



This report analyses the trend of consumption of petroleum products in the country during the month of April, 2017. Data on product-wise monthly consumption of petroleum products for April, 2017 is uploaded on PPAC website ([www.ppac.gov.in](http://www.ppac.gov.in)).

## 1.0 CONSUMPTION :

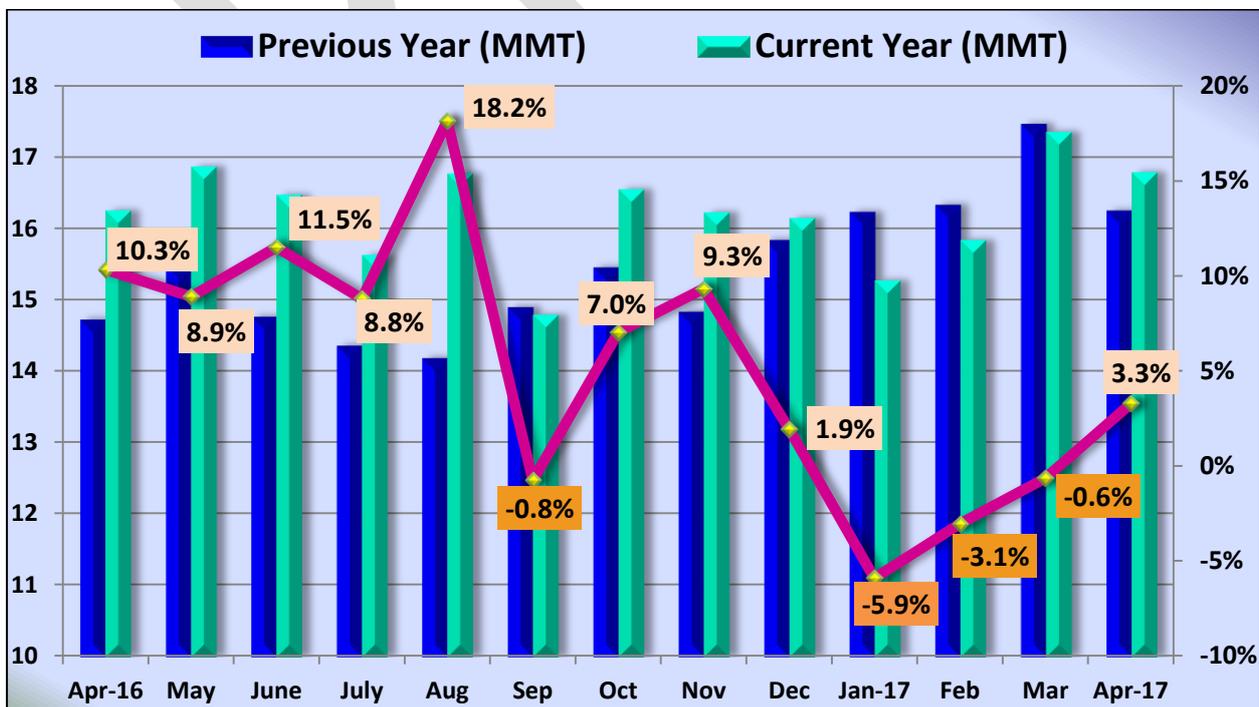
The growth (%) in consumption of petroleum products, category-wise, for the month of April, 2017 is given in Table-1.

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

PRODUCT	Share (%)	April 2016	April 2017	Growth (%)	Products Included
<b>Sensitive Products</b>	12.9%	2,107	1,984	-5.9%	SKO & LPG
<b>Major decontrolled Products</b>	74.3%	12,071	12,291	1.8%	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
<b>Minor decontrolled Products</b>	12.8%	2,079	2,516	21.0%	Pet. coke & other minor products
<b>Grand Total</b>	<b>100%</b>	<b>16,258</b>	<b>16,791</b>	<b>3.3%</b>	

**All Products :** India's oil demand bounced back in April after falling for three consecutive months in a row. The demand for all petroleum products rose to 16.79 MMT from 16.25 MMT a year ago. Consumption of petroleum products recorded a growth of 3.3 %, driven by a growth in the consumption of LPG, Naphtha, MS, LDO, HSD, ATF, Pet Coke and 'Other' products during the month. All other products recorded a negative growth. SKO registered a major de-growth of -35.8 % during the month, mainly because of reduced allocation to states and voluntary surrender of PDS SKO quota by some states and release of about 216.6 lakh connections on account of Ujjwala scheme since its inception in May, 2016.

