

INDUSTRY SALES REVIEW

January 2017



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: - जनवरी 2017

जनवरी 2017 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
वरिष्ठ सलाहकार
संयुक्त सचिव (रिफाइनरी)
संयुक्त सचिव (मार्क.)
संयुक्त सचिव (आईसी)
संयुक्त सचिव (जनरल)
निदेशक (एसएंडपी) / निदेशक (आरएंडए)
निदेशक (वितरण/सीसी)
संयुक्त सलाहकार (पेट्रोलियम), नीति आयोग

उद्योग:

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

प्रतिलिपि:

महा निदेशक, पीपीएसी
निदेशक (वित्त)
सभी विभागाध्यक्ष, पीपीएसी

Subject: Industry Performance Review Report of PPAC: January, 2016

We are pleased to forward herewith monthly Industry Performance Review Report of PPAC for the month of January, 2016.

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
Senior Adviser
Jt. Secretary (Refinery)
Jt. Secretary (Marketing)
Jt. Secretary (International Cooperation)
Jt. Secretary (General)
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Jt. Advisor (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/CPCL, Chennai
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 January, 2017. Data on product-wise monthly consumption of petroleum products for January, 2017 is uploaded on PPAC website (www.ppac.gov.in).

1.0 CONSUMPTION :

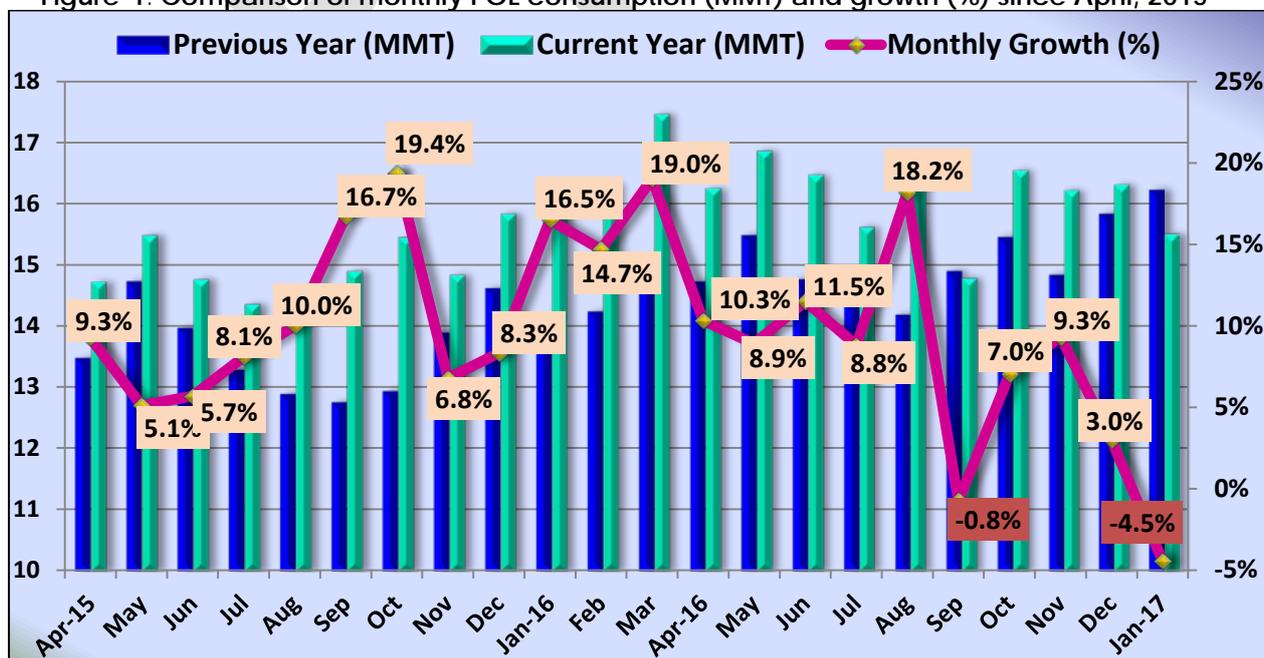
The growth (%) in consumption of petroleum products, category-wise, for the month of January, 2017 is given in Table-1.

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

PRODUCT	Share (%)	January 2016	January 2017	Growth (%)	Products Included
Sensitive Products	14.0%	2,265	2,350	3.8%	SKO & LPG
Major decontrolled Products	70.0%	11,318	10,672	-5.7%	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Minor decontrolled Products	16.0%	2,654	2,493	-6.1%	Pet. coke & other minor products
Grand Total	100%	16,238	15,515	-4.5%	

