INDUSTRY SALES REVIEW REPORT

June 2015

Analysis • Knowledge • Information

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 June, 2015. Data on product-wise monthly consumption of petroleum products for June, 2015 is uploaded on PPAC website.

1.0 CONSUMPTION :

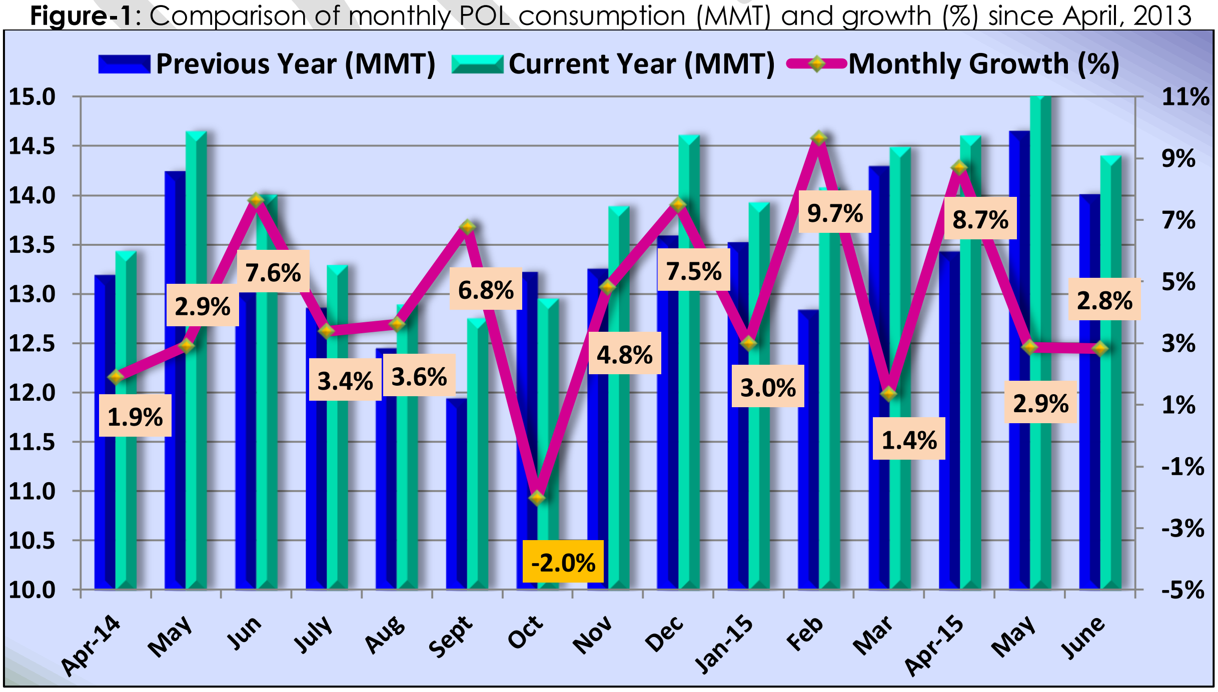
The growth (%) in consumption of petroleum products, category-wise, for the month of June, 2015 is given in Table-1.

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

PRODUCT	% Share	June 2014	June 2015	Growth (%)	Products Included
Sensitive Products	14.3%	1,945	2,054	5.6%	SKO & LPG
Major decontrolled Products	73.7%	10,401	10,622	2.1%	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Other Minor decontrolled Products	12.0%	1,662	1,728	4.0%	Pet coke & other minor products
Grand Total	**100%**	**14,008**	**14,404**	**2.8**	

All Products: The consumption of all petroleum products has registered a growth of 2.8% in June, 2015 as compared to that in June, 2014. Except for SKO, Naphtha, FO, and Bitumen, all other products have recorded a positive growth. On a cumulative basis, a growth of 5.2% was registered for the period April-June, 2015.

Figure-1: Comparison of monthly POL consumption (MMT) and growth (%) since April, 2013



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, 2015 and private imports data for the month of June, 2015 is projected based on April, 2014 to March, 2015 figures.

