ANNUAL REPORT

Year ended 30 June 2005

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The Governor

Bank of Mauritius
Port Louis

31 March 2006

The Honourable Rama Krishna Sithanen,
Deputy Prime Minister, Minister of Finance
and Economic Development,
Government House,
Port Louis.

Dear Deputy Prime Minister, Minister of Finance and Economic Development

Annual Report and Audited Accounts 2004-05

In accordance with the provision of Section 32 (3) of the Bank of Mauritius Act 2004, I transmit herewith the thirty-eighth Annual Report of the Bank, which also contains the audited Accounts of the Bank for the year ended 30 June 2005.

Yours sincerely

Rameswurlall Basant Roi, G. C. S. K.

Statement from the Governor

The global economy experienced robust growth in 2004-05, underpinned by still accommodative, albeit to a lesser degree, macroeconomic policies and steady growth in China and the United States. Growth in the euro zone and Japan has been disappointing although signs of economic recovery have been more visible recently. The soaring level of world oil prices, through its impact on the inflation and current account outlook of countries dependent on imported oil, however, represents an increasing downside risk to the growth picture. Despite the tsunami disaster in December 2004 and its devastating consequences, emerging Asian countries have experienced robust growth. Global economic growth in the years ahead may be much more dependent on these Asian economies, China and the United States.

Mauritius faces daunting challenges stemming from the phasing out of the WTO Agreement on Textiles and Clothing and increased competition from low-cost textile producers and from the proposed reform of the European Union sugar regime. Against the background of the expected erosion of trade preferences in both the sugar and textile sectors, there is a clear need to consolidate all the existing pillars of the economy while developing new growth poles.

During 2004-05, economic performance was characterized by a real GDP growth of 4.1 per cent, a reduction in the budget deficit as a proportion of GDP from 5.4 per cent in 2003-04 to 5.0 per cent in 2004-05, a rise in the consumer price inflation from 3.9 per cent in 2003-04 to 5.6 per cent in 2004-05, an increase in the unemployment rate to 10.4 per cent, a deficit on the current account balance and overall balance of payments as well as a drop in the level of gross foreign reserves of the central bank. However, net international reserves increased, reflecting essentially the rise in the net foreign assets of former Category 1 banks. On the external front, the current account of the balance of payments, after having registered surpluses for the last four years posted a deficit, attributable mainly to the faster growth of imports relative to exports. The rise in the unemployment rate, the deterioration in the external sector outlook, and the slow progress towards fiscal consolidation remain major sources of concern for the authorities. Real GDP growth is estimated at 3.0 per cent in 2005.

The inflation rate increased from 3.9 per cent in 2003-04 to 5.6 per cent in 2004-05, higher than the target of 4.0 per cent set by the Bank of Mauritius at the beginning of the fiscal year. Domestic adjustments to higher energy prices that prevailed on the international market, higher electricity tariffs and bus fares, increased freight rates and the depreciation of the rupee have contributed to the rise in the inflation rate during the period under review. For the year 2005-06, the Bank of Mauritius is targeting an inflation rate of 4.0 per cent.

The Mauritian economy has been adversely affected by the surge in oil prices during the period under review. International oil prices have been on a rising trend and traded consistently above US$50 a barrel for most of the time during the second quarter of 2005 and even reached a high of US$60 a barrel in June 2005. The upward trend in oil prices looks unlikely to abate in the short-term and Mauritius needs to take the appropriate steps to adjust to this high oil price environment. Petroleum imports, which used to represent around 9 per cent of our total imports during the recent past now account for nearly 13 per cent of the total import bill. It may be recalled that with effect from 2 April 2004, the authorities have implemented an Automatic Price Mechanism (APM) under which prices of petroleum products on the domestic market are adjusted on a quarterly basis, in the range of 2.5 per cent to 15.0 per cent for diesel and motor gasoline (mogas), to reflect price fluctuations on the world oil market as well as exchange rate fluctuations vis-à-vis the Mauritian rupee of the dollar-denominated world prices of oil. However, the domestic price adjustments, which were due under the APM at the beginning of July 2005 were, postponed to the beginning of October 2005.

During the year ended June 2005, the Bank of Mauritius raised the Lombard Rate on two occasions, by 25 basis points each time, from 9.50 per cent to 9.75 per cent on 21 October 2004 and to 10.00 per cent on 10 February 2005. Former Category 1 banks adjusted their deposits and lending rates in line with the changes in the Lombard Rate. The rise in the Lombard Rate was a turn-around in the monetary policy stance of the Bank since April 2001, when the Bank proceeded with a series of cuts in its policy variable rate. The increases in the Lombard Rate were aimed at taking pre-emptive measures to stem inflationary pressures against the backdrop of rising oil prices and increased freight charges, besides ensuring the attractiveness of rupee-denominated financial instruments. The decisions were also viewed as being consistent with the objective of achieving price stability in view of supporting medium-term growth prospects.

With a view to stemming the rise in the public debt, the Government had decided to separate public debt management from monetary management. It will be recalled that as from 22 August 2003, Treasury Bills and other Government securities have been auctioned solely to meet the borrowing requirements of the Government whereas Bank of Mauritius Bills have been auctioned for monetary policy purposes. However, despite this separation of public debt from monetary management, the slow progress in fiscal consolidation has resulted in an increase in the level of public debt.

The issue of Bank of Mauritius Bills for monetary policy purposes and the low level of interest rates that had prevailed on the international financial markets had impacted adversely on the financial position of the Bank during the financial year ended June 2004. However, with the turning of the interest rate cycle abroad, the need for Government to maintain only operational cash balances at the central bank and a decrease in the cost of servicing of Bank of Mauritius Bills, the financial performance of the Bank has improved during the financial year 2004-05. It is expected that the profitability of the Bank will continue to register further improvements during the forthcoming year.

The banking sector registered continued growth in its profitability during the year 2004-05. The aggregate pre-tax profits of former Category 1 banks, based on their combined audited financial statements, went up by 15.3 per cent compared to an increase of 19.2 per cent in the preceding financial year. The aggregate pre-tax profits of former Category 2 banks went up by a much higher rate of 49.9 per cent compared to an increase of 17.1 per cent in the preceding financial year.

With the continued development and sophistication of the banking industry, the Bank relentlessly pursued its efforts to strengthen its supervisory arm. The regulatory framework was enhanced with the promulgation of the Banking Act 2004 and the Bank of Mauritius Act 2004. The Banking Act 2004 has provided for the integration of domestic and offshore banking business and eliminates the previous distinction between former Category 1(domestic) and former Category 2 (offshore) banks. Offshore banks are generally perceived as being less regulated and are more prone to money laundering and other illegal activities. The new legislation will help to dissipate any misapprehension regarding regulation of the offshore banks and will further consolidate the image of our financial sector.

The Bank has continued to consolidate the banking industry with the issue of new guidelines and the revision of existing ones following the enactment of new Banking Act 2004. In addition, the Guidance Notes on Anti-money Laundering and Combating the Financing of Terrorism have been amended in the light of changes in the legislative framework and experience gathered through constant dialogue between the Bank and stakeholders. The Bank has also significantly beefed up the personnel of its Supervision Department, with the recruitment of new skills and competences and with a sustained emphasis on training and personal development of staff.

The Bank is more than ever committed to the implementation of Basel II in Mauritius. Last year a unit was set up to assess the potential impact of Basel II in the banking system and to promote the adoption of more risk-sensitive capital measurement systems and stronger risk management practices by the banking industry. Significant progress has been made since then. Given the intricacies of Basel II and its far-reaching impact on the operations of banks, it has been proposed to adopt a consultative and participative approach in its implementation. To this end, a 'Committee for the Implementation of Basel II', consisting of representatives of all banks and chaired by the First Deputy Governor, has been set up. The Committee will oversee the implementation of Basel II in Mauritius and will assist in devising policy frameworks and proposing solutions to banks in response to the changing regulatory environment brought about by the implementation of Basel II. The Committee will serve as a forum to discuss, address and clarify issues and concerns banks may have, with the objective of smoothening the transition from the current capital adequacy regime to a Basel II compliant regime.

Efforts at fiscal consolidation will necessarily need to be pursued more vigorously with a view to maintaining medium-term fiscal sustainability and a stable macroeconomic environment.

Reflecting tight liquidity conditions in the domestic foreign exchange market during the period under review, the Bank of Mauritius sold a total amount of US$185 million through intervention on the inter-bank foreign exchange market during 2004-05. 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.

As part of its on-going dialogue with domestic financial markets, the Financial Markets Committee, comprising the Heads of Treasury from 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.

It will be recalled that a Banking Committee comprising the Chief Executives of the eleven 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. In line with the change to a Single Banking Licence Regime, the membership of the Banking Committee has also been extended to the Chief Executives of the former Category 2 banks. To date, the Committee has met on twenty occasions.

Significant headway has been made during the year under review towards the setting up of the Mauritius Credit Information Bureau (MCIB) 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. The MCIB is expected to become operational in December 2005. Banks will be required to consult the MCIB while processing application for loans. The MCIB should over time help towards further strengthening the balance sheets of banks.

At the regional level, during the period under review, the Bank has participated in the meetings of the Committee of Central Bank Governors in Common Market for Eastern and Southern Africa (COMESA) and the Committee of Central Bank Governors (CCBG) in Southern African Development Community (SADC).

Finally, I would like to express my deep appreciation for the commitment, encouragement and support of the Board of Directors and staff of the Bank, without which the objectives of the Bank would not have been attained.

Rameswurlall Basant Roi, G.C.S.K.

1 Review of the Economy: 2004-05

Economic performance during fiscal year 2004-05 [1] was characterized by a real GDP growth of 4.1 per cent, a reduction in the budget deficit as a proportion of GDP from 5.4 per cent in 2003-04 to 5.0 per cent in 2004-05, a rise in the consumer price inflation from 3.9 per cent in 2003-04 to 5.6 per cent in 2004-05, an increase in the unemployment rate to 10.4 per cent, a deficit on the current account balance and overall balance of payments as well as a drop in the level of gross foreign reserves of the central bank. However, net international reserves increased, reflecting essentially the rise in the net foreign assets of former Category 1 banks. On the external front, the current account of the balance of payments, after having registered surpluses for the last four years, posted a deficit, attributable mainly to the faster growth of imports relative to exports. Regarding the overall budget deficit in 2004-05, it must be pointed out that if the interest payments of Rs1,761 million on Treasury Bills, which were due in that year but were deferred through the conversion of maturing Treasury Bills into 3-Year Treasury Notes, and the expenditure incurred under the loan of Rs500 million contracted by the Road Development Authority (RDA) were consolidated, the budget deficit would amount to 5.9 per cent of GDP, up from 5.4 per cent of GDP in 2003-04. Net credit to Government from the banking system expanded by 15.7 per cent. Broad money supply (M2) grew by 8.5 per cent during the period under review as a result of increases in both domestic credit and in the net foreign assets of the former Category 1 banks. Rise in the unemployment rate, deterioration in the external sector balance, and the rather slow progress towards fiscal consolidation constitute the major areas requiring the urgent attention of the authorities.

Gross Domestic Product (GDP) at basic prices increased by 11.0 per cent, from Rs136,833 million in 2003 to Rs151,947 million in 2004. In real terms, the growth rate was 4.5 per cent in 2004, higher than the 3.7 per cent registered in 2003. Growth in the agricultural sector was led mainly by the higher sugar output in 2004 following favourable climatic conditions. The economy is estimated to have grown by 3.0 per cent in 2005.

The agricultural sector expanded by 5.8 per cent in 2004, largely driven by an increase of 6.5 per cent in sugar output to 572,316 tonnes. The "Manufacturing" sector recorded a marginal increase of 0.3 per cent in 2004. The EPZ sector registered a negative growth of 6.8 per cent in 2004 with exports totalling Rs32.0 billion compared to Rs31.4 billion in 2003. EPZ enterprises are expected to contract further by 13.0 per cent in 2005 as a result of the elimination of textile trade quotas together with the severe competition faced from low-cost producing economies. EPZ exports are estimated at around Rs31.0 billion. The tourism sector grew by 2.4 per cent, with tourist arrivals increasing from 702,018 in 2003 to 718,861 in 2004. Gross tourism earnings went up by 20.8 per cent, from Rs19,415 million in 2003 to Rs23,448 million in 2004, compared to a growth of 5.9 per cent in 2003. The construction sector grew by 0.5 per cent in 2004 compared to 10.2 per cent in 2003. The "Financial Intermediation" sector expanded by 4.0 per cent in 2004 compared to 5.6 per cent in 2003.

In nominal terms, aggregate consumption expenditure increased by 15.2 per cent in 2004 compared to 11.1 per cent in 2003. In real terms, it registered a growth of 6.8 per cent in 2004 compared to 4.7 per cent in 2003. Gross National Savings (GNS) increased, in nominal terms, by 2.3 per cent in 2004. The savings rate, defined as the ratio of GNS to GDP at market prices, declined from 24.8 per cent in 2003 to 22.7 per cent in 2004, and is expected to decrease further to 16.7 per cent in 2005.

Gross Domestic Fixed Capital Formation (GDFCF), exclusive of the acquisition of aircraft, expanded by 9.6 per cent in nominal terms in 2004.

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[1] *The fiscal year extends from 1 July to 30 June.*

In real terms, it grew by 4.8 per cent in 2004 compared to 8.1 per cent in 2003. The ratio of GDFCF to GDP at market prices fell from 22.7 per cent in 2003 to 21.7 per cent in 2004, and is forecast to decrease to 21.3 per cent in 2005.

The population of the Republic of Mauritius was estimated at 1,243,588 as at 1 July 2005.

With effect from the first quarter of 2004, the Central Statistics Office (CSO) has adopted a new methodology for collecting employment data and calculating the unemployment rate. Quarterly estimates based on the results of the "Continuous Multi-Purpose Household Survey" (CMPHS), which is now used to measure the labour force and the number of employed and unemployed, with the last week of each quarter as reference week, are now published. The data thus obtained from the CMPHS are not strictly comparable with data in previous years.

Data released recently point to an acceleration in the unemployment rate to 10.4 per cent in the second quarter of 2005 from 9.6 per cent in the first quarter of 2005. Based on the CMPHS, the total labour force in 2004 stood at 549,600, with 357,200 males and 192,400 females. For 2005, total labour force is estimated at 560,500, with 359,000 males and 201,500 females. The number of foreign workers is expected to decline from 17,500 in 2004 to 16,600, or by 5.1 per cent, in 2005. In 2004, the total number of persons in employment, inclusive of foreign workers, grew by 0.8 per cent from 500,400 to 504,500. Total employment is estimated to reach 508,600, with 339,100 males and 169,500 females, in 2005. The unemployment rate rose from 7.7 per cent in 2003 to 8.5 per cent in 2004 and is estimated to reach 9.5 per cent in 2005.

Labour market developments have, during the past few years, reflected the ongoing changes in the structure of the economy. With the elimination of export quotas, under the WTO Agreement on Textiles and Clothing, as from 1 January 2005, coupled with the loss of preferential arrangements for our sugar exports, the unemployment problem in Mauritius has become a major policy challenge for the authorities.

The rate of consumer price inflation increased from 3.9 per cent in 2003-04 to 5.6 per cent in 2004-05, higher than the target of 4.0 per cent set by the Bank of Mauritius at the beginning of the fiscal year. Domestic adjustments to higher energy prices which have prevailed on the international market, higher electricity tariffs and bus fares, increased freight rates and the depreciation of the rupee have contributed to the rise in the inflation rate during the period under review.

The surge in oil prices has adversely affected the Mauritian economy during the period under review. International oil prices have been on a rising trend and traded consistently above US$50 a barrel for most of the time during the second quarter of 2005 and even reached a high of US$60 a barrel in June 2005. The upward trend in oil prices looks unlikely to abate in the short term and Mauritius needs to take the appropriate steps to adjust to this high oil price environment. Petroleum imports, which used to represent around 9 per cent of our total imports during the recent past, now account for nearly 13 per cent of the total import bill. It may be recalled, that with effect from 2 April 2004, the authorities have implemented an Automatic Price Mechanism (APM) under which the prices of petroleum products on the domestic market are adjusted on a quarterly basis, in the range of 2.5 per cent to 15.0 per cent for diesel and motor gasoline (mogas), to reflect price fluctuations on the world oil market as well as exchange rate fluctuations vis-à-vis the Mauritian rupee of the dollar-denominated world prices of oil. During 2004-05, prices of mogas and diesel oil were adjusted three and four times, respectively, under the APM. While the price of mogas per litre was raised from Rs21.35 to Rs24.55 on 2 July 2004 and to Rs26.10 on 2 October 2004, it was reduced to Rs25.25 on 5 January 2005 and left unchanged on 2 April 2005. The price of diesel oil per litre was raised from Rs13.05 to Rs15.00 on 2 July 2004, to Rs17.25 on 2 October 2004 and to Rs18.50 on 5 January 2005, but was reduced to Rs17.25 on 2 April 2005. The domestic price adjustments, which were due under the APM at the beginning of July 2005, were, however, postponed to the beginning of October 2005.

With a view to stemming the rise in the public debt, the Government had decided to separate public debt management from monetary management. Thus, as from 22 August 2003, Treasury Bills and other Government securities have been auctioned exclusively to meet the borrowing requirements of the Government whereas Bank of Mauritius Bills have been auctioned additionally for monetary policy purposes. Nevertheless, slow progress in fiscal consolidation has continued to contribute to an increase in the level of the public debt.

During the period under review, the Bank of Mauritius raised the Lombard Rate on two occasions, by 25 basis points each time, from 9.50 per cent to 9.75 per cent on 21 October 2004 and to 10.00 per cent on 10 February 2005. Former Category 1 banks adjusted their deposits and lending rates in line with the changes in the Lombard Rate. Increases in the Lombard Rate represented a turnaround in the monetary policy stance of the Bank in the post-April 2001 period, when the Bank had proceeded with a series of cuts in its policy rate. Recent increases in the Lombard Rate were aimed at taking pre-emptive steps to stem inflationary pressures against a background of rising oil prices and increased freight charges, besides ensuring the attractiveness of rupee-denominated financial instruments. The decisions were also viewed as being consistent with the objective of achieving price stability in view of supporting medium-term growth prospects. The prime lending rate of former Category 1 banks rose from 7.50 per cent to 8.00 per cent. Their interest rate on savings deposits increased from 4.00 per cent to 4.50 per cent. Notwithstanding the two hikes in Lombard Rate during fiscal year 2004-05, the weighted average term deposits and weighted average lending rates of former Category 1 banks fell from 6.86 per cent and 11.07 per cent, respectively, at the end of June 2004 to 6.42 per cent and 10.89 per cent, respectively, at the end of June 2005 on account of the coming to maturity of deposits and loan facilities that had been negotiated at higher interest rates prior to fiscal year 2003-04.

Aggregate monetary resources, that is money supply M2, expanded by 8.5 per cent in 2004-05, lower than the increase of 14.4 per cent in 2003-04, mainly as a result of a relatively low demand for money. Net foreign assets of the banking system went up by 6.9 per cent, from Rs49,120 million at the end of June 2004 to Rs52,505 million at the end of June 2005, with former Category 1 banks driving the increase. Domestic credit increased by 11.3 per cent in 2004-05 compared to the rise of 20.5 per cent in the preceding year. Credit to the private sector expanded by 9.6 per cent in 2004-05, slightly higher than the increase of 9.4 per cent in 2003-04, against the backdrop of monetary tightening by the Bank of Mauritius. Net credit to Government from the banking system grew by 15.7 per cent in 2004-05 compared to a rise of 64.6 per cent in 2003-04.

The budget deficit for 2004-05 was Rs9,025 million, equivalent to 5.0 per cent of GDP at market prices, compared to 5.4 per cent in the preceding year. However, inclusive of the interest payments of Rs1,761 million on Treasury Bills, which were due in that year but were deferred through the conversion of maturing Treasury Bills into 3-Year Treasury Notes, and the expenditure incurred under the loan of Rs500 million contracted by the Road Development Authority, the budget deficit would amount to 5.9 per cent of GDP, up from 5.4 per cent of GDP in 2003-04. The budget deficit for 2004-05 was financed essentially from domestic sources. Domestic financing resulted mainly from the non-bank sector and former Category 1 banks to the extent of Rs6,030 million and Rs4,063 million, respectively. Financing from the central bank was also positive at Rs1,498 million. Net foreign financing amounted to Rs484 million in 2004-05. Total public debt increased by Rs12,369 million, from Rs93,447 million at the end of June 2004 to Rs105,816 million at the end of June 2005. As a percentage of GDP at market prices, total public debt increased from 56.5 per cent at the end of June 2004 to 58.3 per cent at the end of June 2005. The debt service ratio of the country increased from 6.5 per cent in 2003-04 to 6.6 per cent in 2004-05.

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 2004 and the 12-month period ended June 2005, the rupee, on an average basis, depreciated by 12.7 per cent against the South African rand, 9.5 per cent against the Pound sterling, 9.4 per cent against the Euro, 6.4 per cent against the Japanese yen and 2.9 per cent against the US dollar. Reflecting tight liquidity conditions in the domestic foreign exchange market during the period under review, the Bank of Mauritius sold a total amount of US$184.8 million through intervention on the inter-bank foreign exchange market during 2004-05.

The current account of the balance of payments registered a deficit of Rs6,245 million in 2004-05 compared to a surplus of Rs1,383 million in 2003-04. The deficit on the current account represented 3.4 per cent of GDP in 2004-05 compared to a surplus equivalent to 0.8 per cent of GDP in 2003-04. The deficit on the current account of the balance of payments stemmed from a deterioration in the merchandise account, reflecting the faster growth of imports relative to exports. Total exports (f.o.b.) increased by 7.2 per cent to Rs58,083 million in 2004-05 while imports (f.o.b.) went up by 21.2 per cent to Rs78,345 million. The capital and financial account recorded a net inflow of Rs3,380 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 Rs50,021 million at the end of June 2004 to Rs53,486 million (US$1,819.6 million) at the end of June 2005. Net international reserves represented 7.6 months of imports at the end of June 2005 compared to 8.6 months of imports at the end of June 2004.

The issue of Bank of Mauritius Bills for monetary policy purposes and the relatively low level of interest rates that had prevailed on the international financial markets had impacted adversely on the financial position of the Bank during the financial year ended June 2004. However, with the turning of the interest rate cycle abroad, the need for Government to maintain only operational cash balances at the central bank and a decrease in the cost of servicing of Bank of Mauritius Bills, the financial performance of the Bank has improved during the financial year 2004-05. These factors are expected to impact favourably on the profitability of the Bank during the next year.

In its continued effort to develop the secondary market for Bills and other government securities, the Bank of Mauritius appointed, with effect from 16 May 2005 the Mauritius Post and Cooperative Bank Ltd as Primary Dealer within the Primary Dealer System, bringing the total number of Primary Dealers to five. The restructuring of Government debt towards a longer maturity profile, which began in 2002-03, continued during 2004-05. Acting as agent of the Government, the Bank issued for the first time Treasury Notes with maturities of three years. With a view to achieving a level playing field in respect of lending and borrowings on the inter-bank money market, a Master Repurchase Agreement for the conduct of Repurchase transactions was signed among former Category 1 banks in March 2005.

During 2004-05, the banking sector continued to experience growth in its profitability. The aggregate pre-tax profits of former Category 1 banks, based on their combined audited financial statements, went up by 15.3 per cent compared to an increase of 19.2 per cent in the preceding financial year. The aggregate pre-tax profits of former Category 2 banks went up by a much higher rate of 49.9 per cent compared to an increase of 17.1 per cent in the preceding financial year. A key development during 2004-05 has been the enactment of the Banking Act 2004 and the Bank of Mauritius Act 2004 on 12 October 2004. The new Banking Act 2004 removed the distinction between Category 1 and Category 2 banks. During the period under review, Guidelines on Credit Risk Measurement and Income Recognition, Guideline on Operational Risk Management and Capital Adequacy Determination and Guideline on Segmental Reporting under a Single Banking Licence Regime were issued while Guideline on Fit and Proper Person Criteria and Guidance Notes on Anti-Money Laundering and Combating the Financing of Terrorism for Financial Institutions were reviewed in keeping with international developments.

The Bank has also embarked on and is committed towards implementing Basel II in Mauritius at the earliest. In this respect, it continues to work towards enhancing the regulatory framework, strengthening corporate governance and the reporting frameworks of banks, capacity building and logistic support, amongst others, to encourage and facilitate the transition to Basel II. During the meeting of the Banking Committee held in May 2005, Governor proposed to establish a Committee for the implementation of Basel II comprising representatives of all banks. The Committee is chaired by the First Deputy Governor. The Committee acts as a steering committee for the implementation of Basel II in Mauritius. It will assist in devising policy frameworks and proposing solutions for banks in response to the changing regulatory environment which the implementation of Basel II entails. This Committee will serve as a forum to discuss, address and clarify issues and concerns that banks may have, with the objective of smoothening the transition from the current capital adequacy regime to a Basel II compliant regime. The Committee has set up various Working Groups, comprising qualified technicians drawn from both the central bank and commercial banks, to work on distinct issues relating to Basel II implementation in Mauritius.

With the increasing trend towards

globalization, Mauritius faces daunting challenges stemming from the phasing out of the WTO Agreement on Textiles and Clothing and increased competition from low-cost textile producers as well as the proposed reform of the European Union sugar regime. Against the background of the expected erosion of trade preferences in both the sugar and textile sectors, there is a clear need to consolidate all the existing pillars of the economy while developing new growth poles. The achievement of higher job-creating growth remains a central policy challenge for Mauritius in the years ahead. To make any significant dent in the unemployment problem, Mauritius needs to move to a higher growth path of at least 6 per cent per annum. As part of structural reforms, issues relating to rigidities and mismatch of skills in the labour market need to be addressed. The search for long-term solutions for promoting international competitiveness through further economic diversification and productivity enhancement are expected to become the new planks of economic policy. The new economic strategy of the Government places a lot of emphasis on the democratization of the economy, with a particular focus on new opportunities for small and medium enterprises. Efforts at fiscal consolidation are also expected to be pursued more vigorously with a view to maintaining medium-term fiscal sustainability and achieving a stable macroeconomic environment as a foundation for future economic policy.

The foregoing economic and financial developments during the year 2004-05 are reviewed in greater detail in the following chapters of the report.

I. NATIONAL INCOME AND PRODUCTION [1]

The economy grew by 4.5 per cent in 2004 compared to 3.7 per cent in 2003, reflecting largely the recovery of the agricultural sector, both sugar and non-sugar, and the wholesale and retail trade sector. Excluding the sugar sector, the growth rate of the economy works out to 4.4 per cent in 2004 compared to 3.7 per cent in 2003. Apart from the EPZ sector, which recorded a contraction for the third year running, all the other major sectors of the economy performed relatively well although a deceleration was noted in the growth rates of the tourism and financial intermediation sectors. The financial intermediation, agricultural, tourism and manufacturing sectors registered real growth rates of 4.0 per cent, 5.8 per cent, 2.4 per cent and 0.3 per cent, respectively, in 2004. Other sectors that contributed to the performance of the economy include the 'Transport, storage and communications' sector, the 'Real estate, renting and business activities' sector and the 'Wholesale and retail trade' sector, which grew by 8.0 per cent, 6.1 per cent and 6.3 per cent, respectively, in 2004. There was, however, a marked slowdown in the growth rate of the construction sector, which expanded by 0.5 per cent in 2004, down from 10.2 per cent in 2003.

Gross Domestic Product (GDP) at basic prices grew, in absolute terms, by 11.0 per cent, from Rs136,833 million in 2003 to Rs151,947 million in 2004. In real terms, the growth rate is estimated at 4.5 per cent, higher than the 3.7 per cent recorded in 2003. GDP at market prices increased by 11.8 per cent, from Rs156,639 million in 2003 to Rs 175,119 million in 2004. Gross National Income (GNI) at market prices went up by 12.1 per cent, from Rs155,806 million in 2003 to Rs174,730 million in 2004. Per capita GNI at market prices increased by 11.2 per cent, from Rs127,386 in 2003 to Rs141,634 in 2004. In US dollar terms, per capita GNI increased from US$4,461 in 2003 to US$5,066 in 2004.

Aggregate final consumption expenditure of households and general government grew by 15.2 per cent, from Rs118,425 million in 2003 to Rs136,369 million in 2004. In real terms, it grew by 6.8 per cent in 2004 compared to 4.7 per cent in 2003. Compensation of employees went up by 8.8 per cent, from Rs58,658 million in 2003 to Rs63,821 million in 2004. As a percentage of GDP at basic prices, it fell from 42.9 per cent in 2003 to 42.0 per cent in 2004. In nominal terms, Gross National Disposable Income (GNDI) went up by 12.0 per cent in 2004 compared to a growth of 7.7 per cent in 2003. Gross National Savings increased by 2.3 per cent in 2004. The ratio of Gross National Savings (GNS) to GDP at market prices declined from 24.8 per cent in 2003 to 22.7 per cent in 2004.

Investment went up by 6.9 per cent, from Rs35,554 million in 2003 to Rs38,003 million in 2004. In real terms, it grew by 2.2 per cent in 2004 compared to 10.3 per cent in 2003. Exclusive of the purchase of aircraft, investment grew, in real terms, by 4.8 per cent in 2004, down from 8.1 per cent in 2003. As a percentage of GDP at market prices, the Resource Balance (defined as Savings minus Investment) fell from 1.3 per cent in 2003 to -2.4 per cent in 2004, reflecting a lower level of savings relative to investment.

Exports of goods and services increased, in nominal terms, by 6.9 per cent, from Rs88,714 million in 2003 to Rs94,859 million in 2004. In real terms, however, this represented a fall of 0.2 per cent. Imports of goods and services went up, in nominal terms, by 14.2 per cent, from Rs86,694 million in 2003 to Rs99,025 million in 2004. In real terms, imports of goods and services rose by 2.8 per cent.

Aggregate Consumption Expenditure

In 2004, aggregate final consumption expenditure expanded, in real terms, by 6.8 per cent, higher than the growth rate of 4.7 per cent registered in 2003. Household consumption expenditure registered a real growth rate of 7.3 per cent in 2004 compared to 5.0 per cent in 2003. General government consumption expenditure increased, in real terms, by 4.6 per cent in 2004 compared to 3.0 per cent in 2003. Aggregate final consumption expenditure as a percentage of GDP at market prices rose from 75.6 per cent in 2003 to 77.9 per cent in 2004. As a percentage of GDP at market prices, household final consumption expenditure went up to 63.6 per cent in 2004 from 61.4 per cent in 2003. General government final

[1] *The National Accounts data are based on the results of the 2002 Census of Economic Activities.*

consumption expenditure to GDP at market prices rose from 14.2 per cent in 2003 to 14.3 per cent in 2004.

Table I.1 shows the main national accounting aggregates and ratios for the years 2002 through 2005.

Gross Domestic Fixed Capital Formation (GDFCF)

After registering a marked increase of 10.3 per cent in 2003, investment in the economy slowed significantly in 2004, growing, in real terms, by 2.2 per cent. Exclusive of the purchase of aircraft, Gross Domestic Fixed Capital Formation increased, in real terms, by 4.8 per cent in 2004 compared to 8.1 per cent in 2003. The ratio of GDFCF to GDP at market prices declined from 22.7 per cent in 2003 to 21.7 per cent in 2004. In real terms, private sector GDFCF registered an increase of 16.3 per cent in 2004 in contrast to a decline of 1.8 per cent in 2003. The growth in private sector GDFCF is mainly attributable to the construction of new hotels and to investment in the EPZ sector. After a high growth of 36.6 per cent in 2003, public sector GDFCF registered a contraction of 19.8 per cent in 2004 on account of a significant decrease in public construction works. The share of private sector GDFCF in total GDFCF increased from 61.0 per cent in 2003 to 69.3 per cent in 2004. In contrast, the share of public sector investment fell from 39.0 per cent to 30.7 per cent over the same period.

An analysis of investment by type of capital goods shows that, in real terms, capital formation in "Building and construction work" registered a contraction of 0.3 per cent in 2004 as against an expansion of 12.9 per cent in 2003. Investment in "Residential building" declined, in real terms, by 2.3 per cent in 2004 after registering a growth of 4.6 per cent in 2003. Construction activity in the non-residential sub-sector increased by 20.1 per cent in 2004 after expanding by 7.6 per cent in 2003. Investment in "Other construction work" contracted,

Table I.1: Main National Accounting Aggregates and Ratios: 2002 - 2005

	2002	2003 [1]	2004 [1]	2005 [1]
A. Aggregates (Rs million)				
1. GDP at basic prices	125,779	136,833	151,947	164,127
Annual Real Growth Rate (Per cent)	+2.1	+3.7	+4.5	+3.0
2. GDP at market prices	142,838	156,639	175,119	186,973
3. GNI at market prices	143,234	155,806	174,730	185,754
4. Per capita GNI at market prices (Rupees)	118,328	127,386	141,634	149,370
5. Aggregate Consumption Expenditure	106,591	118,425	136,369	156,214
6. Compensation of Employees	53,211	58,658	63,821	68,880
7. Gross Domestic Fixed Capital Formation	31,075	35,554	38,003	39,814
8. Gross Capital Formation	31,910	36,194	42,916	42,127
9. Gross Domestic Savings	36,247	38,214	38,750	30,759
10. Resource Balance (9 - 8)	4,337	2,020	-4,166	-11,368
11. Gross National Disposable Income	145,973	157,277	176,104	187,527
B. Ratios: As a Percentage of GDP at market prices				
1. Gross Domestic Savings	25.4	24.4	22.1	16.5
2. Aggregate Consumption Expenditure	74.6	75.6	77.9	83.6
3. Gross Domestic Fixed Capital Formation	21.8	22.7	21.7	21.3
4. Resource Balance	3.0	1.3	-2.4	-6.1
C. Ratio: As a Percentage of GDP at basic prices				
1. Compensation of Employees	42.3	42.9	42.0	42.0

[1] *Revised estimates.*
Source: Central Statistics Office, Government of Mauritius.

in real terms, by 24.2 per cent in 2004 as against an expansion of 34.5 per cent in 2003. Investment in "Machinery and equipment" grew, in real terms, by 6.2 per cent in 2004 after an increase of 6.5 per cent in 2003. Exclusive of aircraft, real growth of GDFCF in "Machinery and equipment" stood at 13.4 per cent in 2004 compared to 1.1 per cent in 2003. Investment in "Passenger car" grew by 39.5 per cent in 2004 after an expansion of 12.2 per cent in 2003. Investment in "Other transport equipment", excluding aircraft and marine vessel, contracted by 16.5 per cent in 2004 after an expansion of 32.3 per cent in 2003. Investment in "Other machinery and equipment" registered an expansion of 14.0 per cent in 2004 after contracting by 5.2 per cent in 2003.

A breakdown of GDFCF by industrial use shows that in 2004 the level of investment experienced wide sectoral variations. Investment in "Agriculture, hunting, forestry and fishing" grew, in real terms, by 33.8 per cent in 2004 compared to 10.8 per cent in 2003. Investment in "Manufacturing" recorded an expansion of 26.6 per cent in 2004, with investment in the EPZ growing by 71.6 per cent. Investment in "Hotels and restaurants" expanded significantly by 52.2 per cent in 2004 in contrast to a decline of 20.2 per cent in 2003. Investment in "Education" contracted, in real terms, by 10.6 per cent in 2004. Investment in "Financial intermediation" expanded, in real terms, by 15.8 per cent in 2004. The "Health and social work" sector recorded an expansion of 15.2 per cent in 2004 following a contraction of 7.6 per cent in the previous year. The "Real estate, renting and business activities" and "Construction" sectors, which grew by 16.7 per cent and 323.6 per cent, respectively, in 2003, expanded by 0.6 per cent and 19.5 per cent, respectively, in 2004. After growing by 19.7 per cent and 24.5 per cent, respectively, in 2003, the "Electricity, gas and water supply" and "Transport, storage and communication" sectors contracted by 4.8 per cent and 30.4 per cent, respectively, in 2004. As a percentage of total GDFCF, investment in "Hotels and restaurants", "Manufacturing", "Transport, storage and communication" and "Real estate, renting and business activities" stood at 13.6 per cent, 14.1 per cent, 10.7 per cent and 26.3 per cent, respectively, in 2004.

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 years 2002 through 2004. Chart I.1 depicts the movements in the ratios of GDFCF and Gross National Savings (GNS) to GDP at market prices for the years 1997 through 2004. Chart I.2 shows investment by sector in 2004.

National Disposable Income, National Savings and Resource Balance

Final consumption expenditure grew, in nominal terms, by 15.2 per cent in 2004. In real

Table I.2: Real Growth Rates of GDFCF by Type of Capital Goods: 2002 - 2004

(Per cent)

	2002	2003 [1]	2004 [1]
A. Building and Construction Work	**+5.2**	**+12.9**	**-0.3**
Residential Building	-6.4	+4.6	-2.3
Non-residential Building	+15.9	+7.6	+20.1
Other Construction Work	+10.6	+34.5	-24.2
B. Machinery and Equipment	**-6.8**	**+6.5**	**+6.2**
Machinery and Equipment (excluding aircraft & marine vessel)	+2.3	+1.1	+13.4
Passenger Car	+19.0	+12.2	+39.5
Other Transport Equipment	-47.5	+66.5	-40.3
Other Transport Equipment (excluding aircraft & marine vessel)	-19.9	+32.3	-16.5
Other Machinery and Equipment	+4.0	-5.2	+14.0
Gross Domestic Fixed Capital Formation	**-0.1**	**+10.3**	**+2.2**

[1] *Revised estimates.*
Source: Central Statistics Office, Government of Mauritius.

terms, it grew by 6.8 per cent in 2004 compared to 4.7 per cent in 2003. Compensation of employees went up by 8.8 per cent in 2004. In nominal terms, Gross National Disposable Income (GNDI) went up by 12.0 per cent, from Rs157,277 million in 2003 to Rs176,104 million in 2004, compared to a growth of 7.7 per cent in 2003. Gross National Savings increased by 2.3 per cent, from Rs38,852 million in 2003 to Rs39,735 million in 2004. The ratio of Gross National Savings (GNS) to GDP at market prices declined from 24.8 per cent in 2003 to 22.7 per cent in 2004. As a percentage of GDP at market prices, the Resource Balance (defined as Savings minus Investment) fell from 1.3 per cent in 2003 to -2.4 per cent in 2004.

Chart I.1: Ratios of GDFCF and GNS to GDP at Market Prices: 1997 - 2004

Source: Central Statistics Office, Government of Mauritius.

Agriculture

The agricultural sector registered a real growth rate of 5.8 per cent in 2004 compared to 1.9 per cent in 2003. With favourable climatic

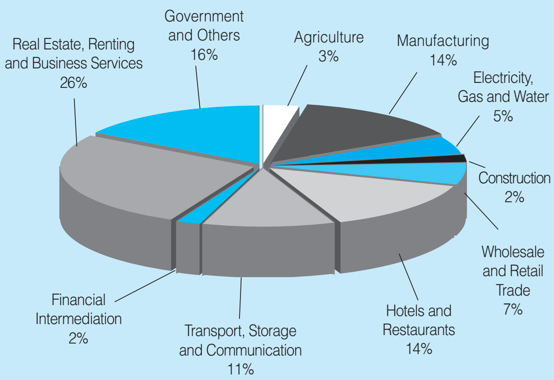
Table I.3: Real Growth Rates of GDFCF by Industrial Use: 2002 - 2004

(Per cent)

	2002	2003 [1]	2004 [1]
1. Agriculture, Hunting, Forestry and Fishing	+24.1	+10.8	+33.8
2. Mining and Quarrying	-	-	+150.8
3. Manufacturing	+6.2	-11.9	+26.6
of which: EPZ	*-18.5*	*-6.1*	*+71.6*
4. Electricity, Gas and Water	-12.5	+19.7	-4.8
5. Construction	-71.5	+323.6	+19.5
6. Wholesale and Retail Trade; Repair of Motor Vehicles, Motor Cycles, Personal and Household Goods	+11.0	-3.7	-3.7
of which: Wholesale and Retail Trade	*+13.4*	*-4.1*	*-4.3*
7. Hotels and Restaurants	+24.9	-20.2	+52.2
8. Transport, Storage and Communication	-32.7	+24.5	-30.4
9. Financial Intermediation	+34.8	-18.1	+15.8
10. Real Estate, Renting, and Business Activities	-4.7	+16.7	+0.6
Owner occupied dwellings	*-6.4*	*+4.6*	*-2.3*
Other	*+15.2*	*+128.3*	*+13.2*
11. Public Administration and Defence; Compulsory Social Security	+41.3	+24.4	+9.5
12. Education	+94.3	+14.3	-10.6
13. Health and Social Work	+76.5	-7.6	+15.2
14. Other Services	+7.8	+77.1	-34.6
Gross Domestic Fixed Capital Formation	**-0.1**	**+10.3**	**+2.2**

[1] *Revised estimates.*
Source: Central Statistics Office, Government of Mauritius.

Chart I.2: Investment by Sector in 2004



Source: Central Statistics Office, Government of Mauritius.

conditions prevailing at the beginning of the crop year, the sugar sector grew by 6.5 per cent in 2004 compared to 3.7 per cent in 2003. The non-sugar agricultural sector expanded by 5.0 per cent in 2004 compared to 0.1 per cent in 2003.

Table I.4 shows the main aggregates of the agricultural sector for the years 2002 through 2004. Chart I.3 shows the sectoral distribution of GDP at basic prices in 2004.

Sugar

In 2004, the favourable climatic conditions that prevailed led to a rise in the production of sugar cane and this, coupled with a higher extraction rate, resulted in an increase of 6.5 per cent in sugar production. Value added by the sugar sector accounted for approximately 53 per cent of total value added by the agricultural sector. Sugar production went up to 572,316 tonnes in 2004 from 537,155 tonnes in 2003. The total sugarcane area harvested dropped to 69,698 hectares in 2004 from 70,998 hectares in 2003. The average yield of sugarcane per hectare increased from 73.23 tonnes in 2003 to 75.76 tonnes in 2004. The rate of extraction of sugar went up from 10.34 per cent in 2003 to 10.85 per cent in 2004.

Table I.5 shows sugar production and exports for the years 2001-02 through 2004-05.

Sugar production for fiscal year 2004-05 reached 574,121 tonnes compared to 530,920 tonnes for fiscal year 2003-04. For 2004-05, exports and imports of sugar attained 564,020 tonnes and 37,088 tonnes, respectively, compared to 534,911 tonnes and 37,417 tonnes, respectively, for 2003-04. Around 95 per cent of total sugar exports, that is, 535,101 tonnes, were directed to the European Union under the Sugar Protocol. Domestic consumption fell from 40,778 tonnes in 2003-04 to 39,597 tonnes in 2004-05.

Reflecting the higher export volume, export proceeds of cane sugar went up from Rs8,775 million in 2003 to Rs9,631 million in 2004. The share of sugar exports in total domestic exports went up from 20.8 per cent in 2003 to 22.1 per cent in 2004. Export receipts from cane molasses also increased from Rs74 million in 2003 to Rs190 million in 2004.

Table I.4: Main Aggregates of the Agricultural Sector: 2002 - 2004

	2002	2003 [1]	2004 [1]
1. Value Added at current basic prices (Rs million)	7,909	8,727	9,647
of which: Sugarcane	*3,913*	*4,508*	*5,094*
2. Annual Real Growth Rate (Per cent)	-16.3	+1.9	+5.8
3. Share of Agriculture in GDP at basic prices (Per cent)	6.3	6.4	6.3
4. Investment at current prices (Rs million)	832	953	1,328
5. Share of Investment in Agriculture in total GDFCF (Per cent)	2.7	2.7	3.5
6. Sugar Exports (Rs million)	8,869	8,775	9,631
7. Agricultural Exports other than Sugar (Rs million)	175	185	290
8. Share of Agricultural Exports in total Domestic Exports (Per cent)	21.0	21.3	22.7

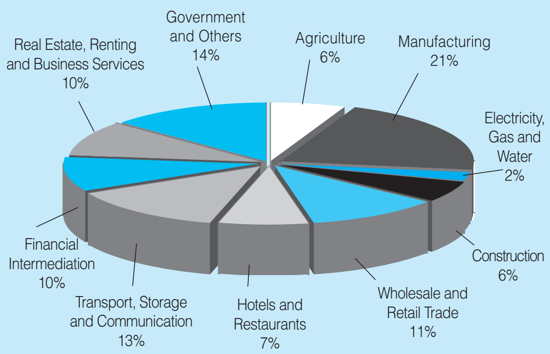
[1] *Revised estimates.*
Source: Central Statistics Office, Government of Mauritius.

Non-Sugar Agricultural Sector

The non-sugar agricultural sector recorded a real growth of 5.0 per cent in 2004 compared to 0.1 per cent in 2003. In nominal terms, value added by this sector went up from Rs4,219 million in 2003 to Rs4,553 million in 2004. However, its share in the agricultural sector declined from 48.3 per cent in 2003 to 47.2 per cent in 2004.

The total area under foodcrop production increased from 7,228 hectares in 2003 to 7,553 hectares in 2004 with foodcrop production rising from 103,455 tonnes to 111,633 tonnes over the same period as a result of favourable climatic conditions. The production of tea went up from 6,973 tonnes in 2003 to 7,229 tonnes in 2004 while tobacco production fell from 424 tonnes in 2003 to 357 tonnes in 2004.

Chart I.3: Sectoral Distribution of GDP at Basic Prices in 2004



Source: Central Statistics Office, Government of Mauritius.

Manufacturing

The manufacturing sector, which comprises sugar milling, EPZ and "other manufacturing", registered a real growth of 0.3 per cent in 2004 compared to zero growth in 2003. Value added by the manufacturing sector represented 20.9 per cent of total value added in the economy in 2004. The EPZ sub-sector registered a negative growth of 6.8 per cent in 2004 after a contraction of 6.0 per cent in 2003 as a result of closures and downsizing of several units on account of their structural weakness and the harsh competition with low-cost producing countries following the phasing out of preferential market access. The sugar milling sub-

Table I.5: Sugar Production and Exports: 2001-02 - 2004-05

(Tonnes Tel Quel)

	2001-02	2002-03	2003-04	2004-05
Opening Stock (1 July)	36,496	25,890	39,029	30,702
Opening ISA Special Stock	0	0	0	0
Production	624,867	539,264	530,920	574,121
Available supplies	678,413 [1]	595,367 [2]	607,366 [3]	641,911 [4]
Exports:	611,473	515,036	534,911	564,020
United Kingdom	*500,538*	*446,262*	*466,563*	*479,331*
Other European Union	*84,787*	*60,484*	*40,686*	*55,770*
United States	*19,667*	*1,852*	*2,681*	*21,983*
Canada	*112*	*143*	*186*	*386*
Other	*6,369*	*6,295*	*24,795*	*6,550*
Domestic Consumption	40,663	40,745	40,778	39,597
Surplus/(Loss) in Storage	387	556	973	130
Closing Stock (30 June)	25,890	39,029	30,702	38,163
Closing ISA Special Stock	0	0	0	0

[1] *Includes 17,050 tonnes of imported sugar.*
[2] *Includes 30,213 tonnes of imported sugar.*
[3] *Includes 37,417 tonnes of imported sugar.*
[4] *Includes 37,088 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.

sector grew by 6.5 per cent in 2004 compared to 3.7 per cent in 2003. Value added by the non-sugar milling and non-EPZ sub-sectors grew, in real terms, by 6.0 per cent in 2004 compared to 5.8 per cent in 2003.

Table I.6 shows the main aggregates of the manufacturing sector for the years 2002 through 2004.

EPZ exports increased by 1.9 per cent, from Rs31,444 million in 2003 to Rs32,046 million in 2004, as against a fall of 3.8 per cent in 2003. EPZ imports went up by 10.4 per cent, from Rs15,579 million in 2003 to Rs17,195 million in 2004, in contrast to a decline of 7.9 per cent in 2003. Net EPZ exports fell by 6.4 per cent, from Rs15,865 million in 2003 to Rs14,851 million in 2004.

EPZ exports in 2004 were mostly directed to the United Kingdom, United States and France, with shares of 27.8 per cent, 22.8 per cent and 21.8 per cent, respectively, in total EPZ exports. The main countries of origin of EPZ imports in 2004 were India, China, France and Italy, with shares of 17.0 per cent, 13.7 per cent, 10.6 per cent and 7.0 per cent, respectively. EPZ imports from European and Asian countries went up by 30.0 per cent and 8.9 per cent, respectively, while those from African countries declined by 29.5 per cent in 2004.

Employment in the EPZ sector maintained a declining trend in 2004-05 with a contraction of 3.8 per cent, or 2,695, from 70,097 at the end of June 2004 to 67,402 at the end of June 2005. This reflected continued closures and downsizing and relocation of EPZ units to low-cost textile-producing countries in the wake of the erosion of preferential market access.

Table I.7 shows some major aggregates of the EPZ for the years 2002 through 2004.

Tourism

The tourism sector grew by 2.4 per cent in 2004 compared to 3.0 per cent in 2003. Gross

Table I.6: Main Aggregates of the Manufacturing Sector: 2002 - 2004

	2002	2003 [1]	2004 [1]
1. Value Added at current basic prices (Rs million)	28,227	29,581	31,799
2. Annual Real Growth Rate (Per cent)	-2.4	+0.0	+0.3
3. Share of Value Added in GDP at basic prices (Per cent)	22.4	21.6	20.9
4. Investment at current prices (Rs million)	4,522	4,109	5,346
5. Share of Investment in total GDFCF (Per cent)	14.6	11.6	14.1

[1] *Revised estimates.*
Source: Central Statistics Office, Government of Mauritius.

Table I.7 : Main Aggregates of the EPZ: 2002 - 2004

	2002	2003 [1]	2004 [2]
1. Number of Enterprises (as at December)	506	506	501
2. Value Added at current basic prices (Rs million)	13,603	13,171	13,134
3. Annual Real Growth Rate (Per cent)	-6.0	-6.0	-6.8
4. Share of EPZ in total GDP at basic prices (Per cent)	10.8	9.6	8.6
5. Investment at current prices (Rs million)	1,468	1,418	2,508
6. Share of EPZ Investment in total GDFCF (Per cent)	4.7	4.0	6.6
7. Exports (f.o.b.) (Rs million)	32,683	31,444	32,046
8. Imports (c.i.f.) (Rs million)	16,909	15,579	17,195
9. Net Exports (Rs million)	15,774	15,865	14,851

[1] *Revised estimates.* [2] *Provisional.*
Source: Central Statistics Office, Government of Mauritius.

tourism receipts rose by 20.8 per cent, from Rs19,415 million in 2003 to Rs23,448 million in 2004, compared to a growth of 5.9 per cent in 2003. Tourist arrivals increased from 702,018 in 2003 to 718,861 in 2004. Total tourist nights went up from 6,952,000 in 2003 to 7,119,000 in 2004. In 2004, 91.0 per cent of foreign visitors came to Mauritius on holidays while 3.5 per cent turned up for business purposes.

Tourist arrivals from Europe went up by 2.5 per cent, from 465,379 in 2003 to 477,041 in 2004, which was lower than the growth of 3.1 per cent registered in 2003. Tourists from European countries accounted for nearly two thirds of total tourist arrivals in 2004. Tourist arrivals from France, United Kingdom and Italy rose by 5.1 per cent, 1.6 per cent and 3.8 per cent, respectively, in 2004 while those from Germany declined by 3.1 per cent. The number of tourists from the African region increased by 0.7 per cent, from 174,430 in 2003 to 175,649 in 2004, compared to 1.0 per cent in 2003. Tourist arrivals from Asia, America and Australia recorded positive growth rates of 3.0 per cent, 3.0 per cent and 24.9 per cent, respectively, in 2004. Tourist arrivals from Reunion Island and the Republic of South Africa went up by 0.9 per cent and 15.0 per cent, respectively, in 2004.

At the end of December 2004, 103 hotels were in operation with the number of rooms and bed places standing at 10,640 and 21,355, respectively, compared to 9,647 and 19,727, respectively, at the end of December 2003. The average room occupancy rate for all hotels and that for "large" hotels remained unchanged at 63 per cent and 66 per cent, respectively, in 2004.

Direct employment in the tourist industry went up from 21,860 at the end of March 2003 to 22,613 at the end of March 2004, representing a growth of 3.4 per cent compared to 5.5 per cent in 2003.

Financial Intermediation

The "Financial Intermediation" sector, which comprises insurance and banking services, recorded a growth of 4.0 per cent in 2004 compared to 5.6 per cent in 2003. The "Insurance" sub-sector expanded by 5.0 per cent in 2004, the same rate as in 2003. Other financial intermediation activities grew by 3.6 per cent in 2004 compared to 5.8 per cent in 2003.

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 6.1 per cent in 2004 compared to 6.6 per cent in 2003. The "Owner occupied dwellings" sub-sector registered a growth of 5.3 per cent in 2004, down from 5.9 per cent in 2003, while activities other than "Owner occupied dwellings" increased by 6.9 per cent in 2004 compared to 7.3 per cent in 2003.

Other Sectors

The "Electricity, Gas and Water" sector grew, in real terms, by 4.0 per cent in 2004, down from 8.2 per cent in 2003. The "Construction" sector expanded by 0.5 per cent in 2004 after a high growth of 10.2 per cent in 2003, which was the result of high investment in construction works by the public sector. Value added in the "Transport, Storage and Communications" sector increased by 8.0 per cent in 2004 compared to 6.6 per cent in 2003. The "Public Administration and Defence and Compulsory Social Security" sector recorded a growth of 4.3 per cent in 2004, down from 5.6 per cent in 2003. Growth in the "Education" sector attained 6.4 per cent in 2004 compared to 4.8 per cent in 2003 while "Health and Social Work" and "Other Services" grew by 7.4 per cent and 7.6 per cent, respectively, in 2004 compared to 6.8 per cent and 6.3 per cent, respectively, in 2003.

Growth Outlook

The expansion of the world economy since the second half of 2003 potentially holds out good prospects for our export-oriented sectors. However, two major sectors of the economy, namely the sugar and textile sectors, face formidable challenges arising from developments abroad. First, the reform of the European Union sugar regime provides for a reduction between 2006-07 and 2009-10 of 36 per cent in the EU domestic producer price and therefore the price paid to African-Caribbean-Pacific (ACP) sugar exporters to Europe. Second, the phasing out of textile quotas with the expiration of the WTO Agreement on Textiles and Clothing in January 2005 has increased competition from low-cost producing countries and put substantial pressure on the textile industry, leading to the closure of a number of firms and to considerable job losses. As its relatively high per capita income does not qualify the country for third-country fabric provision under the U.S. African Growth and Opportunity Act (AGOA), we cannot import raw fabric from non-AGOA countries.

In the light of the loss of trade preferences in the sugar and textile sectors, the Government, in the 2005-2010 Programme, is proposing a new economic model that will not only build on the consolidation of all existing pillars of the economy, but also develop new ones. The objective is to achieve a real economic growth rate of at least 6 per cent each year to absorb the new entrants in the labour force. The new model will focus on the democratisation of the economy. New opportunities for small and medium enterprises (SMEs) and easier access to land and finance will be made available. Employment will be created through the promotion of investment in all sectors and through appropriate skills training. Alternative sources of energy will be tapped. The prospects of setting up a pharmaceutical village will also be studied. Greater importance will be attached to technology, innovation and human capital development.

The economy is estimated to have grown by 3.0 per cent in 2005, down from 4.5 per cent in 2004. Excluding the sugar sector, the growth rate works out to 3.6 per cent for 2005 compared to 4.4 per cent in 2004. Final consumption expenditure is estimated to have grown, in real terms, by 7.0 per cent, up from 6.8 per cent in 2004. As a percentage of GDP at market prices, final consumption expenditure is estimated at 83.6 per cent, up from 77.9 per cent in 2004. GDFCF is estimated to have contracted, in real terms, by 1.1 per cent, in contrast to the expansion of 2.2 per cent in 2004. Excluding aircraft, the real growth rate of GDFCF is estimated at -0.8 per cent, from an expansion of 4.8 per cent in 2004. As a percentage of GDP at market prices, GDFCF is estimated at 21.3 per cent, down from 21.7 per cent in 2004. The ratio of Gross National Savings to GDP at market prices is estimated to have registered a significant fall to 16.7 per cent, from 22.7 per cent in 2004.

The agricultural sector is estimated to have registered a contraction of 6.5 per cent in 2005, as against a growth of 5.8 per cent in 2004. The sugarcane sector is forecast to have contracted by 9.1 per cent in 2005 and the non-sugarcane agricultural sector, by 3.6 per cent. Latest estimates show that the 2005 sugar crop will yield around 520,000 tonnes of sugar, lower than the 572,316 tonnes produced in 2004. The contraction in the agricultural sector is explained by unfavourable climatic conditions prevailing at the beginning of the year, namely heavy rainfalls and a cyclone in March followed by dry weather in April and May and excessive rainfall in September and again dry weather in the last months of 2005.

The EPZ sector is estimated to have contracted by 13.0 per cent in 2005 after declining by 6.8 per cent in 2004. This decline is explained by further closures and downsizing of units in the wake of the elimination of textile trade quotas. The tourism sector is estimated to have expanded by 5.6 per cent, with tourist arrivals at 761,063 and tourist earnings at Rs25.7 billion. The financial intermediation sector is estimated to have grown by 7.6 per cent on account of an improved performance of former Category 2 banks after a contraction in 2004. The construction sector is estimated to have declined by 4.3 per cent in 2005.

With regard to the sugar sector, the reduction in the guaranteed price under the Sugar Protocol will lead to a substantial loss of foreign exchange. In this respect, Government will pursue diplomatic talks with the European Union and the World Trade Organisation so as to obtain the best possible terms for the protection of the sugar sector. It will also modernize and diversify the sugar sector to reduce production costs and convert the sugar industry into an efficient cane industry geared towards the production of sugar, electricity, rum and ethanol. There will also be an optimal use of bagasse, molasses and an increased production of special sugars. The number of sugar factories will be reduced from 11 to 6. The area under cane cultivation will be reduced from 72,000 hectares to 65,000 hectares. The production of electricity from bagasse and coal will increase.

With regard to the non-sugar agricultural sector, Government will provide agricultural lands to be exploited in the context of an overall programme of revalorisation of agriculture. A Dairy Farm will also be established through the BOT scheme to provide jobs as well as fresh milk. Vegetable growers will be provided with enhanced facilities with regard to greenhouses and biotechnology.

With regard to the textile and apparel sector, a new strategy will be devised to enable Mauritius to derive maximum benefits under the third country fabrics derogation. During the year 2004-05, Mauritius has been granted 'lesser developed beneficiary sub-Saharan African country' status for a period of one year starting on 1 October 2004. Further, a separate limitation has been established for Mauritius within the quantitative limitation applicable to apparel of third country fabric. However, Mauritius has not been making full use of the quota it has under AGOA. In 2004, Mauritius exported a total amount of US$272 million to the US, representing a contraction of 8.8 per cent in dollar terms when compared to the total amount of US$298.1 million achieved in 2003. Preferential exports during the same year totalled US$160.5 million, representing an increase of 12.2 per cent over 2003. The share of preferential exports, as a percentage of total exports, increased from 48 per cent in 2003 to reach 59 per cent in 2004.

The future of the textile sector depends on its restructuring and rationalisation. New investors will be attracted to enhance the competitiveness of the sector. On the regional front, the country will be developed as a centre for outsourcing, export of services and expertise with the objective of transforming it into a premier regional sourcing hub for textile products and apparel. A Design and Fashion Institute will also be established to develop the creativity and talents of Mauritian entrepreneurs and promote fashionable and differentiated products.

Tourism is expected to play a major role in the short to medium term in terms of generator of foreign exchange earnings, private investment and job creation. Air access policy will be reviewed to give a new dynamism to the sector while safeguarding national interests. A new Master Plan for tourism development will be adopted. More effective marketing campaigns will be undertaken to promote Mauritius as a unique brand. Duty free shopping facilities will be aggressively marketed in the region. The Mauritius Tourism Promotion Authority will be restructured.

Insofar as the financial services sector is concerned, greater emphasis will be laid on the consolidation and promotion of the sector. A new marketing strategy will be developed to tap the full potential of the financial services sector. The legal framework relating to the global business sector will be reviewed to ensure a more business-friendly outlook to its regulation. The thrust of the legislative amendment will be to shift the emphasis from licensing to certification.

The consolidation of the Information and Communication Technology (ICT) sector into the fifth pillar of the economy will be pursued. Measures will be taken for the accelerated deployment of broadband across the country to decentralize the ICT and IT enabled services industry, to encourage the development of local content and creativity and to facilitate broadband access to companies operating outside BPML's premises. Venture Capital and Equity Funds will be set up to facilitate investment in the sector. A new boost will also be given to Mauritian investment in the region, particularly by Mauritius Telecom as a regional player. E-commerce will be promoted to create new opportunities and employment.

With regard to Small and Medium Enterprises (SMEs), an Enterprise Empowerment Scheme will be set up as well as a revised SME certificate to enable SMEs to have access to the required benefit from market opportunities. Empowerment and Equity funds will be set up. The Mauritius Cooperative movement will be encouraged to participate in the democratisation process of the economy.

Marine resources hold a huge economic potential and will play a vital role in the development of Mauritius. Incentives will be provided to facilitate the acquisition of medium tonnage, high-sea fishing vessels as well as to further the development of a ship-building industry aimed at coastal and low-tonnage high sea fishing and that of fishing equipment for the local and the regional market.

Setting the Stage for Robust Growth

Government presented, at the end of August 2005, a series of measures to set the stage for more robust growth. The objectives were three-fold: to start the process of genuine economic democratisation; to help to consolidate and further diversify the economy; and to stimulate employment creation.

To assist the Small and Medium Enterprises (SME) sector and micro enterprises, Government will set up an SME Consultancy Services Scheme, whose services will include business planning, business plan preparation, feasibility study, financial management and marketing. DBM interest rates will be reduced on micro-credit loans, on loans for renewal or modernisation of production equipment and on working capital facilities of up to Rs2.0 million. An Empowerment Fund will also be set up to advance both debt and equity finance to SMEs on flexible terms.

To assist local manufacturers who have difficulties to compete after the reduction or abolition of customs duty, Government has re-introduced customs duty on a range of clothing items. Government has also removed VAT on gold and semi-finished jewellery items.

Government will also do away with the traditional distinction between EPZ and non-EPZ by removing the excise duty on fuel oil and diesel used in stationary engines and boilers and through the elimination or exemption of customs duty on a list of inputs and parts used by non-EPZ enterprises, including bearings, gaskets, hinges and castors.

With regard to the textile and clothing sector, Enterprise Mauritius will implement a programme to help firms in that sector build capacity to face competition from abroad. In this respect, an additional amount of Rs50 million will be provided during the current fiscal year. To encourage vertical integration and development of supply chain activities, companies engaged in knitting of fabrics will also benefit from the special 60 per cent tax credit on equity investment. Moreover, the minimum equity investment required to qualify for the special tax credit will be lowered from Rs60 million to Rs10 million for companies engaged in weaving, knitting and dyeing of fabrics.

In the area of agro-industry, given the EU proposal to reduce substantially the price of sugar, Government's strategy is to ensure, through economic diplomacy, that the price reduction is as low as possible, that it is phased out over a longer period of time and that the package of accompanying measures is adequately suited to our needs. With regard to the non-sugar sector, Government will provide 500 arpents of land across the island to small and medium planters who wish to start agri-businesses. As far as aquaculture is concerned, Government will also come up with a comprehensive masterplan, given that the country offers ideal sites for fish farming.

Various measures have been announced for the tourism sector, which has a lot of potential for growth and development. Government will open up the air access from major tourist supplying countries. A third airline will soon operate on the France-Mauritius route. Existing carriers will be allowed additional flights during peak seasons and more special flights to Mauritius will be encouraged at any time of the year. Price-based competition will be promoted on regional routes. Government will also prepare a blueprint on the development of shopping tourism, which will serve as a background document before the finalisation of a comprehensive plan for facilitating the development of shopping tourism. Mauritius will also be promoted and marketed as a centre for Meetings, Incentives, Conferences and Exhibitions.

Government has also announced its intention to review the Integrated Resort Scheme (IRS) to make it more competitive, to give greater flexibility to its implementation, to ensure that the benefits accrue to the community where the project is being developed, to give small landowners as well a fair chance to participate in and promote Integrated Resort or similar Schemes and to ensure promoters of IRS projects open shareholdings to the public. An Integrated Property Development Scheme will be established.

Box 1

A Road-Map for the Mauritius Sugarcane Industry for the 21st Century

The annual sugar production in Mauritius is estimated at 575,000 tonnes. Sugar has been traded under the Commonwealth Sugar Agreement since 1951 and under the Sugar Protocol since 1975. Under the provisions of the Sugar Protocol, signed between the EU and the ACP sugar supplying countries, Mauritius has an annual quota of 507,000 tonnes of raw sugar at a guaranteed price. The quota allocated to Mauritius is the largest among the ACP countries, representing about 35 per cent of the total allocation. The current guaranteed price is Euro 523.70 per tonne.

Since its inception in 1968, the EU Sugar Regime has undergone various changes. Its basic structure, however, which deals with production quotas, guaranteed beet and sugar prices, export refunds, etc, has remained largely unchanged. Given that the prices that they obtain are aligned on EU prices, ACP sugar supplying countries would be affected should there be any reform of the EU Sugar Regime.

In 2003, Australia, Brazil and Thailand challenged the legality of the EU Sugar Regime under WTO rules. The three countries argued that the high intervention price guaranteed to domestic producers allowed the EU to export sugar, including the 1.6 million tones currently imported from ACP countries and India under the Sugar Protocol. A WTO Panel upheld the complaints made by the three countries and the ruling was confirmed by the WTO Appellate Body in April 2005. Accordingly, the EU would need to reduce its imports tariffs which would result in the phasing out of the export of some 5.1 million tonnes of sugar.

In another development, the import of sugar by the EU is expected to increase substantially following the signature in 2001 of the Everything but Arms initiative, in terms of which 48 least developed countries will be allowed duty-free access to the EU market as from 2009 for their domestically produced sugar. In addition, following negotiations between the EU and 77 ACP countries on the Economic Partnership Agreements to replace the Cotonou Agreement, duty-free access for sugar exports could be extended to all ACP countries.

As a result of all these developments, the EU came up with a radical reform of the sugar sector in November 2005. They decided that sugar prices would be reduced by 36 per cent between 2006-07 and 2009-10. The raw sugar price would be reduced from Euro523.70 a tonne to Euro497.52 a tonne in 2006-07, to Euro442.00 a tonne in 2008-09 and to Euro335.17 a tonne in 2009-10.

Given that our export prices are aligned on EU prices, Mauritius will face a catastrophic situation unless the costs of production are brought down and other avenues explored through rapid diversification within the sugar cane cluster. Annual sugar export proceeds, on average, amount to Rs10 billion. Accordingly, the Government has worked out the Road Map for the Mauritius Sugarcane Industry for the 21st Century, which sets out its strategy to cope with the proposed drastic reduction in sugar prices.

The main objectives of the Road-Map are to modernize and diversify the sugar sector so that the sugar industry becomes an efficient industry geared towards the production of sugar, high value added sugar, by-products and energy. Milling activities will be centralized and the number of factories will be reduced from 11 to 6 by 2008. Production costs will be reduced in ways that are socially acceptable. Optimal use will be made of bagasse and molasses and the production of special sugars will be increased. Every effort will be made to ensure the survival of small planters. They will participate in sugar milling and energy production to make it easier for them to purchase and sell agricultural lands. A Land Swapping System will be set up to facilitate the financing of the modernization of the sector as well as the regrouping of small planters. The financing mechanism of the sugar cess will also be reviewed.

One very important aspect of the Road-Map is the need to diversify. It is estimated that by 2015, independent power plants located in sugar factory sites will be exporting some 1,700 GWh of electricity. Some 30 million litres of ethanol may be obtained for use as blended gasoline/ethanol. The production of Rhum Agricole as a high value product will be encouraged. The production of environment friendly sources of energy, electricity from bagasse and ethanol from molasses will be optimized.

The above measures will ensure that our foreign exchange earnings from the sugar sector are preserved and consolidated to cater for our food import needs and that the value-added of sugar and its by-products are optimized.

On the social front, the livelihood of small planters and employees and their families who depend directly on the sugarcane sector and the secondary employment created by those who indirectly service the industry will be preserved, thus ensuring that the social cohesion, which is the foundation of peaceful and stable democracy, is maintained.

Sources:

A Road-Map for the Mauritius Sugarcane Industry for the 21st Century- Government of Mauritius

F. O. Lichts

II. LABOUR MARKET AND PRICE DEVELOPMENTS

The structural decline over the past few years of the textiles industry and the restructuring - and impending contraction - of the sugar industry, due to the loss of preferential arrangements for their exports, have no doubt exacerbated the unemployment problem. It is the market for low-skill workers, which constitutes the overwhelming majority of the unemployed, that is affected. Nevertheless, the trend, observed since the early nineties, of rising unemployment in the face of strong economic growth – moderate in recent years - suggests that the root of the problem lies deeper than in the decline of the two major sectors. The principal causes of rising unemployment lie in the characteristics of both the demand side and the supply side of the labour market. The institutions governing the functioning of the labour market cause a lot of rigidities which have a dampening impact on job creation. On the supply side, there is a mismatch between the skills demanded and supplied, which makes it difficult for the redeployment of low-skill workers in emerging services sectors.

Wage Developments

Average Monthly Earnings

According to the Survey on Employment and Earnings in "Large" establishments carried out by the

Table II.1: Average Monthly Earnings[1] in Large Establishments

Industrial Group	Mar-03[2] (Rs)	Mar-04[2] (Rs)	Mar-05[3] (Rs)	% Nominal Change between Mar-04 and Mar-05	% Change Adjusted for Increase in Price Level
1. Agriculture, Forestry and Fishing	8,734	9,334	9,673	3.6	-1.5
of which: Sugarcane	*8,308*	*8,580*	*9,056*	*5.5*	*0.3*
2. Mining and Quarrying	5,441	5,496	5,588	1.7	-3.4
3. Manufacturing	6,668	7,299	7,798	6.8	1.6
of which: Sugar	*10,941*	*11,257*	*11,284*	*0.2*	*-4.7*
EPZ products	*5,694*	*6,196*	*6,646*	*7.3*	*2.0*
4. Electricity, Gas and Water	17,347	18,456	19,457	5.4	0.2
5. Construction	10,147	11,465	12,042	5.0	-0.2
6. Wholesale & Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	11,236	12,032	12,772	6.2	0.9
of which: Wholesale & Retail Trade	*11,259*	*12,044*	*12,776*	*6.1*	*0.8*
7. Hotels and Restaurants	8,402	8,947	9,881	10.4	5.0
8. Transport, Storage and Communication	13,830	15,189	15,982	5.2	0.0
9. Financial Intermediation	17,734	20,225	21,478	6.2	0.9
of which: Insurance	*16,103*	*17,357*	*19,293*	*11.2*	*5.7*
10. Real Estate, Renting and Business Activities	11,690	12,003	12,822	6.8	1.5
11. Public Administration and Defence; Compulsory Social Security	11,232	13,960	15,056	7.9	2.5
12. Education	12,524	13,993	15,096	7.9	2.5
13. Health and Social Work	12,812	15,134	16,628	9.9	4.4
14. Other Services	9,839	10,846	11,427	5.4	0.1
Total	**9,826**	**11,103**	**12,061**	**8.6**	**3.3**

[1] Earnings of daily, hourly and piece rate workers have been converted to a monthly basis.
[2] Revised. [3] Provisional.
Source: Central Statistics Office, Government of Mauritius.

Central Statistics Office (CSO), the average monthly earnings for all industrial groups increased by 8.6 per cent between March 2004 and March 2005 compared to 13.0 per cent between March 2003 and March 2004. Adjusted for the twelve-month running inflation rate, the average monthly earnings for all industrial groups grew by 3.3 per cent between March 2004 and March 2005 compared to a growth of 8.8 per cent rise between March 2003 and March 2004.

An analysis by industrial group shows that average monthly earnings grew in the range of 1.7 per cent to 10.4 per cent between March 2004 and March 2005. The highest increase in average monthly earnings occurred in "Hotels and Restaurants" (10.4 per cent) followed by "Health and Social Work" (9.9 per cent). "Public Administration and Defence, Compulsory Social Security" and "Education" both registered an increase in earnings of 7.9 per cent. The remaining sectors recorded increases in average earnings in the range of 1.7 per cent to 7.3 per cent.

Table II.1 shows the average monthly earnings in large establishments by industrial group over the period March 2003 through March 2005.

Compensation of Employees

Compensation of employees went up, in nominal terms, from Rs58,658 million in 2003 to Rs63,821 million in 2004, or by 8.8 per cent, compared to an increase of 10.2 per cent in 2003. Compensation of employees as a percentage of GDP at basic prices decreased from 42.9 per cent in 2003 to 42.0 per cent in 2004. Compensation of employees in the general Government sector, which accounts for around 26 per cent of total compensation, grew, in nominal terms, by 12.9 per cent in 2004 compared to 13.7 per cent in 2003, while for the rest of the economy, it increased by 7.4 per cent in 2004 compared to 9.1 per cent in 2003.

Cost of Living Compensation

In 2004-05, employees whose basic wage was Rs2,700 or less per month received a cost of living compensation of Rs170 while those in the income bracket of Rs2,701 to Rs4,300 per month received a compensation rate of 6.2 per cent. Employees earning more than Rs4,300 per month were awarded a cost of living compensation ranging from Rs270 to Rs310, depending on their income brackets.

Wage Rate Index

The wage rate index measures changes in wages paid for normal time work in specific occupations, comprising basic wages and salaries, cost of living allowances, and other guaranteed and regular allowances paid at the end of each pay period, but with overtime payments being excluded. Changes in the index provide an indication of the movement in the cost of labour in the economy. With the year 2000 as base, the wage rate index for the year 2004 was computed from wage data collected through the "Survey of Employment, Earnings and Hours of Work" carried out by the Central Statistics Office (CSO) in September 2004 using a sample of large establishments, that is, those employing 10 or more persons.

The wage rate index rose by 8.0 points, or 6.5 per cent, between September 2003 and September 2004 compared to an increase of 11.6 per cent in the corresponding period of the preceding year. The increase in the period September 2003 to September 2004 was mainly driven by rises in the industry groups "Wholesale & Retail Trade, Repair of Motor Vehicles, Motorcycles, Personal and Household Goods" (12.3 points), "Education" (12.2 points), "Transport, Storage and Communications" (9.8 points), "Other Community, Social and Personal Services" (8.9 points), "Agriculture and Fishing" (8.8 points), "Real Estate, Renting and Business Activities" (8.8 points), "Health & Social Work" (8.3 points). Increases in the remaining industry groups ranged from 2.7 points to 7.4 points.

An analysis of the changes in wage rates by industry group between September 2003 and September 2004 showed that the "Wholesale & Retail Trade, Repair of Motor Vehicles, Motorcycles, Personal and Household Goods" and "Education" sectors both registered the highest increase of 10.0 per cent while the lowest increase was noted in "Hotels and Restaurants", which recorded a growth rate of 2.1 per cent in wage rate. The wage rates in the industry groups "Transport, Storage and Communication", "Real Estate, Renting and Business Activities", "Other Community, Social and Personal Services" and "Agriculture and Fishing" went up by 8.1 per cent, 7.3 per cent, 7.2 per cent and 7.1 per cent, respectively, between September 2003 and September 2004. The remaining industry groups recorded increases in wage rates in the range of 2.7 per cent to 6.7 per cent over the same period.

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

(Per cent)

Industry Group	Sep-03	Sep-04
1. Agriculture and Fishing	8.7	7.1
2. Manufacturing, Mining and Quarrying	8.8	6.0
3. Electricity and Water	11.4	5.4
4. Construction	12.8	2.7
5. Wholesale & Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	11.7	10.0
6. Hotels and Restaurants	12.6	2.1
7. Transport, Storage and Communications	14.1	8.1
8. Financial Intermediation	4.6	4.7
9. Real Estate, Renting and Business Activities	7.2	7.3
10. Public Administration and Defence; Compulsory Social Security	16.3	5.6
11. Education	14.5	10.0
12. Health and Social Work	14.1	6.7
13. Other Community, Social and Personal Services	9.6	7.2
All Sectors	**11.6**	**6.5**

Source: Central Statistics Office, Government of Mauritius.

Adjusted for the twelve-month running inflation rate, the overall wage rate in the economy went up by 2.3 per cent between September 2003 and September 2004 compared to 6.7 per cent between September 2002 and September 2003.

Table II.2 gives details on the annual percentage change in the wage rate index by industry group for September 2003 and September 2004.

Labour Force, Employment and Unemployment

Labour Force

The population of the Republic of Mauritius, including Agalega and St Brandon, was estimated at 1,243,588 as at 01 July 2005, of which 614,999 were males and 628,589 females, giving a sex ratio of 97.8 males to 100 females. With an estimated population of 1,233,675 as at 1 July 2004, the population growth rate worked out to 0.8 per cent for the period July 2004 to June 2005.

With effect from the first quarter of 2004, the CSO has adopted a new methodology for collecting employment data and calculating the unemployment rate. Quarterly estimates based on the results of the "Continuous Multi-Purpose Household Survey" (CMPHS), which is now used to measure the labour force and the number of employed and unemployed, with the last week of each quarter as reference week, are now published. Furthermore, the estimates now refer to persons aged 15 years and above instead of 12 years and above previously. The data thus obtained from the CMPHS are not strictly comparable with previous years' data.

According to the CMPHS, the total labour force, inclusive of foreign workers, grew from 540,900 in 2003 to 549,600 in 2004, or 1.6 per cent, lower than the 1.8 per cent growth registered in 2003. The number of foreign workers declined from 18,200 in 2003 to 17,500 in 2004. The male labour force grew by 1.4 per cent while the female labour force registered a growth of 1.9 per cent in 2004 compared with increases of 1.5 per cent and 2.4 per cent, respectively, in 2003. For 2005, total labour force, inclusive of foreign workers, is estimated to reach 560,500, of which 359,000 males and 201,500 females.

Recent data released by the CSO showed that in the second quarter of 2005, total labour force, exclusive of foreign workers, stood at 538,800 with 347,800 males and 191,000 females.

Employment

Employment grew by 0.8 per cent in 2004 compared to 1.3 per cent in 2003. The total number of persons in employment, inclusive of foreign workers, increased from 500,400 in 2003 to 504,500 in 2004. Male employment grew by 1.4 per cent and reached 336,900 while female employment contracted by 0.2 per cent and stood at 167,600 in 2004. For 2005, male and female employment, inclusive of foreign workers, are expected to grow by 0.7 per cent and 1.1 per cent to reach 339,100 and 169,500, respectively, giving a total employment of 508,600.

An analysis of the sector-wise employment in 2004 shows that the "Manufacturing" sector employed the largest number of workers, around 125,200, which represented a share of 24.8 per cent of total employment. "Wholesale and Repair Trade, Repair of Motor Vehicles, Motorcycles, Personal and Household Goods" was the second largest employer with around 74,800 workers, or a share of 14.8 per cent. Each of the remaining sectors employed between 300 and 49,100 workers.

Recent data released by the CSO showed that in the second quarter of 2005, total employment, exclusive of foreign workers, reached 482,700. The primary, secondary and tertiary sectors of the economy accounted for about 11 per cent, 32 per cent and 57 per cent of total employment, respectively, in the second quarter of 2005.

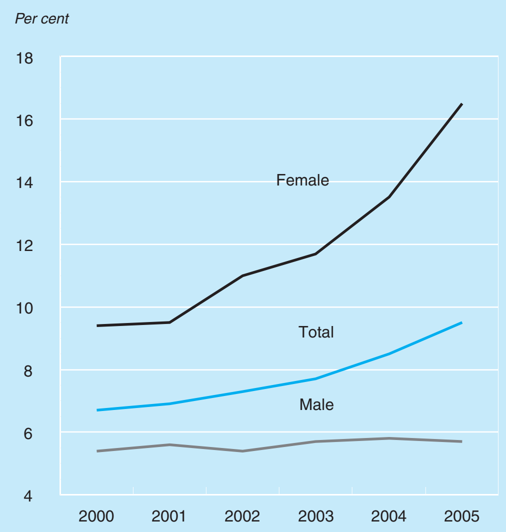
Table II.3 provides labour market indicators for 2001 through 2005 and Table II.4 shows employment by industrial group for 2003 and 2004.

Employment in the EPZ

The elimination of MFA export quotas coupled with increasing global competition have forced the Mauritian EPZ sector, in particular the textile and clothing industry, into a process of restructuring in order to bring down costs of production. As at end-June 2005, the number of enterprises in the EPZ stood at 498 compared to 497 as at end-June 2004.

Employment in the EPZ fell by 2,695, from 70,097 at the end of June 2004 to 67,402 at the end of June 2005. Male employment in the EPZ sector increased by 353 while female employment went down by 3,048 in 2004-05. The number of foreign workers in employment went down by 325, from 13,940 at the end of June 2004 to 13,615 at the end of June 2005. Around 86 per cent of foreign workers were employed in the "Wearing Apparel" product group of the EPZ.

Chart II.1: Unemployment Rate



Source: Central Statistics Office, Government of Mauritius.

Table II.3: Labour Market Indicators

	2001	2002	2003	2004	2005[1]
Total Labour force	529,000	531,200	540,900	549,600	560,500
Employment	493,600	493,800	500,400	504,500	508,600
Unemployment	35,400	37,400	40,500	45,100	51,900
Unemployment rate (per cent)	6.9	7.3	7.7	8.5	9.5

Note: Data are based on the CMPHS. Estimates refer to population aged 15 years and over and include foreign workers.
[1] Provisional.

Unemployment

The rate of unemployment rose from 7.7 per cent in 2003 to 8.5 per cent in 2004. The number of unemployed persons went up from 40,500 (19,700 males and 20,800 females) in 2003 to around 45,100 (20,300 males and 24,800 females) in 2004. Male unemployment increased from 5.7 per cent in 2003 to 5.8 per cent in 2004 while female unemployment went up from 11.7 per cent to 13.5 per cent over the same period.

In the second quarter of 2005, the number of unemployed increased to 56,100 (22,900 males and 33,200 females). Thus, the unemployment rate accelerated to 10.4 per cent, with male and female unemployment rate at 6.6 per cent and 17.4 per cent, respectively. Around 30.6 per cent of the unemployed were in the 20-24 age group while 18.3 per cent in the 30-39 age group and 18.2 per cent in the 25-29 age group. The mean age of the unemployed was 27 for males and 30 for females. Among those unemployed, 36.0 per cent had studied up to the primary level while 58.3 per cent had studied up to the secondary level, with only 6.9 per cent having passed the Higher School Certificate. Moreover, regarding the duration of unemployment, some 58.6 per cent of the unemployed had been looking for a job for up to one year while 41.4 per cent had been searching for more than one year.

For 2005, the rate of unemployment is estimated at 9.5 per cent with male and female unemployment rate at 5.7 per cent and 16.5 per cent, respectively.

Chart II.1 shows the unemployment rate from 2000 to 2005.

Unit Labour Cost and Productivity

Labour productivity for the whole economy, which is defined as the ratio of real output to labour

Table II.4: Employment by Industrial Group

(Thousands)

Industrial Group	2003 [1]	2004 [2]
1. Agriculture, Forestry and Fishing	46.4	49.0
of which: Sugar cane	*19.9*	*19.1*
Non-Sugar cane	*26.5*	*29.9*
2. Mining and Quarrying	0.3	0.3
3. Manufacturing	134.4	125.2
of which: Sugar	*2.2*	*2.3*
EPZ	*80.0*	*71.6*
Non-sugar, Non-EPZ	*52.2*	*51.3*
4. Electricity, Gas and Water Supply	3.0	3.0
5. Construction	45.6	49.1
6. Wholesale & Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	70.8	74.8
7. Hotels and Restaurants	26.1	28.4
8. Transport, Storage and Communications	33.9	35.9
9. Financial Intermediation	7.9	7.9
10. Real Estate, Renting and Business Activities	16.9	18.1
11. Public Administration and Defence; Compulsory Social Security	39.2	39.0
12. Education	25.8	26.2
13. Health and Social Work	13.4	14.5
14. Other Community, Social and Personal Service Activities and Private Households with Employed Persons	31.4	33.1
All Sectors	**495.1**	**504.5**

[1] Employment figures include foreign workers. [2] Revised.
Source: Central Statistics Office, Government of Mauritius.

input, grew by 3.5 per cent in 2004 compared to 3.9 per cent in 2003.

Unit labour cost, which is defined as the labour cost of producing one unit of output, is influenced by changes in average compensation and labour productivity. Unit labour cost grew by 4.7 per cent in 2004 compared to 5.3 per cent in 2003. Over the period 1994 to 2004, average compensation in the total economy grew by an annual average rate of 8.2 per cent while labour productivity grew by an annual average rate of 4.2 per cent which resulted in an annual average growth of 3.9 per cent in unit labour cost. In US dollar terms, unit labour cost grew by 7.1 per cent in 2004 compared to 11.1 per cent in 2003.

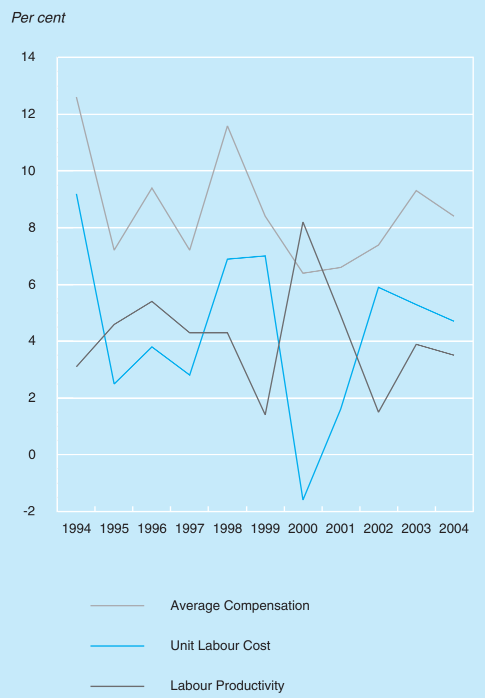
In the manufacturing sector, unit labour cost grew by 1.8 per cent in 2004 compared to an increase of 3.2 per cent in 2003. Over the period 1994-2004, unit labour cost in the manufacturing sector grew at an annual average rate of 3.6 per cent, driven by higher growth in average compensation (8.1 per cent) relative to labour productivity (4.3 per cent). Labour productivity in the manufacturing sector grew by 4.5 per cent in 2004 compared to a growth of 4.6 per cent in 2003, while for the EPZ, it went up by 1.3 per cent in 2004 compared to 2.7 per cent in 2003. Labour productivity in the textiles sub-sector of the EPZ grew by 4.8 per cent in 2004 compared to 3.2 per cent in 2003 while in the non-textiles sub-sector of the EPZ, it declined by 5.9 per cent in 2004 compared to a contraction of 0.9 per cent in 2003.

Chart II.2 and Chart II.3 show the growth rates of average compensation, unit labour cost and labour productivity for the total economy and the manufacturing sector, respectively, for the years 1994 through 2004.

Labour Market Outlook

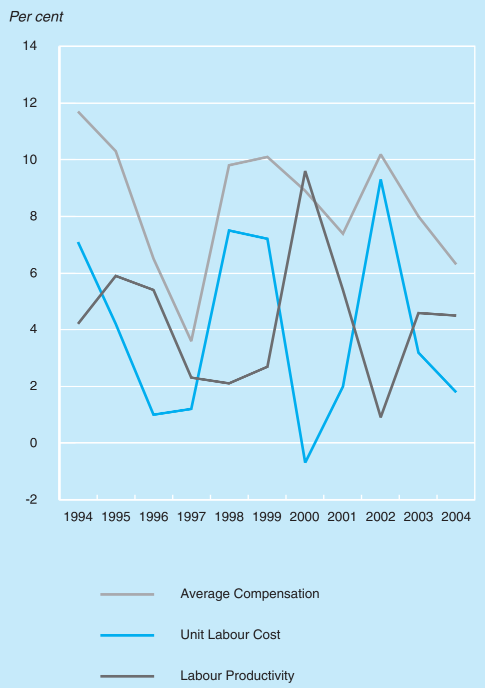
It has long been recognised that the institutions governing the labour market, characterised by the centralised system of wage-setting, may have impaired the functioning of the labour market as they lead to significant job destruction and have a dampening effect on job

Chart II.2: Growth Rates of Average Compensation, Unit Labour Cost and Labour Productivity - Total Economy



Source: Central Statistics Office, Government of Mauritius.

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



Source: Central Statistics Office, Government of Mauritius.

creation. While they may not have been a major cause of unemployment in the past, the significant structural challenges that the country faces with the structural decline of the textiles industry and the impending decline of the sugar industry, and the resulting shrinking of the demand for low-skill workers, the impact on unemployment will certainly be much more significant in coming years. The increasing importance of higher-wage services sectors should make the need for a labour market reform more urgent.

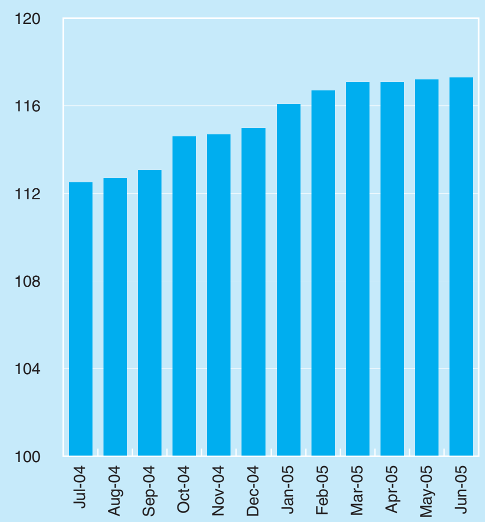
While the heavy investments by the government in education and training are likely to bear fruit in the long run, the low level of education of the vast majority of the unemployed makes it difficult for the redeployment of these low-skill workers in the emerging services sectors. Therefore, labour market reform, whereby firm-level bargaining, taking into account firm/sector-specific factors, forms the basis of wage determination is needed in order to absorb a significant proportion of the low-skill labour force. Already, the authorities, employers and workers' representatives have agreed to work in this direction as the interests of workers also lie in a flexible labour market.

Prices

Inflation, as measured by the percentage change in the annual average Consumer Price Index (CPI), rose to 5.6 per cent in 2004-05 from 3.9 per cent in the preceding fiscal year. This was higher than the target of 4.0 per cent set by the Bank of Mauritius at the beginning of fiscal year 2004-05. The higher rate of inflation during fiscal year 2004-05 can be accounted for by the hike in the price of petroleum products under the Automatic Price Mechanism (APM) of the State Trading Corporation, the weakness of the rupee vis-à-vis our major trading partners and higher freight costs. Higher electricity tariffs and bus fares as well as increases in the prices of a number of products, including fertilisers, rice, vegetables, iron bars and cement, also contributed to the increase in the rate of inflation.

The CPI registered an increase of 6.0 points, from 111.3 at the end of June 2004 to 117.3 at the end of June 2005 compared to a rise of 4.4 points between end June 2003 and end June 2004. During fiscal year 2004-05, all the twelve divisions of the CPI recorded increases in their indices. The largest increase of 11.4 points (or 10.6 per cent) was

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

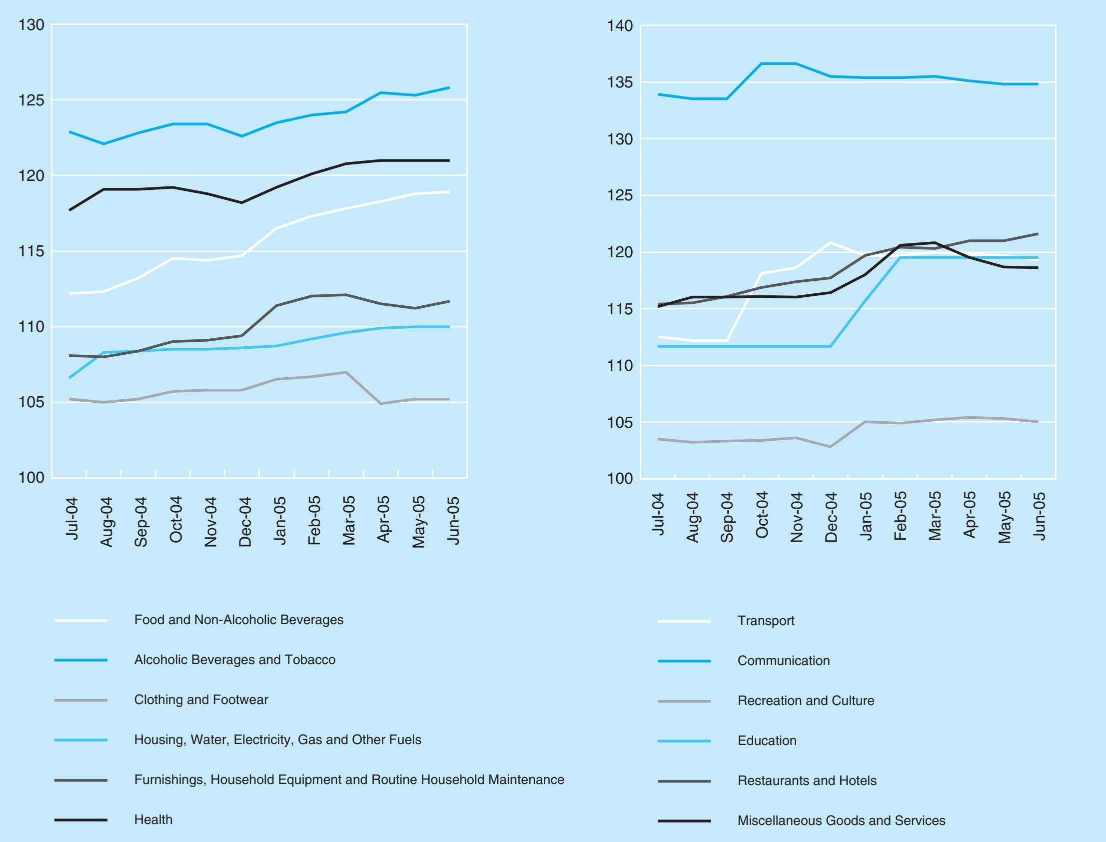


Source: Central Statistics Office, Government of Mauritius.

recorded in "Transport", largely due to increases in bus fares in October 2004 and higher taxi fares that were mainly attributable to the general increase in the prices of mogas and diesel oil. "Education" recorded the second largest rise of 7.8 points (or 7.0 per cent) in the wake of increases in school and tuition fees. "Food and Non-Alcoholic Beverages", whose weight accounts for approximately 30 per cent of the CPI basket of goods and services, registered the third highest increase of 7.1 points (or 6.4 per cent). The remaining nine divisions registered increases in their sub-indices, ranging from 0.4 point to 7.0 points.

Several factors have contributed to the rise in the CPI during the fiscal year 2004-05. Under the Automatic Price Mechanism of the State Trading Corporation, during fiscal year 2004-05, the price of mogas was adjusted upward twice and downward once while that of diesel oil was adjusted upward three times and downward once. In July 2004, the prices of both mogas and diesel oil were hiked by approximately 15 per cent while in October 2004, the prices were increased by 6.3 per cent and 15.0 per cent, respectively for mogas and diesel oil. While the price of diesel oil was raised by 7.3 per cent in January 2005, that of mogas was brought down by 3.3 per cent. In April 2005, the price of diesel oil was reduced by 6.8 per cent while that of mogas remained unchanged. The cascading effects of the hikes in the prices of these petroleum products have

Chart II.5 and II.6: Monthly Evolution of the Twelve Divisions of the CPI Basket of Goods and Services during 2004-05 (Base: July 2001 - June 2002 = 100)

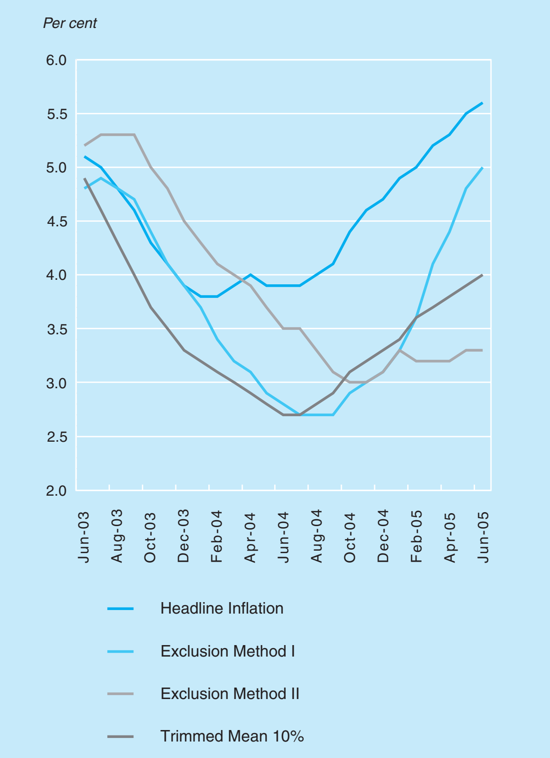


contributed to further increasing the general price level in the economy as several goods and services consumed utilise these products as inputs.

The appreciation of the US dollar vis-à-vis the rupee coupled with higher freight costs have also led to higher import prices. The prices of other goods and services with significant weights in the CPI basket have also undergone substantial increases during 2004-05. These include electricity tariffs, iron bars and fertilisers in August 2004 as well as public transport and rice in October 2004. In addition, the prices of a number of commodities were deregulated in October 2004 although a maximum markup on each of these commodities was specified. The prices of a large number of construction materials, including cement, "blocks" and rocksand, were also raised in the first quarter of 2005. Cyclone "Hennie", which hit Mauritius in late March 2005, adversely affected the production of fresh vegetables, which registered a significant rise in their prices. Had the government not had recourse to imports, the impact on prices of certain vegetables would have been worse. The substantial customs tariff reforms announced by the outgoing government in the 2005-06 Budget Speech had limited impact on the general price level in the economy given their relatively small weights in the CPI basket of goods and services. In addition, importers have argued that the entire reduction in custom duties could not be passed on to consumers in the form of price reductions in view of recent increases in freight costs coupled with the depreciation of the rupee. In the wake of inflationary pressures in the economy, the Bank of Mauritius hiked its Lombard rate twice by 25 basis points during fiscal year 2004-05, from 9.50 per cent to 9.75 per cent on 21 October 2004 and to 10.00 per cent on 10 February 2005.

Table II.5 shows the quarterly percentage change in the sub-indices of the twelve divisions in

Chart II.7: Headline and Core Inflation



the CPI basket of goods and services. Chart II.4 shows the monthly evolution of CPI during fiscal year 2004-05. Charts II.5 and II.6 depict the monthly evolution of the twelve divisions of the CPI basket of goods and services during fiscal year 2004-05.

Core Inflation

Inflation is defined as a rise in the general price level. At a practical level, inflation is generally measured by changes in the Consumer Price Index (CPI). Inflation thus calculated is referred to as headline inflation. However, it is recognised that the CPI is subject to volatility in the prices of some items and that headline inflation contains a great deal of short-term noise. There exist various economic developments that are beyond the control of the central bank, causing transient changes in the inflation rate. Transient shocks to prices are caused by both domestic factors like changes in administratively set prices, taxes and weather conditions, and external factors such as sharp movements in the price of oil.

From a policy point of view, headline inflation can be disaggregated into a transient component

Table II.5: Quarterly Percentage Change in the Sub-indices of the CPI by Division

(Per cent)

DIVISIONS	Weights	Quarter ended				2004-05
		Sep-04	Dec-04	Mar-05	Jun-05	
1. Food and Non-Alcoholic Beverages	299	1.3	1.3	2.7	0.9	6.4
2. Alcoholic Beverages and Tobacco	86	1.8	-0.2	1.3	1.3	4.3
3. Clothing and Footwear	60	0.4	0.6	1.1	-1.7	0.4
4. Housing, Water, Electricity, Gas and Other Fuels	96	2.0	0.2	0.9	0.4	3.6
5. Furnishings, Household Equipment and Routine Household Maintenance	80	1.7	1.0	2.4	-0.4	4.9
6. Health	28	1.3	-0.8	2.2	0.2	2.9
7. Transport	139	4.0	7.6	-0.7	-0.6	10.6
8. Communication	31	-0.3	1.5	0.0	-0.5	0.7
9. Recreation and Culture	53	0.0	-0.4	2.3	-0.2	1.7
10. Education	24	0.0	0.0	7.0	0.0	7.0
11. Restaurants and Hotels	50	1.3	1.3	2.2	1.1	6.1
12. Miscellaneous Goods and Services	54	1.4	0.3	3.8	-1.8	3.7
ALL GROUPS	**1000**	**1.6**	**1.7**	**1.9**	**0.2**	**5.4**

Source: Central Statistics Office, Government of Mauritius.

and a trend component. The latter is referred to as core inflation or underlying inflation and contains the most relevant information from a central bank's perspective. Core inflation, therefore, aims at measuring inflation that is due to a persistent increase in the price level, generated by demand shocks that result in a permanent increase in the inflation rate. At the same time, it excludes those temporary or one-off increases in the price level caused by supply shocks.

Various methods have been used to calculate core inflation. The most popular method is through the exclusion of price-volatile and controlled items of the CPI basket of goods and services. Another main method uses standard statistical techniques to filter out large and influential price movements in the CPI in order to ascertain the trend of the generalised components. This method uses the trimmed mean approach and weighted median method, two measures of central tendency of distribution, to calculate core inflation. Other approaches involve various model-based estimation methods.

