INDUSTRY SALES REVIEW REPORT

April 2015

Analysis • Knowledge • Information

पेट्रोलियम योजना एवं विश्लेषण प्रकोष्ठ

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय

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Ministry of Petroleum & Natural Gas

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

1.0 CONSUMPTION :

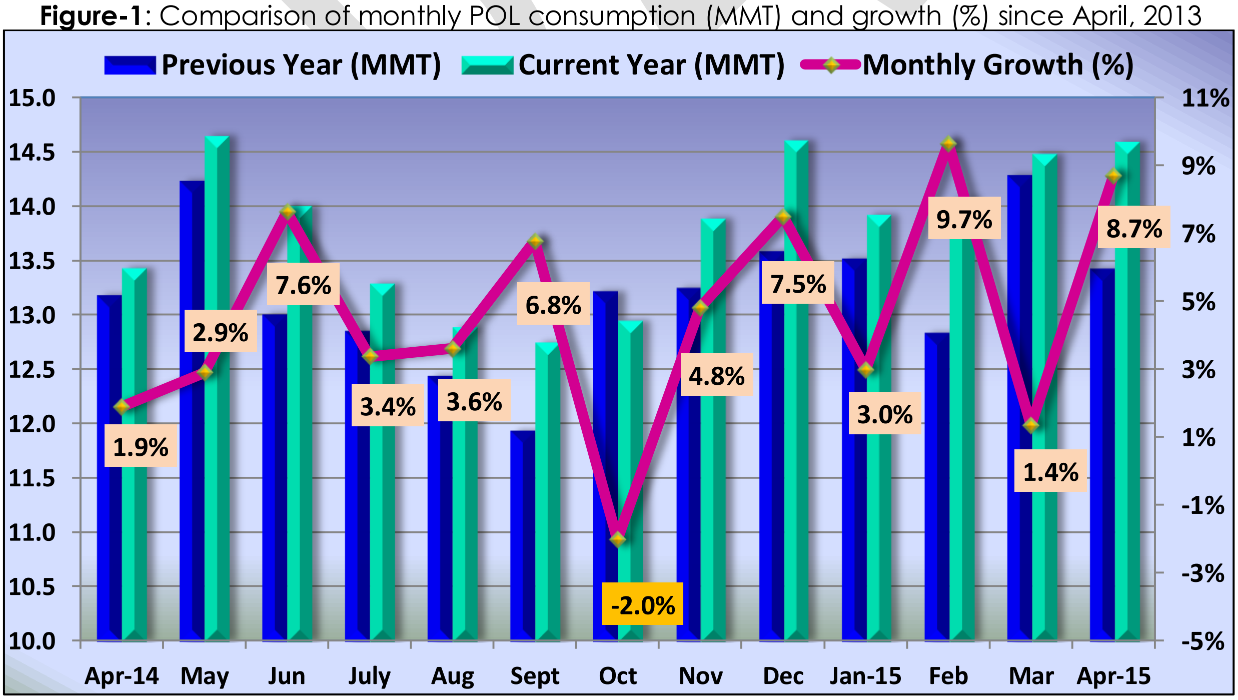
The growth (%) in consumption of petroleum products, category-wise, for the month of April, 2015 is given in Table-1.

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

PRODUCT	% Share	Apr' 2014	Apr' 2015	Growth (%)	Products Included
Sensitive products	14.4%	1933	2049	6.0	SKO & LPG
Major decontrolled products	74.9%	10069	10978	9.0	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Other Minor decontrolled products	10.7%	1435	1581	10.1	Petcoke & other minor products
Grand Total		**13437**	**14608**	**8.7**	

All Products: The consumption of all petroleum products has registered a growth of 8.7% in April, 2015 as compared to that in April, 2014. Except for Kerosene, Lubes, LDO and Bitumen, all other products have recorded positive growth.

