INDUSTRY SALES REVIEW REPORT

July 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 July, 2015. Data on product-wise monthly consumption of petroleum products for July, 2015 is uploaded on PPAC website.

1.0 CONSUMPTION :

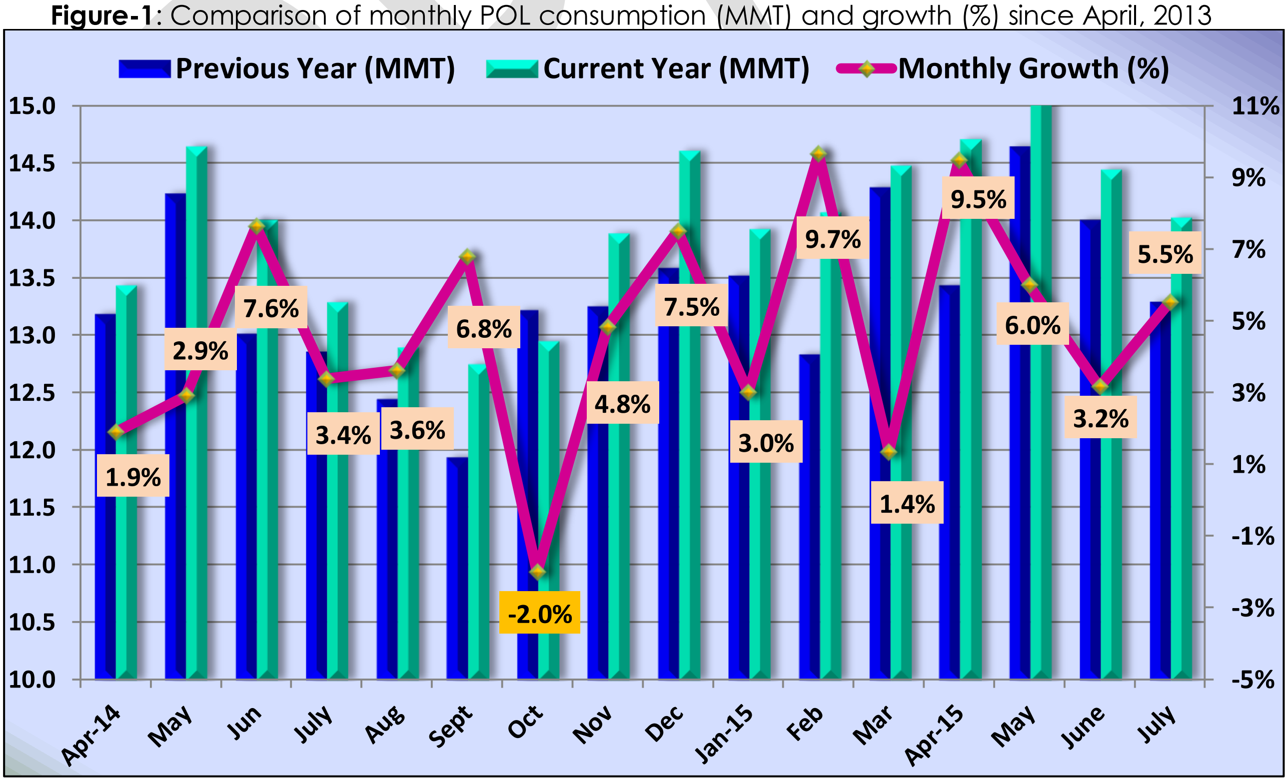
The growth (%) in consumption of petroleum products, category-wise, for the month of July, 2015 is given in Table-1.

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

PRODUCT	% Share	July 2014	July 2015	Growth (%)	Products Included
Sensitive Products	15.3%	2,019	2,153	6.6%	SKO & LPG
Major decontrolled Products	72.0%	9,612	10,096	5.0%	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Other Minor decontrolled Products	12.7%	1,664	1,780	7.0%	Pet. Coke & other minor products
Grand Total	**100%**	**13,295**	**14,029**	**5.5**	

1.1 All Products: The consumption of all petroleum products has registered a growth of 5.5% in July, 2015 as compared to that in July, 2014. Except for HSD and SKO, all other products have recorded a positive growth. On a cumulative basis, a growth of 6.0% was registered for the period April-July, 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 May, 2015 and private imports data for the month of July, 2015 is projected based on April, 2014 to March, 2015 figures.

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

1.2 Petrol / Motor Spirit (MS): There has been a robust growth of 12.9% in the consumption of MS during July, 2015 as compared to July, 2014 and a cumulative growth of 12.5% for the period April to July, 2015. Figure 2 gives month wise MS consumption volume (TMT) and month-on-month growth (%) since April, 2013.

- The high growth in MS consumption may be attributed in general to continuous greater usage of cars and two wheelers and enhanced travel distances due to increase in city limits and also due to (1) shift of consumer preference from diesel to petrol driven vehicles, and (2) continuous high sales of passenger vehicles. The cumulative growth in passenger vehicle sales has been 7.46 % for the period April to July, 2015 (3) Scooter/ Scooterette segment has registered a growth of 9.45% on cumulative basis for the period April to July, 2015. Eased prices of MS have also encouraged the trend of higher sales of MS driven vehicles.

