

Industry Sales Review

January 2018



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 January, 2018. Data on product-wise monthly consumption of petroleum products for January, 2018 is uploaded on PPAC website (www.ppac.gov.in). PPAC has also launched its mobile app "PPACE (PPAC-Easy)" that draws on the full range of information available on PPAC website and is available on the play-stores of Android and Apple iOS.

1.0 CONSUMPTION:

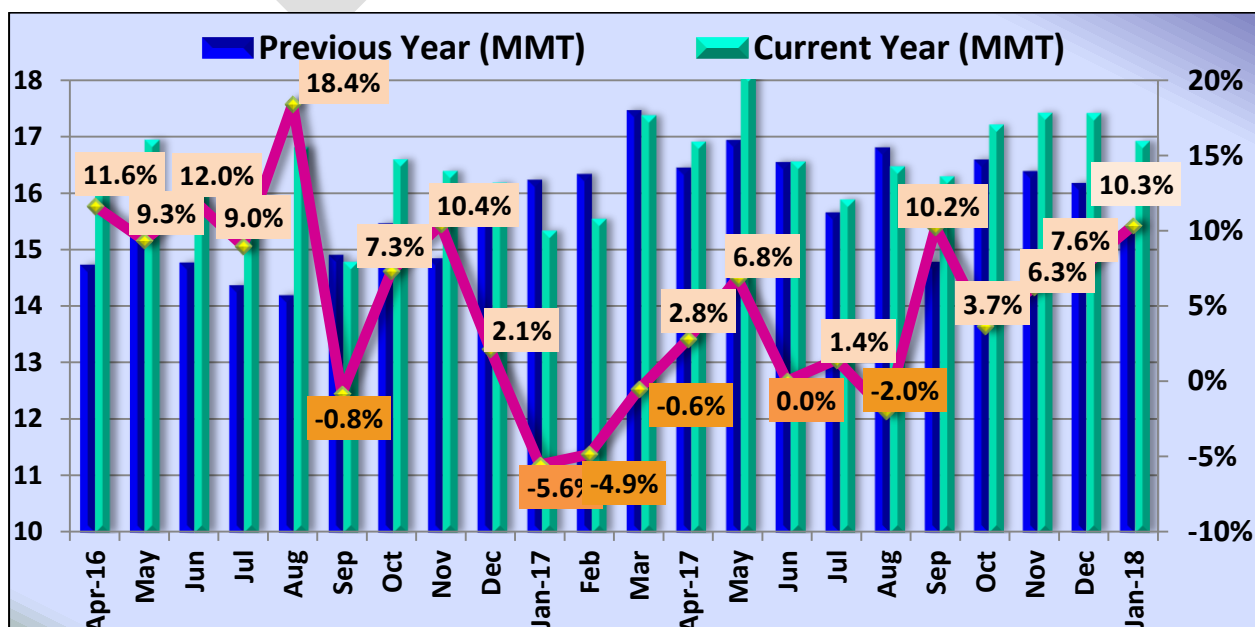
The growth (%) in consumption of petroleum products, category-wise, for the month of January, 2018 is given in Table-1.

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

PRODUCT	Share (%)	January 2017	January 2018	Growth (%)	Products Included
Sensitive products	14.2%	2,356	2,399	1.8%	SKO & LPG
Major decontrolled products	70.4%	10,589	11,908	12.5%	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Minor decontrolled products	15.4%	2,389	2,612	9.3%	Pet. Coke & other Minor products
Grand Total	100%	15,334	16,919	10.3%	

All Products: India's consumption of petroleum products grew at its fastest pace in January 2018, in the current financial year to 16.9 MMT from 15.3 MMT a year ago by registering a growth of 10.3%. While there was a drop in the consumption of Kerosene (-13.2%) during the month, all other products recorded growth. On cumulative basis, a growth of 4.6% was recorded in consumption of all petroleum products for the period April 2017 to January 2018 as compared to April 2016 to January 2017.

Figure-1: Comparison of monthly POL consumption (MMT) and growth (%) since April, 2016



Composite PMI in India decreased to 52.5 in January, 2018 from 53.0 in December, 2017.

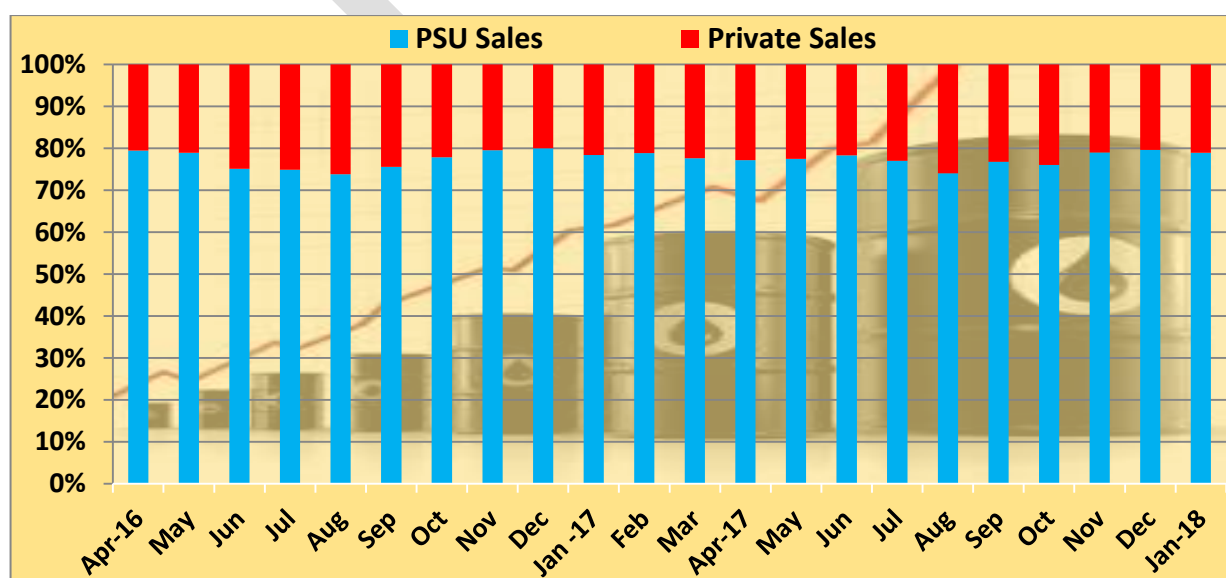
- The Nikkei Services PMI in India jumped to 51.7 in January, 2018 from 50.9 in December, 2017. The reading marked the second month of expansion in services activity as new business rose the most and job creation accelerated.
- The Nikkei Manufacturing PMI in India fell to 52.4 in January 2018 reflecting slower growth after index reached a 5-year high at 54.7 in December 2017. Manufacturing economy lost some impetus, reflected by slower growth in output, new orders and employment, though these key PMI indicators remained in expansion territory signaling that sector stayed on its track to recovery.

