

[MR. FORGET]

As regards the second complaint eleven cases of larceny with violence were reported by taxi drivers between October, 1965, and March, 1966. In two of these cases, the accused parties have been convicted. Six other cases are sub-judice. It has not been possible so far to establish prosecution in the remaining three cases.

The Road Traffic (Identification Signs on Taxis) Regulations 1965, which prescribe this requirement came into force on the 1st January, 1966. I consider that the taxi drivers have had sufficient time to comply with the regulations. In fact about 1,200 of the 1,400 taxi owners have already had the plates affixed. Though the Police have not yet prosecuted any taxi driver for not having affixed to his vehicle the identification plate, action however will have to be taken sooner or later against those who systematically refuse to comply with the law.

## PUBLIC BILLS

### *First Reading*

On motion made and seconded, the *Bank of Mauritius Bill* (No. XXXIII of 1966) was read a *first* time.

### *Second Reading*

## THE BANK OF MAURITIUS BILL (No. XXXIII of 1966)

*Order for second reading read.*

(11.45 a.m.)

**Sir S. Ramgoolam:** Mr. Speaker, Sir, I beg to move the *second* reading of the *Bank of Mauritius Bill* (No. XXXIII of 1966).

The object of the Bill, Sir, has been lengthily described in the explanatory memorandum, and I would not like to repeat what has already been printed and circulated to hon. Members.

This Bill, Sir, constitutes, I believe, a momentous step forward for Mauritius since it seeks to establish the Bank of Mauritius which will have normal central banking functions. Previously some of the functions were carried out by the Board of Commissioners of Currency which was first established over thirty years ago and has ever since dealt with the issue functions of the Board and with the investment of the backing to the Board's liabilities, in other words, the value of currency notes and coins in circulation. Although the Currency Board's financial position is a strong one and it has gradually built up a substantial surplus of assets over liabilities, the time has now come for a change in our financial institutions. Not very long ago we established the Development Bank of Mauritius and we are now completing this chain of changes by the creation of the Bank of Mauritius. Before coming to this decision I have had discussions with the Bank of England and the financial advisers of the Colonial Office, and we all agree that the creation of a Central Bank will help to centralise the economy of Mauritius. Hon. Members are aware that Central Banks invariably act as the banker to the Government of the country concerned. In addition, they normally assume issue functions for notes and coins and are frequently given additional powers covering inspection of the books of commercial banks and the supervision of credit facilities in the country.

The Bank of Mauritius will not be able to assume all at once the numerous powers contained in the Bill now before the House, but I am sure that from the outset it will have a

very important part to play in the monetary field. I am proposing that the Bank should have a new currency note issue available by the time it assumes full issue functions. It will, however, take at least one year for the new issue to be ordered, printed and transported to Mauritius. The cost of the new issue of notes will be met from within the Reserves of the Currency Board and the Bill provides for the Ministry of Finance to make such preliminary arrangements as are necessary prior to the actual establishment of the Bank itself. It is not proposed to issue new coinage.

The Bill also provides for a Board of Directors consisting of the Governor of the Bank, a Managing Director and three to five other directors. It is our intention that the Governor of the Bank should be a Mauritian of appropriate repute and he will be aided by an experienced banker who will act as the Managing Director of the Bank. The Government will be considering in due course the appointment not only of the Governor of the Bank but of the directors. I shall be considering very carefully whom to appoint to the Board since I believe that it is extremely important that we should call upon the best talent available in the country.

Steps have already been taken to acquire a suitable site in Port Louis for the new Bank of Mauritius. I appreciate that even when such a site has been acquired it will take a considerable time for new accommodation to be constructed but temporary accommodation will be available in the meantime.

The Public Sector Development contains provision of Rs 5 m. which will constitute the initial paid up capital of the Bank and which should suffice to cover the cost of acquisition of the site for the construction and furnishing of the necessary buildings

including a strong room to house the new currency notes and eventually the stocks of notes and coin not in circulation.

As Government's banker, the Bank of Mauritius will, in addition to determining a better use of our surplus balances, be able to float loans on behalf of the Government, and incidentally on behalf of local authorities and quasi-governmental institutions, on the local market. It will also be in a position to promote monetary transactions by means of the issue and marketing of treasury bills and it may well have to advise on improvements in investment of the portfolios and quasi-government institutions. Finally the Bank of Mauritius will, when suitable premises are available, be in a position to operate exchange control on behalf of the Government and to advise on policy transactions which is normally a function of the Government itself as regards exchange control.

One of the more important roles which the Bank of Mauritius will play will be to act as the focal point for liaison between the Government and the commercial banks concerning all monetary matters. I feel sure that the commercial banks will welcome the provision of a spokesman through whom they can communicate with the Government and offer their concerted views. The creation of an institution concerned purely with the monetary matters will, I believe, be of benefit to everybody.

The Bank will also possess the power to require all authorised banks licensed under the Banking Ordinance to maintain an average minimum balance with the Bank of Mauritius based on a percentage of each commercial banks' specified liabilities over the previous four weeks. Up to 4 per cent of such specified liabilities may be required to

[SIR S. RAMGOOLAM]

be deposited without interest, but it in exceptional circumstances with a view to curbing inflation or restricting credit available for trade, the Bank of Mauritius wishes to extend its percentage it can do so up to a maximum of 12 per cent but will have to pay interest on any figure above the four per cent to which I have previously referred. This power is an essential weapon in the armoury of an institution with central banking responsibilities if it is to play a useful part in the supervision of credit generally in the country. The Bank will also be able to discount bills of exchange and promissory notes in certain circumstances and to grant advances to its customers who will be limited to the Government, commercial banks and possibly a number of quasi-government institutions should the need arise against adequate security. In this way the Bank may well be able to follow the example of the East African Currency Board which has for a number of years afforded assistance through the commercial banks in helping to provide *faisance valoir* of crops. This the Bank may be able to do since it does not have to maintain more than 50 per cent of its backing to the currency in gold or external currency investments.

I am proposing shortly to issue a paper on the significance of the establishment of the Bank of Mauritius and this will be couched in somewhat wider terms than I had been able to cover in my speech. I shall, however, be quite prepared to try and answer any questions which hon. Members may raise in the course of the debate. It is also my intention to propose certain amendments at the Committee Stage.

I believe, Sir, that the Bank of Mauritius will in the year to come have a most valuable part to play not

only in monetary matters but in stimulating the economic development and prosperity of the country generally.

The creation of the Development Bank of Mauritius and the decision to establish the University of Mauritius taken together with this latest Government's proposal for a Bank of Mauritius will have brought Mauritius to the threshold of a new age and to the stage when it will possess institutions of comparable status to those in other advancing countries.

With these few words, Sir, I commend the Bill to the House.

**Mr. Osman** rose and seconded.

(12.00)

**M. G. Marchand** (Nominated Member): M. le président, l'objet de ce projet de loi vise à la création d'une Banque Centrale, autant dire une Banque d'Etat, qui serait une institution nationale et que si les principes directeurs étaient bien appliqués, ne pourrait qu'aider grandement l'île Maurice dans le domaine économique. Les buts mêmes d'une banque centrale, M. le président, sont d'abord de co-ordonner et de stabiliser la balance de paiements, de stabiliser, fortifier, et sauvegarder sur le plan local et à l'étranger la valeur de notre devise, autant dire de notre monnaie, d'éviter toute période d'inflation qui serait néfaste à l'économie du pays et aussi d'aider et de fortifier l'économie d'un pays en général. Pour atteindre ce but, je considère qu'il devrait y avoir à la tête d'une institution de cette envergure un homme capable, autant dire un technicien de la monnaie, un homme compétent pour qui la haute finance n'a point de secret et possédant de vastes connaissances quant au système monétaire international. Il devrait aussi être secondé dans sa tâche par des personnes dont l'expérience dans le monde

bancaire n'est aujourd'hui plus à faire. Puis-je me permettre, M. le président, à ce stade de suggérer au Premier qu'il serait plus sage de la part du gouvernement d'approcher la direction des banques locales afin que la direction de ces institutions puisse mettre à la disposition de cette Institution des financiers et banquiers de haute compétence qui leur seraient *seconded for duty* afin qu'une institution de cette importance puisse avoir un bon départ tout en créant un climat de confiance. Cela aiderait à ce qu'un projet d'une telle envergure soit voué au départ même au succès. Je crois comprendre que si une telle démarche était faite dans ce sens par le gouvernement auprès des banques locales, ces dernières considéreraient avec attention la demande du gouvernement et auraient certainement aidé dans la mesure de leur possible, afin que cette institution puisse être aidée de nos financiers.

