

INDUSTRY SALES REVIEW

September 2015



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

1.0 CONSUMPTION :

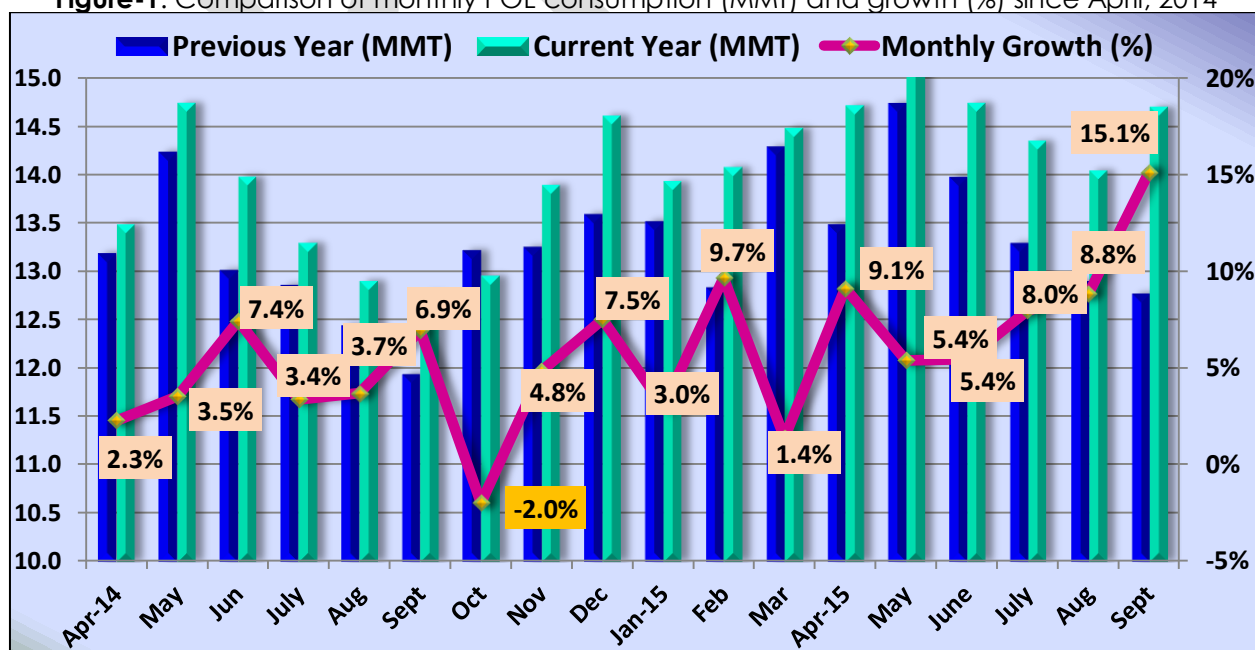
The growth (%) in consumption of petroleum products, category-wise, for the month of September, 2015 is given in Table-1.

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

PRODUCT	% Share	Sep 2014	Sep 2015	Growth (%)	Products Included
Sensitive Products	14.8%	2,142	2,177	1.7%	SKO & LPG
Major decontrolled Products	72.3%	8733	10631	21.7%	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Other Minor decontrolled Products	12.9%	1,895	1,891	-0.2%	Pet Coke & other minor products
Grand Total	100%	12,770	14,699	15.1	

1.1 All Products: The consumption of all petroleum products registered a robust growth of 15.1% during September, 2015 as compared to that in September, 2014. Except for SKO and Pet Coke, all other products recorded a positive growth. On cumulative basis, a growth of 8.5% was registered for the period April-September, 2015. SKO and Lubes and Greases are the only products which have recorded a negative growth of -3.4% and -11.2% respectively during the period April-September, 2015.

Figure-1: Comparison of monthly POL consumption (MMT) and growth (%) since April, 2014