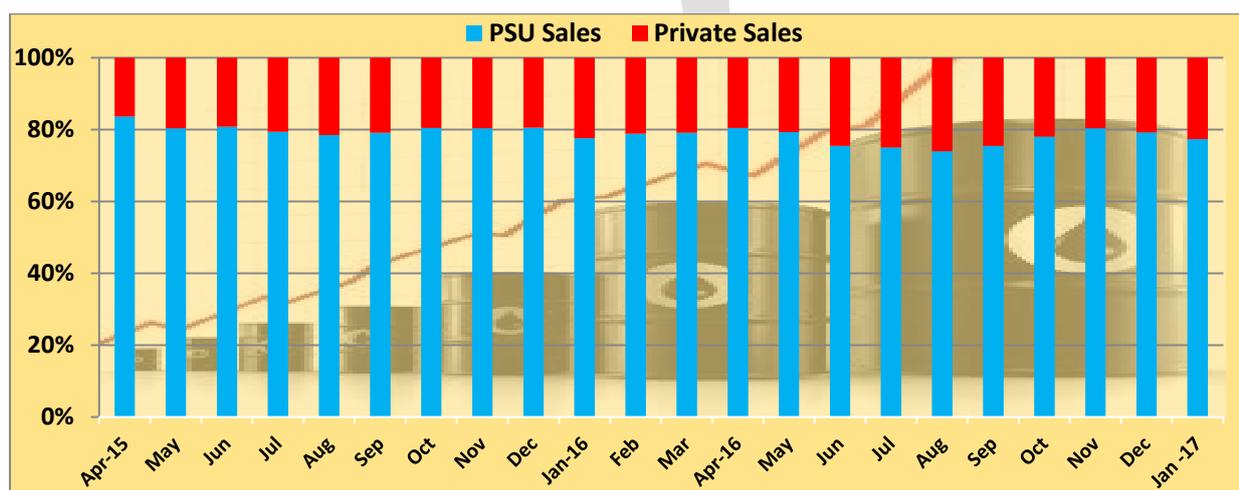
All Products : India's demand for fuel dropped by -4.5% in January this year. The demand for all oil products dropped to 15.52 million metric tons (MMT) from 16.24 MMT a year ago. Except for LPG, ATF and Other products, which recorded a positive growth of 16.4%, 17.8% and 10.3% respectively during the current month, all other products recorded negative growth. On cumulative basis, while growth of 7.0% was registered for the period April 2016 to January 2017 for all products, a negative growth of -19.1% was registered for SKO and -1.9% was registered for Lubes/Greases. Drop in SKO consumption is mainly because of drop in subsidized kerosene sales due to reduced allocation to states and voluntary surrender of PDS SKO quota by some states as penetration of LPG and electricity improves in rural India.

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



The Nikkei Services PMI in India increased to 48.7 Index Points in January, 2017 from 46.8 Index Points in December, 2016. The Nikkei India Manufacturing Purchasing Managers' Index, or PMI, rose to 50.4 in January, 2017 from 49.6 in December, 2016. Manufacturing sector activity rebounded in January, 2017 and registered positive growth after contracting in December, 2016 due to demonetization, according to a private monthly survey. The expansion in manufacturing output is likely to pick up pace in the coming months as manufacturers already saw a turnaround, with production being raised in line with higher order books. However the improved economic activity did not translate into increase in sales of petroleum products during the current month. Figure-2 gives a comparison of percentage of monthly sales volumes of all petroleum products by PSU and Private oil companies.

Figure-2: Comparison of monthly POL Sales in PSU & Private Sector (%) since April, 2015



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 November, 2016 and private imports data for the months of December and January, 2017 are projected based on December, 2015 to November, 2016 actual data provided by DGCIS.

Detailed product-wise analysis of growth for January, 2017 is given in the following sections:

1.2 Petrol / Motor Spirit (MS): MS consumption during the month of January, 2017 recorded a drop of -0.6% as compared to January, 2016 and a cumulative growth of 10.0% for the period April 2016 to January 2017.

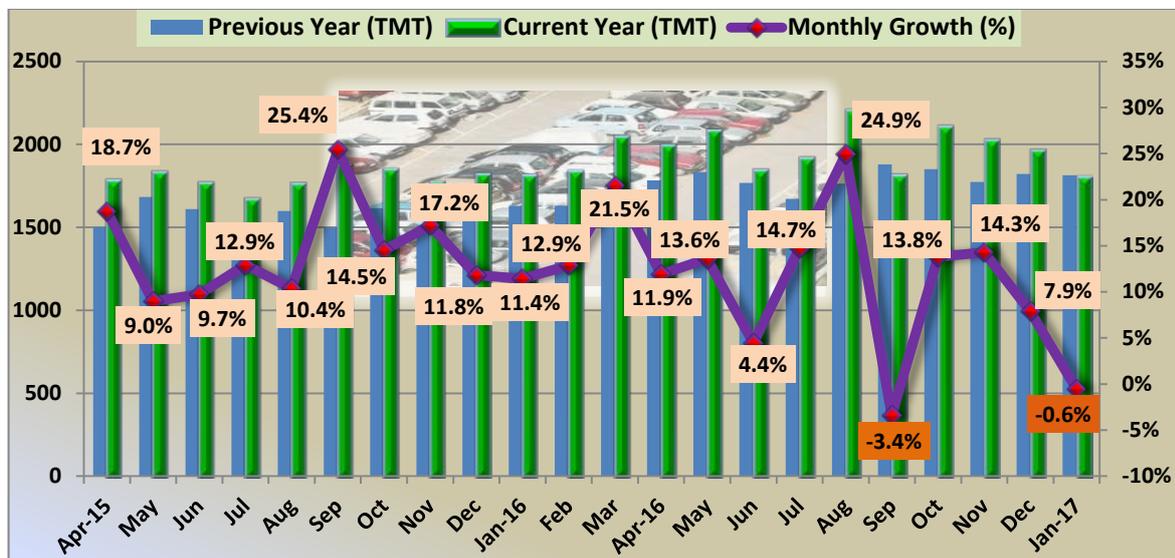
The factors affecting MS consumption during the month can be attributed mainly to the following:

- i. Consumer preference for petrol driven vehicles, growth in automobile industry for the last 9 months and improved road connectivity has boosted MS sales in general but de-growth in automobile industry for the last 2 months has affected sales of MS driven vehicles and therefore MS sales.