Je voudrais souligner quelques points qui se rattachent à ce projet de loi. À l'état actuel des choses, la majeure partie des fonds du gouvernement est confiée à nos banques locales. Qu'arriverait-il si demain après la création de la banque d'Etat, le gouvernement se mettait tout d'un coup à demander aux banques locales de vouloir bien lui retourner ses fonds dont ils ont la garde. Je considère que ce serait débalancer tout le système économique de ce pays tout d'un coup, pour la bonne et simple raison que les fonds du gouvernement aujourd'hui disponibles dans les banques locales servent à faire en partie la *faisance valoir* non seulement des planteurs, des usiniers, du commerce, des petites industries; je pense que si une telle mesure était adoptée, les banques ne pourraient qu'envisager de restreindre le crédit qu'elles font aux institutions commerciales et industrielles dans la même proportion que représenteraient les fonds que le gouvernement a dans ses coffres alors.

Le Premier en présentant son projet loi nous a laissé entendre qu'après un préavis de quatre semaines par la voie du Journal Officiel, la banque centrale pourrait demander aux banques locales de laisser en dépôt à la Banque Centrale, un pourcentage de leurs *Secured Liabilities* qui ne sera pas moins de quatre pour cent et pas plus de douze pour cent.

**M. Kœnig**: Ce n'est pas exactement cela: jusqu'à quatre pour cent sans intérêt, mais au-dessus de quatre jusqu'à douze pour cent avec intérêt.

**M. Marchand**: Il se trouve donc qu'une telle mesure ne pourrait être appliquée que dans un pays où sévit l'inflation et que la banque centrale se rendant compte qu'il y a trop d'argent sur le marché local pour éviter l'inflation, adopterait alors une telle mesure...

**Sir S. Ramgoolam**: But the hon. Member should read what is exactly in the Bill. It is laid down in the Bill very clearly, without any misunderstanding. It is only in very special circumstances that the 12 per cent will be exacted.

**M. Kœnig**: C'est cela que l'hon. Membre disait, en cas d'inflation.

**Sir S. Ramgoolam**: The hon. Member is speaking as if that was the normal procedure.

**Mr. Kœnig**: He said it would be useful in cases of inflation.

**Sir S. Ramgoolam**: We must get our premises right.

**M. Marchand**: Un autre point, M. le président, que je voudrais soulever, c'est au sujet des réserves en or ou en valeurs étrangères de tout repos concernant la Banque Centrale, quant à la somme d'argent en circulation dans le



[M. MARCHAND]

pays. Je ne connais pas le pourcentage de l'argent en circulation aujourd'hui à l'île Maurice qui est représenté par des valeurs de tout repos en devises étrangères sur le marché de Londres, mais je crois de mon devoir d'attirer l'attention de la Chambre sur le fait que plus le pourcentage concernant l'argent en circulation dans le pays, est représenté par des valeurs étrangères de tout repos, soit converties en livres sterling ou en dollars, est élevé plus on a confiance en la devise monétaire du pays et plus le peuple a confiance.

**Sir S. Ramgoolam :** The hon. Member should get all the information and the facts right, and not theorise upon imaginary assumptions. What I mean is that to-day there are Rs 100 m. in circulation in Mauritius. Our currency has 110 per cent of backing. That means we have Rs 90 m. in circulation but the backing of that is 110 per cent, consisting of Rs 26 m. invested in Mauritius and Rs 74 m. invested abroad, outside Mauritius, that is to say for the backing of Rs 90 m. we are using Rs 100 m. which are invested. If my hon. Friend understands that then he will keep to principles.

**Mr. Kenig :** He is giving the basic economic principles.

**Sir S. Ramgoolam :** That goes much higher than that. That is why the hon. Member should not mislead the public because he must find out what are the facts. Where the facts are right he can make certain assumptions.

**M. Marchand :** M. le président, je n'avais aucunement l'idée d'induire le public en erreur. Je parlais sur les principes généraux... et je n'avais qu'un seul but en tête, protéger les intérêts du public quant à la valeur future de la monnaie sur le marché international.

**M. Kenig :** Principes fondamentaux.

**M. Marchand :** ... et je suis très heureux de la remarque du Premier...

**Mr. Govinden :** You do not do it consciously but unconsciously.

**M. Marchand :** ... pour la bonne raison que valeur du jour, l'île Maurice ayant 90 millions de roupies en circulation et le *backing* en devises étrangères £ ou \$ représentent Rs. 110 m., il serait fondamental pour la Banque Centrale que l'argent en circulation dans le pays devrait être représenté par les réserves de la Banque Centrale en or ou valeur étrangère de tout repos non pas dans la proportion de 50 pour cent, mais un pourcentage de beaucoup supérieur à 50 pour cent. Car cela créerait un climat de confiance quant à la valeur de notre monnaie.

Pour conclure, M. le président, je dirai que la Banque Centrale dans le contexte économique du pays peut jouer un rôle important, *capital et décisif si ses conseils sont écoutés et mis en pratique par le Gouvernement au pouvoir*, mais ne peut être qu'une faillite complète si la politique se mêlait à son organisation ou son administration et que si ses conseils devraient être mis au rancart par le Gouvernement.

(12.10)

**Mr J. M. Paturau** (Nominated Member): Sir, I do not have very much to say on this Bill which I think all of us accept as a necessity in the development of Mauritius and its normal evolution and I do not propose to repeat the argument so clearly set out by the hon. Premier or some of the criticisms which we heard from the Nominated Member for Vacoas (Mr. Marchand). As we all know, the subject of banking economics is not only difficult, but often confusing to the layman, so we better be careful of the

terms we utilise and try to use fairly simple words.

The main functions of the Bank have been explained by the hon. Premier and also are set out in the explanatory memorandum. But I think apart from the issue and redeeming of notes and coins, the administration of external reserves, the fostering of the development of money market in Mauritius and the banking for Government and for the commercial banks, there is one important central point that we must always keep in mind, that is, it should be the duty of the Central Bank to influence the volume, the conditions and the supply of credit so as to promote the fullest expansion in production, in trade and in employment, all this consistent with the maintenance of monetary stability in Mauritius and the external value of the rupee. So, it is not just the control or creation of credit but it is also the inducement of the rational uses of this credit for productive means.

I have no hesitation in saying that the institution of the Central Bank is a good thing that will help Mauritius in the future. My only doubt is about the priority we have given to this institution. In fact the techniques followed for the mobilisation of savings and their efficient use for development may take many ways but I believe that for the conditions obtaining in Mauritius it would appear that central planning should have been given priority over central banking. As we know, Sir, up to now we have just got the nucleus of an Economic Planning Unit and we are still looking for someone to take charge of this Unit. I think we should reinforce the structure of this central planning as soon as possible so as to make full use at a later stage of central banking. Later on as we climb up the development ladder I agree that more and more resources will have

to be allocated to financial structures. At present we are in the sterling exchange system. As we all know the local currency authority issues Mauritius currency in exchange for sterling and Government thus accumulates automatically sterling equivalent to the amount of currency it issues. Hence, we have more or less an auto-regulator. With the Bank the auto-regulation will no longer exist in such a straightforward way and there may well be some pressure from Government for deficit financing especially with the present low prices of sugar. There is nothing wrong with that provided it is done in a rational and very prudent way and we must all be conscious of that. It is no good just saying that we will not have any deficit financing..

**Sir S. Ramgoolam :** Even if the prices of sugar are low it is not my intention to resort to it now.

**Mr. Paturau :** I am very pleased to hear that but I think eventually if the prices of sugar remain low, we will have to do something about it.