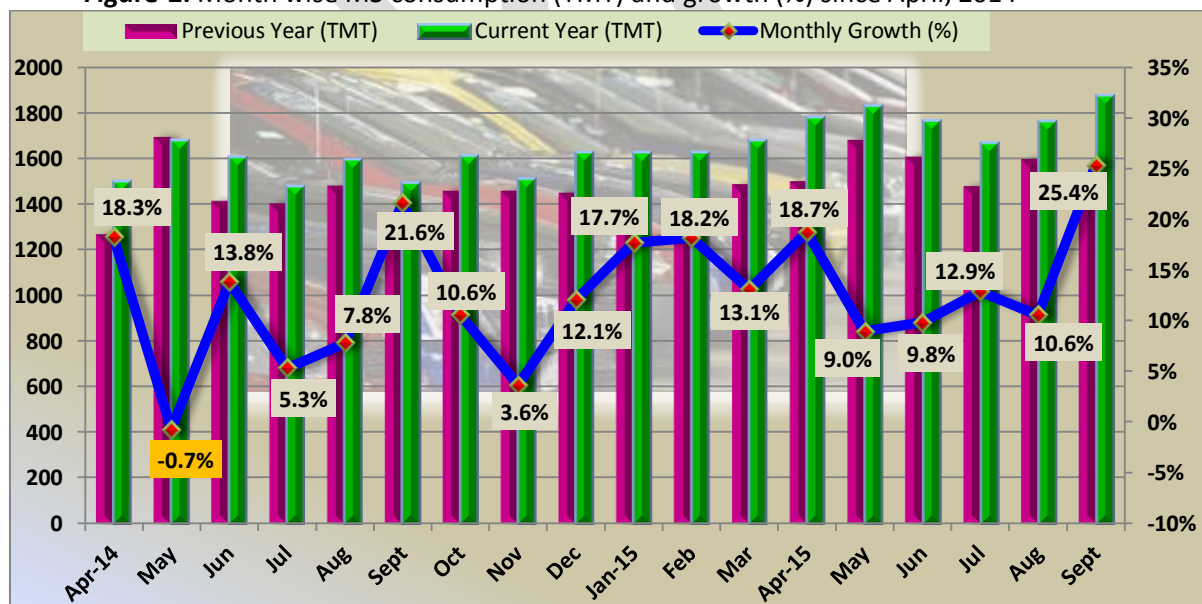
Data on direct private imports received from DGCIS, which are added to the final sales reported by oil companies for estimation of consumption figures, are available up to July, 2015 and private imports data for the months of August and September, 2015 is projected based on April to July, 2015 figures.

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

1.2 Petrol / Motor Spirit (MS): There has been a growth of 25.4% in the consumption of MS during September, 2015 as compared to September, 2014 and a cumulative growth of 14.2 % for the period April to September, 2015 as compared to same period last year. **Figure 2** gives month-wise MS consumption volume (TMT) and month-on-month growth (%) since April, 2014.

- The high growth in MS consumption may be attributed in general to greater usage of cars and two wheeler due to eased prices of MS and consumer preference for petrol driven vehicles. Onset of festive season, low base, lower monsoon, increased city limits and not much of improvement in rapid transport system also contributed to improved MS growth.
- Speculation of MS price reduction in the last week August, 2015 (which took place on 1st September, 2015) led to increased upliftment by the reseller network in the month of September, 2015.

Figure-2: Month wise MS consumption (TMT) and growth (%) since April, 2014

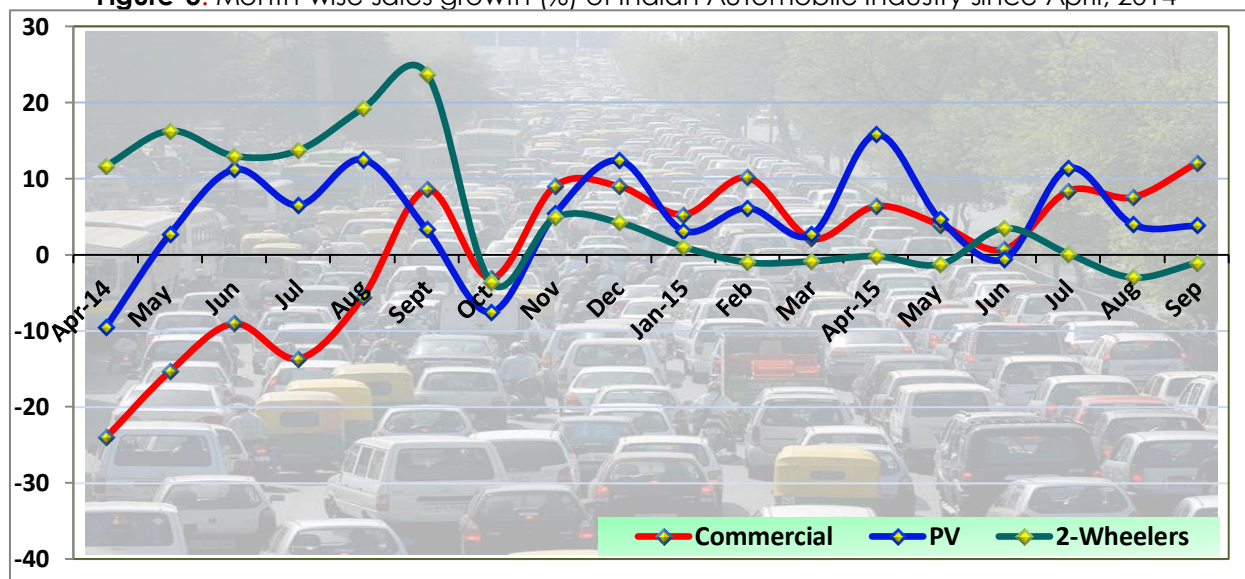


Other factors impacting consumption of MS are:

The continuous high growth in MS consumption is also due to increased use of personal vehicles. Continuing with the trend, September 2015 also witnessed addition of 2.3 lakh passenger vehicles and 15.3 lakh 2-wheelers on Indian roads.