- ii. Price decrease apprehension (Budget on 1 February, 17) hit the upliftment of product and prompted dealers to limit their indents towards the end of the month. Also the speculation of MS price increase on 1st January 2017 had led to enhanced upliftment by the network in December, 2016, thereby reducing sales of January, 2017.
- iii. The month of January last year had recorded very high sales of MS.

Figure 3 gives month-wise MS consumption volume (TMT) and month-on-month growth (%) since April, 2015.

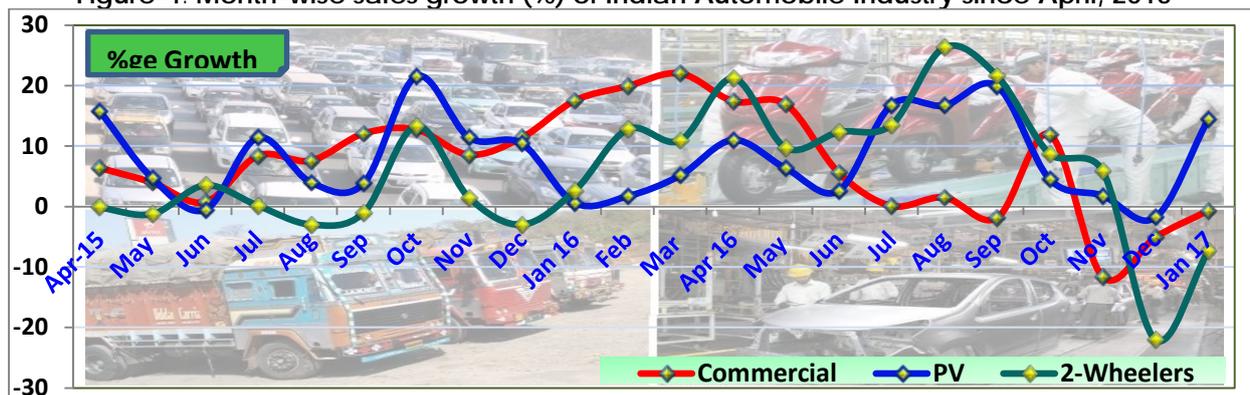
Figure-3: Month wise MS consumption (TMT) and growth (%) since April, 2015



Other factors impacting consumption of MS are:

The first month of a new year always brings in good tidings in the automobile industry and the same trend was noted in 2017. However, for the last two months of 2016, the economy and consumers alike were impacted by the sudden demonetization of Rs 500 and Rs 1,000 currency notes. 2017 gained from pent-up demand from the previous month. There was an upswing in demand of all categories of vehicles during the current month as compared to the recent past. Figure-4 gives a graphic representation of month wise growth percentages of Passenger Vehicles, Commercial Vehicles and 2 wheelers since April, 2015.

Figure-4: Month-wise sales growth (%) of Indian Automobile Industry since April, 2015



a) **Total passenger vehicles (PV) sales:** January 2017 sales numbers, particularly for the passenger vehicle (PV) segment, points to a sharp rebound. With total sales of 265,320 units across the passenger car, utility vehicle and van segments, the PV segment has notched 14.40 % year-on-year growth. The smart uptick in January, 2017 sales is also due to pent-up demand from December 2016. Usually, the last month of a year sees consumers delaying purchase decisions, preferring to buy a new set of wheels that are registered in the New Year, and in turn enabling better resale value down the line.

Segment	January 2016	January 2017	Growth (%)
Passenger Cars	168,303	186,523	10.8%
Utility Vehicles	50,023	62,264	24.5%
Vans	13,591	16,533	21.6%
Total: Passenger Vehicles (PVs)	231,917	265,320	14.4%

Source: SIAM

b) **2-wheeler sales:** The two-wheeler segment seems to have borne the brunt of the cash crunch. The once hard-charging scooter market has slowed down. On the cumulative front, this segment, with sales of 1,47,55,890 units between April 2016-January 2017, continues to grow at 8.3 percent year-on-year. But it is poor compared to the cumulative growth of 16.0 percent for the April-October 2016 period.

Segment	January 2016	January 2017	Growth (%)
Scooter / Scooterette	436,707	373,382	-14.5%
Motor Cycles	872,323	819,386	-6.1%
Mopeds	53,849	69,373	28.8%
Total: 2-wheelers	1,362,879	1,262,141	-7.4%

Source: SIAM

1.3 High Speed Diesel (HSD): HSD consumption in the country recorded a sharp de-growth of -7.8% during the month of January, 2017 as compared to January, 2016 and a cumulative growth of 2.6% for the period April 2016-January 2017. Following were the major factors affecting diesel sales during the month of January, 2017:

- i. Improvement in Medium and Heavy Vehicle sales, improved road conditions, economic viability of public transport and carrier vehicles due to cheaper fuel has strengthened diesel sales in general. However a slowdown in economic activity in the last two months has had a retarding impact over diesel sales.
- ii. Price decrease apprehension (Budget 1 February, 2017) hit the upliftment of product and prompted dealers to limit their indents towards the end of the month. Also the speculation of diesel price increase on 1st January 2017 had led to enhanced upliftment by the network in December 2016, thereby reducing sales of January 2017.

iii. January 2016 had a high base volume.