India has become the third-largest energy consumer in the world; oil and gas account for 37% of total energy consumption. The oil and gas sector is one of the core industries in India and plays a major role in influencing decision making for all the other important sections of the economy. India’s economic growth is closely related to energy demand. Centre for Economics and Business Research report of 2018 highlights how the construction and infrastructure projects will change the shape of the world by 2032. Key projects including the Delhi-Mumbai industrial corridor, Smart cities and more than 80,000 kms of new highways, Indian infrastructure projects will rebuild the world’s most populous country. The corridor would further assist in integrating, monitoring and developing a conducive environment for industrial development and promote advanced practices in manufacturing. India’s economic growth is closely related to energy demand; therefore the need for oil and gas is projected to grow more.

The government has announced a raft of measures in rural areas including 14.34 lakh crore rupees in rural infrastructure and livelihood spending and an increase in the minimum support price of crops to at least 1.5 times their production cost which would also boost energy demand.

Figure-2 gives a comparison of percentage of monthly sales volumes of all petroleum products by PSU and Private oil companies since April, 2016.

Figure-2: Comparison of monthly POL Sales in PSU & Private Sector (%) since April, 2016



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, 2017 and private imports data for the months of December 2017 and January 2018 are projected based on December 2016 to November 2017 actual data.

Detailed product-wise analysis of growth for January, 2018 is given in the following sections:

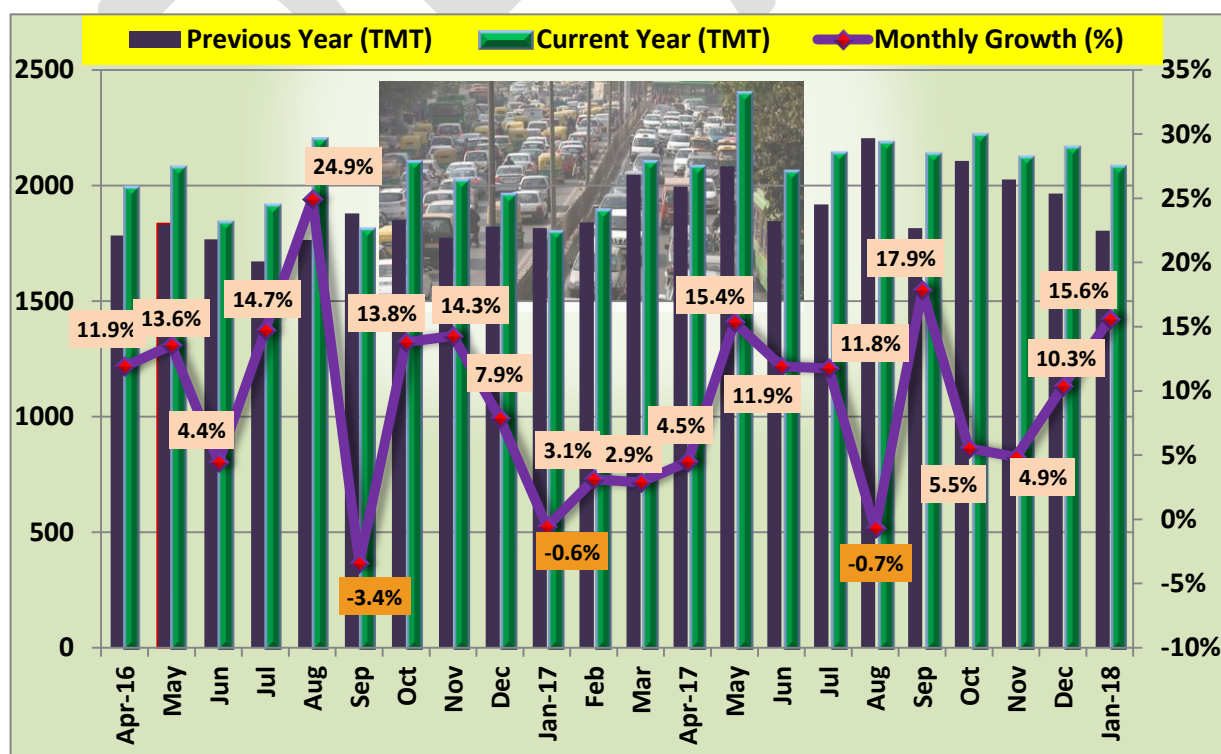
1.2 Petrol / Motor Spirit (MS): MS consumption during January, 2018 recorded a robust growth of 15.6% as compared to January, 2017, while on cumulative basis a growth of 9.4% was recorded for the period April 2017 to January 2018 as compared to the same period last year. Since March 2017, MS consumption has consistently recorded more than 2 million MT every month.

MS consumption during the month was affected due to following factors:

- i. The growth in demand came over a low base of last year as MS consumption fell in January 2017 following the government's crackdown on high-value currency notes.
- ii. With rising income levels, improved road connectivity in rural areas and automobile industry growing at a fast pace, the demand for petrol driven automobiles (both 4-wheelers and 2-wheelers) has increased which is the main driver for MS sales.

Figure-3 gives month-wise MS consumption volume (TMT) and month-on-month growth (%) since April, 2016.

