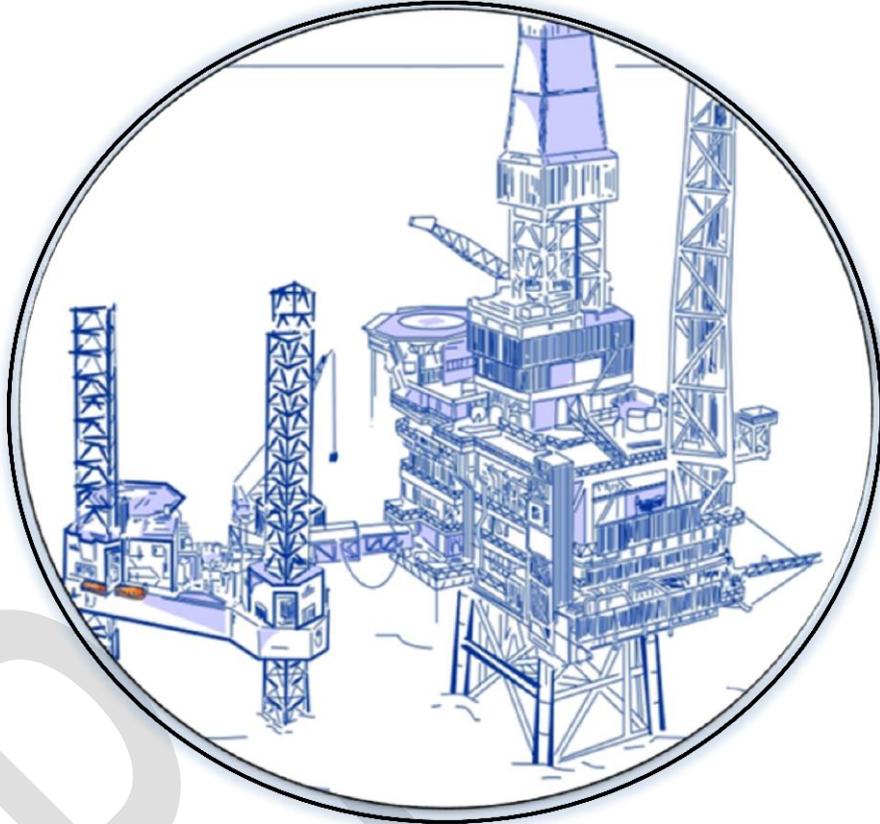


INDUSTRY SALES REVIEW

November 2016



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 November, 2016. Data on product-wise monthly consumption of petroleum products for November, 2016 is uploaded on PPAC website (www.ppac.gov.in).

1.0 CONSUMPTION :

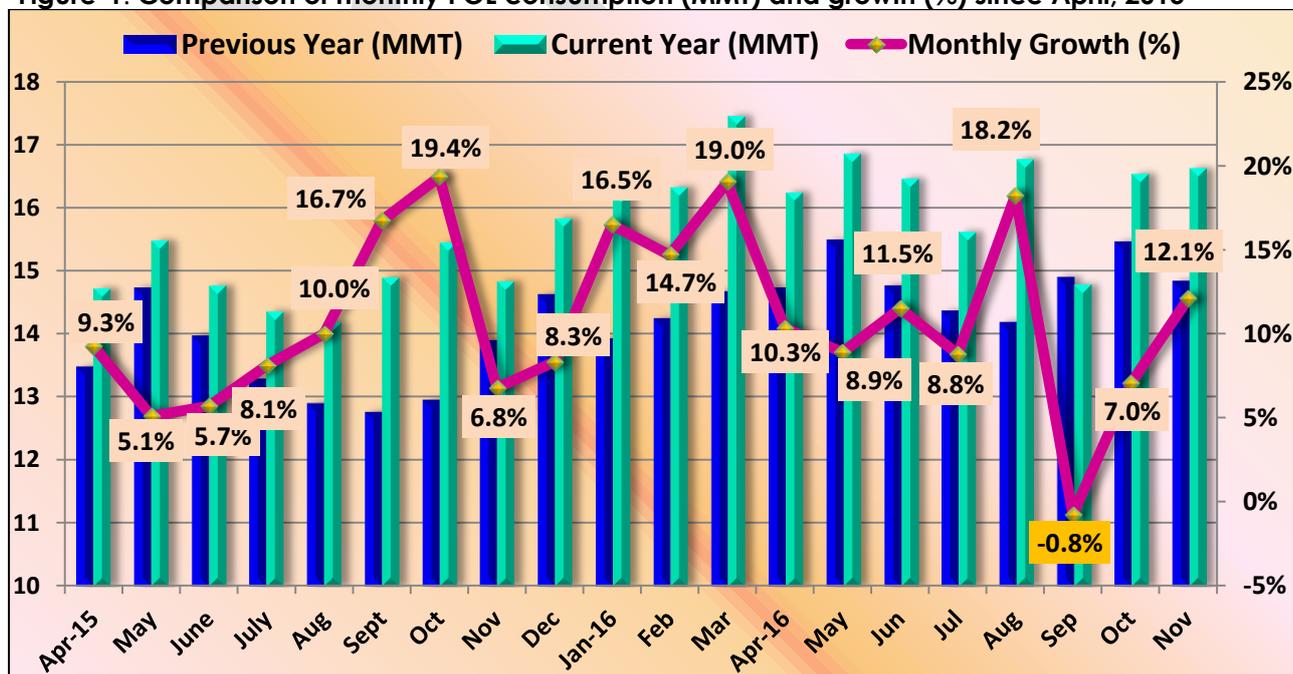
The growth (%) in consumption of petroleum products, category-wise, for the month of November, 2016 is given in Table-1.

