



ANNUAL REPORT

Year ended 30 June 1999

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The Governor

*Bank of Mauritius
Port Louis*

11 October 1999

Dr the Honourable Vasant Kumar Bunwaree,
Minister of Finance,
Government House,
Port Louis.

Dear Minister of Finance

Annual Report and Audited Accounts 1998-99

In accordance with the provision of section 45 (1) of the Bank of Mauritius Act, I transmit herewith the thirty-second Annual Report and audited Accounts of the Bank for the year ended 30 June 1999.

Yours sincerely

(sd) Rameswurlall Basant Roi

Statement from the Governor

The Mauritian economy performed well during 1998-99. This performance has been characterised by sustained economic growth, employment creation mainly in the services and manufacturing sectors, a reduction in the external current account deficit and a relatively comfortable level of net international reserves against the backdrop of global economic turbulence. Prospects for 1999-00 are clouded by the prolonged drought conditions. The economy is forecast to grow by 4 per cent in 1999-00 against the trend growth rate of around 5 per cent. However, a reversal to the trend growth rate is expected in the years ahead.

Several developments contributed to higher rate of inflation during the year under review. These include the high rate of monetary expansion during the preceding fiscal year, increases in salary stemming from the implementation of the public sector pay award in September 1998, drought conditions which prevailed since the end of 1998, the introduction of the value-added tax and the lagged impact of the depreciation of the rupee. In the light of these conditions, the Bank had no option but to immediately move for a tightening of monetary policy towards the end of 1998. This approach helped contain the inflation rate for the fiscal year 1998-99 to 7.9 per cent against the targeted rate of 8 per cent. For the fiscal year 1999-00, the Bank of Mauritius will be targeting an inflation rate of 6 per cent. While efforts will continue to be directed towards the development of an unfettered money market, a further strengthening of indirect monetary control is envisaged with a view to achieving lasting stability of monetary conditions. In this context, a principal objective of the Bank is to achieve a narrowing down of the inflation differential between Mauritius and its major trading partners in the medium term.

The re-orientation of the monetary policy stance towards the end of 1998 brought about a better integration of the domestic money and the interbank foreign exchange markets, thus

imparting greater stability to the exchange value and restoring confidence in the rupee. The exchange rate of the rupee during the period under review has moved in consonance with both international trends and local market conditions. Banks have demonstrated a greater sense of discipline in factoring developments in the domestic economy as well as in the international foreign exchange market in the determination of their opening rates. As the Bank seeks to achieve a closer integration of our financial market with the world financial markets, market discipline will be a key factor in this direction. Since opening exchange rates quoted by banks set direction in the foreign exchange market, it is important that banks continue to exercise caution in the determination of their indicative exchange rates. The exchange rate of the rupee should continue to reflect the macroeconomic fundamentals of the country and, in line with current policy, intervention by the Bank of Mauritius will be guided by such considerations as to smooth out seasonal fluctuations and to avert disruptive short-term mis-alignments of the exchange rate of the rupee. Continued vigilance will be exercised to ensure that the competitiveness of our economy is not eroded.

The Mauritian economy was insulated against the Asian crisis. However, one of the major lessons that we should draw from the crisis is that a few good macroeconomic virtues are not sufficient to guarantee economic and financial stability. Monetary policy has to go hand in hand, for example, with a fiscal policy which plays its stabilization role. In the present context, increases in wages and salaries not related to productivity growth could threaten the external payments position of the country. A prudent and consistent wage policy is therefore warranted. Simultaneously, greater efforts inevitably need to be devoted towards speeding up the process of fiscal adjustment. This adjustment process, which has been set in a medium-term framework, is well under way with the replacement of the sales tax by the value-added tax and the improved buoyancy of

tax revenue. Further fiscal consolidation is needed to reduce Government's reliance on bank financing so as to keep monetary growth on an even keel and to broaden the scope for the sound development of productive sectors.

Net international reserves, which provide a more appropriate measure of import cover than the foreign exchange reserves of the Bank of Mauritius alone, remained comfortable during the year and would need to be maintained at prudent levels keeping in view the economy's future requirements. In spite of the expected shortfall in sugar export receipts due to drought conditions, the Bank of Mauritius has initiated steps to ensure that our reserves position is not unduly affected.

The Asian crisis has demonstrated dramatically the need for financial institutions to operate on a sound basis. More than ever, greater attention is focused on the soundness of financial institutions in Mauritius. The operation of financial institutions should be well geared to advance rather than hinder economic growth. Prudential regulations, however stringent and unpleasant to individual financial enterprises, do in the end ensure robustness of the financial system. In a liberalised world financial environment, risks of failures are high. The urge to grow big too fast carries with it the seed for failures. The recent past is littered with examples of such failures. The limitations of the free market are commonplace. The case for prudential regulations that complement market forces by the adoption of a more responsive stance to the limitations of the market is strong. With a view to enhancing the soundness of the banking system, issues relating to the proper identification of non-performing loans by banks, the extent of provisioning made by them and management of risk associated with high concentration ratios in their portfolios have been addressed by the Bank of Mauritius.

The Mauritius Code of Banking Practice, prepared by the Bank of Mauritius in collaboration with commercial banks, became effective on 1 July 1998. Its main objective is to ensure that banks act fairly, reasonably and responsibly in all their dealings with customers, thereby increasing transparency by helping customers understand how their accounts

operate and what they can reasonably expect from banks.

The Bank of Mauritius has actively addressed the millennium bug problem within the banking sector with a view to ensuring that this sector is Year-2000 compliant. As part of the measures forming part of its contingency plan, the Bank has made appropriate arrangements to ensure an ample supply of currency to suitably meet any Year-2000 related additional demands for cash.

The Bank revived its project for the implementation of a real time gross settlement (RTGS) system as part of its efforts to modernise financial system infrastructure and improve the working of the payments system. The implementation of the Mauritius Automated Clearing and Settlement System in the near term, with the assistance of the World Bank, will become one of the milestones for better integrating financial sector operations and opening up new and more efficient avenues in the provision of financial services to the public.

The Bank has made its contribution at the regional level in the South African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) through its presence at the meetings of the Committee of Central Bank Governors. Mauritius hosted the meeting of the SADC Heads of State in September 1998. The Bank has also assumed an important responsibility in the harmonisation of regional banking supervisory standards in the Eastern and Southern Africa (ESAF) Group of Banking Supervisors.

Finally, I wish to place on record my appreciation of the sense of commitment and dedication with which the staff have served the Bank during the past year. No efforts have been spared by the management of the Bank to improve the physical work environment and working conditions of the employees and to invest in training and human resource development. Finally, the objectives of the Bank would not have been attained without the dedication and support of the Board of Directors.

Rameswurlall Basant Roi

1 Review of the Economy: 1998-99

Viewed against the backdrop of the recent global economic turmoil, the performance of the Mauritian economy during the fiscal year 1998-99¹ was quite commendable. It was characterised by the continued buoyancy of economic growth, a reduction in the budget deficit to GDP ratio, a lowering of the current account deficit of the balance of payments and the maintenance of a relatively comfortable level of net international reserves. Economic expansion was broad-based, driven by the sugar, Export Processing Zone (EPZ), tourism and the financial and business sectors. Reflective of this growth momentum, per capita Gross National Product (GNP) at market prices increased. This growth performance was also accompanied by employment creation mainly in the services and manufacturing sectors of the economy. While the Bank of Mauritius targeted an inflation rate of 8 per cent for the fiscal year 1998-99, the actual rate of inflation was 7.9 per cent. On the external front, the current account of the balance of payments posted a lower deficit in 1998-99 than in the preceding fiscal year. This improvement stemmed mainly from the increase in the surplus registered on the services account. The rate of monetary expansion, as measured by the growth of money supply M2, decelerated during the period under review.

Gross Domestic Product (GDP) at factor cost went up in nominal terms by 12.6 per cent in 1998 and is estimated to rise by 9.0 per cent in 1999. Real GDP registered an appreciable growth rate of 5.2 per cent in 1998 following the increase of 5.3 per cent in 1997. It is expected to fall to 3.0 per cent in 1999, largely on account of the adverse impact of the drought on the agricultural sector.

All sectors, except agriculture, witnessed positive growth ranging from 3.0 per cent to 8.6 per cent in 1998. The highest expansion of 8.6 per cent was recorded in "Insurance and Other Business Services" followed by "Financial

Institutions", which grew by 8.0 per cent. Among the major contributors to GDP, the EPZ registered a growth of 7.0 per cent with exports totalling Rs23.0 billion as compared to Rs21.0 billion a year earlier. EPZ exports are expected to increase further to Rs29.0 billion in 1999. The tourism sector grew by 6.0 per cent in 1998 with tourist arrivals going up by 4.1 per cent to 558,195. Gross foreign exchange earnings from this sector, however, grew at a higher rate of 18.1 per cent as compared to 11.3 per cent in 1997.

Aggregate consumption expenditure went up in nominal terms by 11.5 per cent in 1998. Adjusted for price increases, the growth rate worked out to 4.4 per cent. Gross Domestic Savings (GDS), which is the difference between GDP and aggregate consumption expenditure, registered a growth rate of 16.0 per cent in 1998 as compared to 13.0 per cent in 1997. The savings rate, defined as the ratio of GDS to GDP at market prices, went up from 24.3 per cent in 1997 to 25.1 per cent in 1998 but is expected to recede to 23.3 per cent in 1999.

Gross Domestic Fixed Capital Formation (GDFCF) increased in nominal terms by 10.7 per cent in 1998, exclusive of the purchase of aircraft and marine vessel. In real terms, GDFCF increased by 5.6 per cent in 1998 and is expected to further pick up by 7.1 per cent in 1999. The ratio of GDFCF to GDP at market prices fell from 27.2 per cent in 1997 to 23.2 per cent in 1998 but is expected to pick up to 26.5 per cent in 1999.

The population of the Republic of Mauritius was estimated at 1,167,445 at the end of December 1998. The total labour force increased by 2.4 per cent to 517,000 in 1998. Employment, inclusive of foreign workers, was estimated to have risen by 2.5 per cent to 487,600 in 1998. The unemployment rate, which had been on a rising trend since 1991, declined by 0.1 percentage point to 5.8 per cent in 1998.

¹ Fiscal year extends from 1 July 1998 to 30 June 1999.

Reflecting the high rate of monetary expansion in the previous fiscal year, the salary increases stemming from the implementation of the public sector pay award, the introduction of the value-added tax in September 1998, the drought conditions that have prevailed since the end of 1998 and the lagged impact of the depreciation of the rupee, the rate of inflation for the fiscal year 1998-99, as measured by the average change in the Consumer Price Index (CPI), increased to 7.9 per cent from 5.4 per cent in 1997-98.

The basic thrust of monetary policy in 1998-99 continued to be directed towards the achievement of price stability and a stable exchange rate of the rupee, in the context of a broad interplay of market forces in the determination of interest and exchange rates. The Bank of Mauritius continued to use the Reserve Money Programme (RMP) and the liquidity forecasting framework as a basis for intervening on the money and foreign exchange markets. As part of the ongoing process of financial liberalisation, the cash ratio was brought down from 6.0 to 5.5 per cent while the non-cash liquid assets ratio remained at zero per cent. The tight monetary policy stance of 1998-99 was reflected in a general rise in interest rates. In spite of the higher inflation rate during fiscal year 1998-99, the real rate of interest remained positive. The auctioning of Treasury Bills of maturities of 30 days and 728 days provided financial institutions with additional investment opportunities. The launching of the over the counter market for Government of Mauritius Treasury Bills in December 1998 helped to enhance public awareness and investment culture in these Bills.

Aggregate monetary resources, that is, money supply M2, expanded by 13.2 per cent in 1998-99 as compared to an increase of 17.4 per cent in 1997-98. Net foreign assets of the banking system went up by 4.6 per cent, from Rs21,118 million at the end of June 1998 to Rs22,087 million at the end of June 1999, reflecting increases in the net foreign assets of both the Bank of Mauritius and commercial banks. Growth of domestic credit slowed down to 13.0 per cent in 1998-99 from a growth of 26.1 per cent recorded in the preceding year. Credit to the private sector expanded by 20.4 per cent in 1998-99, down from an increase of 32.3 per cent in 1997-98. However, net credit to Government by the banking system declined for the first time in four years.

The overall budget deficit for 1998-99 was Rs3,650 million, equivalent to 3.6 per cent of GDP as against 3.7 per cent in 1997-98. Higher revenue was generated through the replacement of the sales tax of 8 per cent by a value-added tax of 10 per cent that covers a broader range of goods and services as well as through the increased buoyancy of tax revenue. Government efforts to curtail the growth of expenditure were partly mitigated by the salary increases stemming from the implementation of the public sector pay award. The budget deficit was financed exclusively from domestic sources, namely the non-bank sector and the Bank of Mauritius. Total central Government indebtedness reached Rs51,001 million at the end of June 1999, with external and internal debt amounting to Rs10,027 million and Rs40,974 million, respectively. As a percentage of GDP, total central Government debt increased from 49.6 per cent at the end of June 1998 to 50.3 per cent at the end of June 1999. The debt service ratio of the country increased from 6.7 per cent in 1997-98 to 7.9 per cent in 1998-99, largely reflecting the partial redemption of the Floating Rate Note (FRN) in October 1998.

The reorientation of monetary policy towards the end of 1998 brought about a better integration of monetary and exchange rate policy. In that context, greater stability has been imparted to the exchange value of the rupee while also enhancing the attractiveness of rupee-denominated assets.

The current account of the balance of payments registered a deficit of Rs1,977 million in 1998-99 as compared to a deficit of Rs2,704 million in 1997-98. In relation to GDP, the deficit on the current account represented 1.9 per cent in 1998-99 as compared to a deficit of 3.0 per cent in 1997-98. This improvement in the current account of the balance of payments stemmed essentially from an increase in the surplus registered on the services account, from Rs4,364 million in 1997-98 to Rs5,681 million in 1998-99. Excluding the import of aircraft, the current account of the balance of payments recorded a surplus of Rs773 million in 1998-99, equivalent to 0.8 per cent of GDP. Exports, f.o.b., rose by 9.8 per cent to Rs39,732 million while imports, f.o.b., went up by 8.0 per cent to Rs49,189 million in 1998-99. The capital and financial account recorded a net inflow of Rs668 million in 1998-99.

Net international reserves of the country, made up of the net foreign assets of the banking

system, the foreign assets of Government and Mauritius' Reserve position in the International Monetary Fund (IMF), increased from Rs21,349 million at the end of June 1998 to Rs22,575 million at the end of June 1999. Net international reserves, which provide a more comprehensive measure of import cover than the foreign reserves of the Bank of Mauritius alone, represented 5.4 months of imports, exclusive of the purchase of aircraft, at the end of June 1999 as compared to 5.5 months at the end of June 1998.

The foregoing economic and financial developments during the year 1998-99 are reviewed in greater details in the following chapters of the report.

I. NATIONAL INCOME AND PRODUCTION

In 1998, the economy maintained its growth momentum, expanding by 5.2 per cent as compared to the annual average growth rate of 5.5 per cent over the period 1990 to 1997. Economic activity was largely driven by the strong performance of the export sector, supported by growth in our major export markets, namely the European Union and the United States. In real terms, exports of goods and non-factor services went up by a higher rate of 11.1 per cent in 1998 as compared to 4.0 per cent a year earlier. In contrast, the expansion of real aggregate domestic demand fell from 9.9 per cent in 1997 to 0.2 per cent in 1998, largely due to a drop in gross capital formation in real terms.

Nominal GDP at factor cost rose by Rs9,420 million, from Rs75,019 million in 1997 to Rs84,439 million in 1998. Per capita GNP at market prices

went up from Rs74,655 in 1997 to Rs83,027 in 1998. However, on account of the appreciation of the dollar vis-à-vis the rupee, it declined from US\$3,525 in 1997 to US\$3,441 in 1998.

Aggregate Consumption Expenditure

Aggregate consumption expenditure expanded, in real terms, by 4.4 per cent for the second year in a row. Consumption expenditure of households grew by 4.6 per cent in 1998; that of general government went up by 3.6 per cent in 1998, higher than the increase of 3.5 per cent in 1997. Nominal aggregate consumption expenditure fell from 75.7 per cent of GDP in 1997 to 74.9 per cent in 1998. The ratio of household consumption expenditure to GDP declined from 63.8 per cent in 1997 to 63.0 per cent in 1998 while the ratio of general government consumption to GDP remained stable at 11.9 per cent.

Table I.1 shows the main national accounting aggregates and ratios from 1996 to 1999.

Table I.1: Main National Accounting Aggregates and Ratios

	1996	1997 ¹	1998 ²	1999 ³
A. Aggregates (Rs million)				
1. GDP at factor cost	67,980	75,019	84,439	90,890
<i>Annual Real Growth Rate (Per cent)</i>	<i>+6.2</i>	<i>+5.3</i>	<i>+5.2</i>	<i>+3.0</i>
2. GDP at market prices	77,310	86,069	96,939	105,690
3. GNP at market prices	76,521	85,695	96,303	104,670
4. Per Capita GNP at market prices (Rupees)	67,506	74,655	83,027	89,347
5. Aggregate Consumption Expenditure	58,778	65,124	72,638	81,045
6. Compensation of Employees	31,771	34,701	39,270	42,320
7. Gross Domestic Fixed Capital Formation	20,125	23,430	22,500	28,025
8. Gross Capital Formation	19,210	25,128	24,078	26,770
9. Gross Domestic Savings	18,532	20,945	24,301	24,645
10. Resource Balance (9 - 8)	-678	-4,183	+223	-2,125
11. Gross National Disposable Income	78,499	88,085	98,703	108,565
B. Ratios: As a Percentage of GDP at market prices				
1. Gross Domestic Savings	24.0	24.3	25.1	23.3
2. Aggregate Consumption Expenditure	76.0	75.7	74.9	76.7
3. Gross Domestic Fixed Capital Formation	26.0	27.2	23.2	26.5
4. Resource Balance	-0.9	-4.9	+0.2	-2.0
C. Ratio: As a Percentage of GDP at factor cost				
1. Compensation of Employees	46.7	46.3	46.5	46.6

¹ Revised estimates.

² Preliminary estimates.

³ First forecast.

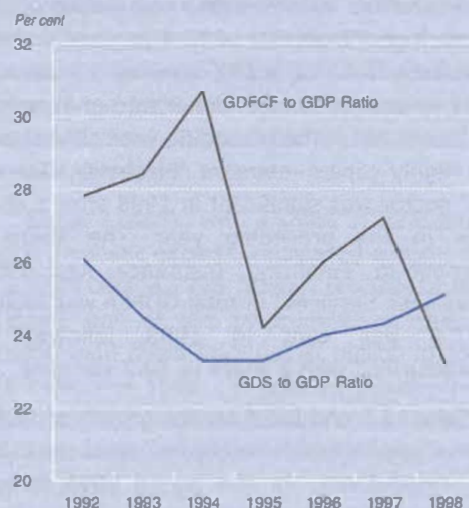
Source: Central Statistical Office, Government of Mauritius.

Gross Domestic Fixed Capital Formation (GDFCF)

Gross Domestic Fixed Capital Formation (GDFCF) contracted, in real terms, by 7.5 per cent in 1998 after expanding by 10.8 per cent in 1997. The GDFCF to GDP ratio went down from 27.2 per cent in 1997 to 23.2 per cent for the year under review. Excluding irregular investments, namely the purchase of aircraft and marine vessel, a different picture emerged with GDFCF rising by 5.6 per cent in 1998 as against a contraction of 1.5 per cent a year earlier. The share of private sector GDFCF in total GDFCF, exclusive of the purchase of aircraft and marine vessel, remained virtually unchanged at around 72.4 per cent in 1998.

Reflecting the strong performance of the construction sector in 1998, GDFCF in "Building and Construction Work" recovered markedly in 1998, expanding, in real terms, by 5.1 per cent as against a contraction of 4.3 per cent in the preceding year. Investment in "Residential Building" was up, in real terms, by 5.0 per cent in 1998, contrasting with the decline of 9.0 per cent registered in 1997. Easier credit terms on mortgage finance coupled with Government policy to encourage investment in low-cost housing for low-income groups were the main factors driving capital formation in "Residential Building". However, investment in "Non-residential Building", essentially industrial building, fell for the second consecutive year while investment in "Other Construction Work" was sustained with a real growth of 13.9 per cent in 1998 as compared to 12.3 per cent a year earlier. Government capital expenditure on public works with a view to upgrading the existing public infrastructure was a

Chart I.1: Ratio of GDFCF and GDS to GDP at Market Prices



Source: Central Statistical Office, Government of Mauritius

contributory factor explaining the recovery in the construction sector.

Investment in "Machinery and Equipment" contracted, in real terms, by 18.9 per cent in 1998 in contrast to an expansion of 29.1 per cent in the preceding year. However, exclusive of the purchase of aircraft and marine vessel, both "Other Transport Equipment" and "Other Machinery and Equipment" registered positive real growth rates. Investment in "Passenger Car" maintained its upward trend in 1998, increasing in real terms by 7.3 per cent in 1998 as compared to 20.4 per cent in the preceding year.

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

	1996	1997 ¹	1998 ²
(Per cent)			
A. Building and Construction Work	+3.8	-4.3	+5.1
Residential Building	+1.5	-9.0	+5.0
Non-residential Building	+5.6	-8.1	-1.3
Other Construction Work	+6.1	+12.3	+13.9
B. Machinery and Equipment	+32.4	+29.1	-18.9
Passenger Car	+3.0	+20.4	+7.3
Other Transport Equipment ³	+60.2	+291.1	-68.7
Other Machinery and Equipment	+33.8	-5.7	+5.4
Gross Domestic Fixed Capital Formation	+15.0	+10.8	-7.5

¹ Revised estimates.

² Preliminary estimates.
Source: Central Statistical Office, Government of Mauritius.

³ Inclusive of the purchase of aircraft and marine vessel

An analysis of investment by industrial use showed that investment in "Manufacturing" increased further in 1998 with a real growth of 19.2 per cent, higher than that of 16.4 per cent in 1997. Capital formation in the EPZ grew by 9.2 per cent in 1998 as compared to a higher rate of expansion of 28.5 per cent in the preceding year. Investment in the highly capital-intensive "Electricity, Gas and Water" sector was significant in 1998 after a sharp decline in the preceding year. The share of investment in "Financing, Insurance, Real Estate and Business Services" in total GDFCF was highest at 27.6 per cent in 1998 followed by "Manufacturing" with a share of 18.7 per cent.

Tables I.2 and I.3 show the growth of GDFCF by type of capital goods and by industrial use in real terms, respectively, for the period 1996 through 1998. Chart I.1 depicts movements in the ratio of GDFCF and Gross Domestic Savings (GDS) to GDP at market prices for the years 1992 through 1998.

National Disposable Income, National Savings and Resource Balance

Gross National Disposable Income (GNDI) registered a nominal growth of 12.1 per cent in 1998 while nominal consumption expanded by 11.5 per cent. Consequently, the Gross National Savings (GNS) to GNP ratio rose from 26.8 per cent in 1997 to 27.1 per cent in 1998. Similarly, the ratio of

GDS to GDP at market prices went up from 24.3 per cent in 1997 to 25.1 per cent for the year under review. As a percentage of GDP at market prices, the Resource Balance (defined as Savings minus Investment) improved to 0.2 per cent in 1998 as against -4.9 per cent in 1997.

Agriculture

Unfavourable climatic conditions affected the output of the agricultural sector which declined, in real terms, by 1.4 per cent in 1998. Sugarcane, which accounted for 64.6 per cent of the agricultural sector, was relatively least affected by climatic conditions with output marginally up by 1.0 per cent in 1998, while non-sugar agricultural output dropped by 5.0 per cent. Although value added by the agricultural sector went up in nominal terms by 9.3 per cent in 1998, the share of this sector in the economy fell from 9.0 per cent in 1997 to 8.8 per cent in the year under review.

Table I.4 shows the main aggregates of the agricultural sector for the years 1996 through 1998. Chart I.2 shows the sectoral distribution of GDP at factor cost for 1998.

Sugar

Sugarcane production grew, in real terms, by 1.0 per cent in 1998 as compared to 5.5 per cent in

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

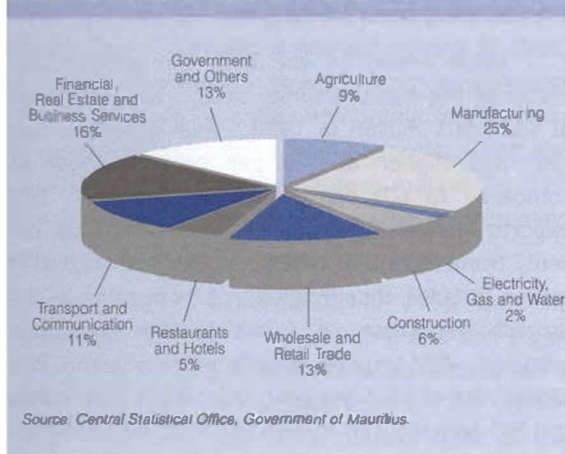
	(Per cent)		
	1996	1997 ¹	1998 ²
1. Agriculture, Hunting, Forestry and Fishing	-11.1	+2.1	+7.1
2. Mining and Quarrying	-	-	-
3. Manufacturing	+14.9	+16.4	+19.2
of which: EPZ	+8.3	+28.5	+9.2
4. Electricity, Gas and Water	+51.0	-50.3	+62.7
5. Construction	+6.3	+10.4	+5.4
6. Wholesale and Retail Trade, Restaurants and Hotels	+14.1	-5.1	+3.0
7. Transport, Storage and Communication ³	+15.7	+94.6	-48.3
8. Financing, Insurance, Real Estate and Business Services	+7.5	-9.9	+8.8
of which: Ownership of Dwellings	+1.5	-9.0	+5.0
9. Producers of Government Services	+36.3	+17.6	-22.9
10. Community, Social and Personal Services	+1.1	+14.4	-13.6
Gross Domestic Fixed Capital Formation	+15.0	+10.8	-7.5

¹ Revised estimates.

² Preliminary estimates.
Source: Central Statistical Office, Government of Mauritius.

³ Inclusive of the purchase of aircraft and marine vessel.

Chart I.2: Sectoral Distribution of GDP in 1998



the preceding year. Sugar output registered a six-year record high of 628,588 tonnes for the year under review. The extraction rate improved from 10.73 per cent in 1997 to 10.88 per cent in 1998. However, the yield per hectare fell from 79.54 per cent to 78.09 per cent over the same period. There was a reversal of the declining trend in land acreage under sugarcane cultivation observed in recent years. Land area under sugarcane cultivation went up from 72,758 hectares in 1997 to 74,028 hectares in 1998 following the ongoing conversion of land formerly under tea cultivation.

Table I.5 shows the trend in sugar production and exports for the years 1995-96 through 1998-99.

Production of sugar for the fiscal year 1998-99 amounted to 619,042 tonnes while 628,461 tonnes were exported. Of these, 605,491 tonnes or

96.3 per cent were destined to the European Union (EU) under the Sugar Protocol and the Special Sugar Preferential Agreement. Exports to the United States amounted to 18,478 tonnes while domestic consumption stood at 40,415 tonnes for the fiscal year 1998-99. Mauritius exported seven types of Refined Sugars, for which there is an increased demand in Europe.

Sugar exports, with a share of 22.6 per cent in total domestic exports, registered a nominal rise of 12.6 per cent in 1998. Export receipts from cane molasses, one of the by-products of the sugar industry, went down from Rs102 million in 1997 to Rs70 million in 1998. A positive development in 1998 was the higher production of electricity generated from bagasse, another by-product of the sugar industry.

Non-Sugar Agricultural Sector

Although value added by the non-sugar agricultural sector rose in nominal terms from Rs2,471 million in 1997 to Rs2,630 million in 1998, its share in the agricultural sector went down from 36.4 per cent to 35.4 per cent over the same period. In real terms, non-sugar agricultural production contracted by 5.0 per cent, largely on account of the drought that started in the last quarter of 1998, as against a positive growth of 1.0 per cent in 1997.

While the area under tea and tobacco cultivation declined by 10.3 per cent and 7.1 per cent, respectively, the area under foodcrop cultivation registered an increase of 1.2 per cent in

Table I.4: Main Aggregates of the Agricultural Sector

	1996	1997 ¹	1998 ²
1. Value Added at current factor cost (Rs million)	6,592	6,786	7,420
of which: Sugar	4,217	4,315	4,790
2. Annual Real Growth Rate (Per cent)	+4.1	+3.6	-1.4
3. Share of Agriculture in total GDP at factor cost (Per cent)	9.7	9.0	8.8
4. Investment at current factor cost (Rs million)	630	675	750
5. Investment at constant 1992 prices (Rs million)	480	490	525
6. Share of Investment in Agriculture in total GDFCF (Per cent)	3.1	2.9	3.3
7. Sugar Exports (Rs million)	8,347	7,495	8,440
8. Agricultural Exports other than Sugar (Rs million)	420	391	294
9. Share of Agricultural Exports in total Domestic Exports (Per cent)	28.5	24.7	23.4

¹ Revised estimates.

² Preliminary estimates.

Source: Central Statistical Office, Government of Mauritius.

1998. However, total foodcrop production declined by 9.7 per cent from 101,442 tonnes in 1997 to 91,618 tonnes for the year under review. Exports of cut flowers and foliage fell both in value and volume terms from Rs123 million and 576 tonnes, respectively, in 1997 to Rs112 million and 457 tonnes in 1998. A large contraction was recorded in the exports of wheaten flour which fell by Rs53 million to Rs102 million in 1998. Exports of live animals grew in nominal terms from Rs74 million in 1997 to Rs87 million in 1998. The production and exports of tea shrank in 1998, reflecting Government policy to divert resources from this low profitability sector to higher value added sectors.

Manufacturing

The expansion of the manufacturing sector was sustained in 1998 with a growth of 6.3 per cent as compared to 5.8 per cent in 1997. Its share in GDP at factor cost rose from 24.4 per cent in 1997 to 24.8 per cent in 1998. The growth of the manufacturing sector was mainly driven by the improved performance of the EPZ. Investment in the manufacturing sector was maintained with a real expansion of 19.2 per cent in 1998 as compared to 16.4 per cent a year earlier.

Table I.6 shows the main aggregates of the manufacturing sector for the period 1996 through 1998.

Value added by the EPZ, the largest sub-sector of the manufacturing sector, was estimated at Rs10,501 million in 1998. Real growth of the EPZ was higher at 7.0 per cent in 1998 as compared to 6.0 per cent a year earlier. EPZ exports increased in nominal terms by 13.1 per cent, from Rs23,049 million in 1997 to Rs26,074 million in 1998, thus maintaining its position as the largest generator of gross foreign exchange earnings. EPZ imports grew in nominal terms at a higher rate of 16.6 per cent, from Rs13,880 million in 1997 to Rs16,184 million in 1998, reflecting the high import content of EPZ exports. Around 91 per cent of EPZ imports consisted of raw material imports while the import of machinery and equipment constituted the remaining 9 per cent. In nominal terms, net EPZ exports grew by 7.9 per cent to Rs9,890 million in 1998 as compared to 2.7 per cent in 1997.

The commodity-wise distribution of EPZ exports showed that the EPZ remained overwhelmingly dependent on the export of articles of apparel and clothing. This dependence further increased in 1998 with articles of apparel and clothing constituting 81.3 per cent of total EPZ

Table I.5: Trend in Sugar Production and Exports

	(Tonnes Tel Quel)			
	1995-96	1996-97	1997-98	1998-99
Opening Stock (1 July)	14,294	25,790	25,696	32,061
Opening ISA Special Stock	0	0	0	0
Production	533,247	587,847	620,202	619,042
Available supplies	583,471 ¹	651,654 ²	678,928 ³	689,139 ⁴
Exports:	519,066	586,189	606,033	628,461
United Kingdom	(454,863)	(452,529)	(470,603)	(482,841)
Other European Union	(56,984)	(104,135)	(107,165)	(122,650)
United States	(2,926)	(24,493)	(22,857)	(18,478)
Canada	(42)	(156)	(62)	(84)
Other Countries	(4,251)	(4,876)	(5,346)	(4,408)
Domestic Consumption	37,360	38,791	40,386	40,415
Surplus/(Loss) in Storage	(1,255)	979	(448)	1,105
Closing Stock (30 June)	25,790	25,696	32,061	19,158
Closing ISA Special Stock	0	0	0	0

¹ Include 35,930 tonnes of imported sugar.

² Include 38,017 tonnes of imported sugar.

³ Include 33,030 tonnes of imported sugar.

⁴ Include 38,036 tonnes of imported sugar.

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

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

exports as compared to 78.7 per cent in 1997. However, the distribution of EPZ exports by country of destination indicated a marked change in 1998. EPZ exports to the U.S. increased in nominal terms by 39.0 per cent in 1998, accounting for 56.1 per cent of the total increase in EPZ exports. Thus, the U.S. became the second largest market for EPZ exports after France. Exports to the EU increased by 8.5 per cent in 1998.

A positive development in 1998 was the sustained expansion of the non-EPZ and non-sugar milling activity in the manufacturing sector, which grew by 5.9 per cent in 1998 from 5.4 per cent in 1997. This was due to a marked shift in the marketing strategy of this sector, which has in recent years taken increasing advantage of Government foreign policy to foster regional economic co-operation and tap new export markets. This has created opportunities for firms that were producing for the domestic market to

expand their businesses and export to regional markets. Exports to Common Market for Eastern and Southern Africa (COMESA) member states grew in nominal terms by 22.5 per cent in 1998.

Furthermore, Government policy to encourage small businesses, namely Small and Medium Enterprises (SMEs), micro-enterprises and Pioneer Status Enterprises, to expand their businesses has also started to yield positive results. SMEs, in particular, benefit from a wide range of support services and assistance programmes as well as soft loans from the Development Bank of Mauritius (DBM). The number of Pioneer Status Enterprises, which regroup enterprises engaged in the manufacture of high value added products, increased by 39 to 195 in 1998 while employment in such enterprises rose to 2,481 in December 1998 from 2,252 in December 1997.

Table I.7 shows the main aggregates of the EPZ for the period 1996 through 1998.

Table I.6: Main Aggregates of the Manufacturing Sector

	1996	1997 ¹	1998 ²
1. Value Added at current factor cost (Rs million)	16,455	18,319	20,945
2. Annual Real Growth Rate (Per cent)	6.2	5.8	6.3
3. Share of Value Added in total GDP at factor cost (Per cent)	24.2	24.4	24.8
4. Investment at current factor cost (Rs million)	2,745	3,345	4,210
5. Share of Investment in total GDFCF (Per cent)	13.6	14.3	18.7

¹ Revised estimates.

² Preliminary estimates.

Source: Central Statistical Office, Government of Mauritius.

Table I.7: Main Aggregates of the EPZ

	1996	1997 ¹	1998 ²
1. Number of Enterprises (as at December)	481	480	495
2. Value Added at current factor cost (Rs million)	8,164	9,173	10,501
3. Annual Real Growth Rate (Per cent)	7.0	6.0	7.0
4. Share of EPZ in total GDP at factor cost (Per cent)	12.0	12.2	12.4
5. Investment at current prices (Rs million)	930	1,245	1,445
6. Investment at constant 1992 prices (Rs million)	720	925	1,010
7. Share of EPZ Investment in total GDFCF (Per cent)	4.6	5.3	6.4
8. Exports (f.o.b.) (Rs million)	21,001	23,049	26,074
9. Imports (c.i.f.) (Rs million)	12,077	13,880	16,184
10. Net Exports (Rs million)	8,924	9,169	9,890

¹ Revised estimates.

² Estimates.

Source: Central Statistical Office, Government of Mauritius.

Tourism

The tourism sector registered a growth of 6.0 per cent in 1998 as compared to 10.2 per cent a year earlier. Tourist receipts rose from Rs10,068 million in 1997 to Rs11,890 million in 1998, representing a growth of 18.1 per cent, which compared favourably with that of 11.3 per cent registered in 1997. Tourist arrivals went up from 536,125 in 1997 to 558,195 in 1998, showing a growth of 4.1 per cent as compared to 10.1 per cent in 1997. Nearly 92 per cent of the tourists coming to Mauritius in 1998 did so for holidaying.

Tourist arrivals from our traditional source markets in Europe remained on average on an uptrend, growing by 8.0 per cent to 352,530 in 1998. Tourist arrivals from the core source markets in Europe, namely France, United Kingdom, Germany and Italy, witnessed diverging trends. In 1998, tourist arrivals from France and the United Kingdom recorded relatively high growth of 12.1 per cent and 13.6 per cent, respectively. Tourist arrivals from Italy increased by 3.9 per cent while arrivals from Germany declined, albeit marginally, by 0.4 per cent. Tourist arrivals from Asian countries, which were rapidly expanding prior to the Asian crisis, fell by 9.4 per cent in 1998 with the highest decline for Hong Kong (-40.5 per cent), followed by Malaysia (-29.0 per cent) and Japan (-20.2 per cent). Tourist arrivals from South Africa also fell by 3.1 per cent in 1998. A positive development was the increase in the number of arrivals from the United States.

On the supply side, there were a number of significant developments. Registered hotels, which numbered 87 at the end of December 1997, rose to 90 at the end of December 1998. Furthermore, a number of existing hotels carried out major renovation works and upgraded existing facilities with a view to moving up-market and therefore generating higher value added. The number of rooms and bedplaces also rose to reach 7,267 and 14,995, respectively, in 1998 as compared to 6,809 and 14,126 in 1997. While the monthly room occupancy rate of all registered hotels remained unchanged at 72 per cent in 1998, that of "large" hotels fell marginally by 1 per cent to 77 per cent for the period under review.

Direct employment in the tourist industry, which includes employment in restaurants, hotels and travel and tourism, was sustained at an annual average growth of 4.8 per cent between 1994 and

1998, reaching 16,490 for the year under review. However, given the linkages with the rest of the economy, it is estimated that indirect employment created by the tourist industry is around 35,000, which would therefore bring total employment in this sector to over 50,000 in 1998.

Financial and Business Services

The "Financing, Insurance, Real Estate and Business Services" sector grew by 6.6 per cent in 1998, higher than the annual average rate of 6.5 per cent between 1995 and 1997. It contributed about 16.4 per cent to GDP in 1998, driven mainly by "Financial Institutions" and "Insurance and Other Business Services", the value added of which are estimated at Rs5,111 million and Rs4,662 million, respectively, for the year under review. The financial sector is expected to gain further momentum with the introduction of the Financial Services Authority Bill and the Anti-Money Laundering and Economic Crime Bill due to be enacted in the fiscal year 1999-00.

Economic activity in the Freeport sector remained buoyant with total turnover rising by 65.0 per cent in 1998 to Rs7,461 million as compared to Rs4,522 million a year earlier. This was largely attributable to the capacity build-up as a result of massive investment carried out during the last two years. With the expansion in regional trade, largely with COMESA and Southern African Development Community (SADC) member states, and the policy to position Mauritius as a gateway between Asia and Africa, economic activity in the Freeport zone is expected to gain further momentum.

Other Sectors

The "Construction" sector rebounded in 1998 with a growth of 6.0 per cent as against a contraction of 1.0 per cent a year earlier as a result of the launching of several major infrastructural projects. Although "Transport, Storage and Communication" remained buoyant in 1998, growth in that sector fell to 6.5 per cent in 1998 as compared to 7.6 per cent in 1997. "Producers of Government Services" grew at a higher rate of 4.0 per cent during the year under review as compared to 3.5 per cent in 1997. "Community, Social and Personal Services" expanded by 4.5 per cent in 1998 as compared to 4.7 per cent in the preceding year.

Drought conditions caused the "Electricity, Gas and Water" sector to grow at a slower rate of 6.0 per cent in 1998 as compared to 8.7 per cent in 1997.

Outlook for 1999

Due to the persistent drought conditions affecting the agricultural sector in particular, economic growth is forecast at 3.0 per cent in 1999. Agricultural output is expected to fall by 24.6 per cent in 1999 with "Sugarcane" estimated to contract by 37.0 per cent. However, the deceleration in agricultural output is likely to be offset by strong growth in other key sectors of the economy, namely the EPZ and the tourist industry. Excluding the sugar sector, the economy would register a growth of 5.6 per cent in 1999. Aggregate consumption expenditure is forecast to grow by 4.3 per cent in 1999 while the savings rate is expected to go down to 23.3 per cent, largely due to the fall in national disposable income. The GDFCF to GDP ratio would remain strong at 26.5 per cent in 1999 inclusive of the purchase of aircraft. Exclusive of the purchase of aircraft, real domestic demand is estimated to grow at a higher rate of 3.7 per cent in 1999.

II. LABOUR MARKET AND PRICE DEVELOPMENTS

Wage Developments

The implementation of the Pay Research Bureau (PRB) salary award in September 1998 and the across-the-board wage compensation for the rise in the cost of living are estimated to have cost around Rs2.5 billion to the whole economy during 1998-99. This increase in total wage bill generated additional wage pressures in the economy with a negative impact on labour costs.

On the positive side, job creation continued in expanding sectors of the economy, resulting in a decline in the unemployment rate.

The promotion of productivity growth is continuously being emphasised. The National Productivity and Competitiveness Council has been set up to promote total factor productivity in the economy. Gains are expected to arise from factors such as product enhancement and greater efficiency through training and better management.

Compensation of Employees

Compensation of employees increased at a higher rate of 13.2 per cent in 1998 as compared to 9.2 per cent in 1997, reflecting to a large extent the combined effect of the payment of wage compensation for the rise in the cost of living and of the salary award in the public sector following the implementation of the PRB Report in September 1998. The growth of compensation of employees was highest in the general Government sector with a rise of 13.7 per cent in 1998 as compared to 8.1 per cent a year earlier, while for the rest of the economy it went up by 13.0 per cent from 9.6 per cent in the preceding year.

Adjusted for the increase in the price level of 6.8 per cent for 1998, compensation of employees rose by 6.0 per cent, outpacing the real growth rate of GDP of 5.2 per cent. Wage increases in excess of real output gains are a potential source of inflationary pressure.

Cost of Living Compensation

In the fiscal year 1998-99, compensation for the rise in the cost of living in respect of employees

whose basic wage was Rs2,700 or less per month was 6.0 per cent, which was higher than the inflation rate of 5.4 per cent for 1997-98. Employees earning over Rs2,700 per month were granted a compensation ranging from Rs165 to Rs195, depending on their income bracket. This salary compensation contributed to raise the wage bill for the economy by an estimated amount of Rs1,245 million for 1998-99.

Average Monthly Earnings

According to the Survey on Employment and Earnings in "large" establishments carried out by the Central Statistical Office (C.S.O.) in March 1999, the average monthly earnings for employees on monthly rates of pay for all industrial groups rose by 9.2 per cent between March 1998 and March 1999 as compared to 6.7 per cent between March 1997 and March 1998. Adjusted for the twelve-month running inflation rate, the average monthly earnings for all industrial groups went up by 1.4 per cent between March 1998 and March 1999.

A distribution of average monthly earnings by industry group indicated that the rate of increase in average earnings between March 1998 and March 1999 varied widely across industries. Average monthly earnings in "Community, Social and Personal Services" recorded the highest nominal growth of 13.0 per cent. "Wholesale and Retail Trade, Restaurants and Hotels" and "Agriculture and Fishing" recorded each an increase in average monthly earnings of 9.5 per cent. The lowest increase of 1.8 per cent in average monthly earnings was registered in "Manufacturing".

Table II.1 shows the industry-wise average monthly earnings for employees on monthly rates of pay for the period March 1997 through March 1999.

Wage Rate Index

The wage rate index measures changes in the price of labour, that is, changes over time in remuneration for the same job, and is thus a reliable indicator of wage pressure in the economy. Between September 1997 and September 1998, the overall wage rate index rose by 10.4 per cent as compared to 9.9 per cent between September 1996 and September 1997.

A breakdown of growth in wage rates by industry group showed that the industry-wise

picture was uneven. In general, industries that have been recording relatively high real output growth have witnessed relatively low wage increases. Market forces have contributed to restraining wage increases to a large extent while institutional pay review awards that are not linked to productivity gains have put upward pressure on wages. The highest increases in wages between September 1997 and September 1998 were recorded in "Community, Social and Personal Services" and "Electricity and Water" with growth rates of 14.1 per cent and 13.3 per cent,

respectively. The "Construction" sector recorded a sharp increase in wages as a result of increasing difficulties in attracting skilled workers to a rapidly expanding industry, which is well-supported by both public and private sectors' investment in infrastructure building.

In contrast, two sectors, namely "Wholesale and Retail Trade, Restaurants and Hotels", of which tourism is a major component, and "Manufacturing, Mining and Quarrying", which includes the EPZ, recorded moderate wage increases.

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

Industry Group	Mar-97	Mar-98	Mar-99	% Nominal Change between Mar-98 and Mar-99	% Change Adjusted for Increase in Price Level
	(Rs)	(Rs)	(Rs)		
1. Agriculture and Fishing	5,116	5,289	5,792	9.5	1.7
<i>of which: Sugarcane</i>	5,004	5,147	5,625	9.3	1.5
2. Mining and Quarrying	8,524	10,060	10,617	5.5	-2.0
3. Manufacturing	6,274	6,911	7,034	1.8	-5.5
<i>of which: EPZ¹</i>	5,777	6,376	6,371	-0.1	-7.2
4. Electricity and Water	10,112	12,448	12,067	-3.1	-10.0
5. Construction	10,038	11,479	12,368	7.7	0.0
6. Wholesale and Retail Trade, Restaurants and Hotels	7,042	7,510	8,221	9.5	0.9
7. Transport, Storage and Communication	8,766	10,647	10,938	2.7	1.7
8. Financing, Insurance, Real Estate and Business Services	11,010	11,550	12,300	6.5	-1.1
9. Community, Social and Personal Services	8,296	8,500	9,609	13.0	4.9
<i>of which: Central Government</i>	8,612	8,643	9,864	14.1	5.9
10. Activities not specified elsewhere	5,623	6,313	6,875	8.9	1.1
All Sectors	7,570	8,080	8,820	9.2	1.4

¹ Excluding non-manufacturing EPZ establishments.
Source: Central Statistical Office, Government of Mauritius.

Table II.2: Annual Percentage Change in Wage Rates by Industry Group

Industry Group	Sep-95	Sep-96	Sep-97	(Per cent) Sep-98
1. Agriculture and Fishing	6.2	10.5	14.7	10.6
2. Manufacturing, Mining and Quarrying	7.6	4.5	7.6	7.7
3. Electricity and Water	6.8	3.5	10.6	13.3
4. Construction	6.0	2.9	8.2	12.3
5. Wholesale and Retail Trade, Restaurants and Hotels	7.8	2.6	3.1	5.6
6. Transport, Storage and Communication	7.1	9.5	13.8	7.7
7. Financing, Insurance, Real Estate and Business Services	14.2	7.8	7.3	10.4
8. Community, Social and Personal Services	5.6	5.0	12.5	14.1
All Sectors	7.1	5.2	9.9	10.4

Source: Central Statistical Office, Government of Mauritius.

Adjusted for the twelve-month running inflation rate, the overall wage rate increased by 4.3 per cent between September 1997 and September 1998 as compared to 2.4 per cent between September 1996 and September 1997. All industry groups, except "Wholesale and Retail Trade, Restaurants and Hotels", registered positive real wage gains.

Table II.2 gives details on the annual percentage change in wage rates by industry group for the period September 1995 through September 1998.

Labour Force, Employment and Unemployment

Labour Force

The population of the Republic of Mauritius was estimated at 1,167,445 at the end of December 1998. This figure reflects a population growth of 1.0 per cent during the year. The male population was 583,164 and the female population stood at 584,281. The total labour force of 517,000 in 1998 worked out to 44.3 per cent of the population. It showed an increase of 2.4 per cent over the estimated 1997 figure of 504,800.

Employment

The total number of persons in employment, inclusive of foreign workers, was estimated to have

increased by 2.5 per cent to 487,600 in 1998, higher than the 2.0 per cent rise in the preceding year. The increase in employment was mostly generated in the fast expanding industries, namely manufacturing, trade and tourism. Some 6,600 additional jobs were created in the manufacturing sector in 1998, representing over 50 per cent of the increase in employment. Trade and tourism-related sectors accounted for nearly 40 per cent of the increase. Other sectors, with the exception of agriculture and construction, registered marginal increases in employment. In the agricultural sector, job losses were higher in non-sugar activities while employment in the sugar industry was marginally lower in 1998. The manufacturing industry remained the largest employer with a share of 29.4 per cent in total employment in 1998, out of which the EPZ was the single largest employer with a share of 17.5 per cent in total employment. Employment in "Community, Social and Personal Services", which includes central Government workforce, was still on the high side, representing 23.6 per cent of total employment in 1998.

An analysis of the employment data by gender shows that male employment increased by 1.8 per cent, from 322,300 in 1997 to 328,100 in 1998, while female employment increased by 4.1 per cent, from 153,200 to 159,500 over the same period. The number of foreign workers in total employment rose by 1,400 or 16.3 per cent to reach 10,000 in 1998, the increase being exclusively among female workers.

Table II.3: Employment by Industry Group ¹

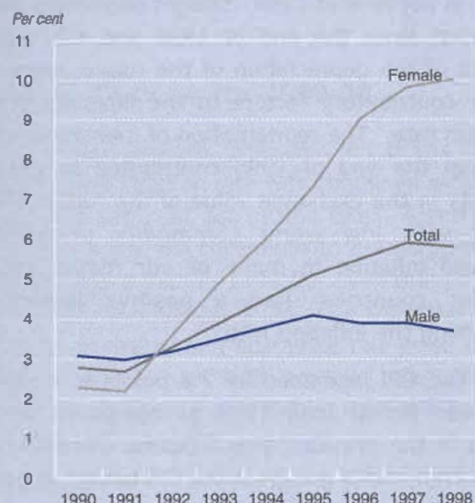
Industry Group	(Thousands)			
	1995	1996 ²	1997 ²	1998 ³
1. Agriculture and Fishing	61.6	60.4	59.3	58.0
2. Mining and Quarrying	1.6	1.6	1.4	1.4
3. Manufacturing	134.7	134.0	136.7	143.3
4. Electricity and Water	3.5	3.4	3.3	3.3
5. Construction	36.8	37.8	36.8	36.6
6. Wholesale and Retail Trade, Restaurants and Hotels	64.9	69.1	75.3	79.9
7. Transport, Storage and Communication	28.4	28.6	29.9	30.5
8. Financing, Insurance, Real State and Business Services	14.1	15.1	16.0	17.0
9. Community, Social and Personal Services	111.9	113.0	114.3	115.0
10. Activities not elsewhere classified	3.0	3.0	2.5	2.6
All Sectors	460.5	466.0	475.5	487.6

¹ Employment figures include foreign workers.
Source: Central Statistical Office, Government of Mauritius.

² Revised.

³ Provisional.

Chart II.1: Unemployment Rate



Source: Central Statistical Office, Government of Mauritius.

Unemployment

The unemployment rate, which reflected a rising trend since 1991, edged lower from 5.9 per cent in 1997 to 5.8 per cent in 1998. A gender-wise analysis indicated that male unemployment was lower than female unemployment, receding to 3.7 per cent in 1998 from 3.9 per cent in 1997. In contrast, female unemployment went up to 10.0 per cent in 1998. The higher incidence of unemployment on the female labour force indicated that Mauritian female workers were more vulnerable to competition from foreign workers than their male counterparts.

Chart II.1 shows the unemployment rate from 1990 to 1998.

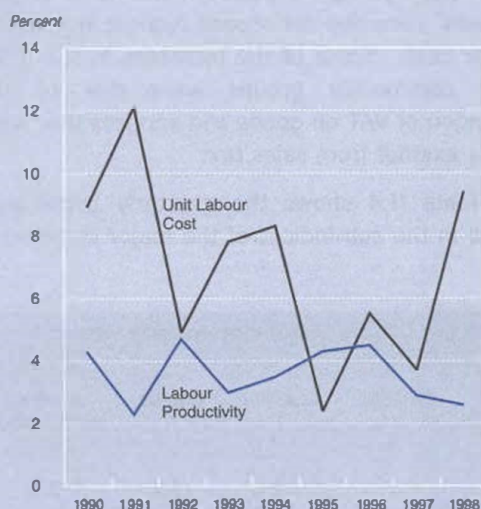
Unit Labour Cost and Productivity

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. Unit labour cost is also an important measure of international competitiveness. Unit labour cost grew at a higher rate of 9.4 per cent in 1998 as compared to 3.7 per cent in 1997, well above the annual average growth of 6.3 per cent registered during the period 1990 through 1997.