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



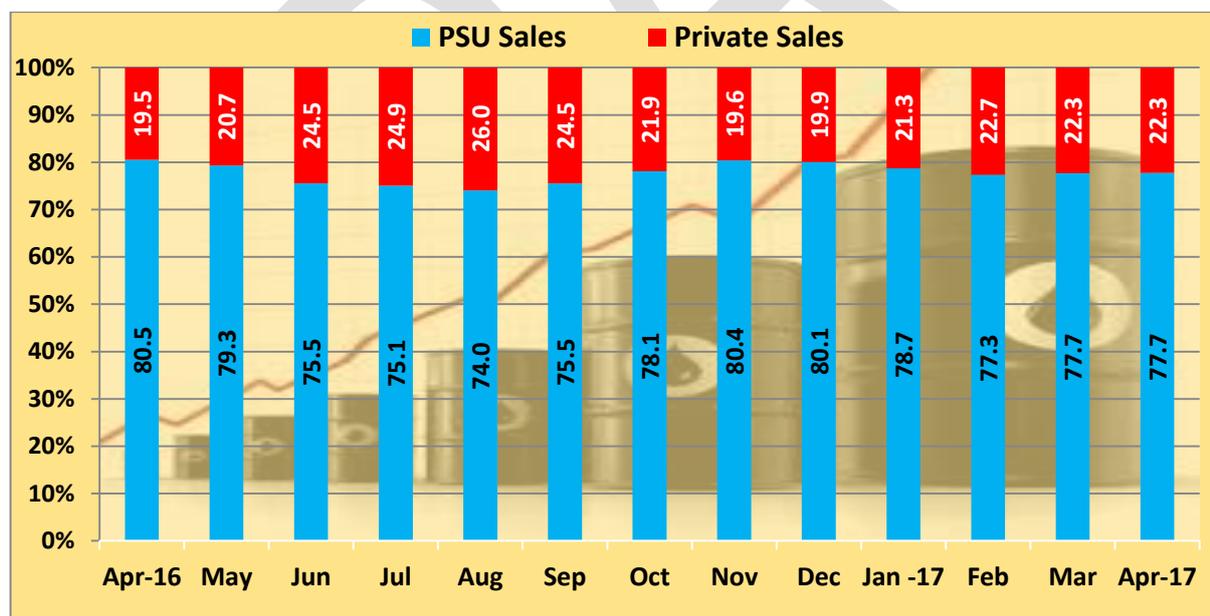
Indian 'Sales Managers Index' (SMI) released by London-based World Economics, which produces data and analysis on the global economy, for April 2017, reflects rapid growth in the Indian economy, and remains close to its all-time high level. Business confidence is very high compared with confidence in all other countries currently measured by World Economics. The jobs market has rebounded close to its very high pre-demonetization level and reflects the rapid growth indicated by the SMI Market and Sales Indexes. The Indian economy continues to race ahead, although the shock of de-monetization hasn't completely worn off and remains visible in the continuing rapid rise in prices.

The Nikkei India Services Purchasing Managers' Index, or PMI, fell to 50.2 in April from March's 51.5 indicating that firms were cautiously pessimistic towards future performance. Manufacturing conditions improved and Nikkei India Manufacturing Purchasing Managers' Index (PMI) matched March's reading of 52.5 in April.

The indices as mentioned above show business conditions for India are currently in the expansion territory. Rapid economic growth is leading to greater outputs, which in turn is increasing the demand of oil for production and transportation.

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

**Figure-2: Comparison of monthly POL Sales in PSU & Private Sector (%) since April, 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 January, 2017 and private imports data for the months of February, March and April, 2017 are projected based on February 2016 to January, 2017 actual data provided by DGCIS.

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

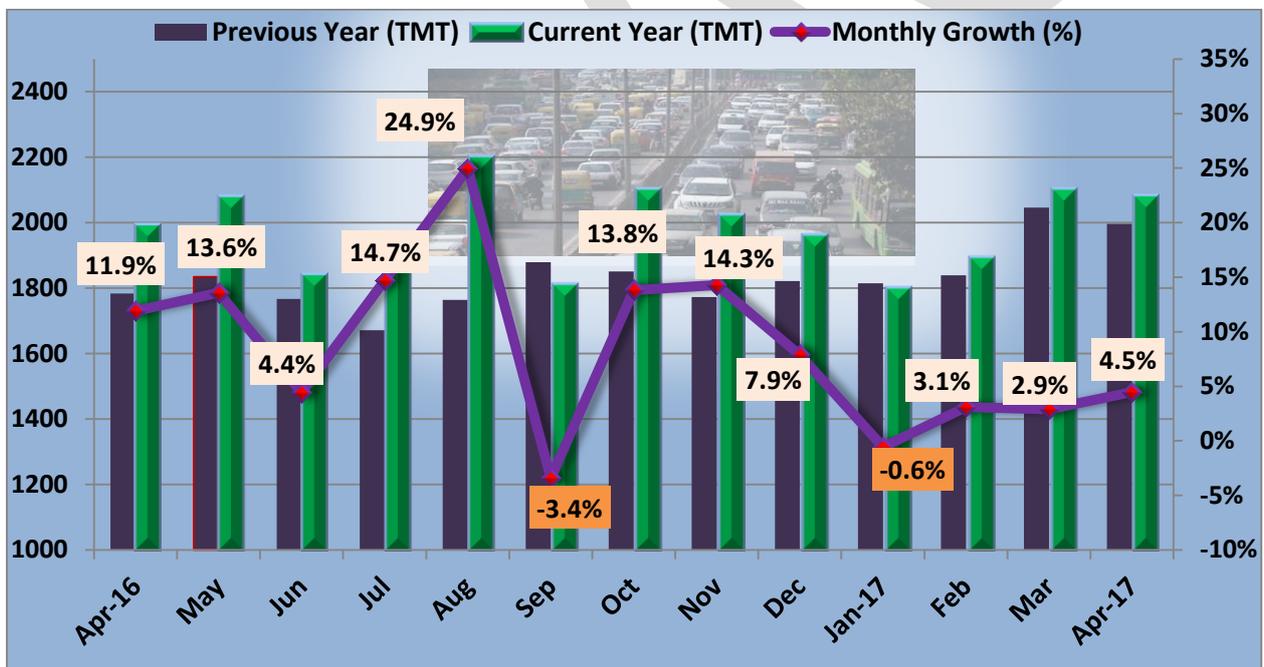
**1.2 Petrol / Motor Spirit (MS):** MS consumption during the month of April, 2017 recorded a growth of 4.5% as compared to April, 2016. With rising income levels, demand for automobile is estimated to increase which is mainly improving MS sales.