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

PRODUCT	% Share	November 2015	November 2016	Growth (%)	Products Included
Sensitive Products	13.6%	2,183	2,268	3.9%	SKO & LPG
Major decontrolled Products	71.4%	10,704	11,881	11.0%	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Minor decontrolled Products	15.0%	1,957	2,489	27.2%	Pet. coke & other minor products
Grand Total	100%	14,845	16,639	12.1%	

1.1 All Products : India's fuel demand surged by 12.1% in November this year aided by a sharp rise in petrol and diesel consumption. In November, 2016 the demand for all oil products rose to 16.64 million metric tonnes (MMT) from 14.85 MMT a year ago. Except for SKO and Lubes & greases, which recorded a negative growth of -31.8% and -2.9% respectively during the current month, all other products recorded positive growth. On cumulative basis, a growth of 9.4% was registered for the period April-November, 2016. However, a negative growth of -15.8% was registered for SKO. Drop in SKO is mainly because of reduced allocation to states and voluntary cuts taken by some states as penetration of LPG and electricity improved in rural India.

Figure-1: Comparison of monthly POL consumption (MMT) and growth (%) since April, 2015



Services PMI in India decreased to 46.70 Index Points in November, 2016 from 54.50 Index Points in October, 2016. The Nikkei India Manufacturing Purchasing Managers' Index, or PMI, dropped to 52.3 in November, 2016 from October, 2016's 54.4. November, 2016's PMI shows India's manufacturing sector continued to expand but at a slower pace. According to IHS Markit, which compiles the survey, the withdrawal of high-value banknotes in India hampered manufacturing growth. However, after banning old 500 and 1,000 rupee notes on November 8, the government allowed their use for paying for auto and cooking fuels for almost a month leading to a growth in the diesel volumes primarily and LPG and petrol to some extent.

PPAC analyzes 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, 2016 and private imports data for the months of October and November, 2016 are projected based on October, 2015 to September, 2016 actual data provided by DGCIS.

Detailed product-wise analysis of growth for November, 2016 is given in the following sections:

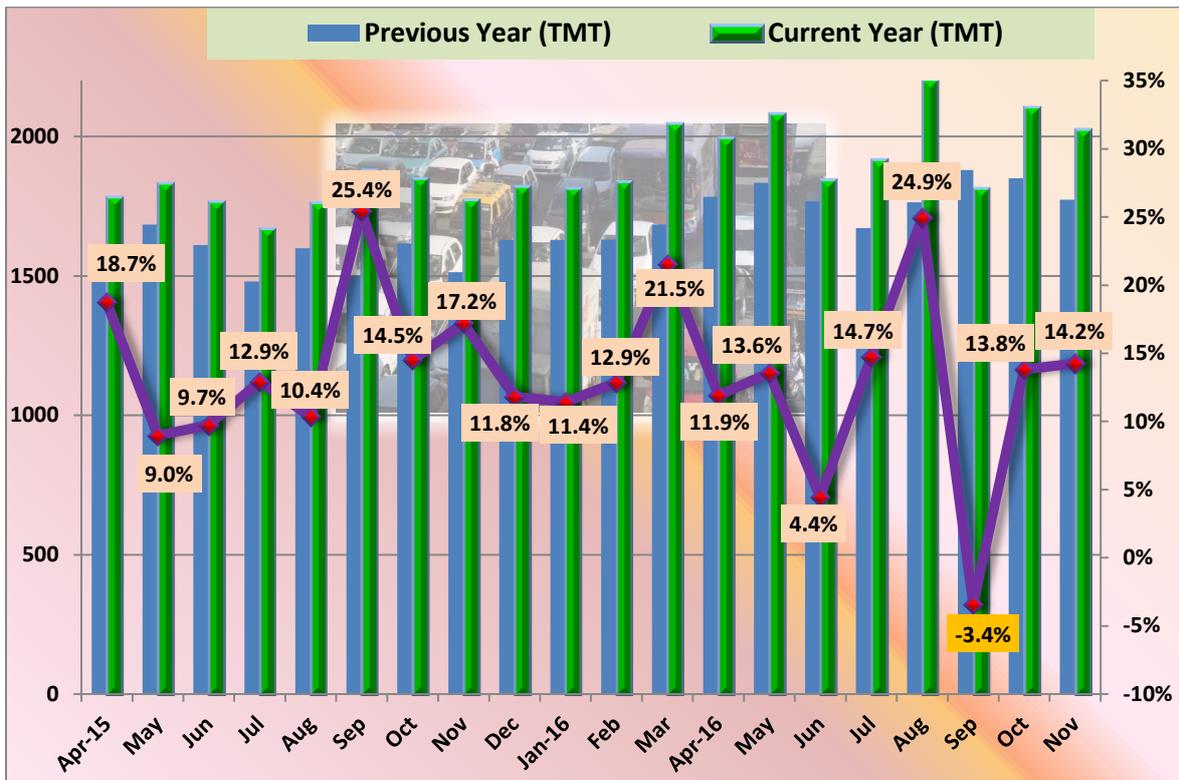
1.2 Petrol / Motor Spirit (MS): MS consumption during the month of November, 2016 recorded a growth of 14.2% as compared to November, 2015 and a cumulative growth of 11.7% for the period April-November, 2016.