During 1998, labour productivity, as measured by output per worker, rose by 2.6 per cent as compared to an increase of 2.9 per cent in 1997, which was lower than the annual average growth of 3.6 per cent registered during the period 1990 through 1997. Over the period 1990 through 1998, on an annual average basis, the growth of labour productivity outpaced that of employment.

Unit labour cost and labour productivity exhibited different growth patterns over the period 1990 through 1998, as shown in Chart II.2. The growth of unit labour cost was above that of labour productivity, except in 1995. Unit labour cost in the EPZ recorded an increase of 4.4 per cent in 1998 as compared to 4.6 per cent in 1997. While, over the period 1990 through 1998, unit labour cost in the manufacturing sector increased on average by 5.7 per cent in rupee terms, in U.S. dollar terms, unit labour cost registered a decline of 0.4 per cent.

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

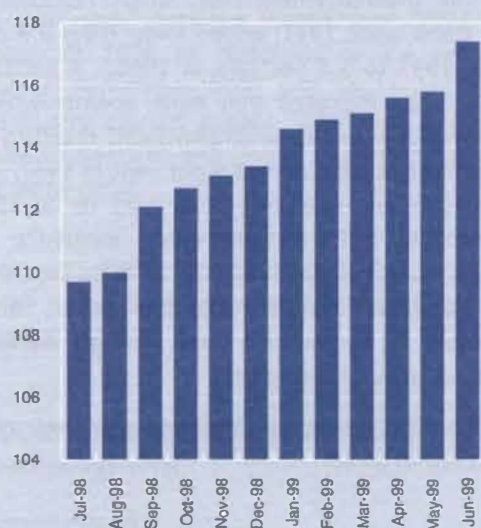


Source: Central Statistical Office, Government of Mauritius.

Employment in "large" establishments increased by 2.2 per cent as compared to "other than large" establishments, which registered a rise in employment of 3.0 per cent in 1998.

Table II.3 shows employment by industry group from 1995 to 1998.

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



Source: Central Statistical Office, Government of Mauritius.

Prices

Consumer price inflation, as measured by the percentage change in the yearly average of the Consumer Price Index (CPI) increased from 5.4 per cent in 1997-98 to 7.9 per cent in 1998-99, marginally lower than the rate of 8 per cent targeted by the Bank of Mauritius. A relatively high rate of monetary expansion in the preceding year, salary increases stemming from the

implementation of the Pay Research Bureau (PRB) Report, the introduction of the value-added tax (VAT) in September 1998, drought conditions which prevailed since the end of 1998 and the lagged impact of the depreciation of the rupee, were the major contributory factors to the increase in the inflation rate. The reorientation of monetary policy as from the end of 1998 contributed to greater stability in the exchange value of the rupee. This, along with low world commodity prices and subdued inflation in many of our major trading partner countries, had a positive impact in containing the inflation rate.

The CPI increased by 7.8 points to 117.4 in the year ended June 1999 as compared to 7.0 points in the previous year. During 1998-99, the major commodity groups in the CPI basket of goods and services recorded increases in the range of 3.5 per cent to 19.6 per cent with the exception of "Fuel and Light" which decreased by 0.5 per cent. The major commodity group "Alcoholic Beverages and Tobacco" registered the highest increase of 19.6 per cent mainly due to increases in excise duties on cigarettes and alcoholic drinks. The major commodity group "Medical Care and Health Expenses" recorded the second highest increase of 9.4 per cent. Some of the increases in the other major commodity groups were due to the application of VAT on goods and services that were initially exempt from sales tax.

Table II.4 shows the quarterly percentage change in the sub-indices of the major commodity

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

Major Commodity Group	Weights					
		Sep-98	Dec-98	Mar-99	Jun-99	(Per cent) 12-month period ended Jun-99
1. Food and Non-alcoholic Beverages	36.4	1.4	1.3	1.8	1.6	6.3
2. Alcoholic Beverages and Tobacco	8.7	1.7	0.0	1.9	15.4	19.6
3. Clothing and Footwear	7.9	3.1	2.2	0.9	0.3	6.6
4. Fuel and Light	4.4	0.0	0.0	0.0	-0.5	-0.5
5. Housing and Household Operations	13.2	2.4	1.7	1.0	0.0	5.2
6. Medical Care and Health Expenses	3.8	7.0	1.1	0.7	0.4	9.4
7. Transport and Communication	14.2	3.8	1.6	0.1	-1.9	3.5
8. Recreation, Entertainment, Education and Cultural Services	6.0	1.7	0.8	3.7	0.1	6.4
9. Miscellaneous Goods and Services	5.4	1.9	0.5	2.0	3.1	7.6
All Groups	100.0	2.3	1.2	1.5	2.0	7.1

Source: Central Statistical Office, Government of Mauritius.

groups in the CPI basket of goods and services and Chart II.3 gives the monthly CPI during the fiscal year 1998-99.

Inflation Outlook for 1999-00

Despite upward pressures on prices during 1998-99, the inflation rate was contained within the target of 8 per cent set by the Bank. A restrictive monetary policy will contribute to bringing inflation on a downward path in 1999-00, even though some upside risks to inflation could arise from the global economic recovery and sustained rise in oil prices. Taking these factors into account, the Bank of Mauritius is targeting an inflation rate of 6 per cent for fiscal year 1999-00.

III. MONEY AND BANKING

The basic thrust of monetary policy in 1998-99 was directed towards achieving price stability and maintaining a stable exchange rate of the rupee. In this regard, the Bank of Mauritius continued to employ its Reserve Money Programme and liquidity forecasting framework as a basis for intervention on the money and foreign exchange markets. The inflation rate was contained within the target of 8.0 per cent and money supply M2 grew by 13.2 per cent, down from 17.4 per cent in 1997-98.

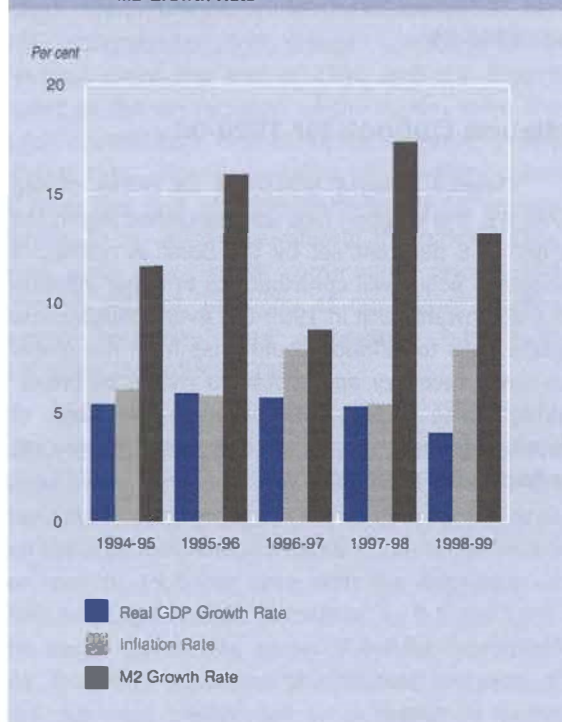
The fiscal factor exerted considerable influence on monetary developments in 1998-99. Commercial banks' disinvestment from Treasury Bills in the wake of the reduction of the non-cash liquid assets ratio from 20 per cent to zero per cent in July 1997 shifted the burden of deficit financing to the central bank. Around 58 per cent of the deficit was financed by the central bank.

The rise in central bank claims on Government was reflected in higher levels of reserve money. The impact of the resulting increase in reserve money on money supply, on the exchange rate of the rupee and, ultimately, on the price level, was somehow dampened by higher yields on Treasury Bills. In addition, as from 14 December 1998, the Bank of Mauritius started to carry out regular sales of Treasury Bills over the counter to individuals and non-financial corporations with a view to curtailing excessive credit expansion with potential adverse effects on the soundness of the banking sector. The immediate effect of this shift in policy approach was to stabilise the exchange rate of the rupee and impart greater confidence to the interbank foreign exchange market. Steps were also taken to curtail the aggressive bidding tactics adopted by some banks on the foreign exchange market, the effect of which, combined with the regained confidence in the rupee's exchange rate was to induce certain holdings of foreign exchange abroad to start getting repatriated.

Monetary Aggregates

Net foreign assets of the banking system went up from Rs21,118 million at the end of June 1998 to Rs22,087 million at the end of June 1999, or by 4.6 per cent, as against a drop of 0.5 per cent in 1997-98. The net foreign assets of the Bank of

Chart III.1: Real GDP Growth Rate, Inflation Rate and M2 Growth Rate



Mauritius went up from Rs14,869 million as at end-June 1998 to Rs15,315 million as at end-June 1999, or by 3.0 per cent, in contrast to the decline of 13.4 per cent in 1997-98. This increase occurred in spite of interventions by the Bank of Mauritius to supplement sale of foreign exchange by the Mauritius Sugar Syndicate (MSS) and the partial redemption of the Floating Rate Note (FRN) for an amount of Rs808 million (US\$33 million) during the year ended June 1999. The net foreign assets of commercial banks went up from Rs6,249 million as at end-June 1998 to Rs6,772 million as at end-June 1999, representing an increase of 8.4 per cent, as compared to a much larger expansion of 53.6 per cent in 1997-98.

Total domestic credit rose by 13.0 per cent in 1998-99 as compared to an increase of 26.1 per cent in 1997-98. The rise was largely due to an increase of 20.4 per cent in credit to the private sector that was partly offset by a drop of 7.7 per cent in net credit to Government. In absolute terms, domestic credit went up by Rs8,800 million from Rs67,927 million at the end of June 1998 to Rs76,727 million at the end of June 1999.

For the first time in four years, there was a decline in net credit to Government, which fell by Rs1,345 million, or 7.7 per cent, to Rs16,014

Box 1 Monetary Policy: 1998-99

During the fiscal year 1997-98, the monetary policy framework adopted by the Bank enabled the containment of the rate of inflation to below 6 per cent. For the fiscal year ended 30 June 1999, the Bank of Mauritius targeted an inflation rate of 8 per cent.

2. In 1998-99, four main factors were expected to have had 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 in 1997-98;

(ii) the introduction of the value-added tax in September 1998;

(iii) the increase in wages and salaries in the public sector; and

(iv) the inflation differential with our major trading partner countries.

3. The impact of price increases stemming from the introduction of the value-added tax was expected to even out in the short-term. The impact on monetary expansion of the substantial increase in wages and salaries was also reckoned. The basic thrust of monetary policy during 1998-99 remained, therefore, the containment of inflationary pressures due mainly to higher levels of aggregate demand. While pursuing its anti-inflationary monetary policy, however, the Bank maintained its policy of financial liberalisation.

4. The cash ratio was reduced to 5.5 per cent of total deposits with effect from the first monitoring week of July 1998, that is, the week ended 9 July 1998. In calculating the cash ratio, deposits denominated in all currencies were taken into account. Banks were also required to submit the weekly returns on cash ratio on rupee and foreign currency deposits separately.

5. To promote the development of an interbank market for Government papers, the Bank decided to introduce Repo transactions in

Treasury Bills. This measure is expected to provide banks with a suitable mechanism for more efficient liquidity and risk management. Once the Master Agreement for the repo system is finalised, the terms and conditions governing transactions on the repo market and the date of implementation would be communicated to banks.

6. As from July 1998, an additional Treasury Bill with a maturity of two years was introduced with a view to providing banks, non-bank institutions and the public with a longer term investment instrument.

7. The Mauritius Sugar Syndicate started selling as from July 1997 its foreign currency receipts from sugar exports directly on the interbank foreign exchange market to give a boost to activities on that market. Most banks adapted themselves successfully to the new mechanism in the management of their trading in foreign currencies. Some banks appear to still rely on the central bank as a provider of their foreign exchange for their day-to-day requirements.

8. The scope for offshore banks to trade foreign currencies on the interbank foreign exchange market was created by permitting them to invest the rupee counterpart of any sale of foreign currencies in Government of Mauritius Treasury Bills.

9. Day-to-day determination of the exchange rates of the rupee was not always efficiently reflected in the indicative opening rates of banks. As these rates set the direction of the market, this issue needs to be addressed firmly to avoid distortion in the market, and their implications in terms of market development.

10. In terms of foreign exchange risk management, it is considered sound business and financial practice for a bank to establish

written policies, which provide for a statement of principles and objectives governing the extent to which it is willing to assume foreign exchange risks, including limits on its exposure. Banks are required to clearly define the levels of authority within their organisations to trade in foreign exchange, and implement management information systems to control such risks. This policy must be approved by each bank's board of directors, which should undertake to review it periodically. In this context, banks are required to comply with 15 per cent limit of their overall foreign exchange exposure in relation to their core capital.

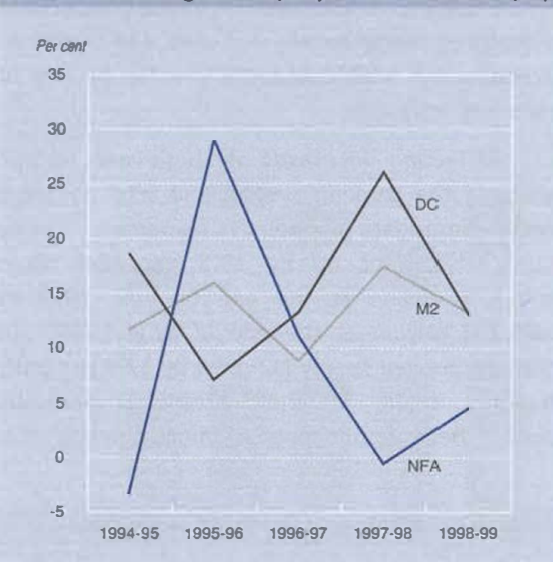
11. In its capacity as supervisor, the Bank of Mauritius expects banks to carefully assess the purposes for which a loan or line of credit is requested by a customer, may that be a commercial enterprise, foreign bank or any other financial institution. In addition to the usual risk assessment, the amount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

12. Confidence in the financial system depends on the soundness of the financial 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 are accordingly required to publish six-monthly audited accounts with effect from the accounting year starting in 1999 in addition to the publication of the annual audited financial statements. The Mauritius Code of Banking Practice should be made available by all banks to their respective customers in order to assist customers understand the nature of their transactions and dealings with banks. Further, banks are due to have completed their Y2K compliance programme by 30 June 1999. The related Contingency Plan is scheduled to have been put in place by 30 September 1999.

million at the end of June 1999 as against an increase of 10.2 per cent in 1997-98. Claims on Government by commercial banks fell by Rs3,468 million, from Rs14,905 million at the end of June 1998 to Rs11,437 million at the end of June 1999, or by 23.3 per cent, as compared to a slight decline of 0.3 per cent in the preceding year. Net credit to Government by the Bank of Mauritius over the same period increased by Rs2,124 million, from Rs2,453 million to Rs4,577 million, or by 86.6 per cent, partly offsetting the decline in commercial bank credit to the Government. About 80 per cent of the increase in central bank credit to Government as at end-June 1999 was in the form of direct advances, up from around 69 per cent as at end-June 1998.

Commercial bank credit to the private sector grew by Rs10,165 million, from Rs49,941 million at the end of June 1998 to Rs60,106 million at the end of June 1999, or by 20.4 per cent. In the preceding fiscal year, private sector credit increased by 32.3 per cent. Loans and advances expanded by Rs7,228 million, from Rs40,720 million at the end

Chart III.2: Rates of Growth of Money Supply (M2), Net Foreign Assets (NFA) and Domestic Credit (DC)



of June 1998 to Rs47,948 million at the end of June 1999 while credit by way of investment in tax-free debentures of the private sector increased by Rs3,012 million, from Rs6,397 million to Rs9,409

Table III.1: Monetary Survey

	(Rs million)				
	June-95	June-96	June-97	June-98	June-99
1. Net Foreign Assets	14,809.8	19,109.6	21,230.8	21,118.3	22,086.7
(a) Bank of Mauritius	11,719.9	15,561.2	17,162.5	14,869.0	15,314.9
(b) Commercial Banks	3,089.8	3,548.4	4,068.3	6,249.3	6,771.8
2. Domestic Credit	44,416.8	47,576.7	53,888.8	67,927.2	76,727.2
(a) Net Credit to Government	13,529.4	14,798.4	15,758.6	17,358.3	16,013.5
(b) Claims on Private Sector	30,776.3	32,576.1	37,735.9	49,941.1	60,106.3
(c) Claims on Other Bank-like Institutions	111.1	130.9	135.1	151.5	32.7
(d) Claims on Non-Bank Financial Institutions	0.0	71.3	259.1	476.2	574.7
3. Assets = Liabilities	59,226.6	66,686.2	75,119.6	89,045.4	98,813.9
4. Aggregate Monetary Resources	47,859.3	55,476.2	60,359.1	70,878.1	80,203.8
(a) Money Supply	8,134.3	8,235.0	8,874.3	10,152.3	10,905.6
(i) Currency with Public	3,767.4	4,161.9	4,306.9	4,651.4	4,875.8
(ii) Demand Deposits	4,366.9	4,073.1	4,567.4	5,500.9	6,029.8
(b) Quasi-Money	39,725.0	47,241.2	51,484.8	60,725.8	69,298.2
(i) Savings Deposits ¹	16,910.5	20,137.4	24,017.0	28,243.8	31,830.5
(ii) Time Deposits	21,604.3	25,136.8	24,755.3	26,234.3	30,239.2
(iii) Foreign Currency Deposits	1,210.2	1,967.0	2,712.5	6,247.7	7,228.5
5. Other Items, net	11,367.3	11,210.0	14,760.5	18,167.3	18,610.0

¹ Include margin deposits.

Figures may not add up to totals due to rounding.

million over the same period. In 1997-98, commercial banks' additional investment in tax-free debentures amounted to Rs5,734 million, exceeding the additional credit granted by way of loans and advances.

Reflecting increases in both net foreign assets of the banking system and total domestic credit, aggregate monetary resources, money supply M2, went up by 13.2 per cent, from Rs70,878 million at the end of June 1998 to Rs80,204 million at the end of June 1999. In 1997-98, money supply M2 grew by 17.4 per cent, triggered mainly by the increase in domestic credit. Both components of money supply M2,

namely money supply M1 and quasi-money, registered positive growth in 1998-99 with the expansion of the latter being more pronounced.

Money supply M1 rose by Rs754 million, from Rs10,152 million at the end of June 1998 to Rs10,906 million at the end of June 1999. This represented an increase of 7.4 per cent, down from 14.4 per cent in 1997-98. Demand deposits grew by Rs529 million to Rs6,030 million at the end of June 1999, or by 9.6 per cent, down from 20.4 per cent in 1997-98. Currency with public went up by Rs224 million to Rs4,876 million at the end of June 1999, or by 4.8 per cent, as compared to a growth of 8.0 per cent in 1997-98.

Table III.2: Changes in Monetary Aggregates

	(Rs million)			
	1995-96	1996-97	1997-98	1998-99
1. Money Supply	100.7	639.3	1,278.0	753.3
2. Quasi-Money	7,516.2	4,243.6	9,241.0	8,572.4
3. Aggregate Monetary Resources (a+b-c)	7,616.9	4,882.9	10,519.0	9,325.7
(a) Net Foreign Assets	4,299.8	2,121.2	-112.5	968.4
(b) Domestic Credit	3,159.9	6,312.1	14,038.4	8,800.0
(i) Net Credit to Government	1,269.0	960.2	1,599.7	-1,344.8
(ii) Claims on Private Sector	1,799.8	5,159.8	12,205.2	10,165.2
(iii) Claims on Other Bank-like Institutions	19.8	4.2	16.4	-118.8
(iv) Claims on Non-Bank Financial Institutions	71.3	187.8	217.1	98.5
(c) Other Items, net	-157.3	3,550.5	3,406.8	442.7

Figures may not add up to totals due to rounding.

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

	(Per cent)			
	1995-96	1996-97	1997-98	1998-99
1. Net Foreign Assets	9.0	3.9	-0.2	1.4
(a) Bank of Mauritius	8.0	2.9	-3.8	0.7
(b) Commercial Banks	1.0	1.0	3.6	0.7
2. Net Claims on Government	2.6	1.7	2.6	-1.9
(a) Bank of Mauritius	-1.9	-1.8	2.7	3.0
(b) Commercial Banks	4.5	3.5	-0.1	-4.9
3. Claims on Private Sector	3.8	9.3	20.2	14.3
4. Claims on Other Bank-like Institutions	0.1	0.0	0.1	-0.2
5. Claims on Non-Bank Financial Institutions	0.1	0.3	0.4	0.1
6. Other Items, net	-0.3	6.4	5.7	0.5
7. Percentage Change in Aggregate Monetary Resources (1+2+3+4+5-6)	15.9	8.8	17.4	13.2

Figures may not add up to totals due to rounding.

Quasi-money, the other component of M2, increased by Rs8,572 million from Rs60,726 million at the end of June 1998 to Rs69,298 million at the end of June 1999, or by 14.1 per cent, as compared to 17.9 per cent in 1997-98. The three components of quasi-money registered positive growth rates in 1998-99. Savings deposits went up by Rs3,587 million to Rs31,831 million at the end of June 1999, or by 12.7 per cent, lower than the growth of 17.6 per cent in 1997-98. Time deposits recorded an increase of Rs4,005 million to Rs30,239 million at the end of June 1999, or of 15.3 per cent, up from 6.0 per cent in 1997-98. Foreign currency deposits increased by Rs981 million to Rs7,229 million at the end of June 1999, or by 15.7 per cent, lower than the increase of 130.3 per cent in 1997-98.

Chart III.1 shows the evolution of real GDP growth, inflation rate and growth of money supply M2 since 1994-95. Tables III.1, III.2 and III.3, as well as Chart III.2, provide more details on the evolution of monetary aggregates.

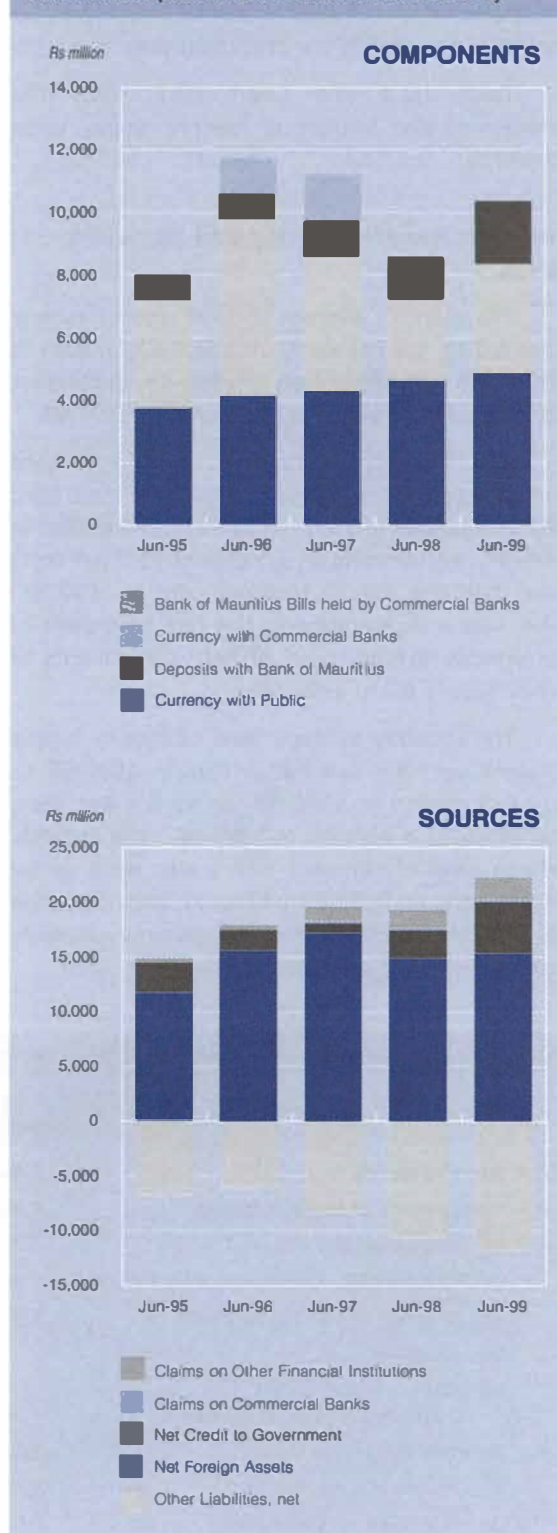
Reserve Money

Reserve money went up by Rs1,763 million, from Rs8,582 million at the end of June 1998 to Rs10,345 million at the end of June 1999, or by 20.5 per cent, as against a fall of 23.4 per cent in the preceding fiscal year. In 1997-98, the impact of the increase in central bank credit to Government on reserve money was partly offset by the concurrent drop in the net foreign assets of the central bank. However, with both central bank credit to Government and net foreign assets going up in 1998-99, the impact on reserve money was fully felt.

Net foreign assets of the Bank of Mauritius rose by Rs446 million to Rs15,315 million at the end of June 1999, or by 3.0 per cent, as against a fall of 13.4 per cent in 1997-98. Net credit to Government expanded by Rs2,124 million, from Rs2,453 million at the end of June 1998 to Rs4,577 million at the end of June 1999, or by 86.6 per cent, as compared to an increase of 202.3 per cent in 1997-98. Credit to non-bank financial institutions by the Bank of Mauritius increased by Rs99 million to Rs575 million at the end of June 1999, or by 20.7 per cent, down from a rise of 83.8 per cent in 1997-98.

Demand deposits with the Bank of Mauritius rose by Rs922 million to Rs3,469 million at the end of June 1999, or by 36.2 per cent, as against a drop of 40.1 per cent in 1997-98. Currency with public

Chart III.3: Components and Sources of Reserve Money



increased by Rs224 million to Rs4,876 million, or by 4.8 per cent, lower than the rise of 8.0 per cent recorded in 1997-98. Currency with commercial

banks went up by Rs616 million to Rs2,000 million at the end of June 1999, or by 44.5 per cent, up from 18.5 per cent in the preceding year.

Table III.4 and Chart III.3 show the components and sources of reserve money since June 1995.

Trends in Reserve Money and Monetary Ratios

The monthly average level of reserve money increased by 9.4 per cent, from Rs8,638 million in 1997-98 to Rs9,449 million in 1998-99, in contrast to a drop of 18.9 per cent registered in 1997-98.

The monthly average level of aggregate monetary resources, money supply M2, rose from Rs67,290 million in 1997-98 to Rs75,184 million in 1998-99, representing an increase of 11.7 per cent, lower than the rise of 16.6 per cent in 1997-98. There was a deceleration in the rate of growth of the monthly average level of both components of money supply M2 in 1998-99.

The monthly average level of money supply M1 went up from Rs9,790 million in 1997-98 to Rs10,615 million in 1998-99, or by 8.4 per cent, down from 12.8 per cent in 1997-98. The monthly average level of currency with public went up by 6.4 per cent to Rs5,026 million in 1998-99 while the monthly average level of demand deposits increased by 10.3 per cent to Rs5,589 million.

The monthly average level of quasi-money went up from Rs57,500 million in 1997-98 to Rs64,569 million in 1998-99, or by 12.3 per cent, lower than the growth of 17.3 per cent recorded in 1997-98.

The average money multiplier for money supply M1 edged down from 1.13 in 1997-98 to 1.12 in 1998-99. In contrast, the average money multiplier for money supply M2 rose from 7.79 to 7.96 over the same period.

The ratio of currency with public to money supply M1 declined from 48.2 per cent in 1997-98 to 47.3 per cent in 1998-99. As a result, the ratio of demand deposits to money supply M1 rose from 51.8 per cent to 52.7 per cent over the same period. Both the ratios of currency with public to money supply M2 and demand deposits to money supply M2 fell from 7.0 per cent and 7.5 per cent in 1997-98 to 6.7 per cent and 7.4 per cent, respectively, in 1998-99. The ratio of money supply M1 to money supply M2 dropped from 14.5 per cent in 1997-98 to 14.1 per cent in 1998-99, resulting in a rise in the ratio of quasi-money to money supply M2 from 85.5 per cent to 85.9 per cent over the same period.

Table III.5 gives more details on monetary ratios for the years ended June 1995 through June 1999.

Table III.4: Components and Sources of Reserve Money

	(Rs million)				
	June-95	June-96	June-97	June-98	June-99
A. Reserve Money	8,004.7	11,723.7	11,209.1	8,582.2	10,345.0
B. Components of Reserve Money	8,004.7	11,723.7	11,209.1	8,582.2	10,345.0
(i) Currency with Public	3,767.4	4,161.9	4,306.9	4,651.4	4,875.8
(ii) Currency with Commercial Banks	814.6	832.1	1,167.6	1,384.0	2,000.2
(iii) Deposits of Commercial Banks	3,414.2	5,573.5	4,243.1	2,535.6	3,447.8
(iv) Other Deposits	8.4	16.3	5.3	11.2	21.2
(v) Bank of Mauritius Bills held by Commercial Banks	0.0	1,139.9	1,486.2	0.0	0.0
C. Sources of Reserve Money	8,004.7	11,723.7	11,209.1	8,582.2	10,345.0
(i) Net Foreign Assets	11,719.9	15,561.2	17,162.5	14,869.0	15,314.9
(ii) Net Credit to Government	2,679.6	1,794.0	811.6	2,453.3	4,576.5
(iii) Claims on Commercial Banks	0.0	0.0	250.0	250.0	250.0
(iv) Claims on Non-Bank Financial Institutions	0.0	71.3	259.1	476.2	574.7
(v) Other Liabilities, net	-6,394.8	-5,702.8	-7,274.1	-9,466.3	-10,371.1

Figures may not add up to totals due to rounding.

Table III.5: Monetary Ratios

	June-95	June-96	June-97	June-98	June-99
1. Monthly Average					
for year ended (Rs million)					
A. Reserve Money	8,395.2 (-4.0)	10,013.4 (+19.3)	10,655.1 (+6.4)	8,637.6 (-18.9)	9,449.1 (+9.4)
B. Aggregate Monetary Resources (AMR)	45,616.8 (+13.8)	52,989.5 (+16.2)	57,688.5 (+8.9)	67,289.7 (+16.6)	75,183.7 (+11.7)
(a) Money Supply	7,796.6 (+13.1)	8,044.5 (+3.2)	8,676.5 (+7.9)	9,789.6 (+12.8)	10,614.8 (+8.4)
(i) Currency with Public	3,844.9 (+5.4)	4,069.0 (+5.8)	4,353.7 (+7.0)	4,721.5 (+8.4)	5,025.9 (+6.4)
(ii) Demand Deposits	3,951.7 (+21.6)	3,975.5 (+0.6)	4,322.8 (+8.7)	5,068.1 (+17.2)	5,588.9 (+10.3)
(b) Quasi-Money	37,820.2 (+14.0)	44,945.0 (+18.8)	49,011.9 (+9.0)	57,500.1 (+17.3)	64,568.9 (+12.3)
2. Average Money Multiplier					
A. Money Supply	0.93	0.80	0.81	1.13	1.12
B. Aggregate Monetary Resources	5.43	5.29	5.41	7.79	7.96
3. Other Monetary Ratios (Per cent)					
A. Currency to Money Supply	49.3	50.6	50.2	48.2	47.3
B. Demand Deposits to Money Supply	50.7	49.4	49.8	51.8	52.7
C. Currency to AMR	8.4	7.7	7.5	7.0	6.7
D. Demand Deposits to AMR	8.7	7.5	7.5	7.5	7.4
E. Money Supply to AMR	17.1	15.2	15.0	14.5	14.1
F. Quasi-Money to AMR	82.9	84.8	85.0	85.5	85.9

Notes. (i) Figures in brackets represent percentage change over previous period.

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

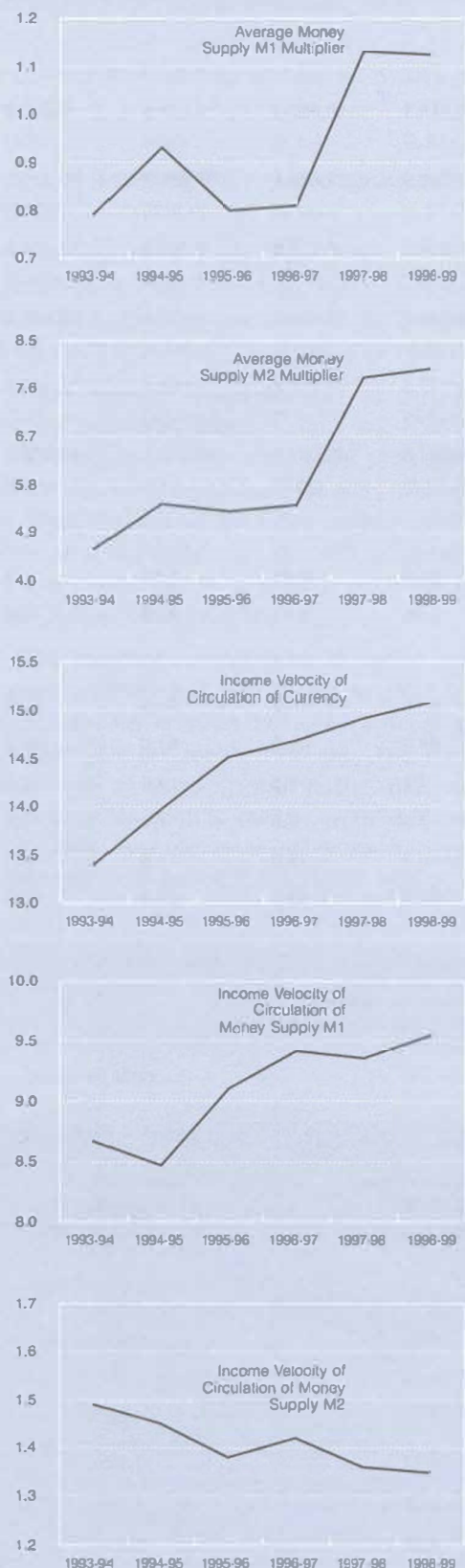
As from November 1991, Bank of Mauritius Bills held by commercial banks are included in Reserve Money.

(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 Money Supply M1	Income Velocity of Circulation of Money Supply M2
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	14.68	9.41	1.42
1997-98	14.91	9.35	1.36
1998-99	15.08	9.55	1.35

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

Income Velocity of Circulation of Money

The income velocity of circulation of money is a measure of the speed at which money circulates in order to support a given volume of transactions. The income velocity of circulation of currency maintained its uptrend observed since 1992-93, rising from 14.91 in 1997-98 to 15.08 in 1998-99. The income velocity of circulation of money supply M1 increased from 9.35 in 1997-98 to 9.55 in 1998-99 while that of money supply M2 decreased marginally from 1.36 to 1.35 over the same period.

Table III.6 gives details on the income velocity of circulation of money for the years 1992-93 through 1998-99. Chart III.4 shows the average money multiplier and income velocity of circulation of money for the years ended June 1994 through June 1999.

Commercial Banking Sector

Main Features

At the end of June 1999, ten commercial banks were operating in Mauritius, namely three local banks, two foreign-owned banks incorporated locally and five branches of foreign banks. The ten commercial banks operated 149 branches, including head offices, 14 counters and 1 mobile van. The number of inhabitants per branch decreased from around 7,760 at the end of June 1998 to approximately 7,160 at the end of June 1999.

Several commercial banks offer up-to-date payment services such as credit and debit cards, direct debits and other facilities such as Automated Teller Machines (ATMs), internet banking, phone banking, home banking and PC banking.

Between end-June 1998 and end-June 1999, total assets of commercial banks rose from Rs83,193 million to Rs97,183 million, or by 16.8 per cent, lower than the growth of 17.4 per cent recorded in the preceding year. Total deposits registered a rise of 13.7 per cent in 1998-99. Demand deposits went up by 2.4 per cent in 1998-99 as compared to an increase of 12.5 per cent in 1997-98. Time deposits rose by 15.3 per cent in 1998-99, higher than the increase of 6.0 per cent in 1997-98. Savings deposits recorded a rise of 12.7 per cent in 1998-99, down from 17.6 per cent in 1997-98 while Government deposits expanded by 53.3 per cent between end-June 1998 and end-June 1999 as compared to a rise of 8.1 per cent in

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



1997-98. Foreign currency deposits rose by 15.7 per cent in 1998-99 as compared to an increase of 130.3 per cent in 1997-98.

The share of demand and savings deposits in total deposits declined from 7.7 per cent and 42.4

per cent, respectively, at the end of June 1998 to 6.9 per cent and 42.0 per cent at the end of June 1999. Time deposits accounted for 39.9 per cent of total deposits at the end of June 1999, slightly up from 39.4 per cent at the end of June 1998. Foreign currency deposits accounted for 9.5 per cent of total deposits at the end of June 1999, marginally higher than the share of 9.4 per cent at the end of June 1998.

Foreign liabilities of commercial banks expanded by Rs2,049 million to Rs2,913 million at the end of June 1999, or by 237.2 per cent, as compared to a rise of 44.4 per cent in 1997-98. The increase in borrowings from banks abroad accounted for 99.7 per cent of the rise in foreign liabilities as at end-June 1999. Capital and reserves of commercial banks increased by Rs1,782 million to Rs10,154 million as at end-June 1999, or by 21.3 per cent, as compared to an increase of 22.1 per cent as at end-June 1998.

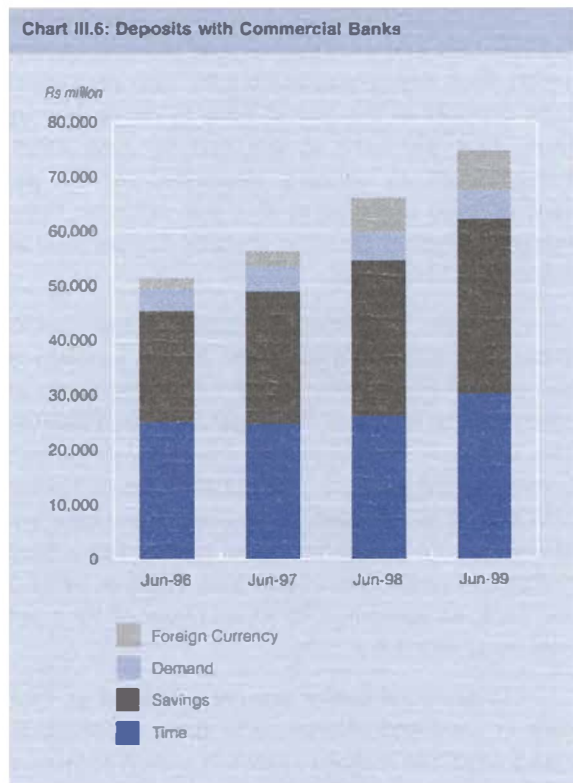
Commercial banks' reserves, defined as their cash in hand and balances with Bank of Mauritius, rose by Rs1,528 million to Rs5,448 million at the end of June 1999, or by 39.0 per cent, as compared to a decline of 27.6 per cent recorded in the preceding fiscal year. Foreign assets of commercial banks rose by 36.2 per cent to Rs9,685 million in 1998-99, lower than the growth of 52.4 per cent in 1997-98. Loans to nonresidents went up by Rs93 million, or by 8.6 per cent, to Rs1,177 million at the end of June 1999 as compared to a rise of 101.3 per cent in 1997-98. Balances with banks abroad increased by 59.5 per cent to Rs6,554 million in 1998-99 as compared to a rise of 74.8 per cent in 1997-98.

Commercial banks' claims on Government declined by 22.3 per cent to Rs11,925 million in 1998-99 as a result of the decrease of 30.0 per cent and 45.9 per cent in their investment in Treasury Bills and their advances to Government, respectively. In 1997-98, claims on Government went down by 2.1 per cent.

Credit to the private sector by commercial banks increased by 20.4 per cent to Rs60,106 million at the end of June 1999 as compared to a rise of 32.3 per cent in 1997-98. The credit-deposit ratio of commercial banks, inclusive of their investment in corporate shares and debentures, rose from 74.9 per cent at the end of June 1998 to 79.3 per cent at the end of June 1999.

The average balance per current, savings and time deposits account stood at Rs94,749,

Chart III.6: Deposits with Commercial Banks



Rs24,719 and Rs284,395, respectively, at the end of June 1999.

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

Sectorwise Distribution of Credit to the Private Sector

Between end-June 1998 and end-June 1999, commercial bank credit to the private sector increased by Rs10,165 million, from Rs49,941 million to Rs60,106 million, or by 20.4 per cent, lower than the growth rate of 32.3 per cent in the preceding year. About 65 per cent (Rs6,566 million) of the additional credit represented investment by way of debentures (Rs3,012 million) and loans and advances to Traders (Rs1,325 million), Housing (Rs1,312 million) and Personal and Professional (Rs917 million). Other sectors that registered significant increases in credit were Statutory and Parastatal Bodies (Rs544 million) and Financial Institutions (Rs452 million). The largest decline in credit was recorded in the Other Agricultural Interests sector with a drop of Rs103 million.

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

	(Rs million)				
	June-95	June-96	June-97	June-98	June-99
1. ASSETS					
A. Cash in Hand and Balances with Bank of Mauritius	4,228.8	6,405.6	5,410.7	3,919.6	5,448.0
B. Investments In Treasury Bills and other Government Securities	11,567.6	14,763.4	17,037.9	15,203.0	11,842.1
C. Foreign Assets	4,132.6	4,408.7	4,666.5	7,113.3	9,685.3
D. Claims on Private Sector	30,776.3	32,576.1	37,735.9	49,941.1	60,106.3
2. LIABILITIES					
A. Capital and Reserves	5,269.7	5,924.9	6,858.9	8,372.3	10,154.3
B. Total Deposits	44,800.9	51,914.9	56,790.2	66,659.8	75,783.7
(i) Demand ¹	4,308.4	4,056.9	4,562.2	5,130.7	5,253.8
(ii) Time	21,554.3	25,136.8	24,755.3	26,234.3	30,239.2
(iii) Savings ²	16,910.5	20,137.4	24,017.0	28,243.8	31,830.5
(iv) Government	817.5	616.8	743.2	803.4	1,231.7
(v) Foreign Currency	1,210.2	1,967.0	2,712.5	6,247.7	7,228.5
C. Total Borrowing from Banks Abroad	1,042.8	860.3	598.2	864.0	2,913.4

¹ Include demand deposits of Offshore Banking Units (OBUs).
Figures may not add up to totals due to rounding.

² Include margin deposits.

Total credit allocated to the sugar industry rose by Rs360 million, from Rs3,077 million at the end of June 1998 to Rs3,437 million at the end of June 1999, or by 11.7 per cent, down from 34.6 per cent in 1997-98. The share of credit to the sugar industry in total private sector credit declined from 6.2 per cent at the end of June 1998 to 5.7 per cent at the end of June 1999.

Total credit to the manufacturing sector (EPZ, DC, Pioneer, Ex-Dc and Other Industries and Manufacturers) increased by Rs276 million, from Rs12,213 million at the end of June 1998 to

Rs12,489 million at the end of June 1999, representing a rise of 2.3 per cent as compared to 8.7 per cent in the previous year. The rise in credit to the EPZ accounted for 35.9 per cent of the increase in credit to the manufacturing sector in 1998-99 as compared to 15.3 per cent in the previous year. The share of credit to the manufacturing sector in total private sector credit declined from 24.5 per cent at the end of June 1998 to 20.8 per cent at the end of June 1999.

Credit to the Personal and Professional sector rose by Rs917 million, from Rs5,755 million at the

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

		(Rs million)					
		June-96	June-97	June-98	June-99	Changes between	
		(1)	(2)	(3)	(4)	(2) and (3)	(3) and (4)
						(5)	(6)
(i)	Mauritius Sugar Syndicate	2.8	0.0	0.8	95.3	0.8	94.5
(ii)	Sugar Industry	1,867.1	2,286.6	3,076.1	3,341.8	789.5	265.7
(iii)	Other Agricultural Interests	568.5	593.9	504.2	401.1	-89.7	-103.1
(iv)	Export Processing Zone	5,106.4	5,709.5	5,859.1	5,958.1	149.6	99.1
(v)	Development Certificate Holders	1,112.5	1,143.4	1,121.7	1,058.4	-21.7	-63.2
(vi)	Agricultural Development Certificate Holders	72.0	44.0	40.4	56.8	-3.5	16.4
(vii)	Export Service Certificate Holders	101.0	106.0	103.8	159.7	-2.2	55.9
(viii)	Pioneer Status Certificate Holders	60.5	77.3	149.3	128.3	72.0	-21.1
(ix)	Housing Development Certificate Holders	63.5	51.2	53.9	36.1	2.7	-17.8
(x)	Hotel Management Certificate Holders	972.6	1,108.4	367.6	668.6	-740.9	301.1
(xi)	Small-scale Industries	277.3	224.0	246.3	249.6	22.3	3.3
(xii)	Ex-Dc Industries	545.7	476.2	351.4	483.9	-124.8	132.4
(xiii)	Other Industries and Manufacturers	3,780.8	3,829.5	4,731.2	4,860.2	901.7	129.0
(xiv)	Industrial Building Enterprise Certificate Holders	135.6	110.9	142.8	184.9	31.9	42.1
(xv)	Strategic Local Enterprise Certificate Holders	6.0	16.4	7.5	5.6	-8.9	-1.9
(xvi)	Housing	2,715.2	3,207.7	4,970.7	6,282.5	1,762.9	1,311.9
(xvii)	Hotels	851.3	1,283.4	1,267.8	1,663.8	-15.6	396.0
(xviii)	Transport	361.0	496.4	606.4	681.6	110.0	75.2
(xix)	Statutory and Parastatal Bodies	445.7	501.9	400.5	944.9	-101.5	544.4
(xx)	Building Contractors, Commercial Premises and Real Estate Developers	1,794.0	2,019.8	2,337.1	2,576.7	317.3	239.5
(xxi)	Traders	5,830.6	6,660.4	8,489.9	9,814.6	1,829.5	1,324.7
(xxii)	Stock Brokers	76.5	106.4	143.4	153.1	37.1	9.7
(xxiii)	Personal and Professional	4,327.6	4,797.2	5,755.0	6,672.3	957.9	917.3
(xxiv)	Financial Institutions	321.6	626.2	710.6	1,162.7	84.4	452.1
(xxv)	Other Customers	814.6	1,387.4	1,469.7	2,441.6	82.3	971.8
Investments		365.8	871.7	7,033.9	10,024.1	6,162.1	2,990.3
Total		32,576.1	37,735.9	49,941.1	60,106.3	12,205.2	10,165.1

Figures may not add up to totals due to rounding.

end of June 1998 to Rs6,672 million at the end of June 1999, or by 15.9 per cent, down from 20.0 per cent in the previous fiscal year. The share of this sector in total private sector credit fell from 11.5 per cent at the end of June 1998 to 11.1 per cent at the end of June 1999.

Growth of credit to Traders fell from 27.5 per cent in 1997-98 to 15.6 per cent in 1998-99. In absolute terms, credit rose by Rs1,325 million, from Rs8,490 million at the end of June 1998 to Rs9,815 million at the end of June 1999. Outstanding credit to Traders represented 16.3 per cent of total credit to the private sector at the end of June 1999, down from 17.0 per cent at the end of June 1998.

The growth of credit to the Construction sector (Housing Development Certificate Holders, Industrial Building Enterprise Certificate Holders, Building Contractors, Commercial Premises and Real Estate Developers) went down from 16.1 per cent in 1997-98 to 10.4 per cent in 1998-99. In absolute terms, credit to that sector rose by Rs264 million, from Rs2,534 million at the end of June 1998 to Rs2,798 million at the end of June 1999. Credit to Housing grew by 26.4 per cent in 1998-99, lower than the growth of 55.0 per cent in 1997-98.

Credit to Hotels rose by Rs697 million to Rs2,332 million at the end of June 1999, or by 42.6 per cent, as compared to a decline of 31.6 per cent in 1997-98.

Table III.8 shows a breakdown of the sectoral distribution of private sector credit as at end-June 1996, 1997, 1998 and 1999. Chart III.7 shows the evolution of private sector credit from end-June 1990 to end-June 1999.

Maintenance of Cash Ratio by Commercial Banks

The minimum cash reserve ratio requirement of commercial banks was reduced from 6.0 per cent to 5.5 per cent with effect from the first monitoring week of July 1998. In calculating the cash ratio, deposits denominated in all currencies are taken into account.

The average cash ratio maintained by commercial banks in 1998-99 ranged from 5.5 per cent to 8.4 per cent. From Rs4,110 million in the last week of July 1998, the average cash balances of commercial banks fell to a trough of Rs3,639 million in the second week of August 1998 before peaking at Rs5,845 million in the last week of

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

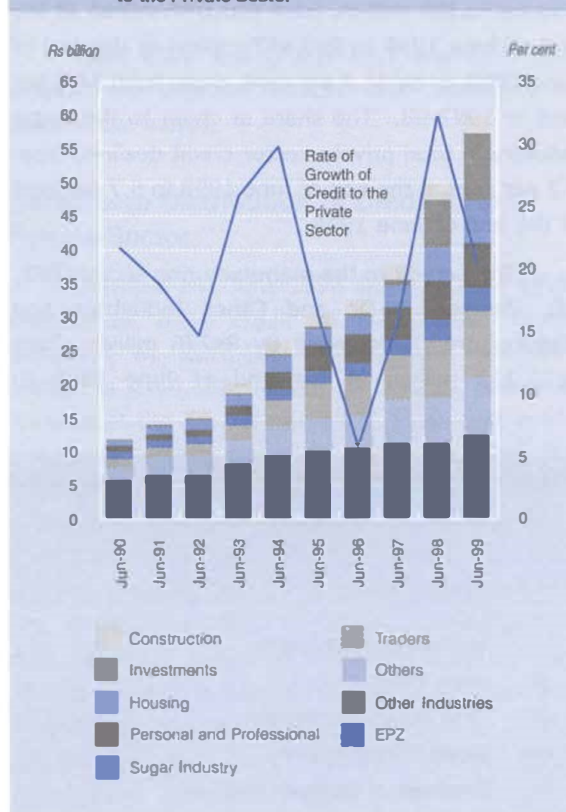
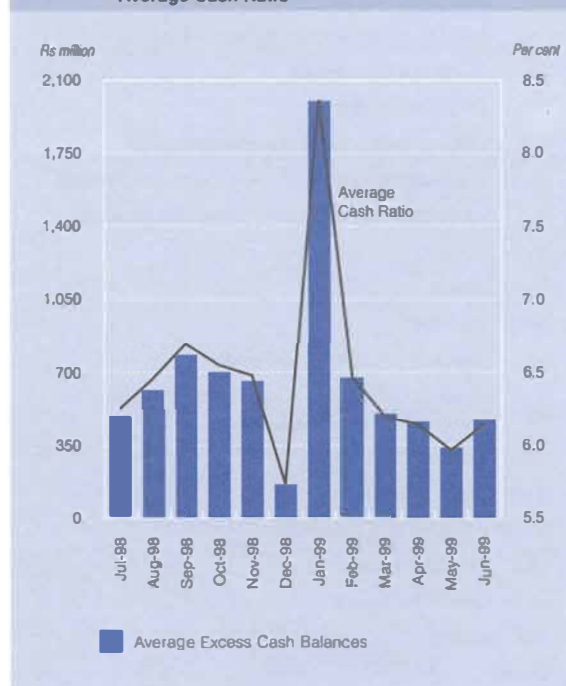


Chart III.8: Average Excess Cash Balances and Average Cash Ratio



January 1999. Thereafter, they subsided to close at Rs4,523 million as at end-June 1999.

