

BANK OF MAURITIUS



QUARTERLY REVIEW

Volume II.

No. 2 April - June 1970
and
No. 3 July - September 1970

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EDITOR'S NOTE

Since the Quarterly Review for the second quarter April-June and the Annual Report of the Bank are scheduled to be published at about the same time, there is likely to be considerable over-lapping and repetition. To avoid this eventuality, it has been decided to publish, from this year, a joint issue for the second and third quarters.

ECONOMIC AND FINANCIAL REVIEW

April - September 1970

INTRODUCTION

In this issue, a brief review of the economic and financial developments in Mauritius during the second and third quarters of 1970 is presented. The regular statistical Tables containing the detailed figures form a separate part of the Review.

Since a fuller picture regarding the performance of the economy in 1969 is now available, it seems desirable to preface this Review with the basic facts. According to tentative estimates, the gross national product* rose from Rs 824 million in 1968 to Rs 870 million in 1969, recording thereby a rise of 5 per cent. This is in sharp contrast to the actual decline of 1.5 per cent witnessed during the previous year. This impressive growth of 5 per cent is attributable, in large part, to the production of sugar which reached 668,700 metric tons; except the year 1963, the production is a record during the decade. Another outstanding feature of the year was the emergence of a substantial balance of payments surplus of Rs 57 million which is also a record for the decade, except the year 1963.**

Viewed against this background the economy appeared, on the eve of 1970, to be poised for good growth. During the first quarter, however, as spelt out in the previous Review, the level of economic activity had not gathered the anticipated momentum. The monetary and banking indicators seem to indicate that the performance of the economy improved considerably during the second and third quarters.

The main developments in certain selected sectors are taken up for discussion in the following pages. At this stage, however, a reference to certain developments in the manufacturing sector seems to be called for. The manufacturing sector has begun to show some signs of activity as reflected in the number of industries which have assumed a concrete shape during the period under review; particular mention may be made of the fertilizer plant, the manufacturing of particle and veneer board and a fish canning industry. Another significant development was the announcement by the Ministry of Commerce and Industry, in June 1970, of the setting up of an Export Processing Zone; the scheme which started functioning from the 3rd November 1970, is designed to encourage the establishment of *export* industries in Mauritius through, among others, the provision of infrastructural facilities and various tax concessions. The impact of this scheme on the level of economic activity will depend upon the response that the scheme is likely to evoke.

* At factor cost.

** For a more detailed analysis of the performance of the economy in 1969, reference is invited to the Bank's Annual Report 1970.

I. AGRICULTURE

The general level of economic activity in Mauritius follows closely the fluctuations in export earnings from sugar, which accounts for about 30 per cent of gross national product and contributes about 95 per cent of total export earnings. It is, therefore, appropriate to begin the review with the trends in sugar production.

SUGAR

In the previous Review,* it was mentioned that the estimate of the 1970 crop had to be brought down to about 550,000 metric tons, consequent on the damage caused to the plantations by cyclone *Louise*. Subsequently, however, this estimate has been revised upwards in the light of the results obtained in the fields and in factories; the latest official estimate of sugar production is 580,000 metric tons. On the basis of this estimate the exportable supplies can be worked out as follows :—

Table I — SUGAR : Exportable Supplies

	(Tons)
1969 Crop	139,640
1970 Crop (excluding local consumption and ISO Stock)	531,867
Total Exportable Supplies	671,507

Further, during the third quarter, the International Sugar Organisation announced the allocation of 25,000 tons to Mauritius under the Hardship Relief Fund. In view of the relatively large carry-over stocks from the previous year, Mauritius should be able to fulfil her quota commitments for 1970.

During the second and third quarters of 1970 a total quantum of 236,435 tons of sugar were exported; this figure compares with 280,989 tons exported during the corresponding period of 1969.

The world market price of sugar has been rising gradually, the prices as quoted on the London Terminal Market rising from £38:15:0 per ton at the beginning of April to £42:10:0 at the end of September. The monthly average prices during the second and third quarters were £37:9:4 for April, £40:6:0 for May, £41:2:6 for June, £42:4:2 for July, £41:18:9 for August and £42:9:9 for September.

A firm of consultants from Australia carried out a feasibility study regarding the eventual bulk handling of sugar. This study should be able to bring out the financial implications of the project, especially with reference to its impact on the costs of exports. It should be stressed, however, that in the light of the growing unemployment, its implications in terms of the displacement of labour and the consequent rehabilitation of workers thrown out of employment will also have to be taken into account, before a final decision to implement the project is reached.

TEA

The production of tea during the first and second quarters of 1970 amounted to 1.3 million kilos and 0.6 million kilos respectively; the figures for the corresponding periods of last year were 1.3 million kilos and 0.8 million kilos. However, exports during the first two quarters at 1.8 million kilos were at the same level as last year. Of the total exports, 1.1 million kilos were accounted for by South Africa and 0.7 million kilos by the United Kingdom. The prices received from exports to South Africa at Rs 5.04 per kilo were higher than those received from the United Kingdom at Rs 4.52.

* Quarterly Review Vol. II No. I

The Government project for tea development, assistance for financing which was sought from the World Bank, envisages that about 12,000 acres will be brought under tea during the next six years. More recently, it has been reported that the World Bank has expressed its intention to make available a sum of Rs 40 million for financing this project.

II. MONEY AND BANKING

At the end of the second quarter of 1970, money supply at Rs 191.9 million recorded only a marginal decline over the level in March 1970. This is in sharp contrast to a decline of 10 per cent witnessed during the corresponding quarter of 1969. However, money supply expanded significantly during the third quarter of 1970, reaching a level of nearly Rs 206 million in September 1970. The rise during the third quarter was of the order of 7.3 per cent. As compared to the level a year ago, money supply in September 1970 was higher by nearly 12 per cent.

In the previous Review*, mention was made of the reinforcement of the expansionary monetary policy, with particular reference to reduction in the Bank Rate in March 1970. In fact, this expansionary monetary policy was further strengthened by a reduction in the Bank Rate again on the 1st July, 1970. Thus the nominal decline in money supply during the second quarter of 1970 perhaps reflects the impact of such expansionary monetary policy. This impact might have also affected, to some extent, the expansion in the third quarter, although in large part the expansion during this part of the year is attributable to the seasonal increase in the level of economic activity.

Commercial bank credit to the private sector rose by nearly 7 per cent during the second quarter of 1970, reflecting the normal seasonal rise in the demand for credit. During the third quarter, when the receipts from exports of sugar begin to flow in, credit to the private sector declines; the decline during the third quarter 1970 was by 8.5 per cent. The contraction of credit during the third quarter of 1970 was, however, relatively smaller than that during the corresponding period of 1969; this is evident from the figures presented in Table II. In part the explanation for this lies in the fact that exports of sugar during the third quarter of 1970 were of a much smaller magnitude than those in the third quarter of 1969.

Credit extended to the public sector by the Bank of Mauritius and the commercial banks recorded a rise during both the second and third quarters of 1970. (See Table II). The total rise of Rs 3.3 million, during the third quarter was in fact accompanied by a decline of Rs 5 million in the credit extended by the Bank of Mauritius. Thus total credit extended by the commercial banks actually recorded a rise of Rs 8.3 million during the third quarter.

The savings and time deposits of the private sector with the commercial banks showed a sizeable rise from about Rs 126 million in June to Rs 140 million in September 1970. The rise during the third quarter of 1970 was 11 per cent as compared with a 7 per cent rise witnessed during the third quarter of the previous year. Deposits with the Post Office Savings Bank, which stood at Rs 27.3 million in September 1970, also rose somewhat.

* Quarterly Review Vol II No. I.

Table II — Trends in Credit & Money Supply

(Rs Million)

	2nd Qr. 1968	2nd Qr. 1969	2nd Qr. 1970	3rd Qr. 1968	3rd Qr. 1969	3rd Qr. 1970
Credit extended to Private Sector	+38.3	+35.9	+13.4	+ 4.6	—27.9	—17.7
less Change in Time & Savings Deposits (increase —)	— 2.5	+ 3.7	+ 1.3	+ 1.5	— 6.6	—14.6
1. NET PRIVATE SECTOR	+35.8	+39.6	+14.7	+ 6.1	—34.5	—32.3
Credit extended to Public Sector	— 8.6	— 2.7	+ 5.4	+13.4	— 6.5	+ 3.3
less Change in Public Sector Deposits (increase —)	+11.7	+ 3.8	+16.2 *	+ 8.2	—18.0	—14.0
2. NET PUBLIC SECTOR	+ 3.1	+ 1.1	+21.6	+21.6	—24.5	—10.7
3. Change in Net Foreign Assets	—36.8	—58.1	—28.8 **	—16.8	+48.7	+49.2
4. Other & Statistical discrepancies	—11.4	— 1.7	— 7.6	+ 7.4	+24.3	+ 7.8
5. Actual Change in Money Supply	— 9.3	—19.1	— 0.1	+18.3	+14.0	+14.0

MONETARY POLICY

The reinforcement of the expansionary monetary policy by a reduction in the Bank Rate, on the 1st July 1970, referred to above, can now be discussed in some details. One of the objectives of this reduction was the modification of the interest rates structure so as to make it a more faithful reflection of the domestic economic realities. Historically, the Bank Rate in Mauritius could be said to have been somewhat unrealistic in the sense that it did not appear to reflect the realities of the domestic economic situation. In large part, this might have been due to the linkage of the Bank Rate in Mauritius with that in the U.K.† The need for such linkage arose from the fact that Mauritius has been a net borrower from London, particularly during the busy season. The linking of the two Bank Rates therefore enabled the commercial banks in Mauritius to replenish their resources by borrowing from London and, in turn, lend these funds profitably in Mauritius.