The factors affecting the MS consumption during the month can be attributed mainly to the following:

- i. Consumer preference for petrol driven vehicles and policy of scrapping old diesel vehicles along with restrictions on sales of higher capacity diesel passenger vehicles has continued to push the sales towards MS driven passenger vehicles.
- ii. Continuous high sale of two wheelers and petrol driven cars along with improved disposable incomes and road connectivity has given impetus to MS sales in general.
- iii. After banning old 500 and 1,000 rupee notes on November 8, the government allowed their use for paying for auto fuels for almost a month which contributed to some additional volumes during the month.

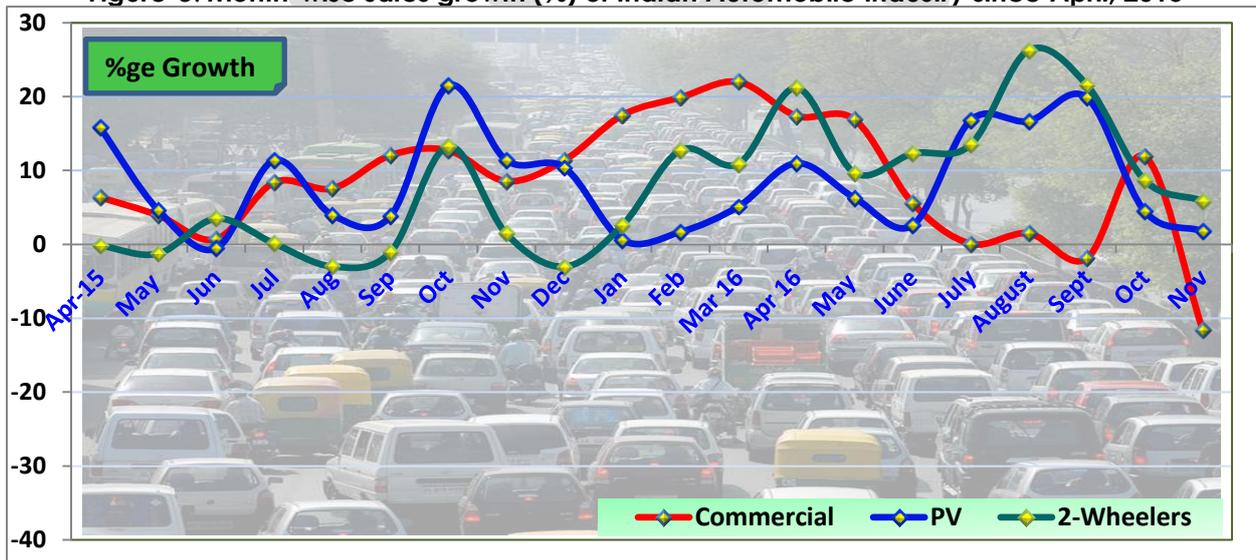
Figure 2 gives month-wise MS consumption volume (TMT) and month-on-month growth (%) since April, 2015.

Figure-2: Month wise MS consumption (TMT) and growth (%) since April, 2015



Other factors impacting consumption of MS are:

Figure-3: Month-wise sales growth (%) of Indian Automobile Industry since April, 2015



a) **Total passenger vehicles (PV) sales:** Overall November, 2016 sales numbers may not reflect the real impact of the demonetization exercise, since the month had opened up in the Diwali festive season which is when most new vehicle buyers take deliveries. Demand from rural market was severely dampened due to currency crunch. SIAM data for November, 2016 revealed continued good performance by utility vehicles in terms of numbers of vehicles sold. Sale of passenger cars recorded a growth of 0.3%. Utility vehicles, recorded a growth of 10.1% and vans recorded a de-growth of -7.5%

Segment	November 2015	November 2016	Growth (%)
Passenger Cars	173,111	173,606	0.3%
Utility Vehicles	48,880	53,800	10.1%
Vans	14,673	13,573	-7.5%
Total: Passenger Vehicles (PVs)	236,664	240,979	1.8%

Source: SIAM

- b) **2-wheeler sales:** Like the passenger vehicle sector, the cash crunch has hit the two-wheeler sector as well. The 12 OEMs which provide their production and sales data to SIAM have jointly reported total sales of 12,43,251 units, which marks a year-on-year decline of -5.9%.