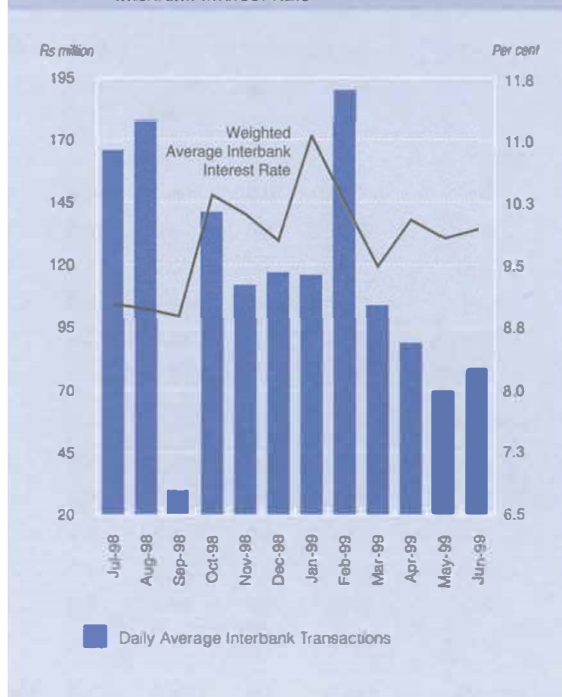
Average excess cash balances held by commercial banks fluctuated widely between a minimum of Rs20 million held in the second week of July 1998 and a maximum of Rs2,001 million in the last week of January 1999.

Table III.9 and Chart III.8 give more details on the average cash ratio maintained by commercial banks in 1998-99.

Interbank Transactions

Interbank transactions are carried out among commercial banks for call (overnight), short notice (up to 7 days) and term money (more than 7 days). In 1998-99, interbank transactions remained concentrated in the call money market. The daily average amount of interbank transactions rose from Rs106 million in 1997-98 to Rs116 million in 1998-99. Around 54 per cent of total interbank transactions (representing a daily average of Rs126 million) were carried out in the first half of 1998-99 and the remaining 46 per cent (representing a daily average of Rs107 million) in the second half of the fiscal year. Total interbank transactions reached a trough of Rs5 million in August 1998 and a peak of Rs495 million in October 1998.

Chart III.9: Interbank Transactions and Weighted Average Interbank Interest Rate



Interbank interest rates fluctuated within a wider and higher range of 7.50-18.00 per cent in 1998-99 as compared to a range of 5.75-12.00 per cent in 1997-98. Reflecting the upward trend in the overall weighted average yield on Treasury Bills at

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)
1998			
Jul	4,109.6	491.1	6.2
Aug	4,169.7	616.2	6.5
Sep	4,396.5	784.5	6.7
Oct	4,382.8	702.2	6.5
Nov	4,364.1	659.2	6.5
Dec	4,006.7	164.2	5.7
1999			
Jan	5,845.2	2,000.9	8.4
Feb	4,533.1	675.3	6.5
Mar	4,484.0	500.1	6.2
Apr	4,444.2	458.7	6.1
May	4,329.1	333.9	6.0
Jun	4,523.2	467.5	6.1

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
1998												
Jul	325.0	20.0	166.0	0.0	0.0	0.0	0.0	0.0	0.0	325.0	20.0	166.0
Aug	375.0	5.0	178.0	0.0	0.0	0.0	0.0	0.0	0.0	375.0	5.0	178.0
Sep	158.0	8.0	30.0	0.0	0.0	0.0	0.0	0.0	0.0	158.0	8.0	30.0
Oct	495.0	15.0	104.0	0.0	0.0	0.0	100.0	100.0	100.0	495.0	15.0	141.0
Nov	290.0	7.0	112.0	0.0	0.0	0.0	0.0	0.0	0.0	290.0	7.0	112.0
Dec	450.0	21.0	117.0	0.0	0.0	0.0	0.0	0.0	0.0	450.0	21.0	117.0
1999												
Jan	385.0	35.0	116.0	0.0	0.0	0.0	0.0	0.0	0.0	385.0	35.0	116.0
Feb	445.0	35.0	151.0	150.0	150.0	150.0	0.0	0.0	0.0	445.0	35.0	190.0
Mar	235.0	15.0	104.0	0.0	0.0	0.0	0.0	0.0	0.0	235.0	15.0	104.0
Apr	250.0	30.0	87.0	0.0	0.0	0.0	50.0	50.0	50.0	250.0	30.0	89.0
May	235.0	10.0	64.0	0.0	0.0	0.0	50.0	50.0	50.0	235.0	10.0	70.0
Jun	230.0	10.0	79.0	0.0	0.0	0.0	0.0	0.0	0.0	230.0	10.0	79.0
1998-99	495.0	5.0	109.8	150.0	150.0	150.0	100.0	50.0	83.0	495.0	5.0	116.0
1997-98	522.0	2.0	106.1	0.0	0.0	0.0	0.0	0.0	0.0	522.0	2.0	106.1

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
1998								
Jul	9.06	7.50 - 12.00	n.a.	n.a.	n.a.	n.a.	9.06	7.50 - 12.00
Aug	9.00	7.50 - 10.00	n.a.	n.a.	n.a.	n.a.	9.00	7.50 - 10.00
Sep	8.91	8.00 - 10.25	n.a.	n.a.	n.a.	n.a.	8.91	8.00 - 10.25
Oct	10.44	8.00 - 18.00	n.a.	n.a.	10.25	10.25	10.37	8.00 - 18.00
Nov	10.14	8.00 - 11.00	n.a.	n.a.	n.a.	n.a.	10.14	8.00 - 11.00
Dec	9.82	8.50 - 12.19	n.a.	n.a.	n.a.	n.a.	9.82	8.50 - 12.19
1999								
Jan	11.09	8.00 - 18.00	n.a.	n.a.	n.a.	n.a.	11.09	8.00 - 18.00
Feb	9.58	9.00 - 10.50	13.00	13.00	n.a.	n.a.	10.28	9.00 - 13.00
Mar	9.51	9.00 - 9.75	n.a.	n.a.	n.a.	n.a.	9.51	9.00 - 9.75
Apr	10.06	9.25 - 11.50	n.a.	n.a.	10.50	10.50	10.07	9.25 - 11.50
May	9.73	9.00 - 10.00	n.a.	n.a.	10.50	10.50	9.85	9.00 - 10.50
Jun	9.96	9.00 - 10.75	n.a.	n.a.	n.a.	n.a.	9.96	9.00 - 10.75
1998-99	9.76	7.50 - 18.00	13.00	13.00	10.30	10.25-10.50	9.87	7.50 - 18.00
1997-98	8.11	5.75 - 12.00	n.a.	n.a.	n.a.	n.a.	8.11	5.75 - 12.00

n.a.: Not applicable

primary auctions, the weighted average interbank interest rate rose to 9.87 per cent in 1998-99 from 8.11 per cent in 1997-98. From a low of 8.91 per cent in September 1998, the weighted average interbank interest rate reached a peak of 11.09 per cent in January 1999 before declining to 9.96 per cent in June 1999.

Tables III.10 and III.11 as well as Chart III.9 give more details on interbank transactions and interbank interest rates in 1998-99.

Central Bank Credit to Commercial Banks

As the lender of last resort, the Bank of Mauritius continued to lend to commercial banks at its discretion in terms of both rate and volume. However, recourse by banks to central bank overnight advances was limited to the months of August, October and December 1998 and January 1999.

Auctioning of Treasury Bills

The Bank of Mauritius started the auctioning of Treasury Bills with maturities of 30 days and 728

Chart III.10: Auctioning of Treasury Bills

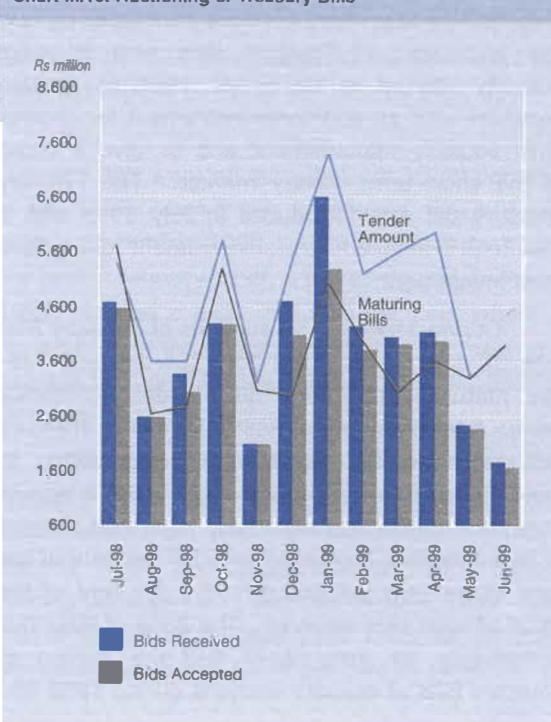


Table III.12: Auctioning of Treasury Bills

	Number of Auctions Held	Tender Amount	Amount Received	Amount Accepted ¹	Weighted Average Yield					
					30-Day	91-Day	182-Day	364-Day	728-Day	Overall
(Per cent per annum)										
1998										
Jul	5	5,400.0	4,675.8	4,573.6	n.a.	9.33	9.16	9.15	10.50	9.52
Aug	4	3,600.0	2,592.4	2,592.4	n.a.	9.73	9.72	9.75	10.62	9.94
Sep	4	3,600.0	3,373.0	3,048.8	n.a.	10.17	10.14	10.11	10.86	10.34
Oct	5	5,800.0	4,292.3	4,282.3	n.a.	10.41	10.91	11.06	11.14	10.62
Nov	4	3,200.0	2,098.7	2,098.7	n.a.	11.60	11.84	11.74	12.00	11.67
Dec	5	5,500.0	4,699.5	4,086.3	12.51	12.16	12.89	12.88	13.05	12.58
1999										
Jan	5	7,400.0	6,601.1	5,294.7	12.61	12.76	12.78	12.94	12.99	12.84
Feb	5	5,200.0	4,245.1	3,823.7	12.55	12.59	12.71	12.95	13.08	12.73
Mar	4	5,600.0	4,050.3	3,927.3	12.41	12.61	12.77	12.98	13.10	12.74
Apr	5	5,950.0	4,139.2	3,983.7	12.32	12.69	12.75	12.98	13.10	12.71
May	4	3,300.0	2,451.1	2,389.1	12.41	12.68	12.77	13.00	13.10	12.67
Jun	4	3,900.0	1,772.2	1,682.0	12.44	12.67	12.77	12.98	13.10	12.71
1998-99	54	58,450.0	44,990.7	41,782.6	12.44	11.14	11.94	12.38	12.23	11.76
1997-98	52	40,575.0	33,480.6	29,489.3	n.a.	8.81	8.82	8.83	n.a.	8.82

¹ Excludes underwriting by the Secondary Market Cell (SMC) of the Bank of Mauritius.
n.a.: Not applicable

days during 1998-99, thus increasing the number of maturities at primary auctions from three to five. The auctioning of Treasury Bills with 30 days maturity started in December 1998 to provide investors with an additional instrument for shorter term liquidity management and to give a boost to the short-term money market. The 728-day Treasury Bill was introduced in July 1998 with a view to providing a financial instrument for medium term investment.

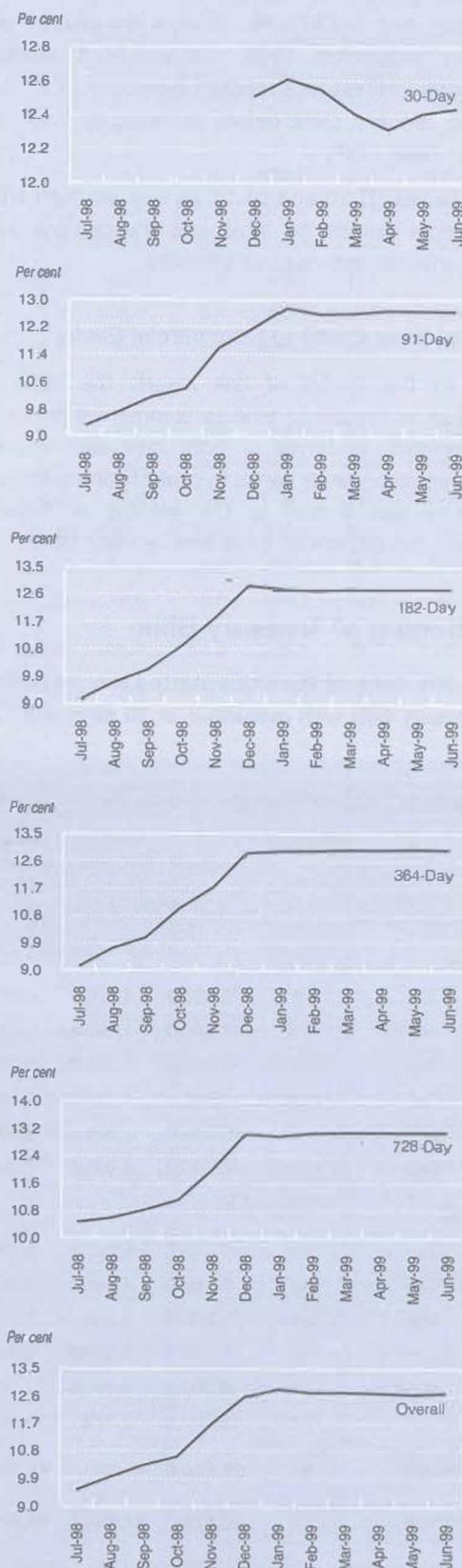
During 1998-99, 54 auctions of Treasury Bills with 30-day, 91-day, 182-day, 364-day and 728-day maturity were held on a weekly/bi-weekly basis. A total amount of Rs58,450 million Treasury Bills were put on tender. Bids amounting to Rs44,991 million were received, of which a total of Rs41,783 million was accepted. The total amount of bids accepted accounted for 71.5 per cent of the total tender amount and for 92.9 per cent of the value of total bids received. The Bank of Mauritius underwrote an amount of Rs8,928 million of Treasury Bills at primary auctions during 1998-99.

Participants in the primary market maintained a preference for short-end maturities throughout 1998-99. Treasury Bills of 30-day and 91-day maturities accounted for 57.4 per cent of total bids received. Non-bank institutions were the most active on the primary market with their share of total bids received rising significantly from 28.4 per cent in 1997-98 to 50.5 per cent in 1998-99. Correspondingly, the share of commercial banks in total bids received declined to 49.5 per cent in 1998-99 from 71.6 per cent in the preceding year.

The weighted average yield on Treasury Bills of various maturities assumed an upward trend during 1998-99, reflecting the tight monetary policy stance pursued by the Bank of Mauritius with a view to curbing inflationary pressures in the economy and stabilising the exchange rate of the rupee. The overall weighted average yield on Treasury Bills increased by 2.94 percentage points in 1998-99, from 8.82 per cent in 1997-98 to 11.76 per cent in 1998-99.

The weighted average yield on 30-day Treasury Bills went up from 12.51 per cent in December 1998, when it was introduced, to a high of 12.61 per cent in January 1999. It thereafter declined gradually to touch a low of 12.32 per cent in April 1999 before rising again and reaching 12.44 per cent in June 1999. The weighted average yield on 30-day Treasury Bills for 1998-99 stood at 12.44 per cent.

Chart III.11: Weighted Average Yields on Treasury Bills at Primary Auctions



The weighted average yield on 91-day Treasury Bills rose steadily from a low of 9.33 per cent in July 1998 to a peak of 12.76 per cent in January 1999 before subsiding and falling to 12.67 per cent in June 1999. The weighted average yield on 91-day Treasury Bills went up by 2.33 percentage points from 8.81 per cent in 1997-98 to 11.14 per cent in 1998-99.

The weighted average yield on 182-day Treasury Bills went up from a low of 9.16 per cent in July 1998 to a high of 12.89 per cent in December 1998. It declined to 12.71 per cent in February 1999, before rising to 12.77 per cent in June 1999. The weighted average yield on 182-day Treasury Bills recorded an increase of 3.12 percentage points, from 8.82 per cent in 1997-98 to 11.94 per cent in 1998-99.

The weighted average yield on 364-day Treasury Bills rose from a low of 9.15 per cent in July 1998 to a peak of 13.00 per cent in May 1999

before declining to 12.98 per cent in June 1999. The weighted average yield on 364-day Treasury Bills rose by 3.55 percentage points, from 8.83 per cent in 1997-98 to 12.38 per cent in 1998-99.

The weighted average yield on 728-day Treasury Bills went up steadily from 10.50 per cent in July 1998, when it was introduced, to 13.05 per cent in December 1998. After declining to 12.99 per cent in January 1999, it picked up and, in March 1999, reached a peak of 13.10 per cent where it remained until the end of June 1999. The weighted average yield on 728-day Treasury Bills for 1998-99 stood at 12.23 per cent.

The overall weighted average yield on Treasury Bills of the five maturities rose continuously from 9.52 per cent in July 1998 to a high of 12.84 per cent in January 1999 before coming down to 12.71 per cent in June 1999. The overall weighted average yield went up by 2.94 percentage points to 11.76 per cent in 1998-99. In

Table III.13: Dealings in Government Securities

	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
	(Rs million)							(Per cent per annum)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1998								
Jul	72.0	621.0	120.0	4,573.6	4,072.6	150.0	0.0	9.14
Aug	193.0	25.0	513.5	2,592.4	3,080.9	0.0	0.0	9.36
Sep	405.5	0.0	541.8	3,048.8	3,590.6	0.0	0.0	9.97
Oct	330.0	53.1	372.3	4,282.3	4,601.5	164.3	0.0	9.91
Nov	127.5	0.0	476.1	2,098.7	2,574.8	0.0	0.0	11.30
Dec	55.0	69.0	914.3	4,086.3	4,931.6	0.0	0.0	12.40
1999								
Jan	110.6	25.0	849.7	5,294.7	6,119.4	0.0	0.0	12.54
Feb	90.2	0.0	486.7	3,823.7	4,310.4	22.0	0.0	12.43
Mar	97.1	168.9	782.2	3,927.3	4,540.6	0.0	0.0	12.63
Apr	122.5	0.0	716.3	3,983.7	4,700.0	0.0	0.0	12.73
May	190.9	84.0	782.1	2,389.1	3,087.2	0.0	0.0	12.58
Jun	90.1	134.6	1,824.5	1,682.0	3,371.9	0.0	0.0	12.61
1998-99	1,884.4	1,180.6	8,379.5	41,782.6	48,981.5	336.3	0.0	11.96
1997-98	1,843.5	1,451.9	3,674.6	29,489.3	31,723.0	504.8	40.6	8.77

1997-98, the overall weighted average yield for 91-day, 182-day and 364-day Treasury Bills was 8.82 per cent.

Table III.12 and Charts III.10 and III.1 give detailed information on the auctioning of Treasury Bills in 1998-99.

Secondary Market Activity

As from 14 December 1998, the Bank of Mauritius started selling, on a first come first served basis, Government of Mauritius Treasury Bills over the counter to individuals and non-financial corporations. These sales gave a boost to secondary market activities.

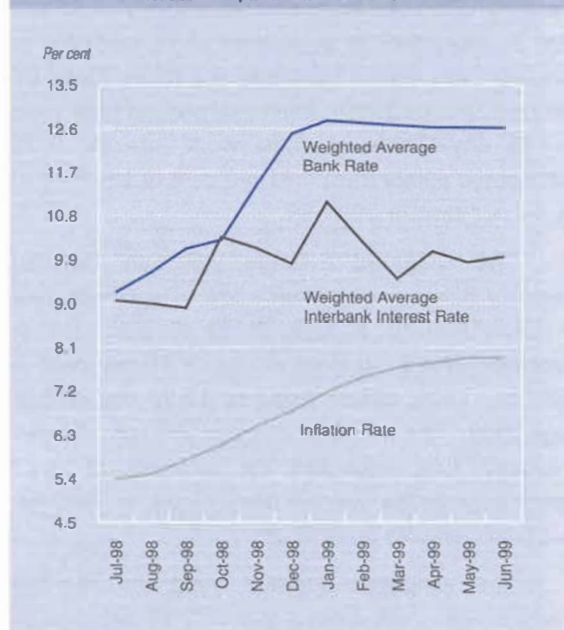
Secondary market transactions in Treasury Bills outside the Secondary Market Cell (SMC) of the Bank of Mauritius went up by 2.2 per cent to Rs1,884 million in 1998-99 and represented 16.5 per cent of total secondary market activities as compared to 26.5 per cent in 1997-98. Around 63 per cent of these transactions were carried out in the first half of the fiscal year 1998-99, with a peak of Rs406 million in September 1998. In 1997-98, around 71 per cent of the total purchases were made in the first half of the fiscal year.

Total amount of Treasury Bills purchased by the SMC of the Bank of Mauritius, exclusive of Treasury Bills underwritten at primary auctions, declined by Rs271 million, from Rs1,452 million in 1997-98 to Rs1,181 million in 1998-99, representing a fall of 18.7 per cent. Purchases were at a peak of Rs621 million in July 1998 and were at a trough of Rs25 million in August 1998 and January 1999. Total amount of Treasury Bills sold by the SMC surged by Rs4,705 million, or 128.0 per cent, in 1998-99. Around 65 per cent of sales, representing an amount of Rs5,442 million, were made in the second half of the year under review with a peak of Rs1,825 million in June 1999. Net sales of Treasury Bills by the Bank of Mauritius rose by Rs17,259 million, or 54.4 per cent, to Rs48,982 million in 1998-99.

The overall weighted yield to buyers on Treasury Bills sold by the SMC went up by 3.19 percentage points, from 8.77 per cent in 1997-98 to 11.96 per cent in 1998-99.

During 1998-99, there were no dealings in Mauritius Development Loan Stocks by the SMC, but transactions involving these securities outside

Chart III.12: Weighted Average Bank Rate and Interbank Interest Rate, and Inflation Rate



the SMC amounted to Rs336 million, lower than the value of Rs505 million recorded in 1997-98.

Table III.13 gives details on dealings in Government Securities during 1998-99.

Interest Rates

Reflecting the tight stance of monetary policy, there was a marked rise in interest rates in 1998-99. Between June 1998 and June 1999, the weighted average yield on Treasury Bills sold on both the primary and secondary markets rose by about 3.5 percentage points. The Bank Rate, which is equivalent to the weighted average yield on Treasury Bills (excluding the 728-day Treasury Bill) accepted at primary auctions, rose by more or less the same margin. The weighted average interest rate on the interbank market registered, however, a more modest increase of 1.6 percentage points over the same period. Commercial banks raised their rate of interest on savings deposits by one percentage point to 9.00 per cent at the end of November 1998. The weighted average interest rate on central bank advances to commercial banks ranged between 17.19 per cent and 39.31 per cent in 1998-99.

The weighted average yield on Treasury Bills on the primary market increased successively from 9.08 per cent in June 1998 to 9.52 per cent in July

1998 and thereafter to 12.71 per cent in June 1999, with a peak of 12.84 per cent in January 1999. Whilst slightly lower than the weighted average yields obtained on the primary market, the weighted average yield on the secondary market rose from 9.14 per cent in July 1998 to 12.61 per cent in June 1999 with a peak of 12.73 per cent in April 1999.

The weighted average Bank Rate moved from a low of 9.22 per cent in July 1998 to a peak of 12.76 per cent in January 1999 before declining to 12.61 per cent in June 1999.

Except for the month of October 1998, the weighted average interbank interest rate remained consistently lower than the weighted average Bank Rate during 1998-99. From 9.06 per cent in July 1998, it reached a trough of 8.91 per cent in September 1998 and a peak of 11.09 per cent in January 1999 before closing the year at 9.96 per cent. This resulted in a widening of the spread between the weighted average Bank Rate and the weighted average interbank interest rate from 0.16 percentage point in July 1998 to 2.65 percentage points in June 1999. During the second half of the

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



fiscal year, the weighted average Bank Rate remained consistently above 12.60 per cent while the weighted average interbank interest rate

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 Rate	Weighted Average Interest Rate 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
1998										
Jul	9.52	9.14	9.22	9.06	n.a.	8.00	8.00-14.00	11.00-21.00	9.06	13.61
Aug	9.94	9.36	9.63	9.00	30.21	8.00	8.00-14.00	10.50-21.00	9.08	13.59
Sep	10.34	9.97	10.12	8.91	n.a.	8.00	8.00-14.00	10.50-21.00	9.05	13.62
Oct	10.62	9.91	10.30	10.37	39.31	8.00	8.00-14.00	10.50-19.50	9.05	13.60
Nov	11.67	11.30	11.43	10.14	n.a.	9.00	8.00-11.50	10.00-20.50	9.32	13.74
Dec	12.58	12.40	12.49	9.82	17.19	9.00	8.12-12.00	10.00-20.50	9.77	14.02
1999										
Jan	12.84	12.54	12.76	11.09	17.95	9.00	9.00-12.00	10.00-22.50	9.74	13.92
Feb	12.73	12.43	12.71	10.28	n.a.	9.00	9.00-12.00	10.00-22.50	9.95	14.25
Mar	12.74	12.63	12.66	9.51	n.a.	9.00	9.00-12.00	10.00-22.50	10.05	14.28
Apr	12.71	12.73	12.62	10.07	n.a.	9.00	9.00-12.00	10.00-22.50	10.08	14.21
May	12.67	12.58	12.62	9.85	n.a.	9.00	9.00-12.00	10.00-24.00	10.18	14.20
Jun	12.71	12.61	12.61	9.96	n.a.	9.00	9.00-12.00	10.00-24.00	10.26	14.21

n.a.: Not applicable.

hovered within a range between 9.51 per cent and 11.09 per cent.

At the end of November 1998, commercial banks raised the interest rate on savings deposits from 8.00 per cent to 9.00 per cent. Interest rates on term deposits with banks were subsequently adjusted upwards from 8.00 per cent to 9.00 per cent for shorter term deposits. Interest rates on longer term deposits, however, were revised downward, from a high of 14.00 per cent in July 1998 to 12.00 per cent as from December 1998.

With the rise in the inflation rate from 5.4 per cent in 1997-98 to 7.9 per cent in 1998-99, the real interest rate on savings deposits declined from a high of 2.47 per cent in July 1998 to a low of 1.02 per cent in June 1999.

In July 1998, there was a rise of one percentage point, from 10.00 per cent to 11.00 per cent, in the lower limit of the interest rates charged by commercial banks on loans and advances. In November 1998, however, the interest rate was brought down to its initial level of 10.00 per cent, the same level as that charged throughout 1997-98. At the higher end of the spectrum, interest rates on loans and advances decreased from 21.00 per cent in July 1998 to 19.50 per cent in October 1998. Top lending rates thereafter started to increase steadily to reach 20.50 per cent in November 1998, 22.50 per cent in January 1999 and 24.00 per cent in May and June 1999.

The weighted average term deposits rate of commercial banks reached a trough of 9.05 per cent in September and October 1998 and a peak of 10.26 per cent in June 1999. The weighted average lending rate charged by commercial banks ranged from a low of 13.59 per cent in August 1998 to a high of 14.28 per cent in March 1999.

The spread between the weighted average term deposits interest rate and the weighted average lending rate in 1998-99 remained more or less at the same level as in the preceding year. The spreads varied between 4.0 percentage points in June 1999 and 4.6 percentage points in September 1998. This tends to indicate that the level of competition in the banking sector in 1998-99 has remained the same as in 1997-98.

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) started operations in July 1989. Initially, five companies with a market capitalisation of Rs1.1 billion were listed on the official market of the SEM. At the end of June 1999, 47 companies were listed on the Official Market with a market capitalisation of Rs38.4 billion.

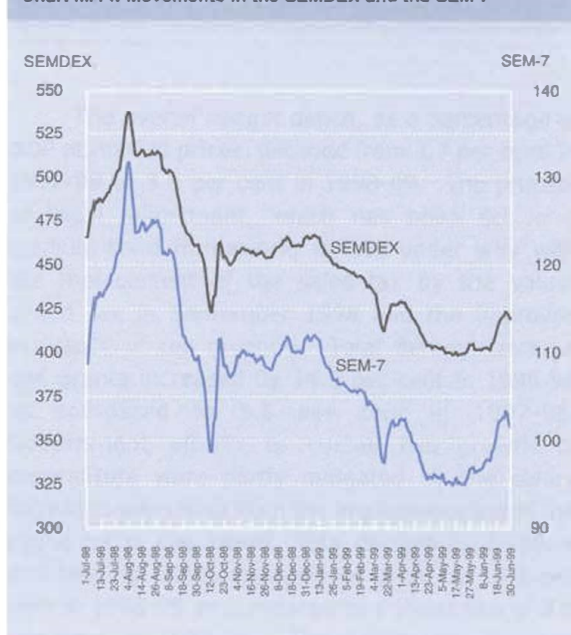
During 1998-99, there were 250 trading sessions on the Official Market with the aggregate value of transactions amounting to Rs2.4 billion for a volume of 84.2 million shares and debentures transacted. The SEMDEX, the stock market index, rose from 381.47 at the end of June 1997 to 467.15 at the end of June 1998 but declined to 418.87 at the end of June 1999.

The SEM-7, which was introduced on 30 March 1998, is an index which measures movements in the seven largest eligible shares on the official list in terms of market capitalisation, liquidity and investibility. The composition of the SEM-7 changed 4 times during 1998-99, with the last change effected on 8 April 1999. As at 30 June 1999, the SEM-7 comprised shares of the State Bank of Mauritius Ltd, The Mauritius Commercial Bank Ltd, New Mauritius Hotels Ltd, Sun Resorts Ltd, Rogers & Co. Ltd, Grand Baie Hotel Ltd, and Mauritius Breweries Ltd.

The SEM-7 declined from 108.88 on 30 June 1998 to 101.49 on 30 June 1999. On 4 August 1998, the SEMDEX and the SEM-7 reached an all-time high of 537.31 and 131.78, respectively, and market capitalisation for all companies listed on the Stock Exchange reached Rs52.3 billion. The SEMDEX reached its lowest level of 398.51 on 18 May 1999 while the SEM-7 attained its minimum level of 94.97 on 13 May 1999. The turnover recorded on the Over-the-Counter (OTC) Market for shares was Rs174.1 million with a volume of 56.1 million shares transacted during the 97 sessions held in 1998-99.

Measures announced in the 1999-00 budget to boost stock market activity included new regulations on employee share schemes, a new framework for share buy-back operations and tax deduction for small investors buying shares on the stock market.

Chart III.14: Movements in the SEMDEX and the SEM-7



Investment effected by foreign investors on the SEM turned from a net inflow of Rs1,250.5 million in 1997-98 to a net outflow of Rs345.9 million in 1998-99, possibly reflecting an increase in risk aversion among foreign investors towards emerging markets in the wake of the Asian crisis and the financial crisis in Russia.

Chart III.14 shows the movements in the SEMDEX and SEM-7 during 1998-99.

Non-Bank Financial Intermediaries

Development Bank of Mauritius (DBM)

The DBM provides financial assistance to different sectors of the economy, such as manufacturing, agriculture, tourism, construction, transport, educational and health sectors. Total assets of the DBM were valued at Rs4.3 billion as at 30 June 1999 as compared to Rs4.6 billion as at 30 June 1998. Investments of the DBM in Treasury Bills increased from Rs24 million at the end of June 1998 to Rs153 million at the end of June 1999. Equity holdings of the DBM went up from Rs54 million at end-June 1998 to Rs59 million at end-June 1999. Total loans disbursed by the DBM during the year ended June 1999 amounted to Rs721 million as compared to Rs610 million in the preceding year.

The Mauritius Housing Company Ltd (MHC)

The MHC provides housing loans to individuals in the country. At the end of June 1999, total assets of the MHC were estimated at Rs4.4 billion as compared to Rs4.2 billion at the end of June 1998. Total borrowings of the MHC amounted to Rs530 million for 1997-98 as compared to Rs475 million in 1998-99. Total loans disbursed to individuals stood at Rs361 million in 1998-99 as compared to Rs476 million in 1997-98.

The Mauritius Leasing Company (MLC)

The MLC provides financial leases to companies and individuals. At the end of June 1999, total assets of the company stood at Rs966 million as compared to Rs711 million at the end of June 1998. The number of new lease contracts increased significantly from 462 at the end of June 1998 to 595 at the end of June 1999. Disbursements rose from Rs448 million in 1997-98 to Rs558 million in 1998-99. Net investment in financial leases went up from Rs691 million at the end of June 1998 to Rs875 million at the end of June 1999.

National Pensions Fund (NPF)

The National Pensions Fund (NPF) is one of the largest non-bank financial institutions. The Fund consists of contributions made to the National Pensions Scheme by employees and employers both in the public and private sectors. Total investment portfolio of the Fund increased from Rs12.9 billion at the end of June 1998 to Rs 14.9 billion at the end of June 1999. Investment in Government securities rose from Rs7.1 billion as at end June 1998 to Rs9.6 billion as at end June 1999. During the year ended June 1999, total loans disbursed amounted to Rs1.4 billion as compared to Rs1.5 billion in the preceding year.

Post Office Savings Bank (POSB)

The POSB mobilises savings primarily from small depositors in the country. The resources mobilised are invested in short and long term Government papers and also in a mutual fund which provides loans and financial assistance to civil servants. At the end of June 1999, total savings deposits of the POSB stood at Rs556 million as compared to Rs527 million at the end of June

1998. Total investment in Government securities stood at Rs173 million at the end of June 1999 as compared to Rs180 million at the end of June 1998. Total assets of the POSB rose from Rs651 million at the end of June 1998 to Rs723 million at the end of June 1999.

The State Investment Corporation Ltd (SIC)

The SIC manages the investment portfolio of the Government in the private sector and offers a wide range of services including financing of enterprises and joint venture arrangements with local and foreign entrepreneurs. At the end of June 1998, total assets of the SIC stood at Rs2.4 billion as compared to Rs2.3 billion at the end of June 1997. Its investment in private enterprises decreased significantly from Rs245 million at the end of June 1997 to Rs55 million at the end of June 1998.

The State Insurance Company of Mauritius Ltd

The State Insurance Company of Mauritius Ltd mobilises its resources through the collection of premia in respect of life and general insurance covers and medical and pension schemes. Total sum insured rose from Rs8.4 billion for the year ended 30 June 1997 to Rs8.7 billion for the year ended 30 June 1998. Total assets of the Pension Schemes managed by the company amounted to Rs3.5 billion at the end of June 1998 as compared to Rs2.8 billion at the end of June 1997. The number of clients benefiting from housing loan facilities was 7,663 as at 30 June 1997, which increased to 8,175 as at 30 June 1998. Total assets of State Insurance Company of Mauritius Ltd, excluding managed Pension and Medical Funds, stood at Rs1.6 billion as at 30 June 1997, increasing to Rs1.95 billion by 30 June 1998.

The Sugar Insurance Fund Board (SIFB)

The SIFB has been set up to provide insurance cover to all sugar producers. Total assets of the SIFB increased from Rs1,288 million at the end of May 1998 to Rs1,576 million at the end of May 1999. Loans disbursed by the Fund totalled Rs938 million at the end of May 1999, higher than the amount of Rs649 million disbursed at the end of May 1998. Investment in Government securities by the Fund stood at Rs326 million at the end of May 1999 as compared to Rs332 million at the end of May 1998.

IV. GOVERNMENT FINANCE

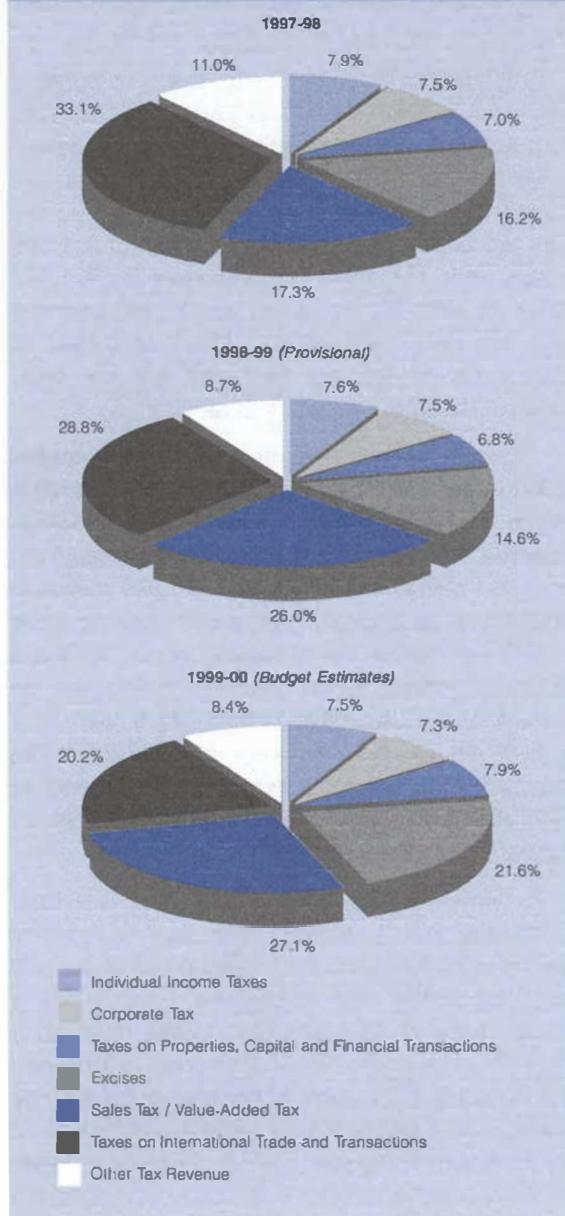
The overall budget deficit, as a percentage of GDP at market prices, declined from 3.7 per cent in 1997-98 to 3.6 per cent in 1998-99. The process of fiscal adjustment, which has been set in a medium-term framework, is well under way with the replacement of the sales tax by the value-added tax in September 1998 and the improved buoyancy of tax revenue. Total derived revenue and grants increased by 14.5 per cent in 1998-99 as compared to 5.8 per cent in 1997-98. Government efforts to curtail the growth of expenditure were partly mitigated by the salary increases stemming from the implementation of the public sector pay award. Total derived expenditure and lending minus repayments grew by 13.3 per cent in 1998-99 as compared to a lower rise of 3.6 per cent in 1997-98. The deficit was financed exclusively from domestic sources, namely the non-bank sector and the Bank of Mauritius. Net financing of the deficit from commercial banks and from abroad was negative. Total central Government debt, as a percentage of GDP, went up from 49.6 per cent at the end of June 1998 to 50.3 per cent at the end of June 1999.

Revenue and Grants

Total derived revenue excluding grants rose from Rs18,281 million in 1997-98 to Rs21,044 million in 1998-99, or by 15.1 per cent as compared to a lower increase of 5.0 per cent in the preceding year. Higher growth in both tax revenue and capital revenue accounted for the larger rise in total derived revenue in 1998-99. In contrast, grants received by Government declined from Rs217 million in 1997-98 to Rs135 million in 1998-99. As a percentage of GDP at market prices, total derived revenue and grants increased from 20.2 per cent in 1997-98 to 20.6 per cent in 1998-99.

Tax revenue rose by 13.8 per cent in 1998-99, from Rs15,706 million in 1997-98 to Rs17,872 million, higher than the growth of 12.1 per cent in the preceding year. The replacement of the sales tax by the value-added tax in September 1998 coupled with improved buoyancy of both direct and indirect tax revenue led to the higher growth in tax revenue. The buoyancy of tax revenue with respect to GDP at market prices was

Chart IV.1: Composition of Tax Revenue



1.3 in 1998-99 as compared to 1.0 in 1997-98, indicating a higher growth of tax revenue relative to that of GDP. However, the share of tax revenue in total derived revenue excluding grants fell from 85.9 per cent in 1997-98 to 84.9 per cent in the year under review.

Direct tax revenue went up by 11.4 per cent in 1998-99, from Rs3,611 million in 1997-98 to Rs4,023 million, as compared to a lower rise of 7.6 per cent in the previous year. The buoyancy of direct tax revenue with respect to GDP at market prices was 1.1 in 1998-99 as against 0.6 in 1997-

98. The share of direct taxes in tax revenue maintained a downward trend, falling from 23.0 per cent in 1997-98 to 22.5 per cent in 1998-99.

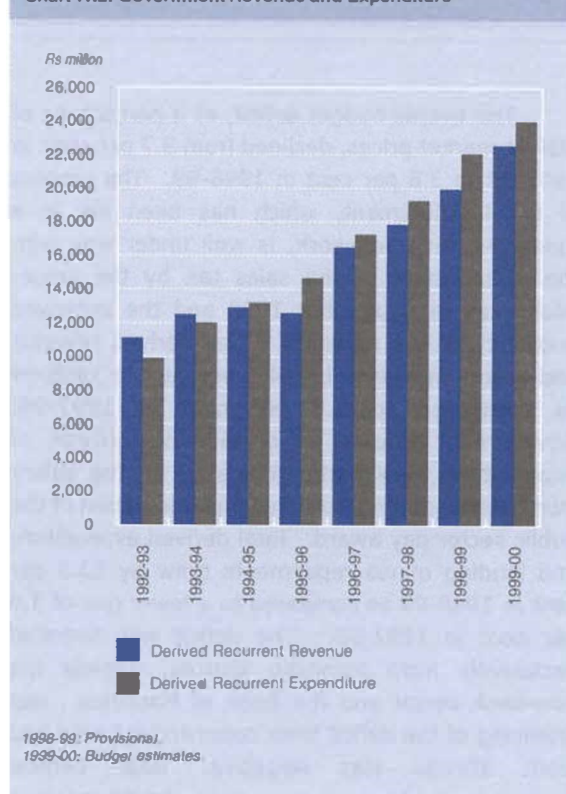
Revenue from income tax, comprising individual income taxes and corporate tax, rose from Rs2,409 million in 1997-98 to Rs2,700 million in 1998-99 or by 12.1 per cent, higher than the growth of 5.3 per cent in 1997-98. Income tax from individuals contributed an amount of Rs1,363 million while corporate tax accounted for Rs1,337 million in 1998-99, increasing by 10.1 per cent and 14.2 per cent, respectively. They increased at lower rates of 1.5 per cent and 9.7 per cent, respectively, in the previous fiscal year.

Indirect taxes were dominated by domestic taxes on goods and services, which were the main source of rise in indirect tax revenue in 1998-99. Revenue from indirect taxes increased from Rs12,094 million in 1997-98 to Rs13,849 million in 1998-99, or by 14.5 per cent as compared to a rise of 13.5 per cent in the preceding year. The share of indirect taxes in tax revenue maintained an upward trend, increasing from 77.0 per cent in 1997-98 to 77.5 per cent in 1998-99. The buoyancy of indirect tax revenue with respect to GDP at market prices was 1.4 in 1998-99 as compared to 1.1 in 1997-98.

Domestic taxes on goods and services, comprising mainly excises, sales tax/value-added tax, taxes on transportation, taxes on gambling and taxes on hotels and restaurants, contributed a higher share of 48.6 per cent in tax revenue in 1998-99 as compared to 43.9 per cent in 1997-98. This is mainly attributable to the replacement of the sales tax of 8 per cent by a value-added tax of 10 per cent with a broader base in September 1998. Revenue from sales tax/value-added tax increased from Rs2,725 million in 1997-98 to Rs4,639 million in 1998-99, or by 70.2 per cent as compared to an increase of 11.5 per cent in the preceding year. As a result, the share of sales tax/value-added tax in tax revenue went up from 17.3 per cent in 1997-98 to 26.0 per cent in the year under review.

Revenue from excises, which comprise excises on local manufactures and on imports, rose from Rs2,543 million in 1997-98 to Rs2,606 million in 1998-99, or by 2.5 per cent as compared to an increase of 15.5 per cent in 1997-98. As a percentage of tax revenue, excises declined from 16.2 per cent in 1997-98 to 14.6 per cent in 1998-99.

Chart IV.2: Government Revenue and Expenditure



Taxes on international trade and transactions, which consist almost exclusively of import duties, declined marginally from Rs5,193 million in 1997-98 to Rs5,143 million in 1998-99, or by 1.0 per cent as against a rise of 10.5 per cent in the preceding year. The share of taxes on international trade and transactions in tax revenue continued to decline, from 33.1 per cent in 1997-98 to 28.8 per cent in 1998-99, reflecting the lowering of tariffs in line with world trade liberalisation.

Non-tax revenue, which consists mainly of receipts from public services, interest, royalties and other property income, dropped from Rs2,134 million in 1997-98 to Rs2,076 million in 1998-99. Consequently, the share of non-tax revenue in total derived revenue exclusive of grants fell from 11.7 per cent in 1997-98 to 9.9 per cent in 1998-99.

Derived capital revenue, mainly in the form of dividends from investments and disposal of assets, rose from Rs442 million in 1997-98 to Rs1,096 million in 1998-99.

Table IV.1 gives details on Government revenue and grants between 1995-96 and

Table IV.1: Classification of Government Revenue and Grants

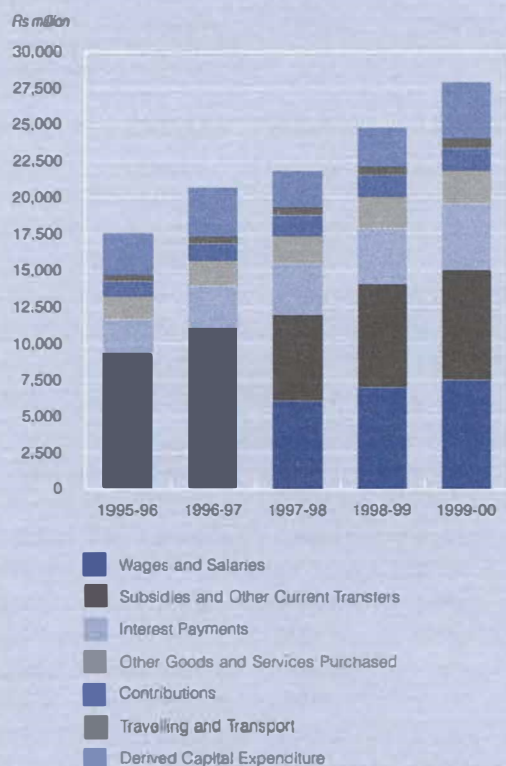
	(Rs million)				
	1995-96	1996-97	1997-98	1998-99 Provisional	1999-00 Budget Estimates
1. Tax Revenue	11,537.0	14,012.5	15,705.5	17,871.6	20,628.0
Direct Taxes	2,948.9	3,355.6	3,611.2	4,023.1	4,788.3
	(25.6)	(23.9)	(23.0)	(22.5)	(23.2)
Individual Income Taxes	991.1	1,219.9	1,237.7	1,362.8	1,545.0
	(8.6)	(8.7)	(7.9)	(7.6)	(7.5)
Corporate Tax	981.6	1,067.2	1,170.9	1,337.0	1,500.0
	(8.5)	(7.6)	(7.5)	(7.5)	(7.3)
Contributions to Social Security	81.3	92.1	101.0	114.1	121.3
	(0.7)	(0.7)	(0.6)	(0.6)	(0.6)
Taxes on Properties, Capital and Financial Transactions	894.9	976.3	1,101.6	1,209.2	1,622.0
	(7.8)	(7.0)	(7.0)	(6.8)	(7.9)
Indirect Taxes	8,588.1	10,656.9	12,094.3	13,848.5	15,839.7
	(74.4)	(76.1)	(77.0)	(77.5)	(76.8)
Domestic Taxes on Goods and Services of which:	4,317.6	5,946.5	6,889.2	8,692.6	11,654.7
	(37.4)	(42.4)	(43.9)	(48.6)	(56.5)
(a) Excises ¹	1,894.3	2,202.6	2,543.3	2,605.9	4,452.2
	(16.4)	(15.7)	(16.2)	(14.6)	(21.6)
(b) Sales Tax/Value-Added Tax	1,357.6	2,442.6	2,724.6	4,638.6	5,580.0
	(11.8)	(17.4)	(17.3)	(26.0)	(27.1)
(c) Taxes on Transportation	252.3	285.8	307.2	328.5	494.0
	(2.2)	(2.0)	(2.0)	(1.8)	(2.4)
(d) Taxes on Gambling	318.7	395.2	558.0	607.6	730.0
	(2.8)	(2.8)	(3.6)	(3.4)	(3.5)
(e) Taxes on Hotels and Restaurants	390.8	513.1	620.3	370.5	180.0
	(3.4)	(3.7)	(3.9)	(2.1)	(0.9)
Taxes on International Trade and Transactions of which:	4,259.1	4,699.9	5,193.0	5,143.0	4,170.0
	(36.9)	(33.5)	(33.1)	(28.8)	(20.2)
Import Duties	4,256.3	4,698.3	5,191.6	5,142.2	4,170.0
	(36.9)	(33.5)	(33.1)	(28.8)	(20.2)
Other Tax Revenue	11.4	10.5	12.1	12.9	15.0
	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
2. Non-tax Revenue	1,055.0	2,473.5	2,133.5	2,076.4	1,893.0
3. Derived Capital Revenue	745.0	932.0	442.0	1,096.0	1,613.0
4. Total Derived Revenue	13,337.0	17,418.0	18,281.0	21,044.0	24,134.0
5. Grants	220.0	63.0	217.0	135.0	270.0
6. Total Derived Revenue and Grants	13,557.0	17,481.0	18,498.0	21,179.0	24,404.0
7. Total Derived Revenue and Grants as a % of GDP	18.5	21.4	20.2	20.6	21.8

¹ Include Excise Duty on Imports.

Figures in brackets are percentages of Tax Revenue.

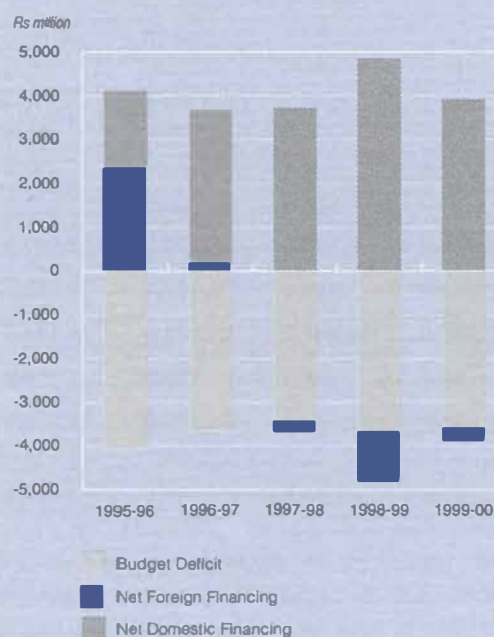
Source: Ministry of Finance, Government of Mauritius.

Chart IV.3: Composition of Government Expenditure



1998-99: Provisional.
1999-00: Budget estimates.

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



1999-00. Charts IV.1 and IV.2 show the composition of tax revenue for the years 1997-98 through 1999-00 and Government revenue and expenditure for the years 1992-93 through 1999-00, respectively.

Expenditure

Total derived expenditure and lending minus repayments increased by 13.3 per cent in 1998-99, from Rs21,906 million in 1997-98 to Rs24,829 million in 1998-99, far higher than the increase of 3.6 per cent in the preceding year. Government efforts to curtail the growth of expenditure were mitigated by the large increase in salary stemming from the implementation of the public sector pay award during the year under review. As a percentage of GDP at market prices, total derived expenditure and lending minus repayments rose from 23.9 per cent in 1997-98 to 24.1 per cent in 1998-99.

Derived recurrent expenditure went up by 14.4 per cent, from Rs19,264 million in 1997-98 to Rs22,042 million in 1998-99 as compared to an increase of 11.6 per cent in the preceding year. Wages and salaries remained the largest single item of derived recurrent expenditure in 1998-99. Expenditure on this item increased by 15.6 per cent in 1998-99 following the rise in salaries in the public sector, from Rs6,058 million in 1997-98 to Rs7,004 million in 1998-99, as compared to a lower rise of 8.2 per cent in the preceding year. As a percentage of derived recurrent expenditure, wages and salaries went up from 31.4 per cent in 1997-98 to 31.8 per cent in 1998-99.

The share of expenditure on subsidies and other current transfers in derived recurrent expenditure increased from 30.4 per cent in 1997-98 to 31.8 per cent in the year under review. Expenditure on subsidies and other current transfers rose from Rs5,857 million in 1997-98 to Rs7,005 million in 1998-99, or by 19.6 per cent as compared to a rise of 7.9 per cent in the preceding year.

