

INDUSTRY CONSUMPTION REVIEW

JULY 2019



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

HIGHLIGHTS OF THE REPORT

1. Petroleum products consumption during July 2019 recorded a growth of 3.3% over the historical volume of July 2018. Consumption for the period April-July 2019 saw a growth of 1.6% as compared to the same period last year. Except for SKO (-33.3%), Naphtha (-5.3%), ATF (-0.8%) and Pet Coke (-12.1%) all other products registered growth during July 2019.
2. Preference for petrol driven vehicles due to narrow price difference between petrol and diesel has led to high growth in MS sales, which for twenty-three months in a row recorded a positive growth and registered an 8.8% increase during July 2019 as compared to July 2018. The consumption of MS for the period April-July 2019 registered a growth of 9.7% as compared to the same period last year.
3. HSD consumption recorded a growth of 3.3% during July 2019 as compared to July 2018. HSD consumption for the period April-July 2019 registered a growth of 2.4% over the same period last year. Index of Industrial production (IIP) has grown at 3.6% for the period of April-June 2019 compared to the same period last year. The power deficit position has improved to -0.5% in July 2019 from -1.4% in July 2018. Commercial vehicles sale has recorded a drop of -25.7% in the month of July 2019. Rainfall during the month was 5% above normal distribution. There is a growth of 3.5% in port traffic during July 2019 as compared to July 2018.
4. Total LPG consumption recorded a growth of 9.0% in July 2019 as compared to 5.5% growth in July 2018. Total LPG consumption for the period April-July 2019 has registered a growth of 1.1% as compared to the same period last year. During July 2019, out of the five regions, Northern region had the highest share in total LPG consumption of 30.8% followed by Southern region at 28.1%, Western region at 22.1%, Eastern region at 16.3% and North Eastern region at 2.6%.
5. ATF consumption registered a negative growth of -0.8% in the month of July 2019, while cumulative consumption of ATF for the period April-July 2019 has registered a drop of -2.7%. Grounding of Boeing 737 Max planes, cancellation of flights by Jet Airways and sharp rise of fares due to drop in capacity have affected growth in passenger traffic.
6. Bitumen consumption during July 2019 recorded a growth of 36.2% as compared to July 2018. Bitumen consumption for the period April-July 2019 also registered a growth of 2.3% compared to the same period last year. Road construction activity has picked up with fresh round of investments in the month of July 2019.
7. SKO consumption registered a drop of -33.3% in July 2019 as compared to July 2018. SKO consumption for the period April-July 2019 has registered a negative growth of -18.3% compared to the same period last year. This was mainly because of reduced PDS SKO allocation and voluntary surrender of some of the allocation by the states.

This report analyses the trend of consumption of petroleum products in the country during the month of July 2019. Data on product-wise monthly consumption of petroleum products for July 2019 is uploaded on the PPAC website (www.ppac.gov.in) and on the 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 July 2019 is given in Table-1.

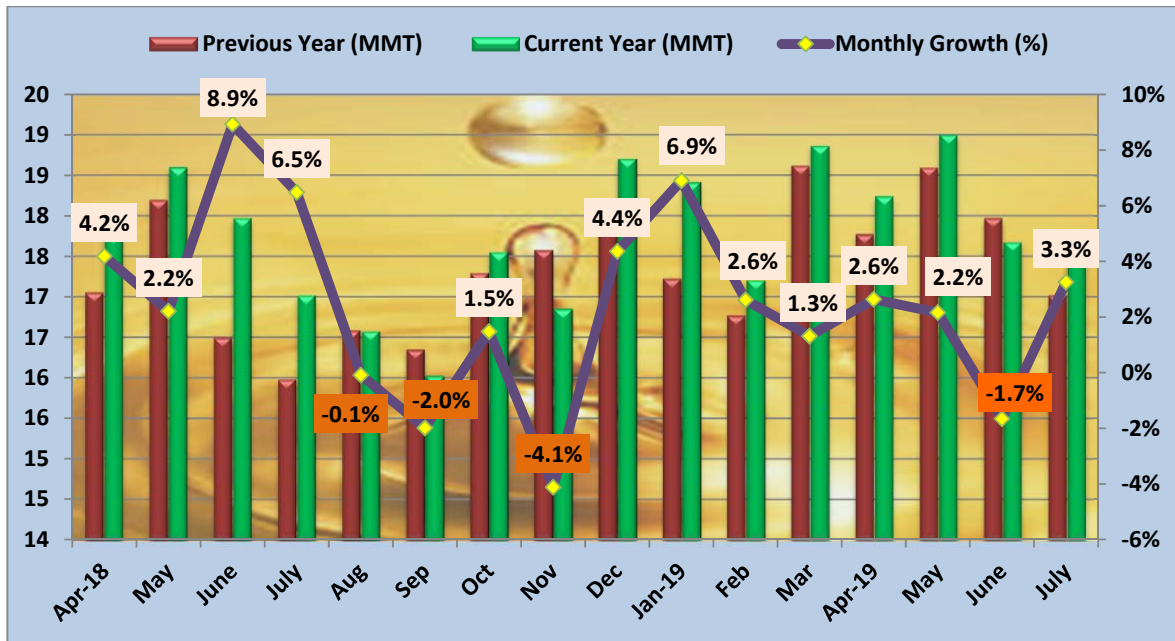
Table-1: Petroleum Products Consumption (Quantity in TMT)

Product Type	Share %	July-18	July-19	Growth (%)	Products included
Sensitive Products	13.7	2325	2410	3.7	SKO & LPG
Major Decontrolled Products	71.4	12030	12543	4.3	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Minor Decontrolled Products	14.9	2670	2626	-1.6	Petcoke & other minor products
Total	100	17026	17580	3.3	

All Products: India’s petroleum products consumption in the month of July 2019 registered a growth of 3.3%. Consumption of petroleum products during July 2019 was 17.5 TMT as against 17.0 TMT in July last year. Except for SKO (-33.3%), Naphtha (-5.3%), ATF (-0.8%) and Pet Coke (-12.1%) all other products registered growth during July 2019. Total cumulative consumption for the period April-July 2019 has shown a growth of 1.6% compared to the same period last year.

Figure-1 gives a comparison of monthly POL consumption (MMT) and growth (%) since April 2018.

Figure-1: Comparison of monthly POL consumption (MMT) and growth (%) since April, 2018



Composite PMI in India increased to 53.9 in July 2019 from 50.8 in June 2019.

- The Nikkei Manufacturing PMI in India rose to 52.5 in July 2019 from 52.1 in June 2019, signaling a positive outlook.
- The Nikkei Services PMI in India rose to 53.8 in July 2019 from 49.6 in June 2019, which is a twelve month high.

