

BANK OF MAURITIUS



ANNUAL REPORT

For the year ended June 1971

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CONTENTS

	Page
1. Letter of Transmittal 	5
2. Part I — Review of the Economy 	7
3. Part II — Operations of the Bank 	36
4. Auditors' Report 	39
5. Balance Sheet & Profit and Loss Account 	40
6. Statistical Tables 	42
7. Board of Directors 	67
8. Management and Senior Officials 	68

LETTER OF TRANSMITTAL

BANK OF MAURITIUS

P. O. BOX NO. 29

PORT LOUIS

MAURITIUS

2nd November 1971

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 fourth annual report of the Bank covering the year ended 30th June, 1971.

Yours sincerely,

AUNAETH BEEJADHUR

Governor

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

PART I REVIEW OF THE ECONOMY

CONTENTS

- I. INTRODUCTION
- II. AGRICULTURE
 - a) Sugar
 - b) Tea
 - c) Food Crops
- III. MANUFACTURING
- IV. MONEY AND BANKING
 - a) Commercial Banks
 - b) Money Supply
 - c) Monetary Policy
 - d) Capital and Money Markets
 - e) The Price Situation
 - f) The Development Bank of Mauritius
- V. GOVERNMENT FINANCE
- VI. EXTERNAL TRADE AND BALANCE OF PAYMENTS
 - a) External Trade
 - b) Balance of payments
 - c) Tourism
- VII. POPULATION AND EMPLOYMENT
- VIII. DEVELOPMENT PLANNING
 - a) Long-Term Strategy of Development
 - b) Four-Year Plan : 1971-75
- IX. CONCLUDING COMMENTS AND OUTLOOK

PART I - REVIEW OF THE ECONOMY

INTRODUCTION

In this part a review of the performance of the economy in 1970 is presented. On the basis of this review, an attempt is made to indicate, at the end, the prospects for growth in the short-run.

If one goes by the conventional indicator, the performance of the economy during 1970 does not appear to be impressive ; for instance, according to preliminary estimates, the gross national product* recorded only a fractional rise from Rs. 888 million in 1969 to about Rs. 895 million in 1970. This is in sharp contrast to a rise of nearly 8 per cent witnessed during the previous year. On the other hand, a deeper probe into the other aspects of the performance suggests that perhaps the foundations for a more rapid growth were laid during the year. While the growth of the economy with specific reference to certain selected sectors is discussed in some detail in the subsequent sections, the broad contours of growth may be sketched at this stage.

The explanation for the inability of the economy to record a significant rate of growth during 1970 has to be sought in the production of sugar which accounts for about 30 per cent of gross national product ; the production of sugar declined from 668,672 metric tons in 1969 to 576,204 metric tons in 1970, or a decline of nearly 14 per cent. Exports at 572,400 tons were also somewhat lower than during the previous year. However, a more significant feature of the sugar exports in 1970 was that despite the relatively lower volume of exports, the value of exports was significantly higher than that in 1969, because of the more favourable export prices of sugar. In other words, the disposable income of the country was significantly higher in 1970 — a fact not revealed in the national income data. Furthermore, tea and tourism appear to have emerged as important foreign exchange earners, next in importance to sugar. In particular, it is necessary to highlight that earnings from tourism have more than doubled between 1968 and 1970. These trends are an encouraging evidence of the gradual reduction of the nearly total dependence of the economy on only one item of export — namely sugar.

The pace of activity in the manufacturing sector appears to have gathered momentum, as is reflected in a small rise during the year, in the number of persons employed in the sector. Some industries assumed a concrete shape during the period, among which mention may be made of the fertilizer plant and the particle board plant. Other relatively smaller industries which also took a concrete shape include a pharmaceutical plant, the manufacture of cotton-thread and a knitting factory. The setting up of an Export Processing Zone in November 1970 has imparted additional impetus to the sector. The initial response to the scheme is not discouraging; for instance, five enterprises which have already started functioning have provided employment to about 625 persons. If the initial response is any indication, the scheme appears to hold out a promise of potentialities for faster growth in future.

It is in the sphere of money and banking that the performance is much more impressive than that of the previous year. Total private sector deposits rose to nearly Rs. 300 million in December 1970, or a rise of 20 per cent as compared with the level a year ago. This rise becomes all the more significant, coming as it does, close on the heels of a rise of similar order witnessed during 1969. In fact, between December 1968 and December 1970, deposits growth was more than 40 per cent. More impressive than the trend in aggregate deposits is the growth in time and savings deposits. These deposits, which stood at slightly more than Rs. 170 million

* At factor cost

in December 1970, were higher by about 35 per cent as compared with the level a year ago. What needs to be highlighted in this context is that not only the growth rate in savings and time deposits is higher than that in aggregate deposits but also that it is accelerating. This is indeed a welcome trend because development planning necessarily implies the raising of the rate of investment and savings in the economy. In regard to credit to the private sector, which also appears to be expanding, a feature which stands out is that the industrial sector is emerging as an important claimant of credit.

Money supply with the public recorded an increase of about 6 per cent in 1970, as compared with a rise of nearly 15 per cent witnessed in 1969. In part, the relatively smaller increase in 1970 is attributable to the fractional rise in gross national product.

Notwithstanding the rise in money supply, prices recorded a rise of only 1.5 per cent over the year. Thus the rise witnessed in 1970 was much smaller than the rise during the previous year. This is indeed an indication of the ability of the economy to ensure economic growth with price stability.

It may be recalled that the Bank of Mauritius initiated during the financial year 1969-70 an expansionary monetary policy with a two-fold objective : first, to stimulate the economy and second, to modify the interest rate structure with a view to making it a more faithful reflection of the domestic economic realities. The main instruments through which such an expansionary monetary policy was implemented are the changes in the Bank Rate and provision of concessionary export finance. The successive reduction of the Bank Rate, three times during this period, has to be viewed in this broader perspective. These successive reductions have brought about a significant transformation in the domestic interest rate structure. For instance, the prime lending rate of commercial banks which was as high as $8\frac{1}{2}$ per cent in September 1969 came down to $7\frac{1}{2}$ per cent in July 1970 ; the fine commercial rate came down to $7\frac{3}{4}$ per cent from the original level of $8\frac{1}{4}$ per cent. In this sense, therefore, the benefits of such reductions in the cost of credit appear to have percolated to all sectors of the economy.

Another facet, as it were, of the expansionary monetary policy was the measures undertaken to promote the provision of cheaper export finance. The operation of this scheme has been quite encouraging as is reflected in the fact that commercial banks have been increasingly resorting to it ; in fact, commercial bills rediscounted exceeded the level of Rs. 15 million during the busy season of 1970.

Implicit in the reduction of the Bank Rate in July 1970 was also a third objective, namely to do away with the heavy seasonal borrowings from abroad, to which the banking system was traditionally accustomed. Experience of the busy season both in 1970 and 1971 goes to show that it has been possible to realise this objective.

A remarkable feature of the year 1970-71 was the performance of the Bank of Mauritius in the sphere of raising of domestic resources for the Government. The targetted level of domestic borrowings as stipulated in the capital budget was not only attained but actually exceeded. Such a record in respect of floatation of Government loans should stand in good stead in the coming years of the Development Plan which postulates the raising of domestic resources on a sizable scale.

Finally, an outstanding aspect of the performance of the economy in 1970 was that it ended with a substantial balance of payments surplus of Rs. 73 million. The size of the surplus was thus even higher than a surplus of Rs. 57 million realised during the previous year. In fact, the surplus in 1970 is a record for the last ten years, with the sole exception of 1963. It should be further added that this is the third successive year in which the economy has been able to generate sizable balance of payments surpluses. As a result of the substantial surplus, the country's foreign exchange reserve rose from Rs. 239 million in December 1969 to Rs. 310 million in December 1970, or a rise of nearly 30 per cent. In fact, these three successive years

of balance of payments surpluses have significantly strengthened the overall resources position of the country.

The year 1970 will also be remembered as a year in which development planning took a concrete shape : the document " Development Strategy 1971-80 " published towards the end of the year provides the framework of a long-term plan for social and economic development of the Island over the decade. As part of this long-term strategy, a four-year plan* setting forth specific targets of employment, output and investment for the four-year period commencing 1971, was also published in June 1971. The course of economic development in the coming years will thus be governed by this comprehensive development plan.

II. AGRICULTURE

About half of the Mauritius area of 460,800 acres is devoted to the cultivation of field crops. Sugar-cane covers some 210,000 acres or about 95 per cent of all the land under cultivation. More recently, the Government has sponsored various schemes of expanding the production of tea. Further, with a view to reducing the country's heavy dependence on imports, the production of food crops which occupy at present hardly one per cent of the land under cultivation is also being encouraged. Despite these efforts at agricultural diversification however, sugar-cane continues to dominate the agricultural economy.

(a) SUGAR

The overwhelming predominance of sugar in the economy of Mauritius is reflected in the fact that the sugar industry accounts for about 30 per cent of gross national product and contributes about 92 per cent of the total export earnings. Again, the sugar sector provides more than 50 per cent of total employment in the Island. The performance of the sugar industry is therefore of strategic importance to the economy as a whole.

Performance in 1970

It may be recalled that the output of sugar had reached a level of 668,672 metric tons in 1969 ; this level ranked second only to the peak attained in 1963. The production declined to 576,204 metric tons in 1970 or by nearly 14 per cent. The decline was attributable mainly to the damage caused to the crop by the cyclone *Louise* which passed near Mauritius, towards the end of March 1970. As a consequence, both the cane yield and the sugar yield per arpent declined from 30.9 tons and 3.55 tons in 1969 to 26.9 tons and 3.02 tons in 1970, respectively.

All sugar produced in the country is delivered to the Mauritius Sugar Syndicate which is the sole agency for the marketing of sugar. About 70 to 75 per cent of the sugar is sold on preferential markets, the most important of these being the United Kingdom under the Commonwealth Sugar Agreement. The negotiated price quota under the Commonwealth Sugar Agreement remains fixed at 380,000 tons**. In addition to this quota, Mauritius sells some of its sugar on the United Kingdom market at the world price plus a preferential tariff. Some sugar is also exported to Canada, again with a preferential tariff. Finally, Mauritius has a quota of about 15,000 tons for export to the United States***. Mauritius is also a member of the International Sugar Agreement which became effective from 1st January 1969. One of the main objectives of the Agreement is to stabilise the price of sugar in the world free market, within a range, by regulating supply mainly through variations in export quotas and stock operations. The Agreement also makes provision for the redistribution of shortfalls and for contingency quota allocations (Hardship Relief Fund). These allocations are mainly for the benefit of small developing member countries whose total export earnings are heavily dependent upon the export of sugar. Mauritius' basic annual quota amounts to about 172,000 tons.

* The plan is entitled " 4-Year Plan for Social and Economic Development " ; hereafter the Plan will be referred to simply as the Development Plan.

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

*** This quota is likely to be raised to about 25,000 tons from 1972.

In 1970, the Mauritius' quota to the United States showed a marginal increase of 600 tons, reaching a total of 15,600 tons. Under the International Sugar Agreement, the quota in effect stood at 146,170 tons at the beginning of 1970 ; however, Mauritius benefited from reallocations of shortfalls from other countries and also the allocation under the Hardship Relief Fund, thus bringing the effective quota to 174,765 tons.

On the whole, the total exports of sugar in 1970 amounted to 572,401 tons as compared with a level of 582,290 tons during the previous year. The direction of exports is indicated in Table I below :—

Table I. Direction of Exports

	(Tons)	
	1970	1969
United Kingdom	402,191	380,000
Canada	154,610	176,140
Malaysia	—	11,150
U.S.A.	15,600	15,000
TOTAL	572,401	582,290

A more significant feature of the sugar exports in 1970 was that, despite the relatively lower *volume* of exports, the *value* of exports was significantly higher than that in 1969, because of the more favourable export prices of sugar. The average price of sugar in the London Terminal Market during the year 1970 was £40.40 as compared with a level of £33.83 during the previous year. Thus the value of sugar exports amounted to Rs. 340 million as compared with a level of only Rs. 326 million during the previous year.

Outlook for 1971

The prospects for the year 1971 appear to be quite encouraging. The earlier official forecast of sugar production for 1971 at 675,000 metric tons had to be revised downwards to 620,000 metric tons, because of the severe drought which prevailed during the vegetative season. Taking into account the carry-over stocks from the previous year, Mauritius will be able to fulfil her quota commitments for 1971. The estimates of exportable supplies are presented in Table II below :—

Table II. Exportable Supplies of Sugar : 1971

	(Tons)
1970 Crop	102,622
1971 Crop (excluding local consumption and International Sugar Organisation Stock)	560,734
Total Exportable Supplies	663,356

On the price front also, the buoyant trend witnessed in 1970 appears to be continuing through 1971. The average level of prices on the London Market for the first six months of 1971 was £46.79 per ton, as compared with £37.38 for the corresponding period of 1970. The exports earnings from sugar in 1971 are therefore unlikely to be significantly lower than the level during the previous year.

Long-term Prospects

The remarkably satisfactory performance of the sugar sector for three successive years has imparted considerable strength to the economy. While thus the more immediate situation is quite encouraging, the long-term prospects appear to be characterised by certain uncertainties. In this context, it seems necessary to spell out two important factors underlying the assessment of longer-term prospects.

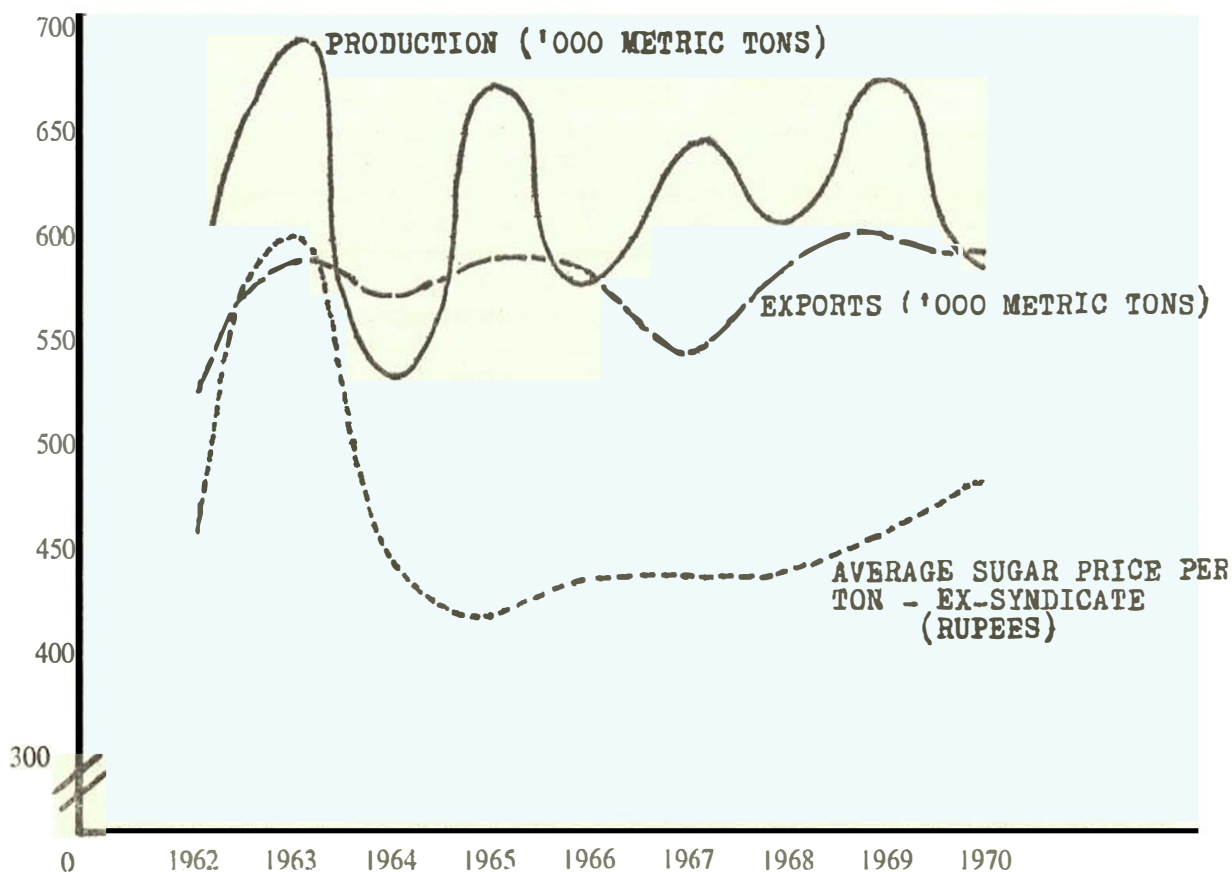
The first factor relates to the prospects of the export markets. Basically, the higher earnings on the export of sugar are attributable to the preferential market which Mauritius enjoys at present. As pointed out in the previous Annual Report, Mauritius is anxious that this preferential market should not be endangered consequent on the entry of the United Kingdom into the European Economic Community. The successful completion recently, of the United Kingdom negotiations for entry, has lent a sense of urgency to the whole question. On its part, the United Kingdom put forward in November 1970 proposals to the European Economic Community stressing the great economic and social importance of the Commonwealth Sugar Agreement to the developing countries and adding that these countries would suffer most severely unless arrangements were made to permit the advantages at present derived from the Agreement to be retained on a continuing basis within an enlarged Community. On a consideration of these proposals, the Community has given the assurance that during 1974-75, when the Commonwealth Sugar Agreement comes up for renewal, "the enlarged Community will have at heart to safeguard the interests of all the countries mentioned above and whose economies depend to a considerable extent on exports of primary products, and notably of sugar". The Chief British negotiator, Mr. Geoffrey Rippon, while expressing his satisfaction at the above declaration, stated that he would consult the Commonwealth countries concerned, before formally accepting it. Speaking in the House of Commons on the 17th May 1971, Mr. Rippon stated that the Community's offer was a specific and moral commitment and that the assurances which successive British Governments had given to the developing countries have now been double-banked by the Community's commitment. Finally, this problem was discussed in June 1971 at a meeting of the Commonwealth countries with the United Kingdom. It seems appropriate to quote here the relevant part of the statement issued subsequently : "There was a discussion of the Community's offer made on sugar after 1974. The British delegation assured other delegations that the Community's proposals constituted a specific and moral commitment by the enlarged Community of which the United Kingdom would be a part. The British Government and other Commonwealth Governments participating regard this offer as a firm assurance of a secure and continuing market in the enlarged Community on fair terms for the quantities of sugar covered by the Commonwealth Sugar Agreement in respect of all its existing developing member countries. The developing Commonwealth countries will continue to plan their future on this basis".

