

Industry Sales Review

June 2018



पेट्रोलियम योजना एवं विश्लेषण प्रकोष्ठ
पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय
Petroleum Planning & Analysis Cell
Ministry of Petroleum & Natural Gas

HIGHLIGHTS OF THE REPORT

1. Total petroleum products consumption witnessed a growth of 8.7% during June, 2018 and a cumulative growth of 5.1% for the period April to June, 2018. High growth of transportation fuels, petrol, diesel and ATF along with reduction in Kerosene and FO/LSHS consumption affected the growth in overall consumption during June, 2018.
2. High growth in sales of passenger vehicles (37.5%) and 2-wheelers (22.3%) respectively contributed to a robust growth of 14.9% in MS consumption, despite its high retail price. A cumulative growth of 8.4% was recorded in petrol consumption for the period April to June, 2018 as against April to June, 2017.
3. HSD consumption growth during June, 2018 was 7.7% primarily owing to continued high sales of commercial vehicles, which register a growth of 41.7% during the month and 51.5% during the first quarter of Financial year 2018-19. The power deficit position improved from -0.5% in June, 2017 to -0.4% in June, 2018. Ports registered a growth of 7.1% in traffic handled at major ports and there was near normal rainfall. A cumulative growth of 3.4% was recorded in diesel consumption for the period April to June, 2018 as against April to June, 2017.
4. With the Government's thrust on reaching clean cooking fuel to all sections of the society, total LPG consumption continuously for last fifty eight months in a row recorded a positive growth of 2.6% during June, 2018 and a cumulative growth of 9.6% for the period April to June 2018.
5. The continued high growth in domestic passenger traffic in the aviation sector consequent to the Government's initiative for improving infrastructure and connectivity has resulted in 13.1% growth in ATF consumption during June, 2018 and 13.4% for the period April to June, 2018.
6. On the back of sustained focus on creating road infrastructure, bitumen consumption recorded a growth of 28.6% during June, 2018 and 15.7% during the period April to June, 2018.
7. Due to reduced allocation and voluntary surrender of quota by some of the states, the drop in kerosene consumption was -12.1% during June, 2018 and -13.2% on cumulative basis for the period April to June, 2018.

This report analyses the trend of consumption of petroleum products in the country during the month of June, 2018. Data on product-wise monthly consumption of petroleum products for June, 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 the 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 June, 2018 is given in Table-1.

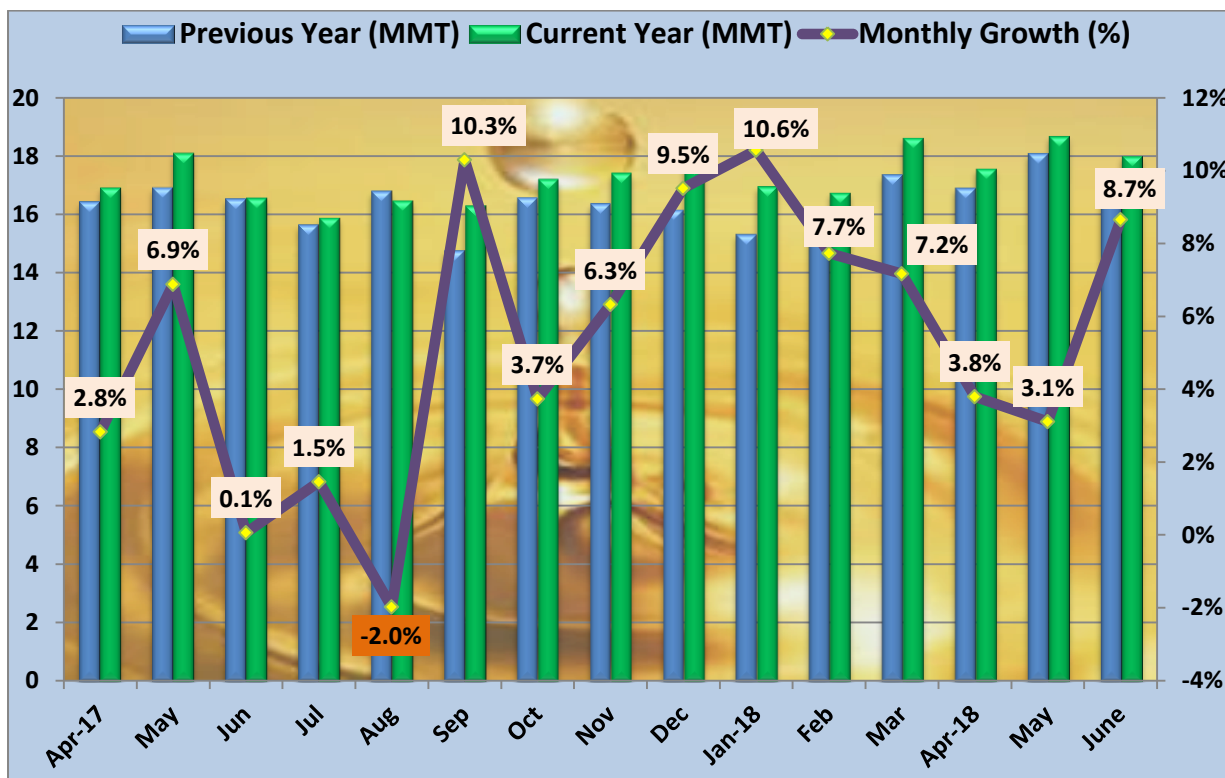
Table-1: Petroleum Products Consumption (Quantity in TMT)

Category of Product	Share (%)	June 2017	June 2018	Growth (%)	Products included
Sensitive products	12.5%	2,243	2,248	0.2%	SKO & LPG
Major decontrolled products	71.7%	11,714	12,908	10.2%	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Other decontrolled products	15.8%	2,603	2,838	9.0%	Pet. -coke & other minor products
Grand Total	100%	16,560	17,994	8.7%	

All Products: India’s fuel demand grew by 8.7% in June, 2018. Consumption of petroleum products rose to 18.0 MMT during the month as compared to 16.5 MMT a year ago. During the month of June, 2018, consumption of all products recorded a positive growth except Kerosene (-12.1%), FO/LSHS (-2.8%) and products in ‘others’ category (-2.2%). On cumulative basis, the consumption of petroleum products was 54.2 MMT, thereby registering a growth of 5.1% for the period April to June 2018 as compared to April to June 2017.

The expansion in output and prosperity drives the growth in energy consumption. The trend towards increasing urbanization is projected to continue. The impact on the country’s energy consumption depends on the extent to which this increased urbanization facilitates increased levels of industrialization and prosperity.

Figure-1: Comparison of monthly POL consumption (MMT) and growth (%) since April, 2017



Composite PMI in India rose to 53.3 in June, 2018 from 50.4 in May, 2018.

