



ANNUAL REPORT

Year ended 30 June 2003

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The Governor

*Bank of Mauritius
Port Louis*

23 October 2003

The Honourable Pravind Kumar Jugnauth,
Deputy Prime Minister, Minister of Finance
and Minister of Agriculture, Food Technology and Natural Resources,
Government House,
Port Louis.

Dear Deputy Prime Minister and Minister of Finance

Annual Report and Audited Accounts 2002-03

In accordance with the provision of Section 45 (1) of the Bank of Mauritius Act, I transmit herewith the thirty-sixth Annual Report and audited Accounts of the Bank for the year ended 30 June 2003.

Yours sincerely

(sd) Rameswurlall Basant Roi

Statement from the Governor

The world economy continued to experience a slowdown during the period under review. Geopolitical uncertainties associated with the Iraqi crisis and the outbreak of Severe Acute Respiratory Syndrome (SARS), particularly in the Asian countries, impacted negatively on the growth prospects of the world economy. However, recent economic data from the major advanced countries hold out hopes for an improved growth outlook with the expected spillover effects for developing countries. The US economy has begun to show stronger signs of recovery and the UK economy, with its favourable employment rate, is poised for a better economic outlook. The euro zone has initiated long-overdue structural reforms thereby laying the foundations of long run growth while there is growing optimism that the Japanese economy is gently easing out of recession. The global economy may get a further boost from the consolidation of corporate governance which has raised investors' confidence in stock markets and from the low interest rate environment.

Against the background of the global economic slowdown, the Mauritian economy registered a commendable performance during fiscal year 2002-03. Economic performance was underpinned by a real GDP growth rate of 2.9 per cent, a reduction in the consumer price inflation from 6.3 per cent in 2001-02 to 5.1 per cent, the containment of the budget deficit to GDP ratio, a continued increase in the current account surplus of the balance of payments and a substantial rise in the level of net international reserves. There was also a significant contraction in net credit to Government from the central bank. The implementation of the Voluntary Retirement Scheme (VRS) in the sugar industry and the closure of a number of EPZ firms have exacerbated the unemployment rate. The rise in the unemployment rate, which reflects mainly problems due to the mismatch between education and training and the demand for labour as well as rigidities in the labour market, needs to be firmly addressed. Real GDP growth is estimated at 4.8 per cent in 2003.

As Mauritius braces itself to meet its future challenges, emphasis must continue to be laid on further economic diversification as well as on investment in education, training, and Information and Communication Technology (ICT), which hold out the promise of higher employment-creating growth. Indeed, the achievement of higher job-creating growth remains a central policy challenge for Mauritius in the years ahead. In this perspective, the drive for reforms that Mauritius has embarked upon needs to be maintained and pursued with much vigour. The implementation of the Sugar Sector Strategic Plan on the restructuring of the sugar industry will help to improve the long-term viability of that sector. The EPZ, particularly the textile industry, has fulfilled a key role in our development strategy in the post-independence era, and has ushered Mauritius from a mono-crop economy with LDC status to a developing economy with a diversified industrial base, albeit with the safeguard of international trade protocols and agreements. However, the new challenges stemming from the phasing out of the preferential trade agreements call for a paradigm shift in our economic policy in order to continue to maintain the socio-economic foundations for stability and prosperity. A re-engineering of our work culture, business ethics, industrial relations framework, productivity and multi-skilled training attitudes, and quality culture has long been due for an overhaul in a bid to safeguard our level of international competitiveness in a new world economic order rooted in real-time and strategic decision-making. One of the challenges facing the EPZ is to cultivate an innovative approach to just-in-time, technologically-intensive, higher value added production methods and strategic financial engineering, which will enable a smoother market penetration in the sophisticated niche markets in the medium-term. There is thus an urgent need to engineer a shift in our industrial thinking in favour of a more durable and sustainable strategy rooted in

industrial restructuring and reforms aimed at enhancing the micro-economic efficiency of export-oriented enterprises.

The EPZ sector stands today at the crossroads of its future developments. More than ever, I believe that we need to reject the soft options which are often advocated by the manufacturing industry in Mauritius in favour of policies which actively aim to promote the achievement of a predictable and durable economic environment characterized by price stability and productivity improvements. Experience of the past years clearly shows that when the going on exchange rate is "good" for the EPZ, the critical decisions on restructuring and productivity improvement have been simply shelved or postponed. Soft options can at best serve as palliatives. While exchange rate matters, it is our firm belief that for too long there has been a one-way bet on the exchange rate of the rupee by those involved in international transactions in Mauritius. This view of the working of foreign exchange markets needs to be revisited.

Regarding exchange rate movements, I would also like to underline that currency appreciation or depreciation cannot be a panacea for all our economic ills. While appreciation may help us to contain inflation, it may also lead to a loss of international competitiveness. Similarly, a depreciation of a currency, while beneficial to the export-oriented sectors, would also have potential inflationary consequences. In terms of macroeconomic policies, the authorities usually have to make a policy trade-off between the extent of exchange rate adjustment and the inflation rate. It must, however, be emphasized that the way forward for Mauritius is for it to become competitive through the achievement of real productivity gains. Long-term competitiveness depends not on exchange rate changes but on productivity growth. Short-term exchange rate accommodation can only serve to postpone the need to address the real issues relating to restructuring, good management and productivity improvement. In the more liberalized financial environment, it is imperative for export-oriented sectors to adjust so as to operate without the protective net of exchange rate adjustment. It may also be mentioned that competitiveness is

a multi-dimensional concept. Competition depends not only on the cost and availability of bank finance but on a number of other factors e.g. unit labour costs, quality of product, ability to meet delivery date, cost of freight etc.

Liquidity conditions in the domestic foreign exchange market showed a marked improvement and remained comfortable. Reflecting this situation, the Bank of Mauritius purchased a total amount of US\$189.0 million through intervention on the interbank foreign exchange market during 2002-03. Indeed, with the level of net international reserves at an unprecedented peak, confidence of international investors in the Mauritian economy remains at a high level. With the firming up of the euro on the international foreign exchange market, the exchange rate strains previously experienced by euro-exposed sectors of our economy have disappeared. Continued vigilance is nevertheless necessary to ensure that our international competitiveness is not eroded. The exchange rate policy will continue to reflect the macroeconomic fundamentals of the country.

Despite the increase in the Value-Added Tax (VAT) rate from 12.0 to 15.0 per cent in July 2002 and increases in the administered prices of certain goods, the rate of consumer price inflation declined from 6.3 per cent in 2001-02 to 5.1 per cent in 2002-03. This was much lower than the initial target of 6.0 per cent set by the Bank of Mauritius at the beginning of 2002-03. For the year 2003-04, the Bank of Mauritius is targeting an inflation rate of 5.0 per cent. In the medium term, monetary policy will be directed towards further narrowing of the inflation differential vis-à-vis our major trading partners.

Against the backdrop of the global economic slowdown and the general decline in interest rates in major international financial markets, there was some degree of monetary easing by the Bank of Mauritius, which lowered the Lombard Rate by a total of 125 basis points during the period under review. The reduction in the Lombard Rate was mainly geared towards stimulating investment and enhancing business confidence, thereby supporting growth in the economy through a reduction in lending rates. The Lombard Rate was reduced from 11.50 per

cent to 11.25 per cent on 13 November 2002, to 11.0 per cent on 11 December 2002, to 10.50 per cent on 5 February 2003 and further to 10.25 per cent on 7 May 2003. Category 1 banks adjusted their interest rate structure more or less in line with the changes in the Lombard Rate. Through its regular conduct of repurchase operations, the Bank promoted stable liquidity conditions conducive to its overall objective of maintaining price stability.

The process of fiscal adjustment has been set in a medium-term framework and corrective measures to address fiscal imbalances and restore fiscal discipline have already been initiated. There was also a substantial contraction in net credit to Government from the central bank, which augurs well for sustaining stable monetary conditions.

Following the establishment by the Bank, since 1 February 2002, of a Primary Dealer System with a view to promoting an active secondary market for trading in Government securities, four Category 1 banks, namely, Barclays Bank PLC, The Hongkong and Shanghai Banking Corporation Limited, The Mauritius Commercial Bank Ltd and State Bank of Mauritius Ltd, continued to operate as primary dealers during the period under review. In order to enhance the scope for primary dealership activity, the Bank of Mauritius discontinued the over the counter (OTC) sales of Treasury Bills to the public and non-financial institutions with effect from 1 October 2002. The implementation of the Primary Dealer System also led to an overhaul of the bidding process at primary auctions. During 2002-03, the Bank embarked on a gradual process of phasing out of all non-primary-dealer bidders such that, eventually, only primary dealers would be entitled to bid at primary auctions. Another development under the Primary Dealer System during the period under review was the introduction of three new bands for the trading of securities of maturities ranging from 365 to 728 days.

The Bank of Mauritius has successfully introduced the Mauritius Automated Clearing and Settlement System (MACSS), which is based on Real Time Gross Settlement (RTGS) principles, as from December 2000. In November 2002, the

second phase of the modernisation of the payment system was completed with the automation of the Port Louis Clearing House, which involves the standardisation of cheques using Magnetic Ink Character Recognition (MICR) technology. The MICR feature has enhanced the processing speed of cheques at all Category 1 banks by enabling the electronic settlement and exchange of cheque details among participants through the use of the MACSS communication network. There are presently eleven participants, including the Bank of Mauritius, in the Port Louis Automated Clearing House (PLACH).

In November 2002, Barclays Bank PLC acquired the banking activities of Banque Nationale de Paris Intercontinentale (BNPI) with a view to strengthening its presence in Mauritius. BNPI surrendered its Category 1 and Category 2 banking licences to the Bank of Mauritius on 5 December 2002. Moreover, in May 2003, the Bank of Mauritius gave its approval to the merger between New Co-operative Bank Limited and Mauritius Post Office Savings Bank to form Mauritius Post and Cooperative Bank Ltd. With effect from 16 June 2003, African Asian Bank Limited, a Category 2 bank, has ceased its operations but was yet to surrender its banking licence as at end-June 2003. During the period under review, two additional money-changers were authorised to carry on the business of money-changer and two additional non-bank deposit-taking institutions were granted authorisation to carry on deposit-taking business in Mauritius.

During financial year 2002-03, Mauritius underwent a Financial Sector Assessment Programme (FSAP) by a joint team from the International Monetary Fund and the World Bank. In its report, the FSAP team concluded that Mauritius has a well-developed financial system and that the banking system is profitable and sound. It, however, also underlined three main sources of potential risks and vulnerabilities, namely, risks associated with external economic shocks and downturn in economic activity, the roll-over risks of growing short-term public debt and potential reputational risk that could arise from money laundering or criminal activities of offshore funds and companies. The FSAP team has made several

recommendations to further improve the regulatory and supervisory framework in Mauritius. The Bank of Mauritius has already produced an AML/CFT examination manual for its Supervision Department.

The Bank has also reviewed and updated the Anti-Money Laundering Notes to take into account the legislative changes which have taken place in Mauritius as well as the recommendations made by the Basel Committee on Banking Supervision in the Customer Due Diligence paper for banks and Guidance for financial institutions in detecting Terrorist Financing issued by the Financial Action Task Force. The Guidance Notes were sent to all institutions under the purview of Bank of Mauritius on 14 April 2003 for consultation. The Guidance Notes will be reviewed in the light of comments received from the institutions and issued to the industry in the near future.

The Basel Committee on Banking Supervision has laid particular emphasis on disclosure and transparency in order to encourage market discipline. In line with this international practice, the Bank of Mauritius issued in November 2002 a guideline on public disclosure after consultation with the financial institutions under its purview. The main objective of this guideline is to require banks to disclose quantitative and qualitative information to shareholders and other market participants. Such disclosures provide incentives for the financial institutions to adopt better risk-management techniques and to link their capital requirements to their risk profiles. This will also make a substantial contribution to enhancing the transparency of our financial system as well as standardisation of information to facilitate comparability.

A fraud was detected in one major bank during the month of February 2003. A team of inspectors from the Bank of Mauritius was sent to the bank to conduct an examination, investigate and report thereon. In view of the complexity of the nature of the examination, the Bank has employed the expert assistance of NTan Corporate Advisory Pte Ltd of Singapore to investigate into the matter. The Bank of Mauritius team has been working in close collaboration with the forensic team.

Reflecting a commitment to promoting good governance and in order to enhance transparency in economic management, the Mauritian authorities have published the assessment of the Mauritian economy by the Executive Board of the International Monetary Fund in the context of the Article IV consultation discussions that were conducted in March 2003. A greater degree of transparency has also characterized the Financial Statements of the Bank published in its Annual Reports in recent years.

As part of its on-going dialogue with domestic financial markets, the Financial Markets Committee, comprising the Heads of Treasury from all the commercial banks, has met regularly under the Chairmanship of the Bank of Mauritius. The Financial Markets Committee acts as a forum for discussions on developments in the domestic markets and also on existing and future market practices and instruments.

A Banking Committee comprising the chief executives of the ten domestic banks under my Chairmanship was established in February 2001. This Committee acts as a consultative forum on broad monetary and financial sector issues with the overall objective of enhancing the efficient functioning of the banking system. To date, the Committee has met on twelve occasions. Discussions on the establishment of a Credit Bureau in Mauritius are being actively pursued through the Banking Committee. The Credit Bureau will act as a repository of credit information from which credit providers could draw to accurately assess the actual exposure of borrowers and therefore their total risk profiles.

With regard to monetary statistics, the Bank has also embarked in June 2003 upon the implementation of a new framework for the compilation and reporting of monetary data for all depository corporations, based on the Monetary and Financial Statistics Manual (MFSM) of the IMF. Broadly, this new framework entails, inter alia, expanding the scope of the monetary statistics so that it includes all depository corporations, namely the central bank, Category 1 banks, Category 2 banks, the non-bank deposit-taking institutions and deriving a Depository Corporations Survey (DCS); applying market price valuation for financial instruments;

improving the sectorisation and classification of accounts; and using an accrual, rather than a cash, basis of recording.

At the regional level, during the period under review, the Bank has also participated in the meetings of the Committee of Central Bank Governors (CCBG) in Southern African Development Community (SADC).

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. The management of the Bank has pursued its efforts to improve the working conditions of the employees and to invest in training and human resource development. I would also like to gratefully acknowledge the commitment, encouragement and support of the Board of Directors of the Bank, without which the objectives of the Bank would not have been attained.

Rameswurlall Basant Roi

1 Review of the Economy: 2002-03

Viewed against the background of the global economic slowdown, a significant cyclone-induced drop in sugar output and contraction of the Export Processing Zone (EPZ), partly due to political and social disturbances in Madagascar, the Mauritian economy registered a commendable performance during fiscal year 2002-03¹. Economic performance was underpinned by a real GDP growth of 2.9 per cent, a fall in the consumer price inflation from 6.3 per cent in 2001-02 to 5.1 per cent, the containment of the fiscal deficit as a proportion of GDP, a continued increase in the current account surplus of the balance of payments and a substantial rise in the level of net international reserves. On the external front, the current account of the balance of payments recorded a surplus for the third consecutive year, with the surpluses on the services and current transfers accounts more than offsetting the pronounced deficit on the merchandise account. Net credit to Government from the central bank contracted further. Broad money supply M2 grew by 11.7 per cent during the period under review as a result of increases in both net foreign assets of the banking system and domestic credit. The closure of a number of EPZ firms has produced a negative impact on the level of unemployment. The rise in unemployment, which reflects mainly mismatches between job availability and the quality of education and training, as well as rigidities in the labour market, needs to be firmly addressed.

Gross Domestic Product (GDP) at basic prices increased by 6.7 per cent, from Rs117,578 million in 2001 to Rs125,411 million in 2002. In real terms, GDP growth of only 2.3 per cent in 2002, compared to 5.6 per cent in 2001, was accounted for mainly by negative growth in the agricultural and manufacturing sectors, due to a lower sugar output and a contraction of the EPZ, respectively, in 2002. However, the economy is expected to pick up and grow by 4.8 per cent in 2003.

The agricultural sector registered a negative growth of 14.4 per cent in 2002, largely driven by a fall of 19.3 per cent in sugar output to 520,887 tonnes, reflecting the effects of cyclone Dina and unfavourable climatic conditions prevailing during the harvest season. The manufacturing sector contracted by 1.2 per cent in 2002. Manufacturing enterprises of the EPZ registered a negative growth of 4.0 per cent with exports totalling Rs33.5 billion in 2002 compared to Rs33.7 billion in 2001. The EPZ is expected to again contract by around 2 per cent in 2003, with exports estimated at approximately Rs34 billion against the backdrop of the current weak external economic environment and limited developments emanating from AGOA II. The tourism sector, after registering a mild growth of 1.0 per cent in 2001, picked up in 2002 and expanded by 3.2 per cent in spite of security concerns worldwide stemming from potential terrorist attacks and the slowdown in economic activity in major industrial countries. The number of tourist arrivals increased from 660,318 in 2001 to 681,648 in 2002. Gross tourism earnings, however, recorded a marginal increase of 0.9 per cent, from Rs18,166 million in 2001 to Rs18,328 million in 2002, compared to a growth of 27.6 per cent in 2001. The construction sector posted a robust growth of 7.8 per cent in 2002, reflecting higher levels of investment in building and construction works. The "Financial Intermediation" sector registered a lower growth of 2.0 per cent in 2002 compared to 11.0 per cent in 2001. This was mainly attributable to a zero growth rate in the non-insurance sub-sector, resulting from a decline in the level of offshore banking activities.

In nominal terms, aggregate consumption expenditure increased by 9.6 per cent in 2002 compared to 8.2 per cent in 2001. In real terms, it registered a growth of 3.2 per cent in 2002, the same as in 2001. Gross National Savings (GNS) increased, in nominal terms, by 4.2 per cent in 2002. The savings rate, defined as the ratio of GNS to GDP at

¹ The fiscal year extends from 1 July to 30 June.

market prices, declined from 28.4 per cent in 2001 to 27.5 per cent in 2002, and is expected to decrease further to 27.4 per cent in 2003.

Gross Domestic Fixed Capital Formation (GDFCF), exclusive of the acquisition and disposal of aircraft and marine vessel, increased by 10.4 per cent in nominal terms in 2002. In real terms, this represented a growth of 6.8 per cent in 2002 as against a contraction of 2.6 per cent in 2001. The ratio of GDFCF to GDP at market prices declined from 22.6 per cent in 2001 to 22.2 per cent in 2002, but is expected to increase to 22.6 per cent in 2003.

The population of the Republic of Mauritius was estimated at 1,216,773 as at end-December 2002. The total labour force, inclusive of foreign workers, grew marginally by 0.4 per cent to 540,900 in 2002. Taking account of the closure of a number of EPZ firms and the large number of employees opting for the Voluntary Retirement Scheme (VRS) in the sugar industry, employment in the economy contracted by 0.1 per cent in 2002. The total number of persons in employment, inclusive of foreign workers, decreased from 490,800 in 2001 to 490,100 in 2002. Forecasts for 2003 show that total employment in the economy is expected to grow by 1.0 per cent to 495,200 with the number of foreign workers rising by 8.8 per cent, from 17,000 in 2002 to 18,500 in 2003. The unemployment rate edged up by 0.6 percentage point to 9.7 per cent in 2002 compared to a 0.3 percentage point increase in 2001 and is forecast to reach 10.2 per cent in 2003. The rising unemployment trend observed since the early 1990s has been further exacerbated by the closure of a number of EPZ firms and the lay-off of workers during 2002-03.

Despite the increase in the Value-Added Tax (VAT) rate, from 12 per cent to 15 per cent in July 2002, and increases in the administered prices of certain goods such as flour, cooking gas and cement, the rate of consumer price inflation declined from 6.3 per cent in 2001-02 to 5.1 per cent in 2002-03, lower than the initial target of 6.0 per cent set by the Bank of Mauritius at the beginning of 2002-03.

Against the background of the global economic slowdown and the general decline in interest rates in major international financial markets, there was some degree of monetary easing by the Bank of Mauritius. The Lombard Rate was brought down successively by a total of 125

basis points during the period under review. The reduction in the Lombard Rate was mainly geared towards stimulating investment and enhancing business confidence, thereby supporting growth in the economy through a reduction in lending rates. The Lombard Rate was reduced from 11.50 per cent to 11.25 per cent on 13 November 2002, to 11.00 per cent on 11 December 2002, to 10.50 per cent on 5 February 2003 and further to 10.25 per cent on 7 May 2003. Category 1 banks adjusted their interest rate structure more or less in line with the changes in the Lombard Rate. Through its regular conduct of repurchase operations, the Bank promoted stable liquidity conditions conducive to its overall objective of maintaining price stability.

Following the establishment by the Bank, since 1 February 2002, of a Primary Dealer System with a view to promoting an active secondary market for trading in Government securities, four Category 1 banks, namely, Barclays Bank PLC, The Hongkong and Shanghai Banking Corporation Limited, The Mauritius Commercial Bank Ltd and State Bank of Mauritius Ltd, continued to operate as primary dealers during the period under review. In order to enhance the scope for primary dealership activity, the Bank of Mauritius discontinued its over the counter (OTC) sales of Treasury Bills to individuals and non-financial corporations with effect from 1 October 2002. The implementation of the Primary Dealer System also led to an overhaul of the bidding process at primary auctions. During 2002-03, the Bank embarked on a gradual process of phasing out non-primary dealer bidders such that, eventually, only primary dealers would be entitled to bid at primary auctions. Another development under the Primary Dealer System during the period under review was the introduction of three new bands for the trading of securities with maturities ranging from 365 to 728 days.

Aggregate monetary resources, that is money supply M2, expanded by 11.7 per cent in 2002-03 compared to an increase of 13.0 per cent in 2001-02. Net foreign assets of the banking system went up by 19.0 per cent, from Rs39,974 million at the end of June 2002 to Rs47,568 million at the end of June 2003, reflecting essentially an increase in the net foreign assets of the Bank of Mauritius. Domestic credit increased by 7.6 per cent in 2002-03, slightly down from 7.9 per cent in the preceding year. Credit to the private sector expanded by 6.4 per cent in 2002-03, lower than the increase of 8.1 per cent in 2001-02. Net credit

to Government by the banking system grew by 13.2 per cent in 2002-03 compared to a rise of 8.0 per cent in 2001-02, reflecting an increase in the level of net credit from Category 1 banks that more than offset the substantial contraction in net credit to Government from the central bank.

The budget deficit for 2002-03 was Rs9,068 million, equivalent to 6.0 per cent of GDP at market prices, that is the same level as in the preceding year. The process of fiscal adjustment has been set in a medium-term framework and corrective measures to address fiscal imbalances and restore fiscal discipline have already been initiated. The budget deficit in 2002-03 was financed mostly from domestic sources. Net financing from the central bank was negative for the fourth consecutive year. Total public debt reached Rs95,487 million as at end-June 2003 with internal and external debt amounting to Rs86,413 million and Rs9,074 million, respectively. Total public debt as a percentage of GDP at market prices increased from 55.4 per cent at the end of June 2002 to 63.5 per cent at the end of June 2003. The debt service ratio of the country fell from 8.5 per cent in 2001-02 to 8.1 per cent in 2002-03.

Exchange rate movements during the period under review reflected the combined effects of international trends and local market conditions. Between the 12-month period ended June 2002 and the 12-month period ended June 2003, the rupee, on an average basis, depreciated by 10.9 per cent against the euro, 6.1 per cent against the South African rand, 5.3 per cent against the Pound sterling and 0.9 per cent against the Japanese yen, but appreciated by 4.0 per cent against the US dollar. Liquidity conditions in the domestic foreign exchange market showed a marked improvement and remained comfortable. Reflecting this situation, the Bank of Mauritius purchased a total amount of US\$189.0 million through intervention on the interbank foreign exchange market during 2002-03.

The current account of the balance of payments registered a lower surplus of Rs5,037 million in 2002-03 compared to a surplus of Rs7,169 million in 2001-02. The surplus on the current account represented 3.4 per cent of GDP in 2002-03 compared to 5.2 per cent in 2001-02. The surplus on the current account of the balance of payments stemmed from surpluses recorded on the services and current transfers accounts that more than offset the pronounced deficit on the

merchandise account. Total exports (f.o.b.) increased by 15.4 per cent to Rs54,953 million in 2002-03 while imports (f.o.b.) went up by 17.5 per cent to Rs63,716 million. The capital and financial account recorded a net outflow of Rs7,878 million.

Net international reserves of the country, comprising the net foreign assets of the banking system, foreign assets of Government and Mauritius' Reserve position in the International Monetary Fund (IMF), increased from Rs40,551 million at the end of June 2002 to Rs48,414 million (US\$1,684 million) at the end of June 2003. Net international reserves, which provide a more appropriate measure of import cover than the foreign exchange reserves of the Bank of Mauritius alone, represented 8.5 months of imports at the end of June 2003 compared to 8.6 months of imports at the end of June 2002.

The Bank of Mauritius has successfully introduced, as from December 2000, the Mauritius Automated Clearing and Settlement System (MACSS), which is based on Real Time Gross Settlement (RTGS) principles. In November 2002, the second phase of the modernisation of the payment system was completed with the automation of the Port Louis Clearing House, which involves the standardisation of cheques using Magnetic Ink Character Recognition (MICR) technology. The MICR feature has enhanced the processing speed of cheques at all Category 1 banks by enabling the electronic settlement and exchange of cheque details among participants through the use of the MACSS communication network. There are presently eleven participants, including the Bank of Mauritius, in the Port Louis Automated Clearing House (PLACH).

In November 2002, Barclays Bank PLC acquired the banking activities of Banque Nationale de Paris Intercontinentale (BNPI) with a view to strengthening its presence in Mauritius. BNPI surrendered its Category 1 and Category 2 banking licences to the Bank of Mauritius on 5 December 2002. Moreover, in May 2003, the Bank of Mauritius gave its approval to the merger between New Co-operative Bank Limited and Mauritius Post Office Savings Bank to form Mauritius Post and Cooperative Bank Ltd. With effect from 16 June 2003, African Asian Bank Limited, a Category 2 bank, has ceased its operations but was yet to surrender its banking licence as at end-June 2003. Two additional money-changers, namely, Max &

Deep Co. Ltd and Gowtam Jootun Lotus Ltd, were authorised to carry on the business of money-changer as from 9 August 2002 and 28 November 2002, respectively. Two non-bank deposit-taking institutions, Mauritian Eagle Leasing Company Ltd and La Prudence Leasing Finance Co. Ltd, were granted authorisation to carry on deposit-taking business in Mauritius with effect from 2 October 2002 and 31 March 2003, respectively.

During financial year 2002-03, Mauritius underwent a Financial Sector Assessment Programme (FSAP) by a joint team from the International Monetary Fund and the World Bank. In its report, the FSAP team concluded that Mauritius has a well-developed financial system and that the banking system is profitable and sound. It, however, also underlined three main sources of potential risks and vulnerabilities, namely, risks associated with external economic shocks and downturn in economic activity, the roll-over risks of growing short-term public debt and potential reputational risk that could arise from money laundering or criminal activities of offshore funds and companies.

As Mauritius braces itself to meet its future challenges, emphasis must continue to be laid on further economic diversification as well as on investment in education, training, and Information and Communication Technology (ICT), which hold out the promise of higher employment-creating growth. Indeed, the achievement of higher job-creating growth remains a central policy challenge for Mauritius in the years ahead. In this perspective, the drive for reforms that Mauritius has embarked upon needs to be maintained and pursued with much vigour. The implementation of the Sugar Sector Strategic Plan on the restructuring of the sugar industry will help to improve the long-term viability of that sector. The EPZ, particularly the textile sector, has fulfilled a key role in the economy's development strategy in the post-independence era. It has helped the diversification of Mauritius from a mono-crop economy with LDC status to a developing economy with a diversified industrial base, albeit with the safeguard of international trade protocols and agreements. The new challenges stemming from the phasing out of the preferential trade agreements call for a paradigm shift in our economic policy with a view to sustaining the pursuit of economic diversification in a changing global competitive environment. A re-engineering of our work culture, business ethics, industrial relations

framework, productivity and multi-skilled training attitudes, and quality culture should contribute to the needed turnaround in the present context. One of the challenges facing the EPZ is to intensify just-in-time, technologically-intensive, scale-based higher value added production methods and strategic financial engineering, all of which will enable a smoother market penetration in sophisticated niche markets in the medium-term. A more durable and sustainable strategy of industrial restructuring and reforms aimed at enhancing the micro-efficiency of export-oriented enterprises should go in the right direction and meet ongoing pressures from global competition. Long-term and lasting competitiveness depends not on short-term macro-economic policy accommodation, whether fiscal or monetary, but on our ability to achieve and sustain improvements in productivity across all economic sectors.

The foregoing economic and financial developments during the year 2002-03 are reviewed in greater detail in the following chapters of the report.

I. NATIONAL INCOME AND PRODUCTION

In an environment of global economic slowdown with the major industrial economies registering low growth rates, the performance of the Mauritian economy in 2002, with 2.3 per cent growth, was commendable, though well below the 5.6 per cent growth rate registered in 2001. In fact, the performance of the economy was largely undermined by problems on the supply side. The significant drop in sugar output, mainly attributable to cyclone Dina, and the contraction in the Export Processing Zone (EPZ), largely due to the political and social disturbances in Madagascar, were the major causes of the relatively low growth rate. Zero growth in the "Financial Intermediation" sector, exclusive of insurance, and a fall in non-sugar agricultural output also contributed to the slowdown. The tourism sector picked up slightly in 2002 from its near-stagnation in 2001. Excluding

the sugar sector, economic growth stood at 3.4 per cent in 2002 compared to 5.4 per cent in 2001. Aggregate consumption expenditure grew, in real terms, by 3.2 per cent in 2002, the same rate as in 2001. Investment remained modest, growing, in real terms, by 2.4 per cent in 2002 compared to 2.7 per cent in 2001. Exclusive of the purchase and disposal of aircraft and marine vessel, investment grew, in real terms, by 6.8 per cent in 2002 as against a decline of 2.6 per cent in 2001. The resource balance remained positive, reflecting the higher level of savings relative to investment.

The tourism and financial services sectors grew by 3.2 per cent and 2.0 per cent, respectively, while the manufacturing and agricultural sectors declined by 1.2 per cent and 14.4 per cent, respectively, in 2002. The sugar sector registered a contraction of 19.3 per cent with sugar production falling from 645,598 tonnes in 2001, its highest level since 1987, to 520,887 tonnes in 2002. Gross tourism receipts in 2002 amounted to Rs18.3 billion and the number of tourists visiting Mauritius

Table I.1: Main National Accounting Aggregates and Ratios

| | 2000 | 2001 ¹ | 2002 ¹ | 2003 ² |
|---|---------|-------------------|-------------------|-------------------|
| A. Aggregates (Rs million) | | | | |
| 1. GDP at basic prices | 104,517 | 117,578 | 125,411 | 136,565 |
| Annual Real Growth Rate (Per cent) | +9.3 | +5.6 | +2.3 | +4.8 |
| 2. GDP at market prices | 119,529 | 132,076 | 142,362 | 156,665 |
| 3. GNI at market prices | 118,746 | 132,469 | 142,657 | 156,885 |
| 4. Per Capita GNI at market prices (Rupees) | 100,025 | 110,375 | 117,851 | 128,320 |
| 5. Aggregate Consumption Expenditure | 89,521 | 96,864 | 106,167 | 116,645 |
| 6. Compensation of Employees | 46,531 | 50,327 | 53,189 | 58,840 |
| 7. Gross Domestic Fixed Capital Formation | 28,069 | 29,798 | 31,549 | 35,335 |
| 8. Gross Capital Formation | 30,680 | 27,385 | 31,390 | 38,140 |
| 9. Gross Domestic Savings | 30,008 | 35,212 | 36,195 | 40,020 |
| 10. Resource Balance (9 - 8) | -672 | 7,827 | 4,805 | 1,880 |
| 11. Gross National Disposable Income | 120,408 | 134,433 | 145,331 | 159,515 |
| B. Ratios: As a Percentage of GDP at market prices | | | | |
| 1. Gross Domestic Savings | 25.1 | 26.7 | 25.4 | 25.5 |
| 2. Aggregate Consumption Expenditure | 74.9 | 73.4 | 74.5 | 74.5 |
| 3. Gross Domestic Fixed Capital Formation | 23.5 | 22.6 | 22.2 | 22.6 |
| 4. Resource Balance | -0.6 | 5.9 | 3.4 | 1.2 |
| C. Ratio: As a Percentage of GDP at basic prices | | | | |
| 1. Compensation of Employees | 44.5 | 42.8 | 42.4 | 43.1 |

¹ Revised estimates.

² Revised forecast.

Source: Central Statistics Office, Government of Mauritius.

attained 681,648. The EPZ recorded a contraction of 4.0 per cent in 2002. Gross Domestic Product (GDP) at basic prices grew, in absolute terms, from Rs117,578 million in 2001 to Rs125,411 million in 2002. Per capita Gross National Income (GNI) at market prices increased from Rs110,375 in 2001 to Rs117,851 in 2002. In US dollar terms, per capita GNI increased from US\$3,767 in 2001 to US\$3,907 in 2002.

Reflecting the world economic slowdown, exports of goods and services fell, in nominal terms, from Rs90,463 million in 2001 to Rs88,757 million in 2002, or 1.9 per cent, while, in real terms, the decline was to the tune of 6.6 per cent. Imports of goods and services increased, in nominal terms, from Rs82,636 million in 2001 to Rs83,952 million in 2002, or 1.6 per cent, while, in real terms, this represented a drop of 3.2 per cent.

Aggregate Consumption Expenditure

Aggregate consumption expenditure expanded, in real terms, by 3.2 per cent in 2002, the same growth rate as in 2001. Household consumption expenditure registered a real growth rate of 2.8 per cent in 2002, unchanged from 2001. General government consumption expenditure increased, in real terms, by 5.2 per cent in 2002 compared to 4.8 per cent in 2001. As a percentage of GDP at market prices, aggregate consumption expenditure increased from 73.4 per cent in 2001 to 74.5 per cent in 2002. The ratio of household consumption expenditure to GDP at market prices went up from 60.7 per cent in 2001 to 61.8 per cent in 2002 while that of general government consumption expenditure to GDP at market prices remained unchanged at 12.7 per cent in 2002.

Table I.1 shows the main national accounting aggregates and ratios from 2000 to 2003.

Gross Domestic Fixed Capital Formation (GDFCF)

Investment in the economy remained modest in 2002, growing, in real terms, by 2.4 per cent compared to 2.7 per cent in 2001. Exclusive of the purchase and disposal of aircraft and marine vessel, Gross Domestic Fixed Capital Formation rose, in real terms, by 6.8 per cent in 2002 as against a contraction of 2.6 per cent in 2001 while the ratio of GDFCF to GDP at market prices declined from 22.6

per cent in 2001 to 22.2 per cent in 2002. Private sector GDFCF grew, in real terms, by 3.7 per cent in 2002 in contrast to a decline of 2.7 per cent in 2001. Public sector GDFCF registered a contraction of 0.5 per cent in 2002 as against a growth of 16.8 per cent in 2001.

The share of private sector GDFCF in total GDFCF went up from 68.7 per cent in 2001 to 69.6 per cent in 2002 while that of the public sector decreased from 31.3 per cent to 30.4 per cent over the same period.

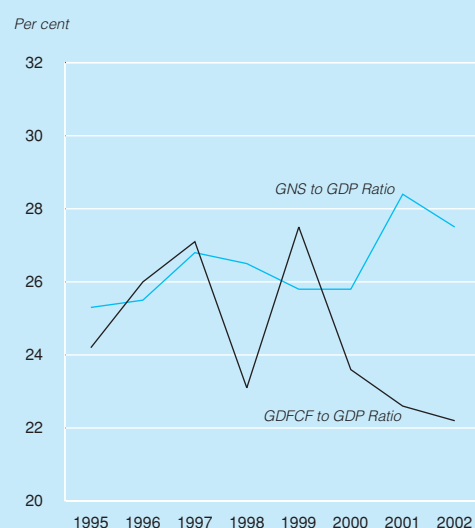
An analysis of investment by type of capital goods shows that capital formation in "Building and Construction Work" registered, in nominal terms, an increase of 12.8 per cent, from Rs15,934 million in 2001 to Rs17,972 million in 2002. In real terms, this represented a growth of 8.5 per cent in 2002 compared to 2.0 per cent in 2001. Investment in "Residential Building" contracted, in real terms, by 5.6 per cent in 2002 after registering a growth of 5.0 per cent in 2001. Construction activity in the non-residential sub-sector, after contracting by 5.7 per cent in 2001, grew by 22.4 per cent in 2002, mainly on account of the construction and renovation of some hotels as well as a number of government projects such as the construction and extension of secondary schools. Investment in "Other Construction Work" grew, in real terms, by 11.8 per cent in 2002 compared to 10.0 per cent in 2001. Investment in "Machinery and Equipment" contracted, in real terms, by 4.5 per cent in 2002 as against a growth of 3.5 per cent in 2001. Exclusive of the purchase and disposal of aircraft and marine vessel, real growth of GDFCF in "Machinery and Equipment" stood at 4.6 per cent in 2002 as against a negative growth of 8.1 per cent in 2001. Investment in "Passenger Car" grew by 19.1 per cent in 2002 after contracting in the preceding three years. Investment in "Other Transport Equipment", excluding the purchase and disposal of aircraft and marine vessel, contracted by 19.4 per cent in 2002 as against a growth of 7.1 per cent in 2001. Investment in "Other Machinery and Equipment" expanded by 6.7 per cent in 2002 as against a contraction of 11.0 per cent in 2001.

A breakdown of GDFCF by industrial use shows that the level of investment was higher in most sectors in 2002 compared to 2001. Investment in "Agriculture, Hunting, Forestry and Fishing" grew, in real terms, by 27.6 per cent in 2002 as against a contraction of 9.5 per cent in 2001. Investment in

"Manufacturing" recorded a real growth rate of 7.2 per cent in 2002 in spite of a contraction of 17.7 per cent in investment by EPZ firms. Investment in "Hotels and Restaurants" grew by 33.7 per cent in 2002 in contrast to contractions of 2.9 per cent and 0.2 per cent in 2001 and 2000, respectively. Investment in "Education", "Health and Social Work" and "Financial Intermediation" grew, in real terms, by 89.5 per cent, 45.3 per cent and 35.2 per cent, respectively, in 2002. Those sectors registering negative real growth rates in investment in 2002 were "Real Estate, Renting and Business Activities", "Construction", "Electricity, Gas and Water" and "Transport, Storage and Communication", which contracted by 4.4 per cent, 16.8 per cent, 17.2 per cent and 27.4 per cent, respectively. As a percentage of total GDFCF, investment in "Manufacturing", "Transport, Storage and Communication" and "Real Estate, Renting and Business Activities" stood at 15.3 per cent, 15.5 per cent and 22.5 per cent, respectively, in 2002.

Tables I.2 and I.3 show the real growth rates of GDFCF by type of capital goods and by industrial use, respectively, for the period 2000 through 2002. Chart I.1 depicts the movements in the ratios of GDFCF and Gross National Savings (GNS) to GDP at market prices for the period 1995 through 2002. Chart I.2 shows investment by sector in 2002.

Chart I.1: Ratios of GDFCF and GNS to GDP at Market Prices



Source: Central Statistics Office, Government of Mauritius.

National Disposable Income, National Savings and Resource Balance

Gross National Disposable Income (GNDI) grew, in nominal terms, by 8.1 per cent in 2002 compared to a growth rate of 11.6 per cent in 2001. Nominal consumption expenditure recorded a

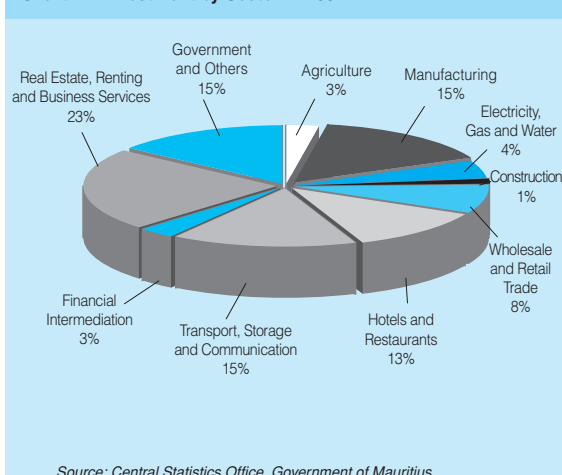
Table I.2: Real Growth Rates of GDFCF by Type of Capital Goods

| | (Per cent) | | |
|--|--------------|-------------------|-------------------|
| | 2000 | 2001 ¹ | 2002 ¹ |
| A. Building and Construction Work | +8.5 | +2.0 | +8.5 |
| Residential Building | +7.3 | +5.0 | -5.6 |
| Non-residential Building | +11.2 | -5.7 | +22.4 |
| Other Construction Work | +6.0 | +10.0 | +11.8 |
| B. Machinery and Equipment | -22.2 | +3.5 | -4.5 |
| Machinery and Equipment (excluding aircraft & marine vessel) | -6.5 | -8.1 | +4.6 |
| Passenger Car | -2.5 | -2.4 | +19.1 |
| Other Transport Equipment | -65.1 | +108.2 | -47.2 |
| Other Transport Equipment (excluding aircraft & marine vessel) | +1.8 | +7.1 | -19.4 |
| Other Machinery and Equipment | -8.1 | -11.0 | +6.7 |
| Gross Domestic Fixed Capital Formation | -8.2 | +2.7 | +2.4 |

¹ Revised estimates.

Source: Central Statistics Office, Government of Mauritius.

Chart I.2: Investment by Sector in 2002



Source: Central Statistics Office, Government of Mauritius.

growth of 9.6 per cent in 2002 compared to 8.2 per cent in 2001. Thus, the ratio of Gross National

Savings (GNS) to GDP at market prices declined from 28.4 per cent in 2001 to 27.5 per cent in 2002. As a percentage of GDP at market prices, the Resource Balance (defined as Savings minus Investment) fell from 5.9 per cent in 2001 to 3.4 per cent in 2002.

Agriculture

Unfavourable climatic conditions prevailing during the harvest season and cyclone Dina in January 2002 impacted negatively on the growth of the agricultural sector, particularly on sugar production. In real terms, the agricultural sector contracted by 14.4 per cent in 2002 as against a growth of 7.2 per cent in 2001. The sugar sector recorded a negative real growth rate of 19.3 per cent in 2002 in contrast to a growth of 9.9 per cent in 2001. The non-sugar agricultural sector contracted by 8.4 per cent in 2002 as against a real growth of 4.3 per cent in 2001.

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

| | (Per cent) | | |
|---|-------------|-------------------|-------------------|
| | 2000 | 2001 ¹ | 2002 ¹ |
| 1. Agriculture, Hunting, Forestry and Fishing | -22.2 | -9.5 | +27.6 |
| 2. Mining and Quarrying | - | - | - |
| 3. Manufacturing | - | -5.6 | +7.2 |
| of which: EPZ | -5.8 | -0.5 | -17.7 |
| 4. Electricity, Gas and Water | -28.8 | -19.6 | -17.2 |
| 5. Construction | +8.0 | -19.1 | -16.8 |
| 6. Wholesale and Retail Trade, Repair of Motor Vehicles, Motor Cycles, Personal and Household Goods | +13.7 | -8.5 | +12.7 |
| of which: Wholesale and Retail Trade | +15.4 | -10.0 | +13.9 |
| 7. Hotels and Restaurants | -0.2 | -2.9 | +33.7 |
| 8. Transport, Storage and Communication | -39.9 | +39.4 | -27.4 |
| 9. Financial Intermediation | -16.0 | +21.4 | +35.2 |
| 10. Real Estate, Renting, and Business Activities | +8.4 | +0.1 | -4.4 |
| Owner occupied dwellings | +7.3 | +5.0 | -5.6 |
| Other | +15.9 | -32.1 | +8.1 |
| 11. Public Administration and Defence; Compulsory Social Security | -3.7 | -13.1 | +42.6 |
| 12. Education | +9.7 | -0.6 | +89.5 |
| 13. Health and Social Work | +45.8 | -8.8 | +45.3 |
| 14. Other Services | +147.4 | +12.0 | +8.6 |
| Gross Domestic Fixed Capital Formation | -8.2 | +2.7 | +2.4 |

¹ Revised estimates.

Source: Central Statistics Office, Government of Mauritius.

Table I.4 shows the main aggregates of the agricultural sector from 2000 to 2002. Chart I.3 shows the sectoral distribution of GDP at basic prices in 2002.

Sugar

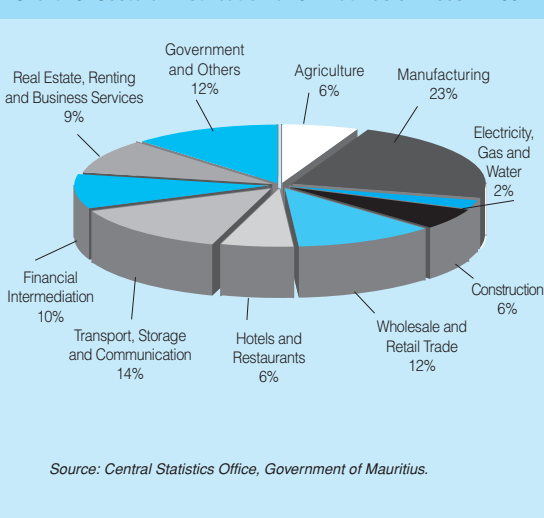
In 2002, sugar output fell by 19.3 per cent and value added by the sugar sector accounted for approximately 52 per cent of total value added by the agricultural sector. Sugar production stood at 520,887 tonnes in 2002 compared to 645,598 tonnes in 2001. The total area under sugarcane harvested was 72,267 hectares in 2002 compared to 73,197 hectares in 2001. The average yield of sugarcane per hectare fell from 79.13 tonnes in 2001 to 67.44 tonnes in 2002. The rate of extraction of sugar dropped significantly from 11.15 per cent in 2001 to 10.70 per cent in 2002.

Table I.5 shows sugar production and exports for the years 1999-00 through 2002-03.

Sugar production for fiscal year 2002-03 reached 539,264 tonnes compared to 624,867 tonnes for fiscal year 2001-02. For 2002-03, exports and imports of sugar stood at 515,036 tonnes and 30,213 tonnes, respectively, compared to 611,473 tonnes and 17,050 tonnes, respectively, for 2001-02. Around 98 per cent of total sugar exports, or 506,746 tonnes, were directed to the European Union under the Sugar Protocol. Domestic consumption increased from 40,663 tonnes in 2001-02 to 40,745 tonnes in 2002-03.

Reflecting the lower sugar export volume, export proceeds of cane sugar declined from Rs8,557

Chart I.3: Sectoral Distribution of GDP at Basic Prices in 2002



million in 2001 to Rs8,529 million in 2002 and accounted for 19.6 per cent of total domestic exports. Export receipts from cane molasses also fell from Rs134 million in 2001 to Rs67 million in 2002.

Non-Sugar Agricultural Sector

The non-sugar agricultural sector recorded a negative growth of 8.4 per cent in 2002 as against a growth of 4.3 per cent in 2001. In nominal terms, value added by this sector went up from Rs3,788 million in 2001 to Rs3,808 million in 2002. Its share in the agricultural sector, however, went up from 44.9 per cent in 2001 to 47.8 per cent in 2002.

The total area under foodcrop production declined from 7,918 hectares in 2001 to 7,261

Table I.4: Main Aggregates of the Agricultural Sector

| | 2000 | 2001 ¹ | 2002 ¹ |
|---|-------|-------------------|-------------------|
| 1. Value Added at current basic prices (Rs million) | 7,144 | 8,434 | 7,973 |
| <i>of which: Sugarcane</i> | 3,742 | 4,646 | 4,165 |
| 2. Annual Real Growth Rate (Per cent) | +33.3 | +7.2 | -14.4 |
| 3. Share of Agriculture in GDP at basic prices (Per cent) | 6.8 | 7.2 | 6.4 |
| 4. Investment at current prices (Rs million) | 692 | 648 | 852 |
| 5. Share of Investment in Agriculture in total GDFCF (Per cent) | 2.5 | 2.2 | 2.7 |
| 6. Sugar Exports (Rs million) | 5,544 | 8,557 | 8,529 |
| 7. Agricultural Exports other than Sugar (Rs million) | 179 | 273 | 186 |
| 8. Share of Agricultural Exports in total Domestic Exports (Per cent) | 15.2 | 20.2 | 20.0 |

¹ Revised estimates.

Source: Central Statistics Office, Government of Mauritius.

hectares in 2002 with foodcrop production falling from 129,119 tonnes in 2001 to 103,876 tonnes in 2002. The production of tea decreased from 7,440 tonnes in 2001 to 6,870 tonnes in 2002 while tobacco production declined from 556 tonnes in 2001 to 477 tonnes in 2002.

Manufacturing

The "Manufacturing" sector, which consists of sugar milling, EPZ products and "other

manufacturing", recorded a negative real growth rate of 1.2 per cent in 2002 as against a growth of 4.4 per cent in 2001. Value added by the "Manufacturing" sector represented 22.7 per cent of total value added in the economy in 2002. In an environment of diminishing external demand, the real growth rate of the EPZ sub-sector declined from 4.4 per cent in 2001 to negative 4.0 per cent in 2002. Output from the sugar milling sub-sector also recorded a negative growth of 19.3 per cent in 2002 as against a growth of 9.9 per cent in 2001.

Table I.5: Sugar Production and Exports

| (Tonnes Tel Quel) | | | | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|
| | 1999-00 | 2000-01 | 2001-02 | 2002-03 |
| Opening Stock (1 July) | 19,158 | 27,174 | 36,496 | 25,890 |
| Opening ISA Special Stock | 0 | 0 | 0 | 0 |
| Production | 389,033 | 583,820 | 624,867 | 539,264 |
| Available supplies | 445,164 ¹ | 648,387 ² | 678,413 ³ | 595,367 ⁴ |
| Exports: | 378,514 | 571,647 | 611,473 | 515,036 |
| <i>United Kingdom</i> | 329,011 | 502,215 | 500,538 | 446,262 |
| <i>Other European Union</i> | 39,752 | 59,504 | 84,787 | 60,484 |
| <i>United States</i> | 6,028 | 4,143 | 19,667 | 1,852 |
| <i>Canada</i> | 144 | 41 | 112 | 143 |
| <i>Other</i> | 3,579 | 5,744 | 6,369 | 6,295 |
| Domestic Consumption | 39,178 | 39,911 | 40,663 | 40,745 |
| Surplus/(Loss) in Storage | 298 | 333 | 387 | 556 |
| Closing Stock (30 June) | 27,174 | 36,496 | 25,890 | 39,029 |
| Closing ISA Special Stock | 0 | 0 | 0 | 0 |

¹ Includes 36,973 tonnes of imported sugar.

² Includes 37,393 tonnes of imported sugar.

³ Includes 17,050 tonnes of imported sugar.

⁴ Includes 30,213 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, Mauritius Chamber of Agriculture.

Table I.6: Main Aggregates of the Manufacturing Sector

| | 2000 | 2001 ¹ | 2002 ¹ |
|---|--------|-------------------|-------------------|
| 1. Value Added at current basic prices (Rs million) | 24,702 | 27,394 | 28,531 |
| 2. Annual Real Growth Rate (Per cent) | +7.9 | +4.4 | -1.2 |
| 3. Share of Value Added in GDP at basic prices (Per cent) | 23.6 | 23.3 | 22.7 |
| 4. Investment at current prices (Rs million) | 4,464 | 4,372 | 4,831 |
| 5. Share of Investment in total GDFCF (Per cent) | 15.9 | 14.7 | 15.3 |

¹ Revised estimates.

Source: Central Statistics Office, Government of Mauritius.

Value added by the non-sugar milling and non-EPZ sub-sectors grew, in real terms, by 4.0 per cent in 2002, marginally lower than the growth of 4.1 per cent recorded in 2001.

Table I.6 shows the main aggregates of the manufacturing sector for the period 2000 through 2002.

EPZ exports fell by 0.6 per cent, from Rs33,695 million in 2001 to Rs33,502 million in 2002, as against a growth of 8.8 per cent in 2001. The drop in EPZ exports was the direct result of a fall in EPZ exports to Madagascar, from Rs1,812 million in 2001 to Rs416 million in 2002, or 77.0 per cent, in the light of the socio-political disturbances that took place there in 2002. EPZ imports fell from Rs17,140 million in 2001 to Rs16,977 million in 2002, or nearly 1 per cent, as against an increase of 4.5 per cent in 2001. Net EPZ exports registered a marginal drop, from Rs16,555 million in 2001 to Rs16,525 million in 2002.

In 2002, EPZ exports were mostly directed towards the United States, United Kingdom and France, which represented 29.4 per cent, 23.4 per cent and 23.1 per cent, respectively, of total EPZ exports. The main countries of origin of EPZ imports in 2002 were China, India, France, South Africa and Italy. EPZ imports from European and African countries increased by 5.8 per cent and 3.4 per cent, respectively, while those from Asian countries contracted by 5.2 per cent in 2002.

Table I.7 shows some major aggregates of the EPZ for the period 2000 through 2002.

Tourism

The tourism sector grew by 3.2 per cent in 2002 compared to 1.0 per cent in 2001. Gross tourism receipts recorded a marginal increase of 0.9 per cent, from Rs18,166 million in 2001 to Rs18,328 million in 2002, compared to a growth of 27.6 per cent in 2001. The number of tourist arrivals increased from 660,318 in 2001 to 681,648 in 2002. Total tourist nights spent in the country rose from 6,528,000 in 2001 to 6,769,000 in 2002. Around 91 per cent of foreign visitors came to Mauritius for holidays in 2002 while 3.5 per cent came for business purposes.

Tourist arrivals from Europe increased by 3.2 per cent, from 437,305 in 2001 to 451,504 in 2002, as against a contraction of 0.6 per cent in 2001. Tourists from Europe accounted for nearly two thirds of total tourist arrivals in 2002. Tourist arrivals from our main source markets in Europe, namely, France, United Kingdom, Germany and Italy, registered positive growth rates of 2.7 per cent, 3.6 per cent, 5.7 per cent and 2.5 per cent, respectively, in 2002. Tourist arrivals from Africa increased by 2.4 per cent, from 168,522 in 2001 to 172,641 in 2002, compared to a growth of 2.8 per cent in 2001. Tourist arrivals from Asia went up by 10.7 per cent whereas those from America and Australia fell by 7.5 per cent and 4.6 per cent, respectively, in 2002. Tourist arrivals from Reunion Island increased by 5.7 per cent while those from the Republic of South Africa declined by 10.9 per cent in 2002.

Two new hotels were constructed in 2002, bringing the total number of hotels to 97. However,

Table I.7 : Main Aggregates of the EPZ

| | 2000 | 2001 ¹ | 2002 ² |
|---|--------|-------------------|-------------------|
| 1. Number of Enterprises (as at December) | 518 | 522 | 506 |
| 2. Value Added at current basic prices (Rs million) | 12,523 | 13,659 | 13,861 |
| 3. Annual Real Growth Rate (Per cent) | +6.0 | +4.4 | -4.0 |
| 4. Share of EPZ in total GDP at basic prices (Per cent) | 12.0 | 11.6 | 11.1 |
| 5. Investment at current prices (Rs million) | 1,702 | 1,758 | 1,489 |
| 6. Share of EPZ Investment in total GDFCF (Per cent) | 6.1 | 5.9 | 4.7 |
| 7. Exports (f.o.b.) (Rs million) | 30,961 | 33,695 | 33,502 |
| 8. Imports (c.i.f.) (Rs million) | 16,399 | 17,140 | 16,977 |
| 9. Net Exports (Rs million) | 14,562 | 16,555 | 16,525 |

¹ Revised estimates.

Source: Central Statistics Office, Government of Mauritius.

² Provisional.

only 95 hotels were in operation at the end of December 2002 as two hotels were being renovated. The number of rooms and bedplaces stood at 9,623 and 19,597, respectively, in 2002 compared to 9,024 and 18,350, respectively, in 2001. The average room occupancy rate for all hotels increased marginally from 66 per cent in 2001 to 67 per cent in 2002 while that of "large" hotels remained unchanged at 70 per cent.

Direct employment in the tourist industry went up from 19,944 at the end of March 2001 to 21,116 at the end of March 2002, representing a growth of 5.9 per cent.

The newly created Tourism Authority will exercise a strict control on all tourism-related activities in Mauritius and will regulate the informal sector. The Integrated Resorts Scheme (IRS), which was introduced as a new development concept by the Government in 2002, is well under way at Bel Ombre with the construction of five new hotels and a golf course in 2003.

Following the Iraq war and the outbreak of the Severe Acute Respiratory Syndrome (SARS) virus, the Mauritius Tourism Promotion Authority (MTPA) set up a strategic plan in view of re-positioning the island as an up-market destination on the international market. The MTPA also carried out promotional campaigns to market Mauritius as a safe haven destination.

Financial Intermediation

"Financial Intermediation", which comprises mainly insurance and banking services, registered a marked slowdown in 2002 with a lower growth rate of 2.0 per cent compared to 11.0 per cent in 2001. This was the net result of an 8.0 per cent growth in the "Insurance" sub-sector and zero growth in the non-insurance sub-sector, reflecting essentially the decline in the level of offshore banking activities.

Real Estate, Renting and Business Activities

The "Real Estate, Renting and Business Activities" sector, which comprises owner occupied dwellings, renting of machinery and operator, computer activities and other business activities, grew by 7.3 per cent in 2002 compared to 7.0 per cent in 2001. This growth was mainly attributable

to a 10.9 per cent increase in activities other than those relating to "Owner occupied dwellings" in 2002 compared to 10.4 per cent in 2001. The "Owner occupied dwellings" sub-sector registered a growth of 3.2 per cent in 2002, down from 3.6 per cent in 2001.

Other Sectors

The "Electricity, Gas and Water" sector registered a growth of 2.3 per cent in 2002 compared to 11.2 per cent in 2001. The "Construction" sector expanded by 7.8 per cent in 2002, up from 1.5 per cent in 2001, mainly on account of higher levels of investment in building and construction works. Value added by the "Transport, Storage and Communication" sector grew, in real terms, by 7.4 per cent in 2002 compared to 8.9 per cent in 2001. Growth in "Public Administration and Defence; Compulsory Social Security" attained 6.4 per cent in 2002 compared to 4.0 per cent in 2001. The "Education" sector expanded at a slightly higher rate of 4.8 per cent in 2002 compared to 4.7 per cent in 2001 while "Health and Social Work" and "Other Services" grew by 7.9 per cent and 7.0 per cent, respectively, in 2002 compared to 5.8 per cent and 7.0 per cent, respectively, in 2001.

Growth Outlook

The economy is projected to grow by 4.8 per cent in 2003. Excluding the sugar sector, the growth rate is expected to be 4.5 per cent. The manufacturing, financial services and tourism sectors are projected to grow by 1.5 per cent, 3.6 per cent and 2.7 per cent, respectively. The EPZ is forecast to contract by 2.0 per cent. The agricultural sector is expected to register a growth of 5.0 per cent. Aggregate consumption expenditure is projected to pick up, in real terms, by 3.4 per cent. The savings rate is forecast to decline marginally to 27.4 per cent and the ratio of GDFCF to GDP at market prices is expected to increase to 22.6 per cent.

With the global economy projected to recover in the second half of 2003, external demand, especially from European countries and the United States, will strengthen and give a boost to exports of the manufacturing sector. It is expected that some inroad will be made towards taking advantage of the opportunities arising from AGOA II through the setting up of additional spinning mills.

However, in view of the difficulties currently faced by the EPZ, it is expected that increased negotiations for continued preferential market access will be maintained in all possible fora while awaiting the longer-term solution of increased productivity and competitiveness through restructuring.

The marketing strategy adopted over recent years with regard to tourism will no doubt continue to produce results with the number of tourist arrivals projected at 700,000 in 2003. Moreover, the construction of several new high-class hotel resorts is planned while existing hotels are expected to continue with their renovation and extension projects.

Box 1

Strategic Plan for the Non-Sugar Agricultural Sector: 2003-2007

The agricultural sector has played a prominent role in the economic development of Mauritius, with the sugar industry as the backbone. However, with developments that have taken place on the domestic front in the form of reduced land resources and high cost of labour and agricultural inputs, coupled with increased competition on the international front, the sustainability of the traditional approach to agricultural practices has been questioned. Bearing those factors in mind, a **Strategic Plan for the Non-Sugar Agricultural Sector** has been prepared as a blueprint to give a new thrust to the non-sugar sector and thus enable it to account for a larger share of the agricultural sector and to complement the sugar industry.

The Plan, which was published by the Ministry of Agriculture, Food Technology & Natural Resources, is a five-year plan that covers the period 2003-2007. With the increasing use of technology across all sectors of the economy, the Plan lays emphasis on the adoption of new technology in the non-sugar sector to modernise practices and increase efficiency and productivity. With a multi-pronged approach, the Plan seeks to: *"...focus on attaining a certain degree of self-sufficiency, meeting quality exigencies, developing the local agro-processing industry, promoting entrepreneurship, optimising export opportunities, conforming to international norms governing food safety and maximising on the potential benefits of regionalisation."* By 2007, the Plan seeks to transform the local agricultural scene with a high-technology focus and enable the emergence of the island as a regional nursery and agro-processing hub.

The development of the agricultural sector has been hampered by natural and structural constraints. By assessing the main impediments and putting in place the right framework, the Plan seeks to harness the full potential of the

sector by optimising the use of the limited resource endowments. The main proposals of the Plan are highlighted below:

1. To enable more focused formulation of policies, it is proposed that the Central Statistics Office conducts a census for the whole agricultural sector that will help in the creation of a solid database.
2. Agricultural production is currently being carried out haphazardly or through rules of thumb. To foster a more scientific approach, the Ministry aspires to provide up-to-date, timely and accurate data to planters through the setting up of an **Agricultural Information System** and a **Land Data Bank**. This is expected to provide the logistic for more judicious planning among planters and promote optimal use of resources.
3. Given binding water constraints, proper irrigation remains of utmost importance. An **Irrigation Liaison Committee** will thus be set up to monitor irrigation-related issues whilst simultaneously sensitise planters on efficient irrigation techniques. A joint public-private sector **Irrigation Association** will primarily address policy issues.
4. Whilst on the one hand, the profit margin of planters has been squeezed by auctioneers, on the other hand, poor sales environment has affected the quality and marketability of the produce while potentially jeopardising the safety of customers. The Plan proposes to restructure and review the present system to put in place a proper market-driven marketing framework. It suggests to set up a **Market Information System** that will allow the speedy collection and dissemination of information to potentially mitigate price fluctuations. It also proposes to establish a regulator, under the purview of

the Agricultural Marketing Board, for the local and export markets in the form of a **Market Intelligence Unit**.

5. To boost the development of the agricultural sector and export opportunities, it has been decided to inculcate the notion of quality across all spectrum of the agricultural process, in conformity with international standards. This will require capacity building at the human, technological and information levels. Modern cultivation techniques, which allow a more efficient monitoring of quality parameters, will be fostered in the form of greenhouse cultivation and hydroponics. A proposed **Food Technology Laboratory** will monitor food quality.
6. The setting up of a centrally located '**One-Stop-Shop**' that will provide specialised fast-track services, as well as information and technical guidance to agricultural stakeholders is also proposed.
7. To tackle the issue of cultivable land scarcity, the Government has already made necessary changes in legislation to bring in greater flexibility in the acreage of land that may be rented to small planters by sugar estates. It is also proposed to promote the adoption of modern intensive cultivation techniques. Planters will be provided with the necessary training to facilitate the adoption of such practices.
8. To increase production capacity, feasibility studies will be undertaken to explore various avenues for using regional countries as production bases.
9. To modernise the non-agricultural sector, the Plan proposes to strengthen Research & Development (R&D) to support the adoption of technology in all sectors. R&D programmes, in line with national priorities, will be established to enhance agricultural productivity. Biotechnology figures prominently in the modernisation strategy and the setting up of a **Mauritius Agricultural Biotechnology Institute** is expected to give the island a technological edge in the region.
10. The implementation of the Plan may be severely inhibited if the use of technology is not optimised. In this connection, it is proposed to enhance the capabilities of all stakeholders through specialised training courses and sensitisation programmes.
11. The fundamental shift in agricultural strategy will be complemented with appropriate legislative reforms. Over and above fostering the uptake of biotechnology, the **Genetically Modified Organisms (GMO) Bill** will also ensure that dealings with GMO are properly regulated. The **Plants Act** will be amended to cater for Plant Breeders Rights in line with the World Trade Organisation rules.
12. Opportunities in the exploitation of the agro-industry and agro-processing on a local and regional basis will also be promoted.
13. The concept of clusters is being recommended to ensure an efficient interactive platform and synergy between stakeholders. A **Food and Agricultural Cluster** will coordinate activities at the institutional level whilst an **Agro-Industrial Cluster** will regroup local agro-industry, research and other institutions.
14. To give a much needed boost to the declining livestock sector, farmers will be initiated to modern farm management practices. Food safety issues pertaining to meat are also addressed. Means to increase the export of venison and livestock derived products are also considered.
15. The development of the agricultural sector in Rodrigues, with emphasis on the promotion of exports of endemic products, is also on the agenda.
16. To complement the reforms, the institutional setup will be reviewed to ensure a demand-driven and market-oriented approach. An **Institutional Review Taskforce** will be set up.

The implementation of the Plan represents a paradigm shift in strategy of the island and sets the base for the transition from the traditional to a modern high-technology agricultural sector. The Plan thus pursues reforms in line with the newfound high-technology aspirations of Mauritius.

Box 2 African Growth and Opportunity Act

The African Growth and Opportunity Act (AGOA) was enacted on 23 May 2000 as part of the Trade and Development Act of 2000. The major objective of AGOA is to stimulate trade and investment opportunities between the United States (US) and Sub-Saharan Africa (SSA) in a bid to foster economic development and prosperity in the region. AGOA is also seen as an opportunity for Africa to diversify its export base and integrate the global trade market.

AGOA covers the period 1 October 2000 to 30 September 2008 whereby some 6,485 products are eligible for preferential access to the US market. To be eligible for AGOA benefits, countries must adhere to some stringent rules of origin criteria whilst at the same time satisfy some normative "best practice" policies. As at end-June 2003, 40 out of the 48 SSA countries were AGOA-eligible. Of these 40 countries, 19 were eligible to receive AGOA's textile and apparel benefits. A major clause concerning textile and apparel beneficiaries stipulates that countries with an annual per capita GDP of less than US\$1,500 are eligible for "Less Developed Beneficiary Country" (LDBC) status. These countries can use fabric inputs regardless of the country of origin and benefit from AGOA. Countries with a per capita GDP greater than US\$1,500 have to source fabrics from AGOA beneficiaries or the US to derive AGOA benefits.

AGOA II

In August 2002, some major revisions were made to AGOA as part of the Trade Act 2002. These changes led to the emergence of the "AGOA II". The major changes are highlighted thereafter:

- Duty-free and quota-free treatment was extended to knit-to-shape;
- For the final year of AGOA starting 1 October 2007, the quantitative limit on apparel produced in the region would be doubled and capped at 7 per cent of the aggregate square metre equivalent of all apparel articles imported into the US in the previous year;
- The lapsing and non-extension of third country fabrics to LDBCs as from 1 October 2004;
- Special designation for Botswana and Namibia as LDBCs despite their per capita GDP exceeding US\$1,500.

Implications for Mauritius

Sugar and apparel products remain the two main Mauritian exports to the US. Under AGOA, due to the need to comply with the rules of origin criteria to benefit from duty-free and quota-free access to the US apparel market, a re-engineering in the way Export Processing Zone (EPZ) firms operate is taking place. Furthermore, with the accession of China to the World Trade Organisation (WTO) and the emergence of low cost producers in South East Asia and Eastern Europe, the competitiveness of Mauritian products has been subject to erosion in their traditional markets. With competition set to accentuate with the phasing out of the Multi Fibre Agreement (MFA) in December 2004, AGOA offers Mauritius the opportunity to diversify its exports markets.

Exports to the US market

Available data show that the US has become the largest single-country destination for Mauritian EPZ exports. The share of EPZ exports

to the US, which accounted for 10.0 per cent of total EPZ exports in 2000, increased significantly and reached 26.1 per cent in 2001 and 29.4 per cent in 2002 due to the benefits accruing under AGOA. Mauritian AGOA-related duty-free exports increased by 8 per cent to US\$54 million in 2001 and represented 20.0 per cent of Mauritius' total exports to the US. In 2002, AGOA-related exports recorded a substantial increase, totalling US\$114 million, and accounted for 41 per cent of total exports to the US.

While Mauritian AGOA-related exports to the US more than doubled in 2002 compared to 2001, there were a number of factors that have hampered Mauritian exports to the US:

- (i) Knit-to-shape, a key component of Mauritian exports, was not allowed duty-free access to the US market until the enactment of AGOA II;
- (ii) Since Mauritius is compelled to use regional yarn, which is in short supply, producers have not been able to optimise exports under AGOA;
- (iii) Madagascar, a key component in the Mauritian production chain, was at a standstill due to socio-political unrest in 2002.

Setting up of spinning units

Mauritius has traditionally sourced its yarn and fabrics from Asia, mainly India and Pakistan. Under AGOA, Mauritius is at a relative disadvantage since it has to use regional yarn and fabrics to benefit from preferential access to the US. To circumvent the rules of origin problem, some producers have shifted

production to Madagascar, Ghana, Lesotho, Mozambique and Senegal to make the most out of the LDBC status of these countries.

To ensure that locally produced goods are AGOA-eligible, producers have had to use regional yarn. However, African yarn is of medium quality and some Mauritian producers have been subject to a price premium when procuring AGOA-eligible yarn. This threatens to undermine the price and quality competitiveness of Mauritian products. AGOA has thus made it compulsory for Mauritius to complete the vertical integration process of its textiles and garment industry by moving into spinning. Mauritius will then have a complete supply chain that will procure greater flexibility to the industry while enabling the optimisation of AGOA's textile and apparel benefits.

The Government, through the Board of Investment, has been actively promoting investment in cotton-spinning plants to ensure that the rules of origin criteria are met. Three greenfield projects have materialised and others are in the pipeline. The Chinese venture *Shanxi Tian Li*, the *Arvind Overseas (Mauritius) Ltd.* and the *Compagnie Mauricienne de Textile Ltée.* are in the process of setting up their spinning units. It is expected that the purpose-built Industrial Park at La Tour Koenig and financing from the National Equity Fund will induce other potential investors from Italy, India and Pakistan to locate in Mauritius.

In 2002, Mauritius imported around 45,000 tonnes of cotton yarn. With nearly 30 per cent of exports directed to the US, some 13,500 tonnes of regional yarn was needed. According to producers, the full potential of the

Mauritian Exports to the United States

| | 2000 | 2001 | 2002 |
|---|------|-------------------|-------------------|
| Export to the US as a share of total EPZ exports (Per cent) | 10.0 | 26.1 ¹ | 29.4 ² |
| AGOA-related exports (US\$ million) | 50.0 | 54.0 | 114.0 |
| (Percentage increase year-on-year) | | (8.0) | (111.1) |
| AGOA exports as a share of total exports to US (Per cent) | - | 20.0 | 41.0 |

Source: Central Statistics Office, Government of Mauritius; Third Annual Report on US Trade and Investment Policy towards Sub-Saharan Africa and Implementation of African Growth and Opportunity Act (May 2003).

¹ Based on revised figures.

² Based on provisional figures.

US market is yet to be tapped since the non-availability of AGOA-eligible yarn in sufficient quantity is hampering their exports growth. The ability to exploit the US market will be further enhanced with the availability of local yarn.

As part of AGOA II, with the lapsing of LDBC status in September 2004, all textile and apparel beneficiaries will have to source their yarn from the region. Since supply capacity in Africa is limited, Mauritius can position itself as a supplier of yarn and fabric in the region. Thus, another objective of AGOA will be attained as intra-regional trade receives a boost. The problem encountered by the EPZ is to a large extent structural. In the 1980s, when unemployment was high and labour costs low, Mauritius had a comparative advantage in labour-intensive production. Vertical integration into spinning represents a shift to capital-intensive production and provides new avenues for Mauritius to emerge as the textile hub of the region.

Latest Developments

Extension of AGOA beyond 2008

The fact that AGOA spans over 8 years has led to some questioning of the wisdom of investing massively in new spinning plants given the temporary nature of the benefits. However, in a televised speech during the United States - Sub-Saharan Africa Trade and Economic Cooperation Forum held in Mauritius in January 2003, President Bush announced his intent to seek an extension of AGOA beyond 2008. The preparation of the legislation for the extension of AGOA is already under way in an effort to support long-term investment and economic prosperity in Africa.

Extension of LDBC provisions beyond 2004

Many SSA countries have benefited from the LDBC status and have embarked on garmenting. These benefits are however under threat with the termination of the LDBC status in September 2004 as the industrial base in these beneficiary countries remains shallow, and it is unlikely that they will be able to source regional

yarn and fabric in sufficient quantity. Moreover, quality standards of regional yarn and fabric remain deficient. Many African nations have thus argued that the removal of the LDBC status would severely undermine their competitiveness and have asked for its extension beyond September 2004. US officials have said that these concerns would be taken into consideration when determining the future of the LDBC status.

The delayed enactment of AGOA II after September 2004 might undermine the viability and strategic value of some of the spinning projects in Mauritius since regional yarn would no longer be a pressing concern, at least in the immediate future. During a mission to the United States in June 2003, the Prime Minister has asked for Mauritius to be given the LDBC status since the country is currently one of the major losers from the rules of origin derogation extended to LDBCs.

US - SACU Free Trade Area

As part of the Trade and Investment Framework Agreements, a Free Trade Area (FTA) has been proposed between the United States and the South Africa Customs Union (SACU) members - Botswana, Lesotho, Namibia, South Africa and Swaziland. Negotiations, which have started in June 2003, are set to end in December 2004 and will cover such areas as market access, investment, services and intellectual property rights. While Mauritius has been invited to join the SACU, it is still considering the element of non-reciprocity involved in joining an FTA.

The EPZ is currently at crossroads, stuck between rising production costs and increased international competition. With the phasing out of the Multi Fibre Agreement (MFA), the competition is set to accentuate. AGOA has the potential to overcome some of the losses Mauritius is likely to sustain. The enactment of AGOA has led to the emergence of the US as a major market for Mauritian EPZ exports. To ensure that its full potential is tapped, it is paramount that the rules of origin criteria be adhered to.

II. LABOUR MARKET AND PRICE DEVELOPMENTS

Rising unemployment remained a major concern for the authorities during 2002-03. The closure of a number of EPZ firms together with the implementation of the Voluntary Retirement Scheme (VRS) in the sugar sector contributed significantly to the rise in unemployment in 2002-03. The textile and apparel sector, which has increasingly been facing tough competition from lower production cost countries, suffered the largest decline in employment with the closure of a number of EPZ enterprises. In tandem with the slowdown in economic activity, the demand for labour remained below the number of new entrants into the labour force.

Wage Developments

Compensation of Employees

Compensation of employees went up from Rs50,327 million in 2001 to an estimated Rs53,189 million in 2002, or 5.7 per cent, compared to an increase of 8.2 per cent in 2001. Compensation of employees as a percentage of GDP at basic prices declined marginally from 42.8 per cent in 2001 to 42.4 per cent in 2002. Compensation of employees in the general Government sector, which accounts for around 25 per cent of total compensation, grew by 7.3 per cent in 2002 compared to 5.1 per cent in 2001, while for the rest of the economy, it increased by 5.2 per cent in 2002 compared to 9.2 per cent in 2001.

In real terms, compensation of employees grew by 0.1 per cent in 2002 compared to 2.3 per cent in 2001.

Cost of Living Compensation

In fiscal year 2002-03, employees whose basic wage was Rs3,500 or less per month received a cost of living compensation of 6.5 per cent, which was higher than the inflation rate of 6.3 per cent for 2001-02. Employees earning over Rs3,500 per month were granted compensation ranging from Rs230 to Rs280, depending on their income bracket.

Average Monthly Earnings

The average monthly earnings for all industrial groups increased by 7.4 per cent between March 2002 and March 2003 compared to 5.3 per cent between March 2001 and March 2002. Adjusted for the twelve-month running inflation rate, the average monthly earnings grew by 1.5 per cent for all industrial groups as against a contraction of 0.6 per cent between March 2001 and March 2002.

An analysis by industrial group shows that average monthly earnings grew in the range of 1.9 per cent to 12.1 per cent between March 2002 and March 2003. The highest increase was recorded in "Mining and Quarrying" (12.1 per cent) followed by "Other Services" (9.8 per cent), "Real Estate, Renting and Business Activities" (9.5 per cent) and "Construction" (9.4 per cent). The remaining sectors registered increases in the range of 1.9 per cent to 8.7 per cent.

Table II.1 shows the average monthly earnings in large establishments by industrial group over the period March 2000 through March 2003.

Wage Rate Index

The wage rate index measures changes in wages paid for normal time in specific occupations and changes in the index provide an indication of the movement in the cost of labour in the economy. The wage rate index for 2002 was worked out with September 2000 as base period. The wage rate index rose by 5.0 points, or 4.8 per cent, between September 2001 and September 2002 compared to 4.9 per cent between September 2000 and September 2001. The increase in the wage rate index between September 2001 and September 2002 was mainly driven by contributions from the industry groups "Manufacturing, Mining and Quarrying" (2.0 points), "Construction" (0.5 point) and "Hotels and Restaurants" (0.4 point). Contributions from other industry groups ranged from 0.1 point to 0.3 point.

An analysis of the changes in wage rates by industry group between September 2001 and September 2002 showed that "Construction" recorded the highest rise of 8.8 per cent while the smallest increase took place in "Public Administration and Defence, Compulsory Social

Security", which registered a 1.4 per cent growth. Wage rates in the industry groups "Manufacturing, Mining and Quarrying", "Hotels and Restaurants" and "Other Community, Social and Personal Services" grew by 8.2 per cent, 7.9 per cent and 7.2 per cent, respectively. The remaining industry groups recorded increases in wage rates in the range of 1.4 per cent to 5.9 per cent between September 2001 and September 2002.

Adjusted for an inflation rate of 6.1 per cent for the 12-month period ended September 2002, the overall wage rate contracted by 1.2 per cent compared to a decline of 0.5 per cent between September 2000 and September 2001.

Table II.2 gives details on the annual percentage change in wage rates by industry group for September 2001 and September 2002.

Labour Force, Employment and Unemployment

Labour Force

The population of the Republic of Mauritius was estimated at 1,216,773 as at end-December 2002, of whom 602,491 were males and 614,282 were females, giving a sex ratio of 98.1. With an estimated population of 1,205,677 as at end-December 2001, the population growth rate was 0.9 per cent in 2002. The total labour force, inclusive of foreign workers, grew marginally from 538,500 in 2001 to 540,900 in 2002, or 0.4 per cent, much lower than the 1.9 per cent growth registered in 2001. Owing to their flexibility in working extra hours, the recruitment of foreign workers kept on increasing although at a slower

Table II.1: Average Monthly Earnings¹ in Large Establishments

| Industrial Group | Mar-00 | Mar-01 | Mar-02 | Mar-03 | % Nominal Change between Mar-02 and Mar-03 | % Change Adjusted for Increase in Price Level |
|--|--------------|--------------|--------------|--------------|--|---|
| | (Rs) | (Rs) | (Rs) | (Rs) | | |
| 1. Agriculture, Forestry and Fishing | 6,602 | 7,581 | 7,959 | 8,648 | 8.7 | 2.7 |
| <i>of which: Sugarcane</i> | 6,159 | 7,039 | 7,386 | 8,180 | 10.8 | 4.7 |
| 2. Mining and Quarrying | 3,889 | 4,655 | 5,155 | 5,777 | 12.1 | 5.9 |
| 3. Manufacturing | 5,544 | 5,856 | 6,155 | 6,668 | 8.3 | 2.4 |
| <i>of which: Sugar</i> | 8,443 | 8,920 | 9,271 | 10,941 | 18.0 | 11.5 |
| <i>EPZ</i> | 4,774 | 5,063 | 5,323 | 5,684 | 6.8 | 0.9 |
| 4. Electricity, Gas and Water | 13,515 | 15,663 | 17,518 | 18,987 | 8.4 | 2.4 |
| 5. Construction | 8,746 | 8,979 | 9,280 | 10,153 | 9.4 | 3.4 |
| 6. Wholesale & Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods | 9,584 | 10,573 | 10,762 | 11,236 | 4.4 | -1.3 |
| <i>of which: Wholesale & Retail Trade</i> | 9,639 | 10,640 | 10,848 | 11,259 | 3.8 | -1.9 |
| 7. Hotels and Restaurants | 7,401 | 7,799 | 8,034 | 8,402 | 4.6 | -1.2 |
| 8. Transport, Storage and Communication | 11,491 | 11,986 | 12,777 | 13,716 | 7.3 | 1.5 |
| 9. Financial Intermediation | 14,814 | 16,538 | 17,228 | 17,782 | 3.2 | -2.4 |
| <i>of which: Insurance</i> | 13,554 | 14,570 | 15,137 | 16,103 | 6.4 | 0.5 |
| 10. Real Estate, Renting and Business Activities | 10,275 | 11,156 | 12,186 | 13,342 | 9.5 | 3.5 |
| 11. Public Administration and Defence; Compulsory Social Security | 10,146 | 10,671 | 11,018 | 11,228 | 1.9 | -3.7 |
| 12. Education | 11,280 | 11,299 | 11,728 | 12,524 | 6.8 | 0.9 |
| 13. Health and Social Work | 11,256 | 12,360 | 12,082 | 12,812 | 6.0 | 0.2 |
| 14. Other Services | 7,953 | 8,183 | 7,976 | 8,760 | 9.8 | 3.8 |
| All Sectors | 8,178 | 8,701 | 9,159 | 9,837 | 7.4 | 1.5 |

¹ Earnings of daily, hourly and piece rate workers have been converted to a monthly basis.
Source: Central Statistics Office, Government of Mauritius.

rate. The number of foreign workers increased from 16,500 in 2001 to 17,000 in 2002 and were mainly concentrated in the textile and apparel industry. The male labour force grew by 0.4 per cent while the female labour force registered a growth of 0.5 per cent in 2002. The share of female labour force in total labour force remained unchanged at around 35 per cent in 2002.

Employment

Reflecting the exceptional developments in the labour market in 2002, namely, the implementation of the Voluntary Retirement Scheme (VRS) in the sugar industry under which 6,600 workers opted for retirement and a loss of 5,300 jobs in the EPZ, the employment situation did not show any sign of improvement. Total employment contracted by 0.1 per cent in 2002 as against a growth of 1.5 per cent in 2001. The total number of employed, inclusive of foreign workers, is estimated to have declined by 700, from 490,800 in 2001 to 490,100 in 2002.

The distribution of employment by industrial group shows that, except for "Agriculture, Forestry and Fishing" and "Manufacturing" where employment fell, and "Mining and Quarrying", "Financial Intermediation" and "Real Estate, Renting

and Business Activities", where employment remained unchanged, all the other sectors of the economy recorded increases in employment. However, the creation of 10,700 additional jobs in these sectors was not enough to offset job losses reaching as high as 7,400 and 4,000 in the agricultural and manufacturing sectors, respectively.

With the ongoing reforms in the sugar industry amid an increasing number of workers expected to opt for the VRS, further job losses are likely to occur in that sector. Moreover, given the weak external demand and increasingly competitive international environment in which the textile industry is operating, it is very likely that more EPZ firms would either close down or undergo restructuring. Consequently, more workers might be laid off.

The "Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods" and "Public Administration and Defence; Compulsory Social Security" sectors registered the highest increases in employment, creating 2,300 and 2,000 additional jobs, respectively. Additional jobs were also created in "Transport, Storage and Communications" (1,800), "Other Services" (1,300), "Hotels and Restaurants" (1,200), "Education" (1,000) and "Construction" (600).

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

| Industry Group | (Per cent) | |
|--|------------|------------|
| | Sep-01 | Sep-02 |
| 1. Agriculture and Fishing | 10.7 | 2.9 |
| 2. Manufacturing, Mining and Quarrying | 4.1 | 8.2 |
| 3. Electricity and Water | 16.2 | 5.9 |
| 4. Construction | 6.6 | 8.8 |
| 5. Wholesale & Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods | 5.8 | 3.8 |
| 6. Hotels and Restaurants | 5.6 | 7.9 |
| 7. Transport, Storage and Communications | 3.4 | 1.9 |
| 8. Financial Intermediation | 4.6 | 5.0 |
| 9. Real Estate, Renting and Business Activities | 7.1 | 5.5 |
| 10. Public Administration and Defence; Compulsory Social Security | 1.7 | 1.4 |
| 11. Education | 3.6 | 3.2 |
| 12. Health and Social Work | 4.9 | 3.2 |
| 13. Other Community, Social and Personal Services | 4.5 | 7.2 |
| All Sectors | 4.9 | 4.8 |

Source: Central Statistics Office, Government of Mauritius.

The manufacturing sector remained the largest employer in the economy with a share of 28.5 per cent in total employment in 2002, down from 29.2 per cent in 2001. The EPZ alone accounted for 61.4 per cent of total employment in that sector, down from 63.4 per cent in 2001. The "Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods", "Agriculture, Forestry and Fishing" and "Construction" sectors were the second, third and fourth largest employers with shares of 13.8 per cent, 9.6 per cent and 9.0 per cent, respectively, in 2002.

Table II.3 shows employment by industrial group for 2001 and 2002.

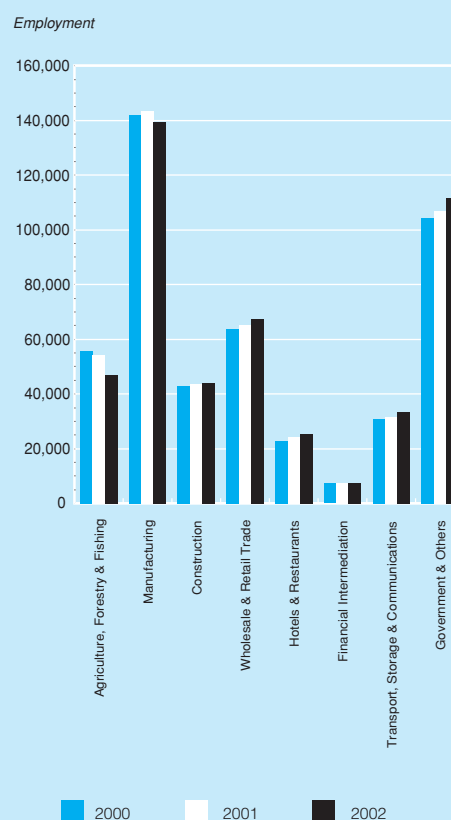
Unemployment

The unemployment trend noted since the early 1990s took a new turn with the introduction of the VRS in the sugar industry and the closure of a number of EPZ firms during 2002-03. The rate of unemployment increased from 9.1 per cent in 2001 to 9.7 per cent in 2002. In absolute terms, the number of unemployed went up from around 47,700 (30,500 males and 17,200 females) in 2001 to around 50,800 (29,600 males and 21,200 females) in 2002. An analysis by gender indicated that the male unemployment rate declined from 8.8 per cent in 2001 to 8.5 per cent in 2002 while the female unemployment rate went up from 9.8 per cent to 12.0 per cent over the same period. The closure of a number of EPZ firms and the introduction of the VRS in the sugar industry impacted mainly on female employment.

The number of job vacancies, as notified in the press, stood at around 5,100 in 2002. While most job vacancies in 2002 were for production-related jobs, mainly in the manufacturing sector (53 per cent), many vacancies were also to be found in the services sector (23 per cent). Despite the large number of job seekers, the continued shortage of workers, mainly in the manufacturing sector, might suggest that employers have been looking for more skilled workers as they move production up the value chain.

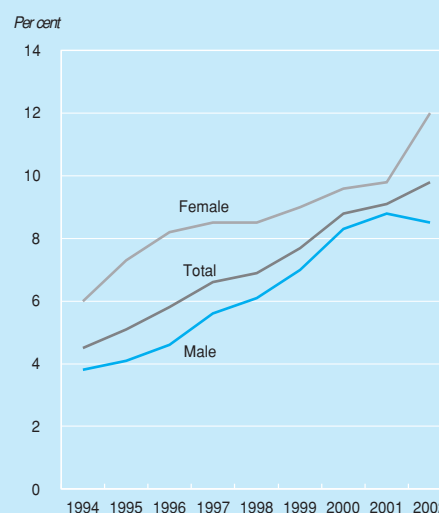
Chart II.1 gives the employment by sector for 2000, 2001 and 2002 while Chart II.2 shows the unemployment rate from 1994 to 2002.

Chart II.1: Employment by Sector

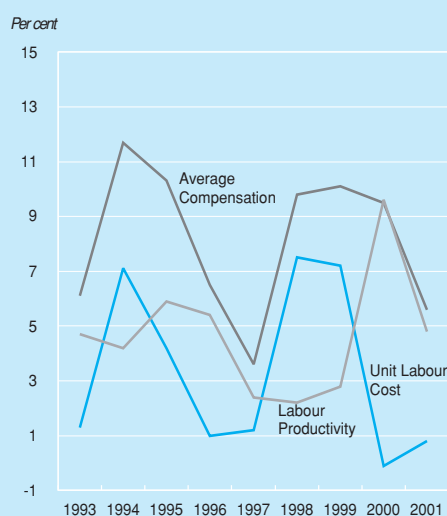


Source: Central Statistics Office, Government of Mauritius.

Chart II.2: Unemployment Rate



Source: Central Statistics Office, Government of Mauritius.

Chart II.3: Growth Rates of Average Compensation, Unit Labour Cost and Labour Productivity

Source: Central Statistics Office, Government of Mauritius.

Unit Labour Cost and Productivity

Labour productivity, which is defined as the ratio of real output to labour input in the economy, grew by 5.0 per cent in 2001 compared to 8.2 per cent in 2000 and was higher than the annual average growth rate of 4.2 per cent for the period 1990 through 2001. In the manufacturing and EPZ sectors, labour productivity grew by 4.8 per cent and 6.9 per cent, respectively, in 2001 compared to 9.6 per cent and 5.5 per cent, respectively, in 2000. Labour productivity in the textile sector went up by 8.9 per cent in 2001 while in the non-textile sector, it grew by 5.5 per cent.

Unit labour cost is the labour cost of producing a unit of output. After recording a mild contraction of 0.2 per cent in 2000, unit labour cost grew by 1.9 per cent in 2001. However, in US dollar terms, unit labour cost contracted further by 7.9 per cent in 2001 after a decline of 4.4 per cent in 2000. In the manufacturing sector, unit labour cost grew by 0.8 per cent in 2001 as against a contraction of 0.1 per cent in 2000. Between 1990

Table II.3: Employment by Industrial Group ¹

| Industrial Group | (Thousands) | |
|--|--------------|-------------------|
| | 2001 | 2002 ² |
| 1. Agriculture, Forestry and Fishing | 54.3 | 46.9 |
| <i>of which: Sugarcane</i> | 28.1 | 21.6 |
| 2. Mining and Quarrying | 1.3 | 1.3 |
| 3. Manufacturing | 143.5 | 139.5 |
| <i>of which: Sugar</i> | 3.2 | 3.1 |
| EPZ | 91.0 | 85.7 |
| 4. Electricity and Water | 3.0 | 3.1 |
| 5. Construction | 43.5 | 44.1 |
| 6. Wholesale & Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods | 65.1 | 67.4 |
| 7. Hotels and Restaurants | 24.2 | 25.4 |
| 8. Transport, Storage and Communications | 31.6 | 33.4 |
| 9. Financial Intermediation | 7.5 | 7.5 |
| 10. Real Estate, Renting and Business Activities | 14.3 | 14.3 |
| 11. Public Administration and Defence; Compulsory Social Security | 36.2 | 38.2 |
| 12. Education | 23.3 | 24.3 |
| 13. Health and Social Work | 12.3 | 12.7 |
| 14. Other Services | 30.7 | 32.0 |
| All Sectors | 490.8 | 490.1 |

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

² Revised.

and 2001, unit labour cost for the economy grew at an annual average rate of 5.4 per cent as average compensation rose faster than labour productivity.

Chart II.3 shows the growth rates of average compensation, unit labour cost and labour productivity in the manufacturing sector for the period 1993 through 2001.

Labour Market Outlook

The total labour force in 2003 is forecast at 549,600 with total employment and unemployment reaching 495,200 and 54,400, respectively. Thus, the unemployment rate for 2003 is expected to reach 10.2 per cent with the male and female unemployment rates standing at 8.9 per cent and 12.9 per cent, respectively.