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



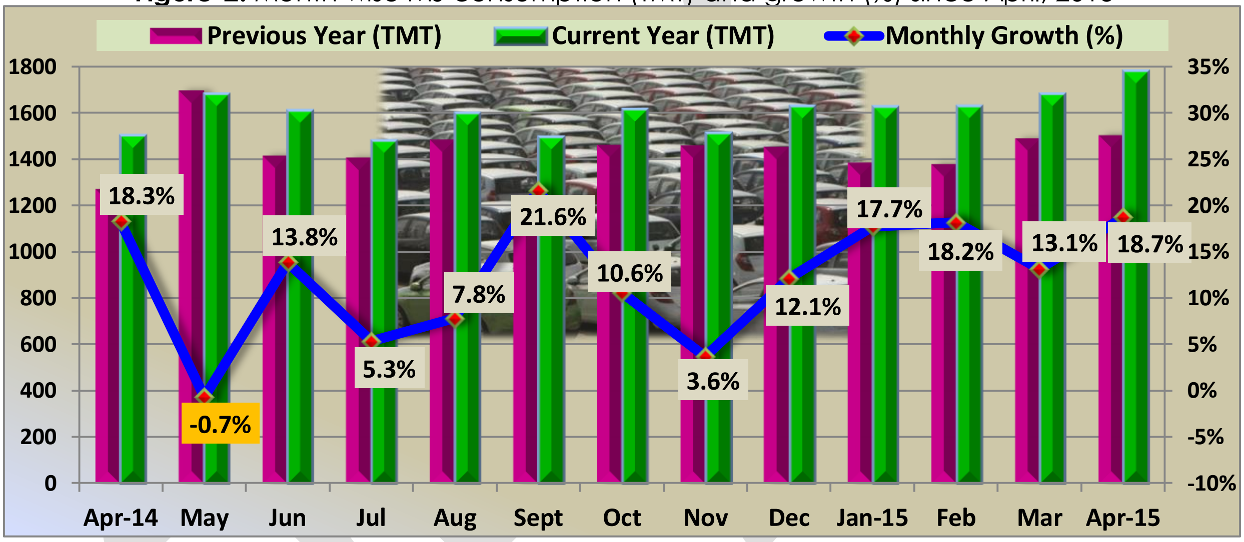
Data on direct private imports received from DGCIS, which are added to the final sales reported by oil companies for estimation of consumption figures, are available up to February, 2015 and private imports data for the month of April, 2015 is projected based on April, 2014 to February, 2015 figures.

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

1.2 Petrol / Motor Spirit (MS): There has been an 18.7 % growth in the consumption of MS during April, 2015 as compared to that in April, 2014.

- The high growth in MS consumption can be attributed mainly due to (**1**) healthy growth in the automobile industry (**2**) shift of consumer preference from diesel to petrol driven vehicles.
- The anticipated downward price revision in MS price on 1st April, 2015 meant that dealers had very low stocks during the start of the month and the anticipated upward revision on 1st May, 2015 resulted in the dealers maintaining high inventory at retail outlets at the end of the month resulting in higher growth in MS.

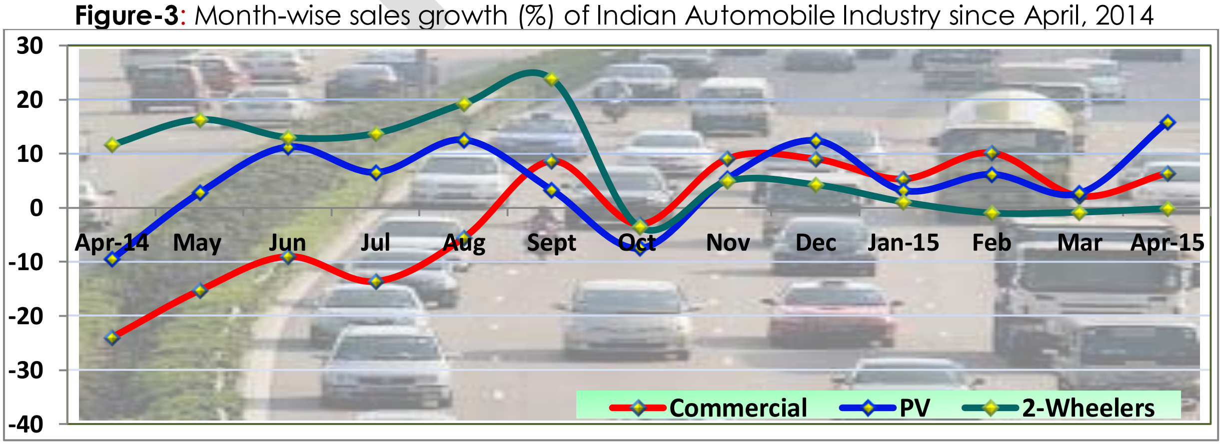
Figure-2: Month wise MS consumption (TMT) and growth (%) since April, 2013