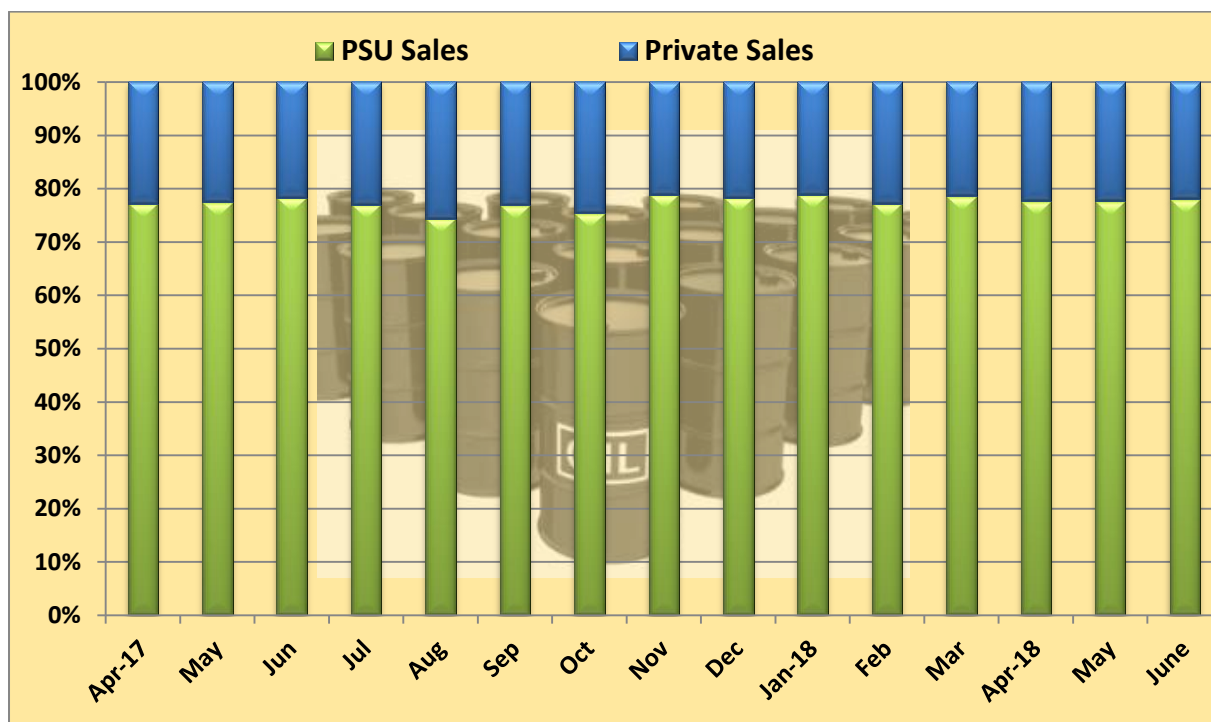
- The Nikkei Manufacturing PMI in India leapt to 53.1 in June, 2018 from 51.2 in May, 2018. Conditions in the manufacturing sector improved in June, 2018 whereby output increase recorded fastest growth of rate since December 2017.
- The Nikkei Services PMI in India expanded to 52.6 in June, 2018 from 49.6 in May, 2018. Rate of growth in June, 2018 was the highest in 12 months and was boosted by increased inflows of new work reflecting better demand conditions. Employment levels ticked up and job creation was notable in the information and communication technology sector.

Increase in India's energy demand is supported by continuous robust economic growth, rural demand, increased infrastructure spending and improved automobile sales. Infrastructure is a key driver of the overall development of the Indian economy. This sector focuses on major infrastructure sectors such as power, roads and bridges, dams and urban infrastructure. The Government of India is expected to invest heavily in the infrastructure sector, mainly for highways, renewable energy and urban transport, and is taking every possible initiative to boost the infrastructure sector.

The changing infrastructure landscape in India and strong private consumption and services are expected to continue to support economic activity. The demand for transportation fuels is moving in tandem with rising vehicle sale in the country. Improved automobile sales, manufacturing and services, the mainstay of India's growth, are on a positive trajectory as well.

Figure-2 gives a comparison of percentage of monthly sales volumes of all petroleum products by PSU and Private oil companies since April, 2017.

Figure-2: Comparison of monthly POL Sales in PSU & Private Sector (%) since April, 2017



PPAC analyzes the sales recorded by the Industry on the basis of the available data. 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 April, 2018 and private imports data for the months of May and June, 2018 are projected based on May 2017 to April 2018 actual data.

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

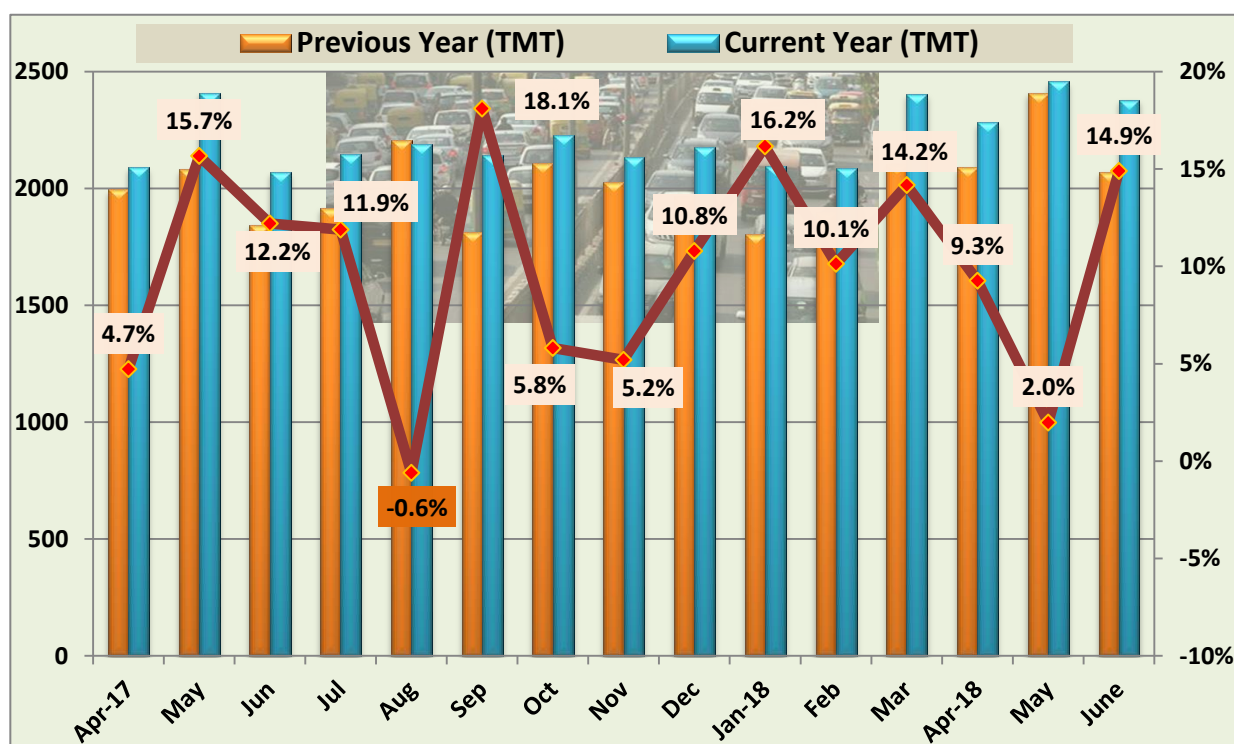
1.2 Petrol / Motor Spirit (MS): MS consumption during June, 2018 recorded a robust growth of 14.9% as compared to June, 2017 after two months of single digit growth. On cumulative basis, a growth of 8.4% was recorded for the period April to June 2018 as compared to the same period last year.