On the basis of this assurance, couched in no uncertain terms, it is reasonable to assume that the preferential market for Mauritius sugar will continue even after 1974. At the same time, the very complexity and protracted nature of the negotiations involved bring into sharp focus the vulnerability of the export prospects ; Mauritius cannot therefore look forward with confidence to increasing sugar exports under the existing arrangements as a primary means of expanding incomes and employment. From the longer-term development prospects point of view, therefore, the need to diversify the economy seems to become all the more imperative.

The second factor concerns the structure of the organisation of production in the sugar sector. A small number of large cane producers and a large number of small planters characterise the organisational structure of sugar-cane production. Twenty-one sugar estates cultivate about 110,000 arpents or an average of 5,000 arpents per estate. Each estate has a sugar mill providing the processing services also to the planters in the area. These planters number about 29,500 and cultivate about 90,000 arpents or an average area of about 3 arpents per planter. The differences in organisation, managerial level and farming practices between the estates and the small holdings are striking. These differences are reflected in the yields of sugar cane : yields on planter farms are about one-third below those of the estates. Narrowing this yield gap between the planter farms on the one hand and the estates on the other, would itself mean a substantial increase in total production.

An important measure envisaged by the Development Plan in this direction is the scheme to replant the smaller holdings with disease-resistant varieties of cane. It is estimated that at present about one-third of the holdings of less than 25 arpents are planted with varieties susceptible to a virus disease. The replanting of such holdings will involve an investment of Rs. 31 million and is expected to be completed over a period of three years, beginning with 1971. This measure, coupled with other improved cultural practices, will go a long way in bridging the yield gap. The long-term approach to the development of the sugar industry therefore seems to lie in achieving higher production through the improvement of land productivity and releasing part of the land, presently under sugar cane, for the cultivation of food and/or other export crops.

SUGAR : PRODUCTION, EXPORTS AND PRICES



GRAPH 1

(b) TEA

Next importance to sugar, tea is another export crop, the production and exports of which are being encouraged by the Government through various schemes. The private sector has also been active in the development of tea cultivation and some sugar estates have recently switched over certain marginal sugar-cane land to tea. As a result, the area under tea has been gradually rising ; for instance, the area rose from 7,100 acres in 1966 to 8,400 acres in 1969 and further to 9,400 acres in 1970. Mauritius tea is considered to be of good quality especially for blending.

As the figures presented in Table III below indicate, production and exports of tea in 1969 were significantly higher than the levels in 1968. In 1970, however, it was possible only to maintain the levels attained in 1969 ; about 3,200 metric tons of black tea were manufactured and the value of exports amounted to Rs. 14.1 million.

Table III. Area and Production of Tea

	1968	1969	1970
Area ('000 acres)	8.4	8.4	9.4
Production ('000 metric tons)	2.3	3.2	3.2
Exports ('000 metric tons)	1.7	2.6	2.6
Exports (Rs. million)	9.6	14.6	14.1

Until 1960, almost all the tea was exported to the United Kingdom at world market prices. Since then the world market prices have tended to decline but fortunately it has been possible to establish a preferential market with South Africa. Although the United Kingdom and South Africa continue to remain the main importers of Mauritius tea, the relative share of South Africa has been rising. For instance, in 1969, slightly more than 50 per cent of the total exports was accounted for by South Africa ; this proportion rose to nearly 62 per cent in 1970. In fact, it is expected that exports to South Africa will rise significantly in the coming years.

Thus although the outlook for world prices of tea does not appear to be sufficiently encouraging, Mauritius has been fortunate in establishing a preferential market. It is in this context of an assured market for tea that the Government project for tea development launched recently with the financial assistance of the order of Rs. 28.9 million from the International Development Association has to be viewed. The project represents the second phase of the smallholder tea development programme and will add about 5,840 acres to the 4,000 acres planted in the first phase, which was completed last year. The project is expected to create 4,100 new jobs and generate foreign exchange earnings of Rs. 16.7 million a year, when tea bushes reach maturity. The loan which is repayable over 50 years is free of interest but carries a small service charge. Thus the implementation of the project will not only mean that tea will emerge as an important item of exports, but it will also add significantly to the employment opportunities.

A significant step towards the implementation of the above project was the creation, in January 1971, of the "Tea Development Authority" which will be responsible for the establishment and promotion of tea plantations for smallholders, 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 projects for tea development which envisage that about 12,000 acres would be brought under tea cultivation during the next six years.

(c) FOOD CROPS

Strangely enough for an agricultural country, Mauritius depends almost entirely on imports for its staple food requirements, namely rice and wheat flour. In 1970, Mauritius imported about 58,800 metric tons of rice and 45,240 metric tons of wheat flour, at a total cost of nearly Rs. 61 million ; imports of these two commodities alone accounted for about 15 per cent of the country's total imports.

More recently, efforts are being made to develop rice cultivation in the country with the help of the Chinese (Taiwan) and Indian experts. As a result the area under rice has shown a steady rise from a mere 74 arpents in 1968 to about 625 arpents in 1970. Nonetheless, these efforts cannot be said to have progressed to a stage when domestic production could meet even a small proportion of total demand. In this context, it would be appropriate to refer to the possibilities of developing the water resources of the country, with the objective of facilitating irrigation and agricultural diversification. Two major irrigation projects which form part of the Development Plan need to be particularly mentioned. The Northern Plain Irrigation Scheme, involving a total investment of Rs. 45 million, will be able to provide over-head irrigation facilities for about 16,650 acres of sugar cane and surface irrigation facilities for about 270 acres of rice. Perhaps more important from the food crops point of view is the Western Coastal Region Irrigation project ; with an estimated investment of Rs. 33.2 million phased over the period 1971-76, the project aims at the development of some 10,000 acres of land under food crops, of which slightly less than 1,000 acres will be devoted to rice. Thus with the implementation of these two projects, the area suitable for the production of food crops, including rice, should increase considerably. Rice cultivation appears to demand greater priority not only because of the implicit diversification of agriculture but also because of the substantial import-saving which near self-sufficiency in rice would eventually entail.

III. MANUFACTURING

Since the early 1960's the Government has been taking a number of measures with a view to creating a favourable investment climate and to stimulating the establishment of industries. Among the incentives provided is a tax holiday from 5 to 8 years which is available to such new enterprises as the Government might consider to be beneficial to the economic development of the country and to which a "Development Certificate" would be issued. Further, dividends received from such new enterprises are also exempted from the individual income tax during the first 5 years of the tax holiday period. By the end of 1970, the Government had issued Development Certificates to 110 industries, out of which 70 have actually gone into production. It is significant to point out that as many as 62 Development Certificates were issued during the last three years. Such industrial development as has taken place in recent years could be largely attributed to those industries which have been enjoying the benefits of the Government's incentives schemes. Among the industries established are food and beverages, paints and varnishes, footwear, rolled steel products and a micro-jewel factory. The number of persons employed in this sector has been rising, though marginally, in recent years ; for instance, the total number* rose from 7,684 in September 1968 to 7,967 in September 1969 and further to 8,165 in September 1970.

* Figures pertain to establishments employing 10 or more persons.

Another interesting feature of the development of manufacturing industry in the Island is that this development has almost wholly taken place in the private sector. The only exceptions are the Government sack factory, producing about 1,800 tons per annum of sacks, yarns, sacking etc. and a livestock feed mill with a capacity of 5,000 tons per year.

Reference was made in the last Annual Report to the fertilizer factory, which is in the process of being established, involving a total investment of about Rs. 60 million, designed to produce 100,000 metric tons of fertilizer annually, of which 60,000 metric tons are meant for domestic consumption and the balance for export. Another important industry which took a concrete shape during 1970-71 was a particle board plant with a capacity of 5,000 tons per annum, based on the use of bagasse as the basic raw material. Among relatively smaller industries which took a concrete shape in 1970-71, mention might be made of a pharmaceutical plant, a plant for the manufacture of cotton-thread, a knitting factory, a crown cork factory and a dehydration plant. Other industries in the pipeline include the manufacture of cement, a biscuit factory, a canned food industry, a dry cell factory, a detergents plant and an industry for the manufacture of gloves.

The setting up, in November 1970, of an Export Processing Zone designed to encourage the establishment of *export* industries in Mauritius, may be said to be a landmark in the path towards development of industries in the Island. Besides providing infra-structural facilities at concessionary rates to such export enterprises, it is envisaged that such industries will be also totally exempt from payment of import duty on capital goods and raw materials. Further, they will also enjoy a tax holiday for a period of 10 to 20 years. The initial response to the scheme, though not commensurate with expectations, has not been altogether discouraging. Under this scheme, a total of 20 licences were issued by April 1971 ; of these 5 enterprises have already started functioning, providing employment to about 625 persons. Among these, mention may be made of a wigs factory, a gloves manufacturing industry and a garments factory. Other industries which have subsequently started operating include reproduction of mock-ups, knitwear and canning of vegetables. Industries which are in the pipeline appear to be more promising ; for instance, textiles, a plant for the assembling and processing of electronic components and a garments factory.

At this stage it is difficult to assess the overall impact that the industries established in this Zone may have made on the economy. However, it would not be out of place to sound a word of caution. The benefits that such export enterprises would confer on the economy, say by way of provision of employment, have to be balanced against the costs to the economy in terms of, for instance, fiscal revenues foregone. In particular, in considering the establishment of a specific industry, its net balance of payments impact needs to be taken into account. The point is that one has to proceed on a highly selective basis in promoting the establishment of industries in this Zone in so far as only those industries which, on the basis of a scientific appraisal of costs and benefits, prove beneficial to the economy, deserve to be encouraged.

The Development Plan stresses the fact that the size of the domestic market seriously conditions the scope of expansion of the manufacturing sector in Mauritius. If the manufacturing sector is to make a significant contribution towards the expansion of employment opportunities in the Island, therefore, emphasis will have to be necessarily placed on the establishment of export-oriented foreign enterprises. In fact, the bulk of the Rs. 11 million investment in the public sector envisaged in the industrial sector is directed towards land development for industrial and public housing sites, and other promotional efforts to induce foreign enterprises to base their export or component manufacturing activities in Mauritius. Provision of these infra-structural facilities and other concessions is expected to result in the investment of nearly

Rs. 265 million by the private sector over the period 1971-75. Taking a longer-term view, the contribution of the industrial sector to the gross domestic product is expected to rise from the present level of about 16 per cent to nearly 24 per cent by 1980.

IV. MONEY AND BANKING

Monetary and financial institutions play a vital role in the economy of Mauritius. This is because, in the first place, unlike many developing countries, Mauritius is a monetised economy with hardly any subsistence sector. Secondly, the economy depends heavily on the smooth functioning of its credit system, especially since its almost exclusive dependence on a single crop, harvested, processed and largely sold in the second half of the year, provides for large seasonal fluctuations in incomes and expenditures.

The monetary and banking system of the country consists of the Central Bank — the Bank of Mauritius — and five commercial banks ; other financial institutions include the Development Bank, a Co-operative Central Bank and the Post Office Savings Bank. The operation of these financial institutions is supplemented by numerous brokers, middlemen and shopkeepers who engage in lending operations. By an amendment to the Banking Ordinance 1958, restricted licence to transact banking business was given, in June 1969, to the Mauritius Co-operative Central Bank, thus bringing the total number of commercial banks to six. There are also some 25 insurance companies and agents and one private development finance company.

The commercial banking system will be shortly reinforced by the emergence of two new banks. During the latter half of 1971, licence to operate in Mauritius was given to another foreign bank, which is expected to start functioning towards the end of this year. Similarly, a proposal to establish a State Commercial Bank was also announced during the middle of the year.

(a) COMMERCIAL BANKS

At present, four foreign-owned banks operate as branches of overseas banks, while only one* of the banks is owned and incorporated in Mauritius.

Taken together, the commercial banks have a total of 33 branches and 35 mobile units operating throughout the Island. (See Table IV). Though this number appears to be adequate in relation to the size of the country, the fact that Mauritius is a full-fledged exchange economy with hardly any subsistence sector should not be forgotten. Further, the geographical distribution of branches appears to be rather uneven, with heavy concentration in the Curepipe-Rose Hill - Beau Bassin - Port Louis belt ; in other areas the spread is rather thin.

Table IV. Branch Expansion of Commercial Banks

	<i>Dec. 68</i>	<i>Dec. 69</i>	<i>June 70</i>	<i>Aug. 71</i>
Number of branches	29	30	32	33
Number of mobile banking units	35	35	35	35
Airport Counters	1	1	2	2

* Excluding the Mauritius Co-operative Central Bank.

Trends in Deposits

Deposits with the commercial banks have been rising consistently. Total private sector deposits which stood at Rs. 245 million in December 1969 rose to Rs. 295 million in December 1970, or a rise of slightly more than 20 per cent. (See Table V). This rise becomes all the more significant, coming as it does, close on the heels of a rise of similar order witnessed during 1969. In other words, between December 1968 and December 1970, deposits growth was more than 40 per cent. Basically, this significant rise in deposits witnessed for two consecutive years reflects the impact of substantial balance of payments surpluses realised during both 1969 and 1970. This up-trend seems to have continued through 1971 ; for instance, total deposits at Rs. 280 million in June 1971 were higher by 22 per cent as compared with the level a year ago.

More impressive than the trend in aggregate deposits is the growth in the time and savings deposits. These deposits which stood at about Rs. 171 million in December 1970 were higher by about 35 per cent as compared with the level in December 1969. This growth rate was substantially higher than a 24 per cent rise witnessed during the corresponding period of the previous year. The underlying trend seems to have continued through 1971. For instance, the level of these deposits at Rs. 167 million in June 1971 was higher by 33 per cent as compared with the level a year ago. On the whole, what needs to be highlighted is that not only the growth rate in savings and time deposits is consistently higher than that in aggregate deposits, but also that it is accelerating. This is indeed a welcome trend especially because the Development Plan now under way necessarily implies the raising of the rate of saving and investment in the economy. Another interesting feature is that the bulk of the rise in these deposits seems to have been accounted for by the private sector. This is brought out by a comparison of the changes in the ownership pattern of the time deposits during the last two years : (See Appendix Table 10 (a).

