

INDUSTRY SALES REVIEW

November 2015



पेट्रोलियम योजना एवं विश्लेषण प्रकोष्ठ

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय

Petroleum Planning & Analysis Cell

Ministry of Petroleum & Natural Gas

विषय: पीपीएसी की उद्योग बिक्री समीक्षा रिपोर्ट: - नवम्बर 2015

नवम्बर 2015 माह की पीपीएसी की उद्योग बिक्री समीक्षा रिपोर्ट भेजते हुए हमें खुशी हो रही है

2. इसे महा निदेशक, पीपीएसी के अनुमोदन से जारी किया गया है ।

धन्यवाद

रोहित डावर

रोहित डावर

अपर निदेशक

(मांग एवं आर्थिक अध्ययन)

वितरण:

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय

निजी सचिव (राज्य मंत्री- पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय)
सचिव (पीएनजी)
अपर सचिव
अपर सचिव एवं वित्त सलाहकार
संयुक्त सचिव (रिफाइनरी)
संयुक्त सचिव (मार्क.)
संयुक्त सचिव (आईसी)
संयुक्त सचिव (जनरल)
वरिष्ठ सलाहकार
निदेशक (एसएंडपी) / निदेशक (आरएंडए)
निदेशक (वितरण/सीसी)
ओएसडी (पेट्रोलियम), नीति आयोग

उद्योग

अध्यक्ष, आईओसी, / ओएनजीसी, नई दिल्ली
अध्यक्ष एवं प्रबंधक निदेशक- बीपीसी/एचपीसी/गेल
निदेशक (मार्क.), आईओसी/ बीपीसी/ एचपीसी/ गेल
महानिदेशक, पेट्रोफेड
प्रबंधक निदेशक, एनआरएल, गुवाहाटी
ओएमसी योजना एवं रिटेल ग्रुप - एचओ
प्रेजिडेंट, आरआईएल / सीईओ (मार्क.) इस्सार

प्रतिलिपि:

महा निदेशक, पीपीएसी

निदेशक (वित्त) एवं सभी विभागाध्यक्ष, पीपीएसी

Subject: Industry Performance Review Report of PPAC: November, 2015

We are pleased to forward herewith monthly Industry Performance Review Report of PPAC for the month of November 2015.

2. This issues with the approval of Director General, PPAC.

Thanking you,



Rohit Dawar
Additional Director
(Demand & Economic Studies)

Distribution:**MoP&NG**

PS to MOS(MOP & NG)
Secretary (PNG)
Additional Secretary
Additional Secretary & Financial Advisor
Jt. Secretary (Refinery)
Jt. Secretary (Marketing)
Jt. Secretary (International Cooperation)
Jt. Secretary (General)
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Director (S&P) / Director (R&A)
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OSD (Petroleum), Niti Aayog

Industry

Chairman, IOC / ONGC New Delhi
C&MD – BPC / HPC / GAIL
Director (Mkt.), IOC/ BPC / HPC /GAIL
DG, PetroFed
MD, NRL, Guwahati
OMCs Planning & Retail Groups – HO
President, RIL / CEO (Mktg.) Essar

PPAC:

Director General, PPAC
Director (Finance) & HODs, PPAC

This report analyses the trend of consumption of petroleum products in the country during the month of November, 2015. Data on product-wise monthly consumption of petroleum products for November, 2015 is uploaded on PPAC website (www.ppac.org.in).

1.0 CONSUMPTION :

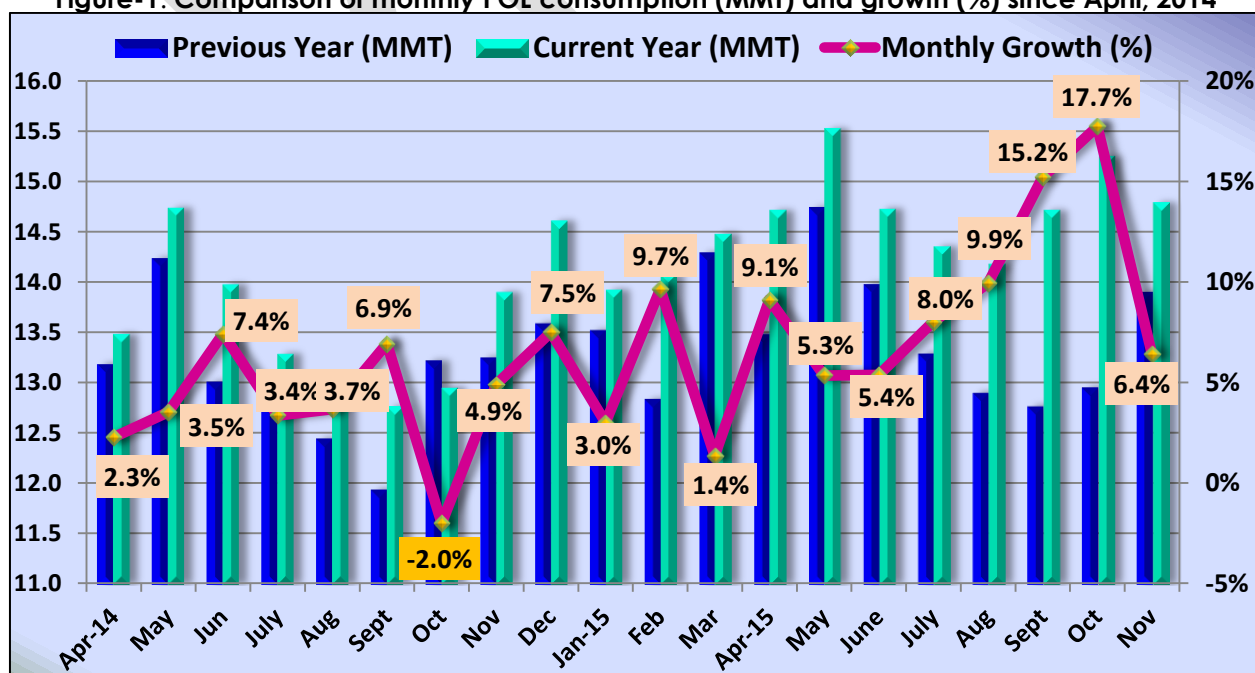
The growth (%) in consumption of petroleum products, category-wise, for the month of November, 2015 is given in Table-1.