- The growth in MS consumption could have been even higher, but for the speculation and subsequent price cut in MS that happened on 1st August, 2015 which prompted the dealers to drop inventories at retail outlets resulting in shifting of MS sales to August, 2015.

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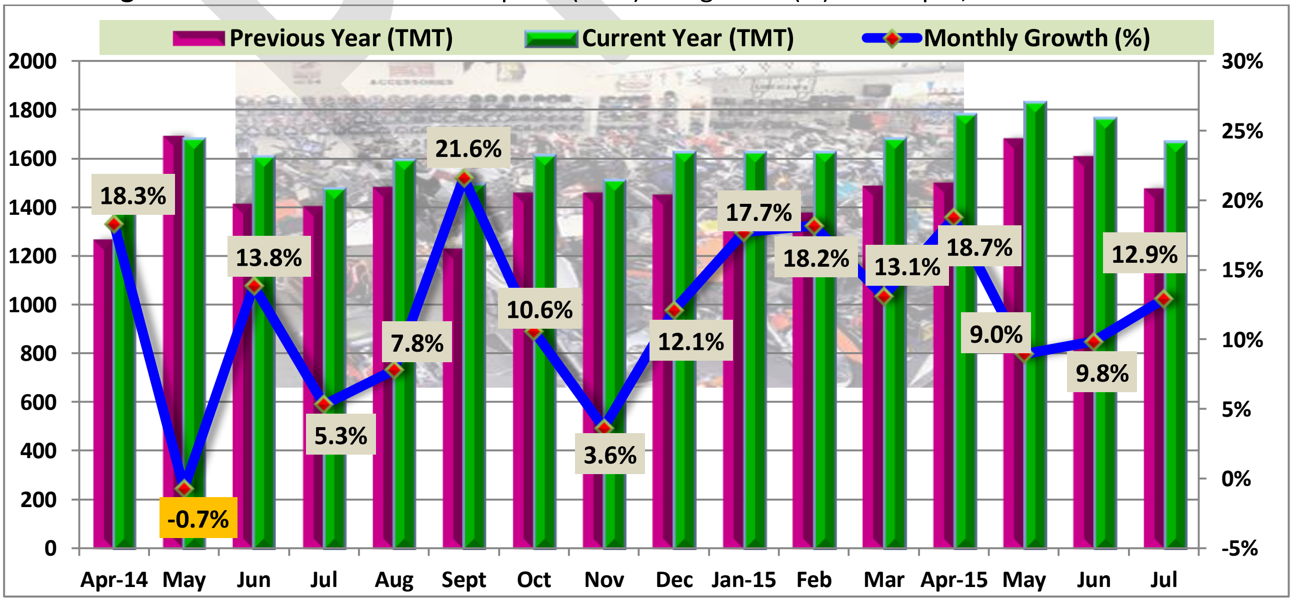
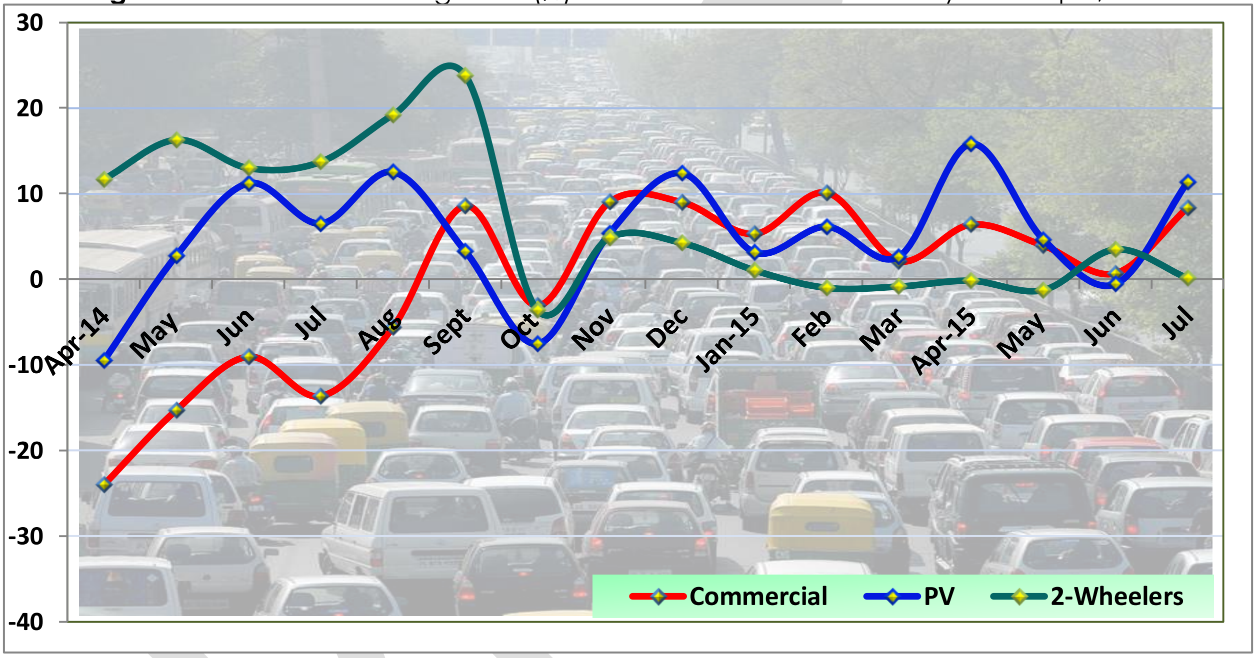
Figure-2: Month wise MS consumption (TMT) and growth (%) since April, 2013