Trends in Credit

The recent trend in the growth of bank credit can now be briefly discussed. Bank credit is subject to seasonal fluctuations generally reaching a peak around July-August and declining to a trough around December, when the bulk of the proceeds of sugar exports is received. It may be recalled that total credit to the private sector had shown a decline from about Rs. 213 million in June 1969 to Rs. 199 million in June 1970, mainly because of the relatively smaller sugar crop in 1970. The level of credit, however, rose significantly to reach Rs. 231 million in June 1971, recording thereby a rise of as large as 16 per cent over the level a year ago. Such a significant rise reflects in part a response to the substantially higher sugar crop in 1971 and in part the impact of the expansionary monetary policy pursued by the Bank in recent years. A more detailed analysis of this aspect of credit expansion is presented in a subsequent section. At this stage, it is sufficient to refer to two important characteristic features of the expansion of credit both in 1970 and 1971 : these are an increasing dependence of the commercial banks on the discount window of the Bank of Mauritius, as also a resort in an expanding degree to direct borrowings from the Bank of Mauritius for replenishing their resources.

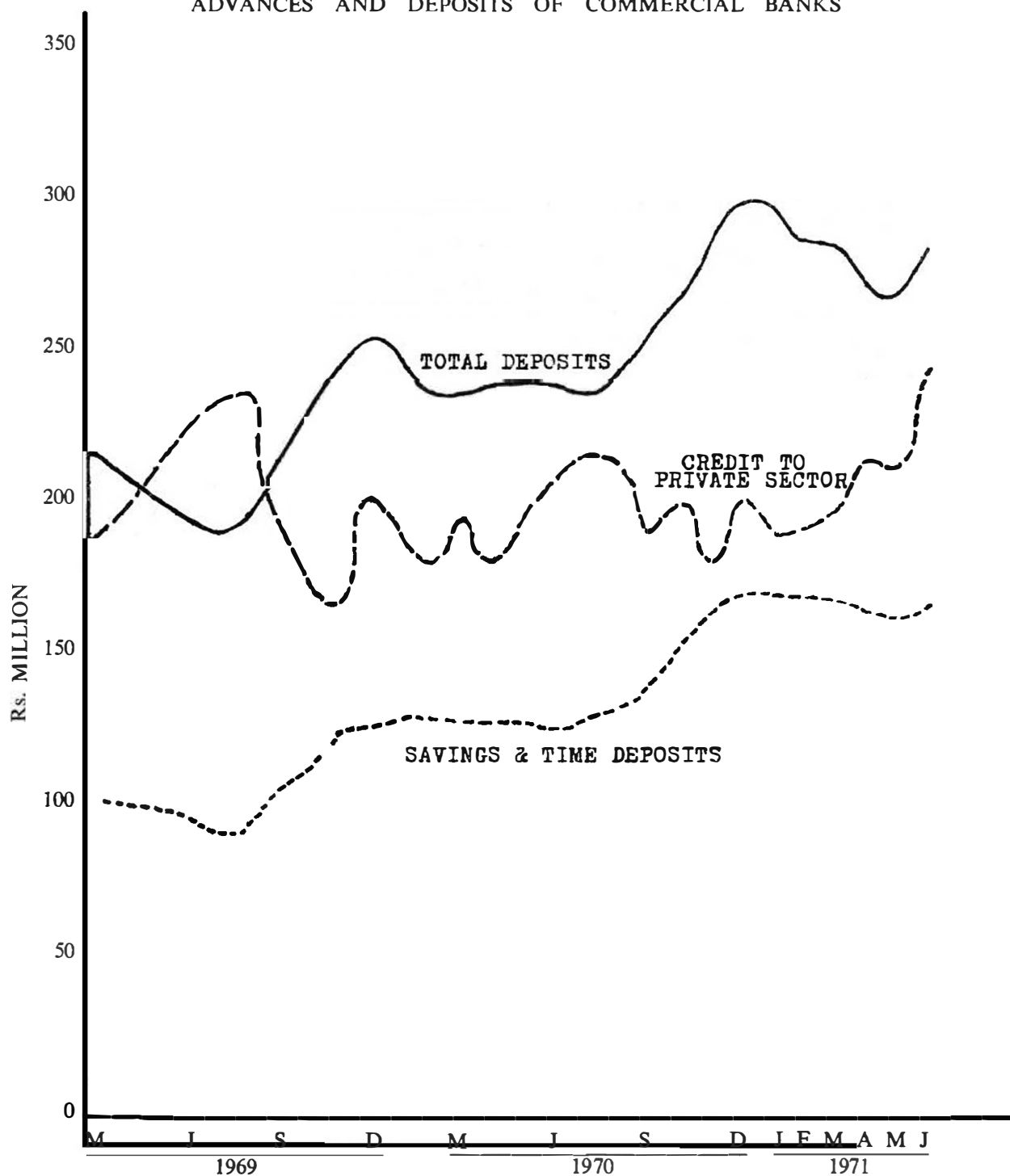
A sector-wise classification of credit to the private sector is presented in Table 9 appended. A comparison of the credit levels as at June, during the three years 1969, 1970 and 1971 reveals that an important structural change in the allocation of credit seems to have taken place. While the share of the sugar sector remains almost unchanged, what is significant is that the industrial sector's share has risen sizably from about 10 per cent of the total during the previous year to nearly 15 per cent in 1971. In other words, the industrial sector seems to be emerging as an important claimant of the commercial bank credit. This factor also serves as an indicator of the acceleration of manufacturing activity in the economy as a whole.

Table V Commercial Banks — Selected Indicators

(Rs. million)

	June 68	Dec. 68	June 69	Dec. 69	June 70	Dec. 70	June 71
1. RESERVES	12.4	9.5	13.4	13.0	12.6	16.2	15.2
(a) Cash in hand	9.5	7.9	6.8	9.5	8.1	10.0	7.2
(b) Balances with Bank of Mauritius	2.9	1.6	6.6	3.5	4.5	6.2	8.0
2. FOREIGN ASSETS	19.4	40.9	10.8	47.8	27.4	33.9	18.4
(a) Balances with banks abroad	16.7	38.7	8.5	45.2	24.7	31.3	15.6
(b) Foreign Notes and Coins	0.8	0.3	0.3	0.6	0.7	0.6	0.8
(c) Foreign Securities	1.9	1.9	2.0	2.0	2.0	2.0	2.0
3. CLAIMS ON GOVERNMENT	13.8	17.9	25.7	29.5	28.6	59.4	59.5
(a) Treasury Bills	—	—	5.4	3.1	2.7	7.8	—
(b) Investment in Government Securities	4.4	8.5	12.1	18.0	15.3	42.3	49.5
(c) Loans & Advances	9.4	9.4	8.2	8.4	10.6	9.3	10.0
4. CLAIMS ON PRIVATE SECTOR	208.0	186.0	212.9	193.5	199.0	189.8	230.6
(a) Loans and Advances	198.8	177.6	204.1	184.8	160.4	168.1	197.0
(b) Bills purchased and discounted	5.5	4.6	5.0	4.4	34.3	17.4	28.8
(c) Local investments	3.7	3.8	3.8	4.3	4.3	4.3	4.8
5. TOTAL PRIVATE SECTOR DEPOSITS	182.6	204.1	188.4	245.3	230.0	294.9	280.1
(a) Demand Deposits	86.6	102.1	90.1	118.8	104.1	123.8	112.8
(b) Time and Savings deposits	96.0	102.0	98.3	126.5	125.9	171.1	167.3

ADVANCES AND DEPOSITS OF COMMERCIAL BANKS



GRAPH 2

The New Banking Legislation

At this stage it is desirable to make a reference to the Banking Act 1971, which received the assent of the Governor-General on the 29th June. The new legislation should be viewed more as a process of bringing up-to-date the existing legislation on banking, rather than as introducing an altogether new legislative measure. The financial system of the country has undergone significant transformation during the last three or four years. The establishment of the Bank of Mauritius in 1967 was itself a landmark in the financial history of the Island, in so far as it symbolised the ability of the country to pursue an independent monetary policy consistent with national interests. More recently, the structure of the Development Bank of Mauritius was reorganised and its financial base strengthened. Further, as has been mentioned earlier, the proposal to establish a State Commercial Bank was also announced recently. All these measures reflect the increasing sophistication which the financial system of the country is acquiring. This sophistication is necessary because, as the Development Plan gathers momentum, the financial system, in particular the banking system, will be called upon to play an increasingly important role in the mobilisation of domestic resources for development. The establishment of the Export Processing Zone also entails additional responsibility on the part of both the banking system and the Bank of Mauritius. It is against this broader perspective of the increasing sophistication of the banking system that the new legislation should be viewed.

The previous legislation on commercial banking was rather out-of-date in several respects. For instance, this legislation did not take cognizance of the existence of the Central Bank. Obviously, therefore, it was felt necessary to vest in the Minister of Finance and the Bank of Mauritius powers previously exercised by the Financial Secretary.

Any comprehensive banking legislation — comprehensive in the sense of being designed to meet all possible eventualities — may be said to contain three crucial components: first, minimum capital requirements for banks to obtain a licence and to operate in the country; second, the liquidity ratio requirement and third, the power of the Central Bank to carry out periodical inspections of commercial banks. These components may be said to comprise the core of any meaningful banking legislation. The previous legislation did not provide for the second and provided rather restricted powers in regard to the first and the third. The new legislation is designed to make up this deficiency.

These components may now be briefly indicated. Section 14 of the new legislation prescribes minimum capital requirements for banks: in the case of a bank incorporated in Mauritius, the minimum paid-up capital, together with reserves, is laid down at Rs. 5 million. In the case of a bank incorporated abroad, in addition to the minimum paid-up capital of Rs. 5 million, it will be required to maintain in Mauritius assigned capital of the amounts prescribed by the Central Bank from time to time. Such capital of a bank, however, shall not be less than Rs. 1 million or 5 per cent of the average of its demand and time liabilities for the previous year, whichever is the higher. The Bank of Mauritius (Amendment) Act, 1968 empowers the Bank of Mauritius to prescribe minimum cash balances to be maintained by commercial banks (Section 22). But the cash balances requirement, by itself, is rather ineffective as an instrument of monetary regulation, unless it is buttressed by the liquidity ratio requirement. Section 17 of the new Act is designed to fill this gap. Lastly, inspection of banks by the Central Bank is accepted as part of the normal practice, especially in economies dominated by expatriate banks. The Bank of Mauritius Ordinance does empower the Central Bank to examine the books, accounts and records etc. of commercial banks, but only in a restricted sense (Section 22 B (3)). Section 26 of the new Act is designed to provide for more general powers to carry out periodical inspection of banks. In fact, this provision is not altogether new because the Banking Ordinance 1958 did provide somewhat similar powers to the Financial Secretary (Section 5 (3)).

Besides this core of the legislation, there are some minor modifications or additions introduced in the legislation with a view to stream-lining the previous legislation. The comprehensive nature of the legislation is primarily motivated by the objective of being able to meet all possible eventualities. In the past, the relationship between the monetary authorities and the commercial banks has been quite cordial. The banks have extended their whole-hearted co-operation in the implementation of the monetary policy. It is felt that the new legislation should provide a proper framework for further strengthening the harmonious relationship that has been thus built up.

(b) MONEY SUPPLY

Money supply with the public which stood at Rs. 231 million at the end of 1970 recorded an increase of 5.7 per cent, as compared with the level at the end of 1969 (See Table VI). The extent of the increase in money supply during 1970 therefore was much smaller than the increase of 14.5 per cent witnessed during 1969. Of course, it should be remembered that the expansion in money supply in 1969 was rather unusual, in the sense that it made up for an equally sizable *decline* witnessed during 1968. In part, the explanation of the relatively smaller increase in 1970 is to be found in the fact that the gross national product showed only a marginal rise of less than 1 per cent in 1970.

Interestingly enough, of the two components of money supply, demand deposits appear to have expanded at a relatively lower rate than currency.

This up-trend in money supply appears to have continued through 1971 ; for instance, the level in June 1971, although reflecting the usual seasonal de line, is higher by about 11 per cent as compared with the figure in June 1970. For the year as a whole therefore, one can expect a somewhat larger rise in money supply, which again could be accounted for by the fact that national income in 1971 is expected to show a sizable increase. In fact, the production of sugar in 1971 is expected to be higher by nearly 8 per cent as compared with the level during the previous year.

To some extent, an explanation for the expansion in money supply since towards the end of 1969 should be also sought in the expansionary monetary policy pursued by the Bank of Mauritius. A brief discussion of this aspect is taken up in the next section.

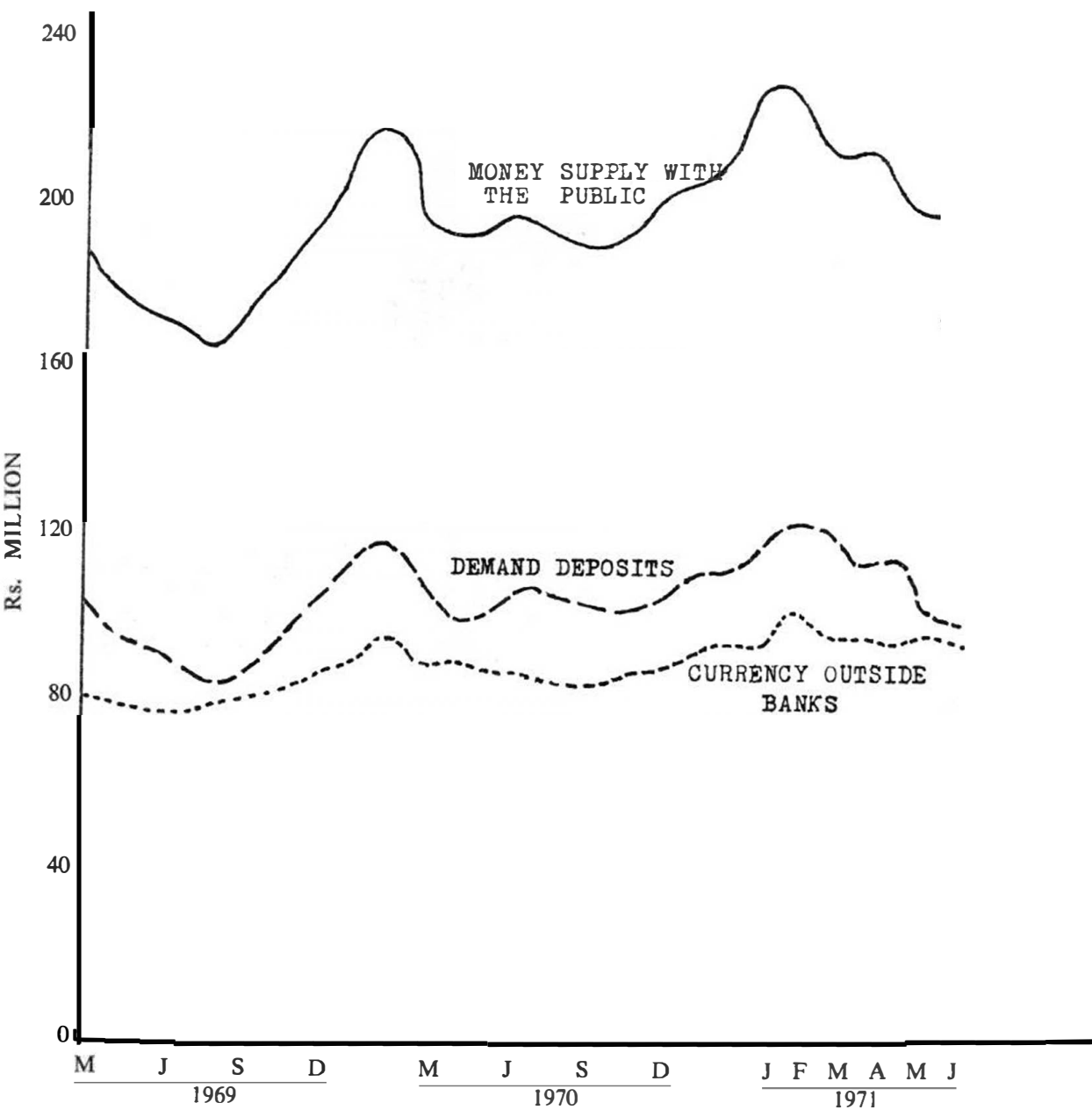
Table VI. Money Supply : 1968-1971

(Rs. million)

		1968		1969		1970		1971
		June	Dec.	June	Dec.	June	Dec.	June
Money Supply with the Public	...	163.8	191.3	170.2	219.0	191.9	231.4	213.1
Currency outside Banks	...	77.2	89.1	79.1	97.1	86.3	104.7	97.7
Demand Deposits	...	86.6	102.2*	91.1	121.9	105.6	126.7	115.4

* From December 1968 onwards, the miscellaneous current accounts of Bank of Mauritius are included in Demand Deposits.