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

- i. High growth in automobile industry in the country. In last year itself the passenger vehicle population grew by 9.2%. In last 6 years, from 2011-12, the sales of passenger vehicles grew by 25.9%. Increased number of vehicles on the roads has contributed to augmenting the MS sales.
- ii. Availability of cheaper fuel resulting in preference for petrol driven vehicles, and improved road connectivity, onset of holiday season has boosted MS sales in general.

**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**

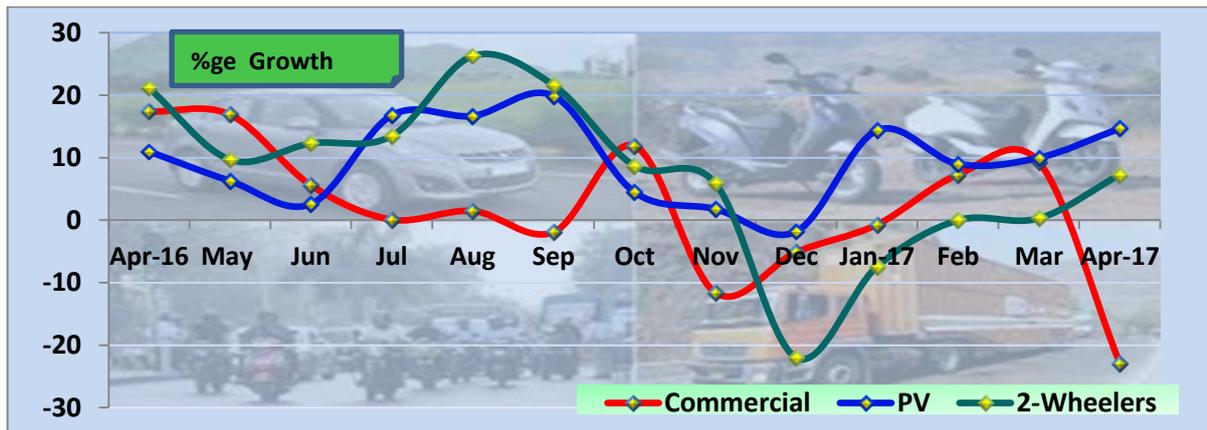


**Other factors impacting consumption of MS are:**

After creating history by crossing the 3 million mark in domestic sales and growing 9.2 percent, during 2016-17, passenger vehicles (PV) have continued their growth streak during April 2017, starting the new financial year on a promising note. Most of the passenger vehicle manufacturers have reported a double digit growth on the back of new product launches. The PV segment is forecast to grow between 7-9% during 2017-18 according to SIAM, on the back of better Pay Commission payouts and a better agricultural crop sowing.

**Figure-4** gives a graphic representation of month-wise growth of Passenger Vehicles (PV), Commercial Vehicles (CV) 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:** At 277,602 units in April 2017, the passenger vehicle sales recorded a growth of 14.7% over April 2016. Passenger car sales rose by 17.4% on the back of new model launches. Surging consumer demand for SUVs saw numbers grow by 13.7%. April, 2017 also saw a de-growth in number of vans being sold, which was down by -6.9% as compared to last year.

Segment	April 2016	April 2017	Growth (%)
Passenger Cars	162,566	190,788	17.4%
Utility Vehicles	62,170	70,691	13.7%
Vans	17,324	16,123	-6.9%
<b>Total: Passenger Vehicles (PVs)</b>	<b>242,060</b>	<b>277,602</b>	<b>14.7%</b>

Source: SIAM

- b) **2-wheeler sales:** The two wheelers segment registered a growth of 7.3%, at 1,674,796 units during the month. With the ongoing marriage season and focus on tier II and tier III markets, the scooter sales could see reasonable surge. In 2-wheeler segment, only scooter sales witnessed a sharp growth of 25.3% at 586,886 units. Motorcycles recorded a minor growth of 0.5% in sales by selling 1,029,972 units and mopeds sales went down by -13.6% by selling 57,938 units.

Segment	April 2016	April 2017	Growth (%)
Scooter / Scooterette	468,368	586,886	25.3%
Motor Cycles	1,024,895	1,029,972	0.5%
Mopeds	67,045	57,938	-13.6%
<b>Total: 2-wheelers</b>	<b>1,560,308</b>	<b>1,674,796</b>	<b>7.3%</b>

Source: SIAM

**1.3 High Speed Diesel (HSD):** HSD consumption, which makes up some 40 % of India's fuel demand, went up by 2.8% to 6.96 million tons. Following were the major factors affecting diesel consumption during the month of April, 2017:

Improvement in Medium and Heavy vehicle sales during the last year, improved road conditions, economic viability of public transport and carrier vehicles due to cheaper fuel strengthened diesel sales in general

- i. No rainfall and drought like conditions across South India affected agricultural activity.
- ii. Reduced mining activity due to closure of illegal sand mining activities in Tamil Nadu and Karnataka and improved power deficit situation has resulted in lower usage of diesel.