* Excludes S.D.R's. counter-part deposits with Bank of Mauritius.

** Excludes S.D.R's. of Rs 14.7 million.

† For a more detailed discussion of this point, reference is invited to the Bank's Annual Report for 1970, Pages 18 to 20.

Fortunately, as a result of the sizeable balance of payments surplus witnessed in 1969, the country's foreign exchange reserves had shown a substantial rise. It was therefore thought that the Bank of Mauritius was certainly in a position this year, to replenish the resources of the commercial banks with a view to meeting the credit needs of the busy season. Further, the mechanism through which such replenishment could be undertaken was already in operation in the form of the scheme of rediscounting of commercial bills drawn to finance exports. Moreover, the commercial banks' own resources were also sizeably larger in 1969, as compared with the previous year. These favourable factors suggested that this was the appropriate opportunity to bring about a delinking of the Bank Rate in Mauritius from that in the U.K. It is against this background, that the reduction in the Bank Rate from 7 per cent to 6 per cent, on the 1st July 1970, has to be viewed. As a result, the prime lending rate of commercial banks which was $7\frac{3}{4}$ per cent in June 1970 came down to $7\frac{1}{2}$ per cent in July 1970. The fine commercial rate came down to $7\frac{3}{4}$ per cent from the level of $8\frac{1}{4}$ per cent. Similar adjustments in other rates have also taken place, for details of which reference is invited to Table 7 appended. The Bank hopes that the benefits of such reductions in the cost of credit will percolate to all sectors of the economy.

CONCESSIONARY EXPORT FINANCE

Consequent on the reduction of the Bank Rate, the concessionary finance scheme underwent further modifications. With effect from 1st July 1970, the generality of refinance came to be extended at the Bank Rate rather than at $\frac{1}{2}$ per cent below the Bank Rate, as was originally provided for. However, an innovation introduced with a view to encouraging the diversification of the country's exports, was that in respect of exports other than sugar, export refinance would be made available at $\frac{1}{2}$ per cent below the Bank Rate. It should be emphasized that even after this modification of the scheme, the sugar industry was able to obtain refinance facilities at 6 per cent, compared with the $6\frac{1}{2}$ per cent, which was the rate charged before 1st July 1970.

SEASONAL BORROWINGS FROM ABROAD

Experience of the busy season during 1970 seems to have vindicated the assumptions on which the approach to reduction in the Bank Rate was based. For instance, one of the assumptions was that the banking system was in a position to meet the seasonal peak demand of credit during 1970. This has been substantiated by the figures of the commercial banks' net external assets position during the 3rd quarter of 1970. As can be seen from figures presented in the Table below, during all the three months of the third quarter of 1970, the banks had net *positive* assets abroad, on an average, of Rs 19.5 million. This is in sharp contrast to a position of net *indebtedness* witnessed during the third quarters of both 1969 and 1968.

Viewed from this broader perspective, therefore, the year 1969-70 could be regarded as an important land-mark in the efforts to bring down the domestic interest rates to more realistic levels. Moreover, this measure has gone a long way in promoting increasing self-reliance on the part of the banking system in Mauritius. These are the more lasting benefits to the economy, in addition to the savings of some foreign exchange implicit in doing away with the heavy borrowings from abroad, to which the banking system was traditionally accustomed.

Table III — Commercial Banks : External Assets/Liabilities

(Rs million)

	<i>Assets</i>	<i>Liabilities</i>	<i>Net Position</i>
1968 July	11.7	41.4	— 29.7
August	8.9	36.9	— 28.0
September	14.2	28.8	— 14.6
1969 July	5.4	50.1	— 44.7
August	4.5	48.1	— 43.6
September	31.5	34.5	— 3.0
1970 July	20.0	8.3	+ 11.7
August	24.9	8.4	+ 16.5
September	43.9	13.6	+ 30.3

CAPITAL AND MONEY MARKET

In October 1970, the Bank of Mauritius offered, on behalf of Government, two issues of Development Loan Stocks, namely a $7\frac{1}{2}$ per cent Stock, 1985, for a total amount of Rs 5 million and a $6\frac{1}{2}$ per cent Stock, 1975, for a total amount of Rs 15 million. The issues which were well received, were virtually taken up by the private sector.

It may be recalled that since April 1969, Treasury Bills are being issued regularly, at monthly intervals, for an amount of Rs 3 million. In view of the fact that the financial system was relatively more liquid, the total amount of issue was raised to Rs 5 million in June 1970. The total amount outstanding at the end of the second quarter was therefore Rs 11 million. Similarly in July and August also Rs 5 million of Bills were issued but in September the issue was reduced to Rs 3 million. The total amount outstanding at the end of the third quarter was Rs 13 million. The average rate of discount during the second and third quarters ranged from 5.749 per cent to 6.025 per cent.

Reference may also be made here to another important feature of the capital market. The recent issues of shares by private sector companies were over-subscribed, reflecting the general buoyancy of the market. This is indeed an encouraging trend.

III. THE PRICE SITUATION

The Consumer Price Index (Whole Island) which stood at 121.4 in March 1970, declined to 118.0 at the end of June, recording a seasonal decline by 2.8 per cent. During the corresponding quarters of 1968 and 1969, the decline was of the order of 1 per cent. The relatively larger decline in 1970 was mainly accounted for by lower prices of rice imported by Government.

During the third quarter, the index rose slightly to reach 118.7 in September. When compared with the level a year ago, the index in September 1970 was higher by 2.2 per cent.

IV. GOVERNMENT FINANCE

BUDGET PERFORMANCE: 1969-70

The recurrent budget for the year 1969-70 closed with a surplus of Rs 0.7 million, the actual revenue amounting to Rs 228.0 million and expenditure to Rs 227.3 million. The decline in revenue receipts, from the level of original estimates, was the result of lower yields from direct taxes and public services. Expenditure also was lower than originally estimated, the heads public debt, commerce and industry, agriculture and health, showing relatively lower expenditure. The relevant figures are given in the Table below.

Table IV — Government Budget : 1969-70

	(Rs. million)		
	<i>1969-70 Original Estimates</i>	<i>1969-70 Revised Estimates</i>	<i>1969-70 Actual</i>
Recurrent Revenue	242.0	232.1	228.0
Recurrent Expenditure	241.7	231.7	227.3
Balance	+ 0.3	+ 0.4	+ 0.7
Capital Revenue	90.2	77.6	66.0
Capital Expenditure	79.9	73.2	57.2
Balance	+ 10.3	+ 4.4	+ 8.8

As for the capital budget, total revenue amounted to Rs 66.0 million while expenditure was of the order of Rs 57.2 million; these levels were lower than the original estimates of Rs 90.2 million and Rs 79.9 million respectively.

BUDGET ESTIMATES: 1970-71

According to the Budget estimates for the financial year 1970-71, recurrent expenditure is expected to be of the order of Rs 252.6 million and recurrent revenue of Rs 252.9 million. Even after appropriating Rs 4 million for the capital budget, the recurrent budget shows a marginal surplus of Rs 0.3 million. Capital expenditure is to be stepped up sizeably to Rs 90.0 million or by nearly 23 per cent from the 1969-70 level. The impact of this larger expenditure is bound to reflect itself on the tempo of economic activity.

PERFORMANCE DURING JULY - SEPTEMBER

Figures available for the quarter July-September 1970 indicate that recurrent revenue aggregated Rs 54.2 million, as compared with Rs 48.4 million for the corresponding period of the previous year. The rise in revenue is due to higher receipts from indirect taxes and interests

and royalties. Recurrent expenditure amounted to Rs 52.9 million as compared with Rs 46.9 million during July - September last year. In regard to the capital budget, receipts were of the order of Rs 6.3 million and expenditure Rs 11 million, thus resulting in a deficit of Rs 3.7 million. The receipts consisted mainly of Rs 2.6 million loans from the U.K. and Rs 3.4 million local loans.

V. EXTERNAL TRADE AND BALANCE OF PAYMENTS

BALANCE OF PAYMENTS: 1969

In the previous Review, the estimate of the balance of payments surplus for the year 1969 was placed at Rs 55 million. According to the final estimates, details of which are presented in the Appendix Table, the surplus works out to Rs 57.5 million. It should be underlined that, but for the year 1963, this is a record surplus for the decade. This substantial surplus is primarily attributable to the sizeable increase in the exports of sugar. Another interesting feature was that exports of items other than sugar, like tea, also rose significantly which is indeed a welcome development. Further, this increase in export earnings was accompanied by a decrease in imports of about 10 per cent.

Net grants received have again shown the customary surplus. Official grants to Mauritius, mainly from the U.K., amounted to Rs 17 million as compared with Rs 33 million in 1968. Inward private transfers grew marginally over the year, as a result of increased private donations from Mauritians settled abroad.

Long-term official capital received from abroad showed a sharp decline over the previous year. Loans received dropped from Rs 34.4 million in 1968 to Rs 4.7 million in 1969.