Lesser dependency on public transport due to limited available infrastructure and India's economic surge has resulted in massive increase of private vehicles on the roads, most of which are petrol driven.

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 3.8 % during September, 2015, of which passenger cars recorded a growth of 9.48%, while the utility vehicles and Vans recorded a de-growth of -8.56% and -10.0% respectively.

Segment	Sep 2014	Sep 2015	Growth (%)
Passenger Cars	154,898	169,590	9.48%
Utility Vehicles	53,003	48,464	-8.56%
Vans	15,683	14,113	-10.0%
Total: Passenger Vehicles (PVs)	223,584	232,167	3.8%

Source: Society of Indian Automobile Manufacturers (SIAM)

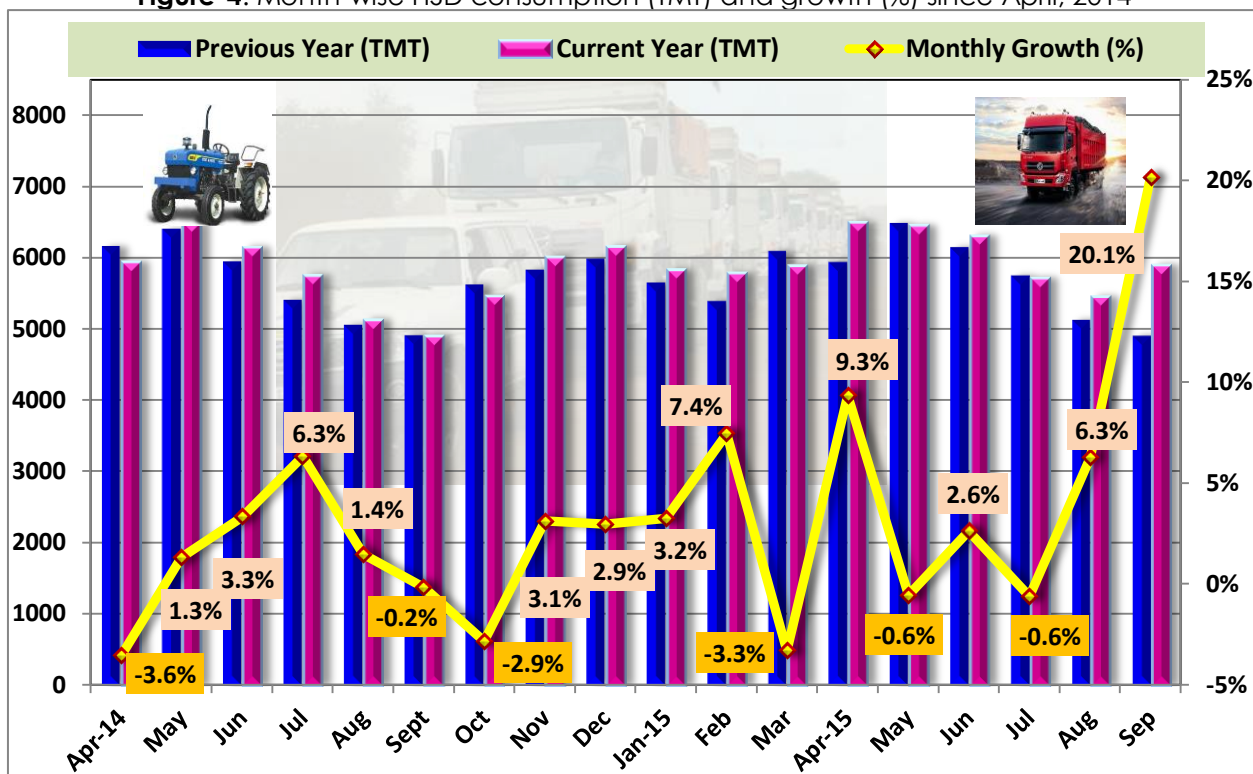
- b) **2-wheeler sales:** With domestic sales of 1.5 million units during September, 2015, the 2-wheeler segment recorded de-growth of -1.06 % during the month. The motorcycle segment registered de-growth of -2.87% in the month of September, 2015, while the scooter/ scooterette segment recorded a growth of 6.54%. Moped sales recorded de-growth of -21.19 % during September, 2015.