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

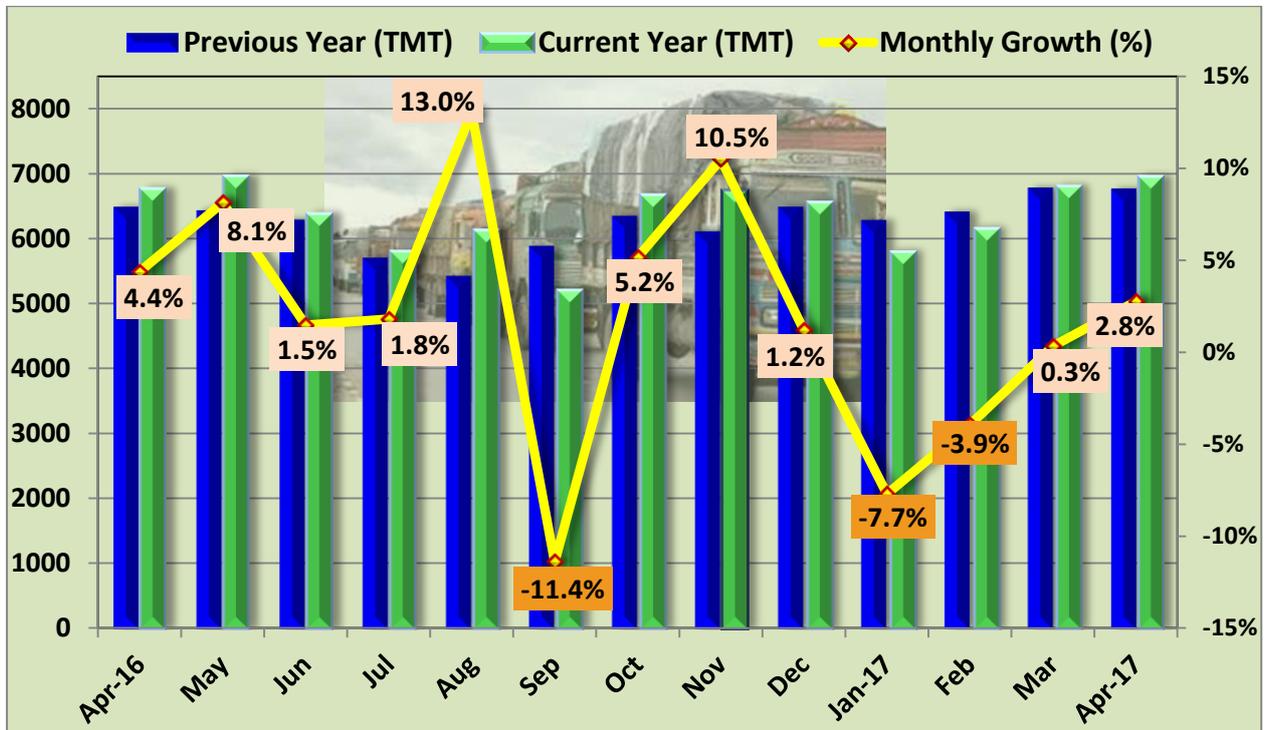
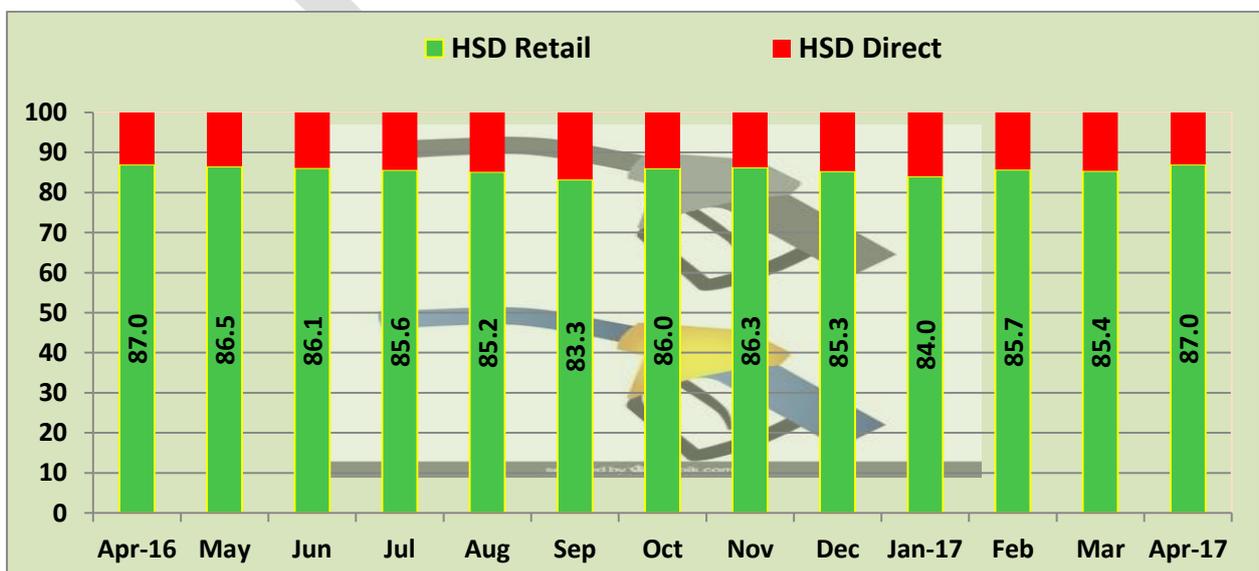


Figure-6 gives comparison of month-wise HSD consumption by Retail and Consumer business share (%) since April, 2016

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



## Other factors affecting diesel consumption are discussed below:

- a) **Commercial vehicles (CV) sales:** The first month of 2017-18 has not been a positive one for the commercial vehicles sector. All the manufacturers have recorded negative growth in the month, and the medium and heavy commercial vehicle (M&HCV) sector sales fell sharply. Heavy discounting in March, 2017 to clear BS III stock, implementation of BS IV emission norms, GST from July, 2017 and the subsequent price increase in vehicles has resulted in sharp fall in sales of commercial vehicles. At 41,490 units, the lowest since November, 2009, CV sales registered a decline of -22.9%. Medium & Heavy Commercial Vehicles (M&HCV's) sale recorded a steep loss of -54.9% by selling only 10,602 units during the month.
- b) **Light Commercial Vehicle (LCV):** The LCV sector contributed sales of 30,888 units and a growth of 1.9% over historical.