Two characteristic features of the recent strengthening of the balance of payments situation need to be highlighted in this context. First, although attempts to diversify the economy would begin to bear fruit after a considerable time lag, visible signs of such a possibility are manifesting themselves already. For instance, tea is beginning to emerge as an export item of some importance. Although its contribution to total export earnings remains small, it demonstrates the feasibility of diversification. Second, "the invisible transaction" have undergone a fundamental transformation; for instance, the deficit on this item which was as large as Rs 46 million in 1967, is expected to be reduced to nil in 1970. This significant transformation has been rendered possible principally because of increasing receipts from tourism and also from earnings from bunkering services. It is hoped that this trend will continue to persist in the coming years.

ESTIMATES FOR 1970

Tentative estimates for the year 1970 have also been provided in the Table below. The output of sugar during 1970 is expected to reach 580,000 tons. This factor coupled with a relatively large carry-over of stocks would enable Mauritius to fulfil her export quota commitments. Hence in 1970, once again, a sizeable balance of payments surplus of Rs 33 million is forecast. It should be underlined that a surplus of this size would emerge despite the anticipated rise in imports of about 10 per cent.

On the whole, the balance of payments outlook appears quite encouraging.

Table V — Summary of the Balance of Payments: 1967-70

(Rs million)

	1967	1968	1969	1970 (Estimates)
Net goods and services	—66	—30	+26	+ 5
Net transfer payments	+ 6	+24	+15	+15
Net long-term capital	+12	+15	+12	+18
Other capital, errors and omissions	—18	+12	+ 4	— 5
Basic Balance of Payments	—66	+21	+57	+33

VI. CONCLUDING COMMENTS

This brief review of the major developments in the economy during the second and third quarters of 1970, appears to indicate that the level of economic activity has gathered the desired momentum. On the whole, the year 1970 is likely to end up with a balance of payments surplus of Rs 33 million. The substantial surpluses realised during these two successive years have provided the resource base from which the economy can look forward to sustained growth in the coming years. The growing strength of the economy is reflected in the country's foreign exchange reserves which reached a level of Rs 255 million in September 1970; compared with the level a year ago, the foreign reserves recorded a rise of 56 per cent. It is necessary to point out that this rise has come about even after the repayment in August 1970, of about Rs 22.2 million drawings from the International Monetary Fund. Indeed such a climate augurs well for the launching upon of a comprehensive development plan.

Banking in a Developing Economy

(Extracts from the Speech by Mr. Aunauth Beejadhur, Governor of the Bank of Mauritius, at the Bankers' Annual Dinner, on the 11th December 1970).

Monetary and financial institutions have a strategic role to play in developing economies like Mauritius. The efficiency of the banking system in such a context is judged not merely by the criterion of conducting efficiently the day-to-day routine operations — although this is undoubtedly of great importance — but *also* by the ability of the banking system to anticipate the problems of a growing economy and to assist their solution. Professional bankers are therefore called upon in such a situation to conduct their business against the background of this broader perspective. My observations tonight are actuated by the desire of providing this broader perspective to the business of banking in Mauritius.

As you are well aware, the performance of the economy in 1969, as well as the prospects for growth in the more immediate future, are quite encouraging. In fact, 1969 has been a very impressive year. There is the basic fact of attainment of a 5 per cent growth, superimposed upon which is the generation of a substantial balance of payments surplus of Rs 57 million. The outlook for 1970 is quite bright with an anticipated balance of payments surplus of Rs 33 million. These two successive surplus years have provided the resource base from which the economy can look forward to sustained growth in the coming years. In fact, the growing strength of the economy is reflected in the country's foreign reserves which reached a level of Rs 255 million in September this year, recording a rise of more than 50 per cent over the level a year ago. Indeed such a climate augurs well for the launching upon of a comprehensive development plan.

Turning to the monetary sphere, the financial year 1969-70 may be regarded as an important landmark in the financial history of the island. The highlight of this year was the de-linking of the Bank Rate in Mauritius with that in the U.K., with the main objective of modifying of the interest rate structure, so as to make it a more faithful reflection of the domestic economic realities. I do not want to go into the fuller analytical implications of such de-linking because these have been spelt out in the Annual Report of the Bank of Mauritius. I shall be content by merely referring to two implications. Firstly, the cost of credit has been reduced significantly ; for instance, the prime lending rate of commercial banks which was as high as 8½ per cent in September 1969 came down to 7½ per cent in July 1970. I hope that the benefits of such reductions in the cost of credit are percolating to all sectors of the economy. Secondly, it has also been possible to do away with heavy seasonal borrowings from abroad, to which the banking system in Mauritius was traditionally accustomed. This has meant that, besides the saving in foreign exchange, the banking system in Mauritius will in future be increasingly self-reliant.

The progress made by the banks in respect of mobilisation of savings is also quite significant. Total deposits recorded an increase of more than 20 per cent in 1969. This up-trend seems to have continued through 1970; for instance, total deposits in October 1970 at Rs 266 million were higher by 18 per cent as compared to the level a year ago. This overall trend holds good in respect of savings and time deposits also. It is an achievement of which the banks could be justifiably proud.

These achievements, however, need not lull us into a sense of complacency. It has been rightly said that development involves finance as well as goods. That is why developing

countries lay considerable stress on the expansion of the banking system. Although Mauritius appears to be adequately served by the banking system, the geographical distribution of branches seems rather uneven, with heavy concentration in certain areas and a rather thin spread in certain other areas. In planning the future expansion of branches, I would like the banks to pay particular attention to the unbanked areas. It seems to me that there is some scope for widening the banking system in this island. Similarly, I believe that we have yet to exploit fully the country's savings potential. Intensive efforts towards what can be called as the deepening of the banking system might yield good results. My own feeling is that we have to make more vigorous efforts to bring into the fold of the banking system persons who even today stand largely precluded from the banking system. Such efforts in particular may have to be directed to reach the small man — the petty trader, the wage-earner, the small farmer and the like. Obviously, this will involve conducting a savings campaign and carrying out educational propaganda on an extensive scale.

In this context, I am happy to be able say that the proposal to establish a Savings Promotion Department in the Bank of Mauritius, broadly on the lines of the Japanese model, has taken a more concrete shape. You will recall that at the Annual Dinner meeting last year, I had mentioned about my visit to the Bank of Japan, during which this project was conceived. The Bank of Japan's expert on savings will, I hope, be visiting Mauritius next year with a view to discussing with us the techniques of spreading the habit of saving among the people. In fact, we have already received the samples of savings boxes, films and other publicity material. Even before the arrival of the expert, I would like to discuss this subject with all of you so that you will be able to take full advantage of the expert's visit to Mauritius.

While on the subject of savings, may I digress a little to underline the remarkable degree of price stability which Mauritius has been able to attain? In fact, since 1962, consumer prices have shown an average rise of about 2 per cent per annum, with the sole exception of 1968. In a world in which inflationary forces are becoming universal, such an achievement is commendable indeed. My point in referring to the price situation is that inflationary forces act as a disincentive to savings. Such price stability thus provides the appropriate climate in which savings could be effectively promoted.

Lastly, I would like to say a word about the lending policies of banks. At present, a very large proportion of commercial bank credit seems to have been channelled to the bigger-size businesses. It is desirable that banks take increasing interest in the credit problems of the new and struggling entrepreneur, the small and medium businessman and the small farmer. If the banks were to take greater interest in the businesses of the self-employed sector, they will have made their own modest contribution towards the solution of the unemployment problem which has assumed such serious proportions. In order to do this, banking techniques and practices may have to be adopted to take account of the requirements of these sectors. For instance, the conventional criteria of lending may have to be modified somewhat. Lending on the basis of character and integrity of the borrower, his earning power and repaying capacity rather than mere security — these may serve as more appropriate guidelines in this context. I know that professional bankers in this country are very resourceful men and hence I thought that if I should provoke them to think along these lines, they are bound to seek their way towards tackling this problem.

As I said at the beginning, I have utilised this occasion for loud thinking on certain problems. If I have suggested certain things which might be considered as rather unconventional, it is only because I want the banks to play a more dynamic and fruitful role in the economic development of this island.

QUARTERLY REVIEW

April - September 1970

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Notes

The following conventional signs are used :

— Nil

Negligible

N.A. Not Available

Table 1. Selected Economic Indicators

	Unit/ Base	Dec. 68	March 69	June 69	Sept. 69	Dec. 69	March 70	June 70	Sept. 70
<i>I. Bank of Mauritius</i>									
(1) Notes and coin in circulation	Rs million	97.1	89.2	85.9	92.6	106.6	97.4	94.4	101.8
(2) External assets	... Rs million	92.6	89.5	116.0	155.5	183.6	218.1	197.3	199.7
(3) Government securities	... Rs million	24.0	28.8	24.0	20.5	14.9	7.4	8.8	1.4
(4) Discounts and advances	... Rs million	15.9	22.9	15.2	12.8	19.7	2.8	10.8	6.3
of which Government borrowing...	Rs million	15.0	21.6	12.8	9.7	9.6	—	2.4	5.7
<i>II. Commercial Banks</i>									
(1) Aggregate deposits	... Rs million	210.9	215.5	196.9	210.9	249.1	231.6	236.5	255.2
(2) Bank credit	... Rs million	187.0	178.9	212.3	186.0	193.2	181.4	171.0	157.3
(3) Cheque clearances	... Rs million	129.6	85.9	79.6	98.1	104.1	92.3	104.0	116.1
<i>III. Interest Rates</i>									
(1) Bank rate	... %/annum	7 1/2	7 1/2	8	8	7 1/2	7	7	6
(2) Prime rate (min)	... %/annum	8	8	8 1/2	8 1/2	8	8	7 3/4	7 1/2
(3) Savings accounts (banks)	... %/annum	4	4	4	4	4	4	4	4
<i>IV. Money Supply</i>	... Rs million	191.6	189.4	170.3	184.3	218.5	192.0	191.9	205.9
<i>V. Consumer Price Index (Whole Island)</i>	... Jan-June ... 1962=100	114.2	117.3	115.9	116.1	118.4	121.4	118.0	118.7
<i>VI. Foreign Trade</i>									
(1) Imports, c.i.f.	... Rs million	110.9	93.5	88.9	91.4	102.1	87.6	104.4*	N.A.
(2) Exports, f.o.b.	... Rs million	166.1	58.1	20.2	150.2	136.7	83.1	18.0*	N.A.
<i>VII. Employment Data</i>									
(1) Registered unemployed	... Number	10,698	14,846	15,351	13,274	14,794	18,519	21,838	19,754
(2) Relief workers	... Number	15,658	15,389	15,210	13,674	14,450	14,427	15,807	16,094