Major factors contributing to MS consumption during the month were:

- i. Despite increasing petrol prices, the demand for petrol driven automobiles (both 4-wheelers and 2-wheelers) has increased which is the main driver for MS sales. Improved road connectivity in rural areas and healthy growth in the automobile sector helped in improving the sales.
- ii. Increase of tourism due to onset of holiday season.

Figure-3 gives month-wise MS consumption volume (TMT) and month-on-month growth (%) since April, 2017.

Figure-3: Month wise MS consumption (TMT) and growth (%) since April, 2017

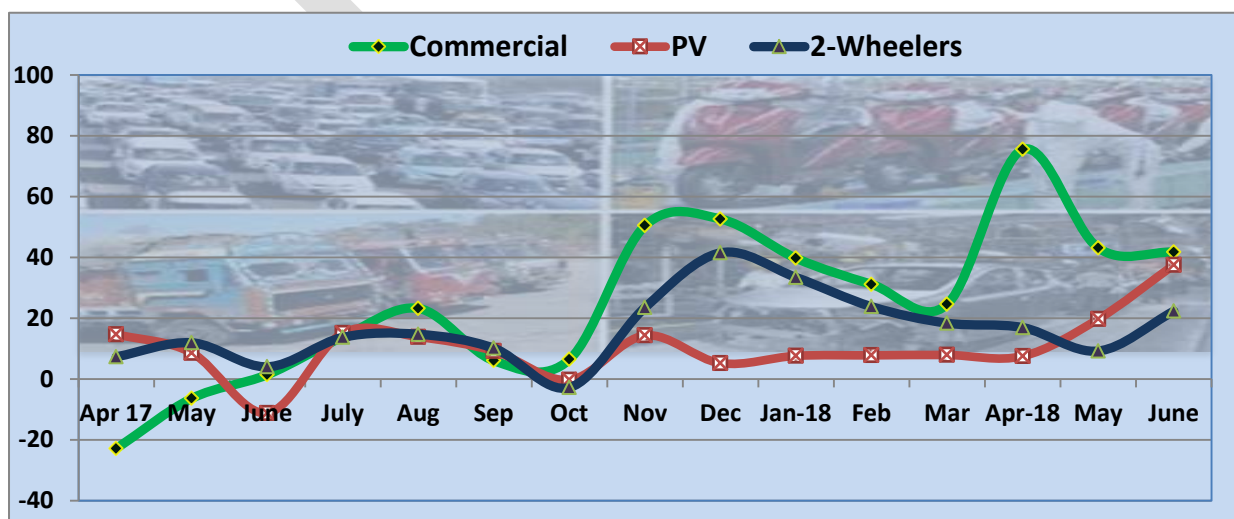


Other factors impacting consumption of MS are:

The automotive sector has shown considerable growth in the month of June, 2018 by registering a robust growth of 24.6% on the bottom line including all segments of passenger, commercial vehicles and two-wheeler segments. On cumulative basis the sector has recorded a growth of 17.4% for the period April to June 2018 as compared to the same period last year.

Figure-4 gives a graphic representation of month-wise growth percentages of passenger vehicles, commercial vehicles and 2-wheelers since April, 2017.

Figure-4: Month-wise sales growth (%) of Indian Automobile Industry since April, 2017



a) **Total passenger vehicles (PV) sales:** The Indian passenger vehicle industry's sales for the month of June, 2018 recorded a growth of 37.5% and stood at 273,759 units, as against 199,036 units in the same month last year. On cumulative basis, a growth of 19.9% was recorded for the period April to June 2018 as compared to April to June 2017 for passenger vehicles. With regard to passenger cars, there was a lull in demand during April to June 2017 in anticipation of lower prices with the implementation of the GST regime from July, 2017. A slew of new models launches are also giving a boost to passenger car sales.

Passenger cars segment recorded a growth of 34.2%, while utility vehicles which remain the new favorite of car buyers within the passenger vehicle space, posted a growth of 47.1% during the month of June, 2018. Van sales posted a growth of 35.6% during the month. On cumulative basis passenger cars, utility vehicles and vans recorded a growth of 18.0%, 23.2% and 27.3% respectively.

Segment	June			April-June		
	2017-18	2018-19	Growth (%)	2017-18	2018-19	Growth (%)
Passenger Cars	137,012	183,885	34.2	494,598	583,547	18.0
Utility Vehicles	50,066	73,654	47.1	190,617	234,876	23.2
Vans	11,958	16,220	35.6	43,268	55,078	27.3
Sub-Total	199,036	273,759	37.5	728,483	873,501	19.9

Source: Society of Indian Automobile Manufacturers (SIAM)

b) **2-wheeler sales:** The overall 2-wheeler sales grew irrespective of fluctuating fuel price as it saw a growth of 22.3% compared to the same period last year. The two wheelers segment with 84% market share is the leader of the Indian automobile market owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural markets further aided the growth of the sector. In June, 2018 also, the sales growth has been driven by strong growth in motorcycles. On cumulative basis the segment has recorded a growth of 15.9% for the period April to June 2018 as compared to the same period last year.

Scooter sales recorded a growth of 21.0% by selling 601,761 units. Motorcycles recorded a growth of 24.3% in sales by selling 1,199,332 units while moped sales recorded a growth of 2.3% by selling 66,791 units. On cumulative basis, scooter, motorcycles and moped sale recorded a growth of 10.4%, 19.5% and 7.3% respectively.

The prediction of a near normal monsoon during 2018-19 along with low cost of ownership would boost 2-wheeler sales in the current year also leading to sustained growth in MS sales.

