

# **BANK OF MAURITIUS**

## **ANNUAL REPORT**

**For the year ended June 1977**

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For the year ended June 1977

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LETTER OF TRANSMITTAL

BANK OF MAURITIUS

P. O. BOX NO. 29

PORT LOUIS

MAURITIUS.

4th July 1978

*The Honourable Sir Veerasamy Ringadoo, Kt., M.L.A.,  
Minister of Finance,  
Government House,  
Port Louis,*

*Sir,*

*I have the honour to forward herewith the tenth Annual Report of the Bank for the year ended the 30th June, 1977. The Report includes a copy of the Balance Sheet and of the Profit & Loss Account of the Bank and a Report on its operations in respect of the year 1976-77.*

*I have the honour to be,  
Sir,  
Your obedient Servant,*

*G. Bunwaree  
Governor*



# PART I — REVIEW OF THE ECONOMY

## C O N T E N T S

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## PART I — REVIEW OF THE ECONOMY

### I. INTRODUCTION

The gross national product at current prices rose from Rs 3,713 million in 1976 to an estimate of Rs 4,175 million in 1977. Despite the continuation of lower sugar prices and a decline in sugar production from 689,932 tons in 1976 to 665,435 tons in 1977, the tempo of investment activity was maintained at a significantly high level. The ratio of gross domestic fixed capital formation to gross national income was 39 per cent in 1976 and is estimated at 40 per cent in 1977. This indicates that the proportion of investment to gross national product which had risen during the sugar boom has been maintained at a very high level even in 1977. The following table outlines the position. :—

Table I.1. Gross National Product and Investment

	1971	1972	1973	1974	1975	1976	1977*
(1) Gross Domestic Fixed Capital Formation (Rs million) ...	184	229	480	750	1,138	1,450	1,650
(2) Gross National Product (Rs million) ...	1,023	1,281	1,666	2,957	3,107	3,713	4,175
(3) (1) as a percentage of (2) ...	18	18	29	25	37	39	40

\* Estimated

Source : Central Statistical Office, Government of Mauritius.

On the external front the balance of payments deficit of Rs 500 million in 1976 was followed by a deficit of Rs 330 million in 1977. The large deficit in 1976 was largely a *technical* deficit because of the short-term capital flows attributable to changes in the timing of realisation of sugar proceeds. Adjusting for the various trade credit items relating to sugar, the balance of payments deficit rose from Rs 130 million in 1976 to Rs 350 million in 1977. The worsening of the balance of payments deficit in 1977 is accounted for largely by the rising demand for imports.

The domestic credit expansion during the year\* was 45.5 per cent but the expansion in money supply was only 26.1 per cent largely because foreign exchange reserves declined by 52.4 per cent. The contractionary effect of the decline in foreign exchange reserves was also reflected in a relatively small increase in prices of only 7.6 per cent. Table I.2 below shows the changes during the year for certain select indicators.

\* Unless otherwise stated 'year' means the financial year 1st July, 1976-30th June, 1977.

Table I.2. Changes in Select Indicators

	June 1976 (Rs million) (1)	June 1977 (Rs million) (2)	Percentage Change (2) over (1)
Total Domestic Credit ... ..	1,396.0	2,031.4	+ 45.5
Foreign Exchange Reserves ... ..	776.1	369.5	— 52.4
Money Supply ... ..	852.5	1,074.9	+ 26.1
Consumer Price Index (January-June 1976 average = 100) ... ..	103.3	111.2	+ 7.6

Against the backdrop of falling foreign exchange reserves and the increasing pressure of import demand certain monetary measures were introduced on the 1st March, 1977 with the aim of slowing down the rate of monetary expansion and preventing the rapid erosion of the foreign exchange reserves. The interest rate structure was revised upwards centred on a one per cent increase in the Bank Rate from 6 per cent to 7 per cent with corresponding increases in the commercial banks' lending rates and deposit rates. The policy of restrained credit expansion was continued and bank credit in 1977 to sectors other than exempted categories was allowed to expand by an average of 15 per cent over the level permitted in 1976 and credit to traders was limited in 1977 to the average level extended to that sector in 1976. The needs of the sugar sector for a large increase in credit necessitated the setting up of a temporary facility under which banks which extended credit to the Mauritius Sugar Syndicate beyond the level in February, 1977, were provided credit from the central bank up to a maximum of Rs 35 million at 7 1/2 per cent.

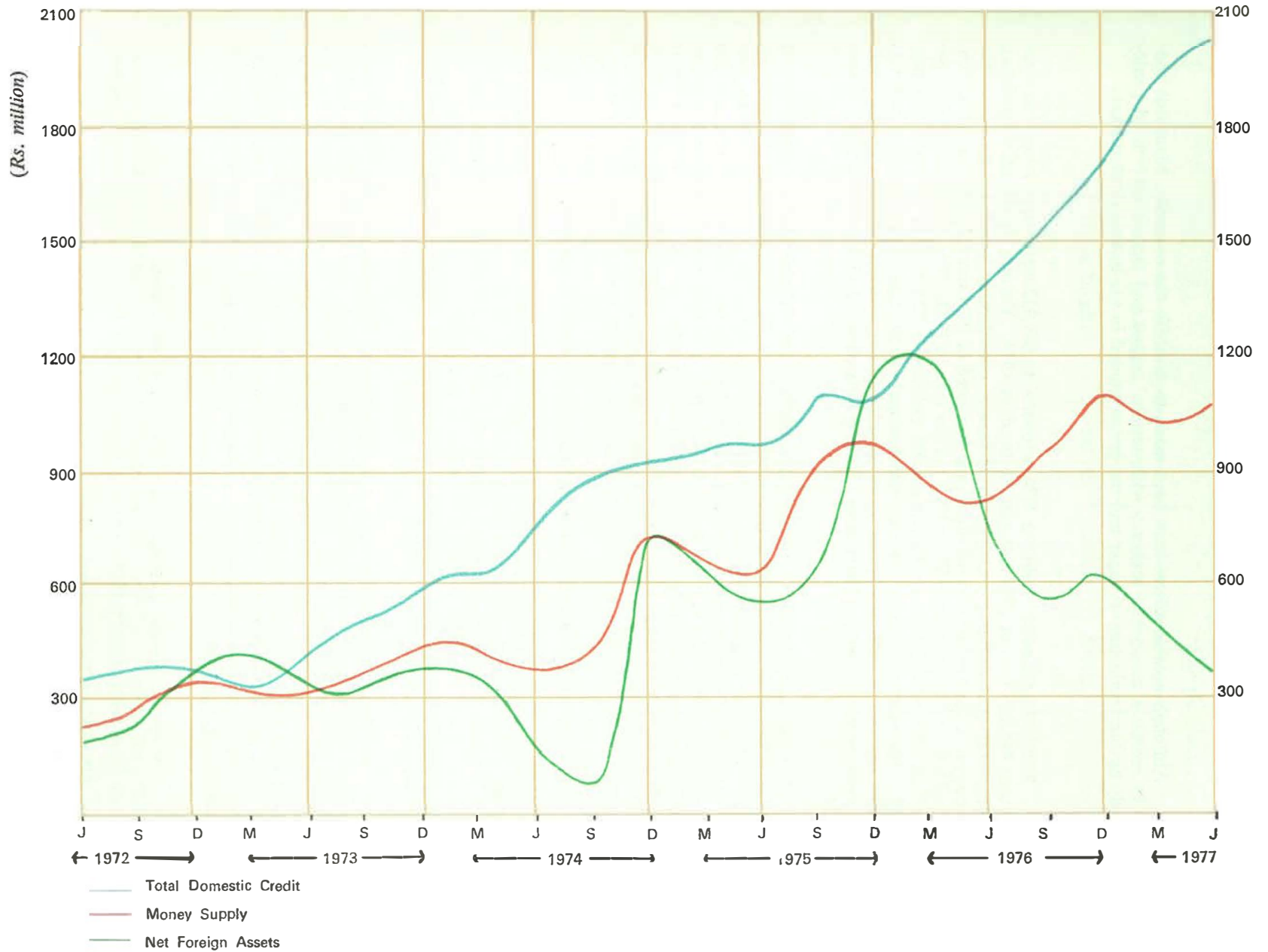
In pursuance of the policy of slowing down the rate of monetary expansion an Import Deposit Scheme was introduced in March, 1977, under which importers at the time of placing orders are required to make a non-interest bearing deposit with the Bank of Mauritius, for a period of three months, of 35 per cent of the c.i.f. value of all orders placed after the 4th March, 1977. A number of items which are considered essential imports are exempted from the scheme.

With a view to reducing the large budget deficit new tax measures were taken in the 1977-78 budget and these were expected to yield an additional revenue of Rs 130 million. The new measures included selective increases in import duties, a general 5 per cent increase in the surcharge on import duties, conversion of certain specific duties into *ad valorem* duties, an increase in excise duties on certain products, an increase in the corporate tax, and an increase in the export duty on sugar.

Despite infra-structural difficulties faced by the EPZ, largely in relation to shipping, the export performance of this sector was impressive. EPZ exports rose from Rs 196.4 million in 1975 to Rs 308.6 million in 1976 and this sector is expected to continue to provide employment opportunities and also to increase our foreign exchange earnings.

The increase in prices during the year under review averaged 9.6 per cent as compared with 14.7 per cent in the previous year. The slow-down in the rate of inflation was attained during the year ended June, 1977, despite the fact that inflation in the industrial countries continued at a rate of around 8 per cent.

# SELECTED INDICATORS



## II. AGRICULTURE

Although notable efforts have been made to diversify the economy, Mauritius continues to remain a mono-crop economy with national output and income determined predominantly by the production of sugar and the prices realised in the international markets.

### Sugar

Total sugar production during 1976 amounted to 689,932 metric tons *tel quel* as compared with 468,256 tons in 1975 and 696,786 tons\* in 1974. Favourable climatic conditions, with abundant rains during the early growing season, considerably helped the growth of the sugar cane, and the total amount of sugar cane harvested in 1976 was 6.4 million tons as compared with 4.3 million tons in 1975 and 6.8 million tons in 1974. The average cane yield per *arpent*\*\* in 1976 was 33.5 tons ; the comparable yields were 22.8 tons in 1975 and 31.5 tons in 1974. The sucrose content, however, was low and the average sugar extraction rate was only 10.8 per cent in 1976, the lowest figure recorded in the post-war period except for 1960. Sugar yield per *arpent* averaged 3.60 tons in 1976 as compared with 2.47 tons in 1975 and 3.68 tons in 1974.

The annual quota for exports of sugar to the EEC under the terms of the Sugar Protocol of the Lomé Convention continues to be a maximum of 487,200 tons white value (507,000 tons *tel quel*). The price guaranteed to ACP\*\*\* producers for the quota year July, 1976 to June 1977 was 26.7 EEC agricultural units of account per 100 kgs (raw value, c.i.f. European ports) which is equivalent to £ 152.1 per ton. Additionally, a Monetary Compensation Amount was paid depending on the extent of depreciation of the pound sterling. For the quota year July, 1977 — June, 1978 the guaranteed price has been fixed at 27.25 units of account per 100 kgs, or £ 159.9 per ton (raw value, c.i.f. European ports) and in addition an increased market premium is payable. The system of a Monetary Compensation Amount for the depreciation of sterling is also being continued in 1977-78. The over-all increase in the guaranteed price in 1977-78 over 1976-77, taking into account all the adjustments, is about 5 per cent.

Sugar prices on the world free market declined markedly during the second half of 1976 after they had firmed up during the first half. The price per ton for raw sugar on the London Terminal Market rose from an average of £ 161.4 in January, 1976 to an average of £ 188.2 in May and thereafter continued to decline to an average of £ 113.5 in December. The average price for the year as a whole was £ 151.5 per ton in 1976, as compared with £ 213.0 in 1975 and £ 299.92 in 1974.

Total Mauritian exports of sugar during the year 1976 amounted to 550,932 tons, as compared with 497,454 tons in 1975 and 668,386 tons in 1974. Exports in 1976 would have been higher but for the delay in shipments arising from problems in the port during the last quarter of the year. The value of sugar exports amounted to Rs. 1,321 million in 1976 as compared with Rs. 1,549 million in 1975 and Rs. 1,538 million in 1974. The decline in value during 1976, as compared with 1975, was the result of lower prices obtained both from the EEC and from shipments to other markets. The following table gives the destination of exports of sugar during the years 1974 to 1976.

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\* Unless otherwise specified, tonnage reference is to metric tons.

\*\* 1 arpent = 1.043 acres

\*\*\* African, Carriibbean and Pacific

Table II.1 Direction of Exports of Sugar

(Metric Tons)

Country of Destination	1974	1975	1976
United Kingdom ...	390,331	444,485	479,412
Canada ...	166,202	26,977	40,469
U. S. A. ...	40,051	23,470	25,046
Iran ...	26,078	—	—
Iraq ...	22,661	—	—
Sudan ...	12,192	—	—
Indonesia ...	5,250	—	—
Somalia ...	5,000	—	—
Seychelles ...	600	1,900	996
Italy ...	—	—	5,000
Rwanda ...	—	591	—
Afghanistan ...	—	22	—
Yemen ...	—	—	9
Others ...	21	9	—
<b>TOTAL ...</b>	<b>668,386</b>	<b>497,454</b>	<b>550,932</b>

Source : Customs and Excise Department, Government of Mauritius

Total sugar production for the 1977 crop was 665,435 tons *tel quel*. This relatively low level of production is the result of damage caused to the sugar cane fields by the scale insect *pulvinaria iceryi* which reduced production by an estimated 25,000 tons. On the basis of this estimate, the total supply of sugar exportable from the beginning of 1977 amounts to 840,385 tons, as shown in Table II.2 below :—

Table II. 2. Exportable Supplies of Sugar : 1977

(Tons)

1976 crop carry-over as on 31st December, 1976 ...	214,950
1977 crop (excluding local consumption*) ...	625,435
<b>Total Exportable Supplies ...</b>	<b>840,385</b>

\* Domestic consumption requirements are estimated at 40,000 tons per annum.

Source : The Mauritius Chamber of Agriculture.

World sugar production is estimated to have increased by 7.0 per cent from 82.8 million tons in 1975-76 to 88.6 million tons in 1976-77\*. The estimate for consumption shows an

\* The split year for world sugar production and consumption refers to the September/August period.

increase of 3.5 per cent from 79.9 million tons in 1975-76 to 82.7 million tons in 1976-77. Exports in 1976-77 are estimated at 26.9 million tons as compared with 23.4 million tons in 1975-76. The excess of world production over consumption increased final stocks at the end of August by 26.9 per cent between 1976 and 1977. Final stocks at the end of August, 1977, amounted to 26.1 million tons representing 31.6 per cent of consumption ; at the end of August, 1976 closing stocks were 20.6 million tons representing 25.7 per cent of consumption. The increased initial stocks for the year 1977-78, together with prospects of at least a moderate increase in production and no unusual growth in consumption, point to a weak world market continuing into 1977-78. The price of raw sugar on the London Terminal Market in 1977 fluctuated between £ 85 and £ 150 per ton.

Preliminary estimates point to an increase in world production of sugar of 3.0 per cent from 88.6 million tons in 1976-77 to 91.3 million tons in 1977-78. Despite some acceleration in consumption, mainly in developing countries, the trends point to a build-up in stocks in 1978. The coming into force of the new International Sugar Agreement is expected to be a significant step towards the stabilisation of sugar prices. The new Agreement is expected to establish floor and ceiling prices between a range of 11-21 U.S. cents per pound by the use of basic quota entitlements restricting exports and by the creation of reserve surplus stocks kept off the market. The reserve stocks would be financed by a levy on exports with financial assistance being provided to low income countries to help them pay the levy and storage costs. The annual quota for Mauritius under the Agreement is 175,000 tons.

## Tea

Relatively favourable weather conditions during 1976 made possible a good tea crop of 4.3 million kilos as against 3.1 million in 1975 and 4.0 million in 1974. This increased production resulted in a recovery in the exports of tea to 3.3 million kilos ; this represents an increase of 0.2 million kilos over the 1974 level of 3.1 million kilos and a full 1.2 million kilos over the 1975 level of 2.1 million kilos. Tea exports increased in value at a rate higher than the rate of increase for volume of exports because of the higher prices obtained in the second half of 1976. There was a spurt in tea prices in the first half of 1977 and hence earnings from tea in 1977 are expected to be substantially above those in 1976.

Table II.3 below gives details of tea production and exports during the period 1973-1976.

Table II.3. Area, Production and Exports of Tea

		1973	1974	1975	1976
Area ('000 arpents) ...	...	12.1	12.9	13.1	13.3
Production (million kilos) ...	...	4.1	4.0	3.1	4.3
Export (million kilos) ...	...	3.5	3.1	2.1	3.3
Value of Exports (Rs million)	...	18.9	19.7	16.0	29.2

Source : Tea Board.

## Other Agricultural Production

There was a fall in the production of tobacco from 805 tons in 1975-76 to 700 tons in 1976-77 and the fall was attributable mainly to adverse weather conditions. The policy of agricultural diversification is being continued and an attempt is being made to increase the output of a number of food crops. In 1976 there was a notable increase in the output of bananas, pineapples, potatoes and onions,



### III. INDUSTRY

The industrial sector was beset by a number of difficulties during the year under review. However, this sector was able to contribute to an increase in output, employment and export albeit at a reduced pace of growth. In the year ended June, 1977, 28 new units started production in the industrial sector\* as compared with 26 new units for the year ending June, 1976. The total number of industrial units in June, 1977, is 391. The number of persons employed in the industrial sector rose from 30,790 at the end of June, 1976, to 33,882 at the end of June, 1977, or by 10.0 per cent. Table III.1. shows the number of units and the number of persons employed in the industrial sector.

Table III.1. Number of Units and Employment in the Industrial Sector

Category	Number of Units Operating		Number Employed	
	June 1976	June 1977	June 1976	June 1977
1. Units with a Development Certificate ... ..	114	119	8,221	8,354
of which :				
Hotels ... ..	(18)	(18)	(2,601)	(2,551)
2. Units in the Export Processing Zone ... ..	77	86	14,867	18,077
of which :				
Textile and Garments ... ..	(36)	(44)	(11,037)	(14,027)
Electronic & Electric Components ... ..	(6)	(7)	(1,960)	(2,123)
Plastic, Leather and Rubber ... ..	(14)	(15)	(838)	(952)
Toys and Maquettes ... ..	(4)	(4)	(426)	(355)
Miscellaneous ... ..	(17)	(16)	(606)	(620)
3. Other Units* ... ..	172	186	7,702	7,451
4. Total (1 + 2 + 3) ... ..	363	391	30,790	33,882

\* The data for 'Other Units' excludes small scale establishments employing less than 10 persons. The total employment of the small scale sector is estimated at 10,000.

Sources : Ministry of Commerce and Industry,  
Central Statistical Office — Government of Mauritius.

Five new units started to operate with a Development Certificate which provides for tax holidays valid for a period of 5 to 8 years and protection through duties or import restrictions, during the year under review. This brings the total number of companies, which have obtained Development Certificates to 119. These 119 companies which include 18 hotels were employing a total of 8,354 persons by the end of June, 1977. The capacity of the DC units to generate employment opportunities is lower than that of the EPZ units but their main contribution to the economy lies in the production of import substitution goods. During the year 27 companies were granted Development Certificates but have not yet started production. The applications for 12 companies have been approved and the applications for 50 companies are still under consideration.

\* The industrial sector comprises Export Processing Zone (EPZ) establishments, Development Certificate (DC) establishments and other large manufacturing establishments employing more than 10 persons.



The Export Processing Zone (EPZ) sector provided the bulk of the additional employment opportunities, as it created 3,210 new jobs during the year. The new EPZ units which started operations during the year were mostly textile and garments factories. A little over 80 per cent of jobs created in the EPZ sector were for female workers.

The slowdown in the industrial sector, particularly in the EPZ, is attributable to a number of factors. Recession in the industrialized countries in 1975 and the slow rate of recovery in 1976 had an unfavourable impact on new investment in the EPZ and created marketing difficulties for the already existing firms. On the internal side, difficulties relating to the operation of the port at the end of 1976 and the beginning of 1977 contributed to the loss of some overseas orders. The uncertainties led units to hold large stocks of finished goods as well as raw materials. Delivery dates had to be lengthened, the frequency of ships' arrivals was greatly reduced and surcharges ranging from 10 to 35 per cent were imposed by conference lines. However, the bottlenecks in the harbour were largely remedied by the end of the first quarter of 1977. On the labour front, a rise in absenteeism in the EPZ, which reached a little over 20 per cent in 1976, contributed, *inter alia*, to a fall in productivity. Moreover, frequent cuts in the supply of electricity and transport bottlenecks hindered any improvement in productivity.

The number of EPZ units operating at the end of June, 1977, was 86 as compared with 77 at the end of June, 1976. 16 new units started production in the EPZ while 7 units which were already operating closed down during the year under review. During the year, EPZ certificates were issued to 21 new units which are expected to employ an additional labour force of about 6,100 persons. In addition the applications of 34 units have been approved and 26 applications were under consideration by the Government.

EPZ exports totalled Rs. 308.6 million in 1976. This represents an increase of 57.1 per cent over the value in 1975 as compared with an increase in 1975 over 1974 of 44.4 per cent. Textile products have stepped up their preponderant position with 65.7 per cent of total EPZ exports in 1976 as compared with 58.5 per cent in 1975. Exports of electric components show a decrease while those of processed diamonds and synthetic stones have risen very marginally. Table III. 2. below shows the exports and imports of the Export Processing Zone.

Table III.2. Export Processing Zone : Exports and Imports

(Rs million)

	1 9 7 4	1 9 7 5	1 9 7 6
Total EPZ Imports ... ..	171.0	1901	280.4
of which :			
Raw Material ... ..	(111.3)	(127.5)	(218.2)
Machinery and Equipment ... ..	(59.7)	(62.6)	(62.2)
Total EPZ Exports ... ..	136.0	196.4	308.6
of which :			
Clothing ... ..	(60.8)	(114.9)	(202.8)
Electric Components ... ..	(48.6)	(62.0)	(61.3)
Processed Diamonds and Synthetic Stones ... ..	(22.6)	(6.0)	(7.1)
Toys ... ..	(3.0)	(5.0)	(7.4)
Other ... ..	(1.0)	(8.5)	(30.0)

Source : Central Statistical Office, Government of Mauritius.

EPZ products are exported mainly to France, the Federal Republic of Germany, the Netherlands, Belgium and the United States. Exports to France rose from Rs 96.6 million in 1975 to Rs 149.2 million in 1976, an increase of 54.5 per cent. France accounted for 48.9 per cent of EPZ exports in 1975 and 48.5 per cent of the total in 1976. Exports to the French market consisted mainly of textile products and garments. However, Mauritian exporters had to sign with the French authorities an agreement to put a quantitative limit on the exports of pull-overs, men's and women's shirts in 1976 and 1977. Quotas for 1978 and 1979 will have to be renegotiated.

Despite the various problems faced by the EPZ this sector's export performance is impressive. In 1976 exports of this sector were above the total EPZ imports by Rs. 28 million. Exports in 1976 reflected imports of raw materials of the second half of 1975 and of the first half of 1976, estimated at Rs. 170 million. Since imports in a given period are reflected in exports of a subsequent period, it is estimated that the value added by processing in Mauritius is 55 per cent which by any standard could be considered as impressive for an industry dependent essentially on imported raw material.

EPZ exports constituted 10.7 per cent of total exports in 1975 and rose to 16.9 per cent in 1976, thus showing its growing importance in the Mauritian economy. EPZ exports for the first six months of 1977 reached Rs. 177.4 million, representing a slight fall in value as compared with the last six months of 1976. Total EPZ exports for 1977 are expected to be around Rs 425 million.

The industrial sector has reached an appreciable degree of development and the sector's contribution to gross national product in 1976 was slightly below 20 per cent. Net output in the industrial sector increased by 18.5 per cent in 1976. The industrial sector has a vital role in the Development Plan as it is expected to provide the bulk of new employment opportunities. In this context, it is pertinent to note that despite shipping delays and other infrastructural bottlenecks, the industrial sector has continued to grow at a satisfactory rate.

#### IV. MONEY AND BANKING\*

Financial and monetary institutions play a crucial role in the functioning of the Mauritian economy. This chapter surveys developments in money and banking and is divided into four sections : the first discusses developments in the monetary aggregates, the second assesses the salient developments in banking, the third reviews monetary policy and the last examines the role of non-bank financial institutions.

##### 1. MONETARY DEVELOPMENTS

Monetary aggregates constitute an appropriate guide to the thrust of monetary policy. They have of late been receiving increasing attention but whereas in the major industrial countries the time frame for assessing their full effect is 18-24 months, the impact in a small open economy like that of Mauritius is felt more swiftly and the monetary lag is not more than 3-4 months. Although the Mauritian authorities have not fixed specific monetary targets there is nonetheless a need for an in-depth study of the monetary aggregates. This section reviews the main monetary developments during the year under review, with emphasis on seasonal trends, movements of monetary aggregates and certain monetary inter-relationships.

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\* The data in this chapter are derived from information available from the Bank of Mauritius and the returns submitted by the commercial banks.

## Annual Changes in Monetary Aggregates

The level of monetary aggregates changed markedly over the financial year under review. The net foreign assets of the banking system declined by Rs. 367.4 million while net domestic credit increased by Rs 635.4 million. The increase in aggregate monetary resources was of the order of Rs 238.2 million. Quasi-money increased by only Rs 15.8 million and consequently the level of money supply went up by Rs 222.4 million. A comparison of these figures with those of 1975-76 indicates a considerable decline in net foreign assets and a slow-down in the growth of quasi-money. Net foreign assets declined by 50.7 per cent in 1976-77 as compared with an increase of 27.4 per cent in 1975-76. Thus, the major impetus for the growth of money supply in 1976-77 came from increased domestic credit of which net claims on the public sector accounted for Rs 246.8 million and claims on the private sector Rs 388.6 million. Table IV.1 below indicates the annual changes in monetary aggregates :—

Table IV.1. Annual Changes in Monetary Aggregates

(Rs million)

Changes during the period	Years Ending June				
	1973	1974	1975	1976	1977
Net Foreign Assets ... ..	+ 99.4	— 175.1	+ 402.9	+ 155.8	— 367.4
Net Domestic Assets ... ..	+ 76.2	+ 373.1	+ 188.0	+ 378.3	+ 635.4
(a) Claims on the Public Sector (net) ...	— 20.0	+ 189.1	+ 49.5	+ 215.9	+ 246.8
(b) Claims on the Private Sector ...	+ 96.2	+ 184.0	+ 138.5	+ 162.4	+ 388.6
Other Items Net (— indicate an increase and + a decrease) ... ..	— 20.1	— 44.0	— 96.5	— 5.3	— 29.8
Aggregate Monetary Resources ... ..	+ 155.5	+ 154.0	+ 494.4	+ 528.8	+ 238.2
Quasi-Money (— indicates an increase and + a decrease) ... ..	— 73.2	— 76.3	— 229.3	— 362.0	— 15.8
Money Supply ... ..	+ 82.3	+ 77.7	+ 265.1	+ 166.8	+ 222.4

Notes : Plus indicates an increase and minus a decrease for all items other than Quasi-Money.

(2) Money Supply = Currency held by the public *plus* demand deposits of the banking system.

(3) Quasi-Money = Savings *plus* time deposits of the banking system.

(4) Aggregate Monetary Resources = Money Supply *plus* Quasi-Money.

## Seasonal Trends

Normally, net foreign assets of the banking sector reach a peak by the end of the calendar year and then level down to a trough during the first half of the succeeding year. Two forces account for this seasonal pattern : the bulk of sugar receipts accumulates towards the end of the year and then its pace slows down during the first half of the next year. Credit to the private sector exhibits a different seasonal trend : it reaches its peak in July-August during the sugar cane harvest and its lowest level towards the end of the year. Other aggregates, notably money supply and aggregate monetary resources are also subject to seasonal variations and movements in their levels between each half of the financial year depict the seasonal activity in the economy.

During the period June to December, 1976, net foreign assets declined by Rs 147.4 million and this unusual trend reflects the initial impact of the delays in the realisation of sugar proceeds following the introduction of sight payments in respect of sugar exports to the EEC. During the second half of 1976, net domestic credit increased by Rs 340.4 million of which credit to the private sector accounted for Rs 249.0 million. Money supply increased by Rs 246.2 million, but quasi-money declined by Rs 22.0 million, leaving a net increase of Rs 224.2 million in aggregate monetary resources. Table IV.2 below shows the seasonal changes in the monetary aggregates.

Table IV.2. Seasonal Changes in Monetary Aggregates

(Rs million)

	<i>June 1975 to Dec. 1975</i>	<i>Dec. 1975 to June 1976</i>	<i>June 1976 to Dec. 1976</i>	<i>Dec. 1976 to June 1977</i>
1. Net Foreign Assets ... ..	+ 518.8	— 363.0	— 147.4	— 220.0
2. Net Domestic Assets ... ..	+ 119.9	+ 258.4	+ 340.4	+ 295.0
(a) Claims on Public Sector (net) ...	+ 119.1	+ 96.8	+ 91.4	+ 155.4
(b) Claims on Private Sector ... ..	+ 0.8	+ 161.6	+ 249.0	+ 139.6
3. Other Items Net (— indicates an increase and + a decrease) ... ..	— 23.0	+ 17.7	+ 31.2	— 61.0
4. Aggregate Monetary Resources ... ..	+ 615.7	— 86.9	+ 224.2	+ 14.0
5. Quasi-Money (— indicates an increase and + a decrease) ... ..	— 308.1	— 53.9	+ 22.0	— 37.8
6. Money Supply ... ..	+ 307.6	— 140.8	+ 246.2	— 23.8

Note : Plus indicates an increase and minus a decrease for all items other than Quasi-Money.

Over the period December, 1976, to June, 1977, the seasonal contraction in net foreign assets at Rs 220 million was lower than during the comparable period of the previous year. Net domestic credit increased by Rs 295.0 million in the second half of the financial year 1976-77 but credit to the private sector went up by only Rs 139.6 million as compared with an expansion of Rs 249.0 million during the first half of 1976-77 (Table IV.3.). Money supply declined by only Rs 23.8 million between December, 1976 and June, 1977, as compared with a decline in the comparable period of the previous year of Rs 140.8 million.

Table IV.3 below shows the half-yearly movement in total domestic credit. With the sharp increase in net credit to the public sector and the virtual disappearance of the seasonal contraction in credit to the private sector, there has been a continuing upward trend in total domestic credit. The expansion in domestic credit rose from 22.7 per cent in 1974-75 to 37.2 per cent in 1975-76 and further to 45.5 per cent in 1976-77. It is this growth in domestic credit which is reflected in a pressure on the foreign reserves and the ensuing balance of payments deficits.

Table IV.3. Trends in Domestic Credit

(Rs million)

End of	Net Credit to Public Sector	Total Credit to Private Sector*	Total Domestic Credit  3 = (1) + (2)	Percentage Change in (3)	
				Over the previous year	Over the previous half year
June 1974 ...	222.4	607.3	829.7	+ 81.7	+ 31.0
December 1974 ...	392.0	594.3	986.3	+ 55.7	+ 18.9
June 1975 ...	271.9	745.8	1,017.7	+ 22.7	+ 3.2
December 1975 ...	391.0	746.6	1,137.6	+ 15.3	+ 11.8
June 1976 ...	487.8	908.2	1,396.0	+ 37.2	+ 22.7
December 1976 ...	579.2	1,157.2	1,736.4	+ 52.6	+ 24.4
June 1977 ...	734.6	1,296.8	2,031.4	+ 45.5	+ 17.0

\* Including commercial bills rediscounted.

### Trends in Monetary Ratios

Currency ratios were rather stable during the last four years. In 1976-77, the average ratio of currency to money supply increased from 44.5 per cent to 50.4 per cent while the average ratio of currency to aggregate monetary resources increased from 20.8 per cent to 25.3 per cent. Currency with the public accounted for 50.4 per cent of money supply during that year while demand deposits accounted for 49.6 per cent. The components of aggregate monetary resources indicate that time and savings deposits averaged 49.9 per cent of the total and the corresponding ratios for currency and demand deposits stood at 25.3 per cent and 24.8 per cent respectively.

Unlike the average currency ratios, the marginal currency ratios were unstable. This instability was accentuated during the year under review. The marginal currency ratio of money supply spurted from 44.0 per cent in 1975-76 to 85.5 per cent in 1976-77. As shown in Table IV.4, all other marginal ratios underwent drastic changes in 1976-77. The rise in the marginal currency ratio is a reflection of the fiscal deficit, increased recourse to central bank credit by the commercial banks and the slow-down in the growth of commercial banks' demand deposits.

**Table IV.4. Average and Incremental Ratios Relating to Components of Money Supply and Aggregate Monetary Resources**

(Percentages)

End of Period July - June	Proportion of Money Supply		Proportion of Aggregate Monetary Resources		
	Currency with the public	Demand Deposit	Currency with the public	Demand Deposit	Time and Savings Deposits
<b>Average Ratios</b>					
1972 - 73 ... ..	44.3	55.7	22.2	28.0	49.8
1973 - 74 ... ..	43.9	56.1	22.5	28.7	48.8
1974 - 75 ... ..	44.7	55.3	21.7	26.9	51.8
1975 - 76 ... ..	44.5	55.5	20.8	26.0	53.2
1976 - 77 ... ..	50.4	49.6	25.3	24.8	49.9
<b>Marginal Ratios</b>					
1972 - 73 ... ..	33.3	66.7	18.0	36.2	45.8
1973 - 74 ... ..	42.7	57.3	23.4	31.4	44.6
1974 - 75 ... ..	46.3	53.7	20.3	23.6	56.0
1975 - 76 ... ..	44.0	56.0	18.7	23.8	57.5
1976 - 77 ... ..	85.5	14.5	73.5	12.5	14.1

### Trends in Reserve Money

Reserve money is the sum of the net foreign assets and net domestic assets of the central bank ; the counterparts of these assets are the sum of currency in circulation and the total cash in hand and balances with the central bank. Reserve money therefore provides a monetary base for the economy and changes in its level have a direct impact on the monetary aggregates. As shown in Table IV.5 the average level of reserve money has been rising during the period 1972-73 to 1976-77.

**Table IV.5. Trends in Reserve Money\***

End of Period July - June	1972 - 73	1973 - 74	1974 - 75	1975 - 76	1976 - 77
Average level of Reserve Money (Rs million) ...	167.6	233.6	386.8	559.4	679.8
Percentage change over previous year ...	+ 21.8	+ 39.4	+ 65.6	+ 44.6	+ 21.5

\* Reserve Money = Currency in circulation *plus* commercial banks cash *plus* demand deposits with the Bank of Mauritius.

An analysis of the factors affecting the changes in reserve money during the year under review brings into sharp focus the contractionary impact of the fall in the net foreign assets of the Bank of Mauritius. Net foreign assets declined by Rs 357.7 million and net claims on the Government recorded an increase of Rs 421.6 million. Claims on the commercial banks also increased by Rs 32.9 million while other liabilities net declined by Rs 51.8 million, leaving an overall increase of Rs 148.6 million in the level of reserve money. The following table illustrates the factors affecting reserve money during the period 1973-77.

**Table IV.6. Factors Affecting Changes in Reserve Money**

		<i>(Rs million)</i>				
<i>Years Ending June</i>		<b>1 9 7 3</b>	<b>1 9 7 4</b>	<b>1 9 7 5</b>	<b>1 9 7 6</b>	<b>1 9 7 7</b>
Net Foreign Assets of the Central Bank	...	+ 94.1	— 184.9	+ 412.3	+ 132.7	— 357.7
Claims on Government	...	— 67.6	+ 221.0	— 57.2	+ 31.7	+ 421.6
Claims on Commercial Banks	...	+ 18.8	+ 77.8	— 80.4	— 14.4	+ 32.9
Other Liabilities Net (— indicates an increase and + a decrease)	...	— 12.5	— 38.7	— 96.2	— 7.4	+ 51.8
Reserve Money	...	+ 32.8	+ 75.2	+ 178.5	+ 142.6	+ 148.6

Notes : (1) Plus indicates an increase and minus a decrease for all items other than 'Other Liabilities Net'.  
(2) Claims on Government are net of Government Deposits.

### **Trends in Money Multiplier**

The money multiplier is a summary measure of the complex of relationships between the monetary base and some monetary aggregates. The money multiplier shows the impact of changes in the level of reserve money on money supply. Similarly the money multiplier for aggregate monetary resources shows the impact of changes in the level of reserve money on aggregate monetary resources.

In Mauritius, the average money multiplier has declined slightly in recent years. In 1976-77 it was 1.44 for money supply and 2.87 for aggregate monetary resources as compared with 1.49 and 3.19 respectively in 1975-76. Table IV.7 sets out the trends in money multipliers over the last five years.

**Table IV.7. Trends in Money Multiplier\***

<i>Periods (July - June)</i>	<i>Average level of Money Supply (Rs million)</i>	<i>Average level of Reserve Money (Rs million)</i>	<i>Average Money Multiplier</i>		<i>Marginal Money Multiplier</i>	
			<i>Money Supply</i>	<i>Aggregate Monetary Resources</i>	<i>Money Supply</i>	<i>Aggregate Monetary Resources</i>
1972 - 73	314.0	167.6	1.87	3.73	2.22	4.10
1973 - 74	415.6	233.6	1.78	3.47	1.54	2.81
1974 - 75	608.4	386.8	1.57	3.23	1.26	2.86
1975 - 76	836.8	559.5	1.49	3.19	1.32	3.11
1976 - 77	978.4	679.8	1.44	2.87	1.18	1.37

\* The money multiplier is defined as money supply divided by reserve money. In other words the money multiplier shows the expansion in money supply resulting from an increase in reserve money. The money multiplier for aggregate monetary resources is defined as the aggregate monetary resources divided by reserve money. The marginal money multiplier refers to the incremental change in money supply divided by the incremental change in reserve money.



The marginal multipliers for the two monetary aggregates have been rather unstable over the last few years. The marginal multiplier for money supply declined from 1.32 in 1975-76 to 1.18 in 1976-77 ; during the same period the marginal multiplier for aggregate monetary resources witnessed a more erratic decline from 3.11 to 1.37. The growth of money supply and aggregate monetary resources during the year under review was less than that of reserve money ; in fact, money supply and aggregate monetary resources grew by 16.9 per cent and 9.2 per cent respectively as compared with a growth of 25.1 per cent in reserve money.

### Income Velocity

The income velocity\* rose sharply in 1974 because of the rise in gross national product associated with the increase in sugar prices. The consequent monetary expansion in 1975 and 1976 resulted in a decline in the income velocity in these two years. Given that the monetary expansion has been large in 1977 and there has been only moderate growth in the gross national product, a further fall in the income velocity could be expected. This expected fall in the income velocity in 1977 reflects an increase in the currency in circulation as a result of the Government budget deficit and the proclivity of the public to hold higher cash balances. Table IV.8 shows the income velocity of currency, money supply and aggregate monetary resources for the period 1972-76.