Figure-3: Month wise MS consumption (TMT) and growth (%) since April, 2016

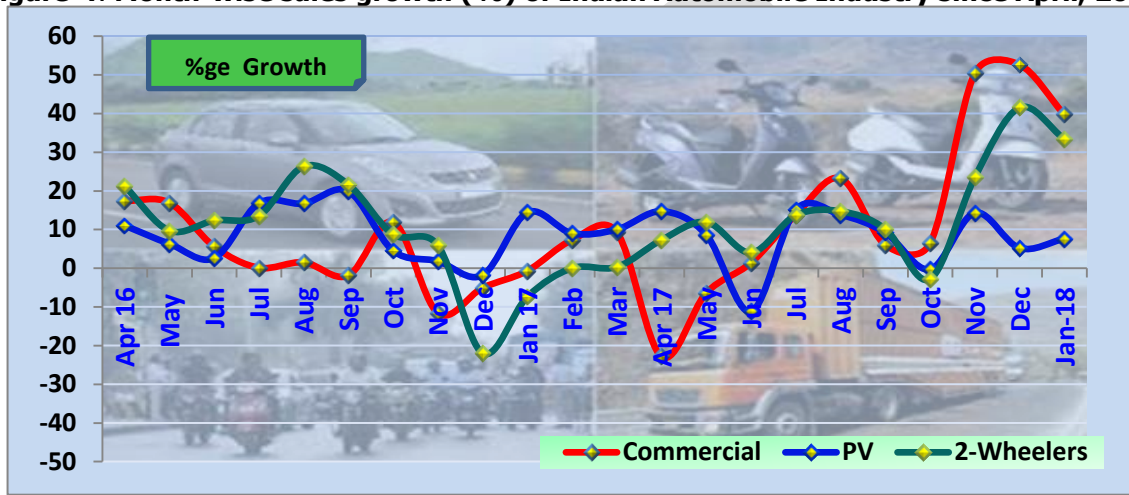


Other factors impacting consumption of MS are:

The Indian automobile sector, which has been driving in growth lane consistently for some time now, has opened 2018 on a robust note, with all vehicle categories reporting strong sales in January, 2018 due to a slew of economic reforms and regulatory changes being introduced in the first half 2017-18. The growth in January, 2018 sales have to be seen in the backdrop of the low previous year's base, which was adversely impacted by demonetization.

Figure-4 gives a graphic representation of month-wise growth percentages of passenger vehicles, commercial vehicles and 2-wheelers since April, 2016.

Figure-4: Month-wise sales growth (%) of Indian Automobile Industry since April, 2016



- a) **Total passenger vehicles (PV) sales:** The Indian passenger vehicle industry's sales for the month of January, 2018 recorded a growth of 7.6% and stood at 285,477 units, as against 265,389 units in the same month last year. On cumulative basis, a growth of 8.1% was recorded for the period April 2017 to January 2018 as compared to April 2016 to January 2017 for passenger vehicles.

Passenger cars and Vans recorded a drop of -1.2% and -7.1% respectively while the Utility vehicles which remain the new favorite of car buyers within the passenger vehicle space, posted an astounding performance with a strong growth of 37.9% during the month of January, 2018. On cumulative basis the trend of growth continues for the passenger vehicles.

Segment	January			April-January		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
Passenger Cars	186,596	184,264	-1.2%	1,740,872	1,803,746	3.6%
Utility Vehicles	62,263	85,850	37.9%	618,422	750,080	21.3%
Vans	16,530	15,363	-7.1%	150,107	158,104	5.3%
Sub-Total	265,389	285,477	7.6%	2,509,401	2,711,930	8.1%

Source: Society of Indian Automobile Manufacturers (SIAM)

b) **2-wheeler sales:** In January, 2018, the Indian automotive industry cashed in on a low base effect prevailing due to demonetization during the previous year. During the month of January, 2018, 2-wheeler sales witnessed a growth of 33.4%, and on cumulative basis the growth was 13.6%.

Scooter sales recorded a growth of 48.3% by selling 553,695 units. Motorcycles recorded a growth of 28.6% in sales by selling 1,054,062 units while Moped sales recorded 10.0% growth by selling 76,309 units. On cumulative basis, Scooter and Motorcycles sale recorded a growth of 20.9% and 11.4% respectively, while Moped sales continued to decline at -4.6%.

Increasing rural income, better road connectivity, new product launches and upgrades of existing models along with expanding dealer network has contributed to the increased sales of 2-wheelers.

Segment	January			April-January		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
Scooter/ Scooterette	373,382	553,695	48.3	4,665,774	5,641,243	20.9
Motor Cycles	819,385	1,054,062	28.6	9,346,593	10,414,790	11.4
Mopeds	69,373	76,309	10.0	743,692	709,176	-4.6
Sub Total	1,262,140	1,684,066	33.4	14,756,059	16,765,209	13.6

Source: Society of Indian Automobile Manufacturers (SIAM)

1.3 High Speed Diesel (HSD): HSD consumption during the month recorded a high growth of 14.5% to reach 6.6 MMT in January, 2018 as compared to 5.8 MMT in January, 2017. On cumulative basis, a growth of 6.5% was recorded for the period April 2017 to January 2018 as compared to the same period last year. Diesel consumption during the month was affected due to following factors:

- i. The high growth in diesel consumption during January, 2018 is due to the low base of last year in January, 2017 following the government's crackdown on high-value currency notes
- ii. Improved economic and manufacturing activities, increased construction activities allied with infrastructure growth in the country, economic viability of public transport and carrier vehicles resulted in improving diesel sales.
- iii. Stoppage of sand mining activities in Southern and Eastern regions of India had an adverse effect on the growth of diesel sales.