Segment	April 2016	April 2017	Growth (%)
M&HCVs	23,515	10,602	-54.9%
LCVs	30,320	30,888	1.9%
<b>Total: Commercial Vehicles</b>	<b>53,835</b>	<b>41,490</b>	<b>-22.9%</b>

Source: SIAM

- c) **Port traffic:** There has been a growth of 6.2% in port traffic for the month of April, 2017. The growth in port traffic and cargos handled during April, 2017 is mainly due to increase in traffic at all ports except Ennore, Chennai and Chidambarnar.

The growth in traffic has been contributed mostly by iron ore (40.6%), POL products (6.5%), finished fertilizer (7.9%) and other goods (2.7%), while there has been a drop in raw fertilizer (-6.7%) and thermal coal (-11.9%). High growth in iron ore traffic is due to resumption of iron ore mining activities in Karnataka, Goa and Odisha.

**Table-2** below gives the port-wise performance during April, 2017.

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

TRAFFIC HANDLED AT MAJOR PORTS (TMT)			
PORTS	April 2016	April 2017	Growth (%)
Kolkata + Haldia	4,038	4,231	4.7%
Paradip	7,234	7,335	1.4%
Visakhapatnam	4,728	4,921	4.0%
Kamarajar (Ennore)	2,636	2,615	-0.8%
Chennai	4,238	3,936	-7.1%
V.O. Chidambaranar	3,341	3,196	-4.3%
Cochin	1,988	2,269	14.13%
New Mangalore	2,578	3,198	24.0%
Mormugao	3,327	3,644	9.5%
Mumbai	5,168	5,336	3.2%
JNPT	5,282	5,754	8.9%
Kandla	7,907	9,322	17.9%
<b>TOTAL:</b>	<b>52,465</b>	<b>55,757</b>	<b>6.2%</b>

Source: IPA

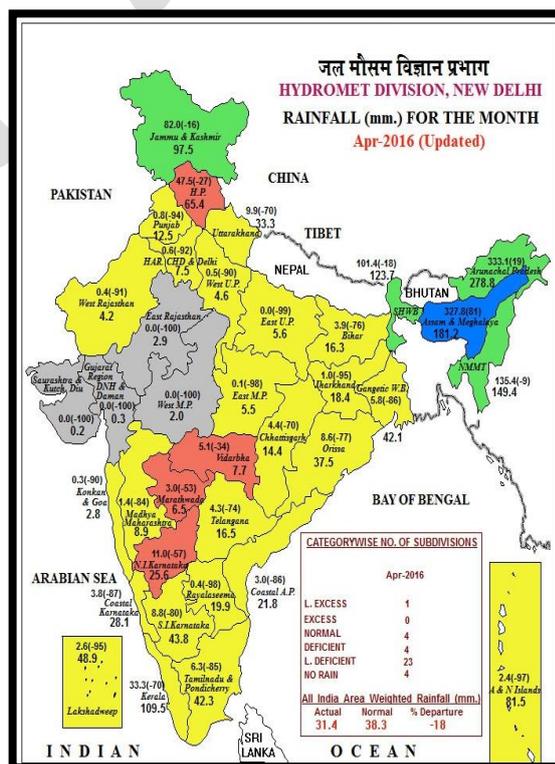
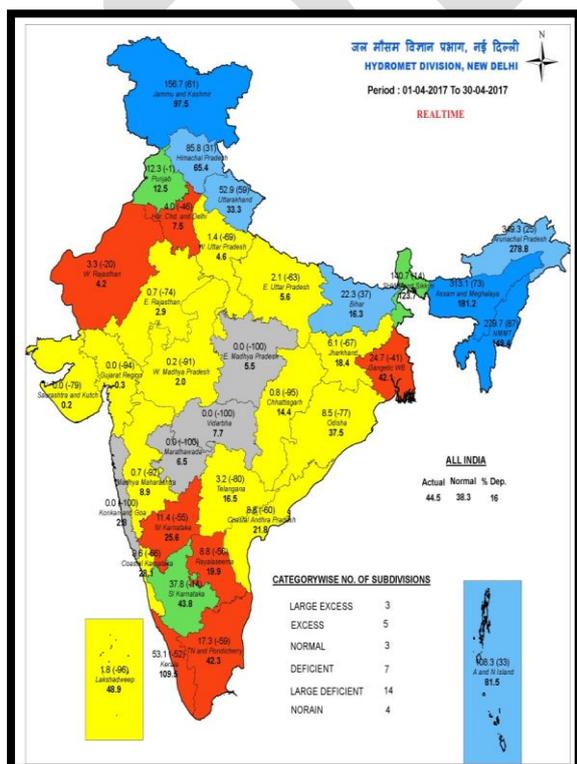
d) **Power situation improves:** The power deficit position for the month of April, 2017 is given in Table-3. The power deficit position improved from -1.2% in April, 2016 to -0.5% during April, 2017. The shortage during the month improved for all regions. The deficit continues mainly in the states of Jammu & Kashmir, Uttar Pradesh and Assam. The improved power position in April, 2017 may have led to reduced usage of diesel for back-up power generation.

