

# BANK OF MAURITIUS



## QUARTERLY REVIEW

Volume II.

No. 4 October - December 1970

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## ECONOMIC AND FINANCIAL REVIEW

October - December 1970

### INTRODUCTION

In this issue, a brief survey of the economic and financial developments in Mauritius during the fourth quarter of 1970 is presented. The regular statistical tables containing the detailed figures form a separate part of the Review.

With this Review, it is now possible to present a tentative assessment of the overall performance of the economy, during the year 1970. The production of sugar during 1970 actually showed a decline by nearly 14 per cent over the level during the previous year ; exports of sugar at 572,401 tons were, however, only marginally lower than the level during 1969. On the other hand, the total value of exports during 1970 was slightly *higher* than the value of exports during 1969. Further, both the production and exports of tea recorded a marginal rise. In the light of these facts a fuller picture of the performance of the economy has begun to emerge now. One important result of this fuller picture is that the earlier estimate of the balance of payments surplus needs to be revised upwards. Although all the relevant data regarding the balance of payments position for the year 1970 are yet to be finalised, it now appears almost certain that the balance of payments surplus on current account would be around Rs. 45 million. If the allocation of the Special Drawing Rights of about Rs. 14.9 million is also taken into account, the surplus in 1970 may be said to be comparable, in size, to the surplus realised during the year 1969. This growing strength of the economy is reflected in the country's foreign exchange reserves which rose by 25 per cent, over the year. The sizeable balance of payments surpluses realised during the two successive years should go a long way in providing the resources for the development plan.

The year 1970 also witnessed the publication of the paper outlining the strategy of development for the period 1971-80. The more important features of the strategy are summed up in a separate section of this Review.

The discussion of the main developments in certain selected sectors can now be taken up.

## 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\*, the official estimate of sugar production in 1970 was mentioned as 580,000 metric tons. Final figures, however, indicate that the production actually reached 576,204 metric tons, as compared with 668,672 metric tons during the previous year. The decrease in production in 1970 by 13.8 per cent, over the level during the previous year, is attributable to the damage caused to the plantations by cyclone *Louise*. The average cane yield was 25.4 tons\*\* per acre and the yield of sugar per acre was 2.86 tons; the corresponding figures for 1969 were 29.1 tons and 3.35 tons respectively.

The exports of sugar in 1970 amounted to 572,401 tons as compared with a level of 582,290 tons during the previous year. The destination of exports was as follows :-

Table I — EXPORTS OF SUGAR

	('000 tons)	
	1970	1969
United Kingdom	402.2	380.0
Canada	154.6	176.1
Malaysia	—	11.2
U. S. A.	15.6	15.0
<b>Total</b>	<b>572.4</b>	<b>582.3</b>

The world market price of sugar has been rising gradually, the prices as quoted on the London Terminal Market rising from £ 42.50 per ton at the beginning of October to £ 45.00 at the end of December 1970. The monthly average prices during the last quarter of 1970 were £ 43.14 for October, £ 43.82 for November and £ 44.01 for December. The average for the last quarter works out £ 43.66 — a level which is significantly higher than the average price which prevailed during the last quarter of 1969.

Thus although the quantum of sugar exported in 1970 was marginally smaller than that in 1969, in view of the rise in the world market price of sugar witnessed during 1970, the total value of exports during 1970 was higher than the value of exports during the year 1969.

\* Quarterly Review, Vol. II Nos. 2 and 3.

\*\* Unless otherwise specified, "tons" refer to long tons.

The prospects for the 1971 sugar crop are quite bright, the latest estimate of sugar production being placed at 675,000 metric tons. Of course, this estimate is subject to modification in the light of the climatic conditions that will prevail during the year. If the actual production turns out to be 675,000 metric tons, sugar production will have reached a peak, which will be second only to the level reached in 1963. On the basis of this estimate, the exportable supplies can be worked out as follows :-

**Table II — SUGAR : Exportable Supplies**

	(Tons)
1970 Crop (excluding I.S.O. Stock)	87,000
1971 Crop (excluding local consumption)	632,000
Total Exportable Supplies	719,000

Lastly, with reference to export prospects mention may be made of the visit in November 1970, of a U.S. Congressional delegation. The case of Mauritius for a more equitable share of the U.S. sugar market was put before the delegation. As a result of these discussions it is hoped that Mauritius might benefit from a relatively larger quota in 1971, when the U.S. Sugar Act is due for review.

#### **TEA**

Production of tea during the third and fourth quarters of 1970 amounted to 200,274 kilos and 1,099,068 kilos respectively ; the figures for the corresponding quarters of 1969 were 142,999 kilos and 968,506 kilos respectively.

Thus taking the year 1970 as a whole, production exceeded 3.2 million kilos, or only marginally higher than the production during 1969. Exports at 2.6 million kilos were also slightly higher than the level of 2.5 million kilos in 1969.

An important development in the sphere of tea was the establishment in January 1971, of the " Tea Development Authority " which will be responsible for the establishment and promotion of tea plantations for small holders, as also for the setting up and operation of factories for the processing of tea. The establishment of this special agency should facilitate the implementation of the Government project for tea development which envisages that about 12,000 acres will be brought under tea during the next six years.

## **II. MONEY AND BANKING**

At the end of the fourth quarter of 1970, money supply at Rs. 231.4 million showed a rise by Rs. 25.5 million over the level in September 1970. (See Table III). The rise by about 12 per cent during this quarter was somewhat smaller than the rise witnessed during the corresponding quarter of 1969. If the two components of money supply are considered separately, while the rise in currency in circulation was of about the same order during the fourth quarters of both 1969 and 1970, the rise in demand deposits was relatively smaller in 1970.

Table III — Money Supply

(Rs. million)

	1968	1969	1970
1. September	182.2	184.3	205.9
2. December	191.3	219.0	231.4
3. Increase (+) or decrease (—)	+ 9.1	+ 34.7	+ 25.5
4. Percentage increase (+) or decrease (—)	+ 5.0	+ 18.8	+ 12.4

Considering the year 1970 as a whole, there was an expansion in money supply by 5.7 per cent. This compares with a substantially larger expansion of 14.5 per cent witnessed during the year 1969. The explanation for a sizeably larger expansion in 1969 seems to lie in the fact that there had taken place an actual decline in money supply during 1968. In this sense, the expansion witnessed in 1969 could be regarded more as a correction of the decline witnessed in 1968. As contra-distinguished from this, the expansion during 1970 could be considered as a net expansion stemming from the needs of an expanding economy.

Commercial bank credit to the private sector rose by 5.2 per cent during the last quarter of 1970, reflecting the normal seasonal rise in the demand for credit. The rise in fact was sizeably larger than that witnessed during the last quarter of 1969 (See Table IV).