**Sir S. Ramgoolam :** Even with the price of sugar, I am not having resort to it in the next Budget.

**Mr. Paturau :** The importance of central planning and central banking working closely together and the necessity for the Bank to be isolated from political influence is obvious. I need not repeat that the Bank must be a strong, independent and rational institution. Further, I think it is of paramount importance that the policy of Government and of the Bank should be one of creating a climate of confidence, of giving the investors the assurance of a possibility of liquidating their holdings of Government paper at any time and without major losses.

Sir, in this Bill there are three points with which we should deal

[MR. PATURAU]

briefly. The first one is in section 17 where we find that the Bank may lend to Government not more than 10 per cent. I know this is just a precautionary measure and I hope it will not be resorted to. I think we should be very careful not to go over this 10 per cent which already represents a fair amount of money, something like Rs 20 or Rs 23m.

The second point has already been touched upon by the hon. Nominee (Mr. Marchand). It is the average minimum balance to be maintained by commercial banks, section 21. This, for the conditions of Mauritius where the credit of commercial banks is already too restricted, is certainly a very blunt and even possibly indiscriminate instrument to be used with great prudence. But I think the hon. Premier has already stressed that this will be the case and that only in very special circumstances, as indicated in the Bill, would the balance of 4 per cent go up to a maximum of 12 per cent.

On the third point which is the currency backing in section 26, there are of course different views and I know it is the standard practice to go down to this 50 per cent backing. In fact this has been done by most banks in Africa and I believe it is the same ratio in Jamaica, for instance. However, I still believe that there again we should be prudent. For the time being, if my figures are right, our backing is about 74 or 75 per cent and going down to 50 per cent — is entirely a big drop not to be resorted to in ordinary circumstances.

My last point, Sir, is how the Central Bank is going to earn its living. There is no indication in the Bill about this and I suppose it should not be in the Bill. In any case we should have an inkling how much will be charged, for instance, for clearing operations.

And I think that at some stage some broad indication should be given to the public that the charges will be almost nominal and in any case, just enough to make the Bank live and not add another important charge on trade, commerce, etc.

In conclusion, Sir, I can only hope that the Government and the Bank will always keep in mind that the one policy from which we cannot deviate is the one to stimulate domestic production. So long as we keep to production and specially domestic production, we cannot go wrong and this should be the guiding light of the Government and the Bank.

Thank you.

*At 12.32 p.m. the sitting was suspended.*

**On the Assembly resuming at 2 50 p.m., with the Deputy Speaker in the Chair.**

**M. J. C. M. Lesage** (Quatre Bornes) M. le président, les orateurs qui m'ont précédé ont presque épuisé ce sujet. Néanmoins je voudrais faire certaines observations sur ce projet de loi qui est de la plus haute importance.

Nous voyons à l'article 5 du projet que les buts de cette banque centrale sont doubles. D'abord sauvegarder la valeur intérieure et extérieure de la roupie et deuxièmement raffermir le système financier dans le but de stimuler le développement économique du pays. En ce qui concerne la première fonction il semblerait qu'il s'agit simplement d'un passage des pouvoirs des commissaires de la monnaie à la banque. Quant au deuxième but, la banque se proposerait d'être la banque de l'état.

**Sir S. Ramgoolam** : *La banque ne se proposerait pas* it is a *sine qua non*. This is the purpose of the Central Bank or rather one of the main pur-

poses. *Pas de propositions illogiques ou quelque chose qui ne tient pas debout.*

**M. Lesage** : M. le président, je crois m'être exprimé assez clairement. C'est mon tour de prendre la parole et je ne compte pas céder mon droit.

**Sir S. Ramgoolam** : I am trying to be helpful to the hon. Member. That is all.

**M. Lesage** : Je remercie l'hon. Premier de son appui.

D'abord, banquier de l'état et deuxièmement des banques commerciales, des corps constitués et d'autres sociétés de crédit. Les attributions de cette banque à première vue paraissent facultatives et non obligatoires, mais si nous regardons plus avant, nous voyons qu'aux sections 21 et 23, particulièrement, ces pouvoirs deviennent très étendus. La banque aurait un droit de regard sur les fonds disponibles dans les banques commerciales pour réorienter les investissements. A la section 21 il est stipulé que les banques peuvent être obligées à déposer un minimum de fonds à la banque centrale. Le but de cette mesure est de limiter les capitaux qui pourraient être dirigés sur le secteur privé. En dehors de cela la banque d'état devrait avoir un rôle de stabilisateur économique. C'est à raison que le contrôle du taux bancaire est du ressort de cette banque : durant une période de récession pour stimuler les investissements la banque abaisse le taux bancaire alors que pendant une période d'inflation c'est le processus inverse. Le taux bancaire est élevé parce qu'à ce moment il y a beaucoup trop d'argent dans le pays pour des marchandises qui se font de plus en plus rares.

A la section 23 il est stipulé que la banque pourrait réquisitionner (le mot est peut-être fort), des fonds de réserve

non seulement des banques commerciales mais également des sociétés de crédit. Ici, je me permets de demander à l'hon. Premier et Ministre des Finances si on inclut dans les sociétés de crédit des organismes tels que le *Sugar Industry Reserve Fund*, la banque de développement, le *Pension Fund* des employés de l'industrie sucrière et autres mutualités de crédit.

Dans ce projet de loi il n'est pas prévu quel sera le taux d'intérêt qu'obtiendront les banques sur les virements qu'ils feront à la banque d'état et partant (via la banque) vers le gouvernement. Je voudrais élucider ce point et savoir si cet argent sera simplement transféré *gratis pro deo* ou si un taux d'intérêt est prévu.

**Sir S. Ramgoolam** : My hon. Friend has not read the Bill. The answer is there.

**M. Lesage** : Je peux ne pas avoir tout lu. L'hon. Premier aura l'occasion de m'éclairer là dessus.

**Sir S. Ramgoolam** : No, I am not going to give to the hon. Member what is in the Bill. He should do his own homework.

**Mr. Ramlallah** : The hon. Member should do his homework.

**Mr. Lesage** : His master's voice !

**Sir S. Ramgoolam** : A barren speech !

**M. Lesage** : Je continue, M. le président. Je souhaite que la banque ait autant de réserves que l'hon. Premier a de réserves verbales. Une telle mesure restreignant les crédits des banques privées amènerait des conditions épouvantables. *A baron speech* ?

Vous devriez attendre pour savoir si c'est un *baron speech*. Lorsque les coffres des banques auront été vidés de



[M. LESAGE]  
toute leur substance, je me demande comment ces banques pourront aider les petits industriels, planteurs et autres, pour les opérations de faisance valoir.

Il est un autre point que je voudrais élucider. J'aime à penser qu'il ne me sera pas rétorqué que c'est déjà dans le projet de loi, à moins que je sois myope. "*The Bank will have its own minimum discount and advance rate*". Qu'est-ce que cela veut dire au juste ? Je voudrais avoir des éclaircissements là-dessus, autrement ce serait une pure farce, parcequ'à ce que nous comprenons...

**Sir S. Ramgoolam :** If the hon. Member will give way, I do not know whether it is on a point of order or explanation; well I think these are points which the hon. Member can raise on the particular clause when he comes to the Committee Stage. Let us now talk on the principle of the Bill.