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

PRODUCT	% Share	Nov 2014	Nov 2015	Growth (%)	Products Included
Sensitive Products	14.7%	2,175	2,185	0.5%	SKO & LPG
Major decontrolled Products	72.0%	9,901	10,648	7.5%	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Minor decontrolled Products	13.3%	1,827	1,960	7.3%	Pet. Coke & other products
Grand Total	100%	13,902	14,793	6.4%	

1.1 All Products: The consumption of all petroleum products registered a growth of 6.4% in November, 2015 as compared to that in November, 2014. Due to heavy rains and widespread flooding in Tamil Nadu and on account of Diwali festival, there was subdued consumption of petroleum products during the month. Except for SKO, Bitumen and other products, all other products recorded a positive growth. On cumulative basis, a growth of 9.5% was registered for the period April to November, 2015. SKO and Lubes/Greases are the only products which have recorded a negative growth of -3.7% and -7.4% respectively during the period April to November, 2015.

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



As per IMF World Economic Outlook (updated in October 2015), India's growth outlook is brightest in Asia with a 7.3% expansion of the economy forecast for 2015. The country is reaping the benefits of lower oil prices, as India is a net importer. Lower oil prices raise real disposable income and also help in containing inflation. Domestic demand in general has been rising on the back of strengthening fixed investment and industrial production. The policy reforms and consequent improvement in investments is expected to further strengthen its growth.

In the month of October, 2015, India's annual industrial output had hit a 5 year high of 9.8%. However in the month of November, 2015, India's manufacturing sector grew at its weakest pace in over two years as demand and output continued to soften in November, 2015. The seasonally adjusted Nikkei Services Business Activity Index pointed to broadly unchanged levels of services activity. It dropped to a five month low of 50.1 in November, 2015 as compared to 52.6 in October, 2015.

The Indian economy is much more dependent on consumer spending than on demand for exports. World Bank estimates that 47% of Indian jobs are in the agriculture sector and India after having seen two years of back to back drought, further bad weather could mean job and income losses and could weaken consumer spending growth.

We analyze the sales recorded by the Industry on the basis of the data available. 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 September, 2015 and private imports data for the month of October and November, 2015 is projected based on April to September, 2015 figures.

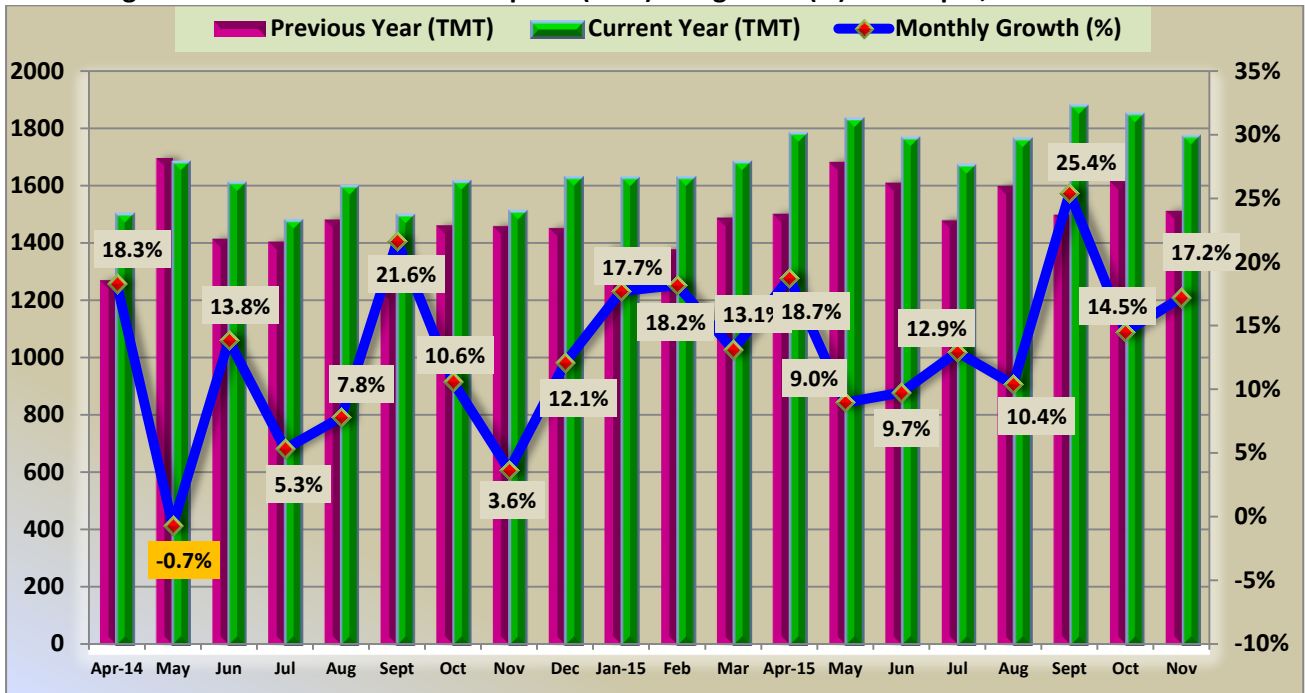
Detailed product-wise analysis of growth for November, 2015 is given in the following sections:

1.2 Petrol / Motor Spirit (MS): There has been a continuous high growth of 17.2% in the consumption of MS during November, 2015 as compared to November, 2014 and a cumulative growth of 14.6 % for the period April to November, 2015. Lower growth in Southern region due to floods in Tamil Nadu was offset by high growths in all the other regions. **Figure 2** gives month-wise MS consumption volume (TMT) and month-on-month growth (%) since April, 2014. MS consumption recorded growths of 8.8% in 2013-14 and 11.2% in 2014-15, clearly indicating that growth in petrol consumption is driven by healthy growth in automobile Industry. Despite a very high increase in the ownership of passenger vehicles in India in last few years, the ownership levels per capita of passenger vehicles are still very low compared to other emerging economies and developed countries, indicating a trend of continuous healthy growth in MS.

