



# *Annual Report*

*Year ended 30 June 1998*

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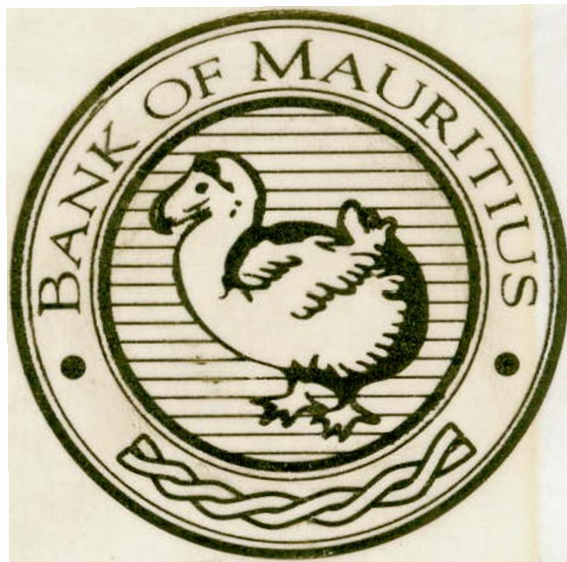
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*Our mission is to ensure  
price stability and maintain  
total integrity of the  
banking sector.*



*Our vision is to be perceived as  
an independent and highly  
professional institution  
contributing towards the economic  
well-being of the country.*







*The Governor*

*Bank of Mauritius  
Port Louis*

12 October 1998

The Honourable Minister of Finance  
Government House  
Port Louis

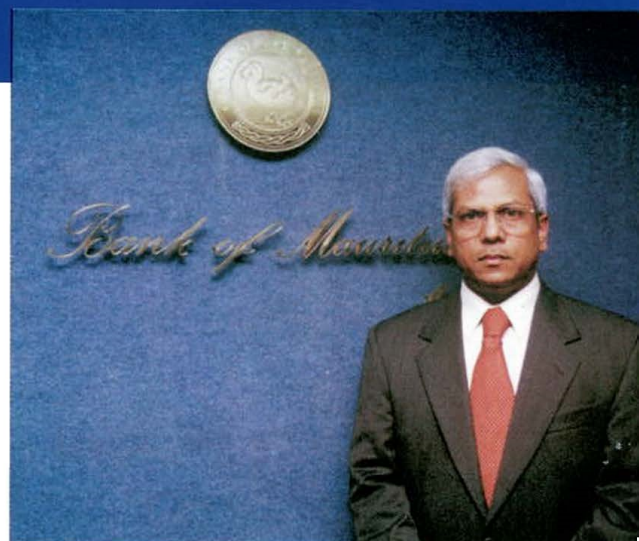
Honourable Minister,

**Annual Report and Accounts 1997-98**

In accordance with the provision of Section 45 (1) of the Bank of Mauritius Act, 1966, I transmit herewith the thirty-first Annual Report and Accounts of the Bank for the year ended 30 June, 1998.

Yours sincerely,

(sd) Mitrajeet D. Maraye



## STATEMENT FROM THE GOVERNOR

The Mauritian economy maintained its growth momentum despite a slow-down in most economies around the world. Real Gross Domestic Product (GDP) registered a growth rate of 5.2 per cent during the calendar year 1997.

Monetary policy of the Bank of Mauritius was aimed at achieving an inflation target of 6.0 per cent during the financial year ended 30 June 1998. The judicious implementation of policies enabled us to bring down the actual rate of inflation to 5.4 per cent. As a result of the deceleration in consumer price inflation, the real rate of interest on savings deposits increased from 0.1 per cent in June 1997 to 2.5 per cent in June 1998.

The overall budget deficit continued to decline in 1997-98, highlighting that the process of fiscal adjustment set in the medium-term framework is well under way. The overall budget deficit stood at 3.7 per cent of GDP in 1997-98 as against 4.5 per cent in 1996-97.

This right mix of monetary and fiscal policies was conducive to sustained economic growth in 1997-98. Indeed, economic expansion was relatively broad-based, driven by the sugar, Export Processing Zone (EPZ), tourism and the financial and business services sectors. This was reflected in an increase of 10.5 per cent of per capita Gross National Product (GNP) at market prices during the calendar year 1997. The growth performance was also accompanied by employment creation mainly in the services and manufacturing sectors of the economy.

During the year under review, a mixed performance was noted in the exchange rate of the Mauritian rupee vis-à-vis our major trading partner currencies.

On the external front, the current account of the balance of payments registered a deficit equivalent to 1.3 per cent of GDP in 1997-98, compared to a surplus of 0.5 per cent in 1996-97. However, this deficit stemmed essentially from the widening of the deficit on the merchandise account which was largely induced by the purchase of an aircraft.

The interbank foreign exchange market was given further boost with the total amount of foreign currency receipts accruing from sugar export proceeds being released directly to the market. While this measure allowed commercial banks to build up their net foreign assets, the Bank of Mauritius registered a parallel decline in the level of its foreign assets. Net international reserves of the country, made up of the net foreign assets of the banking system, the foreign assets of Government and our reserve position in the International Monetary Fund (IMF) amounted to Rs21,349 million at the end of June 1998, representing 5.8 months of imports.

The continuous promotion of sound banking and financial practices and timely disclosure of information by market participants are necessary ingredients to maintain confidence in the system. The publication of the Press Information Notice following the conclusion of the IMF Article IV Consultation with Mauritius augurs well for the promotion of higher levels of transparency.

Growth in the banking sector continued to be buoyant. In order to preserve the soundness and total integrity of the banking sector, the Bank of Mauritius introduced additional prudential measures for commercial banks. Moreover, with a view to protecting the interests of bank customers, a Mauritius Code of Banking Practice was implemented. The Bank of Mauritius also set up a Year 2000 Interbank Committee to monitor progress on Year 2000 compliance in the banking sector.

As regards the financial outlook for 1998-99, the Bank of Mauritius is targeting an inflation rate of 8.0 per cent. Further fiscal consolidation and the pursuit of a tighter monetary policy stance will be necessary to restrain inflationary pressures in the economy and maintain a sound economic environment. Net international reserves, while presently comfortable, would need to be kept at prudent levels.

The challenges emerging from the liberalisation and the globalisation of international markets call for an urgent need to overcome institutional rigidities that currently characterise labour markets. Greater flexibility needs to be introduced in the mechanism for determining wages and salaries. Indeed, increases in earnings that are not matched by productivity gains would add to inflationary pressures in the economy. Labour market reforms will also have to be actively supported by investment in human resource development.

Economies around the world are experiencing the adverse impact of the Asian financial crisis to varying degrees. This crisis has highlighted the fact that macroeconomic stability cannot be achieved without financial stability. In this context, the upgrading of banking legislation and enactment of anti-money laundering law are of paramount importance. A new work culture based on commitment and professionalism together with the adoption of principles of good corporate governance will enable us to achieve higher levels of competitiveness.

The commitment of members of the Board of Directors and staff members contributed significantly towards the achievement of the objectives of the Bank, and I look forward to their continued support.

Mitrajeet D. Maraye

## BOARD OF DIRECTORS



*Seated :*

*Centre : Chairman - Mitrajeet D. Maraye, Governor*

*Left : Director - Budheswar Gujadhur, Managing Director*

*Right : Secretary to the Board - Anil K. Prithipaul, Secretary*

*Directors (standing from left to right) :*

**Abdool Hamid Malleck Amode O.B.E.**

**Prof. Donald Ah Chuen**

**Mootoosamy Sidambaram O.B.E.**

**Anthony George Richard Coombes**



## SENIOR MANAGEMENT COMMITTEE



*Seated :*

*Centre :* Chairman - **Mitrajeet D. Maraye**, Governor

*Left :* Managing Director - **Budheswar Gujadhur**

*Right :* Secretary - **Anil K. Prithipaul**

*Standing from left to right :*

Manager-Governor's Office - **Miss Rajpriya Bhuckory**

Assistant Director-Research - **Hemraz O. Jankee**

Assistant Director-Research - **Radhakrishnan Sooben**

Adviser-Banking - **Shyamsunder H. Jhurani**

Director-Information Technology - **Praveen M. Nagawa**

Director-Supervision - **Baboo R. Gujadhur**

Director-Operations - **Yandraduth Googoolye**

Assistant Director-Operations - **Miss Anista Hawoldar**

Director-Research - **Rameshwurlall Basant Roi**



## HIGHLIGHTS OF MONETARY POLICY MEASURES AND OTHER DEVELOPMENTS 1967-68 TO 1997-98

*Draft legislation for setting up the Bank of Mauritius was prepared with the benefit of advice from Mr. John de Loynes, C.M.G., a senior official of the Bank of England. A bill embodying this legislation was passed by the Legislative Assembly on 26 July 1966 and received the assent of His Excellency Sir John Shaw Rennie, K.C.M.G., O.B.E., Governor of Mauritius, on 28 September of that year. The first Governor of the Bank assumed office on 1 July 1967 when the Board of Directors was constituted. The Bank was officially opened by His Excellency Sir John Shaw Rennie at a ceremony held on 1 September 1967 in Anglo-Mauritius House, Port Louis.*

*Various monetary policy measures have been taken since the Bank started operations on 14 August 1967. Highlights of these measures and other developments from August 1967 to June 1998 are presented in the following pages.*

Prior to August 1967, five commercial banks were already in operation: Bank of Baroda, Barclays Bank Dco, Habib Bank Limited, Mercantile Bank Ltd and The Mauritius Commercial Bank Ltd.



## 1967-68

**August 1967:** Bank Rate is fixed at 5 1/2 per cent.

**September 1967:** Exchange of notes issued by the Board of Currency Commissioners for the newly issued Bank of Mauritius notes.

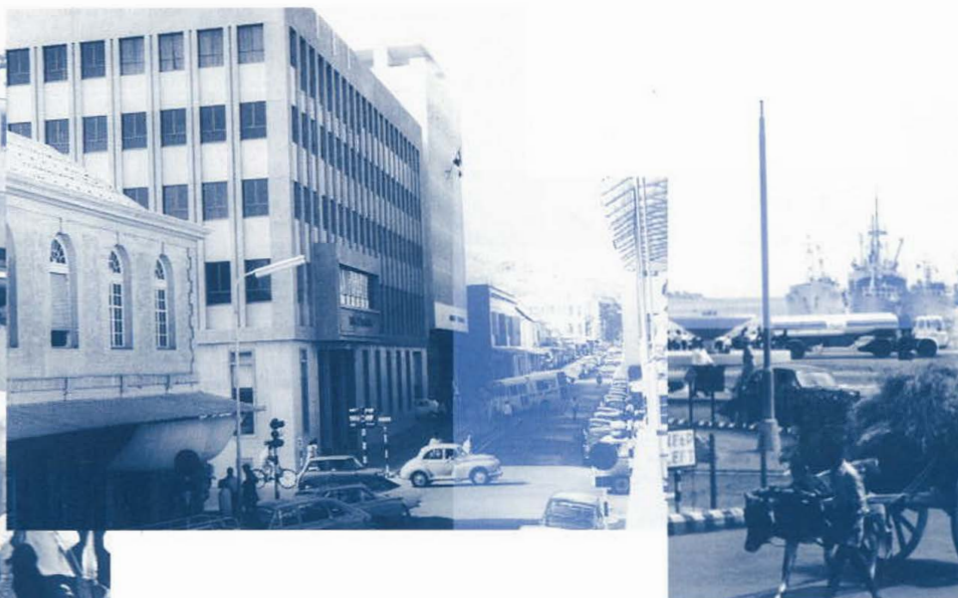
**September 1967:** Administration of exchange control taken over by the Bank of Mauritius.

## 1969-70

**October 1969:** Introduction of a scheme for rediscount of commercial bills at a special rate of 1/2 percentage point below the Bank Rate.

**November 1969:** First IMF Article XIV consultation discussions with the Bank of Mauritius.

**April 1970:** First issue of Government stocks.



## 1968-69

**August 1968:** Establishment of Port Louis Clearing House.

**September 1968:** Mauritius becomes a member of the International Monetary Fund (IMF).

**December 1968:** The Bank of Mauritius Ordinance amended to widen and strengthen powers of the Bank.

**April 1969:** First issue of Treasury Bills by tender on a monthly basis.

**April 1969:** Introduction of a minimum cash ratio of 5.0 per cent.

**May 1969:** First branch of a bank (Barclays Bank Dco) opens in Rodrigues.

**May 1969:** The Bank of Mauritius takes over the management of Government Debt.

## 1971-72

**July 1971:** Enactment of the Banking Act 1971. Commercial banks incorporated overseas and operating in Mauritius to maintain assigned capital in Mauritius.

**October 1971:** Mauritius Sugar Syndicate (MSS) to surrender all sugar proceeds to the Bank of Mauritius in exchange for rupee equivalent paid to accounts of the MSS held with commercial banks. Prior to that, sugar proceeds were being paid to commercial banks and rupee equivalent credited to accounts of the MSS held with them.

**Novembre 1971:** Barclays Bank Dco changes its name to Barclays Bank International Limited.

**December 1971:** Mauritius Co-operative Central Bank Limited is granted a banking licence.

**December 1971:** Banque Nationale pour le Commerce et l'Industrie (OI) starts operations.

**January 1972:** Issue of 91-Day Treasury Bills on tap.

**May 1972:** All offices of the Bank of Mauritius move to the new premises located at Sir William Newton Street.

## 1972-73

**July 1972:** End of expansionary monetary policy pursued since 1969.

## 1973-74

**July 1973:** Increase in the minimum cash ratio from 5.0 per cent to 8.0 per cent.

**September 1973:** State Commercial Bank Ltd starts operations.

**January 1974:** Fixing of overall credit ceilings.

**January 1974:** Penal rate of interest to be charged on borrowings by banks from the Bank of Mauritius above specified «normal» levels.

**June 1974:** Citibank N.A., starts operations.

## 1977-78

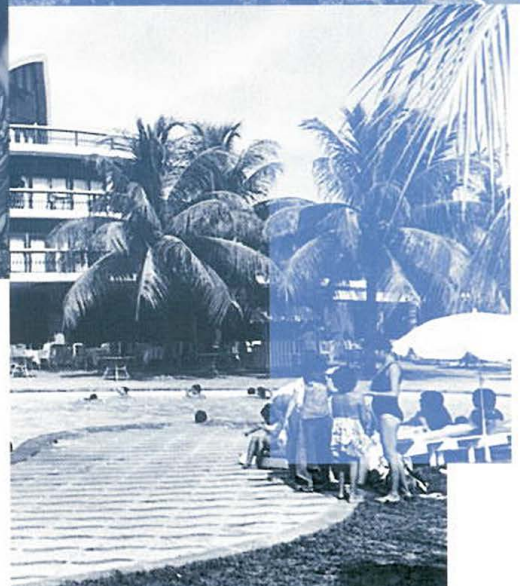
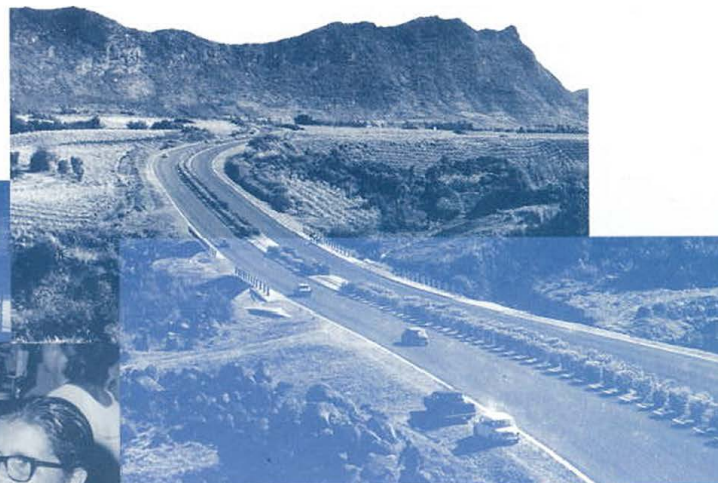
**January 1978:** The yield on Treasury Bills is increased by 3 percentage points to 8.9 per cent per annum.

**February 1978:** Habib Bank A.G. Zurich starts operations.

**February 1978:** Introduction of a minimum non-cash liquid assets ratio of 25.0 per cent. (Cash ratio is maintained at 12.0 per cent.)

**April 1978:** Indian Ocean International Bank Limited starts operations.

**June 1978:** The Bank of Mauritius starts the purchase and sale of US dollars to commercial banks on a spot basis (in addition to transactions in Pound sterling).



## 1974-75

**July 1974:** The minimum cash ratio is increased from 8.0 per cent to 12.0 per cent.

**April 1975:** Bank of Credit and Commerce International S.A., starts operations.



## 1978-79

**February 1979:** The minimum non-cash liquid assets ratio is increased from 25.0 per cent to 30.0 per cent. (Cash ratio is maintained at 12.0 per cent.)

## 1979-80

**October 1979:** Devaluation of the rupee by 22.9 per cent.



## 1980-81

**June 1981:** Banque Nationale pour le Commerce et l'Industrie (OI) changes its name to Banque Nationale de Paris Intercontinentale.

## 1981-82

**September 1981:** Downward readjustment of the exchange rate of the rupee. (16.7 per cent in terms of the Special Drawing Right.)

**September 1981:** Introduction of Non-resident (External Accounts) Scheme.

## 1982-83

**January 1983:** The Bank of Mauritius starts the purchase and sale of French francs to commercial banks on a spot basis (in addition to transactions in Pound sterling and US dollars).

**February 1983:** The rupee is delinked from the Special Drawing Right (SDR) and pegged to a trade-weighted basket of currencies.

**February 1983:** The minimum cash ratio is reduced from 12.0 per cent to 10.0 per cent. (Non-cash liquid assets ratio is maintained at 30.0 per cent.)



## 1983-84

**July 1983:** Mercantile Bank Ltd changes its name to The Hong Kong and Shanghai Banking Corporation Ltd.

**February 1984:** The Preferential Trade Area (PTA) Clearing House set up at the Reserve Bank of Zimbabwe in Harare becomes operational.



## 1984-85

**December 1984:** Barclays Bank International Limited changes its name to Barclays Bank PLC.

The Non-resident (External Accounts) Scheme is terminated.

## 1985-86

**September 1985:** Issue of Rs200 note.

**December 1985:** Issue of new Rs5 and Rs10 notes.



## 1986-87

**July 1986:** Citibank N.A., ceases operations and its banking activities are taken over by The Mauritius Commercial Bank Ltd.

**November 1986:** Issue of new Rs50 and Rs100 notes.

**January 1987:** Mauritius Commercial Bank Finance Corporation Ltd is granted a banking licence.

## 1987-88

**July 1987:** The minimum non-cash liquid assets ratio is reduced from 30.0 per cent to 20.0 per cent. (Cash ratio is maintained at 10.0 per cent.)

**July 1987:** First steps towards exchange control liberalisation - cash gift allowance, personal and business travel allowances are increased. Subject to certain limits being respected, Authorised Dealers are permitted to approve the transfers.

**November 1987:** Issue of Rs5 coin.

**November 1987:** Union International Bank Ltd starts operations.

**January 1988:** The minimum non-cash liquid assets ratio is increased from 20.0 per cent to 23.0 per cent and the cash ratio is maintained at 10.0 per cent. Thus, the overall liquid assets ratio requirement of banks is increased from 30.0 per cent to 33.0 per cent of their total deposit liabilities.

## 1988-89

**November 1988:** Issue of Rs500 note.

**November 1988:** Issue of Dodo Gold coins.

**January 1989:** The Banking Act 1971 is replaced by the Banking Act 1988. The Act provides a comprehensive and modern legal framework for a sound domestic banking system and the basis for the development of a reputable offshore banking sector in Mauritius. It lays great emphasis on the central bank's supervisory responsibilities and provides for trilateral meetings with banks and their external auditors.

## 1989-90

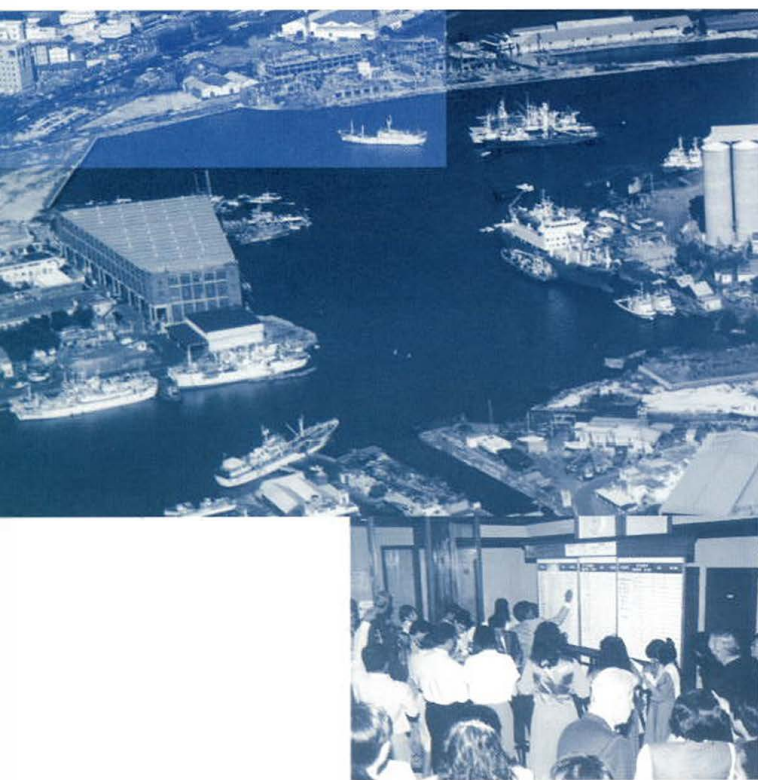
**July 1989:** Issue of the first offshore banking licence to Barclays Bank PLC.

**January 1990:** Issue of offshore banking licence to Bank of Baroda.

**February 1990:** Issue of offshore banking licence to Banque Nationale de Paris Intercontinentale.

**March 1990:** South East Asian Bank Ltd takes over the banking business of Habib Bank A.G. Zurich.

**March 1990:** Issue of offshore banking licence to S.B. International Ltd.



## 1990-91

**July 1990:** Issue of offshore banking licence to Banque Privée Edmond de Rothschild (Ocean Indien) Ltée.

**September 1990:** Issue of Rs1000 note.

**January 1991:** Issue of offshore banking licence to Banque Internationale des Mascareignes Ltée.

**February 1991:** Issue of offshore banking licence to The Hongkong and Shanghai Banking Corporation Limited.

## 1991-92

**July 1991:** Issue of Bank of Mauritius Bills on tap in replacement of Treasury Bills.

**September 1991:** The banking licence of Bank of Credit and Commerce International S.A., is revoked and its banking business is taken over by The Delphis Bank Limited.

**November 1991:** The Bank of Mauritius auctions Bank of Mauritius Bills on a weekly basis and gradually moves to bi-weekly auctions as and when required.

**March 1992:** S.B. International Ltd, an offshore bank, changes its name to State Bank International Ltd.

**April 1992:** Both Bank of Mauritius and Treasury Bills are auctioned simultaneously.

**April 1992:** Issue of Rs20 note.



## 1992-93

**July 1992:** Ceilings on bank credit to priority sectors are abolished.

**July 1992:** Bank Rate is reduced by 3 percentage points, from 11.0 per cent to 8.0 per cent.

**December 1992:** Mauritius Co-operative Central Bank Limited is taken over by MCCB Limited.



## 1993-94

**July 1993:** Ceilings on bank credit to non-priority sectors are abolished.

**September 1993:** The gradual liberalisation of the financial system and payments and transfers for current account transactions culminates into Mauritius adopting the obligations of Article VIII of the Articles of Agreement of the International Monetary Fund.

**November 1993:** Introduction of the risk weighted capital adequacy ratio to be maintained by commercial banks along the lines of the Basle Capital Accord.

**February 1994:** The Bank of Mauritius sets up the Secondary Market Cell.

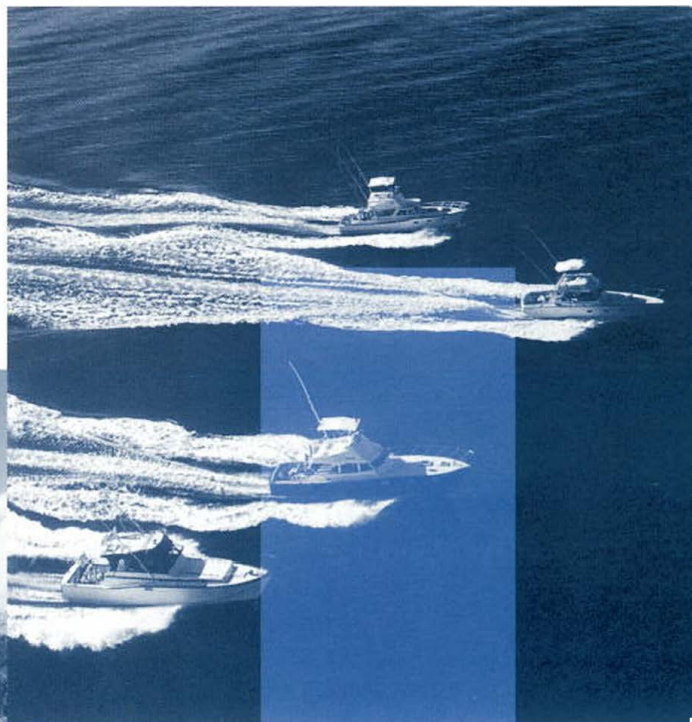
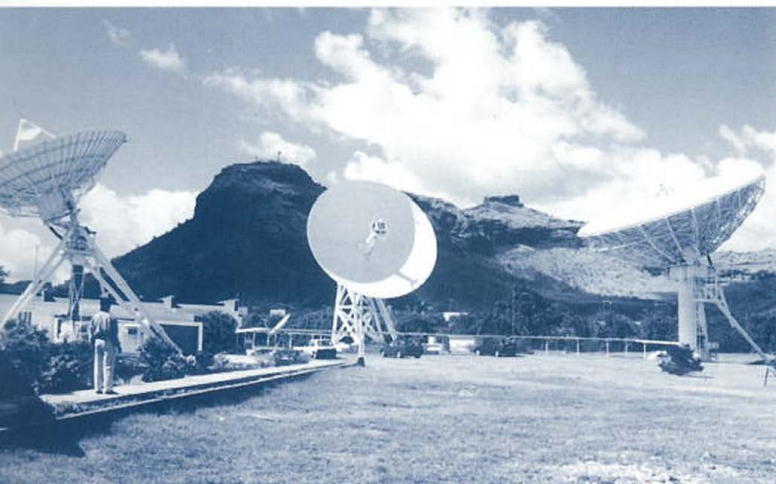
**June 1994:** Bank Rate is linked to the overall weighted average yield on Treasury Bills at the auctions for the preceding twelve weeks plus a margin of 1 percentage point.

## 1994-95

**July 1994:** Suspension of exchange control and setting up of the interbank foreign exchange market.

**December 1994:** The margin of 1 percentage point in the computation of the Bank Rate is reduced to 0.25 percentage point.

**June 1995:** The Foreign Exchange Dealers Act 1995 is passed by the National Assembly.





## 1995-96

**July 1995:** (i) Bank Rate is linked to the overall weighted average yield on Treasury/ Bank of Mauritius Bills at the latest auction plus a margin of 0.25 percentage point.

(ii) The Bank of Mauritius makes available a special line of credit of Rs500 million to approved leasing companies at a preferential rate of interest of 8.0 per cent per annum.

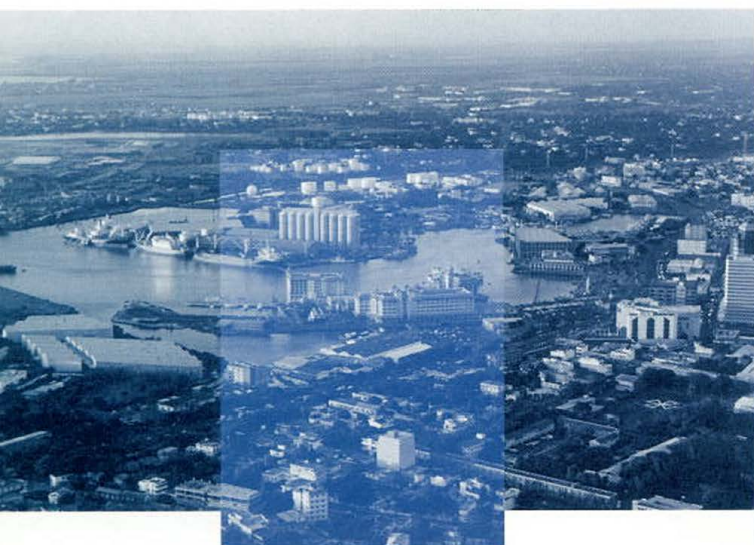
## 1996-97

**July 1996:** Rs20 note ceases to be legal tender.

**July 1996:** (i) The Bank of Mauritius establishes a Reserve Money Programme and a liquidity forecasting framework.

(ii) The minimum cash ratio is reduced from 10.0 per cent to 8.0 per cent and non-cash liquid assets ratio is reduced from 23.0 per cent to 20.0 per cent of banks' total deposit liabilities.

(iii) 25.0 per cent of all foreign currency receipts from the sugar proceeds are released by the Mauritius Sugar Syndicate directly to the interbank foreign exchange market.



**September 1995:** Mauritius Housing Company Ltd and Mauritius Leasing Company Ltd are authorised to carry on deposit-taking business.

**April 1996:** With a view to maintaining the financial health and total integrity of the financial system, the Bank of Mauritius reviews its stand regarding the MCCB Limited. The Bank of Mauritius revokes the banking licence of the MCCB Limited.

**May 1996:** The Bank of Mauritius orders the closure of the Union International Bank Ltd due to serious management weaknesses in that bank and non-compliance with certain provisions of the law and regulatory guidelines prescribed by the Bank of Mauritius.

**August 1996:** The banking licence of the Union International Bank Ltd is revoked.

**December 1996:** Bank Rate is the overall weighted average yield on Treasury Bills auctioned weekly.

**January 1997:** (i) Score Fulus Ltd, the first non-bank money-changer, starts operations.

(ii) The minimum risk weighted capital adequacy ratio of all domestic banks and of offshore banks incorporated in Mauritius is raised from 8.0 per cent to 9.0 per cent.

(iii) The minimum capital of all banks, domestic and offshore, is increased from Rs25.0 million to Rs50.0 million.

(iv) The banking business of the Union International Bank Ltd (In Liquidation) is acquired by The Delphis Bank Limited.

**April 1997:** Authorised dealers in foreign exchange are required to observe an overall foreign exchange exposure limit of 15.0 per cent of their Tier 1 capital, as at close of business each day.

**May 1997:** Shibani Finance Co Ltd, another non-bank money-changer, starts operations.

**September 1997:** Issue of Rs10 coin.

**September 1997:** SBM Lease Limited is authorised to carry on deposit-taking business.

**October 1997:** General Leasing Co Ltd is authorised to carry on deposit-taking business.

**November 1997:** Banque Privée Edmond de Rothschild (Ocean Indien) Ltée, an offshore bank, is acquired by Investec Bank Limited of South Africa and changes its name to Investec Bank (Mauritius) Limited.



## 1997-98

**July 1997:** (i) Score Fulus Ltd surrenders its authorisation and ceases operations.

(ii) The minimum risk weighted capital adequacy ratio of all domestic banks and of offshore banks incorporated in Mauritius is raised from 9.0 per cent to 10.0 per cent.

(iii) The minimum cash ratio is reduced from 8.0 per cent to 6.0 per cent.

(iv) The non-cash liquid assets ratio is reduced from 20.0 per cent to zero per cent.

(v) 100 per cent of foreign currency receipts from the sugar proceeds are released by the Mauritius Sugar Syndicate directly to the interbank foreign exchange market.

(vi) The special line of credit made available by the Bank of Mauritius to approved leasing companies for on-lending to EPZ companies and operators in the Freeport sector is increased from Rs500 million to Rs1.0 billion.

**January 1998:** The minimum capital of all banks, domestic and offshore, is increased from Rs50.0 million to Rs75.0 million.

**April 1998:** Finlease Company Limited is authorised to carry on deposit-taking business.

**May 1998:** Issue of offshore banking licence to P.T Bank Internasional Indonesia.

**June 1998:** (i) Issue of offshore banking licence to African Asian Bank Limited.

(ii) SICOM Ltd is authorised to carry on deposit-taking business.

(iii) MPC Holidays Ltd, a non-bank money-changer, starts operations.



Part 2

# MONETARY POLICY 1998-99

On 22 June 1998, the Governor met Chief Executives of domestic and offshore banks in order to outline the monetary policy framework for financial year 1998-99. The main guidelines follow:

During the financial year 1997-98, the monetary policy framework adopted by the Bank enabled the containment of the rate of inflation to 5.4 per cent. For the financial year ending 30 June 1999, the Bank of Mauritius is targeting an inflation rate of 8.0 per cent.

2. Four main factors are expected to have an adverse impact on the price level in the economy:

- (i) the high rate of monetary expansion due largely to the high rate of domestic credit expansion;
- (ii) the introduction of the value-added tax in 1998-99;
- (iii) the likely increase in wages and salaries in the public sector; and
- (iv) the inflation differential with our major trading partner countries.

3. During 1997-98, the growth of private sector credit accelerated with the result that money supply also increased at a relatively high rate. The impact of price increases stemming from the introduction of the value-added tax is expected to even out in the short-term. Nevertheless, the effect of a high rate of monetary expansion on inflation will be exacerbated by the anticipated increase in wages and salaries. The basic thrust of monetary policy will be to contain inflationary pressures in the economy in order to achieve the inflation rate targeted. While pursuing an anti-inflationary monetary policy, the Bank will continue its policy of financial liberalization and market reforms.

4. Henceforth, in calculating the reduced cash ratio of 5.5 per cent, deposits denominated in all currencies must be taken into account. The lowering of the cash ratio is expected to reduce the cost of finance to enterprises and contribute to stimulating savings in the economy.

5. In order to further promote an interbank market for Government papers, the Bank has decided to introduce the system of Repurchase Agreements (the Repo system) in Treasury Bills. It is expected that this measure will provide banks with a suitable mechanism for more efficient liquidity and risk management. Once the Master Agreement for the repo system is finalized, the terms and conditions governing transactions on the repo market and the date of implementation will be communicated to banks.

6. The introduction of Treasury Bills with a maturity of 2 years will provide investors with a wider scope for stretching the maturity profile of their investment portfolio.

7. The direct sale of proceeds from sugar exports has boosted the activities on the interbank foreign exchange market. Whereas most banks have adapted themselves to this paradigm shift and are managing their stock of foreign currencies efficiently, some institutions have not responded as positively. Banks should endeavour to take necessary measures with a view to achieving a balanced structure in their foreign exchange portfolio and be less reliant on central bank as a source of foreign exchange. Henceforth, all banks, domestic and offshore, are allowed to trade foreign currencies on the interbank foreign exchange market. Offshore banks are required to invest the rupee counterpart of any sale of foreign currencies in Government of Mauritius Treasury Bills.

8. As regards the day-to-day determination of the exchange rate of the rupee, it is observed that developments on the international foreign exchange markets are sometimes not properly factored in, in the indicative opening rates of banks. The determination of these rates cannot be taken lightly as they set the direction of the market. Indeed, wrongly adjusted rates are a potential source of distortion in the market and have serious implications for the economy. Banks are therefore requested to exercise more caution in the determination of their opening rates. Developments in the domestic economy and in foreign markets should be appropriately incorporated in the opening rates posted by banks.

9. As to foreign exchange risk management, it is a sound business and financial practice for banks to establish written policies, which provide for a statement of principles and objectives governing the extent to which they are willing to assume foreign exchange risks, including limits on their exposure. Banks should clearly define the levels of authority within their organizations to trade in foreign exchange, and implement management information systems to control the risks. This policy must be approved by each bank's board of directors, which should undertake to review it periodically. As a prudential measure, banks will not be allowed to exceed the prescribed 15 per cent limit on the overall foreign exchange exposure based on their capital and free reserves.

10. In its capacity as the supervisor, the Bank of Mauritius will expect banks to carefully assess the purposes for which a loan or line of credit is requested by a customer, may that be a commercial enterprise, foreign bank or any other financial institution. In addition to the usual risk assessment, the amount of credit granted must be in appropriate relationship to the stated purpose.

11. The reliability and credibility of our financial system depend on the integrity of our institutions. It is therefore necessary that banks adopt and promote principles of good

corporate governance and further enhance transparency and confidence in the system. Banks will be required to publish six-monthly audited accounts with effect from the accounting year starting in 1999.

12. The Mauritius Code of Banking Practice is now available to customers of commercial banks.

13. Banks should complete all necessary arrangements by 31 December 1998 in order to be Year 2000 compliant.





## Part 3

# 1. REVIEW OF THE ECONOMY 1997-98

## NATIONAL INCOME AND PRODUCTION

I

Economic growth has been relatively buoyant in recent years. After expanding by 6.0 per cent in 1996, real Gross Domestic Product (GDP) registered an appreciable growth rate of 5.2 per cent in 1997 and is expected to grow by 5.4 per cent in 1998.

GDP at factor cost went up in nominal terms by Rs6,947 million from Rs68,007 million in 1996 to Rs74,954 million in 1997. Per capita Gross National Product (GNP) at market prices went up by Rs7,113 from Rs67,496 in 1996 to Rs74,609 in 1997. Expressed in US dollar terms, per capita GNP increased from US\$3,403 in 1996 to US\$3,523 in 1997.

### Aggregate Consumption Expenditure

Aggregate consumption expenditure grew, in real terms, by 4.4 per cent in 1997 as compared to 4.1 per cent in the preceding year. The high level of aggregate consumption expenditure was largely attributable to the substantial expansion in consumption expenditure incurred by households, which went up from 4.0 per cent in 1996 to 4.6 per cent in 1997. However, consumption expenditure incurred by General Government decelerated significantly over the same period from 4.9 per cent to 3.7 per cent, reflecting the fiscal authorities' efforts to restrain current expenditure. Consequently, the ratio of aggregate consumption expenditure to GDP declined marginally from 76.0 per cent in 1996 to 75.8 per cent in 1997.

Table I.1 shows the main national accounting aggregates and ratios for the period 1995 through 1998.

### Gross Domestic Fixed Capital Formation (GDFCF)

Gross Domestic Fixed Capital Formation (GDFCF) went up, in real terms, by 9.5 per cent in 1997 as compared to a higher growth of 15.0 per cent in the preceding year. However, exclusive of the purchase of aircraft and marine vessel, GDFCF contracted by 4.1 per cent in 1997 as against a positive growth of 14.1 per cent in 1996. A breakdown of GDFCF between the public and private sectors indicates uneven developments. While public sector GDFCF declined, in real terms, by 24.3 per cent in 1997, private sector GDFCF (inclusive of the purchase of aircraft and marine vessel) increased from 10.0 per cent to 28.4 per cent in 1997. Exclusive of the purchase of aircraft and

marine vessel, the ratio of private sector GDFCF to GDP declined marginally from 16.7 per cent in 1996 to 16.4 per cent in 1997. However, with the enactment of the Build-Operate-Transfer (BOT) in September 1997, it is expected that private investment would pick up and gain momentum. Chart 1.1 depicts the movements of the investment rates of the private and public sectors (exclusive of the purchase of aircraft and marine vessel) for the period 1986 through 1997.

A disaggregation of investment by type of capital goods indicates that investment in the item "Other Machinery and Equipment", which made a strong contribution to investment growth in 1996, declined in 1997 whereas the item "Passenger Car" expanded at a higher rate of 16.8 per cent. Investment in the item "Building and Construction Work" fell by 3.9 per cent in 1997 as against a positive growth of 3.8 per cent a year earlier.

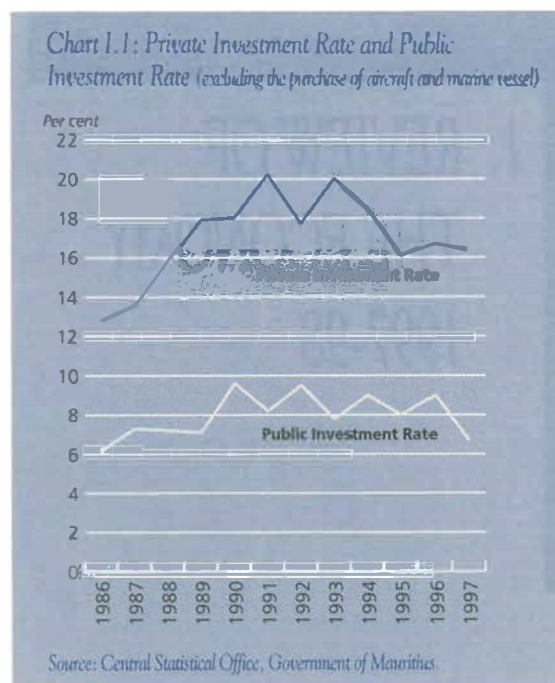


Table 1.1: Main National Accounting Aggregates and Ratios

	1995	1996 <sup>1</sup>	1997 <sup>2</sup>	1998 <sup>3</sup>
<b>A: Aggregates (Rs million)</b>				
1. GDP at factor cost	60,694	68,007	74,954	82,135
Annual Real Growth Rate (Per cent)	+5.6	+6.0	+5.2	+5.4
2. GDP at market prices	69,082	77,299	85,954	94,385
3. GNP at market prices	68,750	76,510	85,629	94,060
4. Per Capita GNP at market prices (Rupees)	61,268	67,496	74,609	81,086
5. Aggregate Consumption Expenditure	52,974	58,761	65,145	71,580
6. Compensation of Employees	28,360	31,100	33,719	37,000
7. Gross Domestic Fixed Capital Formation	16,750	20,125	23,185	21,300
8. Gross Domestic Investment	17,811	18,994	24,742	22,015
9. Gross Domestic Savings	16,108	18,537	20,810	22,805
10. Resource Gap (9 - 8)	-1,703	-457	-3,932	790
11. Gross National Disposable Income	70,428	78,488	87,979	96,460
<b>B: Ratios: As a Percentage of GDP at market prices</b>				
1. Gross Domestic Savings	23.3	24.0	24.2	24.2
2. Aggregate Consumption Expenditure	76.7	76.0	75.8	75.8
3. Gross Domestic Fixed Capital Formation	24.2	26.0	27.0	22.6
4. Resource Gap	-2.5	-0.6	-4.6	+0.8
<b>C: Ratio: As a Percentage of GDP at factor cost</b>				
1. Compensation of Employees	46.7	45.7	45.0	45.0

<sup>1</sup> Revised estimates.

<sup>2</sup> Preliminary estimates.

<sup>3</sup> First forecast.

Source: Central Statistical Office, Government of Mauritius.

A breakdown of investment by industrial use shows that investment in the manufacturing sector remained strong in 1997. It rose in real terms by 15.5 per cent as against 14.9 per cent in the preceding year with investment in the EPZ sector accounting for over 58 per cent of the increase. Investment in the "Transport, Storage and Communication" sector nearly doubled in 1997 largely as a result of the one-off purchases of aircraft and marine vessel.

Table I.2 and Table I.3 show the growth of GDPCF by type of capital goods and industrial use, in real terms, respectively, for the period 1995 through 1997.

### National Disposable Income, National Savings and Resource Gap

A slightly higher nominal growth of Gross National Disposable Income (GNDI) at 12.1 per cent in 1997 matched by a stable growth in nominal consumption expenditure of 10.9 per cent led to a marginal rise in the Gross Domestic Savings to GDP ratio from 24.0 per cent in 1996 to 24.2 per cent in 1997.

Table I.2: Real Growth Rates of GDPCF by Type of Capital Goods

	1995	1996 <sup>1</sup>	1997 <sup>2</sup>
<b>A. Building and Construction Work</b>	<b>-4.5</b>	<b>+3.8</b>	<b>-3.9</b>
Residential Building	-6.4	+1.5	-9.0
Non-residential Building	+0.5	+5.6	-7.5
Other Construction Work	-8.0	+6.1	+13.2
<b>B. Machinery and Equipment</b>	<b>-26.8</b>	<b>+32.4</b>	<b>+25.8</b>
Passenger Car	-7.6	+3.0	+16.8
Other Transport Equipment <sup>3</sup>	-77.8	+60.2	+300.0
Other Machinery and Equipment	-5.0	+33.8	-10.6
<b>Gross Domestic Fixed Capital Formation</b>	<b>-14.7</b>	<b>+15.0</b>	<b>+9.5</b>

<sup>1</sup> Revised estimates.

<sup>2</sup> Preliminary estimates.

<sup>3</sup> Inclusive of the purchase of aircraft and marine vessel.

Source: Central Statistical Office, Government of Mauritius.

Table I.3: Real Growth Rates of GDPCF by Industrial Use

	1995	1996 <sup>1</sup>	1997 <sup>2</sup>
1. Agriculture, Hunting, Forestry and Fishing	+5.9	-11.1	-1.0
2. Mining and Quarrying	-	-	-
3. Manufacturing	-9.0	+14.9	+15.5
of which : EPZ	-10.1	+8.3	+27.8
4. Electricity, Gas and Water	+7.5	+51.0	-44.7
5. Construction	-11.3	+6.3	-4.5
6. Wholesale and Retail Trade, Restaurants and Hotels	+4.2	+14.1	-5.5
7. Transport, Storage and Communication <sup>3</sup>	-42.8	+15.7	+89.2
8. Financing, Insurance, Real Estate and Business Services	-13.5	+7.5	-8.6
of which : Ownership of dwellings	-6.4	+1.5	-9.0
9. Producers of Government Services	-4.2	+36.3	+14.4
10. Community, Social and Personal Services	+4.7	+1.1	-3.3
<b>Gross Domestic Fixed Capital Formation</b>	<b>-14.7</b>	<b>+15.0</b>	<b>+9.5</b>

<sup>1</sup> Revised estimates.

<sup>2</sup> Preliminary estimates.

<sup>3</sup> Inclusive of the purchase of aircraft and marine vessel.

Source: Central Statistical Office, Government of Mauritius.



Chart I.2 depicts the movements of the savings rate and the investment rate in Mauritius for the period 1992 through 1997.

The investment rate standing at 28.8 per cent in 1997 (compared with 24.6 per cent in 1996) coupled with a savings rate of 24.2 per cent generated a resource gap (defined as savings minus investment) equivalent to 4.6 per cent of GDP in 1997. This was reflected in a higher current account deficit. Barring the purchase of aircraft and marine vessel, the resource gap amounted to 0.6 per cent of GDP in 1997, similar to that registered in the preceding year.

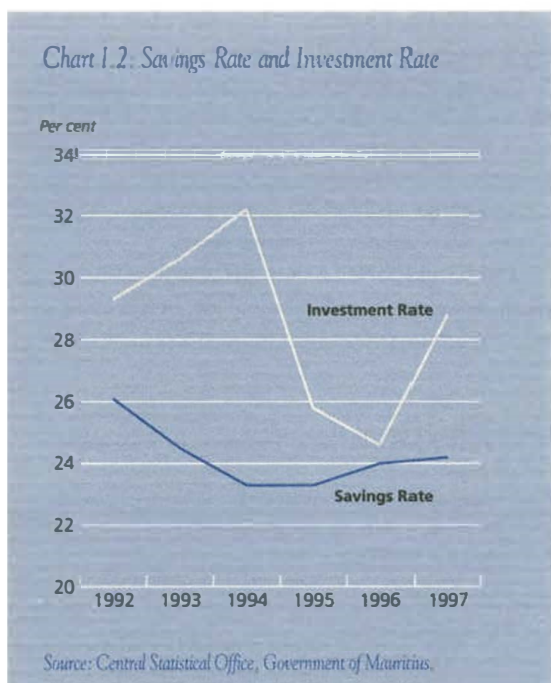
## Agriculture

Output in the agricultural sector, in real terms, grew by 3.2 per cent in 1997, from 4.1 per cent in 1996, largely due to a lower growth performance of the sugar sector. Non-sugar agricultural output remained at the preceding year's level.

Table I.4 shows the main aggregates of the agricultural sector from 1995 through 1997.

## Sugar

The sugar sector, which constitutes about 63 per cent of the agricultural sector and around 90 per cent of land under cultivation, grew by 5.5 per cent in real terms in 1997 as against a higher growth of 9.0 per cent in 1996. It is to be noted that sugar production in 1997 was the highest output recorded since 1993. This was mainly due to favourable climatic conditions that prevailed during the year, which contributed towards a rise in the mean yield of cane per hectare



tare from 73.3 tonnes per hectare in 1996 to 79.5 tonnes per hectare in 1997. However, the extraction rate declined from 11.2 per cent to 10.6 per cent over the same period.

During 1997, the overall performance of the sugar sector improved as a result of positive measures taken in that sector. Efforts aimed at converting tea lands into sugarcane cultivation as well as the rehabilitation of abandoned cane fields were pursued further while productivity continued to be enhanced by the planting of better crop varieties, improved techniques of production and investment in irrigation facilities.

Table I.4: Main Aggregates of the Agricultural Sector

	1995	1996 <sup>1</sup>	1997 <sup>2</sup>
1. Value Added at current factor cost (Rs million)	5,860	6,495	6,662
of which : Sugar	3,573	4,120	4,168
2. Annual Real Growth Rate (Per cent)	+8.4	+4.1	+3.2
3. Share of Agriculture in total GDP at factor cost (Per cent)	9.7	9.6	8.9
4. Investment at current factor cost (Rs million)	660	630	650
5. Investment at constant 1992 prices (Rs million)	540	480	475
6. Share of Investment in Agriculture in total GDFCF (Per cent)	3.9	3.1	2.8
7. Sugar Exports (Rs million)	6,326	8,347	7,294
8. Agricultural Exports other than Sugar (Rs million)	351	434	393
9. Share of Agricultural Exports in total Domestic Exports (Per cent)	25.9	28.5	25.0

<sup>1</sup> Revised estimates.

<sup>2</sup> Preliminary estimates.

Source: Central Statistical Office, Government of Mauritius.

Sugar production for the fiscal year 1997-98 amounted to 620,202 tonnes as against 587,847 tonnes in 1996-97. The annual export quota of Mauritius to the European Union currently stands at 505,000 tonnes which was secured at the guaranteed price of ECU523.7 per tonne in the crop year 1997 under the Sugar Protocol of the Lomé Convention. Mauritius also benefited from an additional annual quota of 85,000 tonnes obtained under the Special Preferential Sugar Agreement at the guaranteed price of ECU442.7 per tonne for the same period. It is to be noted that these prices fetched under quota agreements are higher than those prevailing on international markets. During the fiscal year 1997-98, 33,030 tonnes of sugar were imported to meet our domestic consumption requirements.

Table 1.5 shows the trends in sugar production and exports for the years 1994-95 to 1997-98.

#### Recent Developments in the Sugar Sector

In recent years, rising costs not matched by productivity increases have been a major constraint in the further development of the sugar sector. In order to enhance the overall competitiveness of the sugar sector, the authorities

have initiated a two-pronged strategy in a joint venture with the private sector. On the domestic market, efforts are under way to rationalise costs through centralisation and increased mechanisation of sugarcane fields, especially in the face of labour shortages in this sector. To further increase the viability of the sugar sector, research and development has focused on developing the by-products of sugar. The desugarisation of molasses to increase total sugar production is being currently experimented while measures are being envisaged to step up the production of electricity by sugar factories using bagasse as input. On the external front, the Mauritian sugar sector is exporting its know-how in the sugar producing countries of the region through either equity participation or take-over bids.

#### Non-sugar Agricultural Sector

Diversification efforts to promote non-sugarcane agricultural production have been constrained by structural rigidities and pricing policies. Measures have been taken recently to eliminate price controls and deregulate imports of certain agricultural commodities. Export of non-sugar agricultural products declined by 15.7 per cent to Rs365 million in 1997. Export of cut flowers and foliage, a pro-

Table 1.5: Trends in Sugar Production and Exports

(Tonnes Tel Quel)

	1994-95	1995-96	1996-97	1997-98
Opening Stock (1 July)	34,904	14,294	25,790	25,696
Opening ISA Special Stock	0	0	0	0
Production	511,923	533,247	587,847	620,202
Available supplies	546,827	583,471 <sup>1</sup>	651,654 <sup>2</sup>	678,928 <sup>3</sup>
Exports:	492,231	519,066	586,189	606,033
U.K.	(431,356)	(454,863)	(452,529)	(438,246)
Other European Union	(38,286)	(56,984)	(104,135)	(104,126)
U.S.A.	(14,218)	(2,926)	(24,493)	(24,057)
Canada	(84)	(42)	(156)	(146)
Other	(8,287)	(4,251)	(4,876)	(4,891)
Domestic Consumption	37,393	37,360	38,791	40,386
Surplus/(Loss) in Storage	(2,909)	(1,255)	979	449
Closing Stock (30 June)	14,294	25,790	25,696	32,060
Closing ISA Special Stock	0	0	0	0

<sup>1</sup> Includes 35,930 tonnes of imported sugar.

<sup>2</sup> Includes 38,017 tonnes of imported sugar.

<sup>3</sup> Includes 33,030 tonnes of imported sugar.

Note: The above figures refer to fiscal years which extend from July to June and not to the crop years which extend from June to May.

Source: Mauritius Sugar News Bulletin, The Mauritius Chamber of Agriculture.

duct of the agricultural diversification policy, increased in volume terms by 12.1 per cent to 576 tonnes in 1997 but fell, in nominal terms, by 2.4 per cent to Rs123 million. Exports of tea and live animals declined by Rs11 million and Rs74 million, respectively, in 1997 whereas exports of wheat flour rose by 1.9 per cent to Rs157 million in 1997.

## Manufacturing Sector

The manufacturing sector, which contributes about 24 per cent to total value added in the economy, grew in real terms at a rate of 5.6 per cent in 1997. The EPZ, which accounts for roughly 50 per cent of total value added of the manufacturing sector, recorded a real growth of 6.0 per cent in 1997 as against 7.0 per cent in the preceding year. Output in the manufacturing sector, other than EPZ and sugar, grew at 5.2 per cent in 1997, about the same rate as in 1996.

Table I.6 shows the main aggregates of the manufacturing sector for the period 1995 through 1997.

The consolidation process within the EPZ sector was pursued during the year as investment continued to grow, in real terms, from 8.3 per cent in 1996 to 27.8 per cent in 1997. This reflected increasing realisation of the need to enhance productivity and improve competitiveness against the backdrop of rising labour costs.

While total EPZ exports increased by 9.8 per cent from 1996 to 1997, net EPZ exports increased by 2.9 per cent over the same period. The bulk of EPZ exports (71 per cent) went to the European Union while the USA absorbed 19 per cent of EPZ exports. Exports to general tariff countries represented only 3.0 per cent of total exports.

Table I.7 shows the main aggregates of the EPZ sector for the period 1995 through 1997.

Business confidence in the EPZ sector remains strong. However, while there is some optimism stemming from

new prospects which might open up with the enactment of the "Africa Growth and Opportunity Bill", the EPZ sector is bound to face tougher competition on international markets in the years ahead with the greater liberalisation of world trade.

The fact that the Mauritian EPZ sector remains 85 per cent textile-oriented is a cause for concern and diversification in non-textile fields, such as information technology, electronics, printing and jewellery, is being encouraged through the provision of new incentives.

## Tourism

Tourism, one of the fastest expanding sectors of the economy in recent years, grew by 10.2 per cent in 1997 as against 16.0 per cent in the preceding year in spite of tougher competition from south-east Asian countries resulting from the relatively large depreciation of their currencies.

Tourist arrivals went up by 10.1 per cent to 536,125 in 1997. The distribution of tourist arrivals by country of residence shows that European countries continued to be the major source market accounting for 60.9 per cent of total arrivals. Tourist arrivals from Europe went up by 15.8 per cent to 326,379 in 1997. France, Germany and the United Kingdom constituted the three largest source markets, accounting for 44.5 per cent, 13.5 per cent and 14.1 per cent, respectively, in 1997. The strong performance of the UK economy explains the increase in the share of the UK in total tourist arrivals. A notable feature was the increase of 32.7 per cent in tourist arrivals from the Commonwealth of Independent States (CIS) although, as a source market, these countries represent only a marginal share of total tourist arrivals. Tourist arrivals from the traditional African markets edged up by 0.5 per cent in 1997 in spite of efforts geared towards attracting tourists from the Southern African Development Community (SADC)

Table I.6: Main Aggregates of the Manufacturing Sector

	1995	1996 <sup>1</sup>	1997 <sup>2</sup>
1. Value Added at current factor cost (Rs million)	14,383	16,478	18,295
2. Annual Real Growth Rate (Per cent)	5.9	6.3	5.6
3. Share of Value Added in total GDP at factor cost (Per cent)	23.7	24.2	24.4
4. Investment at current factor cost (Rs million)	2,245	2,745	3,325
5. Share of Investment in total GDFCF (Per cent)	13.4	13.6	14.3

<sup>1</sup> Revised estimates.

<sup>2</sup> Preliminary estimates.

Source: Central Statistical Office, Government of Mauritius.



member countries, while arrivals from Asia, Oceania and America registered growth rates of 4.4 per cent, 21.5 per cent and 29.2 per cent, respectively.

Tourist receipts registered a nominal increase of 11.3 per cent to Rs10,068 million in 1997 with average spending per tourist edging up from Rs18,584 in 1996 to Rs18,779 in 1997.

The occupancy rate for all registered hotels went up from 68 per cent in 1996 to 72 per cent in 1997. The occupancy rate for large hotels improved from 74 per cent in 1996 to 78 per cent in 1997. Taking into consideration the fact that the tourist industry in Mauritius is highly seasonal, tourism policy is increasingly geared towards maximising tourist inflow during the off-peak season. In recent years, efforts have thus been targeted at enhancing air traffic capacity, tapping new markets and increasing hotel accommodation while taking into account environmental issues.

As a source of employment, the tourist sector has emerged as one with high potential. Indeed, direct employment in this sector rose by 7.0 per cent between March 1996 and March 1997, outpacing the 2.6 per cent growth of the labour force. Employment is expected to rise further as the tourist industry becomes increasingly integrated with the rest of the economy.

### Financial and Business Services Sector

The "Financing, Insurance, Real Estate and Business Services" sector that contributes about 14 per cent to GDP grew in real terms by 5.9 per cent in 1997 as against 6.2 per

cent in the preceding year. Excluding real estate, this sector has been growing at a sustained rate of over 7.0 per cent in 1996 and 1997 and has proved to be one of the most vibrant sectors of the economy matched only by a booming "Restaurants and Hotels" sector. Growth in the financial and business services sector is expected to gather momentum with the rapid expansion of freeport activities and the offshore financial sector.

### Other Sectors

The "Transport, Storage and Communication" sector recorded a real growth of 7.5 per cent in 1997 as against 7.0 per cent in the preceding year, largely as a result of developments in the communication sector. The "Producers of Government Services" and "Electricity, Gas and Water" sectors registered similar growth rates as in 1996, of 3.5 per cent and 7.5 per cent, respectively.