Measures of core inflation for Mauritius have been constructed based on the exclusion method and trimmed mean approach. Two exclusion-based measures were calculated: the first, involving exclusion of "Food, Beverages and Tobacco" items from the CPI and the second involving exclusion of "Food, Beverages, Tobacco, Water, Electricity, Gas, Other Fuels and Transport Services" items from the CPI. Several trimmed mean measures were calculated but the 10% trimmed mean approach was retained as it closely tracked headline inflation.

These measures suggest that during fiscal year 2004-05, core inflation was between 1.0 and 1.5 percentage points lower than the headline inflation, that is, core inflation was estimated to be in the range of 2.7 per cent to 5.0 per cent. The core inflation rates nonetheless have to be interpreted with caution, as approximately one-third of the prices of items in our consumer basket of goods and services are administratively set. Moreover, both methods employed to calculate core inflation rates have their limitations, the most obvious ones being that part of the information in the official measure is disregarded each month and that the derivation of these rates involves some degree of subjectivity.

Chart II.7 shows the movements of headline inflation and the three measures of core inflation over the period June 2003 through June 2005.

Inflation Outlook

There are upside risks to inflation stemming from a number of developments in the economy. International oil prices have remained persistently high since the last adjustment in the domestic prices of mogas and diesel oil at the beginning of April 2005 under the APM. The domestic price adjustments under the APM scheduled in July 2005 were postponed and the STC has not raised the price of liquefied petroleum gas (LPG) despite its international price having been subject to a marked increase on the international world market. Should these price increases be passed on to consumers, this would adversely affect the price level in the economy. In addition, the rising trend in the price of maritime freight has remained unabated. The cost of freight charges has risen in July 2005 and, notwithstanding the peak season surcharge of US$150 that is applicable between 1 August 2005 and 30 November 2005, freight charges are expected to increase further in October 2005. The prices of some key commodities like milk, butter and cheese registered increases in July 2005 while that of cigarettes has gone up in the wake of a restructuring of excise duty rates and a rise in the price of tobacco leaf. At the beginning of August 2005, the government has decided to reduce the maximum mark-up charged by importers of milk to 14 per cent.

Despite the upward risks to inflation in the economy, the Bank of Mauritius is expected to adopt a monetary policy stance that would aim at containing inflation over the medium term. For fiscal year 2005-06, the Bank of Mauritius is targeting an inflation rate of around 4 per cent.

III. MONEY AND BANKING

The basic thrust of monetary policy during the year 2004-05 was geared towards creating an appropriate environment for sustained growth, besides taking pre-emptive measures to stem inflationary pressures in the economy arising mainly from upward adjustments in the price of petroleum products and increased freight charges. Monetary policy actions taken also aimed at maintaining the attractiveness of key rupee-denominated financial instruments. Primary auctions of Treasury/Bank of Mauritius Bills and the conduct of repurchase transactions were the main operating tools used for the implementation of monetary policy. Following a decision taken by the Government during fiscal year 2003-04 to separate public debt management from the financing needs of monetary management, the Bank of Mauritius continued to auction Treasury Bills and other Government securities to meet the borrowing needs of the Government while also issuing Bank of Mauritius Bills for monetary policy purposes. Former Category 1 banks had access to overnight-collateralised advances under the Lombard Facility of the central bank. The interest rate applicable to this facility, which is known as the Lombard Rate, is used as the Bank's signalling mechanism of its monetary policy stance.

In November 2004, a new Bank of Mauritius Act and Banking Act were promulgated. The objects of the Bank of Mauritius, as set out in the Act, are to maintain price stability and to promote orderly and balanced economic development, besides regulating credit and currency in the best interests of the economic development of Mauritius; ensuring the stability and soundness of the financial system of Mauritius; and acting as the central bank for Mauritius. The Banking Act 2004 eliminated separate licensing of former Category 1 banks and former Category 2 banks and provided for a single banking licence to cover both activities. Consequently, all banks are free to transact in all currencies, including the Mauritian rupee. However, for the financial year 2004-05, the distinction between their activities continued to prevail and their banking activities were reported separately and they are referred in this report as former Category 1 banks and former Category 2 banks.

Monetary developments during 2004-05 were, first, characterised by a tightening of the monetary policy stance, as from 21 October 2004, with the Bank raising the Lombard Rate twice in the course of the financial year by two equal increments of 25 basis points, after systematically reducing the Lombard Rate since May 2001. Former Category 1 banks increased their interest rates on deposits and advances to match the changes in the Lombard Rate.

Another feature of monetary developments was that the growth rate of money supply M2 in 2004-05 was the lowest since 1984-85, mainly as a result of a low demand for money.

Third, benefiting from the increase in foreign currency deposits, the net foreign assets of former Category 1 banks increased in 2004-05, after falling for two consecutive fiscal years, registering an all-time high growth of 67.4 per cent. This factor was responsible for growth of net foreign assets held by the banking system. Fourth, the net foreign assets of the Bank of Mauritius dropped for the first time since 1997-98, largely on account of sale interventions by the Bank on the interbank foreign exchange market. The Bank sold a total amount of US$184.8 million to former Category 1 banks in 2004-05 compared to total sales of only US$8.45 million in 2003-04.

Fifth, the rate of growth in net credit to Government from the banking system dropped from 64.6 per cent in 2003-04 to 15.7 per cent in 2004-05. Thus, the banking system financed nearly 62 per cent of the budget deficit in 2004-05 compared to the situation in 2003-04 when its net financing exceeded the amount of the budget deficit. The net credit to Government from Bank of Mauritius returned to a positive figure in 2004-05 after staying negative since 2001-02, when Government had been accumulating net deposits at the Bank. As from 2003-04, Government has been running down its deposit balances with the Bank and has maintained only a working balance at the Bank. Net credit to Government from former Category 1 banks grew at a marginally higher rate of 11.3 per cent in 2004-05 compared to 11.1 per cent in the previous fiscal year.

Sixth, growth in credit to the private sector from former Category 1 banks remained buoyant for the second consecutive fiscal year and increased by 9.6 per cent in 2004-05, up from 9.4 per cent in 2003-04. Banks remained cautious towards financing the productive sectors of the economy, but opened up in favour of the construction, traders and personal and professional sectors, which altogether accounted for around 72 per cent of additional credit extended in 2004-05.

Seventh, liquidity in the money market returned more or less to a normal situation in 2004-05, as compared to 2003-04 when the market was flushed with an abnormally high level of excess liquidity. The average weekly cash ratio maintained by former Category 1 banks varied between 5.54 per cent and 6.53 per cent in 2004-05 compared to a range of 5.58 per cent to 7.61 per cent in 2003-04. The average weekly excess cash balances of former Category 1 banks fluctuated within a range of Rs58 million to Rs1,337 million in 2004-05 compared to a range of Rs90 million to Rs2,654 million in 2003-04. Moreover, turnover on the interbank money market averaged Rs315 million in 2004-05, up from Rs210 million during 2003-04, while interbank interest rates varied between 1.00 per cent and 9.75 per cent as against a range of 0.75 per cent to 7.00 per cent in 2003-04. The Bank increased the frequency of its repurchase transactions in a bid to provide liquidity to former Category 1 banks during two particular months. The total value of bids received and accepted for repurchase transactions during the year 2004-05 amounted to Rs2,695 million and Rs2,225 million, respectively, compared to Rs550 million and Rs325 million in 2003-04, respectively. Former Category 1 banks also increased their access to the Lombard Facility during 2004-05, borrowing a total amount of Rs6,138 million compared to total borrowings of only Rs18 million in 2003-04. Former Category 1 banks obtained an additional source of liquidity by redeeming a total amount of Rs2,041 million of their holdings of Bank of Mauritius Bills.

Eighth, reverse repurchase transactions carried out with former Category 1 banks continued during 2004-05 as part of the Bank's open market operations. The total value of bids received and accepted for reverse repurchase transactions during 2004-05 amounted to Rs33,120 million and Rs15,600 million, respectively, as against Rs56,610 million and Rs19,150 million, respectively, in 2003-04. It may be noted that since April 2005, former Category 1 banks have made a formal arrangement to enable them to carry out repurchase and reverse repurchase transactions among themselves.

Ninth, the total volume of Bills put on tender amounted to Rs67,320 million, with the value of bids received and accepted, amounting to Rs133,762 million and Rs63,902 million, respectively, while the value of Bills maturing amounted to Rs78,060 million, resulting in a net redemption of Bills of Rs14,158 million in 2004-05, compared to a net issue of Bills of Rs6,965 million in 2003-04. Of the total volume of Bills issued in 2004-05, the value of BoM Bills issued amounted to Rs5,600 million compared to Rs14,770 million in 2003-04, while the value of BoM Bills maturing stood at Rs7,105 million in 2004-05 as against Rs2,162 million in 2003-04.

The overall weighted monthly average yields on Treasury/BoM Bills reflected the two increases in the Lombard Rate in 2004-05 and rose from 4.72 per cent in June 2004 to 6.37 per cent in June 2005, that is by 165 basis points, higher than the 50 basis points increase in the Lombard Rate.

Finally, average reserve money increased by 13.6 per cent in 2004-05, down from 52.2 per cent in 2003-04, while average money supply M2 rose by 11.8 per cent in 2004-05, down from 12.7 per cent in 2003-04. As a result, the average money multiplier declined from 6.27 in 2003-04 to 6.17 in 2004-05.

Monetary Policy: 2004-05

The basic thrust of monetary policy during 2004-05 was geared towards creating an appropriate environment for sustained growth, besides taking pre-emptive measures to stem inflationary pressures in the economy mainly arising from upward adjustments in the prices of petroleum products and increased freight charges. Monetary policy actions taken also aimed at maintaining the attractiveness of key rupee-denominated financial instruments. The Bank of Mauritius targeted an inflation rate of 4.0 per cent for the financial year 2004-05. However, upward pressures on the general price level arose mainly from non-monetary factors such as the increase in the world price of oil, which brought about upward adjustments in the price of petroleum products on the domestic front under the APM and increased freight charges. The rate of inflation for financial year 2004-05 stood at 5.6 per cent.

The Bank provided overnight collateralised advances to former Category 1 banks through the Lombard Facility. The interest rate payable for use of this facility is the Lombard Rate, which is also the Bank's signalling mechanism of its monetary policy stance.

The Bank raised the Lombard Rate on two occasions during fiscal year 2004-05 by a total of 50 basis points: from 9.50 per cent to 9.75 per cent on

21 October 2004 and to 10.00 per cent on 10 February 2005. Former Category 1 banks adjusted their deposits and lending rates more or less in line with the changes in the Lombard Rate. The rise in the Lombard Rate marked a turnaround in the monetary policy stance of the Bank given that the Bank had been proceeding with a series of cuts of the policy rate since May 2001. The recent increases in the Lombard Rate were aimed at taking pre-emptive measures to stem inflationary pressures, besides ensuring the attractiveness of key rupee-denominated financial instruments. The decisions were also viewed as being consistent with the long-term objective of achieving price stability in view of supporting medium term growth prospects.

Monetary Aggregates

The monetary survey provides a consolidation of the activities of the Bank of Mauritius and former Category 1 banks based on the analytical framework of the International Monetary Fund's "Guide to Money and Banking Statistics in International Financial Statistics". From the monetary survey, the following main monetary aggregates are compiled and presented: net foreign assets (which is further disaggregated into the net foreign assets of the Bank of Mauritius and the net foreign assets of former Category 1 banks), domestic credit (which is disaggregated into net credit to Government, credit to the private sector, credit to former Category 2 banks and credit to non-bank financial institutions), broad money supply M2 (which comprises narrow money supply M1 and quasi-money), and net other items.

Net foreign assets of the banking system rose for the seventh consecutive year, driven mainly by the increase in the net foreign assets of the former Category 1 banks. Net foreign assets of the banking system rose by Rs3,385 million, from Rs49,120 million at the end of June 2004 to Rs52,505 million at the end of June 2005, or 6.9 per cent, much higher than the increase of 3.3 per cent recorded in 2003-

Table III.1: Monetary Survey

(Rs million)

	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05
1. Net Foreign Assets	**31,232.2**	**39,974.0**	**47,567.9**	**49,120.3**	**52,505.3**
(a) Bank of Mauritius	22,561.6	29,911.6	39,583.5	43,261.7	42,695.7
(b) Former Category 1 Banks	8,670.6	10,062.4	7,984.4	5,858.5	9,809.6
2. Domestic Credit	**92,159.2**	**99,395.9**	**106,927.0**	**128,799.3**	**143,312.3**
(a) Net Credit to Government	17,578.4	18,980.1	21,476.2	35,346.2	40,906.9
(b) Claims on Private Sector	74,015.8	79,975.7	85,080.1	93,119.6	102,069.3
(c) Claims on Former Category 2 Banks	283.8	283.8	338.1	329.6	336.1
(d) Claims on Non-Bank Financial Institutions	281.2	156.2	32.7	3.9	0.0
3. Assets = Liabilities	**123,391.4**	**139,369.9**	**154,494.9**	**177,919.6**	**195,817.6**
4. Aggregate Monetary Resources	**97,753.4**	**110,467.2**	**123,404.5**	**141,132.4**	**153,127.8**
(a) Money Supply	**12,711.8**	**15,135.6**	**17,439.0**	**21,321.8**	**22,647.0**
(i) Currency with Public	5,735.4	6,466.4	7,487.9	8,479.6	9,728.5
(ii) Demand Deposits	6,976.5	8,669.2	9,951.1	12,842.2	12,918.4
(b) Quasi-Money	**85,041.5**	**95,331.6**	**105,965.6**	**119,810.6**	**130,480.8**
(i) Savings Deposits [1]	38,931.7	44,860.8	49,428.8	59,500.9	64,689.8
(ii) Time Deposits	34,052.3	37,060.7	41,808.9	43,394.5	44,080.4
(iii) Foreign Currency Deposits	12,057.5	13,410.1	14,727.9	16,915.2	21,710.6
5. Other Items, net	**25,638.0**	**28,902.7**	**31,090.4**	**36,787.2**	**42,689.8**

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

04. Net foreign assets of the Bank of Mauritius fell by Rs566 million, from Rs43,262 million at the end of June 2004 to Rs42,696 million at the end of June 2005, or 1.3 per cent, as against an increase of 9.3 per cent registered in 2003-04. Net foreign assets of former Category 1 banks increased by Rs3,951 million, from Rs5,858 million as at end-June 2004 to Rs9,809 million as at end-June 2005, or 67.4 per cent, as against the drop of 26.6 per cent recorded in 2003-04.

Domestic credit expanded by Rs14,513 million, from Rs128,799 million at the end of June 2004 to Rs143,312 million at the end of June 2005, or 11.3 per cent, lower than the increase of 20.5 per cent recorded in 2003-04. In both 2003-04 and 2004-05, the increase in domestic credit was brought about by increases in both net credit to Government and credit to the private sector, with credit to the private sector accounting for around 62 per cent of the increase in 2004-05 as compared to nearly 37 per cent in 2003-04.

Net credit to Government from the banking system expanded by Rs5,561 million from Rs35,346 million at the end of June 2004 to Rs40,907 million at the end of June 2005, or 15.7 per cent, compared to 64.6 per cent recorded in 2003-04. Net credit to Government from the Bank of Mauritius increased by Rs1,498 million, from a negative figure of Rs695 million at the end of June 2004 to a positive figure of Rs803 million at the end of June 2005, or 215.5 per cent, compared to a rise of 93.7 per cent in 2003-04. Net credit to Government from former Category 1 banks grew by Rs4,063 million, from Rs36,041 million at the end of June 2004 to Rs40,104 million at the end of June 2005, or 11.3 per cent, compared to an increase of 11.1 per cent in 2003-04.

Credit to the private sector from former Category 1 banks rose by Rs8,949 million, from Rs93,120 million at the end of June 2004 to Rs102,069 million at the end of June 2005, or 9.6

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

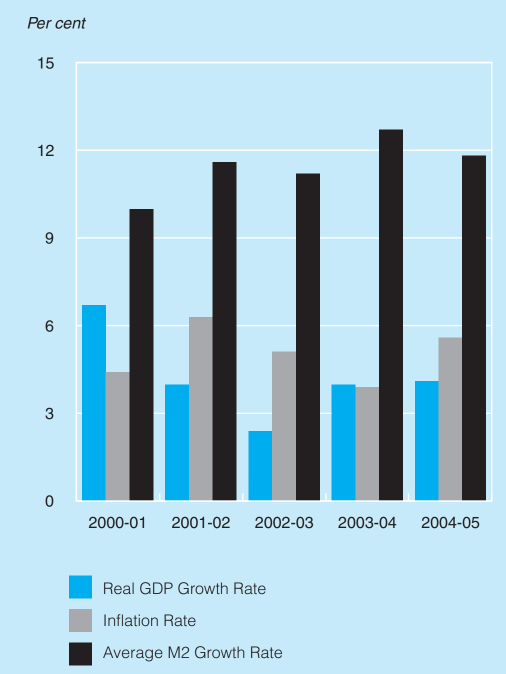


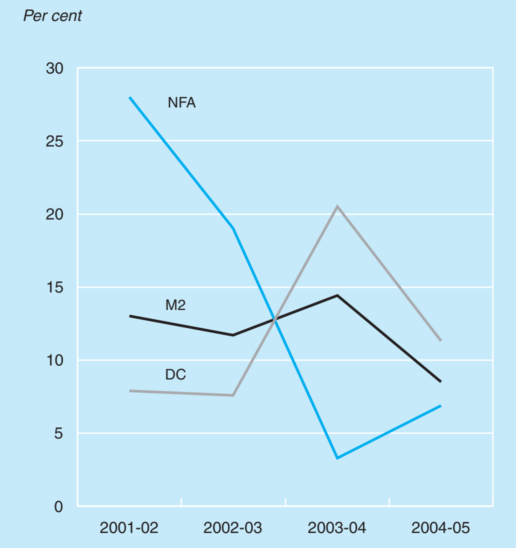
Table III.2: Changes in Monetary Aggregates

(Rs million)

		2001-02	2002-03	2003-04	2004-05
1.	**Money Supply**	**2,423.7**	**2,303.3**	**3,882.8**	**1,325.2**
2.	**Quasi-Money**	**10,290.1**	**10,634.0**	**13,845.0**	**10,670.2**
3.	**Aggregate Monetary Resources (a+b-c)**	**12,713.8**	**12,937.3**	**17,727.8**	**11,995.4**
	(a) Net Foreign Assets	8,741.8	7,593.8	1,552.4	3,385.0
	(b) Domestic Credit	7,236.7	7,531.1	21,872.3	14,513.0
	(i) Net Credit to Government	*1,401.7*	*2,496.1*	*13,870.0*	*5,560.7*
	(ii) Claims on Private Sector	*5,960.0*	*5,104.4*	*8,039.5*	*8,949.7*
	(iii) Claims on Former Category 2 Banks	*0.0*	*54.3*	*-8.5*	*6.5*
	(iv) Claims on Non-Bank Financial Institutions	*-125.0*	*-123.5*	*-28.8*	*-3.9*
	(c) Other Items, net	3,264.7	2,187.6	5,696.9	5,902.6

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)



per cent, slightly higher than the growth of 9.4 per cent registered in 2003-04. Loans and advances went up by Rs9,573 million, from Rs81,323 million at the end of June 2004 to Rs90,896 million at the end of June 2005, or 11.8 per cent, higher than the rise of 10.5 per cent recorded in 2003-04. Former Category 1 banks' investment in shares and debentures issued by the private sector fell by Rs999 million, or 11.7 per cent, from Rs8,525 million at the end of June 2004 to Rs7,526 million at the end of June 2005.

Broad money supply M2 went up by Rs11,996 million, from Rs141,132 million at the end of June 2004 to Rs153,128 million at the end of June 2005, or 8.5 per cent, compared to an increase of 14.4 per cent in 2003-04. Both components of M2, namely, narrow money supply M1 and quasi-money, contributed positively to its increase.

Narrow money supply M1 grew by Rs1,325 million, from Rs21,322 million at the end of June 2004 to Rs22,647 million at the end of June 2005, or 6.2 per cent, compared to an increase of 22.3 per cent registered in 2003-04. Demand deposits, one of the components of money supply M1, expanded by Rs76 million, from Rs12,842 million at the end of June 2004 to Rs12,918 million at the end of June 2005, or 0.6 per cent, compared to a rise of 29.1 per cent in 2003-04. Currency with public, the other component of money supply M1, went up by Rs1,249 million, from Rs8,480 million to Rs9,729 million, or 14.7 per cent, compared to an increase of 13.2 per cent recorded in 2003-04.

Quasi-money, the other component of money supply M2, expanded by Rs10,670 million, from Rs119,811 million at the end of June 2004 to Rs130,481 million at the end of June 2005, or 8.9 per cent, lower than the increase of 13.1 per cent registered in 2003-04. Of the components of quasi-money, savings deposits went up by Rs5,189 million, from Rs59,501 million to Rs64,690 million,

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

(Per cent)

	2001-02	2002-03	2003-04	2004-05
1. Net Foreign Assets	**8.9**	**6.9**	**1.3**	**2.4**
(a) Bank of Mauritius	7.5	8.8	3.0	-0.4
(b) Former Category 1 Banks	1.4	-1.9	-1.7	2.8
2. Net Claims on Government	**1.4**	**2.3**	**11.2**	**3.9**
(a) Bank of Mauritius	-5.7	-7.0	8.3	1.1
(b) Former Category 1 Banks	7.1	9.3	2.9	2.9
3. Claims on Private Sector	**6.1**	**4.6**	**6.5**	**6.3**
4. Claims on Former Category 2 Banks	**0.0**	**0.0**	**0.0**	**0.0**
5. Claims on Non-Bank Financial Institutions	**-0.1**	**-0.1**	**0.0**	**0.0**
6. Other Items, net	**3.3**	**2.0**	**4.6**	**4.2**
7. Percentage Change in Aggregate Monetary Resources (1+2+3+4+5-6)	**13.0**	**11.7**	**14.4**	**8.5**

Figures may not add up to totals due to rounding.

or 8.7 per cent, compared to 20.4 per cent in 2003-04; time deposits rose by Rs686 million, from Rs43,394 million to Rs44,080 million, or 1.6 per cent, lower than the increase of 3.8 per cent noted in 2003-04; foreign currency deposits grew by Rs4,796 million, from Rs16,915 million to Rs21,711 million, or 28.3 per cent, compared to an increase of 14.9 per cent in 2003-04.

The 8.5 per cent increase in broad money supply M2 in 2004-05 was brought about by positive contributions of 10.3 percentage points in domestic credit, of which net credit to Government contributed 3.9 percentage points and credit to the private sector contributed 6.3 percentage points, as well as 2.4 percentage points contribution in the net foreign assets of the banking system. Net other items exerted a negative contribution of 4.2 percentage points. Domestic credit was largely responsible for the increase in money supply M2 in 2004-05, same as in 2003-04 when it contributed for 17.7 percentage points of the increase in money supply M2.

Chart III.1 shows the evolution of real GDP growth rate, inflation rate and average growth rate of money supply M2 for fiscal years 2000-01 through 2004-05. Table III.1 provides details on the monetary survey from end-June 2001 to end-June 2005. Tables III.2 and III.3 give details on the evolution of monetary aggregates for the years 2001-02 through 2004-05. Chart III.2 shows the rates of growth of money supply M2, net foreign assets and domestic credit for the years 2001-02 through 2004-05.

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 credit, thereby forming the basis of money creation in the economy. The components of reserve money are the notes and coins in circulation, deposit liabilities held by former Category 1 banks at the central bank and Bank of Mauritius Bills held by former Category 1 banks.

Reserve money contracted by Rs1,964 million, from Rs24,905 million at the end of June 2004 to Rs22,941 million at the end of June 2005, or 7.9 per cent, as against an increase of 68.6 per cent registered in 2003-04. This fall in reserve money is to a large extent explained by a lower amount of BoM Bills issued to former Category 1 banks in 2004-05.

Currency with public went up by Rs1,249 million, from Rs8,480 million at the end of June

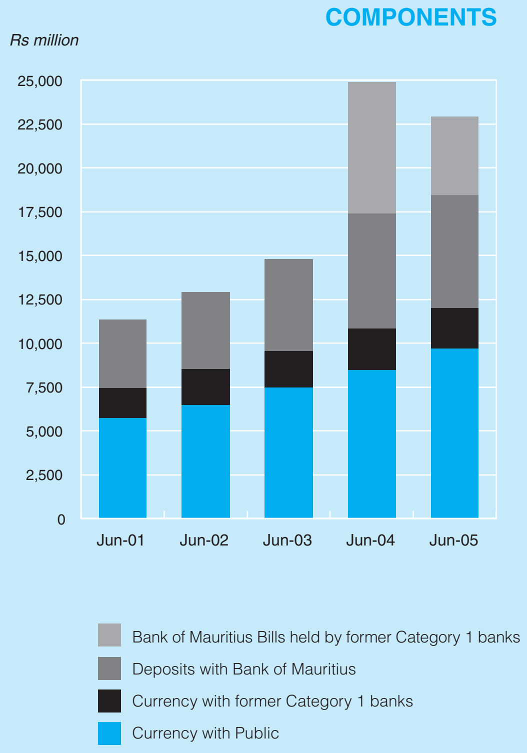
Table III.4: Components and Sources of Reserve Money

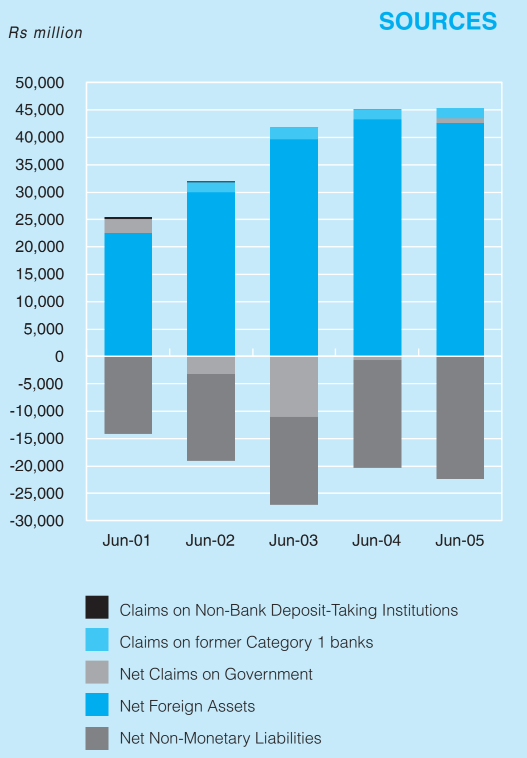
(Rs million)

	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05
A. Reserve Money	**11,342.9**	**12,924.7**	**14,775.9**	**24,904.9**	**22,940.6**
B. Components of Reserve Money	**11,342.9**	**12,924.7**	**14,775.9**	**24,904.9**	**22,940.6**
(i) Currency with Public	5,735.4	6,466.4	7,487.9	8,479.6	9,728.5
(ii) Currency with Former Category 1 Banks	1,726.5	2,066.8	2,100.3	2,386.3	2,288.3
(iii) Deposits of Former Category 1 Banks	3,789.6	4,239.7	4,991.6	6,321.9	5,971.3
(iv) Other Deposits	91.4	151.7	196.0	225.0	476.2
(v) Bank of Mauritius Bills held by Former Category 1 Banks				7,492.1	4,476.3
C. Sources of Reserve Money	**11,342.9**	**12,924.7**	**14,775.9**	**24,904.9**	**22,940.6**
(i) Net Foreign Assets	22,561.6	29,911.6	39,583.5	43,261.7	42,695.7
(ii) Net Credit to Government	2,375.7	-3,169.2	-10,956.2	-694.8	803.2
(iii) Claims on Former Category 1 Banks	253.0	1,874.8	2,171.0	1,864.6	1,818.5
(iv) Claims on Non-Bank Deposit-Taking Institutions	281.2	156.2	32.7	3.9	0.0
(v) Other Liabilities, net	-14,128.6	-15,848.8	-16,055.0	-19,530.5	-22,376.8

Note: Effective 22 August 2003, the Bank of Mauritius started to issue Bank of Mauritius Bills in addition to Treasury Bills.
Figures may not add up to totals due to rounding.

Chart III.3: Components and Sources of Reserve Money





2004 to Rs9,729 million at the end of June 2005, or 14.7 per cent, higher than the increase of 13.2 per cent recorded in 2003-04. Currency in the vaults of former Category 1 banks fell by Rs98 million, from Rs2,386 million in June 2004 to Rs2,288 million in June 2005, or 4.1 per cent, as against an increase of 13.6 per cent noted in 2003-04. Demand deposits held with the Bank of Mauritius contracted by Rs99 million, from Rs6,547 million in June 2004 to Rs6,448 million in June 2005, or 1.5 per cent, as against an increase of 26.2 per cent increase recorded in 2003-04. Former Category 1 banks' holdings of BoM Bills fell by Rs3,016 million or 40.3 per cent, from Rs7,492 million in June 2004 to Rs4,476 million in June 2005.

On the sources side of reserve money, net foreign assets of the Bank of Mauritius fell by Rs566 million, from Rs43,262 million at the end of June 2004 to Rs42,696 million at the end of June 2005, or 1.3 per cent, as against an increase of 9.3 per cent recorded in 2003-04. Net credit to Government from the Bank of Mauritius grew by Rs1,498 million, or 215.5 per cent, from a negative figure of Rs695 million at the end of June 2004 to a positive figure of Rs803 million at the end of June 2005. Bank of Mauritius claims on former Category 1 banks dropped by Rs46 million, from Rs1,865 million to Rs1,819 million, or 2.5 per cent, as compared to a fall of 14.1 per cent recorded in 2003-04.

Thus, in 2004-05, the fall of 7.9 per cent in reserve money was brought about by negative contributions of 2.3 percentage points and 0.2 percentage point in net foreign assets of the Bank of Mauritius and claims on former Category 1 banks, respectively. Net non-monetary liabilities also exerted a negative contribution of 11.4 percentage points. However, net credit to Government from the Bank of Mauritius made a positive contribution of 6.0 percentage points. In 2003-04, both net foreign assets of the Bank of Mauritius and net credit to Government from the Bank of Mauritius had accounted for the increase in reserve money.

Table III.4 and Chart III.3 give details on the components and sources of reserve money from end-June 2001 to end-June 2005.

Trends in Reserve Money and Monetary Ratios

The monthly average level of reserve money went up from Rs20,967 million in 2003-04 to

Rs23,823 million in 2004-05, or 13.6 per cent, much lower than the increase of 52.2 per cent recorded in 2003-04. The expansion in reserve money can be attributed to the higher amount of cash reserves held by banks.

The monthly average level of broad money supply M2 rose from Rs131,498 million in 2003-04 to Rs147,073 million in 2004-05, or 11.8 per cent, compared to an increase of 12.7 per cent in 2003-04. After rising in 2003-04, the rate of growth of the monthly average level of narrow money supply M1 fell from 17.5 per cent in 2003-04 to 15.3 per cent in 2004-05. The rate of growth of the monthly average level of quasi-money also fell from 12.0 per cent in 2003-04 to 11.2 per cent in 2004-05. The rate of growth of the monthly average level of currency with public rose for the fifth consecutive year, from 14.7 per cent in 2003-04 to 15.6 per cent in 2004-05, while the growth rate of the monthly average level of demand deposits fell from 19.8 per cent to 15.1 per cent over the same period.

The average money multiplier for broad money supply M2 declined slightly, from 6.27 in 2003-04 to 6.17 in 2004-05. The average money multiplier for narrow money supply M1 increased marginally from 0.91 in 2003-04 to 0.93 in 2004-05.

Table III.5: Monetary Ratios

	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05
1. Monthly Average for year ended (Rs million)					
A. Reserve Money	**10,752.7**	**12,101.9**	**13,772.7**	**20,966.6**	**23,822.6**
	(+10.1)	*(+12.5)*	*(+13.8)*	*(+52.2)*	*(+13.6)*
B. Aggregate Monetary Resources (AMR) (M2)	**94,043.1**	**104,936.4**	**116,643.2**	**131,497.7**	**147,072.5**
	(+10.1)	*(+11.6)*	*(+11.2)*	*(+12.7)*	*(+11.8)*
(a) Money Supply (M1)	**11,946.3**	**13,993.9**	**16,259.6**	**19,109.9**	**22,042.1**
	(+12.2)	*(+17.1)*	*(+16.2)*	*(+17.5)*	*(+15.3)*
(i) Currency with Public	5,628.1	6,341.9	7,210.8	8,268.5	9,558.3
	(+11.9)	*(+12.7)*	*(+13.7)*	*(+14.7)*	*(+15.6)*
(ii) Demand Deposits	6,318.2	7,652.0	9,048.8	10,841.4	12,483.7
	(+12.4)	*(+21.1)*	*(+18.3)*	*(+19.8)*	*(+15.1)*
(b) Quasi-Money	**82,096.8**	**90,942.5**	**100,383.6**	**112,387.8**	**125,030.5**
	(+9.8)	*(+10.8)*	*(+10.4)*	*(+12.0)*	*(+11.2)*
2. Average Money Multiplier					
A. Money Supply (M1)	**1.11**	**1.16**	**1.18**	**0.91**	**0.93**
B. Aggregate Monetary Resources (M2)	**8.75**	**8.67**	**8.47**	**6.27**	**6.17**
3. Other Monetary Ratios (Per cent)					
A. Currency to Money Supply (M1)	**47.1**	**45.3**	**44.3**	**43.3**	**43.4**
B. Demand Deposits to Money Supply (M1)	**52.9**	**54.7**	**55.7**	**56.7**	**56.6**
C. Currency to AMR	**6.0**	**6.0**	**6.2**	**6.3**	**6.5**
D. Demand Deposits to AMR	**6.7**	**7.3**	**7.8**	**8.2**	**8.5**
E. Money Supply to AMR	**12.7**	**13.3**	**13.9**	**14.5**	**15.0**
F. Quasi-Money to AMR	**87.3**	**86.7**	**86.1**	**85.5**	**85.0**

Notes : (i) Figures in brackets represent percentage change over previous period.
(ii) Reserve Money = Currency in Circulation plus Private Demand Deposits with the Bank of Mauritius.
As from August 2003, Bank of Mauritius Bills held by former Category 1 banks are included in Reserve Money.
(iii) The average Money Multiplier for Money Supply is defined as the ratio of average Money Supply to average Reserve Money.
(iv) The average Money Multiplier for Aggregate Monetary Resources is defined as the ratio of average Aggregate Monetary Resources to average Reserve Money.

In 2004-05, the ratio of currency with public to narrow money supply M1 stood at 43.4 per cent, more or less at the same level as in 2003-04. The ratio of demand deposits to narrow money supply M1 was also relatively unchanged at 56.6 per cent in 2003-04 and 2004-05. The ratio of currency with public to broad money supply M2 went up for the third consecutive year, rising from 6.3 per cent in 2003-04 to 6.5 per cent in 2004-05, whereas the ratio of demand deposits to broad money supply M2 maintained its upward trend, rising further from 8.2 per cent in 2003-04 to 8.5 per cent in 2004-05.

The ratio of narrow money supply M1 to broad money supply M2 maintained its ascending trend, rising further from 14.5 per cent in 2003-04 to 15.0 per cent in 2004-05. Conversely, the ratio of quasi-money to broad money supply M2 declined further from 85.5 per cent in 2003-04 to 85.0 per cent in 2004-05.

Table III.5 gives details on monetary ratios for the years ended June 2001 through June 2005.

Income Velocity of Circulation of Money

The income velocity of circulation of money measures the frequency with which 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.

After hovering around 1.3 for the past five fiscal years, the income velocity of broad money supply M2 fell to 1.2 in 2004-05. This can be explained by the higher growth of average level of M2 of 11.8 per cent, as compared to an expansion in Gross Domestic Product of 9.9 per cent during the year, reflecting a low demand for money.

The income velocity of narrow money supply M1 maintained its declining movement, dropping from 9.2 in 2002-03 to 8.6 in 2003-04, and further down to 8.2 in 2004-05. This fall in velocity of circulation of money supply M1 over successive years can be accounted for by the increasing use of plastic money for effecting transactions.

The income velocity of circulation of currency fell for the fourth consecutive year, from 15.9 in 2002-03 to 15.3 in 2003-04, and further down to 15.0 in 2004-05, due to the use of electronic means of payments.

Table III.6 provides details on the income velocity of circulation of money for the years 1997-

Chart III.4: Average Money Multiplier and Income Velocity of Circulation of 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
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	15.9	9.2	1.3
2003-04	15.3	8.6	1.3
2004-05	15.0	8.2	1.2

98 through 2004-05. Chart III.4 shows the average money multiplier and the income velocity of circulation of money for the years 1998-99 through 2004-05.

Commercial Banking Sector

Main Features

In November 2004, a new Bank of Mauritius Act and Banking Act were promulgated. The Banking Act 2004 removed the separate licensing of Category 1 banks and Category 2 banks and provided for a single banking licence to cover both activities. Accordingly, all banks are free to transact in all currencies, including the Mauritian rupee. However, for the financial year 2004-05, the distinction between their activities continued to prevail and their banking activities were reported separately. These banks are referred to as former Category 1 banks and former Category 2 banks in this report.

At the end of June 2005, there were twenty banks operating in Mauritius, of which eight formerly held a Category 1 banking licence, nine formerly held a Category 2 banking licence and three formerly held both Category 1 and Category 2 banking licences.

At the end of June 2005, the domestic commercial banking sector in Mauritius comprised eleven former Category 1 banks, made up of five locally incorporated and owned banks, two foreign-owned banks incorporated locally and four branches of foreign banks.

These eleven banks were operating 159 branches, 13 counters, 1 mobile van and 293 Automated Teller Machines (ATMs), and were employing 4,206 people at the end of June 2005. The number of inhabitants per branch went down from 8,168 at the end of June 2004 to 7,717 at the end of June 2005, following an increase in the number of branches of banks in the economy.

Besides traditional banking facilities, eight former Category 1 banks offer card-based payment services such as credit and debit cards while internet banking and phone banking facilities are provided by two former Category 1 banks and four former Category 1 banks, respectively.

Between end-June 2004 and end-June 2005, total assets of former Category 1 banks went up by Rs16,487 million, from Rs174,641 million to Rs191,128 million, or 9.4 per cent, lower than the rise of 13.0 per cent registered in 2003-04.

Former Category 1 banks' reserves, defined as their cash in hand, balances with the Bank of Mauritius and holdings of Bank of Mauritius Bills, decreased by Rs3,302 million, from Rs16,296 million at the end of June 2004 to Rs12,994 million at the end of June 2005, or 20.3 per cent, compared to a rise of 129.6 per cent recorded in 2003-04, mainly as the result of the fall in BoM bills held by former Category 1 banks.

Foreign assets of former Category 1 banks increased by Rs5,086 million, from Rs12,316 million at the end of June 2004 to Rs17,402 million at the end of June 2005, or 41.3 per cent, as against a fall of 16.5 per cent registered in 2003-04. Balances

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

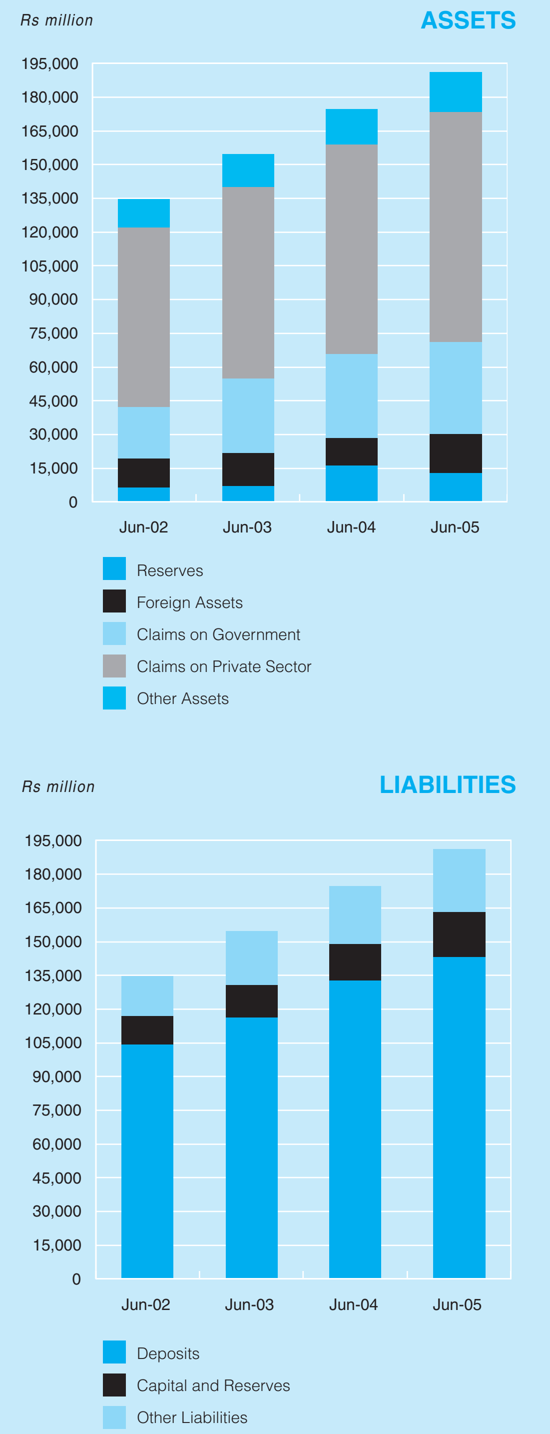
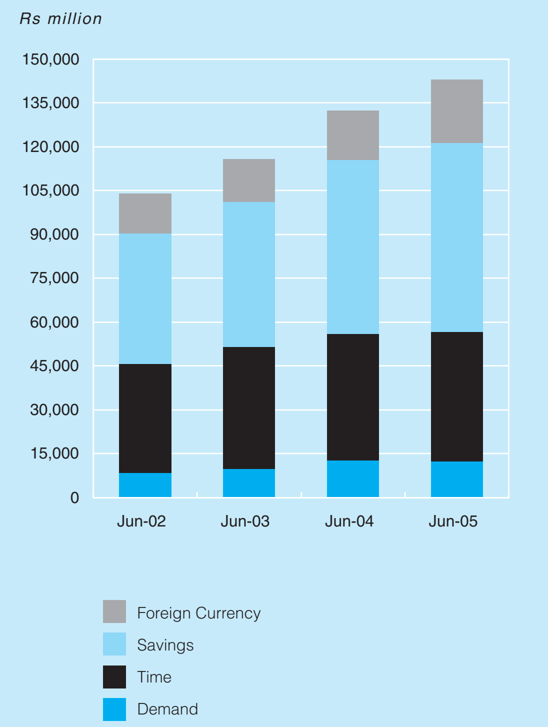


Chart III.6: Deposits with Former Category 1 Banks



with banks abroad increased by Rs3,862 million in 2004-05, from Rs6,438 million to Rs10,300 million, or 60.0 per cent, compared to a fall of 15.3 per cent in 2003-04. Loans and foreign financing outside Mauritius went up by Rs1,033 million, from Rs2,965 million to Rs3,998 million in 2004-05, or 34.8 per cent, as against a decrease of 20.9 per cent recorded in 2003-04. Foreign bills purchased and discounted, rose by Rs216 million, from Rs1,779 million to Rs1,995 million, or 12.1 per cent, as against a fall of 22.5 per cent noted in 2003-04.

Former Category 1 banks' investments in Treasury Bills and other Government securities went up by Rs3,682 million, from Rs37,284 million at the end of June 2004 to Rs40,966 million at the end of June 2005, or 9.9 per cent, compared to an increase of 12.4 per cent recorded in 2003-04.

Former Category 1 banks' credit to the private sector grew by Rs8,949 million, from Rs93,120 million at the end of June 2004 to Rs102,069 million at the end of June 2005, or 9.6 per cent, marginally higher than the increase of 9.4 per cent registered in 2003-04. The credit-deposit ratio of former Category 1 banks rose from 70.2 per cent at the end of June 2004 to 71.3 per cent at the end of June 2005.

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

(Rs million)

	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05
1. TOTAL ASSETS	**118,232.7**	**134,679.8**	**154,559.7**	**174,640.7**	**191,128.5**
of which :					
A. Cash in Hand and Balances with Bank of Mauritius	**5,497.7**	**6,306.5**	**7,098.1**	**8,709.1**	**8,259.5**
B. Investments in Bank of Mauritius Bills				**7,586.6**	**4,734.9**
C. Investments in Treasury Bills and other Government Securities	**15,566.0**	**22,519.0**	**33,171.3**	**37,283.9**	**40,966.2**
D. Foreign Assets	**11,646.0**	**13,265.8**	**14,750.2**	**12,315.8**	**17,402.5**
E. Claims on Private Sector	**74,015.8**	**79,975.7**	**85,080.1**	**93,119.6**	**102,069.3**
F. Other	**11,507.2**	**12,612.8**	**14,460.0**	**15,625.7**	**17,696.1**
2. TOTAL LIABILITIES	**118,232.7**	**134,679.8**	**154,559.7**	**174,640.7**	**191,128.5**
of which :					
A. Capital and Reserves	**11,675.7**	**12,747.2**	**14,414.3**	**16,269.0**	**19,895.8**
B. Total Deposits	**92,375.3**	**104,275.3**	**116,295.6**	**132,729.8**	**143,217.2**
(i) Demand [1]	6,885.1	8,517.5	9,755.0	12,617.2	12,442.3
(ii) Time	34,052.3	37,060.7	41,808.9	43,394.5	44,080.4
(iii) Savings [2]	38,931.7	44,860.7	49,428.8	59,500.9	64,689.8
(iv) Government	448.7	426.3	575.0	302.0	294.1
(v) Foreign Currency	12,057.5	13,410.1	14,727.9	16,915.2	21,710.6
C. Total Borrowing from Banks Abroad	**2,975.4**	**3,203.4**	**6,765.8**	**6,423.6**	**7,578.5**
D. Other	**11,206.3**	**14,453.9**	**17,084.0**	**19,218.3**	**20,437.0**

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

Total deposits with former Category 1 banks went up by Rs10,487 million, from Rs132,730 million at the end of June 2004 to Rs143,217 million at the end of June 2005, or 7.9 per cent, compared to an increase of 14.1 per cent in 2003-04. Foreign currency deposits rose by Rs4,796 million, from Rs16,915 million to Rs21,711 million or 28.3 per cent, higher than the 14.9 per cent increase noted in 2003-04. Total rupee deposits grew by Rs5,692 million from Rs115,815 million at the end of June 2004 to Rs121,507 million at the end of June 2005, or 4.9 per cent compared to a growth of 14.0 per cent registered in 2003-04. Demand deposits fell slightly by Rs175 million, from Rs12,617 million at the end of June 2004 to Rs12,442 million at the end of June 2005, or 1.4 per cent, compared to an increase of 29.3 per cent in 2003-04. Savings deposits expanded by Rs5,189 million, from Rs59,501 at the end of June 2004 million to Rs64,690 million at the end of June 2005, or 8.7 per cent, compared to a growth of 20.4 per cent registered in 2003-04. Time deposits went up by Rs686 million, from Rs43,394 million at the end of end of June 2004 to Rs44,080 million at the end of June 2005, or 1.6 per cent, compared to an increase of 3.8 per cent in 2003-04. Government deposits declined marginally by Rs8 million, from Rs302 million at the end of June 2004 to Rs294 million at the end of June 2005, or 2.6 per cent, compared to a fall of 47.5 per cent in 2003-04.

The share of savings deposits increased from 44.8 per cent in 2003-04 to 45.2 per cent in fiscal year 2004-05 while that of demand deposits fell from 9.5 per cent at the end of June 2004 to 8.7 per cent at the end of June 2005. The share of foreign currency deposits of total deposits rose from 12.7 per cent at the end of June 2004 to 15.2 per cent of total deposits at the end of June 2005. In contrast, the share of time deposits in total deposits decreased from 32.7 per cent at the end of June 2004 to 30.8 per cent at the end of June 2005.

Foreign liabilities of former Category 1 banks went up by Rs1,136 million, from Rs6,457 million at the end of June 2004 to Rs7,593 million at the end of June 2005, or 17.6 per cent, as against a decrease of 4.6 per cent in 2003-04.

Capital and reserves of former Category 1 banks grew by Rs3,627 million, from Rs16,269 million at the end of June 2004 to Rs19,896 million at the end of June 2005, or 22.3 per cent compared to an increase of 12.9 per cent in the preceding fiscal year.

The average balance per account for demand, savings and time deposits stood at Rs136,550, Rs43,459 and Rs415,355 at the end of June 2005 compared to Rs150,156, Rs34,493 and Rs392,079 respectively, at the end of June 2004.

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

Sectorwise Distribution of Credit to the Private Sector

Credit from former Category 1 banks to the private sector expanded by Rs8,949 million, or 9.6 per cent, from Rs93,120 million at the end of June 2004 to Rs102,069 million at the end of June 2005, compared to an increase of 9.4 per cent noted between end June-2003 and end June-2004. The "Construction", "Traders", "Personal" and "Professional" sectors were the principal recipients of additional credit with around 72 per cent of the increase channelled towards them.

Loans and overdrafts facilities rose by Rs7,952 million, or 10.9 per cent, from Rs72,778 million at the end of June 2004 to Rs80,730 million at the end of June 2005, higher than the increase of 9.8 per cent noted in 2003-04. They represented 79.1 per cent of total credit at the end of June 2005, up from 78.2 per cent at the end of June 2004. Foreign currency financing of credit went up by Rs1,621 million, or 19.0 per cent, from Rs8,545 million at the end of June 2004 to Rs10,166 million at the end of June 2005, up from 16.7 per cent in 2003-04. Consequently, foreign currency lending accounted for 10.0 per cent of total credit at the end of June 2005 compared to 9.2 per cent at the end of June 2004. Local Bills Purchased and Discounted grew by Rs231 million, or 26.4 per cent, from Rs874 million to Rs1,105 million, compared to a rise of 34.9 per cent in the preceding fiscal year. As a share of total credit, they accounted for 1.1 per cent at the end of June 2005, up from 0.9 per cent at the end of June 2004. Bills Receivable went up by Rs145 million, or 6.0 per cent, from Rs2,398 million to Rs2,543 million, much lower than the increase of 23.6 per cent recorded in 2003-04. Their share of total credit stood at 2.5 per cent at the end of June 2005 compared to 2.6 per cent at the end of June 2004. Banks' investments in shares and debentures fell by Rs999 million, or 11.7 per cent, from Rs8,525 million at the end of June 2004 to Rs7,526 million at the end of June 2005, compared to a drop of 4.0 per cent in 2003-04. As a percentage of total credit, they amounted to 7.4 per cent in June 2005, down from 9.2 per cent in June 2004.

Credit to the Construction sector grew by 21.4 per cent in 2004-05. This represented an increase of Rs3,048 million, from Rs14,261 million at the end of June 2004 to Rs17,309 million at the end of June 2005. Its share in total private sector credit rose from 15.3 per cent at the end of June 2004 to 17.0 per cent at the end of June 2005. Around 87.3 per cent of the additional credit extended to the construction sector was directed towards the "Housing" sector.

Credit to Traders expanded by 14.7 per cent, from Rs13,546 million at the end of June 2004 to Rs15,534 million at the end of June 2005. At the end of June 2005, credit to Traders represented 15.2 per cent of total credit to the private sector, up from 14.5 per cent at the end of June 2004, and accounted for 22.2 per cent of the increase in 2004-05.

Credit to the Personal sector expanded by Rs1,237 million, or 14.5 per cent, from Rs8,521 million at the end of June 2004 to Rs9,758 million at the end of June 2005. Its share in total private sector credit rose from 9.2 per cent at the end of June 2004 to 9.6 per cent at the end of June 2005. It accounted for 13.8 per cent of the increase in 2004-05. The Professional sector registered an increase of Rs197 million in credit, or 29.9 per cent, up to Rs856 million as at the end of June 2005.

Credit to the Manufacturing sector increased by 8.1 per cent, from Rs13,204 million at the end of June 2004 to Rs14,278 million at the end of June 2005. However, the share of the Manufacturing sector in total private sector credit fell slightly from 14.2 per cent at the end of June 2004 to 14.0 per cent at the end of June 2005.

Credit allocated to the Tourism sector went up by Rs923 million, or 6.7 per cent, from Rs13,696 million at the end of June 2004 to Rs14,619 million

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

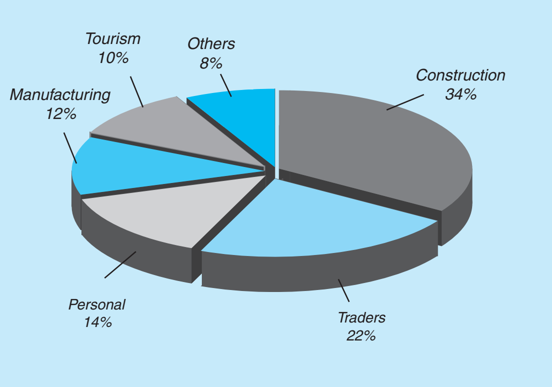
	Jun-03 (1)	Jun-04 (2)	Jun-05 (3)	Change between (1) and (2)		Change between (2) and (3)	
	(Rs Mn)	*(Rs Mn)*	*(Rs Mn)*	*(Rs Mn)*	*(Per cent)*	*(Rs Mn)*	*(Per cent)*
Agriculture & Fishing	**8,304.0**	**7,712.4**	**7,299.8**	**-591.6**	**-7.1**	**-412.6**	**-5.3**
Of which:							
Sugar Industry - Estates	*5,273.6*	*4,766.9*	*4,370.7*	*-506.7*	*-9.6*	*-396.2*	*-8.3*
Sugar Industry - Others	*1,042.6*	*976.8*	*947.7*	*-65.8*	*-6.3*	*-29.1*	*-3.0*
Agricultural Development Certificate Holders	*21.2*	*25.8*	*14.0*	*4.6*	*21.7*	*-11.8*	*-45.7*
Sugarcane Planters	*650.3*	*632.1*	*658.1*	*-18.2*	*-2.8*	*26.0*	*4.1*
Other	*1,316.4*	*1,310.8*	*1,309.2*	*-5.6*	*-0.4*	*-1.6*	*-0.1*
Manufacturing	**13,116.1**	**13,203.5**	**14,278.2**	**87.4**	**0.7**	**1,074.7**	**8.1**
Of which:							
Export Enterprise Certificate Holders	*6,619.1*	*6,326.0*	*6,356.2*	*-293.1*	*-4.4*	*30.2*	*0.5*
Export Service Certificate Holders	*175.4*	*149.2*	*138.9*	*-26.2*	*-14.9*	*-10.3*	*-6.9*
Pioneer Status Certificate Holders	*249.4*	*246.8*	*276.4*	*-2.6*	*-1.0*	*29.6*	*12.0*
Small and Medium Enterprise Certificate Holders	*95.4*	*88.9*	*104.4*	*-6.5*	*-6.8*	*15.5*	*17.4*
Strategic Local Enterprise Certificate Holders	*0.0*	*0.2*	*0.8*	*0.2*	*-*	*0.6*	*0.0*
Furniture & Wood Products	*423.1*	*391.2*	*395.3*	*-31.9*	*-7.5*	*4.1*	*1.0*
Printing & Publishing	*502.3*	*563.5*	*913.5*	*61.2*	*12.2*	*350.0*	*62.1*
Steel/Metal Products	*395.2*	*327.4*	*349.3*	*-67.8*	*-17.2*	*21.9*	*6.7*
Food & Beverages	*1,931.0*	*2,234.8*	*2,354.9*	*303.8*	*15.7*	*120.1*	*5.4*
Plastic Products	*140.6*	*148.9*	*151.7*	*8.3*	*5.9*	*2.8*	*1.9*
Pharmaceuticals & Health Care	*27.4*	*58.6*	*97.6*	*31.2*	*113.9*	*39.0*	*66.6*
Jewellery & Precision Engineering	*105.2*	*114.4*	*147.5*	*9.2*	*8.7*	*33.1*	*28.9*
Electronics	*87.2*	*103.3*	*107.1*	*16.1*	*18.5*	*3.8*	*3.7*
Leather Products & Footwear	*55.1*	*53.2*	*51.2*	*-1.9*	*-3.4*	*-2.0*	*-3.8*
Other	*2,309.7*	*2,397.2*	*2,833.4*	*87.5*	*3.8*	*436.2*	*18.2*
Tourism	**13,951.9**	**13,695.5**	**14,619.1**	**-256.4**	**-1.8**	**923.6**	**6.7**
Of which:							
Hotels	*5,378.2*	*5,068.4*	*5,926.3*	*-309.8*	*-5.8*	*857.9*	*16.9*
Tour Operators & Travel Agents	*300.7*	*363.8*	*468.2*	*63.1*	*21.0*	*104.4*	*28.7*
Hotel Development Certificate Holders	*1,044.6*	*1,058.3*	*1,162.9*	*13.7*	*1.3*	*104.6*	*9.9*
Hotel Management Service Certificate Holders	*6,670.8*	*6,618.8*	*6,302.0*	*-52.0*	*-0.8*	*-316.8*	*-4.8*
Restaurants	*223.7*	*212.0*	*187.5*	*-11.7*	*-5.2*	*-24.5*	*-11.6*
Duty-Free Shops	*2.0*	*1.9*	*9.1*	*-0.1*	*-5.0*	*7.2*	*378.9*
Other	*331.9*	*372.4*	*563.1*	*40.5*	*12.2*	*190.7*	*51.2*
Transport	**1,205.5**	**1,376.7**	**1,568.1**	**171.2**	**14.2**	**191.4**	**13.9**
Of which:							
Buses, Lorries, Trucks & Cars	*380.7*	*495.5*	*505.6*	*114.8*	*30.2*	*10.1*	*2.0*
Shipping & Freight Forwarders	*629.7*	*698.0*	*874.3*	*68.3*	*10.8*	*176.3*	*25.3*
Other	*195.1*	*183.1*	*188.2*	*-12.0*	*-6.2*	*5.1*	*2.8*
Construction	**11,533.8**	**14,260.8**	**17,309.2**	**2,727.0**	**23.6**	**3,048.4**	**21.4**
Of which:							
Building & Housing Contractors	*1,697.3*	*1,717.1*	*1,671.7*	*19.8*	*1.2*	*-45.4*	*-2.6*
Property Development - Commercial	*1,023.4*	*1,538.8*	*1,873.8*	*515.4*	*50.4*	*335.0*	*21.8*
Property Development - Residential	*430.9*	*410.6*	*365.3*	*-20.3*	*-4.7*	*-45.3*	*-11.0*
Property Development - Land Parcelling	*187.6*	*192.2*	*183.9*	*4.6*	*2.5*	*-8.3*	*-4.3*
Housing	*6,647.9*	*8,395.4*	*11,056.5*	*1,747.5*	*26.3*	*2,661.1*	*31.7*
Housing - Staff	*525.2*	*626.2*	*630.3*	*101.0*	*19.2*	*4.1*	*0.7*
Housing Development Certificate Holders	*5.4*	*4.5*	*10.0*	*-0.9*	*-16.7*	*5.5*	*122.2*
Industrial Building Enterprise Certificate Holders	*329.6*	*295.8*	*294.5*	*-33.8*	*-10.3*	*-1.3*	*-0.4*
Other	*686.5*	*1,080.1*	*1,223.3*	*393.6*	*57.3*	*143.2*	*13.3*

Continued on next page.

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

	Jun-03 (1)	Jun-04 (2)	Jun-05 (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	**12,313.4**	**13,545.6**	**15,533.9**	**1,232.2**	**10.0**	**1,988.3**	**14.7**
Of which:							
Wholesalers	*2,981.5*	*4,396.2*	*4,655.9*	*1,414.7*	*47.4*	*259.7*	*5.9*
Retailers - Supermarkets	*613.5*	*1,154.8*	*1,382.0*	*541.3*	*88.2*	*227.2*	*19.7*
Retailers - Shops & Snacks	*210.3*	*224.3*	*182.7*	*14.0*	*6.7*	*-41.6*	*-18.5*
Retailers - Pharmaceuticals and Chemists	*152.9*	*197.3*	*170.9*	*44.4*	*29.0*	*-26.4*	*-13.4*
Retailers - Others	*1,049.9*	*1,934.0*	*2,636.0*	*884.1*	*84.2*	*702.0*	*36.3*
Automobile Dealers & Garages	*937.5*	*809.3*	*978.9*	*-128.2*	*-13.7*	*169.6*	*21.0*
Other	*6,367.8*	*4,829.6*	*5,527.5*	*-1,538.2*	*-24.2*	*697.9*	*14.5*
New Economy	**2,121.6**	**3,254.8**	**2,760.2**	**1,133.2**	**53.4**	**-494.6**	**-15.2**
Of which:							
Telecommunications	*1,797.8*	*2,944.2*	*2,475.9*	*1,146.4*	*63.8*	*-468.3*	*-15.9*
Internet	*8.1*	*5.4*	*0.7*	*-2.7*	*-33.3*	*-4.7*	*-87.0*
E-Commerce	*7.6*	*6.9*	*6.1*	*-0.7*	*-9.2*	*-0.8*	*-11.6*
Information Technology - Hardware	*31.8*	*45.4*	*64.3*	*13.6*	*42.8*	*18.9*	*41.6*
Information Technology - Software	*250.4*	*229.2*	*171.0*	*-21.2*	*-8.5*	*-58.2*	*-25.4*
Personal Computers	*9.7*	*8.8*	*7.9*	*-0.9*	*-9.3*	*-0.9*	*-10.2*
Other	*16.2*	*14.9*	*34.4*	*-1.3*	*-8.0*	*19.5*	*130.9*
Financial and Business Services	**7,600.1**	**10,071.3**	**9,855.2**	**2,471.2**	**32.5**	**-216.1**	**-2.1**
Of which:							
Stockbrokers & Stockbroking Companies	*289.8*	*280.4*	*4.9*	*-9.4*	*-3.2*	*-275.5*	*-98.3*
Insurance Companies	*336.0*	*402.2*	*449.1*	*66.2*	*19.7*	*46.9*	*11.7*
Leasing Companies	*1,128.3*	*774.1*	*684.0*	*-354.2*	*-31.4*	*-90.1*	*-11.6*
Mutual Funds	*155.3*	*169.3*	*87.7*	*14.0*	*9.0*	*-81.6*	*-48.2*
Accounting & Consultancy Services	*199.0*	*191.1*	*185.2*	*-7.9*	*-4.0*	*-5.9*	*-3.1*
Other	*5,491.6*	*8,254.3*	*8,444.2*	*2,762.7*	*50.3*	*189.9*	*2.3*
Infrastructure	**1,345.1**	**1,340.1**	**1,737.3**	**-5.0**	**-0.4**	**397.2**	**29.6**
Of which:							
Airport Development	*506.3*	*420.2*	*342.1*	*-86.1*	*-17.0*	*-78.1*	*-18.6*
Power Generation	*779.7*	*888.9*	*1,319.6*	*109.2*	*14.0*	*430.7*	*48.5*
Water Development	*0.0*	*2.8*	*0.8*	*2.8*	*-*	*-2.0*	*-71.4*
Road Development	*37.4*	*12.2*	*29.9*	*-25.2*	*-67.4*	*17.7*	*145.1*
Other	*21.7*	*16.0*	*44.9*	*-5.7*	*-26.3*	*28.9*	*180.6*
Statutory and Parastatal Bodies	**1,911.2**	**1,471.7**	**2,150.4**	**-439.5**	**-23.0**	**678.7**	**46.1**
Freeport Enterprise Certificate Holders	**124.8**	**242.6**	**192.0**	**117.8**	**94.4**	**-50.6**	**-20.9**
Health Development Certificate Holders	**36.3**	**24.9**	**22.9**	**-11.4**	**-31.4**	**-2.0**	**-8.0**
Modernisation & Expansion Enterprise Certificate Holders	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Personal	**7,544.4**	**8,520.7**	**9,758.4**	**976.3**	**12.9**	**1,237.7**	**14.5**
Professional	**698.8**	**659.2**	**856.0**	**-39.6**	**-5.7**	**196.8**	**29.9**
Education	**149.3**	**234.2**	**289.3**	**84.9**	**56.9**	**55.1**	**23.5**
Human Resource Development Certificate Holders	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Media, Entertainment and Recreational Activities	**327.2**	**369.5**	**345.8**	**42.3**	**12.9**	**-23.7**	**-6.4**
Other Customers	**2,796.6**	**3,136.0**	**3,493.5**	**339.4**	**12.1**	**357.5**	**11.4**
TOTAL	**85,080.1**	**93,119.6**	**102,069.3**	**8,039.5**	**9.4**	**8,949.7**	**9.6**

Chart III.7: Sectorwise Contribution to the Increase in Credit to the Private Sector by Former Category 1 Banks in 2004-05



at the end of June 2005. However, its share in total private sector credit decreased from 14.7 per cent at the end of June 2004 to 14.3 per cent at the end of June 2005.

Credit granted to Statutory and Parastatal bodies rose by Rs678 million, or 46.1 per cent, from Rs1,472 million at the end of June 2004 to Rs2,150 million at the end of June 2005.

Credit to the sugar industry, including the Mauritius Sugar Syndicate, contracted by Rs551 million, or 8.2 per cent, from Rs6,690 million at the end of June 2004 to Rs6,139 million at the end of June 2005. The share of the sugar industry in total private sector credit decreased from 7.2 per cent at the end of June 2004 to 6.0 per cent at the end of June 2005.

Credit extended to the New Economy sector fell by Rs495 million, or 15.2 per cent, from Rs 3,255 million at the end of June 2004 to Rs2,760 million at the end of June 2005 compared to an increase of 53.4 per cent recorded between end June 2003 and end June 2004. Its share in total credit to the private sector decreased from 3.5 per cent at the end of June 2004 to 2.7 per cent at the end of June 2005.

Credit granted to the Financial and Business Services sector registered a decrease of Rs216 million, or 2.1 per cent, from Rs10,071 million at the end of June 2004 to Rs9,855 million at the end of June 2005. Its share in total private sector credit fell from 10.8 per cent at the end of June 2004 to 9.7 per cent at the end of June 2005.

Chart III.7 shows the sectorwise contribution to the increase in credit to the private sector by former Category 1 banks in 2004-05. Table III.8 gives the breakdown of the sectorwise distribution of credit to the private sector as at end-June 2003, end-June 2004 and end-June 2005.

Maintenance of Cash Ratio by Former Category 1 Banks

In 2004-05, the minimum weekly average cash ratio that former Category 1 banks were required to maintain remained unchanged at 5.5 per cent of their total deposit liabilities. Cash reserves comprise banks' balances with the Bank of Mauritius and cash in their vaults.

The average cash ratio maintained by former Category 1 banks during fiscal year 2004-05 varied from a low of 5.54 per cent in November 2004 to a peak of 6.53 per cent in July 2004 compared to a range of 5.58 per cent to 7.61 per cent in 2003-04. The weekly average cash balances of banks fluctuated between a minimum of Rs7,361 million in the second week of November 2004 and a maximum of Rs8,941 million in the first week of May 2005. In 2003-04, the weekly average cash balances varied between Rs6,385 million and Rs9,566 million.

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

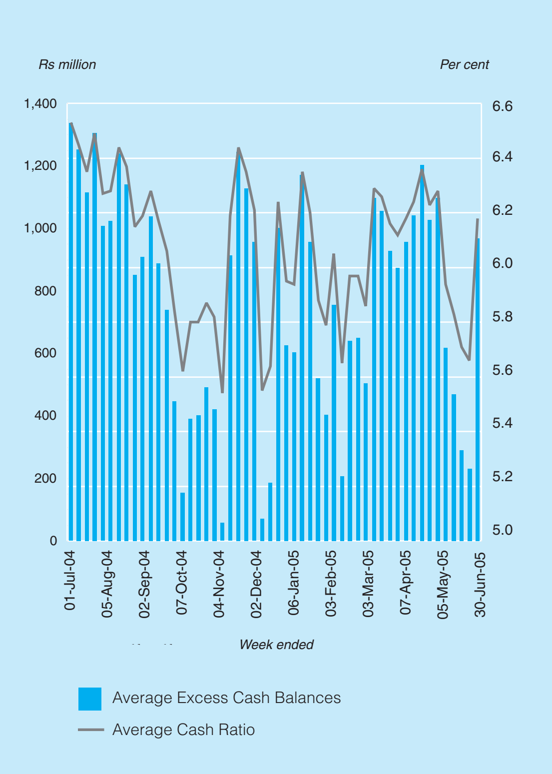


Table III.9: Average Cash Ratio Maintained by Former Category 1 Banks

	Average Cash Balances Held	Average Excess/ (Shortfall) Cash Balances	Average Cash Ratio
	(Rs million)		*(Per cent)*
2003-04			
Jul-Sep	6,385-7,265	90-802	5.58-6.18
Oct-Dec	6,699-7,758	171-1,157	5.64-6.47
Jan-Mar	7,261-9,290	545-2,427	5.95-7.45
Apr-Jun	8,059-9,566	1,019-2,654	6.29-7.61
2003-04	**6,385 - 9,566**	**90 - 2,654**	**5.58 - 7.61**
2004-05			
Jul-Sep	7,747-8,543	447-1,337	5.84-6.53
Oct-Dec	7,361-8,540	58-1,246	5.54-6.44
Jan-Mar	7,754-8,732	207-1,172	5.65-6.35
Apr-Jun	7,918-8,941	97-1,204	5.57-6.36
2004-05	**7,361 - 8,941**	**58 - 1,337**	**5.54 - 6.53**

Average excess cash balances held by former Category 1 banks varied between Rs58 million and Rs1,337 million in 2004-05 compared to a range of Rs90 million and Rs2,654 million in 2003-04.

Table III.9 gives details of the average cash ratio maintained by former Category 1 banks in 2003-04 and 2004-05. Chart III.8 give details on the average excess cash balances and average cash ratio maintained by former Category 1 banks in 2004-05.

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 in the economy.

During 2004-05, the Lombard Rate was changed twice. On 21 October 2004, the Lombard Rate was increased by 25 basis points from 9.50 per cent per annum to 9.75 per cent per annum and on 10 February 2005, it was further raised to 10.00 per cent per annum. On both occasions, the increase was effected taking into account domestic as well as international economic conditions and with a view to dampening inflationary pressures in the economy and maintaining the attractiveness of domestic financial instruments. Overall, the Lombard Rate was increased by 50 basis points during 2004-05.

Former Category 1 banks adjusted their interest rate structure more or less in line with the changes in the Lombard Rate. After the hike in Lombard Rate in October 2004, former Category 1 banks adjusted their rates towards the end of October 2004 and beginning of November 2004 such that at the end of November 2004, the prime lending rate hovered in a range of 7.75 per cent to 8.50 per cent and remained unchanged until the end of January 2005. Following adjustment in rates by former Category 1 banks at the end of February 2005 and beginning of March 2005 after the hike in Lombard Rate on 10 February 2005, the prime lending rate varied between 8.00 per cent and 8.75 per cent at the end of March 2005 and remained unchanged up till the end of the fiscal year 2004-05. Interest rates charged by former Category 1 banks on loans and advances stood unchanged within a range of 6.50 per cent to 21.00 per cent during fiscal year 2004-05.

Interest paid by former Category 1 banks on savings deposits stood within a range of 4.00 per cent to 4.50 per cent over the period July 2004 to September 2004. The increase in Lombard Rate in October 2004 was factored in the rates offered by former Category 1 banks on savings deposits by November 2004 when the range varied between 4.25 per cent and 4.75 per cent. Over the period March 2005 to June 2005, savings deposits were paid interest between 4.50 per cent and 4.625 per cent.

Interest rates on deposits with a maturity of up to one year moved from a range of 2.70 per cent to 9.75 per cent in June 2004 to a range of 2.70 per cent to 9.70 per cent in July 2004. The upper limit fell by 10 basis point from 9.70 per cent to 9.60 per cent in September 2004 while in October 2004 the lower limit rose by 20 basis points from 2.70 per cent to 2.90 per cent. The lower limit went up from 2.90 per cent in October 2004 to 2.95 per cent in December 2004. The range moved from 2.95 per cent to 9.60 per cent in January 2005 to 3.00 per cent to 9.38 per cent in February 2005 and stood unchanged up to June 2005. Thus as at end June 2005, interest rates on short term time deposits stood within a narrower range of 3.00 per cent to 9.38 per cent compared to a range of 2.70 per cent to 9.75 per cent as at end of June 2004.

Interest rates paid on deposits maturing between one and two years moved from a range of 3.75 per cent and 11.00 per cent in June 2004 to a range of 3.75 per cent and 10.85 per cent in July 2004. The upper limit went down to 10.50 per cent in November 2004, further to 10.00 per cent in December 2004 and to 9.75 per cent in April 2005. The lower limit rose from 3.75 per cent to 4.00 per cent in May 2005 and stood unchanged in the following month. Deposits maturing between one and two years were paid interest within a narrower range of 4.00 per cent to 9.75 per cent as at end of June 2005 compared to a range of 3.75 per cent and 11.00 per cent as at end of June 2004.

Interest rates offered on longer-term time deposits, that is, of maturity exceeding 24 months, moved from a range of 4.00 per cent to 13.00 per cent in June 2004 to a range of 4.25 per cent to 13.00 per cent in October 2004 and stood unchanged up to June 2005. Thus, in 2004-05, the lower limit went up by 0.25 percentage points while the upper limit stood unchanged at 13.00 per cent.

Notwithstanding the two hikes in Lombard Rate during fiscal year 2004-05, the weighted average term deposit and weighted average lending rates of former Category 1 banks fell on account of the coming to maturity of deposits and loan facilities that had been negotiated at higher interest rates prior to fiscal year 2003-04. The weighted average lending rate of former Category 1 banks decreased gradually from 11.07 per cent in June 2004 to 10.69

Table III.10: Other Interest Rates

(Per cent per annum)

	Weighted Average Yield on Bills Accepted at Primary Auctions	Simple Average Bank Rate	Weighted Average Interbank Interest Rate	Interest Rate on Savings Deposits with Former Category 1 Banks	Interest Rate on Term Deposits with Former Category 1 Banks	Interest Rate on Loans and Advances by Former Category 1 Banks	Weighted Average Term Deposits Rate of Former Category 1 Banks	Weighted Average Lending Rate of Former Category 1 Banks
2004								
Jul	5.29	5.03	1.07	4.00 - 4.50	2.70 - 13.00	6.50 - 21.00	6.59	11.00
Aug	5.69	5.26	1.00	4.00 - 4.50	2.70 - 13.00	6.50 - 21.00	6.51	10.88
Sep	5.65	5.38	1.00	4.00 - 4.50	2.70 - 13.00	6.50 - 21.00	6.51	10.72
Oct	5.77	5.36	1.35	4.00 - 4.75	2.90 - 13.00	6.50 - 21.00	6.51	10.69
Nov	5.77	5.64	3.51	4.25 - 4.75	2.90 - 13.00	6.50 - 21.00	6.55	10.87
Dec	5.72	5.60	1.69	4.25 - 4.75	2.95 - 13.00	6.50 - 21.00	6.54	11.00
2005								
Jan	5.68	5.50	1.67	4.25 - 4.75	2.95 - 13.00	6.50 - 21.00	6.52	10.71
Feb	6.18	5.70	2.08	4.25 - 4.625	3.00 - 13.00	6.50 - 21.00	6.52	11.12
Mar	6.46	6.14	1.89	4.50 - 4.625	3.00 - 13.00	6.50 - 21.00	6.62	10.86
Apr	6.35	6.01	1.49	4.50 - 4.625	3.00 - 13.00	6.50 - 21.00	6.61	11.09
May	6.36	6.01	1.43	4.50 - 4.625	3.00 - 13.00	6.50 - 21.00	6.41	10.90
Jun	6.37	5.98	1.62	4.50 - 4.625	3.00 - 13.00	6.50 - 21.00	6.42	10.89

Chart III.9: Simple Average Bank Rate, Weighted Average Interbank Interest Rate and Inflation Rate

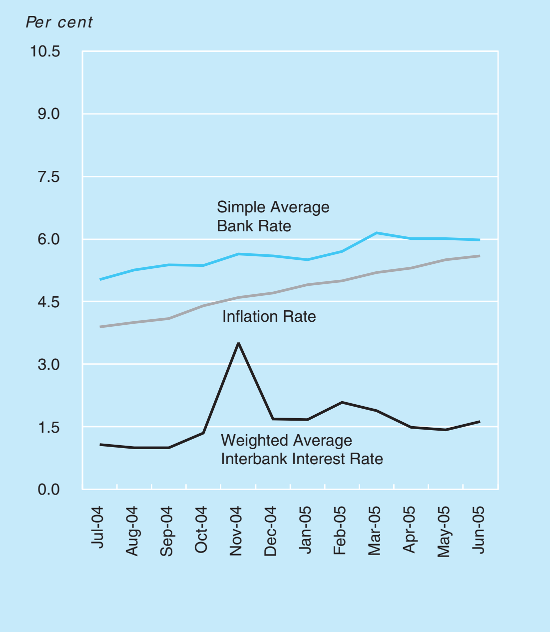
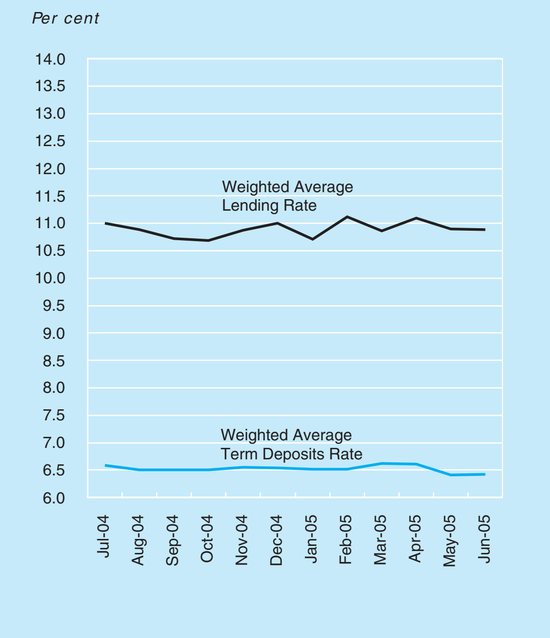


Chart III.10 : Weighted Average Lending and Term Deposits Rates



per cent in October 2004 before rising to 11.00 per cent in December 2004. It then fell to 10.71 per cent in January 2005 and stood at 10.89 per cent at the close of fiscal year 2004-05. The weighted average term deposits rate fell from 6.86 per cent in June 2004 to a low of 6.41 per cent in May 2005 before closing the fiscal year at 6.42 per cent.

The spread between the weighted average lending rate and weighted average term deposits rate varied between 4.18 and 4.60 percentage points in 2004-05 compared to a range of 4.08 and 4.52 percentage points in 2003-04.

The real rate of interest on savings deposits declined continuously throughout fiscal year 2004-05, from 0.1 percentage point in June 2004 to negative 1.0 percentage point at the end of June 2005.

The weighted average yield on Treasury Bills accepted at primary auctions which is the weighted average yield on Treasury Bills of maturities of 91 days, 182 days and 364 days accepted at primary auctions, rose from 4.72 per cent in June 2004 to a maximum of 6.46 per cent in March 2005 and then closed down slightly at 6.37 per cent in June 2005. The average Bank Rate went up from 4.55 per cent in June 2004 to a maximum of 6.14 per cent in March 2005 and ended lower at 5.98 per cent in June 2005. The weighted average interbank interest rate rose from 1.02 per cent in June 2004 to a peak of 3.51 per cent in November 2004 and stood at 1.62 per cent in June 2005.

Table III.10 gives details of the interest rate structure of the banking sector, while Charts III.9 shows the movements in the rate of inflation, the simple average Bank Rate and the weighted average interbank interest rate during 2004-05. Chart III.10 shows the movements in the weighted average lending rate and the weighted average term deposits rate during 2004-05.

Depository Corporations Survey (DCS)

The depository corporations survey consolidates the positions of the Bank of Mauritius and other depository corporations, which comprise former Category 1 banks, former Category 2 banks and non-bank financial depository corporations. The framework for the DCS is based on the IMF's Monetary and Financial Statistics Manual (MFSM). At the end of June 2005, the other depository corporations comprised eleven former Category 1 banks, twelve former Category 2 banks and fourteen non-bank financial depository corporations, unchanged from end-June 2004.

The DCS provides stock data on those depository corporations; liabilities that are

Table III.11: Depository Corporations Survey

	Jun-03 (1)	Jun-04 (2)	Jun-05 (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)*
1. Net Foreign Assets	**85,519.6**	**104,595.2**	**150,019.0**	**19,075.6**	**22.3**	**45,423.8**	**43.4**
Bank of Mauritius	39,424.7	43,117.5	42,571.1	3,692.8	9.4	-546.3	-1.3
Other Depository Corporations	46,094.8	61,477.7	107,447.8	15,382.9	33.4	45,970.1	74.8
Former Category 1 Banks	*3,645.4*	*774.1*	*3,673.0*	*-2,871.3*	*-78.8*	*2,898.9*	*374.5*
Former Category 2 Banks	*42,473.7*	*60,755.2*	*103,829.0*	*18,281.5*	*43.0*	*43,073.8*	*70.9*
Non-Bank Deposit-Taking Institutions	*-24.2*	*-51.6*	*-54.2*	*-27.4*	*113.1*	*-2.6*	*5.0*
2. Domestic Claims	**141,589.1**	**165,057.1**	**178,501.8**	**23,468.1**	**16.6**	**13,444.6**	**8.1**
A. Net Claims on Central Government	***23,548.2***	***38,195.8***	***42,622.2***	***14,647.6***	***62.2***	***4,426.5***	***11.6***
Bank of Mauritius	-12,409.7	-739.8	137.6	11,669.8	-94.0	877.5	-118.6
Other Depository Corporations	35,957.9	38,935.6	42,484.6	2,977.7	8.3	3,549.0	9.1
Former Category 1 Banks	*33,038.1*	*36,839.9*	*40,420.2*	*3,801.8*	*11.5*	*3,580.2*	*9.7*
Former Category 2 Banks	*0.1*	*0.1*	*-1.9*	*0.0*	*21.8*	*-2.0*	*-2,029.5*
Non-Bank Deposit-Taking Institutions	*2,919.7*	*2,095.6*	*2,066.4*	*-824.1*	*-28.2*	*-29.2*	*-1.4*
B. Claims on Other Sectors	***118,040.9***	***126,861.4***	***135,879.5***	***8,820.5***	***7.5***	***9,018.2***	***7.1***
Bank of Mauritius	106.8	194.1	364.8	87.3	81.7	170.8	88.0
Other Depository Corporations	117,934.1	126,667.3	135,514.7	8,733.2	7.4	8,847.4	7.0
Former Category 1 Banks	*89,964.8*	*96,095.9*	*104,378.3*	*6,131.2*	*6.8*	*8,282.3*	*8.6*
Former Category 2 Banks	*14,551.3*	*15,454.1*	*11,661.0*	*902.7*	*6.2*	*-3,793.1*	*-24.5*
Non-Bank Deposit-Taking Institutions	*13,418.0*	*15,117.3*	*19,475.4*	*1,699.3*	*12.7*	*4,358.1*	*28.8*
3. ASSETS = LIABILITIES	**227,108.6**	**269,652.3**	**328,520.7**	**42,543.7**	**18.7**	**58,868.4**	**21.8**
4. Broad Money Liabilities	**173,069.5**	**212,576.4**	**264,251.2**	**39,507.0**	**22.8**	**51,674.7**	**24.3**
A. Currency with Public	***7,423.2***	***8,399.7***	***9,648.9***	***976.5***	***13.2***	***1,249.2***	***14.9***
B. Transferable Deposits	***39,347.6***	***55,742.9***	***86,238.6***	***16,395.3***	***41.7***	***30,495.7***	***54.7***
Bank of Mauritius	89.1	19.0	267.2	-70.1	-78.7	248.2	1,304.5
Other Depository Corporations	39,258.5	55,723.9	85,971.3	16,465.4	41.9	30,247.5	54.3
Former Category 1 Banks	*21,992.1*	*27,150.3*	*29,291.6*	*5,158.3*	*23.5*	*2,141.3*	*7.9*
Former Category 2 Banks	*17,266.4*	*28,573.3*	*56,679.7*	*11,306.8*	*65.5*	*28,106.5*	*98.4*
Non-Bank Deposit-Taking Institutions	*0.0*	*0.3*	*0.0*	*0.3*	*0.0*	*-0.3*	*-100.0*
C. Savings Deposits	***42,983.4***	***50,245.8***	***55,460.2***	***7,262.3***	***16.9***	***5,214.4***	***10.4***
Bank of Mauritius	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Depository Corporations	42,983.4	50,245.8	55,460.2	7,262.3	16.9	5,214.4	10.4
Former Category 1 Banks	*41,284.0*	*48,965.2*	*54,404.0*	*7,681.1*	*18.6*	*5,438.8*	*11.1*
Former Category 2 Banks	*0.2*	*298.8*	*0.0*	*298.7*	*162,843.2*	*-298.8*	*-100.0*
Non-Bank Deposit-Taking Institutions	*1,699.2*	*981.8*	*1,056.2*	*-717.4*	*-42.2*	*74.5*	*7.6*
D. Time Deposits	***83,249.9***	***94,701.3***	***109,403.7***	***11,451.4***	***13.8***	***14,702.4***	***15.5***
Bank of Mauritius	258.7	260.2	299.6	1.5	0.6	39.3	15.1
Other Depository Corporations	82,991.1	94,441.1	109,104.2	11,449.9	13.8	14,663.1	15.5
Former Category 1 Banks	*46,781.3*	*49,102.5*	*51,512.5*	*2,321.2*	*5.0*	*2,410.0*	*4.9*
Former Category 2 Banks	*27,562.2*	*33,583.9*	*42,848.8*	*6,021.7*	*21.8*	*9,264.9*	*27.6*
Non-Bank Deposit-Taking Institutions	*8,647.6*	*11,754.7*	*14,742.9*	*3,107.1*	*35.9*	*2,988.2*	*25.4*
E. Securities other than Shares included in Broad Money	***65.3***	***3,486.8***	***3,499.8***	***3,421.5***	***5,239.6***	***13.1***	***0.4***
Bank of Mauritius	0.0	3,347.3	3,268.3	3,347.3	0.0	-79.0	-2.4
Other Depository Corporations	65.3	139.5	231.6	74.2	113.6	92.1	66.0
Former Category 1 Banks	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Former Category 2 Banks	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Non-Bank Deposit-Taking Institutions	*65.3*	*139.5*	*231.6*	*74.2*	*113.6*	*92.1*	*66.0*
5. Other Items (net)	**54,039.2**	**57,075.9**	**64,269.5**	**3,036.7**	**5.6**	**7,193.6**	**12.6**

Figures may not add up to totals due to rounding.

components of broad money, as nationally defined; data on depository corporations' claims on other sectors of the economy, which represent credit to the private sector; and data on depository corporations' claims on and liabilities to nonresidents. In particular, the following main monetary aggregates are compiled and presented: broad money liabilities, which are disaggregated into currency with public, transferable deposits, savings deposits, time deposits and securities other than shares included in broad money; domestic credit, which is disaggregated into credit to the central government and credit to the other sectors; net foreign assets, which are disaggregated into claims on and liabilities to nonresidents and net other items.

Net foreign assets of depository corporations expanded by Rs45,424 million, from Rs104,595 million at the end of June 2004 to Rs150,019 million at the end of June 2005, or 43.4 per cent, compared to an increase of 22.3 per cent registered in 2003-04. Net foreign assets of other depository corporations rose by Rs45,970 million to Rs107,448 million, or 74.8 per cent, compared to an increase of 33.4 per cent in 2003-04. In contrast, net foreign assets of Bank of Mauritius dropped by Rs546 million to Rs42,571 million, or 1.3 per cent as against an increase of 9.4 per cent recorded in 2003-04. Claims on nonresidents went up by Rs56,310 million, from Rs240,181 million at the end of June 2004 to Rs296,491 million at the end of June 2005, or 23.4 per cent, lower than the rise of 25.0 per cent registered in 2003-04. Liabilities to nonresidents increased by Rs10,886 million, from Rs135,586 million at the end of June 2004 to Rs146,472 million at the end of June 2005, or 8.0 per cent, lower than the increase of 27.2 per cent recorded in 2003-04. Former Category 2 banks drove the increase in net foreign assets of depository corporations, which accounted for around 94 per cent of the increase, with the rest being provided by former Category 1 banks, which together offset the drop registered at the Bank of Mauritius.

Domestic claims of depository corporations increased by Rs13,445 million, from Rs165,057 million at the end of June 2004 to Rs178,502 million at the end of June 2005, or 8.1 per cent, down from the 16.6 per cent increase recorded in 2003-04. Net claims on central Government went up by Rs4,427 million, from Rs38,196 million at the end of June 2004 to Rs42,623 million at the end of June 2005, or 11.6 per cent, much lower than the rise of 62.2 per cent registered in 2003-04. Claims on other sectors rose by Rs9,018 million, from Rs126,861 million at the end of June 2004 to Rs135,879 million at the end of June 2005, or 7.1 per cent, slightly down from the 7.5 per cent increase noted in 2003-04.

Net claims on central Government from the Bank of Mauritius increased by Rs878 million, from a negative figure of Rs740 million at the end of June 2004 to a positive amount of Rs138 million, or 119 per cent, higher than the increase of 94 per cent registered in 2003-04. Net claims on central Government from other depository corporations went up by Rs3,549 million, from Rs38,936 million to Rs42,485 million, or 9.1 per cent, higher than the rise of 8.3 per cent recorded in 2003-04. Former Category 1 banks drove the increase in both fiscal years.

Claims on other sectors from the Bank of Mauritius rose by Rs171 million, from Rs194 million at the end of June 2004 to Rs365 million at the end of June 2005, or 88.0 per cent, higher than the rise of 81.7 per cent registered in 2003-04, whereas claims on other sectors from other depository corporations expanded by Rs8,848 million, from Rs126,667 million to Rs135,515 million, or 7.0 per cent, lower than the rise of 7.4 per cent recorded in 2003-04. In terms of instruments, loans rose by Rs9,408 million to Rs118,672 million or 8.6 per cent, slightly up from 8.5 per cent in 2003-04; shares and other equity went up by Rs445 million to Rs3,455 million, or 14.8 per cent, down from an increase of 128.6 per cent recorded in 2003-04; and other accounts receivable increased by Rs328 million to Rs2,863 million. In contrast, securities other than shares and financial derivatives declined in 2004-05, following the same pattern as in 2003-04. In terms of sectors, claims on other resident sectors and other nonfinancial corporations continued to expand, rising by 21.5 per cent and 0.4 per cent, respectively, in 2004-05 compared to 18.9 per cent and 3.1 per cent, respectively, in 2003-04.

Broad Money Liabilities (BML) expanded by Rs51,675 million, from Rs212,576 million at the end of June 2004 to Rs264,251 million at the end of June 2005, or 24.3 per cent, higher than the rise of 22.8 per cent registered in 2003-04. Of the components of BML, currency with public went up by Rs1,249 million to Rs9,649 million, or 14.9 per cent, higher than the rise of 13.2 per cent registered in 2003-04; transferable deposits rose by Rs30,496 million to Rs86,239 million, or 54.7

per cent compared to 41.7 per cent in 2003-04; savings deposits increased by Rs5,214 million to Rs55,460 million, or 10.4 per cent, lower than the increase of 16.9 per cent registered in 2003-04; time deposits went up by Rs14,703 million to Rs109,404 million, or 15.5 per cent, higher than the increase of 13.8 per cent in 2003-04; and securities other than shares included in broad money went up by Rs13 million to Rs3,500 million, or 0.4 per cent. On an institution-wise basis, former Category 2 banks contributed Rs37,073 million, representing 71.7 per cent of the total increase in 2004-05 compared to 44.6 per cent in 2003-04; former Category 1 banks contributed Rs9,990 million, representing 19.3 per cent, compared to 38.4 per cent in 2003-04; non-bank depository corporations added Rs3,155 million representing 6.1 per cent, slightly lower than the 6.2 per cent contribution in 2003-04 and the Bank of Mauritius provided Rs209 million in 2004-05 representing 0.4 per cent of the increase, compared to 8.3 per cent in 2003-04. Currency with public added the remaining 2.4 per cent to the increase in BML in 2004-05 compared to 2.5 per cent in 2003-04.

The increase of 24.3 per cent in BML in 2004-05 resulted from positive contributions of 21.4 percentage points from net foreign assets of depository corporations, 4.2 percentage points in claims on other sectors and 2.1 percentage points in net claims on central Government. Net other items exerted a negative contribution of 3.4 percentage points. In 2003-04, the 22.8 per cent increase in BML was brought about by positive contributions of 11.0 percentage points from net foreign assets, 8.5 percentage points from net claims on central Government and 5.1 percentage points from claims on other sectors. Net other items exerted a negative contribution of 1.8 percentage points.

Table III.11 shows the Depository Corporations Survey as at end-June 2003, end June-2004 and end-June 2005.

Trends in Reserve Money and Monetary Ratios

The monthly average level of the monetary base went up from Rs24,042 million in 2003-04 to Rs28,724 million in 2004-05, or 19.5 per cent. The monthly average level of broad money liabilities rose from Rs191,315 million to Rs230,593 million or 20.5 per cent. The average money multiplier for broad money multiplier increased from 7.96 in 2003-04 to 8.03 in 2004-05, thereby indicating near-stability in the relationship between the two monetary aggregates.

On a monthly average basis, currency with public increased by 15.8 per cent, from Rs8,188 million in 2003-04 to Rs9,479 million in 2004-05; transferable deposits went up by 34.5 per cent, from Rs47,343 million to Rs63,692 million; savings deposits rose by 13.4 per cent, from Rs46,917 million to Rs53,203 million; time deposits increased by 16.4 per cent, from Rs86,431 million to Rs100,578 million; and securities other than shares included in broad money went up by 49.6 per cent from Rs2,434 million to Rs3,641 million.

On an average basis, as a ratio of broad money liabilities, currency with public dropped from 4.3 per cent in 2003-04 to 4.1 per cent in 2004-05; transferable deposits improved from 24.7 per cent to 27.6 per cent; savings deposits fell from 24.5 per cent to 23.1 per cent; time deposits declined from 45.2 per cent to 43.6 per cent; and securities other than shares included in broad money went up from 1.3 per cent to 1.6 per cent.

The income velocity of circulation of broad money liabilities declined from 0.86 in 2003-04 to 0.79 in 2004-05, thereby indicating increasing financial intermediation in the economy.

Central Bank Survey

The Central Bank Survey (CBS) is one component survey of the DCS and shows the components of the monetary base. The CBS covers only central banking activities performed by the Bank of Mauritius.

The monetary base consists of central bank liabilities that support the expansion of broad money and credit and is also known as high-powered money because changes in the monetary base usually lead to increases in money and credit that are larger than the changes in the monetary base.

The monetary base contracted by Rs1,809 million, or 6.1 per cent, from Rs29,519 million at the end of June 2004 to Rs27,710 million at the end of June 2005, as against an increase of 98.5 per cent in 2003-04. Currency in circulation went up by Rs1,151 million, or 10.7 per cent, from Rs10,786 million to Rs11,937 million, lower than the rise of 13.2 per cent recorded during the previous fiscal year. Liabilities to other depository corporations fell by Rs3,168 million, from Rs15,106 million to

Rs11,938 million as against an increase of Rs10,114 million in the preceding fiscal year. Securities other than Shares included in broad money marginally declined by Rs79 million between end June-2004 and end June-2005. A narrower definition of the monetary base would exclude BoM Bills and over the period, narrow monetary base expanded by Rs1,088 million, or 6.3 per cent, to Rs18,476 million.

On the sources side of the monetary base, net foreign assets of the Bank of Mauritius recorded a decline of Rs546 million, or 1.3 per cent, from Rs43,117 million at the end of June 2004 to Rs42,571 million at the end of June 2005, as against an expansion of 9.4 per cent in the previous fiscal year. Domestic claims of the Bank grew by Rs423 million, or 21.0 per cent, to Rs2,440 million at the end of June 2005. Net claims on Central Government, with an expansion of Rs878 million, was the main contributor to the increase in domestic claims in 2004-05.

Table III.12 shows the Central Bank Survey as at end-June 2003, end-June 2004 and end-June 2005.

Other Depository Corporations Survey

The Other Depository Corporations Survey (ODCS) is the other component survey of the DCS and covers all institutional units that issue liabilities included in the national definition of broad money. The liability side of the ODCS is structured to show those liabilities that are included in broad money and the assets side focuses on credit extended to nonresidents and to each of the various domestic sectors.

Net foreign assets of ODCs expanded by Rs45,970 million, or 74.8 per cent, from Rs61,478 million at the end of June 2004 to Rs107,448 million at the end of June 2005, compared to a lower increase of 33.4 per cent in 2003-04. Claims on nonresidents rose by Rs56,918 million, or 28.9 per cent, to Rs253,757 million while liabilities to nonresidents rose by Rs10,948 million, or 8.1 per cent, to Rs146,309 million at the end of June 2005.

Domestic claims went up by Rs8,283 million, or 4.5 per cent, from Rs183,767 million at the end of June 2004 to Rs192,050 million at the end of June 2005, compared to a greater expansion of 14.1 per cent in the preceding fiscal year. Of the components of domestic claims, net claims on

Table III.12: Central Bank Survey

	Jun-03 (1)	Jun-04 (2)	Jun-05 (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)*
1. Net Foreign Assets	**39,424.7**	**43,117.5**	**42,571.1**	**3,692.8**	**9.4**	**-546.3**	**-1.3**
Claims on Nonresidents	39,583.7	43,342.7	42,734.4	3,759.0	9.5	-608.3	-1.4
Liabilities to Nonresidents	159.0	225.2	163.3	66.2	41.7	-61.9	-27.5
2. Domestic Claims	**-10,072.4**	**2,017.6**	**2,440.4**	**12,090.0**	**-120.0**	**422.8**	**21.0**
A. Net Claims on Central Government	-12,409.7	-739.8	137.6	11,669.8	-94.0	877.5	-118.6
B. Claims on Other Sectors	106.8	194.1	364.8	87.3	81.7	170.8	88.0
C. Claims on Other Depository Corporations	2,230.5	2,563.4	1,937.9	332.9	14.9	-625.4	-24.4
3. ASSETS = LIABILITIES	**29,352.3**	**45,135.1**	**45,011.5**	**15,782.8**	**53.8**	**-123.5**	**-0.3**
4. Monetary Base	**14,867.2**	**29,518.8**	**27,710.2**	**14,651.6**	**98.5**	**-1,808.6**	**-6.1**
A. Currency in Circulation	9,527.3	10,786.2	11,937.3	1,258.9	13.2	1,151.2	10.7
B. Liabilities to Other Depository Corporations	4,992.0	15,106.0	11,937.8	10,113.9	202.6	-3,168.2	-21.0
C. Deposits Included in Broad Money	347.9	279.3	566.8	-68.6	-19.7	287.5	102.9
D. Securities other than Shares Included in Broad Money	0.0	3,347.3	3,268.3	3,347.3	0.0	-79.0	-2.4
5. Other Items (net)	**14,485.1**	**15,616.3**	**17,301.3**	**1,131.2**	**7.8**	**1,685.0**	**10.8**

Figures may not add up to totals due to rounding.

Table III.13: Other Depository Corporations Survey

	Jun-03 (1)	Jun-04 (2)	Jun-05 (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)*
1. Net Foreign Assets	**46,094.8**	**61,477.7**	**107,447.8**	**15,382.9**	**33.4**	**45,970.1**	**74.8**
Claims on Nonresidents	152,499.9	196,838.8	253,756.7	44,338.9	29.1	56,917.9	28.9
Liabilities to Nonresidents	106,405.1	135,361.1	146,308.9	28,956.0	27.2	10,947.8	8.1
2. Domestic Claims	**160,994.3**	**183,766.8**	**192,050.4**	**22,772.6**	**14.1**	**8,283.6**	**4.5**
A. Net Claims on Central Government	35,957.9	38,935.6	42,484.6	2,977.7	8.3	3,549.0	9.1
B. Claims on Other Sectors	117,934.1	126,667.3	135,514.7	8,733.2	7.4	8,847.4	7.0
C. Claims on Central Bank	7,102.2	18,163.9	14,051.1	11,061.6	155.7	-4,112.7	-22.6
3. ASSETS = LIABILITIES	**207,089.1**	**245,244.5**	**299,498.3**	**38,155.5**	**18.4**	**54,253.7**	**22.1**
4. Liabilities to Central Bank	**2,232.6**	**2,517.3**	**1,848.9**	**284.7**	**12.8**	**-668.4**	**-26.6**
5. Deposits Included in Broad Money	**165,233.1**	**200,410.4**	**250,535.7**	**35,177.3**	**21.3**	**50,125.3**	**25.0**
A. Transferable Deposits	39,258.5	55,723.6	85,971.3	16,465.1	41.9	30,247.7	54.3
B. Savings Deposits	42,983.5	50,245.8	55,460.2	7,262.3	16.9	5,214.4	10.4
C. Time Deposits	82,991.1	94,441.1	109,104.2	11,449.9	13.8	14,663.1	15.5
6. Securities other than Shares included in Broad Money	**65.3**	**139.5**	**231.6**	**74.1**	**113.4**	**92.1**	**66.0**
7. Other Items (net)	**39,558.0**	**42,177.3**	**46,882.1**	**2,619.3**	**6.6**	**4,704.8**	**11.2**

Figures may not add up to totals due to rounding.