Table IV.8. **Income Velocity of Money**

<i>Calendar Year</i>	<i>Income Velocity of</i>		
	<i>Currency</i>	<i>Money Supply</i>	<i>Aggregate Monetary Resources</i>
1972 ...	9.99	4.56	2.30
1973 ...	10.62	4.58	2.32
1974 ...	13.59	6.20	3.10
1975 ...	9.49	4.13	2.06
1976 ...	8.33	3.96	1.84

### The Money Supply Process

The trend in money supply has already been discussed earlier. Here the process of monetary creation is examined and this brings up the crucial issue of control of money supply and the available policy instruments. The money supply process involves mainly the two elements discussed earlier, namely reserve money and the money multiplier. Variations in the level of money supply may be attributed to variations in the supply of reserve money or variations in the money multiplier. Table IV.7 gives an indication of the magnitudes of these three variables during recent financial years.

However, in the absence of seasonally adjusted data, an analysis of the money supply process is best made on a June-to-June basis to avoid difficulties of interpretation derived from strong seasonal variations. In general, over the last five years, variations in the level of reserve

\* Income velocity is the ratio of GNP to money supply. In other words, the income velocity measures the speed of turn-around of money.



money had an expansionary effect on the level of money supply as the value of the money multiplier has been declining slightly in recent years. Furthermore, it is possible to work out the approximate impact of reserve money and money multiplier on money supply (Table IV.9). Over the last four years changes in the value of the money multiplier have acted as a counter-acting force while changes in the reserve money contributed largely to variations in money supply. However, the magnitude of the expansionary influence of changes in reserve money varied over the last five years. In 1976-77, the change in reserve money accounted for 124.6 per cent of the change in money supply while the change in the money multiplier had a contractionary impact of 24.6 per cent.

Table IV.9. Proximate Determinants of Money Supply

(Percentages)

	1972 - 73	1973 - 74	1974 - 75	1975 - 76	1976 - 77
Percentage Change in Money Supply due to Changes in ...	31.6	22.7	63.0	24.3	26.1
(i) Reserve Money ...	80.3	121.2	132.3	118.7	124.6
(i) Money Multiplier ...	19.7	— 21.2	— 32.3	— 18.7	— 24.6

The above analysis has certain policy implications. In 1976-77 most of the change in reserve money was brought about by an increase of Rs 421.6 million in net claims on Government while net foreign assets declined by Rs 357.7 million. Changes in claims on commercial banks were relatively negligible. While the impact of monetary policy on reserve money is at best indirect and somewhat limited, the money multiplier responds more directly to changes in monetary policy. The money multiplier specifically depends on the currency to deposits ratio, required reserves to deposits ratio, excess reserves to deposits ratio and the interaction of these three ratios. In Mauritius, the extent to which money supply can be affected through the money multiplier is dependent on the imposition of credit ceilings, variation of the required reserve ratios and changes in interest rates. It is therefore pertinent to note that the control of money supply in the Mauritian economy is not a function exclusively of the balance of payments' position though one cannot ignore the significant impact that the balance of payments has on the level of reserve money.

## 2. TRENDS IN BANKING

The policy to restrain credit expansion consistent with the need to sustain investment in the priority sectors was continued during the year. This section attempts to analyse the trends in banking in the period under review.

Aggregate private sector deposits rose from Rs 1,385.1 million in June, 1976, to Rs 1,576.3 million in June, 1977 — an increase of 13.8 per cent. During the same period commercial bank credit increased from Rs 893.4 million to Rs 1,285.9 million—an increase of 43.9 per cent. The ratio of commercial bank credit to aggregate private sector deposits increased from 64.5 per cent in June, 1976, to 81.6 per cent in June, 1977. The credit expansion was financed largely by the sale of Government securities by the commercial banks. The liquidity of the banks (defined as cash and claims on the Government) declined from 41.3 per cent in June, 1976, to 26.6 per cent in June, 1977. Table IV.10 shows the changes in the principal banking ratios during the year under review while Table IV.11 outlines the position of the banks by reference to certain selected indicators.

Table IV.10. Trends in Principal Ratios of Commercial Banks

	June 1976		December 1976		June 1977	
	Amount (Rs million)	Percentage	Amount (Rs million)	Percentage	Amount (Rs million)	Percentage
1. Commercial Bank Credit of which : ...	893.4	64.5	1,141.8	77.6	1,285.9	81.6
(a) Exempted Categories ...	270.5	19.5	358.1	24.3	379.0	24.0
(b) Other ...	622.9	45.0	783.7	53.3	906.9	57.6
2. Claims on Government ...	402.2	29.0	247.0	16.8	217.7	13.8
(a) Treasury Bills ...	2.5	0.2	—	—	11.3	0.7
(b) Securities ...	399.7	28.8	247.0	16.8	206.4	13.1
3. Cash and Balances with Bank of Mauritius ...	169.8	12.3	182.0	12.4	201.7	12.8
4. Aggregate Private Sector Deposits ...	1,385.1	100.0	1,471.0	100.0	1,576.3	100.0
(a) Demand ...	450.2	32.5	506.5	34.4	555.9	35.3
(b) Time and Savings ...	934.9	67.5	964.5	65.6	1,020.4	64.7
5. Borrowings from the Bank of Mauritius ...	7.5	0.5	10.2	0.7	20.0	1.3
6. Bills Rediscounted with the Bank of Mauritius ...	14.8	1.1	15.4	1.0	10.9	0.7

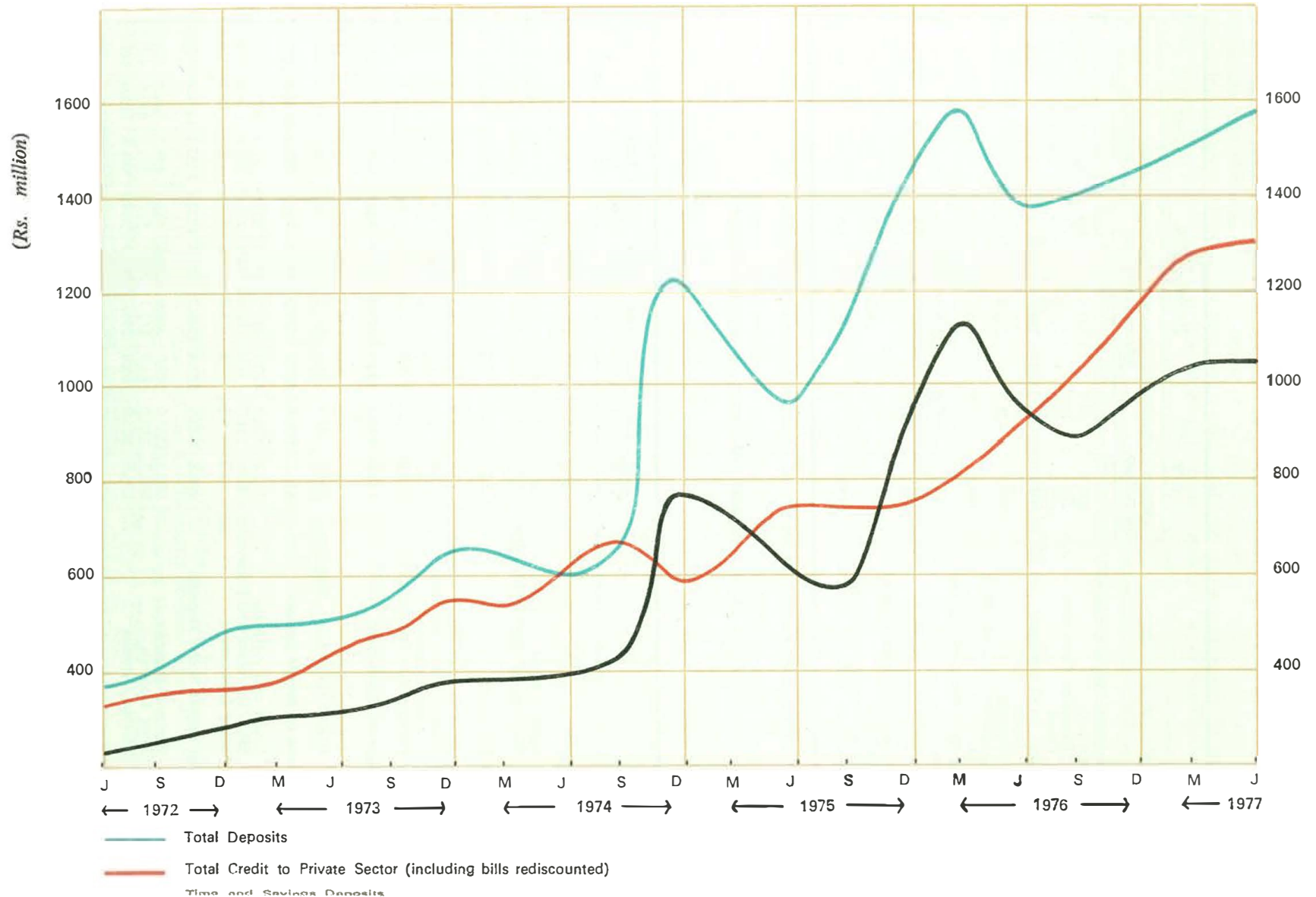
Note : The percentages are a proportion of Aggregate Private Sector Deposits.

Table IV.11. Commercial Banks — Selected Indicators

(Rs million)

	June 1973	Dec. 1973	June 1974	Dec. 1974	June 1975	Dec. 1975	June 1976	Dec. 1976	June 1977
1. Reserves ...	26.2	56.7	50.1	155.6	124.4	190.1	169.8	182.0	201.7
(a) Cash in hand ...	10.8	25.8	17.8	42.8	20.0	55.6	37.8	54.9	67.4
(b) Balances with Bank of Mauritius ...	15.4	30.9	32.3	112.8	104.4	134.5	132.0	127.1	134.3
2. Foreign Assets ...	22.2	25.3	23.2	35.8	21.4	54.3	36.3	34.9	41.2
(a) Balances with Banks Abroad ...	12.8	13.9	10.8	24.5	10.8	41.9	18.8	13.8	25.9
(b) Foreign Notes and Coins ...	1.6	2.7	1.3	3.1	1.6	3.9	1.8	4.0	2.8
(c) Foreign Securities ...	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
(d) Foreign Bills Discounted ...	5.8	6.7	9.1	6.2	7.0	6.5	13.7	15.1	10.5
3. Claims on Government ...	134.0	145.4	104.4	479.4	214.1	518.7	402.2	247.0	217.7
(a) Treasury Bills ...	—	3.0	8.0	144.2	17.6	126.2	2.5	—	11.3
(b) Investment in Govt. Securities ...	134.0	142.4	96.4	335.2	196.5	392.5	399.7	247.0	206.4
4. Claims on Private Sector ...	421.2	536.5	503.0	594.3	710.5	743.6	893.4	1141.8	1285.9
(a) Loans and Advances ...	352.4	388.4	420.7	463.5	611.9	609.9	761.9	992.7	1075.9
(b) Bills Discounted and Receivable ...	62.6	141.7	74.9	122.8	89.8	124.6	121.6	138.9	199.6
(c) Local Investments ...	6.2	6.4	7.4	8.0	8.8	9.3	9.9	10.2	10.4
5. Total Private Sector Deposits ...	498.8	640.9	593.4	1224.3	972.2	1423.0	1385.1	1471.0	1576.3
(a) Demand Deposits ...	193.3	265.0	219.7	468.8	380.6	530.2	450.2	506.5	555.9
(b) Time Deposits ...	168.7	210.0	185.7	512.1	297.3	512.6	493.6	450.9	460.4
(c) Savings Deposits ...	136.8	165.9	188.0	243.4	294.3	380.2	441.3	513.6	560.0

# COMMERCIAL BANKS - TRENDS IN CREDIT AND DEPOSITS



## Mobilisation of Resources

With the opening of two new bank branches in rural areas, the total number of branches rose to 57 as at the end of June, 1977.

During the year under review there was an increase in demand deposit accounts, savings accounts and time deposit accounts. The following table shows the growth in these deposits during the period March, 1972 — March, 1977.

Table IV.12. Number of Accounts

<i>March</i>	<i>No. of Demand Deposit Accounts (1)</i>	<i>No. of Savings Deposit Accounts (2)</i>	<i>No. of Time Deposit Accounts (3)</i>
1972 ...	20,962	86,726	4,610
1973 ...	22,277	111,282	5,925
1974 ...	25,881	142,193	6,874
1975 ...	28,845	173,628	9,467
1976 ...	30,331	203,971	12,460
1977 ...	34,409	238,749	14,590

Table IV.13 shows the trends in commercial banks deposits in recent years. Between December, 1975, and December, 1976, total deposits with the commercial banks increased from Rs 1,433.1 million to Rs 1,475.5 million. In other words, deposits increased by only 3.0 per cent in 1976 as compared with 16.1 per cent in the previous year. Demand and time deposits fell respectively by Rs 29.6 million and Rs 61.4 million, while savings deposits registered a substantial increase of Rs 133.4 million during 1976. Total deposits as a proportion of gross national product declined from 46.1 per cent in 1975 to 39.7 per cent in 1976. The slow-down in the rate of increase in total deposits with commercial banks in 1976 is attributable to the lower sugar prices and the delays in the realisation of sugar proceeds.

Table IV.13. Trends in Deposits\*

(Rs million)

<i>End December</i>	<i>Demand Deposits (1)</i>	<i>Savings Deposits (2)</i>	<i>Time Deposits (3)</i>	<i>Total Deposits (4) = (1) + (2) + (3)</i>	<i>Total Deposits as a percentage of GNP</i>
1972 ...	203.7	118.7	131.2	453.6	36.2
1973 ...	270.9	165.9	210.2	647.0	38.8
1974 ...	473.5	243.4	517.1	1,234.0	41.8
1975 ...	538.9	380.2	514.0	1,433.1	46.1
1976 ...	509.3	513.6	452.6	1,475.5	39.7

\* Include Government deposits.

As shown in table IV.11 above there was a diverse trend in various types of deposits between June, 1976, and June, 1977. Demand deposits increased from Rs 450.2 million to Rs 555.9 million, an increase of 23.5 per cent while savings deposits rose from Rs 441.3 million to Rs 560.0 million, an increase of 26.9 per cent. Time deposits, however, fell from Rs 493.6 million to Rs 460.4 million, a decline of 6.7 per cent.

### Commercial Banks' Credit to the Private Sector

The rate of increase in commercial banks' credit to the private sector has fluctuated widely in recent years. The rate decelerated in 1975, but increased rapidly in 1976 and in the first six months of 1977 as the following table shows :—

Table IV.14. Trends in Credit to the Private Sector

(Rs million)

<i>Monthly Average</i>	<i>Total Credit*</i> (1)	<i>Increase in (1) over the previous year's level (2)</i>	<i>Percentage Increase in (1) over the previous year's level (3)</i>
1974	610.3	180.6	42.0
1975	718.7	108.4	16.7
1976	922.1	203.4	28.3
1977	1,257.8@	335.7	36.4

\* Commercial banks' credit including bills rediscounted with the Bank of Mauritius.

@ The figures for 1977 relate to the average for the first six months, and the increase is over the average for the calendar year 1976.

Time and savings deposits can be considered to be the medium-term liabilities of the commercial banks and prudent banking would require that commercial banks keep the amount of bank credit (which in a sense is the illiquid portion of commercial banks' assets) at a level which is not substantially above the level of time and savings deposits. In 1976, the monthly average level of bank credit was Rs 922.1 million while time and savings deposits averaged Rs 984.2 million ; thus the time and savings deposits were in excess of bank credit. In contrast during the first half of 1977, the monthly average level of bank credit was Rs 1,257.8 million, while the monthly average level of time and savings deposits was Rs 1,023.1 million, that is, bank credit was well in excess of time and savings deposits. In this context, it would appear necessary that any further extension of bank credit by commercial banks should be contingent on their mobilising time and savings deposits.

### Sectoral Distribution of Credit

The structural pattern of credit distribution to the private sector underwent important quantitative changes during the year ended June, 1977. Table IV.15 shows the direction and dimension of changes in the sectoral deployment of credit.

The sugar sector experienced an acute shortage of liquid funds for financing its inter-crop activities. Its share in total credit increased substantially from Rs 99.1 million in June, 1976, to Rs 262.9 million in June, 1977, or from 11.2 per cent to 20.7 per cent. The share of "Other Agriculture" in total credit increased from Rs 30.5 million in June, 1976, to Rs 43.6 million in June, 1977, an increase due mainly to the diversification programme launched in agriculture.

Table IV.15. Distribution of Commercial Banks' Credit to the Private Sector

(Rs million)

					June 1976	December 1976	June 1977
1.	Sugar	...	...	...	99.1 (11.2)	170.5 (15.1)	262.9 (20.7)
2.	Other Agriculture	...	...	...	30.5 (3.5)	32.7 (2.9)	43.6 (3.4)
3.	Other Industries and Manufacturers	...	...	...	405.0 (45.8)	489.9 (43.3)	540.7 (42.6)
4.	Traders	...	...	...	223.9 (25.3)	272.6 (24.1)	258.3 (20.4)
5.	Personal and Professional	...	...	...	82.9 (9.4)	94.3 (8.3)	97.2 (7.7)
6.	Stock Brokers	...	...	...	1.2 (0.1)	1.0 (0.1)	1.2 (0.1)
7.	Public Bodies	...	...	...	19.2 (2.2)	27.1 (2.4)	24.8 (2.0)
8.	Financial Institutions	...	...	...	7.9 (0.9)	23.3 (2.0)	11.8 (0.9)
9.	Other Customers	...	...	...	13.9 (1.6)	20.2 (1.8)	28.6 (2.4)
10.	Total*	...	...	...	883.6 (100.0)	1,131.6 (100.0)	1,269.1 (100.0)
11.	Bills Rediscounted with the Bank of Mauritius	...	...	...	14.8	15.4	10.9
12.	Total Credit to the Private Sector (10 + 11)	...	...	...	898.4	1,147.0	1,280.0
13.	Credit to Exempted Categories**	...	...	...	266.6	358.1	379.0

\* Includes loans, advances, bills discounted and bills receivable but excludes investments in the private sector.

\*\* Credit to exempted categories is defined as credit to EPZ/DC Units, and loans for cyclone reconstruction and educational purposes.

Figures in brackets are percentages to the total.

Credit to "Other Industries and Manufacturers" increased from Rs 405.0 million in June, 1976, to Rs 540.7 million in June, 1977, that is an increase of 33.5 per cent as compared with the increase in the previous year of 34.8 per cent. A considerably large part of credit to this sector was accounted for by EPZ/DC industries which are exempted from credit ceilings ; in fact, the increase in credit to EPZ/DC industries was 41.2 per cent during the year.



The share of the trade sector in total credit fell from 25.3 per cent to 20.4 per cent between June, 1976, and June, 1977, though credit to traders actually increased from Rs 223.9 million to Rs 258.3 million. However, between December, 1976, and June, 1977, credit to traders declined in both absolute and relative terms, the slow-down during the first six months of 1977 being attributable to the introduction in March, 1977, of two measures, namely the 35 per cent import deposit scheme and the sub-ceiling on credit to traders.

### **Central Bank Credit to Commercial Banks**

Central bank credit results in an expansion of the cash base of the commercial banks which enables them to increase credit to customers. During the period July, 1976, to June, 1977, the commercial banks made sizeable use of central bank credit. The average level of central bank credit rose to a peak of Rs 82.7 million in April, 1977. During the period April-June, 1977, the central bank provided certain special facilities to commercial banks to enable them to accommodate the upsurge in the demand for credit from the sugar sector.

Daily advances at the Bank Rate averaged Rs 5.3 million in July, 1976, but this level fell to Rs 4.4 million in June, 1977. The average level of daily advances over the months fluctuated between a low of Rs 3.8 million in November, 1976, and a high of Rs 7.0 million in April, 1977. Advances at twice the Bank Rate were generally negligible during the year except in the month of November when the daily average was Rs 2.7 million.

The Bank of Mauritius provided, from time to time, credit under special arrangements to enable banks to cope with sudden increases in the demand for credit from the sugar sector. In October, 1976, the banks were permitted to rediscount bills relating to sugar for a short period of three weeks. A temporary sugar facility was introduced at the end of March, 1977, and under this new arrangement advances were granted to commercial banks against the collateral of Government securities at  $7\frac{1}{2}$  per cent. These advances reached a peak of a daily average of Rs 22.0 million in April but later declined to Rs 15.5 million in May and further to Rs 6.2 million in June. Since this special facility was not sufficient to meet the credit requirements of the sugar sector, additional advances were granted at  $9\frac{1}{4}$  per cent and these advances averaged Rs 8.8 million in April and Rs 1.7 million in May. Finally, in April, 1977, the special line of credit of Rs 10 million already consented by the central bank to the Mauritius Co-operative Central Bank was utilised by the latter to the extent of Rs 5 million at 4 per cent.

The daily average value of bills rediscounted (other than sugar) rose from Rs 14.6 million in June, 1976, to Rs 16.5 million in June, 1977. The outstanding value of bills rediscounted on any particular day fluctuated between a high of Rs 66.7 million in October, 1976, and a low of Rs 2.0 million towards the end of January, 1977. Furthermore, the demand for funds encountered by commercial banks in October, 1976, and April-May, 1977, is reflected in the high level of bills rediscounted during these months. The rediscount facility was made particularly attractive in March, 1977, when the rediscount rate was aligned with the Bank Rate as compared with a rate of  $\frac{3}{4}$  per cent above Bank Rate which applied formerly. The commercial banks increased their utilisation of the rediscount facility after this change in the interest rates and bills rediscounted reached a daily average of Rs 40.6 million in April, 1977.

Table IV.16 shows the commercial banks utilisation of central bank credit under the various facilities. A number of interesting observations can be gleaned from these data. First, the daily average level of central bank credit was unusually high during the year under review reflecting the increased demand for credit. Secondly, the peak level of utilisation under each facility is substantially higher than the daily average of central bank credit and it is the peak level of utilisation which is relevant in any assessment of central bank credit as it shows the maximum amount of central bank accommodation obtained by commercial banks to meet

the peak pressures in demand for credit. Thirdly, whereas in the previous two years the seasonal peak pressures for credit were met by the rediscounting of bills, in 1977 central bank credit under the special facilities was provided only against the collateral of Government securities and within fixed maximum limits which led to some restraint on the commercial banks' expansion of credit. Thus, there were significant changes in the year under review in the operation of central bank credit which had important implications for the control of commercial bank liquidity and expansion of bank credit.

Table IV. 16. Central Bank Credit to Commercial Banks

(Rs million)

		1976						1977					
		July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April	May	June
Advances at Bank Rate	Peak	8.4	8.5	8.6	9.2	8.0	8.1	8.5	8.2	9.3	9.1	9.2	7.7
	Trough	1.2	—	1.0	0.9	0.4	0.8	—	1.4	0.3	5.0	0.2	1.3
	Daily Average	5.3	5.3	5.6	5.4	3.8	3.8	4.6	4.8	5.8	7.0	6.5	4.4
Advances at twice Bank Rate	Peak	0.8	3.2	6.7	10.9	10.5	10.5	7.4	7.1	5.1	—	—	—
	Trough	—	—	—	—	—	—	—	—	—	—	—	—
	Daily Average	—	0.2	0.8	0.8	2.7	0.5	0.5	0.4	0.2	—	—	—
Advances (against Government securities) (sugar facility) 7½%	Peak	—	—	—	—	—	—	—	—	17.0	34.5	30.3	19.0
	Trough	—	—	—	—	—	—	—	—	—	10.4	—	—
	Daily Average	—	—	—	—	—	—	—	—	0.5	22.0	15.5	6.2
Special Advances (against Government securities) 9½%	Peak	—	—	—	—	—	—	—	—	—	26.7	10.3	10.0
	Trough	—	—	—	—	—	—	—	—	—	—	—	—
	Daily Average	—	—	—	—	—	—	—	—	—	8.8	1.7	—
Bills Rediscounted	Peak	23.9	16.5	19.3	66.9	20.0	17.1	15.4	17.1	30.9	43.6	42.7	28.0
	Trough	12.7	8.4	0.9	4.3	6.5	3.0	2.0	9.9	15.6	33.6	24.5	2.2
	Daily Average	14.6	12.6	7.3	38.1*	11.8	11.1	10.1	12.2	18.9	40.6	33.9	16.5
Cooperative Credit	Daily Average	—	—	—	—	—	—	—	—	—	4.3	5.0	5.0
Total	Daily Average	19.9	18.1	13.7	44.3*	18.3	15.4	15.2	17.4	25.4	82.7	62.6	32.1

\* In addition, under a special arrangement the daily average of bills rediscounted (relating to sugar) reached Rs 14.9 million in October, 1976. Furthermore, such rediscounts fluctuated between a peak of Rs 51.5 million and a low of Rs 6.0 million.



## Inter-Bank Money Market

Total daily transactions on the inter-bank money market averaged Rs 46.2 million during the period July, 1976, to June, 1977, and fluctuated within a range of a low of Rs 23.6 million and a high of Rs 70.2 million. With the inflow of sugar export proceeds in the last quarter of 1976, the low point of inter-bank transactions was reached in January, 1977, with a daily average of Rs 37.6 million. April and May, 1977, were the peak months with daily inter-bank funds averaging respectively Rs 52.3 million and Rs 51.1 million; during these two months, the shortage of liquidity for certain banks was accentuated by the tax payments and the needs for credit by the sugar sector. Of the three categories of transactions on the inter-bank market, term money held a preponderant position with an average of 51 per cent of total transactions, followed by call money with 38 per cent and by short notice money with only 11 per cent. Table IV.17 sets out the daily average amount and the weighted rates of interest for each category of transactions on a monthly basis.

Table IV.17. Daily Average of Inter-Bank Money Transactions

(Rs million)

Period	Money at Call*		Money at Short Notice**		Term Money***		Total Inter-Bank Transactions
	Amount	Weighted Average Rate of Interest	Amount	Weighted Average Rate of Interest	Amount	Weighted Average Rate of Interest	
1976							
July ...	22.1	6.45	7.4	6.50	14.0	6.90	43.5
August ...	24.4	6.45	1.7	6.56	14.4	6.98	40.5
September ...	20.3	6.48	2.6	6.40	16.8	6.93	39.7
October ...	15.3	7.05	9.4	6.65	23.2	6.98	47.9
November ...	16.7	7.45	9.5	6.51	23.9	7.30	50.1
December ...	17.1	7.44	8.8	6.62	22.4	7.38	48.3
1977							
January ...	16.8	7.20	5.6	6.79	15.2	7.07	37.6
February ...	28.9	7.24	4.8	6.71	15.6	7.08	49.3
March ...	16.7	8.53	3.0	6.50	27.8	8.42	47.5
April ...	15.7	8.31	3.0	6.50	33.6	8.64	52.3
May ...	13.6	8.30	3.1	6.53	34.4	8.72	51.1
June ...	5.0	8.46	3.6	6.78	37.9	8.83	46.5

\* Money at call is defined to cover the total outstanding inter-bank transactions which are repayable at call or within 1 to 2 days.

\*\* Money at short notice is defined to cover the total outstanding inter-bank transactions which are repayable with a notice of over 2 days and up to 7 days.

\*\*\* Term money is defined to cover the total outstanding of all other inter-bank transactions including inter-bank deposits and borrowings.

The weight of each category of funds varied considerably during the year. Changes in the volume of transactions in the call market were usually matched by opposite movements in the term money market. In August, 1976, call money constituted 60 per cent of total transactions while term money accounted for 35 per cent of the total. In June, 1977, call money fell to 11 per cent while term money rose to 82 per cent of the total. The shift from call money to term money, as evidenced in the last quarter of 1976 and in the period March-June, 1977, was indicative of the tightness of the market.

The rates of interest for call money moved up from 6.5 per cent in September, 1976, to 7.0 per cent in October and further to 7.5 per cent in November. Term money rates increased from 7.0 per cent in October to 7.5 per cent in November and 8.0 per cent in December, maintaining a spread of 0.5 — 1.0 per cent over call money rates. Following the change on the 1st March, 1977, in the Bank Rate and consequent changes in other interest rates the rate for call money rose to 8.5 per cent and term money to 9.0 — 9.5 per cent.

The operation of the inter-bank money market in Mauritius has certain features which point to a malfunctioning of the market. Some banks were in chronic surplus while others were in chronic deficit and these banks relied excessively on the inter-bank market for their operations. Some surplus banks borrowed from the central bank to on-lend in the inter-bank market. The major proportion of the funds in the inter-bank market were transacted for long durations, which made these funds virtually illiquid. The persistent needs for funds by borrowing banks resulted in interest rates in the inter-bank market rising to unusually high rates relative to other rates in the banking system.

### 3. REVIEW OF MONETARY POLICY

The control of inflation and a narrowing of the balance of payments deficit formed the main objectives of the monetary policy for 1977. It was recognised while formulating the 1977 policy that these objectives should not be achieved at the cost of reducing the real growth of the economy and therefore the monetary measures chosen revealed a preference for a gradual restraint of credit expansion rather than any abrupt changes which would dislocate the economy. The efficacy of the monetary measures, however, were circumscribed by major developments. First, the fiscal deficit was large and continued to widen during the year. Secondly, the changes in the method of financing sugar exports and the delays in shipment of sugar in early 1977 necessitated a major increase in credit to the sugar sector. Although it was recognised that a large monetary expansion would result in a loss of foreign exchange reserves, adjustments were required because of the fiscal deficit and delays in the receipt of sugar proceeds which made it difficult to bring down the rate of monetary expansion in 1977.

The formulation of a monetary policy must necessarily take into account pressures resulting from developments in other sectors. The aim of the policy is to steer between various and often conflicting requirements without totally violating the over-riding need for working towards a restoration of external equilibrium which is so vital to the growth of the Mauritian economy. Given the circumstances, the policy of restrained credit expansion was continued during the year and a number of measures were introduced in March, 1977. These measures included, *inter alia*, an increase in interest rates, the fixing of overall credit ceilings and their enforcement by the imposition of penalties for infringements, the introduction of a sub-ceiling on credit to traders, controlled access to central bank credit and special facilities for small planters and exporters. The main features of the 1977 monetary policy are outlined in the following paragraphs.

## **Interest Rates**

The interest rate structure had been rather rigid for a number of years and while the endeavour was to allow interest rates to be as low as possible it was recognised that the readjustments required by the economy in 1977 following the lower sugar prices would require an upward movement in the interest rates. If interest rates were kept rigid at a low level they would be unable to play a regulatory role. Since a market determination of interest rates was not possible because of the resultant price distortions and since the market for Government securities and Treasury Bills was not sufficiently developed to provide market signals, reliance was placed on discrete changes in nominal interest rates.

The aim of the policy was not necessarily to follow a high interest rate policy but to have some flexibility with rates being altered from time to time depending on the level of monetary expansion. Accordingly, with effect from the 1st March, 1977, the Bank Rate was increased from 6 per cent to 7 per cent. The rediscount rate which had already been raised from  $5\frac{1}{2}$  per cent to  $6\frac{3}{4}$  per cent in February, 1976, was raised by only  $\frac{1}{4}$  per cent in March, 1977, to 7 per cent. The maximum lending rates of banks were raised from the range of 7-9 per cent to 8-10 per cent. The structure of deposit rates was raised from the range of  $4-7\frac{3}{4}$  per cent to  $4\frac{1}{2}-8\frac{1}{4}$  per cent. The yield on Treasury Bills was raised from 4.9 per cent to 5.9 per cent and the coupon rate on Government securities was raised by  $\frac{1}{4}$  per cent.

## **Borrowings from the Central Bank**

The two-tier structure of interest rates on commercial banks borrowings from the Bank of Mauritius was maintained in 1977. Each bank was allowed to borrow from the central bank a specified amount at Bank Rate and the rate of borrowings over and above the specified amount was fixed at twice the Bank Rate.

## **Special Facility for the Sugar Sector**

While a central feature of the policy has been the control of central bank credit to the commercial banks, the central bank as a lender of last resort has to operate as a safety valve in the system. With the delays in sugar shipments, the sugar sector was faced in the first quarter of 1977 with an acute shortage of funds and the Mauritius Sugar Syndicate needed an additional credit of Rs 85 million in March, 1977. The commercial banks faced with this additional credit requirement of Rs 85 million were provided a special facility for borrowing from the Bank up to a maximum of Rs 35 million against the collateral of Government securities at  $7\frac{1}{2}$  per cent. The special facility for sugar was a significant development as banks were required to provide the collateral of Government securities for borrowing from the central bank. This contrasts with the previous practice which permitted banks to obtain funds from the central bank by rediscounting bills relating to sugar which were always easy to generate in large volume. In effect the 1977 special facility for sugar marks a turning point in central bank policy aimed at combining liquidity control with the provision of central bank credit.

## **The Rediscount Facility**

The facility for rediscounting export bills other than for sugar was made particularly attractive in March, 1977, as the rediscount rate was fixed at the same level as the Bank Rate and the banks were required to on-lend at a rate not above  $7\frac{3}{4}$  per cent. While the rediscounting of bills relating to sugar was permitted for a brief period of three weeks in October, 1976, bills relating to sugar were not eligible for rediscounting in 1977 even for temporary periods.

It was, however, recognised that exports other than sugar needed special consideration and the rediscount facility was liberalised to permit pre-shipment rediscounting of export bills to avoid obvious hardships in cases where the orders had been obtained and the goods produced but shipments had been delayed because of circumstances beyond the control of the producing unit.

### **Special Line of Credit to the Co-operative Sector**

The central purpose of the special line of credit for the co-operative sector was to insulate the small planter from the over-all effects of credit stringency. Accordingly, when the Bank Rate was raised from 6 per cent to 7 per cent in March, 1977, the special line of credit was made available at 3 per cent below Bank Rate as compared with 2 per cent below Bank Rate previously.

### **Over-all Ceiling on Credit**

The system of credit ceilings was continued in 1977 and the monthly average of commercial bank credit (excluding credit to exempted categories) was permitted to expand in 1977 by 15 per cent over the permissible level prescribed for 1976 or the level actually reached in 1976 whichever was lower. As in the previous years, credit extended to industries operating in the Export Processing Zone and/or holding a Development Certificate was exempted from the over-all credit ceilings. Credit for reconstruction and repairs to buildings and farms damaged by cyclone *Gervaise*, and borrowings by individuals for educational purposes were exempted from the over-all credit ceilings.

### **Sub-Ceiling on Credit to Traders**

The high rate of growth of imports was the main reason for the deterioration in the balance of payments in 1976 and 1977. With a view to supporting other measures aimed at lowering the rate of growth of imports, a sub-ceiling was introduced under which average credit to traders in 1977 was not to exceed the average level of such credit in 1976.

In pursuance of an anti-inflationary policy of restraining monetary expansion and its attempt to curb the high rate of growth of imports the Government introduced an Import Deposit Scheme with effect from 5th March, 1977. Details of this scheme are discussed in Chapter VIII below.

### **Review of the 1976 and 1977 Credit Ceilings**

In 1976 the seven relatively older established banks exceeded their credit ceilings of Rs 536.4 million by Rs 51.3 million. The three newer banks whose ceilings were fixed at 70 per cent of their total deposits were together Rs 39.3 million below their credit limit. The excess over the credit ceilings by the older banks was largely due to credit granted to the sugar sector in the last quarter of the year. While no penalties were imposed for the infringement of the credit ceilings in 1976, the banks were cautioned that in 1977 there would be a stricter enforcement of the credit ceilings.

The obligation on the commercial banks to observe the credit ceilings on a monthly average over a period of 12 months contained an in-built flexibility accommodating the seasonal fluctuations in the demand for credit. However, this flexibility led the banks to exceed their credit ceilings in certain months of the year to such a large extent that they were unable to take remedial action in later months. Accordingly, in 1977, new arrangements were made. Under

these arrangements a cumulative monthly average level of credit was specified for each month. Banks were permitted to expand credit by an average of 15 per cent in 1977. While the ceilings were monitored on a cumulative average basis in each month of the year, the trigger points for the imposition of penalties was progressively tightened over the year. Illustratively, the cumulative average level of credit permitted was 26 per cent for January, 25 per cent for January--February and 16 per cent for January-November, 1977. The cumulative monthly average level of credit permitted is indicated in the table below :—

Table IV.18. Cumulative Monthly Average Increase in Credit Permitted in 1977

(Per cent)

1977	Over-all Credit Ceiling	Sub-Ceiling on Credit to traders
January ..	26	11
February ..	25	10
March ..	24	9
April ..	23	8
May ..	22	7
June ..	21	6
July ..	20	5
August ..	19	4
September ..	18	3
October ..	17	2
November ...	16	1
December ..	15	0

Thus banks which expanded credit excessively were penalised progressively through the year. Since there was an over-all ceiling on credit and a sub-ceiling on credit to traders, two types of penalties were envisaged. Banks which exceeded either the overall ceiling or the sub-ceiling on credit to traders were required to invest an amount equivalent to the excess in Treasury Bills. Banks which exceeded both the overall ceiling and the sub-ceiling on credit to traders were required to make a non-interest bearing deposit with the Bank of Mauritius equivalent to the smaller of the two excesses and the difference between the smaller and the larger excess was required to be invested in Treasury Bills.

Since the 1977 monetary policy was introduced in March, banks were given until June to make the necessary adjustments to enable them to maintain their cumulative monthly average level of credit within the permitted trigger point. The monthly average level of credit to the private sector by the seven relatively older banks for the first half of 1977 worked out to Rs 1,109.0 million. After excluding credit to exempted categories, these banks were Rs 107.3 million above the cumulative monthly average level of credit (Rs 653.3 million) permitted for the period January-June, 1977. The excesses over the ceilings were attributable mainly to the substantial increase in credit to the sugar sector. The increase in credit to the sugar sector in 1977 was excluded when calculating the infringements as provision of credit to the sugar sector was con-



sidered as being of over-riding priority. Even after excluding the increase in credit to the sugar sector, a few banks were still in excess of their respective ceilings.

The monthly average level of credit extended by commercial banks to traders during the period January-June, 1977, was Rs 256.7 million. This figure exceeded the cumulative monthly average level of credit permitted for the period January-June, 1977, by Rs 25.9 million.

The banks which infringed either the over-all credit ceiling and or the sub-ceiling on credit to traders were subject to penalties, for the first time, during the period January-June, 1977. The imposition of penalties required these banks to invest Rs 12.3 million in Treasury Bills and Rs 4.1 million in non-interest bearing deposits. The imposition of these penalties discouraged banks from increasing their lending in the second half of the year to sectors other than the exempted categories and sugar.

#### 4. FINANCIAL MARKETS AND INSTITUTIONS

This section deals with the major developments in the capital and money markets and outlines the activities of certain financial intermediaries other than the commercial banks during the financial year 1976-77.

##### Capital and Money Markets

The changes in interest rates in March, 1977, necessitated changes in the yields on Government stocks and Treasury Bills. The coupon rate on Government stocks was raised from the range of  $6\frac{1}{2}$ - $7\frac{1}{2}$  per cent to  $6\frac{3}{4}$ - $7\frac{3}{4}$  per cent depending on the duration of the stocks. The yield on Treasury Bills was stepped up from 4.9 per cent to 5.9 per cent.

During the financial year 1976-77, the Bank of Mauritius floated Government stocks aggregating Rs 150 million. The first floatation in March, 1977, was for three Mauritius Development Loan Stocks totalling Rs 75 million and the second floatation in June, 1977, was also for three Mauritius Development Loan Stocks totalling Rs 75 million.

The amount of Treasury Bills outstanding in June, 1977, was Rs 11.5 million as compared with Rs 2.5 million in June, 1976.

The market for private equity and bonds is another important feature of the capital market. During the second half of 1976, various issues of shares by private sector companies were well subscribed, reflecting the general buoyancy of the market. However, during the first half of 1977 the prices of shares on the *bourse* had to be lowered in order to enable the volume of sales to be effected in a weak market.