Other factors impacting consumption of MS are:

As per the numbers reported by SIAM, an average of about 16.0 lakhs vehicles is added on the Indian roads every month. These continued high sales of vehicles have resulted in congestion of roads and lesser dependency on public transport due to limited available infrastructure have contributed to the growth in the consumption of MS, as it includes 13.0 lakh of two wheelers and 2.0 lakh of Passenger Vehicles (most of these 15.0 lakh vehicles are petrol driven). India's economic surge has resulted in massive increase of private vehicles on the roads.

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 11.4 % during July, 2015, of which passenger cars recorded a growth of 17.47%, utility vehicles recorded a growth of 0.37% and vans recorded a de-growth of -8.8% respectively.

Segment	July 2014	July 2015	Growth (%)
Passenger Cars	137,922	162,022	17.47%
Utility Vehicles	45,023	45,191	0.37%
Vans	16,617	15,155	-8.8%
Total: Passenger Vehicles (PVs)	**199,562**	**222,368**	**11.42%**

Source: SIAM

b) **2-wheeler sales**: With domestic sales of 1.3 million units during July, 2015, the 2-wheeler segment recorded a growth of 0.13 % during the month. The motorcycle segment registered a de-growth of -6.35 % in the month of July, 2015 whereas the scooter/ scooterette segment recorded a steep growth of 15.35% .Mopeds recorded de-growth of -1.5 % respectively during July, 2015.

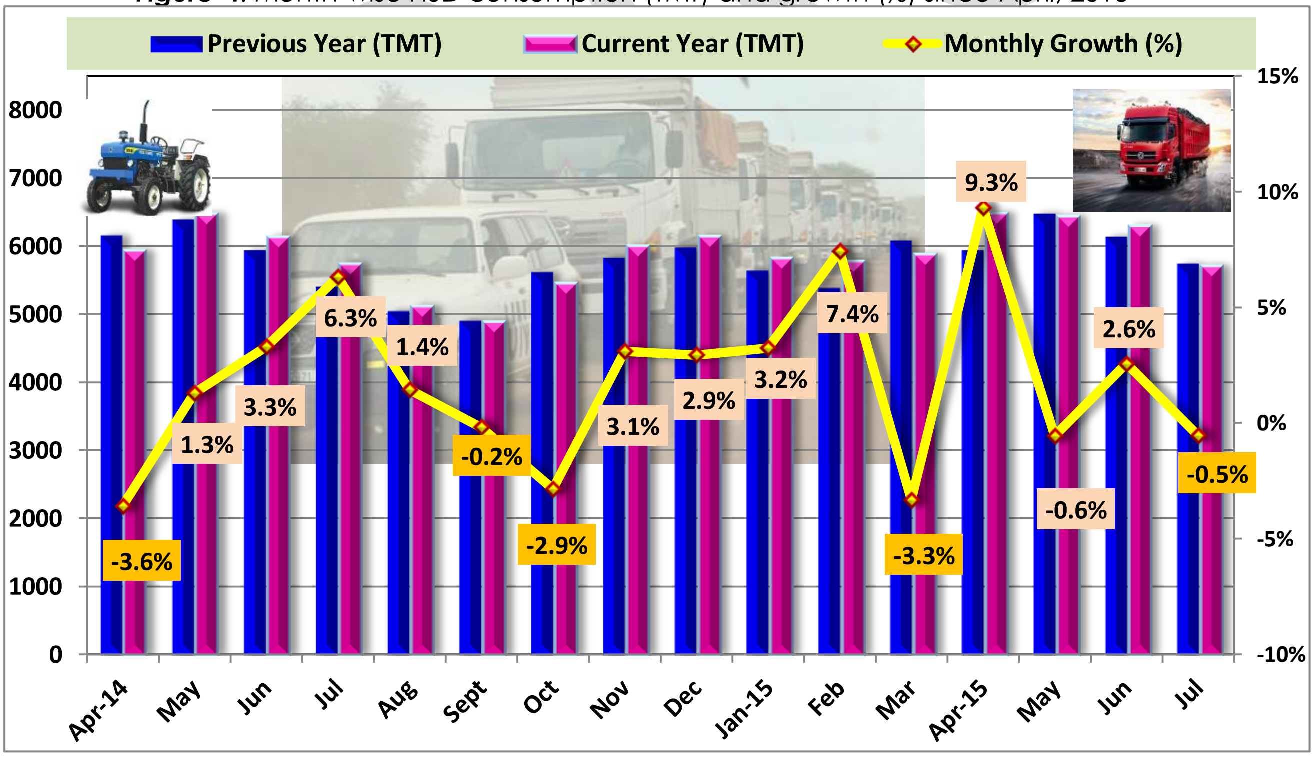
Segment	July 2014	July 2015	Growth (%)
Scooter / Scooterette	374,722	432,262	15.35%
Motor Cycles	863,188	808,322	-6.35%
Mopeds	60,784	59,863	-1.5%
Total: 2-wheelers	**1,298,694**	**1,300,457**	**0.13%**