Segment	November 2015	November 2016	Growth (%)
Scooter / Scooterette	396,024	388,692	-1.9%
Motor Cycles	866,696	778,178	-10.2%
Mopeds	57,832	76,381	32.1%
Total: 2-wheelers	1,320,552	1,243,251	-5.9%

Source: SIAM

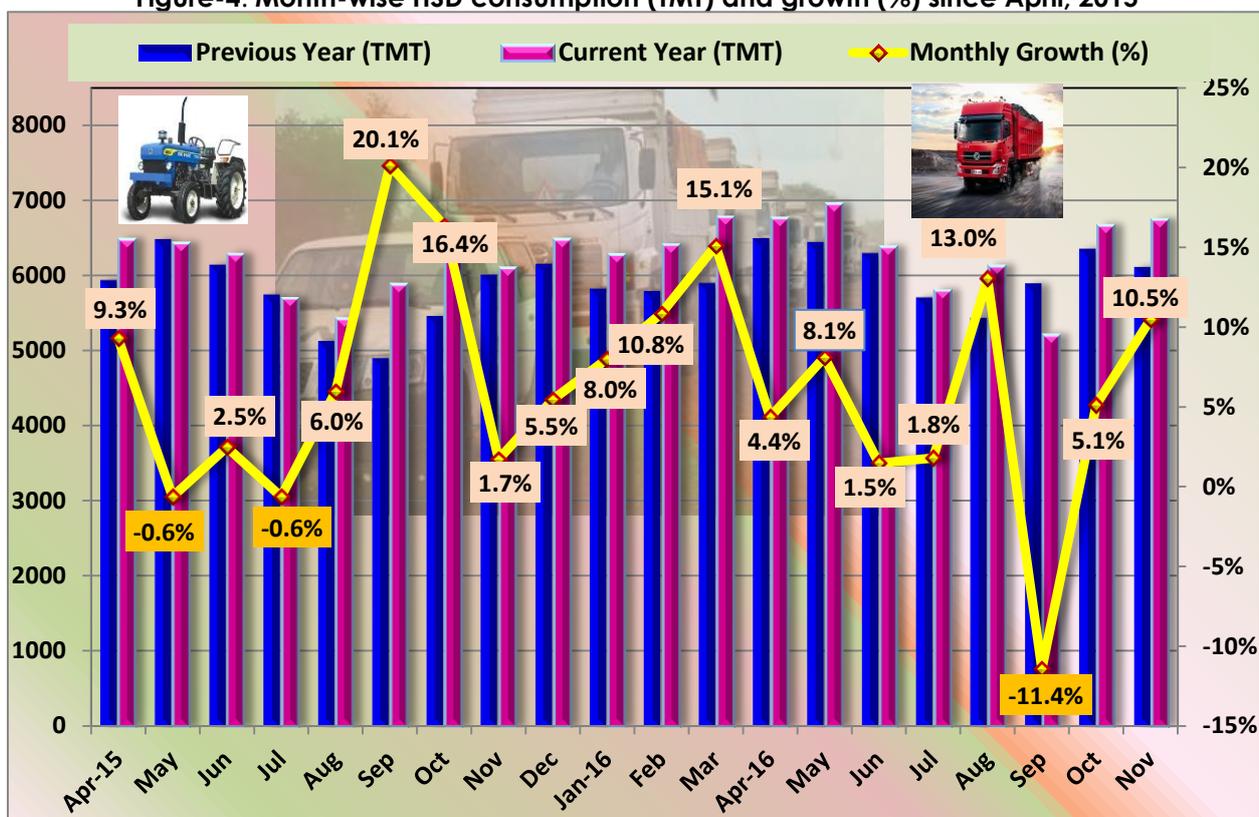
1.3 High Speed Diesel (HSD): HSD consumption in the country recorded a high growth of 10.5% during the month of November, 2016 as compared to November, 2015 and a cumulative growth of 4.1% for the period April-November, 2016. Following were the factors affecting diesel sales during the month of November, 2016:

- i. The economic viability of public transport and carrier vehicles due to cheaper fuel has strengthened diesel sales.
- ii. Improvement across various sectors including construction, mining, auto logistics, cement, FMCG and consumer durables segment.
- iii. After banning old 500 and 1,000 rupee notes on November 8, the government allowed their use for paying for auto fuels for almost a month which contributed to enhanced sales in diesel specially.

Other factors affecting diesel consumption are discussed below:

- a) **Commercial vehicles (CV) sales:** In commercial vehicle industry, overall sales are down due to the impact of demonetization, which has implications for the overall Indian economy. The impact of the liquidity crunch has already resulted in a near-term drop in demand for trucks. Availability of trucks, especially from market-load operators, has also reduced significantly due to limited availability of cash to meet trip expenses.