Figure-5: Month-wise HSD consumption (TMT) and growth (%) since April, 2016

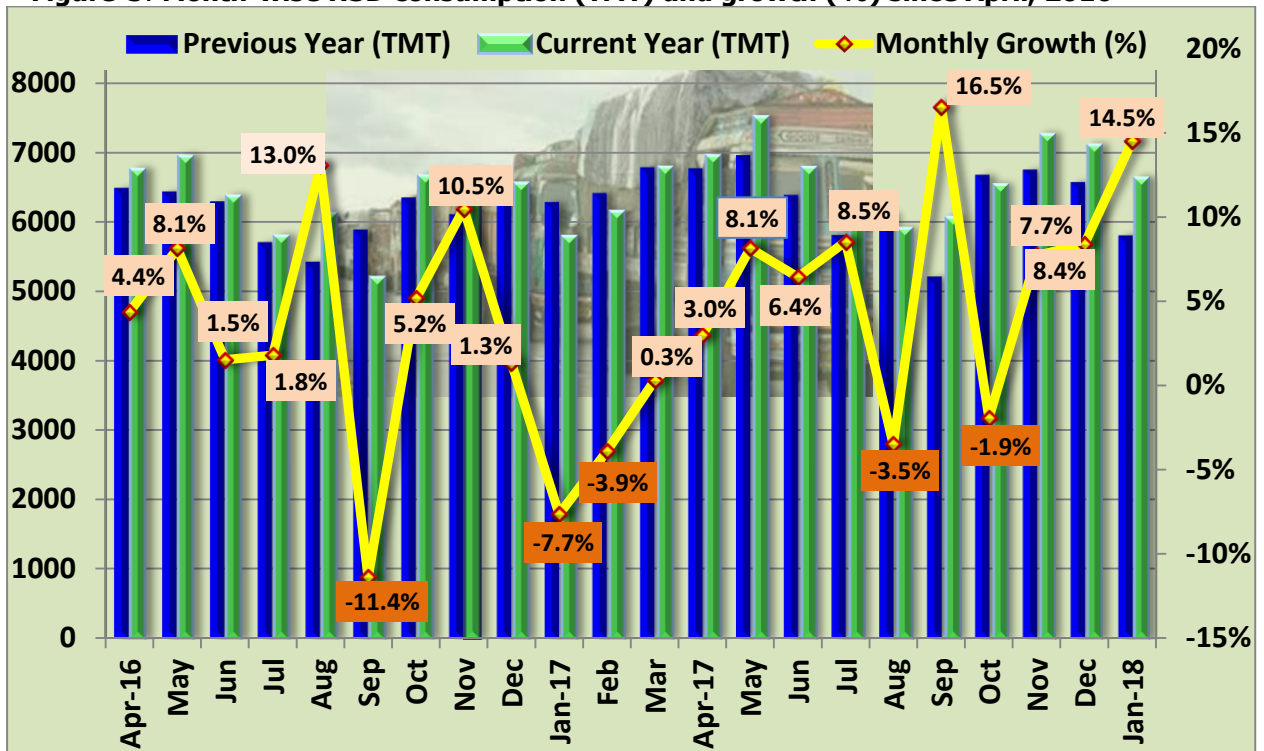
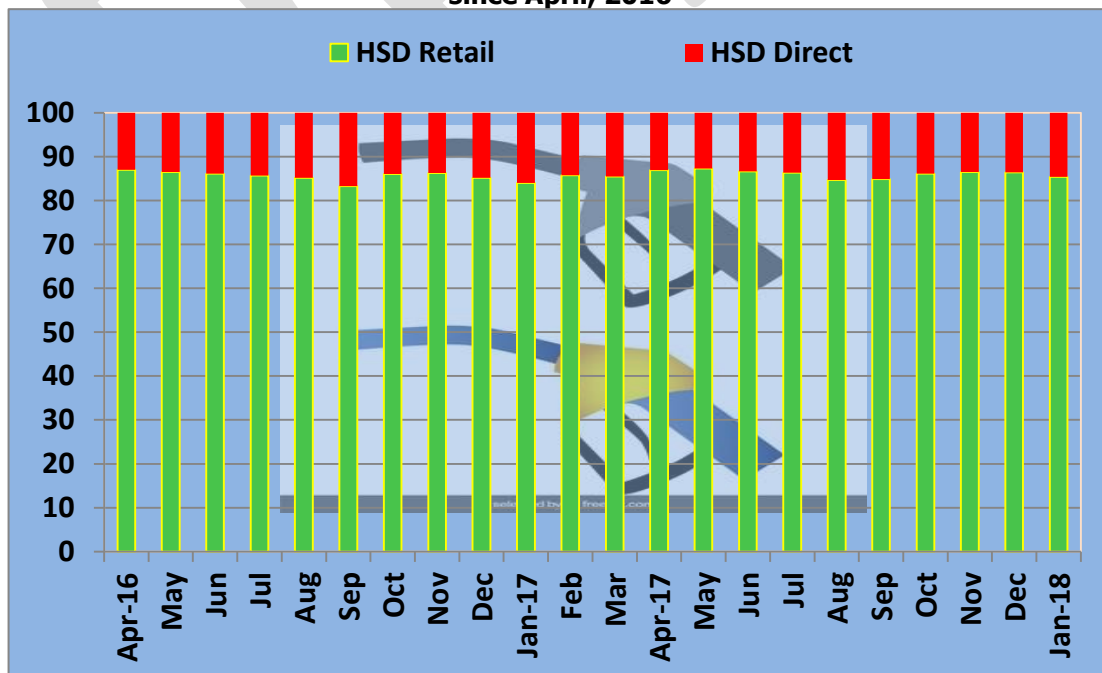


Figure-6 gives a comparison of month-wise percentage of HSD consumption by Retail and Consumer business share since April, 2016.

Figure-6: Month-wise HSD consumption by Retail and Direct business share (%) since April, 2016



Other factors affecting diesel consumption are discussed below:

- a) **Commercial vehicles (CV) sales:** As economic activities start improving on the back of a strong focus on infrastructure development, commercial vehicle sales stayed firmly in the positive growth lane in the first month of 2018. Commercial vehicles were leading the automobile sales in the month of January, 2018 and witnessed a healthy double-digit growth of 39.7%. New model launches across the spectrum of vehicle segments, infrastructure development and road building activities have boosted the CV sector. M&HCV recorded a growth of 18.8% in January, 2018 by selling 34,170 units as compared to 28,770 units in January, 2017. On cumulative basis, M&HCV recorded a growth of 10.4%.
- b) **Light Commercial Vehicle (LCV):** LCV sector contributed sales of 51,490 units and a growth of 58.3% over historical during the month and a growth of 23.2% for the period April to January, 2018.

Segment	January			April-January		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
M&HCV	28,770	34,170	18.8	232,695	257,001	10.4
LCV	32,535	51,490	58.3	327,194	402,996	23.2
Total Commercial Vehicles	61,305	85,660	39.7	559,889	659,997	17.9

Source: Society of Indian Automobile Manufacturers (SIAM)

- c) **Port traffic:** There was a strong growth of 12.9% in port traffic during the month of January, 2018. The growth in port traffic and cargos handled during January, 2018 was mainly due to increase in traffic at all ports except at Kolkata, Chennai, Mormugao and Mumbai.