Segment	June			April-June		
	2017-18	2018-19	Growth (%)	2017-18	2018-19	Growth (%)
Scooter/ Scooterette	497,478	601,761	21.0	1,647,690	1,818,235	10.4
Motor Cycles	964,729	1,199,332	24.3	3,056,439	3,651,542	19.5
Mopeds	65,302	66,791	2.3	193,493	207,566	7.3
Sub Total	1,527,509	1,867,884	22.3	4,897,622	5,677,343	15.9

Source: Society of Indian Automobile Manufacturers (SIAM)

1.3 High Speed Diesel (HSD): HSD consumption during the month recorded a growth of 7.7% to reach 7.3 MMT in June, 2018 as compared to 6.7 MMT in June, 2017. On cumulative basis, a growth of 3.4% was recorded for the period April to June 2018 as compared to the same period last year.

Growth in diesel consumption during the month can be attributed mainly to the following factors:

- 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.
- Continuous high growth of LCV and M&HCV vehicles has contributed in boosting diesel sales.

Figure-5: Month-wise HSD consumption (TMT) and growth (%) since April, 2017

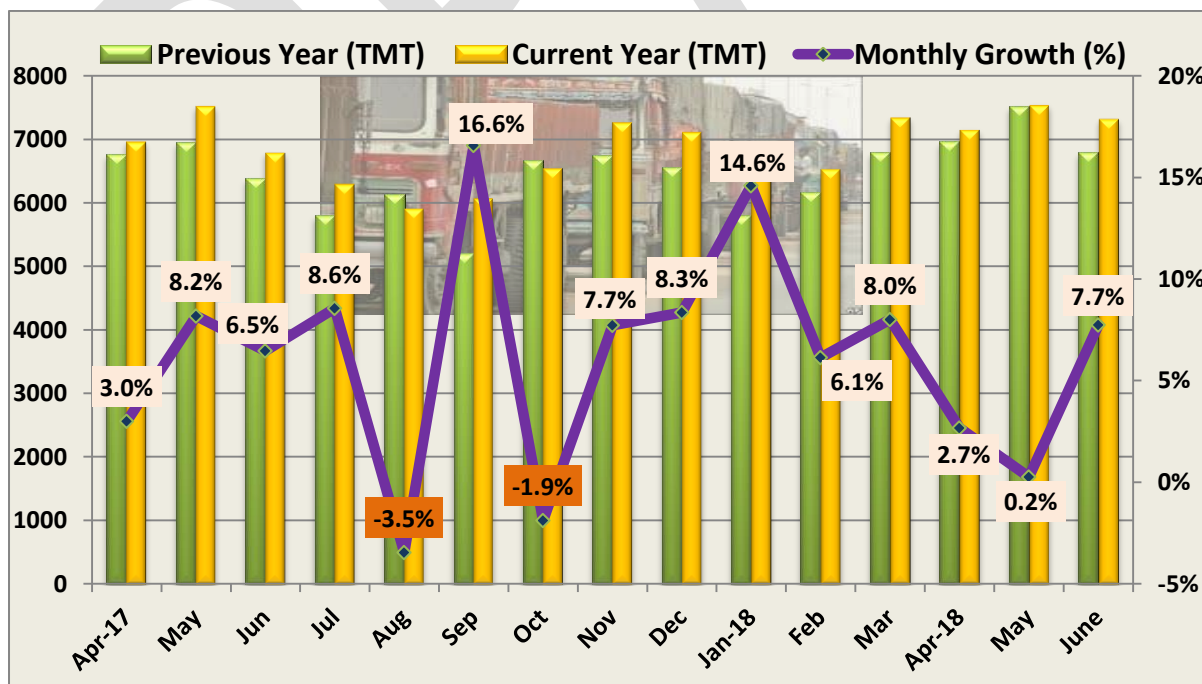
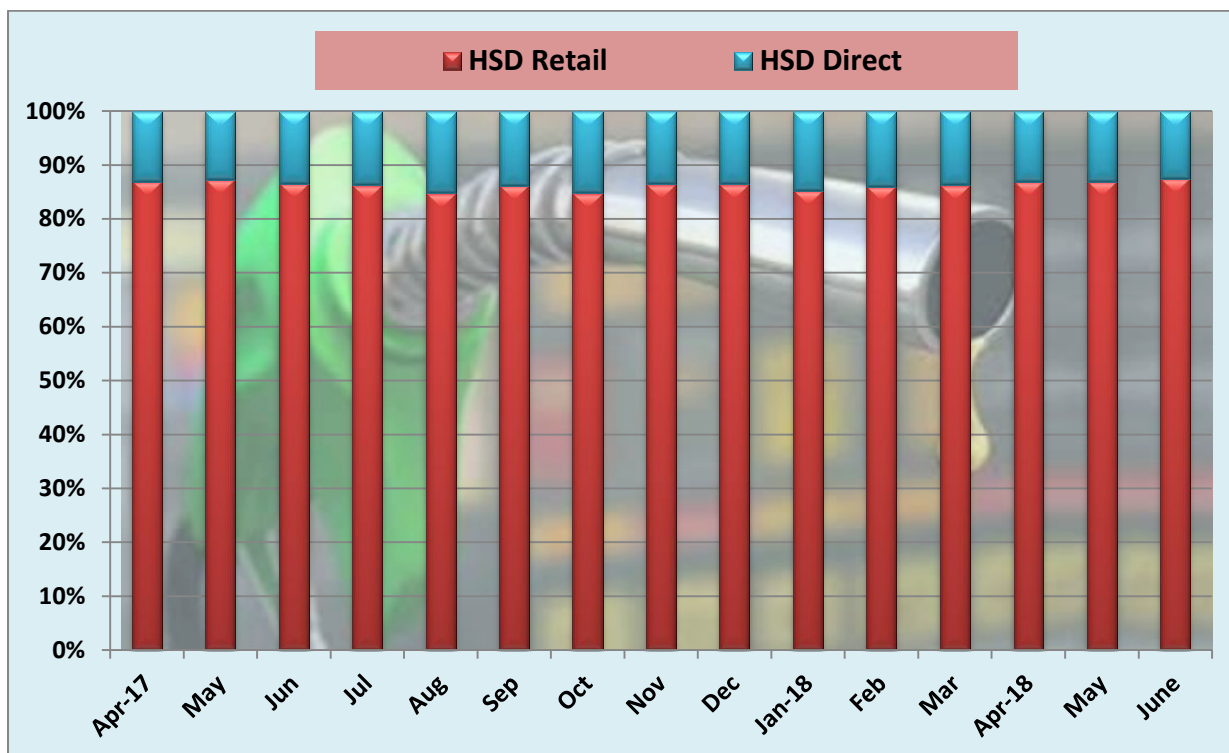


Figure-6 gives a comparison of month-wise percentage of HSD consumption by Retail and Consumer (Direct) business share since April, 2017.