**The Deputy Speaker :** Does the hon. Member want to speak on any particular clause or...

**Sir S. Ramgoolam :** The hon. Member is the banker of the *Parti Mauricien*, but I do not know in what way...

**An Hon. Member :** Comment peut-il dire une chose comme celle-là.

**M. Lesage :** Je suis la banque du bon sens.

**Sir S. Ramgoolam :** Intellectual banker then.

**M. Lesage :** Oui, je suis en effet millionnaire en suggestions.

**Mr. Devienne (Interruption).**

**M. Lesage :** Mais il y a deux points précis que j'ai soulevés, et je m'attends normalement à avoir des réponses à ces

questions. Mais le grand danger à mon point de vue, ce sont les avances qui pourraient être faites par la Banque Centrale au gouvernement pour combler les déficits budgétaires. Cela est vraiment inquiétant. Nous avons devant nous un budget qui sera déficitaire. Nous avons eu l'année dernière un budget également déficitaire. Durant ces dernières années les balances de paiement déficitaires. C'est donc la banque d'état, qui sera appelée à renflouer le gouvernement à la suite d'une mauvaise gestion des finances publiques. Je crains fort que ce ne soit pas là le rôle de cette banque. Dans son discours, le Premier a cité un exemple de Banque d'État. Il a parlé entre autres de la banque d'État de l'Est Afrique, si je ne m'abuse, dont les attributions étaient moins étriquées qu'une Banque d'État orthodoxe, mais il n'a pas cité la Banque d'État de Ceylan qui a été un vrai fiasco. Une Banque Centrale, par elle-même est une excellente institution pour l'administration économique et financière d'un pays, mais une Banque Centrale par elle-même ne saurait stimuler l'activité économique. Une politique monétaire saine devrait reposer sur une politique fiscale judicieuse et la stabilité politique. Dans son rapport, M. Hopkin l'a bien souligné, il a déclaré que le problème à Maurice n'était pas un manque de capitaux, mais un manque d'idées et l'inconfiance. De sorte que pour reprendre ce que j'ai dit plus haut, il ne faudrait pas que cette banque soit employée par le Gouvernement pour restreindre les crédits, dans le simple but de transférer des fonds des banques particulières, pour renflouer une économie anémiée.

Il est un autre point que nous voudrions soulever. C'est la nomination des gouverneurs de la Banque, je crois que c'est le terme employé. Le gouverneur de la banque lui-même sera nommé par Son Excellence le Gouverneur, "*on the advice of the Premier*",

alors que les autres membres seront tout simplement nommés par le Premier "*on the advice of the Minister of Finance*".

Nous avons eu, dans le passé récent, des *political casualties* qui ont été nommés à des fonctions très importantes dans les organismes de développement. Il ne faudrait pas que cela se répète. Ce projet du gouvernement tout louable qu'il soit intrinsèquement est voué à l'échec comme l'ont dit ceux qui m'ont précédé, si la politique politicienne s'y mêle. En nous fondant sur tous les considérants économiques de la situation actuelle du pays, nous pensons qu'il n'est pas exagéré de dire que nous nous acheminons vers la dévaluation de la roupie. Je crois voir déjà le spectre de la dévaluation, parce que si on ne réussit pas à rétablir la confiance du public dans l'administration de ce Gouvernement, la banque sera obligée de dévaluer la roupie ou plus précisément sera forcée par l'Angleterre à dévaluer la roupie, puisque nos relations financières vont être très étroites avec la Métropole. Les gens n'ont pas confiance, et à raison. On nous citera des pays qui ont progressé après l'établissement d'une Banque Centrale, mais nous pourrions citer d'autres exemples, où c'est le contraire qui s'est produit. Nous avons déjà cité Ceylan. Nous voudrions citer l'exemple de l'Inde. L'Inde a une Banque Centrale, mais cela n'a pas empêché le Gouvernement Indien d'avoir à dévaluer sa roupie, qui aujourd'hui ne vaut que 64/100. Pour les dirigeants de ce pays, la situation peut être enfermée dans une équation lapidaire "*We never had it so good*". Mais cette prétention est démentie par les faits que nous pouvons constater, tous les jours, à chaque coin de rue.

Je crois que c'étaient toutes les observations que j'avais à faire sur ce projet de loi, et ce n'était certainement pas dans le but de décourager le gouvernement. Nous avons tout simplement voulu lui tendre le miroir.

J'ai terminé, M. le Président.

(3.15 p.m.)

**Mr J. Koenig :** (Beau Bassin) : Sir, I have listened with great attention to all the speeches which have been made in this House, on this Bill and what I had imagined when studying it, has not been changed, as a matter of fact by any of the speeches and my feeling is that this institution can be compared to *Æsop's* tongues, *les langues d'Esop*, or still better to what we commonly know as a two edged sword "*Æsop's* tongues", this phrase constitutes a well known principle, which is this, that we find in this Bill the seeds of excellent economic principles helping in the development of this country on the lines which have been clearly pointed out by the Premier. Yes. I agree fully, but just as *Æsop's* tongues, they may be used for excellent results, and, unfortunately, also for very evil and mischievous and wicked results. I am looking forward to the composition of the body of persons who would constitute the administration of this Bank of Mauritius. We have had a clear indication from the hon. Premier of what is actually intended in practice apart from what is in black and white in part II of the Bill. If, when the Board of Directors is constituted, of course, primarily the Governor of that Bank, and the Managing Director of that Bank, are the personalities which not only the text of the Bill, but the speech of the Premier indicates to us, then Mauritius will have very fine days ahead indeed, provided however, that besides their competence, besides their knowledge, besides their experience of — I must use two expressions — "*affairs in banking*", because you will find, Sir, that the word "*affairs*" only has been used in so far as the Governor of the Bank is concerned, and the word '*banking experience*' are used as regards the Managing Director... Now, if we have

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these gentlemen with all their competence and experience also, absolutely independent of political interference, along with their other colleagues of the Board of Directors, then and only then would this be a success.

My Friend, the Nominated Member (Mr. Paturau) spoke of the several qualities which the administrators of this bank should have. I consider for my humble part that the most prominent one must be that they should not only be absolutely independent persons, but have the feeling of being absolutely independent. Otherwise, whatever may be their competence or their experience in affairs of banking or business, it will mean nothing for Mauritius, nay more. It will be a prostitution of their qualifications. Unfortunately, there is in this country a feeling that many so-called — I say there is a feeling, I do not share this feeling, for all the bodies in question — but there is a feeling, a general feeling in this country that whatever may be the basic legislative or constitutional principles embedded in our statute book as regards the independence of certain organisations and institutions, yet politics do pester these institutions every now and then. Well, of course, as to that, Sir, there is no remedy except in our own individual hearts, as public men and patriots in Mauritius. But, if we do not feel like it, if we want these institutions to be our slaves then, of course, nothing will work properly in Mauritius. I am stressing this point most particularly because the Premier has given in his opening speech the hope that these principles will, in practice, be considered as sacrosanct, but that is really the gist of every such institution in particular, of this Bank of Mauritius. In other words, we can put it in a nutshell as regards the general principles of this Bill, economically speaking and politically speaking, even in so far as

the independence of that Bank is concerned. There is no problem, no issue, and we are 100 per cent agreed with the Bill which is before the House provided however, the spirit of this Bill and the spirit of the speech which we have heard from the Premier, are considered as gospels which must be followed in regard, at least, to this institution.

As regards the competence of the personalities responsible for the administration of this Bank, we have heard from the Premier that it is proposed that the governor, and he is of course the chief representative of the Bank not only in law, but in practice and in business, would be a Mauritian.

I have heard with great pleasure my Friend, the Nominated Member from Vacoas (Mr. Marchand) saying that he has reason to believe in this connection that the present existing banks, what had been termed as commercial banks, but according to this Bill which will become law, I shall refer to them as the authorised banks, the present authorised banks would be ready to consider a request for secondment for duty of certain members of their administrative body, I mean the higher posts, for service with the Bank of Mauritius. Of course, this is a very good piece of news. I do not know, of course, whom the Premier has in mind when he says that it will be a Mauritian. I am not asking for any revelation, but what I do say is that, before the choice is made or rather before he gives his advice if he is called upon to do so, in due course to the Governor of Mauritius, great care should be given to the selection of this governor. It will be for the first time that the responsibility of choosing such a high ranking personality will be faced in Mauritius. How difficult it is to be sure to choose the right man in the right place? What rather causes me

some apprehension is this: the reference to the qualifications to which I have already alluded, that is, so far as the governor is concerned, the test is: recognised experience of affairs whereas for the managing director, the test is: recognised experience in banking and currency administration. I am not an economist, but I have some experience of what is meant by "affairs" and what is meant by "banking and currency administration," because as a very humble student, when I was in Paris, I had to study economics. My own experience which I have gathered since that time is that it is very difficult to imagine a person of recognised experience in "affairs" only, as distinct from a person who would have also experience in "banking". It is not impossible, however, but I have always had the feeling that the governors of such banks should be also men of experience in banking, and evidently, this goes without saying, currency administration, given the responsibility of this gentleman. I do not know how the two ideas are going to get together for the choice of this governor, but I express the wish that, as for many economists, "affairs" do include "banking", this should not be ignored.