Note : All the data are as at the end of the month indicated, except for the following :

- II. (3) Cheque clearances : for the month
- III. Interest Rates : Last week of the month
- V. Consumer Price Index : for the month
- VI. Foreign Trade : for the quarter ended

* Provisional

Table 2. Bank of Mauritius — Assets and Liabilities

A. Assets

(Rs 000)

End of Month	External Assets						Mauritius Government Securities	Discounts and Advances	Other Assets	Total Assets
	Balances with Banks	Treasury Bills	Eligible Securities	Ineligible Securities§	Special Drawing Rights in IMF	Total				
1967 August ...	20,490+	—	36,843	10,100	—	67,433	34,043	5,113	13,155	119,744
September ...	5,384	12,293	36,849	10,159	—	64,685	34,014	9,213	3,229	111,141
December ...	4,928	25,770	36,487	6,544	—	73,729	34,010	6,900	2,019	116,658
1968 March ...	6,695	14,689	32,277	6,618	—	60,279	32,826	13,550	2,155	108,810
June ...	11,846	20,904	32,145	5,502	—	70,397	36,267	—	1,391	108,055
September ...	5,530	10,764	32,644	5,462	—	54,404*	28,332	22,275	1,435	106,446
December ...	20,593	30,380	32,505	5,471	—	89,037*	24,024	15,883	1,733	130,677
1969 March ...	6,839	15,191	58,398	5,489	—	85,941*	28,769	22,880	1,817	139,407
June ...	5,826	20,087	80,973	5,439	—	112,359*	23,981	15,208	3,264	154,812
September ...	14,825	28,945	102,519	5,547	—	151,860*	20,526	12,773	5,499	190,658
December ...	18,105	44,272	111,929	5,647	—	179,973*	14,892	19,702	4,414	218,981
1970 January ...	12,261	33,573	129,210	5,722	14,933	195,716*	12,296	6,769	5,908	220,689
February ...	23,309	31,716	135,887	5,738	14,831	211,498*	7,075	2,971	9,768	231,312
March ...	17,758	38,118	133,822	5,784	14,831	210,325*	7,420	2,841	10,023	230,609
April ...	8,574	44,775	144,999	5,807	14,831	218,996*	9,927	2,033	10,540	241,496
May ...	8,433	26,653	145,956	5,816	14,724	201,592*	7,531	7,413	10,341	226,877
June ...	20,074	16,127	135,089	4,440	14,724	190,461*	8,809	10,787	11,589	221,646
July ...	32,356	20,084	115,007	3,495	14,724	185,673*	8,394	22,256	10,140	226,463
August ...	54,951	18,975	80,163	3,500	14,622	172,218*	11,078	18,401	10,014	211,711
September ...	82,637	16,302	78,389	3,365	14,622	195,322*	1,432	6,294	7,594	210,642

+ Balance with Crown Agents

§ Vide Bank of Mauritius Ordinance Sec. 41.

* Includes foreign notes and coin

Table 2. Bank of Mauritius — Assets and Liabilities

B. Liabilities

(Rs 000)

End of Month			Capital & Reserve	Currency in Circulation			Demand Deposits			Other Deposits†	Total Deposits	Other Liabilities	Total Liabilities
				Notes	Coin	Total	Government	Bankers	Other				
1967	August	...	5,000	87,399	5,850	93,249	—	831	—	—	831	20,664	119,744
	September	...	5,000	84,294	6,169	90,463	—	4,323	—	—	4,323	11,355	111,141
	December	...	5,000	94,118	6,156	100,274	—	506	—	—	506	10,878	116,658
1968	March	...	5,000	85,029	5,651	90,680	1,422	1,817	—	—	3,239	9,891	108,810
	June	...	6,000	81,023	5,779	86,802	2,023	2,948	28	—	4,999	10,254	108,055
	September	...	6,000	85,341	5,799	91,140	649	5,663	129	—	6,441	2,865	106,446
	December	...	6,000	91,095	6,005	97,100	1,443	1,574	141	21,000	24,158	3,419	130,677
1969	March	...	6,000	83,641	5,604	89,245	656	7,729	1,072	30,209	39,666	4,496	139,407
	June	...	7,250	80,540	5,410	85,950	563	6,645	1,027	26,367	34,602	27,010*	154,812
	September	...	7,250	86,786	5,836	92,622	1,620	16,642	1,572	44,850	64,684	26,102*	190,658
	December	...	7,250	100,493	6,155	106,648	2,955	3,487	3,128	67,067	76,637	28,446*	218,981
1970	January	...	7,250	91,397	5,811	97,208	5,800	6,123	2,265	71,977	86,165	30,066*	220,689
	February	...	7,250	92,533	5,935	98,468	3,672	5,714	2,189	82,599	94,174	31,420*	231,312
	March	...	7,250	91,469	5,958	97,427	2,942	5,608	2,046	82,144	92,740	33,192*	230,609
	April	...	7,250	90,863	5,803	96,666	3,375	6,175	4,242	88,825	102,617	34,963*	241,496
	May	...	7,250	88,763	5,824	94,587	2,670	6,014	2,262	64,131	75,077	49,963*	226,877
	June	...	9,500	88,575	5,828	94,403	1,901	4,510	1,980	64,479	72,870	44,873*	221,646
	July	...	9,500	90,339	5,919	96,258	2,375	5,524	4,080	64,143	76,122	44,583*	226,463
	August	...	9,500	92,309	6,078	98,387	3,386	5,622	3,137	68,630	80,775	23,049	211,711
	September	...	9,500	95,626	6,176	101,802	2,646	5,146	2,326	75,933	86,051	13,289	210,642

+ Mainly due to semi-government bodies.

* Include Rs 22.2 million liability to the International Monetary Fund arising from a drawing of \$4.0 million, in Pound Sterling, on April 17, 1969.

Table 3. Commercial Banks' Assets and Liabilities

A. Assets

(Rs million)

End of Month	Cash in hand	Balances due from		Bills Discounted		Bills Receivable	Loans and Advances		Investments					Documentary Credits	Guarantees	Other	Total
		Other Banks in Mauritius	Banks Abroad	Local	Foreign		Private Sector	Public Sector	Treasury Bills	Govt. Securities	Foreign Securities	Other	Total				
1966																	
December	5.3	4.6	56.7	4.2	..	9.9	145.3	7.2	—	4.2	2.0	3.3	9.5	21.8	12.7	14.5	291.7
1967																	
March	11.0	3.0	41.0	4.4	..	7.8	152.2	7.3	—	4.2	2.0	3.9	10.1	25.3	13.3	13.3	288.7
June	9.2	2.9	10.5	5.0	0.1	10.2	181.3	7.8	—	3.8	2.0	3.7	9.5	28.5	13.0	14.5	292.5
September	9.6	6.0	23.9	5.3	0.1	10.6	165.9	8.7	—	3.7	2.0	3.7	9.4	28.0	13.8	13.8	295.1
December	7.0	2.9	52.3	4.5	..	10.7	167.5	8.9	—	3.5	2.0	4.7	10.2	27.6	13.6	18.1	323.3
1968																	
March	8.0	8.1	49.0	5.1	.	10.2	159.6	8.6	—	3.6	1.9	3.7	9.2	25.6	14.0	14.7	312.1
June	9.5	3.3	16.7	5.4	0.1	10.3	198.8	9.4	—	4.4	1.9	3.8	10.1	23.3	13.3	14.8	315.0
September	8.3	5.3	12.0	5.5	..	7.3	208.3	9.0	—	4.4	1.9	3.8	10.1	25.3	14.2	15.3	320.6
December	7.9	1.8	38.7	4.5	0.1	5.6	177.6	9.4	—	8.5	1.9	7.4	17.8	26.4	15.2	15.2	320.2
1969																	
March	6.5	0.1	32.6	4.6	0.2	6.1	170.8	8.1	—	6.6	1.9	7.3	15.8	27.0	12.5	31.0	315.3
June	6.8	0.5	8.5	4.9	0.1	8.4	204.1	8.2	5.4	12.1	2.0	6.3	25.8	23.1	11.3	27.5	329.2
September	8.4	1.0	29.2	5.0	..	6.0	178.2	7.8	4.2	13.7	2.0	6.8	26.7	26.1	12.1	36.7	337.2
December	9.5	0.5	45.2	4.3	0.1	7.2	184.8	8.4	3.1	18.0	2.0	8.8	31.9	28.4	14.0	24.2	358.5
1970																	
January	6.7	0.7	48.3	5.6	0.3	8.1	170.0	8.4	4.4	16.0	2.0	8.3	30.7	26.5	14.4	29.3	349.0
February	6.5	0.6	47.4	6.7	0.2	8.0	161.4	9.8	2.0	16.9	2.0	8.3	29.2	30.2	14.7	25.8	340.5
March	7.5	0.7	30.6	7.8	1.0	11.2	171.5	9.9	1.0	16.0	2.0	8.3	27.3	32.4	14.4	24.7	339.0
April	7.4	1.3	42.5	21.6	1.9	11.8	144.0	10.1	0.9	15.3	2.0	8.3	26.5	36.7	15.3	29.6	348.7
May	6.9	0.5	36.9	24.2	2.1	13.9	153.3	10.7	2.0	15.3	2.0	8.3	27.6	37.4	14.7	29.7	357.9
June	8.1	0.7	24.7	31.7	2.7	11.9	160.4	10.6	2.6	15.3	2.0	8.3	28.2	25.9	15.4	29.2	349.5
July	6.7	1.7	17.5	33.2	2.2	12.3	166.9	9.5	1.8	15.0	2.0	8.3	27.1	37.0	15.3	29.3	358.7
August	7.5	0.1	22.1	33.3	1.3	11.5	164.5	9.5	2.3	15.0	2.0	8.3	27.6	36.6	15.6	35.6	365.2
September	8.6	0.7	41.3	27.8	1.1	11.0	147.5	9.8	7.0	20.0	2.0	8.3	37.3	34.4	15.1	43.1	377.7

