INDUSTRY CONSUMPTION REVIEW

APRIL 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 April 2019 recorded a growth of 0.3% as compared to April last year. Except for SKO (-17.1%), naphtha (-8.1%), LDO (-19.8%), FO & LSHS (-3.2%), bitumen (-6.0%), ATF (-5.7%) and petcoke (-18.5%), all other products registered growth during April 2019.

2. Preference for petrol driven vehicles (both 4-wheelers and 2-wheelers) due to narrow price difference between petrol and diesel driven automobiles has increased leading to high growth in MS sales which for twenty months in a row recorded a positive growth, registering a 7.6% increase during the month April 2019 as compared to April 2018.

3. HSD consumption recorded a growth of 2.0% during April 2019 as compared to April 2018. As the power deficit position reduced from -0.5% in April 2018 to -0.4% in April 2019, diesel usage for power generation may have reduced. Rainfall during the month was 22% below normal distribution, which may have led to increased usage of diesel for agricultural purpose. There was a growth of 5.7% in port traffic during the month which may have led to increased usage of diesel.

4. Total LPG consumption recorded a growth of 2.4% in April 2019 compared to April 2018. During April 2019, out of the five regions Northern region had the highest share in total LPG consumption of 32.3% followed by Southern region at 27.4%, Western region at 21.5%, Eastern region at 16% and North Eastern region at 2.8%. North Eastern region had the highest growth of 7.6% in total LPG consumption during April 2019.

5. ATF consumption after 52 months of continuous growth, registered degrowth of -5.7% in April 2019. Grounding of Boeing 737 Max planes and cancellation of flights by Jet Airways and sharp rise of fares due to drop in capacity have affected growth in passenger traffic during the month.

6. Bitumen consumption recorded a drop of -6.0% during April 2019 mainly due to general elections in the country.

7. SKO consumption registered de-growth of 17.1% in April 2019 as compared to April 2018. This was mainly because of reduced Q1, 2019-20 PDS SKO allocation to the states 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 April 2019. Data on product-wise monthly consumption of petroleum products for April 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 April 2019 is given in Table-1.

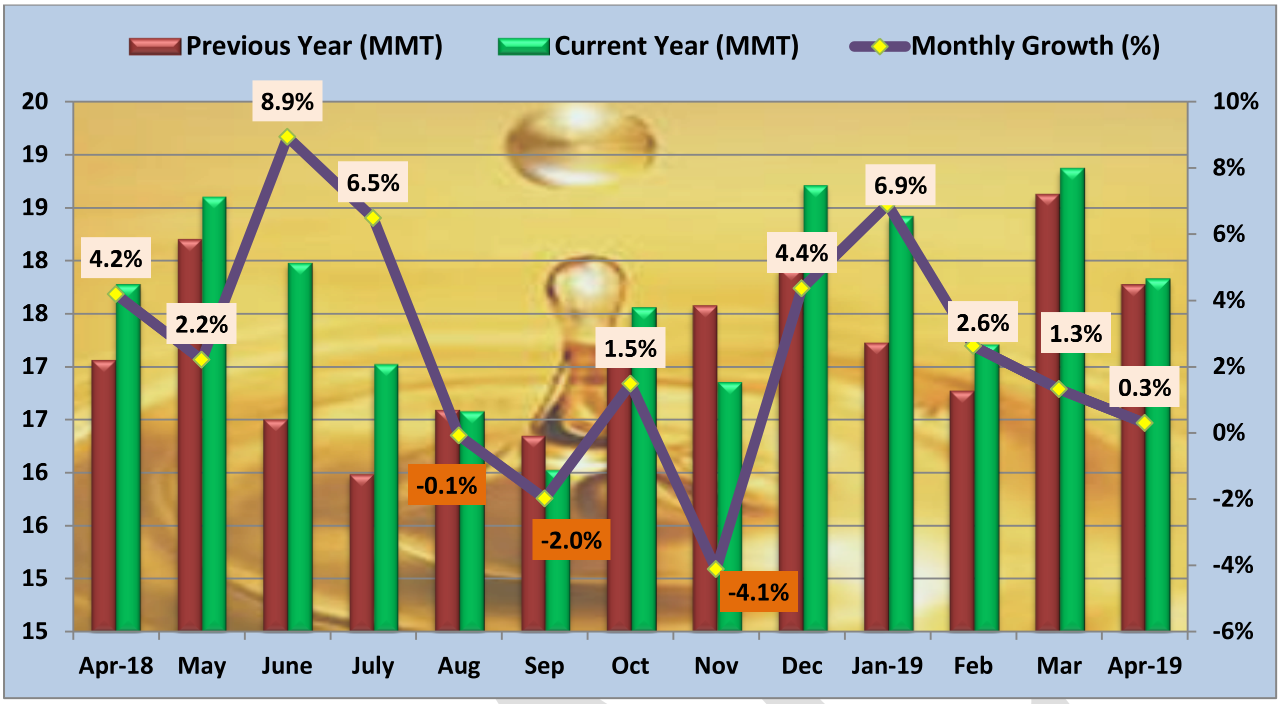
Table-1: Petroleum Products Consumption (Quantity in TMT)

Category of Product	Share (%)	April 2018	April 2019	Growth (%)	Products included
Sensitive products	12.1%	2,169	2,160	-0.4%	SKO & LPG
Major decontrolled products	73.2%	12,883	13,058	1.4%	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Minor decontrolled products	14.7%	2,728	2,613	-4.2%	Petcoke & other minor products
Grand Total	**100%**	**17,779**	**17,831**	**0.3%**	

All Products: India's petroleum products consumption in the month of April 2019 grew by 0.3%. Consumption of petroleum products was 17.83 MMT during the month as compared to 17.78 MMT in April last year. During the month of April 2019, growth was registered in consumption of all products except for SKO (-17.1%), naphtha (-8.1%), LDO (-19.8%), FO & LSHS (-3.2%), bitumen (-6.0%), ATF (-5.7%) and petcoke (-18.5%),