Central Government increased by Rs3,549 million, or 9.1 per cent, to Rs42,485 million, higher than the rise of 8.3 per cent between end June-2003 and end June-2004. Claims on other sectors grew by Rs8,847 million, or 7.0 per cent, to Rs135,515 million, slightly lower than the increase of 7.4 per cent registered in the previous year. Claims on the central bank, the other component, fell by Rs4,113 million, or 22.6 per cent, to Rs14,051 million at the end of June 2005, as against an expansion of Rs11,062 million, or 155.7 per cent, in 2003-04.

Deposits included in broad money grew by Rs50,126 million, or 25.0 per cent, from Rs200,410 million at the end of June 2004 to Rs250,536 million at the end of June 2005, lower than the increase of 21.3 per cent recorded during the previous fiscal year. Transferable deposits increased by Rs30,248 million, or 54.3 per cent, to Rs85,971 million, savings deposits expanded by Rs5,214 million, or 10.4 per cent, to Rs55,460 million, and time deposits rose by Rs14,663 million, or 15.5 per cent, to Rs109,104 million, compared to increases of 41.9 per cent, 16.9 per cent and 13.8 per cent, respectively, in 2003-04.

Securities other than shares included in Broad Money went up by Rs92 million, from Rs140 million at the end of June 2004 to Rs232 million at the end of June 2005, or 66.0 per cent, much lower than the increase of 113.4 per cent registered in the preceding fiscal year.

Table III.13 presents the Other Depository Corporations Survey as at end-June 2003, end-June 2004 and end-June 2005.

Former Category 1 Banks Survey

The total assets (liabilities) of former Category 1 banks grew by Rs10,534 million, or 7.0 per cent, from Rs151,157 million at the end of June 2004 to Rs161,691 million at the end of June 2005, lower than the increase of 13.0 per cent recorded between end June-2003 and end-June-2004.

Net foreign assets of former Category 1 banks expanded by Rs2,899 million, or 374.5 per cent, from Rs774 million at the end of June 2004 to Rs3,673 million at the end of June 2005, as against a contraction of 78.8 per cent in the previous fiscal year. The increase in net foreign assets during fiscal year 2004-05 was the net result of an increase in claims on nonresidents of Rs4,230 million, or 21.3 per cent, more than offsetting the rise in liabilities to nonresidents of Rs1,331 million or 7.0 per cent.

Domestic claims grew by Rs7,635 million, or 5.1 per cent, from Rs150,383 million at the end of June 2004 to Rs158,018 million at the end of June 2005, much lower than the increase of 15.6 per cent registered between end June 2003 and end June 2004. Of the components of domestic claims, net claims on Central Government rose by Rs3,580 million, or 9.7 per cent, from Rs36,840 million to Rs40,420 million while claims on Other Sectors went up by Rs8,282 million, or 8.6 per cent, from Rs96,096 million to Rs104,378 million. The increases in the above two components more than offset the fall in claims on Bank of Mauritius of Rs4,228 million, or 24.2 per cent.

Deposits included in broad money expanded by Rs9,990 million, or 8.0 per cent, from Rs125,218 million at the end of June 2004 to Rs135,208 million at the end of June 2005, compared to an increase of 13.8 per cent in the previous fiscal year. All the components of deposits included in broad money registered increases between end June 2004 and end June 2005, with transferable deposits growing by Rs2,141 million or 7.9 per cent, savings deposits expanding by Rs5,439 million or 11.1 per cent and time deposits rising by Rs2,410 million or 4.9 per cent.

Table III.14 shows the former Category 1 Banks Survey as at end-June2003, end-June 2004 and end-June 2005.

Former Category 2 Banks Survey

Total assets (liabilities) of former Category 2 banks recorded an increase of Rs39,279 million, or 51.5 per cent, from Rs76,209 million at the end of June 2004 to Rs115,488 million at the end of June 2005 compared to an expansion of 33.6 per cent during the preceding fiscal year.

Net foreign assets of former Category 2 banks increased by Rs43,074 million, or 70.9 per cent, from Rs60,755 million at the end of June 2004 to Rs103,829 million at the end of June 2005, compared to a lower growth of Rs18,282 million, or 43.0 per

Table III.14: Former Category 1 Banks Survey

	Jun-03 (1)	Jun-04 (2)	Jun-05 (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)*
1. Net Foreign Assets	**3,645.4**	**774.1**	**3,673.0**	**-2,871.3**	**-78.8**	**2,898.9**	**374.5**
Claims on Nonresidents	23,042.8	19,873.5	24,103.9	-3,169.3	-13.8	4,230.4	21.3
Liabilities to Nonresidents	19,397.4	19,099.4	20,430.9	-298.0	-1.5	1,331.5	7.0
2. Domestic Claims	**130,101.0**	**150,383.0**	**158,017.6**	**20,282.0**	**15.6**	**7,634.7**	**5.1**
A. Net Claims on Central Government	33,038.1	36,839.9	40,420.2	3,801.8	11.5	3,580.2	9.7
B. Claims on Other Sectors	89,964.8	96,095.9	104,378.3	6,131.2	6.8	8,282.3	8.6
C. Claims on Central Bank	7,098.1	17,447.1	13,219.2	10,349.0	145.8	-4,227.9	-24.2
3. ASSETS = LIABILITIES	**133,746.3**	**151,157.1**	**161,690.6**	**17,410.7**	**13.0**	**10,533.6**	**7.0**
4. Liabilities to Central Bank	**2,172.9**	**2,487.6**	**1,826.5**	**314.7**	**14.5**	**-661.1**	**-26.6**
5. Deposits Included in Broad Money	**110,057.4**	**125,218.0**	**135,208.1**	**15,160.6**	**13.8**	**9,990.0**	**8.0**
A. Transferable Deposits	21,992.1	27,150.3	29,291.6	5,158.3	23.5	2,141.3	7.9
B. Savings Deposits	41,284.0	48,965.2	54,404.0	7,681.1	18.6	5,438.8	11.1
C. Time Deposits	46,781.3	49,102.5	51,512.5	2,321.2	5.0	2,410.0	4.9
6. Securities other than Shares included in Broad Money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
7. Other Items (net)	**21,516.0**	**23,451.4**	**24,656.1**	**1,935.4**	**9.0**	**1,204.7**	**5.1**

Figures may not add up to totals due to rounding.

cent, between end June 2003 and end June 2004. The expansion in net foreign assets was the net result of an increase in claims on nonresidents of Rs52,688 million, or 29.8 per cent, which offset the rise of Rs9,614 million, or 8.3 per cent, in liabilities to nonresidents.

Domestic claims contracted by Rs3,795 million, or 24.6 per cent, from Rs15,454 million at the end of June 2004 to Rs11,659 million at the end of June 2005, as against an increase of 6.2 per cent in the previous fiscal year. Net claims on Central Government and Claims on Other Sectors fell by Rs2 million and Rs3,793 million, respectively.

Deposits included in broad money grew by Rs37,073 million, or 59.4 per cent, from Rs62,456 million at the end of June 2004 to Rs99,529 million at the end of June 2005, on account of increases of Rs28,107 million, or 98.4 per cent, in transferable deposits, and of Rs9,265 million, or 27.6 per cent, in time deposits offsetting the fall of Rs299 million, or 100.0 per cent in savings deposits.

Table III.15 presents the former Category 2 Banks Survey as at end-June 2003, end-June 2004 and end-June 2005.

Non-Bank Deposit-Taking Institutions Survey

Total assets (liabilities) of non-bank deposit-taking institutions went up by Rs4,441 million, or 24.8 per cent, from Rs17,878 million at the end of June 2004 to Rs22,319 million at the end of June 2005, compared to an increase of 9.6 per cent in 2003-04.

Domestic claims rose by Rs4,444 million, or 24.8 per cent, from Rs17,930 million at the end of June 2004 to Rs22,374 million at the end of June 2005, on account of the increases of Rs4,358 million or 28.8 per cent and Rs115 million, or 16.1 per cent, in claims on other sectors and claims on central bank, respectively offsetting the drop of Rs29 million, or 1.4 per cent, in net claims on Central Government.

Deposits included in broad money expanded by Rs3,062 million, or 24.0 per cent, from Rs12,737 million at the end of June 2004 to Rs15,799 million at the end of June 2005. The bulk of the increase was accounted for by the expansion of Rs2,988 million, or 25.4 per cent, in time deposits and the edging up of savings deposits by Rs74 million, or 7.6 per cent.

Table III.15: Former Category 2 Banks Survey

	Jun-03 (1)	Jun-04 (2)	Jun-05 (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)*
1. Net Foreign Assets	**42,473.7**	**60,755.2**	**103,829.0**	**18,281.5**	**43.0**	**43,073.8**	**70.9**
Claims on Nonresidents	129,452.4	176,965.3	229,652.8	47,512.9	36.7	52,687.5	29.8
Liabilities to Nonresidents	86,978.7	116,210.1	125,823.8	29,231.4	33.6	9,613.7	8.3
2. Domestic Claims	**14,551.4**	**15,454.2**	**11,659.1**	**902.8**	**6.2**	**-3,795.1**	**-24.6**
A. Net Claims on Central Government	0.1	0.1	-1.9	0.0	21.8	-2.0	-2,029.5
B. Claims on Other Sectors	14,551.3	15,454.1	11,661.0	902.7	6.2	-3,793.1	-24.5
C. Claims on Central Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. ASSETS = LIABILITIES	**57,025.1**	**76,209.4**	**115,488.1**	**19,184.3**	**33.6**	**39,278.7**	**51.5**
4. Liabilities to Central Bank	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
5. Deposits Included in Broad Money	**44,828.8**	**62,456.0**	**99,528.5**	**17,627.2**	**39.3**	**37,072.5**	**59.4**
A. Transferable Deposits	17,266.4	28,573.3	56,679.7	11,306.8	65.5	28,106.5	98.4
B. Savings Deposits	0.2	298.8	0.0	298.7	162,843.2	-298.8	-100.0
C. Time Deposits	27,562.2	33,583.9	42,848.8	6,021.7	21.8	9,264.9	27.6
6. Securities other than Shares included in Broad Money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
7. Other Items (net)	**12,196.2**	**13,753.4**	**15,959.6**	**1,557.1**	**12.8**	**2,206.2**	**16.0**

Figures may not add up to totals due to rounding.

Table III.16: Non-Bank Deposit-Taking Institutions' Survey

	Jun-03 (1)	Jun-04 (2)	Jun-05 (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)
1. Net Foreign Assets	**-24.2**	**-51.6**	**-54.2**	**-27.4**	**113.1**	**-2.6**	**5.0**
Claims on Nonresidents	4.8	0.0	0.0	-4.8	-100.0	0.0	0.0
Liabilities to Nonresidents	29.0	51.6	54.2	22.6	77.8	2.6	5.0
2. Domestic Claims	**16,341.8**	**17,929.5**	**22,373.5**	**1,587.7**	**9.7**	**4,444.0**	**24.8**
A. Net Claims on Central Government	2,919.7	2,095.6	2,066.4	-824.1	-28.2	-29.2	-1.4
B. Claims on Other Sectors	13,418.0	15,117.3	19,475.4	1,699.3	12.7	4,358.1	28.8
C. Claims on Central Bank	4.1	716.5	831.7	712.4	17,376.6	115.1	16.1
3. ASSETS = LIABILITIES	**16,317.6**	**17,877.9**	**22,319.3**	**1,560.3**	**9.6**	**4,441.4**	**24.8**
4. Liabilities to Central Bank	**59.7**	**29.7**	**22.4**	**-30.0**	**-50.3**	**-7.3**	**-24.7**
5. Deposits Included in Broad Money	**10,346.8**	**12,736.7**	**15,799.1**	**2,389.9**	**23.1**	**3,062.5**	**24.0**
A. Transferable Deposits	0.0	0.3	0.0	0.3	0.0	-0.3	-100.0
B. Savings Deposits	1,699.2	981.8	1,056.2	-717.4	-42.2	74.5	7.6
C. Time Deposits	8,647.6	11,754.7	14,742.9	3,107.1	35.9	2,988.2	25.4
6. Securities other than Shares included in Broad Money	**65.3**	**139.5**	**231.6**	**74.2**	**113.6**	**92.1**	**66.0**
7. Other Items (net)	**5,845.8**	**4,972.1**	**6,266.3**	**-873.7**	**-14.9**	**1,294.2**	**26.0**

Figures may not add up to totals due to rounding.

Securities other than shares included in broad money rose by Rs92 million, or 66.0 per cent, from Rs140 million to Rs232 million.

Table III.16 shows the Non-Bank Deposit-Taking Institutions Survey as at end-June 2003, end-June 2004 and end-June 2005.

Capital Market Developments

The Stock Exchange of Mauritius Ltd

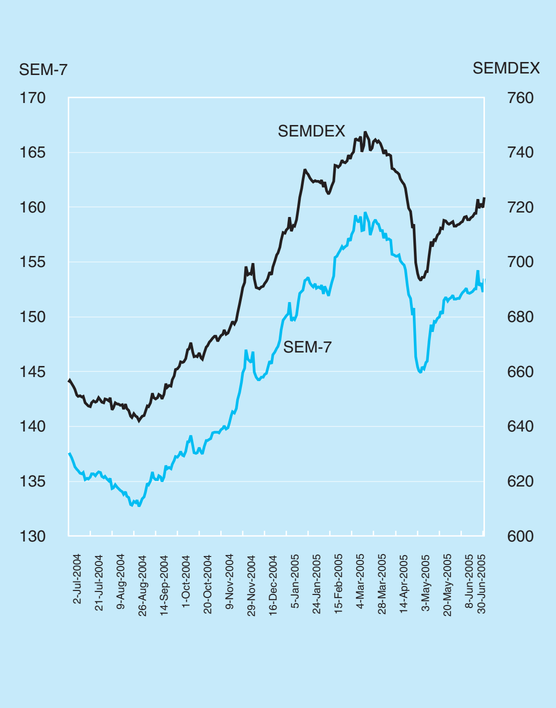
During the first nine months of the fiscal year 2004-05, the stock market performed strongly. Despite a slight drop in July and August 2004, both the SEMDEX and the SEM-7 broke several records to attain all-time high of 747.61 and 159.55, respectively, on 18 March 2005. The spectacular performance of the stock market, was the result of sustained interest by local and foreign investors for blue chip stocks and good growth achieved by some market drivers in the first quarter of 2005.

Between end-June 2004 and 18 March 2005, the SEMDEX and the SEM-7 recorded a growth rate of 14.1 per cent and 16.4 per cent, respectively. Thereafter, the stock market suffered a downturn and the stock market indices, SEMDEX and SEM-7, declined sharply till the first week of May 2005 to reach a low of 693.23 and 144.88, before recovering again. By the end of June 2005, the SEMDEX and SEM-7 had reached 723.53 and 153.69, respectively.

The SEMDEX, increased from 655.09 at the end of June 2004 to 723.53 at the end of June 2005. The SEM-7 increased from 137.08 on 30 June 2004 to 153.69 on 30 June 2005. The SEMDEX and the SEM-7 hit intra-fiscal year lows of 642.12 and 132.68 on 31 August 2004, respectively.

The number of domestic listed companies on the stock exchange remained unchanged at 40 as at end June 2005. Market capitalisation as at 30 June 2005 stood at Rs68.2 billion compared to Rs61.8 billion as at 30 June 2004. There were 252 trading sessions on the Official Market in 2004-05, with the aggregate value of transactions amounting to Rs3.2 billion for a volume of 151.0 million shares and debentures transacted, compared to 253

Chart III.11: Movements in the SEMDEX and the SEM-7



trading sessions in 2003-04, with an aggregate value of transactions amounting to Rs3.1 billion for a volume of 163.5 million shares and debentures transacted. The turnover recorded on the Over-the-Counter (OTC) Market was Rs907.2 million, with a volume of 44.3 million shares transacted during the 100 sessions held in 2004-05.

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 changes each quarter and as at 30 June 2005, the composition 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 Ireland Blyth Ltd. Air Mauritius Ltd, Shell (Mauritius) Ltd and United Basalt Products Ltd formed part of the Reserve List for the SEM-7.

The SEM Total Return Index (SEMTRI), in rupee terms, which includes price earning ratios and dividend earnings, besides measuring daily price changes on listed stocks, rose by 16.8 per cent, from 1,460.80 as at end-June 2004 to 1,706.12 as at end-June 2005 while in US dollar terms, it increased by 12.2 per cent, from 806.88 to 905.05.

During 2004-05, foreign investors continued to invest heavily on the local stock market. During the said period, foreigners purchased a total amount of shares worth Rs915.4 million and sold shares for Rs290.8 million. Net investment by foreign investors stood at Rs624.6 million in 2004-05 compared with a net investment of Rs464.0 million in 2003-04. The monthly value of foreign purchases and sales of shares traded on the Official Market reached peaks of Rs134.2 million in June 2005 and Rs62.5 million in April 2005, respectively, during 2004-05.

As from 15 December 2003, the Government of Mauritius Treasury/Bank of Mauritius Bills were listed on the stock exchange. Purchases on the stock exchange of the Government of Mauritius Securities/Bank of Mauritius Bills, which, in accordance with Section 30 of the Stock Exchange Act, may be made only through a stockbroking company, are restricted to Mauritian citizens and limited to a maximum of 20 units per order (one unit=Rs100,000 nominal).

For the period 15 December 2003 to 30 June 2005, the Bank of Mauritius has listed an amount of Rs447.0 million of Treasury Bills on the stock exchange. Total sales on the Official Market amounted to Rs338.4 million.

Chart III.11 shows the movements in the SEMDEX and SEM-7 during 2004-05.

Other Financial Corporations

Development Bank of Mauritius Ltd (DBM)

The Development Bank of Mauritius Ltd 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 (ICT), Biotechnology and Transport. The DBM also provides a wide range of specially designed schemes covering Agriculture, Tourism, Small and Medium Enterprises (SMEs) and ICT sectors.

The subsidiaries of the DBM include (i) the First City Bank Ltd, a former Category 1 bank, (ii) SME Fund Management Company Ltd, a fund management company, (iii) the National Equity Fund, an equity participation fund, and the DBM Financial Services Ltd, which is involved in the recovery of loans and advances in respect of the ex-

MCCB bank in liquidation. The DBM also subscribed 17.5 per cent in the share capital of the Mauritius Post and Co-operative Bank Ltd, besides having interests in associates and other investments.

Total assets of the DBM increased by Rs323 million, or 4.7 per cent, from Rs6,898 million at the end of June 2004 to Rs7,221 million at the end of June 2005. Equity holdings of the DBM went up by Rs107 million or 18.8 per cent from Rs569 million at the end of June 2004 to Rs676 million at the end of June 2005. The DBM did not have any investments in Treasury/BoM Bills at the end of June 2005 as against in June 2004, when it held Rs116 million in terms of Treasury/BoM Bills. Total loans disbursed by the DBM fell by Rs38 million, or 4.8 per cent, from Rs796 million at the end of June 2004 to Rs758 million at the end of June 2005.

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 Rs4.6 billion, or 15.9 per cent, from Rs29.0 billion at the end of June 2004 to Rs33.6 billion at the end of June 2005. Its investments in Government Securities, Treasury Bills and Bank of Mauritius Bills rose by Rs2.7 billion, or 14.9 per cent, from Rs18.1 billion at the end of June 2004 to Rs20.8 billion at the end of June 2005. Total loans disbursed by the NPF decreased by Rs0.2 billion, or 10.5 per cent from Rs1.9 billion at the end of June 2004 to Rs1.7 billion at the end of June 2005.

IV. GOVERNMENT FINANCE

Government finances in 2004-05 were characterised by higher revenue than forecast that more than offset the slightly higher expenditure than was initially estimated. Total recurrent revenue amounted to Rs35,192 million as against an estimate of Rs35,308 million. Capital revenue and grants reached Rs858 million compared to Rs572 million estimated originally. Overall, total derived revenue and grants amounted to Rs36,050 million, slightly higher than the initial budget estimate of Rs35,880 million.

Total recurrent expenditure amounted to Rs38,042 million, higher than the initial estimates of Rs37,233 million. However, capital expenditure and lending minus repayments stood at Rs7,033 million, lower than the initial estimate of Rs7,730 million. Total derived expenditure and lending minus repayments stood at Rs45,075 million, slightly higher than the initial budget estimate of Rs44,963 million.

As a result, the budget deficit for 2004-05 amounted to Rs9,025 million, slightly lower than the original estimate of Rs9,083 million. As a percentage of GDP at market prices, the budget deficit stood at 5.0 per cent compared to 5.4 per cent in 2003-04. As in the last few years, the deficit was financed predominantly from domestic sources, namely by former Category 1 banks and the non-bank sector.

The year 2004-05 was also marked by the introduction of weekly issues of Treasury Notes with a maturity of 3 years, offered to existing holders of Treasury Bills wishing to convert at maturity part or the full amount of their Treasury Bills into Treasury Notes. Treasury Bills for a total nominal amount of Rs13,928 million were converted into Treasury Notes. This includes an amount of Rs1,761 million of interest which would have been paid on Treasury Bills in 2004-05, but has been deferred. These interest payments will be made in the year 2007-08 on maturity of the Treasury Notes. Moreover, the Road Development Authority (RDA) contracted a loan of Rs500 million with Government guarantee. The consolidation of these interest payments on Treasury Bills and of the expenditure incurred under the RDA loan would raise the budget deficit for the year 2004-05 to 5.9 per cent of GDP at market prices, up from 5.4 per cent in 2003-04.

At the end of June 2005, total public debt was estimated at Rs105,816 million, representing an increase of 13.2 per cent on the end-June 2004 level. As a percentage of GDP at market prices, total public debt rose from 56.5 per cent at the end of June 2004 to 58.3 per cent at the end of June 2005. Interest payments on both internal and external debt in 2004-05 amounted to Rs7,297 million compared to Rs6,691 million in 2003-04.

Revenue and Grants

Total derived revenue and grants went up from Rs33,676 million in 2003-04 to Rs36,050 million in 2004-05, or 7.1 per cent, compared to 11.1 per cent in the preceding year. As a percentage of GDP at market prices, total derived revenue and grants fell from 20.4 per cent in 2003-04 to 19.9 per cent in 2004-05. The increase in total revenue can be explained by the rise in tax revenue and capital revenue that more than compensated for the fall in non-tax revenue and grants. As a percentage of total recurrent revenue, the share of tax revenue rose from 88.1 per cent in 2003-04 to 93.0 per cent in 2004-05. Conversely, the share of non-tax revenue declined from 11.9 per cent in 2003-04 to 7.0 per cent in 2004-05.

Tax revenue registered a rise of 12.6 per cent, from Rs29,068 million in 2003-04 to Rs32,719 million in 2004-05, higher than the increase of 12.3 per cent recorded in the preceding year. Taxes on Income, Profits and Capital Gains, Taxes on Goods and Services, Taxes on Property and Taxes on International Trade went up by 24.8 per cent, 12.4 per cent, 14.4 per cent and 4.7 per cent, respectively. The buoyancy of tax revenue with respect to GDP at market prices was 1.3 in 2004-05, up from 1.2 in 2003-04.

Revenue from domestic taxes on goods and services rose by Rs1,934 million, or 12.4 per cent, from Rs15,531 million in 2003-04 to Rs17,465 million in 2004-05, compared to an increase of 11.3 per cent in 2003-04. The value added tax (VAT) contributed around 69 per cent to the increase in revenue from domestic taxes. Net revenue from VAT amounted to Rs12,529 million, reflecting an increase of Rs1,338 million, or 12.0 per cent, on the corresponding figure of Rs11,191 million for 2003-04. Excise duties went up by Rs430 million to Rs2,838 million. As a percentage of tax revenue, the share of domestic taxes on goods and services remained unchanged at 53.4 per cent in 2004-05.

Taxes on international trade recorded a significantly lower increase of 4.7 per cent in 2004-05 compared to an increase of 13.2 per cent in 2003-04. In absolute terms, the increase represented Rs346 million, from Rs7,385 million in 2003-04 to Rs7,731 million in 2004-05. After registering a rise of 10.7 per cent in 2003-04, excise duty on imports went up by 14.4 per cent, from Rs3,348 million in 2003-04 to Rs3,832 million in 2004-05. Customs duty fell from Rs4,037 million in 2003-04 to Rs3,899 million in 2004-05, or 3.4 per cent, as against an increase of 15.4 per cent in 2003-04. As a percentage of tax revenue, the share of taxes on international trade fell from 25.4 per cent in 2003-04 to 23.6 per cent in 2004-05.

Revenue from taxes on income, profits and capital gains went up by Rs1,160 million, from Rs4,669 million in 2003-04 to Rs5,829 million in 2004-05, or 24.8 per cent, higher than the 16.3 per cent increase registered in 2003-04. Individual income tax went up by Rs288 million, from Rs2,265 million in 2003-04 to Rs2,553 million in 2004-05, or 12.7 per cent, compared to an increase of 21.8 per cent in 2003-04. Corporate tax increased significantly by Rs871 million from Rs2,405 million in 2003-04 to Rs3,276 million in 2004-05, or 36.2 per cent, up from an increase of 11.6 per cent in 2003-04. The increase in revenue from corporate tax accounted for around 75 per cent of the increase in revenue from taxes on income, profits and capital gains. As a percentage of total tax revenue, the share of taxes on income, profits and capital gains went up from 16.1 per cent in 2003-04 to 17.8 per cent in 2004-05.

Taxes on property went up by Rs211 million from Rs1,469 million in 2003-04 to Rs1,680 million in 2004-05, or 14.4 per cent, compared to the increase of 6.9 per cent registered in 2003-04. As a percentage of tax revenue, the share of taxes on property remained unchanged at 5.1 per cent in 2004-05.

Non-tax revenue, which comprises mainly property income and fees, charges and sales, fell significantly by Rs1,446 million, from Rs3,920 million in 2003-04 to Rs2,474 million in 2004-05, or 36.9 per cent, compared to a 2.8 per cent decrease recorded in 2003-04.

Derived capital revenue went up significantly by Rs344 million from Rs70 million in 2003-04 to Rs414 million in 2004-05. Grants received by Government fell by Rs174 million from Rs618 million in 2003-04 to Rs444 million in 2004-05.

Chart IV.1: Composition of Tax Revenue

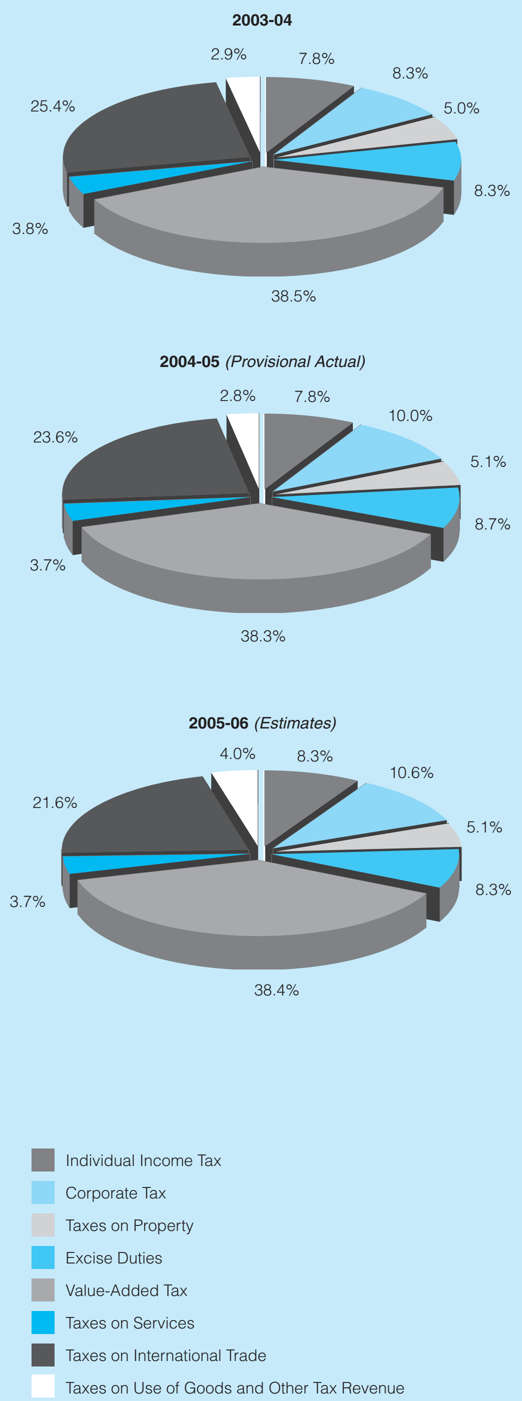


Table IV.1 gives details on Government revenue and grants for the years 2002-03 through 2005-06. Chart IV.1 shows the composition of tax revenue for the years 2003-04 through 2005-06.

Table IV.1: Classification of Government Revenue and Grants

(Rs million)

	2002-03	2003-04	2004-05 Provisional Actual	2005-06 Estimates
1. Tax Revenue	**25,879.2**	**29,067.9**	**32,718.6**	**34,864.0**
Taxes on Income, Profits and Capital Gains	**4,013.5**	**4,669.3**	**5,829.0**	**6,600.0**
	(15.5)	*(16.1)*	*(17.8)*	*(18.9)*
Individual Income Tax	1,859.0	2,264.6	2,553.2	2,900.0
	(7.2)	*(7.8)*	*(7.8)*	*(8.3)*
Corporate Tax	2,154.5	2,404.7	3,275.8	3,700.0
	(8.3)	*(8.3)*	*(10.0)*	*(10.6)*
Taxes on Property	**1,374.6**	**1,469.0**	**1,680.2**	**1,755.5**
	(5.3)	*(5.1)*	*(5.1)*	*(5.0)*
Land and Real Estate	306.3	338.9	409.4	450.0
	(1.2)	*(1.2)*	*(1.3)*	*(1.3)*
Financial Transactions	1,068.3	1,130.1	1,270.8	1,305.5
	(4.1)	*(3.9)*	*(3.9)*	*(3.7)*
Domestic Taxes on Goods and Services	**13,957.0**	**15,531.3**	**17,464.7**	**18,955.0**
	(53.9)	*(53.4)*	*(53.4)*	*(54.4)*
(a) Excise Duties	2,332.2	2,407.9	2,838.4	2,899.5
	(9.0)	*(8.3)*	*(8.7)*	*(8.3)*
(b) Value-Added Tax	9,812.2	11,190.7	12,529.3	13,400.0
	(37.9)	*(38.5)*	*(38.3)*	*(38.4)*
(c) Taxes on Services	1,069.0	1,097.2	1,209.0	1,285.5
	(4.1)	*(3.8)*	*(3.7)*	*(3.7)*
(i) Tax on Gambling	966.9	979.6	1,075.3	1,140.0
	(3.7)	*(3.4)*	*(3.3)*	*(3.3)*
(ii) Tax on Hotel Bills	101.4	116.1	132.4	145.0
	(0.4)	*(0.4)*	*(0.4)*	*(0.4)*
(iii) Sugar Brokerage Tax	0.7	1.5	1.2	0.5
	(0.0)	*(0.0)*	*(0.0)*	*(0.0)*
(d) Passenger Fee	–	–	26.1	450.0
			(0.1)	*(1.3)*
(e) Taxes on Use of Goods	743.6	835.5	861.9	920.0
	(2.9)	*(2.9)*	*(2.6)*	*(2.6)*
Taxes on International Trade	**6,522.6**	**7,385.3**	**7,730.5**	**7,540.0**
	(25.2)	*(25.4)*	*(23.6)*	*(21.6)*
Customs Duty	3,497.4	4,037.2	3,898.9	3,600.0
	(13.5)	*(13.9)*	*(11.9)*	*(10.3)*
Excise Duty on Imports	3,025.2	3,348.1	3,831.6	3,940.0
	(11.7)	*(11.5)*	*(11.7)*	*(11.3)*
Other Tax Revenue	**11.5**	**13.0**	**14.2**	**13.5**
	(0.0)	*(0.0)*	*(0.0)*	*(0.0)*
2. Non-tax Revenue	**4,033.2**	**3,919.9**	**2,473.8**	**3,229.6**
3. Derived Capital Revenue	**23.0**	**69.7**	**413.8**	**5.0**
4. Total Derived Revenue	**29,935.4**	**33,057.5**	**35,606.2**	**38,098.6**
5. Grants	**362.7**	**618.3**	**444.0**	**496.0**
6. Total Derived Revenue and Grants	**30,298.1**	**33,675.8**	**36,050.2**	**38,594.6**
7. Total Derived Revenue and Grants as a % of GDP	**20.2**	**20.4**	**19.9**	**19.4**

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

Expenditure and Lending minus Repayments

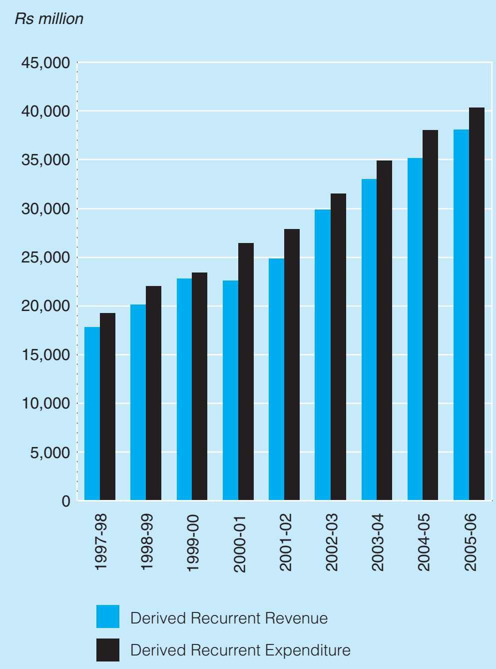
Total derived expenditure and lending minus repayments went up from Rs42,567 million in 2003-04 to Rs45,075 million in 2004-05 or 5.9 per cent, down from 7.7 per cent in 2003-04. As a percentage of GDP at market prices, total derived expenditure and lending minus repayments fell from 25.8 per cent in 2003-04 to 24.9 per cent in 2004-05. Recurrent expenditure grew by Rs3,157 million in 2004-05 while capital expenditure went down by Rs733 million over the same period. Lending minus repayments increased from Rs604 million in 2003-04 to Rs688 million in 2004-05. As a percentage of total derived expenditure, recurrent expenditure went up from 83.1 per cent in 2003-04 to 85.7 per cent in 2004-05. Conversely, the share of derived capital expenditure fell from 16.9 per cent to 14.3 per cent over the same period.

Derived recurrent expenditure went up by 9.0 per cent, from Rs34,885 million in 2003-04 to Rs38,042 million in 2004-05, compared to a rise of 10.6 per cent in the preceding year. Increases of 9.1 per cent, 11.1 per cent and 7.0 per cent were recorded in interest payments, current transfers and subsidies, and expenditure on goods and services, respectively, in 2004-05.

Interest payments on both local and external loans went up by Rs598 million, from Rs6,586 million in 2003-04 to Rs7,184 million in 2004-05, or 9.1 per cent, compared to an increase of 3.1 per cent in 2003-04. In spite of the drop in short-term obligations between end-June 2004 and end-June 2005, due essentially to the conversion of Treasury Bills into Treasury Notes, on which interest payments will be due only in the year 2007-08, interest payments on domestic loans went up by Rs588 million, from Rs6,380 million in 2003-04 to Rs6,968 million in 2004-05. This is explained by the upward adjustments in the yields on Government Securities following the two increases of 25 basis points each in the Lombard Rate in 2004-05. Interest payments on external loans grew by Rs10 million, from Rs206 million to Rs216 million over the same period. As a percentage of derived recurrent expenditure, total interest payments remained unchanged at 18.9 per cent in 2004-05.

Current transfers and subsidies went up by Rs1,544 million, from Rs13,897 million in 2003-04 to Rs15,441 million in 2004-05, or 11.1 per cent, higher than the rate of 10.2 per cent registered in 2003-04. Some 50 per cent of the rise was accounted for by increases in subsidies and transfers and the remaining 50 per cent, by contributions. Total subsidies and transfers went up by Rs773 million, from Rs7,011 million in 2003-04 to Rs7,784 million in 2004-05, or 11.0 per cent, up from 8.3 per cent in the preceding year. Subsidy on rice and flour rose by Rs21 million to Rs417 million. Transfers to local government and Rodrigues grew by Rs176 million to Rs2,049 million. Contributions to the National Pensions Fund, the National Savings Fund and public service pensions went up by Rs771 million, from Rs6,886 million in 2003-04 to Rs7,657 million in 2004-05, or 11.2 per cent, down from 12.1 per cent in 2003-04. As a percentage of derived recurrent expenditure, current transfers and subsidies increased from 39.8 per cent in 2003-04 to 40.6 per cent in 2004-05.

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



2004-05: Provisional Actual.
2005-06: Estimates.

Expenditure on goods and services went up by Rs1,014 million, from Rs14,403 million in 2003-04 to Rs15,417 million in 2004-05, or 7.0 per cent, down from 14.9 per cent in 2003-04. Around 76 per cent of the increase represented additional expenditure on wages and salaries, inclusive of travelling and transport, which, in absolute terms, went up by Rs773 million, from Rs10,901 million in 2003-04 to Rs11,674 million in 2004-05. As a percentage of derived recurrent expenditure, expenditure on goods and services fell from 41.3 per cent in 2003-04 to 40.5 per cent in 2004-05.

Derived capital expenditure fell by Rs733 million, from Rs7,078 million in 2003-04 to Rs6,345 million in 2004-05, or 10.4 per cent. Lending minus repayments went up by Rs84 million from Rs604 million in 2003-04 to Rs688 million in 2004-05.

Table IV.2: Distribution of Government Expenditure

(Rs million)

	2002-03	2003-04	2004-05 Provisional Actual	2005-06 Estimates
1. Derived Recurrent Expenditure	**31,538.1**	**34,885.4**	**38,042.3**	**40,375.2**
Expenditure on Goods and Services	12,534.1	14,403.0	15,417.3	16,475.0
	(39.7)	*(41.3)*	*(40.5)*	*(40.8)*
(a) Wages and Salaries [1]	9,366.0	10,901.0	11,674.3	12,284.9
	(29.7)	*(31.2)*	*(30.7)*	*(30.4)*
(b) Other Goods and Services	3,168.1	3,502.0	3,743.0	4,190.1
	(10.0)	*(10.0)*	*(9.8)*	*(10.4)*
Interest Payments	6,390.4	6,585.8	7,184.4	6,809.4
	(20.3)	*(18.9)*	*(18.9)*	*(16.9)*
(a) External	188.6	205.6	216.3	270.2
	(0.6)	*(0.6)*	*(0.6)*	*(0.7)*
(b) Domestic	6,201.8	6,380.2	6,968.1	6,539.2
	(19.7)	*(18.3)*	*(18.3)*	*(16.2)*
Current Transfers and Subsidies	12,613.6	13,896.6	15,440.6	17,090.8
	(40.0)	*(39.8)*	*(40.6)*	*(42.3)*
(a) Subsidy on Rice and Flour	429.0	396.0	416.9	425.0
	(1.4)	*(1.1)*	*(1.1)*	*(1.1)*
(b) Transfers to Local Government and Rodrigues	1,423.8	1,872.9	2,048.8	2,095.0
	(4.5)	*(5.4)*	*(5.4)*	*(5.2)*
(c) Contributions	6,143.1	6,885.9	7,656.6	8,322.0
	(19.5)	*(19.7)*	*(20.1)*	*(20.6)*
(d) Other Subsidies and Current Transfers	4,617.7	4,741.8	5,318.3	6,248.8
	(14.6)	*(13.6)*	*(14.0)*	*(15.5)*
2. Capital Expenditure	**7,014.5**	**7,078.0**	**6,344.8**	**7,852.6**
3. Total Derived Expenditure	**38,552.6**	**41,963.4**	**44,387.1**	**48,227.8**
4. Lending minus Repayments	**980.2**	**603.9**	**687.8**	**-87.0**
5. Total Derived Expenditure and Lending minus Repayments	**39,532.8**	**42,567.3**	**45,074.9**	**48,140.8**
6. Total Derived Expenditure and Lending minus Repayments as a % of GDP	**26.4**	**25.8**	**24.9**	**24.1**

[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 and Economic Development, Government of Mauritius.

Chart IV.3: Composition of Government Expenditure

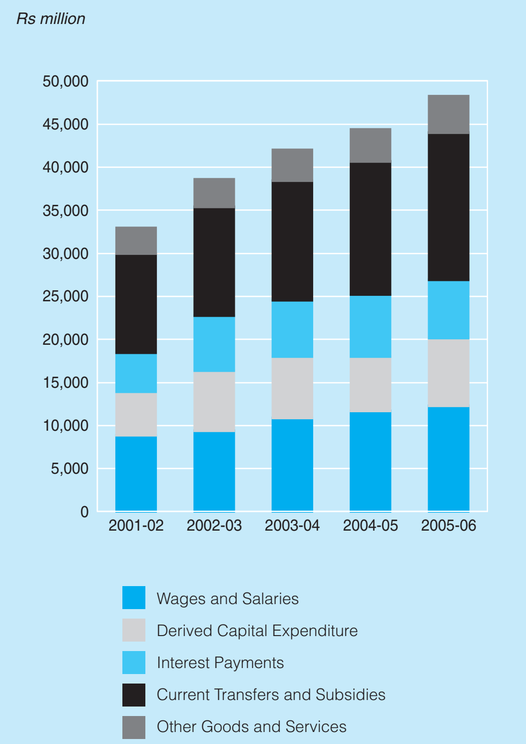


Table IV.2 shows the distribution of government expenditure for the years 2002-03 through 2005-06. Charts IV.2 and IV.3 show derived recurrent revenue and derived recurrent expenditure for the years 1997-98 through 2005-06, and the composition of government expenditure for the years 2001-02 through 2005-06, respectively.

Budgetary Operations and Financing of the Deficit

The budget deficit in 2004-05 amounted to Rs9,025 million compared to Rs8,892 million in the previous year. Total derived revenue and grants was estimated at Rs36,050 million and total derived expenditure and lending minus repayments was estimated at Rs45,075 million in 2004-05. The budget deficit as a percentage of GDP at market prices fell from 5.4 per cent in 2003-04 to 5.0 per cent in 2004-05.

The budget deficit for 2004-05 was financed essentially from domestic sources. Net foreign financing amounted to Rs484 million in 2004-05, with gross external loans received and investment in Treasury Bills by foreigners amounting to Rs1,187 million and Rs227 million, respectively. Foreign capital repayments amounted to Rs930 million. Domestic financing came essentially from the non-bank sector and former Category 1 banks to the extent of Rs6,030 million and Rs4,063 million, respectively. Financing from the central bank was also positive at Rs1,498 million.

In terms of instruments, only medium and long-term securities were used to finance the budget deficit. The net issue of Treasury Bills amounted to a negative figure of Rs6,120 million in 2004-05, reflecting the conversion of maturing Treasury Bills into Treasury Notes. The net issue of Treasury Notes amounted to Rs13,928.4 million. The net issue of Mauritius Development Loan Stocks and 5-Year Bonds amounted to Rs1,777 million and Rs1,999 million respectively, compared to Rs2,186 million and Rs1,976 million respectively in 2003-04.

Table IV.3 shows the financing of the budget deficit by type of debt holder and instrument for the years 2001-02 through 2005-06.

Public Debt

Total public debt, consisting of internal and external public debt, increased by Rs12,369 million, from Rs93,447 million at the end of June 2004 to Rs105,816 million at the end of June 2005, or 13.2 per cent, as against a decrease of 2.1 per cent in 2003-04. As a percentage of GDP at market prices, total public debt increased from 56.5 per cent at the end of June 2004 to 58.3 per cent at the end of June 2005.

Internal Debt

Total internal public debt increased by Rs11,582 million, from Rs85,002 million at the end of June 2004 to Rs96,584 million at the end of June 2005, or 13.6 per cent, as against a fall of 1.6 per cent in 2003-04. As a percentage of GDP at market prices, total internal debt increased from 51.4 per cent at the end of June 2004 to 53.3 per cent at the end of June 2005.

Government short-term obligations, made up of Treasury Bills, declined by Rs9,602 million, from Rs68,333 million at the end of June 2004 to Rs58,731 million at the end of June 2005, representing a fall of 14.1 per cent, as compared to a drop of 7.8 per cent in 2003-04. As a percentage of total internal public debt, Government short-term obligations decreased from 80.4 per cent at the end of June 2004 to 60.8 per cent at the end of June 2005.

Reflecting the conversion of maturing Treasury Bills into Treasury Notes, medium and long-term obligations of the Government shot up by 127.1 per cent, from Rs16,669 million at the end of June 2004 to Rs37,853 million at the end of June 2005. A total nominal amount of Rs2,000 million of Five-Year Government of Mauritius Bonds was issued during the year 2004-05. There were also two issues of Mauritius Development Loan Stocks for a total nominal amount of Rs3,000 million during the fiscal year. Stocks for a nominal amount of Rs1,038 million were redeemed during 2004-05.

Table IV.3: Budgetary Operations and Financing

(Rs million)

	2001-02	2002-03	2003-04	2004-05 Provisional Actual	2005-06 Estimates
1. Total Derived Revenue and Grants	**25,270.3**	**30,298.1**	**33,675.8**	**36,050.2**	**38,594.6**
2. Total Derived Expenditure and Lending Minus Repayments	**33,569.1**	**39,532.8**	**42,567.3**	**45,074.9**	**48,140.8**
3. Budget Deficit (1-2)	**-8,298.8**	**-9,234.7**	**-8,891.5**	**-9,024.7**	**-9,546.2**
4. Foreign Financing (Net) (a+b-c)	**990.1**	**249.7**	**-486.4**	**484.1**	**-346.1**
(a) Gross External Loans Received (excluding IMF)	1,737.9	922.9	726.8	1,187.4	667.0
(b) Foreign Invesment in Treasury Bills	-40.0	163.0	-330.8	226.6	–
(c) Foreign Capital Repayments	707.8	836.2	882.4	929.9	1,013.1
5. Domestic Financing (Net) (A+B+C+D)	**7,308.9**	**8,985.0**	**9,377.9**	**8,540.6**	**9,892.3**
A. Monetary Authorities (a+b+c-d)	**-5,544.9**	**-7,787.1**	**10,261.4**	**1,498.1**	
(a) Government Stocks	-213.7	-728.5	-6.1	0.1	
(b) Treasury Bills	-165.0	-297.4	655.8	1,498.5	
(c) Advances	0.0	0.0	0.0	0.0	
(d) Deposits	5,166.1	6,761.2	-9,611.7	0.5	
B. Former Category 1 Banks (a+b+c+d+e-f)	**7,044.1**	**10,283.1**	**3,608.6**	**4,062.6**	
(a) Government Stocks	-557.6	-150.4	257.4	-504.9	
(b) Treasury Bills	7,579.2	10,412.4	2,513.6	1,058.2	
(c) Advances	0.0	0.0	0.1	-0.1	
(d) Five-Year Government Bonds	–	169.8	564.5	529.8	
(e) Treasury Notes	–	–	–	2,971.8	
(f) Deposits	-22.5	148.7	-273.0	-7.8	
C. Non-Bank Sector (a+b+c+d)	**4,943.9**	**6,802.9**	**-3,462.3**	**6,030.4**	
(a) Government Stocks	94.9	421.4	1,934.3	2,281.5	
(b) Treasury Bills	4,849.0	5,747.2	-6,807.7	-8,676.7	
(c) Five-Year Government Bonds	–	634.2	1,411.1	1,469.0	
(d) Treasury Notes	–	–	–	10,956.6	
D. Other Domestic Financing	**865.7**	**-313.9**	**-1,029.8**	**-3,050.5**	
6. Ratio of Budget Deficit to GDP at market prices (Per cent)	**6.0**	**6.2**	**5.4**	**5.0**	**4.8**

[1] *Source: Ministry of Finance and Economic Development, Government of Mauritius.*

A total nominal amount of Rs17,222 million of Treasury Notes was issued during the year 2004-05. The share of medium and long-term obligations of the Government in total internal public debt went up from 19.6 per cent at the end of June 2004 to 39.2 per cent at the end of June 2005.

External Debt

Total external public debt increased by Rs787 million, from Rs8,445 million at the end of June 2004 to Rs9,232 million at the end of June 2005. Gross disbursements and amortisation during the year amounted to Rs1,187 million and Rs930 million, respectively. Interest payments and other charges amounted to Rs228 million. Foreign loans increased by Rs562 million, from Rs8,320 million as at end-

Chart IV.4: Composition of Public Debt as at end-June 2005

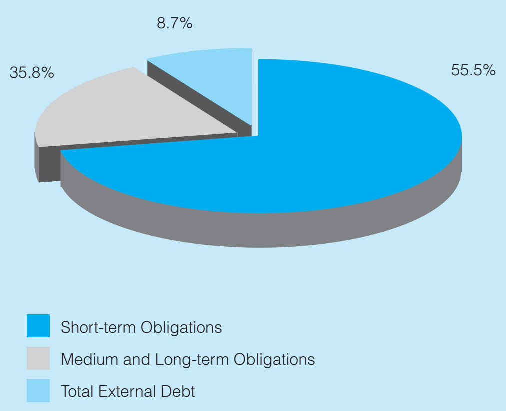


Table IV.4: Public Debt

(Rs million)

OUTSTANDING AS AT END-JUNE	2001	2002	2003	2004	2005
1. Short-term Obligations	**40,683.5**	**55,287.4**	**74,138.3**	**68,332.9**	**58,731.2**
(a) Treasury Bills[1]	40,683.1	55,287.0	74,137.9	68,332.5	58,730.8
(b) Advances from Bank of Mauritius	0.0	0.0	0.0	0.0	0.0
(c) Tax-Reserve Certificates	0.4	0.4	0.4	0.4	0.4
2. Medium and Long-term Obligations	**12,710.0**	**11,808.0**	**12,274.3**	**16,669.4**	**37,852.9**
(a) Government Stocks	12,710.0	11,808.0	11,408.0	13,803.1	15,765.0
(b) Five-Year Government of Mauritius Bonds	–	–	866.3	2,866.3	4,866.3
(c) Treasury Notes	–	–	–	–	17,221.6
3. Internal Public Debt (1+2)	**53,393.5**	**67,095.4**	**86,412.6**	**85,002.3**	**96,584.1**
4. External Public Debt	**7,167.9**	**8,785.0**	**9,074.0**	**8,444.9**	**9,232.1**
(a) Foreign Loans	6,816.0	8,465.0	8,549.7	8,320.4	8,882.0
(b) Foreign Investment in Treasury Bills	351.9	320.0	524.3	124.5	350.1
5. Public Debt (3+4)	**60,561.4**	**75,880.4**	**95,486.6**	**93,447.2**	**105,816.2**
6. Public Debt as a % of GDP at market prices	**48.4**	**55.3**	**63.8**	**56.5**	**58.3**
DEBT CHARGES DURING FISCAL YEAR ENDED 30 JUNE	**2001**	**2002**	**2003**	**2004**	**2005**
7. Amortisation	**4,889.0**	**1,725.0**	**1,987.0**	**2,110.0**	**2,597.0**
(a) Internal	957.0	1,017.0	1,151.0	1,228.0	1,667.0
(b) External	3,932.0[2]	708.0	836.0	882.0	930.0
8. Interest	**5,348.0**	**4,589.0**	**6,472.0**	**6,691.0**	**7,297.0**
(a) Internal	4,929.0	4,360.0	6,273.0	6,473.0	7,069.0
(b) External	419.0	229.0	199.0	218.0	228.0
9. Total Debt Servicing (7+8)	**10,237.0**	**6,314.0**	**8,459.0**	**8,801.0**	**9,894.0**

[1] *Excluding Treasury Bills held by foreign investors.*
[2] *Includes repayment of Rs3,125 million in respect of Floating Rate Notes loan.*
Source: Ministry of Finance and Economic Development, Government of Mauritius.

June 2004 to Rs8,882 million as at end-June 2005. Foreign investment in Treasury Bills registered a significant increase of Rs225 million, from Rs125 million as at end-June 2004 to Rs350 million as at end-June 2005.

The external debt of financial public corporations and non-financial public enterprises fell by Rs556 million, from Rs15,221 million at the end of June 2004 to Rs14,665 million at the end of June 2005. Disbursements and capital repayments amounted to Rs3,256 million and Rs4,430 million, respectively, during fiscal year 2004-05 while interest payments and other charges amounted to Rs655 million.

The external debt of the private sector increased by Rs217 million, from Rs1,953 million at the end of June 2004 to Rs2,170 million at the end of June 2005. Total disbursements and capital repayments in 2004-05 amounted to Rs695 million and Rs478 million, respectively. Interest payments amounted to Rs17 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 increased by Rs448 million, from Rs25,619 million at the end of June 2004 to Rs26,067 million at the end of June 2005.

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, increased from 6.5 per cent in 2003-04 to 6.6 per cent in 2004-05.

Table IV.4 gives details on public debt from end-June 2001 to end-June 2005. Chart IV.4 shows the composition of public debt as at end-June 2005.

Setting the Stage for Robust Growth

At the end of August 2005, the Government presented a series of measures to set the stage for more robust growth. The objectives were three-fold: to achieve economic democratisation; to consolidate and further diversify the economy; and to stimulate employment creation. More details are presented in the chapter on National Income and Production. These measures, together with the decision to abolish targeting old age pensions and to provide free transport to senior citizens, to the disabled and to primary, secondary and post secondary students, are expected to cost Government some Rs850 million.

Government intends to pursue sound macroeconomic policies. Necessary measures will be taken to reduce the budget deficit and the public debt. There will be greater fiscal responsibility. Government will also strive to borrow only for its investment expenditure and not for recurrent expenditure. Heavy reliance will be placed on revenue administration to increase tax revenue. The Mauritius Revenue Authority is likely to become operational by end-March 2006. A tight rein will be kept on expenditure. All public sector departments and Ministries will be requested to submit a report identifying areas where expenditure can be reduced and even eliminated without affecting productivity and service to the public.

V. EXTERNAL TRADE AND BALANCE OF PAYMENTS

The current account of the balance of payments swung in 2004-05 to a deficit estimated at Rs6,245 million from a surplus of Rs1,383 million registered in 2003-04. The marked deterioration in the merchandise account in 2004-05 more than offset the combined surpluses on the services and current transfers accounts. In relation to GDP, the deficit on the current account represented 3.4 per cent in 2004-05.

The deficit on the merchandise account of the balance of payments nearly doubled from Rs10,457 million in 2003-04 to Rs20,262 million in 2004-05, on account of the faster growth of imports relative to exports. On a balance of payments basis, total imports (f.o.b.) increased significantly by 21.2 per cent, from Rs64,660 million in 2003-04 to Rs78,345 million in 2004-05. Total exports (f.o.b.) increased by 7.2 per cent, from Rs54,203 million in 2003-04 to Rs58,083 million in 2004-05.

The capital and financial account, inclusive of reserve assets, recorded net inflows of Rs3,380 million in 2004-05 as against net outflows of Rs1,168 million in 2003-04. Exclusive of reserve assets, the capital and financial account recorded net inflows of Rs247 million in 2004-05 compared to net inflows Rs2,057 million in 2003-04.

For 2005-06, the merchandise account deficit has been projected to widen further to Rs24,036 million. Although the services and current transfers accounts are expected to register higher surpluses, the current account of the balance of payments, as a result of the still expanding trade deficit and a higher deficit on the income account, has been projected to record a deficit of Rs6,764 million in 2005-06. In relation to GDP, the deficit on the current account of the balance of payments would represent 3.4 per cent in 2005-06.

Table V.1 gives a summary of the balance of payments accounts for the years 2001-02 through 2005-06.

Services, Income and Current Transfers

The surplus on the services account improved by 10.7 per cent, from Rs11,271 million in 2003-04 to Rs12,478 million during the year under review, reflecting mainly a lower deficit on the "other

Table V.1: Balance of Payments Summary

(Rs million)

	2001-02	2002-03	2003-04 [1]	2004-05 [2]	2005-06 [3]
Current Account	**7,458**	**3,554**	**1,383**	**-6,245**	**-6,764**
Goods	**-6,177**	**-8,645**	**-10,457**	**-20,262**	**-24,036**
Exports f.o.b.	47,938	53,247	54,203	58,083	59,493
Imports f.o.b.	54,115	61,892	64,660	78,345	83,529
Imports c.i.f.	58,151	66,267	69,586	84,474	90,107
Services	**11,908**	**10,014**	**11,271**	**12,478**	**15,700**
Income	**-248**	**-47**	**-1,002**	**-134**	**-370**
Current Transfers	**1,975**	**2,232**	**1,571**	**1,673**	**1,942**
Capital and Financial Account	**-6,275**	**-5,611**	**-1,168**	**3,380**	**6,764**
Capital Account	**-30**	**-57**	**-40**	**-28**	**-35**
Financial Account	**-6,245**	**-5,554**	**-1,128**	**3,408**	**6,799**
of which:					
Reserve Assets	-5,908	-9,099	-3,225	3,133	4,200
Net Errors and Omissions	-1,183	2,057	-215	2,865	0

1 Revised. 2 Revised estimates. 3 Projections.

Notes: (a) Import data for 2001-02 are inclusive of import of aircraft (Rs1,575 million).
(b) Import data for 2002-03 are inclusive of import of aircraft (Rs1,073 million).
(c) Import data for 2003-04 are inclusive of import of aircraft (Rs219 million).
(d) Import data for 2004-05 are inclusive of import of aircraft (Rs120 million).
(e) As from 2002-03, data on imports and exports include transactions through the Mauritius Freeport.

services" account and a still higher surplus on the travel account, which have offset the deterioration in the transportation account. The number of tourist arrivals to Mauritius grew by 5.2 per cent, from 699,389 in 2003-04 to 735,495 in 2004-05. Gross tourism earnings surged from Rs22,394 million in 2003-04 to a record high of Rs24,097 million in 2004-05. Currency appreciation of our major source countries, namely, the United Kingdom and the euro area, vis-à-vis the domestic currency as well as higher hotel tariff rates as existing hotels continued to move up-market, on the back of major refurbishment and upgrading of leisure facilities, contributed to the higher tourism earnings. Total visitor nights spent increased from 6,929,000 in 2003-04 to 7,285,000 in 2004-05, while the average length of stay per tourist remained unchanged at 9.9 nights. Expenditure on foreign travel by residents increased by 16.7 per cent to Rs7,695 million in 2004-05. Net inflows on the travel account thus rose by 3.8 per cent from Rs15,800 million in 2003-04 to Rs16,402 million in 2004-05. Average expenditure per Mauritian resident travelling abroad increased by 8.5 per cent, from Rs38,707 in 2003-04 to Rs41,987 in 2004-05. The transportation account recorded a higher deficit of Rs3,293 million in 2004-05 compared with a deficit of Rs2,192 million in 2003-04. The deficit in the "other services" account contracted significantly from Rs2,337 million in 2003-04 to Rs631 million in 2004-05.

The income account recorded a net outflow of Rs134 million in 2004-05 compared with a net outflow of Rs1,002 million in the preceding fiscal year. The net surplus on the current transfers account increased from Rs1,571 million in 2003-04 to Rs1,673 million in 2004-05.

Chart V.1 shows the main components of the current account for the fiscal years 1998-99 through 2004-05. Chart V.2 shows the financing of the current account from 1998-99 through 2004-05.

Capital and Financial Account

During 2004-05, foreign direct investment in Mauritius recorded net outflows of Rs61 million as against net inflows of Rs1,465 million in 2003-04. Gross inflows of foreign direct investment in Mauritius amounted to Rs1,501 million during 2004-05, driven mainly by investment in the banking sector, telecommunications and the information and communication technology sector.

Chart V.1: Components of the Current Account

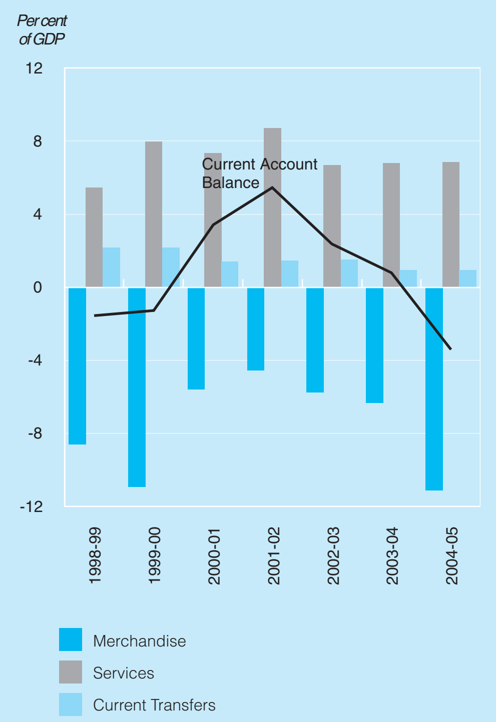
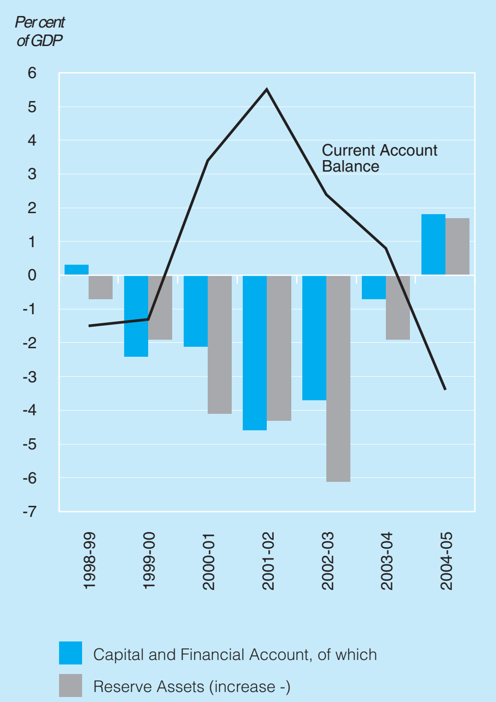


Chart V.2: Financing of the Current Account



There were, however, substantial disinvestments from Mauritius, mainly in the textile and tourism sectors, to the tune of Rs1,562 million. Direct investment abroad by residents registered net outflows of Rs826 million in 2004-05 compared to net outflows of Rs501 million in the preceding fiscal year. Consequently, direct investment recorded net outflows of Rs887 million in 2004-05 as against net inflows of Rs964 million in 2003-04. Portfolio investments recorded net outflows of Rs325 million in 2004-05, lower than the net outflows of Rs743 million registered in 2003-04. This reflected higher net portfolio investments abroad effected by residents, from Rs956 million in 2003-04 to Rs1,135 million in 2004-05, which more than offset the increase in nonresidents' net portfolio investments in Mauritius, from Rs213 million a year earlier to Rs810 million in 2004-05. Nonresidents' net investment in equity securities increased by Rs624 million during 2004-05 while a net amount of Rs186 million was invested in money market instruments.

Loan receipts on account of Government amounted to Rs1,487 million in 2004-05 while capital repayments totalled Rs930 million, implying a net inflow of Rs257 million. Non-financial public enterprises and financial public corporations recorded an amount of Rs3,256 million on account of loans received while capital repayments totalled Rs4,430 million, thus registering a net outflow of Rs1,174 million in 2004-05 as compared to a net outflow of Rs2,581 million during 2003-04. Private long-term capital movements recorded a net inflow of Rs217 million in 2004-05 as against a net outflow of Rs320 million during the preceding fiscal year. Short-term net foreign assets of former Category 1 banks increased by Rs3,951 million in 2004-05 as compared to a fall of Rs2,126 million in 2003-04.

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 Rs3,465 million, from Rs50,021 million at the end of June 2004 to Rs53,486 million at the end of June 2005.

Table V.2 shows the monthly level of net international reserves of the country during fiscal year 2004-05.

The major component of net international reserves, namely, net foreign assets of the Bank of Mauritius, fell by Rs566 million, from Rs43,262 million at the end of June 2004 to Rs42,696 million

Table V.2: Net International Reserves

(Rs million)

	Bank of Mauritius Net Foreign Assets	Former Category 1 Banks Net Foreign Assets	Others [1]	Net International Reserves
2004				
Jul	43,431	5,132	903	**49,466**
Aug	43,537	5,578	912	**50,027**
Sep	43,996	6,293	920	**51,209**
Oct	44,029	5,812	934	**50,775**
Nov	45,084	6,904	958	**52,946**
Dec	44,948	6,917	959	**52,824**
2005				
Jan	44,322	7,401	951	**52,674**
Feb	44,980	8,033	967	**53,980**
Mar	44,806	9,027	1,004	**54,837**
Apr	44,934	8,829	1,010	**54,773**
May	43,633	9,893	989	**54,515**
Jun	42,696	9,809	981	**53,486**

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

at the end of June 2005. Net foreign assets of former Category 1 banks increased by Rs3,951 million, from Rs5,858 million at the end of June 2004 to Rs9,809 million at the end of June 2005.

In terms of import cover, the level of net international reserves of the country at the end of June 2005 represented around 7.6 months of imports (excluding imports of aircrafts), compared with 8.7 months of imports at the end of June 2004. The end-June 2006 level of net international reserves of the country has been projected at Rs55,119 million, equivalent to 7.3 months of imports.

Exchange Rate Developments

During fiscal year 2004-05, the performance of the US dollar exhibited two discernible opposite trends. While in the first half of 2004-05, the US dollar weakened considerably, in the second half the US currency underwent a significant rebound. Throughout July 2004, the US dollar remained vulnerable, weighed down by the release of softer-than-expected US data, which even eroded market expectations that the US Federal Reserve might be gearing up for a more aggressive cycle of interest rate hikes. While at the close of July 2004, the US dollar managed to regain some footing on improving market sentiment, the release of conflicting US data thereafter, which raised doubts about the sustainability of the US economic recovery, undermined the US dollar. At its Federal Open Market Committee (FOMC) meeting on 10 August 2004, the US Federal Reserve raised its key federal funds rate by 25 basis points to 1.50 per cent. In its accompanying statement, the US Federal Reserve, while reiterating the likelihood of a measured pace of rate hikes, also underlined that inflation and inflation expectations have eased. By the end of August 2004, the US dollar managed to recoup its losses against the backdrop of a retreat in oil prices and benefiting from upbeat comments from several Federal Reserve officials.

By September 2004, market confidence in the US dollar suffered from renewed worries about the near-term outlook of the US economy. On 8 September 2004, US Federal Reserve Chairman, Alan Greenspan's sober speech on the US economic recovery added to the US dollar's woes. Moreover, the release of August 2004 US producer price index, which fell for the first time since February 2004, dented market expectations of aggressive US interest rate hikes. As already priced in by market participants, the US Federal Reserve, at its regular FOMC meeting on 21 September 2004, raised its federal funds rate by another 25 basis points to 1.75 per cent. But, while reiterating that inflation and inflation expectations had eased in recent months, the US Federal Reserve statement provided no support to the US dollar. Bearish market sentiment towards the US currency persisted throughout October 2004 amid ongoing worries that the US economy was not growing fast enough to support its currency. Soaring oil prices, uncertainty over US Presidential elections, the release of a weaker-than-expected US third quarter 2004 GDP data and resurfacing concerns about the persistent imbalances in the US economy pressured the US dollar. Even the US Federal Reserve's decision on 10 November 2004 to raise its federal funds rate by another 25 basis points to 2.0 per cent and its indication to continue raising interest rates at a "measured" pace did little to stop the US dollar's decline. Some analysts, at that time, were even of the view that the US dollar was being sold aggressively on the belief that the United States wanted to see its currency weaken so as to reduce its massive current account deficit. The US dollar's decline gathered further momentum after Federal Reserve Chairman, Alan Greenspan, warned that the United States should correct its trade imbalances or face painful consequences. In the absence of efforts on the part of US officials to curb the US dollar's slide and amid speculation that some central banks were considering increasing euro holdings in their foreign exchange reserves, the US dollar remained persistently under downward pressure. At its meeting on 14 December 2004, the US Federal Reserve again, as expected, raised its federal funds rate by another 25 basis points to 2.25 per cent. The rate move, however, did not provide any support to the US dollar given that in its accompanying statement the US Federal Reserve, while maintaining that inflation expectations "remain well-contained", fell short of market expectations for hints of a more aggressive stance.

The start of year 2005 marked a turnaround in the performance of the US dollar. Starting January 2005, the US dollar recouped its losses after sessions of heavy selling towards the end of 2004. Position adjustments by traders reassessing the US dollar outlook as it became clear that the US currency was largely oversold, pushed the US dollar higher. Throughout the month, the US dollar also benefited from bullish comments by Federal Reserve officials on US growth prospects as well as the release of positive US data relating to factory orders, retail sales and industrial production that erased some doubts about the US economic outlook. Minutes of the December 2004 FOMC meeting, which indicated that US interest rates were likely to increase further added to the bullish tone of the US dollar. As widely expected, at its FOMC meeting on 1-2 February 2005, the US Federal Reserve raised its federal funds rate by another 25 basis points to 2.50 per cent. In its accompanying statement, the US Federal Reserve retained its assessment that economic risks were balanced between slower growth and rising prices and said that rates could be raised at a "measured" pace. Against this rate move, the US dollar remained strong, and was further supported by optimistic comments from the US Federal Reserve Chairman, US efforts to tighten its fiscal policy and encouraging jobs data. By mid-March 2005, news from the Bank for International Settlements that Asian central banks had reduced the share of foreign currency reserves held in US dollars in favour of other currencies held back the US dollar's gains. On 22 March 2005, the US Federal Reserve again hiked its federal funds rate by a further 25 basis points to 2.75 per cent. The Federal Reserve's accompanying statement being more hawkish than expected, as it mentioned that pressures on inflation have picked up, helped the US dollar maintain its upward trend. Prospects of widening interest rate differentials between the United States and Europe that came to the forefront as well as hawkish remarks from US Federal Reserve officials provided additional support to the US dollar. On 3 May 2005, as widely expected, the US Federal Reserve Bank increased its federal funds rate by a quarter percentage point to 3.0 per cent. Moreover, encouraging US economic data releases throughout the month, which erased doubts about the state of the US economy and instead confirmed its healthy state, kept the US dollar relatively well bid. In his testimony before the US Congress on 9 June 2005, US Federal Reserve Chairman, Alan Greenspan was optimistic over the US economy and reinforced expectations of more hikes ahead in US interest rates. Although US data releases throughout June 2005 were not that encouraging, the US dollar benefited from weak fundamentals surrounding other major currencies and mounting expectations of US interest rates hikes. As widely expected at its FOMC meeting on 29-30 June 2005, the US Federal Reserve raised its federal funds rate by another 25 basis points to 3.25 per cent – its ninth such move since July 2004. The US dollar closed fiscal year 2004-05 on a positive note amid growing expectations that the US currency might continue to rise in the months ahead.

As the currency for the world's second largest economy with highly advanced and sophisticated financial markets, the euro enjoyed tremendous benefits from its de facto status as the "anti-dollar". During the first half of fiscal year 2004-05 and in particular by the end of December 2004, the euro reached record highs against the US dollar. The rally of the single currency was not driven by positive European economic news but was instead fuelled primarily by massive bearish sentiment towards the US dollar.

Starting July 2004, the European Central Bank (ECB) at its governing council meeting, left its key refinancing rate unchanged at 2.0 per cent. The euro made little gains from the ECB's decision to maintain its monetary policy stance unchanged. Drawing support mostly from the underlying broad-based weakness of the US dollar, the single currency, subsequently, moved higher against the US currency. However, on 30 August 2004, the single currency traded at its intra-fiscal year low of US$1.1994 as the US dollar managed to recoup its losses. With the bearish sentiment over the US dollar resurfacing, the euro thereafter rebounded against the US currency, making impressive gains. Hawkish remarks from ECB officials emphasizing inflation risks in the euro zone, which revived market expectations of a near-term euro zone interest rate rise, also supported the single currency. Yet, at its governing council meetings on 5 August 2004 and 3 September 2004, the ECB kept its monetary policy unchanged. Enduring US dollar weakness helped the euro to keep its upward movement during October 2004. Comments made by ECB officials to the effect that the euro's strength was not worrying and that it might help soften the impact of high oil prices also benefited the single currency's ascent against the US dollar.

At its governing council meeting held on 7 October 2004, the ECB kept its key refinancing rate unchanged at 2.0 per cent for the 16th month in a row. Amid heavy selling pressure over the US dollar, the euro, on 18 November 2004, for the first time ever, surged above the psychologically important level of US$1.30 level during New York trade. With little in the way to limit the US dollar's losses, the euro continued its upward trend. On 30 November 2004, the euro/US dollar pair attained a fresh all-time high of US$1.3336 in New York trade as traders interpreted ECB President's repeated remarks that the recent moves in currency markets were unwelcome as a sign that the ECB was not prepared to cut interest rates or intervene to head off further euro rise. Earlier on 4 November 2004, the ECB had once again left its key refinancing rate unchanged at 2.0 per cent. Unfavourable economic data released were pointing towards a lackluster euro zone economy. Caught between sluggish growth prospects and inflationary pressures within the euro zone, the ECB had almost no other options than to leave interest rates steady. On 2 December 2004, despite leaving its key refinancing rate unchanged at 2.0 per cent at its governing council meeting, the ECB surprised financial markets by revealing that it had considered raising interest rates over worries about inflationary risks due to high oil prices. Around mid-December 2004, the euro's rally against the US dollar was capped by the release of a joint statement from the euro zone finance ministers, which said that "excessive volatility and disorderly movements" in exchange rates were undesirable for economic growth and that they would monitor the situation closely. However, when the market turned its focus back to US fundamentals, the euro again strengthened against the US dollar, breaking above the key psychological US$1.35 level for the first time ever in Tokyo trade on 24 December 2004. Against the view that the ECB seemed tolerant with the euro's strength, currency traders pushed the single currency further and on 30 December 2004, the euro, according to Reuters data, reached a new record high of US$1.3667.

Starting January 2005, the euro has been losing ground against the US dollar on position adjustment as currency traders believed that the single currency had been overbought. On 13 January 2005, as expected, the ECB left its key refinancing rate unchanged at 2.0 per cent at its first governing council meeting for the year 2005. At the news conference after the meeting, ECB President Jean-Claude Trichet, however, mentioned that the consensus within the G7 industrial countries was that Asian currencies needed to appreciate against the US dollar. With ECB officials starting to show concerns over the euro bearing the brunt of the US dollar's weakness, the single currency witnessed a reversal of its gains. The interest rate differential between the euro zone and the United States and expectations of further widening of this gap started to weigh on the single currency. By 21 January 2005, the euro had already declined against the US currency to trade below the US$1.30 level. The euro moved further down during February 2005. As widely expected, the ECB left its key refinancing rate unchanged at 2.0 per cent on 3 February 2005, for the 20th consecutive month. GDP data released in the euro zone for the fourth quarter of 2004 were very disappointing and further pressured the euro. Nonetheless, the single currency managed to rebound vis-à-vis the US dollar, benefiting from hawkish comments from ECB officials on euro zone inflation and growth, better-than-expected German industrial production data, and news that Asian central banks were diversifying their foreign currency reserves. The single currency, amid position adjustment, however, did not hold up to its gains vis-à-vis the US dollar and as EU finance ministers reached an agreement of limited flexibility of the Stability and Growth Pact. The euro moved sharply lower against the US dollar during April 2005, pressured by relatively lower interest rates and a lackluster euro zone growth. The downgrading by the European Commission of its GDP growth forecast for the euro zone to 1.6 per cent in 2005 from an original estimate of 2.0 per cent added further strain on the euro. As widely expected, the ECB left its key refinance rate unchanged at 2.0 per cent on 7 April 2005. Amid expectations that the US Federal Reserve would move on with an aggressive monetary tightening intensified, the euro lost further ground vis-à-vis the surging US dollar to an intra-April 2005 low of US$1.2783. The downward trend of the euro was maintained during May 2005. The ECB, once again, left its key refinance rate unchanged at 2.0 per cent on 4 May 2005. In his news conference following the bank's decision, the ECB President, while ruling out expectations of a plausible near-term interest rate cut, offered a grim short-term outlook for the euro zone economy. Political uncertainty following the rejection of the European Union constitution by French voters on 29 May 2005 and Dutch voters on 1 June 2005 added to worries about growth prospects in the euro zone and further strained the euro. At its governing council meeting on 2 June 2005, the ECB rejected calls for an interest rate cut and kept its key refinancing rate unchanged at 2.0 per cent. The no-change interest rate move did not benefit the euro. Pressure on the euro heightened after the failure by EU members to reach an agreement on a long-term budget when negotiations collapsed between the UK and France over agricultural subsidies and budget rebates. An unexpectedly large Swedish interest rate cut of 50 basis points on 21 June 2005 turned the focus of markets on the wider European economic dissatisfaction and speculation that the ECB would follow suit resurfaced. ECB governing council members, however, reiterated that the current rate of 2.0 per cent was appropriate and the central bank would resist political pressure to cut it. The euro closed fiscal year 2004-05 with an uncertain background.

Although the Bank of England (BoE) maintained its key repo rate unchanged at 4.50 per cent at its monthly Monetary Policy Committee (MPC) meeting on 7-8 July 2004, the Pound sterling, which started trading around US$1.8156 in July 2004, surged against the US dollar, benefiting from its relatively higher yield advantage and the release of positive UK economic data that pointed towards continued strength in the British economy. By the third week of July 2004, the Pound was trading around US$1.8750, before declining against the US dollar, undermined by the release of weaker-than-expected UK second quarter 2004 GDP data. Doubts that the British housing market might be slowing also weighed on the Pound. Nonetheless, the Bank of England raised its key interest rate at its monthly MPC meeting on 5 August 2004 to 4.75 per cent, its highest in almost three years. The central bank said that the move was needed to keep inflationary pressures in check as the UK economy was still expanding briskly. The release thereafter of UK consumer price index, which fell by 0.3 per cent on the month in July 2004, taking the annual rate down to 1.4 per cent, well below the BoE's 2.0 per cent target, undermined any future tightening. Amid easing expectations of UK monetary policy tightening, the Pound sterling moved lower against the US dollar. Minutes of the August 2004 MPC meeting released thereafter further suggested that British interest rates might be close to their peak. Such expectations continued to weigh on the Pound during September 2004 and the British currency fell further vis-à-vis the US dollar. On 8 September 2004, the Pound was trading at its intra-fiscal year low of US$1.7758 against the US dollar. As widely expected, the Bank of England left its key repo rate unchanged at 4.75 per cent at its monthly MPC meeting on 8-9 September 2004. The release of weaker-than-expected UK August 2004 inflation data, which brought the annual rate of inflation further down to 1.3 per cent, and minutes of the BoE's MPC meeting that noted signs of UK house price cooling reinforced expectations that UK interest rates were close to their peak. As the market lost confidence in the US dollar, the Pound sterling managed to recoup its losses. The strength of the Pound sterling gradually gathered momentum against the generally weak US dollar. By the close of November 2004, the British currency, in London trade, reached its nine-month high of US$1.9131 against the ailing US dollar. The British currency was also supported by the release of stronger-than-expected UK November 2004 retail sales data and comments from the Bank of England Governor that indicated that UK's economic prospects were better than recently feared. During the first week of December 2004, the Pound sterling even surged to trade above US$1.95, its highest level against the US dollar since UK withdrew from Europe's Exchange Rate Mechanism (ERM) in 1992. Nonetheless, the Pound suffered a temporary setback following the release of the minutes of Bank of England 8-9 December 2004 MPC meeting, which came in as a surprise by revealing that some members felt that the next move in British interest rates might be down.

Early January 2005, the Pound sterling lost ground against the US dollar amid the release of weak UK data compounded by the broad-based recovery of the US currency. On the 13 January 2005 at its first MPC meeting for the year 2005, the Bank of England left its key repo rate unchanged at 4.75 per cent. Minutes of the meeting released thereafter, cemented expectations that borrowing costs would be steady for some time. During February 2005, the Pound sterling, however, managed to recoup some of its losses against the US dollar. The release of UK input data, which implied upside risks to UK inflation in the months ahead and prompted talk of a potential rise in UK interest rates later this year, helped to provide a boost to the British currency. The Bank of England's quarterly inflation report disappointed market players, who had been betting on a more hawkish tone, as it revealed that risks to both UK economic growth and inflation were to the downside. Yet the release of the minutes of the 9-10 February 2005 MPC meeting, which showed that one member of the Committee had voted for a rate hike, helped to drive the British currency higher. By March 2005, the Pound sterling had moved higher trading, on average, around US$1.9174. The Bank of England, again, left its key repo rate unchanged at 4.75 per cent at its MPC meeting on 10 March 2005. Amid the broad-based strength of the US dollar and following the release of relatively weak UK data, the gains in the British currency were short-lived during April 2005. The release of UK consumer price index which rose to 1.9 per cent in March 2005, supporting the growing view that the Bank of England would soon raise interest rates, however, helped to limit the Pound's losses. Minutes of the 6-7 April 2005 MPC meeting also supported the Pound as it revealed a 7-2 vote, with two MPC members opting for a rise of 25 basis points. However, with more evidence pointing towards a gloomy UK economy, the Pound came under downward pressure during May 2005. Alongside, market expectations shifted from a near-term UK interest rate hike to the next BoE rate move being a cut. At its MPC meeting on 8-9 June 2005, the Bank of England left, for the tenth month running, its repo rate unchanged at 4.75 per cent but minutes of the meeting revealed thereafter that two of the nine members had voted for a cut. The economic outlook of the UK economy, according to the minutes, was showing signs of slowdown and Bank of England MPC members were very much concerned about the state of the UK economy. The Pound sterling finished fiscal year 2004-05 on a vulnerable position.

The Japanese yen, which traded on average at ¥109.42 per US dollar in June 2004, gained ground slightly in July 2004, trading at an average of ¥109.29 per US dollar. The Japanese currency benefited from the release of upbeat Bank of Japan's (BOJ) tankan survey and Japanese election results that gave Prime Minister Junichiro Koizumi's party the majority of seats. In contrast, weaker-than-expected Japanese tertiary sector activity index and industrial output data limited the Japanese currency's gains against the dollar towards the end of July 2004. During August 2004, the release of poor Japanese retail sales data and falling Japanese stock prices weighed on the yen. The Japanese currency, nevertheless, traded within tight ranges. Surging oil prices were also weighing on the yen as Japan depends heavily on oil imports for its heavily industrialized economy. During September 2004, the Japanese yen managed to move higher against the US dollar, trading at an average of ¥110.05 per US dollar, compared to an average of ¥110.35 per US dollar in August 2004. The Japanese yen, subsequently, amid broad-based US dollar weakness, moved further higher against the US currency. In December 2004, the Japanese yen was trading at an average of ¥103.78 per US dollar.

The performance of the Japanese yen was mixed at the start of the year 2005. During much of January 2005, speculation grew regarding the revaluation of the Chinese yuan, thereby supporting the Japanese yen's upward movement vis-à-vis the US dollar. The Bank of Japan, as expected, maintained its stance to keep the current account deposits target at 30-35 trillion yen, while adding that it would provide additional liquidity regardless of the target if risks emerged. The Japanese yen weakened against the US dollar trading on average around ¥104.94 per US dollar in February 2005, compared to an average of ¥103.27 per US dollar in January 2005. The G7 communiqué released after the 4-5 February 2005 meeting reiterating that exchange rates must reflect economic fundamentals and that excess volatility was undesirable had little effect on the Japanese yen. Release of poor Japanese GDP growth data dragged the Japanese currency down against the US dollar. However, the Japanese yen firmed slightly against the US dollar during the second and third weeks of March 2005. Better-than-expected Japanese industrial production data and a revision of Japanese fourth quarter GDP growth from -0.1 to 0.1 supported the yen. Amid broad-based US dollar strength, the Japanese yen weakened against the US dollar during April 2005, partly on tensions between Japan and its largest trade partner, China. The G7 industrial nations meeting held over the 16-17 April 2005 weekend reiterated the need for greater flexibility in currency exchange rates, without any impact on the market. In May 2005, despite a rallying US dollar, the Japanese yen, on average, managed to appreciate vis-à-vis the US currency amid speculation that China might revalue its Yuan. The release of surprisingly higher-than-expected Japanese first quarter GDP growth coupled with strong Japanese capital expenditure for the first quarter of 2005 provided support to the yen. However, towards end-June 2005, the Japanese yen weakened against the generally strong US dollar, undermined by record high oil prices and China's insistence that it would not be rushed into loosening the yuan's peg. The Japanese currency closed fiscal year 2004-05 on a soft note.

Reflecting mainly local market conditions and international trends, the exchange rate of the Mauritian rupee came under downward pressure vis-à-vis the currencies of our major trading partners during 2004-05. On a 12-month running period between June 2004 and June 2005, the rupee, on a daily average basis, depreciated against the South African rand, Pound sterling, euro, Japanese yen and US dollar by 12.7 per cent, 9.5 per cent, 9.4 per cent 6.4 per cent and 2.9 per cent, respectively.

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

The Mauritian rupee started fiscal year 2004-05 on a rather firm note, trading at an average rate of Rs28.4724 against the US dollar. It remained range-bound reaching on 19 July 2004 an average rate of Rs28.4475, its highest level for the fiscal year, partly supported by the weakening of the US currency on the international foreign exchange market. Towards the close of July 2004, the Mauritian rupee shrugged off its gains vis-à-vis the US dollar as the US currency somewhat rebounded against major currencies. Yet, despite the reversal in the US dollar's upward movement on the international front thereafter, the rupee, reflecting largely local market conditions, embarked on a general decline. By 21 October 2004, the rupee was trading at an average rate of Rs28.8204 against the US dollar when the Bank of Mauritius, in a move to stem upside risks to inflation and maintain the appeal of rupee-denominated assets in the face of rising US interest rates, increased its Lombard rate by 25 basis points to 9.75 per cent. The rupee, thereafter, managed to recoup its losses, gradually moving higher against the US dollar. By the close of the year 2004, the rupee was trading at an average rate of Rs28.4874 per US dollar. With the marked rebound of the US dollar on international markets at the start of January 2005, the rupee lost ground against the US currency on the domestic market. On 10 February 2005, the Bank of Mauritius once again raised the Lombard Rate by another 25 basis points to 10.00 per cent in a move to stem inflationary pressures and maintain the attractiveness of rupee-denominated assets. Nonetheless, the rupee maintained its general downward trend and on 17 February 2005, for the first time since 23 September 2003, it breached above the Rs29 mark against the US dollar. Against the background of a firming US dollar, the rupee continued to decline and it even closed June 2005 trading at its intra-fiscal year low of Rs29.6083 against the US currency.

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

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

Indicative Selling Rates	Average for 12 Months Ended June 2004	Average for 12 Months Ended June 2005	Appreciation/(Depreciation) of Rupee Between (1) and (2)
	(Rupees) (1)	(2)	*(Per cent)* (3)
Australian dollar	19.9852	21.8249	(8.4)
Hong Kong dollar	3.6421	3.7487	(2.8)
Indian rupee (100)	62.9209	66.0437	(4.7)
Japanese yen (100)	25.3587	27.0894	(6.4)
Kenya shilling (100)	37.1451	37.6294	(1.3)
New Zealand dollar	17.6957	20.2883	(12.8)
Singapore dollar	16.5125	17.5501	(5.9)
South African rand	4.1525	4.7572	(12.7)
Swiss franc	21.4961	23.8787	(10.0)
US dollar	28.0769	28.9187	(2.9)
Pound sterling	48.6704	53.7503	(9.5)
Euro	33.3191	36.7932	(9.4)

Note: The daily average exchange rate of the rupee is based on the average selling rates for T.T. and D.D. of all former Category 1 banks.

international foreign exchange market and the movements of the rupee against the US dollar. The rupee, which started trading at an average rate of Rs34.6358 against the euro at the beginning of July 2004, weakened vis-à-vis the single currency, breaching above the Rs35 mark for the first time ever on 5 July 2004 as the euro pushed higher on international markets. The rupee, however, remained range-bound in the second and third weeks of July 2004, trading between Rs35.20 and Rs35.47 per euro, mirroring the single currency's movements within narrow ranges on international markets. Thereafter, with the weakening of the euro, the rupee started on a general upward trend vis-à-vis the single currency, breaching below the Rs35 mark on 22 July 2004, to reach an intra-year high of Rs34.4441 on 30 July 2004. The rupee, however, started on a gradual general downward movement against the euro starting August 2004, in the wake of the firming up of the single currency on the international front. As the euro seemed to bear the brunt of the weak US dollar and moved higher on the international foreign market, the rupee breached above the Rs36 level for the first time ever on 20 October 2004. The weakening of the rupee vis-à-vis the euro continued and, on 5 November 2004, the rupee had moved above the Rs37 level. On 26 November 2004, the rupee had crossed above the Rs38 level against the single currency and by the close of the year 2004, the rupee was trading as low as Rs38.8529 per euro. However, with the rebound of the US dollar on international markets at the start of 2005, which culminated in the euro shrugging off its newfound strength, the rupee managed to gain ground against the single currency, trading below the Rs38 level until the third week of February 2005. On 22 February 2005, the rupee started to weaken again vis-à-vis the single currency, breaching above the Rs39 mark on 10 March 2005 and attaining its intra-year low of Rs39.1542 against the euro on 14 March 2005. However, the rupee did not hold above the Rs39 level against the euro as it traded within the Rs37.5230-Rs38.9380 range vis-à-vis the single currency until 27 April 2005. Thereafter, the gradual weakening of the euro on the international foreign exchange market was mirrored in the downward movement in the Rs/euro exchange rate. The rupee came down below the Rs37 mark on 23 May 2005 and finally closed the fiscal year 2004-05 trading at an average rate of Rs35.8168.

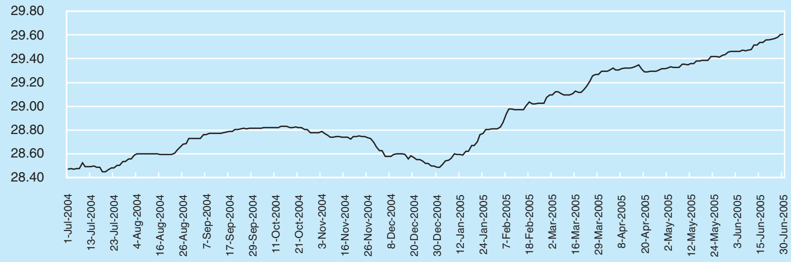
At the beginning July 2004, the rupee, which was trading at an average rate of Rs51.815 against

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

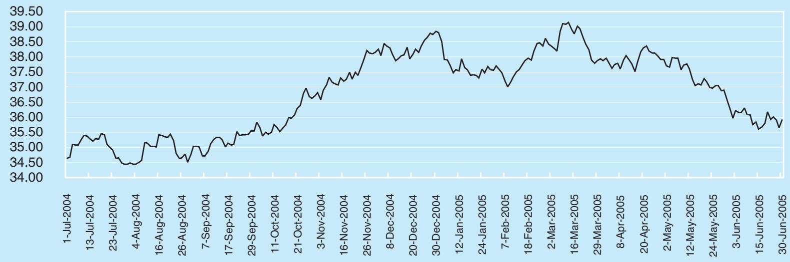
	Inward Remittances		Outward Remittances		Surplus/ Shortfall(-)	
	(Rs million)	*(US$ million)*	*(Rs million)*	*(US$ million)*	*(Rs million)*	*(US$ million)*
	(1)		(2)		(1) - (2)	
2004						
Jul	6,060	212.7	6,962	244.4	-902	-31.7
Aug	6,223	217.4	6,753	236.0	-530	-18.5
Sep	5,838	202.8	6,941	241.2	-1,103	-38.3
Oct	5,693	197.6	7,472	259.3	-1,779	-61.7
Nov	7,007	243.8	6,989	243.1	18	0.6
Dec	7,800	273.1	8,678	303.8	-878	-30.7
2005						
Jan	6,595	230.1	6,675	232.9	-80	-2.8
Feb	6,350	219.2	6,416	221.5	-66	-2.3
Mar	7,270	249.3	7,186	246.4	84	2.9
Apr	6,517	222.3	6,989	238.4	-472	-16.1
May	7,556	257.2	8,120	276.4	-564	-19.2
Jun	6,575	222.6	7,941	268.9	-1,366	-46.3
2004-05	**79,484**	**2,748.1**	**87,122**	**3,012.2**	**-7,638**	**-264.1**

Chart V.3: Movements of the Daily Exchange Rate of the Rupee vis-à-vis Major Currencies: 2004-05

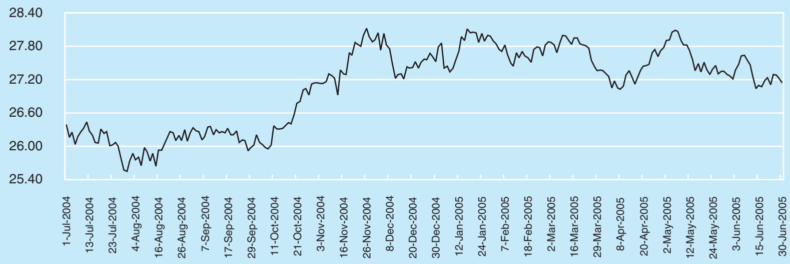
Rs/ US dollar



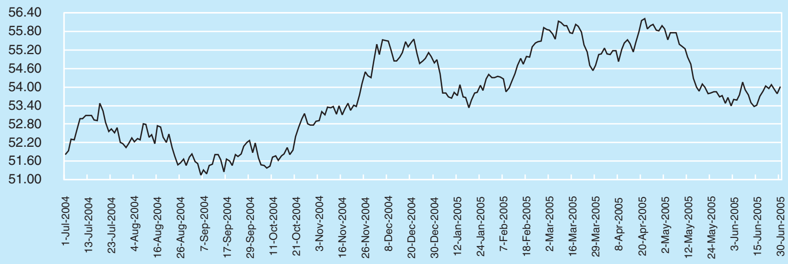
Rs/ Euro



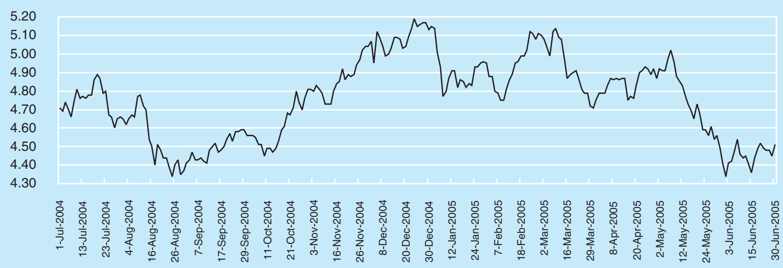
Japanese yen (Rs per 100 Yen)



Rs/ Pound sterling



Rs/ South African rand



the Pound sterling, lost ground vis-à-vis the British currency to trade, for the first time ever, above Rs53 between 12 July 2004 and 20 July 2004. Thereafter, the rupee appreciated against the Pound sterling and on 24 August 2005, it eventually breached below the Rs52 level. The domestic currency maintained its upward movement against the Pound and on 6 September 2004 the rupee was trading at its intra-fiscal year high of Rs51.157 per Pound. The Mauritian rupee traded within tight ranges vis-à-vis the British currency until towards the end of October 2004 when the rupee breached above the Rs53 mark once again on 26 October 2004. By 25 November 2004, it had crossed Rs54 before subsequently attaining a new low of Rs55.392 on 2 December 2004. The Mauritian rupee, thereafter, traded in tight ranges against the Pound sterling above the Rs54 mark until the beginning of 2005 when it managed to move below Rs54. By the close of January 2005, the rupee had dropped to above Rs54 against the Pound and, on 9 March 2005, the domestic currency sank to a new all-time low of Rs56.134. The rupee, thereafter, remained under downward pressure against the British currency, trading close to Rs56, but by 21 April 2005, it reached its intra-fiscal year low of Rs56.222 vis-à-vis the Pound. By the close of the fiscal year 2004-05, the rupee had however managed to recoup its losses as it ended June 2005 trading at an average rate of Rs53.539 against the Pound.

From an average rate of Rs26.39 per 100 Yen on 1 July 2004, the rupee traded in tight ranges, but dipped below Rs26 per 100 Yen on 28 July 2004 to reach its intra-fiscal year high of Rs25.55 per 100 Yen on 30 July 2004. The rupee, thereafter, gradually depreciated vis-à-vis the Japanese yen, moving again above Rs26 per 100 Yen on 18 August 2004. Although the rupee briefly dipped below Rs26 per 100 Yen for a few days in the final week of September 2004 and the first week of October 2004, the domestic currency could not sustain its gains vis-à-vis the yen. The rupee came under downward pressure, breaching above the Rs27 per 100 Yen on 25 October 2004 and subsequently above Rs28 per 100 Yen in the final week of November 2004, to trade at its intra-fiscal year low of Rs28.13 per 100 Yen on 26 November 2004. Thereafter, the rupee traded within the Rs28.09-Rs27.07 per 100 Yen range until the final week of July 2005 when it moved below Rs27 per 100 Yen. The rupee closed the fiscal year 2004-05 trading at an average rate of Rs26.92 per 100 Yen.

Chart V.3 shows the trends in the daily 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 former Category 1 banks during 2004-05.

Box 2 The IMF's 2003 Coordinated Portfolio Investment Survey (CPIS)

The Coordinated Portfolio Investment Survey (CPIS) collects information on holdings 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, both at the country and global level.

Results of the 2003 CPIS

Total portfolio investment assets at the end of December 2003 stood at US$19.0 trillion compared to US$14.1 trillion at the end of December 2002. For the 2003 CPIS, securities held as reserve assets and holdings of international organizations amounted to US$1.8 trillion, up from US$1.4 trillion at the end of December 2002. The United States, United Kingdom and Japan were the largest investing countries with a total share of 34.7 per cent of total portfolio investment assets. Of total cross-border holdings, US$7.0 trillion were held as equity securities, US$10.5 trillion as long-term debt and US$1.5 trillion as short-term debt in the 2003 CPIS. As at end-December 2003, the top five economies that were the largest issuers of securities that were traded internationally were the United States, United Kingdom, Germany, France and Netherlands while the top five economies that were the largest holders of such securities were the United States, United Kingdom, Japan, France, and Luxembourg.

The results of the 2001, 2002 and 2003 CPIS are available on the Fund's website (Portfolio Investment: CPIS Data Results; http://www.imf.org/external/np/sta/pi/datarsl.htm).

CPIS in Mauritius

Mauritius participated in the Coordinated Portfolio Investment Survey for the first time in 2001 with reference date of 31 December 2001, and thereafter agreed to participate in annual CPIS. The IMF stressed the importance of the participation of offshore financial centers that figure so largely in global cross-border portfolio investment. In fact, 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, among others.

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, 2002 and 2003 CPIS jointly. The survey was conducted in accordance with standardised definitions and methodologies and draws on best practices in survey design and was identified in the IMF's Coordinated Portfolio Investment Survey Guide (Second Edition) published in 2002.

The enactment of the Finance Act 2002 in August 2002 gave the FSC the mandate to call for statistical information it requires from its licensees. Accordingly, for the 2003 CPIS, the Bank of Mauritius surveyed former Category 1 and former Category 2 banks while the FSC surveyed non-bank financial institutions together with the global business sector. The response rate for institutions surveyed by the FSC has improved significantly over the last two years especially with regard to the global business sector which provides almost the totality of its respondents' portfolio investment assets. The data from both the Bank of Mauritius and the Financial Services Commission were consolidated and forwarded to the IMF in September 2004.

Total portfolio investment assets of Mauritius, exclusive of foreign exchange reserve assets, stood at US$26,612 million at the end of December 2003, up from US$17,128 million at the end of December 2002. As at end-December 2003, India was the destination for most of our portfolio investments (US$14,530 million or 54.6 per cent) followed by Indonesia (US$5,328 million or 20.0 per cent), Singapore (US$1,132 million or 4.3 per cent) and China (US$1,124 million or 4.2 per cent). Most of the investments were in the form of equities (US$22,796 million or 85.7 per cent) while long-term debt stood at US$3,467 million (or 13.0 per cent). Portfolio investments in short-term debt stood at US$350 million (or 1.3 per cent).

Box 3 Public Information Notice following the conclusion of the 2005 IMF Article IV Consultation with Mauritius

On December 2, 2005, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with Mauritius.[1]

Background

Mauritius has been increasingly affected by the phasing out of external trade preferences for its textile exports and, more recently, by higher prices for petroleum product imports. Growth has slowed to 3.5 percent in 2004/05 and is expected to remain subdued during the next two fiscal years. The surplus on the external current account has recently turned into a deficit, owing to a decline in exports and a price-related surge in petroleum product imports. The real effective exchange rate has depreciated and net foreign official reserves have dropped, although they remain at relatively comfortable levels.

The slowdown of economic activity and the suspension of periodic adjustments of retail petroleum prices have negatively affected Mauritius' fiscal position. While the central government deficit was kept at about 5 percent of GDP during 2004/05, the State Trading Company (STC) incurred a rising deficit owing to the lack of adjustment of retail petroleum prices since early 2005. Unless corrective action is taken, the overall fiscal position during 2005/06 is expected to deteriorate further, owing to lower than originally projected revenue collections associated with lackluster activity and a further increase of the STC's deficit as the gap between retail prices and import costs of petroleum products widens.

Inflation has picked up since mid-2004, reflecting ample liquidity and higher import prices for petroleum products. More recently, price developments have moderated largely because of slower monetary growth and because increases in international oil prices have not yet been passed on due to the suspension of the adjustment of domestic oil prices.