Savings and time deposits of the private sector with the commercial banks showed a sizeable rise from Rs. 140.3 million in September to Rs. 171.1 million in December 1970, or a rise of nearly 22 per cent. (See Table IV). The rise witnessed during the last quarter of 1970 was larger by nearly Rs. 10 million than the rise during the last quarter of 1969. Taking the year 1970 as a whole, the savings and time deposits of the private sector recorded a substantial rise of 35.3 per cent. This reflects the impact of a sizeable balance of payments surplus.

Credit extended to the public sector by the commercial banks rose by Rs. 22.6 million during the fourth quarter of 1970. This rise is wholly accounted for by the additional investments by the banks in Government Stocks and Treasury Bills. On the other hand, Government borrowings from the Bank of Mauritius declined by Rs. 5.4 million.



Table IV — Selected Indicators : Commercial Banks

(Rs. million)

	Sept. 68	Dec. 68	Sept. 69	Dec. 69	Sept. 70	Dec. 70
<b>1. Claims on Private Sector</b>	213.8	182.1	183.2	189.1	175.3	184.6
(a) Loans and Advances	208.3	177.6	178.2	184.8	147.5	168.1
(b) Bills discounted	5.5	4.5	5.0	4.3	27.8	16.5
<b>2. Private Sector Deposits</b>	195.2	204.1	203.8	245.3	250.7	294.9
(a) Demand	99.3	102.1	98.7	118.8	110.4	123.8
(b) Time & Savings	95.9	102.0	105.1	126.5	140.3	171.1
<b>3. Claims on Public Sector</b>	13.4	17.9	25.7	29.5	36.8	59.4
(a) Treasury Bills and Government Securities	4.4	8.5	17.9	21.1	27.0	50.1
(b) Loans and Advances	9.0	9.4	7.8	8.4	9.8	9.3
<b>4. Public Sector Deposits</b>	9.6	6.8	7.1	3.8	4.5	2.5

## CAPITAL AND MONEY MARKET

It may be recalled that in October 1970, the Bank of Mauritius issued, on behalf of the Government, two Development Loan Stocks, namely, a  $7\frac{1}{4}$  per cent Stock, 1985 and a  $6\frac{1}{2}$  per cent Stock, 1975, for a total amount of Rs. 5 million and Rs. 15 million respectively. In continuation of this effort to raise domestic resources, in January 1971, two new Development Loan Stocks, namely, the  $6\frac{1}{2}$  per cent Stock, 1977 and the  $7\frac{1}{4}$  per cent Stock, 1991, for a total amount of Rs. 10 million *each* were issued. Both these Stocks evoked a good response from the public and in fact the 1977 Stock was oversubscribed, reflecting the general buoyancy of the market. With the issue of these Stocks, the target of Rs. 40 million laid down in the Capital Budget for 1970-71 was not only attained but actually exceeded, if the Tap Loans issued during the period are taken into account.

In regard to Treasury Bills, the total amount of the monthly issue was raised from Rs. 3 million in October to Rs. 5 million in November and December 1970. The total amount outstanding at the end of the fourth quarter of 1970 was therefore of the order of Rs. 13 million. The average rate of discount during the fourth quarter ranged from 5.676 per cent to 5.728 per cent.

## III. THE PRICE SITUATION

Despite the expansion in money supply witnessed during the fourth quarter of 1970, the Consumer Price Index (Whole Island) which stood at 118.7 in September declined to 116.5 at the end of December 1970, recording a decline of 1.9 per cent over the quarter. This decline is in sharp contrast with an increase of 2.0 per cent witnessed during the last quarter of 1969. Compared to a year ago, the index in December 1970 was lower by 1.6 per cent. As pointed out in the previous Review\*, the decline evidenced in 1970 is mainly attributable to lower prices of rice imported by the Government.

\* Quarterly Review, Vol. II Nos. 2 and 3.



#### IV. GOVERNMENT FINANCE

Figures available for the first half of the financial year 1970-71 show that recurrent revenue amounted to Rs. 134.4 million while recurrent expenditure was of the order of Rs. 119.5 million, thus resulting in a surplus of Rs. 14.9 million. The corresponding figures for the previous year were Rs. 107.8 million and Rs. 100.5 million. Thus the surplus has nearly doubled during the first half of 1970-71. The increase in revenue is accounted for by higher receipts from direct and indirect taxes\*\*. In regard to expenditure, the increase seems to have mainly emanated from items like public debt, finance, education, health and social security.

So far as the capital budget is concerned, while revenue amounted to Rs. 36.4 million, capital expenditure was of the order of Rs. 32.7 million. The bulk of the capital revenue was accounted for by local loans.

#### V. EXTERNAL TRADE AND BALANCE OF PAYMENTS

##### BALANCE OF PAYMENTS : FIRST HALF OF 1970

Final figures are now available for the balance of payments position for the first half of 1970 ; these figures show a deficit of only Rs. 11 million as compared with a deficit of Rs. 54 million during the corresponding period of 1969 (See Table V). It may be pointed out that because of the seasonal element in the exports of Mauritius, the first half of the year generally shows a deficit. What needs to be highlighted in respect of the first half of 1970 is that such deficit has been reduced substantially, mainly as a result of relatively larger exports of sugar and the allocation of Special Drawing Rights.

The deficit in visible trade which was of the order of Rs. 60 million was relatively smaller, as compared with a deficit of Rs. 78 million witnessed during the first half of 1969. Further, the deficit in the services account has been wiped out ; the main factors for this improvement were the increase in receipts from tourism and investment income. These facts are brought by the detailed figures presented in Table V.

##### ESTIMATES OF SURPLUS FOR 1970

In the light of these estimates and also of the additional data now becoming available, the earlier estimates of the balance of payments surplus for the whole year 1970 seem to warrant an upward revision. Primarily, the revision is attributable to the difference in the figure for exports ; while the estimate for the balance of payments purposes assumed that exports in 1970 might reach the same level as in 1969, preliminary estimates of actual exports show a rise of about Rs. 10 million over the previous year's level. On the other hand, in respect of imports the assumption made for the balance of payments purposes has proved quite precise. Further, some upward adjustments have also become necessary in respect of the services account and the capital movements account. Taking all these factors into account, the balance of payments surplus on current account may turn out to be of the order of Rs. 45 million. To this must be added the allocation of Special Drawing Rights of the order of Rs. 14.9 million. On the whole therefore it now appears that the surplus in 1970 may be comparable in size to the surplus of Rs. 57 million generated during the previous year. These sizeable surpluses should go a long way in further strengthening the country's foreign reserves position — a fact so necessary for the implementation of the development plan.

\*\* The substantial increase in " Interest and Royalties " is largely notional because it reflects a transfer in December 1970 of about Rs. 10.7 million from the Capital Budget to meet additional subscription requirements of the I. M. F. Because of such transfer the surplus on the Recurrent Budget is also inflated to some extent.