Segment	Sept 2014	Sept 2015	Growth (%)
Scooter / Scooterette	433,955	462,341	6.54%
Motor Cycles	1,050,420	1,020,237	-2.87%
Mopeds	69,233	54,559	-21.19%
Total: 2-wheelers	1,553,608	1,537,137	-1.06%

Source: Society of Indian Automobile Manufacturers (SIAM)

1.3 High Speed Diesel (HSD): HSD consumption in the country recorded a robust growth of 20.1% during the month of September, 2015 mainly due to low base of diesel sales and deficit in rainfall. Deficient monsoon led to use of diesel by DG sets for irrigation in agriculture. Prospective reduction in price from 1st September, 2015 pushed August sales to September, 2015 and therefore diesel has registered high growth at the back of negative growth last year.

Figure-4: Month-wise HSD consumption (TMT) and growth (%) since April, 2014



Factors affecting diesel consumption are discussed below:

- a) **Commercial vehicles (CV) sales:** CV sales registered a growth of 12.06% during the month of September, 2015.
- b) The medium and heavy commercial vehicles sales continued to record an impressive 35.3% growth during September, 2015 which is mainly attributed to the positive sentiments in the economy and rising demand for logistics and transportation services.

Segment	Sep 2014	Sep 2015	Growth (%)
M&HCVs	19,035	31,172	35.3%
LCVs	37,043	31,673	-14.5%
Total: Commercial Vehicles	56,078	62,845	12.06%

Source: Society of Indian Automobile Manufacturers (SIAM)

- c) **Port traffic:** There has been a de-growth of -2.9% in port traffic and cargos handled at major ports during September 2015 due to decrease in port traffic

at Paradip, Visakhapatnam, Chennai, Chidambaranar, Cochin, JNPT and Mumbai. However, a growth of 4.12 % in the port traffic has been observed for the cumulative period April to September, 2015. The growth in traffic during April-September, 2015 has been contributed mostly by POL (2.4%), finished fertilizer (42.3%), thermal coal (18.3%) and other items of cargo (8.2%) while there has been a drop in iron ore (-48.0%) and raw fertilizer (-13.0%) cargoes during the month. Container traffic that represents trade in manufactures and components recorded a growth of 1.3% during the period April to September, 2015.

Table-2: Traffic handled at major ports during September, 2015

TRAFFIC HANDLED AT MAJOR PORTS (TMT)			
PORTS	Sep 2014	Sep 2015	Growth (%):
KOLKATA + HALDIA	3,805	3,996	5.0%
PARADIP	5,764	5,448	-5.5%
VISAKHAPATNAM	4,873	4,381	-10.1%
ENNORE	2,510	2,618	4.3%
CHENNAI	4,718	4,028	-14.6%
V.O. CHIDAMBARANAR	2,828	2,474	-12.5%
COCHIN	1,905	1,895	-0.5%
NEW MANGALORE	3,129	2,466	21.2%
MORMUGAO	1,097	1,451	32.3%
MUMBAI	5,290	5,172	-2.2%
JNPT	5,270	5,143	-2.4%
KANDLA	7,056	7,781	10.3%
TOTAL:	48,245	46,853	-2.9%

Source: Indian Ports Association (IPA)

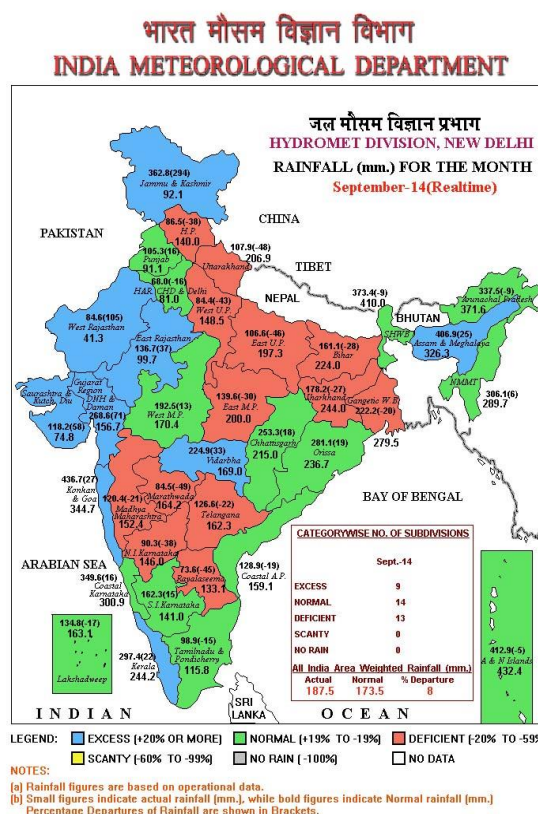
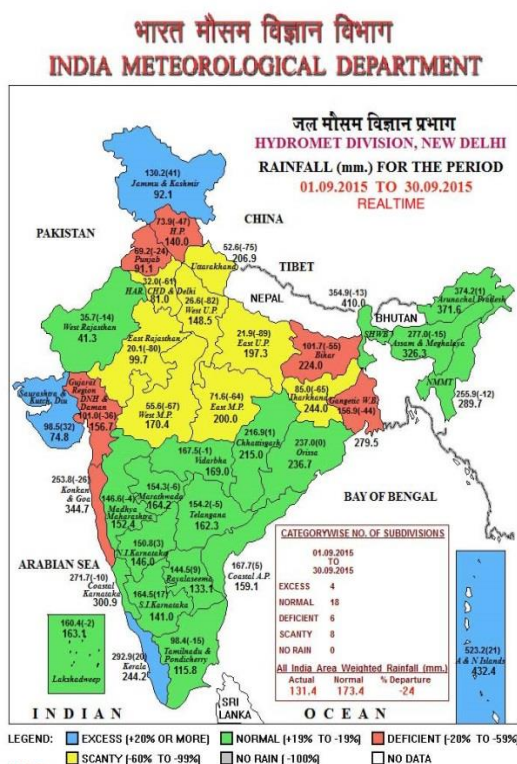
- d) **Power situation improves:** The power deficit position for the month of September, 2015 is given in Table-3. The power deficit position during the month has improved from -3.4% in September, 2014 to -3.2% in September, 2015. The shortage during the month improved for all the regions except Southern region. The improved power position may have led to reduced usage of diesel for back-up power generation.