Measures taken lately by the Government have aimed at reducing the mismatch in skills in the labour market and improving the quality of labour to meet the changing demands of employers. Notwithstanding these efforts, further reforms need to be pursued with a view to removing the present rigidities in the labour market. The current wage

setting mechanism needs to be reviewed to make it more responsive to productivity, competitiveness and the ability to pay of enterprises. Nonetheless, apart from the educational and training programmes for workers at the lower end, enhancing the competitiveness of domestic firms would also contribute to reduce unemployment. It is expected that increasing productivity in the manufacturing sector, the services sector as well as the ICT sector would help generate more employment opportunities.

Prices

Inflation, as measured by the percentage change in the yearly average Consumer Price Index (CPI), fell to 5.1 per cent in 2002-03 from 6.3 per cent in 2001-02. This was much lower than the initial target of 6.0 per cent set by the Bank of Mauritius at the beginning of fiscal year 2002-03. Despite increases of some administered prices such as those of flour, cooking gas and cement, the improved performance on the price front in 2002-03 was partly explained by the slowdown in monetary expansion.

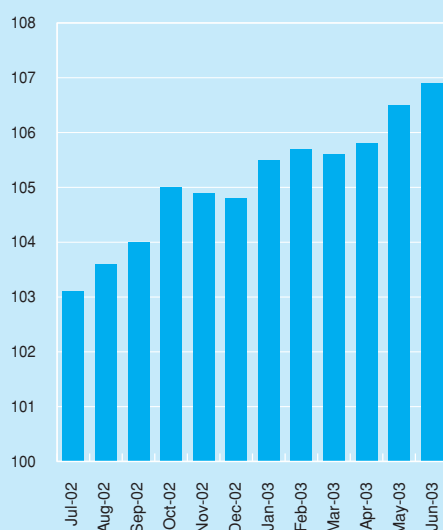
Table II.4: Quarterly Percentage Change in the Sub-Indices of the CPI by Division

| Divisions | Weights | (Per cent) | | |
|---|-------------|---------------|------------|------------|
| | | Quarter ended | | |
| | | Dec-02 | Mar-03 | Jun-03 |
| 1. Food | 299 | -0.6 | 0.9 | 2.0 |
| 2. Alcoholic Beverages and Tobacco | 86 | 1.5 | 0.2 | 3.4 |
| 3. Clothing and Footwear | 60 | 0.4 | 0.4 | 0.5 |
| 4. Housing, Water, Electricity, Gas and Other Fuels | 96 | 0.0 | 0.4 | 0.2 |
| 5. Furnishings, Household Equipment and Routine Household Maintenance | 80 | -0.6 | 1.0 | 0.3 |
| 6. Health | 28 | 1.7 | 0.6 | 0.7 |
| 7. Transport | 139 | -0.5 | 0.2 | 0.9 |
| 8. Communication | 31 | 19.9 | 1.7 | -1.6 |
| 9. Recreation and Culture | 53 | 1.1 | 0.3 | 0.6 |
| 10. Education | 24 | 0.0 | 5.3 | 0.0 |
| 11. Restaurants and Hotels | 50 | 2.0 | 1.1 | 1.0 |
| 12. Miscellaneous Goods and Services | 54 | 3.0 | 0.9 | 0.8 |
| ALL GROUPS | 1000 | 0.8 | 0.8 | 1.2 |

Source: Central Statistics Office, Government of Mauritius.

Note: The percentage change between June and September 2002 as well as that between June 2002 and June 2003 are not shown, as the sub-indices for June 2002 are based on 1996-97 Household Budget Survey.

Chart II.4: Monthly Consumer Price Index
(Base year July 2001 - June 2002=100)



Source: Central Statistics Office, Government of Mauritius.

Inflation Outlook

For fiscal year 2003-04, the Bank of Mauritius is targeting an inflation rate of 5.0 per cent. However, there are some upside risks to inflation stemming from the need for the domestic price of petroleum products to adjust to the international price of oil. Monetary policy, in the medium term, will continue to be geared towards maintaining price stability and keeping down the inflation differential vis-à-vis our major trading partners.

Following the 2001-02 Household Budget Survey (HBS), which is an exercise undertaken every five years to reflect the changing pattern of consumption, the composition of the basket of goods and services used to compute the consumer price index was altered and a new index with base year 2001-02 was computed as from July 2002. The new basket is made up of 12 Divisions instead of 9 Major Commodity Groups, which was the case until June 2002. Hence, the scope for comparison of movements in the price indices between the divisions is limited. Nevertheless, the price of a number of commodities and services registered a rise during 2002-03, in particular, charges for telephone and water services, bars and restaurants, bus fares, the price of cigarettes, newspapers, periodicals and school textbooks, cakes and snacks, and some medicines, and doctors' fees and clinic charges. The price of cooking oil also went up significantly, following its liberalisation. However, the price of motorcars, eggs and powdered milk went down. Box 3 outlines the key issues pertaining to the 2001-02 Household Budget Survey carried out between July 2001 and June 2002.

Table II.4 shows the quarterly percentage change in the sub-indices of the divisions in the CPI basket of goods and services while Chart II.4 gives the monthly CPI during fiscal year 2002-03.

Box 3 Household Budget Survey: 2001-02

The Central Statistics Office (CSO) carried out the seventh Household Budget Survey (HBS), which extended from July 2001 to June 2002. The consumption pattern of the Mauritian population was analysed and the consumption basket of goods and services used in the computation of the monthly Consumer Price Index (CPI) was updated. As from July 2002, the CPI is calculated on the basis of an updated basket of goods and services derived from the 2001-02 HBS. The base period used for this new CPI series is the twelve-month period running from July 2001 through June 2002.

In the conduct of the 2001-02 HBS, a sample of 6,720 households was chosen. The sample represented 2.2 per cent of the total private household population, which was estimated at that time at 300,000. It was representative of all households in the country.

The 1996-97 HBS and the 2001-02 HBS are different in a number of ways. While the 1996-97 HBS divided the basket of goods and services into 9 Major Commodity Groups, the 2001-02 HBS classified the items forming part of the basket into 12 Divisions. The largest weight was again attributed to "Food and Non-Alcoholic Beverages". However, its share fell from 36.4 per cent to 29.9 per cent. The 2001-02 HBS also saw significant shifts in the weights attached to certain important items such as rice, frozen chicken, cigarettes, and

clothing and footwear in the 12 Divisions. The new basket classifies alcoholic drinks purchased only for home consumption under the heading "Alcoholic Beverages" while in the basket of the 1996-97 HBS, alcoholic drinks consumed both at home and at roadsides were categorised under this item group.

The number of income earners per household remained unchanged at around 1.9. However, there was a marked nominal increase of 40 per cent in the average monthly household disposable income, from Rs10,179 in 1996-97 to Rs14,208 in 2001-02. After adjusting for inflation, this represented an increase of 5 per cent over the five-year period. In addition, the survey showed that the median income was Rs11,017 in 2001-02, 40 per cent higher than the median income of Rs7,870 derived in the 1996-97 HBS.

The 2001-02 HBS also showed that 20 per cent of households at the lower end of the income range received around 6 per cent of the total income while the 20 per cent of households at the upper end received almost 45 per cent of total income. Moreover, there was an improvement in the income distribution in the economy with the Gini coefficient falling from 0.387 in 1996-97 to 0.371 in 2001-02.

The following table gives the weights assigned to the 12 Divisions in the 2001-02 HBS.

Weights of the 12 Divisions in the 2001-02 Household Budget Survey

| DIVISIONS | WEIGHTS |
|---|-------------|
| 1. Food and Non-Alcoholic Beverages | 299 |
| 2. Alcoholic Beverages and Tobacco | 86 |
| 3. Clothing and Footwear | 60 |
| 4. Housing, Water, Electricity, Gas and Other Fuels | 96 |
| 5. Furnishings, Household Equipment and Routine Household Maintenance | 80 |
| 6. Health | 28 |
| 7. Transport | 139 |
| 8. Communication | 31 |
| 9. Recreation and Culture | 53 |
| 10. Education | 24 |
| 11. Restaurants and Hotels | 50 |
| 12. Miscellaneous Goods and Services | 54 |
| TOTAL | 1000 |

Source: Central Statistics Office, Government of Mauritius.

III. MONEY AND BANKING

Monetary developments in 2002-03 were significantly influenced by the record increase of Rs9,672 million in the net foreign assets of the Bank of Mauritius, reflecting the surplus on the current account of the balance of payments. However, for the first time since 1992-93, the net foreign assets of Category 1 banks declined, falling by Rs2,078 million. As a result, net foreign assets of the banking system as a whole increased by a net amount of Rs7,594 million during the year.

Reflecting a slowdown in the demand for funds, a cautious approach adopted in the granting of credit as well as relatively attractive yields offered on Treasury Bills, Category 1 banks, for the second consecutive year, directed a large part of their surplus into investment in Government securities. Consequently, net credit to Government from banks expanded by a substantial amount of Rs10,283 million. Banks' average liquid assets ratio went up from 21.8 per cent in 2001-02 to 28.1 per cent in 2002-03.

Government's borrowing requirements for the year being more than met by Category 1 banks and the non-bank sector, central bank credit to the Government contracted largely for the fourth consecutive year by an unprecedented amount of Rs7,787 million, representing an accumulation of Government deposits. Average reserve money increased by 13.8 per cent in 2002-03, up from 12.5 per cent in 2001-02. With average money supply M2 expanding at a lower rate of 11.2 per cent in 2002-03, the average money multiplier fell from 8.67 in 2001-02 to 8.47 in 2002-03.

The Bank intervened in the money and foreign exchange markets, based on its Reserve Money Programme and liquidity forecasting framework. Primary auctions of Treasury Bills and repurchase transactions remained the main operating tools for the implementation of monetary policy.

The Bank of Mauritius continued to provide overnight collateralised advances to Category 1 banks through the Lombard Facility. The interest rate payable for the use of this facility, the Lombard Rate, which is the Bank's signalling mechanism of its monetary policy stance, was reduced by a total of 125 basis points during 2002-03, from 11.50 per cent to 10.25 per cent. Category 1 banks adjusted

their deposit and lending rates in line with the changes in the Lombard Rate.

In November 2002, Barclays Bank PLC acquired the banking activities of Banque Nationale de Paris Intercontinentale (BNPI) with a view to strengthening its presence in Mauritius.

In May 2003, the Bank of Mauritius approved the merger between New Co-operative Bank Ltd and Mauritius Post Office Savings Bank to form Mauritius Post and Cooperative Bank Ltd.

Following the establishment of a Primary Dealer System for Mauritius in February 2002, the Bank of Mauritius ceased, effective 1 October 2002, its over the counter sale of Government of Mauritius Treasury Bills to individuals and non-financial corporations. Individuals and non-financial investors may carry out deals in Treasury Bills during normal banking hours with any one of the four established primary dealers, namely, Barclays Bank PLC, State Bank of Mauritius Ltd, The Hongkong and Shanghai Banking Corporation Limited and The Mauritius Commercial Bank Ltd.

Monetary Policy: 2002-03

The basic thrust of monetary policy was directed towards keeping inflation in a stable and narrow range and promoting monetary conditions conducive to the reduction of the inflation differential with major trading partners. Initially, an inflation rate of 6.0 per cent was targeted for the financial year. This was subsequently revised to 5.0 per cent.

Against the background of an increase in the value-added tax rate, from 12 per cent to 15 per cent in July 2002, the after-effects of cyclone Gerry and ongoing fiscal consolidation, the monetary policy stance adopted by the Bank enabled the rate of inflation to be contained at 5.1 per cent during fiscal year 2002-03.

Through the Lombard Facility, the Bank continued to provide overnight collateralised advances to Category 1 banks. The interest rate payable for the use of this facility, the Lombard Rate, which is the Bank's signalling mechanism of its monetary policy stance, was reduced on four occasions during fiscal year 2002-03 by a total of 125 basis points: from 11.50 per cent to 11.25 per cent on 13 November 2002 and further to 11.00 per cent on 11 December 2002, to 10.50 per cent on 5

February 2003 and to 10.25 per cent on 7 May 2003. Category 1 banks adjusted their deposit and lending rates in line with the changes in the Lombard Rate. The lowering of the Lombard Rate signalled an easing of the monetary policy stance of the Bank, mainly geared towards stimulating investment and enhancing business confidence and thereby supporting growth in the economy through a reduction in lending rates.

Monetary Aggregates

Net foreign assets of the banking system increased for the fifth consecutive fiscal year, mainly by way of increases in the net foreign assets of the Bank of Mauritius. These increases fully offset the drop in the net foreign assets of Category 1 banks, which recorded negative growth for the first time since 1992-93. Net foreign assets of the banking system rose by Rs7,594 million, from Rs39,974 million at the end of June 2002 to Rs47,568 million at the end of June 2003, or 19.0 per cent, lower than the rise of 28.0 per cent recorded in 2001-02. Net foreign assets of the Bank of Mauritius increased by Rs9,672 million, from Rs29,912 million at the end of June 2002 to Rs39,584 million at the end of June 2003, or 32.3 per cent, marginally lower compared to the rise of 32.6 per cent registered in 2001-02. Net foreign assets of Category 1 banks fell by Rs2,078 million, from Rs10,062 million at the end of June 2002 to Rs7,984 million at the end of June 2003, or 20.7 per cent, as against an increase of 16.1 per cent recorded in 2001-02.

Domestic credit grew by Rs7,531 million, from Rs99,396 million at the end of June 2002 to Rs106,927 million at the end of June 2003, or 7.6 per cent, lower than the rise of 7.9 per cent recorded in 2001-02. The rise in domestic credit in 2002-03 was driven by increases in both of its components, namely, net credit to Government by the banking system and credit to the private sector from Category 1 banks, with the latter accounting for around 68 per cent of the increase.

Net credit to Government from the banking system expanded by Rs2,496 million, from Rs18,980 million at the end of June 2002 to Rs21,476 million at the end of June 2003, or 13.2 per cent, compared to an increase of 8.0 per cent in 2001-02. Net credit to Government from the Bank of Mauritius fell for the fourth consecutive year,

dropping by Rs7,787 million, from a negative figure of Rs3,169 million at the end of June 2002 to a negative figure of Rs10,956 million at the end of June 2003, or 245.7 per cent, compared to a drop of 233.4 per cent in 2001-02. Net credit to Government from Category 1 banks went up by Rs10,283 million, from Rs22,149 million at the end of June 2002 to Rs32,432 million at the end of June 2003, or 46.4 per cent, compared to an increase of 45.7 per cent in 2001-02.

Credit to the private sector from Category 1 banks increased by Rs5,104 million, from Rs79,976 million at the end of June 2002 to Rs85,080 million at the end of June 2003, or 6.4 per cent, lower than the increase of 8.1 per cent in 2001-02. Loans and advances went up by Rs7,576 million, from Rs66,035 million at the end of June 2002 to Rs73,611 million at the end of June 2003, or 11.5 per cent, lower than the rise of 13.1 per cent recorded in 2001-02. Category 1 banks' investment in shares and debentures issued by the private sector fell by Rs2,664 million, or 23.1 per cent, from Rs11,545 million at the end of June 2002 to Rs8,881 million at the end of June 2003.

Broad money supply M2 increased by Rs12,938 million, from Rs110,467 million at the end of June 2002 to Rs123,405 million at the end of June 2003, or 11.7 per cent, lower than the rise of 13.0 per cent registered in 2001-02. Both components of M2, namely, narrow money supply M1 and quasi-money, contributed positively to the increase.

Narrow money supply M1 rose by Rs2,303 million, from Rs15,136 million at the end of June 2002 to Rs17,439 million at the end of June 2003, or 15.2 per cent, lower than the increase of 19.1 per cent recorded in 2001-02. The demand deposit component of M1 went up by Rs1,282 million, from Rs8,669 million at the end of June 2002 to Rs9,951 million at the end of June 2003, or 14.8 per cent, lower than the rise of 24.3 per cent recorded in 2001-02. Currency with the public went up by Rs1,022 million, or 15.8 per cent, from Rs6,466 million at the end of June 2002 to Rs7,488 million at the end of June 2003, compared to an increase of 12.7 per cent in 2001-02.

Quasi-money, the other component of M2, registered an increase of Rs10,634 million, or 11.2 per cent, from Rs95,332 million at the end of June 2002 to Rs105,966 million at the end of June 2003, lower than the rise of 12.1 per cent in 2001-02. Savings deposits, one of the components of quasi-

money, grew by Rs4,568 million, or 10.2 per cent, from Rs44,861 million at the end of June 2002 to Rs49,429 million at the end of June 2003, lower than the rise of 15.2 per cent recorded in 2001-02. Time deposits rose by Rs4,748 million, or 12.8 per cent, from Rs37,061 million at the end of June 2002 to Rs41,809 million at the end of June 2003. Foreign currency deposits went up by Rs1,318 million, or 9.8 per cent, from Rs13,410 million at the end of June 2002 to Rs14,728 million at the end of June 2003.

The increase of 11.7 per cent registered in broad money supply M2 in 2002-03 resulted from the positive contributions of 6.9 percentage points of net foreign assets of the banking system and 6.8 percentage points of domestic credit, respectively. Net other items accounted for a negative contribution of 2.0 percentage points. Comparatively, in 2001-02, net foreign assets of the banking system and domestic credit both impacted positively by 8.9 percentage points and 7.4 percentage points, respectively, on the growth of 13.0 per cent in broad money supply M2.

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

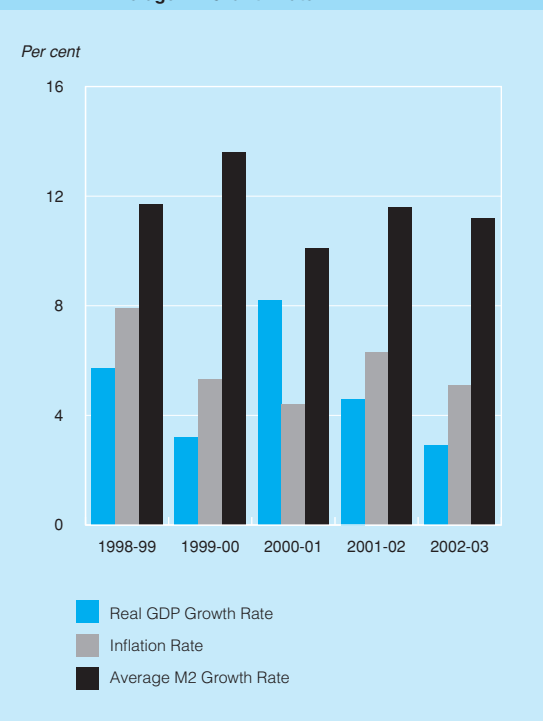


Table III.1: Monetary Survey

| | (Rs million) | | | | |
|--|-----------------|------------------|------------------|------------------|------------------|
| | Jun-99 | Jun-00 | Jun-01 | Jun-02 | Jun-03 |
| 1. Net Foreign Assets | 22,086.7 | 24,708.7 | 31,232.2 | 39,974.0 | 47,567.9 |
| (a) Bank of Mauritius | 15,314.9 | 17,454.8 | 22,561.6 | 29,911.6 | 39,583.5 |
| (b) Category 1 Banks | 6,771.8 | 7,253.9 | 8,670.6 | 10,062.4 | 7,984.4 |
| 2. Domestic Credit | 76,727.2 | 86,459.1 | 92,159.2 | 99,395.9 | 106,927.0 |
| (a) Net Credit to Government | 16,013.5 | 18,468.9 | 17,578.4 | 18,980.1 | 21,476.2 |
| (b) Claims on Private Sector | 60,106.3 | 67,271.4 | 74,015.8 | 79,975.7 | 85,080.1 |
| (c) Claims on Category 2 Banks | 32.7 | 283.8 | 283.8 | 283.8 | 338.1 |
| (d) Claims on Non-Bank Deposit-Taking Institutions | 574.7 | 435.0 | 281.2 | 156.2 | 32.7 |
| 3. Assets = Liabilities | 98,813.9 | 111,167.8 | 123,391.4 | 139,369.9 | 154,494.9 |
| 4. Aggregate Monetary Resources | 80,203.8 | 88,937.6 | 97,753.4 | 110,467.2 | 123,404.5 |
| (a) Money Supply | 10,905.6 | 11,068.2 | 12,711.8 | 15,135.6 | 17,439.0 |
| (i) Currency with Public | 4,875.8 | 5,171.6 | 5,735.4 | 6,466.4 | 7,487.9 |
| (ii) Demand Deposits | 6,029.8 | 5,896.6 | 6,976.5 | 8,669.2 | 9,951.1 |
| (b) Quasi-Money | 69,298.2 | 77,869.3 | 85,041.5 | 95,331.6 | 105,965.6 |
| (i) Savings Deposits ¹ | 31,830.5 | 35,702.2 | 38,931.7 | 44,860.8 | 49,428.8 |
| (ii) Time Deposits | 30,239.2 | 33,938.7 | 34,052.3 | 37,060.7 | 41,808.9 |
| (iii) Foreign Currency Deposits | 7,228.5 | 8,228.4 | 12,057.5 | 13,410.1 | 14,727.9 |
| 5. Other Items, net | 18,610.0 | 22,230.2 | 25,638.0 | 28,902.7 | 31,090.4 |

¹ Include margin deposits.
Figures may not add up to totals due to rounding.

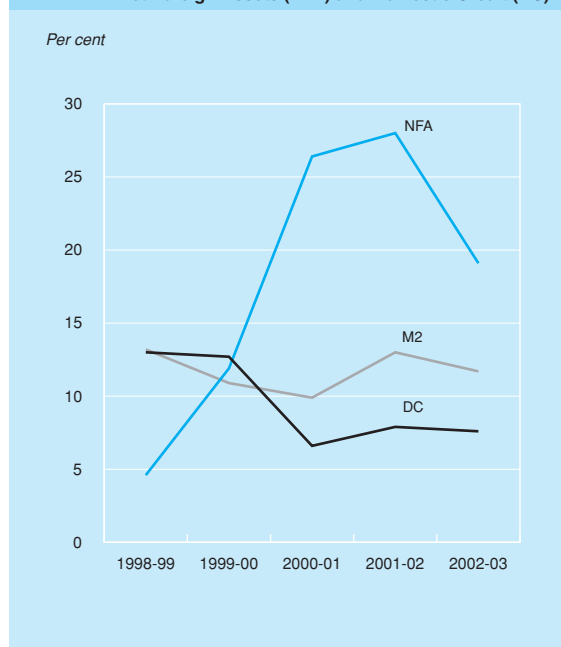
Chart III.2: Rates of Growth of Money Supply (M2), Net Foreign Assets (NFA) and Domestic Credit (DC)

Chart III.1 shows the evolution of real GDP growth rate, inflation rate and average growth rate of money supply M2 for fiscal years 1998-99 through 2002-03. Table III.1 provides details on the monetary survey from end-June 1999 to end-June 2003. Tables III.2 and III.3 give details on the evolution of monetary aggregates for the years 1999-00 through 2002-03. Chart III.2 shows the rates of growth of money supply M2, net foreign assets and domestic credit for the years 1998-99 through 2002-03.

Reserve Money

Reserve money, also known as the monetary base or high-powered money, comprises central bank liabilities that support the expansion of broad money supply and domestic credit. Reserve money comprises notes and coins in circulation, and deposit liabilities of Category 1 banks, statutory bodies and other institutions with the central bank.

Reserve money increased by Rs1,851 million, or 14.3 per cent, from Rs12,925 million at the end of June 2002 to Rs14,776 million at the end of June 2003, higher than the increase of 13.9 per cent recorded in 2001-02.

Currency with public rose by Rs1,022 million, or 15.8 per cent, from Rs6,466 million at the end of June 2002 to Rs7,488 million at the end of June 2003, higher than the rise of 12.7 per cent recorded in 2001-02. Currency in the vaults of Category 1 banks went up by Rs33 million, or 1.6 per cent, from Rs2,067 million at the end of June 2002 to Rs2,100 million at the end of June 2003, lower than the rise of 19.7 per cent registered in 2001-02. Demand deposits held with the Bank of Mauritius increased by Rs796 million, or 18.1 per cent, from Rs4,391 million at the end of June 2002 to Rs5,188 million at the end of June 2003, compared to an increase of 13.2 per cent in 2001-02.

On the sources side of reserve money, net foreign assets of the Bank of Mauritius expanded by Rs9,672 million, from Rs29,912 million at the end of June 2002 to Rs39,584 million at the end of June 2003, or 32.3 per cent, slightly lower than the

Table III.2: Changes in Monetary Aggregates

| | (Rs million) | | | |
|---|----------------|----------------|-----------------|-----------------|
| | 1999-00 | 2000-01 | 2001-02 | 2002-03 |
| 1. Money Supply | 162.6 | 1,643.6 | 2,423.7 | 2,303.3 |
| 2. Quasi-Money | 8,571.1 | 7,172.2 | 10,290.1 | 10,634.0 |
| 3. Aggregate Monetary Resources (a+b-c) | 8,733.7 | 8,815.8 | 12,713.8 | 12,937.3 |
| (a) Net Foreign Assets | 2,621.9 | 6,523.5 | 8,741.8 | 7,593.8 |
| (b) Domestic Credit | 9,731.9 | 5,700.1 | 7,236.7 | 7,531.1 |
| (i) Net Credit to Government | 2,455.4 | -890.5 | 1,401.7 | 2,496.1 |
| (ii) Claims on Private Sector | 7,165.1 | 6,744.4 | 5,960.0 | 5,104.4 |
| (iii) Claims on Category 2 Banks | 251.0 | 0.0 | 0.0 | 54.3 |
| (iv) Claims on Non-Bank Deposit-Taking Institutions | -139.7 | -153.8 | -125.0 | -123.5 |
| (c) Other Items, net | 3,620.2 | 3,407.8 | 3,264.7 | 2,187.6 |

Figures may not add up to totals due to rounding.

growth of 32.6 per cent recorded in 2001-02. Net credit to Government from the Bank of Mauritius fell by Rs7,787 million from a negative figure of Rs3,169 million at the end of June 2002 to a negative figure of Rs10,956 million at the end of June 2003, or 245.7 per cent, compared to a decline of 233.4 per cent in 2001-02. Claims of the Bank of Mauritius on Category 1 banks increased by Rs296 million, or 15.8 per cent, from Rs1,875 million at the end of June 2002 to Rs2,171 million at the end of June 2003, compared to an increase of

Rs1,622 million, or 641.0 per cent, in 2001-02. Credit to non-bank deposit-taking institutions dropped by Rs123 million, from Rs156 million at the end of June 2002 to Rs33 million at the end of June 2003, or 78.8 per cent, compared to a drop of 44.5 per cent in 2001-02.

Thus, the increase of 14.3 per cent in reserve money in 2002-03 was brought about by positive contributions of 74.8 and 2.3 percentage points in the growth of net foreign assets of the Bank of

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

| | (Per cent) | | | |
|---|-------------|-------------|-------------|-------------|
| | 1999-00 | 2000-01 | 2001-02 | 2002-03 |
| 1. Net Foreign Assets | 3.3 | 7.3 | 8.9 | 6.9 |
| (a) Bank of Mauritius | 2.7 | 5.7 | 7.5 | 8.8 |
| (b) Category 1 Banks | 0.6 | 1.6 | 1.4 | -1.9 |
| 2. Net Claims on Government | 3.1 | -1.0 | 1.4 | 2.3 |
| (a) Bank of Mauritius | -2.0 | -0.7 | -5.7 | -7.0 |
| (b) Category 1 Banks | 5.1 | -0.3 | 7.1 | 9.3 |
| 3. Claims on Private Sector | 8.9 | 7.6 | 6.1 | 4.6 |
| 4. Claims on Category 2 Banks | 0.3 | 0.0 | 0.0 | 0.0 |
| 5. Claims on Non-Bank Deposit-Taking Institutions | -0.2 | -0.2 | -0.1 | -0.1 |
| 6. Other Items, net | 4.5 | 3.8 | 3.3 | 2.0 |
| 7. Percentage Change in Aggregate Monetary Resources (1+2+3+4+5-6) | 10.9 | 9.9 | 13.0 | 11.7 |

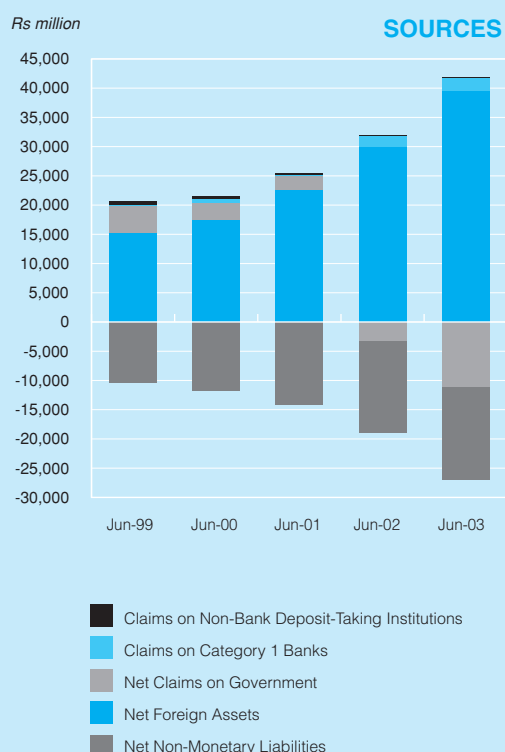
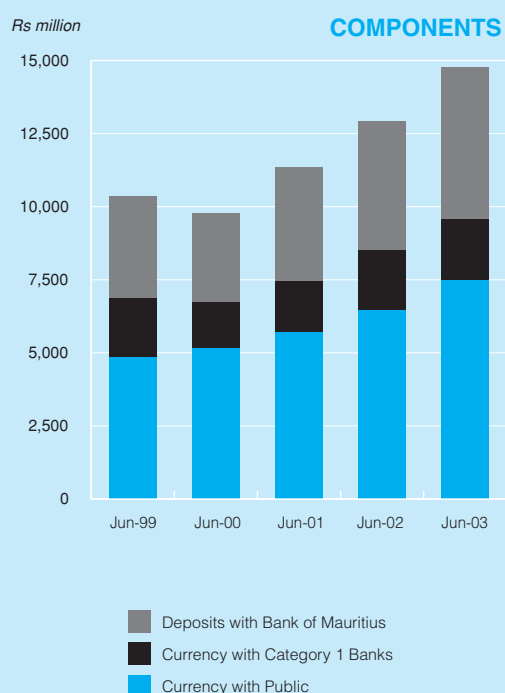
Figures may not add up to totals due to rounding.

Table III.4: Components and Sources of Reserve Money

| | (Rs million) | | | | |
|---|-----------------|----------------|-----------------|-----------------|-----------------|
| | Jun-99 | Jun-00 | Jun-01 | Jun-02 | Jun-03 |
| A. Reserve Money | 10,345.0 | 9,768.8 | 11,342.9 | 12,924.7 | 14,775.9 |
| B. Components of Reserve Money | 10,345.0 | 9,768.8 | 11,342.9 | 12,924.7 | 14,775.9 |
| (i) Currency with Public | 4,875.8 | 5,171.6 | 5,735.4 | 6,466.4 | 7,487.9 |
| (ii) Currency with Category 1 Banks | 2,000.2 | 1,557.3 | 1,726.5 | 2,066.8 | 2,100.3 |
| (iii) Deposits of Category 1 Banks | 3,447.8 | 3,024.2 | 3,789.6 | 4,239.7 | 4,991.6 |
| (iv) Other Deposits | 21.2 | 15.7 | 91.4 | 151.7 | 196.0 |
| C. Sources of Reserve Money | 10,345.0 | 9,768.8 | 11,342.9 | 12,924.7 | 14,775.9 |
| (i) Net Foreign Assets | 15,314.9 | 17,454.8 | 22,561.6 | 29,911.6 | 39,583.5 |
| (ii) Net Credit to Government | 4,576.5 | 3,004.7 | 2,375.7 | -3,169.2 | -10,956.2 |
| (iii) Claims on Category 1 Banks | 250.0 | 623.4 | 253.0 | 1,874.8 | 2,171.0 |
| (iv) Claims on Non-Bank Deposit-Taking Institutions | 574.7 | 435.0 | 281.2 | 156.2 | 32.7 |
| (v) Other Liabilities, net | -10,371.1 | -11,749.2 | -14,128.6 | -15,848.8 | -16,055.0 |

Figures may not add up to totals due to rounding.

Chart III.3: Components and Sources of Reserve Money



Mauritius and central bank credit to Category 1 banks, respectively. Net credit to Government, credit to non-bank deposit-taking institutions and net non-monetary liabilities made negative contributions of 60.2, 1.0 and 1.6 percentage points, respectively. In 2001-02, net foreign assets of the banking system and central bank credit to Category 1 banks had accounted for the rise in reserve money.

Table III.4 and Chart III.3 give details on the components and sources of reserve money from end-June 1999 to end-June 2003.

Trends in Reserve Money and Monetary Ratios

The monthly average level of reserve money increased from Rs12,102 million in 2001-02 to Rs13,773 million in 2002-03, or 13.8 per cent, higher than the increase of 12.5 per cent recorded in 2001-02.

The monthly average level of broad money supply M2 rose by 11.2 per cent, from Rs104,936 million in 2001-02 to Rs116,643 million in 2002-03, compared to a rise of 11.6 per cent in 2001-02. Both components of money supply M2, namely, narrow money supply M1 and quasi-money, registered decelerating rates of growth in 2002-03.

The monthly average level of narrow money supply M1 went up by 16.2 per cent, from Rs13,994 million in 2001-02 to Rs16,260 million in 2002-03, lower than the increase of 17.1 per cent in 2001-02. The monthly average level of currency with public went up by 13.7 per cent, from Rs6,342 million in 2001-02 to Rs7,211 million in 2002-03, higher than the increase of 12.7 per cent recorded in 2001-02. The monthly average level of demand deposits rose by 18.3 per cent, from Rs7,652 million in 2001-02 to Rs9,049 million in 2002-03, lower than the increase of 21.1 per cent in 2001-02.

The monthly average level of quasi-money increased by 10.4 per cent, from Rs90,943 million in 2001-02 to Rs100,384 million in 2002-03, slightly lower than the increase of 10.8 per cent noted in 2001-02.

The average money multiplier for broad money supply M2 remained on the downward trend noted since 2000-01. It fell further from 8.67 in 2001-02 to 8.47 in 2002-03. The higher increase in average reserve money compared to that in

average money supply M2 accounted for this decline. The average money multiplier for narrow money supply M1 rose for the third consecutive year. It increased from 1.16 in 2001-02 to 1.18 in 2002-03, reflecting a higher rise in average money supply M1 relative to average reserve money.

The ratio of currency with public to narrow money supply M1 dropped to 44.3 per cent in 2002-03 from 45.3 per cent in 2001-02 while the ratio of demand deposits to narrow money supply M1 rose from 54.7 per cent in 2001-02 to 55.7 per cent in 2002-03. The ratio of currency with public to broad money supply M2 increased from 6.0 per cent in 2001-02 to 6.2 per cent in 2002-03 while the ratio of demand deposits to broad money supply M2 increased from 7.3 per cent in 2001-02 to 7.8 per cent in 2002-03.

The ratio of narrow money supply M1 to broad money supply M2 increased further to 13.9 per cent in 2002-03 from 13.3 per cent in 2001-02 whereas the ratio of quasi-money to broad money supply M2 fell from 86.7 per cent in 2001-02 to 86.1 per cent in 2002-03.

Table III.5 gives details on monetary ratios for the years ended June 1999 through June 2003.

Income Velocity of Circulation of Money

The income velocity of circulation of money measures how frequently money changes hands in the economy and is defined as the ratio of the current value of total nominal transactions to the stock of money in the economy.

The income velocity of circulation of broad money supply M2 remained unchanged at 1.3 for the years 1999-00 through 2002-03.

The income velocity of circulation of narrow money supply M1 went down for the third consecutive year. It fell from 9.8 in 2001-02 to 9.3 in 2002-03.

The income velocity of circulation of currency, which was on an ascending trend between 1997-98 and 2000-01, fell from 16.1 in 2001-02 to 16.0 in 2002-03.

Table III.6 provides details on the income velocity of circulation of money for the years 1996-97 through 2002-03. Chart III.4 shows the average money multiplier and income velocity of circulation of money for the years 1997-98 through 2002-03.

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

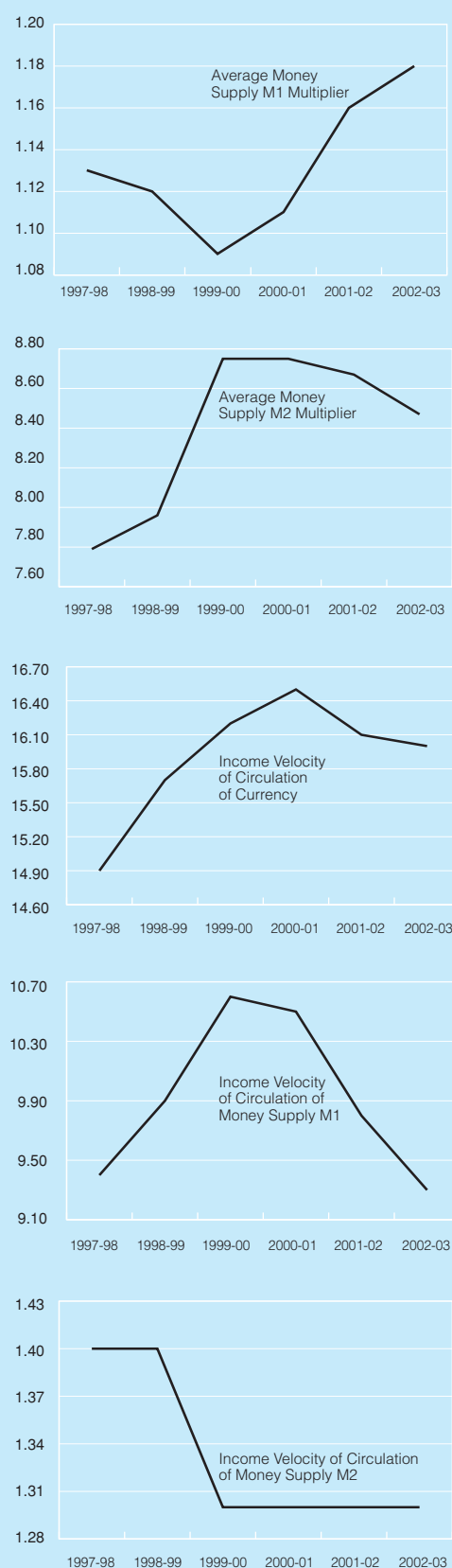


Table III.5: Monetary Ratios

| | Jun-99 | Jun-00 | Jun-01 | Jun-02 | Jun-03 |
|---|-----------------|-----------------|-----------------|------------------|------------------|
| 1. Monthly Average for year ended (Rs million) | | | | | |
| A. Reserve Money | 9,449.1 | 9,765.4 | 10,752.7 | 12,101.9 | 13,772.7 |
| | (+9.4) | (+3.3) | (+10.1) | (+12.5) | (+13.8) |
| B. Aggregate Monetary Resources (AMR) (M2) | 75,183.7 | 85,444.2 | 94,043.1 | 104,936.4 | 116,643.2 |
| | (+11.7) | (+13.6) | (+10.1) | (+11.6) | (+11.2) |
| (a) Money Supply (M1) | 10,614.8 | 10,651.4 | 11,946.3 | 13,993.9 | 16,259.6 |
| | (+8.4) | (+0.3) | (+12.2) | (+17.1) | (+16.2) |
| (i) Currency with Public | 5,025.9 | 5,030.5 | 5,628.1 | 6,341.9 | 7,210.8 |
| | (+6.4) | (+0.1) | (+11.9) | (+12.7) | (+13.7) |
| (ii) Demand Deposits | 5,588.9 | 5,620.9 | 6,318.2 | 7,652.0 | 9,048.8 |
| | (+10.3) | (+0.6) | (+12.4) | (+21.1) | (+18.3) |
| (b) Quasi-Money | 64,568.9 | 74,792.8 | 82,096.8 | 90,942.5 | 100,383.6 |
| | (+12.3) | (+15.8) | (+9.8) | (+10.8) | (+10.4) |
| 2. Average Money Multiplier | | | | | |
| A. Money Supply (M1) | 1.12 | 1.09 | 1.11 | 1.16 | 1.18 |
| B. Aggregate Monetary Resources (M2) | 7.96 | 8.75 | 8.75 | 8.67 | 8.47 |
| 3. Other Monetary Ratios (Per cent) | | | | | |
| A. Currency to Money Supply (M1) | 47.3 | 47.2 | 47.1 | 45.3 | 44.3 |
| B. Demand Deposits to Money Supply (M1) | 52.7 | 52.8 | 52.9 | 54.7 | 55.7 |
| C. Currency to AMR | 6.7 | 5.9 | 6.0 | 6.0 | 6.2 |
| D. Demand Deposits to AMR | 7.4 | 6.6 | 6.7 | 7.3 | 7.8 |
| E. Money Supply to AMR | 14.1 | 12.5 | 12.7 | 13.3 | 13.9 |
| F. Quasi-Money to AMR | 85.9 | 87.5 | 87.3 | 86.7 | 86.1 |

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.

(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 |
|----------------|--|---|---|
| 1996-97 | 14.7 | 9.4 | 1.4 |
| 1997-98 | 14.9 | 9.4 | 1.4 |
| 1998-99 | 15.7 | 9.9 | 1.4 |
| 1999-00 | 16.2 | 10.6 | 1.3 |
| 2000-01 | 16.5 | 10.5 | 1.3 |
| 2001-02 | 16.1 | 9.8 | 1.3 |
| 2002-03 | 16.0 | 9.3 | 1.3 |

Commercial Banking Sector

Main Features

At the end of June 2003, the domestic commercial banking sector in Mauritius comprised ten Category 1 banks, made up of five local banks, four branches of foreign banks and one foreign-owned bank incorporated locally. New Co-operative Bank Ltd was officially inaugurated on 9 August 2002. Banque Nationale de Paris Intercontinentale (BNPI) applied for permission from the Bank of Mauritius for the surrender of its Category 1 and Category 2 banking licences under the provisions of section 7(2) of the Banking Act 1988 as it wished to dispose of its banking business to Barclays Bank PLC. BNPI ceased to conduct banking business in Mauritius as from 5 December 2002.

The ten Category 1 banks operated 145 branches, 11 counters, 1 mobile van and 257 Automated Teller Machines (ATMs), and employed 3,467 people at the end of June 2003. The number of inhabitants per branch went up from 8,230 at the end of June 2002 to 8,346 at the end of June 2003.

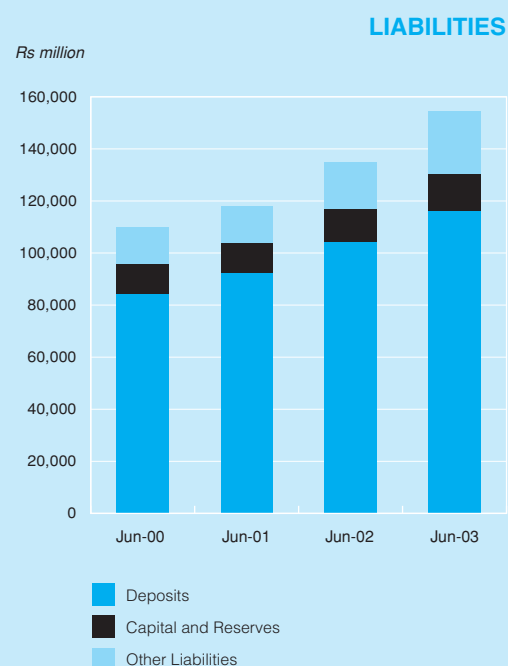
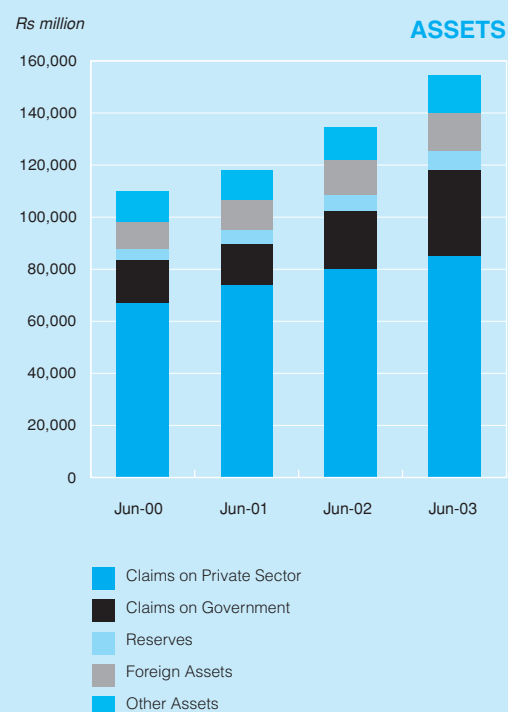
Besides traditional banking facilities, several Category 1 banks offer card-based payment services such as credit and debit cards, and direct debits. Other facilities such as phone banking, home banking, internet banking and PC banking are also provided by some banks.

Between end-June 2002 and end-June 2003, total assets of Category 1 banks rose by Rs19,880 million, from Rs134,680 million to Rs154,560 million, or 14.8 per cent, higher than the rise of 13.9 per cent registered in 2001-02.

Category 1 banks' reserves, defined as their cash in hand and balances with the Bank of Mauritius, increased by Rs791 million, or 12.5 per cent, from Rs6,307 million at the end of June 2002 to Rs7,098 million at the end of June 2003, compared to 14.7 per cent recorded in 2001-02.

Foreign assets of Category 1 banks rose by Rs1,484 million, or 11.2 per cent, from Rs13,266 million at the end of June 2002 to Rs14,750 million at the end of June 2003, compared to the increase of 13.9 per cent registered in 2001-02. Foreign bills purchased and discounted rose by Rs373 million, from Rs1,921 million as at end-June 2002 to Rs2,294 million as at end-June 2003, or 19.4 per cent, as against a drop of 16.5 per cent noted in 2001-02. Balances with banks abroad went up by

Chart III.5: Selected Items of Category 1 Banks' Assets and Liabilities



10.6 per cent, or Rs727 million, to Rs7,605 million as at end-June-2003. Loans and foreign financing outside Mauritius went up by Rs498 million, or 15.3 per cent, to Rs3,748 million as at end-June 2003.

Category 1 banks' investment in Treasury Bills and other Government securities increased by Rs10,652 million, from Rs22,519 million at the end of June 2002 to Rs33,171 million at the end of June 2003, or 47.3 per cent, compared to an increase of 44.7 per cent recorded in 2001-02.

Category 1 banks' credit to the private sector grew by Rs5,104 million, from Rs79,976 million at the end of June 2002 to Rs85,080 million at the end of June 2003, or 6.4 per cent, lower than the increase of 8.1 per cent registered in 2001-02. The credit-deposit ratio of Category 1 banks went down for the second consecutive year, falling from 76.7 per cent at the end of June 2002 to 73.2 per cent at the end of June 2003.

Total deposits with Category 1 banks went up by Rs12,021 million, from Rs104,275 million at the end of June 2002 to Rs116,296 million at the end of June 2003, or 11.5 per cent, compared to an increase of 12.9 per cent in 2001-02. Demand deposits rose by 14.5 per cent, from Rs8,518 million at the end of June 2002 to Rs9,755 million

at the end of June 2003, compared to an increase of 23.7 per cent in 2001-02. Time deposits increased by 12.8 per cent, from Rs37,061 million at the end of June 2002 to Rs41,809 million at the end of June 2003, compared to an increase of 8.8 per cent in 2001-02. Savings deposits expanded by 10.2 per cent, from Rs44,861 million at the end of June 2002 to Rs49,429 million at the end of June 2003, compared to a growth of 15.2 per cent registered in 2001-02. Government deposits increased by 35.0 per cent, from Rs426 million at the end of June 2002 to Rs575 million at the end of June 2003, as against a drop of 5.0 per cent in 2001-02. Foreign currency deposits rose by 9.8 per cent, from Rs13,410 million to Rs14,728 million over the same period.

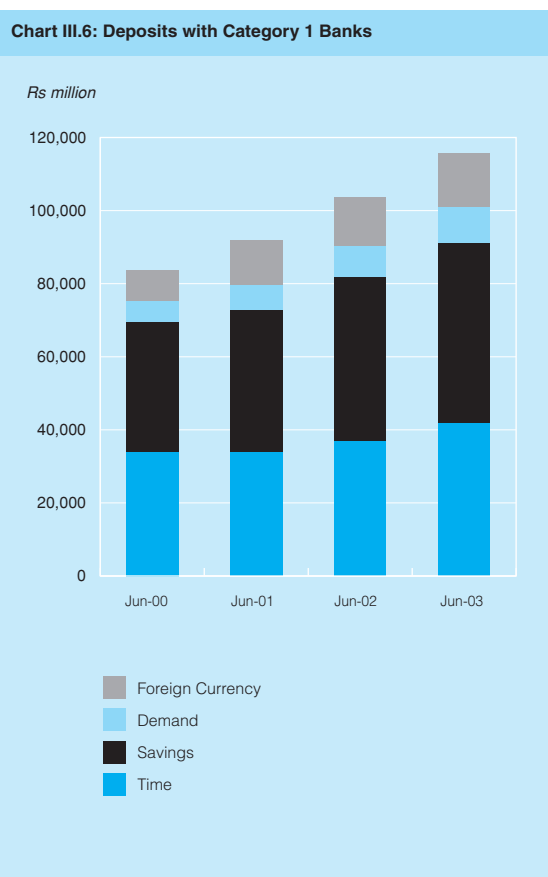
The shares of time deposits and demand deposits in total deposits went up from 35.5 per cent and 8.2 per cent, respectively, at the end of June 2002 to 36.0 per cent and 8.4 per cent, respectively, at the end of June 2003. In contrast, the shares of savings deposits and foreign currency deposits in

Table III.7: Category 1 Banks' Selected Assets and Liabilities

| | (Rs million) | | | | |
|--|-----------------|------------------|------------------|------------------|------------------|
| | Jun-99 | Jun-00 | Jun-01 | Jun-02 | Jun-03 |
| 1. TOTAL ASSETS | 97,183.3 | 109,865.6 | 118,232.7 | 134,679.8 | 154,559.7 |
| <i>of which :</i> | | | | | |
| A. Cash in Hand and Balances with Bank of Mauritius | 5,448.0 | 4,581.5 | 5,497.7 | 6,306.5 | 7,098.1 |
| B. Investment in Treasury Bills and other Government Securities | 11,842.1 | 16,127.4 | 15,566.0 | 22,519.0 | 33,171.3 |
| C. Foreign Assets | 9,685.3 | 10,294.1 | 11,646.0 | 13,265.8 | 14,750.2 |
| D. Claims on Private Sector | 60,106.3 | 67,271.4 | 74,015.8 | 79,975.7 | 85,080.1 |
| E. Other | 10,101.8 | 11,591.2 | 11,507.2 | 12,612.8 | 14,460.0 |
| 2. TOTAL LIABILITIES | 97,183.3 | 109,865.6 | 118,232.7 | 134,679.8 | 154,559.7 |
| <i>of which :</i> | | | | | |
| A. Capital and Reserves | 10,154.3 | 11,360.6 | 11,675.7 | 12,747.2 | 14,414.3 |
| B. Total Deposits | 75,783.7 | 84,356.2 | 92,375.3 | 104,275.3 | 116,295.6 |
| (i) Demand ¹ | 5,253.8 | 5,881.0 | 6,885.1 | 8,517.5 | 9,755.0 |
| (ii) Time | 30,239.2 | 33,938.7 | 34,052.3 | 37,060.7 | 41,808.9 |
| (iii) Savings ² | 31,830.5 | 35,702.2 | 38,931.7 | 44,860.7 | 49,428.8 |
| (iv) Government | 1,231.7 | 605.9 | 448.7 | 426.3 | 575.0 |
| (v) Foreign Currency | 7,228.5 | 8,228.4 | 12,057.5 | 13,410.1 | 14,727.9 |
| C. Total Borrowing from Banks Abroad | 2,913.4 | 3,040.2 | 2,975.4 | 3,203.4 | 6,765.8 |
| D. Other | 8,331.9 | 11,108.5 | 11,206.3 | 14,453.9 | 17,084.0 |

¹ Include demand deposits of Category 2 banks. Figures may not add up to totals due to rounding.

² Include margin deposits.



total deposits dropped from 43.0 per cent and 12.9 per cent, respectively, to 42.5 per cent and 12.7 per cent, respectively, over the same period.

The average balance per account for demand, savings and time deposits stood at Rs126,476, Rs34,538 and Rs368,911 respectively, at the end of June 2003 compared to Rs120,986, Rs31,759 and Rs324,867, respectively, at the end of June 2002.

Foreign liabilities of Category 1 banks increased by 111.2 per cent, from Rs3,203 million at the end of June 2002 to Rs6,766 million at the end of June 2003, compared to an increase of 7.7 per cent in 2001-02.

Capital and reserves of Category 1 banks grew by Rs1,667 million, from Rs12,747 million at the end of June 2002 to Rs14,414 million at the end of June 2003, or 13.1 per cent, compared to an increase of 9.2 per cent in 2001-02.

Table III.7 and Chart III.5 provide details on selected assets and liabilities of Category 1 banks, and Chart III.6 shows deposits with Category 1 banks.

Sectorwise Distribution of Credit to the Private Sector

Credit from Category 1 banks to the private sector expanded by Rs5,104 million, or 6.4 per cent, from Rs79,976 million at the end of June 2002 to Rs85,080 million at the end of June 2003, compared to an increase of 8.1 per cent in 2001-02. Weak demand for credit, partly reflecting the domestic economic slowdown, coupled with relatively attractive yields on Treasury Bills, proved to be the main factors behind the slower pace of credit expansion in 2002-2003. In addition, favourable exchange rate movements prompted the conversion of foreign currencies into rupees, thereby substituting the demand for bank credit during the period under review.

Loans and overdraft facilities rose by Rs6,069 million, from Rs60,217 million at the end of June 2002 to Rs66,286 million at the end of June 2003, or 10.1 per cent, lower than the rise of 14.4 per cent noted in 2001-02. They represented 77.9 per cent of total credit to the private sector at the end of June 2003, up from 75.3 per cent at the end of June 2002. Prevailing low interest rates on foreign currencies prompted an increase in foreign currency financing by banks by Rs1,507 million, from Rs5,818 million at the end of June 2002 to Rs7,325 million at the end of June 2003, or 25.9 per cent, up from 0.7 per cent in 2001-02. Consequently, foreign currency lending accounted for 8.6 per cent of total credit to the private sector at the end of June 2003 compared to 7.3 per cent at the end of June 2002. Local bills purchased and discounted fell by Rs45 million, from Rs693 million at the end of June 2002 to Rs648 million at the end of June 2003, or 6.5 per cent, compared to a drop of 15.2 per cent in the preceding fiscal year. As a share of total credit, they accounted for 0.8 per cent at the end of June 2003, down from 0.9 per cent at the end of June 2002. Bills receivable rose by Rs238 million, from Rs1,702 million at the end of June 2002 to Rs1,940 million at the end of June 2003, or 14.0 per cent, as against a drop of 0.1 per cent in 2001-02. They accounted for 2.3 per cent of total credit to the private sector at the end of June 2003, up from 2.1 per cent at the end of June 2002. Banks' investment in shares and debentures fell by Rs2,664 million, from Rs11,545 million at the end of June 2002 to Rs8,881 million at the end of June 2003, or 23.1 per cent, compared to a drop of 11.8 per cent in 2001-02. As a percentage of total credit to the private sector, they stood at 10.4 per cent at

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

| | Jun-01 (1) | Jun-02 (2) | Jun-03 (3) | Change between (1) and (2) | | Change between (2) and (3) | |
|--|-----------------|-----------------|-----------------|-------------------------------|-------------|-------------------------------|-------------|
| | (Rs Mn) | (Rs Mn) | (Rs Mn) | (Rs Mn) | (Per cent) | (Rs Mn) | (Per cent) |
| Agriculture & Fishing | 6,280.2 | 7,532.4 | 8,304.0 | 1,252.2 | 19.9 | 771.6 | 10.2 |
| Of which: | | | | | | | |
| Sugar Industry - Estates | 3,627.9 | 4,603.2 | 5,273.6 | 975.3 | 26.9 | 670.4 | 14.6 |
| Sugar Industry - Others | 1,075.7 | 1,029.0 | 1,042.6 | -46.7 | -4.3 | 13.6 | 1.3 |
| Agricultural Development Certificate Holders | 37.8 | 31.6 | 21.2 | -6.2 | -16.4 | -10.4 | -32.9 |
| Sugarcane Planters | 383.9 | 456.6 | 650.3 | 72.7 | 18.9 | 193.7 | 42.4 |
| Other | 1,154.9 | 1,412.0 | 1,316.4 | 257.1 | 22.3 | -95.6 | -6.8 |
| Manufacturing | 12,918.6 | 13,646.2 | 13,116.1 | 727.6 | 5.6 | -530.1 | -3.9 |
| Of which: | | | | | | | |
| Export Enterprise Certificate Holders | 7,727.3 | 7,840.1 | 6,619.1 | 112.8 | 1.5 | -1,221.0 | -15.6 |
| Export Service Certificate Holders | 163.1 | 181.9 | 175.4 | 18.8 | 11.5 | -6.5 | -3.6 |
| Pioneer Status Certificate Holders | 199.9 | 180.6 | 249.4 | -19.3 | -9.7 | 68.8 | 38.1 |
| Small and Medium Enterprise Certificate Holders | 134.0 | 102.1 | 95.4 | -31.9 | -23.8 | -6.7 | -6.6 |
| Strategic Local Enterprise Certificate Holders | 17.2 | 0.0 | 0.0 | -17.2 | -100.0 | 0.0 | 0.0 |
| Furniture & Wood Products | 355.4 | 413.3 | 423.1 | 57.9 | 16.3 | 9.8 | 2.4 |
| Printing & Publishing | 441.8 | 654.6 | 502.3 | 212.8 | 48.2 | -152.3 | -23.3 |
| Steel Metal Products | 303.3 | 374.8 | 395.2 | 71.5 | 23.6 | 20.4 | 5.4 |
| Food & Beverages | 1,313.5 | 1,483.0 | 1,931.0 | 169.5 | 12.9 | 448.0 | 30.2 |
| Plastic Products | 148.0 | 154.2 | 140.6 | 6.2 | 4.2 | -13.6 | -8.8 |
| Pharmaceuticals & Health Care | 85.4 | 47.5 | 27.4 | -37.9 | -44.4 | -20.1 | -42.3 |
| Jewellery & Precision Engineering | 60.4 | 108.1 | 105.2 | 47.7 | 79.0 | -2.9 | -2.7 |
| Electronics | 61.1 | 82.1 | 87.2 | 21.0 | 34.4 | 5.1 | 6.2 |
| Leather Products & Footwear | 79.2 | 77.2 | 55.1 | -2.0 | -2.5 | -22.1 | -28.6 |
| Other | 1,829.0 | 1,946.5 | 2,309.7 | 117.5 | 6.4 | 363.2 | 18.7 |
| Tourism | 10,179.5 | 11,846.6 | 13,951.9 | 1,667.1 | 16.4 | 2,105.3 | 17.8 |
| Of which: | | | | | | | |
| Hotels | 5,064.6 | 5,198.2 | 5,378.2 | 133.6 | 2.6 | 180.0 | 3.5 |
| Tour Operators & Travel Agents | 229.2 | 225.8 | 300.7 | -3.4 | -1.5 | 74.9 | 33.2 |
| Hotel Development Certificate Holders | 88.0 | 1,009.2 | 1,044.6 | 921.2 | 1,046.8 | 35.4 | 3.5 |
| Hotel Management Service Certificate Holders | 4,041.5 | 4,899.8 | 6,670.8 | 858.3 | 21.2 | 1,771.0 | 36.1 |
| Restaurants | 131.1 | 176.1 | 223.7 | 45.0 | 34.3 | 47.6 | 27.0 |
| Duty-Free Shops | 0.3 | 1.7 | 2.0 | 1.4 | 466.7 | 0.3 | 17.6 |
| Other | 624.8 | 335.7 | 331.9 | -289.1 | -46.3 | -3.8 | -1.1 |
| Transport | 1,127.9 | 1,249.9 | 1,205.5 | 122.0 | 10.8 | -44.4 | -3.6 |
| Of which: | | | | | | | |
| Buses, Lorries, Trucks & Cars | 480.6 | 400.3 | 380.7 | -80.3 | -16.7 | -19.6 | -4.9 |
| Shipping & Freight Forwarders | 541.1 | 629.3 | 629.7 | 88.2 | 16.3 | 0.4 | 0.1 |
| Other | 106.2 | 220.3 | 195.1 | 114.1 | 107.4 | -25.2 | -11.4 |
| Construction | 10,704.9 | 11,218.2 | 11,533.8 | 513.3 | 4.8 | 315.6 | 2.8 |
| Of which: | | | | | | | |
| Building & Housing Contractors | 1,699.5 | 1,598.5 | 1,697.3 | -101.0 | -5.9 | 98.8 | 6.2 |
| Property Development - Commercial | 667.6 | 941.7 | 1,023.4 | 274.1 | 41.1 | 81.7 | 8.7 |
| Property Development - Residential | 542.2 | 505.4 | 430.9 | -36.8 | -6.8 | -74.5 | -14.7 |
| Property Development - Land Parcelling | 147.1 | 231.7 | 187.6 | 84.6 | 57.5 | -44.1 | -19.0 |
| Housing | 6,098.5 | 6,262.4 | 6,647.9 | 163.9 | 2.7 | 385.5 | 6.2 |
| Housing - Staff | 456.3 | 525.8 | 525.2 | 69.5 | 15.2 | -0.6 | -0.1 |
| Housing Development Certificate Holders | 41.1 | 47.1 | 5.4 | 6.0 | 14.6 | -41.7 | -88.5 |
| Industrial Building Enterprise Certificate Holders | 367.7 | 336.3 | 329.6 | -31.4 | -8.5 | -6.7 | -2.0 |
| Other | 684.9 | 769.4 | 686.5 | 84.5 | 12.3 | -82.9 | -10.8 |

Continued on next page.

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

| | Jun-01 (1) | Jun-02 (2) | Jun-03 (3) | Change between (1) and (2) | | Change between (2) and (3) | |
|---|-----------------|-----------------|-----------------|-------------------------------|--------------|-------------------------------|--------------|
| | (Rs Mn) | (Rs Mn) | (Rs Mn) | (Rs Mn) | (Per cent) | (Rs Mn) | (Per cent) |
| Traders | 10,706.8 | 11,364.2 | 12,313.4 | 657.4 | 6.1 | 949.2 | 8.4 |
| Of which: | | | | | | | |
| Wholesalers | 2,604.7 | 3,074.2 | 2,981.5 | 469.5 | 18.0 | -92.7 | -3.0 |
| Retailers - Supermarkets | 371.3 | 417.0 | 613.5 | 45.7 | 12.3 | 196.5 | 47.1 |
| Retailers - Shops & Snacks | 270.0 | 295.6 | 210.3 | 25.6 | 9.5 | -85.3 | -28.9 |
| Retailers - Pharmaceuticals and Chemists | 93.9 | 114.4 | 152.9 | 20.5 | 21.8 | 38.5 | 33.7 |
| Retailers - Others | 1,202.7 | 1,271.1 | 1,049.9 | 68.4 | 5.7 | -221.2 | -17.4 |
| Automobile Dealers & Garages | 892.7 | 921.9 | 937.5 | 29.2 | 3.3 | 15.6 | 1.7 |
| Other | 5,271.7 | 5,270.0 | 6,367.8 | -1.7 | 0.0 | 1,097.8 | 20.8 |
| New Economy | 888.0 | 1,196.4 | 2,121.6 | 308.4 | 34.7 | 925.2 | 77.3 |
| Of which: | | | | | | | |
| Telecommunications | 779.8 | 1,110.5 | 1,797.8 | 330.7 | 42.4 | 687.3 | 61.9 |
| Internet | 0.2 | 6.5 | 8.1 | 6.3 | 3,150.0 | 1.6 | 24.6 |
| E-Commerce | 0.0 | 2.3 | 7.6 | 2.3 | - | 5.3 | 230.4 |
| Information Technology - Hardware | 9.6 | 29.5 | 31.8 | 19.9 | 207.3 | 2.3 | 7.8 |
| Information Technology - Software | 71.3 | 25.1 | 250.4 | -46.2 | -64.8 | 225.3 | 897.6 |
| Personal Computers | 8.5 | 12.3 | 9.7 | 3.8 | 44.7 | -2.6 | -21.1 |
| Other | 18.4 | 10.2 | 16.2 | -8.2 | -44.6 | 6.0 | 58.8 |
| Financial and Business Services | 6,016.3 | 7,461.1 | 7,600.1 | 1,444.8 | 24.0 | 139.0 | 1.9 |
| Of which: | | | | | | | |
| Stockbrokers & Stockbroking Companies | 300.2 | 330.8 | 289.8 | 30.6 | 10.2 | -41.0 | -12.4 |
| Insurance Companies | 250.2 | 240.1 | 336.0 | -10.1 | -4.0 | 95.9 | 39.9 |
| Leasing Companies | 1,206.5 | 1,664.3 | 1,128.3 | 457.8 | 37.9 | -536.0 | -32.2 |
| Mutual Funds | 49.9 | 50.0 | 155.3 | 0.1 | 0.2 | 105.3 | 210.6 |
| Accounting & Consultancy Services | 139.5 | 203.1 | 199.0 | 63.6 | 45.6 | -4.1 | -2.0 |
| Other | 4,070.0 | 4,972.8 | 5,491.6 | 902.8 | 22.2 | 518.8 | 10.4 |
| Infrastructure | 1,548.9 | 1,453.1 | 1,345.1 | -95.8 | -6.2 | -108.0 | -7.4 |
| Of which: | | | | | | | |
| Airport Development | 734.0 | 601.1 | 506.3 | -132.9 | -18.1 | -94.8 | -15.8 |
| Power Generation | 779.3 | 835.3 | 779.7 | 56.0 | 7.2 | -55.6 | -6.7 |
| Water Development | 0.2 | 2.4 | 0.0 | 2.2 | 1,100.0 | -2.4 | -100.0 |
| Road Development | 5.4 | 1.9 | 37.4 | -3.5 | -64.8 | 35.5 | 1,868.4 |
| Other | 30.0 | 12.3 | 21.7 | -17.7 | -59.0 | 9.4 | 76.4 |
| Statutory and Parastatal Bodies | 3,408.6 | 2,900.3 | 1,911.2 | -508.3 | -14.9 | -989.1 | -34.1 |
| Freeport Enterprise Certificate Holders | 60.9 | 121.4 | 124.8 | 60.5 | 99.3 | 3.4 | 2.8 |
| Health Development Certificate Holders | 45.5 | 38.3 | 36.3 | -7.2 | -15.8 | -2.0 | -5.2 |
| Modernisation & Expansion Enterprise Certificate Holders | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Personal | 6,288.9 | 6,689.6 | 7,544.4 | 400.7 | 6.4 | 854.8 | 12.8 |
| Professional | 881.9 | 548.1 | 698.8 | -333.8 | -37.9 | 150.7 | 27.5 |
| Education | 135.3 | 161.4 | 149.3 | 26.1 | 19.3 | -12.1 | -7.5 |
| Human Resource Development Certificate Holders | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Media, Entertainment and Recreational Activities | 345.1 | 345.1 | 327.2 | 0.0 | 0.0 | -17.9 | -5.2 |
| Other Customers | 2,478.2 | 2,203.3 | 2,796.6 | -274.9 | -11.1 | 593.3 | 26.9 |
| TOTAL | 74,015.8 | 79,975.7 | 85,080.1 | 5,959.9 | 8.1 | 5,104.4 | 6.4 |

the end of June 2003, from 14.4 per cent at the end of June 2002.

Credit allocated to the Tourism sector went up by Rs2,105 million, or 17.8 per cent, from Rs11,847 million at the end of June 2002 to Rs13,952 million at the end of June 2003. The share of this sector in total private sector credit increased from 14.8 per cent at the end of June 2002 to 16.4 per cent at the end of June 2003.

Credit to the Personal sector increased by Rs854 million, or 12.8 per cent, from Rs6,690 million at the end of June 2002 to Rs7,544 million at the end of June 2003. Its share in total private sector credit rose slightly from 8.4 per cent at the end of June 2002 to 8.9 per cent at the end of June 2003. The Professional sector registered an increase of Rs151 million in credit, or 27.6 per cent, to Rs699 million at the end of June 2003.

Credit to Traders expanded by 8.4 per cent, from Rs11,364 million at the end of June 2002 to Rs12,313 million at the end of June 2003. At the end of June 2003, credit to Traders represented 14.5 per cent of total credit to the private sector, up from 14.2 per cent at the end of June 2002.

Credit extended to the New Economy sector expanded by Rs926 million, from Rs1,196 million at the end of June 2002 to Rs2,122 million at the end of June 2003, or 77.4 per cent, compared to an increase of 34.7 per cent between end-June 2001 and end-June 2002. Its share in total credit to the private sector rose from 1.5 per cent at the end of June 2002 to 2.5 per cent at the end of June 2003.

Credit to the sugar industry, including the Mauritius Sugar Syndicate, rose by Rs696 million, or 10.6 per cent, from Rs6,584 million at the end of June 2002 to Rs7,280 million at the end of June 2003. The share of the sugar industry in total private sector credit increased from 8.2 per cent at the end of June 2002 to 8.6 per cent at the end of June 2003.

Credit to the Construction sector increased by 2.8 per cent in 2002-03. This represented an increase of Rs316 million, from Rs11,218 million at the end of June 2002 to Rs11,534 million at the end of June 2003. However, its share in total private sector credit fell slightly from 14.0 per cent at the end of June 2002 to 13.6 per cent at the end of June 2003.

Credit granted to the Financial and Business Services sector registered an increase of Rs139

million, or 1.9 per cent, from Rs7,461 million at the end of June 2002 to Rs7,600 million at the end of June 2003. Its share in total private sector credit, however, fell from 9.3 per cent at the end of June 2002 to 8.9 per cent at the end of June 2003.

Credit granted to Statutory and Parastatal bodies fell by Rs989 million, or 34.1 per cent, from Rs2,900 million at the end of June 2002 to Rs1,911 million at the end of June 2003.

Credit to the Manufacturing sector declined by Rs530 million, or 3.9 per cent, from Rs13,646 million at the end of June 2002 to Rs13,116 million at the end of June 2003. The share of the manufacturing sector in total private sector credit fell from 17.1 per cent at the end of June 2002 to 15.4 per cent at the end of June 2003.

Table III.8 gives a breakdown of the sectorwise distribution of credit to the private sector as at end-June 2001, 2002 and 2003.

Maintenance of Cash Ratio by Category 1 Banks

The minimum weekly average cash ratio that Category 1 banks were required to maintain in 2002-03 remained unchanged at 5.5 per cent of their total deposit liabilities.

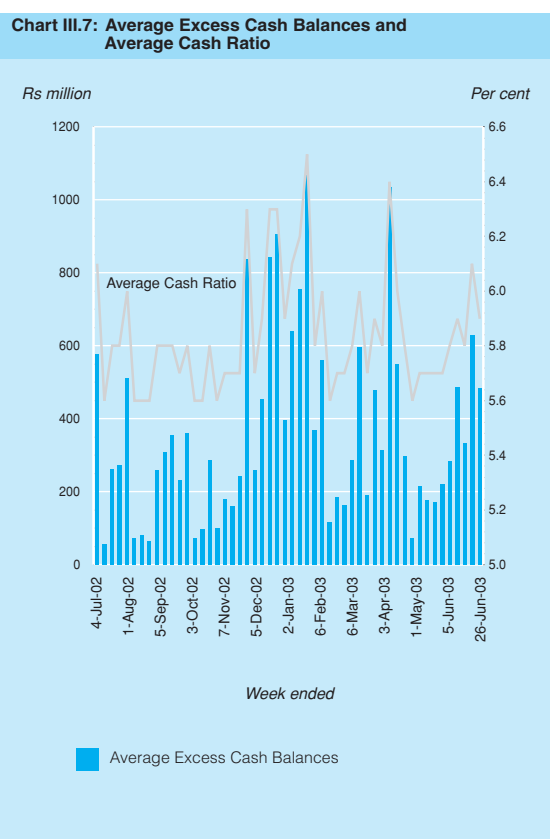
During fiscal year 2002-03, the average cash ratio maintained by Category 1 banks varied from a low of 5.55 per cent in July 2002 to a peak of 6.47 per cent in January 2003 compared to a range of 5.51 per cent to 6.27 per cent in 2001-02. The weekly average cash balances held by banks fluctuated between Rs5,716 million and Rs7,101 million in 2002-03 compared to a range of Rs5,047 million to Rs6,280 million in 2001-02.

Excess cash balances maintained by Category 1 banks varied between Rs56 million and Rs1,067 million in 2002-03 compared to a range of Rs13 million to Rs758 million in 2001-02.

Table III.9 gives details on the average cash ratio maintained by Category 1 banks in 2001-02 and 2002-03, and Chart III.7 shows the average excess cash balances and average cash ratio in 2002-03.

Interest Rates

The Bank of Mauritius uses the Lombard Rate to signal its monetary policy stance. Changes in the Lombard Rate are reflected in other interest rates.



During 2002-03, the Bank cut the Lombard Rate on four occasions, three times by 25 basis points and once by 50 basis points.

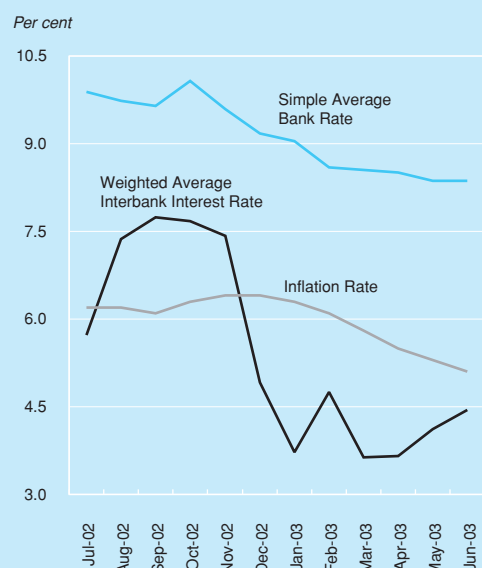
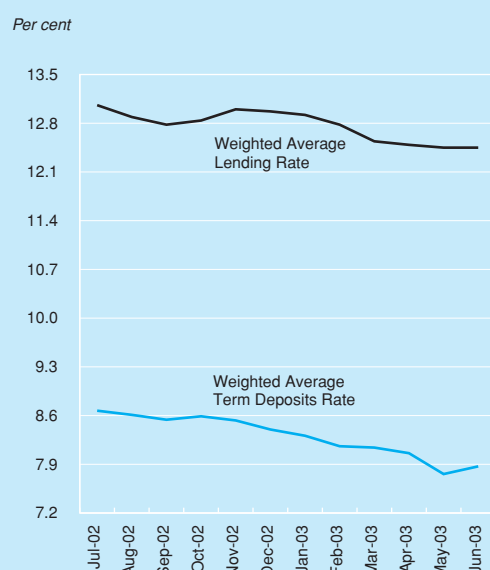
Against a background of a general decline in international interest rates and with a view to giving a boost to the productive sectors of the economy, the Lombard Rate was reduced from 11.50 per cent to 11.25 per cent on 13 November 2002, to 11.00 per cent on 11 December 2002, to 10.50 per cent on 5 February 2003 and to 10.25 per cent on 7 May 2003. Overall, the Lombard Rate was reduced by 125 basis points during 2002-03.

Category 1 banks adjusted their interest rate structure more or less in line with the changes in the Lombard Rate. Thus, after the first cut in the Lombard Rate, the prime lending rate of Category 1 banks fell from a range of 10.00 per cent to 10.50 per cent in October 2002 to a range of 9.75 per cent to 10.25 per cent in November 2002. The prime lending rate declined further to a range of 9.50 per cent to 10.00 per cent in December 2002 after the second cut in the Lombard Rate and, following the third cut, it dropped to a range of 9.00 per cent to 9.50 per cent in February 2003. The fourth cut in the Lombard Rate brought a further reduction in the prime lending rate of Category 1 banks to a range of 8.75 per cent to 9.25 per cent in May 2003. As at end-June 2003, the prime lending rates of Category 1 banks varied between 8.75 per cent and 9.25 per cent.

Interest rates charged by Category 1 banks on loans and advances moved from a range of 9.00

Table III.9: Average Cash Ratio Maintained by Category 1 Banks

| | Average Cash Balances Held | Average Excess/ (Shortfall) Cash Balances | Average Cash Ratio |
|----------------|----------------------------|---|--------------------|
| | (Rs million) | | (Per cent) |
| 2001-02 | | | |
| Jul-Sep | 5,047-5,353 | 30-314 | 5.53-5.84 |
| Oct-Dec | 5,211-5,827 | 15-568 | 5.52-6.09 |
| Jan-Mar | 5,235-6,144 | 34-758 | 5.54-6.27 |
| Apr-Jun | 5,247-6,280 | 13-689 | 5.51-6.18 |
| 2001-02 | 5,047-6,280 | 13-758 | 5.51-6.27 |
| 2002-03 | | | |
| Jul-Sep | 5,716-6,198 | 56-578 | 5.55-6.07 |
| Oct-Dec | 5,876-6,825 | 75-907 | 5.57-6.34 |
| Jan-Mar | 6,138-7,101 | 118-1,067 | 5.61-6.47 |
| Apr-Jun | 6,176-7,090 | 72-1,035 | 5.56-6.44 |
| 2002-03 | 5,716-7,101 | 56-1,067 | 5.55-6.47 |

Chart III.8: Simple Average Bank Rate, Weighted Average Interbank Interest Rate and Inflation Rate**Chart III.9: Weighted Average Lending and Term Deposits Rates**

per cent to 21.50 per cent in July 2002 to a range of 8.50 per cent to 22.50 per cent in December 2002 and to a range of 8.00 per cent to 21.25 per cent over the period January to April 2003. In May 2003, they were in the range of 7.75 per cent to 21.25 per cent. They remained within that range in June 2003.

Interest paid by Category 1 banks on savings deposits fell from 6.50 per cent in June 2002 to 6.25 per cent in November 2002 and further to 6.00 per cent in December 2002. It went down to a range of 5.50 per cent to 6.00 per cent in February 2003 and remained within that range until April 2003. In May 2003, it came down to a range of 5.25 per cent and 6.00 per cent. It remained within that range in June 2003.

Interest rates on deposits with a maturity of up to one year moved from a range of 6.50 per cent to 11.50 per cent in June 2002 to a range of 6.25 per cent to 11.25 per cent in November 2002 and further to a range of 6.00 per cent to 10.50 per cent in December 2002. The lower limit was reduced to 5.50 per cent in February 2003 and further to 5.25 per cent in May 2003. Interest rates stayed within the range of 5.25 per cent to 10.50 per cent in June 2003. Thus, interest rates on short-term time deposits fell by 1.00 to 1.25 percentage points during fiscal year 2002-03.

Interest paid on deposits maturing between one and two years moved from a range of 6.50 per cent to 12.00 per cent in June 2002 to a range of 6.88 per cent to 12.00 per cent in September 2002, and further down to a range of 6.25 per cent to 11.75 per cent in November 2002. The lower limit increased to 6.38 per cent in December 2002 while the upper limit fell to 11.50 per cent. A further reduction took place in February 2003 and the range fell to 5.88 per cent to 11.00 per cent. The lower limit was further reduced to 5.50 per cent in March 2003 and interest rates remained within that range in April 2003, before closing within the range of 5.63 per cent to 11.00 per cent in June 2003. Thus, during 2002-03, interest rates on medium-term time deposits fell by 0.87 to 1.00 percentage point.

Interest rates offered by Category 1 banks on deposits with maturities exceeding 24 months moved from a range of 6.75 per cent to 13.50 per cent in June 2002 to a range of 7.00 per cent to 13.50 per cent in July 2002. The lower limit declined to 6.25 per cent in November 2002 before going up to 6.75 per cent in December 2002 while the upper limit remained unchanged at 13.50 per cent. Interest rates then fell to a range of 6.13 per cent to 13.00 per cent in February 2003 with the lower limit going down further to 5.50 per cent in April 2003. At the end of June 2003, the range was 5.25 per cent to 13.00 per cent. Thus, in 2002-03, interest rates

on deposits with maturities exceeding 24 months fell by 0.5 to 1.5 percentage points.

The weighted average lending rate of Category 1 banks increased from 12.86 per cent in June 2002 to 13.00 per cent in November 2002 before gradually declining to close the fiscal year at 12.45 per cent. The weighted average term deposits rate increased from 8.65 per cent in June 2002 to 8.67 per cent in July 2002, before falling to 7.87 per cent in June 2003. The spread between the weighted average lending rate and the weighted average term deposits rate varied between 4.24 and 4.69 percentage points in 2002-03 compared to a range of 4.06 to 4.38 percentage points in 2001-02.

The real rate of interest on savings deposits with Category 1 banks rose from 0.2 percentage point in June 2002 to a peak of 0.4 percentage point in September 2002, before falling to a trough of -0.6 percentage point in February 2003. Thereafter, it rose to reach 0.1 percentage point in June 2003.

The weighted average yield on Treasury Bills accepted at primary auctions fell from 10.54 per

cent in June 2002 to 9.06 per cent in June 2003. The average Bank Rate, which is the weighted average yield on Treasury Bills of maturities of 91, 182 and 364 days accepted at primary auctions, went up from 9.92 per cent in June 2002 to a peak of 10.07 per cent in October 2002 before reaching a trough of 8.37 per cent in June 2003. The weighted average interbank interest rate increased from 6.50 per cent in June 2002 to 7.74 per cent in September 2002 before falling to 3.64 per cent in March 2003. Thereafter, it went up again to close fiscal year 2002-03 at 4.45 per cent.

Table III.10 and Charts III.8 and III.9 give details on the interest rate structure in the banking sector.

Capital Market Developments

The Stock Exchange of Mauritius Ltd

When The Stock Exchange of Mauritius Ltd (SEM) started operations in July 1989, only five companies were listed on the Official Market with a market capitalisation of Rs1.1 billion. As at 30 June

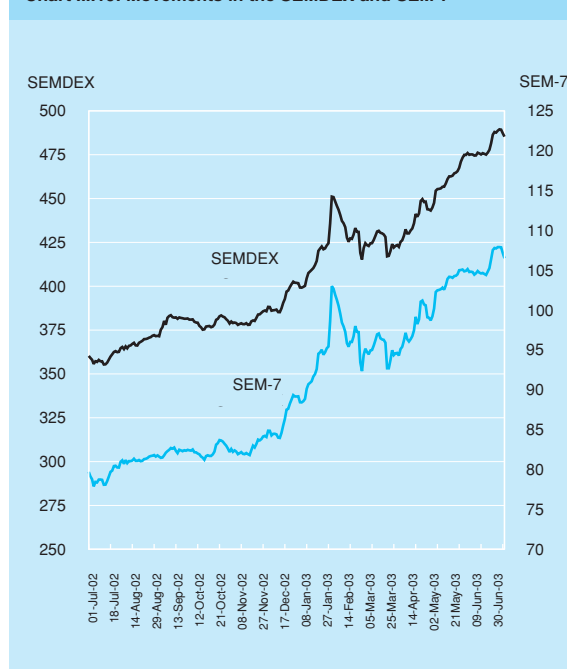
Table III.10: Other Interest Rates

| (Per cent per annum) | | | | | | | | | | |
|----------------------|--|--|--------------------------|--|---|---|--|---|---|---|
| | Weighted Average Yield on Bills Accepted at Primary Auctions | Weighted Yield to Buyers on Bills Sold by SMC ¹ | Simple Average Bank Rate | Weighted Average Interbank Interest Rate | Interest Rate on Bank of Mauritius Advances to Banks ² | Interest Rate on Savings Deposits with Category 1 Banks | Interest Rate on Term Deposits with Category 1 Banks | Interest Rate on Loans and Advances by Category 1 Banks | Weighted Average Term Deposits Rate of Category 1 Banks | Weighted Average Lending Rate of Category 1 Banks |
| 2002 | | | | | | | | | | |
| Jul | 10.40 | 10.21 | 9.89 | 5.73 | 11.50 | 6.50 | 6.50-13.50 | 9.00-21.50 | 8.67 | 13.06 |
| Aug | 10.34 | 10.20 | 9.73 | 7.37 | - | 6.50 | 6.50-13.50 | 9.00-21.50 | 8.61 | 12.89 |
| Sep | 10.33 | 10.42 | 9.65 | 7.74 | - | 6.50 | 6.50-13.50 | 9.00-21.50 | 8.54 | 12.78 |
| Oct | 10.20 | - | 10.07 | 7.67 | - | 6.50 | 6.50-13.50 | 9.00-21.50 | 8.59 | 12.84 |
| Nov | 9.97 | - | 9.59 | 7.42 | - | 6.25 | 6.25-13.50 | 9.00-21.50 | 8.53 | 13.00 |
| Dec | 9.85 | - | 9.17 | 4.92 | - | 6.00 | 6.00-13.50 | 8.50-22.50 | 8.40 | 12.97 |
| 2003 | | | | | | | | | | |
| Jan | 9.82 | - | 9.04 | 3.72 | - | 6.00 | 6.00-13.50 | 8.00-21.25 | 8.31 | 12.92 |
| Feb | 9.20 | - | 8.59 | 4.75 | - | 5.50-6.00 | 5.50-13.00 | 8.00-21.25 | 8.16 | 12.78 |
| Mar | 9.20 | - | 8.55 | 3.64 | - | 5.50-6.00 | 5.50-13.00 | 8.00-21.25 | 8.14 | 12.54 |
| Apr | 9.53 | - | 8.51 | 3.66 | 10.50 | 5.50-6.00 | 5.50-13.00 | 8.00-21.25 | 8.06 | 12.49 |
| May | 9.22 | - | 8.37 | 4.12 | - | 5.25-6.00 | 5.25-13.00 | 7.75-21.25 | 7.76 | 12.45 |
| Jun | 9.06 | 8.47 | 8.37 | 4.45 | 10.25 | 5.25-6.00 | 5.25-13.00 | 7.75-21.25 | 7.87 | 12.45 |

¹ SMC: Secondary Market Cell of the Bank of Mauritius.

² Relates to borrowings by Category 1 Banks under the Lombard Facility.

Chart III.10: Movements in the SEMDEX and SEM-7



2003, there were 41 listed companies with a market capitalisation of Rs45.4 billion.

On 3 October 2002, the SEM Total Return Index (SEMTRI) was launched at 743.44 in rupee terms and 391.34 in US dollar terms, based on a value of 100 on 5 July 1989. The new index was worked back to provide the market's evolution over time. The SEMTRI includes price earning ratios and dividend earnings, besides measuring daily price changes on listed stocks.

News on the financial irregularities involving The Mauritius Commercial Bank Ltd (MCB), following the MCB/NPF fraud, brought about a temporary suspension of dealings in the shares of MCB from 17 to 21 February 2003. MCB was requested to submit information on these irregularities and on their impact on the financial situation and standing of the Bank with a view to enabling shareholders of the MCB and investors to trade on an informed basis. Following information submitted publicly by the Board of Directors of MCB, dealing in the shares of MCB resumed on 24 February 2003.

During 2002-03, the Listing Committee of The Stock Exchange of Mauritius Ltd approved the listing of the 819,520,000 ordinary shares of Caudan Development Limited on the local Stock Exchange. Caudan Development Limited, which

was previously quoted on the Over-the-Counter (OTC) Market, was moved to the Official List. The trading of these shares on the Official Market started on 29 July 2002. At the first trading session of Caudan Development Limited, 2,000,000 fully paid shares were made available to the public at an indicative price of Rs0.80 per share.

There were 250 trading sessions on the Official Market in 2002-03, with the aggregate value of transactions amounting to Rs2.0 billion for a volume of 128 million shares and debentures transacted.

The SEM-7, which was introduced on 30 March 1998, is an index that measures movements in the seven largest eligible shares on the Official List in terms of capitalisation, liquidity and investibility. The composition of the SEM-7 changed four times during 2002-03, with the last change being effected on 1 April 2003. As at 30 June 2003, the composition of the SEM-7 was as follows: The Mauritius Commercial Bank Ltd, New Mauritius Hotels Ltd, State Bank of Mauritius Ltd, Sun Resorts Ltd, Mon Tresor Mon Desert Ltd, Rogers and Company Ltd and Air Mauritius Ltd. Mauritius Union Assurance Co Ltd, Shell (Mauritius) Ltd and Ireland Blyth Ltd formed part of the Reserve List for this index.

The SEMDEX, the stock market index, increased from 358.65 at the end of June 2002 to 486.56 at the end of June 2003. The SEM-7 increased from 79.17 on 28 June 2002 to 106.93 on 30 June 2003. The SEMDEX and the SEM-7 both reached all-year highs of 489.45 and 107.91, respectively, on 24 June 2003. The SEMDEX and the SEM-7 hit all-year lows of 355.41 and 77.89 on 12 July 2002 and 4 July 2002, respectively. The turnover recorded on the Over-the-Counter (OTC) Market was Rs299.5 million, with a volume of 17.5 million shares transacted during the 99 sessions held in 2002-03.

The second phase of the project for the setting up of a Regional Stock Exchange in Central Africa is under way. The Stock Exchange of Mauritius Ltd has submitted the rules and Regulations of the Exchange and of the Central Depository to the relevant authorities. During the last quarter of 2002, a review of the harmonisation of the fiscal regime was carried out. A representative of The Stock Exchange of Mauritius Ltd was in Libreville, Gabon, where the Regional Stock Exchange would be located, to provide

assistance and advice in the design of the building. The Request for Proposal in relation to the implementation of an Automated Trading System and a Central Depository System for the Regional Stock Exchange has already been drafted.

Net disinvestment by foreign investors on The Stock Exchange of Mauritius Ltd decreased from Rs125.9 million in 2001-02 to Rs41.3 million in 2002-03. During 2002-03, foreigners purchased shares for a total amount of Rs322.9 million, but sold shares for Rs364.2 million. The monthly value of foreign purchases and sales of shares traded on the Official Market reached peaks of Rs81.7 million in June 2003 and Rs63.2 million in July 2002, respectively.

Chart III.10 shows the movements in the SEMDEX and SEM-7 during 2002-03.

Non-Bank Financial Intermediaries

Non-Bank Deposit-Taking Institutions

The number of non-bank financial institutions authorised to transact deposit-taking business in Mauritius went up from twelve at the end of June 2002 to fourteen at the end of June 2003, following the issue of licences by the Bank of Mauritius to Mauritian Eagle Leasing Company Limited and La Prudence Leasing Finance Co. Ltd. Of these fourteen institutions, twelve were leasing companies at the end of June 2003 compared to nine at the end of June 2002.

Total assets of the non-bank deposit-taking institutions went up by Rs4,934 million, or 31.1 per cent, from Rs15,853 million at the end of June 2002 to Rs20,787 million at the end of June 2003. Their investment in Government securities rose significantly by Rs1,433 million, or 79.6 per cent, from Rs1,800 million at the end of June 2002 to Rs3,233 million at the end of June 2003. Their claims on the private sector increased by Rs2,128 million, or 17.6 per cent, from Rs12,102 million at the end of June 2002 to Rs14,230 million at the end of June 2003.

Capital and reserves of non-bank deposit-taking institutions went up by Rs553 million, or 19.4 per cent, from Rs2,850 million at the end of June 2002 to Rs3,403 million at the end of June 2003. At the end of June 2003, their issue of securities by way of shares and debentures

amounted to Rs2,417 million, down from Rs3,288 million at the end of June 2002. Total deposits mobilised by these institutions rose significantly by Rs5,283 million, or 104.8 per cent, from Rs5,043 million at the end of June 2002 to Rs10,326 million at the end of June 2003.

Mauritius Post Office Savings Bank (POSB)

The POSB mobilises savings primarily from small depositors in the country. It invests in Government securities and extends loans to other non-bank deposit-taking institutions. Total assets of the POSB rose by Rs821 million, or 79.8 per cent, from Rs1,029 million at the end of June 2002 to Rs1,851 million at the end of June 2003.

Savings and time deposits mobilised by the POSB increased by Rs1,017 million, or 128.1 per cent, from Rs794 million at the end of June 2002 to Rs1,811 million at the end of June 2003. Its investment in Government securities went up by Rs890 million, or 220.8 per cent, from Rs403 million at the end of June 2002 to Rs1,293 million at the end of June 2003. Loans granted to non-bank deposit-taking institutions by the POSB dropped by Rs92 million, or 15.1 per cent, from Rs609 million at the end of June 2002 to Rs517 million at the end of June 2003.

