

# INDUSTRY SALES REVIEW

October 2017



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 October, 2017. Data on product-wise monthly consumption of petroleum products for October, 2017 is uploaded on PPAC website ([www.ppac.gov.in](http://www.ppac.gov.in)). PPAC has also launched its mobile app "PPACE (PPAC-Easy)" that draws on the full range of information available on PPAC website and is available on the play-stores of Android and Apple iOS.

## 1.0 CONSUMPTION:

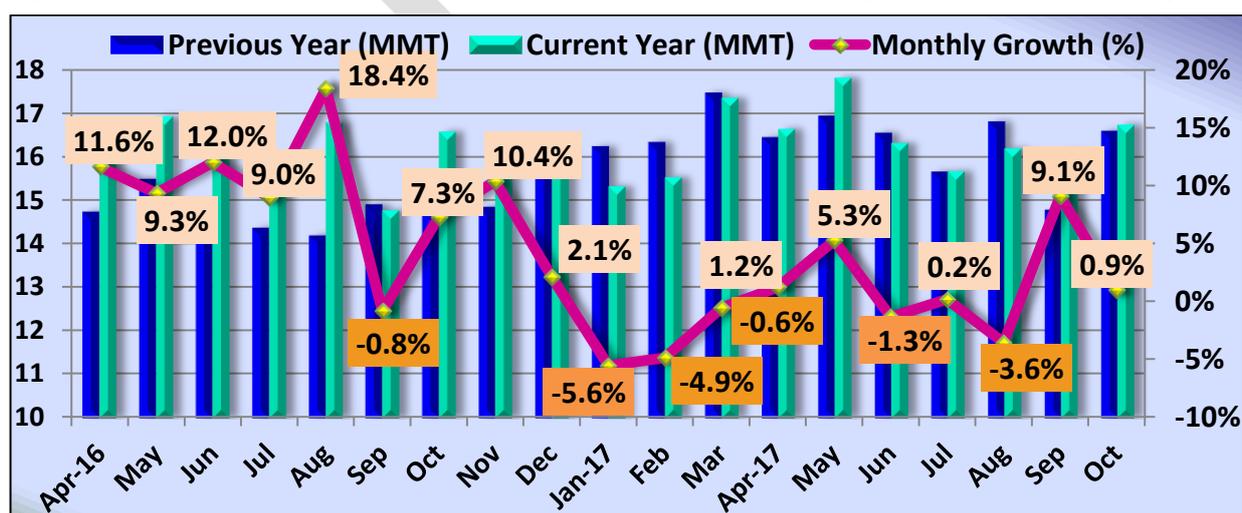
The growth (%) in consumption of petroleum products, category-wise, for the month of October, 2017 is given in Table-1.

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

PRODUCT	Share (%)	October 2016	October 2017	Growth (%)	Products Included
<b>Sensitive products</b>	13.7 %	2,238	2,294	2.5%	SKO & LPG
<b>Major decontrolled products</b>	70.3%	11,892	11,781	-0.9%	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
<b>Minor decontrolled products</b>	16.0%	2,465	2,676	8.6%	Pet. Coke & other Minor products
<b>Grand Total</b>	<b>100%</b>	<b>16,595</b>	<b>16,752</b>	<b>0.9%</b>	

**All Products:** India's consumption of petroleum products grew by 0.9% in the month of October, 2017. The demand for all oil products increased to 16.75 MMT from 16.60 MMT a year ago. While there was a drop in the consumption of Kerosene, Naphtha, LDO, HSD, Bitumen and FO/LSHS, all other products recorded positive growth. Kerosene consumption continued with its downward trend and a drop of -18.1% was recorded during the month. On cumulative basis, a growth of 1.6% was recorded in consumption of all petroleum products for the period April to October, 2017 as compared to April to October, 2016.

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

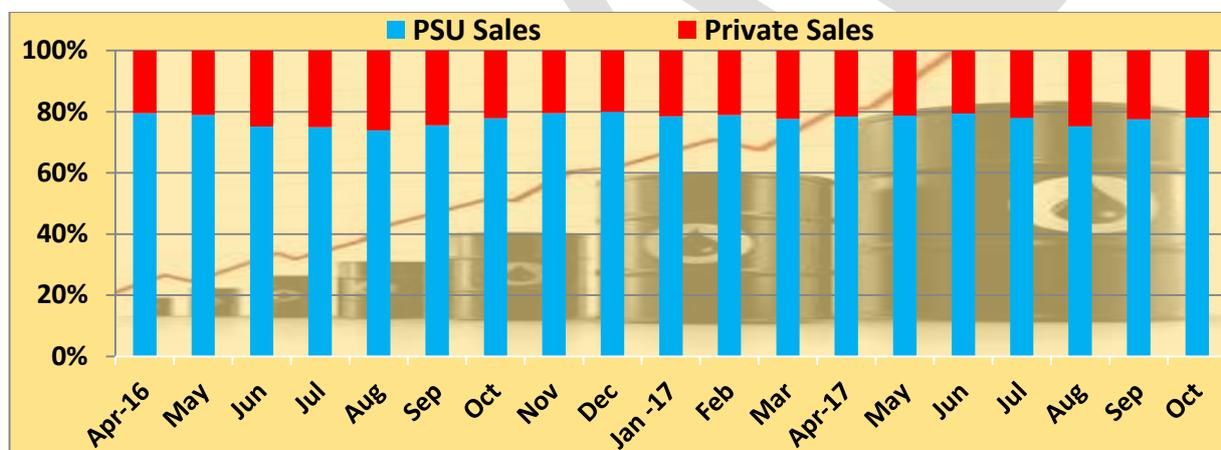


The oil and gas sector is among the six core industries in India and plays a major role in influencing decision making for all the other important sectors of the economy. Manufacturing has emerged as one of the high growth sectors in India. With impetus on developing industrial corridors and smart cities, the government aims to ensure holistic development of the nation. The corridors would further assist in integrating, monitoring and developing a conducive environment for industrial development and promote advanced practices in manufacturing. India's economic growth is closely related to energy demand; therefore the need for oil and gas is projected to grow more.