TRENDS IN MONEY SUPPLY



GRAPH 3

(c) MONETARY POLICY

Expansionary Monetary Policy

It may be recalled that the Bank of Mauritius initiated during the financial year 1969-70 an expansionary monetary policy with a two-fold objective : first, to stimulate the economy and second, to modify the interest rate structure with a view to making it a more faithful reflection of the domestic economic realities.¹ The main instruments through which such an expansionary monetary policy was implemented were the changes in the Bank Rate and provision of concessionary export finance. The successive reduction of the Bank Rate, three times during this period², has to be viewed in this broader perspective. These successive reductions have brought about a significant transformation in the domestic interest rate structure. For instance, the prime lending rate of the commercial banks which was as high as 8½ per cent in September 1969 came down to 7½ per cent in July 1970 ; the fine commercial rate came down to 7¼ per cent from the original level of 8¼ per cent. Similar adjustments in other rates have also taken place, for details of which reference is invited to Table 8 appended. In this sense therefore the benefits of such reductions in the cost of credit appear to have percolated to all sectors of the economy.

Another facet, as it were, of the expansionary monetary policy was the measures undertaken to promote the provision of cheaper export finance. A scheme of rediscount facilities for commercial bills drawn to finance exports, at a special rate of ½ percentage point below the Bank Rate, was originally introduced by the Bank of Mauritius in October 1969³. Consequent on the reduction of the Bank Rate to 6 per cent on the 1st July 1970, the concessionary finance scheme underwent some modifications. With effect from 1st July 1970, the generality of refinance came to be extended at the Bank Rate rather than at ½ per cent below the Bank Rate, as was originally provided for. However, an innovation introduced with a view to giving encouragement to diversification of the country's exports was that, in respect of exports other than sugar, export refinance came to be made available at ½ per cent below the Bank Rate. The operation of the scheme has been quite encouraging as is reflected in the fact that commercial banks have been increasingly resorting to it ; in fact, commercial bills rediscounted at times exceeded the level of Rs. 15 million during the busy season of 1970.

Impact on the Credit Levels

What has been the impact of such an expansionary monetary policy on the levels of credit ? Although it is difficult to make a precise assessment of the impact, the broad trends are easily discernible. At the outset, it should be pointed out that if one merely compares the levels of credit towards the end of 1970, with the levels during the corresponding period of 1969, ostensibly, the impact is not visible. In fact, credit to the private sector at about Rs. 190 million in December 1970 showed a marginal decline of about Rs. 3 million when compared with the level in December 1969. (See Table VII).

Table VII. Trends in Credit to Private Sector

(Rs. million)

	1969		1970		1971
	June	Dec.	June	Dec.	June
Total Credit :	212.9	193.5	199.0	189.8	230.6
of which credit to the sugar sector	92.9	90.1	81.5	73.3	94.3

1. For a detailed discussion of this aspect, reference is invited to the Bank's Annual Report for 1970, p. 18.
2. The Bank Rate was reduced from 8 per cent to 7½ per cent on 23.10.69 ; from 7½ per cent to 7 per cent on 10.3.70, and from 7 per cent to 6 per cent on 1.7.70.
3. For other details of the scheme, please see the Bank's Annual Report for 1970, p. 19.

Analytically however, a deeper probe into the trend reveals that the very fact of being able to maintain the levels of credit in 1970 at about the same level as in 1969 is indicative of the impact that the expansionary monetary policy has made on the economy. To substantiate this conclusion, it is necessary to spell out three factors. In the first place, the gross national product in 1970 could be said to have been almost stagnant, recording as it did only a marginal rise of less than 1 per cent ; this factor therefore did not generate any increases in the demand for credit. Secondly, perhaps a more important factor was that sugar production actually declined by 14 per cent as compared with the level in 1969. Since the sugar sector claims about 40 per cent of the total credit extended to the private sector, such a sizable reduction in sugar production should, if anything, have brought down a significant decline in the demand for credit. This is what in point of fact did happen ; for instance, credit to the sugar sector declined by nearly Rs. 12 million in June 1970, as compared with the level in June 1969. If the December levels are compared, the decline was as large as Rs. 17 million. Thirdly, in the Mauritian economy, there seems to have existed traditionally what can be broadly described as an inverse relationship between bank credit and private incomes. Despite the relatively lower volume of sugar exports in 1970, the value of exports, as has been mentioned earlier, was substantially higher than that during the previous year, because of the more favourable export prices. The resulting increase in incomes and liquidity in the private sector led to a reduced demand for credit, at any rate for traditional purposes, from the banking sector. Taken together, these three factors go to indicate that, *in the absence of* a vigorous pursuit of a cheap money policy by the Bank of Mauritius, there could have taken place an actual reduction in the levels of credit to the private sector in the latter half of 1970. Such a trend is almost symptomatic of an economy like that of Mauritius which was in a state of low-level equilibrium. The very fact therefore that the credit levels towards the end of 1970 did not show any significant decline, as compared with the levels of the corresponding period of 1969, seems to indicate that economic activities, based on sectors other than sugar, are assuming increasing significance in the economy, thereby generating additional demand for credit. This is indeed a very significant sign of the gradual emergence of a more diversified economy.

This conclusion is further reinforced by the trends in credit during the first half of 1971. The level of credit at Rs. 231 million in June 1971 was more than 15 per cent higher than the level in June 1970. Here again, the explanation for the rise in credit lies, in part, in the fact that the sugar crop in 1971 is expected to be larger by about 8 per cent, as compared with the level in 1970. At the same time, it should be emphasised that the demand for credit originating from what can be called as the non-traditional sector has also contributed significantly to such an expansion of credit. For instance, as alluded to earlier, the share of the manufacturing sector in the total credit has risen significantly from about 10 per cent in June 1970 to nearly 15 per cent in June 1971.

Self-reliance of the Banking System

Another objective implicit in the reduction of the Bank Rate in July 1970 was to do away with heavy seasonal borrowings from abroad, to which the banking system was traditionally accustomed. Experience of the busy season both in 1970 and 1971 goes to show that it has been possible to realise this objective. As the figures in Table VIII below show, in contrast to a position of *net indebtedness* witnessed in July 1968 and July 1969, during July 1970 and July 1971, the banks had *net positive* assets abroad. In other words, no longer are the banks required to lean heavily on borrowings from abroad for meeting the seasonal peak demands for credit. This measure has therefore gone a long way in promoting increasing self-reliance on the part of the banking system in Mauritius. This is a more lasting benefit to the economy, in addition to the savings of some foreign exchange implicit in doing away with the heavy borrowings from abroad.

Table VIII. Commercial Banks : External Assets/Liabilities

(Rs. million)

	<i>Assets</i>	<i>Liabilities</i>	<i>Net Position</i>
1968 June	19.4	32.7	— 13.3
July	11.7	40.7	— 29.0
1969 June	10.9	45.8	— 34.9
July	5.4	47.6	— 42.2
1970 June	27.4	10.8	+ 16.6
July	20.0	8.3	+ 11.7
1971 June	18.4	18.9	— 0.5
July	17.4	17.3	+ 0.1

For the purpose of replenishing their resources during the busy season, the banks instead came to depend increasingly on the discount window of the Bank of Mauritius, as well as on direct borrowings. This is clear from the figures presented in Table IX below. The extent of the replenishment of the banks' resources has risen substantially, from about Rs. 11 million in July 1970 to nearly Rs. 20 million in July 1971. Further, this fact also illustrates the strengthening of the efficacy of the Mauritius Bank Rate as an instrument of monetary policy. The Bank of Mauritius is therefore now in a position to insulate the domestic banking system from exogenous forces, emanating from the outside world.

Table IX. Resort to Central Bank's Resources

(Rs. million)

	<i>As on 1st July</i>		
	1969	1970	1971
	1969	1970	1971
Commercial Bills rediscounted	NIL	10.1	6.2
Borrowings from the Central Bank	NIL	0.7	13.4
TOTAL	—	10.8	19.6

Future Monetary Policy

The discussion so far underlines the role that monetary policy has been playing in the economy; its role will be even more important in the process of implementation of the Development Plan. It is therefore desirable to sketch the broad contours of the monetary policy which will be pursued during the course of the four years of the Development Plan. Obviously, the emphasis will be primarily on providing the broad guidelines, rather than spelling out specific aspects of the policy.

At this stage, it seems sufficient to indicate two main objectives of monetary policy. The traditional emphasis of monetary policy on securing price and exchange stability has, no doubt,

its own virtues. In the developing countries like Mauritius, however, laying stress on *growth* has become as much important as on *mere stability*. In fact, it is not fair to regard these as conflicting objectives, although their intertemporal priorities may vary. 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 first objective of monetary policy could be described as one of seeking to bring about the right degree of monetary expansion to meet the growing requirements of an expanding 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. In fact, Mauritius provides a refreshing example of price stability in a world in which inflationary forces have become almost universal ; the consumer prices have shown, since 1962, an average rise of only about 2 per cent per year.* A primary objective of monetary policy during the Plan period would be to attempt to maintain this record of remarkable price stability.

A second aspect of monetary policy to which reference may be made concerns the need to mobilise resources for development. In the ultimate analysis, economic growth depends on a steady rise in the proportion of the community's income devoted to the formation of capital. While the level of saving is basically the 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 will therefore be one of the important objectives of monetary policy. The creation and development of the local money and capital markets, *inter alia*, 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. Similarly, for a more effective mobilisation of resources, not only the existing institutional arrangements may have to be streamlined but it may also become essential to involve new institutions.

(d) CAPITAL AND MONEY MARKETS

As part of its efforts to promote the local money and capital markets, the Bank of Mauritius has been developing an active market in Government Stocks and Treasury Bills. The performance of the Bank in respect of floating Government loans in 1970-71 was quite remarkable, indicating thereby that the Bank's efforts in this sphere have yielded the desired results.

During the financial year 1970-71, the Bank of Mauritius offered, on behalf of the Government, four issues of Development Loan Stocks to the aggregate value of Rs. 40 million. These stocks were issued in two bunches : the first bunch was issued in October 1970 and comprised two Stocks, namely the 7½ per cent Stock, 1985 for a total amount of Rs. 5 million and the 6½ per cent Stock, 1975 for a total amount of Rs. 15 million ; the second bunch, issued in January 1971, consisted of two Stocks, namely the 6½ per cent Stock, 1977 and the 7½ per cent Stock, 1991 for a total amount of Rs. 10 million each. All these issues were well received and were virtually taken up by the private sector. In fact, one of these stocks was actually over-subscribed, reflecting the buoyancy of the market. Besides these Development Loan Stocks, Tap Loans issued during the financial year amounted to Rs. 21.3 million. On the whole, therefore, the targetted level of domestic borrowings of Rs. 40 million, stipulated in the Capital Budget for 1970-71, was not only attained but actually exceeded.

Such a good performance of the Bank of Mauritius in respect of floating Government Stocks will stand in good stead in the coming years of the Development Plan, which anticipates the raising of domestic resources of the order of about Rs. 200 million over a period of four years. If the performance in 1970-71 is any indication, this target should not pose serious difficulties.

* Reference is invited to sub-section (e).

It may be recalled that Treasury Bills are being issued regularly, all by tender, at monthly intervals since April 1969. The rising demand for these Bills led the Bank to raise the total amount of issue to Rs. 5 million in June 1970, from the usual monthly issue of Rs. 3 million. The level of the monthly issue was brought down to Rs. 3 million in September 1970 but again increased to Rs. 5 million in November 1970. Since the market continues to show signs of buoyancy, the total amount was further raised to Rs. 7 million from July 1971. Thus, at the end of September 1971, the total amount of Treasury Bills outstanding was Rs. 21 million, as compared with Rs. 15 million at the end of June 1971.

In order to provide a wider variety of avenues for investment of short-term funds, another new facility was introduced towards the end of January 1971 : the reference here is to the issue of Treasury Bills on Tap. The introduction of this facility ensures availability, on a continual basis, of avenues for investment of short-term funds by the banking and other financial institutions.

Finally a general reference could be also made to the market in shares. The recent issue of shares by some private sector companies was actually over-subscribed, reflecting the continuation of the general buoyancy of the market. This is indeed an encouraging trend.

(e) THE PRICE SITUATION

Notwithstanding the rise in money supply of the order of 6 per cent during the year 1970, prices recorded a rise of only 1.5 per cent over the year. The monthly average of the Consumer Price Index (whole Island) for 1970 works out to 118.5, as compared with the corresponding average of 116.7 for 1969. (See Table 17 appended). Thus the rise witnessed in 1970 was much smaller than the rise during the previous year. More interesting is the trend in the first half of 1971 : the average for the first six months of 1971 is actually *lower* by 1.2 per cent than the corresponding average for 1970. This is indeed an indication of the ability of the economy to contain the price level, despite a significant rise in money supply which has taken place during the period.

In fact since 1962, the consumer prices have shown an average rise of less than 2 per cent per annum, except the year 1968 when the rise was of the order of 7 per cent. The unusual rise in 1968 was due principally to the devaluation of the rupee in 1967 and to a rise in the prices of rice imports. At a time when inflationary forces are becoming almost universal, this price stability is an achievement of which Mauritius can be justly proud. In large part, the credit for ensuring such a commendable degree of price stability should go to the Government's mechanism of importing the bulk of the country's requirements of rice and wheat flour and ensuring their distribution at controlled prices. Such an ability to contain the cost of living would be one of the assets for implementing the Development Plan. As mentioned earlier, an important objective of monetary policy during the period of the Development Plan will be to maintain the price stability in the coming years.

(f) THE DEVELOPMENT BANK OF MAURITIUS

Lastly, among other financial institutions, special mention must be made of the Development Bank of Mauritius which was established in 1964, with a view to facilitating "the industrial, agricultural and economic development of Mauritius". It incorporated the business of the Mauritius Agricultural Bank, which was functioning since 1936. The operations of the Development Bank are largely in the form of long- and medium-term loans but it is also authorised to make equity investments in suitable cases. Moreover, the Bank is also expected to give technical and financial advice and to assist in the preparation of preliminary project reports on agricultural and industrial projects.

Till recently, the Bank derived the bulk of its resources from Mauritius Government Loans. A small proportion of its resources was attributable to savings and other short-term deposits, which it accepts from the public.

In regard to the lending operations of the Bank, of the total loans outstanding of Rs. 38.4 million at the end of June 1970, the agricultural sector claimed as large a sum as Rs. 18.6 million. About one-half of the total loans to the agricultural sector were accounted for by six sugar estates. While loans to the industrial sector were about Rs. 16.4 million, loans to the development of tea were of the order of Rs. 3.4 million. Besides, the Bank had invested about Rs. 3.5 million in equity holdings of manufacturing enterprises.

The importance given to the development of manufacturing sector in the Development Plan necessarily implies that the Development Bank of Mauritius will have to play a more dynamic role in future. With a view to strengthening the operational efficiency of the Bank, its capital structure was reorganised in December 1970, with the Government of Mauritius contributing Rs. 8 million as share capital and the Bank of Mauritius another Rs. 2 million. Such a strengthening of its resource-base should go a long way in enabling it to take a more active part in the development of the manufacturing sector in the coming years. The subscription to its share capital by the Bank of Mauritius is indicative of the Central Bank's concern for facilitating availability of term capital to manufacturing and other sectors of the economy.

V. GOVERNMENT FINANCE

In the sphere of public finance, the performance is encouraging. Two features of the performance need to be highlighted. In the first place, the recurrent revenue seems to have shown an under-current of buoyancy ; the Government recurrent budget for 1970-71 closed with a surplus of Rs. 5.2 million, the actual revenue amounting to Rs. 259.7 million and expenditure to Rs. 254.5 million. In fact, revenue was higher than the original estimates by Rs. 6.7 million while expenditure was higher by only Rs. 1.8 million. The buoyancy of the revenues becomes evident, if it is remembered that this revenue surplus was attained over and above an amount of Rs. 4 million which was transferred to the capital budget. The increase in revenue is mainly accounted for by higher receipts from direct and indirect taxes, interests and royalties. On the other hand, the marginal increase in expenditure emanated from two items, education and external affairs.