##### Other Financial Institutions

The Mauritian financial network is fairly well developed. In addition to the central bank and the commercial banks there are a number of other financial institutions ; besides, on the fringes of the organised sector there are brokers, money lenders and money changers. This section outlines recent developments in four main financial institutions, namely the Development Bank of Mauritius (DBM), the Post Office Savings Bank (POSB), the Mauritius Housing Corporation (MHC) and the Mauritius Commercial Bank Finance Corporation (MCBFC). A brief mention is also made of the private development companies, the pension funds and the insurance sector.

The DBM provides medium and long-term finance to agriculture, industry and tourism. In June, 1977, outstanding loans and advances by the DBM stood at Rs 154.6 million of which

agriculture accounted for Rs 12.6 million and industry for Rs 141.2 million. The DBM also participates in the equity of selected industrial units and total investment in shares reached Rs 13.4 million in June, 1977. Financing the development of industrial estates constitutes another important activity of the DBM and these estates are either sold or leased to manufacturing enterprises. Estate investments amounted to Rs 72.2 million in June, 1977, as compared with Rs 49.7 million in June, 1976.

The POSB's role in the mobilisation of savings has been remarkable. Savings deposits increased from Rs 37.3 million in June, 1973, to Rs 85.0 million in June, 1976, and further to Rs 88.0 million in June, 1977. In spite of the slow growth in deposits of only Rs 3.0 million in 1976-77 the number of accounts at 132,116 increased during the year by 10,199 to 142,315 at the end of June, 1977.

The MHC is the principal channel of credit to the private residential sector thus encouraging house ownership. Furthermore, its operations even extend to the direct construction of houses to ease the current housing problem. The outstanding level of mortgage loans stood at Rs 105.8 million at the end of June, 1977, as compared with Rs 76.9 million at the end of June, 1976. The Central Housing Authority also extends loans for residential accommodation while the Sugar Industry Labour Welfare Fund provides loan capital for sugar and dock workers' housing. However, the MHC remains the most important source of mortgage finance.

Lastly, the MCBFC, a subsidiary of the Mauritius Commercial Bank extends longer term credit and accepts deposits from the public. Total deposits amounted to Rs 125.5 million as at the end of June, 1977, and loans amounted to Rs 105.5 million. An analysis of the distribution of loans as at the end of June, 1977, shows a bias towards industries and manufactures (Rs 74.8 million) while other areas of lending were sugar (Rs 10.9 million) and other agriculture (Rs 1.4 million).

The two most important private development companies operating in Mauritius are the General Investment and Development Company Limited (GIDC) and the Mauritius Development Investment Trust Co. Ltd. (MDIT). The MDIT actually operates as a financial intermediary in accepting funds from the public. At the end of June, 1976, its share capital stood at Rs 5 million and its combined investments of Rs 5.8 million was made up of equity investment in Mauritius amounting to Rs 4.9 million and equity investment in U.K. of Rs 0.9 million. The GIDC is an important channel of diversification for some of the main sugar interests ; in December, 1976, investments (broadly defined to include investment in subsidiary and associated companies) reached Rs 16.1 million. However, the combined investments of the private development companies are very small when compared to the other banking institutions. There are also several pension funds operating in Mauritius, the most important being the Sugar Industry Pension Fund whose total assets of Rs 146.0 million at the end of December, 1976, were relatively large.

The insurance sector comprises mainly the Life Insurance Companies, the General Assurance companies, the Sugar Insurance Fund Board and the State Insurance Corporation. In June, 1977, there were 19 companies in operation, of which seven were incorporated in Mauritius and the rest outside. The total assets of these companies in December, 1975, were Rs 225.4 million and their investment in Government securities amounted to Rs 18.0 million. The Sugar Insurance Fund Board (SIFB) is the largest non-bank financial institution. The total assets of the SIFB rose from Rs 184.3 million in May, 1976, to Rs 234.1 million in May, 1977. The resources of the Fund consist mainly of premiums paid by sugar growers and millers and Government securities (Rs 96.9 million) and deposits with local banks (Rs 112.5 million). The investment income of the SIFB for the year ended May, 1977, was Rs 13.4 million. The table overleaf shows the assets of the main financial institutions.

Table IV.19. Assets of Selected Financial Institutions

(Rs million)

<i>Institution</i>	<i>Total Assets</i>	<i>Period</i>
1. Development Bank of Mauritius (DBM) ...	262.1	As on 30th June, 1977
2. Sugar Insurance Fund Board (SIFB) ...	234.1	As on 31st May, 1977
3. Insurance Companies ...	225.4	As on 31st December, 1975
4. Sugar Industry Pension Fund (SIPF) ...	146.0	As on 31st December, 1976
5. Mauritius Commercial Bank Finance Corporation Ltd. (MCBFC) ...	140.9	As on 30th June, 1977
6. Mauritius Housing Corporation (MHC) ...	109.1	As on 30th June, 1977
7. Post Office Savings Bank (POSB) ...	96.8	As on 30th June, 1977
8. Sugar Industry Labour Welfare Fund (SILWF) ...	64.6	As on 31st December, 1976
9. General Investment and Development Company Ltd (GIDC) ...	19.7	As on 31st December, 1976
10. Mauritius Development Investment Trust Company Limited (MDIT) ...	7.0	As on 30th June, 1977

## V. CO-OPERATIVE CREDIT

Agricultural credit is a necessary though not sufficient condition for an increase in output and income of small planters. While small planters have some access to credit from the unorganised sector the cost of such credit is substantially above interest rates in the organised credit markets. Co-operatives are an important element for reaching the small planter and in Mauritius a serious effort has been made to develop a viable co-operative sector. The Mauritius Co-operative Central Bank (MCCB) is the apex organisation and the individual co-operatives provide a useful vehicle for channelling credit to a large number of small planters and other rural small producers.

### Structure of Co-operative Societies

The number of co-operative societies in Mauritius increased from 257 in 1971-72 to 301 in 1975-76 and further to 315 in 1976-77. Table V. 1 shows the various types of Co-operative societies in the years 1971-72 to 1975-76.

There are about 30,000 small planters of whom a little over 50 per cent are in the co-operative sector. The co-operative societies consist essentially of very small production units. A survey by the Ministry of Co-operatives and Co-operative Development of 130 co-operative credit societies shows that 41 per cent of the members of these societies had land holdings not exceeding one arpent and further that only 2 per cent of members had land holdings exceeding 10 arpents. Table V.2 shows the sizes of land holdings and the number of members in different arpent groups.



Table V.1. Type of Co-operative Societies

<i>Type of Co-operative Societies</i>	1971 - 72	1972 - 73	1973 - 74	1974 - 75	1975 - 76
1. Credit ... ..	161	162	165	165	165
2. Agricultural Marketing ... ..	25	25	26	26	28
3. Transport **... ..	24	24	24	26	26
4. Stores ... ..	13	14	15	18	20
5. Tea Credit, Marketing and Factory ... ..	9	17	18	18	19
6. Pig Credit and Marketing ... ..	8	9	10	11	11
7. Co-operative Credit Unions ... ..	3	7	7	8	8
8. Credit and Produce ... ..	4	4	4	7	7
9. Housing ... ..	5	5	5	5	5
10. Co-operative Fishermen Societies ... ..	2	2	2	2	2
11. Co-operative Printing Society... ..	1	1	1	1	1
12. Federation of Agricultural Marketing ... ..	1	1	1	1	1
13. Building Workers Labour Contract ... ..	1	1	1	1	1
14. Mixed Farming ... ..	—	1	1	1	1
15. Industrial ... ..	—	—	1	1	1
16. Consumers Federation ... ..	—	1	1	1	1
17. Cowkeepers ... ..	—	—	1	1	1
18. Cabinet Makers ... ..	—	—	1	1	1
19. Mechanical Workers ... ..	—	—	1	1	1
20. Water Users ... ..	—	—	—	—	1
Total ... ..	257	275	285	295	301

Table V.2. Dispersion of Members in Different Arpent Groups in 130 Co-operative Credit Societies

<i>Size of Land Holding (Arpents)</i>	<i>Number of Members</i>	<i>Percentage of Total</i>
Up to 1 ... ..	4,531	41
Over 1 — 5 ... ..	4,907	43
Over 5 — 10 ... ..	1,549	14
Over 10 ... ..	174	2
Total ... ..	11,161	100

Source : Survey of Agricultural Co-operative Credit Societies in Mauritius, by Dr. M. P. Saxena  
Ministry of Co-operatives and Co-operative Development, December, 1976.

## **Operations of the MCCB**

The MCCB's operations include the mobilisation of deposits in the co-operative sector, the seasonal financing of sugar, and the provision of credit for a number of other purposes such as housing, tea marketing, and medium-term credit for agricultural purposes. Between June, 1976, and June, 1977, the deposits of the MCCB increased from Rs 61.7 million to Rs 65.3 million while its total advances rose from Rs 30.5 million to Rs 46.7 million. The increase in advances during the year under review was attributable mainly to increased credit to the sugar sector which rose from Rs. 19.9 million to Rs 32.7 million. The MCCB has been also increasing its short-term credit to other agricultural sectors and to housing and also extended medium-term loans for agricultural purposes. The MCCB has generally had a surplus of funds which have been largely lent in the inter-bank money market ; the level of such inter-bank lending in June, 1977, amounted to Rs 15.6 million or 23.9 per cent of deposits.

### **Interest Rates Charged to the Co-operative Sector**

The MCCB has been providing credit to the co-operative sector at concessional rates. During the year 1976-77, credit for the sugar crop financing was provided to the co-operative societies at 6 per cent with the societies on-lending at 7 per cent to the planter. Direct loans by the MCCB to the small planter were, however, provided at 8 per cent.

### **Special Line of Credit from the Central Bank to the MCCB**

In May, 1976, the MCCB was provided a special line of credit by the central bank at 2 per cent below the Bank Rate. When the Bank Rate was raised in March, 1977, from 6 per cent to 7 per cent the special line of credit was provided at 3 per cent below the Bank Rate. During the year under review the MCCB utilised this line of credit up to an amount of Rs 5 million.

## **VI. GOVERNMENT FINANCE**

This chapter discusses the aggregative performance of the overall government budget including the performance on the recurrent and capital budgets as well as the financing of the Government. In conclusion, the central government debt is also discussed.

### **The Overall Government Budget**

Aggregate revenue rose to Rs. 1,496.4 million in the fiscal year 1976-77, representing an increase of 11.7 per cent over the preceding fiscal year. Aggregate expenditure increased by 23.5 per cent over the preceding year to a level of Rs 1,746.4 million in 1976-77. Starting from an aggregate deficit of Rs 74.4 million in 1975-76, the increases in central government receipts and expenditure resulted in a large aggregate deficit of Rs 250.0 million in 1976-77. Aggregate expenditure in 1976-77 was equivalent to about one-half of the 1976 GNP. Personal emoluments were 24.3 per cent of aggregate expenditure, or slightly above the share of 24.0 per cent in 1975-76. The share of aggregate expenditure financed by taxation declined from 67.3 per cent in 1975-76 to 61.9 per cent in 1976-77. In comparison with previous years, a low proportion (11.5 per cent) of aggregate expenditure was financed from local sources. The proportion of expenditure financed from external sources rose from 2.7 per cent in 1975-76 to 4.8 per cent in 1976-77. These changes in previous trends reflects the adjustments in the domestic economy to a lower level of sugar prices and return to a more normal growth path. Table VI.1 provides an aggregative analysis of the Government Budget.

Table VI.1. Aggregate Analysis of the Government Budget

(Rs. million)

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78 Estimates
1. Aggregate Revenue ...	518.1 (26.6)	645.0 (24.5)	1,156.9 (79.4)	1,340.0 (15.8)	1,496.4 (11.7)	1,606.7 (7.4)
2. Aggregate Expenditure ...	438.9 (18.9)	779.7 (77.7)	993.2 (27.4)	1,414.4 (42.4)	1,746.4 (23.5)	1,928.6 (10.4)
3. Budget Surplus (+) or Deficit (—) ...	79.2	—134.7	+163.7	—74.4	—250.0	—321.9
4. Expenditure on Wages and Salaries ...	128.8	191.0	244.5	340.1	424.4	441.9
5. Ratio of 4 to 2 ...	29.3	24.5	24.6	24.0	24.3	22.9
6. Direct and Indirect Taxes ...	316.1	443.5	663.9	951.2	1,081.2	1,006.9
7. Ratio of 6 to 2 ...	72.0	56.9	66.8	67.3	61.9	52.2
8. Financing from Local Sources* ...	124.9	88.8	352.2	306.2	201.4	200.0
9. Ratio of 8 to 2 ...	28.5	11.4	35.5	21.6	11.5	10.4
10. Financing from External Sources ...	31.5	40.8	59.9	38.1	84.3	245.9
11. Ratio of 10 to 2 ...	7.2	5.2	6.0	2.7	4.8	12.8
12. Gross National Product ...	1,281 (25.2)	1,666 (30.0)	2,951 (77.1)	3,107 (5.3)	3,713 (19.5)	4,175 (12.4)
13. Ratio of 2 to 12 ...	34.3	46.8	33.7	45.5	47.0	46.2
14. Consumer Price Index** ...	130.5 (7.2)	163.6 (25.4)	197.3 (20.6)	226.1 (14.6)	105.1	N.A.
15. Balance of Payments Surplus (+) or Deficit (—)...	+124	+16	+375	+351	—500	—330

*Notes* GNP and BOP are on a calendar year basis ; e.g. In fiscal year 1972-73, GNP and BOP data are for calendar year 1972.

Figures in brackets are percentage increases over the previous year.

\* Local loans and other local revenues on the Capital Budget including transfers from the Recurrent Budget.

\*\* Figures refer to the monthly average over the corresponding fiscal year. As from July, 1976, a new index (base Jan-June 1976) has been introduced.

*Sources* Financial Report, Budget estimates for 1976-77, and Central Statistical Office, Government of Mauritius.

## Recurrent Budget

The recurrent budget incurred a deficit of Rs 50.3 million in 1976-77. Recurrent revenue increased by 12.5 per cent over the previous year to Rs. 1,210.7 million in 1976-77 mainly on account of higher import duties arising from an increased volume of imports. Direct taxes and other items of revenue (excepting indirect taxes) were virtually unchanged as compared with the previous year. Among the components of direct taxes, a reduction in company income taxes following the repealing of the 10 per cent tax on trading profits had counteracted the higher out-turn on personal income taxes.

Recurrent expenditure rose moderately by Rs 190.0 million from the preceding year to Rs 1,261.0 million in 1976-77. This increase was chiefly attributable to extra wage and salary payments, the provision of free education at the secondary and university levels and additional social benefits. Wages and salaries have continued to grow largely in response to rising prices, reaching Rs 424.4 million or 33.7 per cent of recurrent expenditure in 1976-77. In contrast with the other major components of recurrent expenditure, food subsidies declined to Rs 100 million because of favourable international prices. Table VI.2 below shows a classification of recurrent revenue and expenditure by major components.

Table VI.2. Recurrent Budget

(Rs. million)

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78 (Budget Estimates)
<b>Revenue</b>						
1. Direct Taxes ... ..	98.7	153.3	225.9	430.7	437.3	318.2
2. Indirect Taxes ... ..	217.5	290.2	438.0	520.5	643.9	688.7
3. Other ... ..	60.5	71.9	81.0	124.5	129.5	138.5
<b>Total ... ..</b>	<b>376.7</b>	<b>515.4</b>	<b>744.9</b>	<b>1,075.7</b>	<b>1,210.7</b>	<b>1,145.4</b>
<b>Expenditure</b>						
1. Personal Emoluments ... ..	128.8	191.0	244.5	340.1	424.4	441.9
2. Public Service Pensions ... ..	19.4	25.0	36.5	42.4	68.2	68.3
3. Public Debt ... ..	52.7	57.8	75.9	99.7	112.8	126.8
4. Social Security Transfers ... ..	29.4	37.1	48.3	20.0	114.3	106.3
5. Subsidy on Rice and Flour ... ..	—	107.0	157.2	121.0	100.0	100.0
6. Grant in Aid to Local Authorities ... ..	6.9	17.5	24.4	46.0	55.5	56.1
7. Contribution to National Fertilizer Scheme ... ..	4.0	—	—	18.4	16.6	15.0
8. Transfer to Capital Budget ... ..	15.0	—	—	80.0	—	—
9. Transfer to Private Secondary School Authority ... ..	—	—	—	—	26.8	64.8
10. Other Recurrent Expenditure* ... ..	70.2	99.4	147.5	253.4	342.4	265.6
<b>Total ... ..</b>	<b>326.4</b>	<b>534.8</b>	<b>734.3</b>	<b>1,071.0</b>	<b>1,261.0</b>	<b>1,244.8</b>
<b>Surplus (+) or Deficit (—) ... ..</b>	<b>+50.3</b>	<b>—19.4</b>	<b>+10.6</b>	<b>+4.7</b>	<b>—50.3</b>	<b>—99.4</b>

\* Mainly for the purchase of goods and services.

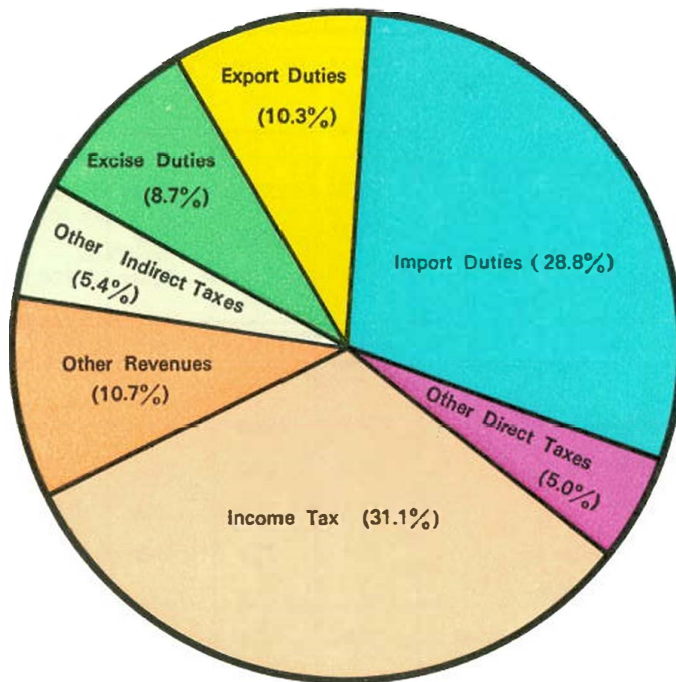
Source : Financial Report and Budget Estimates for 1977-78 — Government of Mauritius.

**Capital Budget**

The deficit on the capital budget reached Rs 199.7 million in 1976-77. Capital receipts declined from Rs 344.3 million in 1975-76 to Rs 285.7 million in 1976-77. The market for Government securities was adversely affected by a tightening liquidity situation and only Rs 150 million of local loans were raised in 1976-77 as compared with the originally budgeted estimate of Rs 260 million. External capital receipts doubled over the average for the past four years to Rs 84.3 million in 1976-77 and with a deficit on the recurrent budget there was no transfer to the capital budget in 1976-77. A faster implementation of plan projects has been responsible for the larger flow of project-tied finance from abroad. Of the capital expenditure of Rs 485.4 million in 1976-77, plan projects and loans for development purposes accounted respectively for 72.0 per cent and 24.6 per cent. Table VI.3 below shows the details of capital revenue and expenditure.

## Recurrent Budget : 1976 - 77

### A. Revenue



### B. Expenditure

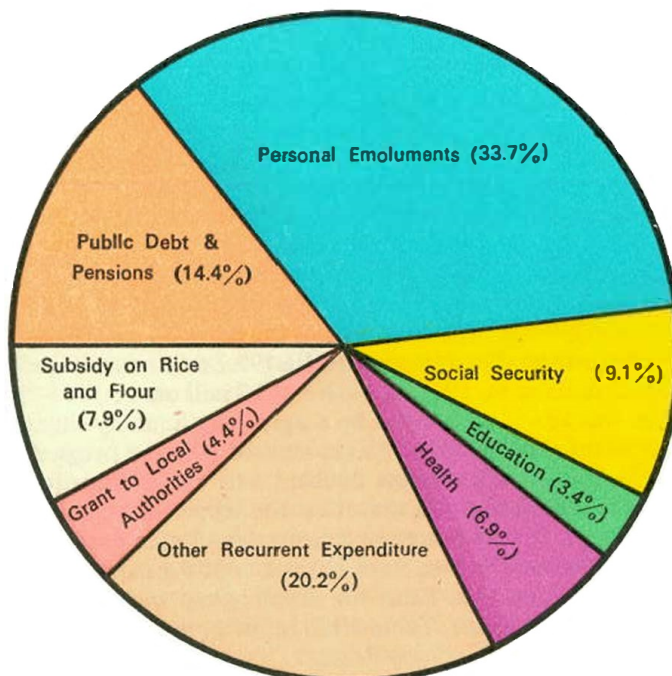


Table VI.3. **Capital Budget**

(Rs. million)

	1972 - 73	1973 - 74	1974 - 75	1975 - 76	1976 - 77	1977 - 78 (Budget Estimates)
<b>Receipts</b>						
1. Transfer from the Recurrent Budget ... ..	15.0	—	—	80.0	—	—
2. Local Borrowings ... ..	108.9	83.7	306.4	207.9	148.2	200.0
3. External Receipts ... ..	31.5	40.8	59.9	36.6	84.3	245.9
4. Other ... ..	1.0	5.1	45.7	19.8	53.2	15.4
<b>Total ... ..</b>	<b>156.4</b>	<b>129.6</b>	<b>412.0</b>	<b>344.3</b>	<b>285.7</b>	<b>461.3</b>
<b>Expenditure</b>						
1. Loans* ... ..	24.3	56.0	70.2	100.1	119.4	202.6
2. Plan Projects ... ..	102.3	166.4	186.1	261.7	349.6	428.1
3. Other ... ..	0.8	22.5	2.6	61.6	16.4	53.1
<b>Total ... ..</b>	<b>127.4</b>	<b>244.9</b>	<b>258.9</b>	<b>423.4</b>	<b>485.4</b>	<b>683.8</b>
<b>Surplus (+) or Deficit (—) ...</b>	<b>+24.0</b>	<b>—115.3</b>	<b>+153.1</b>	<b>—79.1</b>	<b>—199.7</b>	<b>—222.5</b>

\* Mainly loans extended to parastatal bodies and to local authorities.

Source : Financial Report, Budget Estimates for 1977-78 — Government of Mauritius.

### Fiscal Measures in the 1977-78 Budget

New taxation measures have been adopted in the 1977-78 Budget with the aim of providing additional revenue of the order of Rs 130 million to sustain a high level of expenditure in conformity with objectives of growth, employment and social equity. Import duties were raised by 15 to 20 per cent, mainly on less essential items such as liquor, tobacco, motor-cars and television sets to yield an extra Rs 35 million. Excise duties have been increased on alcohol and tobacco and some other items to provide a further Rs 28 million. The income tax on companies has been raised by 5 per cent to 50 per cent to add another Rs 13 million to revenue. The duty on sugar exported by producers falling in the two highest categories has been increased from 8 per cent to 9 per cent and from 12 per cent to 13.5 per cent. The higher export duties are expected to yield an additional Rs 22 million. Other tax increases have been on gambling, registration duties and civil aviation, marine and postal services.

The structure of succession duties has been simplified and the exemption limit has been raised from Rs 2,000 to Rs 10,000. The rate of interest on tax reserve certificates has been raised from 3 per cent to 5 per cent in line with the general increase in the structure of interest rates.

### Government Financing

The Government's overall financial position is presented in Table VI.4 below so as to show its impact upon the economy. The Government deficit is defined such that the financing



of the deficit would comprise Government borrowing (net of repayments) from all sources, domestic and foreign. The financing of the deficit by different sources serves to indicate the monetary contractionary or expansionary nature of the means of financing, and thereby indicates the impact of the deficit on the economy.

Table VI.4. Budgetary Operations and Financing 1973-1977

	1973 - 74	1974 - 75	1975 - 76	1976 - 77
Current Revenue ... ..	483.2	714.7	1,003.7	1,103.0
Current Expenditure ... ..	495.8	668.9	930.9	1,180.2
Capital Revenue ... ..	2.0	0.9	17.5	11.7
Foreign Grants ... ..	4.1	7.4	3.0	4.6
Capital Expenditure ... ..	122.2	171.2	277.2	335.5
Lending minus Repayments ... ..	73.0	68.9	90.2	111.3
Overall Surplus (+) or Deficit (—) ... ..	—201.7	—186.0	—274.1	—507.7
<b>Financing ... ..</b>	<b>201.7</b>	<b>186.0</b>	<b>274.1</b>	<b>507.7</b>
<b>I. Domestic Financing (net) ... ..</b>	<b>172.2</b>	<b>145.3</b>	<b>243.6</b>	<b>403.7</b>
1. Banking System (net) ... ..	190.0	—8.9	222.8	284.4
a. Monetary Authorities (net) ... ..	266.2	—117.5	29.3	463.0
(i) Government Securities ... ..	(82.6)	(+58.6)	(—28.7)	(183.1)
(ii) Advances ... ..	(33.0)	(—33.0)	(—0.8)	(227.1)
(iii) Deposits ... ..	(104.9)	(—82.7)	(+61.0)	(+8.3)
(iv) Transactions with IMF Account ... ..	(5.7)	(—60.4)	(—2.2)	(44.5)
b. Commercial Banks (net) ... ..	—36.2	108.6	193.5	—178.6
(i) Government Securities ... ..	(—43.8)	(102.0)	(212.5)	(—197.3)
(ii) Treasury Bills ... ..	(9.9)	(9.6)	(—15.1)	(+9.0)
(iii) Deposits ... ..	(—2.3)	(—3.0)	(—3.9)	(+9.7)
2. Non Bank Sources (net) ... ..	—16.4	161.5	21.7	144.2
(i) Government Securities ... ..	—17.3	(167.7)	(24.7)	(144.2)
(ii) Treasury Bills ... ..	(0.9)	(—6.2)	(—3.0)	(—)
3. Changes in Cash Balances and other ... ..	—1.4	—7.3	—0.9	—24.9
<b>II. Foreign Financing ... ..</b>	<b>29.5</b>	<b>40.7</b>	<b>30.5</b>	<b>104.0</b>

The overall deficit in 1976-77 was Rs 507.7 million, of which Rs 403.7 million was financed from domestic sources and Rs 104.0 million from foreign sources. The monetary authorities' claims on the Government rose sharply from Rs 29.3 million in 1975-76 to Rs 463.0 million in 1976-77. Although part of this increase arose from the unloading of Government securities held by commercial banks on to the central bank, a substantial portion represented advances granted by the central bank to the Government. The increase in central bank credit to the Government resulted in an increase in reserve money (discussed in Chapter IV) which in turn contributed to the increase in total domestic credit.

Table VI.5 shows the month-to-month movement in central bank credit to the Government. The holdings of Government securities by the Bank of Mauritius rose from Rs 122.4 million in June, 1976, to Rs 308.7 million in June, 1977. The increase in the holdings of Government securities by the Bank reflected the absence of demand from financial institutions because of increased demands on their own resources. The temporary advances to the Go-



vernment from the Bank of Mauritius rose from Rs 0.4 million in June, 1976, to Rs 227.5 million in June, 1977. The advances from the Bank of Mauritius to the Government are subject to a ceiling of 25 per cent of current budget revenue and any advances not repaid within 4 months after the end of the fiscal year result in a *pro-tanto* reduction in the subsequent fiscal year's borrowing limit.

Table VI.5. **Central Bank Credit to the Government**  
(Rs. million)

1976 - 77	Bank of Mauritius Holdings of Government Securities	Advances	Total
June ... ..	122.4	0.4	122.8
July ... ..	135.3	0.4	135.7
August ... ..	150.5	48.8	199.3
September ... ..	148.6	64.8	213.4
October ... ..	238.3	0.4	238.7
November ... ..	199.3	0.4	199.7
December ... ..	206.8	130.4	337.2
January ... ..	160.0	144.1	304.1
February ... ..	197.3	179.5	376.8
March ... ..	257.7	159.6	417.3
April ... ..	264.2	176.7	440.9
May ... ..	267.8	238.7	506.5
June ... ..	308.7	227.5	536.2

### Central Government Debt

The total outstanding public debt rose from Rs 471.0 million to Rs 1,406.7 million during the five-year period ending June, 1977. Most of this increase was accounted for by domestic borrowing. Internal debt increased from 64.4 per cent of total public debt in June, 1972, to 77.0 per cent in June, 1977. External debt accounted for 23.0 per cent of the total in June, 1977.

Expenditure on debt servicing amounted to Rs 83.9 million in 1976-77, consisting of internal interest payments of Rs 65.1 million and external capital payments and interest payments of Rs 18.8 million. Total debt servicing as at June, 1976, amounted to Rs 66.7 million representing 5.4 per cent of the total public debt outstanding. Table VI.6 gives a picture of central government debt between the years 1972 and 1977.

Table VI. 6. **Central Government Debt***(Rs. million)*

	1972	1973	1974	1975	1976	1977
A. Debt Outstanding as at June 30						
Internal Debt ... ..	303.2	408.1	483.1	773.7	963.7	1,083.7
of which						
Tap Loans ... ..	(125.6)	(120.6)	(15.6)	(110.6)	(105.6)	(100.6)
Development Loans ... ..	(77.6)	(287.5)	(367.5)	(663.1)	(858.1)	(983.1)
External Debt ... ..	167.8	178.2	207.0	247.1	262.9	323.0
Total Public Debt ... ..	471.0	586.3	690.1	1,020.8	1,226.6	1,406.7
B. Debt Charges During Fiscal Year Ending June 30						
Amortization ... ..	4.7	5.1	6.6	9.2	9.7	10.1
Internal ... ..	(0.1)	(0.1)	(—)	(—)	(—)	(—)
External ... ..	(4.6)	(5.0)	(6.6)	(9.2)	(9.7)	(10.1)
Interest ... ..	20.8	28.1	35.7	49.4	57.0	73.8
Internal ... ..	(14.0)	(21.7)	(27.5)	(38.9)	(48.6)	(65.1)
External ... ..	(6.8)	(6.4)	(8.2)	(10.5)	(8.4)	(8.7)
Total Debt Servicing ... ..	25.5	33.2	42.3	58.6	66.7	83.9

Source : Central Statistical office — Government of Mauritius

**VII. PRICES, WAGES AND EMPLOYMENT**

Although prices have been rising during the past year, the extent of the increase has been moderated and the rate of inflation in Mauritius has not been significantly above the rates prevailing in our major trading partners. The main issues that have affected prices, wages and employment during the year ended June, 1977, are reviewed in this chapter.

**Consumer Prices**

The new Consumer Price Index\* (CPI) introduced in July, 1976, reached 105.4 points in December, 1976, and 111.2 points in June, 1977. Between June, 1976, and June, 1977, the rate of inflation was 9.6 per cent as against 14.7 per cent for the year ended June, 1976. The deceleration in the inflation rate started in the second half of 1976 when the Consumer Price Index increased by 0.2 per cent on an average every month as against increases of 1.4 per cent in the first half of 1976. Monthly average increases, however, stepped up to 1.2 per cent in the first half of 1977, as consumer prices were pushed up by shortages of certain fresh food items, by port difficulties in the period December, 1976, to February, 1977, and by the introduction of higher import duties on certain items.

\* Base January-June, 1976 = 100.

Import prices rose by 10.6 per cent in 1976 as against 13.2 per cent in 1975. As imports constitute about 60 to 70 per cent of GNP, the increase in the price of imports, though at a lower rate in 1976 than in 1975, kept an upward pressure on the domestic price level. The following Table shows the changes in consumer prices and in import prices from 1973 to 1977 :-

Table VII.1. Changes in Consumer and Import Prices

Year	Percentage increase over the previous year in the average CPI* for the year ended (base Jan.-June, 1962 = 100)		Percentage Increase over the previous year in the Import Unit Value Index (Base 1972 = 100)
	June	December	
1973	+ 7.2	+ 13.5	+ 30.0
1974	+ 25.3	+ 29.1	+ 63.1
1975	+ 20.7	+ 14.8	+ 13.2
1976	+ 14.7	+ 13.4	+ 10.6**
1977	+ 9.6		

\* Concerning the CPI, as from July, 1976, a new index (Base : January-June, 1976 = 100) has been introduced; the figures for 1976 and 1977 have been obtained on the basis of a conversion of the new indices to the 1962 base.

\*\* Figure refers to new base 1975 = 100.

Sources : Central Statistical Office, Government of Mauritius.

Increased domestic demand resulting mainly from a high level of domestic credit expansion in both the public and private sectors also contributed to the price increase. However, the domestic credit expansion resulted in a large decline in foreign exchange reserves and hence the net impact on domestic prices was small.

In the financial year 1977-78 rising import prices and increases in shipping costs will contribute to a high level of imported inflation. In this context the price control measures already in force have been strengthened to prevent a resurgence of large price increases in essential sectors. In addition to the practice of actual fixing of the price of essential commodities, a maximum mark-up method allowing for fixed margins on the c.i.f. value of imported articles has been introduced. At present the Government's price control measures cover about 75 commodities representing over 1,100 individual items.

## Wages

Various wage increases were granted to employees in most sectors. In July, 1976, employees in the public sector were awarded by the Civil Service Arbitration Tribunal an increase ranging from 15 to 24 per cent in wages. The increase was graduated to the wage-scale. The National Remuneration Board (NRB) which makes recommendations on the minimum wages and on conditions of work in the private sector, subsequently made orders for an increase of 3 to 15 per cent in wages in 19 other sectors of activity, including the Export Processing Zone, the construction industry and the sugar industry, to put wages in these sectors in line with the increases granted in the public sector. Besides, Government passed legislation in October, 1976 to extend wage increases amounting to 9 per cent of the integrated wages with a ceiling of Rs. 180 per month to workers in the private sector not covered by remuneration orders.

A 13th-month extra pay was granted to employees in the public sector at the end of 1976. Employers in the private sector not governed by NRB orders were also required to make the payment. Companies which usually gave end-of-year bonuses were in addition required to pay the 13th-month bonus. Excluding the extra month pay at the end of 1976, pay increases of around 18 to 20 per cent have been accorded to the majority of employed workers in the year under review. As prices have been rising at a slower rate over the past year, there has been a rise in real wages.

Wage negotiations for the financial year 1977-78 were started as early as June, 1977, with a view to reducing industrial tensions and the endeavour was to avoid retroactive payments. Furthermore, tripartite negotiations were carried out on a national scale with the participation of the Government, the Mauritius Employers Federation and the Trade Unions. In its recommendations on minimum remunerations in individual sectors, the National Remuneration Board refrained from making any orders for wage increases and has stressed the need for a simultaneous increase in various sectors of the economy. For the financial year 1977-78 the Select Parliamentary Committee recommended a graduated scale of increases ranging from 13.8 per cent at the lowest income level to 3.5 per cent at the highest income level; these increases were to take effect from 1st July, 1977. If the CPI reached an average of 116.03 points in the period October-December, 1977, certain readjustments were to be automatically implemented; in the event the CPI remained below the trigger point of 116.03 and therefore no adjustments were necessary.

The cost of living allowance has been integrated into the basic wage in both the public and private sectors during the year under review. A Pay Research Unit for restructuring wages and salaries in the public sector has been established. Besides, the National Pension Scheme is being actively promoted. The wages scene is acquiring some stability and uniformity as it is being increasingly recognised that wage movements have to be linked to the over-all conditions in the economy and the principle of tripartite negotiations is a manifestation of this recognition. Tripartite negotiations are to proceed on the problems of productivity, workers' participation, port congestion, employment security and unemployment.

## Employment

Employment in large establishments\* increased from 117,056 in March, 1976, to 193,318 in March, 1977 or by 16,262. The manufacturing sector, comprising among others the Export Processing Zone, provided 26.9 per cent (4,376) of the additional jobs, bringing the number employed in this sector to 30,792 in March, 1977. Female labour is predominant in this sector as the EPZ, which contributes the major part of the additional employment opportunities in the manufacturing sector, caters mainly for the female labour force. Eighty per cent of the 4,376 new jobs created in the manufacturing sector between March, 1976 and March, 1977, were for female workers. Another aspect of the spreading of employment opportunities has been the location of the industrial units in the rural areas, which has minimised problems of transportation of industrial labour. Agricultural activities contributed 10.3 per cent (1,673) of the new jobs, and electricity, gas and water services another 6.2 per cent (1,008). Employment growth in the manufacturing sector in the year under review has been reduced to 16.6 per cent as compared to a 25.0 per cent growth for the year ended March, 1976. The number of persons employed in wholesale and retail trade, restaurants and hotels actually decreased by 7.4 per

\* Large establishments consist of :

- (i) Sugar cane plantations of 25 arpents or more
- (ii) Tea plantations of 5 arpents or more
- (iii) All "flue-cured" tobacco establishments
- (iv) Non-agricultural establishments employing at least 10 persons
- (v) All central and local government departments.

cent (600) as against an increase of 17.5 per cent (1,208) in the year ended March, 1976. Employment in other sectors has grown at a steady pace. The average number of unemployed persons was 21,960 in 1975 and 20,841 in 1976. As at March, 1977, the rate of registered unemployment stood at 8.4 per cent as against 10 per cent in March, 1976. However, this small decline in the rate of unemployment has to be viewed against the growth in the number of Relief and Development Workers which increased from 7,816 in March, 1976, to 14,436 in March, 1977. It is to be recalled that Development Workers are employed by the Development Works Corporation which was set up in 1971 to provide employment and training to the unemployed.

A shortage of labour was felt during the 1976 sugar crop season, which had the effect of extending the cutting period and lowering yields. Certain forms of mechanical loading are being introduced to make up for the shortage of this type of labour. For the 1977 crop some 8,000 Relief and Development Workers were released to accelerate the sugar harvest. During the year under review, there has also been some increase in absenteeism in certain sectors, particularly construction, transport and the port.

The 40-hour week is in force in the public sector since 1st July, 1977, and concerns mainly manual workers in the public services. Negotiations on its introduction in the private sector are still under way.

Increases in the level of employment will be possible only through increased job creation in industry and in tourism; these will in turn induce employment creation in the commercial and other services' sector. The lay-off of labour by certain industrial units is of considerable concern; however, these redundancies have to be balanced in the trade-off between some unemployment and the continuation of operations by units which are obviously not viable and which would in the long run be a drain on the resources of the country.

## VIII. EXTERNAL TRADE AND BALANCE OF PAYMENTS

The problems of adjustment of the Mauritian economy to changes in the world economy and in particular to the changes in prices of sugar relative to prices of industrial goods are brought out in the analysis of the balance of payments. A balance of payments deficit is a reflection of the excessive monetary expansion although the money supply is itself affected by the balance of payments position through a lagged feedback effect of a decline in the foreign exchange reserves. In the Mauritian context there is a strong functional connexion between monetary expansion and money incomes and between incomes and imports, and the link between the domestic monetary base and the balance of payments is reflected in two identities. First, the changes in the monetary base are reflected in the changes in the domestic and foreign assets of the monetary authorities and secondly the changes in the foreign exchange reserves reflect the sum of the balance of payments on net current and capital account flows. Changes in the domestic and foreign assets of the monetary authorities have been discussed in Chapter IV. This Chapter outlines the main developments in the balance of payments and the corresponding changes in the foreign exchange reserves and also discusses certain sectors of the balance of payments, such as trade, services and capital flows. Finally, the trends in the exchange rates are also discussed.