Other factors impacting consumption of MS are:

Continued high sale of passenger vehicles during the month of April, 2015, registering a voluminous growth of 15.83%, indicated that the trend of MS driven vehicles 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, 2014



a) **Total Passenger Vehicles (PV) Sales**: The overall passenger vehicles sales registered a growth of 15.83% during April, 2015, of which passenger cars recorded a growth of 18.1% and vans recorded a growth of 19.7%.

Segment	April 2014	April 2015	Growth (%)
Passenger Cars	135054	159548	18.1
Utility Vehicles	40680	43526	7.0
Vans	12428	14875	19.7
Total: Passenger Vehicles (PVs)	**188162**	**217949**	**15.83**

Source: SIAM

b) **2-wheeler Sales**: With domestic sales of 1.28 million units during April, 2015, the 2-wheeler segment recorded a marginal de-growth of -0.16% during the month. While motorcycle segment registered a decline of -2.8% in the month of April, 2015, the scooter/ scooterette and moped segment continued to record positive growths of 5.4% and 9.8% respectively during April, 2015.

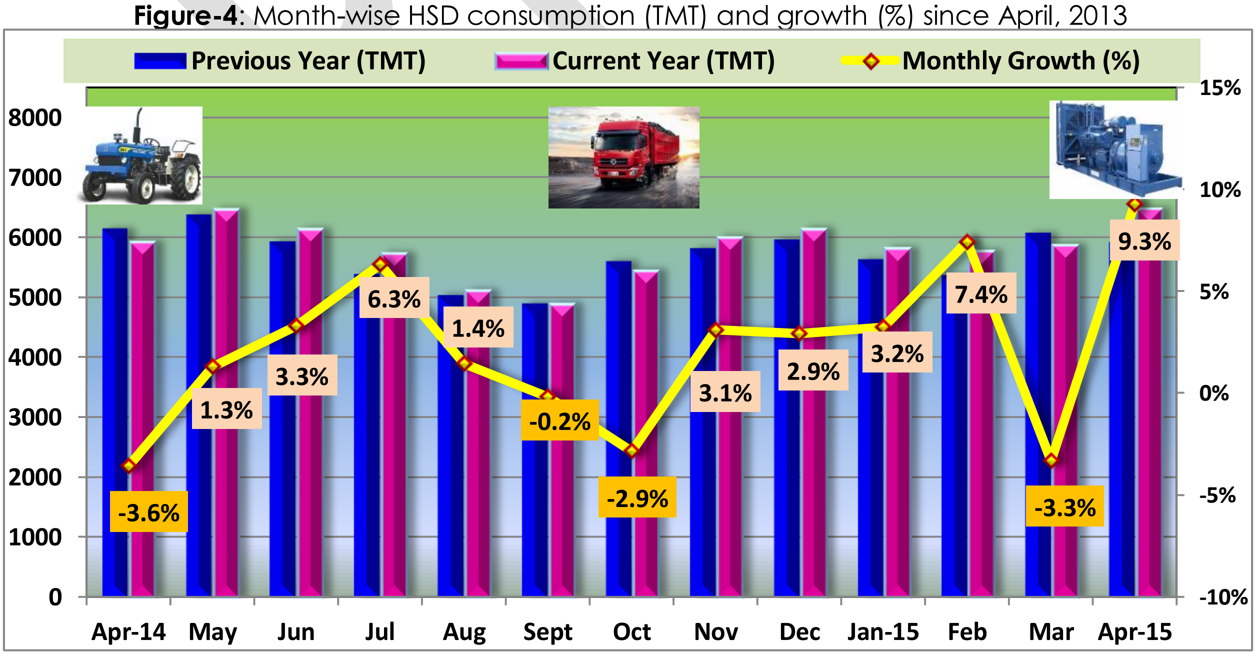
Segment	April 2014	April 2015	Growth (%)
Scooter / Scooterette	327158	344752	5.4
Motor Cycles	906909	881751	-2.8
Mopeds	55116	60561	9.8
Total: 2-wheelers	**1289183**	**1287064**	**-0.16**