Development Bank of Mauritius Ltd (DBM)

The Development Bank of Mauritius Ltd (DBM) provides medium and long-term financing facilities to various sectors of the economy such as agriculture, fishing, construction, tourism, textiles and "other manufacturing", information and communication technology, biotechnology, and transport. The DBM also provides a wide range of specially designed schemes to small and medium enterprises (SMEs).

The DBM has created two new subsidiaries during fiscal year 2001-02, namely, DBM Financial Services Limited and DBM Venture Capital Fund Limited. The latter provides seed capital to entrepreneurs in the Information and Communication Technology (ICT) sector. The DBM has subscribed 17.5 per cent and 51.6 per cent of the share capital of the Mauritius Post and Cooperative Bank Ltd and First City Bank Ltd, respectively.

Total assets of the DBM increased by Rs217 million, or 3.5 per cent, from Rs6,176 million at the end of June 2002 to Rs6,393 million at the end of June 2003. Equity holdings of the DBM remained

almost unchanged at Rs326 million at the end of June 2003. Its investment in securities stood at Rs45.2 million as at end-June 2003. Total loans disbursed by the DBM during fiscal year 2002-03 dropped by Rs166 million, or 21.6 per cent, from Rs769 million at the end of June 2002 to Rs603 million at the end of June 2003.

National Pensions Fund (NPF)

The National Pensions Fund (NPF) manages contributions made to the National Pensions Scheme by employees and employers in both the public and private sectors.

The total investment portfolio of the NPF went up by Rs3.6 billion, or 16.1 per cent, from Rs22.4 billion at the end of June 2002 to Rs26.0 billion at the end of June 2003. Its investment in Government securities rose by Rs3.6 billion, or 25.2 per cent, from Rs14.3 billion at the end of June 2002 to Rs17.9 billion at the end of June 2003. Total loans disbursed by the NPF remained more or less unchanged at Rs2.9 billion between June 2002 and June 2003.

IV. GOVERNMENT FINANCE

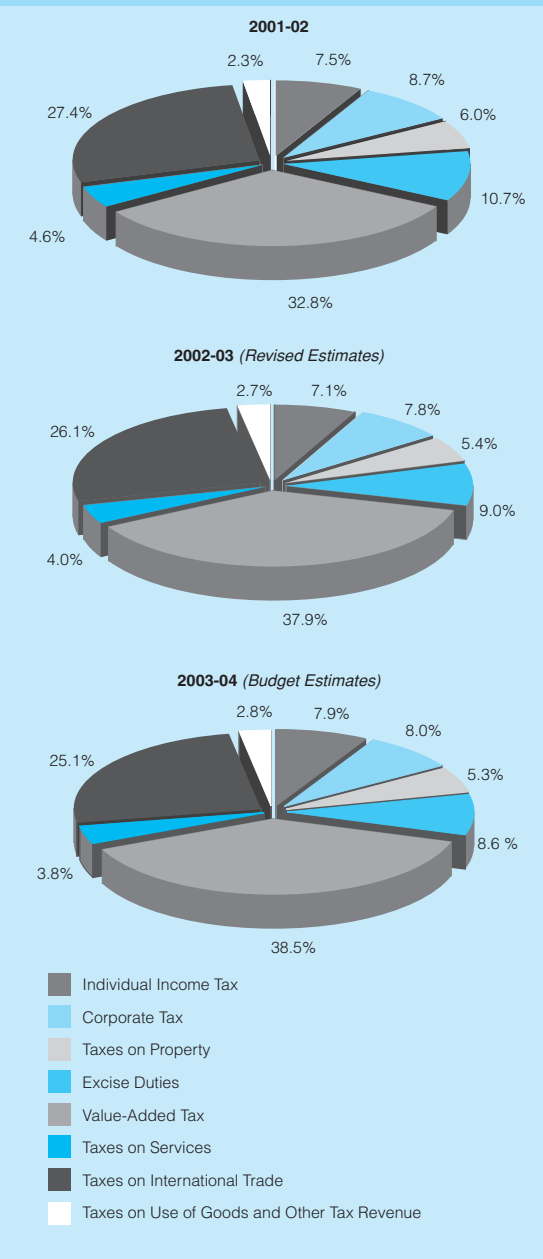
Government finances in 2002-03 were marked by a surplus in recurrent revenue, from an original estimate of Rs29.5 billion to Rs30.08 billion, arising from higher than expected receipts from value-added tax (VAT), customs duty and individual income tax. The higher revenue from these sources was partly offset by a shortfall from excise duties, registration duties and taxes on properties. Non-tax revenue exceeded the original estimate by Rs150 million. Capital revenue, including grants, amounted to Rs1.26 billion, below the original estimate of Rs1.32 billion, mainly on account of lower dividend receipts. Total revenue amounted to Rs31.3 billion.

Net recurrent expenditure exceeded the original estimate by Rs652 million to reach Rs31.4 billion. This is mainly explained by the payment of Rs300 million to the State Trading Corporation (STC) for the taking over by Government of the liabilities arising from losses in respect of petroleum products. The special allowance granted to public sector employees as from January 2003 cost the Government Rs180 million. Public service pensions exceeded the original estimates by Rs50 million. Additional provisions of Rs58 million and Rs110 million were also made for the Development Works Corporation (DWC) and the Private Secondary Schools Authority (PSSA), respectively, to enable them to meet their financial commitments. Capital expenditure amounted to a record Rs9.0 billion. Total expenditure amounted to Rs40.4 billion.

The budget deficit thus amounted to Rs9.07 billion, compared to an original estimate of Rs9.1 billion. As a percentage of GDP at market prices, the budget deficit remained unchanged at 6.0 per cent, the same level as in 2001-02. The deficit was financed mostly from domestic sources, namely Category 1 banks and the non-bank sector. Financing from the central bank was negative.

The level of public debt and the amount of debt servicing remained a principal focus of policy. At the end of June 2003, public debt was estimated at Rs95,487 million, representing an increase of 25.8 per cent on the June 2002 level. As a percentage of GDP at market prices, public debt went up from 55.4 per cent at the end of June 2002 to 63.5 per cent at the end of June 2003. Interest payments on internal and external debt in 2002-03

Chart IV.1: Composition of Tax Revenue



amounted to Rs6,471 million, or 20.5 per cent of recurrent expenditure and 24.5 per cent of tax revenue, up from 16.5 per cent and 21.3 per cent, respectively, in 2001-02.

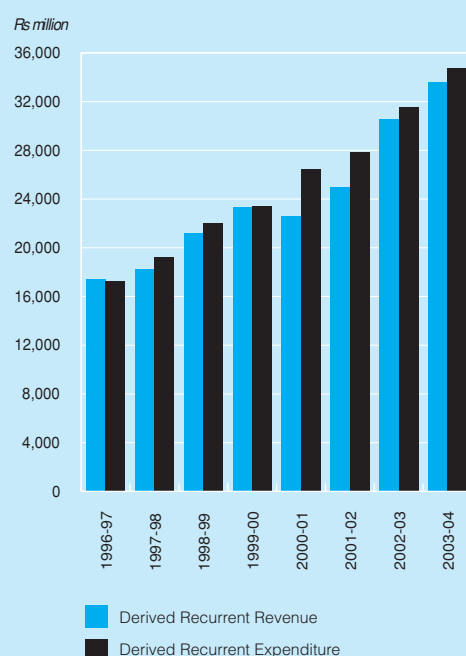
Revenue and Grants

Total derived revenue and grants increased from Rs25,280 million in 2001-02 to Rs30,981 million in 2002-03, or 22.6 per cent, compared to 10.8 per cent in the preceding year. As a

Table IV.1: Classification of Government Revenue and Grants

| | (Rs million) | | | |
|--|-------------------|--------------------|---------------------------------|--------------------------------|
| | 2000-01 | 2001-02 | 2002-03 Revised Estimates | 2003-04 Budget Estimates |
| 1. Tax Revenue | 20,189.4 | 21,519.3 | 26,420.0 | 29,005.0 |
| Taxes on Income, Profits and Capital Gains | 3,039.1 (15.1) | 3,494.0 (16.2) | 3,930.0 (14.9) | 4,625.0 (15.9) |
| Individual Income Tax | 1,517.9 (7.5) | 1,619.0 (7.5) | 1,870.0 (7.1) | 2,300.0 (7.9) |
| Corporate Tax | 1,521.2 (7.5) | 1,875.0 (8.7) | 2,060.0 (7.8) | 2,325.0 (8.0) |
| Taxes on Property | 1,324.2 (6.6) | 1,298.9 (6.0) | 1,416.0 (5.4) | 1,548.0 (5.3) |
| Land and Real Estate | 279.1 (1.4) | 249.6 (1.2) | 313.0 (1.2) | 365.0 (1.3) |
| Financial Transactions | 1,045.1 (5.2) | 1,049.3 (4.9) | 1,103.0 (4.2) | 1,183.0 (4.1) |
| Domestic Taxes on Goods and Services <i>Of which:</i> | 9,465.7 (46.9) | 10,820.4 (50.3) | 14,173.0 (53.6) | 15,530.0 (53.5) |
| (a) Excise Duties | 2,106.8 (10.4) | 2,298.6 (10.7) | 2,366.0 (9.0) | 2,499.5 (8.6) |
| (b) Value-Added Tax | 5,924.5 (29.3) | 7,053.4 (32.8) | 10,014.0 (37.9) | 11,160.0 (38.5) |
| (c) Taxes on Services | 957.2 (4.7) | 978.5 (4.5) | 1,060.0 (4.0) | 1,091.0 (3.8) |
| (i) Tax on Gambling | 858.7 (4.3) | 891.1 (4.1) | 957.0 (3.6) | 985.0 (3.4) |
| (ii) Tax on Hotel Bills | 98.5 (0.5) | 87.5 (0.4) | 103.0 (0.4) | 106.0 (0.4) |
| (d) Taxes on Use of Goods | 477.2 (2.4) | 489.9 (2.3) | 733.0 (2.8) | 780.0 (2.7) |
| Taxes on International Trade | 6,349.1 (31.4) | 5,893.4 (27.4) | 6,890.0 (26.1) | 7,290.0 (25.1) |
| Customs Duty | 3,467.0 (17.2) | 3,287.8 (15.3) | 3,630.0 (13.7) | 3,840.0 (13.2) |
| Excise Duty on Imports | 2,882.1 (14.3) | 2,605.6 (12.1) | 3,260.0 (12.3) | 3,450.0 (11.9) |
| Other Tax Revenue | 11.3 (0.1) | 12.6 (0.1) | 11.0 (0.0) | 12.0 (0.0) |
| 2. Non-tax Revenue | 2,420.7 | 3,316.4 | 3,806.0 | 4,386.0 |
| 3. Derived Capital Revenue | 0.0 | 127.8 | 353.0 | 185.0 |
| 4. Total Derived Revenue | 22,610.1 | 24,963.5 | 30,579.0 | 33,576.0 |
| 5. Grants | 199.2 | 316.5 | 402.0 | 663.0 |
| 6. Total Derived Revenue and Grants | 22,809.3 | 25,279.9 | 30,981.0 | 34,239.0 |
| 7. Total Derived Revenue and Grants as a % of GDP | 18.4 | 18.5 | 20.6 | 20.7 |

Figures in brackets are percentages of Tax Revenue.
Source: Ministry of Finance, Government of Mauritius.

Chart IV.2: Government Derived Recurrent Revenue and Derived Recurrent Expenditure

2002-03: Revised estimates.
2003-04: Budget estimates.

percentage of GDP at market prices, total derived revenue and grants went up from 18.5 per cent in 2001-02 to 20.6 per cent in 2002-03. Both tax revenue and non-tax revenue contributed to the increase in total revenue. Grants received by Government increased from Rs317 million in 2001-02 to Rs402 million in 2002-03. As a percentage of total derived revenue, the share of tax revenue went up slightly from 86.2 per cent in 2001-02 to 86.4 per cent in 2002-03. Conversely, the share of non-tax revenue fell from 13.3 per cent in 2001-02 to 12.4 per cent in 2002-03.

Tax revenue increased by 22.8 per cent, from Rs21,519 million in 2001-02 to Rs26,420 million in 2002-03, compared to a lower increase of 6.6 per cent in the preceding year. Taxes on goods and services, taxes on international trade, taxes on income, profits and capital gains, and taxes on property went up by 31.0 per cent, 16.9 per cent, 12.5 per cent and 9.0 per cent, respectively. The buoyancy of tax revenue with respect to GDP at market prices was 0.3 in 2002-03.

Revenue from domestic taxes on goods and services went up by Rs3,353 million, or 31.0 per cent, from Rs10,820 million in 2001-02 to Rs14,173

million in 2002-03, compared to a lower increase of 14.3 per cent in 2001-02. Some 88 per cent of the increase was attributed to value-added tax (VAT), the rate of which went up from 12 to 15 per cent as from 1 July 2002. Net revenue from VAT amounted to Rs10,014 million, reflecting an increase of Rs2,961 million, or 42.0 per cent, on the corresponding figure of Rs7,053 million for 2001-02. Excise duties went up by Rs67 million to Rs2,366 million in 2002-03. As a percentage of tax revenue, the share of domestic taxes on goods and services went up from 50.3 per cent in 2001-02 to 53.6 per cent in 2002-03.

After dropping by 7.2 per cent in 2001-02, taxes on international trade went up by 16.9 per cent. In absolute terms, they increased by Rs997 million, from Rs5,893 million in 2001-02 to Rs6,890 million in 2002-03. After registering a drop of 9.6 per cent in 2001-02, excise duty on imports went up by 25.1 per cent, from Rs2,606 million in 2001-02 to Rs3,260 million in 2002-03. After decreasing by 5.2 per cent in 2002-03, customs duty went up by 10.4 per cent, from Rs3,288 million in 2001-02 to Rs3,630 million in 2002-03. As a percentage of tax revenue, the share of taxes on international trade went down from 27.4 per cent in 2001-02 to 26.1 per cent in 2002-03.

Revenue from taxes on income, profits and capital gains went up by Rs436 million, from Rs3,494 million in 2001-02 to Rs3,930 million in 2002-03, or 12.5 per cent, down from 15.0 per cent in 2001-02. Individual income tax went up by Rs251 million, from Rs1,619 million in 2001-02 to Rs1,870 million in 2002-03, or 15.5 per cent, higher than the increase of 6.7 per cent in 2001-02. Corporate tax increased by Rs185 million, from Rs1,875 million in 2001-02 to Rs2,060 million in 2002-03, or 9.9 per cent, down from an increase of 23.3 per cent in 2001-02. As a percentage of total tax revenue, the share of taxes on income, profits and capital gains fell from 16.2 per cent in 2001-02 to 14.9 per cent in 2002-03.

After falling by 1.9 per cent in 2001-02, taxes on property went up by Rs117 million, or 9.0 per cent, from Rs1,299 million in 2001-02 to Rs1,416 million in 2002-03. As a percentage of tax revenue, the share of taxes on property went down from 6.0 per cent in 2001-02 to 5.4 per cent in 2002-03.

Non-tax revenue, which comprises mainly transfer of funds, receipts from public services, interest, royalties and other property income,

increased by Rs490 million, from Rs3,316 million in 2001-02 to Rs3,806 million in 2002-03, or 14.8 per cent, down from 37.0 per cent in 2001-02.

Table IV.1 gives details on Government revenue and grants for the years 2000-01 through 2003-04. Chart IV.1 shows the composition of tax revenue for the years 2001-02 through 2003-04.

Expenditure and Lending minus Repayments

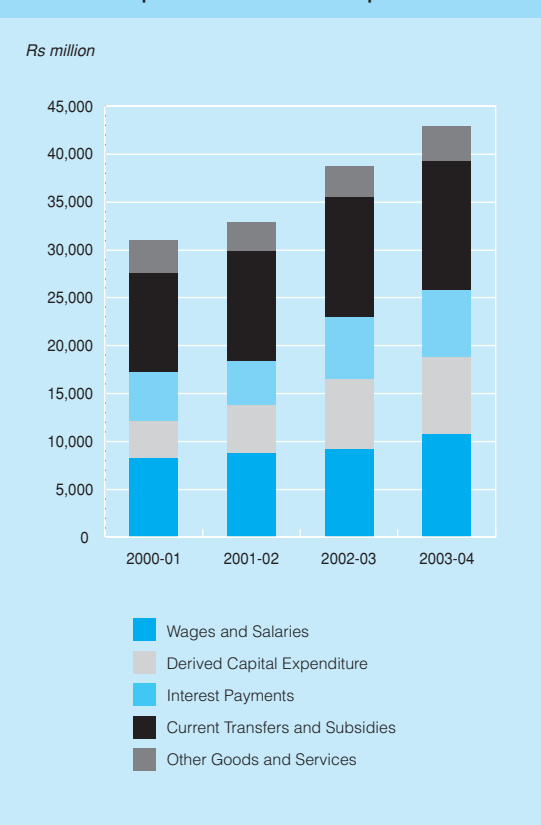
Total derived expenditure and lending minus repayments increased from Rs33,588 million in 2001-02 to Rs40,049 million in 2002-03, or 19.2 per cent, up from 8.0 per cent in 2001-02. As a percentage of GDP at market prices, total derived expenditure and lending minus repayments went up from 24.5 per cent in 2001-02 to 26.6 per cent in 2002-03. Both recurrent and capital expenditure contributed to the increase. Lending minus repayments also increased, going up from Rs645 million in 2001-02 to Rs1,220 million in 2002-03. As a percentage of total derived expenditure, recurrent expenditure fell from 84.6 per cent in 2001-02 to 81.2 per cent in 2002-03. Conversely, the share of derived capital expenditure went up from 15.4 per cent to 18.8 per cent over the same period.

Derived recurrent expenditure went up by 13.0 per cent, from Rs27,886 million in 2001-02 to Rs31,518 million in 2002-03, compared to an increase of 5.5 per cent in the preceding year. Increases of 13.0 per cent and 5.8 per cent in current transfers and subsidies and expenditure on goods and services, respectively, were partly offset by a fall of 10.1 per cent in interest payments in 2002-03.

Interest payments on both local and external loans went up by Rs1,848 million, from Rs4,544 million in 2001-02 to Rs6,392 million in 2002-03, or 40.7 per cent, as against a drop of 10.5 per cent in 2001-02. Interest payments on domestic loans went up by Rs1,860 million, from Rs4,337 million in 2001-02 to Rs6,197 million in 2002-03. Interest payments on external loans fell by Rs12 million, from Rs207 million to Rs195 million over the same period. As a percentage of derived recurrent expenditure, total interest payments went up from 16.3 per cent in 2001-02 to 20.3 per cent in 2002-03.

Current transfers and subsidies went up by Rs1,028 million, from Rs11,569 million in 2001-02 to

Chart IV.3: Composition of Government Expenditure



Rs12,597 million in 2002-03, or 8.9 per cent, down from 12.2 per cent in 2001-02. Some 51 per cent of the rise was accounted for by increases in subsidies and transfers and the remaining 49 per cent related to contributions. Total subsidies and transfers went up by Rs527 million, from Rs5,786 million in 2001-02 to Rs6,313 million in 2002-03, or 9.1 per cent, down from 19.2 per cent in 2001-02. Subsidy on rice and flour increased by Rs35 million to Rs428 million. Transfers to local government went up by Rs53 million to Rs904 million. Contributions to the National Pensions Fund, the National Savings Fund and public service pensions increased by Rs501 million, from Rs5,783 million in 2001-02 to Rs6,284 million in 2002-03, or 8.7 per cent, up from 5.9 per cent in 2001-02. As a percentage of derived recurrent expenditure, current transfers and subsidies fell from 41.5 per cent in 2001-02 to 40.0 per cent in 2002-03.

Expenditure on goods and services went up by Rs756 million, from Rs11,773 million in 2001-02 to Rs12,529 million in 2002-03, or 6.4 per cent, down from 6.6 per cent in 2001-02. Around 63 per cent of the increase represented additional expenditure on wages and salaries, inclusive of

travelling and transport, which, in absolute terms, went up by Rs473 million, from Rs8,789 million in 2001-02 to Rs9,262 million in 2002-03. As a

percentage of derived recurrent expenditure, expenditure on goods and services fell from 42.2 per cent in 2001-02 to 39.8 per cent in 2002-03.

Table IV.2: Distribution of Government Expenditure

| | (Rs million) | | | |
|--|--------------------|--------------------|---------------------------------|--------------------------------|
| | 2000-01 | 2001-02 | 2002-03 Revised Estimates | 2003-04 Budget Estimates |
| 1. Derived Recurrent Expenditure | 26,435.2 | 27,885.8 | 31,518.0 | 34,779.0 |
| Expenditure on Goods and Services | 11,046.2 (41.8) | 11,772.5 (42.2) | 12,529.4 (39.8) | 14,403.0 (41.4) |
| (a) Wages and Salaries ¹ | 8,274.6 (31.3) | 8,788.6 (31.5) | 9,262.0 (29.4) | 10,794.0 (31.0) |
| (b) Other Goods and Services | 2,771.6 (10.5) | 2,983.9 (10.7) | 3,267.4 (10.4) | 3,609.0 (10.4) |
| Interest Payments | 5,074.8 (19.2) | 4,544.3 (16.3) | 6,391.7 (20.3) | 6,967.3 (20.0) |
| (a) External | 401.4 (1.5) | 207.2 (0.7) | 195.0 (0.6) | 227.0 (0.7) |
| (b) Domestic | 4,673.4 (17.7) | 4,337.1 (15.6) | 6,196.7 (19.7) | 6,740.3 (19.4) |
| Current Transfers and Subsidies | 10,314.2 (39.0) | 11,568.9 (41.5) | 12,596.8 (40.0) | 13,407.6 (38.6) |
| (a) Subsidy on Rice and Flour | 339.5 (1.3) | 393.1 (1.4) | 428.0 (1.4) | 420.0 (1.2) |
| (b) Transfers to Local Government | 798.2 (3.0) | 851.4 (3.1) | 904.3 (2.9) | 912.0 (2.6) |
| (c) Contributions | 5,459.1 (20.7) | 5,783.3 (20.7) | 6,283.6 (19.9) | 6,759.0 (19.4) |
| (d) Other Subsidies and Current Transfers | 3,717.4 (14.1) | 4,541.1 (16.3) | 4,980.9 (15.8) | 5,316.6 (15.3) |
| 2. Capital Expenditure | 3,900.7 | 5,057.9 | 7,312.0 | 8,104.0 |
| 3. Expenditure through Privatisation Fund | 611.9 | 0.0 | 0.0 | 0.0 |
| 4. Total Derived Expenditure | 30,947.8 | 32,943.7 | 38,829.0 | 42,882.0 |
| 5. Lending minus Repayments | 139.7 | 644.5 | 1,220.0 | 477.0 |
| 6. Total Derived Expenditure and Lending minus Repayments | 31,087.7 | 33,588.3 | 40,049.0 | 43,359.0 |
| 7. Total Derived Expenditure and Lending minus Repayments as a % of GDP | 25.1 | 24.5 | 26.6 | 26.2 |

¹ Include Travelling and Transport.

Figures in brackets are percentages of Derived Recurrent Expenditure.

Figures may not add up to totals due to rounding.

Source: Ministry of Finance, Government of Mauritius.

Derived capital expenditure went up by Rs2,254 million, from Rs5,058 million in 2001-02 to Rs7,312 million in 2002-03, or 44.6 per cent. Substantial additional capital expenses were incurred during 2002-03 in respect of Education (Rs534 million), Recreational, Cultural and Religious Services (Rs421 million), Housing and Community Amenities (Rs265 million), and General Public Services (Rs229 million).

Table IV.2 shows the distribution of government expenditure for the years 2000-01 through 2003-04. Charts IV.2 and IV.3 show derived recurrent revenue and derived recurrent expenditure for the years 1996-97 through 2003-04, and the composition of government expenditure for the years 2000-01 through 2003-04, respectively.

Budgetary Operations and Financing of the Deficit

With total derived revenue and grants estimated at Rs30,981 million and total derived expenditure and lending minus repayments estimated at Rs40,049 million, the budget deficit amounted to an estimated Rs9,068 million in 2002-03, up from Rs8,308 million in 2001-02. However, as a percentage of GDP at market prices, the budget deficit remained at 6.0 per cent, the same level as in 2001-02.

The budget deficit for 2002-03 was financed essentially from domestic sources. Net foreign financing amounted to only Rs87 million in 2002-03 compared to Rs1,030 million in 2001-02. Gross external loans received and investment in Treasury Bills by foreigners amounted to Rs760 million and Rs163 million, respectively. Foreign capital repayments amounted to Rs836 million.

On the domestic side, all the financing came from Category 1 banks and the non-bank sector. Financing from the central bank was negative. With the slowdown in economic activity, the attractive yields offered on Treasury Bills and a low demand for credit, Category 1 banks financed a large part of the borrowing requirements of the government. Their investment in Treasury Bills went up by Rs10,412 million in 2002-03. Their total claims on the government increased by Rs10,283 million compared to Rs6,947 million in 2001-02. The non-bank sector provided a net amount of Rs6,903 million, mainly in the form of investment in Treasury Bills. For the fourth consecutive year, financing from

the Bank of Mauritius was negative. After drops of Rs1,575 million, Rs628 million and Rs5,545 million registered in 1999-00, 2000-01 and 2001-02, respectively, central bank claims on the Government went down by Rs7,787 million in 2002-03.

Table IV.3 shows the financing of the budget deficit by type of debt holder and instrument for the years 1999-00 through 2003-04.

Public Debt

Total public debt, consisting of internal and external public debt, went up by Rs19,607 million, from Rs75,880 million at the end of June 2002 to Rs95,487 million at the end of June 2003, or 25.8 per cent, up from 25.3 per cent in 2001-02. This reflected increases of 28.8 per cent and 3.3 per cent in internal and external public debt, respectively. As a percentage of GDP at market prices, total public debt went up from 55.4 per cent at the end of June 2002 to 63.5 per cent at the end of June 2003.

Internal Debt

Total internal public debt increased by Rs19,318 million, from Rs67,095 million at the end of June 2002 to Rs86,413 million at the end of June 2003, or 28.8 per cent, up from 25.7 per cent in 2001-02. As a percentage of GDP at market prices, total internal debt rose from 49.0 per cent at the end of June 2002 to 57.5 per cent at the end of June 2003.

Government short-term obligations, made up essentially of Treasury Bills, went up by Rs18,851 million, from Rs55,287 million at the end of June 2002 to Rs74,138 million at the end of June 2003, representing an increase of 34.1 per cent, down from 35.9 per cent in 2001-02. As a percentage of total internal public debt, Government short-term obligations rose from 82.4 per cent at the end of June 2002 to 85.8 per cent at the end of June 2003.

Medium and long-term obligations of the Government went up by 3.9 per cent, from Rs11,808 million at the end of June 2002 to Rs12,274 million at the end of June 2003. With a view to lengthening the maturity structure of Government's debt portfolio, effective 30 September 2002, the Bank of Mauritius started the auctioning of Five-Year Government of Mauritius Bonds. A total nominal amount of Rs866 million

was issued during the year 2002-03. There was also one issue of Mauritius Development Loan Stocks during the year and stocks for a nominal amount of Rs522 million were issued. Stocks for a nominal amount of Rs922 million were redeemed

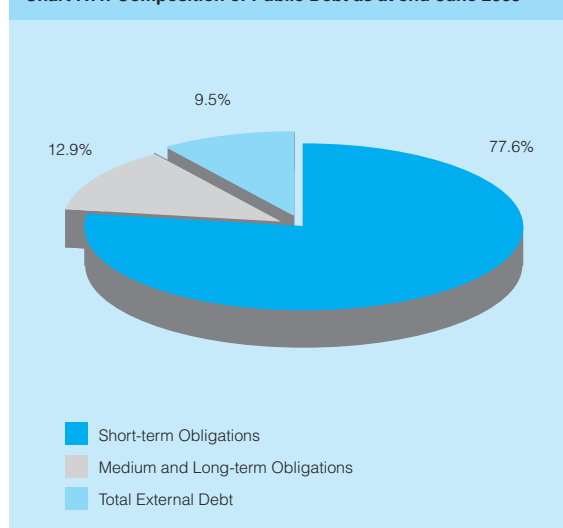
during 2002-03. The share of medium and long-term obligations of the Government in total internal public debt dropped from 17.6 per cent at the end of June 2002 to 14.2 per cent at the end of June 2003.

Table IV.3: Budgetary Operations and Financing

| | (Rs million) | | | | |
|--|-----------------|-----------------|-----------------|---------------------------------|--------------------------------|
| | 1999-00 | 2000-01 | 2001-02 | 2002-03 Revised Estimates | 2003-04 Budget Estimates |
| 1. Total Derived Revenue and Grants | 23,500.0 | 22,809.3 | 25,279.9 | 30,981.0 | 34,239.0 |
| 2. Total Derived Expenditure and Lending Minus Repayments | 27,810.0 | 31,087.7 | 33,588.3 | 40,049.0 | 43,359.0 |
| 3. Budget Deficit (1-2) | -4,310.0 | -8,278.4 | -8,308.4 | -9,068.0 | -9,120.0 |
| 4. Foreign Financing (Net) (a+b-c) | -383.6 | -3,537.5 | 1,030.0 | 87.0 | -13.0 |
| (a) Gross External Loans Received (excluding IMF) | 410.0 | 348.5 | 1,777.8 | 760.0 | 849.0 |
| (b) Foreign Investment in Treasury Bills | 126.4 | 46.1 | -40.0 | 163.0 | - |
| (c) Foreign Capital Repayments | 920.0 | 3,932.1 | 707.8 | 836.0 | 862.0 |
| 5. Domestic Financing (Net) (A+B+C+D) | 4,693.6 | 11,815.9 | 7,278.5 | 8,981.0 | 9,133.0 |
| A. Monetary Authorities (a+b+c-d) | -1,574.8 | -628.4 | -5,544.9 | -7,787.1 | |
| (a) Government Stocks | 44.2 | 937.2 | -213.7 | -728.5 | |
| (b) Treasury Bills | 454.7 | -476.5 | -165.0 | -297.4 | |
| (c) Advances | -2,072.1 | -1,089.4 | 0.0 | 0.0 | |
| (d) Deposits | 1.8 | -0.3 | 5,166.1 | 6,761.2 | |
| B. Category 1 Banks (a+b+c+d-e) | 4,027.2 | -261.3 | 6,946.6 | 10,283.1 | |
| (a) Government Stocks | -461.2 | -918.5 | -557.6 | -150.4 | |
| (b) Treasury Bills | 4,699.5 | 403.1 | 7,579.2 | 10,412.4 | |
| (c) Advances | -82.1 | 96.7 | -97.5 | 0.0 | |
| (d) Five-Year Government Bonds | 0.0 | 0.0 | 0.0 | 169.8 | |
| (e) Deposits | 129.0 | -157.4 | -22.5 | 148.7 | |
| C. Non-Bank Sector (a+b+c+d) | 968.1 | 6,478.4 | 4,805.4 | 6,903.1 | |
| (a) Government Stocks | -341.7 | 1,592.7 | 94.9 | 247.8 | |
| (b) Treasury Bills | 1,606.2 | 6,964.2 | 4,710.5 | 6,021.1 | |
| (c) Independence and Republic Bonds | -296.4 | -2,078.5 | - | - | |
| (d) Five-Year Government Bonds | - | - | - | 634.2 | |
| D. Other Domestic Financing | 1,273.1 | 6,227.2 | 1,071.3 | -418.1 | |
| 6. Ratio of Budget Deficit to GDP at market prices (Per cent) | 3.8 | 6.7 | 6.0 | 6.0 | 5.5 |

Source: Ministry of Finance, Government of Mauritius.

Chart IV.4: Composition of Public Debt as at end-June 2003



External Debt

Total external public debt increased by Rs289 million, from Rs8,785 million at the end of June 2002 to Rs9,074 million at the end of June 2003. During the year ended 30 June 2003, gross disbursement and amortisation amounted to Rs760 million and Rs836 million, respectively. Interest payments and other charges amounted to Rs199 million.

Foreign loans increased by Rs85 million, from Rs8,465 million as at end-June 2002 to Rs8,550 million as at end-June 2003. Foreign investment in Treasury Bills went up by Rs204 million, from Rs320 million as at end-June 2002 to Rs524 million as at end-June 2003.

The external debt of financial public corporations and non-financial public enterprises

Table IV.4: Public Debt

| (Rs million) | | | | | |
|--|-----------------|-----------------|----------------------|-----------------|-------------------|
| OUTSTANDING AS AT END-JUNE | 1999 | 2000 | 2001 | 2002 | 2003 ¹ |
| 1. Short-term Obligations | 27,103.9 | 32,972.6 | 40,683.5 | 55,287.4 | 74,138.3 |
| (a) Treasury Bills ² | 23,941.9 | 31,882.7 | 40,683.1 | 55,287.0 | 74,137.9 |
| (b) Advances from Bank of Mauritius | 3,161.5 | 1,089.4 | 0.0 | 0.0 | 0.0 |
| (c) Tax-Reserve Certificates | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 |
| 2. Medium and Long-term Obligations | 13,714.9 | 13,668.5 | 12,710.0 | 11,808.0 | 12,274.3 |
| (a) Government Stocks | 11,340.0 | 11,590.0 | 12,710.0 | 11,808.0 | 11,408.0 |
| (b) 5-Year Republic Bonds | 2,078.5 | 2,078.5 | - | - | - |
| (c) 4-Year Independence Bonds | 296.4 | - | - | - | - |
| (d) Five-Year Government of Mauritius Bonds | - | - | - | - | 866.3 |
| 3. Internal Public Debt (1+2) | 40,818.8 | 46,641.1 | 53,393.5 | 67,095.4 | 86,412.7 |
| 4. External Public Debt | 10,192.5 | 10,189.7 | 7,167.9 | 8,785.0 | 9,074.0 |
| (a) Foreign Loans | 10,037.0 | 9,891.0 | 6,816.0 | 8,465.0 | 8,549.7 |
| (b) Foreign Investment in Treasury Bills | 155.5 | 298.7 | 351.9 | 320.0 | 524.3 |
| 5. Public Debt (3+4) | 51,011.3 | 56,830.8 | 60,561.4 | 75,880.4 | 95,486.7 |
| 6. Public Debt as a % of GDP at market prices | 49.4 | 50.5 | 48.9 | 55.4 | 63.5 |
| DEBT CHARGES DURING FISCAL YEAR ENDED 30 JUNE | | | | | |
| 6. Amortisation | 2,570.1 | 1,812.0 | 4,889.0 | 1,725.0 | 1,987.0 |
| (a) Internal | 936.1 | 892.0 | 957.0 | 1,017.0 | 1,151.0 |
| (b) External | 1,634.0 | 920.0 | 3,932.0 ³ | 708.0 | 836.0 |
| 7. Interest | 3,992.7 | 4,125.0 | 5,348.0 | 4,589.0 | 6,471.0 |
| (a) Internal | 3,479.8 | 3,660.0 | 4,929.0 | 4,360.0 | 6,272.0 |
| (b) External | 512.9 | 465.0 | 419.0 | 229.0 | 199.0 |
| 8. Total Debt Servicing (6+7) | 6,562.8 | 5,937.0 | 10,237.0 | 6,314.0 | 8,458.0 |

¹ Provisional.

² Exclude Treasury Bills held by foreign investors.

³ Includes repayment of Rs3,125 million in respect of Floating Rate Notes loan.

Source: Ministry of Finance, Government of Mauritius.

fell by Rs1,155 million, from Rs18,690 million at the end of June 2002 to Rs17,535 million at the end of June 2003. Disbursements and capital repayments amounted to Rs2,245 million and Rs4,626 million, respectively, during fiscal year 2002-03 while interest payments and other charges amounted to Rs829 million.

The external debt of the private sector fell by Rs522 million, from Rs2,571 million at the end of June 2002 to Rs2,049 million at the end of June 2003. Total disbursements and capital repayments in 2002-03 amounted to Rs157 million and Rs679 million, respectively. Interest payments amounted to Rs30 million for the period under review.

The total stock of external debt of the government, financial public corporations, non-financial public enterprises and the private sector fell by Rs1,388 million, from Rs30,046 million at the end of June 2002 to Rs28,658 million at the end of June 2003.

The debt service ratio of the country, defined as principal repayments and interest payments on external debt as a percentage of exports of goods and non-factor services, fell from 8.5 per cent in 2001-02 to 8.1 per cent in 2002-03.

Table IV.4 gives details on public debt from end-June 1999 to end-June 2003. Chart IV.4 shows the composition of public debt as at end-June 2003.

Budget 2003-04

The 2003-04 Budget has four main priorities, namely to create a more friendly business environment to stimulate private investment, growth and employment; to speed up the restructuring of key sectors to cope with the constantly evolving world trading and economic environment; to provide opportunities for self-enhancement and improved quality of life; and to foster a more inclusive society by focusing state assistance on the needy and vulnerable citizens.

On a sectoral basis, a strategic plan has been prepared for restructuring and ushering the non-sugar agricultural sector into a new technological era. Regarding the education sector, an amount of Rs720 million has been allocated for the completion of 13 State Secondary Schools (SSS) and the construction of 6 new SSS and one form-six college. Total budgetary provision for the education sector is

close to Rs6.0 billion. The budget for the health sector has been increased by 12.2 per cent to Rs3.3 billion. This includes the construction of new hospitals on the site of Dr Jeetoo Hospital and the construction of a new Outpatient Department at Victoria Hospital. Social housing programmes will cost Rs825 million. These include the construction of housing units for low-income groups at various places on the island.

Government will come up with a White Paper on the reform of the pension system. The fast ageing population has rendered the Basic Retirement Pension unsustainable in the longer term.

The Mauritius Revenue Authority will bring under one roof the existing revenue departments. It will be responsible for the collection and administration of all duties and taxes. It will be a corporate body, with an independent board.

Custom duties on some 100 items have been either reduced or eliminated. Commissions on credit and other cards having similar functions as those issued by banking institutions have been brought into the VAT net.

To contain the rise in the level of public debt, the Bank of Mauritius will issue Treasury Bills solely for meeting the Government's cash flow requirements. For monetary policy purposes, the Bank of Mauritius will issue Bank of Mauritius Bills. With a view to lengthening the maturity structure of the domestic debt portfolio, the statutory limit on the issue of Mauritius Development Loan Stocks has been increased from Rs3.5 billion to Rs7.5 billion.

Provision has been made in the 2003-04 Budget for legislation to be amended to provide for a more generalised conduct, among market participants, of repurchase transactions. The objective is to stimulate the development of the repo market. This will enhance the effectiveness of liquidity management in the money market and improve the conduct of monetary policy.

The Budget also makes provision for companies providing financial services, except insurance companies, to benefit from the 15 per cent incentive rate of corporate tax.

Total revenue for the year 2003-04 is estimated at Rs34.6 billion. With total expenditure estimated at Rs43.7 billion, the overall deficit is estimated at Rs9.1 billion, or 5.5 per cent of GDP, down from 6.0 per cent for 2002-03.

V. EXTERNAL TRADE AND BALANCE OF PAYMENTS

The current account of the balance of payments posted a surplus for the third consecutive year attaining Rs5,037 million in 2002-03 compared with a higher surplus of Rs7,169 million in 2001-02. A lower surplus was recorded in the services account while the current transfers account registered a higher surplus. The combined surpluses on the services and current transfers accounts, however, more than offset the more pronounced deficit on the merchandise account. In relation to GDP, the surplus on the current account represented 3.4 per cent in 2002-03 compared to 5.2 per cent in 2001-02. It should be noted that as from 2002, general trade statistics published by the Central Statistics Office include transactions through the Mauritius Freeport, and as such, the trade data presented as from 2002-03 are not technically comparable with those of the previous periods.

The deficit on the merchandise account of the balance of payments widened from Rs6,596 million in 2001-02 to Rs8,763 million in 2002-03. On a

balance of payments basis, total exports (f.o.b.) edged up by 15.4 per cent, from Rs47,636 million in 2001-02 to Rs54,953 million in 2002-03. Total imports (f.o.b.) increased by 17.5 per cent, from Rs54,232 million in 2001-02 to Rs63,716 million in 2002-03. The surplus on the services account declined from Rs12,038 million in 2001-02 to Rs11,228 million in 2002-03.

The capital and financial account, inclusive of reserve assets, recorded a net outflow of Rs7,878 million in 2002-03, compared with Rs6,275 million in 2001-02. Exclusive of reserve assets, the capital and financial account recorded a net inflow of Rs1,221 million in 2002-03 compared with a net outflow of Rs367 million in 2001-02.

For 2003-04, the merchandise account deficit has been projected to widen slightly to Rs9,656 million while the services, income and current transfers accounts are expected to register higher surpluses. As a result, the current account of the balance of payments in 2003-04 has been projected to record a higher surplus of Rs5,406 million, equivalent to 3.3 per cent of GDP.

Table V.1 gives a summary of the balance of payments accounts for the years 1999-00 through 2003-04.

Table V.1: Balance of Payments Summary

| | (Rs million) | | | | |
|--------------------------------------|----------------|----------------------|----------------------|----------------------|----------------------|
| | 1999-00 | 2000-01 ¹ | 2001-02 ¹ | 2002-03 ² | 2003-04 ³ |
| Current Account | -1,451 | 4,257 | 7,169 | 5,037 | 5,406 |
| Goods | -12,344 | -6,977 | -6,596 | -8,763 | -9,656 |
| Exports f.o.b. | 38,845 | 45,222 | 47,636 | 54,953 | 58,146 |
| Imports f.o.b. | 51,189 | 52,199 | 54,232 | 63,716 | 67,802 |
| Imports c.i.f. | 55,049 | 56,204 | 58,139 | 69,510 | 72,801 |
| Services | 9,019 | 9,159 | 12,038 | 11,228 | 11,775 |
| Income | -575 | 336 | -248 | 128 | 483 |
| Current Transfers | 2,449 | 1,739 | 1,975 | 2,444 | 2,804 |
| Capital and Financial Account | -2,741 | -2,619 | -6,275 | -7,878 | -5,406 |
| Capital Account | -12 | -40 | -30 | -57 | -60 |
| Financial Account | -2,729 | -2,579 | -6,245 | -7,821 | -5,346 |
| <i>of which:</i> | | | | | |
| Reserve Assets | -2,141 | -5,107 | -5,908 | -9,099 | -3,118 |
| Net Errors and Omissions | 4,192 | -1,638 | -894 | 2,841 | 0 |

¹ Revised.

² Estimates.

³ Projections.

Notes: (a) Import data for 2000-01 are inclusive of import of marine vessel (Rs398 million).

(b) Import data for 2001-02 are inclusive of import of aircraft (Rs1,575 million).

(c) Import data for 2002-03 are inclusive of import of aircraft (Rs1,150 million).

(d) As from 2001-02, valuation changes are excluded from reserve assets transactions.

(e) As from 2002-03, data on imports and exports include transactions through the Mauritius Freeport.

Services, Income and Current Transfers

The surplus on the services account shrank by 6.7 per cent, from Rs12,038 million in 2001-02 to Rs11,228 million during the year under review, reflecting mainly a deterioration on the transportation account. Uncertainty over the conflict in Iraq, the SARS outbreak in the second half of 2002-03, and terrorism threats, which raised security concerns over long-haul travel, contributed to further depress an already weak global travel industry. Mauritius, seen as a relatively safe-haven tourist destination, witnessed an increase in the number of tourist arrivals, which rose by 4.0 per cent, from 667,236 in 2001-02 to 694,247 in 2002-03. However, gross tourism earnings declined by 5.5 per cent, from Rs19,045 million to Rs17,998 million over the same period. Total visitor nights spent increased from 6,603,000 in 2001-02 to 6,882,000 in 2002-03, while the average length of stay per tourist remained unchanged at 9.9 nights. The decline in gross tourism earnings was matched by a more than corresponding fall in expenditure on foreign travel by residents, which dropped by 18.6 per cent to Rs5,425 million in 2002-03. Net inflows on the travel account thus rose by 1.6 per cent to Rs12,573 million in 2002-03. Average expenditure per Mauritian resident travelling abroad dropped by 19.5 per cent, from Rs42,003 in 2001-02 to Rs33,816 in 2002-03. The transportation account recorded a deficit of Rs1,619 million in 2002-03 compared with a lower deficit of Rs400 million in 2001-02. Other services registered a higher surplus of Rs274 million in 2002-03 compared to a surplus of Rs59 million in 2001-02.

The income account recorded a net inflow of Rs128 million in 2002-03 compared with a net outflow of Rs248 million in the preceding fiscal year. The surplus on the current transfers account increased by 23.7 per cent, from Rs1,975 million in 2001-02 to Rs2,444 million in 2002-03.

Chart V.1 shows the components of the current account for the fiscal years 1996-97 through 2002-03. Chart V.2 shows the financing of the current account from 1996-97 through 2002-03.

Capital and Financial Account

During 2002-03, foreign direct investment in Mauritius recorded inflows of Rs1,540 million compared to Rs1,502 million in 2001-02. Reflecting mainly a major disinvestment by the banking

Chart V.1: Components of the Current Account

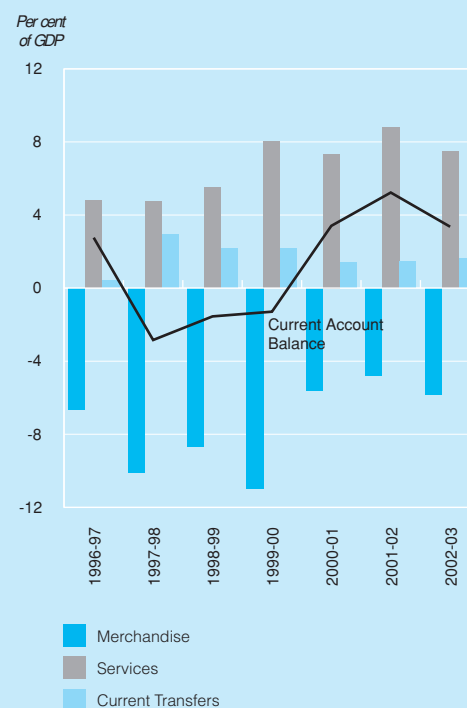
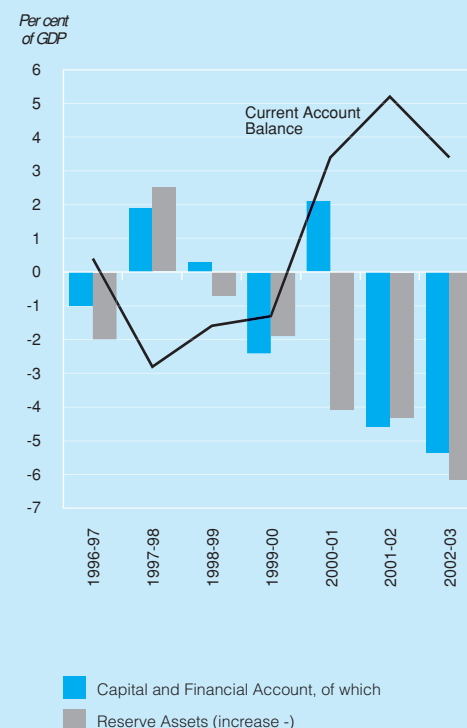


Chart V.2: Financing of the Current Account



sector, direct investment abroad registered net inflows of Rs704 million in 2002-03 compared to an outflow of Rs44 million in 2001-02. Consequently, direct investment recorded net inflows of Rs2,244 million in 2002-03 compared to net inflows of Rs1,458 million during the preceding fiscal year. Portfolio investments recorded net outflows of Rs615 million in 2002-03, slightly higher than the net outflows of Rs600 million registered a year earlier. The developments in portfolio investment stemmed mainly from resident investors' net purchases of foreign securities amounting to Rs737 million, which were only partly offset by foreign investors' investments of a net amount of Rs122 million in domestic securities. While foreign investors disinvested from the local Stock Exchange to the tune of Rs41 million, they however made net purchases of government debt securities amounting to Rs163 million during 2002-03.

In 2002-03, loan receipts on account of government amounted to Rs760 million while capital repayments totalled Rs836 million implying a net outflow of Rs76 million. Loans received on account of non-financial public enterprises and financial public corporations amounted to Rs2,255 million while capital repayments amounted to Rs4,626 million, thus recording a net capital outflow of Rs2,371 million in 2002-03 as against a net outflow of Rs1,554 million during 2001-02. Other

private long-term capital movements recorded a net outflow of Rs522 million in 2002-03 compared to a net outflow of Rs637 million during the preceding fiscal year. Short-term foreign assets of Category 1 banks declined by Rs2,078 million in 2002-03 as against an increase of Rs1,392 million in 2001-02.

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 by Rs7,863 million, from Rs40,551 million at the end of June 2002 to Rs48,414 million at the end of June 2003.

Table V.2 shows the monthly level of net international reserves of the country during the fiscal year 2002-03.

The major component of net international reserves, namely, gross reserve assets of the Bank of Mauritius, went up by Rs9,672 million, from Rs29,912 million at the end of June 2002 to Rs39,584 million at the end of June 2003. Net foreign assets of Category 1 banks fell by Rs2,078 million, from Rs10,062 million at the end of June 2002 to Rs7,984 million at the end of June 2003.

Table V.2: Net International Reserves

| (Rs million) | | | | |
|--------------|-------------------------------------|--|---------------------|-------------------------------|
| | Bank of Mauritius Foreign Assets | Category 1 Banks Net Foreign Assets | Others ¹ | Net International Reserves |
| 2002 | | | | |
| Jul | 30,557 | 8,927 | 570 | 40,054 |
| Aug | 31,590 | 8,875 | 571 | 41,036 |
| Sep | 32,927 | 9,290 | 568 | 42,785 |
| Oct | 33,311 | 7,401 | 567 | 41,279 |
| Nov | 34,055 | 7,699 | 565 | 42,319 |
| Dec | 35,617 | 7,850 | 575 | 44,042 |
| 2003 | | | | |
| Jan | 35,833 | 8,103 | 557 | 44,493 |
| Feb | 35,121 | 8,337 | 547 | 44,005 |
| Mar | 34,782 | 8,257 | 539 | 43,578 |
| Apr | 35,373 | 7,337 | 539 | 43,249 |
| May | 36,822 | 7,805 | 557 | 45,184 |
| Jun | 39,584 | 7,984 | 846 | 48,414 |

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

In terms of import cover, the level of net international reserves of the country at the end of June 2003 represented around 8.5 months of imports (including transactions through the Mauritius Freeport), compared to 8.6 months of imports at the end of June 2002. The end-June 2004 level of net international reserves of the country has been projected at Rs51,532 million, equivalent to 8.5 months of imports.

Exchange Rate Developments

At the start of fiscal year 2002-03, amid a confidence crisis in the US stock market, triggered off by several accounting scandals in the United States, the US dollar lost ground against most major currencies but recovered somewhat in late July 2002 on the back of rebounding US stock prices. Despite mixed US data and fears of a US-led war on Iraq, the US dollar remained well bid as investors reassessed the US economic outlook relative to other major economies. However, sentiment towards the US dollar turned bearish shortly after the Federal Open Market Committee (FOMC), at its meeting on 13 August 2002, kept its key rate unchanged at 1.75 per cent but warned in its accompanying statement that there were risks of a weakening of the US economy. Market nervousness ahead of the first anniversary of 11 September 2001 events had little impact on the US dollar. But with the slump in US equity prices, which reached a four-year low in September 2002, and the likelihood of military action against Iraq, the US dollar came under renewed pressure against the major currencies. News that Iraq had agreed to unconditionally re-admit UN arms inspections thereafter eased some of the pressure on the US currency. As widely expected, the Federal Reserve left its federal funds rate unchanged at its FOMC meeting on 24 September 2002 but for the first time since November 1995, there were two dissenting votes arguing for a rate cut. By the first half of October 2002, US dollar sentiment improved on the back of impressive gains in US share prices, shrugging off the effects of the Bali bombings. However, weaker-than-expected US data, namely, a fall in US consumer spending and a rise in unemployment, released at the end of October and beginning of November 2002 suggested that the slow recovery in the United States was faltering. Market sentiment towards the dollar faded, fuelling expectations that the Federal Reserve would have to cut interest rates before year-end. On 6

November 2002, the US Federal Reserve surprised the markets by reducing its federal funds rate by 50 basis points to 1.25 per cent. However, despite the Fed soothing market concerns by stating that it planned no more cuts any time soon, the US dollar came under renewed downward pressure as worries about the US economic outlook intensified. The US dollar subsequently recouped some of its losses by late November 2002 on the back of positive consumer and employment data that rekindled hopes that the US economy was on a slow but steady path to recovery. In December 2002, rising geopolitical tensions associated with the increased likelihood of war with Iraq as well as declining US equity prices undermined the US dollar despite the release of relatively encouraging economic data in the United States. Market uncertainty about whether the 'strong dollar policy' long advocated by the US administration would be maintained after the unexpected resignation of the US Treasury Secretary and the White House Economic Adviser, President Bush's fiscal plans, and the persistence of the US current account deficit also weighed on the US currency. The broad-based weakness of the US dollar in January 2003 was compounded by the US military build-up in the Gulf amid speculation of an imminent US-led attack on Iraq and a spate of disappointing US data that underscored the fragile state of the US economy. Against the backdrop of news that US GDP expanded at an annual rate of 0.7 per cent in the fourth quarter of 2002, the Federal Reserve left its key interest rate unchanged at its 40-year low of 1.25 per cent at its FOMC meeting of 29 January 2003. Throughout February and March 2003, amid increased uncertainty, the US dollar remained under pressure with the Federal Reserve hoping that once the geopolitical uncertainties were lifted, the accommodative stance of US monetary policy would assist economic growth. But with events in Iraq taking a backseat in April 2003, market focus shifted to US economic fundamentals. Data releases were mixed. Retail sales and consumer sentiment data came in stronger-than-expected but US March industrial and capacity utilization posted a decline while US first quarter 2003 GDP was weaker than expected, expanding by 1.4 per cent as against expectations of a 2.3 per cent rise. Employment data also released in April 2003 pointed to a dismal labour market with US unemployment stuck at 6.0 per cent. With investors keeping away from low-yielding US assets amid growing pessimism about the economic outlook in the United States, the US

dollar came under further selling pressure in May 2003. Comments by senior US officials at the G7 meeting comforting the dollar slide as well as disappointing US data also weighed on the dollar. On 6 May 2003, at its FOMC meeting, the Federal Reserve kept its key rate unchanged but warned of a possible "unwelcome substantial fall in inflation", thereby implying that US monetary policy would remain accommodative for a while and further interest rate cuts could not be ruled out. The US dollar remained under pressure against the major currencies in the first half of June 2003 as weak US economic data indicated sluggish growth and stoked fears of deflation. Strong US inflation data released subsequently supported the dollar as the market scaled back expectations of a near-term deep cut in US interest rates. As widely expected, the Federal Reserve, at its FOMC meeting on 25 June 2003, cut its federal funds rate by 25 basis points to a 45-year low of 1.00 per cent. Thereafter, the recovery of the US stock market amid growing expectations that the US economy would see strong growth following the latest Fed's monetary policy easing, the US dollar recouped some of its losses towards the end of June 2003.

The euro, which traded at around US\$0.9940 at the beginning of fiscal year 2002-03, breached above parity level with the US dollar on 15 July 2002 for the first time in over two years as the US dollar suffered a setback over corporate accounting scandals in the United States. Earlier on 4 July 2002, the ECB, at its governing council meeting, had left its key refinancing rate unchanged at 3.25 per cent for the eighth month running. However, towards the end of July 2002, with the euro failing to extend its rally, the single currency retreated to trade slightly above US\$0.98, partly due to US funds repatriating capital from overseas, including from the euro zone. The euro remained weak for the most part of August 2002 as both the ECB, in its August 2002 monthly bulletin, and the OECD toned down their outlook for euro zone growth. The bearish sentiment towards the single currency continued to prevail throughout September 2002 on market concerns of sluggish growth in the euro zone, slow progress on structural reforms and over missed budgetary targets under the EU Stability and Growth Pact. Despite calls for an interest rate cut, the ECB left interest rates unchanged in October 2002 with the ECB President, Wim Duisenberg, defending the ECB's monetary policy stance by arguing that euro zone inflation was

stubbornly above the bank's ceiling of 2.0 per cent. The US Federal Reserve Bank's decision to cut interest rates by 50 basis points on 6 November 2002, had little impact on the euro as the market remained concerned with the growth outlook in the euro zone. The decision of the ECB to leave its refinancing rate unchanged at its meeting on 7 November 2002 added to the disappointment of the market. Although European bourses fell, the euro managed to hold ground above parity to the dollar for most of November 2002, supported by the broad-based weakness of the US currency. Towards the end of November 2002, the euro had reversed course, dragged down by better-than-expected US data. In early December 2002, however, the euro rebounded and the well-flagged ECB decision on 5 December 2002 to cut its key refinancing rate by 50 basis points to 2.75 per cent boosted the single currency, which again rose above the psychological dollar parity level. Despite the ECB's downward revision of its growth forecasts, the euro consolidated its gains, benefiting from the US dollar's broad-based weakness. At the close of the year 2002, the single currency was trading above US\$1.05 and continued to appreciate against the US dollar for most of January 2003, rising slightly over US\$1.08 at the end of the month. With the euro well established above parity to the US dollar, the single currency's rise gained momentum as uncertainty generated by rising geopolitical tensions weighed on the US dollar. Although it kept interest rates unchanged in January 2003, the ECB left the door open to future cuts by stating that chances that the sluggish economic recovery in the euro zone would unravel were mounting. Despite uninspiring economic news for the euro zone in February 2003, the single currency remained stuck within narrow ranges of US\$1.0700 and US\$1.0880 amid geopolitical tensions, benefiting mostly from the market's aversion for the US dollar. With investors continuing to shift capital from the US into the euro zone, the single currency surged above US\$1.10 at the start of March 2003, its highest level in four years, partly helped by damaging comments from US Treasury Secretary John Snow. The ECB's decision on 6 March 2003 to cut key refinancing rate by 25 basis points to 2.50 per cent disappointed the market, which was expecting a larger cut amid Middle East tensions and rising oil prices seen as damaging confidence and undermining growth prospects in the euro area. But by mid-March 2003, the single currency shed all

its earlier gains against the US dollar, trading slightly below US\$1.06. It thereafter resumed its ascent as global investors continued to shift funds into the higher-yielding single currency and at the close of March 2003 it was trading above US\$1.08. After an apparent weakening of the euro in the first half of April 2003, mainly related to technical trading factors, the single currency gathered momentum on the back of a steady inflow of funds. Undeterred by the waning prospects for economic growth in the euro zone, the single currency by end-April 2003 was trading slightly above US\$1.11, its highest level since February 1999. Weak US data released subsequently coupled with a shift of funds out of low-yielding US capital assets were the main factors driving the euro upward at the start of May 2003, and by 8 May 2003, the euro had surged above US\$1.15. Comforted by comments from euro zone officials saying that "a strong and stable euro was in the interest of regional and global economies", the euro breached above its January 1999 launch level of US\$1.1747 on 23 May 2003. On 27 May 2003, in New York trade, the euro extended its gains, recording a high of US\$1.1935. Thereafter, the single currency retreated slightly on profit taking. The ECB's widely expected rate cut of 50 basis points to bring its key refinancing rate to 2.00 per cent on 5 June 2003 did little to damage the euro, which had earlier benefited from the yield differential with the US dollar, as investors focused on the potential benefits of the rate cut to economic growth in the euro zone. The euro remained stuck within narrow ranges of its record high reached in May 2003. But with expectations that the Fed would cut interest rates in late June 2003 compounded by market sentiment that euro zone officials were apparently not concerned about the euro's recent surge, the single currency reached its all-time high of US\$1.1935 for a second time on 16 June 2003. With the single currency's failure to break this key resistance level, the euro's ascent lost steam on profit taking by investors as well as on comments by euro zone officials that dampened expectations of a further interest rate cut in the near term. Towards the end of June 2003, doubts emerged about the outlook for the single currency and currency traders liquidated their long euro positions, thereby hurting the euro, which closed fiscal year 2002-03 trading around US\$1.1440.

Buoyed by market sentiment that the economic fundamentals in Britain were relatively strong, the Pound sterling rose from around

US\$1.52 at the beginning of July 2002 to trade slightly above US\$1.57 at the end of that month. Thereafter, the Pound shed some of its gains following the release of a string of weak UK economic data. The downward revision in the economic growth forecast for the UK economy also pressured the Pound with the latter trading slightly below US\$1.55 at the end of August 2002. Weak economic data released in September 2002 weighed on the British currency. But by the close of the month, the Pound recovered, trading over US\$1.56 in the wake of falling US equity prices. The release of relatively strong UK economic data in October 2002 highlighted the resilience of the British economy in the face of the global economic slowdown. Data released during November 2002 in the UK suggested that the British economy was in relatively good shape. A run of reasonably positive data showing the UK economy clearly outperforming the US, euro zone and Japan helped the Pound against the US dollar, and the British currency was trading in the range of US\$1.5500 and US\$1.5920. The Pound sterling continued to maintain a firm footing against the US dollar on the back of relatively better interest rate and growth differentials. Despite poor UK economic data in January 2003, the Pound remained well supported against a generally weak US dollar, trading at around US\$1.6550 at the close of the month. While UK's fourth quarter 2002 GDP posted a growth of 0.4 per cent, the December 2002 underlying inflation, RPIX, surprisingly fell to 2.7 per cent but well above the government-set target of 2.5 per cent. The Bank of England, at its monthly Monetary Policy Committee meeting on 9 January 2003, left its key interest rate unchanged, for the 14th month running, at 4.0 per cent, mainly on concerns over rampant consumer borrowing and soaring house prices impacting on the inflation outlook. Minutes of the Bank of England Monetary Policy Committee meeting released later, however, showed a 2-7 vote for a 25 basis points rate cut. The Pound sterling thereafter suffered a major setback after the Bank of England, at its monthly Monetary Policy Committee meeting on 6 February 2003, unexpectedly cut, for the first time since November 2001, its key repo rate by 25 basis points to 3.75 per cent, its lowest level since 1955. In its accompanying statement, the Monetary Policy Committee stated that the prospects for demand, both globally and domestically, were somewhat weaker than previously anticipated. Although the decision came as a relief to UK's struggling

manufacturing industry, the move took financial markets by surprise, causing a negative reaction on the Pound as the appeal of short-term sterling deposits was dented. The release of further gloomy UK economic data throughout the month, political uncertainty in the wake of the British government's support to a US-led war on Iraq and terrorist alerts in London altogether weighed on the Pound. Towards the end of February 2003, the Pound sterling fell to around US\$1.5790 before staging higher vis-à-vis the US currency in the first half of March 2003 amid market concerns about the fragile US economy. Growing evidence of a slowing UK economy compounded by the spectre of war with Iraq dragged down the Pound, which closed March 2003 trading around US\$1.5770. During the first three weeks of April 2003, the Pound sterling remained under pressure vis-à-vis the US dollar on worries about Britain's widening trade deficit and weakening consumer confidence. With an end to the US-UK war against Iraq without substantial global economic damage, the Pound, however, managed to close the month higher, trading slightly under US\$1.60, helped by the release of relatively good UK economic data. During May 2003, benefiting from the Bank of England's upbeat growth outlook as well as confidence in the market of a "not ready verdict" to join the euro, the Pound sterling traded as high as US\$1.6410. The Pound continued to strengthen in June 2003, drawing support from the market view that the British currency would reassert itself as an attractive higher-yielder once the UK euro entry debate cooled down and as investors scaled back expectations that it would need to fall substantially before any UK entry to the euro. The British currency continued to firm up against the dollar and, on 17 June 2003, it reached a multi-year high of US\$1.6903. The Pound sterling, thereafter, retreated on the back of the dollar's regained strength although the British currency proved to be more resilient compared to the euro. At the close of fiscal year 2002-03, the Pound was trading around US\$1.6525.

The Japanese yen, which started the fiscal year 2002-03 at around ¥119.40 per US dollar, gradually appreciated vis-à-vis the US currency despite market wariness of foreign exchange intervention by the Japanese authorities seeking to slow the yen's appreciation. By 19 July 2002, the Japanese yen was trading around ¥115.90, its highest level since February 2001, amid signs of a

bottoming out of the Japanese economy and some easing of deflationary pressures. Thereafter, towards the close of the month, the Japanese currency shed some of its gains on the back of sharp falls in Japanese equity prices and a general rebound of the US dollar to trade around ¥120.20. With the broad-based weakness of the US dollar in the wake of sharp falls in the US stock market, the Japanese yen regained strength during August 2002, closing the month trading slightly under ¥118. But with the market remaining deeply skeptical about the policy routes open to the Japanese government to boost up the economy, the Japanese yen started weakening at the beginning of September 2002, trading as low as around ¥123.50 on 24 September 2002. A number of factors, namely, the belief that the authorities' plans to buttress the financial system by buying shares directly from banks were ill-conceived, the under-subscription, for the first time ever, at the auction of Japanese government 10-year bonds as well as the decline of Tokyo share prices to 19-year lows weighed on the yen. Persistent concerns about the Japanese economy during October 2002 further undermined the Japanese currency and even the release of the long-awaited report on banking reforms at the close of the month failed to have much impact on the yen after dealers found out that the package fell short of implementation details. Speculative deals rather than fundamentals were regarded as mostly influencing the movements of the yen against the US dollar throughout November 2002 and the Japanese currency traded in the range of ¥119.70 and ¥122.30. But, in the following month, the yen weakened vis-à-vis the dollar on the back of market wariness about Bank of Japan foreign exchange intervention, reaching a low of around ¥125.30 per US dollar in the first week of December 2002. Thereafter, it closed the month trading around ¥118.50 per US dollar amid broad-based dollar weakness. Throughout January to March 2003, the yen remained relatively strong vis-à-vis the US dollar reaching a high of ¥116.73 per US dollar on 10 March 2003 despite verbal intervention by Japanese Ministry officials. The Bank of Japan, resisting calls for bolder action to end deflation, kept its monetary policy unchanged in February 2003 amid the deterioration in the short-term economic outlook for the Japanese economy. The nomination of the new Bank of Japan governor also provided support to the yen on expectations that he would not promote aggressive deflation-fighting steps that would weaken the

Japanese currency. By the close of March 2003, the yen shed its gains trading slightly above ¥119 per US dollar. Renewed concerns about the economic health of Japan continued to pressure the yen in April 2003. In spite of verbal warnings about the yen's rise and actual interventions by the Bank of Japan, the Japanese currency continued to rise against the dollar in May 2003 on the back of the broad-based weakness of the US currency. Data released later by the Japanese Ministry of Finance indicated that currency intervention to curb the yen's strength stood at around 4 billion yen in May 2003, the largest-ever monthly yen-selling intervention. Repatriation by Japanese investors in June 2003 contributed to pressure up the yen but with the Bank of Japan continuing to intervene, the Japanese currency closed fiscal year 2002-03 trading around ¥119.80 per US dollar.

Reflecting international trends and local market conditions, the exchange rate movements of the Mauritian rupee vis-à-vis the currencies of our major trading partners during 2002-03 displayed a mixed performance. On a 12-month running period between June 2002 and June 2003, the rupee, on a daily average basis, appreciated against the US

dollar by 4.0 per cent while it depreciated vis-à-vis the euro, South African rand, Pound sterling and Japanese yen by 10.9 per cent, 6.1 per cent, 5.3 per cent and 0.9 per cent, respectively.

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

The Mauritian rupee, which traded at an intra-year low of Rs30.1555 in the first week of July 2002, remained well bid against the US dollar for most of fiscal year 2002-03, benefiting to a large extent from the broad-based weakness of the US currency on the international foreign exchange market. The rupee, thereafter, gradually appreciated against the US dollar until early January 2003, when its rise against the US currency gathered momentum. By 24 April 2003, the rupee was trading at an intra-year high of Rs27.5657 against the US dollar but subsequently lost some ground to close the month of May 2003 at an average rate of Rs27.8702. However, at the beginning of June 2003, with the recovery of the US dollar on the international foreign exchange market, mainly against the euro, the rupee depreciated quite sharply against the US currency

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

| Indicative Selling Rates | Average for 12 Months Ended June 2002 | Average for 12 Months Ended June 2003 | Appreciation/(Depreciation) of Rupee Between (1) and (2) |
|--------------------------|---------------------------------------|---------------------------------------|--|
| | (1) | (2) | (3) |
| | (Rupees) | | (Per cent) |
| Australian dollar | 15.9034 | 17.0124 | (6.5) |
| Hong Kong dollar | 3.9102 | 3.7567 | 4.1 |
| Indian rupee (100) | 63.7358 | 61.8520 | 3.0 |
| Japanese yen (100) | 24.0657 | 24.2951 | (0.9) |
| Kenya shilling (100) | 39.0467 | 38.2343 | 2.1 |
| New Zealand dollar | 13.0894 | 15.2294 | (14.1) |
| Singapore dollar | 16.8798 | 16.7232 | 0.9 |
| South African rand | 3.0883 | 3.2894 | (6.1) |
| Swiss franc | 18.2951 | 20.5367 | (10.9) |
| US dollar | 30.2128 | 29.0384 | 4.0 |
| Pound sterling | 43.5828 | 46.0027 | (5.3) |
| Euro | 27.0687 | 30.3656 | (10.9) |

Note: With effect from 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 Category 1 banks.

to close fiscal year 2002-03 at an average rate of Rs29.4960, though still higher than its year low reached in July 2002.

The movements of the rupee vis-à-vis the euro reflected a combination of the single currency's movements against the US dollar on the international foreign exchange market and the rupee movements against the US dollar. The rupee, which started trading at an average rate of Rs29.9808 against the euro at the beginning of July 2002, remained stuck within narrow ranges during the first half of fiscal year 2002-03. Over that period, the exchange rate of the rupee vis-à-vis the euro had on several occasions breached above Rs30.00 but somehow the rupee managed to remain quite well bid against the single currency even reaching an intra-year high of Rs28.8981 on 17 September 2002. However, with the rise of the euro on the world currency market in early January 2003, the rupee lost ground against the euro to breach the Rs31.00 mark for the first time ever on 22 January. Thereafter, the rupee recouped its losses against the euro and even reached a high of Rs29.3812 on 20 March 2003, reflecting in part the fall of the euro on the international foreign exchange market. Subsequently, with the gradual recovery of the euro

on the world stage and its stronger appreciation vis-à-vis the US dollar, mainly by the beginning of May 2003, the rupee depreciated quite sharply against the euro, trading above Rs32.00 on 12 May and above Rs33.00 on 27 May. On 17 June 2003, the rupee reached an all-time low of Rs33.8309 against the euro. However, in the final weeks of June 2003, it recouped some of its losses and closed fiscal year 2002-03, trading at an average rate of Rs33.6763 against the euro.

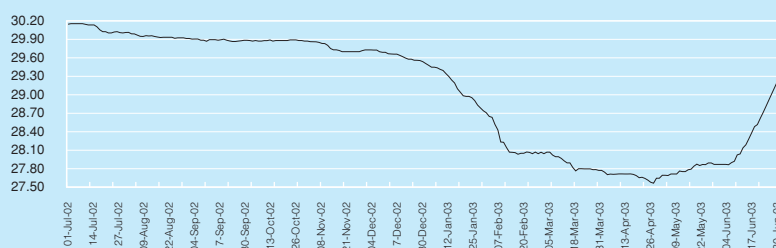
Against the Pound sterling, the rupee started fiscal year 2002-03 trading at an average rate of Rs46.225 on 1 July 2002 and remained rangebound for the first seven months of the year under review, fluctuating between a high of Rs45.441 and a low of Rs47.513. However, beginning February 2003, with the change in market sentiment to negative towards the Pound sterling on the international market, the rupee clawed back much of its losses against the British currency and rose to an intra-year high of Rs43.022 on 8 April 2003. Thereafter, as the Pound recovered on the international foreign exchange market, the rupee depreciated steadily against the British currency even reaching an intra-year low of Rs48.8870 on 26 June 2003. It closed fiscal year 2002-03 trading at an average rate of Rs48.6940.

Table V.4: Inward and Outward Remittances of Foreign Currencies of Category 1 Banks

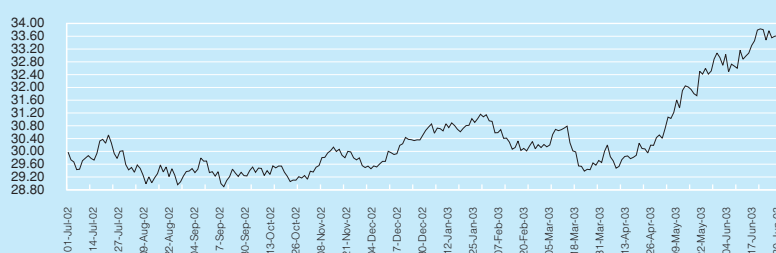
| | Inward Remittances | | Outward Remittances | | Surplus/ Shortfall(-) | |
|----------------|--------------------|----------------|---------------------|----------------|-----------------------|----------------|
| | (Rs million) | (US\$ million) | (Rs million) | (US\$ million) | (Rs million) | (US\$ million) |
| | (1) | | (2) | | (1) - (2) | |
| 2002 | | | | | | |
| Jul | 5,872 | 195.2 | 7,717 | 256.6 | -1,845 | -61.4 |
| Aug | 5,836 | 194.9 | 6,884 | 229.9 | -1,048 | -35.0 |
| Sep | 8,926 | 298.7 | 9,282 | 310.6 | -356 | -11.9 |
| Oct | 6,645 | 222.4 | 8,228 | 275.4 | -1,583 | -53.0 |
| Nov | 6,523 | 219.3 | 7,063 | 237.5 | -540 | -18.2 |
| Dec | 7,170 | 242.2 | 7,022 | 237.2 | 148 | 5.0 |
| 2003 | | | | | | |
| Jan | 6,963 | 239.7 | 6,698 | 230.6 | 265 | 9.1 |
| Feb | 5,901 | 209.8 | 5,747 | 204.3 | 154 | 5.5 |
| Mar | 5,903 | 211.9 | 6,355 | 228.1 | -452 | -16.2 |
| Apr | 6,153 | 222.3 | 6,068 | 219.2 | 85 | 3.1 |
| May | 5,817 | 209.1 | 6,141 | 220.8 | -324 | -11.7 |
| Jun | 6,693 | 234.1 | 6,638 | 232.2 | 55 | 1.9 |
| 2002-03 | 78,402 | 2,699.6 | 83,843 | 2,882.4 | -5,441 | -182.8 |

Chart V.3: Movements of the Daily Exchange Rate of the Rupee vis-à-vis Major Currencies: 2002-03

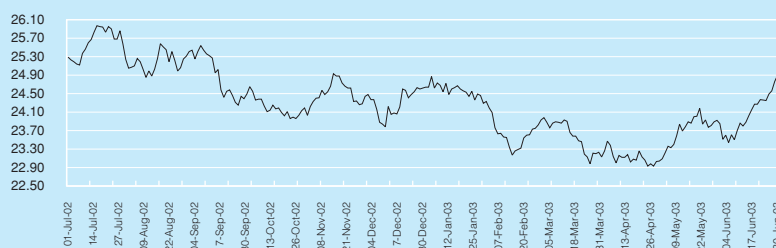
Rs/ US dollar



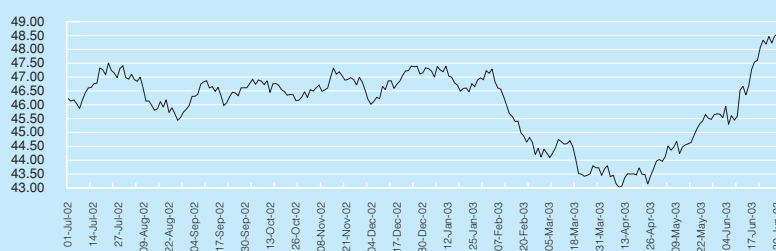
Rs/ Euro



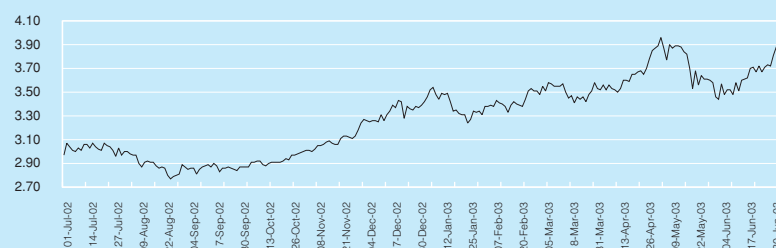
Japanese yen (Rs per 100 Yen)



Rs/ Pound sterling



Rs/ South African rand



From an average rate of Rs25.29 per 100 yen on 1 July 2002, the rupee gradually depreciated vis-à-vis the Japanese yen to trade at an intra-year low of Rs25.97 per 100 yen. Thereafter, the rupee appreciated vis-à-vis the Japanese yen and breached below Rs25 per 100 yen a first time on 7 August 2002 and on several occasions between then and 13 September 2002. From then on, up to mid-December 2002, the rupee gained ground on the yen, benefiting from the broad-based weakness of the Japanese currency on the international foreign exchange market. Over that period, the rupee went below Rs24 per 100 yen on several occasions, even reaching a level as high as Rs23.78 per 100 yen on 5 December 2002. Despite the subsequent recovery of the yen on the international currency market, the rupee remained rangebound Rs24 per 100 yen until close of January 2003. Thereafter, it appreciated against the Japanese currency breaching below Rs23 per 100 yen a first time on 24 March 2003 and then again in the final weeks of April 2003, when it reached an intra-year high of Rs22.93 per 100 yen on 22 April 2003. However, the rupee resumed its downtrend against the yen and closed fiscal year 2002-03 trading at an average rate of Rs24.66 per 100 yen.

Chart V.3 shows the trends in the daily bilateral exchange rates of the rupee against the US dollar, euro, Japanese yen, Pound sterling and South African rand. Table V.4 summarises the monthly inward and outward remittances of Category 1 banks during 2002-03.

Box 4 Coordinated Portfolio Investment Survey

The Coordinated Portfolio Investment Survey (CPIS) collects information on holdings of portfolio investment assets by domestic residents of securities issued by unrelated nonresidents. The aim of the CPIS, which is conducted under the aegis of the International Monetary Fund (IMF), is to significantly improve the coverage of cross-border portfolio investment assets at the country and global level. The CPIS also aims at providing a disaggregation according to the country of residency of the issuer, so as to allow the derivation of cross-border portfolio investment liabilities, also at the country and global level.

The CPIS collects comprehensive information, with geographical detail on the country of residence of the issuer, on the stock of cross-border equities, long-term bonds and notes, and short-term debt instruments. These can be used in the compilation or improvement of international investment position (IIP) statistics on portfolio investment capital and will also serve as a valuable tool in understanding international movements in and holdings of financial assets. In addition, with the IMF's assistance, the bilateral data collected in national surveys can be exchanged among countries. Because the bilateral data provide creditor-source for nonresidents' holdings of debt securities, they are a useful addition to national data sources for the compilation of external debt statistics. This will complement the Bank of International Settlements (BIS) International Banking Statistics and the Joint BIS-IMF-OECD-World Bank statistics on external debt.

The Coordinated Portfolio Investment Survey was undertaken in response to the recommendations contained in the final *Report on the Measurement of International Flows (the Godeaux Report)*, published by the IMF in 1992.

The report highlighted the increasing importance of portfolio investment across international borders, reflecting the liberalisation of financial markets, financial innovation and the changing behaviour of investors. The increased liberalisation of international flows, however, has brought measurement difficulties, which have been reflected in the imbalances at the worldwide level between recorded financial assets and liabilities, with higher flows usually being recorded for liabilities than for assets. Concerned about imbalances and gaps in statistics on global capital flows, the IMF Committee on Balance of Payments Statistics (the IMF Committee) decided in 1993 to promote the idea of an internationally coordinated benchmark survey of long-term portfolio investment holdings to facilitate cross-border comparisons, permit data exchanges, and encourage standardisation and best practice.

The first internationally coordinated portfolio investment survey was organised by the IMF, using a common set of definitions and a common reference date. It was conducted as at end-December 1997 (the 1997 CPIS). All major investing countries had been invited to participate in the 1997 CPIS and 29 countries took part. The IMF published the results in December 1999 and following that it also released an analysis that explored these results in depth. It was found that the size of the resulting global discrepancy between measured outstanding portfolio investment assets and liabilities indicated that there were significant gaps in coverage, the possibility of overestimation of global portfolio investment liabilities, and other measurement problems.

Following the completion of the 1997 CPIS, the national compilers of the participating economies established the Coordinated Portfolio Investment Survey Task Force (the Task Force)

to review the results, examine the extent to which the survey had met its goals and, in the light of that assessment, determine whether it should be repeated. At its 1999 meeting, the Task Force reported that the 1997 CPIS had produced several benefits. It also held the view that the lessons of the international financial crises of 1997 and 1998 reinforced the importance of the 1997 CPIS. In the wake of the positive aspects of the 1997 CPIS and the potential room for improvements, and following the recommendations of the Task Force, the IMF Committee agreed that the CPIS be repeated, with the reference date of end-December 2001 (2001 CPIS). The IMF was inclined to support conducting the survey on an annual basis thereafter.

It was decided to include cross-border portfolio holdings of each of the following items in the 2001 CPIS, on a mandatory basis: (i) equity securities; (ii) long-term debt securities; and (iii) short-term debt securities; by country of issuer. In addition, it was decided to include a number of encouraged categories for all countries in a position to provide the data. The IMF Committee recommended that participating countries also supply a geographical breakdown of the value of securities holdings that are included in reserve assets. Accordingly, the Survey of the Geographical Distribution of Securities Held as Foreign Exchange Reserves (SEFER) was held in parallel with the 2001 CPIS. The IMF Committee also recommended that a survey of large international organisations, the Survey of Geographical Distribution of Securities Held by International Organizations (SSSIO), be conducted in order to obtain the value of their holdings of securities.

Every participating country used its own reporting format for the collection of statistical information for the CPIS. While most countries opted for the end-investor survey, a few however chose either the custodian survey or a combined custodian/end-investor survey or the security-by-security approach. The deadline for submission of the aggregated data for the 2001 CPIS was September 2002.

Results of the 2001 CPIS

Cross-border holdings of equity and debt securities in 2001 reached US\$12.5 trillion in the 67 economies that participated in the IMF's 2001 CPIS. Of the total cross-border holdings reflected in the survey, US\$53.1 trillion was in equity securities and US\$7.4 trillion in debt securities. The CPIS results included securities held by portfolio investors (including monetary authorities) but excluded securities held by direct investors - those which hold a minimum of 10 per cent of the shares of the entity that issues the securities.

Eight economies were among the top ten issuers and among the top ten holders of securities that were traded internationally. They were the United States, the United Kingdom, Japan, Luxembourg, Germany, France, Italy and the Netherlands. These economies accounted for about 65 per cent of cross-border holdings of equity and debt securities, and about 68 per cent of cross-border liabilities to nonresidents in the form of nonresidents' holdings of equities and debt securities as reported by partner countries.

The United States, the United Kingdom and Japan were the largest investing countries, accounting for 38 per cent of total cross-border holdings of securities. The European Monetary Union accounted for 35 per cent of the cross-border holdings (about 20 per cent accounted for by Luxembourg, Germany, France and Italy). The United States and the United Kingdom predominantly held equity securities (72 per cent and 48 per cent, respectively) while Japan predominantly held debt securities. Japan was the top investor in fixed income instruments, holding more than 82 per cent of its cross-border holdings as debt securities, which accounts for about 8 per cent of the total reported by all countries.

Based on a comparison of the data for equity securities with other sources on the value of publicly-issued equities, the survey indicated that at least 20 per cent of total equity securities on issue are held by nonresidents of the issuing economy.

The 2001 CPIS covered industrial countries, transition economies, emerging

market economies, and small economies with international centres. Middle East oil exporting countries were the only group not well represented in the 2001 survey. The results of the 2001 CPIS are available on the Fund's website (Portfolio Investment: CPIS Data Results; <http://www.imf.org/external/np/sta/pi/datarsl.htm>).

Starting with the 2001 survey, the CPIS will be an annual survey with reference date of end-December of each year. The results of the 2002 CPIS are expected to be published on the IMF's website by the end of 2003. An annual CPIS database will help facilitate study of the volatility of capital flows over time, improve estimation of statistics on portfolio investment and associated income flows, and promote analysis of the links between portfolio investment flows and changes in the price of securities.

CPIS in Mauritius

Preparations for the first CPIS for Mauritius with reference to end-December 2001 started following an invitation from the IMF in July 2000 to participate in the 2001 CPIS. The IMF stressed the importance of the participation of offshore financial centres that figure so largely in global cross-border portfolio investment. This stemmed from the fact that following an analysis of the results of the 1997 CPIS, it was concluded that a large part of the global discrepancy between global holdings of cross-border portfolio investment assets and global holdings of cross-border portfolio investment liabilities could be attributed to under-reporting of cross-border portfolio investment assets of offshore financial centres.

In Mauritius, the Bank of Mauritius (which is the focal point for the conduct of the survey) and the Financial Services Commission (FSC) conducted the 2001 and 2002 CPIS jointly. The Bank of Mauritius surveyed banks, insurance companies and local funds while the FSC covered the non-bank Global Business sector using an end-investor survey for the collection of information. There are gaps in coverage for the household sector as most economies had

difficulty including securities held with nonresident custodians by their household sector. The IMF proposed a reporting format for the survey form, which was slightly modified for the purposes of the survey in Mauritius. The survey was conducted in accordance with standardised definitions and methodologies and drew on best practices in survey design. This was later identified in the IMF's *Coordinated Portfolio Investment Survey Guide (Second Edition)* published in 2002.

One noteworthy feature was the relatively low response rate for the 2001 CPIS given that the survey was purely on a voluntary basis. However, following the enactment of the Finance Act 2002 in August 2002, the FSC has the mandate to call for any statistical information it requires from its licensees. In the same vein, in the forthcoming new central bank legislation, it is envisaged that the power will be conferred upon the Bank of Mauritius to collect data for balance of payments purposes from the non-bank private sector.

The data for the 2001 CPIS were consolidated and forwarded to the IMF in September 2002. The IMF designed a metadata questionnaire on country practices in compiling the 2001 CPIS to analyse the results and this was forwarded to participating countries for comments. Some of the answers in the metadata questionnaire would not be published and would be held confidential by the IMF. A metadata database would thereafter be maintained.

With Mauritius having agreed to participate in annual CPIS, the coverage was broadened for the 2002 CPIS (with reference date of end-December 2002) and the response rate vastly improved in the wake of changes made in the Finance Act 2002.

Box 5 Public Information Notice following the conclusion of the 2003 IMF Article IV Consultation with Mauritius

On June 30, 2003, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with Mauritius.¹

Background

After expanding at a robust pace of 4 percent in 2001/02 (July-June), real GDP growth is expected to slow in 2002/03 to about 3 1/2 percent. Following a record sugar crop in 2001/02, sugar output will decline substantially in the current fiscal year due to cyclone damage. The export processing zone (EPZ) and tourism sectors continue to be adversely affected by the weak global environment, and prospects remain uncertain in the aftermath of the war in Iraq. Economic growth in 2002/03 will rely mainly on the continuing robust performance of the construction, financial services and other services sectors.

Since the early 1990s, unemployment has risen steadily, despite continued robust economic growth, mainly as a result of an increasingly inadequate education and training system as well as significant labor market rigidities. At end-2002, the unemployment rate stood at nearly 10 percent, compared to 9.4 percent in 2001.

The overall fiscal deficit will remain at close to 6 percent of GDP for 2002/03. Public finances face further risks in the short term as a result of the worsening financial position of some state-owned enterprises. While the overall financial situation of public enterprises improved somewhat in 2001/02, the State Trading Corporation (STC) and the Central Electricity Board (CEB) accumulated significant losses in

the current fiscal year due to the sharp rise in the international price of oil in 2002 and early 2003, which was not reflected in retail price adjustments for petroleum products and for electricity tariffs.

Monetary policy was tightened in 2002/03 compared to 2001/02. Nonetheless, in response to a widening interest rate differential between domestic and foreign interest rates, and the slowdown in economic activity, the Bank of Mauritius (BOM) has reduced the Lombard rate since the beginning of the fiscal year by a total of 125 basis points. Consumer price inflation has recently shown a declining trend and is estimated at about 5 percent (period average) at end-June 2003, compared with 6.4 percent a year earlier.

The external current account surplus has remained strong in 2002/03 and is estimated at about 4 percent of GDP. The coexistence of a significant fiscal deficit and a current account surplus in recent years reflect a decline in overall domestic absorption occasioned by a rise in private savings. Net receipts from services improved significantly due to a surge in gross tourism earnings, largely reflecting increases in average tourist expenditure, and imports experienced a pronounced fall in the EPZ sector. As a result of the intervention policy of the BOM, the net international reserves of the central bank increased to an estimated US\$1.3 billion (7.3 months of import cover) at end-June 2003 compared with US\$1 billion (6 months of import cover) at end-June 2002.

Mauritius participated in the Financial Sector Assessment Program (FSAP) during 2002. The FSAP concluded that Mauritius has a well

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.

developed financial system and that the banking system is highly profitable and sound. However, there are three main sources of potential risks and vulnerabilities: risks associated with external economic shocks and downturn in economic activity that reflect the limited diversification possibilities of a small island economy and the high concentration of credit among a few sectors; the rollover risks of growing short-term public debt; and potential reputation risk that could arise from money laundering or criminal activities of offshore funds and companies.

Executive Board Assessment

Executive Directors agreed with the thrust of the staff appraisal. They considered that generally sound macroeconomic policies have created the conditions for investment and growth and the overall strong performance of the Mauritian economy over the last two decades. Consistent real output growth made possible a more than doubling of per capita income, a narrowing of income disparities, and remarkable progress in improving social indicators, against the background of a stable political system. More recently, however, the fiscal deficit has been high, economic growth has slowed, and unemployment remains relatively high and persistent. Directors agreed that the recovery of growth to its historical level in the period immediately ahead will depend on the global economic recovery, continued good macroeconomic policies, the performance of the export processing zones and the tourism sector, and a rebound in sugar production from the cyclone-depressed level of 2002.

Directors observed that in the medium term, the authorities' key challenges will be to explore the scope for further economic diversification, address the problem of persistent unemployment despite a generally satisfactory rate of growth, and contain the budget deficit and the overall public debt level. Structural reforms to improve competitiveness, especially with respect to labor market flexibility, and to promote private sector investment, would also strengthen medium-term growth prospects.

Directors welcomed the authorities' efforts to restructure the sugar sector to reduce costs and improve competitiveness. They noted that the textile sector is positioning itself to take advantage of increased export opportunities. However, further restructuring is needed to improve overall competitiveness. High utility costs and increases in wage rates that exceed labor productivity growth, in particular, impede efforts to improve competitiveness. The current investments in information communications technology should also provide support for economic growth over the longer term, although some Directors noted that the high technology sector is especially sensitive to economic downturns.

Directors encouraged the authorities to reduce the involvement of government in commercial activities, and implement further structural reforms aimed at creating greater opportunities for private sector investment and employment. In that vein, Directors called on the authorities to eliminate remaining obstacles to foreign investment, in particular relating to permits and licensing processes.

Directors considered that the high rate of unemployment in Mauritius could be attributed to both rigidities in the wage determination process, and the mismatch between labor skills and job requirements. Directors urged the authorities to reform the pay setting mechanisms to allow for firm-level collective bargaining, and to encourage the arbitration tribunals and bodies responsible for public and private sector pay to take into account economic and competitiveness factors in handing down wage awards. They supported the government's efforts to improve the education system to eliminate the mismatch between jobs and skills.

Directors noted that Mauritius' public debt, although moderately high, is supported by the economy's track record of high growth. However, the current large fiscal deficit is not sustainable and risks compromising medium-term macroeconomic stability. Directors recommended that the authorities pursue a more ambitious fiscal deficit reduction target, with the objective of reducing the deficit to

within a manageable range by 2006/07, and stabilizing public debt at a lower level.

Directors were concerned by the pressures on the public finances created by losses of the state-owned Central Electricity Board and the State Trading Corporation. To eliminate these losses, electricity tariffs should be adjusted in line with movements in the international price of fuel oil used for electricity generation. Directors also urged the authorities to implement the agreed automatic pricing mechanism for petroleum products.

Directors agreed that monetary policy in Mauritius is appropriately tight, but they cautioned that recent reductions in interest rates, in conjunction with an expansionary fiscal stance, risked a faster rate of inflation. The authorities should monitor liquidity conditions carefully before reducing interest rates further. Directors noted that the informal inflation targeting framework was working well, and encouraged the authorities to consider moving to formal inflation targeting, in the context of greater independence for the central bank. Directors considered that the exchange rate, which is market-determined, is broadly consistent with macroeconomic fundamentals. They encouraged the authorities to work to further deepen the interbank foreign exchange market.

