

BANK OF MAURITIUS



ANNUAL REPORT

For the year ended June 1969

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LETTER OF TRANSMITTAL

**BANK OF MAURITIUS
P O. BOX NO. 29
PORT LOUIS
MAURITIUS**

20th October 1969

Dear Minister,

In accordance with the provision of Section 45 (1), (a) and (b) of the Bank of Mauritius Ordinance 1966, I have the honour to transmit the second annual report of the Bank covering the year ended 30th June 1969.

Yours sincerely,

AUNAUTH BEEJADHUR

Governor

**The Honourable Minister of Finance,
Ministry of Finance,
Government House,
PORT LOUIS.**

PART I - REVIEW OF THE ECONOMY

1. GENERAL

The year 1968-69 has been a reasonably satisfactory one for the economy of Mauritius although much still remains to be done.

The Balance of Payments for the calendar year 1968 showed a very marked improvement over 1967. In 1968 there was an overall surplus of Rs. 19 million compared with a deficit in 1967 of Rs. 66 million. At this stage, the Balance of Payments indications for the calendar year 1969 also look quite encouraging.

The finances of Government have also improved during the year and the recurrent budget for the year 1968-69 ended with a slight surplus.

The Bank of Mauritius, for its part, has pursued a neutral to slightly restrictive monetary policy during the year, and this, undoubtedly, has led in some measure to the improvement in the Balance of Payments. In an economy like Mauritius, where virtually everything which is consumed is imported, any increase in the money supply is, in an almost textbook way, reflected in an increased demand for imports and, consequently, in a deterioration of the Balance of Payments. For this reason, therefore, it was felt that there was little scope for any general injection of money, or expansion of credit, in the economy and indeed, that there was room for a slight contraction. This has been brought about incidentally, and without specific emphasis, by the taking over of Government accounts from the commercial banks and the issue of Treasury Bills. There still appears to be adequate finance available in the commercial banks and the Development Bank for all viable development purposes, and the Bank of Mauritius is taking care to emphasize to the commercial banks that, should any contraction be necessary in their advances, it is advances for imports of consumer durables and non-durables which should be the ones to be cut back.

2. NATIONAL PRODUCT AND EXPENDITURE

The gross national product which had risen from Rs. 792 million in 1966 to Rs. 840 million in 1967, remained stable in 1968.

The fall in sugar production from 638,322 metric tons in 1967 to 596,549 metric tons in 1968 virtually cancelled out increases in such activities as banking, insurance, ownership of dwellings, public administration and services.

Wholesale and retail trade showed nearly a 10 per cent decrease due to the combined effects of a fall in sugar production together with a low world price for sugar, the devaluation of the rupee in November 1967, and a certain lack of confidence in the early months of 1968 due to the general political and economic situation.

Consumption of goods and services, by the public and private sectors taken together, was at approximately the same level as in 1967 — almost Rs. 856 million. On the other hand, expenditure on fixed capital went up in both sectors from a total of Rs. 145 million in 1967 to Rs. 153 million in 1968. Total consumption and gross capital formation rose by almost Rs. 9 million, an advance of 1 per cent over the preceding year.

The prospects for 1969, however, appear to be much more encouraging. Sugar production is currently estimated to amount to the high figure of 650,000 metric tons. Sugar prices have also been at reasonably high levels on the international markets during the earlier part of 1969 and it is expected that foreign exchange earnings on account of sugar will show a useful increase this year. At the same time, a large measure of confidence has been restored and the private sector is showing interest once again in expanding its activities.

Tea production and exports have also improved satisfactorily. Mauritius produced 3,055 tons of black tea in 1968-69, an increase of 858 tons, or 40 per cent, over 1967-68. The value of tea exports rose by 14 per cent in the calendar year 1968 and by 47 per cent in the first quarter of 1969 (compared with the first quarter of 1968).

Tea prices have been low during the last few years and steps are being taken, in co-operation with other tea exporting countries, to regulate production and marketing. Three conferences were held in the course of 1969, in Kampala, Rome and Mauritius, to deal with the problem.

Fourteen main tea exporting countries were represented at the Mauritius conference, held between July 23 and August 1, 1969, which was also attended by advisers from the United Nations Food and Agriculture Organisation and UNCTAD.

This conference decided to recommend the removal of some 41,000 metric tons of black tea from the world export markets in 1970 as well as to intensify propaganda for tea consumption in the United Kingdom (a major tea importer) and in the producing countries themselves.

3.MONEY AND CREDIT

Money supply showed a marked decline, amounting to Rs. 32.4 million, at the end of 1968 compared with the end of 1967. This fall was particularly marked in the last quarter of 1968. The normal seasonal fall in the first half of 1969, however, was much smaller than in 1967 and 1968 and this reflects a renewed demand for credit by the private sector.

In 1968, bank credit extended to the private sector rose by Rs. 15.4 million. This was more than offset by an increase of Rs. 31.3 million in time and savings deposit accounts indicating that the private sector, as a whole, did not take advantage of the credit facilities available to it.

In 1967, a more normal year, the credit situation was the other way round. Credit to the private sector rose by Rs. 23.9 million and time and savings deposits by Rs. 9.5 million.

The behaviour of the business community with regard to bank credit and deposits has changed yet again in 1969. More confidence and a greater willingness to invest has been evident and fresh credit amounted to Rs. 29.3 million in the first half of 1969 while, at the same time, there was a decrease of Rs. 4.8 million in non-sight deposits. This clearly indicates that the private sector was seeking more liquidity than in the corresponding period of 1968 when non-sight deposits increased by Rs. 24.6 million.

The effect of the public sector on money supply in 1968 was small, and contractionary. Credit increased by Rs. 4.3 million while deposits declined by Rs. 12.0 million. In 1967 public sector spending had contributed to an expansion in the money supply by Rs. 26.3 million.

Changes in money supply and factors contributing to these changes are shown below:

(Rs. Million)

	1967	1968	First half 1967	First half 1968	First half 1969
Credit extended to private sector ...	+ 23.9	+ 15.4	+ 38.3	+ 39.2	+ 29.3
Less, change in time and savings deposits ...	— 9.5	— 31.3	+ 4.8	— 24.6	+ 4.8
1 — Net private sector ...	+ 14.4	— 15.9	+ 43.1	+ 14.6	+ 34.2
Credit extended to public sector ...	+ 19.1	+ 4.3	+ 13.6	— 3.6	+ 6.2
Less, change in public sector deposits ...	+ 7.2	— 12.0	— 1.6	— 1.2	— 6.0
2 — Net public sector ...	+ 26.3	— 7.7	+ 12.0	— 4.8	+ 0.2
3 — Change in net foreign assets ...	— 33.6	+ 0.8	— 106.7	— 52.4	— 56.2
4 — Other and statistical discrepancies ...	+ 3.8	— 9.6	— 2.5	— 17.3	— 0.1
Actual change in money supply ...	+ 3.3	— 32.4	— 54.1	— 59.9	— 21.9

While the private sector's interest in utilizing bank credit is greatly welcomed, care will have to be taken to ensure that this development in credit and money does not go so far as to undermine the country's foreign payments position which has recently shown such a dramatic improvement. The issue of Treasury Bills, with a maximum of Rs. 9 million outstanding at any one time during the months of May — August 1969, has been a useful step to this end. These bills provide Government with a valuable source of short-term funds, drawn from the local money market, while, at the same time, they have the effect of absorbing any excessive liquidity in the economy and preventing inflationary tendencies.

4. GOVERNMENT FINANCE

The Government recurrent budget for the financial year 1968-69 closed with a surplus of Rs. 1.0 million. Revenue fell short by Rs. 6.4 million of the original estimates and expenditure by Rs. 7.0 million. Included, however, in the recurrent budget revenue were U.K. loans of Rs. 13.9 million (to meet a sinking fund shortfall on a maturing loan) and grants of Rs. 1.4 million. In the estimates for 1969-70 another small surplus on the recurrent budget of Rs. 0.3 million has been estimated, with both revenue and expenditure amounting to almost the same actual figures as in 1968-69. Moreover, this year there has been no need to allocate foreign funds to recurrent expenditure. Foreign aid, expected to be received in the form of loans and grants, will continue to finance in part the estimated deficit of Rs. 77.7 million in the 1969-70 capital budget. The rest of the deficit, some Rs. 38 million, will be met by local borrowing.

The table on next page gives the sources of revenue as well as the main items of expenditure in the recurrent budget.