Source: SIAM

1.3 High Speed Diesel (HSD): Except for the month of March, 2015, there has been a positive growth trend in the consumption of HSD since November, 2014. HSD consumption has shown an upswing during April, 2015 and recorded a growth of 9.3%.

The anticipated upward revision in HSD price as of close of April, 2015 resulted in dealers maintaining high inventory at their retail outlets.

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



Factors affecting diesel consumption are discussed below:

a) **Commercial Vehicles (CV) Sales**: For the sixth month in a row, CV sales registered a positive growth of 6.4% during April, 2015.

b) The medium and heavy commercial vehicles sales continued to record an impressive 25% positive growth during April, 2015 which is mainly attributed to rising demand for logistics and transportation services.

Segment	April 2014	April 2015	Growth (%)
M&HCVs	15429	19277	24.94
LCVs	27651	26595	-3.82
Total: Commercial Vehicles	**43080**	**45872**	**6.4**

Source: SIAM

c) **Port traffic:** There has been a growth of 1.06% in port traffic and cargos handled at major ports during April, 2015 due to improvement at all major ports except Paradip, Visakhapatnam, Kandla and New Mangalore.

d) There has been a growth of 32.3% in coal traffic handled at major ports during April 2015, while there was a negative growth of -74.9% in iron ore traffic and -12.98% in fertilizer traffic handled during the month.

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

TRAFFIC HANDLED AT MAJOR PORTS (TMT)			
PORTS	April 2014	April 2015	Growth (%): April 2015
KOLKATA + HALDIA	3299	3842	16.5
PARADIP	6417	6078	-5.2
VISAKHAPATNAM	5015	4003	-20.2
ENNORE	2323	2939	26.5
CHENNAI	4397	4622	5.1
V.O. CHIDAMBARANAR	2637	3215	21.9
COCHIN	1779	1805	1.5
NEW MANGALORE	2969	2569	-13.5
MORMUGAO	1119	1316	17.6
MUMBAI	5055	5131	1.5
JNPT	5424	5609	3.4
KANDLA	6941	6746	-2.8
TOTAL:	**47375**	**47875**	**1.06**

Source: IPA

e) **Power situation improves**: The power deficit position for the month of April, 2015 is given in Table-3. In all the regions, the power deficit position during the month has improved compared to April, 2014 resulting in reduction in diesel consumption for captive power generation.