Consumer confidence survey released by the Reserve Bank of India has shown the current situation index drop to 95.7 in July 2019 from 97.3 in May 2019. Respondents are being cautious about discretionary spending.

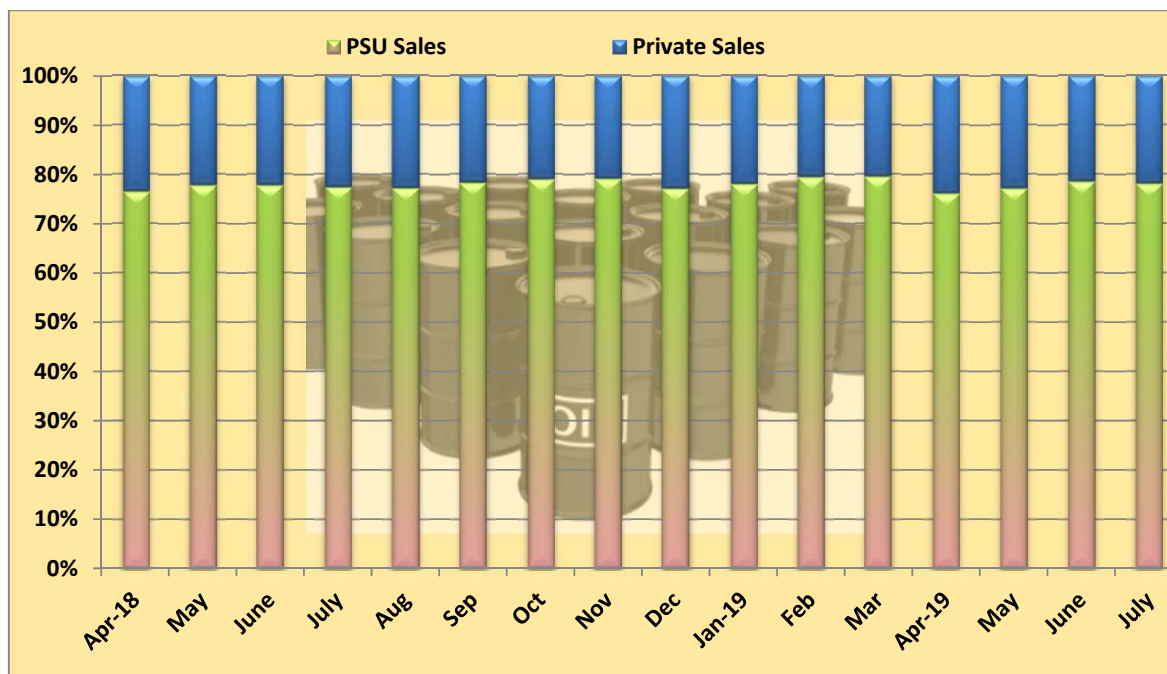
According to market research firm Nielsen, FMCG sector saw a growth of 10% during April-June 2019 quarter. They have lowered the growth forecast for 2019 in the range of 9% to 10%.

Heavy rainfall and floods in Bihar, Assam, Maharashtra, Karnataka and Kerala have taken its toll on both economic activities and human lives in the affected states.

Petrol, Diesel and LPG were the main propellers in consumption of petroleum products in the country during the month of July 2019.

Figure-2 gives a comparison of percentage of monthly sales volumes of all petroleum products by PSU and Private Oil companies since April 2018.

Figure-2: Comparison of monthly POL Sales in PSU & Private Sector (%) since April 2018



PPAC analyzes the sales recorded by the Industry and domestic sales by SEZ units on the basis of available data. Data on direct private imports received from DGCIS, which are added to the final sales reported by oil companies and domestic sales by SEZ units, for estimation of consumption figures, are available up to May 2019 and private imports data for June 2019 and July 2019 are projected based on June 2018 to May 2019 actual data.

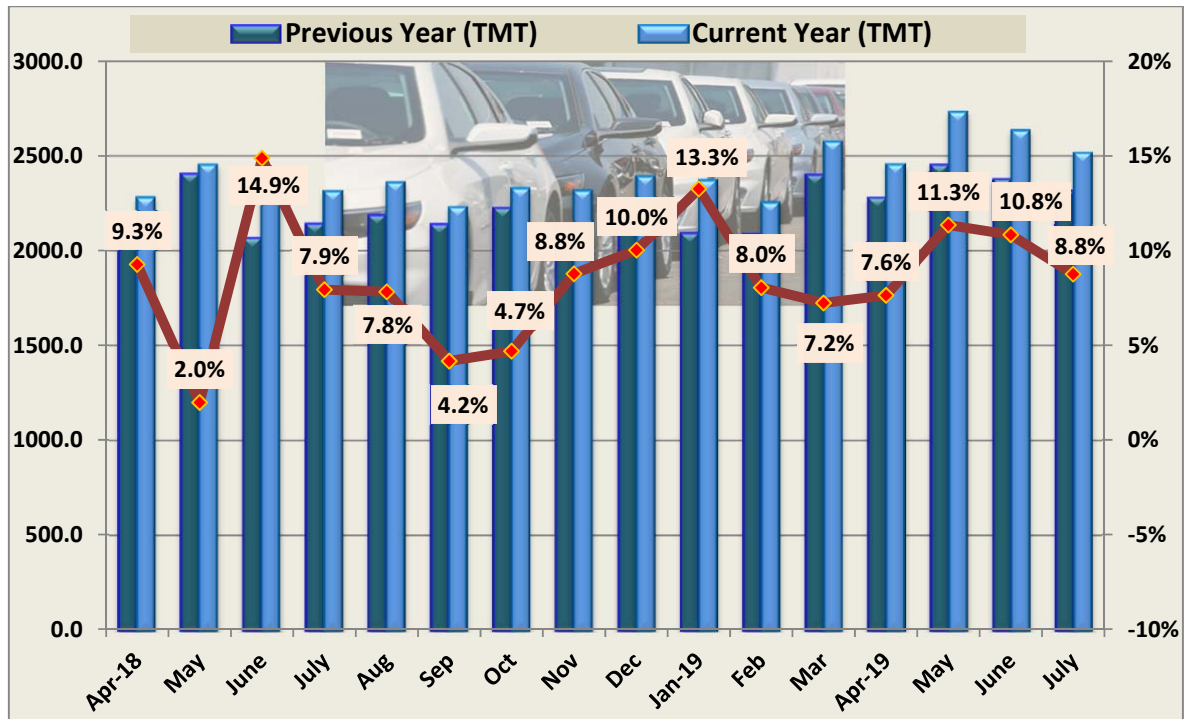
Detailed product-wise analysis of growth for July 2019 is given below:

1.2 Petrol / Motor Spirit (MS): MS consumption recorded a positive growth for twenty-three months in a row, registering a growth of 8.8 % in the month of July 2019 with sales of 2.5 MMT as compared to 2.3 MMT in July 2018. The consumption of MS for the period April-July 2019 registered a growth of 9.7% compared to the same period last year. Major factors contributing to growth in MS consumption during the month were:

- i. Preference for petrol driven vehicles due to narrow price difference between petrol and diesel.
- ii. Retail consumers are not refraining from consumption involving daily buying decisions like petrol. A ten percent growth in the FMCG sector during April-June 2019 quarter confirms steady expenditure in daily consumption.
- iii. Improved road connectivity because of many new road projects and widening of roads. Preference for road travel is increasing in comparison to rail and air travel.