There has been a cumulative growth of 4.6% in port traffic during the period April to January 2018. Growth was registered specifically in POL products (7.9%), other liquids (7.6%), finished fertilizer(1.4%), coking coal (8.0%), containers (7.3%) and others (0.9%), while there has been a drop in iron ore (-2.4%) thermal coal (-1.8%) and raw fertilizer (-1.8%). While iron ore mining activities have increased in Karnataka and Odisha, it has been severely restricted in Goa.

Table-2 below gives the port-wise performance during the month of January, 2018.

Table-2: Traffic handled at major ports in January, 2018

TRAFFIC HANDLED AT MAJOR PORTS (TMT)			
PORTS	January 2017	January 2018	Growth (%)
Kolkata + Haldia	4,338	5,301	22.2%
Paradip	7,982	10,177	27.5%
Visakhapatnam	5,026	5,884	17.1%
Kamarajar (Ennore)	2,677	2,994	11.8%
Chennai	4,209	4,138	-1.7%
V.O. Chidambaranar	3,109	3,374	5.6%
Cochin	2,220	2,826	27.3%
New Mangalore	3,315	3,784	14.1%
Mormugao	3,497	2,410	-31.1%
Mumbai	5,282	5,181	-1.9%
JNPT	5,304	5,625	6.1%
Kandla	7,504	9,871	31.5%
TOTAL:	54,550	61,565	12.9%

Source: Indian Ports Association (IPA)

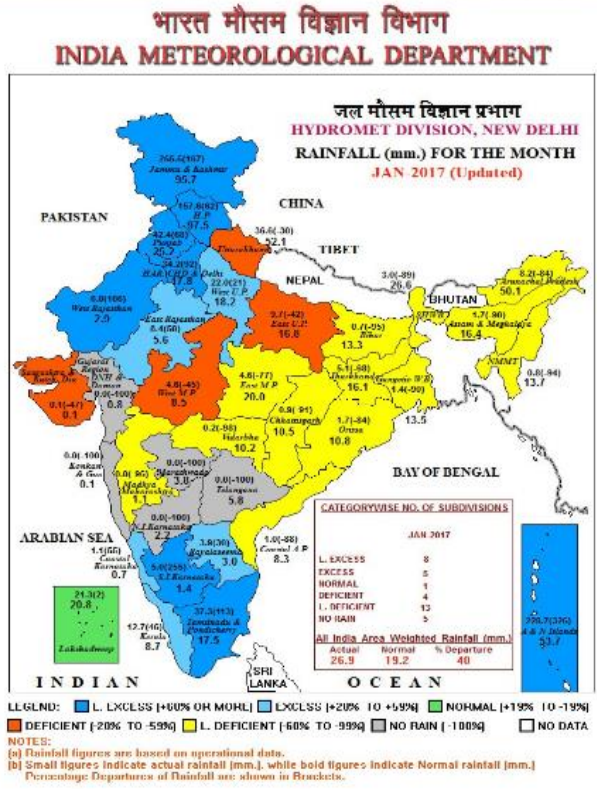
- d) **Power situation:** The power deficit position for the month of January, 2018 is given in Table-3. The power deficit position remained the same, from -0.6% in January, 2017 to -0.6% in January, 2018. The deficit was mainly in the states of Jammu & Kashmir, Uttar Pradesh and Rajasthan. The power deficit in January, 2018 may have led to increased usage of diesel for back-up power generation.

Table-3: Power deficit: Region-wise position for January, 2018 (% deficit)

States	January 2018 ^(P)				January 2017
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	28,996	28,483	-513	-1.8%	-1.8%
West	32,158	32,156	-3	0.0%	0.0%
South	27,642	27,614	-28	-0.1%	0.0%
East	10,115	10,103	-12	-0.1%	-0.1%
North-East	1,296	1,275	-21	-1.6%	-1.1%
Total	100,208	99,631	-577	-0.6%	-0.6%

Source: Central Electricity Authority (CEA)

- e) **Seasonal rainfall scenario:** The rainfall in the country during January, 2018 was -85% below normal. As against a normal of 19.2 mm, 2.9 mm rain was recorded during January, 2018. Entire country received no rain or deficient rainfall during the month as can be seen from the map below. Reduced rainfall may have led to increased usage of diesel for agriculture related activities.

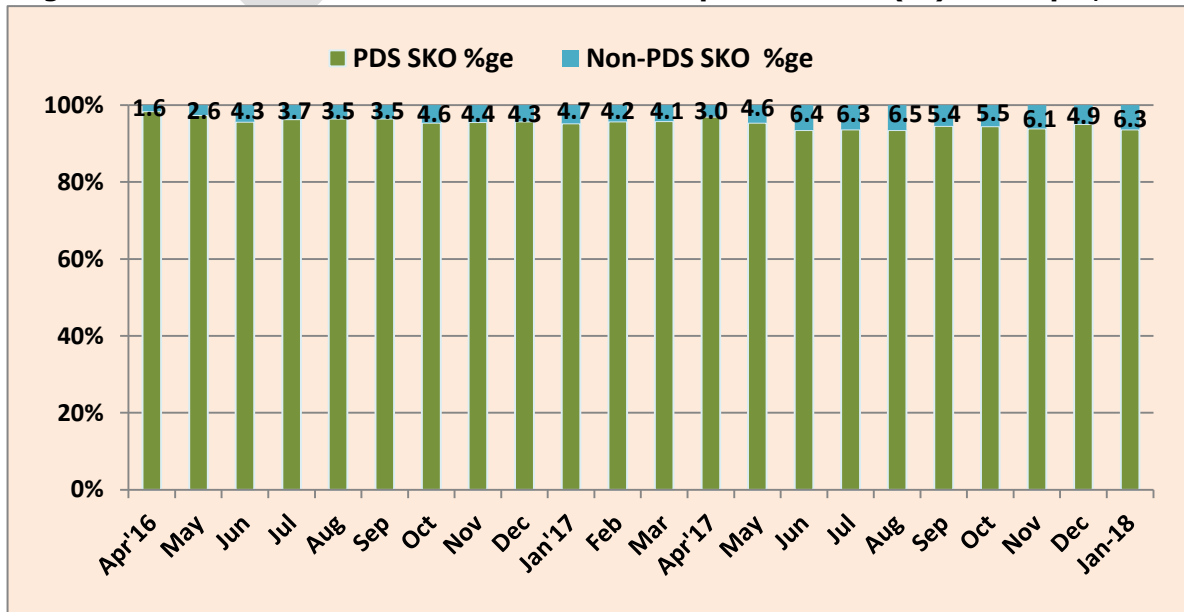


Source: India Meteorological Department (IMD)