Table 3. Commercial Banks' Assets and Liabilities

B. Liabilities

(Rs million)

End of Month	Capital & Reserve	Private Sector Deposits				Govern- ment Deposits	Balances Due to		Bills Payable	Docu- mentary Credits	Guaran- tees	Other	Total	
		Demand	Time	Savings	Total		Banks in Mauritius	Banks Abroad						
1966														
December	...	15.2	126.9	25.3	32.2	184.4	24.4	4.0	3.5	0.7	21.8	12.7	25.0	291.7
1967														
March	...	15.5	98.9	40.3	35.1	174.3	20.1	2.6	16.1	0.4	25.4	13.3	21.0	288.7
June	...	15.6	82.6	21.0	37.5	141.1	26.0	3.5	40.2	0.3	28.5	13.0	24.3	292.5
September	...	15.6	90.9	24.5	42.8	158.2	19.0	3.2	32.8	0.5	28.0	13.8	24.0	295.1
December	...	15.7	130.2	26.4	44.8	201.4	17.2	5.4	16.3	0.2	27.6	13.6	25.9	323.3
1968														
March	...	15.9	90.4	46.1	47.2	183.7	28.7	3.4	14.8	0.8	25.6	14.0	25.2	312.1
June	...	16.0	86.6	49.7	46.3	182.6	16.4	2.7	32.7	0.2	23.3	13.3	27.8	315.0
September	...	16.0	99.3	48.9	47.0	195.2	9.6	1.6	28.6	0.6	25.3	14.2	29.5	320.6
December	...	16.1	102.1	55.3	46.7	204.1	6.8	1.9	19.2	0.3	26.4	15.2	30.2	320.2
1969														
March	...	16.5	105.3	53.2	48.6	207.1	8.4	0.2	7.4	0.6	27.0	12.5	35.6	315.3
June	...	16.6	90.1	50.5	47.8	188.4	8.5	—	45.8	0.6	23.1	11.3	34.9	329.2
September	...	16.6	98.7	56.1	49.0	203.8	7.1	1.3	34.5	0.7	26.1	12.1	35.0	337.2
December	...	16.7	118.8	75.3	51.2	245.3	3.8	0.8	6.0	0.8	28.4	14.0	42.7	358.5
1970														
January	...	16.7	108.4	76.0	52.4	236.8	3.0	1.6	11.7	0.8	26.5	14.4	37.5	349.0
February	...	17.1	99.4	75.9	53.4	228.7	3.3	1.0	10.9	0.9	30.2	14.7	33.7	340.5
March	...	17.0	100.5	72.7	54.9	228.1	3.5	0.9	8.1	1.0	32.4	14.4	33.6	339.0
April	...	17.1	104.1	72.5	55.1	231.7	3.6	0.4	7.9	1.1	36.7	15.3	34.9	348.7
May	...	17.1	104.3	71.7	55.7	231.7	4.1	3.3	9.9	0.5	37.4	14.7	39.2	357.9
June	...	17.1	104.1	69.5	56.4	230.0	6.4	2.3	10.8	0.5	25.9	15.4	41.1	349.5
July	...	17.1	96.8	71.6	57.8	226.2	5.5	3.0	8.3	0.5	37.0	15.3	45.8	358.7
August	...	17.7	103.0	74.7	58.9	236.6	4.3	3.6	8.4	1.2	36.6	15.6	41.2	365.2
September	...	17.7	110.4	79.8	60.5	250.7	4.5	—	13.6	1.3	34.4	15.1	40.4	377.7

Table 4. Monetary Survey

(Rs million)

<i>End of Period</i>		<i>Net foreign assets of banking system</i>	<i>Net claims on public sector</i>	<i>Lending to private sector</i>	<i>Total</i>	<i>Currency in circulation</i>	<i>Demand deposits</i>	<i>Time deposits</i>	<i>Savings deposits</i>	<i>Other items net</i>
1966	...	167.1	10.5	163.2	340.8	93.0	126.9	25.0	66.3	29.6
1967	...	133.2	36.2	184.8	354.2	93.3	130.2	26.4	74.1	30.2
1968	...	133.2	27.8	190.6	351.6	89.1	102.2	55.3	73.6	31.4
1969	...	203.2	— 0.4	200.6	403.4	97.1	121.9	75.3	77.9	31.2
1968—March	...	117.5	28.5	179.5	325.5	82.7	90.4	46.1	76.4	29.9
June	...	80.7	31.6	217.8	330.1	77.2	86.6	49.7	75.3	41.3
September	...	63.9	53.2	222.4	339.5	82.8	99.4	48.9	74.6	33.8
December	...	133.2	27.8	190.6	351.6	89.1	102.2	55.3	73.6	31.4
1969—March	...	136.1	25.8	185.4	347.3	82.7	106.4	53.4	75.3	29.5
June	...	78.0	26.9	221.3	326.2	79.1	91.1	50.5	74.5	31.0
September	...	126.7	22.1	193.4	342.2	84.2	100.1	56.1	75.5	26.3
December	...	203.2	— 0.7	200.6	403.1	97.1	121.9	75.3	77.9	30.9
1970—January	...	216.3	—19.4	188.6	385.5	90.5	109.2	76.0	79.3	30.5
February	...	235.7	—33.4	180.6	382.9	91.9	101.5	75.9	80.3	33.3
March	...	220.6	—33.8	194.9	381.7	89.9	102.4	72.7	81.7	35.0
April	...	241.5	—35.3	181.6	387.8	89.3	108.1	72.5	81.7	36.2
May	...	215.7	—12.0	195.7	399.4	87.6	106.3	71.7	82.0	51.8
June	...	191.7	—12.0	208.3	388.0	86.3	105.6	69.5	83.6	43.0
July	...	182.1	— 9.1	216.6	389.6	89.6	99.1	71.6	84.9	44.4
August	...	195.7	— 0.8	213.5	408.4	90.9	106.1	74.7	86.1	50.6
September	...	230.0	— 7.6	190.6	413.0	93.2	112.7	79.8	87.9	39.4

Table 5. Money Supply

(Rs million)

Quarter/Month				Notes and Coin in Circulation*	Demand Deposits with Commercial Banks	Other Deposits**	Total Money Supply
1966	March	...	...	82.6	74.6	—	157.2
	June	...	...	78.9	60.6	—	139.5
	September	...	...	85.9	74.8	—	160.7
	December	...	...	93.0	126.9	—	219.9
1967	March	...	...	85.2	98.9	—	184.1
	June	...	...	83.2	82.6	—	165.8
	September	...	...	80.9	90.9	..	171.8
	December	...	...	93.3	130.2	..	223.5
1968	March	...	...	82.7	90.4	..	173.1
	June	...	...	77.2	86.6	..	163.8
	September	...	...	82.8	99.3	0.1	182.2
	December	...	...	89.1	102.1	0.1	191.3
1969	March	...	...	82.7	105.3	1.1	189.1
	June	...	...	79.1	90.1	1.0	170.2
	September	...	...	84.2	98.7	1.4	184.3
	December	...	...	97.1	118.8	3.1	219.0
1970	January	...	...	90.5	108.4	0.8	199.7
	February	...	...	91.9	99.4	2.1	193.4
	March	...	...	89.9	100.5	1.9	192.3
	April	...	...	89.3	104.1	4.0	197.4
	May	...	...	87.6	104.3	2.0	193.9
	June	...	...	86.3	104.1	1.5	191.9
	July	...	...	89.6	96.8	2.3	188.7
	August	...	...	90.9	103.0	3.1	197.0
	September	...	...	93.2	110.4	2.3	205.9

* Net of cash held by the commercial banks.