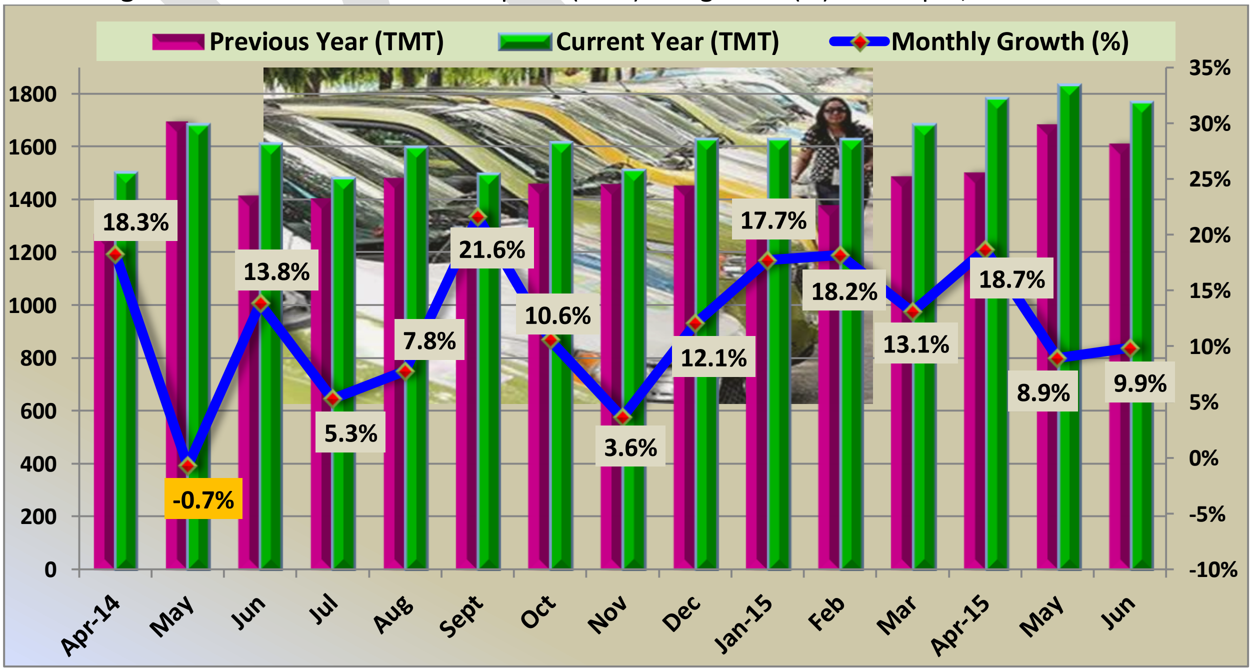
Detailed product-wise analysis of growth for June, 2015 is given in the following sections:

1.2 Petrol / Motor Spirit (MS): There has been 9.9% growth in the consumption of MS during June, 2015 as compared to June, 2014 and a cumulative growth of 12.3% for the period April to June, 2015. Figure 2 gives the month-wise MS consumption volume (TMT) and month on month growth (%) since April, 2013.

- The high growth in MS consumption can be attributed mainly due to (1) shift of consumer preference from diesel to petrol driven vehicles. (2) continuous high sales of passenger vehicles have given impetus to MS sales. The cumulative growth in passenger vehicle sales has been 6.17% for the period April-June, 2015 (3) Scooter/ Sccoterette segment has registered a growth of 7.25% on a cumulative basis for the period April-June, 2015. The softening of MS prices has also contributed to the growth.

- Even with a higher historical growth of 13.8% during June, 2014, this high growth has been achieved during June, 2015. The speculation and subsequent price cut in petrol that happened on 1st July prompted the dealers to lower the inventories at retail outlets which resulted in shifting of MS sales to July, 2015, else there could have been even higher growth during June, 2015.

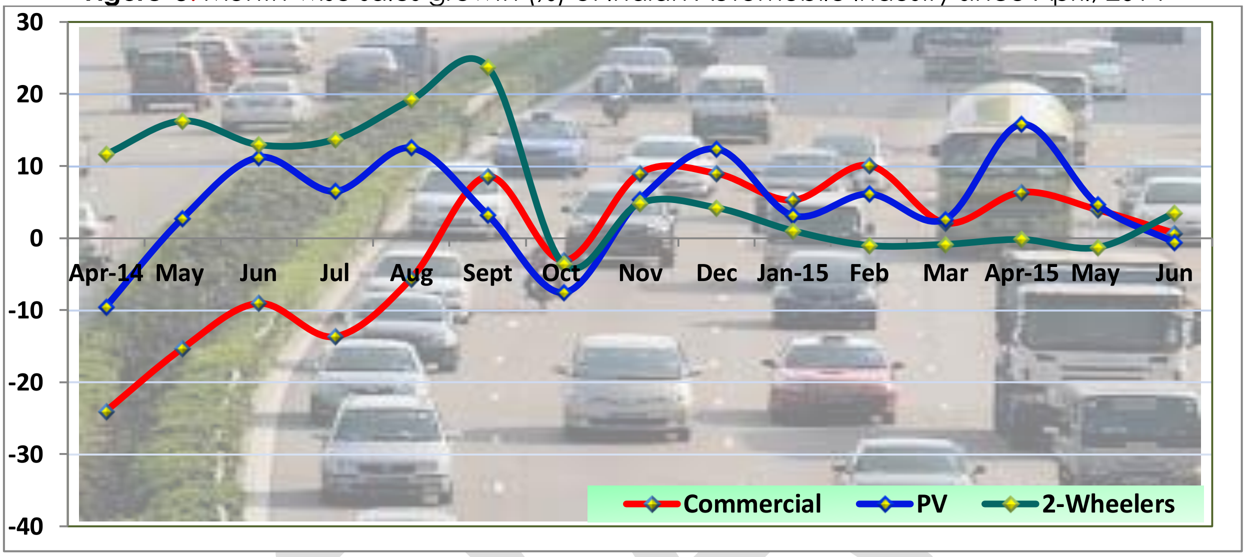
Figure-2: Month wise MS consumption (TMT) and growth (%) since April, 2013



Other factors impacting consumption of MS are:

As per the numbers reported by SIAM, an average of over 2.0 lakh passenger vehicles is added on the road every month. These high sales of passenger vehicles (mostly petrol driven) have contributed to the growth in the consumption of MS. The growth in automobile sales is a reflection of improving consumer sentiments.