Interest payments rose at a lower rate of 8.9 per cent in 1998-99, from Rs3,521 million in 1997-98 to Rs3,833 million, as compared to a rise of 21.5 per cent in the preceding year. The share of interest payments in derived recurrent expenditure fell from 18.3 per cent in 1997-98 to 17.4 per cent in 1998-99.

Table IV.2: Distribution of Government Expenditure

	1995-96	1996-97	1997-98	1998-99 Provisional	(Rs million) 1999-00 Budget Estimates
1. Derived Recurrent Expenditure	14,665.0	17,261.0	19,264.0	22,042.0	23,977.0
Wages and Salaries	4,943.0 (33.7)	5,599.0 (32.4)	6,058.0 (31.4)	7,004.0 (31.8)	7,486.0 (31.2)
Contributions	1,009.6 (6.9)	1,154.6 (6.7)	1,400.7 (7.3)	1,476.7 (6.7)	1,538.0 (6.4)
(a) Employees' Welfare Fund/ National Savings Fund	85.6 (0.6)	88.4 (0.5)	96.7 (0.5)	92.3 (0.4)	100.0 (0.4)
(b) Public Service Pensions	924.0 (6.3)	1,066.2 (6.2)	1,304.0 (6.8)	1,384.4 (6.3)	1,438.0 (6.0)
Interest Payments	2,366.0 (16.1)	2,898.0 (16.8)	3,520.6 (18.3)	3,832.9 (17.4)	4,560.0 (19.0)
Travelling and Transport	415.0 (2.8)	461.0 (2.7)	531.0 (2.8)	561.0 (2.5)	650.0 (2.7)
Other Goods and Services Purchased	1,577.0 (10.8)	1,723.0 (10.0)	1,897.0 (9.8)	2,162.0 (9.8)	2,260.0 (9.4)
Subsidies and Other Current Transfers	4,354.4 (29.7)	5,425.4 (31.4)	5,856.7 (30.4)	7,005.4 (31.8)	7,483.0 (31.2)
(a) Subsidy on Rice and Flour	220.5 (1.5)	454.1 (2.6)	370.0 (1.9)	369.0 (1.7)	355.0 (1.5)
(b) Transfers to Local Government	558.7 (3.8)	622.0 (3.6)	666.0 (3.5)	741.0 (3.4)	771.0 (3.2)
(c) Contribution to National Pension Fund	1,571.9 (10.7)	2,179.2 (12.6)	2,508.0 (13.0)	2,930.0 (13.3)	3,226.0 (13.5)
(d) Other Subsidies, Contributions and Current Transfers	2,003.3 (13.7)	2,170.1 (12.6)	2,312.7 (12.0)	2,965.4 (13.5)	3,131.0 (13.1)
2. Derived Capital Expenditure	2,874.0	3,377.0	2,506.0	2,684.0	3,876.0
3. Lending minus Repayments	109.0	508.0	136.0	103.0	116.0
4. Total Derived Expenditure and Lending minus Repayments	17,648.0	21,146.0	21,906.0	24,829.0	27,969.0
5. Total Derived Expenditure and Lending minus Repayments as a % of GDP	24.1	25.9	23.9	24.1	25.0

Figures in brackets are percentages of Derived Recurrent Expenditure.
Source: Ministry of Finance, Government of Mauritius.

Derived capital expenditure rose from Rs2,506 million in 1997-98 to Rs2,684 million in 1998-99, or by 7.1 per cent after falling by 25.8 per cent in the preceding year.

The distribution of Government expenditure for the period 1995-96 through 1999-00 is given in Table IV.2. Chart IV.3 depicts the composition of Government expenditure for the years 1995-96 through 1999-00.

Budgetary Operations and Financing of the Deficit

The overall budget deficit amounted to Rs3,650 million in 1998-99, which represented 3.6 per cent of GDP at market prices. The deficit was financed exclusively from domestic sources as in the preceding year. Net foreign financing of the budget deficit was negative at Rs1,170 million in 1998-99, with borrowings from abroad amounting

Table IV.3: Budgetary Operations and Financing

	1995-96	1996-97	1997-98	1998-99 Provisional	(Rs million) 1999-00 Budget Estimates
1. Total Derived Revenue and Grants	13,557.0	17,481.0	18,498.0	21,179.0	24,404.0
2. Total Derived Expenditure and Lending Minus Repayments	17,648.0	21,146.0	21,906.0	24,829.0	27,969.0
3. Budget Deficit (1-2)	-4,091.0	-3,665.0	-3,408.0	-3,650.0	-3,565.0
4. Foreign Financing (Net) (a+b)	2,375.0	198.0	-274.3	-1,170.3	-330.0
(a) Gross External Loans Received (excluding IMF)	3,041.0	916.0	530.7	463.7	470.0
(b) Foreign Capital Repayments	-666.0	-718.0	-805.0	-1,634.0	-800.0
5. Domestic Financing (Net) (A+B+C+D)	1,716.0	3,467.0	3,682.3	4,820.3	3,895.0
A. Monetary Authorities	-885.6	-982.4	1,641.7	2,123.2	
(a) Government Stocks	-84.4	-172.9	-267.9	-158.4	
(b) Treasury Bills	-496.6	-16.2	745.2	574.7	
(c) Advances	-337.9	-770.3	1,131.9	1,703.4	
(d) Deposits	33.3	-23.0	32.5	3.5	
B. Commercial Banks	2,154.6	1,942.6	-41.9	-3,468.0	
(a) Government Stocks	-391.5	119.9	778.7	47.7	
(b) Treasury Bills	2,450.7	1,807.3	-1,130.9	-3,412.7	
(c) Advances	-5.2	141.8	11.4	-70.4	
(d) Deposits	100.6	-126.4	298.9	-32.6	
C. Non-Bank Sector	1,711.7	4,215.5	3,278.5	5,720.9	
(a) Government Stocks	94.4	748.5	1,516.7	-566.1	
(b) Treasury Bills	-95.7	3,467.0	1,761.8	6,287.0	
(c) Treasury Certificates and Bearer Bonds	-661.9	0.0	0.0	0.0	
(d) Independence and Republic Bonds	2,374.9	0.0	0.0	0.0	
D. Other Domestic Financing	-1,264.7	-1,708.7	-1,196.0	444.2	
6. Ratio of Overall Deficit to GDP at market prices (Per cent)	5.6	4.5	3.7	3.6	3.2

Source: Ministry of Finance, Government of Mauritius.

to Rs464 million and repayments of loans, inclusive of the partial redemption of the Floating Rate Note (FRN) for an amount of Rs808 million (US\$33 million), totalling Rs1,634 million.

Net domestic financing of the deficit amounted to Rs4,820 million. The non-bank sector was the major source of domestic financing and provided a net amount of Rs5,721 million. The Bank of Mauritius also financed a large share of the budget deficit with an amount of Rs2,123 million, of which advances accounted for Rs1,703 million. In contrast, deficit financing by commercial banks was negative at Rs3,468 million.

Table IV.3 shows the financing of the budget deficit by type of debt holder and instrument for the period 1995-96 through 1999-00. Chart IV.4 depicts net domestic and net foreign financing for the fiscal years 1995-96 through 1999-00.

Internal Debt

Total internal debt of the Government increased by 18.4 per cent, from Rs34,619 million at the end of June 1998 to Rs40,974 million at the end of June 1999. As a percentage of GDP at market prices, total internal debt rose from 37.8 per cent at the end of June 1998 to 40.4 per cent at the end of June 1999.

Government short-term obligations went up by 34.8 per cent from Rs20,217 million at the end of June 1998 to Rs27,259 million at the end of June 1999. Treasury Bills accounted for 88.4 per cent of short-term debt at the end of June 1999 as compared to 92.8 per cent at the end of June 1998. Holdings of Treasury Bills by the non-bank sector, as a percentage of total outstanding Treasury Bills, rose from 31.8 per cent at the end of June 1998 to 57.8 per cent at the end of June 1999. The level of short-term obligations relative to total internal debt rose from 58.4 per cent at the end of June 1998 to 66.5 per cent at the end of June 1999.

Medium and long-term obligations declined by 4.8 per cent to Rs13,715 million at the end of June 1999. Non-bank holdings of medium and long-term obligations fell from 71.2 per cent at the end of June 1998 to 70.6 per cent at the end of June 1999.

The share of medium and long-term obligations in total internal debt dropped from 41.6 per cent at the end of June 1998 to 33.5 per cent at the end of June 1999.

Chart IV.5: Composition of Central Government Debt as at end-June 1999

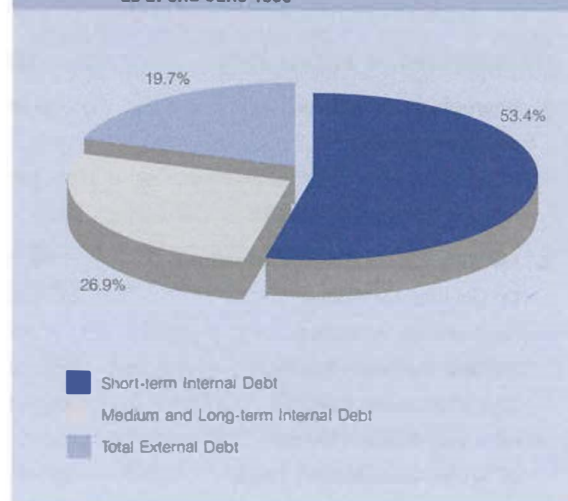


Table IV.4 gives details on central Government debt from end-June 1995 to end-June 1999. Chart IV.5 shows the composition of central Government debt as at end-June 1999.

External Debt

Total central Government external debt fell from Rs10,752 million at the end of June 1998 to Rs10,027 million at the end of June 1999. During the year ended June 1999, external loan disbursements amounted to Rs464 million. Debt repayments, including the partial redemption of the FRN amounting to Rs808 million, totalled Rs1,634 million while interest payments amounted to Rs513 million during the same period.

The level of external debt of parastatal bodies went up by Rs1,876 million and reached Rs16,873 million at the end of June 1999. For the year ended June 1999, loan disbursements to parastatal bodies amounted to Rs2,854 million. Total capital repayments totalled Rs1,500 million in 1998-99 and interest payments amounted to Rs813 million over the same period.

The level of private sector external debt decreased by 10.9 per cent to Rs3,516 million at the end of June 1999. External borrowings of the private sector amounted to Rs39 million in 1998-99, lower than the amount of Rs160 million in the preceding year. Principal repayments amounted to Rs469 million and interest payments to Rs36 million for the period under review.

Table IV.4: Central Government Debt

	(Rs million)				
OUTSTANDING AS AT END-JUNE	1995	1996	1997	1998	1999
1. Short-term Obligations	11,561.1	13,219.5	18,094.1	20,216.8	27,259.4
(a) Treasury Bills	10,125.0	12,121.9	17,767.2	18,758.1	24,097.4
(b) Advances from Bank of Mauritius	1,434.5	1,096.5	326.2	1,458.1	3,161.5
(c) Tax-Reserve Certificates	1.6	1.1	0.7	0.6	0.5
2. Medium and Long-term Obligations	10,140.0	11,486.2	12,147.2	14,402.2	13,714.9
(a) Government Stocks	9,382.3	8,992.3	9,772.3	12,027.3	11,340.0
(b) Treasury Certificates	361.9	0.0	0.0	0.0	0.0
(c) Treasury Bearer Bonds	300.0	0.0	0.0	0.0	0.0
(d) 8-Year Bearer Bonds	95.8	119.0	0.0	0.0	0.0
(e) 5-Year Republic Bonds	0.0	2,078.5	2,078.5	2,078.5	2,078.5
(f) 4-Year Independence Bonds	0.0	296.4	296.4	296.4	296.4
3. Total Internal Debt (1+2)	21,701.1	24,705.7	30,241.3	34,619.0	40,974.3
4. Total External Debt	5,778.0	9,159.0	9,619.0	10,751.5	10,027.0
5. Total Central Government Debt (3+4)	27,479.1	33,864.7	39,860.3	45,370.5	51,001.3
DEBT CHARGES DURING FISCAL YEAR ENDING 30 JUNE	1995	1996	1997	1998	1999 ¹
6. Amortisation	1,170.2	1,149.6	1,467.4	1,594.9	2,570.1
(a) Internal	544.5	483.4	749.4	789.6	936.1
(b) External	625.7	666.2	718.0	805.3	1,634.0
7. Interest	2,179.0	2,480.9	3,021.2	3,649.4	3,841.7
(a) Internal	1,857.5	2,157.3	2,526.7	3,120.4	3,328.8
(b) External	321.5	323.6	494.5	529.0	512.9
8. Total Debt Servicing (6+7)	3,349.2	3,630.5	4,488.6	5,244.3	6,411.8

¹ Provisional.

Source: Ministry of Finance, Government of Mauritius.

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 1997-98 to 7.9 per cent in 1998-99, largely reflecting the partial redemption of the FRN.

V. EXTERNAL TRADE AND BALANCE OF PAYMENTS

The current account of the balance of payments registered a deficit of Rs1,977 million in 1998-99 compared with a deficit of Rs2,704 million in 1997-98. This improvement in the current account balance in 1998-99 stemmed mainly from an increase in the surplus registered on the services account, from Rs4,364 million in 1997-98 to Rs5,681 million in 1998-99.

As a percentage of GDP, the current account deficit declined to 1.9 per cent in 1998-99 from 3.0 per cent in 1997-98. Excluding the purchase of aircraft, the current account registered a surplus of Rs773 million, equivalent to 0.8 per cent of GDP in 1998-99.

The deficit on the merchandise account of the balance of payments increased from Rs9,361 million in 1997-98 to Rs9,457 million in 1998-99. On a balance of payments basis, in 1998-99, total exports (f.o.b.) rose by 9.8 per cent to Rs39,732 million while total imports (f.o.b.) increased by 8.0 per cent to Rs49,189 million.

The capital and financial account, inclusive of reserve assets, recorded a net inflow of Rs668 million in 1998-99 compared with a net inflow of Rs1,704 million in 1997-98. The capital and financial account, exclusive of reserve assets, posted a surplus of Rs1,114 million in 1998-99 as against a deficit of Rs589 million in the preceding fiscal year. Table V.1 gives a summary of the balance of payments accounts for the years 1995-96 through 1999-00.

On present trends, a deficit of Rs12,341 million has been projected on the merchandise account in 1999-00, largely on account of the drought-induced fall in sugar exports. However, from a balance of payments perspective, the projected shortfall in sugar export proceeds will be partly cushioned by reinsurance claims from abroad as well as increased earnings from other sectors. The income account is expected to record a deficit of Rs1,139 million. However, the services and current transfers accounts are expected to generate surpluses that would partly offset the projected deficit on the merchandise and income accounts. A deficit of Rs1,970 million has been projected on the current account of the balance of payments.

Table V.1: Balance of Payments Summary

	(Rs million)				
	1995-96	1996-97 ¹	1997-98 ²	1998-99 ³	1999-00 ⁴
Current Account	-591	346	-2,704	-1,977	-1,970
Goods	-5,816	-5,422	-9,361	-9,457	-12,341
Exports f.o.b.	29,090	33,128	36,190	39,732	38,172
Imports f.o.b.	34,906	38,550	45,551	49,189	50,513
Imports c.i.f.	37,704	41,878	49,341	53,312	55,039
Services	3,804	3,912	4,364	5,681	8,545
Income	-611	-398	-416	-955	-1,139
Current Transfers	2,032	2,254	2,709	2,754	2,965
Capital and Financial Account	-1,368	-817	1,704	668	1,970
Capital Account	-11	-11	-15	-20	-20
Financial Account	-1,357	-806	1,719	688	1,990
of which:					
Reserve Assets	-3,841	-1,600	2,293	-446	1,903
Net Errors and Omissions	1,959	471	1,000	1,309	0

¹ Revised.

² Revised estimates.

³ Estimates.

⁴ Projections.

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

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

(iii) Import data for 1997-98 are inclusive of import of aircraft (Rs2,473 million).

(iv) Import data for 1998-99 are inclusive of import of aircraft (Rs2,750 million).

Services, Income and Current Transfers

During 1998-99, the services and current transfers accounts continued to make significant positive contributions to the overall balance of payments while the deficit on the income account widened slightly.

The surplus on the services account increased by 30.2 per cent to Rs5,681 million in 1998-99. Gross earnings from tourism went up by 15.8 per cent to Rs12,764 million in 1998-99 as a result of a 1.7 per cent increase in the number of tourist arrivals, from 555,616 in 1997-98 to 565,324 in 1998-99 and a 13.9 per cent increase in average expenditure per tourist. Total visitor nights spent increased from 5,598,000 in 1997-98 to 5,696,000 in 1998-99 while the average length of stay per tourist remained unchanged at 10.1 nights in 1998-99. Expenditure on foreign travel by residents increased by 13.9 per cent to Rs4,637 million in 1998-99. Consequently, net inflows on the travel account increased by 16.8 per cent to Rs8,127 million in 1998-99. The transportation account recorded a deficit of Rs1,903 million in 1998-99 as compared to a deficit of Rs1,893 million in 1997-98. Other services registered a deficit of Rs543 million in 1998-99 as compared to a deficit of Rs699 million in the preceding fiscal year.

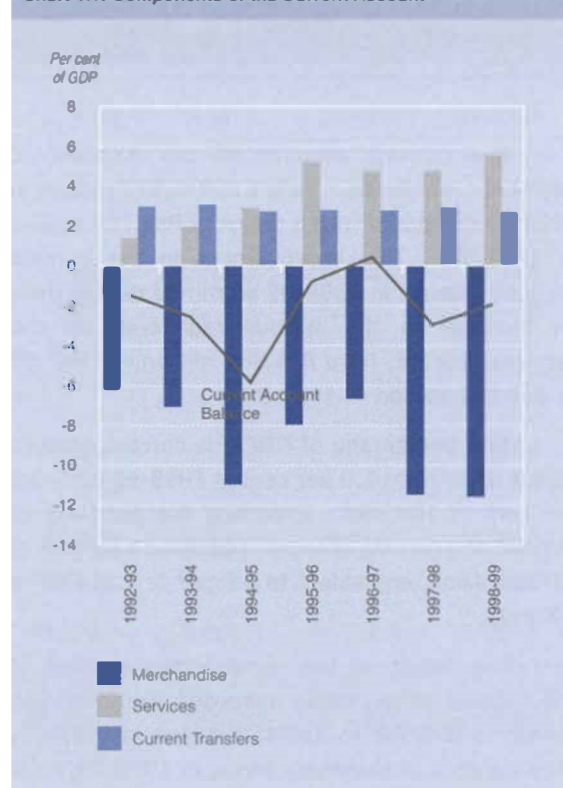
The income account recorded a net outflow of Rs955 million in 1998-99 as compared to a net outflow of Rs416 million in the previous year. The net surplus on the current transfers account increased by 1.7 per cent to Rs2,754 million in 1998-99, reflecting a 5.2 per cent increase in net private transfers to Rs2,670 million in 1998-99 and a decrease in net Government transfers from Rs170 million in 1997-98 to Rs84 million in 1998-99.

Chart V.1 shows the main components of the current account for the fiscal years 1992-93 through 1998-99.

Capital and Financial Account

Direct investment inflows amounted to Rs683 million in 1998-99 compared with inflows of Rs1,233 million in 1997-98. Direct investment outflows amounted to Rs292 million in 1998-99, up from Rs221 million in 1997-98. Consequently, direct investment recorded a net inflow of Rs391 million in 1998-99 compared with a net inflow of Rs1,012 million in 1997-98. During the period

Chart V.1: Components of the Current Account



under review, portfolio investment, inclusive of the partial redemption of the Floating Rate Note (FRN) amounting to Rs808 million (US\$33 million), recorded a net inflow of Rs714 million, largely on account of the repatriation of capital by non-bank institutions.

Loan receipts on account of Government amounted to Rs464 million in 1998-99 while capital repayments stood at Rs836 million. Thus, a net outflow of Rs372 million was registered in 1998-99 compared with a net outflow of Rs275 million in 1997-98. In 1998-99, loan receipts of parastatal bodies, inclusive of the external financing of the order of Rs2,234 million for the purchase of an aircraft, amounted to Rs2,854 million, while capital repayments totalled Rs1,500 million. Thus, net capital inflows on account of parastatal bodies in 1998-99 amounted to Rs1,354 million as compared to net inflows of Rs1,851 million in 1997-98. Other private long-term capital movements recorded a net outflow of Rs430 million in 1998-99 compared with a net outflow of Rs262 million in 1997-98. Net outflows due to the build-up of short-term foreign assets of commercial banks amounted to Rs523 million in 1998-99 compared with net outflows of Rs2,181 million in the preceding year.

Chart V.2: Financing of the Current Account

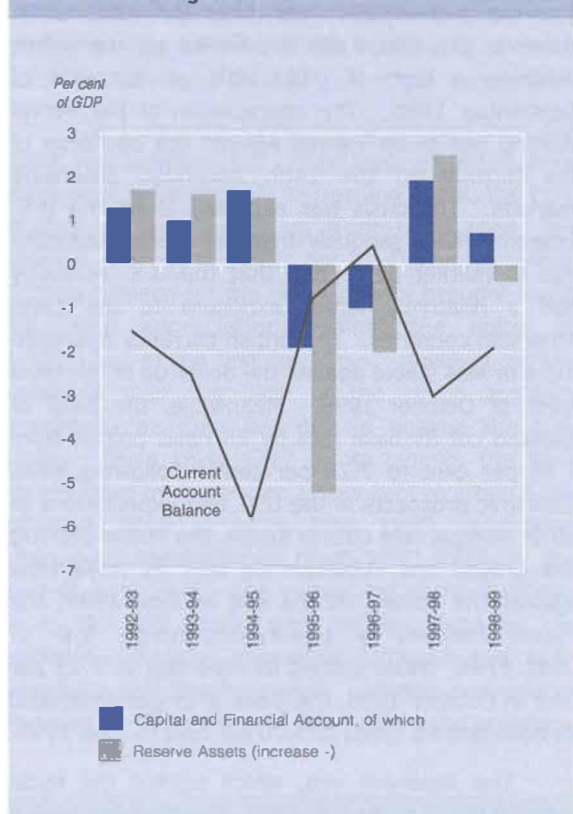


Chart V.2 shows the financing of the current account for the fiscal years 1992-93 through 1998-99.

Net International Reserves

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), increased from Rs21,349 million at the end of June 1998 to Rs22,575 million at the end of June 1999. Gross reserve assets of the Bank of Mauritius went up by Rs446 million to Rs15,315 million at the end of June 1999. The net foreign assets of commercial banks increased by Rs523 million to Rs6,772 million at the end of June 1999.

Under the Eleventh General Review of quotas of the IMF, the quota for Mauritius has increased from SDR73.3 million to SDR101.6 million. Quotas, which reflect members' relative size in the world economy, are normally reviewed every five years. Consequently, in February 1999, the country's Reserve Position in the IMF increased from SDR7.4 million to SDR14.5 million.

In terms of import cover, the level of net international reserves of the country at the end of June 1999 represented 5.4 months of imports, exclusive of the purchase of aircraft, compared with 5.5 months of imports at the end of June 1998. The end-June 2000 level of net international reserves of the country has been projected at

Table V.2: Net International Reserves

	Bank of Mauritius Foreign Assets	Commercial Banks Net Foreign Assets	Others ¹	Net International Reserves
(Rs million)				
1998				
Jul	14,131	4,774	231	19,136
Aug	14,038	4,638	233	18,909
Sep	14,121	5,245	230	19,596
Oct	12,780	4,801	236	17,817
Nov	12,658	5,042	240	17,940
Dec	13,867	5,778	250	19,895
1999				
Jan	15,188	6,004	252	21,444
Feb	15,368	5,816	493	21,677
Mar	16,038	6,039	493	22,570
Apr	15,366	6,177	492	22,035
May	15,082	6,332	491	21,905
Jun	15,315	6,772	488	22,575

¹ Include foreign assets of the Government and the country's Reserve Position in the IMF.

Rs20,672 million, equivalent to 4.5 months of imports.

Table V.2 shows the monthly level of net international reserves of the country during the fiscal year 1998-99.

Exchange Rate Developments

During the fiscal year 1998-99, on the international foreign exchange market, the exchange rate movements of the major international currencies vis-à-vis the U.S. dollar broadly reflected the cyclically divergent growth paths between their respective economies and the U.S. economy. An outstanding achievement during the year was the successful introduction of the European single currency, the Euro, on 1 January 1999.

Reflecting the continued strength of the U.S. economy, the U.S. dollar maintained a firm tone for most of the period under review. However, considerable uncertainty in the U.S. financial markets during August and September 1998, triggered by the financial market crisis in Russia and Latin America, caused a sharp fall in the external value of the U.S. currency against the major international currencies. In its endeavour to shield the U.S. economy from the painful effects of the global crisis while keeping inflationary pressures at bay, the U.S. Federal Reserve reduced its Federal funds rate in the three successive months beginning September 1998 by 25 basis points each time to 4.75 per cent. Following this policy easing, U.S. monetary policy makers subsequently adopted a neutral stance in the absence of inflationary pressures despite continuing rapid growth. However, in the wake of an unexpected broad-based increase in U.S. CPI inflation for April 1999, the Federal Open Market Committee (FOMC), at its May 1999 meeting, maintained interest rates steady but announced that it had, in anticipation of inflationary pressures, shifted its balanced interest rate position held since November 1998 to a tightening bias. Subsequently, in line with market expectations, the U.S. Federal Reserve raised its key interest rate by 25 basis points to 5.0 per cent at its June 1999 meeting. However, the Fed also announced that it had adopted a neutral bias, abandoning the tightening stance of late May 1999.

The Pound sterling maintained a downward trend against the U.S. dollar from July 1998 to mid-

August 1998, reaching a low of US\$1.6107 amid growing pessimism over the U.K. economy. However, the Pound sterling firmed up thereafter, reaching a high of US\$1.7091 at the end of September 1998. The appreciation of the Pound sterling has to be viewed against the backdrop of the turmoil on the Latin American emerging markets. The crisis was expected to hit the U.S. economy more seriously than the British economy due to market perception that the U.S. economy had a relatively larger exposure to the Latin American countries. The British currency remained more or less stable against the dollar up to the third week of October 1998. Meanwhile, the Bank of England cut its base rate by 25 basis points, from 7.50 per cent to 7.25 per cent. Following weak economic prospects in the U.K. and expectations of other interest rate cuts in future, the Pound sterling lost ground and subsequently kept its weak tone against the dollar. At the end of June 1999, the Pound reached a twenty-one-month low of US\$1.5744. Since cutting its repo rate to 7.25 per cent in October 1998, the Bank of England reduced its base rate six times to 5.00 per cent in June 1999.

The Japanese yen, which started the fiscal year 1998-99 trading at ¥137.80 per dollar closed at ¥120.87 per dollar, representing an appreciation of 14.0 per cent against the U.S. currency. The yen weakened sharply during July and August 1998, reaching a low of ¥147.63 per dollar on 11 August 1998, marred by deflationary risks to the Japanese economy. Growing awareness of the severity of Japan's recession and uncertainty over government policies to stimulate the Japanese economy and the financial system continued to weigh on the yen. However, from September 1998 to January 1999, the yen recovered against the dollar, largely supported by the announcement of new initiatives in the banking sector by the Japanese authorities. Furthermore, a sharp rise in Japanese Government Bond yields that resulted in a narrowing yield differential between the U.S. and Japanese government bonds also contributed to the appreciation of the yen. From mid-February 1999 onwards, the yen traded within a range of ¥115 and ¥125 per dollar. Yen-selling intervention by the Bank of Japan coupled with comments by Japanese officials helped to stabilise the yen.

Between end-July 1998 and end-December 1998, the Deutsche mark appreciated on a point to point basis by 7.7 per cent against the U.S. currency. It partly benefited from its safe-haven

appeal as concerns about events in Latin America made dollar-buying risky. Moreover, there was strong buying interest in the currencies of those countries that later formed part of the euro area.

On 1 January 1999, the single currency, the Euro, was launched but official trading started three days later in Sydney. At its opening debut, the Euro traded at US\$1.1747, up from US\$1.1668, the closing rate of the ECU on 31 December 1998. Strong demand for the new currency brought about its rapid appreciation against the dollar to US\$1.1927 in the first few days. However, as the euphoria over the birth of the single currency subsided, the Euro lost ground against the U.S. dollar. From US\$1.1747 at its launch, the Euro depreciated by more than 12 per cent to attain a low of US\$1.0269 in early June 1999, recovering marginally thereafter to reach US\$1.0330 by the end of June 1999. The weakening of the Euro vis-à-vis the U.S. dollar was mainly driven by the widening cyclical mismatch between the U.S. economy and the euro zone. Market participants focused on the relatively more optimistic economic

outlook in the U.S. as compared to the uncertainty about economic growth and persistently high unemployment rates affecting the euro area. Despite the European Central Bank (ECB) reducing its interest rate by 50 basis points to 2.5 per cent in April 1999 to boost growth in the euro zone, the single currency remained under pressure. Furthermore, hostilities in the Balkan region contributed to some extent to the Euro weakness. The decision by the Finance Ministers of the euro zone in May 1999 to allow Italy to relax its budget deficit target from 2.0 per cent of GDP agreed under the Stability and Growth Pact to 2.5 per cent for 1999 also weighed on the Euro. In addition, European policymakers' apparent lack of concern at the Euro's slide contributed to its decline.

Between 1997-98 and 1998-99, based on daily average, the U.S. dollar depreciated against the French franc, Deutsche mark and Japanese yen by 2.3 per cent, 2.3 per cent and 2.0 per cent, respectively, but appreciated vis-à-vis the Pound sterling by 0.4 per cent.

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 1998	Average for 12 Months Ended June 1999	Appreciation/(Depreciation) of Rupee Between (1) and (2)
	(1) (Rupees)	(2)	(Per cent) (3)
Australian dollar	15.5045	15.5791	(0.5)
Belgian franc (100)	62.0522	68.7923	(9.8)
French franc	3.7560	4.2457	(11.5)
Deutsche mark	12.6044	14.2380	(11.5)
Hong Kong dollar	2.9612	3.2628	(9.2)
Indian rupee (100)	60.0326	59.3480	1.2
Italian lira (1000)	13.0403	14.4522	(9.8)
Japanese yen (100)	18.0014	20.2398	(11.1)
Kenya shilling (100)	37.1457	40.3342	(7.9)
New Zealand dollar	13.5389	13.2396	2.3
Singapore dollar	14.4217	14.9130	(3.3)
South African rand	4.7118	4.1898	12.5
Swiss franc	15.3514	17.3286	(11.4)
US dollar	22.6350	24.9645	(9.3)
Pound sterling	37.2322	40.9580	(9.1)
Euro ¹	24.9987	27.9846	(10.7)

¹ Effective 1 January 1999, the Euro (EUR) was introduced replacing its precursor, the ECU, on a one-to-one basis.

Notes: (i) With effect from 8 September 1998, there are no dealings for the Malaysian ringgit on account of its withdrawal from the international financial system.

(ii) With effect from 1 October 1998, the daily average exchange rate of the rupee is based on the average selling rates for T.T. and D.D. of all commercial banks.

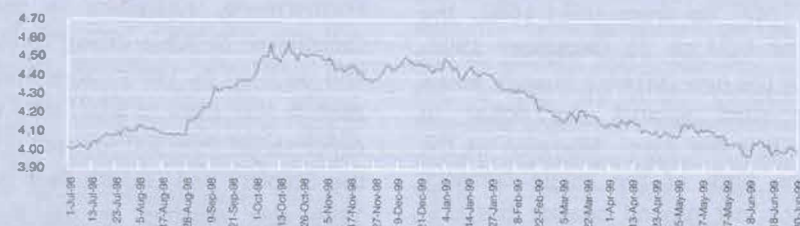
(iii) With effect from 10 June 1999, there are no dealings for the China yuan.

Chart V.3: Movements of the Daily Exchange Rate of the Rupee vis-à-vis Major Currencies

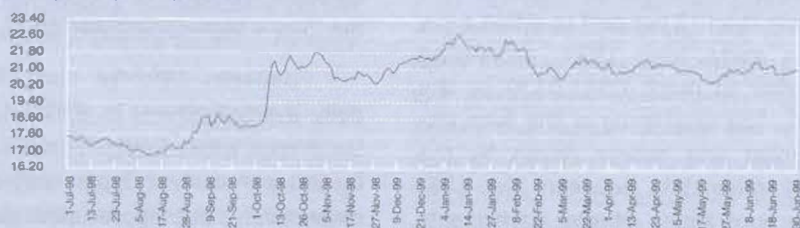
Deutsche mark: 1998-99



French franc: 1998-99



Japanese yen (Rs per 100 yen): 1998-99



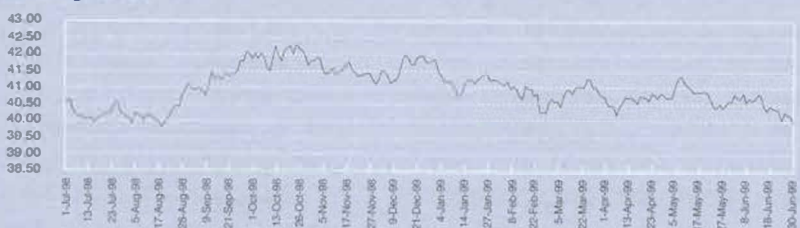
US dollar: 1998-99



South African rand: 1998-99



Pound sterling: 1998-99



Euro: Jan-99 to Jun-99

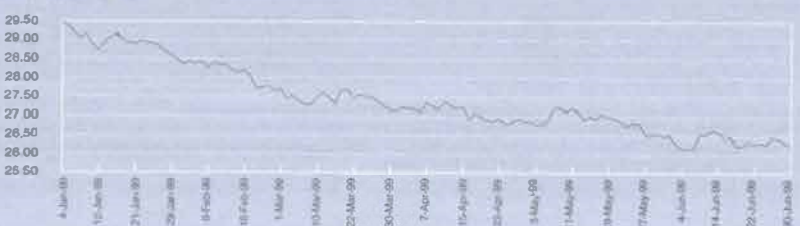


Table V.3 shows the exchange rate movements of the Mauritian rupee vis-à-vis major trading partner currencies.

The reorientation of monetary policy towards the end of 1998 has brought about a better integration of monetary and exchange rate policy. This has imparted greater stability to the exchange value of the rupee during the second half of the fiscal year 1998-99 and has also enhanced the attractiveness of rupee-denominated assets. Exchange rate movements during the period under review have reflected both international trends and local market conditions.

During the fiscal year 1998-99, the U.S. dollar maintained a general upward trend against the rupee, moving within a low of Rs24.42 on 1 July 1998 and a high of Rs25.40 on 17 June 1999. At the close of business on 30 June 1999, the dollar was quoted at Rs25.39.

The Pound sterling weakened against the rupee during July and August 1998, reaching a low of Rs39.80 on 18 August 1998. Thereafter, it recovered reaching a peak of Rs42.33 on 21 October 1998. From then on, the Pound sterling

declined vis-à-vis the rupee to reach Rs39.97 at the end of June 1999.

Reflecting its movement against the U.S. dollar on the international foreign exchange market, the Japanese yen remained weak against the rupee during the first two months of the fiscal year 1998-99, reaching a low of Rs16.85 per 100 Yen around mid-August 1998. However, from mid-August 1998 to January 1999, the yen firmed up vis-à-vis the rupee reaching a peak of Rs22.68 per 100 Yen on 11 January 1999. In early March 1999, the yen resumed its downward movement against the rupee to trade at Rs20.55 per 100 Yen; it subsequently remained fairly stable moving within a range of Rs20.55 to Rs21.55 per 100 Yen. The Japanese yen closed the fiscal year 1998-99 at Rs21.10 per 100 Yen.

At the beginning of the fiscal year 1998-99, the ECU was trading at Rs26.82. It peaked at Rs30.25 on 8 October 1998 but closed lower at Rs29.17 at the end of December 1998. A similar trend was observed for the Deutsche mark and French franc. These two currencies maintained a general upward trend against the rupee during the

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\$) ¹
		US dollar Equivalent (US\$ million)	Rupee Equivalent (Rs million)	
1998				
Jul	0.30	3.40	84.80	24.2400 - 24.3800
Aug	0.10	3.10	73.30	24.3250 - 24.5300
Sep	0.40	3.60	88.90	24.3200 - 24.5000
Oct	0.20	4.10	100.10	24.4225 - 24.8000
Nov	1.00	7.90	192.50	24.7400 - 24.8500
Dec	7.10	12.80	315.90	24.6475 - 24.7800
1999				
Jan	2.20	6.20	154.60	24.6150 - 24.8650
Feb	6.70	9.90	247.90	24.8625 - 24.9650
Mar	2.20	6.90	174.90	24.9650 - 25.0350
Apr	0.15	3.32	82.60	25.0225 - 25.0900
May	0.58	2.38	59.66	25.0550 - 25.1725
Jun	2.60	4.08	103.40	25.1450 - 25.2100
1998-99	23.53	67.68	1,678.56	24.2400 - 25.2100

¹ With effect from 1 October 1998, the Rs/US\$ ask rate is based on the average of daily Rs/US\$ ask rate of four major commercial banks.

third quarter of 1998 until mid-October 1998 when both the German and French currencies reached a peak of Rs15.34 and Rs4.56, respectively. On 1 January 1999, the Euro was introduced replacing the ECU on a one-to-one basis, and the Deutsche mark and French franc, along with the other nine euro zone currencies became monetary units of the Euro linked to the single currency by irrevocably fixed conversion rates. On the first day of official trading, 4 January 1999, the Euro traded at Rs29.46. Reflecting its downward movement on the international foreign exchange market, the single currency maintained a general downward trend against the rupee throughout the period January 1999 to June 1999. The Euro fell from its high of Rs29.46 on 4 January 1999 to a low of Rs26.13 in early June 1999. At the end of June 1999, the Euro traded at Rs26.22, returning to levels that applied during the first three weeks of April 1998. The Deutsche mark and French franc paralleled the Euro's movement and retained a weak tone against the rupee to trade at Rs13.40 and Rs4.00, respectively, at the end of June 1999, after reaching a low of Rs13.36 and Rs3.98 on 7 June 1999.

Chart V.3 shows the trends in the daily bilateral exchange (selling) rates of the rupee

against the Deutsche mark, French franc, Japanese yen, U.S. dollar, South African rand, Pound sterling and the Euro.

Interbank Foreign Exchange Market

During 1998-99, activity on the interbank foreign exchange market remained rather subdued. Total transactions during this period reached an equivalent of US\$67.68 million as compared to US\$179.25 million in 1997-98.

The monthly average level of transactions was US\$5.64 million in 1998-99, lower than the monthly average of US\$14.94 million registered in 1997-98. Interbank transactions reached a peak of US\$12.80 million in December 1998 and a trough of US\$2.38 million in May 1999. The opening interbank Rs/US\$ ask rate during the period under review moved in the range of 24.24-25.21.

Table V.4 gives details of monthly transactions on the interbank foreign exchange market during 1998-99.

During 1998-99, the Bank of Mauritius, through intervention on the interbank foreign exchange market, sold US\$126.60 million to commercial banks and purchased US\$11.00 million

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	Purchase of Euro (EUR million)	Range of Intervention Rs/EUR Bid Rate
1998						
Jul	21.60	24.30 - 24.32	-	-	-	-
Aug	4.70	24.45	1.00	24.35	-	-
Sep	6.10	24.40	-	-	-	-
Oct	14.50	24.56 - 24.78	-	-	-	-
Nov	24.70	24.73 - 24.83	-	-	-	-
Dec	5.00	24.70	5.00	24.70 - 24.75	-	-
1999						
Jan	-	-	4.00	24.78 - 24.83	-	-
Feb	5.00	24.84	1.00	24.84	-	-
Mar	-	-	-	-	3.00	27.27
Apr	16.20	25.01 - 25.04	-	-	-	-
May	15.90	25.03 - 25.07	-	-	-	-
Jun	12.90	25.12 - 25.15	-	-	-	-
1998-99	126.60	24.30 - 25.15	11.00	24.35 - 24.84	3.00	27.27

third quarter of 1998 until mid-October 1998 when both the German and French currencies reached a peak of Rs15.34 and Rs4.56, respectively. On 1 January 1999, the Euro was introduced replacing the ECU on a one-to-one basis, and the Deutsche mark and French franc, along with the other nine euro zone currencies became monetary units of the Euro linked to the single currency by irrevocably fixed conversion rates. On the first day of official trading, 4 January 1999, the Euro traded at Rs29.46. Reflecting its downward movement on the international foreign exchange market, the single currency maintained a general downward trend against the rupee throughout the period January 1999 to June 1999. The Euro fell from its high of Rs29.46 on 4 January 1999 to a low of Rs26.13 in early June 1999. At the end of June 1999, the Euro traded at Rs26.22, returning to levels that applied during the first three weeks of April 1998. The Deutsche mark and French franc paralleled the Euro's movement and retained a weak tone against the rupee to trade at Rs13.40 and Rs4.00, respectively, at the end of June 1999, after reaching a low of Rs13.36 and Rs3.98 on 7 June 1999.

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	Sale of US dollar	Range of Intervention	Purchase of US dollar	Range of Intervention	Purchase of Euro	Range of Intervention
	(US\$ million)	Rs/US\$ Ask Rate	(US\$ million)	Rs/US\$ Bid Rate	(EUR million)	Rs/EUR Bid Rate
1998						
Jul	21.60	24.30 - 24.32	-	-	-	-
Aug	4.70	24.45	1.00	24.35	-	-
Sep	6.10	24.40	-	-	-	-
Oct	14.50	24.56 - 24.78	-	-	-	-
Nov	24.70	24.73 - 24.83	-	-	-	-
Dec	5.00	24.70	5.00	24.70 - 24.75	-	-
1999						
Jan	-	-	4.00	24.78 - 24.83	-	-
Feb	5.00	24.84	1.00	24.84	-	-
Mar	-	-	-	-	3.00	27.27
Apr	16.20	25.01 - 25.04	-	-	-	-
May	15.90	25.03 - 25.07	-	-	-	-
Jun	12.90	25.12 - 25.15	-	-	-	-
1998-99	126.60	24.30 - 25.15	11.00	24.35 - 24.84	3.00	27.27

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)	
1998						
Jul	5,013	204.7	5,996	244.8	-983	-40.1
Aug	4,549	184.7	5,053	205.2	-504	-20.5
Sep	4,716	191.6	5,617	228.2	-901	-36.6
Oct	4,921	198.5	6,525	263.2	-1,604	-64.7
Nov	4,964	198.7	6,563	262.7	-1,599	-64.0
Dec	6,828	274.0	6,837	274.4	-9	-0.4
1999						
Jan	5,662	226.7	5,130	205.4	532	21.3
Feb	4,739	188.9	5,047	201.2	-308	-12.3
Mar	5,242	207.9	5,790	229.6	-548	-21.7
Apr	5,012	198.4	5,618	222.4	-606	-24.0
May	4,879	193.0	5,731	226.6	-852	-33.6
Jun	5,953	234.6	6,292	248.0	-339	-13.4
1998-99	62,478	2,501.7	70,199	2,811.7	-7,721	-310.0

from them. In March 1999, the Bank of Mauritius also purchased EUR3.0 million, equivalent to US\$3.3 million, from commercial banks.

Table V.5 shows monthly intervention and related transactions of the Bank of Mauritius on the interbank foreign exchange market during 1998-99.

During 1998-99, direct sales of foreign currencies by the Mauritius Sugar Syndicate (MSS) to commercial banks amounted to an equivalent of US\$281.4 million whereas the Bank of Mauritius injected a net amount of US\$112.3 million on the interbank foreign exchange market. Thus, total net sales by the Bank of Mauritius and the release of foreign currencies by the MSS directly on the interbank foreign exchange market exceeded commercial banks' shortfall in foreign exchange by US\$83.7 million.

Table V.6 summarises the monthly inward and outward remittances of commercial banks during 1998-99.

Box 2 Public Information Notice following the conclusion of the 1999 IMF Article IV Consultation with Mauritius

On August 3, 1999, the Executive Board concluded the Article IV consultation with Mauritius¹.

Background

During the period July 1998-June 1999, and in the wake of the turbulence in the global economy, overall economic activity in Mauritius remained buoyant, with real GDP growth estimated at 5 1/3 percent. The expansion continued to be broad based, with significant contributions recorded in manufacturing (especially in the export processing zone-EPZ), financial and business services (including offshore activities), trade (including tourism), and other services (particularly transport and communications).

However, the pace of inflation quickened to an estimated 8 percent from 5 1/3 percent in 1997/98. This pickup reflects the introduction of a value-added tax (VAT) in September 1998; the ongoing drought; the continued rapid expansion of bank credit to the private sector; and the lagged impact of the depreciation of the Mauritian rupee (10 percent vis-à-vis the U.S. dollar in nominal terms) in the aftermath of the Asian currency crises. Moreover, the rate of unemployment, although still relatively low (5 3/4 percent in 1997/98), is likely to have edged up further in an environment characterized by an increasing mismatch in labor skills and inadequate labor market flexibility.

With buoyant tax receipts (particularly from the recently implemented VAT) and nontax revenues, the overall fiscal deficit in 1998/99 (including grants and exceptional factors such as the proceeds from the sale of fixed assets) is

estimated to have remained at some 4 percent of GDP, despite higher-than-expected off-budget outlays. However, the underlying fiscal deficit (including grants but excluding exceptional factors) is likely to have widened to about 5 1/3 percent of GDP. The government is likely to have met its financing needs entirely from domestic nonbank sources and, for the first time in the 1990s, to have made net repayments to the banking system. At the same time, however, commercial banks sharply expanded credit to the private sector, largely in the form of tax-free company debentures. In the area of prudential requirements, effective January 1, 1999, the Bank of Mauritius raised the minimum paid-up or assigned capital for both domestic and offshore banks from Mau Rs75 million to Mau Rs100 million.

In 1998/99, Mauritius is estimated to have recorded a smaller external current account deficit (including the acquisition of aircraft and ships) of just over 2 percent of GDP, compared with 3 percent in 1997/98, owing principally to a substantial rise in tourism-related earnings and lower petroleum import prices. Net international reserves of the banking system are estimated to have remained at a 5-month import cover at end-June 1999. Moreover, Mauritius continues to have a low external debt-service ratio; during 1998/99 this ratio is estimated to have increased slightly to 8 percent of exports of goods and services from 7 percent in 1997/98, largely reflecting an early repayment on a floating-rate note. The real effective exchange rate of the Mauritian rupee (on a period-average, bilateral-trade-weighted basis) appreciated by 3 1/2 percent in 1997/98 and remained unchanged over the July-December 1998 period.

Executive Board Assessment

Executive Directors welcomed the Mauritian authorities' success in maintaining buoyant economic activity in the wake of turbulence in the global economy. At the same time, however, Directors noted that the pace of inflation had quickened, unemployment had likely edged up further, and the near-term prospects had been weakened by a serious drought. Directors were therefore encouraged by the authorities' resolve to move forward with some key policy adjustments and reforms to meet the challenges in the period ahead, despite the difficult present circumstances.

Directors supported the authorities' intention to embark on a course of phased fiscal consolidation, taking into account the need to address the country's social needs. They noted that fiscal adjustment would rely primarily on higher revenues from the improved administration of the value-added tax and a downsizing of the civil service. In this connection, Directors also strongly encouraged the authorities to scale down the large number of tax exemptions and concessions. They stressed the need for the authorities to restructure government expenditure, so as to provide adequate resources for much-needed vocational training to address the increasing mismatch in labor skills.

Directors commended the authorities for placing importance on continued government net repayments to the banking system to achieve the required monetary restraint. They cautioned, however, that it would also be essential for the authorities to discontinue the tax-free status of company debentures; to develop, as intended, full-fledged open-market operations to gain greater monetary control through indirect instruments; and to ensure the coordination of domestic liquidity and treasury cash management needs.

Directors underscored the need for a further strengthening of prudential requirements and banking supervision, given the relatively high level of nonperforming loans and low loan provisioning by banks, as well as the high concentration ratios in the banking

system. Directors urged the authorities to expedite passage of long-overdue revisions to the Bank of Mauritius and Banking Acts. In the present global environment, Directors welcomed the authorities' intention to continue their policy of allowing the exchange rate of the Mauritian rupee to adjust to underlying market pressures.

Directors took note of the steps that have been taken in the context of the 1999/2000 government budget to liberalize the tariff regime. However, they favored a more ambitious move to lower tariff rates, in concert with higher value-added tax revenue collections and consistent with regional commitments, so as to foster external competitiveness and the expansion of employment. To achieve these objectives, it would also be necessary for the authorities to press ahead with their efforts to replace the outmoded tripartite wage negotiation system, and to revise laws governing labor shedding to allow appropriate labor market flexibility. However, it was recognized that the potential social effects of such a transition should be taken into account. Directors also emphasized the need for the authorities to promote greater market competition, notably for petroleum products and cement.

Directors supported the authorities' policy of providing mainly legislative support for private sector initiatives in Mauritius and abroad. In this connection, they emphasized the need to adopt unambiguous and transparent guidelines in order to encourage investment in Mauritius.

While recognizing that Mauritius's economic and financial data were satisfactory for surveillance purposes, Directors encouraged the authorities to intensify efforts to provide the Fund with annual estimates and projections for the fiscal accounts and balance of payments.

Mauritius: Selected Economic Indicators¹					
	1994/95	1995/96	1996/97	1997/98	1998/99 Est.
Domestic Economy					
	<i>(Annual percentage change)</i>				
Real GDP	3.5	5.1	5.6	5.6	5.3
Consumer prices (period averages)	6.1	5.8	7.9	5.4	8.0
External Economy					
	<i>(In millions of U.S. dollars)²</i>				
Exports, f.o.b.	1,452.2	1,563.7	1,622.7	1,603.4	1,583.8
Imports, f.o.b.	-1,838.0	-1,865.8	-1,888.1	-2,012.4	-1,982.6
Current account balance ³	-196.2	-22.9	17.1	-114.9	-87.6
(in percent of GDP) ³	-5.3	-0.6	0.4	-2.9	-2.2
Capital and financial account balance	63.0	-73.1	-40.0	75.3	87.6
Net international reserves of the banking system (end of period)	852.5	953.6	1,020.4	873.0	901.7
(in months of prospective imports, c.i.f.) ⁴	5.2	5.7	6.2	5.1	5.1
Debt service (in percent of exports of goods and nonfactor services)	8.2	9.0	6.8	7.0	8.0
Change in real effective exchange rate (in percent) ⁵	0.4	-4.2	2.7	3.6	0.0
Financial variables					
	<i>(In percent of GDP)²</i>				
Total revenues and grants	20.0	17.6	20.2	20.4	20.5
Total expenditures and net lending	23.7	25.0	27.8	24.4	24.6
Overall fiscal balance ⁶	-3.7	-7.3	-7.6	-4.0	-4.1
Excluding exceptional factors ⁶	...	-6.2	-5.4	-3.9	-5.4
Change in broad money (in percent)	11.8	15.9	8.8	17.4	13.4
Interest rate (in percent) ⁷	11.0	13.0	12.5	10.0	11.5

Sources: Mauritian 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 1998/99 are for July to December 1998. A negative sign signifies a depreciation.

⁶ Including grants.

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

¹ 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, summarizes 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.

August 18, 1999

VI. REGIONAL COOPERATION

The 1990's were marked by the globalisation of economic activities. Greater interdependence among countries started with the formation of regional economic groups in the 1970's and the 1980's. Around the globe regional groupings flourished as countries joined together in order to have access to goods and capital markets and not be marginalised. In Africa, we have the Organisation of African Unity/African Economic Community, the Economic and Customs Union of Central African States, the Economic Community of the West African States, the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC). In the Indian Ocean, there are the Indian Ocean Commission and the Indian Ocean Rim Association for Regional Cooperation.

Both integration and the benefits to be derived from it take a lot of time. In spite of the efforts made by these regional organisations, the share of sub-Saharan Africa in world trade is still negligible. There is a general feeling that things are not moving fast enough and various reasons have been put forward to explain this: conflicting regional groups with overlapping projects; the need to have authority from the ruling government before taking initiatives and adopting projects; open conflicts in many countries; and, the reluctance to take trade liberalisation and facilitation measures.