Table V — Balance of Payments : First Half of 1968, 1969 and 1970

(Rs. million)

	<i>First half</i> 1968	<i>First half</i> 1969	<i>First half</i> 1970
A. Goods, services and unrequited payments			
Trade balance	-84	-78	-60
Exports of goods (f.o.b.)	90	79	107
Imports of goods (f.o.b.)*	-174	-157	-167
Services, net	-16	-7	—
Exports of services	48	58	80
Imports of services	-64	-65	-80
Freight, insurance and transportation, net	-12	-12	-17
Travel, net	-4	-2	1
Investment income, net	-3	—	4
Government, n.i.e. net	4	5	6
Other, net	-1	2	6
Net goods and services	-100	-85	-60
Unrequited payments, net	21	7	11
Private	-4	-1	2
Central Government	25	8	9
Net Total A	-79	-78	-49
B. Allocation of S.D.R.'s	—	—	15
C. Capital movements, net	-13	7	18
Private	-2	5	7
Central Government	15	2	11
D. Other capital, errors and omissions	16	17	5
Total A + B + C + D	-50	-54	-11
E. Monetary movements	50	54	11
Commercial banks : liabilities	17	26	4
Commercial banks : assets	33	30	20
Central institutions : liabilities	-3	22	—
Central institutions : assets	3	-24	-13

## VI. DEVELOPMENT PLANNING

The document "Development Strategy 1971-80" published in December 1970, by the Ministry of Economic Planning and Development, may be regarded as an important land-mark in the sphere of development planning. This paper is part of a comprehensive development plan which is expected to be published by May 1971. The paper is divided into four parts. Against the background of the structure of the economy outlined in Part I of the paper, the

\* Includes non-monetary gold.

broad approach to planning is indicated in Part II. It has been emphasized that in an economy like Mauritius where the pressure of population is quite high, maximisation of employment as an objective of economic development becomes more important than maximisation of income. From this point of view, attainment of full employment has been set as the primary goal of the development plan. Taking into account the back-log of unemployment and the likely addition to the labour force during the 1970's, it has been estimated that 130,000 new jobs need to be created to ensure full employment by 1980.

The development strategy designed to create 130,000 new jobs by 1980 is discussed in Part III. The emphasis of development will have to be primarily on what are called "the income generating sectors", namely commodity production and invisible exports. The implementation of the development plan will result in some structural changes in the economy. For instance, the proportion of persons employed in the agricultural sector will decline from about 39 per cent of the total to about 33 per cent, over the decade. On the other hand, the proportion of persons employed in the manufacturing sector will rise, over the decade, from about 13 per cent to about 21 per cent.

The broad orders of magnitude of investment involved are indicated in Part IV. The total investment over the period 1971-80 is estimated to be around Rs. 2,600 million; of this total, Rs. 1,000 million will necessarily be "in the public sector in the development of the economic infrastructure and the provision of social and administrative services". The rate of investment of the economy will therefore rise from the present level of about 17 per cent of gross domestic product to about 20 per cent.

Further, taking the development plan 1971-75 separately, gross investment of about Rs. 800 million is envisaged; this would amount to about 30 per cent of the total investment envisaged for the decade as a whole.

It would be sometime before the impact of the investment programme is felt on the employment situation. To tackle the present unemployment problem immediately, a programme called "*Travail pour Tous*" is designed as part of the development plan. It is expected that this programme will employ an average of 20,000 persons a year. The projects envisaged under the programme cover a wide range like cultivation of tea, forestry, destoning of cane and replanting, fresh water fish-ponds, fodder grass, etc. Construction projects like site development for housing and industry and construction of market halls, primary schools and health centres are also included. This programme will be administered by the Development Works Corporation which was established in January 1971. The costs of the "*Travail pour Tous*" programme are estimated to be around Rs. 46 million per year.

Thus the development strategy envisages an increase in gross domestic product at 1970 prices from Rs. 850 million to Rs. 1,835 million, which implies an average growth rate of 7.3 per cent per year. This means that even if the rate of increase in population is around 2.3 per cent, per capita income\* will go on rising over the decade, at the rate of about 4.8 per cent per year.

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\* More precisely, per capita gross domestic product at factor cost at 1970 prices.

## VII. CONCLUDING COMMENTS

With this brief review of the major developments in the economy during the fourth quarter of 1970, the broad picture of the overall performance of the economy in 1970 begins to emerge. The most important feature of the performance was the generation of a balance of payments surplus, sizeably larger, than what was anticipated earlier. Preliminary estimates indicate that the year 1970 seems to have ended up with a balance of payments surplus of about Rs. 45 million. Further, if the allocation of Special Drawing Rights is taken into account, the total surplus in 1970 is comparable in size to the surplus realised during the year 1969. This growing strength of the economy is reflected in the country's foreign exchange reserves which reached a level of Rs. 295 million in December 1970 ; compared with the level a year ago the foreign reserves recorded a rise of about 25 per cent. In fact, the real rise is much more than what is implied in this figure because this rise has come about even after the repayment of about Rs. 22.2 million drawings from the International Monetary Fund and payment of about Rs. 8.3 million as additional subscription to the International Monetary Fund in view of the increase in the quota of Mauritius. These sizeable surpluses realised during the two successive years should strengthen the resource-base of the economy considerably. The process of development has also been set in motion by the publication of the paper on the strategy of development. The impact of the Development Works Corporation, set up in January 1971, to implement the "*Travail pour Tous*" programme, should begin to be felt on the employment situation in the coming months.

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# MONETARY POLICY AND ECONOMIC DEVELOPMENT

## — The General Framework

*N. A. MUJUMDAR \**

### INTRODUCTION

The establishment of central banks has now become almost a universal phenomenon. Almost every independent country has established its own central bank which has come to be regarded as "an outward and visible sign of independence". This is so not because it is a matter of prestige to have a central bank but because political sovereignty also confers the power to pursue monetary policies more appropriate to the national interests.

There is no doubt a broad pattern of functions and responsibilities which could be considered as essential characteristics of central banking. The text-books also list a standard set of instruments and techniques at the disposal of a central bank. At the same time it should be emphasized that setting up or running a central bank in one of the newly independent countries in Africa or Asia involves much more than a reading of the statutes of a few central banks in the developed countries. Central banks in the developing countries face some problems which are in a way special to them ; and hence they are called upon to play a more positive developmental role than what perhaps the traditional central banks in the developed countries did. That is why central banks in many developing countries have branched out into new areas of activities which may not have been sanctified by practices of their models in the developed countries. In this talk I will attempt to indicate in broad outline the scope of monetary policy in an economy like that of Mauritius, pursuing a programme of planned economic development. Of course, the emphasis will be primarily on providing the general framework of the role that the central bank can play, rather than on discussing specific problems.

A fully planned collectivist economy does not have monetary problems but in a mixed economy where the liquidity of the private sector is an important determinant of consumption and investment decisions, monetary policy has an important role to play. Admittedly, the economics of growth has yet to integrate monetary and real factors. But in a partially planned economy in which the private sector accounts for the major share of national income, monetary factors cannot be overlooked.