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

States	September 2015 ^(P)				September 2014
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	33,090	31,111	-1,979	-6.0%	-6.5%
West	26,703	26,627	-76	-0.3%	-0.7%
South	23,525	22,701	-824	-3.5%	-2.8%
East	10,623	10,554	-69	-0.6%	-1.3%
North-East	1,279	1,224	-55	-4.3%	-6.7%
Total	95,220	92,217	-3,003	-3.2%	-3.4%

Source: Central Electricity Authority (CEA)

Seasonal rainfall scenario (1st June to 30th September, 2015): For the country as a whole, cumulative rainfall during the monsoon season has so far been 14% below the Long Period Average (LPA). Country as a whole during the monsoon season of June to September, 2015 recorded 760.6 mm of rainfall as against a normal rainfall of 887.5 mm. Maximum drop of 17% was observed in North West India, followed by 16% in Central India. Rainfall activity was less than normal in all the four regions. September, 2015 recorded a drop of 24% in the rainfall.

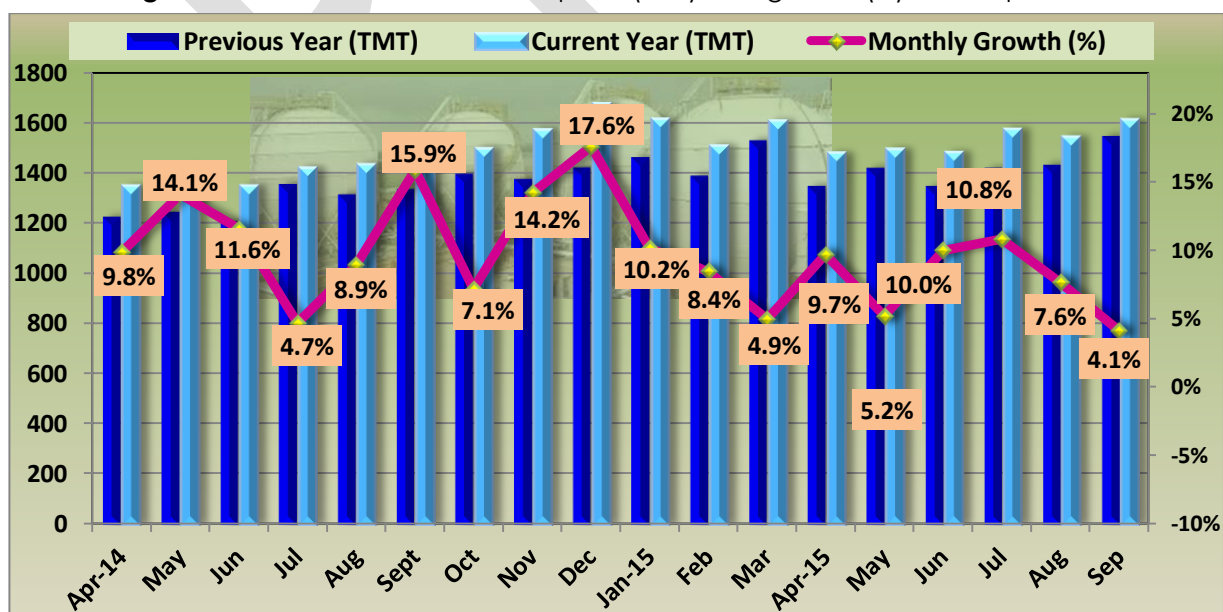


1.4 Bitumen: Bitumen consumption has registered a growth of 51.6% during the month of September, 2015 and a cumulative growth of 8.2% for the period April to September 2015 as compared to the same period last year. Due to deficient rainfall in the country, road repairs and minor works were undertaken on highways. Construction work is in progress on NH-13, NH-211 and NH-9 especially in the sectors in Maharashtra and Gujarat. Fair weather, construction and repair activities boosted Bitumen consumption during the month.