Directors noted that the Mauritian financial system is well-developed, sound and profitable. They encouraged the authorities to further strengthen the system by implementing the key recommendations of the Financial System Stability Assessment. Directors welcomed the progress made in combating money-laundering and the financing of terrorism, including the enactment of the Financial Intelligence and Anti-Money Laundering Act of 2002. They encouraged the authorities to accept the United Nations conventions on money laundering and terrorism financing.

Directors commended the government for reducing tariff rates in the context of the regional trade agreements. They encouraged the authorities to simplify the customs tariff system over the medium term, and eliminate nontariff barriers.

Directors welcomed the staff's assessment of the effectiveness and efficiency of Fund-provided technical assistance to Mauritius. They concurred with the staff that technical assistance was well-targeted and generally effective. At the same time, they agreed that a more rigorous prioritization process could have resulted in more efficient technical assistance delivery in some areas.

It is expected that the next Article IV consultation with Mauritius will be held on the standard 12-month cycle.

Mauritius: Selected Economic Indicators, 1998/99- 2002/03 ¹

| | 1998/99 | 1999/00 | 2000/01 | 2001/02 Prov. | 2002/03 Proj. |
|---|--|----------|----------|------------------|------------------|
| Domestic Economy | <i>(Annual percentage change)</i> | | | | |
| Real GDP | 5.4 | 2.7 | 7.0 | 4.0 | 3.3 |
| Consumer prices (period averages) | 7.9 | 5.3 | 4.4 | 6.4 | 5.1 |
| Unemployment | 7.1 | 8.1 | 8.9 | 9.4 | 9.8 |
| External Economy | <i>(In millions of U.S. dollars, unless otherwise indicated)</i> | | | | |
| Exports, f.o.b. | 1,680.2 | 1,522.6 | 1,639.0 | 1,582.9 | 1,676.4 |
| Imports, f.o.b. | -2,045.7 | -2,006.5 | -1,891.9 | -1,802.0 | -1,942.8 |
| Current account balance | -65.3 | -68.7 | 154.3 | 238.2 | 234.8 |
| (in per cent of GDP) | -1.5 | -1.6 | 3.4 | 5.2 | 4.6 |
| Capital and financial account balance | 11.7 | -103.6 | -95.6 | -257.8 | -234.8 |
| Net international reserves of the banking system (end of period) | 625.4 | 688.0 | 789.3 | 1,017.0 | 1,328.3 |
| (in months of prospective imports, c.i.f.) ² | 3.5 | 4.1 | 5.0 | 6.0 | 7.3 |
| Debt service (in per cent of exports of goods and nonfactor services) | 7.6 | 7.9 | 9.8 | 8.5 | 7.3 |
| Change in real effective exchange rate (in per cent) ³ | -1.9 | 5.7 | 2.7 | -1.9 | 0.1 |
| Financial variables | <i>(In per cent of GDP, unless otherwise indicated) ²</i> | | | | |
| Total revenues and grants | 20.1 | 20.9 | 18.1 | 18.4 | 20.8 |
| Total expenditures and net lending | 23.4 | 24.7 | 23.9 | 24.4 | 26.7 |
| Central government fiscal balance ⁴ | -3.3 | -3.8 | -5.7 | -5.9 | -5.9 |
| Primary fiscal balance ^{4,5} | 0.1 | -0.4 | -1.3 | -2.6 | -1.6 |
| Change in broad money (in percent) | 13.2 | 10.9 | 9.9 | 13.0 | 11.0 |
| Interest rate (in percent) ⁶ | 12.0 | 10.8 | 11.4 | 11.8 | 11.8 |

Sources: Mauritian authorities; and IMF staff estimates and projections.

¹ Fiscal year from July to June

² Excluding the acquisition of aircraft and ships.

³ Trade-weighted period averages; the figure for 2002/03 is for July to February 2003. A negative sign signifies a depreciation.

⁴ Including grants.

⁵ Overall central government fiscal balance, excluding interest payments.

⁶ Maximum interest rate on fixed-time deposits with maturities between six and twelve months, end of period; the figure for 2002/03 is for January 2002.

VI. REGIONAL COOPERATION

Southern African Development Community (SADC)

In its Annual Report for the year ended August 2002, the SADC Secretariat gave an overview of the economic situation in the SADC region. Some of the issues highlighted therein are presented below.

The SADC region continues to face enormous challenges, namely, poverty eradication, HIV/AIDS pandemic, sound macroeconomic management, good governance, democracy and globalisation. According to a study undertaken by the World Bank, approximately 40 per cent of the region's population, or 76 million people, live in extreme poverty. Six of the 14 SADC countries, namely, Lesotho, Malawi, Mozambique, Swaziland, Zambia and Zimbabwe face severe food shortages. This humanitarian crisis is the result of accumulated grain shortage and dependence on rain-fed arable agriculture.

During the year ended August 2002, the SADC region hosted and spearheaded important international political events, the most important of which was the launching of the African Union (AU) and the adoption of the Protocol establishing the African Union Peace and Security Council. The AU is an African initiative that seeks to pursue the objectives of the Organisation for African Unity (OAU) Charter and the Abuja Treaty with a view to achieving unity, economic integration and sustainable development on the continent. The Constitutive Act of the AU came into force on 26 May 2001.

SADC also played an important role in the conceptualisation, promotion and implementation of the New Partnership for Africa's Development (NEPAD), which is a strategic undertaking for accelerating Africa's political and economic development. The SADC region also hosted the International Conference on Racism and Xenophobia and the World Summit on Sustainable Development.

In line with the directives given by the SADC Summit of Heads of State and Government at their meeting in Windhoek, Namibia, in March 2001, SADC proceeded with the restructuring process. The main areas of cooperation and integration are now grouped into four clusters according to their affinities, namely, Trade, Industry, Finance and

Investment; Food, Agriculture and Natural Resources; Infrastructure and Services; and Social and Human Development and Special Programs. Various studies have been undertaken on the restructuring and some are still under way. One of these relates to the formulation of the Regional Indicative Strategic Development Plan (RISDP).

The RISDP, whose objective is to deepen the integration agenda of SADC with a view to accelerating poverty eradication and other development goals, has been prepared by the SADC Secretariat as part of the exercise to restructure SADC. It provides a strategic direction to SADC programmes and activities and consists of a consistent and comprehensive programme of long-term economic and social policies. Besides reviewing SADC's main development policies, the RISDP provides SADC Member States, their institutions and policy makers with a coherent and comprehensive development agenda on social and economic policies over the next ten years. The RISDP also provides clear guidelines on SADC's approved social and economic priorities and policies and this enhances its effectiveness in discharging its facilitating and coordinating role.

At their Summit in Luanda, Angola, in October 2002, the SADC Heads of State and Government signed the Protocol on Extradition, the Protocol on Mutual Legal Assistance in Criminal Matters, the Protocol on Forestry and the Agreement Amending the Protocol on the Tribunal. As of August 2002, twenty protocols have been developed, covering the major areas of cooperation and integration, and nine of them have entered into force and were being implemented.

As of August 2002, the SADC Programme of Action (SPA) had a total of 404 projects estimated at US\$6.1 billion, of which only about US\$2.3 billion had been secured. The structuring exercise is partly intended to address this problem. In addition, the introduction of self-financing mechanisms, including the establishment of a regional development fund, is expected to address the sustainability of the SPA.

During the year 2001, the macroeconomic performance of the SADC was not very encouraging. The GDP annual average growth rate dropped from 2.1 per cent in 2000 to 1.9 per cent in 2001 in sharp contrast to the average growth rate for Africa which increased from 3.5 per cent in 2000 to 4.3 per cent in 2001. Some SADC Member

States, however, recorded impressive rates of economic growth, namely, Mozambique (13.9%) and Botswana (9.2%). In contrast, Seychelles, Democratic Republic of Congo (DRC) and Zimbabwe recorded negative growth rates of 1.9 per cent, 4.0 per cent and 8.6 per cent, respectively.

The SADC average GNP per capita stood at US\$1,887 for 2000. On a country-wise basis, GNP per capita ranged from US\$9,920 in Seychelles to below US\$350 for Angola, DRC, Malawi, Mozambique, Tanzania and Zambia. The high GNP per capita for Seychelles is explained by its small population of just over 80,000. This, however, tends to distort SADC's average GNP per capita.

The average inflation rate for SADC fell slightly from 11.0 per cent in 2000 to 10.0 per cent in 2001. However, inflation was still very high in countries which have recently experienced or where there are ongoing armed or political conflicts, namely, Zimbabwe (74.5%), Angola (115%) and DRC (403.6%).

During the period 1990-2000, most SADC countries were able to reduce their budget deficits. This improvement in their fiscal position is, to a large extent, explained by the better control of current and capital expenditures, tax administration reforms and privatisation of state-owned enterprises.

With regard to current account balances for the period 1991-2000, SADC countries can be classified into three main categories: those which, on average, registered surpluses, namely, Botswana, Mauritius and Namibia; those which, on average, experienced a modest current account deficit of less than 5 per cent of GDP, namely, Seychelles, South Africa, Swaziland and Zimbabwe; and those with high and deteriorating current account deficits, namely, Angola, DRC, Lesotho, Malawi, Mozambique, Tanzania and Zambia.

External debt remains a burden for most of the SADC countries. As at end of 1999, the stock of external debt in SADC countries stood at US\$96 billion. Over the last two decades, external debt has more than doubled in Angola, DRC, Mozambique and Zimbabwe. Over the period 1992 to 2000, the debt burden represented 116 per cent of GDP in Tanzania, 124 per cent in Malawi, 173 per cent in Angola, 175 per cent in DRC, 202 per cent in Zambia and 238 per cent in Mozambique.

The most important development in the Trade, Industry, Finance and Investment

directorate is the implementation of the Trade Protocol, a process that started in September 2000. The objective of the SADC Trade Protocol is to create a Free Trade Area in which substantially all trade will be duty free by 2008. The liberalisation of country specific sensitive products is expected to be achieved by 2012. Major issues that will have to be discussed relate to rules of origin; market access for BLNS countries (Botswana, Lesotho, Namibia and Swaziland); customs cooperation; and sanitary and phytosanitary aspects.

As of end-August 2002, 11 SADC Member States, namely, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania and Zambia were eligible for AGOA and have obtained visa approval to export textiles and clothing to the US under this initiative.

Substantial progress has been made in the Finance and Investment sub-cluster, which currently has subcommittees on macroeconomic convergence; taxation; development finance; insurance, securities and non-banking financial authorities; and capital markets.

With regard to macroeconomic stability, two Memorandum of Understandings (MoUs) have been developed and adopted, one on Macroeconomic Convergence and another on Cooperation in Taxation and Related Matters. The objective of the MoU on Macroeconomic Convergence is to establish a macroeconomic policy coordination framework to enhance macroeconomic stability in the SADC region. The convergence criteria center around stable rates of inflation, the ratio of the budget deficit to GDP, the ratio of the public debt to GDP and the balance and structure of the external account.

The objective of the second MoU on Cooperation in Taxation and Related Matters is to foster cooperation on capacity building in the area of taxation. It seeks to harmonise tax regimes, promote the application and treatment of tax incentives and develop a dispute settlement mechanism. These MoUs are intended for incorporation into the final protocol for Finance and Investment that is being developed.

The Committee of Central Bank Governors (CCBG) in SADC

The Committee of Central Bank Governors in SADC (CCBG) was established in 1995 by the Ministers responsible for Finance and Investment.

During the year 2002-03, the activities of the CCBG were characterised by a more pronounced involvement in the various initiatives taken at the continental level and which are consistent with the SADC programmes. The CCBG has shown strong support for the African Action Plan and the various projects that fall under the NEPAD programme to eradicate poverty and underdevelopment in Africa.

At the CCBG meeting in Angola in April 2003, a representative of the NEPAD Secretariat made a presentation on the objectives of the NEPAD. Consensus was reached on the areas where the CCBG could assist the NEPAD in achieving its main objectives. These would include, *inter alia*, the development of sustainable funding methods for the African Peer Review Mechanism. Governors agreed to take the lead in all monetary and financial matters. The CCBG has also been participating actively in the Consultative Workshops held in member states to discuss the RISDP.

The past year has also been a time of reflection for the CCBG on the best way to position itself in the new SADC structure so as to ensure that the work of the committee is pursued to achieve financial regional integration. In view of the CCBG's ability to initiate and implement its own regional programmes and activities and its willingness to use its own financial resources, Governors have indicated that it would be appropriate for the CCBG to operate in terms of the principle of subsidiarity and report directly to the Integrated Committee of Ministers.

Significant progress has been made on the various projects to reform and liberalise our banking and financial systems so as to make them more secure and dynamic. As a step towards regional monetary co-operation, the CCBG has made a lot of progress in the harmonisation of the National Payments Systems. Resulting from the development of combined business and technical specifications for regionally suitable Real Time Gross Settlement (RTGS) principles, a number of central banks in the region have succeeded in the implementation of the RTGS Systems in their respective national payment systems.

Another major development in this area has been the drafting of the Model National Payment System Act by a team of legal experts from the SADC central banks. The Model Act will be discussed at forthcoming meetings of the project

team. Moreover, the disbursement of the grant from the World Bank International Development Fund would allow the project team to pursue its work programme.

In the area of Information and Communication Technology, the Bank Supervision Application (BSA) solution, which aims at developing information systems for the support of harmonised bank supervision processes in SADC central banks, has been finalised and successfully demonstrated to bank supervisors at a project review meeting held in South Africa during January 2003. The BSA solution has been implemented at Banco de Moçambique for the User Acceptance Testing. Participating central banks have been invited to sign the BSA Agreement on a bilateral basis.

The CCBG has approved the MoUs on Co-operation and Co-ordination of Exchange Control Policies in SADC, Payment, Clearing and Settlement System in SADC Countries and Co-operation in the Area of Information and Communication Technology. After a lengthy consultative process, the MoU on exchange control will be submitted to the SADC Ministers of Finance and Investment for their consideration.

The Steering Committee on Legal and Operational Frameworks of SADC central banks is currently working on the MoU on Harmonisation of Legal and Operational Frameworks of SADC Central Banks so as to take care of the concerns expressed by the SADC Ministers of Finance and Investment and the CCBG. This committee has made significant progress in drafting a Model Central Bank Legislation indicating key elements of commonality as well as areas where a concerted effort needs to be taken in a move towards closer convergence.

One of the items that ranks high on the agenda of the CCBG is the promotion of micro-business in the region. With the assistance of the International Labour Organisation, the CCBG initiated a project to gather information on the status of micro-finance in the SADC region. The first phase of the project, which consisted of setting up national micro-finance focal points, devising a questionnaire to collect data, developing a standard framework for the analysis of the data collected and preparing a report on the data collected, has been completed. The second phase, which will focus on the provision of technical assistance to SADC

central banks in the monitoring of micro-finance activities, would start as soon as funding is obtained.

Since the inception of the CCBG, the East and Southern Africa (ESAF) Banking Supervisors Group has been reporting on its banking supervision activities at the Governors' meetings. However, with the increase in the number of stakeholders in the financial system which is growing in scope and sophistication, the increasing complexity of money laundering activities and the need to instil public confidence in the system, the CCBG has decided that it should be at the forefront of bank supervision in SADC. Accordingly, the CCBG has decided to establish its own subcommittee to deal with the supervision of banks. In this respect, a process of consultation is to be initiated with the non-SADC ESAF Members so as to ensure a smooth transition to the CCBG bank supervisory group.

Globally, the issue of money laundering is getting increasingly alarming. Conscious of the impact that money laundering can have on SADC economies and on the urgent need to address the issue, there is a lot of groundwork that has been done for the holding of a workshop, with the collaboration of all the other stakeholders involved in the fight against money laundering.

The CCBG has also formed close ties with the SADC Banking Association and the SADC Committee of Stock Exchanges (COSSE), which regularly report on their activities to the CCBG. In the past year, the SADC Banking Association focused on the development of norms of good banking practice and piloted a capacity building initiative for public-private partnerships in infrastructure finance in Mozambique. Once completed, it will be rolled out to the remaining member countries over 5 years. One of the main tasks of COSSE during the year was the drafting of the multilateral MoU for Stock Exchanges in SADC, which, *inter alia*, sets out the objectives and aims of the committee.

Common Market for Eastern and Southern Africa (COMESA)

The Common Market for Eastern and Southern Africa (COMESA) was set up in 1994, replacing the Preferential Trade Area (PTA) for Eastern and Southern Africa States, which was established in 1981. The ultimate goal of the

COMESA is to create, through the development of trade and investment, a fully integrated and internationally competitive and unified region in which goods, services, capital and persons move freely. The primary means for achieving trade development is trade liberalisation and the adoption of market-oriented policies, which impact favourably on the allocative efficiency of the economies of the member states, thereby resulting in trade creation, expansion, investment rationalisation and production integration.

The current members of the COMESA are: Angola, Burundi, Comoros, the Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

The Fifteenth Meeting of the Council of Ministers was held from 13 to 15 March 2003 in Khartoum, Sudan. Representatives of COMESA member states, of a number of COMESA institutions, of other co-operating institutions and regional organisations attended the Meeting.

As a regional organisation, COMESA needs to address the key issues of peace and stability, food security, investment, jobs, access to health and education and a safe environment to live in. Many countries in COMESA were facing food shortages arising out of drought and diseases, such as HIV/AIDS and malaria, continued to ravage the region. However, it was noted that a number of member states, previously afflicted by civil wars, were moving towards peace.

The theme for the Summit was "COMESA: Towards a Customs Union". The Secretary General of COMESA, Mr. Erastus, J. O. Mwencha, MBS, reminded the meeting that Article 45 of the Treaty provided for the establishment of a Customs Union, ten years from the setting up of the COMESA. Based on the Treaty provisions, the Customs Union should be launched in December 2004. He also requested member States to comply with the deadline set by the Authority for indicating their time frames for joining the Free Trade Area (FTA). He requested non-FTA member States to express their concerns to the Council so that the Bureau could undertake further consultations. On the Customs Union, the Secretary General stated that the Secretariat would continue to provide technical support to member states through their National Working Groups. He reported that work on the

Customs Tariff Nomenclature had been completed and the draft harmonised customs legislation had been prepared and would be considered by the technical committees. He appealed to member states to continue working together, so as to achieve the goal of establishing a Customs Union by the target date, which would send a powerful signal to investors that COMESA had embraced deeper regional integration. The Secretary General also observed that co-operation with European Union continued to grow. Under the 9th European Development Fund, an Inter Regional Co-ordinating Committee (IRCC) had been established comprising COMESA, EAC, IGAD, IOC and SADC. He also reported on the strong partnerships COMESA had with other bilateral and multilateral institutions.

The Council noted that Burundi and Rwanda would join the FTA in January 2004.

The Council was informed that the World Bank had expressed its willingness to support COMESA (Non-SADC) member states in modernising their national payment systems, along the lines of the assistance being currently provided to SADC member states under the SADC Payments System Programme.

The Council noted that, at the 2002 COMESA Summit in Addis Ababa, twelve COMESA Member states signed the COMESA Fund Protocol. However, no country has, as yet, ratified the protocol. The COMESA Fund has two components, namely, the COMESA Infrastructure Fund and the COMESA Adjustment Facility. The Secretariat has also been developing the COMESA Fund Adjustment Facility. This has been done by developing a regional integration surveillance mechanism, which should act as a "trigger mechanism" for budgetary support. If a COMESA country wishes to continue with an economic liberalisation policy, it should not be constrained by short-term budgetary shortfalls. If, for example, a country wishes to reduce tariffs as part of a trade policy reform programme, it should not be constrained to do so as a result of a short-term loss of revenue, which may be experienced after tariffs are reduced, but before the effects of other fiscal adjustments become apparent.

Reports by a number of COMESA Institutions ensued, with some of the important ones mentioned hereafter:

(i) PTA Bank

The PTA Bank continued to promote the integration of the economies of member States through provision of finance and technical assistance. For the year 2002, the PTA Bank approved COM\$41.2 million under project finance and COM\$61.2 million under trade finance. In both cases the approvals showed substantial increases over the previous year. On financial performance, total income increased from COM\$11.02 million to COM\$12.23 million. The PTA Bank requested members of COMESA which had not joined the PTA Bank to do so as soon as possible.

(ii) PTA Reinsurance Company (ZEP-Re)

For the year 2002, the PTA Re-Insurance Company (ZEP-Re) wrote a premium income of COM\$15.5 million, marking a 32 per cent growth from 2001. Membership rose to 30 in 2002 with four new shareholders admitted in 2002.

(iii) COMESA Clearing House

The Council noted that work on the Regional Payment and Settlement System (REPSS), was progressing as approved by the Council at its Fourteenth Meeting, in the following areas:

- (a) Setting up and Maintenance of a Trust Fund;
- (b) Legal Environment;
- (c) Business Process Analysis;
- (d) Paper Process; and
- (e) Setting up of National Workshop Groups.

An update on the introduction of the African Commerce Exchange (ACE) services in member states for the connection of central banks and commercial banks on the SWIFT Network was also provided.

(iv) African Trade Insurance (ATI) Agency

The Council noted that the ATI had started operations in April 2002 to provide political and credit risk cover on trade and financial transactions. The Council recalled ATI's benefits and the new developments on product diversification. The new products include non-payment cover for government and non-government buyers, working capital finance guarantee and foreign direct investment insurance. The Council also noted that Madagascar has recently

signed the ATI Agreement bringing the number of participating States to eight. The PTA Bank and ZEP-Re are set to become the third and fourth corporate shareholders in the Agency following Gerling-NCM and COMESA. To support membership in ATI, the World Bank has indicated its willingness to extend financial assistance to new, eligible member countries for the purpose of providing underwriting capacity.

Other Issues

The Council noted that United States Agency for International Development (USAID) was pleased to be a partner of COMESA in the promotion of economic development and regional trade integration in Eastern and Southern Africa. It was reported that since 1998, USAID's assistance to COMESA had focused on five areas: regional trade development, public-private sector business partnerships, regional telecommunications policy harmonisation, institutional strengthening, and governance and conflict resolution. To promote trade capacity building in sub-Saharan Africa, President Bush announced the Trade for African Development and Enterprise Initiative that has led to the opening of three Regional Hubs for Global Competitiveness in Accra, Gaborone, and Nairobi.

The representative of the Government of India, who was also attending the Summit, indicated that his government had decided to strengthen cooperation programmes with COMESA. In this respect, the Government of India had made available a line of credit of over US\$200 million through NEPAD. The Council also noted that through the Exim Bank of India, a US\$25 million was made available to the PTA Bank. The Council further noted that the Government of India was willing to share its experience with COMESA member states in agriculture, technology transfer and health, among others.

African Development Bank (AfDB) has so far provided funding totalling about US\$4.6 million to COMESA. The Council noted that the AfDB current direct support to COMESA was a US\$1.5 million grant for public procurement reforms.

Regional Payment and Settlement System

COMESA Clearing House embarked on the development of a payment system known as Regional Payment and Settlement System (REPSS)

to improve the flow and settlement of cross-border payment transactions among financial institutions for the benefit of importers and exporters in the various member countries. The objectives of the proposed system are to increase competition among the banks, improve financing services, lower costs to compete payment commitments, promote the expansion of trade among member countries and improve final funds availability to the exporter.

Several meetings have been held to discuss various technical topics relating to the project.

At the fourth meeting of the Committee of International Payments Experts from COMESA Central Banks held on 14 and 15 October 2002 in Harare, Zimbabwe, two types of payment systems that could consummate cross-border payments, that is, netting (bilateral and/or multilateral) system or a Real Time Gross Settlement (RTGS) basis were examined. The multilateral netting system requires only a modest amount of liquidity but defer funds availability to the beneficiary until after the settlement has been completed. Further, the inability of any one participant to complete its share of the settlement can have a significant impact if there are no proper safeguards established beforehand. The RTGS system requires more liquidity but assures that beneficiaries may access their funds immediately upon advice of the transaction. Further, with RTGS system, central banks may provide an intra-day liquidity facility to prevent any gridlock.

All payments in local currencies will be converted to a 'settlement currency', based on a fixed daily rate, for transfer between countries. The imbalances in the settlement currency will be settled on a daily basis through a settlement agent.

The Committee of International Payment Experts also agreed that work needs to be undertaken in the following areas:

- **Setting up of a Trust Fund**

To ensure timely completion of daily settlements in the event of an inability of some participants to settle. The Secretariat will, in this context, prepare a report on the setting up and utilisation of a Trust Fund for collateralisation that will be used as safeguard.

- **Legal environment**

The general legal infrastructure (laws on contracts, payments, securities, banking, insolvency) as well as specific statutes and

agreements, like payment system rules will need to be examined for each country. Issues relating to finality of transfers, use of collateral, legality of multilateral netting, bank failures and the zero hour rule, the legal status of electronic signatures and the drafting of model legislation for cross-border payments and settlement will have to be addressed.

Member Central Banks were contacted to provide the COMESA Clearing House with information relating to their legal environment. A checklist compiled by the Clearing House for use by the central banks was circulated.

● **Business Process**

The Consultants who prepared the Comparative Study on RTGS and Multilateral Netting Systems would work out detailed business process, including the types of messaging to be used, costing and cost recoveries, the methodology to be used, the timing of the project, project execution and risk.

At the fifth meeting of the Committee of the International Payment Experts from COMESA Central Banks held on 28 and 29 April 2003 in Harare, Zimbabwe, the major deliberations of the meeting focused on the following areas:

Process and transaction flows under REPSS.

The current deal making between an exporter and an importer including the contractual arrangements and payment terms would remain the same. However, as an alternative to using correspondent banks to complete the financial transaction, which is considered to be time consuming and expensive, COMESA is proposing, as a second option, to use an inter-country credit transfer system for clearing and settling cross border payments. The proposed system would involve commercial and central banks of the importers' and exporters' respective countries. Letter of Credit must be drawn in the currency of the exporter at all times and must indicate that settlement is to be effected over the REPSS.

The roles and responsibilities of commercial banks, central banks and COMESA Clearing House with regard to processing and settlement of transactions.

The commercial bank (Exporter) will, after ensuring that all conditions for a drawing under

the Letter of Credit have been met, forward a message to the commercial bank (Importer) requesting them to initiate payment in terms of the Letter of Credit for the amount of the drawing.

The Central Bank (Importer) will receive a payment/settlement instruction from the commercial bank (Importer) requesting payment/settlement over the National Payment System advising details of the beneficiary Central Bank (Exporter) and commercial bank (Exporter) and that payment/settlement is to be processed over REPSS.

COMESA Clearing House will receive a payment/settlement message from the Central Bank (Importer) requesting payment /settlement over REPSS in favour of Central Bank (Exporter).

Management of risks in REPSS.

Risks in payment systems arise from many sources and require banks participating in a payment system to move beyond the boundaries of conventional thinking and to put in place structures, which take a holistic view of risk and its management.

Legal issues.

A degree of uniformity in each participant country's legal framework covering electronic payment and settlement is essential.

Other issues that were discussed are:

- Setting up of National Workshop Groups.
- User requirements documents.
- Setting up of a Trust Fund or other alternatives.

VII. INTERNATIONAL ECONOMIC DEVELOPMENTS

Output Growth

World output, which grew by 3.0 per cent in 2002 according to the World Economic Outlook of the International Monetary Fund, is expected to continue to recover in 2003 albeit at a relatively subdued growth rate of 3.2 per cent. The slowdown in world economic growth noted in the closing months of 2002 persisted during most of the first half of 2003. Geopolitical tensions over the Iraq war in early 2003, which threatened to stall world economic growth by undermining business and consumer confidence as well as pushing up oil prices, turned out to be short-lived although lingering security worries still remain. The pace of world growth is likely to strengthen in the second half of 2003 given that both the Federal Reserve in the United States and the European Central Bank (ECB) in the euro zone still have room for manoeuvre on interest rates should their respective economies show signs of fatigue. The United States, in addition, has some flexibility on the fiscal side relative to euro zone national governments, which are constrained by the EU Stability and Growth Pact.

Output growth in the advanced economies, on average, recovered from 1.0 per cent in 2001 to 1.8 per cent in 2002 and is expected to post the same growth rate in 2003. In 2002, the United States, the world's largest economy, expanded at a rate of 2.4 per cent after a near-zero growth rate of 0.3 per cent in 2001. Consumer and, to a lesser extent, business spending, the key drivers of the US economy, which recovered strongly in the first half of 2002 relatively to 2001, slowed down significantly in the fourth quarter of 2002. A combination of factors, namely, falling consumer sentiment, lower equity prices, rising unemployment, and ample excess capacity adversely affected consumer and business spending. Hit by geopolitical tensions over the impending Iraq conflict and harsh winter conditions, output growth in the United States remained quite weak in early 2003, with GDP growing by 1.4 per cent in the first quarter of 2003, falling short of market expectations. Looking ahead to the second half of 2003, a number of favourable factors, namely, strong productivity growth, accommodative interest rates and US tax cuts are likely to gradually improve

consumer and business spending and enable the United States to grow by an expected 2.6 per cent in 2003. However, lingering downside risks to the growth picture still remain with the current account deficit and the fiscal deficit projected, respectively, at 5.1 per cent of GDP and 6.0 per cent of GDP in 2003.

The slowdown in the euro area was deeper and more prolonged than earlier expected, although recent indicators, notably the increase in equity prices and in business confidence, may indicate an improvement in economic prospects. Growth in the euro area declined from 1.5 per cent in 2001 to 0.9 per cent in 2002 and is projected to fall further to 0.5 per cent in 2003, down from a previous forecast of 1.1 per cent. Within this overall picture, growth prospects in Germany and France, the two largest economies of the euro zone, are expected to remain lacklustre. Germany, once seen as the locomotive of European growth, has been the key underperformer, posting an anaemic growth of 0.2 per cent in 2002, its slowest growth rate in nine years. Germany's stagnation still remains a concern, as there is no evidence to suggest that a turnaround is near. While industrial production and retail sales continue to slump, the jobless rate is at a 3-year high and the financial sector under increasing strains. Against this background, Germany is expected to stagnate in 2003. Weak consumer confidence and soft labour market conditions continue to plague the French economy, which is expected to grow at a rate of 0.5 per cent in 2003 compared to 1.2 per cent recorded in 2002. In Italy, economic activity is expected to expand by 0.4 per cent in 2003. Spain, Belgium and Luxembourg are likely to post stronger growth rates while Austria and Finland are expected to register a lower growth rate in 2003 than a year ago. Portugal and Netherlands are expected to contract in 2003. Ireland, which posted a growth rate of 6.9 per cent in 2002, is projected to grow at a mere 1.0 per cent in 2003. On a more positive note, Greece is projected to perform better than its bigger counterparts with a growth rate of 4.0 per cent in 2003. Structural reforms remain key to improving the euro area's economic performance, including meeting the challenges that an ageing population will imply for longer-term fiscal positions, labour supply and economic growth.

In the United Kingdom, the economy is expected to grow at a rate of 1.7 per cent in 2003, down from 1.9 per cent in 2002. Growth in the

United Kingdom weakened in the first half of 2003, reflecting a slowdown in investment and, to a lesser extent, private consumption as well as a deterioration of external demand. Soaring house price inflation, which was a concern in 2002, seemed to have abated and that enabled the Bank of England to ease its monetary policy stance in February 2003 to stimulate external and domestic demand. Recent data have indicated that the British economy remains in good shape and growth is on an uptrend. Public sector demand should remain strong with the massive government expenditure on public services, while the labour market has been resilient with continuing low unemployment and relatively stable growth in earnings.

The Japanese economy is expected to expand at a higher rate of 2.0 per cent in 2003, up from 0.2 per cent in the preceding year. Real GDP slowed in the fourth quarter of 2002 to 0.5 per cent quarter-on-quarter, down from 0.7 per cent in the third quarter of 2002, reflecting a sharp drop-off in consumption growth and a draw-down in inventories. The rise in the Japanese yen during the second half of 2002 slowed exports, causing a lot of concern for the Japanese authorities as consumer and business spending were not picking up. An improved external environment and the pickup in stock prices together with an upward revision to the first quarter 2003 GDP led to sizeable increases in growth projections. Although risks have become more balanced, the outlook remains clouded by entrenched deflation and by persistent weaknesses in corporate, financial and public sector balance sheets. Other risks include the impact of a sustained appreciation of the Japanese yen on corporate profits, investment, deflation and net exports.

Growth in developing countries, as a group, is expected to pick up from 4.6 per cent in 2002 to 5.0 per cent in 2003. Different regions and countries, however, would be characterised by different growth patterns. The Latin American region, which experienced a contraction of 0.1 per cent in economic activity in 2002, is expected to rebound and post a growth rate of 1.1 per cent in 2003. This is due to recent signs of a pickup in activity in much of Latin America and the improvement in market sentiment although the situation in some countries of the region still remains somewhat difficult. Brazil, the region's largest economy, witnessed sluggish growth in 2002 owing to weak internal demand and output growth is expected to remain unchanged at 1.5 per cent in 2003. However, the

newly elected government has pledged to maintain macroeconomic stability and fiscal discipline. In Argentina, where output has fallen almost 20 per cent below the 1998 levels, growth contracted by 10.9 per cent in 2002 but is expected to recover to a rate of 5.5 per cent in 2003. In Venezuela, the ongoing political crisis disrupted oil production and increased uncertainties in the non-oil sector. Real GDP fell sharply in the second half of 2002, resulting in growth contracting by 8.9 per cent for the year 2002 as a whole. Despite the recent resolution regarding oil issues, real GDP is expected to shrink by a further 16.7 per cent in 2003. Relatively strong economic performances are, however, expected in Mexico and Chile in 2003, underpinned by generally sound policies and a high degree of integration with the world economy.

Prospects for emerging Asia, which includes developing Asia, the newly industrialised Asian economies and Mongolia, remain favourable in 2003, with aggregate growth projected at 5.9 per cent compared to last year's 6.2 per cent. However, the 2003 growth outlook in the region was clouded by the adverse impact of the Severe Acute Respiratory Syndrome (SARS) outbreak on Mainland China and newly industrialised Asian countries. The SARS outbreak severely disrupted the transportation and tourism sectors and its impact was felt mostly on those economies for which tourism constitutes an important sector of activity. In 2002, the solid growth experienced by emerging Asia was mainly driven by China's membership of the World Trade Organisation (WTO), which contributed in boosting up intraregional and interregional trade. Moreover, the transfer of foreign production facilities to China stimulated investment spending. With a growth rate of 8.0 per cent in 2002, China's demand for imports from other economies in the region has been consistently strong. In the first quarter of 2003, China's economy grew at a staggering 9.9 per cent, its fastest pace in six years. However, in the second quarter of 2003, growth decelerated to 6.7 per cent, hitting a 12-year low, mainly on account of the SARS epidemic. Additionally, downside risks posed by falling prices, with an inflation rate of -0.8 per cent in 2002, seem to have abated and an inflation rate of 0.3 per cent was recorded in June 2003. For 2003, the Chinese economy is expected to grow by an overall 7.5 per cent.

Growth in Africa is expected to pick up from 3.1 per cent in 2002 to 3.7 per cent in 2003.

Although prospects vary across individual countries, continued macroeconomic policy strengthening, global recovery and higher nonfuel commodity prices are likely to support the economic outlook for 2003 in the region. Yet, some downside risks to the growth picture, namely, adverse climatic conditions and the security situation in West Africa, could still derail Africa's economic recovery. Within the Sub-Saharan African region, which is projected to post a higher growth rate of 3.6 per cent in 2003 from 3.1 per cent in 2002, all countries, with the exception of Ethiopia, Ivory Coast, and Zimbabwe, are expected to register positive growth rates.

Across the Middle East region, real GDP growth is projected at 5.1 per cent in 2003 compared to 3.9 per cent in 2002. Oil exporting countries, supported by higher oil prices and production combined with the continued global recovery, are expected to grow at a faster rate of 6.0 per cent in 2003 from 4.5 per cent in 2002. However, lingering geopolitical tensions and security concerns in the area have seriously constrained the growth in the tourism sector in many oil-importing countries, since it constitutes an important source of revenue. If these tensions were to persist for the rest of 2003, GDP growth could be adversely affected.

GDP growth in the transition economies remains solid and is projected at 4.9 per cent in 2003 compared to 4.2 per cent in 2002, though delays in implementing reforms in Russia have weakened investment prospects. In Central and Eastern Europe, GDP growth continues to be underpinned by strong foreign direct investment inflows as European Union accession nears, offsetting the impact of weaker euro area demand.

Inflation

With global inflation currently at low levels and considerable excess capacity in both the United States and the euro area, the inflation outlook is expected to remain benign. Consumer price inflation in the advanced economies declined to 1.5 per cent in 2002 from 2.2 per cent in 2001 and is expected to remain tame in 2003 although increasing to 1.8 per cent. Inflation in the United States is projected to rise to 2.1 per cent in 2003. But, as oil prices declined from peaks attained during the Iraq war, inflation pressures in the US abated and reached 2.1 per cent, the lowest level in nine months, in June 2003, thereby raising

concerns that the United States might be at risk of deflation.

In the euro zone, inflation, measured using the harmonised index of consumer prices (HICP), is expected to decline to 2.0 per cent in 2003, helped partly by a stronger euro. In June 2003, euro zone year-on-year inflation rate hit the target of 2.0 per cent set by the ECB. However, within the euro zone, inflation rates continued to vary widely across individual countries. Germany, already stuck with stagnation, runs a high risk of being caught in a deflationary trap. In a bid to guard against the risk of deflation, the ECB reviewed its monetary policy strategy in the second quarter of 2003 by formally stating that in its pursuit of price stability, it would aim to maintain inflation close to 2.0 per cent instead of a range between zero and 2.0 per cent.

In the United Kingdom, RPIX inflation, that is, inflation measured from retail price index excluding mortgage interest, is expected to rise above the government-set target of 2.5 per cent to reach 2.8 per cent in 2003. The Bank of England had already anticipated that RPIX inflation would overshoot its target in the near term before dropping down to around target over the policy horizon. Temporary factors, such as higher council taxes, not warranting any drastic policy change were the key drivers to RPIX inflation overshooting its target.

Among the major industrial nations, Japan has been experiencing sustained deflation for the past four years. Low prices in China and other Asian emerging markets have given rise to concerns that deflationary pressures could be transmitted across countries through trade, corporate and financial linkages.

Interest Rates

With subdued inflationary pressures, monetary policy in the major industrial countries has remained to a large extent accommodative in 2002 since the substantial general policy easing of 2001. For most of 2002, the US Federal Reserve left its key interest rate unchanged at its lowest level in four decades at 1.75 per cent. On 6 November 2002, against the backdrop of weaker-than-expected growth in part attributable to heightened geopolitical tensions, the US Federal Reserve, while adopting a neutral bias, reduced the federal funds rate by 50 basis points to 1.25 per cent. However, at its Federal Open Market Committee (FOMC) meeting of 6 May 2003, US

polymakers cited a possible "unwelcome substantial fall in inflation" and indicated that it was prepared to cut rates again to ward off further economic weakness. As widely expected, on 25 June 2003, the Fed concluded its two-day FOMC meeting by cutting its federal funds rate by 25 basis points to a 45-year low of 1.00 per cent.

In the euro zone, the ECB, amid deteriorating growth prospects and concerns about inflationary pressures, maintained its key refinancing rate unchanged at 3.25 per cent until its interest rate setting meeting of 6 December 2002. Against the backdrop of an easing of price pressures partly helped by the appreciation of the single currency, the ECB surprised markets with a hefty 50 basis points rate cut. Another subsequent reduction of 25 basis points in the key refinancing rate to 2.50 per cent came in early March 2003 as the impact of the global slowdown, amid deepening geopolitical tensions, became more pronounced. Despite the weak economic recovery in the euro zone, the ECB resisted calls to cut interest rates further, arguing that factors other than interest rates, namely, lack of confidence and structural rigidities were mostly to blame for the gloomy outlook. On 5 June 2003, however, amid signs of economic stagnation in the region, falling inflation and a soaring euro, the ECB cut its key refinancing rate by 50 basis points to 2.0 per cent. In the United Kingdom, even though inflation was above its target, the Bank of England, on 6 February 2003 eased, for the first time since November 2001, its key repo rate by 25 basis points to 3.75 per cent, its lowest level since 1955, stating that signs of economic weakening were present.

In Japan, monetary policy continued to remain accommodative with interest rates at near-zero levels. The Bank of Japan opted for quantitative easing, including increasing the bank reserves targets in late 2002 and outright purchases of government bonds. However, despite these efforts, prices continued to decline and the Bank of Japan has since been considering alternative policy routes. On present trends, the easing of the monetary policy stance in Japan is likely to continue although the Bank of Japan's policy options seem limited.

Exchange Rates

Against the backdrop of the uncertain growth outlook amid increasing geopolitical tensions, the US dollar, on average, weakened against major

currencies in 2002-03 as investors reassessed the downside risks to the US economy on concerns over the emergence of a fiscal deficit and the ballooning current account deficit. Despite uninspiring economic data for the euro zone, the single currency rose strongly against the US dollar and, on average, managed throughout fiscal year 2002-03, to break key support levels. During May and June 2003, the euro breached its January 1999 launch level of US\$1.1747, even reaching a record high of US\$1.1935 on 27 May 2003, in New York trade. Much of the euro's strength has been attributed to its safe haven status comforted by the external balance surplus of the euro zone and to the interest differential in favour of the single currency. Despite weak prospects for the Japanese economic recovery in early 2003, the fragile state of the financial sector and aggressive yen-selling intervention by the Bank of Japan, the yen on average strengthened against the generally weak US dollar. On average, the Pound sterling trended upward against the US dollar between July 2002 and January 2003. Following the Bank of England surprise rate cut in early February 2003 compounded by gloomy UK economic data, it weakened until April 2003 when it resumed its uptrend to close the fiscal year strongly against the US dollar.

Balance of Payments

The US current account deficit widened further from 3.9 per cent of GDP in 2001 to 4.6 per cent of GDP in 2002 and is projected to worsen to 5.1 per cent of GDP in 2003 despite the decline in the external value of the US dollar. With US interest rates already low and equity markets weak in early 2003, investors have fretted over whether the rest of the world would still be willing to finance the gap. Reflecting the growing US current account deficit, there has been a correction in the foreign exchange markets with the depreciation of the US dollar. Although US officials have indicated that at current levels the US dollar was helping US exports, it is not clear whether a US dollar correction on its own would be sufficient to reverse the trend given the scale and nature of the US current account deficit. In the United Kingdom, the current account deficit fell from 1.3 per cent of GDP in 2001 to 0.9 per cent of GDP in 2002 and is expected to widen slightly to 1.0 per cent in 2003 as divergence remained between the domestically-oriented and the externally-exposed sectors. The recent realignment of the Pound in nominal effective terms is somewhat

expected to boost export volume growth relative to imports. In contrast, Japan has experienced a relatively large and stable current account surplus over the past years. In 2003, Japan is expected to post a current account surplus of 2.9 per cent of GDP. In the euro area, the current account is expected to post a surplus of 0.8 per cent of GDP in 2003 compared to a surplus of 0.9 per cent of GDP in 2002.

Budget Deficit

The sluggish economic recovery in the major advanced economies coupled with historically low interest rates have prompted national governments to do more on the fiscal side to stimulate economic growth. In the United States, fiscal stimuli took the form of increased spending and tax reductions. From a surplus in 2000, the fiscal position in the United States deteriorated to a relatively sizeable deficit of 0.7 per cent of GDP in 2001 and 3.8 per cent of GDP in 2002. With the latest budget proposals, the United States is expected to incur a higher budget deficit of 6.0 per cent of GDP in 2003. The fiscal deficit of the euro area rose to 2.3 per cent of GDP in 2002, with Germany and France breaching the 3.0 per cent limit of the EU Stability and Growth Pact. In 2003, the euro area fiscal deficit is expected to reach 3.0 per cent of GDP with fiscal deficit in Germany and France projected at around 3.9 per cent and 4.0 per cent of their respective GDP. While fiscal stimulus helped to support growth in the United Kingdom, the budget deficit is expected to widen from 1.3 per cent of GDP in 2002 to 2.5 per cent of GDP in 2003. In Japan, the budget deficit is projected to decline modestly in 2003 to 7.4 per cent of GDP from 7.5 per cent in 2002, but mounting public debt remains a problem.

Oil

Oil prices experienced a sustained upward pressure during fiscal year 2002-03, reflecting mainly the heightened geopolitical risk and uncertainty prevailing in the Middle East. The war prospects in Iraq implied a significant war premium in the crude oil price as market fears about severe disruptions in oil supply were factored into the crude oil futures market. Market apprehensions about distortions in the world crude oil supply balance arising out of the regional security tensions in the Gulf was exacerbated by a damaging strike in Venezuela, the world's fifth crude oil exporter. The

strike, which stretched from December 2002 to January 2003, drastically reduced Venezuela's oil output from 3.1 million barrels per day to below 50,000 barrels per day at its lowest point in December 2002, and by May 2003, output was still 300,000 barrels below the optimum level, or 2.8 million barrels per day. Iraq's output, which was estimated at 2.8 million barrels per day before the war in March 2003, hardly exceeded 0.5 million barrels per day by June 2003. A climate of social unrest also prevailed in Nigeria (OPEC's fifth largest producer) for the first six months of 2003, and sporadic acts of terrorism in Saudi Arabia, OPEC's top producer, injected nervousness into the world oil market. The trends in international oil prices in 2002-03 are further elaborated in Box 6.

Gold

The COMEX gold futures market reflected world economic and geopolitical developments, which influenced the oil markets. Gold, the so-called war commodity, tends to be scooped up by nervous investors ahead of armed conflicts to protect against a falling currency and weakening stock market indices. COMEX gold futures average registered a US\$43.6/Oz. premium in fiscal year 2002-03 compared to 2001-02. As at July 2002, COMEX gold held a US\$45/Oz. premium compared to July 2001. This premium widened in December 2002 to US\$57/Oz., and peaked to US\$75/Oz. in January 2003, as the war scenario gained credence. Gold moved along a positive correlation path with the risk and uncertainty overhanging the equity markets, which gained impetus during the first three quarters of fiscal year 2002-03. COMEX gold averaged US\$332.9/Oz. for fiscal year 2002-03 compared to US\$289.3/Oz. for 2001-02.

COMEX gold futures benefited significantly from the bullion's status as a safe-haven asset and war insurance during the Iraq War. Given the inflationary impact of higher oil prices, gold also capitalized on its status as an inflation-hedge instrument. Additionally, the weak dollar combined with sluggish equity market indices attracted investment funds into bullion investments. COMEX gold thus developed a positive correlation with the euro, as the European currency overtook the US dollar in the last quarter of 2002, and peaked in May 2003 and June 2003 to its highest level. The euro strength injected an added momentum to gold futures, but by the end of fiscal year 2002-03, gold

detached slightly from its positive correlation with the euro and traded on its own fundamentals.

World Trade

World trade is likely to decline in real terms to 2.9 per cent in 2003 from 3.2 per cent in 2002, after registering a mere 0.1 per cent in 2001. World trade growth will continue to depend heavily on economic developments in the United States. With a turnaround in US consumer and business sentiment expected in the second half of 2003, merchandise imports by advanced economies are projected to grow by 2.9 per cent in 2003 from 2.4 per cent a year earlier. Merchandise exports from the advanced economies are projected to grow at a slower pace of 1.1 per cent in 2003 compared to 2.0 per cent in 2002. For developing countries, however, merchandise imports and exports are projected to grow at 5.3 per cent and 5.0 per cent, respectively, in 2003 from 6.2 per cent and 6.3 per cent, respectively, in 2002.

External Debt

Total external debt of developing countries increased from US\$2,170.2 billion in 2001 to US\$2,191.5 billion in 2002 and is expected to rise further to US\$2,219.2 billion in 2003. The ratio of external debt to GDP, which stood at 40.1 per cent in 2001, rose to 40.9 in 2002 but is projected to fall to 37.7 per cent in 2003 owing to the prospective expansion in economic activity in developing countries as a whole with a pick up in the global economy.

Box 6 International Oil Prices: 2002-03

Notwithstanding the state of the world economy, characterised by sluggish growth in 2002, the world crude oil markets have experienced a turbulent year, overshadowed by geopolitical developments in the Middle East. The climate of uncertainty around Iraq translated into a "war premium" on crude oil prices for the second half of 2002 and first quarter of 2003, as Western countries announced plans to boost the build-up of their strategic oil reserves.

The table below summarises the trends in international crude oil (monthly average) futures oil prices for fiscal years 2000-01, 2001-02 and 2002-03. The period July 2002 to September 2002 witnessed a sustained upward pressure on world oil prices as regional security considerations in the Middle East, relating to the United Nations's arms inspections in Iraq, added to market concerns about the already tight balance between the global oil demand and supply.

Whilst the oil futures market fundamentals were still edging on a war psychology during the fourth quarter of 2002, the world oil market experienced further volatility stemming from the potential supply disruption arising out of a major oil strike during December 2002 in Venezuela, which supplies, on average, 13 per cent of US crude and refined petroleum products. The sustained upward pressure on the spot and futures oil markets was exacerbated by depleting US fuel inventories, especially in heating oil stocks due to the extreme weather conditions during the winter season in the Northern Hemisphere. By February 2003, the "war premium" peaked as NYMEX (New York Mercantile Exchange trading US West Texas Intermediate crude oil) monthly average crude oil futures price reached US\$35.8 a barrel compared to US\$20.8 a barrel in February 2002.

World oil prices softened in March 2003, as investment hedge funds disinvested from crude

Movements in World Oil Prices (Monthly Average)

| (US\$ per barrel) | | | | | | |
|---------------------|---------------|-------------|-------------|-------------|-------------|-------------|
| | IPE Brent Oil | | | NYMEX Oil | | |
| | 2000-01 | 2001-02 | 2002-03 | 2000-01 | 2001-02 | 2002-03 |
| Jul | 29.3 | 24.7 | 25.7 | 29.6 | 26.5 | 26.9 |
| Aug | 31.0 | 25.7 | 26.4 | 31.1 | 27.3 | 28.2 |
| Sep | 33.8 | 25.9 | 28.3 | 33.9 | 26.0 | 29.7 |
| Oct | 31.2 | 20.5 | 27.6 | 32.9 | 22.3 | 28.7 |
| Nov | 32.9 | 18.5 | 24.2 | 34.2 | 19.7 | 26.2 |
| Dec | 28.0 | 18.6 | 28.2 | 28.4 | 19.4 | 29.4 |
| Jan | 25.9 | 19.5 | 31.4 | 29.2 | 19.8 | 32.7 |
| Feb | 27.6 | 20.2 | 32.4 | 29.7 | 20.8 | 35.8 |
| Mar | 24.5 | 23.6 | 29.7 | 27.3 | 24.4 | 33.2 |
| Apr | 25.6 | 25.7 | 22.4 | 27.6 | 26.3 | 26.7 |
| May | 28.2 | 25.5 | 25.4 | 28.7 | 26.9 | 28.0 |
| Jun | 27.9 | 24.6 | 27.3 | 27.6 | 25.6 | 30.5 |
| July to June | 28.8 | 22.8 | 27.4 | 30.0 | 23.7 | 29.7 |

Note: (i) IPE is the International Petroleum Exchange in London, trading benchmark North Sea Brent Crude.
(ii) NYMEX is the New York Mercantile Exchange, trading WTI (West Texas Intermediate) US crude.

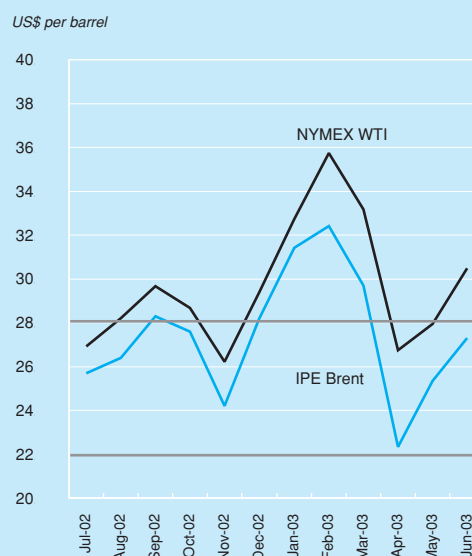
oil markets in anticipation that the military intervention in Iraq was going to be prompt. The market perception shifted towards the view that the war would be contained without any collateral impact on oil flows from the Middle East as a whole, which is the supplier of 40 per cent of the world's oil exports. As the war materialised on 20 March 2003, the oil market experienced profit-taking, which subsequently wiped off most of the previous gains, and the war premium component eroded.

During the second quarter of 2003, the Iraqi oil industry was still plagued by technical problems related to deteriorated oil infrastructure, sabotage and looting of key oil, electricity and water infrastructure in random attacks across Iraq. Energy economists estimated that US\$40 billion of investment over the next five years was required just to bring production to pre-war levels of around 2.5 million barrels per day. Approximately US\$30 billion to US\$35 billion was required to develop existing but unproduced fields, and rejuvenate older fields, along with an estimated US\$4 billion to US\$5 billion needed to repair damaged fields, and US\$2 billion to US\$3 billion for new export facilities.

Iraqi crude oil output and export levels, net of domestic consumption, are crucial to the world oil demand-supply balance, and, hence, have major geopolitical and geostrategic implications for the power and influence of OPEC on the world economy. Iraqi oil production stood within the 700,000 to 750,000 barrels per day range during the second quarter of 2003 (in the post-Iraqi war period), and given Iraq's domestic oil consumption requirements of 500,000 barrels per day, Iraq was struggling to reach 1.0 to 1.2 million barrels per day to accommodate export levels of around 750,000 barrels per day.

It was expected that OPEC might not need to lower its crude output ceiling and quotas so as to make room for Iraq until the fourth quarter of 2003. Following delays in Iraq's output reaching its pre-war level, low US stocks for the first six months of 2003 and futures prices in the upper end of the OPEC basket price range of US\$22 to US\$28, OPEC maintained its output level of 25.4 million barrels per day until its

Movements in Futures Oil Prices: 2002-03



Note: US\$22-US\$28 is the price range for the OPEC basket of seven crudes.

emergency meeting of 31 July 2003 in Vienna. The continued state of lawlessness in Iraq was expected to delay the resumption of significant oil volumes well into the third quarter of 2003, and beyond. The target of restoring Iraqi oil output to 1.5 million barrels per day by the end of July 2003, and that of re-establishing the pre-war production capacity of 2.5 million barrels per day by the end of 2003, appeared increasingly remote.

Another factor supporting crude oil prices was the level of US crude oil stocks, which had remained relatively low in the first six months of 2003, despite record import levels of around 10 million barrels per day. The low crude oil stocks level was accounted for by the fact that crude oil imports were immediately converted into refined products. Additionally, when crude oil import levels were soaring, refinery output was at a 96 per cent capacity while crude oil stocks were the last to be replenished. The US summer driving season was expected to trigger a peak in the US gasoline demand, and pressurise oil prices as from June 2003.

The chart above shows the movement in oil prices for the period July 2002 through June 2003.

By April 2003, NYMEX monthly average crude oil price stood at US\$26.7 a barrel, almost at par with the April 2002 NYMEX monthly average price of US\$26.3 a barrel. Crude oil futures were still edging near the upper end of the OPEC basket price of seven crudes at US\$28 a barrel on average in May 2003 and extended beyond the OPEC basket price corridor of US\$22-US\$28 a barrel in June 2003, when NYMEX oil futures averaged US\$30.5 a barrel. It is noteworthy that during fiscal year 2002-03, NYMEX monthly average crude oil price only kept within the OPEC basket price range on three occasions, namely, in July 2002, November 2002 and April 2003.

For fiscal year 2002-03, NYMEX averaged US\$29.7 a barrel compared to US\$23.7 a barrel in 2001-02. The IPE Brent averaged US\$27.4 a barrel in fiscal year 2002-03 compared to US\$22.8 a barrel in 2001-02.

The price of OPEC's basket of seven crudes averaged US\$30.5 a barrel for the first quarter of 2003, US\$25.85 a barrel for the second quarter of 2003 and US\$27.8 a barrel for fiscal year 2002-03. The OPEC basket annual average price for 2001 and 2002 stood at US\$23.1 a barrel and US\$24.4 a barrel, respectively.

Global oil demand grew by only 0.5 per cent in 2002, driven mainly by the recovery in North America, and the increase in demand in China and in several other East Asian countries. Global oil demand growth of 1.4 per cent (equivalent to an additional 100,000 barrels per day) to 1.0 million barrels per day, was forecast for 2003. This increase was attributed to the unusually cold weather in early 2003, inclusive of an additional 100,000 barrels per day, which were required as a result of lost nuclear generating capacity in Japan. Crude oil demand exceeded supply by around 0.1 million barrels per day in 2001 and 0.7 million barrels per day in 2002. In the first quarter of 2003, oil demand exceeded supply by 0.5 million barrels per day in contrast to a shortfall of 1.7 million barrels per day in the second quarter of 2003.

As US crude oil stocks rose towards a normal level of tolerance, OPEC was expected to react either by foregoing market share, or by accommodating a lower price range. It was estimated that even if Iraq managed to produce a relatively bullish 2.1 million barrels per day in the fourth quarter of 2003, OPEC would be expected to cut its output to 24 million barrels per day from its June 2003 level of 25.4 million barrels per day to stabilise prices around the OPEC basket of seven crudes mid-range price of US\$25 per barrel.

Non-OPEC oil production was 47.7 million barrels per day in 2002 compared to 47.0 million barrels per day in 2001, and has been estimated to remain at around 49.0 million barrels per day in 2003. Russia, being a leading independent producer and exporter, plans to boost output and win a bigger market share in the long run, but favours price stability in the short term, to avert sharp price fluctuations which may hinder prospects for the world's economic stability.

Developments during fiscal year 2002-03 clearly illustrated the incidence of geopolitical uncertainties in oil producing regions on the world's oil demand-supply balance, and, the ensuing heightened volatility in world crude oil prices arising out of security of supply considerations for major world economies, namely, for the largest oil consuming economy globally, the US.



2 Regulation and Supervision

The Bank of Mauritius regulates and supervises Category 1 and Category 2 banks and non-bank deposit-taking financial institutions under the provisions of the Banking Act 1988 and the Bank of Mauritius Act. Money-changers and foreign exchange dealers also fall under the purview of the Bank of Mauritius in accordance with the provisions of the Foreign Exchange Dealers Act 1995.

The regulatory and supervisory functions exercised by the Bank include:

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

In line with best international practice, the Bank is committed to the implementation of the 25 Core Principles for Effective Banking Supervision set by the Basel Committee on Banking Supervision (BCBS). The Core Principles provide an internationally agreed framework for effective banking supervision.

In November/December 2002, a joint team from the International Monetary Fund (IMF) and the World Bank assessed the financial sector of Mauritius against those Core Principles under a Financial Sector Assessment Programme (FSAP). Progress made in the implementation of supervisory practices in the banking sector was acknowledged.

During 2002-03, the Bank continued to reinforce the regulation and supervision of banks and the deposit-taking activity of non-bank financial institutions. In this respect, the following Guidelines and Guidance Notes were issued to the banking sector:

1. Guidelines on Transactions or Conditions respecting Well-being of a Financial

Institution reportable by the External Auditor to the Bank of Mauritius;

2. Guidelines on Public Disclosure of Information; and
3. Guidance Notes on Anti-Money Laundering.

Changes have been brought to the legislation governing the financial sector with regard to Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT). Technical assistance has been obtained from the IMF with a view to improving and facilitating the exchange of information among the different Law Enforcement Agencies involved in Anti-Money Laundering and Combating the Financing of Terrorism and effect given to the recommendations in this respect.

As at end-June 2003, ten banks holding Category 1 Banking Licences (Category 1 banks), twelve banks holding Category 2 Banking Licences (Category 2 banks) and fourteen non-bank deposit-taking institutions were authorised to operate in Mauritius. In addition, five money-changers and four foreign exchange dealers were operating as at that date.

In November 2002, Barclays Bank PLC acquired the banking activities of Banque Nationale de Paris Intercontinentale (BNPI) with a view to strengthening its presence in Mauritius. BNPI surrendered its Category 1 and Category 2 banking licences to the Bank of Mauritius and ceased its banking operations with effect from 5 December 2002. In May 2003, the Bank of Mauritius gave its approval to the merger between New Co-operative Bank Limited and Mauritius Post Office Savings Bank to form Mauritius Post and Cooperative Bank Ltd.

With effect from 16 June 2003, African Asian Bank Limited, a Category 2 bank, ceased its operations and the surrender of its banking licence is now pending finalisation. Two additional money-changers, namely, Max & Deep Co. Ltd and Gowtam Jootun Lotus Ltd, were authorised to carry on the business of money-changer as from 9 August 2002 and 28 November 2002, respectively. Two non-

bank deposit-taking institutions, Mauritian Eagle Leasing Company Limited and La Prudence Leasing Finance Co. Ltd, were granted authorisation to carry on deposit-taking business in Mauritius with effect from 2 October 2002 and 31 March 2003, respectively.

A list of authorised banks, non-bank deposit-taking financial institutions, money-changers and foreign exchange dealers as at 30 June 2003 is shown in Appendix VI.

MCB/NPF

On 14 February 2003, The Mauritius Commercial Bank Ltd (MCB) reported to the Bank of Mauritius that a fraud in the hundreds of millions of rupees had been committed to the detriment of the National Pensions Fund (NPF). The Bank of Mauritius hired the expert assistance of NTan Corporate Advisory Pte Ltd of Singapore to investigate the matter. The MCB was urged to ensure that depositors' interests were duly safeguarded and to pursue its efforts towards strengthening its internal control systems and to take all necessary actions to minimise operational risks. The Bank of Mauritius is monitoring the situation.

Domestic Banking Sector

Banking Activity

The volume of business of Category 1 banks, which constitute the domestic banking sector, continued to grow during 2002-03.

During fiscal year 2002-03, Category 1 banks recorded a growth rate of 14.8 per cent in terms of their on-balance sheet assets, which rose from Rs134,680 million as at end-June 2002 to Rs154,560 million as at end-June 2003, compared to a growth rate of 13.9 per cent in the preceding year. Off-balance sheet items, comprising acceptances, documentary credits and guarantees, increased by 13.1 per cent, from Rs15,081 million as at end-June 2002 to Rs17,052 million as at end-June 2003.

Banks' foreign currency assets rose significantly by Rs2,715 million to reach Rs21,511 million as at end-June 2003. The foreign currency assets represented 13.9 per cent of their total assets as at end-June 2003 compared to 14.0 per cent as at end-June 2002.

Shareholders'/Head Office Funds went up by 12.6 per cent, from Rs12,618 million as at end-June 2002 to Rs14,204 million as at end-June 2003, and accounted for 9.2 per cent of total resources of Category 1 banks as at end-June 2003.

Banks' total advances, including financing by way of subscription to debentures, increased by Rs4,643 million, or 5.7 per cent, from Rs81,242 million as at end-June 2002 to Rs85,885 million as at end-June 2003, compared to a rise of 7.4 per cent in the preceding year. The ratio of total advances to total assets stood at 55.6 per cent as at end-June 2003 compared to 60.3 per cent as at end-June 2002.

Total deposits of Category 1 banks went up by Rs12,050 million, or 11.6 per cent, from Rs103,773 million as at end-June 2002 to Rs115,823 million as at end-June 2003, compared to a growth rate of 12.3 per cent in the previous year. Deposits accounted for 74.9 per cent of banks' total funds as at end-June 2003 compared to 77.1 per cent as at end-June 2002.

Banks' investment in Treasury Bills and other Government securities grew significantly by Rs10,659 million, or 47.3 per cent, from Rs22,519 million as at end-June 2002 to Rs33,171 million as at end-June 2003. As a proportion of banks' total assets, such investment increased from 16.7 per cent as at end-June 2002 to 21.5 per cent as at end-June 2003.

Banks' investment in equity and quasi-equity of other companies went up significantly, from Rs1,985 million as at end-June 2002 to Rs2,736 million as at end-June 2003, and represented 1.8 per cent of their total assets as at end-June 2003.

Institutional Developments

Given the increasing pace of development in the field of information technology during 2002-03, banks further upgraded their information technology infrastructure. Plastic money, in the form of credit and debit cards, is currently provided by six banks while phone banking facilities are offered by four banks. Some banks are presently providing internet banking services through their web sites with the approval of the Bank of Mauritius.

Customers have been making increasing use of the upgraded technology infrastructure. The number of customers making use of internet

banking rose significantly from 6,558 at the end of June 2002 to 9,803 at the end of June 2003 while the number of customers using phone banking registered a slight increase from 72,575 to 72,858 over the same period.

Between end-June 2002 and end-June 2003, the number of Automated Teller Machines (ATMs) in operation in Mauritius increased by 15, from 242 to 257, and the number of cards in circulation went up by 102,807, from 750,260 to 853,067, respectively. The monthly average number of transactions involving the use of credit cards, debit cards, ATMs and Merchant Points of Sale amounted to 2.0 million for a total value of Rs3,290 million in 2002-03 compared to a monthly average of 1.8 million for a total value of Rs2,853 million in 2001-02. Outstanding advances on credit cards rose from Rs732 million as at end-June 2002 to Rs807 million as at end-June 2003.

Legislative Changes and Regulatory Measures

Relevant legislative changes effected during the year under review and regulatory measures taken to enhance the operational efficiency of financial institutions are set out below:-

Legislative Changes

The following enactments were amended by the Finance Act 2002.

(i) **The Banking Act 1988**

The definitions of "class A banking" formerly domestic banking and "class B banking" formerly offshore banking were amended to "category 1 banking" and "category 2 banking" respectively and accordingly a corresponding change in the definitions of "Class A Banking Licence" to "Category 1 Banking Licence", "Class B Banking Licence" to "Category 2 Banking Licence" and "class B banking transactions" to "category 2 banking transactions" was effected.

The definition of "related corporation" in the Banking Act was deleted and, in line with the Companies Act 2001, replaced by that of "related company".

By virtue of the addition of a new subsection (5) after section 22 subsection (4), banks were, for the purpose of participating in the equity

capital of enterprises, permitted to set up or participate in equity funds approved by the Financial Services Commission with the proviso, however, that the capital adequacy requirements imposed by the Bank of Mauritius from time to time are not impaired by such investments.

(ii) **The Companies Act 2001**

The definition of "International Accounting Standards" in section 2(1) of the Companies Act 2001 was limited to standards issued by the International Accounting Standards Committee and any other entity to which responsibility thereof had been assigned by the Committee and such interpretations issued in respect of those Standards by the International Accounting Standards Committee. It has, by the Finance Act 2002, been deleted and replaced by a new larger definition.

The new definition brings within its four corners, the International Accounting Standards issued by the International Accounting Standards Committee, the International Financial Reporting Standards issued by the International Accounting Standards Board, and any Standards issued by these bodies or their successor bodies and includes the Interpretations of the Standing Interpretations Committee of the International Accounting Standards Committee, the International Financial Reporting Interpretations Committee of the International Accounting Standards Board, and any Interpretations issued by the Interpretations Committees of the above bodies or their successor bodies.

(iii) **The Financial Services Development Act 2001**

Section 33 of the Financial Services Development Act 2001 with respect to confidentiality has been amended to permit the disclosure of information in relation to financial institutions carrying out activities specified in Part II of the First Schedule of the Act, to the Bank of Mauritius and to foreign institutions performing functions similar to those of the Financial Services Commission. The information so disclosed, however, should remain within the precincts of those bodies and should not be revealed to any other party.

Further, the words "Class A Banking Licence" in section 21(2)(a), "Class B Banking Licence" and

"class B banking transactions" in section 42(3) of the Financial Services Development Act 2001 were deleted and replaced by the words "Category 1 Banking Licence", "Category 2 Banking Licence" and "category 2 banking transactions", respectively, in line with the changes brought in that respect, in the Banking Act.

(iv) The Foreign Exchange Dealers Act 1995

The definitions of "domestic bank" and "offshore bank" were deleted in the Foreign Exchange Dealers Act and definitions for "Category 1 banking", "Category 2 banking", "Category 1 Banking Licence" and "Category 2 Banking Licence" inserted and ascribed as having the same meaning as in the Banking Act. Similarly, the definition of "offshore company" was deleted and a definition for "Category 1 Global Business Licence" was inserted and ascribed as having the same meaning as in the Financial Services Development Act 2001.

(v) The Non-Citizens (Property Restriction) Act

The definition of "share" in the Non-Citizens (Property Restriction) Act which was limited to an interest in a company, partnership or société or any other body corporate which holds or purchases or otherwise acquires an immovable property in Mauritius has been enlarged to include:

- (i) a share in a partnership or société or any body corporate which reckons amongst its assets -
 - (A) any freehold or leasehold immovable property in Mauritius; or
 - (B) any share in a company or in a company holding shares in a subsidiary or any share in a partnership or société or any other body corporate, which itself reckons amongst its assets, freehold or leasehold immovable property in Mauritius.
- (ii) a share in a company which reckons amongst its assets -
 - (A) any freehold or leasehold immovable property in Mauritius; or
 - (B) any share in a company holding shares in a subsidiary or any share in a partnership or société or any other body corporate, which itself reckons amongst

its assets, freehold or leasehold immovable property in Mauritius.

No certificate under the Act was required to enable a non-citizen to hold property in virtue of a lease for a term not exceeding in the aggregate, 6 months in a year. The no-certificate requirement has been enlarged to a lease agreement or tenancy agreement for a term not exceeding 20 years.

Further, a new subparagraph (iii) has been added in Section 3(3) of the Act requiring no certificate for a non-citizen or a person not resident in Mauritius to purchase or otherwise acquire an immovable property, a flat or apartment under the Permanent Resident Scheme, or under the Scheme to Attract Professionals for Emerging Sectors or from a company holding an investment certificate in respect of a project under the Integrated Resort Scheme, prescribed under the Investment Promotion Act.

The words "Class B Banking Licence" wherever they appeared in the Non-Citizens (Property Restriction) Act were deleted and replaced by the words "Category 2 Banking Licence" in line with the changes brought in that respect in the Banking Act.

(vi) The Unified Revenue Act

The definition of "large taxpayer" in section 8B(5) of the Act was amended to exclude a corporation holding a Category 1 Global Business Licence or a bank holding a Category 2 Banking Licence or a bank holding both a Category 1 Banking Licence and a Category 2 Banking Licence in so far as it relates to the business in respect of the Category 2 Banking Licence.

(vii) The Value Added Tax Act

The Value Added Tax Act was amended to make the following services subject to VAT:

- (A) services provided to merchants accepting a credit card or debit card as payment for the supply of goods or services (merchant's discount);
- (B) services in respect of safe deposit lockers, issue and renewal of credit cards and debit cards; and
- (C) services for keeping and maintaining customers' accounts (other than transactions involving the primary dealer system);

Services provided by the Bank of Mauritius were exempted from the payment of VAT.

All Category 1 banks, irrespective of their turnover of taxable supplies, are henceforth required to apply to the Commissioner for Value Added Tax for compulsory registration as a registered person under the Act. Category 1 banks have, however, been dispensed from issuing receipts or invoices in respect of the services rendered by them or to keep legible copies thereof.

Furthermore, no input tax is allowed as a credit under the Act in respect of goods and services used by banks, or services provided by banks, holding a Category 1 Banking Licence under the Banking Act.

Regulatory Measures

Eleven prudential guidelines regulating the banking sector were effective as at 30 June 2003.

They are as follows:-

- (i) Guidelines on Credit Concentration Limits;
- (ii) Guidelines on Risk Weighted Capital Adequacy Ratio;
- (iii) Guidelines on Credit Classification for Provisioning Purposes and Income Recognition;
- (iv) Guidelines on General Principles for Maintenance of Accounting and other Records and Internal Control Systems;
- (v) Guidelines for the Calculation and Reporting of Foreign Exchange Exposures of Banks;
- (vi) Guidelines on Liquidity;
- (vii) Guidelines on Internet Banking;
- (viii) Guidelines on Corporate Governance;
- (ix) Guidelines on Related Party Transactions;
- (x) Guidelines on Transactions or Conditions respecting Well-Being of a Financial Institution Reportable by the External Auditor to the Bank of Mauritius; and
- (xi) Guidelines on Public Disclosure of Information.

In June 2003, a draft Guideline on Credit Impairment Measurement and Income Recognition

was issued to banks and non-bank deposit-taking institutions for consultation. A prime focus of this Guideline is the International Accounting Standard 39 (IAS 39), entitled 'Financial Instruments: Recognition and Measurement'. This Standard deals with, among other things, the impairment and uncollectability of financial assets. The objective of the Guideline is to ensure that financial institutions have adequate processes for determining allowance for credit losses, the carrying amounts of credit portfolio represent recoverable values, and there is timely recognition of identified losses. This Guideline will supersede the existing Guideline on Credit Classification for Provisioning Purposes and Income Recognition.

New Guidance Notes on Anti-Money Laundering and Combating the Financing of Terrorism

In the light of the paper of the Basel Committee on Banking Supervision on Customer Due Diligence for Banks, the Guidance for Financial Institutions in detecting Terrorist Financing issued by the Financial Action Task Force and changes which have occurred in the institutional and regulatory framework with respect to anti-money laundering and combating the financing of terrorism in Mauritius, the Bank of Mauritius has reviewed and updated its Guidance Notes on Anti-Money Laundering and Combating the Financing of Terrorism.

The updated Guidance Notes on Anti-Money Laundering and Combating the Financing of Terrorism were, on 14 April 2003, forwarded to all institutions falling under the jurisdiction of the Bank of Mauritius and other stakeholders for consultation. In the meantime, however, regulations under the Financial Intelligence and Anti-Money Laundering Act 2002 were enacted. The Guidance Notes are in the process of being reviewed in the light of those regulations and also the response received following the consultation process and will formally be issued to the industry as soon as they are finalised.

The Guidance Notes set out the broad parameters within which institutions falling under the jurisdiction of the Bank of Mauritius should operate in order to ward off money laundering and terrorist financing risks and contain specific provisions on, *inter alia*,

- Money Laundering and Terrorist Financing
- The Legislative Framework of Mauritius

- Internal Controls, Policies and Procedures
- Identification Procedures
- Record-Keeping
- Recognition and Reporting of Suspicious Transactions
- Education and Training

Financial Intelligence and Anti-Money Laundering Regulations 2003

Regulations, under section 35 of the Financial Intelligence and Anti-Money Laundering Act 2002, were made on 19 June 2003 and came into force in Mauritius on 21 June 2003.

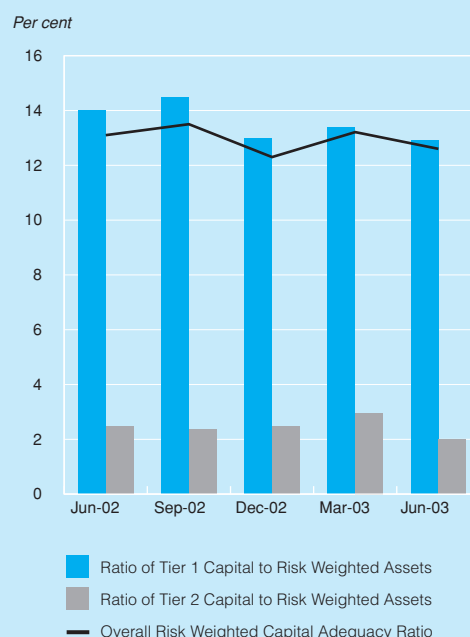
The regulations, *inter alia*, make provision for verification of identity, record keeping, the appointment and responsibilities of the Money Laundering Reporting Officer and the implementation of internal controls and other procedures to combat money laundering.

Non-Bank Deposit-Taking Institutions

As at 30 June 2003, fourteen non-bank deposit-taking institutions were authorised, under section 13A of the Banking Act 1988, to transact deposit-taking business in Mauritius. On 31 March 2003, La Prudence Leasing Finance Co. Ltd was authorised to transact deposit-taking business under that section, but was yet to start operations as at 30 June 2003.

Total funds of the thirteen non-bank deposit-taking institutions in operation as at 30 June 2003 amounted to Rs18,934 million, of which total deposits mobilised from the public stood at Rs8,515 million,

Chart 2.1: Overall Risk Weighted Capital Adequacy Ratio and Ratios of Tier 1 and Tier 2 Capital to Risk Weighted Assets



All figures are as at end of period.

representing 45.0 per cent of total funds. Long-term loans stood at Rs2,876 million and debentures amounted to Rs2,117 million as at end-June 2003. Loans and advances aggregated to Rs8,328 million and an amount of Rs5,625 million was invested in leased assets. These represented 44.0 per cent and 29.7 per cent of total funds, respectively.

At the end of June 2003, four foreign exchange dealers and five money-changers were in operation in Mauritius. During 2002-03, CIEL

Table 2.1: Category 1 Banks: Maintenance of Risk Weighted Capital Adequacy Ratio

| | (Rs million) | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| As at end of period | Jun-02 | Sep-02 | Dec-02 | Mar-03 | Jun-03 |
| Tier 1 Capital | 12,717 | 13,039 | 12,455 | 12,900 | 12,905 |
| Tier 2 Capital | 2,251 | 2,133 | 2,372 | 2,852 | 2,564 |
| Total Gross Capital | 14,968 | 15,172 | 14,827 | 15,752 | 15,469 |
| Capital Deductions | (3,014) | (3,006) | (3,017) | (3,015) | (2,925) |
| Total Net Capital | 11,954 | 12,166 | 11,810 | 12,737 | 12,544 |
| Total Risk Weighted Assets | 90,927 | 90,109 | 95,951 | 96,442 | 99,607 |
| Risk Weighted Capital Adequacy Ratio (Per Cent) | 13.1 | 13.5 | 12.3 | 13.2 | 12.6 |

Finance Ltd was authorised to carry on the business of foreign exchange dealer and two money-changers, namely, Max & Deep Co. Ltd and Gowtam Jootun Lotus Ltd, were authorised to carry on the business of money-changer under the Foreign Exchange Dealers Act 1995.

Bank Performance

The assessment of a bank's performance is based on the following five main criteria:

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

Risk Weighted Capital Adequacy Ratio

Capital is one of the key factors to be considered in the assessment of the soundness of banks.

As at end-June 2003, all Category 1 banks reported risk weighted capital adequacy ratios above the prescribed minimum of 10 per cent.

Chart 2.1 shows the overall risk weighted capital adequacy ratio and ratios of Tier 1 and Tier 2 Capital to risk weighted assets.

The overall risk weighted capital adequacy ratio maintained by Category 1 banks went down from 13.1 per cent as at end-June 2002 to 12.6 per cent as at end-June 2003 as can be seen from Chart 2.1. The fall in the ratio was attributable to a higher growth rate of 9.5 per cent registered in risk weighted assets compared to a growth rate of 4.9

per cent in aggregate capital base. In 2002-03, the overall ratio varied from a low of 12.3 per cent in December 2002 to a high of 13.5 per cent in September 2002 compared to a range of 13.0 per cent to 13.4 per cent in the preceding fiscal year.

The aggregate capital base of Category 1 banks, comprising Tier 1 capital (core capital) and Tier 2 capital (supplementary capital) net of capital deductions, recorded a 4.9 per cent growth, from Rs11,954 million as at end-June 2002 to Rs12,544 million as at end-June 2003. The share of Tier 1 capital in gross capital (Tier 1 and Tier 2) fell from 85.0 per cent as at end-June 2002 to 83.4 per cent as at end-June 2003.

During 2002-03, a 9.6 per cent growth was recorded in total risk weighted assets, from Rs90,927 million as at end-June 2002 to Rs99,607 million as at end-June 2003. There was a reshuffle in the overall on-balance sheet risk profile from high-risk assets to low-risk assets. Assets in the 100 per cent risk weight declined from 60.6 per cent of total weighted assets as at end-June 2002 to 56.5 per cent as at end-June 2003 while the proportion of zero-risk assets rose from 27.0 per cent to 31.5 per cent over the same period.

Table 2.1 shows the range of risk weighted capital adequacy ratios maintained by Category 1 banks.

Foreign Exchange Exposure

In terms of section 7(2) of the Foreign Exchange Dealers Act 1995, Category 1 banks are required to observe limits on their foreign exchange exposures in relation to their Tier 1 capital. This measure is meant to ensure a prudent foreign currency risk management by banks. In July 1996, the Bank of Mauritius had issued guidelines to

Table 2.2: Category 1 Banks: Maturity Pattern of Foreign Currency Assets and Liabilities

| Maturity Period | (Rs million) | | | | | | | | |
|-----------------------------------|------------------|--------------------|-------------------------|------------------|--------------------|-------------------------|------------------|--------------------|-------------------------|
| | End Jun-02 | | | End Dec-02 | | | End Jun-03 | | |
| | Foreign Currency | | | Foreign Currency | | | Foreign Currency | | |
| | Assets (1) | Liabilities (2) | Net Assets (1) - (2) | Assets (1) | Liabilities (2) | Net Assets (1) - (2) | Assets (1) | Liabilities (2) | Net Assets (1) - (2) |
| Less than 1 Month | 10,994 | 13,129 | (2,135) | 9,912 | 13,491 | (3,579) | 11,842 | 16,036 | (4,194) |
| Over 1 Month and Up to 3 Months | 1,891 | 2,133 | (242) | 1,809 | 2,413 | (604) | 2,173 | 2,371 | (198) |
| Over 3 Months and Up to 12 Months | 1,399 | 1,386 | 13 | 3,317 | 1,456 | 1,861 | 865 | 2,467 | (1,602) |
| Over 12 Months | 4,512 | 782 | 3,730 | 5,216 | 2,418 | 2,798 | 6,631 | 1,806 | 4,825 |
| Total | 18,796 | 17,430 | 1,366 | 20,254 | 19,778 | 476 | 21,511 | 22,680 | (1,169) |

banks for the calculation and reporting of foreign exchange exposures on a daily basis.

The overall foreign exchange exposure limit is defined as the ratio of the higher of the sum of all spot and forward short or long positions in different currencies to Tier 1 capital. Effective April 1997, Category 1 banks are required to observe a daily overall foreign exchange exposure limit not exceeding 15 per cent of their Tier 1 capital and to report to the Bank of Mauritius, on a daily basis, their foreign exchange exposures in major currencies as well as their overall foreign exchange exposure.

Table 2.2 shows the maturity pattern of foreign currency assets and liabilities of Category 1 banks as at end-June 2002, end-December 2002 and end-June 2003.

As at end-June 2003, Category 1 banks carried an overall excess of foreign currency liabilities over assets amounting to Rs1,169 million for all maturities of assets and liabilities taken together. Banks had a short position of Rs4,194 million in the shorter maturity period of less than one month with the tendency for the net exposure to change to a net long position. They carried an excess of assets over liabilities amounting to Rs4,825 million for the longer maturity period of over 12 months.

Concentration of Risks and Large Exposures

Under section 21 of the Banking Act 1988, the Bank of Mauritius is empowered to regulate the level of banks' credit exposures to any one customer or group of closely related customers. Banks are required to report to the Bank of Mauritius on a quarterly basis any such facilities that exceed 15 per cent of their capital base.

The aggregate credit exposure of a locally incorporated bank as well as its subsidiaries, associates and related companies, as defined in

section 3 of the Companies Act 2001, to any entity and its related parties, shall not exceed 25 per cent of the total capital base of the bank. For a subsidiary or branch of a foreign bank, the credit exposure to an entity and its related parties shall not exceed 50 per cent of the capital base of the subsidiary or branch.

All banks shall be subject to an aggregate large credit exposure limit. All credits of a bank that are individually over 15 per cent of the bank's capital base, shall not in aggregate exceed 600 per cent of its capital base.

All credits shall be subject to the regulatory concentration limits, notwithstanding the level and quality of security underlying individual transactions.

The new Guideline on Credit Concentration Limits issued by the Bank of Mauritius requires all banks to be in full compliance with the requirements of the Guideline within three years of its coming into effect, that is, on 1 May 2003.

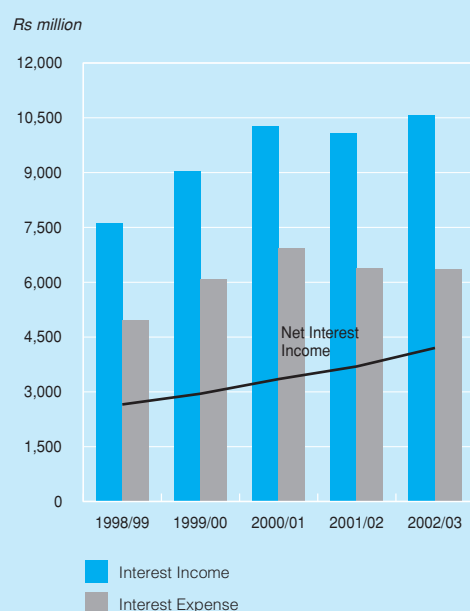
Banks must obtain prior written authorisation of the Bank of Mauritius and provide such information to the Bank, as may be prescribed, before extending credit to an entity and its related parties exceeding the applicable regulatory limits. Such authorisation will be granted only in very exceptional circumstances and the Bank may impose such terms and conditions, as it deems necessary, including an increase in the capital adequacy ratio to be maintained.

As at end-June 2003, the total fund and non-fund based facilities, exceeding the threshold of 15 per cent of a bank's capital base, totalled Rs40,447 million and represented 39 per cent of the overall on and off-balance sheet commitments of Category 1 banks. The corresponding figure and ratio as at end-June 2002 were Rs36,283 million and 38 per cent, respectively.

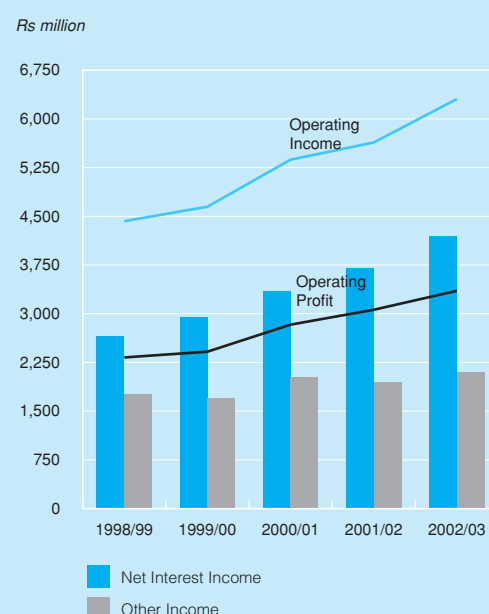
Table 2.3: Category 1 Banks: Charge for Bad and Doubtful Debts and Total Advances ¹

| | (Rs million) | | | |
|---|--------------|---------|---------|---------|
| | 1999/00 | 2000/01 | 2001/02 | 2002/03 |
| Charge for Bad and Doubtful Debts (for the period) | 345 | 407 | 685 | 903 |
| Total Advances of Banks (as at end of period) | 61,836 | 71,507 | 74,715 | 85,391 |
| Ratio of Charge for Bad and Doubtful Debts to Total Advances (Per cent, for the period) | 0.6 | 0.6 | 0.9 | 1.1 |

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

Chart 2.2: Category 1 Banks: Components of Net Interest Income¹

¹ Based on combined audited data for financial years ended 30 June, 31 December and 31 March. All figures are for the period.

Chart 2.3: Category 1 Banks: Components of Income¹

¹ Based on combined audited data for financial years ended 30 June, 31 December and 31 March. All figures are for the period.

Non-Performing Advances

The early identification of problem loans is important if prompt and corrective action is to be taken by banks. Consequently, banks must establish adequate systems and controls to identify overdue loans on a continuous basis and make appropriate amount of provisions in a timely manner. To this end, the Bank of Mauritius has issued a Guideline on Credit Classification for Provisioning Purposes and Income Recognition, which requires banks to set aside specific provisions on loans which represent more than a normal risk of loss.

A loan is considered as non-performing when instalments of principal and/or interest are due and remain unpaid for 90 days or more or such unpaid amount has been capitalised, refinanced or rolled over.

An impaired credit may be classified as sub-standard, doubtful, or loss based on the number of days the instalments of principal and/or interest are overdue. A loan is classified as a minimum as sub-standard when it is non-performing and is overdue for 90 to 180 days. A credit that is not in arrears, or in arrears for less than 180 days, but has

weaknesses that make collection in full highly improbable, may have to be classified as doubtful. However, when it is non-performing and overdue for a period exceeding 180 days but less than one year, it must, as a minimum, be classified as doubtful. A credit classified as loss is considered not collectible although there may be some salvage or recovery value of security available. A non-performing credit that is overdue for more than a year must be classified as loss.

Credits classified as sub-standard, doubtful or loss, are subject to a minimum provision of 20 per cent, 50 per cent and 100 per cent respectively.

Provisioning

The Guideline on Credit Classification for Provisioning Purposes and Income Recognition requires banks to assess continuously their asset portfolio quality and take timely corrective measures to deal with any deterioration in credit quality. The Guideline requires banks to set aside specific provisions for loans and advances representing more than a normal risk of loss, based on the number of days the instalments of principal

and/or interest are overdue. In addition, banks are required to maintain a minimum general provision for credit losses of not less than one per cent of their standard performing advances.

Non-performing advances of Category 1 banks rose from Rs5,987 million in 2001/02 to Rs6,631 million in 2002/03, or 10.8 per cent. The ratio of non-performing advances of Category 1 banks to their total advances decreased from 8.0 per cent in 2001/02 to 7.8 per cent in 2002/03.

Total provisions (inclusive of general provisions) for bad and doubtful debts increased from Rs2,108 million in 2001/02 to Rs2,902 million in 2002/03. As a proportion of total non-performing advances, total provisions for bad and doubtful debts went up from 35.2 per cent in 2001/02 to 43.8 per cent in 2002/03.

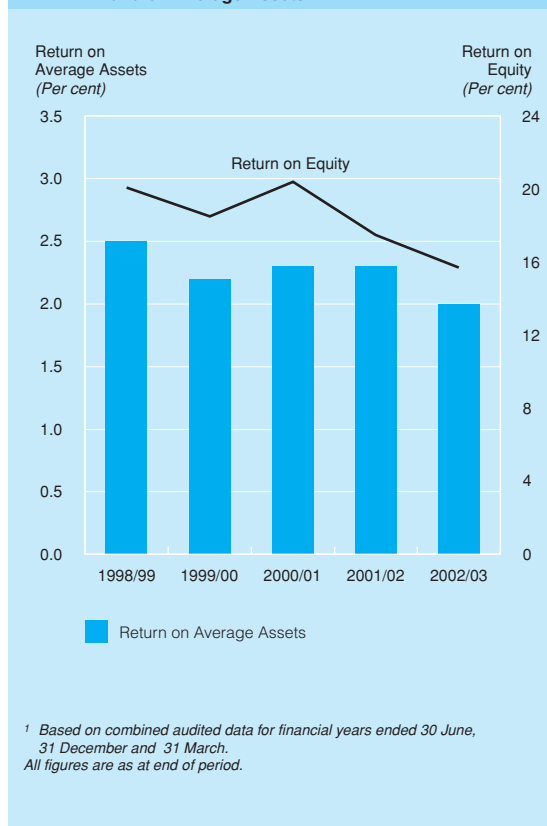
The total charge for bad and doubtful debts increased by 31.8 per cent, from Rs685 million in 2001/02 to Rs903 million in 2002/03, due partly to difficulties faced by a number of textile enterprises.

Table 2.3 shows the charge for bad and doubtful debts and total advances of Category 1 banks for the period 1999/00 through 2002/03.

Profitability

Five Category 1 banks close their accounts on 31 December, four on 30 June and one on 31 March. The consolidated position of the profit and

Chart 2.4: Category 1 Banks: Return on Equity and on Average Assets¹

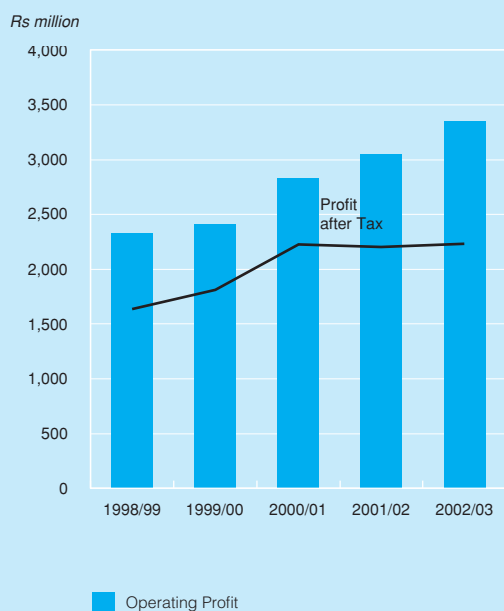


loss accounts of the ten Category 1 banks is thus based on the combined audited data available at these different financial year-ends and is referred to as 2002/03.