- Further, the declining prices of MS have resulted in general to greater usage of cars and two wheelers and consumer preference for petrol driven vehicles. Onset of festive season, moderate base, increased city

limits and not much of improvement in public transport system also contributed to improved MS growth.

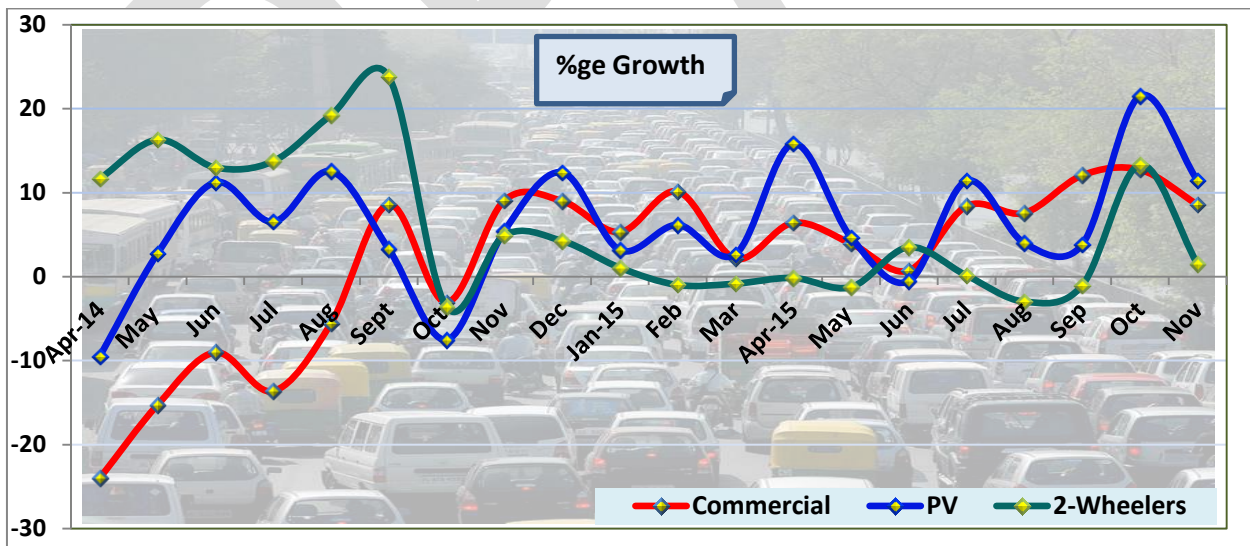
Figure-2: Month wise MS consumption (TMT) and growth (%) since April, 2014



Other factors impacting consumption of MS are:

Festival season was significant for both two wheelers and cars sales, but the festivities and buoyancy in sales did not last till November, 2015 due to weak rural demand for motorcycles.

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



a) **Total passenger vehicles (PV) sales:** As the automakers announced their sales numbers for the month of November, 2015, it is amply clear that while most of them clocked double digit growth year on year, the sharp momentum seen in October, 2015 did not continue in November, 2015. The overall passenger vehicles sales registered a growth of 11.4% during November, 2015, of which passenger cars recorded a growth of 10.4%, while

Utility vehicles and vans recorded a growth of 19.7% and 0.7% respectively.

Segment	Nov 2014	Nov 2015	Growth (%)
Passenger Cars	156,811	173,111	10.4%
Utility Vehicles	40,851	48,880	19.65%
Vans	14,775	14,673	0.69%
Total: Passenger Vehicles (PVs)	212,437	236,664	11.40%

Source: SIAM

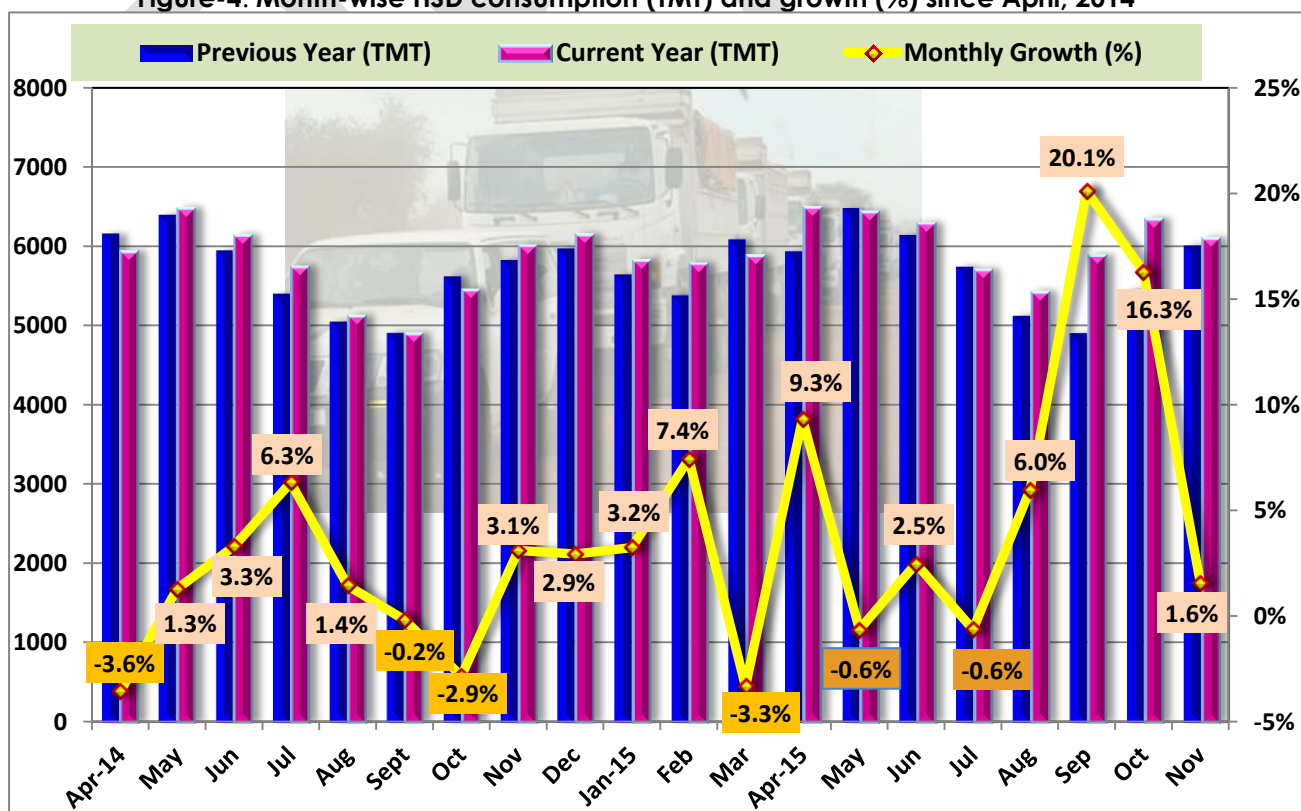
- b) **2-wheeler sales:** With domestic sales of 1.32 million units during November, 2015, the sales growth of 1.46% indicates that 2-wheeler segment in the domestic market lost steam during the month. The motorcycle segment registered a growth of 1.5% in the month, while the scooter/ scooterette segment recorded a growth of 2.45%. Moped sales recorded de-growth of -6.1% during November, 2015.