Executive Board Assessment

Executive Directors commended Mauritius' impressive economic and social progress over the past two decades. However, they noted that a deteriorating external economic environment, particularly for the sugar and textile sectors, recently has led to a slowdown of economic activity, an increase in the external current account deficit, and a loss of international reserves. Directors underscored that the challenging external environment, the high level of domestic public debt, and the risk of higher inflation pose considerable policy challenges in the short and medium term. Against this background, Directors welcomed the authorities' recognition of the need for fundamental reforms to boost external competitiveness and ensure fiscal sustainability.

Directors urged the authorities to develop a comprehensive economic strategy early on, that combines structural reform measures and policies geared toward macroeconomic stability. Such an agenda would reassure international and domestic investors, improve the environment for private sector activity, and lay the basis for a return to high growth rates and the creation of employment opportunities.

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

In the structural area, Directors encouraged the authorities to explore options for a more active involvement of the private sector, including privatization, which would help foster investment and growth. In this context, they stressed the need to review the role of the public sector in commercial activities, including the financial soundness of the major public enterprises. Directors also underscored the importance of creating a more flexible labor market to facilitate the transfer of workers from declining to more dynamic sectors. However, they stressed that efforts to facilitate inter-sectoral movement of labor will need to be accompanied by training programs geared toward the needs of growing segments of the economy. Also, the impact of centralized wage negotiations on labor costs and competitiveness needs to be examined soon.

Regarding the textile and sugar sectors, Directors were encouraged by the authorities' restructuring plans, aimed at mitigating the effects of a loss of trade preferences. They welcomed steps under way to increase the overall efficiency of enterprise operations and seek new export opportunities for textiles. However, they cautioned against the use of fiscal incentives for the sectors, taking into account the difficult fiscal situation.

Directors commended the authorities' steady progress on financial sector reform, including implementation of several key Financial Sector Assessment Program (FSAP) recommendations. This has strengthened the banking system despite the adverse developments in the textile and sugar sectors. Directors welcomed the authorities' plans to intensify financial sector monitoring and to harmonize the tax treatment of domestic and offshore banks.

Directors urged the authorities to take steps to stem a further deterioration of the fiscal position in 2005/06. In this regard, they recommended careful monitoring of the financial situation of the major state-owned enterprises. They welcomed the recent adjustment of domestic petroleum prices and supported reinstatement of the automatic petroleum price adjustment mechanism to ensure full pass-through of the cost of imported petroleum products to domestic retail prices while cautioning that well-targeted safety nets will be needed to mitigate the impact on the poor. Directors also stressed the need to devise support schemes for the sugar and textile sectors that would not add to public outlays.

Directors emphasized that a strong and credible medium-term fiscal strategy will need to be formulated as quickly as possible to contain the public debt and ensure fiscal sustainability. They noted the scope for broadening the tax base and streamlining outlays through better targeting to groups in need of assistance. They encouraged the authorities to follow through with their plan to phase out all import tariffs, which will support efforts to bolster competitiveness. Directors also recommended that debt management be improved, including through a further diversification of debt instruments.

Directors emphasized that exchange rate and monetary policies will play a key role in securing external competitiveness in the short term while longer-term structural reforms are being implemented. Most Directors supported a cautious approach to tightening of monetary conditions in order to contain inflationary pressures and encouraged the authorities to manage liquidity more actively. In this regard, Directors supported the authorities' request for Fund technical assistance to develop a more diversified range of monetary policy instruments. Directors also cautioned against adopting a fully-fledged inflation targeting regime in light of the need to refine the instruments of monetary policy, the uncertain external outlook, and the need for fiscal consolidation.

Directors stressed that the exchange rate should reflect movements in macroeconomic fundamentals. To this end, they supported greater flexibility of the exchange rate, observing that interventions in the foreign exchange market should be limited to smoothing short-term volatility with a view to protecting international reserves.

Directors noted that Mauritius' data availability and quality are generally adequate for surveillance purposes. They encouraged the authorities to reconcile differences between official and externally collected debt data and to move the fiscal accounts to an accrual basis as soon as feasible.

Mauritius Selected Economic and Financial Indicators, 2000/01 - 2004/05 [1]

	2000/01	2001/02	2002/03	2003/04 Prov.	2004/05 Est.
	(Annual percentage change, unless otherwise indicated)				
Domestic economy					
Real GDP	6.0	2.5	2.9	4.2	3.5
Consumer Prices (period average)	4.4	6.3	5.1	4.1	5.6
Unemployment rate (in percent)	9.1	9.7	10.2	10.3	11.0
	(In millions of U.S. dollars, unless otherwise indicated)				
External economy					
Exports, f.o.b.	1639.0	1586.0	1834.8	1934.5	2015.7
Imports, f.o.b. [2]	-1891.9	-1790.4	-2132.7	-2309.2	-2707.7
Current account balance	154.3	246.7	122.5	47.6	-184.6
(in percent of GDP)	3.4	5.4	2.4	0.8	-3.0
Capital and financial account balance	-95.7	-256.7	-219.2	-62.3	116.9
Net international reserves of the BoM (end of period)	786.0	1010.3	1366.8	1550.5	1473.3
(in months of imports, c.i.f.) [3]	4.7	6.5	7.3	7.5	6.1
Change in real effective exchange rate (in percent) [2]	2.8	-1.4	-1.7	-3.8	-6.0
	(In percent of GDP, unless otherwise indicated)				
Financial variables					
Total public debt	63.9	70.2	80.2	69.9	71.8
Total revenues and grants	18.0	18.4	20.2	20.3	20.2
Total expenditure and net lending	23.7	24.4	26.4	25.7	25.2
Central government fiscal balance [4]	-5.7	-6.0	-6.2	-5.4	-5.0
Central government primary fiscal balance [4, 5]	-1.3	-2.7	-1.9	-1.4	-1.0
Change in broad money (in percent)	11.7	14.4	8.5	8.6	8.4
Interest rate (in percent) [6]	11.4	10.5	9.1	4.7	6.7

Sources: Bank of Mauritius; Central Statistics Office; Ministry of Finance; and IMF Staff estimates and projections.
1/ Fiscal year from July to June.
2/ Trade-weighted period averages (a negative sign signifies a depreciation).
3/ Excluding the acquisition of aircraft and ships.
4/ After grants.
5/ Overall central government fiscal balance, excluding interest payments.
6/ Yield on Treasury Bill (weighted average/primary auctions).

VI. REGIONAL COOPERATION

Southern African Development Community (SADC)

SADC celebrates its 25th anniversary in 2005. Originally known as the Southern African Development Coordination Conference (SADCC), the organisation was formally constituted in Lusaka, Zambia in April 1980 with the principal objective of reducing economic dependence, especially on apartheid South Africa. In response to changing regional and global trends, the SADCC was transformed to SADC through the Windhoek Declaration and Treaty of 1992, with a clear focus on regional integration. While some progress has been made in the field of socio-economic and political integration, the greatest challenge remains the achievement of sustainable economic growth that would help to eradicate poverty and, with it, HIV and AIDS. There is consensus to the effect that economic growth in the region will have to be raised to much higher levels in order to uplift the standard of living of the people.

The majority of SADC Member States continued to achieve positive economic growth rates albeit at levels that are inadequate to have a positive impact on poverty reduction. The SADC region grew by 3.2 per cent in 2003, the same growth rate achieved in 2002. Angola, which has just come out of a devastating civil war, recorded the highest GDP growth rate of 17 per cent while Botswana, Malawi, Mozambique and Tanzania registered relatively high growth rates. Zimbabwe, on the other hand, recorded a negative growth rate. As regards the rate of inflation, recent food shortages had a knock on effect on the consumer price index in Lesotho, Swaziland and Namibia in 2003. However, seven countries recorded single digit rates of inflation during the same year. The level of intra-regional trade is estimated at 25 per cent of all international trade and is expected to increase to 35 per cent by 2008 in the wake of measures undertaken to harmonise sanitary and phytosanitary standards. It is noted that SADC is in the process of establishing a Macroeconomic Monitoring, Surveillance and Performance Unit (MSPU) which will monitor the performance of member states and ensure that they stay within agreed targets as outlined in the Regional Indicative Strategy Development Plan (RISDP).

The extent of the HIV and AIDS pandemic in the region has reached crisis proportions on the back of widespread poverty, gender inequality, illiteracy, stigma and discriminations and inadequate health care delivery systems as well as substance abuse. At its last meeting in Mauritius in August 2004, the Summit underscored the importance of nutrition and traditional medicine in addressing health challenges, in particular HIV and AIDS. The SADC region has stepped up its efforts to promote healthy lifestyles among people living with HIV and AIDS. In this connection, an inaugural Food Fair was held in Harare in early 2005 to promote a diversified diet for better nutrition and health. The food fair will become an annual event in SADC countries. A Ministerial Committee on traditional medicine consisting of Malawi, South Africa, Zambia and Zimbabwe has been established with a view to making proposals on the promotion of research on safety, efficacy and use of traditional medicine in addressing major diseases and nutritional supplements.

Notwithstanding persistent droughts and floods, the food security situation in the region has shown signs of improvement, reflecting better yields in the region. According to the SADC Food, Agriculture and Natural Resources directorate, a maize surplus of 1.27 million tonnes is estimated for 2004/05 while the overall cereal deficit is about 1.69 million tonnes as compared to a deficit of 2.96 million tonnes in the previous year. The countries that are still experiencing food shortages are Lesotho, Malawi, Mozambique, Swaziland and Zimbabwe. The number of people needing food assistance in these countries is projected to have dropped from 6.5 million in 2003/04 to 5.4 million in 2004/05. At the August 2004 Summit, member states were urged to honour their commitments made in the Dar es Salaam Declaration on Agriculture and Food Security of May 2004, which seeks to overhaul agricultural production. The Declaration underlines the need to move away from over-reliance on rain-fed agriculture and put more arable land under irrigation through increased investment in irrigation equipment and the construction of more dams.

Southern Africa continued to experience relative peace and security, apart from the Democratic Republic of Congo where there are still pockets of instability in the eastern regions of the country. The Chairperson of the Organ on Politics, Defence and Security has been mandated by

Summit to field an evaluation mission to the DRC and neighbouring countries to determine and identify the practical modalities to promote peace and security in the DRC. The mission would also identify the strategies that SADC should implement to support the transition process and the organisation of democratic elections in the DRC. The critical importance of peace and security for attracting investment and promoting development cannot be over emphasised. In this connection, SADC defence experts have highlighted the fact that for effective implementation of the Strategic Indicative Plan of the Organ on Politics, Defence and Security Cooperation (SIPO), there has to be direct links with RISDP, which is the region's blueprint for development. It is recalled that the core objective of the SIPO is to create a peaceful and stable political and security environment through which the region will endeavour to realise its socio-economic objectives. It is noted that international partners have agreed to once again fund the Regional Peacekeeping Training Centre (RPTC) based in Zimbabwe, which was closed in 2002. It is expected that the RPTC would play a fundamental role within the context of the SADC Brigade, a regional standby force that is to be created as a recommendation of the African Union.

Southern African leaders unanimously adopted the SADC Principles and Guidelines Governing Democratic Elections during the August 2004 Summit. The guidelines outline standards for conducting democratic elections and lay down the mandate and constitution of the SADC Observer Mission as well as the responsibilities of the member state holding the elections. In other words, they aim at enhancing the transparency and credibility of elections and democratic governance as well as ensuring the acceptance of election results by all contesting parties. Summit was informed that in view of coming elections in Zimbabwe, the Government has drafted electoral legislation consistent with the newly adopted SADC Principles and Guidelines Governing Democratic Elections. With regard to Swaziland, Summit noted that the Draft Constitution has been referred to the citizens of the country for comments before the final text is adopted through the Parliamentary process. With regard to gender equality, Summit noted that the overall regional situation indicates that Member states are making progress in the promotion of women's representation in political and decision-making structures. South Africa was commended by Summit for surpassing the target in terms of women in Parliament and Cabinet. Member states were urged to use the opportunities of the forthcoming elections and other measures to achieve the minimum 30 per cent of women's representation in political and decision-making structures by 2005.

As far as SADC membership is concerned, SADC Council of Ministers has acknowledged the withdrawal of Seychelles from SADC with effect from 1 July 2004. SADC Summit accorded candidate membership status for a period of one year to Madagascar. The SADC Troika Ministers visited Madagascar from 14 to 17 December 2004 in order to consult with all the stakeholders and receive a detailed time-frame and action plan, indicating how Madagascar will meet its obligations, including the implementation of various SADC legal instruments. The SADC Secretariat will submit the time frame and action plan, as prepared by Madagascar, to SADC Member States by the end of July 2005 for comments. Thereafter, it will be submitted to Council and Summit in August 2005 for a final decision. As regards the application of Rwanda to join SADC, the latter has been advised by Summit to submit a fresh application based on the new SADC criteria for membership, but Rwanda has not yet responded.

At the last SADC Summit, Southern African leaders emphasised the need for a result-oriented revitalised SADC and criticised the "painstakingly slow" implementation of agreed policies. SADC is gearing itself into a more efficient and effective organisation with a new institutional structure emerging from four years of restructuring, which is now almost complete. The way forward for SADC is to implement the new structure and effectively conclude the transitional phase of restructuring through strengthening of the Secretariat, especially in the area of human resource capacity, convening of regular meetings of the Troika, strengthening and popularisation of SADC National Committees, establishment of the SADC Development Fund and reporting by Member States on how they are implementing SADC Protocols. It is noted that all SADC Member States made an initial contribution totalling US$6,250,000 as seed money for the construction of SADC headquarters. Targets have been set in the RISDP and within the framework of the New Partnership for Africa's Development (NEPAD) and the Millennium Development Goals

(MDGs). For most of these targets, the deadline is 2015 and they range from a 7 per cent annual economic growth target needed to halve the number of people living in poverty, to gender equity, equality and empowerment.

The Committee of Central Bank Governors (CCBG) in SADC

In 2004-05, the CCBG meetings were held in South Africa and the Democratic Republic of Congo (DRC) in September 2004 and April 2005, respectively.

In addition to the various projects currently on its agenda, the CCBG added a new dimension to its activities in the bid to achieve a monetary union by 2016. Governors had a meeting with the European Central Bank in February 2005 to discuss the many challenges that are likely to emerge before the establishment of a common monetary zone in SADC.

The paper entitled "Integrated Paper on Recent Economic Developments in SADC" was presented by the Bank of Mauritius at the September 2004 and discussed at length by Governors. The paper highlighted the main economic developments in SADC countries in 2002 and the first quarter of 2003 in relation to global economic and political developments. The paper was subsequently published on the website of the CCBG. Governors decided that the paper would be prepared on a rotational basis by central banks and presented each year at the September meeting.

In the area of exchange control in SADC, Botswana, Mauritius and Zambia have fully liberalised their current and capital and financial accounts while the other SADC countries are at different stages of liberalisation. Among these countries, it has been observed that generally current account transactions have been liberalised at a faster pace when compared to capital and financial accounts transactions, especially those relating to financial outward transactions. During the period under consideration, changes on the capital and financial account transactions reported by individual member states show that where there were prescribed limits they have either been revised upwards or abolished unlike previously where they were not allowed.

With a view to enhancing acceptance by Ministers for Finance of the MoU on Legal and Operational Frameworks of SADC central banks, the CCBG Chairperson held lengthy discussions with SADC Ministers for Finance and central bank Governors on areas of concern. In the light of these discussions, a revised MoU on the Legal framework has been worked out incorporating a number of changes to cater for the concerns expressed by Ministers for Finance relating, among others, to contingency plan signature by Governors or Ministers, the role of Government and Central Banks in Monetary Policy, central bank autonomy and accountability, the involvement of at least two arms of the state in the appointment of Governors and Deputy Governors for checks and balances, and to minimise undue politicisation of the office and inclusion of Monetary Policy Committee provisions. Governors approved that the revised Legal MoU be resubmitted to the SADC Ministers for Finance for final endorsement. Thereafter, it will be submitted to the SADC Legal Unit for clearance before submission to Council.

The Draft Model Central Bank Legislation was also reviewed with a view to aligning it with the provisions of the revised MoU on Harmonization of Legal and Operational Framework, ensuring clarity with regard to the functions and powers of the Boards of Directors and enhancing the internationally acceptable standards in central banking. As a result, various amendments were effected to the Model Law relating, among others, to the powers and functions of the central bank, the independence of the central bank, the appointment of the Governor and the Deputy Governor(s), the appointment of other members of the Board, the functions of the Board, the establishment of various committees, including the Monetary Policy Committee, and the treatment of unrealized gains and losses on certain assets and liabilities. In addition, the revised Model Central Bank Legislation would also be subject to further internal consultations. Governors approved the holding of a workshop in July 2005 involving all SADC central banks and CCBG sub-structures to facilitate comprehensive consultations on the revised Model Law, which will be submitted to Governors at their September 2005 meeting for discussion. The Model Law is expected to be finalised by April 2006.

With respect to the Public, Private Partnership (PPP) Capacity Building Project, work has been completed in Botswana and Tanzania and has started in Mauritius. The PPP Unit at the South African National Treasury agreed that a limited number of people from the countries where the project has been implemented, be attached to specific PPP projects being undertaken under the auspices of the Unit. In order to address the need for capacity development, the SADC Banking Association (SADCBA) would provide technical support to individuals working on specific infrastructure projects. The SADCBA has also expressed its desire to enhance and deepen its interactions with the CCBG in various areas including banking supervision, clearing and settlement systems so that views of the banking sector in the region could be taken into account. Consequently, the SADCBA will explore a mechanism to enable such type of engagement. The SADCBA has been requested to develop an MoU on commercial banking in SADC.

The Committee of SADC Stock Exchanges (COSSE) has so far developed a multilateral MoU on Co-operation among Member Stock Exchanges, which has been approved by the SADC Ministers for Finance. This MoU will, according to SADC procedures, be submitted for legal clearance and then to the Integrated Committee of Ministers (ICM) and SADC Council for approval.

CCBG Banking Supervision Subcommittee

Following the decision taken by the CCBG in Angola in April 2003 to dissolve the East and Southern African Banking Supervisors Group (ESAF) and to establish a SADC Subcommittee of Banking Supervisors (SSBS) under its purview, the SSBS held its first meeting in Tshwane, South Africa, in November 2004. A Steering Committee (SC) has been established and it comprises central bank officials from Malawi (Chair), Mauritius, Mozambique, South Africa, Zambia and Zimbabwe.

The main objectives of the SSBS are to promote and enhance the quality of banking supervision systems and practices in the SADC countries through subscription and adherence to the minimum standards, pronouncements and guidelines pertaining to the supervision of banks as issued by the Basel Committee on Banking Supervision and other international bodies; harmonise banking legislation, supervision systems and practices among SADC countries; develop and maintain safe and sound banking institutions within SADC countries; implement and maintain internationally acceptable standards of banking supervision within the respective supervisory jurisdictions of the individual countries; implement the core principles for effective banking supervision; promote the implementation of international best practices in anti-money laundering and combating of terrorist financing, as prescribed by the Financial Action Task Force, the BIS, the IMF and the World Bank; contribute towards safe and sound banking systems in which depositor protection is enhanced within the respective supervisory jurisdictions of SADC countries; and establish mechanisms for co-operation and consultation among SADC countries in respect of their functions as the authorities responsible for the surveillance of banking institutions within their respective jurisdictions.

As requested by the SADC Ministers for Finance, an MoU on Co-operation in the Area of Banking Regulatory and Supervisory Matters will be developed by the SSBS for inclusion in the annexes to the Finance and Investment Protocol.

SADC Payment Systems Project

The main objective of the SADC Payment Systems Project is to foster co-operation and coordination between SADC central banks on payment, clearing and settlement systems so as to:

(i) Develop and implement in each SADC member state a safe and efficient domestic payment system based on nationally accepted principles;

(ii) Define and implement a regional cross-border payments strategy;

(iii) Identify, measure, maximise and manage payment system risks;

(iv) Achieve convergence of payment, clearing and settlement features, policies, practices, rules and procedures across the SADC region and

(v) Conduct an ongoing payment system oversight that is aimed at reducing and eliminating cross-border settlement risk and systemic financial shocks.

The Annual Regional Conference of the SADC Payment Systems was held in Johannesburg, South Africa, from 20 to 22 September 2004. This event was aimed at consolidating strategic and working level commitment to the agreed objectives and individual country action-plans.

A Conference on General Guidance for

Payment System Development was held on 24 and 25 February 2005 in Cape Town, South Africa. It was organised jointly by the Committee on Payment and Settlement Systems of the BIS and the SADC. Significant contributions made by participants in this conference were included in the BIS consultative report on General Guidance for Payment System Development issued in May 2005 and the Committee on Payment and Settlement Systems had sought comments on the report by June 2005.

A Cross-Border model workshop was held from 2 to 3 June 2005 in Pretoria, South Africa. The recommended model was a Deferred Net Settlement (DNS) model. Settlement using a DNS model will minimise liquidity requirements, as settlement is based on the net obligations of participating banks. The model has been modified and was presented to representatives of central banks and commercial banks at the Annual Regional Conference of the SADC in August 2005.

The recommended DNS model requires banks to submit notice to settle instructions to the relevant Central Banks from the time of trade until a specified cut-off time. Instructions sent by banks to the DNS are loaded on the DNS database at the Central Bank. A notification of the receipt of the instruction will be sent to the bank submitting the instruction from the DNS and to the settlement agent (central bank) of the counterpart to match the other leg of the trade.

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 for Eastern and Southern Africa States (PTA), 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, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

COMESA Free Trade Area (FTA)

Nine member states, namely, Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia and Zimbabwe formed part of the COMESA FTA on 31 October 2000, the date on which it was launched. Since then, Burundi and Rwanda were the only countries that joined the COMESA FTA in January 2004. Intra-COMESA trade has increased by 10 per cent to reach US$5.4 billion in 2004.

Preparations towards the COMESA Customs Union

The key elements of a Customs Union are a common external tariff nomenclature, a common valuation system, a common categorisation of goods under the nomenclature and a Common External Tariff (CET). It has been decided that COMESA Customs Union should be established by December 2008. Member States that are not participating in the FTA should do so to enable them to participate in the Customs Union. Member States are urged to expeditiously eliminate the remaining non-tariff barriers in order to further enhance intra-COMESA trade. There was also the need for member States that have not yet ratified the Protocol establishing the COMESA Fund to do so by December 2005. In addition, COMESA should operate like a Community whereby other cultural and social events are continuously organized and that the Customs Union should act as a catalyst for other areas of cooperation, including Science and Technology to ensure that there is more interaction and movement of people and services across the borders.

The following indicates the current situation regarding member States not yet in FTA:

(i) The institutions processing the instruments for ratifying the COMESA FTA in DRC will be in a position to address this issue before June 2006.

(ii) Comoros had completed its national area consultations and would start implementing the Free Trade Area as from January 2006.

(iii) Ethiopia has completed its national studies and consultations and reaffirmed its willingness to join the FTA as soon as possible, although requested assistance from the Secretariat to assess the impact of revenue losses arising from trade diversion.

(iv) Swaziland was actively pursuing consultations with SACU regarding their concurrence for her participation in the FTA. The SACU Customs union Council had raised concern that allowing Swaziland participation in the COMESA FTA would undermine the integrity of the SACU.

(v) Seychelles was committed to join the FTA with a phased tariff reduction and with derogation for goods of economic importance and goods which were revenue sensitive.

(vi) Uganda would join the FTA after consultations with the other members of the East African Community, which were expected to be completed by July 2005.

With regard to Swaziland's request, that the derogation which will lapse in June 2005, would be extended for a further period of twelve months until July 2006; and in order to ensure the free flow of goods among COMESA member States and the consolidation of the Free Trade Area, non-FTA countries, which have not already done so, should give clear time frames for their tariff reduction towards the FTA to Council. The need for full participation of all member states in the Free Trade Area, so as to endure that all member States are ready to be in the Customs Union by December 2008 has been underlined.

Member States have been urged to work towards attaining a Customs Union by December 2008 but, in the event that some member States are not ready to implement the Customs Union by that time, those that are ready should proceed with implementation. In addition, activities under the road map of the Customs Union should include additional studies of the following issues:

(i) trade arrangements between COMESA member states who participate in the COMESA Customs Union and those member states who may not yet do so in 2008;

(ii) the legal and operational implications of the certain COMESA member states participating in the COMESA Customs Union, whilst belonging to other preferential trade arrangements and Customs Unions;

(iii) legal, administrative and operational arrangements for managing the Customs Union, including revenue collection and distribution mechanisms.

Member states should complete the identification of goods of economic importance under the Common Tariff Nomenclature by 31 December 2005. The exercise should provide for the differentiated tariff treatment for intermediate goods used as inputs in production, goods under the rebate system, merit goods, goods of social significance and goods covered by international arrangements. In addition, they should identify sensitive products that will be given a longer timeframe for adjustment to the CET harmonization for protection of industry or revenue sensitivity and submit such lists of goods to the Secretariat by 31 December 2005. A technical review of lists of goods of economic importance and sensitive products should be completed by 31 March 2006 for submissions to the meeting of the Trade and Customs Committee in April/May 2006. A technical review on exemptions and other duty relief, measures should be completed by 31 March 2006. Member states in collaboration with the Secretariat should prepare schedules for harmonization of raw materials and capital goods to the CET rates on the basis of the schedules. The CET convergence rate for adjustment for intermediate and final goods should be decided after completion of the reviews provided for above. Member states should implement a programme to harmonize the tariff rates for final products to be within the range of 25 to 40 per cent by June 2006. The Secretariat should commission a study for presentation to the next meeting of Committee on policy space to be accorded to member states taking into account the specificity of the COMESA Customs Union as well as the specific situation of member States. The Secretariat should take stock of the trade liberalisation programme of other Regional Economic Communities (RECs), as well as the steps that these are taking to harmonise such programmes. The study report should be submitted to the next meeting of the Trade and Custom Committee. Member states should honour existing commitments under the COMESA Treaty when they enter into new agreements with other COMESA member states or member states or with third countries.

COMESA Exchange Rate Union

Despite the 1999 decision by the Council of Ministers that member states should enter into limited currency convertibility arrangement with other member states with which they have significant cross-border trade, investment and tourism, there was little trading of national currencies among the member states, with the exception of the member states of the East African Community. According to the Monetary and Fiscal Policies Harmonisation Programme adopted by the Authority of Heads of State and Government in 1992, COMESA should implement a Formal Exchange Rate Union from 2000 to 2024, in preparation for the final stage of a full monetary union in 2025. The speedy implementation of an exchange rate union is the third stage of the COMESA Monetary Harmonisation Programme.

In this regard, it was decided that technical sub-committees be established in order to enhance monetary cooperation in the COMESA region. One of the established Sub-Committees is the Monetary and Exchange Rate Policies Sub-Committee. This Sub-Committee has replaced the existing Task Force on Monetary Cooperation. The members of this sub-committee are Burundi, Comoros, Egypt, Kenya, Mauritius, Rwanda, Sudan, Swaziland Uganda and Zambia. It will report directly to the Bureau of Governors and will be responsible *inter alia* to undertake the following:

(i) Formulate policies and strategies leading to the eventual attainment of limited currency convertibility, informal exchange rate union, formal exchange rate union and finally to monetary union as well as required adjustment measures to be implemented by member countries;

(ii) Review and recommend strategies and activities to be undertaken in different phases of Monetary and fiscal policies Harmonisation Programme, namely, limited currency convertibility; formal exchange rate union and monetary union and monitor the implementation of the Monetary and Fiscal Policies Harmonisation Programme, focusing on progress towards the achievement of macro-economic convergence;

(iii) Undertake critical analysis of monetary and exchange rate policies, including the sharing of relevant research on the monetary and exchange rate developments in the member states;

(iv) Work out and monitor the degree of diversity in monetary and foreign exchange policies of member states and recommend the adjustments that are required to correct the disharmonies;

(v) Undertake quantitative assessment of the actual and expected impact of the monetary and exchange rate policies on key macroeconomic variables and suggest the strategic way forward;

(vi) Harmonise concepts, methodologies and statistical frameworks under the Monetary and Fiscal Policy Harmonisation Programme;

(vii) Undertake any other assignments as mandated by Committee of Central Bank Governors.

The COMESA Common Investment Area (CCIA)

The COMESA Regional Investment Agency (RIA) is to be established, as per Article 160 of the Treaty establishing COMESA, to increase awareness of member states' investment incentives, opportunities, legislation, practices, major events affecting investments and other relevant information through regular dissemination and other awareness-promoting activities. Negotiations for the Investment Framework Agreement for the COMESA Common Investment Area between the member States are still ongoing. The Government of Egypt has identified premises for the RIA which were expected to be operational by October 2005.

PTA BANK

PTA Bank is a Regional Development Bank, established on November 6, 1985, pursuant to the Treaty for the Common Market for Eastern and Southern African States (COMESA). PTA Bank's regional member countries are Burundi, Comoros, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Somalia, Sudan, Tanzania, Uganda, Zambia and Zimbabwe. Recently, China became the only non-regional member of PTA Bank. Besides these 17 member countries, African Development Bank is also member of PTA Bank. PTA Bank provides financial and technical assistance to promote economic and social development in member countries.

The PTA Bank's main objective remains to be the Development Finance Institution that assists the integration of trade and development activities in the COMESA region. The total membership of the Bank has grown to 18 shareholders, which include: China, Comoros, Djibouti, Egypt, Eritrea, Ethiopia, Sudan, Kenya, Uganda, Somalia, Tanzania, Malawi, Zambia, Zimbabwe, Rwanda, Burundi, Mauritius, and the institutional investor, African Development Bank.

Africa Trade Insurance (ATI) Agency

The aim of the ATI is to address the problem of high-risk perception in Africa. Apart from providing political risk insurance of financial and trade transactions, the range of products that ATI now offers include: non-payment insurance cover for public buyers (targeting, mainly business transactions involving state-owned enterprises), trade credit insurance (offered on a whole turnover basis), investment insurance, as well as physical damage, liability and business interruption losses due to events of war and terrorism. ATI had expanded its products base by launching additional products that are more responsive to market demand and which address, in a more effective manner, the developmental objectives of its member countries. To enhance its underwriting capacity. The membership of ATI now includes: Burundi, Djibouti, Eritrea, Kenya, Madagascar, Malawi, Rwanda, Tanzania, Uganda and Zambia. COMESA countries have been urged to promote ATI in their respective countries and to support ATI's marketing efforts in their countries, and to create an awareness among the private sector organisations of the existence of ATI and its role in securing trade and investment in the region.

COMESA Clearing House

The COMESA Clearing House is currently involved with two main projects, namely, the African Commerce Exchange (ACE) and the Regional Payment and Settlement System (REPSS).

(i) African Commerce Exchange

The African Commerce Exchange (ACE) was launched in May 2000 with the aim of providing cost effective SWIFT connectivity via a SWIFT Service Bureau to small and medium sized banks on a share cost basis. The ACE has recently undergone a change of name to COMESA Financial Exchange (Pty) Ltd and trades under FIN-X. Initially established to provide SWIFT connectivity to COMESA member banks ACE/FIN-X now provides SWIFT connectivity to 50 financial institutions in 20 countries in Africa. In order to ensure efficient Central Bank liquidity controls, a real time connection to the SWIFT system is of vital importance for the reduction of any potential risk within the RTGS System. All ACE/FIN-X clients have real-time connectivity at a fixed monthly cost. This fully supports the establishment of the Regional Payment and Settlement System on a real time basis.

ACE is expected to provide COMESA members with the following benefits:

(i) a reduction in costs, improved automation and management of risk;

(ii) a secure and reliable telecommunications system;

(iii) an increase in electronic cross-border and cross-sectoral trade;

(iv) a positive environment for foreign investors and trade; and

(v) a highway for the region's payment system, which will in turn enable reduced settlement periods.

(ii) Regional Payment and Settlement System (REPSS)

The COMESA Clearing House is presently developing a payment system to improve the flow and settlement of cross-border payment transactions among financial institutions for the benefit, inter alia, of importers and exporters in the various member countries. This system is called Regional Payment and Settlement System (REPSS) and its objectives are to:

(i) increase competition among the banks in the region,

(ii) improve financing services,

(iii) lower costs to complete payment commitments,

(iv) promote the expansion of trade among member countries, and

(v) improve final funds availability to the exporter.

The COMESA Clearing House (CCH) had submitted a status report on its activities to the

COMESA's Policy Organs Meetings Inter Governmental Committee, Council of Ministers and the meeting of Heads of State and Government in Kigali in May-June 2005.

According to the report, the Contribution Agreement with the European Union for the implementation of the project is expected to be in place during July 2005. The CCH will then issue the Request for Tender Document and post it on its website. By mid-September 2005, the CCH will start the evaluation process and testing of technical and functional workings of short-listed vendors on secure SWIFT Infrastructure at ACE premises in South Africa.

Recommendations of the Evaluation Team will then be submitted to the Bureau of Governors for approval. The composition of the Evaluation Team will include Payment System experts from Mauritius, Kenya, Egypt, Zambia, Zimbabwe and Burundi (which will be taking over the Chairmanship of the Committee of Governors in 2006).

Box 4

Comprehensive Economic Cooperation and Partnership Agreement (CECPA): India - Mauritius

A Joint Study Group (JSG), consisting of Mauritian and Indian officials, was set up in 2004 to work on the modalities for a Comprehensive Economic Cooperation and Partnership Agreement (CECPA) between India and Mauritius. The CECPA would establish a framework for long term cooperation and partnership for the benefit of the two countries. The Co-Chairmen of the JSG were the Chief Economic Adviser, Ministry of Finance, for India and the First Deputy Governor, Bank of Mauritius and Chairman, Financial Services Commission, for Mauritius.

At the preliminary meeting of the Joint Study Group in New Delhi in January 2004, four principal areas of work were identified by the JSG for closer cooperation between the two countries, namely (1) Trade in goods, (2) Trade in Services, (3) Investment and (4) General Economic Cooperation. It was also agreed that the Indian and Mauritian Teams would prepare joint studies with a view to identifying opportunities in the four broad sectors. The JSG discussions highlighted the importance of undertaking a study aimed at bringing out the advantages of using Mauritius as a launch pad for Indian business to enter the African and Western markets. It was recognised that Indian investors could consider Mauritius as an attractive investment destination, leveraging upon the preferential access of Mauritius to regional economic blocs, such as SADC and COMESA as well as to the European and US markets through the Cotonou Agreement and the AGOA. In this context, the Export-Import Bank of India (EXIM Bank) was commissioned by the Government of Mauritius to undertake a study to "Project Mauritius as an Investment Hub for Indian Firms." An Executive Summary from the Report of the Exim Bank of India was subsequently included in the JSG Report.

Discussions in the course of JSG meetings held alternately in India and Mauritius yielded various useful insights into the potential of raising the level of cooperation between India and Mauritius to a higher plane of development. In the area of trade in goods, the JSG recommended that as an immediate measure, both sides should give each other concessions on goods of bilateral interest through a Preferential Tariff Agreement (PTA). It also emerged from discussions that the option of a Free Trade Area between India and Mauritius would be envisaged as a follow-up on the PTA. A number of measures have been recommended to facilitate trade between India and Mauritius including among others, streamlining sanitary, phyto-sanitary regulations and other non-tariff barriers, improving shipping links, better management and faster clearances at ports and cooperation between the customs authorities. The need to disseminate information about profitable opportunities in the two countries through enhancement of the frequency as well as quality of interactions between the business associations of the countries was underlined. It was also agreed that exhibitions should display a fuller range of products of the two countries.

The JSG also identified a number of sectors where Indian enterprises could invest in Mauritius to tap Sub-Saharan and western markets. These include, among others, agro-processing, spinning, freeport, knowledge hub, biotechnology, pharmaceutical, tourism and leisure and infrastructure projects. The JSG discussions also highlighted that the BPO (Business Process Outsourcing) market and, in particular, the French BPO market, provided a good opportunity for Mauritian and Indian enterprises to leverage their strengths together in order to tap this huge market. It was agreed that higher flows of investment could be promoted between the two countries through an investment facilitation framework and by raising awareness and disseminating information about potential investment projects, addressing the issue of procedural delays and promoting tie-ups between SMEs and transfer of technology. The JSG recommended that India may consider allowing a part of the existing credit lines to Mauritius for supporting SME's in the private sector. In addition, it was recommended that Mauritius and India could consider setting up a dedicated fund, backed by a line of credit on concessional terms from India, with a view to promoting Indian investments in Mauritius and in Indo-Mauritian joint ventures in Mauritius or in third countries.

Members of the JSG agreed that there was significant scope for greater cooperation covering all services and modes of supply under the GATS framework. Trade in services sector such as telecommunications, construction and related engineering services, tourism, education, health, financial services and IT-enabled services were considered to have great potential. The JSG recommended that the two countries explore ways to lower barriers to movement of business people and professionals and encourage Mutual Recognition Agreements (MRA's) on regulatory and other certification mechanisms, including professional qualifications. The need to put in place an enabling environment for the free movement of investors, personnel and tourists between the two countries by addressing issues relating to visas and air links was underlined. Members agreed that there was scope for enhanced flows of tourists in the light of shared cultural values between the two countries. It was agreed that Indian assistance would be crucial in transforming Mauritius into a knowledge economy and an IT hub for Sub-Saharan Africa. It was recommended that reputed Indian educational institutions could set up campuses in Mauritius to service not only the Mauritian market but also the regional market, thus promoting Mauritius as a centre of learning in the region. The JSG discussions also highlighted good opportunities for collaboration in making Mauritius a health care destination of high quality.

The JSG recommended cooperation in general economic measures such as developing strategies for employment generation and fiscal consolidation, improving trading infrastructure, developing a common and efficient regulatory framework for business development, building capacities through provision of training programmes for skills and entrepreneurship development and extending e-governance.

The Report of the JSG was finalised in November 2004 and submitted to the Governments of India and Mauritius by the respective Co-Chairmen. Government endorsed the recommendations of the JSG and proposed the setting up of a Joint Ministerial Committee, co-chaired by the Ministers of Foreign Affairs of India and Mauritius, and a Joint Technical Committee to implement the CECPA. The Technical Committee on the Mauritian side would be chaired by the Secretary for Foreign Affairs.

Further to the State visit of the Indian Prime Minister to Mauritius from 30 March to 2 April 2005, it was agreed that a high powered negotiating team would be set up with a view to processing and finalizing the recommendations of the JSG Report within a twelve month period.

VII. INTERNATIONAL ECONOMIC DEVELOPMENTS

Output Growth

The world economy, according to the World Economic Outlook released by the International Monetary Fund in September 2005, enjoyed one of its strongest years of growth in 2004. The robust growth is expected to continue this year, albeit at a more moderate pace. In fact, world output is expected to grow by 4.3 per cent in 2005 and 2006, lower than the 5.1 per cent expansion registered in 2004. The IMF has noted that solid global growth in 2005 would be underpinned by still accommodative, albeit to a lesser degree, macroeconomic policies, improving corporate balance sheets and supportive financial market conditions. Yet, the Fund has warned that the key risks to the short-term outlook remain the widening world current account imbalances, growth distortions across regions and lingering concerns about limited crude production that kept oil prices high. Global growth in 2005, according to the IMF, would be still reliant on the United States and China in the face of a disappointing performance by Europe.

Output in the advanced economies, on average, improved from 1.9 per cent in 2003 to 3.3 per cent in 2004 and is expected to register a growth rate of 2.5 per cent in 2005. After posting a strong performance of 4.2 per cent in 2004, expansion in United States, the world's largest economy, is expected to continue at a moderate pace of 3.5 per cent in 2005. Real GDP in the United States grew at an annual rate of 4.0 per cent in the third quarter of 2004 and by 3.8 per cent in the fourth quarter. During the first half of 2005, US GDP growth remained strong, underpinned by strong income growth and improvements in labour market conditions, supportive financial market conditions, and rising house prices. In spite of the fact that the near-term outlook has been overshadowed by the devastating loss caused by Hurricane Katrina, the US economic outlook for 2005 remains encouraging. Continued strength in investment would likely offset a moderation in US private consumption growth, reflecting the gradual withdrawal of fiscal and monetary stimulus and some rebuilding of household savings. In 2006, US economic growth is expected to remain unchanged at 3.3 per cent.

From an expansion rate of 0.7 per cent in 2003, growth in the euro zone surged to 2.0 per cent in 2004. Yet, after an impressive first half of 2004, GDP growth in the euro area eased in the second half. Persistently high oil prices and long-standing structural weaknesses kept domestic demand subdued while the appreciating euro and slower global growth undercut export growth, which was a key driver in the first half of 2004. As a result, area-wide GDP grew by a meagre 0.2 per cent, quarter-on-quarter, in both the third and fourth quarters of 2004. The euro zone economy, however, recovered in the first quarter of 2005 to post an expansion of 0.5 per cent, quarter-on-quarter. Against the background of falling investment, a slower growth in consumer spending and a declining level of imports, which all reflected weak demand, the pick-up in euro area's growth in the first quarter of 2005 was due mostly to a very uneven performance among member countries. While Germany led economic growth for the area with a 1.0 per cent expansion, Italy recorded a 0.5 per cent contraction in its first quarter 2005 GDP. Looking forward, the outlook for the euro zone is highly uncertain. The lack of internal dynamism associated with weak domestic demand, a lack of structural reform and rising fiscal deficits made the euro area particularly susceptible to external shocks, including higher oil prices, a renewed sharp appreciation of the euro, or a rebound in global interest rates. According to the IMF, growth in the euro area is projected to be slower at 1.2 per cent in 2005 before rebounding to 1.8 per cent in 2006. Within this overall picture, growth prospects in Germany, France and Italy, the three largest economies of the euro zone, are expected to remain moderate for 2005. From 1.6 per cent in 2004, economic activity in Germany is expected to slow down to 0.8 per cent in 2005. France is expected to expand by 1.5 per cent in 2005, from 2.0 per cent in 2004. Italy's economy is expected to stagnate in 2005.

The overall growth performance for the United Kingdom marked a sharp improvement in 2004, with the economy registering an annual expansion rate of 3.2 per cent. However, while the first half of 2004 saw an outstanding growth performance, the economy lost momentum in the second half of 2004. GDP growth was weaker than expected in the first half of 2005 as private consumption growth slowed sharply, partly reflecting higher interest rates, oil price increases, cooling housing market, and weakening business confidence. Looking ahead, GDP growth is projected at 1.9 per cent in 2005 and to increase to 2.2 per cent in 2006. Nonetheless, domestic demand is still expected to remain the key driver of economic growth, underpinned by continued robust wage growth and strong corporate profitability.

Real GDP in Japan posted an annual increase of 2.7 per cent in 2004. The Japanese economy grew strongly in the first quarter of 2004 but subsequently stalled, recording near-zero growth in the remainder of the year. Consumption spending declined, while weaker global demand for IT products reduced exports and private sector investment growth. Looking ahead in 2005, with downside risks likely to emanate from continued volatile oil prices and the possibility that a sharp appreciation of the yen could further undercut exports, growth in Japan is expected to regain some momentum during the course of this year. In the first half of 2005, the Japanese economy expanded strongly, led by a recovery in private final domestic demand which was underpinned by a strengthening labour market. The Japanese economy is expected to grow by 2.0 per cent both in 2005 and in 2006 as private consumption and exports continue to pick up.

Growth in "Other Emerging Market and Developing Countries", as a group, is expected to ease from 7.3 per cent in 2004 to 6.4 per cent in 2005. Different regions and countries, however, would be characterized by different growth patterns. The Latin American region enjoyed strong growth in 2004, with real GDP rising by 5.6 per cent, the highest since 1980. This reflected sharp recoveries from deep recessions in Argentina, Uruguay and Venezuela, which would not recur to the same extent this year. Nonetheless, prospects for the region remained good with economic activity appearing to be easing to a more sustainable pace, underpinned by both domestic and external demand growth. A growth rate of 4.1 per cent is projected for 2005. Brazil, the region's largest economy, spurred by rising exports and a shift from shrinking to rising domestic demand with both consumption and investment showing important gains, recorded 4.9 per cent real GDP growth in 2004 and is expected to expand by a further 3.3 per cent this year. Continuing its recovery from the crisis of 2001-02, Argentina achieved 9.0 per cent real GDP growth in 2004. This year, growth is expected to continue at 7.5 per cent as Argentina should likely benefit from the low real exchange rate of the Argentine peso and the boom in world commodity markets. The Chilean economy, benefiting from rising exports and high copper prices, expanded by 6.1 per cent in 2004 and is expected to continue on this trend with a projected growth rate of 5.9 per cent in 2005. Real economic activity in Mexico rose by 4.4 per cent in 2004, aided by the recovery in sectors closely linked to the US economy. With the US economy expanding at a somewhat slower pace and with domestic policies unlikely to supply either much stimulus or much restraint, the Mexican economy is expected to grow by 3.0 per cent in 2005.

Prospects for emerging Asia, which includes developing Asia, the newly industrialised Asian economies and Mongolia, remain favourable in 2005, with regional growth projected to slow to a still robust 7.3 per cent from the 7.9 per cent attained in 2004. The strong economic performance noted in 2004, was due largely to vigorous exports and a marked pickup in domestic demand in late 2003 and early 2004. Since then, growth in most countries – with the exception of China – has slowed noticeably during 2004, partly due to a return to more sustainable levels but also reflecting the moderation of the global expansion and higher oil prices. The catastrophic tsunami in December 2004 and the devastating losses of human life and property have also affected certain countries of the region. Yet, the impact on GDP growth in 2005 is expected to be small as the affected areas account for a small portion of output and the adverse effects are being largely offset by reconstruction activities. Despite recent tightening measures, GDP growth in China is expected to remain strong although decreasing slightly to 9.0 per cent in 2005 from 9.5 per cent in 2004. Economic activity in India is expected to slow modestly from 7.3 per cent in 2004 to 7.1 per cent in 2005, with the impact of uneven monsoons and higher oil prices being offset by buoyant industrial activity and strong investment.

Since the beginning of transition, emerging Europe enjoyed its strongest growth performance in 2004, with a real GDP growth of 6.6 per cent as robust economic activity in central Europe and Turkey broadened the expansion led by the Baltic States and Southern and Southeastern Europe. Looking ahead, the pace of economic activity is expected to moderate to 4.3 per cent in 2005. The risks to the present outlook, however, appeared tilted to the downside, as a prolonged slowdown in Western Europe would likely hurt export growth. The continued rise in oil prices and strong credit growth would present further risks to growth and current accounts within the region.

GDP growth in the Commonwealth of Independent States (CIS) remained very strong at 8.4 per cent in 2004, supported by buoyant energy and metals prices, robust domestic demand and strong regional linkages. Looking forward, GDP growth is expected to moderate to 6.0 per cent this year, and 5.7 per cent in 2006. Buoyant consumption, commodity price developments and high oil prices are expected to be generally supportive of economic activity.

Growth in Africa is expected to ease from 5.3 per cent in 2004 to 4.5 per cent in 2005. Real GDP growth in sub-Saharan Africa accelerated to 5.4 per cent in 2004, the highest in a decade, underpinned by the strength of the global economy, high commodity prices, improved macroeconomic policies, progress with structural reforms, and fewer armed conflicts. Looking forward in 2005, prospects in sub-Saharan Africa would remain quite favourable with an expected growth rate of 4.8 per cent amid prudent macroeconomic policies, continuing structural reforms and a supportive global economy. Oil-exporting countries within the sub-Saharan African region are expected to enjoy the strongest growth in 2005, benefiting from the continuing increase in oil prices, while persistently low cotton prices would likely affect Benin, Burkina Faso and Mali. Despite the encouraging developments within countries of the sub-Saharan African region in reforming their economies, the IMF noted that per capita income growth in most countries was unlikely to be sufficient to meet the Millennium Development Goal (MDG) of halving extreme poverty by 2015. Moreover, progress under African Peer Review Mechanism – a regional initiative launched through the New Partnership for Africa's Development (NEPAD) – has so far been slow and limited. South Africa, the region's largest economy, expanded by 3.7 per cent in 2004 and growth is expected to reach 4.3 per cent this year.

Across the Middle East, the outlook for the region would remain positive with growth projected at 5.4 per cent in 2005 from 5.5 per cent registered in 2004. Upside risks to this outlook are the current persistently high oil prices coupled with current expectations that oil prices would remain high over the medium term. On the downside, continuing geopolitical uncertainties in the region could hurt growth. The conflict in Iraq had largely influenced economic activity within the region in 2004. Perceived increases in risk had reduced foreign direct investment inflows and disadvantaged regional investment.

Inflation

Global headline inflation has picked up slightly in response to higher oil prices, but remains at moderate levels. Consumer price inflation in advanced economies, according to the International Monetary Fund, is projected to average 2.2 per cent in 2005, from an average of 2.0 per cent in 2004. Inflation in the United States is projected to rise to 3.1 per cent in 2005 before eventually declining to 2.8 per cent in 2006. Inflationary pressures in the United States have remained generally modest owing to the continued presence of economic slack, benign labour market conditions and the Federal Reserve's policy of tightening financial conditions. US core CPI inflation, which excludes food and energy components, stood at 2.5 per cent in June 2005.

The International Monetary Fund expects inflation, in the euro zone, as measured using the harmonized index of consumer prices (HICP), to remain at 2.1 per cent in 2005 and decline to 1.8 per cent in 2006. While inflationary pressures are easing, headline inflation in the euro area remains above 2.0 per cent due to the effects of oil price increases and hikes in indirect taxes and administered prices. According to the Eurostat, euro zone inflation averaged 2.1 per cent in June 2005, up from 1.9 per cent in May 2005.

In the United Kingdom, inflation, as measured by the harmonized index of consumer prices (HICP), is expected to rise to 2.0 per cent in 2005, before falling to 1.9 per cent in 2006. From an average of 1.6 per cent in January 2005, UK inflation moved to the Government's target measure of 2.0 per cent in June 2005.

According to the International Monetary Fund, consumer price inflation in Japan is expected to average negative 0.4 per cent in 2005 and negative 0.1 per cent in 2006. Japan has been suffering from a seven-year old deflation but the Bank of Japan, however, expects a 0.3 per cent rise in the economy's core CPI in the fiscal year 2006-07 (starting April 2006) which would be the first increase in nine years. It is expected that a further appreciation of the yen or a more prolonged economic slowdown could put downward pressures on prices. In this context, it has been advocated that Japan should maintain a very accommodative monetary policy until deflation is decisively beaten.

Interest Rate

With the US economic expansion continuing and risks shifting away from disinflation towards possible inflationary pressures, the US Federal Reserve started reducing the degree of monetary policy accommodation on 30 June 2004. In a measured approach, the US Federal Reserve, at each of its eight Federal Open Market Committee (FOMC) meetings raised its key federal funds rate by 25 basis points to close the fiscal year 2004-05 at 3.25 per cent. The approach adopted by the Federal Reserve was meant to balance the risks to sustainable growth against the desire to maintain price stability. In most of its accompanying statements following the rate decisions, the Federal Reserve retained its assessment that economic risks were balanced between slower growth and rising prices and said that rates could be raised at a "measured" pace. In May 2005 the US Federal Reserve, however, sounded more hawkish-than-expected in its accompanying statement as it said, "pressures on inflation have picked up" and on 30 June 2005, it signalled no pause in its monetary tightening, repeating that it would keep removing its accommodative stance at a "measured" pace.

With monetary tightening cycle under way in the major economies, the European Central Bank (ECB) remained hesitant to raise interest rate throughout fiscal year 2004-05. Against a background of flagging economic activity within the euro area, the ECB maintained its accommodative monetary policy, keeping its key refinancing rate unchanged at 2.0 per cent. The ECB, came under pressure to lower interest rates as concerns mounted over the sizeable appreciation of the euro against the US dollar; however the strengthening of the single currency was viewed as a way to counter the effects of surging oil prices on the euro zone's economy. At its governing council meeting on 2 June 2005, the ECB marked its two years of 2.0 per cent interest rates, by flatly rejecting calls for a cut in interest rates and keeping its accommodative monetary policy stance unchanged.

The Bank of England, at its monthly Monetary Policy Committee (MPC) on 5 August 2004, raised its key repo rate by a quarter point to 4.75 per cent. This move was needed to keep inflationary pressures in check as the UK economy was still expanding briskly. Subsequently, from September 2004 to May 2005, the Bank of England maintained its key interest rate unchanged at 4.75 per cent and the minutes of the meetings revealed that UK interest rates might have already peaked. In the first five months of 2005, UK interest rates were left unchanged. Whereas the minutes of the January 2005 Bank of England MPC meeting raised expectations that borrowing costs would be steady for some time, the release of some UK economic data from January to April 2005, including rising raw material costs in January 2005 and a sharp rise in UK March 2005 inflation, sustained the growing view that the Bank of England would soon raise interest rates. The release of the 6-7 April 2005 Bank of England MPC meeting revealed that, despite the fact that the interest rate remained unchanged at 4.75 per cent, 2 members had voted for an interest rate hike. The May 2005 MPC meeting minutes showed one member voting for an interest rate increase. The publication of the minutes of the 8 June 2005 MPC meeting came in as a surprise as it showed that 2 members had voted for a quarter-point interest rate cut on the view that lower borrowing costs were needed to ensure that consumer slowdown in UK did not turn into a rout.

The Bank of Japan remained committed to the ultra-easy monetary policy throughout fiscal year 2004-05 and reaffirmed its policy stance on overcoming deflation and ensuring a continued recovery. In August 2004, the IMF Executive Board said that the quantitative easing policy in Japan should remain in place until deflation is firmly beaten. The Bank of Japan Governor Fukui reiterated in May 2005 that the central bank would implement a flexible monetary policy and remained committed to a near zero interest rate policy.

Exchange Rate

In the first half of fiscal year 2004-05, the US dollar weakened considerably while in the second half of the fiscal year, it made a spectacular rebound. The currency weakened from mid-2004 to end-2004 amid mixed US economic data that raised doubts about the sustainability of the US economic recovery. In October 2004, soaring oil prices and uncertainty over US Presidential elections also weighed on the dollar. The US currency later continued to fall as traders focused on the twin deficit problem that has characterized the US economy over the last few years and were worried over the funding of the huge US current account deficit. In December 2004, the US dollar was still under pressure and fell to record lows against major currencies. As from January 2005, the dollar was on a rising trend. At the beginning of 2005, it appreciated on position adjustment by traders after sessions of heavy selling at the close of year 2004. Furthermore, doubts about growth prospects for the US economy were erased during the first half of 2005 following the release of positive US data like factory orders, retail sales, industrial production, and net foreign capital flows into US assets. Over the first half of 2005, the US dollar also benefited from comments by various Fed officials that suggested that US interest rates would continue to rise.

Against the backdrop of a period of US dollar weakness in the first half of fiscal year 2004-05, the euro breached several key resistance levels and hit an all time high of US$1.3667 on 30 December 2004, since its inception in January 1999. However, as the market grew more confident of the US economic recovery, which contrasted with bleak growth prospects for the euro zone area, the single currency, by the end of June 2005, traded at around US$1.2387.

The Pound Sterling, on average, appreciated vis-à-vis the US dollar, benefiting from some positive UK economic data and its high yield advantage in the first half of the fiscal year. However, with the turnaround in market sentiment in favour of the US dollar in 2005, the Pound had shrugged off most of its gains vis-à-vis the US dollar to close June 2005 trading around US$1.8130.

Balance of Payments

Global current account imbalances widened further in 2004. The growing external deficit of the advanced economies in 2004 reflected the further widening of the US current account gap, which reached around US$668 billion or 5.7 per cent of GDP. The worsening of the US current account deficit reflected higher oil prices and continued strong domestic demand relative to its trading partners. Little improvement is expected in 2005 and the US current account deficit is projected to attain 6.1 per cent of GDP as the growth differential in favour of the United States would persist. In the United Kingdom, the current account deficit rose to 2.0 per cent of GDP in 2004 and is projected to decrease to 1.9 per cent of GDP in 2005. Current account surpluses were found mainly in major Asian economies, the oil-producing countries in the Middle East and to a much lesser extent, the euro area. Japan, with a surplus of about 3.7 per cent of GDP, accounted for about half of the Asian external current account balance in 2004. Against the possibility that a sharp appreciation of the yen could further undercut exports, Japan's current account surplus is expected to decrease to 3.3 per cent of GDP in 2005. In the euro area, the current account is expected to post a surplus of 0.2 per cent of GDP in 2005 compared to a surplus of 0.5 per cent of GDP in 2004. Within the euro area, while Germany is expected to post a current account surplus of 4.3 per cent of GDP in 2005, Portugal is projected to record a deficit of around 8.4 per cent of GDP.

Budget Deficit

Fiscal positions in many countries remained difficult, posing a rather significant medium-term threat to macroeconomic stability. Despite a modest tightening of fiscal positions in 2004, the budget deficits of major industrial countries remained well above historical averages and are expected to decline only modestly over the medium term. The fiscal position in the United States improved slightly to a deficit of 4.0 per cent of GDP in 2004 as economic growth generated higher revenues and non-defence spending was restrained. Fiscal deficit in the United States is expected to decrease to 3.7 per cent of GDP in 2005. The euro zone's fiscal deficit has been on the downward trend, falling from 2.8 per cent of GDP in 2003 to 2.7 per cent of GDP in 2004 but is expected to rise to 3.0 per cent of GDP in 2005. General government deficits in France and Germany exceeded the 3.0 per cent of GDP ceiling under the EU Stability and Growth Pact for the third consecutive year in 2004. It is projected that this transgression of the Pact by these two countries would continue in 2005. In the United Kingdom, the budget deficit decreased to 3.0 per cent of GDP in 2004 but is expected to increase to 3.2 per cent of GDP in 2005. Japan's fiscal deficit (as a percentage of GDP) remained the largest among the major advanced economies, despite its decreasing trend. The deficit, as a result of stronger Japan's growth and expenditure restraint, fell from 7.8 per cent of GDP in 2003 to 7.2 per cent of GDP in 2004. The fiscal position in Japan is expected to improve to 6.7 per cent of GDP in 2005, in spite of the tax measures recently adopted by the Japanese government. Looking ahead over the medium term, the US administration has committed itself to reducing the fiscal deficit to near 2.0 per cent of GDP by 2010 while the Japanese authorities have aimed to achieve a primary surplus.

Foreign Direct Investment Flows

According to UNCTAD, global FDI inflows in 2004 were estimated to have risen by 5.5 per cent to US$612 billion from a revised US$580 billion in 2003. Flows to developed countries declined, but there were increasing flows to developing countries and the Central and Eastern Europe (CEE). Flows to developed countries reached US$321 billion, which represented a 16 per cent drop from the previous year's revised US$380 billion. This fall was due primarily to large repayments of intra-company loans by some host countries, especially Belgium, Germany and the Netherlands. Flows into the United Kingdom and the United States, two of the largest traditional host countries, recovered. After falling to a revised figure of US$27 billion in 2003, FDI inflows to CEE rebounded in 2004, reaching a record high of US$36 billion. Fifteen of the region's nineteen countries were concerned by this increase. The eight new CEE member countries of the European Union experienced the largest increase.

In 2004, FDI inflows to developing countries were estimated to have totalled US$255 billion, up by 48 per cent from 2003, reaching a historic high. FDI inflows to Africa increased for the second consecutive year and went up from a revised US$15 billion in 2003 to US$20 billion in 2004. A large part of this increase was accounted by investment in natural resource exploitation, driven by a strong rebound in world commodity prices. FDI flows to Asia and the Pacific reached US$166 billion in 2004, increasing by 55 per cent increase over 2003. The main factors behind this performance were improved economic performance, a more favourable policy environment, and higher corporate profitability. Countries that had higher inflows in 2004 were China, India, Republic of Korea, Hong Kong, China and Singapore. In 2004, FDI flows to Latin America and the Caribbean rose for the first time in five years, rising by 37 per cent to US$69 billion from a revised US$51 billion in the previous year. The main reasons for this rebound were improvements in the economic situation and policy environment. Mexico and Brazil continued to dominate flows, accounting together for half of the regional total last year.

Oil

Oil prices followed an upward trend during 2004-05. Many analysts believed that real demand and supply factors have been driving oil prices to prevailing high levels. Strong global demand led by growing oil consumption in the US and China, and higher-than-usual distillate heating oil demand, particularly in US North East region, Asia and Europe, where winter temperatures were below seasonal norms contributed to the surge in oil prices. OPEC's decisions during 2004-05 and activities of hedge funds on the international oil market also influenced the market. According to the IMF, conditions in the oil market are likely to remain tight for the foreseeable future, as demand continues to rise and non-OPEC oil production peaks. The trends in the world oil prices in 2004-05 are further elaborated in Box 5.

Gold

COMEX gold futures made impressive gains during 2004-05, breaking several record highs above the level of US$450/Oz. The main factors, which supported gold prices during the fiscal year, were US dollar weakness, fund buying and concerns about inflation. COMEX gold futures average, which was US$398.7/Oz in July 2004 continuously increased, peaking at US$444.1/Oz in December 2004, and remained above US$420/Oz between January and June 2005.

World Trade

World trade growth averaged 10.2 per cent in 2004, reflecting rapid increases in industrial production and investment activity. The expansion in trade volumes mirrored the rapid recovery in industrial production that started in the second half of 2003 and continued in 2004. According to the World Trade Report 2005 published by the World Trade Organisation, world merchandise trade rose by 9.0 per cent in real terms in 2004, the best annual performance since 2000. More than 20.0 per cent of the rise in world merchandise trade volumes was represented by China, whose imports increased by 32.0 per cent, reflecting both the positive impact of its accession to the World Trade Organisation and unsustainable rates of investment and consumption demand. Slower activity throughout the global economy should translate into less rapid trade expansion in 2005 and 2006. According to the World Trade Organisation, world trade is forecast to expand at a real rate of 6.5 per cent in 2005. Much of the deceleration is conditional on the success of efforts to dampen the pace of activity in China, which should be reflected in slower import growth in China and slower exports among its trading partners.

Conclusion

Looking ahead, the global expansion would remain broadly on track and the world economy should experience slower but solid global growth in 2005, notwithstanding imbalances in the major industrialized economies. The recent surge in world oil prices poses probably the most important near-term risk to world growth with conditions in the oil market likely to remain tight for the foreseeable future, as non-OPEC oil production peaks. The strategy to support an orderly adjustment in global imbalances has been broadly agreed and the evolving trends of financial and real globalization should ultimately facilitate global rebalancing. The gradual increase in policy interest rates by major central banks has contributed in containing inflation within tolerable ranges. Among the policy challenges, there is a need for significant fiscal consolidation in many countries, particularly against the backdrop of global population ageing. Fiscal positions in many countries pose a threat to medium-term macroeconomic stability. In particular, more ambitious fiscal consolidation is needed in the United States and this will be a key element both to facilitate an orderly reduction in global current account imbalances.

For Mauritius, the challenges lying ahead are multiple; while there is need to diversify the economy away from the traditional sugar and textiles towards a more service-oriented economy, negotiations will have to be stepped up for better world trade deals for both the sugar and textile industries. With the proposed European Union sugar regime reform whereby sugar prices would be cut by 36 per cent, there is need to claw back compensation for lost sugar revenue. The end of textile quotas with the expiry of the WTO Agreement on Textiles and Clothing since the beginning of January 2005 has opened up the Mauritian textile industry to fierce competition. Mauritius will have to make an appeal for an extension of the accord on concession for sourcing third country fabric, as the derogation obtained by Mauritius under the AGOA agreement expires on 30 September 2005. Furthermore, high oil prices on the international market represent a potential risk to the inflation rate on the domestic front and may also adversely impact on the country's balance of payments.

Box 5 International Oil Prices: 2004-05

During fiscal year 2004-05, oil prices reached levels unattained since NYMEX (New York Mercantile Exchange) crude futures were launched in 1983. NYMEX WTI (West Texas Intermediate benchmark crude oil) and IPE (International Petroleum Exchange) Brent futures averaged US$48.8 and US$46.5 a barrel, respectively, during the year compared to US$33.7 and US$31.0 a barrel, respectively, in 2003-04. NYMEX WTI and IPE Brent peaked at US$60.5 and US$59.3 a barrel respectively on 27 June 2005 and touched a low of US$38.4 and US$35.9 a barrel respectively on 2 July 2004. The rise in oil prices during fiscal year 2004-05 was due to various factors, namely OPEC's limited spare capacity in oil production, the financial problems encountered by Yukos, the major oil-supplying company in Russia, geopolitical tension in the Middle East, violence in Nigeria, increased activity by hedge funds and US refinery problems.

The table below shows movements in world oil prices for the years 2001-02 through 2004-05. The chart below shows the daily movements in international oil prices during 2004-05.

After trading below US$40 a barrel in June 2004, oil prices rose above US$40 a barrel in July 2004 on weak weekly US crude stocks reports. Against this background, OPEC cancelled its 21 July 2004 ministerial meeting in Vienna, but decided to go ahead with the second stage of the agreement reached at its 3 June 2004 meeting, in terms of which supply quota would increase by a further 500,000 barrels per day (bpd) with effect from 1 August 2004. Financial problems faced by the major Russian oil-supplying company, Yukos, put more pressure on oil prices. In August 2004, market conditions worsened and oil prices went up further. With little spare capacity left to OPEC members, except Saudi Arabia, the world oil

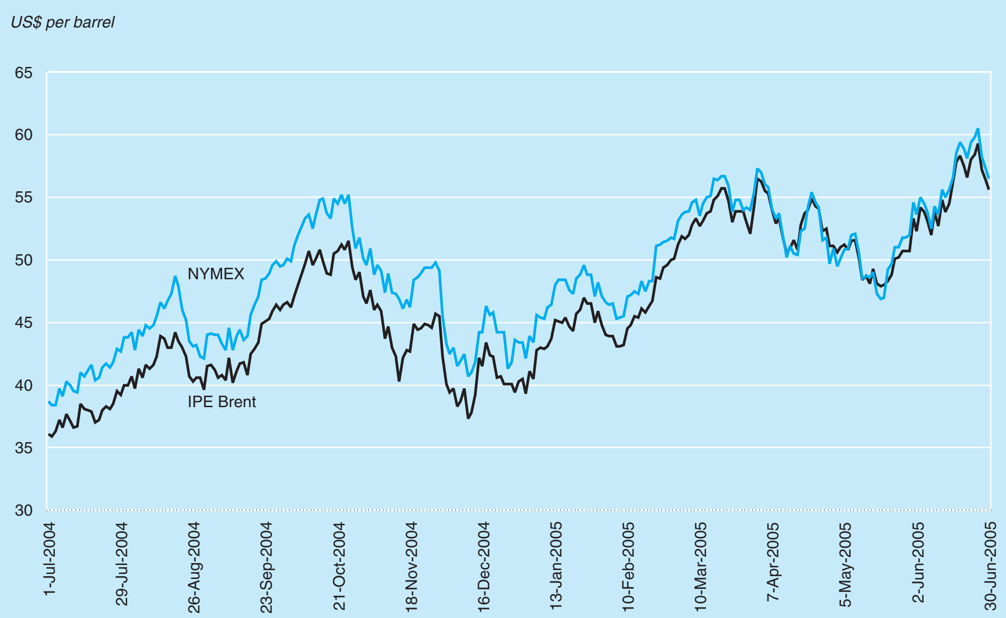
Movements in World Oil Prices (Monthly Average)

(US$ per barrel)

	IPE Brent Oil				NYMEX Oil			
	2001-02	2002-03	2003-04	2004-05	2001-02	2002-03	2003-04	2004-05
July	24.7	25.7	28.4	37.7	26.5	26.9	30.7	40.8
August	25.7	26.4	29.4	41.8	27.3	28.2	31.6	44.9
September	25.9	28.3	26.9	42.9	26.0	29.7	28.5	46.1
October	20.5	27.6	29.0	49.4	22.3	28.7	30.4	53.1
November	18.7	24.2	28.9	44.6	19.7	26.2	31.0	48.5
December	18.6	28.2	29.6	40.3	19.4	29.4	32.2	43.3
January	19.5	31.4	30.8	44.2	19.8	32.7	34.0	46.9
February	20.2	32.4	30.4	45.9	20.8	35.8	34.5	48.1
March	23.6	29.7	32.7	53.3	24.4	33.2	36.7	54.6
April	25.7	22.4	33.0	53.3	26.3	26.7	36.6	53.2
May	25.5	25.4	37.2	49.7	26.9	28.0	40.3	49.9
June	24.6	27.3	35.6	55.4	25.6	30.5	38.1	56.4
July to June	**22.8**	**27.4**	**31.0**	**46.5**	**23.7**	**29.7**	**33.7**	**48.8**

Notes: (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.

Daily Movements in International Oil Prices: 2004-05



market became more vulnerable to supply disruptions and further price spikes. This in turn attracted more buying interest from hedge funds betting that prices could go even higher. Moreover, political tensions in the Middle East, violence in Iraq and Yukos' plight undermined traders' confidence in the security of supply. As a result, many countries, including the United States, India, South Korea, Taiwan and China, increased their strategic inventories, reducing supply to an already tight market. At the close of August 2004, however, oil prices eased to some extent as big speculators cashed in profits on news that Iraq would resume its oil exports.

International oil prices bounced back in September 2004 as weekly reports showed unanticipated drops in US oil stock. Furthermore, the threat that hurricane Ivan represented for oil and gas production in the Gulf of Mexico also weighed on the market. At its 15 September 2004 meeting, OPEC ministers decided to raise OPEC's crude oil output by 1 million bpd to 27 million bpd effective 1 November 2004. But, the market was little moved by the decision. Instability in the Middle East and a resumption of violence in Nigeria added further worries to the international oil market, sending oil prices to record highs. During October 2004, international oil prices rose sharply as supply concerns persisted ahead of the winter season in US Northern Hemisphere and as oil production levels in the Gulf of Mexico slowly recovered after the passage of hurricane Ivan which caused a lot of damage there. The US Energy Information Administration (EIA) brought further bad news as its weekly reports showed unsatisfactory oil stocks, including heating oil. As the days progressed in October 2004, NYMEX broke several record highs above US$50 a barrel.

The months of November and December 2004 brought some respite. International oil prices eased as oil production in the Gulf of Mexico returned to normal and as US weekly reports showed a build-up in US crude inventory. Many hedge funds liquidated their long positions accumulated in October 2004. The drop in oil prices, together with the persistent weakness of the US dollar, translated into lower revenue for oil exporters. As a result, OPEC members, at their meeting in Cairo on 10 December 2004, agreed to cut their respective output levels so as to limit OPEC's supply to 27 million bpd as from 1 January 2005 and to meet again on 30 January 2005 to decide whether further cuts would be required. This essentially meant a decrease of approximately 1 million bpd from the market. The very fact that OPEC made such a move at a time when the price of oil was hovering above US$40 a barrel implied that OPEC's basket price of US$22-US$28 a barrel was meaningless.

After falling in November and December 2004, international oil prices resumed their upward trend in January 2005 as various factors in the market raised supply fears. News that Saudi Arabia had reduced output by cutting production levels by 500,000 barrels per day as from 1 January 2005 and disruptions in Shell's Draugen field of the Norwegian Sea and in Nigeria weighed on the market. Weekly reports from US EIA showing falls in crude oil stock level for three consecutive weeks in January 2005 and forecast of colder weather in the US Northeast region put additional pressure on oil prices. Political tensions in Iraq ahead of the elections on 30 January 2005 only made matters worse with frequent sabotage of oil infrastructure. Hedge funds once more turned bullish. On 30 January 2005, however, OPEC, at its meeting in Vienna, left its output quota unchanged, but suspended its price band of US$22-US$28 a barrel as it found it 'unrealistic'.

Encouraging US inventory reports, mild weather conditions and forecast of warmer than normal temperature in the US Northeast region helped to stabilize the world oil market in early February 2005. As from the third week of February 2005, however, persistent cold weather and forecast of heavy storm in the US Northeast region pushed oil prices above US$50 a barrel. Cold weather in Asia and Europe too, where temperatures fell below seasonal average, also contributed to push crude oil prices to new record high levels. Technical buying by hedge funds sent oil prices above US$53 a barrel for most of March 2005. The supply of an additional 500,000 bpd agreed upon by all OPEC members at a meeting in Iran on 16 March 2005 and effective immediately, failed to have any impact.

World oil prices eased slightly in April 2005 as weekly US EIA reports showed large increases in US crude oil stock levels and as hedge funds engaged in technical selling. Nevertheless, oil prices remained around US$50 a barrel. Further easing in oil prices was noted when OPEC confirmed that it would supply an additional 500,000 bpd as from the beginning of May 2005 although its quota would remain unchanged at 27.5 million bpd until the cartel's next meeting on 15 June 2005. The totality of the 500,000 bpd was supplied by Saudi Arabia. Oil prices eased further in May 2005 as weekly reports from US EIA showed hefty increases in US crude oil stock levels and as OPEC pledged that it would do its best to satisfy the growing oil demand. OPEC President highlighted that its quota system had become irrelevant and the 10 quota-bearing members would continue pumping 29.7 million bpd, that is 2 million bpd above the official quota, and even throughout June 2005. At various trading sessions in May 2005, the price of oil fell below US$50 a barrel but later crawled back above US$50 a barrel on short covering by traders. Problems at some US refineries added to the nervousness in the market.

Oil prices rose sharply in June 2005, trading consistently above US$50 a barrel. Weekly reports from US EIA showed US crude oil stock levels were at unsatisfactory levels. Growing worries that US refiners' focus on meeting the US summer gasoline demand could worsen a winter supply crunch of heating oil and diesel adversely impacted on the market. In addition, weather forecast indicating that the hurricane season could be more severe than usual and thus disturb oil production in the Gulf of Mexico also contributed to the surge in oil prices. At its meeting on 15 June 2005, OPEC decided to raise its formal crude output ceiling by 1 million bpd in two stages. The first stage would see the current 27.5 million bpd ceiling raised by 500,000 bpd to 28 million bpd as from the beginning of July 2005. A second increase of 500,000 bpd would be implemented at a later stage at the discretion of OPEC President. The market, however, largely ignored the decision as the increase was viewed as insufficient to erase supply concerns. Refinery problems in the United States added to the nervousness in the market. At a Reuters Energy summit on 21 June 2005, the head of the US EIA stated that world oil prices would remain above US$50 a barrel on average for the next 18 months, adding that fundamental supply and demand factors were the real driving force behind high oil prices.

In Mauritius, as prescribed in terms of the Automatic Price Mechanism, the prices of mogas and diesel, during fiscal year 2004-05, were adjusted on a quarterly basis, to reflect trends in prices of petroleum products on the international market as well as exchange rate fluctuations. In June 2005, however, the government decided to postpone the adjustment in prices scheduled for start of July 2005 to the beginning of October 2005.

As shown in the above table, on 2 July 2004, the price of mogas went up by 15.0 per cent from Rs21.35 per litre to Rs24.55 per litre and by 6.3 per cent to Rs26.10 per litre on 2 October 2004. On 5 January 2005, it was reduced by 3.3 per cent to Rs25.25 per litre. It was kept unchanged at Rs25.25 per litre on 2 April 2005. For the year as a whole, the price of mogas registered an increase of 18.3 per cent.

On 2 July 2004, the price of diesel went up by 14.9 per cent, from Rs13.05 per litre to Rs15.00 per litre, followed by increases of 15.0 per cent to Rs17.25 per litre on 2 October 2004 and 7.2 per cent to Rs18.50 per litre on 5 January 2005. It was then reduced by 6.8 per cent to Rs17.25 per litre on 2 April 2005. For the year as a whole, the price of diesel registered an increase of 32.2 per cent.

Although OPEC increased the supply of oil in the first half of 2005, the price of oil has maintained its upward trend. NYMEX WTI averaged US$59.0 and US$65.0 in July 2005 and August 2005, respectively. After hurricane Katrina struck the Gulf of Mexico in the last week of August 2005, the price of oil went up further to reach a record intra-day high of US$70.85 a barrel on 30 August 2005 in New York trading. In its September 2005 World Economic Outlook, the IMF has revised its forecast for 2005 and 2006 to US$54.23 a barrel and US$61.75 a barrel respectively, up from US$46.50 a barrel and US$43.75 a barrel respectively, in the April 2005 World Economic Outlook. These new forecasts reflect growing demand for oil and limited spare capacity. Moreover, the IMF also stated that the probability that the price of West Texas Intermediate crude oil would be above US$80 a barrel by December 2005 was now twenty per cent compared with zero per cent in early 2005.

Domestic Price Adjustment: 2004-05

	Price of Mogas (Rs per litre)	Percentage Change	Price of Diesel (Rs per litre)	Percentage Change
2-Jul-04	24.55	15.0	15.00	14.9
2-Oct-04	26.10	6.3	17.25	15.0
5-Jan-05	25.25	-3.3	18.50	7.2
2-Apr-05	25.25	0.0	17.25	-6.8

2 Regulation and Supervision

The regulation and supervision of banks and deposit-taking activity of non-bank financial institutions were carried out by the Bank under the provisions of the Banking Act 1988 and the Bank of Mauritius Act 1966. The Bank was also empowered to regulate and supervise the operations of money-changers and foreign exchange dealers in accordance with the provisions of the Foreign Exchange Dealers Act 1995. As from 10 November 2004, the banking laws in Mauritius have been consolidated and overhauled through the promulgation of the Banking Act 2004 and the Bank of Mauritius Act 2004. The Bank remains the supervisor and regulator of banks and deposit taking activity of non-bank financial institutions, but has been given additional responsibilities and powers.

The regulatory and supervisory functions are entrusted to the Supervision Department of the Bank and include:

- Processing applications for Banking Licences as well as licenses for non-bank deposit-taking activity, money-changers and foreign exchange dealers;
- Issuing prudential regulations to be observed by authorised institutions; and
- Carrying out on-site inspection and off-site surveillance of such institutions.

Two of the objectives of the Bank are to ensure the safety and soundness of financial institutions falling within its supervisory oversight and the protection of depositors' interests. In this respect, the Bank has maintained its efforts towards the establishment of effective working relationships with financial institutions and their external auditors.

In line with international trends and international standards set out in the 25 Core Principles for Effective Banking Supervision of the Basel Committee on Banking Supervision (BCBS) to which the Bank has committed itself, the Bank further affirmed its commitment to risk-based regulation of financial institutions. The Core Principles provide the essential framework for the conduct of the relevant risk-based regulation and supervision.

In its continued effort to enhance the regulatory environment, the Bank issued the following guidelines to banks and non-bank deposit-taking financial institutions during the year under review:

(i) Guideline on Credit Risk Measurement and Income Recognition;

(ii) Guideline on Operational Risk Management and Capital Adequacy Determination; and

(iii) Guideline on Segmental Reporting under a Single Banking Licence Regime.

During the year, the Bank also revised the following:

(i) Guideline on Fit and Proper Person Criteria; and

(ii) Guidance Notes on Anti-Money Laundering and Combating the Financing of Terrorism for Financial Institutions.

Under the Banking Act 1988, there were two categories of Banking Licences – Category 1 and Category 2. Following the promulgation of the Banking Act 2004, this distinction was removed. However, up to 30 June 2005, banks continued to maintain a distinction between their Category 1 and Category 2 banking activities, and reported their performance separately. These banks are referred to as former Category 1 banks and former Category 2 banks.

As at end-June 2005, there were twenty banks operating in Mauritius – eight formerly held a Category 1 Banking Licence only, nine formerly held a Category 2 Banking Licence only and three formerly held both Category 1 and Category 2 Banking Licences. In addition, fourteen non-bank deposit-taking institutions, four money-changers and five foreign exchange dealers were in operation as at that date.

A list of authorised banks, non-bank deposit-taking institutions, money-changers and foreign exchange dealers as at 30 June 2005 is given in Appendix VI.

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

A new Bank of Mauritius Act relating to the central bank and a new Banking Act to regulate the banking industry were enacted on 12 October 2004. With the exception of a few provisions of the Banking Act 2004, both Acts are operative in Mauritius as from 10 November 2004.

The new Bank of Mauritius Act 2004 and Banking Act 2004 have repealed and replaced the Bank of Mauritius Act 1981, Banking Act 1988 and the Foreign Exchange Dealers Act 1995.

Both the Bank of Mauritius Act 2004 and the Banking Act 2004 enhance compliance with the Basel Core Principles for Effective Banking Supervision and take into consideration the recommendations made by the Financial Sector Assessment Program Team in the detailed assessment of compliance of the Basel Core Principles for Effective Banking Supervision and Transparency of Banking Supervision. The Banking Act 2004 and the Bank of Mauritius Act 2004 also enhance the supervisory powers of the Bank of Mauritius.

A. Bank of Mauritius Act 2004

The main objective of the Bank of Mauritius Act 2004 is to repeal and replace the law relating to the Bank of Mauritius, and to provide for related matters.

The Bank of Mauritius Act 2004 strengthens the central bank's institutional framework, endows it with more powers and gives it greater independence.

Some of the main provisions of the Act are highlighted below :

Section 4 – Objects of the Bank

The primary object of the Bank of Mauritius is to maintain price stability and to promote orderly and balanced economic development while the other objects are (a) to regulate credit and currency in the best interests of the economic development of Mauritius, (b) to ensure the stability and soundness of the financial system of Mauritius, and (c) to act as the central bank for Mauritius.

Section 12– Board of Directors

In accordance with the new Act, the Board of Directors of the Bank consists of the Governor of the Bank, who is also the Chairman, a First Deputy Governor, a Second Deputy Governor and between five to seven other Directors and is not, in the exercise of its functions, subject to the direction or control of any other person or authority.

Section 33 – Transparency

With a view to enhance transparency in the conduct of its operations, the Bank is required to promote open discussions and comments on its monetary and financial stability policies. In this context, the Bank will have to publish at least once a year, statements on its monetary policy and at least twice a year, statements on price stability and on the stability and soundness of the financial system.

Section 50 – Power to issue instructions

The Bank of Mauritius is empowered, for the efficient achievement of the purposes of the Bank of Mauritius Act 2004, by notice in writing to banks or to other financial institutions, to issue instructions or guidelines or impose requirements on or relating to the operations and activities of and standards to be maintained by banks and other financial institutions.

Section 52 – Credit Information Bureau

For the purpose of ensuring the operation of a sound credit information system in Mauritius, the Bank has been given the power to establish, in conjunction with banks, a Credit Information Bureau and to require, on such terms and conditions as it may deem fit, any bank or other financial institution to furnish at such time and in such manner such credit information as it may require for the purpose of, inter alia, maintaining a data base on borrowers and guarantors.

Section 54 – Monetary Policy Committee

Section 54 of the new Bank of Mauritius Act provides for the setting up of a Monetary Policy Committee, consisting of the Governor as

Chairman, the two Deputy Governors, two other Directors of the Board and three other persons, not being Directors or employees of the Bank, having recognised experience in the field of economics, banking or finance, with responsibility to conduct the Bank's monetary policy and manage the exchange rate of the rupee and to determine, with the concurrence of the Minister of Finance, the accepted range of the rate of inflation.

Section 60 – Deposit Insurance

Provision is made in this section of the Bank of Mauritius Act for the Bank to advance funds to the deposit insurance scheme which may be established pursuant to section 93 of the Banking Act 2004, on such repayment terms and conditions as it deems fit for the administration of the scheme.

The Bank would also, in the event that the entity responsible for the administration of the deposit insurance scheme is a company, be entitled to purchase share capital of that entity.

B. Banking Act 2004

The Banking Act 2004, *inter alia*, amends and consolidates the laws relating to the business of banking and other financial institutions. The Banking Act 2004 captures under its umbrella financial institutions, which have been defined in the Act as meaning banks, non-bank deposit taking institutions and cash dealers. Cash dealer in the Act refers to a foreign exchange dealer or a money-changer.

The dichotomy which existed between offshore and domestic banks has ceased to exist under the new legislation which provides for the issue of a unique banking licence for all banking institutions.

Some of the main provisions of the Act are given hereunder.

Section 12 – Licensing of deposit taking business

Whereas, under the Banking Act 1988, non-bank deposit taking institutions were issued with an authorisation to carry on deposit taking business, those institutions are now, by virtue of the new Banking Act, required to take out a licence from the Bank of Mauritius.

Section 13 – Licensing of cash dealers

Cash dealers which were formerly regulated under the Foreign Exchange Dealers Act 1995, will henceforth be licensed and supervised by the Bank of Mauritius under the Banking Act 2004.

Section 19(b) – Other restrictions (significant interest)

The Banking Act 2004 prohibits a financial institution from causing or permitting any person from holding any significant interest in any class of shares in its stated capital, except with the prior approval of the central bank.

'Significant interest' is interpreted in the Act as 'owning, directly or indirectly, 10 per cent or more of the capital or of the voting rights of a financial institution or, directly or indirectly, exercising a significant influence over the management of the financial institution, as the central bank may determine'.

Sections 20 & 102(a) – Minimum capital requirements of banks

By virtue of sections 20 and 102 (a) of the Banking Act 2004, banks are required to maintain in Mauritius, an amount paid as stated capital or an amount of assigned capital of not less than 200 million rupees or the equivalent amount in any freely convertible currency held in assets in or outside Mauritius, as may be approved by the central bank or such higher amount as may be prescribed, after deduction of the accumulated losses of the bank.

In the case of a bank having a capital of less than 200 million rupees, it has been given up to 1 July 2005 to raise its capital to not less than 150 million rupees and up to 1 July 2006 for the capital to be raised to not less than 200 million rupees, after deduction of the accumulated losses of the bank.

Section 36 – Credit assessments and asset appraisals

The central bank has been given powers to require a bank, by notice, to, *inter alia*, undergo an independent assessment of its credit worthiness or financial stability or to assess the value of its assets, in particular real estate and other related assets, by a person or organisation nominated or approved by the central bank.

Section 43 – Special examinations

Where it appears expedient or necessary to determine whether a financial institution is in a sound financial condition and is complying with the banking laws or any enactment relating to anti-money laundering or prevention of terrorism or guidelines and instructions issued by the central bank, as the case may be, the central bank may appoint one or more of its officers or such other duly qualified person to conduct a special examination in respect of the affairs of the financial institution.

Section 52 – Electronic Delivery Channel

Banks may, under this section of the Act, provide services to customers through electronic delivery channels such as the Internet. They are however, required by the Act to have such systems to identify, monitor, and control transactional risk from the bank's use of technology and provide security for their internet platforms, including systems for customer authentication and for physical and logical protection against unauthorized external access by individual penetration attempts, computer viruses, denial of service, and other forms of electronic access, as the central bank considers adequate.

Section 54 – Internal control systems

Every bank is required to maintain adequate internal control systems, commensurate with the nature and volume of its activities and various types of risks to which it is exposed, regarding (i) operations and internal procedures, (ii) the organisation of accounting and information processing systems, (iii) risk and result measurement systems, (iv) documentation and information systems and (v) cash flow transactions monitoring systems.

Section 57 – Bank's obligations towards customers

A bank upon which cheques have been drawn by its customer is required to send or make available to the customer a statement of account in written or electronic form, showing payment of the cheques for the account and shall either return or make available to the customer the cheques paid or provide information in the statement of account sufficient to allow the customer reasonably to identify the cheques paid.

Section 64 – Confidentiality

Financial institutions have a duty to maintain confidentiality of information. However, the duty of confidentiality ceases to apply, inter alia, where the information is required for transmission to the Credit Information Bureau established under the Bank of Mauritius Act 2004 or where the bank is required to make a report or provide additional information on a suspicious transaction to the Financial Intelligence Unit under the Financial Intelligence and Anti-Money Laundering Act 2002.

The Commissioner under the Prevention of Corruption Act 2002, the Chief Executive of the Financial Services Commission established under the Financial Services Development Act 2001, the Commissioner of Police, the Director-General of the Revenue Authority, the Revenue Commissioner under the Unified Revenue Act, or any other competent authority in Mauritius or outside Mauritius, who requires any information from a financial institution relating to the transactions and accounts of any person, has to apply to a Judge in Chambers for an order of disclosure of such transactions and accounts or such part thereof as may be necessary.

Section 96 – Ombudsperson for banks

The Banking Act 2004 also provides for the appointment of an Ombudsperson to deal with complaints by customers.

C. The Financial Reporting Act 2004

The Financial Reporting Act 2004 was enacted on 10 December 2004 with a view to setting up the appropriate legislative framework for the establishment of:

(i) the Financial Reporting Council, which shall have the responsibility of monitoring the truth and fairness of financial reporting and of overseeing auditing practices;

(ii) the Mauritius Institute of Professional Accountants with the responsibility of regulating the accountancy profession in Mauritius;

(iii) the National Committee on Corporate Governance, which shall act as the national coordinating body responsible for all matters pertaining to corporate governance; and

(iv) the Mauritius Institute of Directors, which shall act as the responsible body for promoting the highest standards of corporate governance, and of business and ethical conduct of directors.

In order to promote cooperation between regulatory bodies, the Financial Reporting Act 2004 makes provision for the Financial Reporting Council to enter into a Memorandum of Understanding with such regulatory body as it considers appropriate in order to exchange or share information for the purpose of discharging its functions under the Act.

The Act is operative in Mauritius since 20 January 2005.

D. *Bills of Exchange Act*

One of the consequential amendments brought about by the Banking Act 2004 is the inclusion in the Bills of Exchange Act of a new provision which enables the presentment of cheque for payment by electronic means.

Another new provision entitled 'Non-transferable cheques' has been added to the Bills of Exchange Act which provides that where a cheque is crossed and bears across its face the words 'account payee' or 'a/c payee', either with or without the word 'only', the cheque shall not be transferable, but shall only be valid as between the parties thereto.

E. *The Finance Act 2005*

The Finance Act 2005, enacted on 20 April 2005, brought amendments, *inter alia*, to the Banking Act 2004, Bank of Mauritius 2004, Companies Act 2001, Financial Intelligence and Anti-Money Laundering Act 2002, Income Tax Act 1995, Prevention of Corruption Act 2002, Prevention of Terrorism Act 2002 and Value Added Tax Act 1998, as follows:

The Banking Act 2004

Section 7(6)(a) has been amended to provide for a banking licence to specify only the name of the licensee and the place or places at which the licensee is authorised to conduct banking business and not the financial activities which a bank may be authorised to conduct.

The heading of section 14 has been changed from 'Granting of cash dealer licences' to 'Granting of licences to cash dealers'. The words 'for a cash dealer licence' in section 14(1) have been replaced by the words 'for a foreign exchange dealer licence or a money-changer licence, as the case may be'.

The words 'in Mauritius' in section 33(3)(c) have been deleted so that records of every transaction that a financial institution conducts shall be kept at the principal office of the financial institution, or at such other place, as may be approved by the central bank.

The words 'a bank' and 'the bank' wherever they appear in section 59 have been respectively replaced by the words 'a financial institution' and 'the financial institution'.

Bank of Mauritius Act 2004

The words 'provide advice to the Bank in the discharge of its functions' in section 25(1) of the Act have been deleted and replaced by the words 'provide such services to the Bank as it thinks fit'.

While the Bank of Mauritius Act 2004 and Banking Act 2004 have, upon their enactment, made consequential amendments to certain statutes, others still had been missed out. To remedy the situation, the Finance Act 2005 brought about amendments to the following enactments in order to align certain provisions of those Acts with the new provisions found in the Banking Act 2004 and Bank of Mauritius Act 2004.

Financial Intelligence and Anti-Money Laundering Act 2002

The definitions of 'bank', 'Bank of Mauritius' and 'cash dealer' in section 2 have been deleted and replaced by the following definitions:

- 'bank' has the same meaning as in the Banking Act 2004 and includes any person licensed under the Banking Act 2004 to carry on deposit taking business.
- 'Bank of Mauritius' means the Bank of Mauritius established under the Bank of Mauritius Act 2004.
- 'cash dealer' has the same meaning as in the Banking Act 2004.

The words 'the Banking Act' and 'the Bank of Mauritius Act' in the definition of 'relevant enactments' in section 2 have been replaced by the words 'the Banking Act 2004' and 'the Bank of Mauritius Act 2004'.

Paragraphs (a), (b) and (c) of section 18(2) which relate to regulatory action in the event of non-compliance by any bank or cash dealer, have been repealed and replaced by two new paragraphs. As per the new paragraphs, in the event of any failure by a bank or cash dealer to comply with the provisions of the Financial Intelligence and Anti-Money Laundering Act 2002, the Bank of Mauritius may, in the absence of any reasonable excuse, in the case of a bank, proceed against the bank under sections 11 and 17 of the Banking Act 2004 on the ground that it is carrying on business in a manner which is contrary to the interest of the public and likewise, in the case of a cash dealer or a person licensed to carry on deposit taking business, proceed against him under sections 16 and 17 of the Banking Act 2004 on the ground that he is carrying on business in a manner which is contrary to the interest of the public.

Income Tax Act 1995

In view of the fact that the dichotomy between Category 1 and Category 2 banks has been removed and a single banking licence is now being issued under the Banking Act 2004, the definition of 'non-resident' in the Income Tax Act 1995 has been deleted and replaced by a new definition which provides that 'non-resident', in so far as it applies to a bank holding a banking licence under the Banking Act 2004, means a person whose centre of economic interest is located outside Mauritius and includes a company incorporated in Mauritius in so far as its banking transactions carried out through a permanent establishment outside Mauritius are concerned, but does not include a company incorporated outside Mauritius in so far as its banking transactions carried out through a permanent establishment in Mauritius are concerned.

This amendment is deemed to come into operation as from the year of assessment commencing 1 July 2006.

Prevention of Corruption Act 2002 and Prevention of Terrorism Act 2002

The definitions of 'bank' and 'cash dealer' in section 2 of each of the Prevention of Corruption Act 2002 and Prevention of Terrorism Act 2002 have been deleted and replaced by new definitions. As per the new definitions 'bank' has the same meaning as in the Banking Act 2004 and includes any person licensed under the Banking Act 2004 to carry on deposit taking business and 'cash dealer' has the same meaning as in the Banking Act 2004.

Value Added Tax Act 1998

A corresponding change in the definition of 'non-resident' as carried out in the Income Tax Act 1995 has been made in the Value Added Tax Act 1998.

Paragraph (g) of section 21(2) relating to credit for input tax against output tax has been deleted and a new provision inserted which provides that no input tax shall be allowed as a credit in respect of goods and services used by banks holding a banking licence under the Banking Act 2004 for providing banking services other than to non-residents and corporations holding a Global Business Licence under the Financial Services Development Act 2001.

Similarly, a new paragraph (ga) has been inserted in section 21(2) to provide that no input tax shall be allowed as a credit in respect of banking services provided by banks holding a banking licence under the Banking Act 2004 other than to non-residents and corporations holding a Global Business Licence under the Financial Services Development Act 2001.

In the first schedule, where a list of goods and services which are exempted from VAT is provided, in item 50(a) the words '(other than services supplied by holders of a Category 2 Banking Licence)' have been deleted and replaced by the words '(other than services supplied by a bank holding a banking licence under the Banking Act 2004 in respect of its banking transactions with non-residents and corporations holding a Global Business Licence under the Financial Services Development Act 2001)'.

Regulatory Measures

Sixteen prudential guidelines regulating the banking sector were in force as at 30 June 2005, as follows:

(i) Guideline on Credit Concentration Limits;

(ii) Guidance Notes on Risk Weighted Capital Adequacy Ratio;

(iii) Guideline on General Principles for Maintenance of Accounting and other Records and Internal Control Systems;

(iv) Guideline for Calculation and Reporting of Foreign Exchange Exposures of Banks;

(v) Guideline on Liquidity;

(vi) Guideline on Internet Banking;

(vii) Guideline on Corporate Governance;

(viii) Guideline on Related Party Transactions;

(ix) Guideline on Transactions or Conditions respecting Well-Being of a Financial Institution Reportable by the External Auditor to the Bank of Mauritius;

(x) Guideline on Public Disclosure of Information;

(xi) Guideline on Credit Risk Management;

(xii) Guideline on Credit Impairment Measurement and Income Recognition;

(xiii) Guideline on Fit and Proper Person Criteria;

(xiv) Guidance Notes on Anti-Money Laundering and Combating the Financing of Terrorism;

(xv) Guideline on Operational Risk Management and Capital Adequacy Determination;

(xvi) Guideline on Segmental Reporting under a Single Banking Licence Regime.

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

The Guidance Notes on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) have been reviewed in the light of legislative changes brought about by the enactment of the Bank of Mauritius Act 2004 and Banking Act 2004, experience gathered and constant dialogue between the Bank and stakeholders. The new Special Recommendation IX on 'Cash Couriers' and new Recommendation 19 of the Forty Recommendations issued by the FATF have also been incorporated in the revised Guidance Notes.

The Bank has in terms of Section 18(1)(a) of the Financial Intelligence and Anti-Money Laundering Act 2002, Section 100 of the Banking Act 2004 and Section 50 of the Bank of Mauritius Act 2004, formally issued the revised Guidance Notes on AML/CFT to the Industry.

The revised Guidance Notes supersede the Guidance Notes issued by the Bank in December 2003 and are effective since 7 June 2005.

Guideline on Credit Impairment Measurement and Income Recognition

In June 2003, a draft Guideline on Credit Impairment Measurement and Income Recognition was issued to deposit-taking financial institutions for consultation. The Guideline was finalised and was issued in November 2004 to all deposit-taking financial institutions falling under the purview of the Bank of Mauritius.

The Guideline focuses on the International Accounting Standard 39 (IAS 39), entitled 'Financial Instruments: Recognition and Measurement". The Standard that deals with, among other things, the impairment and uncollectability of financial assets has been subject to revisions recently. The revised Standard now applies to annual periods beginning on or after 1 January 2005.

The objective of the Guideline is to ensure that:

(i) financial institutions have adequate processes for determining allowance for credit losses;

(ii) the carrying amounts of credit portfolio represent recoverable values, and

(iii) there is timely recognition of identified losses.

The derecognition and impairment provisions of the Standard also apply to lease receivables recognised by a lessor.

The Guideline on Credit Impairment Measurement and Income Recognition replaces the previous Guideline on Credit Classification for Provisioning Purposes and Income Recognition.

Guideline on Operational Risk Management and Capital Adequacy Determination

The Guideline on Operational Risk Management and Capital Adequacy Determination issued in February 2005 is applicable to all banks. For the purpose of determining capital adequacy, the requirements of the Guideline are supplementary to those of the Guidance Notes on Risk Weighted Capital Adequacy Ratio, which pertain to credit risk.

Recognising that banks across the world have installed more specific structures and processes aimed at managing operational risk, the Basel Committee on Banking Supervision (BCBS) has given operational risk similar importance and stature as credit and market risks and required that banks apply similar level of rigour and resources to controlling and managing operational risk. In line with the recommendations made by the BCBS, the Guideline on Operational Risk Management and Capital Adequacy Determination requires each bank to establish an appropriate, comprehensive approach to the identification, measurement, monitoring and control of operational risk and to make an adequate provision of capital to protect against operational risk.

In this respect each bank should establish a written policy on operational risk management that should clearly set out, inter alia, the principles for identifying, assessing, monitoring and controlling/mitigating operational risk and directives for managing risks associated with outsourcing activities.

The Guideline also requires foreign banks operating branches in Mauritius to implement a management framework for operational risk. The head office of the branch should, however, ensure, at the consolidated level, that the branch complies with the capital adequacy requirements for operational risk as well as other applicable regulations, guidelines and instructions.

Guideline on Fit and Proper Person Criteria

The objective of the Guideline on Fit and Proper Person Criteria issued in March 2005 is to set out a framework for assessing a person's capacity to act as a fit and proper person and to provide for a basis for decision in the matter. The Guideline, which applies to banks, non-bank deposit-taking institutions, foreign exchange dealers and money-changers, collectively referred to as financial institutions, supersedes the Guidance Notes on Fit and Proper Person Criteria issued by the Bank in October 2003.

The Guideline requires that shareholders with significant influence, directors and senior officers of financial institutions be and be seen as fit and proper. It is the responsibility of the board of directors of the institutions to ensure that this is actually the case.

The criteria outlined in the Guideline for assessing fitness and propriety of a person are categorised under three captions:

(i) Honesty, integrity, diligence, fairness and reputation

(ii) Competence and capability; and

(iii) Financial soundness

The criteria are to be applied individually but it is their cumulative effect that will determine whether a person meets the test. Failure to meet one criterion will not, of its own, necessarily mean failure to meet the test of fit and proper person. The process involves a good measure of judgement, which needs to be exercised in a fair and judicious manner in the best interests of the institution and the sound conduct of its business.

Guideline on Segmental Reporting under a Single Banking Licence Regime

Following the promulgation of the Banking Act 2004 in November 2004, separate licensing of Category 1 banks and Category 2 banks has been eliminated. Accordingly, all banks may transact in all currencies, including the Mauritian rupee.

The Guideline on Segmental Reporting under a Single Banking Licence Regime issued to banks in June 2005 highlights the following issues:

(i) the choices that banks have respecting their principal lines of business;

(ii) the concept of 'foreign source income' for tax purposes;

(iii) the treatment of specific deposit liabilities for the cash reserve ratio requirement under section 49(1) of the Bank of Mauritius Act 2004;

(iv) the exemption from the maintenance of the capital adequacy ratio under section 20(2) of the Banking Act 2004; and

(v) the reliance on home regulator global capital adequacy assessment in respect of banking business when conducted by an unincorporated branch of a foreign bank.

The Guideline lays emphasis on the need for banks to comply with the requirement of International Accounting Standards regarding disclosure of financial information on distinguishable segments of their business.

For the conduct of the entire banking business by one entity operating under a single banking licence, banks will have to maintain appropriate accounting systems and controls so as to ensure accuracy and integrity of information, which will, for example, determine the 'foreign source income' and to facilitate efficient flow and extraction of information for reporting to the Bank of Mauritius in connection with its supervisory and monetary control responsibilities.

For the purpose of the implementation of the above requirements, the banking business of a licensed bank has been divided into two segments, Segment A and Segment B. Segment B relates to the banking activities that give rise to 'foreign source income'. All other banking activities will be classified under Segment A. It is recognised that some banks will operate exclusively in Segment A, some exclusively in Segment B and others in both.