** Miscellaneous current accounts with Bank of Mauritius.

Table 6. Currency in Circulation

(Rs 000)

End of month	Bank of Mauritius Notes					Currency Board Notes	Coin								Total Notes & Coin
	Rs 5	Rs 10	Rs 25	Rs 50	Total		Re 1	50c.	25c.	10c.	5c.	2c.	1c.	Total	
1967 August	—	—	—	—	—	87,399	3,179	648	936	245	327	186	125	5,646	93,249*
September	22,885	24,610	5,575	5,000	58,070	26,224	3,359	713	996	253	331	187	126	5,965	90,463*
December	32,750	41,159	8,925	6,951	89,785	4,333	3,326	707	1,006	264	333	189	127	5,952	100,274*
1968 March	28,114	37,869	9,050	7,401	82,434	2,595	3,114	663	961	261	335	190	127	5,651	90,680
June	25,850	36,214	9,329	7,700	79,093	1,930	3,221	686	960	260	333	191	128	5,779	86,802
September	25,837	40,018	10,012	8,102	83,968	1,374	3,247	668	965	261	338	192	129	5,799	91,140
December	27,209	42,613	10,687	9,633	90,142	953	3,417	669	984	269	342	193	130	6,007	97,100
1969 March	24,065	38,659	10,210	9,855	82,789	852	3,098	636	949	258	338	194	131	5,605	89,245
June	22,811	36,614	10,051	10,253	79,729	811	2,925	626	941	255	336	194	133	5,410	85,950
September	24,146	40,204	10,503	11,160	86,013	773	3,231	653	1,005	270	348	195	134	5,836	92,622
December	28,192	46,583	11,972	13,005	99,752	741	3,418	693	1,064	286	359	199	136	6,155	106,648
1970 January	24,711	41,566	11,413	12,975	90,665	732	3,129	673	1,028	285	361	199	136	5,811	97,208
February	24,715	42,252	11,472	13,367	91,805	727	3,239	684	1,029	285	362	200	137	5,935	98,468
March	24,026	41,863	11,355	13,503	90,748	721	3,245	695	1,031	287	363	200	137	5,958	97,427
April	23,559	41,287	11,097	14,205	90,148	715	3,128	669	1,014	288	364	202	138	5,803	96,666
May	23,019	40,136	10,956	13,941	88,052	711	3,134	678	1,018	288	364	203	139	5,824	94,587
June	23,123	39,814	10,897	14,036	87,870	705	3,128	673	1,030	289	365	204	139	5,828	94,403
July	23,498	40,671	10,929	14,541	89,639	700	3,207	678	1,034	291	366	204	139	5,919	96,258
August	23,513	41,847	11,268	14,994	91,622	687	3,317	699	1,050	297	367	206	142	6,078	98,387
September	23,914	44,240	11,395	15,398	94,947	679	3,384	711	1,055	304	373	207	142	6,176	101,802

* Includes demonetised coins : Rs 204,000

Table 7. Principal Interest Rates in Mauritius

(per cent per annum)

	March 69 (last week)	June 69 (last week)	Sept. 69 (last week)	Dec. 69 (last week)	March 70 (last week)	June 70 (last week)	September 70 (15.7.70)
I — LENDING							
1. Bank rate	7 1/2	8	8	7 1/2	7	7	6
Effective		(23.4.69)		(23.10.69)	(10.3.70)		(1.7.70)
Export finance—Bank of Mauritius							Sugar: 6
Rediscount facilities				7	6 1/2	6 1/2	Others: 5 1/2
Effective				(27.10.69)	(10.3.70)		(1.7.70)
2. Commercial banks							
(i) Prime rate (min.) †	8	8 1/2	8 1/2	8	8	7 3/4	7 1/2
(ii) Fine commercial rate (min.) ‡	8 1/2	9	9	8 1/2	8 1/2	8 1/4	7 3/4
(iii) Commercial Rate	9	9 1/2	9 1/2	9	9	9	9
(iv) Other accounts	9 1/2	10	10	9 1/2	9 1/2	9 1/2	9 1/2
(v) Export finance—Discount facilities				7 3/4-8 1/4	7 1/8-7 1/4	7 1/8-7 1/4	Sugar 6 5/8-6 3/4 Others 6 3/4-6 1/4
3. Mauritius Co-operative Central Bank (min.)	8	8	8	8	×	×	×
II — DEPOSITS							
1. Post Office Savings Bank	3	4	4	4	4	4	4
2. Commercial banks							
(i) Deposit accounts:							
3 months *	4 1/2	5 1/2	5 1/2	5 1/4	5	5	4 1/2
6 months *	4 3/4	5 3/4	5 3/4	5 1/2	5 1/4	5 1/4	4 3/4
12 months *	5 1/4	6 1/4	6 1/4	6	5 3/4	5 3/4	5 1/4
Over 12 months	7-7 5/8	7-7 5/8	7-7 5/8	6 3/4-7 3/8	6 3/4-7 3/8	6 3/4-7 3/8	5 1/2-6 1/2 §
(ii) Savings accounts	4	4	4	4	4	4	4
3. Development Bank of Mauritius							
12-23 months	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
24-35 months	6	6	6	6	6	6	6
36 months	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
4. Mauritius Co-operative Central Bank							
(i) Deposit accounts:							
3 months	4 1/2	5 1/2	5 1/2	5 1/2	5	5	4 1/2
6 months	4 3/4	5 3/4	5 3/4	5 3/4	5 1/4	5 1/4	4 3/4
12 months	5 1/4	6 1/4	6 1/4	6 1/4	5 3/4	5 3/4	5 1/4
(ii) Savings accounts	4	4	4	4	4	4	4
III — MORTGAGES							
Up to Rs 6,000 (max.)	11	11	11	11	11	11	11
Over Rs 6,000 (max.)	9	9	9	9	9	9	9

† Restricted to Mauritius Sugar Syndicate, Sugar Mill Owners Transport Association and Sugar Mill Owners (Gunny account).

‡ Restricted to primary producers, sugar brokers and industrial concerns which hold a "Development Certificate". Also applicable to government or semi-government accounts.

× As from March 1, 1970, the lending rates for Mauritius Co-operative Central Bank Limited are the same as those for the other banks.

* Between December 1968 and March 1969 deposits in excess of Rs 200,000 carried an extra 1/4% interest.

§ Between 15 and 24 months.

Table 8(a). Purpose-Wise Classification of Loans and Advances and Bills Discounted

(Rs million)

	March 1969		June 1969		September 1969		December 1969		March 1970		June 1970		September 1970	
Sugar industry ...	69.8	(38.0)	92.9	(42.7)	75.3	(39.4)	90.1	(45.6)	79.6	(41.8)	81.5	(39.7)	66.9	(35.9)
Other agricultural interests	1.4	(0.8)	2.7	(1.3)	2.9	(1.5)	3.4	(1.7)	2.8	(1.5)	2.2	(1.1)	3.0	(1.6)
Other industries & manufacturers ...	18.3	(9.9)	19.8	(9.1)	19.2	(10.1)	19.4	(9.8)	17.5	(9.2)	20.3	(9.9)	27.2	(14.6)
Traders ...	59.2	(32.2)	67.4	(31.0)	62.7	(32.8)	53.0	(26.8)	55.4	(29.1)	61.1	(29.8)	50.3	(27.0)
Personal & professional ...	21.7	(11.8)	20.2	(9.3)	17.2	(9.0)	17.7	(9.0)	17.7	(9.3)	17.8	(8.7)	17.7	(9.5)
Stockbrokers	0.4	(0.2)	0.1	(. .)	—	(—)	0.2	(0.1)	0.1	(. .)	0.1	(. .)	..	(. .)
Government	—	(—)	—	(—)	—	(—)	..	(. .)	..	(. .)	—	(—)	—	(—)
Other public bodies	8.2	(4.5)	8.2	(3.8)	7.8	(4.1)	8.3	(4.2)	9.9	(5.2)	10.6	(5.2)	9.8	(5.3)
Financial institutions	0.7	(0.4)	0.8	(0.4)	1.3	(0.7)	0.7	(0.4)	0.9	(0.5)	0.7	(0.3)	1.0	(0.5)
Other customers	3.8	(2.1)	5.2	(2.4)	4.5	(2.4)	4.7	(2.4)	5.4	(2.8)	8.3	(4.0)	9.2	(5.0)
Foreign bills	0.2	(0.1)	0.1	(. .)	0.1	(. .)	0.1	(. .)	1.0	(0.6)	2.7	(1.3)	1.1	(0.6)
TOTAL	183.7	(100.0)	217.4	(100.0)	191.0	(100.0)	197.6	(100.0)	190.3	(100.0)	205.3	(100.0)	186.2	(100.0)

Figures in brackets are percentages to the total.

Table 8(b): Value Range of Loans & Advances and Bills Discounted
September 1970

(Rs. Million)

		<i>No. of Advances</i>	<i>Value of Advances</i>	<i>No. of Bills</i>	<i>Face Value of Bills</i>
Up to Rs. 10,000.—	...	4,557	13.6 (8.6)	1,844	3.3 (11.4)
Over Rs. 10,000.— and up to Rs. 100,000.—	...	1,351	42.0 (26.7)	95	2.8 (9.7)
Over Rs. 100,000.— and up to Rs. 1,000,000.—	...	250	66.5 (42.3)	30	14.9 (51.6)
Over Rs. 1,000,000.—	...	26	35.2 (22.4)	4	7.9 (27.3)
TOTAL	...	6,184	157.3	1,973	28.9

Figures in brackets are percentages to the total.