Recurrent Budget of the Government

				(Rs. Million)			
				1967-68 actual	1968-69 actual	1969-70 estimates	percentage of total in 1969-70
Revenue:							
Direct taxes	---	---	---	56	58	61	25.2
of which: Income Tax	---	---	---	(45)	(47)		(50) (20.7)
Indirect taxes	---	---	---	121	126	132	54.6
of which: Import duties	---	---	---	(62)	(63)	(67)	(27.7)
Export duties	---	---	---	(15)	(14)	(15)	(6.3)
Excise duties	---	---	---	(29)	(29)	(32)	(13.2)
Receipts from public utilities	---	---	---	18	21	22	9.1
Receipts from public services	---	---	---	6	6	9	3.7
Interest and royalties	---	---	---	7	7	8	3.3
Foreign aid	---	---	---	17	—	—	—
Foreign loan	---	---	---	—	14	—	—
Other	---	---	---	7	11	10	4.1
		Total	---	232	243	242	100.0
Expenditure:							
General administration	---	---	---	61	49	51	21.1
of which: Defence and Police	---	---	---	(12)	(12)	(13)	(5.4)
Economic services:							
Agriculture and natural resources	---	---	---	8	6	8	3.3
Transportation	---	---	---	3	3	3	1.2
Post and telecommunication	---	---	---	6	6	6	2.5
Other	---	---	---	19	19	22	9.1
Social expenditure:							
Education	---	---	---	30	30	32	13.2
Health..	---	---	---	22	22	26	10.7
Social security	---	---	---	34	30	30	12.4
of which: Relief works	---	---	---	(19)	(9)	(9)	(3.7)
Subsidy to rice and flour	---	---	---	3	11	3	1.2
Public debt and pensions	---	---	---	37	58	52	21.6
of which: Public debt	---	---	---	(21)	(41)	(34)	(14.0)
Local governments ...	---	---	---	9	8	9	3.7
		Total	---	232	242	242	100.0

As shown in the table, the yield from direct and indirect taxes is expected to be higher in 1969-70. On the expenditure side some increase has been anticipated on health, education and agriculture. Subsidies on rice and flour, which amounted to almost Rs. 11 million in 1968-69, have been reduced to almost Rs. 3 million, due to the fall in the world prices of rice and wheat.

It is the policy of the Government to avoid deficits in the recurrent budget and to include provisions for contributions to capital development and for increased charges for debt services in that budget. Little has so far been achieved in these last respects. The fact, however, that the recurrent budget was balanced last year and that savings are being reallocated towards economic services and infra-structure projects is to be welcomed.

Capital outlays in 1969-70 will be mainly financed by local and foreign borrowing. The table below summarises estimates of capital receipts and expenditure in 1969-70.

Capital Budget Receipts and Expenditure

	(Rs. Million)		
	1967-68	1968-69	1969-70
	Actual	Actual	Estimates
Receipts			
Domestic sources	21.7	7.1	40.1
Borrowing	(20.2)	(5.0)	(38.0)
Other ...	(1.5)	(2.1)	(2.1)
External sources	35.3	21.9	45.1
U.K. grants	(15.5)	(14.7)	(11.6)
U.K. loans	(19.6)	(5.5)	(13.5)
Other	(0.2)	(1.7)	(20.0)
	57.0	29.0	85.2
Expenditure			
Economic services	33.0	36.5	63.2
Agriculture, forestry and industry	(13.3)	(11.1)	(12.6)
Transport and infra-structure	(12.0)	(20.9)	(33.6)
Loans to the Mauritius Development Bank	(7.7)	(4.5)	(17.0)
Social services	19.1	12.9	8.3
Education	(2.2)	(2.3)	(5.8)
Health and welfare	(13.8)	(6.1)	(1.0)
Housing	(3.1)	(4.5)	(1.5)
Central administration and local governments and other	10.3	7.8	8.3
	62.4	57.2	79.8
Surplus or deficit (—)	—5.4	—28.2	+5.4

Domestic sources, mainly local borrowing, are anticipated to yield Rs. 40.1 million, a marked increase over last year, if completely realised. The figure Rs. 13.5 million for "U.K. Loans" is part of a Rs. 20 million loan negotiated last year which was not spent and is, therefore, carried forward to 1969-70. Furthermore a U.K. loan of Rs. 66 million (£5.0 million) was

negotiated in July 1969 to finance a number of development projects over a period of five years. The loan, which is interest free, is repayable in 25 years and almost two-thirds of it will be tied to purchases of capital goods in Great Britain. It will be available from April 1970.

On the expenditure side, almost 80 per cent of the capital budget has been devoted to economic development. Rs. 33.6 million (42 per cent) is allocated for infra-structure and transport, while due regard has been also given to agricultural diversification, the promotion of tourism and industrial expansion.

5. PRICE MOVEMENTS

Consumer prices have shown slight increases each year since 1963, with the exception of 1968 when there was a much larger rise, due mainly to the rupee devaluation of November 1967. The price indices have tended to revert to the normal annual pattern in 1969.

The average rise in the index of consumer prices for the whole Island in the years 1963-1967 was 1.3 per cent per annum. In 1968 the index rose by 7.0 per cent, partly as a result of the rupee devaluation and also because of a sharp increase in the price of rice.

In 1969 the increase in retail prices has moderated ; the index for the first half of 1969 shows a 3.0 per cent increase over the corresponding period of 1968. This is considerably less than in the previous year.

6. BALANCE OF PAYMENTS

The calendar year 1968 resulted in a surplus of Rs. 19 million in the balance of payments. This is the second year to be in surplus since 1963. Present estimates show that it is not unlikely that 1969 will also be in surplus.

Imports rose by 13.5 per cent to Rs. 421 million in 1968 but at the same time exports also rose by 15.7 per cent to Rs. 354 million. The increase in imports of Rs. 50 million in 1968 mainly reflects the effects of the rupee devaluation in November 1967 and the increase in the world prices of such commodities as rice. Devaluation alone accounted for a rise of about Rs. 43 million in 1968 imports, since over 70 per cent of Mauritian imports were supplied by countries which did not devalue. On the other hand, the demand for imports was not particularly great in 1968, due to unsettled political and economic conditions, and this possibly prevented imports from rising to a still higher figure. Imports, in the first quarter of 1969, amounting to Rs. 93.5 million, show a decline of almost Rs. 12 million when compared with the same period of 1968. Only a slight increase in total imports in 1969, together with better export prospects this year, is likely to lead, therefore, to a smaller deficit in the trade account than in 1967 and 1968.

Receipts from services surpassed payments in 1968, resulting in a Rs. 22 million surplus on this account, compared with Rs 1 million in 1967 and relatively large deficits in previous years. This improvement has resulted from larger receipts on account of freight and transportation as well as a reduction in the deficit on the travel account. The reduced overseas leave by public servants has helped the improvement of the travel account.

The net deficit in Mauritius' balance of visible and invisible trade of Rs. 30 million in 1968 was more than offset by foreign grants and capital, giving a surplus of Rs. 19 million in the overall balance of payments. In 1968 net foreign grants received by the Government amounted to Rs. 29 million and net official loans to Rs. 18 million. The Government was also able to reduce its short-term liabilities by Rs. 20 million.

Summary of the Balance of Payments 1965-68

			1965	1966	1967	1968
			—	—	—	—
Net goods and services	...	...	-48	- 9	-74	-30
Net transfer payments	...	...	- 6	+34	+ 6	+24
Net long-term capital	...	...	-11	+ 9	+12	+15
Other capital, errors and omissions	...	...	+ 7	- 9	-10	+10
Basic balance of payments	...	...	-58	+25	-66	+19
Monetary movements						
(increase in assets shown by a minus sign)	...	...	+58	-25	+66	-19

The transfer payments and capital account in 1969 is expected to be again in surplus and thus to finance the relatively small predicted deficit on the current account. As already mentioned, the United Kingdom will be financing Mauritian development plans by lending at least Rs. 13.5 million in 1969-70.

In April 1969, the Bank of Mauritius drew the equivalent of \$4 million, in pounds sterling, from the International Monetary Fund, in order to strengthen the country's foreign reserves. This drawing has already improved the short-term capital account in the balance of payments and has placed the Government in a better foreign exchange position to cope with any possible payments difficulties.

Mauritius, like all Commonwealth countries, also benefited from the Basle Agreement, under which the United Kingdom Government guaranteed the foreign exchange value, expressed in US dollars, of a certain percentage of the Sterling Assets of Mauritius.