The Guideline defines 'foreign source income' as in the Income Tax (Foreign Tax Credit) Regulations 1996, as subsequently amended by section 103 of the Banking Act 2004, as income which is not derived from Mauritius and includes in the case of a bank holding a Banking Licence under the Banking Act 2004 income derived from its banking transactions with non residents or corporations holding a Global Business Licence (GBL) under the Financial Services Development Act 2001.

Services provided to non-residents and/or GBL holders will generate 'foreign source income'. However, the funds utilised to finance these services may come from either non residents/GBL holders or residents.

Cash Reserve Ratio

As from 1 July 2005, the effective date of the Guideline, all deposits of non-residents and/or GBL holders which are used exclusively for financing Segment B activity will not be subject to the minimum cash reserve ratio requirement under section 49(1) of the Bank of Mauritius Act 2004.

Deposits of other units, except Government deposits, will be subject to the minimum cash reserve ratio requirement.

The Guideline stresses the fact that any deliberate shifting of deposit liabilities by banks with a view to avoiding the minimum cash reserve requirement will be dealt with as an infringement in the manner prescribed under section 49(6) of the Bank of Mauritius Act 2004.

Capital Adequacy Ratio

Former Category 2 banks that were unincorporated branches of foreign banks were not required to maintain the minimum risk weighted capital adequacy ratio of 10 per cent as they were considered as falling under the responsibility of the home regulator of their parent bank. This treatment will now apply to Segment B operations of unincorporated branches of foreign banks only.

On the other hand, an incorporated subsidiary of a foreign bank that has opted to carry out Segment B business will continue to be subject to the minimum capital adequacy ratio.

In the context of capital adequacy determination banks that are related to large global banks are expected to opt eventually for specific approaches to capital adequacy under the different options available under Basel II. The model adopted should show an improvement on the current Basel Accord approach.

Segmental Reporting

The Guideline requires banks to report data on both Segment A and Segment B banking activities as appropriate. In this respect the Bank of Mauritius has revisited reports to be submitted by banks.

Under section 34(2) of the Banking Act 2004, the central bank is empowered to require a financial institution to prepare, in respect of its distinct types of business, its financial statements in such distinct basis as may be determined. In this respect, banks will have to draw segmental financial statements as set out in the Guideline, commencing with the next financial year as from 1 July 2005.

Other Supervisory Development

CAMEL Rating

CAMEL is a common rating system used by many regulators around the world for evaluating the financial condition of a financial institution. It is a collection of five components namely, Capital adequacy, Asset quality, Management, Earnings or profitability; and Liquidity. Each of these components is analysed and a rating of 1 to 5 assigned. Eventually a composite rating for the institution is determined.

The Bank has been using the CAMEL rating system for a number of years for off-site monitoring and for identifying risk areas. It has been of considerable assistance to the Bank in sharpening its focus on the financial health and well being of an institution. As from January 2005, the Bank started informing former Category 1 banks about the rating assigned to them. While the rating cannot be expected to cover all risk areas faced by a bank, it is expected that it will serve as guidance to management in identifying areas for improvement. The rating is communicated to former Category 1 banks under the strict condition that it will not be published or disclosed to any third party without the written consent of the Bank.

Domestic Banking Sector

Banking Activity

During 2004-05, the on-balance sheet assets of former Category 1 banks increased by Rs16,487 million, or 9.4 per cent, from Rs174,641 million as at end-June 2004 to Rs191,128 million as at end-June 2005, compared to a growth rate of 13.0 per cent in the preceding fiscal year. Off-balance sheet items, consisting of acceptances, documentary credits and guarantees, increased by 22.1 per cent, from Rs17,766 million as at end-June 2004 to Rs21,686 million as at end-June 2005.

Banks' foreign currency assets went up by Rs7,445 million to Rs29,291 million as at end-June 2005 and represented 15.3 per cent of their total assets compared to 12.5 per cent as at end-June 2004.

Shareholders'/Head Office funds went up by 23.4 per cent to Rs19,885 million as at end-June 2005 compared to a growth rate of 13.5 per cent in 2003/04. Shareholders' funds accounted for 10.4 per cent of total resources of former Category 1 banks as at end-June 2005.

Banks' total advances, including financing by way of subscription to debentures, increased by Rs9,270 million, or 10.2 per cent, from Rs91,267 million as at end-June 2004 to Rs100,537 million as at end-June 2005, compared to a rise of 6.3 per cent in the preceding year. The ratio of total advances to total assets stood at 52.6 per cent as at end-June 2005 compared to 52.3 as at end-June 2004.

Total deposits of former Category 1 banks went up by Rs10,452 million, or 7.9 per cent, from Rs132,778 million as at end-June 2004 to Rs143,230 million as at end-June 2005, compared to a growth rate of 14.2 per cent in the previous fiscal year. Deposits accounted for 74.9 per cent of banks' total funds as at end-June 2005 compared to 76.0 per cent as at end-June 2004.

Banks' investment in Treasury Bills, other Government securities and Bank of Mauritius Bills increased by Rs891 million, from Rs44,792 million as at end-June 2004 to Rs45,683 million as at end-June 2005 compared to a more significant increase of Rs11,620 million, or 35 per cent in 2003/04. The share of such investment in banks' total assets went down from 25.6 per cent as at end-June 2004 to 23.9 per cent as at end-June 2005.

Banks' investment in equity and quasi-equity of other companies increased by Rs335 million, or 7.4 per cent, to Rs4,852 million as at end-June 2005 compared to a significant growth of 65.1 per cent in 2003-04. As at end-June 2005, they represented 2.5 per cent of total assets.

Institutional Developments

During 2004-05, two additional banks introduced the use of plastic money in the form of credit and debit cards, bringing the total number of banks providing such services to eight. Phone-banking facilities are offered by four banks. With the approval of the Bank of Mauritius, Internet banking services (transactional) are being provided by two former Category 1 banks through their web sites.

Customers have been making increasing use of service units, more specifically Automated Teller Machines (ATMs) and electronic delivery multi-channels that include Internet banking services. The number of customers having recourse to the use of Internet banking increased from 16,884 at end-June 2004 to 24,812 at end-June 2005. Over the same period, the number of customers making use of phone banking increased from 42,378 to 52,830.

Between end-June 2004 and end-June 2005, the number of ATMs in operation in Mauritius rose by 20, from 273 to 293 and the number of cards in circulation increased from 831,386 to 908,676. Outstanding advances on credit cards increased from Rs822 million as at end-June 2004 to Rs907 million as at end-June 2005. The monthly average number of transactions involving the use of credit cards, debit cards, ATMs and Merchant Points of Sale amounted to 2.6 million for a total value of Rs4,451 million for the period July 2004 to June 2005 compared to a monthly average of 2.4 million for a total value of Rs3,943 million in 2003-04.

Bank Performance

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

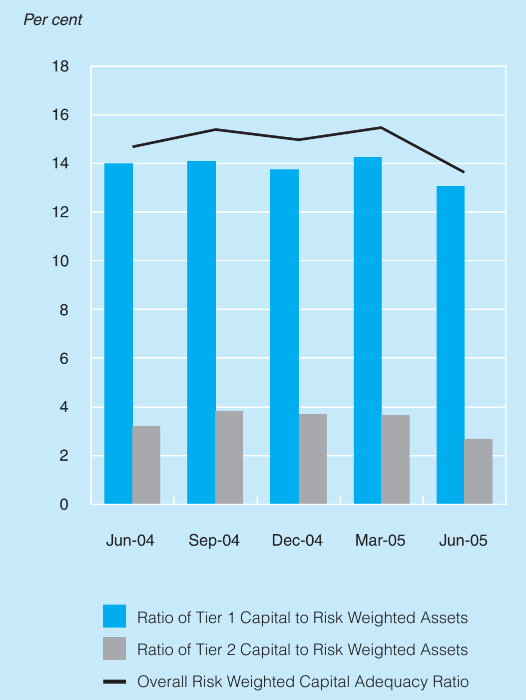
- Risk Weighted Capital Adequacy Ratio;
- Foreign Exchange Exposure;
- Concentration of Risk and Large Exposures; and
- Profitability

Risk Weighted Capital Adequacy Ratio

Capital is the main determinant of a bank's lending capacity and also the first element used to assess the solvency of a bank. A strong capital reduces the risk of failure because it provides the first cushion against risk exposures and thus maintains the confidence of depositors.

As from 1 April 2005, as per the Guideline on Operational Risk Management and Capital Adequacy Determination, banks are required to maintain a capital buffer to protect against operational risks. They were given the possibility of

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



choosing among three main approaches for calculating the capital charge for operational risk; namely the Basic Indicator Approach; the Standardised Approach; and the Advanced Measurement Approach. Banks were encouraged to move along the ascending spectrum of approaches as they achieve increasing sophistication in their operational risk systems and processes. As a minimum, however, banks have to implement the Basic Indicator Approach. Ten of the former Category 1 banks have opted for the Basic Indicator Approach, while one bank has chosen the Alternative Standardised Approach, which is a slightly simplified version of the Standardised Approach.

As at end-June 2005, all former Category 1 banks reported risk weighted capital adequacy ratios above the prescribed minimum of 10.0 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 former Category 1 banks went down from 14.7 per cent as at end-June 2004 to 13.6 per cent as at end-June 2005. This drop was due to the inclusion of risk weighted assets for operational risk of Rs11,419 million in the June 2005 calculation. Had this figure not been included, the weighted capital adequacy ratio as at 30 June 2005 would have been 15.0 percent. In 2004-05, the overall ratio varied within a range of 13.6 per cent to 15.5 per cent compared to a range of 12.6 per cent to 15.0 per cent in 2003-04.

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

(Rs million)

As at end of period	Jun-04	Sep-04	Dec-04	Mar-05	Jun-05
Tier 1 Capital	14,533	14,943	15,008	15,748	16,363
Tier 2 Capital	3,352	4,050	4,049	4,031	3,386
Total Gross Capital	**17,885**	**18,993**	**19,057**	**19,779**	**19,749**
Capital Deductions	2,658	2,680	2,711	2,716	2,693
Total Net Capital (A)	**15,227**	**16,313**	**16,346**	**17,063**	**17,056**
Total Risk Weighted Assets (B)	**103,767**	**105,946**	**109,152**	**110,386**	**125,211**
of which:					
Risk weighted on-balance sheet assets	92,399	95,029	98,221	99,345	102,312
Risk weighted off-balance sheet assets	9,179	9,735	10,549	10,445	10,874
Foreign exchange rate and interest rate related contracts	78	78	70	77	82
Foreign currency exposure	2,111	1,104	312	519	524
Risk weighted assets for Operational Risk *	N/a	N/a	N/a	N/a	11,419
Risk Weighted Capital Adequacy Ratio (A/B)	**14.7%**	**15.4%**	**15.0%**	**15.5%**	**13.6%**

* *N/a: Not applicable*

The aggregate capital base of former Category 1 banks is made up of Tier 1 capital (Core Capital) and Tier 2 capital (Supplementary Capital) net of capital deductions. Aggregate capital base increased by Rs1,829 million, or 12.0 per cent, from Rs15,227 million as at end-June 2004 to Rs17,056 million as at end-June 2005. The share of Tier 1 capital in total gross capital (Tier 1 and Tier 2) increased marginally from 81.3 per cent as at end-June 2004 to 82.9 per cent as at end-June 2005.

Up to the third quarter of 2004-05, total risk weighted assets comprised risk weighted on-balance sheet assets, risk weighted off-balance sheet exposures, foreign exchange and interest rate related contracts and foreign currency exposure. As from the last quarter of 2004-05 the total risk weighed assets also include risk-weighted assets for operational risk. During 2004-05, total risk weighted assets (excluding risk-weighted assets for operational risk) increased by Rs10,025 million, from Rs103,767 million as at end-June 2004 to Rs113,792 million as at end-June 2005. This was mainly due to risk weighted on-balance sheet assets and off-balance sheet assets increasing by Rs9,913 million and Rs1,695 million, respectively. The inclusion of risk-weighted assets for operational risk had the effect of increasing the total risk weighted assets by Rs11,419 million, to Rs125,211 million.

During the year 2004-05, banks' investment in high-risk assets remained almost unchanged while investment in low-risk assets registered a drop. Assets in the 100 per cent risk weight bucket as a proportion of total risk weighted assets fell marginally from 51.9 per cent as at end-June 2004 to 51.4 per cent as at end-June 2005 while the share of zero-risk weighted assets also declined from 36.3 per cent to 33.6 per cent during the same period.

Table 2.1 shows the risk weighted capital adequacy ratios maintained by former Category 1 banks on a quarterly basis from end-June 2004 through end-June 2005.

Foreign Exchange Exposure

Pursuant to section 7(2) of the Foreign Exchange Dealers Act 1995, banks were required to observe limits on their foreign exchange exposure in relation to their Tier 1 Capital. The Banking Act 2004 maintained this requirement. This measure is meant to ensure that banks manage their foreign exchange positions in a prudent manner. In July 1996, the Bank of Mauritius issued guidelines for the calculation and reporting of foreign exchange exposures on a daily basis.

The overall foreign exchange 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, banks are required to observe a daily 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 exposure in major currencies as well as their overall foreign exchange exposure. This limit was increased to 30% as from July 2005.

Table 2.2 shows the maturity pattern of foreign currency assets and liabilities of banks as at end-June 2004, end-December 2004 and end-June 2005.

As at end-June 2005, banks carried an overall excess of foreign currency liabilities over assets amounting to Rs1,895 million for all maturities of assets and liabilities taken together. Banks had a short position of Rs 6,235 million in the shorter maturity period of less than one month with the net exposure shifting to a net long position of Rs 6,580

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

(Rs million)

Maturity Period	End Jun-04 Foreign Currency			End Dec-04 Foreign Currency			End Jun-05 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	13,195	17,678	-4,483	14,826	21,390	-6,564	16,809	23,044	-6,235
Over 1 Month and Up to 3 Months	1,860	2,466	-606	2,710	3,960	-1,250	2,273	2,786	-513
Over 3 Months and Up to 12 Months	947	2,778	-1,831	1,760	1,494	266	1,479	3,206	-1,727
Over 12 Months	5,843	1,449	4,394	8,210	2,213	5,997	8,729	2,149	6,580
Total	**21,845**	**24,371**	**-2,526**	**27,506**	**29,057**	**-1,551**	**29,290**	**31,185**	**-1,895**

million in the longer maturity period of over 12 months.

Concentration of Risks and Large Exposures

Under section 29 of the Banking Act 2004, the Bank is empowered to regulate the level of banks' credit exposures to any one customer, or group of closely related customers. The Bank has issued a guideline on credit concentration limits to former Category 1 banks in 2000 and this is still applicable as at date. However, with the coming in force of the Banking Act 2004, the Guideline now also applies to former Category 2 banks.

Under the Guideline, all credits of a bank that are individually over 15 per cent of the bank's capital base, shall not in aggregate exceed the regulatory concentration limits of 600 per cent of its capital base.

In cases where a bank decides to grant credit facilities exceeding the applicable regulatory limits, it must obtain the prior written authorisation of the Bank and must provide such information to the Bank as it may prescribe. Such authorisation is granted 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.

The aggregate credit exposure of a locally incorporated bank, together with its subsidiary, associated 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. As 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.

Section 29(4) of the Banking Act 2004 provides the option to banks to seek exemption from the above requirements to that part of their banking business or investment banking business that is conducted in currencies other than Mauritius currency. In that respect, banks have been formally advised that concentration of risks in respect of their lending in currencies other than Mauritius rupee to members within their own group are exempted from compliance with the regulatory limit.

As at end-June 2005, the total fund and non-fund based facilities of former Category 1 banks, exceeding the threshold of 15 per cent of their capital base, totalled Rs39,331 million and represented 31 per cent of the overall on and off-balance sheet commitments of former Category 1 banks. The corresponding figure and ratio as at end-June 2004 were Rs38,637 million and 35 per cent, respectively.

Non-Performing Advances

In November 2004, the Bank of Mauritius issued a new Guideline on Credit Impairment Measurement and Income Recognition in which it is laid down that banks should, inter alia:

- establish credit risk management policy including credit impairment recognition and measurement policy, the associated internal controls, documentation processes and information systems; and
- assess at balance sheet date whether there is any objective evidence that a financial asset or group of assets is impaired.

Credit constitutes the largest part of a bank's business in Mauritius and its mismanagement can cause a serious threat to an institution's safety and soundness, impacting on the interest of depositors and other stakeholders. The determination of non-performing loans and provision for bad and doubtful debts are an essential tool for prudential credit risk management. Banks should set aside adequate provisions on loans that represent more than a normal risk of loss.

Where banks have established that there is objective evidence that a financial asset is impaired, they have to determine the amount of impairment loss. To compute the amount of impairment loss, the recoverable value of the financial asset should be estimated. Estimated recoverable value of loans is determined either individually or on a portfolio basis.

Individually Assessed Credits

The estimation of recoverable amount of an individually assessed credit is based on the future cash flows on the credit. The calculation of the future cash flows is based on reliable evidence for determining the amount recoverable.

In respect of large credits that are past due 180 days or more, the estimation of future cash flows is based on reliable business plan, with attributes outlined in the Guideline.

Regarding the calculation of the recoverable value of collateral, the latter should not exceed 50 per cent of the appraised value of the collateral, discounted to its present value using the loan's effective interest rate.

Ultimately, in determining the provisions for credit losses on individually assessed credits, the carrying amount of the loan should net off the present value of expected future cash flows and the discounted net realisable value of the collateral. The result is the amount of provision to be made under individually assessed credits.

Portfolio Assessed Loans

Loans that have not been individually assessed for impairment are assessed on a 'portfolio' basis. 'Portfolio' loans are divided into groups with similar characteristics and loss attributes and evaluated for impairment.

In determining provisions for credit losses for the groups, factors such as past loan loss experience and current economic and other relevant conditions, including known adverse economic conditions likely to affect sectoral financial performance, should be taken into account. However, the percentage of loan loss provision to aggregate amounts of loans in the entire 'portfolio' should not be less than 1 per cent.

General Provision

The Guideline made provision for the establishment of a general provision. It is designed to cover potential losses that are not captured in the allowances for individually assessed loans and 'portfolio' loans. Factors in support of a general provision are normally future-oriented.

Banks should exercise their best judgement to determine the amount of the general provision.

Non-performing advances, based on combined audited financial statements of former Category 1 banks, rose from Rs6,901 million in 2003/04 to Rs6,921 million in 2004/05, or 0.3 per cent. The ratio of non-performing advances of former Category 1

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

(Rs million)

	2001/02	2002/03	2003/04	2004/05
Charge for Bad and Doubtful Debts (for the period)	685	939	805	907
Total Advances of Banks (as at end of period)	74,715	85,629	89,474	97,385
Ratio of Charge for Bad and Doubtful Debts to Total Advances (Per cent, for the period)	0.9	1.1	0.9	0.9

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

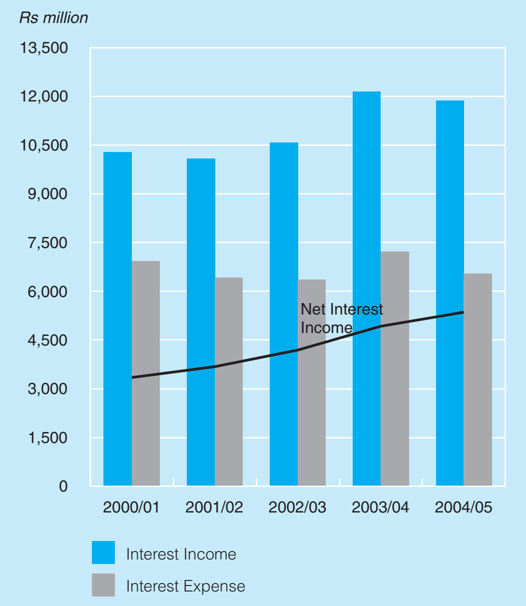
Table 2.4: Former Category 1 Banks: Consolidated Profit Performance [1]

(Rs million)

	2003/04	2004/05
Interest Income from Advances, Placements and Investments	12,154	11,883
Less Interest Expense on Deposits and Borrowings	7,232	6,529
Net Interest Income	**4,922**	**5,354**
Add Non-interest Income	3,006	3,323
	7,928	8,677
Less Staff and Other Operating Expenses	3,653	4,267
Operating Profit before Bad and Doubtful Debts and Taxation	**4,275**	**4,410**
Less Charge for Bad and Doubtful Debts	805	907
Exceptional Items	520	129
Operating Profit before Taxation	**2,950**	**3,374**
Share of Profits in subsidiaries and associates	163	216
Profit before Tax	**3,113**	**3,590**

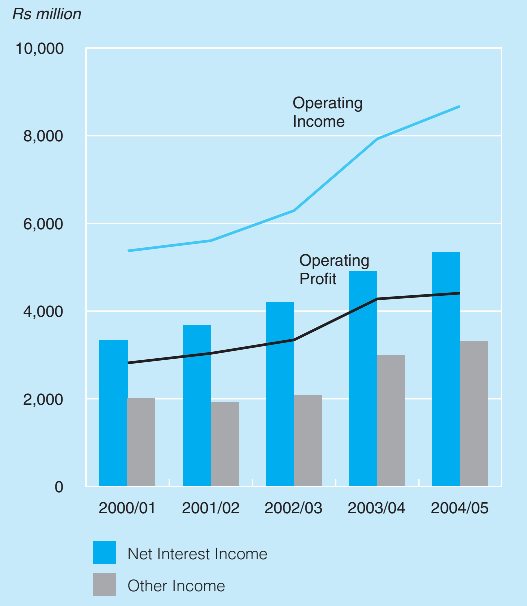
[1] *Based on combined audited data for financial years ended 30 June, 31 December and 31 March.*

Chart 2.2: Former Category 1 Banks: Components of Net Interest Income



All figures are for the period.

Chart 2.3: Former Category 1 Banks: Components of Income



All figures are for the period.

banks to their total advances dropped from 7.7 per cent in 2003/04 to 7.1 per cent in 2004/05.

Total provisions (inclusive of general provisions) for bad and doubtful debts increased from Rs3,341 million in 2003/04 to Rs4,514 million in 2004/05. As a proportion of total non-performing advances, total provisions for bad and doubtful debts went up from 48.4 per cent in 2003/04 to 65.2 per cent in 2004/05.

The total charge for bad and doubtful debts increased by 12.7 per cent, from Rs805 million in 2003/04 to Rs907 million in 2004/05.

Table 2.3 shows the charge for bad and doubtful debts and total advances of former Category 1 banks for the period 2001/02 through 2004/05.

Profitability

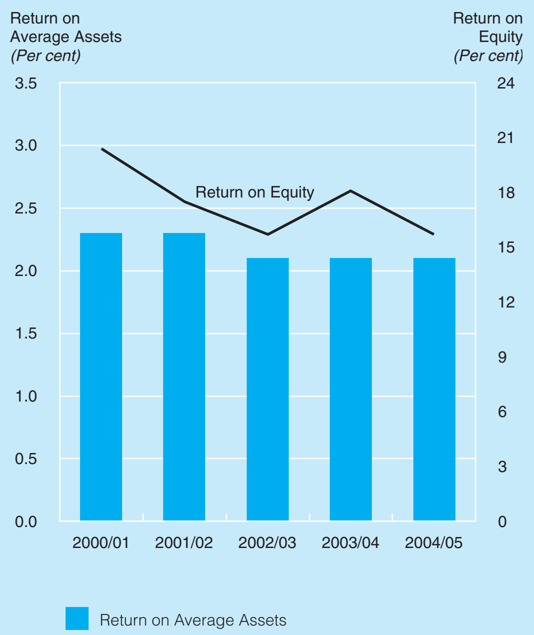
Four former Category 1 banks close their accounts on 30 June, six on 31 December, and one on 31 March. The consolidated position of the profit and loss accounts of the eleven former Category 1 banks are thus based on the combined audited data available at these different financial year-ends and is referred to as 2004/05.

Table 2.5: Former Category 1 Banks: Financial Performance

(Rs million)

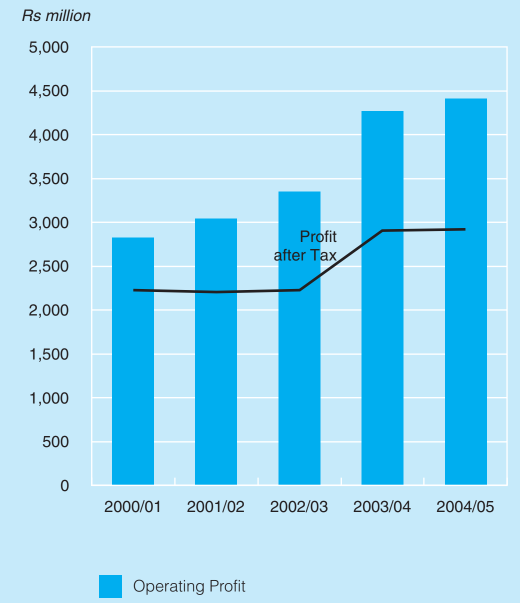
	2003/04	2004/05
Profit after Charge for Bad and Doubtful Debts but before Tax	3,113	3,590
Profit after Tax	2,904	2,923
Pre-tax Return on Average Assets (Per cent)	2.08	2.13
Pre-tax Return on Equity (Per cent)	19.30	19.29
Post-tax Return on Equity (Per cent)	18.01	15.70

Chart 2.4 : Former Category 1 Banks: Returns on Equity and on Average Assets



All figures are for the period.

Chart 2.5: Former Category 1 Banks: Consolidated Operating Profit and Profit after Tax



All figures are for the period.

The consolidated profitability of former Category 1 banks for 2004/05 includes that of Banque Des Mascareignes Ltée Ltd (BDM), which was issued a Category 1 Banking Licence in March 2003 and started operation on 14 June 2004. During 2004/05, with the exceptions of two banks, all banks have realised profits.

The aggregate pre-tax profits of former Category 1 banks went up by Rs477 million, or 15.3 per cent, from Rs3,113 million in 2003/04 to Rs3,590 million in 2004/05, mainly due to lower exceptional losses and higher share of income in associated companies. In fact, aggregate pre-tax profits before exceptional items and share of profits in associates experienced an increase of only 1.0 per cent, from Rs3,470 million in 2003/04 to Rs3,503 million in 2004/05.

Net interest margin, that is interest received on advances, placements and investments net of interest paid on deposits and borrowings, increased by Rs432 million, or 8.8 per cent, from Rs4,922 million in 2003/04 to Rs5,354 million in 2004/05. This increase is lower than the 12.3 per cent increase in the aggregate average assets of former Category 1 banks.

With the successive reduction in Lombard rate during 2004-05, both interest income and interest expense experienced a decline. Total interest income, which represented 78.2 per cent of total income, went down by Rs271 million, or 2.2 per cent, to Rs11,883 million in 2004/05. This is reflected in a lower interest per Rs100 of advances, down from Rs9.72 in 2003/04 to Rs8.54 in 2004/05. However, income derived from investments in Treasury/Bank of Mauritius Bills and Government securities experienced an increase of Rs142.9 million, or 3.9 per cent, mainly due to higher investments in these assets.

Total interest expense fell by Rs703 million, or 9.7 per cent, to reach Rs6,529 million in 2004/05. The average cost of deposits fell from Rs6.00 per Rs100 of deposits in 2003/04 to Rs4.70 per Rs100 in 2004/05.

The spread in interest rate between advances and deposits increased marginally from 3.72 per cent in 2003/04 to 3.84 per cent in 2004/05.

Charts 2.2 and 2.3 depict the trends in the components of net interest income and income of former Category 1 banks, respectively, for the period 2000/01 through 2004/05. Table 2.5 gives the consolidated profit performance of former Category 1 banks in 2003/04 and 2004/05.

Non-interest income, comprising mainly fee-based income, profits from foreign exchange transactions, dividend income and net profit on sale of securities, improved by Rs317 million, or 10.5 per cent, to reach Rs3,323 million in 2004/05. This improvement was mainly due to higher income realised from dealings in foreign currencies and higher income from fees and commissions.

The charge for bad and doubtful debts went up by Rs102 million, or 12.7 per cent, from Rs805 million in 2003/04 to Rs907 million in 2004/05.

The profitability of former Category 1 banks, as measured by the pre-tax return on average total assets, rose from 2.08 per cent in 2003/04 to 2.13 per cent in 2004/05, reflecting higher returns on assets. The pre-tax return on average assets of individual banks ranged between -15.9 per cent and 3.4 per cent in 2004/05. Five former Category 1 banks achieved a pre-tax return on average assets over 2.0 per cent during 2004/05.

Despite the increase in the pre-tax return on average assets, post-tax return on equity of former Category 1 banks fell from 18.01 per cent in 2003/04 to 15.70 per cent in 2004/05 due to an increase in the tax charge. The amount of tax was higher in 2004/05 compared to 2003/04 because in the latter period the Mauritius Commercial Bank Ltd made a lower tax provision following the NPF fraud. For individual banks, the post-tax return on equity ranged between -47.06 per cent and 24.22 per cent in 2004/05. Two former Category 1 banks achieved a return on equity of over 20 per cent during 2004/05.

Chart 2.4 shows the returns on equity and on average assets for former Category 1 banks for the period 2000/01 through 2004/05. Chart 2.5 depicts the evolution of the consolidated operating profit and the profit after tax of former Category 1 banks for the period 2000/01 through 2004/05.

Non-Bank Deposit Taking Institutions

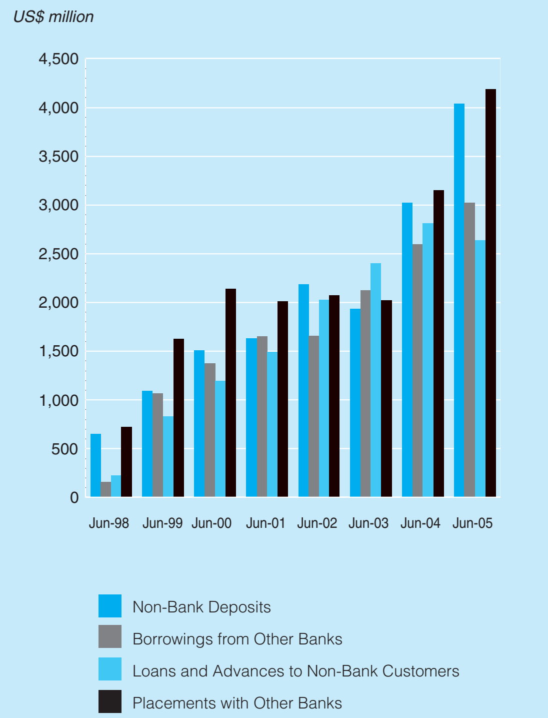
As at 30 June 2005, fourteen non-bank deposit taking institutions were authorised, under section 13A of the Banking Act 1988, to undertake deposit taking business in Mauritius. On 26 April 2004, GML Leasing Ltd of Groupe Mon Loisir was granted authorisation under section 13A of the Banking Act 1988 to carry on deposit taking

Table 2.6: Former Category 2 Banks: Profit Performance [1]

		(US$ million)
	2003/04	**2004/05**
Interest Income	187.7	207.1
Less Interest Expense on Deposits and Borrowings	103.8	113.3
Net Interest Income	**83.9**	**93.8**
Add Non-interest Income	2.8	16.9
Operating Income	**86.7**	**110.7**
Less Total Operating Costs	15.3	16.3
Staff Expenses	*5.3*	*6.7*
Other Expenses	*10.0*	*9.6*
Operating Profit	**71.4**	**94.4**
Less Charge for Bad and Doubtful Debts	7.1	(2.0)
Net Profit	**64.3**	**96.4**
Interest Income as a Percentage of Total Income (Per cent)	98.5	92.5
Cost to Income Ratio (Per cent)	19.2	14.5
Return on Average Assets (Per cent)	1.4	1.4

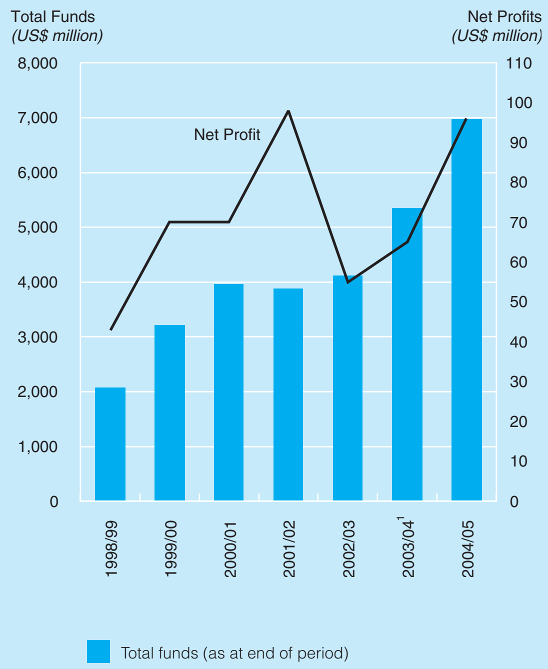
[1] *Based on combined audited data for financial years ended 30 June, 31 December and 31 March.*

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



All figures are as at end of period.

Chart 2.7 : Former Category 2 Banks: Total Funds and Net Profit [1]



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

business, which subsequently changed its name to Capital Leasing Ltd on 29 June 2004. It started its operations on 1 September 2004.

Total assets for the fourteen non-bank deposit taking institutions in operation as at end-June 2005 amounted to Rs25,418 million, of which net owned funds accounted for 14.9 per cent, or Rs3,800 million. Total deposits raised from the public stood at Rs15,911 million, representing 62.6 per cent of their resources. Debenture holdings as at end-June 2005 stood at Rs435 million and long-term loans availed of by these institutions amounted to Rs1,037 million. Advances extended to customers aggregated to Rs11,616 million, while an amount of Rs7,407 million was invested in leased assets, representing 45.7 per cent and 29.1 per cent of total assets, respectively. Total investment in Treasury/Bank of Mauritius Bills and other Government securities amounted to Rs3,012 million as at end-June 2005 and represented 11.9 per cent of total assets.

Global Business Banking Sector

At end-June 2005, twelve banks previously holding a Category 2 Banking Licence were in operation. The African Asian Bank Limited, which ceased its operations on 16 June 2003 surrendered its Banking Licence on 8 October 2004. As mentioned above, the Banking Act 2004 removed the distinction between Category 1 and Category 2 banks by introducing a single banking licence in respect of all banking activities. This section reviews the performance of banks holding a Category 2 banking licence before the coming into force of the Banking Act 2004.

The asset base of former Category 2 banks recorded an increase of 19.2 per cent during 2004-05, compared to a much significant increase of 41.1 per cent in 2003-04. Total assets increased by US$1,269 million, from US$6,617 million as at end-June 2004 to US$ 7,886 million at end-June 2005.

Chart 2.6 shows the main assets and liabilities components of former Category 2 banks' consolidated balance sheets from end-June 1998 through end-June 2005.

Loans and advances to non-bank customers recorded a slight decrease of 6.3 per cent, from US$2,817 million as at end-June 2004 to US$2,640 million as at end-June 2005, representing 33.5 per cent of total assets.

Placements with other banks went up by US$1,037 million, or 32.9 per cent, from US$3,151 million as at end-June 2004 to US$4,188 million at end-June 2005. Investment portfolio increased significantly by US$476 million, or 125.4 per cent, from US$379 million at end-June 2004 to US$855 million at end-June 2005.

As at end-June 2005, former Category 2 banks derived most of their resources from two main sources, namely, deposits of non-bank customers (51.2 per cent) and borrowings from banks (38.4 per cent). Borrowings from banks grew further by US$427 million, or 16.4 per cent, from US$2,600 million as at end-June 2004 to US$3,027 million as at end-June 2005. Similarly, for the same period, deposits increased by US$1,013 million, or 33.5 per cent from US$3,025 million as at end-June 2004 to US$4,038 million as at end-June 2005.

Profitability

Of the twelve former Category 2 banks, eight close their accounts on 31 December, three on 31 March and the remaining one on 30 June. The consolidated position of the profit and loss accounts of the twelve former Category 2 banks, based on the combined data available at these financial year-ends, is referred to as 2004/05. For 2004/05, all former Category 2 banks reported net profit figures for the period.

Table 2.6 gives the consolidated profit performance of former Category 2 banks for 2003/04 and 2004/05. Chart 2.7 shows the evolution of pre-tax profit of former Category 2 banks in relation to their total funds from 1998/99 through 2004/05.

Aggregate net pre-tax profit of former Category 2 banks improved from US$64.3 million in 2003/04 to US$96.4 million in 2004/05. This increase was mainly due to higher interest income earned in 2004/05 as compared to the previous period, which is largely attributable to interest on placements with and loans to banks (34.0 per cent) and other interest income (195.5 per cent).

Interest income went up by US$19.4 million, or 10.3 per cent, from US$187.7 million in 2003/04 to US$207.1 million in 2004/05, compared to an increase of US$17.8 million, or 10.5 per cent in 2003/04.

Interest earned on placements with banks rose from US$52.6 million in 2003/04 to US$70.5 million in 2004/05, and accounted for 31.5 per cent of total income in 2004/05. Interest earned from loans and advances to non-bank customers fell from US$121.4 million in 2003/04 to US$116.8 million in 2004/05, representing 52.1 per cent of total income. Interest on investments and other interest earning assets increased from US$13.7 million in 2003/04 to US$19.8 million in 2004/05.

Non-interest income, including profit on translation of foreign currencies and fees and commissions, recorded a significant increase, from US$2.8 million in 2003/04 to US$16.9 million in 2004/05. Non-interest income accounted for 7.5 per cent of total income in 2004/05, compared to 1.5 per cent in 2003/04.

Total interest expenses rose by US$9.5 million, or 9.2 per cent, from US$103.8 million in 2003/04 to US$113.3 million in 2004/05. Interest paid on borrowings from banks fell by US$6.4 million, or 8.8 per cent, from US$72.6 million in 2003/04 to US$66.2 million in 2004/05. Interest paid on deposits of non-bank customers increased significantly by US$12.5 million, or 43.2 per cent, from US$28.9 million in 2003/04 to US$41.4 million in 2004/05.

Staff and other operating expenses increased marginally by US$1.0 million, or 6.5 per cent, from US$15.3 million in 2003/04 to US$16.3 million in 2004/05, compared to an increase of US$4.8 million in 2003/04.

The overall pre-tax return on average assets remained stable at 1.4 per cent in 2004/05. For individual banks, the overall pre-tax return ranged from 0.74 per cent to 2.59 per cent in 2004/05.

3 Financial Market Developments

The Financial Markets Department was set up on 27 November 2000 to facilitate the implementation of the Bank's policies in the domestic financial markets. The Department focuses on building its knowledge of the financial markets and 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. The Department's responsibilities encompass execution of monetary policy decisions through the conduct of open market operations. It intervenes on the domestic foreign exchange and rupee market to promote an orderly market for the rupee, management of the public debt and foreign exchange reserves. It also assumes the general monitoring of financial markets to further understand their behaviour with a view to promoting their development.

Taking into consideration the evolution of domestic and international economic conditions and against the background of rising interest rates in the United States and inflationary pressures stemming from high oil prices on the domestic market, the Bank increased the Lombard Rate by 25 basis points on two occasions, effectively bringing the Lombard Rate to 10.00 per cent per annum. Monetary conditions remained accommodative and the interest rate policy stance was expected to maintain economic growth prospects as well as the attractiveness of the rupee-denominated financial instruments.

The domestic money market continued to be characterised by excess liquidity, which was, however, less significant compared to the previous year, mostly as a result of a pick-up in private sector demand for bank credit and intervention by the Bank on the interbank foreign exchange market during this period. Yields on Bills issued at primary auctions reflected the increases in the Lombard Rate and the money market liquidity situation in general. Consequently, the overall weighted average yields went up from 5.29 per cent in July 2004 to 6.37 per cent in June 2005.

In line with the liquidity situation on the money market, reverse repurchase transactions at a fixed rate of 1.15 per cent, which were started during the preceding year, continued to be conducted during the first quarter of 2004-05 to drain liquidity from the market. Thereafter, the rate on reverse repurchase transactions was left to be determined by the market and the weighted yield on bids accepted increased to 1.41 per cent in November 2004 before declining to 1.08 per cent in May 2005. A total of 17 reverse repurchase transactions was carried out by the Bank in 2004-05 as against four repurchase transactions undertaken in October 2004 and February 2005 to inject liquidity into the system.

With effect from 17 September 2004, the Bank, acting as agent of Government, started the weekly issue of Treasury Notes with a maturity period of 3 years. The Treasury Notes were issued to existing holders of Treasury Bills wishing to convert at maturity, part or full amount of their Treasury Bills into 3-Year Treasury Notes. The Treasury Notes were issued at par and in multiples of Rs100,000 with interest payable at maturity. Interest on Treasury Notes, which was initially set at 7.30 per cent, was subsequently reviewed upwards to 7.50 per cent and 8.00 per cent in line with the increase in the Lombard rate and also in an effort to maintain the attractiveness of the instrument compared to other Government instruments. The issue of Treasury Notes was discontinued as from 15 April 2005.

In the secondary market for Bills, with effect from 16 May 2005, the Mauritius Post and Cooperative Bank Ltd was appointed as Primary Dealer within the Primary Dealer System, thereby bringing the number of primary dealers to five. It is expected that appointment of additional primary dealers will provide further impetus to the secondary market and pave the way for the objective that eventually only primary dealers will be allowed to bid at the primary auctions for Bills.

Conditions on the domestic foreign exchange market remained tight throughout 2004-05 as a result of continuing demand pressure partly stemming from the faster increase in imports for goods relative to exports. With a view to ease the demand pressures, the Bank of Mauritius intervened regularly on the local interbank market and sold a total amount of US$184.8 million during 2004-05.

In November 2004, an important development was the enactment of a new Bank of Mauritius Act and Banking Act. According to the Bank of Mauritius Act 2004, the primary objective of the Bank is to maintain price stability and to promote an orderly and balanced economic development of Mauritius. The Banking Act 2004 is expected to have direct repercussions on the structure of the financial markets in Mauritius as it removes the dichotomy that previously existed between former Category 1 and Category 2 banks and provides for a single banking licence. Accordingly, all banks are free to transact in all currencies, including the Mauritian rupee. This new legislation potentially broadens the range of institutions that can operate on the local interbank money and foreign exchange markets.

Money Market Activity

On the money market, conditions remained liquid with an estimated monthly average excess of around Rs762 million during 2004-05. The Bank conducted open market operations to reduce the amount of liquidity in the money market based on its Reserve Money Programme and daily liquidity-forecasting framework.

Primary Auctions of Treasury/Bank of Mauritius Bills

During 2004-05, the Bank continued to issue Treasury Bills for Government borrowing requirements while Bank of Mauritius Bills were issued solely for monetary policy purposes.

Government of Mauritius Treasury/Bank of Mauritius Bills with 91-day, 182-day, 364-day and 728-day maturities were auctioned on a weekly basis. As such, 49 primary auctions were carried out and

Table 3.1: Auctioning of Treasury/Bank of Mauritius 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)*				
2004									
Jul	5	4,900.0	10,937.0	4,900.0	4.76	5.03	5.54	6.29	**5.29**
Aug	4	5,100.0	12,174.0	5,100.0	5.02	5.34	5.94	6.59	**5.69**
Sep	4	5,870.0	13,765.0	5,870.0	5.05	5.40	5.90	6.59	**5.65**
Oct	5	1,850.0	5,730.0	1,850.0	5.06	5.56	6.05	6.70	**5.77**
Nov	3	4,350.0	8,971.0	4,350.0	5.20	5.69	6.17	6.87	**5.77**
Dec	4	7,575.0	10,476.0	7,143.0	5.23	5.73	6.23	6.90	**5.72**
2005									
Jan	3	4,050.0	6,465.0	3,072.0	5.22	5.73	6.23	6.91	**5.68**
Feb	4	3,750.0	7,898.0	3,750.0	5.31	5.82	6.44	7.12	**6.18**
Mar	4	7,825.0	10,119.0	7,009.0	5.35	5.88	6.44	7.12	**6.46**
Apr	5	5,725.0	16,982.0	5,725.0	5.34	5.86	6.41	7.08	**6.35**
May	4	7,400.0	18,342.0	7,400.0	5.30	5.78	6.33	6.99	**6.36**
Jun	4	8,925.0	11,903.0	7,733.0	5.27	5.75	6.28	6.94	**6.37**
2004-05	**49**	**67,320.0**	**133,762.0**	**63,902.0**	**5.14**	**5.64**	**6.23**	**6.89**	**6.00**
2003-04	**48**	**49,850.0**	**101,897.0**	**49,695.0**	**4.72**	**5.60**	**7.12**	**8.31**	**7.24**

[1] *Excludes underwriting by the Secondary Market Cell (SMC) of the Bank of Mauritius.*

Chart 3.1: Auctioning of Treasury / Bank of Mauritius Bills

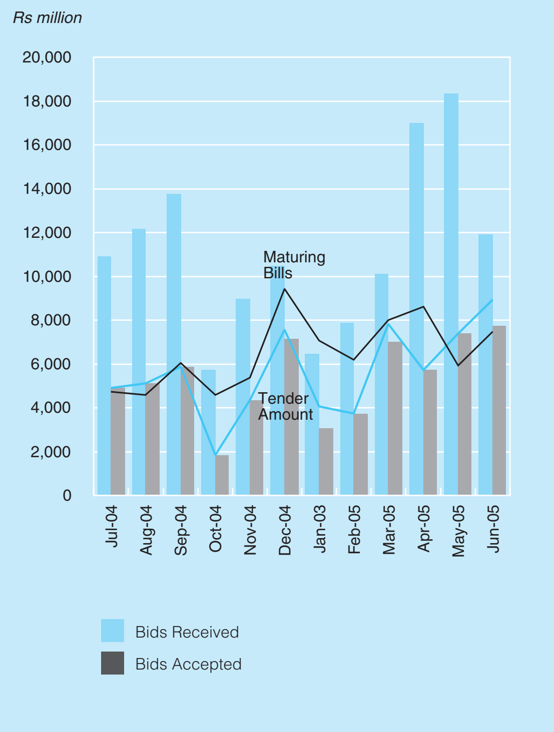
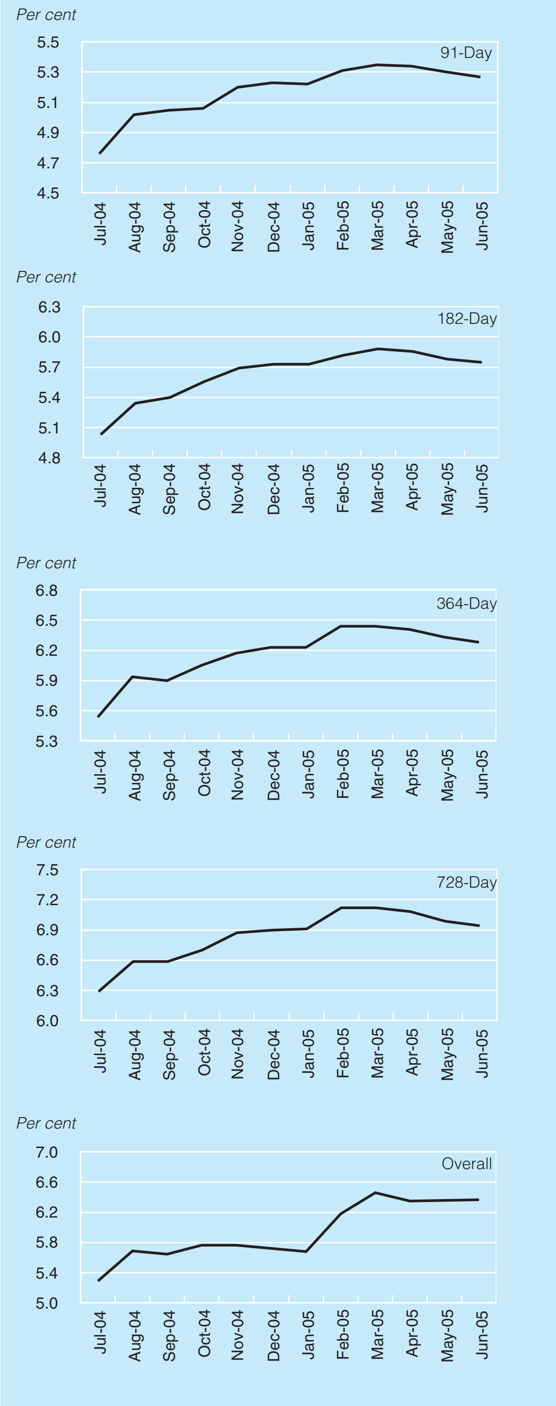


Chart 3.2: Weighted Average Yields on Treasury / Bank of Mauritius Bills at Primary Auctions



Treasury/Bank of Mauritius Bills totalling Rs67,320 million were put on tender. Bids to the tune of Rs133,762 million were received, of which a total amount of Rs63,902 million was accepted, including Bank of Mauritius Bills worth Rs5,600 million. The total amount of bids accepted represented 94.9 per cent of the total tender amount compared to 99.7 per cent in 2003-04, and 47.8 per cent of the total amount of bids received compared to 48.8 per cent in the preceding year.

The shares of former Category 1 banks and of the non-bank sector in total bids received remained unchanged at 75.0 per cent and 25.0 per cent, respectively, in 2004-05. During the period under review, a nominal amount of Rs3,418 million of Treasury/ Bank of Mauritius Bills was underwritten by the Secondary Market Cell of the Bank of Mauritius at the primary auctions.

Bidding patterns at the primary auctions, from July 2004 to January 2005, were skewed towards the shorter term because of market expectations for rising interest rates. This trend was thereafter reversed as preference for longer term Bills became more pronounced. Overall, in 2004-05, investors' preference for 364-day and 728-day Treasury/ Bank of Mauritius Bills together accounted for 52.8 per cent of total bids received in 2004-05 compared to 72.6 per cent in 2003-04.

The weighted average yields on Treasury/Bank of Mauritius Bills of all four maturities generally increased in 2004-05 in line with the hikes in the Lombard Rate. The weighted average yield on 91-day Treasury/Bank of Mauritius Bills moved up by 59 basis points, from 4.76 per cent in July 2004 to a peak of 5.35 per cent in March 2005, before declining to 5.27 per cent in June 2005. The weighted average yield on 182-day Treasury/Bank of Mauritius Bills also increased from 5.03 per cent in July 2004 to 5.88 per cent in March 2005, representing a total increase of 85 basis points, before moving down to 5.75 per cent in June 2005. The weighted average yield on 364-day Treasury/Bank of Mauritius Bills rose by 90 basis points, from 5.54 per cent in July 2004 to 6.44 per cent in February and March 2005, before falling to 6.28 per cent in June 2005. The weighted average yield on 728-day Treasury/Bank of Mauritius Bills increased by 83 basis points, from 6.29 per cent in July 2004 to 7.12 per cent in February and March 2005, before declining to 6.94 per cent in June 2005.

The monthly overall weighted average yield on Treasury/Bank of Mauritius Bills increased from 5.29 per cent in July 2004 to 6.46 per cent in March 2005 and thereafter decreased to 6.35 per cent in April 2005 before rising to 6.37 per cent in June 2005. The overall weighted average yield fell by 124 basis points, from 7.24 per cent in 2003-04 to 6.00 per cent during 2004-05.

Table 3.1 and Charts 3.1 and 3.2 give detailed information on the auctioning of Treasury/Bank of Mauritius Bills in 2004-05.

Repurchase Transactions

Repurchase (repos) and reverse repurchase (reverse repos) transactions are conducted by the Bank through an auctioning process as and when required in the light of the liquidity situation prevailing in the money market. Both Government of Mauritius Treasury Bills and Bank of Mauritius Bills are used as underlying securities for these transactions.

In the light of liquidity conditions prevailing in the money market during 2004-05, the Bank conducted mostly reverse repurchase (reverse

Table 3.2: Repurchase Transactions between the Bank and Former Category 1 Banks

	Repurchase Transactions							Reverse Repurchase Transactions						
	Number of Transactions	Amount Received	Amount Accepted	Repurchase Period	Range of Yields on Bids Received	Lowest Yield Accepted	Weighted Yield on Bids Accepted	Number of Transactions	Amount Received	Amount Accepted	Repurchase 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)*		
2004														
Jul	-	-	-	-	-	-	-	4	5,320.0	3,700.0	7	1.15	1.15	1.15
Aug	-	-	-	-	-	-	-	5	9,230.0	3,600.0	7	1.15	1.15	1.15
Sep	-	-	-	-	-	-	-	2	4,485.0	2,200.0	7	1.15	1.15	1.15
Oct	2	1,970.0	1,500.0	1 - 2	1.15-2.50	1.75	2.02	-	-	-	-	-	-	-
Nov	-	-	-	-	-	-	-	1	2,945.0	1,200.0	2	1.25-1.75	1.45	1.41
Dec	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2005														
Jan	-	-	-	-	-	-	-	1	2,010.0	1,000.0	3	1.15-2.00	1.50	1.31
Feb	2	725.0	725.0	2 - 3	5.00	5.00	5.00	-	-	-	-	-	-	-
Mar	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Apr	-	-	-	-	-	-	-	2	4,170.0	2,100.0	2 - 3	1.25-2.00	1.45	1.31
May	-	-	-	-	-	-	-	2	4,960.0	1,800.0	3 - 4	1.00-2.00	1.15	1.08
Jun	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2004-05	**4**	**2,695.0**	**2,225.0**	**1 - 3**	**1.15-5.00**	**1.75**	**2.99**	**17**	**33,120.0**	**15,600.0**	**2-7**	**1.00-2.00**	**1.50**	**1.19**
2003-04	**1**	**550.0**	**325.0**	**1**	**4.75-5.00**	**5.00**	**5.00**	**21**	**56,610.0**	**19,150.0**	**1-7**	**0.01-2.00**	**1.25**	**0.86**

[1] *Note: From 12 April 2004 to 13 September 2004, the Bank conducted 7-day reverse repurchase transactions at a fixed rate of 1.15 per cent.*

repos) transactions with former Category 1 banks in order to mop up the excess liquidity. In an effort to promote a more efficient short-term liquidity management in the money market and avoid downward pressure on yields, the Bank continued to conduct seven-day reverse repo transactions at a fixed rate of 1.15 per cent up to 13 September 2004.

A total of 17 reverse repos were carried out by the Bank in 2004-05. Bids totalling Rs33,120 million were received, of which a total amount of Rs15,600 million was accepted. The reverse repurchase periods varied between 2 and 7 days. After 13 September 2004, the yields on reverse repos were determined by the market and the weighted yield increased to 1.41 per cent in November 2004 before falling again to 1.08 per cent in May 2005. The overall weighted yield on reverse repos rose to 1.19 per cent in 2004-05 from 0.86 per cent in 2003-04.

During 2004-05, only four repo transactions were conducted by the Bank. The repurchase periods varied between 1 and 3 days. Bids totalling Rs2,695 million were received, out of which a total amount of Rs2,225 million was accepted. The weighted yields on the repo transaction were between 2.02 and 5.00 per cent and the overall weighted yield was 2.99 per cent compared to 5.00 per cent in 2003-04.

Since March 2005, following the signature of a Master Repurchase Agreement, former Category 1 banks have put in place the necessary framework for them to conduct repurchase and reverse repurchase transactions among themselves. These transactions are collateralised through either Treasury Bills or Bank of Mauritius Bills whereas interbank lending and borrowing are currently not collaterised. During the year under review, repurchase transactions among banks were carried out for a total amount of Rs294 million.

Table 3.2 provides details on the repurchase transactions carried out by the Bank in 2004-05.

Interbank Transactions

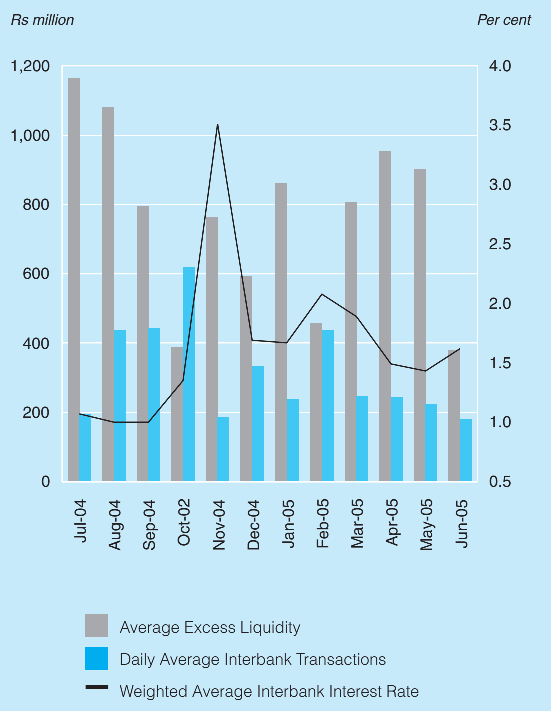
The interbank money market allows liquidity redistribution among former Category 1 banks. Funds are available either at call (overnight), at short notice (up to seven days) or at term (more than seven days) for banks to make up for

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
2004												
Jul	335	70	184	–	–	–	40	20	36	**375**	**40**	**193**
Aug	870	20	428	140	140	140	–	–	–	**870**	**20**	**438**
Sep	1,170	200	444	–	–	–	–	–	–	**1,170**	**200**	**444**
Oct	1,090	150	482	200	200	200	–	–	–	**1,090**	**220**	**618**
Nov	715	8	210	–	–	–	25	25	25	**715**	**8**	**186**
Dec	860	30	305	150	150	150	–	–	–	**860**	**30**	**334**
2005												
Jan	553	15	238	–	–	–	–	–	–	**553**	**15**	**238**
Feb	915	135	437	–	–	–	–	–	–	**915**	**135**	**437**
Mar	468	93	248	–	–	–	–	–	–	**468**	**93**	**248**
Apr	665	5	244	–	–	–	–	–	–	**665**	**5**	**244**
May	545	80	223	–	–	–	–	–	–	**545**	**80**	**223**
Jun	465	10	180	–	–	–	–	–	–	**465**	**10**	**180**
2004-05	**1,170**	**5**	**303**	**200**	**140**	**186**	**40**	**20**	**32**	**1,170**	**5**	**315**
2003-04	**775**	**1**	**186**	**615**	**100**	**173**	**25**	**25**	**25**	**1,100**	**1**	**210**

Chart 3.3: Excess Liquidity, Interbank Transactions and Weighted Average Interbank Interest Rates



temporary shortages arising out of their economic and financial transactions.

In 2004-05, a significant increase of 83.2 per cent was recorded in interbank money market transactions, which went up from Rs59,570 million in 2003-04 to Rs109,124 million. The daily average amount of interbank transactions increased from Rs210 million in 2003-04 to Rs315 million in 2004-05.

Transactions were mainly carried out at call for a total amount of Rs102,674 million, representing an increase of 96.9 per cent compared to the previous year. This represented a daily average amount of transactions of Rs303 million in 2004-05 compared to Rs186 million in 2003-04. Call money transactions peaked at Rs1,170 million in September 2004 and were at a low of Rs5 million in April 2005.

Transactions at short notice decreased from a total of Rs7,100 million in 2003-04 to Rs5,380 million in 2004-05 representing a daily average amount of Rs186 million compared to Rs173 million in 2003-04. Transactions at short notice were at a trough of Rs140 million in August 2004 and at a peak of Rs200 million in October 2004.

Transactions at term amounted to Rs1,070 million in 2004-05 compared to Rs325 million in 2003-04. This represented a daily average amount of Rs32 million in 2004-05 compared to Rs25 million in 2003-04.

Interbank interest rates fluctuated within a higher range of 1.00-9.75 per cent in 2004-05 compared to a range of 0.75-7.00 per cent in 2003-04, reflecting hikes in the Lombard Rate and fluctuating levels of liquidity in the market. Call money market rates fluctuated between 1.00 per cent and 9.75 per cent in 2004-05 compared to a range of 0.75-7.00 per cent in 2003-04. The range of interest rates on money at short notice varied between 1.50-1.75 per cent in 2004-05 compared to a range of 1.00-5.50 per cent in 2003-04 while the interest rates on transactions at term were in the range 1.50-4.75 per cent in 2004-05 compared to 5.50 per cent in 2003-04.

The weighted average call money interest rate decreased by 41 basis points, from 1.94 per cent in 2003-04 to 1.53 per cent in 2004-05. The weighted average interest rate on transactions at short notice also decreased from 3.36 per cent in 2003-04 to 1.62 per cent in 2004-05. Overall, the monthly weighted average interbank interest rate fell from 2.13 per cent in 2003-04 to 1.54 per cent in 2004-05, reflecting the continued excess liquidity conditions.

Tables 3.3 and 3.4 as well as Chart 3.3 give details on interbank transactions and interbank interest rates in 2003-04.

Lombard Facility

The Lombard Facility was introduced by the Bank with effect from 15 December 1999 to provide overnight collateralised advances to former Category 1 banks that encounter unexpected funding shortfalls, as part of the Bank's Lender of the Last Resort function. For this purpose, former Category 1 banks have to assign a specified amount of eligible securities, which may be either Treasury/Bank of Mauritius Bills or other Government securities, as collateral.

During 2004-05, former Category 1 banks had recourse to the Lombard Facility on several occasions for a total amount of Rs6,138 million.

The Lombard Rate, which is used by the Bank as a signalling mechanism of its monetary policy stance, stood at 9.50 per cent on 1 July 2004. It was increased twice by 25 basis points, to 9.75 per cent on 21 October 2004 and to 10.00 per cent on 10 February 2005.

Secondary Market Trading

Primary Dealer System

In its efforts to boost the development of a secondary market for securities and to enhance liquidity of the domestic market for these securities, the Bank of Mauritius established, effective 1 February 2002, a Primary Dealer System for Mauritius. Initially, four 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 under the new System. With effect from 16 May 2005, the number of Primary Dealers was increased to five with the appointment of the Mauritius Post and Cooperative Bank Ltd.

The operational framework of the Primary Dealer System is set out in a Memorandum of Understanding (MoU) agreed between the Bank of Mauritius and the primary dealers. The MoU specifies, among others, a set of obligations, such as quoting continuous two-way prices under all market conditions and participating at primary auctions, in return for which primary dealers enjoy a set of privileges.

Dealing activity by the primary dealers involves Government of Mauritius Treasury Bills and Bank of Mauritius Bills. Bills are classified in eleven bands representing days to maturity ranging from 2 to 728 days. Prospective investors are able to either purchase or sell across the range of eligible securities through the primary dealers of their choice at all times during normal banking hours. As the system develops, it is expected that longer-dated securities would be traded by the primary dealers.

During the period under review, 1,170 transactions by the primary dealers for a total amount of Rs8,814 million were conducted compared to 1,939 transactions for a total value of Rs14,559 million during period 2003-04. Yields varied between 2.50 per cent and 7.13 per cent during 2004-05 compared to a range of 2.70 per cent and 9.65 per cent in 2003-04.

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
2004								
Jul	1.00	1.00	–	–	1.50	1.50	1.07	1.00-1.50
Aug	1.00	1.00-1.25	1.00	1.00	–	–	1.00	1.00-1.25
Sep	1.00	1.00-1.15	–	–	–	–	1.00	1.00-1.15
Oct	1.29	1.00-2.00	1.58	1.50-1.75	–	–	1.35	1.00-2.00
Nov	3.44	1.25-9.75	–	–	4.75	4.75	3.51	1.25-9.75
Dec	1.66	1.25-9.75	2.00	2.00	–	–	1.69	1.25-9.75
2005								
Jan	1.67	1.30-2.00	–	–	–	–	1.67	1.30-2.00
Feb	2.08	1.25-5.00	–	–	–	–	2.08	1.25-5.00
Mar	1.89	1.75-2.25	–	–	–	–	1.89	1.75-2.25
Apr	1.49	1.25-2.00	–	–	–	–	1.49	1.25-2.00
May	1.43	1.15-2.00	–	–	–	–	1.43	1.15-2.00
Jun	1.62	1.35-2.00	–	–	–	–	1.62	1.35-2.00
2004-05	**1.53**	**1.00-9.75**	**1.62**	**1.50-1.75**	**2.26**	**1.50-4.75**	**1.54**	**1.00-9.75**
2003-04	**1.94**	**0.75-7.00**	**3.36**	**1.00-5.50**	**5.50**	**5.50**	**2.13**	**0.75-7.00**

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	45	526.0	2.50-5.85
2	31 to 60	60	839.9	4.00-5.45
3	61 to 90	96	1,283.3	4.45-5.45
4	91 to 135	58	630.0	4.32-5.65
5	136 to 180	133	1,252.3	4.70-5.95
6	181 to 240	41	198.2	4.75-6.25
7	241 to 300	53	286.0	5.20-6.50
8	301 to 364	250	1,783.5	5.15-6.55
9	365 to 485	57	231.6	5.45-6.85
10	486 to 606	50	100.8	5.65-7.05
11	607 to 728	327	1,681.9	5.80-7.13
2004-05		**1,170**	**8,813.5**	**2.50-7.13**
2003-04		**1,939**	**14,558.9**	**2.70-9.65**

Notes: (i) With effect from 22 August 2003, transactions include trading in Bank of Mauritius Bills.
(ii) With effect from 16 May 2005, the number of Primary Dealers has increased from four to five.

Table 3.6: Purchases and Sales of Treasury/Bank of Mauritius Bills by Primary Dealers [1]

	Purchases		Sales		Total Transactions [1]		Range of Yields *(Rs million)*
	Volume	Value *(Rs million)*	Volume	Value *(Rs million)*	Volume	Value *(Rs million)*	
2004							
Jul	16	143.1	71	543.9	87	687.0	3.10-6.51
Aug	26	266.0	94	426.9	120	692.9	4.05-6.60
Sep	13	73.7	111	832.3	124	906.0	4.50-6.56
Oct	25	307.0	55	310.8	78	574.5	4.00-6.80
Nov	7	26.0	58	247.3	65	273.3	4.50-6.91
Dec	16	426.6	74	828.9	87	968.8	2.50-6.86
2005							
Jan	18	244.8	90	392.1	108	636.9	4.65-6.86
Feb	6	46.5	69	263.0	75	309.5	4.95-7.08
Mar	18	261.4	86	849.8	104	1,111.2	4.50-7.09
Apr	18	253.8	121	864.4	139	1,118.2	3.80-7.13
May	15	169.3	79	436.3	93	595.6	3.75-7.01
Jun	23	326.9	75	714.7	90	939.6	3.25-7.10
2004-2005	**201**	**2,545.1**	**983**	**6,710.4**	**1,170**	**8,813.5**	**2.50-7.13**
2003-2004	**294**	**4,989.2**	**1,726**	**11,410.8**	**1,939**	**14,558.9**	**2.70-9.65**

[1] Figures do not add up to total purchases and sales as inter-primary dealer transactions, that is, purchases and sales of Treasury/Bank of Mauritius Bills among primary dealers, are accounted for only once.
Note: With effect from 16 May 2005, the number of Primary Dealers has increased from four to five.

Band 11, where Treasury/Bank of Mauritius Bills with maturities ranging from 607 to 728 days are traded, band 8, where Treasury Bills with maturities ranging from 301 to 364 days are traded and band 5, where Treasury Bills with maturities ranging from 136 to 180 days are traded, recorded the greatest number of transactions, that is, 327, 250 and 133 transactions, respectively. The remaining bands registered an average of 58 transactions, the least being 41 transactions within band 6. The value of transactions in bands 3, 5, 8 and 11 were for substantial amounts generally above Rs1,000 million with the largest transactions being effected within band 8 for a total amount of Rs1,784 million. The lowest value of transactions was carried out within band 10 for Rs101 million.

During 2004-05, the number of sale transactions effected by the primary dealers, including sales to other primary dealers, summed up to 983 for a total amount of Rs6,710 million while 201 purchase transactions amounting to Rs2,545 million were effected by the primary dealers, including purchases from other primary dealers.

At the beginning of 2004-05, yields ranged from 3.10 per cent to 6.51 per cent, depending upon the trading band within which transactions were effected. They rose subsequently, over the year in line with the increases in the Lombard Rate and yields obtained at primary auctions to end within a range of 3.25 per cent to 7.10 per cent in June 2005. Overall, during 2004-05, yields varied between 2.50 and 7.13 per cent compared to a range of 2.70 to 9.65 per cent in 2003-04.

Table 3.5 gives details of transactions conducted by primary dealers within the eleven bands from July 2004 to June 2005 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 and Bank of Mauritius Bills on the secondary market through its Secondary Market Cell (SMC).

With a view to providing wider access to Treasury/Bank of Mauritius Bills, the Bank of Mauritius, in collaboration with The Stock Exchange of Mauritius Ltd and the Central Depository and Settlements Co. Ltd, introduced the sales of 182-day, 364-day and 728-day Bills on the stock exchange as from 15 December 2003. Trading of Bills on the stock exchange is carried out through licensed stockbroking companies to Mauritian citizens only for a maximum amount of Rs2 million per order.

During 2004-05, Treasury Bills for a total amount of Rs92 million were traded on the Stock Exchange of Mauritius with yields ranging from 4.84 per cent to 6.78 per cent per annum.

In order to offer investors in Rodrigues additional investment instruments, the Bank of Mauritius continued its sale of Treasury Bills Over the Counter at its Rodrigues office. During 2004-05, total sales amounted to Rs2 million.

Overall, in 2004-05, Bills purchased and sold by the SMC amounted to Rs4,144 million and Rs2,867 million, respectively, and were higher than in 2003-04 when purchases and sales totalled Rs1,663 million and Rs1,790 million, respectively.

Total amount of Bills transacted outside SMC, comprising mostly transactions by Primary Dealers, went down to Rs8,820 million in 2004-05 from Rs14,561 million in 2003-04.

Taking into account the total amount of Bills accepted at primary auctions, the net amount of Bills sold by the Bank of Mauritius went up to Rs62,625 million in 2004-05 from Rs49,822 million in 2003-04.

The weighted yield to buyers on Bills sold by SMC went down by 39 basis points, from 6.85 per cent in 2003-04 to 6.46 per cent per annum 2004-05.

Table 3.7 shows secondary market dealings in Treasury/Bank of Mauritius Bills while Table 3.8 shows trading of Treasury/Bank of Mauritius Bills on The Stock Exchange of Mauritius Ltd.

Special Line of Credit to the Sugar Industry

On 16 November 2001, the Bank of Mauritius introduced a Special Line of Credit for the Sugar sector for an initial amount of Rs1.5 billion, which was subsequently increased to Rs2.0 billion on 5 April 2002, to former Category 1 banks to enable them support the restructuring of the Sugar Industry in the context of the Sugar Sector Strategic Plan 2001-2005. On 14 December 2004, this line of credit was further increased to Rs2.45 billion.

Initially, funds were made available to former Category 1 banks at an interest rate of 5.5 per cent per annum for them 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 were repayable within 6 years after disbursement with a moratorium period of 2 1/2 years on the capital from the date of its disbursement.

Effective 17 December 2004, new conditions were applied to the Special Line of Credit. The repayment period for loans already disbursed was extended from 6 to 7 years and the moratorium period was also extended from 2 1/2 to 3 years. For new loans disbursed after 17 December 2004, the rate of interest was decreased by 1 percentage point and funds were made available to former Category 1 banks at 4.5 per cent for on-lending at 6.5 per cent to the Sugar Sector. The repayment period on these new loans was also extended to 7 years after disbursement and the moratorium period to 3 years on the capital from the date of its disbursement. Payment of interest on the loan facilities, however, remained the same as in the initial conditions, that is, interest accrues as from the date of disbursement and is payable in arrears on a quarterly basis.

During 2004-05, a total amount of Rs180 million was disbursed under this facility, thereby bringing the total amount disbursed under the Special Line of Credit to Rs1,756 million.

National Equity Fund

To support the financing of the National Equity Fund (Fund) set up in July 2003, the Bank of Mauritius made available to the Development Bank

Table 3.7: Dealings in Government Securities/Bank of Mauritius Bills

	Amount of Bills Transacted Outside SMC [1]	Amount of Bills Purchased by SMC	Amount of Bills Sold by SMC [2]	Amount of Bills Accepted at Primary Auctions	Net Amount of Bills Sold by Bank of Mauritius (3)+(4)-(2)	Amount of Other Government Securities Transacted	Weighted Average Yield to Buyers on Bills Sold by SMC [3]
	(Rs million)						(Per cent per annum)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2004							
Jul	689.9	0.0	0.0	4,900.0	4,900.0	0.0	-
Aug	696.2	485.9	6.8	5,100.0	4,620.9	0.0	6.06
Sep	906.0	18.8	23.5	5,870.0	5,874.7	0.0	6.06
Oct	574.5	0.0	14.5	1,850.0	1,864.5	0.0	6.25
Nov	273.3	244.5	264.6	4,350.0	4,370.1	0.0	5.37
Dec	968.8	3.6	21.3	7,143.0	7,160.7	0.0	5.72
2005							
Jan	636.9	471.7	481.0	3,072.0	3,081.3	0.0	6.43
Feb	309.5	923.8	917.0	3,750.0	3,743.2	0.0	6.65
Mar	1,111.6	1,272.8	497.5	7,009.0	6,233.7	0.0	6.69
Apr	1,118.4	103.3	8.7	5,725.0	5,630.4	0.0	6.77
May	595.6	348.6	355.4	7,400.0	7,406.8	0.0	6.60
Jun	939.6	270.5	276.2	7,733.3	7,739.0	0.0	6.58
2004-05	**8,820.3**	**4,143.5**	**2,866.5**	**63,902.3**	**62,625.3**	**0.0**	**6.46**
2003-04	**14,561.3**	**1,663.1**	**1,789.8**	**49,695.1**	**49,821.8**	**0.0**	**6.85**

[1] Include transactions by primary dealers.
[2] Include Treasury Bills sold Over The Counter (OTC) and on the Stock Exchange of Mauritius.
[3] Only on Outright Transactions.
SMC: Secondary Market Cell of the Bank of Mauritius.
Note: Effective 15 December 2003, the Bank of Mauritius started trading of Treasury/Bank of Mauritius Bills on The Stock Exchange of Mauritius Ltd.
Note: Effective 2 June 2003, the Bank of Mauritius resumed the sale of Treasury Bills Over The Counter to individuals and non-financial corporations at its Rodrigues Office.

of Mauritius Ltd (DBM) a Special Line of Credit of Rs700 million, out of which an amount of Rs450 million is to be utilised by the DBM towards its own participation in the Fund and the balance of Rs250 million is for on-lending by the DBM to the State Investment Corporation (SIC) for its participation in the Fund. There is a moratorium period of three years on interest and capital repayments.

The interest rate applicable under this line of credit advanced by the Bank was set at 5.0 percentage points below the prevailing Lombard Rate. Interest, which is payable in arrears quarterly on a calendar year basis, starts accruing on the loan facilities as from the date of its disbursement and is capitalised during the moratorium period of three years.

The amounts disbursed by the Bank together with interest capitalised during the moratorium period are repayable in four equal annual instalments, not later than seven years after disbursement.

During 2004-05, no disbursement was made under this facility. At the end of June 2005, total funds disbursed under this facility amounted to Rs72.5 million.

Sub-Fund

Following the setting up of the Corporate Debt Restructuring Committee to consider the rehabilitation of Textile and Apparel Enterprises that have been assessed by the Textile Emergency Support Team (TEST), a Sub-Fund for an amount of Rs200 million was created within the National Equity Fund for the purpose of extending concessionary financing to these enterprises. The level of participation in the Sub-Fund by DBM and SIC are in the same proportion as the original Line of Credit of Rs700 million.

Disbursements under the Sub-Fund carry a fixed rate of interest of 3.0 per cent per annum.

Drawdowns from the Sub-Fund of Rs200 million benefit from a moratorium period of four years on capital and interest. Interest, which is payable quarterly on a calendar year basis, starts accruing as from the date of disbursement and is capitalised during the moratorium period of four years.

Table 3.8:Trading of Treasury/Bank of Mauritius Bills on The Stock Exchange of Mauritius

	Amount Transacted				Yield
	182-Day	364-Day	728-Day	Total	*(Per cent*
	(Rs million)				*per annum)*
2004					
Jul	–	–	2.9	2.9	5.50-6.19
Aug	–	0.5	9.4	9.9	4.84-6.16
Sep	–	–	4.2	4.2	5.63-6.25
Oct	–	2.0	12.5	14.5	5.88-6.69
Nov	–	–	5.7	5.7	5.53-6.41
Dec	–	–	12.5	12.5	5.38–6.63
2005					
Jan	–	–	9.3	9.3	6.06-6.66
Feb	–	–	9.0	9.0	6.16-6.75
Mar	–	–	7.1	7.1	6.06-6.78
Apr	–	–	5.6	5.6	6.25-6.78
May	–	–	6.8	6.8	6.06-6.75
Jun	–	–	4.7	4.7	5.97-6.75
2004-05	**0.0**	**2.5**	**89.7**	**92.2**	**4.84-6.78**
2003-04	**1.9**	**38.1**	**206.3**	**246.3**	**5.13-8.47**

Note: Effective 15 December 2003, the Bank of Mauritius started trading Treasury/Bank of Mauritius Bills on The Stock Exchange of Mauritius Ltd.

The amounts disbursed by the Bank together with interest capitalised during the moratorium period are repayable in four equal annual instalments, not later than eight years after disbursement.

During 2004-05, no disbursement was made under the Sub-Fund.

Foreign Exchange Market

During 2004-05, liquidity on the domestic foreign exchange market remained tight throughout most of the year mainly as a result of demand pressures arising partly from the faster increase of imports relative to exports. The domestic foreign exchange market was also affected by the significant volatility and uncertainty surrounding the US dollar on international markets. Former Category 1 banks, registered shortfalls estimated at around an equivalent of US$25.0 million on a monthly average basis in their net foreign exchange positions. The Bank intervened

Chart 3.4: Monthly Average Liquidity and Intervention on the Foreign Exchange Market

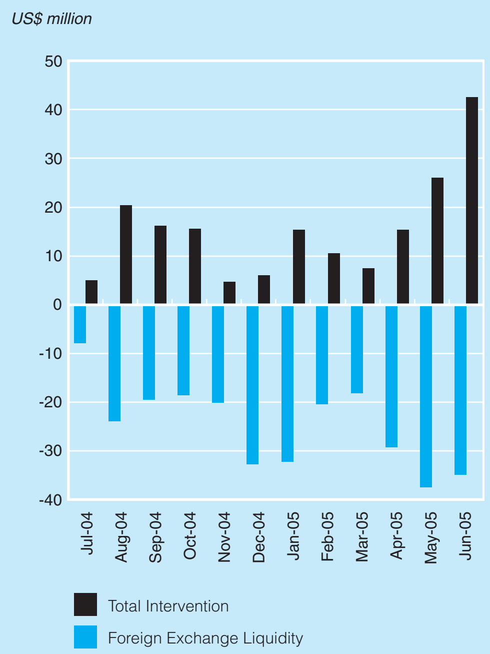


Table 3.9: Interbank Foreign Exchange Market

	Purchase of US dollar against Rupee	Purchase of US dollar against Other Foreign Currencies	Purchase of Other Foreign Currencies	Total Purchases		Opening Interbank Min - Max Ask Rate [1]
				US dollar Equivalent	Rupee Equivalent	
	(US$ million)	*(US$ million)*	*(US$ million)*	*(US$ million)*	*(Rs million)*	*(Rs/US$)*
2004						
Jul	2.06	0.91	0.04	3.01	85.32	28.3450 - 28.4500
Aug	0.00	0.45	0.00	0.45	12.72	28.4500 - 28.6025
Sep	0.53	0.37	0.07	0.97	27.45	28.6025 - 28.6875
Oct	12.45	0.41	0.91	13.77	394.17	28.6300 - 28.6975
Nov	5.34	0.18	0.68	6.20	176.26	28.5425 - 28.6375
Dec	1.87	0.50	2.57	4.94	140.25	28.3300 - 28.5000
2005						
Jan	4.90	0.41	0.43	5.74	162.70	28.3500 - 28.6300
Feb	0.00	0.00	2.50	2.50	71.92	28.6300 - 28.8500
Mar	0.56	0.00	3.77	4.33	125.03	28.8575 - 29.0575
Apr	3.90	0.10	3.67	7.67	222.80	29.0550 - 29.1100
May	1.87	0.00	1.37	3.24	94.37	29.0875 - 29.2225
Jun	2.76	0.00	5.26	8.02	234.48	29.2200 - 29.3100
2004-05	**36.24**	**3.33**	**21.27**	**60.84**	**1,747.47**	**28.3300 - 29.3100**
2003-04	**65.95**	**5.94**	**5.19**	**77.08**	**2,047.50**	**25.5250 - 29.5000**

[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 Former Category 1 banks.*

regularly throughout the fiscal year to respond to prevailing market conditions. A total amount of US$184.8 million was thus sold through intervention by the Bank.

Chart 3.4 shows the monthly average foreign exchange liquidity position of banks and intervention by the Bank during 2004-05.

Interbank Foreign Exchange Market

During 2004-05, turnover on the interbank foreign exchange market decreased to an equivalent amount of US$60.84 million compared to an equivalent amount of US$77.08 million in 2003-04. Out of this turnover, purchases of US dollar against the rupee amounted to US$36.24 million compared to a higher amount of US$65.95 million in 2003-04.

The monthly average level of transactions amounted to US$5.07 million, lower than the monthly average of US$6.42 million registered in 2003-04. Total interbank transactions reached a trough of US$0.45 million in August 2004 and peaked at US$13.77 million in October 2004. The opening interbank Rs/US$ ask rate for the period under review moved within the range of Rs28.3300 in December 2004 to Rs29.3100 in June 2005.

Intervention by the Bank of Mauritius during 2004-05 reflected the foreign exchange liquidity condition of the market. During the first half of 2004-05, the liquidity position of banks was low, and the Bank sold US$67.7 million on the interbank foreign exchange market. The foreign exchange liquidity position of banks did not improve thereafter, resulting into pressure on the exchange rate. The Bank intervened to sell US dollar to the market. Sales increased markedly and amounted to US$117.1 million during the second half of the fiscal year, which brought total intervention during 2004-05 to US$184.8 million. The range of intervention rates for the sale of US dollars to the market moved between Rs28.25 to Rs28.93 per US dollar.

Table 3.9 gives details of monthly transactions on the interbank foreign exchange market and Table 3.10 provides the amount and range of intervention by Bank of Mauritius.

Foreign Exchange Transactions by former Category 1 Banks

Former Category 1 banks report on a daily

Table 3.10: 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)*
2004				
Jul	5.0	28.25	0.0	–
Aug	20.3	28.30-28.37	0.0	–
Sep	16.1	28.51-28.53	0.0	–
Oct	15.6	28.50-28.60	0.0	–
Nov	4.7	28.48	0.0	–
Dec	6.0	28.30	0.0	–
2005				
Jan	15.3	28.30-28.33	0.0	–
Feb	10.5	28.53-28.75	0.0	–
Mar	7.5	28.90	0.0	–
Apr	15.3	28.90	0.0	–
May	26.0	28.90	0.0	–
Jun	42.5	28.92-28.93	0.0	–
2004-05	**184.8**	**28.25-28.93**	**0.0**	**–**
2003-04	**8.5**	**28.25**	**68.6**	**28.80-29.20**

Chart 3.5: Former Category 1 Banks' Transactions above US$30,000: Total Purchases and Sales

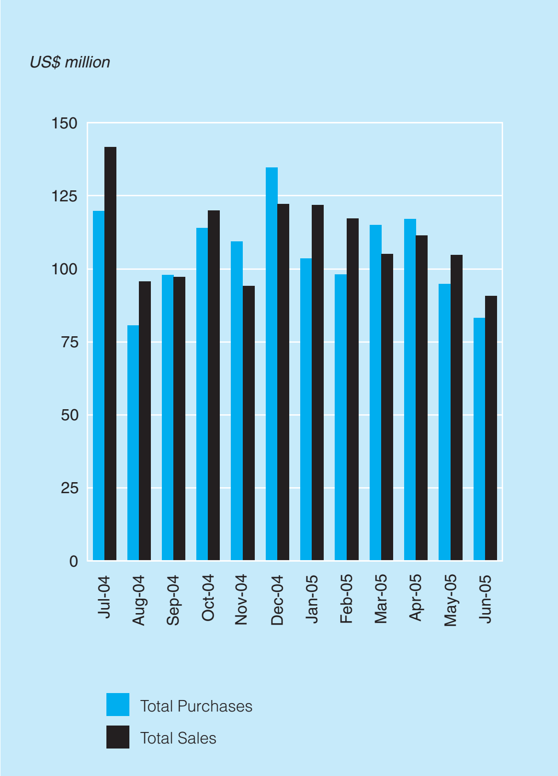
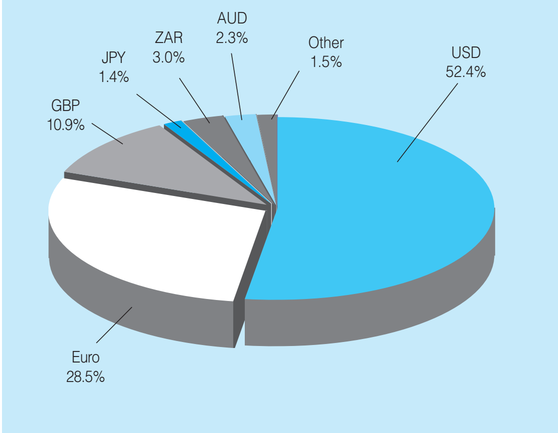


Chart 3.6: Former Category 1 Banks' Transactions above US$30,000: Turnover by Currency



basis to the Bank of Mauritius transactions of US$30,000 and above or their equivalent in other foreign currencies. During 2004-05, total transactions amounted to an equivalent of US$2,590.8 million, compared to US$2,624.7 million in 2003-04, with 52.4 per cent of total transactions being carried out in US dollar, 28.5 per cent in euro, 10.9 per cent in Pound sterling, 3.0 per cent in South African rand, 2.3 per cent in Australian dollar, 1.4 per cent in Japanese yen, and 1.5 per cent in other foreign currencies. Total monthly transactions peaked at an equivalent of US$261.6 million in July 2004 and reached a trough equivalent to US$173.8 million in June 2005.

The total net forward receipts of former Category 1 banks outstanding as at end-June 2005 stood at an equivalent amount of US$103 million.

The Rs/US$ weighted average dealt ask rates at which transactions of US$30,000 and above were effected moved in line with developments on the international markets and the evolution of foreign exchange liquidity position in the domestic market. Between July 2004 and June 2005, the Rs/US$ weighted average dealt ask rates fluctuated between a high of Rs29.374 and a low of Rs27.679. Against the euro, the weighted average dealt ask rates varied between a trough of Rs33.316 in August 2004 and a peak of Rs38.657 in March 2005 while, against the Pound sterling, they moved between Rs49.354 in September 2004 and Rs55.665 in April 2005. As at end-June 2005, the weighted average dealt ask rate of the rupee stood at Rs29.604 against the US dollar, Rs35.788 against the euro and Rs53.609 against the Pound sterling.

Charts 3.5 and 3.6 give details on transactions of US$30,000 and above effected by former Category 1 banks while Chart 3.7 and Table 3.11 show the weighted average dealt rates of the rupee against major currencies.

Public Debt Management

The restructuring of the maturity profile of Government debt, which started in 2002-03, was pursued in 2004-05 and a total amount of Rs5,000 million was earmarked to be raised from the issue of debt instruments on the domestic market during this period. As such, in August 2004, the Bank of Mauritius, in collaboration with the Government, issued a calendar of issuance that made provision for four quarterly issues of Rs500 million each of Five-Year Government of Mauritius Bonds for a total nominal amount of Rs2,000 million and Mauritius Development Loan Stocks with maturities ranging between 7 and 15 years for the remaining amount of Rs3,000 million on 24 December 2004 and 14 January 2005. In addition, it was decided to issue a new instrument, Treasury Note, with a maturity period of 3 years during 2004-05. Treasury Notes were issued to existing holders of Treasury Bills wishing to convert part or the full amount of their maturing Bills into 3-Year Treasury Notes.

Issue of Five-Year Government of Mauritius Bonds

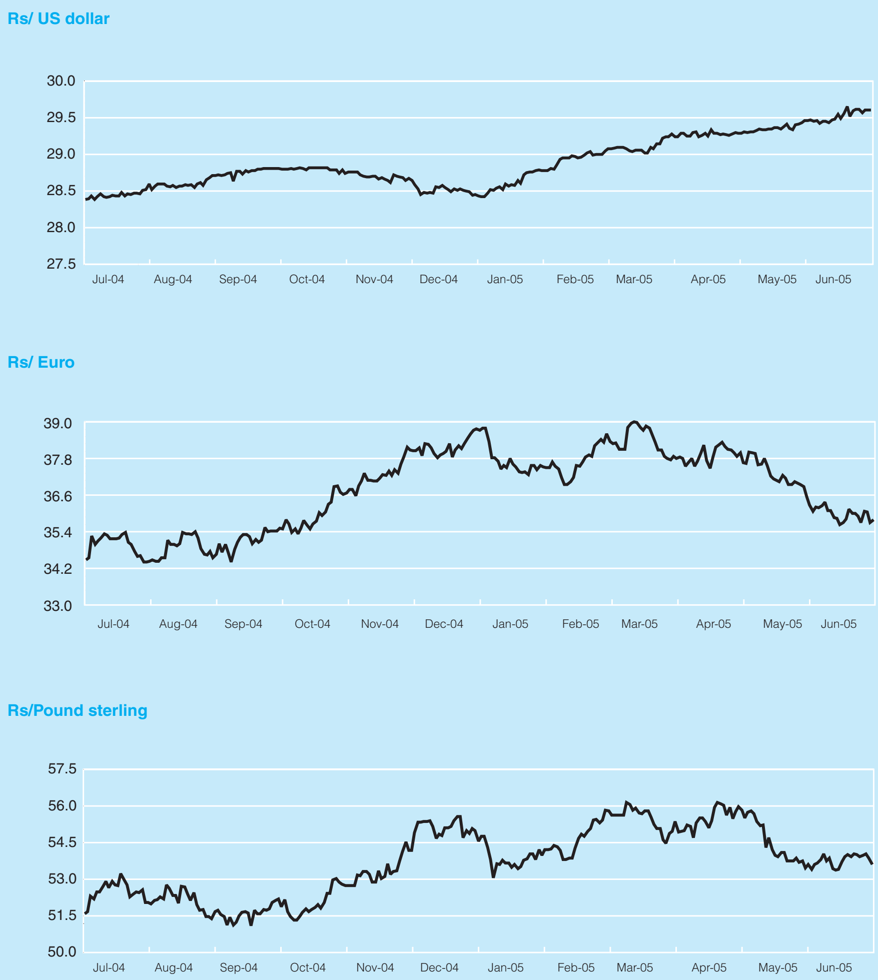
In view of the high demand for the Five-Year Government of Mauritius Bonds noted in 2003-04, the amounts put on tender for each quarterly auction of Bonds were maintained at Rs500 million in 2004-05. The coupon rate was set to vary between 7.50 per cent and 8.50 per cent per annum in 2004-05 compared to 8.00 per cent and 8.50 per cent per annum in 2003-04.

The first issue of Bonds for 2004-05 was held on 30 September 2004 and the remaining three issues took place on 31 December 2004, 31 March 2005 and 30 June 2005. The coupon rate for all four issues was fixed at 8.00 per cent per annum.

As in the previous year, all the four issues of Five-Year Government of Mauritius Bonds in 2004-05 were oversubscribed with total value of bids received amounting to Rs5,160 million compared to a total tender amount of Rs2,000 million. Total nominal value of bids accepted stood at Rs2,000 million.

The weighted average yields on bids accepted increased by 58 basis points from the first to the

Chart 3.7: Weighted Average Dealt Ask Rates of the Rupee vis-à-vis Major Currencies: 2004-05 [1]



[1] *Daily basis.*

third auction, reflecting two hikes in the Lombard Rate totalling 50 basis points and increases in yields on Treasury/Bank of Mauritius Bills. The weighted average yield on Bonds thus increased from 7.65 per cent at the first auction in September 2004 to 8.03 per cent and 8.23 per cent at the second and third auctions in December 2004 and March 2005, respectively. Thereafter, at the last auction in June 2005, the weighted average yield declined to 8.13 per cent in line with the general decrease in yields at the lower end of the maturity spectrum during this period.

Table 3.12 provides details of the four auctions of Five-Year Government of Mauritius Bonds held in 2004-05.

Issue of Mauritius Development Loan Stocks (MDLS)

As in the previous fiscal year, three types of MDLS with maturities of 7, 11 and 15 years were issued in 2004-05. Total nominal amount of MDLS issued in 2004-05 stood at Rs3,000 million, and two auctions were held on 23 December 2004 for settlement on 24 December 2004 and on 14

Table 3.11: Weighted Average Dealt Selling Rates of the Rupee [1]

	Rs/US$	Rs/EUR	Rs/GBP	Rs/USD	Rs/EUR	Rs/GBP
	(End of Period)			(Period Average)		
2004						
Jul	28.602	34.433	52.047	28.452	34.951	52.488
Aug	28.712	34.656	51.680	28.597	34.890	52.148
Sep	28.795	35.489	51.887	28.769	35.157	51.624
Oct	28.745	36.681	52.746	28.802	35.996	52.044
Nov	28.649	38.068	54.195*	28.693	37.337	53.461
Dec	28.427	38.789	54.775	28.503	38.239	55.040
2005						
Jan	28.781	37.512	54.223	28.636	37.587	53.771
Feb	29.050	38.602	55.830	28.959	37.744	54.759
Mar	29.246	37.811	55.379	29.113	38.410	55.459
Apr	29.288	37.995	55.981	29.279	37.917	55.491
May	29.463	36.553	53.474	29.357	37.322	54.642
Jun	29.604	35.788	53.609	29.527	35.991	53.777

[1] Calculated on spot transactions of US$30,000 and above, or equivalent, of former Category 1 banks.
** As at 29 November 2004.*

Table 3.12: Auctions of Five-Year Government of Mauritius Bonds

	Auction held on			
	30-Sep-04	30-Dec-04 [1]	31-Mar-05	29-June-05 [2]
1. Amount of Bonds put on Tender (Rs mn)	500.0	500.0	500.0	500.0
2. Value of Bids Received (Rs mn)	1,208.6	1,271.7	1,164.4	1,515.4
3. Value of Bids Accepted (Rs mn)	500.0	500.0	500.0	500.0
4. Coupon Rate (% p.a.)	8.00	8.00	8.00	8.00
5. Highest Yield Accepted (% p.a.)	7.95	8.25	8.30	8.20
6. Weighted Yield on Bids Accepted (% p.a.)	7.65	8.03	8.23	8.13
7. Weighted Price of Bids Accepted (%)	101.432	99.879	99.073	99.474

[1] For issue on 31 December 2004.
[2] For issue on 30 June 2005.

January 2005. The total value of bids received at the first auction stood at Rs2,024 million compared to a total tender amount of Rs1,500 million, and bids were accepted to the extent of Rs1,500 million. The total value of bids received at the second auction held on 14 January 2005 was Rs2,671 million compared to a tender amount of Rs1,500 million, and bids were accepted for Rs1,500 million. Total value of bids received at the two auctions of MDLS amounted to Rs4,695 million, of which a total nominal amount of Rs3,000 million was accepted.

While the weighted yields on bids accepted at the first auction were 8.58 per cent, 9.66 per cent and 9.98 per cent per annum for the 7, 11 and 15-year stocks, respectively, those at the second

Table 3.13: Auctions of Mauritius Development Loan Stocks

	Auction held on					
	23 December 2004 [1]			14 January 2005 [2]		
Amount of Stocks put on Tender	Rs1,500 mn			Rs1,500 mn		
	Stock 1	Stock 2	Stock 3	Stock 1	Stock 2	Stock 3
1. Value of Bids Received (Rs mn)	899.0	530.9	593.6	877.9	840.3	952.9
2. Value of Bids Accepted (Rs mn)	396.5	522.9	580.6	195.9	786.2	517.9
3. Coupon Rate (% p.a.)	8.50	8.75	9.00	8.50	8.75	9.00
4. Highest Yield Accepted (% p.a.)	9.00	9.99	10.06	8.85	9.90	10.05
5. Weighted Yield on Bids Accepted (% p.a.)	8.58	9.66	9.98	8.66	9.82	10.00
6. Weighted Price of Bids Accepted (%)	99.585	93.916	92.458	99.173	92.900	92.314

[1] Issue of 24 December 2004:
Stock 1: 8.50% Mauritius Development Loan Stock 2011 (24 Dec 2011)
Stock 2: 8.75% Mauritius Development Loan Stock 2015 (24 Dec 2015)
Stock 3: 9.00% Mauritius Development Loan Stock 2019 (24 Dec 2019)

[2] Issue of 14 January 2005:
Stock 1: 8.50% Mauritius Development Loan Stock 2012 (14 Jan 2012)
Stock 2: 8.75% Mauritius Development Loan Stock 2016 (14 Jan 2016)
Stock 3: 9.00% Mauritius Development Loan Stock 2020 (14 Jan 2020)

Table 3.14: Conversion of Government of Mauritius Treasury Bills into 3-Year Treasury Notes [1]

	Nominal Amount (Rs million)	Interest Rate (Per cent per annum)
2004		
17-24 Sep	946.6	7.30
01-15 Oct	339.8	7.30
22-29 Oct	768.8	7.50
05-12 Nov	740.2	7.50
19-26 Nov	1,106.2	8.00
03-31 Dec	1,407.8	8.00
2005		
07-28 Jan	1,743.4	8.00
04-25 Feb	2,252.6	8.00
04-25 Mar	1,873.0	8.00
01-15 Apr	2,750.0	8.00
2004-05	**13,928.4**	**7.30-8.00**

[1] Conversion of maturing Treasury Bills into 3-Year Treasury Notes was effected from 17 September 2004 to 15 April 2005.

auction went up to 8.66 per cent, 9.82 per cent and 10.00 per cent per annum, respectively. These increases reflected the rise in yields on Treasury/Bank of Mauritius Bills at the end of 2004 and market expectations of further interest rate increases. For comparison, the weighted average yields on bids accepted obtained for MDLS of 7, 11 and 15-year maturities issued on 19 March 2004 were 8.20 per cent, 9.46 per cent and 9.78 per cent per annum, respectively.

Details of the auctions of MDLS are given in Table 3.13.

Issue of 3-Year Treasury Notes

During 2004-05, the Bank of Mauritius, acting as agent of Government, introduced the weekly issue of Treasury Notes with a maturity period of 3 years. The Treasury Notes were offered to existing holders of Treasury Bills wishing to convert part or the full amount of their maturing Treasury Bills into 3-Year Treasury Notes. Treasury Notes were issued at par and in multiples of Rs100,000.

The first conversion, bearing interest at the rate of 7.30 per cent per annum, was effected on Friday 17 September 2004 and the last conversion was held on 15 April 2005. In line with the increase in the Lombard Rate on 21 October 2004, the interest rate on Treasury Notes was raised to 7.50 per cent as from 22 October 2004. To keep the Treasury Notes attractive compared to other Government securities issued on the market, the rate of interest was subsequently brought up to 8.00 per cent per annum as from 19 November 2004.

During the period 17 September 2004 to 15 April 2005, a total nominal amount of Rs13,928 million maturing Government of Mauritius Treasury Bills were converted into 3-Year Treasury Notes.

Details of conversion of Government of Mauritius Treasury Bills into 3-Year Treasury Notes are given in Table 3.14.

4 Accounting, Budgeting and Payment System

The Accounting, Budgeting and Payment System Department is responsible for the maintenance and safekeeping of accounting records and for the preparation of financial statements of the Bank. To this end, it provides back office services to the Bank's Financial Markets Department, Administration Department and Banking and Currency Division.

As provider of back office services, the Department exercises separate levels of control. The Department also prepares and monitors the budget of the Bank and maintains records pertaining to transactions carried out by Primary Dealers. The Department fulfils one of the key functions of central banking in managing and exercising an oversight of the payment and settlement systems.

Accounting

The Department maintains accounting records pertaining to, inter alia, foreign exchange transactions and open market operations for Government of Mauritius Securities and Bank of Mauritius Bills.

Foreign exchange transactions in respect of debt servicing, payments for consultancy services and contributions to international organisations are carried out by the Bank on behalf of the Government. Foreign currency receipts of Government are credited to their accounts maintained at the Bank.

The Committee of Officials, comprising representatives from the Bank, the Accountant General's Office and the Government Debt Management Unit, meets regularly to discuss issues relating to the cash flow and borrowing requirements of Government. The Committee is chaired by the Director-Accounting, Budgeting and Payment System. A sub-committee meets on Wednesdays to decide on the weekly borrowing requirements of Government.

The Department undertakes the processing of transactions of Government with international financial organisations such as the International Monetary Fund, International Bank for Reconstruction and Development and International Development Association. Dealings with these organisations include currency valuation adjustments, use of rupees under the operational budget and maintenance of value.

Auctions of Government of Mauritius Treasury/Bank of Mauritius Bills on the primary market are conducted every Friday. Transactions pertaining to successful bids are recorded in book entry form at the Bank except in cases where certificates of holdings are issued on request. Further, holders of Bills whose transactions are kept in book entry form at the Bank are provided with monthly statements.