Figure-3: Month-wise sales growth (%) of Indian Automobile Industry since April, 2014



a) **Total Passenger Vehicles (PV) Sales**: The overall passenger vehicles sales registered a marginal de-growth of 0.54 % during June, 2015, of which passenger cars recorded a growth of 1.52% , Utility Vehicles and Vans recorded a de-growth of -5.86% and -7.18% respectively.

Segment	June 2014	June 2015	Growth (%)
Passenger Cars	160,232	162,677	1.52%
Utility Vehicles	43,849	41,278	-5.86%
Vans	14,747	13,687	-7.18%
Total: Passenger Vehicles (PVs)	**218,828**	**217,642**	**-0.54%**

Source: SIAM

b) **2-wheeler Sales**: With domestic sales of 1.3 million units during June, 2015, the 2-wheeler segment recorded a growth of 3.5% during the month. The motorcycle segment registered a marginal growth of 0.04% in the month of June, 2015, whereas the scooter/ scooterette segment recorded a high growth of 14.2% and mopeds recorded a de-growth of -2.8% during June, 2015.

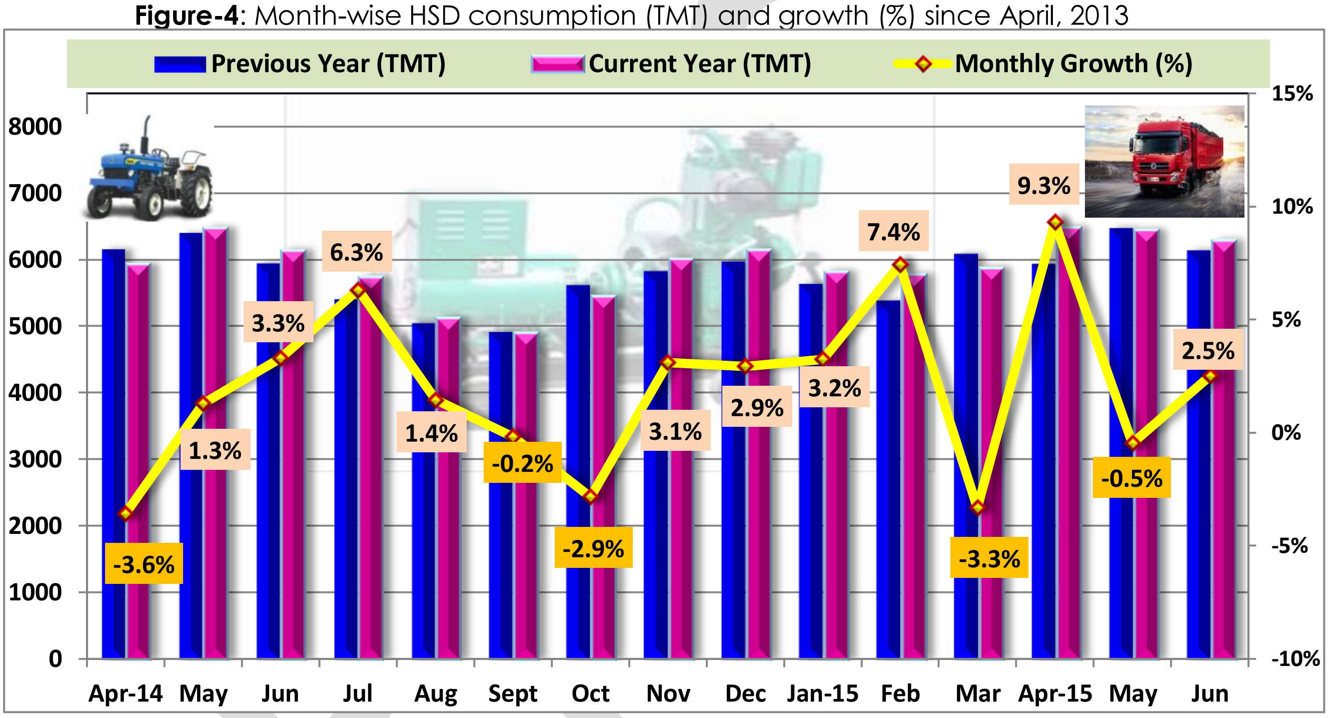
Segment	June 2014	June 2015	Growth (%)
Scooter / Scooterette	324,574	370,710	14.2%
Motor Cycles	877,289	877,696	0.04%
Mopeds	61,020	59,304	-2.8%
Total: 2-wheelers	**1,262,883**	**1,307,710**	**3.5%**

Source: SIAM

1.3 High Speed Diesel (HSD): After a de-growth during the previous month, sales of HSD recorded a growth of 2.5% during June, 2015 and a cumulative growth of 3.6% during April to June, 2015. The speculation and subsequent price cut in diesel that happened on 1st July prompted the dealers to drop the inventories at retail outlets which resulted in shifting of HSD sales to July, 2015, else there could have been even higher growth during June, 2015.