Figure-3 gives month-wise MS consumption volume (TMT) and month-on-month growth (%) since April 2018.

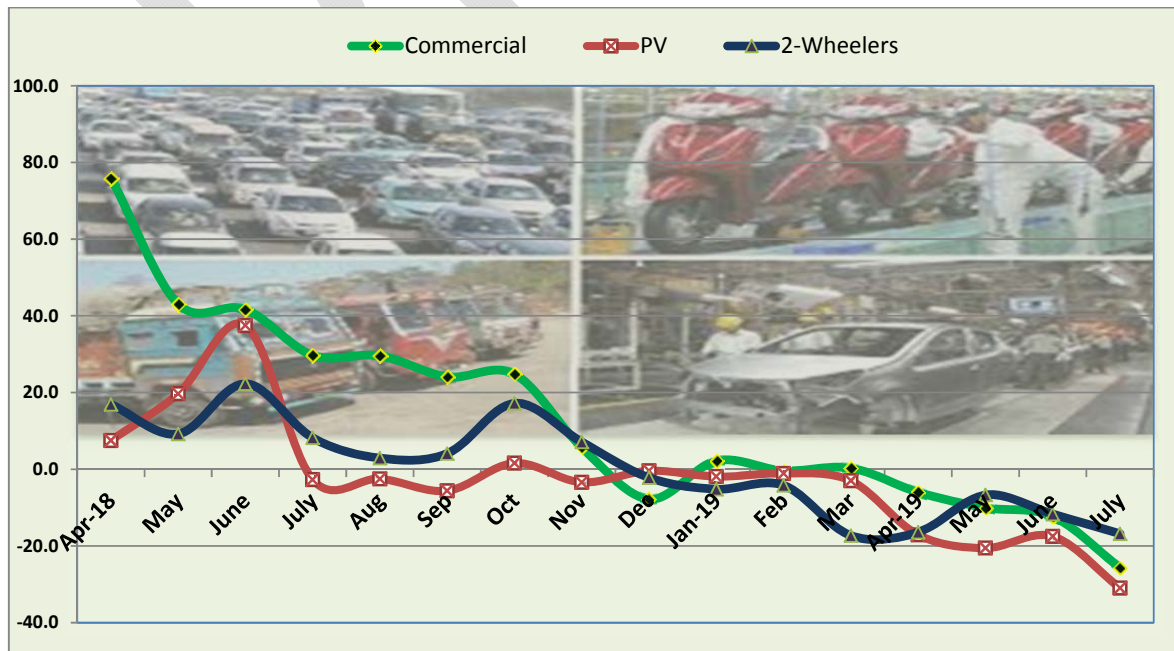
Figure-3: Month wise MS consumption (TMT) and growth (%) since April 2018



Other factors impacting consumption of MS are:

Figure-4 gives a graphic representation of month-wise growth percentages of passenger vehicles, commercial vehicles and 2-wheelers since April 2018.

Figure-4: Month-wise sales growth (%) of Indian Automobile Industry since April 2018



Total passenger vehicles (PV) sales: The passenger vehicle sales growth has been in the negative territory since July 2018 with an exception of one month during October 2018. Also the Chinese auto market has been experiencing a slump for twelve straight months with a drop of 11% for the period July 2018 to June 2019 compared to the same period last year. The scenario for global markets is not very different considering the half year worldwide car sales in 2019.

The reason behind the fall in demand for passenger vehicles could be attributed to delay by consumers in making any discretionary spending, popularity of ride sharing apps, liquidity crunch and upcoming BS-VI emission norms, though the upcoming festive seasons could bring some respite to the falling passenger vehicle sales.

Overall passenger vehicle sales recorded a sharp decline of -31.0% in the month of July 2019 as compared to July 2018. Passenger vehicle sale for the period April-July 2019 has also registered a negative growth of -21.6% as compared to the same period last year.

Passenger car segment recorded a drop of -36.0% while utility vehicles and vans recorded a drop of -15.2% and -45.7% respectively during July 2019. On cumulative basis, passengers, utility vehicles and vans recorded a drop of -26.4%, -7.2% and -31.0% respectively.

Segment	July			April-July		
	2018-19	2019-20	Growth %	2018-19	2019-20	Growth %
Passenger Cars	191979	122956	-36.0	775526	570409	-26.4
Utility Vehicles	79063	67030	-15.2	313928	291254	-7.2
Vans	19889	10804	-45.7	74967	51747	-31.0
Total PV	290931	200790	-31.0	1164421	913410	-21.6

Source: Society of Indian Automobile Manufacturers (SIAM)

- a) **2-wheeler sales:** The overall sales for two-wheelers declined for the eighth consecutive month as compared to last year. A huge hike in insurance, weak customer sentiment, slowdown in rural economy and liquidity crunch due to NBFC crises are some of the factors leading to slide in the sales. Improving public transport system like BRTS and Metro in certain cities could have also impacted the 2-wheeler sales. Sales dropped in the month of July 2019 by -16.8% as compared to last year.

In July 2019, scooter sales recorded a drop of -12.1% by selling 526,504 units. Motorcycle segment also recorded a drop of -18.9% by selling 933,996 units. Moped sales recorded a drop of -23.7% by selling 51,192 units. On cumulative basis scooter, motorcycle and moped sales recorded a drop of -15.6%, -11.2% and -20.2% respectively.

Segment	July			April-July		
	2018-19	2019-20	Growth %	2018-19	2019-20	Growth %
Scooters/ Scooterette	598976	526504	-12.1	2417211	2040706	-15.6
Motor Cycles	1151324	933996	-18.9	4802866	4265778	-11.2
Mopeds	67106	51192	-23.7	274672	219279	-20.2
Total 2 Wheelers	1817406	1511692	-16.8	7494749	6525763	-12.9

Source: Society of Indian Automobile Manufacturers (SIAM)

1.3 High Speed Diesel (HSD): HSD consumption during the month increased by 3.3% and recorded sales of 6.8 MMT in July 2019 as compared to 6.6 MMT in July 2018. HSD consumption for the period April-July 2019 registered a growth of 2.4% over the same period last year.