### Economic Outlook for 1998

Based on expected performance in key sectors of the economy, preliminary forecasts made by the Central Statistical Office project an economic growth of 5.4 per cent in 1998. Notwithstanding the growth of 4.3 per cent in aggregate consumption expenditure, real domestic demand is forecast to decline by 0.4 per cent in 1998. The savings rate is expected to remain stable at 24.2 per cent while the investment rate is projected to reach 23.3 per cent.

Table I.7: Main Aggregates of the EPZ Sector

	1995	1996 <sup>1</sup>	1997 <sup>2</sup>
1. Number of Enterprises (as at December)	481	481	480
2. Value Added at current factor cost (Rs million)	7,096	8,163	9,172
3. Annual Real Growth Rate (Per cent)	6.0	7.0	6.0
4. Share of EPZ in total GDP at factor cost (Per cent)	11.7	12.0	12.2
5. Investment at current prices (Rs million)	815	930	1,245
6. Investment at constant 1992 prices (Rs million)	665	720	920
7. Share of EPZ Investment in total GDFCF (Per cent)	4.9	4.6	5.4
8. Exports (f.o.b.) - (Rs million)	18,267	21,001	23,049
9. Imports (c.i.f.) - (Rs million)	10,856	12,109	13,897
10. Net Exports - (Rs million)	7,411	8,892	9,152

<sup>1</sup> Revised estimates.

<sup>2</sup> Estimates.

Source: Central Statistical Office, Government of Mauritius.

## LABOUR MARKET AND PRICE DEVELOPMENTS

II

### Wage Developments

In recent years, the prevalent labour market regulations and wage determination system have increasingly come under pressure. Notwithstanding the social stability that such arrangements have ensured over the years, these regulations are generally perceived as having delayed adjustment in the labour market while the present system of wage determination has been a major source of rigidity in the economy. Against the backdrop of world trade liberalisation, these issues as well as those related to labour productivity and labour costs have gained increasing importance. Wage growth that is not offset by corresponding gains in productivity would add to inflationary pressures in the economy with adverse consequences on our competitiveness and unemployment rate.

### Compensation of Employees

Compensation of employees, which includes mainly wages and salaries, payment in kind, contributions to social security and to private pension funds, registered a lower growth of 8.4 per cent in 1997 as against 9.7 per cent in the

preceding year. Adjusted for inflation, compensation of employees rose by 1.7 per cent as compared to 2.9 per cent in the preceding year. As a percentage of GDP at market prices, the share of compensation of employees fell marginally from 45.7 per cent in 1996 to 45.0 per cent in 1997.

### Cost of Living Compensation

In 1997-98, compensation for the rise in the cost of living was 8 per cent for employees whose basic salary was Rs2,500 or less per month. Employees earning above that amount per month were granted compensation ranging from Rs200 to Rs285, depending on their income brackets.

### Average Monthly Earnings

According to the Survey on Employment and Earnings in "large" establishments carried out in March 1998, the average monthly earnings for employees on monthly rates of pay for the economy as a whole increased by 6.7 per cent between March 1997 and March 1998 as compared to a much higher increase of 12.5 per cent between March 1996 and March 1997. Adjusted for inflation, average monthly earnings for the economy went up by one per cent between March 1997 and March 1998.

A distribution by industrial group, as shown in Table II.1, indicates that the 12-month rate of increase in average monthly earnings varied widely across industries. Average

Table II.1: Average Monthly Earnings for Employees on Monthly Rates of Pay

Industrial Group	Mar-96 (Rs)	Mar-97 (Rs)	Mar-98 (Rs)	% Nominal Change between Mar-97 and Mar-98	% Change Adjusted for Increase in Price Level
1. Agriculture and Fishing	4,396	5,116	5,289	3.4	-2.1
of which: Sugar Cane	4,294	5,004	5,147	2.9	-2.6
2. Mining and Quarrying	8,207	8,524	9,298	9.1	3.3
3. Manufacturing	5,972	6,274	6,911	10.2	4.4
of which: EPZ <sup>1</sup>	5,537	5,777	6,403	10.8	4.9
4. Electricity and Water	9,707	10,112	12,448	23.1	16.6
5. Construction	9,096	10,038	11,479	14.4	8.3
6. Wholesale and Retail Trade, Restaurants and Hotels	6,735	7,042	7,510	6.6	0.9
7. Transport, Storage and Communication	8,122	8,766	10,647	21.5	15.1
8. Financing Insurance, Real Estate and Business Services	10,096	11,010	11,550	4.9	-0.7
9. Community, Social and Personal Services	7,079	8,296	8,500	2.5	-2.9
of which: Central Government	7,176	8,612	8,643	0.4	-4.9
10. Activities not specified elsewhere	4,704	5,623	6,313	12.3	6.3
<b>All Sectors</b>	<b>6,731</b>	<b>7,570</b>	<b>8,080</b>	<b>6.7</b>	<b>1.0</b>

<sup>1</sup> Excluding non-manufacturing EPZ establishments.

Source: Central Statistical Office, Government of Mauritius.

monthly earnings in "Electricity and Water", "Transport, Storage and Communication" and "Construction" recorded high nominal growths of 23.1 per cent, 21.5 per cent and 14.4 per cent, respectively. The lowest increase of 2.5 per cent in average monthly earnings was registered by "Community, Social and Personal Services".

### Wage Rate Index

The wage rate index, which gives a good indication of the movement in the cost of labour in the economy, is computed from wage data collected from a survey carried out among a sample of large establishments in September of each year. Over the period September 1996 to September 1997, the wage rate index increased by 9.9 per cent as compared to an increase of 5.2 per cent between September 1995 and September 1996.

Table II.2 gives a sectorwise breakdown by industry group of annual percentage change in wage rates index. The hike in salary in "Agriculture and Fishing" might be partly explained by the labour shortage in that sector. As a result of salary adjustment following the Civil Service Arbitration Tribunal (CSAT) award in "Community, Social and Personal Services" and the recent salary revision in "Electricity and Water", these sectors recorded nominal wage growths of 12.5 per cent and 10.6 per cent, respectively.

Adjusted for the 12-month running inflation rate of 7.3 per cent in September 1997, the overall wage index went up by 2.4 per cent. "Agriculture and Fishing", "Transport, Storage and Communication" and "Community, Social and Personal Services" recorded relatively high real wage growth while virtually all other sectors registered moderate growth.

## Labour Force, Employment and Unemployment

### Labour Force

The population of the Republic of Mauritius as at the end of December 1997 was estimated at 1,155,892, representing an increase of 1.2 per cent over the estimated figure of 1,142,513 at the beginning of the year. The male population was 577,748 and the female population stood at 578,144.

The total labour force for 1997, inclusive of foreign workers, was estimated at 505,500 showing an increase of 2.6 per cent over the estimated 1996 figure of 492,800. The number of foreign workers increased by 13.4 per cent to 9,300 in 1997. A gender-wise composition of the labour force, excluding foreign workers, shows that the ratio of female workers to total labour force increased marginally from 32.7 per cent in 1996 to 33.1 per cent in 1997.

### Employment

Employment, inclusive of foreign workers, was estimated to have risen by 2.1 per cent to 475,700 in 1997 after recording an annual growth of around 1.2 per cent over the past two years. The increase occurred mainly in "other than large" establishments with employment rising by an estimated 8,800 workers to 188,000 in 1997. A slight improvement was also noted in the employment level of "large" establishments, which registered an increase of 900 over the 1996 figure of 286,800.

A gender-wise analysis of employment shows that male employment increased by 1.6 per cent to 322,600 in 1997 whereas female employment rose by 3.2 per cent to 153,100 over the same period. Thus, the ratio of

Table II.2: Annual Percentage Change in Wage Rates Index by Industry Group (Base year 1992)

(Per cent)

Industrial Group	Sep-94	Sep-95	Sep-96	Sep-97
1. Agriculture and Fishing	14.0	6.2	10.5	14.7
2. Manufacturing, Mining and Quarrying	10.0	7.6	4.5	7.6
3. Electricity and Water	7.1	6.8	3.5	10.6
4. Construction	31.3	6.0	2.9	8.2
5. Wholesale and Retail Trade, Restaurants and Hotels	9.4	7.8	2.6	3.1
6. Transport, Storage and Communication	12.7	7.1	9.5	13.8
7. Financing, Insurance, Real Estate and Business Services	9.3	14.2	7.8	7.3
8. Community, Social and Personal Services	7.1	5.6	5.0	12.5
<b>All Sectors</b>	<b>10.5</b>	<b>7.1</b>	<b>5.2</b>	<b>9.9</b>

Source: Central Statistical Office, Government of Mauritius.



female employment to total employment was marginally higher at 32.2 per cent in 1997 as compared to 31.8 per cent in 1996.

A breakdown of total employment by industry, as shown in Table II.3, indicates that the manufacturing sector remains the largest employer in the economy with a share of 28.8 per cent of total employment. However, the employment growth of 2.2 per cent in that sector was outpaced by net employment creation in the rapidly expanding services sectors, namely "Wholesale and Retail Trade, Restaurants and Hotels", "Financing, Insurance, Real Estate and Business Services" and "Transport, Storage and Communication" which registered growth rates of 6.4 per cent, 5.4 per cent and 2.8 per cent, respectively. Employment in "Community, Social and Personal Services" expanded further in 1997, recording a higher growth of 3.1 per cent as against 2.0 per cent and 2.3 per cent in 1995 and 1996, respectively. Employment in "Agriculture and Fishing" went down at a much faster pace of 3.1 per cent in 1997 as against the decline of 1.1 per cent and 1.9 per cent in 1995 and 1996, respectively.

The emerging employment pattern in recent years points to the fact that the traditional industries, namely agriculture and manufacturing, may no longer be able to absorb labour as firms invest in more capital-intensive technologies. New employment opportunities are becoming increasingly available in the rapidly expanding services sector. However, the skills that were once required in the manufacturing and agricultural sectors may no longer

be suitable in service industries and this skill mismatch across industries is one of the major factors explaining the steady rise in unemployment.

## Unemployment

The unemployment rate, which has been on a rising trend since 1991, increased further from 5.5 per cent in 1996 to 6.0 per cent in 1997. A combination of factors, namely an increase in the female participation rate, sluggish job creation for women, increased participation of foreign labour in the manufacturing sector coupled with the substitution of capital for labour and a mismatch of skills, have contributed to the upward trend in unemployment.

The female unemployment rate has grown more rapidly than the male unemployment rate. The female unemployment rate, which used to be rather stable prior to 1991, accelerated thereafter and stood at 10.2 per cent in 1997 while the male unemployment rate reached 3.9 per cent in the same year.

Chart II.1 shows the unemployment rate from 1990 through 1997.

Against the background of the structural changes affecting the labour market, namely the shift from labour-intensive to capital-intensive techniques and from low-skilled to high-skilled labour demand in emerging industries, Government has envisaged to set up a National Productivity and Competitiveness Council in 1998-99. This strong institutional support would help boost productivity and sharpen our competitive edge.

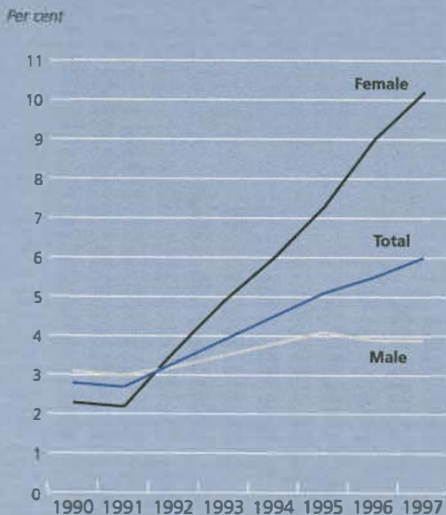
Table II.3: Employment by Major Industrial Group

(Thousands)

Industrial Group	1994	1995	1996	1997
1. Agriculture and Fishing	62.3	61.6	60.4	58.5
2. Mining and Quarrying	1.4	1.6	1.6	1.6
3. Manufacturing	134.0	134.7	134.0	136.9
4. Electricity and Water	3.5	3.5	3.4	3.3
5. Construction	38.2	36.8	38.1	38.0
6. Wholesale and Retail Trade, Restaurants and Hotels	61.2	64.9	67.6	71.9
7. Transport, Storage and Communication	27.8	28.4	28.6	29.4
8. Financing, Insurance, Real State and Business Services	13.6	14.1	14.8	15.6
9. Community, Social and Personal Services	109.7	111.9	114.5	118.1
10. Activities not elsewhere classified	3.1	3.0	3.0	2.4
<b>All sectors</b>	<b>454.8</b>	<b>460.5</b>	<b>466.0</b>	<b>475.7</b>

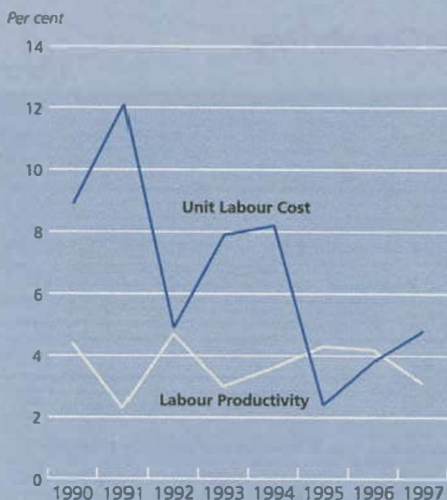
Source: Central Statistical Office, Government of Mauritius.

Chart II.1: Unemployment Rate



Source: Central Statistical Office, Government of Mauritius.

Chart II.2: Growth Rates of Unit Labour Cost and Labour Productivity



Source: Central Statistical Office, Government of Mauritius.

## Unit Labour Cost and Productivity

Unit labour cost is defined as the labour cost of producing a unit of output. Changes in unit labour cost are determined by changes in labour productivity and changes in compensation per employee. Labour productivity, as measured by GDP per worker, rose by 3.1 per cent in 1997 as against 4.2 per cent in 1996, which was slightly lower than the annual average growth of 3.7 per cent registered during the period 1990 through 1996. Over the period 1990 through 1997, on an annual average basis, productivity rise outpaced the rise in employment.

Unit labour cost went up from 3.8 per cent in 1996 to 4.8 per cent in 1997 but was well below the annual average growth of 6.5 per cent registered during the period 1990 through 1996. Unit labour cost and labour productivity exhibited different growth patterns over the period 1990 through 1997, as shown in Chart II.2. The growth of unit labour cost was above that of labour productivity, except in 1995 and 1996. An analysis of labour cost in the EPZ sector shows a slight increase of 0.6 per cent in 1997 as compared to 0.1 per cent in 1996. This was much lower than the annual increase of 5.6 per cent registered during the period 1990 through 1996. A notable feature in manufacturing industries was the average increase of 5.3 per cent in unit labour cost in rupee terms, over the period 1990 through 1997. However, in US dollar terms, the growth of unit labour cost was only 0.2 per cent.

## Prices

Consumer price inflation, as measured by the percentage change in the yearly average of the Consumer Price Index (CPI), decelerated from 7.9 per cent in 1996-97 to 5.4 per cent in 1997-98. The rate of inflation in 1997-98 was lower than that of 6.0 per cent which the Bank of Mauritius had targeted through its Reserve Money Programme framework. The lower inflation rate in 1997-98 reflected the modest rate of monetary expansion in the previous fiscal year as well as the decline in international commodity prices and subdued inflation rates in many of our major trading partner countries.

Following the Household Budget Survey carried out by the Central Statistical Office from July 1996 to June 1997, a new CPI, with base July 1996-June 1997=100, was introduced with effect from July 1997. Over the 12-month period ended June 1998, the CPI increased by 7.0 points to 109.6 in June 1998, slightly lower than the increase of 8.3 points for the corresponding period of the preceding year.

The CPI basket of goods and services comprises nine major commodity groups. During 1997-98, the major

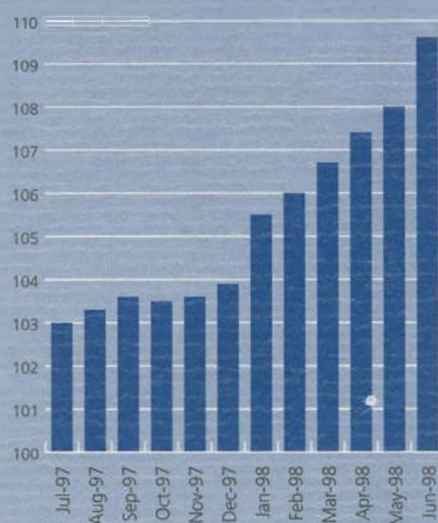
commodity group "Alcoholic Beverages and Tobacco" registered the highest increase of 15.2 per cent, mainly due to an upward revision in excise duties in June 1998. Except for the major commodity groups "Food and Non-alcoholic Beverages" and "Recreation, Entertainment, Education and Cultural Services", which recorded increases of 9.2 per cent and 12.1 per cent, respectively, moderate price increases in almost all other major commodity groups contributed to the slowdown in the inflation rate. Adverse climatic conditions coupled with the deregulation of certain prices in the agricultural sector pushed up the prices of agricultural foodstuffs. Prices relating to educational goods and activities accounted for the significant rise in the major commodity group "Recreation, Entertainment, Education and Cultural Services".

Table II.4 shows the quarterly percentage change in the sub-indices of the major commodity groups and Chart II.3 gives the monthly CPI during the fiscal year 1997-98.

### *Inflation Outlook for 1998-99*

While the inflation rate for the year under review has remained under control, the high rate of monetary expansion during the year 1997-98, the introduction of the Value-Added Tax (VAT) in September 1998 and the salary increases stemming from the public sector pay award underscore the need for a tighter monetary policy stance in 1998-99. The Bank of Mauritius is targeting an inflation rate of 8 per cent for the fiscal year 1998-99.

Chart II.3: Monthly Consumer Price Index (Base year July 1996 - June 1997 = 100)



Source: Central Statistical Office, Government of Mauritius.

Table II.4: Quarterly Percentage Change in the Sub-indices of the CPI by Major Commodity Group

(Per cent)

Major Commodity Group	Weights	Sep-97	Dec-97	Mar-98	Jun-98	12-month period ended Jun-98
1. Food and Non-alcoholic Beverages	36.4	1.7	0.0	4.3	3.0	9.2
2. Alcoholic Beverages and Tobacco	8.7	0.9	-0.3	2.0	12.3	15.2
3. Clothing and Footwear	7.9	0.8	0.2	2.0	0.7	3.7
4. Fuel and Light	4.4	-0.7	0.0	0.0	0.0	-0.7
5. Housing and Household Operations	13.2	1.7	0.5	0.7	0.6	3.5
6. Medical Care and Health Expenses	3.8	-0.7	0.5	0.8	0.9	1.4
7. Transport and Communication	14.2	-1.8	0.3	0.7	1.2	0.3
8. Recreation, Entertainment, Education and Cultural Services	6.0	1.4	0.8	8.7	0.9	12.1
9. Miscellaneous Goods and Services	5.4	0.9	1.7	1.4	2.7	6.7
<b>All Groups</b>	<b>100.0</b>	<b>1.0</b>	<b>0.3</b>	<b>2.7</b>	<b>2.7</b>	<b>6.8</b>

Source: Central Statistical Office, Government of Mauritius.



# 1996-97 HOUSEHOLD BUDGET SURVEY

Following the Household Budget Survey carried out by the Central Statistical Office (CSO) from July 1996 to June 1997, a new Consumer Price Index (CPI) was constructed. Accordingly, both the composition of the consumer basket of goods and services and the weights thereof were updated in order to reflect the change in the consumption and expenditure patterns of the household population. The new base period for the CPI is July 1996 to June 1997.

The survey was based on a sample of 6,240 households representing 2.5 per cent of total households which were estimated at 250,000. The urban, semi-urban and rural regions represented 45.7 per cent, 20.0 per cent and 34.3 per cent, respectively, of total households.

The 1996-97 Survey revealed, among other things, that the number of income earners in total households increased to 42.3 per cent from 37.9 per cent in the 1991-92 Survey and that the average number of income earners per household went up from 1.63 to 1.74 over this five-year period. The average monthly household income also rose in nominal terms by about 56 per cent from Rs6,503 in the 1991-92 Survey to Rs10,179 in the 1996-97 Survey. After adjusting for inflation, this represented an increase of about 9 per cent. It was also observed that about 50 per cent of households shared roughly 25 per cent of total income while the remaining 50 per cent shared around 75 per cent of total income. The average household monthly consumption expenditure registered a rise of about 50 per cent, from Rs5,409 for the period 1991-92 to Rs8,172 for the period 1996-97.

Table II.5 compares the weights attached to each major commodity group in the 1991-92 Survey with those of the 1996-97 Survey.

Table II.5: Weights of the Major Commodity Groups in the Surveys of 1991-92 and 1996-97

Major Commodity Groups	Weights	Weights
	1991-92	1996-97
1. Food and Non-alcoholic Beverages	392	364
2. Alcoholic Beverages and Tobacco	82	87
3. Clothing and Footwear	88	79
4. Fuel and Light	52	44
5. Housing and Household Operations	131	132
6. Medical Care and Health Expenses	36	38
7. Transport and Communication	97	142
8. Recreation, Entertainment, Education and Cultural Services	66	60
9. Miscellaneous Goods and Services	56	54
<b>Total</b>	<b>1,000</b>	<b>1,000</b>

Source: Central Statistical Office, Government of Mauritius.

## MONEY AND BANKING

### III

Monetary developments in 1997-98 were marked, firstly, by a drop of Rs2,294 million in the net foreign assets of the Bank of Mauritius and an almost corresponding increase of Rs2,181 million in those of commercial banks. Banks' net purchases of foreign currencies from the Bank of Mauritius and the Mauritius Sugar Syndicate (MSS) exceeded their actual shortfall by an equivalent of Rs2,878 million.

Secondly, commercial banks invested a net amount of Rs5,734 million in debentures, driven by the return and tax-attractiveness of these instruments and helped by the increase in their deposits, the drop in the required minimum cash ratio from 8 per cent to 6 per cent and the reduction in the non-cash liquid assets ratio from 20 per cent to zero per cent. This huge investment in debentures coupled with substantial credit to the Traders and Housing sector caused a massive increase of 32.3 per cent in private sector credit, up from 16.1 per cent in 1996-97.

Thirdly, as banks' excess resources were directed towards debentures and credit to the private sector, their net credit to Government fell by 0.3 per cent, with the result that Government had to rely heavily on the Bank of Mauritius to finance its deficit. Both the ratios of amount received at primary auctions to tender amount and amount accepted to tender amount registered a drop as opposed to an increase in the previous fiscal year. Net central bank credit to Government went up by Rs1,642 million, with advances accounting for around 69 per cent of that increase or Rs1,132 million.

Fourthly, the increase in domestic credit to both Government and the private sector caused a major expansion of 17.4 per cent in money supply M2, up from 8.8 per cent in 1996-97. As reserve money registered a drop of 23.4 per cent following the reduction in the cash ratio and the maturing of all Bank of Mauritius Bills, the average money multiplier for M2 went up from 5.41 in 1996-97 to 7.79 in 1997-98.

Finally, the relatively comfortable liquidity position of banks was reflected in the drop in both the daily average amount of transactions effected on the interbank money market, in the weighted average interbank interest rates and in banks' negligible recourse to central bank credit during the whole year.

The basic thrust of monetary policy in 1997-98 remained geared towards price stability and the maintenance of a stable exchange rate of the rupee. The Bank of Mauritius continued to use its Reserve Money Programme and liquidity forecasting framework as a basis for intervention in

the money and foreign exchange markets. The rate of inflation for 1997-98 was 5.4 per cent, down from 7.9 per cent in 1996-97. The real rate of interest on savings deposits increased from 0.1 per cent in June 1997 to 2.5 per cent in June 1998.

## Monetary Aggregates

Reversing the trend observed in the two previous fiscal years, net foreign assets of the banking system went down by 0.5 per cent in 1997-98. Net foreign assets of the Bank of Mauritius fell by 13.4 per cent to Rs14,869 million at the end of June 1998 as compared to a rise of 10.3 per cent in 1996-97. However, net foreign assets of commercial banks registered a significant growth in 1997-98, expanding by 53.6 per cent to Rs6,249 million at the end of June 1998 as against a rise of 14.7 per cent in 1996-97.

Domestic credit remained on a highly expansionary path in 1997-98, growing almost twice as fast as in the preceding year. It rose by 26.0 per cent to Rs67,220 million at the end of June 1998 as compared to a fairly modest expansion of 13.4 per cent in the preceding fiscal year.

Net credit to Government by the banking system increased by 10.1 per cent to Rs17,358 million at the end of June 1998 as against a rise of 6.5 per cent in 1996-97. In contrast with the trend noted in the two previous fiscal years, net credit to Government came from the Bank of Mauritius rather than from commercial banks.

Net credit to Government by the Bank of Mauritius increased by 202.3 per cent, from Rs812 million at the end of June 1997 to Rs2,453 million at the end of June 1998. About 69 per cent of the increase in credit was in the form of advances, which rose from Rs326 million at the end of June 1997 to Rs1,458 million at the end of June 1998. Net credit to Government by commercial banks went down by 0.3 per cent, from Rs14,947 million at the end of June 1997 to Rs14,905 million at the end of June 1998 as compared to an increase of 14.9 per cent registered in 1996-97.

# MONETARY POLICY 1997-98

The basic thrust of monetary policy was directed towards achieving price stability and maintaining a stable exchange rate of the rupee. The Bank of Mauritius continued to use its Reserve Money Programme and liquidity forecasting framework as a basis for intervening in the money and foreign exchange markets.

2. As part of the ongoing process of financial liberalisation, the cash reserve ratio requirement of commercial banks was reduced from 8 per cent to 6 per cent. The non-cash liquid assets ratio of commercial banks was reduced from 20 per cent to zero per cent. Shortfalls in the required cash reserve ratio attracted penalties at three times the Bank Rate prevailing during the week in which the shortfalls occurred. Those two measures were expected to create additional funds for on-lending to the productive sectors of the economy and further improve financial efficiency of banks so that the latter could pass on part of those efficiency gains to customers. Banks complied with the new cash reserve ratio requirement with effect from the week starting 4 July 1997.

3. The Bank of Mauritius viewed with concern the structural rigidity of interest rates in the interbank money market. With a greater role assigned to market forces in the allocation of financial resources, interbank rates were expected to be more reflective of daily liquidity conditions in the money market.

4. The Bank of Mauritius continued to lend to commercial banks at its discretion, in terms of both rate and volume, to meet only emergency liquidity needs of banks.

5. To enhance trade in the interbank foreign exchange market, with effect from July 1997, the Mauritius Sugar Syndicate was allowed to manage its entire foreign exchange earnings accruing from sugar exports. However, banks had

to manage their foreign exchange exposures prudently and observe the prescribed 15 per cent limit on the overall foreign exchange exposure based on their capital and free reserves.

6. Within the framework of the liberalised foreign exchange market, the Bank of Mauritius pursued a policy to ensure that the value of the rupee vis-à-vis major currencies reflected the macroeconomic fundamentals of the country.

7. The minimum risk weighted capital adequacy ratio of banks was raised to 10 per cent as from 1 July 1997. With a view to strengthening the banking sector, the minimum issued share capital/assigned capital of banks also was raised to Rs75 million with effect from 1 January 1998 and would be raised further to Rs100 million with effect from 1 January 1999.

8. Provision was made in the new Bank of Mauritius Bill for the Bank to prescribe a Code of Banking Practice in order to ensure that banks act fairly in their dealings with their customers. Furthermore, the Banking Act was amended to extend to offshore banks the confidentiality provisions applicable to domestic banks.



Credit to the private sector by commercial banks expanded by 32.3 per cent in 1997-98 as compared to an increase of 16.1 per cent in the preceding fiscal year. The rise in private sector credit was brought about by an increase of Rs5,503 million or 15.9 per cent in loans and advances and of Rs6,162 million or 706.9 per cent in commercial banks' investments in shares and debentures issued by the private sector. In the preceding fiscal year, loans and advances to the private sector rose by Rs4,640 million or 15.5 per cent while banks' investments in shares and securities went up by Rs506 million or 138.3 per cent.

Aggregate monetary resources, money supply M2, increased by 17.4 per cent, from Rs60,359 million at the end of June 1997 to Rs70,878 million at the end of June 1998 as against a rise of Rs4,883 million or 8.8 per cent in the preceding fiscal year. Of the components of aggregate monetary resources, narrow money supply M1 rose by 14.4 per cent, from Rs8,874 million at the end of June 1997 to Rs10,152 million at the end of June 1998 as compared to a rise of 7.8 per cent in 1996-97. Quasi-money, the other component of M2, expanded by 17.9 per cent, from Rs51,485 million at the end of June 1997 to Rs60,726 mil-

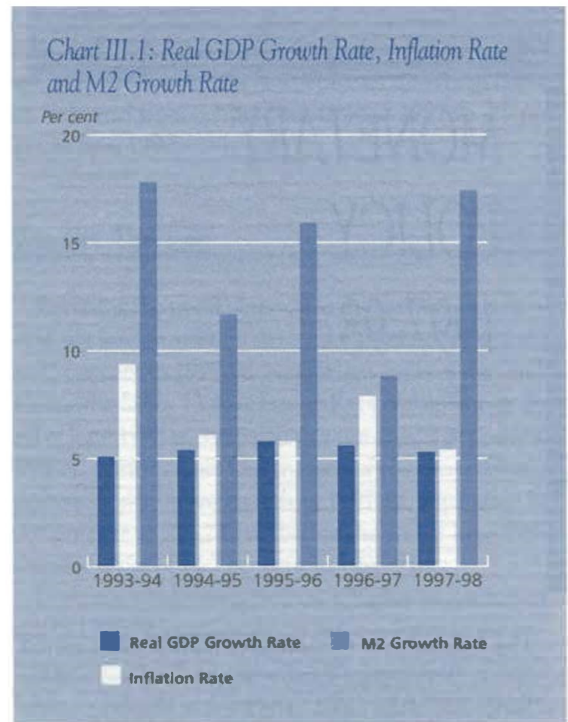


Table III.1: Monetary Survey

(Rs million)

	June-94	June-95	June-96	June-97	June-98
<b>1. Net Foreign Assets</b>	<b>15,324.8</b>	<b>14,809.8</b>	<b>19,109.6</b>	<b>21,230.8</b>	<b>21,118.3</b>
(a) Bank of Mauritius	12,729.4	11,719.9	15,561.2	17,162.5	14,869.0
(b) Commercial Banks	2,595.4	3,089.8	3,548.4	4,068.3	6,249.3
<b>2. Domestic Credit</b>	<b>37,444.8</b>	<b>44,114.4</b>	<b>47,055.2</b>	<b>53,360.6</b>	<b>67,219.7</b>
(a) Net Claims on Government	10,870.5	13,529.4	14,798.4	15,758.6	17,358.3
(b) Claims on Private Sector	26,463.1	30,473.9	32,054.6	37,207.6	49,233.7
(c) Claims on Other Bank-like Institutions	111.1	111.1	130.9	135.1	151.5
(d) Claims on Non-Bank Financial Institutions	0.0	0.0	71.3	259.1	476.2
<b>3. Assets : Liabilities</b>	<b>52,769.5</b>	<b>58,924.2</b>	<b>66,164.7</b>	<b>74,591.4</b>	<b>88,338.0</b>
<b>4. Aggregate Monetary Resources</b>	<b>42,852.7</b>	<b>47,859.3</b>	<b>55,476.2</b>	<b>60,359.1</b>	<b>70,878.1</b>
(a) Money Supply	7,030.9	8,134.3	8,235.0	8,874.3	10,152.3
(i) Currency with Public	3,570.3	3,767.4	4,161.9	4,306.9	4,651.4
(ii) Demand Deposits	3,460.6	4,366.9	4,073.1	4,567.4	5,500.9
(b) Quasi-Money	35,821.8	39,725.0	47,241.2	51,484.8	60,725.8
(i) Savings Deposits <sup>1</sup>	16,738.5	16,910.5	20,137.4	24,017.0	28,243.8
(ii) Time Deposits	18,735.5	21,604.3	25,136.8	24,755.3	26,234.3
(iii) Foreign Currency Deposits	347.8	1,210.2	1,967.0	2,712.5	6,247.7
<b>5. Other Items, net</b>	<b>9,916.8</b>	<b>11,064.9</b>	<b>10,688.5</b>	<b>14,232.2</b>	<b>17,459.9</b>

<sup>1</sup> Includes Margin Deposits.

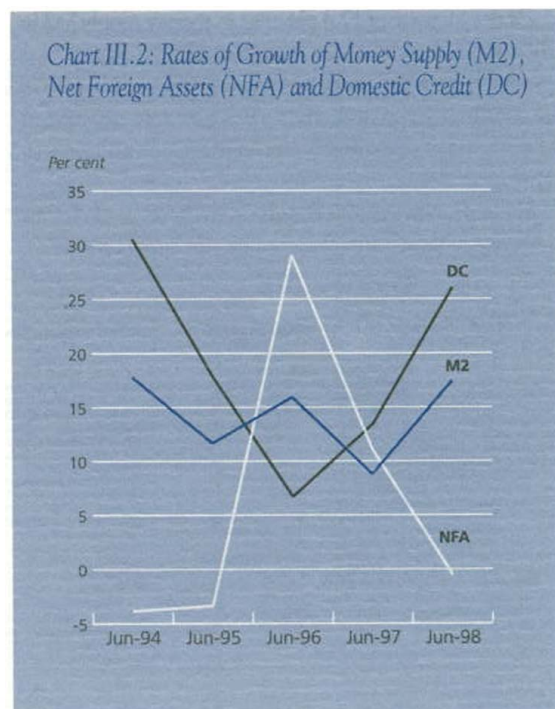
Figures may not add up to totals due to rounding.

lion at the end of June 1998 as compared to a rise of 9.0 per cent in the preceding fiscal year.

For the second consecutive fiscal year, both components of narrow money M1, namely demand deposits and currency with public, registered increases although the expansion of the former was more pronounced. Demand deposits increased by 20.4 per cent, from Rs4,567 million at the end of June 1997 to Rs5,501 million at the end of June 1998 as against a rise of 12.1 per cent in 1996-97. Currency with public went up by 8.0 per cent, from Rs4,307 million at the end of June 1997 to Rs4,651 million at the end of June 1998 as against an increase of 3.5 per cent in 1996-97.

All the three components of quasi-money rose in the current financial year, albeit at different rates. Savings deposits grew by 17.6 per cent, from Rs24,017 million at the end of June 1997 to Rs28,244 million at the end of June 1998, as against a rise of 19.3 per cent in 1996-97. After registering a negative growth of 1.5 per cent in 1996-97, time deposits improved considerably and increased by 6.0 per cent, from Rs24,755 million at the end of June 1997 to Rs26,234 million at the end of June 1998. Foreign currency deposits went up significantly by 130.3 per cent, from Rs2,713 million at the end of June 1997 to Rs6,248 million at the end of June 1998 as compared to a rise of 37.9 per cent in the preceding fiscal year.

Chart III.1 shows the evolution of real GDP growth, inflation rate and growth of money supply M2. Tables III.1 and III.2 as well as Chart III.2 provide more details on the evolution of monetary aggregates.



#### Sources of Change in Aggregate Monetary Resources, Money Supply M2

The sharp expansion in aggregate monetary resources in 1997-98 was triggered solely by the increase in domestic credit whereas in the previous two fiscal years both domestic credit and net foreign assets contributed to the rise in money supply M2.

Table III.2: Changes in Monetary Aggregates

(Rs million)

	1994-95	1995-96	1996-97	1997-98
<b>1. Money Supply</b>	<b>1,103.4</b>	<b>100.7</b>	<b>639.3</b>	<b>1,278.0</b>
<b>2. Quasi-Money</b>	<b>3,903.2</b>	<b>7,516.2</b>	<b>4,243.6</b>	<b>9,241.0</b>
<b>3. Aggregate Monetary Resources (a+b-c)</b>	<b>5,006.6</b>	<b>7,616.9</b>	<b>4,882.9</b>	<b>10,519.0</b>
(a) Net Foreign Assets	-515.0	4,299.8	2,121.2	-112.5
(b) Domestic Credit	6,669.6	2,940.8	6,305.4	13,859.1
(i) Net Claims on Government	2,658.9	1,269.0	960.2	1,599.7
(ii) Claims on Private Sector	4,010.8	1,580.7	5,153.0	12,026.1
(iii) Claims on Other Bank-like Institutions	0.0	19.8	4.2	16.4
(iv) Claims on Non-Bank Financial Institutions	0.0	71.3	187.8	217.1
(c) Other Items, net	1,148.1	-376.4	3,543.7	3,227.7

Figures may not add up to totals due to rounding.

Of the increase of 17.4 per cent in money supply M2 in 1997-98, domestic credit contributed 23.0 percentage points whereas the contributions of net foreign assets of the banking system and other items net were negative at 0.2 percentage point and 5.4 percentage points, respectively.

Table III.3 gives more details on the sources of change in aggregate monetary resources, money supply M2.

### Reserve Money

Reserve money registered a decline for the second consecutive fiscal year and went down by 23.4 per cent as compared to a fall of 4.4 per cent in 1996-97. The drop in reserve money was caused mainly by the fall in commercial banks' demand deposits held with Bank of Mauritius following the reduction in the required minimum cash ratio from 8 per cent to 6 per cent in July 1997

Table III.3: Sources of Change in Aggregate Monetary Resources

(Per cent)

	1994-95	1995-96	1996-97	1997-98
<b>1. Net Foreign Assets</b>	<b>-1.2</b>	<b>9.0</b>	<b>3.9</b>	<b>-0.2</b>
(a) Bank of Mauritius	-2.4	8.0	2.9	-3.8
(b) Commercial Banks	1.2	1.0	1.0	3.6
<b>2. Net Claims on Government</b>	<b>6.2</b>	<b>2.6</b>	<b>1.7</b>	<b>2.6</b>
(a) Bank of Mauritius	1.7	-1.9	-1.8	2.7
(b) Commercial Banks	4.5	4.5	3.5	-0.1
<b>3. Claims on Private Sector</b>	<b>9.4</b>	<b>3.3</b>	<b>9.3</b>	<b>19.9</b>
<b>4. Claims on Other Bank-like Institutions</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>
<b>5. Claims on Non-Bank Financial Institutions</b>	<b>0.0</b>	<b>0.1</b>	<b>0.3</b>	<b>0.4</b>
<b>6. Other Items, net</b>	<b>2.7</b>	<b>-0.8</b>	<b>6.4</b>	<b>5.4</b>
<b>7. Percentage Change in Aggregate Monetary Resources (1+2+3+4+5-6)</b>	<b>11.7</b>	<b>15.9</b>	<b>8.8</b>	<b>17.4</b>

Figures may not add up to totals due to rounding.

Table III.4: Reserve Money

(Rs million)

	June-94	June-95	June-96	June-97	June-98
<b>A. Reserve Money</b>	<b>8,874.9</b>	<b>8,004.7</b>	<b>11,723.7</b>	<b>11,209.1</b>	<b>8,582.2</b>
<b>B. Uses of Reserve Money</b>	<b>8,874.9</b>	<b>8,004.7</b>	<b>11,723.7</b>	<b>11,209.1</b>	<b>8,582.2</b>
(i) Currency with Public	3,570.3	3,767.4	4,161.9	4,306.9	4,651.4
(ii) Currency with Commercial Banks	793.6	814.6	832.1	1,167.6	1,384.0
(iii) Deposits of Commercial Banks	3,365.2	3,414.2	5,573.5	4,243.1	2,535.6
(iv) Other Deposits	27.9	8.4	16.3	5.3	11.2
(v) Bank of Mauritius Bills held by Commercial Banks	1,118.0	0.0	1,139.9	1,486.2	0.0
<b>C. Sources of Reserve Money</b>	<b>8,874.9</b>	<b>8,004.7</b>	<b>11,723.7</b>	<b>11,209.1</b>	<b>8,582.2</b>
(i) Net Foreign Assets	12,729.4	11,719.9	15,561.2	17,162.5	14,869.0
(ii) Net Claims on Government	1,936.3	2,679.6	1,794.0	811.6	2,453.3
(iii) Claims on Commercial Banks	244.5	0.0	0.0	250.0	250.0
(iv) Claims on Non-Bank Financial Institutions	0.0	0.0	71.3	259.1	476.2
(v) Other Liabilities, net	-6,035.3	-6,394.8	-5,702.8	-7,274.1	-9,466.3

Figures may not add up to totals due to rounding.



and the maturing of all Bank of Mauritius Bills by the end of January 1998.

Demand deposits with Bank of Mauritius went down by 40.1 per cent in 1997-98 as against a decline of 24.0 per cent in 1996-97. In contrast, currency with public rose by 8.0 per cent in 1997-98 as compared to a lower increase of 3.5 per cent in 1996-97. Currency with commercial banks went up by 18.5 per cent in 1997-98 as against a higher increase of 40.3 per cent in the preceding fiscal year.

On the sources side of reserve money, net foreign assets of Bank of Mauritius declined by 13.4 per in 1997-98 as compared to a rise of 10.3 per cent in the preceding fiscal year. Net claims on Government by Bank of Mauritius expanded by 202.3 per cent in 1997-98 as against a decline of 54.8 per cent in 1996-97. Credit to non-bank financial institutions by Bank of Mauritius rose by 83.8 per cent in 1997-98.

Table III.4 and Chart III.3 show the uses and sources of reserve money for the years 1994 through 1998.

### Trends in Reserve Money and Monetary Ratios

The monthly average level of reserve money declined by 18.9 per cent in 1997-98.

The monthly average level of aggregate monetary resources, money supply M2, went up by 16.6 per cent in 1997-98. The monthly average levels of both components of money supply M2 registered double-digit growth rates. The 12.8 per cent increase in the monthly average level of narrow money supply M1 was due to a rise of 8.4 per cent in the monthly average level of currency with public and of 17.2 per cent in the monthly average level of demand deposits with the banking system. The monthly average level of quasi-money rose by 17.3 per cent in 1997-98.

Details on monetary ratios for the years 1994 through 1998 are given in Table III.5.

### Income Velocity of Circulation of Money

Table III.6 and Chart III.4 give details on the income velocity of circulation of money for the years 1991-92 through 1997-98.

Chart III.3: Components and Sources of Reserve Money

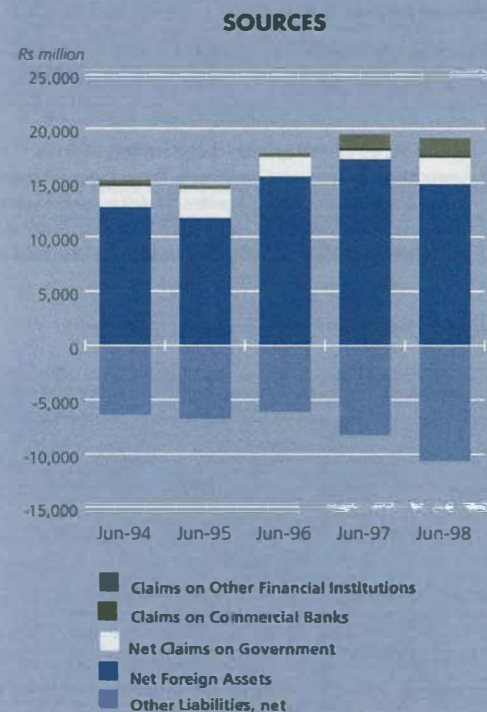
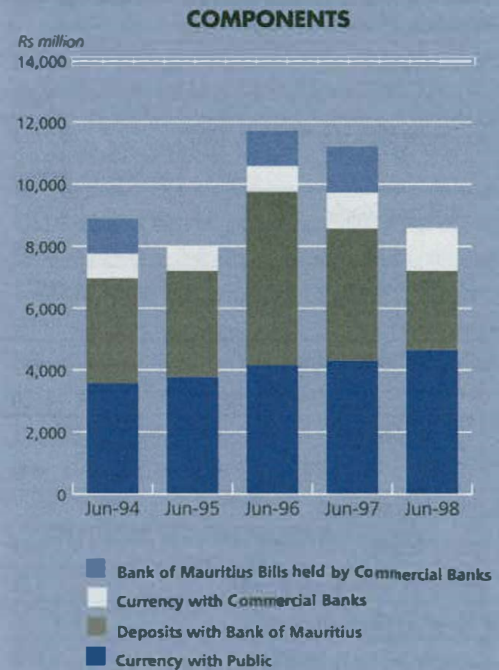


Table III.5: Monetary Ratios

	June-94	June-95	June-96	June-97	June-98
<b>1. Monthly Average for year ended (Rs million)</b>					
<b>A. Reserve Money</b>	8,745.3	8,395.2	10,013.4	10,655.1	8,637.6
	(-8.2)	(-4.0)	(+19.3)	(+6.4)	(-18.9)
<b>8. Aggregate Monetary Resources (AMR)</b>	40,078.1	45,616.8	52,989.5	57,688.5	67,289.7
	(+16.7)	(+13.8)	(+16.2)	(+8.9)	(+16.6)
<b>(a) Money Supply</b>	6,896.1	7,796.6	8,044.5	8,676.5	9,789.6
	(+0.9)	(+13.1)	(+3.2)	(+7.9)	(+12.8)
(i) Currency with Public	3,647.1	3,844.9	4,069.0	4,353.7	4,721.5
	(+9.4)	(+5.4)	(+5.8)	(+7.0)	(+8.4)
(ii) Demand Deposits	3,249.0	3,951.7	3,975.5	4,322.8	5,068.1
	(-7.1)	(+21.6)	(+0.6)	(+8.7)	(+17.2)
<b>(b) Quasi-Money</b>	33,182.0	37,820.2	44,945.0	49,011.9	57,500.1
	(+20.6)	(+14.0)	(+18.8)	(+9.0)	(+17.3)
<b>2. Average Money Multiplier</b>					
<b>A. Money Supply</b>	0.79	0.93	0.80	0.81	1.13
<b>B. Aggregate Monetary Resources</b>	4.58	5.43	5.29	5.41	7.79
<b>3. Other Monetary Ratios (Per cent)</b>					
<b>A. Currency to Money Supply</b>	52.9	49.3	50.6	50.2	48.2
<b>B. Demand Deposits to Money Supply</b>	47.1	50.7	49.4	49.8	51.8
<b>C. Currency to AMR</b>	9.1	8.4	7.7	7.5	7.0
<b>D. Demand Deposits to AMR</b>	8.1	8.7	7.5	7.5	7.5
<b>E. Money Supply to AMR</b>	17.2	17.1	15.2	15.0	14.5
<b>F. Quasi-Money to AMR</b>	82.8	82.9	84.8	85.0	85.5

Notes: (i) Figures in brackets represent percentage changes over previous periods.

(ii) Reserve Money = Currency in Circulation plus Private Demand Deposits with the Bank of Mauritius.

As from November 1991, Bank of Mauritius Bills held by commercial banks are included in Reserve Money.

(iii) The average Money Multiplier for Money Supply is defined as the ratio of average Money Supply to average Reserve Money.

(iv) The average Money Multiplier for Aggregate Monetary Resources is defined as the ratio of average Aggregate Monetary Resources to average Reserve Money.

Table III.6: Income Velocity of Circulation of Money

	Income Velocity of Circulation of Currency	Income Velocity of Circulation of Narrow Money	Income Velocity of Circulation of Broad Money
1991-92	13.27	7.57	1.58
1992-93	13.14	7.77	1.55
1993-94	13.39	8.67	1.49
1994-95	13.97	8.47	1.45
1995-96	14.51	9.10	1.38
1996-97	14.67	9.41	1.41
1997-98	14.69	9.21	1.34

Chart III 4: Average Money Multiplier and Income Velocity of Circulation of Money



## Commercial Banking Sector

### Main Features

At the end of June 1998, there were 10 commercial banks, of which 3 were local banks, 2 were foreign-owned banks incorporated locally and 5 were branches of foreign banks. These ten banks were operating 139 branches, 12 counters and 2 mobile vans, compared to 138 branches, 15 counters and 2 mobile vans at the end of June 1998. The estimated number of inhabitants per branch rose from around 7,000 at the end of June 1997 to approximately 7,760 at the end of June 1998.

Lately, the use of up-to-date means of payment such as credit and debit cards has been on an upward trend in Mauritius. The use of Automated Teller Machines (ATMs), phone banking, home banking and PC banking are additional facilities offered by some commercial banks in the country.

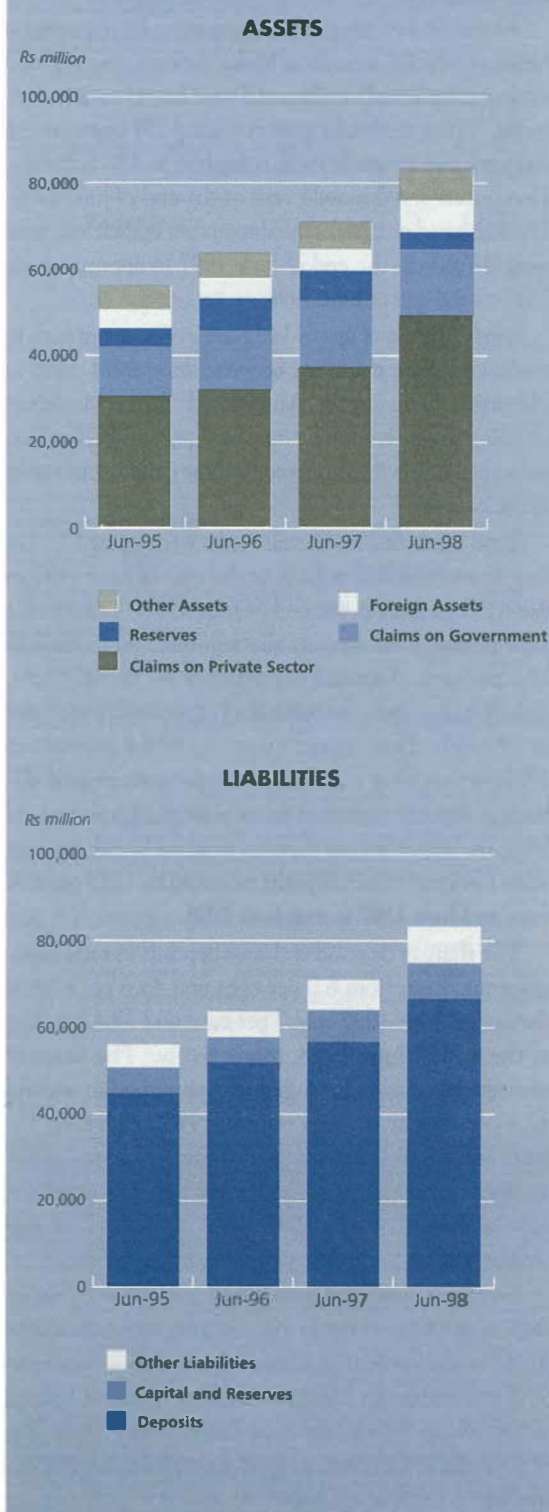
Total assets of commercial banks went up by 17.4 per cent from Rs70,860 million at the end of June 1997 to Rs83,193 million at the end of June 1998. During that same period, total deposits also registered an increase of 17.4 per cent. Demand deposits rose by 12.5 per cent, slightly higher than the increase of 12.4 per cent recorded in 1996-97. Time deposits went up by 6.0 per cent in 1997-98 as against a decline of 1.5 per cent in 1996-97. Savings deposits registered an increase of 17.6 per cent in 1997-98. Government deposits went up by 8.1 per cent while foreign currency deposits increased by 130.3 per cent from end-June 1997 to end-June 1998.

The share of demand and time deposits in total deposits went down from 8.0 per cent and 43.6 per cent at the end of June 1997 to 7.7 per cent and 39.4 per cent at the end of June 1998, respectively. The share of savings deposits in total deposits remained at around 42.3 per cent at the end of June 1998. However, the share of foreign currency deposits in total deposits almost doubled in the period under review, rising from 4.8 per cent at the end of June 1997 to 9.4 per cent at the end of June 1998.

Foreign liabilities of commercial banks rose by Rs266 million or 44.5 per cent in 1997-98 as against a decline of Rs262 million or 30.5 per cent in the preceding fiscal year. This was essentially due to an increase of Rs281 million in borrowings from banks abroad which offset the decline of Rs15 million in borrowings from banks abroad for on-lending.



Chart III.5: Selected Items of Commercial Banks' Assets and Liabilities



To reinforce adherence to the principle of safety and prudence in banking operations and to ensure greater soundness of the banking system, the minimum required issued share capital of banks was raised from Rs50 million to Rs75 million as from 1 January 1998. Consequently, capital and reserves of commercial banks recorded an increase of 22.1 per cent to Rs8,372 million for the period under review.

Commercial banks' reserves, comprising their cash in vaults, their balances with Bank of Mauritius and their holdings of Bank of Mauritius Bills, declined by 43.2 per cent from Rs6,897 million as at end-June 1997 to Rs3,920 million as at end-June 1998, a larger fall than that of 8.6 per cent in 1996-97. This resulted from the reduction in the required minimum cash ratio in July 1997 and the maturing of all Bank of Mauritius Bills by January 1998.

Foreign assets of commercial banks went up by 52.4 per cent to Rs7,113 million as compared to a rise of 5.8 per cent in 1996-97. Loans granted outside Mauritius went up by 101.3 per cent in 1997-98 as against a fall of 4.9 per cent in 1996-97. Balances held with banks abroad increased by 74.9 per cent to Rs4,109 million as compared to an increase of 25.1 per cent in 1996-97.

Commercial banks' claims on Government declined by 2.1 per cent as against an increase of Rs2,071 million or 15.2 per cent in 1996-97. While banks' investments in medium and long-term Government securities rose by 25.5 per cent to Rs3,835 million at the end of June 1998, their investments in Treasury Bills fell by 9.0 per cent to Rs11,368 million over the same period.

Total claims on the private sector by commercial banks increased by 32.3 per cent to Rs49,234 million at the end of June 1998 as compared to a rise of 16.1 per cent in 1996-97. The credit-deposit ratio of commercial banks, inclusive of their investments in corporate shares and debentures, increased from 67.6 per cent in June 1997 to 81.5 per cent in June 1998. Exclusive of these investments, the ratio went up from 67.2 per cent to 69.9 per cent over the same period.

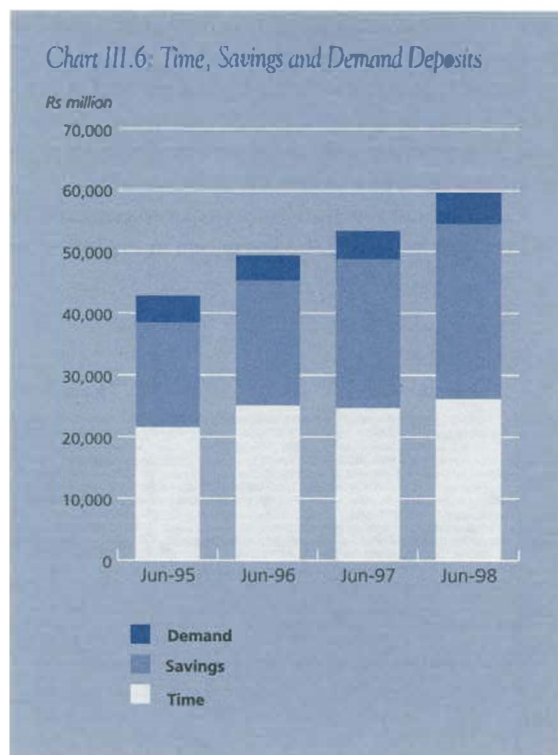
The average balance per current, savings and time deposit accounts as at end-June 1998 stood at Rs82,340, Rs23,033 and Rs257,895, respectively.

Table III.7 and Charts III.5 and III.6 give details on certain assets and liabilities of banks.

#### Sectorwise Distribution of Bank Credit to the Private Sector

The growth rate of bank credit to the private sector maintained its upward trend, going up from 5.2 per cent in 1995-96 to 16.1 per cent in 1996-97 and further to 32.3 per cent in 1997-98. In absolute terms, total private sector credit expanded by Rs12,026 million in 1997-98. Credit in the form of investments in shares and debentures contributed around 51.2 per cent of that rise in credit while the share of loans and advances was around 45.8 per cent.

Chart III.6: Time, Savings and Demand Deposits



The bulk of the increase in credit was channelled to Traders and Housing, which absorbed Rs1,832 million and Rs1,763 million, respectively. The other sectors registering significant increases were Personal and Professional (Rs950 million), Other Industries and Manufacturers (Rs805 million) and Sugar Industry (Rs791 million). The largest decline in credit was registered by Hotel Management Certificate Holders sector with a drop of Rs741 million.

Credit to the Sugar Industry rose by 34.6 per cent as compared to the rise of 22.3 per cent registered in the preceding year. The share of that sector in total private sector credit rose marginally from 6.1 per cent to 6.2 per cent over the same period.

The growth rate of credit to the manufacturing sector (EPZ, DC, Pioneer, Ex-Dc and Other Industries and Manufacturers) went up from 6.2 per cent in 1996-97 to 7.7 per cent in 1997-98. In absolute terms, credit to that sector rose by Rs836 million, from Rs10,880 million at the end of June 1997 to Rs11,716 million at the end of June 1998. However, the share of that sector in total private sector credit declined from 29.2 per cent at the end of June 1997 to 23.8 per cent at the end of June 1998. Other Industries and Manufacturers contributed largely to the rise in credit to the manufacturing sector while the contri-

Table III.7: Commercial Banks' Selected Assets and Liabilities

(Rs million)

	June-94	June-95	June-96	June-97	June-98
<b>1. ASSETS</b>					
A. Cash in Hand and Balances with Bank of Mauritius	4,159	4,229	6,406	5,411	3,920
B. Investments in Bills and Government Securities	10,382	11,568	14,763	17,038	15,203
C. Foreign Assets	3,067	4,133	4,409	4,666	7,113
D. Claims on Private Sector	26,463	30,474	32,055	37,208	49,234
<b>2. LIABILITIES</b>					
A. Capital and Reserves	5,019	5,270	5,925	6,859	8,372
B. Total Deposits	39,582	44,801	51,915	56,790	66,660
of which:					
(i) Demand <sup>1</sup>	3,417	4,308	4,057	4,562	5,131
(ii) Time	18,636	21,554	25,137	24,755	26,234
(iii) Savings <sup>2</sup>	16,738	16,911	20,137	24,017	28,244
(iv) Government	443	818	617	743	803
(v) Foreign Currency Deposits	348	1,210	1,967	2,713	6,248
C. Total Borrowings from Banks Abroad	472	1,043	860	598	864

<sup>1</sup> Includes demand deposits of Offshore Banking Units (OBUs).

<sup>2</sup> Includes Margin Deposits.

bution of the EPZ sector amounted to 12.6 per cent as compared to 98.8 per cent in the preceding year.

Credit to the construction sector (Housing Development Certificate Holders, Industrial Building Enterprise Certificate Holders, Building Contractors, Commercial Premises and Real Estate Developers) expanded at a higher rate of 15.0 per cent in 1997-98 as compared to the rise of 9.5 per cent registered in the preceding

year. This rise in credit probably reflects a pick-up in this sector after two years of stagnation.

Credit to Hotels contracted by 31.6 per cent as compared to a rise of 31.2 per cent registered in the preceding year. This decline probably reflects the availability of alternative sources of finance, namely debentures.