Figure-6: Month-wise HSD consumption by Retail and Direct business share (%) since April, 2017



Other factors affecting diesel consumption are discussed below:

a) **Commercial vehicles (CV) sales:** The growth in commercial vehicle sales was facilitated by infrastructure growth, fresh tenders in car carriers and coal transportation. Further, increasing demand from the construction, logistics, e-commerce and FMCG sectors gave a boost to this market. Commercial vehicles continued to lead the automobile sales in the month of June, 2018 and witnessed a high growth of 41.7%. On cumulative basis the segment has recorded a growth of 51.5% for the period April to June 2018 as compared to the same period last year. India's commercial vehicle sector continues to maintain its strong momentum for the second month in a row in the current fiscal. The growth has come on the back of overall buoyancy in the economy, higher spending by the government in infrastructure development, road construction, increase in the number of irrigation facilities and housing projects across the country, thus resulting in strong demand for M&HCVs and tippers.

M&HCV recorded a growth of 43.3% in June, 2018 by selling 30,352 units as compared to 21,175 units in June, 2017. On cumulative basis, M&HCV recorded a very high growth of 83.6%.

b) **Light Commercial Vehicle (LCV):** The LCV segment performed strongly, witnessing a 40.8% growth driven by rising demand from e-commerce and logistics sectors. LCV sector contributed sales of 50,272 units as against a historical of 35,715 units during the month. A growth of 36.5% was recorded for the segment for the period April to June 2018.

Segment	June			April-June		
	2017-18	2018-19	Growth (%)	2017-18	2018-19	Growth (%)
M&HCV	21,175	30,352	43.3	48,493	89,027	83.6
LCV	35,715	50,272	40.8	10,3338	141,068	36.5
Total Commercial Vehicles	56,890	80,624	41.7	151,831	230,095	51.5

Source: Society of Indian Automobile Manufacturers (SIAM)

c) **Port traffic:** There was a growth of 7.1% in port traffic during the month of June, 2018 mainly due to increase in traffic at all ports except at Chidambarnar, Mormugao and Mumbai.

In the period April to June 2018, growth was registered specifically in POL products (1.8%), finished fertilizer (31.6%), thermal coal (19.3%), coking coal (6.9%), containers (9.1%) and TEU (6.4%). A drop has been observed in other liquids (-4.4%), Iron Ore (-11.1%), raw fertilizer (-11.8%), and other cargo (-6.3%). 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 June, 2018.

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

TRAFFIC HANDLED AT MAJOR PORTS (TMT)			
PORTS	June 2017	June 2018	Growth (%)
Kolkata + Haldia	4,726	5,108	8.1%
Paradip	8,237	9,204	11.7%
Visakhapatnam	5,119	5,603	9.5%
Kamarajar (Ennore)	2,545	2,862	12.5%
Chennai	4,645	4,678	0.7%
V.O. Chidambaranar	2,887	2,794	-3.2%
Cochin	2,459	2,612	6.2%
New Mangalore	3,791	4,081	7.6%
Mormugao	1,302	1,017	-21.9%
Mumbai	4,740	4,665	-1.6%
JNPT	5,179	5,667	9.4%
Kandla	8,325	9,473	13.8%
TOTAL:	53,955	57,764	7.1%

Source: Indian Ports Association (IPA)

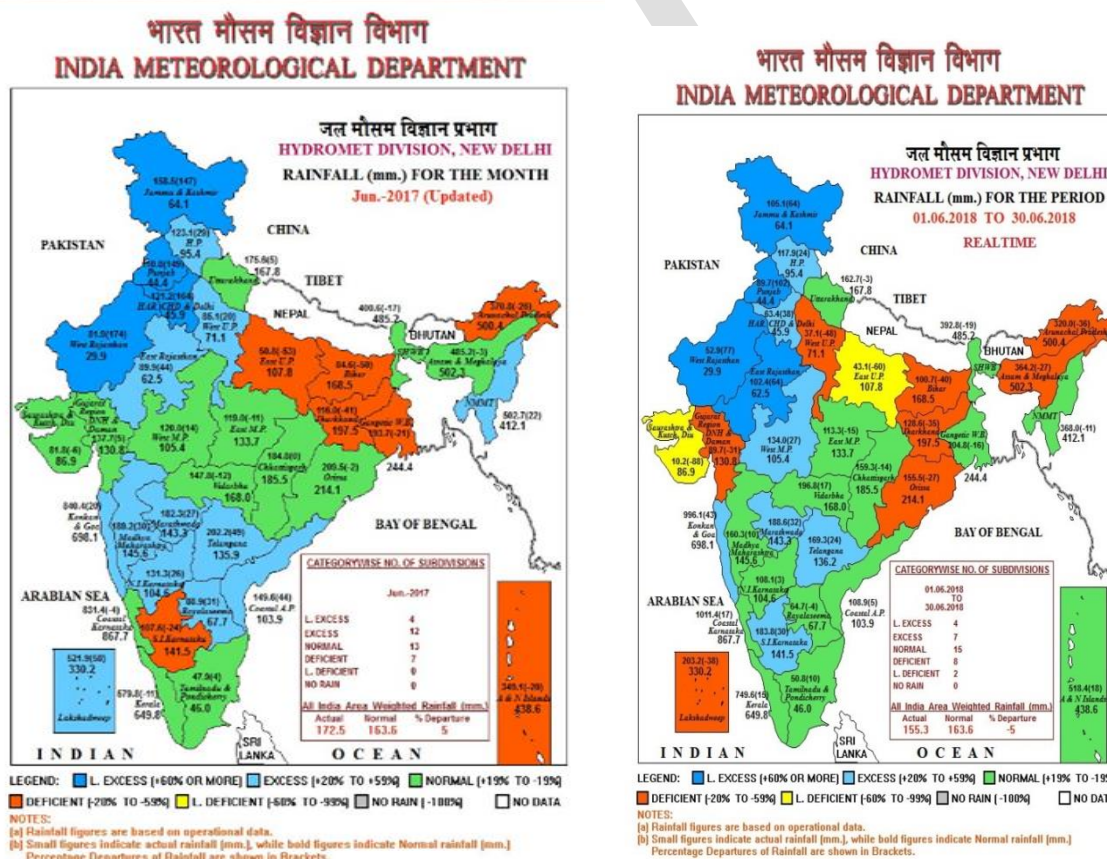
d) **Power situation:** The power deficit position for the month of June, 2018 is given in Table-3. As per data reported, power deficit position improved from -0.5% in June, 2017 to -0.4% in June, 2018. The deficit was mainly in the states of Jammu & Kashmir, Punjab and Uttar Pradesh. The power deficit in June, 2018 may have reduced usage of diesel for back-up power generation.