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**



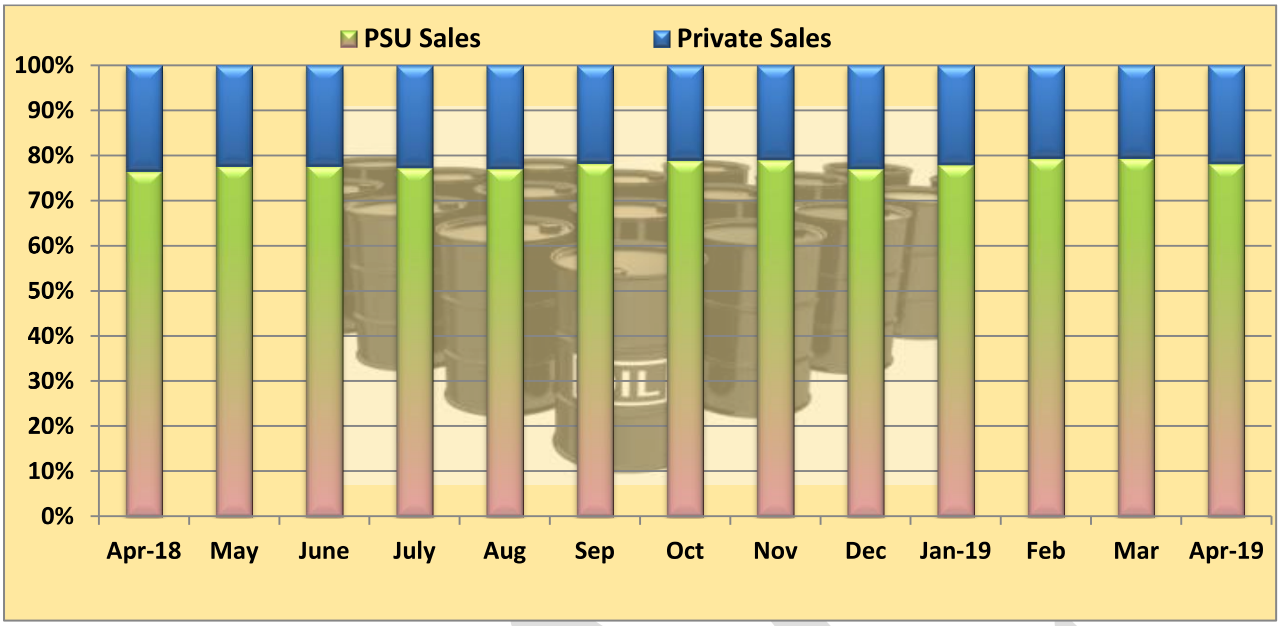
Composite PMI in India decreased to 51.7 in April 2019 from 52.7 in the prior month.

- The Nikkei Manufacturing PMI in India dropped to 51.8 in April 2019 from 52.6 in the previous month. New business growth moderated to its lowest in eight months. Exports sales grew but buying levels went up a at slow pace. However, output expectations remained positive with optimism supported by post-election growth prediction.
- The Nikkei Services PMI in India dropped to 51.0 in April 2019 from 52.0 in the previous month. This pointed to weak pace of expansion in the service sector.

Large population base with low energy penetration is the reason for India's oil demand going forward. India is one of the fastest urbanizing country in the world. Rapidly developing services and manufacturing sectors, increasing consumer demand due to infrastructure growth and economic prosperity of the Indian population are the main drivers. Construction of infrastructure in the country, growth in agricultural and manufacturing sector, increase in household spend by the Indian population and increasing flow of goods has spurred increases in rail, road, air and port traffic necessitating further infrastructure improvements. Rapid urbanization in the country has been continuously augmenting sales of petroleum products in the country. Petrol, diesel and LPG were the main propellers in consumption of petroleum products in the country during the month of April 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 February 2019 and private imports data for March 2019 and April 2019 are projected based on March 2018 to February 2019 actual data.

Detailed product-wise analysis of growth for April 2019 is given in the following sections:

1.2 Petrol / Motor Spirit (MS): For twenty months in a row, MS consumption during April 2019 recorded a positive growth, registering 7.6% increase as compared to April 2018 and recorded sales of 2.45 MMT in April 2019 as compared to 2.28 MMT in April 2018. Improved economic activity and prosperity in rural as well as urban areas has been the main reason for growth in MS sales during the month.

Major factors contributing to growth in MS consumption during the month were:

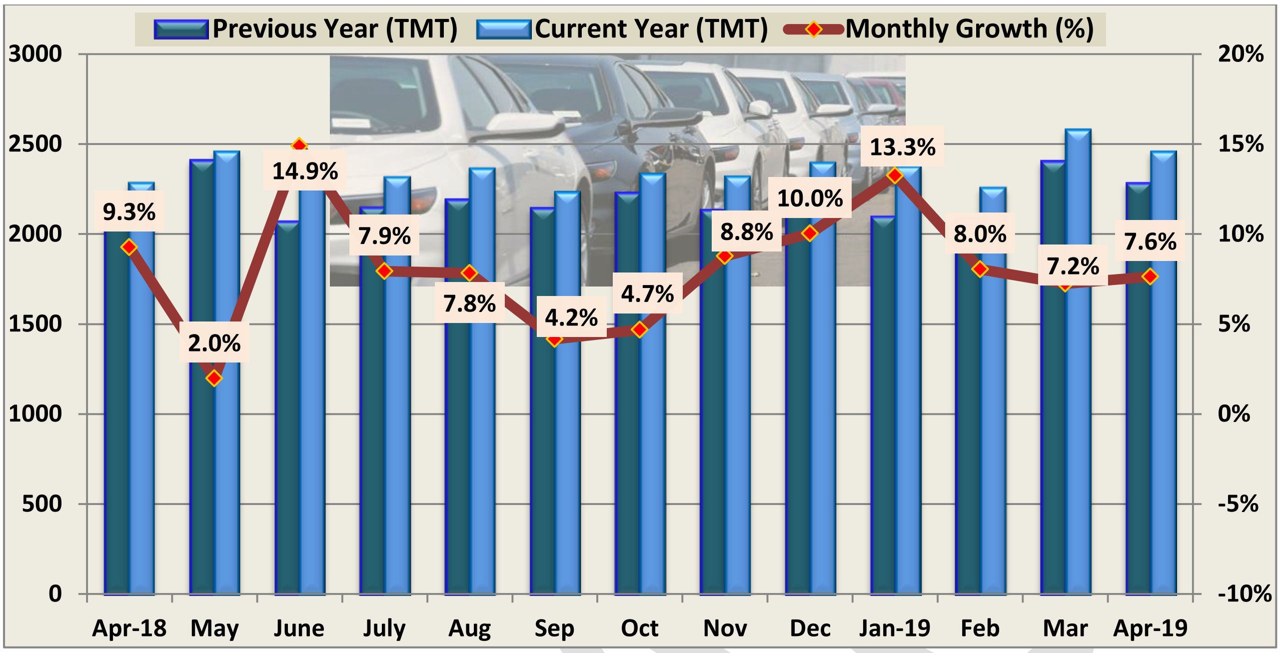
i. Preference for petrol driven vehicles (both 4-wheelers and 2-wheelers) due to narrow price difference between petrol and diesel driven automobiles has increased leading to high growth in MS sales.