Table 2.4: Category 1 Banks: Consolidated Profit Performance¹

| | (Rs million) | |
|--|--------------|--------------|
| | 2001/02 | 2002/03 |
| Interest Income from Advances and Investments | 10,093 | 10,572 |
| Less Interest Expense on Deposits and Borrowings | 6,412 | 6,371 |
| Net Interest Income | 3,681 | 4,201 |
| Add Non-interest Income | 1,926 | 2,104 |
| | 5,607 | 6,305 |
| Less Staff and Other Operating Expenses | 2,561 | 2,952 |
| Operating Profit before Bad and Doubtful Debts and Taxation | 3,046 | 3,353 |
| Less Charge for Bad and Doubtful Debts | 685 | 903 |
| Exceptional Items | 6 | 37 |
| Operating Profit before Taxation | 2,355 | 2,413 |
| Share of Profits in subsidiaries and associates | 184 | 201 |
| Profit before Tax | 2,539 | 2,614 |

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

Chart 2.5: Category 1 Banks: Consolidated Operating Profit and Profit after Tax¹

¹ Based on combined audited data for financial years ended 30 June, 31 December and 31 March. All figures are for the period.

The consolidated profitability of Category 1 banks for 2002/03 includes that of First City Bank Ltd, which started its operations in June 2002, but excludes that of New Co-operative Bank Ltd, which merged with Mauritius Post Office Savings Bank in May 2003. Seven Category 1 banks realised profits during 2002/03 while two Category 1 banks incurred losses on account of additional provisions for bad and doubtful debts.

The aggregate pre-tax profits of Category 1 banks went up by Rs75 million, or 3.0 per cent,

from Rs2,539 million in 2001/02 to Rs2,614 million in 2002/03, largely due to the growth in net interest margin.

Net interest margin, that is interest received on advances, placements and investments net of interest paid on deposits and borrowings, went up by Rs520 million, from Rs3,681 million in 2001/02 to Rs4,201 million in 2002/03. This rise was mainly attributable to the 4.7 per cent increase in total interest income and the 0.6 per cent decline in total interest expense.

Total interest income, which remained Category 1 banks' major source of earnings at 83.4 per cent, rose by Rs479 million during 2002/03, with income derived from investment in Treasury Bills and other Government securities accounting for Rs454 million of the increase. Interest from lending activities increased by Rs118 million, or 1.5 per cent, during 2002/03 while interest income from placements fell by Rs95 million.

Total interest expense recorded a slight decrease of Rs41 million, or 0.6 per cent, in 2002/03 on the back of the drop of Rs66 million in interest paid on borrowings. Interest paid on deposits increased by Rs27 million during the same period.

Interest spread between advances and deposits narrowed from 3.95 per cent in 2001/02 to 3.74 per cent in 2002/03.

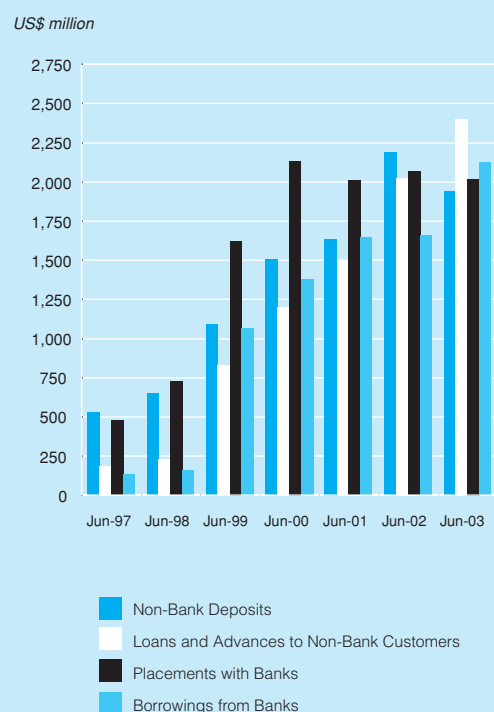
Charts 2.2 and 2.3 depict the trend in the components of net interest income and income of Category 1 banks, respectively, for the period 1998/99 through 2002/03. Table 2.4 gives the consolidated profit performance of Category 1 banks from 2001/02 through 2002/03.

Non-interest income, comprising mainly fee-based income, profits from foreign exchange transactions, income from other investments and

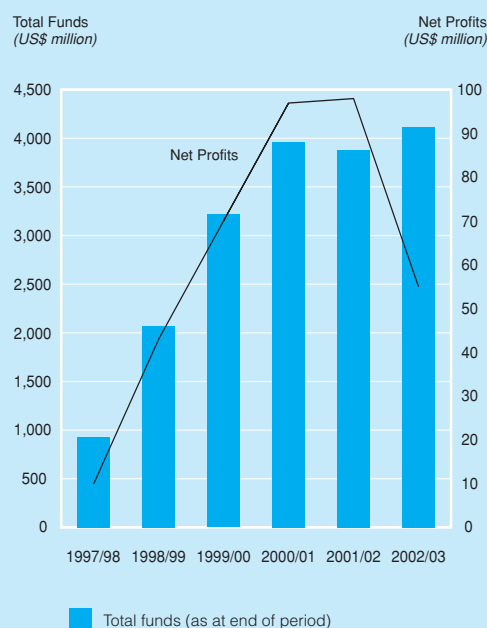
Table 2.5: Category 1 Banks: Financial Performance¹

| | (Rs million) | |
|--|--------------|---------|
| | 2001/02 | 2002/03 |
| Profit after Charge for Bad and Doubtful Debts but before Taxation | 2,539 | 2,614 |
| Profit after Tax | 2,205 | 2,235 |
| Pre-tax Return on Average Assets (Per cent) | 2.26 | 2.05 |
| Pre-tax Return on Equity (Per cent) | 20.10 | 18.34 |
| Post-tax Return on Equity (Per cent) | 17.46 | 15.68 |

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

Chart 2.6: Category 2 Banks: Main Assets and Liabilities Components

All figures are as at end of period.

Chart 2.7: Category 2 Banks: Total Funds and Net Profits¹

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

net profit from dealings in Government securities, recorded an increase of Rs178 million, or 9.2 per cent, from Rs1,926 million in 2001/02 to Rs2,104 million in 2002/03. Net profit from dealings in Government securities gained momentum during the period under review and accounted for 65 per cent of the increase in non-interest income.

Charge for bad and doubtful debts went up by Rs218 million, or 31.8 per cent, from Rs685 million in 2001/02 to Rs903 million in 2002/03.

Category 1 banks' capacity to generate profits from their existing assets, as measured by the pre-tax return on average total assets, dropped from 2.26 per cent in 2001/02 to 2.05 per cent in 2002/03, reflecting the prudential stand of banks with respect to their asset quality which translated into higher provisioning. The return on average assets for individual banks ranged between negative 2.56 per cent and positive 3.20 per cent in 2002/03. Three Category 1 banks achieved a pre-tax return on average assets over 2.0 per cent during 2002/03.

The post-tax return on equity of Category 1 banks fell from 17.46 per cent in 2001/02 to 15.68 per cent in 2002/03 due to higher capitalisation of the industry. For individual banks, the post-tax return on equity ranged from negative 25.9 per cent to positive 20.5 per cent in 2002/03.

Chart 2.4 shows the return on equity and on average assets for Category 1 banks for the period 1998/99 through 2002/03. Table 2.5 provides a summary of Category 1 banks' financial performance in 2001/02 and 2002/03. Chart 2.5 depicts the evolution of the consolidated operating profit and the profit after tax of Category 1 banks for the period 1998/99 through 2002/03.

Global Business Banking Sector

As at end-June 2003, twelve banks holding Category 2 Banking Licence were operating in the global business banking sector. One Category 2 bank ceased operation on 16 June 2003 and was yet to surrender its banking licence as at 30 June 2003.

The asset base of Category 2 banks continued to expand during 2002-03, albeit at a lower pace of 8.4 per cent compared to the 14.0 per cent growth rate in 2001-02. Total assets increased by US\$369 million from US\$4,320 million as at end-June 2002 to US\$4,689 million as at end-June 2003.

Chart 2.6 depicts the main assets and liabilities components of Category 2 banks' consolidated balance sheet from end-June 1997 through end-June 2003.

Loans and advances to non-bank customers, the main asset item of Category 2 banks, went up significantly by US\$374 million, or 18.5 per cent, from US\$2,024 million as at end-June 2002 to US\$2,398 million as at end-June 2003 and accounted for 51.1 per cent of total assets.

Placements with banks declined by US\$52 million, or 2.5 per cent, from US\$2,071 million as at end-June 2002 to US\$2,019 million as at end-June 2003. Category 2 banks' investment went up by US\$53 million, from US\$183 million as at end-June 2002 to US\$236 million as at end-June 2003.

As at end-June 2003, Category 2 banks derived the bulk of their resources by way of borrowings from banks (45 per cent) and deposits from non-bank customers (41 per cent).

Borrowings from banks grew significantly by US\$469 million, or 28.3 per cent, from US\$1,658 million as at end-June 2002 to US\$2,127 million as at end-June 2003. In contrast, during the same period, deposits fell by US\$250 million, or 11.4 per cent, from US\$2,187 million to US\$1,937 million.

Profitability

Nine Category 2 banks close their accounts on 31 December and the remaining three on 31 March. The consolidated position of the profit and loss accounts of the twelve Category 2 banks based on the combined data available at these different financial year-ends is referred to as 2002/03. Eleven Category 2 banks reported net profits for the year under review while one bank, which has virtually ceased operation and was yet to surrender its banking licence as at 30 June 2003, incurred a net loss.

Table 2.6 gives the consolidated profit performance of Category 2 banks from 2000/01 through 2002/03. Chart 2.7 shows the evolution of pre-tax profit of Category 2 banks in relation to their total funds.

Aggregate net pre-tax profits of the Category 2 banks dropped substantially from US\$98.0 million

Table 2.6: Category 2 Banks: Consolidated Profit Performance ¹

| | (US\$ million) | | |
|--|----------------|--------------|-------------|
| | 2000/01 | 2001/02 | 2002/03 |
| Interest Income | 284.7 | 216.6 | 192.5 |
| Less Interest Expense on Deposits and Borrowings | 205.1 | 151.8 | 132.3 |
| Net Interest Income | 79.6 | 64.8 | 60.2 |
| Add Non-interest Income | 34.4 | 46.0 | 17.8 |
| Operating Income | 114.0 | 110.8 | 78.0 |
| Less Total Operating Costs | 8.9 | 10.0 | 10.5 |
| Staff Expenses | 3.1 | 3.7 | 3.8 |
| Provision for Depreciation | 0.4 | - | - |
| Other Expenses | 5.4 | 6.3 | 6.7 |
| Operating Profit | 105.1 | 100.8 | 67.5 |
| Less Charge for Bad and Doubtful Debts | 8.5 | 2.8 | 12.5 |
| Net Profit | 96.6 | 98.0 | 55.0 |
| Interest Income as a Percentage of Total Income (Per cent) | 89.2 | 82.5 | 91.5 |
| Cost to Income Ratio (Per cent) | 8.4 | 9.3 | 16.5 |
| Return on Average Assets (Per cent) | 2.7 | 2.6 | 1.5 |

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

in 2001/02 to US\$55.0 million in 2002/03. This decline was mainly attributable to a significant reduction registered in the profit on translation of foreign currencies of one major bank and substantial additional provision for bad and doubtful debts made by Category 2 banks in 2002/03.

Total interest earnings maintained a downward path reflecting the general trend of falling interest rates on the international market. Total interest earned dropped by US\$24.1 million, or 11.1 per cent, from US\$216.6 million for 2001/02 to US\$192.5 million in 2002/03, compared to a decline of US\$68.1 million, or 23.9 per cent, in 2001/02.

Interest earned on placements with banks fell significantly from US\$110.7 million in 2001/02 to US\$79.4 million in 2002/03 and accounted for only 37.8 per cent of total income in 2002/03, down from 42.2 per cent in 2001/02. Interest from loans and advances to non-bank customers rose from US\$98.1 million in 2001/02 to US\$100.6 million in 2002/03 and accounted for 47.8 per cent in total income, up from 37.4 per cent in 2001/02. Interest from investments and other interest earning assets rose from US\$7.8 million in 2001/02 to US\$12.6 million in 2002/03.

Non-interest income, including profit on translation of foreign currencies and fees and commissions, recorded a sharp decline from US\$46.0 million in 2001/02 to US\$17.8 million in 2002/03. Non-interest income accounted for only 8.5 per cent of total income in 2002/03 compared to 17.5 per cent in 2001/02.

Total interest expenses fell by US\$19.5 million, or 12.9 per cent, from US\$151.8 million in 2001/02 to US\$132.3 million in 2002/03. Interest paid on borrowings from banks increased by US\$12.1 million, or 14.4 per cent, from US\$83.8 million in 2001/02 to US\$95.9 million in 2002/03. Interest paid on deposits of non-bank customers went down by US\$31.6 million, or 46.5 per cent, from US\$68.0 million in 2001/02 to US\$36.4 million in 2002/03.

Staff and other operating expenses edged up from US\$10.0 million in 2001/02 to US\$10.5 million in 2002/03 compared to an increase of US\$1.1 million in the preceding year.

The overall pre-tax return on average assets fell significantly from 2.6 per cent in 2001/02 to 1.5 per cent in 2002/03. For individual banks, such return ranged from negative 0.2 per cent to positive 2.6 per cent in 2002/03.

Other Supervisory Developments

Guideline on Transactions or Conditions respecting Well-Being of a Financial Institution Reportable by the External Auditor to the Bank of Mauritius

The Guideline, which became effective on 24 February 2003, applies to banks, non-bank deposit-taking institutions, foreign exchange dealers and money-changers, collectively referred to as "financial institutions". The Guideline requires external auditors to report to the Bank of Mauritius transactions or conditions that may affect the well-being of financial institutions.

The Guideline elaborates on the reporting requirements of external auditors as laid out in subsection 25(1) of the Banking Act 1988 and extends these requirements, which related only to banks under the Banking Act 1988, to non-bank deposit-taking institutions, foreign exchange dealers and money-changers.

The reporting requirements, which would necessitate a reorientation of the auditor's work, should not be construed as an extension of the scope for the auditing of financial statements although this would entail an extension of his enquiry in order to ensure an institution's ability to continue as a going concern.

The Guideline sets out the broad categories of reportable transactions or conditions as listed below:

- Transactions or conditions requiring a change in accounting basis, or a note disclosure;
- Material adverse changes in risks inherent in the financial institution's business, with potential to jeopardize its ability to continue as a going concern;
- Information available to the auditor, indicating a material breach of the governing statutes or guidelines;
- Transactions or conditions indicating that the financial institution has significant weakness in its internal controls and management processes that render it vulnerable to material risks and exposures, leading to potential impairment of its ability to continue as a going concern;
- Transactions or conditions violating the assumption of management's good faith;

- Serious conflict between decision-making echelons of the financial institution;
- Transactions or conditions warranting a reservation in the auditor's opinion; and
- Auditor's intention to resign or planned removal of the auditor.

Reportable matters should, however, not be limited to the categories laid out in the Guideline. The auditor should use his judgment in the reporting of other situations, which may have a bearing on the continued well-being of the institution.

Guideline on Public Disclosure

The Bank issued a Guideline on Public Disclosure of Information in November 2002 with a view to enhancing market discipline in line with Pillar 3 of the Basel II Capital Accord. The Guideline requires extensive reporting by all banks as well as non-bank deposit-taking institutions with respect to their year-end financial statements, the objective of which is to provide stakeholders with relevant and timely information.

The Guideline is divided into three parts, which deals successively with management discussion and analysis report, the format of the annual financial statements and the requirement for unaudited quarterly financial statements by financial institutions.

Management Discussion and Analysis (MDA)

Financial institutions are required to present a Management and Discussion Analysis (MDA) report, which is designed to enhance transparency and corporate governance practices. The report provides a financial overview of financial institutions, and also information pertaining to their capital structure, their risk management policies and controls, their related party transactions policies and controls, including a statement of corporate governance practices.

Format of the Annual Financial Statements

The Guideline reviews the format of the annual financial statements to be reported by financial institutions in accordance with International Accounting Standards. Financial institutions are required to disclose information relating to credit concentration of risk by sector,

including their non-performing loans and related provision for credit losses and credit facilities to related parties.

Unaudited Quarterly Financial Statements

Financial institutions are continuously subject to changes that are triggered by market developments. In view of the dynamic nature of financial markets there is an increasing need for disseminating up-to-date information to the public. To this end, the Bank has laid down the requirement for quarterly unaudited statements, which will provide stakeholders with relevant and timely information.

3 Financial Market Developments

Developments in the financial markets have an important bearing on the economy as they reflect the degree of pass-through of monetary and foreign exchange policies pursued by the Bank.

In this perspective, the Bank's Financial Markets Department, which was set up on 27 November 2000, focuses on building knowledge and understanding the operations of the financial markets with a view to improving the implementation of the Bank's policies. The Department functions according to a mix of operational and analytical duties, which are assumed by three Units, namely, the Dealing Room, the Public Debt Office and the Data Control Unit. Operational responsibilities include execution of monetary policy operations, management of public debt and foreign exchange reserves, and intervention on the domestic foreign exchange market. The Bank assumes responsibility through the Department for the monitoring of financial markets to better understand their behaviour and promote their development.

Domestic Money Market

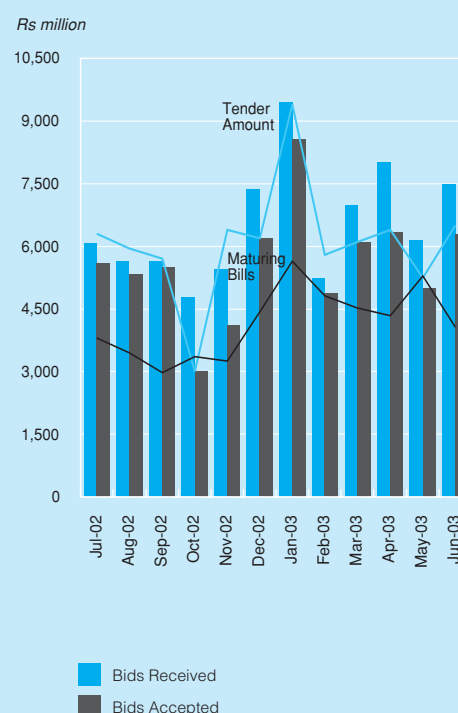
Money market activities during 2002-03 were mainly driven by prevailing liquidity conditions. The Bank's liquidity forecasting framework sets out the liquidity conditions on the market as a basis for conducting open market operations to stabilise the domestic money market.

Primary Auctions of Treasury Bills

As part of its open market operations, the Bank of Mauritius conducted weekly primary auctions of Government of Mauritius Treasury Bills with 91-day, 182-day, 364-day and 728-day maturities.

During 2002-03, the Bank carried out 51 primary auctions of Treasury Bills and a total amount of Rs73,000 million was put on tender. Bids to the tune of Rs78,252 million were received,

Chart 3.1: Auctioning of Treasury Bills



of which a total amount of Rs66,902 million was accepted. This represented 91.6 per cent of the total tender amount compared to 86.1 per cent in 2001-02 and 85.5 per cent of the total amount of bids received compared to 87.9 per cent in the preceding year.

The share of Category 1 banks in total bids received increased marginally, from 59.5 per cent in 2001-02 to 60.0 per cent in 2002-03 and conversely, the share of the non-bank sector decreased from 40.5 per cent to 40.0 per cent. During the period under review, a nominal amount of Rs2,127 million of Treasury Bills was underwritten by the Secondary Market Cell (SMC) of the Bank of Mauritius at primary auctions.

Bidding patterns at primary auctions revealed the growing preference for 364-day and 728-day

Treasury Bills, which together accounted for 75.9 per cent of total bids received in 2002-03 compared to 70.9 per cent in 2001-02. This reflected the relatively more attractive returns on longer-term Treasury Bills and market expectations of possible interest rate declines.

The weighted average yields on Treasury Bills of all four maturities came down generally in 2002-03 in line with the reductions in the Lombard Rate. The weighted average yield on 91-day Treasury Bills fell by 171 basis points, from 8.97 per cent in July 2002 to a trough of 7.26 per cent in June 2003. A peak of 8.98 per cent was reached in September and October 2002. The weighted average yield on 182-day Treasury Bills fell from a peak of 9.52 per cent in July 2002 to a trough of 7.94 per cent in June 2003, a total decline of 158 basis points. The weighted average yield on 364-day Treasury Bills declined by 179 basis points, from a peak of 10.61 per cent sustained from July to September 2002 to a trough of 8.82 per cent in June 2003. The largest decline in weighted average yields was registered on 728-day Treasury Bills, which fell by 180 basis points, from a peak of 11.35 per cent in July 2002 to a trough of 9.55 per cent in June 2003.

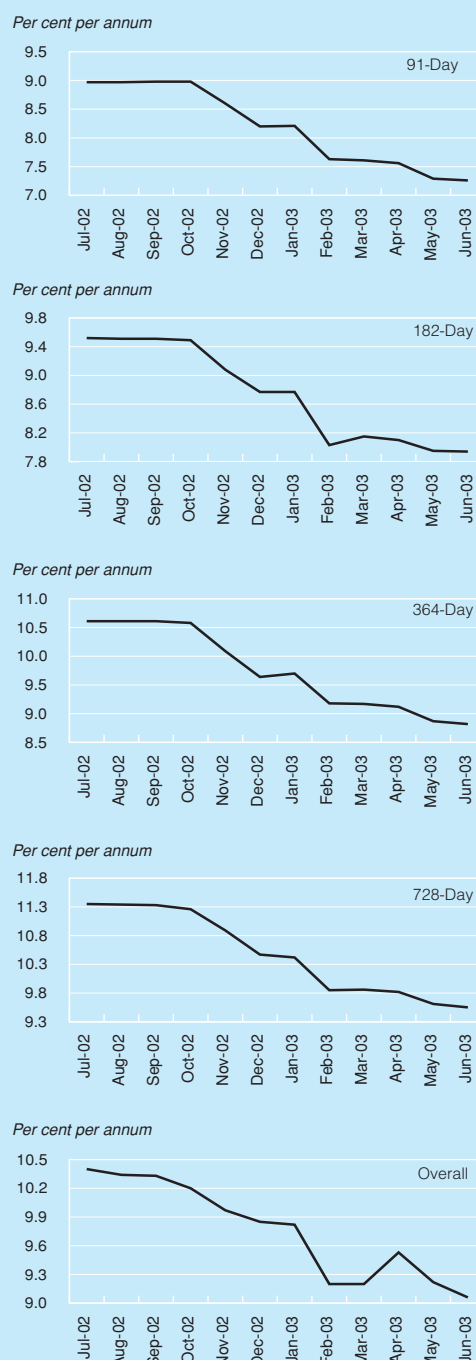
The monthly overall weighted average yield on Treasury Bills fell from a peak of 10.40 per cent in July 2002 to 9.85 per cent in December 2002 following the two successive reductions in the Lombard Rate in November and December 2002. It further came down to a low of 9.06 per cent in June 2003 after the Lombard Rate was decreased on two other occasions in the first half of 2003. The overall weighted average yield for fiscal year 2002-03 went down by 96 basis points to 9.73 per cent, from 10.69 per cent in 2001-02.

Table 3.1 and Charts 3.1 and 3.2 give detailed information on the auctioning of Treasury Bills in 2002-03.

Repurchase Transactions

During 2002-03, the Bank conducted with Category 1 banks, through an auctioning process, repurchase (repo) and reverse repurchase (reverse repo) transactions as and when required in the light of prevailing liquidity conditions in order to promote efficient short-term liquidity management in the money market. Government of Mauritius Treasury Bills were used as underlying securities for all transactions.

Chart 3.2: Weighted Average Yields on Treasury Bills at Primary Auctions



Repo transactions were held on ten occasions to provide the money market with funds to tide over short-term shortages in liquidity. Bids totalling Rs7,845 million were received, out of which a total amount of Rs7,100 million was accepted compared to Rs11,555 million accepted at the twenty-one

Table 3.1: Auctioning of Treasury Bills

| | Number of Auctions Held | Tender Amount | Amount Received | Amount Accepted ¹ | Weighted Average Yield | | | | |
|---------|-------------------------|---------------|-----------------|------------------------------|------------------------|---------|---------|---------|----------------------|
| | | | | | 91-Day | 182-Day | 364-Day | 728-Day | Overall |
| | | | | | (Rs million) | | | | (Per cent per annum) |
| 2002 | | | | | | | | | |
| Jul | 4 | 6,300.0 | 6,075.0 | 5,600.0 | 8.97 | 9.52 | 10.61 | 11.35 | 10.40 |
| Aug | 5 | 5,950.0 | 5,641.0 | 5,327.0 | 8.97 | 9.51 | 10.61 | 11.34 | 10.34 |
| Sep | 4 | 5,700.0 | 5,638.0 | 5,503.0 | 8.98 | 9.51 | 10.61 | 11.33 | 10.33 |
| Oct | 4 | 3,000.0 | 4,768.0 | 3,000.0 | 8.98 | 9.49 | 10.58 | 11.26 | 10.20 |
| Nov | 5 | 6,400.0 | 5,439.0 | 4,114.0 | 8.60 | 9.08 | 10.09 | 10.89 | 9.97 |
| Dec | 3 | 6,200.0 | 7,366.0 | 6,200.0 | 8.20 | 8.77 | 9.64 | 10.47 | 9.85 |
| 2003 | | | | | | | | | |
| Jan | 5 | 9,400.0 | 9,458.0 | 8,567.0 | 8.21 | 8.77 | 9.70 | 10.42 | 9.82 |
| Feb | 4 | 5,800.0 | 5,236.0 | 4,871.0 | 7.63 | 8.03 | 9.18 | 9.85 | 9.20 |
| Mar | 4 | 6,100.0 | 6,979.0 | 6,100.0 | 7.61 | 8.15 | 9.17 | 9.86 | 9.20 |
| Apr | 4 | 6,400.0 | 8,023.0 | 6,330.0 | 7.56 | 8.10 | 9.12 | 9.82 | 9.53 |
| May | 5 | 5,250.0 | 6,132.0 | 4,997.0 | 7.29 | 7.95 | 8.87 | 9.61 | 9.22 |
| Jun | 4 | 6,500.0 | 7,497.0 | 6,293.0 | 7.26 | 7.94 | 8.82 | 9.55 | 9.06 |
| 2002-03 | 51 | 73,000.0 | 78,252.0 | 66,902.0 | 8.40 | 8.88 | 9.73 | 10.29 | 9.73 |
| 2001-02 | 50 | 51,650.0 | 50,641.7 | 44,489.0 | 9.18 | 9.76 | 10.85 | 11.52 | 10.69 |

¹ Excludes underwriting by the Secondary Market Cell (SMC) of the Bank of Mauritius.

Table 3.2: Repurchase Transactions

| | Repurchase Transactions | | | | | | | Reverse Repurchase Transactions | | | | | | |
|----------------|-------------------------|-----------------|-----------------|------------|----------------------------------|-----------------------|---------------------------------|---------------------------------|-----------------|-----------------|------------|----------------------------------|------------------------|---------------------------------|
| | Number of Transactions | Amount Received | Amount Accepted | Period | Range of Yields on Bids Received | Lowest Yield Accepted | Weighted Yield on Bids Accepted | Number of Transactions | Amount Received | Amount Accepted | Period | Range of Yields on Bids Received | Highest Yield Accepted | Weighted Yield on Bids Accepted |
| | | (Rs million) | | (Day/s) | (Per cent per annum) | | | | (Rs million) | | (Day/s) | (Per cent per annum) | | |
| 2002 | | | | | | | | | | | | | | |
| Jul | 1 | 300.0 | 300.0 | 2 | 7.35 | 7.35 | 7.35 | 1 | 1,725.0 | 500.0 | 2 | 4.25-4.60 | 4.25 | 4.25 |
| Aug | 2 | 1,935.0 | 1,500.0 | 1 | 7.25-7.50 | 7.25 | 7.29 | 2 | 1,415.0 | 1,380.0 | 2 | 4.00-5.00 | 4.75 | 4.36 |
| Sep | - | - | - | - | - | - | - | 2 | 3,370.0 | 1,200.0 | 1 | 3.50-4.25 | 3.99 | 3.76 |
| Oct | 2 | 2,035.0 | 1,825.0 | 1-3 | 7.50-8.00 | 7.50 | 7.59 | - | - | - | - | - | - | - |
| Nov | 1 | 965.0 | 965.0 | 2 | 7.50-8.00 | 7.50 | 7.98 | 4 | 7,883.0 | 2,600.0 | 2-3 | 2.50-7.00 | 3.50 | 2.85 |
| Dec | - | - | - | - | - | - | - | 2 | 4,855.0 | 2,000.0 | 2-3 | 2.00-3.50 | 3.00 | 2.37 |
| 2003 | | | | | | | | | | | | | | |
| Jan | - | - | - | - | - | - | - | 1 | 1,225.0 | 700.0 | 2 | 2.00-2.50 | 2.15 | 2.03 |
| Feb | 1 | 700.0 | 700.0 | 1 | 6.75-7.00 | 6.75 | 6.86 | - | - | - | - | - | - | - |
| Mar | 1 | 700.0 | 700.0 | 7 | 6.75 | 6.75 | 6.75 | - | - | - | - | - | - | - |
| Apr | 1 | 450.0 | 450.0 | 7 | 6.75 | 6.75 | 6.75 | 2 | 3,395.0 | 1,000.0 | 1-2 | 1.50-2.75 | 2.00 | 1.75 |
| May | 1 | 760.0 | 660.0 | 3 | 5.25-6.00 | 5.50 | 5.69 | - | - | - | - | - | - | - |
| Jun | - | - | - | - | - | - | - | 2 | 2,245.0 | 1,300.0 | 2-3 | 0.75-2.50 | 2.00 | 1.21 |
| 2002-03 | 10 | 7,845.0 | 7,100.0 | 1-7 | 5.25-8.00 | 5.50 | 7.18 | 16 | 26,113.0 | 10,680.0 | 1-3 | 0.75-7.00 | 4.75 | 2.77 |
| 2001-02 | 21 | 14,270.0 | 11,555.0 | 1-5 | 6.50-7.75 | 7.00 | 7.27 | 17 | 17,762.0 | 7,015.0 | 1-4 | 4.40-7.00 | 6.25 | 5.60 |

repo transactions held in 2001-02. Repurchase periods varied between 1 and 7 days. During 2002-03, yields on bids received and accepted followed a downward movement as interest rates fell. The lowest yield accepted for the repos dropped from a peak of 7.50 per cent in October and November 2002 to a trough of 5.50 per cent in May 2003 while the weighted yield on bids accepted fell from 7.98 per cent in November 2002 to 5.69 per cent in May 2003. The overall weighted repo yield on bids accepted in 2002-03 was 7.18 per cent, down from 7.27 per cent in 2001-02.

Sixteen reverse repos were carried out by the Bank in 2002-03 in an effort to mop up excess liquidity that prevailed in the banking system. Bids totalling Rs26,113 million were received, of which a total amount of Rs10,680 million was accepted compared to Rs7,015 million accepted in the course of the seventeen reverse repo transactions held in 2001-02. The reverse repurchase periods varied between 1 and 3 days. An enduring excess liquidity condition in the money market pushed down significantly yields on bids received. Thus, the range of yields on bids received fell from a range of 4.40-7.00 per cent in 2001-02 to a range of 0.75-7.00 per cent in 2002-03. The highest yield accepted fell from

a peak of 4.75 per cent in August 2002 to a trough of 2.00 per cent in April and June 2003 while the weighted yield on bids accepted fell from 4.36 per cent to 1.21 per cent over the same period. The overall weighted yield on reverse repos fell from 5.60 per cent in 2001-02 to 2.77 per cent in 2002-03.

Table 3.2 provides details on repurchase transactions carried out in 2002-03.

Interbank Transactions

The interbank money market allows liquidity redistribution among Category 1 banks. Funds are available either at call (overnight) or at short notice (up to seven days) or at term (more than seven days) for banks to make up for temporary liquidity shortages arising out of their transactions.

In 2002-03, total interbank transactions increased by 11.5 per cent and amounted to Rs79,259 million. The daily average amount of interbank transactions rose from Rs201 million in 2001-02 to Rs259 million in 2002-03.

Transactions in 2002-03 were carried out mainly in the call money market where they totalled Rs58,384 million, a decrease of 9.5 per cent

Table 3.3: Interbank Transactions

| (Rs million) | | | | | | | | | | | | |
|----------------|---------------|----------|---------------|-----------------------|-----------|---------------|---------------|------------|---------------|--------------------|----------|---------------|
| | Money at Call | | | Money at Short Notice | | | Money at Term | | | Total Transactions | | |
| | Peak | Trough | Daily Average | Peak | Trough | Daily Average | Peak | Trough | Daily Average | Peak | Trough | Daily Average |
| 2002 | | | | | | | | | | | | |
| Jul | 735 | 10 | 255 | - | - | - | - | - | - | 735 | 10 | 255 |
| Aug | 455 | 10 | 166 | 10 | 8 | 8 | 200 | 200 | 200 | 455 | 10 | 264 |
| Sep | 427 | 5 | 114 | 10 | 10 | 10 | 200 | 200 | 200 | 627 | 205 | 314 |
| Oct | 582 | 50 | 321 | 150 | 25 | 86 | 200 | 200 | 200 | 812 | 250 | 580 |
| Nov | 320 | 20 | 189 | 175 | 25 | 75 | 200 | 200 | 200 | 695 | 20 | 270 |
| Dec | 235 | 45 | 133 | 10 | 10 | 10 | - | - | - | 235 | 10 | 125 |
| 2003 | | | | | | | | | | | | |
| Jan | 425 | 90 | 254 | - | - | - | - | - | - | 425 | 90 | 254 |
| Feb | 545 | 15 | 275 | - | - | - | - | - | - | 545 | 15 | 275 |
| Mar | 200 | 30 | 124 | - | - | - | - | - | - | 200 | 30 | 124 |
| Apr | 530 | 5 | 144 | - | - | - | - | - | - | 530 | 5 | 144 |
| May | 565 | 10 | 218 | - | - | - | - | - | - | 565 | 10 | 218 |
| Jun | 240 | 10 | 67 | 175 | 175 | 175 | - | - | - | 275 | 28 | 115 |
| 2002-03 | 735 | 5 | 191 | 175 | 8 | 62 | 200 | 200 | 200 | 812 | 5 | 259 |
| 2001-02 | 895 | 3 | 185 | 200 | 25 | 93 | - | - | - | 895 | 3 | 201 |

compared to the previous year. This represented a daily average amount of transactions of Rs191 million in 2002-03 compared to Rs185 million in 2001-02. Call money transactions peaked at Rs735 million in July 2002 and were at a trough of Rs5 million in September 2002 and April 2003.

Transactions at short notice decreased from a total of Rs6,565 million in 2001-02 to Rs4,075 million in 2002-03, representing a daily average amount of Rs62 million compared to Rs93 million in 2001-02. Transactions at short notice were at a peak of Rs175 million in November 2002 and June 2003 and at a trough of Rs8 million in August 2002.

For the first time in three years, transactions at term took place for a total amount of Rs16,800 million in 2002-03. From August to November 2002, transactions amounting to a daily average of Rs200 million were effected.

Interbank interest rates fluctuated within a lower range of 2.00-9.125 per cent in 2002-03 compared to a range of 5.25-11.50 per cent in 2001-02 reflecting the successive reductions in the

Lombard Rate. Interest rates in the call money market fluctuated between 2.00 per cent and 8.00 per cent in 2002-03 compared to a range of 5.25-11.50 per cent in 2001-02. The range of interest rates on money at short notice varied between 4.25 per cent and 9.00 per cent in 2002-03 compared to a range of 5.50-7.50 per cent in 2001-02 while the interest rate on term money transactions was 9.125 per cent in 2002-03.

The weighted average call money interest rate decreased by 156 basis points, from 6.77 per cent in 2001-02 to 5.21 per cent in 2002-03. The weighted average interest rate on transactions at short notice increased from 7.04 per cent in 2001-02 to 7.16 per cent in 2002-03. Overall, the monthly weighted average interbank interest rate fell by 67 basis points from 6.81 per cent in 2001-02 to 6.14 per cent in 2002-03.

Tables 3.3 and 3.4 as well as Chart 3.3 give details on interbank transactions and interbank interest rates in 2002-03.

Table 3.4: Interbank Interest Rates

| (Per cent per annum) | | | | | | | | |
|----------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|
| | 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 |
| 2002 | | | | | | | | |
| Jul | 5.73 | 4.00-7.00 | n.a. | n.a. | n.a. | n.a. | 5.73 | 4.00- 7.00 |
| Aug | 6.23 | 4.50-7.25 | 7.00 | 7.00 | 9.125 | 9.125 | 7.37 | 4.50-9.125 |
| Sep | 5.30 | 4.00-6.00 | 7.00 | 7.00 | 9.125 | 9.125 | 7.74 | 4.00-9.125 |
| Oct | 6.61 | 4.50-7.50 | 8.21 | 7.375-9.00 | 9.125 | 9.125 | 7.67 | 4.50-9.125 |
| Nov | 6.82 | 4.00-8.00 | 7.89 | 7.50-8.00 | 9.125 | 9.125 | 7.42 | 4.00-9.125 |
| Dec | 4.92 | 4.00-5.50 | 5.00 | 5.00 | n.a. | n.a. | 4.92 | 4.00- 5.50 |
| 2003 | | | | | | | | |
| Jan | 3.72 | 2.00-5.00 | n.a. | n.a. | n.a. | n.a. | 3.72 | 2.00- 5.00 |
| Feb | 4.75 | 2.50-6.50 | n.a. | n.a. | n.a. | n.a. | 4.75 | 2.50- 6.50 |
| Mar | 3.64 | 2.75-4.50 | n.a. | n.a. | n.a. | n.a. | 3.64 | 2.75- 4.50 |
| Apr | 3.66 | 2.75-6.25 | n.a. | n.a. | n.a. | n.a. | 3.66 | 2.75- 6.25 |
| May | 4.12 | 2.90-5.50 | n.a. | n.a. | n.a. | n.a. | 4.12 | 2.90- 5.50 |
| Jun | 3.85 | 2.50-5.00 | 5.21 | 4.25-6.50 | n.a. | n.a. | 4.45 | 2.50- 6.50 |
| 2002-03 | 5.21 | 2.00-8.00 | 7.16 | 4.25-9.00 | 9.125 | 9.125 | 6.14 | 2.00-9.125 |
| 2001-02 | 6.77 | 5.25-11.50 | 7.04 | 5.50-7.50 | n.a. | n.a. | 6.81 | 5.25-11.50 |

n.a.: Not available.

Lombard Facility

Effective 15 December 1999, the Bank introduced the Lombard Facility to provide overnight collateralised advances to Category 1 banks that encounter unexpected funding shortfalls. For this purpose, Category 1 banks have to assign a specified amount of eligible Government securities, which may be either Treasury Bills or other Government securities, as collateral.

During 2002-03, Category 1 banks had recourse to the Lombard Facility in July 2002, April 2003 and June 2003 for a total amount of Rs304 million.

The Lombard Rate, which is used by the Bank as a signalling mechanism of its monetary policy stance, stood at 11.50 per cent on 1 July 2002. It was reduced by 25 basis points on two successive occasions to 11.25 per cent on 13 November 2002 and to 11.00 per cent on 11 December 2002. The Lombard Rate was further brought down by 50 basis points to 10.50 per cent on 5 February 2003 and by another 25 basis points to 10.25 per cent on 7 May 2003 against a background of declining interest rates in major international financial markets. The cuts in the Lombard Rate were meant to boost business confidence and support growth prospects of the economy.

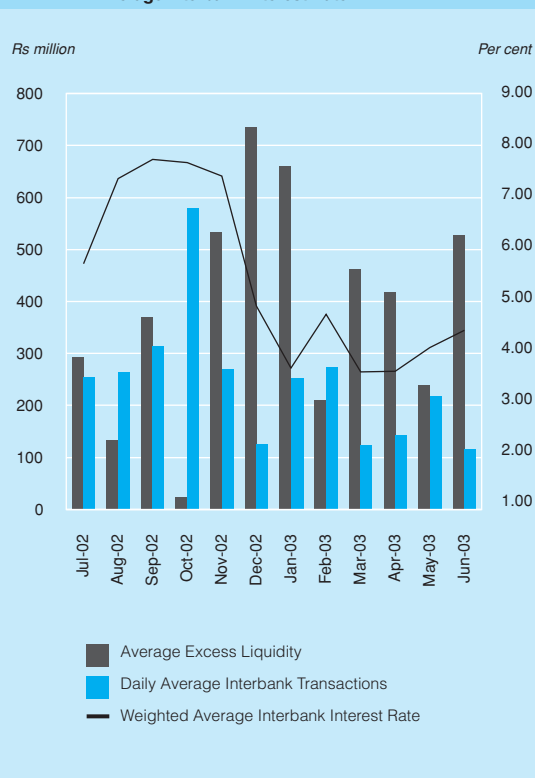
Secondary Market Trading

Primary Dealer System

The Primary Dealer System for Mauritius was established, effective 1 February 2002, to promote the development of a secondary market for Government securities. Four Category 1 banks, namely, Barclays Bank PLC, The Hongkong and Shanghai Banking Corporation Limited, The Mauritius Commercial Bank Ltd and State Bank of Mauritius Ltd, were appointed primary dealers and, as such, they undertake to fulfil a set of obligations in return for which they enjoy a number of privileges, which are laid out in a Memorandum of Understanding (MoU) agreed between the Bank of Mauritius and the primary dealers.

The implementation of the Primary Dealer System led to an overhaul of the bidding process at primary auctions. In 2002-03, the Bank embarked on a process of gradual phasing out of all non-primary dealer bidders such that, eventually, only primary dealers would be entitled to bid at primary auctions.

Chart 3.3: Excess Liquidity, Interbank Transactions and Weighted Average Interbank Interest Rate



Strict procedures were established with respect to the frequency of bidding and minimum bidding amounts that resulted in the number of bidders at primary auction being substantially reduced.

Another development with regard to the Primary Dealer System during fiscal year 2002-03 was the introduction of three new bands for the trading of Treasury Bills. Effective December 2002, primary dealers started trading in Treasury Bills with maturities ranging from 365 to 728 days, thus bringing the total number of trading bands to eleven. The MoU signed between the primary dealers and the Bank was amended accordingly. It is expected that over time, longer-term securities such as Government Bonds and Mauritius Development Loan Stocks would also be traded by primary dealers as part of the Bank's strategy to develop active secondary trading of Government securities.

In addition, effective 1 October 2002, in an effort to give an impetus to the development of this secondary market for Government securities, the Bank of Mauritius discontinued its over the counter sale of Treasury Bills to individuals and non-financial corporations.

The volume and value of transactions effected by primary dealers increased substantially following those developments. During the period under review, 1,833 deals were effected by primary dealers for a total amount of Rs11,595 million. A significant rise was recorded since October 2002 and the monthly average level of transactions jumped to Rs1,202 million for the period October 2002 through June 2003 compared to Rs258 million for the period July through September 2002. Transactions peaked at Rs2,219 million in March 2003 and were at a trough of Rs137 million in July 2002.

Band 8 and band 11, which concerned trading in Treasury Bills with maturities ranging from 301 to 364 days and 607 to 728 days, respectively, recorded the largest number of transactions, that is, 743 and 644, respectively. Other bands registered an average of 50 transactions with the smallest number of transactions recorded within band 2. Bands 3, 4, 7, 8 and 11 recorded substantial transactions, generally for over Rs1,000 million, with the largest value of transactions totalling Rs3,268 million being recorded within band 11. The lowest value of transactions was carried out within band 10 for a total amount of Rs217 million.

During 2002-03, the number of sale transactions effected by primary dealers, including sales to other primary dealers, summed up to 1,740 for a total amount of Rs9,132 million compared to only 152 purchase transactions amounting to Rs5,089 million.

At the start of fiscal year 2002-03, transactions were carried out at yields ranging from 7.25 per cent to 10.55 per cent, depending on the trading band. The yields came down subsequently, in line with the reductions in the Lombard Rate, to close the fiscal year in the range of 5.90 per cent to 9.75 per cent. Overall, during 2002-03, yields varied between 5.75 and 11.00 per cent.

Table 3.5 gives details of transactions conducted by the primary dealers within the eleven bands from July 2002 to June 2003 while Table 3.6 shows purchase and sale transactions effected over the same period.

Secondary Market Cell

The Bank of Mauritius carries out trading of Government securities on the secondary market through its Secondary Market Cell (SMC). The bulk of these transactions conducted during fiscal year

Table 3.5: Primary Dealer Activities

| Band | Days to Maturity | Number of Transactions | Value (Rs million) | Yield (Per cent per annum) |
|------------------------|------------------|------------------------|-----------------------|-------------------------------|
| 1 | 2 to 30 | 38 | 947.8 | 5.75-8.05 |
| 2 | 31 to 60 | 21 | 463.3 | 6.00-8.90 |
| 3 | 61 to 90 | 55 | 1,000.1 | 6.65-9.00 |
| 4 | 91 to 135 | 75 | 1,179.3 | 7.40-9.40 |
| 5 | 136 to 180 | 51 | 524.9 | 7.70-9.55 |
| 6 | 181 to 240 | 78 | 708.7 | 7.80-9.95 |
| 7 | 241 to 300 | 63 | 1,731.4 | 8.30-10.35 |
| 8 | 301 to 364 | 743 | 1,136.3 | 8.40-10.75 |
| 9 | 365 to 485 | 43 | 418.7 | 8.90-11.00 |
| 10 | 486 to 606 | 22 | 216.7 | 8.60-9.50 |
| 11 | 607 to 728 | 644 | 3,267.6 | 9.30-10.50 |
| 2002-03 | | 1,833 | 11,594.8 | 5.75-11.00 |
| Feb-02 - Jun-02 | | 131 | 1,054.4 | 7.25 - 10.45 |

Note: As from November 2002, primary dealer transactions include trading in Treasury Bills with maturities exceeding 364 days.

2002-03 consisted of Treasury Bills of 182-day, 364-day, and 728-day maturities sold over the counter to individuals and non-financial corporations until 30 September 2002.

Following the introduction of a Primary Dealer System in February 2002 and the appointment of four Category 1 banks as primary dealers, the Bank discontinued its over the counter sale of Treasury Bills as from 1 October 2002 in an effort to give an impetus to the development of the secondary market for Government securities. Accordingly, the total amount of Treasury Bills sold by the SMC came down significantly from Rs3,417 million in 2001-02 to Rs774 million in 2002-03. Purchases of Treasury Bills by the SMC increased from Rs32 million in 2001-02 to Rs105 million in 2002-03 with a peak of Rs85 million in August 2002.

With a view to providing customers in Rodrigues with additional investment facilities, the Bank of Mauritius reintroduced its over the counter sale of Treasury Bills at its Rodrigues Office with effect from 2 June 2003. Total sales amounting to Rs0.8 million took place during that month.

Taking into account the total amount of Treasury Bills accepted at primary auctions, the net amount of Treasury Bills sold by the Bank of Mauritius increased from Rs47,874 million in 2001-02 to Rs67,571 million in 2002-03.

The weighted yield on Treasury Bills sold by the SMC increased from 10.21 per cent in July 2002 to 10.42 per cent in September 2002, after which the SMC discontinued its over the counter sale of Treasury Bills. After the resumption of such sales at the Rodrigues Office in June 2003, the weighted yield to buyers on Treasury Bills sold by the SMC stood at 8.47 per cent, reflecting the reductions in the Lombard Rate. The overall weighted yield to buyers was 10.26 per cent in 2002-03 compared to 10.40 per cent in 2001-02.

Table 3.7 gives details on dealings in Government securities in 2002-03.

Special Line of Credit to the Sugar Industry

The Bank of Mauritius introduced a Special Line of Credit for an amount of Rs1.5 billion on 16 November 2001, which was subsequently increased

Table 3.6: Purchases and Sales of Government of Mauritius Treasury Bills by Primary Dealers

| | Purchases | | Sales | | Total Transactions ¹ | |
|----------------|------------|-----------------------|--------------|-----------------------|---------------------------------|-----------------------|
| | Volume | Value (Rs million) | Volume | Value (Rs million) | Volume | Value (Rs million) |
| 2002 | | | | | | |
| Jul | 8 | 65.5 | 27 | 71.5 | 35 | 137.0 |
| Aug | 6 | 265.0 | 32 | 366.1 | 35 | 436.1 |
| Sep | 4 | 151.4 | 11 | 150.3 | 13 | 201.7 |
| Oct | 19 | 650.2 | 86 | 329.3 | 101 | 859.5 |
| Nov | 11 | 367.5 | 113 | 683.5 | 116 | 716.0 |
| Dec | 11 | 242.5 | 188 | 949.3 | 196 | 1,139.9 |
| 2003 | | | | | | |
| Jan | 12 | 155.1 | 244 | 1,213.3 | 251 | 1,278.4 |
| Feb | 9 | 428.7 | 188 | 681.7 | 191 | 956.7 |
| Mar | 16 | 1,062.3 | 229 | 2,118.3 | 235 | 2,219.4 |
| Apr | 12 | 561.7 | 217 | 1,061.8 | 223 | 1,211.6 |
| May | 9 | 109.1 | 227 | 827.7 | 234 | 906.8 |
| Jun | 35 | 1,029.5 | 178 | 679.3 | 203 | 1,531.7 |
| 2002-03 | 152 | 5,088.5 | 1,740 | 9,132.1 | 1,833 | 11,594.8 |

¹ Figures do not add up to total purchases and sales as inter-primary dealer transactions, that is, purchases and sales of Treasury Bills among primary dealers, are accounted for only once.

to Rs2.0 billion as from 5 April 2002, to Category 1 banks to enable them support the restructuring of the sugar industry in the context of the Sugar Sector Strategic Plan.

Funds were made available to Category 1 banks at an interest rate of 5.5 per cent per annum for banks to on-lend to the sugar industry at a rate not exceeding 7.5 per cent per annum. The amounts disbursed by the Bank of Mauritius are repayable within 6 years after disbursement with a moratorium period of 2 1/2 years on the capital from the date of disbursement. Interest starts accruing on the loan facilities as from the date of its disbursement and is payable on a quarterly basis. During 2002-03, a total amount of Rs290 million was disbursed under this facility.

Special Line of Credit to the EPZ Sector

The Bank introduced, on 27 November 2000, a collateralised Special Line of Credit to Category 1 banks for them to on-lend to the EPZ sector to help EPZ companies modernise their equipment. The amount available under the special line of credit, originally set at Rs500 million, was increased to Rs800 million with effect from 31 July 2001. This facility was made available to Category 1 banks at an interest rate of 5.0 percentage points below the prevailing Lombard Rate for on-lending at 2.5 percentage points below the prevailing Lombard Rate to EPZ companies whose exports to the euro zone represented 50 per cent or more of their total exports and to those engaged in intra-company sales provided that such sales, denominated in

Table 3.7: Dealings in Government Securities

| | Amount of Treasury Bills Transacted Outside SMC ¹ | Amount of Treasury Bills Purchased by SMC | Amount of Treasury Bills Sold by SMC ² | Amount of Treasury Bills Accepted at Primary Auctions | Net Amount of Treasury Bills Sold by Bank of Mauritius (3)+(4)-(2) | Amount of Other Government Securities Transacted | Weighted Yield to Buyers on Treasury Bills Sold by SMC |
|----------------|--|---|---|---|--|--|--|
| | (Rs million) | | | | | | (Per cent per annum) |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 2002 | | | | | | | |
| Jul | 137.0 | 3.7 | 317.0 | 5,600.0 | 5,913.3 | 0.0 | 10.21 |
| Aug | 436.1 | 85.2 | 261.3 | 5,327.0 | 5,503.1 | 0.0 | 10.20 |
| Sep | 201.7 | 1.1 | 195.3 | 5,503.0 | 5,697.2 | 0.0 | 10.42 |
| Oct | 859.5 | 3.5 | 0.0 | 3,000.0 | 2,996.5 | 0.0 | - |
| Nov | 716.0 | 1.4 | 0.0 | 4,114.0 | 4,112.6 | 0.0 | - |
| Dec | 1,139.9 | 2.0 | 0.0 | 6,200.0 | 6,198.0 | 0.0 | - |
| 2003 | | | | | | | |
| Jan | 1,278.4 | 2.9 | 0.0 | 8,567.0 | 8,564.1 | 0.0 | - |
| Feb | 956.7 | 1.4 | 0.0 | 4,871.0 | 4,869.6 | 0.0 | - |
| Mar | 2,219.4 | 0.6 | 0.0 | 6,100.0 | 6,099.4 | 0.0 | - |
| Apr | 1,211.6 | 0.1 | 0.0 | 6,330.0 | 6,329.9 | 0.0 | - |
| May | 906.8 | 2.0 | 0.0 | 4,997.0 | 4,995.0 | 0.0 | - |
| Jun | 1,531.7 | 1.4 | 0.8 | 6,293.0 | 6,292.4 | 0.0 | 8.47 |
| 2002-03 | 11,594.8 | 105.3 | 774.4 | 66,902.0 | 67,571.1 | 0.0 | 10.26 |
| 2001-02 | 1,139.5 | 31.7 | 3,416.9 | 44,489.0 | 47,874.2 | 0.0 | 10.40 |

¹ Include transactions by primary dealers as from July 2002.

² Include Treasury Bills sold over the counter (OTC).

SMC: Secondary Market Cell of the Bank of Mauritius.

Notes: (i) Effective 1 October 2002, the Bank of Mauritius discontinued its over the counter sale of Treasury Bills to individuals and non-financial corporations.

(ii) Effective 2 June 2003, the Bank of Mauritius resumed its over the counter sale of Treasury Bills to individuals and non-financial corporations at its Rodrigues office.

euro, represented at least 50 per cent of the company's total sales.

The amounts disbursed by the Bank of Mauritius to Category 1 banks under this Special Line of Credit are repayable not later than 5 years after disbursement with a moratorium period of 2 years on the capital from the date of disbursement. Interest starts accruing on the loan facilities as from the date of disbursement and is payable on a monthly basis.

The Special Line of Credit to the EPZ sector was discontinued with effect from 10 January 2003. From July 2002 to that date, the Bank disbursed a total amount of Rs7 million under this facility bringing the total amount disbursed by the Bank since the inception of this facility to Rs357.5 million.

Equity Fund

The 2002-03 Budget made provision for the setting up of an Equity Fund through the Development Bank of Mauritius Ltd (DBM) to subscribe to the equity capital of new ventures and to participate in the equity of existing enterprises that have credible business plans for expansion or restructuring.

To support the implementation of the Equity Fund, the Bank of Mauritius will make available to the DBM a line of credit to the tune of Rs700 million, out of which an amount of Rs250 million will be on-lent by the DBM to the State Investment Corporation. There will be a moratorium period of three years on interest and capital payments.

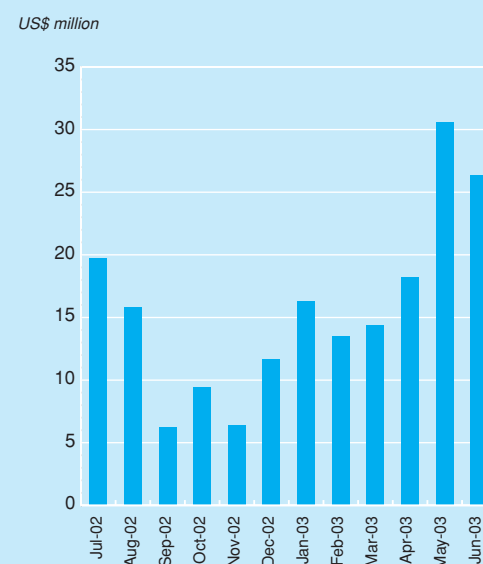
Interest rate payable under this line of credit advanced by the Bank will be at 5.0 percentage points below the prevailing Lombard Rate. Interest starts accruing on the loan facilities as from the date of its disbursement and is payable quarterly on a calendar year basis. Interest due during the moratorium period of three years will be capitalised.

The amounts disbursed by the Bank together with interest capitalised during the moratorium period are repayable in four equal instalments, not later than seven years after disbursement.

Foreign Exchange Market

In 2002-03, developments in the domestic foreign exchange market were influenced by both local and external factors and, in particular, by the

Chart 3.4: Average Liquidity in the Foreign Exchange Market



significant depreciation of the US dollar against the euro and other major currencies against a background of economic slowdown, fears of deflation and a persistent current account deficit in the United States, and a shift by investors to higher-yielding currencies.

The domestic foreign exchange market remained very liquid throughout 2002-03 as Category 1 banks registered surpluses in their net foreign exchange positions estimated at around an equivalent of US\$16 million on a monthly average basis. As a result, a pickup was noted in both spot and forward turnover.

Chart 3.4 shows the monthly average liquidity in the foreign exchange market over the period 2002-03.

Interbank Foreign Exchange Market

During 2002-03, there was a relative increase in turnover on the interbank foreign exchange market, which involved trading amounting to an equivalent of US\$67.43 million in 2002-03 compared to an equivalent of US\$27.40 million in 2001-02. Purchases of US dollar against the rupee amounted to US\$62.83 million in 2002-03 compared to US\$18.25 million in 2001-02.

The monthly average level of interbank foreign exchange transactions amounted to

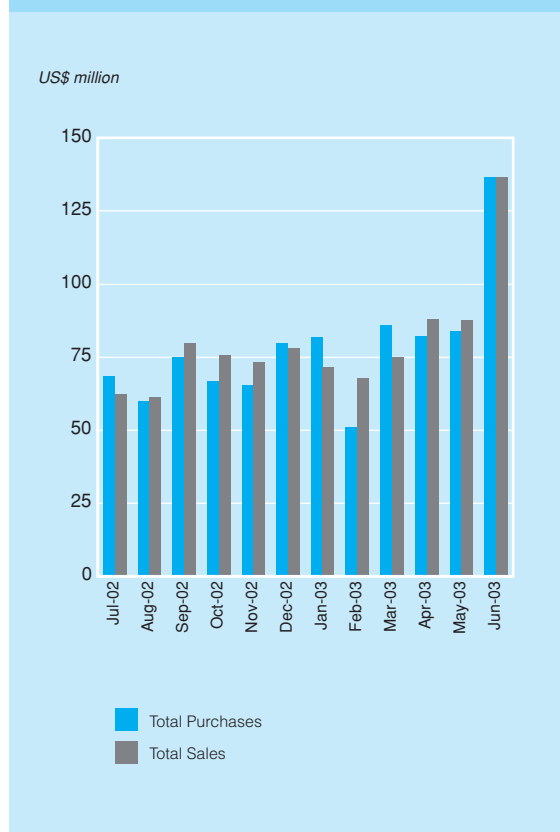
Table 3.8: Interbank Foreign Exchange Market

| | Purchase of US dollar against Rupee (US\$ million) | Purchase of US dollar against Other Foreign Currencies (US\$ million) | Purchase of Other Foreign Currencies (US\$ million) | Total Purchases | | Opening Interbank Min - Max Ask Rate ¹ (Rs/US\$) |
|----------------|---|---|--|---|---|--|
| | | | | US dollar Equivalent (US\$ million) | Rupee Equivalent (Rs million) | |
| 2002 | | | | | | |
| Jul | 6.00 | 0.00 | 0.20 | 6.20 | 185.02 | 29.9950-30.1550 |
| Aug | 2.05 | 0.10 | 0.40 | 2.55 | 75.90 | 29.9025-29.9875 |
| Sep | 2.10 | 0.06 | 0.16 | 2.32 | 68.90 | 29.8625-29.9025 |
| Oct | 3.89 | 0.00 | 0.03 | 3.92 | 115.74 | 29.8575-29.8875 |
| Nov | 5.19 | 0.00 | 0.09 | 5.28 | 155.66 | 29.6850-29.8500 |
| Dec | 4.60 | 0.14 | 0.02 | 4.76 | 139.48 | 29.4450-29.7225 |
| 2003 | | | | | | |
| Jan | 5.45 | 0.00 | 0.02 | 5.47 | 154.33 | 28.3275-29.2400 |
| Feb | 5.10 | 0.00 | 0.10 | 5.20 | 143.19 | 27.6875-28.1500 |
| Mar | 13.30 | 0.00 | 0.18 | 13.48 | 363.35 | 27.3300-27.7250 |
| Apr | 6.55 | 0.00 | 0.22 | 6.77 | 181.89 | 27.0000-27.3225 |
| May | 3.90 | 0.00 | 0.16 | 4.06 | 109.09 | 27.1250-27.3475 |
| Jun | 4.70 | 0.30 | 2.42 | 7.42 | 205.16 | 27.3250-29.2125 |
| 2002-03 | 62.83 | 0.60 | 4.00 | 67.43 | 1,897.71 | 27.0000-30.1550 |
| 2001-02 | 18.25 | 8.13 | 1.02 | 27.40 | 827.89 | 29.2925-30.5300 |

¹ With effect from 23 October 2000, the Rs/US\$ ask rate is based on the average of daily wholesale Rs/US\$ ask rate of four major Category 1 banks.

Table 3.9: Intervention by the Bank of Mauritius on the Interbank Foreign Exchange Market

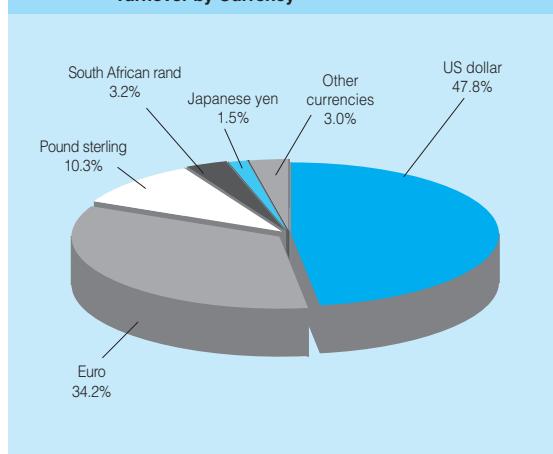
| | Sale of US dollar (US\$ million) | Range of Intervention (Rs/US\$ Ask Rate) | Purchase of US dollar (US\$ million) | Range of Intervention (Rs/US\$ Bid Rate) |
|----------------|-------------------------------------|---|---|---|
| 2002 | | | | |
| Jul | 0.0 | - | 25.5 | 29.66-29.85 |
| Aug | 0.0 | - | 14.2 | 29.60-29.65 |
| Sep | 0.0 | - | 16.0 | 29.52-29.55 |
| Oct | 0.0 | - | 3.4 | 29.52 |
| Nov | 0.0 | - | 10.0 | 29.40-29.48 |
| Dec | 0.0 | - | 27.5 | 29.00-29.38 |
| 2003 | | | | |
| Jan | 0.0 | - | 32.5 | 27.75-28.95 |
| Feb | 0.0 | - | 4.0 | 27.40 |
| Mar | 0.0 | - | 6.0 | 26.85 |
| Apr | 0.0 | - | 19.5 | 26.70-26.80 |
| May | 0.0 | - | 10.5 | 26.85-26.92 |
| Jun | 0.0 | - | 19.9 | 27.00-28.95 |
| 2002-03 | 0.0 | - | 189.0 | 26.70-29.85 |
| 2001-02 | 19.0 | 29.20-30.10 | 21.1 | 29.85-30.05 |

Chart 3.5: Category 1 Banks' Transactions above US\$30,000: Total Purchases and Sales

US\$5.62 million in 2002-03 compared to US\$2.28 million in 2001-02. Total interbank foreign exchange transactions peaked at US\$13.48 million in March 2003 and reached a trough of US\$2.32 million in September 2002. The opening interbank Rs/US\$ ask rate for the period under review fell from a range of Rs29.995 to Rs30.155 in July 2002 to a range of Rs27.325 to Rs29.2125 in June 2003.

Intervention by the Bank of Mauritius during 2002-03 reflected the foreign exchange liquidity condition of the market. During fiscal year 2002-03, the Bank purchased a total amount of US\$189.0 million from Category 1 banks through intervention on the interbank foreign exchange market while there was no intervention through sale of US dollar by the Bank. During fiscal year 2002-03, the range of US dollar intervention rates fell from a range of Rs29.66-Rs29.85 in July 2002 to a range of Rs27.00-Rs28.95 in June 2003, mainly reflecting the decline of the US dollar on foreign exchange markets.

Table 3.8 gives details of monthly transactions on the interbank foreign exchange market and Table 3.9 provides the amount and

Chart 3.6: Category 1 Banks' Transactions above US\$30,000: Turnover by Currency

range of intervention by the Bank of Mauritius during 2002-03.

Foreign Exchange Deals conducted by Category 1 Banks

Category 1 banks report on a daily basis to the Bank of Mauritius their customer transactions of US\$30,000 and above, or their equivalent in other foreign currencies. During 2002-03, total such transactions amounted to an equivalent of US\$1,894.0 million with 47.8 per cent of total transactions being carried out in US dollar, 34.2 per cent in euro, 10.3 per cent in Pound sterling, 3.2 per cent in South African rand, 1.5 per cent in Japanese yen and 3.0 per cent in other foreign currencies. Total monthly transactions above US\$30,000 peaked at an equivalent of US\$273.1 million in June 2003 and reached a trough equivalent to US\$118.8 million in February 2003.

The Rs/US\$ weighted average dealt ask rates at which transactions over US\$30,000 were effected fluctuated between Rs27.00 in April 2003 and Rs29.96 in July 2002. Against the euro, the weighted average dealt ask rates varied between Rs29.16 in August 2002 and Rs33.05 in June 2003 while, against the Pound sterling, they moved between Rs43.03 in April 2003 and Rs46.88 in December 2002. As at end-June 2003, the weighted average dealt ask rate of the rupee stood at Rs29.225 against the US dollar, Rs33.106 against the euro and Rs48.191 against the Pound sterling.

Charts 3.5 and 3.6 give details on transactions above US\$30,000 effected by

Category 1 banks while Chart 3.7 and Table 3.10 show the weighted average dealt rates of the rupee against major currencies.

Public Debt Management

The domestic financing of the budget deficit is effected through the issue of short-term, medium-term and long-term obligations. As such, short-term obligations of the Government consist of Government of Mauritius Treasury Bills issued on a weekly basis by the Bank of Mauritius with

maturities ranging from 91 to 728 days. Medium-term and long-term obligations are generally issued in the form of Government bonds and other long-term Government debt instruments, namely, Mauritius Development Loan Stocks (MDLS).

During 2002-03, the decision to lengthen the maturity structure of the Government's debt portfolio was initiated. In this respect, the Bank of Mauritius started auctioning, on a calendar quarterly basis, Five-Year Government of Mauritius Bonds and proceeded with an issue of MDLS with maturities ranging between 7 and 15 years.

Chart 3.7: Weighted Average Dealt Ask Rates of the Rupee vis-à-vis Major Currencies: 2002-03¹

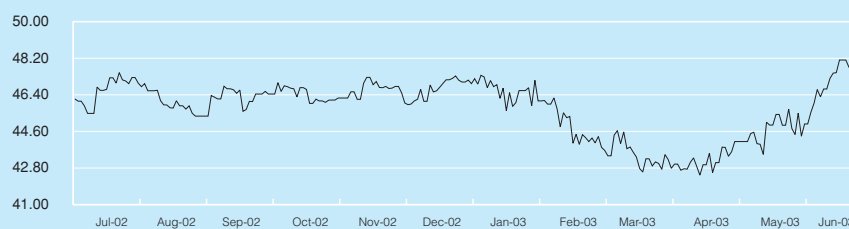
Rs/ US dollar



Rs/ Euro



Rs/ Pound sterling



¹ Daily basis.

Table 3.10: Weighted Average Dealt Rates Against the Rupee ¹

| | Rs/US\$ | | Rs/EUR | | Rs/GBP | |
|-------------|---------|--------|--------|--------|--------|--------|
| | BID | OFFER | BID | OFFER | BID | OFFER |
| 2002 | | | | | | |
| Jul | 29.651 | 29.899 | 29.007 | 29.466 | 46.346 | 46.950 |
| Aug | 29.546 | 29.702 | 28.995 | 29.502 | 45.558 | 46.364 |
| Sep | 29.489 | 29.763 | 28.986 | 29.350 | 46.014 | - |
| Oct | 29.454 | 29.673 | 29.016 | 29.434 | 45.904 | - |
| Nov | 29.300 | 29.495 | 28.995 | 29.354 | 45.340 | 45.949 |
| Dec | 28.906 | 29.375 | 30.324 | 30.798 | 46.373 | 47.196 |
| 2003 | | | | | | |
| Jan | 27.788 | 28.050 | 30.038 | 30.644 | - | - |
| Feb | 27.261 | 27.496 | 29.318 | 30.046 | 43.030 | 43.815 |
| Mar | 26.802 | 27.604 | 29.066 | 29.774 | 42.358 | 43.460 |
| Apr | 26.708 | 26.822 | 29.694 | 30.414 | 42.634 | 43.600 |
| May | 26.896 | 27.106 | 31.800 | 32.560 | 44.216 | 45.500 |
| Jun | 28.674 | 29.225 | 32.665 | 33.106 | 47.157 | 48.191 |

¹ End of month.**Table 3.11: Auctions of Five-Year Government of Mauritius Bonds**

| | 30-Sep-02 | 31-Dec-02 | 31-Mar-03 | 30-Jun-03 |
|---|-----------|-----------|-----------|-----------|
| 1. Amount of Bonds put on Tender (Rs mn) | 250.0 | 250.0 | 250.0 | 250.0 |
| 2. Value of Bids Received (Rs mn) | 394.3 | 724.0 | 587.6 | 597.6 |
| 3. Value of Bids Accepted (Rs mn) | 116.3 | 250.0 | 250.0 | 250.0 |
| 4. Coupon Rate (% p.a.) | 8.50 | 8.50 | 8.50 | 8.50 |
| 5. Highest Yield Accepted (% p.a.) | 11.77 | 10.85 | 10.20 | 9.87 |
| 6. Weighted Average Yield on Bids Accepted (% p.a.) | 11.59 | 10.75 | 10.12 | 9.73 |
| 7. Weighted Price of Bids Accepted (Per cent) | 88.517 | 91.469 | 93.764 | 95.220 |

Table 3.12: Auction of Mauritius Development Loan Stocks held on 19 May 2003

| | 7 9/16% MDLS 2010 (19.05.2010) | 7 3/4% MDLS 2014 (19.05.2014) | 8.0% MDLS 2018 (19.05.2018) |
|---|-----------------------------------|----------------------------------|--------------------------------|
| 1. Value of Bids Received (Rs mn) | 210.7 | 148.9 | 174.4 |
| 2. Value of Bids Accepted (Rs mn) | 204.9 | 148.9 | 168.4 |
| 3. Coupon Rate (% p.a.) | 7 9/16 | 7 3/4 | 8.0 |
| 4. Highest Yield Accepted (% p.a.) | 10.3 | 10.5 | 10.65 |
| 5. Weighted Average Yield on Bids Accepted (% p.a.) | 10.11 | 10.41 | 10.39 |
| 6. Weighted Price of Bids Accepted (Per cent) | 87.436 | 82.816 | 82.031 |

Issue of Five-Year Government of Mauritius Bonds

On 18 September 2002, the Bank of Mauritius announced a series of quarterly issues of Rs250 million each of Five-Year Government of Mauritius Bonds with coupon rates varying between 8.50 per cent per annum and 8.75 per cent per annum for fiscal year 2002-03. The first issue of Five-Year Government of Mauritius Bonds was carried out on 30 September 2002 and subsequent issues were held on 31 December 2002, 31 March 2003 and 30 June 2003. For all four issues, the coupon rate was fixed at 8.50 per cent per annum. All the issues were oversubscribed as bids were received for a total amount of Rs2,304 million against a total tender amount of Rs1,000 million. A total amount of Rs866 million was accepted.

Investors adjusted the yields at which they were bidding in line with reductions in the Lombard Rate between September 2002 and June 2003. The weighted average yield on bids accepted fell gradually from 11.59 per cent on 30 September 2002 to 10.75 per cent in December 2002 and further down to 10.12 per cent in March 2003 and 9.73 per cent on 30 June 2003, representing a total decline of 186 basis points over that period.

Table 3.11 gives details on the four auctions of the Five-Year Government of Mauritius Bonds during 2002-03.

Issue of Mauritius Development Loan Stocks (MDLS)

On 19 May 2003, the Bank undertook the issue, on an auction basis, of three types of MDLS with maturities of 7, 11 and 15 years for a total nominal amount of Rs1,130 million. The coupon rates were fixed at 7 9/16 per cent, 7 3/4 per cent and 8.0 per cent per annum, respectively.

Bids received totalled Rs534 million and an amount of Rs522 million was accepted. The weighted average yields on bids accepted were 10.11 per cent for the seven-year MDLS, 10.41 per cent for the eleven-year MDLS and 10.39 per cent for the fifteen-year MDLS.

Table 3.12 presents details on the auction of MDLS on 19 May 2003.

Redemption of Mauritius Development Loan Stocks (MDLS)

During 2002-03, MDLS for a total nominal amount of Rs922,000,000 were redeemed as follows:

| Title of Stocks | Amount (Rs) |
|---|--------------------|
| 1. 12 1/4 % Mauritius Development Loan Stock 2003 (15.01.2003) | 80,000,000 |
| 2. 9 1/4 % Mauritius Development Loan Stock 2003 (31.01.2003) | 400,000,000 |
| 3. 8 5/16 % Mauritius Development Loan Stock 2003 (31.03.2003) | 302,000,000 |
| 4. 11 % Mauritius Development Loan Stock 2003 (16.04.2003) | 140,000,000 |
| | 922,000,000 |

4 Accounting, Budgeting and Payment System

The Accounting, Budgeting and Payment System Department of the Bank provides back office services to other departments and divisions of the Bank, namely, the Financial Markets Department, the Administration Department, and the Banking and Currency Division. The Department is also responsible for the maintenance and safekeeping of accounting records of the Bank, the preparation of the financial statements and the budget of the Bank, and the management of the payment system and the SWIFT system.

Accounting

The Department performs all the accounting functions relating to the sales and purchases of foreign exchange, the management of the Bank's foreign exchange reserves, and the issue of Government of Mauritius Treasury Bills, Government of Mauritius Bonds and Mauritius Development Loan Stocks (MDLS).

Foreign exchange transactions are carried out by the Bank on behalf of the Government in respect of debt servicing, payment for consultancy services and contributions to international organisations. The Department is also responsible for maintaining the accounting entries relating to intervention by the Bank on the local interbank foreign exchange market and updating the accounts maintained by Category 1 banks at the Bank through the Mauritius Automated Clearing and Settlement System (MACSS).

Weekly primary auctions of Government of Mauritius Treasury Bills are conducted on Fridays and the transactions of successful bidders are recorded in book entry form at the Bank and, upon request, certificates of holdings are issued to them. Those maintaining an account in book entry form are provided with monthly statements of their transactions.

The Department also undertakes the processing of transactions of the Government with international financial organisations such as the

International Monetary Fund (IMF), International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA). Dealings with these organisations include currency valuation adjustments, use of rupees under the operational budget and Maintenance of Value.

The Bank prepares its accounts in accordance with International Accounting Standards. In keeping with international standards and with a view to enhancing transparency, the Bank has, since financial year 2000-01, changed the format of its published financial statements. A detailed version of the balance sheet, profit and loss account and cash flow statement for financial year 2002-03 has been prepared and is presented in this report.

Budgeting

The Accounting, Budgeting and Payment System Department is responsible for the preparation of the budget of the Bank and for budgetary control. The budget of the Bank comprises two main components, namely, recurrent expenditure and capital expenditure. Recurrent expenditure includes "Personal Emoluments", that is, salaries and allowances payable to staff members of the Bank and "Other Charges", which represents mainly expenditure incurred by the Bank on goods and services of a non-capital nature. Capital expenditure relates to expenses incurred in respect of the purchase of goods of a capital nature and capital projects.

The budget of the Bank is prepared using inputs from various departments of the Bank. Since financial year 2002-03, the monitoring of the budget is done on a departmental basis with a view to enhancing responsibility and accountability. In a bid to foster responsibility accounting, a committee comprising budget liaison officers from all departments has been set up under the chairmanship of the Director-Accounting, Budgeting and Payment System. This committee

addresses issues relevant to the preparation and monitoring of departmental budgets.

Progress reports on the budget performance of each Department are prepared and submitted to the management of the Bank at regular intervals. The reports compare actual and budgeted performance and as such provide a basis for feedforward control. Material variances and trends are highlighted with a view to taking corrective action as appropriate.

Payment System

Mauritius Automated Clearing and Settlement System (MACSS)

The Mauritius Automated Clearing and Settlement System (MACSS), which was launched on 15 December 2000, is based on Real Time Gross Settlement (RTGS) principles. The responsibility for managing the MACSS rests with the Accounting, Budgeting and Payment System Department.

The Department also maintains the accounts of the Government and Category 1 banks on the

MACSS. There are presently eleven direct participants in MACSS, including the Bank of Mauritius. The Ministry of Finance also participates in the system indirectly through the Bank of Mauritius. MACSS is a fully automated system that electronically links Category 1 banks and the Ministry of Finance to the Bank of Mauritius via a secure, reliable and efficient payment network that conforms to international standards.

The MACSS, which is a credit-push system used to transfer funds from one account to another at any Category 1 bank in Mauritius, is a real time transaction-by-transaction settlement system centered on the books of the Bank of Mauritius. Each payment effected through the MACSS is treated as final and irrevocable immediately on settlement. Viewed against the uncertainty associated with cheque presentation and delayed clearing, real time settlement through MACSS has significantly improved customer liquidity management as well as the standard of Mauritius' payment system to best international practice.

Any Category 1 bank receiving any payment instruction can transfer the funds immediately to its customer without incurring any risk as the funds

Table 4.1: Mauritius Automated Clearing and Settlement System (MACSS): Total Transactions

| | Number of Transactions | Value of Transactions (Rs million) | Number of Days | Daily Average | |
|----------------|------------------------|---------------------------------------|----------------|------------------------|---------------------------------------|
| | | | | Number of Transactions | Value of Transactions (Rs million) |
| 2002 | | | | | |
| Jul | 4,022 | 35,612 | 23 | 175 | 1,548 |
| Aug | 3,837 | 32,829 | 21 | 183 | 1,563 |
| Sep | 3,847 | 28,286 | 20 | 192 | 1,414 |
| Oct | 4,454 | 35,139 | 23 | 194 | 1,528 |
| Nov | 3,996 | 35,387 | 20 | 200 | 1,769 |
| Dec | 4,141 | 36,884 | 20 | 207 | 1,844 |
| 2003 | | | | | |
| Jan | 4,252 | 33,268 | 21 | 202 | 1,584 |
| Feb | 3,953 | 32,506 | 19 | 208 | 1,711 |
| Mar | 4,150 | 31,049 | 20 | 208 | 1,553 |
| Apr | 4,403 | 38,242 | 21 | 210 | 1,821 |
| May | 4,325 | 34,998 | 21 | 206 | 1,667 |
| Jun | 4,546 | 35,654 | 21 | 216 | 1,698 |
| 2002-03 | 49,926 | 409,854 | 250 | 200 | 1,639 |
| 2001-02 | 38,514 | 355,487 | 246 | 157 | 1,445 |

would have already been credited to its account with the Bank of Mauritius.

The total amount settled by way of single settlement instructions through the MACSS during 2002-03 represented around 69 per cent of total interbank settlements, thus reducing the probability of systemic risk in the domestic financial system.

Table 4.1 provides details about transactions routed through the MACSS for the period July 2002 through June 2003.

The MACSS operates as from 9:30 hours on every working day with an initial cut-off time at 15:30 hours for third party transactions. The final cut-off time of the MACSS is 16:15 hours, which allows banks an extra 45 minutes for their treasury management operations at the end of normal operating hours. On the 20th of every month, or on the next working day if the 20th is not a working day, the initial and final cut-off times of the MACSS are set at 16:00 hours and 16:30 hours, respectively. This special arrangement allows banks to pick up the exceptionally large volume of Government-related transactions on that date.

The MACSS platform also offers electronic mail facility, which is used by Category 1 banks to report details of transactions effected and also to transmit statistical data to the Bank. For financial year 2002-03, transactions reported by primary dealers and executed through MACSS amounted to Rs13,897 million.

The Contributions Network Project, which was initiated by the Ministry of Finance, uses the MACSS platform for collecting revenues for other governmental departments. Revenue collected by the Income Tax, Value-Added Tax, and Customs and Excise Departments as well as contributions to the National Pensions Fund and the Industrial and Vocational Training Board are thus readily made available to the Government.

During November/December 2002, the national payment system was assessed by a joint team from the World Bank and the International Monetary Fund in the context of the Financial Sector Assessment Programme (FSAP). Except for one issue relating to legislation, the payment system satisfied all the criteria laid down in the Core Principles for Payments Systems. Steps are being taken to overcome the technical legal shortcoming. To enhance the transparency of the

payment system, the Bank has disseminated information relating thereto on its website.

Central Depository and Settlement System

The Bank of Mauritius administers the daily settlement of funds in respect of transactions carried out on The Stock Exchange of Mauritius Ltd by participants, namely, stockbrokers and custodian banks, through the Central Depository Settlement System. During 2002-03, the total of such settlements amounted to Rs972.7 million.

Automation of Port Louis Clearing House

The second phase of the modernisation of the payment system in Mauritius was completed in November 2002 with the automation of the Port Louis Clearing House. It involved the standardisation of cheques using Magnetic Ink Character Recognition (MICR) technology. The MICR feature enhances the processing speed of cheques at Category 1 banks by enabling the electronic settlement and exchange of cheque details among participants via the MACSS network. Accordingly, MICR encoded cheques drawn on the Head Office as well as branches of Category 1 banks presented in the interbank clearing by a collecting bank are settled or returned unpaid not later than the second clearing of the working day following their first presentation at the clearing. This represents a departure from past practice whereby unpaid cheques and other articles presented in the interbank clearing and drawn on Head Office of banks in Port Louis used to be settled or returned unpaid not later than the second clearing of the working day following presentation whereas cheques presented in the interbank clearing and drawn on all other branches, including Port Louis branches, had to be settled or returned unpaid not later than the second clearing of the second working day following their first presentation. There are presently eleven participants in the Port Louis Automated Clearing House (PLACH), including the Bank of Mauritius.

The MICR cheque paper specifications are based on the standards that have been agreed upon between the Bank of Mauritius and Category 1 banks. These specifications are communicated exclusively to those printers that have been accredited by the Cheque Standards Committee, which comprises representatives from the Bank of Mauritius, Category 1 banks and the Association of

Mauritian Printers. The list of printers/encoders of MICR cheques accredited by the Cheque Standards Committee is presented below:

- (i) De La Rue Currency and Security Print.
- (ii) Excel Secure Technologies Ltd.
- (iii) Madras Security Printers.
- (iv) Master's Continuous Stationery Ltd.
- (v) Mauritius Stationery Manufacturers Ltd.
- (vi) Standard Continuous Stationery Ltd.

As from 30 January 2003, the Port Louis Automated Clearing House (PLACH) has been using a software for performing the netting and settlement at the end of each clearing cycle. This application has been designed to integrate with the MACSS. Thus, at the end of each clearing cycle, the resulting net settlement transactions are automatically routed to the MACSS. The PLACH can also accommodate as many clearing cycles as required throughout the day.

Effective 2 May 2003, the number of clearing sessions was reduced from three to two with clearing times set at 10:00 hours and 15:00 hours. After each session, net settlement is effected via the MACSS network. Electronic files containing details of the MICR code line and the amounts involved are exchanged among participants. Another file containing settlement details is sent to the Port Louis Automated Clearing House for settlement. Any bank issuing a cheque is identified through a unique two-digit code that is used in the MICR code line. The same code is used to identify banks in the data files, which have been exchanged among themselves. Documents that are cleared comprise cheques, drafts, debit vouchers, credit vouchers and other claims on banks drawn in Mauritian rupees as well as cheques drawn in foreign currencies. After each clearing session, the participants meet at the Bank of Mauritius for the exchange of cheques.

The Department is responsible for the day-to-day supervision of settlements through the Port Louis Automated Clearing House.

Abandoned Funds

Under Section 34 of the Banking Act 1988, Category 1 banks are required to transfer to the Bank of Mauritius deposits or monies lodged with them for any purpose and that have remained unclaimed for ten years or more. These funds are refunded to the banks for repayment subsequently

to their owners or their heirs or assignees on rightful claims being established to the satisfaction of the Bank of Mauritius. Abandoned funds transferred to the Bank by Category 1 banks amounted to Rs58.8 million as at close of business on 30 June 2003.

Banking and Currency Division

Currency Office

The Currency Office is entrusted with the responsibilities to issue and manage the domestic currency.

During 2002-03, banknotes deposited at the Bank for an amount of Rs5,419 million were processed, out of which an amount of Rs1,304 million was found to be unfit for circulation and was thus withdrawn for destruction.

On the basis of the volume of banknotes withdrawn from circulation during 2002-03, the soiled ones in the vault and those currently in circulation, the average lifetime of the low denomination banknotes, namely, Rs25, Rs50, Rs100 and Rs200, has been estimated at around 12, 10, 16 and 25 months, respectively.

The Currency Office will soon be provided with a new banknote sorting machine for the processing of banknotes and another machine for disintegrating soiled banknotes.

With a view to maintaining currency of good quality and in adequate amount in circulation in Rodrigues, twenty-one outward consignments of banknotes and coins for a total amount of Rs58 million were shipped to Rodrigues during 2002-03.

Banking Office

The Banking Office is a provider of front office services for Government, parastatal organisations, Category 1 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 and 100 grams and in grain forms to industrialists and licensed jewellers.

The selling prices of the industrial gold, based on prevailing international gold market, are posted daily in the Banking Hall of the Bank.

Value-Added Tax (VAT), at the prevailing rate, is chargeable on the sale of industrial gold to industrialists and licensed jewellers.

Sale of 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 in Mauritius for the value stated thereon.

The Dodo Gold coins are on sale at the Bank of Mauritius and at Category 1 banks in Mauritius. They are also marketed overseas by the Royal Mint of the United Kingdom.

The daily selling prices of the coins, based on their gold content and on the international gold market prices, are posted in the Banking Hall of the Bank.

Sale of Commemorative Coins

The undermentioned commemorative coins are also on sale at the Bank of Mauritius to members of the public.

1. Tenth Anniversary of the Independence of Mauritius

A silver commemorative coin of Rs25 denomination was issued to mark the 10th anniversary of the independence of Mauritius. The sale price of the coin is Rs25.

2. 1997 Golden Wedding Collector Coin Programme

A silver commemorative coin of Rs20 denomination was issued in May 1997 in proof condition to mark the 50th Wedding Anniversary of Queen Elizabeth II and Prince Philip. The sale price of the coin in presentation case is the rupee equivalent of £20.

3. 150th Anniversary of the Mauritius Chamber of Commerce & Industry Silver and Gold Coins

A gold commemorative coin of Rs1,000 denomination and a silver commemorative coin of Rs10 denomination in proof condition were issued in January 2000 to mark the 150th Anniversary of the Mauritius Chamber of Commerce & Industry.

The sale price of the gold and silver coins in presentation cases are Rs6,750 and Rs650, respectively.

4. Centenary of the Arrival of Mahatma Gandhi in Mauritius

A silver commemorative coin of Rs100 denomination in proof condition was issued in November 2001 to mark the centenary of the arrival of Mahatma Gandhi in Mauritius.

The sale price of the coin in presentation case is Rs725.

Rodrigues Office

The Bank's office in Rodrigues offers central banking services to Government Departments and Category 1 banks operating in Rodrigues. The Office also conducts over the counter sales of Government of Mauritius Treasury Bills to individuals and non-financial corporations.

5 Information Technology

Port Louis Automated Clearing House

The Port Louis Automated Clearing House (PLACH) became operational on 8 November 2002 and has been clearing a daily average of 18,000 cheques electronically. The PLACH is built upon the existing Mauritius Automated Clearing and Settlement System (MACSS) platform that links Category 1 banks to the Bank of Mauritius.

Category 1 banks are now issuing Magnetic Ink Character Recognition (MICR) encoded cheques to their customers to enable the automatic processing of cheques using MICR machines.

In the last phase of the automation of the Clearing House, new mechanisms have been devised to enable the exchange of data files containing details about cheques being cleared. These data files generated by the MICR machines are exchanged automatically between participants just before the beginning of the two clearing cycles, namely, at 10:00 hours and 15:00 hours. Montran Corporation, the developer of the Real Time Gross Settlement (RTGS) system in Mauritius, has supplied the Bank with additional software that integrates the cheque clearing and settlement processes. This software uses the information contained in the data files to calculate the debit and credit positions of banks, following which the relevant settlement instructions are sent to the MACSS. The software also provides reporting facilities to assist users in the monitoring of cheque clearing and settlement.

Training

During 2002-03, the Information Technology Department provided training to over 100 staff members of the Bank on office applications. For the first time, porters attended these training sessions.

Intranet

The Bank's Intranet has been revamped to include new facilities such as electronic mail, news and announcements. All Departments can now post information pertaining to their activities on the Intranet. This "by users for users" philosophy of

the Intranet is geared towards increasing communication among the staff members and also to improve efficiency relating to the management of information at the Bank. Future enhancements of the Intranet will include, amongst others, workflow models for submitting various application forms and this will contribute in the realisation of a paperless office concept at the Bank.

Information Technology Sub-Committee

The Bank of Mauritius has set up, in May 2003, an IT Sub-Committee. This Sub-Committee acts as a forum for the partaking of views and information on developments in the field of Information Technology in the banking sector as well as for coordinating efforts and competence among Category 1 banks.

Regional Cooperation in Information Technology

At the request of the Monetary and Exchange Affairs Department of the International Monetary Fund and of the East African Regional Technical Centre (AFRITAC), the Bank of Mauritius participated in a workshop on Payment System, which was held in Dar Es Salaam, Tanzania, in June 2003. The representative from the Bank shared with other participants in the workshop the Bank's experience on RTGS, a system that has been successfully implemented by the Bank in December 2000.

Fallback Facilities

In order to ensure the smooth operation of the financial system, the Bank has replicated the MACSS platform, as well as other information technology-related applications used at the Bank, at a remote site. This site, which is a crucial component of contingency arrangements for the Bank, has been set up with a view to providing fallback facilities in the event of a disaster at the Bank. Every three months, fallback connectivity tests are performed during which the MACSS system at the Port Louis site is shut down and participants continue with their operations while being connected to the fallback facilities. Hence, reliance on the fallback facilities is ensured.

6 Administration and Staff Matters

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

As at end-June 2003, there were 265 staff members at the Bank. The Organisation Chart of the Bank is shown in Appendix V.

Conferences, Seminars, Training Courses and Overseas Missions

The following gives a report on Conferences, Seminars, Training Courses and Overseas Missions attended by staff members of the Bank.

Mr Y. Googoolye, Director-Accounting, Budgeting and Payment System, attended:

- (i) the Fourth Meeting of the Committee of International Payments Experts from Central Banks on Regional Payment and Settlement System (REPSS) on 14 and 15 October 2002, followed by the REPSS Project Team Meeting in Harare, Zimbabwe, on 16 October 2002.
- (ii) the Fifth Meeting of the Bureau of the Committee of International Payments Experts of COMESA Central Banks in Harare, Zimbabwe, on 28 and 29 April 2003.
- (iii) the SADC Payment System Project - Country Leaders Meeting in Pretoria, South Africa, from 19 to 21 May 2003.

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

- (i) the SADC Committee of Central Bank Officials on 18 and 19 September 2002 and the Meeting of the Committee of Central Bank Governors (CCBG) in SADC in Cape Town, South Africa, on 20 September 2002.
- (ii) the SADC Meeting of the Committee of Central Bank Officials on 1 and 2 April 2003, followed by the SADC Meeting of the

Committee of Central Bank Governors in Luanda, Angola, on 3 April 2003.

- (iii) a Meeting of the Working Group of the Committee of Central Bank Governors in SADC in Mangochi, Malawi, on 3 and 4 June 2003.

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

- (i) the Business Excellence Model - Self-Assessment Training Course in Pretoria, South Africa, from 18 to 22 November 2002.
- (ii) the SADC Central Banks Information Technology Forum: 2003 - Annual Conference in Zanzibar, Tanzania, from 17 to 21 February 2003.
- (iii) a Workshop on Payments System in Dar Es Salaam, Tanzania, from 4 to 6 June 2003.

Mr J.K. Ramtohul, Assistant Director-Supervision, participated in the Risk Management Workshop for Regulators: Assessing, Managing and Supervising Financial Risk, held at the World Bank in Washington DC, U.S.A., from 27 April to 2 May 2003.

Mr R. Chinniah, Assistant Director-Supervision, attended the Pre-Meetings of the Offshore Group of Banking Supervisors and the East and Southern Africa Banking Supervisors Group on 16 and 17 September 2002 as well as the twelfth International Conference of Banking Supervisors in Cape Town, South Africa on 18 and 19 September 2002.

Mr J. Pandoo, Assistant Director-Financial Markets, attended a Seminar on "Fundamentals of Reserve Management", conducted by the Financial Stability Institute, Bank for International Settlements in Beatenberg, Switzerland, from 26 to 30 May 2003.