Credit expansion to the Housing sector accelerated from 18.1 per cent in 1996-97 to 55.0 per cent in 1997-98. The

Table III.8: Sectorwise Distribution of Commercial Banks' Credit to the Private Sector

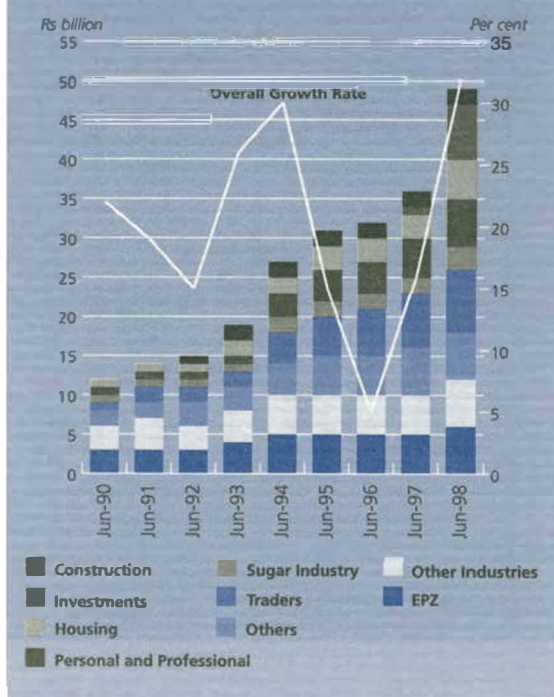
(Rs million)

		June-96	June-97	June-98	Changes between	
		(1)	(2)	(3)	(1) and (2)	(2) and (3)
		(1)	(2)	(3)	(4)	(5)
(i)	Mauritius Sugar Syndicate	2.8	0.0	0.8	-2.8	0.8
(ii)	Sugar Industry	1,866.9	2,286.4	3,075.9	419.5	789.5
(iii)	Other Agricultural Interests	539.4	564.8	475.0	25.3	-89.7
(iv)	Export Processing Zone	4,791.8	5,422.0	5,527.4	630.2	105.3
(v)	Development Certificate Holders	1,112.5	1,143.4	1,121.7	30.9	-21.7
(vi)	Agricultural Development Certificate Holders	72.0	44.0	40.4	-28.0	-3.5
(vii)	Export Service Certificate Holders	100.5	105.4	103.6	5.0	-1.8
(viii)	Pioneer Status Certificate Holders	60.5	77.3	149.3	16.8	72.0
(ix)	Housing Development Certificate Holders	63.5	51.2	53.9	-12.3	2.7
(x)	Hotel Management Certificate Holders	970.3	1,106.1	365.5	135.8	-740.6
(xi)	Small Scale Industries	277.3	224.0	246.3	-53.3	22.3
(xii)	Ex-Dc Industries	545.7	476.2	351.4	-69.4	-124.8
(xiii)	Other Industries and Manufacturers	3,732.0	3,761.3	4,566.6	29.3	805.4
(xiv)	Industrial Building Enterprise Certificate Holders	135.6	110.9	142.8	-24.7	31.9
(xv)	Strategic Local Enterprise Certificate Holders	6.0	16.4	7.5	10.4	-8.9
(xvi)	Housing	2,715.2	3,207.7	4,970.7	492.6	1,762.9
(xvii)	Hotels	851.3	1,283.4	1,267.8	432.2	-15.6
(xviii)	Transport	358.7	496.4	606.4	137.7	110.0
(xix)	Statutory and Parastatal Bodies	445.7	501.9	400.5	56.2	-101.5
(xx)	Building Contractors, Commercial Premises and Real Estate Developers	1,734.1	1,953.9	2,235.7	219.9	281.7
(xxi)	Traders	5,811.8	6,635.9	8,468.1	824.1	1,832.2
(xxii)	Stock Brokers	76.5	106.4	143.4	29.9	37.1
(xxiii)	Personal and Professional	4,293.1	4,765.1	5,715.4	472.0	950.3
(xxiv)	Financial Institutions	321.6	626.2	710.6	304.6	84.4
(xxv)	Other Customers	804.2	1,369.5	1,453.1	565.3	83.7
<b>Investments</b>		<b>365.8</b>	<b>871.7</b>	<b>7,033.9</b>	<b>505.9</b>	<b>6,162.1</b>
<b>Total</b>		<b>32,054.6</b>	<b>37,207.6</b>	<b>49,233.7</b>	<b>5,153.1</b>	<b>12,026.0</b>

Figures may not add up to totals due to rounding.



Chart III.7: Sectorwise Distribution of Credit to the Private Sector



contribution of that sector to total private sector credit rose from 8.6 per cent to 10.1 per cent over the same period.

Credit to Traders also expanded at a relatively faster rate of 27.6 per cent in 1997-98 as compared to 14.2 per cent in the preceding year. Although, in absolute terms, the increase in credit more than doubled, the share of that sector in total private sector credit remained almost the same.

Credit to Personal and Professional rose by 19.9 per cent in 1997-98 as compared to the growth of 11.0 per cent in 1996-97.

Table III.8 shows a breakdown of the sectoral distribution of credit to the private sector as at end-June 1996, 1997 and 1998 while Chart III.7 gives these details from end-June 1990 through end-June 1998.

### Maintenance of Cash Ratios by Banks

As part of the ongoing process of financial liberalisation, the cash ratio requirement of commercial banks was reduced from 8 per cent to 6 per cent effective July 1997. In addition, the non-cash liquid assets ratio of commercial banks was reduced from 20 per cent to zero per cent. The overall cash ratio fell from 9.9 per cent in the last week of June 1997 to 7.6 per cent in the last week of June 1998. On average, banks maintained a cash ratio within a range of 6.0 per cent to 8.0 per cent in 1997-98.

Table III.9: Average Cash Ratio Maintained by Commercial Banks

As on Last Monitoring Week	Average Cash Balances Held	Average Excess/ (Shortfall) Cash Balances	Average Cash Ratio
	(Rs million)		(Per cent)
<b>1997</b>			
Jul	3,379.7	192.9	6.4
Aug	3,714.4	518.8	7.0
Sep	3,305.3	46.4	6.1
Oct	3,861.5	592.9	7.1
Nov	3,748.8	405.9	6.7
Dec	4,151.1	778.4	7.4
<b>1998</b>			
Jan	3,974.9	543.0	6.9
Feb	4,064.4	620.8	7.1
Mar	3,617.1	85.2	6.1
Apr	4,263.1	700.3	7.2
May	4,018.7	494.0	6.8
Jun	4,458.1	916.1	7.6

Average cash balances held by banks fell from Rs5,247 million in the last week of June 1997 to Rs4,458 million in the last week of June 1998. They peaked at Rs5,205 million in the first week of July 1997 and reached a trough of Rs3,305 million towards the end of July 1997. Banks' average excess cash balances recorded wide fluctuations, peaking at Rs1,040 million in mid-July 1997 and reaching a low of Rs4 million in the first week of April 1998.

Table III.9 and Chart III.8 give more details on the average cash ratio maintained by commercial banks in 1997-98.

### Interbank Transactions

The interbank money market is a market for short-term lending and borrowing of funds. The daily average amount of interbank transactions declined slightly from Rs112 million in 1996-97 to Rs106 million in 1997-98. Transactions carried out in the first half of the fiscal year 1997-98 accounted for around 55 per cent of total transactions and averaged Rs107 million daily whereas the remaining 45 per cent of transactions effected in the second half of the fiscal year represented a daily average of Rs105 million. Transactions peaked at Rs522 million in December 1997

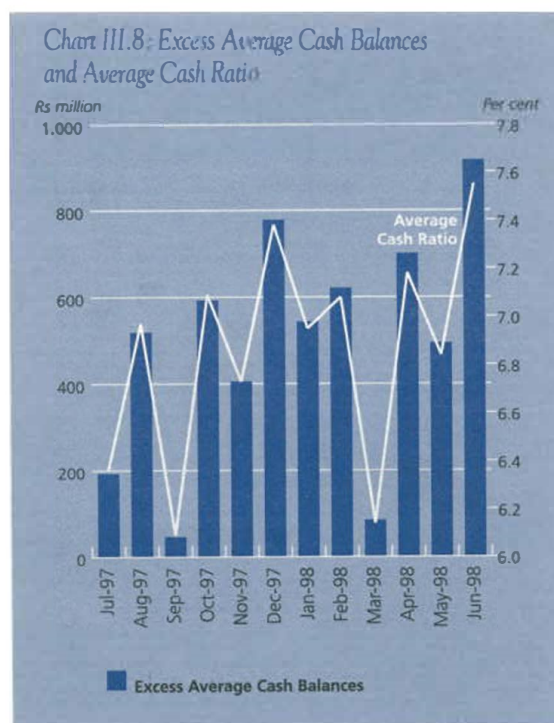


Table III.10: Interbank Transactions

(Rs million)

	Money At Call			Money At Short Notice			Term Money			Total Transactions		
	Peak	Trough	Daily Average	Peak	Trough	Daily Average	Peak	Trough	Daily Average	Peak	Trough	Daily Average
<b>1997</b>												
Jul	362.0	2.0	101.7	0.0	0.0	0.0	0.0	0.0	0.0	362.0	2.0	101.7
Aug	235.0	25.0	108.4	0.0	0.0	0.0	0.0	0.0	0.0	235.0	25.0	108.4
Sep	495.0	25.0	162.3	0.0	0.0	0.0	0.0	0.0	0.0	495.0	25.0	162.3
Oct	149.0	6.0	41.2	0.0	0.0	0.0	0.0	0.0	0.0	149.0	6.0	41.2
Nov	378.0	5.0	80.2	0.0	0.0	0.0	0.0	0.0	0.0	378.0	5.0	80.2
Dec	522.0	8.0	125.2	0.0	0.0	0.0	0.0	0.0	0.0	522.0	8.0	125.2
<b>1998</b>												
Jan	267.0	10.0	81.4	0.0	0.0	0.0	0.0	0.0	0.0	267.0	10.0	81.4
Feb	188.0	10.0	104.9	0.0	0.0	0.0	0.0	0.0	0.0	188.0	10.0	104.9
Mar	364.0	20.0	147.9	0.0	0.0	0.0	0.0	0.0	0.0	364.0	20.0	147.9
Apr	318.0	25.0	114.4	0.0	0.0	0.0	0.0	0.0	0.0	318.0	25.0	114.4
May	177.0	10.0	79.4	0.0	0.0	0.0	0.0	0.0	0.0	177.0	10.0	79.4
Jun	480.0	5.0	94.6	0.0	0.0	0.0	0.0	0.0	0.0	480.0	5.0	94.6
<b>1997-98</b>	<b>522.0</b>	<b>2.0</b>	<b>106.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>522.0</b>	<b>2.0</b>	<b>106.1</b>
<b>1996-97</b>	<b>440.0</b>	<b>2.0</b>	<b>112.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>440.0</b>	<b>2.0</b>	<b>112.1</b>

and reached a low of Rs2 million in July 1997. Interbank transactions were once more confined to the Call Money Market.

Interbank interest rates fluctuated within a range of 5.75 per cent to 12.00 per cent in 1997-98 as compared to a range of 7.50 per cent to 11.23 per cent in 1996-97. The weighted average interbank interest rate fell considerably from 10.43 per cent in 1996-97 to 8.11 per cent in 1997-98. After reaching a low of 6.64 per cent in July 1997, the weighted average interbank interest rate picked up gradually to reach a peak of 9.30 per cent in April 1998 before subsiding and closing at 8.35 per cent in June 1998.

Tables III.10 and III.11 as well as Chart III.9 give more information on interbank transactions and interbank interest rates in 1997-98.

### Central Bank Credit to Commercial Banks

Since commercial banks no longer have automatic access to funds at the central bank, they are encouraged to manage their liquidity in an efficient manner. In 1997-98, commercial banks had recourse to overnight advances from the Bank of Mauritius in October 1997 and April 1998.

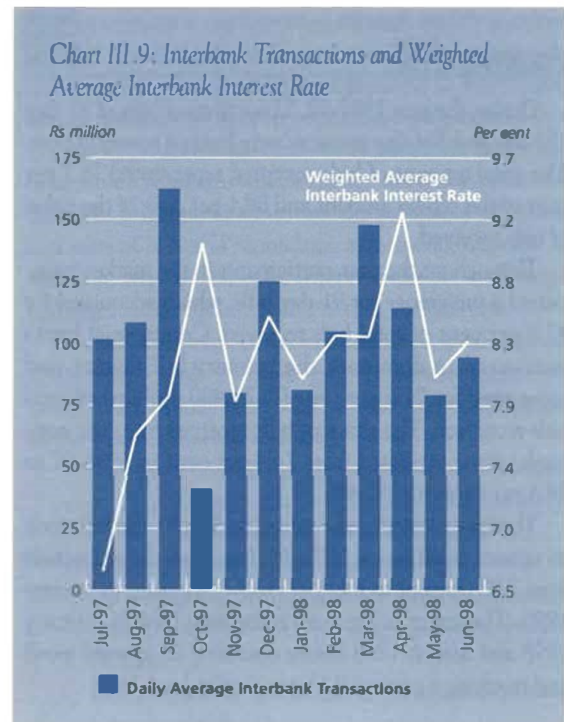


Table III.11: Interbank Interest Rates

(Per cent)

	Money At Call		Money At Short Notice		Term Money		Total Transactions	
	Weighted Average Rate of Interest	Range of Interest Rates	Weighted Average Rate of Interest	Range of Interest Rates	Weighted Average Rate of Interest	Range of Interest Rates	Weighted Average Rate of Interest	Range of Interest Rates
<b>1997</b>								
Jul	6.64	5.75-8.85	0.00	0.00	0.00	0.00	6.64	5.75-8.85
Aug	7.65	6.50-8.50	0.00	0.00	0.00	0.00	7.65	6.50-8.50
Sep	7.94	6.50-8.85	0.00	0.00	0.00	0.00	7.94	6.50-8.85
Oct	9.07	7.00-11.00	0.00	0.00	0.00	0.00	9.07	7.00-11.00
Nov	7.90	7.50-10.00	0.00	0.00	0.00	0.00	7.90	7.50-10.00
Dec	8.53	7.50-10.00	0.00	0.00	0.00	0.00	8.53	7.50-10.00
<b>1998</b>								
Jan	8.07	7.50-9.00	0.00	0.00	0.00	0.00	8.07	7.50-9.00
Feb	8.39	7.50-9.00	0.00	0.00	0.00	0.00	8.39	7.50-9.00
Mar	8.38	7.50-9.00	0.00	0.00	0.00	0.00	8.38	7.50-9.00
Apr	9.30	7.75-12.00	0.00	0.00	0.00	0.00	9.30	7.75-12.00
May	8.08	7.00-9.00	0.00	0.00	0.00	0.00	8.08	7.00-9.00
Jun	8.35	7.50-10.50	0.00	0.00	0.00	0.00	8.35	7.50-10.50
<b>1997-98</b>	<b>8.11</b>	<b>5.75-12.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8.11</b>	<b>5.75-12.00</b>
<b>1996-97</b>	<b>10.43</b>	<b>7.50-11.23</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>10.43</b>	<b>7.50-11.23</b>



## Auctioning of Bills

During the year 1997-98, 52 auctions of bills of 91-day, 182-day and 364-day maturity were held on a weekly basis. The total amount of bids accepted represented 72.7 per cent of the tender amount and 88.1 per cent of the value of bids received.

Throughout the year, participants in the market maintained a preference for 91-day bills, which accounted for 47.3 per cent of total bids received. Commercial banks continued to dominate the primary bill market and accounted for 71.6 per cent (Rs23,980 million) of total bids received. The share of bids received from the non-bank sector increased from 24.4 per cent in 1996-97 to 28.4 per cent in 1997-98.

The annual weighted average yield on 91-day bills took an upward trend during 1997-98. It increased continuously from 7.98 per cent in July 1997 to 9.02 per cent in January 1998. Thereafter, it remained at the same level in February 1998 and March 1998 before resuming its upward trend and reaching a peak of 9.15 per cent in June 1998.

Chart III.10: Auctioning of Bills

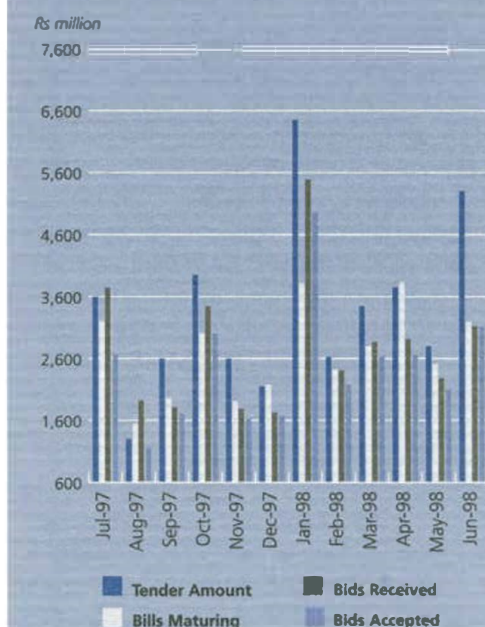


Table III.12: Auctioning of Bills

	Number of Auctions Held	Tender Amount	Amount Received	Amount <sup>1</sup> Accepted	91-Day	Weighted Average Yield		Overall
		(Rs million)			(Per cent per annum)			
1997								
Jul	5	3,600.0	3,740.8	2,672.2	7.98	8.07	8.20	8.05
Aug	4	1,300.0	1,925.0	1,160.0	8.10	8.23	8.43	8.23
Sep	4	2,600.0	1,810.0	1,715.0	8.22	8.30	8.52	8.32
Oct	5	3,950.0	3,441.8	3,009.3	8.40	8.66	8.69	8.57
Nov	4	2,600.0	1,781.0	1,620.5	8.79	8.91	8.93	8.86
Dec	4	2,150.0	1,724.2	1,669.2	8.87	8.95	8.95	8.91
1998								
Jan	5	6,450.0	5,483.2	4,959.0	9.02	9.02	9.01	9.02
Feb	4	2,625.0	2,404.7	2,182.6	9.02	9.04	9.05	9.03
Mar	4	3,450.0	2,865.1	2,635.6	9.02	9.05	9.04	9.03
Apr	5	3,750.0	2,910.6	2,667.0	9.09	9.04	9.04	9.08
May	4	2,800.0	2,275.9	2,085.0	9.10	9.05	9.04	9.08
Jun	4	5,300.0	3,118.3	3,113.9	9.15	9.04	9.02	9.08
1997-98	52	40,575.0	33,480.6	29,489.3	8.81	8.82	8.83	8.82
1996-97	52	34,425.0	37,953.9	30,341.2	9.80	9.97	10.17	9.99

<sup>1</sup> Excludes underwriting by the Secondary Market Cell (SMC) of the Bank of Mauritius.

## RESERVE MONEY PROGRAMMING

Prior to the 1990's, monetary policy was implemented through ceilings on commercial bank credit and administered interest rates. The Bank of Mauritius switched from direct to indirect monetary control in the 1990's in line with the general move towards increased reliance on market forces, economic liberalisation and deregulation and away from directives, controls and subsidies. Through indirect instruments like open market operations, reserve requirements and central bank lending facilities, a central bank acts indirectly by using its single power as the issuer of reserve money (currency in circulation and deposit balances with the central bank) to influence liquidity conditions in the system.

The transition from direct to indirect monetary control requires a change in programming framework and operational targets. While the targets of direct instruments must be at the level of the system-wide aggregates or interest rates that they seek to control, the operational targets of indirect instruments should be the narrowly defined aggregates in the central bank's balance sheet that they can control. The Bank of Mauritius has been using a Reserve Money Programme and liquidity forecasting framework since July 1996 with reserve money as the operational target.

Reserve Money Programming (RMP) is based on the relationship between reserve money and monetary aggregates and the exercise focuses on the control of banks' liquidity and, hence, on their ability to extend credit. The central bank acts on the demand and supply of banks' reserves in order to make the demand and supply of reserve money equal at a level consistent with money supply M2, which is the intermediate target. The desired growth rate of M2 is consistent with the inflation target and economic growth forecast.

The exercise is implemented through weekly auctions of bills. However, depending on circumstances, the central bank can choose another instrument or a combination of instruments in order to attain its targets, namely a change in central bank credit to commercial banks and other financial institutions, a change in central bank holdings of Government securities, the secondary purchases and sales of bills and repurchase agreements (repos). In addition, any central bank intervention on the foreign exchange market is integrated within the exercise.

The starting point of the exercise is the balance sheet of the central bank. By rearranging the balance sheet identity, Reserve Money (RM) can be related to certain items in the balance sheet as follows:

$$\text{RM} = \text{net foreign assets} + \text{claims on banks} + \text{net claims on Government} + \text{claims on other institutions} - \text{other items net.}$$

The RMP exercise involves five steps:

- (i) projecting the demand for money, consistent with the inflation target and economic growth forecast;
- (ii) projecting the demand for reserve money, consistent with (i);
- (iii) projecting the supply of reserve money arising from autonomous factors;
- (iv) calculating the gap between (iii) and (ii);
- (v) choosing and gauging the instruments to fill the gap calculated at (iv) above.

An excess supply of reserve money indicates a need to absorb reserve money and an excess demand, a need to inject reserve money.

When the Bank of Mauritius embarked on Reserve Money Programming in July 1996, the targeted inflation rate for the year 1996-97 was 8 per cent and the actual figure turned out to be 7.9 per cent. The Bank targeted an inflation rate of 6 per cent in 1997-98 and the actual inflation rate was 5.4 per cent. The Bank is using the same framework in 1998-99 to target an inflation rate of 8 per cent.



Chart III.11: Yields on Bills at Primary Auctions



The annual weighted average yield on 182-day bills fluctuated within a range of 8.07 per cent to 9.05 per cent in 1997-98. The weighted average yield on 182-day bills for 1997-98 was 8.82 per cent as compared to 9.97 per cent in the previous year.

The movements in annual weighted average yield on 364-day bills were more or less similar to those on 182-day bills. The weighted average yield on 364-day bills for 1997-98 was 8.83 per cent, down from 10.17 per cent in 1996-97.

The overall weighted average yield for the three types of bills taken together rose continuously from 8.05 per cent in July 1997 to a high of 9.08 per cent in the last three months of 1997-98. For the year as a whole, the overall weighted average yield stood at 8.82 per cent, down by 1.17 percentage points from 9.99 per cent in 1996-97.

Table III.12 and Charts III.10 and III.11 give more details on the auctioning of bills in 1996-97 and 1997-98.

### Secondary Market Activity

The Secondary Market Cell (SMC) started trading medium and long-term Government securities in addition to Treasury Bills in a continued effort to stimulate secondary market trading and development. That move contributed to an expansion in the activities on the secondary market in 1997-98.

Exclusive of transactions in medium and long-term Government securities, secondary market activities expanded by 35.2 per cent to Rs6,970 million in 1997-98. The total value of bills transacted outside the SMC increased by 62.3 per cent over the same period and represented 26.5 per cent of total activities on the secondary market as compared to 22.0 per cent in 1996-97. A peak amount of Rs907 million was transacted in June 1998.

Total amount of bills purchased by the SMC, exclusive of bills underwritten at primary auctions, rose by Rs1,144 million or 370.9 per cent in 1997-98. Around 71 per cent of the total purchases, representing an amount of Rs1,027 million, were made in the first half of the fiscal year with a peak of Rs418 million in October 1997.

Total amount of bills sold by the SMC fell slightly by Rs38 million or 1.0 per cent in 1997-98. Approximately 61 per cent of the total sales, representing an amount of Rs2,234 million, were carried out in the second half of the fiscal year. Highest sales in any single month were recorded in November 1997 with an amount of Rs681 million, whereas the lowest sales took place in September 1997 with an amount of Rs28 million.

The overall weighted yield to buyers on bills sold by the SMC declined by 78 basis points, from 9.55 per cent in 1996-97 to 8.77 per cent in 1997-98.



Government securities, in the form of Mauritius Development Loan Stocks, sold by the SMC amounted to Rs41 million during 1997-98. This was substantially lower than the total amount of Government securities transacted outside the SMC which totalled Rs505 million in 1997-98. There were no dealings in those securities in 1996-97.

Table III.13 gives more details on secondary market activities in 1997-98.

### Interest Rates

Between end-June 1997 and end-June 1998, there was a general rise in yields on Treasury Bills of the three maturities.

From 8.05 per cent in July 1997, the weighted average yield on bills accepted at primary auctions edged up continuously and remained at 9.08 per cent in the three months from April 1998 to June 1998. In line with that movement, the weighted average Bank Rate assumed an upward trend in 1997-98, rising steadily from a low of 8.09 per cent in July 1997 to close at a peak of 9.13 per cent in June 1998.

Movements in weighted average interbank interest rates were fairly erratic in 1997-98. In the first half of the fiscal year, weighted average interbank interest rates varied between a low of 6.64 per cent and a peak of 9.07 per cent. During the period January 1998 through June 1998, weighted average interbank interest rates fluctuated in the range of 8.07 per cent to 9.30 per cent. For the year as a whole, the weighted average interbank interest rate went up from a trough of 6.64 per cent in July 1997 to a peak of 9.30 per cent in April 1998. It closed at 8.35 per cent in June 1998.

Commercial banks sought advances from the Bank of Mauritius in October 1997 and April 1998 only. The monthly weighted average interest rate on Bank of Mauritius advances to commercial banks was 12.14 per cent in October 1997 and 18.98 per cent in April 1998.

Interest rates are fully liberalised and banks are free to fix their own rates on deposits and loans and overdrafts. Interest rate on savings deposits with banks remained unchanged at 8.00 per cent throughout 1997-98. Interest

Table III.13: Secondary Market Activity

	Amount of Bills Transacted Outside SMC	Amount of Bills Purchased by SMC	Amount of Bills Sold by SMC	Amount of Bills Accepted at Primary Auctions	Net Amount of Bills Sold by Bank of Mauritius (3)+(4)-(2)	Amount of Government Securities Transacted Outside SMC	Amount of Government Securities Sold by SMC	Weighted Yield to Buyers on Bills Sold by SMC
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>(Rs million)</i>								
<i>(% p.a.)</i>								
<b>1997</b>								
Jul	215.0	0.0	155.0	2,672.2	2,827.2	0.0	0.0	8.13
Aug	20.0	149.0	174.8	1,160.0	1,185.8	0.0	0.0	8.08
Sep	40.0	37.2	28.0	1,715.0	1,705.8	0.0	0.0	8.22
Oct	40.0	418.0	194.0	3,009.3	2,796.3	365.5	0.0	8.36
Nov	0.0	25.0	681.2	1,620.5	2,276.7	0.0	0.0	8.64
Dec	0.0	397.7	207.8	1,669.2	1,479.3	0.0	0.0	8.83
<b>1998</b>								
Jan	0.0	0.0	156.4	4,959.0	5,115.4	100.0	0.0	8.88
Feb	179.8	50.0	579.9	2,182.6	2,712.5	0.0	20.6	8.90
Mar	62.5	0.0	653.4	2,635.6	3,289.0	25.0	10.0	8.92
Apr	8.8	375.0	521.0	2,667.0	2,813.0	14.3	10.0	8.97
May	370.5	0.0	150.0	2,085.0	2,235.0	0.0	0.0	8.97
Jun	906.9	0.0	173.1	3,113.9	3,287.0	0.0	0.0	9.07
<b>1997-98</b>	<b>1,843.5</b>	<b>1,451.9</b>	<b>3,674.6</b>	<b>29,489.3</b>	<b>31,723.0</b>	<b>504.8</b>	<b>40.6</b>	<b>8.77</b>
<b>1996-97</b>	<b>1,136.1</b>	<b>308.3</b>	<b>3,712.5</b>	<b>30,341.2</b>	<b>33,745.4</b>	<b>0.0</b>	<b>0.0</b>	<b>9.55</b>

Note: SMC: Secondary Market Cell of the Bank of Mauritius.

rate on term deposits with banks ranged between 8.00 per cent and 14.50 per cent during the first six months of the fiscal year and fluctuated in the range of 8.00 per cent to 14.00 per cent from January 1998 through June 1998.

Interest rates on loans and advances from banks varied between 10.00 per cent and 22.50 per cent in July 1997. They fluctuated within a range of 10.00 per cent to 22.00 per cent from August 1997 to March 1998. From April 1998 onwards, there was a decline of 1 percentage point in the upper limit. Interest rates on loans and advances charged to the Sugar Industry were in the range of 10.00 per cent to 19.25 per cent during 1997-98 while the Manufacturing sector obtained loans and advances at rates within the range of 10.00 per cent to 20.00 per cent. Interest rates applicable to Personal and Professional as well as to Housing varied between 11.50 per cent and 22.00 per cent. Commercial banks charged Traders interest rates on loans and advances ranging between 10.00 per cent and 22.50 per cent.

The weighted average term deposits rate and the weighted average lending rate give a better indication of movements in deposit rates and lending rates of commercial

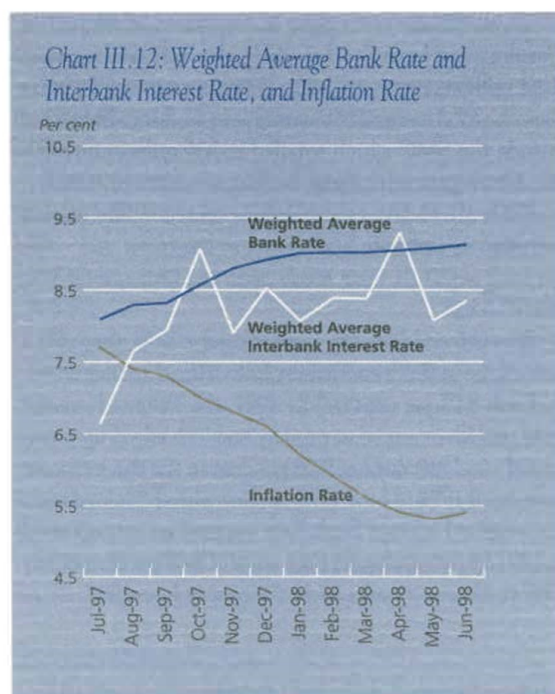
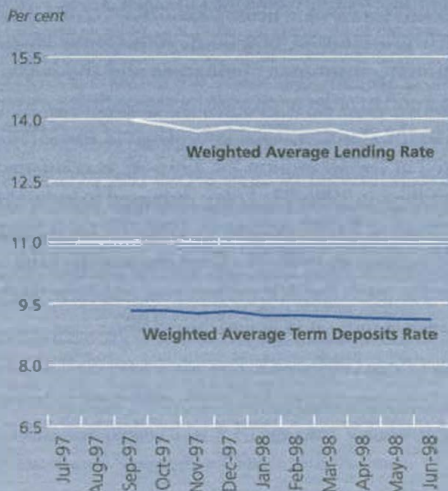


Table III.14: Principal Interest Rates

(Per cent per annum)

	Weighted Average Yield on Bills Accepted at Primary Auctions	Weighted Yield to Buyers on Bills Sold by SMC	Weighted Average Bank Rate	Weighted Average Interbank Interest Rates	Weighted Average Interest Rates on Bank of Mauritius Advances to Banks	Interest Rate on Savings Deposits with Banks	Interest Rate on Term Deposits with Banks	Interest Rate on Loans and Advances by Banks	Weighted Average Term Deposits Rate	Weighted Average Lending Rate
<b>1997</b>										
Jul	8.05	8.13	8.09	6.64	0.00	8.00	8.00-14.50	10.00-22.50	n.a.	n.a.
Aug	8.23	8.08	8.29	7.65	0.00	8.00	8.00-14.50	10.00-22.00	n.a.	n.a.
Sep	8.32	8.22	8.32	7.94	0.00	8.00	8.00-14.50	10.00-22.00	9.32	13.98
Oct	8.57	8.36	8.57	9.07	12.14	8.00	8.00-14.50	10.00-22.00	9.32	13.86
Nov	8.86	8.64	8.80	7.90	0.00	8.00	8.00-14.50	10.00-22.00	9.25	13.71
Dec	8.91	8.83	8.92	8.53	0.00	8.00	8.00-14.50	10.00-22.00	9.30	13.80
<b>1998</b>										
Jan	9.02	8.88	9.01	8.07	0.00	8.00	8.00-14.00	10.00-22.00	9.20	13.72
Feb	9.03	8.90	9.02	8.39	0.00	8.00	8.00-14.00	10.00-22.00	9.20	13.68
Mar	9.03	8.92	9.02	8.38	0.00	8.00	8.00-14.00	10.00-22.00	9.17	13.75
Apr	9.08	8.97	9.05	9.30	18.98	8.00	8.00-14.00	10.00-21.00	9.14	13.57
May	9.08	8.97	9.08	8.08	0.00	8.00	8.00-14.00	10.00-21.00	9.11	13.68
Jun	9.08	9.07	9.13	8.35	0.00	8.00	8.00-14.00	10.00-21.00	9.10	13.71

Chart III.13: Weighted Average Lending and Term Deposits Rates



banks. The weighted average term deposits rate went down from a peak of 9.32 per cent in September 1997 and October 1997 to close at a low of 9.10 per cent in June 1998. The weighted average lending rate ranged between 13.57 per cent and 13.98 per cent in 1997-98. From a peak of 13.98 per cent in September 1997, it reached a trough of 13.57 per cent in April 1998 before rising to 13.71 per cent in June 1998.

The difference between the weighted average lending rate and the weighted average term deposits rate can be used as an indicator of the efficiency of financial intermediation and the level of competition in the banking sector. The spread between the weighted average lending rate and the weighted average term deposits rate fell from 4.7 percentage points in September 1997 to 4.5 percentage points in November 1997 before rising slightly to 4.6 percentage points in June 1998.

With the decline in the inflation rate, the real rate of interest on savings deposits rose continuously during 1997-98. From 0.3 per cent in July 1997, it rose to 1.3 per cent in December 1997 and to 2.5 per cent in June 1998. A positive real interest rate provides incentives for savings and allocates credit more efficiently.

Table III.14 and Charts III.12 and III.13 give more details on the interest rate structure in Mauritius.

## Capital Market Developments

### Stock Exchange of Mauritius

The Stock Exchange of Mauritius (SEM) was set up in July 1989 with 5 companies on the Official Market and a market capitalisation of Rs1.0 billion. At the end of June 1998, 46 companies were listed on the Official Market with a market capitalisation was Rs44.1 billion.

Several developments have taken place at the SEM during 1997-98. They include daily trading on the Official Market as from 24 November 1997, the inclusion of the SEM in the International Finance Corporation (IFC) Frontier Market and the introduction of a new index, the SEM-7, as from 30 March 1998.

Daily trading on the Official Market was introduced with a view to increasing liquidity on the market and attracting more participants worldwide. The decision of the IFC to include the SEM in its Frontier Market is a recognition of the achievement of the SEM as an emerging market.

The SEM-7 represents a basket of the seven most important shares on the Official Market, weighted in terms of capitalisation, liquidity and investibility. At least 25 per cent of the ordinary shares in issue must be publicly available for investment and must not be owned by a single party or parties acting in concert. The constituents of the SEM-7 are reviewed on a quarterly basis. The SEM-7 is in line with international stock market indices such as the FTSE-100 and the CAC-40. However, the current all-share index, the SEMDEX, will continue to be maintained and published.

During 1997-98, there were 208 sessions on the Official Market with the value of transactions amounting to Rs2.8 billion for a volume of 161.4 million shares and debentures transacted. The SEMDEX maintained its rise, from 321.49 at the end of June 1996 to 381.47 at the end of June 1997 and further to 467.15 at the end of June 1998. The SEM-7 reached 108.88 on 30 June 1998. On the Over-the-Counter (OTC) market, the turnover was Rs267.1 million with a volume of 33.4 million shares and debentures transacted during the 100 sessions held in 1997-98.

Foreign investors made a net investment of Rs1,250 million during 1997-98 as compared to Rs678.4 million during 1996-97. This upsurge in foreign investment was largely due to the strategic alliance between the State Bank of Mauritius Ltd and Nedcor Bank Ltd (South Africa), which accounted for a net foreign inflow of Rs961 million.

The listing rules, which will be promulgated shortly, will entrust the listing function to the SEM. The latter intends to set up an independent Listing Department whose major responsibilities will be to review listing appli-



cations and to ensure that listed companies abide by the listing rules and satisfy the disclosure requirements generally applicable in more sophisticated markets.

### *Non-Bank Financial Intermediaries*

#### *Post Office Savings Bank (POSB)*

The POSB mobilises resources primarily from small savers in the country. Its resources are invested in Treasury Bills, long-term Government securities and also in a mutual fund which provides loans and financial assistance to civil servants. Total savings deposits of the POSB rose by 12.6 per cent, from Rs468 million at the end of June 1997 to Rs527 million at the end of June 1998. Its investment in Government securities stood at Rs180 million at the end of June 1998 as compared to Rs198 million at the end of June 1997. Total assets of the POSB increased from Rs573 million to Rs651 million over the same period.

#### *The Mauritius Leasing Company (MLC)*

The MLC provides finance, leases of equipment, machinery and other movable assets to companies and individuals belonging to all principal sectors of the economy. Total assets of the MLC increased from Rs542 million at the end of June 1997 to Rs711 million at the end of June 1998, or by 31.2 per cent. The number of new lease contracts rose significantly from 263 at the end of June 1997 to 462 at the end of June 1998. Disbursements rose from Rs404 million in 1996-97 to Rs448 million in 1997-98. Net investment in financial leases rose from Rs534 million at the end of June 1997 to Rs691 million at the end of June 1998.

#### *The State Investment Corporation Ltd (SIC)*

The SIC manages the investment portfolio of the Government in the private sector and finances existing and new enterprises in the industrial, tourism, agricultural, commercial and financial sectors of the economy. Investment of the company in private enterprises rose significantly from Rs53 million at the end of June 1996 to Rs245 million at the end of June 1997. Total assets of the SIC stood at Rs2.3 billion at the end of June 1997 as compared to Rs1.9 billion at the end of June 1996.

#### *The Sugar Insurance Fund Board (SIFB)*

The SIFB provides insurance cover to sugar producers in the country. Total assets of the SIFB increased from Rs821 million at the end of May 1996 to Rs990 million at the end of May 1997. Loans disbursed by the Fund amounted to Rs667 million at the end of May 1997, lower than the Rs684 million disbursed at the end of May 1996.

Investment in Government securities by the Fund stood at Rs35 million at the end of May 1997 as compared to Rs137 million at the end of May 1996.

#### *The Mauritius Housing Company Ltd (MHC)*

The MHC borrows long-term funds mainly from the Government, insurance companies and the National Pension Fund in order to provide mortgage finance to individuals in the country. Total borrowings of the MHC are estimated at Rs530 million for 1997-98 as compared to Rs500 million in 1996-97. Loans disbursed to individuals, which stood at Rs288 million in 1996-97, are estimated at Rs476 million in 1997-98. Total assets of the MHC are estimated to reach Rs4,600 million as at end-June 1998, up from Rs4,404 million as at end-June 1997.

## GOVERNMENT FINANCE

### IV

Government finances in 1997-98 were characterised, firstly, by a drop in the budget deficit from 4.5 per cent of GDP at market prices in 1996-97 to 3.7 per cent in 1997-98. Secondly, expenditure was drastically curtailed, growing by only 5.7 per cent, down from 19.8 per cent in 1996-97. Thirdly, in spite of the sustained growth of the economy, revenue went up by only 8.8 per cent. In 1996-97, revenue rose by 28.9 per cent, largely on account of the increase in the sales tax rate. Fourthly, financing of the deficit came only from the Bank of Mauritius and the non-bank sector as net financing from commercial banks and from abroad was negative. Lastly, as a percentage of GDP, total Central Government debt went up from 48.8 per cent at the end of June 1997 to 50.3 per cent at the end of June 1998. Sales Tax, which was introduced in June 1982, was replaced by a 10 per cent Value-Added Tax (VAT) as from 7 September 1998.

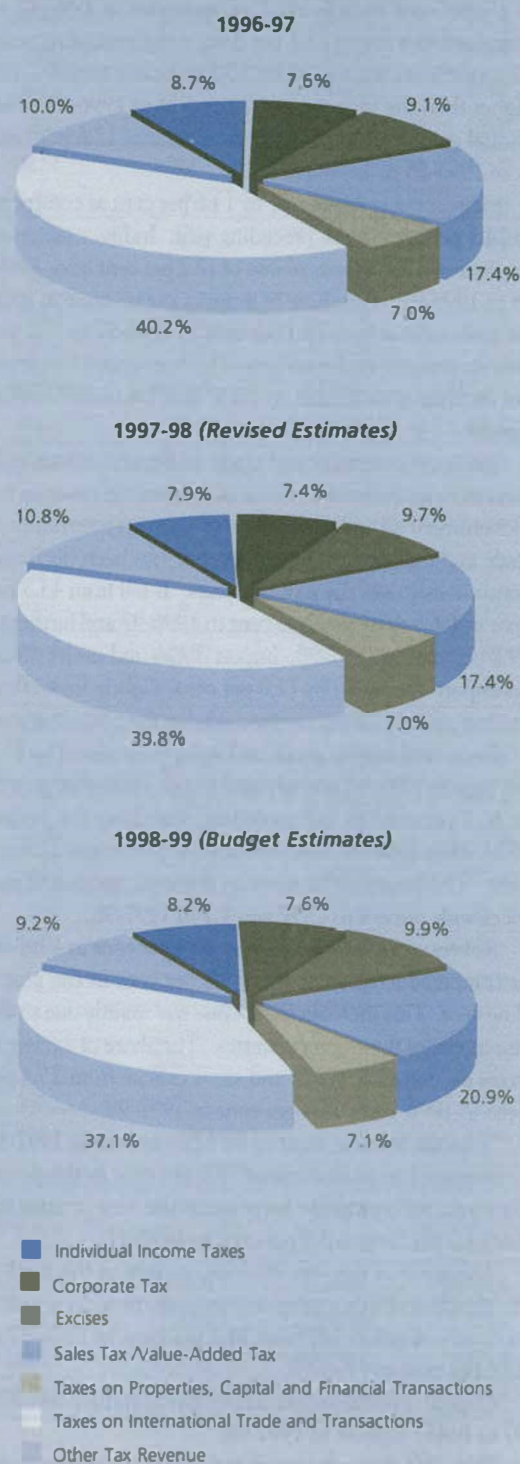
### Revenue and Grants

Total derived revenue excluding grants increased by 8.3 per cent in 1997-98 as compared to a much higher rise of 30.6 per cent in the preceding year. Over the three-year period from 1994-95 to 1996-97, total derived revenue excluding grants increased at an annual rate of 13.6 per cent. Total derived revenue less grants, as a percentage of GDP at market prices, declined from 21.3 per cent in 1996-97 to 20.9 per cent in 1997-98. As a percentage of GDP at market prices, total derived revenue and grants fell from 21.4 per cent in 1996-97 to 21.1 per cent in 1997-98.

Tax revenue went up by 13.1 per cent in 1997-98 as compared to a higher growth of 21.5 per cent in the preceding year. Tax revenue rose at an annual rate of 12.1 per cent over the period 1994-95 to 1996-97. The two major sources of tax revenue continue to be taxes on international trade and transactions and taxes on domestic goods and services, the latter comprising mainly excises and sales tax. The share of tax revenue in total derived revenue excluding grants increased from 80.4 per cent in 1996-97 to 84.0 per cent in the year under review. The buoyancy of tax revenue with respect to GDP was 1.2 in 1997-98, indicating a more than proportionate increase in tax revenue in response to the increase in GDP.

Revenue from direct taxes increased by 8.3 per cent as against a rise of 13.8 per cent in the previous year. Over the period 1994-95 to 1996-97, the annual growth rate of direct tax revenue was 11.7 per cent. Direct taxes accounted for 22.9 per cent of tax revenue in 1997-98 as compared to 23.9 per cent in the preceding year.

Chart IV.1: Composition of Tax Revenue



Receipts from income taxes, which include individual income taxes and corporate tax, went up by 5.8 per cent, much lower than the growth of 15.9 per cent registered in the previous year. This is attributable to a marginal rise of 2.1 per cent in individual income taxes in 1997-98 as compared to a rise of 23.1 per cent in the preceding year. Corporate tax increased by 10.1 per cent in 1997-98, higher than the increase of 8.7 per cent in 1996-97. The annual growth of income tax receipts was 12.6 per cent from 1994-95 to 1996-97.

Indirect tax revenue rose by 14.6 per cent as compared to 24.1 per cent in the preceding year. Indirect tax revenue increased at an annual rate of 12.2 per cent from 1994-95 to 1996-97. The share of indirect tax revenue in total tax revenue rose from 76.1 per cent in 1996-97 to 77.1 per cent in the year under review. The buoyancy of indirect tax revenue with respect to GDP was 1.4 in 1997-98 as against 2.1 in 1996-97.

Taxes on international trade and transactions still constitute an important source of indirect tax revenue for Government although the share of taxes on international trade and transactions in tax revenue has been declining continuously over the past few years. It fell from 43.3 per cent in 1995-96 to 40.2 per cent in 1996-97 and further to 39.8 per cent in 1997-98. Import duties and excise duties on imports increased by 12.0 per cent, slightly lower than the increase of 12.8 per cent recorded in the preceding year.

Taxes on domestic goods and services increased by 17.5 per cent in 1997-98 as compared to a much higher growth of 40.0 per cent in the preceding year; over the period 1994-95 to 1996-97, the annual growth rate was 22.3 per cent. The buoyancy of taxes on domestic goods and services with respect to GDP was 1.7 in 1997-98.

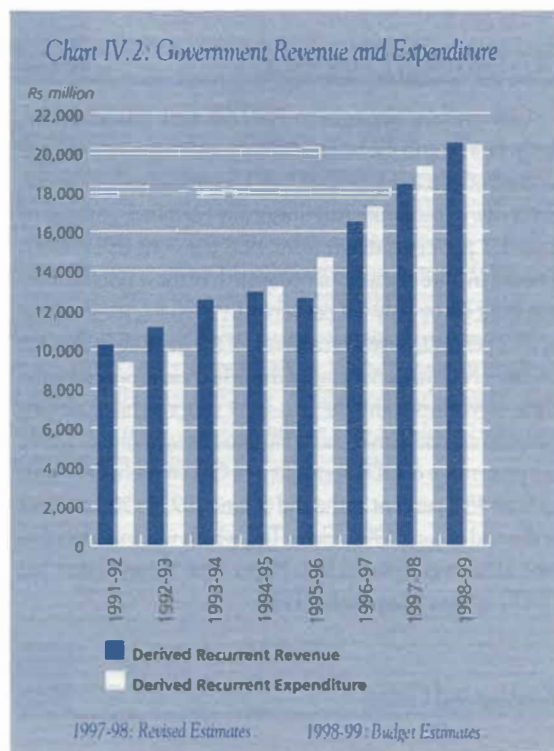
Revenue from excises rose by 20.4 per cent in 1997-98 as compared to an increase of 9.8 per cent in the preceding year. This increase in revenue was mainly due to the rise in excise duties on cigarettes. The share of excises in taxes on domestic goods and services rose from 25.4 per cent in 1996-97 to 26.0 per cent in 1997-98.

Sales tax revenue went up by 12.6 per cent in 1997-98 as compared to an increase of 79.9 per cent in the preceding year following the increase in the rate of sales tax from 5.0 per cent to 8.0 per cent in 1996-97.

The share of non-tax revenue, mainly in the form of dividends and other property income, in total revenue exclusive of grants fell from 14.2 per cent in 1996-97 to 13.6 per cent in 1997-98.

Capital revenue declined from Rs932 million in 1996-97 to Rs457 million in 1997-98.

Table IV.1 shows the trends in Government revenue and grants between 1994-95 and 1998-99. Charts IV.1 and IV.2



show the composition of tax revenue for the years 1996-97 through 1998-99 and Government revenue and expenditure for the years 1991-92 through 1998-99, respectively.

## Expenditure

Total derived expenditure and lending minus repayments rose by 5.7 per cent in 1997-98 as compared to a rise of 19.8 per cent in the preceding year. Over the three-year period, from 1994-95 to 1996-97, total derived expenditure and lending minus repayments grew at an annual rate of 14.3 per cent. As a percentage of GDP, total derived expenditure and lending minus repayments declined from 25.9 per cent in 1996-97 to 24.8 per cent in 1997-98.

Derived recurrent expenditure increased by 12.0 per cent as compared to an increase of 17.7 per cent in the preceding year. The annual growth of derived recurrent expenditure was 14.3 per cent over the period 1994-95 to 1996-97. The largest single item of derived recurrent expenditure in 1997-98 was wages and salaries, which increased by 8.4 per cent as against 13.3 per cent in the preceding year. As a percentage of derived recurrent expenditure, wages and salaries fell from 32.4 per cent in 1996-97 to 31.4 per cent in 1997-98.

Expenditure on subsidies and other current transfers, which accounted for 31.4 per cent of derived recurrent expenditure in 1996-97, dropped marginally to 31.1 per cent in 1997-98.



Table IV.1: Classification of Government Revenue and Grants

	1994-95	1995-96	1996-97	1997-98 Revised Estimates	1998-99 Budget Estimates
(Rs million)					
<b>1. Tax Revenue</b>	<b>11,150.3</b>	<b>11,537.0</b>	<b>14,012.5</b>	<b>15,842.6</b>	<b>18,004.8</b>
<b>Direct Taxes</b>	<b>2,691.3</b>	<b>2,948.9</b>	<b>3,355.6</b>	<b>3,634.4</b>	<b>4,230.8</b>
	(24.1)	(25.6)	(23.9)	(22.9)	(23.5)
Individual Income Taxes	863.3	991.1	1,219.9	1,245.0	1,475.0
	(7.7)	(8.6)	(8.7)	(7.9)	(8.2)
Corporate Tax	941.0	981.6	1,067.2	1,175.0	1,375.0
	(8.4)	(8.5)	(7.6)	(7.4)	(7.6)
Contributions to Social Security	77.7	81.3	92.1	102.6	110.8
	(0.7)	(0.7)	(0.7)	(0.6)	(0.6)
Taxes on Properties, Capital and Financial Transactions	809.3	894.9	976.3	1,111.8	1,270.0
	(7.3)	(7.8)	(7.0)	(7.0)	(7.1)
<b>Indirect Taxes</b>	<b>8,459.0</b>	<b>8,588.1</b>	<b>10,656.9</b>	<b>12,208.2</b>	<b>13,774.0</b>
	(75.9)	(74.4)	(76.1)	(77.1)	(76.5)
Domestic Taxes on Goods and Services	3,357.7	3,585.8	5,020.0	5,896.5	7,084.0
	(30.1)	(31.1)	(35.8)	(37.2)	(39.3)
of which:					
(a) Excises	1,100.5	1,162.5	1,276.1	1,536.0	1,777.0
	(9.9)	(10.1)	(9.1)	(9.7)	(9.9)
(b) Sales Tax/Value-Added Tax	1,264.0	1,357.6	2,442.6	2,750.0	3,770.0 <sup>1</sup>
	(11.3)	(11.8)	(17.4)	(17.4)	(20.9)
(c) Taxes on Transportation	247.8	252.3	285.8	310.0	337.0
	(2.2)	(2.2)	(2.0)	(2.0)	(1.9)
(d) Taxes on Gambling	292.4	318.7	395.2	573.0	684.0
	(2.6)	(2.8)	(2.8)	(3.6)	(3.8)
(e) Taxes on Hotels and Restaurants	361.0	390.8	513.1	600.0	380.0
	(3.2)	(3.4)	(3.7)	(3.8)	(2.1)
Taxes on International Trade and Transactions	5,089.7	4,991.0	5,626.3	6,300.0	6,675.0
	(45.6)	(43.3)	(40.2)	(39.8)	(37.1)
of which:					
Import Duties and Excise Duties on Imports	5,079.4	4,988.1	5,624.8	6,300.0	6,675.0
	(45.6)	(43.2)	(40.1)	(39.8)	(37.1)
Other Tax Revenue	11.6	11.4	10.5	11.8	15.0
	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
<b>2. Non-tax Revenue</b>	<b>1,757.7</b>	<b>1,055.0</b>	<b>2,473.5</b>	<b>2,564.4</b>	<b>2,507.2</b>
<b>3. Derived Capital Revenue</b>	<b>597.0</b>	<b>745.0</b>	<b>932.0</b>	<b>457.0</b>	<b>1,227.0</b>
<b>4. Total Derived Revenue</b>	<b>13,505.0</b>	<b>13,337.0</b>	<b>17,418.0</b>	<b>18,864.0</b>	<b>21,739.0</b>
<b>5. Grants</b>	<b>262.0</b>	<b>220.0</b>	<b>63.0</b>	<b>150.0</b>	<b>100.0</b>
<b>6. Total Derived Revenue and Grants</b>	<b>13,767.0</b>	<b>13,557.0</b>	<b>17,481.0</b>	<b>19,014.0</b>	<b>21,839.0</b>
<b>7. Total Derived Revenue and Grants as a % of GDP</b>	<b>20.8</b>	<b>18.5</b>	<b>21.4</b>	<b>21.1</b>	<b>21.4</b>

<sup>1</sup> Includes Value-Added Tax on Hotels and Restaurants amounting to Rs390 million

Figures in brackets are percentages of Tax Revenue.

Source: Ministry of Finance, Government of Mauritius.

Interest payments went up by 19.2 per cent in 1997-98 as compared to a rise of 22.5 per cent in the previous year. The annual growth of interest payments was 19.2 per cent over the period 1994-95 to 1996-97. The share of interest payments in derived recurrent expenditure increased from 16.8 per cent in 1996-97 to 17.9 per cent in 1997-98.

Capital expenditure declined by 10.5 per cent in 1997-98 as against an increase of 17.5 per cent in the preceding year.

The distribution of Government expenditure for the period 1994-95 through 1998-99 is shown in Table IV.2. Chart IV.3 depicts the composition of Government expenditure for the years 1994-95 through 1998-99.

### Budgetary Operations and Financing of the Deficit

The overall budget deficit for 1997-98 is estimated at Rs3,345 million, representing 3.7 per cent of GDP at market prices. Net external financing of the deficit was negative at Rs275 million as borrowings from abroad totalled Rs530 million while repayments of loans amounted to Rs805 million.

The major source of domestic financing of the deficit was the non-bank sector which provided a net amount of Rs3,280 million. Financing of the deficit by the Bank of Mauritius amounted to Rs1,642 million, of which advances accounted for Rs1,132 million. Deficit financing by commercial banks was negative at Rs42 million.

Table IV.3 shows the financing of the budget deficit by type of debt holder and instrument for the years 1994-95 through 1997-98.

Chart IV.4 shows domestic and foreign financing of the budget deficit for the period 1994-95 through 1998-99.

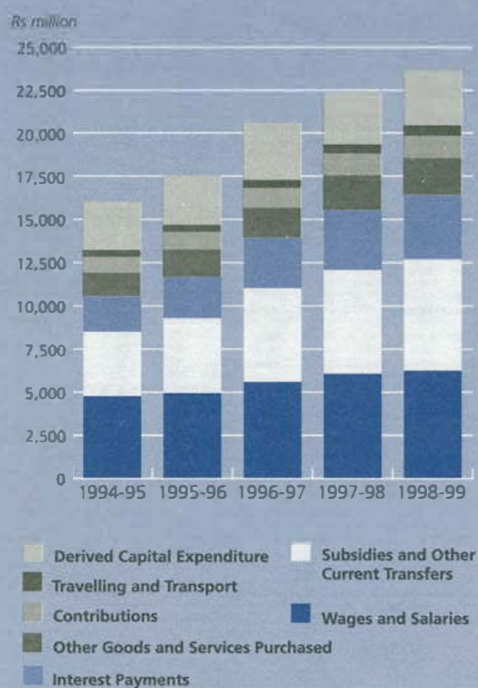
### Value-Added Tax (VAT)

As part of a major reform to modernise our indirect taxation system, a 10 per cent VAT has been introduced in Mauritius with effect from 7 September 1998 in replacement of the Sales Tax implemented in June 1982. Certain essential goods and services including banking are exempt from VAT.

More than 140 countries around the world have adopted a system of VAT which is one of the least discriminatory forms of consumption tax. Registered businesses are eligible for refund of VAT paid on inputs.

It is expected that the introduction of a 10 per cent VAT will cause an increase of around 1.5 percentage points of the inflation rate. However, the impact of VAT on prices will wear off in the short term.

Chart IV.3: Composition of Government Expenditure



1997-98: Revised Estimates

1998-99: Budget Estimates

Chart IV.4: Budgetary Financing: Net Domestic and Net Foreign Financing

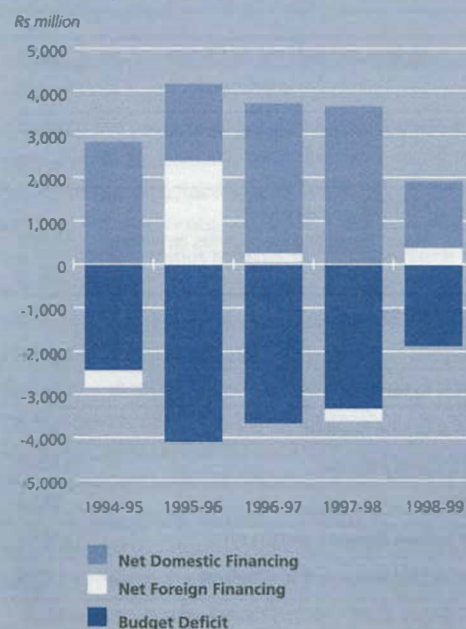


Table IV.2: Distribution of Government Expenditure

(Rs million)

	1994-95	1995-96	1996-97	1997-98 Revised Estimates	1998-99 Budget Estimates
<b>1. Derived Recurrent Expenditure</b>	<b>13,204.0</b>	<b>14,665.0</b>	<b>17,261.0</b>	<b>19,332.0</b>	<b>20,424.0</b>
Wages and Salaries	4,764.0 (36.1)	4,943.0 (33.7)	5,599.0 (32.4)	6,071.0 (31.4)	6,248.0 (30.6)
Contributions	914.0 (6.9)	1,009.6 (6.9)	1,154.6 (6.7)	1,271.0 (6.6)	1,300.0 (6.4)
(a) Employees' Welfare Fund/National Savings Fund	77.9 (0.6)	85.6 (0.6)	88.4 (0.5)	90.0 (0.5)	93.0 (0.5)
(b) Public Service Pensions	836.1 (6.3)	924.0 (6.3)	1,066.2 (6.2)	1,181.0 (6.1)	1,207.0 (5.9)
Interest Payments	2,038.0 (15.4)	2,366.0 (16.1)	2,898.0 (16.8)	3,454.0 (17.9)	3,709.0 (18.2)
Travelling and Transport	393.0 (3.0)	415.0 (2.8)	461.0 (2.7)	530.0 (2.7)	610.0 (3.0)
Other Goods and Services Purchased	1,356.0 (10.3)	1,577.0 (10.8)	1,723.0 (10.0)	2,002.0 (10.4)	2,110.0 (10.3)
Subsidies and Other Current Transfers	3,739.0 (28.3)	4,354.4 (29.7)	5,425.4 (31.4)	6,004.0 (31.1)	6,447.0 (31.6)
(a) Subsidy on Rice and Flour <sup>1</sup>	23.0 (0.2)	220.5 (1.5)	454.1 (2.6)	394.0 (2.0)	400.0 (2.0)
(b) Transfers to Local Government	525.3 (4.0)	558.7 (3.8)	622.0 (3.6)	680.0 (3.5)	705.0 (3.5)
(c) Contribution to National Pension Fund	1,337.6 (10.1)	1,571.9 (10.7)	2,179.2 (12.6)	2,430.0 (12.6)	2,644.0 (12.9)
(d) Other Subsidies, Contributions and Current Transfers	1,853.1 (14.0)	2,003.3 (13.7)	2,170.1 (12.6)	2,500.0 (12.9)	2,698.0 (13.2)
<b>2. Derived Capital Expenditure</b>	<b>2,810.0</b>	<b>2,874.0</b>	<b>3,377.0</b>	<b>3,022.0</b>	<b>3,249.0</b>
<b>3. Lending minus Repayments</b>	<b>178.0</b>	<b>109.0</b>	<b>508.0</b>	<b>5.0</b>	<b>46.0</b>
<b>4. Total Derived Expenditure and Lending minus Repayments</b>	<b>16,192.0</b>	<b>17,648.0</b>	<b>21,146.0</b>	<b>22,359.0</b>	<b>23,719.0</b>
<b>5. Total Derived Expenditure and Lending minus Repayments as a % of GDP</b>	<b>24.5</b>	<b>24.1</b>	<b>25.9</b>	<b>24.8</b>	<b>23.3</b>

<sup>1</sup> Includes income support for rice and flour.