### The Overall Balance of Payments

The balance of payments has recorded large swings in recent years, reflecting the sugar boom and its aftermath. The balance of payments moved into surpluses of Rs. 375 million in 1974 and Rs 351 million in 1975 but with the end of the sugar boom and a continuing monetary expansion in the economy, it went into deficits of Rs 500 million in 1976 and Rs 330 million in 1977. To enable an economic analysis of the underlying trend it is necessary to adjust the balance of payments for the short-term capital movements resulting from changes



in the financing of sugar exports. These short-term capital movements emanate largely from prepayments in 1975 for exports in 1976 and delays in the realisation of proceeds for shipments made in 1976\*. The balance of payments, adjusted for these short-term capital movements, reflects a steady deterioration over the period 1974-77: the pendulum swings from a surplus of Rs 375 million in 1974 and a reduced surplus of Rs 171 million in 1975 to a deficit of Rs 130 million in 1976 and a larger deficit of Rs 350 million in 1977. The adjusted balance of payments brings out the sharp deterioration in the external payments position and, since the deficit in 1977 is not attributable to merely technical factors, as was the case with the 1976 deficit, the 1977 deficit underscores the need for fundamental readjustment of the economy.

The technical adjustment factors aside, the balance of payments has been marked by a deteriorating merchandise account, a moderate deficit in the services account and an increasing long-term inflow of funds. Table VIII.1 below shows the summary balance of payments for the period 1974-77.

Table VIII.1. Summary of Balance of Payments 1974-1977

(Rs. million)

	1974	1975	1976	1977 <i>Estimates</i>
Merchandise Account ... ..	+272	+169	—287	—450
Net Services Account ... ..	—44	—112	+2	—150
Net Unrequited Transfers ... ..	÷83	+70	+42	+60
Net Capital Movements ... ..	+17	+240	—298	+175
of which				
Long-term Capital ... ..	(+17)	(+60)	(+72)	(+155)
Capital Movements Relating to Sugar Financing ... ..	(—)	(+180)	(—370)	(+20)
Other Short-term Capital, Errors and Omissions ... ..	+47	—16	+41	+35
Basic Balance of Payments ... ..	÷375	+351	—500	—330
Adjusted Balance of Payments ... ..	+375	+171	—130	—350

- Notes : (1) In 1975, there were pre-payments amounting to Rs 180 million for sugar shipments which were effected in the early part of 1976. The balance of payments surplus in 1975, excluding the pre-payments was Rs 171 million.
- (2) Exports of sugar to the value of Rs 190 million were effected in 1976 for which payment was received only in early 1977. The pre-payment of Rs 180 million in 1975 requires a reverse entry in 1976. Thus the adjusted capital movement shows an outflow in 1976 of Rs 370 million (Rs 190 million plus Rs 180 million). Excluding the trade credit items, the balance of payments deficit in 1976 was Rs 130 million.
- (3) It is estimated that the spillover into 1978 of payments for sugar exports to be effected in late 1977 will amount to Rs 170 million. The payment of Rs 190 million in 1977 for sugar exports effected in late 1976 yields a credit entry. Thus the adjusted capital movement shows an inflow in 1977 of Rs 20 million (Rs 190 million *minus* Rs 170 million). Excluding the trade credit items the balance of payments deficit in 1977 is forecast at Rs 350 million.

\* The changes in the financing of sugar exports is explained in detail in the Annual Report for the year ended June, 1976.

## Foreign Exchange Reserves

The foreign exchange reserves of Mauritius are subject to large swings and these swings are due to the seasonal nature of the country's trade, with exports concentrated in a few months of the year and imports more evenly spread through the year. Thus, the low point of reserves is crucial in any assessment of the adequacy of reserves. Table VIII.2 below shows the seasonal low and high for reserves and relates the reserve levels to imports for the period 1971-77 :-

Table VIII.2. Foreign Exchange Reserves 1971-1977

Year	Lowest Level of Reserves		Highest Level of Reserves	
	Rs million	Number of months imports	Rs million	Number of months Imports
1971	211.7	5.5	315.5	8.2
1972	233.5	4.4	419.5	7.9
1973	311.9	4.3	402.3	5.3
1974	73.5	0.5	793.1	5.4
1975	578.7	3.5	1,143.3	6.9
1976	574.5	2.9	1,374.2	6.9
1977	288.7	1.2	653.5	2.7

During the period under review the total foreign exchange reserves fell from Rs 776.1 million in June, 1976 to Rs 369.5 million in June, 1977. The low point of reserves in 1977 of Rs 288.7 million in August, was equivalent to only 1.2 months imports.

To ease the pressures of falling reserves in 1977, the authorities utilised various facilities of the International Monetary Fund. In May, 1977, Mauritius made a purchase amounting to SDR 5.5 million (Rs 42.4 million) under the gold tranche. The gold tranche is treated as part of the country's reserves and a purchase under the gold tranche is merely a liquefying of the gold tranche into foreign exchange. Subsequently, in July, 1977, Mauritius made a purchase amounting to SDR 11 million (Rs 84.9 million) under the compensatory financing facility. Under this facility, countries are compensated for deviations of export earnings from a medium term trend. The interest charges on the compensatory financing purchase range between  $4\frac{3}{8}$  -  $6\frac{3}{8}$  per cent. The repayment of both the gold tranche and the compensatory purchase would have to be completed within 3-5 years of the purchases.

The bulk of the foreign exchange reserves of the country are held by the Bank of Mauritius and the purchases and sales of foreign exchange by the Bank reveal some significant trends. First, the monthly purchases of foreign exchange by the Bank indicate that these purchases in 1977 were more evenly spread through the year, which would indicate that the changes in the mechanism of financing sugar exports and the more even spread of shipments are likely to result in smaller swings between the seasonal peak and low point of reserves. Secondly, the average monthly sales of foreign exchange to the banks indicate a strong upsurge reflecting the rising trend of imports and related payments and the danger that the country will continue to face large balance of payments deficits unless there is a reversal in the growth of these payments. Table VIII.3. shows the purchases and sales of foreign exchange by the Bank of Mauritius over the last three years.



# FOREIGN EXCHANGE RESERVES

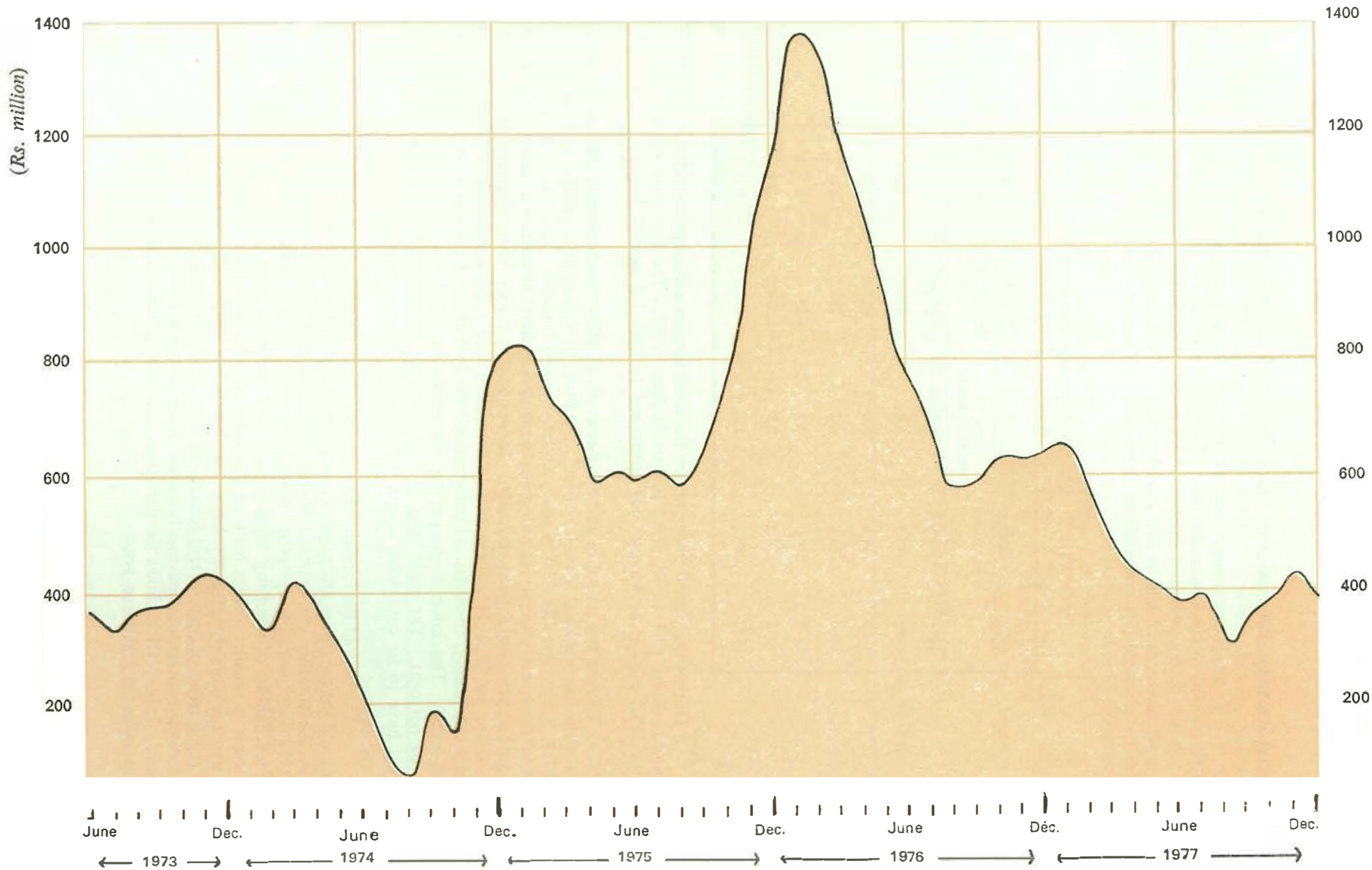


Table VIII.3. Purchases and Sales of Foreign Exchange by the Bank of Mauritius

(Rs. million)

	<i>Purchases from the Mauritius Sugar Syndicate</i>			<i>Sales to Commercial Banks</i>		
	1975	1976	1977	1975	1976	1977
January ... ..	132.6	287.5	128.5	86.5	55.1	122.7
February ... ..	21.7	100.3	47.6	81.7	101.8	119.2
March ... ..	3.0	10.8	37.8	61.7	139.7	134.1
April ... ..	1.2	12.7	98.5	104.0	116.2	141.5
May ... ..	37.9	—	124.4	92.3	117.6	139.1
June ... ..	76.3	0.7	97.2	89.7	128.1	131.1
July ... ..	115.8	40.9	104.6	134.3	133.4	143.1
August ... ..	85.0	47.9	96.2	86.3	118.1	167.5
September ... ..	153.6	149.6	157.4	86.6	125.2	124.7
October ... ..	247.2	127.8	170.6	106.8	122.2	134.7
November ... ..	325.6	149.0	170.4	112.4	126.8	134.8
December ... ..	279.4	171.5	133.4	99.3	158.5	169.4
Total ... ..	1,479.3	1,098.7	1,366.6	1,141.6	1,442.7	1,661.9

The over-all balance of payments position and the resulting changes in the foreign exchange reserves have been discussed above. The next three sections of this Chapter discuss the various components of the balance of payments.

### External Trade

The visible trade balance swung into an increasing deficit during the three years 1975-77, because of adverse terms of trade and a strong upsurge in import demand (Table VIII.4). The terms of trade index deteriorated from 160 in 1975 to 118 in 1976 and a further deterioration is expected in 1977.

Table VIII.4 Terms of Trade, 1973-76

(Index 1972=100)

	<i>Prices Indices</i>		<i>Terms of Trade*</i>
	<i>Export</i>	<i>Import</i>	
1973	117	130	90
1974	291	212	137
1975	383	240	160
1976	314	266	118

\* Ratio of export to import price indices.

Source : Central Statistical Office, Bi-Annual Digest of Statistics.

The visible trade deficit widened from Rs 156.4 million in 1975 to Rs 628.2 million in 1976 and further to Rs 870 million in 1977. The trends in the visible balance of trade during 1974-77 are indicated in Table VIII.5 below :-

Table VIII.5 Visible Balance of Trade: 1974-77

(Rs. million)				
<i>Item</i>	1974	1975	1976	1977 (Estimates)
Exports* (f.o.b.)	1,786.4	1,838.9	1,769.7	2,050
Imports (c.i.f.)	1,759.8	1,995.3	2,397.9	2,920
Trade Balance	26.6	—156.4	—628.2	—870

\* Exports of bunkers and ships stores are excluded from these figures as these items are included under the services account.

Source : Customs and Excise Department — Government of Mauritius.

It will be observed that the balance on merchandise account shown in Table VIII.1 differs from that shown in Table VIII.5 as the merchandise account in the balance of payments requires that all trade transactions be treated on an f.o.b. basis, while the visible trade figures show imports on a c.i.f. basis. The merchandise account in the balance of payments (Table VIII.1.) shows a surplus of Rs 169 million in 1975, a deficit of Rs 287 million in 1976 and a larger deficit of Rs 450 million in 1977. Both the visible trade deficit and the merchandise account of the balance of payments show a marked deterioration in 1976 and 1977. However, in view of the large differences between the visible trade figures and the merchandise account of the balance of payments, it is essential in any analysis to use only strictly comparable figures.

### Exports

Total exports declined from Rs 1,838.9 million in 1975 to Rs 1,769.7 million in 1976, or by 3.8 per cent, mainly because of the slower rate of shipment of sugar during the last quarter of 1976. Sugar exports registered a decline in value of 14.7 per cent in 1976 but most other export items showed increases, with manufacturing exports increasing by 53.9 per cent.

The value of sugar exports declined from Rs 1,548.8 million in 1975 to Rs 1,321.5 million in 1976, despite the fact that the export volume went up from 497.5 thousand tons to 550.6 thousand tons. The reason for the lower level of earnings in 1976 was a general decline in prices received from all export markets. Exports of tea and molasses both increased during 1976. Tea exports went up from Rs 16.0 million in 1975 to Rs 29.2 million while exports of molasses increased from Rs 23.6 million to Rs 31.7 million. The volume of tea exports in 1976 was 3.4 million kilos as compared with 2.1 million kilos in 1975 and 3.1 million in 1974. Molasses exports increased in volume from 121.2 thousand tons to 129.1 thousand tons between 1975 and 1976.

Manufacturing exports, mainly by industries in the Export Processing Zone, increased substantially from Rs 202.8 million in 1975 to Rs 312.1 million in 1976. The bulk of the increase was recorded in clothing exports which went up from Rs 118.2 million to Rs 204.8 million. Exports of toys, though still at a low level of Rs. 5.1 million in 1975, increased to Rs 7.4 million while other unclassified manufacturing exports also rose significantly from Rs 8.1 million to Rs 29.7 million. Exports of fish and fish preparations increased by Rs 4.4 million to Rs 18.7 million. Detailed exports figures for the years 1974 to 1976, classified by sectors, are shown in the following Table VIII. 6.

Table VIII.6. Main Exports

					<i>f.o.b. (Rs million)</i>		
<i>ITEM</i>					1974	1975	1976
<b>Agricultural Sector</b>	...	...	...	...	<b>1,602.8</b>	<b>1,588.4</b>	<b>1,382.4</b>
Sugar	...	...	...	...	(1,538.0)	(1,548.8)	(1,321.5)
Tea	...	...	...	...	(19.7)	(16.0)	(29.2)
Molasses	...	...	...	...	(45.1)	(23.6)	(31.7)
<b>Manufacturing Sector</b>	...	...	...	...	<b>143.1</b>	<b>202.8</b>	<b>312.1</b>
Clothing	...	...	...	...	(60.8)	(118.2)	(204.8)
Electronic Components	...	...	...	...	(48.6)	(62.1)	(61.7)
Processed diamonds and Synthetic Stones	...	...	...	...	(22.6)	(9.3)	(8.5)
Toys	...	...	...	...	(3.3)	(5.1)	(7.4)
Other Manufacturing Exports	...	...	...	...	(7.8)	(8.1)	(29.7)
<b>Other Exports</b>	...	...	...	...	<b>25.1</b>	<b>26.8</b>	<b>41.7</b>
Fish & Fish preparations	...	...	...	...	(14.6)	(14.3)	(18.7)
Other	...	...	...	...	(10.5)	(12.5)	(23.0)
<b>Re-exports</b>	...	...	...	...	<b>15.4</b>	<b>20.9</b>	<b>33.5</b>
<b>TOTAL</b>	...	...	...	...	<b>1,786.4</b>	<b>1,838.9</b>	<b>1,769.7</b>

Source : Customs and Excise Department, Government of Mauritius.

Tentative estimates indicate that exports increased in value by about 16 per cent from Rs 1,769.7 million in 1976 to Rs 2,050 million in 1977. The increase is attributable largely to increased shipments of sugar, a major increase in tea prices and improved earnings from the manufacturing sector.

### Imports

The total value of imports amounted to Rs 2,397.9 million in 1976 as compared with Rs 1,995.3 million in 1975, an increase of 20.2 per cent. Most of the broad categories of imports registered a growth rate in the range of 30-40 per cent except for food and live animals, mineral fuels and lubricants and chemicals. Food imports, including live animals, increased marginally from Rs 459.0 million to Rs 485.7 million between 1975 and 1976. Of this, both rice and wheat flour imports declined in 1976; rice imports decreased marginally from Rs 133.0 million to Rs 130.5 million, while wheat flour imports showed a substantial fall from Rs 98.9 million to Rs 70.9 million. The volume of rice imports increased from 66,947 metric tons to 79,700 metric tons, while flour imports declined from 57,224 metric tons to 40,037 metric tons. Imports of mineral fuels, lubricants and related materials increased only slightly from Rs 194.6 million to Rs. 209.0 million. Chemical imports declined in 1976 from Rs 180.3 million to Rs 167.8 million, with a substantial decline in the import of fertilizers from Rs 63.6 million to Rs 21.9 million. Raw material imports increased by 31.7 per cent from Rs 48.6 million to Rs 64.0 million and imports of animal and vegetable oils and fats increased by 37.5 per cent from Rs 51.8 million to Rs 71.2 million. Imports of machinery and transport equipment increased by 31.4 per cent from Rs 441.3 million to Rs 580.0 million, with imports of road motor vehicles accounting for a large

increase of 61.7 per cent from Rs 82.0 million to Rs 132.6 million. All other manufactured goods also showed substantial increases : metal manufactures imports went up by 49.7 per cent from Rs 52.1 million to Rs 78.0 million, and cotton and other textile fabrics imports by 44.0 per cent from Rs 111.4 million to Rs 160.4 million. Import of cement and iron and steel goods went up by 26.7 per cent and 20.4 per cent respectively. Table VIII.7 gives the details of imports, classified according to major categories, for the years 1974 to 1976.

Tentative estimates indicate that the upsurge in imports has continued and the 1977 estimated level of imports of Rs 2,920 million is about 22 per cent above the 1976 level of Rs 2,397.9 million.

Table VIII.7. Merchandise Imports

*c.i.f. (Rs million)*

ITEM				1973	1974	1975	1976
Food and Live Animals	...	...	...	217.8	500.0	459.0	485.7
Rice	...	...	...	(70.9)	(227.0)	(133.0)	(130.5)
Flour	...	...	...	33.8	(85.7)	(98.9)	(70.9)
Other	...	...	...	(113.1)	(187.3)	(227.1)	(284.3)
Beverages and Tobacco	...	...	...	9.3	13.4	16.6	18.9
Alcoholic beverages	...	...	...	(6.8)	(9.4)	(9.2)	(12.1)
Other	...	...	...	(2.5)	(4.0)	(7.4)	(6.8)
Raw materials	...	...	...	14.2	39.3	48.6	64.0
Mineral Fuels, lubricants and related materials	...	...	...	63.6	161.5	194.6	209.0
Petroleum products	...	...	...	(62.6)	(159.5)	(192.7)	(206.3)
Other	...	...	...	(1.0)	(2.0)	(1.9)	(2.7)
Animal and vegetable oils and fats	...	...	...	23.1	70.7	51.8	71.2
Vegetable edible oils	...	...	...	(15.7)	(52.8)	(35.2)	(47.2)
Other	...	...	...	(7.4)	(17.9)	(16.6)	(24.0)
Chemicals	...	...	...	81.4	154.7	180.3	167.8
Fertilizers	...	...	...	(30.9)	(55.8)	(63.6)	(21.9)
Other	...	...	...	(50.5)	(98.9)	(116.7)	(145.9)
Machinery and transport equipment	...	...	...	225.1	313.8	441.3	580.0
Machinery other than electric	...	...	...	(92.0)	(128.8)	(213.1)	(258.2)
Electric Machinery	...	...	...	(52.1)	(111.9)	(138.6)	(182.1)
Road motor vehicles	...	...	...	(40.8)	(55.4)	(82.0)	(132.6)
Other	...	...	...	(40.2)	(17.7)	(7.6)	(7.1)
Other Manufactured Goods...	...	...	...	281.3	506.4	603.1	801.3
Cotton and other textile fabrics	...	...	...	(53.7)	(87.3)	(111.4)	(160.4)
Cement	...	...	...	(18.2)	(28.7)	(56.2)	(71.2)
Iron and steel goods	...	...	...	(36.0)	(95.3)	(72.1)	(86.8)
Metal manufacturers	...	...	...	(27.4)	(44.8)	(52.1)	(78.0)
Other	...	...	...	(146.0)	(250.3)	(311.3)	(404.7)
TOTAL	...	...	...	915.8	1,759.8	1,995.3	2,397.9

Source : Customs and Excise Department, Government of Mauritius.

## The Imports Deposit Scheme 1977

An import deposit scheme was introduced on the 4th March, 1977, with a view to slowing down the rate of growth in imports. Under the regulations prescribed for the purpose (Government Notice No. 40 of 1977), importers were required to make a non-interest bearing deposit with the Bank of Mauritius for a period of 3 months of 50 per cent of the c.i.f. value of all orders placed after the 4th March, 1977. The amount of the deposit payable was reduced in mid-April, 1977, from 50 per cent to 35 per cent with retroactive effect as from 4th March, 1977. The deposit is placed by the importer with a commercial bank which, in turn, transmits the deposit to the Bank of Mauritius. The scheme does not affect the importation of goods in respect of which orders had already been placed and which arrived in Mauritius on or before the 31st May, 1977. A large proportion of imports, estimated at around three fourths of total imports, is exempted from the payment of the import deposit.

By the end of June, 1977, Rs 32.2 million was deposited with the Bank of Mauritius; of this amount Rs 4.8 million had already been refunded, leaving outstanding deposits of Rs 27.4 million by the end of June, 1977. The following Table indicates the flow of deposits and refunds for each month from March to June, 1977 :-

Table VIII.8. Deposits and Refunds under the Import Deposit Scheme

(Rs million)

<i>Month</i>	<i>Amount Deposited during the period</i>	<i>Amount Refunded during the period</i>	<i>Total Amount Outstanding at the end of the period</i>
<b>1977</b>			
March	3.6	—	3.6
April	5.9	1.3	8.2
May	6.8	1.2	13.8
June	15.9	2.3	27.4
Total (March to June)	32.2	4.8	27.4

Daily deposits averaged Rs 0.2 million in March, April and May and rose to Rs 0.5 million in June, 1977. Deposits amounted to Rs 15.9 million in June, a more than two-fold increase over the level in May. Total deposits during the period March-June, 1977 represent confirmed orders for imports amounting to some Rs 87.0 million. About 25 per cent of the orders are for imports from Japan, 16 per cent from the United Kingdom, 8 per cent from China, 7 per cent from South Africa and France and the remainder from our other trading partners. Deposits were at a high level till September, 1977. The amount of refunds gathered momentum after September, 1977 and it is expected that deposits will broadly match refunds after September, 1977.

Although the rate of growth of total imports accelerated in 1977 it does not imply that the import deposit scheme has not been having its desired effect. The scheme did not really come into full operation till June, 1977 and as such its impact can be assessed only after some time. Moreover, the efficacy of the scheme is dependent not on the rising order of magnitude of the deposits made under the scheme; on the contrary, the scheme's success would be judged by the decline of these deposits over time, which would indicate a decline in imports covered by the scheme.



## Direction of Trade

Since the EEC-ACP Convention of Lomé in 1975, the European Economic Community including the United Kingdom have remained by far the major trading partners of Mauritius. In 1976, the EEC supplied nearly 38 per cent of our import requirements and absorbed 85 per cent of our exports. Within the EEC, however, France purchased an increased percentage of our exports, mostly manufactures while the United Kingdom absorbed the bulk of our sugar exports. Import requirements were met, in 1976, to the extent of 16.3 per cent by the United Kingdom, while other EEC countries, mainly France and Germany provided 21.4 per cent.

Apart from the EEC, exports were directed to preferential markets for sugar in the U.S.A. (5.9 per cent) and Canada (3.8 per cent). South Africa purchased most of the tea exports, and accounted for 2.3 per cent of the total exports. The other major suppliers of imports were South Africa (9.9 per cent, mostly foodstuffs), Japan (8.1 per cent, electronic equipment and textiles) Iran (6.4 per cent, petroleum products), Australia (4.9 per cent, mainly dairy products and other foodstuffs), and India (3.8 per cent, machinery and foodstuffs). Table VIII.9 presents details of the direction of trade during 1974 to 1976 :-

Table VIII.9. Direction of Trade

(Rs. million)

Country	1974		1975		1976	
	Imports	Exports	Imports	Exports	Imports	Exports
United Kingdom ...	193.4 (21.1)	338.6 (45.3)	336.3 (16.9)	1,432.3 (77.9)	390.2 (16.3)	1,226.7 (69.3)
Other EEC ...	180.1 (19.7)	34.5 (4.6)	409.1 (20.6)	169.1 (9.3)	512.8 (21.4)	271.0 (15.3)
Canada ...	2.9 (0.3)	185.8 (24.8)	6.8 (. .)	70.5 (3.8)	5.9 (0.2)	67.0 (3.8)
United States ...	25.4 (2.8)	65.0 (8.7)	99.5 (5.0)	101.1 (5.6)	72.3 (3.0)	103.5 (5.9)
South Africa ...	78.5 (8.6)	17.4 (2.3)	192.9 (9.7)	23.7 (1.3)	237.9 (9.9)	39.8 (2.3)
Iran ...	50.6 (5.5)	15.7 (2.1)	177.3 (8.9)	— (—)	153.7 (6.4)	0.2 (..)
Japan ...	59.8 (6.5)	1.2 (0.2)	156.9 (7.9)	4.4 (0.2)	194.5 (8.1)	0.6 (..)
Australia ...	49.1 (5.4)	0.5 (0.1)	120.6 (6.0)	2.1 (0.1)	116.3 (4.9)	5.6 (0.3)
China ...	29.8 (3.3)	— (—)	57.7 (2.9)	— (—)	68.2 (2.8)	— (—)
Thailand ...	1.2 (0.1)	— (—)	49.4 (2.5)	— (—)	65.2 (2.7)	— (—)
Hong Kong ...	23.3 (2.5)	2.4 (0.3)	55.7 (2.9)	9.6 (0.5)	83.5 (3.5)	10.6 (0.6)
Burma ...	18.5 (2.0)	— (—)	58.0 (2.9)	— (—)	46.7 (2.0)	— (—)
India ...	30.5 (3.3)	0.6 (0.1)	57.7 (2.9)	0.4 (..)	91.3 (3.8)	0.4 (..)
Singapore ...	15.1 (1.6)	0.1 (..)	26.1 (1.3)	1.2 (..)	35.6 (1.5)	0.9 (..)
Other Countries ...	157.6 (17.3)	87.5 (11.5)	191.3 (9.6)	24.5 (1.3)	323.8 (13.5)	43.4 (2.5)
Total ...	915.8	749.3	1,995.3	1,838.9	2,397.9	1,769.7

Figures in brackets denote percentages to the total.

Source : Customs and Excise Department, Government of Mauritius.



## Trends in Services

Although the net services account in the summary balance of payments (Table VIII.1) appears to have a relatively small impact on the over-all balance of payments, the gross payments and receipts as well as the net position of the individual sectors in the services account are of considerable importance in the out-turn of the balance of payments. Table VIII.10 below shows the trends in the services account during 1974-77.

Table VIII.10. Trends in the Services Account 1974-1977

(Rs million)

	1974	1975	1976	1977
Freight and Insurance ...	— 191	— 272	— 322	— 420
Other Transportation ...	+ 72	+ 74	+ 51	+ 85
Travel ...	+ 61	+ 57	+ 87	+ 120
Investment Income ...	+ 6	+ 15	+ 39	+ 20
Other Services ...	+ 8	+ 14	+ 147	+ 45
Balance ...	— 44	— 112	+ 2	— 150

The net debit of freight and insurance on merchandise increased from Rs 322 million in 1976 to an estimated Rs 420 million in 1977. This increase, during a period of a general slackening of the rate of increase in freight rates reflects the problems specific to Mauritius which resulted in the imposition of surcharges on shipments to Mauritius; in addition there was an increased volume of imports in 1977. The net credit on other transportation account amounted to Rs 85 million in 1977. The decline in the net credit on this account to Rs 51 million in 1976 is the result of the diversion of ships from Mauritius to neighbouring ports and thereby the loss of earnings from bunkering.

The number of tourists visiting Mauritius increased significantly in 1976 to 92,561 arrivals as compared with 74,597 arrivals in 1975. The total number of tourist nights spent in Mauritius increased by a slower rate from 746,898 in 1975 to 892,222 in 1976, as the average length of stay declined from 10.0 nights to 9.6 nights. The country-wise distribution of tourist arrivals in 1976 shows the same pattern as in previous years with a slight increase in the proportion of tourists coming from Europe, especially France. In 1967, the bulk of the tourist arrivals was from the nearby island of Reunion (30,032), South Africa (17,823) and France (13,885). Earnings from tourism, however, increased from Rs 135 million in 1975 to Rs 185 million in 1976, mainly as a result of an increase in the average expenditure by tourists. Earnings from tourism in 1977 are estimated to increase to Rs 200 million. Net earnings from travel increased from Rs 87 million in 1976 to Rs 120 million in 1977 with higher receipts from tourists. Although more recent data on details of tourists are not available, the indications are that the tourist traffic has been expanding in Mauritius and a steady improvement can be expected in the future in net receipts from travel.

The net credit on account of investment income declined from Rs 39 million in 1976 to an estimated Rs 20 million in 1977 largely because of the lower earnings of the Bank of Mauritius as a result of a lower level of external assets.

Other miscellaneous invisible receipts declined from Rs 147 million in 1976 to Rs 54 million in 1977. The major credit item under this head in 1976 was the receipt of a settlement of Rs 122 million by the Sugar Insurance Fund Board.

## Capital Movements

The short-term capital movements relating to the settlement of payments for sugar exports have loomed large in the capital account in recent years. In 1975 there was a credit item of Rs 180 million for pre-payments for shipments effected in 1976, while in 1976 there was a debit item of Rs 370 million made up of a debit item of Rs 180 million (a reversal of the 1975 credit item) and a debit item of Rs 190 million for shipments made in 1976 for which the proceeds were realised only in 1977. In 1977, the net capital movements arising from delays in the settlement of payments for sugar exports are expected to be small with a net credit item of only Rs 20 million.

The net long-term capital movements show a steady increase: these net inflows were of the order of Rs 17 million in 1974, Rs 60 million in 1975, Rs 72 million in 1976 and an estimated Rs 155 million in 1977. The steady increase in long-term capital reflects the substantial increase in recent years of official capital inflow.

## Exchange Rate Movements

The Mauritius rupee is pegged since the 5th January, 1976, to the SDR at the rate of SDR1 = Rs 7.713759\*. The peg to the SDR enables the Mauritius rupee to take a middle position between the weighted average of the appreciating and depreciating currencies in the SDR basket. Table VIII.11 below shows the percentage appreciation or depreciation of the rupee *vis-à-vis* major currencies between the 5th January, 1976 (that is the date of the introduction of the SDR-rupee peg) and the 30th June, 1977.

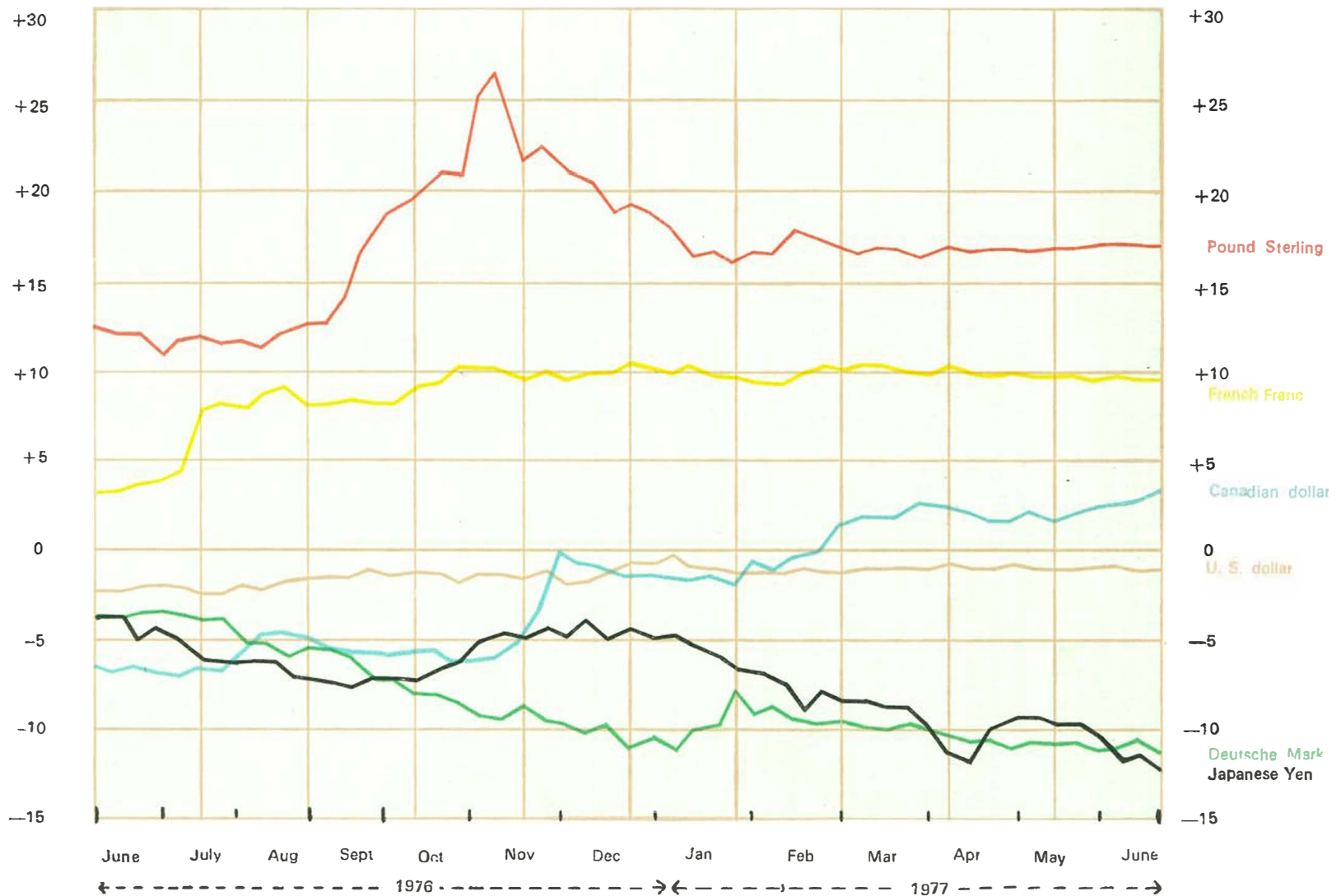
Table VIII.11. Exchange Rate Movements of the Rupee vis-à-vis Major Currencies

Currencies	Percentage appreciation (+) or depreciation (—) of the rupee between 5th January, 1976 and 30th June, 1977.
Pound Sterling	+ 16.9
French Franc ...	+ 9.3
Canadian Dollar ...	+ 3.9
U. S. Dollar ...	— 0.5
Swiss Franc ...	— 6.3
Netherland Guilder ...	— 8.0
Belgian Franc ...	— 9.3
Deutsche Mark ...	— 11.2
Japanese Yen ...	— 12.4

As shown in the above table the rupee has appreciated against sterling, the French franc and the Canadian dollar while it has remained almost squarish with the U.S. dollar. However, the rupee has depreciated against the stronger currencies such as the Swiss franc, the Japanese yen, the Deutsche mark, the Belgian franc and the Netherland guilder. In a world of volatile exchange rates the rupee has moderated its own fluctuations and this has been possible by its pegging to the SDR.

\* The details of the shift of the exchange rate from a sterling peg to an SDR peg have been discussed in Chapter VIII of the Annual Report for the year ended June, 1976.

# EXCHANGE RATE MOVEMENTS OF THE RUPEE VIS-A-VIS MAJOR CURRENCIES (Percentage changes from 5th January 1976 Base)



## IX. EXTERNAL DEBT

The external debt of Mauritius has traditionally been very low and little attention has been focussed on this subject. However, the increased pace of development and the large balance of payments deficits in 1976 and 1977 and the prospect of continuing deficits bring the question of the external debt to the fore. The external debt can for convenience be discussed under three heads --- the public debt, the debt of para-statal bodies, and the private debt.

### External Public Debt

The external public debt relates to the part of the external debt which is channelled through the Government sector and thus forms part of the Government budget. The loans in the colonial period emanated from the United Kingdom and thus the bulk of the external public debt was expressed in pound sterling. With the advent of Independence, the affiliation of Mauritius to various international organisations, and the building up of links with other countries, loan resources were also obtained in currencies other than sterling. Most of the loans contracted are of fairly long duration and on concessional terms. Table IX.1 indicates the growth of the external public debt of Mauritius.

Table IX.1 shows that the external public debt has been growing steadily over the years with increased inflows after 1973 from sources other than the United Kingdom. With the repayment of the old loans the amount of loans outstanding from the United Kingdom has been declining in relation to total debt. The total external public debt as at June 1977 stood at Rs 323.0 million. The currency composition of the external public debt in June, 1977, was about 45 per cent each in sterling and US dollars and the balance in French Francs, African units of account and other currencies.

Table IX.1. External Public Debt

(Rs million)

As at the end of	Outstanding Amount on Loans from				
	United Kingdom	IBRD	IDA	Other Sources	All Sources
1971 : June ...	134.2	30.6	—	—	164.8
December ...	137.4	29.8	0.2	—	167.4
1972 : June ...	137.7	29.0	1.1	—	167.8
December ...	141.4	28.0	4.3	—	173.7
1973 : June ...	143.9	27.0	7.3	—	178.2
December ...	147.8	26.0	8.9	—	182.7
1974 : June ...	160.6	25.0	16.6	4.8	207.0
December ...	161.8	24.0	23.6	4.8	214.2
1975 : June ...	170.8	23.1	33.5	19.7	247.1
December ...	159.6	21.8	39.9	19.7	241.0
1976 : June ...	142.9	25.1	62.8	32.1	262.9
December ...	141.4	23.4	65.3	32.4	262.5
1977 : June ...	143.6	40.7	81.7	57.0	323.0

Source : Central Statistical Office, Government of Mauritius.