Other factors that had negative impact were: (1) Shift of consumer preference from diesel to petrol driven vehicles. (2) Shift of industrial consumers to alternate fuels due to price differential and increasing fuel prices. (3) Lower agricultural demand due to good rains during the month.

Figure-4: Month-wise HSD consumption (TMT) and growth (%) since April, 2013



Factors affecting diesel consumption are discussed below:

a) **Commercial Vehicles (CV) Sales**: Total CV sales registered a positive growth of 0.72% during June, 2015.

b) The medium and heavy commercial vehicles sales continued to record an impressive 20.7% positive growth during June, 2015 which is mainly attributed to the positive sentiments in the economy and rising demand for logistics and transportation services.

Segment	June 2014	June 2015	Growth (%)
M&HCVs	18,374	22,184	20.7%
LCVs	32,705	29,262	-10.52%
Total: Commercial Vehicles	**51,079**	**51,446**	**0.72%**

Source: SIAM

c) **Port traffic:** There has been a growth of 2.9% in port traffic and cargos handled at major ports during June, 2015 due to improvement at all major ports except Visakhapatnam and New Mangalore. Table 2 below gives the port-wise performance during the month of June, 2015. While there has been a reduction of 62.2% in iron ore handling, an increase of 16.3% has been observed in coal handled at major ports during the period April-June, 2015.

Table-2: Traffic handled at major ports in June, 2015

TRAFFIC HANDLED AT MAJOR PORTS (TMT)			
PORTS	**June 2014**	**June 2015**	**Growth (%):**
KOLKATA + HALDIA	3,368	4,070	20.8%
PARADIP	5,590	6,280	12.3%
VISAKHAPATNAM	4,941	4,409	-10.8%
ENNORE	2,414	2,049	-15.1%
CHENNAI	4,022	4,334	7.8%
V.O. CHIDAMBARANAR	2,384	3,030	27.1%
COCHIN	1,793	1,726	-3.7%
NEW MANGALORE	3,272	3,027	-7.5%
MORMUGAO	1,169	1,153	-1.4%
MUMBAI	4,585	4,742	3.4%
JNPT	5,569	5,160	-7.3%
KANDLA	8,048	8,532	6.0%
TOTAL:	**47,155**	**48,512**	**2.9%**

Source: Indian Ports Association (IPA)

d) **Power situation improves**: The power deficit position for the month of June, 2015 is given in Table-3. The power deficit position during the month has improved compared to June, 2014, resulting in reduction in diesel consumption for back-up power generation.

Table-3: Power deficit: Region-wise position for June, 2015 (% deficit)

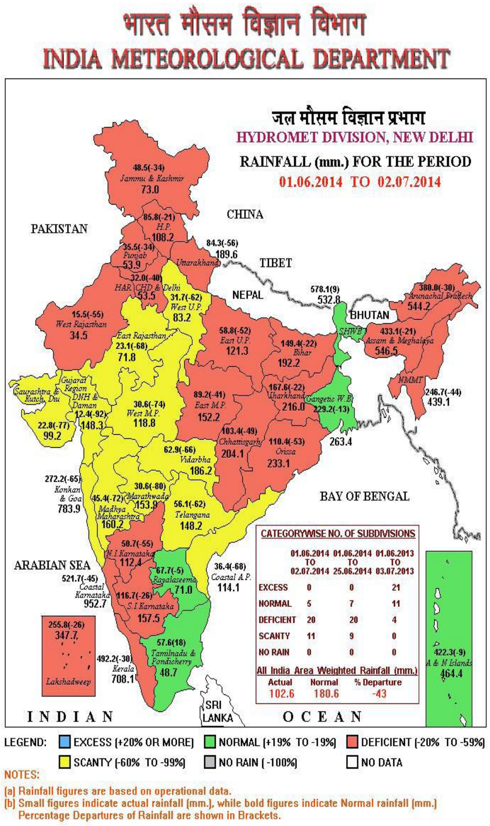
States	June 2015 (P)				June 2014
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	30,880	29,452	-1,428	-4.6%	-5.3%
West	26,464	26,410	-54	-0.2%	-1.2%
South	22,257	22,037	-220	-1.0%	-5.4%
East	10,873	10,788	-85	-1.1%	-1.1%
North East	1,181	1,116	-65	-5.5%	-8.7%
Total	**91,655**	**89,803**	**-1,852**	**-2.0%**	**-3.7%**