7. FOREIGN TRADE

The composition of Mauritian exports given below, shows that while there was an increase of Rs. 39 million in sugar exports in 1968 compared with 1967, other exports also advanced strongly, thus indicating a very small, but none the less encouraging, degree of diversification in the exports of Mauritius. Tea exports yielded Rs. 1.2 million more than in 1967, molasses Rs. 3.4 million, gunny bags Rs 1 million and miscellaneous other commodities (fruits, vegetables, ginger, glycerine, etc.) just over Rs. 2 million more.

Composition of Exports

		(Rs. Million)			
		1967	1968	1st Quarter 1968	1st Quarter 1969
Sugar	...	281.3	320.8	59.6	48.8
Molasses	...	8.5	11.9	3.5	0.4
Tea	...	8.4	9.6	3.8	5.6
Other	...	8.6	11.7	1.0	1.7
Total	...	306.8	354.0	67.9	56.5

In 1968, Rs. 272 million worth of exports went to the United Kingdom, Rs. 44 million to Canada, Rs. 22 million to the U.S.A. and Rs. 16 million to other countries.

Total imports increased by almost Rs. 50 million in 1968. Imports of machinery and transport equipment advanced appreciably by Rs. 12.8 million while the value of foodstuffs imported, with rice as a major component, went up by Rs. 17 million.

Composition of Imports

	1967	1968	(Rs. Million)	
			1st Quarter 1968	1st Quarter 1969
Food	118.5	135.5	32.6	34.6
Manufactured goods	78.5	77.6	21.2	16.8
Machinery and transport equipment	43.7	56.5	16.6	12.1
Chemicals	42.6	49.0	10.6	8.5
Mineral fuels and lubricants	25.4	35.9	8.8	9.6
Oils and fats	18.3	18.4	3.0	3.1
Other	44.1	48.3	12.7	8.8
Total	371.1	421.2	105.5	93.5

Main sources of supply of imports in 1968 were the United Kingdom (Rs. 99.5 million), Burma (Rs. 42.0 million), South Africa (Rs. 31.5 million), West Germany (Rs. 29.0 million), Australia (Rs. 26.0 million) and France (Rs. 24.0 million). Imports from India amounted to Rs. 11.5 million and from Pakistan to Rs. 5.0 million.

8. BANKING DEVELOPMENTS

From the 1st January 1969, the Bank of Mauritius and the commercial banks have remained open on Thursday afternoons. The banks in Mauritius are, therefore, now open for 5½ days a week.

Amongst other developments, the first branch of a bank (Barclays Bank D.C.O.) has been opened in Rodrigues. This will undoubtedly help the development of the economy of this island.

PART II - WORK OF THE BANK

1. AMENDMENT TO THE BANK OF MAURITIUS ORDINANCE

It had been rapidly discovered, in the light of experience, that the original Bank of Mauritius Ordinance was not entirely suited to the banking conditions existing in Mauritius. A number of essential amendments were necessary and the powers of the Bank had to be widened and strengthened.

In order to assist in the drafting of the revised legislation, the International Monetary Fund, at the request of the Bank of Mauritius, kindly made available the services of Mr. R. Tenconi, an adviser in the Central Banking Service of the International Monetary Fund.

The new legislation, which was placed before the Legislative Assembly on the 10th December 1968, was passed into law and received the Governor-General's assent on the 19th December 1968.

2. OPERATIONS OF THE BANK

The year has been a very busy one for the Bank. The main items of interest are given below :

(a) BANK RATE

Bank Rate was raised to 8% on the 23rd April 1969. It was previously 7½% and had remained at this level since the 20th November 1967. Following this decision, the commercial banks raised, correspondingly, both their deposits and advances rates. The Development Bank also raised the rate paid on deposits.

The commercial banks also introduced during the year competitive rates for fixed term deposits of over twelve months and rates of between 7% and 7½% were quoted for these deposits. There was also an increase in the rate paid by commercial banks on savings accounts from 3½% to 4% and the Post Office Savings Bank increased its interest rate in a similar manner.

(b) TRANSFER OF GOVERNMENT ACCOUNTS

With the opening of the Banking Office on the 12th August 1968 a start was made in transferring Government accounts from the commercial banks to the Bank of Mauritius. This process has continued steadily throughout the year.

The Bank also opened a number of fixed term deposit accounts, during the year, for quasi-government institutions in exchange for Sterling.

(c) LENDING TO COMMERCIAL BANKS

With the passing of the Bank of Mauritius (Amendment) Act, it became possible for the Bank of Mauritius to become a lender of last resort and to provide overnight, or short term, advances to the commercial banks on a number of occasions. The details are given in Table 6. This has been a useful service to the banking system and has been regularly used, particularly towards the end of each month, when the drawing of cash for the payment of wages leads to quite large, short term, distortions in the normal banking pattern.

The Bank of Mauritius also offered, to the commercial banks, to discount in the aggregate, up to Rs. 10 million of sugar or other agricultural commercial bills this year. This was done in order to assist with the financing of the crop, since it was believed that the demand for advances this year would rise as a result of a rather indifferent crop last year, coupled with low world prices for sugar. The banks welcomed this proposal but, at the end of the year, no actual use had been made of these facilities.

(d) TRANSACTIONS IN GOVERNMENT STOCK

The Bank of Mauritius has endeavoured to create a market in Government Stock during the year and, to this end, has effectively acted as a "jobber", being prepared to name a price for the purchase or sale of any Government security. Consequently, transactions in this market, particularly with the commercial banks, have expanded very considerably during the year and details can be found in Table 15.

Some indication of the importance of this activity can also be gained from the fact that, at the beginning of the year, the commercial banks held Rs. 3,719,960 (nominal) of Stock and at the end of the year their holdings were Rs. 16,349,510 (nominal).

Following the establishment of a market in Government Securities, it was decided that the formal link, laid down in the Tap Loan prospectus, by which the issue price of Tap Stock must be based, as nearly as possible, on the redemption yield obtainable on comparable British Government Stock, should be broken.

Subsequently, the prices for Mauritian Government Securities have been determined by normal market dealings, with the Bank of Mauritius standing by to support the market. It is particularly encouraging to note, in this context, that not all transactions in Government Stocks come to the Bank of Mauritius. There is already beginning to develop an — as yet — small, but still significant, inter-broker market which by-passes the central bank.

(e) TAKING OVER OF THE MANAGEMENT OF GOVERNMENT DEBT

Parallel with these developments, the Bank of Mauritius took over the management of Government Debt from the Government on the 12th May 1969.

(f) TREASURY BILLS

At the suggestion of the Bank of Mauritius, the Government decided to issue Treasury Bills to help their short-term financing, and the first issue was made on the 30th April 1969. Three issues had been made by June — all by tender. Details can be found in Table 14.

The Bank of Mauritius has also provided a continuous market for Treasury Bills by being ready to purchase, or sell, Treasury Bills at any time.

(g) FORWARD COVER

Following the devaluation of Sterling in November 1967, there has been, generally, much greater uncertainty about the stability of exchange rates and, at the request of the commercial banks, the Bank of Mauritius agreed to provide a limited amount of forward cover in certain circumstances.

The most important requirement of the Bank of Mauritius is that forward cover is limited to money which the commercial banks have to borrow from abroad and, that the amount borrowed must be at least as much as the individual bank has had to borrow over the average of the previous three years.

This facility has, in general, been welcomed by the commercial banks and has undoubtedly helped to ensure that the private sector in Mauritius receives the working and development finance that it needs.

(h) MINIMUM CASH BALANCES

It was decided during the year to require all commercial banks to maintain a minimum cash balance with the Bank of Mauritius. The figure was deliberately set at the extremely low level of 5% of deposits so as not to distort the economy. This figure was the average of the cash balances which the commercial banks had, themselves, been accustomed to keeping.

Although no attempt has so far been made to influence monetary policy by this means, it was thought proper to take this step, so as to indicate to the banking system that this method of controlling the monetary situation would be used should the need arise.

(i) CLEARING HOUSE

At the suggestion of the Bank of Mauritius, the Mauritius Bankers' Association established a Mauritius Clearing House during the year. This was established on the 19th August 1968. The Clearing House meets in the Bank of Mauritius. Details of the daily clearing can be seen in Table 9.

Following the introduction of the Clearing House, it became necessary to create a Money Market to ease settlement between commercial banks. Rates in this Market have been at around 4% per annum for overnight money.

(j) FRENCH MONETARY AREA NOTES

As a result of exchange control measures introduced, during the year, by the French Monetary Area, it became very difficult for commercial banks to market easily French monetary area notes sold to them by tourists and other visitors. To assist the banks in this task, the Bank of Mauritius agreed to purchase, from the commercial banks, a limited number of these notes on an outright basis and to accept larger quantities for collection.