Figure-4: Month-wise HSD consumption (TMT) and growth (%) since April, 2015



b) **Light Commercial Vehicle (LCV):** The LCV sales also got impacted by the government's move and cash flow in the economy and the sector registered a de-growth of -10.6% during the month of November, 2016.

Segment	November 2015	November 2016	Growth (%)
M&HCVs	20,144	17,499	-13.1%
LCVs	31,622	28,274	-10.6%
Total: Commercial Vehicles	51,766	45,773	-11.6%

Source: SIAM

c) **Port traffic:** There has been a growth of 10.3% in port traffic for the month of November, 2016. The growth in port traffic and cargos handled at most of the major ports during November, 2016 is mainly due to increase in port traffic at all ports except at Chidambaranar and JNPT.

Table-2 below gives the port-wise performance during the month of November, 2016. The growth in traffic during the period April-November, 2016 has been contributed mostly by iron ore (139.3%), POL products (9.3%) and others (13.1%) while there has been a drop in finished fertilizer (-15.4%) and thermal coal(-8.2%). High growth in iron ore traffic is due to resumption of iron ore mining activities in Andhra Pradesh, Karnataka, Goa and Odisha.

Table-2: Traffic handled at major ports in November, 2016

TRAFFIC HANDLED AT MAJOR PORTS (TMT)			
PORTS	November 2015	November 2016	Growth (%)
Kolkata + Haldia	3,915	3,968	1.4%
Paradip	6,428	7,194	11.9%
Visakhapatnam	4611	4,730	2.6%
Kamarajar (Ennore)	2,359	2,474	4.9%
Chennai	3,866	4,284	10.8%
V.O. Chidambaranar	2,966	2,844	-4.1%
Cochin	1,548	2,092	35.1%
New Mangalore	2,700	4,051	50.0%
Mormugao	1,895	3,227	70.3%
Mumbai	5,085	5,550	9.1%
JNPT	5,218	5,125	-1.8%
Kandla	8,432	8,536	1.2%
TOTAL:	49,023	54,075	10.3%

Source: IPA

- d) **Power situation improves:** The power deficit position for the month of November, 2016 is given in Table-3. The power deficit position improved from -1.4% in November, 2015 to -0.7% during November, 2016. The shortage during the month improved for all regions. The deficit continues mainly in the states of Jammu & Kashmir and Bihar. The improved power position in November, 2016 may have led to reduced usage of diesel for back-up power generation.

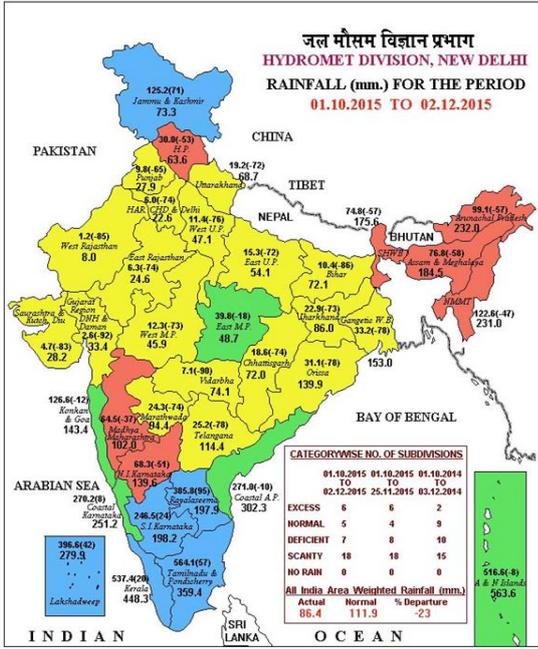
Table-3: Power deficit: Region-wise position for November, 2016 (% deficit)

States	November 2016 ^(P)				November 2015
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	24,520	24,016	-504	-2.1%	-4.1%
West	27,573	27,573	0	0%	-0.1%
South	25,295	25,218	-77	-0.3%	-0.7%
East	9,289	9,278	-11	-0.1%	-0.2%
North-East	1,120	1,102	-18	-1.6%	-1.9%
Total	87,796	87,186	-610	-0.7%	-1.4%

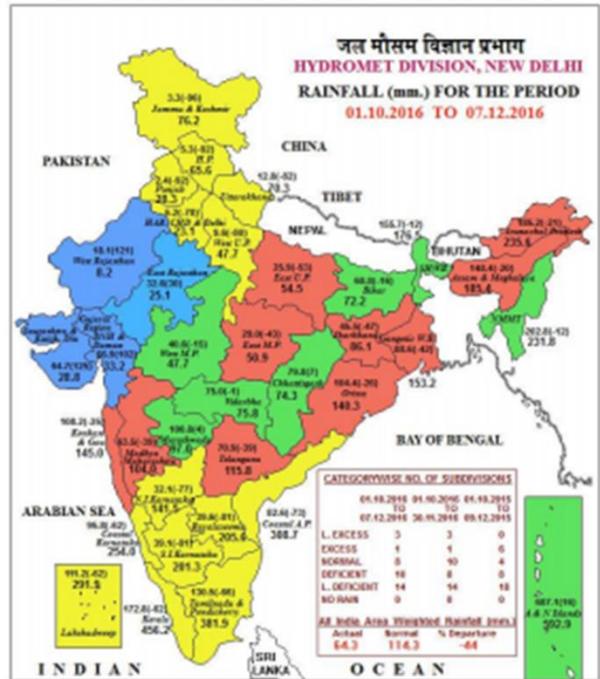
Source: Central Electricity Authority (CEA)

- **Seasonal rainfall scenario:** For the country as a whole, cumulative rainfall during this year post monsoon has been deficient. Weather remained dry and the month witnessed the end of the agriculture season.