Factors affecting diesel consumption during the current month can be attributed mainly to the following factors:

- i. Preference for petrol driven vehicles due to narrow price difference between petrol and diesel.
- ii. Index of Industrial production (IIP) has grown at 3.6% for the period of April-June 2019 compared to the same period last year.
- iii. Liquidity crunch due to underfinanced banks and stressed NBFCs affecting the economic growth adversely.

Figure-5 gives month-wise HSD consumption volume (TMT) and month-on-month growth (%) since April 2018.

Figure-5: Month-wise HSD consumption (TMT) and growth (%) since April 2018

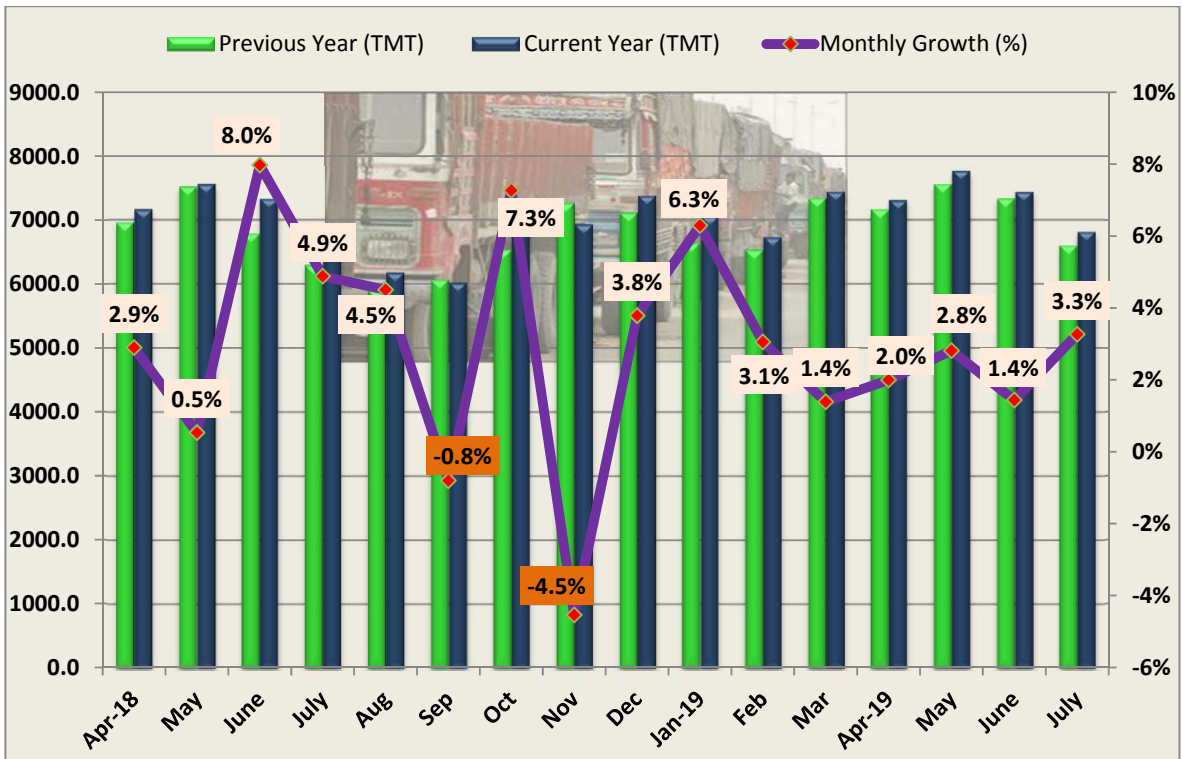
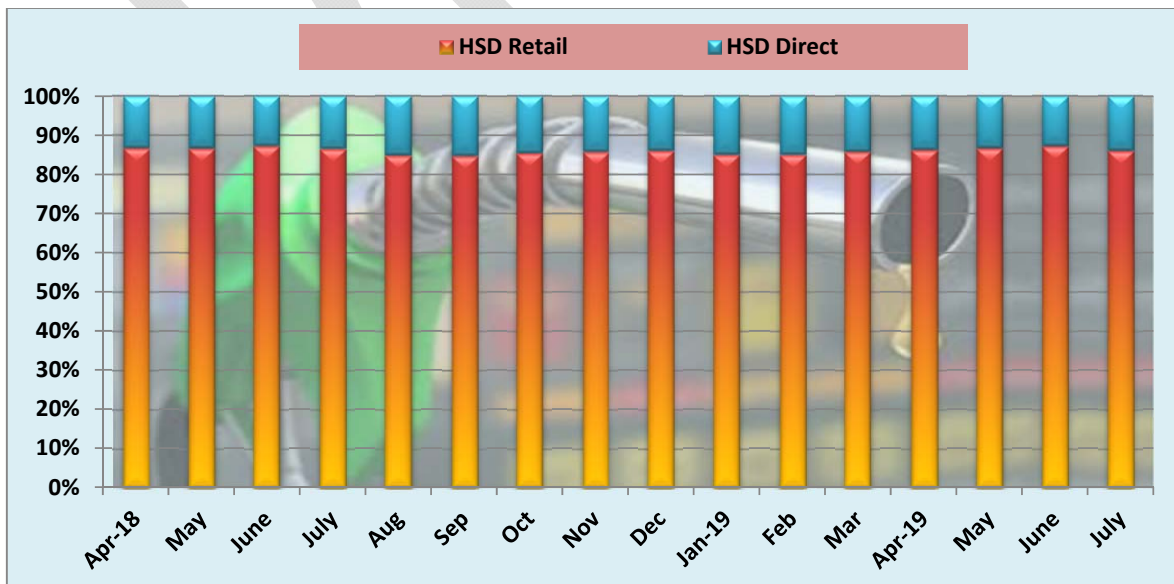


Figure-6 gives a comparison of month-wise percentage of HSD consumption by Retail and Consumer (Direct) business share since April 2018.