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

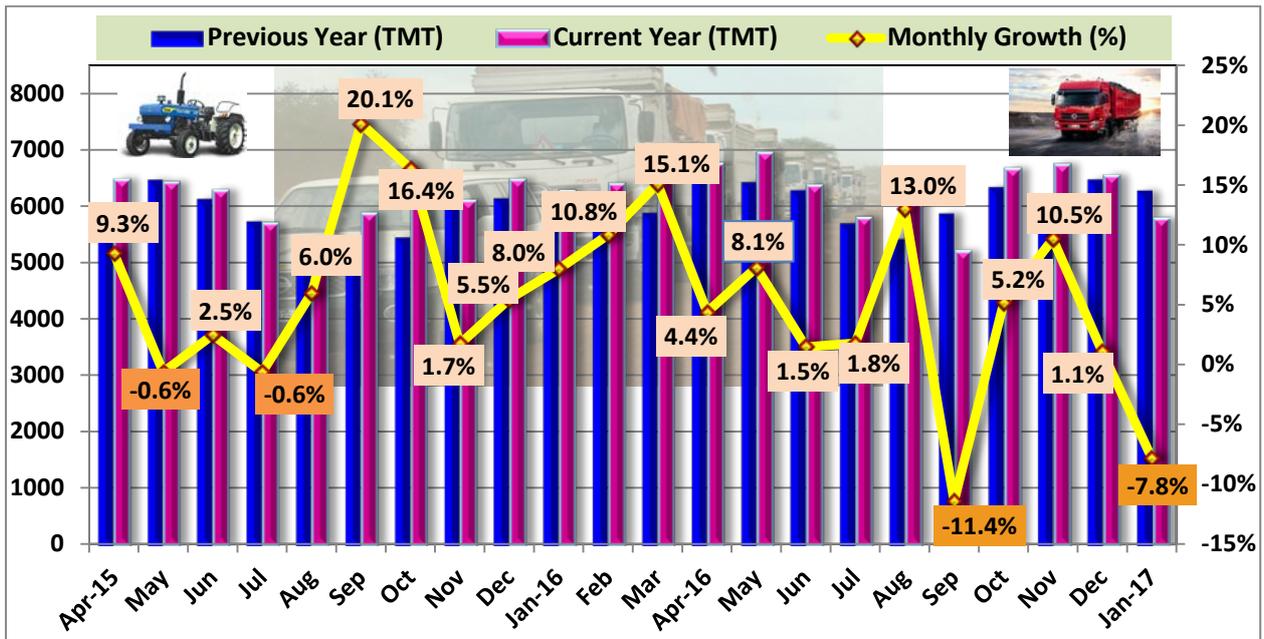
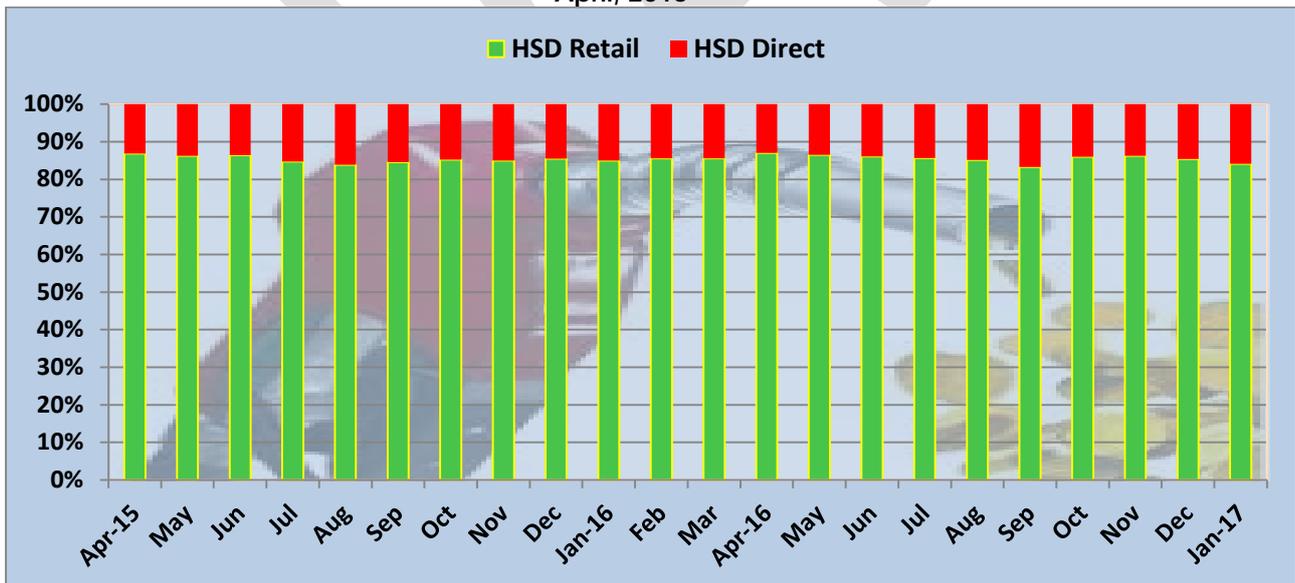


Figure-6 gives comparison of month-wise HSD consumption by Retail and Consumer business share (%) since April, 2015

Figure-6: Month-wise HSD consumption by Retail and Consumer business in share (%) since April, 2015



Other factors affecting diesel consumption are discussed below:

a) **Commercial vehicles (CV) sales:** The demonetization-caused crash crunch is still weighing down on both the commercial vehicle and two-wheeler segments, although the rate of decline has slowed down. Given that BS-IV compliance will be mandatory for all CVs from April 1, 2017, it is expected that a sizeable amount of pre-buying will happen in February and March 2017, according to automobile Industry reports.