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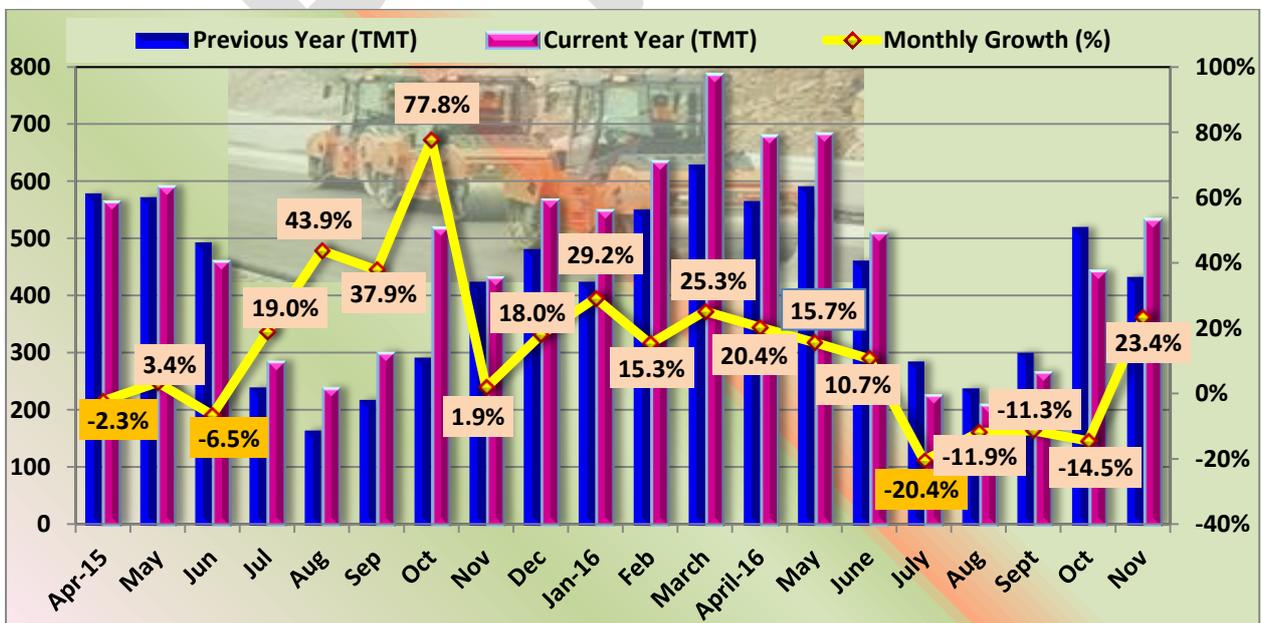


Source: India Meteorological Department (IMD)

1.4 Bitumen: Bitumen consumption registered a growth of 23.4% during the month of November, 2016 and a cumulative growth of 4.8% for the period April-November, 2016. Dry weather across the country and impending elections in certain states resulted in restart of construction activities in full swing.

Figure-5 gives the month wise bitumen consumption and growth since April, 2015.

Figure-5: Month-wise Bitumen consumption (TMT) and growth (%) since April, 2015



1.5 LPG: Total LPG consumption continuously for the last thirty nine months in a row recorded a positive growth of 16.4% during November, 2016 and cumulative growth of 11.5% for the period April-November 2016. For the fourth month in a row monthly and cumulative growth in total LPG consumption was observed in double digits. Last year in the month of November, 2015, a growth of 2.7% and during April-November 2016 a growth of 7.9% was observed. Release of 117 lakhs connections on account of Ujjwala scheme since its inception till November, 2016 is the main reason for high growth of LPG consumption