Segment	Nov 2014	Nov 2015	Growth (%)
Scooter / Scooterette	386,547	396,024	2.45%
Motor Cycles	853,257	866,705	1.5%
Mopeds	61,630	57,832	-6.1%
Total: 2-wheelers	1,301,434	1,320,561	1.46%

Source: SIAM

1.3 High Speed Diesel (HSD): After registering double-digit growth during the previous two months, HSD consumption in the country recorded a modest growth of 1.6% during the month of November, 2015 as compared to November, 2014 and a cumulative growth of 6.3 % for the period April to November, 2015. HSD consumption was largely affected due to lesser truck movement during Diwali festival and heavy rains in Tamil Nadu.

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



Factors affecting diesel consumption are discussed below:

- a) **Commercial vehicles (CV) sales:** The mood in CV Industry continues to remain buoyant and CV sales registered a growth of 8.6% during the month of November, 2015.
- b) The medium and heavy commercial vehicles sales continued to record an impressive 24.8 % growth during November, 2015 which is mainly attributed to the positive sentiments in the economy and rising demand for logistics and transportation services. Further, ICRA predicts growth in industry during 2016-17 due to improving viability of fleet operators, replacement led demand and pre-buying ahead of implementation of BS-IV emission norms and Anti-Lock Braking System.

Segment	Nov 2014	Nov 2015	Growth (%)
M&HCVs	16,148	20,145	24.75%
LCVs	31,538	31,621	0.26%
Total: Commercial Vehicles	47,686	51,766	8.56%

Source: SIAM

- c) **Port traffic:** There has been a growth of 0.9% in the port traffic for the month of November, 2015. On cumulative basis a growth of 3.3% was recorded in the period April to November, 2015. The growth in port traffic and cargos handled at major ports during November is mainly due to increase in port traffic at Paradip, VO Chidambaranar, Mormugao and Kandla . **Table-2** below gives the port-wise performance during the month of November, 2015. The growth in traffic during April-November, 2015 has been contributed mostly by finished fertilizer (22.4%), thermal coal (11.8%) and other items of cargo (7.7%) while there has been a drop in iron ore (-44.3%) and raw fertilizer (-12.7%) cargoes during the month. Heavy rains and flooding in Tamil Nadu affected cargo handling at Chennai and Ennore ports.

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

TRAFFIC HANDLED AT MAJOR PORTS (TMT)			
PORTS	November 2014	November 2015	Growth (%):
KOLKATA + HALDIA	3899	3869	-0.8%
PARADIP	5904	6428	8.9%
VISAKHAPATNAM	4677	4611	-1.4%
ENNORE	2726	2359	-13.5%
CHENNAI	4292	3866	-9.9%
V.O. CHIDAMBARANAR	2537	2966	16.9%
COCHIN	1744	1548	-11.2%
NEW MANGALORE	2895	2700	-6.7%
MORMUGAO	1384	1895	36.9%
MUMBAI	5368	5081	-5.3%
JNPT	5218	5218	0%
KANDLA	7889	8432	6.9%
TOTAL:	48533	49873	0.9%

Source: IPA

d) **Power situation improves:** The power deficit position for the month of November, 2015 is given in Table-3. The power deficit position improved from -4.1% in November, 2014 to -1.4% during November, 2015. The shortage during the month improved for all regions. The improved power position may have led to reduced usage of diesel for back-up power generation.