Figures in brackets are percentages of Derived Recurrent Expenditure.

Source: Ministry of Finance, Government of Mauritius.



Table IV.3: Budgetary Operations and Financing

(Rs million)

	1994-95	1995-96	1996-97	1997-98 Revised Estimates	1998-99 Budget Estimates
<b>1. Total Derived Revenue and Grants</b>	<b>13,767.0</b>	<b>13,557.0</b>	<b>17,481.0</b>	<b>19,014.0</b>	<b>21,839.0</b>
<b>2. Total Derived Expenditure and Lending Minus Repayments</b>	<b>16,192.0</b>	<b>17,648.0</b>	<b>21,146.0</b>	<b>22,359.0</b>	<b>23,719.0</b>
<b>3. Budget Deficit (1-2)</b>	<b>-2,425.0</b>	<b>-4,091.0</b>	<b>-3,665.0</b>	<b>-3,345.0</b>	<b>-1,880.0</b>
<b>4. Foreign Financing (Net) (a+b+c)</b>	<b>-383.0</b>	<b>2,375.0</b>	<b>198.0</b>	<b>-275.0</b>	<b>363.0</b>
(a) Gross External Loans Received (excluding IMF)	255.0	3,041.0	916.0	530.0	1,163.0
(b) Foreign Capital Repayments	-626.0	-666.0	-718.0	-805.0	-800.0
(c) Change in Cash and Deposits Abroad	-12.0	0.0	0.0	0.0	0.0
<b>5. Domestic Financing (Net) (A+B+C+D)</b>	<b>2,808.0</b>	<b>1,716.0</b>	<b>3,467.0</b>	<b>3,620.0</b>	<b>1,517.0</b>
<b>A. Monetary Authorities</b>	<b>743.3</b>	<b>-885.6</b>	<b>-982.4</b>	<b>1,641.7</b>	
(a) Government Stocks	404.1	-84.4	-172.9	-267.9	
(b) Treasury Bills	512.8	-496.6	-16.2	745.2	
(c) Advances	-180.4	-337.9	-770.3	1,131.9	
(d) Deposits	6.8	33.3	-23.0	32.5	
<b>B. Commercial Banks</b>	<b>1,915.7</b>	<b>2,154.6</b>	<b>1,942.6</b>	<b>-41.9</b>	
(a) Government Stocks	-566.7	-391.5	119.9	778.7	
(b) Treasury Bills	2,867.0	2,450.7	1,807.3	-1,130.9	
(c) Advances	5.4	-5.2	141.8	11.4	
(d) Deposits	-390.0	100.6	-126.4	298.9	
<b>C. Non-Bank Sector</b>	<b>-305.6</b>	<b>1,711.7</b>	<b>4,215.5</b>	<b>3,280.4</b>	
(a) Government Stocks	-326.9	94.4	748.5	1,516.7	
(b) Treasury Bills	34.2	-95.7	3,467.0	1,763.7	
(c) Treasury Certificates and Bearer Bonds	-12.9	-661.9	0.0	0.0	
(d) Independence and Republic Bonds	0.0	2,374.9	0.0	0.0	
<b>D. Other Domestic Financing</b>	<b>454.6</b>	<b>-1,264.7</b>	<b>-1,708.7</b>	<b>-1,260.2</b>	
<b>6. Ratio of Overall Deficit to GDP at market prices (Per cent)</b>	<b>3.7</b>	<b>5.7</b>	<b>4.5</b>	<b>3.7</b>	<b>1.8</b>

Source: Ministry of Finance, Government of Mauritius.

## Internal Debt

Total internal debt of the Government rose by 14.5 per cent in 1997-98. The level of internal debt as at end-June 1998 represented 38.4 per cent of GDP at market prices.

The level of short-term obligations of the Government increased by 11.7 per cent to Rs20,217 million at the end of June 1998. Treasury Bills accounted for 92.8 per cent of short-term debt at the end of June 1998 as compared to 98.2 per cent at the end of June 1997. Holdings of Treasury Bills

by the non-bank sector as a percentage of total outstanding Treasury Bills rose from 23.9 per cent at the end of June 1997 to 31.8 per cent at the end of June 1998. The share of short-term obligations in total internal debt declined slightly from 59.8 per cent at the end of June 1997 to 58.4 per cent at the end of June 1998.

Medium and long-term obligations rose by 18.6 per cent to Rs14,402 million at the end of June 1998. Non-bank holdings of medium and long-term obligations increased slightly from 70.9 per cent at the end of June 1997 to 71.2 per cent at the end of June 1998.

The level of medium and long-term obligations relative to total internal debt stood at 41.6 per cent at the end of June 1998 as against 40.2 per cent and 46.5 per cent at the end of June 1997 and June 1996, respectively.

Table IV.4 gives details on Central Government debt for the years 1993-94 through 1997-98. Chart IV.5 shows the composition of Central Government debt as at end-June 1998.

### External Debt

Total Central Government external debt rose by 11.7 per cent to Rs10,743 million at the end of June 1998. Between end-June 1997 and end-June 1998, loan disbursements to Central Government amounted to Rs530 million. Debt repayments stood at Rs805 million and interest payments amounted to Rs529 million during the same period.

The level of external debt of parastatal bodies increased by 30.6 per cent to Rs15,073 million at the end of June 1998. Between end-June 1997 and end-June 1998, loan disbursements to parastatal bodies amounted to Rs3,192 million. Total capital repayments during that period were Rs1,363 million and interest payments amounted to Rs629 million.

The level of private sector external debt declined by 6.2 per cent to Rs3,946 million at the end of June 1998. External borrowings of the private sector totalled Rs160 million in 1997-98. Principal repayments amounted to Rs423 million and interest payments to Rs48 million for the period under review.

The debt service ratio of the country, that is, principal and interest payments as a percentage of exports of goods and non-factor services, increased from 6.7 per cent in 1996-97 to 6.9 per cent in 1997-98.

Chart IV.5: Composition of Central Government Debt as at end-June 1998

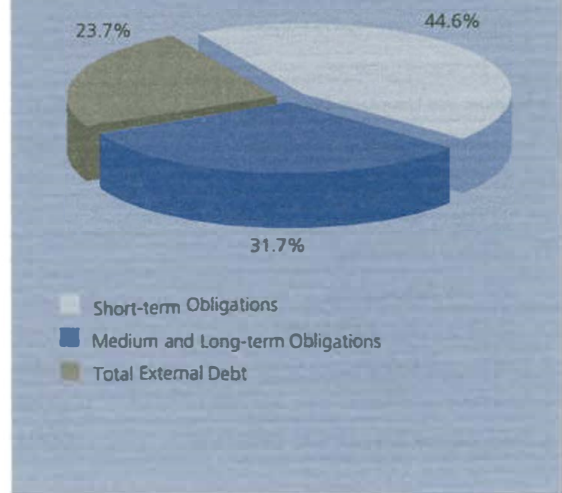


Table IV.4: Central Government Debt

(Rs million)

OUTSTANDING AS AT END-JUNE	1994	1995	1996	1997	1998
<b>1. Short-term Obligations</b>	<b>7,955.2</b>	<b>11,561.1</b>	<b>13,219.5</b>	<b>18,094.1</b>	<b>20,216.8</b>
(a) Treasury Bills	6,339.5	10,125.0	12,121.9	17,767.2	18,758.1
(b) Advances from Bank of Mauritius	1,614.8	1,434.5	1,096.5	326.2	1,458.1
(c) Tax-Reserve Certificates	0.9	1.6	1.1	0.7	0.6
<b>2. Medium and Long-term Obligations</b>	<b>10,721.7</b>	<b>10,140.0</b>	<b>11,486.2</b>	<b>12,147.2</b>	<b>14,402.2</b>
(a) Government Stocks	9,987.3	9,382.3	8,992.3	9,772.3	12,027.3
(b) Treasury Certificates	374.8	361.9	0.0	0.0	0.0
(c) Treasury Bearer Bonds	300.0	300.0	0.0	0.0	0.0
(d) 8-Year Bearer Bonds	59.6	95.8	119.0	0.0	0.0
(e) 5-Year Republic Bonds	0.0	0.0	2,078.5	2,078.5	2,078.5
(f) 4-Year Independence Bonds	0.0	0.0	296.4	296.4	296.4
<b>3. Total Internal Debt (1+2)</b>	<b>18,676.9</b>	<b>21,701.1</b>	<b>24,705.7</b>	<b>30,241.3</b>	<b>34,619.0</b>
<b>4. Total External Debt</b>	<b>5,766.0</b>	<b>5,778.0</b>	<b>9,159.0</b>	<b>9,619.0</b>	<b>10,743.0</b>
<b>5. Total Central Government Debt (3+4)</b>	<b>24,442.9</b>	<b>27,479.1</b>	<b>33,864.7</b>	<b>39,860.3</b>	<b>45,362.0</b>
<b>DEBT CHARGES DURING FISCAL YEAR</b>					
<b>ENDING 30 JUNE</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998<sup>1</sup></b>
<b>6. Amortisation</b>	<b>1,082.2</b>	<b>1,170.2</b>	<b>1,149.6</b>	<b>1,467.4</b>	<b>1,594.6</b>
(a) Internal	466.0	544.5	483.4	749.4	789.6
(b) External	616.2	625.7	666.2	718.0	805.0
<b>7. Interest</b>	<b>1,814.0</b>	<b>2,179.0</b>	<b>2,579.1</b>	<b>3,020.7</b>	<b>3,124.0</b>
(a) Internal	1,491.2	1,857.5	2,157.3	2,526.7	2,595.0
(b) External	322.8	321.5	421.8	494.0	529.0
<b>8. Total Debt Servicing (6+7)</b>	<b>2,896.2</b>	<b>3,349.2</b>	<b>3,728.7</b>	<b>4,488.1</b>	<b>4,718.6</b>

<sup>1</sup> Provisional.

Source: Ministry of Finance, Government of Mauritius, and Bank of Mauritius.



## EXTERNAL TRADE AND BALANCE OF PAYMENTS

V

The current account of the balance of payments registered a deficit Rs1,184 million in 1997-98 as against a surplus of Rs441 million in 1996-97. This deterioration in the current account balance in 1997-98 stemmed essentially from the widening of the deficit on the merchandise account which was largely induced by the purchase of an aircraft valued at Rs2,623 million.

In relation to GDP, the deficit on the current account represented 1.3 per cent in 1997-98 as against a surplus equivalent to 0.5 per cent in 1996-97. Excluding the import of aircraft, the current account recorded a surplus of Rs1,439 million, equivalent to 1.6 per cent of GDP in 1997-98.

The deficit on the merchandise account of the balance of payments went up by 56.6 per cent to Rs8,470 million in 1997-98, largely on account of the purchase of aircraft. On a balance of payments basis, total exports (f.o.b.) rose by 6.5 per cent to Rs35,033 million in 1997-98 while total imports (f.o.b.) increased at a higher rate of 13.6 per cent to Rs43,503 million.

The capital and financial account, inclusive of reserve assets, recorded a net inflow of Rs1,900 million in 1997-98 as against a net outflow of Rs817 million in the previous year. The financial account, exclusive of reserve assets, posted a deficit of Rs378 million in 1997-98 as against a surplus of Rs794 million in 1996-97. Table V.1 gives a summary of the balance of payments accounts for the years 1994-95 through 1998-99.

On present trends, a deficit of Rs9,752 million has been projected on the merchandise account in 1998-99 as a result of the higher projected growth of imports relative to exports. The income account is expected to record a deficit of Rs955 million. However, the services and current transfers accounts are expected to generate surpluses that would partly offset the projected deficits on the merchandise and income accounts. A deficit of Rs1,512 million is projected on the current account. However, excluding the purchase of aircraft, the current account is expected to show a surplus of Rs1,363 million, equivalent to 1.4 per cent of GDP.

Table V.1: Balance of Payments Summary

(Rs million)

	1994-95	1995-96 <sup>1</sup>	1996-97 <sup>2</sup>	1997-98 <sup>3</sup>	1998-99 <sup>4</sup>
<b>Current Account</b>	<b>-3,856</b>	<b>-591</b>	<b>441</b>	<b>-1,184</b>	<b>-1,512</b>
<b>Goods</b>	<b>-7,230</b>	<b>-5,816</b>	<b>-5,407</b>	<b>-8,470</b>	<b>-9,752</b>
Exports f.o.b.	25,482	29,090	32,890	35,033	37,476
Imports f.o.b.	32,712	34,906	38,297	43,503	47,228
Imports c.i.f.	35,598	37,704	41,600	47,107	51,175
<b>Services</b>	<b>1,915</b>	<b>3,804</b>	<b>3,992</b>	<b>5,019</b>	<b>6,480</b>
<b>Income</b>	<b>-333</b>	<b>-611</b>	<b>-398</b>	<b>-436</b>	<b>-955</b>
<b>Current Transfers</b>	<b>1,792</b>	<b>2,032</b>	<b>2,254</b>	<b>2,703</b>	<b>2,715</b>
<b>Capital and Financial Account</b>	<b>1,122</b>	<b>-1,368</b>	<b>-817</b>	<b>1,900</b>	<b>1,512</b>
<b>Capital Account</b>	<b>-20</b>	<b>-11</b>	<b>-11</b>	<b>-15</b>	<b>-20</b>
<b>Financial Account</b>	<b>1,142</b>	<b>-1,357</b>	<b>-806</b>	<b>1,915</b>	<b>1,532</b>
of which:					
Reserve Assets	1,009	-3,841	-1,600	2,293	-677
Net Errors and Omissions	2,734	1,959	376	-716	0

1 Revised. 2 Revised estimates. 3 Estimates. 4 Projections.

Notes: (a) Import data for 1994-95 are inclusive of import of aircraft and spareparts (Rs2,148 million).

(b) Import data for 1995-96 are inclusive of import of ships and spareparts (Rs789 million).

(c) Import data for 1996-97 are inclusive of import of aircraft (Rs600 million).

(d) Import data for 1997-98 are inclusive of import of aircraft (Rs2,623 million).

(e) Import data for 1998-99 are inclusive of import of aircraft (Rs2,875 million).

## Services, Income and Current Transfers

During the period under review, the services and current transfers accounts continued to make significant positive contributions to overall balance of payments. The income account, however, recorded a deficit.

The surplus on the services account increased by 25.7 per cent to Rs5,019 million in 1997-98. Gross earnings from tourism went up by 17.2 per cent to Rs11,026 million in 1997-98 as a result of an 8.1 per cent increase in the number of tourist arrivals, from 513,798 in 1996-97 to 555,616 in 1997-98, and an 8.4 per cent rise in the average expenditure per tourist. Total visitor nights spent increased from 5,229,000 in 1996-97 to 5,656,000 in 1997-98 while the average length of stay per tourist remained unchanged at 10.2 nights in 1997-98. Expenditure on foreign travel by residents increased by 15.8 per cent to Rs4,070 million in 1997-98. Consequently, net inflows on the travel account increased by 18.1 per cent to Rs6,956 million in 1997-98. The transportation account recorded a deficit of Rs1,427 million in 1997-98 as compared to a deficit of Rs1,455 million in 1996-97. Other services registered a deficit of Rs510 million in 1997-98 as compared to a deficit of Rs445 million in the preceding year.

The income account recorded a net outflow of Rs436 million in 1997-98 as compared to a net outflow of Rs398 million in the previous year. The net surplus on the current transfers account increased by 19.9 per cent to Rs2,703 million in 1997-98, reflecting mainly the increase in net private transfers. The latter rose by 20.1 per cent to Rs2,554 million in 1997-98 while net Government transfers increased from Rs127 million to Rs149 million.

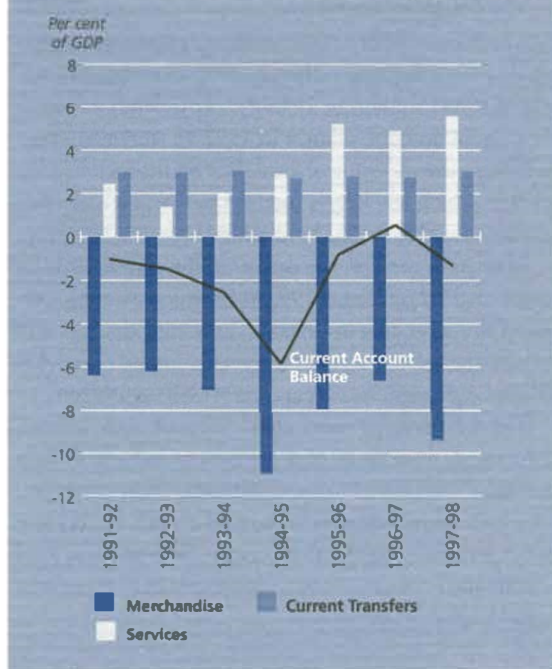
Chart V.1 shows the main components of the current account from 1991-92 through 1997-98.

## Capital and Financial Account

Reflecting largely the investment of Rs964 million by Nedcor Bank Ltd (South Africa) in State Bank of Mauritius Ltd, direct investment inflows increased from Rs128 million in 1996-97 to Rs1,233 million in 1997-98. Consequently, net direct investment inflows rose from Rs87 million in 1996-97 to Rs1,012 million in 1997-98.

During the period under review, portfolio investment inflows amounted to Rs579 million while portfolio investments abroad, largely on account of public non-bank financial institutions, totalled Rs1,215 million. Thus, net portfolio investment outflow was Rs636 million in 1997-98 as compared to an outflow of Rs5 million in the previous year. Loan receipts on account of Government

Chart V.1: Components of the Current Account



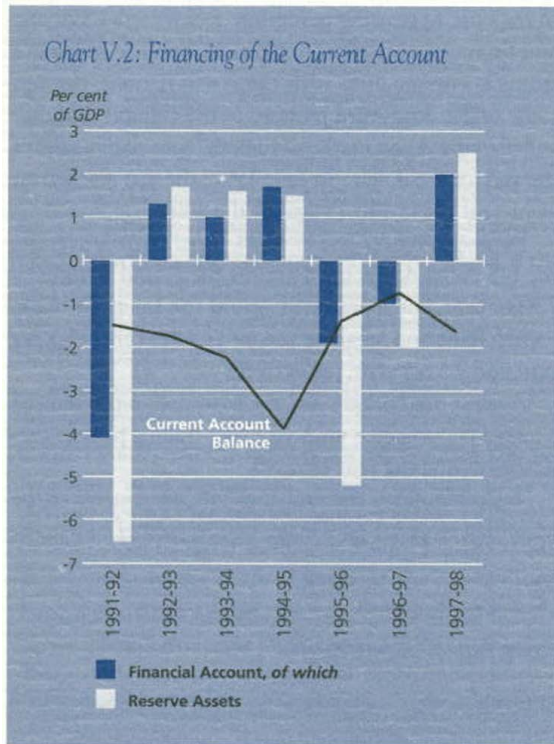
amounted to Rs530 million while capital repayments by Government were Rs805 million in 1997-98 resulting in a net outflow of Rs275 million as against a net inflow of Rs198 million in the previous year.

In 1997-98, loan receipts of parastatal bodies, inclusive of the financing of one Airbus aircraft worth Rs2,623 million, totalled Rs3,000 million while capital repayments amounted to Rs1,036 million. Loan transactions of parastatal bodies thus registered a net inflow of Rs1,964 million in 1997-98 as compared to a net inflow of Rs785 million in 1996-97. Private long-term loan transactions recorded a net outflow of Rs262 million in 1997-98 as compared to a net outflow of Rs237 million in 1996-97. Net outflows due to the build-up of short-term foreign assets of commercial banks amounted to Rs2,181 million in 1997-98 as compared to Rs520 million in the previous year.

Chart V.2 shows the financing of the current account from 1991-92 through 1997-98.

## Net International Reserves

With effect from July 1997, all foreign currency receipts accruing from sugar export proceeds have been released directly on the interbank foreign exchange market. Within the context of a fully liberalised foreign exchange market, the net international reserves of the country, made up of



the net foreign assets of the banking system, the foreign assets of the Government and the country's Reserve Position in the International Monetary Fund (IMF), declined slightly from Rs21,443 million at the end of June 1997 to Rs21,349 million at the end of June 1998.

Table V.2: Net International Reserves

	Bank of Mauritius Foreign Assets	Commercial Banks Net Foreign Assets	Others <sup>1</sup>	Net International Reserves
<b>1997</b>				
Jul	15,921	4,661	216	20,798
Aug	14,912	4,884	214	20,010
Sep	15,024	4,925	216	20,165
Oct	14,888	5,633	218	20,739
Nov	15,239	6,760	219	22,218
Dec	15,341	6,434	220	21,995
<b>1998</b>				
Jan	15,478	6,370	226	22,074
Feb	15,110	6,912	223	22,245
Mar	15,308	6,633	225	22,166
Apr	14,743	5,873	227	20,843
May	14,452	6,122	227	20,801
Jun	14,869	6,249	231	21,349

<sup>1</sup> Includes foreign assets of the Government and the country's Reserve Position in the IMF.

Net international reserves, which provide a more appropriate measure of import cover than the foreign exchange reserves of the Bank of Mauritius alone, represented 5.8 months of imports, exclusive of the purchase of aircraft, at the end of June 1998 as compared to 6.3 months of imports at the end of June 1997. The June 1999 level of net international reserves of the country has been projected at Rs22,026 million, equivalent to 5.5 months of imports, exclusive of the purchase of aircraft.

Table V.2 shows the monthly level of net international reserves of the country during the fiscal year 1997-98.

## Exchange Rate Developments

During 1997-98, the strength of both the US dollar and the Pound sterling relative to other major currencies, in particular the Japanese yen and the Deutsche mark, broadly matched the strength of economic activity in the United States and the United Kingdom and the weakness of economic activity in Japan and Germany. In fact, during the period under review, the US economy entered its eighth year of expansion with low inflation.

The Pound sterling gained ground against all major currencies including the US dollar. Demand for the Pound remained strong due to, amongst other factors, expectations of higher rates of interests. As from November 1997, the Bank of England maintained an upward bias on short-term interest rates. In fact, during 1997-98, the Bank of England



increased its official rates 4 times, the latest increase being at the June 1998 Monetary Policy Committee meeting when UK base rates rose from 7.25 per cent to 7.50 per cent. The Pound also benefited from the announcement made by major oil producers to curb production in order to support oil prices since the UK was expected to make windfall gains by virtue of its North Sea oil reserves.

Poor economic prospects in Germany coupled with the uncertainty about the single European currency during most of the period weighed on the Deutsche mark. Signs that German banks were suffering from Asia's economic turmoil also maintained downward pressure on the Deutsche mark against the dollar.

The depreciation of the yen vis-à-vis the US dollar was a consequence of the substantial cyclical gap in economic activity between Japan and the USA. The yen weakened against the US dollar throughout the fiscal year 1997-98

in response to growing pessimism over Japan's economic and financial outlook. In addition, because of Japan's strong economic links with the Asian nations, the yen came under downward pressure as the turmoil that prevailed in the Asian markets prompted speculative sales of the yen for the dollar. In June 1998, the yen reached an eight-year low of 146.75 against the dollar.

Between 1996-97 and 1997-98, based on daily average, the US dollar depreciated against the Pound sterling by 1.9 per cent, but appreciated against the Deutsche mark, French franc and Japanese yen by 12.1 per cent, 11.3 per cent and 9.6 per cent, respectively.

Against this background, the Mauritian rupee showed a mixed performance vis-à-vis major trading partner currencies during the year 1997-98.

Table V.3 shows the exchange rate movements of the Mauritian rupee vis-à-vis major trading partner currencies.

Table V.3: Exchange Rate Movements of the Rupee vis-à-vis Major Trading Partner Currencies

Indicative Selling Rates	Average for 12 Months Ended June 1997	Average for 12 Months Ended June 1998	Appreciation/ (Depreciation) of Rupee Between (1) and (2)
	(Rupees)		(Per cent)
	(1)	(2)	(3)
Australian dollar	16.028	15.505	3.4
Belgian franc (100)	63.025	62.052	1.6
China yuan	2.491	2.768	(10.0)
French franc	3.783	3.756	0.7
Deutsche mark	12.795	12.604	1.5
Hong Kong dollar	2.672	2.961	(9.8)
Indian rupee (100)	57.860	60.033	(3.6)
Italian lira (1000)	13.035	13.040	(0.04)
Japanese yen (100)	17.778	18.001	(1.2)
Kenya shilling (100)	37.664	37.146	1.4
Malaysian ringgit	8.268	6.724	23.0
New Zealand dollar	14.251	13.539	5.3
Singapore dollar	14.588	14.422	1.2
South African rand	4.578	4.712	(2.8)
Swiss franc	15.247	15.351	(0.7)
US dollar	20.417	22.635	(9.8)
Pound sterling	32.919	37.232	(11.6)
ECU	24.740	24.999	(1.0)

Reflective of its movement against major currencies on the international foreign exchange market, the Pound sterling maintained a general upward movement vis-à-vis the rupee, peaking at Rs40.69 towards the end of June 1998.

Strong economic fundamentals in the US and the relatively high interest rates remained supportive of the dollar. Low inflation, rising industrial output and strong economic growth boosted consumer confidence. Against this backdrop, the US dollar appreciated significantly against the rupee during the year under review reaching a peak of Rs24.47 towards the end of June 1998.

Movements of the Japanese yen against the rupee during the period under review can be summarised in four distinct phases. In the wake of the Asian crisis, the yen remained weak against the rupee, reaching a low of Rs16.99 per 100 Yen in early January 1998. From mid-January 1998 to April 1998, as a result of dollar-selling intervention by the Bank of Japan on the international foreign exchange market, the yen firmed up against the rupee. Thereafter, the Japanese currency resumed its downward movement against the rupee and reached a minimum of Rs16.77 per 100 Yen in mid-June 1998. Following joint intervention by the US Federal Reserve and the Bank of Japan on 17 June 1998, the yen strengthened against the rupee to close at Rs17.43 per 100 Yen at the end of June 1998.

During the period under review, the Deutsche mark traded within a range of Rs11.65 to Rs13.59 against the local currency.

Chart V.3 shows the trends in the daily bilateral exchange rates of the rupee against the Deutsche mark, French franc, Japanese yen, US dollar, South African rand and the Pound sterling.

### Interbank Foreign Exchange Market

Activity on the interbank foreign exchange market remained buoyant during 1997-98. Total transactions during the period under review reached an equivalent of US\$179.25 million as compared to US\$150.74 million in 1996-97.

The average monthly level of transactions was US\$14.94 million in 1997-98 as compared to US\$12.56 million in 1996-97. Interbank transactions reached a peak of US\$27.23 million in October 1997 and a low of US\$5.2 million in June 1998. The opening interbank Rs/US\$ ask rate during the period under review fluctuated within the range of 20.90-24.29.

Table V.4 gives details of monthly transactions on the interbank foreign exchange market.

Intervention and related transactions of the Bank of Mauritius on the interbank foreign exchange market during 1997-98 amounted to US\$289.35 million.

Table V.4: Interbank Foreign Exchange Market

	Purchase of US dollar against Rupee (US\$ million)	Total Purchases		Opening Interbank Min-Max Ask Rate (Rs/US\$)
		US dollar Equivalent (US\$ million)	Rupee Equivalent (Rs million)	
<b>1997</b>				
Jul	5.65	15.92	337.14	20.9000 - 21.5425
Aug	11.71	17.03	371.50	21.5775 - 21.9325
Sep	8.00	18.57	405.71	21.7000 - 21.9450
Oct	9.60	27.23	573.83	21.6425 - 21.9000
Nov	5.40	17.30	379.00	21.6900 - 22.0800
Dec	9.20	18.60	412.00	22.0525 - 22.2300
<b>1998</b>				
Jan	9.50	15.30	343.60	22.3050 - 22.6400
Feb	6.40	13.30	302.90	22.6950 - 22.9066
Mar	9.70	16.30	376.50	22.8300 - 23.5500
Apr	0.20	6.80	160.00	23.6500 - 23.8175
May	2.60	7.70	183.30	23.7350 - 23.8600
Jun	0.00	5.20	123.00	23.8800 - 24.2850
<b>1997-98</b>	<b>77.96</b>	<b>179.25</b>	<b>3,968.48</b>	<b>20.9000 - 24.2850</b>



Chart V.3: Exchange Rate of the Rupee

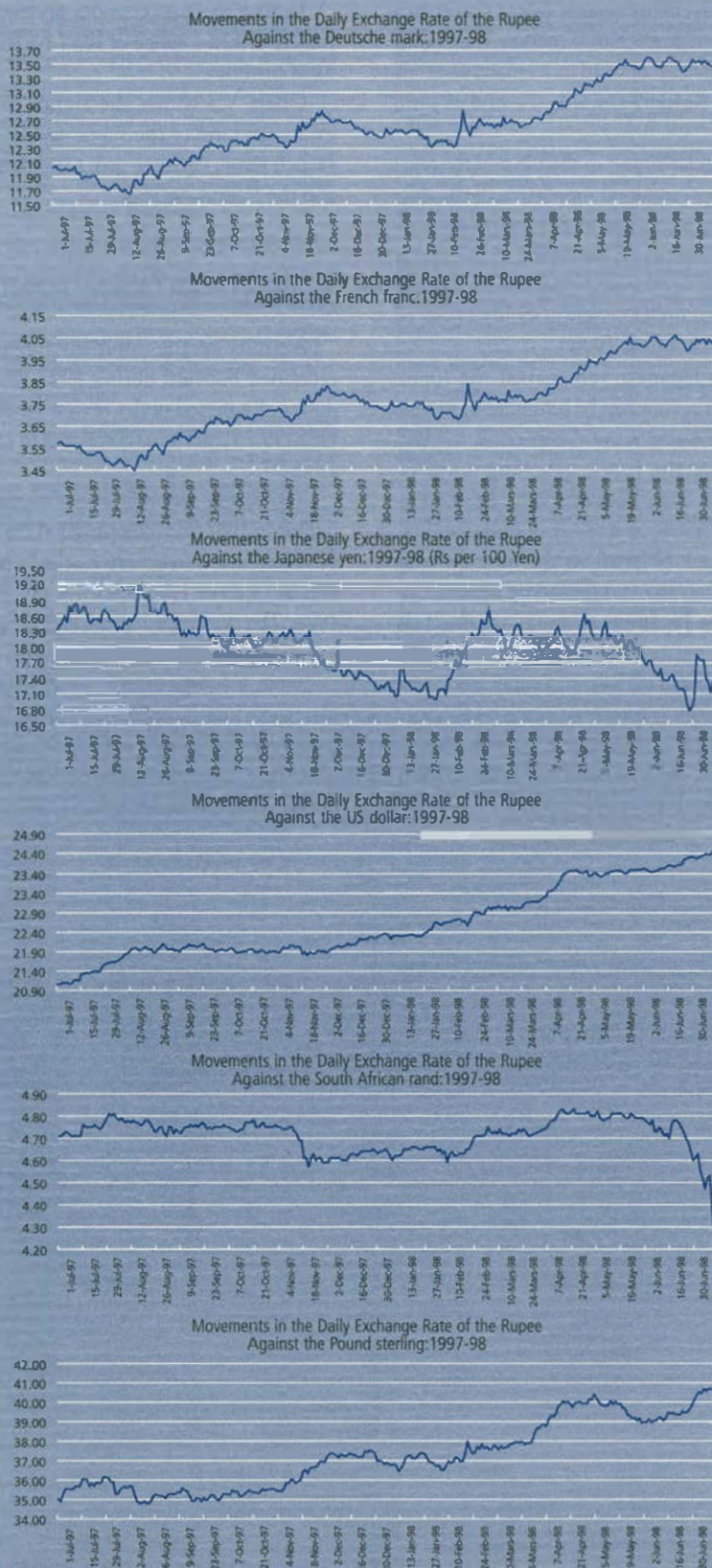




Table V.5: Intervention and Related Transactions of the Bank of Mauritius on the Interbank Foreign Exchange Market

	Sale of US dollar (US\$ million)	Range of Intervention Rs/US\$ Ask Rate	Purchase of US dollar (US\$ million)	Range of Intervention Rs/US\$ Bid Rate
<b>1997</b>				
Jul	75.90	20.92-21.57	0.00	-
Aug	36.55	21.75-21.90	0.00	-
Sep	4.10	21.90	0.00	-
Oct	0.00	-	4.50	21.68-21.77
Nov	10.90	21.80	4.00	21.91
Dec	9.80	22.17	0.00	-
<b>1998</b>				
Jan	0.00	-	5.00	22.51
Feb	18.50	22.82	3.50	22.74-22.80
Mar	9.10	23.28	0.00	-
Apr	36.45	23.83-23.85	20.00	23.825
May	18.25	23.82	0.00	-
Jun	32.80	23.94-24.17	0.00	-
<b>1997-98</b>	<b>252.35</b>	<b>20.92-24.17</b>	<b>37.00</b>	<b>21.68-23.825</b>

Table V.6: Inward and Outward Remittances of Foreign Currencies of Commercial Banks

	Inward Remittances		Outward Remittances		Surplus/Shortfall (-)	
	(Rs million)	(US\$ million)	(Rs million)	(US\$ million)	(Rs million)	(US\$ million)
	(1)		(2)		(1) - (2)	
<b>1997</b>						
Jul	3,698	173.2	4,921	230.5	-1,223	-57.3
Aug	3,786	172.5	5,004	228.0	-1,218	-55.5
Sep	4,093	186.2	4,855	220.9	-762	-34.7
Oct	4,610	210.2	5,290	241.2	-680	-31.0
Nov	5,284	240.0	4,885	221.9	399	18.1
Dec	4,682	209.9	5,595	250.8	-913	-40.9
<b>1998</b>						
Jan	4,421	195.2	4,675	206.4	-254	-11.2
Feb	4,394	191.1	5,100	221.8	-706	-30.7
Mar	4,928	211.4	5,881	252.3	-953	-40.9
Apr	4,653	194.5	5,737	239.8	-1,084	-45.3
May	4,505	187.8	5,245	218.7	-740	-30.9
Jun	5,196	214.2	6,121	252.4	-925	-38.2
<b>1997-98</b>	<b>54,250</b>	<b>2,386.2</b>	<b>63,309</b>	<b>2,784.7</b>	<b>-9,059</b>	<b>-398.5</b>

Table V.5 shows monthly intervention and related transactions of the Bank of Mauritius on the interbank foreign exchange market.

With effect from July 1997, all foreign currency receipts from sugar export proceeds have been released directly on the interbank foreign exchange market.

During 1997-98, sales of foreign currencies by the Mauritius Sugar Syndicate (MSS) directly to commercial banks amounted to an equivalent of US\$315.99 million whereas the Bank of Mauritius injected a net amount of US\$215.35 million on the interbank foreign exchange market. Thus, total net sales by the Bank of Mauritius and release of foreign currencies by the MSS directly on the interbank foreign exchange market exceeded commercial banks' deficit by US\$132.84 million.

Table V.6 summarises the monthly inward and outward remittances of commercial banks during 1997-98.

## PRESS INFORMATION NOTICE FOLLOWING THE CONCLUSION OF THE IMF ARTICLE IV CONSULTATION DISCUSSIONS WITH MAURITIUS

*A delegation from the International Monetary Fund (IMF) headed by Mr Paul L. Rothman, Mission Chief and Adviser, African Department visited Mauritius from 23 February to 3 March 1998, in connection with the Annual IMF Article IV Consultation Discussions. The delegation was also composed of other officials from the African Department, namely,*

*Ms Mary G. Zephirin, Senior Economist  
Mr Gamal Z. El-Masry, Economist  
Mr Denny Kalvayya, Economist  
Mr Harm Zebregs, Economist  
Ms Yvette Conell, Administrative Assistant*

*In addition, Mr Abdel Rehman Ismael, Adviser to the Executive Director for Mauritius at the IMF, participated in policy discussions*

On June 1, 1998, the IMF Executive Board concluded the Article IV consultation with Mauritius<sup>1</sup>.

### *Background*

During the period 1996/97-1997/98 (July-June), overall economic activity in Mauritius has remained buoyant. Real GDP has expanded by some 5 1/2 percent a year, with export processing zone manufactures, sugar exports, and tourism activity contributing to broadly based growth. Moreover, the rate of consumer price inflation, which had picked up to nearly 8 percent in 1996/97, owing in part to a rapid expansion in broad money in 1995/96 and to cost pressures arising from the indexation of wages to the previous year's inflation, has decelerated to about 5 1/3 percent in 1997/98, as a result to some extent of moderation in the growth of domestic liquidity in 1996/97. In contrast, the unemployment rate has been rising—from about 3 1/3 percent in 1992 to some 6 percent in 1997—reflecting a mismatch in labour skills, the substitution of foreign for domestic labour, and the substitution of capital for labour.

The trend of rising overall fiscal deficits was reversed in 1996/97, and, with buoyant tax revenues, relative restraint on current expenditure, and a decline in government capital outlays in 1997/98 associated with temporary constraints on implementation capacity, the deficit (including grants, but excluding exceptional factors such as privatisation receipts) has narrowed from 6 1/4 percent of GDP in 1995/96 to an estimated 3 2/3 percent in 1997/98. However, the expansion in broad money in 1997/98 is estimated at 18 1/3 percent, as the fiscal deficit is being financed almost entirely from the domestic banking system, and a large overall increase in domestic bank credit (estimated at 23 1/3 percent of beginning-of-period broad money) has been facilitated by a reduction in July 1997 in the required cash reserve ratio for commercial banks from 8 percent to 6 percent.

Since the conclusion of the last Article IV consultation in March 1997, the Bank of Mauritius has adopted two measures to tighten prudential requirements. First, with effect from April 1997, domestic commercial banks are subject to a daily-monitored 15 percent exposure limit on their open foreign exchange positions in relation to relevant capital. Second, the minimum paid-up or assigned capital for both domestic and offshore banks was raised from Mau Rs 50 million to Mau Rs 75 million effective January 1, 1998, and will be raised further to Mau Rs 100 million effective January 1, 1999.



Mauritius recorded a surplus in its external current account (including transfers, but excluding the acquisition of aircraft and ships) equivalent to some 2 percent of GDP in 1996/97, owing mainly to a narrowing of the trade deficit. A smaller surplus, on the order of 1 1/3 percent of GDP, is now envisaged for 1997/98, as world market sugar prices have declined and the pace of imports has picked up. The weakening in the trade balance, however, is being largely offset by a substantial rise in tourism-related earnings. Moreover, taking into account capital movements during 1996/97-1997/98, Mauritius' external reserve position has remained relatively comfortable, and net international reserves of the banking system are now estimated at some 5 3/4 months' import cover for end-June 1998.

Mauritius continues to have a low external debt-service ratio, which has remained of the order of some 6 2/3 percent of exports of goods and services in 1997/98. In real effective terms, the Mauritian rupee appreciated by 2 1/2 percent in 1996/97 and by a further 3 percent in the first half of 1997/98. In an effort to deepen the interbank foreign exchange market, the Bank of Mauritius terminated the surrender requirement for the export proceeds of the Mauritius Sugar Syndicate effective July 1, 1997. This move followed an initial reduction of the surrender requirement in July 1996 from 100 percent to 75 percent.

### Executive Board Assessment

Executive Directors commended the Mauritian authorities for their generally prudent approach to economic management and welcomed the continued buoyant overall economic activity, the deceleration in the rate of inflation, and the maintenance of a relatively comfortable external reserve position. At the same time, they noted that, despite a narrowing of the overall fiscal deficit over the past two years, a current budget surplus had not yet been achieved; unemployment had continued to edge up; and rapid monetary expansion, as well as the sharp depreciation of some Asian currencies, posed potential difficulties for Mauritius in the period ahead.

Against this background, and given Mauritius' open current and capital accounts, Directors emphasised the need for the authorities to implement the policy adjustments and reforms required to sustain high economic growth, maintain moderate rates of inflation, and keep external reserves at prudent levels.

In the fiscal area, Directors urged the authorities to aim for further consolidation so as to reduce the government's domestic borrowing, including its reliance on bank financing. They noted that fiscal reforms would need to centre on

an effective implementation of a value-added tax (VAT), complemented by restraint on current expenditures. In that connection, the VAT rate and coverage should be sufficient to replace other indirect taxes; compensate for the planned lowering of tariff rates; and raise the tax revenue-to-GDP ratio. It would also be important to limit government expenditure by reforming and downsizing the civil service and eliminating consumer subsidies for flour and rice. In view of the need to invest in human capital, Directors supported the authorities' intention to allocate some of the revenue generated by the VAT, as well as privatisation receipts, to develop workers' skills through vocational training.

Directors noted that a tightening of monetary policy was needed and would likely require the introduction of full-fledged open-market operations by the Bank of Mauritius. In this vein, they stressed that it would be particularly important to establish a mechanism to ensure the regular and continuous co-ordination of activities between the Ministry of Finance and the Bank of Mauritius.

Directors observed that, in the wake of the Asian currency depreciations, the authorities should remain prepared not only to tighten financial policies but also to allow the exchange rate of the Mauritian rupee to adjust to underlying market pressures. Directors encouraged the authorities to proceed with the rationalisation of the tariff regime as soon as practicable after the full and effective implementation of the VAT. Directors underscored the immediate need for the authorities to remove the rigidities in the wage determination process, especially as they put pressure on competitiveness and contributed to higher unemployment.

In order to maintain broadly-based economic expansion over the medium term, Directors encouraged the authorities to pursue improvements in the regulatory, legislative, and other environmental conditions affecting private sector initiatives in the export processing zone, sugar industry, and tourism sector. Moreover, they underscored the need for early passage of the Anti-Money-Laundering and Economic Crime Bill.

<sup>1</sup> Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board. At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarises the views of Executive Directors, and this summary is transmitted to the country's authorities. In this PIN, the main features of the Board's discussion are described.

29 June 1998

Mauritius: Selected Economic Indicators, 1993/94 - 1997/98 1/

	1993-94	1994-95	1995-96	1996-97	1997-98 Est.
(Annual percentage change)					
<b>Domestic Economy</b>					
Changes in real GDP	4.3	3.5	5.0	5.3	5.5
Changes in consumer prices (period averages)	9.4	6.1	5.8	7.9	5.3
(In millions of SDRs) 2/					
<b>External Economy</b>					
Exports, f.o.b.	952.8	990.4	1,119.8	1,162.1	1,187.8
Imports, f.o.b.	-1,111.9	-1,253.5	-1,336.2	-1,344.0	-1,481.2
Current account balance 3/	-53.7	-133.8	-16.4	23.3	-50.8
(in percent of GDP) 3/	-2.3	-5.3	-0.6	0.8	-1.7
Capital and financial account balance	22.4	43.0	-52.4	-28.7	50.8
Net international reserves of the banking system (end of period)	606.5	559.1	740.5	747.7	728.7
(in months of imports, c.i.f.) 4/	6.1	5.2	6.3	6.3	5.8
Debt service (in percent of exports of goods and nonfactor services)	7.3	8.2	9.0	6.8	6.7
Change in real effective exchange rate (in percent) 5/	0.1	0.4	-4.3	2.5	3.1
(In percent of GDP) 2/					
<b>Financial Variables</b>					
Total revenues and grants	21.7	19.9	17.6	20.2	20.3
Current fiscal balance 6/	1.7	-0.3	-2.7	-1.0	-1.1
Overall fiscal balance 6/	-2.7	-4.1	-7.0	-6.7	-3.9
Change in broad money (in percent)	17.3	11.8	15.9	8.8	18.3
Interest rate (in percent) 7/	12.0	11.0	13.0	12.5	10.5

Sources: Maunman authorities; and IMF staff estimates.

1/ Fiscal year from July to June

2/ Unless otherwise indicated.

3/ Including the acquisition of aircraft and ships.

4/ Excluding the acquisition of aircraft and ships.

5/ Bilateral-trade-weighted period averages; figures for 1997/98 are for July to December 1997.

A negative sign signifies a depreciation.

6/ Excluding grants.

7/ Maximum interest rate on fixed time deposits with maturities between six and twelve months.

## REGIONAL COOPERATION

## VI

### SADC

The Southern African Development Community (SADC) was officially established on 17 August 1992 in Windhoek, Namibia. Mauritius joined the SADC in August 1995 as the twelfth member and the first island-state of continental SADC. Today, SADC regroups 14 member states, namely Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe, and two new members, Seychelles and the Democratic Republic of Congo. Mauritius hosted the meeting of the SADC Heads of States in September 1998. Throughout the Summit, deliberations were guided by the staunch commitment of member states to promote economic cooperation within the Community with a view to facilitating its integration into the global economy.

The major objective of SADC is to eradicate poverty and increase the welfare of the people of its member states. Each member state of SADC is allocated a sector to coordinate. This involves proposing sector policies, strategies and priorities, processing projects for inclusion in the sectoral programme, monitoring progress and reporting to the Council of Ministers which is responsible for overseeing the functioning and development of SADC. At present, SADC has a Programme of Action of more than 400 projects, valued at over US\$8 billion, covering various areas like Transport and Communications, Tourism, Human Resources, Industry and Trade, Agriculture, Energy, Culture and Finance and Investment.

Mauritius is responsible for coordinating the activities of the tourism sector within SADC. The strategy in this sector aims at fully integrating the region's tourism sector with emphasis on product development, management and training, and private sector involvement. In August 1995, a Regional Tourism Organisation of Southern Africa (RETOSA) was established with the objective of promoting regional tourism.

The Finance and Investment Sector was created by the Council of Ministers in January 1995 and South Africa was allocated the responsibility of coordinating the activities of that sector. The sector operates on two levels, namely the Committee of Senior Treasury Officials and the Committee of Central Bank Governors. The former is chiefly concerned with government policy issues while the latter deals with the development of well-managed

financial institutions and markets, cooperation regarding international financial relations, and monetary, foreign exchange and investment policies within the SADC. The South African Reserve Bank is responsible for coordinating the activities of central banks of member states in the promotion of SADC objectives. All the work undertaken in the sector is coordinated by the Finance and Investment Sector Coordinating Unit (FISCU).

A draft of the new SADC Finance and Investment Protocol is expected to be tabled at the Meeting of the Committee of Finance Ministers in July 1999. The drafting has necessitated an extensive consultative approach. FISCU had recourse to private consultants who undertook three comprehensive studies on investment, development finance and macroeconomic issues. The Committee of Finance Ministers ratified the decision to set up the Macroeconomic Policies Subcommittee under the chairmanship of Mauritius.

Since its inaugural meeting on 24 November 1995, the Committee of Central Bank Governors has ratified several projects designed to contribute to the process of regional economic cooperation and integration. Currently, the Committee is involved in eight projects:

(i) Development of a monetary and financial statistical database for SADC countries.

The database was released on the SADC Central Banks website on 14 November 1997 and is updated on a biannual basis. The Bank helped in devising the format of the database and in developing internationally accepted definitions for all variables.

(ii) Development of an information bank on the structures, policies and activities of SADC central banks as well as the financial markets in SADC.

The document was released on the SADC Central Banks website on 7 November 1997 and is updated annually.

(iii) Development of national payment, clearing and settlement systems in SADC countries.

In phase I of the project, the emphasis was on sensitisation, information gathering, stock-taking and situational analyses with a view to publishing a "Green Book" on the payments systems in SADC. The Bank helped in that project by organising a sensitisation workshop at Maritim Hotel on 1-3 April 1997. In phase II, the emphasis will shift from general sensitisation to capacity building and the formulation of a shared vision and a strategic framework.

(iv) Exchange controls and their impact on cross-border flows of goods, services and capital.

The objectives of that project were to examine the existing exchange control regulations in the SADC



region, their implications for cross-border flows of capital, goods and services, and possible improvements in those areas. A decision was taken to set up a Subcommittee under the chairmanship of the Bank of Mauritius to look into those issues. The Subcommittee on Exchange Control held its first meeting in Mauritius in May 1997 and its second meeting in South Africa in August 1997. The assignment was completed and presented at the meeting of the Committee in October 1997. The Subcommittee developed a spreadsheet comparing the exchange control measures of all SADC countries on an item-by-item basis, ranked countries according to the level of exchange control liberalisation for each item of the matrix, made proposals on the liberalisation of exchange control and provided guidelines on the macroeconomic and regulatory framework that must accompany the removal of exchange control. The report of the Subcommittee was released on the SADC Central Bankers website on 7 November 1997. The information will be updated as and when further relaxation of exchange control takes place.

(v) Repatriation of bank notes and coins among SADC countries.

The objective of that project was to determine the problems encountered with the repatriation of bank notes and coin among SADC countries and to develop proposals to solve these problems. Since it is a problem related to exchange control, the responsibility of handling that project was transferred to the Subcommittee on Exchange Control under the chairmanship of the Bank of Mauritius. The Subcommittee gathered information on the current repatriation procedures and the problems encountered in each SADC country. The main conclusion of the Subcommittee was that the problems encountered were of a bilateral nature and would diminish with the relaxation of exchange control. The Subcommittee presented its report to the meeting of the Committee in October 1997.

(vi) Coordination of training of central bank officials in SADC.

Four categories of training needs have been identified for central bank officials in SADC: training in central banking skills, management skills, information technology and human resource management. Several officers of the Bank have been following courses at the South African Reserve Bank Training Institute.

In addition to those six projects, a project on the legal and operational frameworks of SADC Central Banks was initiated at the sixth meeting of the Committee of Central Bank Governors hosted by the Bank of Mauritius at the

Berjaya Hotel in April 1998. One of the requirements of the Terms of Reference of the Committee is that the legal and operational frameworks of SADC central banks should be analysed in order to achieve comparability in that area. Another project on the development of money and capital markets in SADC will be initiated at the next meeting of the Committee in October 1998. As a current member of the Working Group of the Committee, the Bank participated in the drafting of the terms of reference of these two new projects.

The SADC Central Banks Information Technology Forum aims at furthering cooperation in the field of information technology, elaborating joint projects and increasing capacity building among the central banks of the region.

The Bank of Mauritius hosted the 3rd SADC Information Technology (IT) Workshop at the Berjaya Hotel on 13 and 14 May 1998.

Information Technology Directors from twelve member central banks reviewed the progress of the short-term projects and discussed the funding for setting up and developing Web Sites and Internet connectivity for all member central banks. Longer-term projects include devising common applications architecture and a regional strategy for training and capacity building.

## PRESS STATEMENT ISSUED BY THE COMMITTEE OF GOVERNORS OF CENTRAL BANKS IN SADC

The Committee of Governors of Central Banks in SADC held its sixth meeting in Mauritius on 3 April 1998. The meeting was attended by Governors and Senior Officials from all the central banks of SADC member states, as well as by representatives from the Finance and Investment Sector Coordinating Unit (FISCU) and the SADC Secretariat.

The activities of the Committee of Governors have increased considerably since its inauguration on 24 November 1995, particularly as reflected by the contributions made thereto by the Committee of Stock Exchanges in SADC and the Association of Commercial Banks in SADC. The Committee of Stock Exchanges again was in attendance and the meeting noted the progress made since its previous meeting with regard to dual listings and the listing of SADC Depository receipts. The Association of Commercial Banks submitted a report on the proceedings of its inaugural meeting, which was held in South Africa on 6 March 1998. These organisations will continue to liaise with and report to the Committee of Governors, as will the Eastern and Southern African Bank Supervisors Group (ESAF), which also submitted a report on its activities.

The Committee of Governors discussed exchange rate policies, systems and practices in the member states and reviewed the progress made with its various projects on macro-economic statistics, financial systems, clearing and settlement, exchange control, repatriation of currency, training of central bank officials and co-operation in the field of information technology.

In addition, a new project on the legal and operational frameworks of SADC central banks was initiated. The Committee of Governors also held an in-depth discussion on the envisaged Finance and Investment Protocol which must be approved by the SADC Council of Ministers. A submission will be made to the Committee of Ministers of Finance in SADC at their meeting in June 1998.

The Committee's next meeting will be held in South Africa on 30 October 1998.

Dr C.L. Stals

Chairman: Committee of Governors of Central Banks  
in SADC

3 April 1998

## IOC

The Indian Ocean Commission (IOC) was created in December 1982 with three members, namely Madagascar, Mauritius and Seychelles. Membership was expanded in 1986 to include Comoros and France (represented by the French Overseas Department of Reunion).

The main objective of the organisation is to promote regional cooperation among the five island states, particularly in diplomatic, economic, social, cultural and technical development. The priority is to improve the standard of living through economic, commercial and technical cooperation. Tariff reduction also forms part of the sectoral concerns. The IOC has a Programme of Action of more than ECU60 million (Rs1.6 billion) for projects in various sectors including fisheries, trade, artisanat, education and environment.

## COMESA

In December 1994, the Common Market for Eastern and Southern Africa (COMESA) was set up to replace the Preferential Trade Area for Eastern and Southern Africa. Presently, 21 countries are members of the COMESA. They are Angola, Burundi, Comoros, Democratic Republic of Congo, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Sudan, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. Egypt's request to join the COMESA was accepted at the last meeting of COMESA Ministers.

The lowering of tariff has helped intra-COMESA trade to grow from US\$834 million in 1985 to US\$2,400 million in 1995. Member states are expected to reduce customs duty on goods imported from other COMESA countries by 90 per cent by October 1998 and by 100 per cent by the year 2000.

Trade between Mauritius and other COMESA member states went up by 18.5 per cent from Rs2,334 million in 1996 to Rs2,766 million in 1997. Our main exports include fertilisers, textile products, denim, syringes, flour, audio cassettes, shoes, plastic products, cotton thread, detergents, flowers and pharmaceutical products. Our main imports are corned beef, cement, crustaceans, iron, steel, beef and wood.

## IOR-ARC

The Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) regroups fourteen member countries, namely Australia, India, Indonesia, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman,

Singapore, South Africa, Sri Lanka, Tanzania and Yemen. This region represents a third of the world population but generates less than a tenth of global wealth.

The first Ministerial Meeting of the IOR-ARC was held in March 1997 in Mauritius. It adopted the Charter which outlines the fundamental principles, objectives, areas of cooperation and institutional and financial arrangements of the Association. The work programme of the IOR-ARC is an embodiment of various projects put forth by the Government, the private sector and the academia in different sectors including, *inter alia*, trade, investment and tourism. A Pilot Coordination Mechanism was set up in January 1998 in Mauritius to coordinate the activities of the Association.

Many other countries, namely Bangladesh, Seychelles, Egypt, Iran, Pakistan and Thailand, have expressed the wish to join the Association. In addition, the UK and France have manifested an interest in becoming dialogue partners within the Association.

At a meeting of Senior Officials in March 1998, the work agenda for 1998 was elaborated to include the organisation of an Indian Ocean Rim Exhibition in Oman in October 1998 and the holding of a meeting in Australia in November 1998 to decide on a Framework for Trade and Investment for member states.

## CBI

The Cross Border Initiative (CBI) is a strategy for economic cooperation in Southern and Eastern Africa and the Indian Ocean islands. Presently, there are fourteen countries that constitute the CBI, namely Burundi, Comoros, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. The main items on the CBI Agenda are: firstly, a road map for tariff reform and trade facilitation; secondly, the liberalisation of exchange and payment system; and thirdly, investment deregulation.

Many of these countries have lowered tariffs, freed export trade restrictions, accepted the obligations under the IMF's Article VIII, which call for the elimination of restrictions on external current account transactions, moved towards market-based exchange rates and agreed to set up a one-stop investment approval authority. However, little progress has been made in reducing tariff exemptions and eliminating non-tariff barriers.

Donor support to the tune of ECU2.9 million has been received by Mauritius as grant for the continuation of the Technology Diffusion Scheme Project. Mauritius was on target as regards the implementation of the CBI Agenda.



Although it is difficult to isolate the benefits of CBI-related measures from other forms of economic reform programmes, CBI participants have generally performed better than non-CBI sub-Saharan African countries in the five-year period 1993-97.

Finally, three options were presented to CBI participants regarding the future of the CBI, namely to continue the process as it is, to expand the process to include other members or to close the whole process. It was decided that the process should be opened up to other countries which have a sound macroeconomic policy environment and are willing to implement the programme.

## OAU/AEC

The establishment of the African Economic Community in June 1991 coupled with the setting up of the Organisation of African Unity (OAU) Mechanism for Conflict Prevention, Management and Resolution in 1993 have enabled the OAU to deal with all issues in the economic and political fields.

A Forum on the Promotion of Financial Market Integration and Development in Africa, organised jointly by the OAU/AEC and the Government of the Republic of Mauritius, was held in July 1997 in Mauritius. The Opening Ceremony was chaired by Mr Mitrajeet D. Maraye, Governor of the Bank of Mauritius. In his welcoming remarks, the Governor of the Bank recalled the historical process and highlighted major political decisions taken by the OAU Heads of State and Government over the decades that culminated in the establishment of the AEC. He also stressed on the need for member states to build and develop their financial markets in order to facilitate the economic integration of the African continent.

A book entitled "Policy Consensus in a Strategy Vacuum: A Pan-African Vision for the 21st Century" was launched on that occasion. At the close of the Forum, a series of recommendations was made, the most important of which emphasised the need to have macroeconomic policy reforms, harmonise policies, share experiences, develop and integrate financial markets at the national and sub-regional levels and put in place necessary conditions that would attract foreign investment. A Technical Working Group has been constituted to follow the implementation of the recommendations made.

## Africa Bill

The Africa Growth and Opportunity Bill, also known as the Africa Bill, seeks to establish a trade-based US-

Africa relationship. The legislation was approved by the US House of Representatives in March 1998 and has gone to the Senate Finance Committee. In its present form, the bill would allow more African goods to be exported to the US and would create a US\$650 million equity and infrastructure fund for the continent. The most important aspect of the bill is possibly the shift in US interaction with Africa from aid and dependency to growth and full partnership in the global economy.