- The Nikkei Services PMI in India jumped to 51.7 in October, 2017 from 50.7 in the preceding month. This was the second straight month of expansion in services activity after the sector was impacted by the GST introduced in July, 2017.
- The Nikkei Manufacturing PMI in India fell to 50.3 in October, 2017 from 51.2 in August and September, 2017. While output rose, new orders stagnated and business sentiment was weak due to negative effects arising from implementation of GST which continued to dampen demand levels.

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

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



PPAC analyzes the sales recorded by the Industry on the basis of the data available. Data on direct private imports received from DGCIS, which are added to the final sales reported by oil companies for estimation of consumption figures, are available up to August, 2017 and private imports data for the months of September and October, 2017 are projected based on September, 2016 to August, 2017 actual data.

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

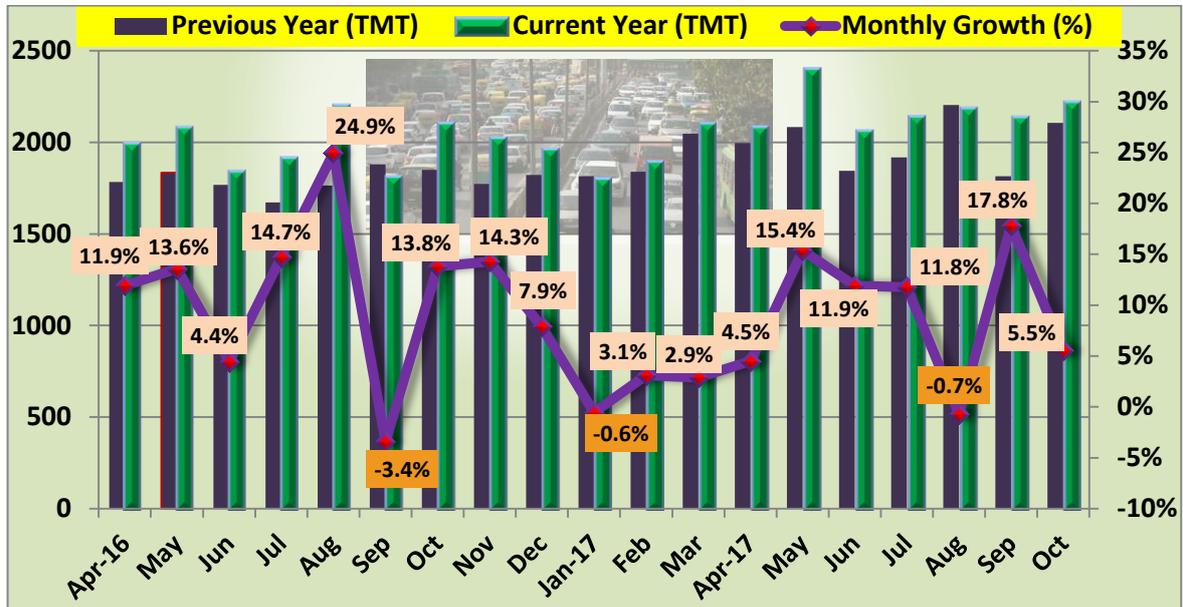
**1.2 Petrol / Motor Spirit (MS):** MS consumption during October, 2017 recorded a growth of 5.5% as compared to October, 2016, while on cumulative basis; a growth of 9.2% was recorded for the period April to October, 2017 as compared to the same period last year. With rising income levels, improved road connectivity and automobile industry growing at a fast pace, the demand for petrol driven automobiles has increased which is the main driver for MS sales.

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

- i. Trend of tourism during short breaks and weekends by road has increased.
- ii. Advancement of festive season also impacted growth negatively.

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

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

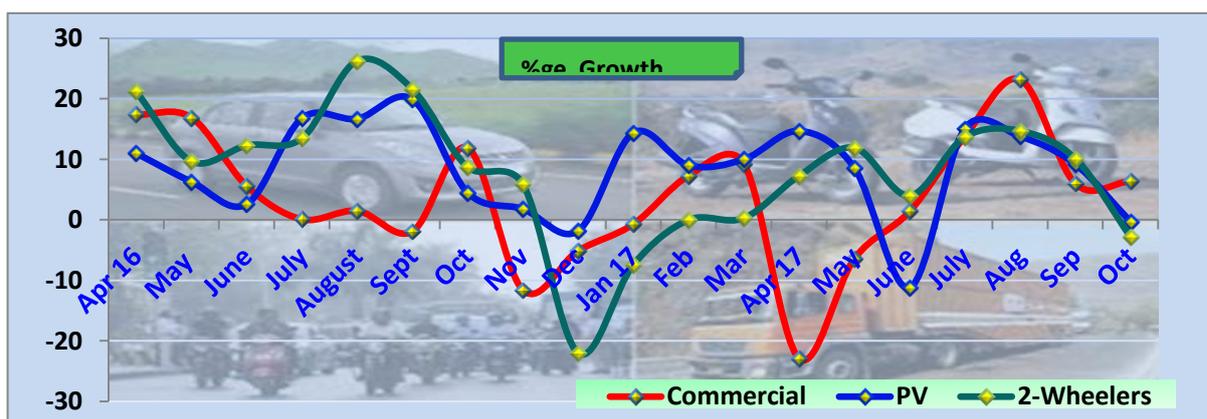


### Other factors impacting consumption of MS are:

The overall automobile industry dipped into negative growth after maintaining a solid run for nine months since January. According to the industry apex body SIAM, since there was a huge inventory-fill, which was done a month in advance in anticipation of the upcoming demand during Dhanteras and Diwali, October wholesales stood lower to allow for stock correction. The build up to the festive season was good but the demand tapered off subsequently. Last year, all festivals were in the month of October and the industry volumes had a high base.

Figure-4 gives a graphic representation of month-wise growth percentages of Passenger Vehicles, Commercial Vehicles and 2-Wheelers since April, 2016.