In adopting the work programme of these organisations, governments, enterprises and workers are very often affected. Special mechanisms have to be put in place to help enterprises and workers cope with these problems. Governments stand to lose a lot of revenue through their commitment to trade liberalisation and facilitation at the regional and international levels. Within the Cross-Border Initiative, the co-sponsors, namely the European Commission, World Bank, African Development Bank and the IMF, have agreed to bear the transitory costs of regional integration.

One criticism levelled at regional organisations is the lack of dialogue and communications between them. This can cause a duplication of activities and even contradictions in

terms of commitments taken at the level of the various organisations. In April 1999, a meeting was organised between COMESA and Finance and Investment Sector Coordinating Unit (FISCU) officials and each party was briefed on the activities of the other.

SADC

The SADC was officially established in August 1992 in Windhoek, Namibia. Mauritius joined the SADC in August 1995. Today, SADC regroups 14 member states, namely Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

The key sectors in SADC are: Trade and industry; Food, agriculture and natural resources; Energy; Transport and communications; Human resources development; Mining; Tourism; Culture and information; Finance and investment; Water; Employment and labour. Each member state of SADC is allocated a sector to coordinate. Mauritius is the coordinating country for Tourism.

Mauritius hosted the meeting of the SADC Heads of States in September 1998. The summit was to a large extent dominated by debates on the conflict in the Democratic Republic of Congo. There was also the signature of the Tourism protocol by the 14 member states.

The member states have decided, at a workshop held in Gaborone, Botswana, in April 1999, to create an Association of the Chamber of Commerce of the SADC countries. Among the objectives of the Association are the promotion of trade and investment within the SADC region, the coordination of views of the various private sector organisations of SADC, the development of various ways to communicate and collaborate with other institutions like the SADC Secretariat and the promotion of a competitive manufacturing sector at the level of individual member state. Mauritius has been given the presidency of the Association for the next two years and she will also act as secretariat to the Association. As a first step, the Association will seek to obtain the official approval of the political instances of SADC and to sign a Memorandum of Understanding with the SADC Secretariat that will define avenues of cooperation.

Trade between Mauritius and SADC countries registered a drop in 1998. From Rs5,920 million in 1997, our imports from SADC countries dropped to Rs5,630 million and our exports to SADC countries also registered a fall, dropping from Rs550 million to Rs483 million. The bulk of the transactions related to trade with South Africa, which accounted for 93 per cent of our imports and 39 per cent of our exports.

In January 1995, the Council of Ministers decided to create the Finance and Investment Sector and to allocate it to South Africa. The sector comprises two Committees: the Committee of Central Bank Governors, which attends to monetary policy and financial issues and the Committee of Treasury Officials, which attends to fiscal policy issues. Both Committees report separately to the Committee of Ministers of Finance. The South African Reserve Bank coordinates the activities of the Committee of Central Bank Governors and FISCU coordinates the work of the two committees. The inaugural meeting of the Committee of Governors was held on 24 November 1995.

One of the most important items on FISCU's agenda is the SADC Finance and Investment Protocol. Following the three comprehensive studies commissioned by FISCU on investment, development finance and macroeconomic issues, a first draft of the new protocol was expected to be tabled at the Meeting of the Committee of Finance Ministers in July 1999. However, because of internal problems within FISCU, this has been delayed. It is hoped that with the appointment of a new Director and Deputy-Director, things will be moving much faster.

Attracting investment flows to the SADC region is one of the major objectives of the sector. To achieve this, a sound financial accountability framework and adherence to international auditing and accounting standards are essential. Since 1997, the sector has been working on this issue, focussing on five main areas, namely accounting, auditing and government accountability, business law, education and training, and internal audit in the public sector. A study examining the feasibility of the programme has been completed. The main aspects of the study relate, *inter alia*, to the creation of a regional body that will be responsible for the governance of the accounting and auditing profession throughout the SADC region, the effectiveness and independence of Auditors-

General in the region and the harmonisation of commercial law in SADC. All the recommendations and the way forward will be discussed at a forthcoming workshop.

The last meeting of the Committee of Central Bank Governors was held in Swaziland on 9 April 1999. It was attended by Governors of thirteen of the fourteen member central banks as well as representatives from the Finance and Investment Sector Co-ordinating Unit (FISCU), the SADC Secretariat, the SADC Banking Association and the Committee of Stock Exchanges in SADC.

The Committee discussed the impact of the global financial crisis on exchange rate policies in SADC member countries. In addition, views on the effect of the increasing volatility in international capital flows on the economies of SADC member states in the face of financial liberalisation, were exchanged. Each central bank gave a review of its status regarding Year 2000 readiness and progress made in establishing National Year 2000 committees in their respective countries. Several workshops aimed at capacity building, addressing the Year 2000 problem and enhancing awareness of emerging technologies and new business practices, are scheduled in the months ahead.

The meeting also reviewed progress made with existing projects and initiatives, including the development and automation of the statistical database, payments, clearing and settlement systems, the training of central bank officials and the legal and operational frameworks of SADC central banks. In addition, progress on the latest projects and initiatives, namely, the role of SADC central banks in the operations and development of money markets and interaction in the area of central bank protective services in the region, was also reviewed.

Autonomous SADC substructures such as the Committee of Stock Exchanges and the Banking Association, which liaise with and report to the SADC Ministers of Finance through the Committee of SADC Central Bank Governors, submitted progress reports in their respective areas. Efforts taken by these structures to foster and promote regional cooperation were noted. A progress report outlining the activities of East and Southern Africa Banking Supervisors Group (ESAF) was also submitted. The Committee of Governors further noted progress with the drafting of the Finance and Investment Sector Protocol for the SADC region.

The Committee of Governors paid tribute to Dr Stals, who retired in August 1999, for his contribution to the establishment of the Committee of Central Bank Governors in the Finance and Investment Sector of SADC. As Chairman of the Committee since its inception in 1995, he has been a major driving force for closer cooperation in the SADC region.

The Committee's next meeting will be held in South Africa from 13 to 15 October 1999.

COMESA

The Common Market for Eastern and Southern Africa (COMESA) was established in December 1994 to replace the Preferential Trade Area for Eastern and Southern African States (PTA), which had been in existence since 1981. All countries in Eastern and Southern Africa are eligible to become members of COMESA. Currently, there are 21 member states with a population of over 385 million and an annual import bill of US\$32 billion. COMESA states have undertaken to remove all internal trade tariffs and barriers by the year 2000 and to introduce by the year 2004 a common external tariff structure for trade with third parties. Many SADC countries are members of the COMESA.

As part of this process, there is the Monetary Harmonisation Programme, which started in 1991 and is planned to be implemented in four phases. Most countries have made a lot of progress in the first phase, which consists in removing all restrictions on imports from all COMESA countries. In addition, they have to adopt flexible exchange rates. The second stage consists in achieving limited currency convertibility and completing macroeconomic convergence. In the third phase, there will be an exchange rate union that will allow currencies of member countries to fluctuate within a given margin and also a common monetary authority. In the final stage, a common currency will be introduced.

One of the major developments within COMESA was the restructuring of the COMESA Clearing House. Based in Harare, it was set up in the 1980's by the Preferential Trade Area. The value of transactions settled through the COMESA Clearing House has fallen drastically since the beginning of the 1990's. With the liberalisation of current account transactions and the gradual

removal of exchange controls in almost all the countries of the region, the Clearing House could no longer carry out its main objective, namely to facilitate the settlement of payments for intra-regional transactions in goods and services. Its closure appeared inevitable, unless it was given new responsibilities. It was in that perspective that Governors of central banks of COMESA decided in Maputo, Mozambique in 1996, that the COMESA Clearing House should engage in new activities and provide new services that would help to promote regional integration. In addition, it should be open to all countries of the region and also to the private sector, with direct involvement of commercial banks and other key market players.

The Clearing House was renamed the Regional Export Services Agency (RESA). Its secretariat carried out a Needs Assessment Survey of the Banking and Business Sectors in June 1998. Based on that survey, the Secretariat will provide the following triad of services:

- a Regional Trade Facilitation Project (formerly Africa Guarantee Facility) in order to mitigate the political risk associated with trade for terms of up to 3 years, thereby facilitating the availability of trade finance and reducing trade costs
- a Fast Payment Facility in order to provide certainty and quickness of payment to exporters while doing away with the need for outside confirmation
- a SWIFT Regional Service Centre in order to ensure secure and instantaneous credit.

RESA will be set up with US\$200 million loan capital, sourced from the World Bank in the form of IDA credits to interested Governments. These funds would be complemented by share capital of US\$20 million in Government contributions and US\$20 million of private capital. The Regional Trade Facilitation Project will be set up in order to cover political risk whenever an economic agent such as Afrexim and the PTA Bank is willing to cover the commercial risk. In addition, discussions have been held with the Society for Worldwide Interbank Financial Telecommunication (Swift) in Brussels with a view to making the Clearing House a Regional Service Centre for Swift.

Total trade with COMESA countries registered an increase, going up from Rs3.0 billion in 1997 to Rs3.6 billion in 1998.

IOR-ARC

The Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) is an association open to all sovereign states of the Indian Ocean Rim. The first Ministerial Meeting of the IOR-ARC was held in Mauritius from 5 to 7 March, 1997. Currently, there are 14 countries which are members of the IOR-ARC, namely Australia, India, Indonesia, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Singapore, South Africa, Sri Lanka, Tanzania and Yemen. In addition, at the last Ministerial Meeting held in Maputo, Mozambique, the membership of five other countries has been officially approved. They are Bangladesh, Iran, Seychelles, Thailand and the United Arab Emirates. Pakistan would adhere to the Association once it signed the non-discriminatory treaty on education and trade. The request made by Egypt and Japan to have a status of dialogue partners has also been approved.

In the first phase of the project, the aim was simply to launch the organisation and decide on its structures. Member countries will now expect the second phase to be more ambitious and will want to see concrete achievements and significant benefits starting to accrue. One of the first challenges will be to help member states to adjust to globalisation and to the more liberalised trade regime as advocated by the WTO and the phasing out of the Multi-Fibre Agreement and the Sugar Protocol.

Africa Bill

On 16 July 1999, the US House of Representatives passed the Africa Bill by a vote of 234-163. The Bill would authorise quota-free and duty-free imports of textile and apparel products from sub-Saharan Africa. Import taxes of 15-25 per cent are now imposed on Africa-made textiles. It is now expected that the Bill will move to the Senate around mid-September 1999. However, the Senate version will differ from that of the House of Representatives: on textile, it would require that African countries use American raw materials when manufacturing textile exports for the American market. The powerful American Textile Manufacturers' Institute fears that the Bill would allow cheap textile products from South East Asian countries to enter the American market or would encourage entrepreneurs from these countries to set up units in Africa for the assembly of pre-cut fabric into textile products for export to the US.

Although it is believed that the approval by Senate would constitute a major step in the enactment of the Africa Bill into law, the House of Representatives and Senate members will still have to meet in order to decide on whether all quotas and taxes will be removed. Only then will they finalise the Bill. It is this final version that will be presented to the US President for his signature. In view of the phasing out of the Multi-Fibre Agreement by the year 2005, the rejection of the Bill would be a major set back for Mauritian textile products as this would entail competing with countries like China, India, Pakistan and Bangladesh.

VII. INTERNATIONAL ECONOMIC DEVELOPMENTS

After the slowdown of world growth from 4.2 per cent in 1997 to 2.5 per cent in 1998, the forecast for 1999 has been revised down to 2.3 per cent. Developments in the world economy in the year 1998 indicated that the Asian crisis intensified and lingered on until October 1998. The crisis in Russia in mid-August 1998, coming in the wake of the Asian crisis, led to a drying up of private financial flows to emerging markets and there were fears that the economic slowdown would continue to deepen and widen in 1999. However, the easing of monetary conditions in industrial countries, together with other policy actions since early October 1998, helped to contain the crisis in financial markets. The crisis in Brazil that led to the devaluation of the Brazilian real in mid-January 1999 had limited contagious effects. Nevertheless, these bouts of instability clouded the prospects for an early pickup in financial flows and in world growth in 1999. The overall impression in mid-1999 was that financial markets in Asia had stabilised and that the deep recession seen in many Asian economies had bottomed out. Conditions in mature financial markets have also improved following the timely policy response to the threat of a credit crunch that came in the wake of the Russian crisis. A significant factor underpinning the improvement in prospects over the past year or so was the continuing strength of the U.S. economy. Subdued inflation, which allowed interest rates to remain at low levels, was instrumental in the maintenance of the strong growth momentum. Inflation in Europe also remained low, and this may be to some extent attributable to the introduction of the Euro and the lowering of interest rates in most countries. Of the major industrial countries, only Japan failed to advance during 1998.

Growth of output in the major industrial countries, on average, declined from 3.0 per cent in 1997 to 2.2 per cent in 1998. It is expected to decline further to 1.9 per cent in 1999. Growth of output in the U.S., sustained by strong growth in domestic demand, which was in turn fuelled by robust gains in employment and wages, low interest rates and the sizeable additions to household wealth associated with the buoyancy of the stock market, matched its 1997 pace of 3.9 per

cent. Inflationary pressure and other, potentially unsustainable, imbalances in the economy are likely to dampen growth to a projected 3.3 per cent in 1999. In the European Union (EU), the achievements in reducing fiscal imbalances, inflation and nominal interest rates contrast sharply with the generally poor growth performance and persistently high unemployment in much of continental Europe. Growth of output in the EU countries, on average, rose from 2.7 per cent in 1997 to 2.8 per cent in 1998 but is projected to fall to 1.8 per cent in 1999. Although growth in the euro area somewhat strengthened in 1998, it had shown signs of weakening anew in the first half of 1999 as the external environment deteriorated in the wake of the crisis in emerging market economies. After increasing from 2.5 per cent in 1997 to 2.9 per cent in 1998, growth in the countries of the euro zone would average around 2 per cent in 1999. In the U.K., following several years of expansion at above-potential rates, growth slowed markedly during 1998, falling to 2.1 per cent from 3.5 per cent in 1997, and is expected to weaken further to 0.7 per cent in 1999. The slowdown stemmed from the tightening of monetary conditions between late 1996 and early 1998 and the substantial appreciation of the Pound sterling, the impact of fiscal consolidation undertaken in recent years, and the deceleration of global growth. The weakening of net exports, apparent since mid-1997, has been accompanied in 1999 by a marked slowdown of domestic demand. Japan was among the first countries to feel the adverse trade impact from the crisis in emerging Asian economies. Moreover, with private demand responding only little to expansionary fiscal and monetary policies, the recession, which had started in early 1997, deepened. Japan's real GDP growth fell from 1.4 per cent in 1997 to -2.8 per cent in 1998 and is expected to be -1.4 per cent in 1999. Growth of output in other advanced economies declined from 4.5 per cent in 1997 to 1.1 per cent in 1998, but is expected to pick up to 2.3 per cent in 1999.

In the developing economies, as a group, growth of output fell from 5.7 per cent in 1997 to 3.3 per cent in 1998 and is expected to fall further to 3.1 per cent in 1999. African economies, on average, registered an increase in their growth from 3.1 per cent in 1997 to 3.4 per cent in 1998 and are expected to grow at a slightly lower rate of 3.2 per cent in 1999 due to the sluggish global

growth picture and weak commodity prices. While Africa has escaped the worst of the recent financial contagion because it has not yet fully integrated into the global economy, it has also reaped few of the benefits of globalisation, such as the chance to quicken the pace of investment, job creation, and growth. After the deep output contractions in Asia's crisis-afflicted countries, activity has turned around in Korea and bottomed out in Malaysia and Thailand. Moreover, the rest of Asia seems to be recovering in 1999. Financial stabilisation, with strengthening exchange rates allowing monetary policies to be relaxed further, together with supportive fiscal policies and improvements in confidence, domestically and abroad, stepped up the progress toward economic recovery. Most countries in Latin America experienced sharp economic slowdown during the second half of 1998 as a result of the decline in private capital inflows and the weakening of the prices of commodity exports. Growth in the Western Hemisphere countries fell from 5.2 per cent in 1997 to 2.3 per cent in 1998, and output is projected to decline by 0.5 per cent in 1999.

After a growth rate of 2.2 per cent in 1997, transition economies, as a group, registered a contraction of 0.2 per cent in 1998, and output in 1999 is expected to deteriorate further by 0.9 per cent. In contrast to the success of most other transition economies in escaping from the emerging market turmoil, the Russian economy plunged into deep crisis following the collapse of its foreign exchange and financial markets in the wake of the devaluation of the rouble and the unilateral restructuring of its domestic debt in August 1998. Russia's GDP growth fell from 0.8 per cent in 1997 to -4.8 per cent in 1998 and is likely to deteriorate further to -7.0 per cent in 1999. Developments in Russia, nevertheless, have had significant adverse effects on near-term growth prospects and balance of payments positions in a number of the neighbouring countries in transition.

The year 1998 has been marked by a sustained fall in world inflation. Inflation in advanced economies, as measured by consumer prices, dropped to 1.6 per cent in 1998 from 2.1 per cent in 1997 and is likely to fall further to 1.4 per cent in 1999. Inflation in the U.S. fell from 2.3 per cent in 1997 to 1.6 per cent in 1998. The U.S. Federal Reserve cut rates thrice in late 1998, from 5.5 per cent to 4.75 per cent, in response to the deepening international financial crisis. At the end

of June 1999, it raised rates to 5.0 per cent as a preemptive measure against inflation. In the U.K., the inflation rate fell from 2.8 per cent in 1997 to 2.7 per cent in 1998 and is expected to remain steady in 1999. With inflation close to its target of 2.5 per cent and with continued weak growth prospects, the Bank of England has lowered short-term interest rates since October 1998, from 7.5 per cent to 5.0 per cent in June 1999. Monetary conditions were also eased by a moderate depreciation of the Pound sterling since early 1998. Inflation in the euro zone declined from 1.7 per cent in 1997 to 1.3 per cent in 1998 and is expected to go down further to 1.0 per cent in 1999. The European Central Bank (ECB) set its repo rate at 3.0 per cent in December 1998. But with inflation in the euro area below the middle of the target range and short-term growth prospects remaining weak, the ECB lowered the repo rate by an additional 50 basis points in early April 1999 to 2.5 per cent. Inflation in Germany fell from 1.8 per cent in 1997 to 0.9 per cent in 1998 and is expected to fall to 0.6 per cent in 1999. France also registered a decrease in its inflation rate from 1.2 per cent in 1997 to 0.7 per cent in 1998 and expects a further fall to 0.5 per cent in 1999. In other advanced economies, on average, inflation rose marginally from 2.6 per cent in 1997 to 2.7 per cent in 1998, but is expected to fall to 1.3 per cent in 1999. In the developing countries as a whole, the rate of inflation increased slightly from 9.4 per cent in 1997 to 10.4 per cent in 1998 but is expected to fall to 8.8 per cent in 1999.

Between end-June 1998 and end-June 1999, on the international foreign exchange market, the U.S. dollar appreciated against most other major international currencies, reflecting the relative buoyancy of the U.S. economy and the associated wide interest rate differentials in favour of dollar-denominated assets. During August and September 1998, however, considerable uncertainty in U.S. financial markets, triggered by the financial market crisis in Russia, led to a depreciation of the U.S. currency. Between end-June 1998 and end-June 1999, the yen appreciated by 14.0 per cent against the U.S. dollar. After weakening in July and August 1998, amid growing awareness of the severity of the Japanese recession and uncertainty over government policies, the yen strengthened against the dollar from September 1998 to January 1999, supported by the announcement by the Japanese authorities of new initiatives in the banking sector.

Thereafter, yen-selling intervention by the Bank of Japan coupled with comments by Japanese officials helped to stabilise the yen. The Pound sterling was generally firm against the dollar in the second half of 1998, with, however, some fluctuations. The weakening of growth and easing of monetary policy in the U.K. contributed to a depreciation of the Pound sterling against the U.S. dollar in the first half of 1999. At the end of June 1999, the Pound sterling fell to US\$1.5744, its lowest level against the dollar since September 1997.

The Euro made its debut on the international foreign exchange market on 4 January 1999, replacing its precursor, the ECU, on a one-to-one basis. The eleven member states of the euro zone irrevocably fixed their currencies to the Euro. Table VII.1 shows the irrevocably fixed conversion rates between the Euro and the currencies of the eleven participating countries.

Table VII.1: Fixed Euro Conversion Rates

1 EURO = BEF	40.3399	(Belgian francs)
DEM	1.95583	(Deutsche marks)
ESP	166.386	(Spanish pesetas)
FRF	6.55957	(French francs)
IEP	0.787564	(Irish pound)
ITL	1936.27	(Italian lire)
LUF	40.3399	(Luxembourg francs)
NLG	2.20371	(Netherlands guilders)
ATS	13.7603	(Austrian schillings)
PTE	200.482	(Portuguese escudos)
FIM	5.94573	(Finnish markkaa)

After the initial bullish sentiment toward the Euro, the single currency lost ground rapidly due to poor growth prospects in the euro zone and the relative strength of the U.S. economy. The apparent lack of concern of European Central Bank officials over the Euro's decline also weighed on the latter.

World trade in goods and services registered a decline in its growth, from 9.9 per cent in 1997 to 3.3 per cent in 1998. Growth in world trade is expected to pick up slightly to 3.8 per cent in 1999. Advanced economies witnessed a slowdown in the expansion of their volume of exports from 10.3 per cent in 1997 to 3.2 per cent in 1998 and expect a further deceleration to 2.8 per cent in 1999.

Developing economies were the most hardly hit, with the expansion of their exports slowing down from 11.4 per cent in 1997 to 2.2 per cent in 1998, but their exports are likely to pick up by 4.6 per cent in 1999.

In most of the major industrial countries, current account imbalances have widened significantly in 1998. In the U.S., the current account deficit widened from 1.9 per cent of GDP in 1997 to 2.7 per cent of GDP in 1998 and is projected to reach 3.5 per cent of GDP in 1999, mainly due to the upward revision of domestic growth. The global current account projections for 1999 show that the U.S. is expected to absorb most of the counterpart to the improvement in Latin America's current account position, having already absorbed most of the counterpart to the swing into surplus of the Asia's crisis-afflicted countries in 1997-98. The U.K. registered a deficit of 0.8 per cent of GDP in its current account in 1998, down from a surplus of 0.6 per cent of GDP in 1997 due to the strengthening of the Pound sterling and weakening exports. The deficit is expected to widen to 1.2 per cent of GDP in 1999. In contrast, Japan's current account showed a surplus of 3.2 per cent of GDP in 1998, up from 2.2 per cent of GDP in 1997. The surplus is projected to rise to 3.6 per cent of GDP in 1999. As for the euro area, the current account deficit decreased from 1.7 per cent of GDP in 1997 to 1.4 per cent of GDP in 1998. In 1999, the surplus is likely to rise to 1.5 per cent of GDP, with exports benefiting from Euro's weakness against the dollar. Although Argentina and Brazil both registered an increase in their current account deficit in 1998, they are both expecting an improvement in 1999 as a result of fiscal consolidation. Indonesia, Malaysia and Thailand registered a major improvement in their current account in 1998, from -3.0 per cent of GDP in 1997 to 3.4 per cent of GDP in 1998; from -5.1 per cent of GDP in 1997 to 15.7 per cent of GDP in 1998; from -1.9 per cent of GDP in 1997 to 12.2 per cent of GDP in 1998, respectively.

Net private capital flows to emerging market economies declined from US\$149.1 billion in 1997 to US\$64.3 billion in 1998 and is expected to rise slightly to US\$66.7 billion in 1999. Flows to crisis countries like Korea, Malaysia, Philippines and Thailand as well as Western Hemisphere countries, such as Brazil and Argentina, and countries in transition falling to their lowest levels in 1998. Before the Brazilian crisis, international fund-

raising by emerging market economies fell to low levels in the wake of the Asian and Russian crises. Thus, in the fourth quarter of 1998, gross private financial flows to emerging market economies fell to a level, equivalent to about one third of the peak reached in the second quarter of 1997. Market access in the fourth quarter of 1998 was mainly confined to borrowers from central and eastern Europe and Latin America that continued to enjoy high credit ratings although there was also some borrowing by highly rated economies in east Asia. In 1999, net capital flows is likely to improve in Asian countries and countries in transition as well as in Western Hemisphere countries.

Under the Eleventh General Review of quotas, the total quotas of IMF members have been increased from SDR145.6 billion to SDR212.0 billion. Members had until 30 July 1999 to consent to their individual increases. The quota for Mauritius has increased from SDR73.3 million to SDR101.6 million.

Despite new initiatives to reduce developing countries debt burden, the external debt of developing countries' continued to rise from US\$1,812.9 billion in 1997 to US\$1,922.0 billion in 1998. In 1999, the level of external debt is likely to increase to US\$1,942.3 billion. The ratio of debt to export earnings of developing countries rose from 144.8 per cent in 1997 to 160.9 per cent in 1998 but the ratio is expected to decline slightly to 158.1 per cent in 1999.

2 Regulation and Supervision of Banks

The Bank carries out the regulation and supervision of banks and deposit-taking activity of non-bank financial institutions under the provisions of the Banking Act 1988 and the Bank of Mauritius Act. It also regulates and supervises operations of money-changers and foreign exchange dealers in accordance with the provisions of the Foreign Exchange Dealers Act 1995.

Supervisory activity is entrusted to the Supervision Department of the Bank which is responsible for:

- the processing of applications for banking licences as well as authorisations for non-bank deposit-taking activity, money-changers and foreign exchange dealers;
- issuing prudential regulations to be observed by authorised institutions; and
- carrying out on-site and off-site surveillance of such institutions.

The Bank's supervisory activity is guided primarily by considerations of the safe and sound operation of activities of institutions falling within its supervisory oversight and the protection of depositors' interests in those institutions.

Ten domestic banks and ten offshore banks currently operate in the financial sector of Mauritius. No new domestic bank was licensed during the year 1998/99. In the offshore sector, the Deutsche Bank (Mauritius) Limited was licensed as the tenth offshore bank in operation in Mauritius.

Other than banks, seven non-bank financial institutions are authorised to carry out deposit-taking activity in Mauritius. The MUA Leasing Company Ltd was the seventh such company to be authorised to undertake deposit-taking activities during the year under review under section 13A(2) of the Banking Act 1988.

During the year ended 30 June 1999, one additional money-changer and two foreign exchange dealers were authorised to carry on business in Mauritius. As a result, three money-

changers and two foreign exchange dealers were in operation as at 30 June 1999.

A list of banks, non-bank deposit-taking institutions, money-changers and foreign exchange dealers is shown in Appendix VI.

Domestic Banking Sector

Banking Activity

Domestic banks in Mauritius recorded significant growth in their operations in the year ended 30 June 1999.

Total assets of domestic banks expanded by 16.0 per cent to Rs96,514 million as at 30 June 1999 in line with the growth of 17.0 per cent recorded in the preceding year. For individual banks, the growth in assets ranged between 4.0 per cent and 29.1 per cent. Off-balance sheet assets, consisting of acceptances, documentary credits and guarantees, also experienced growth during the year, albeit at a lower pace of 8.1 per cent. Such assets amounted to Rs13,414 million at the end of June 1999.

Banks increased their foreign currency operations during the year. Foreign currency assets of domestic banks increased from Rs11,089 million as at 30 June 1998 to Rs14,855 million as at 30 June 1999. Banks' foreign currency assets represented 15.4 per cent of their total assets at the end of June 1999 as compared to 13.3 per cent at the end of June 1998.

Shareholders'/Head Office Funds went up by 13.7 per cent to Rs8,562 million at the end of June 1999, representing 8.9 per cent of total funds of domestic banks. Part of the higher capital was accounted for by the injection of core capital by banks in January 1999.

Total advances, including debenture financing, grew at a significant pace, rising by 20.0 per cent to Rs60,790 million as at end-June 1999 and represented 63.0 per cent of total domestic bank assets as compared to 61.0 per cent as at end-June 1998.

Deposits, which grew at a lower pace than advances, increased by 13.7 per cent to Rs75,811 million at the end of June 1999. In the previous year, deposits had gone up by 17.5 per cent. Deposits accounted for 78.5 per cent of banks' total funds at the end of June 1999 as compared to 80.1 per cent at the end of June 1998.

The effects of the reduction of the non-cash liquid assets ratio from 20 per cent to zero per cent in July 1997 continued in the year under review. Investment by banks in Government securities declined from Rs15,203 million at the end of June 1998 to Rs11,842 million at the end of June 1999. As a proportion of total domestic bank assets, such investments dropped from 18.3 per cent as at 30 June 1998 to 12.3 per cent as at 30 June 1999.

Institutional Developments

In line with international developments in banking, banks in Mauritius are adopting ways of improving services to their customers.

Several domestic banks are operating on-line, real time links with their branches. One bank introduced an internet-based banking service for its customers during the year under review.

The use of electronic banking and plastic money continued to expand. As at 30 June 1999, there were 196 Automated Teller Machines (ATMs) in operation. In June 1999, over 1.2 million transactions amounting to Rs1.8 billion were executed through the use of credit cards, debit cards and other similar instruments. Some banks have established a system of on-line sharing of their ATM facilities with other banks.

Several banks have diversified their activities into other business areas. They have subsidiaries or significant interests in leasing, stock brokerage and fund management. Some banks have established international presence through subsidiary or branch operations in other countries.

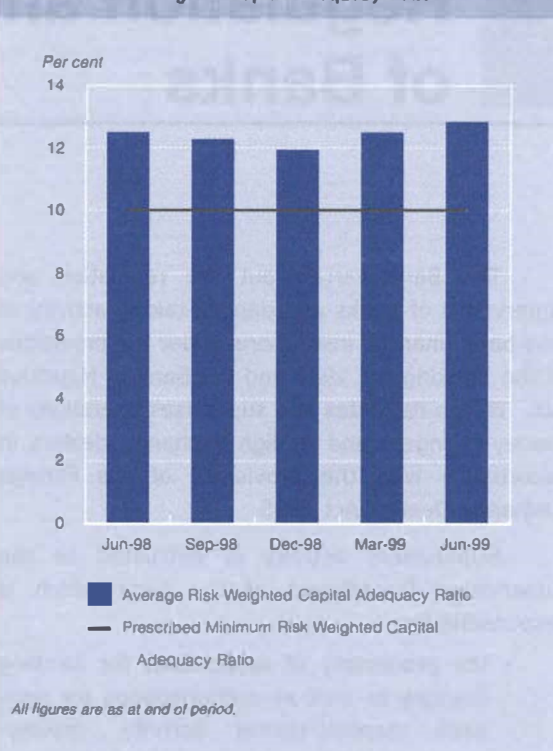
Legislative and Regulatory Changes

Several legislative and regulatory changes were effected during the year to enhance the operational efficiency of banks.

Legislative Changes

Section 2 of the Banking Act 1988 was amended to redefine "offshore banking":

Chart 2.1: Risk Weighted Capital Adequacy Ratio



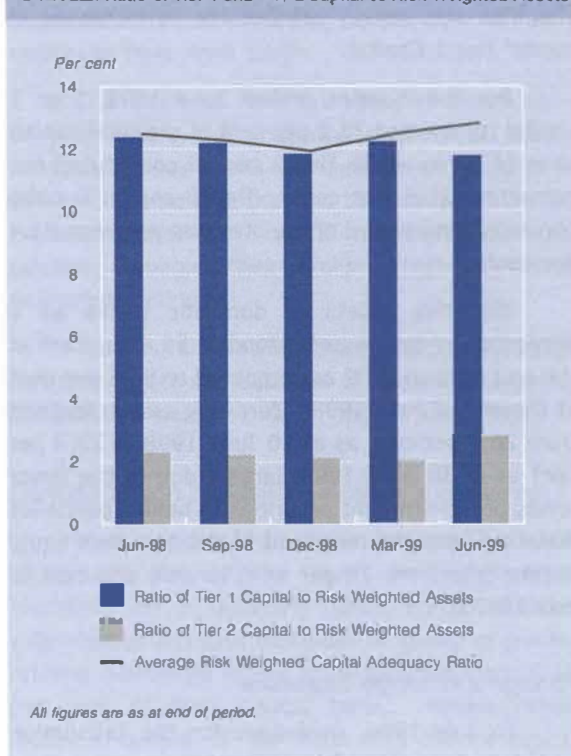
"Offshore banking" means banking business or investment banking business conducted in currencies other than the Mauritian rupee except to the extent permitted by the central bank for trading on the foreign exchange market of Mauritius and investment in money market instruments.

Section 26(2) of the Mauritius Offshore Business Activities Act 1992 was amended to enable an offshore company to open and maintain with a domestic bank an account in foreign currencies with the approval of the Bank of Mauritius.

Several legislative initiatives are currently under way to update and modernise the legal framework governing financial institutions with a view to enhancing the safety and soundness of their operations and protecting the interests of depositors. These comprise:

- Revisions to the existing Banking Act 1988 and the Bank of Mauritius Act.
- Preparation of Anti-Money Laundering and Economic Crime Bill which will be introduced in the National Assembly.
- New legislative provisions for the regulation and supervision of non-bank financial institutions.

Chart 2.2: Ratio of Tier 1 and Tier 2 Capital to Risk Weighted Assets



Regulatory Changes

The Banking Act 1988 was amended by the Finance Act 1997/98 to increase the minimum assigned capital/paid-up capital maintained by domestic banks to Rs100 million effective 1 January 1999. Also, the minimum capital for offshore banks was raised to US\$4.5 million or the equivalent in any freely convertible currency. In compliance with these requirements, all banks have met the threshold effective 1 January 1999.

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

Five prudential guidelines governing the operations of commercial banks are currently in effect as follows:

- (i) Guidelines on Limitation on Concentration of Risk;
- (ii) Guidelines on Risk Weighted Capital Adequacy Ratio;
- (iii) Guidelines on Income Recognition and Classification of Loans and Advances for Provisioning Purposes;
- (iv) Guidelines on General Principles for Maintenance of Accounting and other Records and Internal Control Systems; and
- (v) Guidelines for the Calculation and Reporting of Foreign Exchange Exposures of Banks.

Initiatives are under way to revise some of these guidelines. A new guideline on liquidity management is currently under preparation.

The Basel Committee on Banking Supervision of the Bank for International Settlements (BIS) has recently released a consultative paper for revision of the existing Capital Accord. The Bank of Mauritius has invited all commercial banks to comment on the consultative paper.

The Bank of Mauritius has endorsed the set of 25 core principles for effective banking supervision as set out by the Basel Committee on Banking Supervision. These core principles are summarised in Box 3.

Bank Performance

Bank performance is reviewed with respect to the following five elements:

- Risk Weighted Capital Adequacy Ratio;
- Foreign Exchange Exposure;
- Concentration of Risk and Large Exposures;
- Non-performing Advances; and
- Profitability.

Table 2.1: Domestic Banks: Maintenance of Risk Weighted Capital Adequacy Ratio

As at end of period	(Per cent)				
	Jun-98	Sep-98	Dec-98	Mar-99	Jun-99
Range for Domestic Banks	10.5 - 49.3	10.6 - 44.8	10.1 - 56.5	10.5 - 72.2	10.6 - 69.1
Average for Domestic Banks	12.5	12.3	11.9	12.5	12.8

Risk Weighted Capital Adequacy Ratio

The Bank of Mauritius caused the Basel Capital Accord requirements to be implemented by banks effective November 1993. The minimum risk weighted capital adequacy ratio, which was initially set at 8.0 per cent, was raised to 9.0 per cent effective 1 January 1997 and to 10.0 per cent effective 1 July 1997.

The risk weighted capital adequacy ratio of domestic banks, on average, fluctuated marginally during the year and stood at 12.8 per cent as at end-June 1999. The ratio varied widely between individual banks, principally because of the differences in the nature of their operations as well as differences in their operating policies and strategies. The ratio ranged from 10.6 per cent to 69.1 per cent during the quarter ended 30 June 1999.

Table 2.1 shows the risk weighted capital adequacy ratio of domestic banks. Chart 2.1 shows the quarterly positions of banks' risk weighted capital adequacy ratios as at end-June 1998 through end-June 1999. Chart 2.2 shows the ratio of Tier 1 and Tier 2 capital to risk weighted assets over the same period.

Between June 1998 and June 1999, the total capital base of domestic banks increased by 21.6

per cent from Rs7,092 million to Rs8,627 million. This rise was mainly attributable to increases in banks' Tier 1 Capital.

For the quarter ended June 1999, Tier 1 capital constituted 78.2 per cent of the total capital base of banks while Tier 2 capital constituted the remaining 21.8 per cent. Tier 1 capital for the corresponding period of the previous year was 81.4 per cent.

High-risk assets of domestic banks as a proportion of total assets stood at 59.4 per cent at the end of June 1999 as compared to 58.5 per cent at the end of June 1998. Zero-risk assets declined from 26.4 per cent as at 30 June 1998 to 22.3 per cent as at 30 June 1999, largely due to the lower levels of Government securities in banks' portfolios resulting from the reduction of the non-cash liquid assets ratio from 20 per cent to zero per cent in July 1997.

Foreign Exchange Exposure

In July 1996, guidelines for the calculation and daily reporting of foreign exchange exposures were issued to domestic banks with a view to ensuring that their foreign exchange positions are managed in a prudential way. Banks are required

Table 2.2: Maturity Pattern of Foreign Currency Assets and Liabilities

Maturity Period	(Rs million)					
	March 1999			June 1999		
	Assets (1)	Liabilities (2)	Net Assets (1) - (2)	Assets (1)	Liabilities (2)	Net Assets (1) - (2)
Less than 1 Month	7,084.0	9,303.8	(2,219.8)	6,903.1	9,185.7	(2,282.6)
Over 1 Month and up to 3 Months	1,087.7	668.7	419.0	1,759.3	1,099.5	659.8
Over 3 Months and up to 12 Months	1,892.4	578.8	1,313.6	1,781.8	528.4	1,253.4
Over 12 Months	4,417.6	1,577.6	2,840.0	4,254.2	1,506.6	2,747.6
Total	14,481.7	12,128.9	2,352.8	14,698.4	12,320.2	2,378.2

Table 2.3: Domestic Banks: Charge for Bad and Doubtful Debts and Total Advances ¹

	(Rs million)			
	1995/96	1996/97	1997/98	1998/99
Charge for Bad and Doubtful Debts (for the period)	322	267	438	374
Total Advances of Banks (as at end of period)	31,289	34,629	40,698	52,795
Ratio of Charge for Bad and Doubtful Debts to Total Advances (Per cent, for the period)	1.0	0.8	1.1	0.8

¹ Based on combined audited data for financial years ended 30 June, 31 December and 31 March.

to observe a daily overall foreign exchange exposure limit not exceeding 15 per cent of Tier 1 capital as from April 1997.

The Bank of Mauritius also monitors on a monthly basis the maturity pattern of banks' foreign currency assets and liabilities as from March 1998. Data indicate that the banks are not unduly exposed to short-term capital mismatch and are, in general, managing their foreign currency positions in a prudential way.

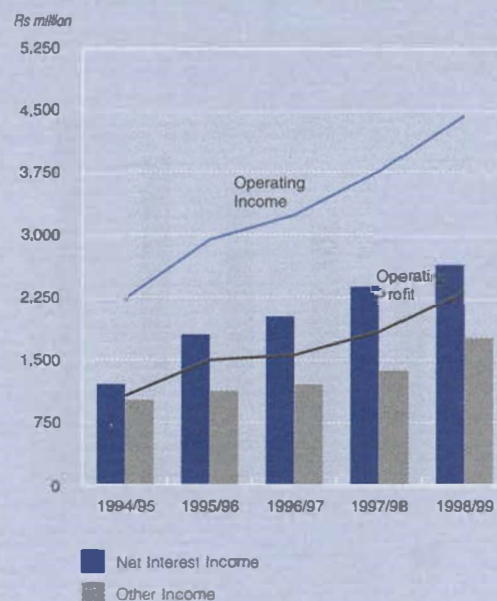
Table 2.2 shows the maturity pattern of foreign currency assets and liabilities of domestic banks for the quarters ended 31 March and 30 June 1999.

Concentration of Risk and Large Exposures

Under section 21 of the Banking Act 1988 banks are required to report to the Bank of Mauritius on a quarterly basis credit facilities extended to any one customer or group of closely related customers where such facilities exceed 15 per cent of their capital base. Where credit facilities exceed 30 per cent of a bank's capital base, the bank is required to inform the Bank of Mauritius prior to the extension of the facility. In case the credit facility is to exceed 50 per cent of its capital base, the bank is required to obtain the prior written permission of the Bank of Mauritius. No aggregate limit has so far been imposed on large exposures taken by individual banks but this prudential measure is currently being envisaged given the increasing exposures taken by individual banks.

Credit concentration in the domestic banking sector continued to be high. As at 30 June 1999,

Chart 2.3: Domestic Banks: Components of Income



All figures are for the period.

total fund and non-fund based facilities, beyond the threshold of 15 per cent of a bank's capital base, totalled Rs23,965 million, representing 32 per cent of the overall on and off-balance sheet commitments of domestic banks. The corresponding ratio in June 1998 was 29 per cent.

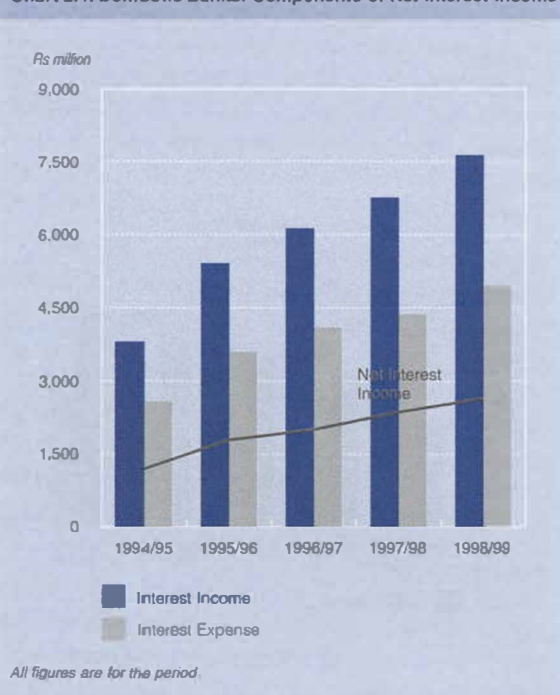
Non-Performing Advances

The Guidelines on Income Recognition and Classification of Loans and Advances for Provisioning Purposes require that banks set aside

Table 2.4: Domestic Banks: Consolidated Profit Performance

	(Rs million)	
	1997/98	1998/99
Interest Income from Advances and Investments	6,757	7,627
Less Interest Expense on Deposits and Borrowings	4,382	4,971
Net Interest Income	2,375	2,656
Add Non-interest Income	1,379	1,767
	3,754	4,423
Less Staff and Other Operating Expenses	1,912	2,096
Operating Profit before Bad and Doubtful Debts and Taxation	1,842	2,327
Less Charge for Bad and Doubtful Debts	438	374
Operating Profit before Taxation	1,404	1,953

Chart 2.4: Domestic Banks: Components of Net Interest Income



specific provisions for advances representing more than a normal risk of loss. This determination is supported by specific minimum criteria based on the number of days the instalments of principal and/or interest are overdue.

The guidelines also require banks to maintain a minimum general provision of not less than one per cent in respect of their performing advances.

In view of the preponderance of credit activity in banking operations in Mauritius, the determination of non-performing loans and provision for bad and doubtful debts is an important tool of risk assessment and risk management for banks.

Domestic banks' non-performing advances increased from Rs2,717 million in 1996/97 to Rs3,496 million in 1997/98 and further to Rs4,774 million in 1998/99. As a percentage of banks' total advances, their non-performing advances went up from 7.8 per cent in 1996/97 to 9.0 per cent in 1998/99.

In the year ended 30 June 1999, provisions (inclusive of general provisions) for bad and doubtful debts amounted to Rs1,834 million as compared to Rs1,760 million in the preceding year. As a proportion of banks' total advances, the amount of outstanding provisions dropped from 3.5 per cent at the end of June 1998 to 3.0 per cent at the end of June 1999.

The charge to the income statement of the banking sector for bad and doubtful debts dropped by 15 per cent from Rs438 million to Rs374 million for the period ended 31 March 1999.

Table 2.3 shows the charge for bad and doubtful debts and total advances of domestic banks for the period 1995/96 through 1998/99.

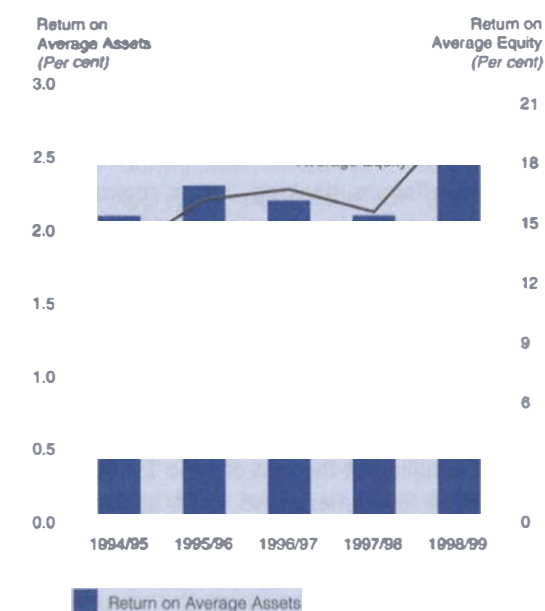
Profitability

The financial year of three domestic banks ends on 30 June, that of one bank on 31 March while the remaining six banks close their accounts on 31 December. Pre-tax profits of domestic banks amounted to Rs1,953 million for 1998/99, up by 39.1 per cent or Rs549 million from those of 1997/98.

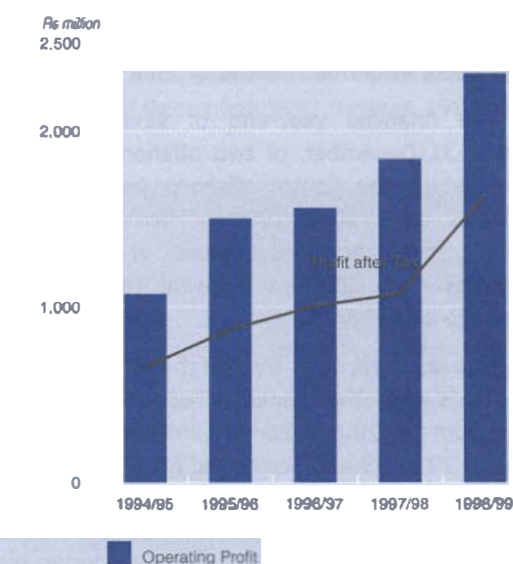
Table 2.4 shows the consolidated profit performance of all domestic banks. Their consolidated profit performance, combining the results for their various financial year-ends, is shown under the caption 1998/99 with comparative data for 1997/98.

Table 2.5: Domestic Banks: Financial Performance

	(Rs million)	
	1997/98	1998/99
Operating Profit	1,842	2,327
Profit after Provision for Bad and Doubtful Debts but before Taxation	1,404	1,953
Profit after Tax	1,076	1,637
Pre-tax Return on Average Assets (Per cent)	2.07	2.45
Pre-tax Return on Average Equity (Per cent)	19.77	24.03
Post-tax Return on Average Equity (Per cent)	15.67	20.15

Chart 2.5: Domestic Banks: Return on Average Equity and on Average Assets

All figures are for the period.

Chart 2.6: Domestic Banks: Consolidated Operating Profit and Profit after Tax

All figures are for the period.

Charts 2.3 and 2.4 depict the components of income and the components of net interest income for domestic banks, respectively, for the period 1994/95 through 1998/99.

The increase in net interest income was a major contributor to the improved profit performance of banks for the period ended 31 March 1999. Interest received on advances and investments net of interest paid on deposits and borrowings amounted to Rs2,656 million for the period ended 31 March 1999 as compared to Rs2,375 million for the period ended 31 March 1998.

The above performance was achieved in spite of the decline in the interest spread from 5.83 per cent in 1997/98 to 4.90 per cent in 1998/99.

Other income, consisting principally of profits from foreign exchange transactions, fee income and income from investments, increased by Rs388 million, or 28.1 per cent, to Rs1,767 million in 1998/99. The main contributors to this increased profitability were a rise in both foreign exchange activity and investments.

Another measure of profitability is the return on average assets of domestic banks. The pre-tax return on average assets for all domestic banks increased from 2.07 per cent in 1997/98 to 2.45 per cent in 1998/99. However, the performance of individual banks was mixed, ranging between 0.52 per cent and 4.25 per cent. Four banks had a pre-tax return of over 2.0 per cent during 1998/99.

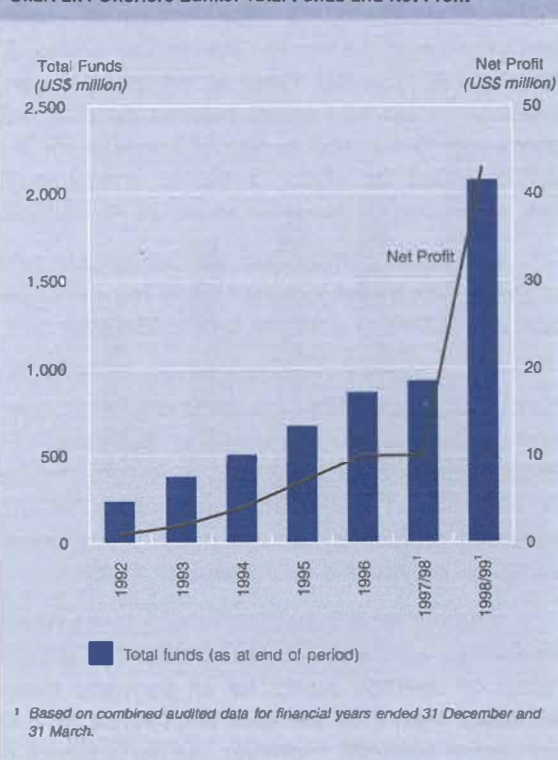
The post-tax return on average equity of domestic banks also improved significantly. In 1998/99, the return was 20.15 per cent as compared to 15.67 per cent in 1997/98. As for individual banks, the post-tax return on average equity in 1998/99 ranged between 4.51 per cent and 26.43 per cent as compared to the range of 5.56 per cent and 31.86 per cent in 1997/98.

Chart 2.5 shows the return on average equity and on average assets for domestic banks for the period 1994/95 through 1998/99. Table 2.5 provides a summary of domestic banks' financial performance in 1997/98 and 1998/99. Chart 2.6 shows the consolidated operating profit and the profit after tax of domestic banks for the period 1994/95 through 1998/99.

Offshore Banking Sector

Offshore banks in Mauritius provide a broad range of services in currencies other than the Mauritian rupee. These services include deposit-taking, foreign exchange dealing, lending, trade

Chart 2.7: Offshore Banks: Total Funds and Net Profit



financing, fund management, offshore trust and securities custodial services. The offshore banking sector was established following the Government strategy to enhance and facilitate the provision of international financial services and to develop Mauritius into a full-fledged international financial centre.

The offshore banking sector maintained its sustained growth in business in 1998/99. Total assets of offshore banks increased by 152 per cent to US\$2,574 million at the end of June 1999, higher than the growth of 28 per cent and 44 per cent recorded in 1996/97 and 1997/98, respectively.

Offshore banks increased their placement of funds with other banks by US\$896 million to US\$1,624 million at the end of June 1999. Lending to non-bank customers also went up by US\$604 million to US\$830 million at the end of June 1999. Their investments almost doubled from US\$59 million to US\$104 million during the same period.