As regards the other directors of the bank, apart from the governor and the managing director, I think that again here it is of great importance that the other directors, whatever be the number, finally decided upon according to the elasticity of the legal project before us, should all be men of recognised experience in, may I suggest, both affairs of banking and currency administration or public finance, or that at any rate they should have at least equivalent recognised experience. Secondly, that these persons should be seen, all of them, from the first to the last one, to have the true feeling that they are absolutely independent persons. Let them take the responsibility of their decision.

I have thought that these special, fundamental principles should be stressed so much so that the hon. Premier in a very terse language has used the sentence: "This bank will centralise the economy of Mauritius". I am sure that he only used this sentence giving its full weight to each and every single word. And this gave me a heartening hope, given the fact that he fully realises the importance of this institution, that he has translated this importance into these words. If this bank is not what it should be with reference to the composition of its Board of Directors, what will happen to the world of affairs in Mauritius not to speak of other centres than Mauritius, if the centralisation of the economy of Mauritius were not to be entrusted to these persons, not only fully qualified but, as I have humbly suggested, having the feeling that they must be and are expected to be fully independent?

There are other aspects of the Bill which are no doubt of importance but when compared with these first elementary and fundamental principles I have stressed, appeared to be of less importance. But I shall deal with them nevertheless because they are practical aspects. The natural question that arises is that such a Bank is and must be the Bank of the Government. I fully agree with the hon. Premier on this point. There is no problem but, given the provisions of the Bill and, in particular, the provisions of this famous clause 21, one of the necessary consequences might be that it will be a good point to know whether in practice the loan made by the Bank of Mauritius to the authorised banks will be made at a reasonable rate of interest because otherwise what will happen is this: At present the good, practical and essential work which is being done by such authorised banks towards the good economy of the island, in all the economic spheres,



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will not be the same inasmuch as they will have, first of all, to pay a rate of interest to the Bank of Mauritius and add an additional rate of interest for their customers, otherwise they will not be able to earn a living as the hon. Member (Mr Paturau) said this morning. And this is grave, of course, because if those who require money will have to pay a much higher rate of interest than the rate to which they have been accustomed for their business and affairs, we can imagine what will be the result. But there is another consideration which would be this: automatically the income tax paid by these authorised banks to the Government will be reduced and not only the economy of the private sectors will be profoundly affected but the economy of the public sector, the government itself will be affected. Again, something which has just occurred to me. I am referring to the speech of the Premier and there again there is a clear indication that it is not at all intended that the work of the Bank of Mauritius should jeopardise in the least our economy so much so that according to him, to use his own words which are very eloquent, it will be a centralisation of the economy of Mauritius.

In other words, Sir, if we look at the provisions of the Bill, at the interpretation of the policy of that Bill and that is the interpretation of the Premier about the policy of those who will be responsible for the working of the whole thing, we can only say one single thing: then so much the better for Mauritius. But as the French says: *de la coupe aux lèvres, il y a une grande distance.*"

**The Deputy Speaker** There's many a slip betwixt the cup and the lip.

**Mr. Kenig:** There is another thing which comes to my mind. It may

be of less importance but it is nevertheless an important aspect of the problem contained in this Bill and it is this: the planning to which the hon. Member (Mr. Paturau) referred, and the priority to be given to it. The coincidence is rather curious. I do not know whether he thought of it as soon as the Premier mentioned — I repeat it for the third time but I do not apologise — "this Bill will centralise the economy of Mauritius". I do not know whether it was that which brought to the mind of my hon. Friend (Mr. Paturau) the question of priority in the matters of planning and banking, but there we are: centralise the economy of Mauritius. But if you centralise the economy of Mauritius, that is an excellent idea. Let us see how the economy of Mauritius is going to be developed. What priority are you going to give to this centralisation of the economy of Mauritius as regards the centralisation of banking? May I put it this way, Sir. I do not fully agree with the hon. Member (Mr. Paturau). There is a small difference only but I think that that slight difference is important. I think both should be considered as equally important. It is difficult to say that you should give priority to the centralisation of the economy as compared with the centralisation of banking. I think that the two go together just as the fork and the knife or the fork and the spoon together are used to eat with. That is my own personal feeling and as soon as the Premier had reached that stage in the *exposé* on this Bill, of centralisation of the economy of Mauritius, I thought that that was the remark which, in my humble submission, in contribution to this debate, I should make. But then if you say that they should be given, let us say, equal importance, equal priority, for argument's sake, let us not forget it because we would have the mechanics put in but nothing else and we would be forgetting the other essential parts. In other

words, we will have the skeleton but not the flesh. That is the position. In these circumstances, may I trust that equal importance will be given by the advisers of the Premier and Minister of Finance to this double aspect of our problem.

To sum up, Sir, I welcome this measure. From an economic or financial point of view, I find that there is scarcely any criticism which might be raised in connection with — even at the Committee stage — the passing of this Bill except of course for the drafting, but here I am very sorry to say in advance that I am not going to bother my Colleagues about it in the Committee because I have had no time to look into it. As regards the merits of the Bill itself, I think there is no problem. However, the fate of this Bill which will become an Ordinance, will be in practice the fate of Mauritius and of the economy of Mauritius. It will all depend on the personalities to be appointed for the management of this Bank, provided they are given full independence.

I trust that, given the capital, the paramount importance of such a principle for such an institution, all Mauritians concerned with the Bank, will give the best of themselves so that this Bank will be really a national institution.

(3.50 p.m.)

**Mr. R. Gujadhur** (Nominated Member): Sir, I would like to welcome this Bill as a landmark in the financial institutions of Mauritius. I have been very happy to hear my Friend, the leader of the Opposition, equally welcoming the Bill but with the reservation that this Bill will only be a success if the persons entrusted to work it are independent persons, persons unconnected with politics, persons well versed in banking affairs or business affairs and so on and so forth. To

this, Sir, I, as somebody connected with affairs, will say to my hon. Friend that institutions do not run by themselves. No institution is expected to run by itself. That is why there is need of the people to run it. And once you get the people to run it, the running of it depends on the people who have been appointed to run it. I have trust in the Mauritians so much so that speaking on banking affairs, I must here at this particular juncture render homage to the Mauritians who have been running commercial banks hitherto.

And through those commercial banks without being guided on monetary policies has evolved some sort of a monetary policy which has hitherto allowed this country to develop as it has developed. That has come about, I would like to say, Mr. Speaker, with the collaboration that has existed between the banks and the Treasury and the Board of Commissioners for Currency who were responsible to evolve a monetary policy in Mauritius. If at a time when there was no organised institution to run a monetary policy in this country, this country has been able to achieve what it has achieved, I think my Friend, the Leader of the Opposition, must rest assured that to-day this institution delivered into the hands of trustworthy Mauritians will equally prove a success and will work for the best interests of the country.

I am happy that the General Manager of this Bank has already been chosen. I am happy that the General Manager of this Bank is going to be a technician as far as that institution is concerned. If there is a technician at the head of a bank of this kind with a Board of Directors of persons whose qualifications have been laid down in the Bill I see no reason for fear; I see no reason to have any qualms of the immixture of this Bank into the

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commercial banks of Mauritius. On the contrary I see an era of cause for collaboration which, I hope, will not be lacking. I see an era where the Government is decided in terms of what is being done in other countries of the world. We have had a Planning Unit which has come out with trying to centralise our planning in Mauritius. But we have heard with considerable interest the hon. Member who represented vested interests in this Assembly telling us that he did not think that central planning should go together with central banking. We have also heard with considerable interest the Leader of the Opposition holding the different view that the central plan should work together with central banking and it is the opinion of the Leader of the Opposition that I am endorsing. I see no reason if this country is evolving in the way it is that this country will not institute institutions which have been successful in other countries. Of course, I do not propose to make comparisons. I do not propose even to state what should be the work of this institution. All I wish to say to the House is that I thought it was high time that the Government should have a centralised institution of its own by merging into it the Board of Commissioners for Currency, the Exchange Control Department which it has just instituted for the control of capital outflow from Mauritius with a view to have a full picture of the economy of this country. Precisely with a view to have a full picture of the economy of this country, that there is the need of this institution. I am happy that the Government of Mauritius has opted in favour of the creation of such an institution because I am aware that many countries, even in the Commonwealth, are against the creation of central banks. Their opinion is that the commercial banks are meeting the needs of this country. That is one view and the view of adopting a

central bank is another view. In economy, as has been stated by my hon. Friend, it is a wedge that cuts both ways. Either it goes right or it goes wrong but economy has to be directed in some form or another. There has been a lot of talk about the rate of interest in this country, but the rate of interest is always one per cent above the bank rate. We are more or less connected with the bank rates ruling in England. I see no reason why this Central Bank will be at war with commercial banks of Mauritius as far as the rate of interest is concerned. If the Central Bank is going to exact or claim a certain amount of deposit in form of reserves, it will also be there to help those commercial banks. That also cuts both ways. It is therefore in my view a good policy for the Government to try to evolve institutions that will give us a clear picture of our economy, with a view to creating a sound economy.