ii. Improved road connectivity because of many new road projects and widening of roads undertaken. A cumulative growth in number of passenger vehicles on road and increased movement by roads has been leading to growth in petrol sales.

iii. Increased vehicular traffic due to campaigning for the general elections across the country.

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

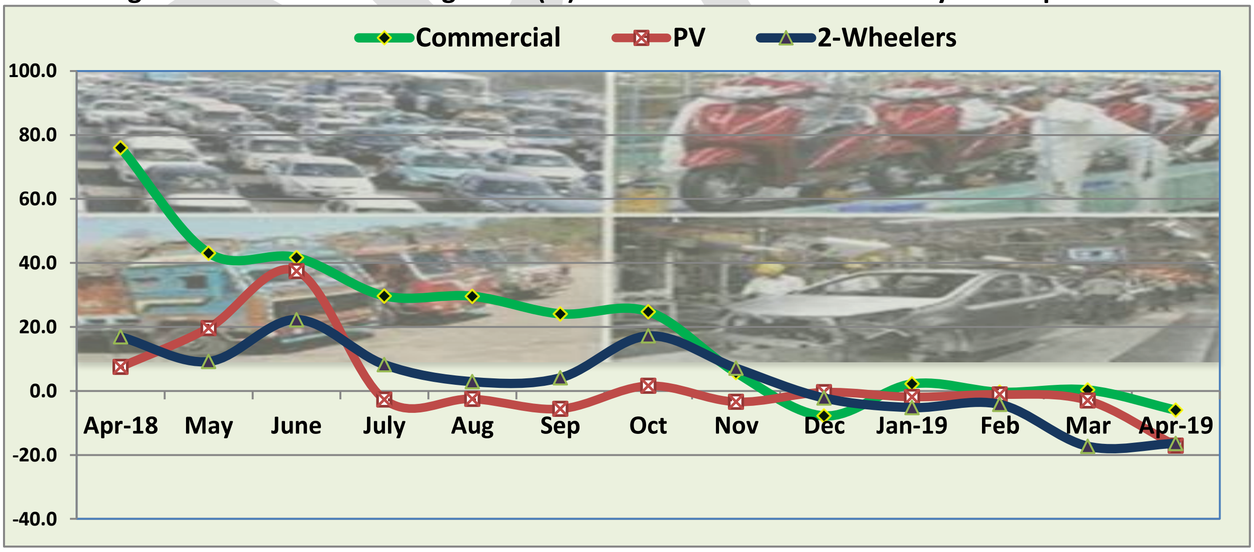
Figure-3: Month wise MS consumption (TMT) and growth (%) since April 2018



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 primary reason behind the fall in sales are the political uncertainty and stressed consumer sentiment say industry experts. Impending agri-distress due to below monsoon expectations also contributed to the weak demand. Upcoming emission norms and safety norms also affected the market. Overall passenger vehicle sales recorded a sharp decline of -17.1% in the month of April 2019 as compared to April 2018.

Passenger car segment recorded a drop of -19.9% while utility vehicles and vans recorded a drop of -6.7% and -30.1% respectively during the month of April 2019.

Segment	April		
	2018-19	2019-20	Growth (%)
Passenger Cars	200,183	160,279	-19.9
Utility Vehicles	79,136	73,854	-6.7
Vans	19,185	13,408	-30.1
Sub-Total	**298,504**	**247,541**	**-17.1**

Source: Society of Indian Automobile Manufacturers (SIAM)

a) **2-wheeler sales**: The overall sales for two-wheelers declined for the fifth consecutive month as compared to last year. A huge hike in insurance, weak customer sentiment due to uncertain job environment, high GST rate and postponement of purchase decisions by buyers ahead of general elections affected consumer purchase. Sales dropped in the month of April 2019 by -16.4% as compared to last year.

In April 2019, scooter sales recorded a drop of -25.9% by selling 489,852 units. Motorcycle segment also recorded a drop of -11.8% by selling 1,084,811 units. Moped sales recorded a drop of -5.9% by selling 63,725 units.

Segment	April		
	2018-19	2019-20	Growth (%)
Scooters/ Scooterettes	661,007	489,852	-25.9
Motor Cycles	1,230,046	1,084,811	-11.8
Mopeds	67,708	63,725	-5.9
Sub Total	**1,958,761**	**1,638,388**	**-16.4**

Source: Society of Indian Automobile Manufacturers (SIAM)

1.3 High Speed Diesel (HSD): HSD consumption during the month increased by 2.0% and recorded sales of 7.3 MMT in April 2019 as compared to 7.2 MMT in April 2018.

Improved economic and manufacturing activities, allied with infrastructure growth in the country supported by continuous growth in number of LCV and M&HCV vehicle sales has resulted in increasing diesel sales steadily. Factors affecting diesel consumption during the current month can be attributed mainly to the following factors:

i. Elections in various states leading to sealing of borders and grant of special leave to drivers for casting votes resulted in low movement of heavy vehicular traffic and thereby negatively affected diesel sales.

ii. No new infrastructure related works were initiated due to model code of conduct.