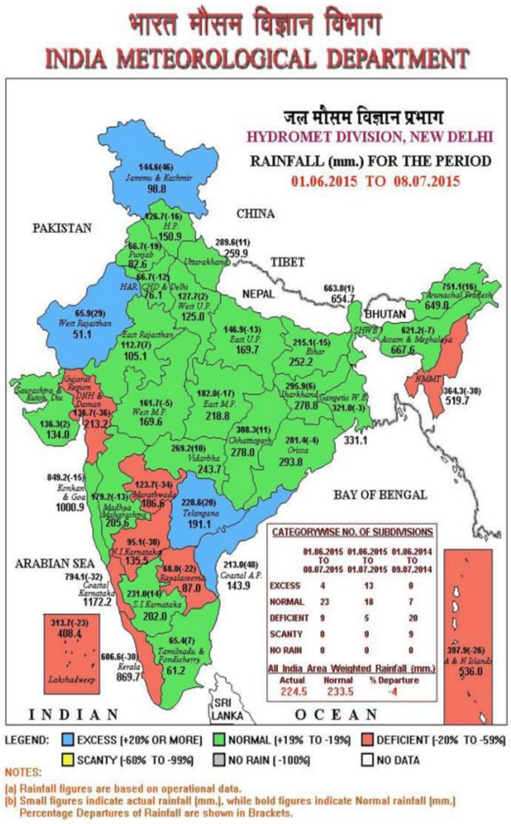
Source: Central Electricity Authority (CEA)

Rainfall improves: The much-awaited four month long monsoon season began its journey from Kerala on June 5, a little behind schedule. Southwest Monsoon quickly covered Northeast India by the next day. Its progress over the interiors of Peninsular India was a little sluggish in the initial phase due to the cyclonic storm

DRAFT

Ashobaa. However, as the system moved away from the Indian coast, the monsoon gained strength and has been progressing rapidly thereafter.





However, heavy rains and floods in eastern parts of India resulted in lesser goods movement, thereby affecting diesel sales in the sector.

1.4 Bitumen: Bitumen consumption has registered a decline of -19.4% in the month of June, 2015 and cumulatively there is a drop of -8.4% for the period April to June, 2015 mainly due to no major works being undertaken currently in many parts of the country and the Government's emphasis on building concrete roads.

1.5 LPG: Total LPG consumption for the 22nd month in a row recorded a positive growth of 10.2% during June 2015 and a cumulative growth of 8.5% for the period April -June 2015.

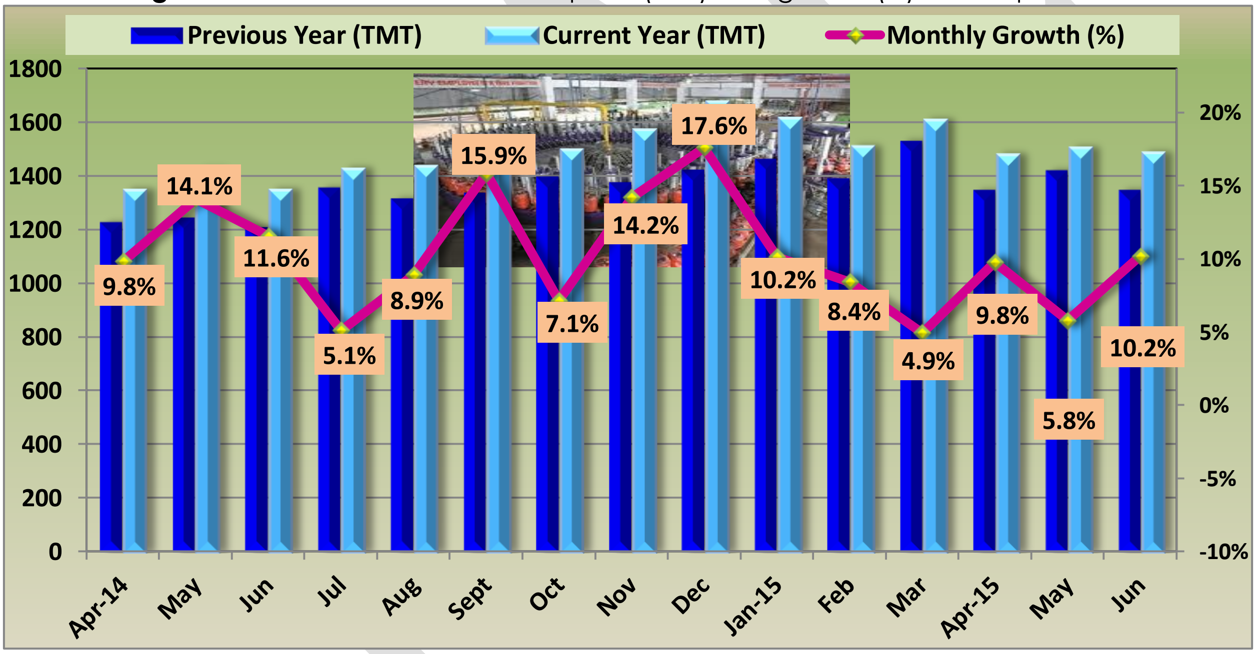
- **LPG-Packed Domestic** consumption registered a positive growth for the 22nd month in a row with a growth of 10.3% during June 2015 and 7.1% growth for the quarter April-June 2015. Even after PAHAL has weeded out duplicate/ multiple connections, LPG packed domestic is witnessing continuous growth for such a long period, which may be due to release of new connections and increased usage. During the April-June 2015 quarter, 43.2 lakh new connections and 26.26 lakh DBCs were released by the OMCs.