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

States	June 2018 ^(P)				June 2017
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	58,280	57,795	-485	-0.8%	-1.4%
West	51,082	50,915	-167	-0.3%	0%
South	42,712	42,658	-54	-0.1%	0%
East	20,559	20,559	0	0.0%	-0.1%
North-East	2,640	2,564	-76	-2.9%	-3.1%
Total	173,226	170,765	-763	-0.4%	-0.5%

Source: Central Electricity Authority (CEA)

e) **Seasonal rainfall scenario:** The rainfall in the country during June, 2018 was almost normal. As against a normal reading of 163.6 mm, 155.3 mm rain was recorded during June, 2018, thereby recording a minor departure of -5% from long period average (LPA). 26 out of 36 sub divisions in the country received normal to excess rainfall during the month as can be seen from the following map. Normal rainfall in June, 2018 may have led to decreased usage of diesel for agriculture related activities.



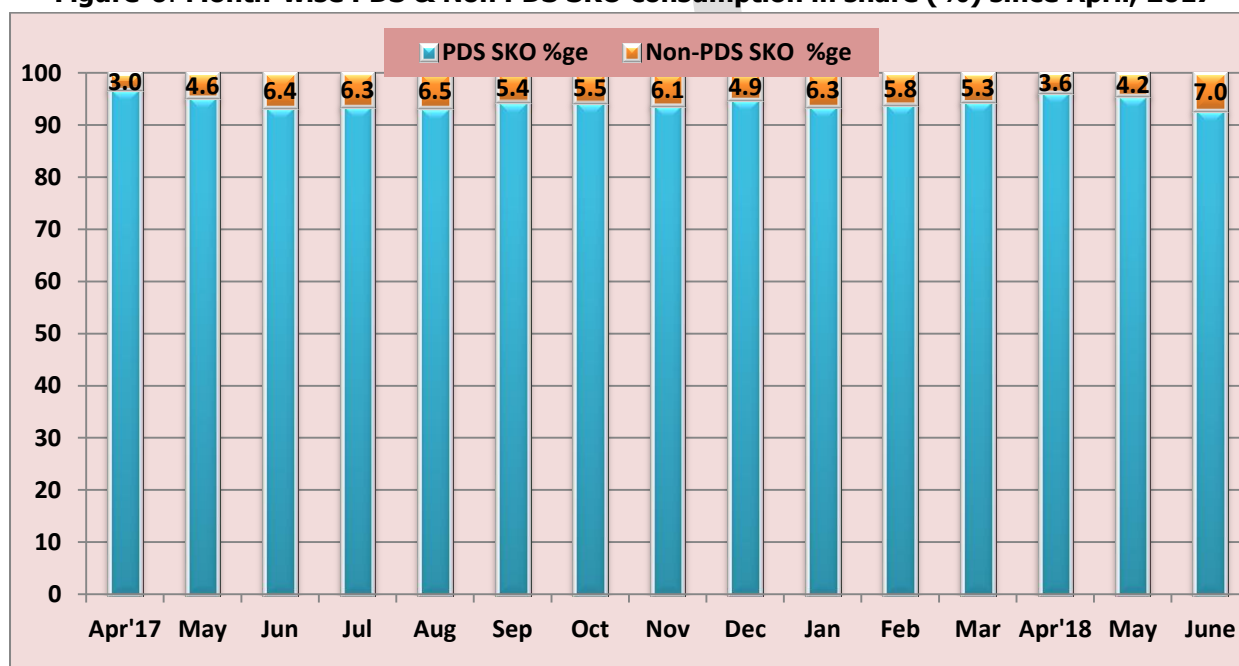
Source: India Meteorological Department (IMD)

1.4 Kerosene: Kerosene consumption recorded a drop of -12.1% during June, 2018 and -13.2% on cumulative basis for the period April to June 2018 as compared to April to June 2017. This was mainly due to reduced allocation to states and also voluntary surrender of PDS SKO quota by a few states/UTs. The month of June, 2018 saw nil upliftment by Andhra Pradesh, Chandigarh, Delhi, Dadra & Nagar Haveli, Daman & Diu, Haryana, Puducherry and Punjab.

States like Gujarat, Bihar and Goa have voluntarily surrendered their PDS quota during the month, resulting in lower upliftment by these states.

Figure-6 gives a comparison of kerosene sales in public distribution system vis-à-vis Non-PDS system since April, 2017.

Figure-6: Month-wise PDS & Non PDS SKO consumption in share (%) since April, 2017

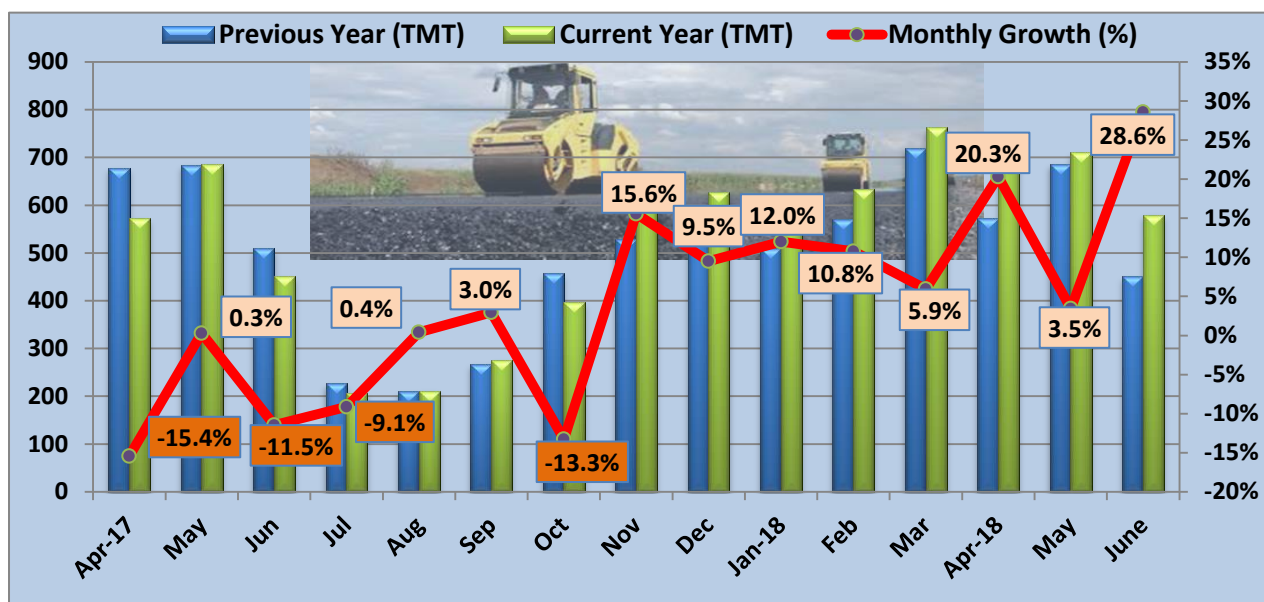


1.5 Bitumen: Bitumen consumption recorded a growth of 28.6% during the month of June, 2018 and 15.7% on cumulative basis for the period April to June 2018 as compared to April to June 2017. Bitumen consumption in India has increased on the back of infrastructure spending and expanding road networks across the country which was helped by favorable weather in many parts of the country during the month.