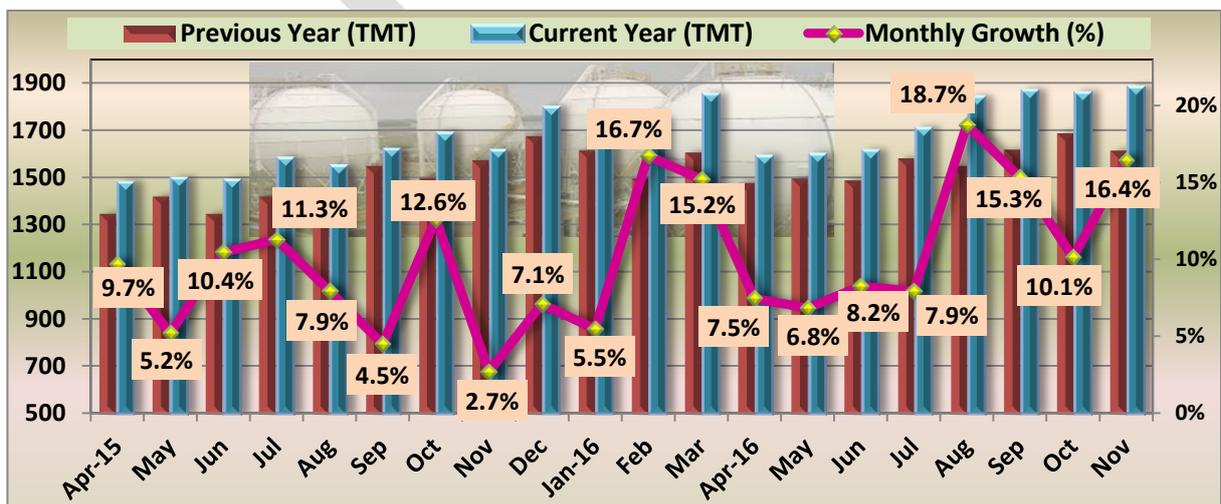
LPG-Packed Domestic consumption registered a growth of 16.0% during November, 2016 and a growth of 11.0% during the period April-November 2016. Last year during November, 2015, a de-growth of -0.3% and in April-November 2015 a growth of 6.0% was seen. During the month of November, 2016, approximately 33.4 lakhs new connections were released out of which 21.4 lakhs were released on account of Ujjwala scheme. In the period April-November 2016, 208.5 lakhs new connections and 46.0 lakhs DBCs were released.

LPG-Packed Non-Domestic consumption for the past twenty three months in a row registered double digit growth of 22.0% in November, 2016 and cumulative growth of 25.0% during April to November 2016. Last year during November 2015, growth of 55.9% and cumulative growth of 44.3% during April to November 2015 was observed. This double digit growth in LPG Packed Non-Domestic is mainly due to easy availability, low price of non-domestic LPG and curb in diversion of subsidized domestic cylinders after the launch of DBTL.

Bulk LPG consumption registered a growth of 15.8% during November 2016 and cumulative growth during April to November 2016 was 10.8%. Last year in the month of November 2015 a growth of 29.9% and during April to November 2015 a growth of 2.9% was seen

Auto LPG consumption registered a growth of 2.3% in November 2016 and cumulative de-growth of -2.9% during April to November 2016. However, last year in the month of November 2015 growth of 8.0% and during April to November 2015 growth of 7.6% was witnessed. Reasons for de-growth in Auto LPG is mainly due to more focus on CNG and reduction in prices of MS.