The elimination of duties and quotas would create new perspectives for African exporters and thousands of new jobs. The bill is expected to expand trade, accelerate economic reforms, increase growth, reduce debt, improve physical infrastructure and foster a more growth-oriented business climate.

One of the provisions of the bill opens US markets to African countries by mandating a non-quota policy on textile exports from sub-Saharan Africa until the year 2005, when the Multi-Fibre Agreement will be phased out, the Free Trade Area of the Americas will be in place and the North American Free Trade Area will have reached complete economic integration. Currently, the share of African textile products to the US stands at less than 1 per cent of total US textile import market. Mauritius is the main exporter of apparel to the US in the sub-Saharan region.

However, concern has been expressed about loss of jobs in the US textile industry and a proposal has been made for an amendment which mandates that African countries use raw materials made in the US for such textile exports. This could no doubt be a serious blow to the bill.

## Regional Development Certificate

A special incentive certificate will be issued to companies investing in member-countries of SADC, COMESA, IOC and IOR-ARC. A Regional Development Certificate will be granted to those companies which hold at least 35 per cent of the equity in an approved regional development project and repatriate all dividends received from their investment in the region. In addition, investors will qualify for tax credit on their equity participation in the projects. Interests earned on loan capital raised in connection with such projects will also be eligible for certain tax remissions.

## Regional Initiatives

Economic developments in the region have created the need for more intensive cooperation among countries. Indeed, neighbouring countries are offering unique

investment opportunities, which local entrepreneurs can tap through the expertise and know-how that they have accumulated over the last three decades in sectors like agriculture and manufacturing.

In order to expand their activities and in line with the determination of the Government to encourage regional initiatives, the private sector is willing to take advantage of the Special Economic Zone of 100,000 hectares, which the Government of Mozambique has put at the disposal of Mauritian investors in the north of Beira. Various projects in the field of biotechnology, horticulture and livestock production have already been identified.

The Mauritian private sector is involved in the rehabilitation of the Marromeu sugar factory in Mozambique, which necessitates substantial investments. The long-term objectives are to produce a total of 115,000 tonnes of sugar by the year 2006, to reactivate livestock production, to produce maize, rice and copra, and to rehabilitate the Luabo sugar estate. Moreover, a Memorandum of Understanding to set up a joint venture to rehabilitate a sugar factory in Mtibwa in the north of Dar-es-Salaam has been signed with Tanzanian partners.

## INTERNATIONAL ECONOMIC DEVELOPMENTS

## VII

In the wake of the Asian crisis, growth projections of world output for 1998 have been revised downwards. The growth of world output, which stood at 4.1 per cent in 1996 and 1997, has been projected at 3.1 per cent in 1998. The global slowdown is, nevertheless, relatively mild because of solid prospective growth of domestic demand in most industrial countries. The largest downward revisions have been for the three economies most affected by the crisis - Indonesia, Korea and Thailand. The drying up of private foreign financing together with the major currency depreciations and declines in asset prices are causing sharp contractions of domestic demand, which will be only partially counterbalanced by increased net exports. Similar forces, but on a smaller scale, have also lowered near-term growth prospects for Malaysia, the Philippines and a number of other countries in east Asia. However, increasing evidence of the commitment of authorities of these countries to the needed stabilisation and reform measures plus the economies' strong underlying growth potential have led to expectations of a moderate pick-up of growth in 1999.

Growth of output of industrial countries, on average, rose from 2.7 per cent in 1996 to 3.0 per cent in 1997 and is projected at 2.4 per cent in 1998. In 1997, economic performance in the United States was exceptional by international and by historical standards. The US economy recorded its fastest growth in 9 years, its lowest inflation in 32 years, its lowest unemployment level in 24 years and a virtual balance in the federal budget for the first time since the early 1970s. Growth rate in 1998, however, is projected to fall to 2.9 per cent, reflecting the weakening of external demand related to a strong dollar and the Asian crisis. Economic activity remained strong in the United Kingdom where real output growth accelerated to 3.3 per cent in 1997 as against 2.2 per cent in 1996 with unemployment declining to a 17-year low of 5.6 per cent. However, growth in the UK is expected to moderate to 2.3 per cent in 1998 due to a slowdown in UK exports as a result of the Pound sterling's substantial real appreciation, the Asian crisis and the restraint in domestic demand following the tightening of monetary conditions in 1997. Among the major industrial countries, Japan has been an exception in 1997, experiencing a growth of 0.9 per cent as compared to 3.9 per cent in 1996. Rising unemployment, the Asian crisis and the resulting decline in exports to the region, and the fragile state of the Japanese financial system have had negative repercussions on Japan's growth.

In the developing economies, as a group, growth in output fell to 5.8 per cent in 1997 from 6.6 per cent in the pre-

ceding year and is expected to slow down further to 4.1 per cent in 1998. The Asian nations experienced the sharpest decline in growth rate in 1997 and, as a result of spillovers from the Asian crisis and political uncertainties, output growth is projected to ease further in 1998. Latin American countries have weathered the Asian crisis relatively well in 1997 and their good economic performance has been supported by the reforms and macroeconomic policies implemented in the wake of the Mexican crisis. However, growth in this part of the world is also expected to slow down in 1998. With most African countries experiencing a fall in output growth in 1997, resulting from a combination of unfavourable commodity price developments, weather-related shocks, armed conflicts and political uncertainties, growth in this continent fell to 3.2 per cent. Yet, on the assumption that there would be continued implementation of disciplined macroeconomic policies, further deepening of structural reforms and successful resolution of armed conflicts in some areas, output growth in Africa is expected to average 4.6 per cent in 1998.

After successive periods of output decline, growth rate in the transition countries, as a whole, increased to 1.7 per cent in 1997 as against a drop of 0.1 per cent in 1996. Output in 1998 is expected to expand further by 2.9 per cent.

The year 1997 has been marked by a sustained fall in world inflation. Inflation among the major industrial countries, as measured by consumer prices, slowed to 2.1 per cent in 1997 from 2.4 per cent in 1996. Inflation in the United States fell from 2.9 per cent in 1996 to 2.3 per cent in 1997 and is projected to fall further to 2.0 per cent in 1998. With rising real interest rates stemming from the decline in inflation, the Federal Open Market Committee (FOMC) chose to leave the federal funds rate at the level set in March 1997. In the UK, the inflation rate fell from 2.9 per cent in 1996 to 2.8 per cent in 1997 and is expected to stand at 2.9 per cent in 1998. During 1997-98, the Bank of England in its Monetary Policy Committee meetings raised interest rates in four steps of 25 basis points to 7.5 per cent in June 1998. Combined with the substantial appreciation of the Pound, this resulted in a considerable tightening of monetary policy. Inflation in Germany rose modestly from 1.5 per cent in 1996 to 1.8 per cent in 1997, largely due to the relative weakness of the exchange rate and the associated increases in import prices. In response to these price pressures, the Bundesbank raised the repurchase rate in October 1997 to 3.3 per cent from an all-time low of 3.0 per cent. This tightening was followed by an interest rate increase in France as well. In the developing countries as a whole, the rate of inflation maintained its downward trend, falling from 13.7 per cent in 1996 to 8.5 per cent in 1997. It is, however, expected to rise to 10.2 per cent in 1998.



Current, prospective and divergent cyclical positions of the major industrial countries as well as underlying fundamentals continued to dominate exchange rate developments. The US dollar and Pound sterling strengthened markedly relative to the Japanese yen and Deutsche mark. Business cyclical discrepancy between the United States and Japan, interest rate differential in favour of dollar-denominated assets and the crisis in Asia contributed largely to the strength of the dollar against the yen. In addition, the Japanese currency suffered greatly from the fragile state of its domestic financial system. In June 1998, the yen recorded its 8-year low of 146.75 against the US dollar. The Pound sterling, benefiting from a business cycle more consistent with that of the United States than with that of continental Europe, appreciated against all major European currencies.

Against the background of dollar strength, European currency markets are awaiting the launch of the euro in January 1999. Eleven of the fifteen European Union (EU) member states will participate in the Economic and Monetary Union (EMU) in January 1999 - Germany, France, Italy, Spain, Belgium, Netherlands, Ireland, Luxembourg, Finland, Portugal and Austria. Of the four members (Denmark, Greece, Sweden and UK) that have decided not to participate at the outset, Greece is aiming to join by 2001. Since the signing of the Maastricht Treaty, considerable progress in reducing inflation and fiscal imbalances has been made. As from 1998, fiscal deficits are expected to be below 3 per cent of GDP in all countries, including Greece which is expected to satisfy the deficit criterion for the first time this year. The EU's aggregate public deficit is estimated at 2.4 per cent of GDP for 1997 and this ratio is expected to fall to 1.9 per cent in 1998 (2.4 per cent for the euro zone) and 1.6 per cent in 1999 (2.0 per cent for the euro zone).

World trade in goods and services picked up in 1997 by 9.4 per cent after its setback of 6.6 per cent in the preceding year. It is expected, however, to slow down to 6.4 per cent in 1998. Within this overall slowdown, Japan, United States and United Kingdom would experience the highest declines in their export volumes in 1998 while the developing countries, as a group, would register a smaller decline.

In most of the major industrial countries, current account imbalances have widened significantly in 1997. In the United States, the current account deficit increased from 1.9 per cent of GDP in 1996 to 2.1 per cent of GDP in 1997 and is projected to reach 2.7 per cent of GDP in 1998, reflecting the effects of the Asian crisis together with the booming domestic economy and the appreciation of the US dollar. In the UK, from a surplus of 0.6 per

cent of GDP in 1997, the current account is projected to post a deficit of 1.1 per cent of GDP in 1998 on account of the strength of the Pound sterling that is expected to weaken net exports. In contrast, Japan's current account showed a surplus of 2.2 per cent of GDP in 1997, up from 1.4 per cent of GDP in 1996. The surplus is projected to rise to 3.0 per cent of GDP in 1998. As for other industrial countries, Canada moved from a surplus of 0.4 per cent of GDP in 1996 to a deficit of 2.0 per cent of GDP in 1997 while Australia managed to reduce its current account deficit of 4.0 per cent of GDP in 1996 to 3.4 per cent in 1997. The current account balances of developing countries, whose export earnings are highly dominated by oil exports, are expected to deteriorate. In Mexico, the fiscal restraint is expected to partly offset the effects of lower oil prices and yet its current account deficit is projected to widen to 2.5 per cent of GDP in 1998 from 1.8 per cent in 1997.

Net private capital flows to emerging market countries, comprising all developing, newly industrialised and transition countries, declined to US\$173.7 million in 1997 from US\$240.8 million in 1996 with net inflows to the developing countries of Asia falling to their lowest level since 1992. In fact, as the crisis in Asia deepened, net private inflows in the region declined steeply. Other emerging market countries also experienced declines in capital inflows as a result of contagion from the early stages of the Asian crisis. In 1998, however, net capital flows to emerging market countries are expected to fall moderately to US\$122.0 million under the assumption that capital flows to Asia would recover slowly.

The Eleventh General Review of Quotas of the IMF was concluded with the adoption by the Board of Governors in February 1998 of a Resolution proposing an increase of 45 per cent in total quotas from SDR146 billion to approximately SDR212 billion. The increase in quotas can take effect any time before 29 January 1999, which is the deadline for a member to consent to the increase in its quota. Under the Eleventh General Review, the quota for Mauritius would increase by SDR28.3 million or 38.6 per cent from SDR73.3 million to SDR101.6 million.

## INTERNATIONAL ECONOMIC DEVELOPMENTS

### VII

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In the developing economies, as a group, growth in output fell to 5.8 per cent in 1997 from 6.6 per cent in the pre-

ceding year and is expected to slow down further to 4.1 per cent in 1998. The Asian nations experienced the sharpest decline in growth rate in 1997 and, as a result of spillovers from the Asian crisis and political uncertainties, output growth is projected to ease further in 1998. Latin American countries have weathered the Asian crisis relatively well in 1997 and their good economic performance has been supported by the reforms and macroeconomic policies implemented in the wake of the Mexican crisis. However, growth in this part of the world is also expected to slow down in 1998. With most African countries experiencing a fall in output growth in 1997, resulting from a combination of unfavourable commodity price developments, weather-related shocks, armed conflicts and political uncertainties, growth in this continent fell to 3.2 per cent. Yet, on the assumption that there would be continued implementation of disciplined macroeconomic policies, further deepening of structural reforms and successful resolution of armed conflicts in some areas, output growth in Africa is expected to average 4.6 per cent in 1998.

After successive periods of output decline, growth rate in the transition countries, as a whole, increased to 1.7 per cent in 1997 as against a drop of 0.1 per cent in 1996. Output in 1998 is expected to expand further by 2.9 per cent.

The year 1997 has been marked by a sustained fall in world inflation. Inflation among the major industrial countries, as measured by consumer prices, slowed to 2.1 per cent in 1997 from 2.4 per cent in 1996. Inflation in the United States fell from 2.9 per cent in 1996 to 2.3 per cent in 1997 and is projected to fall further to 2.0 per cent in 1998. With rising real interest rates stemming from the decline in inflation, the Federal Open Market Committee (FOMC) chose to leave the federal funds rate at the level set in March 1997. In the UK, the inflation rate fell from 2.9 per cent in 1996 to 2.8 per cent in 1997 and is expected to stand at 2.9 per cent in 1998. During 1997-98, the Bank of England in its Monetary Policy Committee meetings raised interest rates in four steps of 25 basis points to 7.5 per cent in June 1998. Combined with the substantial appreciation of the Pound, this resulted in a considerable tightening of monetary policy. Inflation in Germany rose modestly from 1.5 per cent in 1996 to 1.8 per cent in 1997, largely due to the relative weakness of the exchange rate and the associated increases in import prices. In response to these price pressures, the Bundesbank raised the repurchase rate in October 1997 to 3.3 per cent from an all-time low of 3.0 per cent. This tightening was followed by an interest rate increase in France as well. In the developing countries as a whole, the rate of inflation maintained its downward trend, falling from 13.7 per cent in 1996 to 8.5 per cent in 1997. It is, however, expected to rise to 10.2 per cent in 1998.

Current, prospective and divergent cyclical positions of the major industrial countries as well as underlying fundamentals continued to dominate exchange rate developments. The US dollar and Pound sterling strengthened markedly relative to the Japanese yen and Deutsche mark. Business cyclical discrepancy between the United States and Japan, interest rate differential in favour of dollar-denominated assets and the crisis in Asia contributed largely to the strength of the dollar against the yen. In addition, the Japanese currency suffered greatly from the fragile state of its domestic financial system. In June 1998, the yen recorded its 8-year low of 146.75 against the US dollar. The Pound sterling, benefiting from a business cycle more consistent with that of the United States than with that of continental Europe, appreciated against all major European currencies.

Against the background of dollar strength, European currency markets are awaiting the launch of the euro in January 1999. Eleven of the fifteen European Union (EU) member states will participate in the Economic and Monetary Union (EMU) in January 1999 - Germany, France, Italy, Spain, Belgium, Netherlands, Ireland, Luxembourg, Finland, Portugal and Austria. Of the four members (Denmark, Greece, Sweden and UK) that have decided not to participate at the outset, Greece is aiming to join by 2001. Since the signing of the Maastricht Treaty, considerable progress in reducing inflation and fiscal imbalances has been made. As from 1998, fiscal deficits are expected to be below 3 per cent of GDP in all countries, including Greece which is expected to satisfy the deficit criterion for the first time this year. The EU's aggregate public deficit is estimated at 2.4 per cent of GDP for 1997 and this ratio is expected to fall to 1.9 per cent in 1998 (2.4 per cent for the euro zone) and 1.6 per cent in 1999 (2.0 per cent for the euro zone).

World trade in goods and services picked up in 1997 by 9.4 per cent after its setback of 6.6 per cent in the preceding year. It is expected, however, to slow down to 6.4 per cent in 1998. Within this overall slowdown, Japan, United States and United Kingdom would experience the highest declines in their export volumes in 1998 while the developing countries, as a group, would register a smaller decline.

In most of the major industrial countries, current account imbalances have widened significantly in 1997. In the United States, the current account deficit increased from 1.9 per cent of GDP in 1996 to 2.1 per cent of GDP in 1997 and is projected to reach 2.7 per cent of GDP in 1998, reflecting the effects of the Asian crisis together with the booming domestic economy and the appreciation of the US dollar. In the UK, from a surplus of 0.6 per

cent of GDP in 1997, the current account is projected to post a deficit of 1.1 per cent of GDP in 1998 on account of the strength of the Pound sterling that is expected to weaken net exports. In contrast, Japan's current account showed a surplus of 2.2 per cent of GDP in 1997, up from 1.4 per cent of GDP in 1996. The surplus is projected to rise to 3.0 per cent of GDP in 1998. As for other industrial countries, Canada moved from a surplus of 0.4 per cent of GDP in 1996 to a deficit of 2.0 per cent of GDP in 1997 while Australia managed to reduce its current account deficit of 4.0 per cent of GDP in 1996 to 3.4 per cent in 1997. The current account balances of developing countries, whose export earnings are highly dominated by oil exports, are expected to deteriorate. In Mexico, the fiscal restraint is expected to partly offset the effects of lower oil prices and yet its current account deficit is projected to widen to 2.5 per cent of GDP in 1998 from 1.8 per cent in 1997.

Net private capital flows to emerging market countries, comprising all developing, newly industrialised and transition countries, declined to US\$173.7 million in 1997 from US\$240.8 million in 1996 with net inflows to the developing countries of Asia falling to their lowest level since 1992. In fact, as the crisis in Asia deepened, net private inflows in the region declined steeply. Other emerging market countries also experienced declines in capital inflows as a result of contagion from the early stages of the Asian crisis. In 1998, however, net capital flows to emerging market countries are expected to fall moderately to US\$122.0 million under the assumption that capital flows to Asia would recover slowly.

The Eleventh General Review of Quotas of the IMF was concluded with the adoption by the Board of Governors in February 1998 of a Resolution proposing an increase of 45 per cent in total quotas from SDR146 billion to approximately SDR212 billion. The increase in quotas can take effect any time before 29 January 1999, which is the deadline for a member to consent to the increase in its quota. Under the Eleventh General Review, the quota for Mauritius would increase by SDR28.3 million or 38.6 per cent from SDR73.3 million to SDR101.6 million.



## THE ASIAN CRISIS

The Asian countries at the centre of the recent crisis have for years been promoted as the most successful emerging market countries on account of their impressive growth rates and gains in standards of living. For the past three decades, no other group of countries has made more rapid economic growth or achieved such reduction in poverty. Per capita income levels have increased significantly and it was not unusual to refer frequently to the "Asian miracle". With the fiscal policies adopted and their relatively high savings rates, they were widely perceived as attractive models for many other countries. Until the current crisis, Asia attracted almost half of total private capital inflows to developing countries - about US\$100 billion in 1996. The financial crisis unfolded in Asia in mid-1997 against the backdrop of several decades of remarkable economic performance. The crisis which resulted in sharp declines in the currencies, stock markets and asset prices of a number of Asian countries, threatened these countries' financial systems and disrupted their real economies. The worst hit of these Asian countries were Indonesia, Korea and Thailand. Malaysia and the Philippines were affected to a lesser extent while Singapore and Hong Kong were the least affected. In addition to its effects in Asia, the crisis has put pressure on exchange rates in emerging markets outside the region and is expected to adversely impact on the growth rates of countries worldwide.

The origins of the Asian crisis can be attributed to several factors, both domestic and external, which, exacerbated by contagion and spillovers among the countries involved, contributed to the dramatic deterioration in sentiment by foreign and domestic investors. The key domestic factors were:

First, the failure to dampen overheating pressures that had been building up in many countries and had manifested themselves in large external current account deficits and inflated property and stock market values.

Second, the maintenance of pegged exchange rate regimes for too long had encouraged large scale short-term external borrowing and led to overvalued currencies and imbalances in exposure to foreign exchange risk.

Third, lax prudential rules and financial oversight had led to a sharp deterioration in the quality of banks' loan portfolios.

Fourth, problems of data availability and lack of transparency hindered market participants from maintaining a realistic view of economic fundamentals.

Finally, problems of governance and political uncertainties and doubts about the authorities' commitment and ability to implement the necessary adjustment and reforms exacerbated pressures on currencies and stock markets.

External factors also played a role and many foreign investors suffered substantial losses. International investors had underestimated the risks as they searched for higher returns during a period when investment opportunities were less profitable in Japan and Europe owing to sluggish economic growth and low interest rates. Since several exchange rates in Asia were pegged to the US dollar, wide swings in the dollar/yen exchange rate contributed to the build-up in the crisis through shifts in international competitiveness that proved unsustainable. In particular, losses in competitiveness associated with the dollar's appreciation from mid-1995, particularly against the yen, contributed to the export slowdown and wider external imbalances.

To contain the economic damage caused by the crisis, the countries that were directly affected introduced corrective measures and, as part of international support packages, the IMF has provided financial support for policy programmes in the three worst-hit countries - Indonesia, Korea and Thailand. However, initial hesitation in introducing reforms and in taking other measures in these countries led to a worsening of the crisis by causing declines in currency and stock markets beyond what a reasonable assessment of economic fundamentals might have justified. This overshooting in financial markets exacerbated the panic and added to the difficulties in both the corporate and financial sectors.

Between June 1997 and June 1998, on a period average basis, the currencies of Asian countries depreciated by between 16 per cent to 82 per cent vis-à-vis the US dollar. The Indonesian rupiah depreciated by 81.9 per cent, the Korean won by 36.3 per cent, the Thai baht by 39.2 per cent, the Malaysian ringgit by 37.0 per cent, the Philippines pesos by 34.7 per cent and the Singapore dollar by 15.8 per cent.

The impact of the Asian crisis on the Mauritian economy has so far been contained. Asian countries account for about 12 per cent of our imports and 7 per cent of our exports while tourist arrivals from these countries represent only about 3 per cent of total arrivals. In the wake of the currency depreciations, Mauritius may reap the benefits of lower import prices although it must be pointed out that about 52 per cent of our imports are invoiced in US dollars. However, continued vigilance is of utmost importance and particular attention must be given to their potential third country effects.

While the Asian crisis is still unfolding, there are lessons to be drawn from the events of the past months. In a globalised economy, a few macroeconomic virtues are not enough. While globalisation of the world's financial markets offers opportunities, it also carries risks. Sudden

shifts in market sentiments can trigger massive shifts in short-term capital and precipitate banking sector crises with spillover effects to other economies. No country is really immune from the contagion effects. The events leading up to the Asian crisis also point to the need for greater transparency and accountability in both Government and corporate affairs and for the continuous monitoring of the soundness of the financial system.

## 2. REGULATION AND SUPERVISION OF BANKS

Regulation and supervision of banks and deposit-taking activity of non-bank financial institutions are conducted in accordance with the provisions of the Banking Act 1988. The operations of money-changers and foreign exchange dealers fall under the provisions of the Foreign Exchange Dealers Act 1995.

With a view to protecting depositors' interests and preserving the soundness of financial institutions, the Supervision Department of the Bank holds responsibility, *inter alia*, for:

- the processing of applications for banking licences,
- setting out prudential regulations for the governance of licensed institutions,
- carrying out off-site surveillance as well as on-site inspections and examination of authorised institutions.

In the execution of its duties, the Department liaises regularly with the management of authorised institutions and with their internal and external auditors.

### DOMESTIC BANKING SECTOR

The contribution of the financial sector, inclusive of the banking sector, to GDP approximated 6 per cent during the period under review. The Asian crisis has emphasised the need for sound banking practices through effective regulation and supervision.

Total assets of domestic commercial banks increased by 17.0 per cent to Rs83,193 million as at 30 June 1998, thus maintaining the pace of business growth of preceding years. Total assets of individual banks increased within a range of 6.6 per cent to 21.2 per cent during the year ended 30 June 1998.

Advances to the private sector, which amounted to Rs50,723 million, represented 61.0 per cent of banks' total assets as at 30 June 1998. Investments in Government/Bank of Mauritius securities, which amounted to Rs15,203 million, accounted for the next largest share of banks' total assets at 18.3 per cent whereas assets denominated in foreign currencies accounted for 13.3 per cent thereof.

Private deposits with domestic banks recorded a growth of 17.5 per cent to Rs66,660 million as at 30 June 1998, representing 80.1 per cent of domestic banks' total funds. Shareholders'/head office funds amounted to Rs7,537 million as at 30 June 1998, representing 9.1 per cent of banks' total funds, up from Rs6,218 million as at 30 June 1997.



Off-balance sheet items, consisting of acceptances, documentary credits and guarantees, increased by 12.2 per cent to Rs12,405 million as at 30 June 1998.

### Core Principles for Effective Banking Supervision

In September 1997, the Basle Committee on Banking Supervision issued a comprehensive set of twenty-five basic principles, the Core Principles for Effective Banking Supervision, that need to be in place for a supervisory system to be effective. They are intended to serve as a reference for supervisory authorities in all countries.

The Basle Core Principles address the preconditions for effective banking supervision, licensing and structure, prudential regulations and requirements, methods of ongoing banking supervision, information requirements, formal powers of supervisors and cross-border banking.

The Supervision Department has adopted the Basle Core Principles for assessing the ongoing effectiveness of its supervisory processes and has identified areas requiring improvement which will be addressed in the coming year.

### Concentration of Risk

In accordance with section 21 of the Banking Act 1988, banks have to submit to the Bank of Mauritius quarterly data on credit facilities extended by them to any one customer or group of closely related customers beyond 15.0 per cent of their capital base.

In this context, fund and non-fund based facilities extended by banks to customers availing themselves of more than 15.0 per cent of individual banks' capital base amounted to Rs15,800 million as at 30 June 1998, representing 25.0 per cent of total on-balance sheet and off-balance sheet facilities granted by banks. Comparative figures for such concentration of risk as at end of June 1996 and 1997 were 31.0 per cent and 32.0 per cent, respectively.

### Non-performing Advances

According to Guidelines issued on Income Recognition and Classification of Loans and Advances for Provisioning Purposes, banks are required to set aside specific provisions for non-performing advances on the basis of objective criteria relating to overdue instalments of principal and/or interest. Consequently, provisions at given minimum rates should be made in relation to uncovered exposures on which overdues have been registered for ninety days or more. This constitutes an important tool for the Bank to focus on the main risk areas of commercial banks.

Banks are also required to maintain a general provision of at least one per cent of their standard or performing advances.

Outstanding provisions held by banks for bad and doubtful debts, including general provisions, increased by 38.8 per cent to Rs1,760 million as at 30 June 1998. The stock of provisions held went up from 3.4 per cent to 3.5 per cent of banks' total advances during this period.

Charge for bad and doubtful debts increased by 64.0 per cent to Rs438 million for the period ended 30 June 1998.

Table 1: Domestic Banks: Charge for Bad and Doubtful Debts and Total Advances

	1994/95	1995/96	1996/97	1997/98 <sup>1</sup>
Charge for Bad and Doubtful Debts (for the period)	197	322	267	438
Total Advances of Banks (as at end of period)	26,891	31,289	33,844	40,417
Ratio of Charge for Bad and Doubtful Debts to Total Advances (Per cent)	0.7	0.1	0.8	1.1

<sup>1</sup> Based on combined audited data for financial years ended 30 June 1997, 31 December 1997 and 31 March 1998.

Table 2: Domestic Banks: Risk Weighted Capital Adequacy Ratio

(Per cent)

As at end of period	Jun-97	Sep-97	Dec-97	Mar-98	Jun-98
Range for all Banks	10.2 - 38.8	11.0 - 33.6	10.7 - 42.8	10.9 - 51.4	10.5 - 49.3
Overall for the Banking Sector	13.0	12.9	12.5	13.1	12.3

Table 1 gives details on the charge for bad and doubtful debts and on total banks' advances from 1994/95 through 1997/98.

### Risk Weighted Capital Adequacy Ratio

As from November 1993, date of implementation of the Basle Capital Accord in Mauritius, the average risk weighted capital adequacy ratio maintained by domestic banks has remained above 10.0 per cent, ranging from 10.7 per cent as at 31 March 1994 to 12.3 per cent as at 30 June 1998 for the banking sector as a whole.

Up to 31 December 1996, banks were required to observe a minimum risk weighted capital adequacy ratio of 8.0 per cent. This was raised to 9.0 per cent as from 1 January 1997 and further to 10.0 per cent as from 1 July 1997.

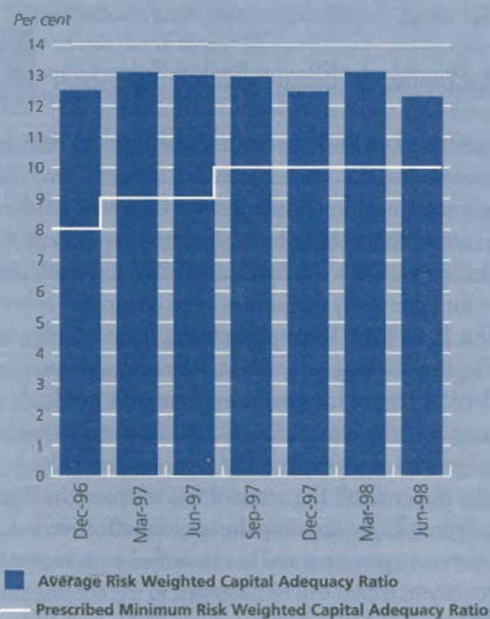
The risk weighted capital adequacy ratio of the banking sector, which averaged 13.0 per cent as at 30 June 1997, declined to 12.3 per cent as at 30 June 1998, mainly as the share of assets weighted at 100.0 per cent went up in the course of the year. Individual banks maintained a capital adequacy ratio in the range of 10.5 per cent to 49.3 per cent during the year ended 30 June 1998.

Table 2 and Chart 1 show the quarterly position of banks' risk weighted capital adequacy ratios as at end-June 1997 through end-June 1998 and end-December 1996 through end-June 1998, respectively. Chart 2 shows the ratio of Tier 1 and Tier 2 capital to risk weighted assets for the period June 1997 through June 1998 on a quarterly basis.

The capital base of banks collectively increased from Rs5,846 million as at 30 June 1997 to Rs7,021 million as at 30 June 1998. Tier 1 or Core capital accounted for over 81.0 per cent of banks' capital base as at 30 June 1998 and the balance of 19.0 per cent was accounted for by Tier 2 or Supplementary capital. Banks proceeded with increases in their paid-up/assigned capital in the course of the previous year, which led to the bulk of the capital increase being recorded in Tier 1 capital.

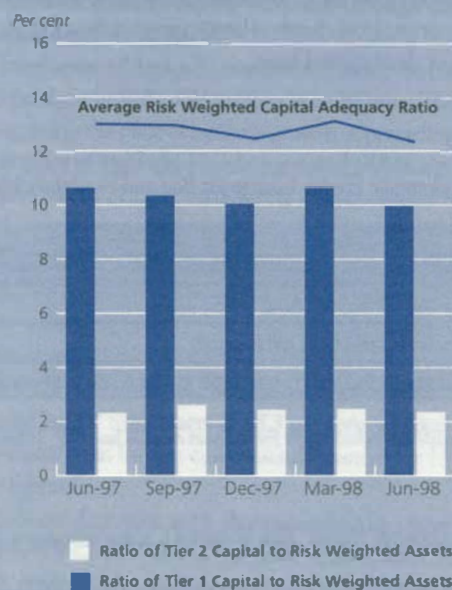
As at 30 June 1998 about 58.0 per cent of domestic banks' assets were weighted at 100.0 per cent whereas 26.0 per cent were zero risk weighted. No major structural shift in the risk distribution of banks' assets was noted during the year.

Chart 1: Risk Weighted Capital Adequacy Ratio



All figures are as at end of period.

Chart 2: Ratio of Tier 1 and Tier 2 Capital to Risk Weighted Assets



All figures are as at end of period.

### Overall Foreign Exchange Exposure of Banks

In order to establish uniform prudential guidelines in terms of foreign exchange exposure risk management, domestic banks are required to observe a daily overall foreign exchange exposure not exceeding 15.0 per cent of their Tier 1 capital, based on their spot and forward foreign exchange positions at close of business. This measure, which became effective in April 1997, was designed to bring about a more efficient operation of the domestic foreign exchange market and to ensure a disciplined approach to foreign currency risk management by market operators.

The maturities of banks' foreign currency assets and liabilities are monitored on a regular basis. Available data indicate that banks have managed their foreign exchange positions prudently and are not exposed to any potential short-term capital outflows.

### Profitability

The financial year of three banks ends on 30 June, that of one bank on 31 March while, for the remaining six banks, the financial year ends on 31 December. The consolidated profit performance of banks combining their results for their respective financial years ended 30 June 1997, 31 December 1997 and 31 March 1998 are shown in Table 3 as the period 1997/98. Comparative figures for the corresponding preceding period 1996/97 are also provided.

Banks' operating profits of Rs1,404 million for the period up to March 1998 represented an 8.3 per cent increase as compared to the preceding period.

Charts 3 and 4 depict the components of income and components of net interest income for domestic banks, respectively, for the period 1993/94 through 1997/98.

Table 3: Domestic Banks: Profit Performance

(Rs million)

	1997/98	1996/97
Interest Income from Advances and Investments	6,757	6,127
Less Interest Expense on Deposits and Borrowings	4,382	4,109
<b>Net Interest Income</b>	<b>2,375</b>	<b>2,018</b>
Add Non-interest Income	1,379	1,214
	3,754	3,232
Less Staff and Other Operating Expenses	1,912	1,669
<b>Operating Profit before Bad and Doubtful Debts and Taxation</b>	<b>1,842</b>	<b>1,563</b>
Less Charge for Bad and Doubtful Debts	438	267
<b>Operating Profit before Taxation</b>	<b>1,404</b>	<b>1,296</b>

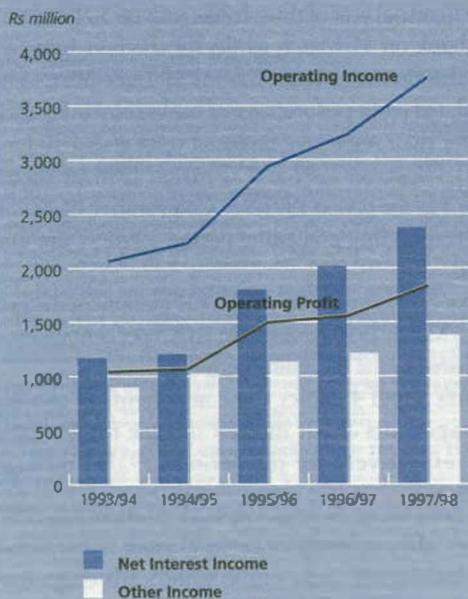
Table 4: Domestic Banks: Financial Results

(Rs million)

	1997/98	1996/97
Operating Profit	1,842	1,563
Profit after Provision for Bad and Doubtful Debts but before Taxation	1,404	1,296
Profit after Tax	1,076	1,006
Pre-tax Return on Average Assets (Per cent)	2.07	2.15
Pre-tax Return on Average Equity (Per cent)	20.40	21.47
Post-tax Return on Average Equity (Per cent)	15.64	16.67

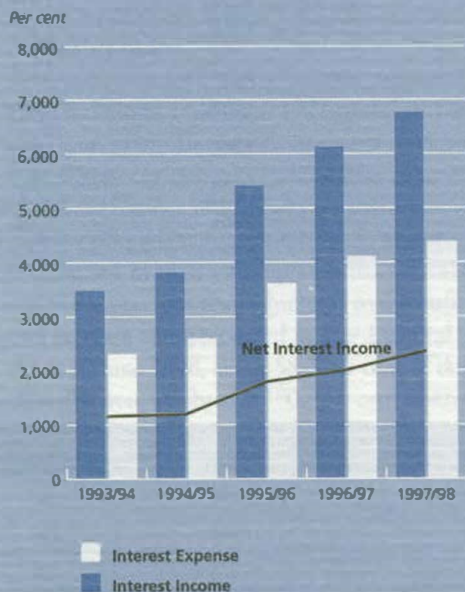


Chart 3: Domestic Banks: Components of Income



All figures are for the period.

Chart 4: Domestic Banks: Interest Expense and Interest Income



All figures are for the period.

## Analysis of Financial Results

A summary of banks' financial performance during the last two years is provided in Table 4. Chart 5 depicts the operating profit and profit after tax of domestic banks for the period 1993/94 through 1997/98.

The pre-tax return on average assets for individual banks ranged from 0.82 per cent to 3.62 per cent for the period ended 1997/98. A cluster of five banks realised pre-tax return on average assets, ranging from 2.03 per cent to 3.62 per cent, the effect of which was to bring the industry average to 2.07 per cent.

Pre-tax return on average assets was higher at 2.15 per cent for the period ended 31 March 1997.

Individual banks' post-tax return on average equity improved in 1997/98. It ranged from 5.56 per cent to 31.86 per cent in 1997/98 as compared to a range of 3.16 per cent to 24.52 per cent in 1996/97. A larger equity base combined with relatively lower returns on average assets caused a decrease in the post-tax return on average equity for the banking industry to an average of 15.64 per cent for the period ended 31 March 1998, down from 16.67 per cent for the period ended 31 March 1997.

Chart 6 shows the return on average equity and on average assets for domestic banks for the period 1993/94 through 1997/98.

## Institutional Developments

The number of domestic banks in operation remained unchanged at ten. Two of the domestic banks were also operating overseas branches and/or subsidiaries as at 30 June 1998.

The trend towards increased electronic banking continued with a rise in the number of ATMs and wider use of plastic cards in the banking sector. While some banks established on-line real time linking-up of their branches, others engaged in an overhaul of their computer systems.

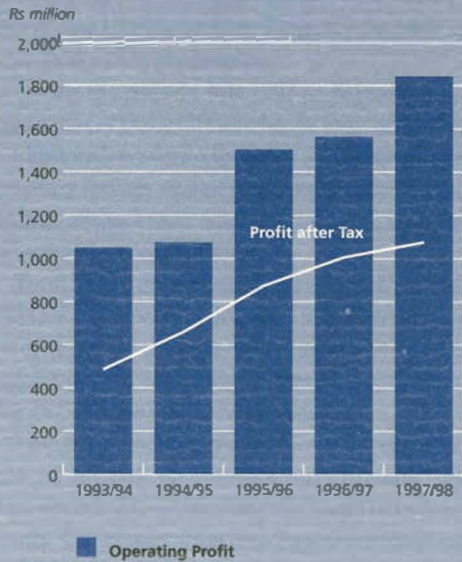
As at 30 June 1998, six non-bank financial institutions were authorised to transact deposit-taking business under section 13A of the Banking Act 1988.

Two money-changers were also authorised under the provisions of the Foreign Exchange Dealers Act 1995.

## Code of Banking Practice

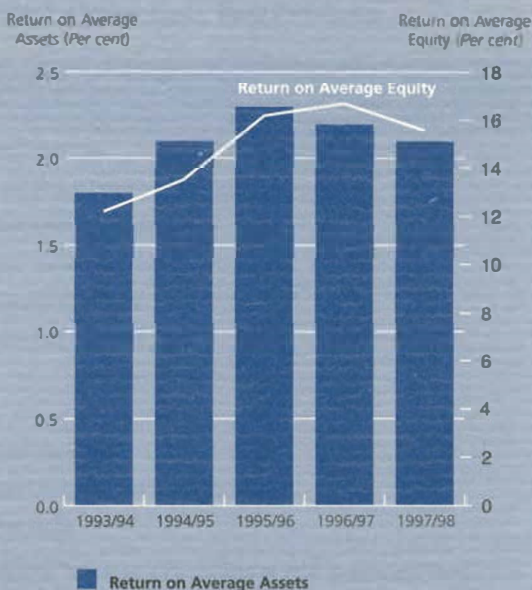
The Mauritius Code of Banking Practice prepared by the Bank of Mauritius in collaboration with commercial banks became effective on 1 July 1998. It has been implemented

Chart 5: Domestic Banks: Operating Profit and Profit after Tax



All figures are for the period.

Chart 6: Domestic Banks: Return on Average Equity and on Average Assets



All figures are for the period.

with a view to enhancing public trust and confidence in the banking sector. The main objective of the Code is to ensure that banks act fairly, reasonably and responsibly in all their dealings with customers and, hence, increase transparency by helping customers understand how their accounts operate and what they can reasonably expect from banks.

## Regulatory Changes

The minimum capital required to be maintained by domestic banks under section 14(1) of the Banking Act 1988 and by offshore banks under section 14(5) of the Act was increased uniformly to Rs75 million with effect from 1 January 1998.

The minimum risk weighted capital adequacy ratio of banks was maintained at 10.0 per cent.

Banks have been permitted to include surplus arising from revaluation of their long-term holdings of quoted equity investments for the purpose of computing the risk weighted capital adequacy ratio. For prudential reasons, 50.0 per cent only of such surplus would be eligible for inclusion in banks' Tier 2 or Supplementary capital.

Five prudential guidelines have been issued so far to banks, as follows:

- Guidelines on Limitation on Concentration of Risk,
- Guidelines on Risk Weighted Capital Adequacy Ratio,
- Guidelines on Income Recognition and Classification of Loans and Advances for Provisioning Purposes,
- Guidelines on General Principles for Maintenance of Accounting and Other Records and Internal Control Systems, and
- Guidelines on Calculation and Reporting of Foreign Exchange Exposures of Banks.

## Developments in the Legal Framework

During the year ended 30 June 1998, section 39(12) (a) of the Banking Act 1988, which limited the applicability of this section to domestic banks, was deleted.

Section 14 of the Act was amended to increase the minimum assigned and/or paid-up capital of domestic and offshore banks to Rs75 million as from 1 January 1998 and to Rs100 million as from 1 January 1999, after deduction of accumulated losses.

The Banking Act 1988 and the Bank of Mauritius Act 1966 are scheduled for replacement by new legislation with a view to updating and modernising legislation on banking.

An anti-money laundering legislation is expected to be introduced shortly. Another Bill to provide for the regulation of non-bank activities in the financial sector is under consideration.

### *Inspection of Banks and Trilateral Meetings*

Section 26 of the Banking Act 1988 provides that the Bank of Mauritius shall cause regular inspections of the operations and affairs of every bank, including overseas branches, to be made by its officers.

The Bank has decided, as a matter of policy, to carry out the inspection of every bank at least once every 12 months. During the period 1 July 1997 to 30 June 1998, on-site inspections of five domestic banks were undertaken.

Section 25(12) of the Banking Act 1988 provides that the Bank of Mauritius shall arrange trilateral meetings with each bank and its auditors at least once a year. Issues relevant to the central bank's supervisory responsibilities, including relevant aspects of the bank's business, which have arisen in the course of the statutory audit of that bank, are discussed during these meetings. Matters pertaining to the bank's accounting and control systems, its annual balance sheet and profit and loss account are also discussed during these trilateral meetings.

In accordance with this requirement, 16 trilateral meetings were held with the chief executives and external auditors of banks.

### *Year 2000 Problem*

The Bank of Mauritius initiated action in May 1997 to alert the management of banks on the Year 2000 problem. A comprehensive questionnaire was issued to all banks in November 1997 to assess banks' preparedness to address the problem. The deadline for all banks to be Year 2000 compliant has been set at 31 December 1998.



## OFFSHORE BANKING SECTOR

Two additional offshore banks, namely P.T Bank Internasional Indonesia and African Asian Bank Limited, were licensed during the year. As at 30 June 1998, nine offshore banks were in operation.

During the period 1 July 1997 to 30 June 1998, on-site inspections of three offshore banks were undertaken.

Offshore banks are engaged in a wide range of business, including foreign exchange dealing, deposit-taking and lending, offshore trust, fund management, asset financing and securities custodial services.

Total assets of offshore banks, which amounted to US\$1,022 million as at 30 June 1998, grew by about 44.0 per cent during the year, reflecting a sustained trend of business growth compared to annual growth rates averaging 28.0 per cent in preceding years.

The disturbances caused by the Asian crisis affected the pace of activity on international financial markets. However, Mauritius-based offshore banks recorded positive growth. Off-balance sheet activity also remained sustained.

Offshore banks remained active in money market trading throughout the year. Funds committed to the money market increased by US\$248 million from US\$480 million as at 30 June 1997 to US\$728 million as at 30 June 1998. Non-bank lending by offshore banks went up by US\$38 million to US\$227 million over the same period.

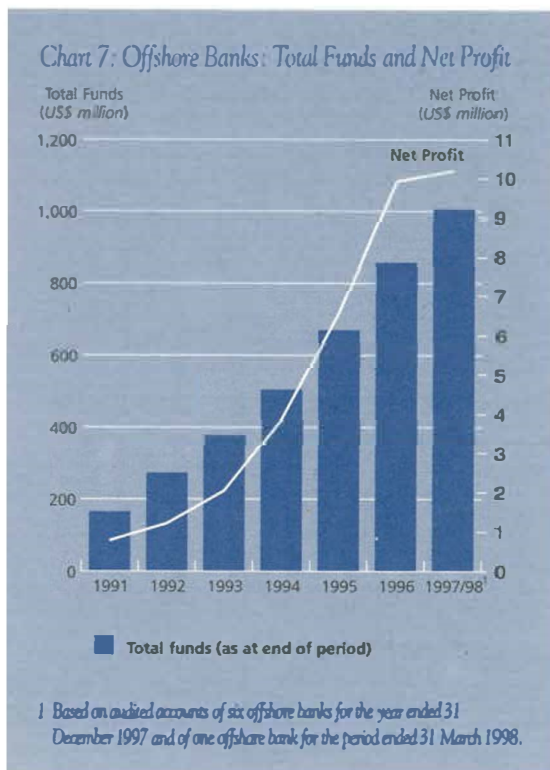


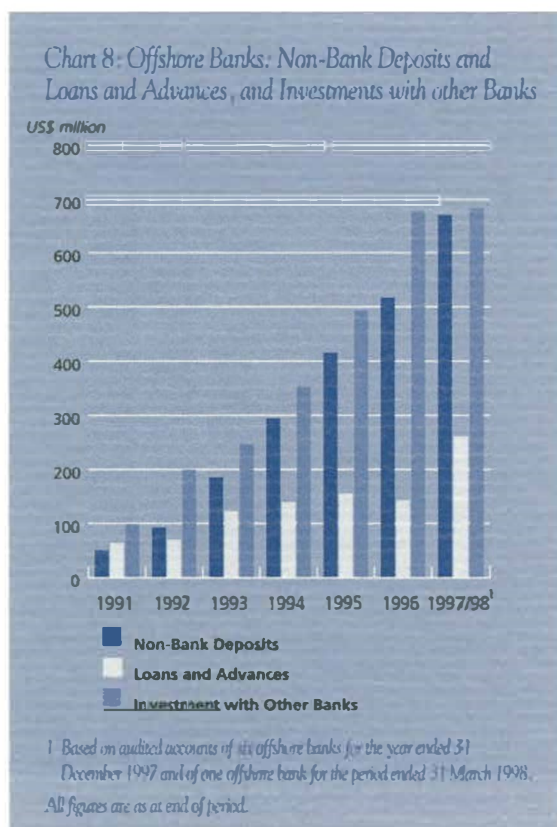
Chart 7 shows total funds and net profit of offshore banks for the years ended December 1991 through 1997/98.

Table 5: Offshore Banks: Profit Performance

(US\$ million)

	1997/98 <sup>1</sup>	1996	1995
Interest Income	42.8	40.2	33.3
Less Interest Expense on Deposits and Borrowings	32.4	31.2	25.6
<b>Net Interest Income</b>	<b>10.4</b>	<b>9.0</b>	<b>7.7</b>
Add Non-interest Income	5.6	4.6	3.7
<b>Operating Income</b>	<b>16.0</b>	<b>13.6</b>	<b>11.4</b>
Less Total Operating Costs	4.2	3.6	3.8
Staff Expenses	1.2	1.3	1.3
Other Expenses	3.0	2.3	2.5
<b>Operating Profit</b>	<b>11.8</b>	<b>10.0</b>	<b>7.6</b>
Less Charge for Bad and Doubtful Debts	1.6	0.1	1.0
<b>Net Profit</b>	<b>10.2</b>	<b>9.9</b>	<b>6.6</b>
<b>Interest Income as a Percentage of Total Income (Per cent)</b>	<b>88.4</b>	<b>89.7</b>	<b>90.0</b>
<b>Total Operating Costs as a Percentage of Total Income (Per cent)</b>	<b>8.7</b>	<b>8.0</b>	<b>10.3</b>

<sup>1</sup> Based on audited accounts of six offshore banks for the year ended 31 December 1997 and of one offshore bank for the period ended 31 March 1998.



As from this year, the financial year of six offshore banks ends on 31 December and that of one offshore bank on 31 March. The consolidated position of all offshore banks, incorporating the two financial year ends, is referred to as 1997/98.

Interest income derived from money market trading amounted to US\$28.3 million in 1997/98, down from US\$29.6 million last year. Interest of US\$11.7 million earned on loans and advances in 1997/98 accounted for 24.2 per cent of offshore banks' gross operating income for the year, which amounted to US\$48.4 million. Fees and commissions contributed a further US\$4.3 million to gross income.

The seven offshore banks showed a net profit position in 1997/98. Total net profits increased from US\$9.9 million in 1996 to US\$10.2 million in 1997/98. Return on average equity for the offshore banking sector was 10.3 per cent in 1997/98 as compared to a return of 27.0 per cent in 1996. Excluding one offshore bank which was in the process of being acquired by new shareholders, return on average equity ranged from 3.2 per cent to 62.3 per cent for individual offshore banks in 1997/98.

Table 5 gives the profit performance of offshore banks during the past three years. Chart 8 depicts offshore banks' non-bank deposits and loans and advances, and investments with other banks for the period 1991 through 1997/98.

Part 3

### 3. OPERATIONS OF THE BANK

In order to provide efficient service to the banking community, Government and parastatal bodies and the public, the Operations Department is organised in different units, namely Operations, Currency, Public Debt Management, Banking and a Clearing House.

#### OPERATIONS OFFICE

The Operations Office is responsible for the implementation of decisions regarding the management of foreign exchange reserves and weekly auctions of Treasury Bills amongst other things.

#### *Sales and Purchases of Foreign Currencies*

During the financial year 1997-98, the Bank of Mauritius sold a total amount of US\$252.4 million, equivalent to Rs5,679.7 million, to commercial banks through intervention on the interbank foreign exchange market while purchases amounted to US\$37.0 million, equivalent to Rs854.2 million.

#### *Release of Sugar Proceeds to the Banking Sector*

Effective 1 July 1997, all sugar proceeds received in foreign currencies were released directly to the banking sector as against 25.0 per cent released previously. Out of the total amount equivalent to US\$340.6 million received, a total amount equivalent to US\$316.0 million was taken up by commercial banks during the financial year 1997-98.

#### *Lending to Commercial Banks and Other Financial Institutions*

##### (i) Advances to Banks

Commercial banks no longer have automatic access to funds at the Bank of Mauritius which lends at its discretion, in terms of both rate and volume, to meet only emergency liquidity needs of banks.

##### (ii) Special Line of Credit for Leasing Facilities to the EPZ Sector and Freeport Sector

In view of an increasing number of leasing companies and a growing demand for leasing facilities from both the EPZ and Freeport sectors, the Bank of Mauritius



opened a special line of credit of Rs500 million on 8 December 1995. This line of credit was made available to approved leasing companies for the sole purpose of financing the lease of new machinery and equipment to enterprises in the EPZ sector and operators in the Freeport sector. With effect from 14 July 1997, the special line of credit was increased from Rs500 million to Rs1.0 billion.

The Bank of Mauritius charges a rate of interest of 8.0 per cent per annum on this facility to approved leasing companies which in turn charge EPZ companies and Freeport operators a rate not exceeding 10.0 per cent per annum. The repayment period is seven years from the end of the month in which funds are disbursed.

### *Treasury Bills*

During the financial year 1997-98, a total amount of Rs33.9 billion nominal Treasury Bills were issued through weekly auctions held by the Bank. The Bills issued are tradeable at the Secondary Market Cell hosted by the Bank. During the financial year 1997-98, a total amount of Rs11.4 billion nominal Bills were transacted.

### *Cash Balance and Other Liquid Assets*

In accordance with section 22 of the Bank of Mauritius Act 1966, all commercial banks are required to maintain cash balances, consisting of balances with the Bank of Mauritius and of notes and coins in their vaults, of not less than 6 per cent of their total deposit liabilities.

With effect from week ended 10 July 1997, the minimum non-cash liquid assets ratio required to be maintained by commercial banks under section 17 of the Banking Act 1988 was reduced from 20 per cent to zero per cent of their total deposit liabilities.

### *Abandoned Funds*

Under section 34 of the Banking Act 1988, commercial banks are required to transfer to the Bank of Mauritius deposits or monies lodged with them for any purpose that have remained with them unclaimed for ten years or more. These funds are refunded to the banks for repayment to owners of the funds or their heirs or assigns on rightful claims being established to the satisfaction of the Bank of Mauritius.

## CURRENCY OFFICE

The Currency Office is responsible for the management of the stock of currency.

Until the end of last year, banknotes paid-in by commercial banks were being examined and sorted manually by staff members of the Bank for re-issue to commercial banks. On average, some 90,000 to 100,000 notes were being handled daily. Banknotes unfit for circulation were destroyed by burning.

The Bank of Mauritius installed a Banknote Sorting Machine to keep up with the modern trend of sorting and destruction of banknotes. The Sorting Machine which has a capacity of 16,000 to 30,000 banknotes per hour became operational in January 1998.

The Banknote Sorting Machine offers additional facilities such as on-line banding, destruction, authentication of banknotes as well as verification for counterfeits. The sorting of banknotes can further be classified in terms of:

- (i) Unfit for re-issue
- (ii) Fit for re-issue for tellers
- (iii) Fit for ATM

### *New Coin in Circulation*

A Rs10 coin was launched on Thursday 18 September 1997 at the Bank of Mauritius. The cupro-nickel coin is 7-lobed in shape with a diameter of 28 mm and weighs 10

## PUBLIC DEBT MANAGEMENT OFFICE

The Public Debt Management Office is responsible for the issue and redemption of Mauritius Development Loan Stocks and other securities, as agent of Government, and servicing of its outstanding borrowings.

### *Bank of Mauritius Bonds*

During the financial year 1997-98, Five-Year (Tax-Free) Progressive Interest Rate Bank of Mauritius Bonds for a total amount of Rs1,617,000 and Seven-Year (Tax-Free) Variable Interest Rate Bank of Mauritius Bonds for a total amount of Rs666,000 were redeemed.

## Public Debt Management

During the financial year 1997-98, the Bank of Mauritius, acting as fiscal agent for Government, issued Government Stocks for a total amount of Rs3.0 billion as detailed below:

Title of Stocks	Amount (Rs)
8 1/4% Mauritius Development Loan Stock 2001 (1.8.2001)	527,200,000
8 5/16% Mauritius Development Loan Stock 2003 (31.3.2003)	302,000,000
8 7/16% Mauritius Development Loan Stock 2004 (1.8.2004)	623,200,000
8 1/2% Mauritius Development Loan Stock 2006 (31.3.2006)	193,000,000
8 5/8% Mauritius Development Loan Stock 2007 (1.8.2007)	448,000,000
8 11/16% Mauritius Development Loan Stock 2009 (31.3.2009)	258,000,000
8 3/4% Mauritius Development Loan Stock 2012 (1.8.2012)	401,600,000
8 13/16% Mauritius Development Loan Stock 2014 (31.3.2014)	247,000,000
<b>Total</b>	<b>3,000,000,000</b>

Government Stocks for a total amount of Rs745,000,000 were redeemed as follows:

Title of Stocks	Amount (Rs)
11% Mauritius Development Loan Stock 1998 (15.1.1998)	300,000,000
8 1/2% Mauritius Development Loan Stock 1998 (31.1.1998)	300,000,000
10 3/4% Mauritius Development Loan Stock 1998 (15.2.1998)	45,000,000
10 3/4% Mauritius Development Loan Stock 1998 (16.4.1998)	100,000,000
<b>Total</b>	<b>745,000,000</b>

## Central Depository and Settlement Co Ltd

Effective 1 December 1997, settlement of funds through the services of the Bank of Mauritius in respect of transactions carried out on the Stock Exchange by participants (stockbrokers and custodian banks) are effected daily.

During the financial year 1997-98, settlements for a total amount of Rs813.1 million were effected.

## BANKING OFFICE

The Bank of Mauritius operates current accounts for Government, parastatal organisations, commercial banks, international financial institutions and officers of the Bank. It is also responsible for the sale of industrial gold to manufacturers of jewellery and of dodo gold coins to the public.

### Sale of Gold

The Bank of Mauritius imports and sells gold of high quality, that is 24 carats 999.9 assay in bar forms of 1,000 grams, 500 grams, 250 grams and 100 grams and in grain forms to industrialists and licensed jewellers.

The daily selling prices of industrial gold are based on the international gold market prices.

### Dodo Gold Coins

22 carat Dodo Gold Coins are issued by the Bank of Mauritius in four denominations, namely one ounce with a face value of Rs1,000, half an ounce with a face value of Rs500, quarter of an ounce with a face value of Rs250 and one-tenth of an ounce with a face value of Rs100. The coins are legal tender.

The Dodo Gold Coins are on sale at the Bank of Mauritius and at commercial banks in Mauritius. They are also marketed overseas by the Royal Mint of the United Kingdom.

The daily selling prices of the coins are based on their gold content and on the international gold market prices.

### Commemorative Coin

18 Commonwealth countries, including Mauritius, participated in the issue of a commemorative coin in the context of the celebration of the 50th Wedding Anniversary of the Queen and His Royal Highness the Duke of Edinburgh. On this occasion a Rs20 silver coin was issued.

The obverse of the Mauritian coin in this commemorative coin series is a replica of the obverse of all our current coins, namely 1-cent, 5-cent, 20-cent, 50-cent, Re1, Rs5 and Rs10.

The reverse design portrays part of the story of the 50 years of marriage of the Queen and His Royal Highness the Duke of Edinburgh which together with the 23 coins in the series form the entire story.

Part 3

## 4. INFORMATION TECHNOLOGY

The major projects that the Information Technology (IT) Department is currently working upon are:

- The National Payment System
- The Year 2000 Problem
- A Contingency and Disaster Recovery Plan for the Bank.

### *National Payment System*

The Bank organised a two-week work session in May 1998 for officials from the South African Reserve Bank to conduct a feasibility study on implementing the South African Multiple Option Settlement (SAMOS) system in Mauritius. Representatives of all commercial banks participated in the work session and a presentation of the SAMOS system was made to chief executives of banks.

### *The Year 2000 Problem*

A Year 2000 Task Force, chaired by the Managing Director and comprising Heads of Departments, has been set up to monitor progress on Year 2000 compliance. Within each Department, Year 2000 Subcommittees have also been set up. The Bank has set its target to be fully compliant by 31 December 1998.

Computer users at the Bank are continuously informed about the latest developments regarding the millennium bug through the Year 2000 page on the Bank's Intranet.

An Interbank Year 2000 Committee composed of representatives of both domestic and offshore banks and the Bank of Mauritius has been set up. The Committee meets on a monthly basis to review the status of the Year 2000 compliance projects of banks. The deadline for Year 2000 compliance has been set at 31 December 1998.

### *Training*

The IT Department provides training to computer users on a continuous basis.