- b) **Light Commercial Vehicle (LCV):** The LCV sales dipped slightly during the month and the sector registered a de-growth of -1.9% during the month of January, 2017.

Segment	January 2016	January 2017	Growth (%)
M&HCVs	28,530	28,704	0.6%
LCVs	33,153	32,535	-1.9%
Total: Commercial Vehicles	61,683	61,239	-0.7%

Source: SIAM

- c) **Port traffic:** There has been a growth of 3.6% in port traffic for the month of January, 2017. The growth in port traffic and cargos handled at most of the major ports during January, 2017 is mainly due to increase in port traffic at all ports except at Ennore, JNPT & Kandla.

Table-2 below gives the port-wise performance during the month of January, 2017. The growth in traffic during the period April 2016-January,2017 has been contributed mostly by iron ore (168.6%), POL products (8.3%) and others (14.2%) while there has been a drop in finished fertilizer (-16.7%) and thermal coal (-9.6%). High growth in iron ore traffic is due to resumption of iron ore mining activities in Karnataka, Goa and Odisha.

Table-2: Traffic handled at major ports in January, 2017

TRAFFIC HANDLED AT MAJOR PORTS (TMT)			
PORTS	January 2016	January 2017	Growth (%)
Kolkata + Haldia	3,906	4,077	4.4%
Paradip	6,544	7,982	22.0%
Visakhapatnam	4,867	5,026	3.3%
Kamarajar (Ennore)	2,968	2,677	-9.8%
Chennai	4,111	4,209	2.4%
V.O. Chidambaranar	3,056	3,196	4.6%
Cochin	2,003	2,220	10.8%
New Mangalore	3,238	3,315	2.4%
Mormugao	2,199	3,484	58.4%
Mumbai	5,005	5,282	5.5%
JNPT	5,315	5,176	-2.6%
Kandla	9,040	7,504	-17.0%
TOTAL:	52,252	54,148	3.6%

Source: IPA

- d) **Power situation improves:** The power deficit position for the month of January, 2017 is given in Table-3. The power deficit position improved from -1.8% in January, 2016 to -0.6% during January, 2017. The shortage during the month improved for all regions. The deficit continues mainly in the states of Jammu & Kashmir, Uttar Pradesh, Rajasthan and Uttarakhand. The improved power position in January, 2017 may have led to reduced usage of diesel for back-up power generation.

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

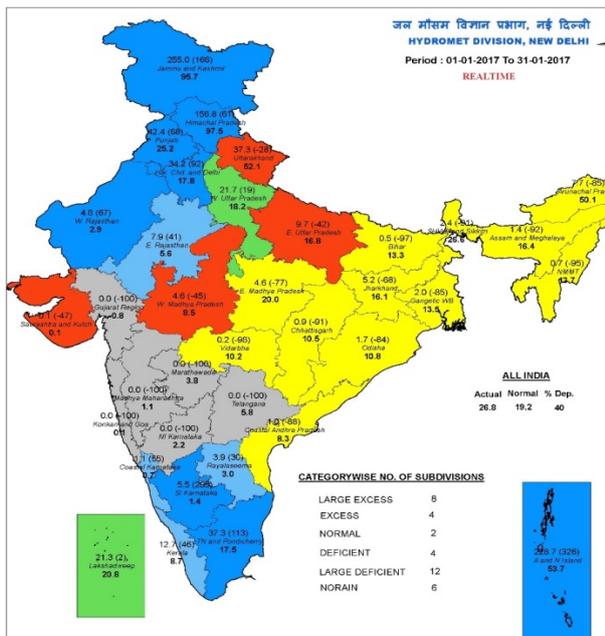
States	January 2017 ^(P)				January 2016
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	26,786	26,313	-474	-1.8%	-4.9%
West	28,615	28,605	-10	0.0%	-0.2%
South	25,499	25,499	0	0.0%	-1.0%
East	9,857	9,844	-13	-0.1%	-0.2%
North-East	1,226	1,213	-14	-1.1%	-3.3%
Total	91,984	91,474	-510	-0.6%	-1.8%

Source: Central Electricity Authority (CEA)