### THE HISTORICAL BACKGROUND

To lend a proper perspective to the role that monetary policy can play in the economy of Mauritius it is desirable to sketch the historical background. Until August, 1967, when the Bank of Mauritius was established, the currency system of the Island was the "sterling exchange standard", according to which the local currency authority, namely the Board of Commissioners of Currency, issued Mauritian Rupees in exchange for sterling at the fixed rate of one shilling and six pence per rupee. The currency authority thus automatically accumulated sterling equivalent to the total of currency issued, the accumulated sterling being invested in securities of the U.K. Government or of the Commonwealth, except those of Mauritius. In other words, under this system, the issue of currency was based on hundred per cent sterling backing and the full and free convertibility of the Mauritian Rupees into sterling at a stable exchange rate was also guaranteed. Although some modifications were introduced in the currency system after 1954, in actual practice, the backing for currency in circulation averaged about 110 per cent during the period 1963-67, when the ratio of sterling securities to the currency in circulation averaged about 80 per cent.

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\* This is an outline of the talk delivered at the University of Mauritius on the 22nd February, 1971.

Whatever may have been the virtues of the sterling exchange standard, the rigid relationship between currency supply and external transactions seriously conditioned the authority of the Currency Board to regulate the money supply. The Board could not increase or decrease money supply as and when the needs of the economy demanded it. Nor was the Board authorised to extend any credit either to Government or to banks. Again, the commercial banks operating in Mauritius, a majority of them being expatriate banks, could influence the volume of currency and credit through their access to resources abroad. On the whole, under this system the Board had no control over the currency it issued while the volume of credit depended completely on the volition of commercial banks. That is why Currency Boards under such conditions have been aptly described as no more than "glorified money-changers".

## THE CENTRAL BANK

It is against this background that the establishment of the Bank of Mauritius, as the central bank of the country, has to be viewed. The main features of the legislation relating to the establishment of the Bank of Mauritius are: flexibility in the issue of currency, powers of regulation of the banking system and banker to Government and commercial banks. The new monetary system ushered in with the establishment of the Bank of Mauritius provides for the issue of currency on the basis of minimum currency reserves, comprising assets expressed in convertible foreign currencies or securities of the Government of Mauritius or both — the aggregate minimum being not less than 50 per cent of the total value of notes and coin in circulation and other liabilities payable on demand. Secondly, the borrowing and lending activities of commercial banks are brought within the purview of the central bank's control. The powers provided to the Bank of Mauritius in this respect are fairly wide.<sup>1</sup> Thirdly, the Bank of Mauritius is empowered to act as banker to commercial banks and to Government. In its role as banker to banks, the Bank is the custodian of commercial banks' cash reserves and grants them accommodation in its own discretion and subject to its own terms and conditions. Similarly, the Bank is also empowered to lend money to the Government either in the form of straight advances or through subscriptions to Government securities, subject to certain restrictions. Thus these three-fold functions have provided the necessary apparatus with which to formulate and implement effectively the monetary policy designed to promote economic growth.

## MONETARY POLICY : OBJECTIVES AND SCOPE

By mentioning "economic growth" I have in fact anticipated the objectives of monetary policy. What should be the major objective of monetary policy in a developing economy like Mauritius? Traditionally, the charters of most central banks enjoin them specifically to maintain the internal and external value of the national currency. While the role of the central banks as the supreme controlling authority in the monetary sphere has been and will remain of paramount importance, few central banks today would think of their functions *merely* in terms of securing price and exchange stability. In the developing countries laying stress on *growth* has become as much important as on mere *stability*. It is not fair to regard these as conflicting objectives, although their inter-temporal priorities may vary.<sup>2</sup> On the one hand, sustained growth cannot be achieved without some degree of stability; on the other, stability by itself without growth would be an euphemism for stagnation.

Viewed in this context, the objective of monetary policy could be described broadly as one of seeking to bring about the right degree of monetary expansion to meet the growing requirements of the economy. This, in turn, implies that adequate credit at reasonable cost will be ensured for priority sectors, while the overall supply of money will be regulated with a view to holding the price line.

1 See Sections 20 to 24 of the Bank of Mauritius (Amendment) Act, 1968.

2 The Role of the Central Bank, M. Narasimham (Mimeographed).



In the ultimate analysis, economic growth depends upon a steady rise in the proportion of the community's income devoted to the formation of capital. While the level of saving is basically a function of the level of income, the absence of financial intermediaries inhibits the effective mobilisation of whatever savings there are in the economy, for purposes of development. The effective mobilisation of the actual and potential savings through the development of financial intermediaries is therefore one of the fundamental tasks of the central bank in a developing economy. The creation and development of the local money and capital markets, that is of financial intermediaries, is as necessary for presenting the saver with a choice of different assets, as it is to channel the availability of investible funds to investors.

Against this background of the general framework of the scope of monetary policy, certain specific aspects of the policy relevant in the Mauritian context can now be taken up for discussion. Before I pass on to this aspect, however, let me highlight a general limitation of monetary policy. In assessing the role of monetary policy, it is necessary to remember that monetary policy *alone* cannot be effective in attaining the desired objectives, without the support of an appropriate fiscal policy. In fact both monetary policy and fiscal policy, along with trade and exchange policy, constitute the essential ingredients of economic policy. Their relationship should therefore be viewed as complementary to each other.

#### TECHNIQUES OF MONETARY POLICY

It is convenient to discuss these aspects with reference to two techniques of monetary policy, namely the Bank Rate and open market operations.

##### (a) BANK RATE

The efficacy and significance of the Bank Rate depends upon the extent to which the banking system draws upon the central bank as a lender of last resort. In this context, the more recent attempt of the Bank of Mauritius to render the Bank Rate a more effective instrument of monetary policy needs to be highlighted. Empirically, 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 situation. In large part, this may have been due to the linkage of the Bank Rate in Mauritius with that in the U.K. During the earlier phase of the development of the banking system in Mauritius, there was perhaps some *raison d'être* for linking the Mauritius Bank Rate with the Bank Rate in the U.K. Basically, the need for such linkage stemmed 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. Some idea of the order of magnitude of the seasonal inflow of funds could be had from the fact that, towards the end of June 1969, the net borrowing of commercial banks in Mauritius, from banks abroad, stood at about Rs. 35 million.