The share of the external debt in the total public debt declined during 1971-1977 as the Government resorted to local borrowing to finance the development programme. The increased dependence of the public sector on domestic resources rather than on external resources is brought out in Table IX.2 below :-

Table IX.2. **Public Debt: Internal and External**

(Rs million)

<i>End of June</i>	<i>Outstanding Internal Debt (1)</i>	<i>Outstanding External Debt (2)</i>	<i>Total Public Debt (3) = (1) + (2) (3)</i>	<i>Ratio of (2) to (3) (Per cent)</i>
1972	303.2	167.8	471.0	35.6
1973	408.1	178.2	586.3	30.4
1974	483.1	207.0	690.1	30.0
1975	773.7	247.1	1,020.8	24.2
1976	963.7	262.9	1,226.6	21.4
1977	1,083.7	323.0	1,406.7	23.0

Source : Central Statistical Office, Government of Mauritius.

By June, 1977, the outstanding external public debt was 23.0 per cent of the total public debt as compared with 35.6 per cent in June, 1972.

The following Table (Table IX.3.) shows details of inflows from the external loans to the public sector during the year 1976 and in the first half of 1977 and of actual outflows in 1976 and estimated outflows during the whole of 1977. These figures bring out the increasing size of both inflows and outflows in 1977 relative to 1976.

Table IX.3. **Estimated Inflows and Outflows on Account  
of Foreign Loans to the Government**

(Rs million)

<i>Loans</i>	1976				1977			
	<i>Inflows</i>	<i>Outflows</i>			<i>Inflows (up to June 1977)</i>	<i>Outflows</i>		
		<i>Capital Repayment</i>	<i>Interest Payment</i>	<i>Total</i>		<i>Capital Repayment</i>	<i>Interest Payment</i>	<i>Total</i>
United Kingdom	13.3	7.8	4.2	12.0	7.4	23.5	3.2	26.7
IBRD ...	—	2.7	2.1	4.8	18.8	2.8	2.1	4.9
IDA ...	19.8	—	—	—	11.4	—	—	—
France (CCCE)	10.4	—	—	—	17.6	—	—	—
Other Sources ...	1.6	—	—	—	1.9	—	—	—
All Sources ...	45.1	10.5	6.3	16.8	57.1	26.3	5.3	31.6

Source : Ministry of Finance, Government of Mauritius.

Inflows in the first 6 months of 1977 amounted to Rs 57.1 million. This points to a larger figure of inflows for the year 1977 as a whole as against inflows of Rs 45.1 million in 1976. Outflows (capital repayment and interest) in 1977 are estimated at Rs 31.6 million as compared with Rs 16.8 million in 1976. The increased debt servicing in 1977 is attributable to the redemption of stocks, raised in the United Kingdom, amounting to Rs 18 million.

The total estimated outflows of Rs 31.6 million for 1977 due to the external public debt hardly amounts to 2.0 per cent of the estimated total budget revenue in 1977-78 and about 1.5 per cent of total exports in 1977.

On the basis of 48 external loans which were effective in 1977 and an additional 8 loans which were signed prior to the 30th June, 1977, but not yet utilized, the total amount for which these loans were initially signed was of the order of Rs 923.6 million. Of the 48 loans which were effective, 9 loans have a duration of over 20 years to maturity as from 30th June, 1977, while 21 of these mature within the next 10 years. Of the total loan amount initially available of Rs 923.6 million an aggregate of Rs 362.4 million was fully utilized by June, 1977, leaving a balance of Rs 561.2 million. The remaining utilizable balance consisted, among others, of available resources of Rs 37.7 million from the United Kingdom, Rs 153.3 million from the World Bank, Rs 80.1 million from France, and Rs 153.3 million from the People's Republic of China. However, the actual utilisation in the years 1977 and 1978 may be limited and moreover some loans may remain unutilised for various operational reasons. The figures on utilization and utilizable resources of the Government are shown in Table IX.4.

An important aspect of the external public debt is the medium-term debt incurred in the second half of 1977, namely borrowings from the IMF and the Euro-currency markets, the repayments of which will start by 1980. It is this aspect of the external debt which will require continuing attention in the coming years

**Table IX.4. Utilization of External Loans by the Government**  
(Position as at 30th June, 1977)

(Rs million)

					<i>Amount Contracted</i>	<i>Amount Utilized</i>	<i>Balance Unutilized</i>
1.	United Kingdom*	...	...	...	203.0	165.3	37.7
2.	IBRD	...	...	...	159.6	64.9	94.7
3.	IDA	...	...	...	137.0	78.4	58.6
4.	France	...	...	...	112.0	31.9	80.1
5.	ADB	...	...	...	93.4	3.2	90.2
6.	Government of India	...	...	...	38.1	—	38.1
7.	Government of China	...	...	...	154.1	0.8	153.3
8.	Other Sources	...	...	...	26.4	17.9	8.5
Total					923.6	362.4	561.2

\* Includes all loans on which there is an outflow or inflow in 1977.

Source : Ministry of Finance, Government of Mauritius.



## **External Debt of Para-Statal Bodies**

Apart from the external public debt which goes through the Government budget there are external borrowings of para-statal bodies. The main borrower of any significance is the Development Bank of Mauritius which in turn lends to units in the private sector. The outstanding external loans utilised by the Development Bank of Mauritius amounted to Rs 33.8 million in June, 1976, and Rs 52.4 million in June, 1977. The unutilised loans available to the Development Bank of Mauritius amounted to Rs 98.8 million in June, 1977.

## **External Private Debt.**

The external private debt stood at Rs 71.5 million in June, 1977, as compared with Rs 87.1 million in June, 1976, thus showing a decline of nearly 22 per cent. This decline was mainly attributable to capital repayments of about Rs 25.1 million during the financial year 1976-77. Capital inflows, however, amounted to only Rs 9.5 million. The indications are that there will be some increase in external private debt in 1977-78 as industrial units are expected to seek medium-term loans abroad. However, the total amount of these loans is not expected to attain significant proportions.

## **X. INTERNATIONAL ECONOMIC DEVELOPMENTS**

This chapter reviews the main trends in the world economy and presents a summary of the major developments in the international monetary system and in the field of trade and development.

### **Trends in the World Economy**

After gathering momentum in the first half of 1976, the pace of economic activity in the industrial countries slowed down unexpectedly in the second half of the year. Gross national product, in real terms, in the 24 member countries of the Organisation of Economic Co-operation and Development (OECD) rose by slightly less than 4 per cent during the year ended June, 1977. This compares with an annual real GNP growth rate of 7-8 per cent in the years preceding the 1974-75 recession. High unemployment and persistent inflation constitute the major problems of these countries. The increase in consumer prices in OECD countries averaged 8.0 per cent during each of the two years 1976 and 1977. The beginning of 1977 witnessed a resurgence of price increases in the wake of a 10 per cent increase in oil prices and a brief surge in food and raw materials prices.

The slow-down in the pace of economic activity has been attributed mainly to the failure of private investment to recover. The upward phase in previous business cycles has normally been led by an expansion in consumer and government spending, while private fixed investment has normally responded with a lag. The current economic recovery has so far been sustained by consumer demand and inventory accumulation. Contrary to general expectations, private fixed capital formation has remained depressed; this is ascribed to poor business confidence resulting from eroded profit margins and the persistence of inflationary expectations. By past historical standards, the present upswing began with an exceptionally high level of inflation. Furthermore, fears of rekindling inflation have led to the adoption of prudent policies of demand management with resulting dampening effects on expansion.

The balance of payments current account deficit of the OECD countries rose from about \$ 26 billion in 1976 to \$ 32 billion in 1977. However, there were wide divergences in the performance of individual countries. Between 1976 and 1977 the deficit of the United States rose from \$ 1.4 billion to \$ 17.5 billion and the deterioration of the position was largely offset by large surpluses of Japan and the United Kingdom.



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Fluctuations in exchange rates have been generally consistent with the disparities in economic performance among individual countries, and the changes in exchange rates explain fairly well the differences in inflation rates. The process of adjustment of payments imbalance has not been altogether unsatisfactory. Several deficit countries, namely the United Kingdom, Italy and France have moved towards greater external balance and exchange rate stability by adopting extensive restrictive measures including wage and price policies to affect domestic demand. The major surplus countries, Japan and Germany, have taken steps to reflate their economies through tax cuts and increased public spending thus enabling some transmission of growth to their main trading partners.

In the field of exchange rates, the vigorous trade surpluses of Japan and Germany put their currencies under a continuous pressure for revaluation. Parity adjustments were made within the 'snake' currencies to align exchange rates with the economic trends in the respective countries, and in October, 1976, the Deutsche mark was revalued. The Japanese yen showed an upward trend in 1977. The slow depreciation of the US dollar till the end of 1976 was mainly in response to the prevailing interest rate differentials between the US and other countries. The US dollar rose slightly in early 1977 as the US gave signs of a stronger economic recovery but weakened after a monthly succession of large trade deficits. The pound sterling depreciated sharply in October, 1976, following a run on sterling balances by foreign holders ; it sank to an all-time low against the US dollar to slightly below the rate of £ 1 = US \$ 1.60, but subsequently recovered with a boost from a \$ 3.9 billion loan from the IMF and a \$ 3 billion safety net for sterling balances provided by the major central banks. The pound stabilised around a rate of £ 1 = US \$ 1.70 during the first half of 1977.

Developing countries contended with differing economic conditions. The developing countries of East and South-East Asia achieved impressive growth rates in real GDP in 1976, ranging from 6 to 16 per cent in individual cases. These growth rates were reached by an exceptional rise in agricultural production and booming exports of manufactured and semi-manufactured goods. A large number of Latin American countries benefited from the very favourable prices of coffee exports which boosted growth in real GDP to 5 per cent in 1976 ; inflation rates, however, remained at excessively high levels in these countries. Most developing countries in Africa had low growth in 1976 in spite of industrial recovery in the developed economies and higher prices for their raw materials ; these countries faced food shortages and high import prices and consequently large balance of payments deficits aggravated by a substantial debt-servicing burden.

World commodity prices, in US dollars, rose by 18.7 per cent during the year ended June, 1977. Food prices alone rose by 29.5 per cent while industrial commodity prices dropped by 5.4 per cent during this period. The positive trends in agricultural commodity prices enabled primary-producing countries to show a 3 per cent growth in 1976, 'lightly higher than in 1975.

The current account deficit of non-oil developing countries declined from \$ 40 billion in 1975 to \$ 26 billion in 1976 and this deficit is estimated at \$ 23 billion for 1977. The current account surplus of oil-exporting countries rose substantially from about \$ 31 billion in 1975 to \$ 42 billion in 1976 and an estimated \$ 40 billion in 1977. These changes in the global structure of current account balances indicate a shift in the world-wide pattern of external financing and industrial countries are no longer the principal suppliers of financial resources to non-oil developing countries. The banking systems of developed countries have, however, conducted the recycling of surplus oil funds to the deficit developing countries. Net lending by commercial banks in industrial countries to the non-oil developing countries amounted to \$ 32 billion in December, 1976. The debt burden for certain countries has been unduly excessive. The total external public debt of non-oil developing countries which was only \$ 93 billion at the end of 1973 rose to \$ 171 billion by the end of 1976.

The availability of private international bank credit has enabled many deficit developing countries to implement the required corrective policies without abruptly disrupting growth. A prolonged and excessive reliance on external financing would, however, increase the costs of the eventual adjustment.

### **International Monetary Developments**

At their fifteenth meeting in Washington in September, 1977, the Ministers of the Group of 24 (representing the developing countries) expressed their concern that the inadequate availability of external finance was compelling developing countries to adopt adjustment measures that were likely to affect their growth prospects, particularly in the context of an intensification of restrictive trade policies by developed countries. The Group of 24 called for an adequate increase in IMF quotas under the Seventh Review of Quotas, for the early operation of the IMF Supplementary Financing Facility and for a new allocation of SDRs. The importance of increasing net capital flows to the developing countries and in particular the need to secure longer terms and better conditions for such financing were also stressed in view of the present unsatisfactory rates of growth in developing countries. Developed countries have shown little progress towards achieving the UN target for official development assistance of 0.7 per cent of GNP and the real flow of official development assistance to developing countries may have actually declined marginally during 1976.

The Interim Committee of the Board of Governors of the International Monetary Fund also met in Washington in September, 1977, to discuss the world economic outlook and international monetary problems. The Committee urged countries in relatively strong external positions to ensure an adequate growth of domestic demand in order to promote world trade and thereby facilitate external adjustment by deficit countries. The Committee agreed that the provision of official financing to deficit countries was an important requirement of the international adjustment process. The conditionality of such financing should take into account the specific problems of individual borrowing countries. An additional official source of finance for developing countries in balance of payments difficulties will be made available in the coming year by the creation of an IMF Supplementary Financing Facility with resources of SDR 8.6 billion provided by industrial and oil-exporting countries. The Committee urged all potential participants in the provision of resources to the Supplementary Financing Facility to take the necessary action to bring the facility in operation at an early date. The Committee also pressed for a review of the characteristics and uses of the SDR so as to promote the purposes of the Fund, including the objective of making the SDR the principal reserve asset in the international monetary system. The Committee expressed concern at the delay in the effective completion of the procedures concerning the Proposed Second Amendment of the Fund's Articles of Agreement and the increases in quotas under the Sixth General Review of Quotas.

The IMF has continued its gold auctions and, by the end of 1977, 9.9 million ounces were sold with total profit realisations at \$964 million. A part of the profits (about 30 per cent) of the gold sales will be distributed to eligible developing countries and the remainder of the profits (about 70 per cent) will be available to the Trust Fund for concessional loans to eligible developing countries for a period of 10 years at  $\frac{1}{2}$  per cent. By September, 1977, the Trust Fund had disbursed \$152.9 million as Trust Fund loans. The IMF has also carried out two phases of the restitution programme under which 11.9 million ounces of gold have been sold back to members at a price of SDR 35 per fine ounce.

The IMF has agreed to the introduction of the Supplementary Financing Facility. Under this temporary facility, the Fund will extend assistance to members facing payments imbalances that are large in relation to both their economies and their quotas in the Fund.

The facility is expected to become operative in 1978 after agreements are concluded for obtaining resources not less than SDR 7.75 billion. Resources under the facility will be blended with the use of IMF resources under the upper credit tranches or the extended fund facility. The resources under the facility will be available for a duration of seven years so as to enable members to make the necessary adjustments over a somewhat longer period than the normal five years permitted in use of Fund resources. The interest charged under the Supplementary Financing Facility would be 0.2 — 0.325 per cent above the cost to the IMF which is expected to be about 7 per cent.

The proposed second amendment to the Articles of Agreement and the quota increases under the sixth general review are expected to come into effect in the first half of 1978. As at the end of 1977, 64 countries representing about 65 per cent of the voting power had accepted the second amendment. The amendment will go into effect when 80 members with 80 per cent of the total voting power notify the IMF of their acceptance.

### **Trade and Development**

The final ministerial meeting of the Conference on International Economic Co-operation (CIEC), commonly known as the North-South Conference, was held in Paris from 30th May to 2nd June, 1977, between representatives of 8 developed and 19 developing countries. The main areas under discussion were commodities, energy, debt and aid. The views of developing countries on these issues evolved from the proposals of the Group of 77 for a new International Economic Order at Unctad IV in Nairobi. The tangible results of the Conference were limited and fell short of the expectations of developing countries and among the more positive results was the commitment by the developed countries to the principle of a common fund to finance commodity buffer stocks. A formal agreement on the proposed objectives and working of the common fund is subject to negotiation. The developed countries also agreed to a \$ 1 billion special aid programme for low-income countries. No decision was reached on a general debt moratorium or a rescheduling of the debt burden of developing countries.

Parallel with the North-South dialogue, discussions have been held on the common fund and on individual commodity agreements under the auspices of Unctad in Geneva. The Group of 77 has pressed the view that the common fund should not only finance other measures which include diversification, productivity improvement, market promotion research and development and improvements in the marketing and distribution of commodities. An estimate of the financial requirements of the common fund has been placed at \$ 6 billion. The stabilisation of commodity prices will be beneficial both to producers and consumers and the centralised financing of buffer stocks will be more economical than individual commodity financing by the spreading of financial risks over a wide range of commodity investments.

### **The New International Economic Order**

The Commonwealth Heads of Government who met in London in June, 1977, reviewed *inter alia* the present stage of international economic co-operation. The Commonwealth Heads of Government endorsed the Final Report of the Commonwealth Experts' Group (headed by Mr. Alister McIntyre) as a constructive contribution towards developing a specific action



programme. The Heads of Government noted the recommendation in the McIntyre Report that the IMF compensatory financing facility should be enlarged and liberalised and the Heads of Government asserted that the international monetary system should respond more rapidly and flexibly to fundamental changes in the conditions of international trade and payments. While endorsing the aim of making the SDR the principal reserve asset of the monetary system the Heads of Government recommended that consideration should be given to a general increase of at least 50 per cent in quotas at the Seventh Quota Review of the IMF; the IMF it was felt, should take full account of the political, social and economic problems while imposing conditionality on the use of IMF resources. The developed Commonwealth countries committed themselves to increase their overseas development assistance with a view to reaching the target of 0.7 per cent of GNP and to improve the quality of their assistance.

### **The International Sugar Agreement**

The main elements of the International Sugar Agreement, negotiated at the United Nations Sugar Conference, would be the joint operation of export quotas and buffer stock arrangements involving stocks nationally held but internationally controlled. The Agreement would have a duration of five years and aim at stabilising prices between 11 and 21 US cents per pound by regulating the flow of exports of the free market through export quotas and buffer stock operations. The distribution among countries of both export quotas and stock-piling obligations would be related to the basic export tonnages allocated to the members of the Agreement. The total basic export tonnage would be 17.445 million tons, with an allocation for Mauritius of 175,000 tons. The exports of sugar from the ACP countries to the EEC under the Lomé Convention would not be regulated by this Agreement.

The International Monetary Fund's buffer stock financing facility may be used by members in connexion with their financing of special stocks of sugar to be established under the Agreement. Drawings from the IMF for the purpose of buffer stock financing would be made for the value of the special stocks up to a maximum of 50 per cent of a member's quota in the IMF. The drawings would be for a 3 — 5 year period or earlier if the stocks are released from the control of the International Sugar Organisation.

### **Outlook for 1977-78**

The OECD envisages a real growth rate in GNP of its member countries of 4 per cent over the twelve months till June, 1978. The response of business investment will be a crucial factor in determining the speed and extent of economic expansion. Any significant reduction in inflation or unemployment is considered unlikely. The process of international payments adjustment may be eased if the two strongest economies, namely Japan and Germany, ensure a sufficient expansion of their import demand. The outlook for non-oil developing countries, particularly those heavily dependent on exports of primary commodities, is likely to worsen in case commodity prices maintain their recent downward course.

Lastly, the protectionist measures adopted by some developed economies against the manufactured exports of developing countries, as was recently the case for textile exports to the EEC, could have adverse consequences for export diversification and industrial growth of small developing countries such as Mauritius.

The facility is expected to become operative in 1978 after agreements are concluded for obtaining resources not less than SDR 7.75 billion. Resources under the facility will be blended with the use of IMF resources under the upper credit tranches or the extended fund facility. The resources under the facility will be available for a duration of seven years so as to enable members to make the necessary adjustments over a somewhat longer period than the normal five years permitted in use of Fund resources. The interest charged under the Supplementary Financing Facility would be 0.2 — 0.325 per cent above the cost to the IMF which is expected to be about 7 per cent.

The proposed second amendment to the Articles of Agreement and the quota increases under the sixth general review are expected to come into effect in the first half of 1978. As at the end of 1977, 64 countries representing about 65 per cent of the voting power had accepted the second amendment. The amendment will go into effect when 80 members with 80 per cent of the total voting power notify the IMF of their acceptance.

### **Trade and Development**

The final ministerial meeting of the Conference on International Economic Co-operation (CIEC), commonly known as the North-South Conference, was held in Paris from 30th May to 2nd June, 1977, between representatives of 8 developed and 19 developing countries. The main areas under discussion were commodities, energy, debt and aid. The views of developing countries on these issues evolved from the proposals of the Group of 77 for a new International Economic Order at Unctad IV in Nairobi. The tangible results of the Conference were limited and fell short of the expectations of developing countries and among the more positive results was the commitment by the developed countries to the principle of a common fund to finance commodity buffer stocks. A formal agreement on the proposed objectives and working of the common fund is subject to negotiation. The developed countries also agreed to a \$ 1 billion special aid programme for low-income countries. No decision was reached on a general debt moratorium or a rescheduling of the debt burden of developing countries.

Parallel with the North-South dialogue, discussions have been held on the common fund and on individual commodity agreements under the auspices of Unctad in Geneva. The Group of 77 has pressed the view that the common fund should not only finance other measures which include diversification, productivity improvement, market promotion research and development and improvements in the marketing and distribution of commodities. An estimate of the financial requirements of the common fund has been placed at \$ 6 billion. The stabilisation of commodity prices will be beneficial both to producers and consumers and the centralised financing of buffer stocks will be more economical than individual commodity financing by the spreading of financial risks over a wide range of commodity investments.

### **The New International Economic Order**

The Commonwealth Heads of Government who met in London in June, 1977, reviewed *inter alia* the present stage of international economic co-operation. The Commonwealth Heads of Government endorsed the Final Report of the Commonwealth Experts' Group (headed by Mr. Alister Mc Intyre) as a constructive contribution towards developing a specific action



programme. The Heads of Government noted the recommendation in the McIntyre Report that the IMF compensatory financing facility should be enlarged and liberalised and the Heads of Government asserted that the international monetary system should respond more rapidly and flexibly to fundamental changes in the conditions of international trade and payments. While endorsing the aim of making the SDR the principal reserve asset of the monetary system the Heads of Government recommended that consideration should be given to a general increase of at least 50 per cent in quotas at the Seventh Quota Review of the IMF; the IMF it was felt, should take full account of the political, social and economic problems while imposing conditionality on the use of IMF resources. The developed Commonwealth countries committed themselves to increase their overseas development assistance with a view to reaching the target of 0.7 per cent of GNP and to improve the quality of their assistance.

### **The International Sugar Agreement**

The main elements of the International Sugar Agreement, negotiated at the United Nations Sugar Conference, would be the joint operation of export quotas and buffer stock arrangements involving stocks nationally held but internationally controlled. The Agreement would have a duration of five years and aim at stabilising prices between 11 and 21 US cents per pound by regulating the flow of exports of the free market through export quotas and buffer stock operations. The distribution among countries of both export quotas and stock-piling obligations would be related to the basic export tonnages allocated to the members of the Agreement. The total basic export tonnage would be 17.445 million tons, with an allocation for Mauritius of 175,000 tons. The exports of sugar from the ACP countries to the EEC under the Lomé Convention would not be regulated by this Agreement.

The International Monetary Fund's buffer stock financing facility may be used by members in connexion with their financing of special stocks of sugar to be established under the Agreement. Drawings from the IMF for the purpose of buffer stock financing would be made for the value of the special stocks up to a maximum of 50 per cent of a member's quota in the IMF. The drawings would be for a 3 — 5 year period or earlier if the stocks are released from the control of the International Sugar Organisation.

### **Outlook for 1977-78**

The OECD envisages a real growth rate in GNP of its member countries of 4 per cent over the twelve months till June, 1978. The response of business investment will be a crucial factor in determining the speed and extent of economic expansion. Any significant reduction in inflation or unemployment is considered unlikely. The process of international payments adjustment may be eased if the two strongest economies, namely Japan and Germany, ensure a sufficient expansion of their import demand. The outlook for non-oil developing countries, particularly those heavily dependent on exports of primary commodities, is likely to worsen in case commodity prices maintain their recent downward course.

Lastly, the protectionist measures adopted by some developed economies against the manufactured exports of developing countries, as was recently the case for textile exports to the EEC, could have adverse consequences for export diversification and industrial growth of small developing countries such as Mauritius.

## XI. A PERSPECTIVE OF THE ECONOMY

The developments during the year in various sectors of the economy have been detailed in the preceding chapters. This chapter attempts to discuss briefly the outlook for the economy.

Between December, 1976, and December, 1977, the foreign exchange reserves declined from Rs. 630 million to Rs. 380 million. This loss of reserves was largely due to an increase in total domestic credit during the same period of 37 per cent. The loss of reserves provided a contractionary effect on the money supply which increased by only 11 per cent and accordingly prices rose by only 10 per cent.

The continuing decline in foreign exchange reserves necessitated a borrowing in January, 1978, of US\$ 37 million (Rs. 235.7 million) from the Euro-currency market and a loan from the IMF Trust Fund of SDR 3.8 million (Rs. 29.4 million). In addition a stand-by arrangement has been concluded with the IMF under the first credit tranche amounting to SDR 7.97 million (Rs. 61.5 million). The purpose of the stand-by is to enable the country to supplement the foreign exchange reserves as they reach their seasonal low point in 1978.

In so far as the sugar sector is concerned, only a very moderate increase in international prices is expected, though the coming into force of the International Sugar Agreement is a major development which should help to alleviate instability in international sugar prices. Since prospects for the 1978 sugar crop are good and there may be a slight increase in sugar prices, earnings from sugar in 1978 are expected to show some improvement.

Production in the industrial sector is expected to continue to expand. The increase in EPZ exports to an estimated Rs. 425 million in 1977, despite various problems relating to shipping and the infra-structure, augurs well for the performance of this sector in 1978.

The foreign borrowings will enable the economy to tide over the immediate problems but more enduring readjustments are necessary. If domestic credit expansion continues at an inordinately high rate in 1978, the country's ability to finance even essential imports would be seriously impaired. The weakness of the balance of payments position, the low level of foreign exchange reserves, the continuing upward trend of imports and the attendant economic problems call for urgent and serious attention. Control of domestic credit expansion should be a crucial policy objective and it will be necessary to operate a whole mix of monetary and fiscal policies as well as wages and prices policies. The easing of the pressure on the foreign exchange reserves and the restoration of equilibrium in the balance of payments will be contingent on a curbing of excessive monetary expansion; in this context the use of central bank credit by both the private sector and the Government should be kept to a minimum.

# **BANK OF MAURITIUS**

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## **PRESS COMMUNIQUE**

### **RESTRAINED CREDIT EXPANSION**

The curbing of inflation and the maintenance of equilibrium in the balance of payments continue to be the main objectives of the monetary policy of the Bank of Mauritius. To attain these objectives without adversely affecting the real growth of the economy and the generation of employment opportunities, the Bank of Mauritius has been following, for the past four years, a policy aimed at restraining undue expansion in bank credit. Under this policy, the commercial banks are permitted to extend bank credit up to a ceiling determined in each case. This ceiling, however, does not apply to credit granted to priority sectors (such as to companies operating in the Export Processing Zone and/or holding a Development Certificate) and to loans for educational purposes and cyclone reconstruction.

2. In 1976, credit to the private sector increased by an average of about 28 per cent as compared with about 18 per cent in 1975. This undue expansion in the rate of credit was attributable to the increase in the liquidity generated by the boom in sugar prices. The higher sugar prices, coupled with increased import prices, led to a spate of demands for higher salaries and wages, and the resultant increases in incomes created a strong pressure on import demand which in turn seriously affected our foreign exchange reserves.

3. The position of foreign exchange reserves is likely to deteriorate in 1977 by the lower proceeds anticipated from the sale of our sugar — a deterioration compounded by delays in shipments and the consequential lags in sugar receipts. Besides, internal aggregate demand has kept on increasing and has led directly to a continuous rise in import demand. The Authorities have accordingly reappraised the situation in the light of all the available indicators and have concluded that demand should be kept within more manageable proportions and a greater restraint placed on the expansion of credit. To attain these objectives the Bank of Mauritius has decided on the following measures :-

- (a) Credit in 1977 will be allowed to expand as in the past years by an average of 15 per cent over the level permitted in the previous year. Credit to the priority sectors mentioned above will continue to be exempted from the credit ceilings.
- (b) Credit to the trade sector as a whole will be limited in 1977 to the average level extended to this sector in 1976.
- (c) The Bank of Mauritius has raised the Bank Rate (i.e. the rate of interest it charges on borrowings by the commercial banks) from 6 per cent to 7 per cent. It has also raised the rediscount rate (i.e. the rate at which the

Bank rediscounts commercial banks' export bills other than for sugar) from  $6\frac{3}{4}$  per cent to 7 per cent.

- (d) The deposit rates of the commercial banks have been raised, the increases ranging from  $\frac{1}{4}$  per cent to  $\frac{3}{4}$  per cent. Their lending rates have also been raised, the increases here ranging from  $\frac{1}{2}$  per cent to 1 per cent.

4. The measures outlined above are expected to moderate the monetary expansion and aggregate demand in the economy, to ease the pressure on the foreign exchange reserves and also to assist in the fight against inflation. More specifically, the measure on credit to traders is meant to slow down the pace of imports. The higher deposit rates would enable improved mobilisation of deposits by banks, while the raising of the lending rates would discourage the demand for bank credit. The selectivity in the measures will ensure that the credit requirements of the priority sectors are met. For the conservation of foreign exchange reserves it is of the utmost importance that the rate of increase in imports should be slowed down and that monetary expansion does not accentuate an already difficult economic situation.

Bank of Mauritius.

*2nd March, 1977.*

4th March, 1977

The Manager

.....Bank Limited

PORT LOUIS

Dear Sir,

### **RESTRAINED CREDIT EXPANSION**

The credit regulatory and other measures which the Bank considers necessary for implementation in 1977 have now been decided upon and I outlined them to you at our meeting on the 25th February. The purpose of this letter is to confirm the various measures taken and to set them out formally and in greater detail for your guidance.

2. I will first deal with bank credit. Credit granted by the commercial banks increased from an average of Rs 718 million in 1975 to an average of Rs 922 million in 1976. This represents an increase of about 28 per cent as compared with an increase in 1975 over 1974 of only 17 per cent. As I stated in our previous discussions, a serious balance of payments situation is emerging which necessitates the utmost caution in the expansion of credit. A degree of restraint on the expansion of credit must continue to be enforced and accordingly the 15 per cent ceiling on credit which was operative in 1976 will be maintained in 1977. Banks will be permitted to extend credit up to an average of 15 per cent above either the permissible level fixed for 1976 or the average monthly level actually extended less the credit granted to the exempted categories, whichever is the lower. The four items shown in your monthly statements of Assets and Liabilities (namely Loans and Advances to Customers, Bills Purchased and Discounted (Local), Bills Receivable, and Investments in the private sector) will be taken into account for arriving at the level of credit.

3. As in the past years and until further notice, credit extended to industries operating in the Export Processing Zone and/or holding a 'Development Certificate', the outstanding balances on all loans granted in 1975 for cyclone reconstruction, and all borrowings by individuals for educational purposes irrespective of whether the expenditure is to be incurred in Mauritius or abroad will continue to be exempted from the ceiling. All amounts of credit extended to each of these exempted categories should be shown in a return to be submitted monthly to the Bank.

4. In the specific case of your bank the permissible level of credit which was fixed for 1976 at Rs..... was lower than the average monthly level actually granted which was Rs ..... The 15 per cent credit expansion permitted will apply in your case to the ceiling fixed for 1976 and on this basis the average monthly level of credit which your bank can extend in 1977 works out to Rs ..... The 15 per cent average ceiling for 1977 gives some flexibility for variations as between one month and another but experience of the implementation of the credit ceilings in previous years indicates that the banks have been unable by and large to correct monthly excesses in the grant of credit. To prevent such excesses a monthly cumulative ceiling has been prescribed for 1977 as indicated in the Appendix to this letter. As you will observe, the ceilings will become more stringent gradually through the year and this course will put the banks in a better position to adhere to their ceilings as the year draws to its close. As I stated at my meeting with you, it is essential that all the banks should strictly observe their individual ceiling. I have no doubt that they will do so but if infringements are allowed to occur penalties, I am afraid, would need to be imposed both during the year and at the end of the year. The penalty on the monthly excess would depend on the extent and duration of the violation. It may take the form of a compulsory investment in Treasury Bills or of a special deposit with the Bank of Mauritius equivalent in amount to the excess over the ceiling and held for the duration of the violation and bearing no interest, or it may take such other forms as the Bank may decide. Apart from this month-to-month penalty, any excess over the ceiling for the year as a whole would be deducted from the ensuing year's ceiling *pro tanto*.

5. As you will no doubt be aware, imports have been expanding at an alarming rate and a degree of restraint needs to be placed on this expansion. Within the credit ceiling fixed for your bank, therefore, a sub-ceiling will be operated under which credit to traders in 1977 should not exceed the 1976 average. The return relating to the classification of credit submitted monthly by your bank will be used to derive your bank's credit to traders and will include Loans and Advances, Bills Discounted (Local) and Bills Receivable. In the case of your bank, the monthly average credit extended to traders in 1976 stood at Rs ..... and credit by your bank to traders in 1977 should not exceed this figure. Any credit granted in excess of the permissible maximum of Rs ..... will constitute a violation of the sub-ceiling and will be subject to penalties.

6. As you have already been advised, the Bank of Mauritius has raised the Bank Rate from six per cent to seven per cent. The deposit rates and the lending rates of the commercial banks have also been suitably raised and duly published. You will observe that the banks have been given a sufficient margin in terms of increased lending rates to cover the increase in deposit rates. I do expect that the banks will undertake a vigorous drive for the mobilisation of deposits as this course, apart from its inherent merits, will enable increased demands on the banks to be met out of the banks' own funds.

The yield on Treasury Bills has also been raised from 4.9 per cent to 5.9 per cent. Greater flexibility will be permitted in the redemption of Treasury Bills and banks will not be charged a penalty for redeeming bills after three days as compared with the present period of seven days, though they will be required to pay the current commission charges. The rate of interest on Government stocks will also be raised appropriately.

7. The rediscount rate of the Bank of Mauritius relating to export bills other than sugar has been raised from  $6\frac{3}{4}$  per cent to 7 per cent and banks should on-lend at a rate not above  $7\frac{3}{4}$  per cent. The rediscounting will continue on a post-shipment basis for all exports other than sugar but to avoid hardships caused by transportation and other bottlenecks, rediscounting



prior to shipment would be permitted, on the merits of each case and on the presentation of certain documents, namely, satisfactory evidence of a firm export order, audited certificates that the goods have been produced, and evidence from shippers that arrangements have been made to ship the goods well before the maturity date of the bills. The rediscounting will not exceed 90 days from the time the refinance is granted or the life of the bill whichever is less.

8. Two other matters need finally to be mentioned, namely the minimum cash reserve ratio and advances from the Central Bank. As I indicated at the meeting, the cash reserve ratio will stay at its present level of 12 per cent but if in the course of the year monetary expansion became excessive a higher marginal cash reserve ratio would need to be prescribed. The present two-tier structure of interest rates on the Bank's advances to the commercial banks will also remain unchanged. Accordingly advances to your bank up to Rs ..... will be made at Bank Rate (now seven per cent) but advances in excess of this amount will be charged twice the Bank Rate (or 14 per cent).

9. The measures set out above are designed to prevent excessive credit expansion, to slow down the pace of imports, to assist in the fight against inflation, to attain equilibrium in our balance of payments and to conserve our foreign exchange reserves. The banking community has a crucial role to play in the steering of the economy through the difficult period ahead and I am sure you will extend your co-operation fully in the implementation of the various measures. As you are already aware these measures became effective on the 1st March. The Managing Director will be glad to furnish you any additional information you may need in the matter.

Yours faithfully,

(Sd.) G. Bunwaree

*Governor*

**CUMULATIVE MONTHLY AVERAGE INCREASE IN  
CREDIT PERMITTED IN 1977**

The purpose of the monthly monitoring of credit ceilings is to ensure that the cumulative average level of credit granted up to any month of the year does not fall out of line with the credit ceiling. The formulation used is a simple one of reducing the permitted cumulative average credit expansion up to any month by one per cent as each month passes by. If the credit granted is within the limits indicated in the table below, no penalties would apply. However, if a bank increases credit by say 28 per cent in January, 1977, an amount equivalent to 2 per cent (i.e. 28-26) of the bank credit would be the excess over the ceiling and a penalty would be imposed on this excess amount. If at the end of February the average level of credit for the first two months of the year still shows an increase of 28 per cent, an amount equivalent to 3 per cent (28-25) of the bank credit would be the excess over the ceiling and a penalty would be imposed on this excess amount. If, the average level of credit for the first eleven months still shows an increase of 28 per cent, an amount equivalent to 12 per cent (28-16) of the bank credit would be the excess over the ceiling and the penalty would be imposed on this excess amount. Since the penalties would be progressively more stringent, the corrective mechanism would be applied early in the year and banks would have to moderate their credit expansion well before the year comes to a close.

The cumulative monthly limits are the trigger points for progressively more stringent penalties. Banks would be well advised to maintain the credit expansion well below the trigger points where penalties come into force.

**Cumulative Monthly Average Increase in Credit Permitted in 1977**

<i>Month</i>	<i>Per cent</i>
January .....	26
February .....	25
March .....	24
April .....	23
May .....	22
June .....	21
July .....	20
August .....	19
September .....	18
October .....	17
November .....	16
December .....	15

9th March 1977

The Manager

.....Bank Limited

PORT LOUIS

Dear Sir,

As you are aware an Import Deposit Scheme has been introduced with effect from the 5th March and in this connexion I enclose a copy of the Imports (Deposits) Regulations 1977 (Government Notice No. 40 of 1977) for your information and guidance.

2. I also enclose 75 copies of the Third Schedule which will need to be filled in by importers in four copies. The original should be sent to the Bank of Mauritius along with the deposit. The duplicate should be given to the importer for surrender to the Customs at the time of clearing the goods. The triplicate would be for your record while the quadruplicate would be for the record of the importer. Your bank may please arrange to number the forms serially for convenience.

3. As for orders placed prior to the introduction of the scheme the Comptroller of Customs would be supplying the forms to be filled by importers and these forms would be directed to you when a deposit is required.

4. The deposits collected by your bank on a particular day should be paid to the Bank on the following working day by debit of your account with us. The letter conveying your authority to debit your account should be accompanied by the relative Declaration Forms duly completed and signed by the importers and a list showing the date of the payment, the name of the importer and the amount paid by each importer and the total amount to be paid to the Bank. When applying for a refund of the deposits, the following information should be supplied to the Bank: name of importer, date on which deposit was made and the amount of deposit. The refund would be made by means of a credit to your account under advice to you.

5. The cash margin on imports is abolished with effect from the 5th March, 1977. However, I hardly need to stress that the utmost caution is necessary in the granting of credit to traders.

Yours faithfully,

(Sd.) I. Ramphul

*Managing Director*

18th April 1977

The Manager

.....Bank Limited

PORT LOUIS

Dear Sir,

### **IMPORT DEPOSIT SCHEME**

Further to my letter of the 9th March, I am writing to inform you that the following amendments have been made to the Imports (Deposits) Regulations 1977 with effect from 4th March 1977 :-

- (a) The amount of deposit payable under regulation 3 has been reduced from 50 per cent to 35 per cent ;
- (b) The date limit of 30th April 1977 relating to the removal of goods from Customs without payment of the Import deposit as mentioned under regulation 8 has been extended to 31st May 1977.

A list of goods exempted from the Imports (Deposits) Regulations is enclosed.

Yours faithfully,

(Sd.) **I. Ramphul**

*Managing Director*

## PART II — OPERATIONS OF THE BANK

### 1. OPERATIONS

#### (a) Government and Commercial Banks

The Government and the commercial banks maintain current accounts with the Bank.

#### (b) International Institutions

The International Monetary Fund, the International Bank for Reconstruction and Development and the International Development Association maintain current accounts with the Bank. Mauritius is a member of all these international institutions.