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

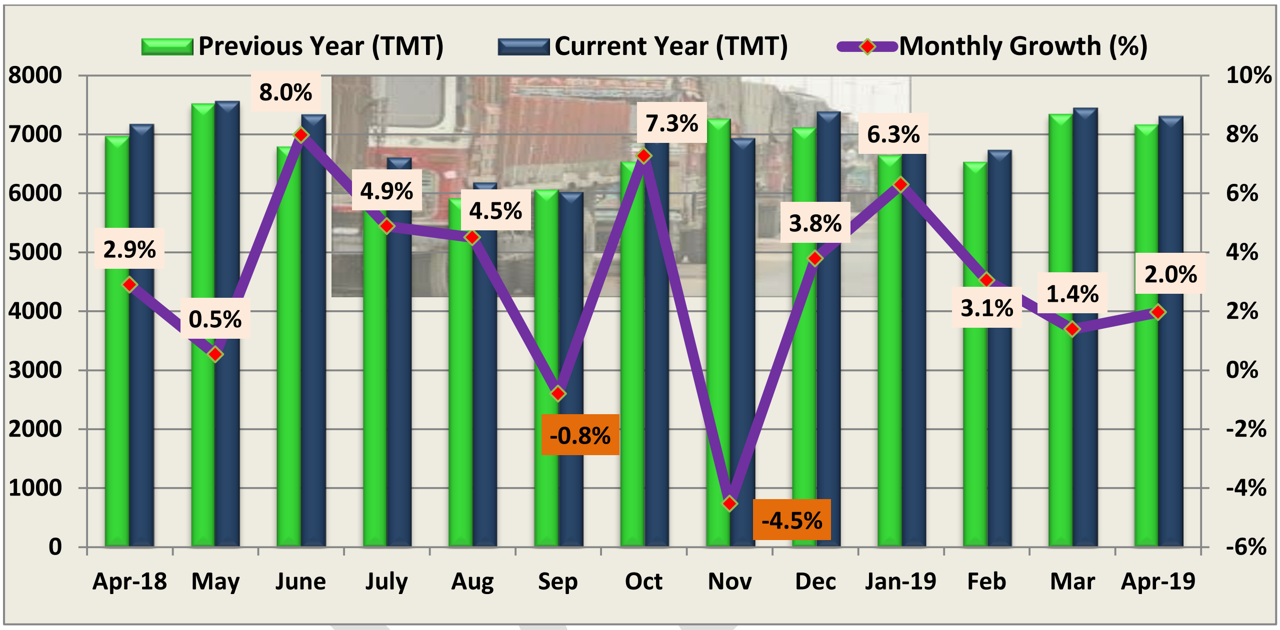
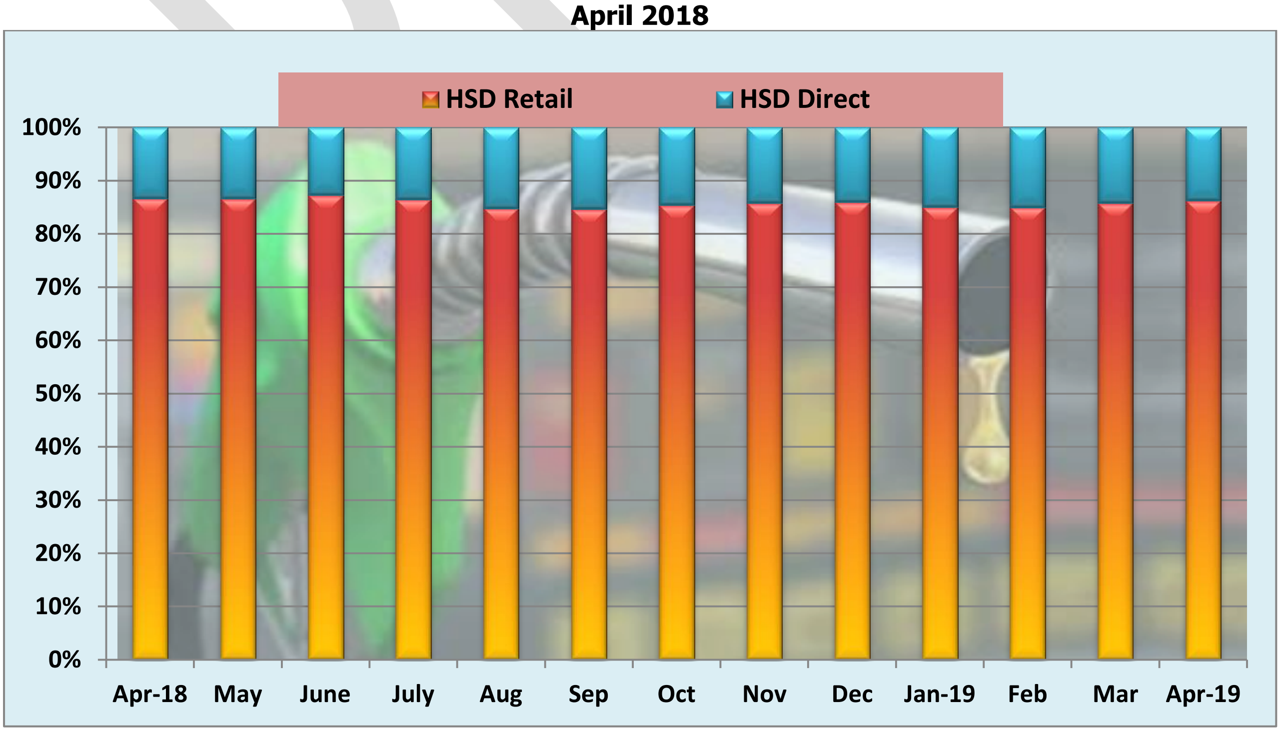


Figure-6 gives a comparison of month-wise percentage of HSD consumption by Retail and Consumer (Direct) business share since April 2018.