### *3rd SADC Central Banks IT Forum*

The Bank of Mauritius hosted the 3rd SADC Central Banks IT Forum workshop from 13 to 14 May 1998. IT



Directors from twelve SADC Central Banks attended the workshop. The main issues raised at the conference were: The Year 2000 Problem, Capacity Building and Bank Supervision application architecture.

### *Year 2000 Projects*

Most of the SADC central banks have launched programmes to counteract the Year 2000 problem.

### *Capacity Building*

Each member Bank has finalised the priorities for training requirements. Two most important areas of training are Networking and Project Management skills. The cost of trainers, training facilities and course material will be covered by World Bank funding.

### *Bank Supervision Application Architecture*

The IT Forum focused on Bank Supervision as the first common application architecture for central banks of the region. The first common application building blocks will be available by May 1999.

## 5. ADMINISTRATION

The Administration Department is responsible for the acquisition and efficient allocation of resources in a manner most conducive to the smooth functioning of the Bank. The department comprises four units, namely Human Resources, Property, Finance and Legal.

In the wake of its pledge to promote a new work culture, the Bank introduced a new set of conditions of service which became effective on 1 January 1998.

### *Human Resource Development*

As at end-June 1998, there were 262 staff members at the Bank. The organisation chart in Appendix II provides an outline of the Bank's administrative structure. In the course of 1997-98, ten meetings of the Board of Directors were held.

### *In-house Seminars and Workshops*

Mr Robert G. Jelly, Head of the School of Accountancy and Law, University of Abertay Dundee, conducted an in-house Workshop on Corporate Planning from 1 to 6 September 1997. He also gave a lecture on "Management of Change" at the University of Mauritius.

Mr Ronald MacDonald from the Bank of England conducted a seminar at the Bank on "Techniques of Banking Supervision" from 19 to 23 December 1997. Members of staff of the Supervision Department participated in the Seminar.

Mr Christophe Grandcolas from the International Monetary Fund gave a lecture on "Value-Added Tax" at the Bank on 20 March 1998 to members of the staff.

### *Training*

Appendix V gives details of officers having benefited from training, local and overseas.

### *Completion of Studies*

Miss M.M.A. Heerah, Research Officer, completed an MA degree in Economics from the University of British Columbia.

Mr J.K. Choolhun, Administrative Officer, completed an MBA from the Heriot-Watt University (Edinburg).

Mrs N. Nabee, Bank Officer Grade II, who was on study leave without pay for a period of three years, completed a BSc (Hons) Economics from Queen Mary and Westfield College, University of London.

Mrs A. Jang, Bank Officer Grade II, completed the Associateship examinations of the Chartered Institute of Bankers (ACIB).

Mr S. Ramnarainsing, Bank Officer Grade II, completed the final examinations of the Chartered Association of Certified Accountants (ACCA).

### *Institutional Cooperation*

#### *(i) Workshops, Meetings*

The Bank organised the Meeting of the Working Group of the Committee of Central Bank Governors in SADC on 5 and 6 February 1998 with a view to identifying major projects in member countries and preparing the agenda for the Meeting of the Committee of Central Bank Governors.

The Bank hosted the Meeting of the Committee of Central Bank Governors in SADC at Berjaya Le Morne Beach Resort from 1 to 3 April 1998. Thirty-eight delegates from twelve member countries participated in this Meeting to discuss the major sectoral investment projects in member countries and funding alternatives.

The Bank also hosted the 3rd Information Technology Workshop for SADC Central Banks from 13 to 15 May 1998. Delegates from twelve member countries participated in this Workshop to review the progress of short-term IT projects of SADC central banks.

The Bank collaborated with the Office of the Special Coordinator for Africa and the Least Developed Countries (OSCAL) of the United Nations Department of Economic and Social Affairs and contributed to the organisation of the Asia-Africa High-level Workshop on "Advancing Financial Intermediation in Africa" held at Le Mauricia Hotel, Grand Baie, from 20 to 22 April 1998.

#### *(ii) Staff from Overseas Central Banks on Attachment*

A six-member delegation from the Bank of Angola visited the Bank of Mauritius from 2 to 5 February 1998. The issues covered were: offshore financial sector, free trade zones, payments system, the interbank money market, foreign exchange market, incentives to foreign investments and development of offshore services.

Mrs F. Omari and Mr J.C. Mlay from the Bank of Tanzania were at the Bank from 16 to 20 February 1998. They obtained training in open market operations, interbank market, Secondary Market trading and reserves management.

From 23 to 27 February 1998, four officers from the Bank of Eritrea received training on central bank accounts, development of money markets, issue accounts, custody management and public debt management operations.

Mrs M. Matovu from the Bank of Uganda was at the Bank from 13 to 17 April 1998 to seek understanding of the financial liberalisation process.

### *Overseas Missions*

Appendix VI lists down the overseas missions of the Governor and the Managing Director.

### *Personnel Matters*

#### *(i) Appointments*

Mr R. Chinniah, ACCA, and Mr J. Ramtohul, ACCA, were appointed Managers-Supervision.

Mr R. Dabee, BA (Hons) Administration, was appointed Communications Officer.

Mr G. Pavaday, B. Tech (Hons) Computer Science and Engineering; Mr I. Seetohul, BSc Computer Science, Postgraduate Diploma in Computer Science; Mr S. Ramgolam, B. Tech (Hons) in Computer Science and Engineering, and Mr S. K. Ramessur, Master of Science in Engineering (Computers, Complexes Systems and Networks) were appointed Analyst Programmers.

Mr N. Miundboth, B. Tech (Hons) Electrical and Electronic Engineering, was appointed Technical Officer.

Mr M. Sowumber was appointed Office Superintendent.

Mr H. P. S. Goomannee was appointed Security Guard.

Mr P. Mungroo, Bank Attendant Grade II, was appointed Bank Attendant Grade I.

Mr S. Boojhawon, Bank Attendant Grade III, was appointed Bank Attendant Grade II.

#### *(ii) Retirement*

Mrs J. Jacmohone, Bank Officer Grade III, retired with effect from 1 July 1997.



Mr R. Sooklall, Bank Attendant Grade I, retired with effect from 20 November 1997.

Mr C. Ramkhalawon, Research Officer, retired with effect from 1 January 1998.

### *Celebration of 30th Anniversary*

In the context of the celebration of the 30th Anniversary of the Bank, a series of indoor (Badminton, Carrom, Chess, Dominoes, Table tennis, Scrabble and Quiz) and outdoor (Football, Petanque and Line fishing) activities were organised for members of staff. A Sports/Family Day was also organised on Saturday 13 December 1997 at Maryse Justin Stadium, Réduit.

A Project Competition on "The Role of the Banking Sector in the Promotion of Economic Development in Mauritius" was launched in February 1998. It was open to all registered secondary schools in Mauritius and Rodrigues. The Bank received entries from eleven schools. After a preliminary assessment by a jury comprising:

- (1) Mr R. Basant Roi - Director-Research, Bank of Mauritius (Chairman)
- (2) Mrs E. Hanoomanjee - Principal Economist, Ministry of Economic Development & Regional Cooperation
- (3) Mrs A.C. Timol - Assistant Director, Budget Bureau, Ministry of Finance
- (4) Mr S.H. Jhurani - Adviser Banking Matters, Bank of Mauritius
- (5) Mr J. Marianne - Deputy Chief Executive Officer, The Hong Kong and Shanghai Banking Corporation Limited
- (6) Mr C. Tengur - Lecturer, Mauritius Institute of Education,

six teams were shortlisted for an oral presentation of their projects:

1. Collège du Bon et Perpétuel Secours
2. Loreto Convent Rose Hill
3. Loreto Convent Saint Pierre
4. Mahatma Gandhi Institute (MGI)
5. Pamplemousses High School
6. Sookdeo Bissoondoyal State Secondary School

Subsequent to the two stages of the assessment exercise, the following three schools were classified in order of merit:

Mahatma Gandhi Institute  
Loreto Convent Rose Hill  
Sookdeo Bissoondoyal State Secondary School

The First Prize, a Pentium 200 MMX and Rs25,000 was awarded to MGI and its team. The Second Prize Winner, Loreto Convent Rose Hill obtained a gift voucher for books worth Rs3,000 and its team received Rs20,000. Sookdeo Bissoondoyal State Secondary School, winner of the Third Prize, obtained a gift voucher for books worth Rs3,000 and its participants received Rs15,000.

A special prize was awarded to Pamplemousses High School - Rs5,000 worth of books to the school and an amount of Rs5,000 to the team.

The prize-giving ceremony was held at the Bank on 25 June 1998 in the presence of rectors, teachers and participating teams.

### *Lectures on Central Banking*

During the month of September 1997, fifteen officers from the Bank gave lectures on Central Banking issues to School Certificate and Higher School Certificate students of the following 26 secondary schools in Mauritius and Rodrigues:

Bhujoharry College  
Collège du Bon et Perpétuel Secours  
Cosmopolitan College (Boys and Girls)  
Emmanuel Anquetil State Secondary School, Mahebourg  
Hindu Girls' College  
Islamic Cultural College  
Keats College  
Lady Sushil Ramgoolam State Secondary School, Triolet  
Le Bocage High School  
Le Chou College, Rodrigues  
Loreto Convent Curepipe  
Loreto Convent Quatre Bornes  
Loreto Convent Rose Hill  
Loreto Convent Port Louis  
Maréchal College, Rodrigues  
Mauritius College (Boys and Girls)  
New Eton College  
Queen Elizabeth College North, Pamplemousses

Queen Elizabeth College, Rose Hill  
Rajcoomar Gujadhur State Secondary School, Flacq  
Rodrigues College  
Royal College Curepipe  
St Joseph College  
State Secondary School Goodlands  
Swami Sivananda State Secondary School, Bambous  
Universal College

Part 4

## REPORT OF THE AUDITORS

BANK OF MAURITIUS  
REPORT OF THE AUDITORS PURSUANT TO SECTION 44 OF  
THE BANK OF MAURITIUS ACT 1966

We have audited the financial statements of the Bank of Mauritius for the year ended 30 June 1998.

### RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND AUDITORS

The Board of Directors and management of the Bank of Mauritius are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion.

### BASIS OF OPINION

We conducted our audit in accordance with International Auditing Standards and Mauritius Guidelines on Auditing. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the bank's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### OPINION

The profit for the year ended 30 June 1998 has been ascertained in accordance with Section 11 of the Bank of Mauritius Act 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 30 June 1998 and of the results of its operations for the year then ended.

17 August 1998  
Port Louis

KPMG  
Public Accountants



## BANK OF MAURITIUS BALANCE SHEET AT 30 JUNE 1998

	1998 Rs	1997 Rs
<b>CAPITAL AND RESERVES</b>		
Authorised Capital	10,000,000	10,000,000
Issued and Paid up Capital	10,000,000	10,000,000
General Reserve Fund	23,000,000	23,000,000
Other Reserves	33,000,000 9,124,368,051	33,000,000 6,817,292,472
	9,157,368,051	6,850,292,472
<b>ASSETS</b>		
External Assets:		
Gold and Foreign Assets	4,737,723,088	8,081,138,295
Special Drawing Rights	704,524,689	641,405,262
Foreign Investments	9,319,952,516	8,263,151,846
Interest Receivable	106,803,318	176,841,000
	14,869,003,611	17,162,536,403
Discounts and Advances	3,013,879,970	1,915,432,990
Government Securities (At valuation)	906,105,328	428,866,211
Fixed Assets	108,641,237	96,178,380
Other Assets	158,516,144	132,601,911
	19,056,146,290	19,735,615,895
<b>Less: LIABILITIES</b>		
Notes in Circulation	5,835,492,910	5,302,736,055
Coin in Circulation	199,913,736	171,749,119
	6,035,406,646	5,474,485,174
Demand Deposits:		
Government	44,811,052	77,352,780
Commercial Banks	2,535,621,794	4,243,063,815
Other Financial Institutions	33,894,228	23,775,427
Others	8,905,220	3,188,236
	2,623,232,294	4,347,380,258
Bank of Mauritius Instruments	380,898,400	2,084,794,270
Provisions and Other Liabilities	859,240,899	978,663,721
	9,898,778,239	12,885,323,423
	9,157,368,051	6,850,292,472

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1998

	1998 Rs	1997 Rs
Income	1,379,882,898	1,060,233,484
Expenditure	(305,847,778)	(408,458,459)
Surplus Income	1,074,035,120	651,775,025
Transfer to Reserve for Contingencies	(274,035,120)	(251,775,025)
Profit available to Government of Mauritius in accordance with Section 11(2) (c) of the Bank of Mauritius Act 1966	800,000,000	400,000,000

(sd) M. D. MARAYE  
GOVERNOR

(sd) B. GUJADHUR  
MANAGING DIRECTOR

(sd) Y. GOOGOLYE  
DIRECTOR-OPERATIONS

17 August 1998

## ACCOUNTING POLICIES

### BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention as modified by the valuations of certain investments and in accordance with International Accounting Standards. A summary of the significant accounting policies adopted are given below.

### INCOME RECOGNITION

Interest income is recognised in the profit and loss account on an accrual basis.

### DEPRECIATION

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over their estimated useful economic lives.

The annual depreciation rates are as follows:

Premises	2%
Other properties	2%
Furniture, equipment, fixtures and fittings	10%
Motor vehicles	25%

No depreciation is charged on freehold land.

### FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transactions. Differences arising from foreign currency transactions are included in the Profit and Loss account.

External assets are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation are taken to reserves.

### PENSIONS

The bank operates a non-contributory defined benefit scheme for the benefit of its employees which is managed by an independent insurance company.

### TAXATION

No provision for taxation or deferred taxation is required as the Bank is exempt from Income Tax.

### GOVERNMENT SECURITIES

Mauritius Government Securities and Government of Mauritius Treasury Bills are valued in the accounts at market value.



*Part 5*

## GLOSSARY OF ABBREVIATIONS

ADB	African Development Bank
AEC	African Economic Community
AMR	Aggregate Monetary Resources (M2)
ATM	Automated Teller Machine
BOT	Build-Operate-Transfer
CBI	Cross Border Initiative
CIS	Commonwealth of Independent States
COMESA	Common Market for Eastern and Southern Africa
CPI	Consumer Price Index
CSAT	Civil Service Arbitration Tribunal
CSO	Central Statistical Office
EMU	Economic and Monetary Union
EPZ	Export Processing Zone
ESAF	Eastern and Southern African Bank Supervisors Group
EU	European Union
Ex-Dc	Ex-Development Certificate Holders
FISCU	Finance and Investment Sector Coordinating Unit
FOMC	Federal Open Market Committee
GDFCF	Gross Domestic Fixed Capital Formation
GDP	Gross Domestic Product
GNDI	Gross National Disposable Income
GNP	Gross National Product
IBRD	International Bank for Reconstruction and Development
IFC	International Finance Corporation
IMF	International Monetary Fund
IOC	Indian Ocean Commission

IOR-ARC	Indian Ocean Rim Association for Regional Cooperation
IT	Information Technology
M1	Narrow Money Supply
M2	Broad Money Supply (AMR)
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern
MEPZA	Africa Mauritius Export Processing Zone Association
MHC	Mauritius Housing Corporation
MLC	Mauritius Leasing Company
MSS	Mauritius Sugar Syndicate
OUA	Organisation of African Unity
OSCAL	Office of the Special Coordinator for Africa and the Least Developed Countries
PIN	Press Information Notice
POSB	Post Office Savings Bank
RETOSA	Regional Tourism Organisation of Southern Africa
RM	Reserve Money
RMP	Reserve Money Programming
SADC	Southern African Development Community
SAMOS	South African Multiple Option Settlement system
SARB	South African Reserve Bank
SDR	Special Drawing Right
SEM	Stock Exchange of Mauritius
SEMDEX	Stock Exchange Market Index
SIC	State Investment Corporation
SIFB	Sugar Industry Fund Board
SMC	Secondary Market Cell
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TFCMF	Treasury Foreign Currency Management Fund
UNDP	United Nations Development Programme
VAT	Value-Added Tax
WTO	World Trade Organisation

Part 5

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#### Notes

The following conventional signs are used:

Negligible

n.a. Not Available

Table 1 : Selected Economic Indicators

	Period	Unit	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
1. Population-Republic of Mauritius <sup>1</sup>	Mid-year		1,051,260	1,058,775	1,070,128	1,084,401	1,097,305	1,112,607	1,122,118	1,133,551	1,147,706 <sup>2</sup>	n.a.
2. Tourist Arrivals	Fiscal Year ending June		248,260	278,010	292,550	321,000	350,370	388,255	406,556	450,493	513,798	555,616
3. Gross National Product (at market prices)	Calendar Year	(Rs million)	32,971	38,936	44,405	49,804	56,633	62,600	68,750	76,510 <sup>3</sup>	85,629 <sup>4</sup>	94,060 <sup>5</sup>
4. GNP Per Capita (at market prices)	Calendar Year	(Rupees)	31,363	36,775	41,495	45,928	51,611	56,264	61,268	67,496 <sup>3</sup>	74,609 <sup>4</sup>	81,086 <sup>5</sup>
5. Inflation Rate	Fiscal Year ending June	(Per cent)	16.0	10.7	12.8	2.9	8.9	9.4	6.1	5.8	7.9	5.4
6. Overall Balance of Payments	Fiscal Year ending June	(Rs million)	+1,996	+3,041	+2,456	+3,048	-909	-962	-1,009	+3,841	+1,600	-2,293
7. Net International Reserves	End-June	(Rs million)	7,902	10,766	13,456	16,329	16,115	15,513	15,007	19,304	21,443	21,349
8. Total Imports (c.i.f.)	Fiscal Year ending June	(Rs million)	17,789	21,973	24,005	25,381	27,209	31,041	35,598	37,704	41,600	47,107 <sup>2</sup>
9. Total Exports (f.o.b.)	Fiscal Year ending June	(Rs million)	14,493	15,925	18,797	20,348	21,820	24,188	25,482	29,090	32,890	35,033 <sup>2</sup>
10. Government Recurrent Revenue	Fiscal Year ending June	(Rs million)	7,194	8,367	9,715	10,548	11,595	12,890	13,047	12,779	16,544	18,526 <sup>3</sup>
11. Government Recurrent Expenditure	Fiscal Year ending June	(Rs million)	7,656	8,200	9,214	10,273	10,894	13,088	14,517	15,939	18,853	21,050 <sup>3</sup>
12. Government Capital Expenditure	Fiscal Year ending June	(Rs million)	2,417	2,278	2,759	2,607	3,095	3,215	3,192	4,058	5,744	3,316 <sup>3</sup>
13. External Debt: Central Government	End-June	(Rs million)	5,735	5,868	5,964	5,476	5,712	5,766	5,778	9,159	9,619	10,743
14. Internal Debt: Central Government	End-June	(Rs million)	11,857	14,060	16,953	14,984	16,522	18,676	21,701	24,706	30,241	34,619
15. Banking System Net Claims on Public Sector	End-June	(Rs million)	3,906	4,311	5,045	6,968	8,190	10,871	13,529	14,798	15,759	17,358
16. Commercial Banks' Claims on Private Sector	End-June	(Rs million)	9,768	11,890	14,033	16,107	20,388	26,463	30,474	32,055	37,208	49,234
17. Currency with Public	End-June	(Rs million)	1,806	2,194	2,588	2,972	3,316	3,570	3,767	4,162	4,307	4,651
18. Money Supply (M1)	End-June	(Rs million)	3,820	4,529	5,446	6,591	6,959	7,031	8,134	8,235	8,874	10,152
19. Aggregate Monetary Resources (M2)	End-June	(Rs million)	18,460	22,015	26,767	32,105	36,380	42,853	47,859	55,476	60,359	70,878
20. Total Private Sector Deposits with Commercial Banks	End-June	(Rs million)	16,372	19,584	24,009	28,780	32,853	38,791	42,773	49,331	53,334	59,609

<sup>1</sup> Excluding Agalega and Saint Brandon.<sup>3</sup> Revised estimates.<sup>5</sup> First forecast.<sup>2</sup> Estimates.<sup>4</sup> Preliminary estimates.

Table 2.1(a) : Bank of Mauritius - Assets

(Rs million)															
End of Period	EXTERNAL ASSETS						CLAIMS ON GOVERNMENT			CLAIMS ON COMMERCIAL BANKS			Other Advances	Other Assets <sup>2</sup>	TOTAL ASSETS
	Special Drawing Rights	Balances with Banks	Treasury Bills	Eligible Securities	Foreign Investments with TFCMF	Total <sup>1</sup>	Treasury Bills and Government Stocks	Advances and Discounts	Total	Advances	Commercial Bills Rediscounted	Total			
1995	569.3	5,665.2	2,543.7	55.7	6,291.8	15,129.3	439.0	0.0	439.0	550.0	0.0	550.0	152.5	519.5	16,790.3
1996	574.0	8,301.7	801.2	73.8	6,237.0	15,988.1	703.0	0.0	703.0	0.0	0.0	0.0	613.6	641.1	17,945.8
1997	666.2	5,725.6	106.1	8,787.0	0.0	15,341.5	504.5	911.7	1,416.1	250.0	0.0	250.0	544.8	504.4	18,056.8
1996 January	573.6	5,882.6	2,546.5	55.7	6,482.2	15,544.4	476.3	55.4	531.7	375.0	0.0	375.0	187.4	527.4	17,165.9
February	576.9	6,705.4	2,443.7	55.7	6,360.5	16,145.9	605.3	0.0	605.3	375.0	0.0	375.0	171.0	514.1	17,811.3
March	57.37	7,50.07	1,781.1	55.7	6,378.9	16,293.9	541.1	0.0	541.1	375.0	0.0	375.0	191.6	516.5	17,918.1
April	579.5	7,959.3	1,159.3	55.7	6,481.4	16,238.9	527.3	0.0	527.3	0.0	0.0	0.0	187.2	889.7	17,843.1
May	579.5	7,838.7	977.0	73.9	6,482.2	15,955.1	917.4	0.0	917.4	0.0	0.0	0.0	209.0	1,339.1	18,420.6
June	571.9	7,602.5	1,085.8	73.8	6,223.4	15,561.2	617.9	1,096.5	1,714.5	0.0	0.0	0.0	350.0	1,486.7	19,112.3
July	569.3	6,981.0	1,056.6	73.4	6,099.9	14,787.0	597.9	0.0	597.9	0.0	0.0	0.0	229.5	1,436.1	17,050.4
August	569.9	6,940.5	920.6	73.5	6,116.4	14,624.7	841.7	0.0	841.7	0.0	0.0	0.0	241.6	1,418.7	17,126.7
September	571.7	7,708.0	757.2	73.7	6,204.7	15,319.3	637.9	0.0	637.9	0.0	0.0	0.0	283.4	705.1	16,945.7
October	566.6	7,356.7	763.3	73.5	6,128.8	14,892.9	1,034.1	0.0	1,034.1	0.0	0.0	0.0	278.8	665.8	16,871.6
November	573.6	7,804.4	766.0	73.6	6,165.1	15,383.0	836.0	0.0	836.0	0.0	0.0	0.0	272.4	651.1	17,142.5
December	574.0	8,301.7	801.2	73.8	6,237.0	15,988.1	703.0	0.0	703.0	0.0	0.0	0.0	613.6	641.1	17,945.8
1997 January	585.9	8,883.5	1,063.1	30.4	6,559.9	17,123.1	460.3	0.0	460.3	250.0	0.0	250.0	294.3	633.7	18,761.4
February	603.0	9,987.0	1,143.3	31.4	5,692.2	17,457.2	452.1	0.0	452.1	250.0	0.0	250.0	301.0	613.1	19,073.3
March	604.3	9,606.7	1,175.5	31.5	5,701.5	17,119.7	642.2	0.0	642.2	250.0	0.0	250.0	372.1	592.9	18,976.8
April	613.8	8,670.3	904.4	1,553.2	5,880.4	17,622.5	376.3	0.0	376.3	250.0	0.0	250.0	420.0	571.6	19,240.4
May	628.2	7,843.9	681.9	2,043.0	5,880.4	17,078.0	376.4	0.0	376.4	250.0	0.0	250.0	403.3	560.3	18,668.0
June	641.4	7,435.9	632.4	8,275.5	0.0	17,162.5 <sup>3</sup>	428.9	326.2	755.1	250.0	0.0	250.0	1,005.5	562.5	19,735.6
July	649.4	7,081.0	0.0	8,065.8	0.0	15,921.1	580.1	247.2	827.2	250.0	0.0	250.0	440.4	549.7	17,988.5
August	644.6	6,305.1	134.8	7,739.1	0.0	14,911.7	411.3	1,015.6	1,427.0	250.0	0.0	250.0	397.8	545.2	17,531.7
September	651.9	6,325.5	169.4	7,808.6	0.0	15,024.4	490.9	762.9	1,253.8	250.0	0.0	250.0	436.2	526.8	17,491.1
October	657.0	5,688.2	157.0	8,245.3	0.0	14,887.8	748.4	87.2	835.6	250.0	0.0	250.0	455.1	513.5	16,941.9
November	664.7	6,077.1	197.0	8,244.0	0.0	15,239.4	429.8	184.3	614.1	250.0	0.0	250.0	462.2	507.3	17,073.1
December	666.2	5,725.6	106.1	8,787.0	0.0	15,341.5	504.5	911.7	1,416.1	250.0	0.0	250.0	544.8	504.4	18,056.8
1998 January	674.8	5,478.5	395.3	8,887.9	0.0	15,478.2	616.3	420.5	1,036.7	250.0	0.0	250.0	548.0	499.9	17,812.9
February	675.0	5,361.4	143.2	8,894.4	0.0	15,110.4	718.2	354.5	1,072.7	250.0	0.0	250.0	530.5	490.9	17,454.5
March	686.1	5,454.0	40.2	9,103.0	0.0	15,308.2	569.4	21.5	590.8	250.0	0.0	250.0	562.0	471.5	17,182.5
April	687.7	4,388.1	68.7	9,079.1	0.0	14,743.1	808.4	1,436.5	2,244.9	250.0	0.0	250.0	628.1	455.9	18,322.0
May	690.1	4,328.8	258.6	9,146.1	0.0	14,451.9	1,187.3	1,494.4	2,631.7	250.0	0.0	250.0	590.8	449.2	18,373.5
June	704.5	4,568.5	154.2	9,333.9	0.0	14,869.0	906.1	1,458.1	2,364.2	250.0	0.0	250.0	1,111.0	462.0	19,056.1

<sup>1</sup> Includes Foreign Notes and Coins.<sup>2</sup> Includes adjustments for interest in suspense on commercial bills.<sup>3</sup> Hereafter includes suspense account interest receivable.

Figures may not add up to totals due to rounding.



Table 2.1(b) : Bank of Mauritius - Liabilities

(Rs million)													
End of Period		Capital and Reserves	RESERVE MONEY						Government Demand Deposits	Current Account of International Organisations and Others	Other Liabilities	TOTAL LIABILITIES	
			Currency with Public	Currency with Banks	Demand Deposits			Bank of Mauritius Bills held by Commercial Banks					Total
					Commercial Banks	Statutory Bodies	Other <sup>1</sup>						
1995		33.0	4,847.2	1,185.8	3,555.1	0.3	45.8	490.9	10,125.0	446.8	17.1	6,168.4	16,790.3
1996		33.0	5,050.8	1,566.4	2,500.8	0.1	6.3	2,236.3	11,360.7	249.9	25.0	6,277.3	17,945.8
1997		33.0	5,410.4	1,885.4	1,621.5	0.0	8.5	190.2	9,116.0	0.6	25.8	8,881.3	18,056.8
1996	January	33.0	4,157.1	1,159.9	4,039.6	0.3	18.9	1,381.8	10,757.5	28.2	26.3	6,320.8	17,165.9
	February	33.0	4,127.5	1,030.9	4,927.3	0.3	25.8	1,348.1	11,459.9	220.7	22.7	6,075.1	17,811.3
	March	33.0	4,122.8	886.2	4,344.4	0.3	21.0	1,372.0	10,746.7	1,010.6	18.1	6,109.8	17,918.1
	April	33.0	4,042.5	962.5	3,961.3	0.3	59.2	1,286.9	10,312.7	1,194.9	25.7	6,276.9	17,843.1
	May	33.0	4,054.6	1,025.7	4,458.7	0.3	9.1	1,137.0	10,685.3	1,357.9	25.0	6,319.4	18,420.6
	June	33.0	4,161.9	832.1	5,573.5	0.3	16.0	1,139.9	11,723.7	54.4	26.6	7,274.6	19,112.3
	July	33.0	4,075.3	1,054.7	2,844.9	0.3	8.4	1,042.4	9,025.9	1,381.5	23.8	6,586.2	17,050.4
	August	33.0	4,208.3	949.2	3,399.3	0.3	7.1	1,042.4	9,606.5	1,521.7	28.8	5,936.8	17,126.7
	September	33.0	4,172.5	1,043.0	3,027.5	0.3	16.0	2,023.1	10,282.5	862.9	19.5	5,747.8	16,945.7
	October	33.0	4,223.7	1,143.2	3,063.4	0.1	13.2	2,413.1	10,856.6	290.7	21.2	5,670.0	16,871.6
	November	33.0	4,329.9	1,122.7	2,808.3	0.1	7.5	2,493.9	10,762.4	328.8	18.6	5,999.7	17,142.5
	December	33.0	5,050.8	1,566.4	2,500.8	0.1	6.3	2,236.3	11,360.7	249.9	25.0	6,277.3	17,945.8
1997	January	33.0	4,453.7	1,387.2	2,915.9	0.1	10.5	2,664.2	11,431.6	313.4	20.9	6,962.6	18,761.4
	February	33.0	4,400.6	1,347.7	3,009.5	0.1	8.2	2,561.2	11,327.2	591.0	19.2	7,103.0	19,073.3
	March	33.0	4,358.5	1,289.7	3,198.8	0.1	9.6	2,373.0	11,229.8	499.0	14.3	7,200.8	18,976.8
	April	33.0	4,287.5	1,278.5	3,056.9	0.1	16.8	1,943.8	10,583.6	958.4	29.9	7,635.4	19,240.4
	May	33.0	4,376.6	1,174.8	3,143.5	0.1	4.4	1,486.2	10,185.6	1,040.9	10.2	7,398.3	18,668.0
	June	33.0	4,306.9	1,167.6	4,243.1	0.0	5.3	1,486.2	11,209.1	77.4	21.7	8,394.5	19,735.6
	July	33.0	4,336.3	1,223.3	1,962.0	0.0	7.9	1,126.5	8,656.1	401.1	24.8	8,873.5	17,988.5
	August	33.0	4,542.3	1,062.3	2,372.7	0.0	32.8	850.4	8,860.7	0.6	19.4	8,618.0	17,531.7
	September	33.0	4,484.7	1,171.6	2,602.8	0.0	8.3	376.3	8,643.8	1.3	78.9	8,734.1	17,491.1
	October	33.0	4,613.3	1,309.7	2,415.8	0.0	13.5	190.2	8,542.5	0.8	25.7	8,340.1	16,941.9
	November	33.0	4,729.0	1,393.5	1,984.5	0.0	9.0	190.2	8,306.2	0.7	28.7	8,704.4	17,073.1
	December	33.0	5,410.4	1,885.4	1,621.5	0.0	8.5	190.2	9,116.0	0.6	25.8	8,881.3	18,056.8
1998	January	33.0	4,925.3	1,658.4	1,959.9	0.0	9.8	190.2	8,743.6	38.6	17.9	8,979.8	17,812.9
	February	33.0	4,808.4	1,577.6	2,238.9	0.0	9.5	0.0	8,634.4	0.7	21.3	8,765.2	17,454.5
	March	33.0	4,695.9	1,461.0	1,694.5	0.0	12.5	0.0	7,864.0	9.8	27.4	9,248.4	17,182.5
	April	33.0	4,714.5	1,482.6	2,617.5	0.1	14.0	0.0	8,828.8	98.9	22.7	9,338.7	18,322.0
	May	33.0	4,747.0	1,391.2	2,711.9	6.1	16.8	0.0	8,872.9	0.3	20.8	9,446.5	18,373.5
	June	33.0	4,651.4	1,384.0	2,535.6	0.0	11.2	0.0	8,582.2	44.8	31.6	10,364.5	19,056.1

<sup>1</sup> Includes deposits of Parastatal Bodies.

Figures may not add up to totals due to rounding.

Table 2.2 : Bank of Mauritius - Claims on Government

		(Rs million)			
End of Month		Government Stocks	Treasury Bills	Advances	Total
1996	January	476.3	0.0	55.4	531.7
	February	551.1	54.2	0.0	605.3
	March	541.1	0.0	0.0	541.1
	April	527.3	0.0	0.0	527.3
	May	558.7	358.7	0.0	917.4
	June	601.8	16.2	1,096.5	1,714.5
	July	597.1	0.8	0.0	597.9
	August	597.3	244.4	0.0	841.7
	September	513.9	123.9	0.0	637.9
	October	663.2	370.9	0.0	1,034.1
	November	663.4	172.5	0.0	836.0
	December	636.3	66.8	0.0	703.0
1997	January	460.3	0.0	0.0	460.3
	February	452.1	0.0	0.0	452.1
	March	488.8	153.4	0.0	642.2
	April	376.3	0.0	0.0	376.3
	May	376.4	0.0	0.0	376.4
	June	428.9	0.0	326.2	755.1
	July	411.4	168.6	247.2	827.2
	August	411.3	0.0	1,015.6	1,427.0
	September	313.6	177.3	762.9	1,253.8
	October	250.1	498.3	87.2	835.6
	November	242.3	187.5	184.3	614.1
	December	212.3	292.1	911.7	1,416.1
1998	January	274.9	341.3	420.5	1,036.7
	February	504.8	213.4	354.5	1,072.7
	March	258.6	310.8	21.5	590.8
	April	235.4	573.0	1,436.5	2,244.9
	May	235.2	902.2	1,494.4	2,631.7
	June	160.9	745.2	1,458.1	2,364.2

Figures may not add up to totals due to rounding.



Table 2.3 : Currency in Circulation

(Rs million)																							
End of Month	Demonetized Currency Notes	BANK NOTES										COINS											
		Rs5	Rs10	Rs20	Rs50	Rs100	Rs200	Rs500	Rs1000	Total	Comme- morative Coins	Gold Bullion Coins	Rs10	Rs5	Rs1	50c	25c	20c	10c	5c	2c	1c	Total
1996 January	22.0	5.7	173.2	3.5	183.3	901.9	765.0	1,472.2	1,627.4	<b>5,154.3</b>	6.6	10.4	0.2	49.6	58.1	13.3	6.5	12.0	2.5	3.0	0.3	0.2	<b>162.7 5,317.0</b>
February	22.0	5.6	171.2	3.5	177.8	891.5	748.2	1,400.8	1,574.9	<b>4,995.6</b>	6.6	10.4	0.2	49.0	58.5	13.4	6.5	12.2	2.5	3.0	0.3	0.2	<b>162.8 5,158.4</b>
March	22.0	5.6	170.1	3.5	176.4	867.9	724.9	1,343.0	1,533.4	<b>4,846.7</b>	6.6	10.4	0.2	48.7	58.2	13.4	6.5	12.3	2.5	3.0	0.3	0.2	<b>162.3 5,009.0</b>
April	22.0	5.6	167.9	3.4	172.9	871.6	723.7	1,352.3	1,523.6	<b>4,842.9</b>	6.6	10.4	0.2	48.5	57.9	13.5	6.5	12.5	2.5	3.1	0.3	0.2	<b>162.1 5,005.0</b>
May	22.0	5.6	166.3	3.2	171.6	871.1	739.5	1,391.7	1,548.4	<b>4,919.5</b>	6.6	10.5	0.2	47.4	57.5	13.4	6.5	12.5	2.5	3.1	0.3	0.2	<b>160.7 5,080.2</b>
June	22.0	5.6	164.1	2.8	165.6	848.5	711.7	1,356.5	1,556.9	<b>4,833.8</b>	6.6	10.5	0.2	47.0	57.2	13.4	6.5	12.6	2.5	3.1	0.3	0.2	<b>160.2 4,994.0</b>
July	22.0	5.5	161.5	2.5	167.4	861.2	745.2	1,411.4	1,592.2	<b>4,969.0</b>	6.6	10.6	0.2	47.6	57.2	13.5	6.5	12.8	2.5	3.1	0.3	0.2	<b>161.0 5,130.0</b>
August	22.0	5.5	163.6	2.3	165.9	861.0	752.6	1,403.7	1,619.2	<b>4,995.8</b>	6.6	10.6	0.2	47.5	57.7	13.6	6.5	12.9	2.5	3.2	0.3	0.2	<b>161.7 5,157.5</b>
September	22.0	5.5	166.5	2.3	164.4	851.1	749.2	1,448.8	1,642.9	<b>5,052.6</b>	6.6	10.6	0.2	48.1	58.1	13.6	6.5	13.1	2.5	3.2	0.3	0.2	<b>163.0 5,215.6</b>
October	22.0	5.5	166.9	2.3	167.5	892.3	792.6	1,476.5	1,677.7	<b>5,203.2</b>	6.6	10.7	0.2	48.6	58.1	13.6	6.5	13.2	2.5	3.2	0.3	0.2	<b>163.7 5,366.9</b>
November	22.0	5.4	167.3	2.2	168.1	904.9	809.0	1,517.3	1,688.9	<b>5,285.1</b>	6.6	10.8	0.2	50.6	59.5	13.7	6.5	13.4	2.5	3.2	0.3	0.2	<b>167.5 5,452.6</b>
December	22.0	5.4	188.9	2.2	188.8	1,057.9	1,025.5	1,890.0	2,064.4	<b>6,444.9</b>	6.6	10.8	0.2	53.1	61.2	13.9	6.5	13.5	2.5	3.3	0.3	0.2	<b>172.2 6,617.2</b>
1997 January	22.0	5.4	179.1	2.0	178.7	920.2	849.6	1,636.8	1,872.9	<b>5,666.6</b>	6.6	10.9	0.2	54.1	62.1	14.0	6.5	13.6	2.5	3.3	0.3	0.2	<b>174.3 5,840.9</b>
February	22.0	5.4	173.7	2.0	174.4	923.5	838.1	1,587.5	1,848.7	<b>5,575.2</b>	6.6	10.9	0.2	52.2	62.4	14.1	6.5	13.7	2.5	3.3	0.3	0.2	<b>173.0 5,748.2</b>
March	22.0	5.4	171.2	2.0	169.9	910.8	815.6	1,519.6	1,860.8	<b>5,477.2</b>	6.6	11.0	0.2	50.9	61.6	14.1	6.5	13.8	2.5	3.3	0.3	0.2	<b>171.1 5,648.3</b>
April	22.0	5.3	168.7	2.0	167.6	897.0	809.5	1,404.8	1,917.2	<b>5,394.1</b>	6.6	11.0	0.2	51.3	61.8	14.2	6.5	13.9	2.5	3.4	0.3	0.2	<b>171.9 5,566.0</b>
May	22.0	5.3	171.7	1.9	169.5	903.5	827.0	1,307.1	1,971.0	<b>5,379.0</b>	6.6	11.1	0.2	51.5	61.9	14.3	6.5	14.1	2.5	3.4	0.3	0.2	<b>172.4 5,551.4</b>
June	21.9	5.3	169.6	1.9	169.6	872.4	816.7	1,227.6	2,017.7	<b>5,302.7</b>	6.6	11.1	0.2	50.7	61.9	14.2	6.5	14.2	2.5	3.4	0.3	0.2	<b>171.7 5,474.5</b>
July	21.9	5.3	168.6	1.9	165.3	879.0	849.0	1,223.8	2,072.2	<b>5,387.1</b>	6.6	11.2	0.2	51.1	61.9	14.3	6.5	14.3	2.5	3.4	0.3	0.2	<b>172.5 5,559.6</b>
August	21.9	5.3	168.1	1.9	167.2	873.6	851.4	1,199.3	2,141.6	<b>5,430.3</b>	6.6	11.2	0.2	51.9	62.6	14.3	6.5	14.5	2.5	3.5	0.3	0.2	<b>174.3 5,604.7</b>
September	21.9	5.3	172.0	1.9	167.2	870.1	863.8	1,186.7	2,188.8	<b>5,477.7</b>	6.6	11.3	2.9	52.7	63.3	14.4	6.5	14.6	2.5	3.5	0.3	0.2	<b>178.6 5,656.4</b>
October	21.9	5.3	168.5	1.9	171.9	904.9	896.1	1,258.9	2,311.4	<b>5,740.7</b>	6.6	11.3	6.1	52.4	63.7	14.5	6.5	14.7	2.5	3.5	0.3	0.2	<b>182.3 5,923.0</b>
November	21.9	5.2	169.6	1.9	175.7	947.9	945.1	1,314.7	2,351.0	<b>5,933.1</b>	6.6	11.4	10.5	54.0	64.3	14.7	6.5	14.9	2.5	3.6	0.3	0.2	<b>189.4 6,122.6</b>
December	21.9	5.2	179.6	1.9	232.1	1,006.0	1,206.0	1,992.7	2,451.8	<b>7,097.1</b>	6.6	11.6	14.3	57.0	66.3	14.8	6.5	15.1	2.5	3.6	0.3	0.2	<b>198.7 7,295.8</b>
1998 January	21.9	5.2	174.4	1.9	218.6	929.4	1,000.4	1,681.2	2,349.2	<b>6,382.2</b>	6.6	11.6	14.4	58.2	67.5	14.9	6.5	15.2	2.5	3.6	0.3	0.2	<b>201.4 6,583.7</b>
February	21.9	5.2	169.3	1.9	201.3	905.0	917.7	1,621.3	2,343.0	<b>6,186.6</b>	6.6	11.7	14.5	55.7	67.6	15.0	6.5	15.3	2.5	3.6	0.3	0.2	<b>199.4 6,386.0</b>
March	21.9	5.2	166.7	1.9	190.3	882.5	888.3	1,464.6	2,337.7	<b>5,959.1</b>	6.6	11.6	14.5	54.8	66.8	15.0	6.5	15.4	2.5	3.6	0.3	0.2	<b>197.8 6,156.9</b>
April	21.9	5.2	167.3	1.9	185.9	886.9	912.9	1,438.3	2,378.3	<b>5,998.5</b>	6.6	11.7	16.0	54.2	66.4	15.1	6.5	15.5	2.5	3.7	0.3	0.2	<b>198.6 6,197.2</b>
May	21.9	5.2	164.9	1.9	181.5	878.6	890.2	1,442.3	2,352.3	<b>5,938.7</b>	6.6	11.7	17.1	54.0	66.2	15.1	6.5	15.6	2.5	3.7	0.3	0.2	<b>199.5 6,138.2</b>
June	21.8	5.1	163.6	1.9	179.5	846.0	860.5	1,426.8	2,330.3	<b>5,835.5</b>	6.6	11.7	17.8	53.5	66.3	15.1	6.5	15.7	2.5	3.7	0.3	0.2	<b>199.9 6,035.4</b>

Figures may not add up to totals due to rounding.



Table 2.4(a) : Commercial Banks - Assets

End of Period	RESERVES				FOREIGN ASSETS				CLAIMS ON GOVERNMENT				CLAIMS ON PRIVATE SECTOR						Claims on Other Bank-like Institutions <sup>2</sup>	Other Assets	TOTAL ASSETS	Acceptances Documentary Credits and Guarantees <sup>3</sup>
	Cash in Hand	Balances with Bank of Mauritius	Bank of Mauritius Bills	Total	Balances with Banks Abroad	Foreign Bills Discounted	Foreign Notes and Coin	Total <sup>1</sup>	Treasury Bills	Government Securities	Advances	Total	Local Bills Dis-counted	Bills Receivable	Bills Redis-counted	Local Investment	Loans and Advances	Total				
1995	1,185.8	3,555.1	490.9	5,231.8	2,216.0	1,213.0	156.7	4,667.7	11,404.8	3,218.9	0.0	14,623.7	669.4	1,190.2	0.0	408.7	30,610.3	32,878.5	132.4	5,568.2	63,102.3	10,505.0
1996	1,566.4	2,500.8	2,237.4	6,304.6	2,080.2	1,298.3	192.3	4,736.9	11,209.8	2,911.8	98.0	14,219.6	623.2	1,484.4	0.0	394.7	31,965.3	34,467.6	163.1	6,614.0	66,505.8	10,550.7
1997	1,885.4	1,621.5	190.2	3,697.1	4,305.6	1,424.7	165.5	7,289.0	12,565.6	4,207.8	252.3	17,025.7	571.7	1,480.9	0.0	4,188.2	37,119.5	43,360.3	160.6	6,394.6	77,927.3	11,782.8
1996 January	1,159.9	4,039.8	1,383.2	6,582.9	2,528.7	1,033.7	142.5	4,771.7	11,961.3	2,988.4	36.7	14,986.4	596.2	1,135.6	0.0	394.2	30,399.5	32,525.4	131.6	5,485.0	64,483.0	10,148.2
February	1,030.9	4,927.3	1,349.5	7,307.6	2,432.0	1,029.6	110.3	4,692.0	12,717.9	2,988.4	82.5	15,788.9	610.4	1,070.0	0.0	396.7	30,258.8	32,335.9	132.2	5,559.7	65,816.3	10,134.2
March	886.2	4,344.4	1,373.6	6,604.1	2,172.6	1,038.2	115.8	4,452.1	13,234.8	2,988.4	89.4	16,312.5	621.2	1,011.4	0.0	366.3	30,475.6	32,474.6	179.4	5,565.4	65,588.2	10,257.2
April	962.5	3,961.3	1,288.5	6,212.4	1,660.1	1,021.2	113.7	3,920.6	11,879.1	2,979.8	102.0	14,960.9	648.6	1,097.3	0.0	365.0	29,255.9	31,366.7	125.4	5,530.7	62,116.7	9,987.1
May	1,025.7	4,458.7	1,138.6	6,622.9	1,635.5	1,050.6	77.7	3,889.2	10,945.7	2,952.7	110.5	14,008.8	630.8	1,161.4	0.0	365.6	29,885.8	32,043.6	115.7	5,670.1	62,350.5	10,643.0
June	832.1	5,573.5	1,141.6	7,547.2	1,878.2	1,263.3	66.9	4,408.7	10,685.0	2,936.8	0.2	13,622.0	655.2	1,164.0	0.0	365.8	29,869.6	32,054.6	138.5	5,846.3	63,617.3	10,665.1
July	1,054.7	2,844.9	1,043.7	4,943.4	1,676.8	1,225.5	116.7	4,234.5	12,344.9	3,070.4	0.0	15,415.3	647.7	1,200.4	0.0	368.3	30,238.3	32,454.8	146.3	5,846.1	63,040.3	11,026.0
August	949.2	3,398.8	1,043.7	5,391.7	2,230.2	1,116.8	95.4	4,677.2	11,611.8	3,070.4	89.2	14,771.4	625.3	1,287.4	0.0	369.9	30,886.7	33,169.4	151.2	5,744.3	63,905.2	11,057.0
September	1,043.0	3,027.5	2,024.5	6,095.0	2,075.7	1,087.7	96.5	4,496.3	11,404.2	3,070.4	107.5	14,582.2	608.3	1,389.2	0.0	370.0	30,890.8	33,258.3	143.3	5,970.6	64,545.7	11,250.7
October	1,143.2	3,063.3	2,414.5	6,621.0	2,565.7	1,095.4	101.6	5,029.8	10,735.6	2,863.1	103.0	13,701.6	617.5	1,497.2	0.0	380.0	31,236.8	33,731.5	141.1	6,038.4	65,263.3	10,891.5
November	1,122.7	2,808.3	2,494.9	6,425.9	2,346.4	1,104.6	124.0	4,824.1	11,169.6	2,910.2	194.8	14,274.6	628.3	1,516.8	0.0	380.0	31,330.2	33,855.4	159.4	6,211.4	65,750.9	10,819.5
December	1,566.4	2,500.8	2,237.4	6,304.6	2,080.2	1,298.3	192.3	4,736.9	11,209.8	2,911.8	98.0	14,219.6	623.2	1,484.4	0.0	394.7	31,965.3	34,467.6	163.1	6,614.0	66,505.8	10,550.7
1997 January	1,387.2	2,915.9	2,665.1	6,968.2	2,213.0	1,009.2	130.5	4,502.6	10,684.7	3,246.1	113.3	14,044.1	521.9	1,378.0	0.0	394.9	32,230.2	34,525.0	204.0	5,862.8	66,106.7	10,414.4
February	1,347.6	3,009.5	2,561.9	6,919.1	2,219.1	1,166.6	91.7	4,615.1	11,034.4	3,246.1	192.5	14,473.0	561.2	1,322.6	0.0	403.1	32,423.1	34,710.0	158.8	5,575.5	66,451.5	10,258.0
March	1,289.7	3,198.7	2,373.7	6,862.2	2,380.0	1,114.0	108.8	4,744.3	11,701.6	3,056.6	96.4	14,854.6	571.3	1,281.1	0.0	618.6	32,931.1	35,402.1	158.0	5,815.6	67,836.8	10,444.7
April	1,278.5	3,056.9	1,944.5	6,280.0	2,616.6	1,103.0	107.6	5,012.4	12,602.6	3,056.6	92.9	15,752.1	603.4	1,222.5	0.0	530.2	33,186.3	35,542.4	142.0	5,829.6	68,558.5	10,447.7
May	1,174.8	3,143.5	1,486.6	5,804.9	2,571.2	1,014.8	92.6	4,861.7	12,463.6	3,056.6	76.6	15,596.9	607.3	1,282.1	0.0	586.0	34,063.6	36,538.9	149.1	6,185.7	69,137.2	10,675.2
June	1,167.6	4,243.1	1,486.6	6,897.3	2,350.2	1,070.4	72.6	4,666.5	12,494.7	3,056.6	141.9	15,693.3	633.4	1,193.1	0.0	871.7	34,509.4	37,207.6	153.6	6,242.1	70,860.3	11,059.9
July	1,223.3	1,962.0	1,126.9	4,312.2	2,857.7	1,148.7	81.8	5,255.3	13,725.5	3,056.6	133.0	16,915.2	635.4	1,238.0	0.0	1,488.7	34,886.3	38,248.4	143.0	6,750.0	71,624.0	11,787.9
August	1,062.3	2,372.7	850.8	4,285.8	3,089.5	1,142.7	118.2	5,531.7	12,435.9	4,444.8	184.7	17,065.4	614.1	1,253.5	0.0	1,781.9	35,133.6	38,783.0	145.5	6,101.9	71,913.3	11,490.5
September	1,171.6	2,602.8	376.7	4,151.1	3,298.2	1,087.7	96.3	5,709.8	12,649.3	4,444.8	175.7	17,269.7	630.2	1,280.5	0.0	2,886.3	34,838.7	39,635.8	143.0	6,329.5	73,239.0	11,566.7
October	1,309.7	2,415.8	190.2	3,915.6	4,226.2	1,020.4	98.3	6,591.2	12,999.2	4,207.8	247.8	17,454.8	642.0	1,339.2	0.0	3,627.8	35,713.4	41,322.3	146.7	5,883.6	75,314.3	11,768.3
November	1,393.5	1,984.5	190.2	3,568.2	5,140.0	1,256.4	99.3	7,685.5	13,190.7	4,207.8	256.2	17,654.7	637.0	1,366.9	0.0	3,831.0	36,087.5	41,922.3	147.5	6,237.2	77,215.4	11,754.6
December	1,885.4	1,621.5	190.2	3,697.1	4,305.6	1,424.7	165.5	7,289.0	12,565.6	4,207.8	252.3	17,025.7	571.7	1,480.9	0.0	4,188.2	37,119.5	43,360.3	160.6	6,394.6	77,927.3	11,782.8
1998 January	1,658.4	1,959.9	190.2	3,808.4	4,681.8	1,169.6	126.0	7,467.0	13,025.0	3,922.6	248.1	17,195.7	506.3	1,496.8	0.0	4,205.4	37,888.3	44,096.7	167.2	6,250.9	78,985.9	11,887.0
February	1,577.6	2,238.9	0.0	3,816.5	5,374.5	1,136.7	135.2	8,140.9	13,261.9	3,612.1	282.9	17,156.9	535.3	1,437.7	0.0	4,543.1	37,680.4	44,196.6	183.6	6,454.5	79,949.1	11,778.8
March	1,461.0	1,694.5	0.0	3,155.5	5,161.2	1,058.2	106.8	7,863.9	13,639.5	3,879.3	277.2	17,796.0	589.9	1,453.9	0.0	5,415.1	37,774.9	45,233.8	186.4	6,833.5	81,069.2	11,978.9
April	1,482.6	2,617.5	0.0	4,100.1	3,956.2	917.7	107.4	6,645.0	12,852.1	3,835.3	262.0	16,949.4	642.0	1,436.2	0.0	6,312.1	38,529.0	46,919.2	690.7	6,543.6	81,848.1	12,088.8
May	1,391.2	2,711.9	0.0	4,103.0	4,165.9	1,078.4	102.6	7,032.8	12,554.8	3,835.3	316.0	16,706.1	652.9	1,434.9	0.0	6,435.8	38,931.8	47,455.4	861.7	6,591.5	82,750.5	11,860.4
June	1,384.0	2,535.6	0.0	3,919.6	4,108.6	1,192.3	88.4	7,113.3	11,367.7	3,835.3	153.3	15,356.3	677.6	1,509.5	0.0	7,033.9	40,012.7	49,233.7	844.0	6,725.8	83,192.8	12,405.3

<sup>1</sup> Includes Foreign Securities and Loans to Nonresidents.<sup>2</sup> Includes Balances and Investments.<sup>3</sup> For a breakdown, see Table 2.4(b).

Figures may not add up to totals due to rounding.



Table 2.4(b) : Commercial Banks - Liabilities

(Rs million)																			
End of Period	Capital and Reserves	PRIVATE SECTOR DEPOSITS				Government Deposits	Interbank Deposits	Credit from Bank of Mauritius	BORROWINGS FROM			Bills Payable	Bills Rediscounted	Other Liabilities <sup>1</sup>	TOTAL LIABILITIES	Acceptances on Account of Customers	Documentary Credits	Guarantees	
		Demand <sup>1</sup>	Time	Savings <sup>2</sup>	Total				Banks in Mauritius	Banks Abroad	Other Bank-like Institutions								
1995		5,447.8	4,628.7	24,011.2	19,152.6	<b>47,792.6</b>	1,574.6	130.0	550.0	2.9	1,192.9	242.4	90.9	0.0	6,078.2	<b>63,102.3</b>	1,342.3	3,996.2	5,166.6
1996		6,620.4	4,774.1	24,265.5	22,379.7	<b>51,419.3</b>	319.6	65.0	0.0	2.1	1,068.8	210.5	196.3	0.0	6,603.7	<b>66,505.8</b>	1,062.8	3,652.3	5,835.6
1997		7,842.4	5,112.7	25,514.3	26,799.4	<b>57,426.5</b>	358.7	267.0	250.0	1.3	855.5	0.8	167.9	0.0	10,757.3	<b>77,927.3</b>	1,073.3	3,420.6	7,288.9
1996	January	5,545.3	4,002.0	25,420.8	19,608.4	<b>49,031.2</b>	1,574.8	125.4	375.0	0.9	1,311.2	49.5	120.5	0.0	6,349.2	<b>64,483.0</b>	1,369.1	3,651.0	5,128.1
	February	5,530.2	3,999.2	26,178.2	19,882.7	<b>50,060.1</b>	1,661.5	6.0	375.0	0.7	1,406.0	33.6	94.0	0.0	6,649.2	<b>65,816.3</b>	1,129.7	3,794.7	5,209.8
	March	5,532.2	4,006.4	25,964.9	20,163.4	<b>50,134.7</b>	1,478.6	32.7	375.0	0.9	1,306.5	143.1	142.2	0.0	6,442.2	<b>65,588.2</b>	1,082.9	3,969.4	5,204.9
	April	5,821.5	3,650.9	24,530.9	19,840.0	<b>48,021.8</b>	1,154.5	196.5	0.0	2.2	932.9	223.8	84.2	0.0	5,679.3	<b>62,116.7</b>	1,003.3	3,866.8	5,117.0
	May	5,787.6	4,039.6	25,109.8	19,905.8	<b>49,055.3</b>	155.0	136.5	0.0	5.4	952.4	123.6	89.8	0.0	6,044.7	<b>62,350.5</b>	1,001.9	4,103.8	5,537.3
	June	5,924.9	4,056.9	25,136.8	20,137.4	<b>49,331.1</b>	616.8	19.7	0.0	4.6	860.3	244.4	96.9	0.0	6,518.6	<b>63,617.3</b>	1,054.8	4,045.9	5,564.4
	July	5,889.4	3,806.6	25,015.9	20,366.6	<b>49,189.1</b>	152.0	240.7	0.0	4.3	1,114.8	118.2	101.3	0.0	6,230.5	<b>63,040.3</b>	991.1	4,406.7	5,628.2
	August	5,889.4	4,093.3	24,905.1	20,566.8	<b>49,565.3</b>	129.1	0.0	0.0	1.5	1,098.5	152.6	76.6	0.0	6,992.4	<b>63,905.2</b>	1,045.7	4,306.2	5,705.1
	September	6,386.9	4,363.9	24,725.0	20,891.6	<b>49,980.5</b>	316.3	240.0	0.0	1.3	1,003.2	129.5	169.6	0.0	6,318.4	<b>64,545.7</b>	1,044.6	4,403.0	5,803.2
	October	6,435.8	4,066.6	24,795.8	21,073.0	<b>49,935.5</b>	543.1	235.0	0.0	0.5	1,215.4	193.7	109.2	0.0	6,595.1	<b>65,263.3</b>	1,063.4	4,007.2	5,820.9
	November	6,435.8	4,523.4	24,795.6	21,162.8	<b>50,481.8</b>	461.5	16.0	0.0	1.3	1,101.9	176.2	119.0	0.0	6,957.4	<b>65,750.9</b>	1,150.1	3,805.5	5,863.9
	December	6,620.4	4,774.1	24,265.5	22,379.7	<b>51,419.3</b>	319.6	65.0	0.0	2.1	1,068.8	210.5	196.3	0.0	6,603.7	<b>66,505.8</b>	1,062.8	3,652.3	5,835.6
1997	January	6,745.5	4,347.0	24,056.0	22,551.7	<b>50,954.8</b>	256.6	75.0	250.0	0.4	1,020.6	129.9	117.3	0.0	6,556.5	<b>66,106.7</b>	1,047.6	3,605.5	5,761.3
	February	6,745.6	4,013.0	24,213.4	22,782.0	<b>51,008.3</b>	242.1	10.0	250.0	2.6	979.9	165.4	90.0	0.0	6,957.6	<b>66,451.5</b>	958.6	3,538.6	5,760.8
	March	6,733.0	4,369.0	24,954.1	23,126.3	<b>52,449.3</b>	222.9	40.0	250.0	0.9	1,090.3	96.0	93.7	0.0	6,860.7	<b>67,836.8</b>	908.2	3,524.4	6,012.1
	April	6,733.3	4,035.6	24,626.1	23,784.5	<b>52,446.2</b>	284.2	45.0	250.0	1.5	1,063.2	72.1	155.1	0.0	7,507.9	<b>68,558.5</b>	936.9	3,312.0	6,198.8
	May	6,717.3	4,330.1	24,663.6	23,573.8	<b>52,567.5</b>	281.2	153.0	250.0	2.2	829.2	301.1	170.4	0.0	7,865.4	<b>69,137.2</b>	1,018.2	3,347.9	6,309.1
	June	6,858.9	4,562.2	24,755.3	24,017.0	<b>53,334.4</b>	743.2	294.0	250.0	2.4	598.2	252.5	350.4	0.0	8,176.3	<b>70,860.3</b>	1,140.8	3,446.0	6,473.1
	July	7,507.8	5,323.2	24,847.5	24,377.5	<b>54,548.2</b>	383.1	270.0	250.0	1.5	594.7	197.5	173.5	0.0	7,697.8	<b>71,624.0</b>	1,194.9	3,746.8	6,846.3
	August	7,632.2	4,480.1	25,122.7	25,104.4	<b>54,707.2</b>	401.7	105.0	250.0	1.3	647.6	217.5	134.9	0.0	7,815.9	<b>71,913.3</b>	1,176.9	3,759.7	6,553.9
	September	7,633.8	5,199.1	25,222.8	25,130.2	<b>55,552.0</b>	354.3	130.0	250.0	1.9	784.9	191.6	368.9	0.0	7,971.4	<b>73,239.0</b>	1,214.7	3,833.4	6,518.6
	October	7,651.7	5,254.8	25,468.9	25,441.2	<b>56,164.8</b>	475.1	40.0	250.0	2.0	957.9	68.1	285.5	0.0	9,419.1	<b>75,314.3</b>	1,308.5	3,805.4	6,654.4
	November	7,699.5	5,080.9	25,564.1	26,016.9	<b>56,661.9</b>	326.1	134.0	250.0	1.9	926.0	1.1	107.3	0.0	11,107.5	<b>77,215.4</b>	1,316.7	3,554.4	6,883.6
	December	7,842.4	5,112.7	25,514.3	26,799.4	<b>57,426.5</b>	358.7	267.0	250.0	1.3	855.5	0.8	167.9	0.0	10,757.3	<b>77,927.3</b>	1,073.3	3,420.6	7,288.9
1998	January	7,958.3	4,663.4	25,551.4	27,851.1	<b>58,065.9</b>	294.9	65.0	250.0	1.1	1,096.8	1.0	250.5	0.0	11,002.3	<b>78,985.9</b>	1,071.7	3,572.7	7,242.6
	February	7,955.7	4,667.5	25,671.1	28,778.0	<b>59,116.5</b>	355.6	0.0	250.0	2.9	1,228.7	0.8	195.3	0.0	10,843.6	<b>79,949.1</b>	1,017.5	3,579.6	7,181.7
	March	7,940.2	4,555.9	26,314.8	28,614.5	<b>59,485.1</b>	381.9	364.0	250.0	1.6	1,230.9	0.0	178.0	0.0	11,237.4	<b>81,069.2</b>	1,131.3	3,740.5	7,107.2
	April	7,941.7	4,939.7	26,440.4	28,620.1	<b>60,000.2</b>	415.5	90.0	250.0	1.7	771.6	145.5	216.2	0.0	12,015.8	<b>81,848.1</b>	1,125.0	3,573.4	7,390.3
	May	7,942.7	4,710.5	26,261.3	28,642.5	<b>59,614.3</b>	484.4	15.0	250.0	1.8	910.7	319.9	135.2	0.0	13,076.5	<b>82,750.5</b>	1,098.3	3,620.7	7,141.4
	June	8,372.3	5,130.7	26,234.3	28,243.8	<b>59,608.7</b>	803.4	35.0	250.0	5.6	864.0	271.2	163.9	0.0	12,818.5	<b>83,192.8</b>	1,120.1	3,491.2	7,794.0

<sup>1</sup> Includes demand deposits of Offshore Banking Units (OBUs).<sup>2</sup> Includes Margin Deposits.<sup>3</sup> Other Liabilities include Retained Foreign Currency Accounts and borrowings from other institutions (local and foreign).