The second feature concerns the capital budget ; the gap between the budgeted amount and actual expenditure seems to have narrowed down considerably this year, when compared with experience during the earlier years. The total revenue amounted to Rs. 99.1 million, while capital expenditure was of the order of Rs. 84.4 million. These levels compare with the original estimates of Rs. 89.8 million and Rs. 90 million respectively. Thus, as against the original estimate of capital expenditure of Rs. 90 million, the actual expenditure turned out to be nearly Rs. 85 million. Further, the fact that the capital budget showed a substantial surplus of nearly Rs. 15 million is attributable to the buoyancy of the capital revenue rather than to shortfalls in expenditure. For instance, capital revenue showed a substantial increase of nearly Rs. 10 million from the original estimates. This substantial rise is mainly accounted for by a higher level of domestic loans raised during the year. On the whole, the narrowing down of the gap between the budgeted expenditure and the actual expenditure is indicative of the improvement in the capacity of the administrative machinery to prepare and execute development projects. Such an improvement augurs well for the implementation of the Development Plan.

Budget Estimates for 1971-72

The estimates for the financial year 1971-72 show that the recurrent budget will be a balanced budget, with expenditure of the order of Rs. 262.7 million being exactly matched by recurrent revenue. Of course, this balance will be achieved after a contribution of Rs. 4 million to the

capital budget. A more significant trend which needs to be underlined is that capital expenditure will be stepped up significantly to Rs. 150.5 million, that is a rise of nearly 80 per cent, as compared with the level during the previous year. Such an increase in capital expenditure is explained by the fact that this is the first year of the Development Plan. The bulk of the anticipated capital revenue of nearly Rs. 139 million will have to come from borrowings, both local and foreign ; domestic loans alone will account for Rs. 70 million. The impact of this larger expenditure is bound to reflect itself on the tempo of economic activity.

The figures of revenue and expenditure for 1970-71 and the estimates for 1971-72 are furnished in the Table below :—

Table X. Government Budget : 1970-71 and 1971-72

(Rs. million)

	1970-71 <i>Original Estimates</i>	1970-71 <i>Revised Estimates</i>	1970-71 <i>Actual</i>	1971-72 <i>Estimates</i>
Recurrent Revenue	252.9	261.5	259.7	262.7
Recurrent Expenditure	252.7	261.1	254.5	262.7
Balance	+ 0.2	+ 0.4	+ 5.2	—
Capital Revenue	89.8	89.3	99.1	138.9
Capital Expenditure	90.0	78.5	84.4	150.5
Balance	— 0.2	+ 10.8	+ 14.7	— 11.6

VI. EXTERNAL TRADE AND BALANCE OF PAYMENTS

(a) External Trade

Figures relating to imports and exports, as recorded by Customs, for the three years 1968 to 1970, as also the Bank's estimates for 1971 are presented in the Table below :—

Table XI. Trends in Exports & Imports : 1968-71

(Rs. million)

ITEM	1968	1969	1970	1971 (Estimates)
Exports (f.o.b.)	354	365	386	390
Imports (c.i.f.)	421	376	420	460
Trade surplus + deficit —	— 67	— 11	— 34	— 70

It can be seen that exports in 1970 at Rs. 386 million were higher by about Rs. 20 million, as compared with the level during the previous year. As discussed earlier, thanks to more favourable export prices of sugar, such a rise in the value of exports came about, notwithstanding an actual decline in the volume of sugar exports. In regard to imports, the rise of nearly 12 per cent witnessed in 1970 has to be interpreted with reference to two factors : firstly, it should be recalled that imports in 1969 had *declined* by about 11 per cent from the level in 1968. In a way therefore, the 12 per cent rise in 1970 merely means bringing the level of imports back to the 1968 level. Secondly, the rise in 1970 also reflects the impact of the sizable balance of payments surplus realised during the previous year. The increase in imports is mainly accounted for by manufactured goods and oils and fats ; more significantly, machinery and transport equipment also showed a substantial rise of about Rs. 11 million. In fact, the value of machinery and transport equipment imported appears to be the largest during the five years since 1966.

In regard to the direction of trade, the United Kingdom continues to be the single largest market accounting for about 68 per cent of total exports from Mauritius and about 20 per cent of imports into Mauritius. Next in importance in respect of exports are Canada and the United States. A conspicuous feature of the imports from the United States was that the value of imports recorded a rise of about 400 per cent over the previous year. The other main sources of imports were South Africa, Australia and France. (See Appendix Tables 20 & 21).

Tentative estimates of imports and exports are attempted for the year 1971. As a consequence of the sizable balance of payments surplus realised in 1970, and also due to the launching of the Development Plan in 1971, it is anticipated that imports may record a further rise of slightly less than 10 per cent. In regard to exports, it is assumed that the value of sugar exports will continue to be maintained at about the same level as in 1970 ; exports other than sugar are expected to increase by about Rs. 4 million. On the basis of these assumptions, the trade deficit in 1971 works out to Rs. 70 million, or of about the same order as in 1968.

(b) Balance of Payments

An outstanding feature of the year 1970 was that it ended with a substantial balance of payments surplus of Rs. 73.4 million ; the size of the surplus was thus even higher than a surplus of Rs. 57.5 million realised during the previous year. In fact, the surplus in 1970 is a record for the last ten years, with the sole exception of 1963. Further, it should also be noted that this is the third successive year in which the economy has been able to generate a sizable balance of payments surplus.

Table XII. Summary of the Balance of Payments : 1969-71

(Rs. million)

	1968	1969	1970	1971 (Estimates)
Net goods and services	— 30	+ 26	+ 21	+ 4
Net transfer payments	+ 24	+ 15	+ 21	+ 25
Net long-term capital	+ 15	+ 12	+ 8	+ 8
Allocation of SDRs	—	—	+ 15	+ 13
Other capital, errors and omissions	+ 12	+ 4	+ 8	...
Basic Balance of Payments	+ 21	+ 57	+ 73	+ 50

This substantial surplus is primarily attributable to, besides the allocation of Special Drawing Rights, an improvement in the services account and a larger inflow of loans and grants. The main features of the improvement in the services account may now be sketched briefly. Basically, increased receipts from tourism and a rise in investment income brought about this improvement. The travel account, which was just in balance during 1969, emerged with a net surplus of Rs. 7 million in 1970, as a consequence of a considerable increase in the number of tourists visiting Mauritius. Secondly, the investment account, which was also in balance during 1969, showed a net surplus of Rs. 5 million largely because of the higher earnings by the Bank of Mauritius from its investments abroad. Such a strengthening, of the services account may be further reinforced in the coming years by increasing receipts from tourism and also earnings from bunkering services.

Under the transfers account, net grants received increased from Rs. 14.4 million in 1969 to Rs. 21.5 million, thus recording a rise of almost 50 per cent. Such an increase was brought about both from the official grants as well as private remittances : while official grants, mainly from the United Kingdom, rose from Rs. 16.7 million in 1969 to Rs. 18.9 million in 1970, remittance to Mauritius on private account rose significantly to reach Rs. 13.3 million from the level of Rs. 7.9 million in 1969.

Receipts of long-term capital also showed an uptrend both in the official and the private sectors. For instance, official loans received rose from Rs. 4.7 million in 1969 to Rs. 10.5 million in 1970, while the private sector accounted for a rise of about Rs. 3.2 million.

Lastly, a reference must be made to the creation of a new reserve asset, namely the Special Drawing Rights in the International Monetary Fund. The first allocation to Mauritius effected in January 1970, was equivalent to Rs. 14.9 million. However, it should be stressed that even if the allocation of Special Drawing Rights is not taken into account, the balance of payments would still have shown a surplus of Rs. 58.5 million.

Tentative estimates for the year 1971 have also been provided. The output of sugar in 1971 is expected to record a significant increase and therefore Mauritius should be able to fulfil her export quota commitments. It is therefore reasonable to assume that the value of exports in 1971 would be of the same order as in 1970 ; a marginal increase of Rs. 4 million is assumed in respect of exports other than sugar. Notwithstanding the anticipated rise in imports by about 10 per cent, the year 1971 is expected to end up with a balance of payments surplus of about Rs. 50 million.

Thus, on the whole, the balance of payments outlook is quite encouraging. In fact, the surpluses realised during the three successive years have strengthened considerably the foreign exchange reserves of the country. For instance, the level of reserves in December 1970 at Rs. 310 million was higher by nearly 30 per cent than the level a year ago. Such a strengthening of the resource base augurs well for the launching of the Development Plan.

(c) Tourism

A brief reference may now be made to the recent developments in the tourist sector. The prime attractions of Mauritius are its beaches and its pleasant sub-tropical climate. Recent attempts to exploit the tourist potential seem to have begun to pay dividends, as is reflected in the increase in the number of tourists visiting Mauritius ; this number rose from 15,000 in 1968 to 20,000 in 1969 and further to 27,000 in 1970. It is expected that the number will reach 35,000 in 1971. Recent trends in the earnings from the tourist sector suggest that the tourist industry is capable of emerging as the second largest foreign exchange earner, next to sugar. For instance, earnings from tourism more than doubled between 1968 and 1970 ; expenditure in Mauritius by tourists increased from Rs. 13 million in 1968 to Rs. 27 million in 1970.

Basically, to facilitate a larger inflow of tourists the hotel industry will have to expand considerably. In 1970, there were 23 hotels and boarding houses, and two sets of bungalows, with an aggregate capacity of 500 rooms and 900 beds. A good number of projects of hotel construction are in various stages of completion. To some extent, therefore, the bottle-neck of inadequate hotel accommodation is being gradually overcome. In this context, reference may also be made to the recent extension of a loan by the International Finance Corporation to a private sector company for the construction of two hotels with a combined capacity of 360 beds. Thus, the pace of development of the tourist industry appears to be gathering momentum.

VII. POPULATION AND EMPLOYMENT

At this stage a brief reference may be made to the structural problem of the economy, namely population growth. With a population of about 815,000 in 1970, the population density in Mauritius works out to about 1,130 per square mile — one of the highest in the world for an agricultural country. Thanks to the successful pursuit of a family planning programme, the rate of growth of population has declined from around 3 per cent during the earlier years, to between 1.5 per cent and 2 per cent in more recent years. However, this reduction in growth rate has not diminished the pressure of population which is admittedly large — large in relation to size and resources of the Island. That is why the Development Plan advocates a more vigorous pursuit of a family planning programme in the following words : “ There is a consensus of opinion in Mauritius that the rate of increase in population will need to be further curtailed — drastically — if the next generation of Mauritians are to have a future to look forward to ”.

A high level of unemployment may be regarded as one of the direct consequences of this large and growing population. The number of persons registered as unemployed has been rising in recent years, as can be seen from the figures presented in Table 16 appended. The monthly average has risen from 14,128 in 1969 to 20,992 in 1970 ; this uptrend seems to have continued during the first six months of 1971. To alleviate unemployment, the Government have been operating a relief work programme ; the monthly average number of relief workers showed a significant rise to nearly 16,000 in 1970, as compared with about 14,500 in 1969. During the first six months of 1971, this number rose further to nearly 17,000.

Since unemployment is both an economic and a social problem, it needs to be tackled with a sense of urgency. That is why the long-term strategy underlying the development plan for the decade 1971-80 has set the attainment of full employment as the primary goal of development in Mauritius. The long-term plan envisages the creation of 130,000 new jobs with a view to ensuring full employment by 1980. The other aspects of the long-term plan are taken up for discussion in the next section.

VIII. DEVELOPMENT PLANNING

(a) Long-term Strategy of Development

The publication of the document “ Development Strategy 1971-80 ” in December 1970 by the Ministry of Economic Planning and Development may be regarded as an important landmark in the sphere of development planning in Mauritius. The document provides the framework of a long-term plan for social and economic development of the Island over the decade 1971-80. The paper is divided into four parts. Against the background of the structure of the economy outlined in Part I of the paper, the broad approach to planning is indicated in Part II. It has been emphasised that in an economy like that of 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 development planning. Taking into account the backlog of unemployment and the likely addition to the labour force during the 1970's, it has been estimated that 130,000 new jobs will have to be created to ensure full employment by 1980. The development strategy designed to create new employment opportunities of this order by 1980 is discussed in Part III. The emphasis of the development plan will have to be primarily on what are called "the income generating sectors", namely commodity production and invisible exports. The pattern of investment and employment envisaged will bring about 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.

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 annual rate of increase in population is around 2 per cent, per capita* income will go on rising over the decade at the rate of about 5 per cent per year.

(b) Four-Year Plan : 1971-75

As part of this long-term strategy, a four-year plan* setting forth specific targets of employment, output and investment for the four-year period commencing from 1971, was published in June 1971. The Development Plan not only provides details of specific projects designed to achieve the targets fixed for different sectors of the economy but also outlines the economic, fiscal and monetary policies to be pursued. The organisational problems for the successful implementation of the Development Plan have also been spelt out.

Out of the total investment of Rs. 2,600 million envisaged for the ten-year period 1971-80, the Development Plan expects to invest Rs. 1,208 million during the four years. The relative shares of the public and private sectors will be Rs. 693 million or 57 per cent of the total, and Rs. 515 million or 43 per cent of the total. What is important to highlight is that the public and private sector investments will be complementary to each other; the bulk of the public sector expenditure will be spent on the building up of the infrastructure, so necessary for the establishment of industries in the private sector. In fact, slightly more than one-half of the private sector's investment will be in the industrial sector. This investment will be reinforced by a sizable inflow of foreign capital for the establishment of an export-oriented industrial complex. To facilitate this inflow, several measures like tax incentives and provision of other facilities have already been initiated.

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

** The Plan is entitled "4-Year Plan for Social and Economic Development" and is published in two volumes.

An assessment of the potential resources, both domestic and foreign, has shown that it will be possible to meet fully the requirements of the public sector investment programme. In fact, it has been categorically stated that "No deficit financing is envisaged during the Plan Period".

Finally, special attention needs to be drawn to the "*Travail Pour Tous*" programme which forms an integral part of the Development Plan. This programme is specifically designed to tackle immediately the unemployment problem which has already assumed serious proportions. The programme consists of three categories of projects, directly productive, indirectly productive and socially beneficial projects. The first category covers a wide range of programmes like land preparation for crop and livestock production, afforestation, destoning of cane lands and replanting etc. Among the second category are included programmes like site development for industries, while the third category covers construction of schools etc. The crucial importance attached to this programme is evident from the fact that a total investment of Rs. 123 million over the four years is envisaged. The employment-content of this programme is estimated to be of the order of 711,000 man-months. The implementation of such a programme is an eloquent testimony to the sense of urgency with which one of the most serious problems confronting the Island is being tackled.

IX. CONCLUDING COMMENTS AND OUTLOOK

This brief review of the developments in the economy during 1970 indicates that the year has been remarkable, at least in certain respects. Admittedly, the growth in national income, fractional as it was, was far from impressive; on the other hand, concealed beneath this small rise, was a significant rise in the disposable income of the country. Furthermore, a substantial balance of payments surplus of Rs. 73 million, which was even higher than the surplus realised during the previous year, was an outstanding feature of the year. In fact, the size of the surplus in 1970 is a record for the last ten years, with the sole exception of 1963. What is more important, it was possible to realise such a sizable surplus in the face of a rise of about 12 per cent in imports. Thus judged by these quantitative indicators the performance of the country in 1970 was not discouraging.

It is, however, when one turns to the qualitative indicators that the picture of a good performance really begins to emerge. For instance, tea and tourism appear to have become significant foreign exchange earners, next in importance to sugar. The manufacturing sector is assuming greater importance in the total economy, as is reflected by the banking indicators. If the initial response to the export processing zone is any guide, this scheme appears to hold out a promise of faster growth in the coming years. The outlook for the year 1971 also is quite good, with an anticipated balance of payments surplus of about Rs. 50 million. If this forecast turns out to be accurate, Mauritius will have achieved a balance of payments surplus for the fourth year in succession. This trend will indeed be an eloquent evidence of the economy emerging from the trap of the low-level equilibrium.