My Friend, the Leader of the Opposition, has said a lot about what the hon. Premier said that the Central Bank was being formed to centralise the economy of the island. But I think that if the hon. Premier was to stand up and add that he said that the purpose of the Bank was to centralise the economy of the country for the purpose of evolving a sound monetary policy, the Leader of the Opposition would have been satisfied. It is not a question of centralising the economy of the Colony for the purpose of making commercial transactions. The Bill says in so many words that if there is one thing that this Bank will not do, it will not act as a commercial bank. This Bill will act as a sort of clearing house to the other banks. It will act as a sort of safeguard, as has been so nicely put in the preamble of the Bill :

"... to safeguard the internal and external value of the currency of Mauritius and its international convertibility, and to direct its po-

lity towards achieving monetary conditions" — mark the words — "conducive to strengthening the financial system and increasing the economic activity and the general prosperity of Mauritius".

**Mr. Kœnig :** As a matter of fact the words of clause 5 give legal sanction to this, to every single part of this paragraph in the explanatory memorandum.

**Mr. Gujadhur :** There is one thing by stating something in the Bill but from a practical viewpoint, we know that my Friend will not quarrel with me on that, that the Central Bank of Mauritius will not in any way act as any other banks of Mauritius. It will issue Treasury bills which the commercial banks can subscribe and it will act as a sort of clearing agents to the different banks, which according to me will be a good thing. Of course, I have to say that the Central Bank will know exactly what the position is as far as the monetary policy is concerned. The Central Bank will try to see whether the credits that are given in the island are commensurate with the economy that this island can sustain. But I do not think there is any cause for fear. As far as I am concerned and given the statement made by the hon. Premier in answer to a question by my hon. Friend, the Nominated Member, I think that this should allay all fears and that the people of Mauritius will see in this Bill another attempt, in the same way as the Government is trying to do to centralise its activities, made in all fairness for the prosperity of this country.

My hon. Friend has laid a lot of stress on the persons who are going to form part of the Board of Directors of this Bank. I quite agree with him that this institution should be an absolutely autonomous institution and that it should not be under the direction of anybody except those who are to run it. But, as I stated, it all depends on the personality of the persons involved.

We have to work with the Mauritians however good or bad they may be. We cannot import other persons. We have to run our country in the best interests of our people with the best integrity we can possibly offer. We have to run institutions in that very same way.

**Mr. Kœnig :** We can find those persons.

**Mr. Gujadhur :** I am pleased to hear my Friend say that. When those persons are found I think that this Bill will prove a success and will go a long way towards evolving a monetary policy which will be suitable to the exigencies of Mauritius. If you are to realise, Mr. Speaker, that Mauritius earns its sterling with the sale of a single crop, sugar, and that Mauritius has to pay for its balances with the sterling earned by that sugar and it has to pay for its imports, for practically everything out of the money that it gets from that sugar, one will have to realise that we are reaching a stage when it will become difficult to continue to have a favourable balance of trade. With a view to safeguard against all these catastrophies which may come, with a view to safeguard the value of our rupee, our economy, we have to see to it that every cent available in Mauritius is not kept in the coffers of anybody but allowed to work because money is valueless unless it does something. What is the value of money if it does not do anything? I know people in Mauritius who would prefer not to keep a cent in their coffers but to try to make it work all the time and I know equally that those people are sometimes blamed for doing too much work, for making a lot of transactions. But those transactions are done with a view to help the economy of the country.

**Mr. Speaker,** I think I have done. I hope that this Bill will prove a success.



[MR. GUJADHUR]

I hope that the persons to run this Bank will be found in the country and those who will be entrusted with the running of this Bank will run it in the spirit with which the Government is trying to institute this Bill in this House and I am quite sure that this will be an added improvement to our economy in the same way as central planning will be another improvement for this country. Central planning and central banking should go together and I wish this Bill good luck and I hope that it will be a success.

(4.02 p.m.)

**Mr. B. Ramlallab** (Poudre d'Or) : Sir, for three years there has been a motion standing in my name that Government should establish a bank in Mauritius. I am very glad to-day that the Government has taken the initiative and has come with a Bill to establish a central bank in Mauritius.

Sir, a lot has been said about the institution of that bank and I think I have very little to add. I would say that it appears to me that the paramount importance of that bank would be, besides centralising the economy of the country, to provide an instrument to control the drain of Mauritian money. This is of paramount importance and that has been one of the tragedies of this country. I think, Sir, that the other aims of this Bank would be to provide a safe and secure currency system and to facilitate the traffic in money and the extension of credit and also as the banker of the Government it will maintain influence of Government finance on the volume of money in circulation.

I am glad to learn, Sir, that the Central Bank will not compete with the commercial banks. On the contrary it will help them in their transactions. I know that some people fear that the Government, by drawing away

the money which it normally invests in commercial banks, will somehow put some of the banks in jeopardy. I do not think that that fear has any substance because most of our established banks in Mauritius have enough funds and they should not rely on Government's money to run their services.

I would like to reply to a few criticisms levelled against the Central Bank. The Central Bank or State Bank is not a new institution although for Mauritius it is quite new. In other countries specially in the developing countries, it has been found of great importance in order to regulate the finances of their country and most countries which have established a State Bank have found their economy boosted up.

I heard from our Friend, the hon. Member for Quatre Bornes (Mr. Lesage) criticisms against the effect of the Central Bank in India with the result that India had to devalue the rupee. I do not think the management of the Central Bank has had anything to do with it. If the economy of India is not good to-day it is not because the management of the State Bank is at fault. It is the income of India which had a set back on its economy. There has been a severe drought and there have been other big problems and obviously for these reasons the Government of India had to devalue its rupee. But if we have to blame India for devaluing the rupee we can equally blame England. Had it not been for the bankers of friendly countries who lent about £ 600m. or £ 700m. at a very low interest, the crisis which the U. K. Government was facing would not have been averted, and the U. K. would have had to devalue its £.

Now, Sir, we have *ad nauseam* heard some of our Friends here talking of political casualties in the Labour

Party who have been given high posts. Fortunately for them they did not mention names. But these political casualties are not non-entities, they are not criminals. They have been the victims of political intrigues and I do not think that the Labour Government or the Government of Mauritius has done anything extraordinary for them. If they have been nominated in a few posts, for example on boards of directors, that does not mean that the Government has done something extraordinary or has just bribed them. On the contrary, not enough has been done for them. We have seen how political intrigues have done harm to a very able Labour leader in England — Mr. Walker. He was a genius in world affairs and yet by political intrigues that man was not elected. At the last elections that man has beaten his opponent by several thousand votes and has been reinstated in his former office.

Sir, I would like those gentlemen who speak of political casualties to look into a mirror and ask themselves whether they are not doing the same thing and in a mean way. I will not mention names and I will not go into details but they have done worse than that.