Figure-6: Month-wise LPG consumption (TMT) and growth (%) since April, 2015

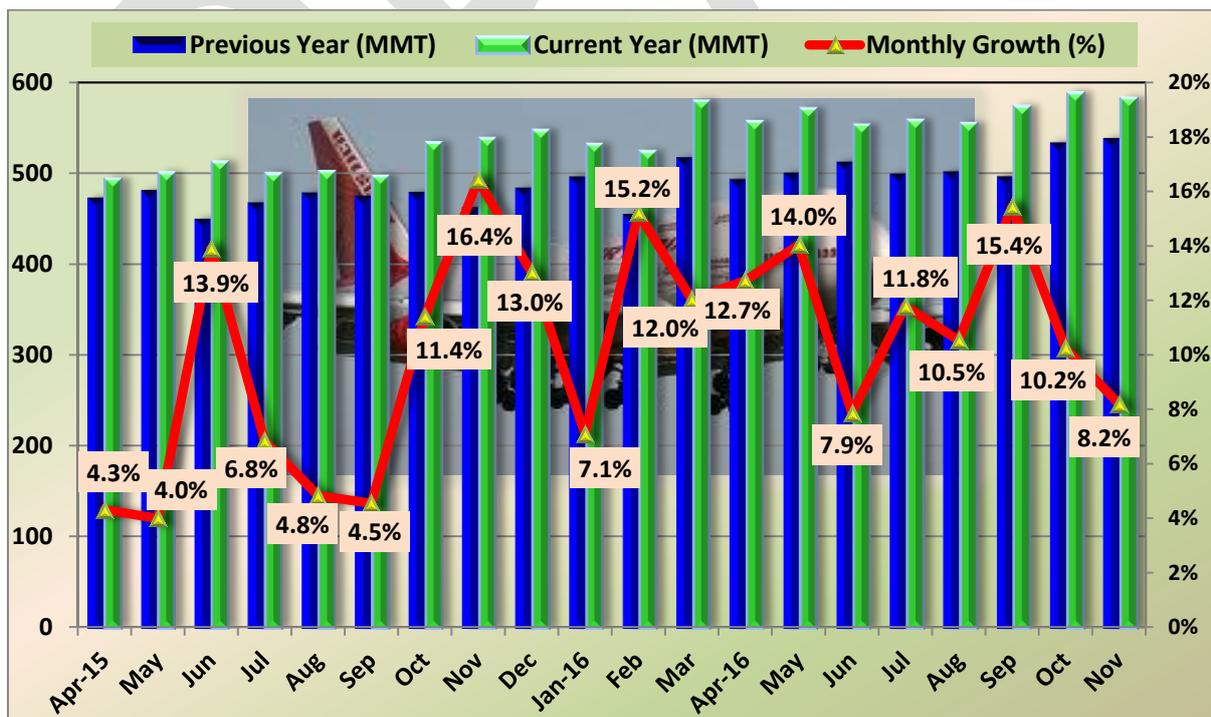


1.6 Naphtha: consumption recorded a growth of 6.9% during the month of November, 2016 and a growth of 3.6% on cumulative basis for the period April-November, 2016. Petrochemical industries remain the main consumers of naphtha in addition to minor consumers like fertilizer and power plants. Low demand of naphtha by the petrochemical industry (particularly polymers and plastics) has driven down the growth. Drop in demand by fertilizer and power plants were also recorded during the month.

1.7 ATF: During November, 2016 the growth in consumption of ATF was 8.2% and a cumulative growth of 11.3% was observed for the period April-November, 2016. Air traffic in India continued its upward journey growing at a phenomenal pace, helped by cheaper fares. Domestic airlines carried 89.66 lakh passengers during November, 2016, 22.5% more than 73.22 lakh flown in November, 2015. On cumulative basis a growth of 23.3% was registered in the number of passengers flown by airlines during the period April-November 2016 as compared to April-November 2015. India's civil aviation industry is on a high-growth trajectory. India aims to become the third-largest aviation market by 2020 and the largest by 2030.

The Civil Aviation industry has ushered in a new era of expansion, driven by factors such as low-cost carriers (LCCs), modern airports, Foreign Direct Investment (FDI) in domestic airlines, advanced information technology (IT) interventions and growing emphasis on regional connectivity. India is the ninth-largest civil aviation market in the world, with a market size of around US\$ 16 billion and is expected to become the third largest aviation market by 2020 (According to the FICCI-KPMG 'India Aviation Report 2016').

Figure-7: Month-wise ATF consumption (TMT) and growth (%) since April, 2015



1.8 FO/LSHS: FO and LSHS consumption registered a growth of 12.6% during November, 2016 and a cumulative growth of 18.5% for the period April-November, 2016. The growth is mainly due to increased consumption of FO in power, petrochemical, steel and general trade sectors. The consumption of LSHS has reduced due to shift to natural gas by major customers like fertilizer industries.

1.9 PETCOKE: Pet-coke consumption registered a growth of 35.7% during November, 2016 and a cumulative growth of 41.5% during April-November, 2016. Multi-fuel cement plants and aluminum industries use pet-coke for their production and fall in prices of petroleum products makes it very lucrative to use.

1.10 LDO: LDO consumption recorded a growth of 51.2 % in the month of November, 2016 and a cumulative growth of 18.3% for April-November, 2016. LDO month wise demand 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 any fluctuation in manufacturing activities lead to fluctuation in its consumption.

Industry Sales Trend Analysis (Provisional) : April-November 2016

('000 MT)

Product	November			April-November		
	2015-16	2016-17	Growth (%)	2015-16	2016-17	Growth (%)
(A) Sensitive Products						
SKO	567.4	386.7	-31.8	4,567.0	3,845.4	-15.8
LPG	1,616.0	1,881.5	16.4	12,522.9	13,958.9	11.5
Sub Total	2,183.4	2,268.2	3.9	17,089.9	17,804.3	4.2
(B) Major Decontrolled Products						
Naphtha	1,011.6	1,081.6	6.9	8,723.6	9,036.3	3.6
MS	1,773.3	2,025.9	14.2	14,324.2	15,993.1	11.7
HSD	6,109.5	6,749.4	10.5	48,682.8	50,683.6	4.1
Lubes+Greases	302.4	293.6	-2.9	2,224.4	2,237.5	0.6
LDO	27.4	41.5	51.2	257.0	304.1	18.3
FO/LSHS	508.3	572.4	12.6	4,140.5	4,906.6	18.5
Bitumen	432.9	534.3	23.4	3,396.4	3,558.9	4.8
ATF	538.6	582.7	8.2	4,079.0	4,539.8	11.3
Sub Total	10,704.1	11,881.4	11.0	85,827.9	91,259.9	6.3
Sub - Total (A) + (B)	12,887.0	14,149.6	9.8	102,917.8	109,064.2	6.0
(C) Minor Decontrolled Products						
Pet.Coke	1,407.2	1,910.2	35.7	11,613.2	16,433.6	41.5
Others	549.8	579.0	5.3	4,250.5	4,504.1	6.0
Sub Total	1,957.1	2,489.2	27.2	15,863.7	20,937.7	32.0
Total	14,844.5	16,638.8	12.1	118,781.5	130,001.9	9.4