Figures may not add up to totals due to rounding.



Table 2.5 : Monetary Survey

(Rs million)																	
End of Period	Foreign Assets (net)	DOMESTIC CREDIT					TOTAL ASSETS	MONEY SUPPLY				QUASI-MONEY				Aggregate Monetary Resources (1) + (2) (3)	Other Items (net)
		Claims on Public Sector	Claims on Private Sector	Claims on Other Bank-like Institutions	Credit to Non-Bank Financial Institutions	Total		Currency with Public	Demand Deposits		Total	Savings Deposits <sup>1</sup>	Time Deposits	Retained Foreign Currency Accounts (2)	Total (3)		
									Bank of Mauritius	Commercial Banks (1)							
1995		18,604.1	13,281.8	32,878.5	111.1	24.8	64,900.3	4,847.2	46.1	4,685.4	9,578.6	19,152.6	24,061.2	1,388.3	44,602.2	54,180.8	10,719.6
1996		19,656.2	14,480.1	34,467.6	130.9	162.6	68,897.3	5,050.8	6.4	4,774.1	9,831.2	22,379.7	24,265.5	1,786.5	48,431.7	58,262.9	10,634.4
1997		21,775.0	18,273.0	43,360.3	135.1	378.9	83,922.3	5,410.4	8.6	5,194.5	10,613.4	26,799.4	25,514.3	4,903.3	57,217.1	67,830.5	16,091.8
1996	January	19,004.9	14,220.2	32,525.4	111.1	37.5	65,899.2	4,157.1	19.1	4,123.9	8,300.1	19,608.4	25,470.8	1,713.9	46,793.1	55,093.2	10,806.0
	February	19,431.9	14,894.1	32,335.9	111.1	36.9	66,809.9	4,127.5	26.1	4,198.1	8,351.7	19,882.7	26,228.2	1,650.6	47,761.5	56,113.2	10,696.7
	March	19,439.4	14,637.0	32,474.6	111.1	41.7	66,703.8	4,122.8	21.3	4,095.8	8,239.9	20,163.4	26,014.9	1,568.7	47,747.0	55,986.9	10,716.9
	April	19,226.5	13,393.0	31,366.7	111.1	44.2	64,915.0	4,042.5	59.5	3,772.4	7,874.3	19,840.0	24,530.9	1,586.1	45,956.9	53,831.2	10,310.3
	May	18,891.9	13,597.5	32,043.6	111.1	66.9	64,711.1	4,054.6	9.4	4,090.6	8,154.5	19,905.8	25,109.8	1,584.7	46,600.4	54,754.9	9,956.2
	June	18,109.6	14,798.4	32,054.6	130.9	71.3	66,164.7	4,161.9	16.3	4,056.9	8,235.0	20,137.4	25,136.8	1,967.0	47,241.2	55,476.2	10,688.5
	July	17,906.7	14,612.9	32,454.8	130.9	98.3	65,296.9	4,075.3	8.6	3,806.6	7,890.5	20,366.6	25,015.9	1,730.5	47,113.0	55,003.6	10,200.0
	August	18,203.4	14,094.7	33,169.4	130.9	105.3	65,703.7	4,208.3	7.3	4,093.3	8,309.0	20,566.8	24,905.1	2,212.7	47,684.7	55,993.6	9,710.1
	September	18,812.4	14,331.7	33,258.3	130.9	107.3	66,640.7	4,172.5	16.3	4,522.4	8,711.3	20,891.6	24,725.0	2,211.6	47,828.2	56,539.5	10,101.2
	October	18,707.3	14,225.7	33,731.5	130.9	128.1	66,923.4	4,223.7	13.3	4,263.9	8,501.0	21,073.0	24,795.8	1,994.1	47,863.0	56,364.0	10,559.5
	November	19,105.2	14,565.4	33,855.4	130.9	134.1	67,791.0	4,329.9	7.6	4,642.1	8,979.6	21,162.8	24,795.6	1,989.3	47,947.6	56,927.2	10,863.8
	December	19,656.2	14,480.1	34,467.6	130.9	162.6	68,897.3	5,050.8	6.4	4,774.1	9,831.2	22,379.7	24,265.5	1,786.5	48,431.7	58,262.9	10,634.4
1997	January	20,605.2	14,064.4	34,525.0	130.9	167.8	69,493.3	4,453.7	10.6	4,347.0	8,811.4	22,551.7	24,056.0	2,054.1	48,661.9	57,473.3	12,020.0
	February	21,092.3	14,225.9	34,710.0	130.9	174.6	70,333.8	4,400.6	8.2	4,013.0	8,421.8	22,782.0	24,213.4	2,092.0	49,087.4	57,509.2	12,824.6
	March	20,773.6	14,908.8	35,402.1	130.9	192.8	71,408.3	4,358.5	9.7	4,369.0	8,737.3	23,126.3	24,954.1	2,201.4	50,281.8	59,019.1	12,389.2
	April	21,571.7	15,019.7	35,542.4	130.9	216.6	72,481.4	4,287.5	16.9	4,035.6	8,340.0	23,784.5	24,626.1	2,534.6	50,945.2	59,285.2	13,196.1
	May	21,110.5	14,782.1	36,538.9	130.9	239.6	72,802.1	4,376.6	4.5	4,330.1	8,711.2	23,573.8	24,663.6	2,576.5	50,813.9	59,525.1	13,276.9
	June	21,230.8	15,758.6	37,207.6	135.1	259.1	74,591.4	4,306.9	5.3	4,562.2	8,874.3	24,017.0	24,755.3	2,712.5	51,484.8	60,359.1	14,232.2
	July	20,581.8	17,195.6	38,248.4	135.1	264.1	76,424.9	4,336.3	8.0	5,439.9	9,784.2	24,377.5	24,847.5	3,055.6	52,280.6	62,064.7	14,360.2
	August	19,795.8	18,313.5	38,783.0	135.1	260.1	77,287.6	4,542.3	32.9	4,572.4	9,147.6	25,104.4	25,122.7	3,149.5	53,376.6	62,524.3	14,763.3
	September	19,949.2	18,381.1	39,635.8	135.1	266.8	78,368.0	4,484.7	8.3	5,281.9	9,774.9	25,130.2	25,222.8	3,100.9	53,453.8	63,228.7	15,139.3
	October	20,521.1	18,132.3	41,322.3	135.1	272.4	80,383.3	4,613.3	13.6	5,441.6	10,068.4	25,441.2	25,468.9	4,268.9	55,178.9	65,247.3	15,135.9
	November	21,998.9	18,093.6	41,922.3	135.1	291.6	82,441.6	4,729.0	9.0	5,099.5	9,837.5	26,016.9	25,564.1	5,285.7	56,866.7	66,704.2	15,737.4
	December	21,775.0	18,273.0	43,360.3	135.1	378.9	83,922.3	5,410.4	8.6	5,194.5	10,613.4	26,799.4	25,514.3	4,903.3	57,217.1	67,830.5	16,091.8
1998	January	21,848.4	18,050.9	44,096.7	135.1	373.0	84,504.0	4,925.3	9.9	4,706.6	9,641.8	27,851.1	25,551.4	5,189.9	58,592.3	68,234.1	16,269.9
	February	22,022.6	18,081.9	44,196.6	135.1	408.2	84,844.4	4,808.4	9.5	4,766.7	9,584.6	28,778.0	25,671.1	5,311.5	59,760.5	69,345.1	15,499.3
	March	21,941.3	18,265.3	45,233.8	135.1	415.4	85,990.8	4,695.9	12.6	4,692.5	9,400.9	28,614.5	26,314.8	5,429.8	60,359.0	69,759.9	16,230.9
	April	20,616.5	18,944.0	46,919.2	135.1	430.2	87,045.1	4,714.5	14.1	5,070.2	9,798.9	28,620.1	26,440.4	5,806.2	60,866.7	70,665.6	16,379.5
	May	20,573.9	19,160.2	47,455.4	135.1	475.8	87,800.4	4,747.0	22.9	4,900.8	9,670.7	28,642.5	26,261.3	6,419.0	61,322.8	70,993.5	16,806.9
	June	21,118.3	17,358.3	49,233.7	151.5	476.2	88,338.0	4,651.4	11.2	5,489.7	10,152.3	28,243.8	26,234.3	6,247.7	60,725.8	70,878.1	17,459.9

<sup>1</sup> Includes Margin Deposits

Figures may not add up to totals due to rounding.



Table 2.6 : Money Supply and Aggregate Monetary Resources

		(Rs million)					
	End of Period	Currency with Public <sup>1</sup>	Demand Deposits	Time and Savings Deposits <sup>2</sup>	Retained Foreign Currency Accounts	Money Supply (1) + (2) (5)	Aggregate Monetary Resources (3) + (4) + (5) (6)
		(1)	(2)	(3)	(4)		
1996	January	4,157.1	4,143.0	45,079.3	1,713.9	8,300.1	55,093.2
	February	4,127.5	4,224.2	46,110.9	1,650.6	8,351.7	56,113.2
	March	4,122.8	4,117.1	46,178.3	1,568.7	8,239.9	55,986.9
	April	4,042.5	3,831.8	44,370.9	1,586.1	7,874.3	53,831.2
	May	4,054.6	4,100.0	45,015.7	1,584.7	8,154.5	54,754.9
	June	4,161.9	4,073.1	45,274.2	1,967.0	8,235.0	55,476.2
	July	4,075.3	3,815.2	45,382.5	1,730.5	7,890.5	55,003.6
	August	4,208.3	4,100.7	45,471.9	2,212.7	8,309.0	55,993.6
	September	4,172.5	4,538.8	45,616.6	2,211.6	8,711.3	56,539.5
	October	4,223.7	4,277.3	45,868.9	1,994.1	8,501.0	56,364.0
	November	4,329.9	4,649.6	45,958.3	1,989.3	8,979.6	56,927.2
	December	5,050.8	4,780.4	46,645.2	1,786.5	9,831.2	58,262.9
1997	January	4,453.7	4,357.7	46,607.8	2,054.1	8,811.4	57,473.3
	February	4,400.6	4,021.2	46,995.4	2,092.0	8,421.8	57,509.2
	March	4,358.5	4,378.7	48,080.4	2,201.4	8,737.3	59,019.1
	April	4,287.5	4,052.5	48,410.6	2,534.6	8,340.0	59,285.2
	May	4,376.6	4,334.6	48,237.4	2,576.5	8,711.2	59,525.1
	June	4,306.9	4,567.4	48,772.3	2,712.5	8,874.3	60,359.1
	July	4,336.3	5,447.9	49,225.0	3,055.6	9,784.2	62,064.7
	August	4,542.3	4,605.3	50,227.1	3,149.5	9,147.6	62,524.3
	September	4,484.7	5,290.1	50,353.0	3,100.9	9,774.9	63,228.7
	October	4,613.3	5,455.1	50,910.1	4,268.9	10,068.4	65,247.3
	November	4,729.0	5,108.5	51,581.0	5,285.7	9,837.5	66,704.2
	December	5,410.4	5,203.0	52,313.8	4,903.3	10,613.4	67,830.5
1998	January	4,925.3	4,716.5	53,402.5	5,189.9	9,641.8	68,234.1
	February	4,808.4	4,776.2	54,449.0	5,311.5	9,584.6	69,345.1
	March	4,695.9	4,705.0	54,929.2	5,429.8	9,400.9	69,759.9
	April	4,714.5	5,084.4	55,060.5	5,806.2	9,798.9	70,665.6
	May	4,747.0	4,923.7	54,903.8	6,419.0	9,670.7	70,993.5
	June	4,651.4	5,500.9	54,478.0	6,247.7	10,152.3	70,878.1

<sup>1</sup> Net of Cash Held by Commercial Banks.<sup>2</sup> Includes Margin Deposits.

Figures may not up to totals due to rounding.

Table 2.7 : Value Range of "Loans and Advances", "Local Bills Discounted" and "Bills Receivable" as at end-June 1998

Range	Number of Loans and Advances	Value of Loans and Advances <sup>1</sup> (Rs'000)	Number of Local Bills Discounted	Face Value of Local Bills Discounted (Rs'000)	Number of Bills Receivable	Face Value of Bills Receivable (Rs'000)
Up to Rs 25,000	69,059	533,258 (1.5)	17,967	173,023 (25.5)	132	2,009 (0.1)
Exceeding Rs25,000 and up to Rs50,000	26,717	801,487 (2.2)	2,042	66,399 (9.8)	180	6,721 (0.4)
Exceeding Rs50,000 and up to Rs100,000	23,665	1,312,213 (3.5)	226	14,527 (2.1)	406	30,522 (2.0)
Exceeding Rs100,000 and up to Rs500,000	27,839	5,014,358 (13.6)	191	43,866 (6.5)	1 632	399,995 (26.5)
Exceeding Rs500,000 and up to Rs1,000,000	4,551	2,731,879 (7.4)	83	57,336 (8.5)	473	321,555 (21.3)
Exceeding Rs1,000,000 and up to Rs2,500,000	2,885	3,703,639 (10.0)	34	53,571 (7.9)	238	345,846 (22.9)
Exceeding Rs2,500,000 and up to Rs5,000,000	1,317	3,519,193 (9.5)	18	62,645 (9.2)	50	168,383 (11.2)
Exceeding Rs5,000,000 and up to Rs10,000,000	786	4,340,003 (11.8)	11	72,909 (10.8)	18	122,768 (8.2)
Exceeding Rs10,000,000	671	14,925,361 (40.5)	6	133,294 (19.7)	5	111,742 (7.4)
<b>TOTAL</b>	<b>157,490</b>	<b>36,881,391</b>	<b>20,578</b>	<b>677,570</b>	<b>3,134</b>	<b>1,509,541</b>

<sup>1</sup> Exclusive of Loans and Other Financing in foreign currencies  
Figures in brackets are percentages of total.

Table 2.8 : Principal Interest Rates in Mauritius

(Per cent per annum)

	Sep-96	Dec-96	Mar-97	Jun-97	Sep-97	Dec-97	Mar-98	Jun-98
<b>1. LENDING</b>								
<b>Bank of Mauritius</b>								
Bank Rate <sup>1</sup>	9.56	10.32	10.64	8.34	8.51	8.96	8.98	9.03
<b>Commercial Banks</b>								
(i) Mauritius Sugar Syndicate	11.00-13.00	11.00-13.00	11.00-13.00	11.00-13.00	10.50-13.00	10.50-13.00	11.00-13.00	11.00-13.00
(ii) Sugar Industry	11.25-19.50	11.25-19.00	11.25-19.00	11.25-19.00	11.25-17.50	11.25-17.50	11.25-17.50	11.25-18.00
(iii) Other Agriculture	11.50-19.50	11.50-19.50	11.50-19.50	11.50-19.50	11.50-19.50	11.50-18.50	11.50-18.50	11.50-19.50
(iv) EPZ	10.00-18.50	10.00-19.50	10.00-19.50	10.00-19.50	11.50-18.50	11.50-18.50	11.50-19.50	11.50-18.50
(v) DC	11.50-18.50	11.50-18.50	11.50-18.50	11.50-18.50	11.50-17.50	11.50-17.50	11.50-17.50	11.50-17.50
(vi) Small-Scale Industries	11.50-20.00	11.50-20.00	11.50-20.00	11.50-20.00	11.50-19.50	11.50-19.50	11.50-19.50	11.50-19.50
(vii) Transport	14.00-21.50	14.00-21.50	14.00-21.50	13.50-21.50	13.50-19.50	13.50-19.50	13.50-19.50	12.25-19.50
(viii) Hotels	14.00-18.50	14.00-18.50	14.00-18.50	14.00-18.50	13.00-18.50	14.00-18.50	14.00-18.50	12.50-18.00
(ix) Other Industries and Manufacturers	11.50-19.50	11.50-19.50	11.50-19.50	13.00-20.00	13.00-20.00	12.50-20.00	12.50-19.50	12.50-19.50
(x) Statutory and Parastatal Bodies	15.00-18.00	15.00-18.00	15.00-18.00	15.00-18.00	13.00-17.75	13.00-17.75	13.00-17.75	13.00-16.50
(xi) Housing	14.00-20.50	13.50-20.50	13.50-20.50	11.50-20.50	11.50-19.75	11.50-19.75	11.50-19.50	11.50-19.50
(xii) Traders	14.00-21.00	12.50-21.00	12.50-21.00	12.50-21.00	13.00-21.00	13.00-21.00	14.00-21.00	14.00-21.00
(xiii) Stock Brokers	17.50-19.00	17.50-19.00	17.50-19.00	17.50-19.00	16.00-18.00	16.00-18.00	16.00-18.00	16.00-17.50
(xiv) Financial Institutions	17.50-19.00	17.50-19.00	17.50-19.00	17.50-19.00	16.00-18.00	16.00-18.00	16.00-18.00	16.00-17.50
(xv) Personal and Professional	14.00-21.50	14.00-21.50	14.00-21.50	13.50-21.50	12.50-21.00	12.50-19.50	13.50-19.50	13.50-19.50
(xvi) Other Customers	14.00-19.50	14.00-19.50	12.00-19.50	14.50-19.50	14.00-19.50	12.00-19.50	14.50-19.50	14.50-19.50
<b>2. DEPOSITS</b>								
1. Savings	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
2. Seven Days' Notice	8.00-10.00	8.00-9.50	8.00-9.50	8.00-10.00	8.00-9.00	8.00-9.00	8.00-9.00	8.00-9.00
3. Fixed Deposits								
(i) Up to 3 months	8.00-9.50	8.00-9.50	8.00-9.50	8.00-9.50	8.00-8.50	8.00-8.75	8.00-8.50	8.00-10.00
(ii) Exceeding 3 and up to 6 months	8.13-11.25	8.13-11.25	8.13-11.25	8.13-11.25	8.00-9.25	8.00-9.25	8.13-9.00	8.00-10.00
(iii) Exceeding 6 and up to 12 months	8.25-12.50	8.25-12.50	8.25-12.50	8.25-12.50	8.13-11.00	8.13-10.50	8.25-10.50	8.25-10.00
(iv) Exceeding 12 and up to 18 months	8.37-12.50	8.37-12.50	8.37-12.50	8.25-12.50	8.13-10.00	8.37-11.00	8.37-10.00	8.37-10.00
(v) Exceeding 18 and up to 24 months	8.50-12.00	8.50-12.00	8.50-12.00	8.25-12.00	8.25-10.50	8.50-9.50	8.50-9.50	8.50-10.00
(vi) Exceeding 24 and up to 36 months	8.50-12.50	8.50-12.00	8.50-12.00	8.25-12.00	8.25-12.00	8.50-11.00	8.25-11.00	8.25-11.00
(vii) Exceeding 36 and up to 48 months	8.50-13.00	8.50-13.00	8.50-13.00	8.25-13.00	8.25-12.00	8.50-12.00	8.25-11.00	9.00-11.00
(viii) Over 48 months	8.50-14.50	8.50-14.50	8.50-14.50	8.25-14.50	8.00-14.50	9.00-14.50	8.25-14.00	9.00-14.00

<sup>1</sup> As on the last day of the month.



Table 2.9 : Ownership of Commercial Banks' Deposits as at end-June 1998

SECTORS	DEMAND DEPOSITS		TIME DEPOSITS	
	Number of Accounts	Amount (Rs'000)	Number of Accounts	Amount (Rs'000)
1. Agriculture, Hunting, Forestry and Fishing of which :	1,399	230,576 (4.0)	152	253,581 (1.0)
(a) Sugar	596	154,526	99	241,192
(b) Others	803	76,050	53	12,389
2. Manufacturing	2,665	398,553 (7.0)	343	406,098 (1.5)
3. Financial, Insurance and Business Services and Stock Brokers	1,449	699,718 (12.2)	660	1,454,108 (5.5)
4. Construction	524	214,920 (3.7)	36	32,105 (0.1)
5. Wholesale and Retail trade, Restaurants and Hotels	9,149	741,034 (12.9)	427	429,873 (1.6)
6. Personal and Professional of which:	45,997	1,419,117 (24.7)	97,955	20,364,276 (77.0)
(a) Residents	43,961	1,315,498	96,193	19,514,121
(b) Nonresidents	2,036	103,619	1,762	850,155
7. Transport, Storage and Communication	594	180,451 (3.1)	28	18,398 (0.1)
8. Statutory and Parastatal Bodies	148	367,545 (6.4)	158	788,920 (3.0)
9. Central Government	80	450,081 (7.9)	2	200,060 (0.8)
10. Local Government	105	63,369 (1.1)	115	300,239 (1.1)
11. Others	7,529	968,694 (17.0)	2,624	2,186,594 (8.2)
<b>TOTAL</b>	<b>69,639</b>	<b>5,734,058</b>	<b>102,500</b>	<b>26,434,252</b>
SECTORS	SAVINGS DEPOSITS			
			Number of Accounts	Amount (Rs'000)
1. Personal			1,209,022	24,834,821 (88.1)
2. Professional			4,768	274,042 (0.9)
3. Statutory and Parastatal Bodies			689	386,977 (1.4)
4. Other			10,000	2,708,124 (9.6)
<b>TOTAL</b>			<b>1,224,479</b>	<b>28,203,964</b>

Figures in brackets are percentages of total

Table 2.10 : Value Range of Commercial Banks' Deposits as at end-June 1998

RANGE	DEMAND DEPOSITS		SAVINGS DEPOSITS		TIME DEPOSITS	
	Number of Accounts	Amount (Rs'000)	Number of Accounts	Amount (Rs'000)	Number of Accounts	Amount (Rs'000)
Up to Rs25,000	52,727	303,278 (6.0)	1,034,220	3,766,863 (13.2)	20,457	344,752 (1.3)
Exceeding Rs25,000 and up to Rs50,000	5,937	214,199 (4.5)	76,385	2,587,322 (9.2)	16,362	670,445 (2.6)
Exceeding Rs50,000 and up to Rs100,000	4,484	327,598 (6.5)	54,648	3,705,842 (13.1)	22,775	1,964,007 (7.9)
Exceeding Rs100,000 and up to Rs500,000	5,083	1,083,268 (21.7)	50,580	9,517,589 (33.5)	33,243	8,192,050 (30.0)
Exceeding Rs500,000 and up to Rs1,000,000	754	520,359 (9.6)	6,354	3,300,357 (11.4)	5,764	4,492,998 (16.4)
Exceeding Rs1,000,000 and up to Rs2,500,000	397	626,366 (13.1)	1,972	2,152,365 (7.1)	2,021	3,203,954 (12.1)
Exceeding Rs2,500,000 and up to Rs5,000,000	130	463,956 (9.1)	187	615,681 (2.2)	1,602	3,101,414 (11.9)
Exceeding Rs5,000,000 and up to Rs10,000,000	65	450,619 (8.0)	70	479,603 (1.8)	160	1,224,290 (4.8)
Exceeding Rs10,000,000	62	1,744,416 (21.6)	63	2,078,342 (8.4)	116	3,240,341 (13.0)
<b>TOTAL</b>	<b>69,639</b>	<b>5,734,058</b>	<b>1,224,479</b>	<b>28,203,964</b>	<b>102,500</b>	<b>26,434,252</b>

Figures in brackets are percentages of total.

Table 2.11 : Maturity Pattern of Time Deposits as at end-June 1998

(Rs'000)			
DURATION	Personal/ Professional Deposits	Institutional Deposits	Total Deposits
Seven Days' Notice	1,772,996	1,739,115	3,512,111
Up to 1 Month	802,903	622,430	1,425,333
Exceeding 1 Month and up to 3 Months	1,577,103	920,839	2,497,942
Exceeding 3 Months and up to 6 Months	1,857,137	634,927	2,492,064
Exceeding 6 Months and up to 12 Months	3,587,311	1,157,583	4,744,894
Exceeding 12 Months and up to 18 Months	1,734,968	213,301	1,948,269
Exceeding 18 Months and up to 24 Months	2,050,178	143,089	2,193,267
Exceeding 24 Months and up to 36 Months	6,233,032	359,618	6,592,650
Exceeding 36 Months and up to 48 Months	761,169	125,379	886,548
Exceeding 48 Months	124,528	16,646	141,174
<b>TOTAL</b>	<b>20,501,325</b>	<b>5,932,927</b>	<b>26,434,252</b>



Table 2.12 : Cheque Clearances

		Daily Average				
		Number of Cheques	Amount (Rs.'000)	Number of Days	Number of Cheques	Amount (Rs.'000)
1996	January	420,872	10,482,571	25	16,835	419,302
	February	378,764	9,426,092	22	17,217	428,458
	March	419,033	11,307,796	24	17,460	471,158
	April	430,084	11,058,298	26	16,542	425,319
	May	437,299	11,187,268	26	16,819	430,279
	June	357,591	9,854,051	20	17,880	492,702
	July	433,325	11,581,202	23	18,840	503,531
	August	407,436	10,741,089	22	18,520	488,231
	September	397,188	10,464,965	20	19,859	523,248
	October	464,865	12,784,321	23	20,212	555,840
	November	407,075	10,332,046	20	20,354	516,602
	December	474,617	14,125,428	21	22,601	672,639
1997	January	365,699	12,633,892	20	18,285	631,695
	February	384,702	10,428,687	18	21,372	579,371
	March	433,380	11,872,299	19	22,809	624,858
	April	424,950	11,811,386	21	20,236	562,447
	May	445,284	11,629,543	21	21,204	553,788
	June	457,048	13,270,715	21	21,764	631,939
	July	482,508	14,270,769	23	20,979	620,468
	August	430,793	12,418,588	21	20,514	591,361
	September	475,078	14,340,706	22	21,594	651,850
	October	506,263	15,580,418	22	23,012	708,201
	November	474,358	13,361,084	20	23,718	668,054
	December	583,261	17,718,720	22	26,512	805,396
1998	January	368,013	11,400,737	18	20,445	633,374
	February	382,127	12,101,985	17	22,478	711,881
	March	477,206	13,892,492	21	22,724	661,547
	April	461,712	14,481,260	22	20,987	658,239
	May	415,218	12,745,470	20	20,761	637,274
	June	469,319	15,371,545	22	21,333	698,707

Table 2.13 : Exchange Rates <sup>1</sup>

(Rupees)														
CURRENCY	Dec-96		Mar-97		Jun-97		Sep-97		Dec-97		Mar-98		Jun-98	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
Australian dollar	15.45	15.99	15.41	15.95	15.17	15.70	15.31	15.85	14.16	14.66	15.38	15.92	14.52	15.03
Belgium franc (100)	61.16	63.30	57.29	59.30	57.29	59.30	58.84	60.90	59.42	61.50	61.45	63.60	64.15	66.40
China yuan	2.36	2.44	2.40	2.48	2.47	2.56	2.59	2.68	2.65	2.74	2.82	2.92	2.89	2.99
ECU	23.77	24.96	22.42	23.54	22.61	23.74	23.21	24.37	23.63	24.81	24.55	25.78	25.47	26.74
French franc	3.75	3.81	3.52	3.58	3.52	3.58	3.63	3.68	3.67	3.73	3.79	3.85	3.96	4.02
Deutsche mark	12.55	12.85	11.78	12.06	11.77	12.05	12.08	12.37	12.20	12.49	12.60	12.90	13.16	13.47
Hong Kong dollar	2.53	2.62	2.56	2.65	2.65	2.74	2.77	2.87	2.83	2.93	3.01	3.12	3.08	3.19
Indian rupee (100)	54.00	56.00	55.00	57.00	57.00	59.00	59.00	61.00	56.00	58.00	59.00	61.00	56.00	58.00
Italian lira (1000)	12.76	13.27	11.78	12.25	12.05	12.53	12.33	12.82	12.40	12.90	12.78	13.29	13.36	13.89
Japanese yen (100)	16.91	17.29	16.06	16.42	18.01	18.41	17.80	18.20	16.93	17.31	17.79	18.19	17.05	17.43
Kenya shilling (100)	35.38	36.79	36.22	37.67	37.66	39.17	34.54	35.92	35.12	36.52	38.94	40.50	40.06	41.66
Malagasy franc (100)	0.45	0.47	0.40	0.42	0.40	0.42	0.40	0.42	0.41	0.43	0.44	0.46	0.44	0.46
Malaysian ringgit	7.72	8.03	7.97	8.29	8.11	8.43	6.67	6.94	5.63	5.86	6.41	6.67	5.71	5.94
Malawi kwacha	1.25	1.33	1.28	1.36	1.33	1.41	1.24	1.31	1.02	1.08	0.92	0.97	0.91	0.96
New Zealand dollar	13.73	14.21	13.66	14.14	13.80	14.28	13.57	14.04	12.63	13.07	12.83	13.28	12.16	12.59
Pakistan rupee (100)	48.20	50.61	48.81	51.25	50.10	52.61	52.24	54.85	49.10	51.55	52.24	54.85	51.05	53.60
Seychelles rupee	3.88	4.07	3.90	4.09	4.03	4.23	4.18	4.39	4.18	4.39	4.47	4.69	4.50	4.73
Singapore dollar	13.94	14.50	13.67	14.22	14.30	14.87	13.96	14.52	13.00	13.52	14.49	15.07	13.96	14.52
South African rand	4.17	4.34	4.47	4.65	4.53	4.71	4.59	4.77	4.48	4.66	4.63	4.82	4.06	4.22
Swiss franc	14.49	14.82	13.63	13.94	14.09	14.41	14.70	15.03	15.03	15.37	15.33	15.67	15.66	16.01
Tanzania shilling (100)	3.19	3.35	3.26	3.42	3.29	3.45	3.45	3.62	3.50	3.67	3.57	3.75	3.62	3.80
Uganda shilling (100)	1.88	1.97	1.96	2.06	1.96	2.06	1.95	2.05	1.92	2.02	2.01	2.11	1.92	2.02
US dollar	19.78	20.03	20.03	20.28	20.74	20.99	21.65	21.92	22.12	22.40	23.59	23.88	24.12	24.42
Pound sterling	33.50	33.83	32.76	33.09	34.55	34.90	34.93	35.28	36.73	37.10	39.65	40.05	40.28	40.68
Zambia kwacha (100)	1.49	1.58	1.52	1.61	1.55	1.64	1.61	1.71	1.58	1.67	1.35	1.43	1.21	1.28
Zimbabwe dollar	1.76	1.87	1.73	1.83	1.77	1.88	1.65	1.75	1.17	1.24	1.43	1.52	1.30	1.38

<sup>1</sup> End of month.

Table 2.14 : Daily Average Exchange Rates <sup>1</sup>

	(Rupees)											
	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98
Australian dollar	15.892	16.309	15.957	15.882	15.340	14.817	14.837	15.528	15.658	15.660	15.159	14.660
Belgium franc (100)	58.537	58.542	60.358	61.265	62.438	61.642	61.289	62.288	62.814	64.818	66.410	66.532
China yuan	2.608	2.682	2.686	2.683	2.692	2.729	2.771	2.812	2.850	2.927	2.936	2.966
French franc	3.529	3.533	3.650	3.710	3.788	3.742	3.717	3.771	3.801	3.925	4.023	4.029
Deutsche mark	11.902	11.907	12.267	12.445	12.684	12.522	12.444	12.639	12.742	13.157	13.493	13.508
Hong Kong dollar	2.791	2.870	2.875	2.875	2.884	2.918	2.963	3.008	3.047	3.128	3.136	3.171
Indian rupee (100)	60.630	61.769	61.000	61.308	60.042	57.731	58.316	59.824	59.571	61.136	60.250	58.091
Italian lira (1000)	12.419	12.380	12.761	12.905	13.145	12.967	12.835	13.004	13.139	13.522	13.000	13.902
Japanese yen (100)	18.584	18.670	18.233	18.159	17.636	17.268	17.487	18.291	18.164	18.208	17.832	17.315
Kenya shilling (100)	37.890	33.617	35.186	35.698	35.028	34.625	37.616	38.672	39.392	40.770	39.019	40.662
Malaysian ringgit	8.403	8.092	7.403	6.783	6.597	5.743	5.241	6.046	6.356	6.510	6.382	6.159
New Zealand dollar	14.184	14.139	14.020	13.995	13.773	13.228	13.121	13.412	13.397	13.276	12.946	12.439
Singapore dollar	14.910	14.862	14.673	14.282	14.098	13.710	13.107	14.022	14.619	15.144	14.852	14.510
South African rand	4.750	4.752	4.750	4.729	4.614	4.642	4.642	4.721	4.753	4.805	4.776	4.605
Swiss franc	14.393	14.482	14.913	15.045	15.625	15.483	15.323	15.669	15.639	15.860	16.199	16.206
US dollar	21.345	21.946	21.979	21.936	22.014	22.307	22.648	22.989	23.307	23.926	23.987	24.253
Pound sterling	35.684	35.225	35.171	35.693	37.129	37.065	37.011	37.675	38.685	39.981	39.246	39.953
ECU	23.600	23.552	24.188	24.577	25.224	24.897	24.694	25.090	25.398	26.207	26.713	26.800
SDR	29.059	29.189	28.908	29.271	29.281	29.539	29.831	29.976	30.096	30.384	30.415	30.710

<sup>1</sup> Selling Rates.



Table 2.15 : Transactions on the Stock Exchange of Mauritius

OFFICIAL MARKET				
	Number of Sessions	SEMDX	Average Value of Transactions (Rs'000)	Average Volume of Transactions ('000)
1997 July	13	<b>378.75</b>	6,258	<b>183</b>
August	13	<b>366.02</b>	6,017	<b>268</b>
September	13	<b>382.63</b>	8,520	<b>385</b>
October	14	<b>404.77</b>	18,159	<b>1,058</b>
November	14	<b>394.98</b>	78,517	<b>5,952</b>
December	21	<b>394.32</b>	7,145	<b>312</b>
1998 January	18	<b>397.81</b>	6,676	<b>313</b>
February	17	<b>412.93</b>	8,370	<b>423</b>
March	21	<b>422.11</b>	10,834	<b>572</b>
April	22	<b>445.77</b>	13,214	<b>441</b>
May	20	<b>454.67</b>	7,839	<b>299</b>
June	22	<b>456.42</b>	5,547	<b>244</b>

Source: Stock Exchange of Mauritius.

Table 3.1 : Net International Reserves

						(Rs million)
End of Month		Bank of Mauritius Foreign Assets	Government of Mauritius Foreign Assets	Reserve Position in IMF	Commercial Banks Net Foreign Assets	Net International Reserves
1996	January	15,544.4	1.0	195.5	3,460.5	19,201.4
	February	16,145.9	1.4	194.1	3,286.0	19,627.4
	March	16,293.9	1.3	193.6	3,145.6	19,634.4
	April	16,238.9	0.8	195.3	2,987.6	19,422.6
	May	15,955.1	1.2	194.2	2,936.8	19,087.3
	June	15,561.2	1.2	192.7	3,548.4	19,303.5
	July	14,787.0	1.5	191.7	3,119.7	18,099.9
	August	14,624.7	2.2	191.2	3,578.7	18,396.8
	September	15,319.3	0.7	191.6	3,493.1	19,004.7
	October	14,892.9	1.9	190.1	3,814.4	18,899.3
	November	15,383.0	0.2	191.0	3,722.2	19,296.4
	December	15,988.1	1.0	191.2	3,668.1	19,848.4
1997	January	17,123.1	1.7	196.2	3,482.0	20,803.0
	February	17,457.2	1.4	201.2	3,635.1	21,294.9
	March	17,119.7	1.4	201.8	3,654.0	20,976.9
	April	17,622.5	2.0	206.2	3,949.2	21,779.9
	May	17,078.0	0.5	208.8	4,032.6	21,319.9
	June	17,162.5	0.1	212.0	4,068.3	21,442.9
	July	15,921.2	0.6	215.7	4,660.6	20,798.1
	August	14,911.7	0.5	213.4	4,884.1	20,009.7
	September	15,024.4	0.5	215.6	4,924.8	20,165.3
	October	14,887.8	1.7	216.1	5,633.3	20,738.9
	November	15,239.4	0.6	218.2	6,759.5	22,217.7
	December	15,341.5	1.4	219.0	6,433.5	21,995.4
1998	January	15,478.2	1.8	224.2	6,370.1	22,074.3
	February	15,110.4	0.6	221.9	6,912.2	22,245.1
	March	15,308.2	0.2	224.7	6,633.1	22,166.2
	April	14,743.1	1.1	225.9	5,873.4	20,843.5
	May	14,451.9	1.5	225.8	6,122.1	20,801.3
	June	14,869.0	0.5	229.8	6,249.3	21,348.6

Table 3.2 : Exports - Principal Countries of Destination

COUNTRY	(f.o.b. value) (Rs million)									
	1996	1997 <sup>1</sup>	1996				1997			
			1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr
United Kingdom	10,876	11,158	2,289	1,116	3,955	3,516	2,390	1,725	3,580	3,463
France	6,111	5,984	1,317	1,729	1,444	1,621	1,268	1,613	1,336	1,767
United States of America	4,325	4,677	1,043	988	1,307	987	744	1,158	1,565	1,210
Germany	1,749	1,861	298	461	489	501	387	437	503	534
Italy	1,273	1,275	336	281	290	366	345	268	260	402
Reunion	524	477	100	123	135	166	103	120	119	135
Belgium	734	677	122	213	205	194	134	187	158	198
Netherlands	770	742	169	187	246	168	183	154	179	226
Republic of South Africa	239	143	52	62	60	65	45	25	34	39
Canada	205	188	53	57	46	49	44	49	56	39
Australia	113	133	10	20	32	51	23	37	45	28
Malagasy Republic	915	1,180	214	203	255	243	266	327	299	288
Other	3,879	4,307	615	699	1,322	1,243	708	858	1,515	1,226
<b>TOTAL</b>	<b>31,713</b>	<b>32,802</b>	<b>6,618</b>	<b>6,139</b>	<b>9,786</b>	<b>9,170</b>	<b>6,640</b>	<b>6,958</b>	<b>9,649</b>	<b>9,555</b>

<sup>1</sup> Provisional.

Source: Central Statistical Office, Government of Mauritius.



Table 3.3 : Direction of EPZ Exports

(f.o.b. value) (Rs million)										
COUNTRY	1996	1997 <sup>1</sup>	1996				1997			
			1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr
<b>European Union</b>	<b>15,113</b>	<b>16,303</b>	<b>2,942</b>	<b>3,960</b>	<b>4,025</b>	<b>4,186</b>	<b>3,451</b>	<b>4,208</b>	<b>4,052</b>	<b>4,592</b>
France	5,762	5,670	1,231	1,620	1,360	1,551	1,203	1,541	1,245	1,681
Belgium	651	599	98	193	186	174	117	173	138	171
Germany	1,607	1,631	272	440	467	428	326	384	445	476
United Kingdom	4,234	5,344	737	979	1,265	1,253	1,093	1,418	1,451	1,382
Netherlands	685	643	143	168	233	141	172	141	155	175
Italy	1,141	1,153	303	249	265	324	305	235	248	365
Other	1,033	1,263	158	311	249	315	235	316	370	342
<b>Non European Union</b>	<b>5,888</b>	<b>6,746</b>	<b>1,268</b>	<b>1,485</b>	<b>1,653</b>	<b>1,482</b>	<b>1,224</b>	<b>1,763</b>	<b>1,964</b>	<b>1,795</b>
U.S.A.	3,787	4,353	799	959	1,088	941	694	1,133	1,369	1,157
Hong Kong	160	98	44	50	42	24	18	29	12	39
Singapore	29	38	8	6	6	9	8	12	6	12
Switzerland	344	355	73	93	87	91	83	98	85	89
Malagasy, Republic of	526	758	127	140	127	132	177	191	187	203
Other	1,042	1,144	217	237	303	285	244	300	305	295
<b>TOTAL</b>	<b>21,001</b>	<b>23,049</b>	<b>4,210</b>	<b>5,445</b>	<b>5,678</b>	<b>5,668</b>	<b>4,675</b>	<b>5,971</b>	<b>6,016</b>	<b>6,387</b>

<sup>1</sup> Provisional.

Source: Central Statistical Office, Government of Mauritius.

Table 3.4 : EPZ Imports and Exports by Main Commodities

	(Rs million)									
	1996	1997 <sup>1</sup>	1996				1997			
			1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr
<b>Total EPZ Imports (c.i.f.)</b>	<b>12,109</b>	<b>13,897</b>	<b>2,671</b>	<b>3,183</b>	<b>3,301</b>	<b>2,954</b>	<b>2,758</b>	<b>3,635</b>	<b>3,671</b>	<b>3,833</b>
Raw Materials	10,992	12,460	2,393	2,890	3,006	2,703	2,548	3,282	3,319	3,311
Machinery	1,117	1,437	278	293	295	251	210	353	352	522
<b>Total EPZ Exports (f.o.b.)</b>	<b>21,001</b>	<b>23,049</b>	<b>4,210</b>	<b>5,445</b>	<b>5,678</b>	<b>5,668</b>	<b>4,675</b>	<b>5,971</b>	<b>6,016</b>	<b>6,387</b>
Fish and Fish Preparations	719	895	164	202	190	163	164	239	209	283
Textile Yarn, Fabrics, Made-up Articles	1,447	1,309	338	380	372	357	316	354	309	330
Pearls, Precious and Semi-precious Stones	509	476	89	134	148	138	119	134	130	93
Articles of Apparel and Clothing	16,187	18,142	3,131	4,192	4,400	4,464	3,619	4,650	4,840	5,033
Watches and Clocks	405	409	101	105	86	113	95	103	87	124
Toys, Games and Sporting goods	194	105	40	54	54	46	31	40	24	10
Other	1,540	1,713	347	378	428	387	331	451	417	514
<b>Net EPZ Exports</b>	<b>8,892</b>	<b>9,152</b>	<b>1,539</b>	<b>2,262</b>	<b>2,377</b>	<b>2,714</b>	<b>1,917</b>	<b>2,336</b>	<b>2,345</b>	<b>2,554</b>

<sup>1</sup> Provisional.

Source: Central Statistical Office, Government of Mauritius.

Table 3.5 : Imports and Exports - Major Commodity Groups

(Rs million)										
	1996	1997 <sup>1</sup>	1996				1997			
			1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr
Imports (c.i.f. value)										
Food and Live Animals	5,921	6,148	1,476	1,247	1,523	1,675	1,379	1,427	1,697	1,645
Beverages and Tobacco	212	262	42	45	52	73	32	57	79	94
Crude Materials, Inedible, except Fuels	1,598	1,567	366	399	520	313	320	441	385	421
Mineral Fuels, Lubricants and Related Materials	3,213	3,470	713	704	918	878	961	770	914	825
Animal and Vegetable Oils and Fats	464	483	79	142	123	120	78	92	190	123
Chemicals and Related Products	3,164	3,336	691	734	847	892	734	784	932	886
Manufactured Goods classified chiefly by Materials	13,708	14,910	2,925	3,519	3,590	3,674	2,859	3,942	4,041	4,068
Machinery and Transport Equipment	9,190	12,099	1,706	2,773	2,402	2,309	1,647	2,755	2,472	5,225
Miscellaneous Manufactured Articles	3,271	3,803	639	762	804	1,066	761	850	908	1,284
Commodities and Transactions not classified elsewhere in the SITC	413	479	91	126	109	87	129	68	173	109
TOTAL	41,154	46,557	8,728	10,451	10,888	11,087	8,900	11,186	11,791	14,680
Exports (f.o.b. value)										
Cane Sugar	8,347	7,294	1,859	260	3,524	2,704	1,386	436	2,972	2,500
Cane Molasses	126	102	4	0	55	67	23	-	40	39
Tea, whether or not flavoured	28	11	12	8	2	6	6	3	1	1
Export Processing Zone Products	21,001	23,049	4,210	5,445	5,678	5,668	4,675	5,971	6,016	6,387
Other	1,295	1,235	297	311	327	360	273	296	289	377
Re-exports	916	1,111	237	115	201	363	277	252	331	251
TOTAL	31,713	32,802	6,619	6,139	9,787	9,168	6,640	6,958	9,649	9,555
Ships' Stores and Bunkers (f.o.b. value)	636	600	159	159	159	159	150	150	150	150

<sup>1</sup> Provisional

Source: Central Statistical Office, Government of Mauritius.



Table 3.6 : Merchandise Imports

		(c.i.f. value) (Rs million)			
SITC Code	Standard International Trade Classification	1994	1995	1996	1997 <sup>1</sup>
<b>00</b>	<b>Food and Live Animals</b>	<b>4,241.0</b>	<b>4,673.0</b>	<b>5,921.0</b>	<b>6,148.0</b>
	Meat and Meat Preparations	559.0	532.0	577.0	681.0
	Dairy Products and Eggs	766.0	899.0	947.0	963.0
	<i>Milk and Cream</i>	588.0	703.0	725.0	736.0
	Fish and Fish Preparations	488.0	700.0	756.0	957.0
	Cereals and Cereal Preparations	1,056.0	1,062.0	1,541.0	1,352.0
	<i>Wheat</i>	359.0	379.0	599.0	367.0
	<i>Rice</i>	398.0	329.0	668.0	509.0
	<i>Flour</i>	11.0	3.0	85.0	73.0
	<i>Other</i>	288.0	351.0	189.0	403.0
	Fruits and Vegetables	523.0	645.0	695.0	803.0
	<i>Vegetables</i>	243.0	745.0	352.0	360.0
	Feeding Stuff for Animals	139.0	161.0	190.0	270.0
	Other	710.0	674.0	1,215.0	1,122.0
<b>01</b>	<b>Beverages and Tobacco</b>	<b>201.0</b>	<b>221.0</b>	<b>212.0</b>	<b>262.0</b>
	Alcoholic Beverages	148.8	164.2	167.0	195.0
	Unmanufactured Tobacco	5.8	6.2	7.0	8.0
	Other	46.4	50.6	38.0	59.0
<b>02</b>	<b>Crude Materials, Inedible except Fuels</b>	<b>1,004.0</b>	<b>1,209.0</b>	<b>1,598.0</b>	<b>1,567.0</b>
<b>03</b>	<b>Mineral Fuels, Lubricants and Related Materials</b>	<b>2,133.0</b>	<b>2,401.0</b>	<b>3,213.0</b>	<b>3,470.0</b>
	Petroleum Products, Refined	1,779.0	2,019.1	2,823.0	2,978.0
	Other	354.0	381.9	390.0	492.0
<b>04</b>	<b>Animal and Vegetable Oils and Fats</b>	<b>415.0</b>	<b>441.0</b>	<b>464.0</b>	<b>483.0</b>
	Vegetable and Edible Oils	324.0	361.4	341.0	376.0
	Other	91.0	79.6	123.0	107.0
<b>05</b>	<b>Chemicals and Related Materials</b>	<b>2,442.0</b>	<b>2,688.0</b>	<b>3,164.0</b>	<b>3,336.0</b>
	Organic Chemicals	143.0	154.0	173.1	168.0
	Inorganic Chemicals	198.0	259.8	294.4	339.0
	Dyeing, Tanning and Colouring Materials	328.0	336.1	430.0	461.0
	Medical and Pharmaceutical Products	488.0	576.0	671.0	641.0
	Fertilizers Manufactured	139.0	145.7	189.0	185.0
	Artificial Resins and Plastic Materials and Cellulose Esters and Ethers	194.0	199.9	222.0	243.0
	Other	952.0	1,016.5	1,184.5	1,299.0
<b>06</b>	<b>Manufactured Goods classified chiefly by Materials</b>	<b>11,828.0</b>	<b>12,587.0</b>	<b>13,708.0</b>	<b>14,910.0</b>
	Rubber, Wood, Cork, Paper and Paper Board Manufactures	984.0	1,186.0	1,176.2	1,091.0
	Textile Yarn, Fabrics, Made-up Articles and Related Products	7,187.0	7,681.7	7,898.0	9,103.0
	Lime, Cement and Fabricated Construction Materials	728.0	728.8	823.0	885.0
	Iron and Steel	913.0	887.4	1,255.0	1,044.0
	Manufactures of Metal	720.0	700.0	804.0	901.0
	Other	1,296.0	1,403.0	1,751.8	1,886.0
<b>07</b>	<b>Machinery and Transport Equipment</b>	<b>8,887.0</b>	<b>6,658.0</b>	<b>9,190.0</b>	<b>12,099.0</b>
	Machinery Specialized for Particular Industries	1,467.0	1,274.0	1,549.0	1,682.0
	General Industrial Machinery	997.0	933.0	1,148.0	1,076.0
	Electric Machinery, Apparatus and Appliances and Parts	1,027.0	1,021.3	1,414.0	1,262.0
	Road Motor Vehicles and Parts	1,545.0	1,487.3	1,711.0	2,140.0
	Other	3,851.0	1,941.8	3,368.0	5,939.0
<b>08</b>	<b>Miscellaneous Manufactured Articles</b>	<b>3,101.0</b>	<b>3,245.0</b>	<b>3,271.0</b>	<b>3,803.0</b>
	Articles of Apparel and Clothing Accessories	404.0	355.1	357.0	469.0
	Professional and Scientific Instruments	167.0	217.3	264.5	278.0
	Other	2,530.0	2,672.6	2,649.5	3,056.0
<b>09</b>	<b>Commodities and Transactions not classified elsewhere in the SITC</b>	<b>296.0</b>	<b>240.0</b>	<b>413.0</b>	<b>479.0</b>
	<b>TOTAL</b>	<b>34,548.0</b>	<b>34,363.0</b>	<b>41,154.0</b>	<b>46,557.0</b>

<sup>1</sup> Provisional.

Source : Central Statistical Office, Government of Mauritius.

Table 3.7 : Imports - Main Sources of Supply

	(c.i.f. value) (Rs million)									
	1996	1997 <sup>1</sup>	1996				1997			
			1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr
Bahrain	221	224	0	0	219	2	0	0	224	0
France	4,555	7,623	1,033	1,144	1,165	1,213	816	1,836	1,232	3,739
United Kingdom	2,648	2,574	589	647	642	770	558	636	728	652
Republic of South Africa	4,893	5,606	1,151	1,252	1,122	1,368	1,293	1,465	1,180	1,668
Japan	1,800	1,967	425	444	473	458	267	481	558	661
Australia	1,811	1,546	453	324	490	544	365	332	416	433
China (Mainland)	1,741	2,006	408	428	516	389	373	440	537	656
Germany	1,903	2,164	413	485	525	480	436	494	581	653
Italy	1,392	1,333	313	308	382	389	228	335	375	395
United States of America	1,287	1,367	229	344	335	379	339	325	351	352
Kenya	257	237	111	40	75	31	48	78	64	47
New Zealand	445	470	117	80	135	113	89	113	142	126
India	3,619	4,522	627	823	978	1,191	901	1,117	1,121	1,383
Taiwan	1,121	1,254	234	280	309	298	298	282	354	320
Malaysia	964	1,061	191	297	228	248	178	303	256	324
Korea (Republic)	493	477	106	98	152	137	103	113	122	139
Hong Kong	1,476	1,986	313	368	386	409	352	551	558	525
Singapore	868	1,021	160	254	222	232	204	237	273	307
Belgium	686	773	145	137	165	239	156	210	213	194
Netherlands	221	323	46	57	63	55	54	77	104	88
Pakistan	645	618	210	134	141	160	96	136	220	166
Other	8,108	7,405	1,454	2,507	2,165	1,982	1,746	1,625	2,182	1,852
<b>TOTAL</b>	<b>41,154</b>	<b>46,557</b>	<b>8,728</b>	<b>10,451</b>	<b>10,888</b>	<b>11,087</b>	<b>8,900</b>	<b>11,186</b>	<b>11,791</b>	<b>14,680</b>

<sup>1</sup> Provisional.

Source : Central Statistical Office, Government of Mauritius.

Table 3.8 : Export and Import Price Indices

Period	Price Indices		Terms of Trade <sup>1</sup>
	Export	Import	
Base Year: 1982=100			
1984	119	110	108
1985	136	121	113
1986	144	98	147
1987	161	102	158
1988	172	111	156
Base Year: 1988=100			
1989	111	119	93
1990	125	127	98
1991	133	133	100
1992	142	135	105
Base Year: 1992=100			
1993	109	111	98
1994	114	119	96
1995	121	126	96
1996	134	135	99
1997 <sup>2</sup>	138	138	100
1st Quarter	135	137	99
2nd Quarter	138	134	103
3rd Quarter	139	138	101
4th Quarter	141	143	99

<sup>1</sup> Ratio of Export Price Index to Import Price Index.<sup>2</sup> Provisional.

Source: Central Statistical Office, Government of Mauritius.



Table 3.9(a) : Tourist Earnings

	1989	1990	1991	1992	1993	1994	1995	1996	1997
Tourist Earnings (Rs million)	2,796	3,630	3,940	4,655	5,362	6,415	7,472	9,048	10,068

Table 3.9(b) : Tourist Arrivals by Country of Residence<sup>1</sup>

Country of Residence	1989	1990	1991	1992	1993	1994	1995	1996	1997
Reunion	65,550	73,310	77,840	81,260	84,960	77,035	78,431	82,272	82,628
Republic of South Africa	36,860	41,860	43,020	39,790	42,350	39,762	42,653	50,361	51,249
France	53,660	53,170	58,370	74,330	85,120	106,268	116,701	130,292	145,173
Malagasy Republic	6,530	6,550	6,010	7,260	7,740	6,849	6,885	11,401	10,143
Germany	18,210	19,680	24,140	29,800	38,500	41,824	41,637	45,221	43,993
United Kingdom	16,550	21,920	20,660	24,510	29,950	33,295	31,324	35,271	46,022
Italy	14,470	14,180	13,240	14,990	15,290	18,149	17,384	21,848	35,255
Switzerland	10,690	10,740	8,930	10,150	11,010	11,453	13,815	15,692	16,105
Zimbabwe	2,870	3,670	3,580	2,990	3,460	3,539	2,965	3,402	4,248
India	4,790	8,190	8,490	8,200	10,740	10,449	11,225	13,075	13,220
Australia	2,510	3,060	2,960	5,100	4,520	4,162	5,558	7,762	9,460
U.S.A.	1,890	2,220	1,720	1,830	1,790	2,006	2,093	2,362	2,879
Zambia	1,810	1,490	890	310	340	337	443	391	437
Kenya	1,100	1,440	1,240	1,720	1,070	1,278	1,158	1,170	1,230
Seychelles	3,260	3,500	3,420	4,710	5,420	5,650	7,116	9,325	8,995
Singapore	1,990	2,110	2,010	1,680	2,770	3,247	2,601	3,153	3,404
Other Countries	20,050	24,460	24,150	26,770	29,600	35,223	40,474	53,869	61,684
<b>All Countries</b>	<b>262,790</b>	<b>291,550</b>	<b>300,670</b>	<b>335,400</b>	<b>374,630</b>	<b>400,526</b>	<b>422,463</b>	<b>486,867</b>	<b>536,125</b>

Table 3.9(c) : Average Stay of Tourists

	1989	1990	1991	1992	1993	1994	1995	1996	1997
Nights	12.2	12.2	12.3	12.3	12.3	10.9	10.5	10.2	10.5

<sup>1</sup> As from January 1987, owing to the increase in the volume of passenger traffic, the compilation of tourist arrivals is based on a 10 per cent sample.

Source : Central Statistical Office, Government of Mauritius.