Ms M.M.A. Heerah, Assistant Director-Financial Markets, participated in the SADC Training and Development Forum/Bank for International Settlements Seminar on "Central

Bank Surveillance of the Structure and Functioning of Financial Markets" in Pretoria, South Africa, from 28 to 30 August 2002.

Mr J.K. Choolhun, Manager-Financial Markets, attended:

- (i) the ACI Asia Pacific Congress on "Financial Markets in the K-Economy" in Kuala Lumpur, Malaysia, from 31 October to 2 November 2002.
- (ii) a Course on Financial Markets conducted jointly by the SADC Training and Development Forum-International Monetary Fund and the South African Reserve Bank in Pretoria, South Africa, from 3 to 14 February 2003.

Mr M.V. Punchoo, Senior Research Officer, attended the SADC Workshop on "Determination of Macroeconomic Convergence Target Indicators" in Gaborone, Botswana, from 28 to 30 August 2002.

Mr J.N. Bissessur, Senior Research Officer, attended:

- (i) the SADC Macroeconomic Subcommittee Meeting in Gaborone, Botswana, on 14 and 15 April 2003.
- (ii) a Workshop on the Establishment of Macroeconomic Convergence, Monitoring and Surveillance Unit in Maputo, Mozambique, from 26 to 28 June 2003.

Mr D. Thakoor, Senior Analyst Programmer, attended a Workshop on Cyber Terrorism conducted by Marcus Evans S.A. (Pty) Ltd in Sandton City, South Africa, on 10 and 11 October 2002.

Mr N. Kowlessur, Research Officer, attended the "Banking and Finance in Small States: Issues and Policies" training programme, organised by the Management and Training Services Division of the Commonwealth Secretariat in collaboration with the Ministry of Foreign Affairs of Malta in Valletta, Malta, from 2 to 13 December 2002.

Mr C. Ellapah, Research Officer, attended a Workshop on the Coordinated Portfolio Investment Survey (CPIS) organised by the International Monetary Fund in collaboration with the Government of Japan in Hamilton, Bermuda, from 6 to 8 May 2003.

Mr K. Ramnauth, Research Officer, attended a course on Financial Programming and Policies held at the Joint Africa Institute in Abidjan, Ivory Coast, from 9 to 20 September 2002.

Mr M.A.B. Fakira, Senior Bank Examiner, attended:

- (i) the Second Meeting of Bank Supervisors in the COMESA Region in Lusaka, Zambia, from 3 to 5 February 2003.
- (ii) the ESAF Heads of Supervision Workshop and Annual General Meeting in Mangochi, Malawi, from 23 to 27 June 2003.

Mrs S. Hurrymun, Senior Bank Examiner, attended a Seminar on "Market and Liquidity Risk" in Basel, Switzerland, from 25 to 27 February 2003.

Mrs N. Beharee, Senior Bank Examiner, attended the First Annual 2003 ESAF Regional Workshop conducted jointly by the ESAF Banking Supervisors Group and the Financial Stability Institute in Cape Town, South Africa, from 5 to 9 May 2003.

Mr D. Ghurburrin, Senior Bank Examiner, attended a Workshop on Advanced Risk Management, conducted by the Financial Stability Institute, Bank for International Settlements in Beatenberg, Switzerland, from 14 to 18 July 2002.

Mrs M. Ramdhan, Senior Bank Examiner, attended a Focused Seminar on Operational Risk conducted by the Financial Stability Institute, Bank for International Settlements in Basel, Switzerland, on 16 and 17 July 2002.

Mr J.C.B. Chamary, Senior Bank Examiner, attended a training course on International Banking and Money Laundering, conducted by the International Law Enforcement Academy (ILEA) in Gaborone, Botswana, from 7 to 11 April 2003.

Mr S. Ramnarainsing, Senior Accounts Officer, attended the Bankmaster Usergroup Conference in Johannesburg, South Africa, from 20 to 22 January 2003.

Mr N. Ramtohul, Senior Bank Examiner, attended the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) Mutual Evaluations Training Course conducted by the ESAAMLG Secretariat with the technical assistance of the Financial Action Task Force (FATF) and the United Nations in Dar Es Salaam, Tanzania, from 13 to 15 January 2003.

Ms P.N. Gopy, Senior Bank Examiner, attended a Symposium on Money Laundering conducted jointly by the United States Agency for International Development/Regional Centre for South Africa (USAID/RCA) and the International

Law Enforcement Academy (ILEA) in Gaborone, Botswana, from 14 to 16 April 2003.

Mr P. Nundlall, Senior Bank Examiner, attended the ESAF Regional Workshop in Livingstone, Zambia, from 28 October to 1 November 2002.

Mrs P. Keerodhur, Bank Examiner Grade I, attended a Symposium on Money Laundering, conducted jointly by the United States Agency for International Development/Regional Centre for South Africa (USAID/RCA) and the International Law Enforcement Academy (ILEA) in Gaborone, Botswana, from 14 to 16 April 2003.

Mr V.K. Ranlaul, Bank Officer Grade II, attended the Bankmaster Usergroup Conference in Johannesburg, South Africa, from 20 to 22 January 2003.

Mrs S.S.B. Goolam Hossen, Bank Examiner Grade II, attended the ESAF Intermediate Training Course in Banking Supervision in Pretoria, South Africa, from 22 July to 2 August 2002.

Local Training

Mr J.K. Ramtohl, Assistant Director-Supervision, Mr M.R.C. Noel, Chief Bank Examiner, and Mrs T. Gobin-Jhurry, Bank Examiner Grade I, attended a Workshop on "Combating Money Laundering and Terrorist Financing" organised by the Financial Intelligence Unit at Hilton Mauritius Resort, Flic en Flac, on 28 May 2003.

Mr J. Pandoo and Ms M.M.A. Heerah, Assistant Directors-Financial Markets, attended a Workshop on "Developments in Financial Markets: Economic and Technical Analysis" at the Plantation House, Port Louis, on 24 and 25 June 2003.

Mrs P. Hurree Gobin, Research Officer, attended a Seminar on "Trade in Services" organised by Ministry of Industry and International Trade at Domaine Les Pailles, Port Louis, from 9 to 11 April 2003.

Mr D. Thakoor, Senior Analyst Programmer, and Mr A.K. Dowlut, Analyst Programmer, attended a Workshop on "Business Resource Outsourcing Opportunities" organised by the Business Parks of Mauritius Limited at Maritim Hotel, Balaclava, on 4 April 2003.

Mr M.A.B. Fakira, Senior Bank Examiner, attended the presentation of the draft report on "Monitoring Progress towards Good Governance:

In-Country Assessment - Mauritius" at Domaine Les Pailles, Port Louis, on 4 March 2003.

Mr Y. Toynoo and Mr P. Nundlall, Senior Bank Examiners, attended a training Programme on Financial Instruments (IAS 32 and IAS 39) organised by the Ministry of Economic Development, Financial Services and Corporate Affairs at Labourdonnais Waterfront Hotel, Le Caudan, Port Louis, from 29 April to 2 May 2003.

Mr S. Gopaul and Mr C.S. Rutah, Internal Auditors, and Mr A.K. Dowlut, Analyst Programmer, attended a training programme on "Information System and Control" organised by the CDAC School of Advanced Computing at Domaine Les Pailles, Port Louis, on 22 and 26 May 2003.

Mr A. Jhary, Mr H. Budhna, Mr C.S. Rutah, Mr A.K. Ramroop and Ms P.N. Gopy attended the East, Central and Southern African Federation of Accountants (ECSAFA) 5th Congress 2002 held at the International Conference Centre, Grand Baie, from 4 to 6 July 2002.

Mr H. Budhna, Mr P. Nundlall, Mr S. Ramnarainsing, Mr A.K. Ramroop and Ms P.N. Gopy, attended a Workshop on "International Accounting Standards on Financial Instruments" at Labourdonnais Waterfront Hotel, Le Caudan, Port Louis, on 16 August 2002.

Overseas Missions

The Governor, accompanied by Mr H.O. Jankee, Director-Research, attended a Symposium on Banking and Financial Services organised by the Commonwealth Secretariat in London, U.K., on 3 and 4 July 2002. He also attended a Symposium for Central Bank Governors at the Bank of England in London, U.K., on 4 and 5 July 2002 and the Annual General Meeting of the Bank for International Settlements in Basel, Switzerland, from 6 to 8 July 2002. The Governor then proceeded to Washington DC, U.S.A., to discuss technical assistance matters with senior officials of the IMF.

The Governor attended a Meeting of the Committee of SADC Central Bank Governors in Cape Town, South Africa, on 19 and 20 September 2002.

The Governor, accompanied by Mr H.O. Jankee, Director-Research, attended:

- (i) the Commonwealth Central Bank Governors Conference held on 23 and 24 September 2002 and the Commonwealth Finance

- Ministers Meeting held in London, U.K., from 24 to 26 September 2002.
- (ii) the Annual General Meetings of the International Monetary Fund and the World Bank Group held in Washington DC, U.S.A., from 26 to 30 September 2002.
 - (iii) "La Reunion des Gouverneurs des Banques Centrales des Pays Francophones" held in Brussels, Belgium, from 3 to 5 October 2002.

The Governor attended a meeting of Governors of Central Banks of Africa held on 16 and 17 December 2002 at the Bank for International Settlements in Basel, Switzerland. He also met with senior officials of the Bank of England in London, U.K., on 18 December 2002.

The Governor attended a meeting of the Committee of SADC Central Bank Governors in Luanda, Angola, on 3 April 2003.

The Governor, accompanied by Mr R. Chinniah, Assistant Director-Supervision attended:

- (i) a symposium for Central Bank Governors at the Bank of England in London, U.K., on 26 June 2003.
- (ii) the Annual General Meeting of the Bank for International Settlements in Basel, Switzerland, from 28 to 30 June 2003.

The Managing Director attended:

- (i) a meeting of Search Committee for the selection of the Executive Secretary for the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) in Windhoek, Namibia, from 22 to 24 July 2002.
- (ii) a meeting of the Search Committee for the selection of the Executive Secretary for Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) and the Council and Task Force Meeting of the ESAAMLG in Swaziland, from 13 to 15 August 2002.

The Managing Director attended a meeting of the Offshore Group of Banking Supervisors (OGBS) held on 16 September 2002 and a meeting of the International Conference of Banking Supervisors held on 17 and 18 September 2002 in Cape Town, South Africa.

The Managing Director proceeded to India from 5 to 12 December 2002 to sign, in his capacity of Chairman of the Financial Services Commission of Mauritius, a Memorandum of Understanding with the Securities and Exchange Board of India.

The Managing Director, accompanied by Mr V.K. Sonah, Head-Banking and Currency Division, Mr J. Cangy, Administrative Officer-Currency Office, and Mr N. Mundboth, Technical Officer Grade A, proceeded to Reunion Island to have high level discussions on matters of mutual interest with representatives of the Institut d'Emission des Départements d'Outre-Mer from 2 to 5 March 2003.

In-house Seminars

Mr Jean-Claude Hillion and Mr Olivier Raynaud from the Banque de France conducted an in-house Seminar on Banking Supervision and Anti-Money Laundering from 27 January to 1 February 2003.

Mr Miklos Endreffy and Mr Alex Joia from the Bank for International Settlements conducted an in-house Seminar on Reserve Management on 17 and 18 June 2003.

Training Attachment

A team from the Central Bank of West African States (BCEAO), comprising Ms Fatimatou Diop, Mr Bwaki Kwassi, Mr Adamou Amadou and Mr Abdoulaye Mbodj, was on an official visit at the Bank to have an overview of the Real Time Gross Settlement (RTGS) System on 11 and 12 July 2002.

Mr Yao Abalo, Head of Financial External Relations Department, Mr Emmanuel Kofi Nti, Deputy Chief Manager at the Treasury Department, and Mr Nik Amarteifo, Board Member, from the Central Bank of Ghana were on a training attachment at the Bank on Exchange and Payment System pertaining to exports of Mauritius from 15 to 18 January 2003.

Ms Caroline Abel, Director of Research and Statistics at the Central Bank of Seychelles, was on a training attachment at the Research Department of the Bank from 3 to 7 February 2003.

Mr Jean Nepomuscene Baliyanga and Mr Jean Marie Gacandaga from the Banque Nationale du Rwanda were on a training attachment on Banking Supervision at the Supervision Department of the Bank from 15 January to 15 February 2003.

Mr Bigoshi Musimwa, Country Leader, SADC Payment Systems Project and Mr Gere Kwagaleme, Member of the Legal Steering

Committee of SADC, and from the Central Bank of Congo, were on an official mission at the Bank to study the anti-money laundering measures in Mauritius on 19 and 20 June 2003.

Personnel Matters

The Board made the following appointments and recruitments in the Bank on the recommendation of the Board's Appointment Committee.

Appointment

Mr J.C.B. Chamary, Ms P.N. Gopy, Mrs N. Nabee, Mr P. Nundlall, Bank Officers Grade II, and Mr N. Ramtohul, Bank Examiner Grade II, were appointed Senior Bank Examiners with effect from 22 August 2002.

Mrs L.D. Maistry, Bank Examiner Grade II, was appointed Senior Bank Examiner with effect from 26 August 2002.

Mrs M.L.C. Bastien Sylva, Mrs G.S. Juggernaut, Mrs P. Keerodhur, Mr P.E. Padaruth, Ms M.L.G. Philibert, Mr L. Ramful, Bank Officers Grade II, and Mr A.K. Ramroop, Bank Examiner Grade II, were appointed Bank Examiners Grade I with effect from 22 August 2002.

Mrs A. Jang, Mrs R.B. Lalmahomed-Jeetun, Mr V.P.A. Koonjul, Mr J. Moosoohur and Mrs V. Ramful, Bank Officers Grade II, were appointed Junior Dealers with effect from 22 August 2002.

Mrs M. Thancanamootoo, Bank Officer Grade II, was appointed Research Assistant with effect from 22 August 2002.

Mr S. Ramnarainsing, Bank Officer Grade II, was appointed Senior Accounts Officer with effect from 21 October 2002.

Mr R. Beekaree, Mrs P.J.S. Ghoorah, Mr S. Nabelah, Mrs Y.B. Peeroo-Tegally and Mrs P.G.D. Veerapatren, Bank Officers Grade II, were appointed Bank Officers Grade I with effect from 14 November 2002.

Mrs U. Pratap-Gaya, Bank Officer Grade II, was appointed Bank Officer Grade I with effect from 2 December 2002.

Mr H. Budhna, Bank Officer Grade II, was appointed Senior Accounts Officer with effect from 19 March 2003.

Recruitment

Ms S. Appiah was appointed Senior Bank Examiner with effect from 26 September 2002.

Mr D. Gooljar and Mr Y. Madhub were appointed Senior Bank Examiners with effect from 30 September 2002.

Mr Y. Toynoo was appointed Senior Bank Examiner with effect from 14 October 2002.

Ms U. Chuttarsing was appointed Senior Bank Examiner with effect from 2 December 2002.

Mr S. Vadeevaloo was appointed Senior Bank Examiner with effect from 15 January 2003.

Mr J.M.J.D. Bonnafaire was appointed Senior Accounts Officer with effect from 1 November 2002.

Mr P.K. Benee and Mr J. Thakoor were appointed Research Officers with effect from 1 November 2002.

Mrs N. Mihdidin was appointed Research Officer with effect from 18 November 2002.

Ms M. Whan-Kan was appointed Research Officer with effect from 25 November 2002.

Ms P.S. Muthoora was appointed Research Officer with effect from 2 December 2002.

Mr F.E.S. Ruhmaly was appointed Research Officer with effect from 20 January 2003.

Mr G. Beegoo was appointed Research Officer with effect from 3 February 2003.

Mr D. Audit was appointed Research Officer with effect from 3 March 2003.

Mr M.S. Gopaul was appointed Internal Auditor with effect from 23 December 2002.

Mr B. Jawaheer was appointed Internal Auditor with effect from 3 February 2003.

Mr G. Buldeo was appointed Cleaner with effect from 2 December 2002.

Mrs H.S. Sewraj-Gopal was appointed Secretary with effect from 1 April 2003.

Retirement

Mrs S. Bhageerutty-Nemchand, Senior Research Officer, and Mrs F. Furjun-Fakira, Bank Examiner Grade II, retired from the service of the Bank during the period under review.

Resignation

Mr R.K. Dabee, Communications Officer, Mr D. Gooljar, Senior Bank Examiner, and Mr A.K. Ramroop, Bank Examiner Grade I, resigned from the service of the Bank during 2002-03.

Completion of Studies

Mr B.K. Ramlaul, Administrative Officer, was awarded an MSc Human Resource Studies by the University of Mauritius in July 2002.

Mr M.V. Punchoo, Senior Research Officer, was awarded an MSc Economics by Birkbeck College, University of London, U.K., in August 2002.

Mrs R. Lulith, Bank Officer Grade II, was awarded a Diploma in Information Systems by APTECH Computer Education in August 2002.

Ms M.M. Lauricourt, Research Assistant, completed the ACCA final examinations in August 2002.

Mr A.A. Massafeer, Bank Officer Grade II, was awarded a Bachelor of Commerce by the University of South Africa in September 2002.

Mr L. Ramful, Bank Examiner Grade I, was awarded a Bachelor of Commerce by the University of South Africa in September 2002.

Mrs P.G.D. Veerapatren, Bank Officer Grade I, was awarded a Bachelor of Administration by the University of South Africa in September 2002.

Mr G. Pavaday, Analyst Programmer, was awarded an MBA (Specialisation in Finance) by the University of Mauritius in October 2002.

Mrs H. Tylamma, Bank Officer Grade I, was awarded a Diploma in Human Resource Management by the University of Leicester in November 2002.

Mrs V. Soyjaudah, Senior Bank Examiner, was awarded an MSc Applied Economics by the University of Mauritius in November 2002.

Mrs N. Nabee, Senior Bank Examiner, was awarded an MSc Financial Economics by the University of London, U.K., in December 2002.

Mrs M. Gujadhur, Administrative Officer, was awarded a BSc (Hons) Financial Services & Associateship by the University of Manchester Institute of Science and Technology in February 2003.

Mr V. Nem, Research Assistant, completed the ACCA final examinations in February 2003.

Mr J.C.H. David, Bank Officer Grade I, was awarded a Bachelor of Administration by the University of South Africa in April 2003.

Mrs S.D. Ramanah, Bank Officer Grade II, was awarded a Bachelor of Commerce by the University of South Africa in April 2003.

7 Financial Statements

BANK OF MAURITIUS FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

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INTRODUCTION

Section 11(1) of the Bank of Mauritius Act 1966 (as amended) states that the Board of Directors of the Bank of Mauritius ('the Bank') shall determine the net profits of the Bank for each financial year after meeting all current expenditure for that year and after making such provision as it thinks fit for bad and doubtful debts, depreciation in assets, contributions to staff funds and superannuation funds and other contingencies. For the year ended 30 June 2003 the net profits of the Bank before transfer to/from reserves amounted to Rs1,709.7 million (2002 - Rs2,605.8 million).

An amount of Rs1,500.0 million (2002 - Rs1,500.0 million) was made available to the Government of Mauritius as profit distribution after a write back of Rs 625.0 million (2002 - Rs 335.4 million) from Other Reserves and transfer to Foreign Exchange Rate Fluctuations Reserve of Rs834.7 million (2002 - Rs1,441.1 million).

Assets

Major changes in assets reflect mainly increase in Other Balances and Placements.

Liabilities

The increase in liabilities arises from an increase in Demand Deposits from Government and Commercial Banks and an increase in Notes and Coins in Circulation. The application of IAS 19 (Employee Benefits) for the first time in the financial statements of the current year led to a provision made for Employee Benefits.

Capital and Reserves

The net increase in Reserves arises as a consequence of reserves set aside for foreign exchange rate fluctuations.

Statement of Responsibilities of the Board of Directors of the Bank of Mauritius

Section 45 of the Bank of Mauritius Act 1966 (as amended) requires the Bank to prepare its financial statements each year and to have the same certified by the Bank's statutory auditors.

The Board of Directors of the Bank is responsible for the accounting records, which disclose with reasonable accuracy at any time, the financial position of the Bank. It has a general responsibility for taking such steps, as are reasonably open to it, to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

The Prime Minister appoints the Board of Directors of the Bank. The Governor is appointed by the Prime Minister for a period not exceeding five years and on such terms and conditions as the President of the Republic of Mauritius may determine. The Managing Director is appointed by the Prime Minister for such period and on such terms and conditions as the President of the Republic of Mauritius may determine. The Non-Executive Directors of the Bank (not less than three but not more than five) shall hold office for a term of three years and are appointed by the Prime Minister on the recommendation of the Minister of Finance.

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 (the 'Bank') for the year ended 30 June 2003, as set out on pages 152 to 170.

This report is made solely to the shareholders of the Bank of Mauritius, as a body. Our audit work has been undertaken so that we might state to the shareholders of the Bank of Mauritius those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank of Mauritius and the shareholders of the Bank of Mauritius, as a body, for our audit work, for this report, or for the opinion we have formed.

Board of Directors' responsibilities

The Board of Directors of the Bank of Mauritius is responsible for the preparation of financial statements. It is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' responsibilities

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. An audit includes 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 the Board of Directors in the preparation of 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.

We have no relationship with, or interests in the Bank other than in our capacity as auditors.

Opinion

We have obtained all the information and explanations that we have required.

In our opinion:

- * proper accounting records have been kept by the Bank as far as it appears from our examination of those records;
- * the net profits for the year have been ascertained in accordance with Section 11 of the Bank of Mauritius Act 1966; and
- * the financial statements give a true and fair view of the financial position of the Bank as at 30 June 2003, and of the results of its operations and cash flows for the year then ended.

9 September 2003
Port Louis

KPMG
Public Accountants

BANK OF MAURITIUS BALANCE SHEET AT 30 JUNE 2003

| | Note | 2003 Rs | 2002 Rs |
|-------------------------------------|------|-----------------------|-----------------------|
| CAPITAL AND RESERVES | 3 | | |
| Authorised and Paid Up Capital | | 10,000,000 | 10,000,000 |
| Reserves | | 14,415,622,645 | 14,205,909,174 |
| | | <u>14,425,622,645</u> | <u>14,215,909,174</u> |
| ASSETS | | | |
| External Assets: | | | |
| Cash and Cash Equivalents | 4 | 7,598,747,658 | 8,378,067,482 |
| Other Balances and Placements | 5 | 31,707,132,575 | 21,301,980,347 |
| Other Investments | | 17,313,932 | 18,023,007 |
| Interest Receivable | | 260,273,920 | 213,558,645 |
| | | <u>39,583,468,085</u> | <u>29,911,629,481</u> |
| Loans and Advances | 6 | 2,355,711,925 | 2,131,728,191 |
| Financial Assets Available-For-Sale | 7 | 930,112,622 | 1,967,333,243 |
| Property, Plant and Equipment | 8 | 358,429,774 | 354,698,547 |
| Other Assets | 9 | 106,598,802 | 150,218,543 |
| | | <u>43,334,321,208</u> | <u>34,515,608,005</u> |
| Less: LIABILITIES | | | |
| Notes in Circulation | | 9,234,470,605 | 8,202,761,410 |
| Coins in Circulation | | 353,722,262 | 330,471,658 |
| | 10 | <u>9,588,192,867</u> | <u>8,533,233,068</u> |
| Demand Deposits: | | | |
| Government | | 11,972,382,041 | 5,210,270,266 |
| Commercial Banks | | 4,991,625,252 | 4,239,709,629 |
| Other Financial Institutions | | 170,575,330 | 78,872,977 |
| Others | | 141,281,631 | 103,659,944 |
| | | <u>17,275,864,254</u> | <u>9,632,512,816</u> |
| Provision | 11 | 200,000,000 | 325,000,000 |
| Employee Benefits | 12 | 26,790,000 | - |
| Other Liabilities | 13 | 1,817,851,442 | 1,808,952,947 |
| | | <u>28,908,698,563</u> | <u>20,299,698,831</u> |
| | | <u>14,425,622,645</u> | <u>14,215,909,174</u> |

(sd) R. Basant Roi
Governor

(sd) B. R. Gujadhur
Managing Director

(sd) Y. Googoolye
Director-Accounting,
Budgeting & Payment System

9 September 2003

The notes on pages 156 to 170 form part of the financial statements.

BANK OF MAURITIUS INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2003

| | Note | 2003 Rs | 2002 Rs |
|---|------|----------------------|----------------------|
| Income | | | |
| <i>Income from Financial Assets</i> | | | |
| Interest and Similar Income on Foreign Assets | | 1,185,191,545 | 1,301,843,558 |
| Interest and Similar Income on Domestic Assets | | 176,027,638 | 186,880,908 |
| Others | | 113,354,872 | 139,774,896 |
| | 14 | 1,474,574,055 | 1,628,499,362 |
| Profit on Foreign Exchange Transactions | | 75,386,023 | 9,484,984 |
| Other Income | 15 | 11,455,412 | 28,306,755 |
| | | 1,561,415,490 | 1,666,291,101 |
| Expenditure | | | |
| <i>Expenditure on Financial Liabilities</i> | | | |
| Interest Expense and Similar Charges | 16 | 526,098,333 | 214,668,750 |
| IMF Charges | | 4,952,205 | 6,596,527 |
| Fees payable | | 29,122,222 | 26,915,035 |
| Staff Salaries and Other Benefits | 17 | 122,158,563 | 108,948,735 |
| General Expenditure | | 60,818,633 | 46,784,535 |
| Coin Issue Expenses | | 153,739 | 16,206,875 |
| Note Issue Expenses | | 103,389 | 37,463,922 |
| Depreciation of Property, Plant and Equipment | | 54,242,963 | 31,101,314 |
| Directors' Remuneration | | 3,357,527 | 3,549,484 |
| Other Expenditure | 18 | 10,422,340 | 9,416,879 |
| | | 811,429,914 | 501,652,056 |
| Surplus of Income over Expenditure | | 749,985,576 | 1,164,639,045 |
| Foreign Exchange Rate Differences | | 834,727,895 | 1,441,131,728 |
| Reversal of Provision | 11 | 125,000,000 | - |
| NET PROFIT BEFORE TRANSFER TO/ FROM RESERVES | | 1,709,713,471 | 2,605,770,773 |
| Add: Transfer from Other Reserves | | 625,014,424 | 335,360,955 |
| Less: Transfer to Foreign Exchange Rate Fluctuations Reserve | | (834,727,895) | (1,441,131,728) |
| PROFIT AVAILABLE TO THE GOVERNMENT OF MAURITIUS | | 1,500,000,000 | 1,500,000,000 |

The notes on pages 156 to 170 form part of the financial statements.

BANK OF MAURITIUS

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2003

| | Authorised and Paid Up Capital | General Reserve Fund | Foreign Exchange Rate Fluctuations Reserve | Other Reserves | Total |
|---|--------------------------------------|----------------------------|---|----------------------|-----------------------|
| | Rs | Rs | Rs | Rs | Rs |
| At 1 July 2001 | 10,000,000 | 23,000,000 | 10,155,727,306 | 2,921,411,095 | 13,110,138,401 |
| Transfer to Foreign Exchange Rate Fluctuations Reserve | - | - | 1,441,131,728 | - | 1,441,131,728 |
| Transfer from Other Reserves | - | - | - | (335,360,955) | (335,360,955) |
| At 30 June 2002 | 10,000,000 | 23,000,000 | 11,596,859,034 | 2,586,050,140 | 14,215,909,174 |
| Transfer to Foreign Exchange Rate Fluctuations Reserve | - | - | 834,727,895 | - | 834,727,895 |
| Transfer from Other Reserves | - | - | - | (625,014,424) | (625,014,424) |
| At 30 June 2003 | 10,000,000 | 23,000,000 | 12,431,586,929 | 1,961,035,716 | 14,425,622,645 |

The notes on pages 156 to 170 form part of the financial statements.

BANK OF MAURITIUS CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2003

| | Note | 2003 Rs | 2002 Rs |
|---|------|------------------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net Cash Inflow from Operating Activities | 19 | 10,143,562,381 | 8,139,095,605 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Increase in Other Balances and Placements | | (10,405,152,228) | (5,207,691,637) |
| Decrease in Financial Assets Available-For-Sale | | 1,037,220,621 | 391,951,208 |
| Acquisition of Property, Plant and Equipment | | (58,025,660) | (79,985,536) |
| Proceeds from Disposal of Property, Plant and Equipment | | 575,062 | 1,883,358 |
| Dividend Received | | 2,500,000 | 2,931,784 |
| Net Cash Used in Investing Activities | | (9,422,882,205) | (4,890,910,823) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Profit paid to the Government of Mauritius | | (1,500,000,000) | (1,200,000,000) |
| Net Cash Used in Financing Activities | | (1,500,000,000) | (1,200,000,000) |
| Net (Decrease)/Increase in Cash and Cash Equivalents | | (779,319,824) | 2,048,184,782 |
| Cash and Cash Equivalents at Beginning of Year | | 8,378,067,482 | 6,329,882,700 |
| Cash and Cash Equivalents at End of Year | 4 | 7,598,747,658 | 8,378,067,482 |

The notes on pages 156 to 170 form part of the financial statements.

BANK OF MAURITIUS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

1. LEGAL FRAMEWORK

The Bank of Mauritius ('the Bank') is established as the Central Bank of Mauritius under the Bank of Mauritius Act dated 15 October 1966 (as amended). Its main place of business is at Sir William Newton Street, Port-Louis. It operates an office in Rodrigues. The Bank is an independent institution with its own legal personality and tables its reports to the National Assembly. The Bank's principal responsibilities are to:

- * Formulate and implement monetary policy with the principal objective of ensuring price stability.
- * Formulate and implement appropriate intervention policies in the foreign exchange markets.
- * Promote and regulate an efficient and secure operation of the payments system.
- * Be responsible for the supervision of Category 1 and Category 2 banks, non-bank financial institutions authorised to transact in deposit taking business, money changers and foreign exchange dealers.
- * Hold and manage the official foreign exchange reserves of Mauritius.
- * Direct its policy towards strengthening the financial system and increasing the general prosperity of Mauritius.

Under Section 10 of the Bank of Mauritius Act 1966 (as amended), the authorised capital of the Bank shall be Rs10 million, and shall be subscribed and held by the Government. Such capital may be increased by transfer from the General Reserve Fund by such amounts as the Board may resolve with the agreement of the Minister of Finance. As at 30 June 2003, the paid up capital of the Bank amounted to Rs10 million.

Under Section 11 (2) of the Bank of Mauritius Act 1966 (as amended), the net profits shall be allocated at the end of each financial year as follows:

- (a) to a General Reserve Fund to be established by the Bank
 - (i) in respect of any year at the end of which the Fund does not exceed the paid up capital of the Bank, one quarter of the net profits;
 - (ii) in respect of any year at the end of which the Fund exceeds the paid up capital of the Bank but does not exceed twice the paid up capital of the Bank, one-eighth of the net profits; or
 - (iii) such amount as the Board may, with the approval of the Minister, determine after the advance mentioned in paragraph (b) has been fully repaid;
- (b) one quarter of the remainder of the net profits shall be applied to the repayment of any sum outstanding which forms part of the advance deemed to have been made to the Bank on its establishment;
- (c) the remainder shall be paid to the Government.

At 30 June 2003, the level of Reserves amounted to Rs14,415.6 million (2002 - Rs14,205.9 million).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are presented in Mauritian Rupee, rounded to the nearest unit.

Statement of compliance

The financial statements have been prepared in accordance with International Accounting Standards (IAS) adopted by the International Accounting Standards Board (IASB) and interpretations issued by the Standing Interpretations Committee of the IASB.

The financial statements have been prepared under the historical cost convention as modified by the fair valuation of certain financial assets available-for-sale.

A summary of the significant accounting policies adopted is given below:

Financial Instruments

(i) Classification

Held for trading instruments are those that are acquired or incurred principally for the purpose of generating profits from short-term fluctuations in price or dealer's margin. A financial asset should be classified as held for trading if, regardless of why it was acquired, it is part of a portfolio for which there is evidence of a recent actual pattern of short-term profit taking. These include investments, certain purchased loans and derivatives contracts that are not designated as held-to-maturity and effective hedging instruments, and liabilities from short sales of financial instruments.

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity. These include certain purchased loans, advances and certain debt investments.

There were no financial instruments which were classified as held for trading purposes and held-to-maturity. There were also no derivatives in terms of the International Accounting Standard (IAS 39) definition, held by the Bank at reporting date.

Originated loans and receivables are financial assets created by the Bank by providing money, other than those created with the intention of short-term profit taking. Originated loans and receivables comprise loans and advances to commercial banks.

Available-for-sale assets are financial assets that are not held for trading purposes, originated by the Bank, or held-to-maturity. Available-for-sale instruments include Equity Investments, Government of Mauritius Treasury Bills and Mauritius Government Securities.

(ii) Initial recognition

The Bank recognises all financial instruments on its balance sheet when it becomes a party to the contractual provisions of the instrument. (All regular transactions entered by the Bank are recognised at trade date).

(iii) Measurement

Financial instruments are measured initially at cost, which is the fair value of the consideration given (in the case of an asset) or received (in the case of a liability) for it, including transaction costs.

Subsequent to initial recognition, all available-for-sale assets are measured at fair value, except for any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost less impairment losses.

Loans and receivables originated by the Bank and not held for trading are measured at amortised cost with regard to the Bank's intent to hold them to maturity.

All non-trading financial liabilities are measured at amortised cost using effective interest rate method. Amortised cost represents the amount at which the financial liabilities were measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount and minus any write-down for impairment or uncollectability.

Gold deposits have been valued using the lowest bid price of gold during the last six months.

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

(v) Gains and losses on subsequent measurement

Gains or losses on available-for-sale financial assets arising from changes in their fair value are recognised in the Income Statement in the period in which they arise. For those financial instruments carried at amortised cost, gains or losses are recognised in the Income Statement, when the financial instrument is derecognised or impaired, and through amortisation processes.

*(vi) Specific instruments**Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand, cash balances, call deposits with other financial institutions and short-term highly liquid investments with remaining maturities of three months or less.

Property, Plant and Equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis so as to write off the cost of the assets over their estimated useful lives. A full year of depreciation is charged in the year of purchase and none in the year of disposal.

Depreciation is provided at the following annual percentage rates:

| | |
|---|-----------|
| Premises (excluding land) | 2% |
| Other properties (excluding land) | 2% |
| Furniture, equipment, fixtures and fittings | 10% |
| Computer | 33 1/3% |
| Motor vehicles | 20% - 40% |

There has been a change in the depreciation rate for computer (from 25% to 33 1/3%) and motor vehicles (from 30% - 40% to 20% - 40%) to better reflect the useful economic lives of these assets.

No depreciation is provided on freehold land whereas assets held as work in progress will be depreciated when the asset will be in use.

Loans

Loans are carried in the balance sheet at historical cost net of specific provisions for bad and doubtful loans. Any impairment identified is recognised as an expense in the Income Statement.

Notes and Coins in Circulation

Notes and coins issued represent an unserviced liability of the Bank of Mauritius and are recorded at face value.

The Bank also issues a range of Mauritius commemorative coins. All costs associated with the production of these numismatic coins are treated as current expenditure.

Retirement Benefits

(a) *Defined benefit pension plan*

As per IAS 19 (Employee Benefits), the present value of funded obligations is recognised in the balance sheet as a non-current liability after adjusting for the fair value of plan assets, any unrecognised actuarial gains and losses and any unrecognised past service cost. The valuation of the funded obligations is carried out annually by a firm of actuaries. The Bank has adopted IAS 19 as from July 2002 and has recognised the defined benefit liability as an expense in the Income Statement.

(b) *State pension plan*

Contributions to the National Pensions Scheme are expensed in the Income Statement in the period in which they fall due.

Income and expenditure recognition

Income and expenditure are recognised as they are earned or incurred and are recorded in the financial statements on an accrual basis, to accurately reflect the period to which they relate.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated in Mauritian Rupees using the rate of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are included in the Income Statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transactions.

Impairment

Financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

Taxation

The Bank is exempt from Income Tax under Section 3 (3) of the Bank of Mauritius Act 1966 (as amended).

3. CAPITAL AND RESERVES

Capital

The Authorised Capital of the Bank of Mauritius is Rs10 million in accordance with Section 10 of the Bank of Mauritius Act 1966 (as amended). All the Paid Up Capital is subscribed and held only by the Government.

General Reserve Fund

The General Reserve Fund is a reserve fund created in accordance with the Bank of Mauritius Act 1966 (as amended) (refer to Note 1).

Foreign Exchange Rate Fluctuations Reserve

The Foreign Exchange Rate Fluctuations Reserve is a reserve created by the Bank of Mauritius in respect of net appreciation of foreign assets and liabilities as a result of fluctuations in the exchange rate.

Other Reserves

Other Reserves are reserves set up for unforeseen contingencies which may affect the Bank of Mauritius.

4. CASH AND CASH EQUIVALENTS

| | 2003 Rs | 2002 Rs |
|----------------------------------|-----------------------------|-----------------------------|
| Deposit Accounts | 5,391,755,332 | 4,344,127,396 |
| Repurchase Agreement | 1,411,610,270 | 3,082,853,113 |
| Special Drawing Rights | 690,267,916 | 669,355,024 |
| Current Accounts | 99,839,431 | 281,173,638 |
| Foreign Currency Notes and Coins | 5,274,709 | 558,311 |
| | <u>7,598,747,658</u> | <u>8,378,067,482</u> |

5. OTHER BALANCES AND PLACEMENTS

| | 2003 Rs | 2002 Rs |
|---------------------|------------------------------|------------------------------|
| Gold Deposits | 571,106,854 | 369,654,331 |
| Deposit Accounts | 15,257,341,215 | 8,948,446,016 |
| Foreign Investments | 15,878,684,506 | 11,983,880,000 |
| | <u>31,707,132,575</u> | <u>21,301,980,347</u> |

6. LOANS AND ADVANCES

| | 2003 Rs | 2002 Rs |
|--|-----------------------------|-----------------------------|
| Special Line of Credit to Sugar Industry | 1,563,561,567 | 1,273,932,138 |
| Special Line of Credit to EPZ | 357,410,238 | 350,834,807 |
| Loans to Commercial Banks | 250,000,000 | 250,000,000 |
| Leasing Facilities to EPZ and Freeport Sectors | 32,668,792 | 156,221,055 |
| Others | 152,071,328 | 100,740,191 |
| | <u>2,355,711,925</u> | <u>2,131,728,191</u> |

7. FINANCIAL ASSETS AVAILABLE-FOR-SALE

| | 2003 Rs | 2002 Rs |
|---|---------------------------|-----------------------------|
| Government of Mauritius Treasury Bills | 863,283,598 | 1,172,006,487 |
| Mauritius Government Securities | 41,829,024 | 770,326,756 |
| Investment: Development Bank of Mauritius Ltd | 25,000,000 | 25,000,000 |
| | <u>930,112,622</u> | <u>1,967,333,243</u> |

Mauritius Government Securities have been revalued using the discounted cash flow techniques, based on the latest market data available for similar instruments as at 30 June 2003. Any revaluation gains or losses are taken to the Income Statement.

Government of Mauritius Treasury Bills have been revalued using the effective interest rate method based on latest market data available for these instruments, after inclusion of liquidity spreads. Any revaluation gains or losses are taken to the Income Statement.

The table below compares the cost and fair value of financial assets where there is a fair value.

Fair value of Financial Assets Available-For-Sale

| | 2003 Fair value Rs | 2003 Cost Rs |
|---|--------------------------|--------------------|
| Government of Mauritius Treasury Bills | 863,283,598 | 835,203,999 |
| Mauritius Government Securities | 41,829,024 | 42,465,146 |
| Investment: Development Bank of Mauritius Ltd | 25,000,000 | 25,000,000 |
| | 930,112,622 | 902,669,145 |

The Bank's investment in the Development Bank of Mauritius Ltd, an unquoted bank operating in Mauritius, is carried at cost. There is no market for this investment and fair value cannot be reliably estimated.

8. PROPERTY, PLANT AND EQUIPMENT

| | Premises | Capital Work in Progress | Other Properties | Furniture Equipment Fixtures & Fittings | Computer | Motor Vehicles | Total |
|---------------------|-------------------|--------------------------------|---------------------|--|------------------|-------------------|--------------------|
| | Rs | Rs | Rs | Rs | Rs | Rs | Rs |
| Cost | | | | | | | |
| At 1 July 2002 | 48,468,514 | 167,083,367 | 67,230,999 | 51,756,602 | 96,642,991 | 12,967,948 | 444,150,421 |
| Additions | - | 43,033,517 | - | 843,617 | 7,843,609 | 6,304,917 | 58,025,660 |
| Disposals | - | - | - | (316,320) | (602,038) | (1,410,000) | (2,328,358) |
| At 30 June 2003 | 48,468,514 | 210,116,884 | 67,230,999 | 52,283,899 | 103,884,562 | 17,862,865 | 499,847,723 |
| Depreciation | | | | | | | |
| At 1 July 2002 | 5,949,548 | - | 362,866 | 20,791,648 | 54,737,664 | 7,610,148 | 89,451,874 |
| Charge for the year | 949,486 | - | 40,318 | 4,762,975 | 44,183,617 | 4,306,567 | 54,242,963 |
| Disposal adjustment | - | - | - | (268,750) | (600,138) | (1,408,000) | (2,276,888) |
| At 30 June 2003 | 6,899,034 | - | 403,184 | 25,285,873 | 98,321,143 | 10,508,715 | 141,417,949 |
| Net book value | | | | | | | |
| At 30 June 2003 | 41,569,480 | 210,116,884 | 66,827,815 | 26,998,026 | 5,563,419 | 7,354,150 | 358,429,774 |
| At 30 June 2002 | 42,518,966 | 167,083,367 | 66,868,133 | 30,964,954 | 41,905,327 | 5,357,800 | 354,698,547 |

The Bank of Mauritius has commenced a new Head Office building project; relevant capital expenditure is included in Capital Work in Progress.

9. OTHER ASSETS

| | 2003 Rs | 2002 Rs |
|--------------------------------|--------------------|--------------------|
| Staff loans | 71,133,826 | 71,890,821 |
| Interest Receivable | 2,537,457 | 44,921,044 |
| Dodo Gold Coins in Circulation | 12,383,638 | 12,286,500 |
| Prepayments | 9,908,486 | 7,115,527 |
| Bills Negotiated | 2,523 | 797,886 |
| Others | 10,632,872 | 13,206,765 |
| | 106,598,802 | 150,218,543 |

10. NOTES AND COINS IN CIRCULATION

| | 2003 Rs | 2002 Rs |
|--------------------------------------|----------------------|--------------------|
| Notes issued | | |
| Face value | | |
| 2,000 | 791,994,000 | 737,830,000 |
| 1,000 | 4,580,216,000 | 3,777,464,000 |
| 500 | 1,533,507,000 | 1,478,260,500 |
| 200 | 1,149,656,600 | 1,062,355,800 |
| 100 | 839,748,200 | 828,105,900 |
| 50 | 188,584,650 | 176,416,500 |
| 25 | 101,768,000 | 92,831,600 |
| 20 * | 1,652,860 | 1,662,600 |
| 10 * | 39,131,610 | 39,600,120 |
| 5 * | 7,725,985 | 7,748,685 |
| Demonetised Notes | 485,700 | 485,705 |
| Total | 9,234,470,605 | 8,202,761,410 |
| Coins issued | | |
| Face value | | |
| 10 rupees | 141,990,550 | 130,844,780 |
| 5 rupees | 60,361,865 | 56,275,050 |
| 1 rupee | 76,818,575 | 71,797,660 |
| 50 cents | 18,438,122 | 17,466,142 |
| 25 cents * | 6,381,128 | 6,393,926 |
| 20 cents | 22,652,714 | 21,014,744 |
| 10 cents * | 2,439,186 | 2,447,200 |
| 5 cents | 4,807,764 | 4,506,736 |
| 2 cents * | 330,615 | 330,662 |
| 1 cent | 220,913 | 220,736 |
| Others | 19,280,830 | 19,174,022 |
| Total | 353,722,262 | 330,471,658 |
| Total Notes and Coins in circulation | 9,588,192,867 | 8,533,233,068 |

* These denominations have ceased to be issued by the Bank.

11. PROVISION

| | 2003 Rs | 2002 Rs |
|------------------------------------|----------------------|--------------------|
| Balance at beginning of year | 325,000,000 | 325,000,000 |
| Provision reversed during the year | (125,000,000) | - |
| Balance at end of year | 200,000,000 | 325,000,000 |

The provision is made in relation to the liquidation of the MCCB Limited. Under the MCCB Limited (Liquidation) Act 1996, the Bank has an obligation to make additional funds available to the liquidator of MCCB Limited where the liabilities of the MCCB Limited exceed the proceeds of the realisation of its assets. The liquidation of MCCB Limited is still in progress.

12. EMPLOYEE BENEFITS

The pension plan is a final salary defined benefit plan for staffs and is wholly funded. The scheme provides for a pension on retirement and a benefit on death in service before retirement. The asset in the funded plan is held independently and is administered by the State Insurance Company of Mauritius Ltd (SICOM).

The following employee benefits information is based on the report submitted by State Insurance Company of Mauritius Ltd (SICOM).

(i) Amount recognised in Balance Sheet

Present value of funded obligation
Fair value of plan assets

Unrecognised actuarial loss

Net liability in Balance Sheet

| |
|----------------------|
| 2003 Rs |
| 221,320,000 |
| (169,600,000) |
| 51,720,000 |
| (24,930,000) |
| 26,790,000 |

(ii) Amount recognised in Income Statement

Current service cost of funded obligation
Interest on funded obligation
Expected return on fund

Total included in staff costs

| |
|---------------------|
| 2003 Rs |
| 7,500,000 |
| 20,700,000 |
| (17,610,000) |
| 10,590,000 |

(iii) Movement in liability recognised in the Balance Sheet

| | 2003 Rs |
|---|---------------------|
| At 1 July 2002 | - |
| Effect of adopting IAS 19 | 28,490,000 |
| Add: Expense recognised in the Income Statement | 10,590,000 |
| Less: Contribution paid | (12,290,000) |
| At 30 June 2003 | 26,790,000 |
| Actual return (Rs) | 6,180,000 |

The principal actuarial assumptions used for accounting purposes were:

| | 2003 % |
|---------------------|-------------------|
| Discount rate | 10.5 |
| Expected return | 11.0 |
| Increase in pension | 6.5 |
| Salary increase | 7.5 |

13. OTHER LIABILITIES

| | 2003 Rs | 2002 Rs |
|---|----------------------|---------------|
| Balance of profit payable to the Government of Mauritius in accordance with Section 11(2) (c) of the Bank of Mauritius Act 1966 | 1,100,000,000 | 1,100,000,000 |
| Customers Credits | 283,873,051 | 303,442,387 |
| Interests and Charges Payable | 266,116,599 | 211,426,241 |
| IBRD Financial Sector Infrastructure Project Loan | 71,933,929 | 84,871,488 |
| IBRD Industrial Finance Project Loan | 35,294,769 | 54,364,068 |
| Abandoned Funds from Commercial Banks | 58,829,649 | 22,849,063 |
| Foreign Bills sent for collection | 211,629 | 1,706,384 |
| Bank of Mauritius Savings Bonds | 1,319,900 | 30,021,400 |
| Reserve for repayment of capital and interest: | | |
| Bank of Mauritius Savings Bonds | 169,200 | 169,200 |
| Surplus of acquired assets | 84,627 | 84,627 |
| Others | 18,089 | 18,089 |
| | 1,817,851,442 | 1,808,952,947 |

14. INCOME FROM FINANCIAL ASSETS

| | 2003 Rs | 2002 Rs |
|---|----------------------|--------------------|
| Interest and Similar Income on Foreign Assets | | |
| Foreign Investments | 656,973,065 | 827,819,658 |
| Deposit Accounts | 475,592,314 | 411,971,663 |
| Current Accounts | 16,548,862 | 20,965,071 |
| Repurchase Agreements | 20,079,627 | 18,142,468 |
| Gold Deposits | 3,142,619 | 6,250,394 |
| Special Drawing Rights | 12,855,058 | 16,694,304 |
| | 1,185,191,545 | 1,301,843,558 |
| Interest and Similar Income on Domestic Assets | | |
| <i>Loans and Advances</i> | | |
| Leasing Facilities/ Special Line of Credit to EPZ/ Freeport Sectors and Sugar Industry | 114,857,415 | 58,564,836 |
| Loans to Commercial Banks | 7,972,603 | 7,500,000 |
| Advances under Repurchase Transactions | 3,411,794 | 5,499,671 |
| Advances to Banks | 110,668 | 880,126 |
| | 126,352,480 | 72,444,633 |
| Mauritius Government Securities | 47,672,089 | 112,338,443 |
| Other Loans | 2,003,069 | 2,097,832 |
| | 176,027,638 | 186,880,908 |
| Others | | |
| Appreciation on Sale of Government of Mauritius Treasury Bills - Secondary Market Cell | 75,800,945 | 83,745,046 |
| Revaluation of Mauritius Government Securities | 7,605,543 | 16,645,907 |
| Revaluation of Mauritius Government Treasury Bills - Secondary Market Cell | 27,001,760 | 35,865,245 |
| Dividend Received | 2,500,000 | 2,931,784 |
| Profit on Sale of Gold and Gold Coins | 383,560 | 430,981 |
| Profit on Issue of Mauritius Commemorative Coins | 61,381 | 151,277 |
| Profit on Redemption of Bank of Mauritius Savings Bonds | - | 3,900 |
| Profit on Sale of Notes and Coins | 1,683 | 756 |
| | 113,354,872 | 139,774,896 |
| Total Income from Financial Assets | 1,474,574,055 | 1,628,499,362 |

15. OTHER INCOME

| | 2003 Rs | 2002 Rs |
|--------------------------------|--------------------------|--------------------------|
| Fees Recovered | 800,000 | 17,230,000 |
| Processing and Licence Fees | 8,261,194 | 9,803,100 |
| Profit on Sale of Fixed Assets | 523,591 | 755,839 |
| Premises Rental Account | 42,000 | 138,375 |
| Commissions | 50,385 | - |
| MACSS Fees | 536,734 | 379,441 |
| Others | 1,241,508 | - |
| | 11,455,412 | 28,306,755 |

16. EXPENDITURE ON FINANCIAL LIABILITIES

| | 2003 Rs | 2002 Rs |
|--|--------------------------|--------------------------|
| Interest Expense and Similar Charges on Financial Liabilities | | |
| Government of Mauritius Surplus Balance | 524,513,436 | 200,000,000 |
| Bank of Mauritius Savings Bonds | - | 12,069,235 |
| Reverse Repurchase Transactions | 1,584,897 | 2,599,515 |
| | 526,098,333 | 214,668,750 |

17. STAFF SALARIES AND OTHER BENEFITS

| | 2003 Rs | 2002 Rs |
|---------------------------------|--------------------------|--------------------------|
| Staff Salaries and Allowances | 79,949,870 | 92,613,889 |
| Pension Cost | 10,652,790 | 12,707,891 |
| Staff Family Protection Scheme | 4,232,679 | 3,211,468 |
| National Savings Fund | 533,224 | 415,487 |
| Provision For Employee Benefits | 26,790,000 | - |
| | 122,158,563 | 108,948,735 |
| Number of staff at year end | 263 | 252 |

18. OTHER EXPENDITURE

| | 2003 Rs | 2002 Rs |
|--------------------------------|--------------------------|--------------------------|
| Postage, Telephone and Reuters | 8,352,428 | 7,524,970 |
| Stationery and Library | 2,069,271 | 1,891,200 |
| Clearing House Expenses | 641 | 709 |
| | 10,422,340 | 9,416,879 |

19. RECONCILIATION OF PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2003 Rs | 2002 Rs |
|---|-----------------------|--------------------|
| Profit available to the Government of Mauritius | 1,500,000,000 | 1,500,000,000 |
| Adjustments for: | | |
| Transfer to Foreign Exchange Rate Fluctuations Reserve | 834,727,895 | 1,441,131,728 |
| Transfer from Other Reserves | (625,014,424) | (335,360,955) |
| Reversal of Provision | (125,000,000) | - |
| Employee Benefits | 26,790,000 | - |
| Depreciation of Property, Plant and Equipment | 54,242,962 | 31,101,314 |
| Profit on Sale of Property, Plant and Equipment | (523,591) | (755,839) |
| Dividend Received | (2,500,000) | (2,931,784) |
| Loss /(Profit) on Other Investments | 709,075 | (441,498) |
| Operating Profit Before Working Capital Changes | 1,663,431,917 | 2,632,742,966 |
| Increase in Interest Receivable | (46,715,275) | (93,687,321) |
| Increase in Loans and Advances | (223,983,734) | (1,489,721,520) |
| Decrease/(Increase) in Other Assets | 43,619,741 | (26,794,805) |
| Increase in Notes and Coins in Circulation | 1,054,959,799 | 1,071,325,863 |
| Increase in Government Demand Deposits | 6,762,111,775 | 5,164,968,414 |
| Increase in Commercial Banks Demand Deposits | 751,915,623 | 450,140,188 |
| Increase in Other Financial Institutions Demand Deposits | 91,702,353 | 36,086,915 |
| Increase in Other Demand Deposits | 37,621,687 | 39,698,729 |
| Increase in Other Liabilities | 8,898,495 | 354,336,176 |
| Net Cash Inflow from Operating Activities | 10,143,562,381 | 8,139,095,605 |

20. COMMITMENTS AND OTHER CONTINGENCIES

Commitments and contingencies not otherwise provided for in the accounts and which existed at 30 June 2003 comprise of:

Numismatic coins which are not taken into account in the determination of the Bank's liabilities but a liability may arise if such coins are encashed for their face value. The Bank is of the opinion that in the unlikely event of encashment as legal tender, no significant loss is expected to arise.

The Bank has a commitment to pay USD 900,000 for capital subscription in the African Export-Import Bank when call for payment will be made. This amount has not been accounted as a liability in the financial statements.

There exist capital commitments for construction of the new bank building which have not been provided for in the accounts.

21. FINANCIAL INSTRUMENTS

Introduction

A financial instrument, as defined by IAS 32 (Financial Instruments: Disclosure and Presentation), is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Within the balance sheet of the Bank, the majority of assets and liabilities are captured by this definition, the principal exception being property, plant and equipment.

Interest rate risk

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with specific financial assets and financial liabilities, whose interest rates are periodically reset to market, as well as the fair values of other instruments on which the interest rates are fixed throughout the period of the contract.

Substantially, all financial assets, and most financial liabilities with the exception of the currency in issue, are interest bearing. Rates are set at or about current market levels.

Amounts due to and from the IMF are subject to special interest arrangements and it is not practicable to assess the fair value of such balances as these types of transactions are confined to Central Banks.

Maturity analysis

Financial Assets Available-For-Sale

| | Up to 3 months | Above 3 and up to 6 months | Above 6 and up to 9 months | Above 9 and up to 12 months | Above 12 months | Total |
|--|-------------------|-------------------------------|-------------------------------|--------------------------------|--------------------|-------------|
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Government of Mauritius Treasury bills | 173,113,000 | 129,726,924 | 144,822,918 | 117,365,751 | 298,255,005 | 863,283,598 |
| Investment in Development Bank of Mauritius | 25,000,000 | - | - | - | - | 25,000,000 |
| Mauritius Government Securities | - | - | - | - | 41,829,024 | 41,829,024 |
| Total | 198,113,000 | 129,726,924 | 144,822,918 | 117,365,751 | 340,084,029 | 930,112,622 |

Loans and advances

| | Up to 3 months | Above 3 and up to 6 months | Above 6 and up to 9 months | Above 9 and up to 12 months | Above 12 months | Total |
|--|-------------------|-------------------------------|-------------------------------|--------------------------------|--------------------|---------------|
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Special line of credit to EPZ Sector | 9,268,918 | 7,575,424 | 7,394,277 | 4,555,032 | 3,875,142 | 32,668,793 |
| Special line of credit to commercial banks against collateral | 2,260,068 | 15,550,669 | 23,162,093 | 27,321,593 | 289,115,816 | 357,410,239 |
| Voluntary retirement scheme | - | - | - | 27,564 | 1,563,534,003 | 1,563,561,567 |
| Loans to commercial banks | - | - | - | 250,000,000 | - | 250,000,000 |
| Others | 105,968,924 | - | - | - | 46,102,402 | 152,071,326 |
| Total | 117,497,910 | 23,126,093 | 30,556,370 | 281,904,189 | 1,902,627,363 | 2,355,711,925 |

External assets

| | Up to 3 months | Above 3 and up to 6 months | Above 6 and up to 9 months | Above 9 and up to 12 months | Above 12 months | Total |
|----------------------------------|-------------------|----------------------------------|----------------------------------|-----------------------------------|--------------------|----------------|
| | Rs | Rs | Rs | Rs | Rs | Rs |
| Cash and cash equivalent | 7,598,747,658 | - | - | - | - | 7,598,747,658 |
| Other balances and placements | - | 6,670,797,254 | 4,364,551,950 | 4,793,098,865 | 15,878,684,506 | 31,707,132,575 |
| Other investment | - | - | - | - | 17,313,932 | 17,313,932 |
| Interest receivable | 69,528,580 | 76,257,554 | 54,565,074 | 59,922,712 | - | 260,273,920 |
| Total | 7,668,276,238 | 6,747,054,808 | 4,419,117,024 | 4,853,021,577 | 15,895,998,438 | 39,583,468,085 |

Liabilities

The demand deposits are repayable on demand.

Credit risk

Disclosure of credit risk enables the users of financial statements to assess the extent to which failures by counter-parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

This information can be obtained directly from the balance sheet and related notes in respect of credit exposures such as loans and deposits.

Foreign currency risk

The Bank of Mauritius has monetary assets and liabilities denominated in foreign currencies which consist mainly of Pound Sterling, US Dollar and Euro.

The Bank does not hedge against risk of fluctuations in exchange rates. However, it has set aside a reserve for foreign exchange rate fluctuations which is used to cater for movements due to appreciation/depreciation in foreign exchange.

Market risk

All trading instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous. The instruments are recognised at fair value, and all changes in market conditions directly affect net trading income. Financial instruments held by the Bank are used mainly to conduct monetary policy.

22. TRANSACTIONS WITH THE INTERNATIONAL MONETARY FUND

On becoming a member of the IMF, Mauritius was allocated SDR15,744,000 on which quarterly charges are payable. The Fund pays interest to the Bank of Mauritius on a quarterly basis on its SDR holdings.



Glossary of Abbreviations

| | |
|---------|--|
| ABSA | Amalgamated Banks of South Africa |
| ACE | African Commerce Exchange |
| ACH | Automated Clearing House |
| AfDB | African Development Bank |
| AGOA | African Growth and Opportunity Act |
| AML/CFT | Anti-Money Laundering and Combating the Financing of Terrorism |
| AMR | Aggregate Monetary Resources (M2) |
| ATI | African Trade Insurance |
| ATM | Automated Teller Machine |
| AU | African Union |
| BCBS | Basel Committee on Banking Supervision |
| BIS | Bank for International Settlements |
| BLNS | Botswana, Lesotho, Namibia and Swaziland |
| BNPI | Banque Nationale de Paris Intercontinentale |
| BSA | Banking Supervision Application |
| CCBG | Committee of Central Bank Governors in SADC |
| COMESA | Common Market for Eastern and Southern Africa |
| COMPASS | COMESA Payment and Settlement System |
| CNP | Contributions Network Project |
| CPI | Consumer Price Index |
| CPIS | Coordinated Portfolio Investment Survey |
| CSE | Committee of Stock Exchanges of SADC |
| CSO | Central Statistics Office |
| DBM | Development Bank of Mauritius Ltd |
| DC | Development Certificates |
| DWC | Development Works Corporation |
| ECB | European Central Bank |
| EPZ | Export Processing Zone |
| ESAF | Eastern and Southern African Group of Bank Supervisors |
| EU | European Union |
| Ex-Dc | Ex-Development Certificate Holders |
| FISCU | Finance and Investment Sector Coordinating Unit |
| FOMC | Federal Open Market Committee |
| FSAP | Financial Sector Assessment Programme |

| | |
|-------|---|
| FSC | Financial Services Commission |
| FTA | Free Trade Area |
| GDFCF | Gross Domestic Fixed Capital Formation |
| GDP | Gross Domestic Product |
| GDS | Gross Domestic Savings |
| GNDI | Gross National Disposable Income |
| GNI | Gross National Income |
| GNS | Gross National Savings |
| HBS | Household Budget Survey |
| HIPC | Heavily Indebted Poor Countries |
| IBRD | International Bank for Reconstruction and Development |
| ICM | Integrated Committee of SADC ministers |
| ICT | Information and Communication Technology |
| IDA | International Development Association |
| IIP | International Investment Position |
| IMF | International Monetary Fund |
| IPE | International Petroleum Exchange |
| IRCC | Inter Regional Coordinating Committee |
| IRS | Integrated Resorts Scheme |
| IVTB | Industrial and Vocational Training Board |
| LDBC | Less Developed Beneficiary Country |
| MACSS | Mauritius Automated Clearing and Settlement System |
| MAP | Millennium African Map |
| MDA | Management Discussion and Analysis |
| MDLS | Mauritius Development Loan Stocks |
| MoU | Memorandum of Understanding |
| MTPA | Mauritius Tourism Promotion Authority |
| MICR | Magnetic Ink Character Recognition |
| MSS | Mauritius Sugar Syndicate |
| NAI | New African Initiative |
| NEPAD | New Partnership for Africa's Development |
| NFA | Net Foreign Asset |
| NIR | Net International Reserves |
| NPF | National Pensions Fund |
| NWGs | National Workshop Groups |
| NYMEX | New York Mercantile Exchange |
| OAU | Organisation for African Unity |
| OBU | Offshore Banking Unit |
| OECD | Organisation for Economic Cooperation and Development |
| OGBS | Offshore Group of Banking Supervisors |

| | |
|--------|---|
| OTC | Over The Counter |
| PAYE | Pay As You Earn |
| PLACH | Port Louis Automated Clearing House |
| PLCH | Port Louis Clearing House |
| POSB | Mauritius Post Office Savings Bank |
| PSSA | Private Secondary School Authority |
| PTA | Preferential Trade Area |
| R&D | Research & Development |
| REPSS | Regional Payment and Settlement System |
| RISDP | Regional Indicative Strategic Development Plan |
| RPIX | Retail Price Index excluding mortgage interest payments |
| RTFP | Regional Trade Facilitation Programme |
| RTGS | Real Time Gross Settlement |
| SADC | Southern African Development Community |
| SARB | South African Reserve Bank |
| SARS | Severe Acute Respiratory Syndrome |
| SEFER | Securities Held as Foreign Exchange Reserves |
| SEM | The Stock Exchange of Mauritius Ltd |
| SEMDEX | Stock Exchange Market Index |
| SEMATS | Stock Exchange of Mauritius Automated Trading System |
| SEMTRI | SEM Total Return Index |
| SIC | State Investment Corporation |
| SITC | Standard International Trade Classification |
| SMC | Secondary Market Cell of the Bank of Mauritius |
| SMEs | Small and Medium Enterprises |
| SPA | SADC Programme of Action |
| SSA | Sub-Saharan Africa |
| SSSIO | Survey of Geographical Distribution of Securities Held by International Organisations |
| STC | State Trading Corporation |
| SWIFT | Society for Worldwide Interbank Financial Telecommunication |
| USAID | United States Agency for International Development |
| VAT | Value-Added Tax |
| VRS | Voluntary Retirement Scheme |
| WTO | World Trade Organisation |
| ZEP-RE | PTA Reinsurance Company |

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Notes

The following conventional signs are used:

. . . Negligible

n.a. Not available

Table 1: Selected Economic Indicators

| | Period | Unit | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|------------------------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|------------------------|----------------------|----------------------|----------------------|
| 1. Population - Republic of Mauritius * ¹ | Mid-year | | 1,112,846 | 1,122,457 | 1,133,996 | 1,148,284 | 1,160,421 | 1,175,267 | 1,186,873 ⁵ | 1,199,881 | 1,210,196 | 1,222,785 |
| 2. Tourist Arrivals * | Fiscal Year ended June | | 388,255 | 406,556 | 450,493 | 513,798 | 555,616 | 565,324 | 620,030 | 658,351 | 667,236 | 694,247 |
| 3. Real GDP Growth Rate * | Calendar Year | (Per cent) | 5.2 | 5.6 | 6.2 | 5.6 | 5.8 | 2.3 | 9.3 | 5.6 ² | 2.3 ² | 4.8 ⁴ |
| 4. Gross National Income (at market prices) * | Calendar Year | (Rs million) | 62,600 | 68,750 | 76,521 | 86,054 | 99,253 | 107,283 | 118,746 | 132,469 ² | 142,657 ² | 156,885 ⁴ |
| 5. GNI Per Capita (at market prices) * | Calendar Year | (Rupees) | 56,264 | 61,268 | 67,506 | 74,979 | 85,570 | 91,271 | 100,025 | 110,375 ² | 117,851 ² | 128,320 ⁴ |
| 6. Inflation Rate * | Fiscal Year ended June | (Per cent) | 9.4 | 6.1 | 5.8 | 7.9 | 5.4 | 7.9 | 5.3 | 4.4 | 6.3 | 5.1 |
| 7. Current Account Balance | Fiscal Year ended June | (Rs million) | -1,525 | -3,856 | -591 | +346 | -2,615 | -1,622 | -1,451 | +4,257 | +7,169 ² | +5,037 ² |
| 8. Overall Balance of Payments ⁶ | Fiscal Year ended June | (Rs million) | -962 | -1,009 | +3,841 | +1,600 | -2,293 | +690 | +2,141 | +5,107 | +5,908 | +9,099 |
| 9. Net International Reserves | End-June | (Rs million) | 15,513 | 15,007 | 19,304 | 21,443 | 21,349 | 22,575 | 25,214 | 31,760 | 40,551 | 48,414 |
| 10. Total Imports (c.i.f.) * | Fiscal Year ended June | (Rs million) | 31,041 | 35,598 | 37,704 | 41,878 | 49,322 | 54,076 | 55,048 | 56,204 ² | 58,139 ³ | n.a. |
| 11. Total Exports (f.o.b.) * | Fiscal Year ended June | (Rs million) | 24,188 | 25,482 | 29,090 | 33,128 | 36,279 | 41,702 | 38,845 | 45,222 ² | 47,636 ³ | n.a. |
| 12. Government Recurrent Revenue ** | Fiscal Year ended June | (Rs million) | 12,890 | 13,047 | 12,779 | 16,544 | 18,471 | 21,327 | 22,605 | 24,149 | 24,606 | 30,080 ² |
| 13. Government Recurrent Expenditure ** | Fiscal Year ended June | (Rs million) | 13,088 | 14,517 | 15,939 | 18,853 | 21,010 | 24,743 | 25,435 | 31,398 | 29,577 | 33,500 ² |
| 14. Government Capital Revenue ** | Fiscal Year ended June | (Rs million) | 3,652 | 1,113 | 6,380 | 3,324 | 3,944 | 1,695 | 2,461 | 5,073 | 4,895 | 3,376 ² |
| 15. Government Capital Expenditure ** | Fiscal Year ended June | (Rs million) | 3,215 | 3,192 | 4,058 | 5,743 | 3,420 | 3,700 | 3,926 | 4,528 | 6,092 | 7,312 ² |
| 16. Ratio of Budget Deficit to GDP at market prices ** | Fiscal Year ended June | (Per cent) | 2.4 | 3.7 | 5.6 | 4.5 | 3.7 | 3.6 | 3.8 | 6.7 | 6.0 | 6.0 ² |
| 17. External Debt: Central Government ^{3,7} | End-June | (Rs million) | 5,766 | 5,778 | 9,159 | 9,619 | 10,752 | 10,193 | 10,190 | 7,168 | 8,785 | 9,074 ² |
| 18. Internal Debt: Central Government | End-June | (Rs million) | 18,676 | 21,701 | 24,706 | 30,241 | 34,619 | 40,819 | 46,641 | 53,394 | 67,095 | 86,413 |
| 19. Banking System Net Claims on Central Government | End-June | (Rs million) | 10,871 | 13,529 | 14,798 | 15,759 | 17,358 | 16,014 | 18,469 | 17,578 | 18,980 | 21,476 |
| 20. Category 1 Banks' Claims on Private Sector (CPS) | End-June | (Rs million) | 26,895 | 30,776 | 32,576 | 37,736 | 49,941 | 60,106 | 67,271 | 74,016 | 79,976 | 85,080 |
| 21. Growth Rate of CPS | Fiscal Year ended June | (Per cent) | 31.9 | 14.4 | 5.8 | 15.8 | 32.3 | 20.4 | 11.9 | 10.0 | 8.1 | 6.4 |
| 22. Currency with Public | End-June | (Rs million) | 3,570 | 3,767 | 4,162 | 4,307 | 4,651 | 4,876 | 5,172 | 5,735 | 6,466 | 7,488 |
| 23. Money Supply (M1) | End-June | (Rs million) | 7,031 | 8,134 | 8,235 | 8,874 | 10,152 | 10,906 | 11,068 | 12,712 | 15,136 | 17,439 |
| 24. Aggregate Monetary Resources (M2) | End-June | (Rs million) | 42,853 | 47,859 | 55,476 | 60,359 | 70,878 | 80,204 | 88,938 | 97,753 | 110,467 | 123,405 |
| 25. Growth Rate of M2 | Fiscal Year ended June | (Per cent) | 17.8 | 11.7 | 15.9 | 8.8 | 17.4 | 13.2 | 10.9 | 9.9 | 13.0 | 11.7 |
| 26. Total Private Sector Rupee Deposits with Category 1 Banks | End-June | (Rs million) | 38,791 | 42,773 | 49,331 | 53,334 | 59,609 | 67,323 | 75,522 | 79,869 | 90,439 | 100,993 |

¹ Excluding Agalega and Saint Brandon.² Revised estimates.³ Provisional.⁴ Revised forecast.⁵ Population Census figure adjusted for under-enumeration of young children.⁶ As from 2001-02, valuation changes are excluded from reserve assets transactions.⁷ As from end-June 1999, external debt includes Treasury Bills held by foreign investors.

n.a.: Not available.

Note: As from 2002-03, data on imports and exports include transactions through the Mauritius Freeport.

* Source: Central Statistics Office, Government of Mauritius.

** Source: Ministry of Finance.

Table 2.1(a): Bank of Mauritius - Assets

(Rs million)

| End of Period | EXTERNAL ASSETS | | | | | CLAIMS ON GOVERNMENT | | | CLAIMS ON CATEGORY 1 BANKS | CLAIMS ON NON-BANK DEPOSIT-TAKING INSTITUTIONS | OTHER ADVANCES | OTHER ASSETS | TOTAL ASSETS |
|---------------|------------------------|---------------------|----------------|---------------------|--------------------|--------------------------------------|------------------------|----------------|----------------------------|--|----------------|--------------|-----------------|
| | Special Drawing Rights | Balances with Banks | Treasury Bills | Eligible Securities | Total ¹ | Treasury Bills and Government Stocks | Advances and Discounts | Total | | | | | |
| 2000 | 597.4 | 13,054.6 | 41.0 | 11,098.5 | 24,840.0 | 1,487.7 | 671.4 | 2,159.1 | 250.0 | 356.4 | 86.9 | 377.0 | 28,069.4 |
| 2001 | 641.8 | 12,471.4 | 0.0 | 12,071.1 | 25,219.7 | 2,171.6 | 0.0 | 2,171.6 | 660.3 | 215.7 | 75.5 | 476.2 | 28,819.0 |
| 2002 | 672.0 | 18,280.5 | 0.0 | 16,478.8 | 35,616.6 | 1,703.4 | 0.0 | 1,703.4 | 2,171.0 | 55.4 | 61.5 | 522.9 | 40,130.9 |
| 2001 January | 594.2 | 9,921.1 | 0.0 | 11,127.9 | 21,657.8 | 2,065.8 | 0.0 | 2,065.8 | 250.0 | 342.1 | 77.7 | 393.3 | 24,786.7 |
| February | 603.0 | 9,426.0 | 0.0 | 11,227.0 | 21,259.4 | 1,622.5 | 212.2 | 1,834.7 | 250.0 | 329.1 | 97.5 | 398.7 | 24,169.4 |
| March | 594.5 | 9,578.0 | 0.0 | 11,271.2 | 21,447.1 | 2,230.1 | 0.0 | 2,230.1 | 250.0 | 316.4 | 109.2 | 409.2 | 24,762.0 |
| April | 599.9 | 9,759.2 | 0.0 | 11,316.6 | 21,678.9 | 1,794.3 | 0.0 | 1,794.3 | 450.0 | 303.9 | 90.0 | 425.8 | 24,742.9 |
| May | 603.1 | 9,307.2 | 0.0 | 11,463.8 | 21,376.5 | 2,217.7 | 0.0 | 2,217.7 | 253.0 | 291.9 | 117.6 | 434.8 | 24,691.5 |
| June | 607.5 | 10,208.1 | 0.0 | 11,623.8 | 22,561.6 | 2,334.3 | 0.0 | 2,334.3 | 253.0 | 281.2 | 107.8 | 455.4 | 25,993.3 |
| July | 615.3 | 10,003.1 | 0.0 | 11,672.9 | 22,373.1 | 1,787.9 | 171.0 | 1,958.9 | 548.2 | 268.7 | 101.5 | 452.1 | 25,702.5 |
| August | 636.3 | 10,806.3 | 0.0 | 11,776.2 | 23,295.7 | 2,353.8 | 0.0 | 2,353.8 | 334.2 | 258.1 | 93.3 | 460.2 | 26,795.4 |
| September | 642.9 | 11,182.3 | 0.0 | 11,826.4 | 23,720.3 | 2,046.5 | 0.0 | 2,046.5 | 384.5 | 249.4 | 164.6 | 468.2 | 27,033.4 |
| October | 647.7 | 11,824.5 | 0.0 | 12,014.1 | 24,526.1 | 2,179.7 | 0.0 | 2,179.7 | 1,830.0 | 236.4 | 92.8 | 453.9 | 29,318.9 |
| November | 646.5 | 11,949.6 | 0.0 | 12,050.5 | 24,682.1 | 1,707.7 | 0.0 | 1,707.7 | 516.3 | 226.0 | 89.4 | 455.2 | 27,676.7 |
| December | 641.8 | 12,471.4 | 0.0 | 12,071.1 | 25,219.7 | 2,171.6 | 0.0 | 2,171.6 | 660.3 | 215.7 | 75.5 | 476.2 | 28,819.0 |
| 2002 January | 635.7 | 12,306.8 | 0.0 | 12,063.7 | 25,020.8 | 1,899.6 | 0.0 | 1,899.6 | 1,206.2 | 205.8 | 106.1 | 475.7 | 28,914.2 |
| February | 636.1 | 12,824.2 | 0.0 | 12,631.4 | 26,104.8 | 1,881.4 | 0.0 | 1,881.4 | 1,403.6 | 196.3 | 81.0 | 481.2 | 30,148.3 |
| March | 638.8 | 13,205.2 | 0.0 | 12,690.0 | 26,725.5 | 1,552.0 | 0.0 | 1,552.0 | 1,647.2 | 188.0 | 118.6 | 487.1 | 30,718.5 |
| April | 648.8 | 13,631.9 | 0.0 | 12,710.1 | 27,185.8 | 1,429.5 | 0.0 | 1,429.5 | 1,683.5 | 177.3 | 83.4 | 493.2 | 31,052.8 |
| May | 659.4 | 14,318.9 | 0.0 | 12,679.5 | 27,860.3 | 1,943.6 | 0.0 | 1,943.6 | 1,787.5 | 168.2 | 116.5 | 505.3 | 32,381.3 |
| June | 669.4 | 17,026.3 | 0.0 | 12,001.9 | 29,911.6 | 1,942.3 | 0.0 | 1,942.3 | 1,874.8 | 156.2 | 100.7 | 529.9 | 34,515.6 |
| July | 668.0 | 17,763.0 | 0.0 | 11,940.1 | 30,557.2 | 1,849.3 | 0.0 | 1,849.3 | 2,153.8 | 108.4 | 86.7 | 506.2 | 35,261.6 |
| August | 668.5 | 18,719.0 | 0.0 | 12,022.9 | 31,589.9 | 1,625.8 | 0.0 | 1,625.8 | 2,156.9 | 102.0 | 81.6 | 507.4 | 36,063.6 |
| September | 663.6 | 15,449.3 | 0.0 | 16,630.4 | 32,926.9 | 1,362.3 | 0.0 | 1,362.3 | 2,156.9 | 95.6 | 160.4 | 511.8 | 37,214.0 |
| October | 663.6 | 15,749.2 | 0.0 | 16,727.1 | 33,311.0 | 1,275.0 | 0.0 | 1,275.0 | 2,168.0 | 64.6 | 67.3 | 519.3 | 37,405.3 |
| November | 662.6 | 16,534.6 | 0.0 | 16,670.2 | 34,054.7 | 1,841.6 | 0.0 | 1,841.6 | 2,168.0 | 60.2 | 81.4 | 520.2 | 38,726.2 |
| December | 672.0 | 18,280.5 | 0.0 | 16,478.8 | 35,616.6 | 1,703.4 | 0.0 | 1,703.4 | 2,171.0 | 55.4 | 61.5 | 522.9 | 40,130.9 |
| 2003 January | 651.6 | 19,076.6 | 0.0 | 15,928.3 | 35,832.8 | 1,501.2 | 0.0 | 1,501.2 | 2,171.0 | 51.1 | 184.4 | 541.5 | 40,282.1 |
| February | 644.6 | 18,586.5 | 0.0 | 15,708.6 | 35,121.1 | 1,316.1 | 0.0 | 1,316.1 | 2,171.0 | 47.2 | 69.9 | 539.7 | 39,265.1 |
| March | 630.2 | 18,432.8 | 0.0 | 15,513.8 | 34,782.3 | 1,173.9 | 0.0 | 1,173.9 | 2,865.7 | 43.2 | 86.7 | 537.2 | 39,489.0 |
| April | 633.0 | 19,059.5 | 0.0 | 15,458.7 | 35,372.6 | 1,098.3 | 0.0 | 1,098.3 | 2,171.0 | 39.5 | 68.6 | 537.5 | 39,287.6 |
| May | 656.4 | 20,330.1 | 0.0 | 15,583.3 | 36,821.8 | 879.7 | 0.0 | 879.7 | 2,171.0 | 36.1 | 64.7 | 541.8 | 40,515.1 |
| June | 690.3 | 22,731.7 | 0.0 | 15,896.0 | 39,583.5 | 905.1 | 0.0 | 905.1 | 2,171.0 | 32.7 | 152.1 | 490.0 | 43,334.3 |

¹ Includes foreign notes and coins and suspense account interest receivable.
 Figures may not add up to totals due to rounding.

Table 2.1(b): Bank of Mauritius - Liabilities

(Rs million)

| End of Period | | Paid Up Capital and General Reserve Fund | RESERVE MONEY | | | | Government Demand Deposits | Current Account of International Organisations and Others | Other Liabilities ² | TOTAL LIABILITIES | |
|---------------|-----------|--|----------------------|--------------------------------|------------------|--------------------|----------------------------|---|--------------------------------|-------------------|----------|
| | | | Currency with Public | Currency with Category 1 Banks | Demand Deposits | | | | | | Total |
| | | | | | Category 1 Banks | Other ¹ | | | | | |
| 2000 | | 33.0 | 6,647.6 | 2,506.2 | 2,523.8 | 89.5 | 11,767.0 | 3,417.4 | 28.3 | 12,823.7 | 28,069.4 |
| 2001 | | 33.0 | 7,329.0 | 3,062.8 | 2,450.1 | 149.7 | 12,991.6 | 755.8 | 19.8 | 15,018.8 | 28,819.0 |
| 2002 | | 33.0 | 8,286.1 | 3,181.6 | 3,341.5 | 113.6 | 14,922.7 | 9,392.2 | 27.7 | 15,755.3 | 40,130.9 |
| 2001 | January | 33.0 | 5,827.7 | 2,141.6 | 3,372.6 | 175.9 | 11,517.7 | 309.3 | 32.3 | 12,894.4 | 24,786.7 |
| | February | 33.0 | 5,639.3 | 1,954.6 | 3,028.5 | 81.5 | 10,704.0 | 0.1 | 38.2 | 13,394.2 | 24,169.4 |
| | March | 33.0 | 5,671.1 | 1,823.3 | 3,129.8 | 120.2 | 10,744.5 | 783.7 | 27.9 | 13,172.9 | 24,762.0 |
| | April | 33.0 | 5,676.0 | 1,871.0 | 3,194.2 | 202.1 | 10,943.2 | 531.9 | 22.3 | 13,212.5 | 24,742.9 |
| | May | 33.0 | 5,626.2 | 1,954.9 | 2,967.8 | 170.7 | 10,719.6 | 559.2 | 24.5 | 13,355.2 | 24,691.5 |
| | June | 33.0 | 5,735.4 | 1,726.5 | 3,789.6 | 91.4 | 11,342.9 | 40.3 | 20.3 | 14,556.8 | 25,993.3 |
| | July | 33.0 | 5,826.4 | 1,904.5 | 3,101.4 | 80.4 | 10,912.7 | 0.0 | 20.8 | 14,736.0 | 25,702.5 |
| | August | 33.0 | 5,879.6 | 1,969.0 | 2,911.1 | 132.1 | 10,891.8 | 521.3 | 34.0 | 15,315.3 | 26,795.4 |
| | September | 33.0 | 5,897.8 | 1,913.9 | 3,589.4 | 140.6 | 11,541.6 | 197.6 | 17.7 | 15,243.5 | 27,033.4 |
| | October | 33.0 | 6,090.9 | 2,223.4 | 3,823.1 | 68.5 | 12,205.8 | 2,043.5 | 27.1 | 15,009.4 | 29,318.9 |
| | November | 33.0 | 6,204.8 | 2,223.4 | 2,972.3 | 127.7 | 11,530.1 | 1,138.1 | 22.7 | 14,952.8 | 27,676.7 |
| | December | 33.0 | 7,329.0 | 3,062.8 | 2,450.1 | 149.7 | 12,991.6 | 755.8 | 19.8 | 15,018.8 | 28,819.0 |
| 2002 | January | 33.0 | 6,641.8 | 2,400.3 | 3,473.4 | 291.1 | 12,806.7 | 1,219.6 | 16.1 | 14,838.8 | 28,914.2 |
| | February | 33.0 | 6,389.6 | 2,279.2 | 3,436.1 | 116.4 | 12,221.3 | 2,423.3 | 42.5 | 15,428.2 | 30,148.3 |
| | March | 33.0 | 6,511.1 | 1,954.6 | 3,858.9 | 134.8 | 12,459.4 | 2,469.5 | 19.3 | 15,737.3 | 30,718.5 |
| | April | 33.0 | 6,415.6 | 2,009.2 | 3,755.2 | 118.4 | 12,298.4 | 2,683.5 | 30.7 | 16,007.2 | 31,052.8 |
| | May | 33.0 | 6,449.4 | 1,993.5 | 3,791.5 | 204.3 | 12,438.7 | 3,134.4 | 20.7 | 16,754.5 | 32,381.3 |
| | June | 33.0 | 6,466.4 | 2,066.8 | 4,239.7 | 151.7 | 12,924.7 | 5,206.4 | 34.7 | 16,316.9 | 34,515.6 |
| | July | 33.0 | 6,533.3 | 2,239.4 | 3,914.1 | 173.0 | 12,859.7 | 6,179.6 | 36.2 | 16,153.1 | 35,261.6 |
| | August | 33.0 | 6,685.2 | 2,052.2 | 3,705.0 | 90.6 | 12,533.0 | 7,235.4 | 36.8 | 16,225.4 | 36,063.6 |
| | September | 33.0 | 6,714.1 | 2,017.7 | 3,875.2 | 198.4 | 12,805.5 | 8,051.7 | 40.9 | 16,282.8 | 37,214.0 |
| | October | 33.0 | 6,714.2 | 2,254.2 | 3,801.0 | 152.4 | 12,921.7 | 8,049.6 | 36.2 | 16,364.7 | 37,405.3 |
| | November | 33.0 | 7,100.3 | 2,197.2 | 3,964.7 | 425.7 | 13,687.9 | 8,696.1 | 46.7 | 16,262.4 | 38,726.2 |
| | December | 33.0 | 8,286.1 | 3,181.6 | 3,341.5 | 113.6 | 14,922.7 | 9,392.2 | 27.7 | 15,755.3 | 40,130.9 |
| 2003 | January | 33.0 | 7,483.7 | 2,257.2 | 3,852.3 | 266.8 | 13,860.0 | 11,474.5 | 40.3 | 14,874.3 | 40,282.1 |
| | February | 33.0 | 7,359.1 | 2,021.4 | 4,697.2 | 232.8 | 14,310.5 | 10,700.0 | 45.0 | 14,176.6 | 39,265.1 |
| | March | 33.0 | 7,354.1 | 2,071.7 | 4,813.0 | 444.0 | 14,682.9 | 11,033.5 | 58.9 | 13,680.7 | 39,489.0 |
| | April | 33.0 | 7,321.6 | 2,117.4 | 4,075.2 | 137.0 | 13,651.2 | 11,608.6 | 66.4 | 13,928.5 | 39,287.6 |
| | May | 33.0 | 7,490.2 | 2,101.8 | 4,486.5 | 182.7 | 14,261.3 | 11,026.7 | 111.8 | 15,082.3 | 40,515.1 |
| | June | 33.0 | 7,487.9 | 2,100.3 | 4,991.6 | 196.0 | 14,775.9 | 11,967.5 | 120.7 | 16,437.3 | 43,334.3 |

¹ Include deposits of certain Parastatal Bodies.
Figures may not add up to totals due to rounding.

² Include Other Reserves.