(k) DEMONETIZATION OF CURRENCY NOTES

Following the successful exchange of Bank of Mauritius notes for the notes of the former Board of Currency Commissioners, it was decided to demonetize the currency notes with effect from the 14th October 1968. This operation was carried out smoothly and without difficulty. The notes of the former Board of Currency Commissioners are no longer legal tender but can still be freely exchanged into Bank of Mauritius notes if presented to the Bank of Mauritius.

(l) RODRIGUES

A commercial bank (Barclays Bank D.C.O.) decided to open a branch in Rodrigues on the 2nd May 1969. This raised certain accounting and supply problems with regard to the provision of Bank of Mauritius notes but, with the help of the local Civil Commissioner on the island, who is acting as agent for the Bank of Mauritius, a satisfactory system was quickly established.

(m) COIN

It became necessary during the year to re-order a supply of low value coins. A coin sorting section will also be established in the near future so as to enable the Bank to extract from circulation some of the older coins, a number of which are badly worn and mutilated.

(n) EXCHANGE CONTROL

During the year the following changes were made in exchange control policy :

- (i) The repayment proceeds of investments made out of blocked funds, irrespective of the period of investment, are no longer eligible for remittance to the beneficial owner abroad.
- (ii) The rate of Stamp Duty on capital transfers by residents has been increased from 25% to 34%, thus bringing it into line with the effective rate paid by non-residents.

3. ADMINISTRATION, STAFF AND PREMISES

(a) BOARD CHANGES

At the beginning of the year, Mr. D. C. Keys succeeded Mr. D. G. H. Cook as Managing Director of the Bank of Mauritius. Mr. Cook returned to the Bank of England at the end of his two-year appointment as Managing Director and the Bank would like to take this opportunity of paying tribute to Mr. Cook for all his hard work as the first Managing Director of the Bank. Mr. Keys was also seconded by the Bank of England and the Bank of Mauritius would also like to express its thanks to the Bank of England for making available both Mr. Cook and Mr. Keys and also for supplying the first two Chief Managers.

At the end of the year, Mr. J. W. Jourdain submitted his resignation from the Board upon his return to the United Kingdom. Mr. S. Gaya was appointed to fill the vacancy for a period of two years.

Also at the end of the year, the terms of appointment of Mr. A. Currimjee and Mr. J. C. Dalais, M.B.E. expired. They were both reappointed for a further period of three years.

(b) SENIOR STAFF

The first Chief Manager of the Bank, Mr. E. K. Dimond returned to the Bank of England on the expiration of his contract on the 22nd October 1968 and was succeeded by Mr. G. D. Wilton also from the Bank of England.

The Secretary, Mr. S. H. Borland, left Mauritius at the expiration of his contract on 17th April 1969 and was succeeded by Mr. Y. Lefébure, the former Manager of the Secretary's Department.

During the year, the Reserve Bank of India seconded to the Bank Mr. T. K. Velayudham for an initial period of six months, which was later extended to eight. Mr. Velayudham, as the first Head of Research of the Bank of Mauritius, created the Research Department, and the Bank would like to express its appreciation to Mr. Velayudham for all the excellent work he put in fulfilling this task and also to the Reserve Bank of India for its generosity in lending us his services.

Mr. Velayudham was succeeded as Head of Research, shortly after the end of the Bank year, by Mr. C. Towfiq who has been seconded to the Bank under the auspices of the International Monetary Fund.

(c) **OTHER STAFF**

During the year, as a result of the rapid expansion of the Bank and of its many roles, the size of the staff of the Bank increased accordingly. There were, at the end of the year, fifty four members of the Banking Staff together with thirteen Porters and Drivers.

The Bank of Mauritius is also concerned with the training of its staff. Mr. I. Ramphul, the Assistant Chief Manager, attended the Central Banking Course organized by the Bank of England during the months of April to June, and three members of the Banking staff are attending a course run by the University of Mauritius for young bankers.

(d) **PREMISES**

During the year, the Board of the Bank decided on plans for the erection of a building for the Bank of Mauritius, on a site at the corner of Royal and Sir William Newton Streets, Port Louis. The architects are Messrs. Victor Heal and Partners of London with whom was associated at the supervisory stage, M. Pierre Desmarais of Boullé, Lagesse and Partners. Mr. A. Currinjee of ZAC Associates (Architects), Port Louis, is also collaborating in the architectural supervision of the building of the Bank. Messrs. Hurst, Pierce and Malcolm are the Structural Engineers and Messrs. Davson & Ward (Mauritius) Limited the Quantity Surveyors. The services of Mr. I. Limbada, Chief Engineer (Civil Engineering), have been made available by the Government to supervise the structural side of the building.

A contract for the first stage (the area below ground) was let to General Construction Co. Ltd. of Mauritius in April 1969. Work commenced at the beginning of May and the foundation stone of the new Bank was laid at a ceremony on the 14th May by the Prime Minister, Dr. The Honourable Sir Seewoosagur Ramgoolam, Kt.

It is hoped that the first phase of the building will be completed by the end of October 1969 and that the whole building will be finished in about two years' time. To protect the site, and to have space for future expansion, the Bank also purchased during the year a small adjoining site. In the meantime, a temporary Banking Office was opened in the Treasury Building on the 12th August 1968 and, since that date, full banking facilities have been available.

4. RESEARCH DEPARTMENT

A Research Department was established during the year and the first Head of the Department was Mr. T. K. Velayudham, whose services had been made available to the Bank by the Reserve Bank of India. The setting up of this Department has led to

a very much improved flow of statistics to the Bank and this has helped greatly in the appreciation of the economic situation of the country.

Shortly after the end of the Bank year, Mr. C. Towfiq was made available by the International Monetary Fund as the second Head of the Research Department.

The Bank of Mauritius has also started to publish a Quarterly Bulletin and the first three numbers have so far appeared. Additional statistics and a continuing review of the economy are to be found in these bulletins.

5. INTERNATIONAL RELATIONS AND VISITS

The Government of Mauritius decided to join the International Monetary Fund, the International Bank for Reconstruction and Development, the International Development Association and the International Finance Corporation, and membership formalities were completed in time for the 1968 Annual Meeting. The Governor and the Managing Director of the Bank of Mauritius were included as members of the Mauritian Delegation to this Meeting. The Bank of Mauritius was, in accordance with normal practice, appointed fiscal agents and designated depositories for the Government of Mauritius in its relations with all these institutions.

The Governor of the Bank also attended a meeting held in Accra, Ghana, in August 1968 at which it was decided to establish an Association of African Central Banks. The Bank of Mauritius subsequently joined this Association.

Mauritius was visited during the year by a delegation from the International Monetary Fund, a number of experts from the International Bank for Reconstruction and Development, a French Aid Mission and a mission from the United Kingdom led by Mr. R. S. Porter. The Bank of Mauritius took part in discussions with all these missions.

The Bank of Mauritius received visits from Mr. J. B. de Loynes⁽¹⁾, Mr. H. J. Tomkins and Mr. P. Webster of the Bank of England, Mr. R. Tenconi of the International Monetary Fund, Mr. J. de Cambiaire of the Caisse Régionale de Crédit Agricole Mutuel de la Réunion and Mr. J. P. Jayarajan of the Bank of Uganda.

(1) The Bank of Mauritius learned in August of the tragic death of Mr. John de Loynes, who had helped so extensively in the creation of the Bank. It would like to take this opportunity of paying tribute to the late Mr. de Loynes for all his work on behalf of both the Bank and Mauritius generally.

**REPORT OF THE AUDITORS PURSUANT TO SECTION 44
OF THE BANK OF MAURITIUS ORDINANCE, 1966**

We have audited the attached Balance Sheet and Accounts of the Bank of Mauritius, dated 30th June, 1969, which are in agreement with the books and records of the Bank, and report that we have obtained all the information and explanations necessary for the purpose of our audit.

We also report that the profit for the year ended on 30th June, 1969, and the transfer made to General Reserve Fund on that date have been ascertained in accordance with Section 11 of the Bank of Mauritius Ordinance, 1966, and on this basis the Accounts give, in our opinion, a true and fair view of the state of affairs of the Bank at 30th June, 1969, and of the results of its operations for the year then ended.

KEMP CHATTERIS
Chartered Accountants.

Date : 23rd July 1969.