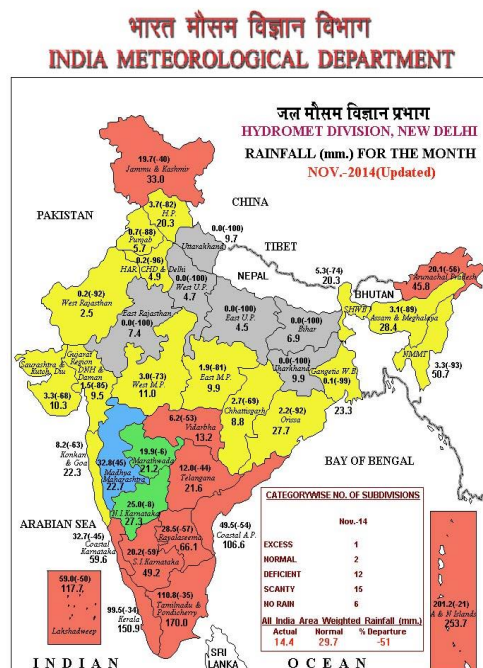
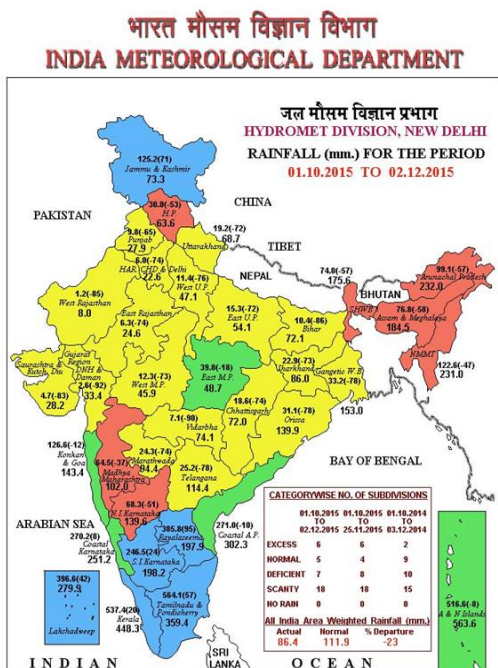
Table-3: Power deficit: Region-wise position for October, 2015 (% deficit)

States	November 2015 (P)				November 2014
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	24,327	23,322	-1,005	-4.1%	-6.5%
West	29,437	29,419	-18	-0.1%	-1.1%
South	20,671	20,516	-155	-0.7%	-5.9%
East	10,224	10,203	-21	-0.2%	-1.5%
North-East	1,164	1,142	-22	-1.9%	-4.6%
Total	85,823	84,602	-1221	-1.4%	-4.1%

Source: Central Electricity Authority (CEA)

Seasonal rainfall scenario: “2015 to be India’s hottest year ever”, says IMD: This year is not only in line to be the hottest on record globally but also in India. The country has lived through its hottest September, October and November months this year, reveals India Meteorological Department’s data going back to 1901.

The countrywide mean temperature in November this year was 1.25°C above normal, the highest-ever for the month since record keeping began. Entire Southern region (SR) experienced excess spell of rain for the period 1-11-2015 to 30-11-2015, except for Karnataka and Telangana, which received scanty rainfall which affected HSD consumption in SR.



LEGEND: [Blue] EXCESS (+20% OR MORE) [Green] NORMAL (+1% TO -15%) [Red] DEFICIENT (-20% TO -50%) [Yellow] SCANTY (-60% TO -95%) [White] NO RAIN (-100%) [Grey] NO DATA

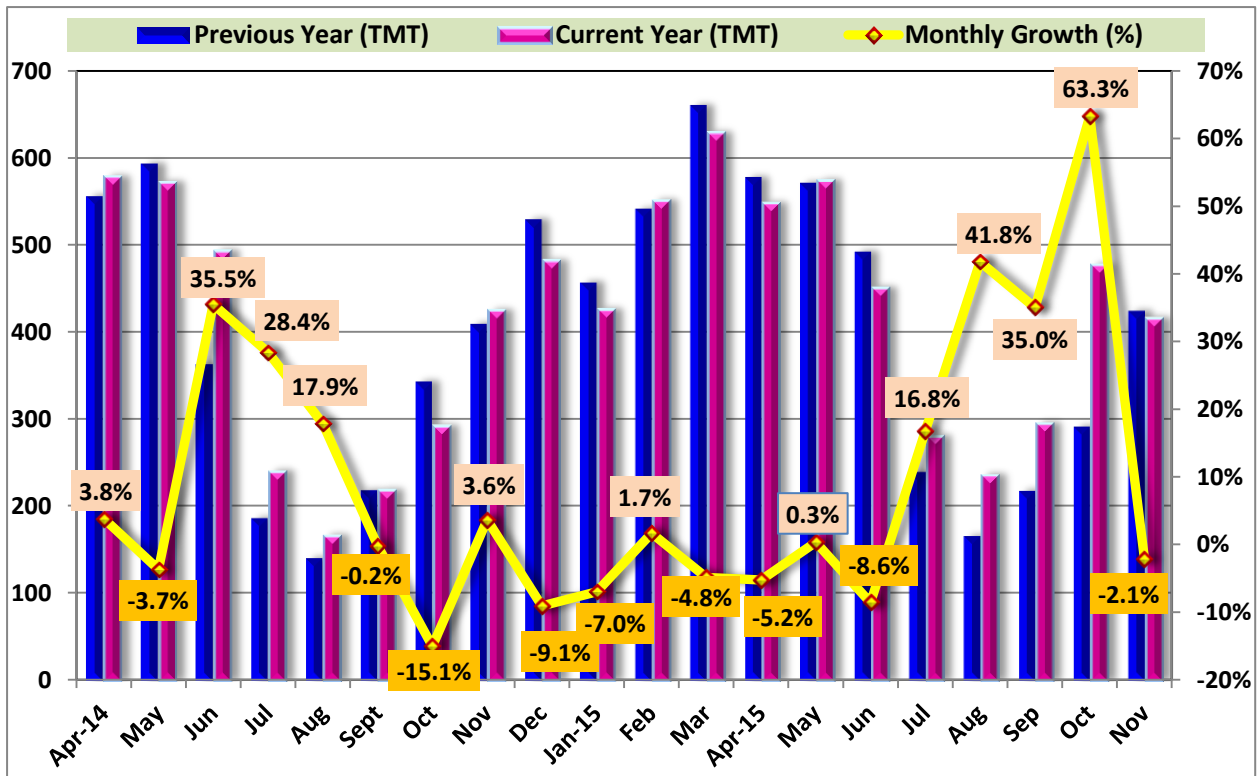
NOTES:
(a) Rainfall figures are based on operational data.
(b) Small figures indicate actual rainfall (mm.), while bold figures indicate Normal rainfall (mm.)
Percentage Departures of Rainfall are shown in Brackets.