Section 31 (1) of the Bank of Mauritius Act 2004 requires the accounting of the Bank to be carried out in conformity with accounting principles applicable to central banks and best international practices. The Bank therefore prepares its accounts in accordance with International Financial Reporting Standards. In keeping with international standards and with a view to enhancing transparency, the Bank publishes financial statements in a more elaborate format. The Bank's balance sheet and income and cash flow statements for the financial year ended 30 June 2005 together with comprehensive notes are presented in this report.

Profitability of the Bank

The Bank realised a profit of Rs967 million for the year ended June 2005. The financial performance of the Bank improved significantly in 2005 compared to 2004 mainly on account of a higher return on foreign investments as rates of interest on the international financial markets rose from their low levels in the preceding year. Further, expenses declined mainly due to lower cost of servicing of Bank of Mauritius Bills, which went down from Rs868.4 million in 2004 to Rs560.6 million in 2005.

Increase in Capital

The Bank of Mauritius Act 2004, which was promulgated on 10 November 2004, repealed both the Bank of Mauritius Act 1966 and the Bank of Mauritius Regulations 1968. Section 10(1) of the 2004 Act requires the stated capital of the Bank of Mauritius to be Rs1 billion. Further, section 10(4) provides that the amount paid as capital of the Bank may be increased from time to time by transfer from the General Reserve Fund or the Special Reserve Fund of such amounts as the Board may, with the approval of the Minister of Finance, resolve.

The Bank's capital was accordingly increased on 4 February 2005 from Rs10 million to Rs1 billion by transfer from the Special Reserve Fund.

Bank of Mauritius Bills

Bank of Mauritius Bills are issued by the Bank on the same terms and conditions as Government of Mauritius Treasury Bills. The cost of servicing of the Bank of Mauritius Bills is accounted for as an expense in the accounts of the Bank.

Bank of Mauritius Bills are revalued at the end of each month and are marked to market in line with the requirements of International Financial Reporting Standards. The nominal amount of Bank of Mauritius Bills outstanding in the books of the Bank stood at Rs9,526.6 million as at 30 June 2005.

Repurchase Transactions

A repurchase (repo) transaction is one under which the Bank lends liquid funds to another bank that provides collateral in the form of securities. The Bank conducts a repo transaction when a bank's liquidity situation is tight. A reverse repurchase (reverse repo) transaction is one under which the Bank mops up the temporary excess liquidity of a bank by providing collateral to that bank in the form of securities. The two parties enter into an irrevocable commitment to complete the operation on a certain date and at a price fixed at the outset on the principle of delivery against payment.

This type of operation is considered to be a short term loan at a guaranteed rate of interest. In the books of the Bank of Mauritius, repurchase transactions are treated as collateralised financing transactions and are carried at the amounts of cash advanced or received plus accrued interest.

Securities received under repurchase agreements and securities delivered under reverse repurchase agreements are not recognised in the balance sheet of the Bank unless control of the contractual rights that comprise these securities is relinquished.

Interest earned on repurchase agreements and interest incurred on reverse repurchase agreements are recognised as interest income and interest expense, respectively, over the life of each agreement.

The volume of repurchase transactions conducted by the Bank during the financial year 2004-05 amounted to Rs17,825 million.

Budgeting

The Department is responsible for the preparation of the budget of the Bank and for budgetary control.

In terms of section 32 (1) of the Bank of Mauritius Act 2004, the budget of the Bank in respect of a financial year is determined by the Board not later than 15 June immediately preceding that financial year.

The budget of the Bank is prepared on the basis of inputs from all departments which are then consolidated to form the master budget of the Bank. Inputs are grouped under three main items, namely, "Recurrent Expenditure-Personal Emoluments", "Recurrent Expenditure-Other Charges" and "Capital Expenditure". The master budget is discussed with the Audit Committee before presentation to the Board for consideration and approval. The budget for the financial year 2005-06 was submitted to the Audit Committee and approved by the Board on 15 June 2005.

The financial performance of the Bank is continuously monitored against the budget, both on a consolidated and on a departmental basis. Budget reports highlighting variances are prepared and submitted to management on a regular basis. As such, management can take corrective action, as appropriate, based on variances and trends in the report.

Payment System

Mauritius Automated Clearing and Settlement System (MACSS)

The statutory task of setting up an electronic system for the settlement of payments rests with the Bank of Mauritius. The Bank launched, in December 2000, a real time gross settlement system known as the Mauritius Automated Clearing and Settlement System (MACSS). The MACSS is the Systemically Important Payment System for Mauritius and is hence governed by the Core Principles for Systemically Important Payments Systems (CPSS) issued by the Bank for International Settlements (BIS).

Transactions routed through the system have been on the increase over the years both in terms of volume and value. On a monthly average basis, the number of transactions has increased at an annual rate of 25-30 per cent from 3,210 in 2001-02 to reach 6,582 in 2004-05. The monthly average value of transactions also went up from Rs29,624 million in 2001-02 to Rs46,063 million in 2004-05.

The MACSS is enhanced as and when required in order to derive maximum benefit from the system. The Automated Clearing Module was incorporated in the system to cater for the electronic transmission of settlement files for the Port Louis Automated Clearing House (PLACH). The system also accommodates the electronic submission of statistical returns by banks as well as the communication of data for the Mauritius Credit Information Bureau (MCIB).

The MACSS Terms and Conditions and Participant Procedures are available on the Bank's website.

Table 4.1 provides details of transactions routed through the MACSS for the period July 2004 through June 2005.

Port Louis Automated Clearing House

Section 48(1) of the Bank of Mauritius Act 2004 provides for the Bank to organise, in conjunction with banks, a clearing house to facilitate the clearing of cheques and other payment and credit instruments and to issue

Table 4.1: Total Transactions Routed Through the MACSS

	Number of Transactions	Value of Transactions (Rs million)	Number of Days	Daily Average: Number of Transactions	Daily Average: Value of Transactions (Rs million)
2004					
Jul	5,899	41,696	22	268	1,895
Aug	6,117	49,630	22	278	2,256
Sep	6,236	49,188	22	283	2,236
Oct	6,132	42,592	21	292	2,028
Nov	6,297	43,083	20	315	2,154
Dec	7,804	57,500	23	339	2,500
2005					
Jan	6,000	38,189	19	316	2,010
Feb	5,934	44,972	18	330	2,499
Mar	6,785	41,299	20	339	2,065
Apr	6,853	47,121	21	326	2,244
May	7,289	44,364	22	331	2,017
Jun	7,639	53,122	22	347	2,415
2004-05	**78,985**	**552,756**	**252**	**313**	**2,193**
2003-04	**62,616**	**428,391**	**253**	**247**	**1,693**

instructions concerning such instruments, their processing, collection, payment and retention and the functioning of other clearing houses that the Bank may authorise.

Further, section 48(6) of the Act empowers the Bank to issue instructions or to make regulations for the smooth functioning of a clearing house and payments system.

In line with the above provisions of the law, the Bank of Mauritius, in collaboration with other participant banks, operates the Port Louis Automated Clearing House (PLACH) on terms and conditions that have been stipulated in a set of rules known as the Port Louis Automated Clearing House Rules which are available on the Bank's website.

These Rules serve to provide, inter alia, the basic understanding and agreement by and among participating banks in the Clearing House, the objectives and responsibilities of the Port Louis Automated Clearing House (PLACH), the liabilities and responsibilities of the participating banks and the relationship between the Bank of Mauritius and the participating banks.

Following the enactment of the Banking Act 2004, section 44A of the Bills of Exchange Act has been amended to provide for the presentment of cheques for payment by electronic means. Accordingly, a banker may present a cheque for payment to the banker on whom it is drawn by notifying him of its essential features by electronic means or by any other means as may be specified by the Bank of Mauritius instead of presenting the cheque itself.

Cheques in Mauritius are standardised and use Magnetic Ink Character Recognition (MICR) technology. The use of reader/sorter machines enables the exchange of details on cheques among participants and settlement is effected electronically via the MACSS. The Department is responsible for the supervision of settlements.

The accreditation for the printing and encoding of MICR cheques is granted by the Cheque Standards Committee which is chaired by the Director-Accounting, Budgeting and Payment System and comprises representatives from banks, the Association of Printers of Mauritius and the Mauritius Bankers Association.

Table 4.2: Cheque Clearances

	Number of Cheques	Amount (Rs '000)	Number of Days	Daily Average	
				Number of Cheques	Amount (Rs '000)
2004					
Jul	444,116	15,720,737	22	20,187	714,579
Aug	429,733	16,167,982	22	19,533	734,908
Sep	426,858	14,871,719	22	19,403	675,987
Oct	439,062	15,907,659	21	20,908	757,508
Nov	443,598	15,836,126	20	22,180	791,806
Dec	529,467	20,577,511	23	23,020	894,674
2005					
Jan	371,508	12,777,719	19	19,553	672,512
Feb	387,450	14,822,347	18	21,525	823,464
Mar	431,387	14,506,987	20	21,558	725,228
Apr	420,322	14,794,050	21	20,015	704,479
May	456,496	15,098,777	22	20,750	686,308
Jun	438,906	15,754,463	22	19,950	716,112
2004-05	**5,218,903**	**186,836,077**	**252**	**20,710**	**741,413**
2003-04	**5,240,415**	**180,919,753**	**253**	**20,713**	**715,098**

As at 30 June 2005, the following printers/encoders of MICR cheques were accredited by the Cheque Standards Committee:

(i) De La Rue Currency and Security Print.
(ii) Madras Security Printers.
(iii) Master's Continuous Stationery Ltd.
(iv) Mauritius Stationery Manufacturers Ltd.
(v) Standard Continuous Stationery Ltd.
(vi) Excel Secure Technologies Ltd.

Table 4.2 provides data on cheques cleared through the Port Louis Automated Clearing House as well as the Port Mathurin Clearing House in Rodrigues.

Intrabank cheques are cheques that are drawn by customers of a particular bank and are presented over the counter at that bank. These cheques are not channelled through the Port Louis Automated Clearing House. Table 4.3 provides details on cheques cleared over the counters of banks on the last working day of each month.

Table 4.3: Intra Bank Cheque Clearing Transactions

Last working day of	Number of Cheques	Amount (Rs' 000)
2004		
Jul	29,335	1,064,472
Aug	23,763	930,353
Sep	23,799	1,070,690
Oct	30,319	1,018,032
Nov	26,260	808,533
Dec	32,227	1,211,728
2005		
Jan	31,709	1,056,733
Feb	30,807	885,956
Mar	23,290	791,184
Apr	31,570	1,364,523
May	23,834	821,179
Jun	26,369	1,310,085

Payment Systems Oversight

One of the objects of the Bank of Mauritius as laid down in the Bank of Mauritius Act 2004 is to ensure the stability and soundness of the financial system of Mauritius. One of the means of achieving this objective is the oversight of the payment systems. The Bank of Mauritius has the responsibility of promoting the safety and efficiency of existing and planned systems, assessing them against objectives set and, where necessary, inducing change.

The oversight function aims at maintaining systemic stability and protecting and ensuring the transmission channel of monetary policy. It also has the responsibility of ensuring that the general organisation of payment flows within the economy is efficient and safe so that public confidence in payment systems is maintained.

In Mauritius, payment streams comprise large value payments, settlement of securities and low value payments. Large value payments and the settlement of securities are effected through the MACSS. Low value payments are processed through the Port Louis Automated Clearing House and settlement is also carried out through the MACSS.

The ongoing oversight function comprises the collection of information from daily reports on the movement of liquidity among participants of the MACSS and data from other sources, the analysis of the information and the initiation of action as appropriate. The oversight function is conducted by the Accounting, Budgeting and Payment System Department in close collaboration with the Banking Supervision and the Financial Markets Departments and the Banking and Currency Division.

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 stockbrokers and custodian banks through the Central Depository and Settlement System. During 2004-05, settlements for a total amount of Rs1,869 million were effected through the MACSS. The settlement of secondary trading of Bills on The Stock Exchange of Mauritius Ltd, which amounted to Rs72 million in 2004-05, is however excluded from this figure.

Abandoned Funds

Under section 59 of the Banking Act 2004, banks are required to transfer to the Bank of Mauritius deposits or monies lodged with them for any purpose that have been left untouched and not claimed for 10 years or more and the customer has not responded within 6 months to a letter from the financial institution about the dormant deposit or money. These funds once transferred to the Bank of Mauritius do not carry interest and are only refunded to the financial institution for repayment to owners of the funds or their heirs or assigns on rightful claims being established to the satisfaction of the central bank.

Further, section 57 (6) of the Act stipulates that where a customer's deposit or money lodged with a financial institution for any purpose, becomes less than the minimum balance requirement in force in a financial institution from time to time and it has been left untouched for a period of one year and the customer has not responded within six months to a letter from the financial institution informing him of any service fees or charges that may be applicable on the deposit or money for having fallen below the minimum balance, the deposit or money shall without formality be handed over forthwith by the financial institution to the customer concerned in person, failing which it shall be transferred to the central bank to be dealt with in the manner referred to in section 59.

Accordingly, transfers to the Bank in respect of abandoned funds amounted to Rs87.4 million, USD22,259.34 and GBP363.59 as at 30 June 2005.

Future Developments

International Bank Account Number

An International Bank Account Number (IBAN) was developed by the European Community Bank Supervisors (ECBS) and the International Standardisation Organisation (ISO). The standard prevailing in Europe provides an international account identifier for identifying an account held by a financial institution in order to facilitate automated processing of cross-border transactions in an error free and speedy manner.

Banks in Mauritius are increasingly getting involved in cross-border banking transactions. The regional blocks such as the Common Market for Eastern and Southern Africa (COMESA) and Southern African Development Community (SADC) are likely to give an impetus to cross-border settlements. The Bank of Mauritius has initiated action with the view to adopting an IBAN format for Mauritius.

Meetings were held with banks on 31 March and 12 May 2005 whereby an agreement has been reached on an International Bank Account Number for the country. The following format has been accepted and is expected to be implemented in the near future, after all the procedures have been completed.

MU 25 BOMM0101123456789101000000

The first two letters represent the Country code.
The next two digits represent the Check digits.
The next twenty-six characters represent the Basic Bank Account Number (BBAN).
The first four letters of the BBAN represent the first four letters of the BIC Code of the bank servicing the account.
The next two digits represent the Bank Code.
The next two digits represent the Branch Code.
The next twelve digits represent the National Account Number.
The next six characters may be used for currency code and Future Development (3 characters each).

Banking & Currency Division

The Banking & Currency Division of the Bank is entrusted with the responsibilities relating to the issue and management of the domestic currency and the maintenance of current accounts.

Currency Office

During 2004-05, current banknotes and coins deposited at, and issued by, the Bank amounted to Rs8,992 million and Rs10,131 million respectively. From the deposits, banknotes amounting to Rs7,272 million were examined, out of which an amount of Rs1,722 million was found to be unfit for circulation and was withdrawn for destruction.

About 23 million banknotes were examined at the Bank and about 62 per cent of that amount were found to be fit for circulation.

Banking Office

The Banking Office is a provider of front office services for Government, parastatal organisations, banks engaged in Segment A business, 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

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 industrial gold, based on prevailing international gold market prices, are posted daily in the Banking Hall of the Bank.

Value Added Tax (VAT) at the prevailing rate was chargeable on the sale of industrial gold to industrialists and licensed jewellers up to 31 August 2005. However, with effect from 1 September 2005, the sale of industrial gold by the Bank is exempted from VAT.

Sale of Dodo Gold Coins

Dodo Gold coins of 22 carats are issued by 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 Bank of Mauritius and at banks engaged in Segment A business. 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 under-mentioned commemorative coins are also on sale at Bank of Mauritius to members of the public.

(a) *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.

(b) *1997 Golden Wedding Collector Coin Programme*

A silver commemorative coin of Rs20 denomination was issued in May 1998 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.

(c) *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, both in proof condition, were issued in January 2000 to mark the 150th anniversary of The Mauritius Chamber of Commerce & Industry. The sale prices of the gold and silver coins in presentation cases are Rs6,750 and Rs650 respectively.

(d) *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 as well as to banks engaged in Segment A business operating in Rodrigues. The Office also conducts over the counter sales of Government of Mauritius Treasury Bills to individuals and to non-financial corporations.

Consignments of banknotes and coins are regularly made to and from the office in order to meet the needs of Rodrigues in cash and to maintain a good quality of banknotes and coin in circulation.

5 Information Technology

The Information Technology Department initiated several new projects this year. The one with significant impact on the banking sector is the setting up of the Mauritius Credit Information Bureau (MCIB) project.

MCIB Project

The need for such a system arose as banks needed a tool to reduce their credit risk. The aim of the system is to share information, electronically, about the financial standing of a borrower so that it is easier for banks to evaluate the creditworthiness of a potential borrower. The project was initiated since August 2002. A task force headed by the First Deputy Governor and comprising technicians from both the Bank and commercial banks, as well as the Chief Executive officer of the Mauritius Bankers Association Limited, was set up on 16 January 2004 in order to pilot the project. The implementation details of MCIB are elaborated in Box 4.

The MCIB system is a custom-developed application. Oracle database and application server 10g have been used in the development of the MCIB system. Participants submit their data files in an XML (Extended Mark-up Language) format.

Box 6: Mauritius Credit Information Bureau

The Mauritius Credit Information Bureau (MCIB) project steered by the Bank of Mauritius has progressed substantively.

Regarding the technical and operational side, the Users and Technical Requirements Specifications document (UTRS) which was forwarded for consultation to banks participating in the project, was finalised and issued before the targeted date of 30 July 2004.

On 1 November 2004, the functional specifications of the MCIB were forwarded to participating banks for their views. In the light of the response received, the system analysis of the MCIB started on 15 November 2004.

In the meantime, on 8 November 2004, the third meeting of the Task Force set up for the establishment of the MCIB, was held where members took stock of progress made with regard to the setting up of the MCIB and discussions were held as to the way forward.

The IT Personnel of the Bank thereafter embarked on the in-house development of the MCIB application, the basic functionalities of which are to collect, collate, consolidate and disseminate credit information on borrowers to participating banks. All aspects regarding the security and traceability of access to the sensitive information in the MCIB database were taken into consideration.

Subsequently, the Bank triggered procedures for the writing up of the specifications for the hardware, operating system and ancillary software. Accordingly, on 6 December 2004, the Bank published an advertisement in the newspapers inviting potential bidders to tender for the supply of the hardware and operating system of the MCIB.

Concurrently, discussions were held with participating banks for the design of a common format regarding the information which participating banks would be required to feed in the MCIB.

The MCIB, which is hosted at the Bank of Mauritius, will use the same communication network infrastructure as the Mauritius Automated Clearing and Settlement System (MACSS).

The MACSS Closed User Group network linking all participants of the MCIB to the Bank of Mauritius, which is being used as the communication channel for the MCIB, has been upgraded to accommodate the load of information that would be channelled to the MCIB by participating banks.

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The installation of the hardware and application server at the Bank started in March 2005 and was completed on 15 April 2005. Participating banks were trained on the usage of the newly developed MCIB application. On 6 May 2005, participating banks started to feed the MCIB with credit information on a test basis.

The MCIB will gather credit information on borrowers and guarantors from banks participating in the project. The credit information which will be maintained and updated at the MCIB comprises, inter alia, information on credit facilities made available by the participating banks to customers such as loans, overdrafts, other advances, guarantees, letters of credits, etc, as well as information on non-performing advances, suit-filed accounts, bankruptcy, insolvency and compromised settlements.

Information on account holders whose total outstanding balance with any participating bank is in the aggregate less than Rs100,000 for individuals and Rs500,000 for any entity will not be fed into the MCIB.

Information on any positive balances which customers maintain with banks will also not be stored in the MCIB.

All the credit information that will be stored in the MCIB will be kept confidential between the MCIB and the participating banks and used exclusively for the purpose for which the MCIB has been established.

Customers, not satisfied with credit information obtained from the MCIB and wishing to verify details of information available on them, will be able to do so in writing to the MCIB.

The Bank will also issue a brochure to inform the public of the functions of the MCIB.

On the legal and regulatory front, provisions for the establishment of the MCIB were laid down in the Bank of Mauritius Act 2004 and Banking Act 2004 which were enacted on 12 October 2004 and became operative on 10 November 2004.

In February 2005, the Bank forwarded proposed Terms and Conditions of the MCIB to participating banks. These were discussed during the course of the fourth and fifth meetings of the Task Force which were held on 3 February and 18 April 2005 respectively. Accordingly, the Bank, in consultation with participating banks, finalised and formally issued the Terms and Conditions of the MCIB on 28 June 2005.

Banks will be able to query the MCIB database on a 24 hour basis. The query will be processed by the MCIB application and a credit profile report will be generated back to the participant requesting information on a borrower. This report will provide the credit exposure of the customer based on his/her existing loans and past debt and repayment history. Participants will be able to submit information on new credits and credit balances to the database, at any time, as it is operational, round-the-clock.

The MCIB is owned, operated and situated at the premises of the Bank of Mauritius.

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 is given in Appendices II, III and IV.

As at end-June 2005, there were 272 staff members at the Bank. The Organisation Chart of the Bank is shown in Appendix V.

Conferences, Seminars, Training Courses and Overseas Missions

Mr Y. Googoolye, Director-Accounting, Budgeting and Payment System, attended:

(i) the SADC Payment System Project: Cross Border Models Workshop held in Pretoria, South Africa, from 12 to 14 July 2004.

(ii) the Sixth Meeting of the Committee of International Payment Experts from COMESA Central Banks on REPSS in Harare, Zimbabwe, on 16 and 17 September 2004 followed by the SADC Annual Regional Conference in Johannesburg, South Africa, from 20 to 22 September 2004.

(iii) the Committee on Payment and Settlement System CPSS/SADC Payment System Project Conference on General Guidance on Payment Systems Development in Cape Town, South Africa, on 24 and 25 February 2005.

(iv) the SADC Payment System Project – Cross Border Settlement Workshop in Pretoria, South Africa, on 2 and 3 June 2005.

Mr H.O. Jankee, Director-Research, attended the following COMESA Monetary Cooperation Meetings in Lusaka, Zambia:

(i) Ninth Meeting of the Monetary and Financial Co-operation Committee of Experts from Central Banks and Ministries of Finance from 11 to 13 November 2004.

(ii) Ninth Meeting of the Committee of Central Bank Governors on 15 and 16 November 2004.

(iii) Seventh Meeting of the Ministers of Finance on 17 and 18 November 2004.

(iv) The First Meeting of the Sub-Committee on Monetary Policy and Exchange Rate on 14 and 15 March 2005.

Mr V.K. Sonah, Head of Banking and Currency Division, was on an official visit to South Africa and Kenya to view the procedural operations of the Banknote Sorting and Disintegration System of De La Rue and Kusters Engineering installed at the South African Reserve Bank in Pretoria, South Africa, and the Central Bank of Kenya in Nairobi, Kenya, from 1 to 5 August 2004.

Mr D. Doobree, Assistant Secretary, attended a Workshop on "Strategic Human Resources Issues" conducted by the Training and Development Forum of SADC Central Banks and the Bank of England in Maseru, Lesotho, from 18 to 21 October 2004.

Mr R. Chinniah, Assistant Director-Supervision, attended:

(i) a Workshop on the Establishment of a Committee of Central Bank Governors (CCBG) Banking Supervision Sub-Committee in Pretoria, South Africa, on 19 and 20 November 2004.

(ii) a Workshop on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Measures held in Maputo, Mozambique, from 16 to 20 May 2005.

(iii) the SADC Sub-Committee of Bank Supervisors (SSBS) in Lilongwe, Malawi, on 28 and 29 June 2005.

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

(i) the SADC IT Forum Training Course on Control Objectives for Information Technology (COBIT) Governance and Assurance Model in Pretoria, South Africa, from 2 to 6 August 2004.

(ii) the SADC Central Banks IT Forum Annual Conference in Luanda, Angola, from 9 to 12 March 2005.

Mr J. Pandoo, Assistant Director-Financial Markets, participated in a Seminar on "Eurosystem Reserve Management Services Framework" held in Atlanta, U.S.A., from 11 to 15 October 2004.

Mrs M.M.A. Heerah-Pampusa, Assistant Director-Financial Markets, attended a Course on Financial Market Analysis conducted by the Joint Africa Institute (JAI) in Pretoria, South Africa, from 29 March to 9 April 2005.

Mr M.K. Yerukunondu, Assistant Director-Legal, attended the ESAAMLG Sub-regional Workshop on Anti-Money Laundering and Combating the Financing of Terrorism Strategy Development in Arusha, Tanzania, from 16 to 19 May 2005.

Mr J.N. Bissessur, Assistant Director-Research (Statistics), attended:

(i) the Irvin Fisher Committee Conference on "Central Bank Issues regarding National and Financial Accounts" held in Basel, Switzerland, on 9 and 10 September 2004.

(ii) the SADC Macro-Economic Sub-Committee Meeting held in Pretoria, South Africa, on 1 and 2 April 2005.

Mr V.M. Punchoo, Assistant Director-Research, attended the Economic Modelling and Forecasting Course conducted by the Centre for Central Banking Studies, Bank of England, in London, U.K., from 22 November to 3 December 2004.

Mr J.K. Choolhun, Manager-Financial Markets, attended a Course on Financial Market Analysis conducted by the Joint Africa Institute (JAI) in Pretoria, South Africa, from 29 March to 9 April 2005.

Mr M.A.B. Fakira, Chief Bank Examiner, attended a Steering Committee Meeting of the SADC Sub-Committee on Banking Supervision in Pretoria, South Africa, on 10 February 2005.

Mr N. Kowlessur, Senior Research Officer, attended:

(i) a Conference on "Trade Integration in COMESA and SADC" organised by the Committee of Central Bank Governors (CCBG) in SADC in collaboration with the European Central Bank (ECB) held in Cape Town, South Africa, on 28 February 2005.

(ii) the SADC Meeting of the Committee of Central Bank Officials in Kinshasa, Democratic Republic of Congo, from 6 to 8 April 2005.

Miss V. Morarjee, Senior Research Officer, attended a Meeting of the Working Group of the Committee of Central Bank Governors in SADC in Maputo, Mozambique on 8 and 9 July 2004.

Mrs P.S. Hurree Gobin, Senior Research Officer, attended a Course on Advanced Topics in Empirical Finance in Gerzenzee, Switzerland, from 7 to 18 February 2005.

Mr M.S.Y.W. Khodabocus, Senior Economist, attended the Inflation Targeting and Monetary Policy Course organised by the SADC Training and Development Forum in collaboration with the CCBS of the Bank of England held in Pretoria, South Africa, from 11 to 15 October 2004.

Mr D. Thakoor, Senior Analyst Programmer, and Mr R. Kallychurn, Analyst Programmer, participated in the "E-Transformation: Opportunities in Government, Public Institutions and Finance Conference" in New Delhi, India, from 16 to 18 March 2005.

Mr K. Ramnauth, Research Officer, attended the Senior Officials Meeting of the SADC Governors Committee held in Pretoria, South Africa from 1 to 3 September 2004.

Mr J. Thakoor, Research Officer, attended:

(i) a Course on Financial Programming and Policies conducted by the Joint Africa Institute (JAI) in Pretoria, South Africa, from 2 to 13 August 2004.

(ii) a Workshop on the Measurement of Economic Impact of Tourism in Bamako, Mali, from 11 to 13 May 2005.

Miss P. Muthoora, Research Officer, attended a Course on Financial Programming and Policies conducted by the Joint Africa Institute (JAI) in Pretoria, South Africa, from 2 to 13 August 2004.

Mr G. Beegoo and Mrs H. Nundoochan, Research Officers, attended a Course on Econometrics with Eviews at the South African Reserve Bank College in Pretoria, South Africa, from 10 to 12 November 2004.

Mr S. Gopal, Dealer, attended the Second Asian Advanced Reserve Management Workshop organised by the Banking Department, Bank for

International Settlements in Phuket, Thailand from 22 to 26 November 2004.

Mr S. Ramnarainsing, Senior Accounts Officer, attended the Committee on Payment and Settlement System CPSS/SADC Payment System Project Conference on General Guidance on Payment Systems Development in Cape Town, South Africa, on 24 and 25 February 2005.

Mr H. Budhna, Senior Accounts Officer, attended the SADC Payment System Project: Cross Border Models Workshop held in Pretoria, South Africa, from 12 to 14 July 2004.

Mrs U. Chuttarsing-Soobarah, Senior Bank Examiner, participated in a Seminar for Senior Bank Supervisors from Emerging Economies held in Washington, DC, U.S.A., from 18 to 29 October 2004.

Mr S. Vadeevaloo, Senior Bank Examiner, attended a Regional Seminar on Anti-Money Laundering and Problem Bank Resolution in Bagamoyo, Tanzania, from 2 to 4 November 2004.

Mrs N. Sajadah-Aujayeb, Legal Officer, attended the Africa and Middle East Conference on Financial Crime in Gold City, South Africa, on 29 and 30 November 2004.

Mrs R. Jutton-Gopy, Legal Officer, attended a Workshop on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Measures held in Maputo, Mozambique, from 16 to 20 May 2005

Mr Y. Toynoo, Senior Bank Examiner, attended a Seminar on Internal Ratings-Based Approaches and Credit Risk Modelling held in Basel, Switzerland from 8 to 10 February 2005.

Mr N. Mundboth, Technical Officer-Grade A, was on an official visit to South Africa and Kenya to view the procedural operations of the Banknote Sorting and Disintegration System of De La Rue and Kusters Engineering installed at the South African Reserve Bank in Pretoria, South Africa, and the Central Bank of Kenya in Nairobi, Kenya, from 1 to 5 August 2004. He also attended the Factory Acceptance Testing and Training (FATT) Programme held at Kusters Engineering B.V. in Venlo, Netherlands, from 25 April to 5 May 2005.

Mr Y. Madhub, Senior Bank Examiner, attended a course on Practical Policy Analysis of Financial Regulation conducted by the Centre for Central Banking Studies (CCBS), Bank of England, in London, U.K., from 27 June to 1 July 2005.

Mr B. Baijnath, Analyst Programmer, and Mr A.K. Ramkurrun, Senior Bank Officer, attended the "SWIFT Regional Conference in Africa" in Accra, Ghana, from 23 to 26 May 2005.

Mr P.Y.M. Lebon, Secretarial Support Officer in the Governor's Office, attended a "Séminaire destiné aux cadres supérieurs des organismes de contrôle des banques dans les pays en voie de développement francophones" in Paris, France, from 15 to 26 November 2004.

Local Training

Mr D. Doobree, Assistant Secretary, attended a Workshop on "Designing and Implementing Performance Management Systems" held at Labourdonnais Waterfront Hotel, Port Louis on 20 and 21 July 2004.

Mr J.K. Ramtohul, then Assistant Director-Supervision, attended a Workshop on Compliance Issues at the Gold Crest Hotel, Quatre Bornes, on 26 February 2005.

Messrs R. Chinniah, Assistant Director-Supervision, M.K. Yerukunondu Assistant Director-Legal and Mrs L.C. Bastien Sylva, Bank Examiner Grade I, attended the 29th Business Forum on the Bank of Mauritius Bill and Banking Bill at L'Alliance Française, Bell Village, on 22 September 2004.

Mr V. Punchoo, Assistant Director-Research, attended a round table discussion on Competitiveness Foresight organised by the National Competitiveness Council at Domaine Les Pailles, from 21 to 23 September 2004.

Mrs V. Soyjaudah and Mr M.A.B. Fakira, Chief Bank Examiners, Mr P. Nundlall, Senior Bank Examiner, and Mr H. Ramsurn, Senior Bank Officer, attended the FIU Workshop for Money Laundering Reporting Officers / Compliance Officers held at Le Sirius, Labourdonnais Hotel, Port Louis, on 30 March 2005.

Mrs S. Hurrymun, Chief Bank Examiner, attended a one-day Seminar on Risks of Money Laundering and Terrorist Financing held at the Hilton Hotel, Flic-en-Flac, on 22 September 2004.

Mr D. Thakoor, Senior Analyst Programmer, attended the Workshop on Unix/Linux Security held at Aptech Computer Education, Port Louis, from 26 to 30 July 2004.

Mr J. Thakoor, Research Officer, attended the

Workshop on "Public Private Partnership Capacity Building" held at the University of Mauritius, Reduit, from 9 to 11 December 2004.

Mr A. Dowlut and Mr I. Seetohul, Analyst Programmers, attended the Workshop on "Oracle Forms Upgrade to the Web" held at Labourdonnais Waterfront Hotel, Port Louis, on 18 February 2005.

Miss R.D. Nundloll, Analyst Programmer, attended the Linux+ training course held at the FRCI, Les Pailles, from 23 to 27 August 2004.

Messrs N. Ramtohul, Y. Madhub, S. Vadeevaloo, Senior Bank Examiners, Mrs R. Jutton-Gopy and Mrs N. Sajadah-Aujayeb, Legal Officers, attended the 8th Task Force of Senior Officials Meeting of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) from 16 to 18 August 2004 at Le Meridien Hotel, Pointe Aux Piments.

Overseas Missions

The Governor attended the Committee of Central Bank Governors of the SADC held in Pretoria, South Africa, from 1 to 3 September 2004.

The Governor attended the Commonwealth Conference for Finance Ministers held in St Kitts from 28 to 30 September 2004 and the Annual General Meetings of the International Monetary Fund and the World Bank Group, in the first week of October 2004 in Washington DC, U.S.A.

The Governor attended an Extraordinary Meeting of the Committee of the Central Bank Governors (CCBG) of the SADC held in South Africa, on 27 and 28 February 2005.

The Governor, accompanied by Mr N. Kowlessur, Senior Research Officer, proceeded on mission to attend the Meeting of the Committee of Central Bank Governors of SADC held in Kinshasa, Democratic Republic of Congo, from 6 to 8 April 2005.

The Governor, accompanied by Mr N. Ramtohul, Senior Bank Examiner, proceeded on mission to attend the Annual Meetings of the Bank for International Settlements in Basel, Switzerland, from 25 to 28 June 2005.

The First Deputy Governor attended the Federation of Indian Chamber of Commerce and Industry's Global Banking Conference held in Bangalore, India, from 14 to 16 September 2004. He then proceeded to Madrid, Spain, to attend the 13th International Conference of Offshore Group Banking Supervisors from 20 to 23 September 2004.

The First Deputy Governor attended the Meeting of the Joint Study Group of the India–Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA) held in New Delhi, India, from 3 to 5 November 2004.

The First Deputy Governor attended the Regional Meeting of the Financial Stability Institute in Pretoria, South Africa, from 29 to 30 May 2005.

Seminars and Conferences

The Bank hosted the Regional Meeting of the Working Group of the Committee of Central Bank Governors of the SADC on 12 and 13 August 2004. Delegates from three member countries besides Mauritius, namely, Mozambique, Namibia and South Africa participated in this Meeting.

Training Attachment

Miss Jenifer Vital, Bank Supervision Officer at the Central Bank of Seychelles, was on training attachment on Supervision of Offshore Banks from 2 to 13 August 2004.

Mr Steve Fanny, Internal Auditor at the Central Bank of Seychelles, was on a training attachment on Internal Auditing from 18 May to 1 June 2005.

Overseas Visitors

Honourable Mohamed Jaleel, Minister of State for Finance and Treasury and Vice-Governor of Maldives Monetary Authority and Mr Ibrahim Naeem, Deputy Managing Director of Maldives Monetary Authority and Alternate Governor to IMF were on an official mission at the Bank to study financial sector developments in Mauritius from 23 to 28 July 2004.

Human Resource Matters

Appointment

Mr M. Kona Yerukunondu, Manager-Legal, was appointed Assistant Director-Legal with effect from 1 July 2004.

Mr M.V. Punchoo, Senior Research Officer, was appointed Assistant Director-Research with effect from 4 January 2005.

Mr J.N. Bissessur, Senior Research Officer, was appointed Assistant Director-Research (Statistics) with effect from 4 January 2005.

Mrs P.S. Hurree Gobin, Miss V. Morarjee and Mr N. Kowlessur, Research Officers, were appointed Senior Research Officers, with effect from 4 January 2005.

Mr Y.W. Khodabocus, Research Officer, was appointed Senior Economist with effect from 4 January 2005.

Mr P.Y.M. Lebon, Bank Officer Grade I, was appointed Secretarial Support Officer with effect from 2 February 2005.

Mrs S.D. Ramanah and Mr A.A. Massafeer, Bank Officers Grade I, were appointed Senior Bank Examiners with effect from 1 April 2005.

Miss M.M. Lauricourt and Mr V. Nem, Research Assistants, were appointed Senior Bank Examiners with effect from 1 April 2005.

Mr L. Ramful, Bank Examiner Grade I, was appointed Senior Bank Examiner with effect from 1 April 2005.

Recruitment

Mr M.N. Bakurally was appointed Bank Officer Grade II, with effect from 1 July 2004.

Mr S. Leveque was appointed Bank Attendant/ Driver with effect from 1 December 2004.

Mr K. Uppiah was appointed Senior Bank Examiner with effect from 30 March 2005.

Mrs R.A. Bappoo-Huneewoth was appointed Senior Bank Examiner with effect from 15 April 2005.

Mr D. Rughoobur was appointed Senior Bank Examiner with effect from 18 April 2005.

Mr Y. Rughoobur was appointed Senior Bank Examiner with effect from 22 April 2005.

Mr R. Bullyraz, Mr B. Kwok Chung Yee and Mr R. Ramsohok were appointed Senior Bank Examiners with effect from 2 May 2005.

Retirement

Mr I. Namdarkhan, Bank Attendant Grade III, retired from the service of the Bank with effect from 21 July 2004.

Mr H. Rathoa, Technical Officer Grade B, retired from the service of the Bank with effect from 30 July 2004.

Resignation

Mr M.A.B. Fakira, Chief Bank Examiner, resigned from the service of the Bank with effect from 27 June 2005.

Completion of Studies

Mr M.A.B. Fakira, Chief Bank Examiner, was awarded an MBA in Financial Management by the University of Mauritius in July 2004.

Mrs V. Ramful, Junior Dealer, completed the ACCA final examinations in August 2004.

Mr B. Doolar, Senior Bank Officer, was awarded a Post Graduate Diploma in Human Resource Management by the Indira Gandhi National Open University (IGNOU) in September 2004.

Mrs P. Keerodhur, Bank Examiner Grade I, was awarded the degree of Master of Business Administration by the Cyprus Institute of Marketing in September 2004.

Mr A. Seeburn, Documentation Officer, was awarded the degree of Bachelor of Commerce by the Indira Gandhi National Open University (IGNOU) in November 2004.

Mr R. Kallychurn, Analyst Programmer, was awarded the degree of Master of Science in Information and Communication Technologies by the University of Mauritius in November 2004.

Mrs S.D. Purryag, Bank Officer Grade I, completed the ACCA final examinations in February 2005.

Box 7 New Headquarters Building Project

The implementation of the New Headquarters Building Project started in the year 2002 with the construction of its first stage – the Foundation and Basement Works. The need for a New Headquarters Building for the Bank of Mauritius was felt in the mid-1980's although the concept of the project itself dates back to the early 1990's. Two senior Building Advisors from the Bank of England were appointed in that respect to study the Bank's space requirements. Their main recommendation to the Bank was for the construction of a new high-rise building of an area of about 15,000 square metres. Following an Architect's competition in 1998, consultants for the design of the building were appointed. By 2001, the design of a New Headquarters Building to meet the present and future requirements of the Bank was completed.

The Main Building Works for the construction of the superstructure, comprising a podium and a tower, which started in November 2003, are ongoing and are expected to be completed by mid-2006. The podium of the building consists of four floors and a Mezzanine with the Banking Hall on the second floor. The tower consists of fourteen storeys, two of which will be reserved exclusively for mechanical equipment. The total floor area will be of 16,834 square metres and the whole building, designed for a lifespan of 100 years, will be able to house around 450 employees.

The Building has been designed with the concept of a security philosophy befitting a central bank. Hence, the main entrance will be protected such that visitors entering the building will be screened for offensive weapons. Access to the building from the public foyer will be strictly controlled.

The New Headquarters Building will be provided, *inter alia*, with ten lifts, a canteen with full kitchen facilities and secure parking facilities for forty vehicles. Offices in the Building are being designed along modern tendencies in office planning to ensure maximum comfort and use of space in an efficient manner. Every floor will be equipped with high density filing systems. Several floors will be provided with meeting rooms. Lighting and air-conditioning will be recessed in the false ceiling while raised flooring will allow for the provision of electrical and communication network points on site.

The external cladding of the building consists of high quality granite and extensive double-glazed, lightly tinted, cyclone-proof and laminated glass. Upon the completion of the construction of the New Headquarters Building, the granite cladding will be extended to the existing building of the Bank. Harmonization of the external aspect of the existing and the new buildings of the Bank will give the visual effect of a single entity.

7 Audit Committee Report

Report of the Audit Committee to the Bank of Mauritius

The Audit Committee (Committee) established by the Bank of Mauritius on 27 October 2004 consists of three non-executive members of the Board namely Mr M. Ramphul (Chairman), Mr Regis Yat Sin (up to 31 July 2005) and Mr A.A.A.R. Sohawon. The Secretary of the Bank, Mrs H.S. Sewraj-Gopal, acts as Secretary to the Committee.

1. Terms of Reference

The Terms of Reference of the Committee are as follows:

(i) Review of the effectiveness of the internal control systems of the Bank.

(ii) Review of the working of the Internal Audit Function including approval of the internal audit plan at the start of the year and review of the internal audit reports and the evaluation of the findings, recommendations and management's response.

The Committee needs to assess whether the Internal Audit Function is adequately staffed and equipped and needs to review the professional development activities of the internal auditors.

(iii) Coordination between Internal Audit Function and the External Audit Function to avoid duplication of work and ensure cooperation between them.

The Committee is to consider any material accounting or auditing concern identified as a result of the internal and external audits and make appropriate recommendations.

(iv) Evaluation of the independence and effectiveness of the external auditors.

The Committee should discuss with the external auditors before the start of the audit about the engagement letter, scope of the audit function and the audit fee. The Committee may also identify problem areas that the audit can address.

The Committee reviews the management letter submitted at the end of the audit every year and ensures that all matters highlighted are being followed up.

The Committee should meet at least once a year with the external auditors without any executive member of the Board in attendance.

(v) Review of the reliability and accuracy of the financial statements, interim reports, budgets and other public reports prior to their submission and approval of the Board.

(vi) Assurance that the Bank is operating in accordance with legal provisions, code of conduct, by laws and the rules and regulations established by the Board.

2. Responsibilities of the Board, the External Auditors and the Audit Committee

The Board of Directors of the Bank of Mauritius is responsible for the preparation of financial statements and for the proper safeguard of the assets of the Bank as well as maintaining an adequate system of internal controls.

The External Auditors are responsible for conducting an independent audit of the Bank's financial statements in accordance with international standards on auditing and to issue an independent opinion thereof.

The Committee's responsibility is to monitor these processes.

3. Activities of the Committee

The Committee met on two occasions during the year under review and considered the following:

(i) The Committee approved its terms of reference.

(ii) The Committee reviewed the draft estimates of the Bank for the financial year 2005-06 which comprises of the budgeted estimates of income and expenditure (both capital and recurrent) for the financial year 2005-06. Comparisons were made between the original budgeted figures and revised figures for the period 2004-05 for both income and expenditure. Explanations in respect of material variances were sought.

(iii) The Committee also reviewed the estimated profit of the Bank for the year ended 30 June 2005 and recommended to the Board that the relevant allocations and transfers be effected.

(iv) The Committee then reviewed the reports submitted by the Manager-Internal Audit on specific areas audited by the Internal Audit Section. The latter then briefed members on the actions taken by management following the recommendations made by his section. Members were satisfied with the actions taken.

(sd) M. Ramphul	(sd) R. Yat Sin	(sd) A. A. A. R. Sohawon
Chairman	*Member (up to 31.07.05)*	*Member*

8 Financial Statements

BANK OF MAURITIUS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

Contents

INTRODUCTION

Section 11(1) of the Bank of Mauritius Act 2004 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 provisions as it thinks fit for bad and doubtful debts, depreciation in assets, contributions to staff funds and superannuation funds and other contingencies.

The Bank realised a profit of Rs967.3 million for the year ended 30 June 2005 compared to an operating loss of Rs378.7 million incurred in 2004. The financial performance of the Bank has improved in 2005 mainly on account of a higher return on foreign investments due to an increase in rates of interest on the international financial markets, the need for Government to maintain only operational cash balances at the Bank and a decrease in the cost of servicing of Bank of Mauritius Bills. The income derived from foreign assets of the Bank in 2005 almost doubled compared to 2004 whereas the cost of servicing of Bank of Mauritius Bills went down from Rs868.4 million in 2004 to Rs560.6 million in 2005.

Assets

The Bank’s foreign assets have decreased as a result of a decrease in Cash and Cash Equivalents and Interest Receivable offset by an increase in Other Balances and Placements.

Local assets have increased mainly due to an increase in Financial Assets Available-For-Sale.

Liabilities

Liabilities have decreased mainly due to a decline in the amount of Bank of Mauritius Bills which was partly offset by an increase in Notes and Coins in Circulation and Other Liabilities.

Capital and Reserves

The net increase in Reserves arising from fluctuations in foreign exchange rates has been transferred to the Special Reserve Fund together with the increase in the General Reserve Fund allocated from net profits.

Statement of Responsibilities of the Board of Directors of the Bank of Mauritius

Section 31(2) of the Bank of Mauritius Act 2004 requires the accounts of the Bank to be audited at least once a year by such auditors as may be appointed by the Board.

The Board of Directors of the Bank is responsible for the preparation of financial statements which give a true and fair view of the financial position, financial performance and cash flows of the Bank in conformity with accounting principles applicable to Central Banks and best international practices in accordance with Section 31(1) of the Bank of Mauritius Act 2004. The Bank's policy is to prepare financial statements in accordance with International Financial Reporting Standards. The Board 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.

The general policy of the affairs and business of the Bank are entrusted to a Board of Directors. The Board consists of the Governor as Chairperson, two Deputy Governors and not less than five but not more than seven other Directors. The Governor and Deputy Governors are appointed by the President of the Republic of Mauritius, on the recommendation of the Prime Minister for a period not exceeding five years and on such terms and conditions as may be specified in the instrument of appointment. The Governor is the principal representative of the Bank and is responsible for the execution of the policy of the Board and the general supervision of the Bank of Mauritius. The Deputy Governors are under the general supervision of the Governor and responsible for the day-to-day administration of the Bank. The Non-Executive Directors of the Bank hold office for a term not exceeding three years and are appointed by the Minister of Finance. At 30 June 2005, there was only one Deputy Governor in post and the Board comprised only four Non-Executive Directors. The Directors are eligible for reappointment at the end of their term of office. The Board meets at the seat of the Bank and six members constitute the quorum.

REPORT OF THE AUDITORS TO THE SHAREHOLDER OF BANK OF MAURITIUS

We have audited the financial statements of the Bank of Mauritius ('the Bank') for the year ended 30 June 2005, set out on pages 177 to 200.

This report is made solely to the shareholder of the Bank, as a body. Our audit work has been undertaken so that we might state to the shareholder of the Bank those matters we are required to state to them in an auditor's 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 and the shareholder of the Bank, 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 is responsible for the preparation of financial statements which give a true and fair view of the financial position, financial performance and cash flows of the Bank in conformity with accounting principles applicable to central banks and best international practices in accordance with Section 31(1) of the Bank of Mauritius Act 2004. The Bank's policy is to prepare the financial statements in accordance with International Financial Reporting Standards.

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.

REPORT OF THE AUDITORS TO THE SHAREHOLDER OF BANK OF MAURITIUS (CONT'D)

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 profit for the year in terms of Section 11 of the Bank of Mauritius Act 2004 has been ascertained in accordance with Section 11 of the Bank of Mauritius Act 2004; and
- the financial statements give a true and fair view of the financial position of the Bank as at 30 June 2005, and of the results of its operations and cash flows for the year then ended and have been prepared in accordance with International Financial Reporting Standards.

Kemp Chatteris Deloitte

Kemp Chatteris Deloitte
Chartered Accountants
8 December 2005

BANK OF MAURITIUS BALANCE SHEET AT 30 JUNE 2005

	Note	**2005**	2004
		Rs	Rs
CAPITAL AND RESERVES	3		
Stated and Paid Up Capital		**1,000,000,000**	10,000,000
Reserves		**16,653,492,200**	14,705,723,303
		17,653,492,200	14,715,723,303
ASSETS			
Foreign Assets:			
Cash and Cash Equivalents	4	**8,091,047,833**	9,191,947,884
Other Balances and Placements	5	**34,282,694,644**	33,752,852,410
Interest Receivable		**342,849,588**	380,157,064
Other Investments		**17,810,128**	16,898,856
		42,734,402,193	43,341,856,214
Loans and Advances	6	**1,907,563,783**	1,971,022,611
Financial Assets Available-For-Sale	7	**3,127,174,946**	1,662,299,109
Property, Plant and Equipment	8	**815,184,370**	458,861,745
Other Assets	9	**471,007,176**	222,449,654
		49,055,332,468	47,656,489,333
Less: **LIABILITIES**			
Notes in Circulation	10	**11,612,303,035**	10,490,035,960
Coins in Circulation	10	**404,506,302**	375,832,116
		12,016,809,337	10,865,868,076
Demand Deposits:			
Government		**2,402,167,234**	2,388,713,681
Banks		**5,971,268,745**	6,321,921,226
Other Financial Institutions		**125,580,657**	114,980,238
Others		**368,171,537**	128,185,157
		8,867,188,173	8,953,800,302
Other Financial Liabilities	11	**9,351,145,716**	12,648,636,922
Provision	12	**100,000,000**	100,000,000
Employee Benefit Obligations	13	**34,720,000**	25,970,000
Other Liabilities	14	**1,031,977,042**	346,490,730
		31,401,840,268	32,940,766,030
		17,653,492,200	14,715,723,303

R. Basant Roi, G.C.S.K.	**B. R. Gujadhur**	**Y. Googoolye**
Governor	*First Deputy Governor*	*Director-Accounting, Budgeting & Payment System*

8 December 2005

BANK OF MAURITIUS
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 Rs	2004 Rs
Income			
Income from Financial Assets			
Interest and Similar Income on Foreign Assets	15	**1,605,386,220**	818,523,463
Interest and Similar Income on Local Assets	15	**116,649,354**	121,764,266
Others	15	**137,090,019**	96,847,617
	15	**1,859,125,593**	1,037,135,346
(Loss)/Profit on Foreign Exchange Transactions		**(4,609,439)**	12,992,416
Other Income	16	**9,682,569**	10,072,902
		1,864,198,723	1,060,200,664
Expenditure			
Expenditure on Financial Liabilities			
Interest Expense and Similar Charges	17	**571,891,236**	1,120,385,714
Staff Salaries and Other Benefits	18	**144,541,924**	128,179,171
General Expenditure		**54,677,768**	97,629,821
Fees Payable		**26,285,159**	25,931,966
Coin Issue Expenses		**35,141,453**	16,697,727
Note Issue Expenses		**25,792,547**	14,160,030
Depreciation of Property, Plant and Equipment		**19,067,953**	12,846,731
Directors' Remuneration	19	**6,135,751**	5,543,021
IMF Charges		**1,037,259**	1,307,711
Other Expenditure	20	**12,277,917**	16,268,242
		896,848,967	1,438,950,134
Surplus/(Deficit) of Income over Expenditure		**967,349,756**	(378,749,470)
Reversal of Provision	12	**–**	100,000,000
NET PROFIT/(LOSS) FOR THE YEAR IN TERMS OF SECTION 11 OF THE BANK OF MAURITIUS ACT 2004		**967,349,756**	(278,749,470)
Net Foreign Exchange Gains and Gains on Revaluation of Gold and SDR		**2,570,419,141**	568,850,128
NET PROFIT FOR THE YEAR IN TERMS OF IFRS		**3,537,768,897**	290,100,658
Less: Transfer to Foreign Exchange Rate Fluctuations Reserve		**–**	(568,850,128)
Less: Transfer to Special Reserve Fund		**(2,570,419,141)**	–
Add: Transfer from Other Reserves		**–**	278,749,470
Less: Transfer to General Reserve Fund		**(367,349,756)**	–
PROFIT AVAILABLE TO THE GOVERNMENT OF MAURITIUS FOR TRANSFER TO CONSOLIDATED FUND		**600,000,000**	–

BANK OF MAURITIUS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2005

	Note	Stated and Paid Up Capital	General Reserve Fund	Foreign Exchange Rate Fluctuations Reserve	Special Reserve Fund	Accumulated Profit	Other Reserves	Total
		Rs	Rs	Rs	Rs	Rs	Rs	Rs
At 1 July 2003		10,000,000	23,000,000	12,431,586,929	–	–	1,961,035,716	14,425,622,645
Net Profit for the Year in terms of IFRS		–	–	–	–	290,100,658	–	290,100,658
Transfer to Foreign Exchange Rate Fluctuations Reserve		–	–	568,850,128	–	(568,850,128)	–	–
Transfer from Other Reserves		–	–	–	–	278,749,470	(278,749,470)	–
At 30 June 2004		10,000,000	23,000,000	13,000,437,057	–	–	1,682,286,246	14,715,723,303
At 1 July 2004		10,000,000	23,000,000	13,000,437,057	–	–	1,682,286,246	14,715,723,303
Transfer from Foreign Exchange Rate Fluctuations Reserve	3	–	–	(13,000,437,057)	13,000,437,057	–	–	–
Net Profit for the Year in terms of IFRS		–	–	–	–	3,537,768,897	–	3,537,768,897
Increase in Capital	3	990,000,000	–	–	(990,000,000)	–	–	–
Transfer to Special Reserve Fund		–	–	–	2,570,419,141	(2,570,419,141)	–	–
Transfer to General Reserve Fund		–	367,349,756	–	–	(367,349,756)	–	–
Profit available to the Government of Mauritius for transfer to Consolidated Fund		–	–	–	–	(600,000,000)	–	(600,000,000)
At 30 June 2005		**1,000,000,000**	**390,349,756**	**–**	**14,580,856,198**	**–**	**1,682,286,246**	**17,653,492,200**

BANK OF MAURITIUS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 Rs	2004 Rs
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Cash Inflow from Operating Activities	21	**1,255,544,345**	5,580,876,389
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in Other Balances and Placements		**(529,842,234)**	(2,045,719,835)
Increase in Financial Assets Available-For-Sale		**(1,489,875,837)**	(732,186,487)
Acquisition of Property, Plant and Equipment		**(375,415,583)**	(113,287,042)
Proceeds from Sale of Property, Plant and Equipment		**645,014**	36,696
Proceeds from Sale of Shares in DBM		**35,000,000**	–
Dividend Received		**3,044,244**	3,480,505
Net Cash Used in Investing Activities		**(2,356,444,396)**	(2,887,676,163)
CASH FLOW FROM FINANCING ACTIVITIES			
Profit paid to the Government of Mauritius for Transfer to Consolidated Fund		**–**	(1,100,000,000)
Net (Decrease)/Increase in Cash and Cash Equivalents		**(1,100,900,051)**	1,593,200,226
Cash and Cash Equivalents at Beginning of Year		**9,191,947,884**	7,598,747,658
Cash and Cash Equivalents at End of Year	4	**8,091,047,833**	9,191,947,884

BANK OF MAURITIUS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

1. LEGAL FRAMEWORK

In terms of section 4(2)(c) of the Bank of Mauritius Act 2004, the Bank of Mauritius ('the Bank') is established to act as the Central Bank for Mauritius. Its main place of business is at Sir William Newton Street, Port Louis, and 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:

- conduct monetary policy and manage the exchange rate of the rupee, taking into account the orderly and balanced economic development of Mauritius;
- regulate and supervise financial institutions carrying on activities in, or from within, Mauritius;
- manage, in collaboration with other relevant supervisory and regulatory bodies, the clearing, payment and settlement systems of Mauritius;
- collect, compile, disseminate, on a timely basis, monetary and related financial statistics; and
- manage the foreign exchange reserves of Mauritius.

Under Section 10 of the Bank of Mauritius Act 2004, the stated and paid up capital of the Bank shall be not less than one billion rupees and shall be subscribed and held solely by the Government. Further, the amount paid as capital of the Bank may be increased from time to time by transfer from the General Reserve Fund or the Special Reserve Fund of such amounts as the Board may, with the approval of the Minister, resolve. Accordingly, the Bank's paid up capital was increased on 4 February 2005 from Rs10 million to Rs1 billion by transfer from the Special Reserve Fund.

Under Section 11(1) of the Bank of Mauritius Act 2004, the Board 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.

Under Section 11(2) of the Act, the Bank shall establish a General Reserve Fund to which shall be allocated, at the end of every financial year of the Bank, 15 per cent of the net profits of the Bank.

Under Section 11(3) of the Act, the balance of the net profits for the financial year remaining after the allocation made under subsection (2) shall, subject to subsection (4), be paid into the Consolidated Fund as soon as practicable after the end of every financial year. Section 11(4) of the Act provides that subject to subsection (5), the balance in the General Reserve Fund shall be at least equivalent to the amount paid as capital of the Bank. Under section 11(5) of the Act, where, at any time, the balance in the General Reserve Fund is less than the amount paid as capital of the Bank, the Bank shall endeavour to bring the balance to the required level.

Further under section 11(6) of the Bank of Mauritius Act 2004, no allocation under subsection (3) shall be made where, in the opinion of the Board-

(a) the assets of the Bank are, or after such allocation would be, less than the sum of its liabilities and paid up capital; or

(b) the Bank would not be in a financial position to conduct its activities properly.

2. ACCOUNTING POLICIES

The principal accounting policies adopted by the Bank are as follows:

Basis of accounting

The financial statements are presented in Mauritian Rupee. The financial statements are prepared in conformity with accounting principles applicable to Central Banks and best international practices in accordance with Section 31(1) of the Bank of Mauritius Act 2004. The Bank's policy is to prepare the financial statements under the historical cost convention as modified by the fair valuation of certain financial assets available-for-sale and in accordance with International Financial Reporting Standards (IFRS).

(a) Financial Instruments

(i) Classification

Held for trading instruments or liabilities 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 may include certain investments, certain purchased loans and derivative 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 and advances and certain debt investments.

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 Other 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 which is stated at cost less impairment losses.

Held-for-trading assets and liabilities are measured at fair value.

Held-to-maturity investments and loans and receivables originated by the Bank are measured at amortised cost using the effective interest rate method less impairment losses. Amortised cost represents the amount at which the financial assets 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.

2. ACCOUNTING POLICIES (CONT'D)

(a) Financial Instruments (cont'd)

(iii) Measurement (cont'd)

All non-trading financial liabilities are measured at amortised cost using the effective interest rate method.

Gold deposits have been valued using the lowest bid price of gold during the last six months.

A financial asset is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount of a financial asset carried at amortised cost is the present value of expected future cash flows discounted at the original effective interest rate of the asset.

(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 held-for-trading instruments and 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 the amortisation process.

(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 debt investments with remaining maturities of three months or less.

Swaps

The fair value of derivative financial instruments including currency swaps are estimated at the amount that the Bank would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions.

(b) 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.

2. ACCOUNTING POLICIES (CONT'D)

(b) Property, Plant and Equipment (cont'd)

Depreciation is provided at the following annual percentage rates:

Premises	-	2%
Other properties	-	2%
Furniture, equipment, fixtures and fittings	-	10%
Computer equipment	-	33 1/3%
Motor vehicles	-	20%, 40%

No depreciation is provided on freehold land and capital work in progress.

(c) 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 expensed in the Income Statement when incurred.

(d) Retirement Benefits

Defined benefit pension plan

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.

(e) 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.

Dividend income from equity investments is accounted for in the Income Statement as other income when the right to receive payment is established.

(f) Foreign Currencies

Transactions in foreign currencies are recorded in Mauritian Rupees 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 in accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates). However, for the purpose of determining the net profit of the Bank in terms of Section 11 of the Bank of Mauritius Act 2004, foreign exchange differences are excluded in accordance with Section 47(2) of the Act. 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.

2. ACCOUNTING POLICIES (CONT'D)

(g) Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication 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.

(h) Taxation

The Bank is exempted from any tax imposed on income, profits or capital gains under Section 64 of the Bank of Mauritius Act 2004.

(i) Comparative Figures

Comparative figures have been restated or regrouped where necessary to conform to the current year's presentation.

3. CAPITAL AND RESERVES

Capital

The Stated and Paid Up Capital of the Bank is Rs1 billion in accordance with Section 10 of the Bank of Mauritius Act 2004. The Paid Up Capital was increased during the year by a transfer from the Special Reserve Fund. All amounts paid as Capital are subscribed and held solely by the Government (refer to Note 1).

General Reserve Fund

The General Reserve Fund is a reserve fund created in accordance with Section 11 of the Bank of Mauritius Act 2004 (refer to Note 1).

Special Reserve Fund

In terms of Section 47(1) of the Bank of Mauritius Act 2004, the Special Reserve Fund is a reserve built up from any net realised gains or losses in any financial year of the Bank arising from changes in the valuation of its assets or liabilities in, or denominated in, gold, SDR, or foreign currencies subsequent to any change in the values or exchange rates of gold, SDR, or foreign currencies in terms of the domestic currency.

In terms of Section 47(3) of the Bank of Mauritius Act 2004, the balance standing in the Foreign Exchange Rate Fluctuations Reserve was transferred to the Special Reserve Fund.

Other Reserves

Other Reserves are reserves set up for unforeseen contingencies which may affect the Bank.

4. CASH AND CASH EQUIVALENTS

	2005	2004
	Rs	Rs
Deposit Accounts	**5,032,089,172**	7,677,026,957
IMF Special Drawing Rights (SDR)	**760,579,794**	715,014,780
Repurchase Agreement	**955,331,000**	569,502,290
Current Accounts	**595,099,216**	230,394,893
Foreign Currency Notes and Coins	**93,189**	8,964
Gold Deposits	**747,855,462**	–
	8,091,047,833	9,191,947,884

5. OTHER BALANCES AND PLACEMENTS

	2005	2004
	Rs	Rs
Foreign Investments	**24,273,887,207**	20,616,104,314
Deposit Accounts	**10,008,807,437**	12,488,505,356
Gold Deposits	**–**	648,242,740
	34,282,694,644	33,752,852,410

Foreign investments comprise investments made through the Bank's Investment Manager, as follows:

	2005	2004
	Rs	Rs
Cash	**46,960,339**	238,538,587
Bonds	**2,890,281,306**	2,532,334,070
Other investments	**21,336,645,562**	17,845,231,657
	24,273,887,207	20,616,104,314

6. LOANS AND ADVANCES

	2005	2004
	Rs	Rs
Special Line of Credit to Sugar Industry	**1,652,257,951**	1,575,530,536
Special Line of Credit to EPZ	**166,224,548**	289,115,816
Special Line of Credit to DBM - National Equity Fund	**76,291,359**	72,957,147
Leasing Facilities to EPZ and Freeport Sectors	**–**	3,875,141
Others	**12,789,925**	29,543,971
	1,907,563,783	1,971,022,611

The above loans and advances are granted to local commercial banks or other financial institutions under special lines of credit mainly for onward lending to their customers.

7. FINANCIAL ASSETS AVAILABLE-FOR-SALE

	2005 Rs	2004 Rs
Government of Mauritius Treasury Bills	**3,091,417,641**	1,601,592,162
Other Government Securities	**35,757,305**	35,706,947
Investment: Development Bank of Mauritius Ltd (DBM)	**–**	25,000,000
	3,127,174,946	1,662,299,109

Government of Mauritius Treasury Bills have been revalued 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.

Other Government Securities have been revalued using the discounted cash flow techniques, based on the latest market data available for similar instruments as at the balance sheet date. Any revaluation gains or losses are taken to the Income Statement.

During the year, the Bank sold its investment in the Development Bank of Mauritius Ltd.

8. PROPERTY, PLANT AND EQUIPMENT

	Premises	Capital Work in Progress	Other Properties	Furniture Equipment Fixtures & Fittings	Computer Equipment	Motor Vehicles	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
COST							
At 1 July 2004	51,076,749	311,027,350	67,230,999	61,166,696	101,430,011	17,862,865	609,794,670
Additions	265,622	355,733,868	–	3,237,473	4,923,628	11,254,992	375,415,583
Disposals	–	–	–	(270,934)	(262,273)	(2,634,950)	(3,168,157)
Scrap	–	–	–	–	(80,200)	–	(80,200)
At 30 June 2005	**51,342,371**	**666,761,218**	**67,230,999**	**64,133,235**	**106,011,166**	**26,482,907**	**981,961,896**
DEPRECIATION							
At 1 July 2004	7,900,685	–	443,502	30,817,122	98,217,318	13,554,298	150,932,925
Charge for the year	1,006,963	–	40,318	5,948,926	4,526,166	7,545,580	19,067,953
Disposal adjustment	–	–	–	(249,129)	(261,073)	(2,632,950)	(3,143,152)
Scrap	–	–	–	–	(80,200)	–	(80,200)
At 30 June 2005	**8,907,648**	**–**	**483,820**	**36,516,919**	**102,402,211**	**18,466,928**	**166,777,526**
NET BOOK VALUE							
At 30 June 2005	**42,434,723**	**666,761,218**	**66,747,179**	**27,616,316**	**3,608,955**	**8,015,979**	**815,184,370**
At 30 June 2004	43,176,064	311,027,350	66,787,497	30,349,574	3,212,693	4,308,567	458,861,745

The capital work in progress relates to the Bank of Mauritius new Head Office building project.

9. OTHER ASSETS

	2005 Rs	2004 Rs
Investment in Les Pailles International Conference Centre Ltd	**200,000,000**	–
Net Cheques to be cleared	**118,615,517**	89,008,904
Staff Loans	**87,800,573**	77,505,725
Prepayments	**44,559,704**	33,465,972
Dodo Gold Coins with Banks	**12,535,950**	12,472,650
Interest Receivable	**1,550,510**	2,093,920
Others	**5,944,922**	7,902,483
	471,007,176	222,449,654

During the year, the Bank subscribed for 20,000,000 redeemable preference shares in Les Pailles International Conference Centre Ltd, amounting to Rs200,000,000. Its shareholding will be transferred to the Government of Mauritius in annual equal instalments starting on 1 October 2006.

Interest will be receivable at 5% per annum on the outstanding balance as from 1 October 2006.

10. NOTES AND COINS IN CIRCULATION

	2005 Rs	2004 Rs
Notes issued		
Face value		
2,000	**862,328,000**	834,722,000
1,000	**6,518,491,000**	5,670,403,000
500	**1,638,235,000**	1,544,619,500
200	**1,266,848,200**	1,167,866,400
100	**918,293,300**	897,448,700
50	**223,221,150**	205,158,050
25	**136,439,975**	121,125,025
20 *	**1,645,720**	1,649,420
10 *	**38,620,140**	38,848,080
5 *	**7,694,850**	7,710,085
Demonetised Notes	**485,700**	485,700
Total	**11,612,303,035**	10,490,035,960
Coins issued		
Face value		
10 rupees	**164,236,100**	151,809,600
5 rupees	**70,417,305**	64,114,895
1 rupee	**88,689,738**	82,183,451
50 cents	**20,697,606**	19,514,166
25 cents *	**6,378,271**	6,379,983
20 cents	**25,990,423**	24,258,348
10 cents *	**2,438,128**	2,438,460
5 cents	**5,657,450**	5,201,754
2 cents *	**330,599**	330,609
1 cent	**221,155**	221,139
Others	**19,449,527**	19,379,711
Total	**404,506,302**	375,832,116
Total Notes and Coins in Circulation	**12,016,809,337**	10,865,868,076

* These denominations have ceased to be issued by the Bank.

11. OTHER FINANCIAL LIABILITIES

	2005 **Rs**	2004 Rs
Bank of Mauritius Bills	**9,278,521,984**	12,382,400,500
Bank of Mauritius Bills held by Secondary Market Cell	**–**	(167,054,943)
Bank of Mauritius Savings Bonds	**1,159,900**	1,159,900
Reverse Repurchase Transactions (Note 24)	**–**	342,692,100
IBRD Financial Sector Infrastructure Project Loan	**71,463,832**	71,463,832
IBRD Industrial Finance Project Loan	**–**	17,975,533
	9,351,145,716	12,648,636,922

The Bank issues Bank of Mauritius Bills ("BOM Bills") as part of its activities and also for monetary policy purposes. The Bills, which are accounted for as non-trading liabilities, may be repurchased by the Bank at market value where repurchase is agreed both by the Bank and the relevant holders.

At 30 June 2005, the nominal value of the BOM Bills in issue was Rs9,526.6 million (2004: Rs13,108.4 million).

12. PROVISION

	2005 **Rs**	2004 Rs
Balance at beginning of year	**100,000,000**	200,000,000
Provision reversed during the year	**–**	(100,000,000)
Balance at end of year	**100,000,000**	100,000,000

The provision relates to the liquidation of the MCCB Limited. Under the MCCB Limited (Liquidation) Act 1996, the Bank may make additional funds available to the liquidator of MCCB Limited where the liabilities of the MCCB Limited exceed the proceeds from the realisation of its assets. The liquidation of MCCB Limited is still in progress.

13. EMPLOYEE BENEFIT OBLIGATIONS

The pension plan is a final salary defined benefit plan for staff and is wholly funded. The scheme provides for a pension on retirement and a benefit on death in service before retirement. The assets in the funded plan are held independently and are administered by the State Insurance Company of Mauritius Ltd (SICOM).

The following employee benefits information is based on the report submitted by the State Insurance Company of Mauritius Ltd (SICOM).

13. EMPLOYEE BENEFIT OBLIGATIONS (CONT'D)

(i) Amount recognised in Balance Sheet:

	2005	2004
	Rs	Rs
Present value of funded obligation	**358,990,000**	311,410,000
Fair value of plan assets	**(239,810,000)**	(209,880,000)
	119,180,000	101,530,000
Unrecognised actuarial loss	**(84,460,000)**	(75,560,000)
Net liability in Balance Sheet	**34,720,000**	25,970,000

(ii) Amount recognised in Income Statement:

	2005	2004
	Rs	Rs
Current service cost	**12,390,000**	8,920,000
Interest cost	**32,700,000**	23,240,000
Expected return on plan assets	**(23,520,000)**	(19,030,000)
Actuarial loss recognised	**2,780,000**	-
Total included in staff costs (Note 18)	**24,350,000**	13,130,000
Actual return on plan assets	**22,070,000**	23,590,000

(iii) Movement in liability recognised in the Balance Sheet:

	2005	2004
	Rs	Rs
At beginning of the year	**25,970,000**	26,790,000
Add: Expense recognised in the Income Statement	**24,350,000**	13,130,000
Less: Contribution paid	**(15,600,000)**	(13,950,000)
At end of year	**34,720,000**	25,970,000

(iv) The principal actuarial assumptions used for accounting purposes were:

	2005	2004
	%	%
Discount Rate	**10.5**	10.5
Expected Return	**11.0**	11.0
Increase in Pension	**6.5**	6.5
Salary Increase	**7.5**	7.5

14. OTHER LIABILITIES

	2005 Rs	2004 Rs
Profit Payable to the Government of Mauritius for transfer to Consolidated Fund in accordance with Section 11(3) of the Bank of Mauritius Act 2004	**600,000,000**	–
Customers Credits	**299,558,194**	270,752,054
Abandoned Funds from Banks	**88,048,020**	62,118,323
Interests and Charges Payable	**44,074,746**	12,529,996
Foreign Bills sent for Collection	**24,132**	818,441
Reserve for Repayment of Capital and Interest:		
- Bank of Mauritius Savings Bonds	**169,200**	169,200
Others	**102,750**	102,716
	1,031,977,042	346,490,730

15. INCOME FROM FINANCIAL ASSETS

(i) Interest and Similar Income on Foreign Assets

	2005 Rs	2004 Rs
Deposit Accounts	**845,300,368**	689,145,059
Foreign Investments	**725,220,000**	106,915,133
Special Drawing Rights	**16,775,659**	10,989,682
Repurchase Agreements	**12,756,078**	6,971,986
Current Accounts	**4,902,096**	3,139,660
Gold Deposits	**432,019**	1,361,943
	1,605,386,220	818,523,463

(ii) Interest and Similar Income on Local Assets

	2005 Rs	2004 Rs
Loans and Advances		
Leasing Facilities/Special Lines of Credit to EPZ, Freeport Sectors and Sugar Industry	**105,501,257**	110,212,479
Loans and Advances to Banks	**2,491,450**	5,791,713
Special Line of Credit DBM		
- National Equity Fund	**3,334,648**	466,117
Advances under Repurchase Transactions	**365,846**	44,041
	111,693,201	116,514,350
Other Government Securities	**2,686,471**	3,251,739
Other Loans	**2,269,682**	1,998,177
	116,649,354	121,764,266

15. INCOME FROM FINANCIAL ASSETS (CONT'D)

(iii) Others

	2005 Rs	2004 Rs
Revaluation of Government Securities	**104,108,112**	79,779,436
Profit on Sale of Government of Mauritius Treasury Bills - Secondary Market Cell	**12,141,766**	11,506,826
Dividend Received	**3,044,244**	3,480,505
Profit on Sale of Shares in DBM	**10,000,000**	-
Net Profit on Sale of Gold and Gold Coins	**353,900**	1,048,712
Profit on Sale of BOM Bills	**7,357,851**	975,452
Profit on Issue of Mauritius Commemorative Coins	**29,361**	52,695
Profit on Sale of Notes and Coins	**54,785**	3,991
	137,090,019	96,847,617
Total Income from Financial Assets	**1,859,125,593**	1,037,135,346

16. OTHER INCOME

	2005 Rs	2004 Rs
Processing and Licence Fees	**7,697,930**	7,760,203
MACSS Fees	**966,420**	728,214
Fees Recovered	**–**	400,000
Commissions	**362,960**	79,598
Premises Rental Account	**35,250**	36,850
Profit on Sale of Property, Plant and Equipment	**620,009**	28,356
Others	**–**	1,039,681
	9,682,569	10,072,902

17. EXPENDITURE ON FINANCIAL LIABILITIES

	2005 Rs	2004 Rs
Interest Expense and Similar Charges		
Bank of Mauritius Bills	**560,554,517**	868,446,217
Government of Mauritius Surplus Balance	**–**	243,927,631
Reverse Repurchase Transactions	**2,629,411**	2,534,068
Swap Transactions (Note 23)	**3,710,300**	680,149
IBRD Financial Sector Infrastructure Project Loan	**4,997,008**	4,797,649
	571,891,236	1,120,385,714

18. STAFF SALARIES AND OTHER BENEFITS

	2005 Rs	2004 Rs
Staff Salaries and Allowances	**111,118,804**	109,349,932
Pension Cost	**24,350,000**	13,130,000
Staff Family Protection Scheme	**8,508,595**	5,174,603
National Savings Fund	**564,525**	524,636
	144,541,924	128,179,171
Number of staff at year end	**272**	266

19. DIRECTORS' REMUNERATION

	2005 Rs	2004 Rs
Executive Directors	**5,305,751**	4,943,021
Non-Executive Directors	**830,000**	600,000
	6,135,751	5,543,021

20. OTHER EXPENDITURE

	2005 Rs	2004 Rs
Stationery and Library	**1,842,671**	1,666,628
Postage, Telephone and Reuters	**10,399,238**	9,018,500
Others	**36,008**	5,583,114
	12,277,917	16,268,242

21. RECONCILIATION OF PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2005 Rs	2004 Rs
Net Profit for the Year in terms of IFRS	**3,537,768,897**	290,100,658
Adjustments for:		
Reversal of Provision	**-**	(100,000,000)
Non-Cash Increase/(Decrease) in Employee Benefit Obligations	**8,750,000**	(820,000)
Depreciation of Property, Plant and Equipment	**19,067,953**	12,846,731
Profit on Sale of Property, Plant and Equipment	**(620,009)**	(28,356)
Dividend Received	**(3,044,244)**	(3,480,505)
Profit on Sale of Shares in DBM	**(10,000,000)**	-
(Profit)/Loss on Other Investments	**(911,272)**	415,076
Operating Profit Before Working Capital Changes	**3,551,011,325**	199,033,604
Decrease/(Increase) in Interest Receivable	**37,307,476**	(119,883,144)
Decrease in Loans and Advances	**63,458,828**	384,689,314
Increase in Other Assets	**(248,557,522)**	(115,850,852)
Increase in Notes and Coins in Circulation	**1,150,941,261**	1,277,675,209
Increase/(Decrease) in Government Demand Deposits	**13,453,553**	(9,583,668,360)
(Decrease)/Increase in Banks' Demand Deposits	**(350,652,481)**	1,330,295,974
Increase/(Decrease) in Other Financial Institutions' Demand Deposits	**10,600,419**	(55,595,092)
Increase/(Decrease) in Other Demand Deposits	**239,986,380**	(13,096,474)
Increase)/(Decrease) in Other Liabilities	**85,486,312**	(370,040,812)
(Decrease)/Increase in Other Financial Liabilities	**(3,297,491,206)**	12,647,317,022
Net Cash Inflow From Operating Activities	**1,255,544,345**	5,580,876,389

22. COMMITMENTS AND OTHER CONTINGENCIES

Commitments and other contingencies not otherwise provided for in the accounts and which existed at 30 June 2005 are as follows:

(i) Numismatic Coins

Numismatic coins 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.

(ii) Capital Subscription in the African Export - Import Bank

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 for as a liability in the financial statements.

22. COMMITMENTS AND OTHER CONTINGENCIES (CONT'D)

(iii) Contract for the Construction of the new Head Office

Commitments for the construction of the second phase of the new Head Office building of the Bank amount to Rs993 million (2004: Rs1.2 billion).

23. FINANCIAL INSTRUMENTS

(i) 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.

(ii) Derivative Financial Instruments

Derivative financial instruments including currency swaps are initially recognised in the balance sheet at cost (which includes transaction costs).

Derivative financial instruments are subsequently remeasured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Currency swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies. Except for certain currency swaps, no exchange of principal takes place. The Bank's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for its lending activities.

	Notional Principal Amount	Fair Values Assets	Fair Values Liabilities
2005	Rs	Rs	Rs
Foreign Exchange Derivatives: Currency Swaps (less than 3 months to maturity)	–	–	–
2004			
Foreign Exchange Derivatives: Currency Swaps (less than 3 months to maturity)	24,500,000	–	240,650

(iii) Credit Risk

Disclosure of credit risk enables the users of financial statements to assess the extent to which failures by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets held 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.

23. FINANCIAL INSTRUMENTS (CONT'D)

(iv) Market Risk

All financial instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous.

(v) Liquidity Risk

Liquidity risk is the risk that an entity may not be able to accommodate decreases in liabilities or to fund increases in assets in full at the time that a commitment or transaction is due for settlement. In the case of the Bank, this risk is not relevant to local assets and liabilities because of the Bank's ability to create Mauritian rupees when required. However, the Bank does face liquidity risk in respect of foreign assets and liabilities.

Maturity Analysis

	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	Between 1 and 5 years	Above 5 years	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
At 30 June 2005							
Assets							
Foreign Assets	8,244,309,414	5,564,848,928	2,814,786,578	1,818,759,938	24,291,697,335	–	42,734,402,193
Loans and Advances	115,613,726	120,380,410	122,136,252	123,817,637	1,425,615,758	–	1,907,563,783
Financial Assets Available- For-Sale	298,306,134	210,065,624	680,094,903	669,524,986	1,269,183,299	–	3,127,174,946
Property, Plant and Equipment	–	–	–	–	–	815,184,370	815,184,370
Other Assets	–	–	–	–	–	471,007,176	471,007,176
Total Assets	8,658,229,274	5,895,294,962	3,617,017,733	2,612,102,561	26,986,496,392	1,286,191,546	49,055,332,468
Liabilities							
Notes and Coins in Circulation	–	–	–	–	–	12,016,809,337	12,016,809,337
Demand Deposits	8,867,188,173	–	–	–	–	–	8,867,188,173
Other Financial Liabilities	2,689,983,160	3,369,489,118	2,112,824,338	369,668,702	737,716,566	71,463,832	9,351,145,716
Provision	–	–	–	–	100,000,000	–	100,000,000
Employee Benefit Obligations	–	–	–	–	–	34,720,000	34,720,000
Other Liabilities	44,098,878	600,000,000	–	–	–	387,878,164	1,031,977,042
Total Liabilities	11,601,270,211	3,969,489,118	2,112,824,338	369,668,702	837,716,566	12,510,871,333	31,401,840,268
Net Liquidity Gap	(2,943,040,937)	1,925,805,844	1,504,193,395	2,242,433,859	26,148,779,826	(11,224,679,787)	17,653,492,200

(v) Liquidity Risk (cont'd)

Maturity Analysis (cont'd)

	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	Between 1 and 5 years	Above 5 years	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
At 30 June 2004							
Assets							
Foreign Assets	9,324,257,013	4,471,312,321	5,253,501,773	3,659,781,937	20,633,003,170	–	43,341,856,214
Loans and Advances	74,409,522	105,461,725	129,487,646	134,793,723	1,526,869,995	–	1,971,022,611
Financial Assets Available-For-Sale	234,581,819	112,313,910	505,776,416	427,492,435	382,134,529	–	1,662,299,109
Property, Plant and Equipment	–	–	–	–	–	458,861,745	458,861,745
Other Assets	–	–	–	–	–	222,449,654	222,449,654
Total Assets	9,633,248,354	4,689,087,956	5,888,765,835	4,222,068,095	22,542,007,694	681,311,399	47,656,489,333
Liabilities							
Notes and Coins in Circulation	–	–	–	–	–	10,865,868,076	10,865,868,076
Demand Deposits	8,953,800,302	–	–	–	–	–	8,953,800,302
Other Financial Liabilities	2,333,648,285	1,502,590,157	43,381,082	22,382,227	8,675,171,339	71,463,832	12,648,636,922
Provision	–	–	–	–	100,000,000	–	100,000,000
Employee Benefit Obligations	–	–	–	–	–	25,970,000	25,970,000
Other Liabilities	13,348,437	–	–	–	–	333,142,293	346,490,730
Total Liabilities	11,300,797,024	1,502,590,157	43,381,082	22,382,227	8,775,171,339	11,296,444,201	32,940,766,030
Net Liquidity Gap	(1,667,548,670)	3,186,497,799	5,845,384,753	4,199,685,868	13,766,836,355	(10,615,132,802)	14,715,723,303

(vi) 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 called Special Reserve Fund, which is used to cater for movements due to appreciation/depreciation in foreign exchange.

23. FINANCIAL INSTRUMENTS (CONT'D)

(vii) Interest Rate Risk

Repricing Analysis

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.

The rates on financial assets and financial liabilities which are interest-bearing 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.

The Bank's international foreign reserves management includes investments in a variety of foreign currency denominated cash, deposits and other securities. The Board's stated goal is to maximise liquidity and security via quality investments and, within these constraints, earn the maximum rate of return possible.

The table below summarises the Bank's exposure to interest rate risk. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by whether they are at floating rates or, if not, the earlier of contractual repricing or maturity dates.

	Up to 3 months Rs	Above 3 and up to 6 months Rs	Above 6 and up to 9 months Rs	Above 9 and up to 12 months Rs	Over 12 months Rs	Non-interest bearing Rs	Total Rs
At 30 June 2005							
Assets							
Foreign Assets	8,091,047,833	5,461,398,476	2,762,459,741	1,784,949,220	24,273,887,207	360,659,716	42,734,402,193
Loans and Advances	115,613,726	120,380,410	122,136,252	123,817,637	1,425,615,758	–	1,907,563,783
Financial Assets							
Available -For-Sale	298,306,134	210,065,624	680,094,903	669,524,986	1,269,183,299	–	3,127,174,946
Property, Plant and Equipment	–	–	–	–	–	815,184,370	815,184,370
Other Assets	–	–	–	–	–	471,007,176	471,007,176
Total Assets	8,504,967,693	5,791,844,510	3,564,690,896	2,578,291,843	26,968,686,264	1,646,851,262	49,055,332,468
LESS: Liabilities							
Notes and Coins in Circulation	–	–	–	–	–	12,016,809,337	12,016,809,337
Demand Deposits	–	–	–	–	–	8,867,188,173	8,867,188,173
Other Financial Liabilities	2,689,983,160	3,369,489,118	2,112,824,338	369,668,702	737,716,566	71,463,832	9,351,145,716
Provision	–	–	–	–	–	100,000,000	100,000,000
Employee Benefit Obligations	–	–	–	–	–	34,720,000	34,720,000
Other Liabilities	–	–	–	–	–	1,031,977,042	1,031,977,042
Total Liabilities	2,689,983,160	3,369,489,118	2,112,824,338	369,668,702	737,716,566	22,122,158,384	31,401,840,268
On Balance Sheet Interest Sensitivity Gap	5,814,984,533	2,422,355,392	1,451,866,558	2,208,623,141	26,230,969,698	(20,475,307,122)	17,653,492,200

23. FINANCIAL INSTRUMENTS (CONT'D)

(vii) Interest Rate Risk (cont'd)

Repricing Analysis (cont'd)

	Up to 3 months Rs	Above 3 and up to 6 months Rs	Above 6 and up to 9 months Rs	Above 9 and up to 12 months Rs	Over 12 months Rs	Non-interest bearing Rs	Total Rs
At 30 June 2004							
Assets							
Foreign Assets	9,191,947,884	4,390,662,420	5,154,955,020	3,591,130,656	20,616,104,314	397,055,920	43,341,856,214
Loans and Advances	74,409,522	105,461,725	129,487,646	134,793,723	1,526,869,995	–	1,971,022,611
Financial Assets Available -For-Sale	234,581,819	112,313,910	505,776,416	427,492,435	382,134,529	–	1,662,299,109
Property, Plant and Equipment	–	–	–	–	–	458,861,745	458,861,745
Other Assets	–	–	–	–	–	222,449,654	222,449,654
Total Assets	9,500,939,225	4,608,438,055	5,790,219,082	4,153,416,814	22,525,108,838	1,078,367,319	47,656,489,333
LESS: Liabilities							
Notes and Coins in Circulation	–	–	–	–	–	10,865,868,076	10,865,868,076
Demand Deposits	–	–	–	–	–	8,953,800,302	8,953,800,302
Other Financial Liabilities	1,972,980,652	1,502,590,157	43,381,082	22,382,227	8,675,171,339	432,131,465	12,648,636,922
Provision	–	–	–	–	–	100,000,000	100,000,000
Employee Benefit Obligations	–	–	–	–	–	25,970,000	25,970,000
Other Liabilities	–	–	–	–	–	346,490,730	346,490,730
Total Liabilities	1,972,980,652	1,502,590,157	43,381,082	22,382,227	8,675,171,339	20,724,260,573	32,940,766,030
On Balance Sheet Interest Sensitivity Gap	7,527,958,573	3,105,847,898	5,746,838,000	4,131,034,587	13,849,937,499	(19,645,893,254)	14,715,723,303

Effective Interest Rates

The interest-bearing assets earn interest at rates ranging from 1.08% p.a. to 10.00% p.a. (2004: 0.21% p.a. to 10.25% p.a.) for assets denominated in Mauritian rupees and from 0.01% p.a. to 6.90% p.a. (2004: 0.01% p.a. to 6.00% p.a.) for assets denominated in foreign currencies.

The interest-bearing liabilities bear interest at rates ranging from 3.55% p.a. to 7.06% p.a. (2004: 2.81% p.a. to 9.09% p.a.) for liabilities denominated in Mauritian rupees and from 5.99% p.a. to 7.30% p.a. (2004: 5.99% p.a. to 7.30% p.a.) for liabilities denominated in foreign currencies.

24. REPURCHASE TRANSACTIONS

Repurchase transactions are conducted under the umbrella of the Master Repurchase Agreement that has been signed by all Former Category 1 Banks with the Bank of Mauritius. The repurchase transactions are treated as secured loans received or granted without changes in the portfolio of bills given as collateral.

From the Central Bank's point of view, reverse repurchase transactions involve absorbing liquidity from the domestic market by selling bills whereas repurchase transactions involve injecting liquidity in the market by purchasing bills.

25. TRANSACTIONS WITH THE INTERNATIONAL MONETARY FUND ("IMF")

As a member of the IMF, Mauritius was allocated SDR 15,744,000 on which quarterly charges are payable to IMF. The Fund pays interest to the Bank on a quarterly basis on its SDR Holdings.

For revaluation purposes and quota subscription, the Bank maintains different accounts of the IMF. The IMF No. 1 and No. 2 accounts appear in the books of the Bank under the heading “Demand Deposits from Other Financial Institutions". The balance in the IMF No. 1 is reflected in "Loans and Advances" as International Subscriptions by Government whereas the Securities Account is kept off Balance Sheet.

Any increase in quota is subscribed in local currency and any freely convertible currency. The value of the portion payable in freely convertible currency is debited to the account of Government maintained with the Bank and the quota increase in local currency is paid by way of non-negotiable, non-interest bearing securities issued by Government in favour of IMF, which are repayable on demand. These securities are lodged with the Bank acting as custodian and are kept in book entry form at the Bank as they form part of the accounts and records of Government.

The Bank of Mauritius revalues IMF accounts in its balance sheet in accordance with the practices of the IMF’s Treasury Department. In general, the revaluation is effected annually and whenever the Fund makes use of Mauritian rupees in accordance with the Designation Plan.

Glossary of Abbreviations

ACE	African Commerce Exchange
ACH	Automated Clearing House
ACP	African Carribean Pacific
AfDB	African Development Bank
AIDS	Acquired Immune Deficiency Syndrome
AGOA	African Growth and Opportunity Act
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
AMR	Aggregate Monetary Resources (M2)
APM	Automatic Price Mechanism
ATI	African Trade Insurance
ATM	Automated Teller Machine
AU	African Union
BBAN	Basic Bank Account Number
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
BPML	Business Park of Mauritus Ltd
CBS	Central Bank Survey
CCBG	Committee of Central Bank Governors in SADC
CCH	COMESA Clearing House
CCIA	COMESA Common Investment Area
CET	Common External Tariff
CMPS	Continuous Multi-purpose Household Survey
CPSS	Core Principles for Systemically Important Payments System
COMESA	Common Market for Eastern and Southern Africa
COMPASS	COMESA Payment and Settlement System
COSSE	Committee of SADC Stock Exchanges
CPI	Consumer Price Index
CPIS	Coordinated Portfolio Investment Survey
CSO	Central Statistics Office
DBM	Development Bank of Mauritius Ltd
DC	Development Certificates
DCS	Depository Corporations Survey
ECB	European Central Bank
ECBS	European Community Bank Supervisors

EPZ	Export Processing Zone
ESAF	Eastern and Southern African Group of Bank Supervisors
EU	European Union
Ex-Dc	Ex-Development Certificate Holders
FDI	Foreign Direct Investment
FISCU	Finance and Investment Sector Coordinating Unit
FOMC	Federal Open Market Committee
FSC	Financial Services Commission
FTA	Free Trade Area
GBL	Global Business Licence
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
HICP	Harmonised Index of Consumer Prices
HIV	Human Immunodeficiency Virus
IBAN	International Bank Account Number
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communication Technology
IDA	International Development Association
ILO	International Labour Organisation
IMF	International Monetary Fund
IPE	International Petroleum Exchange
ISO	International Standardisation Organisation
MACSS	Mauritius Automated Clearing and Settlement System
MCIB	Mauritius Credit Information Bureau
MDLS	Mauritius Development Loan Stocks
MFA	Multi Fibre Agreement
MFSM	Monetary and Financial Statistics Manual of the IMF
MoU	Memorandum of Understanding
MTPA	Mauritius Tourism Promotion Authority
MICR	Magnetic Ink Character Recognition
MSS	Mauritius Sugar Syndicate
NFA	Net Foreign Asset
NIR	Net International Reserves
NPF	National Pensions Fund
NYMEX	New York Mercantile Exchange
ODCS	Other Depository Corporations Survey

OECD	Organisation for Economic Cooperation and Development
OGBS	Offshore Group of Banking Supervisors
OPEC	Organisation of Petroleum Exporting Countries
OPIC	Overseas Private Investment Corporation
OTC	Over The Counter
PLACH	Port Louis Automated Clearing House
PLCH	Port Louis Clearing House
POSB	Mauritius Post Office Savings Bank
PPP	Public-Private Partnership
PTA	Preferential Trade Area
R&D	Research & Development
RDA	Road Development Authority
REPSS	Regional Payment and Settlement System
RIA	COMESA Regional Investment Agency
RISDP	Regional Indicative Strategic Development Plan
RTGS	Real Time Gross Settlement
SADC	Southern African Development Community
SARB	South African Reserve Bank
SEFER	Securities Held as Foreign Exchange Reserves
SEM	The Stock Exchange of Mauritius Ltd
SEMDEX	Stock Exchange Market Index
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
SSA	Sub-Saharan Africa
SSBS	SADC Subcommittee of Banking Supervisors
SSSIO	Survey of Geographical Distribution of Securities Held by International Organisations
STC	State Trading Corporation
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TEST	Textile Emergency Support Team
UNCTAD	United Nations Conference on Trade and Development
VAT	Value-Added Tax
WTO	World Trade Organisation
ZEP-RE	PTA Reinsurance Company

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Appendix I Statistical Tables

Notes
The following conventional signs are used:
. . Negligible
n.a. Not available

Table 1: Selected Economic Indicators

	Period	Unit	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Population-Republic of Mauritius [1]*	Mid-year		1,133,996	1,148,284	1,160,421	1,175,267	1,186,873 [5]	1,199,881	1,210,196	1,222,811	1,233,386	1,243,299 [3]
2. Tourist Arrivals***	Fiscal Year ended June		450,493	513,798	555,616	565,324	620,030	658,351	667,236	694,247	699,389	735,495
3. Tourist Earnings	Fiscal Year ended June	(Rs million)	8,094	9,408	11,026	12,764	14,344	15,527	19,045	17,998	22,394	24,097
4. Real GDP Growth Rate*	Calendar Year	(Per cent)	6.2	5.6	5.8	2.1	9.5	5.4	2.1	3.7 [2]	4.5 [2]	3.0 [2]
5. Gross Domestic Product (at market prices)*	Calendar Year	(Rs million)	79,365	88,175	100,042	108,077	120,065	132,152	142,838	156,639 [2]	175,119 [2]	186,973 [2]
6. Gross National Income (at market prices)*	Calendar Year	(Rs million)	78,576	87,803	99,405	107,483	119,282	132,545	143,234	155,806 [2]	174,730 [2]	185,754 [2]
7. GNI Per Capita (at market prices)*	Calendar Year	(Rupees)	69,281	76,480	85,650	91,441	100,477	110,439	118,328	127,386 [2]	141,634 [2]	149,370 [2]
8. Inflation Rate*	Fiscal Year ended June	(Per cent)	5.8	7.9	5.4	7.9	5.3	4.4	6.3	5.1	3.9	5.6
9. Unemployment Rate*	Mid-year	(Per cent)	5.8	6.6	6.9	7.7	6.7 [8]	6.9	7.3	7.7	8.5	9.5 [3]
10. Current Account Balance	Fiscal Year ended June	(Rs million)	-591	+346	-2,615	-1,622	-1,451	+4,257	+7,458	+3,554	+1,383 [2]	-6,245 [2]
11. Overall Balance of Payments [6]	Fiscal Year ended June	(Rs million)	+3,841	+1,600	-2,293	+690	+2,141	+5,107	+5,908	+9,099	+3,225	-3,133
12. Net International Reserves	End-June	(Rs million)	19,304	21,443	21,349	22,575	25,214	31,760	40,551	48,414	50,021	53,486
13. Total Imports (c.i.f.)*	Fiscal Year ended June	(Rs million)	37,704	41,878	49,322	54,076	55,048	56,204	58,151	66,267	69,586 [2]	84,474 [2]
14. Total Exports (f.o.b.)*	Fiscal Year ended June	(Rs million)	29,090	33,128	36,279	41,702	38,845	45,222	47,938	53,247	54,203 [2]	58,083 [2]
15. Government Recurrent Revenue**	Fiscal Year ended June	(Rs million)	12,779	16,544	18,471	21,327	22,605	24,149	24,606	29,487	32,404	35,465
16. Government Recurrent Expenditure**	Fiscal Year ended June	(Rs million)	15,939	18,853	21,010	24,743	25,435	31,398	29,577	33,529	36,879	40,490
17. Ratio of Budget Deficit to GDP at market prices**	Fiscal Year ended June	(Per cent)	5.6	4.5	3.7	3.6	3.8	6.7	6.1	6.2	5.4	5.0
18. External Debt: Central Government** [7]	End-June	(Rs million)	9,159	9,619	10,752	10,193	10,190	7,168	8,785	9,074	8,445	9,232
19. Internal Debt: Central Government	End-June	(Rs million)	24,706	30,241	34,619	40,819	46,641	53,394	67,095	86,413	85,002	96,584
20. Banking System Net Claims on Central Government	End-June	(Rs million)	14,798	15,759	17,358	16,014	18,469	17,578	18,980	21,476	35,346	40,907
21. Former Category 1 Banks' Claims on Private Sector (CPS)	End-June	(Rs million)	32,576	37,736	49,941	60,106	67,271	74,016	79,976	85,080	93,120	102,069
22. Growth Rate of CPS	Fiscal Year ended June	(Per cent)	5.8	15.8	32.3	20.4	11.9	10.0	8.1	6.4	9.4	9.6
23. Currency with Public	End-June	(Rs million)	4,162	4,307	4,651	4,876	5,172	5,735	6,466	7,488	8,480	9,729
24. Money Supply (M1)	End-June	(Rs million)	8,235	8,874	10,152	10,906	11,068	12,712	15,136	17,439	21,322	22,647
25. Aggregate Monetary Resources (M2)	End-June	(Rs million)	55,476	60,359	70,878	80,204	88,938	97,753	110,467	123,405	141,132	153,128
26. Growth Rate of M2	Fiscal Year ended June	(Per cent)	15.9	8.8	17.4	13.2	10.9	9.9	13.0	11.7	14.4	8.5
27. Total Private Sector Rupee Deposits with Former Category 1 Banks	End-June	(Rs million)	49,331	53,334	59,609	67,323	75,522	79,869	90,439	100,993	115,513	121,212

1 Excluding Agalega and Saint Brandon.
2 Revised estimates.
3 Provisional.
4 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.
8 As from 2000, data on unemployment rate are not strictly comparable with the mid-year estimates published up to 1999. Data as from 2000 are derived from the Continuous Multi-Purpose Household Survey.
Note: As from 2002-03, data on imports and exports include transactions through the Mauritius Freeport.
Note: The National Accounts data are based on the 2002 Census of Economic Activities.
** Source: Central Statistics Office, Government of Mauritius.*
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3. Tourist Earnings	Fiscal Year ended June	(Rs million)	8,094	9,408	11,026	12,764	14,344	15,527	19,045	17,998	22,394	24,097
4. Real GDP Growth Rate*	Calendar Year	(Per cent)	6.2	5.6	5.8	2.1	9.5	5.4	2.1	3.7 [2]	4.5 [2]	3.0 [2]
5. Gross Domestic Product (at market prices)*	Calendar Year	(Rs million)	79,365	88,175	100,042	108,077	120,065	132,152	142,838	156,639 [2]	175,119 [2]	186,973 [2]
6. Gross National Income (at market prices)*	Calendar Year	(Rs million)	78,576	87,803	99,405	107,483	119,282	132,545	143,234	155,806 [2]	174,730 [2]	185,754 [2]
7. GNI Per Capita (at market prices)*	Calendar Year	(Rupees)	69,281	76,480	85,650	91,441	100,477	110,439	118,328	127,386 [2]	141,634 [2]	149,370 [2]
8. Inflation Rate*	Fiscal Year ended June	(Per cent)	5.8	7.9	5.4	7.9	5.3	4.4	6.3	5.1	3.9	5.6
9. Unemployment Rate*	Mid-year	(Per cent)	5.8	6.6	6.9	7.7	6.7 [8]	6.9	7.3	7.7	8.5	9.5 [3]
10. Current Account Balance	Fiscal Year ended June	(Rs million)	-591	+346	-2,615	-1,622	-1,451	+4,257	+7,458	+3,554	+1,383 [2]	-6,245 [2]
11. Overall Balance of Payments [6]	Fiscal Year ended June	(Rs million)	+3,841	+1,600	-2,293	+690	+2,141	+5,107	+5,908	+9,099	+3,225	-3,133
12. Net International Reserves	End-June	(Rs million)	19,304	21,443	21,349	22,575	25,214	31,760	40,551	48,414	50,021	53,486
13. Total Imports (c.i.f.)*	Fiscal Year ended June	(Rs million)	37,704	41,878	49,322	54,076	55,048	56,204	58,151	66,267	69,586 [2]	84,474 [2]
14. Total Exports (f.o.b.)*	Fiscal Year ended June	(Rs million)	29,090	33,128	36,279	41,702	38,845	45,222	47,938	53,247	54,203 [2]	58,083 [2]
15. Government Recurrent Revenue**	Fiscal Year ended June	(Rs million)	12,779	16,544	18,471	21,327	22,605	24,149	24,606	29,487	32,404	35,465
16. Government Recurrent Expenditure**	Fiscal Year ended June	(Rs million)	15,939	18,853	21,010	24,743	25,435	31,398	29,577	33,529	36,879	40,490
17. Ratio of Budget Deficit to GDP at market prices**	Fiscal Year ended June	(Per cent)	5.6	4.5	3.7	3.6	3.8	6.7	6.1	6.2	5.4	5.0
18. External Debt: Central Government** [7]	End-June	(Rs million)	9,159	9,619	10,752	10,193	10,190	7,168	8,785	9,074	8,445	9,232
19. Internal Debt: Central Government	End-June	(Rs million)	24,706	30,241	34,619	40,819	46,641	53,394	67,095	86,413	85,002	96,584
20. Banking System Net Claims on Central Government	End-June	(Rs million)	14,798	15,759	17,358	16,014	18,469	17,578	18,980	21,476	35,346	40,907
21. Former Category 1 Banks' Claims on Private Sector (CPS)	End-June	(Rs million)	32,576	37,736	49,941	60,106	67,271	74,016	79,976	85,080	93,120	102,069
22. Growth Rate of CPS	Fiscal Year ended June	(Per cent)	5.8	15.8	32.3	20.4	11.9	10.0	8.1	6.4	9.4	9.6
23. Currency with Public	End-June	(Rs million)	4,162	4,307	4,651	4,876	5,172	5,735	6,466	7,488	8,480	9,729
24. Money Supply (M1)	End-June	(Rs million)	8,235	8,874	10,152	10,906	11,068	12,712	15,136	17,439	21,322	22,647
25. Aggregate Monetary Resources (M2)	End-June	(Rs million)	55,476	60,359	70,878	80,204	88,938	97,753	110,467	123,405	141,132	153,128
26. Growth Rate of M2	Fiscal Year ended June	(Per cent)	15.9	8.8	17.4	13.2	10.9	9.9	13.0	11.7	14.4	8.5
27. Total Private Sector Rupee Deposits with Former Category 1 Banks	End-June	(Rs million)	49,331	53,334	59,609	67,323	75,522	79,869	90,439	100,993	115,513	121,212

1 Excluding Agalega and Saint Brandon.
2 Revised estimates.
3 Provisional.
4 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.
8 As from 2000, data on unemployment rate are not strictly comparable with the mid-year estimates published up to 1999. Data as from 2000 are derived from the Continuous Multi-Purpose Household Survey.
Note: As from 2002-03, data on imports and exports include transactions through the Mauritius Freeport.
Note: The National Accounts data are based on the 2002 Census of Economic Activities.
* Source: Central Statistics Office, Government of Mauritius.
** Source: Ministry of Finance and Economic Development.
*** Source: Ministry of Tourism, Leisure and External Communications.