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 -6.0% in April 2019. General elections in the country, high-interest rates and road and infrastructure projects slowing down in recent months remain the primary factors behind the lull. 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 -13.6 % in April 2019 by selling 24,725 units vis-a-vis 28,604 units in April 2018.

b) **Light Commercial Vehicle (LCV)**: The LCV segment also witnessed a drop of -1.1% during the month of April 2019 as compared to the same period last year due to general elections. However, the low market demand was countered by the growth of the e-commerce sector fueling sales from the e-commerce and logistics sectors. LCV sector contributed sales of 43,955 units as against a historical of 44,445 units during the month.

Segment	April		
	2018-19	2019-20	Growth (%)
M&HCV	28,604	24,735	-13.6
LCV	44,445	43,955	-1.1
Total CV	**73,049**	**68,680**	**-6.0**

Source: Society of Indian Automobile Manufacturers (SIAM)

a) **Port traffic:** The major ports in India have recorded a growth of 5.7% and together handled 60.1 MMT of cargo during the month of April 2019 as against 56.8 MMT handled during the corresponding period of the previous year. Growth was recorded mainly due to growth in traffic at all ports except Chennai, New Mangalore and Mormugao.

During April 2019, growth was registered specifically in POL products (11.0%), thermal coal (12.6%), coking coal (30.6%), containers (5.7%) and TEUs (6.7%). A drop was observed in other liquids (-1.8%), iron ore (-3.9%), finished fertilizer (-24.9%), raw fertilizer (-40.7%) and other cargo (-20.4%). 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. 31.6%, followed by container (20.9%), thermal & steam coal (18.2%), coking & other coal (9.2%), other miscellaneous cargo (8.6%), iron ore & pellets (6.3%), other liquids (4.0%), finished fertilizer (0.8%) and raw fertilizer (0.5%).

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

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

Traffic handled at major ports (TMT)			
Ports	**April 2018**	**April 2019**	**Growth (%)**
Kolkata + Haldia	4,894	4,952	1.2%
Paradip	8,151	9,552	17.2%
Visakhapatnam	5,131	5,690	10.9%
Kamarajar (Ennore)	2,931	2,977	1.6%
Chennai	4,233	3,948	-6.7%
V.O. Chidambaranar	3,034	3,084	1.6%
Cochin	2,402	2,828	17.7%
New Mangalore	3,563	3,267	-8.3%
Mormugao	2,327	1,480	-36.4%
Mumbai	4,977	5,003	0.5%
JNPT	5,894	5,992	1.6%
Deendayal	9,323	11,301	21.2%
Total:	**56,860**	**60,074**	**5.7%**

Source: Indian Ports Association (IPA)

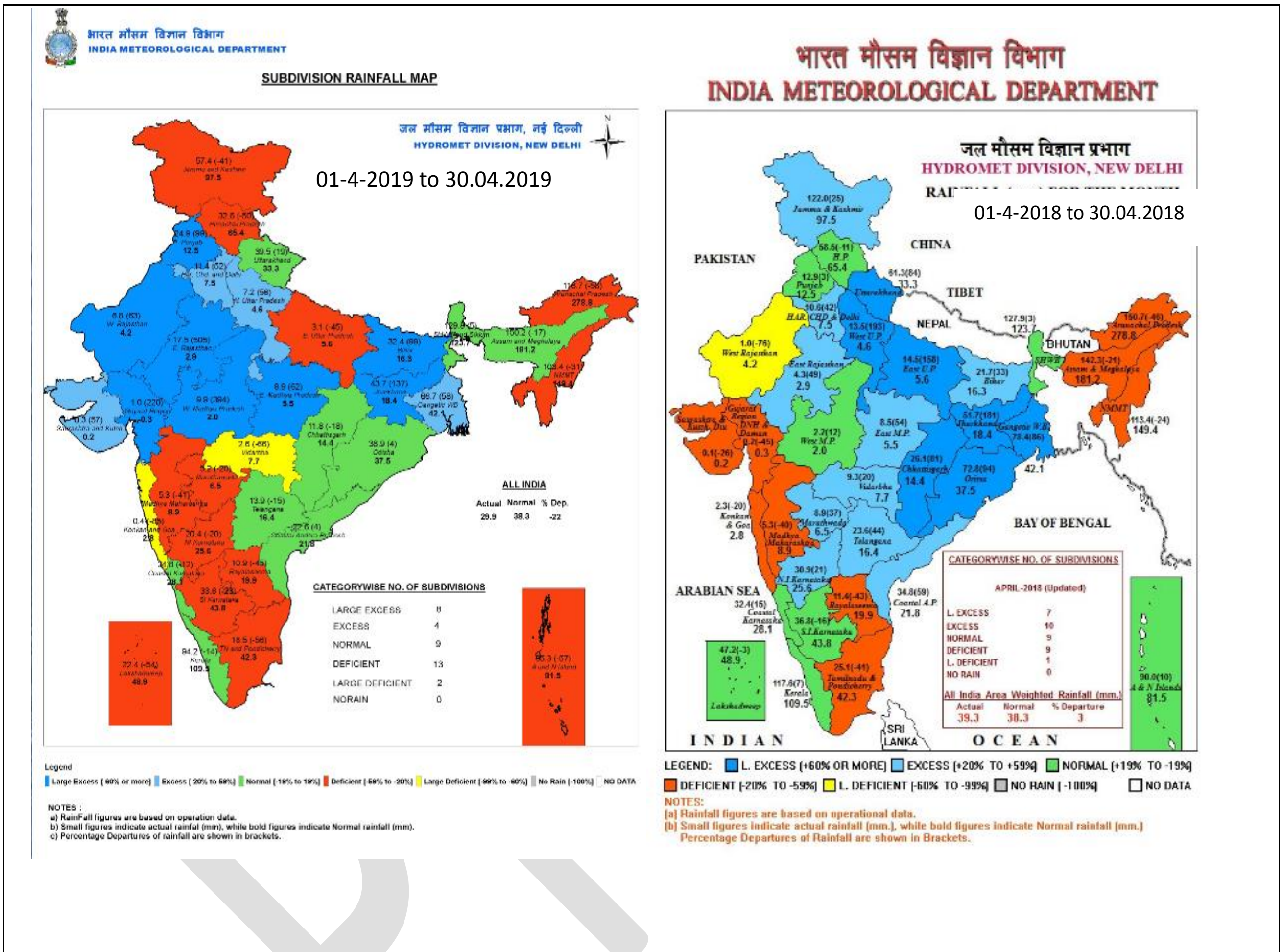
b) **Power situation**: The improved power position for the month of April 2019 is given in Table-3. As per data reported, the power deficit position improved from -0.5% in April 2018 to -0.4% in April 2019. The deficit was mainly in the states of Jammu & Kashmir and Assam. The power deficit in April 2019 may have led to decreased usage of diesel for back-up power generation.