Table 2.2: Bank of Mauritius Claims on Government

(Rs million)

| End of Month | | Government Stocks | Treasury Bills | Advances | Total |
|--------------|-----------|-------------------|----------------|----------|----------------|
| 2001 | January | 257.8 | 1,807.9 | 0.0 | 2,065.8 |
| | February | 213.1 | 1,409.4 | 212.2 | 1,834.7 |
| | March | 1,183.8 | 1,046.3 | 0.0 | 2,230.1 |
| | April | 1,039.6 | 754.7 | 0.0 | 1,794.3 |
| | May | 1,018.4 | 1,199.4 | 0.0 | 2,217.7 |
| | June | 984.1 | 1,350.2 | 0.0 | 2,334.3 |
| | July | 915.7 | 872.2 | 171.0 | 1,958.9 |
| | August | 1,253.3 | 1,100.5 | 0.0 | 2,353.8 |
| | September | 1,255.9 | 790.6 | 0.0 | 2,046.5 |
| | October | 1,159.5 | 1,020.2 | 0.0 | 2,179.7 |
| | November | 1,159.1 | 548.6 | 0.0 | 1,707.7 |
| | December | 1,177.6 | 994.0 | 0.0 | 2,171.6 |
| 2002 | January | 1,104.9 | 794.7 | 0.0 | 1,899.6 |
| | February | 1,184.8 | 696.6 | 0.0 | 1,881.4 |
| | March | 720.3 | 831.7 | 0.0 | 1,552.0 |
| | April | 546.3 | 883.2 | 0.0 | 1,429.5 |
| | May | 619.5 | 1,324.1 | 0.0 | 1,943.6 |
| | June | 770.3 | 1,172.0 | 0.0 | 1,942.3 |
| | July | 770.5 | 1,078.8 | 0.0 | 1,849.3 |
| | August | 649.8 | 976.0 | 0.0 | 1,625.8 |
| | September | 552.6 | 809.6 | 0.0 | 1,362.3 |
| | October | 505.5 | 769.5 | 0.0 | 1,275.0 |
| | November | 495.1 | 1,346.5 | 0.0 | 1,841.6 |
| | December | 478.9 | 1,224.5 | 0.0 | 1,703.4 |
| 2003 | January | 291.0 | 1,210.2 | 0.0 | 1,501.2 |
| | February | 300.4 | 1,015.7 | 0.0 | 1,316.1 |
| | March | 212.0 | 961.9 | 0.0 | 1,173.9 |
| | April | 245.7 | 852.6 | 0.0 | 1,098.3 |
| | May | 204.1 | 675.6 | 0.0 | 879.7 |
| | June | 41.8 | 863.3 | 0.0 | 905.1 |

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 | | |
| 2001 January | 21.4 | 4.7 | 35.3 | 1.7 | 83.7 | 170.3 | 857.6 | 1,100.6 | 1,579.4 | 3,158.4 | 630.9 | 7,644.0 | 6.9 | 12.1 | 129.7 | 56.2 | 70.4 | 16.8 | 6.4 | 19.4 | 2.5 | 4.2 | 0.3 | 0.2 | 325.1 | 7,969.1 | |
| February | 21.4 | 4.7 | 35.0 | 1.7 | 77.8 | 164.8 | 831.2 | 1,034.3 | 1,482.7 | 3,003.4 | 611.9 | 7,268.9 | 6.9 | 12.1 | 129.6 | 56.1 | 70.4 | 16.8 | 6.4 | 19.5 | 2.5 | 4.2 | 0.3 | 0.2 | 325.0 | 7,593.9 | |
| March | 21.4 | 4.7 | 34.7 | 1.7 | 74.3 | 161.5 | 817.7 | 1,011.3 | 1,491.4 | 2,930.7 | 619.8 | 7,169.2 | 6.9 | 12.1 | 129.6 | 56.2 | 70.3 | 16.9 | 6.4 | 19.6 | 2.5 | 4.3 | 0.3 | 0.2 | 325.3 | 7,494.5 | |
| April | 21.4 | 4.7 | 34.6 | 1.7 | 76.4 | 160.1 | 823.1 | 1,047.1 | 1,443.7 | 2,987.8 | 622.1 | 7,222.7 | 6.9 | 12.2 | 128.4 | 56.2 | 70.3 | 16.9 | 6.4 | 19.7 | 2.5 | 4.3 | 0.3 | 0.2 | 324.3 | 7,547.0 | |
| May | 21.3 | 4.7 | 34.5 | 1.7 | 79.1 | 155.2 | 810.2 | 1,023.4 | 1,444.9 | 3,024.4 | 660.2 | 7,259.6 | 6.9 | 12.2 | 127.1 | 55.4 | 69.6 | 16.9 | 6.4 | 19.7 | 2.5 | 4.3 | 0.3 | 0.2 | 321.5 | 7,581.1 | |
| June | 21.3 | 4.7 | 34.5 | 1.7 | 80.4 | 153.9 | 803.8 | 1,005.8 | 1,436.3 | 2,957.8 | 642.4 | 7,142.6 | 6.9 | 12.2 | 126.8 | 54.0 | 69.0 | 16.9 | 6.4 | 19.8 | 2.5 | 4.3 | 0.3 | 0.2 | 319.3 | 7,461.9 | |
| July | 21.2 | 4.7 | 34.4 | 1.7 | 81.8 | 151.6 | 836.3 | 1,036.1 | 1,497.4 | 3,109.1 | 641.1 | 7,415.4 | 6.9 | 12.2 | 123.7 | 53.5 | 68.7 | 17.0 | 6.4 | 19.8 | 2.5 | 4.3 | 0.3 | 0.2 | 315.5 | 7,730.9 | |
| August | 21.2 | 4.7 | 34.4 | 1.7 | 85.6 | 147.5 | 825.3 | 1,026.8 | 1,520.3 | 3,221.8 | 643.7 | 7,533.0 | 6.9 | 12.2 | 123.5 | 53.6 | 68.7 | 17.0 | 6.4 | 20.0 | 2.4 | 4.3 | 0.3 | 0.2 | 315.5 | 7,848.5 | |
| September | 21.2 | 4.7 | 34.2 | 1.7 | 87.3 | 155.3 | 824.7 | 1,021.1 | 1,493.3 | 3,186.5 | 666.3 | 7,496.3 | 6.9 | 12.2 | 123.5 | 53.4 | 68.7 | 17.0 | 6.4 | 20.1 | 2.4 | 4.3 | 0.3 | 0.2 | 315.4 | 7,811.7 | |
| October | 21.2 | 4.7 | 34.1 | 1.7 | 91.5 | 162.2 | 878.1 | 1,113.8 | 1,580.0 | 3,439.7 | 672.9 | 7,999.9 | 6.9 | 12.2 | 122.6 | 53.1 | 68.7 | 17.0 | 6.4 | 20.2 | 2.4 | 4.4 | 0.3 | 0.2 | 314.4 | 8,314.3 | |
| November | 21.2 | 4.7 | 34.1 | 1.7 | 95.1 | 172.6 | 877.9 | 1,121.1 | 1,591.0 | 3,487.9 | 697.5 | 8,104.8 | 6.9 | 12.3 | 128.2 | 55.1 | 69.8 | 17.1 | 6.4 | 20.3 | 2.4 | 4.4 | 0.3 | 0.2 | 323.4 | 8,428.2 | |
| December | 21.2 | 4.7 | 34.1 | 1.7 | 105.4 | 189.1 | 1,043.9 | 1,384.3 | 2,004.6 | 4,524.0 | 744.8 | 10,057.8 | 6.9 | 12.2 | 134.5 | 57.3 | 71.6 | 17.2 | 6.4 | 20.4 | 2.4 | 4.4 | 0.3 | 0.2 | 334.0 | 10,391.8 | |
| 2002 January | 21.2 | 4.7 | 34.0 | 1.7 | 96.2 | 178.4 | 918.6 | 1,155.9 | 1,722.3 | 3,863.2 | 708.2 | 8,704.4 | 6.9 | 12.3 | 136.5 | 58.6 | 72.0 | 17.2 | 6.4 | 20.5 | 2.4 | 4.4 | 0.3 | 0.2 | 337.7 | 9,042.1 | |
| February | 21.2 | 4.7 | 33.9 | 1.7 | 93.8 | 169.6 | 879.1 | 1,098.9 | 1,673.2 | 3,659.2 | 698.1 | 8,333.4 | 6.9 | 12.3 | 134.7 | 57.8 | 72.0 | 17.4 | 6.4 | 20.6 | 2.4 | 4.4 | 0.3 | 0.2 | 335.4 | 8,668.8 | |
| March | 21.2 | 4.7 | 33.9 | 1.7 | 90.9 | 171.5 | 851.4 | 1,082.6 | 1,628.4 | 3,565.9 | 683.6 | 8,135.8 | 6.9 | 12.3 | 129.4 | 57.6 | 71.8 | 17.4 | 6.4 | 20.7 | 2.4 | 4.5 | 0.3 | 0.2 | 329.9 | 8,465.7 | |
| April | 21.2 | 4.7 | 33.8 | 1.7 | 92.2 | 169.5 | 836.1 | 1,087.2 | 1,592.7 | 3,568.3 | 689.7 | 8,097.1 | 6.9 | 12.3 | 129.0 | 55.9 | 71.6 | 17.4 | 6.4 | 20.8 | 2.4 | 4.5 | 0.3 | 0.2 | 327.7 | 8,424.8 | |
| May | 21.2 | 4.7 | 33.7 | 1.7 | 90.7 | 170.6 | 823.6 | 1,071.4 | 1,517.0 | 3,675.1 | 705.3 | 8,115.0 | 6.9 | 12.4 | 129.0 | 55.9 | 71.6 | 17.4 | 6.4 | 20.9 | 2.4 | 4.5 | 0.3 | 0.2 | 327.9 | 8,442.9 | |
| June | 21.2 | 4.7 | 33.7 | 1.7 | 88.2 | 169.3 | 828.1 | 1,062.4 | 1,478.3 | 3,777.5 | 737.8 | 8,202.9 | 6.9 | 12.4 | 130.8 | 56.3 | 71.8 | 17.5 | 6.4 | 21.0 | 2.4 | 4.5 | 0.3 | 0.2 | 330.5 | 8,533.4 | |
| July | 21.2 | 4.7 | 33.6 | 1.7 | 92.7 | 172.8 | 856.3 | 1,093.0 | 1,515.5 | 3,920.5 | 731.0 | 8,443.0 | 6.9 | 12.4 | 130.7 | 55.6 | 71.7 | 17.5 | 6.4 | 21.1 | 2.4 | 4.5 | 0.3 | 0.2 | 329.7 | 8,772.7 | |
| August | 21.2 | 4.6 | 33.6 | 1.7 | 94.0 | 175.6 | 852.2 | 1,093.3 | 1,493.2 | 3,904.5 | 731.7 | 8,405.6 | 6.9 | 12.4 | 132.0 | 55.9 | 72.0 | 17.5 | 6.4 | 21.2 | 2.4 | 4.6 | 0.3 | 0.2 | 331.8 | 8,737.4 | |
| September | 21.2 | 4.6 | 33.5 | 1.7 | 97.9 | 176.3 | 853.4 | 1,106.7 | 1,498.9 | 3,872.8 | 730.2 | 8,397.2 | 6.9 | 12.3 | 133.8 | 56.5 | 72.2 | 17.6 | 6.4 | 21.4 | 2.4 | 4.6 | 0.3 | 0.2 | 334.6 | 8,731.8 | |
| October | 21.2 | 4.6 | 33.5 | 1.7 | 101.0 | 181.8 | 859.2 | 1,134.9 | 1,529.8 | 4,011.5 | 751.3 | 8,630.5 | 6.9 | 12.4 | 135.0 | 57.8 | 72.7 | 17.7 | 6.4 | 21.5 | 2.4 | 4.6 | 0.3 | 0.2 | 337.9 | 8,968.4 | |
| November | 21.2 | 4.6 | 33.4 | 1.7 | 109.9 | 191.1 | 892.2 | 1,188.5 | 1,556.2 | 4,201.3 | 751.9 | 8,952.0 | 6.9 | 12.4 | 139.7 | 59.2 | 73.8 | 17.9 | 6.4 | 21.7 | 2.4 | 4.6 | 0.3 | 0.2 | 345.5 | 9,297.5 | |
| December | 21.1 | 4.6 | 33.4 | 1.7 | 115.9 | 207.8 | 1,063.8 | 1,466.5 | 1,967.9 | 5,439.1 | 790.8 | 11,112.6 | 6.9 | 12.4 | 144.6 | 61.9 | 75.4 | 18.0 | 6.4 | 21.8 | 2.4 | 4.7 | 0.3 | 0.2 | 355.0 | 11,467.6 | |
| 2003 January | 21.1 | 4.6 | 33.4 | 1.7 | 111.6 | 194.2 | 911.9 | 1,207.0 | 1,637.6 | 4,483.2 | 775.2 | 9,381.5 | 6.9 | 12.4 | 146.8 | 63.0 | 76.2 | 18.1 | 6.4 | 22.0 | 2.4 | 4.7 | 0.3 | 0.2 | 359.4 | 9,740.9 | |
| February | 21.1 | 4.6 | 33.4 | 1.7 | 103.8 | 182.7 | 875.4 | 1,153.8 | 1,537.3 | 4,338.5 | 771.5 | 9,023.8 | 6.9 | 12.4 | 144.7 | 62.2 | 76.2 | 18.2 | 6.4 | 22.1 | 2.4 | 4.7 | 0.3 | 0.2 | 356.7 | 9,380.5 | |
| March | 21.1 | 4.6 | 33.3 | 1.7 | 100.1 | 184.2 | 862.0 | 1,167.5 | 1,572.4 | 4,335.7 | 788.6 | 9,071.2 | 6.9 | 12.4 | 143.5 | 61.0 | 76.2 | 18.3 | 6.4 | 22.3 | 2.4 | 4.7 | 0.3 | 0.2 | 354.6 | 9,425.8 | |
| April | 21.1 | 4.6 | 33.3 | 1.7 | 98.8 | 183.2 | 864.3 | 1,173.4 | 1,523.2 | 4,394.3 | 788.3 | 9,086.2 | 6.9 | 12.4 | 141.7 | 60.3 | 76.6 | 18.3 | 6.4 | 22.4 | 2.4 | 4.7 | 0.3 | 0.2 | 352.8 | 9,439.0 | |
| May | 21.1 | 4.6 | 33.2 | 1.7 | 96.9 | 182.1 | 855.7 | 1,148.3 | 1,543.4 | 4,558.8 | 792.9 | 9,238.9 | 6.9 | 12.4 | 141.7 | 60.3 | 76.8 | 18.4 | 6.4 | 22.6 | 2.4 | 4.8 | 0.3 | 0.2 | 353.2 | 9,592.1 | |
| June | 21.1 | 4.6 | 33.2 | 1.7 | 97.2 | 181.5 | 839.8 | 1,149.7 | 1,533.5 | 4,580.2 | 792.0 | 9,234.5 | 6.9 | 12.4 | 142.0 | 60.4 | 76.8 | 18.4 | 6.4 | 22.7 | 2.4 | 4.8 | 0.3 | 0.2 | 353.7 | 9,588.2 | |

Figures may not add up to totals due to rounding.

Table 2.4(a): Banks holding a Category 1 Banking Licence - Assets

(Rs million)

| End of Period | RESERVES | | | FOREIGN ASSETS | | | | CLAIMS ON GOVERNMENT | | | | CLAIMS ON PRIVATE SECTOR | | | | | CLAIMS ON CATEGORY 2 BANKS ³ | OTHER ASSETS ⁴ | TOTAL ASSETS | Acceptances, Documentary Credits and Guarantees ⁵ |
|---------------|--------------|---------------------------------|----------------|----------------------------|--------------------------|------------------------|--------------------|----------------------|-----------------------|----------|-----------------|--------------------------|------------------|-------------------|---------------------------------|-----------------|---|---------------------------|------------------|--|
| | Cash in Hand | Balances with Bank of Mauritius | 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 Investments | Loans and Advances ² | Total | | | | |
| 2000 | 2,506.2 | 2,523.7 | 5,029.9 | 5,471.4 | 2,742.6 | 281.6 | 11,159.4 | 11,967.0 | 3,034.3 | 0.0 | 15,001.3 | 815.6 | 1,716.3 | 11,896.4 | 56,141.5 | 70,569.8 | 1,817.1 | 11,321.3 | 114,898.8 | 14,068.5 |
| 2001 | 3,062.8 | 2,450.1 | 5,512.9 | 6,313.3 | 2,375.9 | 409.9 | 12,978.1 | 16,120.8 | 2,036.6 | 129.1 | 18,286.5 | 797.0 | 2,141.2 | 12,776.4 | 62,176.9 | 77,891.5 | 1,282.9 | 10,777.4 | 126,729.3 | 13,702.7 |
| 2002 | 3,181.6 | 3,341.5 | 6,523.1 | 6,546.0 | 2,299.8 | 355.4 | 13,591.6 | 26,464.9 | 2,183.1 | 0.0 | 28,648.0 | 682.4 | 2,011.7 | 9,902.4 | 71,380.2 | 83,976.7 | 893.9 | 12,442.5 | 146,075.8 | 15,456.1 |
| 2001 January | 2,141.6 | 3,372.5 | 5,514.0 | 5,160.5 | 2,230.3 | 248.2 | 10,293.8 | 12,773.2 | 2,504.7 | 53.4 | 15,331.3 | 762.1 | 1,737.8 | 11,879.7 | 57,022.8 | 71,402.4 | 1,793.4 | 10,193.0 | 114,528.0 | 13,274.0 |
| February | 1,954.6 | 3,028.5 | 4,983.1 | 6,105.9 | 2,193.1 | 198.2 | 11,013.0 | 12,751.8 | 2,513.7 | 163.4 | 15,428.9 | 763.1 | 1,724.4 | 11,820.6 | 57,782.2 | 72,090.2 | 1,811.4 | 10,152.2 | 115,478.9 | 13,486.3 |
| March | 1,823.3 | 3,129.8 | 4,953.1 | 6,292.1 | 1,911.3 | 165.5 | 10,877.2 | 13,432.0 | 2,531.7 | 103.1 | 16,066.7 | 812.4 | 1,705.4 | 11,780.9 | 57,525.0 | 71,823.7 | 1,878.6 | 11,142.1 | 116,741.4 | 13,154.0 |
| April | 1,871.0 | 3,193.6 | 5,064.6 | 5,783.1 | 1,689.6 | 161.0 | 10,161.3 | 13,488.4 | 2,531.7 | 164.4 | 16,184.5 | 833.7 | 1,706.7 | 11,666.4 | 60,458.7 | 74,665.5 | 1,471.7 | 11,207.2 | 118,754.7 | 13,501.5 |
| May | 1,954.9 | 2,967.8 | 4,922.6 | 5,718.9 | 1,717.7 | 124.7 | 10,248.6 | 13,254.7 | 2,531.7 | 156.7 | 15,943.1 | 832.9 | 1,693.7 | 11,646.2 | 59,555.4 | 73,728.3 | 1,591.8 | 10,790.7 | 117,225.2 | 14,005.2 |
| June | 1,726.5 | 3,771.2 | 5,497.7 | 6,060.0 | 2,299.4 | 134.4 | 11,646.0 | 13,062.7 | 2,503.2 | 97.5 | 15,663.5 | 817.4 | 1,704.0 | 13,088.1 | 58,406.3 | 74,015.8 | 1,260.9 | 10,148.9 | 118,232.7 | 14,825.3 |
| July | 1,904.5 | 3,093.3 | 4,997.9 | 5,993.0 | 2,396.2 | 200.7 | 12,115.9 | 13,131.4 | 2,503.2 | 89.9 | 15,724.6 | 785.2 | 1,899.8 | 13,032.7 | 59,199.3 | 74,917.0 | 1,226.7 | 9,762.8 | 118,744.9 | 15,065.4 |
| August | 1,969.0 | 2,911.1 | 4,880.0 | 6,212.2 | 2,167.0 | 193.9 | 12,151.5 | 14,229.3 | 2,036.6 | 120.6 | 16,386.5 | 775.2 | 1,898.6 | 12,978.7 | 60,033.2 | 75,685.7 | 1,650.4 | 9,716.2 | 120,470.3 | 14,855.4 |
| September | 1,913.9 | 3,589.4 | 5,503.3 | 6,555.4 | 2,238.8 | 176.7 | 12,759.5 | 14,582.9 | 2,036.6 | 114.0 | 16,733.4 | 770.9 | 2,038.6 | 12,984.4 | 59,968.0 | 75,761.8 | 1,327.5 | 9,878.5 | 121,964.0 | 14,507.2 |
| October | 2,223.4 | 3,823.0 | 6,046.4 | 5,966.1 | 2,418.4 | 164.8 | 12,398.0 | 15,282.9 | 2,036.6 | 112.0 | 17,431.5 | 756.5 | 1,962.3 | 12,888.4 | 61,156.6 | 76,762.8 | 1,419.6 | 10,180.5 | 124,238.8 | 14,704.2 |
| November | 2,223.4 | 2,972.1 | 5,195.5 | 5,983.4 | 2,120.3 | 207.7 | 12,153.3 | 15,461.9 | 2,036.6 | 148.0 | 17,646.5 | 763.2 | 2,087.8 | 12,846.4 | 61,861.1 | 77,558.4 | 1,419.0 | 10,339.9 | 124,312.7 | 14,608.0 |
| December | 3,062.8 | 2,450.1 | 5,512.9 | 6,313.3 | 2,375.9 | 409.9 | 12,978.1 | 16,120.8 | 2,036.6 | 129.1 | 18,286.5 | 797.0 | 2,141.2 | 12,776.4 | 62,176.9 | 77,891.5 | 1,282.9 | 10,777.4 | 126,729.3 | 13,702.7 |
| 2002 January | 2,400.3 | 3,473.4 | 5,873.7 | 6,793.9 | 1,983.3 | 295.1 | 12,895.6 | 17,085.4 | 1,997.9 | 0.0 | 19,083.3 | 743.4 | 2,196.2 | 12,572.5 | 63,385.6 | 78,897.8 | 1,710.6 | 10,237.4 | 128,698.3 | 13,006.7 |
| February | 2,279.2 | 3,436.2 | 5,715.5 | 7,052.1 | 1,627.2 | 232.4 | 13,131.2 | 17,726.6 | 1,970.1 | 5.7 | 19,702.4 | 739.6 | 2,153.0 | 12,478.9 | 62,948.0 | 78,319.5 | 1,802.8 | 10,249.9 | 128,921.4 | 12,899.3 |
| March | 1,954.6 | 3,859.0 | 5,813.5 | 7,579.7 | 1,513.4 | 204.9 | 13,514.6 | 18,196.7 | 2,257.1 | 9.0 | 20,462.8 | 712.5 | 2,129.6 | 12,295.2 | 63,659.8 | 78,797.1 | 1,673.3 | 10,605.9 | 130,867.3 | 13,690.8 |
| April | 2,009.2 | 3,754.0 | 5,763.1 | 6,823.0 | 1,515.5 | 196.6 | 12,638.8 | 18,817.1 | 2,257.1 | 48.9 | 21,123.0 | 670.7 | 1,948.0 | 12,126.4 | 63,665.9 | 78,411.0 | 1,196.8 | 10,415.2 | 129,547.9 | 14,129.5 |
| May | 1,993.5 | 3,790.8 | 5,784.3 | 7,125.9 | 1,631.1 | 140.3 | 13,152.0 | 19,422.0 | 2,232.7 | 60.4 | 21,715.0 | 683.1 | 1,790.0 | 11,776.9 | 64,803.1 | 79,053.1 | 1,545.9 | 10,748.7 | 131,999.0 | 14,629.2 |
| June | 2,066.8 | 4,239.7 | 6,306.5 | 6,877.1 | 1,921.0 | 167.2 | 13,265.8 | 20,573.4 | 1,945.6 | 0.0 | 22,519.0 | 693.3 | 1,702.1 | 11,545.3 | 66,035.0 | 79,975.7 | 1,489.2 | 11,123.5 | 134,679.8 | 15,053.2 |
| July | 2,239.4 | 3,914.1 | 6,153.5 | 6,006.0 | 2,110.1 | 181.7 | 12,499.1 | 21,978.7 | 2,026.1 | 0.0 | 24,004.8 | 642.1 | 1,661.3 | 10,968.3 | 67,307.5 | 80,579.2 | 1,520.4 | 11,194.6 | 135,951.5 | 15,628.8 |
| August | 2,052.2 | 3,705.0 | 5,757.2 | 6,123.0 | 2,105.0 | 169.5 | 12,564.4 | 23,076.6 | 2,132.5 | 0.0 | 25,209.2 | 654.4 | 1,706.5 | 11,683.1 | 67,728.1 | 81,772.2 | 1,508.0 | 11,483.5 | 138,294.5 | 16,552.9 |
| September | 2,017.7 | 3,875.2 | 5,893.0 | 6,590.3 | 2,107.9 | 180.2 | 13,353.2 | 24,891.3 | 2,145.9 | 0.0 | 27,037.2 | 648.6 | 1,653.7 | 11,002.5 | 68,237.5 | 81,542.3 | 1,539.4 | 11,840.1 | 141,205.1 | 16,761.0 |
| October | 2,254.2 | 3,801.0 | 6,055.1 | 5,846.5 | 2,199.6 | 198.3 | 12,683.7 | 24,808.7 | 2,145.9 | 0.0 | 26,954.6 | 651.8 | 2,120.2 | 10,310.3 | 69,537.9 | 82,620.2 | 1,707.3 | 11,547.8 | 141,568.8 | 16,020.6 |
| November | 2,197.2 | 3,964.7 | 6,161.9 | 6,061.7 | 2,298.1 | 194.7 | 12,959.0 | 25,279.7 | 2,145.9 | 0.0 | 27,425.6 | 659.1 | 2,056.1 | 10,263.7 | 70,552.4 | 83,531.3 | 1,103.1 | 12,291.9 | 143,472.8 | 15,946.8 |
| December | 3,181.6 | 3,341.5 | 6,523.1 | 6,546.0 | 2,299.8 | 355.4 | 13,591.6 | 26,464.9 | 2,183.1 | 0.0 | 28,648.0 | 682.4 | 2,011.7 | 9,902.4 | 71,380.2 | 83,976.7 | 893.9 | 12,442.5 | 146,075.8 | 15,456.1 |
| 2003 January | 2,257.2 | 3,852.3 | 6,109.5 | 7,113.4 | 1,813.8 | 175.7 | 13,368.8 | 27,889.7 | 2,097.5 | 0.0 | 29,987.2 | 658.4 | 2,082.4 | 10,719.1 | 70,291.0 | 83,750.9 | 1,109.9 | 12,291.1 | 146,617.5 | 15,335.4 |
| February | 2,021.4 | 4,697.2 | 6,718.6 | 7,085.6 | 1,772.1 | 146.5 | 13,304.0 | 27,855.9 | 2,097.5 | 0.0 | 29,953.4 | 642.7 | 1,930.6 | 10,699.7 | 70,669.8 | 83,942.8 | 774.1 | 11,932.3 | 146,625.2 | 15,425.0 |
| March | 2,071.7 | 4,814.8 | 6,886.5 | 6,966.6 | 1,764.8 | 178.9 | 13,157.2 | 28,698.6 | 1,974.7 | 0.0 | 30,673.3 | 630.7 | 2,018.6 | 10,330.5 | 70,894.6 | 83,874.4 | 1,137.2 | 12,071.2 | 147,799.8 | 16,187.8 |
| April | 2,117.4 | 4,065.3 | 6,182.7 | 6,325.4 | 1,728.5 | 196.7 | 12,520.3 | 28,733.7 | 1,939.9 | 0.0 | 30,673.6 | 628.4 | 1,953.8 | 10,123.9 | 71,817.1 | 84,523.1 | 1,233.8 | 12,136.7 | 147,270.2 | 15,947.3 |
| May | 2,101.8 | 4,486.5 | 6,588.3 | 7,022.9 | 1,826.0 | 171.3 | 13,442.8 | 28,427.6 | 1,980.3 | 0.0 | 30,407.9 | 661.8 | 1,872.3 | 10,274.4 | 72,409.3 | 85,217.8 | 1,491.0 | 12,509.3 | 149,657.1 | 15,933.5 |
| June | 2,100.3 | 4,997.8 | 7,098.1 | 7,604.5 | 2,294.4 | 190.2 | 14,750.2 | 31,206.2 | 1,965.0 | 0.0 | 33,171.3 | 648.1 | 1,939.7 | 8,881.4 | 73,610.8 | 85,080.1 | 1,125.6 | 13,334.5 | 154,559.7 | 17,051.7 |

¹ Include foreign securities and loans to nonresidents.
⁵ For a breakdown, see Table 2.4(b).
 Figures may not add up to totals due to rounding.

² Include Loans and Other Financing in Foreign Currency in Mauritius.
⁶ Includes Bills discounted contra.
 Data for Jun-01 have been revised following reclassification by Category 1 banks.

³ Include balances and investments.

⁴ Include interbank loans and claims on Category 1 banks.

Table 2.4(b): Banks Holding a Category 1 Banking Licence - 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 | | | | | Category 1 Banks | Banks Abroad | Category 2 Banks | | | | | | |
| 2000 | 11,997.7 | 6,563.6 | 34,800.8 | 37,887.2 | 79,251.6 | 190.9 | 9,001.1 | 227.9 | 250.0 | 0.0 | 2,971.7 | 884.8 | 126.4 | 9,996.7 | 114,898.8 | 733.7 | 4,021.0 | 9,313.8 |
| 2001 | 12,037.2 | 7,974.9 | 35,676.5 | 41,881.8 | 85,533.2 | 225.0 | 12,257.3 | 310.0 | 660.3 | 0.0 | 2,986.4 | 1,296.8 | 185.2 | 11,238.0 | 126,729.3 | 640.3 | 3,543.2 | 9,519.2 |
| 2002 | 14,477.0 | 9,759.1 | 39,688.6 | 47,419.9 | 96,867.6 | 234.1 | 13,117.8 | 143.0 | 2,171.0 | 48.0 | 5,741.7 | 849.8 | 148.0 | 12,277.8 | 146,075.8 | 685.7 | 3,900.9 | 10,869.6 |
| 2001 January | 12,167.5 | 6,301.2 | 34,772.0 | 38,069.4 | 79,142.6 | 285.0 | 9,275.6 | 85.9 | 250.0 | 0.0 | 2,875.8 | 587.5 | 155.4 | 9,702.7 | 114,528.0 | 668.1 | 3,844.4 | 8,761.5 |
| February | 12,169.2 | 5,881.1 | 34,901.5 | 39,120.9 | 79,903.5 | 259.4 | 10,302.5 | 73.2 | 250.0 | 0.0 | 2,567.4 | 492.9 | 133.6 | 9,327.2 | 115,478.9 | 655.3 | 3,974.5 | 8,856.5 |
| March | 12,301.9 | 6,511.2 | 34,888.6 | 39,048.6 | 80,448.4 | 243.0 | 10,228.4 | 551.4 | 250.0 | 0.0 | 2,201.2 | 456.1 | 138.2 | 9,922.8 | 116,741.4 | 643.1 | 4,107.0 | 8,403.9 |
| April | 12,284.0 | 6,307.1 | 35,622.3 | 38,905.2 | 80,834.6 | 181.5 | 9,905.7 | 752.1 | 450.0 | 0.2 | 3,304.7 | 354.9 | 133.3 | 10,553.7 | 118,754.7 | 691.3 | 4,115.2 | 8,695.0 |
| May | 12,225.7 | 6,198.7 | 35,293.5 | 38,848.0 | 80,340.2 | 378.0 | 9,825.8 | 289.2 | 253.0 | 0.0 | 2,648.3 | 297.6 | 122.7 | 10,844.8 | 117,225.2 | 738.2 | 4,326.4 | 8,940.6 |
| June | 11,675.7 | 6,885.1 | 34,052.3 | 38,931.7 | 79,869.1 | 448.7 | 12,057.5 | 570.0 | 253.0 | 0.0 | 2,975.4 | 296.3 | 120.8 | 9,966.1 | 118,232.7 | 789.6 | 3,837.8 | 10,197.9 |
| July | 13,051.4 | 6,620.3 | 34,222.7 | 39,146.3 | 79,989.3 | 156.2 | 12,970.0 | 230.0 | 548.2 | 1.1 | 2,758.3 | 292.3 | 92.6 | 8,655.7 | 118,744.9 | 693.3 | 4,076.0 | 10,296.1 |
| August | 12,447.1 | 6,784.9 | 34,591.7 | 40,127.5 | 81,504.1 | 142.2 | 13,116.3 | 209.0 | 334.2 | 0.0 | 2,914.7 | 655.1 | 93.6 | 9,054.0 | 120,470.3 | 741.2 | 3,982.9 | 10,131.3 |
| September | 12,038.4 | 7,335.2 | 34,724.7 | 40,637.6 | 82,697.5 | 195.0 | 12,483.1 | 108.0 | 384.5 | 0.0 | 3,627.1 | 465.6 | 118.9 | 9,845.9 | 121,964.0 | 786.7 | 3,999.4 | 9,721.1 |
| October | 12,056.0 | 7,078.5 | 35,301.7 | 40,458.6 | 82,838.7 | 207.0 | 12,261.5 | 125.0 | 1,830.0 | 0.0 | 3,172.4 | 1,166.8 | 156.6 | 10,424.7 | 124,238.8 | 862.3 | 3,679.1 | 10,162.8 |
| November | 12,035.5 | 7,222.4 | 35,461.2 | 40,688.7 | 83,372.4 | 215.5 | 12,767.4 | 373.6 | 516.3 | 0.0 | 2,917.4 | 949.6 | 111.1 | 11,053.8 | 124,312.7 | 788.1 | 3,612.1 | 10,207.8 |
| December | 12,037.2 | 7,974.9 | 35,676.5 | 41,881.8 | 85,533.2 | 225.0 | 12,257.3 | 310.0 | 660.3 | 0.0 | 2,986.4 | 1,296.8 | 185.2 | 11,238.0 | 126,729.3 | 640.3 | 3,543.2 | 9,519.2 |
| 2002 January | 12,331.3 | 8,036.7 | 35,959.6 | 43,066.2 | 87,062.5 | 187.8 | 12,742.5 | 10.0 | 1,206.2 | 0.0 | 2,997.2 | 1,104.0 | 122.5 | 10,934.3 | 128,698.3 | 613.4 | 3,322.0 | 9,071.3 |
| February | 12,337.6 | 7,300.0 | 35,992.6 | 43,769.2 | 87,061.8 | 169.6 | 13,182.8 | 285.0 | 1,403.6 | 0.0 | 2,667.8 | 1,137.5 | 131.3 | 10,544.5 | 128,921.4 | 579.5 | 3,177.1 | 9,142.8 |
| March | 12,317.8 | 7,545.7 | 36,366.9 | 44,184.9 | 88,097.5 | 159.5 | 13,217.2 | 312.9 | 1,647.2 | 0.0 | 2,447.2 | 1,272.0 | 118.3 | 11,277.5 | 130,867.3 | 497.1 | 3,318.9 | 9,874.8 |
| April | 12,172.0 | 7,760.5 | 36,861.2 | 43,761.7 | 88,383.3 | 203.7 | 12,785.5 | 170.0 | 1,684.8 | 138.0 | 2,085.9 | 508.2 | 106.4 | 11,310.0 | 129,547.9 | 507.2 | 3,393.2 | 10,229.1 |
| May | 12,368.7 | 7,930.0 | 37,232.8 | 44,331.6 | 89,494.4 | 168.6 | 13,749.5 | 65.0 | 1,787.5 | 131.9 | 2,188.4 | 529.4 | 130.9 | 11,384.8 | 131,999.0 | 531.8 | 3,485.1 | 10,612.2 |
| June | 12,747.2 | 8,517.5 | 37,060.7 | 44,860.7 | 90,438.9 | 426.3 | 13,410.1 | 0.0 | 1,874.8 | 0.0 | 3,203.4 | 681.4 | 213.5 | 11,684.2 | 134,679.8 | 559.7 | 3,664.7 | 10,828.8 |
| July | 12,798.0 | 8,353.6 | 37,749.0 | 44,760.7 | 90,863.3 | 178.7 | 13,311.5 | 10.0 | 2,153.8 | 0.0 | 3,569.4 | 920.1 | 112.2 | 12,034.5 | 135,951.5 | 548.1 | 3,832.9 | 11,247.8 |
| August | 13,904.4 | 8,213.4 | 38,265.8 | 45,293.3 | 91,772.5 | 172.8 | 13,092.3 | 345.0 | 2,156.9 | 0.0 | 3,689.5 | 1,148.8 | 163.8 | 11,848.5 | 138,294.5 | 566.6 | 4,288.2 | 11,698.0 |
| September | 14,607.3 | 8,740.0 | 38,833.9 | 45,247.8 | 92,821.7 | 171.9 | 13,260.5 | 627.0 | 2,156.9 | 0.0 | 4,063.5 | 1,419.1 | 220.7 | 11,856.5 | 141,205.1 | 553.8 | 4,712.9 | 11,494.3 |
| October | 14,823.6 | 8,266.4 | 39,600.9 | 45,357.0 | 93,224.3 | 182.7 | 12,907.5 | 275.0 | 2,168.0 | 0.0 | 5,282.7 | 806.3 | 167.0 | 11,731.7 | 141,568.8 | 615.7 | 4,353.0 | 11,051.9 |
| November | 14,473.9 | 8,847.9 | 39,931.4 | 46,095.2 | 94,874.6 | 194.5 | 12,673.9 | 150.0 | 2,168.0 | 50.0 | 5,259.5 | 935.1 | 141.5 | 12,551.8 | 143,472.8 | 732.5 | 3,966.4 | 11,247.9 |
| December | 14,477.0 | 9,759.1 | 39,688.6 | 47,419.9 | 96,867.6 | 234.1 | 13,117.8 | 143.0 | 2,171.0 | 48.0 | 5,741.7 | 849.8 | 148.0 | 12,277.8 | 146,075.8 | 685.7 | 3,900.9 | 10,869.6 |
| 2003 January | 15,653.8 | 9,038.1 | 39,699.5 | 48,191.2 | 96,928.7 | 220.4 | 12,864.4 | 290.0 | 2,172.7 | 0.0 | 5,265.4 | 983.7 | 184.8 | 12,053.6 | 146,617.5 | 628.8 | 3,650.1 | 11,056.6 |
| February | 15,636.1 | 8,756.9 | 39,879.0 | 49,437.5 | 98,073.4 | 217.5 | 12,607.9 | 40.0 | 2,172.5 | 3.5 | 4,967.0 | 722.5 | 175.2 | 12,009.5 | 146,625.2 | 502.9 | 3,793.7 | 11,128.4 |
| March | 15,658.5 | 8,931.4 | 40,702.2 | 49,165.6 | 98,799.3 | 179.1 | 12,957.5 | 0.0 | 2,867.4 | 0.2 | 4,900.2 | 640.6 | 158.6 | 11,638.5 | 147,799.8 | 438.9 | 3,597.3 | 12,151.7 |
| April | 15,691.6 | 8,553.3 | 40,931.5 | 48,989.1 | 98,473.9 | 171.1 | 12,670.0 | 0.0 | 2,172.7 | 0.0 | 5,183.2 | 660.9 | 140.1 | 12,106.8 | 147,270.2 | 456.9 | 3,551.5 | 11,938.8 |
| May | 15,711.7 | 8,756.0 | 41,365.0 | 48,753.3 | 98,874.3 | 156.5 | 13,333.1 | 28.0 | 2,172.7 | 0.0 | 5,637.6 | 818.4 | 140.6 | 12,784.0 | 149,657.1 | 481.9 | 3,736.3 | 11,715.3 |
| June | 14,414.3 | 9,755.0 | 41,808.9 | 49,428.8 | 100,992.7 | 575.0 | 14,727.9 | 40.0 | 2,172.6 | 0.4 | 6,765.8 | 789.0 | 154.5 | 13,927.5 | 154,559.7 | 450.9 | 4,189.1 | 12,411.7 |

¹ Include demand deposits of Category 2 Banks.
Figures may not add up to totals due to rounding.

² Include margin deposits.

³ Include borrowings from other institutions (local and foreign).
Data for Jun-01 have been revised following reclassification by Category 1 banks.

Table 2.5: Monetary Survey

(Rs million)

| End of Period | | Foreign Assets (net) | DOMESTIC CREDIT | | | | | TOTAL ASSETS | MONEY SUPPLY (M1) | | | | QUASI-MONEY | | | | Aggregate Monetary Resources (M2) (1) + (2) | OTHER ITEMS (net) |
|---------------|-----------|----------------------|----------------------------------|--------------------------|----------------------------|--|-----------|--------------|----------------------|-------------------|------------------|----------|-------------------------------|---------------|---------------------------|-----------|--|-------------------|
| | | | Net Claims on Central Government | Claims on Private Sector | Claims on Category 2 Banks | Claims on Non-Bank Deposit-Taking Institutions | Total | | Currency with Public | Demand Deposits | | Total | Savings Deposits ¹ | Time Deposits | Foreign Currency Deposits | Total | | |
| | | | | | | | | | | Bank of Mauritius | Category 1 Banks | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| 2000 | | 33,027.7 | 13,632.7 | 70,569.6 | 283.8 | 356.4 | 84,842.7 | 117,870.4 | 6,647.6 | 89.5 | 6,563.6 | 13,300.7 | 37,887.2 | 34,800.8 | 9,001.1 | 81,689.1 | 94,989.8 | 22,880.6 |
| 2001 | | 35,211.4 | 19,509.0 | 77,891.5 | 283.8 | 215.7 | 97,899.9 | 133,111.3 | 7,329.0 | 149.7 | 7,974.9 | 15,453.5 | 41,881.8 | 35,676.5 | 12,257.3 | 89,815.5 | 105,269.1 | 27,842.3 |
| 2002 | | 43,466.5 | 19,985.9 | 83,976.7 | 360.8 | 55.4 | 104,378.8 | 147,845.3 | 8,286.1 | 113.6 | 9,759.1 | 18,158.7 | 47,419.9 | 39,688.6 | 13,117.8 | 100,226.3 | 118,385.0 | 29,460.3 |
| 2001 | January | 29,075.8 | 16,778.6 | 71,402.4 | 283.8 | 342.1 | 88,806.9 | 117,882.7 | 5,827.7 | 175.9 | 6,301.2 | 12,304.8 | 38,069.4 | 34,772.0 | 9,275.6 | 82,117.0 | 94,421.8 | 23,460.9 |
| | February | 29,705.0 | 16,817.5 | 72,090.2 | 283.8 | 329.1 | 89,520.6 | 119,225.6 | 5,639.3 | 81.5 | 5,881.1 | 11,601.9 | 39,120.9 | 34,901.6 | 10,302.5 | 84,325.0 | 95,926.9 | 23,298.7 |
| | March | 30,123.1 | 17,184.4 | 71,823.7 | 283.8 | 316.4 | 89,608.3 | 119,731.5 | 5,671.2 | 120.2 | 6,511.2 | 12,302.6 | 39,048.6 | 34,888.6 | 10,228.4 | 84,165.6 | 96,468.2 | 23,263.3 |
| | April | 28,535.6 | 17,343.9 | 74,665.5 | 283.8 | 303.9 | 92,597.0 | 121,132.6 | 5,676.0 | 202.1 | 6,307.1 | 12,185.2 | 38,905.2 | 35,622.3 | 9,905.7 | 84,433.2 | 96,618.4 | 24,514.2 |
| | May | 28,976.9 | 17,301.4 | 73,728.3 | 283.8 | 291.9 | 91,605.3 | 120,582.2 | 5,626.2 | 170.7 | 6,198.7 | 11,995.6 | 38,848.0 | 35,293.5 | 9,825.8 | 83,967.3 | 95,962.9 | 24,619.3 |
| | June | 31,232.2 | 17,578.4 | 74,015.8 | 283.8 | 281.2 | 92,159.2 | 123,391.4 | 5,735.4 | 91.4 | 6,885.1 | 12,711.9 | 38,931.7 | 34,052.3 | 12,057.5 | 85,041.5 | 97,753.4 | 25,638.0 |
| | July | 31,730.8 | 17,636.7 | 74,917.0 | 283.8 | 268.7 | 93,106.1 | 124,836.9 | 5,826.4 | 80.4 | 6,620.3 | 12,527.1 | 39,146.3 | 34,222.7 | 12,970.0 | 86,339.0 | 98,866.1 | 25,970.8 |
| | August | 32,532.5 | 17,996.1 | 75,685.7 | 283.8 | 258.1 | 94,223.7 | 126,756.2 | 5,879.6 | 132.1 | 6,784.9 | 12,796.6 | 40,127.5 | 34,591.7 | 13,116.3 | 87,835.5 | 100,632.1 | 26,124.1 |
| | September | 32,852.6 | 18,507.1 | 75,761.8 | 283.8 | 249.4 | 94,802.1 | 127,654.7 | 5,897.8 | 140.6 | 7,335.2 | 13,373.5 | 40,637.6 | 34,724.7 | 12,483.1 | 87,845.4 | 101,218.9 | 26,435.8 |
| | October | 33,751.6 | 17,482.9 | 76,762.8 | 283.8 | 236.4 | 94,766.0 | 128,517.6 | 6,090.9 | 68.5 | 7,078.5 | 13,237.9 | 40,458.6 | 35,301.7 | 12,261.5 | 88,021.8 | 101,259.7 | 27,257.9 |
| | November | 33,918.0 | 18,058.7 | 77,558.4 | 283.8 | 226.0 | 96,126.9 | 130,044.8 | 6,204.8 | 129.7 | 7,222.4 | 13,556.9 | 40,688.7 | 35,461.2 | 12,767.4 | 88,917.3 | 102,474.2 | 27,570.6 |
| | December | 35,211.4 | 19,509.0 | 77,891.5 | 283.8 | 215.7 | 97,899.9 | 133,111.3 | 7,329.0 | 149.7 | 7,974.9 | 15,453.5 | 41,881.8 | 35,676.5 | 12,257.3 | 89,815.5 | 105,269.1 | 27,842.3 |
| 2002 | January | 34,919.1 | 19,589.3 | 78,897.8 | 283.8 | 205.8 | 98,976.7 | 133,895.8 | 6,641.8 | 291.2 | 8,036.7 | 14,969.7 | 43,066.2 | 35,959.6 | 12,742.5 | 91,768.3 | 106,738.0 | 27,157.8 |
| | February | 36,568.2 | 19,015.6 | 78,319.6 | 283.8 | 196.3 | 97,815.3 | 134,383.5 | 6,389.6 | 116.4 | 7,300.0 | 13,805.9 | 43,769.2 | 35,992.6 | 13,182.8 | 92,944.6 | 106,750.5 | 27,633.0 |
| | March | 37,792.9 | 19,373.6 | 78,797.1 | 283.8 | 188.0 | 98,642.5 | 136,435.4 | 6,511.1 | 134.8 | 7,545.7 | 14,191.5 | 44,184.9 | 36,366.9 | 13,217.2 | 93,769.1 | 107,960.6 | 28,474.8 |
| | April | 37,738.6 | 19,649.2 | 78,411.0 | 283.8 | 177.3 | 98,521.3 | 136,259.9 | 6,415.6 | 118.4 | 7,760.4 | 14,294.5 | 43,761.7 | 36,861.2 | 12,785.5 | 93,408.3 | 107,702.8 | 28,557.1 |
| | May | 38,823.9 | 20,410.7 | 79,053.0 | 283.8 | 168.2 | 99,915.7 | 138,739.6 | 6,449.4 | 204.3 | 7,930.0 | 14,583.7 | 44,331.6 | 37,232.8 | 13,749.5 | 95,313.9 | 109,897.6 | 28,841.9 |
| | June | 39,974.0 | 18,980.1 | 79,957.7 | 283.8 | 156.2 | 99,395.9 | 139,369.9 | 6,466.4 | 151.7 | 8,517.5 | 15,135.6 | 44,860.8 | 37,060.7 | 13,410.1 | 95,331.6 | 110,467.2 | 28,902.7 |
| | July | 39,483.9 | 19,396.3 | 80,579.2 | 283.8 | 108.4 | 100,367.7 | 139,851.6 | 6,533.3 | 173.0 | 8,353.6 | 15,059.8 | 44,760.7 | 37,749.0 | 13,311.5 | 95,821.3 | 110,881.1 | 28,970.5 |
| | August | 40,464.7 | 19,352.5 | 81,772.2 | 395.1 | 102.0 | 101,621.8 | 142,086.5 | 6,685.2 | 90.6 | 8,213.4 | 14,989.3 | 45,293.3 | 38,265.8 | 13,092.3 | 96,651.4 | 111,640.7 | 30,445.8 |
| | September | 42,216.6 | 20,112.7 | 81,542.3 | 400.7 | 95.6 | 102,151.3 | 144,368.0 | 6,714.1 | 198.4 | 8,740.0 | 15,652.5 | 45,247.8 | 38,833.9 | 13,744.2 | 97,825.9 | 113,478.4 | 30,889.6 |
| | October | 40,712.0 | 19,812.3 | 82,620.2 | 402.5 | 64.6 | 102,899.6 | 143,611.6 | 6,714.2 | 152.4 | 8,266.4 | 15,132.9 | 45,357.0 | 39,600.9 | 12,907.5 | 97,865.4 | 112,998.3 | 30,613.3 |
| | November | 41,754.3 | 20,256.4 | 83,531.3 | 399.9 | 60.2 | 104,247.8 | 146,002.1 | 7,100.3 | 425.7 | 8,847.9 | 16,373.9 | 46,095.2 | 39,931.4 | 12,673.9 | 98,700.6 | 115,074.4 | 30,927.6 |
| | December | 43,466.5 | 19,985.9 | 83,976.7 | 360.8 | 55.4 | 104,378.8 | 147,845.3 | 8,286.1 | 113.6 | 9,759.1 | 18,158.7 | 47,419.9 | 39,688.6 | 13,117.8 | 100,226.3 | 118,385.0 | 29,460.3 |
| 2003 | January | 43,936.2 | 19,643.2 | 83,750.9 | 360.8 | 51.1 | 103,806.0 | 147,742.2 | 7,483.7 | 266.8 | 9,038.1 | 16,788.6 | 48,191.2 | 39,699.5 | 12,864.4 | 100,755.1 | 117,543.7 | 30,198.5 |
| | February | 43,458.1 | 20,274.5 | 83,942.8 | 350.3 | 47.2 | 104,614.8 | 148,073.0 | 7,359.1 | 232.8 | 8,756.9 | 16,348.9 | 49,437.5 | 39,879.0 | 12,607.9 | 101,924.4 | 118,273.3 | 29,799.6 |
| | March | 43,039.3 | 20,354.4 | 83,874.4 | 351.8 | 43.2 | 104,623.8 | 147,663.1 | 7,354.1 | 444.0 | 8,931.4 | 16,729.5 | 49,165.6 | 40,702.2 | 12,957.5 | 102,825.4 | 119,554.9 | 28,108.2 |
| | April | 42,709.7 | 19,958.3 | 84,523.1 | 337.5 | 39.5 | 104,858.5 | 147,568.1 | 7,321.6 | 137.0 | 8,553.3 | 16,011.9 | 48,989.1 | 40,931.5 | 12,670.0 | 102,590.6 | 118,602.4 | 28,965.7 |
| | May | 44,627.0 | 20,149.1 | 85,217.8 | 337.5 | 36.1 | 105,740.5 | 150,367.4 | 7,490.2 | 182.7 | 8,756.0 | 16,428.9 | 48,753.3 | 41,365.0 | 13,333.1 | 103,451.5 | 119,880.4 | 30,487.1 |
| | June | 47,567.9 | 21,476.2 | 85,080.1 | 338.1 | 32.7 | 106,927.0 | 154,494.9 | 7,487.9 | 196.0 | 9,755.0 | 17,439.0 | 49,428.8 | 41,808.9 | 14,727.9 | 105,965.6 | 123,404.5 | 31,090.4 |

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 | Demand Deposits | Time and Savings Deposits ¹ | Foreign Currency Deposits | Money Supply (M1) (1) + (2) (5) | Aggregate Monetary Resources (M2) (3) + (4) + (5) |
|---------------|----------------------|-----------------|--|---------------------------|---------------------------------------|--|
| (1) | (2) | (3) | (4) | | | |
| 2001 January | 5,827.7 | 6,477.1 | 72,841.4 | 9,275.6 | 12,304.8 | 94,421.8 |
| February | 5,639.3 | 5,962.6 | 74,022.5 | 10,302.5 | 11,601.9 | 95,926.9 |
| March | 5,671.1 | 6,631.4 | 73,937.2 | 10,228.4 | 12,302.6 | 96,468.2 |
| April | 5,676.0 | 6,509.2 | 74,527.5 | 9,905.7 | 12,185.2 | 96,618.4 |
| May | 5,626.2 | 6,369.4 | 74,141.5 | 9,825.8 | 11,995.6 | 95,962.9 |
| June | 5,735.4 | 6,976.5 | 72,984.0 | 12,057.5 | 12,711.9 | 97,753.4 |
| July | 5,826.4 | 6,700.7 | 73,369.0 | 12,970.0 | 12,527.1 | 98,866.1 |
| August | 5,879.6 | 6,917.0 | 74,719.2 | 13,116.3 | 12,796.6 | 100,632.1 |
| September | 5,897.8 | 7,475.8 | 75,362.3 | 12,483.1 | 13,373.6 | 101,218.9 |
| October | 6,090.9 | 7,147.0 | 75,760.3 | 12,261.5 | 13,237.9 | 101,259.7 |
| November | 6,204.8 | 7,352.1 | 76,149.9 | 12,767.4 | 13,556.9 | 102,474.2 |
| December | 7,329.0 | 8,124.6 | 77,558.3 | 12,257.3 | 15,453.5 | 105,269.1 |
| 2002 January | 6,641.8 | 8,327.9 | 79,025.8 | 12,742.5 | 14,969.7 | 106,738.0 |
| February | 6,389.6 | 7,416.4 | 79,761.8 | 13,182.8 | 13,805.9 | 106,750.6 |
| March | 6,511.1 | 7,680.5 | 80,551.8 | 13,217.2 | 14,191.5 | 107,960.6 |
| April | 6,415.6 | 7,878.8 | 80,622.9 | 12,785.5 | 14,294.5 | 107,702.8 |
| May | 6,449.4 | 8,134.3 | 81,564.4 | 13,749.5 | 14,583.7 | 109,897.6 |
| June | 6,466.4 | 8,669.2 | 81,921.5 | 13,410.1 | 15,135.6 | 110,467.2 |
| July | 6,533.3 | 8,526.6 | 82,509.7 | 13,311.5 | 15,059.8 | 110,881.1 |
| August | 6,685.2 | 8,304.0 | 83,559.1 | 13,092.3 | 14,989.3 | 111,640.7 |
| September | 6,714.1 | 8,938.4 | 84,081.7 | 13,744.2 | 15,652.5 | 113,478.4 |
| October | 6,714.2 | 8,418.8 | 84,957.9 | 12,907.5 | 15,132.9 | 112,998.3 |
| November | 7,100.3 | 9,273.6 | 86,026.6 | 12,673.9 | 16,373.9 | 115,074.4 |
| December | 8,286.1 | 9,872.7 | 87,108.5 | 13,117.8 | 18,158.7 | 118,385.0 |
| 2003 January | 7,483.7 | 9,304.9 | 87,890.7 | 12,864.4 | 16,788.6 | 117,543.7 |
| February | 7,359.1 | 8,989.8 | 89,316.5 | 12,607.9 | 16,348.9 | 118,273.3 |
| March | 7,354.1 | 9,375.5 | 89,867.8 | 12,957.5 | 16,729.5 | 119,554.9 |
| April | 7,321.6 | 8,690.3 | 89,920.6 | 12,670.0 | 16,011.9 | 118,602.4 |
| May | 7,490.2 | 8,938.7 | 90,118.3 | 13,333.1 | 16,428.9 | 119,880.4 |
| June | 7,487.9 | 9,951.1 | 91,237.7 | 14,727.9 | 17,439.0 | 123,404.5 |

¹ Include margin deposits.
Figures may not add up to totals due to rounding.

Table 2.7: Principal Interest Rates

(As on the last day of the month) (Per cent)

| | Sep-02 | Dec-02 | Mar-03 | Jun-03 |
|--|---------------|---------------------|--------------------|--------------------|
| I. LENDING | | | | |
| Bank of Mauritius | | | | |
| Lombard Rate | 11.50 | 11.00 | 10.50 | 10.25 |
| Bank Rate | 9.63 | 9.46 | 7.93 | 8.26 |
| Category 1 Banks | | | | |
| A. Prime Lending Rate | 10.00 | 9.50 - 10.00 | 9.00 - 9.50 | 8.75 - 9.25 |
| B. Sectoral Rates | | | | |
| 1. Agriculture & Fishing | 10.00 - 21.00 | 9.50 - 21.00 | 9.00 - 21.00 | 8.75 - 21.00 |
| <i>of which: Sugar Industry</i> | 10.00 - 21.00 | 9.50 - 21.00 | 9.00 - 21.00 | 8.75 - 19.75 |
| 2. Manufacturing | 9.00 - 21.00 | 9.00 - 21.00 | 8.00 - 21.00 | 7.75 - 21.00 |
| <i>of which: Export Enterprise Certificate Holders</i> | 9.00 - 21.00 | 8.50 - 21.00 | 8.00 - 21.00 | 7.75 - 21.00 |
| 3. Tourism | 9.25 - 21.00 | 9.25 - 21.00 | 8.00 - 21.00 | 8.00 - 21.00 |
| <i>of which: Hotels</i> | 9.25 - 21.00 | 9.06 - 21.00 | 8.50 - 21.00 | 8.14 - 21.00 |
| 4. Transport | 10.00 - 21.00 | 9.75 - 21.00 | 9.00 - 21.00 | 8.75 - 21.00 |
| 5. Construction | 9.75 - 21.25 | 9.25 - 21.25 | 9.00 - 21.00 | 8.75 - 21.00 |
| <i>of which: Housing</i> | 10.00 - 20.75 | 9.75- 20.00 | 9.50 - 20.00 | 8.75 - 19.50 |
| 6. Traders | 10.00 - 21.50 | 9.50 - 21.25 | 9.00 - 21.25 | 8.50 - 21.25 |
| 7. New Economy | 10.00 - 21.00 | 9.50 - 21.00 | 9.00 - 21.00 | 8.75 - 21.00 |
| 8. Financial and Business Services | 10.00 - 21.00 | 9.50 - 21.00 | 9.00 - 21.00 | 8.75 - 21.00 |
| 9. Infrastructure | 9.25 - 21.00 | 9.25 - 17.00 | 9.00 - 17.00 | 8.75 - 17.50 |
| 10. Statutory and Parastatal Bodies | 10.25 - 21.00 | 9.75 - 21.00 | 9.50 - 21.00 | 9.00 - 21.00 |
| 11. Freeport Enterprise Certificate Holders | 10.75 - 17.00 | 9.50 - 17.00 | 9.00 - 17.00 | 8.75 - 19.75 |
| 12. Regional Headquarters Certificate Holders | 10.00 - 13.75 | | | |
| 13. Health Development Certificate Holders | 10.50 - 21.00 | 9.50 - 20.50 | 9.50 - 21.00 | 9.25 - 21.00 |
| 14. Personal | 10.00 - 20.75 | 9.50 - 21.00 | 9.50 - 19.75 | 9.00 - 19.75 |
| 15. Professional | 10.00 - 21.00 | 9.50 - 21.00 | 8.50 - 21.00 | 8.50 - 21.00 |
| 16. Education | 10.00 - 21.00 | 9.50 - 22.50 | 9.00 - 21.00 | 8.75 - 21.00 |
| 17. Media, Entertainment and Recreational Activities | 10.00 - 21.00 | 9.50 - 22.50 | 9.00 - 21.00 | 8.75 - 21.00 |
| 18. Other Customers | 10.00 - 21.00 | 9.50 - 21.00 | 9.00 - 21.00 | 8.75 - 21.00 |
| II. DEPOSITS | | | | |
| 1. Savings | 6.50 | 6.00 | 5.50 - 6.00 | 5.25 - 6.00 |
| 2. Time | | | | |
| Call | 6.50 - 8.00 | 6.00 - 6.50 | 5.50 - 6.50 | 5.25 - 7.50 |
| 7 Days' Notice | 6.50 - 10.00 | 6.00 - 10.00 | 5.50 - 9.75 | 5.25 - 9.75 |
| Exceeding 7 Days & Up to 1 Month | 6.50 - 8.00 | 6.00 - 7.50 | 5.50 - 7.00 | 5.25 - 6.00 |
| Exceeding 1 Month & Up to 3 Months | 6.50 - 9.00 | 6.00 - 8.50 | 5.50 - 8.25 | 5.25 - 8.25 |
| Exceeding 3 Months & Up to 6 Months | 6.63 - 9.50 | 6.13 - 9.75 | 5.63 - 9.75 | 5.50 - 8.38 |
| Exceeding 6 Months & Up to 9 Months | 6.75 - 11.25 | 6.25 - 10.50 | 5.75 - 10.50 | 5.63 - 10.50 |
| Exceeding 9 Months & Up to 12 Months | 6.50 - 11.50 | 6.13 - 10.50 | 5.75 - 10.50 | 5.25 - 10.50 |
| Exceeding 12 Months & Up to 18 Months | 6.88 - 11.50 | 6.38 - 10.50 | 5.88 - 10.25 | 5.63 - 10.00 |
| Exceeding 18 Months & Up to 24 Months | 6.88 - 12.00 | 7.00 - 11.50 | 5.50 - 11.00 | 5.63 - 11.00 |
| Exceeding 24 Months & Up to 36 Months | 7.00 - 13.00 | 6.75 - 13.00 | 6.25 - 13.00 | 5.75 - 13.00 |
| Exceeding 36 Months & Up to 48 Months | 7.25 - 13.50 | 7.25 - 13.50 | 6.50 - 13.00 | 5.25 - 13.00 |
| Exceeding 48 Months & Up to 60 Months | 7.25 - 13.25 | 7.48 - 13.00 | 6.50 - 13.00 | 6.00 - 13.00 |
| Exceeding 60 Months | 10.00 - 12.50 | 9.50 - 12.50 | 9.00 - 12.00 | 7.00 - 12.50 |

Table 2.8: Value Range of "Overdrafts", "Loans", "Local Bills Discounted", "Bills Receivable" and "Advances Against Pledge of Export Bills" as at end-June 2003

| Range | Overdrafts | | Loans | | Local Bills Discounted | | Bills Receivable | | Adv. Against Export Bills | | TOTAL | |
|--|-----------------|-------------------|-----------------|-------------------|------------------------|------------------|------------------|------------------|---------------------------|------------------|-----------------|-------------------|
| | No. of Accounts | Amount (Rs' 000) | No. of Accounts | Amount (Rs' 000) | No. of Accounts | Amount (Rs' 000) | No. of Accounts | Amount (Rs' 000) | No. of Accounts | Amount (Rs' 000) | No. of Accounts | Amount (Rs' 000) |
| Up to Rs100,000 | 116,518 | 1,041,072 | 60,345 | 2,295,129 | 22,792 | 373,375 | 459 | 26,512 | 0 | 0 | 200,114 | 3,736,088 |
| Over Rs100,000 and Up to Rs500,000 | 6,064 | 1,394,682 | 25,717 | 5,657,936 | 83 | 21,222 | 1,582 | 418,895 | 1 | 313 | 33,447 | 7,493,048 |
| Over Rs500,000 and Up to Rs1,000,000 | 1,618 | 1,137,207 | 3,774 | 2,696,228 | 33 | 24,347 | 533 | 371,695 | 1 | 1,000 | 5,959 | 4,230,477 |
| Over Rs1,000,000 and Up to Rs2,500,000 | 1,377 | 2,142,694 | 2,067 | 3,149,135 | 58 | 88,995 | 269 | 399,901 | 1 | 1,872 | 3,772 | 5,782,597 |
| Over Rs2,500,000 and Up to Rs5,000,000 | 561 | 1,958,723 | 680 | 2,384,599 | 20 | 70,114 | 62 | 223,162 | 0 | 0 | 1,323 | 4,636,598 |
| Over Rs5,000,000 and Up to Rs7,500,000 | 253 | 1,573,384 | 199 | 1,192,278 | 3 | 17,892 | 9 | 53,752 | 0 | 0 | 464 | 2,837,306 |
| Over Rs7,500,000 and Up to Rs10,000,000 | 147 | 1,270,330 | 121 | 1,070,378 | 1 | 8,851 | 5 | 43,477 | 0 | 0 | 274 | 2,393,036 |
| Over Rs10,000,000 and Up to Rs25,000,000 | 272 | 4,213,251 | 220 | 3,615,006 | 3 | 43,306 | 7 | 103,594 | 0 | 0 | 502 | 7,975,157 |
| Exceeding Rs25,000,000 | 178 | 12,124,598 | 202 | 17,366,370 | 0 | 0 | 4 | 298,750 | 0 | 0 | 384 | 29,789,718 |
| TOTAL | 126,988 | 26,855,941 | 93,325 | 39,427,059 | 22,993 | 648,102 | 2,930 | 1,939,738 | 3 | 3,185 | 246,239 | 68,874,025 |

Note: Exclude Loans and Other Financing in Foreign Currencies in Mauritius.

Table 2.9: Ownership of “Overdrafts”, “Loans”, “Local Bills Discounted”, “Bills Receivable” and “Advances Against Pledge of Export Bills” as at end-June 2003

| Sectors | Overdrafts | | Loans | | Local Bills Discounted | | Adv. Against Export Bills | | Bills Receivable | | TOTAL | |
|--|-----------------|-------------------|-----------------|-------------------|------------------------|------------------|---------------------------|------------------|------------------|------------------|-----------------|-------------------|
| | No. of Accounts | Amount (Rs' 000) | No. of Accounts | Amount (Rs' 000) | No. of Accounts | Amount (Rs' 000) | No. of Accounts | Amount (Rs' 000) | No. of Accounts | Amount (Rs' 000) | No. of Accounts | Amount (Rs' 000) |
| Agriculture & Fishing | 966 | 3,103,503 | 806 | 3,664,052 | 31 | 9,283 | 0 | 0 | 10 | 28,960 | 1,813 | 6,805,798 |
| Manufacturing | 2,498 | 5,923,335 | 1,655 | 4,084,191 | 153 | 104,321 | 2 | 2,185 | 840 | 694,487 | 5,148 | 10,808,519 |
| Tourism | 644 | 2,555,197 | 550 | 8,252,974 | 4 | 697 | 0 | 0 | 3 | 617 | 1,201 | 10,809,485 |
| Transport | 413 | 265,893 | 873 | 367,754 | 1 | 30 | 0 | 0 | 17 | 4,053 | 1,304 | 637,730 |
| Construction | 909 | 2,073,154 | 29,938 | 9,073,211 | 909 | 11,374 | 0 | 0 | 23 | 14,107 | 31,779 | 11,171,846 |
| Traders | 7,253 | 6,088,977 | 3,724 | 4,260,187 | 196 | 132,830 | 1 | 1,000 | 1,773 | 1,084,206 | 12,947 | 11,567,200 |
| New Economy | 166 | 88,277 | 83 | 990,210 | 0 | 0 | 0 | 0 | 4 | 6,338 | 253 | 1,084,825 |
| Financial and Business Services | 382 | 1,896,205 | 138 | 1,907,369 | 6 | 3,356 | 0 | 0 | 18 | 5,958 | 544 | 3,812,888 |
| Infrastructure | 21 | 128,526 | 20 | 390,828 | 0 | 0 | 0 | 0 | 0 | 0 | 41 | 519,354 |
| Statutory and Parastatal Bodies | 23 | 599,810 | 14 | 563,004 | 0 | 0 | 0 | 0 | 0 | 0 | 37 | 1,162,814 |
| Regional Development Certificate Holders | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Freeport Enterprise Certificate Holders | 23 | 28,394 | 11 | 59,387 | 0 | 0 | 0 | 0 | 5 | 5,428 | 39 | 93,209 |
| Regional Headquarters Certificate Holders | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Health Development Certificate Holders | 7 | 3,572 | 7 | 24,760 | 0 | 0 | 0 | 0 | 0 | 0 | 14 | 28,332 |
| Modernisation & Expansion Enterprise Certificate Holders | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal | 112,079 | 2,366,591 | 54,712 | 4,627,004 | 21,679 | 367,068 | 0 | 0 | 173 | 55,566 | 188,643 | 7,416,229 |
| Professional | 375 | 401,959 | 174 | 280,148 | 6 | 171 | 0 | 0 | 8 | 14,014 | 563 | 696,292 |
| Education | 21 | 14,226 | 80 | 22,530 | 0 | 0 | 0 | 0 | 0 | 0 | 101 | 36,756 |
| Human Resource Development Certificate Holders | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Media, Entertainment and Recreational Activities | 82 | 68,156 | 52 | 239,178 | 0 | 0 | 0 | 0 | 17 | 12,713 | 151 | 320,047 |
| Other | 1,126 | 1,250,166 | 488 | 620,272 | 8 | 18,972 | 0 | 0 | 39 | 13,291 | 1,661 | 1,902,701 |
| TOTAL | 126,988 | 26,855,941 | 93,325 | 39,427,059 | 22,993 | 648,102 | 3 | 3,185 | 2,930 | 1,939,738 | 246,239 | 68,874,025 |

Note: Excludes Loans and Other Financing in Foreign Currencies in Mauritius.

Table 2.10: Ownership of Category 1 Banks' Deposits as at end-June 2003

| Sectors | Demand Deposits ¹ | | Saving Deposits | | Time Deposits ² | | Rupee Equivalent of Deposits Denominated in Foreign Currencies | |
|--|------------------------------|---------------------|--------------------|---------------------|----------------------------|---------------------|---|---------------------|
| | No. of Accounts | Amount (Rs '000) | No. of Accounts | Amount (Rs '000) | No. of Accounts | Amount (Rs '000) | No. of Accounts | Amount (Rs '000) |
| Agriculture & Fishing | 1,335 | 228,235 | 8,261 | 429,646 | 347 | 759,415 | 41 | 131,174 |
| Manufacturing | 3,231 | 723,792 | 1,059 | 179,338 | 664 | 558,788 | 931 | 1,991,210 |
| Tourism | 929 | 363,076 | 290 | 159,126 | 192 | 382,298 | 196 | 521,980 |
| Transport | 735 | 233,419 | 1,085 | 164,491 | 117 | 111,827 | 118 | 860,156 |
| Construction | 1,314 | 936,895 | 1,564 | 333,414 | 215 | 424,977 | 106 | 333,762 |
| Traders | 9,179 | 1,205,334 | 8,087 | 586,987 | 1,355 | 1,263,337 | 859 | 1,282,785 |
| New Economy | 364 | 95,301 | 56 | 433,588 | 61 | 715,418 | 97 | 806,930 |
| Financial and Business Services | 1,712 | 1,999,536 | 381 | 983,460 | 599 | 1,402,278 | 404 | 1,618,420 |
| Infrastructure | 169 | 184,865 | 1,823 | 277,468 | 24 | 408,023 | 18 | 120,555 |
| Statutory and Parastatal Bodies | 232 | 413,645 | 191 | 1,823,867 | 177 | 1,935,382 | 34 | 551,800 |
| Regional Development Certificate Holders | 1 | 1,383 | 1 | 6,417 | 0 | 0 | 0 | 0 |
| Freeport Enterprise Certificate Holders | 73 | 27,428 | 4 | 1,916 | 11 | 14,421 | 93 | 119,199 |
| Regional Headquarters Certificate Holders | 0 | 0 | 2 | 255 | 0 | 0 | 0 | 0 |
| Health Development Certificate Holders | 10 | 3,091 | 12 | 2,487 | 0 | 0 | 0 | 0 |
| Modernisation & Expansion Enterprise Certificate Holders | 0 | 0 | 3 | 13 | 0 | 0 | 0 | 0 |
| Personal | 54,563 | 2,088,188 | 1,380,699 | 41,801,494 | 107,254 | 32,264,574 | 9,757 | 5,756,379 |
| Professional | 1,055 | 177,708 | 5,732 | 177,226 | 171 | 99,864 | 75 | 61,931 |
| Education | 105 | 29,962 | 216 | 38,824 | 20 | 51,295 | 4 | 2,046 |
| Human Resource Development Certificate Holders | 1 | 236 | 2 | 46 | 0 | 0 | 0 | 0 |
| Media, Entertainment and Recreational Activities | 239 | 28,814 | 462 | 24,925 | 27 | 4,585 | 18 | 14,739 |
| Other | 6,156 | 1,554,647 | 20,130 | 1,966,442 | 2,190 | 1,446,890 | 379 | 554,793 |
| TOTAL | 81,403 | 10,295,553 | 1,430,060 | 49,391,430 | 113,424 | 41,843,372 | 13,130 | 14,727,859 |

¹ Include Demand Deposits of Government and Category 2 Banks.² Include Time Deposits of Government.

Table 2.11: Value Range of Category 1 Banks' Deposits as at end-June 2003

| RANGE | DEMAND DEPOSITS ¹ | | SAVINGS DEPOSITS | | TIME DEPOSITS ² | | MARGIN DEPOSITS | | RUPEE EQUIVALENT OF DEPOSITS DENOMINATED IN FOREIGN CURRENCIES | |
|--|------------------------------|-------------------|------------------|-------------------|----------------------------|-------------------|-----------------|------------------|--|-------------------|
| | No. of Accounts | Amount (Rs' 000) | No. of Accounts | Amount (Rs' 000) | No. of Accounts | Amount (Rs' 000) | No. of Accounts | Amount (Rs' 000) | No. of Accounts | Amount (Rs' 000) |
| Up to Rs100,000 | 71,209 | 1,009,808 | 1,325,436 | 12,855,849 | 51,437 | 2,958,271 | 244 | 5,839 | 6,191 | 180,077 |
| Over Rs100,000 and Up to Rs500,000 | 7,580 | 1,644,772 | 90,694 | 18,475,752 | 46,131 | 12,063,684 | 55 | 11,603 | 3,520 | 916,794 |
| Over Rs500,000 and Up to Rs1,000,000 | 1,284 | 880,927 | 9,751 | 6,609,887 | 9,972 | 7,754,461 | 11 | 6,851 | 1,345 | 1,020,051 |
| Over Rs1,000,000 and Up to Rs2,500,000 | 830 | 1,256,783 | 3,389 | 4,820,499 | 4,386 | 6,747,837 | 3 | 3,595 | 1,093 | 1,755,934 |
| Over Rs2,500,000 and Up to Rs5,000,000 | 246 | 846,091 | 509 | 1,716,828 | 983 | 3,540,209 | 1 | 3,000 | 489 | 1,767,309 |
| Over Rs5,000,000 and Up to Rs7,500,000 | 96 | 577,458 | 119 | 711,877 | 196 | 1,221,154 | 1 | 6,465 | 181 | 1,157,160 |
| Over Rs7,500,000 and Up to Rs10,000,000 | 42 | 361,418 | 38 | 327,641 | 114 | 1,037,341 | 0 | 0 | 89 | 792,821 |
| Over Rs10,000,000 and Up to Rs25,000,000 | 76 | 1,186,529 | 82 | 1,198,621 | 131 | 2,252,445 | 0 | 0 | 158 | 2,585,863 |
| Exceeding Rs25,000,000 | 40 | 2,531,768 | 42 | 2,674,478 | 74 | 4,267,970 | 0 | 0 | 64 | 4,551,850 |
| TOTAL | 81,403 | 10,295,553 | 1,430,060 | 49,391,430 | 113,424 | 41,843,372 | 315 | 37,353 | 13,130 | 14,727,859 |

¹ Include Demand Deposits of Government and Category 2 Banks.

² Include Time Deposits of Government.

Table 2.12: Maturity Pattern of Time Deposits as at end-June 2003

| Duration | Rupee Deposits ¹ | | | | | | | Rupee Equivalent of Deposits Denominated in Foreign Currencies | | | | | | |
|--|-----------------------------|--------------------|-----------------------|----------------------|----------------|----------------------|-----------------------|--|--------------------|----------------------|----------------------|--------------------|----------------------|----------------------|
| | Personal/Professional | | | Institutional | | | Total | Personal/Professional | | | Institutional | | | Total |
| | Resident | Non-Resident | Total | Resident | Non-Resident | Total | | Resident | Non-Resident | Total | Resident | Non-Resident | Total | |
| 7 Days' Notice | 2,089,370,860 | 14,415,631 | 2,103,786,491 | 3,008,395,613 | 447,880 | 3,008,843,493 | 5,112,629,984 | 323,187,521 | 19,300,466 | 342,487,987 | 1,566,282,917 | 5,488,806 | 1,571,771,723 | 1,914,259,710 |
| Exceeding 7 Days and Up to 1 Month | 708,967,055 | 7,193,235 | 716,160,290 | 894,820,140 | 0 | 894,820,140 | 1,610,980,430 | 1,167,524,648 | 57,567,918 | 1,225,092,566 | 1,190,342,978 | 0 | 1,190,342,978 | 2,415,435,544 |
| Exceeding 1 Month and Up to 3 Months | 1,534,529,706 | 26,810,540 | 1,561,340,246 | 893,425,396 | 0 | 893,425,396 | 2,454,765,642 | 558,351,993 | 54,446,606 | 612,798,599 | 558,474,190 | 178,966,013 | 737,440,203 | 1,350,238,802 |
| Exceeding 3 Months and Up to 6 Months | 2,171,443,433 | 7,931,409 | 2,179,374,842 | 922,829,787 | 0 | 922,829,787 | 3,102,204,629 | 263,476,187 | 73,488,856 | 336,965,043 | 74,962,863 | 2,355,487 | 77,318,350 | 414,283,393 |
| Exceeding 6 Months and Up to 12 Months | 6,286,423,716 | 54,224,101 | 6,340,647,817 | 1,452,530,847 | 175,000 | 1,452,705,847 | 7,793,353,664 | 297,738,053 | 19,001,797 | 316,739,850 | 57,948,428 | 30,281,369 | 88,229,797 | 404,969,647 |
| Exceeding 12 Months and Up to 18 Months | 2,182,415,501 | 41,516,335 | 2,223,931,836 | 272,153,486 | 0 | 272,153,486 | 2,496,085,322 | 2,892,878 | 0 | 2,892,878 | 0 | 0 | 0 | 2,892,878 |
| Exceeding 18 Months and Up to 24 Months | 4,576,458,594 | 87,967,928 | 4,664,426,522 | 713,783,309 | 0 | 713,783,309 | 5,378,209,831 | 55,314,446 | 0 | 55,314,446 | 0 | 0 | 0 | 55,314,446 |
| Exceeding 24 Months and Up to 36 Months | 4,255,007,473 | 13,612,763 | 4,268,620,236 | 193,624,878 | 0 | 193,624,878 | 4,462,245,114 | 1,720,884 | 0 | 1,720,884 | 0 | 0 | 0 | 1,720,884 |
| Exceeding 36 Months and Up to 48 Months | 3,645,561,686 | 30,989,343 | 3,676,551,029 | 232,193,579 | 0 | 232,193,579 | 3,908,744,608 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Exceeding 48 Months and Up to 60 Months | 4,986,846,651 | 3,530,000 | 4,990,376,651 | 197,134,308 | 0 | 197,134,308 | 5,187,510,959 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Exceeding 60 Months | 332,900,062 | 164,000 | 333,064,062 | 3,578,000 | 0 | 3,578,000 | 336,642,062 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 32,769,924,737 | 288,355,285 | 33,058,280,022 | 8,784,469,343 | 622,880 | 8,785,092,223 | 41,843,372,245 | 2,670,206,610 | 223,805,643 | 2,894,012,253 | 3,448,011,376 | 217,091,675 | 3,665,103,051 | 6,559,115,304 |

¹ Include Government.

Note: Figures rounded to the nearest Rupee.

Table 2.13: Maturity Pattern of Foreign Currency Deposits as at end-June 2003

| DURATION | RUPEE EQUIVALENT OF DEPOSITS DENOMINATED IN FOREIGN CURRENCIES | | | | | |
|---|--|----------------------|----------------------|--------------------|--------------------|-----------------------|
| | US Dollar | Pound Sterling | Euro | South African Rand | Other | Total |
| 1. DEMAND | 3,301,601,465 | 571,007,461 | 1,955,724,375 | 88,610,664 | 60,095,185 | 5,977,039,150 |
| 2. SAVINGS ¹ | 979,651,693 | 215,484,436 | 972,190,174 | 371,293 | 24,007,163 | 2,191,704,759 |
| 3. TIME | 3,730,638,171 | 1,021,701,645 | 1,581,038,729 | 158,913,397 | 66,823,362 | 6,559,115,304 |
| 7 Days' Notice | 890,048,836 | 271,101,803 | 656,514,472 | 70,342,502 | 26,252,097 | 1,914,259,710 |
| Exceeding 7 Days and Up to 1 Month | 1,429,140,470 | 420,883,759 | 511,940,265 | 36,077,868 | 17,393,182 | 2,415,435,544 |
| Exceeding 1 Month and Up to 3 Months | 937,572,606 | 169,027,583 | 188,132,806 | 47,713,681 | 7,792,125 | 1,350,238,802 |
| Exceeding 3 Months and Up to 6 Months | 216,545,741 | 67,902,862 | 118,330,096 | 4,391,346 | 7,113,348 | 414,283,393 |
| Exceeding 6 Months and Up to 12 Months | 209,422,240 | 80,765,707 | 106,121,090 | 388,000 | 8,272,610 | 404,969,647 |
| Exceeding 12 Months and Up to 18 Months | 2,755,000 | 137,878 | 0 | 0 | 0 | 2,892,878 |
| Exceeding 18 Months and Up to 24 Months | 43,432,394 | 11,882,052 | 0 | 0 | 0 | 55,314,446 |
| Exceeding 24 Months and Up to 36 Months | 1,720,884 | 0 | 0 | 0 | 0 | 1,720,884 |
| Exceeding 36 Months and Up to 48 Months | 0 | 0 | 0 | 0 | 0 | 0 |
| Exceeding 48 Months and Up to 60 Months | 0 | 0 | 0 | 0 | 0 | 0 |
| Exceeding 60 Months | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 8,011,891,329 | 1,808,193,542 | 4,508,953,278 | 247,895,354 | 150,925,710 | 14,727,859,213 |

¹ Include margin deposits.

Note: Figures rounded to the nearest Rupee.

Table 2.14: Cheque Clearances

| | | Number of Cheques | Amount (Rs '000) | Number of Days | Daily Average | |
|------|-----------|-------------------|------------------|-----------------|-------------------|------------------|
| | | | | | Number of Cheques | Amount (Rs '000) |
| 2001 | January | 436,572 | 17,964,717 | 20 | 21,829 | 898,236 |
| | February | 376,833 | 13,911,374 | 17 | 22,167 | 818,316 |
| | March | 445,587 | 15,169,553 | 20 | 22,279 | 758,478 |
| | April | 468,301 | 14,905,137 | 21 | 22,300 | 709,768 |
| | May | 505,118 | 14,790,616 | 22 | 22,960 | 672,301 |
| | June | 486,126 | 15,117,852 | 21 | 23,149 | 719,898 |
| | July | 500,762 | 14,781,972 | 22 | 22,762 | 671,908 |
| | August | 456,785 | 13,596,123 | 22 | 20,763 | 618,006 |
| | September | 426,367 | 12,684,623 | 20 | 21,318 | 634,231 |
| | October | 503,271 | 16,537,254 | 23 | 21,881 | 719,011 |
| | November | 451,065 | 14,160,527 | 19 | 23,740 | 745,291 |
| | December | 478,934 | 16,785,285 | 19 | 25,207 | 883,436 |
| 2002 | January | 393,714 | 14,139,363 | 19 | 20,722 | 744,177 |
| | February | 403,495 | 13,890,463 | 18 | 22,416 | 771,692 |
| | March | 442,251 | 14,143,507 | 20 | 22,113 | 707,175 |
| | April | 431,442 | 14,853,450 | 22 | 19,611 | 675,157 |
| | May | 442,925 | 15,281,616 | 22 | 20,133 | 694,619 |
| | June | 414,995 | 16,102,595 | 20 | 20,750 | 805,130 |
| | July | 476,226 | 17,458,136 | 23 | 20,705 | 759,049 |
| | August | 423,603 | 13,689,815 | 21 | 20,172 | 651,896 |
| | September | 424,513 | 15,091,277 | 20 | 21,226 | 754,564 |
| | October | 498,460 | 17,170,821 | 23 | 21,672 | 746,557 |
| | November | 433,868 | 15,552,132 | 20 | 21,693 | 777,607 |
| | December | 500,649 | 18,572,024 | 20 | 25,032 | 928,601 |
| 2003 | January | 434,496 | 15,648,274 | 21 | 20,690 | 745,156 |
| | February | 395,092 | 13,919,333 | 19 ¹ | 20,784 | 732,485 |
| | March | 430,385 | 13,565,418 | 20 | 21,541 | 678,524 |
| | April | 434,780 | 14,369,365 | 21 | 20,704 | 684,255 |
| | May | 431,387 | 13,341,610 | 21 | 20,542 | 635,315 |
| | June | 426,360 | 14,887,585 | 21 | 20,303 | 708,933 |

¹ Our Rodrigues branch worked for 20 days, including 13 February 2003 when there was a cyclone warning class 3 in force in Mauritius.

Table 2.15: Electronic Banking Transactions

| End of Period | Number of ATMs in Operation | During the month | | Number of Cards in Circulation | | | Outstanding Advances on Credit Cards (Rs million) |
|--------------------|-----------------------------|------------------------|--|--------------------------------|------------------------|----------------|--|
| | | Number of Transactions | Value of Transactions ¹ (Rs million) | Credit Cards | Debit Cards and Others | Total | |
| 2001 October | 241 | 1,856,970 | 2,855 | 146,046 | 572,850 | 718,896 | 689.6 |
| November | 245 | 1,700,199 | 2,703 | 147,848 | 576,095 | 723,943 | 697.6 |
| December | 248 | 2,298,230 | 4,172 | 149,603 | 580,272 | 729,875 | 717.3 |
| 2002 January | 248 | 1,731,019 | 2,765 | 150,211 | 584,711 | 734,922 | 695.8 |
| February | 251 | 1,711,340 | 2,679 | 150,872 | 589,265 | 740,137 | 705.9 |
| March ² | 238 | 1,796,151 | 2,823 | 150,016 | 576,369 | 726,385 | 692.6 |
| April ² | 238 | 1,933,754 | 3,011 | 151,682 | 583,633 | 735,315 | 735.1 |
| May ² | 238 | 1,946,676 | 2,988 | 153,062 | 591,702 | 744,764 | 729.9 |
| June ² | 242 | 1,706,705 | 2,594 | 154,063 | 596,197 | 750,260 | 732.1 |
| July | 253 | 1,979,561 | 3,080 | 155,043 | 614,027 | 769,070 | 732.9 |
| August | 254 | 1,908,832 | 2,996 | 155,782 | 618,766 | 774,548 | 748.6 |
| September | 255 | 1,964,339 | 3,065 | 156,658 | 630,809 | 787,467 | 776.3 |
| October | 256 | 2,003,065 | 3,176 | 157,893 | 638,233 | 796,126 | 767.4 |
| November | 261 | 1,961,691 | 3,269 | 159,111 | 643,289 | 802,400 | 768.4 |
| December | 261 | 2,534,785 | 4,572 | 159,674 | 650,037 | 809,711 | 826.9 |
| 2003 January | 261 | 1,988,815 | 3,110 | 161,126 | 658,418 | 819,544 | 769.3 |
| February | 261 | 1,785,213 | 2,803 | 161,416 | 661,690 | 823,106 | 769.2 |
| March | 258 | 2,115,284 | 3,418 | 161,034 | 663,649 | 824,683 | 763.4 |
| April | 256 | 2,022,395 | 3,220 | 162,358 | 668,655 | 831,013 | 776.3 |
| May | 256 | 2,124,023 | 3,392 | 162,946 | 672,629 | 835,575 | 778.1 |
| June | 257 | 2,134,469 | 3,384 | 164,030 | 689,037 | 853,067 | 807.4 |

¹ Involve the use of credit cards, debit cards, ATMs and merchant points of sale.

² Exclude the operations of The ex-Delphis Bank Limited.

Table 2.16: Transactions on The Stock Exchange of Mauritius Ltd

| | Number of Sessions | OFFICIAL MARKET | | | | | |
|-----------|--------------------|---|--|--------------------|--------|------------------------------------|---------------------------------------|
| | | SEMTRI ¹ (in Rupee terms) | SEMTRI ¹ (in US\$ terms) | SEM-7 ² | SEMDEX | Value of Transactions (Rs '000) | Volume of Transactions (Thousands) |
| | | Average | | | | | |
| 2002 | | | | | | | |
| July | 23 | 703.38 | 375.02 | 79.46 | 359.86 | 5,462 | 390 |
| August | 21 | 724.61 | 383.50 | 81.35 | 369.27 | 4,237 | 334 |
| September | 20 | 748.41 | 393.72 | 82.34 | 381.25 | 6,328 | 488 |
| October | 23 | 751.53 | 395.52 | 82.38 | 379.09 | 4,380 | 399 |
| November | 20 | 757.45 | 400.61 | 82.79 | 380.92 | 5,790 | 455 |
| December | 20 | 792.91 | 420.66 | 86.50 | 394.26 | 5,671 | 421 |
| 2003 | | | | | | | |
| January | 21 | 855.00 | 463.05 | 94.07 | 419.40 | 7,066 | 370 |
| February | 19 | 879.71 | 491.90 | 96.74 | 430.16 | 8,543 | 420 |
| March | 20 | 870.27 | 492.47 | 95.12 | 425.16 | 6,958 | 440 |
| April | 21 | 910.33 | 518.31 | 98.54 | 440.00 | 7,399 | 814 |
| May | 21 | 968.13 | 548.11 | 104.06 | 465.27 | 10,253 | 659 |
| June | 21 | 1,004.17 | 551.09 | 105.98 | 481.03 | 10,462 | 970 |

¹ The SEM Total Return Index (SEMTRI) was launched on 3 October 2002 at 743.44, in Rupee terms, and 391.34 in US dollar terms (Base value as at 5 July 1989 = 100).

The new index includes price earning ratios and dividend earnings, besides measuring daily price changes on listed stocks. The index has been worked back so as to provide the market's evolution over time.

² The SEM-7 started with an index value of 100 on 30 March 1998.

Source: The Stock Exchange of Mauritius Ltd.

Table 3.1: Exchange Rates ¹

(Rupees)

| CURRENCY | Dec-01 | | Mar-02 | | Jun-02 | | Sep-02 | | Dec-02 | | Mar-03 | | Jun-03 | |
|-------------------------|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|
| | Buying | Selling | Buying | Selling | Buying | Selling | Buying | Selling | Buying | Selling | Buying | Selling | Buying | Selling |
| Australian dollar | 15.22 | 15.61 | 15.94 | 16.36 | 16.70 | 17.13 | 15.86 | 16.31 | 16.26 | 16.73 | 16.26 | 16.79 | 19.14 | 19.75 |
| Belgium franc (100) | 65.78 | 66.89 | - | - | - | - | - | - | - | - | - | - | - | - |
| Euro ² | 26.55 | 26.98 | 26.20 | 26.61 | 29.36 | 29.83 | 28.92 | 29.40 | 30.31 | 30.86 | 28.98 | 30.01 | 32.61 | 33.68 |
| French franc | 4.05 | 4.11 | - | - | - | - | - | - | - | - | - | - | - | - |
| Deutsche mark | 13.57 | 13.80 | - | - | - | - | - | - | - | - | - | - | - | - |
| Hong Kong dollar | 3.82 | 3.94 | 3.83 | 3.95 | 3.78 | 3.90 | 3.74 | 3.87 | 3.69 | 3.81 | 3.47 | 3.59 | 3.70 | 3.82 |
| Indian rupee (100) | 62.00 | 64.00 | 62.00 | 64.00 | 60.00 | 63.00 | 61.00 | 63.00 | 60.00 | 63.00 | 57.00 | 60.00 | 62.00 | 65.00 |
| Italian lira (1000) | 13.71 | 13.93 | - | - | - | - | - | - | - | - | - | - | - | - |
| Japanese yen (100) | 22.78 | 23.26 | 22.59 | 23.06 | 24.79 | 25.31 | 24.14 | 24.65 | 24.36 | 24.87 | 22.63 | 23.26 | 23.97 | 24.66 |
| Kenya shilling (100) | 37.76 | 39.33 | 38.16 | 39.75 | 37.32 | 38.88 | 36.86 | 38.42 | 37.15 | 38.72 | 35.12 | 36.71 | 38.89 | 40.52 |
| Malagasy franc (100) | 0.46 | 0.48 | 0.45 | 0.47 | 0.48 | 0.50 | 0.44 | 0.46 | 0.45 | 0.47 | 0.44 | 0.46 | 0.49 | 0.51 |
| Malawi kwacha | 0.44 | 0.47 | 0.41 | 0.43 | 0.39 | 0.41 | 0.37 | 0.39 | 0.33 | 0.35 | 0.30 | 0.32 | 0.32 | 0.34 |
| New Zealand dollar | 12.32 | 12.75 | 13.13 | 13.59 | 14.37 | 14.88 | 13.67 | 14.15 | 15.09 | 15.62 | 14.93 | 15.48 | 16.69 | 17.29 |
| Pakistan rupee (100) | 51.10 | 53.60 | 51.45 | 53.97 | 51.00 | 53.50 | 51.12 | 53.62 | 50.34 | 52.80 | 47.68 | 50.01 | 49.91 | 52.36 |
| Seychelles rupee | 5.16 | 5.43 | 5.17 | 5.45 | 5.11 | 5.38 | 5.05 | 5.33 | 4.98 | 5.25 | 4.63 | 4.94 | - | 5.70 |
| Singapore dollar | 16.10 | 16.63 | 16.23 | 16.75 | 16.72 | 17.27 | 16.45 | 16.99 | 16.59 | 17.14 | 15.34 | 15.88 | 16.41 | 16.98 |
| South African rand | 2.49 | 2.58 | 2.65 | 2.74 | 2.85 | 2.95 | 2.78 | 2.87 | 3.35 | 3.46 | 3.40 | 3.52 | 3.86 | 4.00 |
| Swiss franc | 17.94 | 18.23 | 17.86 | 18.14 | 19.93 | 20.26 | 19.73 | 20.07 | 20.84 | 21.23 | 19.71 | 20.32 | 21.13 | 21.81 |
| Tanzania shilling (100) | 3.24 | 3.41 | 3.03 | 3.19 | 3.14 | 3.30 | 3.11 | 3.27 | 3.06 | 3.22 | 2.86 | 3.01 | 2.73 | 2.87 |
| Uganda shilling (100) | 1.76 | 1.85 | 1.68 | 1.77 | 1.63 | 1.72 | 1.62 | 1.70 | 1.56 | 1.64 | 1.36 | 1.43 | 1.42 | 1.49 |
| US dollar | 30.02 | 30.45 | 30.09 | 30.53 | 29.72 | 30.16 | 29.40 | 29.88 | 28.92 | 29.45 | 26.79 | 27.75 | 28.60 | 29.50 |
| Pound sterling | 43.57 | 44.20 | 42.90 | 43.51 | 45.40 | 46.07 | 46.04 | 46.77 | 46.39 | 47.22 | 42.34 | 43.69 | 47.20 | 48.69 |
| Zambia kwacha (100) | 0.59 | 0.84 | 0.66 | 0.70 | 0.67 | 0.71 | 0.65 | 0.69 | 0.63 | 0.67 | 0.55 | 0.58 | 0.60 | 0.64 |

¹ End of month.² Effective 1 January 2002, euro banknotes and coins have been introduced in replacement of the national currencies of the member states of the euro area.

Table 3.2: Daily Average Exchange Rates ¹

(Rupees)

| CURRENCY | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 | Jan-03 | Feb-03 | Mar-03 | Apr-03 | May-03 | Jun-03 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Australian dollar | 16.747 | 16.299 | 16.421 | 16.503 | 16.758 | 16.747 | 17.021 | 16.775 | 16.821 | 16.925 | 18.078 | 19.045 |
| Hong Kong dollar | 3.890 | 3.872 | 3.870 | 3.870 | 3.849 | 3.833 | 3.756 | 3.635 | 3.600 | 3.580 | 3.598 | 3.698 |
| Indian rupee (100) | 63.000 | 63.000 | 63.000 | 63.000 | 63.000 | 63.000 | 61.905 | 60.053 | 59.600 | 59.714 | 60.286 | 62.333 |
| Japanese yen (100) | 25.548 | 25.210 | 24.834 | 24.188 | 24.543 | 24.344 | 24.503 | 23.598 | 23.509 | 23.114 | 23.764 | 24.214 |
| Kenya shilling (100) | 38.796 | 38.713 | 38.538 | 38.297 | 37.993 | 37.826 | 38.017 | 37.141 | 36.916 | 37.182 | 39.507 | 39.644 |
| New Zealand dollar | 14.598 | 14.028 | 14.172 | 14.493 | 14.914 | 15.264 | 15.872 | 15.720 | 15.588 | 15.383 | 16.131 | 16.723 |
| Singapore dollar | 17.343 | 17.231 | 17.104 | 16.912 | 17.032 | 17.073 | 16.913 | 16.271 | 16.052 | 15.748 | 16.223 | 16.672 |
| South African rand | 3.024 | 2.876 | 2.863 | 2.937 | 3.124 | 3.350 | 3.385 | 3.433 | 3.506 | 3.660 | 3.701 | 3.674 |
| Swiss franc | 20.420 | 20.020 | 20.016 | 20.027 | 20.305 | 20.578 | 21.103 | 20.626 | 20.436 | 20.060 | 21.216 | 21.662 |
| US dollar | 30.077 | 29.938 | 29.885 | 29.877 | 29.739 | 29.606 | 29.050 | 28.125 | 27.860 | 27.677 | 27.815 | 28.589 |
| Pound sterling | 46.787 | 46.077 | 46.499 | 46.553 | 46.753 | 46.969 | 46.940 | 45.248 | 44.022 | 43.539 | 45.065 | 47.394 |
| Euro ² | 29.872 | 29.293 | 29.333 | 29.333 | 29.796 | 30.186 | 30.849 | 30.256 | 30.022 | 30.023 | 32.133 | 33.326 |

¹ Selling Rates.² Effective 1 January 2002, euro banknotes and coins have been introduced in replacement of the national currencies of the member states of the euro area.

Table 3.3: Exchange Rate Movements of Selected Currencies vis-à-vis the Euro ¹

| | January 1999 | June 2003 | Appreciation/ (Depreciation) of Selected Currencies between (1) & (2) (Per cent) |
|--------------------|--------------|-----------|---|
| | (1) | (2) | (3) |
| Hong Kong dollar | 8.9689 | 9.1053 | (1.5) |
| Indonesian rupiah | 9,961.02 | 9,601.70 | 3.7 |
| Korean won | 1,358.76 | 1,393.17 | (2.5) |
| Mauritian rupee | 28.987 | 33.326 | (13.0) |
| Philippines peso | 44.3950 | 62.3480 | (28.8) |
| Singapore dollar | 1.9453 | 2.0248 | (3.9) |
| South African rand | 6.9690 | 9.2063 | (24.3) |
| Taiwan dollar | 37.3330 | 40.4258 | (7.7) |
| Thailand baht | 42.3655 | 48.6122 | (12.9) |

¹ Period Average.

Note: The daily average exchange rate of the rupee against the euro is based on the average selling rates of all Category 1 Banks while the daily exchange rates of the other selected currencies against the euro are derived from Reuters.