Table 2.1(a): Bank of Mauritius - Assets

(Rs million)

End of Period		EXTERNAL ASSETS				CLAIMS ON CENTRAL GOVERNMENT			CLAIMS ON FORMER CATEGORY 1 BANKS	CLAIMS ON NON-BANK DEPOSIT-TAKING INSTITUTIONS	OTHER ADVANCES	OTHER ASSETS	TOTAL ASSETS
		Special Drawing Rights	Balances with Banks	Eligible Securities	Total [1]	Treasury Bills and Government Stocks	Advances and Discounts	Total					
2002		672.0	18,280.5	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		665.8	23,351.8	16,530.0	**40,847.5**	799.6	0.0	**799.6**	2,156.7	15.8	41.7	541.7	**44,403.0**
2004		765.1	19,394.4	24,411.8	**45,007.7**	1,869.9	0.0	**1,869.9**	1,936.8	0.0	96.0	921.8	**49,832.2**
2003	January	651.6	19,076.6	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	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	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	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	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	15,896.0	**39,583.5**	905.1	0.0	**905.1**	2,171.0	32.7	152.0	490.0	**43,334.3**
	July	696.4	23,080.9	16,064.7	**40,117.5**	852.2	0.0	**852.2**	2,170.9	29.5	67.2	490.0	**43,727.3**
	August	680.4	22,956.7	15,845.6	**39,769.9**	732.0	0.0	**732.0**	2,174.3	26.7	65.0	490.9	**43,258.8**
	September	692.5	24,432.2	15,654.0	**41,097.8**	651.4	0.0	**651.4**	2,172.2	23.4	79.9	497.4	**44,522.1**
	October	696.4	25,710.6	15,623.0	**42,346.3**	737.4	0.0	**737.4**	2,168.8	20.8	73.3	508.6	**45,855.2**
	November	689.7	25,910.4	15,339.0	**42,272.2**	684.1	0.0	**684.1**	2,164.2	18.6	58.1	512.4	**45,709.7**
	December	665.8	23,351.8	16,530.0	**40,847.5**	799.6	0.0	**799.6**	2,156.7	15.8	41.7	541.7	**44,403.0**
2004	January	653.9	21,078.1	18,276.0	**40,281.5**	1,161.9	0.0	**1,161.9**	1,899.9	13.3	69.1	553.3	**43,979.0**
	February	649.2	20,879.0	18,860.1	**40,689.0**	1,321.9	0.0	**1,321.9**	1,894.7	11.2	53.4	566.9	**44,537.1**
	March	676.7	21,560.4	19,758.6	**42,340.3**	1,116.2	0.0	**1,116.2**	1,883.5	8.4	65.2	578.3	**45,992.0**
	April	688.0	21,061.7	20,499.5	**42,606.3**	1,813.3	0.0	**1,813.3**	1,882.9	6.6	128.0	1,127.0	**47,564.2**
	May	717.1	21,946.7	20,854.7	**43,893.7**	1,736.4	0.0	**1,736.4**	1,873.8	5.2	111.4	968.5	**48,589.0**
	June	715.0	21,613.7	20,633.0	**43,341.9**	1,637.3	0.0	**1,637.3**	1,864.6	3.9	191.5	1,305.8	**48,345.0**
	July	715.0	21,631.7	20,780.1	**43,520.9**	1,479.5	0.0	**1,479.5**	1,844.8	3.1	102.6	677.8	**47,628.7**
	August	725.3	21,459.5	21,039.1	**43,627.5**	1,750.9	0.0	**1,750.9**	1,835.8	2.2	102.6	661.3	**47,980.3**
	September	732.0	21,680.0	21,346.7	**44,149.9**	1,646.8	0.0	**1,646.8**	1,918.6	1.6	103.4	744.0	**48,564.3**
	October	741.7	20,296.0	22,743.8	**44,142.3**	1,555.2	0.0	**1,555.2**	1,909.4	0.8	103.4	705.6	**48,416.6**
	November	764.5	19,568.6	24,449.5	**45,187.3**	1,542.9	0.0	**1,542.9**	1,900.1	0.3	103.4	724.2	**49,458.2**
	December	765.1	19,394.4	24,411.8	**45,007.7**	1,869.9	0.0	**1,869.9**	1,936.8	0.0	96.0	921.8	**49,832.2**
2005	January	761.5	18,808.0	24,443.0	**44,381.3**	2,028.0	0.0	**2,028.0**	1,943.4	0.0	96.0	977.2	**49,425.9**
	February	774.7	19,008.5	24,864.7	**45,028.5**	1,668.6	0.0	**1,668.6**	1,933.9	0.0	96.5	1,005.1	**49,732.6**
	March	772.3	18,858.9	24,813.9	**44,820.0**	2,361.6	0.0	**2,361.6**	1,886.3	0.0	97.8	980.8	**50,146.6**
	April	775.7	18,894.0	24,928.6	**44,982.5**	2,309.5	0.0	**2,309.5**	1,882.0	0.0	97.8	1,038.9	**50,310.6**
	May	769.5	17,717.8	24,832.8	**43,672.1**	2,267.2	0.0	**2,267.2**	1,872.4	0.0	97.8	1,161.0	**49,070.6**
	June	760.6	17,339.2	24,291.7	**42,734.4**	3,127.2	0.0	**3,127.2**	1,818.5	0.0	89.1	1,286.2	**49,055.3**

[1] *Includes foreign notes and coin 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 Deposits	Current Account of International Organisations and Others	BoM Bills Held by Non-Bank Sector	Other Liabilities [2]	TOTAL LIABILITIES
			Currency with Public	Currency with Former Category 1 Banks	BoM Bills Held by Former Category 1 Banks	Demand Deposits: Former Category 1 Banks	Demand Deposits: Other [1]	Total					
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**
2003		33.0	9,347.0	3,714.8	5,547.2	3,138.7	115.4	**21,863.1**	5,732.2	39.0	2,994.7	13,741.0	**44,403.0**
2004		33.0	10,731.2	3,570.6	5,624.6	4,492.1	203.3	**24,621.8**	1,903.2	53.9	3,964.4	19,255.9	**49,832.2**
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**
	July	33.0	7,605.9	2,137.7		4,519.3	113.3	**14,376.2**	12,714.4	90.8		16,512.8	**43,727.3**
	August	33.0	7,780.0	2,214.9	618.1	4,689.5	125.5	**15,427.9**	12,062.5	35.3	179.3	15,520.8	**43,258.8**
	September	33.0	7,719.4	2,239.7	2,350.7	4,573.4	128.5	**17,011.7**	10,269.5	45.3	965.5	16,197.1	**44,522.1**
	October	33.0	7,883.0	2,450.8	3,794.5	4,498.0	134.2	**18,760.4**	8,638.5	51.0	1,855.9	16,516.4	**45,855.2**
	November	33.0	8,221.9	2,480.1	5,141.1	4,478.3	192.2	**20,513.7**	6,538.5	55.9	2,582.1	15,986.3	**45,709.7**
	December	33.0	9,347.0	3,714.8	5,547.2	3,138.7	115.4	**21,863.1**	5,732.2	39.0	2,994.7	13,741.0	**44,403.0**
2004	January	33.0	8,569.3	2,760.2	6,353.9	5,091.0	157.3	**22,931.7**	4,324.2	67.9	3,706.6	12,915.6	**43,979.0**
	February	33.0	8,388.0	2,595.5	6,551.4	5,499.5	147.9	**23,182.3**	4,206.7	50.6	3,817.5	13,247.0	**44,537.1**
	March	33.0	8,295.4	2,591.8	6,631.9	6,584.8	154.7	**24,258.7**	2,778.4	34.1	4,145.9	14,741.9	**45,992.0**
	April	33.0	8,405.5	2,400.5	7,397.3	6,048.5	175.1	**24,426.9**	1,973.2	56.5	4,169.3	16,905.2	**47,564.2**
	May	33.0	8,527.0	2,401.7	7,285.2	5,566.3	160.7	**23,941.0**	2,100.4	45.0	4,073.9	18,395.7	**48,589.0**
	June	33.0	8,479.6	2,386.3	7,492.1	6,321.9	225.0	**24,904.9**	2,355.9	51.0	3,917.1	17,083.1	**48,345.0**
	July	33.0	8,818.3	2,269.2	7,359.9	5,622.9	192.0	**24,262.4**	2,065.5	44.2	3,955.1	17,268.6	**47,628.7**
	August	33.0	8,917.1	2,415.5	7,083.7	5,706.1	184.8	**24,307.1**	2,480.3	37.5	3,820.8	17,301.6	**47,980.3**
	September	33.0	8,852.1	2,517.8	7,371.2	4,796.8	254.3	**23,792.2**	2,982.0	25.0	4,231.3	17,500.9	**48,564.3**
	October	33.0	9,181.4	2,249.8	6,847.8	5,505.1	258.9	**24,043.0**	1,696.8	24.5	4,468.4	18,151.0	**48,416.6**
	November	33.0	9,370.1	2,696.4	5,867.3	5,594.3	220.4	**23,748.5**	1,992.9	49.2	4,494.7	19,139.9	**49,458.2**
	December	33.0	10,731.2	3,570.6	5,624.6	4,492.1	203.3	**24,621.8**	1,903.2	53.9	3,964.4	19,255.9	**49,832.2**
2005	January	33.0	9,891.2	2,966.6	5,753.9	4,958.6	318.0	**23,888.3**	2,235.1	53.5	4,055.1	19,160.9	**49,425.9**
	February	1,023.0	9,853.2	2,578.7	5,348.4	5,525.9	300.2	**23,606.5**	1,742.7	51.7	4,101.6	19,207.1	**49,732.6**
	March	1,023.0	9,752.0	2,564.7	5,218.2	5,733.8	335.1	**23,603.9**	2,410.4	50.7	4,041.6	19,017.0	**50,146.6**
	April	1,023.0	9,822.3	2,221.2	4,845.4	6,549.9	407.4	**23,846.2**	1,963.9	30.2	4,020.9	19,426.4	**50,310.6**
	May	1,023.0	9,782.6	2,192.1	4,801.1	6,038.4	397.0	**23,211.3**	2,223.1	61.4	3,775.4	18,776.4	**49,070.6**
	June	1,390.3	9,728.5	2,288.3	4,476.3	5,971.3	476.2	**22,940.6**	2,356.4	63.4	3,773.7	18,530.9	**49,055.3**

[1] Include deposits of certain Parastatal Bodies. *[2] Include Other Reserves.*
Figures may not add up to totals due to rounding.

Table 2.2: Bank of Mauritius Claims on Government

(Rs million)

End of Month		Government Stocks	Treasury Bills	Advances	Total
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**
	July	40.8	811.4	0.0	**852.2**
	August	41.2	690.8	0.0	**732.0**
	September	39.3	612.2	0.0	**651.4**
	October	39.5	697.9	0.0	**737.4**
	November	38.5	645.6	0.0	**684.1**
	December	38.6	760.9	0.0	**799.6**
2004	January	37.2	1,124.7	0.0	**1,161.9**
	February	35.4	1,286.5	0.0	**1,321.9**
	March	33.6	1,082.7	0.0	**1,116.2**
	April	33.4	1,779.9	0.0	**1,813.3**
	May	35.0	1,701.3	0.0	**1,736.4**
	June	35.7	1,601.6	0.0	**1,637.3**
	July	36.5	1,443.0	0.0	**1,479.5**
	August	37.1	1,713.8	0.0	**1,750.9**
	September	37.2	1,609.6	0.0	**1,646.8**
	October	37.4	1,517.7	0.0	**1,555.2**
	November	37.2	1,505.8	0.0	**1,542.9**
	December	37.4	1,832.5	0.0	**1,869.9**
2005	January	36.5	1,991.5	0.0	**2,028.0**
	February	37.5	1,631.1	0.0	**1,668.6**
	March	37.1	2,324.4	0.0	**2,361.6**
	April	37.0	2,272.5	0.0	**2,309.5**
	May	36.3	2,230.9	0.0	**2,267.2**
	June	35.8	3,091.4	0.0	**3,127.2**

Figures may not add up to totals due to rounding.

Table 2.3: Currency in Circulation

(Rs million)

End of Month	BANKNOTES Demone-tized Currency Notes	Rs5	Rs10	Rs20	Rs25	Rs50	Rs100	Rs200	Rs500	Rs1000	Rs2000	Total	COINS Comme-morative Coins	Gold Bullion Coins	Rs10	Rs5	Re1	50c	25c	20c	10c	5c	2c	1c	Total	TOTAL NOTES AND COINS
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**
July	21.1	4.6	33.2	1.7	99.9	181.4	864.9	1,170.8	1,526.9	4,668.6	817.6	**9,390.8**	6.9	12.4	140.7	60.4	77.0	18.5	6.4	22.8	2.4	4.8	0.3	0.2	**352.8**	**9,743.6**
August	21.1	4.6	33.2	1.7	99.7	185.1	889.1	1,227.5	1,514.7	4,841.9	821.9	**9,640.5**	6.9	12.4	141.0	60.7	77.6	18.6	6.4	23.0	2.4	4.9	0.3	0.2	**354.4**	**9,994.9**
September	21.1	4.6	33.1	1.7	99.2	188.4	921.7	1,230.9	1,475.3	4,797.1	830.0	**9,603.1**	6.9	12.4	141.5	61.2	78.0	18.7	6.4	23.1	2.4	4.9	0.3	0.2	**356.0**	**9,959.1**
October	21.1	4.6	33.1	1.7	100.0	190.9	931.3	1,268.4	1,542.7	5,039.3	840.1	**9,973.2**	6.9	12.4	144.7	61.9	78.3	18.8	6.4	23.3	2.4	4.9	0.3	0.2	**360.5**	**10,333.7**
November	21.1	4.6	33.1	1.7	107.8	200.4	960.2	1,297.2	1,635.9	5,219.4	852.4	**10,333.8**	6.9	12.4	148.9	64.1	79.3	18.9	6.4	23.4	2.4	5.0	0.3	0.2	**368.2**	**10,702.0**
December	21.1	4.6	33.1	1.7	126.3	230.0	1,200.9	1,641.1	2,136.9	6,387.0	898.7	**12,681.2**	6.9	12.4	155.7	67.1	81.3	19.2	6.4	23.6	2.4	5.0	0.3	0.2	**380.6**	**13,061.8**
2004 January	21.1	4.6	33.0	1.7	119.1	219.3	1,087.8	1,423.5	1,687.6	5,455.4	893.6	**10,946.7**	6.9	12.4	156.8	67.7	81.6	19.2	6.4	23.7	2.4	5.1	0.3	0.2	**382.7**	**11,329.5**
February	21.1	4.6	33.0	1.7	112.8	211.4	1,029.1	1,328.1	1,611.4	5,388.7	858.4	**10,600.2**	6.9	12.4	156.8	67.7	81.9	19.3	6.4	23.8	2.4	5.1	0.3	0.2	**383.3**	**10,983.5**
March	21.1	4.6	33.0	1.7	108.0	200.9	988.8	1,255.1	1,577.0	5,459.0	858.4	**10,507.4**	6.9	12.4	155.6	65.3	81.8	19.3	6.4	24.0	2.4	5.1	0.3	0.2	**379.8**	**10,887.2**
April	21.1	4.6	33.0	1.6	112.1	203.5	956.3	1,236.2	1,536.5	5,472.1	853.4	**10,430.4**	6.9	12.4	152.7	63.9	81.9	19.3	6.4	24.1	2.4	5.1	0.3	0.2	**375.6**	**10,806.0**
May	21.1	4.6	33.0	1.6	114.1	196.2	937.6	1,228.9	1,548.1	5,613.3	854.2	**10,552.7**	6.9	12.5	152.8	63.6	82.0	19.5	6.4	24.2	2.4	5.2	0.3	0.2	**376.0**	**10,928.7**
June	21.1	4.6	33.0	1.6	116.6	198.1	897.4	1,167.9	1,544.6	5,670.4	834.7	**10,490.0**	6.9	12.5	151.8	64.1	82.2	19.5	6.4	24.3	2.4	5.2	0.3	0.2	**375.8**	**10,865.9**
July	21.1	4.6	32.9	1.6	114.1	194.8	908.7	1,224.1	1,571.7	5,791.6	845.2	**10,710.5**	6.9	12.5	152.6	64.0	82.5	19.6	6.4	24.4	2.4	5.2	0.3	0.2	**377.0**	**11,087.6**
August	21.1	4.6	32.9	1.6	118.2	199.8	912.3	1,255.3	1,604.6	5,964.7	838.8	**10,954.0**	6.9	12.5	153.3	64.4	82.6	19.7	6.4	24.6	2.4	5.3	0.3	0.2	**378.6**	**11,332.6**
September	21.1	4.6	32.8	1.6	117.9	201.5	931.6	1,316.6	1,566.8	5,955.0	838.4	**10,988.0**	6.9	12.5	154.3	65.5	83.5	19.7	6.4	24.7	2.4	5.3	0.3	0.2	**381.9**	**11,369.9**
October	21.1	4.6	32.8	1.6	120.1	197.8	933.5	1,350.5	1,625.9	5,908.2	844.8	**11,040.9**	6.9	12.5	159.6	67.4	84.7	19.8	6.4	24.8	2.4	5.4	0.3	0.2	**390.4**	**11,431.3**
November	21.1	4.6	32.8	1.6	132.5	215.2	958.7	1,430.9	1,740.5	6,275.3	855.0	**11,668.1**	6.9	12.5	163.1	70.0	86.0	20.0	6.4	25.1	2.4	5.4	0.3	0.2	**398.4**	**12,066.5**
December	21.1	4.6	32.8	1.6	138.3	229.4	1,103.1	1,670.4	2,135.3	7,688.0	872.2	**13,896.8**	6.9	12.5	166.7	71.5	87.2	20.1	6.4	25.2	2.4	5.5	0.3	0.2	**405.0**	**14,301.8**
2005 January	21.1	4.6	32.8	1.6	135.8	225.6	994.9	1,491.2	1,867.7	6,801.7	874.2	**12,451.2**	6.9	12.5	167.2	71.8	87.7	20.2	6.4	25.3	2.4	5.5	0.3	0.2	**406.6**	**12,857.8**
February	21.1	4.6	32.8	1.6	130.9	213.1	968.8	1,398.5	1,723.5	6,648.3	881.8	**12,024.9**	6.9	12.5	167.2	71.9	88.0	20.3	6.4	25.4	2.4	5.5	0.3	0.2	**407.0**	**12,432.0**
March	21.0	4.6	32.8	1.6	128.5	215.1	947.2	1,366.7	1,673.3	6,652.6	869.1	**11,912.5**	6.9	12.5	164.6	71.4	87.9	20.4	6.4	25.6	2.4	5.5	0.3	0.2	**404.3**	**12,316.8**
April	21.0	4.6	32.7	1.6	132.4	210.2	918.2	1,273.7	1,614.1	6,561.6	869.2	**11,639.4**	6.9	12.5	164.4	70.4	88.6	20.5	6.4	25.8	2.4	5.6	0.3	0.2	**404.1**	**12,043.5**
May	21.0	4.6	32.7	1.6	127.6	205.3	915.0	1,256.6	1,597.1	6,553.1	856.0	**11,570.7**	6.9	12.5	164.2	70.4	88.6	20.6	6.4	25.9	2.4	5.6	0.3	0.2	**404.1**	**11,974.8**
June	21.0	4.6	32.7	1.6	131.9	216.2	918.3	1,266.9	1,638.2	6,518.5	862.3	**11,612.3**	6.9	12.5	164.2	70.4	88.7	20.7	6.4	26.0	2.4	5.7	0.3	0.2	**404.5**	**12,016.8**

Figures may not add up to totals due to rounding.

Table 2.4(a): Former Category 1 Banks - Assets

(Rs million)

End of Period		RESERVES				FOREIGN ASSETS				CLAIMS ON GOVERNMENT				CLAIMS ON PRIVATE SECTOR					CLAIMS ON FORMER CATEGORY 2 BANKS [3]	OTHER ASSETS [4]	TOTAL ASSETS	Acceptances, Documentary Credits and Guarantees [5]
		Cash in Hand	Balances with Bank of Mauritius	Bank of Mauritius Bills	Total	Balances with Banks Abroad	Foreign Bills Discounted	Foreign Notes and Coin	Total [1]	Treasury Bills	Government Securities	Advances	Total	Local Bills Discounted	Bills Receivable	Local Investments	Loans and Advances [2]	Total				
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
2003		3,714.8	3,140.1	5,595.3	**12,450.1**	7,202.6	1,666.9	275.2	**13,125.1**	30,000.4	2,361.3	0.0	32,361.8	636.8	2,219.2	8,942.4	76,625.9	**88,424.2**	1,918.7	13,401.8	**161,681.7**	17,640.0
2004		3,570.6	4,492.1	5,700.2	**13,762.9**	8,025.1	1,784.2	303.2	**14,454.4**	35,726.7	3,343.9	0.0	39,070.6	1,105.5	2,697.6	8,171.5	86,383.4	**98,357.9**	2,968.2	15,104.3	**183,718.4**	20,226.8
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
	July	2,137.7	4,518.3		**6,656.0**	7,536.6	2,128.8	231.7	**14,075.9**	31,410.8	1,933.8	0.2	33,344.8	615.3	2,144.5	8,635.7	74,279.1	**85,674.6**	1,133.6	13,049.1	**153,933.8**	16,254.0
	August	2,214.9	4,689.6	618.1	**7,522.5**	7,754.0	1,863.0	146.5	**13,908.6**	32,566.3	2,034.8	0.0	34,601.1	626.0	2,097.6	8,661.8	74,460.5	**85,845.8**	1,156.0	12,617.4	**155,651.5**	16,813.8
	September	2,239.7	4,574.9	2,354.6	**9,169.2**	7,709.8	1,549.6	195.1	**13,555.7**	31,501.3	2,227.1	0.1	33,728.4	586.4	2,313.1	9,253.8	74,551.9	**86,705.2**	1,744.5	12,936.0	**157,839.0**	16,662.0
	October	2,450.8	4,497.8	3,800.9	**10,749.5**	7,715.4	1,374.7	174.7	**13,382.0**	30,659.1	2,227.1	0.0	32,886.2	596.0	2,117.3	9,078.9	75,414.0	**87,206.2**	1,524.1	12,812.4	**158,560.4**	16,935.7
	November	2,480.1	4,476.5	5,156.7	**12,113.4**	7,365.7	1,610.6	206.9	**13,191.0**	29,760.7	2,332.8	3.0	32,096.5	604.0	2,256.1	9,108.1	75,607.6	**87,575.8**	1,444.0	13,212.3	**159,632.9**	16,647.1
	December	3,714.8	3,140.1	5,595.3	**12,450.1**	7,202.6	1,666.9	275.2	**13,125.1**	30,000.4	2,361.3	0.0	32,361.8	636.8	2,219.2	8,942.4	76,625.9	**88,424.2**	1,918.7	13,401.8	**161,681.7**	17,640.0
2004	January	2,760.2	5,083.6	6,591.7	**14,435.5**	6,925.0	1,512.4	174.8	**12,597.2**	29,225.1	2,361.4	0.0	31,586.4	659.5	2,340.0	8,915.0	77,689.8	**89,604.2**	1,656.7	12,635.9	**162,515.9**	16,298.9
	February	2,595.5	5,479.1	6,662.9	**14,737.5**	6,178.8	1,429.2	157.7	**11,791.9**	30,054.7	2,361.4	0.2	32,416.3	686.1	2,273.3	8,818.1	77,495.4	**89,273.0**	1,956.3	12,686.9	**162,861.9**	15,594.7
	March	2,591.8	6,580.2	6,692.2	**15,864.2**	6,512.8	1,733.2	176.9	**12,510.3**	30,155.5	2,774.7	0.0	32,930.2	734.1	2,082.0	8,658.2	76,584.3	**88,058.6**	2,436.2	12,723.6	**164,523.2**	16,191.7
	April	2,400.5	6,040.9	7,473.4	**15,914.8**	6,797.9	1,590.3	156.6	**12,550.5**	31,618.0	2,697.3	0.0	34,315.3	791.9	2,337.2	8,566.3	77,219.6	**88,915.0**	2,932.9	12,937.7	**167,566.2**	16,812.9
	May	2,401.7	5,567.5	7,363.3	**15,332.5**	7,027.2	2,015.3	215.9	**13,339.1**	33,907.9	2,697.3	0.0	36,605.2	829.1	2,398.7	8,491.0	78,045.6	**89,764.3**	2,583.3	13,064.1	**170,688.5**	17,504.7
	June	2,386.3	6,322.8	7,586.6	**16,295.7**	6,438.1	1,778.7	135.9	**12,315.8**	34,496.8	2,787.0	0.1	37,283.9	874.0	2,398.2	8,524.6	81,322.7	**93,119.6**	1,948.8	13,676.8	**174,640.7**	17,765.5
	July	2,269.2	5,622.1	7,473.6	**15,365.0**	6,343.1	1,998.0	175.2	**12,669.0**	35,680.5	2,786.9	0.0	38,467.4	915.1	2,270.3	8,511.9	81,749.2	**93,446.5**	2,092.8	14,328.2	**176,368.9**	18,510.7
	August	2,415.5	5,703.0	7,195.1	**15,313.5**	6,558.6	1,440.2	149.4	**12,421.1**	35,698.6	2,223.6	0.0	37,922.2	976.6	2,316.2	8,469.4	82,642.9	**94,405.2**	2,215.7	14,892.7	**177,170.3**	18,034.6
	September	2,517.8	4,796.8	7,421.7	**14,736.3**	7,154.1	1,164.5	146.8	**12,744.1**	35,121.8	2,699.7	0.0	37,821.5	1,025.3	2,297.1	8,351.8	83,513.8	**95,187.9**	2,116.4	15,550.8	**178,157.0**	18,056.2
	October	2,249.8	5,501.4	6,894.9	**14,646.1**	7,431.3	1,305.5	242.7	**13,310.7**	33,891.9	2,703.4	0.0	36,595.3	1,029.4	2,365.3	8,317.4	84,214.4	**95,926.4**	2,343.7	15,255.4	**178,077.6**	18,099.7
	November	2,696.4	5,594.0	5,917.6	**14,208.0**	7,863.0	1,376.7	288.7	**13,838.1**	34,377.8	2,808.0	0.0	37,185.9	1,022.6	2,580.5	8,279.3	85,611.5	**97,493.8**	2,327.8	15,095.2	**180,148.8**	18,867.3
	December	3,570.6	4,492.1	5,700.2	**13,762.9**	8,025.1	1,784.2	303.2	**14,454.4**	35,726.7	3,343.9	0.0	39,070.6	1,105.5	2,697.6	8,171.5	86,383.4	**98,357.9**	2,968.2	15,104.3	**183,718.4**	20,226.8
2005	January	2,966.6	4,958.6	5,853.5	**13,778.7**	8,631.2	1,462.7	239.9	**14,798.2**	34,393.5	3,932.2	0.0	38,325.7	1,105.5	2,592.6	7,969.9	86,837.9	**98,505.9**	2,709.5	14,876.8	**182,994.7**	19,547.5
	February	2,578.7	5,525.9	5,554.3	**13,659.0**	9,004.6	1,327.9	197.1	**15,066.0**	33,576.7	4,593.0	0.0	38,169.7	1,093.9	2,560.7	7,959.7	88,083.7	**99,698.0**	2,866.8	15,002.0	**184,461.5**	19,705.0
	March	2,564.7	5,733.8	5,434.8	**13,733.3**	9,236.2	1,425.9	187.3	**15,347.1**	33,606.9	5,376.0	0.0	38,983.0	1,074.3	2,532.7	7,906.6	87,788.6	**99,302.1**	3,217.5	14,668.2	**185,251.2**	20,367.6
	April	2,221.2	6,535.6	5,068.1	**13,824.8**	9,426.2	1,353.4	172.4	**15,597.5**	34,294.9	5,680.2	0.0	39,975.0	1,088.5	2,557.9	7,684.1	88,994.7	**100,325.2**	2,944.1	14,808.8	**187,475.4**	20,586.5
	May	2,192.1	6,037.9	5,041.7	**13,271.7**	10,623.9	1,384.5	133.2	**16,869.2**	35,309.1	5,680.1	0.0	40,989.2	1,109.9	2,538.7	7,423.7	89,843.1	**100,915.3**	2,920.6	15,235.8	**190,201.9**	21,036.1
	June	2,288.3	5,971.2	4,734.9	**12,994.4**	10,299.8	1,994.6	121.6	**17,402.5**	35,182.5	5,783.6	0.0	40,966.2	1,104.9	2,543.0	7,525.5	90,895.9	**102,069.3**	2,605.5	15,090.6	**191,128.5**	21,685.6

1 Includes foreign securities and loans to nonresidents.
2 Includes Loans and Other Financing in Foreign Currency in Mauritius.
3 Includes balances and investments.
4 Include interbank loans and claims on former Category 1 banks.
5 For a breakdown, see Table 2.4(b).
Figures may not add up to totals due to rounding.

Table 2.4(b): Former Category 1 Banks - Liabilities

(Rs million)

End of Period	Capital and Reserves	PRIVATE SECTOR DEPOSITS				Government Deposits	Foreign Currency Deposits	Interbank Deposits	Credit from Bank of Mauritius	BORROWINGS FROM			Bills Payable	Other Liabilities [3]	TOTAL LIABILITIES	Acceptances on Account of Customers	Documentary Credits	Guarantees
		Demand [1]	Time	Savings [2]	Total					Former Category 1 Banks	Banks Abroad	Former Category 2 Banks						
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
2003	15,602.8	10,940.5	43,054.8	54,210.3	**108,205.6**	207.7	13,631.4	695.0	2,157.0	3.0	5,877.6	269.7	193.9	14,837.8	**161,681.7**	663.7	5,500.9	11,475.3
2004	19,214.2	12,682.7	42,552.4	62,874.0	**118,109.1**	165.0	19,588.0	384.9	1,936.4	7.2	7,533.2	984.6	131.5	15,664.2	**183,718.4**	516.2	5,793.6	13,917.0
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
July	14,239.3	9,284.0	41,538.3	50,314.7	**101,137.0**	161.2	14,487.8	575.0	2,172.4	0.0	6,627.2	598.6	145.2	13,790.2	**153,933.8**	503.4	4,210.8	11,539.8
August	14,290.2	9,145.6	43,080.0	51,385.8	**103,611.3**	128.4	14,356.6	0.0	2,175.9	0.0	6,709.1	575.5	222.0	13,582.4	**155,651.5**	637.6	4,283.3	11,892.9
September	14,766.6	9,617.4	42,914.4	51,250.3	**103,782.0**	183.5	14,527.8	65.0	2,173.4	0.0	6,703.2	345.2	223.6	15,068.6	**157,839.0**	679.1	4,930.9	11,052.0
October	15,350.4	9,766.6	43,503.9	51,526.0	**104,796.5**	145.2	13,795.6	0.0	2,169.8	2.9	6,960.3	418.9	161.5	14,759.4	**158,560.4**	660.3	5,353.8	10,921.6
November	15,427.1	10,306.2	43,228.5	52,288.4	**105,823.2**	148.5	13,728.7	105.0	2,163.9	3.2	6,412.6	266.4	147.0	15,407.4	**159,632.9**	663.8	5,087.7	10,895.6
December	15,602.8	10,940.5	43,054.8	54,210.3	**108,205.6**	207.7	13,631.4	695.0	2,157.0	3.0	5,877.6	269.7	193.9	14,837.8	**161,681.7**	663.7	5,500.9	11,475.3
2004 January	15,746.7	10,760.5	44,235.5	55,270.0	**110,265.9**	177.1	13,637.4	60.0	1,900.2	3.2	5,507.7	341.1	196.4	14,680.3	**162,515.9**	566.9	4,694.7	11,037.3
February	15,806.3	10,916.6	44,115.5	56,654.3	**111,686.3**	154.0	13,511.1	0.0	1,893.3	3.7	5,032.0	287.7	185.0	14,302.6	**162,861.9**	559.9	4,367.5	10,667.3
March	15,807.1	11,106.4	43,693.3	56,268.8	**111,068.6**	158.6	15,069.5	135.0	1,883.6	3.4	5,026.7	705.4	164.8	14,500.7	**164,523.2**	595.1	4,765.4	10,831.2
April	15,988.7	11,770.3	43,042.6	57,225.6	**112,038.5**	164.1	15,981.7	100.6	1,882.9	0.1	5,855.7	268.0	176.1	15,109.8	**167,566.2**	697.5	5,149.1	10,966.3
May	15,980.7	12,035.9	42,892.4	57,806.9	**112,735.2**	239.6	16,615.5	138.7	1,873.8	0.1	6,495.9	538.8	179.3	15,890.8	**170,688.5**	729.4	4,901.7	11,873.6
June	16,269.0	12,617.2	43,394.5	59,500.9	**115,512.6**	302.0	16,915.2	463.5	1,864.5	55.3	6,423.6	490.7	229.5	16,114.9	**174,640.7**	725.8	4,864.4	12,175.3
July	19,986.0	12,211.6	42,384.3	59,965.3	**114,561.2**	150.2	17,367.1	158.2	1,844.7	0.5	7,503.6	860.3	263.1	13,674.3	**176,368.9**	686.6	4,656.2	13,167.9
August	19,243.9	12,290.0	42,798.9	59,931.9	**115,020.7**	151.1	18,146.0	643.9	1,835.6	33.0	6,808.9	773.6	156.8	14,356.7	**177,170.3**	676.0	4,232.1	13,126.5
September	19,150.6	12,093.7	42,445.2	59,837.1	**114,375.9**	170.2	18,653.1	1,240.8	1,918.4	32.8	6,415.9	900.7	234.4	15,064.2	**178,157.0**	487.3	4,410.1	13,158.7
October	19,040.0	11,802.9	41,720.5	60,272.0	**113,795.3**	174.9	19,292.0	797.6	1,909.1	0.1	7,463.0	513.1	188.9	14,903.6	**178,077.6**	519.4	4,345.4	13,234.9
November	19,071.6	12,502.1	41,706.6	60,760.9	**114,969.6**	195.6	19,966.1	185.5	1,899.8	0.1	6,892.9	1,169.2	170.1	15,628.3	**180,148.8**	456.4	4,417.4	13,993.4
December	19,214.2	12,682.7	42,552.4	62,874.0	**118,109.1**	165.0	19,588.0	384.9	1,936.4	7.2	7,533.2	984.6	131.5	15,664.2	**183,718.4**	516.2	5,793.6	13,917.0
2005 January	19,418.1	12,194.5	42,147.9	63,607.1	**117,949.5**	185.2	19,662.4	309.4	1,943.0	0.1	7,393.1	582.0	192.8	15,359.2	**182,994.7**	474.5	5,533.5	13,539.5
February	19,459.1	11,829.7	41,586.7	64,499.8	**117,916.3**	185.8	21,069.4	361.1	1,933.4	6.2	7,029.0	966.0	192.9	15,342.1	**184,461.5**	498.2	5,511.6	13,695.2
March	19,701.9	11,943.5	41,971.5	64,565.8	**118,480.7**	167.5	21,849.8	168.2	1,895.4	3.0	6,316.2	1,005.0	209.4	15,454.1	**185,251.2**	506.5	6,000.4	13,860.7
April	19,667.1	12,351.3	43,370.0	64,458.0	**120,179.3**	179.6	21,288.7	185.0	1,881.4	10.7	6,749.7	1,004.7	178.4	16,150.8	**187,475.4**	621.4	5,987.1	13,978.0
May	19,670.4	11,913.0	43,812.0	64,483.7	**120,208.6**	175.4	21,250.8	411.8	1,871.8	10.1	6,971.9	2,670.4	198.0	16,762.7	**190,201.9**	555.7	6,086.5	14,393.9
June	19,895.8	12,442.3	44,080.4	64,689.8	**121,212.5**	294.1	21,710.6	70.4	1,824.9	14.1	7,578.5	1,082.0	233.7	17,211.7	**191,128.5**	543.6	5,844.0	15,298.0

[1] Include demand deposits of former Category 2 Banks.
[2] Include margin deposits.
[3] Include borrowings from other institutions (local and foreign).
Figures may not add up to totals due to rounding.

Table 2.5: Monetary Survey

(Rs million)

End of Period		NET FOREIGN ASSETS	DOMESTIC CREDIT					TOTAL ASSETS	MONEY SUPPLY (M1)				QUASI-MONEY				AGGREGATE MONETARY RESOURCES (M2)	OTHER ITEMS (net)
			Net Claims on Central Government	Claims on Private Sector	Claims on Former Category 2 Banks	Claims on Non-Bank Deposit Taking Institutions	Total		Currency with Public	Demand Deposits: Bank of Mauritius	Demand Deposits: Former Category 1 Banks	Total (1)	Savings Deposits [1]	Time Deposits	Foreign Currency Deposits	Total (2)	(1) + (2)	
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**
2003		**48,052.1**	26,072.1	88,424.2	306.6	15.8	**114,818.7**	**162,870.9**	9,347.0	115.4	10,940.5	**20,402.8**	54,210.3	43,054.8	13,631.4	**110,896.6**	**131,299.4**	**31,571.4**
2004		**51,864.7**	38,047.1	98,357.9	301.9	0.0	**136,707.0**	**188,571.7**	10,731.2	203.3	12,682.7	**23,617.2**	62,874.0	42,552.4	19,588.0	**125,014.3**	**148,631.5**	**39,940.2**
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	**47,567.8**	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**
	July	**47,566.2**	21,196.8	85,674.6	338.1	29.5	**107,238.9**	**154,805.1**	7,605.9	113.3	9,284.0	**17,003.2**	50,314.7	41,538.3	14,487.8	**106,340.8**	**123,344.0**	**31,461.1**
	August	**46,969.4**	23,022.5	85,845.8	362.6	26.7	**109,257.6**	**156,227.0**	7,780.0	125.6	9,145.6	**17,051.1**	51,385.8	43,080.0	14,356.6	**108,822.4**	**125,873.5**	**30,353.5**
	September	**47,900.1**	23,631.9	86,705.2	325.5	23.4	**110,686.0**	**158,586.1**	7,719.4	128.5	9,617.4	**17,465.2**	51,250.3	42,914.4	14,527.8	**108,692.5**	**126,157.7**	**32,428.4**
	October	**48,721.7**	24,498.4	87,206.2	325.5	20.8	**112,050.9**	**160,772.5**	7,883.0	134.2	9,766.6	**17,783.7**	51,526.0	43,503.9	13,795.6	**108,825.5**	**126,609.3**	**34,163.3**
	November	**48,980.8**	25,693.4	87,575.8	367.0	18.6	**113,654.8**	**162,635.6**	8,221.9	192.2	10,306.2	**18,720.4**	52,288.4	43,228.5	13,728.7	**109,245.6**	**127,966.0**	**34,669.6**
	December	**48,052.1**	26,072.1	88,424.2	306.6	15.8	**114,818.7**	**162,870.9**	9,347.0	115.4	10,940.5	**20,402.8**	54,210.3	43,054.8	13,631.4	**110,896.6**	**131,299.4**	**31,571.4**
2004	January	**47,309.1**	27,939.3	89,604.2	306.6	13.3	**117,863.4**	**165,172.4**	8,569.3	157.3	10,760.5	**19,487.1**	55,270.0	44,235.5	13,637.4	**113,142.8**	**132,629.9**	**32,542.6**
	February	**47,396.6**	28,900.2	89,273.0	349.8	11.2	**118,534.1**	**165,930.7**	8,388.0	147.9	10,916.6	**19,452.4**	56,654.3	44,115.5	13,511.1	**114,280.8**	**133,733.3**	**32,197.4**
	March	**49,753.1**	30,572.6	88,058.6	297.4	8.4	**118,937.1**	**168,690.2**	8,295.4	154.7	11,106.4	**19,556.5**	56,268.8	43,693.3	15,069.5	**115,031.7**	**134,588.2**	**34,102.0**
	April	**49,230.2**	32,645.7	88,915.0	314.5	6.6	**121,881.8**	**171,112.0**	8,405.5	175.1	11,770.3	**20,350.9**	57,225.6	43,042.6	15,981.7	**116,249.9**	**136,600.8**	**34,511.2**
	May	**50,666.1**	34,181.7	89,764.3	315.6	5.2	**124,266.8**	**174,932.8**	8,527.0	160.7	12,035.9	**20,723.6**	57,806.9	42,892.4	16,615.5	**117,314.8**	**138,038.5**	**36,894.4**
	June	**49,120.3**	35,346.2	93,119.6	329.6	3.9	**128,799.3**	**177,919.6**	8,479.6	225.0	12,617.2	**21,321.8**	59,500.9	43,394.5	16,915.2	**119,810.6**	**141,132.4**	**36,787.2**
	July	**48,562.3**	36,404.3	93,446.5	329.6	3.1	**130,183.4**	**178,745.7**	8,818.3	192.0	12,211.6	**21,221.9**	59,965.3	42,384.3	17,367.1	**119,716.7**	**140,938.7**	**37,807.0**
	August	**49,115.4**	36,036.6	94,405.2	335.3	2.2	**130,779.3**	**179,894.7**	8,917.1	184.8	12,290.0	**21,391.8**	59,931.9	42,798.9	18,146.0	**120,876.8**	**142,268.6**	**37,626.1**
	September	**50,289.6**	35,696.5	95,187.9	297.2	1.6	**131,183.3**	**181,472.8**	8,852.1	254.3	12,093.7	**21,200.0**	59,837.1	42,445.2	18,653.1	**120,935.4**	**142,135.4**	**39,337.4**
	October	**49,840.6**	35,609.9	95,926.4	299.8	0.8	**131,836.9**	**181,677.5**	9,181.4	258.9	11,802.9	**21,243.2**	60,271.9	41,720.5	19,292.0	**121,284.4**	**142,527.6**	**39,150.0**
	November	**51,988.5**	35,848.0	97,493.8	301.9	0.3	**133,644.1**	**185,632.5**	9,370.1	220.4	12,502.1	**22,092.6**	60,760.9	41,706.6	19,966.1	**122,433.5**	**144,526.2**	**41,106.4**
	December	**51,864.7**	38,047.1	98,357.9	301.9	0.0	**136,707.0**	**188,571.7**	10,731.2	203.3	12,682.7	**23,617.2**	62,874.0	42,552.4	19,588.0	**125,014.3**	**148,631.5**	**39,940.2**
2005	January	**51,722.3**	37,110.1	98,505.9	313.4	0.0	**135,929.4**	**187,651.7**	9,891.2	318.0	12,194.5	**22,403.7**	63,607.1	42,147.9	19,662.4	**125,417.4**	**147,821.1**	**39,830.7**
	February	**53,012.7**	37,203.5	99,698.0	320.0	0.0	**137,221.6**	**190,234.3**	9,853.2	300.2	11,829.7	**21,983.1**	64,499.8	41,586.7	21,069.4	**127,156.0**	**149,139.1**	**41,095.2**
	March	**53,832.7**	38,117.7	99,302.1	325.6	0.0	**137,745.4**	**191,578.0**	9,752.0	335.1	11,943.5	**22,030.6**	64,565.8	41,971.5	21,849.8	**128,387.1**	**150,417.7**	**41,160.3**
	April	**53,763.5**	39,517.1	100,325.2	331.1	0.0	**140,173.4**	**193,936.9**	9,822.3	407.4	12,351.3	**22,581.0**	64,458.0	43,370.0	21,288.7	**129,116.8**	**151,697.7**	**42,239.2**
	May	**53,526.4**	40,179.5	100,915.3	333.3	0.0	**141,428.1**	**194,954.6**	9,782.6	397.0	11,913.0	**22,092.6**	64,483.7	43,812.0	21,250.8	**129,546.4**	**151,639.1**	**43,315.5**
	June	**52,505.3**	40,906.9	102,069.3	336.1	0.0	**143,312.3**	**195,817.6**	9,728.5	476.2	12,442.3	**22,647.0**	64,689.8	44,080.4	21,710.6	**130,480.8**	**153,127.8**	**42,689.8**

[1] *Include margin deposits.*

Figures may not add up to totals due to rounding.

Table 2.6: Money Supply and Aggregate Monetary Resources (M2)

(Rs million)

End of Period	Currency with Public (1)	Demand Deposits (2)	Time and Savings Deposits [1] (3)	Foreign Currency Deposits (4)	Money Supply (M1) (1) + (2) = (5)	Aggregate Monetary Resources (M2) (3) + (4) + (5)
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**
July	7,605.9	9,397.3	91,853.0	14,487.8	**17,003.2**	**123,344.0**
August	7,780.0	9,271.1	94,465.8	14,356.6	**17,051.1**	**125,873.5**
September	7,719.4	9,745.9	94,164.6	14,527.8	**17,465.2**	**126,157.7**
October	7,883.0	9,900.8	95,029.9	13,795.6	**17,783.7**	**126,609.3**
November	8,221.9	10,498.5	95,516.9	13,728.7	**18,720.4**	**127,966.0**
December	9,347.0	11,055.8	97,265.1	13,631.4	**20,402.8**	**131,299.4**
2004 January	8,569.3	10,917.8	99,505.4	13,637.4	**19,487.1**	**132,629.9**
February	8,388.0	11,064.5	100,769.8	13,511.1	**19,452.4**	**133,733.3**
March	8,295.4	11,261.1	99,962.1	15,069.5	**19,556.5**	**134,588.2**
April	8,405.5	11,945.4	100,268.2	15,981.7	**20,350.9**	**136,600.8**
May	8,527.0	12,196.6	100,699.3	16,615.5	**20,723.6**	**138,038.5**
June	8,479.6	12,842.2	102,895.4	16,915.2	**21,321.8**	**141,132.4**
July	8,818.3	12,403.6	102,349.6	17,367.1	**21,221.9**	**140,938.7**
August	8,917.1	12,474.8	102,730.8	18,146.0	**21,391.8**	**142,268.6**
September	8,852.1	12,348.0	102,282.3	18,653.1	**21,200.0**	**142,135.4**
October	9,181.4	12,061.8	101,992.4	19,292.0	**21,243.2**	**142,527.6**
November	9,370.1	12,722.6	102,467.4	19,966.1	**22,092.6**	**144,526.2**
December	10,731.2	12,886.0	105,426.4	19,588.0	**23,617.2**	**148,631.5**
2005 January	9,891.2	12,512.5	105,755.0	19,662.4	**22,403.7**	**147,821.1**
February	9,853.2	12,129.9	106,086.6	21,069.4	**21,983.1**	**149,139.1**
March	9,752.0	12,278.6	106,537.3	21,849.8	**22,030.6**	**150,417.7**
April	9,822.3	12,758.6	107,828.1	21,288.7	**22,581.0**	**151,697.7**
May	9,782.6	12,310.0	108,295.6	21,250.8	**22,092.6**	**151,639.1**
June	9,728.5	12,918.5	108,770.2	21,710.6	**22,647.0**	**153,127.8**

[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 per annum)

	Sep-04	Dec-04	Mar-05	Jun-05
I. LENDING				
Bank of Mauritius				
Lombard Rate	9.50	9.75	10.00	10.00
Bank Rate	5.44	5.76	6.12	6.13
Former Category 1 Banks				
A. Prime Lending Rate	**7.50-8.00**	**7.75-8.50**	**8.00-8.75**	**8.00-8.75**
B. Sectoral Rates				
1. Agriculture & Fishing	7.00-21.00	6.50-21.00	6.50-21.00	6.50-21.00
of which: Sugar Industry	7.00-19.75	6.50-13.75	6.50-13.50	6.50-13.50
2. Manufacturing	6.50-21.00	6.75-21.00	7.25-21.00	7.25-21.00
of which: Export Enterprise Certificate Holders	6.50-21.00	6.75-21.00	8.00-21.00	8.00-21.00
3. Tourism	6.61-21.00	6.65-21.00	6.65-21.00	6.65-21.00
of which: Hotels	6.61-21.00	6.65-21.00	6.65-21.00	6.65-21.00
4. Transport	7.50-21.00	7.50-21.00	7.50-21.00	7.50-21.00
5. Construction	7.20-21.00	7.20-21.00	7.20-21.00	7.20-21.00
of which: Housing	7.50-19.50	7.75-19.50	8.00-19.50	8.00-19.50
6. Traders	7.00-21.00	7.00-21.00	7.25-21.00	7.25-21.00
7. New Economy	7.50-21.00	7.75-21.00	7.75-21.00	8.00-21.00
8. Financial and Business Services	7.50-21.00	7.75-21.00	8.00-21.00	8.00-21.00
9. Infrastructure	7.00-17.50	7.00-17.50	7.00-17.50	7.00-17.50
10. Statutory and Parastatal Bodies	7.20-21.00	7.20-21.00	7.20-21.00	7.20-21.00
11. Freeport Enterprise Certificate Holders	7.50-16.75	7.75-16.25	8.00-16.50	8.00-16.50
12. Health Development Certificate Holders	7.75-21.00	8.00-18.75	8.25-21.00	8.25-21.00
13. Personal	7.00-19.75	7.00-19.75	7.00-19.75	7.00-19.75
14. Professional	7.50-21.00	7.75-21.00	8.00-21.00	8.00-21.00
15. Education	7.50-21.00	7.75-20.75	8.00-21.00	8.00-21.00
16. Media, Entertainment and Recreational Activities	7.00-21.00	7.25-21.00	7.50-21.00	7.00-21.00
17. Other Customers	6.75-21.25	7.75-21.25	7.75-21.00	7.75-21.00
II. DEPOSITS				
1. Savings	**4.00-4.50**	**4.25-4.75**	**4.50-4.625**	**4.50-4.625**
2. Time				
Call	4.00-4.50	4.25-5.00	4.25-5.00	4.25-5.00
7 Days' Notice	2.70-6.50	2.95-6.25	3.00-6.50	3.00-7.00
Exceeding 7 Days & Up to 1 Month	3.00-4.00	3.00-4.25	3.00-4.75	3.00-5.50
Exceeding 1 Month & Up to 3 Months	3.30-5.63	4.00-5.88	4.10-6.13	4.20-6.13
Exceeding 3 Months & Up to 6 Months	2.90-6.25	3.50-6.25	3.50-6.25	4.00-6.25
Exceeding 6 Months & Up to 9 Months	4.00-8.00	4.25-7.50	4.25-7.25	4.25-7.25
Exceeding 9 Months & Up to 12 Months	3.00-9.60	3.00-9.60	3.00-9.38	3.00-9.38
Exceeding 12 Months & Up to 18 Months	4.25-8.75	4.25-8.75	4.25-8.75	4.50-9.75
Exceeding 18 Months & Up to 24 Months	3.75-10.85	3.75-10.00	3.75-10.00	4.00-9.50
Exceeding 24 Months & Up to 36 Months	4.50-10.00	4.50-11.00	4.50-11.00	4.50-11.00
Exceeding 36 Months & Up to 48 Months	4.00-12.00	4.25-12.00	4.25-12.00	4.25-11.00
Exceeding 48 Months & Up to 60 Months	4.50-13.00	5.00-13.00	4.50-13.00	4.50-13.00
Exceeding 60 Months	6.00-13.00	7.75-13.00	7.73-13.00	5.25-13.00

Table 2.8: Value Range of Former Category 1 Banks' "Overdrafts", "Loans", "Local Bills Discounted", "Bills Receivable" and "Advances Against Pledge of Export Bills": June 2005

RANGE	Overdrafts		Loans		Local Bills Discounted		Bills Receivable		Advances Against Pledge of 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	132,984	1,087,218	59,482	2,661,093	38,494	938,669	430	24,428	0	0	**231,390**	**4,711,408**
Over Rs100,000 and Up to Rs500,000	5,943	1,324,525	34,202	7,807,288	48	12,968	1,381	384,742	3	1,533	**41,577**	**9,531,056**
Over Rs500,000 and Up to Rs1,000,000	1,481	1,033,282	6,160	4,355,441	23	15,869	599	419,758	0	0	**8,263**	**5,824,350**
Over Rs1,000,000 and Up to Rs2,500,000	1,194	1,849,478	3,137	4,725,508	23	39,403	409	606,169	1	1,872	**4,764**	**7,222,430**
Over Rs2,500,000 and Up to Rs5,000,000	586	2,053,983	876	2,994,178	7	22,241	94	323,640	0	0	**1,563**	**5,394,042**
Over Rs5,000,000 and Up to Rs7,500,000	242	1,474,795	244	1,526,654	1	5,655	23	142,378	0	0	**510**	**3,149,482**
Over Rs7,500,000 and Up to Rs10,000,000	134	1,150,873	152	1,327,293	1	7,774	14	122,223	0	0	**301**	**2,608,163**
Over Rs 10,000,000 and Up to Rs 25,000,000	282	4,326,338	291	4,572,986	4	62,363	15	193,957	0	0	**592**	**9,155,644**
Exceeding Rs 25,000,000	187	12,308,807	287	24,146,480	0	0	7	325,720	0	0	**481**	**36,781,007**
TOTAL	**143,033**	**26,609,299**	**104,831**	**54,116,921**	**38,601**	**1,104,942**	**2,972**	**2,543,015**	**4**	**3,405**	**289,441**	**84,377,582**

Note: Exclude Loans and Other Financing in Foreign Currencies in Mauritius

Table 2.9: Ownership of Former Category 1 Banks' "Overdrafts", "Loans","Local Bills Discounted", "Bills Receivable" and "Advances Against Pledge of Export Bills": June 2005

Sectors	Overdrafts		Loans		Local Bills Discounted		Advances Against Pledge of 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	775	2,957,186	982	3,245,860	17	398	0	0	37	33,122	**1,811**	**6,236,566**
Manufacturing	2,511	5,884,186	1,512	4,435,364	84	77,322	3	2,505	873	779,241	**4,983**	**11,178,618**
Tourism	736	1,432,467	586	10,364,005	2	616	0	0	0	0	**1,324**	**11,797,088**
Transport	481	284,279	987	686,977	0	0	0	0	7	6,902	**1,475**	**978,158**
Construction	790	2,309,951	37,412	14,499,608	557	13,253	0	0	16	18,079	**38,775**	**16,840,891**
Traders	6,675	6,968,570	3,807	5,998,369	134	54,724	1	900	1,822	1,550,019	**12,439**	**14,572,582**
New Economy	179	129,882	94	198,231	0	0	0	0	3	4,614	**276**	**332,727**
Financial and Business Services	450	1,862,013	240	4,447,426	1	1,173	0	0	17	12,464	**708**	**6,323,076**
Infrastructure	60	117,308	33	988,489	0	0	0	0	3	4,413	**96**	**1,110,210**
Statutory and Para-Statal Bodies	16	307,747	28	1,324,293	0	0	0	0	0	0	**44**	**1,632,040**
Regional Development Certificate Holders	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Freeport Enterprise Certificate Holders	63	38,563	9	31,348	0	0	0	0	15	7,565	**87**	**77,476**
Regional Headquarters Certificate Holders	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Health Development Certificate Holders	7	4,838	6	7,376	0	0	0	0	0	0	**13**	**12,214**
Modernisation & Expansion Enterprise Certificate Holders	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Personal	127,418	2,416,880	57,888	5,973,453	37,790	935,979	0	0	98	36,374	**223,194**	**9,362,686**
Professional	562	313,064	254	501,315	7	83	0	0	22	33,723	**845**	**848,185**
Education	76	39,861	285	132,879	2	24	0	0	0	0	**363**	**172,764**
Human Resource Development Certificate Holders	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Media, Entertainment and Recreational Activities	125	89,925	73	235,346	1	3	0	0	17	12,713	**216**	**337,987**
Other	2,109	1,452,579	635	1,046,582	6	21,367	0	0	42	43,786	**2,792**	**2,564,314**
TOTAL	**143,033**	**26,609,299**	**104,831**	**54,116,921**	**38,601**	**1,104,942**	**4**	**3,405**	**2,972**	**2,543,015**	**289,441**	**84,377,582**

Note: Exclude Loans and Other Financing in Foreign Currencies in Mauritius

Table 2.10: Ownership of Former Category 1 Banks' Deposits: June 2005

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	1,377	467,187	7,250	460,548	303	428,598	84	269,904
Manufacturing	3,388	835,204	1,178	296,001	523	583,390	916	2,737,512
Tourism	1,104	388,435	328	150,692	120	378,326	301	749,587
Transport	861	217,917	1,173	162,371	116	355,235	129	1,248,795
Construction	1,445	943,022	1,537	321,593	202	308,813	134	424,105
Traders	10,857	1,534,954	8,327	789,551	1,529	1,519,539	1,138	1,738,804
New Economy	518	135,684	103	258,703	42	942,430	183	1,109,962
Financial and Business Services	1,814	2,453,791	388	1,318,653	584	1,299,742	526	2,435,799
Infrastructure	271	86,743	1,606	259,798	43	770,934	22	131,416
Statutory and Para-Statal Bodies	255	304,056	232	2,042,234	331	3,854,882	44	464,942
Regional Development Certificate Holders	1	887	1	10,541	0	0	0	0
Freeport Enterprise Certificate Holders	25	1,809	2	243	0	0	11	8,997
Regional Headquarters Certificate Holders	92	37,761	4	712	10	8,678	115	195,419
Health Development Certificate Holders	8	4,661	122	8,508	1	100	2	462
Modernisation & Expansion Enterprise Certificate Holders	2	16	4	169	0	0	0	0
Personal	61,349	2,948,504	1,442,648	55,691,305	100,284	31,857,207	14,818	9,005,869
Professional	1,226	251,422	5,557	218,709	251	256,280	158	135,768
Education	339	98,216	331	218,564	62	76,117	8	6,529
Human Resource Development Certificate Holders	2	796	1	130	0	0	0	0
Media, Entertainment and Recreational Activities	283	42,305	500	29,241	32	15,464	29	40,427
Other	7,977	1,972,311	16,251	2,408,543	1,720	1,435,396	763	1,006,332
TOTAL	**93,194**	**12,725,681**	**1,487,543**	**64,646,809**	**106,153**	**44,091,131**	**19,381**	**21,710,629**

[1] *Include demand deposits of Government and former Category 2 Banks.*
[2] *Include Government time deposits.*

Table 2.11: Value Range of Former Category 1 Banks' Deposits: June 2005

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	80,150	1,135,056	1,354,510	14,451,546	46,880	2,654,834	147	5,058	9,578	454,884
Over Rs100,000 and Up to Rs500,000	9,581	2,063,228	112,182	23,405,268	44,032	11,502,720	47	10,030	4,836	1,472,229
Over Rs500,000 and Up to Rs1,000,000	1,696	1,179,197	14,212	9,642,365	9,563	7,517,630	6	3,607	1,925	1,474,140
Over Rs1,000,000 and Up to Rs2,500,000	1,093	1,675,791	5,380	7,723,622	4,159	6,547,949	4	5,569	1,666	2,748,335
Over Rs2,500,000 and Up to Rs5,000,000	351	1,226,399	851	2,856,452	983	3,570,161	1	4,504	658	2,292,545
Over Rs5,000,000 and Up to Rs7,500,000	125	773,002	173	1,036,584	196	1,206,261	0	0	253	1,559,543
Over Rs7,500,000 and Up to Rs10,000,000	61	533,786	71	613,837	126	1,156,215	0	0	114	1,045,272
Over Rs 10,000,000 and Up to Rs 25,000,000	93	1,445,995	111	1,658,339	113	1,791,193	1	14,220	243	3,725,000
Exceeding Rs 25,000,000	44	2,693,227	53	3,258,796	101	8,144,168	0	0	108	6,938,681
TOTAL	**93,194**	**12,725,681**	**1,487,543**	**64,646,809**	**106,153**	**44,091,131**	**206**	**42,988**	**19,381**	**21,710,629**

1 *Include Demand Deposits of Government and former Category 2 banks*

2 *Include Government time deposits*

Table 2.12: Maturity Pattern of Former Category 1 Banks' Time Deposits: June 2005

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	2,183,009,944	9,214,424	2,192,224,368	4,287,365,029	7,784,807	4,295,149,836	**6,487,374,204**	488,234,699	10,954,772	499,189,471	1,969,152,129	0	1,969,152,129	**2,468,341,600**
Exceeding 7 Days and Up to 1 Month	742,436,248	30,810,745	773,246,993	952,705,760	0	952,705,760	**1,725,952,753**	1,337,624,236	207,624,870	1,545,249,106	782,580,119	0	782,580,119	**2,327,829,225**
Exceeding 1 Month and Up to 3 Months	1,716,790,280	18,688,232	1,735,478,512	898,254,516	0	898,254,516	**2,633,733,028**	744,087,884	172,160,741	916,248,625	722,483,470	204,571,383	927,054,853	**1,843,303,478**
Exceeding 3 Months and Up to 6 Months	2,119,505,361	11,366,858	2,130,872,219	1,519,393,057	0	1,519,393,057	**3,650,265,276**	494,995,033	82,144,727	577,139,760	367,285,220	0	367,285,220	**944,424,980**
Exceeding 6 Months and Up to 12 Months	6,315,441,049	41,089,040	6,356,530,089	1,871,462,222	455,000	1,871,917,222	**8,228,447,311**	736,106,332	172,608,366	908,714,698	400,762,220	14,915,000	415,677,220	**1,324,391,918**
Exceeding 12 Months and Up to 18 Months	1,541,443,242	500,037	1,541,943,279	72,798,933	0	72,798,933	**1,614,742,212**	4,426,058	0	4,426,058	37,314,460	0	37,314,460	**41,740,518**
Exceeding 18 Months and Up to 24 Months	4,046,053,739	129,930,248	4,175,983,987	956,341,522	0	956,341,522	**5,132,325,509**	484,185	0	484,185	0	0	0	**484,185**
Exceeding 24 Months and Up to 36 Months	3,310,781,616	14,769,000	3,325,550,616	374,136,387	0	374,136,387	**3,699,687,003**	56,776,950	0	56,776,950	0	0	0	**56,776,950**
Exceeding 36 Months and Up to 48 Months	3,212,865,618	44,772,427	3,257,638,045	261,722,050	0	261,722,050	**3,519,360,095**	293,087,747	60,334,810	353,422,557	77,790,100	0	77,790,100	**431,212,657**
Exceeding 48 Months and Up to 60 Months	6,518,452,386	4,616,000	6,523,068,386	531,845,064	0	531,845,064	**7,054,913,450**	145,161,615	2,622,192	147,783,807	20,284,442	0	20,284,442	**168,068,249**
Exceeding 60 Months	339,408,101	204,558	339,612,659	4,717,443	0	4,717,443	**344,330,102**	0	0	0	0	0	0	**0**
TOTAL	**32,046,187,584**	**305,961,569**	**32,352,149,153**	**11,730,741,983**	**8,239,807**	**11,738,981,790**	**44,091,130,943**	**4,300,984,739**	**708,450,478**	**5,009,435,217**	**4,377,652,160**	**219,486,383**	**4,597,138,543**	**9,606,573,760**

[1] Include Government
Note: Figures rounded to the nearest Rupee

Table 2.13: Maturity Pattern of Former Category 1 Banks' Foreign Currency Deposits: June 2005

Duration	RUPEE EQUIVALENT OF DEPOSITS DENOMINATED IN FOREIGN CURRENCIES					
	US Dollar	Pound Sterling	Euro	South African Rand	Other	Total
1. DEMAND	**3,418,650,253**	**1,068,756,335**	**3,095,421,557**	**137,562,185**	**165,188,365**	**7,885,578,695**
2. SAVINGS [1]	**1,806,469,437**	**1,125,581,566**	**1,204,383,496**	**8,513,781**	**73,528,747**	**4,218,477,027**
3. TIME	**3,459,085,782**	**2,507,270,460**	**3,302,272,140**	**129,624,138**	**208,321,240**	**9,606,573,760**
7 Days' Notice	820,011,543	300,080,690	1,302,184,771	27,922,713	18,141,883	**2,468,341,600**
Exceeding 7 Days and Up to 1 Month	912,988,803	598,310,490	689,396,605	64,901,262	62,232,064	**2,327,829,225**
Exceeding 1 Month and Up to 3 Months	784,877,972	366,649,427	612,194,758	26,948,172	52,633,149	**1,843,303,478**
Exceeding 3 Months and Up to 6 Months	349,937,577	284,051,564	285,200,295	4,978,384	20,257,161	**944,424,980**
Exceeding 6 Months and Up to 12 Months	432,040,620	522,912,056	309,508,653	4,873,607	55,056,983	**1,324,391,918**
Exceeding 12 Months and Up to 18 Months	0	41,740,518	0	0	0	**41,740,518**
Exceeding 18 Months and Up to 24 Months	0	484,185	0	0	0	**484,185**
Exceeding 24 Months and Up to 36 Months	41,715,136	15,061,814	0	0	0	**56,776,950**
Exceeding 36 Months and Up to 48 Months	113,744,739	214,911,172	102,556,746	0	0	**431,212,657**
Exceeding 48 Months and Up to 60 Months	3,769,392	163,068,544	1,230,312	0	0	**168,068,249**
Exceeding 60 Months	0	0	0	0	0	**0**
TOTAL	**8,684,205,472**	**4,701,608,361**	**7,602,077,193**	**275,700,104**	**447,038,352**	**21,710,629,482**

[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)
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**
	July	472,573	16,384,246	23	**20,547**	**712,359**
	August	401,221	13,016,996	21	**19,106**	**619,857**
	September	438,657	14,222,486	21	**20,888**	**677,261**
	October	477,576	16,586,710	23	**20,764**	**721,161**
	November	397,415	12,996,403	19	**20,917**	**684,021**
	December	530,767	19,904,556	22	**24,126**	**904,753**
2004	January	385,039	13,413,257	19	**20,265**	**705,961**
	February	384,549	13,680,455	18	**21,364**	**760,025**
	March	465,674	15,820,113	22	**21,167**	**719,096**
	April	425,931	14,827,378	22	**19,361**	**673,972**
	May	422,107	14,312,690	21	**20,100**	**681,557**
	June	438,906	15,754,463	22	**19,950**	**716,112**
	July	444,116	15,720,737	22	**20,187**	**714,579**
	August	429,733	16,167,982	22	**19,533**	**734,908**
	September	426,858	14,871,719	22	**19,403**	**675,987**
	October	439,062	15,907,659	21	**20,908**	**757,508**
	November	443,598	15,836,126	20	**22,180**	**791,806**
	December	529,467	20,577,511	23	**23,020**	**894,674**
2005	January	371,508	12,777,719	19	**19,553**	**672,512**
	February	387,450	14,822,347	18	**21,525**	**823,464**
	March	431,387	14,506,987	20[2]	**21,558**	**725,228**
	April	420,322	14,794,050	21	**20,015**	**704,479**
	May	456,496	15,098,777	22	**20,750**	**686,308**
	June	440,302	15,662,152	22	**20,014**	**711,916**

1 Our Rodrigues branch worked for 20 days, including 13 February 2003 when there was a cyclone Class 3 in Mauritius.
2 Our Rodrigues branch worked for 21 days, including 24 March 2005 when there was a cyclone Class 3 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	
2003	October	270	2,304,435	3,803	168,889	615,204	**784,093**	826.6
	November	270	2,181,312	3,738	169,205	620,471	**789,676**	844.8
	December	270	3,152,306	6,061	169,620	625,786	**795,406**	871.9
2004	January	272	2,240,161	3,784	169,913	631,299	**801,212**	840.1
	February	272	2,173,883	3,567	170,505	635,620	**806,125**	818.5
	March	272	2,595,910	4,297	172,432	642,937	**815,369**	804.6
	April	273	2,370,652	3,874	170,024	647,222	**817,246**	824.9
	May	273	2,494,182	3,994	171,017	653,348	**824,365**	817.1
	June	273	2,286,308	3,598	171,764	659,622	**831,386**	822.3
	July	274	2,452,036	3,958	172,767	663,924	**836,691**	840.2
	August	274	2,619,330	4,363	173,384	668,304	**841,688**	861.6
	September	278	2,420,260	3,965	173,979	674,409	**848,388**	864.4
	October	282	2,436,846	4,157	174,541	679,656	**854,197**	849.4
	November	282	2,709,906	4,808	175,773	685,521	**861,294**	895.2
	December	283	3,285,091	6,430	176,562	691,864	**868,426**	902.9
2005	January	281	2,530,727	4,439	176,864	696,340	**873,204**	890.3
	February	283	2,298,921	3,952	177,803	700,919	**878,722**	927.9
	March	283	2,583,371	4,424	178,947	706,516	**885,463**	890.3
	April	283	2,456,638	4,162	180,430	712,951	**893,381**	881.6
	May	284	2,809,014	4,767	181,330	718,915	**900,245**	906.4
	June	293	2,525,605	4,096	182,860	725,816	**908,676**	907.3

[1] *Involve the use of credit cards, debit cards, ATMs and merchant points of sale.*

Table 2.16: Central Bank Survey

(Rs million)

	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Net Foreign Assets	**43,117.5**	**43,288.7**	**43,410.4**	**43,870.2**	**43,908.5**	**44,940.4**	**44,811.5**	**44,186.5**	**44,846.8**	**44,680.4**	**44,826.4**	**43,505.7**	**42,571.1**
Claims on Nonresidents	43,342.7	43,520.9	43,627.5	44,149.9	44,143.0	45,195.1	45,007.9	44,381.8	45,028.5	44,820.0	44,982.5	43,672.1	42,734.4
less: Liabilities to Nonresidents	225.2	232.2	217.1	279.8	234.4	254.7	196.4	195.3	181.7	139.6	156.1	166.4	163.3
Claims on Other Depository Corporations	**2,563.4**	**2,549.9**	**2,207.8**	**1,920.5**	**1,918.0**	**1,915.8**	**1,937.0**	**1,951.2**	**1,969.8**	**1,897.5**	**1,894.0**	**1,939.0**	**1,937.9**
Net Claims on Central Government	**-739.8**	**-603.7**	**-752.0**	**-1,360.4**	**-162.2**	**-480.1**	**-63.1**	**-244.7**	**-115.4**	**-73.8**	**246.3**	**24.8**	**137.6**
Claims on central government	1,648.9	1,491.1	1,762.5	1,658.4	1,566.7	1,554.5	1,881.5	2,039.6	1,680.2	2,374.1	2,322.0	2,279.8	3,139.8
less: Liabilities to central government	2,388.7	2,094.7	2,514.4	3,018.8	1,729.0	2,034.6	1,944.6	2,284.3	1,795.5	2,447.9	2,075.7	2,255.0	3,002.2
Claims on Other Sectors	**194.1**	**240.4**	**214.4**	**297.0**	**229.5**	**231.8**	**403.6**	**446.0**	**404.5**	**401.3**	**377.1**	**375.5**	**364.8**
Monetary Base	**29,518.8**	**28,939.6**	**28,946.3**	**28,659.0**	**29,253.7**	**28,959.2**	**29,391.2**	**28,751.6**	**28,603.1**	**28,658.0**	**28,797.8**	**28,014.8**	**27,710.2**
Currency in circulation	**10,786.2**	**11,007.9**	**11,252.9**	**11,290.3**	**11,351.7**	**11,986.9**	**14,222.3**	**12,778.2**	**12,352.4**	**12,237.3**	**11,964.0**	**11,895.3**	**11,937.3**
Liabilities to Other Depository Corporations	**15,106.0**	**14,308.6**	**14,131.2**	**13,538.2**	**13,692.1**	**12,746.7**	**11,448.7**	**12,072.4**	**12,238.0**	**12,347.3**	**12,831.5**	**12,320.9**	**11,937.8**
Reserve Deposits	6,322.3	5,623.2	5,706.5	4,797.1	5,505.7	5,594.6	4,492.5	4,959.0	5,526.3	5,734.1	6,550.2	6,038.8	5,971.6
Other Liabilities	8,783.7	8,685.4	8,424.7	8,741.1	8,186.4	7,152.1	6,956.2	7,113.5	6,711.8	6,613.2	6,281.2	6,282.1	5,966.2
Deposits included in Broad Money	**279.3**	**304.0**	**372.4**	**320.2**	**400.5**	**369.2**	**355.6**	**433.3**	**462.5**	**527.9**	**519.7**	**550.3**	**566.8**
Transferable deposits	19.0	34.4	63.1	50.1	82.7	87.8	90.4	157.7	160.7	211.2	218.6	247.6	267.2
Savings deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Time deposits	260.2	269.7	309.3	270.2	317.8	281.3	265.2	275.5	301.7	316.7	301.1	302.6	299.6
Securities other than Shares, Included in Broad Money	**3,347.3**	**3,319.0**	**3,189.8**	**3,510.2**	**3,809.4**	**3,856.4**	**3,364.7**	**3,467.7**	**3,550.1**	**3,545.4**	**3,482.6**	**3,248.3**	**3,268.3**
Deposits Excluded from Broad Money	**64.0**	**63.5**	**63.5**	**63.5**	**63.3**	**63.3**	**63.3**	**63.3**	**63.3**	**63.1**	**62.0**	**61.7**	**61.7**
Securities Other than Shares, Excluded from Broad Money	**1.2**	**1.2**	**1.2**	**1.2**	**1.2**	**1.2**	**1.2**	**1.2**	**1.2**	**1.2**	**1.2**	**1.2**	**1.2**
Loans	**342.7**	**774.7**	**392.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Financial Derivatives	**696.8**	**697.2**	**355.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Trade Credit and Advances	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Shares and Other Equity	**14,741.3**	**15,139.7**	**15,484.7**	**16,098.2**	**16,687.0**	**17,733.2**	**17,855.5**	**17,744.6**	**18,696.3**	**18,408.2**	**18,783.7**	**18,074.5**	**17,688.5**
Other Items (net)	**-229.7**	**-140.4**	**-162.5**	**-94.6**	**-111.4**	**-148.9**	**-222.1**	**-221.6**	**-258.1**	**-225.1**	**-300.8**	**-307.2**	**-450.0**

Figures may not add up to totals due to rounding.

Table 2.17: Other Depository Corporations Survey

(Rs million)

	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Net Foreign Assets	**61,477.7**	**61,081.7**	**62,946.3**	**61,725.3**	**71,458.6**	**72,171.5**	**71,237.7**	**71,068.7**	**78,931.3**	**81,261.9**	**83,599.2**	**86,590.8**	**107,447.8**
Claims on nonresidents	196,838.8	199,766.7	193,040.8	193,385.5	211,679.5	218,128.7	208,818.4	209,545.8	220,596.5	214,926.4	217,036.9	221,880.0	253,756.7
less: Liabilities to nonresidents	135,361.1	138,685.0	130,094.4	131,660.2	140,221.0	145,957.2	137,580.7	138,477.1	141,665.2	133,664.5	133,437.7	135,289.2	146,308.9
Claims on Central Bank	**18,163.9**	**17,745.7**	**16,957.1**	**15,769.7**	**15,656.2**	**15,181.7**	**14,734.1**	**14,760.3**	**14,658.3**	**14,734.7**	**14,824.4**	**14,320.3**	**14,051.1**
Currency	2,386.5	2,269.5	2,415.7	2,518.1	2,250.0	2,696.7	3,570.8	2,966.8	2,579.0	2,564.9	2,221.8	2,192.3	2,288.5
Reserve deposits	6,323.1	5,622.5	5,703.3	4,799.0	5,501.7	5,594.3	4,494.1	4,958.9	5,526.5	5,734.1	6,535.9	6,038.2	5,971.6
Other claims	9,454.2	9,853.8	8,838.1	8,452.6	7,904.5	6,890.7	6,669.2	6,834.6	6,552.9	6,435.7	6,066.7	6,089.8	5,791.1
Net Claims on Central Government	**38,935.6**	**39,716.6**	**39,524.4**	**40,162.3**	**39,003.0**	**39,641.9**	**41,335.1**	**40,312.0**	**40,323.5**	**40,959.3**	**41,802.2**	**42,914.1**	**42,484.6**
Claims on central government	41,233.4	41,933.8	41,655.0	42,156.9	40,927.1	41,629.7	43,202.4	42,049.8	42,191.3	42,875.1	43,787.4	44,692.7	44,516.6
less: Liabilities to central government	2,297.8	2,217.2	2,130.5	1,994.7	1,924.1	1,987.8	1,867.3	1,737.9	1,867.9	1,915.8	1,985.2	1,778.6	2,032.0
Claims on Other Sectors	**126,667.3**	**127,818.2**	**127,588.1**	**128,534.5**	**129,601.6**	**131,771.1**	**132,526.0**	**132,077.4**	**134,152.5**	**133,008.2**	**134,275.3**	**135,326.9**	**135,514.7**
Liabilities to Central Bank	**2,517.3**	**2,574.0**	**2,232.6**	**1,944.6**	**1,941.6**	**1,939.2**	**1,961.5**	**1,973.5**	**1,971.5**	**1,924.2**	**1,911.5**	**1,909.4**	**1,848.9**
Deposits Included in Broad Money	**200,410.4**	**200,192.1**	**202,398.5**	**201,097.5**	**210,917.0**	**213,190.2**	**214,816.4**	**213,433.2**	**220,501.8**	**222,078.7**	**225,668.4**	**229,672.6**	**250,535.7**
Transferable Deposits	55,723.6	54,285.3	55,014.5	54,748.5	59,874.8	62,803.1	65,386.8	61,710.4	65,580.9	66,801.4	64,490.4	65,967.7	85,971.3
Savings Deposits	50,245.8	50,770.3	50,777.2	50,996.5	51,002.5	51,543.3	52,936.2	54,100.9	54,709.6	55,335.2	55,204.2	55,605.7	55,460.2
Time Deposits	94,441.1	95,136.6	96,606.8	95,352.5	100,039.7	98,843.8	96,493.4	97,621.9	100,211.3	99,942.2	105,973.8	108,099.2	109,104.2
Securities other than Shares, Included in Broad Money	**139.5**	**142.3**	**146.1**	**150.9**	**156.1**	**161.0**	**166.1**	**172.0**	**177.7**	**184.1**	**190.7**	**200.0**	**231.6**
Deposits Excluded from Broad Money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Securities other than Shares, Excluded from Broad Money	**1,041.2**	**999.1**	**846.3**	**950.6**	**918.7**	**881.1**	**896.6**	**984.1**	**723.5**	**758.5**	**735.2**	**727.9**	**809.5**
Loans	**791.4**	**722.2**	**729.3**	**697.6**	**712.1**	**730.3**	**643.4**	**545.6**	**581.3**	**620.2**	**598.7**	**597.9**	**582.8**
Financial Derivatives	**6,361.3**	**7,383.6**	**5,838.2**	**5,864.7**	**5,465.7**	**5,208.6**	**4,254.1**	**4,293.9**	**4,953.3**	**4,858.1**	**4,524.7**	**4,778.4**	**4,799.7**
Trade Credit and Advances	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Shares and Other Equity	**34,275.6**	**35,720.2**	**35,336.7**	**35,639.2**	**36,474.2**	**37,558.4**	**37,991.8**	**38,491.9**	**39,367.5**	**39,601.9**	**40,826.6**	**41,035.5**	**40,299.4**
Other Items (net)	**-292.1**	**-1,371.2**	**-511.5**	**-153.3**	**-866.0**	**-902.6**	**-897.0**	**-1,675.9**	**-211.0**	**-61.7**	**45.2**	**230.4**	**390.8**

Figures may not add up to totals due to rounding.

Table 2.18: Depository Corporations Survey

(Rs million)

Assets	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Net Foreign Assets	**104,595.2**	**104,370.4**	**106,356.7**	**105,595.4**	**115,367.1**	**117,112.0**	**116,049.3**	**115,255.2**	**123,778.2**	**125,942.3**	**128,425.6**	**130,096.5**	**150,019.0**
Claims on Nonresidents	**240,181.4**	**243,287.7**	**236,668.3**	**237,535.4**	**255,822.5**	**263,323.8**	**253,826.3**	**253,927.6**	**265,625.0**	**259,746.4**	**262,019.4**	**265,552.1**	**296,491.1**
Central Bank	43,342.7	43,520.9	43,627.5	44,149.9	44,143.0	45,195.1	45,007.9	44,381.8	45,028.5	44,820.0	44,982.5	43,672.1	42,734.4
Other Depository Corporations	196,838.8	199,766.7	193,040.8	193,385.5	211,679.5	218,128.7	208,818.4	209,545.8	220,596.5	214,926.4	217,036.9	221,880.0	253,756.7
less: Liabilities to Nonresidents	**135,586.2**	**138,917.2**	**130,311.5**	**131,939.9**	**140,455.4**	**146,211.9**	**137,777.1**	**138,672.4**	**141,846.9**	**133,804.1**	**133,593.8**	**135,455.6**	**146,472.1**
Central Bank	225.2	232.2	217.1	279.8	234.4	254.7	196.4	195.3	181.7	139.6	156.1	166.4	163.3
Other Depository Corporations	135,361.1	138,685.0	130,094.4	131,660.2	140,221.0	145,957.2	137,580.7	138,477.1	141,665.2	133,664.5	133,437.7	135,289.2	146,308.9
Domestic Claims	**165,057.1**	**167,171.5**	**166,575.0**	**167,633.4**	**168,671.8**	**171,164.7**	**174,201.6**	**172,590.7**	**174,765.1**	**174,295.0**	**176,701.0**	**178,641.3**	**178,501.8**
Net Claims on Central Government	**38,195.8**	**39,112.9**	**38,772.5**	**38,801.9**	**38,840.7**	**39,161.7**	**41,272.0**	**40,067.3**	**40,208.1**	**40,885.5**	**42,048.5**	**42,938.9**	**42,622.2**
Claims on Central Government	**42,882.3**	**43,424.9**	**43,417.5**	**43,815.3**	**42,493.8**	**43,184.2**	**45,083.9**	**44,089.4**	**43,871.5**	**45,249.2**	**46,109.4**	**46,972.5**	**47,656.4**
Central Bank	1,648.9	1,491.1	1,762.5	1,658.4	1,566.7	1,554.5	1,881.5	2,039.6	1,680.2	2,374.1	2,322.0	2,279.8	3,139.8
Other Depository Corporations	41,233.4	41,933.8	41,655.0	42,156.9	40,927.1	41,629.7	43,202.4	42,049.8	42,191.3	42,875.1	43,787.4	44,692.7	44,516.6
less: Liabilities to Central Government	**4,686.5**	**4,311.9**	**4,645.0**	**5,013.5**	**3,653.0**	**4,022.5**	**3,811.8**	**4,022.1**	**3,663.4**	**4,363.7**	**4,060.9**	**4,033.6**	**5,034.2**
Central Bank	2,388.7	2,094.7	2,514.4	3,018.8	1,729.0	2,034.6	1,944.6	2,284.3	1,795.5	2,447.9	2,075.7	2,255.0	3,002.2
Other Depository Corporations	2,297.8	2,217.2	2,130.5	1,994.7	1,924.1	1,987.8	1,867.3	1,737.9	1,867.9	1,915.8	1,985.2	1,778.6	2,032.0
Claims on Other Sectors	**126,861.4**	**128,058.5**	**127,802.5**	**128,831.5**	**129,831.1**	**132,003.0**	**132,929.6**	**132,523.4**	**134,557.0**	**133,409.5**	**134,652.5**	**135,702.4**	**135,879.5**
Central Bank	194.1	240.4	214.4	297.0	229.5	231.8	403.6	446.0	404.5	401.3	377.1	375.5	364.8
Other Depository Corporations	126,667.3	127,818.2	127,588.1	128,534.5	129,601.6	131,771.1	132,526.0	132,077.4	134,152.5	133,008.2	134,275.3	135,326.9	135,514.7
TOTAL ASSETS	**269,652.3**	**271,541.9**	**272,931.8**	**273,228.8**	**284,038.9**	**288,276.7**	**290,250.9**	**287,845.9**	**298,543.2**	**300,237.3**	**305,126.6**	**308,737.8**	**328,520.7**

Continued on next page

Table 2.18: Depository Corporations Survey (continued)

(Rs million)

Liabilities	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Broad Money Liabilities	**212,576.2**	**212,695.9**	**214,944.0**	**213,851.1**	**224,384.7**	**226,867.0**	**229,354.3**	**227,317.5**	**234,465.5**	**236,008.6**	**239,603.6**	**243,374.1**	**264,251.2**
Currency Outside Depository Corporations	**8,399.7**	**8,738.4**	**8,837.2**	**8,772.3**	**9,101.7**	**9,290.3**	**10,651.5**	**9,811.4**	**9,773.5**	**9,672.4**	**9,742.2**	**9,703.0**	**9,648.9**
Transferable Deposits	**55,742.6**	**54,319.7**	**55,077.6**	**54,798.6**	**59,957.4**	**62,890.9**	**65,477.1**	**61,868.1**	**65,741.6**	**67,012.6**	**64,709.0**	**66,215.3**	**86,238.6**
Central Bank	19.0	34.4	63.1	50.1	82.7	87.8	90.4	157.7	160.7	211.2	218.6	247.6	267.2
Other Depository Corporations	55,723.6	54,285.3	55,014.5	54,748.5	59,874.8	62,803.1	65,386.8	61,710.4	65,580.9	66,801.4	64,490.4	65,967.7	85,971.3
Savings Deposits	**50,245.8**	**50,770.3**	**50,777.2**	**50,996.5**	**51,002.5**	**51,543.3**	**52,936.2**	**54,100.9**	**54,709.6**	**55,335.2**	**55,204.2**	**55,605.7**	**55,460.2**
Central Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Depository Corporations	50,245.8	50,770.3	50,777.2	50,996.5	51,002.5	51,543.3	52,936.2	54,100.9	54,709.6	55,335.2	55,204.2	55,605.7	55,460.2
Time Deposits	**94,701.3**	**95,406.2**	**96,916.1**	**95,622.7**	**100,357.5**	**99,125.1**	**96,758.6**	**97,897.4**	**100,513.0**	**100,258.9**	**106,275.0**	**108,401.9**	**109,403.7**
Central Bank	260.2	269.7	309.3	270.2	317.8	281.3	265.2	275.5	301.7	316.7	301.1	302.6	299.6
Other Depository Corporations	94,441.1	95,136.6	96,606.8	95,352.5	100,039.7	98,843.8	96,493.4	97,621.9	100,211.3	99,942.2	105,973.8	108,099.2	109,104.2
Securities other than Shares, Included in Broad Money	**3,486.8**	**3,461.3**	**3,335.9**	**3,661.1**	**3,965.5**	**4,017.4**	**3,530.8**	**3,639.6**	**3,727.8**	**3,729.5**	**3,673.2**	**3,448.3**	**3,499.8**
Central Bank	3,347.3	3,319.0	3,189.8	3,510.2	3,809.4	3,856.4	3,364.7	3,467.7	3,550.1	3,545.4	3,482.6	3,248.3	3,268.3
Other Depository Corporations	139.5	142.3	146.1	150.9	156.1	161.0	166.1	172.0	177.7	184.1	190.7	200.0	231.6
Deposits Excluded from Broad Money	**64.0**	**63.5**	**63.5**	**63.5**	**63.3**	**63.3**	**63.3**	**63.3**	**63.3**	**63.1**	**62.0**	**61.7**	**61.7**
Central Bank	64.0	63.5	63.5	63.5	63.3	63.3	63.3	63.3	63.3	63.1	62.0	61.7	61.7
Other Depository Corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities Other than Shares, Excluded from Broad Money	**1,042.4**	**1,000.3**	**847.5**	**951.8**	**919.9**	**882.3**	**897.8**	**985.3**	**724.7**	**759.7**	**736.4**	**729.1**	**810.7**
Central Bank	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Other Depository Corporations	1,041.2	999.1	846.3	950.6	918.7	881.1	896.6	984.1	723.5	758.5	735.2	727.9	809.5
Loans	**791.4**	**722.2**	**729.3**	**697.6**	**712.1**	**730.3**	**643.4**	**545.6**	**581.3**	**620.2**	**598.7**	**597.9**	**582.8**
Central Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Depository Corporations	791.4	722.2	729.3	697.6	712.1	730.3	643.4	545.6	581.3	620.2	598.7	597.9	582.8
Financial Derivatives	**6,361.3**	**7,383.6**	**5,838.2**	**5,864.7**	**5,465.7**	**5,208.6**	**4,254.1**	**4,293.9**	**4,953.3**	**4,858.1**	**4,524.7**	**4,778.4**	**4,799.7**
Central Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Depository Corporations	6,361.3	7,383.6	5,838.2	5,864.7	5,465.7	5,208.6	4,254.1	4,293.9	4,953.3	4,858.1	4,524.7	4,778.4	4,799.7
Trade Credit and Advances	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Central Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Depository Corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares and Other Equity	**49,016.9**	**50,859.8**	**50,821.4**	**51,737.4**	**53,161.2**	**55,291.5**	**55,847.3**	**56,236.5**	**58,063.7**	**58,010.0**	**59,610.3**	**59,110.0**	**57,987.8**
Central Bank	14,741.3	15,139.7	15,484.7	16,098.2	16,687.0	17,733.2	17,855.5	17,744.6	18,696.3	18,408.2	18,783.7	18,074.5	17,688.5
Other Depository Corporations	34,275.6	35,720.2	35,336.7	35,639.2	36,474.2	37,558.4	37,991.8	38,491.9	39,367.5	39,601.9	40,826.6	41,035.5	40,299.4
Other Items (net)	**-199.7**	**-1,183.3**	**-312.1**	**62.8**	**-668.0**	**-766.4**	**-809.3**	**-1,596.2**	**-308.6**	**-82.6**	**-9.2**	**86.4**	**26.8**
TOTAL LIABILITIES	**269,652.3**	**271,541.9**	**272,931.8**	**273,228.8**	**284,038.9**	**288,276.7**	**290,250.9**	**287,845.9**	**298,543.2**	**300,237.3**	**305,126.6**	**308,737.8**	**328,520.7**

Figures may not add up to totals due to rounding.

Table 2.19(a): Sectoral Balance Sheet of the Bank of Mauritius - Assets

(Rs million)

Code	Assets	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
A1	**Monetary Gold and SDRs**	**1,363.3**	**1,368.7**	**1,384.2**	**1,392.4**	**1,399.2**	**1,437.1**	**1,439.8**	**1,451.9**	**1,481.8**	**1,511.2**	**1,515.6**	**1,513.2**	**1,508.4**
A2	**Currency and Deposits**	**21,345.6**	**21,372.1**	**21,204.2**	**21,410.8**	**19,999.2**	**19,300.6**	**19,156.1**	**18,486.4**	**18,681.9**	**18,494.9**	**18,538.2**	**17,326.1**	**16,934.3**
A2.1	Currency	0.0	0.0	0.7	1.8	0.0	0.4	0.2	0.3	0.0	0.5	0.0	0.0	0.1
A2.2	Transferable deposits	797.7	531.5	570.8	1,262.1	814.7	604.4	813.4	995.2	875.0	1,138.7	1,044.8	1,005.0	1,550.4
A2.3	Savings deposits	20,547.8	20,840.6	20,632.7	20,146.9	19,184.5	18,695.8	18,342.4	17,490.9	17,806.9	17,355.7	17,493.5	16,321.1	15,383.7
A2.4	Time deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
A3	**Securities other than Shares**	**22,254.0**	**22,243.1**	**22,773.1**	**22,976.7**	**24,282.2**	**25,975.3**	**26,264.7**	**26,453.8**	**26,515.9**	**27,158.0**	**27,220.6**	**27,082.4**	**27,401.8**
A4	**Loans**	**2,050.0**	**2,038.6**	**2,040.6**	**2,112.8**	**2,114.0**	**2,113.1**	**2,126.5**	**2,140.2**	**2,137.8**	**2,075.4**	**2,079.5**	**2,076.0**	**1,996.0**
A5	**Shares and Other Equity**	**41.9**	**42.0**	**42.2**	**42.2**	**42.1**	**42.2**	**242.0**	**242.2**	**242.4**	**242.5**	**217.5**	**217.6**	**217.8**
A6	**Insurance Technical Reserves**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
A7	**Financial Derivatives**	**693.4**	**694.6**	**355.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
A8	**Other Accounts Receivable**	**97.1**	**77.8**	**47.1**	**121.2**	**46.5**	**55.3**	**23.2**	**72.0**	**46.7**	**37.4**	**26.8**	**70.7**	**164.0**
A9	**Nonfinancial Assets**	**487.2**	**473.9**	**476.3**	**495.8**	**520.9**	**522.0**	**567.4**	**567.0**	**613.5**	**614.7**	**699.8**	**772.0**	**820.5**
	TOTAL ASSETS	**48,332.5**	**48,310.8**	**48,322.9**	**48,551.9**	**48,404.1**	**49,445.7**	**49,819.7**	**49,413.4**	**49,720.1**	**50,134.0**	**50,298.1**	**49,058.0**	**49,042.8**

Figures may not add up to totals due to rounding.

Table 2.19(b): Sectoral Balance Sheet of the Bank of Mauritius - Liabilities

(Rs million)

Code	Liabilities	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
L1	**Currency in Circulation**	**10,786.2**	**11,007.9**	**11,252.9**	**11,290.3**	**11,351.7**	**11,986.9**	**14,222.3**	**12,778.2**	**12,352.4**	**12,237.3**	**11,964.0**	**11,895.3**	**11,937.3**
L2	**Deposits Included in Broad Money**	**279.3**	**304.0**	**372.4**	**320.2**	**400.5**	**369.2**	**355.6**	**433.3**	**462.5**	**527.9**	**519.7**	**550.3**	**566.8**
L2.1	Transferable deposits	19.0	34.4	63.1	50.1	82.7	87.8	90.4	157.7	160.7	211.2	218.6	247.6	267.2
L2.2	Savings deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
L2.3	Time deposits	260.2	269.7	309.3	270.2	317.8	281.3	265.2	275.5	301.7	316.7	301.1	302.6	299.6
L3	**Deposits Excuded from Broad Money**	**8,815.6**	**7,821.6**	**8,311.1**	**7,901.5**	**7,318.7**	**7,737.7**	**6,548.7**	**7,353.4**	**7,428.1**	**8,286.8**	**8,707.8**	**8,396.3**	**9,075.5**
L3.1	Transferable deposits	8,751.7	7,758.2	8,247.7	7,838.0	7,255.5	7,674.4	6,485.4	7,290.2	7,364.9	8,223.7	8,645.8	8,334.5	9,013.8
L3.2	Savings deposits	64.0	63.5	63.5	63.5	63.3	63.3	63.3	63.3	63.3	63.1	62.0	61.7	61.7
L3.3	Time deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
L4	**Securities Other than Shares, Included in Broad Money**	**3,347.3**	**3,319.0**	**3,189.8**	**3,510.2**	**3,809.4**	**3,856.4**	**3,364.7**	**3,467.7**	**3,550.1**	**3,545.4**	**3,482.6**	**3,248.3**	**3,268.3**
L5	**Securities Other than Shares, Excluded from Broad Money**	**8,872.3**	**8,785.3**	**8,525.0**	**8,908.9**	**8,309.5**	**7,264.0**	**7,022.7**	**7,180.1**	**6,766.4**	**6,630.5**	**6,336.7**	**6,327.1**	**6,011.4**
L6	**Loans**	**432.2**	**864.1**	**481.8**	**89.4**	**89.4**	**89.4**	**81.2**	**81.2**	**81.2**	**81.2**	**81.2**	**81.2**	**71.5**
L7	**Insurance Technical Reserves**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
L8	**Financial Derivatives**	**696.8**	**697.2**	**355.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
L9	**Other Accounts Payable**	**361.5**	**372.0**	**350.0**	**433.1**	**437.8**	**408.9**	**369.0**	**374.9**	**383.1**	**416.7**	**422.3**	**485.1**	**423.5**
L10	**Shares and Other Equity**	**14,741.3**	**15,139.7**	**15,484.7**	**16,098.2**	**16,687.0**	**17,733.2**	**17,855.5**	**17,744.6**	**18,696.3**	**18,408.2**	**18,783.7**	**18,074.5**	**17,688.5**
	TOTAL LIABILITIES	**48,332.5**	**48,310.8**	**48,322.9**	**48,551.9**	**48,404.1**	**49,445.7**	**49,819.7**	**49,413.4**	**49,720.1**	**50,134.0**	**50,298.1**	**49,058.0**	**49,042.8**

Figures may not add up to totals due to rounding.

Table 2.20(a): Sectoral Balance Sheet of Other Depository Corporations - Assets

(Rs million)

Code	Assets	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
A1	**Monetary Gold and SDRs**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
A2	**Currency and Deposits**	**99,697.1**	**97,000.2**	**94,673.5**	**91,222.3**	**97,609.3**	**102,398.4**	**102,592.8**	**100,876.6**	**114,903.5**	**109,311.7**	**113,838.8**	**115,242.9**	**137,386.0**
A2.1	Currency	2,524.5	2,447.1	2,567.0	2,666.6	2,493.9	2,986.8	3,875.7	3,208.2	2,777.7	2,753.9	2,395.3	2,326.7	2,411.6
A2.2	Transferable deposits	18,754.0	20,260.2	19,100.3	21,701.6	21,018.4	22,592.7	20,783.0	20,818.4	25,009.9	16,409.1	15,706.7	20,032.9	19,975.1
A2.3	Savings deposits	545.3	748.6	421.0	413.4	224.6	498.1	439.1	484.7	548.7	550.7	419.3	214.2	218.8
A2.4	Time deposits	77,873.3	73,544.3	72,585.2	66,440.7	73,872.4	76,320.6	77,495.0	76,365.2	86,567.3	89,598.1	95,317.5	92,669.2	114,780.5
A3	**Securities other than Shares**	**71,565.9**	**72,692.2**	**71,547.7**	**71,876.0**	**78,815.0**	**82,117.5**	**81,224.3**	**80,174.6**	**78,589.8**	**79,470.4**	**77,821.9**	**78,310.2**	**85,768.1**
A4	**Loans**	**187,544.0**	**194,265.1**	**193,167.1**	**198,942.9**	**201,675.6**	**201,310.7**	**197,500.0**	**199,175.5**	**199,482.5**	**194,697.1**	**195,543.4**	**199,130.2**	**199,044.9**
A5	**Shares and Other Equity**	**5,394.3**	**5,365.2**	**5,383.6**	**5,673.0**	**5,748.6**	**5,875.0**	**5,814.0**	**5,314.0**	**5,426.7**	**5,323.3**	**5,327.5**	**5,235.5**	**5,531.4**
A6	**Insurance Technical Reserves**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
A7	**Financial Derivatives**	**22,605.6**	**22,689.5**	**20,527.1**	**18,151.4**	**19,413.8**	**20,709.9**	**18,928.9**	**19,439.8**	**19,304.3**	**22,701.0**	**23,231.0**	**25,972.3**	**26,183.9**
A8	**Other Accounts Receivable**	**8,821.9**	**7,463.6**	**6,948.9**	**7,372.1**	**7,458.0**	**7,093.7**	**6,740.7**	**6,483.5**	**6,221.7**	**6,414.0**	**6,229.9**	**6,166.6**	**6,383.2**
A9	**Nonfinancial Assets**	**8,838.4**	**10,040.2**	**10,115.7**	**10,156.6**	**10,244.4**	**10,254.5**	**10,618.0**	**10,640.6**	**10,710.6**	**10,747.7**	**10,817.4**	**10,890.6**	**11,014.0**
	TOTAL ASSETS	**404,467.3**	**409,515.9**	**402,363.5**	**403,394.2**	**420,964.7**	**429,759.5**	**423,418.7**	**422,104.5**	**434,639.2**	**428,665.2**	**432,809.9**	**440,948.2**	**471,311.6**

Figures may not add up to totals due to rounding.