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

States	April 2019 (P)				April 2018
	Requirement (MU)	Available (MU)	Deficit		Deficit (%)
			MU	(%)	
North	30,094	29,786	-308	-1.0%	-1.5%
West	34,875	34,868	-8	0.0%	0.0%
South	31,111	31,109	-2	0.0%	-0.2%
East	12,851	12,850	-1	0.0%	-0.1%
North-East	1,300	1,228	-71	-5.5%	-4.3%
Total	**110,231**	**109,842**	**-389**	**-0.4%**	**-0.5%**

Source: Central Electricity Authority (CEA)

c) **Seasonal rainfall scenario:** The rainfall in the country during April 2019 was almost 22% below normal precipitation. As against a normal reading of 38.3 mm, 29.9 mm rain was recorded during April 2019. 15 out of 36 sub divisions in the country received deficient to nil rainfall during the month as can be seen from the following map. Decreased rainfall may have led to increased usage of diesel for agriculture-related activities.

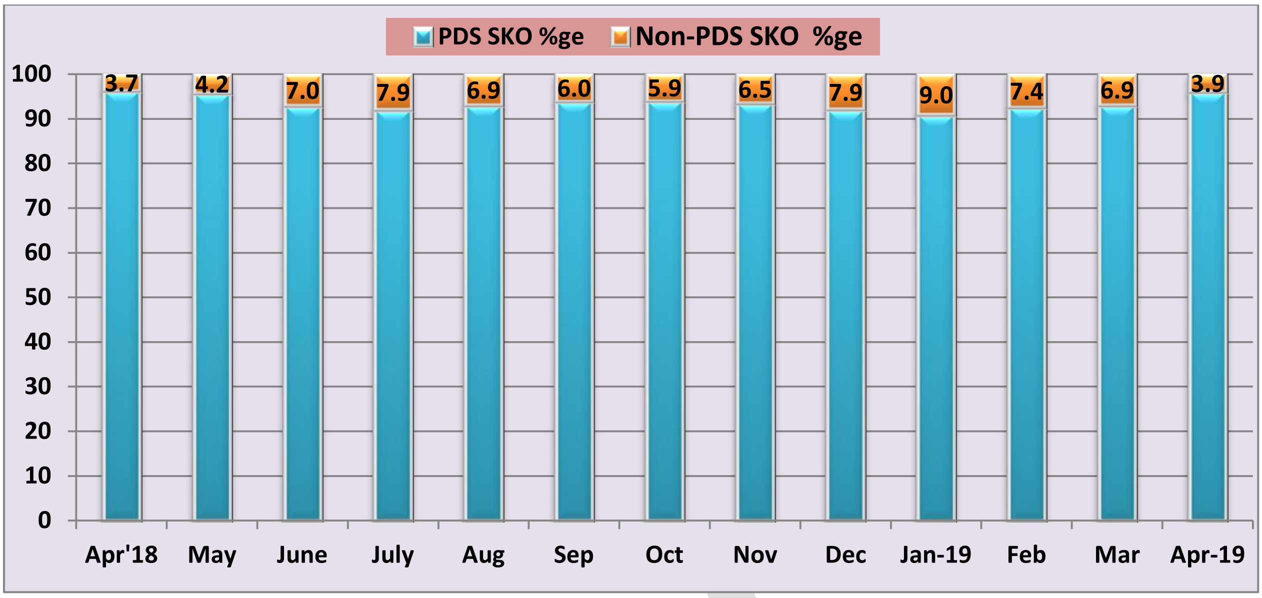


Source: India Meteorological Department (IMD)

1.4 Kerosene: Kerosene consumption registered a drop of -17.1% during April 2019 as compared to April 2018. The month of April 2019 saw nil upliftment by Andhra Pradesh, Chandigarh, Delhi, Dadra & Nagar Haveli, Daman & Diu, Haryana, Puducherry and Punjab. States like Gujarat, Rajasthan, Goa and Maharashtra have voluntarily surrendered a portion of their PDS quota during the month, resulting in lower upliftment by these states.