1.5 LPG: Total LPG consumption continuously, for last two years in a row recorded a positive growth. A growth of 4.1% was registered during the month of September, 2015 and a cumulative growth of 7.8% was recorded for the period April -September 2015. Rate of growth during this month is lowest in the last two years.

- LPG-Packed Domestic** consumption registered a positive growth for the 25th month in a row with a growth of 2.5% during September 2015 and 6.4% growth for the period April to September 2015. During the period April to September 2015, release of 92.8 lakh new connections and 52.1 lakh DBCs also contributed to the growth of LPG packed domestic consumption.
- LPG-Packed non-domestic consumption** for the ninth month in a row registered a growth of 40.3% in September 2015 and cumulative growth of 38.6% during April to September 2015. However, in the same month last year, de-growth of -3.7% in September 2014 and negative growth of -11.5 % during April to September 2014 was observed. High growth in LPG Packed Non-Domestic may be attributed to easy availability, low price of non-domestic LPG and curb in diversion of subsidized domestic cylinders, pursuant to implementation of DBTL.
- Bulk LPG** recorded a negative growth of -10.6% during September, 2015 and -2.1% during April to September 2015. Last year, in the month of September 2014 a growth of 28.0% and in April to September 2014 a growth of 37.8% was observed. Negative growth during the current month is due to high base of previous year and one-time upliftment by ONGC for their petrochemical unit last year.
- Auto LPG** for the ninth month in a row registered a positive growth of 7.1% in September, 2015 and 7.5% during April to September 2015. Last year in the month of September, 2014 auto LPG registered negative growth of -20.0% and April-September 2014 observed negative growth of -23.7%. Growth of Auto LPG is mainly due to curb in diversion of subsidized domestic cylinders.

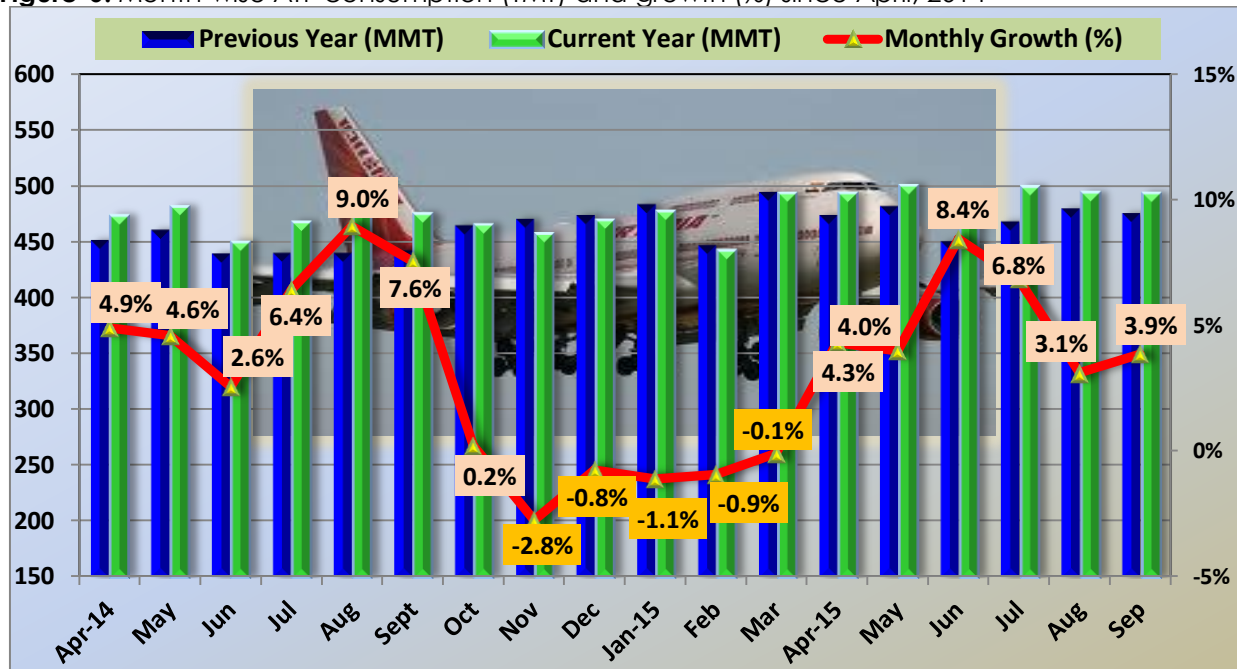
Figure-5: Month-wise LPG consumption (TMT) and growth (%) since April, 2014



1.6 Naptha: Naptha consumption recorded a growth of 38.4% during the month of September, 2015 and a growth of 19.2% on cumulative basis for the period April to September, 2015. Petrochemicals sector registered growth due to increased demand by RIL, IOCL, ONGC and APCL petrochemical plants.