Table 3.10 : Balance of Payments

(Rs million)									
		1994		1995		1996 <sup>1</sup>		1997 <sup>2</sup>	
		Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
<b>CURRENT ACCOUNT</b>			<b>4,168</b>		<b>380</b>		<b>575</b>		<b>2,359</b>
<b>A.</b>	<b>Goods and Services</b>	<b>36,094</b>	<b>41,673</b>	<b>40,847</b>	<b>42,658</b>	<b>49,777</b>	<b>50,492</b>	<b>52,291</b>	<b>56,876</b>
	<b>Goods</b>	<b>24,730</b>	<b>31,860</b>	<b>27,326</b>	<b>31,508</b>	<b>32,533</b>	<b>38,414</b>	<b>33,402</b>	<b>42,821</b>
	Merchandise	24,730	31,641	27,326	31,253	32,533	38,025	33,402	42,468
	Non-monetary Gold	0	219	0	255	0	389	0	353
	<b>Services</b>	<b>11,364</b>	<b>9,813</b>	<b>13,521</b>	<b>11,150</b>	<b>17,244</b>	<b>12,078</b>	<b>18,889</b>	<b>14,055</b>
	Transportation	3,065	4,194	3,472	4,376	3,905	4,483	4,542	5,175
	Travel	6,415	2,566	7,472	2,764	9,049	3,209	10,068	3,646
	Other services	1,884	3,053	2,577	4,010	4,290	4,386	4,279	5,234
	Private	1,817	2,686	2,490	3,822	4,193	4,265	4,185	5,114
	Government	67	367	87	188	97	121	94	120
<b>B.</b>	<b>Income</b>	<b>570</b>	<b>1,013</b>	<b>908</b>	<b>1,240</b>	<b>559</b>	<b>1,348</b>	<b>987</b>	<b>1,361</b>
	Direct Investment Income	20	208	27	269	34	174	40	158
	Other Investment Income	550	805	881	971	525	1,174	947	1,203
<b>C.</b>	<b>Current Transfers</b>	<b>2,327</b>	<b>473</b>	<b>2,553</b>	<b>790</b>	<b>3,281</b>	<b>1,202</b>	<b>4,395</b>	<b>1,795</b>
	Private	2,111	413	2,386	732	3,119	1,126	4,175	1,774
	Government	216	60	167	58	162	76	220	21
<b>CAPITAL AND FINANCIAL ACCOUNT</b>		<b>1,492</b>		<b>1,478</b>		<b>776</b>		<b>125</b>	
<b>D.</b>	<b>Capital Account</b>		<b>24</b>		<b>19</b>		<b>14</b>		<b>11</b>
	Capital Transfers	-	24	-	19	-	14	-	11
	Migrants' Transfers	-	24	-	19	-	14	-	11
<b>E.</b>	<b>Financial Account</b>	<b>1,516</b>		<b>1,459</b>		<b>790</b>		<b>136</b>	
	<b>Financial Account (excluding Reserve Assets)</b>	<b>743</b>		<b>436</b>		<b>1,649</b>			<b>510</b>
	Direct Investment	360	20	325	63	658	48	1,164	67
	Portfolio Investment	38	5	3,059	-	660	35	645	2,038
	Other Investment	3,240	2,870	1,799	4,684	2,823	2,409	5,025	5,239
	General Government: long-term	375	629	315	641	317	684	972	782
	Other Sectors: long-term	2,862	1,517	1,484	2,420	2,147	1,531	4,029	1,692
	Banks	-	40	-	1,000	-	194	-	2,765
	Other Sectors: short-term	3	684	-	623	359	-	24	-
	Use of Fund credit								
	<b>Reserve Assets</b>	<b>773</b>		<b>1,895</b>			<b>859</b>	<b>646</b>	
	Monetary Gold	-	-	-	-	-	-	-	-
	Special Drawing Rights	-	16	-	12	-	5	92	-
	Reserve position in the Fund	-	-	-	-	-	-	555	-
	Foreign Exchange	790	-	-	1,883	-	854	-	1
	Other Claims	-	1	-	-	-	-	-	-
<b>NET ERRORS AND OMISSIONS</b>		<b>2,676</b>		<b>1,858</b>		<b>1,351</b>		<b>2,234</b>	

Table 4.1 : Gross National Product by Industrial Origin at current factor cost

NEW S.N.A. SERIES				(Rs million)
SECTORS	1995	1996 <sup>1</sup>	1997 <sup>2</sup>	1998 <sup>3</sup>
1. Agriculture, Hunting, Forestry and Fishing	5,860	6,495	6,662	7,000
<i>of which: Sugar</i>	(3,573)	(4,120)	(4,168)	(4,300)
2. Mining and Quarrying	100	110	120	130
3. Manufacturing	14,383	16,478	18,295	20,300
<i>of which: EPZ</i>	(7,096)	(8,163)	(9,172)	(10,110)
4. Electricity, Gas and Water	1,514	1,628	1,750	1,870
5. Construction	4,060	4,433	4,600	4,930
6. Wholesale and Retail Trade, Restaurants and Hotels	10,052	11,724	13,063	14,525
7. Transport, Storage and Communication	7,182	7,496	8,744	9,610
8. Financing, Insurance, Real Estate and Business Services	9,823	10,919	12,120	13,470
9. Producers of Government Services	6,425	7,235	7,900	8,420
10. Community, Social and Personal Services	3,548	3,949	4,386	4,870
<i>Less Imputed Bank Service Charges</i>	-2,253	-2,460	-2,686	-2,990
<b>Gross Domestic Product at factor cost</b>	<b>60,694</b>	<b>68,007</b>	<b>74,954</b>	<b>82,135</b>
Net Factor Income from the Rest of the World	-332	-789	-325	-325
<b>Gross National Product at factor cost</b>	<b>60,362</b>	<b>67,218</b>	<b>74,629</b>	<b>81,810</b>

<sup>1</sup> Revised estimates.

<sup>2</sup> Preliminary estimates.

<sup>3</sup> First forecast.

Source: Central Statistical Office, Government of Mauritius.



Table 4.2 : Distribution of the Gross Domestic Product at current prices

NEW S.N.A. SERIES				(Rs million)
SECTORS	1995	1996 <sup>1</sup>	1997 <sup>2</sup>	1998 <sup>3</sup>
Compensation of Employees	28,360	31,100	33,719	37,000
of which: General Government	(6,820)	(7,660)	(8,356)	(8,932)
Gross Operating Surplus	32,334	36,907	41,235	45,135
Consumption of Fixed Capital				
<b>Gross Domestic Product at factor cost</b>	<b>60,694</b>	<b>68,007</b>	<b>74,954</b>	<b>82,135</b>
Indirect Taxes (net of subsidies)	8,388	9,292	11,000	12,250
<b>Gross Domestic Product at market prices</b>	<b>69,082</b>	<b>77,299</b>	<b>85,954</b>	<b>94,385</b>

<sup>1</sup> Revised estimates.  
<sup>2</sup> Preliminary estimates.  
<sup>3</sup> First forecast.  
Source: Central Statistical Office, Government of Mauritius.

Table 4.3 : Expenditure on Gross National Product at current prices

NEW S.N.A. SERIES				(Rs million)
SECTORS	1995	1996 <sup>1</sup>	1997 <sup>2</sup>	1998 <sup>3</sup>
Private Consumption Expenditure on Goods and Services	44,631	49,325	54,865	60,580
General Government Consumption Expenditure on Goods and Services	8,343	9,436	10,280	11,000
Gross Domestic Fixed Capital Formation of Private Enterprises	11,235	12,925	17,445	14,240
Gross Domestic Fixed Capital Formation of Government and Public Enterprises	5,515	7,200	5,740	7,060
Change in Stocks	+1,061	-1,131	+1,556	+715
<b>Consumption and Gross Capital Formation</b>	<b>70,785</b>	<b>77,755</b>	<b>89,886</b>	<b>93,595</b>
Net Export of Goods and Non-factor Services	-1,703	-456	-3,932	790
Net Factor Income from the Rest of the World	-332	-789	-325	-325
Indirect Taxes (net of subsidies)	-8,388	-9,292	-11,000	-12,250
<b>Gross National Product at factor cost</b>	<b>60,362</b>	<b>67,218</b>	<b>74,629</b>	<b>81,810</b>

<sup>1</sup> Revised estimates.<sup>2</sup> Preliminary estimates.<sup>3</sup> First forecast.

Source: Central Statistical Office, Government of Mauritius.

Table 4.4 : Gross Domestic Product by kind of Economic Activity at constant 1992 prices

NEW S.N.A. SERIES				(Rs million)
SECTORS	1995	1996 <sup>1</sup>	1997 <sup>2</sup>	1998 <sup>3</sup>
1. Agriculture, Hunting, Forestry and Fishing	4,294	4,471	4,615	4,739
<i>of which. Sugar</i>	<i>(2,392)</i>	<i>(2,607)</i>	<i>(2,751)</i>	<i>(2,838)</i>
2. Mining and Quarrying	85	90	95	99
3. Manufacturing	11,547	12,272	12,963	13,704
<i>of which. EPZ</i>	<i>(5,814)</i>	<i>(6,221)</i>	<i>(6,595)</i>	<i>(6,990)</i>
4. Electricity, Gas and Water	1,229	1,321	1,420	1,517
5. Construction	3,375	3,527	3,527	3,633
6. Wholesale and Retail Trade, Restaurants and Hotels	8,574	9,250	9,816	10,426
7. Transport, Storage and Communication	6,088	6,516	7,002	7,464
8. Financing, Insurance, Real Estate and Business Services	8,194	8,698	9,214	9,782
9. Producers of Government Services	4,733	4,898	5,067	5,245
10. Community, Social and Personal Services	3,004	3,139	3,287	3,441
<i>Less Imputed Bank Service Charges</i>	<i>-1,669</i>	<i>-1,752</i>	<i>-1,840</i>	<i>-1,931</i>
<b>Gross Domestic Product at factor cost</b>	<b>49,454</b>	<b>52,430</b>	<b>55,166</b>	<b>58,119</b>
<b>Annual Real Growth Rate of Gross Domestic Product at factor cost (Per cent)</b>	<b>+5.6</b>	<b>+6.0</b>	<b>+5.2</b>	<b>+5.4</b>

<sup>1</sup> Revised estimates

<sup>2</sup> Preliminary estimates.

<sup>3</sup> First forecast

Source: Central Statistical Office, Government of Mauritius.

Table 4.5 : Composition of Gross Domestic Fixed Capital Formation at current prices

NEW S.N.A. SERIES				(Rs. million)
	1995	1996 <sup>1</sup>	1997 <sup>2</sup>	1998 <sup>3</sup>
<b>A. By type of Capital Goods</b>				
(a) Residential Buildings	4,650	4,915	4,650	4,865
(b) Non-residential Buildings	3,510	3,875	3,730	3,770
(c) Other Construction Work (including land improvement)	2,065	2,270	2,670	3,015
(d) Transport Equipment				
(i) Passenger Car	860	915	1,125	1,000
(ii) Other Transport Equipment	635	1,050	4,410 <sup>4</sup>	1,025
(e) Other Machinery and Equipment	5,030	7,100	6,600	7,625
<b>GROSS DOMESTIC FIXED CAPITAL FORMATION</b>	<b>16,750</b>	<b>20,125</b>	<b>23,185</b>	<b>21,300</b>
<b>B. By Industrial Use</b>				
(a) Agriculture, Hunting, Forestry and Fishing	660	630	650	775
(b) Mining and Quarrying	0	0	0	
(c) Manufacturing	2,245	2,745	3,325	3,530
(d) Electricity, Gas and Water	1,210	1,935	1,115	1,485
(e) Construction	375	425	425	455
(f) Wholesale and Retail Trade, Restaurants and Hotels	2,430	2,925	2,905	2,690
(g) Transport, Storage and Communication	2,635	3,215	6,440	4,030
(h) Financing, Insurance, Real Estate and Business Services	5,425	5,880	5,590	6,000
<i>of which: Ownership of Dwellings</i>	<i>(4,650)</i>	<i>(4,915)</i>	<i>(4,650)</i>	<i>(4,865)</i>
(i) Producers of Government Services	1,235	1,760	2,110	1,815
(j) Community, Social and Personal Services	535	610	625	520
<b>GROSS DOMESTIC FIXED CAPITAL FORMATION</b>	<b>16,750</b>	<b>20,125</b>	<b>23,185</b>	<b>21,300</b>

<sup>1</sup> Revised estimates.<sup>2</sup> Preliminary estimates.<sup>3</sup> First forecast.<sup>4</sup> Includes irregular transactions involving aircraft and marine vessel.

Source: Central Statistical Office, Government of Mauritius



[illegible]

Table 4.7 : Sugar Production and Yields

Crop Year	Total Area under Cultivation (In thousands of arpents)	Total Area Harvested (In thousands of arpents)	Cane Produced (In thousands of metric-tonnes)	Yield of Cane per arpent (In metric tonnes)				Sugar Produced (In thousands of metric tonnes)	Average Yield of Sugar per arpent (In metric tonnes)	Sugar Recovered (In per cent of cane)
				Miller Planters	Owner Planters	Tenant Planters	Average Island			
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	2.75	11.5
1974	205	189	5,964	37.1	24.9	20.5	31.5	697	3.68	11.7
1975	205	190	4,316	26.7	18.2	14.4	22.8	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	6,022	35.7	27.6	22.4	31.5	665	3.48	11.1
1978	205	190	6,260	36.9	28.3	22.5	32.9	665	3.50	10.6
1979	203	189	6,313	37.3	28.8	22.5	33.4	688	3.65	10.9
1980	188	188	4,564	27.0	21.1	16.2	24.3	475	2.54	10.4
1981	201	185	5,303	32.8	23.2	20.6	28.6	575	3.10	10.8
1982	201	189	6,582	38.4	30.8	24.2	34.8	688	3.63	10.5
1983	200	186	5,255	32.2	23.9	20.2	28.2	605	3.25	11.5
1984	199	185	5,009	31.7	22.1	18.4	27.1	576	3.11	11.5
1985	197	185	5,583	33.8	21.4	26.3	30.2	646	3.48	11.6
1986	197	184	6,025	36.4	29.2	22.5	32.7	707	3.84	11.7
1987	196	184	6,231	37.5	30.6	23.6	33.9	691	3.78	11.1
1988	196	182	5,517	35.8	24.9	20.4	30.3	634	3.76	11.5
1989	196	182	5,436	34.1	25.5	18.4	29.6	568	3.10	10.5
1990	196	181	5,548	36.3	25.2	18.1	30.7	624	3.46	11.3
1991	194	180	5,621	37.8	24.3	21.5	31.2	611	3.39	10.9
1992	192	179	5,780	37.4	27.0	20.3	32.3	643	3.59	11.1
1993	188	176	5,402	34.7	26.5	20.4	30.8	565	3.22	10.5
1994	184	173	4,813	31.5	24.1	15.6	27.8	500	2.89	10.4
1995	182	171	5,159	33.6	27.0	18.2	30.2	540	3.16	10.5
1996 <sup>1</sup>	182	170	5,260	34.7	27.4	20.0	30.9	588	3.46	11.2

<sup>1</sup> Provisional.

Source: The Mauritius Chamber of Agriculture, Annual Reports.

Table 4.8 : Sugar Production and Disposal

(Thousands of metric tonnes)							
Calendar Year	Stock at Beginning of year	Production	Total Availability <sup>1</sup>	Local Consumption	Exports	Stock at End of Year <sup>2</sup>	Average Price Ex-Syndicate <sup>3</sup> (Rs per tonne)
1972	146.1	686.4	832.5	33.3	613.9	185.3	641
1973	185.3	718.5	903.8	35.8	697.6	170.8	790
1974	170.8	696.8	867.6	33.7	685.3	149.2	1,878
1975	149.2	468.3	617.5	37.0	447.4	133.6	2,256
1976	133.6	689.9	823.6	36.4	551.1	237.1	1,617
1977	237.1	665.4	902.5	37.5	636.4	228.6	1,678
1978	228.6	665.2	887.0	37.9	578.6	278.7	1,742
1979	278.7	688.4	953.3	38.5	604.3	342.0	2,144
1980	324.0	475.5	799.5	36.7	617.3	141.2	2,320
1981	141.2	574.5	715.7	37.6	432.2	244.8	2,710
1982	244.8	687.9	907.3	35.4	596.8	275.0	2,869
1983	275.0	604.7	879.7	36.5	608.0	234.6	3,007
1984	234.6	575.6	810.2	38.0	530.7	267.3	3,583
1985	267.3	645.8	913.1	36.9	539.5	336.9	3,897
1986	336.9	706.8	1,043.7	37.7	624.9	380.6	4,213
1987	380.6	691.1	1,071.7	38.6	656.3	377.5	4,807
1988	377.5	634.2	1,011.7	38.1	652.5	320.9	5,399
1989	320.9	568.3	889.2	37.4	636.2	215.3	6,526
1990	215.3	624.3	839.6	38.7	578.0	223.0	6,714
1991	223.1	611.3	834.4	40.1	551.4	242.3	6,884
1992	242.3	643.2	885.5	38.8	598.0	247.8	7,736
1993	247.6	565.0	812.7	37.1	540.0	236.7	8,722
1994	234.4	500.2	734.6	36.9	518.8	177.7	10,413
1995	177.7	539.5	737.2 <sup>4</sup>	37.2	523.9	175.5	11,463
1996	175.5	588.5	795.0 <sup>4</sup>	38.1	612.5	143.1	12,318
1997	143.1	620.6	801.7 <sup>5</sup>	39.7	575.3	185.7	11,907

<sup>1</sup> Figures for available supplies are net of closing special ISA stocks.<sup>2</sup> Figures for stocks include special ISA stocks (wherever applicable). The effects of loss or surplus in storage are also accounted for in closing stocks.<sup>3</sup> Relates to price received for export and domestic sales of sugar produced in the crop year, net of all marketing expenses, taxes and levies, and after deducting Sugar Insurance Fund premium.<sup>4</sup> Includes 31.0 thousand metric tonnes of imported sugar.<sup>5</sup> Includes 38.0 thousand metric tonnes of imported sugar.

Source: Mauritius Sugar News Bulletin and Annual Reports, Mauritius Chamber of Agriculture.



Table 4.9 : Production of Selected Commodities

	(Metric tonnes)								
	1989	1990	1991	1992	1993	1994	1995	1996	1997 <sup>1</sup>
<b>Industrial Crops</b>	<b>30,275</b>	<b>30,667</b>	<b>31,725</b>	<b>31,342</b>	<b>31,915</b>	<b>28,229</b>	<b>22,435</b>	<b>14,087</b>	<b>9,691</b>
Tea (production of green leaf)	29,239	29,868	30,863	30,379	30,900	27,204	21,419	13,209	9,026
Tobacco leaf	1,036	799	862	963	1,015	1,025	1,016	878	665
<b>Foodcrop Production</b>	<b>62,280</b>	<b>65,840</b>	<b>64,060</b>	<b>72,070</b>	<b>79,174</b>	<b>81,466</b>	<b>97,533</b>	<b>89,629</b>	<b>100,694</b>
Banana	4,640	6,135	6,490	8,530	9,880	6,725	9,437	9,382	8,957
Beans and Peas	1,140	1,280	945	1,060	1,211	1,301	1,635	1,876	2,409
Beet	210	165	150	220	192	638	688	853	490
Brinjal	835	1,230	1,270	1,210	1,813	1,579	1,956	2,458	2,107
Cabbage	2,945	3,680	3,490	3,330	5,514	4,372	6,868	7,595	7,898
Carrot	1,025	1,100	915	1,250	2,188	2,624	3,131	3,141	4,878
Cauliflower	920	1,280	780	1,150	1,382	2,048	2,285	3,425	3,261
Chillies	475	595	595	655	898	667	911	1,034	845
Cucumber	2,450	2,720	3,120	3,000	3,759	4,131	5,288	4,581	5,714
Garlic	160	170	140	170	177	275	212	235	82
Ginger	380	625	460	340	284	516	622	784	317
Groundnut	1,505	1,755	1,380	1,190	868	1,181	1,049	767	863
Leek	35	30	25	30	37	43	33	24	57
Lettuce	545	610	560	540	664	779	1,412	1,670	2,223
Maize	2,395	2,265	2,120	1,995	1,816	880	289	438	232
Onion	3,225	2,635	2,960	3,240	3,637	5,403	5,974	6,067	5,036
Pineapple	1,540	1,355	1,480	2,300	4,048	3,887	4,199	2,973	1,560
Potato	19,690	17,820	16,445	19,175	13,780	17,800	15,718	10,639	17,584
Pumpkin	1,660	1,670	3,055	3,400	3,472	5,117	7,638	7,021	6,455
Rice	20	0	10	5	0	0	0	0	0
Squash	385	290	435	815	1,100	1,334	1,498	758	1,402
Tomato	9,195	11,570	9,385	10,220	13,001	9,166	13,486	10,877	12,247
Miscellaneous	6,905	6,860	7,850	8,245	9,543	11,000	13,204	13,206	16,077
<b>Total</b>	<b>92,555</b>	<b>96,507</b>	<b>95,815</b>	<b>103,412</b>	<b>111,089</b>	<b>109,695</b>	<b>119,968</b>	<b>103,716</b>	<b>100,694</b>
<b>Total Area Under Production (Hectares)</b>	<b>5,303</b>	<b>5,699</b>	<b>5,493</b>	<b>5,856</b>	<b>5,984</b>	<b>6,342</b>	<b>6,769</b>	<b>6,504</b>	<b>6,868</b>
<b>Livestock and Fisheries</b>									
Beef	1,641	2,049	2,157	2,376	2,523	2,609	2,296	2,321	2,274
Goat meat	101	134	166	126	124	137	117	130	117
Mutton	31	21	12	18	15	11	10	10	10
Pork	660	830	906	994	1,054	1,058	1,038	1,112	948
Fish	15,349	13,222	18,081	16,488	18,923	17,078	15,181	11,010	12,361

<sup>1</sup> Provisional.

Source: Tea Development Authority; Tobacco Board; Agricultural Research Extension Unit;

Digest of Agricultural Statistics and Economic Indicator, Central Statistical Office, Government of Mauritius.

Table 4.10 : Electricity - Production and Consumption

	Unit	1989	1990	1991	1992	1993	1994	1995	1996
<b>Plant Capacity</b>	<b>Kilowatt</b>	<b>270,300</b>	<b>270,300</b>	<b>294,150</b>	<b>336,630</b>	<b>360,630</b>	<b>339,190</b>	<b>364,590</b>	<b>364,590</b>
<i>of which:</i>									
Hydro (CEB)	Kilowatt	56,750	56,750	56,750	59,940	59,440	59,440	59,440	59,440
Thermal (CEB)	Kilowatt	171,600	171,600	195,600	228,840	252,840	227,000	253,000	253,000
<b>Energy Generated</b>	<b>Gigawatthour</b>	<b>458.7</b>	<b>569.6</b>	<b>613.6</b>	<b>679.6</b>	<b>757.3</b>	<b>822.4</b>	<b>922.1</b>	<b>1,022.0</b>
Hydro	Gigawatthour	147.6	84.9	75.5	112.5	102.9	75.5	134.2	103.7
Thermal	Gigawatthour	311.1	484.7	538.1	567.1	654.4	746.9	787.9	918.3
<b>Energy Purchased from Sugar and Other Factories</b>	<b>Gigawatthour</b>	<b>125.4</b>	<b>97.4</b>	<b>125.6</b>	<b>129.0</b>	<b>111.8</b>	<b>122.6</b>	<b>125.3</b>	<b>129.0</b>
<b>Sale of Energy</b>	<b>Gigawatthour</b>	<b>486.8</b>	<b>559.1</b>	<b>624.7</b>	<b>688.0</b>	<b>742.9</b>	<b>807.9</b>	<b>904.0</b>	<b>985.0</b>
<b>Number of Consumers</b>		<b>211,274</b>	<b>219,067</b>	<b>227,699</b>	<b>236,802</b>	<b>246,815</b>	<b>253,066</b>	<b>266,767</b>	<b>276,178</b>
Domestic		189,759	196,312	203,741	211,655	220,309	225,450	237,209	245,769
Commercial		16,680	17,603	18,510	19,400	20,503	21,356	22,924	23,631
Industrial		4,511	4,835	5,122	5,361	5,592	5,807	6,163	6,269
Other		324	317	326	386	411	453	471	509

Source: Central Electricity Board Annual Reports and Accounts and Digest of Industrial Statistics.

Table 5.1 : Consumer Price Indices<sup>1</sup>

MONTH	1993	1994	1995	1996	1997	1998
January	109.0	119.4	126.9	133.7	145.9	105.5
February	110.2	119.9	127.4	134.3	145.9	106.0
March	110.7	120.8	128.2	134.3	146.2	106.7
April	111.1	121.0	128.8	134.9	146.1	107.4
May	114.0	122.6	129.0	135.6	146.7	108.0
June	114.7	123.2	129.8	139.6	147.9	109.6
July	115.4	123.2	130.0	140.4	103.0	
August	116.3	123.8	131.4	141.7	103.3	
September	117.2	124.2	131.7	141.7	103.6	
October	117.3	124.2	132.4	142.3	103.5	
November	117.9	124.9	132.9	142.5	103.6	
December	118.5	125.6	133.1	142.9	103.9	
<b>Average</b>	<b>114.4</b>	<b>122.7</b>	<b>130.1</b>	<b>138.7</b>	<b>147.8</b>	
<b>Yearly Change (Per cent)</b>	<b>+10.5</b>	<b>+7.3</b>	<b>+6.0</b>	<b>+6.6</b>	<b>+6.6</b>	

<sup>1</sup> From July 1992 to June 1997, the base period was July 1991-June 1992=100. A new base period (July 1996 to June 1997=100) has been introduced as from July 1997.

Source: Central Statistical Office, Government of Mauritius



Table 5.2 : EPZ Enterprises - Employment by Industrial Group

INDUSTRIAL GROUP	Jun-95		Dec-95		Jun-96		Dec-96		Jun-97		Dec-97	
	Number of Enterprises	Employment	Number of Enterprises	Employment	Number of Enterprises	Employment	Number of Enterprises	Employment	Number of Enterprises	Employment	Number of Enterprises	Employment
1. Food	12	1,709	12	1,653	12	1,574	12	1,561	12	1,710	12	1,609
2. Flowers	48	604	48	602	48	610	46	570	45	547	43	544
3. Textile Yarn and Fabrics	33	3,688	33	3,883	33	3,934	33	3,901	34	3,820	33	4,041
4. Wearing Apparels	243	67,757	242	66,258	234	65,014	234	65,809	231	67,700	236	69,323
<i>Pullovers</i>	(32)	(20,287)	(32)	(19,051)	(32)	(18,560)	(31)	(18,408)	(28)	(18,477)	(28)	(18,207)
<i>Other Garments</i>	(211)	(47,470)	(210)	(47,207)	(202)	(46,454)	(203)	(47,401)	(203)	(49,223)	(208)	(51,116)
5. Leather Products and Footwear	8	1,565	9	1,487	9	1,503	10	1,304	10	1,336	10	1,196
6. Wood, Furniture and Paper Products	26	581	26	571	27	521	30	626	29	602	30	635
7. Optical Goods	6	595	6	571	5	508	5	449	5	482	5	441
8. Watches and Clocks	3	557	3	500	3	612	3	491	3	459	3	389
9. Electric and Other Electronic Products	9	460	9	473	9	507	11	550	10	562	10	593
10. Jewellery and Related Articles	19	1,346	19	1,378	19	1,395	19	1,443	20	1,585	21	1,537
11. Toys and Carnival Articles	7	1,098	8	1,152	8	1,115	8	1,160	7	1,111	7	1,088
12. Others	63	1,863	66	1,938	68	1,976	70	1,929	72	2,001	70	1,995
<b>TOTAL</b>	<b>477</b>	<b>81,823</b>	<b>481</b>	<b>80,466</b>	<b>475</b>	<b>79,269</b>	<b>481</b>	<b>79,793</b>	<b>478</b>	<b>81,915</b>	<b>480</b>	<b>83,391</b>

Source: Central Statistical Office, Government of Mauritius.

Table 5.3 : Employment by Economic Activity<sup>1</sup>

(In thousands)													
End of Period	Agriculture and Fishing of which			Mining and Quarrying	Manufacturing	Electricity and Water	Construction	Wholesale and Retail Trade, Restaurants and Hotels	Transport, Storage and Communications	Government Services <sup>4</sup>		Community, Social and Personal Services	Total
	Total	Sugar <sup>2</sup>	Tea <sup>3</sup>							Total	of which Central Government Services		
March 1988	45.0	39.7	3.0	0.2	105.8	3.6	9.4	12.8	10.3	55.3	50.1	21.6	264.0
March 1989	44.9	39.6	2.8	0.2	106.8	3.5	9.6	14.5	12.0	54.9	49.9	26.8	273.2
March 1990	45.1	39.9	2.8	0.2	110.4	3.5	11.6	16.8	12.3	69.6	54.5	13.9	283.4
March 1991	45.4	40.1	2.6	0.2	109.3	3.4	11.6	18.3	13.6	71.3	54.9	14.5	287.6
March 1992	36.4	32.0	1.6	0.2	118.7	3.5	13.0	19.4	13.9	72.6	54.9	14.2	291.7
March 1993	35.1	31.3	0.9	0.2	114.8	3.6	14.0	20.6	13.8	74.5	55.8	13.5	290.1
March 1994	34.2	30.2	0.6	0.2	112.2	3.5	13.4	23.3	14.2	76.8	56.1	14.6	292.4
March 1995	33.1	29.1	0.5	0.2	110.4	3.5	10.8	24.5	14.5	77.1	56.2	15.1	289.2
March 1996	32.5	29.1	0.4	0.2	107.4	3.4	10.2	25.0	14.6	78.4	56.8	15.8	287.5
March 1997	31.4	28.2	0.3	0.2	105.8	3.3	9.5	26.3	15.0	79.1	56.1	15.7	286.3
March 1998	30.4	27.5	0.3	0.2	111.2	3.2	8.9	27.8	15.1	79.8	56.1	16.3	292.9

<sup>1</sup> Revised and classified according to the International Standard Industrial Classification, 1968 Edition and applies to large establishments only.<sup>2</sup> Includes factories.<sup>3</sup> Includes factories and Tea Development Authority.<sup>4</sup> Includes Municipalities and District Councils.

Source: Central Statistical Office, Government of Mauritius.

Table 5.4 : Average Monthly Earnings in Large Establishments by Industrial Group for Employees on Monthly Rates of Pay

	(Rupees)						
INDUSTRIAL GROUP	Mar-92	Mar-93	Mar-94	Mar-95	Mar-96	Mar-97	Mar-98
Agriculture and Fishing	2,813	2,862	3,187	3,981	4,396	5,116	5,289
<i>Sugar</i> <sup>1</sup>	2,685	2,771	3,075	3,879	4,294	5,004	5,147
<i>Tea</i> <sup>2</sup>	4,268	4,579	5,686	6,400	6,971	<i>n.a.</i>	<i>n.a.</i>
<i>Other</i>	4,184	4,324	5,032	5,486	6,180	<i>n.a.</i>	<i>n.a.</i>
Mining and Quarrying	4,702	4,940	6,717	7,583	8,207	8,524	9,298
Manufacturing	4,016	4,411	5,162	5,659	5,972	6,274	6,911
Electricity and Water	7,005	7,357	10,044	8,988	9,707	10,112	12,448
Construction	5,660	5,716	6,614	8,355	9,096	10,038	11,479
Wholesale and Retail Trade, Restaurants and Hotels	4,839	5,244	5,692	6,376	6,735	7,042	7,510
Transport, Storage and Communication	5,914	6,223	6,752	7,339	8,122	8,766	10,647
Financing, Insurance, Real Estate and Business Services	6,692	7,243	7,980	9,248	10,096	11,010	11,550
Community, Social and Personal Services	4,784	4,898	6,417	6,814	7,079	8,296	8,500
<i>Government: (a) Central</i>	4,805	4,941	6,525	6,931	7,176	8,612	8,643
<i>(b) Local</i> <sup>3</sup>	3,832	4,027	5,175	5,409	5,612	<i>n.a.</i>	<i>n.a.</i>
<i>Other</i>	5,125	5,343	6,438	6,872	7,224	<i>n.a.</i>	<i>n.a.</i>
Activities not elsewhere specified	3,597	3,787	4,316	4,905	4,704	5,623	6,313
<b>All Sectors</b>	<b>4,530</b>	<b>4,779</b>	<b>5,779</b>	<b>6,334</b>	<b>6,731</b>	<b>7,570</b>	<b>8,080</b>

<sup>1</sup> Includes Factories.

<sup>2</sup> Includes Factories and Tea Development Authority.

<sup>3</sup> Municipalities and District Councils.

Source: Central Statistical Office, Government of Mauritius.



Table 6.1 : Government Recurrent Budget

	(Rs million)				
	1994-95	1995-96	1996-97	1997-98 (Revised)	1998-99 (Estimates)
<b>REVENUE</b>					
<b>Direct Taxes</b>	<b>2,691.3</b>	<b>2,948.9</b>	<b>3,355.6</b>	<b>3,634.4</b>	<b>4,230.8</b>
Individual Income Taxes	863.3	991.1	1,219.9	1,245.0	1,475.0
Corporate Tax	941.0	981.6	1,067.2	1,175.0	1,375.0
Contributions to Social Security	77.7	81.3	92.1	102.6	110.8
Taxes on Properties, Capital and Financial Transactions	809.3	894.9	976.3	1,111.8	1,270.0
<b>Indirect Taxes</b>	<b>8,459.0</b>	<b>8,588.1</b>	<b>10,656.9</b>	<b>12,208.2</b>	<b>13,774.0</b>
Domestic Taxes on Goods and Services	3,357.7	3,585.8	5,020.0	5,896.5	7,084.0
<i>of which: Excises</i>	<i>1,100.5</i>	<i>1,162.5</i>	<i>1,276.1</i>	<i>1,536.0</i>	<i>1,777.0</i>
Sales Tax/Value Added Tax	1,264.0	1,357.6	2,442.6	2,750.0	3,770.0
Taxes on Transportation	247.8	252.3	285.8	310.0	337.0
Taxes on Gambling	292.4	318.7	395.2	573.0	684.0
Taxes on Hotels and Restaurants	361.0	390.8	513.1	600.0	380.0
Taxes on International Trade and Transactions	5,089.7	4,991.0	5,626.3	6,300.0	6,675.0
<i>of which: Import Duties and Excise Duties on Imports</i>	<i>5,079.4</i>	<i>4,988.1</i>	<i>5,624.8</i>	<i>6,300.0</i>	<i>6,675.0</i>
Other Tax Revenue	11.6	11.4	10.5	11.8	15.0
<b>Receipt from Public Utilities</b>	<b>326.6</b>	<b>253.9</b>	<b>219.6</b>	<b>688.7</b>	<b>568.6</b>
<b>Receipt from Public Services</b>	<b>419.4</b>	<b>445.6</b>	<b>491.0</b>	<b>517.2</b>	<b>537.1</b>
<b>Rental of Public Property</b>	<b>38.9</b>	<b>44.9</b>	<b>44.9</b>	<b>44.3</b>	<b>46.3</b>
<b>Other</b>	<b>1,112.3</b>	<b>497.8</b>	<b>1,775.6</b>	<b>1,433.2</b>	<b>1,508.3</b>
<b>TOTAL RECURRENT REVENUE</b>	<b>13,047.5</b>	<b>12,779.2</b>	<b>16,543.6</b>	<b>18,526.0</b>	<b>20,665.0</b>
<b>EXPENDITURE</b>					
<b>General Administration:</b>	<b>2,700.4</b>	<b>2,921.2</b>	<b>3,013.3</b>	<b>3,364.4</b>	<b>3,360.7</b>
<i>of which: Police</i>	<i>1,038.7</i>	<i>1,159.2</i>	<i>1,322.2</i>	<i>1,417.6</i>	<i>1,479.0</i>
<b>Economic Services</b>	<b>1,338.7</b>	<b>1,504.8</b>	<b>1,788.0</b>	<b>1,887.3</b>	<b>2,000.0</b>
Agriculture, Natural Resources and Fisheries	613.8	653.0	725.0	757.9	813.6
Posts and Telecommunications	98.3	99.2	133.8	158.6	179.6
Works, Labour and Employment	335.2	359.5	528.3	490.1	461.9
Cooperative and Industry	77.9	175.0	128.6	131.6	147.1
Land Transport, Shipping and Public Safety	82.9	69.1	137.9	160.7	178.7
Tourism and Leisure	13.4	15.7	19.3	29.9	32.5
Economic Development and Regional Cooperation	40.4	48.0	73.9	60.2	89.9
Energy and Internal Communications	76.8	85.5	41.1	98.3	96.7
<b>Social Services</b>	<b>5,187.3</b>	<b>5,830.6</b>	<b>7,255.1</b>	<b>8,017.7</b>	<b>8,660.4</b>
Social Security	1,589.5	2,050.7	2,981.5	3,226.3	3,458.2
Education, Arts and Culture	2,164.4	2,257.8	2,556.0	2,187.3	3,156.5
Health and Quality of Life	1,173.6	1,227.3	1,396.5	1,553.5	1,659.0
Housing and Land Development	38.4	41.9	52.2	56.2	59.8
Reform Institutions, Youth and Sports	183.5	211.5	221.3	252.0	265.6
Environment	37.8	41.4	47.7	55.5	61.2
<b>Local Government and Rodrigues</b>	<b>1,104.8</b>	<b>1,118.0</b>	<b>1,241.8</b>	<b>1,427.5</b>	<b>1,487.0</b>
<b>Public Debt and Pension</b>	<b>4,185.3</b>	<b>4,564.1</b>	<b>5,554.6</b>	<b>6,353.0</b>	<b>6,792.0</b>
<i>of which: Public Debt</i>	<i>3,349.2</i>	<i>3,640.1</i>	<i>4,488.6</i>	<i>5,172.0</i>	<i>5,585.0</i>
<b>TOTAL RECURRENT EXPENDITURE</b>	<b>14,516.6</b>	<b>15,938.6</b>	<b>18,852.8</b>	<b>21,050.0</b>	<b>22,300.0</b>
<b>SURPLUS (+) OR DEFICIT (-)</b>	<b>-1,469.1</b>	<b>-3,159.4</b>	<b>-2,309.2</b>	<b>-2,524.0</b>	<b>-1,635.0</b>

Source: Ministry of Finance, Government of Mauritius.

Table 6.2 : Government Capital Budget

	(Rs million)				
	1994-95	1995-96	1996-97	1997-98 (Revised)	1998-99 (Estimates)
<b>RECEIPTS</b>					
<b>Domestic Revenue</b>	<b>596.8</b>	<b>3,119.1</b>	<b>2,345.1</b>	<b>3,212.7</b>	<b>3,726.7</b>
Mauritius Development Loan Stocks	0.0	2,374.9	1,413.4	2,755.4	2,500.0
Dividends from Investments	259.1	242.1	180.8	456.3	574.7
Other	337.7	502.1	750.9	1.0	652.0
<b>External Receipts</b>	<b>516.6</b>	<b>3,261.1</b>	<b>978.7</b>	<b>657.0</b>	<b>460.0</b>
Grants	261.6	220.5	62.8	150.0	100.0
Loans	255.0	3,040.6	915.9	507.0	360.0
Government of the People's Republic of China	0.0	16.9	8.0	31.0	20.0
Government of France	31.7	30.4	54.8	60.0	70.0
Government of India	0.8	4.6	37.0	0.0	20.0
Government of Japan	0.0	15.2	23.3	160.0	15.0
African Development Bank	48.3	13.5	23.1	45.0	0.0
Arab Bank for Economic Development in Africa	0.0	0.0	9.9	15.0	75.0
European Development Fund	24.5	52.5	14.5	0.0	0.0
European Investment Bank	0.0	0.0	0.0	15.0	15.0
IBRD	134.1	189.2	274.2	125.0	120.0
Kuwait Fund for Arab Economic Development	5.1	0.0	234.3	5.0	25.0
Nordic Investment Bank	6.3	41.8	236.7	50.0	0.0
Saudi Fund for Development	4.2	0.0	0.0	1.0	0.0
Miscellaneous	0.0	2,676.6	0.0	0.0	0.0
<b>TOTAL CAPITAL REVENUE</b>	<b>1,113.4</b>	<b>6,380.2</b>	<b>3,323.8</b>	<b>3,869.7</b>	<b>4,186.7</b>
<b>EXPENDITURE</b>					
<b>Economic Services</b>	<b>923.0</b>	<b>856.7</b>	<b>662.4</b>	<b>917.4</b>	<b>982.0</b>
Agriculture, Natural Resources and Fisheries	218.5	257.1	124.5	283.6	330.5
Posts and Telecommunications	5.2	6.1	2.0	8.1	15.1
Works, Labour and Employment	505.7	331.0	242.4	191.5	110.5
Cooperative, Commerce, Industry and Tourism	158.4	202.6	206.1	171.6	233.4
Economic Planning and Development	2.9	10.5	5.8	3.0	6.0
Energy	32.3	49.4	81.6	259.6	286.5
<b>Social Services</b>	<b>755.5</b>	<b>755.4</b>	<b>1,023.4</b>	<b>961.6</b>	<b>834.1</b>
Education, Arts and Culture	384.3	406.1	673.5	607.9	451.6
Health	68.0	62.5	104.6	114.6	110.0
Housing	266.6	265.5	210.8	185.6	186.0
Reform Institutions, Youth and Sports	36.6	21.2	34.5	53.5	86.5
<b>Local Government and Rodrigues</b>	<b>491.8</b>	<b>792.0</b>	<b>256.4</b>	<b>336.3</b>	<b>191.7</b>
<b>Transfer to International Financial Organisations</b>	<b>27.2</b>	<b>34.7</b>	<b>14.8</b>	<b>13.8</b>	<b>221.6</b>
<b>Central Administration and Other</b>	<b>994.7</b>	<b>1,619.3</b>	<b>3,786.5</b>	<b>1,086.4</b>	<b>1,470.6</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>3,192.2</b>	<b>4,058.1</b>	<b>5,743.5</b>	<b>3,315.5</b>	<b>3,700.0</b>
<b>SURPLUS (+) OR DEFICIT (-)</b>	<b>-2,078.8</b>	<b>+2,322.1</b>	<b>-2,419.7</b>	<b>+554.1</b>	<b>+486.7</b>

Source: Ministry of Finance, Government of Mauritius.

Table 6.3 : External Debt

End-June					(Rs million)
	Central Government (excluding IMF)	IMF Credit and Trust Fund Loan	Private Sector	Others	Total
1984	3,945	2,494	197	561	7,197
1985	5,207	2,488	192	682	8,569
1986	4,633	2,202	235	828	7,898
1987	4,844	1,989	457	1,230	8,520
1988	5,802	1,624	717	2,702	10,845
1989	5,735	1,265	1,309	3,468	11,777
1990	5,868	720	1,735	4,038	12,361
1991	5,964	0	2,587	5,826	14,377
1992	5,476	0	2,879	6,221	14,576
1993	5,712	0	3,113	7,202	16,027
1994	5,766	0	3,726	7,800	17,292
1995	5,778	0	4,433	9,357	19,568
1996	9,159	0	4,445	10,204	23,808
1997	9,619	0	4,208	11,545	25,372
1998 <sup>1</sup>	10,743	0	3,946	15,073	29,762

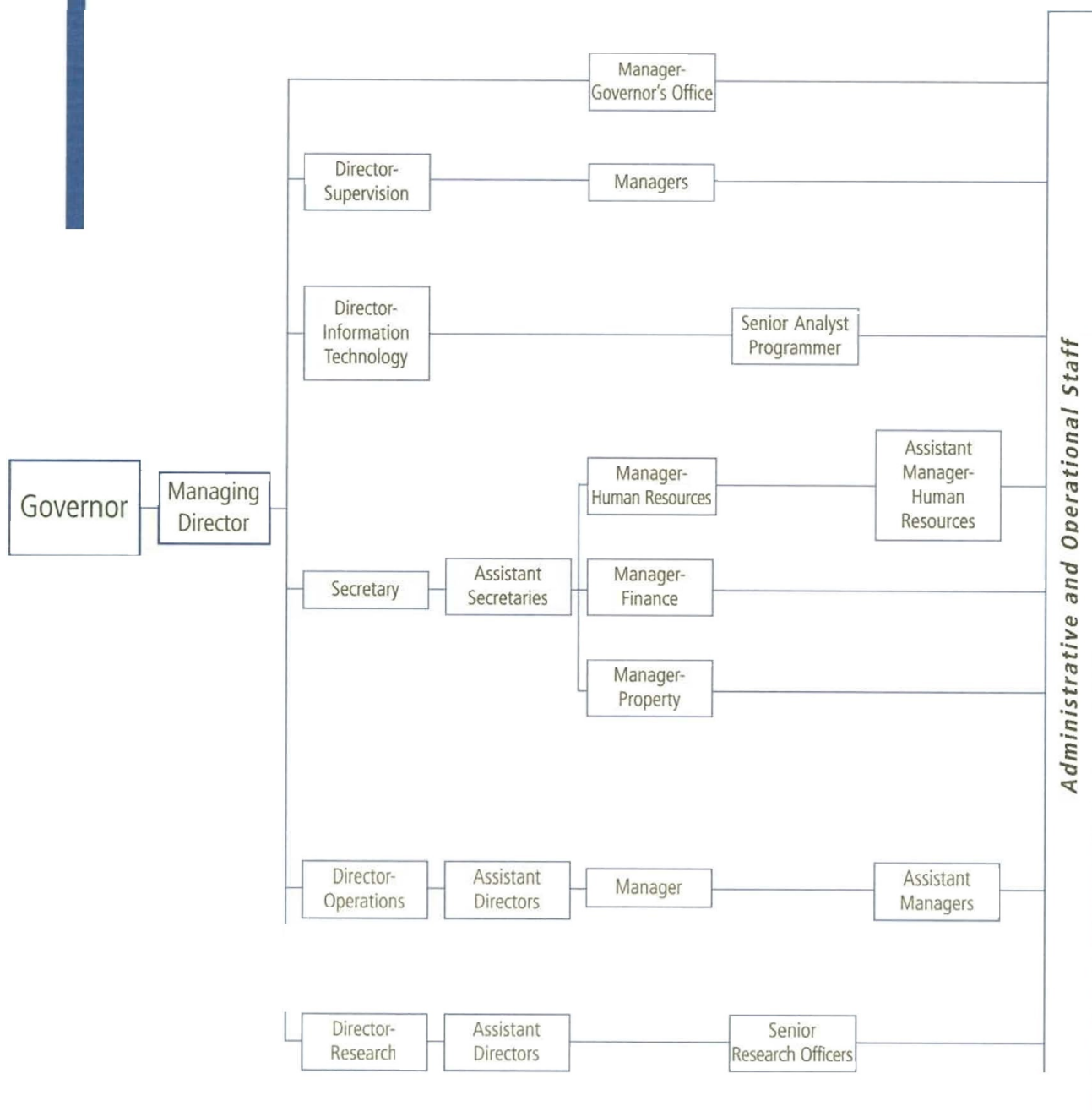
<sup>1</sup> Provisional.

Source: Ministry of Finance, Government of Mauritius.





## APPENDIX II ORGANISATION



Part 5

# APPENDIX III

## IN-HOUSE MONETARY POLICY COMMITTEE

### Chairman

Governor

Mitrajeet D. Maraye

### Members

Managing Director

Budheswar Gujadhur

Director-Research

Rameshwurlall Basant Roi

Director-Operations

Yandraduth Googoolye

Director-Supervision

Baboo R. Gujadhur

Assistant Director-Research

Hemraz O. Jankee

Assistant Director-Research

Radhakrishnan Sooben

Manager-Governor's Office

Miss Rajpriya Bhuckory (*Secretary to the Committee*)

Part 5

## APPENDIX IV STRATEGIC MANAGEMENT TEAM

Governor

Mitrajeet D. Maraye

Managing Director

Budheswar Gujadhur

Secretary

Anil K. Prithipaul

Directors

Research

Rameshwurlall Basant Roi

Operations

Yandraduth Googoolye

Information Technology

Praveen M. Nagawa

Supervision

Baboo R. Gujadhur

Adviser to Governor

Banking Matters

Shyamsunder H. Jhurani



## APPENDIX V

### TRAINING

#### *Local (conferences, seminars etc.)*

A number of officers of the Bank attended/participated in the following:

(1) A seminar on "Recent Developments in Financial Reporting" organised by Coopers and Lybrand Training Centre on 4 December 1997.

(2) A satellite live broadcast on Knowledge Management organised by the MEPZA on 25 September 1997.

(3) A seminar on Technology Management organised by the Industrial Control Equipment Ltd on 20 October 1997.

(4) A workshop on Trade in Financial Services organised by the Ministry of Foreign Affairs & International Trade on 4 and 5 November 1997.

(5) A Local Project Appraisal Committee Meeting on "Technical Assistance for Investment Strategies" conducted by the UNDP Office on 13 May 1998.

(6) A workshop on Economic Development and Regional Dynamics in Africa organised by the Ministry of Foreign Affairs & International Trade on 4 and 5 December 1997.

(7) A presentation on "Creative Crisis in Digital Publishing" organised by the National Computer Board on 24 September 1997.

(8) A seminar on Microsoft Licensing and Legislation Issues organised by Microsoft on 9 October 1997.

(9) A seminar on Oracle 8 Launch organised by the State Informatics Ltd on 21 November 1997.

(10) A seminar on "Les Dimensions Stratégiques de la Gestion des Ressources Humaines" organised by the Association of Personnel Managers on 8 and 9 August 1997.

(11) An Intranetware/Netware System Administration Course organised by Currimjee Jeewanjee IT Training Centre from 22 to 26 September 1997.

(12) A seminar on Using Technology to build Intranets/Extranets organised by Microsoft Marketing Development on 20 February 1998.

(13) An object Oriented Programming in Java from 9 to 11 December 1997 organised by Sitrac Ltd.

(14) A seminar on Windows NT 4.0 organised by Sitrac Ltd from 1 to 3 June 1998.

(15) A Customs Reform and Modernisation Programme organised by the Customs and Excise Department on 13 February 1998.

*Overseas (conferences, seminars etc.)*

Mr R. Basant Roi, Director-Research, attended a Forum on Sovereign Foreign Debt Management organised by the World Bank in Washington, U.S.A., from 15 to 17 October 1997.

Mr P.M. Nagawa, Director-Information Technology, attended:

- (i) the "SADC Payment System Project: Green Book and Focus Group" conducted by the SADC in Pretoria, South Africa, from 29 to 31 July 1997.
- (ii) the Real Time Gross Settlement Conference and Workshop held in Johannesburg, South Africa, from 27 to 28 August 1997.
- (iii) a Workshop on Information Technology for SADC Central Banks in Maputo, Mozambique, from 3 to 5 September 1997.
- (iv) the "SADC IT Forum Meeting" held in Pretoria, South Africa, on 16 and 17 March 1998.
- (v) the "SADC Annual Regional Payment System Workshop" held in Pretoria, South Africa, from 1 to 5 June 1998.

Mr B.R. Gujadhur, Director-Supervision, attended the First Commonwealth Africa Banking Policy Seminar organised by the Commonwealth Secretariat in Mombassa, Kenya, from 1 to 4 July 1997.

Miss A. Hawoldar, Assistant Director, attended the 2nd Annual Central Banks Conference conducted by the Swiss Bank Corporation in St Moritz, Switzerland, from 15 to 19 March 1998.

Mr V.K. Sonah, Assistant Director, attended the "SADC Annual Regional Payment System Workshop" held in Pretoria, South Africa, from 1 to 5 June 1998.

Mr R. Sooben, Assistant Director, attended:

- (i) a Meeting of the SADC Subcommittee on Exchange Control held in Pretoria, South Africa, on 25 and 26 August 1997.
- (ii) a Meeting of the Committee of Central Bank Governors in SADC held in Pretoria, South Africa, from 20 to 22 October 1997.
- (iii) the WTO: High Level Meeting on Trade in Financial Services held in Geneva, Switzerland from 12 to 14 November 1997.
- (iv) a specialised course on Monetary and Inflation Targeting at the IMF Institute in Washington, U.S.A., from 30 March to 3 April 1998.

- (v) the SADC-FISCU Meeting of the Macroeconomic Subcommittee in Johannesburg, South Africa, on 20 May 1998.

Mr M.R. Christian Noel, Manager, attended a Workshop on Private Sector External Debt conducted by the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) in Harare, Zimbabwe, from 1 to 3 December 1997.

Mr S. Chadee, Manager, attended the Senior Supervisors Training Course in Swapkopmund, Namibia, from 20 to 26 June 1998.

Mr. P. Owasil, Manager, attended a Regional Workshop for African Borrowers on ADB and IBRD Loan Products and Conversion of Existing Loans conducted by the World Bank in Harare, Zimbabwe, from 28 July to 1 August 1997.

Miss R. Bhuckory, Manager, attended a Training Course in Monetary Policy conducted by the SARB Training Institute in Pretoria, South Africa, from 2 to 4 December 1997.

Mr R. Chiniah, Manager, attended the Fifth Annual Conference of ESAF Banking Supervisors Group held in Maputo, Mozambique, from 3 to 5 September 1997.

Mr S. Ramnutton, Senior Research Officer, attended the Second Workshop on SADC Finance and Investment Sector Research Project in Pretoria, South Africa, on 9 and 10 October 1997.

Mr V. Punchoo, Senior Research Officer, attended:

- (i) the Meeting of SADC Ministers and Officials Responsible for Finance and Investment conducted by the SADC/FISCU in Pretoria, South Africa, from 16 to 18 July 1997.
- (ii) the Federal Reserve Bank of New York's Twenty-Second Annual Central Banking Seminar from 13 to 30 October 1997.

Miss R. Chojoo, Assistant Manager, attended a Regional Workshop on "Effective Domestic Debt Management" conducted by the Commonwealth Secretariat in Nairobi, Kenya, from 9 to 13 March 1998.

Mr M. Chintaram, Assistant Manager, attended a Workshop on the Co-ordination of Training of Central Bank Officials in the SADC region conducted by the

SADC Secretariat in collaboration with South African Reserve Bank Training Institute in Pretoria, South Africa, on 17 and 18 July 1997.

Mr W. Khodabocus, Research Officer, attended a Meeting of the Working Group of the Committee of Central Bank Governors in SADC held in Luanda, Angola, on 3 and 4 December 1997.

Mr N. Kowlessur, Research Officer, attended a Meeting of the Working Group of the Committee of Central Bank Governors in SADC held in Pretoria, South Africa, on 12 and 13 March 1998.

Mr C. Ellapah, Research Officer, attended a course on Financial Programming and Policy in English at the IMF Institute in Washington, U.S.A., from 12 January to 20 March 1998.

Mr M.K. Yerukunondu, Administrative Officer, attended a Seminar on Money Laundering Counter-Measures held at the Centre for Central Banking Studies, Bank of England in London, United Kingdom, from 10 to 14 November 1997.

Mr B.K. Ramlaul, Administrative Officer, attended a Central Banking Course for SADC countries held at the SARB Training Institute in Pretoria, South Africa, from 10 to 28 November 1997.

Mr I. Mungroo, Administrative Officer, attended a training course on S.W.I.F.T. (Society for Worldwide Interbank Financial Telecommunication) conducted by the COMESA Bankers' Association in Blantyre, Malawi, from 24 to 27 March 1998.

Mr J. Pandoo, Administrative Officer, attended a Central Banking Course for SADC countries held at the SARB Training Institute in Pretoria, South Africa, from 2 to 13 March 1998.

Mr S. Diouman, Administrative Officer, attended a programme on "Print Journalism and Investigative Reporting" organised by the United States Information Agency (USIA) in U.S.A., from 14 July to 1 August 1997.

Mr D. Ghurburrun, Administrative Officer, attended the Fourth ESAF Training Course in Banking Supervision held at the SARB Training Institute in Pretoria, South Africa, from 8 to 19 September 1997.

Mr N. Mundboth, Technical Officer, and Mr H. Rathoa, Services Technician, attended a training course on the banknote sorting machine at the De la Rue International in the UK from 14 April to 1 May 1998.



Part 5

## APPENDIX VI OVERSEAS MISSIONS

Mr Mitrajeet D. Maraye, Governor attended the following:

(i) a Roadshow on Offshore Business in South Africa from 23 to 31 August 1997.

(ii) the IMF/IBRD Annual Meetings in Hong Kong from 18 to 26 September 1997.

(iii) a Meeting of the Committee of Central Bank Governors in SADC held in South Africa on 22 October 1997.

(iv) a Meeting of the Governors of Central Banks of French Speaking Countries in France on 24 and 25 October 1997.

(v) Meetings with De La Rue International Ltd and the Royal Mint in the United Kingdom on 22 and 23 December 1997.

(vi) the "Third workshop for the SADC Finance and Investment Sector Studies" held in South Africa on 23 March 1998.

(vii) the Central Bank Governors' Symposium at the Bank of England from 30 May to 7 June 1998.

The Managing Director, Mr Budheswar Gujadhur attended the following:

(i) the Third Meeting of the Committee of COMESA Central Bank Governors held in Lusaka, Zambia, on 13 and 14 November 1997.

(ii) the 29th Meeting of the Eastern and Southern Region of the Association of African Central Banks in Lusaka, Zambia, on 18 November 1997.

(iii) a Meeting on Payments and Settlement System at the South African Reserve Bank in Pretoria, on 20 November 1997.

(iv) a specialised Course on Exchange Rate Policies organised by the IMF Institute in Washington, U.S.A., from 9 to 13 February 1998.

Part 5

# APPENDIX VII

## LIST OF BANKS, NON-BANK DEPOSIT- TAKING INSTITUTIONS AND MONEY-CHANGERS

A list of domestic and offshore banks licensed to transact banking business or offshore banking, non-bank financial institutions authorised to transact deposit-taking business under the Banking Act 1988 and money-changers authorised under the Foreign Exchange Dealers Act 1995 as at 30 June 1998 is given below.

### Domestic Banks

1. Bank of Baroda
2. Banque Nationale de Paris Intercontinentale
3. Barclays Bank PLC
4. Habib Bank Limited
5. Indian Ocean International Bank Limited
6. South East Asian Bank Ltd
7. State Bank of Mauritius Ltd
8. The Delphis Bank Limited
9. The Hongkong and Shanghai Banking Corporation Limited
10. The Mauritius Commercial Bank Ltd

### Offshore Banks

1. African Asian Bank Limited
2. Bank of Baroda
3. Banque Internationale des Mascareignes Ltée
4. Banque Nationale de Paris Intercontinentale
5. Barclays Bank PLC
6. Investec Bank (Mauritius) Limited
7. P.T Bank Internasional Indonesia
8. State Bank International Ltd
9. The Hongkong and Shanghai Banking Corporation Limited

### Non-bank Financial Institutions Authorised to Transact Deposit-taking Business

1. Finlease Company Limited
2. General Leasing Co. Ltd
3. Mauritius Housing Company Ltd
4. Mauritius Leasing Company Ltd
5. SBM Lease Limited
6. SICOM Ltd

### Money-changers

1. MPC Holidays Ltd
2. Shibani Finance Co. Ltd

BANK OF MAURITIUS

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A large, faint, circular watermark of the Bank of Mauritius logo is visible on the right side of the page. The logo features the words "BANK OF MAURITIUS" around a central emblem.

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