Source: SIAM

1.3 High Speed Diesel (HSD): The sales of HSD recorded a de-growth of -0.5% during the month. The speculation and subsequent price cut in diesel that happened on 1st August, 2015 prompted dealers to drop inventories at retail outlets, resulting in shifting of HSD sales to August, 2015 and therefore lower sales in July, 2015.

Other factors were: (1) Shift of consumer preference from diesel to petrol driven passenger vehicles. (2) Shift of industrial consumers to alternate fuels due to price differential (3) Increase capacity of M/HCV Vehicles resulting in lower number of vehicles carrying higher loads (4) Lower agricultural demand due to good monsoon during the month contributed to depressed diesel sales. (5) Lesser goods movement due to rains and floods in various states.

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 growth of 8.4% during the month of July, 2015.

b) The medium and heavy commercial vehicles sales continued to record an impressive 29.5 % positive growth during July, 2015 which is mainly attributed to the positive sentiments in the economy and rising demand for logistics and transportation services.

Segment	July 2014	July 2015	Growth (%)
M&HCVs	17,809	23,061	29.5%
LCVs	29,966	28,734	-4.1%
Total: Commercial Vehicles	**47,775**	**51,795**	**8.4%**

Source: SIAM

c) **Port traffic:** There has been a growth of 9.74% in port traffic and cargos handled at major ports during July, 2015 due to improvement at all major ports except Visakhapatnam and Chennai. Table 2 below gives the port-wise performance during the month of July, 2015. On cumulative basis, there has been a growth of 5.8% in the traffic handled by ports in the period April to July, 2015. The growth in traffic has been contributed by POL (6.1%), finished fertilizer (33.8%), thermal coal (23.8%) and other items of cargo (10.1%). There has been a drop in iron ore (-56.8%), raw fertilizer (-22.5%) and coking coal (-1.7%) cargoes during the month.

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

TRAFFIC HANDLED AT MAJOR PORTS (TMT)			
PORTS	July 2014	July 2015	Growth (%):
KOLKATA + HALDIA	3816	4454	16.7%
PARADIP	5580	6086	9.1%
VISAKHAPATNAM	5302	5142	-3.0%
ENNORE	2591	3059	18.1%
CHENNAI	4848	4418	-8.9%
V.O. CHIDAMBARANAR	2827	3599	27.3%
COCHIN	1659	1880	13.3%
NEW MANGALORE	2724	2885	5.9%
MORMUGAO	840	1224	45.7%
MUMBAI	4705	5338	13.5%
JNPT	5305	5711	7.7%
KANDLA	7498	8543	13.9%
TOTAL:	**47695**	**52339**	**9.7%**

Source: IPA

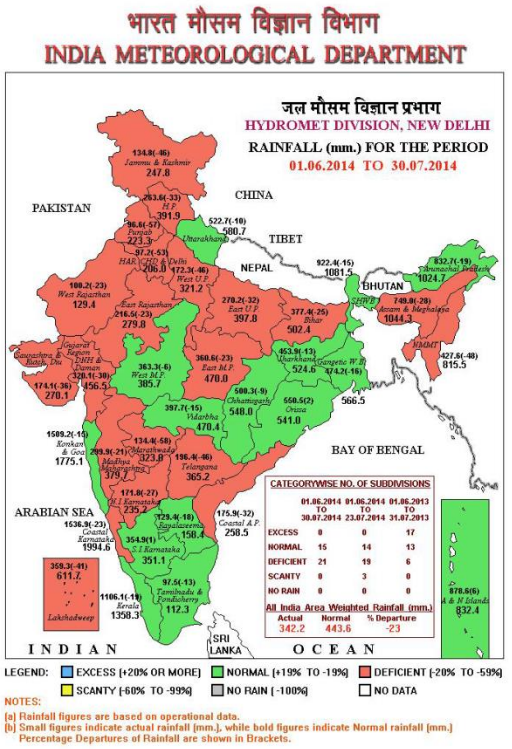
d) **Power situation improves**: The power deficit position for the month of July, 2015 is given in Table-3. The power deficit position during the month has declined from -3.6% in July, 2014 to only -2.1% in July, 2015 resulting in reduction in diesel consumption for back-up power generation. Good monsoon during the month also contributed to decreased dependence on generators consuming diesel. During the period April to July, 2015, the deficit has come down to -2.2% as compared to -3.9% during the same period last year.