1.7 ATF: During September, 2015 the consumption growth in ATF was 3.9% and on cumulative basis, a growth of 5.1% during the period April to September, 2015 has been recorded. There has been an impressive growth of 15.5% in domestic passengers travelling by air during the month of September, 2015.

Figure-6: Month-wise ATF consumption (TMT) and growth (%) since April, 2014



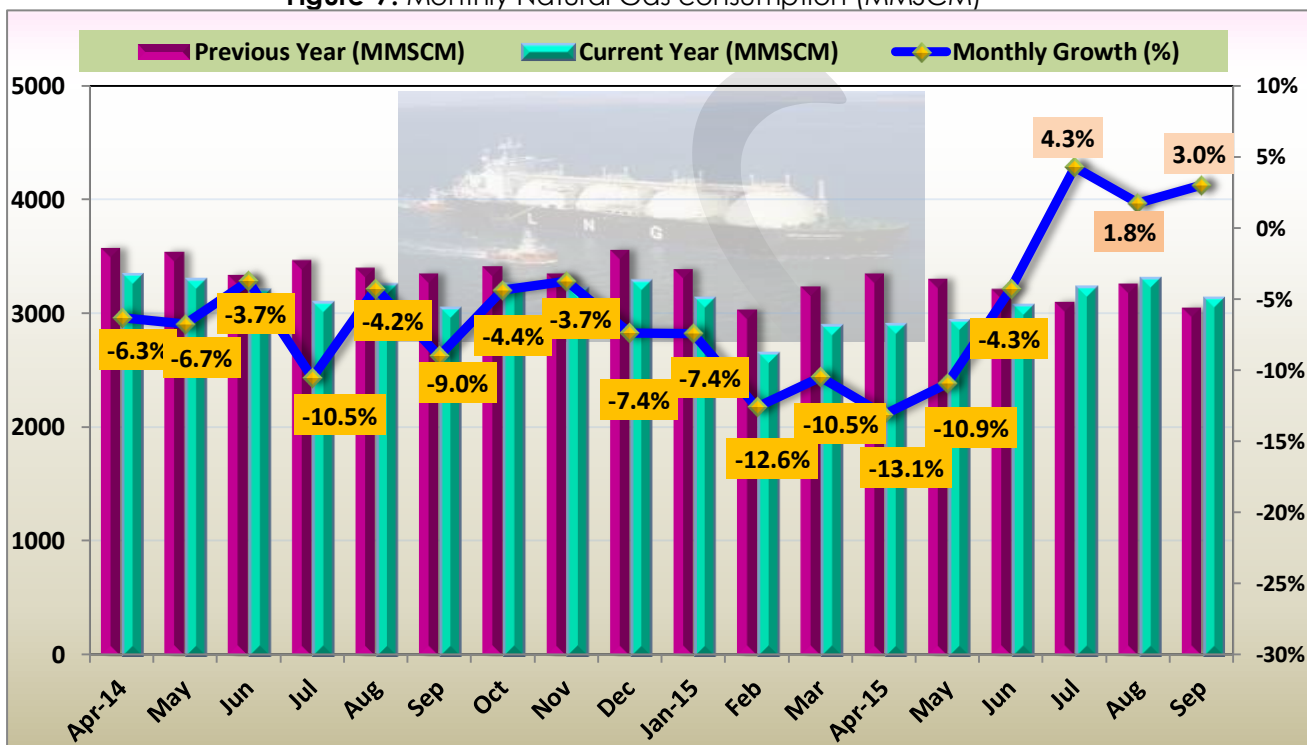
1.8 FO/LSHS: FO and LSHS consumption registered a growth of 7.5% during September, 2015. On cumulative basis, there has been growth of 6.6% for the period April to September, 2015. The growth in consumption of Furnace Oil has been 10.7% whereas LSHS recorded de-growth of -40.8%. The consumption of LSHS has reduced due to shift to natural gas by major customers like power and fertilizer industries, viz, GNFC, NFL etc., while general trade sectors like petrochemicals, steel and power have registered a growth in the consumption of FO as compared to the previous year.

1.9 PETCOKE: Petcoke consumption registered a minor de growth of -0.4% during September, 2015 and a cumulative growth of 20.3% was registered during the period April to September, 2015.

1.10 LDO: LDO consumption recorded a growth of 11.0% in September, 2015 and a growth of 8.2% on cumulative basis for the period April to September, 2015. LDO consumption recorded a growth during the month due to deficient monsoon, leading to higher use of pumping sets and resumption of mining activities.