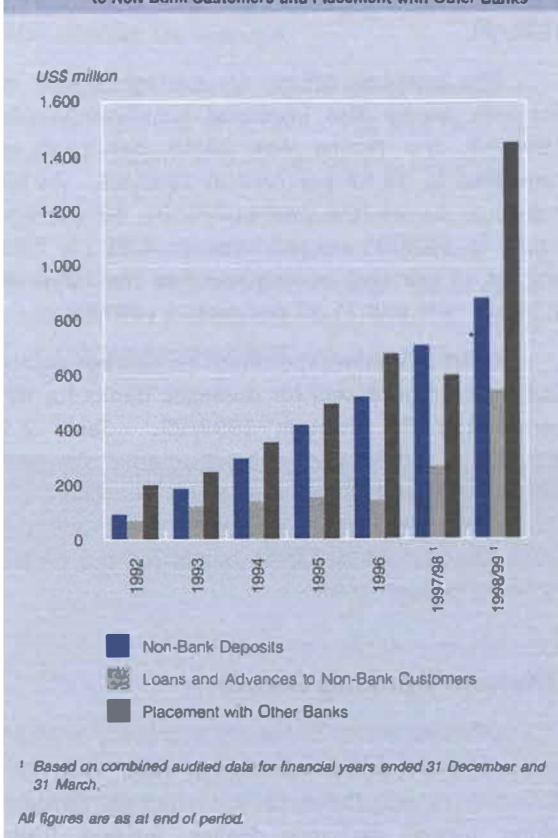
Borrowings from the international money market and deposit-taking from non-bank customers acquired greater significance as sources of funds for offshore banks in 1998/99. Borrowings increased from US\$159 million in 1997/98 to US\$1,068 million in the year under review. Deposits grew by US\$440 million, or 67.6 per cent, to US\$1,091 million at the end of June 1999.

The financial year-end of seven offshore banks is 31 December, of two offshore banks 31 March, while the tenth offshore bank started operations on 1 June 1999. The consolidated position of profit and loss accounts of all offshore banks, involving different financial year-ends, is referred to as 1998/99.

Interest earned by offshore banks on placements with other banks increased by US\$48.6 million from US\$28.6 million in 1997/98 to US\$77.2 million in 1998/99 and accounted for 68.6 per cent of gross income. Interest on loans and advances to non-bank customers increased by US\$12.4 million to US\$24.1 million from US\$11.7 million during the same period. Interest earned on investments in 1998/99 remained approximately the same as in the previous year at US\$2.7 million. Other income, including fees and commission, amounted to US\$8.5 million in 1998/99 and represented 7.6 per cent of gross income.

As a result of heightened money market operations of offshore banks, interest paid on

Chart 2.8: Offshore Banks: Non-Bank Deposits, Loans and Advances to Non-Bank Customers and Placement with Other Banks



money market borrowings increased by US\$14.6 million to US\$22.7 million in 1998/99. Interest paid on deposits of non-bank customers was US\$40.3 million as compared to US\$24.6 million in the previous year.

The nine offshore banks that were in operation during the whole year recorded net profits. Aggregate net profits of the offshore banking sector rose to US\$43.4 million in 1998/99, from US\$10.1 million in the previous year.

The aggregate pre-tax return on average total assets for the offshore banking sector was 3.11 per cent in 1998/99 as compared to 1.39 per cent in 1997/98. For individual banks, such return ranged from 0.56 per cent to 9.02 per cent in 1998/99.

The aggregate return on average equity for the offshore banking sector, however, declined from 10.2 per cent in 1997/98 to 8.0 per cent in 1998/99, primarily because of the additional capital injected by the offshore banks.

Table 2.6 gives the profit performance of offshore banks from 1996 through 1998/99. Chart 2.7 shows the total funds and net profit of offshore banks for the years ended December 1992 through 1998/99. Chart 2.8 depicts non-bank customer deposits, loans and advances to non-bank customers, and placement with other banks for the years ended December 1992 through 1998/99.

Year 2000 Preparations in the Banking Sector of Mauritius

The critical role of basic infrastructure, including IT based systems, for carrying out financial transactions need not be over-emphasised. Recognising the threat posed by the Year 2000 Problem, chiefly in view of sectoral and international interdependencies, the Bank of Mauritius launched as from May 1997 an awareness campaign regarding this problem. The technical and business issues involved were highlighted, calling for an early remediation of the latent problem in banks' systems with a view to guaranteeing operational continuity and maintaining a high level of confidence in the banking system of Mauritius.

The awareness campaign proved to be a success. As from July 1998, the Bank started monitoring implementation programmes of banks on a monthly basis at the level of individual institutions. A standard questionnaire, related to identification, planning, implementation, testing and certification by suppliers of Year 2000 issues, was used for this purpose.

Monthly progress monitoring of individual banks was linked initially to a target date of 31 December 1998 for Year 2000 compliance by the entire banking system. The speed of implementation of the Year 2000 project by

Table 2.6: Offshore Banks: Profit Performance

	(US\$ million)		
	1996	1997/98	1998/99
Interest Income	40.2	43.1	104.0
Less Interest Expense on Deposits and Borrowings	31.2	32.7	63.0
Net Interest Income	9.0	10.4	41.0
Add Non-interest Income	4.6	5.4	8.5
Operating Income	13.6	15.8	49.5
Less Total Operating Costs	3.6	4.2	4.4
<i>Staff Expenses</i>	1.3	1.2	1.5
<i>Other Expenses</i>	2.3	3.0	2.9
Operating Profit	10.0	11.6	45.1
Less Charge for Bad and Doubtful Debts	0.1	1.5	1.0
Provision for Depreciation	-	-	0.7
Net Profit	9.9	10.1	43.4
Interest Income as a Percentage of Total Income (Per cent)	89.7	88.8	92.4
Total Operating Costs as a Percentage of Total Income (Per cent)	8.0	8.7	3.9

individual banks varied depending on the size of the banks in some cases and the seriousness with which the management of some other banks addressed the issue. Inevitably, the rather tight deadline of 31 December 1998 was missed and was extended thereafter successively to 31 March 1999 and 30 June 1999 in the light of progress achieved by individual institutions.

By March 1999, 10 out of the 20 banks in operation, representing 39 per cent of the total banking business of the country, reported having shifted over the full range of their operations to their Year 2000 compliant version. By June 1999, the number of banks having completed and changed over to the compliant version increased to 19 and the last bank to report that it had shifted over to its compliant version did so by end-July 1999. Thus, all banks operating in Mauritius have reported that they have completed work on the project, tested and shifted over to their Year 2000 compliant versions.

As part of its supervisory work, the Bank of Mauritius has, in the course of its ongoing on-site examination of banks, been overseeing, together with the management of banks, the functioning of banks' Year 2000 compliant versions.

On the whole, the Bank is satisfied that remediation of the systems has been satisfactorily carried out by individual banks and that the risk posed to the financial infrastructure of Mauritius as regards the banking system has been properly addressed.

The Bank of Mauritius embarked on its own Year 2000 project in May 1997. In the past two years, all its systems, including non-IT items, have been reviewed and remedial action taken, followed by testing. Suppliers of key systems have provided statements to the effect that their products in use in the Bank's systems are Year 2000 compliant. The Bank achieved full compliance by 30 June 1999.

Contingency Planning

While adequate steps have been taken by banks to address the risks of material disruption of their operational infrastructure, there remains a possibility that unanticipated glitches may arise either in the internal systems of banks themselves or due to problems originating outside of banks, which may affect business continuity associated with the millennium date change. Accordingly,

parallel actions have been initiated to mitigate such risks and to contain the consequences of any disruption occurring due to such factors so as to ensure business as usual past the millennium date change.

Two banks have completed their contingency plans to cope with such emergencies. The rest of the banking system is due to have completed their contingency plans not later than 30 September 1999. As regards the Bank of Mauritius, its contingency planning is in the process of being finalised whereupon testing will be proceeded with. The deadline for the Bank's contingency plan is the 30 September 1999.

The Bank of Mauritius has taken other actions in order to increase the banking system's preparedness for Year 2000 compliance. Thus, steps have been taken to declare 31 December 1999 a bank holiday under section 41 of the Banking Act 1988. The Bank has also made arrangements for an ample supply of banknotes to meet the needs of the millennium change and is working, in this connexion, in close consultation with banks to ensure that any extra supplies of banknotes in response to demand are duly met and liquidity issues are addressed well in time. Adequate measures have accordingly been taken to ensure a smooth transition to the new millennium.

Other Supervisory Developments

Fourth Senior Bank Supervisors World Bank/IMF Workshop and Seventh ESAF Annual General Meeting

Banking supervisors from the sixteen supervisory authorities of the eastern and southern African regions are grouped together in the Eastern and Southern Africa (ESAF) Banking Supervisors Group as from 1993.

The Bank of Mauritius hosted the Fourth Senior Bank Supervisors World Bank/IMF Workshop of the Eastern and Southern Africa Banking Supervisors Group from 14 to 18 June 1999 and the Seventh Annual General Meeting of the ESAF Banking Supervisors Group from 21 to 23 June 1999.

The principal objectives of the ESAF Supervisors Group are to promote and enhance the quality and nature of banking supervision and to harmonise banking supervision practices in the

region. In line with these objectives, the main focus of the workshop was on the challenges posed by the changing global banking environment.

The workshop was conducted by resource persons from the World Bank and the IMF and was attended by twenty-eight delegates from 15 countries in the ESAF region. Topics covered included:

- policies for the granting of banking licences and the management of distress in the banking sector;
- measurement of capital adequacy with respect to credit and market risks, and the Basel proposal for the review of the 1988 Capital Accord;
- criteria for assessing compliance with the Core Principles for Effective Banking Supervision; and
- asset quality and methodology proposed for arriving at the accurate disclosure of the value of loans and advances in the books of a bank.

The workshop was of assistance in keeping the banking supervisors in the ESAF region abreast of the latest developments in the field of supervision of banks.

The Annual General Meeting of ESAF was held in Mauritius from 21 to 23 June 1999. Challenges to banking supervision in the next millennium was one of the key subjects discussed in the course of the AGM as well as actions taken/ to be taken so as to achieve regional harmonisation of supervisory standards.

Supervisors from the following Central Banks will be members of the ESAF Executive Committee during the coming two years: Mauritius (Chairperson), South Africa (Secretariat), Zimbabwe, Tanzania, Botswana and Zambia.

Box 3 Set of 25 Core Principles for Effective Banking Supervision as set out by the Basel Committee on Banking Supervision

The 25 Core Principles for Effective Banking Supervision were proposed by the Basel Committee on Banking Supervision in 1997. Several supervisory authorities, including the Bank of Mauritius, have adopted these Core Principles as the basis for carrying out their supervisory work. The main objective of the Core Principles is to reinforce and harmonise international supervisory standards with the aim of dealing eventually with systemic risks posed by disparities in standards of bank supervision among different jurisdictions.

The Core Principles deal with preconditions that supervisory authorities need to satisfy so as to be able to carry out effective banking supervision, the standards and criteria to be applied in the licensing of banks, the setting out and implementation of prudential regulations by supervisory authorities and their enforcement through off-site monitoring and on-site examinations. They give the mechanism that supervisors should put in place to gather and disseminate information on the activities of banks, including the carrying out of consolidated supervision involving cross-border operations of banking institutions. They also require supervisors to have the necessary means at their disposal to deal effectively with banks that fail to meet regulatory and prudential requirements.

Below is presented an outline of the 25 Core Principles for Effective Banking Supervision.

1. An effective system of banking supervision will have clear responsibilities and objectives, operational independence, adequate resources, a suitable legal framework and

suitable arrangement for the sharing of information with other supervisors.

2. The activities of institutions that are licensed and subject to supervision as banks must be clearly defined and the use of the word "bank" should be restrictively used.

3. The licensing authority must set the criteria and standards for bank licensing. These include a banking organization's ownership structure, its directors and senior management, its operating plan and internal controls and projected financial condition including its capital base. Where the proposed owner or parent organization is a foreign bank, the prior consent of its home country supervisor should be obtained.

4. Banking Supervisors must have specific powers to approve significant ownership transfers and any controlling interests in existing banks to other parties.

5. Banking Supervisors should have authority to approve major acquisitions or investments by a bank and ensure that corporate affiliations or structures do not expose the bank to undue risks or hinder effective supervision.

6. Banking supervisors must set minimum capital requirements for banks and must define the respective components of capital.

7. Banking supervisors must have independence in evaluating banks' policies, practices and procedures for granting loans and investments and the performance of their loan and investment portfolios.

8. Banking supervisors must ensure that banks have adequate policies, practices and

procedures for evaluating the quality of assets and the adequacy of loan loss provisions and reserves.

9. Banking supervisors must set prudential limits to restrict bank exposures to single borrowers or groups of related borrowers.

10. Banking supervisors must ensure that lending by banks to insiders and related parties is at arms length and is well monitored and that steps are taken to control or mitigate risks arising from such transactions.

11. Banking supervisors must ensure that banks have adequate policies for identifying, monitoring and controlling country risk and transfer risk in their international lending and investment activities, and also for maintaining adequate reserves against such risks.

12. Banking supervisors should set limits and/or specific capital charge on market risk exposures and banks should have adequate measures to monitor and control market risks.

13. Banking supervisors must ensure that banks have a comprehensive risk management process to identify, measure, monitor and control all other material risks and, where appropriate, to hold capital against these risks.

14. Banks must have adequate internal controls and appropriate independent internal or external audit and compliance functions to test adherence to these controls as well as applicable laws and regulations.

15. Banks should have adequate policies to promote high ethical and professional standards in the financial sector and prevent the bank being used, intentionally or unintentionally, by criminal elements.

16. An effective banking supervisory system should consist of both on-site and off-site supervision.

17. Banking supervisors must have regular contact with bank management and thorough understanding of the institution's operations.

18. Banking supervisors must have a means of collecting, reviewing and analysing prudential reports and statistical returns from banks on a solo and consolidated basis.

19. Banking supervisors must have independence in validation of supervisory information either through on-site examinations or use of external auditors.

20. Bank supervisors should have the ability to supervise the banking organisation on a consolidated basis.

21. Banking supervisors must ensure that banks maintain adequate records and that they publish on a regular basis financial statements that fairly reflect their conditions.

22. Banking supervisors must have measures to bring about corrective action when banks fail to meet prudential and regulatory requirements.

23. Banking supervisors must practise global consolidated supervision, adequately monitoring and applying appropriate prudential norms to all aspects of the business conducted by banking organizations worldwide, primarily at their foreign branches, joint ventures and subsidiaries.

24. For effective global consolidated supervision, banking supervisors must maintain contacts and information exchange with other supervisors and, more importantly, the host country supervisory authorities.

25. Banking supervisors must ensure a uniform supervision standard for both domestic and foreign institutions and must have powers to share information needed by the home country supervisors for the purpose of carrying out consolidated supervision.

3 Operations of the Bank

With a view to providing an 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. The Bank started running an office in Rodrigues as from March 1999 in order to provide similar services.

Operations Office

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

Sales and Purchases of Foreign Currencies

During the fiscal year 1998-99, the Bank of Mauritius sold a total amount of US\$126.6 million, equivalent to Rs3,134.5 million, to commercial banks through intervention on the interbank foreign exchange market. The Bank also purchased US\$11.0 million and EUR3.0 million, equivalent to Rs353.9 million, from commercial banks.

Release of Sugar Proceeds to the Banking Sector

All sugar proceeds received in foreign currencies were released directly to the banking sector.

Lending to Commercial Banks and Other Financial Institutions

(i) *Advances to Banks*

Previously, commercial banks' automatic access to borrowings from the Bank of Mauritius tended to distort the operations of the money market. The Bank lends therefore at its discretion, in terms of both rate and volume, to banks as a lender of last resort to ease temporary liquidity constraints on the market.

(ii) *Special Line of Credit for Leasing Facilities to the Export Processing Zone and the Freeport Sector*

Under the Special Line of Credit, funds were made available to approved leasing companies for the sole purpose of financing the lease of new machinery and equipment to enterprises in the EPZ and operators in the Freeport sector.

The Bank of Mauritius continued to charge interest at the rate of 8 per cent per annum on this facility and the leasing companies in turn charged interest at a rate not exceeding 10 per cent per annum. The maximum repayment period of seven years remained unchanged.

Treasury Bills

The Bank of Mauritius started the issue of Government of Mauritius Treasury Bills with maturities of 728 days and 30 days as from July and December 1998, respectively.

During the fiscal year 1998-99, Government of Mauritius Treasury Bills for a total nominal amount of Rs50.9 billion were issued through weekly auctions. Treasury Bills issued are tradable at the Secondary Market Cell (SMC) of the Bank of Mauritius. During 1998-99, Treasury Bills for a total nominal amount of Rs18.7 billion were transacted through the SMC.

Cash Balance and Other Liquid Assets

In accordance with section 22 of the Bank of Mauritius Act, 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 5.5 per cent of their total deposit liabilities.

The minimum liquid assets required to be maintained by commercial banks under section 17 of the Banking Act 1988 was maintained at 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 and 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 safekeeping and management of the stock of local currency.

New Family of Banknotes in Circulation

A new family of banknotes of Rs25, Rs50, Rs100, Rs200, Rs500, Rs1,000 and Rs2,000 denomination was launched on 30 October 1998. A new family has been launched as from 1 July 1999 to replace all existing banknotes. All banknotes issued by the Bank prior to 1 July 1999 will cease to be legal tender as from 1 October 1999.

Public Debt Management Office

The Public Debt Management Office is responsible for the issue and redemption of Mauritius Development Loan Stocks and other securities.

Bank of Mauritius Bonds

During the fiscal year 1998-99, Five-Year (Tax-Free) Progressive Interest Rate Bank of Mauritius Bonds for a total amount of Rs92,471,000 and Seven-Year (Tax-Free) Variable Interest Rate Bank of Mauritius Bonds for a total amount of Rs1,311,000 were redeemed.

Public Debt Management

During the fiscal year 1998-99, Government Stocks for a total amount of Rs687,300,000 were redeemed as follows:

Title of Stocks	Amount (Rs)
8 1/2% Mauritius Development Loan	
Stock 1998 (30.9.1998)	100,000,000
12% Mauritius Development Loan	
Stock 1998 (15.12.1998)	80,000,000
Mauritius Development Loan Variable	
Interest Rate (2% above Bank Rate with a minimum rate of 11%) Stock 1999 (15.3.1999)	37,300,000
12 3/4% Mauritius Development Loan	
Stock 1999 (29.3.1999)	300,000,000
10 3/4% Mauritius Development Loan	
Stock 1999 (31.5.1999)	70,000,000
11 3/4% Mauritius Development Loan	
Stock 1999 (27.6.1999)	100,000,000
Total	687,300,000

Over the Counter (OTC) Sales of Government of Mauritius Treasury Bills

In order to provide individuals and non-financial corporations with an additional financial instrument for investment, the Bank of Mauritius started selling Government of Mauritius Treasury Bills over the counter as from 14 December 1998 on a weekly basis. These Treasury Bills are sold in multiples of Rs100,000 on a first come first served basis.

From 14 December 1998 to 29 June 1999, three maturities of Treasury Bills, namely 182-day, 364-day and 728-day, have been put on sale over the counter. During the period under review, 30 OTC sales were organised with over 4,000 individuals and 50 non-financial corporations purchasing Treasury Bills through this means.

Central Depository and Settlement Co Ltd

The Bank of Mauritius administers the daily settlement of funds in respect of transactions carried out on the Stock Exchange by participants in the Central Depository and Settlement System, that is, stockbrokers and custodian banks.

During the fiscal year 1998-99, settlements for a total amount of Rs1,061 million were effected.

Banking Office

The Bank of Mauritius operates current accounts for Government, parastatal organisations, commercial banks, international financial institutions and staff members 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.

With effect from 7 September 1998, Value-Added Tax (VAT) at the rate of 10 per cent is chargeable on the sale of industrial gold to industrialists and licensed jewellers.

Dodo Gold Coins

Dodo Gold coins of 22 carats 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.

Rodrigues Office

The Bank's office in Rodrigues started operations on 5 March 1999. It offers the usual banking services to Government Departments and commercial banks operating in Rodrigues. The Office also conducts weekly over the counter sales of Government of Mauritius Treasury Bills.

Bankmaster

Kindle Banking Systems Ltd converted in the course of the year under review the Bank's existing Bankmaster software to the Year 2000 compliance tested version Release 6 of Bankmaster. This is the Bank's main banking application software. IT and Operations personnel participated in the training given after the installation of the new version of Bankmaster.

S.W.I.F.T.

In December 1998, the Bank of Mauritius became a member of S.W.I.F.T. Currently, seven out of ten commercial banks operating in Mauritius are connected to S.W.I.F.T.

In this regard, the mandatory Year 2000 compliance test has been carried out successfully.

4 Information Technology

Year 2000 Problem

The Bank of Mauritius has actively attended to the Year 2000 computer problem in the year under review. The initial deadline of December 1998 for date compliance was rescheduled to June 1999. Every in-house developed computer application has been reviewed, tested and certified Year 2000 date compliant. The computer hardware has also undergone the necessary tests for Year 2000 compliance, and certified compliant.

Meetings were organised through an Interbank Year 2000 Committee to follow up on progress in the banking sector's state of readiness for the millennium compliance.

Internet/Intranet Infrastructure

An Internet/Intranet infrastructure has been set up, giving the Bank's staff at all levels ready access to the Internet.

Rodrigues Office

Staff of the IT Department set up the necessary IT infrastructure for the Rodrigues office. Appropriate training to staff was also provided.

National Payment System

A set core principles for payment system is currently being prepared by the Bank for International Settlements (BIS). These core principles are general guidelines that will help countries in designing their national payment system. In June 1999, a delegation comprising central bank and commercial bank officials attended the SADC Payments Systems Project Annual Regional Workshop to present each member country's vision and strategy in the modernisation of their Payment Systems, and also to promote greater harmonisation in Payment Systems among SADC member countries.

5 Administration and Staff Matters

The composition of the Board of Directors, Senior Management Committee and Senior Management Officials of the Bank is given in Appendices II, III and IV.

As at end-June 1999, there were 259 staff members at the Bank.

Conferences, Seminars, Training Courses and Overseas Missions

Mr Y. Googoolye, Director-Operations, attended:

- (i) a Payment Systems Workshop organised by the Reserve Bank of Zimbabwe in Harare, Zimbabwe, from 26 to 28 October 1998.
- (ii) a workshop on Payment System Principles and Practices at the South African Reserve Bank in Pretoria, South Africa, on 25 and 26 January 1999.
- (iii) the SADC Payments Systems Project Annual Regional Workshop held in Windhoek, Namibia, from 15 to 17 June 1999. He also attended the Country Representative's meeting on 18 June 1999 at the same venue.

Mr B.R. Gujadhur, the then Director-Supervision, attended the 10th International Conference of Banking Supervisors in Sydney, Australia, from 21 to 23 October 1998.

Mr P.M. Nagawa, Director-Information Technology, attended:

- (i) a Conference on the Year 2000 Problem organised by the SADC in Cape Town, South Africa, on 20 and 21 August 1998.
- (ii) the SADC Central Banks IT Forum in Pretoria, South Africa, on 12 and 13 October 1998.

Mr H.O. Jankee, as Assistant Director-Research, attended a course on Monetary and Exchange Operations conducted by the IMF

Institute in Washington, U.S.A., from 2 November to 11 December 1998.

Mr R. Sooben, Assistant Director-Research, attended:

- (i) a Meeting of the Committee of Central Bank Officials and the Committee of Central Bank Governors in SADC held in Pretoria, South Africa, from 23 October to 3 November 1998.
- (ii) a Meeting of the SADC Subcommittee on Exchange Control held in Mozambique on 16 and 17 March 1999.
- (iii) a Meeting of the Working Group of the Committee of Central Bank Governors in SADC held in Mozambique on 18 and 19 March 1999.
- (iv) the Regional Debt and Liquidity Management Workshop held in South Africa from 22 to 24 March 1999.

Mr R. Chinniah, Manager-Supervision, attended the Meeting of the Working Group of the Committee of Central Bank Governors in SADC held in Pretoria, South Africa, on 3 and 4 December 1998.

Miss R. Bhuckory, Manager, attended:

- (i) a workshop on "The Choice of Intermediate Monetary Policy Targets in Industrial, Transitional and Developing Economies" conducted by the Bank of England in the U.K. from 16 to 20 November 1998, and
- (ii) a training attachment at the Dealings Room of Banque Nationale de Paris in France from 23 to 27 November 1998.

Mr J. Choolhun, Manager-Operations, attended the Central Banker's Course on Financial Markets and Monetary Policy conducted by Studienzentrum Gerzensee of the Swiss National Bank in Switzerland from 14 September to 2 October 1998.

Mr N.C.J. Li Yun Fong, Manager-Information Technology, attended:

- (i) a workshop on Payment System Principles and Practices at the South African Reserve Bank in Pretoria, South Africa, on 25 and 26 January 1999.
- (ii) the SADC Payments Systems Project Annual Regional Workshop held in Windhoek, Namibia, from 15 to 17 June 1999.

Mr M.K. Yerukonundu, Manager-Legal Section, attended a Workshop on Legal and Operational Framework of SADC Central Banks in Pretoria, South Africa, on 18 and 19 August 1998.

Mr J.N. Bissessur, Senior Research Officer, attended the Meeting of the Working Group of the Committee of Central Bank Governors in SADC in Maputo, Mozambique, on 21 and 22 July 1998.

Mrs B. Yerrigadoo, Assistant Manager, attended the "International Programme on Capital Markets and Portfolio Management" held at the Indian Institute of Management in Ahmedabad, India, from 7 to 19 December 1998.

Mr W. Khodabocus, Research Officer, attended the Meeting of the Working Group of the Committee of Central Bank Governors in SADC held in Windhoek, Namibia, on 4 and 5 February 1999.

Miss M. Heerah, Research Officer, attended a Seminar on Applied Monetary Analysis at the Centre for Central Banking Studies of the Bank of England in the U.K. from 1 to 5 February 1999.

Mrs P. Hurree Gobin, Research Officer, attended a seminar on Balance of Payments Statistics in Harare, Zimbabwe, conducted jointly by the International Monetary Fund and the Reserve Bank of Zimbabwe from 14 September to 2 October 1998.

Miss V. Morarjee, Research Officer, attended an IMF Regional Course on Financial Programming and Policies conducted jointly by the IMF Institute and the SARB Training Institute in Pretoria, South Africa, from 9 to 20 November 1998.

Mr B. Jhurry, Research Officer, attended a course on Balance of Payments Statistics at the IMF Institute in Washington, U.S.A., from 25 January to 5 March 1999.

Mr V. Ramessur, Administrative Officer, attended:

- (i) a Meeting of the SADC Ministers and Officials Responsible for Finance and Investment in Swakopmund, Namibia, on 15 July 1998.
- (ii) a Workshop on Legal and Operational Frameworks of SADC Central Banks in Pretoria, South Africa, on 18 and 19 August 1998.
- (iii) a course on Monetary and Exchange Operations conducted by the IMF Institute in Washington, U.S.A., from 3 May to 11 June 1999.

Mr Y. Chu Fung Leung, Administrative Officer, attended:

- (i) the Sixth ESAF Training Course in Banking Supervision held in Pretoria, South Africa, from 7 to 18 September 1998.
- (ii) the Regional Year 2000 Meeting of Financial Regulators from Africa organised by the Year 2000 Council and the SARB on the 21 and 22 January 1999 in Pretoria, South Africa.

Mr J. Pandoo, Administrative Officer, attended the SADC Clearing Workshop held in Pretoria, South Africa, from 16 to 19 November 1998.

Mr S. Diouman, Administrative Officer, attended an IMF Regional Course on Financial Programming and Policies conducted jointly by the IMF Institute and the SARB Training Institute in Pretoria, South Africa, from 9 to 20 November 1998.

Mrs M. Ramdhan, Administrative Officer, attended the ESAF Intermediate Training Course in Banking Supervision held in Pretoria, South Africa, from 28 April to 7 May 1999.

Mr J.F. Laval Mallet, Administrative Officer, attended the "Séminaire sur les systèmes de paiement et de règlement à l'intention des Banques Centrales de L'Afrique francophone" held in Dakar, Senegal, from 15 to 20 February 1999.

Overseas Missions

The Governor, accompanied by Mr H.O. Jankee, as Assistant Director-Research, attended the Fourth Meeting of the COMESA Committee of Central Bank Governors held on 17 and 18 February 1999 in Tanzania.

The Governor, accompanied by Mr R. Sooben, Assistant Director-Research, attended a Meeting of the Committee of Central Bank Governors in SADC held from 7 to 9 April 1999 in Swaziland.

The Governor, accompanied by Mr A.K. Prithipaul, the Secretary of the Bank, attended the 1999 Spring Meetings of the Interim and Development Committees of IMF/World Bank Group held in Washington, U.S.A., on 27 and 28 April 1999. On the way back to Mauritius, the Governor and the Secretary of the Bank visited on 4 May 1999 in Newcastle, United Kingdom, the Printing Press of De La Rue International Ltd where the 1999 New Family of Banknotes were being printed.

The Governor, accompanied by Mr M.V. Punchoo, Senior Research Officer, attended the Central Bank Governors Symposium held at the Bank of England in the United Kingdom on 4 June 1999 and the Annual General Meeting of the Bank for International Settlements held in Basel, Switzerland, from 5 to 7 June 1999.

The Managing Director attended the Thirty Fifth Annual Meeting of the African Development Bank and the Twenty Sixth Annual Meeting of the African Development Fund Board of Governors held in Cairo, Egypt, from 25 to 27 May 1999 and the 1999 Annual Meeting of the Offshore Group of Banking Supervisors held in Malta on 31 May and 1 June 1999.

Training at University of Mauritius

The Bank, in collaboration with the University of Mauritius, started a three-year part-time Diploma Course in Central Banking Studies for 35 employees not holding an appropriate diploma/degree or professional qualification.

In-House Seminars/Workshops

Mr Eric Bastin, a consultant from Kindle Banking Systems, Ireland, conducted an in-house training on Bankmaster over a period of 22 days in October 1998. He also assisted in the upgrading of Bankmaster to Version 6.0, which is the Year 2000 compliant tested version.

Seminars and Conferences

The Bank, in collaboration with the International Monetary Fund, organised a "High Level Seminar on Structural Adjustment in Sub-

Saharan Africa" at Maritim Hotel, Balaclava, from 12 to 14 May 1999, to review the current economic and financial policy issues facing sub-Saharan African countries. Several ministers, central bank governors, and other senior officials from 11 sub-Saharan African countries participated in this seminar.

The Bank in collaboration with the IMF and World Bank also organised:

- (i) the Eastern and Southern Africa (ESAF) Senior Bank Supervisors World Bank/IMF Workshop at Maritim Hotel, Balaclava, from 14 to 18 June 1999 under the theme "Challenges of Banking Supervision in the next Millenium". Messrs M.R.C. Noel, R. Chinniah and J.K. Ramtohul, Managers, as well as Mrs V. Soyjaudah, Administrative Officer, attended this Workshop.
- (ii) the Seventh Annual General Meeting of the Eastern and Southern Africa (ESAF) Banking Supervisors Group at the same venue from 21 to 23 June 1999 under the theme "Towards Regional Harmonisation and Best Practices in Prudential Supervision".

About thirty participants from fifteen ESAF member countries as well as several officials from the International Monetary Fund, the World Bank and the Bank for International Settlements attended the Workshop and the Annual General Meeting.

Overseas Visitors

A mission from the Monetary and Exchange Affairs Department of the International Monetary Fund, headed by Mr Piero Ugolini, visited the Bank from 11 to 20 January 1999 to review financial sector issues.

Ms Joan Lovett and Ms Mary Clarkin, two consultants on monetary management and operations from the IMF, imparted training to the Bank's staff on repurchase transactions from 3 to 21 May 1999.

Training Attachment

Mr Y. Ntivumbura and Mrs A. Ndayirorere from the Central Bank of Burundi were on a training attachment with the Bank from 26 to 30 October 1998. Their main area of training was banking supervision.

Personnel Matters

Appointments

The following appointments were made during the year 1998-99:

Mr Hemraz Oopuddhye Jankee was appointed Director-Research with effect from 19 April 1999.

Mr Ng Cheong José Li Yun Fong, Senior Analyst Programmer, was appointed Manager in the IT Department with effect from 16 September 1998.

Mr Mardayah Kona Yerukunondu, Administrative Officer, was appointed Manager in the Legal Section with effect from 16 September 1998.

Mr Jayvind Kumar Choolhun, Administrative Officer, was appointed Manager in the Operations Department with effect from 16 September 1998.

Miss M.L.E. Monique Renaud, Bank Officer Grade III, was appointed Confidential Secretary with effect from 16 September 1998.

Mrs Guinooradha Seeballuck, Bank Officer Grade III, was appointed Confidential Secretary with effect from 16 September 1998.

Mr Narendra Singh Boojhawon and Mr Deoraj Soobdan, were appointed Bank Attendant Grade III with effect from 15 July 1998.

The following appointments were made at the office of the Bank in Rodrigues with effect from 23 February 1999.

Mr Jean Noel	Bank Officer Grade II
Miss Marie Anne Daniela Nicole Philippe	Bank Officer Grade II
Miss Aline Marie Desirée Couturière	Bank Officer Grade III
Mrs Marie Gladys Lamvohee Nancy	Bank Officer Grade III
Mrs Marie Michèle Raffaut	Bank Officer Grade III
Mr Joseph Francisco Louis	Bank Attendant /Driver

Retirement

Mr Seeparsadsing Ramlagun, Research Officer, retired from the service of the Bank with effect from 27 January 1999.

Completion of Studies

Mr Daneshwar Doobree, Assistant Secretary, completed an MSc degree in Human Resource Management from the University of Surrey, U.K.

Mr Anil Kumar Tohooloo, Manager-Finance, completed an MSc degree in Finance from the University of Mauritius.

Miss Vandana Morarjee, Research Officer, completed an MSc degree in Financial Economics from the University of London, U.K.

Mr Somdath Gopal, Administrative Officer, completed an ACIB/BSc (Hons) in Financial Services from the University of Manchester, U.K.

Mrs Vijayluxmi Baboolall, Confidential Secretary, completed a Diploma in Information and Library Services from the University of Mauritius.

6 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 1999.

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 1999 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 1999 and of the results of its operations and cash flows for the year then ended.

27 August 1999
Port Louis

KPMG
Public Accountants

BANK OF MAURITIUS BALANCE SHEET AT 30 JUNE 1999

	1999 Rs	1998 Rs
CAPITAL AND RESERVES		
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
	33,000,000	33,000,000
Other Reserves	10,336,907,623	9,124,368,051
	10,369,907,623	9,157,368,051
ASSETS		
External Assets:		
Gold and Foreign Assets	4,695,353,173	4,737,723,088
Special Drawing Rights	537,215,154	704,524,689
Foreign Investments	10,063,072,714	9,319,952,516
Interest Receivable	19,233,477	106,803,318
	15,314,874,518	14,869,003,611
Discounts and Advances	4,960,726,505	3,013,879,970
Government Securities (At valuation)	1,322,424,878	906,105,328
Fixed Assets	167,320,928	108,641,237
Other Assets	161,801,614	158,516,144
	21,927,148,443	19,056,146,290
Less: LIABILITIES		
Notes in Circulation	6,615,336,230	5,835,492,910
Coins in Circulation	260,677,304	199,913,736
	6,876,013,534	6,035,406,646
Demand Deposits:		
Government	41,279,522	44,811,052
Commercial Banks	3,447,771,728	2,535,621,794
Other Financial Institutions	29,269,915	33,894,228
Others	19,676,765	8,905,220
	3,537,997,930	2,623,232,294
Bank of Mauritius Instruments	287,101,400	380,898,400
Provisions and Other Liabilities	856,127,956	859,240,899
	11,557,240,820	9,898,778,239
	10,369,907,623	9,157,368,051

PROFIT AND LOSS ACCOUNT (ABRIDGED) FOR THE YEAR ENDED 30 JUNE 1999

	1999 Rs	1998 Rs
Income	1,426,191,432	1,379,882,898
Expenditure	(305,183,333)	(305,847,778)
Surplus Income	1,121,008,099	1,074,035,120
Transfer to Reserve for Contingencies	(296,008,099)	(274,035,120)
Profit available to Government of Mauritius in accordance with section 11(2) (c) of the Bank of Mauritius Act 1966	825,000,000	800,000,000

(sd) R. BASANT ROI
GOVERNOR

(sd) B. R. GUJADHUR
MANAGING DIRECTOR

(sd) Y. GOOGOLYE
DIRECTOR-OPERATIONS

27 August 1999

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	33.33 %
Computer	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. This pension scheme is actuarially valued from time to time as required and contribution rates adjusted accordingly. The pension cost charge is recognised in the period in which it is incurred.

Taxation

The Bank is exempt from Income Tax under Section 3 (3) of The Bank of Mauritius Act.

Government securities

Mauritius Government Securities and Government of Mauritius Treasury Bills are valued in the accounts at market value. Any profit/loss on revaluation is accounted for in the profit and loss account.

Glossary of Abbreviations

AMR	Aggregate Monetary Resources (M2)
ATM	Automated Teller Machine
BIS	Bank for International Settlements
COMESA	Common Market for Eastern and Southern Africa
CPI	Consumer Price Index
CSO	Central Statistical Office
DBM	Development Bank of Mauritius
ECB	European Central Bank
EPZ	Export Processing Zone
ESAF	Eastern and Southern Africa Bank Supervisors Group
EU	European Union
Ex-Dc	Ex-Development Certificate Holders
FISCU	Finance and Investment Sector Coordinating Unit
FOMC	Federal Open Market Committee
FRN	Floating Rate Note
GDFCF	Gross Domestic Fixed Capital Formation
GDP	Gross Domestic Product
GDS	Gross Domestic Savings
GNDI	Gross National Disposable Income
GNP	Gross National Product
GNS	Gross National Savings
IMF	International Monetary Fund
IOR-ARC	Indian Ocean Rim Association for Regional Cooperation
IT	Information Technology
MHC	Mauritius Housing Corporation
MLC	Mauritius Leasing Company
MSS	Mauritius Sugar Syndicate
NPF	National Pension Fund
POSB	Post Office Savings Bank
PRB	Pay Research Bureau
RMP	Reserve Money Programme
SADC	Southern African Development Community
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 Insurance Fund Board
SMC	Secondary Market Cell
SME	Small and Medium Enterprises
SWIFT	Society for Worldwide Interbank Financial Telecommunication
VAT	Value-Added Tax

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Notes

The following conventional signs are used:

Negligible

n.a. Not Available

Table 1: Selected Economic Indicators

	Period	Unit	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
1. Population - Republic of Mauritius ¹	Mid-year		1,058,775	1,070,128	1,084,401	1,097,305	1,112,607	1,122,118	1,133,551	1,147,706	1,159,729 ²	n.a.
2. Tourist Arrivals	Fiscal Year ending June		278,010	292,550	321,000	350,370	388,255	406,556	450,493	513,798	555,616	565,324
3. Real GDP Growth Rate	Calendar Year	(Per cent)	7.2	4.4	6.6	5.0	5.2	5.6	6.2	5.3 ³	5.2 ⁴	3.0 ⁵
4. Gross National Product (at market prices)	Calendar Year	(Rs million)	38,936	44,405	49,804	56,633	62,600	68,750	76,521	85,695 ³	96,303 ⁴	104,670 ⁵
5. GNP Per Capita (at market prices)	Calendar Year	(Rupees)	36,775	41,495	45,928	51,611	56,264	61,268	66,976	74,138 ³	82,490 ⁴	89,347 ⁵
6. Inflation Rate	Fiscal Year ending June	(Per cent)	10.7	12.8	2.9	8.9	9.4	6.1	5.8	7.9	5.4	7.9
7. Overall Balance of Payments	Fiscal Year ending June	(Rs million)	+3,041	+2,456	+3,048	-909	-962	-1,009	+3,841	+1,600	-2,293	+446
8. Net International Reserves	End-June	(Rs million)	10,766	13,456	16,329	16,115	15,513	15,007	19,304	21,443	21,349	22,575
9. Total Imports (c.i.f.)	Fiscal Year ending June	(Rs million)	21,973	24,005	25,381	27,209	31,041	35,598	37,704	41,878	49,341 ²	53,312 ⁴
10. Total Exports (f.o.b.)	Fiscal Year ending June	(Rs million)	15,925	18,797	20,348	21,820	24,188	25,482	29,090	33,128	36,190 ²	39,732 ⁴
11. Government Recurrent Revenue	Fiscal Year ending June	(Rs million)	8,367	9,715	10,548	11,595	12,890	13,047	12,779	16,544	18,471	21,327 ⁶
12. Government Recurrent Expenditure	Fiscal Year ending June	(Rs million)	8,200	9,214	10,273	10,894	13,088	14,517	15,939	18,853	21,010	24,743 ⁶
13. Government Capital Expenditure	Fiscal Year ending June	(Rs million)	2,278	2,759	2,607	3,095	3,215	3,192	4,058	5,743	3,420	3,700 ⁶
14. External Debt: Central Government	End-June	(Rs million)	5,868	5,964	5,476	5,712	5,766	5,778	9,159	9,619	10,752	10,027 ⁶
15. Internal Debt: Central Government	End-June	(Rs million)	14,060	16,953	14,984	16,522	18,676	21,701	24,706	30,241	34,619	40,974
16. Banking System Net Claims on Public Sector	End-June	(Rs million)	4,311	5,045	6,968	8,190	10,871	13,529	14,798	15,759	17,358	16,014
17. Commercial Banks' Claims on Private Sector	End-June	(Rs million)	11,890	14,033	16,107	20,388	26,463	30,776	32,576	37,736	49,941	60,106
18. Currency with Public	End-June	(Rs million)	2,194	2,588	2,972	3,316	3,570	3,767	4,162	4,307	4,651	4,876
19. Money Supply (M1)	End-June	(Rs million)	4,529	5,446	6,591	6,959	7,031	8,134	8,235	8,874	10,152	10,906
20. Aggregate Monetary Resources (M2)	End-June	(Rs million)	22,015	26,767	32,105	36,380	42,853	47,859	55,476	60,359	70,878	80,204
21. Total Private Sector Deposits with Commercial Banks	End-June	(Rs million)	19,584	24,009	28,780	32,853	38,791	42,773	49,331	53,334	59,609	67,323

¹ Excluding Agalega and Saint Brandon.² Estimates.³ Revised estimates.⁴ Preliminary estimates.⁵ First forecast.⁶ Provisional.

Table 2.1(a): Bank of Mauritius - Assets

(Rs million)

End of Period	EXTERNAL ASSETS						CLAIMS ON GOVERNMENT			Claims on Commercial Banks	Claims on Non-Bank Financial Institutions	Other Advances	Other Assets	TOTAL ASSETS
	Special Drawing Rights	Balances with Banks	Treasury Bills	Eligible Securities	Foreign Investments with TFCMF	Total ¹	Treasury Bills and Government Stocks	Advances and Discounts	Total					
1996	574.0	8,301.7	801.2	73.8	6,237.0	15,988.1	703.0	0.0	703.0	0.0	162.6	451.1	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	378.9	165.9	504.4	18,056.8
1998	771.1	4,546.2	118.6	8,393.6	0.0	13,866.6	1,303.5	3,405.7	4,709.3	475.0	570.0	238.4	430.1	20,289.4
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	167.8	126.5	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	174.6	126.4	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	192.8	179.3	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	216.6	203.4	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	239.6	163.7	560.3	18,668.0
June	641.4	7,435.9	632.4	8,275.5	0.0	17,162.5 ²	428.9	326.2	755.1	250.0	259.1	746.4	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	264.1	176.3	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	260.1	137.7	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	266.8	169.4	526.8	17,491.1
October	657.0	5,768.2	157.0	8,245.3	0.0	14,887.8	748.4	87.2	835.6	250.0	272.4	182.6	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	291.6	170.6	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	378.9	165.9	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	373.0	175.0	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	408.2	122.3	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	415.4	146.6	471.5	17,182.5
April	687.7	4,898.1	68.7	9,079.1	0.0	14,743.1	808.4	1,436.5	2,244.9	250.0	430.2	197.9	455.9	18,322.0
May	690.1	4,352.8	258.6	9,146.1	0.0	14,451.9	1,137.3	1,494.4	2,631.7	250.0	475.8	115.0	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	476.2	634.7	462.0	19,056.1
July	705.8	3,841.0	186.7	9,339.0	0.0	14,131.1	1,072.9	2,718.9	3,791.8	250.0	520.6	164.6	449.2	19,307.3
August	704.6	3,960.8	32.4	9,302.8	0.0	14,037.7	966.3	2,499.6	3,465.9	250.0	528.3	120.9	440.9	18,843.7
September	704.6	4,307.8	32.1	9,039.3	0.0	14,120.6	432.1	2,716.3	3,148.4	250.0	529.6	195.7	448.6	18,693.0
October	724.6	3,308.8	0.0	8,709.8	0.0	12,779.6	1,011.6	4,193.7	5,205.4	250.0	576.9	120.0	450.3	19,382.2
November	741.1	3,446.9	0.0	8,433.2	0.0	12,658.1	1,582.1	3,680.2	5,262.3	250.0	574.4	170.2	440.9	19,356.0
December	771.1	4,546.2	118.6	8,393.6	0.0	13,866.6	1,303.5	3,405.7	4,709.3	475.0	570.0	238.4	430.1	20,289.4
1999 January	776.6	5,667.2	159.9	8,546.4	0.0	15,187.7	1,363.6	2,583.7	3,947.3	250.0	559.3	154.4	423.0	20,521.8
February	539.6	5,852.3	237.1	8,715.5	0.0	15,368.2	1,564.9	2,286.6	3,851.5	250.0	553.5	126.6	403.3	20,553.1
March	538.8	4,874.5	599.9	10,016.5	0.0	16,038.4	1,257.7	2,294.5	3,552.2	250.0	556.1	212.7	420.6	21,029.9
April	538.5	4,306.3	481.6	10,035.5	0.0	15,366.2	1,210.6	3,127.4	4,338.0	250.0	587.2	202.1	461.9	21,205.3
May	539.6	4,474.0	0.0	10,065.5	0.0	15,082.0	1,351.2	2,662.0	4,013.2	250.0	560.3	154.8	458.6	20,518.9
June	537.2	4,520.5	158.2	10,078.3	0.0	15,314.9	1,322.4	3,161.5	4,483.9	250.0	574.7	829.3	474.4	21,927.1

¹ Includes foreign notes and coin.
Figures may not add up to totals due to rounding.

² Hereafter includes suspense account interest receivable.

Table 2.1(b): Bank of Mauritius - Liabilities

(Rs million)

(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 ¹						
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
1998	33.0	5,832.9	2,225.8	1,674.0	15.6	12.8	0.0	9,761.1	12.1	20.8	10,462.4	20,289.4
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
July	33.0	4,787.0	1,330.9	2,762.2	0.0	22.2	0.0	8,902.5	42.8	23.8	10,305.2	19,307.3
August	33.0	4,836.8	1,425.2	2,609.6	0.1	10.4	0.0	8,882.1	0.6	25.5	9,902.5	18,843.7
September	33.0	4,812.5	1,455.8	2,424.6	0.1	10.9	0.0	8,703.9	30.7	20.6	9,904.8	18,693.0
October	33.0	5,004.7	1,449.1	3,183.2	0.0	11.4	0.0	9,648.4	17.5	17.4	9,665.9	19,382.2
November	33.0	4,971.7	1,864.8	2,391.7	0.0	18.4	0.0	9,246.6	8.8	19.1	10,048.6	19,356.0
December	33.0	5,832.9	2,225.8	1,674.0	15.6	12.8	0.0	9,761.1	12.1	20.8	10,462.4	20,289.4
1999 January	33.0	5,146.6	1,785.6	2,833.6	0.0	12.4	0.0	9,778.3	24.2	17.0	10,669.3	20,521.8
February	33.0	5,027.5	1,701.6	2,798.3	0.0	51.0	0.0	9,578.5	6.5	21.3	10,913.9	20,553.1
March	33.0	5,000.1	1,751.7	2,779.5	0.0	10.6	0.0	9,541.9	30.9	17.3	11,406.8	21,029.9
April	33.0	5,001.0	1,661.8	3,029.0	82.5	19.1	0.0	9,793.4	239.2	18.5	11,121.2	21,205.3
May	33.0	5,013.8	1,648.1	2,525.2	0.1	20.4	0.0	9,207.7	78.4	17.4	11,182.4	20,518.9
June	33.0	4,875.8	2,000.2	3,447.8	0.1	21.2	0.0	10,345.0	41.3	27.7	11,480.1	21,927.1

¹ Include 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
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
	July	135.2	937.7	2,718.9	3,791.8
	August	9.8	956.6	2,499.6	3,465.9
	September	4.4	427.8	2,716.3	3,148.4
	October	3.2	1,008.5	4,193.7	5,205.4
	November	3.1	1,579.1	3,680.2	5,262.3
	December	3.0	1,300.5	3,405.7	4,709.3
1999	January	2.8	1,360.8	2,583.7	3,947.3
	February	2.6	1,562.3	2,286.6	3,851.5
	March	2.7	1,255.0	2,294.5	3,552.2
	April	2.4	1,208.2	3,127.4	4,338.0
	May	2.5	1,348.7	2,662.0	4,013.2
	June	2.6	1,319.9	3,161.5	4,483.9

Figures may not add up to totals due to rounding.