LEGEND: [Blue] EXCESS (+20% OR MORE) [Green] NORMAL (+1% TO -15%) [Red] DEFICIENT (-20% TO -50%) [Yellow] SCANTY (-60% TO -95%) [White] NO RAIN (-100%) [Grey] NO DATA

NOTES:
(a) Rainfall figures are based on operational data.
(b) Small figures indicate actual rainfall (mm.), while bold figures indicate Normal rainfall (mm.)
Percentage Departures of Rainfall are shown in Brackets.

1.4 Bitumen: After four months of high positive growth, Bitumen consumption registered a minor de-growth of -2.1% during the month of November, 2015 mainly due to Diwali and Chhatt festivals when workers go to their native places. Cumulatively there is a growth of 9.8% for the period April to November 2015. Figure 5 gives the month wise Bitumen consumption and growth since April, 2014.

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

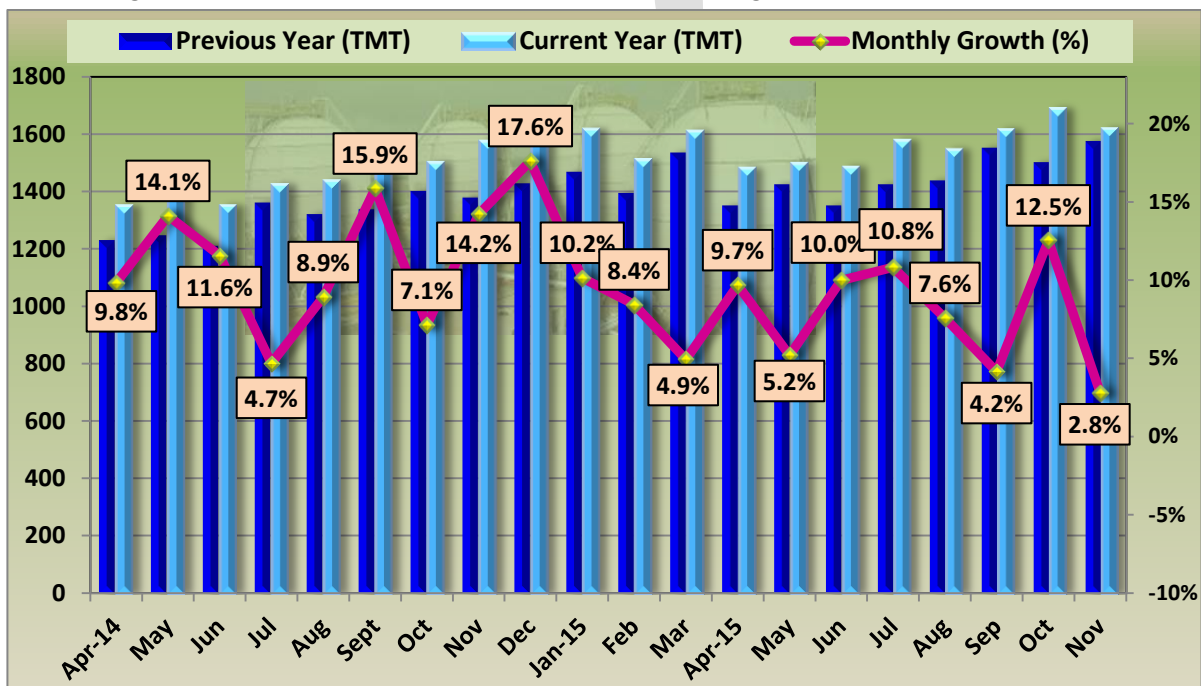


1.5 LPG: Total LPG consumption continuously, for the last 27 months in a row recorded a positive growth of 2.8% during November, 2015 and a cumulative growth of 7.7% was registered for the period April-November, 2015.

- LPG-Packed Domestic** consumption registered a minor de-growth of -0.3% for the first time during November, 2015 after registering continuous growth for 26 months in a row. It is mainly due to high base of the previous year when consumers started uplifting their quota of 12 cylinders before the launch of DBTL scheme and a growth of 17.6% was registered during November 2014. However, during the period April to November 2015, a growth of 6.0% was registered. During the period April to November 2015 release of 126.8 lakh new connections and 67.9 lakh DBCs has contributed to growth of LPG packed domestic consumption.
- LPG-Packed non-domestic consumption** for the eleventh month in a row registered a growth of 55.9% in November 2015 and cumulative growth of 44.4% during April to November 2015. However, in the same month last year, de-growth of -15% in November, 2014 and negative growth of -11.7 % during April to November 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 positive growth of 29.5% during November, 2015 and 2.6% during April to November 2015. Last year, in the month of November 2014 a de-growth of -21.3% and in April-November 2014 a growth of 28% was observed.
- **Auto LPG** for the eleventh month in a row registered a positive growth of 7.9% in November, 2015 and 7.4% during April to November 2015. Last year in the month of November, 2014, Auto LPG consumption registered negative growth of -25.8% and April to November 2014 observed negative growth of -23.9%. Declining trend of last year was mainly due to reduced gap in the price of MS and Auto LPG. This year growth of Auto LPG is mainly due to curb in diversion of subsidized domestic cylinders.