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



- a) **Total passenger vehicles (PV) sales:** After a bumper festive month of September, 2017, October, 2017 witnessed fewer dealer dispatches making their way out from stockyards. The Indian passenger vehicle industry's sales for the month of October, 2017 recorded a marginal drop of -0.3% and stood at 279,837 units, as against 280,677 in the same month last year. On cumulative basis, a growth of 7.7% was recorded for the period April to October 2017 as compared to April to October 2016 for Passenger Vehicles.

For the first time during the year, the month of October, 2017 witnessed a drop of -5.3% in sales of passenger cars, while utility vehicles and vans recorded a growth of 12.4% and 5.0% respectively. However on cumulative basis the trend of growth continues for passenger vehicles.

Segment	October			April-October		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
<b>Passenger Cars</b>	195,036	184,666	-5.3%	1,221,562	1,279,464	4.7%
<b>Utility Vehicles</b>	70,544	79,323	12.4%	444,048	519,333	17.0%
<b>Vans</b>	15,097	15,848	5.0%	109,106	112,230	2.9%
<b>Sub Total</b>	<b>280,677</b>	<b>279,837</b>	<b>-0.3%</b>	<b>1,774,716</b>	<b>1,911,027</b>	<b>7.7%</b>

Source: Society of Indian Automobile Manufacturers (SIAM)

- b) **2-wheeler sales:** The two-wheeler industry also felt the heat in October, 2017 dispatches due to advancement of the festival season. During the month of October, 2017, 2-Wheeler sales witnessed a de-growth of -2.8%, and on cumulative basis the growth softened to 8.1%.

Scooter sales recorded a marginal growth of 0.5% by selling 571,431 units. Motorcycles recorded a de-growth of -3.5% in sales by selling 1,104,498 units while moped sales recorded a de-growth of -14.5% by selling 75,037 units. On cumulative basis, scooter and motorcycles sale recorded a growth of 14.6% and 5.9% respectively, while moped sales continued to decline at -7.1%

Segment	October			April-October		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
<b>Scooter / Scooterette</b>	568,410	571,431	0.5	3,619,295	4,148,852	14.6
<b>Motor Cycles</b>	1,144,512	1,104,498	-3.5	7,187,325	7,613,450	5.9
<b>Mopeds</b>	87,746	75,037	-14.5	533,777	495,972	-7.1
<b>Sub Total</b>	<b>1,800,668</b>	<b>1,750,966</b>	<b>-2.8</b>	<b>11,340,397</b>	<b>12,258,274</b>	<b>8.1</b>

Source: Society of Indian Automobile Manufacturers (SIAM)

**1.3 High Speed Diesel (HSD):** HSD consumption during the month recorded a de-growth of -1.9% to reach 6.5 MMT in October, 2017 as compared to 6.6 MMT in October, 2016. However on cumulative basis, a growth of 5.0% was recorded for the period April to October 2017 as compared to the same period last year. Improved economic activity, road conditions, infrastructure growth and economic viability of public transport and carrier vehicles due to cheaper fuel resulted in improving diesel sales during the current year.

However diesel consumption during the month recorded a downward growth due to following factors.

- i. Advancement of the festive season heavily impacted diesel sales, as the commercial transportation activity gets reduced due to Diwali holidays.
- ii. Heavy rainfall during the month in southern states and stoppage of mining/quarry operations affected diesel sales adversely.

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

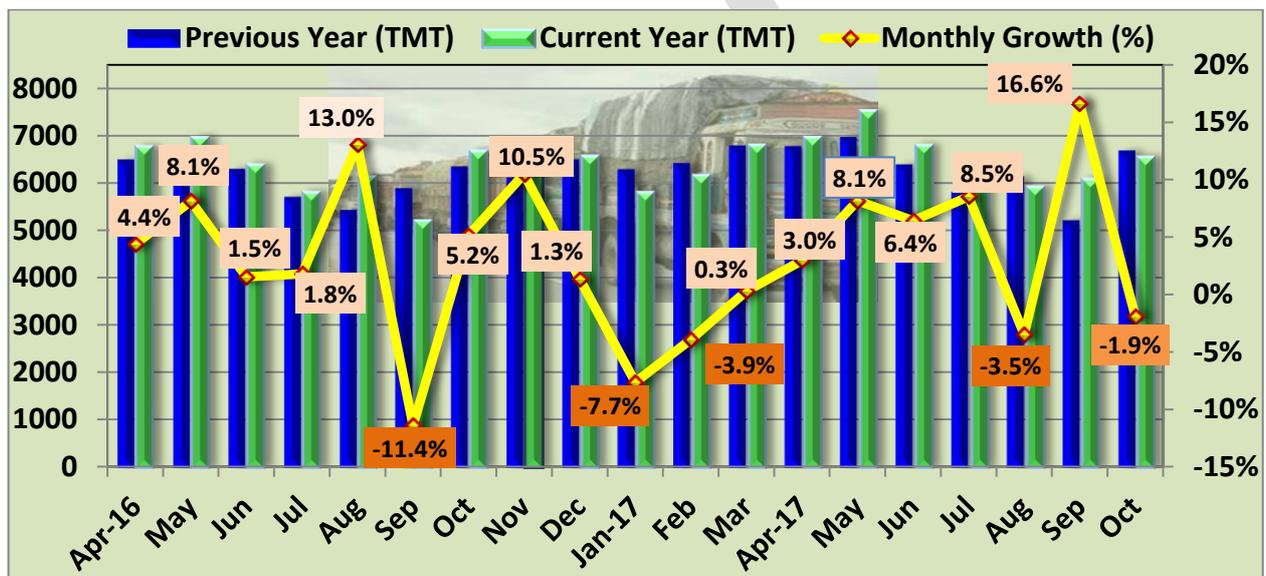
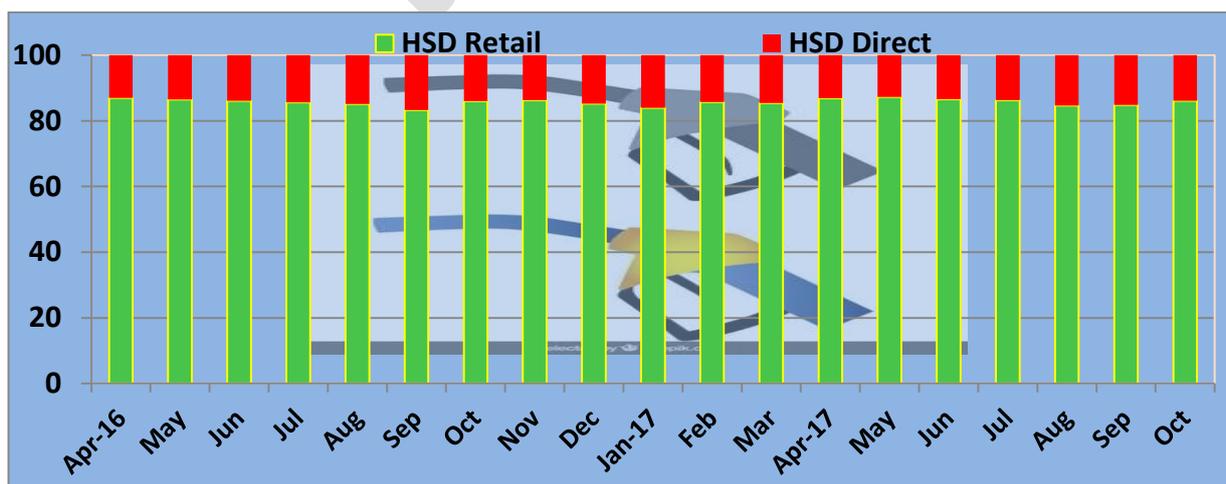