1.4 Kerosene: Kerosene consumption recorded a drop of -13.2% during January, 2018 and -29.5% on cumulative basis for the period April 2017 to January 2018 as compared to April 2016 to January 2017. This was mainly because of reduced allocation to states and also voluntary surrender of PDS SKO quota by a few states/UTs. The month of January, 2018 saw nil upliftment by Andhra Pradesh, Chandigarh, Delhi, Dadra & Nagar Haveli, Daman & Diu, Haryana, Puducherry, Punjab and Uttarakhand.

Figure-6 gives a comparison of kerosene sales in public distribution system vis-à-vis Non-PDS system since April, 2016.

Figure-6: Month-wise PDS & Non PDS SKO consumption in share (%) since April, 2016

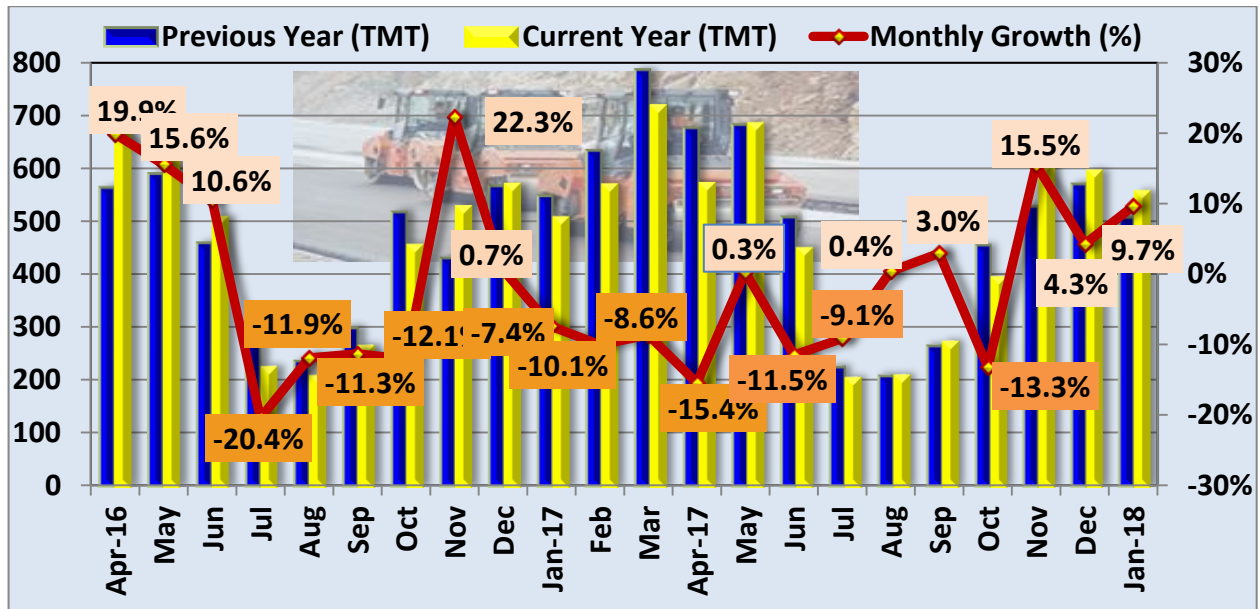


1.5 Bitumen: Bitumen consumption recorded a growth of 9.7% during the month of January, 2018 and a drop of -1.7% on cumulative basis for the period April 2017 to January 2018 as compared to April 2016 to January 2017. Bitumen consumption in India has increased on the back of infrastructure spending and expanding road networks across the country.

However, the Government is also making a transition from bitumen to cement and concrete for making national highways and other roads.

Figure-7 gives the month wise bitumen consumption and growth since April, 2016.

Figure-7: Month-wise Bitumen consumption (TMT) and growth (%) since April, 2016



1.6 LPG: Total LPG consumption has been continuously on a growth trajectory for the last fifty three months in a row. During the current month, it recorded a positive growth of 4.6% during January, 2018 and a cumulative growth of 8.0% for the period April 2017 to January 2018. Out of the five regions, Northern region had the highest share in consumption of 31.2% followed by Southern region at 28.6%, Western region at 22.2%, Eastern region at 15.6% and North Eastern region at 2.3% during the period April 2017 to January 2018. Eastern region had the highest growth of 15.6% in total LPG consumption during the period April 2017 to January 2018.