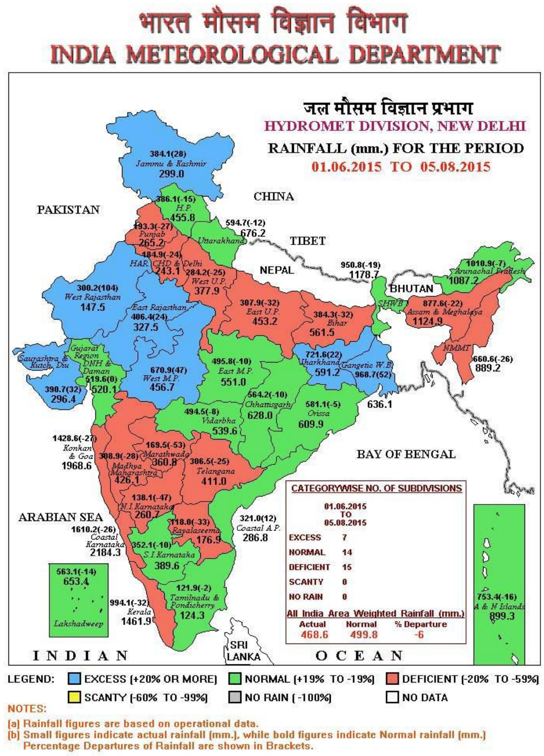
Table-3: Power deficit: Region-wise position for July, 2015 (% deficit)

States	July 2015 (P)				July 2014
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	32,099	30,474	-1,625	-5.1%	-6.4%
West	27,189	27,091	-98	-0.4%	-0.6%
South	25,301	25,168	-133	-0.5%	-3.7%
East	10,508	10,445	-63	-0.6%	-1.1%
North-East	1,309	1,242	-67	-5.1%	-8.2%
Total	**96,406**	**94,420**	**-1,986**	**-2.1%**	**-3.6%**

Source: Central Electricity Authority (CEA)

Rainfall improves: District wise rainfall (1st June to 5th August, 2015): During the period, rainfall was excess / normal in 58% (355 districts) and deficient / scanty in 42% i.e 258 districts.





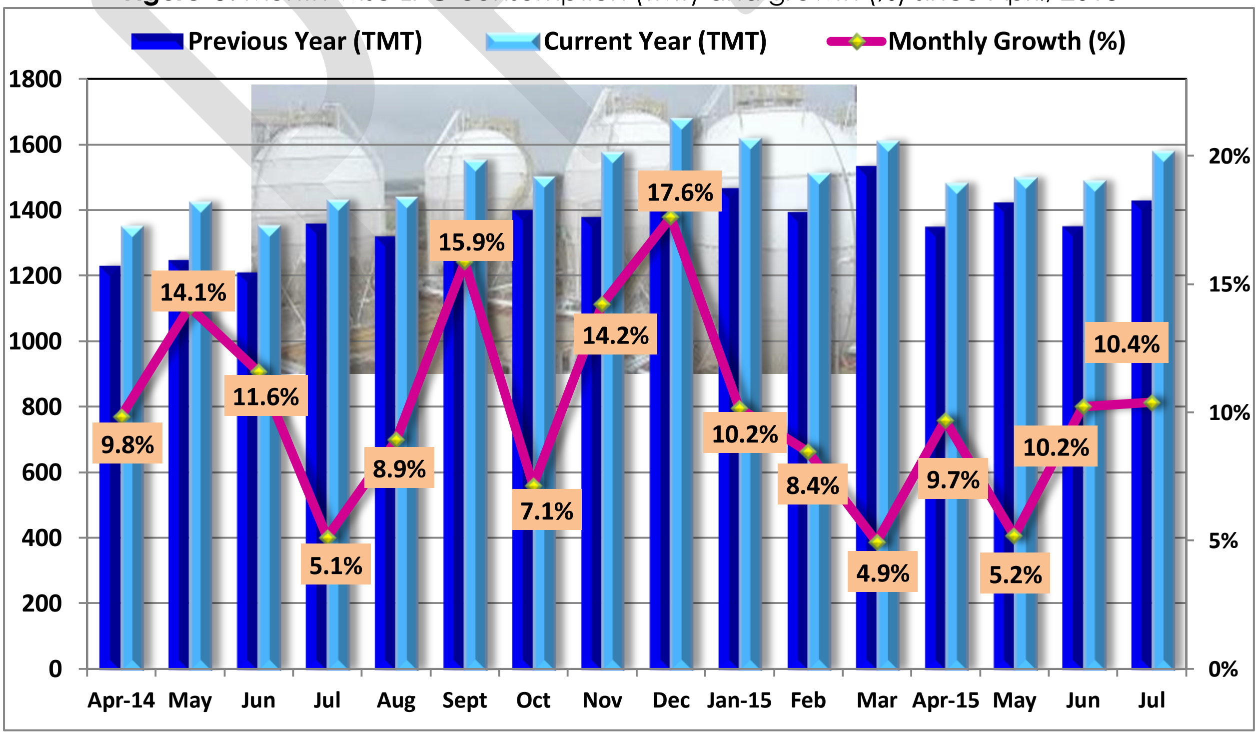
However floods and cyclones in parts of India resulted in lesser goods movement thereby affecting diesel sales in the sector.