BANK OF MAURITIUS

BALANCE SHEET AS AT 30TH JUNE, 1969

30.6.68 Rs.		Rs.	30.6.68 Rs.		Rs.
	CAPITAL			EXTERNAL ASSETS	
10,000,000	Authorised ...	... Rs. 10,000,000.00		Balances with Banks ...	5,825,630.59
5,000,000	Paid up ...	5,000,000.00	11,845,756	Treasury Bills ...	20,087,262.02
1,000,000	GENERAL RESERVE FUND ...	2,250,000.00	20,903,933	Eligible Securities (at valuation) ...	80,973,016.50
81,022,515	NOTES IN CIRCULATION ...	80,539,655.00	32,145,647	Ineligible Securities (at valuation)...	5,439,495.78
5,779,578	COIN IN CIRCULATION ...	5,410,578.63	5,501,913	Foreign Notes and Coin ...	34,149.13
	DEMAND DEPOSITS			TOTAL EXTERNAL ASSETS ...	112,359,554.02
2,023,307	Government ...	563,134.82	—	GOVERNMENT SECURITIES (at valuation) ...	23,980,684.03
2,948,049	Banks ...	6,644,847.13	70,397,249	DISCOUNTS AND ADVANCES ...	15,207,649.34
27,908	Other ...	1,026,764.86	36,226,880	OTHER ASSETS ...	3,264,268.90
		8,234,746.81			
	OTHER DEPOSITS ...	26,366,956.97			
	OTHER LIABILITIES				
2,322,004	Profit payable to Government in accordance with Section 11 (2) (c) of the Bank of Mauritius Ordinance, 1966 ...	3,464,174.74	1,391,357		
7,932,125	Others ...	23,546,044.14			
		27,010,218.88			
<u>108,055,486</u>		<u>154,812,156.29</u>	<u>108,055,486</u>		<u>154,812,156.29</u>

(sd.) AUNAATH BEEJADHUR — *Governor*
 (sd.) D. C. KEYS — *Managing Director*
 (sd.) G. D. WILTON — *Chief Manager*

NOTE: The holding of Ineligible Securities is in accordance with Section 41 of the Bank of Mauritius Ordinance, 1966.

PROFIT AND FOR THE YEAR ENDED

1,000,000	TRANSFER TO GENERAL RESERVE FUND ..	1,250,000.00
2,322,004	PROFIT PAYABLE TO THE GOVERNMENT OF MAURITIUS — in accordance with Section 11(2)(c) of the Bank of Mauritius Ordinance, 1966...	3,464,174.74
<u>3,322,004</u>		<u>4,714,174.74</u>

LOSS ACCOUNT 30TH JUNE, 1969

3,322,004	NET PROFIT — after charging current expenditure, writing down fixed assets and providing for reserves and contingencies ...	4,714,174.74
<u>3,322,004</u>		<u>4,714,174.74</u>

Table 1. Selected Economic Indicators

		<i>Unit/Base</i>	<i>March</i> 68	<i>June</i> 68	<i>Sept.</i> 68	<i>Dec.</i> 68	<i>March</i> 69	<i>June</i> 69
<i>I. Bank of Mauritius</i>								
(1)	Notes and coin in circulation	Rs. million	90.7	86.8	91.1	97.1	89.2	85.9
(2)	External assets	Rs. million	60.3	70.4	54.4	89.0	85.9	112.4
(3)	Government securities	Rs. million	32.8	36.3	28.3	24.0	28.8	24.0
(4)	Discounts and advances	Rs. million	13.6	—	22.3	15.9	22.9	15.2
	of which Government borrowing ...	Rs. million	13.6	—	21.7	15.0	21.6	12.8
<i>II. Commercial Banks</i>								
(1)	Aggregate deposits	Rs. million	206.3	193.4	198.2	203.0	208.6	189.0
(2)	Bank credit, private sector	Rs. million	162.2	200.6	209.5	180.5	173.0	205.2
(3)	Cheque clearances	Rs. million	—	—	11.4*	129.6	85.9	79.6
<i>III. Interest Rates</i>								
(1)	Bank rate	%/annum	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2	8
(2)	Commercial rate (min)	%/annum	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
(3)	Savings accounts (banks)	%/annum	3 1/2	3 1/2	3 1/2	4	4	4
<i>IV. Money Supply</i>								
		Rs. million	174.4	164.9	183.1	192.4	190.8	171.5
<i>V. Consumer Price Index (whole island)</i>								
		Jan-June						
		1962=100	115.0	113.8	114.6	114.2	117.3	115.9
<i>VI. Foreign Trade</i>								
(1)	Imports, c.i.f.	Rs. million	105.4	99.9	104.9	110.9	93.5	88.9
(2)	Exports, f.o.b.	Rs. million	69.4	19.3	99.2	166.1	58.1	20.2
<i>VII. Employment Data</i>								
(1)	Registered unemployed	Number	9,954	7,833	8,127	10,698	14,846	15,351
(2)	Relief workers	Number	18,294	17,463	14,777	15,658	15,389	15,210

* Last three days of September 1968

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

Table 2. Bank of Mauritius — Assets and Liabilities

		(Rs. 000)											
		A. Assets											
End of Month		Balances with Banks	External Assets			Total	Mauritius Government Securities			Discounts and Advances	Other Assets	Total Assets	
			Treasury Bills	Eligible Securities	Ineligible Securities *		Marketable	Non- Marketable @	Total				
1967	August	...	20,490 +	—	36,843	10,100	67,433	24,043	10,000	34,043	5,113	13,155	119,744
	September	...	5,384	12,293	36,849	10,159	64,685	24,014	10,000	34,014	9,213	3,229	111,141
	December	...	4,928	25,770	36,487	6,544	73,729	24,010	10,000	34,010	6,900	2,019	116,658
1968	January	...	2,799	21,304	36,539	6,576	67,218	23,019	10,000	33,019	17,873	2,128	120,238
	February	...	3,926	19,595	32,227	6,591	62,339	22,922	10,000	32,922	11,050	2,136	103,447
	March	...	6,695	14,689	32,277	6,618	60,279	22,826	10,000	32,826	13,550	2,155	108,810
	April	...	4,726	25,541	32,256	6,617	69,140	36,381	—	36,381	—	2,175	107,696
	May	...	2,117	18,371	32,191	5,511	58,190	36,356	—	36,356	10,000	1,419	105,965
	June	...	11,846	20,904	32,145	5,502	70,397	36,267	—	36,267	—	1,391	108,055
	July	...	741	18,143	32,266	5,523	56,673	35,621	—	35,621	11,680	1,416	105,391
	August	...	5,368	16,090	32,371	5,509	59,338	35,492	—	35,492	14,882	1,429	111,141
	September	...	5,530	10,764	32,644	5,462	54,404 §	28,332	—	28,332	22,275	1,435	106,446
	October	...	5,582	26,351	32,740	5,459	70,135 §	28,453	—	28,453	8,093	1,505	108,186
	November	...	7,933	25,646	32,649	5,475	71,707 §	27,196	—	27,196	10,223	1,743	110,869
	December	...	20,593	30,380	32,505	5,471	89,037 §	24,024	—	24,024	15,883	1,733	130,677
1969	January	...	2,096	19,015	58,729	5,463	85,401 §	25,671	—	25,671	21,475	1,758	134,305
	February	...	9,163	8,907	58,557	5,470	82,236 §	30,976	—	30,976	20,976	1,761	135,948
	March	...	6,839	15,191	58,398	5,489	85,941 §	28,769	—	28,769	22,880	1,817	139,407
	April	...	4,815	20,434	81,227	5,448	111,949 §	25,246	—	25,246	11,988	1,950	151,133
	May	...	6,645	19,742	80,740	5,438	112,600 §	25,613	—	25,613	12,051	2,004	152,268
	June	...	5,826	20,087	80,793	5,439	112,359 §	23,981	—	23,981	15,208	3,264	154,812

+ Balance with Crown Agents
Includes foreign notes and coin
Vide Bank of Mauritius Ordinance Sec. 41.

@ Acquired from Commissioners of Currency.