Such a linkage not only rendered the domestic interest rate structure unrealistic but also conditioned the central bank's ability to pursue an independent interest rate policy in keeping with the domestic economic realities. The successive reduction of the Bank Rate, three times<sup>3</sup> during the year 1969-70, reflects this delinking of the Mauritius Bank Rate from that in the U.K. As a consequence, there were significant reductions in the domestic interest rates. This in effect means that the Bank of Mauritius is now able to pursue an interest rate policy which is independent of conditions in the U.K. Another aspect of this measure was that com-

3 The Bank Rate was reduced from 8 per cent to 7 1/2 per cent on 23.10.69; from 7 1/2 per cent to 7 per cent on 10.3.70 and from 7 per cent to 6 per cent on 1.7.70.

mercial banks in Mauritius came to depend increasingly on the discount window of the central bank, thus strengthening the efficacy of the Bank Rate as an instrument of monetary policy. The banking system in Mauritius has thus become increasingly self-reliant.<sup>4</sup>

#### (b) OPEN MARKET OPERATIONS

In a developing economy the need to resort to open market operations stems primarily from the structural need to build up a broad-based and active securities market as also from the requirement of assisting the Government in its borrowing operations. In other words, the open market operations in this context are useful more as an instrument of Government borrowing and debt management than for influencing the cost and availability of credit. Viewed from this angle, the performance of the Bank of Mauritius during the year 1970-71 in respect of floating Government loans has been quite satisfactory. In the coming years these operations may have to be more effectively employed with a view to mobilising resources for the development plan.

In an export economy like that of Mauritius, open market operations have another important role to play. The point is that in an "open" economy, if autonomous forces are permitted to operate, swings in demand and/or prices for sugar in the world market may generate cyclical fluctuations in the domestic economy as well<sup>5</sup>. One of the objectives of monetary policy in such a context should therefore be to promote economic growth, while at the same time seeking to prevent wide fluctuations in domestic incomes. Open market operations can thus be also helpful in insulating the domestic economy against wide fluctuations generated from exogenous factors.

#### OTHER DEVELOPMENTAL FUNCTIONS

A major promotional role of central banks in a developing economy is the institutionalisation of investment ; the transition from direct investment of one's own savings to a system where the savers and investors need not be the same individuals is an essential aspect of development. The institutionalisation of investment presupposes the institutionalisation of credit but unfortunately in most developing economies credit is not sufficiently institutionalised. What credit institutions there are, and these are mainly the banks, at best serve the needs of trade, both internal and external, and/or less essential sectors. On the other hand, the medium and long-term needs of industry is an area of operation generally neglected. The distribution-pattern of credit also reveals inadequate attention to the requirements of small and medium-size businesses and industries. For instance, in Mauritius advances of up to Rs. 10,000 account for hardly 10 per cent of total advances of the banking system<sup>6</sup>. The existence of these gaps in the financial structure reflects the less remunerative character of these operations for a credit system motivated mainly by considerations of private profit. It is precisely in these areas that there is a divergence between private profit and social return. The need therefore arises for an outside agency to intervene and fill in these gaps both directly and indirectly. There are several examples of central banks in developing countries intervening in different ways. For instance, in regard to provision of term capital to industry, the central bank can assist to set up a special institution for the purpose by subscription to capital stock. The recent subscription by the Bank of Mauritius to the share capital of the Development Bank of Mauritius is a case in point.

4 In fact as a result of this delinking it was possible to do away, during the busy season of 1970, with the heavy seasonal borrowings from abroad, to which the banking system was traditionally accustomed. For a detailed discussion on this point, see the Quarterly Review, Vol. II Nos. 2 and 3, page 9.

5 This holds generally true notwithstanding the fact that Mauritius enjoys a sheltered market for sugar.

6 For details on this point see : "Banking in a Developing Economy", Quarterly Review, Vol. II Nos. 2 and 3, page 16.

## CONCLUDING COMMENTS

The main purpose of this talk was to sketch, in broad outlines, the role that monetary policy can play in an economy like that of Mauritius pursuing a course of planned economic development. The emergence of the central bank itself can be regarded as an important landmark in the sphere of monetary policy. This point was illustrated with reference to the sterling exchange standard under which no meaningful monetary policy could be implemented. In view of the powers with which it is armed, the Bank of Mauritius is now able to formulate and implement monetary policies appropriate to the economy. As contra-distinguished from the traditional role of central banks, in the developing countries, laying stress on *growth* has become as much important as on mere *stability*. This lends a different perspective to the objectives which the central bank in a developing country seeks to pursue. One of the objectives mentioned was of seeking to bring about the right degree of monetary expansion to meet the requirements of the economy. Secondly, the effective mobilisation of the actual and potential savings also becomes one of the fundamental tasks of the central bank. In this context, the importance of the creation and development of the local money and capital markets was emphasized. A general limitation of the monetary policy is that monetary policy *alone* cannot be effective in attaining the desired objectives, without the support of an appropriate fiscal policy.

Two techniques of monetary policy were specifically discussed with reference to the situation in Mauritius. In regard to the Bank Rate, the recent delinking of the Bank Rate in Mauritius from the Bank Rate in the U.K. was highlighted; one of the important aims of this delinking was the modification of the interest rate structure with a view to making it a more faithful reflection of the domestic economic realities. The second technique, the open market operations, is more useful as an instrument of Government borrowing and debt management rather than as a factor influencing the cost and availability of credit. The performance of the Bank of Mauritius in 1970-71 in this area is quite satisfactory. This technique will become increasingly important in the coming years for the mobilization of resources for the development plan. Further, open market operations can also be utilised to prevent wide fluctuations in domestic incomes.

In regard to other promotional roles, the existence of some gaps in the financial structure of the developing countries warrant the intervention of the central bank. Two areas which have been generally neglected were mentioned in particular, namely the medium and long-term credit needs of industry and the requirements of small and medium-size businesses. In this context, the recent subscription by the Bank of Mauritius to the share capital of the Development Bank of Mauritius was cited as an instance of the effort to fill in the gaps. One general conclusion which emerges from this brief discussion is that the Bank of Mauritius has a strategic role to play in the programme of the economic development of the Island.