1.11 NATURAL GAS: On month on month basis, natural gas consumption saw a marginal increase of 3.0% during September, 2015 as compared to September, 2014¹. In terms of volumes, total consumption during September, 2015 was 3,139 MMSCM as compared to 3,047 MMSCM in September, 2014. Cumulatively for the period April to September 2015, gas consumption declined by 3.48% from 19,263 MMSCM last year to 18,593 MMSCM during 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 below²:

1. **Power Sector:** There was an increase in consumption in the power sector by around 22% from 661 MMSCM in September, 2014 to 808 MMSCM in September, 2015. The increase is primarily because of the policy introduced by Govt. of India to revive stranded and partially stranded gas based power plants in the country. During this month, Government has successfully concluded second round of reverse e-auction process for revival of 18 idle gas based power generation capacities resulting in addition of 12.46 billion units of electricity to the consumers with an expected subsidy outlay of Rs 1868 crore till March, 2016. On cumulative basis, overall sales in power sector during April to September, 2015 marginally declined by 0.35% to 4436 MMSCM from 4451 MMSCM during the same period last year.

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.

2. **Fertilizer Sector:** Consumption in fertilizer sector grew by around 10.6% in September, 2015 as compared to September, 2014. Monthly consumption during September, 2015 stood at 1,148 MMSCM as compared to 1,270 MMSCM in September, 2014. This is primarily due to the 'fertilizer pooling' mechanism to pool domestically available natural gas and costlier imported Liquefied Natural Gas (LNG) to improve supply at affordable prices to urea manufacturers. The mechanism has led to revival of many stranded fertilizer units in Andhra Pradesh and Western region. The Southern region saw a staggering 106% growth in gas consumption and the Western region's consumption increased by 25%. On cumulative basis, overall consumption during April to September, 2015 increased by 4.52% to 7440 MMSCM from 7118 MMSCM during April to September, 2014.
3. **City Gas Sector:** There was an overall decrease of 12% in CGD consumption from 369 MMSCM in September, 2014 to 325 MMSCM in September, 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 lower off-take by the CGD sector consumers. On cumulative basis, overall consumption during April to September, 2015 declined by 8.62% to 1,646 MMSCM as against 1,801 MMSCM during the same period last year.
4. **Internal Consumption:** Internal consumption (IC) showed a marginal growth of 1.21%, from 353 MMSCM in August, 2014 to 358 MMSCM in September, 2015 primarily due to improved consumption by RIL in Southern Region and higher consumption by IOCL, RIL and GAIL in Western Region. On cumulative basis, overall consumption during April to September, 2015 has declined by 9.35% to 2014 MMSCM against 2222 MMSCM during the same period last year.
5. **Others Sector:** There was overall decrease of about 30% from 389 MMSCM in September, 2014 to 273 MMSCM in September, 2015 in consumption in 'Others' sector which include steel, sponge-iron, refineries (excluding seller's own refineries), manufacturing and miscellaneous other industries. The decrease in consumption is primarily due to low priority of this sector. All the four regions have shown negative growth in the sector. On cumulative basis, overall consumption during April to September, 2015 has declined by around 20% to 2079 MMSCM against 2601 MMSCM during April to September, 2014.

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

('000 MT)

Product	September			April-September		
	2014-15	2015-16	Growth (%)	2014-15	2015-16	Growth (%)
(A) Sensitive Products						
SKO	591.4	563.2	-4.8	3545.3	3423.7	-3.4
LPG	1550.3	1614.0	4.1	8529.4	9195.8	7.8
Sub Total	2141.7	2177.2	1.7	12074.7	12619.4	4.5
(B) Major Decontrolled Product						
Naphtha	831.6	1150.8	38.4	5595.5	6667.2	19.2
MS	1498.6	1878.9	25.4	9374.0	10705.3	14.2
HSD	4899.3	5886.0	20.1	34309.1	36257.8	5.7
Lubes+Greases	227.5	263.4	15.8	1772.6	1573.6	-11.2
LDO	33.2	36.9	11.0	178.8	193.5	8.2
FO/LSHS	549.4	590.4	7.5	3004.6	3201.9	6.6
Bitumen	218.6	331.4	51.6	2268.6	2453.8	8.2
ATF	475.3	493.6	3.9	2827.6	2970.5	5.1
Sub Total	8733.4	10631.4	21.7	59330.8	64023.6	7.9
Sub - Total (A) + (B)	10875.1	12808.6	17.8	71405.5	76643.0	7.3
(C) Other Minor Decontrolled Products						
Petcoke	1376.3	1370.9	-0.4	6882.5	8277.4	20.3
Others	519.0	519.8	0.1	2884.9	3162.3	9.6
Sub Total	1895.3	1890.7	-0.2	9767.4	11439.7	17.1
Total (A) + (B) + (C)	12770.4	14699.3	15.1	81172.9	88082.7	8.5