Table 2.20(b): Sectoral Balance Sheet of Other Depository Corporations - Liabilities

(Rs million)

Code	Liabilities	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
L1	**Currency in Circulation**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
L2	**Deposits Included in Broad Money**	**200,410.4**	**200,192.1**	**202,398.5**	**201,097.5**	**210,917.0**	**213,190.2**	**214,816.4**	**213,433.2**	**220,501.8**	**222,078.7**	**225,668.4**	**229,672.6**	**250,535.7**
L2.1	Transferable deposits	55,723.6	54,285.3	55,014.5	54,748.5	59,874.8	62,803.1	65,386.8	61,710.4	65,580.9	66,801.4	64,490.4	65,967.7	85,971.3
L2.2	Savings deposits	50,245.8	50,770.3	50,777.2	50,996.5	51,002.5	51,543.3	52,936.2	54,100.9	54,709.6	55,335.2	55,204.2	55,605.7	55,460.2
L2.3	Time deposits	94,441.1	95,136.6	96,606.8	95,352.5	100,039.7	98,843.8	96,493.4	97,621.9	100,211.3	99,942.2	105,973.8	108,099.2	109,104.2
L3	**Deposits Excluded from Broad Money**	**88,882.3**	**89,263.2**	**83,835.6**	**85,736.3**	**83,662.8**	**85,593.9**	**80,850.1**	**82,257.8**	**86,340.8**	**71,932.7**	**72,226.8**	**70,986.8**	**80,414.7**
L3.1	Transferable deposits	11,379.3	8,684.1	8,266.9	7,765.7	8,038.6	8,582.1	10,566.7	11,654.9	11,572.3	10,471.4	10,641.0	11,977.9	14,022.4
L3.2	Savings deposits	3,060.6	3,195.5	3,138.0	2,978.6	2,731.9	2,899.1	2,873.8	3,308.8	3,416.9	3,373.4	3,423.6	3,266.9	3,492.2
L3.3	Time deposits	74,442.4	77,383.6	72,430.7	74,992.0	72,892.3	74,112.6	67,409.6	67,294.1	71,351.6	58,087.9	58,162.2	55,741.9	62,900.1
L4	**Securities Other than Shares, Included in Broad Money**	**139.5**	**142.3**	**146.1**	**150.9**	**156.1**	**161.0**	**166.1**	**172.0**	**177.7**	**184.1**	**190.7**	**200.0**	**231.6**
L5	**Securities Other than Shares, Excluded from Broad Money**	**11,325.0**	**11,622.5**	**11,398.1**	**11,797.3**	**19,841.2**	**22,008.8**	**17,133.8**	**16,791.4**	**17,092.6**	**16,773.7**	**16,998.1**	**16,328.5**	**15,645.5**
L6	**Loans**	**28,836.9**	**32,070.6**	**30,895.8**	**29,515.9**	**30,802.9**	**32,324.2**	**34,978.3**	**34,303.6**	**33,953.0**	**37,625.2**	**36,433.3**	**39,283.6**	**38,593.2**
L7	**Insurance Technical Reserves**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
L8	**Financial Derivatives**	**26,132.1**	**27,149.9**	**24,034.3**	**24,570.3**	**24,723.5**	**25,038.1**	**22,781.1**	**22,485.6**	**22,775.1**	**25,304.0**	**25,441.6**	**28,162.6**	**29,432.8**
L9	**Other Accounts Payable**	**14,465.5**	**13,355.0**	**14,318.4**	**14,887.0**	**14,387.1**	**13,885.0**	**14,701.1**	**14,170.6**	**14,430.7**	**15,164.9**	**15,024.5**	**15,278.7**	**16,158.8**
L10	**Shares and Other Equity**	**34,275.6**	**35,720.2**	**35,336.7**	**35,639.2**	**36,474.2**	**37,558.4**	**37,991.8**	**38,490.5**	**39,367.5**	**39,601.9**	**40,826.6**	**41,035.5**	**40,299.4**
	TOTAL LIABILITIES	**404,467.3**	**409,515.9**	**402,363.5**	**403,394.2**	**420,964.7**	**429,759.5**	**423,418.7**	**422,104.5**	**434,639.2**	**428,665.2**	**432,809.9**	**440,948.2**	**471,311.6**

Figures may not add up to totals due to rounding.

Table 2.21(a): Sectoral Balance Sheet of Former Category 1 Banks - Assets

(Rs million)

Code	Assets	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
A1	**Monetary Gold and SDRs**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
A2	**Currency and Deposits**	**17,479.2**	**16,735.7**	**17,255.2**	**16,994.1**	**18,002.9**	**19,000.1**	**19,602.2**	**19,741.1**	**20,359.4**	**21,138.7**	**21,487.7**	**22,150.9**	**21,529.8**
A2.1	Currency	2,522.2	2,444.4	2,564.9	2,664.7	2,492.5	2,985.0	3,873.9	3,206.5	2,775.9	2,752.0	2,393.6	2,325.4	2,409.8
A2.2	Transferable deposits	7,909.5	7,189.2	7,189.8	6,188.0	6,815.7	6,842.8	6,245.0	6,406.2	7,095.0	7,251.1	7,853.3	7,633.1	7,878.9
A2.3	Savings deposits	135.6	111.3	109.2	94.0	67.5	94.9	100.0	111.7	101.2	100.5	93.5	68.5	70.9
A2.4	Time deposits	6,911.9	6,990.8	7,391.3	8,047.4	8,627.1	9,077.3	9,383.3	10,016.7	10,387.3	11,035.1	11,147.2	12,123.9	11,170.1
A3	**Securities other than Shares**	**57,335.9**	**57,915.0**	**56,883.1**	**57,192.7**	**55,526.3**	**55,534.7**	**57,375.2**	**55,611.2**	**55,292.7**	**56,007.6**	**56,326.0**	**57,112.3**	**57,079.1**
A4	**Loans**	**85,497.5**	**86,267.8**	**87,425.8**	**88,494.7**	**88,841.0**	**89,673.2**	**90,544.9**	**91,500.8**	**92,565.7**	**91,998.1**	**93,458.3**	**94,641.3**	**95,481.5**
A5	**Shares and Other Equity**	**4,517.7**	**4,490.1**	**4,507.3**	**4,494.2**	**4,539.5**	**4,566.8**	**4,540.4**	**4,590.9**	**4,635.1**	**4,597.6**	**4,625.6**	**4,571.2**	**4,852.2**
A6	**Insurance Technical Reserves**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
A7	**Financial Derivatives**	**10,303.0**	**11,763.8**	**9,481.0**	**7,351.8**	**8,331.6**	**8,617.4**	**5,419.0**	**6,751.0**	**6,118.8**	**8,493.2**	**8,175.2**	**9,295.7**	**8,657.7**
A8	**Other Accounts Receivable**	**5,583.9**	**5,888.8**	**5,414.6**	**5,624.6**	**5,433.4**	**5,497.1**	**5,264.8**	**4,682.8**	**5,021.6**	**4,661.3**	**4,817.0**	**4,960.9**	**5,190.5**
A9	**Nonfinancial Assets**	**8,082.0**	**9,277.1**	**9,329.3**	**9,364.0**	**9,428.1**	**9,466.4**	**9,744.9**	**9,764.2**	**9,806.5**	**9,834.4**	**9,893.6**	**9,960.7**	**10,062.8**
	TOTAL ASSETS	**188,799.2**	**192,338.2**	**190,296.3**	**189,516.1**	**190,102.8**	**192,355.6**	**192,491.4**	**192,642.1**	**193,799.9**	**196,730.9**	**198,783.3**	**202,693.0**	**202,853.6**

Figures may not add up to totals due to rounding.

Table 2.21(b): Sectoral Balance Sheet of Former Category 1 Banks - Liabilities

(Rs million)

Code	Liabilities	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
L1	**Currency in Circulation**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
L2	**Deposits Included in Broad Money**	**125,218.0**	**124,841.6**	**125,830.6**	**126,183.2**	**126,671.1**	**128,298.3**	**130,701.5**	**130,514.7**	**131,222.6**	**132,945.0**	**134,224.1**	**134,294.7**	**135,208.1**
L2.1	Transferable deposits	27,150.3	27,105.3	27,081.2	27,355.6	27,767.1	28,571.7	28,942.3	28,533.9	28,863.5	28,968.2	29,211.5	28,630.1	29,291.6
L2.2	Savings deposits	48,965.2	49,452.6	49,454.4	49,492.4	50,003.8	50,547.5	51,955.2	53,063.5	53,668.5	54,289.8	54,151.2	54,559.6	54,404.0
L2.3	Time deposits	49,102.5	48,283.7	49,294.9	49,335.2	48,900.2	49,179.1	49,803.9	48,917.3	48,690.6	49,687.0	50,861.4	51,105.0	51,512.5
L3	**Deposits Excluded from Broad Money**	**8,961.7**	**8,750.2**	**8,683.2**	**8,318.4**	**8,075.2**	**8,457.3**	**8,437.9**	**8,817.1**	**8,985.6**	**8,928.2**	**9,017.6**	**9,132.7**	**9,516.3**
L3.1	Transferable deposits	2,789.1	2,634.3	2,703.7	2,523.5	2,660.6	2,919.2	3,059.9	3,299.1	3,317.9	3,433.9	3,325.0	3,466.0	3,599.7
L3.2	Savings deposits	2,905.9	2,996.0	2,995.4	2,861.1	2,650.7	2,780.0	2,778.7	2,959.4	3,039.1	2,999.4	3,027.6	2,868.0	2,941.2
L3.3	Time deposits	3,266.7	3,119.9	2,984.1	2,933.8	2,764.0	2,758.1	2,599.3	2,558.6	2,628.5	2,494.9	2,665.0	2,798.7	2,975.3
L4	**Securities Other than Shares, Included in Broad Money**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
L5	**Securities Other than Shares, Excluded from Broad Money**	**955.7**	**949.6**	**832.7**	**721.6**	**681.8**	**626.5**	**647.7**	**667.3**	**691.1**	**715.9**	**799.9**	**753.6**	**777.3**
L6	**Loans**	**10,176.6**	**11,266.1**	**10,934.3**	**11,357.8**	**11,406.8**	**10,933.6**	**11,566.5**	**10,823.8**	**10,971.9**	**9,913.6**	**10,359.2**	**12,491.7**	**11,151.5**
L7	**Insurance Technical Reserves**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
L8	**Financial Derivatives**	**12,543.8**	**14,901.4**	**11,930.2**	**10,240.2**	**11,111.4**	**11,176.0**	**7,498.1**	**8,376.4**	**7,990.6**	**9,784.9**	**9,299.6**	**10,598.4**	**10,447.5**
L9	**Other Accounts Payable**	**11,750.8**	**11,171.9**	**12,022.6**	**12,617.4**	**11,804.3**	**11,993.1**	**12,598.4**	**12,101.5**	**12,175.1**	**12,428.7**	**12,745.6**	**12,738.0**	**13,105.3**
L10	**Shares and Other Equity**	**19,192.5**	**20,457.4**	**20,062.7**	**20,077.6**	**20,352.1**	**20,870.9**	**21,041.4**	**21,341.3**	**21,763.1**	**22,014.7**	**22,337.4**	**22,683.9**	**22,647.7**
	TOTAL LIABILITIES	**188,799.2**	**192,338.2**	**190,296.3**	**189,516.1**	**190,102.8**	**192,355.6**	**192,491.4**	**192,642.1**	**193,799.9**	**196,730.9**	**198,783.3**	**202,693.0**	**202,853.6**

Figures may not add up to totals due to rounding.

Table 2.22(a): Sectoral Balance Sheet of Former Category 2 Banks - Assets

(Rs million)

Code	Assets	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
A1	**Monetary Gold and SDRs**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
A2	**Currency and Deposits**	**80,974.3**	**79,287.6**	**76,371.0**	**73,494.9**	**79,032.5**	**82,607.1**	**81,998.2**	**80,161.9**	**93,542.7**	**87,265.5**	**91,280.2**	**92,038.3**	**114,648.6**
A2.1	Currency	2.1	2.5	1.9	1.8	1.2	1.7	1.7	1.6	1.7	1.7	1.6	1.2	1.7
A2.2	Transferable deposits	10,204.5	12,677.6	11,408.8	15,249.0	13,998.9	15,429.7	14,096.3	13,904.7	17,425.7	8,635.1	7,263.7	11,916.9	11,493.6
A2.3	Savings deposits	86.1	430.7	94.5	186.9	92.3	268.3	125.0	151.8	205.9	219.3	240.3	0.0	0.0
A2.4	Time deposits	70,681.5	66,176.8	64,865.7	58,057.1	64,940.1	66,907.3	67,775.2	66,103.9	75,909.4	78,409.4	83,774.6	80,120.2	103,153.4
A3	**Securities other than Shares**	**11,160.3**	**11,523.5**	**11,455.9**	**11,327.5**	**19,903.5**	**23,286.9**	**20,528.8**	**21,159.1**	**19,943.6**	**20,225.8**	**18,305.4**	**18,036.6**	**25,547.2**
A4	**Loans**	**86,230.3**	**92,000.5**	**89,332.2**	**93,628.5**	**95,564.7**	**94,328.5**	**89,485.0**	**89,921.6**	**88,884.7**	**84,339.8**	**83,503.1**	**85,606.6**	**84,282.7**
A5	**Shares and Other Equity**	**641.1**	**642.2**	**646.4**	**945.8**	**955.7**	**1,057.5**	**1,031.7**	**474.6**	**538.3**	**480.0**	**458.5**	**414.7**	**429.8**
A6	**Insurance Technical Reserves**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
A7	**Financial Derivatives**	**12,302.6**	**10,925.7**	**11,046.1**	**10,799.6**	**11,082.2**	**12,092.5**	**13,509.9**	**12,688.7**	**13,185.6**	**14,207.8**	**15,055.8**	**16,676.6**	**17,526.2**
A8	**Other Accounts Receivable**	**2,033.1**	**276.7**	**233.3**	**406.3**	**638.4**	**506.0**	**511.2**	**795.2**	**264.3**	**798.8**	**493.8**	**215.9**	**396.3**
A9	**Nonfinancial Assets**	**126.0**	**123.6**	**120.2**	**119.5**	**116.7**	**114.1**	**144.5**	**143.2**	**144.9**	**151.2**	**157.8**	**152.5**	**152.6**
	TOTAL ASSETS	**193,467.7**	**194,779.9**	**189,205.1**	**190,722.1**	**207,293.7**	**213,992.6**	**207,209.4**	**205,344.4**	**216,504.0**	**207,469.0**	**209,254.5**	**213,141.2**	**242,983.5**

Figures may not add up to totals due to rounding.

Table 2.22(b): Sectoral Balance Sheet of Former Category 2 Banks - Liabilities

(Rs million)

Code	Liabilities	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
L1	**Currency in Circulation**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
L2	**Deposits Included in Broad Money**	**62,456.0**	**62,375.3**	**63,412.7**	**61,559.2**	**70,654.0**	**70,981.2**	**69,879.2**	**68,321.2**	**74,503.0**	**74,047.7**	**76,090.7**	**79,814.7**	**99,528.5**
L2.1	Transferable deposits	28,573.3	27,180.0	27,933.3	27,392.9	32,107.7	34,231.3	36,444.4	33,176.5	36,717.4	37,833.1	35,278.9	37,337.6	56,679.7
L2.2	Savings deposits	298.8	317.3	324.9	506.1	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.0
L2.3	Time deposits	33,583.9	34,878.0	35,154.5	33,660.2	38,546.2	36,749.6	33,434.6	35,144.5	37,785.4	36,214.4	40,811.8	42,477.1	42,848.8
L3	**Deposits Excluded from Broad Money**	**79,362.6**	**79,953.3**	**74,588.7**	**76,851.2**	**75,022.2**	**76,564.7**	**71,837.4**	**72,833.9**	**76,745.5**	**62,414.8**	**62,491.1**	**61,131.4**	**70,172.1**
L3.1	Transferable deposits	8,590.1	6,049.8	5,563.2	5,242.2	5,378.0	5,662.9	7,506.8	8,355.8	8,254.4	7,036.7	7,316.0	8,511.9	10,422.7
L3.2	Savings deposits	154.7	199.6	142.6	117.5	81.2	119.1	95.1	349.4	377.8	374.0	396.0	398.9	551.0
L3.3	Time deposits	70,617.8	73,703.9	68,882.9	71,491.5	69,563.0	70,782.6	64,235.5	64,128.6	68,113.3	55,004.1	54,779.1	52,220.6	59,198.5
L4	**Securities Other than Shares, Included in Broad Money**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
L5	**Securities Other than Shares, Excluded from Broad Money**	**9,647.0**	**9,949.4**	**9,835.7**	**10,356.7**	**18,477.3**	**20,665.6**	**15,778.7**	**15,396.8**	**15,664.1**	**15,323.9**	**15,567.5**	**14,967.1**	**14,267.8**
L6	**Loans**	**15,517.8**	**17,703.0**	**16,724.7**	**15,005.7**	**16,210.6**	**18,142.9**	**20,382.9**	**20,545.6**	**20,055.9**	**24,954.8**	**23,412.2**	**24,117.9**	**24,811.0**
L7	**Insurance Technical Reserves**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
L8	**Financial Derivatives**	**13,588.2**	**12,248.5**	**12,104.1**	**14,330.1**	**13,612.1**	**13,862.1**	**15,283.0**	**14,109.2**	**14,784.5**	**15,519.1**	**16,142.0**	**17,564.3**	**18,985.3**
L9	**Other Accounts Payable**	**1,757.9**	**1,271.3**	**1,317.0**	**1,134.4**	**1,338.1**	**1,284.4**	**1,389.1**	**1,303.1**	**1,509.8**	**2,004.5**	**1,516.0**	**1,726.9**	**2,162.0**
L10	**Shares and Other Equity**	**11,138.2**	**11,279.0**	**11,222.1**	**11,484.8**	**11,979.3**	**12,491.8**	**12,659.1**	**12,834.6**	**13,241.0**	**13,204.2**	**14,034.9**	**13,818.9**	**13,056.7**
	TOTAL LIABILITIES	**193,467.7**	**194,779.9**	**189,205.1**	**190,722.1**	**207,293.7**	**213,992.6**	**207,209.4**	**205,344.4**	**216,504.0**	**207,469.0**	**209,254.5**	**213,141.2**	**242,983.5**

Figures may not add up to totals due to rounding.

Table 2.23(a): Sectoral Balance Sheet of Non-Bank Deposit-Taking Institutions - Assets

(Rs million)

Code	Assets	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
A1	**Monetary Gold and SDRs**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
A2	**Currency and Deposits**	**1,243.5**	**976.9**	**1,047.3**	**733.3**	**573.9**	**791.2**	**992.4**	**973.5**	**1,001.4**	**907.5**	**1,071.0**	**1,053.7**	**1,207.6**
A2.1	Currency	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
A2.2	Transferable deposits	640.0	393.4	501.6	264.6	203.8	320.2	441.7	507.5	489.3	522.9	589.7	482.9	602.6
A2.3	Savings deposits	323.6	206.6	217.3	132.4	64.8	134.9	214.1	221.2	241.5	230.9	85.4	145.7	147.9
A2.4	Time deposits	279.8	376.8	328.2	336.1	305.2	336.0	336.4	244.7	270.5	153.5	395.7	425.1	457.0
A3	**Securities other than Shares**	**3,069.7**	**3,253.7**	**3,208.7**	**3,355.8**	**3,385.1**	**3,295.9**	**3,320.3**	**3,404.2**	**3,353.4**	**3,237.0**	**3,190.5**	**3,161.3**	**3,141.7**
A4	**Loans**	**15,816.3**	**15,996.7**	**16,409.1**	**16,819.7**	**17,269.9**	**17,309.0**	**17,470.1**	**17,753.2**	**18,032.1**	**18,359.1**	**18,582.0**	**18,882.2**	**19,280.7**
A5	**Shares and Other Equity**	**235.5**	**232.9**	**229.8**	**233.0**	**253.4**	**250.6**	**241.9**	**248.5**	**253.3**	**245.7**	**243.5**	**249.6**	**249.3**
A6	**Insurance Technical Reserves**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
A7	**Financial Derivatives**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
A8	**Other Accounts Receivable**	**1,205.0**	**1,298.1**	**259.3**	**1,341.2**	**1,386.2**	**1,090.5**	**964.7**	**1,005.5**	**935.9**	**953.9**	**919.1**	**989.9**	**796.5**
A9	**Nonfinancial Assets**	**630.4**	**639.5**	**666.2**	**673.1**	**699.6**	**674.0**	**728.5**	**733.2**	**759.1**	**762.1**	**766.0**	**777.3**	**798.7**
	TOTAL ASSETS	**22,200.4**	**22,397.8**	**22,862.0**	**23,155.9**	**23,568.2**	**23,411.3**	**23,717.9**	**24,118.1**	**24,335.3**	**24,465.3**	**24,772.1**	**25,114.0**	**25,474.5**

Figures may not add up to totals due to rounding.

Table 2.23(b): Sectoral Balance Sheet of Non-Bank Deposit-Taking Institutions - Liabilities

(Rs million)

Code	Liabilities	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
L1	**Currency in Circulation**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
L2	**Deposits Included in Broad Money**	**12,736.4**	**12,975.3**	**13,180.3**	**13,355.1**	**13,591.8**	**13,910.8**	**14,235.7**	**14,597.3**	**14,776.2**	**15,086.1**	**15,353.7**	**15,563.2**	**15,799.1**
L2.1	Transferable deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
L2.2	Savings deposits	981.8	1,000.3	997.8	998.0	998.5	995.7	980.8	1,037.2	1,041.0	1,045.3	1,053.0	1,046.1	1,056.2
L2.3	Time deposits	11,754.7	11,974.9	12,182.4	12,357.1	12,593.3	12,915.1	13,254.9	13,560.1	13,735.2	14,040.8	14,300.7	14,517.1	14,742.9
L3	**Deposits Excluded from Broad Money**	**557.9**	**559.7**	**538.6**	**566.8**	**565.4**	**571.9**	**574.8**	**606.9**	**609.8**	**589.7**	**718.1**	**722.6**	**726.3**
L3.1	Transferable deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.0	0.0
L3.2	Savings deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
L3.3	Time deposits	557.9	559.7	538.6	566.8	565.4	571.9	574.8	606.9	609.8	588.9	718.1	722.6	726.3
L4	**Securities Other than Shares, Included in Broad Money**	**139.5**	**142.3**	**146.1**	**150.9**	**156.1**	**161.0**	**166.1**	**172.0**	**177.7**	**184.1**	**190.7**	**200.0**	**231.6**
L5	**Securities Other than Shares, Excluded from Broad Money**	**722.3**	**723.5**	**729.7**	**719.0**	**682.0**	**716.7**	**707.4**	**727.3**	**737.4**	**733.9**	**630.7**	**607.7**	**600.4**
L6	**Loans**	**3,142.5**	**3,101.5**	**3,236.8**	**3,152.3**	**3,185.5**	**3,247.7**	**3,028.9**	**2,934.1**	**2,925.2**	**2,756.9**	**2,661.9**	**2,674.0**	**2,630.7**
L7	**Insurance Technical Reserves**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
L8	**Financial Derivatives**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
L9	**Other Accounts Payable**	**956.8**	**911.8**	**978.8**	**1,135.2**	**1,244.7**	**607.5**	**713.6**	**766.0**	**745.8**	**731.7**	**762.8**	**813.9**	**891.4**
L10	**Shares and Other Equity**	**3,944.9**	**3,983.7**	**4,051.8**	**4,076.7**	**4,142.7**	**4,195.6**	**4,291.4**	**4,314.5**	**4,363.3**	**4,382.9**	**4,454.4**	**4,532.7**	**4,595.0**
	TOTAL LIABILITIES	**22,200.4**	**22,397.8**	**22,862.0**	**23,155.9**	**23,568.2**	**23,411.3**	**23,717.9**	**24,118.1**	**24,335.3**	**24,465.3**	**24,772.1**	**25,114.0**	**25,474.5**

Figures may not add up to totals due to rounding.

Table 2.24: Transactions on The Stock Exchange of Mauritius

		OFFICIAL MARKET						
		Number of Sessions	SEMTRI [1] (in Rupee terms)	SEMTRI [1] (in US$ terms)	SEM-7 [2]	SEMDEX	Value of Transactions (Rs '000)	Volume of Transactions ('000)
			Average					
2004	July	22	1,453.15	801.78	136.01	651.09	7,884	459
	August	22	1,444.65	793.90	134.07	646.79	7,304	482
	September	22	1,455.79	794.70	135.30	651.04	9,027	558
	October	21	1,499.44	817.72	138.04	666.32	12,770	574
	November	20	1,529.97	836.12	141.09	677.77	12,281	640
	December	23	1,585.78	873.31	146.06	697.01	11,043	753
2005	January	19	1,656.32	909.02	151.65	722.20	11,864	1,011
	February	18	1,684.81	913.47	153.96	731.03	10,978	400
	March	20	1,713.20	922.99	158.25	742.65	18,126	805
	April	21	1,705.97	915.09	155.06	730.93	12,972	463
	May	22	1,649.42	883.36	148.54	705.22	9,013	272
	June	22	1,681.86	895.08	152.52	717.54	29,856	804

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).
2 The SEM-7 started with an index value of 100 on 30 March 1998.
Source: Stock Exchange of Mauritius Ltd.

Table 3.1: Exchange Rates [1]

(Rupees)

CURRENCY	Dec-03		Mar-04		Jun-04		Sep-04		Dec-04		Mar-05		Jun-05	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
Australian dollar	19.55	20.15	19.76	20.42	19.06	19.65	20.08	20.70	21.58	22.26	21.98	22.68	21.99	22.69
Euro	32.54	33.69	31.61	32.84	33.15	34.42	34.24	35.55	37.37	38.81	36.46	37.87	34.49	35.82
Hong Kong dollar	3.39	3.50	3.37	3.48	3.57	3.68	3.61	3.73	3.58	3.70	3.67	3.79	3.72	3.85
Indian rupee (100)	58.00	60.00	60.00	62.00	61.00	63.00	61.00	64.00	64.00	67.00	66.00	68.00	66.00	69.00
Japanese yen (100)	24.45	25.21	24.96	25.83	25.42	26.24	25.29	26.03	26.89	27.79	26.47	27.36	26.04	26.92
Kenya shilling (100)	34.47	35.92	33.86	35.37	35.15	36.60	34.86	36.27	36.21	37.68	38.34	39.90	38.11	39.67
Malagasy franc (100)[2]	0.45	0.47	0.43	0.44	0.29	0.31	0.28	0.31	0.31	0.31	1.58	1.61	1.53	1.55
Malawi kwacha	0.25	0.27	0.24	0.26	0.25	0.27	0.26	0.27	0.26	0.27	0.26	0.28	0.23	0.25
New Zealand dollar	17.12	17.74	17.30	17.95	17.37	18.02	18.75	19.44	19.91	20.65	20.17	20.91	20.18	20.93
Pakistan rupee (100)	45.96	48.22	46.26	48.45	48.22	50.51	48.06	50.33	47.32	49.56	48.66	50.95	48.95	51.24
Seychelles rupee	–	–	4.84	5.08	4.84	5.08	5.35	5.61	5.28	5.54	5.44	5.71	5.50	5.77
Singapore dollar	15.49	16.01	15.59	16.20	16.20	16.76	16.65	17.22	17.02	17.62	17.33	17.94	17.18	17.77
South African rand	3.96	4.12	4.14	4.33	4.43	4.63	4.37	4.56	4.93	5.15	4.55	4.75	4.33	4.52
Swiss franc	20.88	21.60	20.31	21.07	21.75	22.50	22.11	22.87	24.29	25.15	23.60	24.43	22.35	23.14
Tanzania shilling (100)	2.47	2.60	2.33	2.45	2.48	2.61	2.61	2.75	2.65	2.79	2.56	2.69	2.54	2.67
Uganda shilling (100)	1.37	1.44	1.35	1.42	1.54	1.62	1.59	1.67	1.59	1.67	1.62	1.70	1.63	1.72
US dollar	25.89	26.82	25.94	26.91	27.45	28.46	27.81	28.82	27.48	28.49	28.26	29.29	28.57	29.61
Pound sterling	46.06	47.73	47.46	49.32	49.63	51.55	50.08	51.88	52.89	54.89	53.07	55.07	51.60	53.54
Zambia kwacha (100)	0.59	0.63	0.56	0.60	0.58	0.61	0.58	0.61	0.60	0.63	0.62	0.65	0.63	0.66

[1] *End of month.*
[2] *As from Monday 3 January 2005, Madagascar abandoned the Malagasy Franc and switched to the new Ariary currency, which was launched on 31 July 2003 at five times parity with the Malagasy Franc.*

Table 3.2: Daily Average Exchange Rates [1]

(Rupees)

CURRENCY	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
Australian dollar	20.459	20.386	20.272	21.174	22.210	22.017	21.999	22.738	22.949	22.725	22.586	22.713
Hong Kong dollar	3.690	3.705	3.728	3.737	3.733	3.709	3.715	3.752	3.776	3.797	3.807	3.836
Indian rupee (100)	63.000	63.000	63.591	64.000	64.950	66.000	66.737	67.944	68.000	68.048	68.818	68.955
Japanese yen (100)	26.112	25.982	26.200	26.487	27.506	27.577	27.818	27.679	27.756	27.359	27.611	27.253
Kenya shilling (100)	36.418	36.196	36.423	36.216	36.149	36.568	37.551	38.451	39.924	39.327	39.269	39.335
New Zealand dollar	18.602	18.888	19.125	19.846	20.285	20.606	20.340	20.912	21.437	21.263	21.293	21.097
Singapore dollar	16.826	16.875	17.148	17.349	17.590	17.577	17.685	17.878	18.064	17.915	17.977	17.850
South African rand	4.744	4.537	4.497	4.604	4.857	5.087	4.899	4.930	4.931	4.850	4.748	4.462
Swiss franc	22.913	22.687	22.805	23.326	24.552	24.945	24.319	24.369	24.840	24.512	24.161	23.369
US dollar	28.491	28.620	28.781	28.814	28.745	28.565	28.663	28.972	29.161	29.311	29.378	29.532
Pound sterling	52.654	52.191	51.665	52.084	53.479	55.129	53.886	54.755	55.552	55.547	54.582	53.764
Euro	35.011	34.918	35.199	36.010	37.374	38.311	37.639	37.787	38.488	37.937	37.332	35.962

[1] *Selling Rates.*

Table 3.3: Exchange Rate Movements of Selected Currencies vis-à-vis the Euro [1]

	January 1999 (1)	June 2005 (2)	Appreciation/ (Depreciation) of Selected Currencies between (1) & (2) *(Per cent)* (3)
Hong Kong dollar	8.9689	9.4588	(5.2)
Indonesian rupiah	9,961.02	11,699.90	(14.9)
Korean won	1,358.76	1,230.62	10.4
Mauritian rupee	28.987	35.962	(19.4)
Philippines peso	44.395	67.177	(33.9)
Singapore dollar	1.9453	2.0333	(4.3)
South African rand	6.9690	8.1884	(14.9)
Taiwan dollar	37.333	38.146	(2.1)
Thai baht	42.3655	49.7735	(14.9)

[1] *Period average.*

Note: The daily average exchange rate of the rupee against the euro is based on the average selling rates of all former 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)
2004	July	43,521	902	1.1	**44,424.1**	**1,570.4**
	August	43,627	912	1.0	**44,540.0**	**1,561.9**
	September	44,150	919	0.8	**45,069.8**	**1,577.0**
	October	44,142	933	0.7	**45,075.7**	**1,583.9**
	November	45,187	957	0.5	**46,144.5**	**1,620.8**
	December	45,008	958	1.3	**45,967.3**	**1,629.8**
2005	January	44,381	950	1.2	**45,332.2**	**1,587.0**
	February	45,028	967	1.1	**45,996.1**	**1,595.1**
	March	44,820	1,003	0.9	**45,823.9**	**1,577.9**
	April	44,982	1,009	0.7	**45,991.7**	**1,581.6**
	May	43,672	986	1.6	**44,659.6**	**1,527.8**
	June	42,734	980	1.4	**43,715.4**	**1,487.2**

[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	Former Category 1 Banks Net Foreign Assets	Net International Reserves
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	**44,005.2**
	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	**45,183.9**
	June	39,583.5	1.1	844.8	7,984.4	**48,413.8**
	July	40,117.5	0.9	848.6	7,448.7	**48,415.7**
	August	39,769.9	0.7	834.9	7,199.5	**47,805.0**
	September	41,047.6	0.5	855.6	6,852.5	**48,756.2**
	October	42,299.9	1.0	847.0	6,421.7	**49,569.6**
	November	42,202.3	2.2	844.7	6,778.4	**49,827.6**
	December	40,804.6	0.8	848.1	7,247.5	**48,901.0**
2004	January	40,219.5	1.1	826.7	7,089.6	**48,136.9**
	February	40,636.6	1.0	820.8	6,760.0	**48,218.4**
	March	42,269.4	1.2	858.6	7,483.7	**50,612.9**
	April	42,535.4	0.6	875.3	6,694.7	**50,106.0**
	May	43,822.8	1.5	905.6	6,843.2	**51,573.1**
	June	43,261.7	1.2	900.0	5,858.5	**50,021.4**
	July	43,430.6	1.1	902.3	5,131.7	**49,465.7**
	August	43,537.2	1.0	911.4	5,578.1	**50,027.7**
	September	43,996.2	0.8	918.5	6,293.3	**51,208.8**
	October	44,028.9	0.7	933.2	5,811.7	**50,774.5**
	November	45,084.1	0.5	956.7	6,904.3	**52,945.6**
	December	44,947.9	1.3	958.3	6,916.8	**52,824.3**
2005	January	44,321.5	1.2	950.2	7,400.8	**52,673.7**
	February	44,980.2	1.1	966.5	8,032.6	**53,980.4**
	March	44,806.1	0.9	1,003.8	9,026.6	**54,837.4**
	April	44,934.0	0.7	1,009.1	8,829.5	**54,773.3**
	May	43,633.4	1.6	986.4	9,893.1	**54,514.5**
	June	42,695.7	1.4	979.6	9,809.6	**53,486.3**

Table 3.6: Exports[2] - Principal Countries of Destination

(f.o.b. value) (Rs million)

COUNTRY	2003	2004[1]	2003				2004[1]				2005[1]	
			1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr
Australia	**106**	**139**	23	24	29	30	31	43	35	30	23	32
Belgium	**925**	**1,363**	155	163	269	338	245	350	358	410	393	430
Canada	**192**	**143**	53	36	46	57	41	36	34	32	21	20
France	**9,403**	**9,084**	2,115	2,572	2,137	2,579	2,230	2,555	1,813	2,486	1,980	2,417
Germany	**1,525**	**1,268**	305	338	470	412	353	340	289	286	242	312
Italy	**1,900**	**2,156**	392	543	383	582	486	625	472	573	573	780
Malagasy, Republic of	**3,184**	**2,689**	643	781	794	966	636	729	617	707	709	905
Netherlands	**820**	**914**	181	164	242	233	222	181	250	261	187	176
Reunion	**1,489**	**1,485**	301	346	358	484	328	357	356	444	342	356
South Africa, Republic of	**773**	**775**	202	178	203	190	134	174	249	218	147	159
United States of America	**8,772**	**7,768**	2,002	2,447	2,338	1,985	1,702	1,912	2,245	1,909	1,369	1,507
United Kingdom	**15,915**	**17,356**	3,236	2,432	5,244	5,003	4,078	2,891	5,655	4,732	4,213	3,396
Other	**5,974**	**7,564**	1,453	1,241	1,909	1,371	1,246	1,666	2,682	1,970	1,992	3,419
TOTAL	**50,978**	**52,704**	**11,061**	**11,265**	**14,422**	**14,230**	**11,732**	**11,859**	**15,055**	**14,058**	**12,191**	**13,909**

[1] *Provisional.*
[2] *Excludes Ship's Stores and Bunkers.*
Source: Central Statistics Office, Government of Mauritius.

Table 3.7: Direction of EPZ Exports

(f.o.b. value) *(Rs million)*

COUNTRY	2003	2004 [1]	2003				2004 [1]				2005 [1]	
			1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr
Belgium	**646**	**1,011**	119	126	220	181	192	215	269	335	281	366
France	**7,253**	**6,995**	1,462	1,965	1,705	2,121	1,576	1,956	1,451	2,012	1,330	1,785
Germany	**1,176**	**1,003**	191	268	428	289	273	276	254	200	190	188
Hong Kong (S.A.R) [2]	**66**	**113**	8	22	18	18	25	59	12	17	13	9
Italy	**1,196**	**1,425**	204	334	285	373	308	440	304	373	283	260
Malagasy, Republic of	**560**	**686**	103	146	133	178	129	223	176	158	142	225
Netherlands	**749**	**730**	164	152	213	220	217	167	183	163	156	135
Switzerland	**473**	**534**	117	125	122	109	116	147	138	133	146	160
Singapore	**18**	**8**	9	4	4	1	2	3	1	2	1	2
United Kingdom	**7,848**	**8,895**	1,780	1,810	2,120	2,138	2,218	2,336	2,267	2,074	1,970	2,526
United States of America	**8,474**	**7,306**	1,877	2,377	2,275	1,945	1,614	1,838	2,020	1,834	1,318	1,321
Other	**2,985**	**3,340**	682	676	840	787	664	760	877	1,039	716	724
TOTAL	**31,444**	**32,046**	**6,716**	**8,005**	**8,363**	**8,360**	**7,334**	**8,420**	**7,952**	**8,340**	**6,546**	**7,701**

1 Provisional.
Source: Central Statistics Office, Government of Mauritius.
2 Special Administrative Region of China.

Table 3.8: EPZ Imports and Exports by Main Commodities

(Rs million)

	2003	2004 [1]	2003				2004 [1]				2005 [1]	
			1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr
Total EPZ Imports (c.i.f.)	**15,579**	**17,195**	**3,779**	**3,726**	**4,005**	**4,069**	**3,951**	**4,775**	**4,450**	**4,019**	**3,437**	**4,485**
Raw Materials	**14,079**	**14,734**	3,411	3,316	3,693	3,659	3,109	4,087	3,997	3,541	2,899	3,852
Machinery	**1,500**	**2,461**	368	410	312	410	842	688	453	478	538	633
Total EPZ Exports (f.o.b.)	**31,444**	**32,046**	**6,716**	**8,005**	**8,363**	**8,360**	**7,334**	**8,420**	**7,952**	**8,340**	**6,546**	**7,701**
Fish and Fish Preparations	**1,995**	**2,230**	431	470	529	565	444	542	689	555	518	801
Textile Yarn, Fabrics, Made-up Articles	**1,100**	**1,506**	276	284	284	256	295	511	353	347	307	384
Pearls, Precious and Semi-precious Stones	**1,127**	**1,249**	247	273	303	304	241	296	354	358	303	390
Articles of Apparel and Clothing	**24,168**	**23,047**	5,127	6,255	6,476	6,310	5,572	6,099	5,514	5,862	4,474	5,168
Watches and Clocks	**393**	**410**	90	104	95	104	93	103	101	113	119	114
Toys, Games and Sporting Goods	**176**	**174**	37	42	50	47	39	47	52	36	31	41
Other	**2,485**	**3,430**	508	577	626	774	650	822	889	1,069	794	803
Net EPZ Exports	**15,865**	**14,851**	**2,937**	**4,279**	**4,358**	**4,291**	**3,383**	**3,645**	**3,502**	**4,321**	**3,109**	**3,216**

[1] Provisional.
Source: Central Statistics Office, Government of Mauritius.

Table 3.9: Imports and Exports - Major Commodity Groups

(Rs million)

	2003	2004 [1]	2003				2004 [1]				2005 [1]	
			1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr
Imports (c.i.f. value)												
Food and Live Animals	10,308	11,947	2,713	2,178	2,618	2,799	2,484	3,030	3,099	3,334	2,966	3,512
Beverages and Tobacco	626	698	134	125	163	204	141	139	165	253	148	195
Crude Materials, Inedible except Fuels	1,542	2,061	375	381	390	396	373	676	625	387	539	612
Mineral Fuels, Lubricants and Related Products	7,290	10,020	2,094	1,551	1,830	1,815	2,254	2,211	2,189	3,366	2,876	3,826
Animal and Vegetable Oils and Fats	639	712	122	213	171	133	177	171	205	159	194	247
Chemicals and Related Products	5,770	6,412	1,236	1,421	1,535	1,578	1,422	1,541	1,624	1,825	1,693	1,738
Manufactured Goods classified chiefly by Materials	18,863	19,806	4,094	4,744	5,028	4,997	4,107	5,293	5,228	5,178	4,050	5,098
Machinery and Transport Equipment	14,241	17,916	4,054	2,964	3,313	3,910	3,764	4,290	4,828	5,034	4,665	7,621
Miscellaneous Manufactured Articles	6,521	6,624	1,574	1,301	1,576	2,070	1,310	1,501	1,625	2,188	1,252	1,742
Commodities and Transactions not classified elsewhere in the SITC [2]	142	191	39	24	37	42	59	38	49	45	43	51
TOTAL	**65,942**	**76,387**	**16,435**	**14,902**	**16,661**	**17,944**	**16,091**	**18,890**	**19,637**	**21,769**	**18,426**	**24,642**
Exports (f.o.b. value)												
Cane Sugar	8,775	9,631	1,566	767	3,778	2,664	1,984	666	4,206	2,775	2,363	852
Cane Molasses	74	190	21	–	18	35	13	–	65	112	–	–
Export Processing Zone Products	31,444	32,046	6,716	8,005	8,363	8,360	7,334	8,420	7,952	8,340	6,546	7,701
Other	1,845	1,809	365	475	337	668	445	512	368	484	530	637
Re-exports	8,840	9,028	2,393	2,018	1,926	2,503	1,956	2,261	2,464	2,347	2,752	4,719
TOTAL	**50,978**	**52,704**	**11,061**	**11,265**	**14,422**	**14,230**	**11,732**	**11,859**	**15,055**	**14,058**	**12,191**	**13,909**
Ship's Stores and Bunkers (f.o.b. value)	2,044	2,201	718	372	448	506	490	516	519	676	839	836

[1] Provisional.
[2] Standard International Trade Classification.
Source: Central Statistics Office, Government of Mauritius.

Table 3.10: Merchandise Imports

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

SITC Code	Standard International Trade Classification	2001	2002	2003	2004[1]
00	**Food and Live Animals**	**8,287**	**11,289**	**10,308**	**11,947**
	Meat and Meat Preparations	741	813	860	977
	Dairy Products and Bird's Eggs	1,318	1,409	1,465	1,531
	Milk and Cream	*986*	*1,015*	*1,049*	*1,071*
	Fish and Fish Preparations	1,754	3,985	2,542	3,170
	Cereals and Cereal Preparations	1,890	2,090	2,051	2,598
	Wheat	*525*	*713*	*754*	*565*
	Rice	*620*	*688*	*658*	*893*
	Flour	*198*	*45*	*2*	*311*
	Other	*547*	*644*	*637*	*829*
	Vegetables and Fruits	991	1,122	1,282	1,325
	Vegetables	*485*	*552*	*659*	*649*
	Feeding Stuff for Animals	263	281	294	421
	Other	1,280	1,589	1,814	1,925
01	**Beverages and Tobacco**	**362**	**491**	**626**	**698**
	Alcoholic Beverages	268	306	365	426
	Unmanufactured Tobacco	1	10	5	8
	Other	93	175	256	264
02	**Crude Materials, Inedible except Fuels**	**1,787**	**1,813**	**1,542**	**2,061**
03	**Mineral Fuels, Lubricants and Related Products**	**6,504**	**6,634**	**7,290**	**10,020**
	Petroleum Products, Refined	5,532	5,673	6,391	8,791
	Other	972	961	899	1,229
04	**Animal and Vegetable Oils and Fats**	**472**	**625**	**639**	**712**
	Fixed Vegetable Oils and Fats	387	504	518	596
	Other	85	121	121	116
05	**Chemicals and Related Products**	**4,780**	**5,012**	**5,770**	**6,412**
	Organic Chemicals	268	317	404	374
	Inorganic Chemicals	453	356	494	371
	Dyeing and Tanning Materials	493	470	512	550
	Medical and Pharmaceutical Products	957	1,027	1,156	1,476
	Fertilisers	286	202	315	310
	Plastics in non-primary forms	372	413	476	582
	Other	1,951	2,227	2,413	2,749
06	**Manufactured Goods classified chiefly by Materials**	**17,611**	**18,744**	**18,863**	**19,806**
	Rubber, Wood, Cork, Paper and Paper Board Manufactures	1,087	1,937	1,968	2,269
	Textile Yarn, Fabrics, Made-up Articles and Related Products	4,709	10,364	9,950	9,221
	Lime, Cement and Fabricated Construction Materials	723	863	821	1,237
	Iron and Steel	1,127	1,360	1,564	1,886
	Manufactures of Metal, n.e.s.	1,230	1,679	1,767	1,952
	Other	8,735	2,541	2,793	3,241
07	**Machinery and Transport Equipment**	**13,004**	**13,543**	**14,241**	**17,916**
	Machinery Specialized for Particular Industries	2,049	2,583	2,237	3,451
	General Industrial Machinery & Equipment, n.e.s., & machine parts, n.e.s.	1,589	2,026	1,982	2,368
	Electric Machinery, Apparatus and Appliances, n.e.s. and Electrical Parts of Household Type	1,783	1,980	2,246	2,796
	Road Vehicles	2,753	2,718	2,805	4,028
	Other	4,830	4,236	4,971	5,273
08	**Miscellaneous Manufactured Articles**	**5,000**	**6,317**	**6,521**	**6,624**
	Articles of Apparel and Clothing	564	760	789	889
	Professional, Scientific and Controlling Instruments and Apparatus, n.e.s.	537	884	644	499
	Other	3,899	4,673	5,088	5,236
09	**Commodities and Transactions not elsewhere specified**	**133**	**140**	**142**	**191**
	TOTAL	**57,940**	**64,608**	**65,942**	**76,387**

[1] Provisional. *n.e.s: not elsewhere specified.*
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)*

	2003	2004 [1]	2003				2004 [1]				2005 [1]	
			1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr
Australia	**2,153**	**2,845**	658	456	414	625	688	766	606	785	620	655
Bahrain	**2,571**	**4,021**	671	429	761	710	849	1,035	446	1,691	908	2,027
Belgium	**945**	**1,368**	232	249	232	232	269	251	408	440	370	366
China	**5,539**	**7,068**	1,097	1,302	1,308	1,832	1,200	1,640	1,950	2,278	1,735	2,361
France	**7,841**	**6,818**	2,576	1,592	1,818	1,855	1,309	1,518	1,829	2,162	1,660	1,801
Germany	**2,148**	**2,852**	454	540	548	606	624	606	785	837	660	1,035
Hong Kong (S.A.R)[2]	**1,049**	**771**	251	231	243	324	152	259	213	147	142	209
India	**5,438**	**6,989**	1,196	1,355	1,472	1,415	1,266	2,093	1,468	2,162	1,702	1,612
Italy	**2,109**	**2,431**	438	561	505	605	544	619	565	703	416	805
Japan	**2,326**	**3,083**	508	501	568	749	792	710	776	805	712	827
Kenya	**103**	**152**	21	22	31	29	31	37	37	47	109	52
Malaysia	**2,026**	**2,285**	404	535	560	527	433	576	639	637	484	638
Netherlands	**492**	**462**	99	96	151	146	135	101	106	120	86	130
New Zealand	**558**	**506**	134	130	173	121	91	156	128	131	205	239
Pakistan	**1,022**	**1,182**	188	231	302	301	279	300	277	326	233	293
Republic of South Africa	**8,068**	**8,562**	1,957	1,932	2,122	2,057	1,955	2,127	2,122	2,358	1,673	2,027
Republic of Korea	**693**	**797**	138	167	180	208	138	204	240	215	153	223
Singapore	**1,684**	**1,175**	699	246	375	364	262	293	357	263	210	251
Taiwan	**1,163**	**1,246**	351	223	284	305	225	389	304	328	408	325
United States of America	**1,734**	**1,651**	456	413	479	386	355	389	511	396	343	648
United Kingdom	**2,175**	**2,377**	510	507	565	593	533	533	619	692	541	599
Other	**14,105**	**17,746**	3,397	3,184	3,570	3,954	3,961	4,288	5,251	4,246	5,056	7,519
TOTAL	**65,942**	**76,387**	**16,435**	**14,902**	**16,661**	**17,944**	**16,091**	**18,890**	**19,637**	**21,769**	**18,426**	**24,642**

[1] *Provisional.*
Source: Central Statistics Office, Government of Mauritius.

[2] *Special Administrative Region of China.*

Table 3.12: Export and Import Price Indices

Period	Price Indices		Terms
	Export	Import	of Trade [1]
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			
1998	114	106	108
1999	113	113	100
2000	112	117	96
2001	114	126	90
2002	124	132	94
Base Year: 2002 = 100			
2003	109	112	97
2004	107	111	96
1st Quarter	*102*	*101*	*101*
2nd Quarter	*106*	*111*	*95*
3rd Quarter	*109*	*116*	*94*
4th Quarter [2]	*111*	*117*	*95*
2005 [3]			
1st Quarter	*112*	*124*	*90*
2nd Quarter	*111*	*125*	*89*

[1] Ratio of Export Price Index to Import Price Index. [2] Revised. [3] Provisional.
Source: Central Statistics Office, Government of Mauritius.
Note: As from the first Quarter of 2004, the terms of trade are based on the Exports and Imports Price Indices instead of unit value indices.

Table 3.13(a): Tourist Earnings

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Tourist Earnings (Rs million)	7,472	9,048	10,068	11,890	13,668	14,234	18,166	18,328	19,415	23,448

Table 3.13(b): Tourist Arrivals by Country of Residence

Country of Residence	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Reunion	78,431	82,272	82,628	83,966	83,749	86,945	91,140	96,375	95,679	96,510
Republic of South Africa	42,653	50,361	51,249	49,676	46,583	48,683	47,882	42,685	45,756	52,609
France	116,701	130,292	145,173	162,775	175,431	198,423	197,595	202,869	200,229	210,411
Madagascar	6,885	11,401	10,143	9,213	7,880	7,057	6,674	9,417	11,044	8,256
Germany	41,637	45,221	43,993	43,826	45,206	52,869	50,866	53,762	53,970	52,277
United Kingdom	31,324	35,271	46,022	52,299	58,683	74,488	77,888	80,667	91,210	92,652
Italy	17,384	21,848	35,255	36,614	36,675	39,000	37,343	38,263	39,774	41,277
Switzerland	13,815	15,692	16,105	16,178	16,281	20,473	18,427	17,371	17,929	16,110
Zimbabwe	2,965	3,402	4,248	3,796	2,606	3,435	3,860	3,185	2,343	2,345
India	11,225	13,075	13,220	12,629	13,583	17,241	18,890	20,898	25,367	24,716
Australia	5,558	7,762	9,460	8,913	8,076	8,771	8,790	8,387	9,103	11,373
United States of America	2,093	2,362	2,879	3,158	3,345	3,704	3,923	4,116	4,505	4,305
Zambia	443	391	437	423	321	445	422	354	456	395
Kenya	1,158	1,170	1,230	1,684	1,655	1,801	1,734	1,507	1,510	1,506
Seychelles	7,116	9,325	8,995	8,529	7,893	9,229	10,687	13,468	9,869	7,456
Singapore	2,601	3,153	3,404	3,515	3,661	4,104	3,431	3,114	2,102	2,329
Other Countries	40,474	53,869	61,684	61,001	66,457	79,785	80,766	85,210	91,172	94,334
All Countries	**422,463**	**486,867**	**536,125**	**558,195**	**578,085**	**656,453**	**660,318**	**681,648**	**702,018**	**718,861**

Table 3.13(c): Average Stay of Tourists

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Nights	10.5	10.2	10.5	10.4	9.9	9.8	9.9	9.9	9.9	9.9

Source: Central Statistics Office, Government of Mauritius.

Table 3.13(d): Tourist Arrivals and Tourist Earnings: January 2003 - June 2005

	2003		2004		2005	
	Tourist Arrivals*	Tourist Earnings (Rs million)	Tourist Arrivals*	Tourist Earnings (Rs million)	Tourist Arrivals*	Tourist Earnings (Rs million)
January	64,762	1,876	66,543	2,109	73,053	2,429
February	53,647	1,314	54,104	1,830	56,367	2,251
March	63,129	1,515	63,631	2,548	67,931	2,396
April	57,217	1,469	55,599	2,020	52,971	1,891
May	54,710	1,395	53,974	1,859	55,995	2,080
June	41,841	1,387	38,826	1,569	42,994	1,537
July	58,403	1,415	62,173	1,672		
August	56,844	1,401	55,342	1,648		
September	50,293	1,470	53,102	1,592		
October	64,917	1,886	70,793	1,789		
November	61,984	1,760	66,960	2,130		
December	74,271	2,527	77,814	2,682		
Total	**702,018**	**19,415**	**718,861**	**23,448**	**349,311** [1]	**12,584** [1]

1 The figures for 2005 relate to the period January to June only.
** Source: Ministry of Tourism, Leisure and External Communications.*

Table 3.14(a): Foreign Direct Investment in Mauritius by Sector: 1990 - 2005

(Rs million)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005 [1]
Export Processing Zone	270	130	203	92	41	245	51	–	27	300	8	3	41	77	248	46
Tourism	152	68	8	152	129	70	35	20	75	27	10	–	100	103	121	10
Banking	–	51	3	–	–	–	55	1,122	117	215	–	600	316	1,301	310	435
Telecommunications	–	–	–	–	–	–	–	–	–	–	7,204	–	–	–	38	91
Other	187	48	16	27	190	10	517	22	73	701	43	333	522	485	1,079	429
Total	**609**	**297**	**230**	**271**	**360**	**325**	**658**	**1,164**	**292**	**1,243**	**7,265**	**936**	**979**	**1,966**	**1,796**	**1,011**

Table 3.14(b): Foreign Direct Investment in Mauritius by Country of Origin: 1990 - 2005

(Rs million)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005 [1]
China	17	11	3	3	1	–	–	–	–	–	–	–	18	33	–	–
Dubai	–	–	–	–	–	–	–	19	39	156	11	–	8	45	10	–
France	75	57	25	35	39	17	17	34	48	33	7,214	25	232	157	492	154
Germany	27	23	4	–	10	80	6	1	–	9	–	–	4	–	95	32
Hong Kong	55	36	31	40	4	19	–	–	–	–	–	–	9	–	4	7
India	78	1	–	8	35	157	43	69	55	1	–	–	2	143	150	296
Luxembourg	–	17	–	–	–	–	–	–	66	–	–	–	–	–	29	–
Malaysia	10	25	57	129	60	11	27	–	–	25	–	–	30	70	–	–
Pakistan	–	–	–	–	–	–	25	18	17	15	–	–	–	–	–	–
Panama	15	16	–	–	16	–	–	–	–	–	–	–	–	–	13	50
Reunion Island	53	13	6	10	49	–	–	–	–	–	30	–	–	174	5	3
Singapore	18	–	14	2	6	–	519	–	–	–	–	–	13	1	–	–
South Africa	2	7	3	–	2	–	–	964	–	575	1	600	333	1,022	19	–
Switzerland	45	5	20	8	1	12	–	–	3	5	5	274	–	2	42	68
Taiwan	91	–	1	–	–	–	–	–	–	–	–	–	–	–	–	–
UK	8	42	13	4	24	29	19	38	50	405	–	–	157	172	143	19
USA	1	–	46	–	1	–	–	–	–	–	3	3	29	37	518	18
Other	114	44	7	32	112	–	2	21	14	19	1	34	144	110	276	364
Total	**609**	**297**	**230**	**271**	**360**	**325**	**658**	**1,164**	**292**	**1,243**	**7,265**	**936**	**979**	**1,966**	**1,796**	**1,011**

[1] *January to June (Provisional).*

Table 3.15(a): Direct Investment Abroad by Sector: 1990 - 2005

(Rs million)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005 [1]
Tourism	–	165	–	–	–	–	3	–	30	8	68	–	–	137	422	223
Banking	–	–	613	443	–	–	–	–	114	68	180	47	–	440	–	–
Manufacturing	5	5	–	15	9	14	24	13	25	10	13	–	245	41	101	214
Other	3	–	61	129	10	49	21	54	160	76	72	36	33	538	447	248
Total	**8**	**170**	**674**	**587**	**19**	**63**	**48**	**67**	**329**	**162**	**333**	**83**	**278**	**1,156**	**970**	**685**

Table 3.15(b): Direct Investment Abroad by Host Country: 1990 - 2005

(Rs million)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005 [1]
France	3	–	2	3	3	4	3	–	5	–	180	–	–	–	10	28
Reunion Island	–	–	613	–	–	–	–	–	17	10	–	6	3	7	36	24
USA	–	–	3	–	5	–	–	–	6	5	–	–	–	–	10	–
Switzerland	–	–	–	–	–	–	–	–	16	–	–	–	–	–	–	–
Madagascar	5	5	–	20	4	5	–	13	19	57	2	2	238	47	195	89
South Africa	–	–	–		1	2	3	20	5	–	–	1	–	7	6	1
India	–	–	–	450	1	3	3	–	148	–	–	–	–	–	–	–
Seychelles	–	–	–	–	–	–	–	–	30	9	68	–	–	570	75	79
Mozambique	–	–	–	–	–	–	–	–	5	81	–	58	–	523	253	176
Comores	–	165	–	–	–	49	18	26	–	–	–	–	–	–	–	–
Other	–	–	56	113	3	–	21	8	78	–	83	16	37	2	385	288
Total	**8**	**170**	**674**	**587**	**19**	**63**	**48**	**67**	**329**	**162**	**333**	**83**	**278**	**1,156**	**970**	**685**

[1] *January to June (Provisional).*

Table 3.16: Balance of Payments: 2001 - 2004

(Rs million)

	2001	2002	2003[1]	2004[2]
I. CURRENT ACCOUNT	**8,038**	**7,472**	**2,658**	**-3,181**
A. Goods and Services	**5,681**	**4,337**	**2,020**	**-4,165**
Goods	**-6,336**	**-6,329**	**-8,389**	**-16,006**
Exports	47,511	53,893	53,022	54,905
Imports	-53,847	-60,222	-61,411	-70,911
General Merchandise	-7,439	-7,647	-9,419	-16,685
Credit	45,574	51,679	50,978	52,704
Debit	-53,013	-59,326	-60,397	-69,389
Goods procured in Ports by Carriers	1,103	1,318	1,030	679
Credit	1,937	2,214	2,044	2,201
Debit	-834	-896	-1,014	-1,522
Non-monetary Gold	-33	-136	-142	-191
Services	**12,017**	**10,666**	**10,409**	**11,841**
Credit	35,616	34,408	35,692	39,954
Transportation	6,852	8,231	9,350	10,254
Passenger	*5,740*	*6,498*	*7,348*	*8,259*
Freight	*367*	*528*	*669*	*776*
Other	*745*	*1,205*	*1,333*	*1,219*
Travel	18,166	18,328	19,415	23,448
Business	*4,541*	*6,797*	*6,813*	*9,063*
Personal	*13,625*	*11,531*	*12,602*	*14,385*
Other Services	10,598	7,849	6,927	6,252
Private	*10,476*	*7,770*	*6,749*	*6,078*
Government	*122*	*79*	*178*	*174*
Debit	-23,599	-23,742	-25,283	-28,113
Transportation	-7,597	-9,190	-11,168	-12,911
Passenger	*-524*	*-582*	*-553*	*-604*
Freight	*-4,102*	*-4,325*	*-4,595*	*-5,875*
Other	*-2,971*	*-4,283*	*-6,020*	*-6,432*
Travel	-5,769	-6,114	-6,036	-7,008
Business	*-435*	*-996*	*-730*	*-379*
Personal	*-5,334*	*-5,118*	*-5,306*	*-6,629*
Other Services	-10,233	-8,438	-8,079	-8,194
Private	*-9,913*	*-7,914*	*-7,221*	*-7,700*
Government	*-320*	*-524*	*-858*	*-492*
B. Income	**393**	**396**	**-833**	**-390**
Credit	2,172	2,396	1,303	1,418
Compensation of Employees	18	19	16	20
Direct Investment Income	67	154	75	110
Portfolio Investment Income	20	91	95	95
Other Investment Income	2,067	2,132	1,117	1,193
Monetary Authorities	*2,005*	*2,114*	*1,079*	*1,166*
General Government	*0*	*0*	*0*	*0*
Other	*62*	*18*	*38*	*27*

Continued on next page

Table 3.16: Balance of Payments: 2001 - 2004 (cont'd)

(Rs million)

	2001	2002	2003 [1]	2004 [2]
Debit	-1,779	-2,000	-2,136	-1,808
Compensation to employees	-185	-242	-254	-257
Direct Investment Income	-147	-297	-652	-368
Portfolio Investment Income	-95	-348	-188	-247
Other Investment Income	-1,352	-1,113	-1,042	-936
Monetary Authorities	*-14*	*-6*	*-11*	*-13*
General Government	*-297*	*-216*	*-212*	*-209*
Other	*-1,041*	*-891*	*-819*	*-714*
C. Current Transfers	**1,964**	**2,739**	**1,471**	**1,374**
Credit	5,641	5,847	4,551	4,630
Private	*5,315*	*5,230*	*4,131*	*4,024*
Government	*326*	*617*	*420*	*606*
Debit	-3,677	-3,108	-3,080	-3,256
Private	-3,454	-2,901	-3,066	-3,143
Government	-223	-207	-14	-113
II. CAPITAL AND FINANCIAL ACCOUNT	**-5,569**	**-7,744**	**-3,742**	**884**
D. Capital Account	**-40**	**-58**	**-24**	**-44**
Migrants' Transfers	*-40*	*-58*	*-24*	*-44*
E. Financial Account	**-5,529**	**-7,686**	**-3,718**	**928**
Direct Investment	**-830**	**705**	**1,885**	**-564**
Abroad	-83	-257	153	-871
In Mauritius	-747	962	1,732	307
Portfolio Investment	**-563**	**-522**	**-499**	**-1,041**
Assets	**-513**	**-547**	**-756**	**-1,457**
Equity Securities	-513	-547	-756	-1,331
Debt Securities	0	0	0	-126
Liabilities	**-50**	**25**	**257**	**416**
Equity Securities	-258	-18	226	524
Debt Securities	208	43	31	-108
Other Investment	**-5,450**	**2,329**	**1,101**	**1,676**
Assets	**-7,333**	**-3,202**	**-620**	**-1,563**
General Government	0	0	0	0
Banks	-1,819	-613	466	-1,330
Other Sectors: Long-term	0	0	0	0
Other Sectors: Short-term	-5,514	-2,589	-1,086	-233
Liabilities	**1,883**	**5,531**	**1,721**	**3,239**
General Government	-3,341	1,047	-237	-212
Banks	14	2,755	135	1,661
Other Sectors: Long-term	-1,473	-2,965	-2,274	-2,077
Other Sectors: Short-term	6,683	4,694	4,097	3,867
Reserve Assets	**1,314**	**-10,198**	**-6,205**	**857**
Monetary Gold	0	0	0	0
Special Drawing Rights	-39	-6	-11	-12
Reserve Position in the Fund	0	0	-297	0
Foreign Exchange	1,353	-10,192	-5,898	869
Other Claims	0	0	1	0
III. NET ERRORS AND OMISSIONS	**-2,469**	**272**	**1,084**	**2,297**

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.
[1] *Revised* [2] *Provisional.*

Table 3.17: Quarterly Balance of Payments: 2004-05

(Rs million)

	2004-05 [1]	2004		2005	
		3rd Quarter	4th Quarter	1st Quarter	2nd Quarter
I. CURRENT ACCOUNT	**-6,245**	**-366**	**-907**	**593**	**-5,565**
A. Goods and Services	**-7,784**	**-828**	**-1,108**	**304**	**-6,152**
Goods	**-20,262**	**-2,644**	**-5,426**	**-4,084**	**-8,108**
Exports	58,083	15,574	14,734	13,030	14,745
Imports	-78,345	-18,218	-20,160	-17,114	-22,853
General Merchandise	-21,390	-2,746	-5,663	-4,503	-8,478
Credit	55,213	15,055	14,058	12,191	13,909
Debit	-76,603	-17,801	-19,721	-16,694	-22,387
Goods procured in Ports by Carriers	1,128	102	237	419	370
Credit	2,870	519	676	839	836
Debit	-1,742	-417	-439	-420	-466
Non-monetary Gold	-189	-48	-46	-44	-51
Services	**12,478**	**1,816**	**4,318**	**4,388**	**1,956**
Credit	44,827	8,970	11,797	12,246	11,814
Transportation	10,969	2,508	3,163	3,059	2,239
Passenger	*8,936*	*2,024*	*2,619*	*2,585*	*1,708*
Freight	*843*	*198*	*235*	*183*	*227*
Other	*1,190*	*286*	*309*	*291*	*304*
Travel	24,097	4,912	6,601	7,076	5,508
Business	*10,132*	*1,889*	*2,508*	*2,923*	*2,812*
Personal	*13,965*	*3,023*	*4,093*	*4,153*	*2,696*
Other Services	9,761	1,550	2,033	2,111	4,067
Private	*9,435*	*1,523*	*1,951*	*2,044*	*3,917*
Government	*326*	*27*	*82*	*67*	*150*
Debit	-32,349	-7,154	-7,479	-7,858	-9,858
Transportation	-14,262	-3,288	-3,619	-3,483	-3,872
Passenger	*-626*	*-174*	*-161*	*-128*	*-163*
Freight	*-6,632*	*-1,552*	*-1,719*	*-1,453*	*-1,908*
Other	*-7,004*	*-1,562*	*-1,739*	*-1,902*	*-1,801*
Travel	-7,695	-1,956	-1,869	-1,986	-1,884
Business	*-398*	*-84*	*-69*	*-90*	*-155*
Personal	*-7,297*	*-1,872*	*-1,800*	*-1,896*	*-1,729*
Other Services	-10,392	-1,910	-1,991	-2,389	-4,102
Private	*-10,193*	*-1,832*	*-1,937*	*-2,359*	*-4,065*
Government	*-199*	*-78*	*-54*	*-30*	*-37*
B. Income	**-134**	**250**	**-176**	**-141**	**-67**
Credit	1,801	518	398	258	627
Compensation of Employees	17	5	4	4	4
Direct Investment Income	88	25	47	1	15
Portfolio Investment Income	60	25	5	9	21
Other Investment Income	1,636	463	342	244	587
Monetary Authorities	*1,606*	*451*	*334*	*240*	*581*
General Government	*0*	*0*	*0*	*0*	*0*
Other	*30*	*12*	*8*	*4*	*6*

Continued on next page

Table 3.17: Quarterly Balance of Payments: 2004-05 (cont'd)

(Rs million)

	2004-05[1]	2004		2005	
		3rd Quarter	4th Quarter	1st Quarter	2nd Quarter
Debit	-1,935	-268	-574	-399	-694
Compensation to employees	-267	-58	-76	-62	-71
Direct Investment Income	-471	-32	-72	-125	-242
Portfolio Investment Income	-279	-47	-85	-85	-62
Other Investment Income	-918	-131	-341	-127	-319
Monetary Authorities	*-16*	*-3*	*-4*	*-4*	*-5*
General Government	*-229*	*-30*	*-84*	*-29*	*-86*
Other	*-673*	*-98*	*-253*	*-94*	*-228*
C. Current Transfers	**1,673**	**212**	**377**	**430**	**654**
Credit	4,885	1,069	1,172	1,174	1,470
Private	*4,414*	*1,048*	*1,141*	*1,161*	*1,064*
Government	*471*	*21*	*31*	*13*	*406*
Debit	-3,212	-857	-795	-744	-816
Private	*-3,034*	*-824*	*-730*	*-727*	*-753*
Government	*-178*	*-33*	*-65*	*-17*	*-63*
II. CAPITAL AND FINANCIAL ACCOUNT	**3,380**	**-827**	**-249**	**-436**	**4,892**
D. Capital Account	**-28**	**-9**	**-1**	**-1**	**-17**
Migrants' Transfers	*-28*	*-9*	*-1*	*-1*	*-17*
E. Financial Account	**3,408**	**-818**	**-248**	**-435**	**4,909**
Direct Investment	**-887**	**-817**	**-444**	**24**	**350**
Abroad	-826	-300	-209	4	-321
In Mauritius	-61	-517	-235	20	671
Portfolio Investment	**-325**	**-158**	**-313**	**-362**	**508**
Assets	**-1,135**	**-353**	**-537**	**-453**	**208**
Equity Securities	-1,009	-227	-537	-453	208
Debt Securities	-126	-126	0	0	0
Liabilities	**810**	**195**	**224**	**91**	**300**
Equity Securities	624	46	201	126	251
Debt Securities	186	149	23	-35	49
Other Investment	**1,487**	**-129**	**-302**	**-714**	**2,632**
Assets	**-6,238**	**-1,132**	**-2,503**	**-987**	**-1,616**
General Government	0	0	0	0	0
Banks	-5,087	-428	-1,711	-893	-2,055
Other Sectors: Long-term	0	0	0	0	0
Other Sectors: Short-term	-1,151	-704	-792	-94	439
Liabilities	**7,725**	**1,003**	**2,201**	**273**	**4,248**
General Government	257	-121	-253	93	538
Banks	1,136	-6	1,087	-1,217	1,272
Other Sectors: Long-term	-957	-28	-428	-201	-300
Other Sectors: Short-term	7,289	1,158	1,795	1,598	2,738
Reserve Assets	**3,133**	**286**	**811**	**617**	**1,419**
Monetary Gold	0	0	0	0	0
Special Drawing Rights	-16	-3	-4	-4	-5
Reserve Position in the Fund	-44	0	0	-44	0
Foreign Exchange	3,192	289	815	665	1,423
Other Claims	1	0	0	0	1
III. NET ERRORS AND OMISSIONS	**2,865**	**1,193**	**1,156**	**-157**	**673**

Notes: 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,

[1] Revised Estimates.

Table 4.1: Gross Domestic Product by Industry Group at current basic prices

(Rs million)

INDUSTRY GROUP	2002	2003 [1]	2004 [1]	2005 [1]
1. Agriculture, Hunting, Forestry and Fishing	7,909	8,727	9,647	9,357
of which: Sugarcane	*(3,913)*	*(4,508)*	*(5,094)*	*(4,788)*
2. Mining and Quarrying	81	84	87	93
3. Manufacturing	28,227	29,581	31,799	32,333
of which: EPZ	*(13,603)*	*(13,171)*	*(13,134)*	*(12,106)*
4. Electricity, Gas and Water	3,012	3,409	3,663	3,408
5. Construction	7,168	8,269	8,835	9,078
6. Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household goods	14,728	15,166	17,337	19,640
7. Hotels and Restaurants	8,923	9,427	11,302	12,426
8. Transport, Storage and Communication	16,944	18,496	19,964	22,476
9. Financial Intermediation	11,506	13,072	14,429	16,175
10. Real estate, Renting and Business Activities	11,707	13,026	14,604	16,569
11. Public Administration and Defence; Compulsory Social Security	8,140	9,408	10,580	11,504
12. Education	5,603	6,280	7,088	7,809
13. Health and Social Work	3,812	4,423	5,107	5,693
14. Other Services	4,265	4,839	5,390	6,166
15. Financial Intermediation Services Indirectly Measured (FISIM)	-6,246	-7,374	-7,885	-8,600
Gross Domestic Product at basic prices	**125,779**	**136,833**	**151,947**	**164,127**
Taxes on products (net of subsidies)	17,059	19,806	23,172	22,846
Gross Domestic Product at market prices	**142,838**	**156,639**	**175,119**	**186,973**
Net Primary Income from the rest of the world	+396	-833	-389	-1,219
Gross National Income at market prices	**143,234**	**155,806**	**174,730**	**185,754**

[1] *Revised estimates.*
Source: Central Statistics Office, Government of Mauritius.

Table 4.2: Distribution of Gross Domestic Product at current prices

(Rs million)

	2002	2003 [1]	2004 [1]	2005 [1]
Compensation of Employees	53,211	58,658	63,821	68,880
of which: General Government	(12,983)	(14,758)	(16,660)	(17,900)
Gross Operating Surplus	71,404	76,742	86,565	93,698
Gross Domestic Product at basic prices	**125,779**	**136,833**	**151,947**	**164,127**
Indirect Taxes (net of subsidies)	17,059	19,806	23,172	22,846
Gross Domestic Product at market prices	**142,838**	**156,639**	**175,119**	**186,973**

[1] *Revised estimates.*
Source: Central Statistics Office, Government of Mauritius.

Table 4.3: Expenditure on Gross Domestic Product at current prices

(Rs million)

	2002	2003 [1]	2004 [1]	2005 [1]
Private Consumption Expenditure on Goods and Services	86,736	96,153	111,326	128,949
General Government Consumption Expenditure on Goods and Services	19,855	22,272	25,043	27,265
Gross Domestic Fixed Capital Formation by Private Sector	21,297	21,681	26,345	27,563
Gross Domestic Fixed Capital Formation by Public Sector	9,778	13,873	11,658	12,251
Change in Stocks	+835	+640	+4,913	+2,313
Consumption and Gross Capital Formation	**138,501**	**154,619**	**179,285**	**198,341**
Net Export of Goods and Non-factor Services	4,337	2,020	-4,166	-11,368
Gross Domestic Product at market prices	**142,838**	**156,639**	**175,119**	**186,973**

[1] *Revised estimates.*
Source: Central Statistics Office, Government of Mauritius.

Table 4.4: Gross Domestic Fixed Capital Formation at current prices by Type and Use

(Rs million)

	2001	2002	2003 [1]	2004 [1]	2005 [1]
A. By Type of Capital Goods					
(a) Residential Building	7,099	6,955	7,620	7,911	7,666
(b) Non-residential Building	5,831	7,074	7,967	10,174	9,697
(c) Other Construction Work	3,774	4,371	6,154	4,957	6,089
(d) Transport Equipment					
(i) Passenger Car	1,332	1,601	1,813	2,580	2,640
(ii) Other Transport Equipment	3,181	1,688	2,838	1,729	1,902
(e) Other Machinery and Equipment	8,764	9,386	9,162	10,652	11,820
GROSS DOMESTIC FIXED CAPITAL FORMATION	**29,981**	**31,075**	**35,554**	**38,003**	**39,814**
B. By Industrial Use					
(a) Agriculture, Hunting, Forestry and Fishing	650	832	953	1,328	1,863
(b) Mining and Quarrying	0	0	1	2	2
(c) Manufacturing	4,126	4,522	4,109	5,346	5,377
(d) Electricity, Gas and Water	1,595	1,452	1,809	1,783	2,575
(e) Construction	481	141	610	744	710
(f) Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household goods	2,179	2,501	2,487	2,489	2,806
(g) Hotels and Restaurants	2,976	3,878	3,227	5,185	4,099
(h) Transport, Storage and Communication	6,344	4,396	5,626	4,067	4,827
(i) Financial Intermediation	672	935	789	945	1,439
(j) Real Estate, Renting and Business Services	7,732	7,703	9,389	10,005	9,370
of which: Ownership of Dwellings	*(7,099)*	*(6,955)*	*(7,620)*	*(7,911)*	*(7,666)*
(k) Public Administration and Defence; Compulsory Social Security	1,146	1,681	2,175	2,495	2,299
(l) Education	514	1,041	1,241	1,167	1,460
(m) Health and Social Work	332	606	581	693	604
(n) Other Services	1,236	1,387	2,557	1,754	2,383
GROSS DOMESTIC FIXED CAPITAL FORMATION	**29,981**	**31,075**	**35,554**	**38,003**	**39,814**

[1] *Revised estimates.*
Source: Central Statistics Office, Government of Mauritius.

Table 4.5: Labour Productivity and Unit Labour Cost

LABOUR PRODUCTIVITY INDEX (Base Year 2000 = 100)											
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Economy	**76.0**	**79.5**	**83.8**	**87.4**	**91.1**	**92.4**	**100.0**	**104.9**	**106.4**	**110.5**	**114.4**
Manufacturing Sector	76.1	80.6	84.9	86.9	88.8	91.2	100.0	105.4	106.3	111.2	116.2
EPZ Sector	77.1	82.8	88.4	89.6	90.9	94.7	100.0	106.9	107.1	110.0	111.4

UNIT LABOUR COST INDEX (Base Year 2000 = 100)											
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Economy	**81.3**	**83.3**	**86.5**	**88.9**	**95.1**	**101.7**	**100.0**	**101.6**	**107.6**	**113.3**	**118.6**
Manufacturing Sector	82.1	85.6	86.4	87.5	94.0	100.7	100.0	102.0	111.4	115.0	117.1
EPZ Sector	81.9	84.5	85.0	85.4	92.9	98.5	100.0	102.9	116.4	124.6	130.1

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 metric tonnes)	(Metric tonnes)				(Thousands of metric tonnes)	(Metric tonnes)	(Per cent of cane)
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	5,110	33.9	25.5	21.5	29.5	569	3.29	11.2
2001	181	173	5,792	37.3	29.9	24.5	33.5	646	3.73	11.2
2002	179	171	4,874	32.7	25.7	19.8	28.5	521	3.05	10.7
2003	176	168	5,199	34.5	28.8	21.1	30.9	537	3.19	10.3
2004 [1]	168	165	5,280	35.4	29.9	20.2	32.0	572	3.47	10.9

[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)
1977	237.1	665.4	902.5	37.5	636.4	228.6	1,680
1978	228.6	665.2	887.0	37.9	578.6	278.7	1,747
1979	278.7	688.4	953.3	38.5	604.3	342.0	2,126
1980	324.0	475.5	799.5	36.7	617.3	141.2	2,305
1981	141.2	574.5	715.7	37.6	432.2	244.8	2,695
1982	244.8	687.9	907.3	35.4	596.8	275.0	2,848
1983	275.0	604.7	879.7	36.5	608.0	234.6	2,981
1984	234.6	575.6	810.2	38.0	530.7	267.3	3,556
1985	267.3	645.8	913.1	36.9	539.5	336.9	3,829
1986	336.9	706.8	1,043.7	37.7	624.9	380.6	4,169
1987	380.6	691.1	1,071.7	38.6	656.3	377.5	4,765
1988	377.5	634.2	1,011.7	38.1	652.5	320.9	5,354
1989	320.9	568.3	889.2	37.4	636.2	215.3	6,480
1990	215.3	624.3	839.6	38.7	578.0	223.0	6,686
1991	223.1	611.3	834.4	40.1	551.4	242.3	6,849
1992	242.3	643.2	885.5	38.8	598.0	247.8	7,019
1993	247.6	565.0	812.7	37.1	540.0	236.7	8,030
1994	234.4	500.2	734.6	36.9	518.8	177.7	9,306
1995	177.7	539.5	737.2 [4]	37.2	523.9	175.5	10,309
1996	175.5	588.5	795.0 [4]	38.1	612.5	143.1	11,133
1997	143.1	620.6	801.7 [5]	39.7	575.3	185.7	10,849
1998	185.7	628.6	852.4 [6]	40.2	602.1	209.6	12,087
1999	209.6	373.3	618.7 [7]	40.0	534.3	43.3	10,605
2000	43.3	569.3	651.1 [8]	39.2	424.3	187.3	10,551
2001	187.3	645.6	852.0 [9]	36.9	543.7	272.1	11,748
2002	272.1	520.9	756.1 [10]	40.1	570.8	144.9	12,561
2003	144.9	537.2	722.8 [11]	41.3	517.5	163.4	13,700
2004	163.4	572.3	777.8 [12]	40.0	551.0	185.9	14,693

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.*
11 *Includes 40.7 thousand metric tonnes of imported sugar.*
12 *Includes 42.0 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)

	1996	1997	1998	1999	2000	2001	2002	2003	2004 [1]
Industrial Crops	**14,087**	**9,699**	**8,063**	**7,802**	**7,003**	**7,996**	**7,347**	**7,397**	**7,586**
Tea (production of green leaf)	13,209	9,026	7,393	7,134	6,440	7,440	6,870	6,973	7,229
Tobacco [2]	878	673	670	668	563	556	477	424	357
Foodcrop Production	**89,629**	**101,442**	**91,618**	**85,747**	**114,484**	**129,119**	**103,876**	**103,455**	**111,633**
Banana	9,387	9,557	9,343	7,550	8,500	11,000	7,200	12,090	12,000
Beans and Peas	1,876	2,406	1,896	1,301	1,715	2,006	2,242	2,022	2,138
Beet	853	490	332	658	1,794	2,304	1,736	911	1,125
Brinjal	2,458	2,107	2,237	1,713	2,160	2,721	2,359	2,097	2,819
Cabbage	7,595	7,898	6,283	8,206	10,823	11,663	8,252	6,279	6,522
Carrot	3,141	4,878	3,363	6,127	11,461	12,030	8,650	5,048	5,841
Cauliflower	3,425	3,261	4,260	1,274	2,045	1,846	1,796	1,662	2,852
Chillies	1,034	845	1,060	795	905	1,031	826	1,056	1,322
Cucumber	4,581	5,714	4,573	4,187	6,046	6,426	5,675	6,713	6,938
Garlic	235	82	131	38	46	40	25	63	76
Ginger	784	317	420	116	498	868	473	369	791
Groundnut	767	863	551	341	408	323	284	893	610
Leek	24	57	23	97	263	269	159	85	89
Lettuce	1,670	2,223	1,878	1,223	1,716	2,399	2,214	1,988	1,883
Maize	438	232	260	201	623	389	295	177	369
Onion	6,067	5,036	6,727	9,066	11,134	10,950	7,117	4,183	4,682
Pineapple	2,973	1,559	1,462	1,014	3,416	6,016	1,917	4,562	4,490
Potato	10,639	17,584	14,612	15,322	13,843	16,350	13,339	12,359	11,246
Pumpkin	7,021	6,455	5,429	4,040	5,113	5,439	4,997	6,151	6,685
Squash	758	1,468	1,056	2,136	2,683	2,490	1,883	1,827	1,987
Tomato	10,877	12,226	10,729	8,037	9,719	12,395	11,738	13,247	14,400
Other Foodcrops	13,206	16,184	14,993	12,305	19,573	20,164	20,699	19,673	22,768
Total	**103,716**	**111,141**	**99,681**	**93,549**	**121,487**	**137,115**	**111,223**	**110,852**	**119,219**
Total Area Under Production (Hectares)	**6,504**	**6,913**	**6,995**	**6,059**	**7,357**	**7,918**	**7,262**	**7,228**	**7,553**
Livestock and Fisheries									
Beef [3]	2,321	2,274	2,516	2,575	2,538	2,248	2,428	2,505	2,456
Goat Meat [3]	130	120	112	116	86	74	100	97	89
Mutton [3]	10	8	6	9	16	40	14	11	18
Pork [3]	1,112	948	752	678	891	882	756	784	743
Fish [4]	11,010	12,362	9,835	10,572	7,842	8,794	9,314	9,449	9,430

1 *Provisional.* 2 *Crop year.* 3 *Comprises abattoir slaughters only.* 4 *Wet weight equivalent.*

Source: Central Statistics Office, Government of Mauritius.

Table 4.9: Electricity - Production and Consumption

	Unit	1996	1997	1998	1999	2000	2001	2002	2003	2004
Plant Capacity	**Kilowatt**	**364,590**	**401,690**	**480,360**	**522,260**	**614,960**	**622,460**	**622,060**	**622,060**	**621,160**
of which:										
Hydro (CEB)	Kilowatt	59,440	69,440	59,440	59,440	59,440	59,440	59,440	59,440	59,440
Thermal (CEB)	Kilowatt	253,000	283,000	288,520	317,520	348,520	348,520	348,520	348,520	348,520
Energy Generated	**Gigawatthour**	**1,022.1**	**1,103.5**	**1,108.1**	**1,078.8**	**963.8**	**946.9**	**968.4**	**1,110.5**	**1,198.1**
Hydro	Gigawatthour	103.7	92.2	104.2	29.5	95.3	70.4	85.6	117.7	122.3
Thermal	Gigawatthour	918.4	1,011.3	1,003.9	1,049.3	868.5	876.5	882.8	992.8	1075.8
Energy Purchased from Sugar and Other Factories	**Gigawatthour**	**128.9**	**148.3**	**257.0**	**343.7**	**601.2**	**710.2**	**746.7**	**729.4**	**725.1**
Sale of Energy	**Gigawatthour**	**985.0**	**1,075.1**	**1,176.4**	**1,229.2**	**1,358.5**	**1,449.8**	**1,491.7**	**1,607.1**	**1,682.1**
Number of Consumers		**276,178**	**284,576**	**293,887**	**304,029**	**313,963**	**323,213**	**330,005**	**338,563**	**346,990**
Domestic		245,769	253,518	261,971	271,061	279,886	288,324	294,666	302,387	310,078
Commercial		23,631	24,216	24,914	25,730	26,915	27,655	28,054	28,797	29,552
Industrial		6,269	6,308	6,342	6,419	6,531	6,624	6,662	6,681	6,629
Other		509	534	660	819	631	610	623	698	731

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	2000	2001	2002	2003	2004	2005
January	120.0	125.9	133.5	105.5	109.7	116.1
February	120.6	126.5	134.7	105.7	110.1	116.7
March	121.0	126.3	135.4	105.6	110.1	117.1
April	120.9	126.5	135.7	105.8	110.4	117.1
May	121.0	126.8	135.9	106.5	110.7	117.2
June	121.0	127.8	135.9	106.9	111.3	117.3
July	121.3	129.7	103.1	107.5	112.5	
August	121.7	129.9	103.6	107.4	112.7	
September	121.9	130.1	104.0	107.9	113.1	
October	124.6	130.5	105.0	108.3	114.6	
November	124.8	131.1	104.9	108.4	114.7	
December	125.2	131.8	104.8	108.9	115.0	
Average	**122.0**	**128.6**	**136.8** [2]	**107.0**	**112.1**	
Yearly Change (Per cent)	+4.2	+5.4	+6.4	+3.9	+4.7	

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	December 2002		June 2003		December 2003		June 2004		December 2004		June 2005	
	Number of Enterprises	Employ-ment	Number of Enterprises	Employ-ment	Number of Enterprises	Employ-ment	Number of Enterprises	Employ-ment	Number of Enterprises	Employ-ment	Number of Enterprises	Employ-ment
1. Food	9	2,075	10	2,121	10	2,222	11	2,628	12	2,529	13	3,252
2. Flowers	38	485	38	479	37	454	37	470	37	467	37	471
3. Textile Yarn and Fabrics	44	4,536	44	4,942	43	4,737	43	4,349	41	3,868	41	4,265
4. Wearing Apparel	230	72,034	236	68,099	229	62,514	222	55,032	224	53,561	219	51,725
Pullovers	*(36)*	*(18,138)*	*(35)*	*(15,521)*	*(34)*	*(12,975)*	*(32)*	*(11,175)*	*(31)*	*(8,624)*	*(29)*	*(7,812)*
Other Garments	*(194)*	*(53,896)*	*(201)*	*(52,578)*	*(195)*	*(49,539)*	*(190)*	*(43,857)*	*(193)*	*(44,937)*	*(190)*	*(43,913)*
5. Leather Products and Footwear	9	734	9	800	9	771	9	786	9	751	9	733
6. Wood and Paper Products	30	792	29	773	30	791	29	781	29	797	26	738
7. Optical Goods	6	373	6	363	6	364	6	436	6	424	5	335
8. Electronic Watches and Clocks	6	691	6	676	6	652	6	697	6	725	6	726
9. Electric and Electronic Products	6	508	6	508	6	486	6	435	6	425	7	428
10. Jewellery and Related Articles	30	1,539	31	1,616	32	1,651	32	1,529	33	1,584	34	1,618
11. Toys and Carnival Articles	7	973	7	827	7	787	7	787	6	711	6	706
12. Other	91	2,464	91	2,405	91	2,194	89	2,167	92	2,180	95	2,405
TOTAL	**506**	**87,204**	**513**	**83,609**	**506**	**77,623**	**497**	**70,097**	**501**	**68,022**	**498**	**67,402**

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:* Sugar [2]	*of which:* Tea [3]							Total	*of which:* Central Government		
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	Mar-04	Mar-05 [2]
Agriculture, Forestry and Fishing	34.3	32.7	31.3	25.3	23.4	23.1	22.0
of which: Sugarcane	*25.9*	*24.8*	*23.5*	*17.6*	*15.5*	*14.8*	*13.8*
Other	*8.4*	*7.9*	*7.7*	*7.6*	*7.9*	*8.3*	*8.2*
Mining and Quarrying	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Manufacturing	115.6	115.0	117.0	111.0	108.9	101.7	92.6
of which: Sugar	*3.9*	*3.4*	*3.2*	*3.1*	*2.2*	*2.3*	*2.2*
EPZ Products	*88.9*	*88.2*	*90.8*	*84.5*	*82.5*	*74.7*	*65.2*
Other	*22.8*	*23.5*	*23.0*	*23.5*	*24.2*	*24.7*	*25.2*
Electricity, Gas and Water	3.1	3.0	3.0	3.0	3.0	2.9	3.0
Construction	13.6	13.5	13.3	13.0	14.6	15.3	12.5
Wholesale & Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	16.4	16.5	16.5	16.9	17.7	18.2	18.1
of which: Wholesale & Retail Trade	*14.4*	*14.5*	*14.6*	*15.0*	*15.7*	*16.2*	*16.1*
Other	*2.0*	*1.9*	*1.9*	*1.9*	*2.0*	*2.0*	*2.0*
Hotels and Restaurants	13.0	14.5	16.3	16.8	17.8	18.5	21.0
Transport, Storage and Communications	16.4	16.1	16.6	17.4	17.8	17.8	18.1
Financial Intermediation	6.6	6.7	7.1	7.0	7.3	7.5	8.4
of which: Insurance	*2.0*	*2.0*	*2.1*	*2.1*	*2.2*	*2.2*	*2.7*
Other	*4.7*	*4.7*	*5.0*	*4.8*	*5.1*	*5.3*	*5.7*
Real Estate, Renting and Business Activities	8.3	8.9	8.9	9.9	11.1	12.4	14.4
Public Administration and Defence; Compulsory Social Security	34.8	34.9	35.7	37.8	38.8	38.7	39.5
Education	17.9	17.8	18.3	18.9	20.6	21.3	22.2
Health and Social Work	11.4	11.3	11.0	11.0	11.6	12.1	12.6
Other Services	6.2	6.0	6.2	6.1	5.7	5.6	5.9
All Sectors	**297.7**	**297.0**	**301.2**	**294.2**	**298.5**	**295.4**	**290.6**

[1] Based on the International Standard Industrial Classification (ISIC) Rev.3.
[2] Provisional.
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
Sugar [1]	*3,879*	*4,294*	*5,004*	*5,147*
Tea [2]	*6,400*	*6,971*	*n.a.*	*n.a.*
Other	*5,486*	*6,180*	*n.a.*	*n.a.*
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
Government: (a) Central	*6,931*	*7,176*	*8,612*	*8,643*
(b) Local [3]	*5,409*	*5,612*	*n.a.*	*n.a.*
Other	*6,872*	*7,224*	*n.a.*	*n.a.*
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. [3] Municipalities and District Councils.
Source: Central Statistics Office, Government of Mauritius.

Table 5.4(b): Average Monthly Earnings[1] in Large Establishments by Industrial Group for Employees on Monthly Rates of Pay

(Rupees)

Industrial Group	Mar-99	Mar-00	Mar-01	Mar-02 [2]	Mar-03 [2]	Mar-04
Agriculture, Forestry and Fishing	6,146	6,818	7,910	8,527	9,361	9,897
of which: Sugarcane	*5,625*	*6,268*	*7,116*	*7,753*	*8,805*	*9,023*
Mining and Quarrying	10,905	11,427	12,822	13,396	7,871	7,942
Manufacturing	7,105	7,703	8,127	8,566	9,430	10,089
of which: EPZ [3]	*6,423*	*6,944*	*7,194*	*7,821*	*8,626*	*9,135*
Electricity, Gas and Water	12,157	13,569	15,696	17,519	17,347	18,456
Construction	8,884	10,232	10,278	11,218	12,209	14,040
Wholesale & Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	9,098	9,787	10,780	10,958	11,486	12,292
Hotels and Restaurants	7,099	7,437	7,819	8,056	8,444	8,978
Transport, Storage and Communication	10,508	12,021	12,508	13,393	14,575	15,966
Financial Intermediation	13,515	14,814	16,538	17,181	17,769	20,232
Real Estate, Renting and Business Activities	9,937	11,321	12,301	11,471	12,269	12,908
Public Administration and Defence; Compulsory Social Security	9,608	10,208	10,684	11,024	12,259	13,984
Education	10,608	11,256	11,235	11,682	12,458	13,912
Health and Social Work	10,137	11,290	12,396	12,128	12,900	15,251
Other Community, Social and Personal Services	8,287	8,364	8,683	9,320	10,883	11,930
All Sectors	**8,777**	**9,579**	**10,216**	**10,686**	**11,412**	**12,796**

[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 establishments.*
Based on the International Standard Industrial Classification (ISIC) Rev.3.
Source: Central Statistics Office, Government of Mauritius.

Table 6.1: 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	9,074	1,090	16,539	2,271	**28,974**
2004	8,445	1,110	14,111	1,953	**25,619**
2005	9,232	1,081	13,584	2,170	**26,067**

Note: As from end-June 1999, Central Government external debt includes Treasury Bills held by foreign investors.
Source: Ministry of Finance and Economic Development, Government of Mauritius.

BANK OF MAURITIUS

Appendix II Board of Directors as at 30 June 2005

Chairman	Rameswurlall Basant Roi, G.C.S.K., Governor
Director	Baboo Rajendranathsing Gujadhur, First Deputy Governor
Director	Assen Ally Abdool Raman Sohawon
Director	Darmalingum Aroumageri Moodely
Director	Mohunlall Ramphul
Director	Régis Yat Sin

Appendix III Monetary Management and Financial Markets Committee

Governor	Rameswurlall Basant Roi, G.C.S.K.
First Deputy Governor	Baboo Rajendranathsing Gujadhur
Secretary	Hemlata Sadhna Sewraj-Gopal (Mrs)
Director-Accounting, Budgeting and Payment System	Yandraduth Googoolye
Director-Research	Hemraz Oopuddhye Jankee
Assistant Director-Research	Radhakrishnan Sooben
Assistant Director-Supervision	Jayendra Kumar Ramtohul *(Up to 19 June 2005)*
Assistant Director-Supervision	Ramsamy Chinniah
Assistant Director-Financial Markets	Jaywant Pandoo
Assistant Director-Financial Markets	Marjorie Agnès Heerah-Pampusa (Mrs)
Chief Bank Examiner-Supervision	Marie Roger Christian Noël

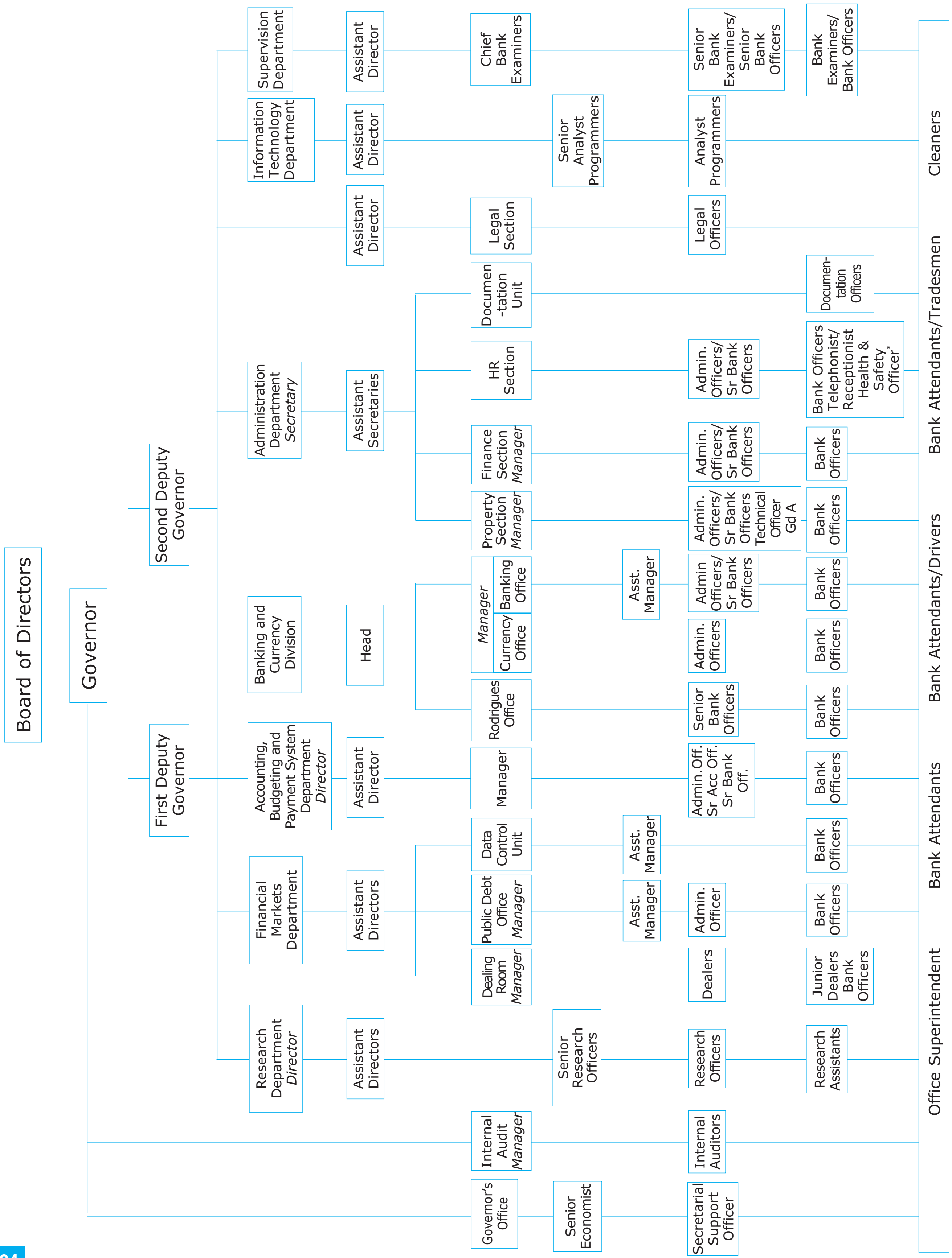
Secretaries to the Committee:

Senior Economist	Youssouf Waësh Khodabocus
Secretarial Support Officer	Pierre Yvan Mario Lebon

Appendix IV Senior Management Officials

Governor	Rameswurlall Basant Roi, G.C.S.K.
First Deputy Governor	Baboo Rajendranathsing Gujadhur
ADMINISTRATION DEPARTMENT	
Secretary	Hemlata Sadhna Sewraj-Gopal (Mrs)
Assistant Secretary	Hasham Aboo Bakar Emritte
Assistant Secretary	Daneshwar Doobree
RESEARCH DEPARTMENT	
Director-Research	Hemraz Oopuddhye Jankee
Assistant Director-Research	Radhakrishnan Sooben
Assistant Director-Research	Mahendra Vikramdass Punchoo
Assistant Director-Research (Statistics)	Jitendra Nathsingh Bissessur
ACCOUNTING, BUDGETING AND PAYMENT SYSTEM DEPARTMENT	
Director	Yandraduth Googoolye
Assistant Director	Jayendra Kumar Ramtohul *(With effect from 20 June 2005)*
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-Pampusa (Mrs)
INFORMATION TECHNOLOGY DEPARTMENT	
Assistant Director	Ng Cheong José Li Yun Fong
SUPERVISION DEPARTMENT	
Assistant Director	Ramsamy Chinniah
LEGAL SECTION	
Assistant Director	Mardayah Kona Yerukunondu
AUDIT OFFICE	
Manager	Yuntat Chu Fung Leung

Appendix V Organisation Chart



* 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 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 2005.

Banks Licensed to carry Banking Business

1. Bank of Baroda
2. Banque des Mascareignes Ltee
3. Barclays Bank PLC
4. Deutsche Bank (Mauritius) Limited
5. First City Bank Ltd
6. Habib Bank Limited
7. Indian Ocean International Bank Limited
8. Investec Bank (Mauritius) Limited
9. Mascareignes International Bank Ltd
10. Mauritius Post and Cooperative Bank Ltd
11. P.T Bank Internasional Indonesia
12. RMB (Mauritius) Limited
13. SBI International (Mauritius) Ltd.
14. SBM Nedbank International Limited
15. South East Asian Bank Ltd
16. Standard Bank (Mauritius) Limited
17. Standard Chartered Bank (Mauritius) Limited
18. State Bank of Mauritius Ltd
19. The Hongkong and Shanghai Banking Corporation Limited
20. The Mauritius Commercial Bank Ltd

Non-Bank Financial Institutions Authorised to Transact Deposit-Taking Business

1. ABC Finance & Leasing Ltd.
2. Barclays Leasing Company Limited
3. Capital Leasing Ltd

4. Finlease Company Limited
5. General Leasing Co. Ltd.
6. Global Direct Leasing Ltd
7. La Prudence Leasing Finance Co. Ltd
8. Mauritius Housing Company Ltd
9. Mauritian Eagle Leasing Company Limited
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. Change Express Ltd.
2. Grand Bay Helipad Co Ltd
3. Max & Deep Co. Ltd
4. Gowtam Jootun Lotus Ltd

Foreign Exchange Dealers

1. British American Mortgage Finance House Co. Ltd
2. Edge Forex Limited
3. Rogers Investment Finance Ltd
4. Thomas Cook (Mauritius) Operations Company Limited
5. Shibani Finance Co. Ltd

BANK OF MAURITIUS

Address Sir William Newton Street
Port Louis
Mauritius

Web site

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Email address bomrd@bow.intnet.mu

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