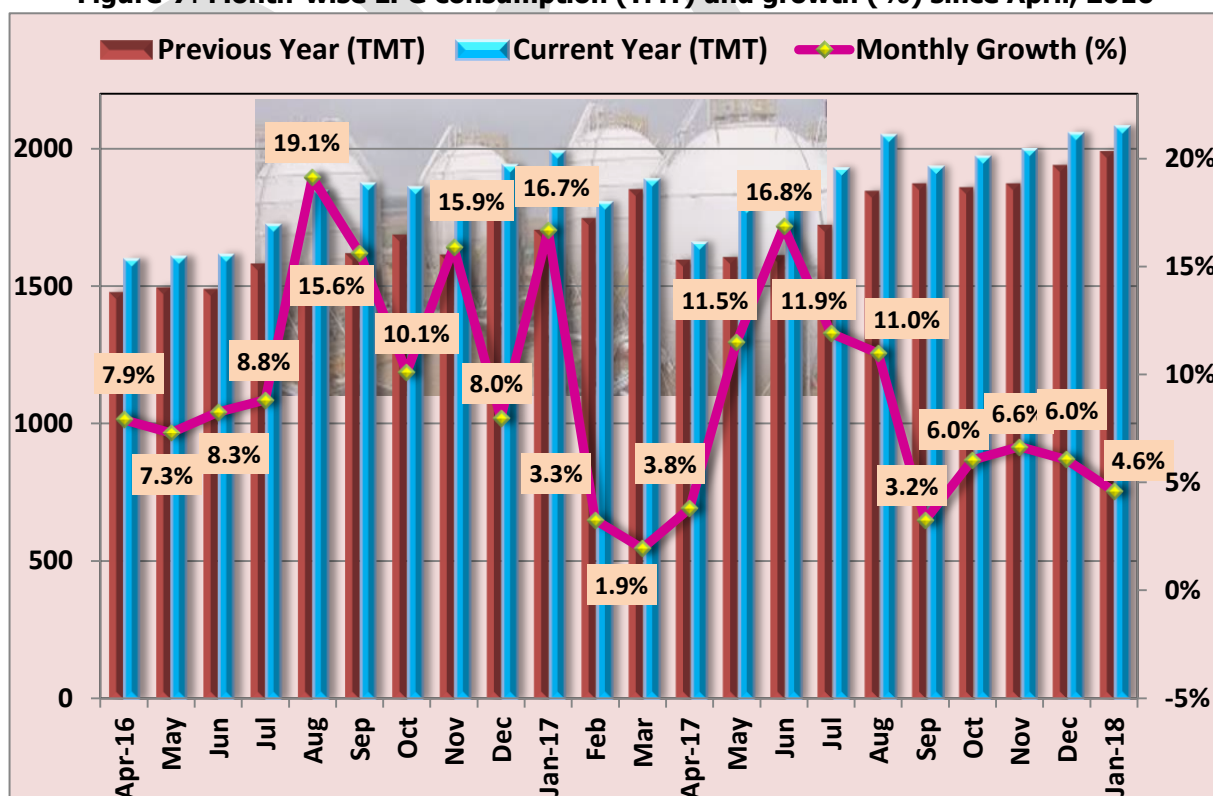
LPG-Packed Domestic consumption registered a growth of 5.1% during January, 2018 and a growth of 7.8 % during the period April 2017 to January 2018. This year during the period April 2017 to January 2018, 58.1 lakh DBCs and 245.5 lakh new connections were released out of which 134.2 lakh were released under PMUY. Since inception, total 334.5 lakh connections were released under PMUY till 31.01.2018. During April 2017 to January 2018, the five states with the highest LPG-Packed domestic sales were Uttar Pradesh (13.7%), Maharashtra (11.4%), Tamil Nadu (8.2%), West Bengal (7.3%) and Karnataka (6.3%). During the month of January, 2018, percentage share of LPG-Packed Domestic was 88.7% of total LPG consumption and it was at the same level as of January, 2017.

LPG-Packed Non-Domestic consumption has also continued to grow for the last thirty seven months in a row. It registered a positive growth of 10.6% in January, 2018 and cumulative growth of 17.2% during April 2017 to January 2018. Share of LPG Packed Non-Domestic has increased to 9.1% in January 2018 from 8.6% in January, 2017. Region wise share of LPG Packed Non-Domestic consumption was highest in Southern region (40.2%) followed by Western region (29.6%) and Northern region (22.8%) during April 2017 to January 2018. This high growth and increase in share of LPG Packed Non-Domestic consumption is mainly due to easy availability of product and curb in diversion of subsidized domestic cylinders after the launch of DBTL.

Bulk LPG consumption registered a drop of -22.1% during January, 2018 and a cumulative drop of -3.2% during the period April 2017 to January 2018. Last year GAIL had uplifted LPG for one-time own use. Percentage share of bulk LPG consumption decreased to 1.4% in January, 2018 as compared to 1.9% in January, 2017 and 1.6% during April 2017 to January 2018 as compared to 1.8% during April 2017 to January 2017.

Auto LPG consumption registered a growth of 9.7% in January, 2018 and cumulative growth of 11.5% during April 2017 to January 2018. The sales volume increase was about 1.4 TMT in January, 2018 as against January, 2017. During the month of January, 2018, percentage share of Auto LPG was 0.8% of total LPG consumption whereas in January, 2017 it was 0.7%.