- **LPG-Packed non-domestic consumption:** For the sixth month in a row, LPG Packed Non-Domestic consumption registered a growth of 28.2% in June, 2015 and cumulative growth of 35.3% during April- June, 2015. However, in the same month last year de-growth of -11.2% was observed and April-June, 2014 quarter had also observed negative growth of -11.9%. High growth in the current month and quarter is a result of curb in diversion of subsidized domestic cylinders after implementation of DBTL.

- **Bulk LPG** recorded a negative growth of -21.6% during June 2015 and marginal growth of 0.6% during April -June 2015. Last year same month i.e. June 2014 growth of 57.7% was observed.

- **Auto LPG** For the sixth time in a row, Auto LPG registered a positive growth of 6.5% in June, 2015 and 9.5% during April June, 2015. Spur in growth of Auto LPG is mainly due to low base of last year and curb in diversion of subsidized domestic cylinders after launch of DBTL.

Figure-5: Month-wise LPG consumption (TMT) and growth (%) since April, 2013

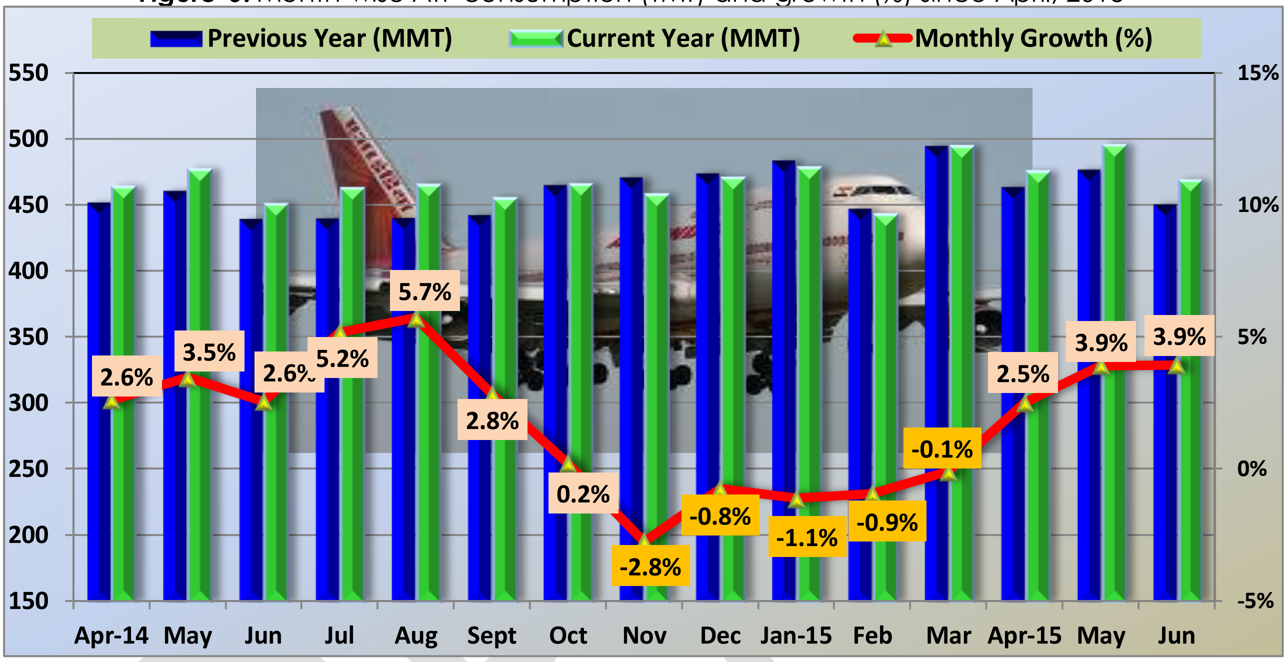


1.6 Naphtha: Naphtha consumption recorded a de-growth of -5.6% during June, 2015 and a positive growth of 10.8% on a cumulative basis for the period April-June, 2015. Mainly the de-growth during the month has been contributed by Power and Fertilizer industries. Petrochemical sector registered growth due to increased demand by RIL, IOCL, ONGC and APCL petrochemical plants.

1.7 ATF: After registering de-growth for five months in a row since November, 2014, ATF consumption has recorded growth for the third month in a row during June, 2015. ATF consumption growth was 3.9% during June, 2015 and there was a cumulative growth of 3.5% during the period April to June, 2015. Consequent to reduction in the number of flights by Spicejet, other airlines have optimized

their operations and have increased their passenger load factor. Passengers carried by all Indian carriers during the month of June, 2015 recorded a growth of
19.81% by carrying 66.01 lakh passengers during the month as compared to 56.89 lakhs during the month of June, 2014. Also during the period April to June, 2015, a growth of 19.12% has been registered by Indian carriers carrying 202.87 lakh passengers as compared to 170.30 lakh passengers during the period April to June, 2014.