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

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

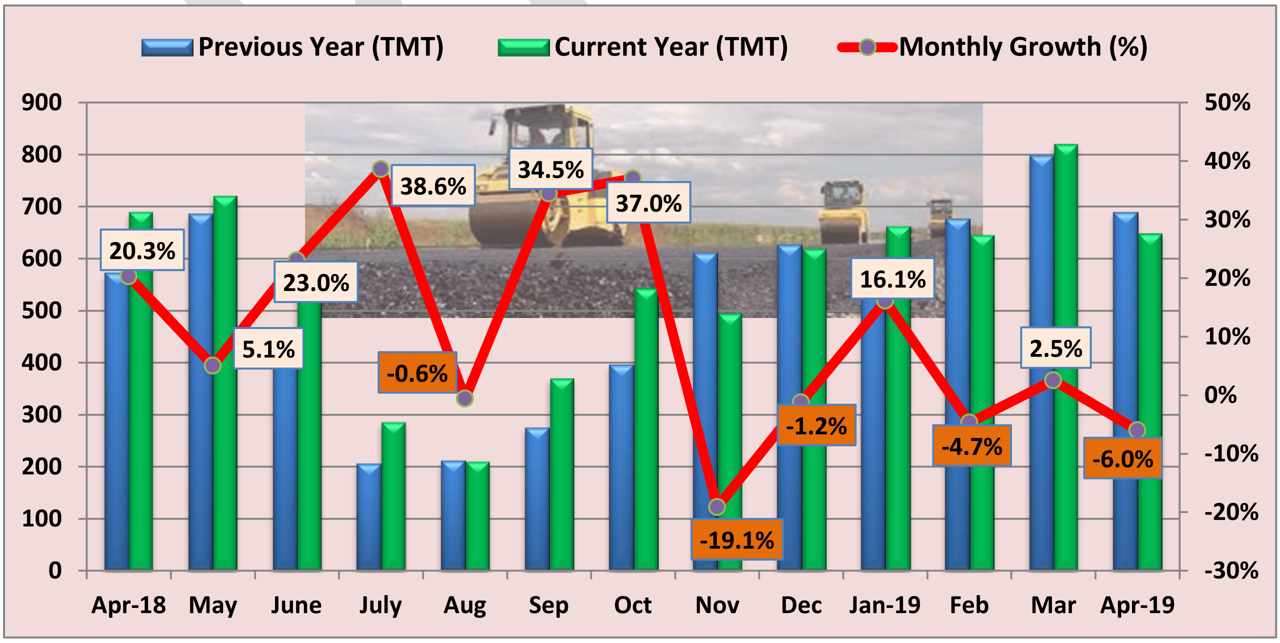


1.5 Bitumen: Bitumen consumption during April 2019 recorded a drop of -6.0% during the month of April 2019 as compared to April 2018.

The government's thrust on improving road infrastructure by widening and 4/6 laning of highways, development of roads in challenging terrains and improving road network in North-east India at an accelerated pace has led to a rise in demand for bitumen products. However, during the current month due to general elections in the country, the pace of work was slow leading to lower bitumen consumption.

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 2.4% in April 2019 as compared to 12.4% growth in April 2018. During April 2019, out of the five regions Northern region had the highest share in total LPG consumption of 32.3% followed by Southern region at 27.4%, Western region at 21.5%, Eastern region at 16% and North Eastern region at 2.8%. North Eastern region had the highest growth of 7.6% in total LPG consumption during April 2019.

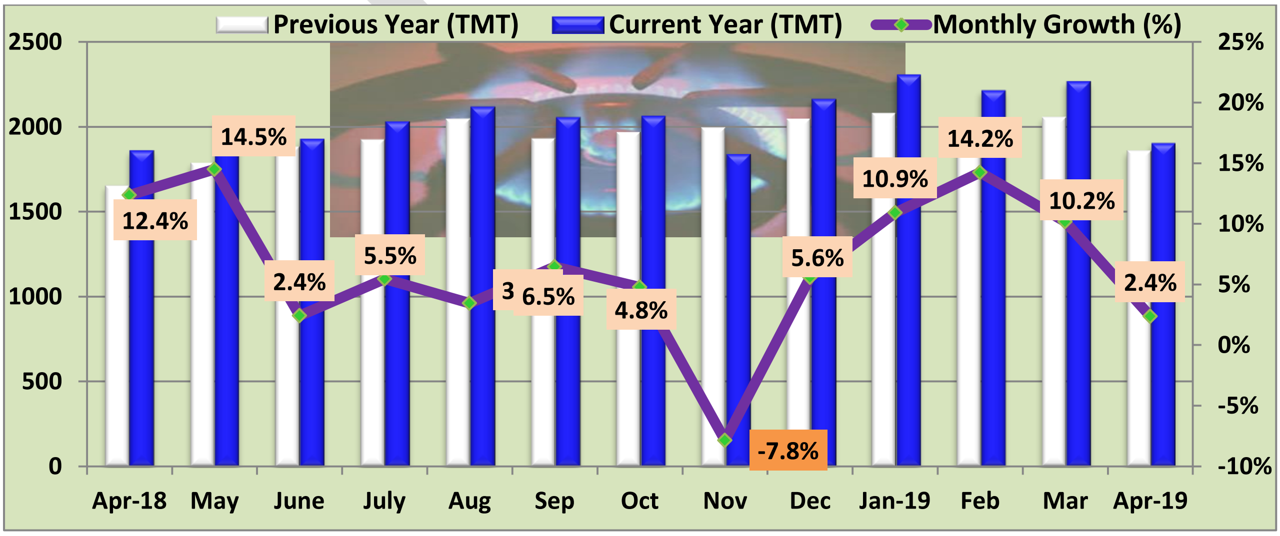
LPG-Packed Domestic consumption registered a growth of 2.2% in April 2019 compared to a growth of 12.1% in April 2018. During April 2019, the region-wise share of LPG Packed Domestic consumption was highest in Northern region (33.9%) followed by Southern region (25.6%), Western region (20.5%), Eastern region (17.1%) and North-Eastern region (3%). During April 2019, the five states with the highest LPG-Packed domestic sales share were Uttar Pradesh (14.9%), Maharashtra (10.8%), Tamil Nadu (7.8%), West Bengal (7.6%) and Karnataka (5.9%). During April 2019, percentage share of LPG-Packed Domestic was 88.1% of total LPG consumption whereas it was 87.9% in April 2018.

LPG-Packed Non-Domestic consumption recorded a growth of 5.6% in April 2019 as compared to a growth of 25.8% in April 2018. Share of LPG Packed Non-Domestic in total LPG consumption has increased to 10% in April 2019 from 9.7% in April 2018. Region-wise share of LPG Packed Non-Domestic consumption was highest in Southern region (38.8%) followed by Western region (29.7%), Northern region (22.8%), Eastern region (7.5%) and North-Eastern region (1.2%) during April 2019.

Bulk LPG consumption witnessed de-growth of 25.3% in April 2019 compared to a growth of 39.5% in April 2018. Percentage share of Bulk LPG in total LPG consumption was 1.2% in April 2019 whereas it was 1.6% in April 2018

Auto LPG consumption registered a de-growth of 3.3% in April 2019 compared to a marginal growth of 0.3% in April 2018. The sales volume decrease was about 0.5 TMT in April 2019 as against April 2018.