Already, the three successive years of balance of payments surplus have strengthened the foreign exchange reserves of the country. Further, the cloud of uncertainty hovering over the prospects of the continuation of the present preferential market in sugar, after the entry of the United Kingdom into the European Economic Community, appears to have been at last cleared up. It is therefore now possible to plan the future development of the sugar sector on a more positive basis. The prospective increase in the Mauritius sugar export quota to the U.S. from 1972 may further reinforce the strength of the sugar sector. To sum up therefore all these factors have laid a sound foundation for developing the economy, with a view to attaining sustained growth in the coming years.

A comprehensive development plan covering the four-year period 1971-75 was ushered in July 1971. In fact, this Plan forms part of a long-term strategy of development which is designed to attain an average growth rate of about 7 per cent per year, over the decade 1971-81. All efforts will have to be therefore geared in future to the successful implementation of the Development Plan ; in this task of implementation, it should be stressed that the private sector has a role which is almost as important as the public sector. More generally, economic development is not the exclusive concern of the economists or civil servants ; the average worker in the office or the sugar factory, the entrepreneur, the artisan and the technicians must all have a sense of participation in the process. In fact, this idea is aptly summed up in the following words of the Prime Minister* : “ The successful implementation of the Plan will depend upon the active participation of every member of our society..... ”.

* Foreword to the 4-Year Plan for Social and Economic Development.

Part II. OPERATIONS OF THE BANK

1. OPERATIONS

This is the fourth Annual Report of the Bank. During this brief period of its existence, the Bank has been able to play a vital role in the banking and monetary spheres ; this is clear from the discussions in Part I. The routine operations of the Bank are indicated briefly in this Part.

(a) Government and Bankers' Accounts

During the year under review new accounts were opened for the Government and for quasi-Government institutions. An account was also opened for a new customer, namely, the Mauritius Co-operative Central Bank Ltd.

(b) International Institutions

Some International Financial Organisations, namely the International Monetary Fund, the International Bank for Reconstruction and Development and the International Development Association, of which Mauritius is a member, also maintain current accounts with the Bank.

(c) Lending to Commercial Banks

There were no changes in the conditions for the rediscounting of commercial bills at the Bank. As in the past, a bank is eligible for re-finance through rediscounting of commercial bills, provided that it maintains a net foreign exchange oversold position equal to at least 5% of its deposit liabilities in Mauritius or Rs. 1 million, whichever is the greater.

(d) Other facilities to Commercial Banks

Some modifications were introduced in the deposit facilities available to commercial banks. The " Ordinary Deposit " facilities offered to the banks for the employment of short-term funds have been withdrawn ; however, the " Special Deposit " facilities, which can be availed of by surrendering sterling funds to the Bank, continue to be available.

(e) Public Debt Management

During the year 1970-71 the Bank of Mauritius, as manager of Government debt, made the following issues of Government Stocks :—

	Rs.
(i) 6½% Mauritius Development Loan Stock 1975	15,000,000
(ii) 7¼% Mauritius Development Loan Stock 1985	5,000,000
(iii) 6½% Mauritius Development Loan Stock 1977	10,000,000
(iv) 7½% Mauritius Development Loan Stock 1991	10,000,000

(f) Exchange Control

There has been no change during the year in the Exchange Control Regulations in force.

2. ADMINISTRATION, STAFF AND PREMISES

(a) Board Changes

Mr. S. Gaya, whose appointment on the Board of Directors expired on the 30th June, 1971, was re-appointed on the Board for a period of three years. A list showing the composition of the Board of Directors is given at the end of the Report.

(b) Staff Matters

- (i) Mr. K. Messerschmidt, of the *Deutsche Bundesbank*, who was seconded to the Bank under the auspices of the International Monetary Fund as Bank Supervisor, left in June on the expiry of his secondment. The Bank is grateful to the Fund for having made the services of the expert available to the bank.
- (ii) The staff of the Bank (excluding the senior staff) stood at 77 at the end of the year ; this figure comprises 45 Clerks, 3 Confidential Secretaries, 5 Copy-Typists, 9 Clerical Assistants, one Office Superintendent, 12 Porters and 2 Drivers. The composition of the Management and Senior Staff is indicated at the end of the Report.
- (iii) The Bank's training programme made further progress during the year. Mr. F. H. Toorawa, an officer in the Research Department, participated in the course on Balance of Payments Methodology given by the I.M.F. Institute from the 8th March to the 30th April, 1971. Four members of the Banking staff completed a one-year course in banking at the University of Mauritius. Six members of the staff completed Part I of the Banking Diploma of the Institute of Bankers, London.

(c) Premises

The construction of the Bank's new building is expected to be completed by the end of December, 1971.

3. VISITS AND OTHER ACTIVITIES

The Governor attended the second general meeting of the Governors of the East African Sub-Regional Committee of the Association of African Central Banks held in Dar-es-Salaam on the 6th May 1971. The Bank is a member of the Association.

In response to an invitation, the Governor also attended the forty-first annual general meeting of the Bank for International Settlements held in Basle on the 14th June, 1971.

Mr. M. Narasimham, Secretary of the Reserve Bank of India, visited the Bank in December 1970, for discussions on subjects of mutual interest.

In response to an invitation from the Economic Planning Unit, the Bank's Head of Research prepared the following two working papers in connection with the formulation of the Development Plan : " Monetary Policy " and " Internal Resources for the Public Sector ".

**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 1971, 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 1971 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 1971, and of the results of its operations for the year then ended.

KEMP CHATTERIS
Chartered Accountants

Date : 3rd August 1971.

BANK OF MAURITIUS

BALANCE SHEET AS AT 30TH JUNE, 1971

30.6.70				30.6.70			
Rs.				Rs.			
CAPITAL				EXTERNAL ASSETS			
Rs.	10,000,000	Authorised	...	Rs.	10,000,000.00		
	5,000,000	Paid up	...		10,000,000.00		
	4,500,000	GENERAL RESERVE FUND	...		4,500,000.00		
	88,575,285	NOTES IN CIRCULATION	...		98,645,440.00		
	5,828,271	COIN IN CIRCULATION	...		6,283,049.08		
DEMAND DEPOSITS							
	1,900,995	Government	...		3,001,683.74		
	4,510,308	Banks	...		8,043,785.79		
	1,980,289	Other	...		3,264,332.91		
					14,309,802.44		
	64,478,798	OTHER DEPOSITS	...		77,767,140.28		
OTHER LIABILITIES							
		Profit payable to Government in accordance with Section 11 (2) (c) of the Bank of Mauritius Ordinance, 1966	...		6,526,464.17		
	981,207	Others	...		18,825,887.90		
	43,891,287				25,352,352.07		
Rs.	221,646,440			Rs.	236,857,783.87		

PROFIT AND FOR THE YEAR ENDED

2,250,000	TRANSFER TO GENERAL RESERVE FUND	2,500,000.00
	PROFIT PAYABLE TO THE GOVERNMENT OF MAURITIUS — in accordance with Section 11 (2) (c) of the Bank of Mauritius Ordinance 1966	6,526,464.17
Rs.	8,231,207	Rs. 9,026,464.17

30.6.70				30.6.70			
Rs.				Rs.			
EXTERNAL ASSETS							
20,074,156	Balances with Banks	...	...	100,006,453.68			
16,126,579	Treasury Bills	...	...	8,068,300.54			
135,089,472	Eligible Securities (at Valuation)		...	59,322,687.07			
4,439,610	Ineligible Securities (at Valuation)		...	—			
14,724,213	I.M.F. Special Drawing Rights		...	27,677,922.32			
7,155	Foreign Notes and Coin		...	9,166.79			
190,461,185	TOTAL EXTERNAL ASSETS	...	...	195,084,530.40			
8,808,628	GOVERNMENT SECURITIES (at Valuation)			8,825,947.14			
10,787,380	DISCOUNTS AND ADVANCES		...	21,330,856.16			
11,589,247	OTHER ASSETS	...	...	11,616,450.17			

BANK OF MAURITIUS

ANNUAL REPORT 1970 - 1971

STATISTICAL TABLES

				Page
1.	Selected Economic Indicators	...	...	43
2.	Bank of Mauritius — Assets and Liabilities	...	...	44
3.	Commercial Banks — Assets and Liabilities	...	...	46
4.	Monetary Survey ...	...	...	48
5.	Foreign Exchange Reserves	...	...	49
6.	Money Supply ...	...	...	50
7.	Currency in Circulation	...	...	51
8.	Principal Interest Rates in Mauritius	...	...	52
9.	Purpose-wise Classification of Loans and Advances and Bills Discounted	...	...	53
10.	(a) Ownership of Time Deposits ...	...	...	54
	(b) Ownership of Savings Deposits	...	...	54
11.	Bank of Mauritius — Monthly Financial Transactions	...	...	55
12.	Cheque Clearance	...	...	56
13.	Transactions in Treasury Bills	...	...	57
14.	Recurrent Budget of the Government	...	...	58
15.	Capital Budget of the Government	...	...	59
16.	Indicators of Unemployment	...	...	60
17.	Consumer Price Index	...	...	61
18.	Sugar Statistics	...	...	62
19.	Imports & Exports : Major Commodity Groups	...	...	63
20.	Imports — Main Sources of Supply	...	...	64
21.	Exports — Principal Countries of Destination	...	...	64
22.	Tourist Arrivals : Area-wise Classification	...	...	65
23.	Balance of payments	...	...	66

Notes

The following conventional signs are used :

- Nil
- .. Negligible
- N.A. Not Available

Table 1. Selected Economic Indicators

	<i>Unit/ Base</i>	<i>June 69</i>	<i>Sept. 69</i>	<i>Dec. 69</i>	<i>March 70</i>	<i>June 70</i>	<i>Sept. 70</i>	<i>Dec. 70</i>	<i>March 71</i>	<i>June 71</i>
<i>I. Bank of Mauritius</i>										
(1) Notes and coin in circulation	Rs million	85.9	92.6	106.6	97.4	94.4	101.8	114.7	105.7	104.9
(2) External assets	Rs million	116.0	155.5	183.6	218.1	197.3	199.7	246.6	242.3	195.1
(3) Government securities	Rs million	24.0	20.5	14.9	7.4	8.8	1.4	0.5	13.4	8.8
(4) Discounts and advances	Rs million	15.2	12.8	19.7	2.8	10.8	6.3	2.6	4.7	21.3
of which Government borrowing	Rs million	12.8	9.7	9.6	—	2.4	5.7	1.2	1.2	1.2
<i>II. Commercial Banks</i>										
(1) Aggregate deposits	Rs million	196.9	210.9	249.1	231.6	236.5	255.2	297.4	283.0	283.2
(2) Bank credit	Rs million	212.3	186.0	193.2	181.4	171.0	157.3	177.4	169.6	207.0
(3) Cheque clearances	Rs million	79.6	98.1	104.1	92.3	104.0	116.1	148.1	112.0	111.9
<i>III. Post Office Savings Bank deposits</i>										
	Rs million	26.7	26.5	26.7	26.8	27.2	27.4	27.7	28.0	29.0
<i>IV. Interest Rates</i>										
(1) Bank rate	%/annum	8	8	7½	7	7	6	6	6	6
(2) Prime rate (min)	%/annum	8½	8½	8	8	7¾	7½	7½	7½	7½
(3) Savings accounts (banks)	%/annum	4	4	4	4	4	4	4	4	4
<i>V. Money Supply</i>										
	Rs million	170.2	184.3	219.0	192.3	191.9	205.9	231.4	215.3	213.1
<i>VI. Consumer Price Index (Whole Island)</i>										
	Jan-June 1962=100	115.9	116.1	118.4	121.4	118.0	118.7	116.5	119.3	118.4
<i>VII. Foreign Trade</i>										
(1) Imports, c.i.f.	Rs million	88.9	91.4	102.1	87.6	106.8	104.3	121.2	103.7*	121.9*
(2) Exports, f.o.b.	Rs million	20.2	150.2	136.7	83.1	21.6	136.6	143.3	69.0*	31.2*
<i>VIII. Employment Data</i>										
(1) Registered unemployed	Number	15,351	13,274	14,794	18,519	21,838	19,754	25,328	30,354	31,277
(2) Relief workers	Number	15,210	13,674	14,450	14,427	15,807	16,094	17,768	17,672	17,510

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

* Provisional

Table 2. Bank of Mauritius — Assets and Liabilities

A. Assets

(Rs 000)

End of Month		External Assets						Mauritius Government Securities	Discounts and Advances	Other Assets	Total Assets
		Balances with Banks	Treasury Bills	Eligible Securities	Ineligible Securities§	Special Drawing Rights in IMF	Total				
1967	August ...	20,490+	—	36,843	10,100	—	67,433	34,043	5,113	13,155	119,744
	September ...	5,384	12,293	36,849	10,159	—	64,685	34,014	9,213	3,229	111,141
	December ...	4,928	25,770	36,487	6,544	—	73,729	34,010	6,900	2,019	116,658
1968	March ..	6,695	14,689	32,277	6,618	—	60,279	32,826	13,550	2,155	108,810
	June ...	11,846	20,904	32,145	5,502	—	70,397	36,267	—	1,391	108,055
	September ...	5,530	10,764	32,644	5,462	—	54,404*	28,332	22,275	1,435	106,446
	December ...	20,593	30,380	32,505	5,471	—	89,037*	24,024	15,883	1,733	130,677
1969	March ...	6,839	15,191	58,398	5,489	—	85,941*	28,769	22,880	1,817	139,407
	June ...	5,826	20,087	80,973	5,439	—	112,359*	23,981	15,208	3,264	154,812
	September ...	14,825	28,945	102,519	5,547	—	151,860*	20,526	12,773	5,499	190,658
	December ...	18,105	44,272	111,929	5,647	—	179,973*	14,892	19,702	4,414	218,981
1970	March ...	17,758	38,118	133,822	5,784	14,831	210,325*	7,420	2,841	10,023	230,609
	June ...	20,074	16,127	135,089	4,440	14,724	190,461*	8,809	10,787	11,589	221,646
	September ...	82,637	16,302	78,389	3,365	14,622	195,322*	1,432	6,294	7,594	210,642
	December ...	131,046	16,146	82,060	2,707	14,608	246,576*	493	2,600	3,779	253,448
1971	January ...	166,880	18,093	43,098	2,649	27,686	258,415*	10,251	2,971	4,083	275,720
	February ...	151,626	26,963	43,098	2,648	27,686	252,030*	7,907	3,905	4,224	268,066
	March ...	129,729	21,770	60,460	2,641	27,686	242,294*	13,420	4,757	4,255	264,726
	April ...	120,590	10,220	61,109	2,653	27,686	222,265*	13,080	14,276	6,446	256,067
	May ...	112,483	5,084	63,518	2,668	27,682	211,444*	10,924	9,900	6,923	239,191
	June ...	100,006	8,068	59,323	—	27,678	195,085*	8,826	21,331	11,616	236,858

+ 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	March	..	7,250	91,469	5,958	97,427	2,942	5,608	2,046	82,144	92,740	33,192*	230,609
	June	...	9,500	88,575	5,828	94,403	1,901	4,510	1,980	64,479	72,870	44,873*	221,646
	September	...	9,500	95,626	6,176	101,802	2,646	5,146	2,326	75,933	86,051	13,289	210,642
	December	..	9,500	103,132	6,582	114,714	3,287	6,159	2,967	108,795	121,208	8,026	253,448
1971	January	...	9,500	99,806	6,306	106,112	3,804	8,487	5,236	120,793	138,320	21,788	275,720
	February	...	9,500	99,617	6,387	106,004	3,240	8,237	3,621	115,067	130,165	22,397	268,066
	March	...	9,500	99,443	6,278	105,721	3,035	6,000	6,370	110,070	125,475	24,030	264,726
	April	...	9,500	99,460	6,294	105,754	3,190	7,595	2,833	102,137	115,755	25,058	256,067
	May	...	9,500	98,593	6,384	104,977	2,794	6,876	2,654	86,854	99,178	25,536	239,191
	June	...	14,500	98,645	6,283	104,928	3,002	8,044	3,264	77,767	92,077	25,353	236,858

+ Mainly due to semi-government bodies.