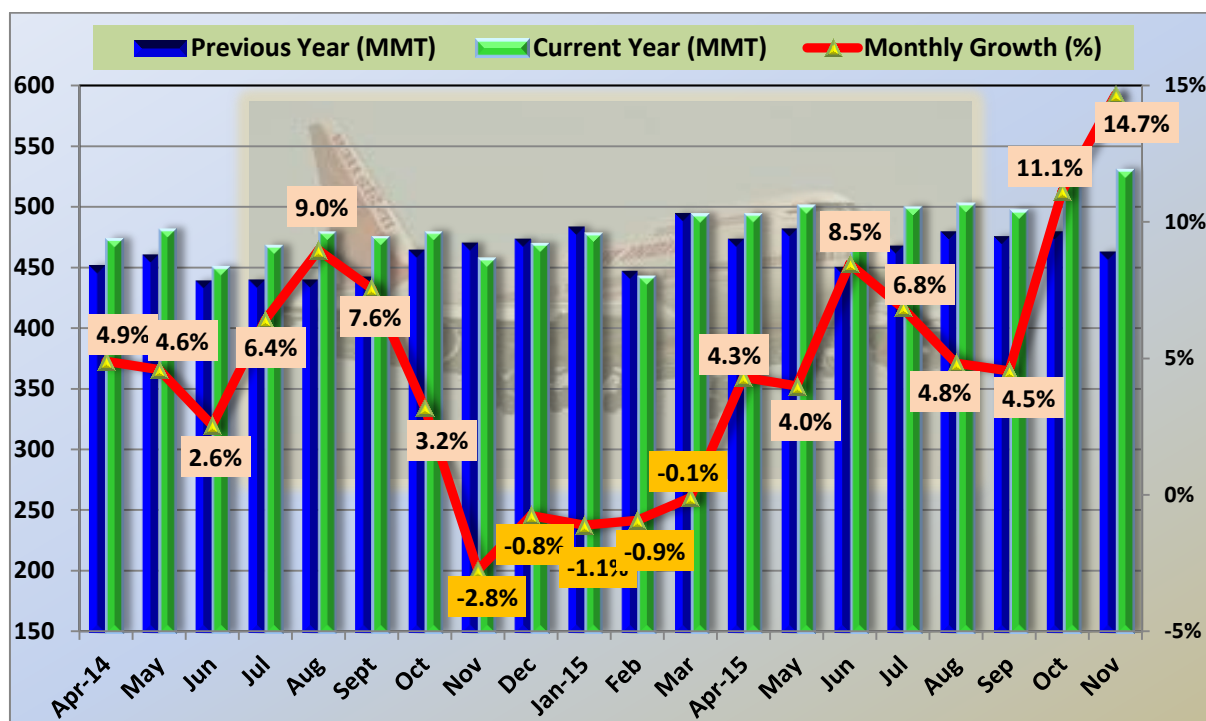
Figure-6: Month-wise LPG consumption (TMT) and growth (%) since April, 2014



1.6 Naphtha: consumption recorded a growth of 39.7% during the month of November, 2015 and a growth of 22.4% on cumulative basis for the period April to November, 2015. Growth is on account of higher use of Naphtha by Petrochemical and Fertilizer sectors.

1.7 ATF During November, 2015 the consumption growth in ATF was 14.7% and on cumulative basis, a growth of 7.3% during the period April to November, 2015 has been recorded. A growth of 26% in domestic air traffic has been reported by the Directorate General of Civil Aviation's traffic report for the month of November, 2015 by flying 7.3 million passengers as compared to 5.8 million passengers during the same period last year. Also major Indian Air Force exercise and refueling of Nepal bound airlines in India during the month contributed to high growth during the month.

Figure-7: Month-wise ATF consumption (TMT) and growth (%) since April, 2014



1.8 FO/LSHS: FO and LSHS consumption registered a minor growth of 0.4% during November, 2015. On cumulative basis, there has been growth of 6.9% for the period April to November, 2015. The growth is mainly from the Fertilizer, Power and General Trade sectors. While the consumption of LSHS has reduced due to shift to natural gas by major customers like power and fertilizer industries, it gained some volume in steel industry sector.

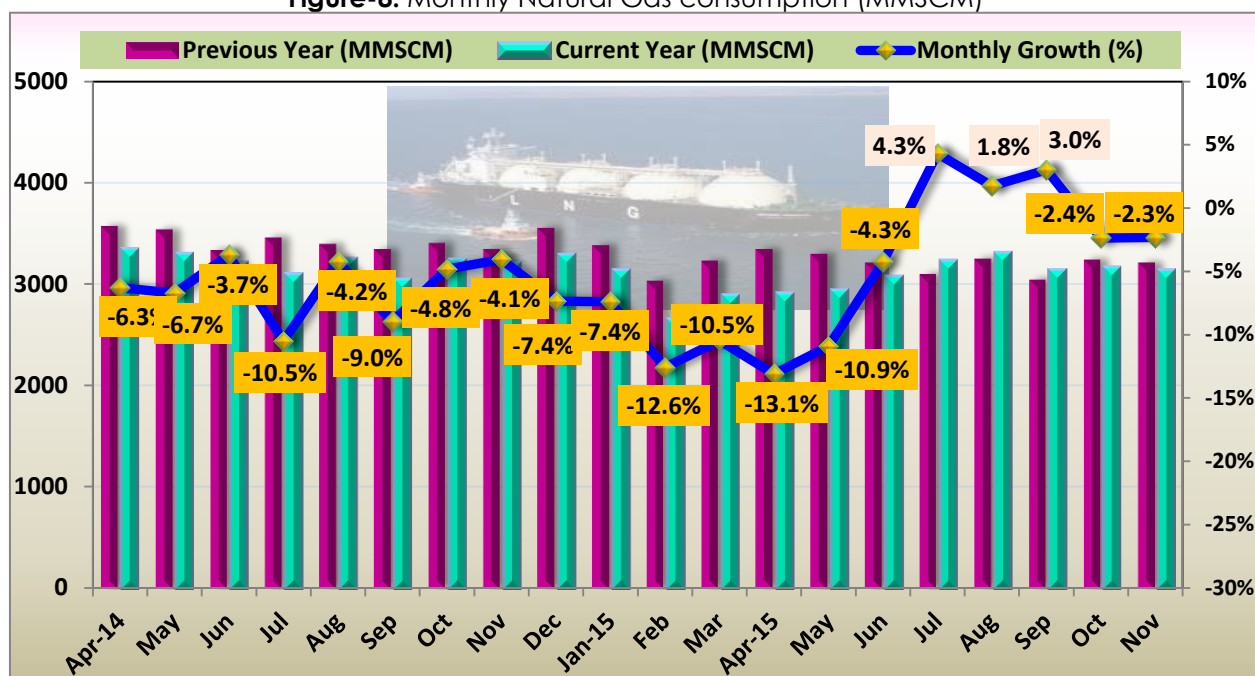
1.9 PETCOKE: Petcoke consumption registered a good growth of 18% during November, 2015 and a cumulative growth of 22.9% was registered during the period April to November, 2015.