#### (c) Commission of the European Communities

The Bank opened a new account in Deutsche Mark in the name of the European Development Fund.

#### (d) Lending to Commercial Banks

##### (i) Advances to Banks

The Bank continued the application of the two-tier structure of interest rates in respect of advances granted to commercial banks. As a result of the rise in Bank Rate from 6% to 7% with effect from the 1st March, 1977, the penal rate on advances to commercial banks was adjusted from 12% to 14% p.a. As from the end of March 1977, special advances at 7½% p.a. were granted to commercial banks up to an aggregate amount of Rs 35 million against Government Securities for the purpose of on-lending to the Mauritius Sugar Syndicate. A special advance of Rs 5 million @ 3 per cent below Bank Rate was also granted to the Mauritius Co-operative Central Bank in April 1977.

##### (ii) Export Refinance Facilities

The Bank continued to accept for rediscount, bills from commercial banks drawn for the purpose of financing export of goods other than sugar. The rediscount rate was increased from 6¾% to 7% as from the 1st March, 1977.

In September 1976, the Bank decided, as an exceptional measure, to rediscount @ 8½% p.a. sugar bills maturing on or before the 31st October, 1976, in order to meet the liquidity problem of the commercial banks.

#### (e) Other Facilities to Commercial Banks

With a view to providing short term investment facilities to commercial banks and other institutions, the Bank continued to issue Tap Treasury Bills with a life of 91 days. As from the 1st March, 1977, the discount rate on Tap Treasury Bills was raised from 4.9% to 5.9% p.a. The ceiling on the issue of Tap Treasury Bills was maintained at Rs. 325 million.

#### (f) Import Deposit Scheme

In accordance with the Imports (Deposits) Regulations 1977, a scheme was introduced in March 1977 whereby importers were required to make a deposit amounting to 35% of the c.i.f.

18th April 1977

The Manager

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In accordance with the Imports (Deposits) Regulations 1977, a scheme was introduced in March 1977 whereby importers were required to make a deposit amounting to 35% of the c.i.f.

value of the goods imported by them. The commercial banks receiving the deposits from the importers were required to transmit the funds to the Bank on the following day. The deposits which did not bear interest, were refunded to the importers after a period of three months had elapsed through the commercial banks which had transmitted the deposits. There was a list of goods which were exempted from the above-mentioned deposit.

### (g) Public Debt Management

During the financial year 1976-77 the Bank of Mauritius issued Government Stock for a total amount of Rs 150 million as follows :—

						<i>Million Rs.</i>
1.	7 %	MDLS	1985	.....	.....	15
2.	7½%	MDLS	1992	.....	.....	15
3.	7¾%	MDLS	1997	.....	.....	45
4.	6¾%	MDLS	1983	.....	.....	10
5.	7¼%	MDLS	1989	.....	.....	25
6.	7¾%	MDLS	1997	.....	.....	40

During the financial year 1976-77 Government Stocks for total amount of Rs 30 million were redeemed as follows :—

						<i>Million Rs.</i>
1.	5 %	Tap Loans	.....	.....	.....	5
2.	6½%	MDLS	1976	.....	.....	10
3.	6½%	MDLS	1977	.....	.....	10
4.	6 %	Development (G.P.) Loan	1971/76	.....	.....	5

### (h) Exchange Control

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

## 2. ADMINISTRATION, STAFF AND PREMISES

### Administration

Mr. Abdulla Currimjee who had indicated his inability to serve further resigned as a Director of the Bank with effect from the 15th January, 1977.

A list showing the composition of the Board of Directors and the names of the senior officials is appended to the Report.

### Staff Matters

Mr. Jacques Urruty assumed duty as Secretary on the 2nd November, 1976. He subsequently resigned with effect from the 1st April, 1977, to emigrate to Australia.

The Bank's staff (excluding the senior staff) numbered 130 at the end of the year.

In furtherance of the Bank's training programme, Miss Raschida Chojoo, an officer of the Exchange Control Office, attended from the 10th February to the 30th April the IXth Central Banking Course organised by the State Bank of Pakistan.

### Visity and other activities

A mission from the International Monetary Fund composed of Mr. D. Bouscheri, Mr. J. Nairn and Mr. Carstens and headed by Mr. M. Touré visited Mauritius from the 16th to the 31st August, 1976. The mission had discussions with the Governor of the Bank and other officials and also with various Ministries and banking institutions.

Mr. Samuel Nana-Sinkam, Executive Director of the International Monetary Fund, visited the Bank and had discussions with the Governor and other officials of the Bank.

Mr. G. Hall, C.B.E., Adviser Overseas Department, Bank of England, visited the Bank from the 24th to the 29th July, 1976.

Mr. I. R. Paterson of the Bank of England who was on mission had discussions with the Governor and other officials of the Bank.

The Governor had the opportunity to receive Mr. T. Z. U. Tembo, Governor of the Reserve Bank of Malawi, Mr. H. C. L. Hermans, Governor of the Bank of Botswana and Mr. Marcel Theron, Deputy Governor of Banque de France, who were on short visits to Mauritius.

The following personalities also visited the Bank during the course of the year :—

Mr. Jacques Waitzenegger of Banque de France, Mr. Casimir Oye Mba of the Central Bank of Gabon, Mr. Jean Frère of Banque Bruxelles Lambert, Mr. J. H. Mix of Bank for International Settlements, Mr. G. Jenneman of the Deutsche Bundesbank, Mr. M. R. Shroff of the International Bank for Reconstruction and Development, Mr. Thomas A. Cook of the Manufacturers Hanover Trust Company, Mr. C. S. Venkat Rao and Mr. D. P. Gupta of the Industrial Development Bank of India, Mr. T. Kikui and Mr. M. Keiji of the Bank of Japan, Mr. M. Lancrenon of American Express, Mr. M. Sakkaf of G. M. Uban Arab Bank, Mr. P. R. Lethaby and Mr. M. Brown of the Crown Agents, Mr. W. A. Wapenhans of the International Bank for Reconstruction and Development, Mr. K. Uchiyama of the Bank of Tokyo, Mr. D. L. Montgomery of Equator Bank, Mr. V. Cherin of Banca Commerciale Italiana, Mr. M. Degroodt of Banque Bruxelles Lambert, Mr. J. Plyman of Greenwells & Co., Mr. G. P. Higham and Mr. J. D. Buddle of Lloyds Bank Overseas, London.

In September, 1976, the Governor of the Bank attended the Commonwealth Finance Ministers' Meeting and the IMF/IBRD Meeting held in Hong Kong and Manila respectively. He was accompanied by Mr. S. S. Tarapore, the Director of Research and Mr. R. Tacouri, the Chief Manager.

The Governor also attended the Annual General Meeting of the Bank for International Settlements held in June, 1977. He was accompanied by Mr. R. Tacouri, the Chief Manager.

In August, 1976, the Managing Director attended the meeting of the Association of African Central Banks held in Nairobi. In October, 1976, he attended a Central Banking Course organised by the Federal Reserve Bank of New York in New York and in April, 1977, he attended the Meeting of the International Monetary Fund Interim Committee held in Washington.

**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 1977, 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 1977 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 1977, and of the results of its operations for the year then ended.

KEMP CHATTERIS

*Chartered Accountants*

Date : 31st August 1977.

# BANK OF MAURITIUS

BALANCE SHEET AT 30TH JUNE 1977

30.6.76				
Rs.		Rs.	Rs	
	CAPITAL			
10,000,000	Authorised and Paid Up .....	.....	10,000,000	
23,000,000	GENERAL RESERVE FUND	.....	23,000,000	
411,982,855	NOTES IN CIRCULATION .....	.....	562,871,155	
14,634,275	COIN IN CIRCULATION .....	.....	19,944,768	
	DEMAND DEPOSITS			
23,595,396	Government .....	.....	15,294,615	
132,008,469	Banks .....	.....	134,342,487	
19,623,073	Other .....	.....	14,205,914	
			163,843,016	
72,360,000	OTHER DEPOSITS .....	.....	30,101,399	
	OTHER LIABILITIES			
	Profit payable to Government in accordance with Section 11(2)(c) of the Bank of Mauritius Ordinance 1966	.....	30,521,996	
30,379,474				
139,353,034	Others .....	.....	120,076,759	
			150,598,755	
Rs. 876,936,576			Rs. 960,359,093	

## PROFIT AND FOR THE YEAR ENDED

5,000,000	TRANSFER TO GENERAL RESERVE FUND	.....	
	PROFIT PAYABLE TO THE GOVERNMENT OF MAURITIUS — in accordance with Section 11(2)(c) of the Bank of Mauritius Ordinance 1966	.....	30,521,996
30,379,474			
Rs. 35,379,474		Rs. 30,521,996	

30.6.76				Rs.
Rs.				
	EXTERNAL ASSETS			
392,378,201	Balances with Banks .....	.....	76,991,035	
140,883,653	Treasury Bills .....	.....	136,245,253	
142,070,487	Eligible Securities (At Valuation) .....	.....	104,359,258	
19,355,418	I.M.F. Special Drawing Rights .....	.....	19,366,595	
39,572	Foreign Notes and Coin .....	.....	38,751	
694,727,331	TOTAL EXTERNAL ASSETS .....	.....	337,000,892	
122,342,468	GOVERNMENT SECURITIES (At Valuation) .....	.....	308,683,354	
30,735,765	DISCOUNTS AND ADVANCES .....	.....	290,717,724	
29,131,012	OTHER ASSETS .....	.....	23,957,123	
	(sd.) G. BUNWAREE — Governor			
	(sd.) I. RAMPHUL — Managing Director			
	(sd.) R. TACOURI — Chief Manager			
Rs. 876,936,576			Rs. 960,359,093	

## LOSS ACCOUNT 30TH JUNE 1976

	NET PROFIT — after charging current expenditure, writing down fixed assets and providing for reserves and contingencies	.....	30,521,996
35,379,474			
Rs. 35,379,474		Rs. 30,521,996	

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## Notes

*The following conventional signs are used :*

— Nil  
 Negligible  
 N.A. Not Available



Table 1. Selected Economic Indicators

		1975			1976				1977	
	Unit/Base	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June
<b>I. Bank of Mauritius</b>										
1) Notes and coin in circulation...	Rs million	323.4	349.3	493.7	435.4	426.6	464.8	643.0	598.8	582.8
2) External assets ...	Rs million	562.0	619.6	1,045.6	1,135.5	694.7	511.3	551.9	412.6	337.0
3) Government securities ...	Rs million	151.0	194.7	0.7	0.1	122.4	148.6	206.8	257.7	308.7
4) Discounts and advances ...	Rs million	45.9	4.5	5.0	3.5	30.7	82.6	173.2	227.4	290.7
of which: Government borrowing ...	Rs million	1.2	1.2	0.4	0.4	0.4	64.8	130.4	159.6	227.5
<b>II. Commercial Banks</b>										
1) Aggregate deposits ...	Rs million	981.8	1,186.8	1,433.1	1,602.1	1,398.6	1,423.4	1,475.5	1,519.5	1,580.1
2) Bank lending to private sector ...	Rs million	710.5	741.8	743.6	822.2	893.4	1,007.2	1,141.8	1,261.2	1,285.9
3) Cheque clearances ...	Rs million	418.2	545.7	815.6	534.1	559.2	566.8	941.1	540.9	666.5
<b>III. Post Office Savings Bank deposits</b>										
Rs million		53.4	53.9	62.1	69.4	72.4	74.0	78.9	85.1	88.0
<b>IV. Interest Rates</b>										
1) Bank rate ...	%/annum	6	6	6	6	6	6	6	7	7
2) Prime rate (min) ...	%/annum	7	7	7	7	7	7	7	8	8
3) Savings accounts (banks) ...	%/annum	4	4	4	4	4	4	4	4½	4½
<b>V. Money Supply</b>										
Rs million		685.7	941.8	993.3	875.1	852.5	976.3	1,098.7	1,029.9	1,074.9
<b>VI. Aggregate Monetary Resources</b>										
Rs million		1,331.0	1,573.3	1,946.7	2,056.2	1,859.8	1,860.3	2,084.0	2,057.9	2,098.0
<b>VII. Consumer Price Index (Whole Island)</b>										
Jan-June 1962=100		208.2	216.0	223.9	233.1	243.8	102.5*	103.4*	106.2*	111.2*
* Jan-June 1976=100										
<b>VIII. Total Foreign Exchange Reserves</b>										
Rs million		598.5	655.1	1,143.3	1,209.4	776.1	582.6	629.6	486.3	369.5
<b>IX. Foreign Trade</b>										
1) Imports, c.i.f. ...	Rs million	467.2	555.7	497.4	554.4	626.0	577.4	641.7	603.1	795.4
2) Exports, f.o.b. ...	Rs million	445.8	553.4	691.2	433.0	135.3	620.4	580.7	319.3	424.4
<b>X. Employment Data</b>										
1) Registered unemployed ...	Number	N.A.	22,969	N.A.	20,726	N.A.	22,969	N.A.	18,752	N.A.
2) Relief workers ...	Number	10,356	10,122	10,015	9,765	9,654	5,476	4,178	308	N.A.

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

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

Table 2(a). Bank of Mauritius — Assets

(Rs. million)

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End of Period	EXTERNAL ASSETS					CLAIMS ON GOVERNMENT			CLAIMS ON COMMERCIAL BANKS			Other Assets	Total Assets
	Special Drawing Rights	Balances with Banks	Treasury Bills	Eligible Securities	Total*	Treasury bills and Securities	Advances	Total	Advances and Discounts	Commer- cial Bills Redis- counted	Adjustment Items**		
1972 ... ..	40.6	124.9	106.6	106.1	378.2	48.8	1.2	50.0	1.8	—	29.8	8.3	468.1
1973 ... ..	40.6	163.7	52.3	99.7	356.4	20.8	1.2	22.0	54.4	8.9	3.1	9.3	454.1
1974 ... ..	15.5	554.3	152.4	17.6	739.8	7.5	1.2	8.7	—	—	10.9	10.1	769.5
1975 ... ..	14.3	327.6	470.5	233.2	1,045.6	0.7	0.4	1.1	—	3.0	1.6	12.5	1,063.8
1976 ... ..	19.4	356.1	63.9	111.1	551.9	206.8	130.4	339.2	10.2	15.4	17.8	15.7	947.7
1972 March ...	40.6	171.1	66.2	81.5	305.4	—	1.2	1.2	—	0.8	4.1	7.7	319.2
June ...	40.6	64.9	11.6	123.3	240.5	12.9	1.2	14.1	24.4	3.0	1.4	17.0	294.1
Sept. ...	40.6	48.9	60.6	107.7	257.9	34.3	1.2	35.5	7.0	3.3	3.1	8.0	314.8
December ...	40.6	124.9	106.6	106.1	378.2	48.8	1.2	50.0	1.8	—	29.8	8.3	468.1
1973 March ...	40.6	206.8	49.8	106.4	403.6	13.3	1.2	14.5	10.9	3.0	2.5	8.1	442.6
June ...	40.6	122.5	64.1	107.2	334.6	9.3	1.2	10.5	44.7	2.1	0.5	12.7	405.1
Sept. ...	40.6	122.9	70.3	101.6	335.4	6.1	1.2	7.3	47.2	5.1	1.9	10.3	407.2
December ...	40.6	163.7	52.3	99.7	356.4	20.8	1.2	22.0	54.4	8.9	3.1	9.3	454.1
1974 March ...	40.6	121.2	79.5	97.9	339.3	34.5	1.2	35.7	1.6	26.8	4.9	14.0	422.3
June ...	12.8	13.2	35.3	88.4	149.7	92.4	34.2	126.6	17.0	104.3	3.8	13.0	414.4
Sept. ...	15.3	48.2	1.9	19.4	84.9	96.6	75.2	171.8	10.9	119.6	2.1	10.7	400.0
December ...	15.5	554.3	152.4	17.6	739.8	7.5	1.2	8.7	—	—	10.9	10.1	769.5
1975 March ...	15.5	336.2	65.2	231.2	648.1	1.7	38.5	40.2	5.2	15.5	4.2	10.4	723.6
June ...	14.3	114.6	206.1	227.0	562.0	151.0	1.2	152.2	6.0	35.3	3.4	21.3	780.2
Sept. ...	14.3	200.4	173.1	231.8	619.6	194.7	1.2	195.9	0.1	1.2	2.0	13.9	832.7
December ...	14.3	327.6	470.5	233.2	1,045.6	0.7	0.4	1.1	—	3.0	1.6	12.5	1,063.8
1976 March ...	20.8	482.5	398.1	234.1	1,135.5	0.1	0.4	0.5	—	—	3.1	12.3	1,151.4
June ...	19.4	392.4	140.9	142.0	694.7	122.4	0.4	122.8	7.5	14.8	8.0	29.1	876.9
Sept. ...	19.4	306.1	72.5	113.3	511.3	148.6	64.8	213.4	8.5	2.6	6.7	17.4	759.9
December ...	20.8	356.1	63.9	111.1	551.9	206.8	130.4	337.2	10.2	15.4	17.3	15.7	947.7
1977 Jan. ...	20.8	333.9	111.1	111.2	577.0	160.0	144.1	304.1	16.0	9.6	1.0	13.8	921.5
Feb. ...	20.8	284.9	83.5	114.1	503.3	197.3	179.5	376.8	15.3	16.8	4.9	13.0	930.1
March ...	20.8	221.4	66.1	104.3	412.6	257.7	159.6	417.3	26.7	32.0	9.1	13.0	910.7
April ...	20.8	148.0	85.1	104.7	358.6	264.2	176.7	440.9	41.5	41.0	2.0	12.6	896.6
May ...	19.4	131.3	122.9	104.1	377.7	267.8	238.7	506.5	19.5	28.8	4.5	13.2	950.2
June ...	19.4	77.0	136.2	104.4	337.0	308.7	227.5	536.2	20.0	10.9	32.3	24.0	960.4

\* Includes Foreign Notes and Coin

\*\* These are items in transit representing claims on commercial banks to be cleared on the next working day.

Table 2(b). Bank of Mauritius — Liabilities

(Rs. million)

End of Period			Capital and Re- serves	RESERVE MONEY							GOVERNMENT DEPOSITS			Current Ac- counts of inter- national Organ- isations & Others	Time Depo- sits of Statu- tory Bodies (1) & p.o.s.b.	Special Drawn- ing Rights Counter- part Funds	Other Liabili- ties	Total Liabili- ties
				Cur- rency in Circula- tion	Cur- rency with Banks	Demand Deposits			Ban- kers' De- posits Others	Total	Central Govern- ment	Semi- Govern- ment Institu- tions	Total					
						Bankers	Statu- tory Bodies (1)	Other Current Ac- counts										
1972	...	...	16.6	156.3	12.8	30.1	17.9	0.2	—	217.3	130.8	1.4	132.2	1.5	41.9	41.0	17.6	468.1
1973	...	...	19.7	200.6	25.8	30.9	0.1	0.8	—	258.2	73.2	0.1	73.3	1.4	38.0	41.0	22.5	454.1
1974	...	...	24.7	314.2	42.8	112.8	0.7	—	5.0	475.5	86.3	0.1	86.3	1.4	46.5	41.0	94.0	769.5
1975	...	...	28.0	438.1	55.6	134.5	24.9	0.1	—	653.2	118.6	0.1	118.7	0.6	60.6	41.0	161.7	1,063.8
1976	...	...	33.0	587.9	54.9	127.1	4.2	0.1	—	774.2	0.3	0.2	0.5	0.7	20.8	12.4	106.1	947.7
1972	March	...	14.5	128.0	10.5	16.9	0.1	0.1	—	155.6	46.0	1.9	47.9	1.4	45.0	41.0	13.8	319.2
	June	...	16.6	122.7	8.7	10.9	0.7	—	—	143.0	41.7	1.2	42.9	1.5	42.3	41.0	6.8	294.1
	September	...	16.6	132.2	10.3	10.2	0.1	0.5	—	153.3	54.6	2.7	57.3	1.4	42.6	41.0	2.6	314.8
	December	...	16.6	156.3	12.8	30.1	17.9	0.2	—	217.3	130.8	1.4	132.2	1.5	41.9	41.0	17.6	468.1
1973	March	...	16.6	143.1	13.2	12.9	0.2	2.1	—	171.5	161.7	3.5	165.2	1.4	33.4	41.0	13.5	442.6
	June	...	19.7	148.2	10.8	15.4	0.5	0.9	—	175.8	103.8	3.1	106.9	1.4	34.2	41.0	26.1	405.1
	September	...	19.7	161.9	15.1	35.2	0.4	0.7	—	213.3	72.5	2.6	75.1	1.4	35.0	41.0	21.7	407.2
	December	...	19.7	200.6	25.8	30.9	0.1	0.8	—	258.2	73.2	0.1	73.3	1.4	38.0	41.0	22.5	454.1
1974	March	...	19.7	197.1	17.5	38.6	0.1	0.1	—	253.4	34.5	0.1	34.6	1.5	41.3	41.0	30.8	422.3
	June	...	24.7	200.8	17.8	32.3	0.1	—	—	251.0	1.9	0.1	2.0	1.5	42.3	36.0	56.9	414.4
	September	...	24.7	218.5	17.9	34.5	0.2	—	—	271.1	0.3	0.1	0.4	1.4	42.0	12.3	48.1	400.0
	December	...	24.7	314.2	42.8	112.8	0.7	—	5.0	475.5	86.3	0.1	86.4	1.4	46.5	41.0	94.0	769.5
1975	March	...	24.7	310.1	21.0	115.2	36.6	—	7.0	489.9	0.3	0.2	0.5	1.4	52.5	41.0	113.6	723.6
	June	...	28.0	303.4	20.0	104.4	1.7	—	—	429.5	84.6	0.2	84.8	1.5	53.7	41.0	141.7	780.2
	September	...	28.0	323.3	26.0	109.4	18.4	..	—	477.1	94.8	0.1	94.9	1.5	53.5	41.0	136.7	832.7
	December	...	28.0	438.1	55.6	134.5	24.9	0.1	—	653.2	118.6	0.1	118.7	0.6	60.6	41.0	161.7	1,063.8
1976	March	...	28.0	390.9	44.5	161.9	3.9	0.1	—	601.2	208.6	0.1	208.7	0.6	70.2	41.0	201.6	1,151.4
	June	...	33.0	388.8	37.8	132.0	13.5	..	—	572.1	23.6	0.1	23.7	0.7	72.4	21.0	154.0	876.9
	September	...	33.0	426.5	38.3	128.0	3.0	0.1	—	595.9	4.8	0.1	4.9	0.7	16.9	12.4	96.1	759.9
	December	...	33.0	587.9	54.9	127.1	4.2	0.1	—	774.2	0.3	0.2	0.5	0.7	20.8	12.4	106.1	947.7
1977	January	...	33.0	549.8	66.8	120.5	2.4	0.1	—	772.6	0.3	0.2	0.5	1.7	17.1	12.4	117.2	921.5
	February	...	33.0	546.1	64.5	118.0	21.0	0.1	—	749.7	0.3	0.2	0.5	1.7	16.2	12.4	116.6	930.1
	March	...	33.0	530.0	68.8	115.4	1.7	0.1	—	716.0	0.3	0.2	0.5	1.7	10.1	12.4	137.0	910.7
	April	...	33.0	530.1	61.5	124.7	1.2	..	—	717.5	0.3	0.2	0.5	1.7	0.7	12.4	130.8	896.6
	May	...	33.0	514.3	72.8	124.1	3.5	0.1	—	714.7	0.3	0.2	0.5	44.2	1.8	12.4	143.6	950.2
	June	...	33.0	515.4	67.4	134.3	3.5	..	—	720.7	15.3	0.2	15.5	1.9	2.7	12.4	174.2	960.4

(1) Other than Semi-Government Institutions.

Table 3(a). Commercial Banks — Assets

92	End of Period		(Rs. million)																	
			Reserves		Foreign Assets			Claims on Govt.			Claims on Private Sector				Other Assets	Total Assets	Acceptances on account of Customers	Docu- mentary Credits	Gua- rantees	
			Cash in hand	Bal- ances at Bank of M <sup>o</sup> tius	Bal- ances with banks abroad	For- eign Bills Dis- counted	For- eign Notes and Coins	Total <sup>1</sup>	Trea- sury Bills	Govt. Secu- rities	Total	Local Bills Dis- counted	Bills Recei- vable	Loans & Advan- ces to Public Bodies						Other Loans & Ad- vances
1972	...	12.8	30.1	10.0	2.9	2.2	17.1	8.7	118.9	127.6	56.1	19.4	15.6	259.6	356.5	45.4	589.5	10.6	65.0	17.0
1973	...	25.8	30.9	13.9	6.7	2.7	25.3	3.0	142.4	145.4	92.5	49.2	20.3	368.1	536.5	64.0	827.9	24.1	142.2	37.1
1974	...	42.8	112.8	24.5	6.2	3.1	35.8	144.2	335.2	479.4	57.7	65.1	7.8	455.7	594.3	112.6	1,377.7	30.7	120.2	100.4
1975	...	55.6	134.5	41.9	6.5	3.9	54.3	126.2	392.5	518.7	66.0	58.4	10.4	599.5	743.6	121.9	1,628.6	26.5	209.1	110.0
1976	...	54.9	127.1	13.8	15.1	4.0	34.9	—	247.0	247.0	52.1	86.8	25.7	967.0	1,141.8	145.1	1,750.8	30.2	278.8	164.8
1972	March	10.5	16.9	4.6	1.3	0.9	8.8	12.3	85.8	98.1	51.4	17.2	13.7	204.3	292.0	27.8	454.1	10.8	43.9	16.0
	June	8.7	10.9	4.4	2.1	1.5	10.0	3.0	84.8	87.8	46.0	13.6	16.9	241.9	324.1	33.1	474.6	10.1	55.5	16.0
	September	10.3	10.2	11.0	1.8	1.1	15.9	—	89.8	89.8	53.4	18.2	13.6	248.7	339.7	34.0	499.9	6.9	65.7	16.1
	December	12.8	30.1	10.0	2.9	2.2	17.1	8.7	118.9	127.6	56.1	19.4	15.6	259.6	356.5	45.4	589.5	10.6	65.0	17.0
1973	March	13.2	12.9	10.1	2.7	1.6	16.4	13.2	133.5	146.7	38.4	19.7	14.2	281.2	359.6	43.4	592.2	8.8	79.9	20.1
	June	10.8	15.4	12.8	5.8	1.6	22.2	—	134.0	134.0	39.4	23.2	15.5	336.9	421.2	48.1	651.7	15.3	104.1	24.0
	September	15.1	35.2	8.1	5.3	1.8	17.2	—	135.0	135.0	53.3	28.7	15.3	356.1	459.7	45.0	707.2	10.9	155.1	30.0
	December	25.8	30.9	13.9	6.7	2.7	25.3	3.0	142.4	145.4	92.5	49.2	20.3	368.1	536.5	64.0	827.9	24.1	142.2	37.1
1974	March	17.5	38.6	12.3	7.6	2.0	23.9	11.8	120.4	132.2	31.1	38.7	19.1	404.3	500.4	58.1	770.7	20.6	216.1	87.1
	June	17.8	32.3	10.8	9.1	1.3	23.2	8.0	96.4	104.4	15.3	59.6	5.3	415.4	503.0	60.2	740.9	16.9	203.5	111.4
	September	17.9	34.5	17.8	6.1	2.0	27.9	10.6	87.6	98.2	34.8	66.3	6.3	442.4	557.3	87.0	822.8	24.2	170.8	109.1
	December	42.8	112.8	24.5	6.2	3.1	35.8	144.2	335.2	479.4	57.7	65.1	7.8	455.7	594.3	112.6	1,377.7	30.7	120.2	100.4
1975	March	21.0	115.2	10.7	5.0	2.0	19.7	29.8	337.3	367.1	23.6	55.7	8.3	519.8	615.7	85.5	1,224.2	18.2	182.5	67.8
	June	20.0	104.4	10.8	7.0	1.6	21.4	17.6	196.5	214.1	29.3	60.5	6.5	605.4	710.5	82.0	1,152.4	37.8	188.7	74.7
	September	26.0	109.4	15.9	5.8	2.5	26.2	126.9	207.3	334.2	74.3	56.5	8.1	593.8	741.8	114.8	1,352.4	27.5	196.1	98.0
	December	55.6	134.5	41.9	6.5	3.9	54.3	126.2	392.5	518.7	66.0	58.4	10.4	599.5	743.6	121.9	1,628.6	26.5	209.1	110.0
1976	March	44.5	161.9	22.2	5.9	2.9	33.0	166.8	477.0	643.8	69.5	63.7	11.5	667.8	822.2	97.9	1,803.3	26.0	255.9	124.5
	June	37.8	132.0	18.8	13.7	1.8	36.3	2.5	399.7	402.2	54.9	66.7	19.2	742.7	893.4	144.8	1,646.5	20.0	282.7	140.8
	September	38.3	128.0	15.3	11.7	1.5	30.5	22.7	316.4	339.1	70.5	67.3	16.2	843.0	1,007.2	132.2	1,675.3	21.4	309.5	163.3
	December	54.9	127.1	13.8	15.1	4.0	34.9	—	247.0	247.0	52.1	86.8	25.7	967.0	1,141.8	145.1	1,750.8	30.2	278.8	164.8
1977	January	66.8	120.5	19.1	12.9	3.5	37.5	25.0	277.5	302.5	52.4	78.1	26.8	948.6	1,116.1	122.5	1,765.9	29.9	258.4	151.6
	February	64.5	118.0	26.2	10.2	4.0	42.4	12.2	237.7	249.9	43.1	82.3	17.3	1,031.5	1,184.1	126.6	1,785.8	29.8	271.5	144.8
	March	68.8	115.4	20.0	11.7	2.8	36.5	2.0	203.9	205.9	45.7	81.9	15.5	1,107.9	1,261.2	142.6	1,830.4	31.0	269.3	142.8
	April	61.5	124.7	16.1	12.0	3.1	33.2	—	188.6	188.6	79.9	86.9	16.5	1,119.4	1,313.0	133.0	1,854.0	29.2	252.8	149.3
	May	72.8	124.1	13.4	12.7	3.3	31.4	1.0	191.6	192.6	94.2	79.0	18.3	1,045.3	1,247.1	140.9	1,808.9	34.1	280.9	157.6
	June	67.4	134.3	25.9	10.5	2.8	41.2	11.3	206.4	217.7	121.3	78.3	11.7	1,064.2	1,285.9	171.5	1,918.0	41.9	325.3	172.4

1. Includes Foreign Securities which amount to 2.0.

2. Includes non-interbank investments ; interbank investments are included in " Other Assets "

Table 3(b). Commercial Banks — Liabilities

(Rs. million)

End of Period	Capital & Reserves	Private Sector Deposits				Government Deposits	Credit from Bank of M'tius*	Balances due to		Bills Payable	Other Liabilities	Total Liabilities	Acceptances on account of Customers	Documentary Credits	Guarantees
		Demand	Time	Savings	Total			Banks in M'tius	Banks Abroad						
1972 ... ..	31.9	201.9	140.6	118.7	461.2	2.4	1.8	11.6	7.9	1.7	71.0	589.5	10.6	65.0	17.0
1973 ... ..	40.0	265.0	210.0	165.9	640.9	6.1	54.4	11.4	11.5	1.7	61.9	827.9	24.1	142.2	37.1
1974 ... ..	45.1	468.8	512.1	243.4	1,224.3	9.7	—	8.8	9.7	3.7	76.4	1,377.7	30.7	120.2	100.4
1975 ... ..	53.1	530.2	512.6	380.2	1,423.0	10.1	—	12.1	11.8	6.5	112.0	1,628.6	26.5	209.1	110.0
1976 ... ..	71.4	506.5	450.9	513.6	1,471.0	4.5	10.2	45.8	9.1	10.0	128.8	1,750.8	30.2	278.8	164.8
1972 March ...	31.5	151.1	119.3	97.7	368.1	5.5	—	1.0	12.1	1.6	34.3	454.1	10.8	43.9	16.0
June ...	31.6	137.2	121.5	102.7	361.4	5.7	24.4	4.9	8.4	1.1	37.1	474.6	10.1	55.5	16.0
September ...	31.8	158.2	130.4	111.0	399.6	3.0	7.0	4.2	12.2	2.0	40.1	499.9	6.9	65.7	16.1
December ...	31.9	201.9	140.6	118.7	461.2	2.4	1.8	11.6	7.9	1.7	71.0	589.5	10.6	65.0	17.0
1973 March ...	34.2	185.6	165.9	131.7	483.2	2.1	10.9	2.0	10.1	3.4	46.3	592.2	8.8	79.9	20.1
June ...	34.4	193.3	168.7	136.8	498.8	4.3	44.7	5.3	15.3	.9	48.0	651.7	15.3	104.1	24.0
September ...	34.8	224.6	179.2	147.7	551.5	3.1	47.2	3.7	10.0	2.4	54.5	707.2	10.9	155.1	30.0
December ...	40.0	265.0	210.0	165.9	640.9	6.1	54.4	11.4	11.5	1.7	61.9	827.9	24.1	142.2	37.1
1974 March ...	41.8	268.5	187.1	184.2	639.8	7.5	1.6	11.5	4.3	5.7	58.5	770.7	24.2	216.1	87.1
June ...	44.3	219.7	185.7	188.0	593.4	6.6	17.0	7.6	16.2	5.4	60.1	740.9	20.6	203.5	111.4
September ...	44.8	247.9	201.1	197.6	646.6	7.2	10.9	18.9	16.2	11.4	66.8	822.8	16.9	170.8	109.1
December ...	45.1	468.8	512.1	243.4	1,224.3	9.7	—	8.8	9.7	3.7	76.4	1,377.7	30.7	120.2	100.4
1975 March ...	47.6	358.3	423.4	286.7	1,068.4	18.1	5.2	5.5	6.2	5.6	67.6	1,224.2	18.2	182.5	67.8
June ...	51.9	380.6	297.3	294.3	972.2	9.6	6.0	10.3	14.1	5.0	83.3	1,152.4	37.8	188.7	74.7
September ...	52.6	600.1	257.3	321.0	1,178.4	8.4	0.1	6.3	12.3	10.0	84.3	1,352.4	27.5	196.1	98.0
December ...	53.1	530.2	512.6	380.2	1,423.0	10.1	—	12.1	11.8	6.5	112.0	1,628.6	26.5	209.1	110.0
1976 March ...	57.1	480.3	681.1	429.8	1,591.2	10.9	—	10.8	7.3	5.9	120.1	1,803.3	26.0	255.9	124.5
June ...	65.2	450.2	493.6	441.3	1,385.1	13.5	7.5	40.0	5.9	8.7	120.6	1,646.5	20.0	282.7	140.8
September ...	67.4	546.7	408.1	459.0	1,413.8	9.6	8.5	22.2	7.8	9.3	136.7	1,675.3	21.4	309.5	163.3
December ...	71.4	506.5	450.9	513.6	1,471.0	4.5	10.2	45.8	9.1	10.0	128.8	1,750.8	30.2	278.8	164.8
1977 January ...	71.5	494.9	463.0	544.7	1,502.6	5.1	16.0	27.3	5.1	8.0	130.3	1,765.9	29.9	258.4	151.6
February ...	72.9	488.1	462.7	558.9	1,509.7	3.7	15.3	27.4	8.3	12.0	136.5	1,785.8	29.8	271.5	144.8
March ...	79.0	498.1	453.7	564.2	1,561.0	3.5	26.7	39.1	9.2	9.2	147.7	1,830.4	31.0	269.3	142.8
April ...	79.4	479.0	472.8	564.8	1,516.6	3.2	41.5	58.9	5.9	5.1	143.4	1,854.0	29.2	252.8	149.3
May ...	79.6	471.8	472.2	561.4	1,505.4	7.1	19.5	37.0	8.7	6.7	144.9	1,808.9	34.1	280.9	157.6
June ...	91.0	555.9	460.4	560.0	1,576.3	3.8	20.0	33.4	20.5	12.7	160.3	1,918.0	41.9	325.3	172.4

\* Item adjusted with Table 2



Table 4. Monetary Survey

(Rs. million)

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End of Period	Foreign Assets (net)	Domestic Credit			Money						Quasi - Money				Aggre- gate Monetary Resources*	Other Items (net)
		Claims on Public Sector (net)	Claims on Private Sector	Total	Total Assets	Currency with Public	Demand Deposits		Total Money Supply	Time Deposits		Com- mercial Banks' Savings Deposits	Total			
							Bank of Mtius	Com- mercial banks		Bank of Mtius	Com- mercial Banks					
1972 ... ..	387.4	43.0	356.5	399.5	786.9	156.3	18.1	201.9	376.3	41.9	140.6	118.7	301.2	677.5	109.4	
1973 ... ..	370.2	88.0	545.4	633.4	1,003.6	200.6	.9	265.0	466.5	38.0	210.0	165.9	413.9	880.4	123.2	
1974 ... ..	765.9	392.0	594.3	986.3	1,752.2	314.2	.7	468.8	783.7	46.5	512.1	243.4	802.0	1,585.7	166.5	
1975 ... ..	1,088.1	391.0	746.6	1,137.6	2,225.7	438.1	25.0	530.2	993.3	60.6	512.6	380.2	953.4	1,946.7	279.0	
1976 ... ..	577.7	579.2	1,157.2	1,736.4	2,314.1	587.9	4.3	806.3	1,098.7	20.8	450.9	513.6	985.5	2,084.0	230.1	
1972 — March ...	302.1	45.9	292.8	338.7	640.8	128.0	.2	151.1	279.3	45.0	119.3	97.7	262.0	541.3	99.5	
June... ..	242.1	53.3	327.1	380.4	622.5	122.7	.7	137.2	260.6	42.3	121.5	102.7	266.5	527.1	95.4	
September ...	261.6	65.0	343.0	408.0	669.6	132.2	.6	158.2	291.0	42.6	130.4	111.0	284.0	575.0	94.6	
December ...	387.4	43.0	356.5	399.5	786.9	156.3	18.1	201.9	376.3	41.9	140.6	118.7	301.2	677.5	109.4	
1973 — March ...	409.9	— 6.1	362.6	356.5	766.4	143.1	2.3	185.6	331.0	33.4	165.9	131.7	331.0	662.0	104.4	
June... ..	341.5	33.3	423.3	456.6	798.1	148.2	1.4	193.3	342.9	34.2	168.7	136.8	339.7	682.6	115.5	
September ...	342.6	64.1	464.8	528.9	871.5	161.9	1.1	224.6	387.6	35.0	179.2	147.7	361.9	749.5	122.0	
December ...	370.2	88.0	545.4	633.4	1,003.6	200.6	.9	265.0	466.5	38.0	210.0	165.9	413.9	880.4	123.2	
1974 — March ...	358.9	125.8	527.2	653.0	1,011.9	197.1	.2	268.5	465.8	41.3	187.1	184.2	412.6	878.4	133.5	
June... ..	166.4	222.4	607.3	829.7	996.1	200.8	.1	219.7	420.6	42.3	185.7	188.0	416.0	836.6	159.5	
September ...	96.6	262.4	676.9	939.3	1,035.9	218.5	.2	247.9	466.6	42.0	201.1	197.6	440.7	907.3	128.6	
December ...	765.9	392.0	594.3	986.3	1,752.2	314.2	.7	468.8	783.7	46.5	512.1	243.4	802.0	1,585.7	166.5	
1975 — March ...	661.6	388.7	631.2	1,019.9	1,681.5	310.1	36.6	358.3	705.0	52.5	423.4	286.7	762.6	1,467.6	213.9	
June... ..	569.3	271.9	745.8	1,017.7	1,587.0	303.4	1.7	380.6	685.7	53.7	297.3	294.3	645.3	1,331.0	256.0	
September ...	633.5	426.8	743.0	1,169.8	1,803.3	323.3	18.4	600.1	941.8	53.5	257.3	321.0	631.8	1,573.3	229.7	
December ...	1,088.1	391.0	746.6	1,137.6	2,225.7	438.1	25.0	530.2	993.3	60.6	512.6	380.2	953.4	1,946.7	279.0	
1976 — March ...	1,161.2	424.7	822.2	1,246.9	2,408.1	390.9	4.0	480.3	875.1	70.2	681.1	429.8	1,181.1	2,056.2	351.9	
June... ..	725.1	487.8	908.2	1,396.0	2,121.1	388.8	13.5	450.2	852.5	72.4	493.6	441.3	1,007.3	1,859.8	261.3	
September ...	534.0	538.0	1,009.8	1,547.8	2,081.8	426.5	3.1	546.7	976.3	16.9	408.1	459.0	884.0	1,860.3	221.5	
December ...	577.7	579.2	1,157.2	1,736.4	2,314.1	587.9	4.3	506.5	1,098.7	20.8	450.9	513.6	985.3	2,084.0	230.1	
1977 — January ...	609.4	601.0	1,125.7	1,726.7	2,336.1	549.8	2.5	494.9	1,047.2	17.1	463.0	544.7	1,024.8	2,072.0	264.1	
February ...	537.4	622.5	1,201.2	1,823.7	2,361.1	546.1	21.1	488.1	1,055.3	16.2	462.7	558.9	1,037.8	2,093.1	268.0	
March ...	439.9	619.2	1,293.2	1,912.4	2,352.3	530.0	1.8	498.1	1,029.9	10.1	453.7	564.2	1,028.0	2,057.9	294.4	
April ...	385.9	625.8	1,354.0	1,979.8	2,365.7	530.1	1.2	479.0	1,010.3	.7	472.8	564.8	1,038.3	2,048.6	317.1	
May... ..	400.4	691.5	1,275.9	1,967.4	2,367.8	514.3	3.5	471.8	989.6	1.8	472.2	561.4	1,035.4	2,025.0	342.8	
June... ..	357.7	734.6	1,296.8	2,031.4	2,389.1	515.4	3.6	555.9	1,074.9	2.7	460.4	560.0	1,023.1	2,098.0	291.1	