1.4 Bitumen: Bitumen consumption has registered an increase of 15.4% in the month of July, 2015 and cumulatively there is a drop of -3.5% for the period April to July 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: Total LPG consumption for the 23rd month in a row recorded a positive growth of 10.4% during July 2015 and a cumulative growth of 8.8% for the period April -July 2015.

- **LPG-Packed Domestic** consumption also registered a positive growth for the 23rd month in a row with a growth of 9.6% during July, 2015 and 7.8% growth for the period April-July 2015. During the period April-July 2015, release of 59.4 lakh new connections and 35.2 lakh DBCs also contributed to growth of LPG packed domestic consumption.
- **LPG-Packed non-domestic consumption** for the seventh month in a row, registered a growth of 40.7% in July 2015 and cumulative growth of 36.7% during April- July, 2015. However, in the same month last year, de-growth of -15.9% was observed in July, 2014 and negative growth of -12.9% during April-July, 2014 was observed. High growth in LPG Packed Non-Domestic is a result of curb in diversion of subsidized domestic cylinders use after the implementation of DBTL.
- **Bulk LPG** recorded a negative growth of -13.4% during July, 2015 and -5.2% during April-July, 2015. Last year in July 2014 growth of 45.5% and during April-July 2014 46.2% growth was observed. The negative growth in July, 2015 was mainly due to non-upliftment by a major bulk customer in South India.
- **Auto LPG** for the seventh month in a row registered a positive growth of 4.7% in July, 2015 and 8.5% during April-July, 2015. Spur in growth of Auto LPG is mainly due to curb in diversion of subsidized domestic cylinders.

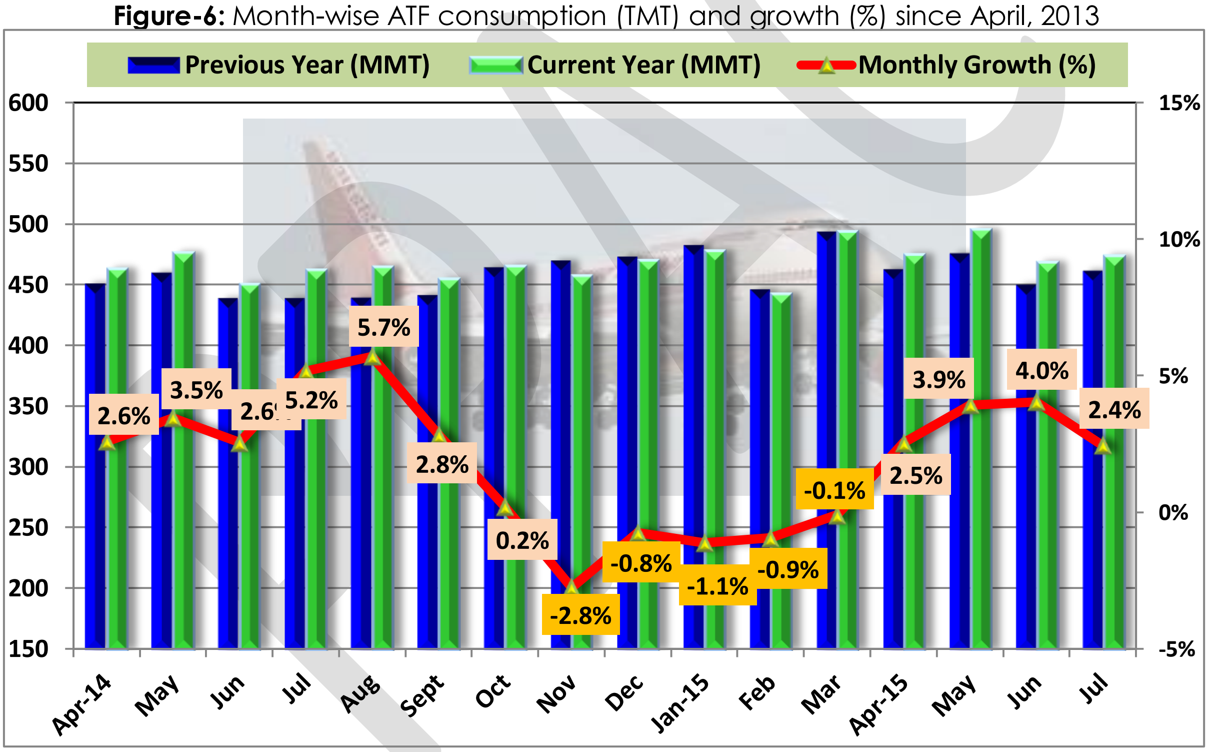
Figure-5: Month-wise LPG consumption (TMT) and growth (%) since April, 2013



1.6 Naphtha: recorded a healthy growth of 15.3% during the month of July, 2015 and a growth of 10.4% on cumulative basis for the period April-July, 2015. Petrochemicals sector registered growth due to increased demand by RIL, IOCL, ONGC and APCL petrochemical plants.