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

States	April 2017 (P)				April 2016
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	28,389	27,968	-421	-1.5%	-3.0%
West	32,562	32,544	-18	0.1%	0%
South	28,106	28,091	-15	-0.1%	-1.0%
East	11,164	11,149	-16	-0.1%	-0.3%
North-East	1,108	1,058	-50	-4.5%	-6.0%
<b>Total</b>	<b>101,329</b>	<b>100,810</b>	<b>-520</b>	<b>-0.5%</b>	<b>-1.2%</b>

Source: Central Electricity Authority (CEA)

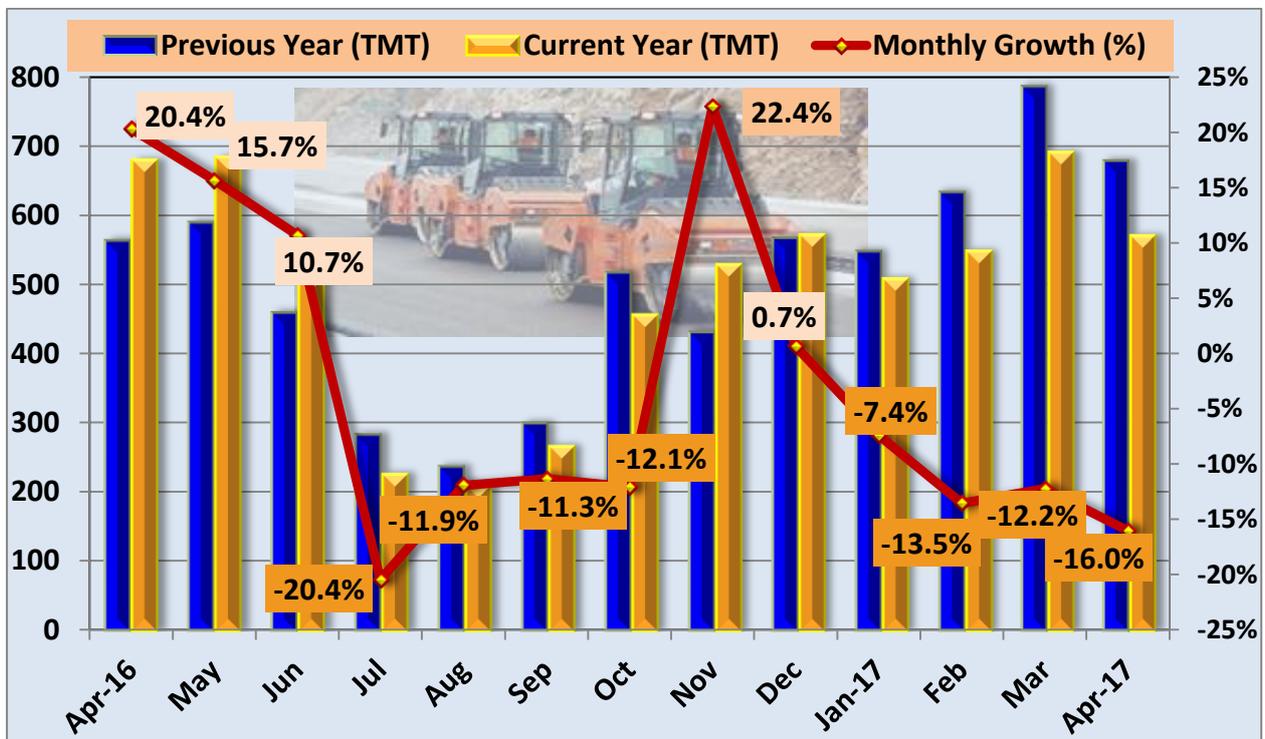
e) **Seasonal rainfall scenario:** The rainfall in the country during the month has been more than normal on the whole. As against a normal of 38.3 mm, 44.5 mm rain was recorded during the month of April 2017, which was 16.0% above normal. However the drought due to shortage in rainfall in last few months has extended its grip in the Southern region. Union Government declared Kerala as a drought hit state along with 7 other states and announced a drought relief package of Rs. 24,000 crores. Government has allowed additional 50 working days under the NREGS. Seven states included along with Kerala are Tamil Nadu, Karnataka, Uttarakhand, UP, Andhra Pradesh, Rajasthan and MP.



**1.4 Bitumen:** Bitumen consumption recorded a de-growth of -16.0% during the month of April, 2017. Demonetization of currency in the country since 8<sup>th</sup> November 2016, resulted in a slow-down in construction activities due to cash crunch and restriction on cash withdrawals imposed by the banks. Year-end budget constraints in many states continued and also resulted in reduced upliftment of bitumen by the state PWDs.

**Figure-6** gives the month wise bitumen consumption and growth since April, 2016.

**Figure-6: Month-wise Bitumen consumption (TMT) and growth (%) since April, 2016**



**1.5 LPG: Total LPG consumption** for the last forty four months in a row recorded a positive growth. In April, 2017, it recorded a growth of 3.9%. However, it was 7.5% in the month of April, 2016. Government has been encouraging the use of liquefied petroleum gases (LPG) by subsidizing its cost and by launching programs like Ujjwala to provide LPG connections to lower-income households in rural areas. LPG consumption which has made up roughly 10% of total petroleum products consumption, did not decline since the demonetization announcement.