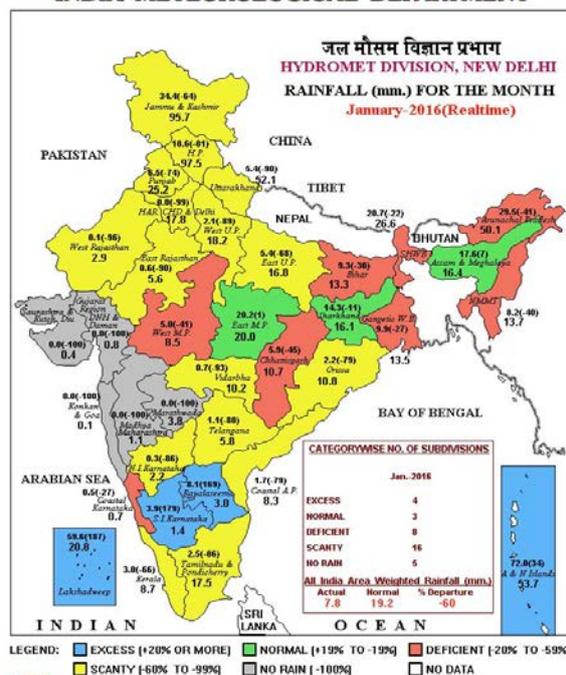
e) **Seasonal rainfall scenario:** The cumulative rainfall in the country during the winter season i.e. 1st January to 25th January, 2017 has been 3% lower than the Long Period Average (LPA). Rainfall in the four broad geographical divisions of the country during the above period has been higher than LPA by 49% in North West India and lower by 86% in Central India, 85% in East & North East India and 15% in South Peninsula. As per latest information available on sowing of crops, total area sown under Rabi crops in the country as on 27.01.2017 has been reported to be 637.34 lakh hectares as compared to 600.02 lakh hectares in the corresponding period of last year. Deficient rain conditions prevailed in parts of India, which may have contributed to enhanced sales of diesel.



SUBDIVISION RAINFALL MAP



भारत मौसम विज्ञान विभाग
INDIA METEOROLOGICAL DEPARTMENT



Legend
 ■ Large Excess [80% or more] ■ Excess [20% to 80%] ■ Normal [1% to 19%] ■ Deficient [8% to 20%] ■ Large Deficient [80% to 40%] ■ No Rain [100%]

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

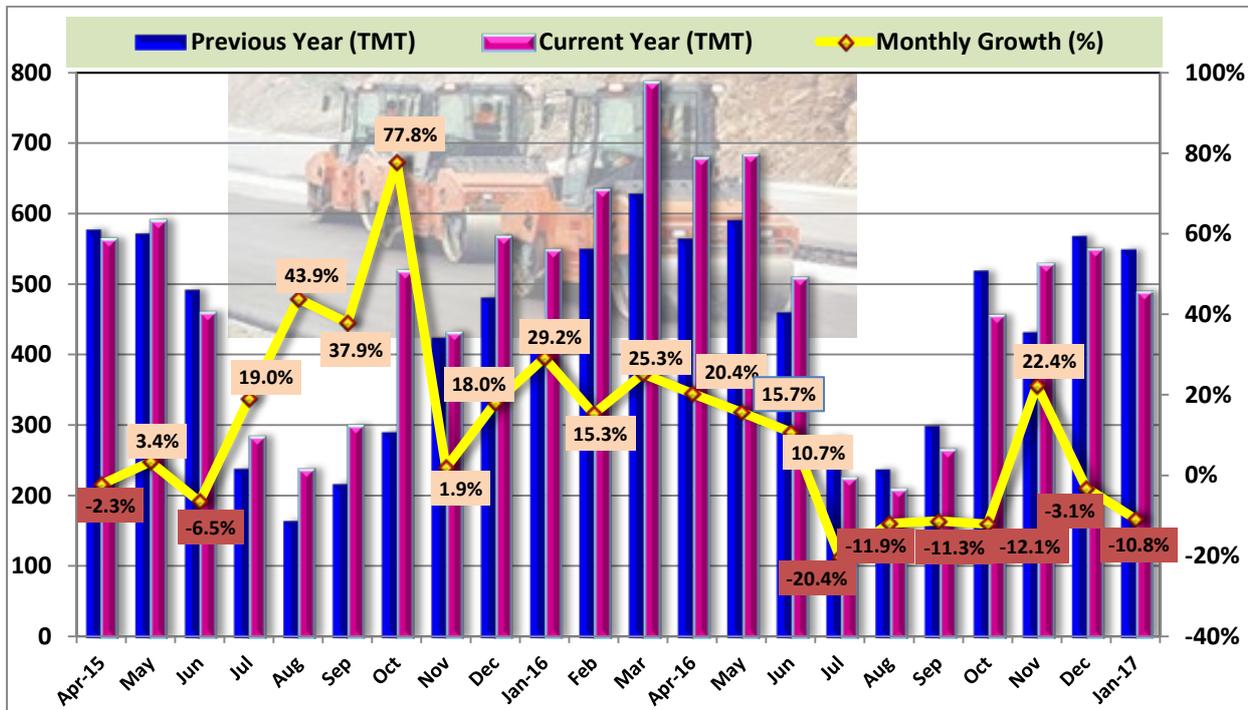
LEGEND: ■ EXCESS [+20% OR MORE] ■ NORMAL [+19% TO -19%] ■ DEFICIENT [-20% TO -59%]
 ■ SCANTY [-60% TO -99%] ■ NO RAIN [-100%] ■ NO DATA

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: Bitumen consumption recorded a de-growth of -10.8% during the month of January, 2017. However on cumulative basis, a growth of 2.1% was recorded for the period April 2016 to January 2017.