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

Table 3. Commercial Banks — Assets and Liabilities

A. Assets

(Rs million)

End of Month	Cash in hand	Balances due from Bills Discounted				Loans and Advances			Investments					Documentary Credits	Guarantees	Other	Total
		Other Banks in Mauritius	Banks Abroad	Local	Foreign	Bills Receivable	Private Sector	Public Sector	Treasury Bills	Govt. Securities	Foreign Securities	Other	Total				
1966																	
December	5.3	4.6	56.7	4.2	..	9.9	145.3	7.2	—	4.2	2.0	3.3	9.5	21.8	12.7	14.5	291.7
1967																	
March	11.0	3.0	41.0	4.4	..	7.8	152.2	7.3	—	4.2	2.0	3.9	10.1	25.3	13.3	13.3	288.7
June	9.2	2.9	10.5	5.0	0.1	10.2	181.3	7.8	—	3.8	2.0	3.7	9.5	28.5	13.0	14.5	292.5
September	9.6	6.0	23.9	5.3	0.1	10.6	165.9	8.7	—	3.7	2.0	3.7	9.4	28.0	13.8	13.8	295.1
December	7.0	2.9	52.3	4.5	..	10.7	167.5	8.9	—	3.5	2.0	4.7	10.2	27.6	13.6	18.1	323.3
1968																	
March	8.0	8.1	49.0	5.1	..	10.2	159.6	8.6	—	3.6	1.9	3.7	9.2	25.6	14.0	14.7	312.1
June	9.5	3.3	16.7	5.4	0.1	10.3	198.8	9.4	—	4.4	1.9	3.8	10.1	23.3	13.3	14.8	315.0
September	8.3	5.3	12.0	5.5	..	7.3	208.3	9.0	—	4.4	1.9	3.8	10.1	25.3	14.2	15.3	320.6
December	7.9	1.8	38.7	4.5	0.1	5.6	177.6	9.4	—	8.5	1.9	7.4	17.8	26.4	15.2	15.2	320.2
1969																	
March	6.5	0.1	32.6	4.6	0.2	6.1	170.8	8.1	—	6.6	1.9	7.3	15.8	27.0	12.5	31.0	315.3
June	6.8	0.5	8.5	4.9	0.1	8.4	204.1	8.2	5.4	12.1	2.0	6.3	25.8	23.1	11.3	27.5	329.2
September	8.4	1.0	29.2	5.0	..	6.0	178.2	7.8	4.2	13.7	2.0	6.8	26.7	26.1	12.1	36.7	337.2
December	9.5	0.5	45.2	4.3	0.1	7.2	184.8	8.4	3.1	18.0	2.0	8.8	31.9	28.4	14.0	24.2	358.5
1970																	
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
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
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
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
1971																	
January	7.5	1.8	31.0	17.7	1.1	11.5	157.0	9.1	6.2	55.3	2.0	8.8	72.3	26.9	14.4	51.6	401.9
February	7.2	0.8	28.1	21.5	1.1	11.2	154.8	8.5	4.5	55.8	2.0	8.3	70.6	30.7	16.5	51.5	402.5
March	9.1	0.5	24.8	22.8	1.7	10.3	160.5	9.1	2.5	52.7	2.0	8.3	65.5	36.4	19.0	48.6	408.3
April	6.7	0.3	21.1	18.5	1.0	12.4	179.6	9.4	—	51.1	2.0	8.3	61.4	35.6	17.1	47.7	410.8
May	8.0	..	21.9	22.8	1.2	13.9	169.8	9.6	—	51.1	2.0	8.3	61.4	35.3	16.1	39.8	399.8
June	7.2	0.5	15.6	27.8	1.0	14.3	197.0	10.0	—	49.5	2.0	8.9	60.4	38.6	16.7	41.8	430.9

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	25.0	291.7
1967 March	15.5	98.9	40.3	35.1	174.3	20.1	2.6	16.1	0.4	25.4	13.3	21.0	288.7
June	15.6	82.6	21.0	37.5	141.1	26.0	3.5	40.2	0.3	28.5	13.0	24.3	292.5
September	15.6	90.9	24.5	42.8	158.2	19.0	3.2	32.8	0.5	28.0	13.8	24.0	295.1
December	15.7	130.2	26.4	44.8	201.4	17.2	5.4	16.3	0.2	27.6	13.6	25.9	323.3
1968 March	15.9	90.4	46.1	47.2	183.7	28.7	3.4	14.8	0.8	25.6	14.0	25.2	312.1
June	16.0	86.6	49.7	46.3	182.6	16.4	2.7	32.7	0.2	23.3	13.3	27.8	315.0
September	16.0	99.3	48.9	47.0	195.2	9.6	1.6	28.6	0.6	25.3	14.2	29.5	320.6
December	16.1	102.1	55.3	46.7	204.1	6.8	1.9	19.2	0.3	26.4	15.2	30.2	320.2
1969 March	16.5	105.3	53.2	48.6	207.1	8.4	0.2	7.4	0.6	27.0	12.5	35.6	315.3
June	16.6	90.1	50.5	47.8	188.4	8.5	—	45.8	0.6	23.1	11.3	34.9	329.2
September	16.6	98.7	56.1	49.0	203.8	7.1	1.3	34.5	0.7	26.1	12.1	35.0	337.2
December	16.7	118.8	75.3	51.2	245.3	3.8	0.8	6.0	0.8	28.4	14.0	42.7	358.5
1970 March	17.0	100.5	72.7	54.9	228.1	3.5	0.9	8.1	1.0	32.4	14.4	33.6	339.0
June	17.1	104.1	69.5	56.4	230.0	6.4	2.3	10.8	0.5	25.9	15.4	41.1	349.5
September	17.7	110.4	79.8	60.5	250.7	4.5	—	13.6	1.3	34.4	15.1	40.4	377.7
December	17.8	123.8	105.7	65.4	294.9	2.5	1.4	10.6	1.2	32.9	14.0	37.6	412.9
1971 January	17.8	121.3	102.6	67.8	291.7	3.3	1.0	9.1	0.7	26.9	14.4	37.0	401.9
February	18.2	111.4	101.0	68.9	281.3	3.4	1.1	13.6	0.9	30.7	16.5	36.8	402.5
March	18.2	112.4	96.6	70.9	279.9	3.1	2.8	10.6	1.3	36.4	19.0	37.0	408.3
April	18.3	102.1	93.7	71.4	267.2	3.4	6.5	19.8	0.7	35.6	17.1	42.2	410.8
May	18.3	98.6	91.1	72.5	262.2	3.2	7.2	20.5	0.6	35.3	16.1	36.4	399.8
June	18.3	112.8	94.1	73.2	280.1	3.1	6.4	18.9	0.8	38.6	16.7	48.0	430.9

Table 4. Monetary Survey

(Rs. million)

<i>End of Period</i>	<i>Net foreign assets of banking system</i>	<i>Net claims on public sector</i>	<i>Lending to private sector</i>	<i>Total</i>	<i>Currency in circulation</i>	<i>Demand deposits</i>	<i>Time deposits</i>	<i>Savings deposits</i>	<i>Other items net</i>
1966	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
1971—January	283.0	— 6.7	190.5	466.8	98.6	125.7	102.6	95.6	44.3
February	269.4	— 4.9	191.8	456.3	98.8	114.2	101.0	96.8	45.5
March	259.2	— 1.8	197.8	458.8	96.6	118.7	96.6	98.9	48.0
April	226.3	— 3.8	214.8	437.3	99.1	104.7	93.7	99.5	40.3
May	215.5	— 6.8	210.8	433.1	97.0	101.2	91.1	100.5	43.3
June	194.6	—13.0	243.9	451.5	97.7	115.4	94.1	102.2	42.1

*Excluding Foreign Notes & Coins of commercial banks.

Table 5. Foreign Exchange Reserves

(Rs. million)

			1968				1969				1970				1971	
			March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June
IMF Position : (net) ...	...	...	—		1.7	1.7	1.7	—20.5	—20.5	—20.5	—20.5	—20.5	1.7	10.0	10.0	13.5
Bank of Mauritius ...	...	...	60.3	70.4	54.4	89.0	85.9	112.4	155.4	183.6	218.0	197.3	199.7	246.6	242.3	195.1
Government ^(a) ...	...	...	49.3	39.3	37.3	41.5	45.5	34.6	25.8	27.7	10.5	20.8	24.5	23.5	22.9	19.9
Post Office Savings Bank ^(b) and Statutory Bodies	...	...	40.2	41.4	37.7	31.7	26.5	26.9	6.6	6.6	6.7	6.9	7.2	6.9	6.9	4.0
Commercial Banks : (net) ^(c)	...	...	36.1	—14.0	—14.7	21.4	27.4	—35.0	—3.0	41.8	24.9	16.6	30.2	23.2	16.9	—0.5
TOTAL	...	...	185.9	137.1	116.4	185.3	187.0	118.4	164.3	239.2	239.6	221.1	263.3	310.2	299.0	232.0

^(a) Up to September 1968, the figures are taken from the Digest of Statistics and represent nominal values.

^(b) Up to September 1968, figures for the Post Office Savings Bank are taken from the Digest of Statistics and represent nominal values. The external assets of the Post Office Savings Bank were surrendered to the Bank of Mauritius in August 1969. Figures for statutory bodies up to 1968 are estimates. The statutory bodies include the Development Bank of Mauritius, the Cyclone and Drought Insurance Board and the Sugar Industry Labour Welfare Fund ; as from June 1970 the Central Electricity Board is also included.

^(c) Foreign notes and coins are included from March 1969 only.

Table 6. 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
1971	January	...	98.6	121.3	4.4	224.3
	February	...	98.8	111.4	2.8	213.0
	March	...	96.6	112.4	6.3	215.3
	April	...	99.1	102.1	2.6	203.8
	May	...	97.0	98.6	2.6	198.2
	June	...	97.7	112.8	2.6	213.1

* Net of cash held by the commercial banks.

** Miscellaneous current accounts with Bank of Mauritius.

Table 7. Currency in Circulation

(Rs 000)

End of month	Bank of Mauritius Notes					Currency		Coin							Total Notes & Coin
	Rs 5	Rs 10	Rs 25	Rs 50	Total	Board Notes	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
1971 January	25,225	43,653	12,401	17,865	99,144	662	3,360	757	1,123	323	388	211	144	6,306	106,112
February	24,874	43,953	12,168	17,964	98,959	658	3,451	744	1,127	323	387	211	144	6,387	106,004
March	24,626	43,749	12,172	18,243	98,790	653	3,333	753	1,131	320	384	212	145	6,278	105,721
April	24,247	43,815	11,994	18,754	98,810	650	3,391	735	1,108	320	383	212	145	6,294	105,754
May	23,328	43,091	12,019	19,508	97,946	647	3,455	748	1,120	320	384	212	145	6,384	104,977
June	23,148	42,855	12,038	19,965	98,006	639	3,347	760	1,118	318	381	213	146	6,283	104,928

* Includes demonetised coins: Rs 204,000

Table 8. Principal Interest Rates in Mauritius

(per cent per annum)

	Sept. 69 (last week)	Dec. 69 (last week)	March 70 (last week)	June 70 (last week)	September 70 (15.7.70)	June (1) 71
I — LENDING						
1. Bank rate	8	7½	7	7	6	6
Effective	...	(23.10.69)	(10.3.70)		(1.7.70)	
Export finance—Bank of Mauri- tius Rediscount facilities		7	6½	6½	Sugar : 6	Sugar : 6
Effective	...	(27.10.69)	(10.3.70)		Others : 5½	Others : 5½
					(1.7.70)	
2. Commercial banks						
(i) Prime rate (min.) †	8½	8	8	7¾	7½	7½
(ii) Fine commercial rate (min.) ‡	9	8½	8½	8¼	7¾	7¾
(iii) Commercial rate	9½	9	9	9	9	9
(iv) Other accounts	10	9½	9½	9½	9½	9½
(v) Export finance — Discount facilities	...	7½-8½	7½-7¼	7½-7¼	Sugar : 6½-6¾	Sugar : 6½-6¾
					Others : 6¼-6½	Others : 6¼-6½
3. Mauritius Co-operative Central Bank (min.)	8	8	×	×	×	×
II — DEPOSITS						
1. Post Office Savings Bank	4	4	4	4	4	4
2. Commercial banks						
(i) Deposit accounts:						
3 months *	5½	5½	5	5	4½	4½
6 months *	5¾	5½	5¼	5¼	4¾	4¾
12 months *	6½	6	5¾	5¾	5¼	5¼
Over 12 months	7-7½	6¾-7¾	6¾-7¾	6¾-7¾	5½-6½ §	5½-6½ §
(ii) Savings accounts	...	4	4	4	4	4
3. Development Bank of Mauritius	5½-6½					
12-23 months	...	5½	5½	5½	5½	5½
24-35 months	...	6	6	6	6	6
36 months	...	6½	6½	6½	6½	6½
4. Mauritius Co-operative Central Bank						
(i) Deposit accounts:						
3 months	5½	5½	5	5	4½	4½
6 months	5¾	5¼	5¼	5¼	4¾	4¾
12 months	6½	6¼	5¾	5¾	5¼	5¼
(ii) Savings accounts	4	4	4	4	4	4
III — MORTGAGES						
Up to Rs 6,000 (max.)	11	11	11	11	11	11
Over Rs 6,000 (max.)	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.

(1) Between July 70 and June 71, there has been no change in interest rates.

Table 9. Purpose-wise Classification of Loans and Advances and Bills Discounted

(Rs million)

	June 1969	September 1969	December 1969	March 1970	June 1970	September 1970	December 1970	March 1971	June 1971
Sugar industry ..	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)	65.3 (33.6)	94.3 (40.0)
Other agricultural interests ..	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)	3.3 (1.7)	4.0 (1.7)
Other industries & manufacturers ..	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)	30.3 (15.6)	34.6 (14.7)
Traders ...	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)	55.7 (28.7)	61.5 (26.1)
Personal & professional ..	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)	19.4 (10.0)	21.0 (8.9)
Stockbrokers ..	0.1 (.)	— (—)	0.2 (0.1)	0.1 (.)	0.1 (.)	.. (.)	.. (.)	.. (.)	.. (.)
Government ..	— (—)	— (—)	.. (.)	.. (.)	— (—)	— (—)	— (—)	— (—)	— (—)
Public bodies ..	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)	9.1 (4.7)	10.0 (4.2)
Financial institutions ..	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)	0.9 (0.5)	0.8 (0.3)
Other customers ..	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)	8.4 (4.3)	8.7 (3.7)
Foreign bills ...	0.1 (.)	0.1 (.)	0.1 (.)	1.0 (0.6)	2.7 (1.3)	1.1 (0.6)	0.9 (0.5)	1.7 (0.9)	1.0 (0.4)
TOTAL	217.4 (100.0)	191.0 (100.0)	197.6 (100.0)	190.3 (100.0)	205.3 (100.0)	186.2 (100.0)	194.8 (100.0)	194.1 (100.0)	235.9 (100.0)

Table 10 (a) — Ownership of Time Deposits

(Rs. '000)

<i>Category of Owner</i>	<i>March 69</i>	<i>March 70</i>	<i>March 71</i>
1. Sugar	4,462 (8.6)	5,813 (7.9)	9,916 (10.2)
3. Other Agriculture	75 (0.1)	379 (0.5)	433 (0.4)
3. Industry and Manufacturing	1,260 (2.4)	2,090 (2.8)	2,696 (2.8)
4. Public Utilities	1,354 (2.6)	2,318 (3.2)	4,262 (4.4)
5. Business and Trade	573 (1.1)	476 (0.6)	1,188 (1.2)
6. Financial Institutions	13,319 (25.6)	8,689 (11.8)	11,701 (12.0)
7. Government *	19,098 (36.7)	27,927 (38.0)	31,725 (32.6)
8. Professional and Personal	11,964 (22.9)	25,857 (35.2)	35,454 (36.4)
TOTAL	52,105	73,549	97,375

Table 10 (b) — Ownership of Savings Deposits

(Rs. '000)

<i>Category of Owner</i>	<i>March 69</i>	<i>March 70</i>	<i>March 71</i>
1. Personal	44,559 (95.6)	51,396 (93.7)	66,585 (93.9)
2. Professional	659 (1.4)	653 (1.2)	629 (0.9)
3. Other	1,409 (3.0)	2,817 (5.1)	3,677 (5.2)
TOTAL	46,627	54,866	70,891

Figures in brackets are percentages to the total.

* Includes local authorities and semi-government bodies.

