



# BANK OF MAURITIUS

## *Media Release*

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10 July 2015

### *Special Line of Credit to Small and Medium Planters in the Sugar Sector*

In 2010, the Bank of Mauritius ('Bank') made available a special line of credit to the Mauritius Sugar Syndicate ('MSS') for the payment upfront of 80 per cent of the sugar proceeds of small and medium planters for the crop year 2010. This special line of credit was put in place in order to alleviate small and medium planters' burden of high cost of borrowing from banks. An amount of Rs1.5 billion was made available to banks at 3.00 per cent for on-lending to small and medium planters at 3.50 per cent.

The line of credit was subsequently renewed, under the same terms and conditions, except that the amounts for 2012, 2013 and 2014 were reduced to Rs1.3 billion, Rs1.2 billion and Rs1.0 billion, respectively.

The Ministry of Finance and Economic Development ('Ministry') made a request to the Bank on 1 June 2015 to renew the line of credit to small and medium planters in the sugar sector.

The Bank advised the Ministry that it would be in the best interest of small and medium planters to borrow from banks since interest rates have declined significantly. In fact, following the Bank's advice, the MSS has had recourse to banks and obtained the required funds at a rate of interest similar to what it paid to the Bank in the previous years.

The Bank also wishes to point out that an amount of Rs3.5 billion was provided as a 'bridging finance' to the National Property Fund Ltd at a relatively higher rate of 3.75 per cent.