

India



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Base Oil and Lubricant Report

This year the International Monetary Fund (IMF) places India as the fastest growing major economy in 2018 with a growth rate of 7.4 per cent.

The Automobile or Transportation sector, which is a large consumer of lubricating oils, are growing at more than 8% per annum and the lubricant industry, in the last 3-4 years, is continuously growing at about 3% on a year to year basis. This year sales of passenger vehicles at 3.3m units reached a record high along with 16.2% growth in two wheeler registrations which now stand at 23m units.

The size of the lubricants market in India is estimated to be 2.8 MMTPA, out of this market Automotive lubricants are 42%, Industrial Oils 23%, Transformer oils and White Oils account for 23% and process oils 8%. The greases market accounts for 4% of the total.

India is now a major lubricants market, which has been traditionally been dominated by Public Sector Oil Companies (PSUs) consisting of Indian Oil, Bharat Petroleum and Hindustan Petroleum. Multinational companies have entered India after 1993-94 apart from Castrol which has been operating in India for the past six decades.

Today PSUs control approximately 60% of the lubricants business and the balance of 40% is accounted for by private sector oil multinationals such as SHELL, MOBIL, CASTROL, GULF, VALVOLINE and MOTUL.

The current market participation of major players is as follows:

INDIAN OIL	32%	Public Sector Oil Company
HINDUSTAN PETROLEUM	15%	Public Sector Oil Company
BHARAT PETROLEUM	12%	Public Sector Oil Company
CASTROL	12%	Private Sector Oil Company
GULF OIL	4%	Private Sector Oil Company
TIDE WATER	4%	Private Sector Oil Company
OTHERS	21%	Approx. 16 Players of multinational and local Oil Companies

Automotive Lubricating Oils are predominantly being marketed through the route of Automotive Manufacturers Retail tie-ups and the Petrol Stations on city/town/highways and Bazaar trades.

This trade, predominantly, is supported by the quality perception of the retail brand or the strength of the Original Equipment Manufacturer (OEM) in marketing their genuine parts including oils. This led to the lubricating oil business for genuine oils or branded products gaining brand strength and market share. Most OEMs market their own label oils in India, whereas on the other side Industrial lubricating oils are now leveraging their "service to the customers" as a major platform of their relationship proposition. Oil Management services including Oil Condition Monitoring Services or back-up of oil testing laboratory or specific "oil testing programme" with major customers, as with other countries, are also gaining strength in India.

Lubrication Management services are growing in their importance with the advent of "high quality/ high drain oils" helping the Oil Companies in strengthening their marketing position.

Over the short-term lubricants manufacturing and marketing in India is seen as stable with projected growth now reducing to 2-3% over the next 5 years. Although it is expected that the market will become more competitive, growth is still expected even with the arrival of electric vehicles.

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