Figure-6: Month-wise HSD consumption by Retail and Direct business share (%) since April 2018



Other factors affecting diesel consumption are discussed below:

- a) **Commercial vehicles (CV) sales:** The commercial vehicle (M&HCV and LCV) segment also recorded a drop of -25.7% in July 2019. Lack of financing options from NBFCs, weak rural economy and slowdown in manufacturing activity has contributed to the slide in the sales. Another reason for low sales has been the increase in axle load norms in July 2018 which increased overall cargo capacities across M&HCVs and saw fleet owners reduce their number of purchases. M&HCV witnessed a drop of -37.5% in July 2019 by selling 17,722 units vis-a-vis 28,347 units in July 2018.
- b) **Light Commercial Vehicle (LCV):** The LCV segment also witnessed a drop of -18.8% during the month of July 2019 as compared to the same period last year. LCV sector contributed sales of 39,144 units as against a historical of 48,198 units during the month.

Segment	July			April-July		
	2018-19	2019-20	Growth %	2018-19	2019-20	Growth %
M & HCV	28347	17722	-37.5	117518	92093	-21.6
LCV	48198	39144	-18.8	189263	173071	-8.6
Total C'I Vehicles	76545	56866	-25.7	306781	265164	-13.6

Source: Society of Indian Automobile Manufacturers (SIAM)

- c) **Port traffic:** The major ports in India recorded a growth of 3.5% and together handled 59.4 MMT of cargo during July 2019 as against 57.4 MMT handled during the corresponding period of the previous year. A dip in cargo handled during the month of July 2019 was recorded at the ports of Ennore, Chennai, New Mangalore, Mormugao and JNPT.

During the period April-July 2019, growth was registered specifically in POL products (2.63%), other liquids (4.42%), iron ore (22.15%), coking coal & others (16.18%) and containers (5.36%). A drop was observed in fertilizer finished (-1.74%), fertilizer raw (-17.66%), thermal coal and steam (-10.10%) and other miscellaneous cargo (-8.86%). While iron ore mining activities have increased in Karnataka and Odisha, it has been severely restricted in Goa. Commodity-wise, the percentage share of POL was maximum i.e. 32.8%, followed by container (21.5%), thermal & steam coal (14.0%), other miscellaneous cargo (9.5%), coking & other coal (8.6%), iron ore & pellets (7.4%), other liquids (4.2%), finished fertilizer (1.3%) and raw fertilizer (0.7%).

Table-2 below gives the port-wise performance during the month of July 2019.

Table-2: Traffic handled at major ports in July 2019

Traffic handled at major ports (TMT)			
Ports	July 2018	July 2019	Growth (%)
Kolkata + Haldia	4970	5666	14.0
PARADIP	9041	9886	9.3
VISAKHAPATNAM	5323	6418	20.6
KAMARAJAR (ENNORE)	2607	2345	-10.0
CHENNAI	4643	4314	-7.1
V.O. CHIDAMBARANAR	2692	2873	6.7
COCHIN	2802	3040	8.5
NEW MANGALORE	3652	3178	-13.0
MORMUGAO	1382	1135	-17.9
MUMBAI	4748	4844	2.0
JNPT	5888	5804	-1.4
DEENDAYAL	9632	9870	2.5
TOTAL:	57380	59373	3.5

Source: Indian Ports Association (IPA)

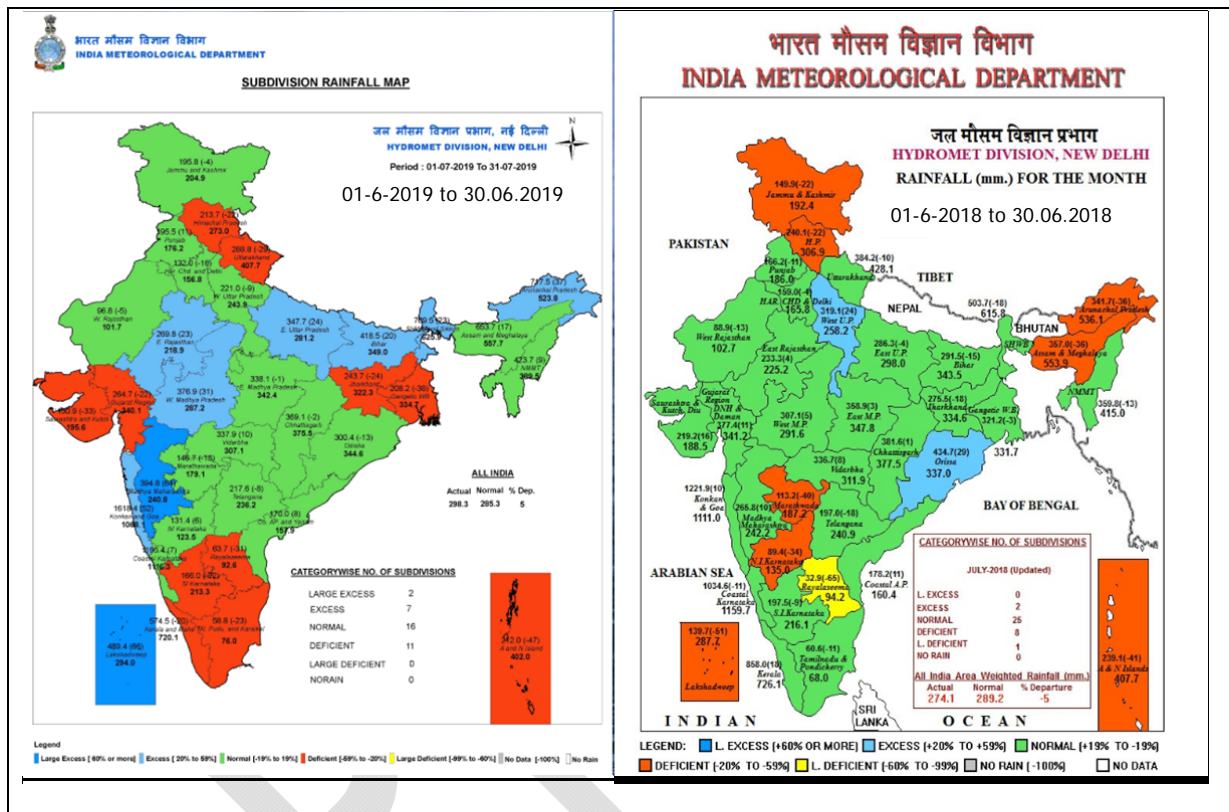
- d) **Power situation:** The position of power supply for the month of July 2019 is given in Table-3. As per data reported, power deficit position has improved to -0.5% in July 2019 from -1.4% in July 2018. The deficit was mainly in the states of Jammu & Kashmir and Uttar Pradesh. The reduced power deficit in July 2019 may have led to decreased usage of diesel for back-up power generation.