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, 2017.

Figure-7: Month-wise Bitumen consumption (TMT) and growth (%) since April, 2017



1.6 LPG: Total LPG consumption continuously for the last fifty eight months in a row recorded a positive growth of 2.6% during June, 2018 and a cumulative growth of 9.6% for the period April to June 2018. Out of the five regions, Northern region had the highest share in consumption at 30.0%, followed by Southern region at 29.5%, Western region at 22.2%, Eastern region at 15.6% and North Eastern region at 2.6% during the period June 2018. North Eastern region had the highest growth of 17.1% in total LPG consumption during the period June 2018.

LPG-Packed Domestic consumption registered a growth of 2.9% during June, 2018 and a growth of 9.6% during the period April to June 2018. Last year during June, 2017, growth of 16.3% was observed and cumulative growth during April to June 2017 was 10.6%. This year during the period April 2018 to June 2018, 13.2 lakh DBCs and 115.3 lakh new connections were released out of which 92.6 lakh were released under PMUY. Nearly 30.7 lakh new connections have been released more during the current year in this period compared to last year. Total 448.6 lakh connections were released under PMUY till 30.06.2018 since inception. During June, 2018, the five states with the highest LPG-Packed domestic sales share were Uttar Pradesh (13.7%), Maharashtra (11.4%), Tamil Nadu (8.3%), West Bengal (7.3%) and Karnataka (6.7%). During the month of June, 2018, percentage share of LPG-Packed Domestic was 88.3% of total LPG consumption whereas in June, 2017 it was 88.8%.

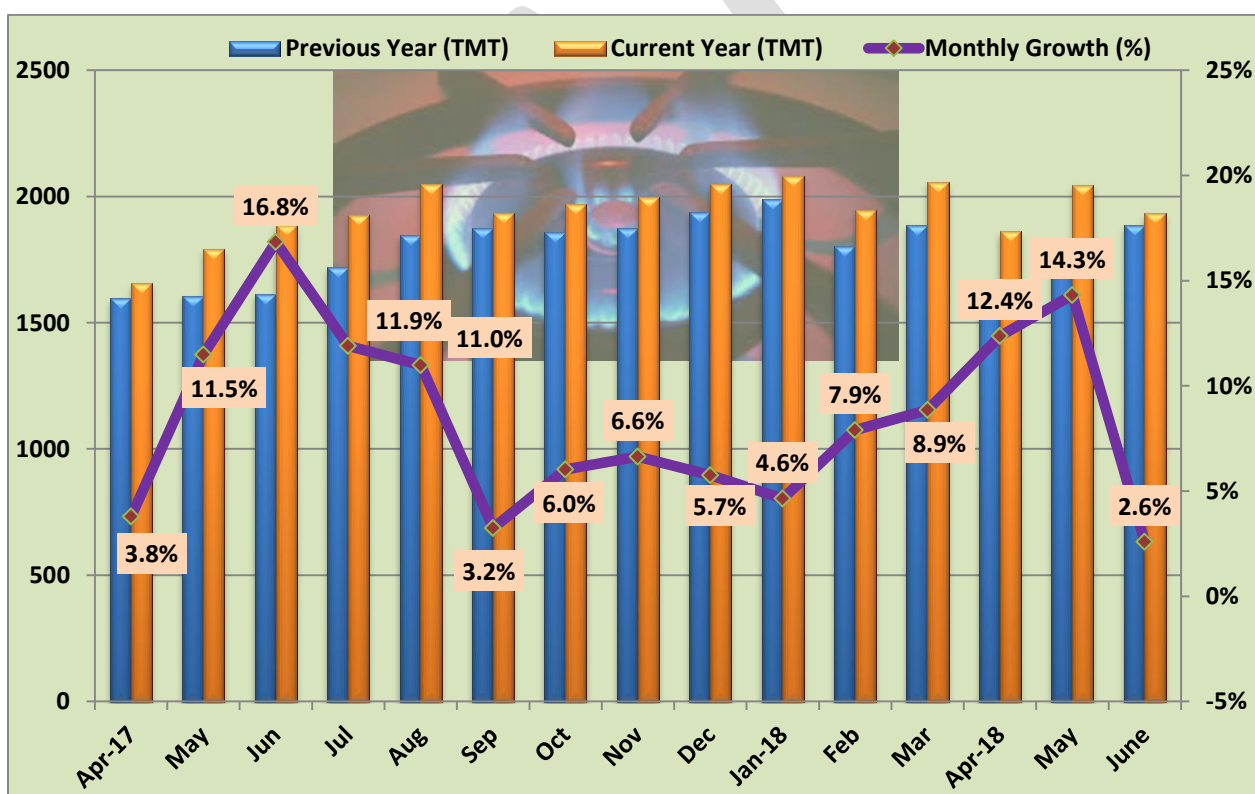
LPG-Packed Non-Domestic consumption for the last forty two months in a row registered a positive growth of 13.5% in June, 2018 and cumulative growth of 20.5% during the period April to June 2018. Last year during June, 2017, growth of 25.4% was observed and cumulative growth during April to June 2017 was 17.1%. Share of LPG Packed Non-Domestic in total LPG consumption has increased to 9.4% in June 2018 from 8.6% in June, 2017. Region wise share of LPG Packed Non-Domestic consumption was

highest in Southern region (41.2%) followed by Western region (29.5%) and Northern region (21.0%) during June, 2018.

Bulk LPG consumption registered de-growth of -13.1% during June, 2018 and a cumulative growth of 12.1% during the period April to June 2018. Last year in the month of June, 2017, a growth of 9.2% and for the cumulative period April to June 2017, a de-growth of -13.8% was witnessed. Percentage share of Bulk LPG was decreased to 1.5% in June, 2018 as compared to 1.8% in June, 2017.

Auto LPG consumption registered a growth of 4.0% in June, 2018 and cumulative growth of 1.4% during the period April to June 2018. The sales volume increase was about 0.6 TMT in June, 2018 as against June, 2017. However, last year in the month of June, 2017 a growth of 12.3% and cumulative growth of 11.3% during April to June 2017 was observed. During the month of June, 2018, percentage share of Auto LPG was 0.8% of total LPG consumption and it was at the same level as of June 2017.

Figure-7: Month-wise LPG consumption (TMT) and growth (%) since April, 2017



1.7 Naphtha: Naphtha consumption recorded a growth of 10.9% for the month of June, 2018 and 10.0% on cumulative basis for the period April to June 2018 as compared to April to June 2017. Steel and 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.