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

Region	April, 2015 (P)				April, 2014
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	23637	22505	-1132	-4.8	-5.3
West	26833	26755	-78	-0.3	-1.2
South	23982	23469	-513	-2.1	-8.2
East	10296	10173	-123	-1.2	-1.3
North East	1038	960	-78	-7.5	-7.4
Total	**85786**	**83862**	**-1924**	**-2.2**	**-4.4**

Source: Central Electricity Authority (CEA)

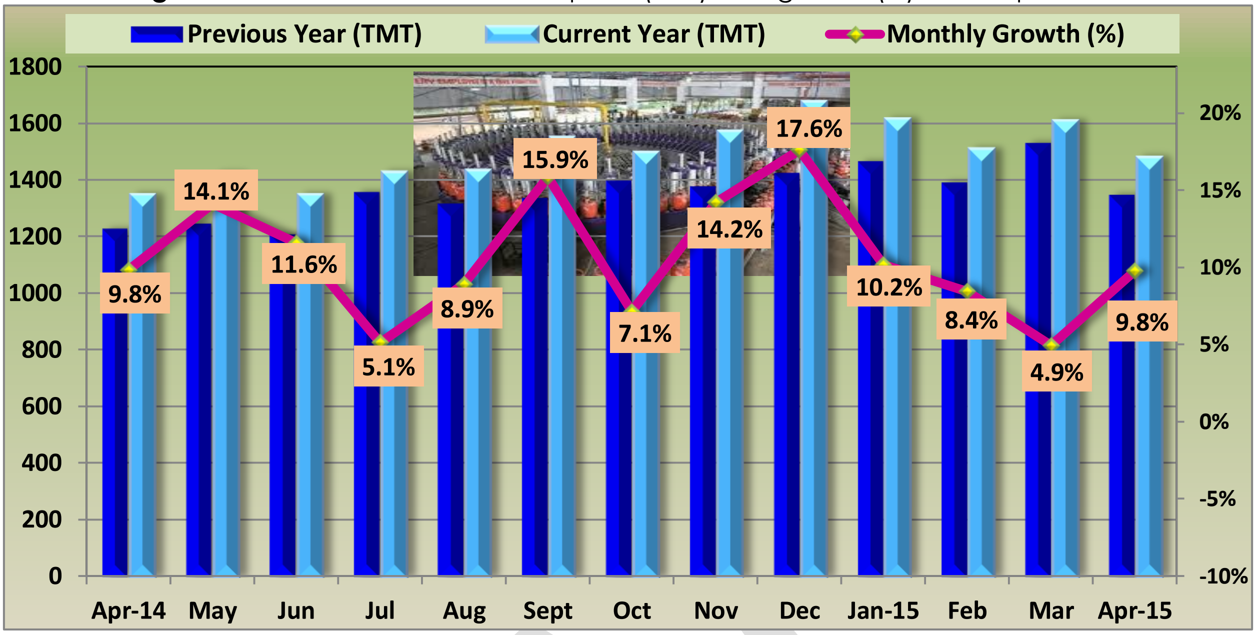
1.4 Bitumen: Bitumen consumption has registered a decline of -10.4% in the month of April, 2015 mainly due to no major works being undertaken currently in many parts of the country. Moreover, the Government is opting for concrete over bitumen for new road projects.

1.5 LPG: LPG consumption continued to register growth for the twentieth month in a row by recording a positive growth of 9.8% during April, 2015.

- **LPG-Packed Domestic** consumption registered a positive growth of 7.8% during April, 2015.

  Growth in domestic packed consumption is mainly due to release of 13.7 lakh new connections and 9.71 lakh DBCs during April, 2015. Also during last financial year release of 163 lakh new connections and 101 lakh DBCs has continued to generate repeated refill demand.
- **LPG-Packed non-domestic** consumption registered a growth of 41.3 % in April, 2015. A de-growth of -13.4% was registered in the same period last year. This high level of growth can be attributed to low base and implementation of DBTL and also curb in diversion of subsidized domestic cylinders.
- **Bulk LPG** recorded a growth of 32.6 % during April, 2015 for the fourth month in a row mainly due to nearly double the upliftment by major customers as compared to April, 2014.
- **Auto LPG** consumption registered a positive growth of 12.6% in April, 2015 for the fourth month in a row mainly due to curb in diversion of subsidized domestic cylinders. Launch of PAHAL seems to have curbed the diversion of subsidized domestic cylinders and fuelled the growth of auto LPG.