Table 9(a) : Ownership of Bank Deposits : September 1970

(Rs. '000)

Category of Owner	Demand Deposits		Time Deposits	
	No. of Accs.	Amount	No. of Accs.	Amount
1. Sugar	554 (3.1)	12,534 (11.0)	169 (5.3)	6,247 (7.7)
2. Other Agriculture	31 (0.2)	457 (0.4)	2 (0.1)	379 (0.5)
3. Industry and Manufacturing	141 (0.8)	4,912 (4.3)	7 (0.2)	2,883 (3.6)
4. Public Utilities	68 (0.4)	3,258 (2.9)	9 (0.3)	3,269 (4.1)
5. Business and Trade	1,905 (10.7)	13,691 (12.0)	12 (0.4)	834 (1.0)
6. Financial Institutions	457 (2.6)	19,244 (16.9)	36 (1.1)	10,802 (13.4)
7. Government*	260 (1.5)	11,339 (10.0)	39 (1.2)	26,418 (32.8)
8. Professional and Personal	14,313 (80.7)	48,288 (42.5)	28,298 (91.4)	29,784 (36.9)
Total	17,729	113,723	3,172	80,616

	Savings Deposits	
	No. of Accs.	Amount
1. Personal	62,188 (98.4)	56,513 (93.4)
2. Professional	92 (0.1)	502 (0.8)
3. Other	912 (1.5)	3,478 (5.8)
Total	63,192	60,493

Figures in brackets are percentages to the total.

* Including local authorities and semi-government bodies.

Table 9(h): Value Range of Deposits: September 1970

(Rs. '000)

Value Range	Demand Deposits		Savings Deposits		Time Deposits	
	No. of Accs.	Amount	No. of Accs.	Amount	No. of Accs.	Amount
1. Up to Rs. 25,000.— ...	17,105 (96.5)	40,916 (36.0)	63,031 (99.8)	53,144 (87.8)	2,875 (90.6)	16,543 (20.5)
2. Over Rs. 25,000 and up to Rs. 50,000.— ...	316 (1.8)	10,848 (9.5)	126 (0.2)	4,161 (6.9)	142 (4.5)	5,008 (6.2)
3. Over Rs. 50,000 and up to Rs. 100,000.— ...	169 (0.9)	11,708 (10.3)	26 (. .)	1,756 (2.9)	70 (2.2)	5,032 (6.2)
4. Over Rs. 100,000 and up to Rs. 500,000.— ...	124 (0.7)	26,233 (23.1)	9 (. .)	1,432 (2.4)	67 (2.1)	15,878 (19.7)
5. Over Rs. 500,000 and up to Rs. 1,000,000.— ...	11 (0.1)	7,551 (6.6)	—	—	8 (0.3)	6,100 (7.6)
6. Over Rs. 1,000,000.— ...	4 (. .)	16,467 (14.5)	—	—	10 (0.3)	32,055 (39.8)
TOTAL ...	17,729	113,723	63,192	60,493	3,172	80,616

Figures in brackets are percentages to the total.

Table 19. Bank of Mauritius : Financial Transactions

(Rs million)

				Transactions in Govt. Stocks		Market Transactions in Treasury Bills		Rediscount of Export Bills	Advances to Commercial Banks		
				Sales	Purchases	Sales	Purchases		Total amounts advanced	Total No. of days on which advances were made	Total No. of days on which these advances were outstanding
1969	January	...	...	0.4	2.5				—	—	—
	February	...	...	0.2	6.0				0.6	1	1
	March	...	...	4.0	2.0				0.2	1	1
	April	...	...	5.8	2.0				2.4	1	3
	May	...	...	4.1	1.3				1.1	2	3
	June	...	...	0.7	—	3.2	0.2		0.7	2	5
	July	...	...	0.8	0.7	3.3	5.8		11.4	6	6
	August	...	...	1.7	1.0	4.6	1.4		5.5	7	31
	September	...	...	1.0	5.6	2.6	1.0		0.6	1	1
1970	October	...	...	9.3	4.4	1.0	1.6	—	3.2	2	9
	November	...	...	16.0	1.0	1.8	1.7	—	2.4	1	2
	December	...	...	5.4	11.4	5.1	6.7	—	13.9	10	31
	January	...	...	6.7	3.2	1.7	—	1.0	6.7	9	12
	February	...	...	17.9	2.1	2.0	1.6	—	6.2	12	18
	March	...	...	1.0	0.9	2.6	—	0.8	10.3	7	11
	April	...	...	—	2.1	0.6	—	1.3	0.3	2	3
	May	...	...	1.1	0.3	2.8	—	4.5	—	—	—
	June	...	...	...	...	3.1	1.2	4.2	1.0	3	5
	July	...	...	5.2	...	1.3	—	17.9	2.1	6	10
	August	...	...	...	1.8	0.4	—	5.3	6.6	8	14
	September	...	...	2.8	—	6.1	—	2.2	—	—	—

Table 11. Cheque Clearance

Year/ Month		No. of cheques	Amount (Rs 000)	No. of days	Daily Average	
					No. of cheques	Amount (Rs 000)
1968	December ...	57,557	129,607	24	2,398	5,400
1969	March ...	57,068	85,890	25	2,283	3,436
	June ...	52,891	79,599	25	2,116	3,184
	September ...	60,895	98,149	26	2,342	3,775
	December ...	70,705	104,076	25	2,828	4,163
1970	January ...	59,698	83,117	25	2,388	3,325
	February ...	54,323	90,423	21	2,587	4,306
	March ...	62,824	92,296	24	2,618	3,846
	April ...	62,629	103,013	26	2,409	3,962
	May ...	60,108	95,785	25	2,404	3,831
	June ...	63,798	103,952	25	2,552	4,158
	July ...	72,538	96,112	27	2,687	3,560
	August ...	59,002	87,674	26	2,269	3,372
	September ...	64,313	116,062	26	2,474	4,464

Table 12. Transactions in Treasury Bills

<i>Date of Issue</i>		<i>Amount offered</i>	<i>Amount applied for</i>	<i>Excess applied for, over amount offered</i>	<i>Amount allotted</i>	<i>Lowest price at which tenders were accepted</i>	<i>Amount allotted at lowest price as % of total amount allotted</i>	<i>Average rate of discount on allotment % per annum</i>	
		<i>Rs. mn.</i>	<i>Rs. mn.</i>	<i>Rs. mn.</i>	<i>Rs. mn.</i>	<i>Rs.</i>			
1969	30th April	...	3.0	7.0	4.0	3.0	98.30	16.7	6.52
	30th May	...	3.0	5.1	2.1	3.0	98.26	4.2	6.63
	30th June	...	3.0	4.2	1.2	3.0	98.22	4.2	7.10
	30th July	...	3.0	4.7	1.7	3.0	98.25	49.2	6.69
	29th August	...	3.0	7.7	4.7	3.0	98.25	45.8	6.69
	29th September	...	3.0	7.8	4.8	3.0	98.36	50.0	6.54
	29th October	...	3.0	5.0	2.0	3.0	98.46	32.5	6.176
	28th November	...	3.0	11.3	8.3	3.0	98.60	100.0	5.695
	29th December	...	3.0	5.5	2.5	3.0	98.53	16.7	5.76
1970	28th January	...	3.0	4.8	1.8	3.0	98.52	57.5	5.888
	27th February	...	3.0	4.0	1.0	3.0	98.52	66.7	5.983
	30th March	...	3.0	4.8	1.8	3.0	98.52	40.0	5.827
	29th April	...	3.0	4.2	1.2	3.0	98.52	58.3	5.905
	29th May	...	3.0	3.0	—	3.0	98.52	100.0	6.025
	29th June	...	5.0	7.1	2.1	5.0	98.55	63.0	5.827
	29th July	...	5.0	5.7	0.7	5.0	98.58	90.0	5.749
	28th August	...	5.0	6.5	1.5	5.0	98.58	70.0	5.815
	28th September	...	3.0	4.8	1.8	3.0	98.56	40.0	5.761

Table 13. Government Finances : Recurrent Budget

(Rs million)

	1968-69 <i>Actual</i>	1969-70 <i>Estimates</i>	1969-70 <i>Actual</i>	1970-71 <i>Estimates</i>	1970-71 <i>1st Qr.</i>
Revenue :					
Direct taxes ...	58	61	52	62	8.7
of which: Income Tax ...	(45)	(50)	(40)	(50)	(6.0)
Indirect Taxes ...	126	132	129	136	29.9
of which: Import duties ...	(63)	(67)	(64)	(67)	(17.3)
Export duties ...	(16)	(15)	(17)	(17)	(0.1)
Excise duties ...	(30)	(32)	(31)	(33)	(7.9)
Receipts from public utilities ...	21	22	21	23	5.8
Receipts from public services ...	6	9	7	10	1.3
Interest and royalties ...	7	8	9	11	6.9
Foreign aid ...	—	—	1	1	0.1
Foreign loan ...	14	—	—	—	—
Other ...	11	10	9	10	1.5
Total ...	243	242	228	253	54.2
Expenditure:					
General administration ...	63	68	66	73	15.6
of which: Defence and Police ...	(12)	(13)	(13)	(15)	(3.4)
Economic services:					
Agriculture and natural resources ...	6	8	7	9	1.6
Transportation ...	3	3	3	4	0.8
Post and telecommunication ...	6	6	6	6	1.3
Other ...	5	5	5	5	1.3
Social expenditure:					
Education ...	30	32	31	35	7.8
Health ...	22	26	24	28	5.7
Social security ...	30	30	30	30	6.5
Subsidy to rice and flour ...	11	3	(..)	—	—
Public debt and pensions ...	58	51	47	55	10.1
of which: Public debt ...	(41)	(34)	(29)	(37)	(6.6)
Local Governments ...	8	9	8	8	2.2
Total ...	242	242	227	253	52.9