Table 2.3: Currency in Circulation

(Rs million)

End of Month	BANKNOTES												COINS														Total Notes and Coins
	Demone- tized Currency Notes	Rs5	Rs10	Rs20	Rs25	Rs50	Rs100	Rs200	Rs500	Rs1000	Rs2000	Total	Comme- morative Coins	Gold Bullion Coins	Rs10	Rs5	Re1	50c	25c	20c	10c	5c	2c	1c	Total		
1997 January	22.0	5.4	179.1	2.0	0.0	178.7	920.2	849.6	1,636.8	1,872.9	0.0	5,666.6	6.6	10.9	0.2	54.1	62.1	14.0	6.5	13.6	2.5	3.3	0.3	0.2	174.3	5,840.9	
February	22.0	5.4	173.7	2.0	0.0	174.4	923.5	838.1	1,587.5	1,848.7	0.0	5,575.2	6.6	10.9	0.2	52.2	62.4	14.1	6.5	13.7	2.5	3.3	0.3	0.2	173.0	5,748.2	
March	22.0	5.4	171.2	2.0	0.0	169.9	910.8	815.6	1,519.6	1,860.8	0.0	5,477.2	6.6	11.0	0.2	50.9	61.6	14.1	6.5	13.8	2.5	3.3	0.3	0.2	171.1	5,648.3	
April	22.0	5.3	168.7	2.0	0.0	167.6	897.0	809.5	1,404.8	1,917.2	0.0	5,394.1	6.6	11.0	0.2	51.3	61.8	14.2	6.5	13.9	2.5	3.4	0.3	0.2	171.9	5,566.0	
May	22.0	5.3	171.7	1.9	0.0	169.5	903.5	827.0	1,307.1	1,971.0	0.0	5,379.0	6.6	11.1	0.2	51.5	61.9	14.3	6.5	14.1	2.5	3.4	0.3	0.2	172.4	5,551.4	
June	21.9	5.3	169.6	1.9	0.0	169.6	872.4	816.7	1,227.6	2,017.7	0.0	5,302.7	6.6	11.1	0.2	50.7	61.9	14.2	6.5	14.2	2.5	3.4	0.3	0.2	171.7	5,474.5	
July	21.9	5.3	168.6	1.9	0.0	165.3	879.0	849.0	1,223.8	2,072.2	0.0	5,387.1	6.6	11.2	0.2	51.1	61.9	14.3	6.5	14.3	2.5	3.4	0.3	0.2	172.5	5,559.6	
August	21.9	5.3	168.1	1.9	0.0	167.2	873.6	851.4	1,199.3	2,141.6	0.0	5,430.3	6.6	11.2	0.2	51.9	62.6	14.3	6.5	14.5	2.5	3.5	0.3	0.2	174.3	5,604.7	
September	21.9	5.3	172.0	1.9	0.0	167.2	870.1	863.8	1,186.7	2,188.8	0.0	5,477.7	6.6	11.3	2.9	52.7	63.3	14.4	6.5	14.6	2.5	3.5	0.3	0.2	178.6	5,656.4	
October	21.9	5.3	168.5	1.9	0.0	171.9	904.9	896.1	1,258.9	2,311.4	0.0	5,740.7	6.6	11.3	6.1	52.4	63.7	14.5	6.5	14.7	2.5	3.5	0.3	0.2	182.3	5,923.0	
November	21.9	5.2	169.6	1.9	0.0	175.7	947.9	945.1	1,314.7	2,351.0	0.0	5,933.1	6.6	11.4	10.5	54.0	64.3	14.7	6.5	14.9	2.5	3.6	0.3	0.2	189.4	6,122.6	
December	21.9	5.2	179.6	1.9	0.0	232.1	1,006.0	1,206.0	1,992.7	2,451.8	0.0	7,097.1	6.6	11.6	14.3	57.0	66.3	14.8	6.5	15.1	2.5	3.6	0.3	0.2	198.7	7,295.8	
1998 January	21.9	5.2	174.4	1.9	0.0	218.6	929.4	1,000.4	1,681.2	2,349.2	0.0	6,382.2	6.6	11.6	14.4	58.2	67.5	14.9	6.5	15.2	2.5	3.6	0.3	0.2	201.4	6,583.7	
February	21.9	5.2	169.3	1.9	0.0	201.3	905.0	917.7	1,621.3	2,343.0	0.0	6,186.6	6.6	11.7	14.5	55.7	67.6	15.0	6.5	15.3	2.5	3.6	0.3	0.2	199.4	6,386.0	
March	21.9	5.2	166.7	1.9	0.0	190.3	882.5	888.3	1,464.6	2,337.7	0.0	5,959.1	6.6	11.6	14.5	54.8	66.8	15.0	6.5	15.4	2.5	3.6	0.3	0.2	197.8	6,156.9	
April	21.9	5.2	167.3	1.9	0.0	185.9	886.9	912.9	1,438.3	2,378.3	0.0	5,998.5	6.6	11.7	16.0	54.2	66.4	15.1	6.5	15.5	2.5	3.7	0.3	0.2	198.6	6,197.2	
May	21.9	5.2	164.9	1.9	0.0	181.5	878.6	890.2	1,442.3	2,352.3	0.0	5,938.7	6.6	11.7	17.1	54.0	66.2	15.1	6.5	15.6	2.5	3.7	0.3	0.2	199.5	6,138.2	
June	21.8	5.1	163.6	1.9	0.0	179.5	846.0	860.5	1,426.8	2,330.3	0.0	5,835.5	6.6	11.7	17.8	53.5	66.3	15.1	6.5	15.7	2.5	3.7	0.3	0.2	199.9	6,035.4	
July	21.7	5.1	162.9	1.8	0.0	176.0	886.3	900.4	1,402.9	2,356.2	0.0	5,913.3	6.6	11.7	21.8	53.8	66.5	15.2	6.5	15.9	2.5	3.8	0.3	0.2	204.7	6,118.0	
August	21.7	5.1	163.0	1.8	0.0	182.1	888.9	921.5	1,504.2	2,366.2	0.0	6,054.4	6.6	11.9	23.7	54.5	66.5	15.3	6.5	16.0	2.5	3.8	0.3	0.2	207.6	6,262.0	
September	21.7	5.1	156.9	1.8	0.0	184.7	877.3	933.0	1,518.8	2,356.9	0.0	6,056.2	6.6	11.7	26.9	55.2	66.8	15.5	6.4	16.1	2.5	3.8	0.3	0.2	212.1	6,268.3	
October	21.7	5.1	153.1	1.8	0.0	202.3	874.7	995.2	1,612.9	2,369.3	0.1	6,236.3	6.6	11.8	31.5	55.6	67.0	15.5	6.4	16.2	2.5	3.8	0.3	0.2	217.5	6,453.8	
November	21.7	5.1	141.4	1.8	20.5	201.9	930.0	1,014.5	1,621.5	2,538.6	113.9	6,610.9	6.6	11.8	38.0	56.3	67.4	15.7	6.4	16.5	2.5	3.9	0.3	0.2	225.6	6,836.5	
December	21.6	5.1	136.3	1.8	21.6	208.5	1,063.1	1,173.4	1,841.1	3,145.8	196.1	7,814.4	6.6	11.8	51.8	58.9	69.3	15.9	6.4	16.6	2.5	3.9	0.3	0.2	244.3	8,058.7	
1999 January	21.6	5.1	125.8	1.8	22.1	193.9	907.9	990.8	1,513.5	2,708.8	192.3	6,683.6	6.7	11.8	55.8	58.5	69.7	16.0	6.4	16.7	2.5	3.9	0.3	0.2	248.6	6,932.2	
February	21.6	5.1	118.8	1.8	24.3	189.0	881.3	1,000.6	1,485.0	2,567.4	186.4	6,481.3	6.7	12.0	58.1	56.1	68.9	16.0	6.4	16.8	2.5	3.9	0.3	0.2	247.9	6,729.2	
March	21.6	5.1	111.0	1.8	23.5	185.0	906.5	1,022.4	1,441.8	2,565.5	213.9	6,498.1	6.7	12.0	64.6	55.3	68.8	16.1	6.4	16.9	2.4	3.9	0.3	0.2	253.6	6,751.7	
April	21.6	5.1	105.2	1.8	24.8	174.8	862.7	982.3	1,441.0	2,564.7	223.2	6,407.2	6.6	12.0	67.8	54.5	68.3	16.2	6.4	17.0	2.4	3.9	0.3	0.2	255.6	6,662.8	
May	21.6	5.0	100.2	1.8	24.0	172.9	863.4	960.9	1,411.7	2,569.7	271.2	6,402.4	6.7	11.9	72.2	54.1	67.8	16.3	6.4	17.2	2.5	4.0	0.3	0.2	259.6	6,662.0	
June	21.6	5.0	93.6	1.8	34.9	197.7	923.9	1,034.4	1,438.5	2,555.2	308.8	6,615.3	6.7	11.9	75.1	52.8	67.3	16.3	6.4	17.3	2.5	4.0	0.3	0.2	260.7	6,876.0	

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 ²	Other Assets	TOTAL ASSETS	Acceptances, Documentary Credits and Guarantees ³
	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 ¹	Treasury Bills	Government Securities	Advances	Total	Local Bills Discounted	Bills Receivable	Local Investment	Loans and Advances	Total				
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	394.7	32,499.3	35,001.6	163.1	6,080.0	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	4,188.2	37,677.4	43,918.2	160.6	5,836.7	77,927.3	11,782.8
1998	2,225.8	1,674.0	0.0	3,899.8	4,418.5	1,379.2	222.6	8,947.3	9,084.6	4,000.7	233.2	13,318.5	634.4	1,413.2	8,708.9	45,896.5	56,652.9	424.6	7,057.2	90,300.4	12,691.7
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	394.9	32,788.0	35,082.8	204.0	5,305.0	66,106.7	10,414.4
February	1,347.7	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	403.1	32,981.6	35,268.4	158.8	5,017.2	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	618.6	33,498.4	35,969.4	158.0	5,248.4	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	530.2	33,733.4	36,089.4	142.0	5,282.6	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	586.0	34,628.7	37,104.0	149.1	5,620.6	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	871.7	35,037.7	37,735.9	153.6	5,713.9	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	1,488.7	35,418.4	38,780.4	143.0	6,218.0	71,624.0	11,788.0
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	1,781.9	35,665.6	39,315.0	145.5	5,569.9	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	2,886.3	35,391.3	40,188.4	143.0	5,776.9	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	3,627.8	36,265.2	41,874.1	146.7	5,331.8	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	3,831.0	36,640.7	42,475.5	147.5	5,684.0	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	4,188.2	37,677.4	43,918.2	160.6	5,836.7	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	4,205.4	38,458.6	44,667.1	167.2	5,680.6	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	4,543.1	38,426.3	44,942.5	183.6	5,708.6	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	5,415.1	38,522.2	45,981.1	186.4	6,086.2	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	6,312.1	39,275.7	47,665.9	690.7	5,797.0	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	6,435.8	39,713.2	48,236.8	861.7	5,810.1	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	7,033.9	40,720.1	49,941.1	844.0	6,018.4	83,192.8	12,405.3
July	1,330.9	2,762.2	0.0	4,093.2	2,738.7	1,180.0	120.9	5,763.2	10,386.3	3,980.1	169.0	14,535.4	694.4	1,487.0	7,232.8	41,454.6	50,868.8	540.4	6,535.7	82,336.7	12,369.7
August	1,425.2	2,609.6	0.0	4,034.7	2,704.1	1,071.1	143.5	5,633.6	10,089.1	3,980.1	182.0	14,251.2	663.4	1,521.2	7,308.4	42,363.0	51,856.1	382.8	6,444.9	82,602.4	12,344.2
September	1,455.8	2,424.6	0.0	3,880.5	3,657.8	953.7	98.2	6,529.0	10,493.2	3,879.8	183.4	14,556.4	651.3	1,552.4	7,562.4	42,956.6	52,722.8	334.3	6,529.5	84,552.4	12,591.5
October	1,449.1	3,235.9	0.0	4,685.1	3,420.8	916.0	98.1	6,293.6	9,032.3	4,043.7	245.0	13,321.0	662.3	1,474.2	8,021.5	44,053.5	54,211.5	411.9	6,564.2	85,487.4	12,939.5
November	1,864.8	2,391.7	0.0	4,256.4	3,499.7	1,241.5	133.4	6,690.0	8,830.8	4,043.7	237.2	13,111.7	651.1	1,502.5	8,347.9	44,739.5	55,241.0	489.7	6,759.5	86,548.3	13,250.9
December	2,225.8	1,674.0	0.0	3,899.8	4,418.5	1,379.2	222.6	8,947.3	9,084.6	4,000.7	233.2	13,318.5	634.4	1,413.2	8,708.9	45,896.5	56,652.9	424.6	7,057.2	90,300.4	12,691.7
1999 January	1,785.6	2,833.6	0.0	4,619.2	5,355.6	1,175.1	149.3	9,624.3	8,597.3	4,000.7	309.9	12,907.9	631.3	1,319.3	9,053.8	45,943.8	56,948.2	438.4	6,914.0	91,452.1	12,799.9
February	1,701.6	2,798.3	0.0	4,500.0	5,513.3	1,054.6	157.5	9,913.1	8,400.2	4,022.1	307.3	12,729.6	632.0	1,319.3	9,182.3	46,166.7	57,300.3	1,409.9	7,014.2	92,867.1	13,115.5
March	1,751.7	2,779.5	0.0	4,531.2	6,812.3	936.7	131.0	9,626.8	8,784.1	3,925.8	379.4	13,089.3	655.1	1,402.8	9,557.7	46,216.8	57,832.3	1,177.4	6,919.6	93,176.7	12,996.4
April	1,661.8	3,029.0	0.0	4,690.8	6,416.6	1,019.6	114.8	9,381.6	8,462.8	3,925.8	387.4	12,776.0	636.8	1,384.5	9,417.1	46,439.6	57,878.0	1,474.2	7,375.6	93,576.2	13,451.4
May	1,648.1	2,525.2	0.0	4,173.4	6,396.3	1,108.4	94.6	9,457.5	8,738.7	3,925.6	379.8	13,044.1	637.5	1,518.0	9,765.4	47,329.4	59,250.3	1,320.4	7,640.0	94,885.6	13,508.9
June	2,000.2	3,447.8	0.0	5,448.0	6,553.5	1,179.7	91.5	9,685.3	7,959.1	3,883.0	82.9	11,925.0	648.7	1,485.2	10,024.1	47,948.2	60,106.3	1,511.5	8,507.4	97,183.3	13,414.1

¹ Includes foreign securities and loans to non residents.
Figures may not add up to totals due to rounding.

² Includes balances and investments.

³ For a breakdown, see Table 2.4(b).

Table 2.4(b): Commercial Banks - Liabilities

(Rs million)

End of Period	Capital and Reserves	PRIVATE SECTOR DEPOSITS				Government Deposits	Foreign Currency Deposits	Interbank Deposits	Credit from Bank of Mauritius	BORROWINGS FROM			Bills Payable	Other Liabilities ³	TOTAL LIABILITIES	Acceptances on Account of Customers	Documentary Credits	Guarantees
		Demand ¹	Time	Savings ²	Total					Banks in Mauritius	Banks Abroad	Other Bank-like Institutions						
1996	6,620.4	4,774.1	24,265.5	22,379.7	51,419.3	319.6	1,786.5	65.0	0.0	2.1	1,068.8	210.5	196.3	4,817.3	66,505.8	1,062.8	3,652.3	5,835.6
1997	7,842.4	5,112.7	25,514.3	26,799.4	57,426.5	358.7	4,903.3	267.0	250.0	1.3	855.5	0.8	167.9	5,854.0	77,927.3	1,073.3	3,420.6	7,288.9
1998	9,092.1	5,026.9	27,406.1	30,477.3	62,910.3	835.3	5,953.9	287.6	475.0	2.0	3,169.0	175.1	197.3	7,202.8	90,300.4	685.1	3,589.0	8,417.6
1997 January	6,745.5	4,347.0	24,056.0	22,551.7	50,954.8	256.6	2,054.1	75.0	250.0	0.4	1,020.6	129.9	117.3	4,502.4	66,106.7	1,047.6	3,605.5	5,761.3
February	6,745.6	4,013.0	24,213.4	22,782.0	51,008.3	242.1	2,092.0	10.0	250.0	2.6	979.9	165.4	90.0	4,865.6	66,451.5	958.6	3,538.6	5,760.8
March	6,733.0	4,369.0	24,954.1	23,126.3	52,449.3	222.9	2,201.4	40.0	250.0	0.9	1,090.3	96.0	93.7	4,659.2	67,836.8	908.2	3,524.4	6,012.1
April	6,733.3	4,035.6	24,626.1	23,784.5	52,446.2	284.2	2,534.6	45.0	250.0	1.5	1,063.2	72.1	155.1	4,973.3	68,558.5	936.9	3,312.0	6,198.8
May	6,717.3	4,330.1	24,663.6	23,573.8	52,567.5	281.2	2,576.5	153.0	250.0	2.2	829.2	301.1	170.4	5,288.9	69,137.2	1,018.2	3,347.9	6,309.1
June	6,858.9	4,562.2	24,755.3	24,017.0	53,334.4	743.2	2,712.5	294.0	250.0	2.4	598.2	252.5	350.4	5,463.7	70,860.3	1,140.8	3,446.0	6,473.1
July	7,507.8	5,323.2	24,847.5	24,377.5	54,548.2	383.1	3,055.6	270.0	250.0	1.5	594.7	197.5	173.5	4,642.2	71,624.0	1,194.9	3,746.8	6,846.3
August	7,632.2	4,480.1	25,122.7	25,104.4	54,707.2	401.7	3,149.5	105.0	250.0	1.3	647.6	217.5	134.9	4,666.4	71,913.3	1,176.9	3,759.7	6,553.9
September	7,633.8	5,199.1	25,222.8	25,130.2	55,552.0	354.3	3,100.9	130.0	250.0	1.9	784.9	191.6	368.9	4,870.6	73,239.0	1,214.7	3,833.4	6,518.6
October	7,651.7	5,254.8	25,468.9	25,441.2	56,164.8	475.1	4,268.9	40.0	250.0	2.0	957.9	68.1	285.5	5,150.3	75,314.3	1,308.5	3,805.4	6,654.4
November	7,699.5	5,080.9	25,564.1	26,016.9	56,661.9	326.1	5,285.7	134.0	250.0	1.9	926.0	1.1	107.3	5,821.8	77,215.4	1,316.7	3,554.4	6,883.6
December	7,842.4	5,112.7	25,514.3	26,799.4	57,426.5	358.7	4,903.3	267.0	250.0	1.3	855.5	0.8	167.9	5,854.0	77,927.3	1,073.3	3,420.6	7,288.9
1998 January	7,958.3	4,663.4	25,551.4	27,851.1	58,065.9	294.9	5,189.9	65.0	250.0	1.1	1,096.8	1.0	250.5	5,812.5	78,985.9	1,071.7	3,572.7	7,242.6
February	7,955.7	4,667.5	25,671.1	28,778.0	59,116.5	355.6	5,311.5	0.0	250.0	2.9	1,228.7	0.8	195.3	5,532.1	79,949.1	1,017.5	3,579.6	7,181.7
March	7,940.2	4,555.9	26,314.8	28,614.5	59,485.1	381.9	5,429.8	364.0	250.0	1.6	1,230.9	0.0	178.0	5,807.6	81,069.2	1,131.3	3,740.5	7,107.2
April	7,941.7	4,939.7	26,440.4	28,620.1	60,000.2	415.5	5,806.2	90.0	250.0	1.7	771.6	145.5	216.2	6,209.6	81,848.1	1,125.0	3,573.4	7,390.3
May	7,942.7	4,710.5	26,261.3	28,642.5	59,614.3	484.4	6,419.0	15.0	250.0	1.8	910.7	319.9	135.2	6,657.5	82,750.5	1,098.3	3,620.7	7,141.4
June	8,372.3	5,130.7	26,234.3	28,243.8	59,608.7	803.4	6,247.7	35.0	250.0	5.6	864.0	271.2	163.9	6,570.8	83,192.8	1,120.1	3,491.2	7,794.0
July	9,097.7	4,679.5	26,499.2	28,624.5	59,803.3	577.3	5,159.2	165.0	250.0	7.5	989.1	25.1	145.7	6,116.8	82,336.7	1,055.6	3,664.6	7,649.5
August	9,139.3	4,677.2	26,348.9	29,156.1	60,182.2	493.7	5,213.3	0.0	250.0	2.9	996.1	100.4	143.5	6,081.1	82,602.4	896.5	3,737.4	7,710.3
September	9,001.7	5,512.3	26,284.0	29,400.5	61,196.7	604.2	5,612.7	0.0	250.0	1.4	1,283.9	16.2	182.1	6,403.4	84,552.4	829.6	3,945.3	7,816.6
October	8,989.1	5,161.3	26,930.3	29,421.3	61,512.8	661.9	5,692.3	15.0	250.0	1.5	1,492.5	20.0	167.5	6,684.7	85,487.4	771.3	4,035.6	8,132.6
November	8,980.6	5,045.8	27,099.6	29,601.4	61,746.9	662.8	5,789.5	72.0	250.0	1.6	1,647.8	125.8	178.3	7,093.0	86,548.3	768.1	3,873.9	8,608.9
December	9,092.1	5,026.9	27,406.1	30,477.3	62,910.3	835.3	5,953.9	287.6	475.0	2.0	3,169.0	175.1	197.3	7,202.8	90,300.4	685.1	3,589.0	8,417.6
1999 January	9,138.9	4,984.8	27,654.2	31,150.1	63,789.1	841.8	6,271.3	170.0	250.0	1.7	3,620.1	61.8	145.2	7,162.1	91,452.1	597.2	4,082.2	8,120.5
February	9,192.3	5,087.7	28,858.8	31,851.9	65,798.5	558.3	5,878.8	90.0	250.0	1.4	4,096.7	186.6	179.4	6,635.0	92,867.1	544.1	4,419.9	8,151.5
March	9,149.1	5,019.6	29,224.0	31,647.7	65,891.4	696.8	6,366.0	0.0	250.0	1.9	3,587.7	213.7	129.1	6,891.1	93,176.7	568.3	4,357.8	8,070.3
April	9,107.5	5,136.1	29,582.4	31,597.4	66,316.0	731.2	6,519.7	110.0	250.0	1.0	3,204.4	126.4	123.3	7,086.6	93,576.2	641.7	4,583.8	8,225.9
May	9,118.0	5,069.6	29,843.4	31,412.5	66,325.6	795.3	7,000.2	235.0	250.0	1.1	3,125.9	144.4	115.6	7,774.5	94,885.6	654.6	4,586.2	8,268.1
June	10,154.3	5,253.8	30,239.2	31,830.5	67,323.5	1,231.7	7,228.5	80.0	250.0	1.7	2,913.4	130.9	189.3	7,680.1	97,183.3	851.3	4,194.6	8,368.1

¹ Include demand deposits of Offshore Banking Units (OBUs).
Figures may not add up to totals due to rounding.

² Include margin deposits.

³ Include borrowings from other institutions (local and foreign).

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 (1)	Savings Deposits ¹	Time Deposits	Foreign Currency Deposits	Total (2)			
									Bank of Mauritius	Commercial Banks								
1996	19,656.2	14,480.1	35,001.6	130.9	162.6	49,775.2	69,431.4	5,050.8	6.4	4,774.1	9,631.2	22,379.7	24,265.5	1,786.5	48,431.7	58,262.9	11,168.5	
1997	21,775.0	18,273.0	43,918.2	135.1	378.9	62,705.3	84,480.3	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	16,649.7	
1998	19,644.9	17,983.4	56,652.9	151.5	570.0	75,357.9	95,002.7	5,832.9	28.4	5,730.2	11,591.5	30,477.3	27,406.1	5,953.9	63,837.3	75,428.8	19,573.9	
1997	January	20,605.2	14,064.4	35,082.8	130.9	167.8	49,446.0	70,051.1	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	12,577.8
	February	21,092.3	14,225.9	35,268.4	130.9	174.6	49,799.9	70,892.2	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	13,383.1
	March	20,773.6	14,908.8	35,969.4	130.9	192.8	51,201.9	71,975.6	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	12,956.5
	April	21,571.7	15,019.7	36,089.4	130.9	216.6	51,456.7	73,028.4	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	13,743.2
	May	21,110.5	14,782.1	37,104.0	130.9	239.6	52,256.6	73,367.1	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	13,842.0
	June	21,230.8	15,758.6	37,735.9	135.1	259.1	53,888.8	75,119.6	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	14,760.5
	July	20,581.8	17,195.6	38,780.4	135.1	264.1	56,375.2	76,956.9	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	14,892.2
	August	19,795.8	18,313.5	39,315.0	135.1	260.1	58,023.8	77,819.6	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	15,295.3
	September	19,949.2	18,381.1	40,188.4	135.1	266.8	58,971.4	78,920.6	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	15,691.9
	October	20,521.1	18,132.3	41,874.1	135.1	272.4	60,413.9	80,935.1	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	15,687.7
	November	21,998.9	18,093.6	42,475.5	135.1	291.6	60,995.9	82,994.8	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	16,290.5
	December	21,775.0	18,273.0	43,918.2	135.1	378.9	62,705.3	84,480.3	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	16,649.7
1998	January	21,848.4	18,050.9	44,667.1	135.1	373.0	63,226.0	85,074.4	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	16,840.3
	February	22,022.6	18,081.9	44,942.5	135.1	408.2	63,567.7	85,590.3	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	16,245.2
	March	21,941.3	18,265.3	45,981.1	135.1	415.4	64,796.9	86,738.2	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	16,978.2
	April	20,616.5	18,944.0	47,665.9	135.1	430.2	67,175.3	87,791.8	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	17,126.2
	May	20,573.9	19,160.2	48,236.8	135.1	475.8	68,007.9	88,581.8	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	17,588.3
	June	21,118.3	17,358.3	49,941.1	151.5	476.2	67,927.2	89,045.4	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	18,167.3
	July	18,905.2	18,081.4	50,868.8	151.5	520.6	69,622.3	88,527.5	4,787.0	22.3	4,928.1	9,737.4	28,624.5	26,499.2	5,159.2	60,282.9	70,020.3	18,507.2
	August	18,675.1	17,675.9	51,856.1	151.5	528.3	70,211.8	88,886.9	4,836.8	10.5	5,013.9	9,861.3	29,156.1	26,348.9	5,213.3	60,718.3	70,579.6	18,307.3
	September	19,365.7	17,613.0	52,722.8	151.5	529.6	71,017.0	90,382.6	4,812.5	11.0	5,954.8	10,778.2	29,400.5	26,284.0	5,612.7	61,297.2	72,075.4	18,307.2
	October	17,580.7	18,429.2	54,211.5	151.5	576.9	73,369.2	90,949.9	5,004.7	11.4	5,641.6	10,657.7	29,421.3	26,930.3	5,692.3	62,043.8	72,701.5	18,248.4
	November	17,700.2	18,274.4	55,241.0	151.5	574.4	74,241.4	91,941.6	4,971.7	18.4	5,513.9	10,504.0	29,601.4	27,099.6	5,789.5	62,490.5	72,994.6	18,947.1
	December	19,644.9	17,983.4	56,652.9	151.5	570.0	75,357.9	95,002.7	5,832.9	28.4	5,730.2	11,591.5	30,477.3	27,406.1	5,953.9	63,837.3	75,428.8	19,573.9
1999	January	21,191.8	16,699.4	56,948.2	153.9	559.3	74,360.8	95,552.7	5,146.6	12.4	5,583.6	10,742.7	31,150.1	27,654.2	6,271.3	65,075.6	75,818.3	19,734.4
	February	21,184.6	16,516.0	57,300.3	153.9	553.5	74,523.8	95,708.4	5,027.5	51.0	5,469.8	10,548.3	31,851.9	28,858.8	5,878.8	66,589.5	77,137.8	18,570.6
	March	22,077.5	16,523.8	57,832.3	32.7	556.1	74,944.9	97,022.4	5,000.1	10.6	5,519.1	10,529.8	31,647.7	29,224.0	6,366.0	67,237.7	77,767.5	19,254.9
	April	21,543.4	16,815.1	57,878.0	32.7	587.2	75,313.0	96,858.4	5,001.0	101.7	5,684.0	10,786.6	31,597.4	29,582.4	6,519.7	67,699.6	78,486.2	18,370.2
	May	21,413.6	16,934.8	59,250.3	32.7	560.3	76,778.2	98,191.8	5,013.8	20.5	5,699.7	10,734.1	31,412.5	29,843.4	7,000.2	68,256.2	78,990.2	19,201.5
	June	22,086.7	16,013.5	60,106.3	32.7	574.7	76,727.2	98,813.9	4,875.8	21.2	6,008.6	10,905.6	31,830.5	30,239.2	7,228.5	69,298.2	80,203.8	18,610.0

¹ Include 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 ¹	Demand Deposits	Time and Savings Deposits ²	Foreign Currency Deposits	Money Supply (1) + (2) (5)	Aggregate Monetary Resources (3) + (4) + (5) (6)
	(1)	(2)	(3)	(4)		
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
July	4,787.0	4,950.3	55,123.7	5,159.2	9,737.4	70,020.3
August	4,836.8	5,024.4	55,505.0	5,213.3	9,861.3	70,579.6
September	4,812.5	5,965.8	55,684.4	5,612.7	10,778.2	72,075.4
October	5,004.7	5,653.0	56,351.5	5,692.3	10,657.7	72,701.5
November	4,971.7	5,532.3	56,701.0	5,789.5	10,504.0	72,994.6
December	5,832.9	5,758.6	57,883.4	5,953.9	11,591.5	75,428.8
1999 January	5,146.6	5,596.0	58,804.3	6,271.3	10,742.7	75,818.3
February	5,027.5	5,520.8	60,710.8	5,878.8	10,548.3	77,137.8
March	5,000.1	5,529.7	60,871.7	6,366.0	10,529.8	77,767.5
April	5,001.0	5,785.6	61,179.9	6,519.7	10,786.6	78,486.2
May	5,013.8	5,720.3	61,256.0	7,000.2	10,734.1	78,990.2
June	4,875.8	6,029.8	62,069.7	7,228.5	10,905.6	80,203.8

¹ Net of cash held by commercial banks.
Figures may not add up to totals due to rounding.

² Include margin deposits.

Table 2.7: Value Range of "Loans and Advances", "Local Bills Discounted" and "Bills Receivable" as at end-June 1999

RANGE	Number of Loans and Advances	Value of Loans and Advances ¹ (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 Rs25,000	68,074	553,635 (1.2)	19,731	191,369 (29.5)	150	2,227 (0.2)
Exceeding Rs25,000 and up to Rs50,000	25,045	902,787 (2.0)	2,594	85,262 (13.1)	189	6,958 (0.5)
Exceeding Rs50,000 and up to Rs100,000	19,751	1,430,242 (3.2)	253	16,189 (2.5)	412	30,830 (2.1)
Exceeding Rs100,000 and up to Rs500,000	25,702	5,783,514 (13.1)	155	38,412 (5.9)	1,607	392,830 (26.4)
Exceeding Rs500,000 and up to Rs1,000,000	4,496	3,216,644 (7.3)	63	41,215 (6.4)	490	330,358 (22.2)
Exceeding Rs1,000,000 and up to Rs2,500,000	2,731	4,273,596 (9.7)	18	27,166 (4.2)	230	332,283 (22.4)
Exceeding Rs2,500,000 and up to Rs5,000,000	1,031	3,621,870 (8.2)	8	26,036 (4.0)	41	138,424 (9.3)
Exceeding Rs5,000,000 and up to Rs10,000,000	710	4,926,950 (11.1)	16	114,189 (17.6)	10	70,875 (4.8)
Exceeding Rs10,000,000	632	19,571,520 (44.2)	5	108,884 (16.8)	8	180,446 (12.1)
TOTAL	148,172	44,280,758	22,843	648,722	3,137	1,485,231

¹ Excludes loans and other financing in foreign currencies.
Figures in brackets are percentages of totals.

Table 2.8: Principal Interest Rates

(Per cent per annum)

	Sep-97	Dec-97	Mar-98	Jun-98	Sep-98	Dec-98	Mar-99	Jun-99
1. LENDING								
Bank of Mauritius								
Bank Rate [†]	8.51	8.96	8.98	9.03	10.17	12.19	12.60	12.66
Commercial Banks								
(i) Mauritius Sugar Syndicate	10.50-13.00	10.50-13.00	11.00-13.00	11.00-13.00	10.50-13.00	10.50-13.50	12.00-13.50	12.00-13.50
(ii) Sugar Industry	11.25-17.50	11.25-17.50	11.25-17.50	11.25-18.00	11.25-17.50	10.00-19.00	10.00-18.00	10.00-18.00
(iii) Other Agriculture	11.50-19.50	11.50-18.50	11.50-18.50	11.50-19.50	11.50-18.50	11.25-19.00	11.25-19.50	11.25-19.50
(iv) EPZ	11.50-18.50	11.50-18.50	11.50-19.50	11.50-18.50	11.50-18.50	10.00-20.00	10.00-22.50	10.00-20.00
(v) DC	11.50-17.50	11.50-17.50	11.50-17.50	11.50-17.50	11.50-17.50	11.75-19.00	11.75-17.00	11.75-17.00
(vi) Small-scale Industries	11.50-19.50	11.50-19.50	11.50-19.50	11.50-19.50	11.50-19.50	12.50-20.00	12.50-20.00	12.50-20.00
(vii) Transport	13.50-19.50	13.50-19.50	13.50-19.50	12.25-19.50	12.25-19.50	11.00-20.50	11.00-20.50	11.00-19.50
(viii) Hotels	13.00-18.50	14.00-18.50	14.00-18.50	12.50-18.00	12.50-18.50	13.50-19.00	13.50-18.50	12.50-18.50
(ix) Other Industries and Manufacturers	13.00-20.00	12.50-20.00	12.50-19.50	12.50-19.50	12.50-19.50	10.75-20.00	10.75-20.50	10.75-20.50
(x) Statutory and Parastatal Bodies	13.00-17.75	13.00-17.75	13.00-17.75	13.00-16.50	13.00-16.50	12.50-16.50	12.50-16.50	12.50-16.50
(xi) Housing	11.50-19.75	11.50-19.75	11.50-19.50	11.50-19.50	11.50-19.50	12.00-20.50	12.00-20.50	12.00-20.50
(xii) Traders	13.00-21.00	13.00-21.00	14.00-21.00	14.00-21.00	14.00-21.00	10.00-20.50	10.00-20.50	10.00-20.50
(xiii) Stock Brokers	16.00-18.00	16.00-18.00	16.00-18.00	16.00-17.50	12.00-17.50	11.00-18.50	11.00-18.50	11.00-18.50
(xiv) Financial Institutions	16.00-18.00	16.00-18.00	16.00-18.00	16.00-17.50	15.50-17.50	12.00-18.50	12.00-18.50	12.00-18.50
(xv) Personal and Professional	12.50-21.00	12.50-19.50	13.50-19.50	13.50-19.50	13.50-19.50	10.00-20.50	10.00-20.50	10.00-24.00
(xvi) Other Customers	14.00-19.50	12.00-19.50	14.50-19.50	14.50-19.50	14.50-19.50	10.00-20.50	10.00-20.50	10.00-20.50
2. DEPOSITS								
1. Savings	8.00	8.00	8.00	8.00	8.00	9.00	9.00	9.00
2. Seven Days' Notice	8.00-9.00	8.00-9.00	8.00-9.00	8.00-9.00	8.00-8.50	8.25-10.00	8.25-12.25	8.25-10.00
3. Fixed Deposits								
(i) Up to 3 months	8.00-8.50	8.00-8.75	8.00-8.50	8.00-10.00	8.00-9.00	9.00-10.50	9.00-10.50	9.00-11.50
(ii) Exceeding 3 and up to 6 months	8.00-9.25	8.00-9.25	8.13-9.00	8.00-10.00	8.00-9.50	8.12-10.50	9.00-11.00	9.00-11.25
(iii) Exceeding 6 and up to 12 months	8.13-11.00	8.13-10.50	8.25-10.50	8.25-10.00	8.25-10.00	8.12-11.75	9.25-12.00	9.25-12.00
(iv) Exceeding 12 and up to 18 months	8.13-10.00	8.37-11.00	8.37-10.00	8.37-10.00	8.37-9.25	8.37-11.75	9.50-11.13	9.50-12.00
(v) Exceeding 18 and up to 24 months	8.25-10.50	8.50-9.50	8.50-9.50	8.50-10.00	8.50-9.50	8.50-11.50	9.50-11.50	9.38-11.50
(vi) Exceeding 24 and up to 36 months	8.25-12.00	8.50-11.00	8.25-11.00	8.25-11.00	8.25-11.00	8.62-11.50	9.63-11.75	9.63-12.00
(vii) Exceeding 36 and up to 48 months	8.25-12.00	8.50-12.00	8.25-11.00	9.00-11.00	9.00-12.50	9.00-12.00	9.75-12.00	9.63-12.00
(viii) Over 48 months	8.00-14.50	9.00-14.50	8.25-14.00	9.00-14.00	9.00-14.00	9.00-11.25	9.75-11.25	9.75-11.25

[†] As on the last day of the month.

Table 2.9: Ownership of Commercial Banks' Deposits as at end-June 1999

SECTORS	DEMAND DEPOSITS ¹		TIME DEPOSITS	
	Number of Accounts	Amount (Rs'000)	Number of Accounts	Amount (Rs'000)
1. Agriculture, Hunting, Forestry and Fishing	1,316	319,017 (4.9)	217	466,017 (1.5)
(a) Sugar	648	225,790	133	389,675
(b) Others	668	93,228	84	76,342
2. Manufacturing	2,361	433,273 (6.7)	404	587,238 (1.9)
3. Financial, Insurance, Business Services and Stock Brokers	1,536	812,837 (12.5)	586	1,192,066 (3.9)
4. Construction	758	204,204 (3.1)	78	39,634 (0.1)
5. Wholesale and Retail Trade, Restaurants and Hotels	9,530	759,914 (11.7)	1,316	872,665 (2.9)
6. Personal and Professional	45,603	1,601,529 (24.7)	100,817	23,102,690 (76.4)
(a) Residents	43,724	1,506,828	99,564	22,796,139
(b) Nonresidents	1,879	94,701	1,253	306,551
7. Transport, Storage and Communication	709	161,545 (2.5)	89	928,911 (3.1)
8. Statutory and Parastatal Bodies	110	197,537 (3.0)	131	860,767 (2.8)
9. Central Government	101	1,151,294 (17.8)	3	960 (0.0)
10. Local Government	172	65,904 (1.0)	114	257,141 (0.9)
11. Others	6,253	778,405 (12.0)	2,573	1,931,089 (6.4)
TOTAL	68,449	6,485,458	106,328	30,239,178
SECTORS	SAVINGS DEPOSITS ²			
	Number of Accounts	Amount (Rs'000)		
1. Personal	1,266,931	28,510,993 (89.7)		
2. Professional	5,437	310,529 (1.0)		
3. Statutory and Parastatal Bodies	72	408,513 (1.3)		
4. Other	13,972	2,568,771 (8.1)		
TOTAL	1,286,412	31,798,806		

¹ Include Government demand deposits and demand deposits of OBUs.
Figures in brackets are percentages of totals

² Exclude margin deposits.
Figures may not add up to totals due to rounding

Table 2.10: Value Range of Commercial Banks' Deposits as at end-June 1999

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	50,086	257,783 (4.0)	1,078,431	3,768,432 (11.9)	19,179	265,839 (0.9)
Exceeding Rs25,000 and up to Rs50,000	6,224	229,726 (3.5)	80,705	2,840,450 (8.9)	16,245	672,808 (2.2)
Exceeding Rs50,000 and up to Rs100,000	4,678	336,807 (5.2)	60,455	4,233,938 (13.3)	23,906	2,097,793 (6.9)
Exceeding Rs100,000 and up to Rs500,000	5,759	1,234,883 (19.0)	59,629	11,707,406 (36.8)	36,539	9,226,542 (30.5)
Exceeding Rs500,000 and up to Rs1,000,000	838	576,973 (8.9)	5,104	3,430,172 (10.8)	6,721	5,210,113 (17.2)
Exceeding Rs1,000,000 and up to Rs2,500,000	491	773,136 (11.9)	1,657	2,345,153 (7.4)	2,688	4,192,177 (13.9)
Exceeding Rs2,500,000 and up to Rs5,000,000	145	497,793 (7.7)	265	885,549 (2.8)	670	2,314,967 (7.7)
Exceeding Rs5,000,000 and up to Rs10,000,000	172	559,223 (8.6)	91	630,007 (2.0)	220	1,610,261 (5.3)
Exceeding Rs10,000,000	56	2,019,134 (31.1)	75	1,957,698 (6.2)	160	4,648,678 (15.4)
TOTAL	68,449	6,485,458	1,286,412	31,798,806	106,328	30,239,178

Figures in brackets are percentages of totals.
Figures may not add up to totals due to rounding.

Table 2.11: Maturity Pattern of Time Deposits as at end-June 1999

(Rs '000)

DURATION	Personal/ Professional Deposits	Institutional Deposits	Total Deposits
Seven Days' Notice	1,452,398	1,618,978	3,071,376
Up to 1 Month	623,289	1,365,791	1,989,080
Exceeding 1 Month and up to 3 Months	1,859,972	626,956	2,486,928
Exceeding 3 Months and up to 6 Months	2,322,675	655,856	2,978,531
Exceeding 6 Months and up to 12 Months	4,390,153	1,351,733	5,741,887
Exceeding 12 Months and up to 18 Months	2,117,180	443,646	2,560,826
Exceeding 18 Months and up to 24 Months	1,510,566	312,302	1,822,868
Exceeding 24 Months and up to 36 Months	6,312,356	349,116	6,661,472
Exceeding 36 Months and up to 48 Months	2,136,981	350,535	2,487,516
Exceeding 48 Months	272,952	165,743	438,695
TOTAL	22,998,521	7,240,658	30,239,178

Figures may not add up to totals due to rounding.

Table 2.12: Cheque Clearances

	Number of Cheques	Amount (Rs '000)	Number of Days	Daily Average	
				Number of Cheques	Amount (Rs '000)
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
July	497,419	15,392,276	23	21,627	669,229
August	422,355	13,799,004	20	21,118	689,950
September	505,174	14,501,380	22	22,962	659,154
October	477,660	14,414,685	21	22,746	686,414
November	473,758	14,706,667	21	22,560	700,317
December	561,287	19,148,184	22	25,513	870,372
1999 January	434,756	12,373,624	19	22,882	651,243
February	341,678	12,465,665	16	21,355	779,104
March	515,004	16,069,912	20	25,750	803,496
April	514,027	15,197,677	22	23,365	690,804
May	520,551	14,523,522	21	24,788	691,596
June	509,750	16,232,569	22	23,170	737,844

Table 2.13: Exchange Rates ¹

(Rupees)

CURRENCY	Dec-97		Mar-98		Jun-98		Sep-98		Dec-98		Mar-99		Jun-99	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
Australian dollar	14.16	14.66	15.38	15.92	14.52	15.03	14.25	14.75	14.89	15.40	15.43	15.95	16.26	16.83
Belgium franc (100)	59.42	61.50	61.45	63.60	64.15	66.40	69.95	72.40	71.10	72.50	65.94	67.22	63.83	65.00
China yuan	2.65	2.74	2.82	2.92	2.89	2.99	2.91	3.01	2.95	3.05	2.99	3.09	-	-
ECU/Euro	23.63	24.81	24.55	25.78	25.47	26.74	27.71	29.10	28.60	29.17	26.67	27.11	25.79	26.22
French franc	3.67	3.73	3.79	3.85	3.96	4.02	4.32	4.39	4.34	4.43	4.05	4.13	3.92	4.00
Deutsche mark	12.20	12.49	12.60	12.90	13.16	13.47	14.37	14.71	14.57	14.86	13.60	13.86	13.16	13.40
Hong Kong dollar	2.83	2.93	3.01	3.12	3.08	3.19	3.11	3.22	3.15	3.26	3.19	3.30	3.20	3.31
Indian rupee (100)	56.00	58.00	59.00	61.00	56.00	58.00	57.00	59.00	57.00	59.00	58.00	60.00	57.00	59.00
Italian lira (1000)	12.40	12.90	12.78	13.29	13.36	13.89	14.52	15.10	14.70	14.99	13.73	14.00	13.29	13.54
Japanese yen (100)	16.93	17.31	17.79	18.19	17.05	17.43	17.86	18.26	21.32	21.80	20.65	21.10	20.63	21.10
Kenya shilling (100)	35.12	36.52	38.94	40.50	40.06	41.66	40.02	41.62	39.39	40.97	37.95	39.46	33.90	35.31
Malagasy franc (100)	0.41	0.43	0.44	0.46	0.44	0.46	0.46	0.48	0.44	0.46	0.41	0.43	0.36	0.38
Malaysian ringgit	5.63	5.86	6.41	6.67	5.71	5.94	-	-	-	-	-	-	-	-
Malawi kwacha	1.02	1.08	0.92	0.97	0.91	0.96	0.58	0.62	0.54	0.57	0.55	0.58	0.56	0.60
New Zealand dollar	12.63	13.07	12.83	13.28	12.16	12.59	12.01	12.43	12.75	13.20	13.06	13.50	13.07	13.52
Pakistan rupee (100)	49.10	51.55	52.24	54.85	51.05	53.60	46.80	49.14	50.89	53.45	52.07	54.67	50.85	53.42
Seychelles rupee	4.18	4.39	4.47	4.69	4.50	4.73	4.44	4.66	4.38	4.60	4.55	4.78	4.57	4.80
Singapore dollar	13.00	13.52	14.49	15.07	13.96	14.52	14.24	14.81	14.64	15.22	14.25	14.80	14.55	15.12
South African rand	4.48	4.66	4.63	4.82	4.06	4.22	4.13	4.29	4.15	4.31	3.99	4.14	4.11	4.27
Swiss franc	15.03	15.37	15.33	15.67	15.66	16.01	17.34	17.73	17.71	18.06	16.66	16.99	16.08	16.39
Tanzania shilling (100)	3.50	3.67	3.57	3.75	3.62	3.80	3.60	3.78	3.59	3.77	3.55	3.73	3.37	3.55
Uganda shilling (100)	1.92	2.02	2.01	2.11	1.92	2.02	1.86	1.95	1.78	1.87	1.76	1.85	1.69	1.78
US dollar	22.12	22.40	23.59	23.88	24.12	24.42	24.32	24.63	24.63	24.94	24.98	25.29	25.11	25.39
Pound sterling	36.73	37.10	39.65	40.05	40.28	40.68	41.60	42.02	40.99	41.50	40.21	40.72	39.53	39.97
Zambia kwacha (100)	1.58	1.67	1.35	1.43	1.21	1.28	1.18	1.25	1.00	1.06	1.02	1.08	0.97	1.03
Zimbabwe dollar	1.17	1.24	1.43	1.52	1.30	1.38	0.73	0.77	0.64	0.68	0.63	0.67	0.64	0.68

¹ End of month.

With effect from 8 September 1998, there are no dealings for the Malaysian ringgit on account of its withdrawal from the international financial system.

With effect from 1 October 1998, the end-of-period exchange rate of the rupee is based on the average end-of-period rates of all commercial banks.

With effect from 1 January 1999, the Euro was introduced replacing its precursor, the ECU, on a one-to-one basis.

With effect from 10 June 1999, there are no dealings for the China yuan.

Table 2.14: Daily Average Exchange Rates ¹

(Rupees)

CURRENCY	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99
Australian dollar	15.177	14.623	14.531	15.351	15.888	15.473	15.795	16.093	15.134	16.248	16.006	16.693
Belgium franc (100)	66.922	67.730	70.991	73.385	72.120	72.392	71.863	69.837	64.659	67.104	63.552	65.343
China yuan	2.996	3.014	3.011	3.032	3.064	3.051	3.055	3.072	2.929	3.089	2.945	-
French franc	4.055	4.104	4.300	4.505	4.434	4.449	4.419	4.294	4.183	4.126	4.100	4.018
Deutsche mark	13.593	13.757	14.421	15.107	14.870	14.925	14.819	14.402	14.028	13.838	13.751	13.475
Hong Kong dollar	3.201	3.220	3.218	3.241	3.268	3.258	3.264	3.281	3.297	3.300	3.302	3.310
Indian rupee (100)	58.130	58.350	58.818	59.333	59.810	59.000	59.579	60.000	60.050	59.955	60.000	59.818
Italian lira (1000)	13.999	14.157	14.818	15.298	15.033	15.071	14.954	14.546	14.167	13.970	13.888	13.622
Japanese yen (100)	17.466	17.077	18.351	20.504	20.831	21.281	22.132	21.616	21.145	21.160	20.811	21.062
Kenya shilling (100)	41.833	42.154	41.669	42.009	42.507	40.996	41.002	40.781	39.946	39.035	37.261	35.057
Malaysian ringgit	5.983	5.947	-	-	-	-	-	-	-	-	-	-
New Zealand dollar	12.738	12.425	12.461	12.979	13.380	13.069	13.487	13.707	13.451	13.739	14.020	13.557
Singapore dollar	14.546	14.240	14.451	15.317	15.445	15.272	15.074	14.956	14.771	14.926	14.961	15.017
South African rand	4.000	3.971	4.089	4.345	4.499	4.293	4.235	4.172	4.117	4.187	4.150	4.224
Swiss franc	16.145	16.455	17.515	18.525	18.061	18.335	18.057	17.615	17.208	16.905	16.782	16.531
US dollar	24.489	24.628	24.614	24.791	24.984	24.917	24.970	25.093	25.218	25.259	25.286	25.375
Pound sterling	40.242	40.186	41.310	41.953	41.494	41.595	41.161	40.876	40.814	40.621	40.796	40.471
ECU/Euro	26.993	27.258	28.504	29.764	29.256	29.316	28.987	28.171	27.438	27.066	26.899	26.360
SDR	31.110	31.100	31.110	31.420	32.070	32.970	33.870	34.680	34.040	34.000	33.900	33.799

¹ Selling Rates.

With effect from 8 September 1998, there are no dealings for the Malaysian ringgit on account of its withdrawal from the international financial system.

With effect from 1 October 1998, the daily average exchange rate of the rupee is based on the average selling rates for T.T. and D.D. of all commercial banks.

With effect from 1 January 1999, the Euro was introduced replacing its precursor, the ECU, on a one-to-one basis.

With effect from 10 June 1999, there are no dealings for the China yuan.

Table 2.15: Transactions on the Stock Exchange of Mauritius

		OFFICIAL MARKET					
		Number of Sessions	SEM-7	SEMDEX	DEX	Value of Transactions (Rs '000)	Volume of Transactions (Thousands)
				Average			
1998	July	23	117.79	491.53		17,567	528
	August	20	125.68	517.78		15,223	644
	September	22	116.09	485.22		10,735	429
	October	21	106.21	447.43		14,043	524
	November	21	109.32	456.35		6,818	214
	December	22	110.24	460.85		5,190	137
1999	January	19	109.54	458.93		9,108	270
	February	17	105.74	444.64		4,374	147
	March	20	101.60	426.40		6,467	271
	April	22	98.51	414.11		4,670	118
	May	21	95.62	400.87		16,060	479
	June	22	99.56	409.82		5,381	251

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
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
July	14,131.1	0.8	229.7	4,774.1	19,135.7
August	14,037.7	1.6	231.0	4,637.5	18,907.8
September	14,120.6	0.8	229.9	5,245.1	19,596.4
October	12,779.6	0.8	235.9	4,801.1	17,817.4
November	12,658.1	0.7	239.4	5,042.2	19,895.5
December	13,866.6	0.6	250.0	5,778.3	17,940.4
1999 January	15,187.7	0.8	251.4	6,004.1	21,444.0
February	15,368.2	0.8	492.2	5,816.3	21,677.5
March	16,038.4	0.8	492.1	6,039.1	22,570.4
April	15,366.2	0.8	490.7	6,177.2	22,034.9
May	15,082.0	0.8	490.3	6,331.6	21,904.7
June	15,314.9	0.5	487.5	6,771.8	22,574.7

Table 3.2: Exports - Principal Countries of Destination

COUNTRY	1997	1998 ¹	1997				1998				1999 ¹
			1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr
United Kingdom	11,356	12,841	2,368	1,727	3,626	3,635	2,780	1,984	4,343	3,734	2,657
France	5,990	6,991	1,266	1,611	1,336	1,777	1,182	1,900	1,493	2,416	1,392
United States of America	4,687	6,495	743	1,158	1,573	1,213	1,078	1,710	2,011	1,696	1,465
Germany	1,860	2,212	385	435	504	536	409	548	700	555	335
Italy	1,272	1,398	341	267	260	404	308	377	282	431	310
Reunion	477	548	103	120	119	135	81	136	156	175	106
Belgium	675	772	133	186	158	198	149	226	192	205	253
Netherlands	744	895	183	153	180	228	180	242	211	262	203
Republic of South Africa	142	189	44	25	34	39	30	65	42	52	15
Canada	188	266	44	49	56	39	49	92	81	44	46
Australia	133	82	23	37	45	28	17	23	23	19	18
Madagascar	1,193	1,628	267	327	300	299	345	407	458	418	411
Other Countries	4,301	4,567	700	854	1,509	1,238	860	867	1,702	1,138	1,086
TOTAL	33,018	38,884	6,600	6,949	9,700	9,769	7,468	8,577	11,694	11,145	8,297

¹ Provisional.
Source: Central Statistical Office, Government of Mauritius.

Table 3.3: Direction of EPZ Exports

(f.o.b. value)											
COUNTRY	1997	1998 ¹	1997				1998				1999 ¹
			1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr
European Union	16,304	17,690	3,450	4,208	4,052	4,594	3,398	4,445	4,496	5,351	3,860
France	5,669	6,260	1,203	1,541	1,245	1,680	1,023	1,673	1,393	2,171	1,276
Belgium	599	486	117	173	138	171	127	191	152	16	217
Germany	1,630	1,922	326	384	445	475	339	445	657	481	277
United Kingdom	5,341	5,489	1,093	1,418	1,451	1,379	1,254	1,318	1,406	1,511	1,342
Netherlands	644	784	172	141	155	176	129	213	203	239	196
Italy	1,153	1,163	305	235	248	365	259	264	244	396	289
Other	1,268	1,586	234	316	370	348	267	341	441	537	263
Non European Union	6,745	8,384	1,225	1,763	1,964	1,793	1,644	2,231	2,208	2,301	2,028
United States of America	4,354	6,052	695	1,133	1,369	1,157	1,010	1,635	1,766	1,641	1,383
Hong Kong	98	87	18	29	12	39	44	19	8	16	24
Singapore	38	20	8	12	6	12	5	4	3	8	2
Switzerland	355	367	83	98	85	89	62	71	109	125	96
Madagascar	757	835	177	191	188	201	262	238	77	258	324
Other	1,143	1,023	244	300	304	295	261	264	245	253	199
Total EPZ Exports	23,049	26,074	4,675	5,971	6,016	6,387	5,042	6,676	6,704	7,652	5,888

¹ Provisional.

Source: Central Statistical Office, Government of Mauritius.