Figure-7: Month-wise LPG consumption (TMT) and growth (%) since April, 2016

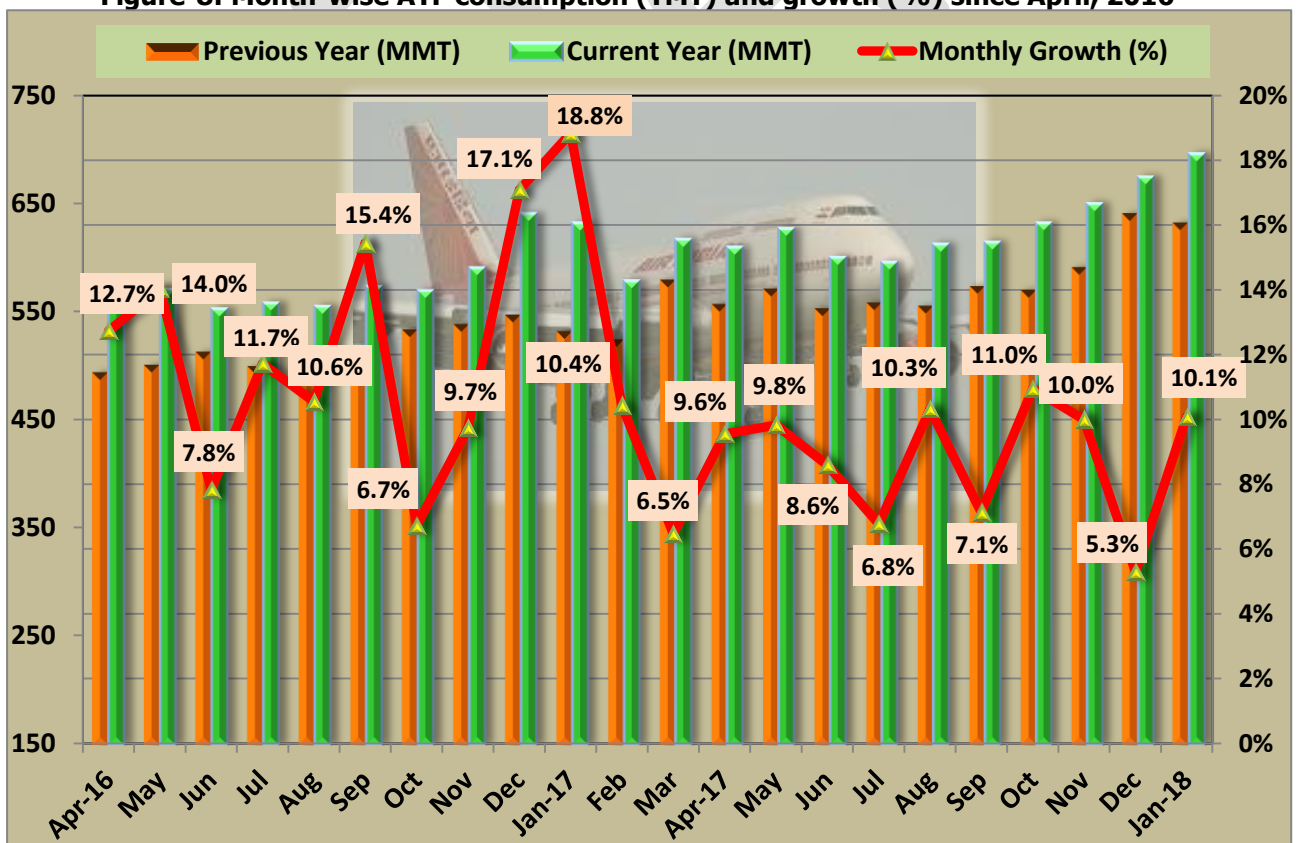


1.7 Naphtha: Naphtha consumption recorded a growth of 2.0% for the month of January, 2018 and a drop of -7.7% for the period April 2017 to January 2018 as compared to April 2016 to January 2017. Petrochemical industries remain the main consumers of naphtha in addition to minor consumers like fertilizer and power plants. Fluctuation in demand by the petrochemical industry (particularly for polymers and plastics) largely drives the pattern of naphtha consumption.

1.8 ATF: ATF consumption recorded a growth of 10.1% during January, 2018 as compared to January, 2017. On cumulative basis, for the period April 2017 to January 2018, a growth of 8.8% was recorded as compared to the same period last year.

The continued high growth in domestic passenger traffic has resulted in increasing demand for ATF with a CAGR of 4.9% in the last five years. Passengers carried by domestic airlines during January, 2018 stood at the highest ever figure till date 114.65 lakhs as against 95.79 lakhs during January, 2017 thereby registering a growth of 19.69%. On cumulative basis a total of 1013.61 lakh passengers were carried by domestic airlines in April to January, 2018 as against 864.64 lakh in the same period last year in 2017 and thereby a growth of 17.3% in domestic air traffic was recorded. Due to major initiatives taken by the government for the aviation sector for improving infrastructure and connectivity, the consumption of ATF is expected to increase in line with the thrust applied.

Figure-8: Month-wise ATF consumption (TMT) and growth (%) since April, 2016



1.9 FO/LSHS: FO and LSHS consumption registered a growth of 4.7% during January, 2018 as compared to January, 2017 and a drop of -7.2% was recorded for the period April to January 2018 as compared to the same period last year. The overall drop during the current year is due to decreased consumption of FO in all sectors like power, fertilizer, petrochemicals, steel and other sectors mainly due to ban of FO in Delhi, Uttar Pradesh, Rajasthan and Haryana. However, growth was observed in consumption by the fertilizer and petrochemical sectors during the month. Consumption of LSHS has also reduced due to shift to natural gas by major customers like the fertilizer industry.

1.10 PETCOKE: Petcoke consumption registered a growth of 9.2% in January, 2018 as compared to January, 2017 and on cumulative basis, a growth of 7.6% was registered for the period April to January 2018.

Around 150 garment manufacturing plants that supply to top global brands face indefinite closure in the Delhi-NCR region due to a Supreme Court order banning the use of petroleum coke and furnace oil due to air-pollution. Around 80% of export happens between January and March, due to the festive season in international markets. This may affect the consumption of petcoke in the balance part of the current financial year.

1.11 LDO: LDO consumption recorded a growth of 57.5% for the month of January, 2018 and a growth of 12.5% for the period April to January 2018 as compared to the same period last year. LDO month wise demand fluctuates depending on its requirement at power plants for boiler restart as it trips and the in the fluctuation in manufacturing activities. LDO is also extensively used in various types of furnaces and the ban of FO in Delhi, Uttar Pradesh, Rajasthan and Haryana has led to an increase in consumption.

Industry Consumption Trend Analysis 2017-18 ^(P)

('000 MT)

Product	January			April-January		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
(A) Sensitive Products						
SKO	366.8	318.3	-13.2	4,611.8	3,252.6	-29.5
LPG	1,989.1	2,080.5	4.6	17,916.1	19,346.4	8.0
Sub Total	2,355.9	2,398.8	1.8	22,528.0	22,599.0	0.3
(B) Major Decontrolled Products						
Naphtha	986.8	1,006.5	2.0	11,075.1	10,218.2	-7.7
MS	1,804.4	2,086.0	15.6	19,763.0	21,625.3	9.4
HSD	5,803.5	6,644.7	14.5	63,063.4	67,162.9	6.5
Lubes+Greases	275.8	293.5	6.4	2,886.9	3,051.6	5.7
LDO	35.0	55.1	57.5	378.5	425.8	12.5
FO/LSHS	542.4	568.1	4.7	6,067.8	5,628.5	-7.2
Bitumen	509.3	558.5	9.7	4,644.8	4,567.0	-1.7
ATF	632.2	696.0	10.1	5,801.6	6,313.7	8.8
Sub Total	10,589.4	11,908.4	12.5	113,681.1	118,993.0	4.7
Sub - Total (A) + (B)	12,945.3	14,307.2	10.5	136,209.0	141,592.0	4.0
(C) Minor Decontrolled Products						
Petcoke	1,815.3	1,982.2	9.2	20,052.5	21,584.9	7.6
Others	573.7	630.0	9.8	5,423.2	5,978.2	10.2
Sub Total	2,389.0	2,612.2	9.3	25,475.7	27,563.1	8.2
Total	15,334.3	16,919.4	10.3	161,684.7	169,155.1	4.6