\* Money plus Quasi - Money



Table 5. Money Supply

(Rs. million)

End of Period	Currency with Public*	DEMAND DEPOSITS			Total Money Supply (1) + (2)
		Bank of Mauritius**	Commercial Banks	Total (2)	
	(1)				
1972 — March ... ..	128.0	.2	151.1	151.3	279.3
June... ..	122.7	.7	137.2	137.9	260.6
September ... ..	132.2	.6	158.2	158.8	291.0
December ... ..	156.3	18.1	201.9	220.0	376.3
1973 — March ... ..	143.1	2.3	185.6	187.9	331.0
June... ..	148.2	1.4	193.3	194.7	342.9
September ... ..	161.9	1.1	224.6	225.7	387.6
December ... ..	200.6	.9	265.0	265.9	466.5
1974 — January ... ..	188.6	—	242.4	242.4	431.0
February ... ..	189.3	.2	240.9	241.1	430.4
March ... ..	197.1	.2	268.5	268.7	465.8
April ... ..	195.1	.2	217.2	217.4	412.5
May ... ..	199.0	2.4	230.8	233.2	432.2
June ... ..	200.8	.1	219.7	219.8	420.6
July ... ..	201.3	.3	202.6	202.9	404.2
August ... ..	214.1	.8	215.0	215.8	429.9
September ... ..	218.5	.2	247.9	248.1	466.6
October ... ..	237.0	. .	245.9	245.9	482.9
November ... ..	249.9	.1	305.6	305.7	555.6
December ... ..	314.2	.7	468.8	469.5	783.7
1975 — January ... ..	293.6	—1.7	445.6	443.9	737.5
February ... ..	311.6	18.6	410.9	429.5	741.1
March ... ..	310.1	36.6	358.3	394.9	705.0
April ... ..	303.5	39.8	320.6	360.4	663.9
May... ..	303.0	.2	341.4	341.6	644.6
June ... ..	303.4	1.7	380.6	382.3	685.7
July ... ..	306.0	2.4	342.5	344.9	650.9
August ... ..	318.0	.7	316.4	317.1	635.1
September ... ..	323.3	18.4	600.1	618.5	941.8
October ... ..	353.9	6.7	402.4	409.1	763.0
November ... ..	362.5	1.0	504.5	505.5	868.0
December ... ..	438.1	25.0	530.2	555.2	993.3
1976 — January ... ..	392.8	60.9	493.7	554.6	947.4
February ... ..	400.2	12.4	456.8	469.2	869.4
March ... ..	390.9	3.9	480.3	484.2	875.1
April ... ..	400.0	23.4	428.5	451.9	851.9
May ... ..	393.1	15.0	384.8	399.8	792.9
June ... ..	388.8	13.5	450.2	463.7	852.5
July ... ..	409.8	10.5	412.4	422.9	832.7
August ... ..	410.4	4.8	420.4	425.2	835.6
September ... ..	426.5	3.1	546.7	549.8	976.3
October ... ..	449.2	5.8	420.9	426.7	875.9
November ... ..	451.1	0.4	463.1	463.5	914.6
December ... ..	587.9	4.3	506.5	510.8	1,098.7
1977 — January ... ..	549.8	2.5	494.9	497.4	1,047.2
February ... ..	546.1	21.1	488.1	509.2	1,055.3
March ... ..	530.0	1.8	498.1	499.9	1,029.9
April ... ..	530.1	1.2	479.0	480.2	1,010.3
May ... ..	514.3	3.5	471.8	475.3	989.6
June... ..	515.4	3.6	555.9	559.5	1,074.9

\* Net of cash held by commercial banks.

\*\* Miscellaneous private deposits.

Table 6. Foreign Exchange Reserves

(Rs. million)

	IMF Position (Net)	Bank of M <sup>t</sup> us	Govt.	Statutory Bodies*	Commercial Banks			TOTAL
					Assets (1)	Liabilities (2)	Net (1) (-2)	
1972 March	13.5	305.4	18.6	2.4	8.7	12.1	-3.4	336.5
June ...	13.5	240.5	13.7	2.8	10.0	8.4	1.6	272.1
Sept. ...	13.5	257.9	19.7	2.7	15.9	12.2	3.7	297.5
Dec ...	13.5	378.2	19.0	2.5	17.1	7.9	9.2	422.4
1973 March	13.5	403.6	19.3	1.6	16.3	10.1	6.2	444.2
June ...	13.5	334.5	19.4	1.5	22.2	15.3	6.9	375.8
Sept. ...	13.5	335.4	18.7	1.5	17.2	10.0	7.2	376.3
Dec. ...	13.5	356.4	23.7	1.6	25.3	11.5	13.8	409.0
1974 Jan. ...	35.0	291.4	22.9	1.5	18.8	6.2	12.6	363.4
Feb. ...	35.0	254.1	22.1	1.5	27.3	6.1	21.2	333.9
March ...	35.0	339.3	24.7	1.5	23.9	4.3	19.6	420.1
April ...	35.0	283.3	28.6	1.8	26.9	9.6	17.8	366.0
May ...	—	255.5	26.9	1.7	24.2	6.6	17.6	301.7
June ...	—	149.7	21.5	1.6	23.2	6.5	16.7	189.5
July ...	—	98.2	22.2	1.5	15.6	14.9	0.7	122.3
Aug. ...	—	48.4	20.9	1.4	20.8	12.3	8.0	78.7
Sept. ...	—	84.8	22.1	1.6	27.9	16.2	11.7	120.2
Oct. ...	—	123.4	24.6	2.0	22.8	13.8	8.5	158.5
Nov. ...	—	406.3	24.1	1.0	42.9	10.4	32.5	463.9
Dec. ...	—	739.8	26.0	1.1	35.9	9.7	26.2	793.1
1975 Jan. ...	—	772.4	25.7	1.6	31.3	8.5	22.8	822.5
Feb. ...	—	706.6	25.8	1.6	20.8	9.4	11.4	745.4
March ...	—	648.1	31.0	1.6	19.7	6.2	13.5	694.2
April ...	—	550.3	31.0	-0.6	18.5	10.6	7.9	588.6
May ...	—	567.4	37.1	-0.9	16.8	19.3	-2.5	601.1
June ...	—	562.0	28.4	0.8	21.4	14.1	7.3	598.5
July ...	—	568.5	29.8	0.4	15.2	8.3	6.9	605.6
Aug. ...	—	539.9	27.3	1.3	23.6	13.4	10.2	578.7
Sept. ...	—	619.6	23.8	-2.1	26.1	12.3	13.8	655.1
Oct. ...	—	736.8	24.0	-1.3	25.3	10.0	15.3	774.8
Nov. ...	42.6	873.5	26.5	-2.2	37.5	8.8	28.7	969.1
Dec. ...	42.4	1,045.6	18.7	-5.9	54.3	11.8	42.5	1,143.3
1976 Jan. ...	42.4	1,289.4	15.5	-6.4	41.3	8.0	33.3	1,374.2
Feb. ...	42.4	1,274.1	11.6	-6.8	37.2	7.5	29.7	1,351.0
March ...	42.4	1,135.6	14.0	-8.3	33.0	7.3	25.7	1,209.4
April ...	42.4	997.3	10.4	-8.4	33.8	5.6	28.2	1,069.9
May ...	42.4	847.3	9.3	-8.8	28.7	16.5	12.2	902.4
June ...	42.4	694.7	9.7	-1.1	36.3	5.9	30.4	776.1
July ...	42.4	603.7	9.5	-1.3	30.3	10.1	20.2	674.5
Aug. ...	42.4	502.7	9.8	-1.4	35.4	14.4	21.0	574.5
Sept. ...	42.4	511.3	9.7	-3.5	30.5	7.8	22.7	582.6
Oct. ...	42.4	564.0	10.2	-6.0	32.4	10.2	22.2	632.8
Nov. ...	42.4	551.1	8.4	-1.9	30.9	6.0	24.9	624.9
Dec. ...	42.4	551.9	11.9	-2.4	34.9	9.1	25.8	629.6
1977 Jan. ...	42.4	576.9	8.9	-7.1	37.5	5.1	32.4	653.5
Feb. ...	42.4	503.3	9.9	-4.7	42.5	8.3	34.2	585.1
March ...	42.4	412.6	10.5	-6.5	36.5	9.2	27.3	486.3
April ...	42.4	358.6	8.3	2.2	33.3	5.9	27.4	438.9
May ...	—	377.7	9.4	2.2	31.4	8.7	22.7	412.0
June ...	—	337.0	9.6	2.2	41.2	20.5	20.7	369.5

\* Statutory bodies include the Sugar Insurance Fund Board and the Central Electricity Board.

Table 7. Bank of Mauritius — Selected Transactions

(Rs. million)

Year Month	Government Stocks			Treasury Bills			Claims on Commercial Banks (end of month)			
	Sold During Month	Purchased During Month	Amount held at End of Month	Sold During Month	Purchased During Month	Amount held at End of Month	Export Bills Rediscounted	Advances against Securities	Adjustment Items*	TOTAL
1974 January ...	6.6	6.5	17.7	1.0	2.1	2.1	15.7	63.1	13.7	92.5
February ...	1.6	18.7	34.8	2.1	1.0	1.0	71.8	8.5	13.8	94.1
March ...	0.8	—	34.0	1.9	11.4	0.5	26.8	1.6	4.9	33.3
April ...	2.0	45.7	77.7	8.4	9.9	3.6	49.7	15.2	1.2	66.1
May ...	0.7	8.2	85.2	5.4	8.5	4.2	65.1	15.6	5.1	85.8
June ...	3.4	10.1	91.6	4.7	3.0	0.5	104.3	17.0	3.8	125.1
July ...	3.0	3.3	92.2	0.5	—	—	130.1	23.4	1.1	154.6
August ...	1.2	6.9	97.9	—	—	—	159.6	20.0	0.7	180.3
September ...	3.8	2.4	96.5	—	—	—	119.6	10.9	2.1	132.6
October ...	3.0	—	92.6	—	—	—	152.6	9.8	1.2	163.6
November ...	105.5	10.5	0.6	—	—	—	7.0	0.7	2.5	10.2
December ...	0.1	7.0	7.5	—	—	—	—	—	10.9	10.9
1975 January ...	4.0	..	3.0	—	—	—	—	0.3	5.4	5.7
February ...	..	0.2	3.1	—	—	—	2.6	0.7	2.3	5.6
March ...	1.4	—	1.7	—	—	—	15.5	5.2	4.2	24.9
April ...	12.8	112.3	100.1	—	—	—	43.8	9.9	1.6	55.3
May ...	58.8	18.7	68.9	—	—	—	35.0	—	0.9	35.9
June ...	42.9	51.8	151.0	—	—	—	35.3	6.0	3.4	44.7
July ...	63.6	27.9	115.7	—	—	—	34.3	9.4	24.8	68.5
August ...	4.5	38.8	149.8	—	—	—	19.4	1.8	0.7	21.9
September ...	60.6	107.0	194.7	—	—	—	1.2	0.1	2.0	3.3
October ...	39.9	46.8	192.3	—	—	—	28.2	1.7	1.5	31.4
November ...	191.4	3.0	5.9	—	—	—	3.4	1.5	43.3	48.2
December ...	5.2	—	0.7	—	—	—	3.0	—	1.6	4.6
1976 January ...	0.3	1.4	1.8	—	—	—	0.5	—	1.6	2.1
February ...	1.7	—	0.1	—	—	—	2.0	—	3.0	5.0
March ...	..	—	0.1	—	—	—	—	—	3.1	3.1
April ...	3.9	4.0	0.1	—	—	—	—	—	1.4	1.4
May ...	0.1	12.0	11.9	—	—	—	10.3	5.3	1.9	17.5
June ...	30.3	140.9	122.3	—	—	—	14.8	7.5	8.0	30.3
July ...	8.5	98.2	135.3	—	—	—	12.1	3.7	2.5	18.3
August ...	8.7	24.0	150.5	—	—	—	12.2	8.2	1.4	21.8
September ...	28.0	26.1	148.6	—	—	—	2.6	8.5	6.7	17.8
October ...	24.7	114.5	238.3	—	—	—	19.8	16.9	0.9	37.6
November ...	51.5	12.2	199.3	—	—	—	10.1	5.6	3.3	19.0
December ...	85.8	90.1	206.8	—	—	—	15.4	10.2	17.3	42.9
1977 January ...	88.5	47.4	160.0	—	—	—	9.6	16.0	1.0	26.6
February ...	5.1	42.3	197.3	—	—	—	16.8	15.3	4.9	37.0
March ...	5.9	68.9	257.7	—	—	—	32.0	26.7	9.1	67.8
April ...	16.4	23.0	264.2	—	—	—	41.0	41.5	2.0	84.5
May ...	3.6	7.2	267.8	—	—	—	28.8	19.5	4.5	52.8
June ...	30.1	71.0	308.7	—	—	—	10.9	20.0	32.3	63.2

\* These are items in transit to be cleared on the next working day.

Table 8. Tap Treasury Bills\*

(Rs. million)

Year/Month		Amount Applied for and Issued	Price at Issue	Rate of Discount %	Amount Redeemed during month	Total Amount Outstanding
1973	January ...	1.3	98.80	4.9	1.3	25.0
	February ...	23.7	98.80	4.9	23.7	25.0
	March ...	10.0	98.80	4.9	—	35.0
	April ...	1.3	98.80	4.9	1.3	35.0
	May ...	.4	98.80	4.9	23.7	11.7
	June ...	5.8	98.80	4.9	10.0	7.5
	July ...	1.3	98.80	4.9	1.3	7.5
	August ...	.7	98.80	4.9	.4	7.8
	September ...	10.2	98.80	4.9	5.8	12.2
	October ...	4.3	98.80	4.9	1.3	15.2
	November ...	2.2	98.80	4.9	.7	16.7
	December ...	14.8	98.80	4.9	10.2	21.3
1974	January ...	5.3	98.80	4.9	4.3	22.3
	February ...	3.5	98.80	4.9	2.2	23.6
	March ...	10.1	98.80	4.9	7.3	26.4
	April ...	10.1	98.80	4.9	12.8	23.7
	May ...	—	—	—	3.5	20.2
	June ...	7.3	98.80	4.9	10.1	17.4
	July ...	15.8	98.80	4.9	10.1	23.1
	August ...	18.7	98.80	4.9	21.8	20.0
	September ...	11.0	98.80	4.9	12.0	19.0
	October ...	9.5	98.80	4.9	9.4	19.1
	November ...	93.9	98.80	4.9	15.0	98.0
	December ...	132.8	98.80	4.9	80.8	150.0
1975	January ...	69.8	98.80	4.9	21.0	198.8
	February ...	37.4	98.80	4.9	131.4	104.8
	March ...	38.6	98.80	4.9	108.4	35.2
	April ...	2.1	98.80	4.9	18.6	18.7
	May ...	21.8	98.80	4.9	9.1	31.4
	June ...	22.1	98.80	4.9	32.9	20.6
	July ...	9.9	98.80	4.9	22.7	7.8
	August ...	7.7	98.80	4.9	8.5	7.0
	September ...	154.1	98.80	4.9	32.7	128.4
	October ...	17.5	98.80	4.9	136.9	9.0
	November ...	40.0	98.80	4.9	20.5	28.5
	December ...	304.5	98.80	4.9	199.8	133.2
1976	Jan. ...	283.8	98.80	4.9	180.6	236.4
	Feb. ...	112.0	98.80	4.9	75.1	273.3
	March ...	111.3	98.80	4.9	205.5	179.1
	April ...	166.8	98.80	4.9	284.1	61.8
	May ...	22.4	98.80	4.9	80.9	3.3
	June ...	8.5	98.80	4.9	9.3	2.5
	July ...	2.0	98.80	4.9	4.5	—
	August ...	5.0	98.80	4.9	—	5.0
	September ...	23.0	98.80	4.9	5.0	23.0
	October ...	10.0	98.80	4.9	33.0	—
	November ...	28.0	98.80	4.9	6.5	21.5
	December ...	—	98.80	4.9	21.5	—
1977	January ...	61.2	98.80	4.9	15.7	45.5
	February ...	7.5	98.80	4.9	22.5	30.5
	March ...	70.0	98.56	5.9	96.0	4.5
	April ...	38.0	98.56	5.9	32.5	10.0
	May ...	29.2	98.56	5.9	38.2	1.0
	June ...	37.0	98.56	5.9	26.5	11.5

\* The issue of Tap Treasury Bills started in December, 1971, as a supplement to the Bills issued by tender; after May, 1972, however, the issue of Treasury Bills by tender was discontinued. For data relating to Bills issued by tender reference is invited to the Annual Report for 1972.

Note : Amount of Tap Treasury Bills issuable was increased from Rs. 35 million to Rs. 100 million on the 25th November, 1974. On the 6th December the amount was again increased to Rs. 150 million and finally on the 31st December, 1974, it was fixed at Rs. 225 million. On the 15th January, 1976, it was increased to Rs. 325 million.

Table 9. Currency in Circulation

(Rs. 000)

End of Period	Bank of Mauritius Notes					Currency Board Notes	Coin										Total Notes & Coin
	Rs 5	Rs 10	Rs 25	Rs 50	Total		Rs 200	Rs 10	Re 1	50c.	25c.	10c.	5c.	2c.	1c.	Total*	
1972																	
March ...	28,741	56,877	18,208	26,781	130,607	621	52	31	3,918	904	1,262	358	416	217	152	7,310	138,538
June ...	26,530	51,446	17,514	27,614	123,104	615	56	31	4,135	1,030	1,285	370	420	220	155	7,702	131,421
September ...	28,439	56,893	17,848	30,730	133,910	604	56	28	4,292	1,078	1,309	377	430	222	158	7,950	142,464
December ...	33,206	71,308	18,343	37,223	160,080	598	56	28	4,794	1,026	1,322	389	439	225	159	8,438	169,113
1973																	
March ...	28,439	63,182	16,831	38,500	146,952	586	56	29	5,099	1,041	1,323	418	449	227	159	8,801	156,339
June ...	28,135	63,496	16,485	40,992	149,108	583	573	170	4,963	1,011	1,339	432	464	231	161	9,344	159,035
September ...	1,818	73,096	16,751	44,928	166,593	580	573	171	5,256	1,052	1,445	465	491	238	164	9,856	177,029
December ...	37,916	101,480	18,257	57,251	214,904	576	573	172	5,900	1,263	1,582	531	522	244	166	10,954	226,434
1974																	
March ...	32,951	92,183	17,674	60,717	203,525	571	573	173	5,461	1,226	1,603	548	529	246	168	10,527	214,623
June ...	31,905	92,243	16,958	66,099	207,205	569	649	188	5,600	1,197	1,667	579	543	249	169	10,841	218,615
September ...	36,597	88,117	35,025	64,755	224,494	567	648	189	5,898	1,282	1,732	630	565	252	171	11,367	236,428
December ...	50,491	120,431	52,016	120,942	343,880	521	649	192	6,656	1,429	1,918	702	595	259	173	12,573	356,974
1975																	
March ...	37,617	116,097	44,858	120,093	318,665	518	649	193	5,986	1,364	1,963	714	629	264	175	11,937	331,120
June ...	40,672	112,441	41,724	116,222	311,059	517	649	247	5,810	1,308	2,036	715	657	270	176	11,868	323,444
September ...	58,664	128,550	38,036	110,737	335,987	517	649	250	6,426	1,407	2,154	747	670	275	178	12,756	349,260
December ...	107,100	169,836	56,353	146,112	479,401	515	649	253	7,551	1,509	2,286	787	679	281	180	13,824	493,740
1976																	
January ...	75,307	151,468	54,247	140,642	421,664	515	649	254	6,935	1,546	2,312	801	681	282	180	13,728	435,907
February ...	66,580	153,481	54,521	143,926	418,508	512	649	254	6,987	1,553	2,348	815	685	283	180	13,846	432,866
March ...	62,458	156,042	56,319	146,037	420,856	512	649	254	7,055	1,575	2,374	833	688	284	181	13,987	435,355
April ...	58,267	159,253	54,080	143,893	415,493	512	649	255	7,221	1,623	2,405	844	691	284	182	14,249	430,254
May ...	53,643	160,339	54,101	143,421	411,504	512	649	255	7,330	1,615	2,447	855	694	286	182	14,408	426,424
June ...	51,770	162,406	53,901	143,394	411,471	512	649	255	7,162	1,631	2,474	865	698	287	182	14,634	426,617
July ...	55,191	163,796	54,043	144,794	417,824	511	650	256	7,543	1,620	2,508	879	702	288	182	14,775	433,110
August ...	62,735	168,319	56,878	146,706	434,638	511	650	256	7,848	1,643	2,547	891	705	290	183	15,165	450,314
September ...	75,733	171,219	55,880	145,694	448,526	511	650	257	8,326	1,691	2,593	910	710	293	183	15,768	464,805
October ...	89,941	169,624	54,964	144,480	459,009	510	650	257	8,548	1,732	2,630	924	714	295	183	16,090	475,609
November ...	96,593	178,603	55,751	145,075	476,022	510	650	257	8,156	1,794	2,667	939	717	296	184	15,818	492,350
December ...	146,547	210,924	89,430	178,831	625,932	509	650	257	8,681	1,891	2,749	956	722	299	185	16,549	642,990
1977																	
January ...	114,308	206,137	95,167	183,528	599,360	509	650	257	8,682	1,940	2,805	971	726	300	185	16,674	616,542
February ...	98,559	203,170	102,472	189,396	593,597	508	650	257	8,423	1,975	2,847	985	729	301	185	16,511	610,617
March ...	83,461	202,780	103,890	191,723	581,854	508	650	257	8,254	1,989	2,859	1,002	734	301	185	16,390	598,752
April ...	72,962	197,427	106,325	197,982	574,696	508	650	257	8,229	1,985	2,873	1,015	737	302	187	16,395	591,599
May ...	67,087	191,133	109,066	202,857	570,143	508	650	257	8,241	2,000	2,883	1,032	742	303	187	16,457	587,108
June ...	62,404	187,963	109,297	202,700	562,364	507	650	257	8,197	2,001	2,890	1,048	746	303	187	19,945	582,816

\* Includes coins of Rs. 50, Rs. 1,000 as from Dec. 1975.

Table 10. Cheque Clearance

Year Month				No. of cheques	Amount (Rs. 000)	No. of days	Daily Average	
							No. of cheques	Amount (Rs. 000)
1971	March	...	...	72,267	111,965	26	2,780	4,306
	June	...	...	67,606	111,903	26	2,600	4,304
	September	...	...	71,551	136,064	26	2,752	5,233
	December	...	...	86,181	142,569	26	3,315	5,483
1972	March	...	...	75,440	156,630	24	3,143	6,526
	June	...	...	84,316	135,094	26	3,243	5,196
	September	...	...	88,497	131,696	24	3,687	5,487
	December	...	...	105,121	201,967	24	4,380	8,415
1973	March	...	...	105,123	178,029	24	4,380	7,418
	June	...	...	109,899	187,128	26	4,227	7,197
	September	...	...	102,336	213,744	23	4,449	9,293
	December	...	...	128,421	311,605	24	5,351	12,984
1974	January	...	...	106,859	227,955	23	4,646	9,911
	February	...	...	98,853	240,637	22	4,493	10,938
	March	...	...	114,588	277,391	23	4,982	12,060
	April	...	...	124,669	305,905	24	5,195	12,746
	May	...	...	117,021	265,146	26	4,500	10,198
	June	...	...	115,503	282,332	25	4,620	11,293
	July	...	...	123,890	277,952	27	4,588	10,294
	August	...	...	130,416	283,205	26	5,016	10,892
	September	...	...	120,775	294,753	23	5,251	12,815
	October	...	...	145,548	363,282	25	5,822	14,531
	November	...	...	135,049	319,162	23	5,872	13,877
	December	...	...	149,810	572,723	23	6,513	24,901
1975	January	...	...	134,002	373,551	24	5,583	15,565
	February	...	...	111,139	387,634	22	5,052	17,620
	March	...	...	125,837	388,136	21	5,992	18,483
	April	...	...	138,940	481,382	24	5,789	20,058
	May	...	...	140,255	384,408	26	5,394	14,785
	June	...	...	126,177	418,159	25	5,047	16,676
	July	...	...	153,138	467,476	27	5,671	17,314
	August	...	...	138,406	405,350	25	5,536	16,214
	September	...	...	150,775	545,698	24	6,282	22,737
	October	...	...	155,581	776,964	25	6,223	31,079
	November	...	...	143,435	492,460	22	6,520	22,385
	December	...	...	176,641	815,569	25	6,935	62,623
1976	January	...	...	146,686	648,221	23	6,234	28,184
	February	...	...	148,585	481,448	23	6,460	20,933
	March	...	...	166,511	534,053	24	6,968	22,252
	April	...	...	150,887	627,825	24	6,287	26,159
	May	...	...	145,332	474,493	25	5,813	18,980
	June	...	...	145,889	559,203	26	5,611	21,508
	July	...	...	162,382	551,514	27	6,014	20,056
	August	...	...	141,100	470,274	26	5,427	18,087
	September	...	...	146,896	566,761	25	5,876	22,670
	October	...	...	162,753	774,094	24	6,781	32,254
	November	...	...	159,343	504,307	24	6,639	21,013
	December	...	...	166,036	941,115	25	6,641	37,645
1977	January	...	...	150,658	582,538	25	6,026	23,302
	February	...	...	135,944	518,016	21	6,474	24,667
	March	...	...	168,935	540,650	24	7,039	22,524
	April	...	...	164,157	642,297	24	6,840	26,762
	May	...	...	164,659	614,498	26	6,448	23,634
	June	...	...	168,551	666,548	26	6,483	25,636



Table 11. Principal Interest Rates in Mauritius

(Per cent per annum)

	June 1975	June 1976	March 1977	June 1977
<b>I — LENDING</b>				
1. Bank of Mauritius				
1. Bank Rate ... ..	6	6	7	7
Rediscount facilities ... ..	Sugar: 6 Others: 5½	6½	7½	7½
2. Commercial Banks				
(i) Prime Rate* ... ..	7	7	8	8
(ii) Fine Commercial Rate** ... ..	7½	7½	8½	8½
(iii) Commercial Rates (applicable to traders and small commercial businesses) ... ..	9	9	10	10
(iv) Rates for Development Purposes				
(a) 12 months ... ..	5½	5½	9½	9½
(b) 24 months ... ..	7	7	9½	9½
(c) 36 months ... ..	7½	7½	10	10
(v) Personal and Professional and all other accounts ... ..	9	9	10	10
3. Mauritius Cooperative Central Bank***				
(i) Crop Loan (short term) ... ..	6	6	6	6
(ii) Credit Union, Coop. Societies ... ..	7½	7½	7½	7½
(iii) Medium Term Loan ... ..	8	8	8½	8½
(iv) Housing Societies ... ..	8½	8½	8½	8½
<b>II — DEPOSITS</b>				
1. Savings ... ..	4	4	4½	4½
2. Fixed Deposits				
(i) Up to 3 months ... ..	4½	4½	4½	4½
(ii) Exceeding 3 months and up to 6 months ... ..	4½	4½	5	5
(iii) Exceeding 6 months and up to 12 months ... ..	5½	5½	6	6
(iv) Exceeding 12 months and up to 18 months ... ..	6½	6½	7	7
(v) Exceeding 18 months and up to 24 months ... ..	7	7	7½	7½
(vi) Exceeding 24 months and up to 36 months ... ..	7½	7½	8½	8½
(vii) Over 36 months ... ..	7½	7½	8½	8½
<b>III — MORTGAGES</b>				
1. Notaries				
(i) Up to Rs 6,000 (max.) ... ..	11	11	11	11
(ii) Over Rs 6,000 (max.) ... ..	9	9	9	9
2. Mauritius Housing Corporation Loans				
(i) Under Rs. 50,000 ... ..	8	8	8	8
(ii) Over Rs 50,000 ... ..	8½	8½	8½	8½

\* applicable to most favoured customers like the Mauritius Sugar Syndicate.

\*\* applicable to all primary producers — like sugar planters, tea and vegetable planters to millers, sugar brokers, and industrial undertakings holding a Development Certificate or Export Processing Certificate,

\*\*\* applicable to funds on lent out of borrowings from the Bank of Mauritius,

Table 12. Purpose-wise Classification of Loans and Advances and Bills Discounted

(Rs million)

SECTORS	1 9 7 2		1 9 7 3				1 9 7 4				1 9 7 5				1 9 7 6				1 9 7 7	
	Sept.	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June
Sugar industry ...	117.7 (37.1)	101.9 (30.5)	85.2 (25.3)	97.3 (24.5)	92.9 (21.6)	123.4 (25.3)	64.2 (13.9)	51.7 (11.6)	56.5 (11.5)	31.9 (6.0)	49.8 (8.9)	106.8 (16.5)	77.8 (11.4)	58.9 (8.6)	64.7 (8.6)	99.1 (11.9)	158.1 (16.8)	170.5 (16.1)	286.4 (24.3)	262.9 (20.5)
Other agricultural interests ...	9.2 (2.9)	9.5 (2.8)	10.2 (3.1)	10.3 (2.6)	11.6 (2.7)	11.7 (2.4)	10.7 (2.3)	22.0 (4.9)	23.5 (4.8)	26.8 (5.1)	22.3 (4.0)	24.9 (3.8)	23.2 (3.4)	26.1 (3.8)	25.5 (3.4)	30.5 (3.7)	38.7 (4.1)	32.7 (3.1)	38.2 (3.2)	43.6 (3.4)
Other industries & manufacturers	63.3 (19.9)	72.4 (21.6)	78.8 (23.4)	98.0 (24.7)	134.4 (31.3)	140.7 (28.9)	168.3 (36.4)	147.2 (33.0)	186.7 (38.1)	257.4 (48.8)	266.5 (47.9)	277.8 (42.9)	335.6 (49.2)	342.9 (50.3)	383.7 (50.8)	382.7 (46.1)	412.9 (43.9)	454.6 (42.9)	481.3 (40.8)	540.7 (42.0)
Traders ...	71.6 (22.6)	80.8 (24.2)	94.0 (27.9)	108.1 (27.2)	105.7 (24.6)	115.1 (23.6)	120.0 (26.0)	137.3 (30.9)	141.9 (29.0)	133.1 (25.2)	137.9 (24.8)	149.3 (23.0)	148.7 (21.8)	147.5 (21.6)	167.2 (22.2)	179.4 (21.6)	187.4 (19.9)	221.1 (20.9)	216.7 (18.3)	264.7 (20.6)
Personal & professional	28.4 (8.9)	30.5 (9.1)	39.1 (11.6)	50.4 (12.7)	50.8 (11.8)	53.9 (11.1)	56.5 (12.2)	56.8 (12.8)	51.3 (10.3)	46.3 (8.8)	47.2 (8.5)	57.1 (8.8)	59.7 (8.7)	64.3 (9.4)	71.5 (9.5)	82.9 (10.0)	88.9 (9.5)	94.3 (8.9)	95.1 (8.1)	97.2 (7.6)
Stockbrokers ...	. . ( . )	. . ( . )	. . ( . )	.1 ( . )	.2 ( . )	.3 ( . )	2.0 ( .4 )	1.4 ( .3 )	1.2 ( .2 )	.3 ( . )	.3 ( . )	.7 ( .1 )	1.0 ( .2 )	1.0 (0.2)	1.0 (.1)	1.2 ( .1 )	0.8 ( .1 )	1.0 (0.1)	1.6 (0.1)	1.2 (0.1)
Government ...	— (—)	— (—)	— (—)	— (—)	— (—)	. . ( . )	— (—)	— (—)	— (—)	— (—)	. . ( . )	— (—)	— (—)	1.5 (0.2)	— (—)	— (—)	0.9 ( .1 )	1.4 (0.1)	0.1 ( . )	13.1 (1.0)
Public bodies ...	13.6 (4.3)	15.6 (4.7)	14.2 (4.2)	15.5 (3.9)	15.3 (3.6)	20.3 (4.2)	19.1 (4.1)	5.3 ( 1.2 )	6.3 ( 1.3 )	7.8 (1.5)	8.3 (1.5)	6.5 (1.0)	8.1 (1.2)	10.4 (1.5)	11.5 (1.5)	19.2 (2.3)	16.2 (1.7)	25.7 (.4)	15.5 (1.3)	11.7 (0.9)
Financial institutions	1.4 ( .4 )	1.3 ( .4 )	1.4 ( .4 )	1.9 ( .5 )	3.1 ( .7 )	2.7 ( .6 )	2.3 ( .5 )	2.0 ( .5 )	2.8 ( .6 )	3.0 ( .6 )	4.3 ( .8 )	3.3 ( .5 )	6.8 (1.0)	9.4 (1.4)	9.0 (1.2)	7.9 (1.0)	8.9 (0.9)	23.3 (2.2)	12.5 (1.1)	11.8 (0.9)
Other customers ...	10.4 (3.3)	19.3 (5.8)	10.9 (3.3)	10.1 (2.5)	10.8 (7.5)	(12.8) (2.6)	11.4 (2.5)	12.3 ( 2.8 )	13.3 ( 2.7 )	14.9 (2.8)	15.2 (2.7)	14.8 (2.3)	15.3 (2.2)	13.9 (2.0)	14.7 (1.9)	13.9 (1.7)	16.9 (1.8)	20.2 (1.9)	21.7 (1.8)	28.6 (2.2)
Foreign bills ...	1.8 ( .6 )	2.9 ( .9 )	2.7 ( .8 )	5.8 (1.4)	5.3 (1.2)	6.7 (1.3)	7.6 (1.7)	9.1 ( 2.0 )	6.1 ( 1.3 )	6.2 (1.2)	5.0 ( .9 )	7.0 (1.1)	5.8 ( .9 )	(6.5) (1.0)	6.0 ( .8 )	13.7 (1.6)	11.7 (1.2)	15.1 (1.4)	11.7 (1.0)	10.5 (0.8)
TOTAL ...	317.5	334.2	336.5	397.5	430.1	487.6	462.1	445.1	489.6	527.4	556.8	648.2	682.0	682.4	754.8	830.5	941.4	1059.9	1,180.8	1,286.0

Figures in brackets are percentages to the total.

Table 13(a) — Ownership of Time Deposits

(Rs. '000)

Category of Owner	March 72	March 73	March 74	March 75	March 76	March 77
1. Sugar ... ..	7,958 (6.5)	13,529 (8.1)	16,611 (8.8)	115,918 (27.3)	249,134 (36.5)	29,497 (6.4)
2. Other Agriculture ... ..	366 (.3)	4,905 (2.9)	1,281 (.7)	2,200 (0.5)	2,980 (0.4)	6,778 (1.5)
3. Other Industries and Manufacturers	1,527 (1.3)	946 (.6)	875 (.5)	3,516 (0.8)	6,397 (0.9)	8,173 (1.8)
4. Public Utilities ... ..	6,151 (5.0)	4,664 (2.8)	3,124 (1.7)	5,806 (1.4)	1,801 (0.3)	13,583 (3.0)
5. Business and Trade ... ..	375 (0.3)	1,559 (.9)	2,060 (1.1)	2,160 (0.5)	5,809 (0.9)	10,860 (2.4)
6. Financial Institutions ... ..	19,811 (16.3)	23,266 (14.0)	23,105 (12.3)	61,295 (14.4)	72,665 (10.6)	76,677 (16.8)
7. Government* ... ..	34,913 (28.6)	51,245 (30.8)	56,930 (30.4)	120,816 (28.4)	95,748 (14.0)	112,096 (0.2)
8. Professional and Personal ... ..	50,841 (41.7)	66,374 (39.9)	83,389 (44.5)	113,698 (26.7)	248,157 (36.4)	199,570 (43.6)
TOTAL ... ..	121,942	166,488	187,375	425,409	682,691	457,234

\* Includes local authorities and semi-government institutions.

Table 13(b) — Ownership of Savings Deposits

(Rs. '000)

Category of Owner	March 72	March 73	March 74	March 75	March 76	March 77
1. Personal ... ..	92,602 (94.8)	125,072 (95.0)	177,414 (96.3)	271,378 (94.7)	416,498 (96.8)	538,754 (95.5)
2. Professional ... ..	890 (.9)	996 (.8)	1,465 (0.4)	1,397 (0.4)	1,303 (0.3)	2,137 (0.4)
3. Other ... ..	4,207 (4.3)	5,597 (4.2)	5,368 (2.9)	13,917 (4.9)	12,343 (2.9)	23,320 (4.1)
TOTAL ... ..	97,699	131,665	184,247	286,692	430,144	564,211

Figures in brackets are percentages to the total.