Figure-6 gives a comparison of month-wise percentage of HSD consumption by Retail and Consumer business share since April, 2016.

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



## Other factors affecting diesel consumption are discussed below:

- a) **Commercial vehicles (CV) sales:** After notching speedy growth in Q2 of 2017-18, overall commercial vehicle sales have seen a slight moderation in growth in October 2017. Growth was missing from the passenger carrier (including buses) segment as it is understood that fresh purchases by STUs and the release of permits have been subdued. However commercial vehicle business remained the key focus for all commercial vehicle manufacturers. LCV sales continued to grow as improved demand for last-mile connectivity in rural India and big cities are giving a fillip to sales of small CVs and pickups. M&HCV recorded a marginal growth of 0.9% in October, 2017 by selling 26,158 units as compared to 25,934 units in October, 2016. On cumulative basis, M&HCV, recorded de-growth of -5.4%.
- b) **Light Commercial Vehicle (LCV):** LCV sector contributed sales of 43,635 units and a growth of 10.1% over historical during the month and a growth of 14% for the period April to October, 2017.

Segment	October			April-October		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
M&HCV	25,934	26,158	0.9	163,648	154,843	-5.4
LCV	39,635	43,635	10.1	235,402	268,292	14.0
<b>Total Commercial Vehicles</b>	<b>65,569</b>	<b>69,793</b>	<b>6.4</b>	<b>399,050</b>	<b>423,135</b>	<b>6.0</b>

Source: Society of Indian Automobile Manufacturers (SIAM)

- c) **Port traffic:** There was a growth of 3.4% in port traffic during the month of October, 2017. The growth in port traffic and cargos handled during October, 2017 was mainly due to increase in traffic at all ports except at Ennore, Chidambarnar, Mormugao and Mumbai.

However, there has been a cumulative growth of 3.2% in port traffic during the period April to October 2017. Growth was registered specifically in iron ore (17.9%), POL products (6.8%), other liquids (6.5%), coking coal (1.7%) containers (6.3%) and others (2.8%), while there has been a drop in thermal coal (-12.7%), finished fertilizer (-4.1%) and raw fertilizer (-0.7%). High growth in iron ore traffic is due to resumption of mining activities in Karnataka and Odisha.

Table-2 below gives the port-wise performance during the month of October, 2017.

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

TRAFFIC HANDLED AT MAJOR PORTS (TMT)			
PORTS	October 2016	October 2017	Growth (%)
Kolkata + Haldia	3,968	4,569	15.1%
Paradip	7,567	8,175	8.0%
Visakhapatnam	5,255	5,593	6.4%
Kamarajar (Ennore)	2,407	2,335	-3.0%
Chennai	4,138	4,249	2.7%
V.O. Chidambaranar	3,358	2,920	-13.0%
Cochin	2,057	2,186	6.3%
New Mangalore	3,794	3,878	2.2%
Mormugao	2,348	2,086	-11.2%
Mumbai	5,681	5,490	-3.4%
JNPT	5,019	5,209	3.8%
Kandla	9,076	9,844	8.5%
<b>TOTAL:</b>	<b>54,668</b>	<b>56,534</b>	<b>3.4%</b>

Source: Indian Ports Association (IPA)

- d) **Power situation:** The power deficit position for the month of October, 2017 is given in Table-3. The power deficit position widened from -0.5% in October, 2016 to -0.9% in October, 2017. The shortage during the month increased in all regions as compared to October, 2016. The deficit was mainly in the states of Jammu & Kashmir, Uttar Pradesh, Rajasthan, Maharashtra and Assam. The increase in power deficit in October, 2017 may have led to increased usage of diesel for back-up power generation.