# QUARTERLY REVIEW

October - December 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	March 69	June 69	Sept. 69	Dec. 69	March 70	June 70	Sept. 70	Dec. 70
<i>I. Bank of Mauritius</i>									
(1) Notes and coin in circulation	Rs million	89.2	85.9	92.6	106.6	97.4	94.4	101.8	114.7
(2) External assets	Rs million	89.5	116.0	155.5	183.6	218.1	197.3	199.7	246.6
(3) Government securities	Rs million	28.8	24.0	20.5	14.9	7.4	8.8	1.4	0.5
(4) Discounts and advances	Rs million	22.9	15.2	12.8	19.7	2.8	10.8	6.3	2.6
of which Government borrowing	Rs million	21.6	12.8	9.7	9.6	—	2.4	5.7	1.2
<i>II. Commercial Banks</i>									
(1) Aggregate deposits	Rs million	215.5	196.9	210.9	249.1	231.6	236.5	255.2	297.4
(2) Bank credit	Rs million	178.9	212.3	186.0	193.2	181.4	171.0	157.3	177.4
(3) Cheque clearances	Rs million	85.9	79.6	98.1	104.1	92.3	104.0	116.1	148.1
<i>III. Post Office Savings Bank Deposits</i>									
...	Rs million	26.7	26.7	26.5	26.7	26.8	27.2	27.4	27.7
<i>IV. Interest Rates</i>									
(1) Bank rate	%/annum	7 1/2	8	8	7 1/2	7	7	6	6
(2) Prime rate (min)	%/annum	8	8 1/2	8 1/2	8	8	7 3/4	7 1/2	7 1/2
(3) Savings accounts (banks)	%/annum	4	4	4	4	4	4	4	4
<i>V. Money Supply</i>									
...	Rs million	189.1	170.2	184.3	219.0	192.3	191.9	205.9	231.4
<i>VI. Consumer Price Index (Whole Island)</i>									
...	Jan-June 1962=100	117.3	115.9	116.1	118.4	121.4	118.0	118.7	116.5
<i>VII. Foreign Trade</i>									
(1) Imports, c.i.f.	Rs million	93.5	88.9	91.4	102.1	87.6	106.8	102.6*	N.A.
(2) Exports, f.o.b.	Rs million	58.1	20.2	150.2	136.7	83.1	21.6	136.7*	N.A.
<i>VIII. Employment Data</i>									
(1) Registered unemployed	Number	14,846	15,351	13,274	14,794	18,519	21,838	19,754	25,328
(2) Relief workers	Number	15,389	15,210	13,674	14,450	14,427	15,807	16,094	17,768

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

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

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				
1967	August ...	20,490+	—	36,843	10,100	—	67,433	34,043	5,113	119,744
	September ...	5,384	12,293	36,849	10,159	—	64,685	34,014	9,213	111,141
	December ...	4,928	25,770	36,487	6,544	—	73,729	34,010	6,900	116,658
1968	March ...	6,695	14,689	32,277	6,618	—	60,279	32,826	13,550	108,810
	June ...	11,846	20,904	32,145	5,502	—	70,397	36,267	—	108,055
	September ...	5,530	10,764	32,644	5,462	—	54,404*	28,332	22,275	106,446
	December ...	20,593	30,380	32,505	5,471	—	89,037*	24,024	15,883	130,677
1969	March ...	6,839	15,191	58,398	5,489	—	85,941*	28,769	22,880	139,407
	June ...	5,826	20,087	80,973	5,439	—	112,359*	23,981	15,208	154,812
	September ...	14,825	28,945	102,519	5,547	—	151,860*	20,526	12,773	190,658
	December ...	18,105	44,272	111,929	5,647	—	179,973*	14,892	19,702	218,981
1970	January ...	12,261	33,573	129,210	5,722	14,933	195,716*	12,296	6,769	220,689
	February ...	23,309	31,716	135,887	5,738	14,831	211,498*	7,075	2,971	231,312
	March ...	17,758	38,118	133,822	5,784	14,831	210,325*	7,420	2,841	230,609
	April ...	8,574	44,775	144,999	5,807	14,831	218,996*	9,927	2,033	241,496
	May ...	8,433	26,653	145,956	5,816	14,724	201,592*	7,531	7,413	226,877
	June ...	20,074	16,127	135,089	4,440	14,724	190,461*	8,809	10,787	221,646
	July ...	32,356	20,084	115,007	3,495	14,724	185,673*	8,394	22,256	226,463
	August ...	54,951	18,975	80,163	3,500	14,622	172,218*	11,078	18,401	211,711
	September ...	82,637	16,302	78,389	3,365	14,622	195,322*	1,432	6,294	210,642
	October ...	99,090	16,484	82,558	2,683	14,622	215,444*	7,765	8,124	234,660
	November ...	119,802	16,484	82,238	2,698	14,608	235,839*	2	1,614	240,918
	December ...	131,046	16,146	82,060	2,707	14,608	246,576*	493	2,600	253,448

+ 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
	October	...	9,500	96,709	6,342	103,051	18,423	8,146	3,894	81,210	111,673	10,436	234,660
	November	...	9,500	98,297	6,436	104,733	2,670	6,882	2,502	105,825	117,879	8,806	240,918
	December	...	9,500	108,132	6,582	114,714	3,287	6,159	2,967	108,795	121,208	8,026	253,448

+ 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 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		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
October	6.7	7.9	40.2	18.5	0.7	11.8	164.9	8.8	2.7	32.5	2.0	8.3	45.5	32.8	15.3	32.9	386.0
November	8.7	0.7	39.9	23.6	0.7	11.0	142.0	9.0	5.8	41.4	2.0	8.3	57.5	39.9	16.2	63.3	412.5
December	10.0	1.2	31.3	16.5	0.9	11.7	168.1	9.3	7.8	42.3	2.0	8.8	60.9	32.9	14.0	56.1	412.9

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	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	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	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	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	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	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	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	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	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	315.3
June	...	16.6	90.1	50.5	47.8	188.4	8.5	—	45.8	0.6	23.1	11.3	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	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	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	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	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	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	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	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	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	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	365.2
September	...	17.7	110.4	79.8	60.5	250.7	4.5	—	13.6	1.3	34.4	15.1	377.7
October	...	17.8	107.8	92.7	61.9	262.4	3.8	1.6	11.9	2.0	32.8	15.3	386.0
November	...	17.8	116.1	102.0	63.4	281.5	3.6	—	14.3	1.4	39.9	16.2	412.5
December	...	17.8	123.8	105.7	65.4	294.9	2.5	1.4	10.6	1.2	32.9	14.0	412.9

Table 4. Monetary Survey

(Rs. million)

End of Period		Net foreign assets of banking system	Net claims on public sector	Lending to private sector	Total	Currency in circulation	Demand deposits	Time deposits	Savings deposits	Other items net
1966	...	169.1*	10.5	162.7	342.3	93.0	126.9	25.3	66.1	31.0
1967	...	135.2*	36.1	186.4	357.7	93.3	130.2	26.4	74.1	33.7
1968	...	133.5*	27.7	191.5	352.7	89.1	102.2	55.3	73.7	32.4
1969	...	203.2	0.4	200.6	404.2	97.1	121.9	75.3	77.9	32.0
1970	...	269.9	— 9.0	200.6	461.5	104.7	126.7	105.7	93.1	31.3
1968—March	...	119.4*	28.5	178.6	326.5	82.7	90.4	46.1	76.4	30.9
June	...	80.5*	31.7	218.3	330.5	77.2	86.6	49.7	75.3	41.7
September	...	63.8*	53.2	224.9	341.9	82.8	99.4	48.9	74.5	36.3
December	...	133.5*	27.7	191.5	352.7	89.1	102.2	55.3	73.7	32.4
1969—March	...	136.3	26.7	185.3	348.3	82.7	106.4	53.2	75.3	30.7
June	...	78.2	27.8	221.2	327.2	79.1	91.1	50.5	74.5	32.0
September	...	130.2	22.9	193.5	346.6	84.2	100.1	56.1	75.5	30.7
December	...	203.2	0.4	200.6	404.2	97.1	121.9	75.3	77.9	32.0
1970—January	...	216.3	—19.0	188.0	385.3	90.5	109.2	76.0	79.3	30.3
February	...	235.9	—32.5	180.4	383.8	91.9	101.5	75.9	80.3	34.2
March	...	220.6	—33.0	194.8	382.4	89.9	102.4	72.7	81.7	35.7
April	...	241.5	—34.5	181.7	388.7	89.3	108.1	72.5	81.7	37.1
May	...	215.8	—11.1	195.7	400.4	87.6	106.3	71.7	82.0	52.8
June	...	191.7	—11.1	208.3	388.9	86.3	105.6	69.5	83.6	43.9
July	...	182.1	— 8.3	216.7	390.5	89.6	99.1	71.6	84.9	45.3
August	...	195.7	—	213.6	409.3	90.9	106.1	74.7	86.1	51.5
September	...	230.0	— 6.7	190.6	413.9	93.2	112.7	79.8	87.9	40.3
October	...	246.3	—24.0	199.5	421.8	96.4	111.2	92.7	89.5	32.0
November	...	264.4	— 1.8	180.9	443.5	96.0	118.6	102.0	91.1	35.8
December	...	269.9	— 9.0	200.6	461.5	104.7	126.7	105.7	93.1	31.3