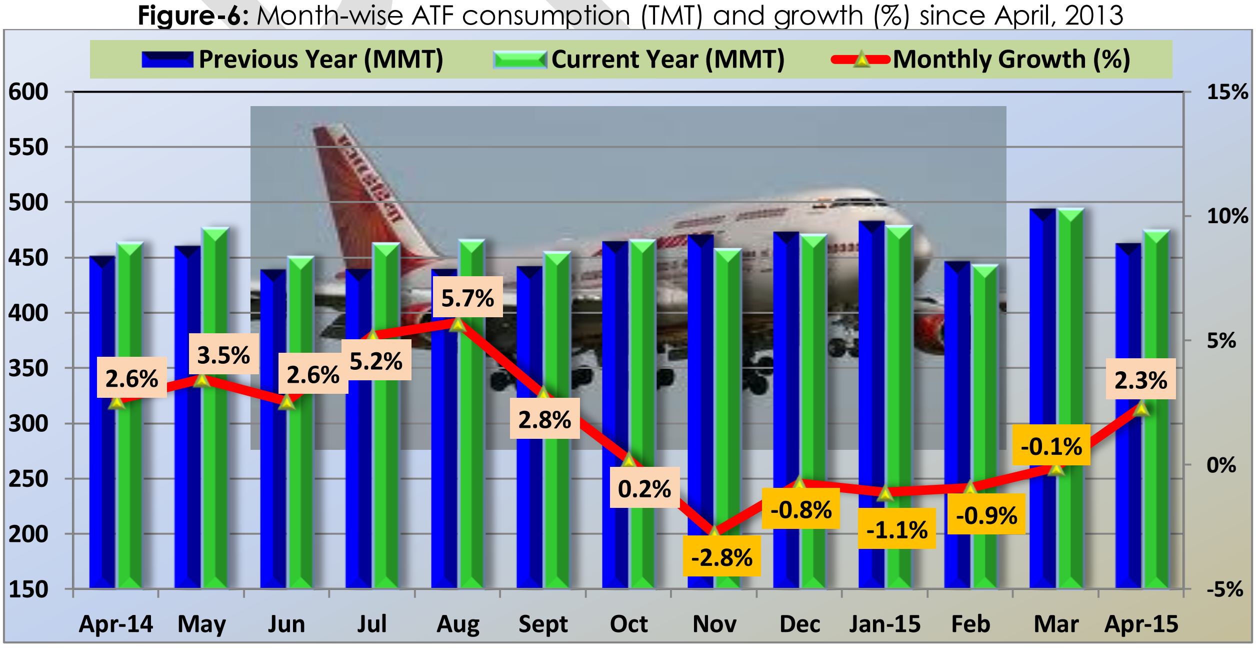
Figure-5: Month-wise LPG consumption (TMT) and growth (%) since April, 2013



1.6 Naphtha: Naphtha consumption recorded a growth of 10.5% during the month of April 2015. Growth during the month was mainly due to the following: (a) Fertilizer sector registered increase in demand due to enhanced demand by MFL Chennai (b) Petrochemical sector gained growth due to increased demand by RIL, IOCL & APCL.

1.7 ATF: After 5 months of de-growth, ATF consumption recorded a positive growth of 2.3% during April, 2015. Consequent to reduction in number of flights by Spice jet, other airlines have optimized their operations and have increased their passenger load factor. Total passengers carried by domestic airlines during April, 2015 was 65.6 lakh, registering a growth of 23.3% over the same month last year.