**Table-3: Power deficit: Region-wise position for October, 2017 (% deficit)**

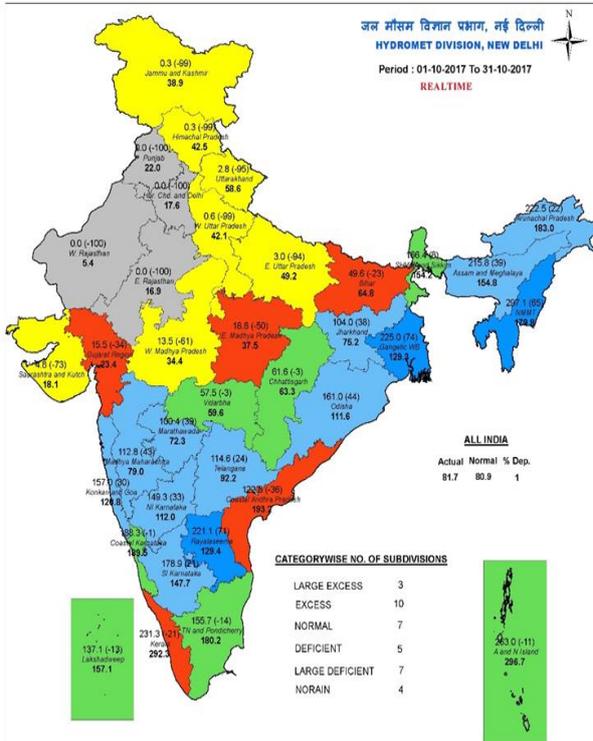
States	October 2017 <sup>(P)</sup>				October 2016
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	31,827	31,154	-673	-2.1%	-1.4%
West	30,343	30,243	-100	-0.3%	0.0%
South	24,351	24,309	-42	-0.2%	-0.2%
East	11,559	11,534	-35	-0.3%	-0.1%
North-East	1,381	1,346	-36	-2.6%	-2.2%
<b>Total</b>	<b>99,461</b>	<b>98,576</b>	<b>-885</b>	<b>-0.9%</b>	<b>-0.5%</b>

Source: Central Electricity Authority (CEA)

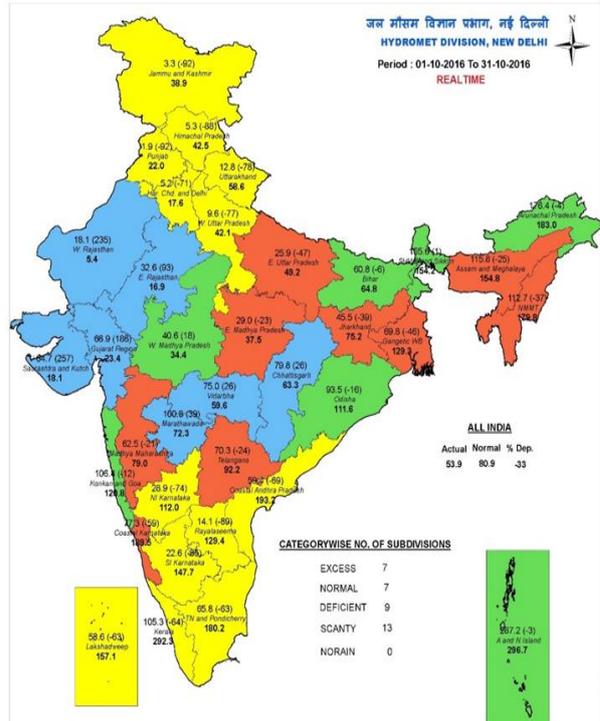
e) **Seasonal rainfall scenario:** The rainfall in the country during October, 2017 was -1.0% below normal. As against a normal of 81.7 mm, 80.9 mm rain was recorded during the month. South, North East and parts of Western India received good rainfall during the month. Most of the subdivisions received either normal or excess rainfall.



SUBDIVISION RAINFALL MAP



SUBDIVISION RAINFALL MAP



Legend: Large Excess [80% or more], Excess [20% to 59%], Normal [19% to 19%], Deficient [-59% to -20%], Large Deficient [-49% to -40%], No Rain [-100%], NO DATA

NOTES:  
a) Rainfall figures are based on operation data.  
b) Small figures indicate actual rainfall (mm), while bold figures indicate Normal rainfall (mm).  
c) Percentage Departures of rainfall are shown in brackets.

Legend: Excess [20% or more], Normal [-19% to 19%], Deficient [-59% to -20%], Scanty [-99% to -60%], No Rain [-100%], NO DATA

NOTES:  
a) Rainfall figures are based on operation data.  
b) Small figures indicate actual rainfall (mm), while bold figures indicate Normal rainfall (mm).  
c) Percentage Departures of rainfall are shown in brackets.

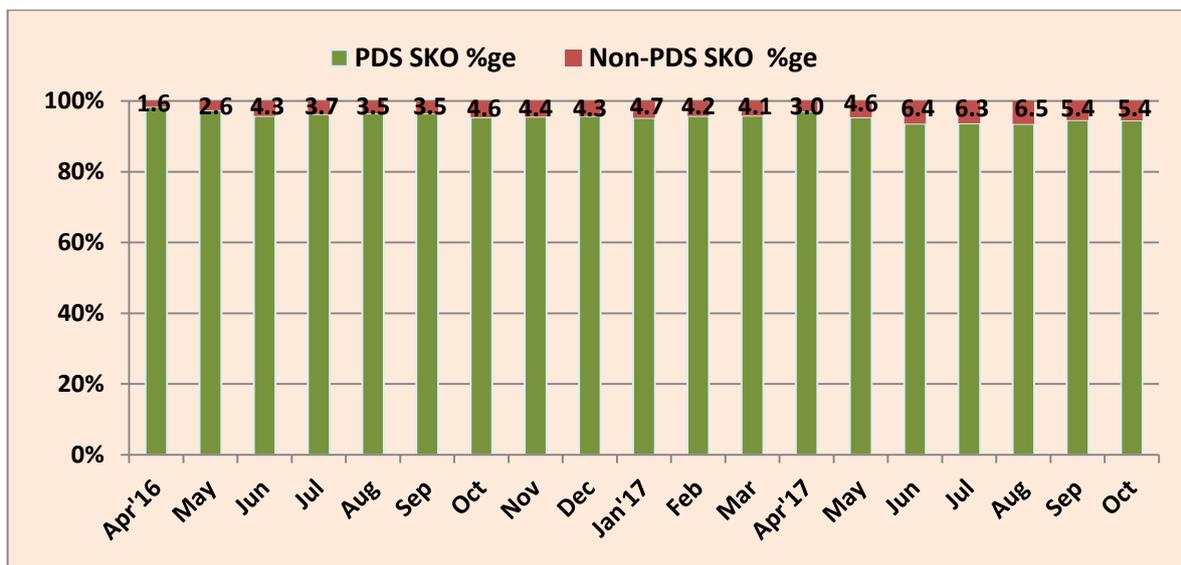
Source: India Meteorological Department (IMD)