Now, Sir, very often when our Friends of the Opposition speak of the economy of this country they brandish the bugbear of '*inconfiance dans le gouvernement, inconfiance dans l'avenir*'. I do not think that this reasoning holds water because I do not think that the Government of this country, which has not always been a Labour Government but has also been a Coalition Government, has done anything to frighten investors from investing their money in this country. We have been on the contrary too kind to them, we have allowed them to invest their money abroad without the knowledge of the Government or

with the knowledge of Government and without putting any check. We have been too lenient and we are accused by the left wing of our own party, by our youth especially who say that we have been too lenient with the capitalists.

**The Deputy Speaker** : Youths like Mr. Foogooa. (*Laughter*)

**Mr. Ramlallab** : I do not think we will find any example of this kind in any part of Africa or in any of the resurgent countries where capitalists have had to leave their estates or to sell them at a very cheap price in order to emigrate. On the contrary, we have given them every possible help. To quote : What is happening at the Development Bank? How much money is the Development Bank giving to the small man? It is the big financier who is benefiting. How many small investors are getting development loans? It is open to everybody who wants to invest, who has the brains, who has got some enterprising spirit, whether he belongs to this or that party. But no mention is made about it by the Opposition and yet from time to time we find our Friends of the Opposition telling to this House "*il y a de l'inconfiance*", "investors do not want to invest because there is no political stability" and what not. This is very unfair to a Government which has been helping investors for so long and has been so lenient.

**The Deputy Speaker** : Does the hon. Premier wish to wind up?

(4.12 p.m.)

**Sir S. Ramgoolam** : First of all, I would like to say that an ordinance like this should not have brought about so much ado as the Opposition has tried to put forward to this Assembly. They are, so to speak, like an old Moore's almanack predicting disaster

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where there is none, where there is nothing to bring this country, in any form or shape, to anything near it.

They have been talking irrelevantly and beside the point. The hon. Member for Quatre Bornes (Mr. Lesage), although I tried to be helpful to him and to explain to him that he was going on a declivity with his ideas, as well as the hon. Nominated Member from Vacoas (Mr. Marchand), have tried to say that this Bank is going to disturb the normal operations of banking. Well, that is not so. This Bank of Mauritius which is proposed in this Bill, will follow the normal procedure of all central banks.

My hon. Friend, the Member for Beau Bassin (Mr. Koenig) has made one or two points which, I think, are not quite in order in that he thinks that there will be no Mauritian of wide experience to be able...

**Mr. Koenig:** No. I said we should be careful in the choice. We have a very big market.

**Sir S. Ramgoolam:** I have studied this kind of Bill for many years; in fact when the hon. Nominated Member who had been the Minister in the Government until last week mentioned of priority, I would like to tell him, as far as I am concerned, that this has a very high priority for many years in my mind. I have been thinking about a Central Bank, I think from the 40's.

**Mr. Koenig:** Yes, I remember.

**Sir S. Ramgoolam:** My hon. Friend, the hon. Member for Beau Bassin (Mr. Koenig) knows. We have had experts from Great Britain coming and advising us, experts from the Bank of England. The time had not come for this. I had taken up this matter with the Colonial Office. I had taken up

this matter with other people, before coming forward to this Assembly to get this Bill enacted so that a comprehensive banking institution is created. As I said this morning, this is a great institution that we are creating. It now devolves upon the people of Mauritius, with their intelligence, with their enterprise, to make it a success. And I am sure they can make it a success. We have all the elements we require, and those who are now studying the subjects, not only in the new University which will be established, but also elsewhere, subjects which will help the development of this country will be able to bring to fruition all the liberal institutions that we have created during the last ten years or so. I think one of the hon. Members in the Opposition said that if we were to take over the deposits in the Central Bank, the commercial banks will be reluctant to help small people with smaller loans. Well, it is not an unknown fact that the smaller people do suffer at first by the establishment of new institutions, necessary institutions, coming into being, but I am sure that with all the facilities which will have been afforded in this country for credit, they should be able to get what they want.

I think it was my hon. Friend, the hon. Member for Beau Bassin (Mr. Koenig), who said he was worried about the Governor being a Mauritian, but since then his mind has been made more clear and steady by the fact that the Governor will be a man with knowledge of affairs. The Managing Director will be an expert in banking knowledge, and as far as possible the Directors will be appointed from people who are able to do the work and take up their responsibilities.

The hon. Nominated Member Mr. Marchand made the suggestion that we should take men who are in the banks and elsewhere, but as hon. Members will see in the Bill itself, such

men are debarred from being part of that institution. All the clauses in this Bill are based on normal banking system. They follow recognised precepts and we have not departed an iota from what is good and what is reasonable in such institutions.

With regard to interest charges which have been mentioned in this debate, I would like to say that I am sure the interest charges will be less than those we pay now, for instance, it is the usual rule for commercial banks to pay 6½ per cent and later on to lend this at about 7½ per cent to local industries or to local people, hardly making much out of the transaction. We are hoping that with proper administration and better methods and procedure of banking, the interest charges will certainly be lower than those we are accustomed to pay now. In fact a Central Bank is going to help the commercial banks in this country, and although I do not know all their intricate business but from what I know or I can perceive, it will be easier for them to do their clearing here through the Central Bank than do it miles away in London or elsewhere.

**Mr. Foogooa:** Being a Mauritian.

**Sir S. Ramgoolam:** As it was found when the Central Bank in Canada was established, all the commercial banks found to their great advantage that they could transact their business much better than before.

Some hon. Members in the Opposition have been trying to talk of deficitary budgets, deficitary balance of payments. Well I shall take the balance of payment first. This country has known deficitary balance of payment during the whole period of colonialism. It was an exception for balance of payments to be in favour of Mauritius. It is only of late with better experts

and overseas officers, many Members of the Opposition should realise that, who have been discharging their duties with great ability and flexibility that we have known periods when the balance of payments have been in our favour except in years when we have suffered great disasters. The question of the balance of payments is not neither a logical criticism nor a fair criticism to make to this Assembly.

Deficitary budget, God forgive us, we may have to have recourse to deficitary budgets perhaps in the future, and deficitary budgets as my hon. Friends know are sometimes intentional, but for the time being, for some years I have not seen a deficitary budget. My hon. Friend, the Leader of the Opposition now, we worked together in the Opposition for many years and we served as members of the old Finance Committee. We have been sitting day in and day out when the budget of this country was referred to a Finance Committee. We had to sit there and sometimes until eleven or midnight, but even in those days I do not remember we were dealing with deficitary budgets, so why talk about it now? As we say in creole: "*La langue n'a pa enna les os, capave cause nimporte quoi*". This is not a fair representation of our country or of our financial institutions. Because for one or two years the price of sugar is low! Why? That is why we have always been saying and Professor Meade has been saying "diversify your economy and not put all your wealth and all your goods in one basket". And that is what this Government is trying to emphasize. I think this kind of talk is neither fair nor is it helpful to the economy of Mauritius.

My Friend, the Nominated Member, the ex-Minister, enquired for good reason how the Bank of Mauritius would earn its living. That is a very important and pertinent question to ask.



[SIR S. RAMGOOLAM]

Well I think he knows the answer, but perhaps he wanted to say it so that I might elucidate what is the position. I referred to the Currency Commissioners who were dealing with our economy in a rather outmoded way, not that they were primitive, the institution was primitive which we will now be replacing by the Central Bank. They will remember the legislation which the Currency Commissioners have to follow is very tight, and they have not got much latitude as to how they must invest, why they may make any profit that is reasonable and commensurate with what is going on in the banking world. But the Bank of Mauritius, I think will enjoy more flexibility, with more latitude to be able to invest and earn from the investment that it will be doing. In addition the Bank will have to establish the buying and selling of rupees. All these are going to help this institution.

As you know we have a development programme. My hon. Friend, I think, said just now the development, central planning must be very successful...

**Mr. Koenig:** No, should be given priority before the Bank.

**Sir S. Ramgoolam:** But I would like to point out planning may go adrift. It has gone adrift in many countries. Our first five-year plan went adrift. My Colleague will remember I wanted an enquiry on that so that we could know where we failed and where the future would be, but in those days of primitive considerations we never could get our point through. I think planning will assure us a better future. Our financial institutions will provide the capital for our development programme up to a point.