Table 11. Bank of Mauritius : Monthly Financial Transactions

(Rs. million)

				Transactions in Govt. Stocks		Market Transactions in Treasury Bills		Rediscount of Export Bills	Advances to Commercial Banks		
									Total amounts advanced	Total No. of days on which advances were made	Total No. of days on which these advances were outstanding
				Sales	Purchases	Sales	Purchases				
969	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
970	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	—	—	—	—	—	—
971	January	...	...	1.3	4.5	0.5	1.6	—	9.2	11	13
	February	...	...	3.7	—	7.1	8.4	0.1	6.5	11	11
	March	...	...	..	2.9	9.3	8.7	0.5	4.2	12	10
	April	...	...	1.4	1.7	0.3	2.5	5.7	66.8	25	29
	May	...	...	2.4	..	0.6	0.2	3.5	73.6	19	31
	June	...	...	3.1	1.8	0.2	—	1.9	84.2	23	30

Table 12. 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
1971	January	...	61,821	93,101	23	2,688	4,048
	February	...	60,471	93,901	21	2,880	4,471
	March	...	72,267	111,965	26	2,780	4,306
	April	...	72,787	108,463	26	2,800	4,172
	May	...	67,816	91,022	25	2,713	3,641
	June	...	67,606	111,903	26	2,600	4,304

Table 13. Transactions in Treasury Bills

Date of Issue		Amount offered	Amount applied for	Excess applied for, over amount offered	Amount allotted	Lowest price at which tenders were accepted	Amount allotted at lowest price as percentage of total amount allotted	Average rate of discount on allotment per cent per annum
		Rs. mn.	Rs. mn.	Rs. mn.	Rs. mn.	Rs.		
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
1971	28th January	5.0	6.1	1.1	5.0	98.56	78.5	5.891
	26th February	5.0	9.6	4.6	5.0	98.57	13.0	5.717
	29th March	5.0	5.0	—	5.0	98.57	100.0	5.819
	28th April	5.0	9.5	4.5	5.0	98.57	11.0	5.748
	28th May	5.0	5.3	0.3	5.0	98.57	100.0	5.819
	28th June	5.0	6.0	1.0	5.0	98.57	80.0	5.802

Table 14. Government Finances : Recurrent Budget

(Rs. million)

	1969-70 <i>Actual</i>	1970-71 <i>Estimates</i>	1970-71 <i>Actual</i>	1971-72 <i>Estimates</i>
Revenue :				
Direct taxes ...	52	62	63	61
of which: Income Tax ...	(40)	(50)	(52)	(50)
Indirect Taxes ...	129	136	142	147
of which: Import duties ...	(64)	(67)	(74)	(77)
Export duties ...	(17)	(17)	(19)	(21)
Excise duties ...	(31)	(33)	(33)	(32)
Receipts from public utilities ...	21	23	23	25
Receipts from public services ...	7	10	9	9
Interest and royalties ...	9	11	13	12
Foreign aid ...	1	1	1	1
Foreign loan ...	—	—	—	—
Other ...	9	10	9	8
TOTAL	228	253	260	263
Expenditure :				
General administration ...	50	50	56	53
of which: Defence and Police ...	(13)	(15)	(15)	(16)
Economic services:				
Agriculture and natural resources ...	7	9	8	9
Transportation ...	3	4	3	4
Post and telecommunication ...	6	6	6	7
Other ...	21	24	25	25
Transfer to Capital Budget ...	—	4	4	4
Social expenditure:				
Education ...	31	35	36	40
Health ...	24	28	27	31
Social Security ...	30	30	31	31
Subsidy to rice and flour ...	(. .)	—	—	—
Public debt and pensions ...	47	55	51	51
of which: Public debt ...	(29)	(37)	(35)	(34)
Local Governments ...	8	8	8	8
TOTAL	227	253	255	263

Table 15. Government Finances : Capital Budget

(Rs. Million)

				1969-70 <i>Actual</i>	1970-71 <i>Estimates</i>	1971-72 <i>Estimates</i>
Receipts						
Domestic sources	...	...	...	42.0	50.2	74.8
Borrowing	...	...	...	(26.0)	(40.0)	(70.0)
Transfer from Recurrent Budget	...	...	...	(—)	(4.0)	(4.0)
Other	...	...	...	(16.0)	(6.2)	(0.8)
External sources	...	...	...	24.0	39.6	64.1
U.K. Grants	...	...	...	(14.7)	(10.2)	(2.8)
Other grants	...	...	...	(—)	(—)	(3.7)
U.K. loans	...	...	...	(9.3)	(27.9)	(27.8)
IDA loans	...	...	...	(—)	(—)	(16.8)
Other loans	...	...	...	(—)	(1.5)	(13.0)
	Total	...	...	66.0	89.8	138.9
Expenditure						
Economic services	...	...	...	35.7	64.1	85.6
Agriculture, forestry and industry	...	...	...	(13.6)	(18.7)	(24.4)
Transport and infra-structure	...	...	...	(20.1)	(34.9)	(52.2)
Loans to the Mauritius Development Bank	...	...	...	(2.0)	(10.5)	(9.0)
Social services	...	...	...	4.7	7.7	19.3
Education	...	...	...	(2.2)	(5.0)	(4.5)
Health and Welfare	...	...	...	(0.8)	(2.0)	(6.7)
Housing	...	...	...	(1.7)	(0.7)	(8.1)
Central administration and local government and other	...	...	...	16.8	18.2	47.2
	Total	...	...	57.2	90.0	152.1
Surplus or deficit (—)	...	...	...	+ 8.8	— 0.2	— 13.2

Table 16 : Indicators of Unemployment

	<i>(Monthly Average)</i>				<i>(Average for six months)</i>
	1967	1968	1969	1970	1971
1. Number of Registered unemployed	14,178	9,084	14,128	20,992	29,490
2. Number of Relief Workers*	18,469	15,658	14,450	15,751	16,717

* Now known as Development Workers.

Table 17 : Consumer Price Indices

Base : January - June 1962=100

Month	RURAL				URBAN				WHOLE ISLAND			
	1968	1969	1970	1971	1968	1969	1970	1971	1968	1969	1970	1971
January	112.0	116.4	120.3	117.8	110.6	114.3	117.5	116.8	111.4	115.5	119.1	117.4
February	113.6	117.7	121.1	120.6	112.5	115.7	118.2	118.9	113.2	116.8	119.9	119.9
March	115.6	118.1	122.7	120.0	114.2	116.2	119.7	118.5	115.0	117.3	121.4	119.3
April	115.3	117.4	121.5	118.8	113.4	115.2	119.8	117.3	114.5	116.5	120.8	118.1
May	113.6	118.2	120.9	118.7	111.8	115.9	119.2	117.3	112.8	117.2	120.2	118.1
June	114.7	116.8	118.6	119.0	112.6	114.8	117.3	117.6	113.8	115.9	118.0	118.4
July	116.8	116.4	117.3		114.5	114.4	116.1		115.8	115.5	116.8	
August	115.9	117.0	116.8		113.7	115.1	115.7		115.0	116.2	116.3	
September	115.5	117.0	119.1		113.4	115.0	118.2		114.6	116.1	118.7	
October	115.3	117.6	118.1		113.2	115.5	117.3		114.4	116.7	117.8	
November	115.4	119.8	117.4		113.3	117.5	116.5		114.5	118.8	117.0	
December	115.2	119.4	116.9		113.0	117.1	116.0		114.2	118.4	116.5	
Average	114.9	117.6	119.2	119.2	113.0	115.6	117.6	117.7	114.1	116.7	118.5	118.5
Percentage Change (Yearly)	+ 7.8	+ 2.3	+ 1.4		+ 6.0	+ 2.3	+ 1.7		+ 6.9	+ 2.3	+ 1.5	

Table 18. Sugar Statistics

(metric tons)

<i>Year</i>	<i>Production</i>	<i>Local Consumption</i>	<i>Exports</i>	<i>Average Sugar Price Ex-Syndicate* Rs / per ton</i>
1962	532,817	27,251	514,729	445.21
1963	685,597	27,019	580,348	590.89
1964	518,994	28,074	559,959	433.13
1965	664,403	28,333	578,374	409.32
1966	561,762	29,123	570,518	421.50
1967	638,322	29,675	531,381	424.40
1968	596,549	28,837	577,978	428.39
1969	668,672	30,976	591,607	445.27
1970	576,204	31,947	581,559	471.69

* Local sales and exports.

Source : The Mauritius Chamber of Agriculture.

Table 19. Imports and Exports : Major Commodity Groups

(Rs. million)

Imports	1966	1967	1968	1969	1970
Food and live animals ..	109.6	118.5	135.5	132.6	124.3
Beverages and tobacco ..	4.9	4.8	5.7	5.3	5.2
Crude materials, inedible except fuels ..	5.4	7.1	7.8	5.6	10.3
Mineral fuels, lubricants, and related materials ..	15.4	25.4	35.8	31.7	29.7
Animal and vegetable oils and fats ..	17.7	18.3	18.5	12.5	21.0
... Chemicals	45.6	42.6	49.0	43.0	47.6
Manufactured goods classified chiefly by material ..	70.2	78.5	77.6	72.4	95.3
...	36.9	43.7	56.5	44.7	55.7
Machinery and transport equipment Miscellaneous manufactured articles	27.4	32.1	34.6	27.9	30.5
...	0.1	0.1	0.1	0.2	0.2
Commodities and transactions not classified according to kind ...	333.2	371.1	421.1	376.0	419.9
Exports					
Sugar	306.4	281.3	320.7	326.0	340.1
Molasses	11.5	8.5	11.9	10.0	10.6
Tea	6.5	8.4	9.6	14.6	14.1
Other	4.2	2.4	4.1	7.5	11.5
Re-exports	9.0	6.2	7.7	7.0	8.2
TOTAL ..	337.6	306.8	354.0	365.2	384.5

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

Table 20. Imports — Main Sources of Supply

				(Rs million)				
				1966	1967	1968	1969	1970
United Kingdom	...	...	...	79.1	77.8	99.6	74.4	88.0
Burma	...	...	...	23.1	27.0	42.3	7.7	23.1
Republic of South Africa	...	...	...	27.3	30.6	31.4	31.3	37.8
Federal Republic of Germany...	...	...	...	19.7	25.9	27.9	17.1	20.5
Australia	...	...	...	23.9	28.0	25.7	27.1	30.4
France	...	...	...	20.2	20.3	23.8	24.8	29.5
Japan	...	...	...	14.2	16.8	14.3	14.6	21.8
Iran	...	...	...	11.4	17.8	12.6	19.9	14.9
India	...	...	...	9.9	9.4	11.5	10.2	12.8
Thailand	...	...	...	14.3	16.1	10.7	43.8	12.8
United States of America	...	...	...	7.5	7.3	8.8	6.0	23.9
Hong Kong	...	...	...	8.8	10.4	8.7	8.8	10.2
Malagasy Rep	...	...	...	5.3	7.1	9.0	9.0	8.4
Other	...	...	...	68.5	76.6	94.8	81.4	85.8
Total	...	...	...	333.2	371.1	421.1	376.0	419.9

Table 21. Exports — Principal Countries of Destination

				(Rs million)				
				1966	1967	1968	1969	1970
United Kingdom	...	...	...	275.7	271.4	272.2	260.5	260.3
Canada	...	...	...	30.9	9.5	44.1	63.2	77.6
United States of America	...	...	...	16.4	15.8	21.6	18.4	21.1
Republic of South Africa	...	...	...	1.3	3.4	6.9	9.6	12.1
Malagasy Republic	...	...	...	1.1	1.7	1.9	2.5	2.6
Réunion	...	...	...	2.9	1.3	2.5	3.3	3.9
Australia	...	...	...	0.2	0.3	0.6	0.9	0.8
Other	...	...	...	9.1	3.4	4.2	6.8	6.1
Total	...	...	...	337.6	306.8	354.0	365.2	384.5

Table 22 : Tourists Arrivals : Area-wise classification

1965 - 1969

	1965	1966	1967	1968	1969	1970
EUROPE	1,505	1,804	2,314	2,637	2,809	4,319
of which: France	668	816	888	922	767	1,437
U. K.	576	618	1,056	1,261	1,524	1,740
AFRICA	7,780	10,259	10,626	10,404	15,058	19,784
of which: Reunion	4,737	6,738	6,242	6,094	8,905	11,405
South Africa	656	770	1,209	1,555	2,680	3,637
Malagasy Rep.	1,392	1,648	1,598	1,512	2,050	1,985
Zambia	112	142	218	154	332	1,314
ASIA	205	284	487	721	579	863
of which: India	79	70	257	421	272	479
Japan	24	48	53	72	86	83
AMERICA	181	220	437	559	612	765
of which: U.S.A.	145	184	377	464	506	646
OCEANIA	366	426	946	1,224	1,495	1,908
of which: Australia	287	331	771	999	1,162	1,571
OTHER COUNTRIES	21	47	4	8	34	11
GRAND TOTAL	10,058	13,040	14,814	15,553	20,587	27,650

SOURCE : Central Statistical Office.

Table 23. Balance of Payments

(Rs. Million)

Item	1966		1967		1968		1969		1970	
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
A. GOODS AND SERVICES										
1. Merchandise ...	338	297	306	325	359	359	367	328	388	360
2. Non-monetary gold ...	—	1	—	1	—	1	—	1	—	..
3. Freight and insurance on merchandise ...	1	41	1	48	8	51	5	46	14	54
4. Other transportation ...	18	18	27	21	39	25	48	35	56	59
5. Travel ...	10	24	14	23	13	21	18	18	27	20
6. Investment income ...	11	13	10	16	12	15	14	14	17	12
7. Government, not included elsewhere ...	13	5	15	6	14	5	14	5	17	7
8. Other services ...	12	13	15	14	19	17	23	16	29	15
Net goods and services ...	—	9	—	66	—	30	26	—	21	—
B. TRANSFER PAYMENTS										
9. Private ...	5	14	5	12	6	11	8	6	13	6
10. Central Government ...	45	2	15	2	33	4	17	4	18	4
Net transfer payments ...	34	—	6	—	24	—	15	—	21	—
C. CAPITAL AND NON-MONETARY GOLD										
<i>Non-monetary sectors</i>										
11. — 14. Private ...	—	—	—	3	—	3	15	—	4	—
15. Central Government ...	9	—	15	—	18	—	23	—	4	—
ALLOCATION OF SDRs ...	—	—	—	—	—	—	—	—	15	—
<i>Monetary Sectors</i>										
16. Commercial banks : liabilities ...	—	10	13	—	3	—	—	11	6	—
17. Commercial banks : assets ...	1	—	4	—	11	—	—	7	14	—
18. Central institutions : liabilities ...	7	—	18	—	—	19	17	—	—	22
19. Central institutions : assets ...	—	23	31	—	—	16	—	82	—	71
OTHER CAPITAL, ERRORS AND OMISSIONS ...	—	9	—	18	12	—	4	—	8	—

Summary of Balance of Payments

	1966	1967	1968	1969	1970
Net goods and services (items 1-8) ...	— 9	— 66	— 30	+ 26	+ 21
Net transfer payments (items 9-10) ...	+ 34	+ 6	+ 24	+ 15	+ 21
Net long-term capital (items 11-15) ...	+ 9	+ 12	+ 15	+ 38	+ 15
Allocation of SDRs ...	—	—	—	—	+ 8
Other capital, errors and omissions ...	— 9	— 18	+ 12	+ 4	—
Basic balance of payments ...	+ 25	— 66	+ 21	+ 83*	+ 73
Monetary movements (items 16-19) (increase in assets shown by a — sign)	— 25	+ 66	— 21	— 83	— 73

* 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.

BOARD OF DIRECTORS

Mr. Aunauth BEEJADHUR, *Governor, Chairman*

Mr. Goorpersad BUNWAREE, *Managing Director*

Mr. Abdulla CURRIMJEE

Mr. Joseph Clément DALAIS, M.B.E.

Mr. Joseph Maurice Antoine HAREL

Mr. Bhoopal Beeharry PANRAY

Mr. Sookun GAYA

MANAGEMENT AND SENIOR OFFICIALS

as at 30th June, 1971

<i>Governor</i>	Mr. Aunauth Beejadhur
<i>Managing Director</i>	Mr. G. Bunwaree
<i>Adviser to the Governor</i>	Mr. D. A. C. Nendick
<i>Chief Manager</i>	Mr. I. Ramphul
<i>Secretary</i>	Mr. L. C. S. de Coriolis
<i>Head of Research</i>	Dr. N. A. Mujumdar, M.A., Ph.D.
<i>Manager — Currency Office</i>	Mr. J. G. G. Pitot
<i>Assistant Managers — Banking Office</i>	Mr. A. Teck Young
<i>Secretary's Department</i>	Mr. S. Rochecouste

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