.6**	**13369.4**	**2.7**	**25025.4**	**26400.1**	**5.5**
(C) Other Minor Decontrolled Products						
Pet.Coke	1112.4	1199.2	**7.8**	2058.7	2302.2	**11.8**
Others	515.7	500.6	**-2.9**	1004.7	984.1	**-2.0**
Sub Total	**1628.1**	**1699.8**	**4.4**	**3063.4**	**3286.3**	**7.3**
Total	**14651.7**	**15069.2**	**2.9**	**28088.8**	**29686.4**	**5.7**