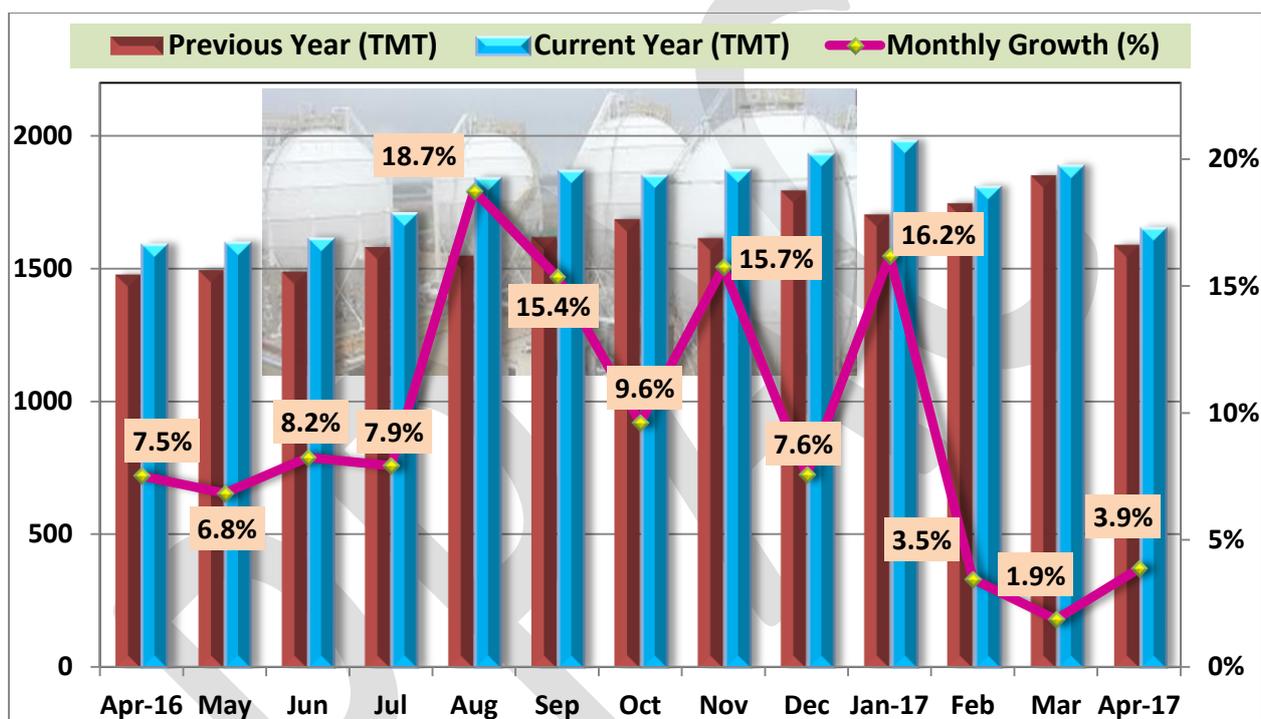
**LPG-Packed Domestic** consumption for the last seventeen months in a row registered a growth of 3.6% during April, 2017. Last year during April, 2016 a growth of 6.6% was seen. During April 2017, 26.6 lakh new connections were released out of which 16.3 lakhs were released on account of Ujjwala scheme, which have contributed to the growth of LPG packed domestic consumption. In the period May 2016 to April 2017, 216.6 lakh connections were released on account of Ujjwala. During April 2017, 5.0 lakh DBCs were released. Continuous growth in LPG Packed Domestic from September 2013 to April 2017 has been observed, except for minor de-growth of -0.3% in November 2015.

**LPG-Packed Non-Domestic** consumption for the last twenty eight month in a row registered a positive growth of 8.7% in April 2017. Last year during April 2016, double digit growth of 29.6% was observed. This growth in LPG Packed Non-Domestic is mainly due to easy availability, low price of non-domestic LPG and curb in diversion of subsidized domestic cylinders after the launch of DBTL.

**Bulk LPG** consumption registered a negative growth of -30.5% during April 2017. Last year in the month of April 2016 growth of 31.0% was witnessed.

**Auto LPG consumption** registered a growth of 8.7% in April 2017. However, last year in the month of April 2016, Auto LPG consumption had witnessed a de-growth of -4.2%

**Figure-6: Month-wise LPG consumption (TMT) and growth (%) since April, 2016**



**1.6 Naphtha:** Naphtha consumption recorded a positive growth of 7.1% during the month of April, 2017. Petrochemical industries remain the main consumers of naphtha in addition to minor consumers like fertilizer and power plants. Fluctuation in demand of naphtha by the petrochemical industry (particularly polymers and plastics) largely drives the growth in consumption.