Table-3: Power deficit: Region-wise position for July 2019 (% deficit)

States	July-19				July-18
	Requirement (MU)	Available (MU)	Deficit		Deficit
			MU	(%)	(%)
North	40,461	39,934	-527	-1.3%	-3.1%
West	31,538	31,537	-1	0.0%	-0.7%
South	28,213	28,205	-8	0.0%	-0.3%
East	13,189	13,189	0	0.0%	0.0%
North-East	1,540	1,482	-58	-3.9%	-3.5%
Total	114,941	114,347	-594	-0.5%	-1.4%

Source: Central Electricity Authority (CEA)

e) **Seasonal rainfall scenario:** The rainfall in the country during July 2019 was almost 5% above normal precipitation. As against a normal reading of 285.3 mm, 298.3 mm rain was recorded during July 2019. Out of total 36 sub divisions, 2 divisions received large excess, 7 divisions received excess, 16 divisions received normal and 11 divisions received deficient rainfall during the month as can be seen from the following map, which would have an impact on diesel usage for agricultural activities. Excess rainfall and flood like situations in several states have hampered economic activities and has led to loss of many lives.

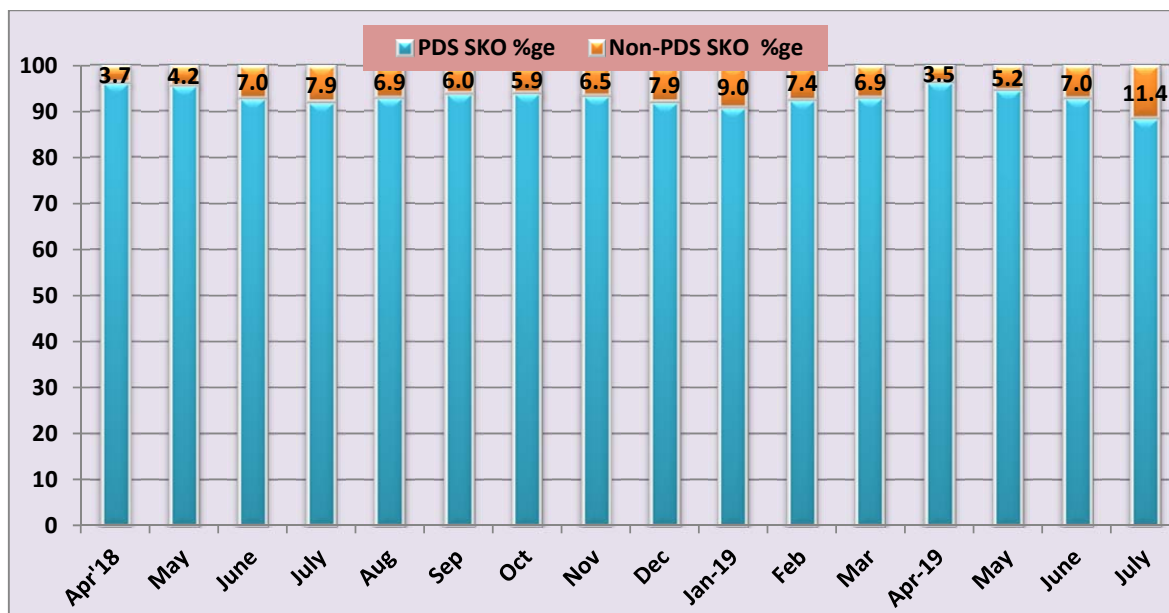


Source: India Meteorological Department (IMD)

1.4 Kerosene: Kerosene consumption registered a drop of -33.3% during July 2019 as compared to July 2018. The cumulative consumption of SKO for the period April-July 2019 has shown a negative growth of -18.3% as compared to the same period last year. The month of July 2019 saw nil upliftment by Andhra Pradesh, Chandigarh, Delhi, Dadra & Nagar Haveli, Daman & Diu, Haryana, Puducherry, Punjab, Goa and Uttarakhand.

Figure-6 gives a comparison of kerosene sales in public distribution system vis-à-vis Non-PDS system since April 2018.

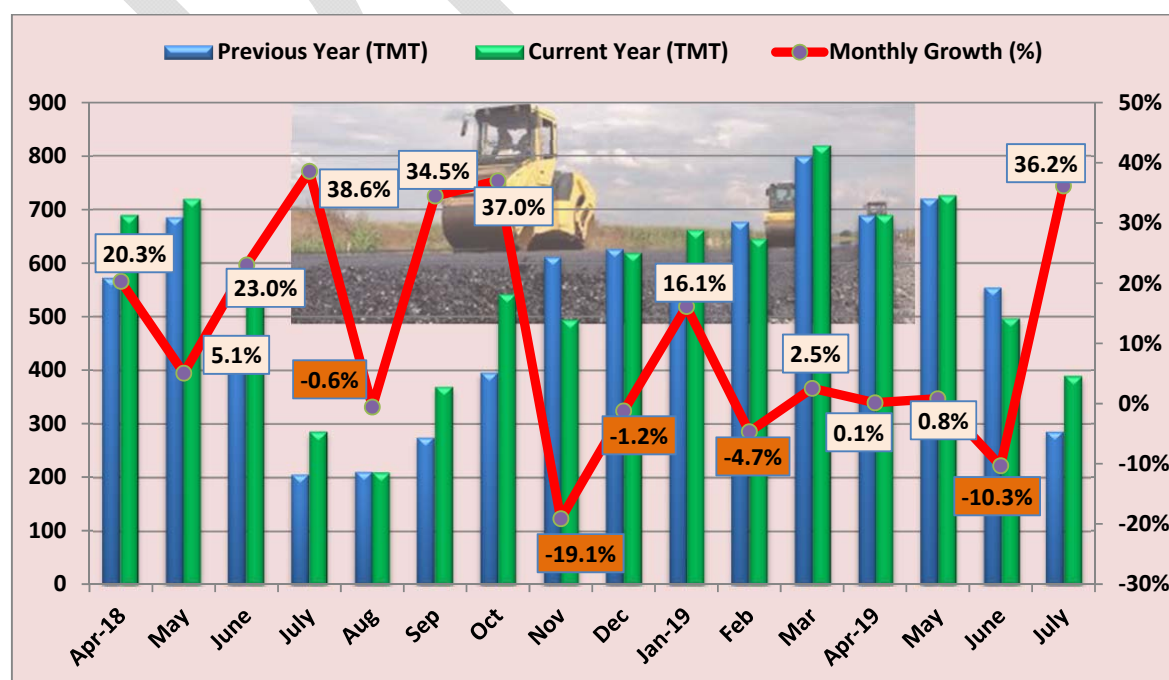
Figure-6: Month-wise PDS & Non PDS SKO consumption in share (%) since April 2018



1.5 Bitumen: Bitumen consumption during July 2019 recorded a growth of 36.2% as compared to July 2018. Cumulatively, the consumption of bitumen during the period April-July 2019 has also grown at 2.3% as compared to the same period in the previous year. Road construction activity has picked up with fresh round of investments and thrust provided in the Union Budget for infrastructure development.

