

India's fuel consumption falls 5% in February over surge in prices



India's [fuel consumption](#) fell for the second month in a row in February to its lowest since September as record-high prices hindered demand recovery.

Petroleum product consumption fell 4.9 per cent to 17.21 million tonnes in February as demand for both petrol and diesel fell, according to data from the Petroleum Planning and Analysis Cell (PPAC) of the Ministry of Petroleum & Natural Gas.

Petrol and diesel prices across the country rose to their highest levels last month before state-owned fuel retailers put on hold any further price increase ostensibly to contain

political fallout for the ruling party in the ensuing assembly elections in states like West Bengal.

Diesel, the most used fuel in the country, fell 8.5 per cent to 6.55 million tonnes while petrol consumption was down 6.5 per cent to 2.4 million tonnes.

Naphtha sales remained unchanged but the sale of bitumen - used for making roads - was down 11 per cent.

Cooking gas LPG sales were up 7.6 per cent.

Crude oil suppliers group OPEC's monthly oil report on Thursday forecast a 13.6 per cent jump in India's oil demand in 2021 to 4.99 million barrels per day.

India's oil demand had fallen 10.54 per cent in 2020 to 4.40 million bpd from 4.91 million bpd in 2019.

"The encouraging macroeconomic indicators, together with significant decreases in COVID-19 cases across the country, provided a solid foundation for the 2021 oil demand outlook in India," the report said.

The recent positive developments in industrial activities will result in industrial fuels being the backbone for oil demand growth in 2021, with a healthy rebound for transportation fuels providing further support, it said adding the aviation sector will remain under pressure throughout 2021 and will also be a major source of uncertainty.

"Despite some improvements month-on-month, domestic flight operations remained more than 10 per cent lower than the levels recorded during the same period in 2020," the OPEC report said.

India's economy returned to positive growth territory in the fourth quarter of 2020 as its real GDP expanded by 0.4 per cent year-on-year after two-quarters of contraction. This was after provincial and localised lockdowns were lifted amid a fall in the daily number of new COVID-19 cases.

Economic growth was mainly driven by higher consumer spending during the Diwali festival in mid-November.

In 2020, India's GDP contracted by 7 per cent, but it forecast to grow by 9 per cent in 2021.

"Following the 0.4 per cent growth registered in 4Q20, India's was one of the few major economies to post growth in the quarter as lockdowns eased, and this rebound is expected to continue as consumption manufacturing activity rise," the OPEC report said.

[Fuel Consumption](#)