**1.4 Kerosene:** Kerosene consumption recorded de-growth of -18.1% during October, 2017 and -33.7% on cumulative basis for the period April to October, 2017 as compared to April to October 2016. This was mainly because of reduced allocation to states and also voluntary surrender of PDS SKO quota by a few states. The month of October, 2017 saw nil upliftment by Andhra Pradesh, Chandigarh, Delhi, Dadra & Nagar Haveli, Daman & Diu, Haryana, Lakshadweep, Puducherry and Punjab. The previous 5 years have seen a drastic drop in kerosene consumption with a negative CAGR of -8.1%.

The state of Jharkhand has implemented release of PDS SKO through Direct Benefit Transfer of Kerosene (DBTK) scheme and a significant reduction in PDS SKO upliftment is being recorded regularly.

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

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



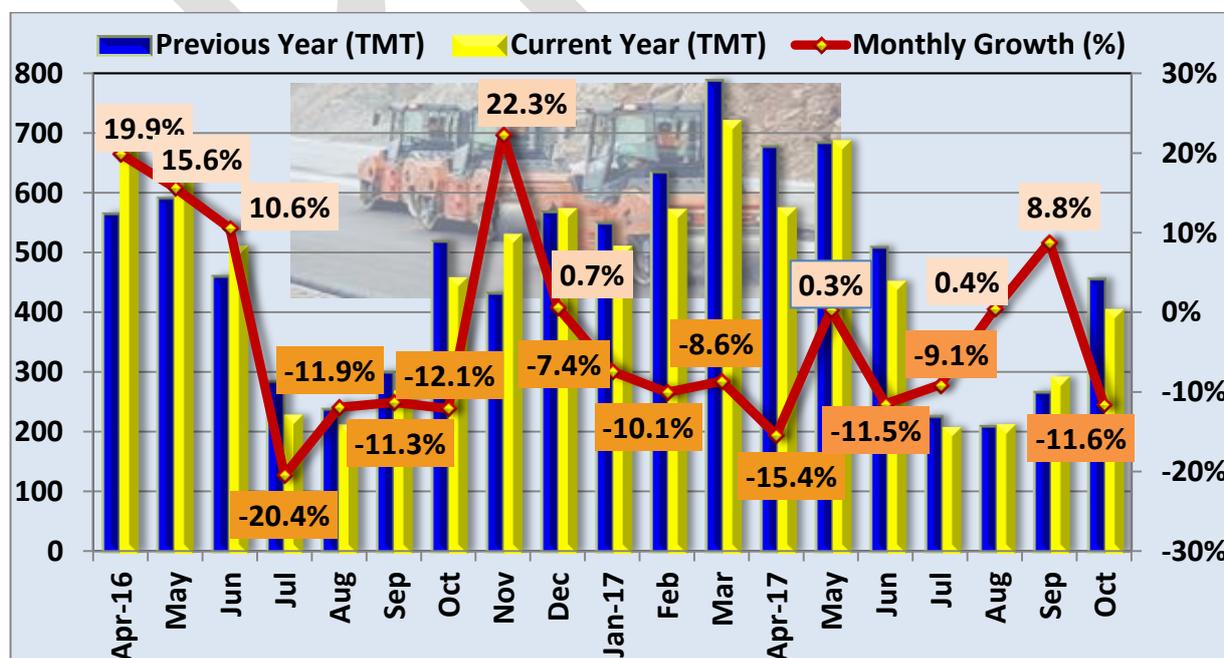
**1.5 Bitumen:** Bitumen consumption recorded a drop of -11.6% during the month of October, 2017 and a drop of -6.9% on cumulative basis for the period April to October, 2017 as compared to April to October, 2016.

Due to rain, road works were held up in some parts of the country. Moreover a lot of repair work was carried out last year in Southern India after roads got washed away; hence fewer job work is being done now.

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

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

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



**1.6 LPG: Total LPG consumption** continuously for the last fifty months in a row recorded a positive growth of 6.7% during October, 2017 and a cumulative growth of 9.2% for the period April to October, 2017. Out of the five regions, Northern region had the highest share in consumption at 30.9% followed by Southern region at 28.7%, Western region at 22.2%, Eastern region at 15.9% and North Eastern region at 2.3% during the period April to October, 2017. Eastern region had the highest growth of 19.6% in total LPG consumption during the period April to October, 2017.

**LPG-Packed Domestic** consumption registered a growth of 6.6% during October, 2017 and a growth of 9.1% during the period April to October, 2017. Last year during October, 2016 growth of 9.9% was observed and cumulative growth during April to October, 2016 was 10.3%. This year during the period April to October, 2017, 40.3 lakh DBCs and 186.3 lakh new connections were released out of which 105.3 lakh were released under PMUY. Since inception, total 305.6 lakh connections were released under PMUY till 30.11.2017. During April to October, 2017, the five states with the highest LPG-Packed domestic sales were Uttar Pradesh (12.8%), Maharashtra (12.2%), Tamil Nadu (8.8%), West Bengal (7.1%) and Karnataka (6.9%). During the month of October, 2017, percentage share of LPG-Packed Domestic was 88.4% of total LPG consumption, whereas in October, 2016 it was 88.9%.