Figure-7 gives the month wise bitumen consumption and growth since April 2018.

Figure-7: Month-wise Bitumen consumption (TMT) and growth (%) since April 2018



1.6 LPG: Total LPG consumption recorded a growth of 9.0% in July 2019 as compared to 5.5% growth in July 2018. Total LPG consumption for the period April-July 2019 has registered a growth of 1.1% as compared to growth of 9.6% in the period of April-July 2018. During July 2019, out of the five regions, Northern region had the highest share in total LPG consumption of 30.8% followed by Southern region at 28.1%, Western region at 22.1%, Eastern region at 16.3% and North Eastern region at 2.6%. North Eastern region had the highest growth of 17.8% in total LPG consumption during July 2019.

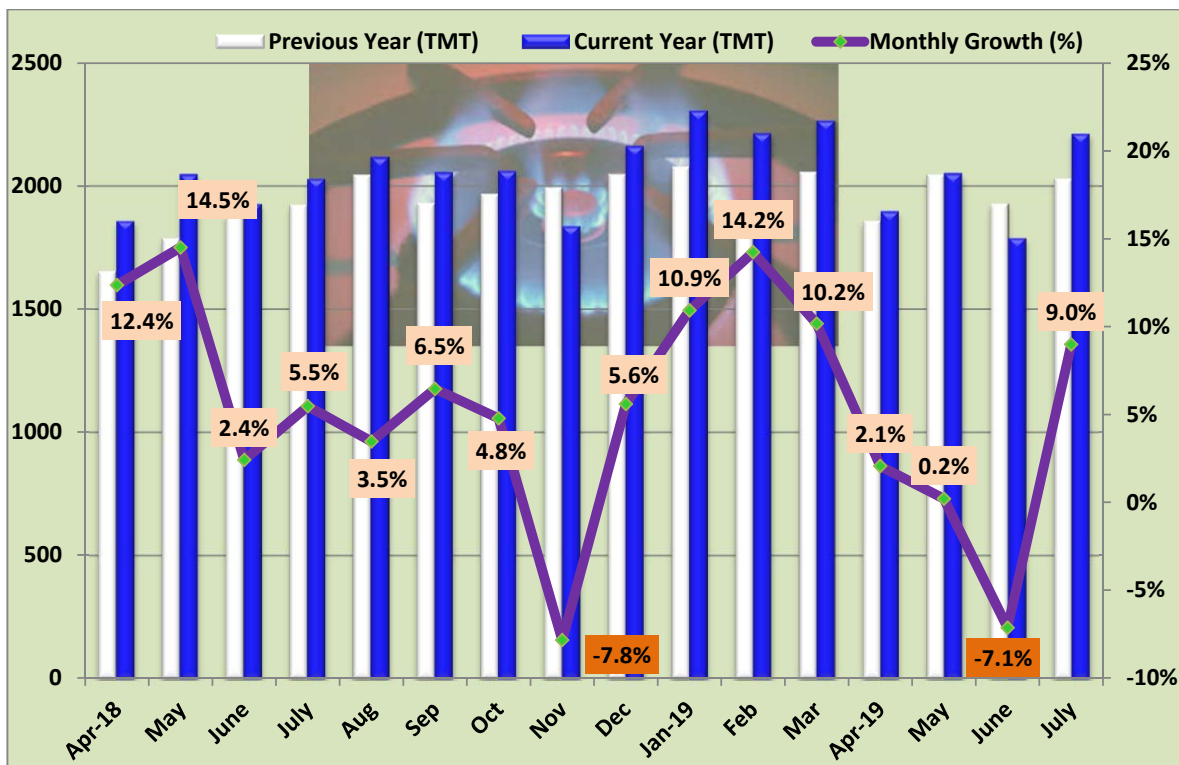
LPG-Packed Domestic consumption recorded a growth of 8.2% during July 2019 and a cumulative growth of 1.1% during the period April-July 2019. Last year during July 2018, a growth of 6.7% was observed and the cumulative growth during April-July 2018 was 8.8%. This year during the period April-July 2019, 15.2 lakh DBCs and 66.8 lakh new connections were released out of which 41.7 lakh were released under PMUY. A total of 760.7 lakh connections have been released under PMUY till 31.07.2019 since inception. During July 2019, the region-wise share of LPG Packed Domestic consumption was highest in Northern region (32.2%) followed by Southern region (26.3%), Western region (21.2%), Eastern region (17.5%) and North-Eastern region (2.8%). During July 2019, the five states with the highest LPG-Packed domestic sales share were Uttar Pradesh (14.6%), Maharashtra (11.2%), Tamil Nadu (7.6%), West Bengal (7.4%) and Karnataka (6.4%). During July 2019, percentage share of LPG-Packed Domestic was 88.5% of total LPG consumption whereas it was 89% in July 2018.

LPG-Packed Non-Domestic consumption recorded a growth of 17% in July 2019 and a cumulative growth of 6.9% during the period April-July 2019. Last year during July 2018, a growth of 12.8% was observed and the cumulative growth during April-July 2018 was 18.4%. Share of LPG Packed Non-Domestic in total LPG consumption has increased to 9.7% in July 2019 from 9% in July 2018. Region-wise share of LPG Packed Non-Domestic consumption was highest in Southern region (40.1%) followed by Western region (29.7%), Northern region (21.7%), Eastern region (7.5%) and North-Eastern region (1.1%) during July 2019.

Bulk LPG consumption registered a drop of -5.2% during July 2019 and a cumulative drop -26.9% during the period April-July 2019. Last year in the month of July 2018, there was a drop of -26.9% while for the period April-July 2018, a growth of 0.2% was witnessed. Percentage share of Bulk LPG in total LPG consumption was 1.1% in July 2019 whereas it was 1.2% in July 2018.

Auto LPG consumption registered a drop of -4.8% in July 2019 and a cumulative drop of -7.5% during the period April-July 2019. The sales volume decrease was about 0.8 TMT in July 2019 as against July 2018. However, last year in the month of July 2018 a drop of -0.9% was observed while there was a cumulative growth of 0.8% during April-July 2018. During July 2019, the percentage share of Auto LPG was 0.7% of total LPG consumption whereas it was 0.8% in July 2018.