Table 14(a). Government Finances : Recurrent Budget

(Rs. million)

	1973-74 <i>Actual</i>	1974-75 <i>Actual</i>	1975-76 <i>Actual</i>	1976-77 <i>Actual</i>	1977-78 <i>Estimates</i>
<b>Revenue :</b>					
Direct Taxes ... ..	153.3	225.9	430.7	437.3	318.2
Income Tax ... ..	(122.5)	(191.2)	(389.2)	(376.4)	(262.0)
Succession Duties ... ..	(3.0)	(3.0)	(5.3)	(8.8)	(8.0)
Contribution to Social Security ... ..	(2.7)	(2.9)	(3.5)	(7.0)	(5.5)
Other ... ..	(25.1)	(28.8)	(32.7)	(45.1)	(42.7)
Indirect Taxes ... ..	217.2	438.0	520.5	643.9	688.7
of which: Import duties ... ..	(141.6)	(187.8)	(260.5)	(349.1)	(355.0)
Export duties ... ..	(48.1)	(129.8)	(126.1)	(124.9)	(136.2)
Excise duties ... ..	(25.6)	(88.9)	(94.4)	(104.8)	(128.7)
Other ... ..	(25.6)	(31.5)	(39.5)	(65.1)	(68.8)
Receipt from public utilities ... ..	28.2	32.9	38.3	47.1	41.5
Receipt from public services ... ..	12.5	16.8	22.1	24.2	30.1
Rental of public Property ... ..	2.7	2.8	3.4	3.5	3.7
Other ... ..	28.5	28.5	60.7	54.7	63.2
<b>TOTAL ... ..</b>	<b>515.4</b>	<b>744.9</b>	<b>1075.7</b>	<b>1210.7</b>	<b>1145.4</b>
<b>Expenditure :</b>					
General administration ... ..	118.5	137.4	259.6	294.2	261.8
of which: Defence and Police ... ..	(24.8)	(35.0)	(52.9)	(63.8)	(58.0)
Economic Services ... ..	56.3	84.9	154.4	174.6	188.8
Agriculture, forestry and fisheries ... ..	(11.6)	(19.9)	(29.7)	(35.1)	(41.2)
Transport ... ..	(7.3)	(10.5)	(14.6)	(11.1)	(9.0)
Posts and Telecommunications ... ..	(9.3)	(13.0)	(13.0)	(23.8)	(28.6)
Other ... ..	(28.1)	(41.5)	(89.1)	(104.6)	(110.0)
Social expenditure ... ..	152.7	214.6	299.4	439.1	425.5
Education ... ..	(60.6)	(86.6)	(125.7)	(195.9)	(198.6)
Health ... ..	(45.0)	(66.6)	(94.1)	(116.0)	(110.6)
Social Security ... ..	(44.0)	(56.8)	(73.8)	(119.2)	(106.3)
Relief works ... ..	(3.1)	(4.6)	(5.8)	(8.0)	(10.0)
Public debt & pensions ... ..	82.8	112.4	142.2	181.0	195.1
of which: Public debt service ... ..	(57.8)	(75.9)	(99.7)	(112.8)	(126.8)
Subsidy to rice & flour ... ..	107.0	157.2	121.0	100.0	100.0
Grants to local authorities... ..	17.5	24.4	46.0	55.5	56.1
Transfer to Capital Budget ... ..	—	—	30.0	—	—
Contribution to National Fertilizer Scheme ... ..	—	—	18.4	16.6	15.0
<b>TOTAL ... ..</b>	<b>534.8</b>	<b>734.3</b>	<b>1071.0</b>	<b>1261.0</b>	<b>1242.3</b>
Surplus (+) or deficit (—) ... ..	— 19.4	+ 10.6	+ 4.7	— 50.3	—96.9

Table 14(b). Government Finances: Capital Budget

(Rs. million)

	1973-74 <i>Actual</i>	1974-75 <i>Actual</i>	1975-76 <i>Actual</i>	1976-77 <i>Actual</i>	1977-78 <i>Estimates</i>
<b>RECEIPTS</b>					
Domestic revenue ...	88.8	352.1	306.2	201.4	215.4
Transfer from Current Budget	(—)	(—)	(80.0)	(—)	(—)
Borrowings ...	(83.7)	(306.4)	(207.9)	(148.2)	(200.0)
Dividends from investment ...	(1.7)	(7.0)	(7.7)	(4.2)	(8.0)
Other ...	(3.4)	(38.7)	(10.6)	(49.0)	(7.4)
External receipts ...	40.8	59.9	38.1	84.3	245.9
U.K. Grants ...	(0.2)	(—)	(—)	(.1)	(.2)
Other Grants ...	(2.6)	(6.6)	(1.5)	(4.9)	(3.9)
U.K. Loans ...	(23.9)	(21.3)	(11.9)	(15.6)	(21.0)
World Bank Group Loans ...	(9.3)	(—)	(16.2)	(38.8)	(53.5)
Other Loans ...	(4.8)	(32.0)	(8.5)	(24.9)	(167.3)
<b>TOTAL ...</b>	<b>129.6</b>	<b>412.0</b>	<b>344.3</b>	<b>285.7</b>	<b>461.3</b>
<b>EXPENDITURE</b>					
Economic Services ...	93.6	121.4	219.9	268.9	296.9
Agriculture, forestry & fisheries	(48.1)	(55.2)	(62.7)	(75.3)	(79.5)
Transport & infrastructure ...	(41.8)	(31.2)	(66.0)	(71.9)	(71.7)
Other ...	(3.7)	(35.0)	(91.2)	(121.7)	(145.7)
Social Services ...	9.3	20.7	36.2	44.4	138.7
Education ...	(4.8)	(10.5)	(18.2)	(18.3)	(49.4)
Health and Welfare ...	(3.4)	(4.2)	(4.8)	(2.9)	(13.0)
Housing ...	(1.1)	(6.0)	(13.2)	(23.2)	(76.3)
Central Administration and Local Government and other ...	142.0	116.8	167.3	172.1	248.2
<b>TOTAL ...</b>	<b>244.9</b>	<b>258.9</b>	<b>423.4</b>	<b>485.4</b>	<b>683.8</b>
Surplus (+) or deficit (—) ...	— 115.3	+ 153.1	— 79.1	— 199.7	— 222.5

Table 15. Employment by Economic Activity <sup>1</sup>

(In Thousands)

Period	Agriculture & Fishing			Mining & Quarrying	Manu- facturing	Cons- truction	Electri- city	Com- merce	Transport, Storage & Communica- tions	Government Services		Other Services	Total
	Total	Of Which								Total	Of Which Relief / Development workers		
		Sugar*	Tea*										
September 1966 ...	57.1	53.5	2.3	.2	7.0	2.4	1.3	3.1	5.0	46.2	19.0	2.6	125.0
March 1967 ...	53.4	48.5	3.5	.2	7.2	3.0	1.3	3.1	4.1	46.6	19.3	3.0	122.0
September 1967 ...	57.0	53.3	2.6	.2	7.5	2.7	1.3	3.3	4.8	59.0	30.9	3.2	139.0
March 1968 ...	56.4	51.2	3.9	.2	7.7	2.3	1.3	3.2	4.4	46.0	17.8	3.2	124.7
September 1968 ...	61.7	57.4	3.1	.2	7.7	1.6	1.3	3.7	5.1	41.4	13.4	3.9	126.6
March 1969 ...	53.7	48.4	4.2	.2	7.9	1.9	1.3	3.9	4.4	42.1	13.5	4.0	119.4
September 1969 ...	58.7	54.5	2.9	.1	8.0	2.2	1.3	4.1	5.6	41.8	12.4	4.1	125.9
March 1970 ...	53.8	48.1	4.4	.2	8.1	1.3	1.3	4.1	5.4	42.8	12.6	4.4	121.9
September 1970 ...	60.6	55.5	3.6	.2	8.3	2.0	1.3	4.2	5.2	43.1	13.7	4.7	129.6
March 1971 ...	55.4	48.5	5.3	.2	8.7	2.1	1.3	4.0	4.9	48.2	17.6	6.1	130.9
September 1971 ...	59.8	54.8	3.3	.2	9.8	2.2	1.3	4.7	6.5	47.5	16.7	9.7	141.7
March 1972 ...	58.2	47.9	8.4	.2	10.3	2.5	1.3	5.1	6.3	43.5	12.5	13.1	140.5
September 1972 ...	61.9	54.0	6.1	.1	11.6	3.0	1.3	5.4	6.9	43.0	11.6	13.4	147.5
March 1973 ...	58.9	50.0	7.1	.2	13.5	3.4	2.6	5.8	6.8	44.9	11.6	14.0	150.1
September 1973 ...	62.1	54.1	6.2	.1	15.7	4.6	2.7	6.2	7.9	44.8	10.8	13.7	157.8
March 1974 ...	56.8	48.2	7.1	.1	18.5	4.6	2.9	6.5	8.2	45.6	10.6	14.5	157.7
September 1974 ...	63.0	55.7	5.7	.1	20.7	5.0	2.9	6.7	9.0	44.2	10.2	15.7	167.3
March 1975 ...	58.2	50.6	5.5	.1	21.1	5.4	2.9	6.9	9.2	45.1	10.2	15.9	164.8
September 1975 ...	64.5	57.8	4.7	.1	22.5	5.7	3.0	7.1	9.3	44.9	10.4	16.3	173.3
March 1976 ...	59.5	52.6	4.7	.1	26.4	6.8	3.1	8.1	8.9	47.2	10.7	17.0	177.1
September 1976 ...	64.2	57.8	4.7	.1	29.3	6.2	3.1	8.4	9.8	47.5	5.9	16.3	184.9
March 1977 ...	61.1	54.3	6.8	.1	30.8	7.1	4.1	7.6	10.1	47.4	4.4	25.0	193.3

<sup>1</sup> Excludes self-employed and unpaid family workers.

\* Covers plantations and factories.

Source : *Survey of Employment and Earnings*, Central Statistical Office, Government of Mauritius.



Table 16. Indicators of Unemployment

MONTH	REGISTERED UNEMPLOYED*						RELIEF/DEVELOPMENT WORKERS**					
	1972	1973	1974	1975	1976	1977	1972	1973	1974	1975	1976	1977
January ...	33,776	31,463	22,125	19,918	19,794	18,990	14,222	11,585	10,884	10,091	9,901	4,139
February ...	34,718	31,636	21,302	N.A.	N.A.	N.A.	12,890	11,686	10,885	9,961	9,766	4,084
March ...	34,589	31,543	21,939	20,563	20,726	18,752	12,749	11,608	10,718	10,268	9,765	308
April ...	39,133	29,894	N.A.	N.A.	N.A.	N.A.	12,636	11,579	10,645	10,424	9,678	271
May ...	39,328	29,793	23,678	22,024	21,187	18,059	12,612	11,538	10,530	10,391	9,692	259
June ...	39,273	28,716	N.A.	N.A.	N.A.	N.A.	12,592	11,360	10,405	10,356	9,654	225
July ...	38,074	27,114	24,361	24,866	19,893		12,389	10,865	10,156	10,300	8,520	
August ...	34,408	25,408	N.A.	N.A.	N.A.		12,420	10,792	10,083	10,141	8,403	
September ...	33,101	24,985	21,882	22,969	19,653		12,259	10,701	10,044	10,122	5,476	
October ...	30,207	23,057	N.A.	N.A.	N.A.		12,067	10,676	10,038	9,594	4,837	
November ...	28,582	22,302	21,095	21,421	23,794		12,031	10,657	10,083	9,861	4,196	
December ...	28,367	20,691	N.A.	N.A.	N.A.		12,285	10,872	10,105	10,015	4,178	
Average ...	34,463	27,217	(1)	(3)	20,841		12,596	11,160	10,381	10,127	(3)	

\* These figures exclude persons already in employment but seeking a change in job.

\*\* Including gangmen, supervisors, pay clerks, etc.

(1) 7 months      (2) 3 months      (3) 6 months

Source : Central Statistical Office, Government of Mauritius.

Table 17. Consumer Price Indices

Base : January - June 1962 = 100

MONTH	RURAL					URBAN					WHOLE ISLAND					
	1972	1973	1974	1975	1976	1972	1973	1974	1975	1976	1972	1973	1974	1975	1976†	1977
January ...	122.7	129.6	164.7	192.9	226.1	122.8	131.8	169.3	198.1	234.5	122.8	130.5	166.7	195.1	229.8	105.3
February ...	123.9	131.0	166.8	205.5	228.6	124.3	133.7	172.3	210.7	236.9	124.1	132.2	169.2	207.7	232.2	106.3
March ...	124.1	133.8	169.3	206.3	229.5	124.4	136.7	175.7	212.1	237.9	124.2	135.1	172.1	208.8	233.1	107.1
April ...	124.8	135.3	179.5	200.8	232.7	125.2	138.2	184.3	206.1	243.7	125.0	136.5	181.6	203.1	237.5	107.8
May ...	124.0	134.0	183.7	202.6	235.5	124.4	137.5	186.9	208.4	246.6	124.2	135.5	185.1	205.1	240.3	109.4
June ...	124.0	135.5	187.4	205.3	239.2	124.6	139.4	190.1	212.0	249.9	124.3	137.2	188.6	208.2	243.8	111.2
July ...	125.0	138.3	188.4	204.0		125.8	142.3	191.0	212.6		125.3	140.0	189.5	207.7	102.6	
August ...	125.2	143.2	187.4	207.6		126.6	146.4	190.6	215.3		125.8	144.6	188.9	210.9	102.1	
September ...	125.9	147.5	186.6	212.6		127.5	151.0	190.0	220.4		126.6	149.0	188.0	216.0	102.5	
October ...	126.6	146.5	187.3	215.4		128.1	150.7	190.5	224.5		127.3	148.3	188.7	219.4	101.4	
November ...	126.1	152.3	189.7	217.8		127.9	156.1	192.9	227.2		126.9	154.0	191.1	221.9	102.5	
December ...	126.6	162.2	191.8	220.3		128.6	164.8	195.9	228.5		127.5	163.4	193.6	223.9	103.4	
Average ...	124.9	140.8	181.9	207.6	231.9*	125.9	144.1	185.8	214.7	241.6*	125.3	142.2	183.6	210.7	239.0**	107.9 <sup>‡</sup>
Percentage Change (Yearly)	+ 4.6	+12.7	+29.2	+14.1	+11.7*	+ 6.4	+14.5	+28.9	+15.6	+12.5*	+ 5.4	+13.5	+29.1	+14.8	+13.4	

† As from July 1976, a new index (Base January - June, 1976= 100) has been introduced. Only figures for the whole island are provided.

\* Six months

\*\* Calculated as an average of twelve months on the basis of a conversion of the new indices to the 1962 base.

Source : Central Statistical Office, Government of Mauritius.

Table 18. Sugar Production and Yields

Crop Year	Total Area under cultivation	Total area harvested	Cane produced	Yield of cane per arpent				Sugar Produced	Average yield of sugar per arpent	Sugar recovered
				Miller Planters	Owner Planters	Tenant Planters	Average Island			
	(In thousands of arpents)*	(In thousands of arpents)*	(In thousands of metric tons)	(In metric tons)				(In thousands of metric tons)	(In metric tons)	(In per cent of cane)
1961-65 Average	205	193	5,136	31.4	21.9	16.4	26.6	591	3.06	11.5
1966	208	196	4,843	29.5	19.8	15.8	24.7	562	2.87	11.6
1967	205	192	5,814	35.3	25.0	21.1	30.3	638	3.32	11.0
1968	204	189	5,152	31.2	23.2	17.7	27.2	596	3.15	11.6
1969	203	188	5,824	36.1	25.8	19.1	30.9	669	3.55	11.5
1970	205	190	5,120	31.5	22.1	17.3	26.9	576	3.02	11.3
1971	205	189	5,255	33.7	21.0	18.8	27.8	621	3.28	11.8
1972	205	190	6,315	38.0	28.0	23.3	33.2	686	3.61	10.9
1973	207	192	6,243	37.3	27.4	22.5	32.5	718	3.75	11.5
1974	204	189	5,964	37.1	24.9	20.5	31.5	697	3.68	11.7
1975	205	190	4,316	26.6	18.2	14.4	22.4	468	2.47	10.9
1976	206	192	6,402	37.6	28.5	23.5	33.4	690	3.60	10.8
1977	206	191	6,202	35.9	26.6	22.2	31.5	66.6	3.48	11.1

\* 1 arpent = 1.043 acres.

Source : The Mauritius Chamber of Agriculture Annual Report

**Table 19. Sugar Production and Disposal**

(*'000 metric tons*)

	<i>Stock at beginning of year</i>	<i>Production</i>	<i>Total availability</i>	<i>Local consumption</i>	<i>Exports*</i>	<i>Stocks at end of year<sup>1</sup></i>	<i>Average Price Ex-Syndi- cate** (Rs. per ton)</i>
1961-65 Average	42.1	591.0	633.1	27.5	549.2	56.5	463.36
1966	90.6	561.8	652.4	29.1	570.5	52.8	421.50
1967	52.8	638.3	691.1	29.7	531.4	130.0	424.40
1968	130.1	596.5	726.6	29.3	578.0	118.8	428.39
1969	118.8	668.7	787.5	31.0	591.6	164.5	445.27
1970	164.5	576.2	740.7	31.9	581.6	127.3	471.70
1971	127.3	621.1	748.4	33.4	568.4	146.1	522.64
1972	146.1	686.4	832.5	33.3	613.9	185.3	641.43
1973	185.3	718.5	903.8	35.8	697.6	170.8	790.21
1974	170.8	696.7	867.5	33.0	685.3	149.2	1,877.59
1975	149.2	468.3	617.5	36.5	447.4	133.6	2,256.11
1976	133.6	689.9	823.5	35.4	551.1	237.0	1,614.03
1977	237.0	665.5	902.5	37.5	636.4	228.6	1,664.+

\* Refers to exports for the year's entitlement.

\*\* Net of all marketing expenses, taxes and levies, and after deducting Cyclone and Drought Insurance premium.

+ Estimate.

<sup>1</sup> Stocks at the end of year equals initial stocks + production less local consumption and exports. Slight differences are caused by rounding and small storage differences.

Source : The Mauritius Chamber of Agriculture Annual Report

**Table 20. Tourist Arrivals : Area-wise classification**

	1968	1969	1970	1971	1972	1973	1974	1975	1976
EUROPE... ..	2,637	2,809	4,319	6,820	9,917	17,323	17,665	18,253	25,238
of which: France ... ..	922	767	1,437	2,540	3,771	7,281	7,874	8,929	13,885
U.K. ... ..	1,261	1,524	1,740	2,252	2,848	3,822	3,452	3,598	4,852
Germany Fed. Rep. of	106	124	481	824	1,406	1,996	1,951	1,533	1,532
Italy ... ..	98	146	190	428	775	2,136	1,937	1,712	2,115
Switzerland ... ..	74	77	110	159	303	537	840	876	1,014
AFRICA ... ..	10,404	15,058	19,784	25,289	33,206	41,969	46,971	47,689	57,889
of which: Reunion ... ..	6,094	8,905	11,405	15,161	19,230	22,542	23,232	24,853	30,032
South Africa ... ..	1,555	2,680	3,637	4,939	7,088	9,985	14,193	14,740	17,823
Malagassy Rep. ... ..	1,512	2,050	1,985	2,287	2,747	3,563	2,679	1,976	399
Zambia ... ..	154	332	1,314	1,224	1,825	2,375	3,332	2,406	1,884
Kenya ... ..	579	574	681	634	684	824	898	706	1,057
ASIA ... ..	721	579	863	1,070	1,642	3,412	2,619	2,963	3,693
of which: India ... ..	421	272	479	554	879	2,235	1,308	1,944	2,676
Japan ... ..	72	86	83	105	148	240	261	245	221
Hong Kong ... ..	55	70	51	115	226	230	154	215	173
AMERICA ... ..	559	612	765	978	1,201	1,406	1,435	1,369	1,188
of which: U.S.A. ... ..	464	506	646	778	917	989	1,000	893	738
Canada ... ..	69	57	90	145	209	329	247	302	346
OCEANIA ... ..	1,224	1,495	1,908	2,233	2,807	3,828	4,138	4,235	4,490
of which: Australia... ..	999	1,162	1,571	1,700	2,171	3,060	3,351	3,417	3,559
New Zealand ... ..	190	224	254	374	437	568	620	678	713
OTHER COUNTRIES ... ..	8	34	11	8	24	56	87	88	63
GRAND TOTAL ... ..	15,553	20,587	27,650	36,398	48,797	67,994	72,915	74,597	92,561

Source : Bi-Annual Digest of Statistics. Central Statistical Office, Government of Mauritius.

Table 21. Imports and Exports : Major Commodity Groups

(R million)

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				1 9 7 5				1 9 7 6				1977	
Imports	1974	1975	1976	1st Qr.	2nd Qr.	3rd Qr.	4th Qr.	1st Qr.	2nd Qr.	3rd Qr.	4th Qr.	1st Qr.	2nd Qr.
Food and live animals ...	500.0	459.8	486.5	127.9	106.0	91.9	134.0	126.1	126.8	113.8	119.8	138.9	146.0
Beverages and tobacco ...	13.4	16.6	18.9	3.0	4.0	4.5	5.1	4.7	5.2	3.8	5.2	5.2	10.4
Crude materials, inedible except fuels ...	39.3	48.6	64.0	12.9	12.9	11.1	11.7	11.6	16.0	16.4	20.0	18.7	31.3
Mineral fuels, lubricants, and related materials ...	161.5	194.4	209.0	55.1	23.6	73.3	42.4	60.0	33.1	40.9	75.1	54.9	60.2
Animal and vegetable oils and fats ...	70.7	51.8	71.2	18.6	12.9	13.1	7.2	22.2	24.3	4.8	19.9	17.0	8.0
Chemicals ...	154.8	180.3	167.8	47.5	55.1	49.0	28.7	36.0	43.7	47.7	40.4	40.0	51.5
Manufactured goods classified chiefly by material	417.0	468.1	632.1	97.9	117.3	136.3	116.6	134.5	151.6	165.2	180.7	151.4	220.3
Machinery and transport equipment...	313.5	441.4	580.0	87.8	103.2	140.4	110.2	124.6	179.5	140.8	135.1	134.5	211.9
Miscellaneous manufactured articles ...	84.6	126.7	160.3	22.9	30.2	34.3	39.3	32.7	43.1	41.7	42.8	38.8	50.9
Commodities and transactions not classified according to kind ...	5.0	7.6	8.7	1.4	2.0	1.8	2.2	2.0	1.8	2.2	2.7	3.8	3.0
TOTAL	1,759.8	1,995.3	2,398.7	475.0	467.2	555.7	497.4	554.4	625.2	577.4	641.7	603.1	793.5
Exports													
Sugar ...	1,538.0	1548.8	1,321.5	92.2	367.2	480.6	608.8	349.5	34.0	493.1	444.9	206.5	287.5
Molasses ...	46.2	23.6	31.7	2.9	7.4	2.1	11.2	2.6	2.4	12.7	14.0	7.0	3.2
Tea ...	19.7	16.0	29.2	6.8	4.0	2.7	2.5	11.6	7.4	5.3	4.9	13.0	11.0
Export Processing Zone Products ...	135.7	196.5	308.9	34.1	53.9	53.5	55.0	53.4	73.5	88.0	94.0	71.8	105.6
Other...	32.5	33.0	45.0	8.4	8.6	8.0	8.0	9.0	7.5	13.6	12.9	12.8	12.5
Re-exports ...	15.4	20.7	33.4	3.7	4.7	6.5	5.8	5.5	10.5	7.7	9.7	8.2	7.3
TOTAL	1,787.5	1838.6	1,769.7	148.1	445.8	553.4	691.3	433.6	153.3	920.4	580.4	319.3	427.1

Source : Customs and Excise Department, Government of Mauritius.



(Rs. million)

				1 9 7 5				1 9 7 6				1977				
				1974	1975	1976	1st Qr.	2nd Qr.	3rd Qr.	4th Qr.	1st Qr	2nd Qr	3rd Qr.	4th Qr.	1st Qr.	2nd Qr.
United Kingdom ...	...	...	...	253.4	336.3	390.2	78.4	92.8	91.0	74.1	97.4	98.2	104.5	90.2	102.8	175.8
Australia	...	...	...	83.1	120.6	116.3	29.0	25.7	24.4	41.5	27.9	36.4	16.7	35.2	40.7	37.9
Burma	...	...	...	40.4	58.0	46.7	17.0	0.1	21.3	19.6	17.6	. .	14.9	14.2	15.0	14.7
China (Mainland)	...	...	...	149.4	57.7	68.2	4.4	7.8	10.0	35.5	29.9	10.9	12.7	14.7	12.8	14.3
Federal Republic of Germany	...	...	...	110.6	132.0	145.5	28.8	40.1	42.1	21.0	41.8	47.0	27.6	29.0	36.2	39.2
France	...	...	...	133.7	171.4	244.1	42.2	43.9	46.4	38.9	55.4	84.0	55.5	49.1	62.3	91.0
Hong Kong	...	...	...	49.6	55.7	83.5	9.4	13.8	16.9	15.6	15.3	21.8	23.1	23.4	18.4	23.9
India...	...	...	...	35.3	57.7	91.3	22.0	12.5	7.6	15.6	22.9	16.2	22.0	30.1	22.7	22.7
Iran ...	...	...	...	152.1	177.3	153.7	50.6	18.4	65.7	44.6	46.4	16.6	28.3	62.3	36.8	22.2
Italy ...	...	...	...	20.4	27.8	41.6	5.4	6.4	7.1	8.9	11.2	9.2	11.6	9.6	10.4	10.7
Japan ...	...	...	...	100.2	156.9	194.5	20.1	30.5	57.5	45.5	36.6	48.6	53.1	56.2	42.8	62.4
Kenya...	...	...	...	20.0	35.7	56.1	9.1	6.8	9.0	9.9	9.5	11.0	15.5	20.1	17.2	23.3
Malaysia	...	...	...	11.3	13.1	25.3	2.6	2.9	3.7	3.8	3.4	9.8	6.1	6.0	6.4	13.0
Netherlands	...	...	...	28.0	30.1	42.9	4.6	9.1	12.2	4.1	8.0	11.7	6.5	16.7	8.1	13.2
New Zealand	...	...	...	22.5	22.5	31.1	8.4	4.6	4.6	4.9	5.0	5.6	6.7	13.8	7.8	10.0
Republic of South Africa	...	...	...	161.1	192.9	237.9	38.3	53.5	58.8	42.3	44.2	65.8	67.8	60.1	49.4	94.2
Singapore	...	...	...	31.8	26.1	35.6	5.1	6.1	7.1	7.8	7.1	8.5	9.0	11.0	8.3	9.8
Thailand	...	...	...	74.8	49.4	65.2	23.9	24.0	0.4	1.0	2.7	39.3	20.8	2.3	20.1	2.1
United States of America	...	...	...	87.2	99.5	72.3	32.6	19.8	18.3	28.8	15.0	26.7	17.2	13.5	18.3	15.1
Belgium	...	...	...	39.7	39.5	29.0	10.8	7.8	15.0	5.9	6.9	9.3	5.2	7.5	11.0	7.0
Denmark	...	...	...	14.7	4.4	6.6	0.7	1.1	1.3	1.3	1.3	2.7	1.2	1.5	1.2	1.9
Austria	...	...	...	18.8	3.8	4.2	0.9	0.5	1.2	1.2	0.5	1.7	1.2	0.8	0.2	1.5
Other ...	...	...	...	121.8	126.9	216.9	30.7	35.6	33.2	25.6	48.4	44.2	50.2	74.4	55.2	87.9
TOTAL	...	...	...	1,759.8	1,995.3	2,398.7	475.0	467.2	555.7	497.4	554.4	625.2	577.4	641.7	603.1	793.5

Source : Customs and Excise Department, Government of Mauritius

Table 23. Exports — Principal Countries of Destination

(Rs. million)

	1 9 7 5								1 9 7 6				1977		
	1974	1975	1976	3rd Qr. 1974	4th Qr. 1974	1st Qr.	2nd Qr.	3rd Qr.	4th Qr.	1st Qr.	2nd Qr.	3rd Qr.	4th Qr.	1st Qr.	2nd Qr.
United Kingdom .....	630.6	1432.3	1,226.8	173.7	334.9	97.5	236.7	483.6	614.5	352.3	36.1	444.4	394.0	199.3	2,843
Canada .....	640.2	70.5	67.1	197.5	353.9	0.1	70.1	..	0.3	..	..	34.0	33.0	—	0.2
United States of America.....	140.8	101.1	103.5	46.7	57.5	6.4	72.7	8.5	13.5	7.4	12.3	45.7	38.1	27.4	27.4
Rep ublic of South Africa .....	24.2	23.7	39.6	3.5	6.4	8.1	5.9	4.6	5.1	11.6	12.1	7.7	8.2	14.5	11.1
Malagasy Republic.....	1.8	1.9	6.0	0.8	0.3	0.1	1.2	0.3	0.3	1.1	0.7	4.0	0.3	1.3	0.9
Réunion .....	12.5	17.6	21.5	3.0	4.0	2.3	4.1	4.9	6.3	3.6	5.5	6.3	6.1	3.8	5.6
Australia .....	2.2	2.1	5.6	0.4	..	0.1	0.4	1.3	0.3	1.1	1.9	1.4	1.2	2.2	1.0
Germany (Fed. Rep.) .....	18.2	30.6	48.6	3.7	7.0	6.5	7.1	7.8	9.2	9.9	9.9	15.2	13.5	11.2	14.6
Netherlands .....	12.4	4.4	12.8	2.2	8.2	0.6	0.7	1.1	2.0	2.3	1.4	2.4	6.7	5.6	6.9
France .....	43.7	103.4	162.5	13.1	16.6	14.5	29.5	29.9	29.5	30.3	43.5	42.7	45.9	38.3	43.5
Other .....	260.9	51.0	75.7	44.4	162.7	12.0	17.3	11.4	10.2	13.4	11.9	16.7	33.4	15.7	31.7
TOTAL .....	1,787.5	1,838.6	1,769.7	489.0	951.5	148.2	445.8	553.4	691.2	433.0	135.3	620.4	580.4	319.3	427.1

Source : Customs and Excise Department, Government of Mauritius.

Table 24. Balance of Payments

(Rs. million)

Item	1971		1972		1973		1974		1975		1976	
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
<b>A. GOODS AND SERVICES</b> ...	542	597	775	739	1018	1055	2150	1922	2329	2272	2486	2771
1. Merchandise ...	362	410	577	524	755	778	1798	1521	1848	1672	1768	2047
2. Non-monetary gold ...	—	1	—	2	—	3	—	5	—	7	—	8
3. Freight on insurance on merchandise ...	26	61	11	88	3	115	—	191	14	286	3	325
4. Other transportation ...	56	63	72	47	88	47	146	74	159	85	152	101
5. Travel ...	39	23	52	29	83	34	112	51	135	78	184	97
6. Investment income ...	19	14	16	17	27	18	26	20	60	45	98	59
<i>on direct investment</i> ...	3	7	1	10	1	11	1	11	2	35	3	49
<i>Other</i> ...	16	7	15	7	26	7	25	9	58	10	95	10
7. Other government ...	18	7	21	8	24	11	28	13	36	25	26	32
8. Other private ...	22	18	26	24	38	49	40	47	77	74	255	102
<b>B. UNREQUITED TRANSFERS</b> ...	36	11	62	15	52	13	103	20	93	23	67	25
9. Private ...	15	6	30	10	36	10	41	11	49	13	46	20
10. Government ...	21	5	32	5	16	3	62	9	44	10	21	5
<b>NET TOTAL OF GOODS, SERVICES, AND TRANSFERS</b>	—	30	83	—	2	—	311	—	127	—	—	243
<b>C. CAPITAL (EXCLUDING RESERVES AND RELATED ITEMS)</b> ...	27	—	24	—	—	14	7	—	240	—	—	302
<b>NON-MONETARY SECTORS</b> ...	4	—	24	—	—	13	12	—	255	—	—	319
11. 12. Direct Investment and other private long-term ...	5	—	24	—	14	—	22	—	29	—	58	10
<i>Direct investment liabilities</i> ...	8	—	3	—	2	—	24	—	(33)	(—)	(24)	(—)
<i>Other</i> ...	—	3	21	—	12	—	—	2	(—)	(4)	(34)	(10)
13. Other private short-term ...	4	—	—	4	—	40	—	38	180	—	17	404
14. Local government ...	—	—	—	—	—	—	—	—	—	—	—	—
15. Central government ...	—	5	4	—	13	—	28	—	46	—	31	8
<i>Loans received</i> ...	12	24	12	5	19	8	40	6	(56)	(—)	(31)	(8)
<i>Other Liabilities</i> ...	—	—	—	—	6	—	—	1	(—)	(25)	(—)	—
<i>Assets</i> ...	12	5	—	3	—	4	—	5	(15)	(—)	(—)	(3)
<b>MONETARY SECTORS</b> ...	23	—	—	—	—	1	—	5	—	16	17	0
16. Private institutions ...	23	—	—	—	—	1	—	5	—	16	19	2
<i>Liabilities</i> ...	6	—	—	2	7	—	5	—	(9)	(—)	—	(2)
<i>Assets</i> ...	17	—	2	—	—	8	—	10	(—)	(25)	(19)	(—)
17. Central institutions ...	—	—	—	—	—	—	—	—	—	—	—	—
<b>D.18. ALLOCATION OF SDRs</b> ...	13	—	13	—	—	—	—	—	—	—	—	—
<b>E. RESERVES AND RELATED ITEMS</b> ...	—	9	—	124	21	—	—	365	—	350	500	—
19. Liabilities ...	—	—	—	—	—	—	36	—	—	—	—	—
<i>Use of Fund credit</i> ...	—	—	—	—	—	—	36	—	—	—	—	—
<i>Other</i> ...	—	—	—	—	—	—	—	—	—	—	—	—
20. Assets ...	—	9	—	124	21	—	—	401	—	350	500	—
<i>Monetary gold</i> ...	—	—	—	—	—	—	—	—	—	—	—	—
<i>SDRs</i> ...	—	13	—	13	—	—	25	—	1	—	—	6
<i>Reserve Position in the Fund</i> ...	—	4	—	—	—	—	—	21	—	42	—	—
<i>Foreign Exchange</i> ...	9	—	—	114	22	—	—	408	—	308	506	—
<i>Other claims</i> ...	—	1	3	—	—	1	3	—	—	1	—	—
<b>NET ERRORS AND OMISSIONS</b>	—	1	4	—	—	9	47	—	—	16	45	—

Table 25. Gross National Product at Current Factor Cost

(Rs million)

	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977+
Agriculture, Forestry, hunting and fishing .....	203	193	224	222	262	353	494	1,323	1,034	1,035	989
Mining .....	1	1	1	1	1	2	2	2	4	7	9
Manufacturing .....	130	124	142	146	168	233	277	505	564	660	763
Construction .....	59	49	46	48	60	73	114	155	217	295	328
Energy, water and sanitary services .....	30	30	30	29	34	39	43	49	69	77	105
Transport, storage and communications .....	100	102	105	108	114	129	161	159	281	369	514
Commerce and Banking .....	106	108	109	111	112	149	203	265	345	419	507
Ownership of dwellings .....	65	66	68	70	71	74	77	83	94	109	133
Government services .....	43	44	46	51	53	61	76	105	140	244	247
Other services .....	104	110	116	126	141	166	203	259	342	451	578
Gross domestic product at factor cost .....	841	827	887	912	1,016	1,279	1,650	2,941	3,090	3,666	4,173
Net factor income from abroad .....	— 5	— 3	1	7	7	2	16	10	17	47	2
Gross National Product at factor cost .....	836	824	888	919	1,023	1,281	1,666	2,951	3,107	3,713	4,175

+ Preliminary estimates

Source : Central Statistical Office, Government of Mauritius,

**Table 26. Composition of Gross Domestic Fixed Capital Formation  
at Current Prices**

*(Rs. million)*

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977*
(A) By type of capital goods										
a. Land ...	4	3	4	3	4	10	14	12	15	18
b. Dwellings ...	32	35	33	38	54	103	169	264	335	475
c. Non-residential buildings ...	21	13	23	30	34	76	156	201	265	250
d. Other construction and works ...	24	34	36	42	39	81	121	168	155	125
e. Transport equipment ...										
(i) Passenger cars ...	5	4	5	7	11	19	22	33	73	62
(ii) Other equipment ...	15	22	15	16	15	66	39	71	81	120
f. Machinery and other equipment ...	40	33	29	48	72	125	229	389	526	600
Gross Domestic Fixed Capital Formation ...	141	144	145	184	229	480	750	1138	1450	1650
(B) By industrial use										
a. Agriculture, forestry and fishing ...	17	19	23	28	20	38	84	120	169	158
b. Mining and quarrying ...										
c. Manufacture ...	14	12	16	28	37	79	186	292	374	330
d. Construction ...	4	4	5	6	8	14	21	22	48	30
e. Energy, water and sanitary services ...	13	15	12	16	32	33	39	71	50	143
f. Transport, storage and Communications ...	30	37	32	35	42	126	134	184	197	204
g. Commerce and Banking ...	6	7	8	13	8	23	25	38	58	84
h. Ownership of dwellings ...	32	35	33	38	54	103	165	264	335	475
i. Government services ...		1		1	1	3	14	44	54	82
j. Other services ...	21	11	12	16	23	51	68	91	150	126
k. Legal fees, stamp duties, etc. ...	4	3	4	3	4	10	14	12	15	18
Gros Domestic Fixed Capital Formation ...	141	144	145	184	229	480	750	1138	1450	1650

\* Estimates.

Source : Central Statistical Office, Government of Mauritius.

**Table 27 : Expenditure on Gross National Product (at Current Prices)**

*(In millions of rupees)*

	1972	1973	1974	1975	1976	1977*
Consumption ... ..	1,148	1,357	2,044	2,321	2,840	3,666
Private ... ..	(929)	(1,122)	(1,684)	(1,878)	(2,247)	(2,940)
Public ... ..	(219)	(235)	(360)	(443)	(591)	(726)
Gross Investment ... ..	229	480	750	1,138	1,450	1,650
Private ... ..	(163)	(378)	(561)	(852)	(1,044)	(1,157)
Public ... ..	(66)	(102)	(189)	(285)	(406)	(493)
Net Exports of goods and Services ...	55	15	422	—43	—259	—600
Gross Domestic Product at Current Market Prices ... ..	<b>1,432</b>	<b>1,852</b>	<b>3,216</b>	<b>3,416</b>	<b>4,031</b>	<b>4,716</b>
Indirect taxes minus subsidies ...	—153	—202	—275	—326	—365	—543
Net factor income from abroad ...	2	16	10	17	47	2
Gross National Product at Factor Cost...	<b>1,281</b>	<b>1,666</b>	<b>2,951</b>	<b>3,107</b>	<b>3,713</b>	<b>4,175</b>

\* Estimates.

Source : Central Statistical Office, Government of Mauritius



## BOARD OF DIRECTORS

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Mr. Indurduth RAMPHUL — *Managing Director*

Mr. Abdulla CURRIMJEE — *Director*

(Up to the 14th January 1977)

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Professor Edouard LIM FAT — *Director*

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## MANAGEMENT AND BANK OFFICIALS

AS AT 30th JUNE 1977

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<i>Secretary</i>	— Mr. J. Urruty (from 2nd November, 1976 to 31st March, 1977)
<i>Inspector of Banks</i>	— Mr. S. S. H. Jhurani, BSc., LL.M., C.A.I.B., A.I.B.

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<i>Secretary's Department</i>	— Mr. S. Rochecouste

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<i>Exchange Control Office</i>	— Mr. A. K. Prithipaul
<i>Banking Office</i>	— Mr. B. Gujadhur, A.I.B.

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**The Standard Printing Establishment**  
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**Les Pailles - Mauritius**  
**1978**

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