Table 3.4: Gross Official International Reserves

| End of Month | | Gross Foreign Assets of Bank of Mauritius | Reserve Position in the IMF | Foreign Assets of the Government | Gross Official International Reserves | Gross Official International Reserves ¹ |
|--------------|-----------|---|-----------------------------|----------------------------------|---------------------------------------|--|
| | | (Rs million) | | | | (US\$ million) |
| 2002 | July | 30,557 | 569 | 1.0 | 31,127.1 | 1,045.2 |
| | August | 31,590 | 570 | 1.3 | 32,161.3 | 1,083.8 |
| | September | 32,927 | 567 | 1.2 | 33,495.2 | 1,130.0 |
| | October | 33,311 | 566 | 1.2 | 33,878.2 | 1,144.1 |
| | November | 34,055 | 564 | 1.1 | 34,620.1 | 1,175.9 |
| | December | 35,617 | 574 | 0.9 | 36,191.9 | 1,239.6 |
| | | | | | | |
| 2003 | January | 35,833 | 556 | 0.6 | 36,389.6 | 1,272.9 |
| | February | 35,121 | 546 | 1.0 | 35,668.0 | 1,294.6 |
| | March | 34,782 | 538 | 1.0 | 35,321.0 | 1,305.0 |
| | April | 35,373 | 538 | 0.8 | 35,911.8 | 1,326.4 |
| | May | 36,822 | 556 | 1.0 | 37,379.0 | 1,380.5 |
| | June | 39,584 | 845 | 1.1 | 40,430.1 | 1,406.3 |
| | | | | | | |

¹ Valued at end-of-period exchange rate.

Table 3.5: Net International Reserves

(Rs million)

| End of Month | | Bank of Mauritius Net Foreign Assets | Government of Mauritius Foreign Assets | Reserve Position in IMF | Category 1 Banks Net Foreign Assets | Net International Reserves |
|--------------|-----------|---|---|----------------------------|--|-------------------------------|
| 2001 | January | 21,657.8 | 0.5 | 524.9 | 7,418.0 | 29,601.2 |
| | February | 21,259.4 | 2.8 | 527.5 | 8,445.6 | 30,235.3 |
| | March | 21,447.1 | 0.9 | 516.5 | 8,676.1 | 30,640.6 |
| | April | 21,678.9 | 0.8 | 521.0 | 6,856.6 | 29,057.3 |
| | May | 21,376.5 | 1.1 | 522.9 | 7,600.4 | 29,500.9 |
| | June | 22,561.6 | 0.8 | 526.6 | 8,670.6 | 31,759.6 |
| | July | 22,373.1 | 1.1 | 534.7 | 9,357.7 | 32,266.6 |
| | August | 23,295.7 | 0.9 | 552.0 | 9,236.7 | 33,085.3 |
| | September | 23,720.3 | 1.1 | 554.7 | 9,132.3 | 33,408.4 |
| | October | 24,526.1 | 0.9 | 559.0 | 9,225.6 | 34,311.6 |
| | November | 24,682.1 | 1.0 | 555.5 | 9,235.9 | 34,474.5 |
| | December | 25,219.7 | 0.7 | 552.3 | 9,991.7 | 35,764.4 |
| 2002 | January | 25,020.8 | 0.5 | 545.8 | 9,898.3 | 35,465.4 |
| | February | 26,104.8 | 1.2 | 545.6 | 10,463.4 | 37,115.0 |
| | March | 26,725.5 | 0.7 | 547.6 | 11,067.4 | 38,341.2 |
| | April | 27,185.8 | 2.7 | 555.2 | 10,552.8 | 38,296.5 |
| | May | 27,860.3 | 1.0 | 563.8 | 10,963.6 | 39,388.7 |
| | June | 29,911.6 | 0.8 | 576.3 | 10,062.4 | 40,551.1 |
| | July | 30,557.2 | 1.0 | 569.5 | 8,926.7 | 40,054.4 |
| | August | 31,589.9 | 1.3 | 569.6 | 8,874.9 | 41,035.7 |
| | September | 32,926.9 | 1.2 | 566.9 | 9,289.7 | 42,784.7 |
| | October | 33,311.0 | 1.2 | 565.8 | 7,401.0 | 41,279.0 |
| | November | 34,054.7 | 1.1 | 563.7 | 7,699.6 | 42,319.1 |
| | December | 35,616.6 | 0.9 | 573.9 | 7,849.9 | 44,041.3 |
| 2003 | January | 35,832.8 | 0.6 | 556.2 | 8,103.4 | 44,493.0 |
| | February | 35,121.1 | 1.0 | 546.1 | 8,337.0 | 44,005.3 |
| | March | 34,782.3 | 0.8 | 537.6 | 8,257.0 | 43,577.7 |
| | April | 35,372.6 | 0.8 | 538.8 | 7,337.1 | 43,249.3 |
| | May | 36,821.8 | 1.0 | 555.9 | 7,805.2 | 45,183.8 |
| | June | 39,583.5 | 1.1 | 844.8 | 7,984.4 | 48,413.8 |

Table 3.6: Exports³ - Principal Countries of Destination

| COUNTRY | 2001 ¹ | 2002 ² | 2001 ¹ | | | | 2002 ² | | | | 2003 ² |
|---------------------------|-------------------|-------------------|-------------------|---------------|---------------|---------------|-------------------|---------------|---------------|---------------|-------------------|
| | | | 1st Qr | 2nd Qr | 3rd Qr | 4th Qr | 1st Qr | 2nd Qr | 3rd Qr | 4th Qr | 1st Qr |
| Australia | 113 | 96 | 45 | 28 | 27 | 13 | 17 | 25 | 32 | 22 | 24 |
| Belgium | 748 | 877 | 205 | 200 | 176 | 167 | 163 | 266 | 221 | 227 | 156 |
| Canada | 228 | 248 | 45 | 81 | 50 | 52 | 58 | 78 | 54 | 58 | 54 |
| France | 8,532 | 10,405 | 1,781 | 2,398 | 1,838 | 2,515 | 2,342 | 3,075 | 2,211 | 2,777 | 2,138 |
| Germany | 1,629 | 1,585 | 417 | 400 | 457 | 355 | 336 | 526 | 353 | 370 | 307 |
| Italy | 1,731 | 1,925 | 429 | 434 | 301 | 567 | 440 | 550 | 421 | 514 | 393 |
| Malagasy, Republic of | 2,787 | 2,081 | 605 | 674 | 740 | 768 | 380 | 333 | 576 | 792 | 687 |
| Netherlands | 802 | 832 | 147 | 212 | 164 | 279 | 204 | 189 | 175 | 264 | 182 |
| Reunion | 604 | 1,167 | 143 | 158 | 144 | 159 | 170 | 337 | 302 | 358 | 302 |
| South Africa, Republic of | 359 | 574 | 64 | 105 | 118 | 72 | 93 | 158 | 143 | 180 | 206 |
| United States of America | 9,249 | 10,303 | 1,991 | 2,149 | 2,701 | 2,408 | 2,129 | 2,426 | 2,862 | 2,886 | 2,086 |
| United Kingdom | 14,260 | 15,573 | 3,436 | 2,244 | 4,674 | 3,906 | 3,327 | 2,933 | 5,020 | 4,293 | 2,853 |
| Other | 4,532 | 6,882 | 847 | 1,007 | 1,476 | 1,202 | 1,372 | 1,757 | 2,108 | 1,645 | 1,465 |
| TOTAL | 45,574 | 52,548 | 10,155 | 10,090 | 12,866 | 12,463 | 11,031 | 12,653 | 14,478 | 14,386 | 10,853 |

¹ Revised.² Provisional.³ Exclude Ships' Stores and Bunkers.

Note: As from the first quarter of 2002, data on exports include transactions through the Mauritius Freeport.
 Source: Central Statistics Office, Government of Mauritius.

Table 3.7: Direction of EPZ Exports

(f.o.b. value) (Rs million)

| COUNTRY | 2001 ¹ | 2002 ² | 2001 ¹ | | | | 2002 ² | | | | 2003 ² |
|--------------------------|-------------------|-------------------|-------------------|--------------|--------------|--------------|-------------------|--------------|--------------|--------------|-------------------|
| | | | 1st Qr | 2nd Qr | 3rd Qr | 4th Qr | 1st Qr | 2nd Qr | 3rd Qr | 4th Qr | 1st Qr |
| Belgium | 643 | 733 | 176 | 174 | 153 | 140 | 141 | 226 | 191 | 175 | 119 |
| France | 7,872 | 7,752 | 1,588 | 2,187 | 1,704 | 2,393 | 1,501 | 2,278 | 1,803 | 2,170 | 1,483 |
| Germany | 1,463 | 1,147 | 381 | 355 | 423 | 304 | 269 | 338 | 304 | 236 | 193 |
| Hong Kong | 85 | 109 | 20 | 26 | 23 | 16 | 13 | 30 | 28 | 38 | 8 |
| Italy | 1,627 | 1,433 | 408 | 400 | 281 | 538 | 317 | 434 | 344 | 338 | 206 |
| Malagasy, Republic of | 1,812 | 416 | 408 | 436 | 489 | 479 | 121 | 63 | 89 | 143 | 106 |
| Netherlands | 744 | 756 | 131 | 198 | 154 | 261 | 187 | 165 | 162 | 242 | 164 |
| Switzerland | 421 | 416 | 110 | 103 | 112 | 96 | 93 | 106 | 112 | 105 | 118 |
| Singapore | 11 | 28 | 2 | 3 | 2 | 4 | 6 | 7 | 14 | 1 | 9 |
| United Kingdom | 7,169 | 7,843 | 1,519 | 1,885 | 1,941 | 1,824 | 1,692 | 1,985 | 2,139 | 2,027 | 1,833 |
| United States of America | 8,804 | 9,866 | 1,943 | 2,087 | 2,439 | 2,335 | 2,044 | 2,291 | 2,781 | 2,750 | 1,960 |
| Other | 3,044 | 3,003 | 668 | 877 | 805 | 694 | 551 | 805 | 859 | 788 | 701 |
| TOTAL | 33,695 | 33,502 | 7,354 | 8,731 | 8,526 | 9,084 | 6,935 | 8,728 | 8,826 | 9,013 | 6,900 |

¹ Revised.
Source: Central Statistics Office, Government of Mauritius.

² Provisional.

Table 3.8: EPZ Imports and Exports by Main Commodities

(Rs million)

| | 2001 ¹ | 2002 ² | 2001 ¹ | | | | 2002 ² | | | | 2003 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.) | 17,140 | 16,977 | 3,844 | 4,701 | 4,517 | 4,078 | 3,844 | 4,346 | 4,662 | 4,125 | 3,738 |
| Raw Materials | 15,637 | 15,319 | 3,545 | 4,367 | 4,051 | 3,674 | 3,585 | 4,052 | 3,959 | 3,723 | 3,373 |
| Machinery | 1,503 | 1,658 | 299 | 334 | 466 | 404 | 259 | 294 | 703 | 402 | 365 |
| Total EPZ Exports (f.o.b.) | 33,695 | 33,502 | 7,354 | 8,731 | 8,526 | 9,084 | 6,935 | 8,728 | 8,826 | 9,013 | 6,900 |
| Fish and Fish Preparations | 1,800 | 2,021 | 298 | 449 | 513 | 540 | 439 | 561 | 530 | 491 | 433 |
| Textile Yarn, Fabrics, Made-up Articles | 2,473 | 1,288 | 535 | 615 | 648 | 675 | 256 | 365 | 342 | 325 | 288 |
| Pearls, Precious and Semi-precious Stones | 853 | 1,028 | 211 | 280 | 216 | 146 | 187 | 279 | 300 | 262 | 247 |
| Articles of Apparel and Clothing | 25,626 | 25,657 | 5,692 | 6,626 | 6,349 | 6,959 | 5,380 | 6,229 | 6,896 | 7,152 | 5,285 |
| Watches and Clocks | 407 | 333 | 93 | 97 | 114 | 103 | 77 | 85 | 78 | 93 | 91 |
| Toys, Games and Sporting Goods | 177 | 187 | 38 | 46 | 50 | 43 | 36 | 57 | 52 | 42 | 40 |
| Other | 2,359 | 2,988 | 487 | 618 | 636 | 618 | 560 | 1,152 | 628 | 648 | 516 |
| Net EPZ Exports | 16,555 | 16,525 | 3,510 | 4,030 | 4,009 | 5,006 | 3,091 | 4,382 | 4,164 | 4,888 | 3,162 |

¹ Revised.

Source: Central Statistics Office, Government of Mauritius.

² Provisional.

Table 3.9: Imports and Exports - Major Commodity Groups

(Rs million)

| | 2001 ¹ | 2002 ² | 2001 ¹ | | | | 2002 ² | | | | 2003 ² |
|--|-------------------|-------------------|-------------------|---------------|---------------|---------------|-------------------|---------------|---------------|---------------|-------------------|
| | | | 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 | 8,287 | 11,223 | 1,880 | 1,966 | 2,227 | 2,214 | 2,507 | 2,654 | 2,836 | 3,226 | 2,708 |
| Beverages and Tobacco | 362 | 490 | 62 | 89 | 97 | 114 | 73 | 115 | 115 | 187 | 131 |
| Crude Materials, Inedible except Fuels | 1,787 | 1,813 | 365 | 490 | 443 | 489 | 425 | 480 | 438 | 470 | 375 |
| Mineral Fuels, Lubricants and Related Products | 6,504 | 6,710 | 1,424 | 1,755 | 1,741 | 1,584 | 1,616 | 1,480 | 1,458 | 2,156 | 2,003 |
| Animal and Vegetable Oils and Fats | 472 | 624 | 90 | 131 | 123 | 128 | 95 | 104 | 219 | 206 | 122 |
| Chemicals and Related Products | 4,780 | 5,005 | 1,032 | 1,305 | 1,195 | 1,248 | 968 | 1,268 | 1,373 | 1,396 | 1,233 |
| Manufactured Goods classified chiefly by Materials | 17,611 | 18,722 | 4,046 | 4,761 | 4,541 | 4,263 | 3,882 | 4,914 | 4,957 | 4,969 | 4,026 |
| Machinery and Transport Equipment | 13,004 | 13,799 | 2,641 | 2,779 | 3,427 | 4,157 | 2,549 | 3,717 | 3,649 | 3,884 | 4,029 |
| Miscellaneous Manufactured Articles | 5,000 | 6,338 | 1,063 | 1,273 | 1,239 | 1,425 | 1,297 | 1,522 | 1,510 | 2,009 | 1,561 |
| Commodities and Transactions not classified elsewhere in the SITC ³ | 133 | 164 | 34 | 30 | 28 | 41 | 70 | 41 | 25 | 28 | 38 |
| TOTAL | 57,940 | 64,888 | 12,637 | 14,579 | 15,061 | 15,663 | 13,482 | 16,295 | 16,580 | 18,531 | 16,226 |
| Exports (f.o.b. value) | | | | | | | | | | | |
| Cane Sugar | 8,557 | 8,529 | 2,040 | 486 | 3,525 | 2,506 | 1,746 | 1,033 | 3,408 | 2,342 | 1,129 |
| Cane Molasses | 134 | 67 | 0 | 0 | 76 | 58 | 0 | 0 | 11 | 56 | 21 |
| Export Processing Zone Products | 33,695 | 33,502 | 7,354 | 8,731 | 8,526 | 9,084 | 6,935 | 8,728 | 8,826 | 9,013 | 6,900 |
| Other | 1,242 | 1,415 | 269 | 349 | 278 | 346 | 296 | 349 | 368 | 402 | 546 |
| Re-exports | 1,946 | 9,035 | 492 | 524 | 461 | 469 | 2,054 | 2,543 | 1,865 | 2,573 | 2,435 |
| TOTAL | 45,574 | 52,548 | 10,155 | 10,090 | 12,866 | 12,463 | 11,031 | 12,653 | 14,478 | 14,386 | 11,031 |
| Ships' Stores and Bunkers (f.o.b. value) | 1,937 | 2,214 | 522 | 518 | 558 | 339 | 525 | 469 | 682 | 538 | 718 |

¹ Revised.² Provisional.³ Standard International Trade Classification.

Note: As from 2002, data on imports and exports include transactions through the Mauritius Freeport.
Source: Central Statistics Office, Government of Mauritius.

Table 3.10: Merchandise Imports

| SITC Code | Standard International Trade Classification | (c.i.f. value) | | | | (Rs million) | |
|-----------|---|----------------|---------------|---------------|-------------------|--------------|--|
| | | 1999 | 2000 | 2001 | 2002 ¹ | | |
| 00 | Food and Live Animals | 6,761 | 6,948 | 8,287 | 11,223 | | |
| | Meat and Meat Preparations | 629 | 697 | 741 | 813 | | |
| | Dairy Products and Birds Eggs | 1,092 | 1,072 | 1,318 | 1,411 | | |
| | <i>Milk and Cream</i> | 791 | 785 | 986 | 1,017 | | |
| | Fish and Fish Preparations | 793 | 1,058 | 1,754 | 3,832 | | |
| | Cereals and Cereal Preparations | 1,757 | 1,638 | 1,890 | 2,090 | | |
| | <i>Wheat</i> | 488 | 496 | 525 | 713 | | |
| | <i>Rice</i> | 829 | 660 | 620 | 689 | | |
| | <i>Flour</i> | 0 | 0 | 198 | 45 | | |
| | <i>Other</i> | 440 | 482 | 547 | 643 | | |
| | Vegetables and Fruits | 951 | 932 | 991 | 1,122 | | |
| | <i>Vegetables</i> | 434 | 427 | 485 | 554 | | |
| | Feeding Stuff for Animals | 240 | 222 | 263 | 284 | | |
| | Other | 1,299 | 1,329 | 1,280 | 1,671 | | |
| 01 | Beverages and Tobacco | 527 | 369 | 362 | 490 | | |
| | Alcoholic Beverages | 401 | 265 | 268 | 275 | | |
| | Unmanufactured Tobacco | 21 | 3 | 1 | 10 | | |
| | Other | 105 | 101 | 93 | 205 | | |
| 02 | Crude Materials, Inedible except Fuels | 1,667 | 1,654 | 1,787 | 1,813 | | |
| 03 | Mineral Fuels, Lubricants and Related Products | 4,046 | 6,450 | 6,504 | 6,710 | | |
| | Petroleum Products, Refined | 3,506 | 5,634 | 5,532 | 5,761 | | |
| | Other | 540 | 816 | 972 | 949 | | |
| 04 | Animal and Vegetable Oils and Fats | 569 | 455 | 472 | 624 | | |
| | Fixed Vegetable Oils and Fats | 444 | 364 | 387 | 504 | | |
| | Other | 125 | 91 | 85 | 120 | | |
| 05 | Chemicals and Related Products | 3,882 | 4,260 | 4,780 | 5,005 | | |
| | Organic Chemicals | 215 | 262 | 268 | 317 | | |
| | Inorganic Chemicals | 328 | 365 | 453 | 357 | | |
| | Dyeing and Tanning Materials | 498 | 513 | 493 | 470 | | |
| | Medical and Pharmaceutical Products | 747 | 795 | 957 | 1,027 | | |
| | Fertilisers | 175 | 225 | 286 | 202 | | |
| | Plastics in non-primary forms | 317 | 334 | 372 | 413 | | |
| | Other | 1,602 | 1,766 | 1,951 | 2,219 | | |
| 06 | Manufactured Goods classified chiefly by Materials | 17,036 | 17,570 | 17,611 | 18,722 | | |
| | Rubber, Wood, Cork, Paper and Paper Board Manufactures | 1,564 | 1,708 | 1,087 | 1,930 | | |
| | Textile Yarn, Fabrics, Made-up Articles and Related Products | 10,483 | 10,843 | 4,709 | 10,433 | | |
| | Lime, Cement and Fabricated Construction Materials | 702 | 711 | 723 | 863 | | |
| | Iron and Steel | 1,121 | 1,041 | 1,127 | 1,278 | | |
| | Manufactures of Metal, n.e.s. | 1,228 | 1,193 | 1,230 | 1,685 | | |
| | Other | 1,937 | 2,074 | 8,735 | 2,533 | | |
| 07 | Machinery and Transport Equipment | 17,145 | 12,427 | 13,004 | 13,799 | | |
| | Machinery Specialized for Particular Industries | 2,488 | 2,255 | 2,049 | 2,586 | | |
| | General Industrial Machinery & Equipment, n.e.s., & machine parts, n.e.s. | 1,803 | 1,768 | 1,589 | 2,016 | | |
| | Electric Machinery, Apparatus and Appliances, n.e.s. and Electrical Parts of Household Type | 1,898 | 1,768 | 1,783 | 1,983 | | |
| | Road Vehicles | 4,092 | 2,916 | 2,753 | 2,723 | | |
| | Other | 6,864 | 3,720 | 4,830 | 4,491 | | |
| 08 | Miscellaneous Manufactured Articles | 4,842 | 4,710 | 5,000 | 6,338 | | |
| | Articles of Apparel and Clothing | 482 | 507 | 564 | 772 | | |
| | Professional, Scientific and Controlling Instruments and Apparatus, n.e.s. | 584 | 444 | 537 | 885 | | |
| | Other | 3,776 | 3,759 | 3,899 | 4,681 | | |
| 09 | Commodities and Transactions not elsewhere specified | 154 | 85 | 133 | 164 | | |
| | TOTAL | 56,629 | 54,928 | 57,940 | 64,888 | | |

¹ Provisional.
Note: As from 2002, data on imports include transactions through the Mauritius Freeport.
Source: Central Statistics Office, Government of Mauritius.

Table 3.11: Imports - Main Sources of Supply

| (c.i.f. value) | | | | | | | | | | | (Rs million) |
|--------------------------|--------|-------------------|--------|--------|--------|--------|-------------------|--------|--------|--------|-------------------|
| | 2001 | 2002 ¹ | 2001 | | | | 2002 ¹ | | | | 2003 ¹ |
| | | | 1st Qr | 2nd Qr | 3rd Qr | 4th Qr | 1st Qr | 2nd Qr | 3rd Qr | 4th Qr | 1st Qr |
| Australia | 2,383 | 2,591 | 529 | 535 | 687 | 632 | 596 | 628 | 635 | 732 | 658 |
| Bahrain | 965 | 1,106 | 154 | 230 | 581 | - | 2 | 173 | 200 | 731 | 671 |
| Belgium | 798 | 932 | 214 | 190 | 201 | 193 | 200 | 209 | 229 | 294 | 231 |
| China | 4,142 | 5,476 | 907 | 1,119 | 1,080 | 1,036 | 904 | 1,425 | 1,547 | 1,600 | 1,077 |
| France | 5,408 | 7,140 | 1,398 | 1,269 | 1,347 | 1,394 | 1,648 | 2,074 | 1,666 | 1,752 | 2,560 |
| Germany | 3,138 | 2,217 | 453 | 571 | 456 | 1,658 | 438 | 535 | 509 | 735 | 449 |
| Hong Kong | 1,380 | 1,210 | 346 | 375 | 339 | 320 | 263 | 317 | 334 | 296 | 251 |
| India | 4,571 | 4,735 | 1,056 | 1,067 | 1,285 | 1,163 | 1,135 | 1,152 | 1,169 | 1,279 | 1,191 |
| Italy | 1,908 | 2,096 | 468 | 495 | 471 | 474 | 393 | 529 | 578 | 596 | 430 |
| Japan | 2,139 | 2,270 | 479 | 562 | 550 | 548 | 383 | 558 | 689 | 640 | 504 |
| Kenya | 89 | 76 | 16 | 21 | 24 | 28 | 22 | 21 | 15 | 18 | 21 |
| Malaysia | 1,710 | 1,839 | 373 | 358 | 522 | 457 | 307 | 411 | 496 | 625 | 398 |
| Netherlands | 666 | 742 | 86 | 110 | 212 | 258 | 226 | 168 | 173 | 175 | 99 |
| New Zealand | 433 | 396 | 104 | 115 | 110 | 104 | 103 | 110 | 105 | 78 | 134 |
| Pakistan | 925 | 814 | 194 | 251 | 196 | 284 | 158 | 192 | 226 | 238 | 188 |
| Republic of South Africa | 8,027 | 8,152 | 2,249 | 2,149 | 1,540 | 2,089 | 2,163 | 2,037 | 1,893 | 2,059 | 1,931 |
| Republic of Korea | 725 | 1,068 | 153 | 174 | 246 | 152 | 203 | 353 | 310 | 202 | 138 |
| Singapore | 1,223 | 1,418 | 230 | 447 | 266 | 280 | 336 | 341 | 358 | 383 | 679 |
| Taiwan | 1,041 | 1,426 | 222 | 323 | 277 | 219 | 218 | 330 | 485 | 393 | 353 |
| United States of America | 1,711 | 2,074 | 420 | 438 | 381 | 472 | 521 | 462 | 517 | 574 | 451 |
| United Kingdom | 2,103 | 2,372 | 494 | 512 | 558 | 539 | 479 | 573 | 647 | 673 | 501 |
| Other | 12,455 | 14,738 | 2,092 | 3,268 | 3,732 | 3,363 | 2,784 | 3,697 | 3,799 | 4,458 | 3,311 |
| TOTAL | 57,940 | 64,888 | 12,637 | 14,579 | 15,061 | 15,663 | 13,482 | 16,295 | 16,580 | 18,531 | 16,226 |

¹ Provisional.

Note: As from the first quarter of 2002, data on imports include transactions through the Mauritius Freeport.

Source: Central Statistics Office, Government of Mauritius.

Table 3.12: Export and Import Price Indices

| Period | Price Indices | | Terms of Trade ¹ |
|-------------------|------------------------------|--------|-----------------------------|
| | Export | Import | |
| | Base Year: 1982 = 100 | | |
| 1985 | 136 | 121 | 113 |
| 1986 | 144 | 98 | 147 |
| 1987 | 161 | 102 | 158 |
| 1988 | 172 | 111 | 156 |
| | Base Year: 1988 = 100 | | |
| 1989 | 111 | 119 | 93 |
| 1990 | 125 | 127 | 98 |
| 1991 | 133 | 133 | 100 |
| 1992 | 142 | 135 | 105 |
| | Base Year: 1992 = 100 | | |
| 1993 | 109 | 111 | 98 |
| 1994 | 114 | 119 | 96 |
| 1995 | 121 | 126 | 96 |
| 1996 | 134 | 135 | 99 |
| 1997 | 140 | 138 | 101 |
| | Base Year: 1997 = 100 | | |
| 1997 | 100 | 100 | 100 |
| 1998 | 114 | 106 | 108 |
| 1999 | 113 | 113 | 100 |
| 2000 | 112 | 117 | 96 |
| 2001 | 114 | 126 | 90 |
| 2002 ² | 124 | 132 | 94 |
| 1st Quarter | 115 | 129 | 89 |
| 2nd Quarter | 122 | 131 | 93 |
| 3rd Quarter | 127 | 133 | 95 |
| 4th Quarter | 130 | 135 | 96 |
| 2003 ² | | | |
| 1st Quarter | 123 | 138 | 89 |

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

² Provisional.

Table 3.13(a): Tourist Earnings

| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|-------------------------------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|
| Tourist Earnings (Rs million) | 5,362 | 6,415 | 7,472 | 9,048 | 10,068 | 11,890 | 13,668 | 14,234 | 18,166 | 18,328 |

Table 3.13(b): Tourist Arrivals by Country of Residence

| Country of Residence | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Reunion | 84,960 | 77,035 | 78,431 | 82,272 | 82,628 | 83,966 | 83,749 | 86,945 | 91,140 | 96,375 |
| Republic of South Africa | 42,350 | 39,762 | 42,653 | 50,361 | 51,249 | 49,676 | 46,583 | 48,683 | 47,882 | 42,685 |
| France | 85,120 | 106,268 | 116,701 | 130,292 | 145,173 | 162,775 | 175,431 | 198,423 | 197,595 | 202,869 |
| Madagascar | 7,740 | 6,849 | 6,885 | 11,401 | 10,143 | 9,213 | 7,880 | 7,057 | 6,674 | 9,417 |
| Germany | 38,500 | 41,824 | 41,637 | 45,221 | 43,993 | 43,826 | 45,206 | 52,869 | 50,866 | 53,762 |
| United Kingdom | 29,950 | 33,295 | 31,324 | 35,271 | 46,022 | 52,299 | 58,683 | 74,488 | 77,888 | 80,667 |
| Italy | 15,290 | 18,149 | 17,384 | 21,848 | 35,255 | 36,614 | 36,675 | 39,000 | 37,343 | 38,263 |
| Switzerland | 11,010 | 11,453 | 13,815 | 15,692 | 16,105 | 16,178 | 16,281 | 20,473 | 18,427 | 17,371 |
| Zimbabwe | 3,460 | 3,539 | 2,965 | 3,402 | 4,248 | 3,796 | 2,606 | 3,435 | 3,860 | 3,185 |
| India | 10,740 | 10,449 | 11,225 | 13,075 | 13,220 | 12,629 | 13,583 | 17,241 | 18,890 | 20,898 |
| Australia | 4,520 | 4,162 | 5,558 | 7,762 | 9,460 | 8,913 | 8,076 | 8,771 | 8,790 | 8,387 |
| United States of America | 1,790 | 2,006 | 2,093 | 2,362 | 2,879 | 3,158 | 3,345 | 3,704 | 3,923 | 4,116 |
| Zambia | 340 | 337 | 443 | 391 | 437 | 423 | 321 | 445 | 422 | 354 |
| Kenya | 1,070 | 1,278 | 1,158 | 1,170 | 1,230 | 1,684 | 1,655 | 1,801 | 1,734 | 1,507 |
| Seychelles | 5,420 | 5,650 | 7,116 | 9,325 | 8,995 | 8,529 | 7,893 | 9,229 | 10,687 | 13,468 |
| Singapore | 2,770 | 3,247 | 2,601 | 3,153 | 3,404 | 3,515 | 3,661 | 4,104 | 3,431 | 3,114 |
| Other Countries | 29,600 | 35,223 | 40,474 | 53,869 | 61,684 | 61,001 | 66,457 | 79,785 | 80,766 | 85,210 |
| All Countries | 374,630 | 400,526 | 422,463 | 486,867 | 536,125 | 558,195 | 578,085 | 656,453 | 660,318 | 681,648 |

Table 3.13(c): Average Stay of Tourists

| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|--------|------|------|------|------|------|------|------|------|------|------|
| Nights | 12.3 | 10.9 | 10.5 | 10.2 | 10.5 | 10.4 | 9.9 | 9.8 | 9.9 | 9.9 |

Source: Central Statistics Office, Government of Mauritius.

Table 3.14: Balance of Payments: 1998-2000

(Rs million)

| | 1998 | | 1999 | | 2000 | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | Credit | Debit | Credit | Debit | Credit | Debit |
| CURRENT ACCOUNT | 79 | | | 3,128 | | 899 |
| A. Goods and Services | 62,051 | 63,613 | 66,108 | 71,429 | 68,996 | 71,118 |
| Goods | 40,051 | 46,386 | 40,025 | 53,088 | 40,882 | 51,083 |
| Merchandise | 40,051 | 46,026 | 40,025 | 52,937 | 40,882 | 50,999 |
| Non-monetary Gold | - | 360 | - | 151 | - | 84 |
| Services | 22,000 | 17,227 | 26,083 | 18,341 | 28,114 | 20,035 |
| Transportation | 4,804 | 5,866 | 5,131 | 6,324 | 5,866 | 6,863 |
| Travel | 11,891 | 4,430 | 13,668 | 4,712 | 14,233 | 4,762 |
| Other Services | 5,305 | 6,931 | 7,284 | 7,305 | 8,015 | 8,410 |
| Private | 5,154 | 6,646 | 7,143 | 7,069 | 7,911 | 8,040 |
| Government | 151 | 285 | 141 | 236 | 104 | 370 |
| B. Income | 1,148 | 1,785 | 1,082 | 1,499 | 1,269 | 1,706 |
| Direct Investment Income | 51 | 321 | 13 | 111 | 25 | 213 |
| Other Investment Income | 1,097 | 1,464 | 1,069 | 1,388 | 1,244 | 1,493 |
| C. Current Transfers | 4,481 | 2,203 | 4,946 | 2,336 | 4,388 | 2,728 |
| Private | 4,328 | 2,178 | 4,653 | 2,315 | 4,180 | 2,707 |
| Government | 153 | 25 | 293 | 21 | 208 | 21 |
| CAPITAL AND FINANCIAL ACCOUNT | 833 | | | 268 | 737 | |
| D. Capital Account | | 19 | | 12 | | 16 |
| Capital Transfers | | 19 | | 12 | | 16 |
| Migrants' Transfers | | 19 | | 12 | | 16 |
| E. Financial Account | 852 | | | 256 | 753 | |
| Financial Account (excluding Reserve Assets) | | 624 | 4,547 | | 7,168 | |
| Direct Investment | 292 | 329 | 1,243 | 162 | 7,265 | 333 |
| Portfolio Investment | 1,047 | 689 | 1,498 | 386 | 0 | 3,695 |
| Other Investment | 3,602 | 2,889 | 6,626 | 4,272 | 8,802 | 4,871 |
| General Government: long-term | 482 | 823 | 515 | 803 | 276 | 874 |
| Other Sectors: long-term | 749 | 2,066 | 3,159 | 2,128 | 3,562 | 2,930 |
| Banks | 2,313 | 1,658 | | 1,341 | | 1,067 |
| Other Sectors: short-term | 58 | | 2,952 | | 4,964 | |
| Use of Fund Credit | | | | | | |
| Reserve Assets | 1,476 | | | 4,803 | | 6,415 |
| Monetary Gold | | | | | | |
| Special Drawing Rights | | 105 | 209 | | | 36 |
| Reserve Position in the Fund | | | | 244 | | |
| Foreign Exchange | 1,580 | | | 4,768 | | 6,379 |
| Other Claims | 1 | | | | | |
| NET ERRORS AND OMISSIONS | | 912 | 3,396 | | 162 | |

Table 3.15: Balance of Payments: 2001 and 2002 (Yearly) and 2002 (Quarterly)

(Rs million)

| | 2001 ¹ | 2002 ² | 2002 ² | | | |
|-------------------------------------|-------------------|-------------------|-------------------|---------------|--------------|---------------|
| | | | 1st Qr | 2nd Qr | 3rd Qr | 4th Qr |
| I. CURRENT ACCOUNT | 8,038 | 7,774 | 3,279 | 543 | 2,578 | 1,374 |
| A. Goods and Services | 5,681 | 4,805 | 2,162 | 298 | 1,428 | 917 |
| Goods | -6,336 | -5,627 | -1,017 | -1,918 | -303 | -2,389 |
| Exports | 47,511 | 54,762 | 11,556 | 13,122 | 15,160 | 14,924 |
| Imports | -53,847 | -60,389 | -12,573 | -15,040 | -15,463 | -17,313 |
| General Merchandise | -7,439 | -6,946 | -1,353 | -2,178 | -764 | -2,651 |
| Credit | 45,574 | 52,548 | 11,031 | 12,653 | 14,478 | 14,386 |
| Debit | -53,013 | -59,494 | -12,384 | -14,831 | -15,242 | -17,037 |
| Goods procured in Ports by Carriers | 1,103 | 1,319 | 336 | 260 | 461 | 262 |
| Credit | 1,937 | 2,214 | 525 | 469 | 682 | 538 |
| Debit | -834 | -895 | -189 | -209 | -221 | -276 |
| Non-monetary Gold | -131 | -136 | -44 | -41 | -22 | -29 |
| Services | 12,017 | 10,432 | 3,179 | 2,216 | 1,731 | 3,306 |
| Credit | 35,616 | 33,995 | 9,024 | 8,081 | 7,741 | 9,149 |
| Transportation | 6,852 | 8,153 | 2,012 | 1,642 | 2,187 | 2,312 |
| Passenger | 5,740 | 6,498 | 1,649 | 1,321 | 1,603 | 1,925 |
| Freight | 367 | 528 | 110 | 121 | 130 | 167 |
| Other | 745 | 1,127 | 253 | 200 | 454 | 220 |
| Travel | 18,166 | 18,328 | 5,004 | 4,283 | 4,042 | 4,999 |
| Business | 4,541 | 6,797 | 1,570 | 1,835 | 1,466 | 1,926 |
| Personal | 13,625 | 11,531 | 3,434 | 2,448 | 2,576 | 3,073 |
| Other Services | 10,598 | 7,514 | 2,008 | 2,156 | 1,512 | 1,838 |
| Private | 10,476 | 7,435 | 1,984 | 2,142 | 1,497 | 1,812 |
| Government | 122 | 79 | 24 | 14 | 15 | 26 |
| Debit | -23,599 | -23,563 | -5,845 | -5,865 | -6,010 | -5,843 |
| Transportation | -7,597 | -8,533 | -1,803 | -2,190 | -2,191 | -2,349 |
| Passenger | -524 | -582 | -115 | -145 | -160 | -162 |
| Freight | -4,102 | -4,424 | -891 | -1,200 | -1,102 | -1,231 |
| Other | -2,971 | -3,527 | -797 | -845 | -929 | -956 |
| Travel | -5,769 | -6,123 | -1,804 | -1,525 | -1,460 | -1,334 |
| Business | -435 | -996 | -109 | -284 | -352 | -251 |
| Personal | -5,334 | -5,127 | -1,695 | -1,241 | -1,108 | -1,083 |
| Other Services | -10,233 | -8,907 | -2,238 | -2,150 | -2,359 | -2,160 |
| Private | -9,913 | -8,690 | -2,185 | -2,034 | -2,348 | -2,123 |
| Government | -320 | -217 | -53 | -116 | -11 | -37 |
| B. Income | 393 | 295 | 507 | -359 | 266 | -119 |
| Credit | 2,172 | 2,246 | 857 | 434 | 523 | 432 |
| Compensation of Employees | 18 | 19 | 5 | 5 | 4 | 5 |
| Direct Investment Income | 67 | 2 | 2 | 0 | 0 | 0 |
| Portfolio Investment Income | 20 | 91 | 1 | 1 | 68 | 21 |
| Other Investment Income | 2,067 | 2,134 | 849 | 428 | 451 | 406 |
| Monetary Authorities | 2,005 | 2,115 | 845 | 424 | 445 | 401 |
| General Government | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 62 | 19 | 4 | 4 | 6 | 5 |

Continued on next page.

(Rs million)

| | 2001 ¹ | 2002 ² | 2002 ² | | | |
|--|-------------------|-------------------|-------------------|-------------|---------------|---------------|
| | | | 1st Qr | 2nd Qr | 3rd Qr | 4th Qr |
| Debit | -1,779 | -1,951 | -350 | -793 | -257 | -551 |
| Compensation to employees | -185 | -243 | -50 | -61 | -66 | -66 |
| Direct Investment Income | -147 | -283 | -90 | -179 | -13 | -1 |
| Portfolio Investment Income | -95 | -315 | -46 | -159 | -33 | -77 |
| Other Investment Income | -1,352 | -1,110 | -164 | -394 | -145 | -407 |
| Monetary Authorities | -14 | -6 | -2 | -2 | -2 | 0 |
| General Government | -297 | -215 | -45 | -62 | -40 | -68 |
| Other | -1,041 | -889 | -117 | -330 | -103 | -339 |
| C. Current Transfers | 1,964 | 2,674 | 610 | 604 | 884 | 576 |
| Credit | 5,641 | 5,637 | 1,368 | 1,333 | 1,460 | 1,476 |
| Private | 5,315 | 5,019 | 1,235 | 1,266 | 1,218 | 1,300 |
| Government | 326 | 618 | 133 | 67 | 242 | 176 |
| Debit | -3,677 | -2,963 | -758 | -729 | -576 | -900 |
| Private | -3,454 | -2,551 | -673 | -616 | -496 | -766 |
| Government | -223 | -412 | -85 | -113 | -80 | -134 |
| II. CAPITAL AND FINANCIAL ACCOUNT | -5,792 | -6,585 | -3,065 | 364 | -3,676 | -208 |
| D. Capital Account | -40 | -58 | -8 | -11 | -17 | -22 |
| Migrants' Transfers | -40 | -58 | -8 | -11 | -17 | -22 |
| E. Financial Account | -5,752 | -6,527 | -3,057 | 375 | -3,659 | -186 |
| Direct Investment | -830 | 793 | 137 | 426 | 31 | 199 |
| Abroad | -83 | -36 | -20 | 0 | -7 | -9 |
| In Mauritius | -747 | 829 | 157 | 426 | 38 | 208 |
| Portfolio Investment | -563 | -522 | -154 | -79 | -322 | 33 |
| Assets | -513 | -547 | -62 | -116 | -300 | -69 |
| Equity Securities | -513 | -547 | -62 | -116 | -300 | -69 |
| Debt Securities | 0 | 0 | 0 | 0 | 0 | 0 |
| Liabilities | -50 | 25 | -92 | 37 | -22 | 102 |
| Equity Securities | -258 | -18 | 22 | 41 | -22 | -59 |
| Debt Securities | 208 | 43 | -114 | -4 | 0 | 161 |
| Other Investment | -5,673 | 3,400 | -1,404 | 2,711 | -75 | 2,168 |
| Assets | -9,853 | -13,182 | -3,009 | -2,319 | -5,605 | -2,249 |
| General Government | 0 | 0 | 0 | 0 | 0 | 0 |
| Banks | -1,819 | -613 | -537 | 249 | -87 | -238 |
| Other Sectors: Long-term | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Sectors: Short-term | -8,034 | -12,569 | -2,472 | -2,568 | -5,518 | -2,011 |
| Liabilities | 4,180 | 16,582 | 1,605 | 5,030 | 5,530 | 4,417 |
| General Government | -3,341 | 1,047 | -185 | 1,388 | -92 | -64 |
| Banks | 14 | 2,755 | -539 | 756 | 860 | 1,678 |
| Other Sectors: Long-term | -1,473 | -3,142 | -759 | -560 | -874 | -949 |
| Other Sectors: Short-term | 8,980 | 15,922 | 3,088 | 3,446 | 5,636 | 3,752 |
| Reserve Assets | 1,314 | -10,198 | -1,636 | -2,683 | -3,293 | -2,586 |
| Monetary Gold | 0 | 0 | 0 | 0 | 0 | 0 |
| Special Drawing Rights | -39 | -6 | -2 | -2 | -2 | 0 |
| Reserve Position in the Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign Exchange | 1,353 | -10,192 | -1,634 | -2,681 | -3,291 | -2,586 |
| Other Claims | 0 | 0 | 0 | 0 | 0 | 0 |
| III. NET ERRORS AND OMISSIONS | -2,246 | -1,189 | -214 | -907 | 1,098 | -1,166 |

¹ Revised.² Provisional.

Notes: (i) This table has been recast with a view to providing a more detailed classification of the Balance of Payments. In line with the methodology laid down in the Fifth Edition of the IMF's Balance of Payments Manual, valuation changes are excluded from reserve assets transactions.

(ii) As from the first quarter of 2002, data on imports and exports include transactions through the Mauritius Freeport.

Table 4.1: Gross Domestic Product by Industry Group at current basic prices

(Rs million)

| INDUSTRY GROUP | 2000 | 2001 ¹ | 2002 ¹ | 2003 ² |
|--|----------------|-------------------|-------------------|-------------------|
| 1. Agriculture, Hunting, Forestry and Fishing | 7,144 | 8,434 | 7,973 | 8,510 |
| <i>of which: Sugarcane</i> | (3,742) | (4,646) | (4,165) | (4,600) |
| 2. Mining and Quarrying | 142 | 150 | 75 | 80 |
| 3. Manufacturing | 24,702 | 27,394 | 28,531 | 29,925 |
| <i>of which: EPZ</i> | (12,523) | (13,659) | (13,861) | (13,970) |
| 4. Electricity, Gas and Water | 1,820 | 2,634 | 3,064 | 3,165 |
| 5. Construction | 6,225 | 6,540 | 7,335 | 8,170 |
| 6. Wholesale and Retail Trade, Repair of Motor Vehicles, Motorcycles, Personal and Household goods | 13,009 | 13,780 | 14,715 | 16,025 |
| 7. Hotels and Restaurants | 5,860 | 7,430 | 7,550 | 7,450 |
| 8. Transport, Storage and Communication | 13,577 | 15,124 | 16,924 | 18,960 |
| 9. Financial Intermediation | 9,556 | 11,473 | 11,901 | 12,645 |
| 10. Real Estate, Renting and Business Activities | 9,372 | 10,534 | 11,866 | 13,495 |
| 11. Public Administration and Defence; Compulsory Social Security | 6,867 | 7,308 | 7,971 | 9,150 |
| 12. Education | 4,833 | 5,220 | 5,672 | 6,440 |
| 13. Health and Social Work | 3,032 | 3,311 | 3,717 | 4,330 |
| 14. Other Services | 4,085 | 4,536 | 5,085 | 5,770 |
| 15. Financial Intermediation Services Indirectly Measured (FISIM) | -5,707 | -6,290 | -6,968 | -7,550 |
| Gross Domestic Product at basic prices | 104,517 | 117,578 | 125,411 | 136,565 |
| Taxes on products (net of subsidies) | 15,012 | 14,498 | 16,951 | 20,100 |
| Gross Domestic Product at market prices | 119,529 | 132,076 | 142,362 | 156,665 |
| Net Primary Income from the rest of the world | -783 | 393 | 295 | 220 |
| Gross National Income at market prices | 118,746 | 132,469 | 142,657 | 156,885 |

¹ Revised estimates.² Revised forecast.

Source: Central Statistics Office, Government of Mauritius.

Table 4.2: Distribution of Gross Domestic Product at current prices

(Rs million)

| | 2000 | 2001 ¹ | 2002 ¹ | 2003 ² |
|--|----------------|-------------------|-------------------|-------------------|
| Compensation of Employees | 46,531 | 50,327 | 53,189 | 58,840 |
| <i>of which: General Government</i> | (11,480) | (12,067) | (12,951) | (14,975) |
| Gross Operating Surplus | 57,024 | 66,088 | 70,956 | 76,295 |
| Gross Domestic Product at basic prices | 104,517 | 117,578 | 125,411 | 136,565 |
| Indirect Taxes (net of subsidies) | 15,012 | 14,498 | 16,951 | 20,100 |
| Gross Domestic Product at market prices | 119,529 | 132,076 | 142,362 | 156,665 |

¹ Revised estimates.² Revised forecast.

Source: Central Statistics Office, Government of Mauritius.

Table 4.3: Expenditure on Gross Domestic Product at current prices

(Rs million)

| | 2000 | 2001 ¹ | 2002 ¹ | 2003 ² |
|--|----------------|-------------------|-------------------|-------------------|
| Private Consumption Expenditure on Goods and Services | 73,939 | 80,112 | 88,025 | 95,975 |
| General Government Consumption Expenditure on Goods and Services | 15,582 | 16,752 | 18,142 | 20,670 |
| Gross Domestic Fixed Capital Formation by Private Sector | 20,340 | 20,463 | 21,946 | 20,320 |
| Gross Domestic Fixed Capital Formation by Public Sector | 7,729 | 9,335 | 9,603 | 15,015 |
| Change in Stocks | +2,611 | -2,413 | -159 | +2,805 |
| Consumption and Gross Capital Formation | 120,201 | 124,249 | 137,557 | 154,785 |
| Net Export of Goods and Non-factor Services | -672 | 7,827 | 4,805 | 1,880 |
| Gross Domestic Product at market prices | 119,529 | 132,076 | 142,362 | 156,665 |

¹ Revised estimates.² Revised forecast.

Source: Central Statistics Office, Government of Mauritius.

Table 4.4: Gross Domestic Fixed Capital Formation at current prices by Type and Use

(Rs million)

| | 1999 | 2000 | 2001 ¹ | 2002 ¹ | 2003 ² |
|--|----------------|----------------|-------------------|-------------------|-------------------|
| A. By Type of Capital Goods | | | | | |
| (a) Residential Building | 5,460 | 6,035 | 6,525 | 6,408 | 7,225 |
| (b) Non-residential Building | 5,066 | 5,802 | 5,635 | 7,175 | 7,750 |
| (c) Other Construction Work | 3,050 | 3,330 | 3,774 | 4,389 | 5,265 |
| (d) Transport Equipment | | | | | |
| (i) Passenger Car | 1,310 | 1,316 | 1,330 | 1,600 | 1,645 |
| (ii) Other Transport Equipment | 4,107 | 1,476 | 3,181 | 1,697 | 2,500 |
| (e) Other Machinery and Equipment | 10,683 | 10,110 | 9,353 | 10,280 | 10,950 |
| GROSS DOMESTIC FIXED CAPITAL FORMATION | 29,676 | 28,069 | 29,798 | 31,549 | 35,335 |
| B. By Industrial Use | | | | | |
| (a) Agriculture, Hunting, Forestry and Fishing | 864 | 692 | 648 | 852 | 875 |
| (b) Mining and Quarrying | 0 | 0 | 0 | 0 | 0 |
| (c) Manufacturing | 4,332 | 4,464 | 4,372 | 4,831 | 5,000 |
| (d) Electricity, Gas and Water | 2,616 | 1,918 | 1,594 | 1,369 | 2,280 |
| (e) Construction | 545 | 606 | 509 | 434 | 495 |
| (f) Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household goods | 1,932 | 2,263 | 2,140 | 2,486 | 2,330 |
| (g) Hotels and Restaurants | 2,837 | 2,915 | 2,920 | 4,049 | 2,555 |
| (h) Transport, Storage and Communication | 7,321 | 4,533 | 6,547 | 4,883 | 6,305 |
| (i) Financial Intermediation | 629 | 544 | 684 | 952 | 830 |
| (j) Real Estate, Renting and Business Services | 6,219 | 6,941 | 7,162 | 7,113 | 8,825 |
| <i>of which: Ownership of Dwellings</i> | <i>(5,460)</i> | <i>(6,035)</i> | <i>(6,525)</i> | <i>(6,408)</i> | <i>(7,225)</i> |
| (k) Public Administration and Defence; Compulsory Social Security | 1,288 | 1,278 | 1,146 | 1,690 | 1,945 |
| (l) Education | 440 | 497 | 510 | 1,003 | 1,360 |
| (m) Health and Social Work | 235 | 353 | 334 | 501 | 555 |
| (n) Other Services | 418 | 1,065 | 1,232 | 1,386 | 1,980 |
| GROSS DOMESTIC FIXED CAPITAL FORMATION | 29,676 | 28,069 | 29,798 | 31,549 | 35,335 |

¹ Revised estimates.² Revised forecast.

Source: Central Statistics Office, Government of Mauritius.

Table 4.5: Labour Productivity and Unit Labour Cost

| LABOUR PRODUCTIVITY INDEX (Base Year 1982 = 100) | | | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
| Economy | 109.4 | 114.6 | 118.0 | 121.7 | 127.3 | 134.2 | 140.0 | 146.0 | 148.1 | 160.2 | 168.2 |
| Manufacturing Sector | 102.1 | 108.6 | 113.7 | 118.5 | 125.5 | 132.2 | 135.4 | 138.3 | 142.2 | 155.9 | 163.3 |
| EPZ Sector | 114.8 | 123.7 | 136.5 | 146.7 | 157.6 | 168.3 | 170.5 | 173.0 | 180.2 | 190.2 | 203.3 |

| UNIT LABOUR COST INDEX (Base Year 1982 = 100) | | | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
| Economy | 221.6 | 232.5 | 253.4 | 276.7 | 283.6 | 294.4 | 302.6 | 323.6 | 346.1 | 345.5 | 352.2 |
| Manufacturing Sector | 263.5 | 285.9 | 289.7 | 310.3 | 323.3 | 326.6 | 330.4 | 355.1 | 380.5 | 380.1 | 383.0 |
| EPZ Sector | 294.1 | 331.9 | 332.6 | 351.0 | 362.3 | 364.2 | 366.1 | 398.2 | 422.2 | 428.6 | 439.7 |

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

Table 4.6: 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 | | | |
| | (Thousands of arpents) | (Thousands of arpents) | (Thousands of metric tonnes) | (Metric tonnes) | | | | (Thousands of metric tonnes) | (Metric tonnes) | (Per cent of cane) |
| 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 | 186 | 172 | 5,787 | 36.5 | 30.6 | 21.4 | 33.5 | 621 | 3.60 | 10.7 |
| 1998 | 185 | 175 | 5,781 | 36.4 | 29.6 | 23.6 | 33.0 | 629 | 3.59 | 10.9 |
| 1999 | 187 | 172 | 3,883 | 28.0 | 18.1 | 16.7 | 22.6 | 373 | 2.17 | 9.6 |
| 2000 | 182 | 173 | 5,109 | 33.9 | 25.5 | 21.5 | 29.5 | 569 | 3.29 | 11.15 |
| 2001 | 181 | 173 | 5,792 | 37.3 | 29.8 | 24.5 | 33.4 | 646 | 3.73 | 11.15 |
| 2002 ¹ | 179 | 171 | 4,874 | 32.6 | 26.0 | 19.8 | 28.5 | 521 | 3.04 | 10.7 |

¹ Provisional.
Source: Annual Reports, Mauritius Chamber of Agriculture.

Table 4.7: 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) |
|---------------|----------------------------|------------|---------------------------------|-------------------|---------|-----------------------------------|---|
| 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 |
| 1999 | 209.6 | 373.3 | 618.7 ⁷ | 40.0 | 534.3 | 43.3 | 12,374 |
| 2000 | 43.3 | 569.3 | 651.1 ⁸ | 39.2 | 424.3 | 187.3 | 11,570 |
| 2001 | 187.3 | 645.6 | 852.0 ⁹ | 41.1 | 599.4 | 212.1 | 12,835 |
| 2002 | 212.1 | 520.9 | 756.1 ¹⁰ | 40.1 | 570.8 | 144.9 | 14,255 |

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.⁷ Includes 35.8 thousand metric tonnes of imported sugar.⁸ Includes 38.5 thousand metric tonnes of imported sugar.⁹ Includes 20.0 thousand metric tonnes of imported sugar.¹⁰ Includes 23.2 thousand metric tonnes of imported sugar.

Source: Mauritius Sugar News Bulletin and Annual Reports, Mauritius Chamber of Agriculture.

Table 4.8: Production of Selected Commodities

(Metric tonnes)

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 ¹ |
|---|----------------|----------------|----------------|----------------|---------------|---------------|----------------|----------------|-------------------|
| Industrial Crops | 28,229 | 22,435 | 14,087 | 9,699 | 8,063 | 7,802 | 7,003 | 7,996 | 7,347 |
| Tea (production of green leaf) | 27,204 | 21,419 | 13,209 | 9,026 | 7,393 | 7,134 | 6,440 | 7,440 | 6,870 |
| Tobacco ³ | 1,025 | 1,016 | 878 | 673 | 670 | 668 | 563 | 556 | 477 |
| Foodcrop Production | 81,466 | 97,533 | 89,629 | 101,442 | 91,618 | 85,747 | 114,484 | 129,119 | 103,876 |
| Banana | 6,725 | 9,437 | 9,387 | 9,557 | 9,343 | 7,550 | 8,500 | 11,000 | 7,200 |
| Beans and Peas | 1,301 | 1,635 | 1,876 | 2,406 | 1,896 | 1,301 | 1,715 | 2,006 | 2,242 |
| Beet | 638 | 688 | 853 | 490 | 332 | 658 | 1,794 | 2,304 | 1,736 |
| Brinjal | 1,579 | 1,956 | 2,458 | 2,107 | 2,237 | 1,713 | 2,160 | 2,721 | 2,359 |
| Cabbage | 4,372 | 6,868 | 7,595 | 7,898 | 6,283 | 8,206 | 10,823 | 11,663 | 8,252 |
| Carrot | 2,624 | 3,131 | 3,141 | 4,878 | 3,363 | 6,127 | 11,461 | 12,030 | 8,650 |
| Cauliflower | 2,048 | 2,285 | 3,425 | 3,261 | 4,260 | 1,274 | 2,045 | 1,846 | 1,796 |
| Chillies | 667 | 911 | 1,034 | 845 | 1,060 | 795 | 904 | 1,031 | 826 |
| Cucumber | 4,131 | 5,288 | 4,581 | 5,714 | 4,573 | 4,187 | 6,046 | 6,426 | 5,675 |
| Garlic | 275 | 212 | 235 | 82 | 131 | 38 | 46 | 40 | 25 |
| Ginger | 516 | 622 | 784 | 317 | 420 | 116 | 498 | 868 | 473 |
| Groundnut | 1,181 | 1,049 | 767 | 863 | 551 | 341 | 407 | 323 | 284 |
| Leek | 43 | 33 | 24 | 57 | 23 | 97 | 263 | 269 | 159 |
| Lettuce | 779 | 1,412 | 1,670 | 2,223 | 1,878 | 1,223 | 1,716 | 2,399 | 2,214 |
| Maize | 880 | 289 | 438 | 232 | 260 | 201 | 623 | 389 | 295 |
| Onion | 5,403 | 5,974 | 6,067 | 5,036 | 6,727 | 9,066 | 11,134 | 10,950 | 7,117 |
| Pineapple | 3,887 | 4,199 | 2,973 | 1,559 | 1,462 | 1,014 | 3,416 | 6,016 | 1,917 |
| Potato | 17,800 | 15,718 | 10,639 | 17,584 | 14,612 | 15,322 | 13,843 | 16,350 | 13,339 |
| Pumpkin | 5,117 | 7,638 | 7,021 | 6,455 | 5,429 | 4,040 | 5,113 | 5,439 | 4,997 |
| Squash | 1,334 | 1,498 | 758 | 1,468 | 1,056 | 2,136 | 2,683 | 2,490 | 1,883 |
| Tomato | 9,166 | 13,486 | 10,877 | 12,226 | 10,729 | 8,037 | 9,719 | 12,395 | 11,738 |
| Other Foodcrops | 11,000 | 13,204 | 13,206 | 16,184 | 14,993 | 12,305 | 19,575 | 20,164 | 20,699 |
| Total | 109,695 | 119,968 | 103,716 | 111,141 | 99,681 | 93,549 | 121,487 | 137,115 | 111,223 |
| Total Area Under Production (Hectares) | 6,342 | 6,769 | 6,504 | 6,913 | 6,995 | 6,059 | 7,357 | 7,918 | 7,261 |
| Livestock and Fisheries | | | | | | | | | |
| Beef ² | 2,609 | 2,296 | 2,321 | 2,274 | 2,516 | 2,575 | 2,538 | 2,248 | 2,428 |
| Goat Meat ² | 137 | 117 | 130 | 120 | 112 | 116 | 86 | 74 | 100 |
| Mutton ² | 11 | 10 | 10 | 8 | 6 | 9 | 16 | 40 | 14 |
| Pork ² | 1,058 | 1,038 | 1,112 | 948 | 752 | 678 | 891 | 882 | 756 |
| Fish | 17,078 | 15,181 | 11,010 | 12,362 | 9,835 | 10,572 | 7,842 | 8,794 | 9,136 |

¹ Provisional.² Comprises abattoir slaughters only.
Source: Central Statistics Office, Government of Mauritius.³ Crop year.

Table 4.9: Electricity - Production and Consumption

| | Unit | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|--|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Plant Capacity | Kilowatt | 339,190 | 364,590 | 364,590 | 401,690 | 480,360 | 522,260 | 614,960 | 622,460 | 622,060 |
| <i>of which:</i> | | | | | | | | | | |
| Hydro (CEB) | Kilowatt | 59,440 | 59,440 | 59,440 | 59,440 | 59,440 | 59,440 | 59,440 | 59,440 | 59,440 |
| Thermal (CEB) | Kilowatt | 227,000 | 253,000 | 253,000 | 283,000 | 288,520 | 317,520 | 348,520 | 348,520 | 348,520 |
| Energy Generated | Gigawatthour | 822.4 | 922.3 | 1,022.1 | 1,103.5 | 1,108.1 | 1,078.8 | 963.8 | 946.9 | 968.4 |
| Hydro | Gigawatthour | 75.5 | 134.3 | 103.7 | 92.2 | 104.2 | 29.5 | 95.3 | 70.4 | 85.6 |
| Thermal | Gigawatthour | 746.9 | 788.0 | 918.4 | 1,011.3 | 1,003.9 | 1,049.3 | 868.5 | 876.5 | 882.8 |
| Energy Purchased from Sugar and Other Factories | Gigawatthour | 122.6 | 125.3 | 128.9 | 148.3 | 257.0 | 343.7 | 601.2 | 710.2 | 746.7 |
| Sale of Energy | Gigawatthour | 810.0 | 895.1 | 985.0 | 1,075.1 | 1,176.4 | 1,229.2 | 1,358.5 | 1,449.8 | 1,491.7 |
| Number of Consumers | | 253,066 | 266,767 | 276,178 | 284,576 | 293,887 | 304,029 | 313,963 | 323,213 | 330,005 |
| Domestic | | 225,450 | 237,209 | 245,769 | 253,518 | 261,971 | 271,061 | 279,886 | 288,324 | 294,666 |
| Commercial | | 21,356 | 22,924 | 23,631 | 24,216 | 24,914 | 25,730 | 26,915 | 27,655 | 28,054 |
| Industrial | | 5,807 | 6,163 | 6,269 | 6,308 | 6,342 | 6,419 | 6,531 | 6,624 | 6,662 |
| Other | | 453 | 471 | 509 | 534 | 660 | 819 | 631 | 610 | 623 |

Source: Annual Reports and Accounts, Central Electricity Board; Digest of Industrial Statistics, Central Statistics Office, Government of Mauritius.

Table 5.1: Consumer Price Indices ¹

| MONTH | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|--------------------------|--------------|--------------|--------------|--------------|---------------------------|-------|
| January | 105.5 | 114.6 | 120.0 | 125.9 | 133.5 | 105.5 |
| February | 106.0 | 114.9 | 120.6 | 126.5 | 134.7 | 105.7 |
| March | 106.7 | 115.1 | 121.0 | 126.3 | 135.4 | 105.6 |
| April | 107.4 | 115.6 | 120.9 | 126.5 | 135.7 | 105.8 |
| May | 108.0 | 115.8 | 121.0 | 126.8 | 135.9 | 106.5 |
| June | 109.6 | 117.4 | 121.0 | 127.8 | 135.9 | 106.9 |
| July | 109.7 | 117.8 | 121.3 | 129.7 | 103.1 | |
| August | 110.0 | 118.3 | 121.7 | 129.9 | 103.6 | |
| September | 112.1 | 118.5 | 121.9 | 130.1 | 104.0 | |
| October | 112.7 | 118.5 | 124.6 | 130.5 | 105.0 | |
| November | 113.1 | 118.9 | 124.8 | 131.1 | 104.9 | |
| December | 113.4 | 119.6 | 125.2 | 131.8 | 104.8 | |
| Average | 109.5 | 117.1 | 122.0 | 128.6 | 136.8 ² | |
| Yearly Change (Per cent) | +6.8 | +6.9 | +4.2 | +5.4 | +6.4 | |

¹ From July 1997 to June 2002, the base period was July 1996 - June 1997=100. A new base period (July 2001 - June 2002=100) has been introduced as from July 2002.

² Average computed after converting CPI data from July to December 2002 to previous base period July 1996 to June 1997 = 100.

Source: Central Statistics Office, Government of Mauritius.

Table 5.2: EPZ Enterprises - Employment by Product Group

| PRODUCT GROUP | June 2000 | | December 2000 | | June 2001 | | December 2001 | | June 2002 | | December 2002 | |
|---|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|
| | 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 | 11 | 1,631 | 11 | 1,867 | 10 | 1,938 | 9 | 1,857 | 9 | 1,991 | 9 | 2,075 |
| 2. Flowers | 39 | 547 | 39 | 536 | 39 | 538 | 39 | 540 | 39 | 534 | 38 | 485 |
| 3. Textile Yarn and Fabrics | 45 | 4,527 | 46 | 4,672 | 47 | 4,969 | 47 | 4,858 | 44 | 4,455 | 44 | 4,536 |
| 4. Wearing Apparels | 243 | 75,695 | 240 | 75,329 | 242 | 77,111 | 239 | 72,145 | 231 | 71,337 | 230 | 72,034 |
| <i>Pullovers</i> | (37) | (18,584) | (37) | (18,605) | (37) | (18,971) | (38) | (18,447) | (37) | (18,146) | (36) | (18,138) |
| <i>Other Garments</i> | (206) | (57,111) | (203) | (56,724) | (205) | (58,140) | (201) | (53,698) | (194) | (53,191) | (194) | (53,896) |
| 5. Leather Products and Footwear | 8 | 857 | 8 | 808 | 8 | 794 | 9 | 767 | 9 | 719 | 9 | 734 |
| 6. Wood, Furniture and Paper Products | 33 | 852 | 34 | 831 | 32 | 809 | 32 | 798 | 32 | 813 | 30 | 792 |
| 7. Optical Goods | 6 | 551 | 6 | 467 | 6 | 478 | 6 | 423 | 6 | 418 | 6 | 373 |
| 8. Watches and Clocks | 6 | 950 | 6 | 887 | 6 | 857 | 6 | 787 | 6 | 760 | 6 | 691 |
| 9. Electric and Other Electronic Products | 8 | 510 | 7 | 536 | 7 | 650 | 7 | 477 | 7 | 545 | 6 | 508 |
| 10. Jewellery and Related Articles | 24 | 1,319 | 26 | 1,384 | 29 | 1,472 | 29 | 1,516 | 29 | 1,598 | 30 | 1,539 |
| 11. Toys and Carnival Articles | 7 | 1,007 | 7 | 978 | 7 | 914 | 7 | 920 | 7 | 964 | 7 | 973 |
| 12. Others | 89 | 2,319 | 88 | 2,387 | 91 | 2,436 | 92 | 2,519 | 90 | 2,853 | 91 | 2,464 |
| TOTAL | 519 | 90,765 | 518 | 90,682 | 524 | 92,966 | 522 | 87,607 | 509 | 86,987 | 506 | 87,204 |

Source: Central Statistics Office, Government of Mauritius.

Table 5.3(a): 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 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 | 25.0 | 14.6 | 78.4 | 56.8 | 15.7 | 287.5 |
| March 1997 | 31.4 | 28.2 | 0.3 | 0.2 | 105.8 | 3.3 | 9.5 | 26.3 | 15.0 | 78.8 | 56.1 | 15.6 | 286.1 |
| 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 |

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 Statistics Office, Government of Mauritius.

Table 5.3(b): Employment in Large Establishments by Industrial Group ¹

(Thousands)

| INDUSTRIAL GROUP | Mar-99 | Mar-00 | Mar-01 | Mar-02 | Mar-03 |
|--|--------------|--------------|--------------|--------------|--------------|
| Agriculture, Forestry and Fishing | 34.3 | 32.7 | 31.3 | 25.3 | 23.4 |
| <i>of which: Sugarcane</i> | 25.9 | 24.8 | 23.5 | 17.6 | 15.5 |
| <i>Other</i> | 8.4 | 7.9 | 7.7 | 7.6 | 7.9 |
| Mining and Quarrying | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Manufacturing | 115.6 | 115.0 | 117.0 | 111.0 | 108.9 |
| <i>of which: Sugar</i> | 3.9 | 3.4 | 3.2 | 3.1 | 2.2 |
| <i>EPZ</i> | 88.9 | 88.2 | 90.8 | 84.5 | 82.5 |
| <i>Other</i> | 22.8 | 23.5 | 23.0 | 23.5 | 24.2 |
| Electricity, Gas and Water | 3.1 | 3.0 | 3.0 | 3.0 | 3.0 |
| Construction | 13.6 | 13.5 | 13.3 | 13.0 | 14.6 |
| Wholesale & Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods | 16.4 | 16.5 | 16.5 | 16.9 | 17.7 |
| <i>of which: Wholesale & Retail Trade</i> | 14.4 | 14.5 | 14.6 | 15.0 | 15.7 |
| <i>Other</i> | 2.0 | 1.9 | 1.9 | 1.9 | 2.0 |
| Hotels and Restaurants | 13.0 | 14.5 | 16.3 | 17.1 | 18.2 |
| Transport, Storage and Communications | 16.4 | 16.1 | 16.6 | 17.5 | 18.1 |
| Financial Intermediation | 6.6 | 6.7 | 7.1 | 7.0 | 7.4 |
| <i>of which: Insurance</i> | 2.0 | 2.0 | 2.1 | 2.1 | 2.2 |
| <i>Other</i> | 4.7 | 4.7 | 5.0 | 4.9 | 5.2 |
| Real Estate, Renting and Business Activities | 8.3 | 8.9 | 8.9 | 8.7 | 8.9 |
| Public Administration and Defence; Compulsory Social Security | 34.8 | 34.9 | 35.7 | 37.8 | 38.9 |
| Education | 17.9 | 17.8 | 18.3 | 18.9 | 20.6 |
| Health and Social Work | 11.4 | 11.3 | 11.0 | 11.0 | 11.6 |
| Other Services | 6.2 | 6.0 | 6.2 | 7.1 | 7.0 |
| All Sectors | 297.7 | 297.0 | 301.2 | 294.6 | 298.5 |

¹ Based on the International Standard Industrial Classification (ISIC) Rev.3.
Tables 5.3(a) and 5.3(b) are not strictly comparable as the classification of sectors differs.
Source: Central Statistics Office, Government of Mauritius.

Table 5.4(a): Average Monthly Earnings in Large Establishments by Industry Group for Employees on Monthly Rates of Pay

(Rupees)

| INDUSTRY GROUP | Mar-95 | Mar-96 | Mar-97 | Mar-98 |
|---|--------------|--------------|--------------|--------------|
| Agriculture and Fishing | 3,981 | 4,396 | 5,116 | 5,289 |
| <i>Sugar</i> ¹ | 3,879 | 4,294 | 5,004 | 5,147 |
| <i>Tea</i> ² | 6,400 | 6,971 | <i>n.a.</i> | <i>n.a.</i> |
| <i>Other</i> | 5,486 | 6,180 | <i>n.a.</i> | <i>n.a.</i> |
| Mining and Quarrying | 7,583 | 8,207 | 8,524 | 10,060 |
| Manufacturing | 5,659 | 5,972 | 6,274 | 6,911 |
| Electricity and Water | 8,988 | 9,707 | 10,112 | 12,448 |
| Construction | 8,355 | 9,096 | 10,038 | 11,479 |
| Wholesale and Retail Trade, Restaurants and Hotels | 6,376 | 6,735 | 7,042 | 7,510 |
| Transport, Storage and Communication | 7,339 | 8,122 | 8,766 | 10,647 |
| Financing, Insurance, Real Estate and Business Services | 9,248 | 10,096 | 11,010 | 11,550 |
| Community, Social and Personal Services | 6,814 | 7,079 | 8,296 | 8,500 |
| <i>Government: (a) Central</i> | 6,931 | 7,176 | 8,612 | 8,643 |
| <i>(b) Local</i> ³ | 5,409 | 5,612 | <i>n.a.</i> | <i>n.a.</i> |
| <i>Other</i> | 6,872 | 7,224 | <i>n.a.</i> | <i>n.a.</i> |
| Activities not elsewhere specified | 4,905 | 4,704 | 5,623 | 6,313 |
| All Sectors | 6,334 | 6,731 | 7,570 | 8,080 |

¹ Includes factories.² Includes factories and Tea Development Authority.
Source: Central Statistics Office, Government of Mauritius.³ Municipalities and District Councils.

Table 5.4(b): Average Monthly Earnings¹ in Large Establishments by Industrial Group for Employees on Monthly Rates of Pay

(Rupees)

| INDUSTRIAL GROUP | Mar-99 | Mar-00 | Mar-01 ² | Mar-02 |
|--|--------------|--------------|---------------------|---------------|
| Agriculture, Forestry and Fishing | 6,146 | 6,818 | 7,910 | 8,527 |
| <i>of which: Sugarcane</i> | 5,625 | 6,268 | 7,116 | 7,753 |
| Mining and Quarrying | 10,905 | 11,427 | 12,822 | 13,396 |
| Manufacturing | 7,105 | 7,703 | 8,127 | 8,566 |
| <i>of which: EPZ³</i> | 6,423 | 6,944 | 7,194 | 7,821 |
| Electricity, Gas and Water | 12,157 | 13,569 | 15,696 | 17,519 |
| Construction | 8,884 | 10,232 | 10,278 | 11,218 |
| Wholesale & Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods | 9,098 | 9,787 | 10,780 | 10,958 |
| Hotels and Restaurants | 7,099 | 7,437 | 7,819 | 8,056 |
| Transport, Storage and Communication | 10,508 | 12,021 | 12,508 | 13,377 |
| Financial Intermediation | 13,515 | 14,814 | 16,538 | 17,230 |
| Real Estate, Renting and Business Activities | 9,935 | 11,321 | 12,301 | 12,499 |
| Public Administration and Defence; Compulsory Social Security | 9,608 | 10,208 | 10,684 | 11,022 |
| Education | 10,608 | 11,256 | 11,235 | 11,682 |
| Health and Social Work | 10,137 | 11,290 | 12,396 | 12,128 |
| Other Community, Social and Personal Services | 8,287 | 8,364 | 8,683 | 8,315 |
| All Sectors | 8,777 | 9,579 | 10,216 | 10,686 |

¹ Tables 5.4(a) and 5.4(b) are not strictly comparable as the classification of sectors differs.² Revised.³ Excluding non-manufacturing EPZ establishment.

Based on the International Standard Industrial Classification (ISIC) Rev.3.

Source: Central Statistics Office, Government of Mauritius.

Table 6.1: Government Recurrent Budget

(Rs million)

| | 2000-01 | 2001-02 | 2002-03 (Revised Estimates) | 2003-04 (Estimates) |
|--|-----------------|-----------------|--------------------------------|------------------------|
| REVENUE | | | | |
| Tax Revenue | 20,189.4 | 21,519.3 | 26,420.0 | 29,005.0 |
| Taxes on Income, Profits and Capital Gains | 3,039.1 | 3,494.0 | 3,930.0 | 4,625.0 |
| Individual Income Tax | 1,517.9 | 1,619.0 | 1,870.0 | 2,300.0 |
| Corporate Tax | 1,521.2 | 1,875.0 | 2,060.0 | 2,325.0 |
| Taxes on Property | 1,324.2 | 1,298.9 | 1,416.0 | 1,548.0 |
| Land and Real Estate | 279.1 | 249.6 | 313.0 | 365.0 |
| Financial Transactions | 1,045.1 | 1,049.3 | 1,103.0 | 1,183.0 |
| Domestic Taxes on Goods and Services | 9,465.7 | 10,820.4 | 14,173.0 | 15,530.0 |
| <i>of which:</i> | | | | |
| Excise Duties | 2,106.9 | 2,298.6 | 2,366.0 | 2,499.0 |
| Value-Added Tax | 5,924.5 | 7,053.4 | 10,014.0 | 11,160.0 |
| Taxes on Services | 957.2 | 978.5 | 1,060.0 | 1,091.0 |
| (i) Taxes on Gambling | 858.7 | 891.5 | 957.0 | 985.0 |
| (ii) Taxes on Hotel Bills | 98.5 | 87.5 | 103.0 | 106.0 |
| Taxes on Use of Goods | 477.2 | 489.9 | 733.0 | 780.0 |
| Taxes on International Trade and Transactions | 6,349.1 | 5,893.4 | 6,890.0 | 7,290.0 |
| Customs Duty | 3,467.0 | 3,287.8 | 3,630.0 | 3,840.0 |
| Excise Duty on Imports | 2,882.1 | 2,605.6 | 3,260.0 | 3,450.0 |
| Other Tax Revenue: Stamp Duty | 11.3 | 12.6 | 11.0 | 12.0 |
| Receipt from Public Utilities | 268.5 | 242.8 | 161.0 | 248.0 |
| Receipt from Public Services | 676.3 | 776.2 | 830.0 | 903.0 |
| Rental of Public Property | 77.8 | 88.5 | 110.0 | 140.0 |
| Other | 2,937.3 | 1,979.3 | 2,559.0 | 2,649.0 |
| TOTAL RECURRENT REVENUE | 24,149.4 | 24,606.1 | 30,080.0 | 32,945.0 |
| EXPENDITURE | | | | |
| General Public Services | 2,570.6 | 2,539.8 | 2,608.0 | 3,056.0 |
| Defence | 254.0 | 267.9 | 304.0 | 358.0 |
| Public Order and Safety | 2,029.3 | 2,306.1 | 2,648.0 | 3,056.0 |
| Economic Services | 2,373.6 | 2,842.8 | 2,838.0 | 2,771.0 |
| Agriculture, Forestry, Fishing and Hunting | 1,099.0 | 1,067.3 | 1,052.0 | 1,199.0 |
| Transportation and Communication | 338.3 | 314.2 | 341.0 | 372.0 |
| Mining, Manufacturing and Construction | 173.0 | 106.4 | 113.0 | 124.0 |
| Fuel and Energy | 15.1 | 33.0 | 28.0 | 46.0 |
| Other Economic Affairs and Services | 748.2 | 1,321.9 | 1,304.0 | 1,030.0 |
| Social Services | 13,342.8 | 14,533.6 | 15,172.0 | 16,828.0 |
| Social Security and Welfare | 6,086.2 | 6,591.2 | 7,017.0 | 7,561.0 |
| Education | 3,914.6 | 4,101.2 | 4,489.0 | 5,060.0 |
| Health | 2,448.9 | 2,634.9 | 2,648.0 | 3,056.0 |
| Housing and Community Amenities | 573.0 | 849.2 | 635.0 | 702.0 |
| Recreational, Cultural and Religious Services | 320.1 | 357.1 | 383.0 | 449.0 |
| Local Authorities | 798.2 | 851.4 | 905.0 | 912.0 |
| Public Debt Interest | 5,074.8 | 4,544.3 | 6,392.0 | 6,967.0 |
| Other | 4,955.0 | 1,691.1 | 2,633.0 | 2,802.0 |
| TOTAL RECURRENT EXPENDITURE | 31,398.3 | 29,577.0 | 33,500.0 | 36,750.0 |
| SURPLUS (+) OR DEFICIT (-) | -7,248.8 | -4,970.9 | -3,420.0 | -3,805.0 |

Source: Ministry of Finance, Government of Mauritius.

Table 6.2: Government Capital Budget

(Rs million)

| | 2000-01 | 2001-02 | 2002-03 (Revised Estimates) | 2003-04 (Estimates) |
|--|----------------|----------------|--------------------------------|------------------------|
| RECEIPTS | | | | |
| Domestic Revenue | 4,525.6 | 2,800.8 | 2,094.7 | 5,920.0 |
| Mauritius Development Loan Stocks | 1,766.2 | 0.0 | 1,241.0 | 5,000.0 |
| Dividends from Investments | 425.6 | 195.9 | 459.8 | 722.0 |
| Other | 2,333.8 | 2,604.9 | 393.9 | 198.0 |
| External Receipts | 547.6 | 2,094.4 | 1,281.5 | 1,512.0 |
| Grants | 199.2 | 316.5 | 401.5 | 663.0 |
| Loans | 348.5 | 1,777.9 | 880.0 | 849.0 |
| <i>Federal Republic of Germany</i> | 0.0 | 0.0 | 7.0 | 0.0 |
| <i>Government of France</i> | 3.4 | 37.9 | 63.0 | 120.0 |
| <i>Government of India</i> | 32.1 | 0.0 | 246.0 | 248.0 |
| <i>Government of Japan</i> | 10.8 | 2.7 | 11.0 | 200.0 |
| <i>Arab Bank for Economic Development in Africa</i> | 89.1 | 106.9 | 239.0 | 156.0 |
| <i>European Investment Bank</i> | 0.0 | 124.5 | 197.0 | 54.0 |
| <i>International Bank for Reconstruction and Development</i> | 72.7 | 1,250.9 | 6.0 | 16.0 |
| <i>International Fund for Agricultural Development</i> | 2.2 | 17.5 | 20.0 | 30.0 |
| <i>Kuwait Fund for Arab Economic Development</i> | 138.0 | 237.5 | 91.0 | 25.0 |
| TOTAL CAPITAL REVENUE | 5,073.3 | 4,895.1 | 3,376.2 | 7,432.0 |
| EXPENDITURE | | | | |
| General Public Services | 211.2 | 366.6 | 596.0 | 581.0 |
| Defence | 0.5 | 1.1 | 0.0 | 0.0 |
| Public Order and Safety | 181.0 | 240.2 | 291.0 | 380.0 |
| Economic Services | 1,849.0 | 891.5 | 1,331.0 | 1,520.0 |
| Agriculture, Forestry, Fishing and Hunting | 236.8 | 202.1 | 260.0 | 465.0 |
| Transportation and Communication | 1,033.3 | 567.2 | 683.0 | 521.0 |
| Mining, Manufacturing and Construction | 25.4 | 50.3 | 51.0 | 58.0 |
| Fuel and Energy | 7.8 | 11.0 | 5.0 | 2.0 |
| Other Economic Affairs and Services | 545.7 | 60.9 | 332.0 | 474.0 |
| Social Services | 2,193.5 | 3,495.5 | 4,809.0 | 5,159.0 |
| Social Security and Welfare | 63.4 | 78.7 | 63.0 | 131.0 |
| Education | 433.6 | 641.0 | 1,175.0 | 1,505.0 |
| Health | 104.0 | 236.9 | 346.0 | 625.0 |
| Housing and Community Amenities | 1,505.1 | 2,404.4 | 2,669.0 | 2,633.0 |
| Recreational, Cultural and Religious Services | 87.4 | 134.5 | 556.0 | 265.0 |
| Local Authorities | 69.7 | 63.0 | 65.0 | 65.0 |
| Rodrigues | 0.0 | 0.0 | 221.0 | 400.0 |
| TOTAL CAPITAL EXPENDITURE | 4,504.9 | 5,057.9 | 7,313.0 | 8,105.0 |
| SURPLUS (+) OR DEFICIT (-) | 568.4 | -162.8 | -3,939.8 | -673.0 |

Source: Ministry of Finance, Government of Mauritius.

Table 6.3: External Debt

(Rs million)

| End-June | Central Government | Financial Public Corporations | Non-Financial Public Enterprises | Private Sector | TOTAL |
|-------------------|--------------------|-------------------------------|----------------------------------|----------------|---------------|
| 1993 | 5,712 | 699 | 6,503 | 3,113 | 16,027 |
| 1994 | 5,766 | 508 | 7,293 | 3,726 | 17,292 |
| 1995 | 5,778 | 405 | 8,952 | 4,433 | 19,568 |
| 1996 | 9,159 | 398 | 9,806 | 4,445 | 23,808 |
| 1997 | 9,619 | 329 | 11,216 | 4,208 | 25,372 |
| 1998 | 10,752 | 396 | 14,601 | 3,946 | 29,695 |
| 1999 | 10,193 | 351 | 16,550 | 3,516 | 30,610 |
| 2000 | 10,190 | 348 | 15,244 | 3,284 | 29,066 |
| 2001 | 7,168 | 524 | 17,508 | 3,208 | 28,408 |
| 2002 | 8,785 | 994 | 17,696 | 2,571 | 30,046 |
| 2003 ¹ | 9,074 | 996 | 16,539 | 2,049 | 28,658 |

¹ Revised estimates.

Note: As from end-June 1999, Central Government external debt includes Treasury Bills held by foreign investors.

Source: Ministry of Finance, Government of Mauritius.

Appendix II Board of Directors as at 30 June 2003

Chairman Rameswurlall Basant Roi, Governor

Director Baboo Rajendranathsing Gujadhur, Managing Director

Director Prof. Donald Ah Chuen

Director Hervé Duval, G.O.S.K.

Director Rajkarrun Thumba Naik, O.B.E.

Director Hambyrajen Narsinghen

Director Assen Ally Abdool Raman Sohawon

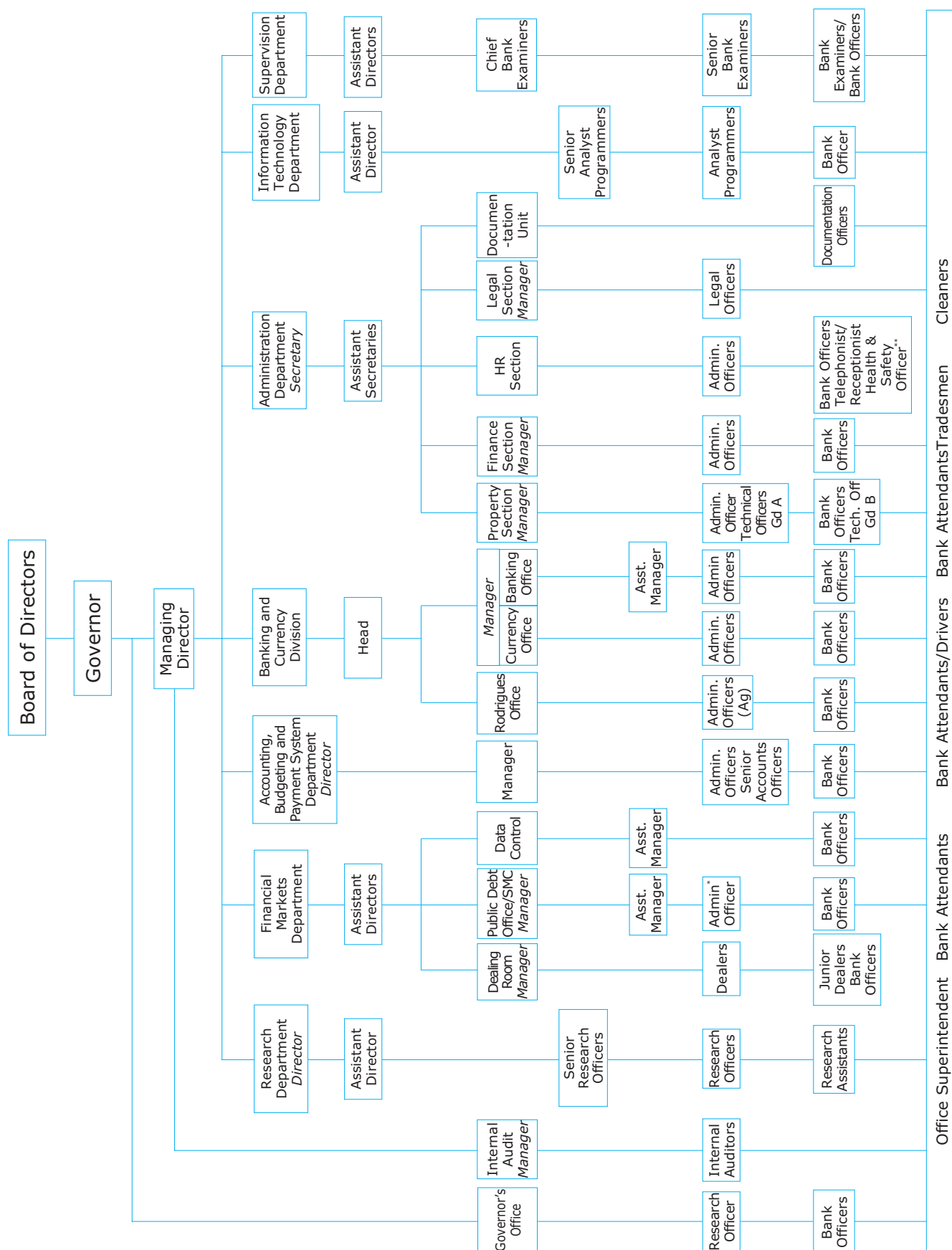
Appendix III**Monetary Management and
Financial Markets Committee**

| | |
|--|---|
| Governor | Rameswurlall Basant Roi |
| Managing Director | Baboo Rajendranathsing Gujadhur |
| Secretary | Anil Kumar Prithipaul (<i>up to 30 June 2003</i>) Hemlata Sadhna Sewraj-Gopal (<i>Mrs</i>)-(w.e.f. 1 April 2003) |
| Director-Accounting, Budgeting and Payment System | Yandraduth Googoolye |
| Director-Research | Hemraz Oopuddhye Jankee |
| Assistant Director-Research | Radhakrishnan Sooben |
| Assistant Director-Supervision | Ramsamy Chinniah |
| Assistant Director-Supervision | Jayendra Kumar Ramtohul |
| Assistant Director-Financial Markets | Jaywant Pandoo |
| Assistant Director-Financial Markets | Marjorie Marie Agnès Heerah (<i>Ms</i>) |
| Chief Bank Examiner-Supervision | Marie Roger Christian Noël |
| Senior Research Officer | Mahendra Vikramdass Punchoo |
| Senior Research Officer | Jitendra Nathsingh Bissessur |
| Confidential Secretary | Bharati Dillum (<i>Mrs</i>) |
| Bank Officer Grade II | Najma Nabee (<i>Ms</i>) (<i>Secretaries to the Committee</i>) |

Appendix IV Senior Management Officials

| | |
|--|---|
| Governor | Rameswurlall Basant Roi |
| Managing Director | Baboo Rajendranathsing Gujadhur |
| ADMINISTRATION DEPARTMENT | |
| Secretary | Anil Kumar Prithipaul (<i>up to 30 June 2003</i>) Hemlata Sadhna Sewraj-Gopal (<i>Mrs</i>)-(w.e.f. 1 April 2003) |
| Assistant Secretary | Hasham Aboo Bakar Emritte |
| Assistant Secretary | Daneshwar Doobree |
| RESEARCH DEPARTMENT | |
| Director | Hemraz Oopuddhye Jankee |
| Assistant Director | Radhakrishnan Sooben |
| ACCOUNTING, BUDGETING AND PAYMENT SYSTEM DEPARTMENT | |
| Director | Yandraduth Googoolye |
| BANKING AND CURRENCY DIVISION | |
| Head-Banking and Currency Division | Vijay Kumar Sonah |
| FINANCIAL MARKETS DEPARTMENT | |
| Assistant Director | Jaywant Pandoo |
| Assistant Director | Marjorie Marie Agnès Heerah (<i>Ms</i>) |
| INFORMATION TECHNOLOGY DEPARTMENT | |
| Assistant Director | Ng Cheong José Li Yun Fong |
| SUPERVISION DEPARTMENT | |
| Assistant Director | Ramsamy Chinniah |
| Assistant Director | Jayendra Kumar Ramtohol |
| AUDIT OFFICE | |
| Manager | Yuntat Chu Fung Leung |
| LEGAL SECTION | |
| Manager | Mardayah Kona Yerukunondu |

Organisation Chart



* Administrative Officer

*** Part time

Appendix VI **List of Authorised Banks, Non-Bank Deposit-Taking Institutions, Money-Changers and Foreign Exchange Dealers**

The following is an official list of banks holding a Category 1 Banking Licence, banks holding a Category 2 Banking Licence, institutions other than banks which are authorised to transact deposit-taking business and authorised money-changers and foreign exchange dealers in Mauritius and Rodrigues as at 30 June 2003.

Banks holding a Category 1 Banking Licence

1. Bank of Baroda
2. Barclays Bank PLC
3. First City Bank Ltd
4. Habib Bank Limited
5. Indian Ocean International Bank Limited
6. Mauritius Post and Co-operative Bank Ltd
7. South East Asian Bank Ltd
8. State Bank of Mauritius Ltd
9. The Hongkong and Shanghai Banking Corporation Limited
10. The Mauritius Commercial Bank Ltd

Banks holding a Category 2 Banking Licence

1. Bank of Baroda
2. Banque Internationale des Mascareignes Ltée
3. Barclays Bank PLC
4. Deutsche Bank (Mauritius) Limited
5. Investec Bank (Mauritius) Limited
6. P.T Bank Internasional Indonesia
7. RMB (Mauritius) Limited
8. SBI International (Mauritius) Ltd
9. SBM Nedbank International Limited
10. Standard Bank (Mauritius) Offshore Banking Unit Limited
11. Standard Chartered Bank (Mauritius) Limited
12. The Hongkong and Shanghai Banking Corporation Limited

Non-Bank Financial Institutions Authorised to Transact Deposit-Taking Business

1. ABC Finance & Leasing Ltd
2. Barclays Leasing Company Limited
3. Finlease Company Limited
4. General Leasing Co. Ltd
5. Global Direct Leasing Ltd
6. Island Leasing Co Ltd
7. La Prudence Leasing Finance Co. Ltd
8. Mauritian Eagle Leasing Company Limited
9. Mauritius Housing Company Ltd
10. MUA Leasing Company Limited
11. SBM Lease Limited
12. SICOM Financial Services Ltd
13. The Mauritius Civil Service Mutual Aid Association Ltd
14. The Mauritius Leasing Company Limited

Money-Changers (Bureaux de Change)

1. Direct-Plus Ltd
2. Shibani Finance Co. Ltd
3. Grand Bay Helipad Co. Ltd
4. Max & Deep Co. Ltd
5. Gowtam Jootun Lotus Ltd

Foreign Exchange Dealers

1. British American Mortgage Finance House Co. Ltd
2. Rogers Investment Finance Ltd
3. Thomas Cook (Mauritius) Operations Company Limited
4. CIEL Finance Ltd

BANK OF MAURITIUS

Address Sir William Newton Street
Port Louis
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