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



1.7 Naphtha: Naphtha consumption recorded a drop of -8.1% in April 2019 as compared to April 2018. 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. The consumption of naphtha by the fertilizer industry shrunk during the current month.

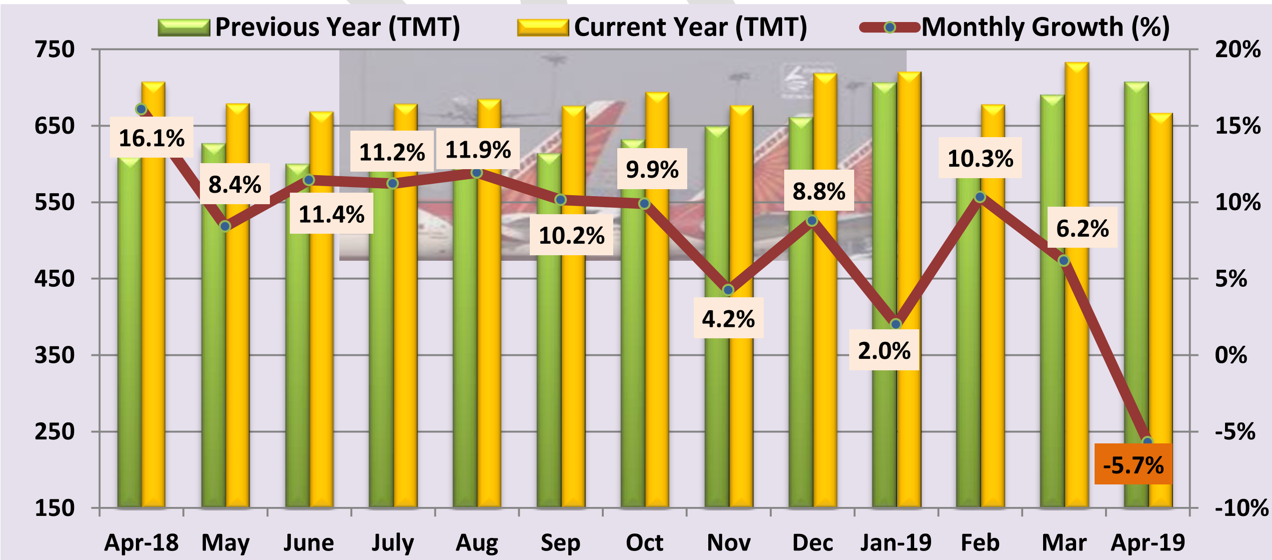
1.8 ATF: ATF consumption after fifty two months of positive growth, recorded a drop of -5.7% in the month of April 2019 as compared to April 2018.

Passengers carried by domestic airlines during April 2019 stood at 109.95 lakhs as against 115.13 lakhs during April 2018 thereby registering a drop of -4.5% during the month as compared to April 2018. Grounding of Boeing 737 Max planes and cancellation of flights by Jet Airways and sharp rise of fares due to drop in capacity have affected growth in passenger traffic during the month.

The Indian air transport sector has shown very strong growth in recent years and passenger demand viz, population, demographics and increasing incomes are favorable and supportive of on-going growth which is anticipated to continue in future. Thus, it is expected that the downward trend will not last long.

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 drop of -3.2% during April 2019 as compared to April 2018 as a result of decreased consumption of FO in the power fertilizer, petrochemical, 'others' and general trade sector. However, a growth was noticed in its consumption in steel sector. The 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 -18.5% in April 2019 as compared to April 2018. The consumption of petcoke by the cement industry is on the rise after the Supreme Court order of April 2018 allowed its use as a feedstock. 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 drop of -19.8% during April 2019 as compared to April 2018. LDO is extensively used in various types of furnaces and the ban of FO in Delhi, Uttar Pradesh, Rajasthan and Haryana has led to an increase in consumption.

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Industry Consumption Trend Analysis 2019-20 (Provisional)

('000 MT)

Product	April			April		
	2018-19	2019-20	Growth (%)	2018-19	2019-20	Growth (%)
(A) Sensitive Products						
SKO	306.6	254.2	**-17.1**	306.6	254.2	**-17.1**
LPG	1,862.0	1906.0	**2.4**	1,862.0	1,906.0	**2.4**
Sub Total	**2168.6**	**2,160.2**	**-0.4**	**2,168.6**	**2,160.2**	**-0.4**
(B) Major Decontrolled Products						
Naphtha	1,215.8	1,116.9	**-8.1**	1,215.8	1,116.9	**-8.1**
MS	2,283.7	2,457.8	**7.6**	2,283.7	2,457.8	**7.6**
HSD	7,172.9	7,314.0	**2.0**	7,172.9	7,314.0	**2.0**
Lubes+Greases	231.1	299.6	**29.6**	231.1	299.6	**29.6**
LDO	56.1	45.0	**-19.8**	56.1	45.0	**-19.8**
FO/LSHS	525.4	508.7	**-3.2**	525.4	508.7	**-3.2**
Bitumen	689.6	648.0	**-6.0**	689.6	648.0	**-6.0**
ATF	708.1	667.7	**-5.7**	708.1	667.7	**-5.7**
Sub Total	**12,882.7**	**13,057.7**	**1.4**	**12,882.7**	**13,057.7**	**1.4**
Sub - Total (A) + (B)	**15,051.3**	**15,217.9**	**1.1**	**15,051.3**	**15,217.9**	**1.1**
(C) Minor Decontrolled Products						
Petcoke	1,930.0	1,573.2	**-18.5**	1,930.0	1,573.2	**-18.5**
Others	797.8	1039.7	**30.3**	797.8	1,039.7	**30.3**
Sub Total	**2,727.8**	**2,612.9**	**-4.2**	**2,727.8**	**2,612.9**	**-4.2**
Total	**17,779.1**	**17,830.8**	**0.3**	**17,779.1**	**17,830.8**	**0.3**