1.10 LDO: LDO consumption recorded a growth of 11% in the month of November, 2015 and a growth of 13.7% on cumulative basis for the period April to November, 2015. LDO month wise demand also fluctuates depending on its requirement at Power plants for boiler restart as it trips. LDO is also extensively used in various types of furnaces and increase in manufacturing industries leads to increase in its consumption.

1.11 Natural Gas: On month on month basis, Natural Gas consumption¹ saw a decline of 2.33% for November, 2015 as compared to November, 2014. In terms of volumes, total consumption for November, 2015 was 3,138 MMSCM as compared to 3,213 MMSCM during November, 2014. Cumulatively i.e., for the period April to November, gas sales declined by 4.04% from 25,403 MMSCM in FY 2014-15 to 24,774 MMSCM in FY 2015-16. 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-8: 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 below²:

- Power Sector:** There was an increase in consumption in the power sector by 9.3% from 721 MMSCM in November, 2014 to 788 MMSCM in November, 2015. The increase is primarily because of the “gas pooling policy” introduced to revive idling gas based power plants in the country. States of Andhra Pradesh and Gujarat witnessed an increase in gas consumption in the month of November, 2015, but certain power plants in the Northern region could not benefit from the policy as their State Governments did not forego the VAT that they were supposed to accrue from the sale of power. Resultantly, the Northern Region suffered a decline in gas usage for power production. Tamil Nadu also showed a drop in consumption due to heavy floods in that region. On cumulative basis, overall consumption in power sector during April to November, 2015 rose by 6.7% to 6,155 MMSCM from 5,769 MMSCM during the same period last year.
- Fertilizer Sector:** Consumption in fertilizer sector dropped by - 2.2% from 1,218 MMSCM in November, 2014 to 1,191 MMSCM in November, 2015. This is primarily due to low offtake in Northern region especially in Uttar Pradesh and Punjab compared to last year. Southern region saw a 27% growth in gas consumption and Western region’s consumption increased by 14% due to the new fertilizer pooling mechanism to pool domestically available natural gas and costlier imported Liquefied Natural Gas (LNG) to improve supply at uniform price to urea manufacturers. On cumulative basis, overall sales during April to November, 2015 has increased marginally by 0.9% to 9,778 MMSCM from 9,693 MMSCM during April to November, 2014.

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

3. **City Gas Sector (CGD)**: CGD sector showed a growth of 8.5% in natural gas consumption from 333 MMSCM in November, 2014 to 361 MMSCM during November, 2015 due to increase in off-take by CGD companies in Western region, primarily in Gujarat. On cumulative basis, consumption declined by 6.9% to 2,650 MMSCM during April to November, 2015 as against 2,846 MMSCM during the same period last year.
4. **Internal Consumption (IC)**: IC registered an increase of 5.0% from 365 MMSCM in November, 2014 to 383 MMSCM during November, 2015 primarily due to increase in appetite for lower priced spot LNG resulting from the steep decline of crude oil prices. IOCL was the prime reason behind this increase as they started to source their gas for consumption in their refineries by themselves rather than going through an aggregator. On cumulative basis, consumption during April to November, 2015 has declined by 9.0% to 2,736 MMSCM against 3,008 MMSCM during April to November, 2014.
5. **Others Sector**: There was overall decline of about 38.2% from 455 MMSCM in November, 2014 to 281 MMSCM during November, 2015 in sales in 'Others' sector which include steel, sponge-iron, refineries (excluding seller's own refineries), manufacturing and miscellaneous other industries. The decline in sales was primarily due to IOCL's own sourcing of LNG for its Panipat and Mathura refineries in Northern region (shift from Others to Internal consumption sector) and lower off-take by IOCL customers in Western region. On cumulative basis, consumption during April to November, 2015 has declined by around 16.4% to 2,792 MMSCM against 3,341 MMSCM during the same period last year.

Industry Sales Trend Analysis (Provisional) : April-November 2015

('000 MT)

Product	November			April-November		
	2014-15	2015-16	Growth (%)	2014-15	2015-16	Growth (%)
(A) Sensitive Products						
SKO	601.0	567.5	-5.6	4740.9	4567.0	-3.7
LPG	1573.5	1617.5	2.8	11601.9	12500.2	7.7
Sub Total	2174.5	2185.0	0.5	16342.8	17067.2	4.4
(B) Major Decontrolled Product						
Naphtha	751.9	1050.3	39.7	7144.2	8746.5	22.4
MS	1513.1	1773.3	17.2	12503.3	14324.1	14.6
Lubes+Greases	225.2	256.5	13.9	2236.4	2070.9	-7.4
LDO	24.7	27.4	11.0	226.1	257.0	13.7
HSD	6006.6	6100.2	1.6	45770.8	48672.0	6.3
FO/LSHS	491.6	493.6	0.4	3923.3	4192.8	6.9
Bitumen	424.9	416.0	-2.1	2985.7	3277.4	9.8
ATF	462.6	530.4	14.7	3769.5	4045.0	7.3
Sub Total	9900.6	10647.7	7.5	78559.3	85585.7	8.9
Sub - Total (A) + (B)	12075.1	12832.7	6.3	94902.1	102652.9	8.2
(C) Minor Decontrolled Products						
Pet.Coke	1160.8	1370.1	18.0	9123.8	11215.7	22.9
Others	666.3	590.2	-11.4	4004.9	4410.9	10.1
Sub Total	1827.1	1960.3	7.3	13128.7	15626.6	19.0
Total	13902.2	14793.0	6.4	108030.8	118279.5	9.5