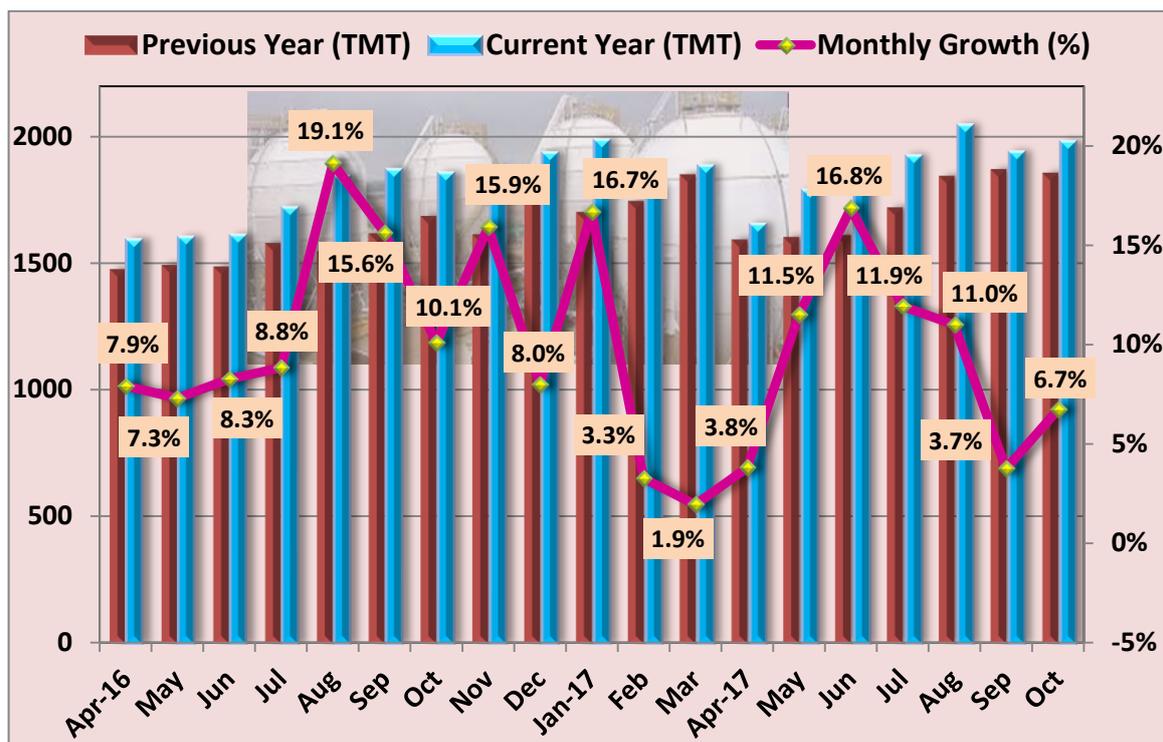
**LPG-Packed Non-Domestic** consumption for the last thirty four months in a row registered a positive growth of 15.4% in October, 2017 and cumulative growth of 17.1% during April to October, 2017. Last year during October, 2016, growth of 16.4% was observed and cumulative growth during April to October, 2016 was 25.5%. Market share of LPG Packed Non-Domestic has increased to 9.3% in October, 2017 from 8.6% in October, 2016. Region wise share of LPG Packed Non-Domestic consumption was highest in Southern region (40.7%) followed by Western region (29.6%) and Northern region (21.3%) during April to October, 2017. This high growth and increase in share of LPG Packed Non-Domestic consumption 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 de-growth of -6.7% during October, 2017 and a cumulative growth of 0.7% during the period April to October, 2017. Last year in the month of October, 2016, de-growth of -1.1% and for the cumulative period April to October, 2016, a growth of 10.1% was witnessed. Percentage share of bulk LPG consumption decreased to 1.5% in October, 2017 as compared to 1.7% in October, 2016 and 1.6% during April to October, 2017 as compared to 1.8% during April to October, 2016.

**Auto LPG consumption** registered a a growth of 8.7% in October, 2017 and cumulative growth of 12.9% during April to October, 2017. The sales volume increase was about 1.2 TMT in October, 2017 as against October, 2016. However, last year in the month of October, 2016, de-growth of -0.6% and cumulative de-growth of -3.5% during April to October, 2016 was observed. During the month of October, 2017,

percentage share of Auto LPG was 0.8% total LPG consumption and it was at the same level of October, 2016.