Figure-6: Month-wise ATF consumption (TMT) and growth (%) since April, 2013



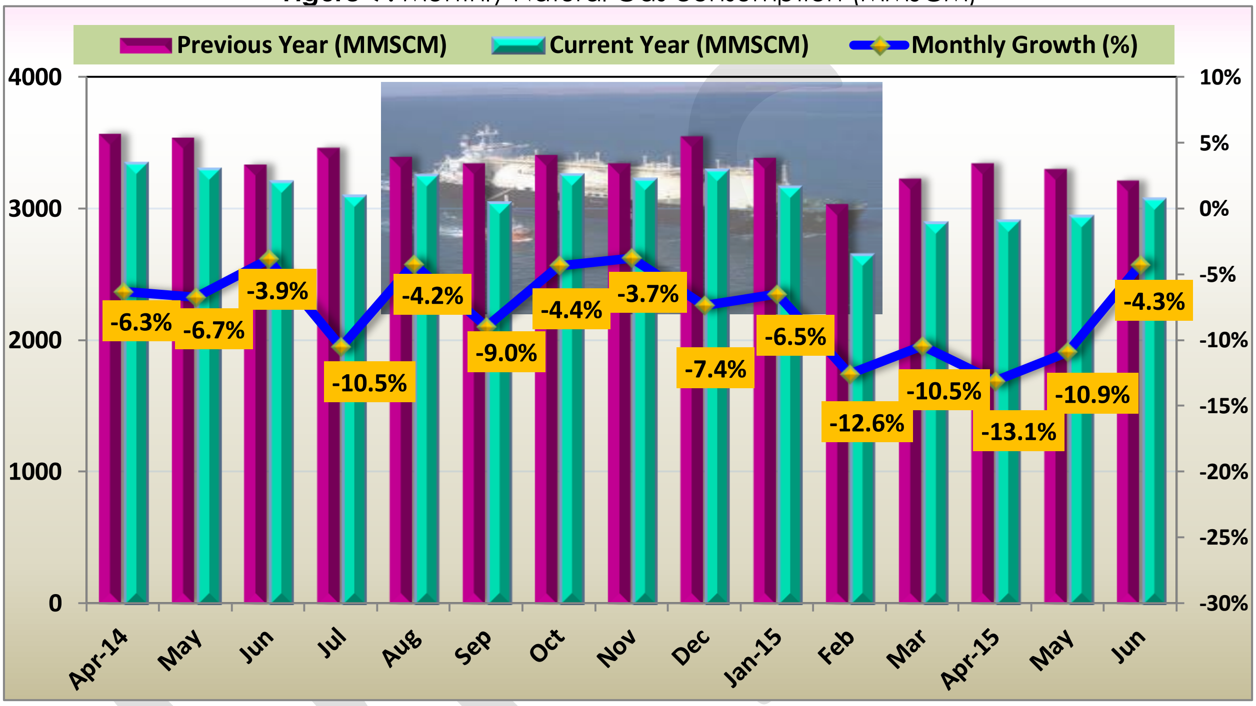
1.8 FO/LSHS: FO+LSHS consumption registered a de-growth of -5.2% during June, 2015. On a cumulative basis there has been de-growth of -3.5% for the period April to June, 2015. The decline has been mainly because of drop in consumption of LSHS. The drop in Furnace Oil has been only 0.1% as compared to LSHS, which recorded a de-growth of -13.8%. The consumption of LSHS has reduced due to shift to natural gas by major customers like power and fertilizer industries, viz, GNFC, NFL etc., while other sectors like petrochemicals, steel and others have registered a growth in the consumption of the product as compared to the previous year.

1.9 PETCOKE: Pet coke consumption has continued to register consistent growth of 8.1% during June, 2015 and a cumulative growth of 11.1% was registered during the period April to June, 2015.

1.10 LDO: LDO consumption recorded a growth of 36.2% in June, 2015 and a growth of 5.4% for the period April to June, 2015. LDO consumption recorded a growth during the month due to delay in onset of monsoon, leading to higher use of pumping sets, resumption of mining activities and improved port traffic.

1.11 Natural Gas: On month on month basis, Natural Gas consumption saw a decline of 4.29 % during June, 2015 as compared to June, 2014[1]. In terms of volumes, total consumption during June, 2015 was 3,077 MMSCM as compared to 3,214 MMSCM during June, 2014. Cumulatively for the period April to June, 2015, consumption declined by 9.55% from 9,862.11 MMSCM during April-June, 2015 to 8,920.51 MMSCM in FY 2015-16. Natural gas sales have shown decline predominantly due to reduction in domestic gas production and lower off-take of gas in core sectors.

Figure-7: Monthly Natural Gas consumption (MMSCM)



(Excluding sales of GSPC and spot cargos imported by private players like Adani Group, Total, RIL, etc.)

Data does not include natural gas sales of GSPC and spot cargoes imported by private players like Adani Group, Total, RIL, etc.

Major factors affecting Natural Gas consumption are highlighted below:

1. **Power Sector**: A decline in volumes of around 2 % occurred in Power sector from 803 MMSCM in June, 2014 to 786 MMSCM in June, 2015. This decline is significantly low as compared to the recent months. In Northern region, there has been low consumption in Rajasthan, Haryana and Delhi which was offset by high off-take in NTPC Dadri power plant to a large extent. In Eastern region, low demand by Assam Electricity resulted in negative growth and in Western region, low off take by TATA Power Trombay, NTPC (Gujarat) and MSEB Uran resulted in negative growth. In Southern region there was increase of 2% in consumption as compared to June, 2014. On a cumulative basis, overall consumption during April to June, 2015 declined by 10.39% to 2,143 MMSCM from 2,391 MMSCM during the same period last year.