Table 3.4: EPZ Imports and Exports by Main Commodities

(Rs million)

	1997	1998 ¹	1997				1998				1999 ¹
			1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr
Total EPZ Imports (c.i.f.)	13,880	16,184	2,758	3,635	3,656	3,831	3,703	4,378	4,121	3,982	3,711
Raw Materials	12,442	14,699	2,548	3,282	3,304	3,308	3,311	3,896	3,765	3,727	3,283
Machinery	1,438	1,485	210	353	352	523	392	482	356	255	428
Total EPZ Exports (f.o.b.)	23,049	26,074	4,675	5,971	6,016	6,387	5,042	6,676	6,704	7,652	5,888
Fish and Fish Preparations	894	939	164	239	209	282	204	205	288	242	212
Textile Yarn, Fabrics, Made-up Articles	1,310	1,062	316	354	309	331	391	284	72	315	370
Pearls, Precious and Semi-precious Stones	476	446	119	134	130	93	97	144	92	113	108
Articles of Apparel and Clothing	18,142	21,121	3,619	4,650	4,840	5,033	3,845	5,442	5,605	6,229	4,637
Watches and Clocks	409	508	95	103	87	124	91	105	158	154	123
Toys, Games and Sporting Goods	104	79	31	40	24	9	4	22	35	18	18
Other	1,714	1,919	331	451	417	515	410	474	454	581	420
Net EPZ Exports	7,045	9,890	1,917	2,336	236	2,556	1,339	2,298	2,583	3,670	2,177

¹ Provisional.
Source: Central Statistical Office, Government of Mauritius.

Table 3.5: Imports and Exports - Major Commodity Groups

(Rs million)

	1997	1998 ¹	1997				1998				1999 ¹
			1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr
Imports (c.i.f. value)											
Food and Live Animals	6,091	6,889	1,357	1,404	1,672	1,658	1,600	1,712	1,697	1,880	1,615
Beverages and Tobacco	262	312	32	57	79	94	64	93	73	82	88
Crude Materials, Inedible except Fuels	1,567	1,933	320	441	385	421	438	458	531	506	409
Mineral Fuels, Lubricants and Related Materials	3,471	3,152	961	770	914	826	815	736	742	859	624
Animal and Vegetable Oils and Fats	484	593	78	92	190	124	130	169	103	191	196
Chemicals and Related Products	3,340	3,895	734	784	935	887	794	1,008	1,007	1,086	883
Manufactured Goods classified chiefly by Materials	14,947	17,249	2,859	3,942	4,083	4,063	3,782	4,500	4,427	4,540	3,824
Machinery and Transport Equipment	11,702	11,364	1,647	2,672	2,365	5,018	2,392	2,599	3,005	3,368	3,247
Miscellaneous Manufactured Articles	3,804	4,233	761	850	909	1,284	824	996	1,122	1,291	887
Commodities and Transactions not classified elsewhere in the SITC	425	191	128	68	123	106	48	47	57	39	39
TOTAL	46,093	49,811	8,877	11,080	11,655	14,481	10,887	12,318	12,764	13,842	11,812
Exports (f.o.b. value)											
Cane Sugar	7,495	8,440	1,354	428	3,020	2,693	1,611	662	3,765	2,402	1,856
Cane Molasses	102	70	23	-	40	39	26	-	31	13	-
Tea, whether or not flavoured	11	10	6	3	1	1	3	4	2	1	1
Export Processing Zone Products	23,049	26,074	4,675	5,971	6,016	6,387	5,042	6,676	6,704	7,652	5,888
Other	1,231	2,700	270	296	290	375	425	824	792	659	246
Re-exports	1,130	1,590	272	251	333	274	361	411	400	418	306
TOTAL	33,018	38,884	6,600	6,949	9,700	9,769	7,468	8,577	11,694	11,145	8,297
Ships' Stores and Bunkers (f.o.b. value)	676	750	170	170	170	166	170	170	170	240	165

¹ Provisional.
Source: Central Statistical Office, Government of Mauritius.

Table 3.6: Merchandise Imports

SITC Code	Standard International Trade Classification	(c.i.f. value)		(Rs million)	
		1995	1996	1997	1998 ¹
00	Food and Live Animals	4,673.0	5,921.0	6,091.0	6,889.0
	Meat and Meat Preparations	532.0	577.0	683.0	734.0
	Dairy Products and Eggs	899.0	947.0	964.0	1,038.0
	<i>Milk and Cream</i>	703.0	725.0	736.0	790.0
	Fish and Fish Preparations	700.0	756.0	867.0	1,129.0
	Cereals and Cereal Preparations	1,062.0	1,541.0	1,352.0	1,633.0
	<i>Wheat</i>	379.0	599.0	367.0	556.0
	<i>Rice</i>	329.0	668.0	509.0	114.0
	<i>Flour</i>	3.0	85.0	73.0	504.0
	<i>Other</i>	351.0	189.0	403.0	459.0
	Fruits and Vegetables	645.0	695.0	804.0	851.0
	<i>Vegetables</i>	745.0	352.0	360.0	367.0
	Feeding Stuff for Animals	161.0	190.0	270.0	212.0
	Other	674.0	1,215.0	1,151.0	1,292.0
01	Beverages and Tobacco	221.0	212.0	262.0	312.0
	Alcoholic Beverages	164.2	167.0	195.0	237.0
	Unmanufactured Tobacco	6.2	7.0	8.0	11.0
	Other	50.6	38.0	59.0	64.0
02	Crude Materials, Inedible except Fuels	1,209.0	1,598.0	1,567.0	1,933.0
03	Mineral Fuels, Lubricants and Related Materials	2,401.0	3,213.0	3,471.0	3,152.0
	Petroleum Products, Refined	2,019.1	2,823.0	3,021.0	2,643.0
	Other	381.9	390.0	450.0	509.0
04	Animal and Vegetable Oils and Fats	441.0	464.0	484.0	593.0
	Vegetable and Edible Oils	361.4	341.0	375.0	473.0
	Other	79.6	123.0	109.0	120.0
05	Chemicals and Related Materials	2,688.0	3,164.0	3,340.0	3,895.0
	Organic Chemicals	154.0	173.1	168.0	214.0
	Inorganic Chemicals	259.8	294.4	339.0	408.0
	Dyeing, Tanning and Colouring Materials	336.1	430.0	461.0	519.0
	Medical and Pharmaceutical Products	576.0	671.0	642.0	785.0
	Fertilizers Manufactured	145.7	189.0	185.0	171.0
	Artificial Resins and Plastic Materials and Cellulose Esters and Ethers	199.9	222.0	243.0	280.0
	Other	1,016.5	1,184.5	1,302.0	1,518.0
06	Manufactured Goods classified chiefly by Materials	12,587.0	13,708.0	14,947.0	17,249.0
	Rubber, Wood, Cork, Paper and Paper Board Manufactures	1,186.0	1,176.2	1,091.0	1,424.0
	Textile Yarn, Fabrics, Made-up Articles and Related Products	7,681.7	7,898.0	9,103.0	10,681.0
	Lime, Cement and Fabricated Construction Materials	728.8	823.0	885.0	1,032.0
	Iron and Steel	887.4	1,255.0	1,077.0	1,286.0
	Manufactures of Metal	700.0	804.0	903.0	1,032.0
	Other	1,403.0	1,751.8	1,888.0	1,794.0
07	Machinery and Transport Equipment	6,658.0	9,190.0	11,702.0	11,364.0
	Machinery Specialized for Particular Industries	1,274.0	1,549.0	1,682.0	1,896.0
	General Industrial Machinery	933.0	1,148.0	1,076.0	1,823.0
	Electric Machinery, Apparatus and Appliances and Parts	1,021.3	1,414.0	1,263.0	1,406.0
	Road Motor Vehicles and Parts	1,487.3	1,711.0	2,139.0	2,765.0
	Other	1,941.8	3,368.0	5,542.0	3,474.0
08	Miscellaneous Manufactured Articles	3,245.0	3,271.0	3,804.0	4,233.0
	Articles of Apparel and Clothing Accessories	355.1	357.0	468.0	449.0
	Professional and Scientific Instruments	217.3	264.5	278.0	267.0
	Other	2,672.6	2,649.5	3,058.0	3,517.0
09	Commodities and Transactions not classified elsewhere in the SITC	240.0	413.0	425.0	191.0
	TOTAL	34,363.0	41,154.0	46,093.0	49,811.0

¹ Provisional
Source: Central Statistical Office, Government of Mauritius

Table 3.7: Imports - Main Sources of Supply

	(c.i.f. value)										(Rs million)
	1997	1998 ¹	1997				1998				1999 ¹
			1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr	
Bahrain	224	598	-	-	224	-	-	265	266	67	53
France	7,225	5,528	816	1,753	1,123	3,533	1,262	1,385	1,310	1,571	1,241
United Kingdom	2,562	2,584	557	624	728	653	628	676	624	656	640
Republic of South Africa	5,650	5,222	1,292	1,464	1,180	1,714	1,382	1,345	1,218	1,277	1,235
Japan	1,966	2,529	267	481	558	660	503	598	608	820	819
Australia	1,547	1,693	365	332	416	434	378	380	424	511	437
China	2,006	2,601	373	440	537	656	570	711	695	625	692
Germany	2,164	2,057	436	494	581	653	458	563	483	553	442
Italy	1,329	1,822	228	335	375	391	377	513	462	470	411
United States of America	1,366	1,635	339	325	351	351	372	332	500	431	616
Kenya	238	178	48	78	64	48	41	59	40	38	31
New Zealand	470	458	89	113	142	126	100	106	122	130	108
India	4,521	4,618	901	1,117	1,121	1,382	1,083	1,164	1,127	1,244	1,105
Taiwan	1,258	1,222	298	282	354	324	262	337	295	328	207
Malaysia	1,060	1,424	178	303	256	323	273	329	382	440	352
Republic of Korea	478	1,092	103	113	122	140	108	131	482	371	159
Hong Kong	1,987	2,499	352	551	558	526	504	693	646	656	546
Singapore	1,020	1,112	204	237	273	306	243	295	272	302	234
Belgium	774	778	156	210	213	195	175	200	190	213	211
Netherlands	322	311	54	77	104	87	52	83	92	84	108
Pakistan	618	724	96	136	220	166	222	203	130	169	119
Other	7,308	9,126	1,725	1,615	2,155	1,813	1,894	1,950	2,396	2,886	2,046
TOTAL	46,093	49,811	8,877	11,080	11,655	14,481	10,887	12,318	12,764	13,842	11,812

¹ Provisional.
Source: Central Statistical Office, Government of Mauritius.

Table 3.8: Export and Import Price Indices

Period	Price Indices		Terms of Trade ¹
	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
		Base Year 1997 = 100	
1997	100	100	100
1998 ²	114	106	108
1st Quarter	108	103	105
2nd Quarter	115	108	106
3rd Quarter	116	106	109
4th Quarter	117	109	107
1999			
1st Quarter	113	113	100

¹ Ratio of Export Price Index to Import Price Index.
Source: Central Statistical Office, Government of Mauritius.

² Provisional.

Table 3.9(a): Tourist Earnings

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Tourist Earnings (Rs million)	2,796	3,630	3,940	4,655	5,362	6,415	7,472	9,048	10,068	11,890

Table 3.9(b): Tourist Arrivals by Country of Residence ¹

Country of Residence	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Reunion	65,550	73,310	77,840	81,260	84,960	77,035	78,431	82,272	82,628	83,966
Republic of South Africa	36,860	41,860	43,020	39,790	42,350	39,762	42,653	50,361	51,249	49,676
France	53,660	53,170	58,370	74,330	85,120	106,268	116,701	130,292	145,173	162,775
Madagascar	6,530	6,550	6,010	7,260	7,740	6,849	6,885	11,401	10,143	9,213
Germany	18,210	19,680	24,140	29,800	38,500	41,824	41,637	45,221	43,993	43,826
United Kingdom	16,550	21,920	20,660	24,510	29,950	33,295	31,324	35,271	46,022	52,299
Italy	14,470	14,180	13,240	14,990	15,290	18,149	17,384	21,848	35,255	36,614
Switzerland	10,690	10,740	8,930	10,150	11,010	11,453	13,815	15,692	16,105	16,178
Zimbabwe	2,870	3,670	3,580	2,990	3,460	3,539	2,965	3,402	4,248	3,796
India	4,790	8,190	8,490	8,200	10,740	10,449	11,225	13,075	13,220	12,629
Australia	2,510	3,060	2,960	5,100	4,520	4,162	5,558	7,762	9,460	8,913
United States of America	1,890	2,220	1,720	1,830	1,790	2,006	2,093	2,362	2,879	3,158
Zambia	1,810	1,490	890	310	340	337	443	391	437	423
Kenya	1,100	1,440	1,240	1,720	1,070	1,278	1,158	1,170	1,230	1,684
Seychelles	3,260	3,500	3,420	4,710	5,420	5,650	7,116	9,325	8,995	8,529
Singapore	1,990	2,110	2,010	1,680	2,770	3,247	2,601	3,153	3,404	3,515
Other Countries	20,050	24,460	24,150	26,770	29,600	35,223	40,474	53,869	61,684	61,001
All Countries	262,790	291,550	300,670	335,400	374,630	400,526	422,463	486,867	536,125	558,195

Table 3.9(c): Average Stay of Tourists

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Nights	12.2	12.2	12.3	12.3	12.3	10.9	10.5	10.2	10.5	10.4

¹ 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)

	1995		1996		1997 ¹		1998 ²	
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
CURRENT ACCOUNT		380	610			1,874	807	
A. Goods and Services	40,847	42,658	49,740	50,420	52,511	56,695	61,848	62,655
Goods	27,326	31,508	32,496	38,342	33,694	42,875	39,634	46,019
Merchandise	27,326	31,253	32,496	37,953	33,694	42,522	39,634	45,659
Non-monetary Gold	0	255	0	389	0	353		360
Services	13,521	11,150	17,244	12,078	18,817	13,820	22,214	16,636
Transportation	3,472	4,376	3,905	4,483	4,424	5,168	4,953	5,957
Travel	7,472	2,764	9,049	3,209	10,067	3,646	11,891	4,430
Other Services	2,577	4,010	4,290	4,386	4,326	5,006	5,370	6,249
Private	2,490	3,822	4,193	4,265	4,232	5,006	5,219	5,964
Government	87	188	97	121	94	0	151	285
B. Income	908	1,240	559	1,348	989	1,361	1,149	1,785
Direct Investment Income	27	269	34	174	40	158	51	321
Other Investment Income	881	971	525	1,174	949	1,203	1,098	1,464
C. Current Transfers	2,553	790	3,281	1,202	4,346	1,664	4,453	2,203
Private	2,386	732	3,119	1,126	4,175	1,643	4,328	2,178
Government	167	58	162	76	171	21	125	25
CAPITAL AND FINANCIAL ACCOUNT		1,478	776		244		774	
D. Capital Account		19		14		11		19
Capital Transfers	-	19	-	14	-	11	-	19
Migrants' Transfers	-	19	-	14	-	11	-	19
E. Financial Account		1,459	790		255		793	
Financial Account (excluding Reserve Assets)	436		1,649			391		683
Direct Investment	325	63	658	48	1,164	67	292	329
Portfolio Investment	3,059	-	660	35	645	2,038	2,616	2,258
Other Investment	1,799	4,684	2,823	2,409	5,144	5,239	1,885	2,889
General Government: long-term	315	641	317	684	972	782	482	823
Other Sectors: long-term	1,484	2,420	2,147	1,531	4,057	1,692	748	2,066
Banks	-	1,000	-	194	-	2,765	655	-
Other Sectors: short-term	-	623	359	-	115	-	-	-
Use of Fund Credit	-	-	-	-	-	-	-	-
Reserve Assets		1,895		859	646		1,476	
Monetary Gold	-	-	-	-	-	-	-	-
Special Drawing Rights	-	12	-	5	-	92	-	105
Reserve Position in the Fund	-	-	-	-	-	-	-	-
Foreign Exchange	-	1,883	-	854	739	-	1,580	-
Other Claims	-	-	-	-	-	1	1	-
NET ERRORS AND OMISSIONS	1,858			1,386	1,630			1,581

¹ Revised.² Estimates.

Table 4.1: Gross National Product at current factor cost by Industry Group

INDUSTRY GROUP	(Rs million)				
	1995	1996	1997 ¹	1998 ²	1999 ³
1. Agriculture, Hunting, Forestry and Fishing of which: Sugar	5,860 (3,573)	6,592 (4,217)	6,786 (4,315)	7,420 (4,790)	5,720 (3,020)
2. Mining and Quarrying	100	110	119	127	135
3. Manufacturing of which: EPZ	14,383 (7,096)	16,455 (8,163)	18,319 (9,172)	20,945 (10,501)	22,820 (11,745)
4. Electricity, Gas and Water	1,514	1,535	1,478	1,545	1,570
5. Construction	4,060	4,433	4,564	5,022	5,540
6. Wholesale and Retail Trade, Restaurants and Hotels	10,052	11,756	13,348	15,257	17,160
7. Transport, Storage and Communication	7,182	7,418	8,636	9,639	10,500
8. Financing, Insurance, Real Estate and Business Services	9,823	10,985	12,342	13,853	15,565
9. Producers of Government Services	6,425	7,207	7,830	8,900	9,950
10. Community, Social and Personal Services Less Imputed Bank Service Charges	3,548 -2,253	3,949 -2,460	4,317 -2,720	4,772 -3,041	5,315 -3,385
Gross Domestic Product at factor cost	60,694	67,980	75,019	84,439	90,890
Net Factor Income from the Rest of the World	-332	-789	-374	-636	-1,020
Gross National Product at factor cost	60,362	67,191	74,645	83,803	89,870

¹ Revised estimates.² Preliminary estimates.³ First forecast.

Source: Central Statistical Office, Government of Mauritius.

Table 4.2: Distribution of Gross Domestic Product at current prices

(Rs million)

	1995	1996	1997 ¹	1998 ²	1999 ³
Compensation of Employees	28,822	31,771	34,701	39,270	42,320
<i>of which: General Government</i>	<i>(6,820)</i>	<i>(7,662)</i>	<i>(8,280)</i>	<i>(9,415)</i>	<i>(10,525)</i>
Gross Operating Surplus	31,872	36,209	40,318	45,169	48,570
Consumption of Fixed Capital
Gross Domestic Product at factor cost	60,694	67,980	75,019	84,439	90,890
Indirect Taxes (net of subsidies)	8,388	9,330	11,050	12,500	14,800
Gross Domestic Product at market prices	69,082	77,310	86,069	96,939	105,690

¹ Revised estimates. ² Preliminary estimates. ³ First forecast.
Source: Central Statistical Office, Government of Mauritius.

Table 4.3: Expenditure on Gross National Product at current prices

(Rs million)

	1995	1996	1997 ¹	1998 ²	1999 ³
Households Consumption Expenditure on Goods and Services	44,631	49,325	54,865	61,138	68,315
General Government Consumption Expenditure					
on Goods and Services	8,343	9,453	10,259	11,500	12,730
Gross Domestic Fixed Capital Formation by Private Sector	11,235	12,925	17,840	16,300	20,260
Gross Domestic Fixed Capital Formation by Public Sector	5,515	7,200	5,590	6,200	7,765
Change in Stocks	+1,061	-915	+1,698	+1,578	-1,255
Consumption and Gross Capital Formation	70,785	77,988	90,252	96,716	107,815
Net Export of Goods and Non-factor Services	-1,703	-678	-4,183	223	-2,125
Net Factor Income from the Rest of the World	-332	-789	-374	-636	-1,020
Indirect Taxes (net of subsidies)	-8,388	-9,330	-11,050	-12,500	-14,800
Gross National Product at factor cost	60,362	67,191	74,645	83,803	89,870

¹ Revised estimates. ² Preliminary estimates. ³ First forecast.
Source: Central Statistical Office, Government of Mauritius.

Table 4.4: Gross Domestic Product at constant 1992 prices by Industry Group

INDUSTRY GROUP	(Rs million)				
	1995	1996	1997 ¹	1998 ²	1999 ³
1. Agriculture, Hunting, Forestry and Fishing <i>of which: Sugar</i>	4,294 (2,392)	4,522 (2,658)	4,687 (2,804)	4,622 (2,833)	3,485 (1,786)
2. Mining and Quarrying	85	90	94	96	99
3. Manufacturing <i>of which: EPZ</i>	11,547 (5,814)	12,286 (6,221)	12,997 (6,594)	13,817 (7,057)	14,273 (7,444)
4. Electricity, Gas and Water	1,229	1,321	1,436	1,522	1,613
5. Construction	3,375	3,527	3,492	3,701	3,924
6. Wholesale and Retail Trade, Restaurants and Hotels	8,574	9,250	9,831	10,362	10,946
7. Transport, Storage and Communication	6,088	6,516	7,011	7,467	8,027
8. Financing, Insurance, Real Estate and Business Services	8,194	8,724	9,282	9,890	10,552
9. Producers of Government Services	4,733	4,898	5,069	5,272	5,483
10. Community, Social and Personal Services <i>Less Imputed Bank Service Charges</i>	3,004 -1,669	3,139 -1,752	3,287 -1,875	3,434 -1,978	3,606 -2,076
Gross Domestic Product at factor cost	49,454	52,521	55,311	58,205	59,932
Annual Real Growth Rate of Gross Domestic Product at factor cost (Per cent)	+5.6	+6.2	+5.3	+5.2	+3.0

¹ Revised estimates.² Preliminary estimates.³ First forecast.

Source: Central Statistical Office, Government of Mauritius.

Table 4.5: Gross Domestic Fixed Capital Formation at current prices by Type and Use

(Rs million)

	1995	1996	1997 ¹	1998 ²	1999 ³
A. By Type of Capital Goods					
(a) Residential Buildings	4,650	4,915	4,650	5,080	5,520
(b) Non-residential Buildings	3,510	3,875	3,700	3,800	4,400
(c) Other Construction Work (including land improvement)	2,065	2,270	2,650	3,135	3,205
(d) Transport Equipment					
(i) Passenger Car	860	915	1,155	1,290	1,380
(ii) Other Transport Equipment	635	1,050	4,315	1,345	4,020
(e) Other Machinery and Equipment	5,030	7,100	6,960	7,850	9,500
GROSS DOMESTIC FIXED CAPITAL FORMATION	16,750	20,125	23,430	22,500	28,025
B. By Industrial Use					
(a) Agriculture, Hunting, Forestry and Fishing	660	630	675	750	720
(b) Mining and Quarrying	-	-	-	-	-
(c) Manufacturing	2,245	2,745	3,345	4,210	4,970
(d) Electricity, Gas and Water	1,210	1,935	1,000	1,710	2,170
(e) Construction	375	425	495	550	555
(f) Wholesale and Retail Trade, Restaurants and Hotels	2,430	2,925	2,895	3,100	3,470
(g) Transport, Storage and Communication	2,635	3,215	6,575	3,555	6,625
(h) Financing, Insurance, Real Estate and Business Services	5,425	5,880	5,525	6,200	6,560
<i>of which: Ownership of Dwellings</i>	<i>(4,650)</i>	<i>(4,915)</i>	<i>(4,650)</i>	<i>(5,080)</i>	<i>(5,520)</i>
(i) Producers of Government Services	1,235	1,760	2,170	1,745	2,390
(j) Community, Social and Personal Services	535	610	750	680	565
GROSS DOMESTIC FIXED CAPITAL FORMATION	16,750	20,125	23,430	22,500	28,025

¹ Revised estimates.² Preliminary estimates.³ First forecast.⁴ Includes irregular transactions involving aircraft and marine vessel.

Source: Central Statistical Office, Government of Mauritius.

Table 4.6: Labour Productivity and Unit Labour Cost

LABOUR PRODUCTIVITY INDEX (Base Year 1982 = 100)											
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Economy	101.1	102.5	107.0	109.5	114.6	118.0	122.3	127.6	133.0	137.1	140.8
Manufacturing Sector	89.0	91.9	97.9	101.8	108.2	113.4	118.2	125.1	131.9	136.4	136.8
EPZ Sector	95.5	102.2	109.9	114.7	123.7	136.4	145.4	156.3	168.3	173.8	178.2

UNIT LABOUR COST INDEX (Base Year 1982 = 100)											
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Economy	160.9	181.3	197.5	221.4	232.3	250.6	271.1	277.5	288.1	301.9	332.0
Manufacturing Sector	183.8	205.7	230.2	263.6	286.1	289.8	310.4	323.3	326.6	331.2	358.3
EPZ Sector	222.3	235.6	261.6	294.2	331.8	332.8	350.8	362.3	362.7	364.8	398.1

Note: Manufacturing Sector includes large establishments only.
Source: Central Statistical Office, Government of Mauritius.

Table 4.7: Sugar Production and Yields

Crop Year	Total Area under Cultivation	Total Area Harvested	Cane Produced	Yield of Cane per arpent				Sugar Produced	Average Yield of Sugar per arpent	Sugar Recovered
				Miller Planters	Owner Planters	Tenant Planters	Average Island			
	(In thousands of arpents)	(In thousands of arpents)	(In thousands of metric tonnes)	(In metric tonnes)				(In thousands of metric tonnes)	(In metric tonnes)	(In per cent of cane)
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	182	170	5,260	34.7	27.4	20.0	30.9	588	3.46	11.2
1997 ¹	186	172	5,787	36.5	30.6	21.4	33.5	621	3.60	10.7

¹ Provisional.

Source: Annual Reports, The Mauritius Chamber of Agriculture.

Table 4.8: Sugar Production and Disposal

(Thousands of metric tonnes)

Calendar Year	Stock at Beginning of Year	Production	Total Availability ¹	Local Consumption	Exports	Stock at End of Year ²	Average Price Ex-Syndicate ³ (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 ⁴	37.2	523.9	175.5	11,463
1996	175.5	588.5	795.0 ⁴	38.1	612.5	143.1	12,318
1997	143.1	620.6	801.7 ⁵	39.7	575.3	185.7	11,907
1998	185.7	628.6	852.4 ⁶	40.2	602.1	209.6	13,230

¹ Figures for available supplies are net of closing special ISA stocks.² Figures for stocks include special ISA stocks (wherever applicable). The effects of loss or surplus in storage are also accounted for in closing stocks.³ 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.⁴ Includes 31.0 thousand metric tonnes of imported sugar.⁵ Includes 38.0 thousand metric tonnes of imported sugar.⁶ Includes 38.2 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)

	1990	1991	1992	1993	1994	1995	1996	1997 ¹	1998 ²
Industrial Crops	30,667	31,725	31,342	31,915	28,229	22,435	14,087	9,699	8,079
Tea (production of green leaf)	29,868	30,863	30,379	30,900	27,204	21,419	13,209	9,026	7,393
Tobacco leaf	799	862	963	1,015	1,025	1,016	878	673	686
Foodcrop Production	65,840	64,060	72,070	79,174	81,466	97,533	89,629	101,442	91,618
Banana	6,135	6,490	8,530	9,880	6,725	9,437	9,387	9,557	9,343
Beans and Peas	1,280	945	1,060	1,211	1,301	1,635	1,876	2,406	1,896
Beet	165	150	220	192	638	688	853	490	332
Brinjal	1,230	1,270	1,210	1,813	1,579	1,956	2,458	2,107	2,237
Cabbage	3,680	3,490	3,330	5,514	4,372	6,868	7,595	7,898	6,283
Carrot	1,100	915	1,250	2,188	2,624	3,131	3,141	4,878	3,363
Cauliflower	1,280	780	1,150	1,382	2,048	2,285	3,425	3,261	4,260
Chillies	595	595	655	898	667	911	1,034	845	1,060
Cucumber	2,720	3,120	3,000	3,759	4,131	5,288	4,581	5,714	4,573
Garlic	170	140	170	177	275	212	235	82	131
Ginger	625	460	340	284	516	622	784	317	420
Groundnut	1,755	1,380	1,190	868	1,181	1,049	767	863	551
Leek	30	25	30	37	43	33	24	57	23
Lettuce	610	560	540	664	779	1,412	1,670	2,223	1,878
Maize	2,265	2,120	1,995	1,816	880	289	438	232	260
Onion	2,635	2,960	3,240	3,637	5,403	5,974	6,067	5,036	6,727
Pineapple	1,355	1,480	2,300	4,048	3,887	4,199	2,973	1,559	1,462
Potato	17,820	16,445	19,175	13,780	17,800	15,718	10,639	17,584	14,612
Pumpkin	1,670	3,055	3,400	3,472	5,117	7,638	7,021	6,455	5,429
Rice	0	10	5	0	0	0	0	0	0
Squash	290	435	815	1,100	1,334	1,498	758	1,468	1,056
Tomato	11,570	9,385	10,220	13,001	9,166	13,486	10,877	12,226	10,729
Other Foodcrops	6,860	7,850	8,245	9,543	11,000	13,204	13,206	16,184	14,993
Total	96,507	95,815	103,412	111,089	109,695	119,968	103,716	111,141	99,697
Total Area Under Production (Hectares)	5,699	5,493	5,856	5,984	6,342	6,769	6,504	6,913	6,994
Livestock and Fisheries									
Beef ³	2,049	2,157	2,376	2,523	2,609	2,296	2,321	2,274	2,516
Goat Meat ³	134	166	126	124	137	117	130	120	112
Mutton ³	21	12	18	15	11	10	10	8	6
Pork ³	830	906	994	1,054	1,058	1,038	1,112	948	752
Fish	13,222	18,081	16,488	18,923	17,078	15,181	11,010	12,362	9,835

¹ Revised.² Provisional.³ Comprises abattoir slaughters only.

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	1997
Plant Capacity	Kilowatt	270,300	270,300	294,150	336,630	360,630	339,190	364,590	364,590	401,690
<i>of which:</i>										
Hydro (CEB)	Kilowatt	56,750	56,750	56,750	59,940	59,440	59,440	59,440	59,440	54,200
Thermal (CEB)	Kilowatt	171,600	171,600	195,600	228,840	252,840	227,000	253,000	253,000	316,800
Energy Generated	Gigawatthour	458.7	569.6	613.6	679.6	757.3	822.4	922.3	1,022.0	1,103.4
Hydro	Gigawatthour	147.6	84.9	75.5	112.5	102.9	75.5	134.3	103.7	92.0
Thermal	Gigawatthour	311.1	484.7	538.1	567.1	654.4	746.9	788.0	918.4	1,011.4
Energy Purchased from Sugar and Other Factories	Gigawatthour	125.4	97.4	125.6	129.0	111.8	122.6	125.3	128.9	89.4
Sale of Energy	Gigawatthour	486.8	559.1	624.7	688.0	742.9	810.0	895.1	985.0	1,075.1
Number of Consumers		211,274	219,067	227,699	236,802	246,815	253,066	266,767	276,178	284,576
Domestic		189,759	196,312	203,741	211,655	220,309	225,450	237,209	245,769	253,518
Commercial		16,680	17,603	18,510	19,400	20,503	21,356	22,924	23,631	24,216
Industrial		4,511	4,835	5,122	5,361	5,592	5,807	6,163	6,269	6,308
Other		324	317	326	386	411	453	471	509	534

Source: Annual Reports and Accounts, Central Electricity Board; Digest of Industrial Statistics, Central Statistical Office, Government of Mauritius.

Table 5.1: Consumer Price Indices ¹

MONTH	1994	1995	1996	1997	1998	1999
January	119.4	126.9	133.7	145.9	105.5	114.6
February	119.9	127.4	134.3	145.9	106.0	114.9
March	120.8	128.2	134.3	146.2	106.7	115.1
April	121.0	128.8	134.9	146.1	107.4	115.6
May	122.6	129.0	135.6	146.7	108.0	115.8
June	123.2	129.8	139.6	147.9	109.6	117.4
July	123.2	130.0	140.4	103.0	109.7	
August	123.8	131.4	141.7	103.3	110.0	
September	124.2	131.7	141.7	103.6	112.1	
October	124.2	132.4	142.3	103.5	112.7	
November	124.9	132.9	142.5	103.6	113.1	
December	125.6	133.1	142.9	103.9	113.4	
Average	122.7	130.1	138.7	147.8	109.5	
Yearly Change (Per cent)	+7.3	+6.0	+6.6	+6.6	+6.8	

¹ From July 1992 to June 1997, the base period was July 1991-June 1992=100. A new base period (July 1996-June 1997=100) has been introduced as from July 1997.
Source: Central Statistical Office, Government of Mauritius.

Table 5.2: EPZ Enterprises - Employment by Industry Group

INDUSTRY GROUP	June 1996		December 1996		June 1997		December 1997		June 1998		December 1998	
	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	1,574	12	1,561	12	1,710	11	1,592	13	1,532	12	1,500
2. Flowers	48	610	46	570	45	547	44	561	43	525	42	537
3. Textile Yarn and Fabrics	33	3,934	33	3,901	34	3,820	34	4,049	34	4,341	34	3,770
4. Wearing Apparels	234	65,014	234	65,809	231	67,700	236	69,323	234	75,542	241	75,870
<i>Pullovers</i>	(32)	(18,560)	(30)	(18,408)	(28)	(18,477)	(28)	(18,207)	(30)	(18,636)	(30)	(18,842)
<i>Other Garments</i>	(202)	(46,454)	(203)	(47,401)	(203)	(49,223)	(208)	(51,116)	(204)	(53,906)	(211)	(57,028)
5. Leather Products and Footwear	9	1,503	10	1,304	10	1,336	10	1,196	9	1,118	8	968
6. Wood, Furniture and Paper Products	27	521	30	626	29	602	32	738	33	765	33	797
7. Optical Goods	5	508	5	449	5	482	5	441	6	468	6	493
8. Watches and Clocks	3	612	3	491	3	459	3	389	3	454	4	506
9. Electric and Other Electronic Products	9	507	11	550	10	562	10	593	11	607	10	590
10. Jewellery and Related Articles	19	1,395	19	1,443	20	1,585	21	1,537	22	1,620	22	1,574
11. Toys and Carnival Articles	8	1,115	8	1,160	7	1,111	7	1,088	7	1,133	7	1,123
12. Others	68	1,976	70	1,929	72	2,001	67	1,884	70	1,952	76	2,388
TOTAL	475	79,269	481	79,793	478	81,915	480	83,391	485	87,057	495	90,116

Source: Central Statistical Office, Government of Mauritius.

Table 5.3: Employment in Large Establishments by Industry Group ¹

(Thousands)

End of Period	Agriculture and Fishing			Mining and Quarrying	Manufacturing	Electricity and Water	Construction	Wholesale and Retail Trade, Restaurants and Hotels	Transport, Storage and Communications	Community, Social and Personal Services ⁴		Other	TOTAL
	Total	of which:								Total	of which: Central Government		
		Sugar ²	Tea ³										
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	14.7	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	24.6	14.6	78.4	56.8	15.7	287.0
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	79.7	56.1	16.3	292.8
March 1999	28.8	26.1	0.3	0.2	115.3	3.2	9.2	28.5	15.1	81.1	56.8	16.2	297.6

¹ Revised and classified according to the International Standard Industrial Classification, 1968 Edition.² Includes factories.³ Includes factories and Tea Development Authority.⁴ Includes Municipalities and District Councils.

Source: Central Statistical Office, Government of Mauritius.

Table 5.4: Average Monthly Earnings in Large Establishments by Industry Group for Employees on Monthly Rates of Pay

(Rupees)

INDUSTRY GROUP	Mar-93	Mar-94	Mar-95	Mar-96	Mar-97	Mar-98	Mar-99
Agriculture and Fishing	2,862	3,187	3,981	4,396	5,116	5,289	5,792
<i>Sugar</i> ¹	2,771	3,075	3,879	4,294	5,004	5,147	5,625
<i>Tea</i> ²	4,579	5,686	6,400	6,971	n.a.	n.a.	n.a.
<i>Other</i>	4,324	5,032	5,486	6,180	n.a.	n.a.	n.a.
Mining and Quarrying	4,940	6,717	7,583	8,207	8,524	10,060	10,617
Manufacturing	4,411	5,162	5,659	5,972	6,274	6,911	7,034
Electricity and Water	7,357	10,044	8,988	9,707	10,112	12,448	12,067
Construction	5,716	6,614	8,355	9,096	10,038	11,479	12,368
Wholesale and Retail Trade, Restaurants and Hotels	5,244	5,692	6,376	6,735	7,042	7,510	8,221
Transport, Storage and Communication	6,223	6,752	7,339	8,122	8,766	10,647	10,938
Financing, Insurance, Real Estate and Business Services	7,243	7,980	9,248	10,096	11,010	11,550	12,300
Community, Social and Personal Services	4,898	6,417	6,814	7,079	8,296	8,500	9,609
<i>Government: (a) Central</i>	4,941	6,525	6,931	7,176	8,612	8,643	9,864
<i>(b) Local</i> ³	4,027	5,175	5,409	5,612	n.a.	n.a.	n.a.
<i>Other</i>	5,343	6,438	6,872	7,224	n.a.	n.a.	n.a.
Activities not elsewhere specified	3,787	4,316	4,905	4,704	5,623	6,313	6,875
All Sectors	4,779	5,779	6,334	6,731	7,570	8,080	8,820

¹ Includes factories.² Includes factories and Tea Development Authority.
Source: Central Statistical Office, Government of Mauritius.³ Municipalities and District Councils.

Table 6.1: Government Recurrent Budget

(Rs million)

	1995-96	1996-97	1997-98	1998-99 (Provisional)	1999-00 (Estimates)
REVENUE					
Direct Taxes	2,948.9	3,355.6	3,611.2	4,023.1	4,788.3
Individual Income Taxes	991.1	1,219.9	1,237.7	1,362.8	1,545.0
Corporate Tax	981.6	1,067.2	1,170.9	1,337.0	1,500.0
Contributions to Social Security	81.3	92.1	101.0	114.1	121.3
Taxes on Properties, Capital and Financial Transactions	894.9	976.3	1,101.6	1,209.2	1,622.0
Indirect Taxes	8,588.1	10,656.9	12,094.3	13,848.5	15,839.7
Domestic Taxes on Goods and Services	4,317.6	5,946.5	6,889.2	8,692.6	11,654.7
<i>of which:</i>					
Excises	1,894.3	2,202.6	2,543.3	2,605.9	4,452.2
Sales Tax/Value-Added Tax	1,357.6	2,442.6	2,724.6	4,638.6	5,580.0
Taxes on Transportation	252.3	285.8	307.2	328.5	494.0
Taxes on Gambling	318.7	395.2	558.0	607.6	730.0
Taxes on Hotels and Restaurants	390.8	513.1	620.3	370.5	180.0
Taxes on International Trade and Transactions	4,259.1	4,699.9	5,193.0	5,143.0	4,170.0
<i>of which:</i>					
Import Duties	4,256.3	4,698.3	5,191.6	5,142.2	4,170.0
Other Tax Revenue	11.4	10.5	12.1	12.9	15.0
Receipt from Public Utilities	253.9	219.6	738.4	496.5	234.2
Receipt from Public Services	445.6	491.0	548.6	566.3	576.5
Rental of Public Property	44.9	44.9	48.6	53.9	55.0
Other	497.8	1,775.6	1,282.8	1,340.6	1,249.1
TOTAL RECURRENT REVENUE	12,779.2	16,543.6	18,323.9	20,328.9	22,742.8
EXPENDITURE					
General Administration	2,921.2	3,013.3	3,313.5	3,813.1	4,271.8
<i>of which: Police</i>	<i>1,159.2</i>	<i>1,322.2</i>	<i>1,384.5</i>	<i>1,611.1</i>	<i>1,658.8</i>
Economic Services	1,504.8	1,788.0	1,845.9	2,083.9	2,122.6
Agriculture, Natural Resources and Fisheries	653.0	725.0	760.4	886.5	878.3
Posts and Telecommunications	99.2	133.8	162.9	194.2	212.4
Works, Labour and Employment	359.5	528.3	461.1	491.2	509.0
Cooperative and Industry	175.0	128.6	133.2	140.6	158.1
Land Transport, Shipping and Public Safety	69.1	137.9	170.4	195.5	177.6
Tourism and Leisure	15.7	19.3	28.7	35.2	34.0
Economic Development and Regional Cooperation	48.0	73.9	78.8	92.7	101.3
Public Utilities	85.5	41.1	50.4	48.0	51.9
Social Services	5,830.6	7,255.1	7,933.8	9,329.9	9,869.8
Social Security	2,050.7	2,981.5	3,205.4	3,662.8	3,985.4
Education, Arts and Culture	2,257.8	2,556.0	2,869.2	3,405.3	3,582.0
Health and Quality of Life	1,227.3	1,396.5	1,561.0	1,919.1	1,945.0
Housing and Land Development	41.9	52.2	56.3	69.1	72.7
Reform Institutions, Youth and Sports	211.5	221.3	241.9	273.6	284.7
Local Government and Rodrigues	1,118.0	1,241.8	1,368.1	1,569.3	1,637.8
Public Debt and Pension	4,564.1	5,554.6	6,548.3	7,947.3	7,848.0
<i>of which: Public Debt</i>	<i>3,640.1</i>	<i>4,488.6</i>	<i>5,244.3</i>	<i>6,562.9</i>	<i>6,410.0</i>
TOTAL RECURRENT EXPENDITURE	15,938.6	18,852.8	21,009.6	24,743.5	25,750.0
SURPLUS (+) OR DEFICIT (-)	-3,159.4	-2,309.2	-2,685.7	-4,414.6	-3,007.2

Source: Ministry of Finance, Government of Mauritius.

Table 6.2: Government Capital Budget

(Rs million)

	1995-96	1996-97	1997-98	1998-99 (Provisional)	1999-00 (Estimates)
RECEIPTS					
Domestic Revenue	3,119.1	2,345.1	3,197.2	1,096.4	4,113.1
Mauritius Development Loan Stocks	2,374.9	1,413.4	2,755.4	0.0	2,500.0
Dividends from Investments	242.1	180.8	440.6	483.2	781.1
Other	502.1	750.9	1.2	613.2	832.0
External Receipts	3,261.1	978.7	747.2	598.7	740.0
Grants	220.5	62.8	216.5	135.0	270.0
Loans	3,040.6	915.9	530.7	463.7	470.0
Government of the People's Republic of China	16.9	8.0	50.5	2.4	0.0
Government of France	30.4	54.8	69.4	107.0	30.0
Government of India	4.6	37.0	0.5	0.0	30.0
Government of Japan	15.2	23.3	101.5	67.5	15.0
African Development Bank	13.5	23.1	34.0	0.0	0.0
Arab Bank for Economic Development in Africa	0.0	9.9	0.0	66.8	165.0
European Development Fund	52.5	14.5	0.5	0.4	0.0
European Investment Bank	0.0	0.0	44.3	8.2	0.0
International Bank for Reconstruction and Development	189.2	274.2	169.2	202.6	85.0
International Fund for Agricultural Development	0.0	0.0	0.0	0.0	5.0
Kuwait Fund for Arab Economic Development	0.0	234.3	4.9	2.8	140.0
Nordic Investment Bank	41.8	236.7	55.9	6.0	0.0
Miscellaneous	2,676.6	0.0	0.0	0.0	0.0
TOTAL CAPITAL REVENUE	6,380.2	3,323.8	3,944.4	1,695.1	4,853.1
EXPENDITURE					
Economic Services	856.7	662.4	920.1	1,156.7	1,692.7
Agriculture, Natural Resources and Fisheries	257.1	124.5	236.4	432.6	258.5
Posts and Telecommunications	6.1	2.0	3.8	11.5	13.2
Works, Labour and Employment	331.0	242.4	193.3	205.8	224.6
Cooperative, Commerce, Industry and Tourism	202.6	206.1	162.3	229.0	281.9
Economic Planning and Development	10.5	5.8	18.5	7.0	43.0
Energy	49.4	81.6	305.8	270.8	871.5
Social Services	755.4	1,023.4	1,601.9	680.5	861.5
Education, Arts and Culture	406.1	673.5	973.7	354.2	474.5
Health	62.5	104.6	425.1	82.5	135.0
Housing	265.5	210.8	160.4	161.0	164.0
Reform Institutions, Youth and Sports	21.2	34.5	42.7	82.8	88.0
Local Government and Rodrigues	792.0	256.4	105.7	188.3	191.6
Transfer to International Financial Organisations	34.7	14.8	12.8	248.0	23.6
Central Administration and Other	1,619.3	3,786.5	779.8	1,426.5	1,730.6
TOTAL CAPITAL EXPENDITURE	4,058.1	5,743.5	3,420.3	3,700.0	4,500.0
SURPLUS (+) OR DEFICIT (-)	+2,322.1	-2,419.7	+524.1	-2,004.9	+353.1

Source: Ministry of Finance, Government of Mauritius.

Table 6.3: External Debt

(Rs million)

End-June	Central Government (excluding IMF)	IMF Credit and Trust Fund Loan	Private Sector	Others	TOTAL
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	10,752	0	3,946	14,997	29,695
1999 ¹	10,027	0	3,516	16,873	30,416

¹ Provisional.

Source: Ministry of Finance, Government of Mauritius.

Appendix II**Board of Directors as at 30 June 1999**

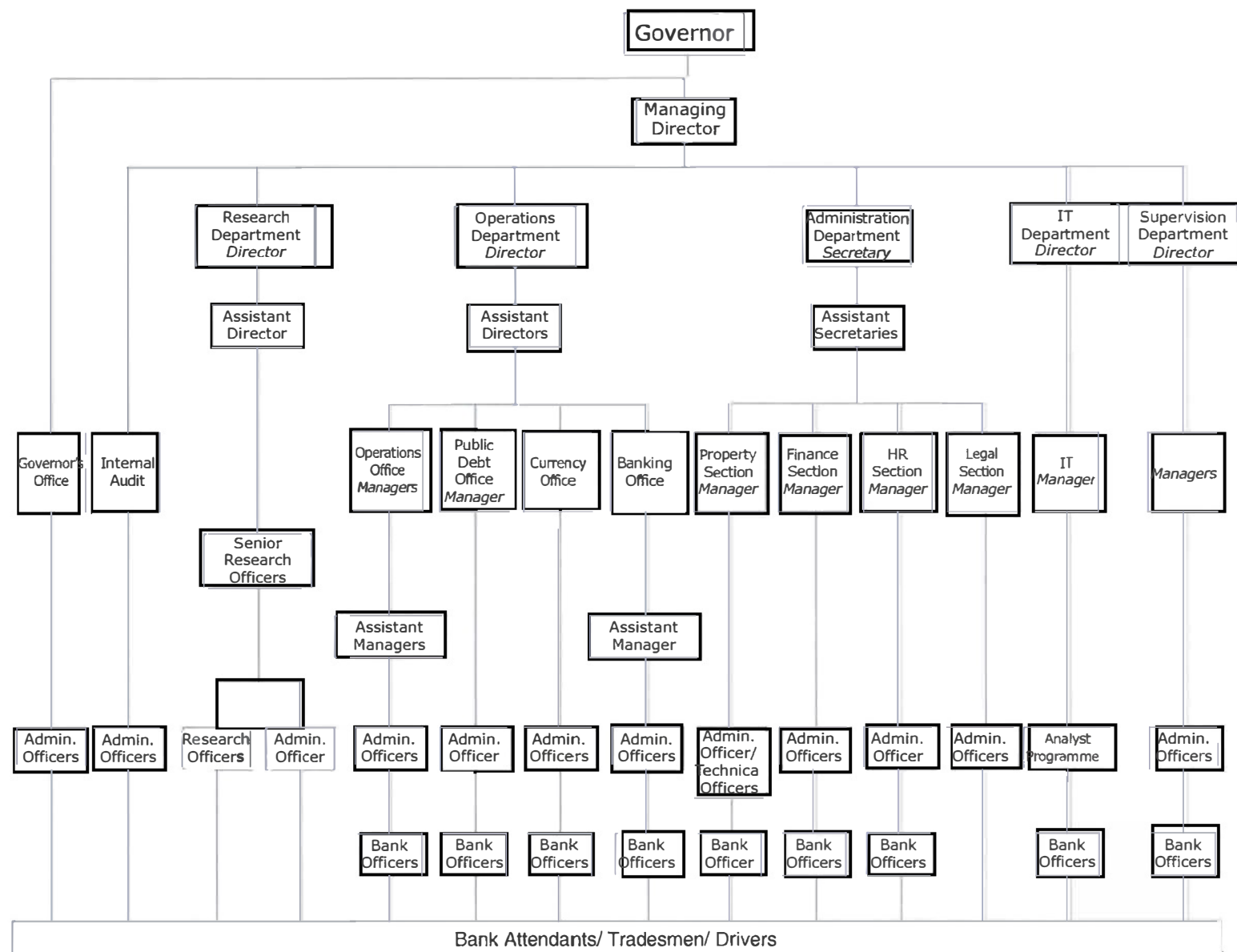
Chairman	Rameswurlall Basant Roi, Governor <i>(with effect from December 1998)</i>
Director	Baboo Rajendranathsing Gujadhur, Managing Director <i>(with effect from December 1998)</i>
Director	Prof. Donald Ah Chuen
Director	Anthony George Richard Coombes
Director	Abdool Hamid Malleck Amode O.B.E.
Director	Mootoosamy Sidambaram O.B.E.

Appendix III Senior Management Committee

Governor	Rameswurlall Basant Roi
Managing Director	Baboo Rajendranathsing Gujadhur
Secretary	Anil Kumar Prithipaul
Director-Operations	Yandraduth Googoolye
Director-Research	Hemraz Oopuddye Jankee
Director-Information Technology	Praveen Mahendra Nagawa
Assistant Director-Research	Radhakrishnan Sooben
Assistant Director-Operations	Anista Hawoldar (Miss)
Manager-Supervision	Roger Marie Christian Noel
Manager-Supervision	Ramsamy Chinniah
Manager-Information Technology	Ng Cheong José Li Yung Fung
Senior Research Officer	Soodiadev Ramrutton
Senior Research Officer	Mahendra Vikramdass Punchoo
Senior Research Officer	Jitendra Nathsing Bissessur
Senior Research Officer	Sarita Bhageerutty Nemchand (Mrs)

Appendix IV Senior Management Officials

Governor	Rameswurlall Basant Roi
Managing Director	Baboo Rajendranathsing Gujadhur
ADMINISTRATION DEPARTMENT	
Secretary	Anil Kumar Prithipaul
Assistant Secretary	Hasham Aboo Bakar Emritte
Assistant Secretary	Daneshwar Doobree
RESEARCH DEPARTMENT	
Director-Research	Hemraz Oopuddye Jankee
Assistant Director-Research	Radhakrishnan Sooben
SUPERVISION DEPARTMENT	
Director-Supervision	(vacant)
Managers	Marie Roger Christian Noel
	Ramsamy Chinniah
	Jayendra Kumar Ramtohl
	Soobas Chadee
OPERATIONS DEPARTMENT	
Director-Operations	Yandraduth Googoolye
Assistant Director-Operations	Anista Hawoldar (Miss)
Assistant Director-Operations	Vijay Kumar Sonah
INFORMATION TECHNOLOGY DEPARTMENT	
Director-Information Technology	Praveen Mahendra Nagawa
Manager-Information Technology	Ng Cheong José Li Yun Fong



Appendix V Organisation Chart

Appendix VI**List of Banks, Non-Bank Deposit-Taking Institutions, Money-Changers and Foreign Exchange Dealers**

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, money-changers and foreign exchange dealers authorised under the Foreign Exchange Dealers Act 1995 as at 30 June 1999 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. Deutsche Bank (Mauritius) Limited
7. Investec Bank (Mauritius) Limited
8. P.T Bank Internasional Indonesia
9. SBI International (Mauritius) Ltd.
10. 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. MUA Leasing Company Ltd
6. SBM Lease Limited
7. State Insurance Company of Mauritius Ltd

Money-Changers

1. MPC Holidays Ltd
2. Novleen Enterprise Co. Ltd
3. Shibani Finance Co. Ltd

Foreign Exchange Dealers

1. British American Mortgage Finance House Co. Ltd
2. Rogers Investment Finance Ltd

BANK OF MAURITIUS

Address Sir William Newton Street
Port Louis
Mauritius

Web site

Home Page address <http://bom.intnet.mu>
Email address [bomrd @bow.intnet.mu](mailto:bomrd@bow.intnet.mu)



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