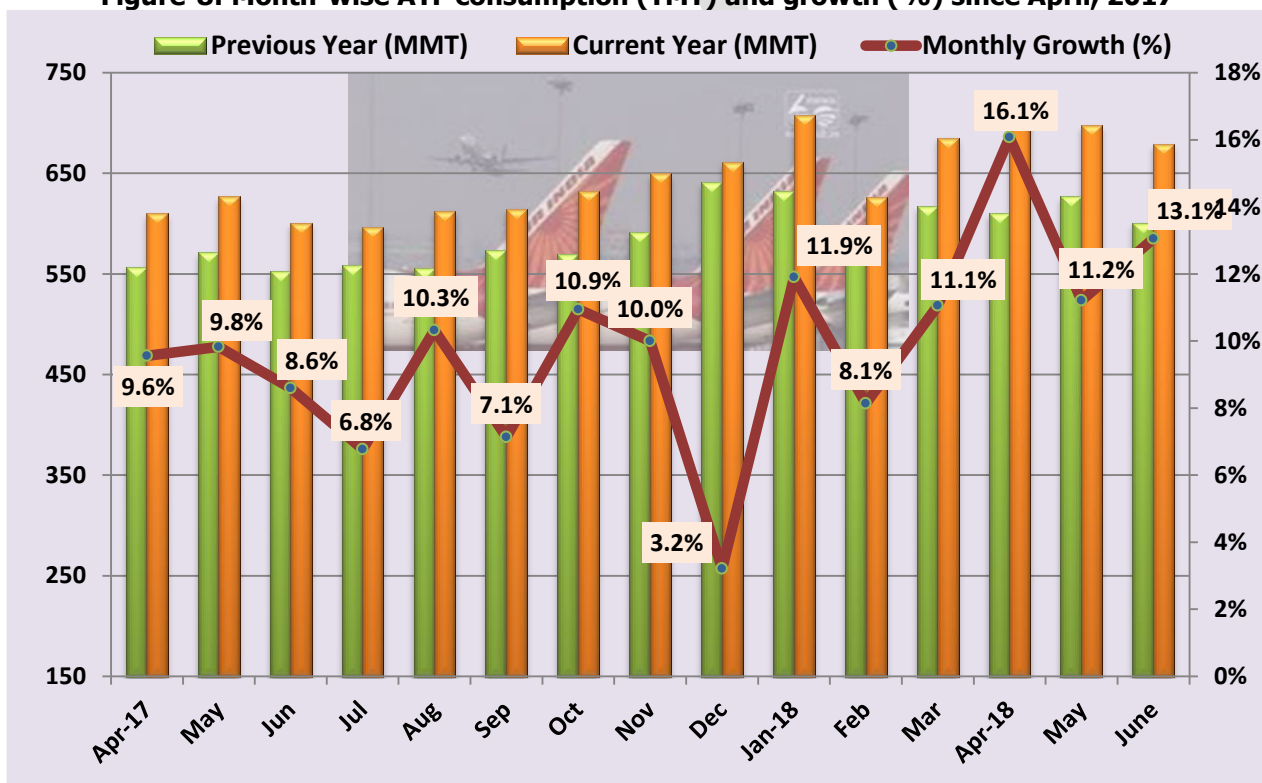
1.8 ATF: ATF consumption recorded a growth of 13.1% during June, 2018 as compared to June, 2017 and 13.4% on cumulative basis for the period April to June 2018

as compared to April to June 2017. Despite the end of the tourist season, the discount offers by airlines pushed India's June, 2018 air passenger traffic higher than the preceding month.

Passengers carried by domestic airlines during June, 2018 stood at 113.25 lakhs as against 95.68 lakhs during June, 2017 thereby registering a growth of 18.4% during the month and 20.0% on cumulative basis for the period April to June 2018 as compared to April to June 2017. The data disclosed that low-cost carriers had the highest passenger load factor (PLF) - a measure of capacity utilization of the airline during June, 2018.

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. The continued high growth in domestic passenger traffic has resulted in increasing demand for ATF with a CAGR of 7.7% in the last five years.

Figure-8: Month-wise ATF consumption (TMT) and growth (%) since April, 2017



1.9 FO/LSHS: FO and LSHS consumption registered a drop of -2.8% during June, 2018 as compared to June, 2017 and -10.4% on cumulative basis for the period April to June 2018 as compared to April to June 2017. The overall drop during the current year is a result of decreased consumption of FO in steel, fertilizer and general trade sectors. However a marginal growth was noted for petrochemical and power sectors. The drop in consumption has been mainly due to ban of FO in Delhi, Uttar Pradesh, Rajasthan and Haryana. 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 12.7% in June, 2018 as compared to June, 2017 and 2.5% on cumulative basis for the period April to June 2018

as compared to April to June 2017. The consumption of petcoke by the cement industry is on the rise after the Supreme Court order of December, 2017 allowed its use as a feedstock.

1.11 LDO: LDO consumption recorded a growth of 26.1% for the month of June, 2018 and 35.7% on cumulative basis for the period April to June 2018 as compared to April to June 2017. LDO month wise demand fluctuates depending on its requirement at power plants for boiler restart as it trips and due to 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.

PPAC

Industry Consumption Trend Analysis 2018-19 (Provisional)

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Product	June			April-June		
	2017-18	2018-19	Growth (%)	2017-18	2018-19	Growth (%)
(A) Sensitive Products						
SKO	357.4	314.2	-12.1	1041.6	903.9	-13.2
LPG	1,885.2	1,933.9	2.6	5332.5	5842.6	9.6
Sub Total	2,242.6	2,248.1	0.2	6374.1	6746.5	5.8
(B) Major Decontrolled Products						
Naphtha	967.4	1,073.0	10.9	2,971.9	3,270.3	10.0
MS	2,070.5	2,378.8	14.9	6,569.6	7,119.3	8.4
HSD	6,799.0	7,325.7	7.7	21,295.9	22,027.3	3.4
Lubes+Greases	268.7	319.5	18.9	821.3	864.0	5.2
LDO	34.9	44.0	26.1	105.6	143.3	35.7
FO/LSHS	522.1	507.5	-2.8	1,755.5	1,573.0	-10.4
Bitumen	451.2	580.1	28.6	1,710.4	1,979.4	15.7
ATF	600.5	678.9	13.1	1,837.6	2,084.4	13.4
Sub Total	11,714.3	12,907.5	10.2	37,067.8	39,061.0	5.4
Sub - Total (A) + (B)	13,956.9	15,155.6	8.6	43,441.9	45,807.5	5.4
(C) Other Decontrolled Products						
Pet.Coke	1,958.1	2,207.3	12.7	6,373.6	6,533.4	2.5
Others	645.0	630.7	-2.2	1,766.0	1,880.2	6.5
Sub Total	2,603.1	2,838.0	9.0	8,139.6	8,413.6	3.4
Total	16,560.0	17,993.6	8.7	51,581	54,221.1	5.1