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

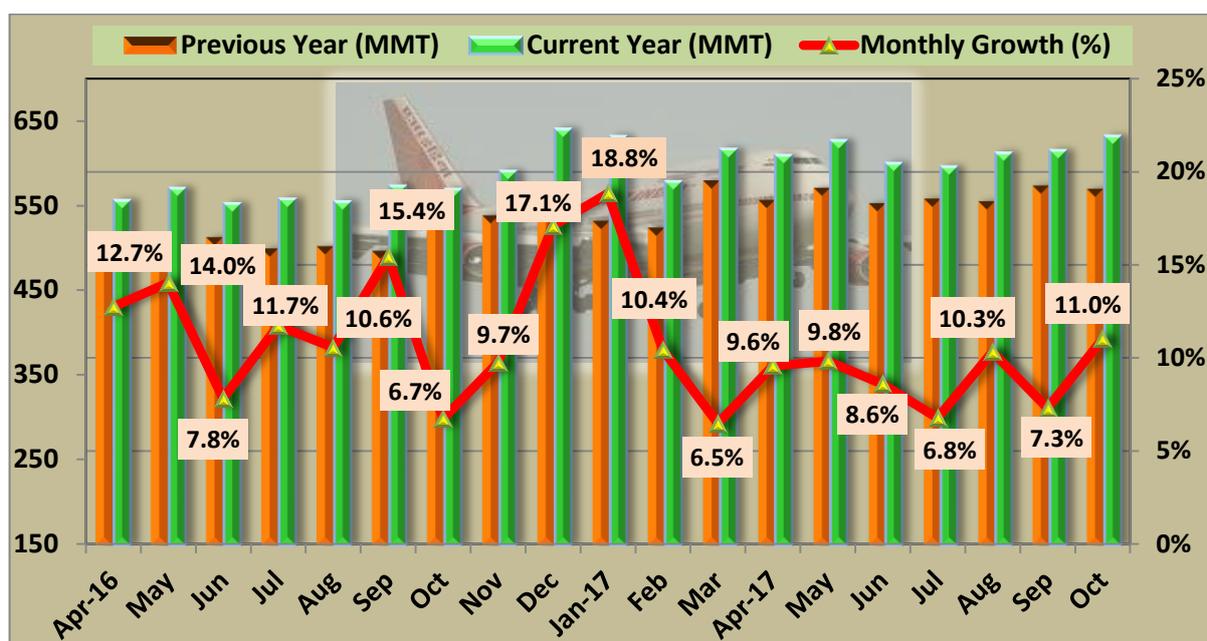


**1.7 Naptha:** consumption recorded a drop of -7.2% for the month of October, 2017 and a drop of -12.7% for the period April to October 2017 as compared to April to October 2016. Petrochemical industries remain the main consumers of naphtha in addition to minor consumers like fertilizer and power plants. Fluctuation in demand of naphtha by the petrochemical industry (particularly polymers and plastics) largely drives the growth in consumption.

**1.8 ATF:** ATF consumption recorded a positive growth of 11.0% during October, 2017 as compared to October, 2016. On cumulative basis, for the period April to October 2017, a growth of 9.1% was recorded as compared to the same period last year.

The continued high growth in consumption of ATF has been mainly due to growth in domestic passenger traffic. Passengers carried by domestic airlines during October, 2017 stood at the highest ever figure till date - 104.5 lakhs as against 86.7 lakhs during October, 2016 thereby registering a growth of 20.5%. On cumulative basis a total of 681.7 lakh passengers were carried by domestic airlines in April to October, 2017 as against 584.3 in the same period last year in 2016 and thereby recorded a growth of 16.7% in domestic air traffic.

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



**1.9 FO/LSHS:** FO and LSHS consumption registered a de-growth of -4.6% during October, 2017 as compared to October, 2016 and a de-growth of -8.6% was recorded for the period April to October 2017 as compared to the same period last year. The drop is due to decreased consumption of FO in fertilizer, steel and other sectors. The consumption of LSHS has reduced due to shift to natural gas by major customers like the fertilizer industry.

**1.10 PETCOKE:** Petcoke consumption registered a growth of 7.3% in October, 2017 as compared to October, 2016 and on cumulative basis, a de-growth of -5.5% was registered for the period April to October 2017. The demand for the product had been rising remarkably and during the last five fiscals and it has grown at a CAGR of 30.9%.

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

**1.11 LDO:** LDO consumption recorded a de-growth of 27.9% for the month of October, 2017 and a de-growth of -2.9% for the period April to October 2017 as compared to the same period last year. LDO month wise demand fluctuates depending on its requirement at power plants for boiler restart as it trips. LDO is also extensively used in various types of furnaces and any fluctuation in manufacturing activities leads to fluctuation in its consumption.

\*\*\*\*\*

## Industry Consumption Trend Analysis 2017-18 <sup>(P)</sup>

('000 MT)

Product	October			April-October		
	2016-17	2017-18	Growth (%)	2016-17	2017-18	Growth (%)
<b>(A) Sensitive Products</b>						
<b>SKO</b>	380.0	311.2	<b>-18.1</b>	3,459.3	2,295.0	<b>-33.7</b>
<b>LPG</b>	1,858.4	1,983.2	<b>6.7</b>	12,115.1	13,234.3	<b>9.2</b>
<b>Sub Total</b>	<b>2,238.4</b>	<b>2,294.4</b>	<b>2.5</b>	<b>15,574.4</b>	<b>15,529.3</b>	<b>-0.3</b>
<b>(B) Major Decontrolled Products</b>						
<b>Naphtha</b>	1,155.4	1,072.1	<b>-7.2</b>	7,977.4	6,967.6	<b>-12.7</b>
<b>MS</b>	2,105.9	2,222.0	<b>5.5</b>	13,967.4	15,246.1	<b>9.2</b>
<b>HSD</b>	6,674.7	6,545.9	<b>-1.9</b>	43,939.7	46,132.3	<b>5.0</b>
<b>Lubes+Greases</b>	276.4	292.3	<b>5.7</b>	2,019.5	2,031.2	<b>0.6</b>
<b>LDO</b>	42.8	30.9	<b>-27.9</b>	262.6	255.0	<b>-2.9</b>
<b>FO/LSHS</b>	610.0	581.7	<b>-4.6</b>	4,349.4	3,977.1	<b>-8.6</b>
<b>Bitumen</b>	456.8	403.9	<b>-11.6</b>	3,033.5	2,823.2	<b>-6.9</b>
<b>ATF</b>	569.8	632.5	<b>11.0</b>	3,937.7	4,294.1	<b>9.1</b>
<b>Sub Total</b>	<b>11891.8</b>	<b>11781.3</b>	<b>-0.9</b>	<b>79,487.2</b>	<b>81,726.6</b>	<b>2.8</b>
<b>Sub - Total (A) + (B)</b>	<b>14,130.2</b>	<b>14,075.7</b>	<b>-0.4</b>	<b>95,061.6</b>	<b>97,255.9</b>	<b>2.3</b>
<b>(C) Minor Decontrolled Products</b>						
<b>Pet.Coke</b>	1,902.0	2,041.7	<b>7.3</b>	14,859.2	14,040.8	<b>-5.5</b>
<b>Others</b>	562.9	634.3	<b>12.7</b>	3,865.4	4282.1	<b>10.8</b>
<b>Sub Total</b>	<b>2,464.9</b>	<b>2,676.0</b>	<b>8.6</b>	<b>18,724.6</b>	<b>18,322.9</b>	<b>-2.1</b>
<b>Total</b>	<b>16,595.1</b>	<b>16,751.7</b>	<b>0.9</b>	<b>113,786.2</b>	<b>115,578.8</b>	<b>1.6</b>