

**India's fuel demand
contracts 9.1 per
cent in FY'21**

- Santosh Choudhary





 **studyiq**  **studyiq.education**  **Study IQ Education**

 **@studyiq**  **Study IQ Education**



SANTOSH CHOUDHARY

OFFICER TRAINEEE OF IP&TAFS CSE 2018

INSTA- little_simple_buddha

Telegram: little_simple_buddha

Why in NEWS?

India's fuel demand contracted by a massive 9.1 per cent in the financial year ended March 31, 2021, the first in more than two decades, as a stringent lockdown imposed to curb the spread of the pandemic pummeled economic activity, government data showed.

- India is the world's third largest crude oil importer and imports 84% of its oil requirements.
- In February 2021, Iraq remained the top oil supplier to India followed by the US as refiners increased purchase of cheaper US crude by 48% (14% of overall imports) thereby relegating Saudi Arabia to being the fourth largest supplier, and offsetting Opec+ supply cuts strategy.
- Nigeria was the third largest oil supplier. Traditionally, Opec+ and Saudi Arabia have been India's mainstay suppliers, accounting for 86% of Indian oil imports. India's oil import bill in FY20 and FY19 was \$101.4 billion and \$111.9 billion, respectively.

- India consumed **194.63 million tonnes** of petroleum products in 2020-21 as compared with **214.12 million tonnes** demand in the previous year, according to the latest data released by the oil ministry's **Petroleum Planning and Analysis Cell (PPAC)**.
- This the first time that the fuel consumption has contracted since 1998-99, the most historical year for which government data is available.
- Domestic oil, gas output remained below pre-Covid levels in February.

- The demand contraction was led by diesel, the most-consumed fuel in the country. **Diesel consumption fell 12 per cent** to 72.72 million tonnes while **petrol demand shrank 6.7 per cent** to 27.95 million tonnes.
- The government imposed a nationwide lockdown at the end-March of last year, shutting down factories and businesses, halting most road transport, cancelling flights and stopping trains.
- The GDP is estimated to have contracted by 7-8 per cent in 2020-21 after economic activity showed signs of recovery in last quarter of 2020.

- A second wave of Covid-19 infections despite a broadening vaccination roll-out, with renewed lockdowns implemented in some states, is threatening to hit the nascent recovery.
- Petrol sales returned to pre-Covid-19 levels in September last year and festival seasons helped pull diesel demand up in the following months.
- In March, fuel demand soared 18 per cent to 18.77 million tonnes with diesel consumption rising 27 per cent and petrol climbing 25.7 per cent. This is because of low base effect of March 2020 when restrictions came into effect.

- Domestic cooking gas **LPG** was the only retail fuel that **posted growth**, with consumption **rising by 4.7 per cent** to 27.59 million tonnes from 26.33 million tonnes in 2019-20. This on the back of free cylinders that the government gave to poor as Covid relief.
- With airlines remaining shut for the most years and yet to resume full-scale operations, jet fuel (**ATF**) **consumption fell 53.6 per cent** to 3.7 million tonnes.
- While naphtha sales were almost flat at 14.2 million tonnes, bitumen (used in road construction) rose 6 per cent to 7.11 million tonnes as the government stepped up construction activity to reflate the economy.

- Two refiners (Indian Oil & Mangalore Refineries) declared force majeure (a French term that literally means "greater force." It is related to the concept of an act of God, an event for which no party can be held accountable for contract obligation) on crude purchases from the Middle East on Friday after fuel demand plummeted due to a nationwide lockdown.
- Global fuel demand is set to drop by as much as 20% in the second quarter as a result of the coronavirus pandemic.

Thank you 🌞

Contact : 9580048004,7291059476

[INSTA- little simple buddha](#)

[Telegram: little simple buddha](#)



www.studyiq.com