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



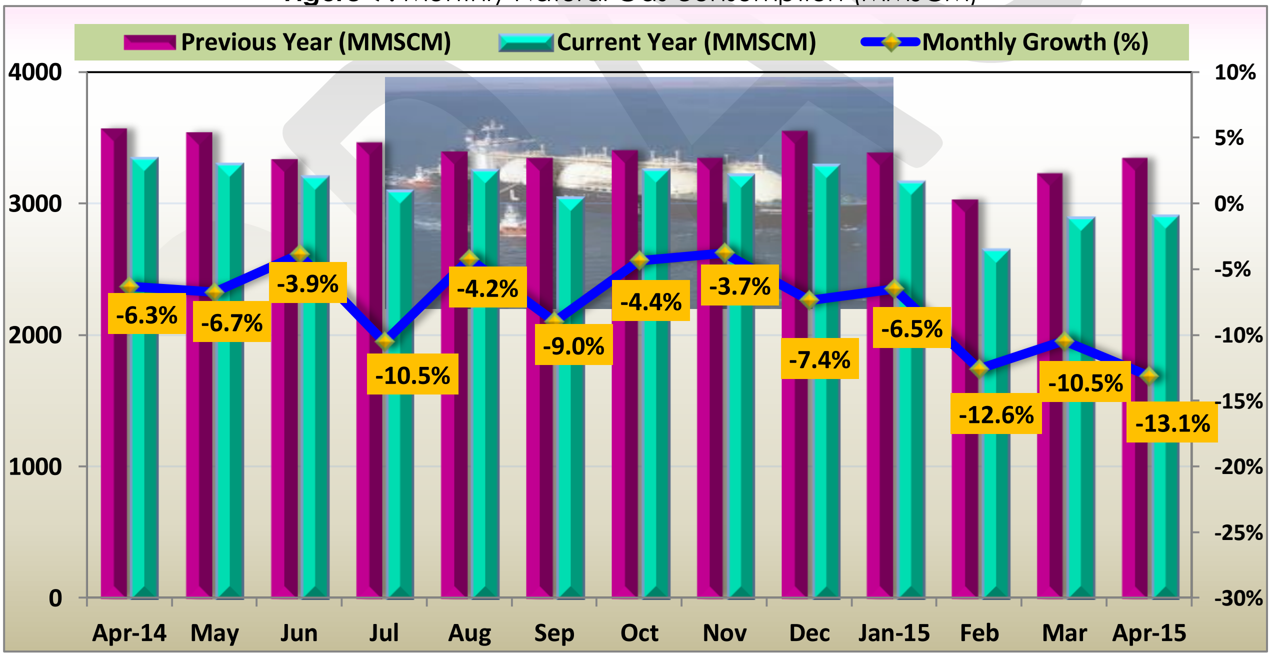
1.8 FO/LSHS: FO+LSHS consumption registered a growth of 9.8% during April, 2015 mainly due to increased volumes in general trade of the product.

1.9 PETCOKE: Petcoke consumption continued to grow at a fast pace and registered a growth of 12.3% during April, 2015 mainly due to demand for imported petcoke from US and Saudi Arabia by the cement industry.

1.10 LDO: LDO consumption recorded a de-growth of -4.6% in April, 2015. LDO consumption is price sensitive and its demand fluctuates depending on the requirement at power plants and availability of alternate fuel which prompts the customer to switch over from LDO.

1.11 Natural Gas: Natural gas consumption saw an overall decline of about 13.11 % in the month of April, 2015 as compared to April, 2014. In terms of quantity, total consumption during April, 2015 was 2,908 MMSCM as compared to 3,346.65 MMSCM[1] for same month 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.

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 -14% from 770.62 MMSCM in April, 2014 to 659.15 MMSCM in April, 2015 due to low off-take by NTPC power plant in Anta (U.P) and Faridabad (Haryana) and also shut down of RIL power plant in Goa and GSEC plant in Gujarat. In Maharashtra, Ratnagiri gas power plant did not produce any power and hence consumed nil gas.