Table 2. Bank of Mauritius — Assets and Liabilities

		B. Liabilities										(Rs. 000)	
<i>End of Month</i>		<i>Capital & Reserve</i>	<i>Currency in Circulation</i>			<i>Demand Deposits</i>			<i>Other Deposits</i>	<i>Total</i>	<i>Other Liabilities</i>	<i>Total Liabilities</i>	
			<i>Notes</i>	<i>Coin</i>	<i>Total</i>	<i>Government</i>	<i>Bankers</i>	<i>Other</i>					
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	January	...	5,000	87,657	6,019	93,676	4,038	7,150	—	—	11,188	10,374	120,238
	February	...	5,000	86,419	5,740	92,159	1,145	708	—	—	1,853	9,435	108,447
	March	...	5,000	85,029	5,651	90,680	1,422	1,817	—	—	3,239	9,891	108,810
	April	...	5,000	82,938	5,587	88,525	645	3,290	—	—	3,935	10,236	107,696
	May	...	5,000	80,777	5,670	86,447	1,551	1,825	29	—	3,405	11,113	105,965
	June	...	6,000	81,023	5,779	86,802	2,023	2,948	28	—	4,999	10,254	108,055
	July	...	6,000	81,233	5,755	86,988	993	2,592	34	—	3,619	8,784	105,391
	August	...	6,000	83,600	5,769	89,369	1,817	4,985	30	—	6,832	8,940	111,141
	September	...	6,000	85,341	5,799	91,140	649	5,663	129	—	6,441	2,865	106,446
	October	...	6,000	86,202	5,773	91,975	1,503	4,976	194	—	6,673	3,538	108,186
	November	...	6,000	86,409	5,880	92,289	2,027	6,338	501	—	8,866	3,714	110,869
	December	...	6,000	91,095	6,005	97,100	1,443	1,574	141	21,000	24,158	3,419	130,677
1969	January	...	6,000	84,219	5,607	89,826	1,663	5,547	638	26,109	33,957	4,522	134,305
	February	...	6,000	84,193	5,583	89,776	1,509	3,903	138	30,209	35,759	4,413	135,948
	March	...	6,000	83,641	5,604	89,245	656	7,729	1,072	30,209	39,666	4,496	139,407
	April	...	6,000	82,355	5,601	87,956	1,597	1,252	1,051	26,297	30,197	26,980	151,133
	May	...	6,000	80,379	5,420	85,799	1,766	4,397	1,036	26,367	33,566	26,903	152,268
	June	...	7,250	80,540	5,410	85,950	563	6,645	1,027	26,367	34,602	27,010	154,812

Table 3. Commercial Banks' Assets and Liabilities

		A. Assets											(Rs. Million)				
End of Month	Cash in Hand	Balances Due from		Bills Discounted		Bills Receiv- able	Loans and Advances	Investments				Total	Docu- mentary Credits	Guaran- tees	Other	Total	
		Other Banks in Mauritius	Banks Abroad	Local	Foreign			Trea- sury Bills	Govt. Securi- ties	Foreign Securi- ties	Other						
1966																	
March	...	10.2	1.4	35.9		-	161.2					8.1			62.1	278.9	
June	...	10.7	2.6	7.8			194.0					9.1			65.5	289.7	
September	...	6.9	3.1	21.4			170.3					9.2			64.0	274.9	
December	...	5.3	4.6	56.7			146.5					8.9			62.4	284.4	
1967																	
March	...	11.0	3.0	41.0			153.1					9.5			63.4	281.0	
June	...	9.2	2.9	10.5		0.1	182.2					8.9			70.5	284.3	
September	...	9.6	5.2	23.9		0.1	167.4					8.8			70.8	285.8	
December	...	7.0	2.2	52.3		..	169.2					8.6			74.0	313.3	
1968																	
March	...	8.0	5.9	49.0		..	162.2					8.6			68.9	302.6	
June	...	9.5	3.2	16.7	5.4	0.1	10.3	200.6		3.8	1.9	3.8	9.5	23.3	13.3	14.1	306.0
September	...	8.3	4.3	12.0	5.5	..	7.3	209.5		3.8	1.9	3.8	9.5	25.3	14.2	14.6	310.5
December	...	7.9	1.5	38.7	4.5	0.1	5.6	180.5		7.9	1.9	3.9	13.7	26.4	15.2	14.6	308.7
1969																	
January	...	6.1	2.0	41.9	4.5	1.1	6.1	165.1		5.5	1.9	3.8	11.2	22.0	12.4	29.4	301.8
February	...	4.7	0.6	42.4	4.4	0.1	6.8	171.0		4.0	1.9	3.8	9.7	22.0	12.3	27.4	301.4
March	...	6.5	0.1	32.6	4.6	0.2	6.1	173.0		6.0	1.9	3.8	11.7	27.0	12.5	30.3	304.6
April	...	7.0	0.5	22.6	4.7	0.1	7.8	188.7	2.3	9.1	1.9	3.8	17.2	24.1	11.5	26.4	310.6
May	...	6.2	0.4	18.7	4.9	0.1	7.2	195.6	1.1	10.8	1.9	3.8	17.6	24.6	12.1	21.4	308.8
June	...	6.8	0.5	8.5	4.9	0.1	8.4	205.2	4.9	11.5	1.9	3.8	22.1	23.1	11.3	26.8	317.7

Table 3. Commercial Banks' Assets and Liabilities

B. Liabilities

End of Month	Capital & Reserve	Private Sector Deposits				Government Deposits	Balances Due to		Bills Payable	Docu-mentary Credits	Guaran-tees	Other	Total	
		Demand	Time	Savings	Total		Banks in Mauritius	Banks Abroad						
1966														
March	...	12.5	74.6	48.4	29.2	152.2	38.0	2.0	15.5				58.7	278.9
June	...	12.6	60.6	42.1	29.1	131.8	37.0	2.9	45.9				59.5	289.7
September	...	12.6	74.8	34.5	30.1	139.4	21.8	2.6	40.4				58.1	274.9
December	...	12.7	125.6	24.5	30.5	180.6	24.4	3.7	3.5				59.5	284.4
1967														
March	...	12.7	97.3	39.5	33.0	169.8	20.1	2.5	16.1				59.8	281.0
June	...	12.8	81.5	20.3	35.6	137.4	26.0	2.5	40.2				65.4	284.3
September	...	12.8	88.6	23.6	40.2	152.4	19.0	3.2	32.8				65.6	285.8
December	...	12.9	128.0	25.0	41.7	194.7	17.2	5.4	16.3				66.8	313.3
1968														
March	...	12.9	88.6	44.4	44.6	177.6	28.7	3.4	14.8				65.2	302.6
June	...	13.0	84.6	48.0	44.4	177.0	16.4	2.7	32.7	0.2	23.3	13.3	27.4	306.0
September	...	13.0	96.7	46.9	45.0	188.6	9.6	1.6	28.6	0.6	25.3	14.2	29.0	310.5
December	...	13.1	100.7	50.9	44.6	196.2	6.8	1.9	19.2	0.3	26.4	15.2	29.6	308.7
1969														
January	...	13.1	92.3	55.3	45.8	193.4	8.3	0.4	12.8	0.5	22.0	12.4	38.9	301.8
February	...	13.1	92.5	56.0	45.9	194.4	9.0	0.5	11.8	0.7	22.0	12.3	37.6	301.4
March	...	13.1	104.3	49.3	46.6	200.2	8.4	0.1	7.4	0.6	27.0	12.5	35.3	304.6
April	...	13.2	94.0	47.5	46.8	188.3	9.2	2.5	24.0	1.0	24.1	11.5	36.8	310.6
May	...	13.2	91.8	48.1	45.9	185.8	8.2	0.3	32.8	0.9	24.6	12.1	30.9	308.8
June	...	13.2	87.7	46.9	45.9	180.5	8.5		45.8	0.6	23.1	11.3	34.7	317.7

Table 4. Currency In Circulation

(Rs. 000)

End of month	<u>Bank of Mauritius Notes</u>					Currency Board Notes	<u>Coin</u>							Total Notes & Coin	
	Rs. 5	Rs. 10	Rs. 25	Rs. 50	Total		Rs. 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 January	29,784	38,189	9,050	7,151	84,174	3,483	3,211	684	1,006	264	334	189	127	5,815	93,676*
February	28,820	38,139	9,175	7,251	83,385	3,034	3,164	675	986	263	335	190	127	5,740	92,159
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
April	27,019	36,859	9,125	7,551	80,554	2,384	3,027	673	971	261	336	191	128	5,587	88,525
May	26,268	35,792	8,952	7,651	78,663	2,114	3,122	676	967	260	336	191	128	5,670	86,447
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
July	25,598	36,236	9,679	7,951	79,464	1,769	3,235	642	964	258	336	191	128	5,755	86,988
August	25,795	38,231	10,003	8,042	82,071	1,529	3,218	659	976	260	336	192	128	5,768	89,369
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
October	25,693	40,736	10,342	8,407	85,177	1,025	3,219	667	962	264	339	192	130	5,773	91,975
November	25,870	40,603	10,171	8,780	85,425	984	3,290	672	985	269	341	193	130	5,880	92,289
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 January	24,364	38,701	10,484	9,741	83,290	928	3,074	642	960	267	341	193	131	5,604	89,825
February	24,455	38,750	10,337	9,785	83,327	866	3,093	623	939	263	340	193	131	5,583	89,776
March	24,065	38,659	10,210	9,855	82,789	852	3,098	636	949	258	338	194	131	5,605	89,245
April	23,583	37,740	10,207	9,987	81,517	839	3,096	638	945	256	338	195	132	5,600	87,956
May	22,655	36,649	10,088	10,162	79,554	825	2,928	626	946	255	339	194	132	5,420	85,799
June	22,811	36,614	10,051	10,253	79,729	811	2,925	626	941	255	336	194	133	5,410	85,950