\*Excluding Foreign Notes &amp; Coins of commercial banks.

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
	October	...	...	96.4	107.8	3.4	207.6
	November	...	...	96.0	116.1	2.5	214.6
	December	...	...	104.7	123.8	2.9	231.4

\* 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	
October	24,579	44,463	11,376	15,616	96,034	675	3,511	727	1,063	311	379	209	142	6,342	103,051	
November	25,050	44,919	11,679	15,980	97,628	669	3,549	738	1,096	318	383	209	143	6,346	104,733	
December	27,683	49,210	12,933	17,641	107,467	665	3,607	764	1,145	323	388	211	144	6,582	114,714	

\* Includes demonetised coins : Rs 204,000



Table 7. Principal Interest Rates in Mauritius

(per cent per annum)

	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)	December 70
<b>I — LENDING</b>							
1. Bank rate	8	8	7 1/2	7	7	6	6
Effective	(23.4.69)		(23.10.69)	(10.3.70)		(1.7.70)	
Export finance—Bank of Mauritius Rediscount facilities Effective			7 (27.10.69)	6 1/2 (10.3.70)	6 1/2	Sugar: 6 Others: 5 1/2 (1.7.70)	Sugar : 6 Others : 5 1/2
2. Commercial banks							
(i) Prime rate (min.) †	8 1/2	8 1/2	8	8	7 3/4	7 1/2	7 1/2
(ii) Fine commercial rate (min.) ‡	9	9	8 1/2	8 1/2	8 1/4	7 3/4	7 3/4
(iii) Commercial rate	9 1/2	9 1/2	9	9	9	9	9
(iv) Other accounts	10	10	9 1/2	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	Sugar : 6 5/8-6 3/4 Others : 6 3/4-6 1/4
3. Mauritius Co-operative Central Bank (min.)	8	8	8	×	×	×	×
<b>II — DEPOSITS</b>							
1. Post Office Savings Bank	4	4	4	4	4	4	4
2. Commercial banks							
(i) Deposit accounts:							
3 months *	5 1/2	5 1/2	5 1/4	5	5	4 1/2	4 1/2
6 months *	5 3/4	5 3/4	5 1/2	5 1/4	5 1/4	4 3/4	4 3/4
12 months *	6 1/4	6 1/4	6	5 3/4	5 3/4	5 1/4	5 1/4
Over 12 months	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 §	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	5 1/2	5 1/2	5 1/2	5	5	4 1/2	4 1/2
6 months	5 3/4	5 3/4	5 3/4	5 1/4	5 1/4	4 3/4	4 3/4
12 months	6 1/4	6 1/4	6 1/4	5 3/4	5 3/4	5 1/4	5 1/4
(ii) Savings accounts	4	4	4	4	4	4	4
<b>III — MORTGAGES</b>							
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. 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		December 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)	73.3	(37.6)
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)	3.2	(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)	27.5	(14.1)
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)	49.2	(25.3)
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)	20.7	(10.6)
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)	9.3	(4.8)
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)	0.8	(0.4)
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)	9.9	(5.1)
Foreign bills	0.2	(0.1)	0.1	(. .)	0.1	(. .)	0.1	(. .)	1.0	(0.6)	2.7	(1.3)	1.1	(0.6)	0.9	(0.5)
<b>TOTAL</b>	<b>183.7</b>	<b>(100.0)</b>	<b>217.4</b>	<b>(100.0)</b>	<b>191.0</b>	<b>(100.0)</b>	<b>197.6</b>	<b>(100.0)</b>	<b>190.3</b>	<b>(100.0)</b>	<b>205.3</b>	<b>(100.0)</b>	<b>186.2</b>	<b>(100.0)</b>	<b>194.8</b>	<b>(100.0)</b>

Figures in brackets are percentages to the total.

Table 9. 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		1.6		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
	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
1970	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	—	—	—
	October	...	...	..	2.6	3.6	4.5	7.4	12.3	13	26
	November	...	...	10.7	—	3.8	—	—	0.6	1	1
	December	...	...	5.1	2.1	—	—	—	—	—	—

Table 10. 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
	October ...	70,772	116,178	26	2,722	4,468
	November ...	62,566	97,906	25	2,503	3,916
	December ...	76,826	148,140	25	3,073	5,926

Table 11. 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
	28th October	...	3.0	5.0	2.0	3.0	98.56	32.5	5.728
	27th November	...	5.0	9.5	4.5	5.0	98.56	10.0	5.708
	28th December	...	5.0	12.3	7.3	5.0	98.59	14.0	5.676