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[1] *Excluding sales of GSPC and spot cargos imported by private players like Adani Group, TOTAL, RIL, etc.*

2. **Fertilizer Sector**: Fertilizer sector saw a relatively better performance than the power sector as there was de-growth of only -2.78% as compared to last year. In April, 2014 Fertilizer sector consumed 1212.63 MMSCM of gas whereas in April, 2015 it consumed 1178.96 MMSCM of gas. The reasons for lower consumption are shutdown of IFFCO unit in Phulpur (U.P) and low consumption of gas in National Fertilizer Limited unit in Guna (M.P). Although in southern region RIL has supplied higher volumes to fertilizer plants in Andhra Pradesh as compared to last year, the net effect remained negative due to low consumption in North and West regions.

3. **City Gas Sector**: There was an overall decrease of -6.40%, from 352 MMSCM in April, 2014 to 330 MMSCM in April, 2015 due to decrease in off-take by CGD companies in Northern region and Western region. This was because certain high volume consumers of CGD have switched from gas to other liquid fuel alternatives after steep decline in oil prices. Resultantly, Delhi region as well as Mumbai and Pune regions showed low off-take by CGD companies namely IGL, MGL and MNGL.

4. **Internal Consumption**: Internal consumption (IC) showed an overall decline of approx. -19% (from 355.53 MMSCM in April, 2014 to 287.62 MMSCM in April, 2015) primarily due to low consumption by IOCL refineries in Northern and Eastern region. IOCL Mathura refinery ran on low capacity in the month of April, 2015 due to which internal consumption of gas was low. GAIL's Lakwa plant has been in complete shutdown mode as the unit is being handed over to Brahmaputra Chemicals and Polymers Limited (BCPL), Assam soon. In the South, due to low flow in RIL pipeline, internal consumption was low.

5. **Others Sector**: There was overall decrease of about -36% in consumption in 'Others' sector which include steel, sponge-iron, refineries, manufacturing and other miscellaneous industries. Such decline in consumption was primarily due to reduced supply to RIL's refineries in Dahej, Hazira, Baroda and IOCL refinery in Baroda. There were limited supplies to Asahi Glass Ltd., Jindal Steel and other industries in the Western region. Consumption during April, 2015 and April, 2014 are 362.39 MMSCM and 567.18 MMSCM respectively

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Industry Consumption Trend Analysis (Provisional) : April 2015

('000 MT)

Product	April			April		
	2014-15	2015-16	Growth (%)	2014-15	2015-16	Growth (%)
(A) Sensitive Products						
SKO	584.2	567.9	**-2.8**	584.2	567.9	**-2.8**
LPG	1349.1	1480.8	**9.8**	1349.1	1480.8	**9.8**
Sub Total	**1933.3**	**2048.7**	**6.0**	**1933.3**	**2048.7**	**6.0**
(B) Major Decontrolled Products						
Naphtha	870.5	961.8	**10.5**	870.5	961.8	**10.5**
MS	1502.2	1782.8	**18.7**	1502.2	1782.8	**18.7**
HSD	5934.7	6486.4	**9.3**	5934.7	6486.4	**9.3**
Lubes+Greases	249.0	240.3	**-3.5**	249.0	240.3	**-3.5**
LDO	26.8	25.6	**-4.6**	26.8	25.6	**-4.6**
FO/LSHS	454.2	498.5	**9.8**	454.2	498.5	**9.8**
Bitumen	568.1	509.1	**-10.4**	568.1	509.1	**-10.4**
ATF	463.1	473.8	**2.3**	463.1	473.8	**2.3**
Sub Total	**10068.6**	**10978.3**	**9.0**	**10068.6**	**10978.3**	**9.0**
Sub - Total (A) + (B)	**12001.9**	**13027.0**	**8.5**	**12001.9**	**13027.0**	**8.5**
(C) Other Minor Decontrolled Products						
Pet.Coke	946.4	1063.2	**12.3**	946.4	1063.2	**12.3**
Others	489.0	517.5	**5.8**	489.0	517.5	**5.8**
Sub Total	**1435.4**	**1580.7**	**10.1**	**1435.4**	**1580.7**	**10.1**
Total	**13437.3**	**14607.7**	**8.7**	**13437.3**	**14607.7**	**8.7**