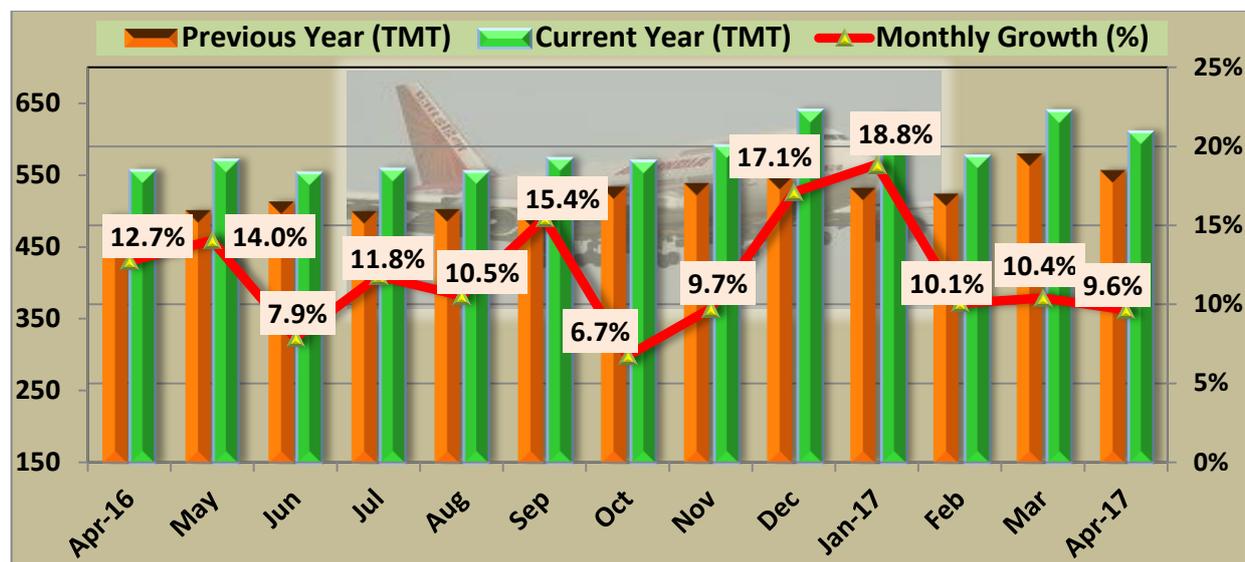
**1.7 ATF:** ATF consumption growth during April, 2017 was 9.6%. The continued high growth in consumption of ATF has been mainly due to a growth in domestic passenger traffic. Passengers carried by domestic airlines during April, 2017 were 91.34 lakhs as against 79.32 lakhs during April, 2016 thereby registering a growth of 15.15%. Growth in passenger traffic has been strong since the new millennium, especially with rising incomes and low cost aviation.

India's aviation industry is largely untapped with huge growth opportunities, considering that air transport is still expensive for majority of the country's population, of which nearly 40 per cent is the upwardly mobile middle class.

India is among the five fastest-growing aviation markets globally and with the right policies and relentless focus on creating infrastructure, quality, cost and passenger interest, India would be well placed to achieve its vision of becoming the third-largest aviation market by 2020 and the largest by 2030. Hon'ble PM inaugurated the first flight from Shimla under "UDAN" (Ude Desh ka Aam Nagrik) scheme on 27<sup>th</sup> April, 2017 with a view to cater to the middle class.

In line with the growth in aviation Industry, ATF has also grown at a CAGR of 4.9% during last 6 years since 2011-12. Since April, 2013, ATF sales have been continuously growing except a marginal dip in the month of November, 2015.

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



**1.8 FO/LSHS:** FO and LSHS consumption registered a de-growth of -9.6% during April, 2017 as compared to April, 2016. The drop is due to decreased consumption of FO in power, steel and general trade sectors. The consumption of LSHS has reduced due to shift to natural gas by major customers like fertilizers.

**1.9 PETCOKE:** Petcoke consumption registered a whopping growth of 25.4% during April, 2017 as compared to April 2016. The demand for the product has been rising remarkably and during last five fiscals, it has grown at a CAGR of 30.9%. Tendency for using Petcoke as primary fuel or partially replacing coal with it is gaining momentum among its end users due to its higher composition of carbon relative to coal and therefore resultant calorific value. India is the second largest Pet coke consuming country in Asia after China. This high growth in the future seems untenable due to the recent embargo on use of petcoke by the National Green Tribunal without authorization.

**1.10 LDO:** LDO consumption recorded a growth of 14.9% in the month of April, 2017. LDO month wise demand fluctuates depending on its requirement at power plants for boiler restart as it trips. LDO is also extensively used in various types of furnaces and any fluctuation in manufacturing activities leads to fluctuation in its consumption.

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## Industry Sales Trend Analysis 2017-18 (P)

('000 MT)

Product	April			April-April		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
<b>(A) Sensitive Products</b>						
SKO	516.1	331.1	-35.8	516.1	331.1	-35.8
LPG	1591.0	1652.7	3.9	1591.0	1652.7	3.9
<b>Sub Total</b>	<b>2107.1</b>	<b>1983.8</b>	<b>-5.9</b>	<b>2107.1</b>	<b>1983.8</b>	<b>-5.9</b>
<b>(B) Major Decontrolled Products</b>						
Naphtha	1107.1	1186.0	7.1	1107.1	1186.0	7.1
MS	1995.9	2084.9	4.5	1995.9	2084.9	4.5
HSD	6767.9	6954.8	2.8	6767.9	6954.8	2.8
Lubes+Greases	273.3	251.4	-8.0	273.3	251.4	-8.0
LDO	33.9	38.9	14.9	33.9	38.9	14.9
FO/LSHS	655.9	593.3	-9.6	655.9	593.3	-9.6
Bitumen	680.4	571.3	-16.0	680.4	571.3	-16.0
ATF	556.7	610.4	9.6	556.7	610.4	9.6
<b>Sub Total</b>	<b>12071.1</b>	<b>12291.0</b>	<b>1.8</b>	<b>12071.1</b>	<b>12291.0</b>	<b>1.8</b>
<b>Sub - Total (A) + (B)</b>	<b>14178.2</b>	<b>14274.8</b>	<b>0.7</b>	<b>14178.2</b>	<b>14274.8</b>	<b>0.7</b>
<b>(C) Other Minor Decontrolled Products</b>						
Petcoke	1570.0	1968.6	25.4	1570.0	1968.6	25.4
Others	509.4	547.7	7.5	509.4	547.7	7.5
<b>Sub Total</b>	<b>2079.4</b>	<b>2516.3</b>	<b>21.0</b>	<b>2079.4</b>	<b>2516.3</b>	<b>21.0</b>
<b>Total</b>	<b>16257.6</b>	<b>16791.1</b>	<b>3.3</b>	<b>16257.6</b>	<b>16791.1</b>	<b>3.3</b>