Elections in certain states had many projects of repair, widening and four-laning of roads in progress, but demonetization of currency in the country since 8th November, resulted in a slow-down in construction activities. Year-end budget constraints in many states have also resulted in reduced upliftment of bitumen by the state PWDs. **Figure-6** gives the month wise bitumen consumption and growth since April, 2015.

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



1.5 LPG: Total LPG consumption continuously for the last forty one months in a row recorded a positive growth of 16.4% during January, 2017 and cumulative growth of 11.5% for the period April 2016 to January 2017. Last year in the month of January, 2016, a growth of 5.5% and during April 2015 to January 2016, a growth of 9.0% was observed. This month double digit growth is mainly due to release of 12.5 lakh connection under Ujjwala scheme during the month of January, 2017.

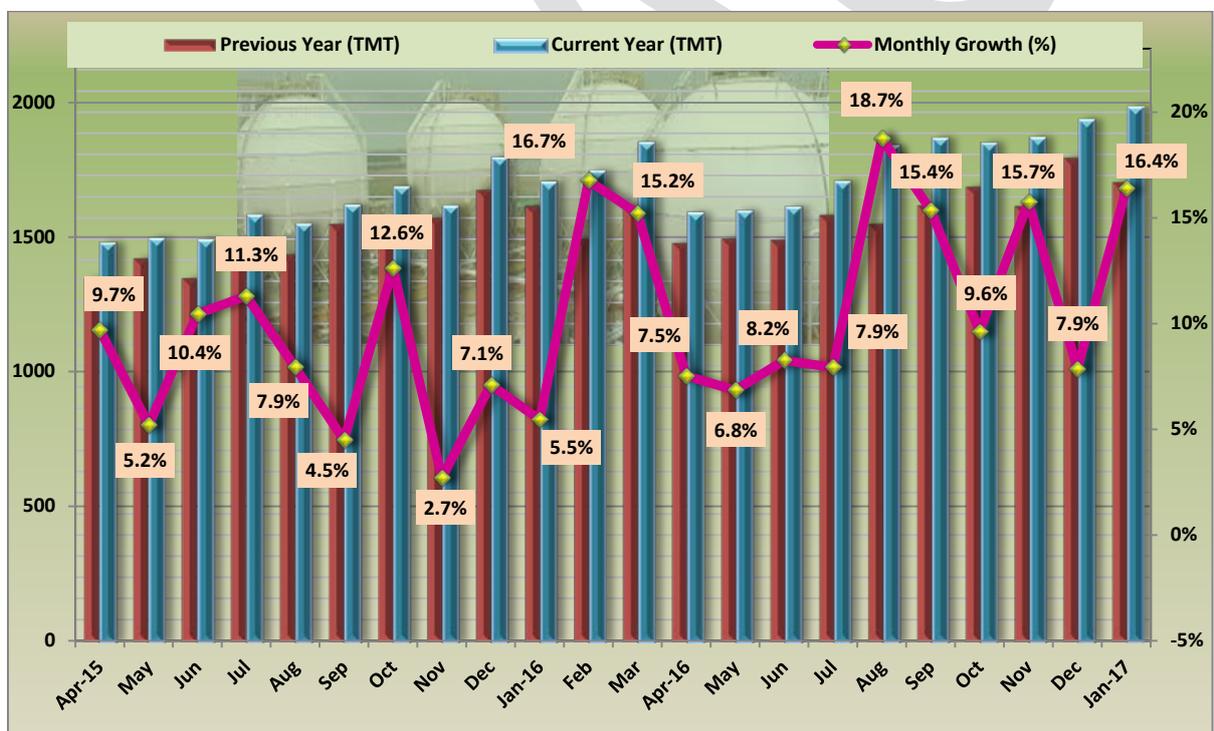
LPG-Packed Domestic consumption registered a growth of 15.8% during January, 2017 and a growth of 11.2% during the period April 2016 to January 2017. Last year during January, 2016, a growth of 5.1% and in April 2015 to January 2016, a growth of 5.7% was seen. During the month of January, 2017, approximately 22.4 lakh new connections were released out of which 12.5 lakhs were released on account of Ujjwala Scheme. In the period April 2016 to January 2017, 274.8 lakh new connections and 58.5 lakh DBCs were released including approximately 166.2 lakh connections released on account of Ujjwala scheme since inception in May 2017

LPG-Packed Non-Domestic consumption for the past twenty five months in a row registered double digit growth of 31.0% in January 2017 and cumulative growth of 24.1% during April 2016 to January 2107. Last year during January, 2016, growth of 23.7% and cumulative growth of 42.1% during April 2015 to January 2016 was observed. This double digit growth and increase in market share 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 105.8% during January 2017 and cumulative growth during April 2016 to January 2017 was 18.8%. This month approx. 5.3 TMT is attributed to one time sales to GAIL for their own use. Last year in the month of January 2016, a de-growth of -18.0% and during April 2015 to January 2016 a growth of 0.6% was seen

Auto LPG consumption registered a de-growth of -3.4% in January 2017 and cumulative de-growth of -2.3% during April 2016 to January 2017. However, last year in the month of January 2016 de-growth of -4.0% and during April 2015 to January 2016 growth of 5.3% was witnessed. Reasons for de-growth in Auto LPG is mainly due to more focus on CNG.