* Includes demonetised coins Rs. 20,400

Table 5. Purpose-Wise Loans and Advances and Bills Discounted

		(Rs. Million)										
		<i>September</i>		<i>March</i>		<i>September</i>		<i>March</i>		<i>June</i>		
		1967*		1968		1968		1969		1969		
Sugar industry				56.4	(33.7)	100.0	(46.5)	63.9	(35.9)	85.8	(40.8)	
Other agricultural interests		68.1	(39.5)	4.1	(2.4)	3.0	(1.4)	1.4	(0.8)	2.7	(1.3)	
Other industries & manufacturers		8.9	(5.2)	16.1	(9.6)	22.3	(10.4)	18.3	(10.3)	19.8	(9.4)	
Traders	53.7	(30.8)	59.6	(35.3)	56.2	(26.1)	59.2	(33.3)	67.4	(32.0)
Personal & professional	23.8	(13.8)	19.4	(11.6)	21.7	(10.1)	21.7	(12.2)	20.2	(9.6)
Stockbrokers	—	—	0.04	(0.02)	0.4	(0.2)	0.4	(0.2)	0.1	—
Government	0.9	(0.5)	3.7	(2.2)	3.4	(1.6)	—	—	—	—
Other public bodies	3.3	(1.9)	2.9	(1.7)	3.6	(1.8)	8.2	(4.6)	8.2	(3.9)
Financial institutions	2.7	(1.6)	1.0	(0.6)	0.4	(0.2)	0.7	(0.4)	0.8	(0.1)
Other customers	4.2	(2.4)	4.1	(2.4)	4.0	(1.8)	3.8	(2.2)	5.2	(2.5)
Foreign bills	0.3	(0.2)	0.04	(0.02)	0.1	—	0.2	(0.1)	0.1	—
TOTAL	172.6	(100.0)	167.4	(100.0)	215.1	(100.0)	177.8	(100.0)	210.3	(100.0)

Figures in brackets are percentages to the total.

* Data for September 1967 are not comparable with those for the other periods in respect of items 1-3.

Source : Statements supplied by commercial banks.

Table 6. Bank of Mauritius Advances to Commercial Banks

		(Rs. Million)			
		<i>Total amounts</i>		<i>Number of days</i>	
		<i>advanced</i>		<i>on which</i>	
				<i>advances were</i>	
				<i>made</i>	
				<i>Number of days</i>	
				<i>on which</i>	
				<i>advances were</i>	
				<i>outstanding</i>	
1969					
January	—	—	—
February	0.65	1	1
March	0.20	1	1
April	2.40	1	3
May	1.10	2	3
June	0.75	2	5

Table 7. Principal Interest Rates in Mauritius

	March 68 (last week)	June 68 (last week)	Sept. 68 (last week)	Dec. 68 (last week)	March 69 (last week)	June 69 (last week)
I — ADVANCES						
1. Bank rate	7 1/2%	7 1/2%	7 1/2%	7 1/2%	7 1/2%	8%
2. Commercial banks						
(i) Prime rate (min.) †	8 1/2%	8 1/2%	8 1/2%	8 1/2%	8 1/2%	8 1/2%
(ii) Fine commercial rate (min.) ‡	9%	9%	9%	9%	9%	9%
(iii) Others (min.)	9%	9%	9%	9%	9 1/2%	9 1/2%
3. Mauritius Co-operative Central Bank (min.)	8%	8%	8%	8%	8%	8%
II — DEPOSITS						
1. Post Office Savings Bank	3%	3%	3%	3%	3%	4%
2. Commercial banks deposits accounts						
3 months *	4 1/2%	4 1/2%	4 1/2%	4 1/2%	4 1/2%	5 1/2%
6 months *	4 3/4%	4 3/4%	4 3/4%	4 3/4%	4 3/4%	5 3/4%
12 months *	5%	5%	5%	5 1/4%	5 1/4%	6 1/4%
Over 12 months	7-7 5/8%	7-7 5/8%	7-7 5/8%	7-7 5/8%	7-7 5/8%	7-7 5/8%
(ii) Savings accounts	3 1/2%	3 1/2%	3 1/2%	4%	4%	4%
3. Development Bank of Mauritius						
(i) 12-23 months	5%	5%	5%	5%	5 1/2%	5 1/2%
(ii) 24-35 months	5 1/2%	5 1/2%	5 1/2%	5 1/2%	6%	6%
(iii) 36 months	6%	6%	6%	6%	6 1/2%	6 1/2%
4. Mauritius Co-operative Central Bank						
(i) 3 months	4 1/2%	4 1/2%	4 1/2%	4 1/2%	4 1/2%	5 1/2%
(ii) 6 months	4 3/4%	4 3/4%	4 3/4%	4 3/4%	4 3/4%	5 3/4%
(iii) 12 months	5%	5%	5%	5 1/4%	5 1/4%	6 1/4%
12-36 months :						
(i) Under Rs. 200,000	6 3/4%	6 3/4%	6 3/4%	6 3/4%	6 3/4%	6 3/4%
(ii) Over Rs. 200,000	7%	7%	7%	7%	7%	7%
III — MORTGAGES						
(i) Up to Rs. 6,000 (max.)	11%	11%	11%	11%	11%	11%
(ii) Over Rs. 6,000 (max.)	9%	9%	9%	9%	9%	9%

† Restricted to Mauritius Sugar Syndicate, Sugar Mill Owners, Transport Association and Mauritius 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.

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

Table 8. Money Supply*(Rs. Million)*

<i>Quarter|Month</i>			<i>Notes and Coin in Circulation*</i>		<i>Demand Deposits with Commercial Banks</i>	<i>Other Deposits**</i>	<i>Total Money Supply</i>
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	125.6	2.9	221.5
1967	March	...	...	85.2	97.3	3.6	186.1
	June	...	...	83.2	81.5	2.7	167.4
	September	...	...	80.9	88.6	3.7	173.2
	December	...	...	93.3	128.0	3.5	224.8
1968	March	...	...	82.7	88.6	3.1	174.4
	June	...	...	77.3	84.6	3.0	164.9
	September	...	...	82.8	96.7	3.6	183.1
	December	...	...	89.2	100.7	2.5	192.4
1969	January	...	...	83.7	92.3	2.5	178.5
	February	...	...	85.1	92.5	2.4	180.0
	March	...	...	82.8	104.3	3.7	190.8
	April	...	...	81.0	94.0	3.5	178.5
	May	...	...	79.6	91.8	3.4	174.8
	June	...	...	79.1	87.7	4.7	171.5

* Net cash held by banks

** Miscellaneous current accounts

Table 9. Cheque Clearance

<i>Year/ Month</i>					<i>No. of cheques</i>	<i>Amount (Rs.000)</i>	<i>No. of days</i>	<i>Daily Average</i>	
								<i>No. of cheques</i>	<i>Amount (Rs.000)</i>
1968	September	(last 3 days)	...	...	6,305	11,424	3	2,102	3,808
	October		...	...	60,949	102,641	26	2,344	3,947
	November		...	...	50,014	93,459	25	2,001	3,738
	December		...	...	57,557	129,607	24	2,398	5,400
1969	January		...	...	54,545	81,829	26	2,098	3,147
	February		...	...	44,878	85,005	21	2,137	4,048
	March		...	...	57,068	85,890	25	2,283	3,436
	April		...	...	55,066	86,030	25	2,203	3,441
	May		...	...	53,929	71,341	25	2,117	2,854
	June		...	...	52,891	79,599	25	2,116	3,184