---

[1] Represents gas sales by GAIL, IOCL, BPCL, Shell, ONGC and RIL. It does not include spot cargo sales of RIL.

[2] Sector-wise sales consist of sales by GAIL, IOCL, BPCL and RIL only.

2. **Fertilizer Sector**: Consumption in the fertilizer sector grew marginally in May, 2015, but in June 2015 the sector showed considerable improvement as it grew by 3.31%, on a month on month basis. The fertilizer sector consumption had started declining after April, 2014. For June, 2015 and June, 2014, the monthly consumption stood at 1,223 MMSCM and 1,184 MMSCM respectively. There has been high off-take by fertilizer plants in the North as well as the West namely by IFFCO Aonla (U.P), IFFCO Phulpur (U.P), NFL Bhatinda (Punjab), NFL Vijaipur (MP), KRIBHKO Hazira (Guj) and Zuari Agro (Goa). In the South, there has been a low off-take of around 32% by NFCL Kakinada (AP). On a cumulative basis, overall consumption during April to June, 2015 has declined by 0.16% to 3,585 MMSCM from 3,591 MMSCM during April to June, 2014.

3. **City Gas Sector**: There was an overall decrease of 9.72 % in CGD consumption from 349 MMSCM in June, 2014 to 315 MMSCM in June, 2015 due to decrease in off-take by CGD companies in the Northern and Western regions. Certain high volume consumers of CGD have switched from gas to other liquid fuel alternatives after steep decline in oil prices resulting in low off-take by CGD companies like IGL in the Northern region and MGL and MNGL in the Western region. On a cumulative basis, overall consumption during April to June, 2015 declined by 10 % to 962.73 MMSCM as against 1,069.04 MMSCM during the same period last year.

4. **Internal Consumption**: Internal consumption (IC) showed an overall decline of approximately 3% (from 368.5 MMSCM in June, 2014 to 357 MMSCM in June, 2015) primarily due to low production at GAIL Petrochemical complex at Pata, shutdown of GAIL's Usar LPG unit due to non-availability of feed gas and permanent shut down of GAIL's Lakwa plant for asset transfer to Brahmaputra Cracker & Polymer Limited (BCPL). In the South, due to low flow in RIL pipeline, internal consumption was low. On cumulative basis, overall consumption during April to June, 2015 declined by 12.65 % to 956.42 MMSCM against 1,094.87 MMSCM during April to June, 2014.

5. **Others Sector**: There was overall decrease of about 27% (from 408 MMSCM in June, 2014 to 298 MMSCM in June, 2015) in the consumption in 'Others' sector which include steel, sponge-iron, refineries, manufacturing and other miscellaneous industries. Such decline in consumption was primarily due to reduced supply to IOCL's Panipat and Koyali refineries, RIL's refinery in Gujarat, Essar Steel in Gujarat and low supply to other industries. On a cumulative basis, overall consumption during April to June, 2015 has declined by 30 % to 1,004 MMSCM against 1,440 MMSCM during the same period last year.

****

Industry Consumption Trend Analysis (Provisional) : April-June, 2015						
						('000 MT)
Product	**June**			**April-June**		
	2014-15	**2015-16**	**Growth (%)**	**2014-15**	**2015-16**	**Growth (%)**
(A) Sensitive Products						
SKO	595.3	566.5	**-4.8**	1770.7	1711.3	**-3.4**
LPG	1349.4	1487.3	**10.2**	4121.2	4471.7	**8.5**
Sub Total	**1944.7**	**2053.8**	**5.6**	**5891.9**	**6183.0**	**4.9**
(B) Major Decontrolled Products						
Naphtha	945.1	891.9	**-5.6**	2826.7	3131.5	**10.8**
MS	1610.7	1769.4	**9.9**	4796.3	5386.2	**12.3**
HSD	6139.3	6292.9	**2.5**	18550.5	19225.7	**3.6**
Lubes+Greases	191.6	253.0	**32.1**	689.1	798.6	**15.9**
LDO	30.0	40.8	**36.2**	86.3	91.0	**5.4**
FO/LSHS	513.8	487.0	**-5.2**	1496.3	1444.2	**-3.5**
Bitumen	519.9	419.1	**-19.4**	1643.9	1506.0	**-8.4**
ATF	450.3	468.0	**3.9**	1389.8	1437.8	**3.5**
Sub Total	**10400.7**	**10622.1**	**2.1**	**31478.9**	**33021.0**	**4.9**
Sub - Total (A) + (B)	**12345.4**	**12675.9**	**2.7**	**37370.8**	**39204.0**	**4.9**
(C) Other Minor Decontrolled Products						
Pet Coke	1121.6	1212.0	**8.1**	3180.3	3533.6	**11.1**
Others	540.8	516.2	**-4.6**	1545.5	1559.9	**0.9**
Sub Total	**1662.4**	**1728.2**	**4.0**	**4725.8**	**5093.5**	**7.8**
Total	**14007.8**	**14404.1**	**2.8**	**42096.6**	**44297.5**	**5.2**