Table 12. 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>	1970-71 <i>2nd Qr.</i>
<b>Revenue :</b>						
Direct taxes ...	58	61	52	62	8.7	22.7
of which: Income Tax ...	(45)	(50)	(40)	(50)	(6.0)	(20.0)
Indirect Taxes ...	126	132	129	136	29.9	36.2
of which: Import duties ...	(63)	(67)	(64)	(67)	(17.3)	(22.6)
Export duties ...	(16)	(15)	(17)	(17)	(0.1)	(0.1)
Excise duties ...	(30)	(32)	(31)	(33)	(7.9)	(8.8)
Receipts from public utilities ...	21	22	21	23	5.8	5.7
Receipts from public services ...	6	9	7	10	1.3	1.5
Interest and royalties ...	7	8	9	11	6.9	11.1
Foreign aid ...	—	—	1	1	0.1	0.4
Foreign loan ...	14	—	—	—	—	—
Other ...	11	10	9	10	1.5	2.6
<b>Total</b> ...	<b>243</b>	<b>242</b>	<b>228</b>	<b>253</b>	<b>54.2</b>	<b>80.2</b>
<b>Expenditure:</b>						
General administration ...	63	68	66	73	15.6	23.4
of which: Defence and Police ...	(12)	(13)	(13)	(15)	(3.4)	(3.5)
Economic services:						
Agriculture and natural resources ...	6	8	7	9	1.6	1.9
Transportation ...	3	3	3	4	0.8	0.8
Post and telecommunication ...	6	6	6	6	1.3	1.5
Other ...	5	5	5	5	1.3	1.4
Social expenditure:						
Education ...	30	32	31	35	7.8	9.5
Health ...	22	26	24	28	5.7	6.8
Social security ...	30	30	30	30	6.5	7.7
Subsidy to rice and flour ...	11	3	(..)	—	—	—
Public debt and pensions ...	58	51	47	55	10.1	11.3
of which: Public debt ...	(41)	(34)	(29)	(37)	(6.6)	(7.1)
Local Governments ...	8	9	8	8	2.2	2.3
<b>Total</b> ...	<b>242</b>	<b>242</b>	<b>227</b>	<b>253</b>	<b>52.9</b>	<b>66.6</b>



Table 13: Consumer Price Indices

Base : January-June 1962=100

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	118.1	107.1	113.2	115.5	117.3	108.3	114.4	116.7	117.8
November	108.6	115.4	119.8	117.4	107.0	113.3	117.5	116.5	107.9	114.5	118.8	117.0
December	110.7	115.2	119.4	116.9	109.5	113.0	117.1	116.0	110.1	114.2	118.4	116.5
Average	106.6	114.9	117.6	119.2	106.6	113.0	115.6	117.6	106.7	114.1	116.7	118.5
Percentage Change (Yearly)		+ 7.8	+ 2.3	+ 1.4		+ 6.0	+ 2.3	+ 1.7		+ 6.9	+ 2.3	+ 1.5

Table 14. 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 (crop year)</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
1970	576,204	31,947	581,559	468.00 @

\* Local sales and exports.

@ Provisional.

Source : The Mauritius Chamber of Agriculture.

Table 15. Imports and Exports : Major Commodity Groups

Imports				1968	1969	1st Qr. 1969	2nd Qr. 1969	1st Qr.* 1970	2nd Qr.* 1970
Food	...	...	...	135.5	132.6	34.6	30.9	27.2	33.1
Beverages and tobacco	...	...	...	5.7	5.3	1.2	1.2	1.2	1.8
Crude materials, inedible except fuels	...	...	...	7.8	5.6	1.1	1.3	2.6	1.8
Mineral fuels, lubricants, etc	...	...	...	35.8	31.7	9.6	4.5	3.7	8.5
Animal and vegetable oils and fats	...	...	...	18.5	12.5	3.1	4.3	5.9	6.9
Chemicals	...	...	...	49.0	43.0	8.5	9.0	9.5	9.3
Manufactured goods	...	...	...	77.6	72.4	16.8	19.0	18.9	24.8
Machinery and transport equipment	...	...	...	56.5	44.7	12.1	11.3	12.5	12.9
Miscellaneous manufactured articles	...	...	...	34.6	27.9	6.3	7.5	6.1	7.7
Miscellaneous transactions and commodities n.e.s.	...	...	...	0.1	0.2	0.2	—	..	..
TOTAL				421.1	376.0	93.5	88.9	87.6	106.8
Exports									
Sugar	...	...	...	320.7	326.0	48.8	8.4	69.0	8.0
Molasses	...	...	...	11.9	10.0	0.4	2.8	6.2	2.4
Tea	...	...	...	9.6	14.6	5.6	5.5	5.6	4.6
Other	...	...	...	4.0	7.5	1.8	1.7	1.0	4.0
Re-exports	...	...	...	7.8	7.0	1.6	1.8	1.3	2.6
TOTAL				354.0	365.2	58.1	20.2	83.1	21.6

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

Table 16. Imports — Main Sources of Supply

(Rs million)

	1969	1st Qr. 1969	2nd Qr. 1969	3rd Qr. 1969	1st Qr. 1970	2nd Qr. 1970	3rd Qr. 1970
United Kingdom ...	74.4	19.0	20.0	17.2	21.5	21.6	19.6
Burma ...	7.7	7.3	—	0.2	6.9	5.1	5.6
Republic of South Africa ...	31.3	7.3	8.4	7.2	8.1	11.0	9.5
Federal Republic of Germany...	17.1	3.5	3.7	5.1	2.7	4.7	6.8
Australia ...	27.1	4.0	7.5	7.2	7.3	7.0	7.9
France ...	24.8	6.0	6.6	5.8	5.9	6.4	8.7
Japan ...	14.6	2.9	3.2	3.6	4.2	4.1	5.8
Iran ...	19.9	6.1	1.9	5.3	0.6	3.6	7.2
India ...	10.2	3.3	2.4	2.3	3.3	3.0	2.7
Thailand ...	43.8	10.1	8.4	9.1	0.2	5.9	0.4
United States of America ...	6.0	0.9	2.1	1.7	5.5	8.0	5.2
Hong Kong ...	8.8	1.6	2.4	1.8	1.9	2.7	2.4
Malagasy Rep. ...	8.9	1.8	1.9	2.3	1.6	2.2	0.6
Other ...	8.4	19.7	20.5	22.6	17.9	21.5	20.2
Total ...	376.0	93.5	89.0	91.4	87.6	106.8	102.6

Table 17. Exports — Principal Countries of Destination

(Rs million)

	1969	1st Qr. 1969	2nd Qr. 1969	3rd Qr. 1969	1st Qr. 1970	2nd Qr. 1970	3rd Qr. 1970
United Kingdom ...	260.5	44.6	13.4	100.1	56.8	10.3	100.2
Canada ...	63.2	4.1	—	34.3	16.9	—	31.7
United States of America ...	18.5	0.4	1.5	12.4	4.3	2.4	—
Republic of South Africa ...	9.6	4.2	2.3	0.8	3.5	4.0	0.9
Malagasy Republic ...	2.5	0.5	1.3	0.5	0.2	0.8	0.6
Réunion ...	3.3	0.6	0.6	1.1	0.3	1.1	1.5
Australia ...	0.9	0.2	0.4	0.1	0.3	0.1	0.2
Other ...	6.7	3.5	0.4	0.9	0.8	2.9	2.3
Total ...	365.2	58.1	19.9	150.2	83.1	21.6	137.4

Table 18. Balance of Payments

(Rs. Million)

Item	1966		1967		1968		1969	
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
<b>A. GOODS AND SERVICES</b>								
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>B. TRANSFER PAYMENTS</b>								
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	—
<b>C. CAPITAL AND NON-MONETARY GOLD</b>								
<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
<b>OTHER CAPITAL, ERRORS AND OMISSIONS</b> ...	—	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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