Table 10. Sugar Statistics

<i>Year</i>	<i>Production (metric tons)</i>	<i>Local Consumption (metric tons)</i>	<i>Export (metric tons)</i>	<i>Average Sugar Price Ex-Syndicate*</i>
1958	525,842	22,836	502,985	462.53
1959	580,372	27,455	551,774	468.95
1960	235,781	24,944	210,837	503.87
1961	553,259	28,412	524,660	438.25
1962	532,817	25,894	506,923	445.21
1963	685,597	26,590	659,001	590.89
1964	518,994	26,942	492,052	433.13
1965	664,403	31,598	632,685	409.32
1966	561,762	29,726	532,063	421.50
1967	638,322	31,080	606,755	424.40
1968	596,549	30,339	566,210	428.37

* Local sales and exports

Source : The Mauritius Chamber of Agriculture

Table 11. Consumer Price Indices

Base : January-June 1962=100

Month	RURAL			URBAN			WHOLE ISLAND		
	1967	1968	1969	1967	1968	1969	1967	1968	1969
January	105.4	112.0	116.4	106.1	110.6	114.3	105.7	111.4	115.5
February	107.4	113.6	117.7	108.2	112.5	115.7	107.8	113.2	116.8
March	106.2	115.6	118.1	106.8	114.2	116.2	106.5	115.0	117.3
April	105.6	115.3	117.4	106.2	113.4	115.2	105.9	114.5	116.5
May	105.5	113.6	118.2	106.3	111.8	115.9	105.9	112.8	117.2
June	104.5	114.7	116.8	105.2	112.6	114.8	104.8	113.8	115.9
July	104.6	116.8		105.4	114.5		105.0	115.8	
August	104.8	115.9		105.7	113.7		105.2	115.0	
September	107.2	115.5		106.3	113.4		106.8	114.6	
October	109.2	115.3		107.1	113.2		108.3	114.4	
November	108.6	115.4		107.0	113.3		107.9	114.5	
December	110.7	115.2		109.5	113.0		110.1	114.2	
Average	106.6	114.9		106.6	113.0		106.7	114.1	

Percentage Change

Month	RURAL			URBAN			WHOLE ISLAND		
	1967	1968	1969	1967	1968	1969	1967	1968	1969
Jan./Dec.	—	+ 1.2	+ 1.0	—	+ 1.0	+ 1.2	—	+ 1.2	+ 1.2
Feb./Jan.	+ 1.9	+ 1.4	+ 1.1	+ 2.0	+ 1.7	+ 1.2	+ 2.0	+ 1.6	+ 1.1
March/Feb.	— 1.1	+ 1.8	+ 0.3	— 1.3	+ 1.5	+ 0.4	— 1.2	+ 1.6	+ 0.4
Apr./March	— 0.7	— 0.3	— 0.6	— 0.6	— 0.7	— 0.9	— 0.6	— 0.4	— 0.7
May/April	— 0.1	— 1.5	+ 0.7	+ 0.1	— 1.4	+ 0.6	—	— 1.5	+ 0.6
June/May	— 0.9	+ 1.0	— 1.2	— 1.0	+ 0.7	— 0.9	— 1.0	+ 0.9	— 1.1
July/June	+ 0.1	+ 1.8		+ 0.2	+ 1.7		+ 0.2	+ 1.8	
Aug./July	+ 0.2	— 0.8		+ 0.3	— 0.7		+ 0.2	— 0.7	
Sept./Aug.	+ 2.3	— 0.3		+ 0.6	— 0.3		+ 1.5	— 0.3	
Oct./Sept.	+ 1.9	— 0.2		+ 0.8	— 0.2		+ 1.4	— 0.2	
Nov./Oct.	— 0.5	+ 0.1		— 0.1	+ 0.1		— 0.4	+ 0.1	
Dec./Nov.	+ 1.9	— 0.2		+ 2.3	+ 0.3		+ 2.0	— 0.3	

Source : Central Statistical Office

Table 12. Imports and Exports : Major Commodity Groups

(Rs. Million)

Imports				1966	1967	1968	1st Qr. 1968	1st Qr. 1969
Food	...	...	...	109.6	118.5	135.5	32.6	34.6
Beverages and tobacco	...	...	...	4.9	4.8	5.7	1.4	1.2
Crude materials, inedible except fuels	...	...	...	5.4	7.0	7.8	1.6	1.1
Mineral fuels, lubricants, etc	...	...	...	15.4	25.4	35.8	8.8	9.6
Animal and vegetable oils and fats	...	...	...	17.7	18.3	18.5	3.0	3.1
Chemicals	...	...	...	45.6	42.6	49.0	10.6	8.5
Manufactured goods	...	...	...	70.2	78.5	77.6	21.2	16.8
Machinery and transport equipment	...	...	...	36.9	43.7	56.5	16.6	12.1
Miscellaneous manufactured articles	...	...	...	27.4	32.1	34.6	9.6	6.3
Miscellaneous transactions and commodities n.e.s.	...	...	...	0.1	0.1	0.1	0.1	0.2
TOTAL	...	...	...	333.2	373.0	421.1	105.5	93.5
Exports								
Sugar	...	...	...	306.4	281.3	320.7	59.6	48.8
Molasses	...	...	...	11.5	8.5	11.9	3.5	0.4
Tea	...	...	...	6.5	8.4	9.6	3.8	5.6
Other	...	...	...	4.1	2.4	4.0	1.0	1.8
Re-exports	...	...	...	9.0	6.1	7.7	1.4	1.6
TOTAL	...	...	...	337.5	306.7	353.9	69.3	58.1

Source : Central Statistical Office.

Table 13. Balance of Payments

(Rs. Million)

Item	1965		1966		1967		1968	
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
A. GOODS AND SERVICES								
1. Merchandise ...	318	319	338	297	306	332	359	359
2. Non-monetary gold ...		1	—	1	—	1	—	1
3. Freight and insurance on merchandise ...	—	47	1	41	1	49	8	51
4. Other transportation ...	14	14	18	18	27	21	39	25
5. Travel ...	10	25	10	24	14	23	14	21
6. Investment income ...	9	15	11	13	10	16	11	15
7. Government, not included elsewhere ...	10	5	13	5	15	6	14	5
8. Other services ...	41	24	12	13	15	14	19	17
Net goods and services ...		48		9		74		30
B. TRANSFER PAYMENTS								
9. Private ...	5	16	5	14	5	12	6	11
10. Central Government ...	7	2	45	2	15	2	33	4
Net transfer payments ...	—	6	34	—	6	—	24	—
C. CAPITAL AND NON MONETARY GOLD								
<i>Non-monetary sectors</i>								
11. — 14. Private ...	—	4	—	—	—	3	—	3
15. Central Government ...	—	7	9	—	15	—	18	—
<i>Monetary Sectors</i>								
16. Commercial banks liabilities	12	—	—	10	13	—	3	—
17. Commercial banks : assets	40	—	1	—	4	—	14	—
18. Central institutions : liabilities	—	—	7	—	18	—	—	20
19. Central institutions : assets	6	—	—	23	31	—	—	16
OTHER CAPITAL, ERRORS AND OMISSIONS ...	7	—	—	9	—	10	10	—

Source : Central Statistical Office

Summary of Balance of Payments

	1965	1966	1967	1968
Net goods and services (items 1-8)	— 48	— 9	— 74	— 30
Net transfer payments (items 9-10)	— 6	+ 34	+ 6	+ 24
Net long-term capital (items 11-15)	— 11	+ 9	+ 12	+ 15
Other capital, errors and omissions	+ 7	— 9	— 10	+ 10
Basic balance of payments	— 58	+ 25	— 66	+ 19
Monetary movements (items 16-19)	+ 58	— 25	+ 66	— 19
(increase in assets shown by a — sign)				

Table 14. 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>Application at lowest price on % allotted</i>	<i>Average rate of discount on allotment % per annum</i>
1969	<i>Rs. Mn.</i>	<i>Rs. Mn.</i>	<i>Rs. Mn.</i>	<i>Rs. Mn.</i>	<i>Rs.</i>		
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

Table 15. Bank of Mauritius Transactions in Government Stocks

				<i>(Rs. 000)</i>	
				<i>Sales</i>	<i>Purchases</i>
1969					
January	...	...	---	—	2,500
February	...	...	---	—	1,500
March	---	4,000	2,000
April	---	4,800	2,000
May	---	2,500	1,300
June	---	6,200	—

BOARD OF DIRECTORS

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Mr. JAMES WILLIAM JOURDAIN, *Director*

(until 30th June 1969)

Mr. BHOOPAL BEEHARRY PANRAY, *Director*

MANAGEMENT AND SENIOR OFFICIALS
at the 30th June 1969

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<i>Secretary</i>	Mr. Y. Lefébure
<i>Head of Research</i>	vacant (later Mr. C. Towfiq)
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