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Modi to roll out projects worth ₹4,500 crore in Odisha on Jan 5

NIRMALYA BEHERA
Bhubaneswar, 3 January

Prime Minister Narendra Modi is set to roll out projects worth ₹4,500 crore during his visit to Odisha on January 5. The visit would be his second in less than a fortnight.

The projects include the Balasore-Haldia-Durgapur section of the Paradip-Haldia-Durgapur LPG pipeline of Indian Oil Corporation (IOC). The 513-km section is being built at a cost of ₹1,080 crore. The project cost of Paradip-Haldia-Durgapur LPG pipeline is ₹1,330 crore. This is the first LPG pipeline laid by IOC in eastern India. The pipeline traverses 240 km in Odisha and passes through Jagatsinghpur, Kendrapara, Bhadrak and Balasore districts. In West Bengal, it spans 430 km, covering the districts of Purba Medinipur, Burdwan, Hooghly and Howrah.

Modi will also lay the foundation stone for three highway projects built at a cost of ₹3,317 crore from Baripada. He will also flag off a second passenger train from Tatanagar to Badampahar and the doubling of 11.3-km Chillikidara-Sagadapata line and nine-km Naranpur-Basantpur line, completed at a cost of ₹131 crore.

The new train lines will connect the mineral rich area of Keonjhar and Jajpur districts in Odisha, generating industrial revenue.

Now, 20-day earned leave for central govt employees a must

SUBHOMOY BHATTACHARJEE
New Delhi, 3 January

The Centre has decided that all its permanent employees must take at least 20 days of earned leave every year, instead of hoarding them up for encashment at the time of retirement.

The government-run banks have already begun to send their employees on a block of ten days leave from late 2018. The measure, announced in several banks in October, had surprised the employees.


Government-run banks have already begun sending their employees on ten-day block leaves from late 2018

It's now time for the other central government employees to face a new leave ethic. The move is meant to improve the health of the employees, so they judiciously mix leisure with work.

Central government employees have generous leave allowances. They are entitled to a block of 30 days paid leave each year (for defence employees it is 60 days). This is in addition to their ten casual leave and 19 notified holidays every year. However, few employees use their earned leave, and add their one or two days of leave to the weekends for a long break. Casual leaves cannot be accumulated.

The earned leaves, which can be accumulated up to 300 days, are used by the employees as additional retirement benefits. These can be exchanged for money at the rate of the salary level of the employee once they hit the ceiling. Consequently, people begin to use these leaves only after they have toted up a balance of 300 days.

The government wants to break this habit. It is likely to issue a circular soon, directing that no more than 10 earned leaves can be carried over from any calendar year. It would slow the pace of accumulation of these leaves over the service lives of the employees.

According to the Budget Estimates for FY19, the finance ministry has earmarked ₹632.49 billion towards the allowances for its estimated 35 million civilian employees. Most of this is for payout towards earned leaves. This figure is a 10 per cent rise over the Revised Estimates for FY18. The year-on-year rise from FY17 was 5.2 per cent. However, the changes would not impact the pay and allowances for uniformed personnel, including police and military, which are run under different rules.

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HIT BY FUEL RIL's inventory losses may be as high as $4.2/bbl while they may be $3.3-3.4 for BPCL, HPCL

OMCs, RIL stare at inventory loss on oil price drop

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Mumbai: The almost one-third drop in crude oil prices since October may end up causing inventory loss to state-owned oil marketing companies and Reliance Industries Ltd (RIL).

The loss due to purchase of oil at a higher rate and sale at a lower one may be as high as $4.2/barrel for RIL for the third quarter, claim analysts.

However, the losses are likely to be offset to some extent by lower cost of fuel that gets used for various refinery operations apart from the working capital requirement and subsequent interest servicing costs, they said.

Inventory losses for BPCL and HPCL in the third quarter are estimated to be at $3.3-3.4/bbl, according to a report by ICICI Securities.

ICICI Securities pegged the "imminent" inventory losses to be in the range of between $2.4-8.1/bbl for various crude used by RIL, considering the lag between purchase and its use to be at 40 days for crude from Venezuela, Mexico and Brazil. Likewise, a lag of 10 days was considered for crude from Middle East.

"We estimate RIL's crude inventory loss hit could be as high as $4.2/bbl. Even if it is assumed that long-haul crudes are priced the day they are delivered in Jamnagar instead of being priced

on dispatch, we estimate RIL's inventory loss at $1.6/bbl." said the report.

In contrast, RIL's GRM (gross refining margin) in second and third quarters of fiscal 2019 was boosted by crude inventory gains. As

GRM BOOST

- RIL's gross refining margins in second and third quarters of fiscal 2019 was boosted by crude inventory gains
- **Companies anticipate such inventory losses and try to nullify it using different measures**

per an estimate, RIL's Q2FY19 GRM was at $9.23/bbl with core GRM at $8.19/bbl and inventory gain at $1.04/bbl; RIL reported GRM of $9.5/bbl in the second quarter.

GRM is the difference between the prices of the refined product and raw crude, or the profit earned on each barrel of crude oil processed. The inventory losses occur when the refiners purchase crude oil at a particular price which falls by the time it gets shipped and processed. However, the selling price is linked to current global crude prices, leading to the inventory losses. Conversely, the refiners may gain if the crude prices go up after being purchased.

An executive with one of the OMCs said that the companies anticipate such inventory losses and try to nullify it using different measures.

Although, experts claim that the inventory losses are not a cause of worry in the short term for the refiners, it starts hurting if crude prices keep falling for an extended period of time.

However, K Ravichandran, group head & senior VP, corporate ratings, Icra, pegged the inventory losses for RIL to be $1.5-2.5/bbl. Similarly, he expects it to be around $1.3/bbl for the state-owned OMCs.

He said the extent of inventory losses will depend upon the location of the refinery, mix of crude, etc. Inland refineries use pipelines to transfer crude which leads to higher stocking. On the other hand, coastal refineries have a lower inventory as oil can be transported to refineries with the help of oil-carrying vessels.