Figure-8: Month-wise LPG consumption (TMT) and growth (%) since April 2018



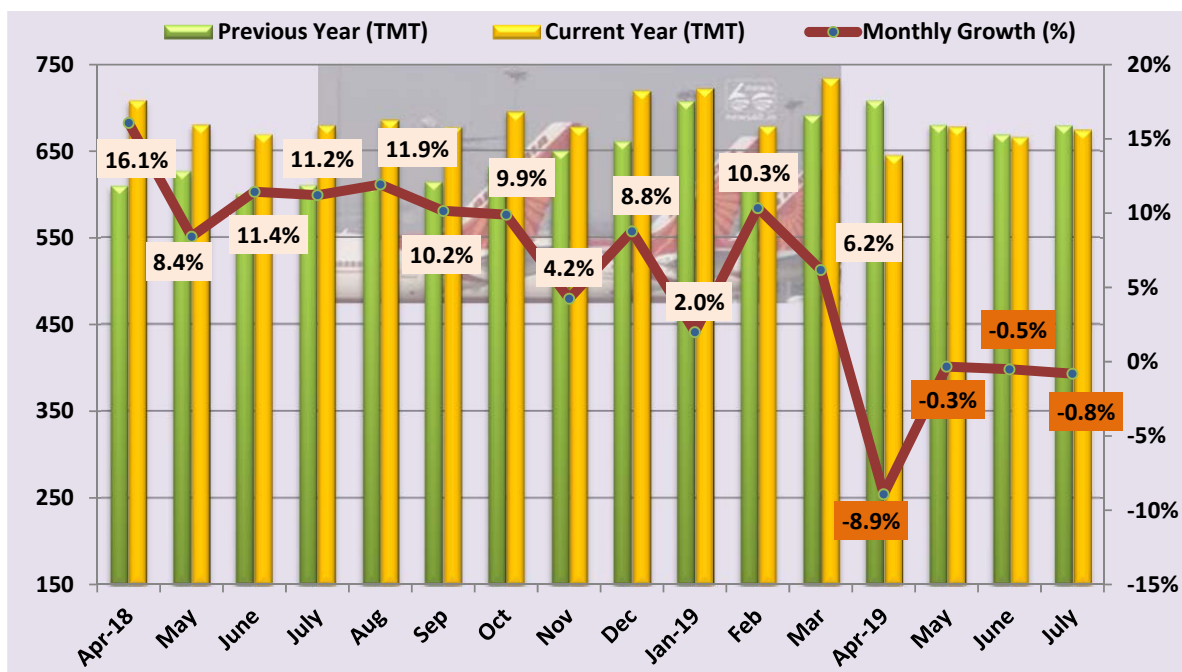
1.7 Naphtha: Naphtha consumption recorded a drop of -5.3% in July 2019 as compared to July 2018. Cumulatively, the consumption of naphtha during the period April-July 2019 has seen a drop of -15.8% as compared to the same period in the previous year. Petrochemical industries remain the main consumers 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 has stayed in negative territory for the fourth consecutive month with a minor drop of -0.8% in the month of July 2019. Cumulative growth for the period April-July 2019 has seen a drop of -2.7% as compared to the same period in the previous year.

Passengers carried by domestic airlines during July 2019 stood at 119.05 lakhs as against 115.57 lakhs during July 2018 thereby registering a growth of 3.01%. Total number of domestic passengers carried by airlines for the period April-July 2019 stood at 471.12 lakhs as against 462.51 lakhs during the same period last year, thereby recording a growth of 1.86%. Grounding of Boeing 737 Max planes and cancellation of flights by Jet Airways and sharp rise of fares due to drop in capacity have adversely affected the consumer decision to travel by air during the month.

Figure-9 gives the month-wise ATF consumption and growth since April 2018.

Figure-9: Month-wise ATF consumption (TMT) and growth (%) since April 2018



1.9 FO/LSHS: FO/LSHS consumption registered a growth of 8.2% during July 2019 as compared to July 2018. On a cumulative basis a drop of -1.7% was recorded in the consumption for the period April-July 2019 as compared to the same period last year. Increased consumption of FO in the power, fertilizer and petrochemical sector would have led to the volume growth during the month of July 2019. The cumulative drop in consumption of FO 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 drop of -12.1% in July 2019 as compared to July 2018. The cumulative consumption of petcoke during the period April-July 2019 has also seen a drop of -2.6% as compared to the same period in the previous year. The consumption of petcoke fluctuates with demand in the cement industry. Directorate General of Foreign Trade (DGFT) under Ministry of Commerce and Industry has banned import of petcoke for use as fuel, but has allowed its import only for use as feedstock in some select industries such as cement, lime kiln, calcium carbide and gasification industries.

1.11 LDO: LDO consumption recorded a growth of 17.5% during July 2019 as compared to July 2018. The consumption of LDO during the period April-July 2019 has seen a growth of 6.5% as compared to the same period in the previous year. LDO is extensively used in various types of furnaces. The ban of FO in Delhi, Uttar Pradesh, Rajasthan and Haryana has led to an increase in consumption of LDO.

Industry Consumption Trend Analysis 2019-20 (Provisional)

('000 MT)

Product	July			April-July		
	2018-19	2019-20	Growth (%)	2018-19	2019-20	Growth (%)
(A) Sensitive Products						
SKO	292.4	195.0	-33.3	1196.3	977.5	-18.3
LPG	2032.7	2215.4	9.0	7875.4	7962.7	1.1
Sub Total	2325.1	2410.4	3.7	9071.7	8940.1	-1.4
(B) Major Decontrolled Products						
Naphtha	1283.4	1215.7	-5.3	4547.6	3829.5	-15.8
MS	2316.0	2518.9	8.8	9435.1	10348.7	9.7
HSD	6610.0	6826.0	3.3	28691.3	29369.0	2.4
Lubes/Greases	306.9	321.6	4.8	1244.7	1245.6	0.1
LDO	43.9	51.5	17.5	187.3	199.4	6.5
FO/LSHS	505.0	546.6	8.2	2099.2	2063.5	-1.7
Bitumen	286.2	389.7	36.2	2251.6	2304.5	2.3
ATF	679.4	674.0	-0.8	2736.7	2662.4	-2.7
Sub Total	12030.7	12543.9	4.3	51193.3	52022.5	1.6
Sub - Total (A) + (B)	14355.8	14954.4	4.2	60265.0	60962.7	1.2
(C) Other Minor Decontrolled Products						
Petcoke	1764.4	1551.7	-12.1	7686.3	7485.0	-2.6
Others	905.9	1074.7	18.6	3440.7	4073.0	18.4
Sub Total	2670.3	2626.4	-1.6	11127.0	11558.0	3.9
Total	17026	17581	3.3	71392	72520.6	1.6