1.7 ATF During July, 2015 the consumption growth in ATF was 2.4% and on cumulative basis, a growth of 3.2% during the period April to July, 2015 has been recorded. Consequent to reduction in the number of flights by Spice jet, other airlines have optimized their operations and have increased their passenger load factor. Passengers carried by all Indian carriers during the month of July, 2015 recorded a growth of 29.31% by carrying 67.45 lakh passengers during the month as compared to 52.16 lakh during the month of July, 2014. The Passenger load factor has been also continuously improving and the average for the calendar year January- December 2014 which was 76.4%, this year till July 2015 the same has increased to 83.1%.

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



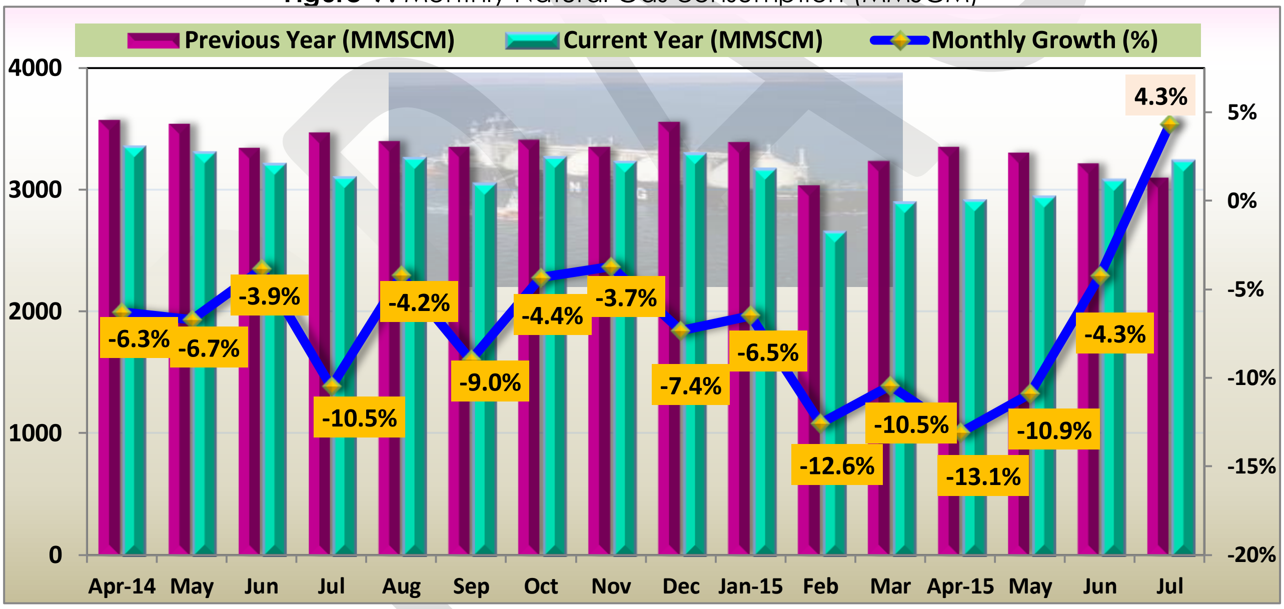
1.8 FO/LSHS: FO and LSHS consumption registered an impressive growth of 25.4% during July, 2015. On cumulative basis, there has been growth of 6.4% for the period April to July, 2015. The decline has been mainly because of drop in consumption of LSHS. The growth consumption of Furnace Oil has been 39% whereas LSHS recorded a de-growth of -20.6%. 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 general trade sectors like petrochemicals, steel etc. have registered a growth in the consumption of FO as compared to the previous year.

1.9 PETCOKE: Pet coke consumption has continued to register consistent growth of 7.1% during July, 2015 and a cumulative growth of 19.2% was registered during the period April to July, 2015.

1.10 LDO: LDO consumption recorded a growth of 9.5% in July, 2015 and a growth of 6.6% on cumulative basis for the period April to July, 2015. LDO consumption recorded a growth during the month due to delay in onset of monsoon, leading to higher use of pumping sets, resumption of mining activities and improved port traffic.

1.11 Natural Gas: On month on month basis, Natural Gas consumption saw a marginal increase of 4.3% for July, 2015 as compared to July, 2014[1]. In terms of volumes, total consumption during July, 2015 was 3,233 MMSCM as compared to 3,100 MMSCM in July, 2014. Cumulatively for the period April to July, gas consumption declined by 6.24% from 12,962 MMSCM last year to 12,153 MMSCM in the current year. Natural gas consumption has shown decline predominantly due to reduction in domestic gas production and lower off-take of gas in core sectors.

Figure-7: Monthly Natural Gas consumption (MMSCM)



(Excluding sales of GSPC and spot cargos imported by private players like Adani Group, Total, RIL, etc.)