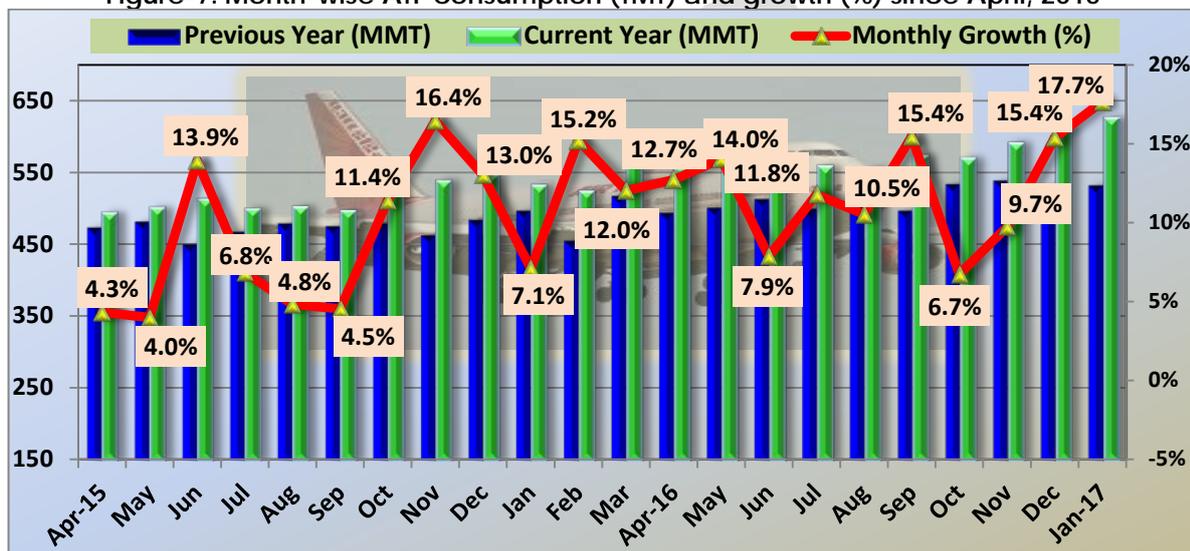
Figure-6: Month-wise LPG consumption (TMT) and growth (%) since April, 2015



1.6 Naphtha: consumption recorded a de-growth of -5.8% during the month of January, 2017 and a growth of 0.9% on cumulative basis for the period April 2016 to January 2017. 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 January, 2017 growth in consumption of ATF was 17.8% and a cumulative growth of 11.9% was observed for the period April 2016 to January 2017. Air traffic in India continued its upward journey, growing at a phenomenal pace, helped by cheaper fares. Domestic airlines carried 95.79 lakh passengers during January, 2017, 25.13% more than 76.55 lakh flown in January, 2016. On cumulative basis a growth of 23.2% was registered in the number of passengers flown by airlines during the period April 2016 to January 2017 as compared to the same period last year. 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. Presently, India is the ninth largest civil aviation market in the world, with a market size of around US\$16 billion.

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



1.8 FO/LSHS: FO and LSHS consumption registered a de-growth of -10.6% during January, 2017 and a cumulative growth of 15.0% for the period April 2016-January 2017. 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 de-growth of -9.9% during January, 2017 and a cumulative growth of 30.4% during April 2016-January 2017. 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 de-growth of -0.6% in the month of January, 2017 and a cumulative growth of 15.5% for April 2016-January 2017. 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 2016 to January 2017

('000 MT)

Product	January			April-January		
	2015-16	2016-17	Growth (%)	2015-16	2016-17	Growth (%)
(A) Sensitive Products						
SKO	560.1	366.3	-34.6	5,700.5	4,611.1	-19.1
LPG	1,705.0	1,983.9	16.4	16,023.7	17,861.6	11.5
Sub Total	2,265.1	2,350.2	3.8	21,724.2	22,472.7	3.4
(B) Major Decontrolled Products						
Naphtha	1,164.3	1,096.7	-5.8	11,030.9	11,127.0	0.9
MS	1,814.7	1,804.7	-0.6	17,960.5	19,763.4	10.0
HSD	6,285.0	5,793.6	-7.8	61,452.3	63,034.1	2.6
Lubes+Greases	312.0	267.0	-14.4	2,830.4	2,777.3	-1.9
LDO	32.4	32.2	-0.6	325.5	375.8	15.5
FO/LSHS	627.6	560.8	-10.6	5,289.7	6,081.6	15.0
Bitumen	550.0	490.4	-10.8	4,515.2	4,608.0	2.1
ATF	532.0	626.5	17.8	5,158.1	5,769.6	11.9
Sub Total	11,318.0	10,671.9	-5.7	108,562.6	113,536.8	4.6
Sub - Total (A) + (B)	13,583.1	13,022.1	-4.1	130,286.8	136,009.5	4.4
(C) Minor Decontrolled Products						
Pet.Coke	2,158.7	1,945.9	-9.9	15,279.9	19,921.5	30.4
Others	495.8	546.7	10.3	5,297.4	5,492.9	3.7
Sub Total	2,654.4	2,492.6	-6.1	20,577.3	25,414.4	23.5
Total	16,237.5	15,514.7	-4.5	150,864.1	161,423.9	7.0