Table 14: Consumer Price Indices

Base : January-June 1962=100

36

Month	RURAL				URBAN				WHOLE ISLAND			
	1967	1968	1969	1970	1967	1968	1969	1970	1967	1968	1969	1970
January	105.4	112.0	116.4	120.3	106.1	110.6	114.3	117.5	105.7	111.4	115.5	119.1
February	107.4	113.6	117.7	121.1	108.2	112.5	115.7	118.2	107.8	113.2	116.8	119.9
March	106.2	115.6	118.1	122.7	106.8	114.2	116.2	119.7	106.5	115.0	117.3	121.4
April	105.6	115.3	117.4	121.5	106.2	113.4	115.2	119.8	105.9	114.5	116.5	120.8
May	105.5	113.6	118.2	120.9	106.3	111.8	115.9	119.2	105.9	112.8	117.2	120.2
June	104.5	114.7	116.8	118.6	105.2	112.6	114.8	117.3	104.8	113.8	115.9	118.0
July	104.6	116.8	116.4	117.3	105.4	114.5	114.4	116.1	105.0	115.8	115.5	116.8
August	104.8	115.9	117.0	116.8	105.7	113.7	115.1	115.7	105.2	115.0	116.2	116.3
September	107.2	115.5	117.0	119.1	106.3	113.4	115.0	118.2	106.8	114.6	116.1	118.7
October	109.2	115.3	117.6		107.1	113.2	115.5		108.3	114.4	116.7	
November	108.6	115.4	119.8		107.0	113.3	117.5		107.9	114.5	118.8	
December	110.7	115.2	119.4		109.5	113.0	117.1		110.1	114.2	118.4	
Average	106.6	114.9	117.6	119.8	106.6	113.0	115.6	118.0	106.7	114.1	116.7	119.0
Percentage Change (Yearly) ...		+ 7.8	+ 2.3			+ 6.0	+ 2.3			+ 6.9	+ 2.3	

Table 15. Sugar Statistics

(metric tons)

<i>Year</i>	<i>Production</i>	<i>Local Consumption</i>	<i>Exports</i>	<i>Average Sugar Price Ex-Syndicate* Rs / per ton</i>
1962	532,817	27,251	514,729	445.21
1963	685,597	27,019	580,348	590.89
1964	518,994	28,074	559,959	433.13
1965	664,403	28,333	578,374	409.32
1966	561,762	29,123	570,518	421.50
1967	638,322	29,675	531,381	424.40
1968	596,549	28,837	577,978	428.39
1969	668,672	30,976	591,607	445.27

* Local sales and exports.

Source : The Mauritius Chamber of Agriculture.

Table 16. Imports and Exports : Major Commodity Groups

(Rs million)

33

Imports				1966	1967	1968	1969	1st Qr. 1969	1st Qr.* 1970
Food	...	...	...	109.6	118.5	135.5	132.6	34.6	27.2
Beverages and tobacco	...	...	...	4.9	4.8	5.7	5.3	1.2	1.2
Crude materials, inedible except fuels...	...	...	...	5.4	7.0	7.8	5.6	1.1	2.6
Mineral fuels, lubricants, etc	...	...	...	15.4	25.4	35.8	31.7	9.6	3.7
Animal and vegetable oils and fats	...	...	...	17.7	18.3	18.5	12.5	3.1	5.9
Chemicals	...	...	...	45.6	42.6	49.0	43.0	8.5	9.5
Manufactured goods	...	...	...	70.2	78.5	77.6	72.4	16.8	18.9
Machinery and transport equipment	...	...	...	36.9	43.7	56.5	44.7	12.1	12.5
Miscellaneous manufactured articles	...	...	...	27.4	32.1	34.6	27.9	6.3	6.1
Miscellaneous transactions and commodities n.e.s.	...	...	...	0.1	0.1	0.1	0.2	0.2	..
TOTAL				333.2	371.0	421.1	376.0	93.5	87.6
Exports									
Sugar	...	...	...	306.4	281.3	320.7	326.0	48.8	69.0
Molasses	...	...	...	11.5	8.5	11.9	10.0	0.4	6.2
Tea	...	...	...	6.5	8.4	9.6	14.6	5.6	5.6
Other	...	...	...	4.1	2.4	4.0	7.5	1.8	1.0
Re-exports	...	...	...	9.1	6.2	7.8	7.0	1.6	1.3
TOTAL				337.6	306.8	354.0	365.2	58.1	83.1

* As from 1970, imports are classified under the revised SITC, and are therefore not strictly comparable with the earlier years.

Table 17. Imports — Main Sources of Supply

(Rs million)

	1966	1967	1968	1969	1st Qr. 1969	1st Qr. 1970
United Kingdom ...	79.1	77.8	99.6	74.4	19.0	21.5
Burma ...	23.1	27.0	42.3	7.7	7.3	6.9
Republic of South Africa ...	27.3	30.6	31.4	31.3	7.3	8.1
Federal Republic of Germany ...	19.7	25.9	27.9	17.1	3.5	2.7
Australia ...	23.9	28.0	25.7	27.1	4.0	7.3
France ...	20.2	20.3	23.8	24.8	6.0	5.9
Japan ...	14.2	16.8	14.3	14.6	2.9	4.2
Iran ...	11.4	17.8	12.6	19.9	6.1	0.6
India ...	9.9	9.4	11.5	10.2	3.3	3.3
Thailand ...	14.3	16.1	10.7	43.8	10.1	0.2
United States of America ...	7.5	7.3	8.8	6.0	0.9	5.5
Hong Kong ...	8.8	10.4	8.7	8.8	1.6	1.9
Other ...	73.8	83.6	103.7	90.3	21.5	19.5
Total ...	333.2	371.0	421.1	376.0	93.5	87.6

Table 18. Exports — Principal Countries of Destination

(Rs million)

	1966	1967	1968	1969	1st Qr. 1969	1st Qr. 1970
United Kingdom ...	275.7	269.2	272.2	260.5	44.6	56.8
Canada ...	30.9	9.5	44.1	63.2	4.1	16.9
United States of America ...	16.4	15.8	21.6	18.5	0.4	4.3
Republic of South Africa ...	1.3	3.4	6.9	9.6	4.2	3.5
Malagasy Republic ...	1.1	1.7	1.9	2.5	0.5	0.2
Réunion ...	2.9	1.3	2.5	3.3	0.6	0.3
Australia ...	0.2	0.3	0.6	0.9	0.2	0.3
Other ...	9.1	5.6	4.2	6.7	3.5	0.8
Total ...	337.6	306.8	354.0	365.2	58.1	83.1

Table 19. Balance of Payments

(Rs. Million)

Item	1966		1967		1968		1969	
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
A. GOODS AND SERVICES								
1. Merchandise ...	338	297	306	325	359	359	367	328
2. Non-monetary gold ...	—	1	—	1	—	1	—	1
3. Freight and insurance on merchandise ...	1	41	1	48	8	51	5	46
4. Other transportation ...	18	18	27	21	39	25	48	35
5. Travel ...	10	24	14	23	13	21	18	18
6. Investment income ...	11	13	10	16	12	15	14	14
7. Government, not included elsewhere ...	13	5	15	6	14	5	14	5
8. Other services ...	12	13	15	14	19	17	23	16
Net goods and services ...	—	9	—	66	—	30	26	—
B. TRANSFER PAYMENTS								
9. Private ...	5	14	5	12	6	11	8	6
10. Central Government ...	45	2	15	2	33	4	17	4
Net transfer payments ...	34	—	6	—	24	—	15	—
C. CAPITAL AND NON-MONETARY GOLD								
<i>Non-monetary sectors</i>								
11. — 14. Private ...	—	—	—	3	—	3	15	—
15. Central Government ...	9	—	15	—	18	—	23	—
<i>Monetary Sectors</i>								
16. Commercial banks : liabilities	—	10	13	—	3	—	—	11
17. Commercial banks : assets ...	1	—	4	—	11	—	—	7
18. Central institutions : liabilities	7	—	18	—	—	19	17	—
19. Central institutions : assets ..	—	23	31	—	—	16	—	82
OTHER CAPITAL, ERRORS AND OMISSIONS ...	—	9	—	18	12	—	4	—

Summary of Balance of Payments

	1966	1967	1968	1969
Net goods and services (items 1-8) ...	— 9	— 66	— 30	+ 26
Net transfer payments (items 9-10) ...	+ 34	+ 6	+ 24	+ 15
Net long-term capital (items 11-15) ...	+ 9	+ 12	+ 15	+ 38
Other capital, errors and omissions ...	— 9	— 18	+ 12	+ 4
Basic balance of payments ...	+ 25	— 66	+ 21	+ 83*
Monetary movements (items 16-19) ...	— 25	+ 66	— 21	— 83
(increase in assets shown by a — sign)				

* It should be pointed out that a part of the increase in this figure is in a sense statistical, arising from the transfer of external assets from the Central Government and the Post Office Savings Bank to the Bank of Mauritius. The surplus proper was of the order of Rs. 57 million.

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