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

Major factors affecting Natural Gas sales are highlighted below[2]:

1. **Power Sector**: There was an increase in consumption in the power sector by around 6% from 676 MMSCM in July, 2014 to 719 MMSCM in July, 2015. The increase is predominantly due to increase in consumption by Torrent Power in Gujarat and higher off-take by power producers in Andhra Pradesh and Telangana. However, there was a sharp decline in volumes by around 31% in

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[1] Represents gas sales by GAIL, IOCL, BPCL, Shell, ONGC and RIL. It does not include spot cargo sales of RIL

[2] Sector-wise sales consist of sales by GAIL, IOCL, BPCL and RIL only.

the Northern region due to heavy monsoon leading to less demand. On cumulative basis, overall consumption in during April-July, 2015 declined by 6.7% to 2,861 MMSCM from 3,067 MMSCM during the same period last year.

2. **Fertilizer Sector**: Fertilizer sector grew marginally by around 6.9% in July, 2015 as compared to July, 2014. Monthly consumption for July, 2015 stood at 1,265 MMSCM as compared to 1,183 MMSCM in July, 2014. There has been high off-take by fertilizer plants in West as well as in Southern Region namely by NFL Vijaipur (M.P), KRIBHCO Hazira (Guj), Zuari Agro (Goa) and NFCL Kakinada (A.P.). On cumulative basis, overall consumption during April-July, 2015 has marginally increased by 1.59% to 4,849.63 MMSCM from 4,773.88 MMSCM during April-July, 2014.

3. **City Gas Sector**: There was an overall decrease of 6.18% in CGD from 361.64 MMSCM in July, 2014 to 339.27 MMSCM in July, 2015 due to decrease in off-take by CGD companies in Western region. Certain high volume consumers of CGD have switched from gas to other liquid fuel alternatives after steep decline in oil prices resulting in low off-take by the CGD sector. On cumulative basis, overall consumption during April-July, 2015 declined by 8.99% to 1,302.01 MMSCM as against 1,430.68 MMSCM during April-July, 2014.

4. **Internal Consumption**: Internal consumption (IC) showed an overall decline of approximately 10%, from 384.22 MMSCM in July, 2014 to 345.14 MMSCM in July, 2015 primarily due to low production at GAIL Petrochemical complex at Pata, LPG units at Gandhar and Vaghodia and shutdown of GAIL's Usar unit due to non-availability of feed gas. Additionally, GAIL's Lakwa plant is under shut down for asset transfer to Brahmaputra Cracker & Polymer Limited (BCPL). On cumulative basis, internal consumption during April-July, 2015 has declined by 12% to 1301.55 MMSCM against 1479.09 MMSCM during the same period last year.

5. **Others Sector**: There was overall increase of about 9.38% from 382.12 MMSCM in July, 2014 to 417.97 MMSCM in July, 2015 in consumption in 'Others' sector which include steel, sponge-iron, refineries, manufacturing and other miscellaneous industries. The increase in consumption was primarily due to higher off-take by customers in Gujarat, Maharashtra and Kerala. On cumulative basis, overall consumption during April-July, 2015 has declined by 22% to 1421.47 MMSCM as against 1822.46 MMSCM during April-July, 2015.

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Industry Sales Trend Analysis (Provisional) : April-July 2015-16						

(TMT)

Product	July			April-July		
	2014-15	2015-16	Growth (%)	2014-15	2015-16	Growth (%)
(A) Sensitive Products						
SKO	591.3	576.4	**-2.5**	2361.9	2287.8	**-3.1**
LPG	1428.0	1576.2	**10.4**	5549.3	6039.7	**8.8**
Sub Total	**2019.3**	**2152.6**	**6.6**	**7911.2**	**8327.5**	**5.3**
(B) Major Decontrolled Products						
Naphtha	989.7	1140.8	**15.3**	3816.3	4213.1	**10.4**
MS	1480.5	1671.6	**12.9**	6276.8	7058.6	**12.5**
HSD	5741.1	5709.6	**-0.5**	24291.6	24932.9	**2.6**
Lubes+Greases	227.0	237.6	**4.7**	916.1	1023.1	**11.7**
LDO	31.5	34.5	**9.5**	117.9	125.7	**6.6**
FO/LSHS	439.9	551.7	**25.4**	1936.2	2059.3	**6.4**
Bitumen	240.1	277.1	**15.4**	1884.0	1818.5	**-3.5**
ATF	462.2	473.5	**2.4**	1852.0	1911.7	**3.2**
Sub Total	**9612.0**	**10096.4**	**5.0**	**41090.9**	**43142.9**	**5.0**
Sub - Total (A) + (B)	**11631.3**	**12249.0**	**5.3**	**49002.1**	**51470.4**	**5.0**
(C) Other Minor Decontrolled Products						
Pet. Coke	1149.5	1230.7	**7.1**	4329.8	5160.0	**19.2**
Others	514.7	549.7	**6.8**	2060.3	2094.4	**1.7**
Sub Total	**1664.2**	**1780.4**	**7.0**	**6390.1**	**7254.4**	**13.5**
Total (A) + (B) + (C)	**13295.5**	**14029.4**	**5.5**	**55392.2**	**58724.8**	**6.0**