The Bank of Mauritius should be able to make a sizeable profit in the

interests of the country, and in the interests of the banking system that will be established through this. The hon. Nominated Member (Mr. Marchand) made mention that the backing of the currency should be more than 50 per cent. I don't deny that request nor do I deny the mechanism of his thought. But, I would like to say one thing. Here is a country which wants to stimulate economic growth, which wants to increase its national income. It is unfortunate and rather ironical to think that you lock up your capital just to back up your currency, a capital that all the people might be using while it is denied to you as a nation. It is as if you want a thing that is there but you have to starve. You have it and yet you have not got it. You have got a plate of rice or a plate of nice things to eat. You have given it elsewhere as a guarantee, and as a result you should starve instead of living.

**Mr. Koenig:** It is not precise.

**Sir S. Ramgoolam:** Well it is that and nothing else. My friends should follow me. That is why I would like to say that confidence in a country is not created through the backing of the currency. The trend now in all countries which have attained independence for its people, which have developed the financial institutions, is that the backing of the currency is based on the solidity of the economy, not so much deposit you have with the Crown Agents or anywhere else.

**Mr. Koenig:** Or gilt-edged securities.

**Sir S. Ramgoolam:** You take a country like Great Britain where the backing is only about 7 per cent. Take a country like Switzerland where it is higher. You take France where it is higher, but not 50 per cent. I don't know if we are going to follow that policy, but I am only giving a reply

that I should make to hon. Members of the Opposition to whom books are closed and knowledge seems to be closed. They stand here and say anything they like without having read the Bill first. I don't think, this is the way we can discharge our duty towards Mauritius or to any institutions to which we belong.

**Mr. Koenig:** The difficulty is that there are two schools of economic thought on this matter of backing.

**Sir S. Ramgoolam:** I think, there are books available in the Library of the Assembly if they wish to read. There are books available in my Ministry which the American Government has made available to us. In Washington there is an institution which has made them available to us through Mr. Bunwaree, the Deputy Financial Secretary. So, I do not think, you should talk like this without any concern for facts.

**Mr. Koenig:** The long and short of it is that the professors of Economics now pretend that this is the least of positive science in the world.

**Sir S. Ramgoolam:** I think, I have dealt with most of the issues. I don't like to go into the more intricate parts which I leave to very big experts to see. But, from what I have been able to gather, the Bank of Mauritius will be able to fulfil a very good purpose, and I think, it has been established in the normal way, and with the normal clauses in a Bill which will satisfy the wants of a country. I do not say that during the Committee Stage, we might not find it necessary to put forward certain amendments. I am not myself sure, but there are certain things which I thought, we might include in the Bill on which I am expecting advice. But, on the whole, I think, this is a Bill which is necessary and which has taken

time by the forelock. It is a Bill which is required for this age. As I said this morning, the Development Bank of Mauritius, the University of Mauritius, the establishment of a central bank, coupled with the television, which will provide not only as the University provides in the lecture room, for knowledge and for development of a country, all these together and the technical training people will be receiving in this country, should be able to provide the machineries which will bring Mauritius towards a better goal. That is the aim which Government has in view, and I thought we are not mistaken on our good intentions, nor are we mistaken on the machineries and institutions we are putting forward as a challenge to the difficulties which are facing Mauritius.

*Question put and agreed to.*

*Bill read a second time and committed.*

**Sir S. Ramgoolam:** I would like to wait until next Tuesday to take the Committee Stage.

**The Deputy Speaker:** Are we taking the Sugar Industry Reserve Funds (Amendment No. 2) Bill (No. XXIX of 1966)?

**Mr. Osman:** Yes.

## COMMITTEE STAGE

*(The Deputy Chairman of Committees in the Chair)*

## THE SUGAR INDUSTRY RESERVE FUNDS (AMENDMENT NO. 2) BILL (No. XXIX of 1966)

Clause 2 was reconsidered.

**Mr. Osman:** I understand that the hon. Member for Beau Bassin (Mr. Koenig) made some remarks on clause

[Mr. OSMAN]

*guisée* " which would have rendered the property liable to be brought back to the "réserve".

A saving clause is included so that the existing provisions of the law may apply to rights acquired by heirs and beneficiaries before the coming into force of the new provisions and to any action entered in that connection before the 1st July, 1968.

Sir, I commend this Bill to the House.

Mr. Jomadar rose and seconded.

(12.00)

Mr. J. Kenig (Beau Bassin) : Sir, as regards the repeal and replacement of article 664 not of the Civil Code but of the Code Napoléon — because that is the true title of our Code on civil law — it is in Mauritius long overdue. As a matter of fact we are still left with article 664 of the Code Napoléon dating as far back as 1804. In France, however, and in all countries where the Code Napoléon has been adopted, with or without modification, article 664 has been the subject of copious amendments during the latter part of the nineteenth century and ever since the beginning of this century. It is not surprising, however, that, in Mauritius, article 664 should have been left in the state in which it was in 1804 when the Code Napoléon was promulgated here because we did not have these buildings which, for a certain number of years however, we have now been having in Port Louis, in Curepipe and in other big towns like Rose Hill.

I agree that the legislation under the present article 664 is very summary and definitely insufficient for even our needs since the beginning of our development in building after the Second World War. Given, however,

the great number of laws which have been tackled at the Crown Law Office and prepared by it for this Assembly, it is not a surprise to me who have known this work for about twenty months or so, that the Crown Law Office could not produce this Bill earlier but it is a great pity because it has stopped many people from purchasing at all, or from purchasing without apprehension or fear, certain flats in certain of the big buildings which have been erected in our towns. I am glad that the Committee on Civil Law has been able to be guided by the French law of the 10th July, 1965 on this matter because there is no doubt that that particular law of 1965 is the result of experience gathered through more than a century in France and, indeed, in other countries where the Code Napoléon has been adopted. And, therefore, in the first part of this Bill, that is to say, the very long new article 664 of the Civil Code which is by itself now a code on this particular matter, we are gratified with the experience gathered over, I repeat, more than a century.

However, going through this text I have come to the conclusion that in spite of the learned efforts of several lawyers in Europe and, indeed, of our lawyers here in the Committee on Civil Law, there are still certain defects which I shall not, however, attempt to criticise or to remedy at the Committee Stage because I am afraid I have now come to the conclusion that in such matters whatever may be the experience gathered in Europe, it is extremely difficult without experience obtained by the local lawyers, to know exactly how to remedy the defects. In other words, this law must be given a trial and it is only with the help of the Supreme Court, on occasion arising, when they have fully investigated certain points which are not perhaps very clearly expressed in this text, when they have had the

benefit of full argument on both sides, that the legislator can remedy these defects.

As regards the second part of this Bill, that is to say, the repeal and replacement of articles 929 and 930 of the Code Napoleon, I must in particular stress the fact that the whole legal profession will be very thankful to the hon. Attorney General for having brought up this Bill with a certificate of urgency. I know personally that there are many notarial deeds which have been awaiting execution because the notaries have drawn the attention of the interested parties to the fact that these transactions between ascendants and descendants would necessarily, under the provisions of the present articles 929 and 930 of the Code Napoléon cause many law suits between the heirs of the ascendant after he has sold to a descendant, for instance, an immovable property, and would give rise, very unfortunately, to actions between brothers and sisters in Courts of Law or between them and third parties, complete strangers who have purchased from one of them. So, the notaries or responsible professionals have held back the execution of the deeds prepared by them for years and have been awaiting this Bill to become law. This is absolutely essential and that is why I not only welcome this Bill but express again, in the name of the whole legal profession, the gratitude of that profession to the hon. Attorney General.

(12.08 p.m.)

Mr. R. Gujadhur (Nominated Member) : Sir, I rise as a member of that side of the legal profession to which the Leader of the Opposition does not belong with the only idea of associating myself with every word that he has spoken to this House in welcoming this Bill. We are all very thankful that this piece of legislation which was so

needed comes at the proper time and we are all very thankful to the hon. Attorney General for having included that last part to which the Leader of the Opposition has referred. I myself was more or less briefed by a number of members of the legal profession, specially on the notary side, to say to the Attorney General how thankful we are that he should have secured a certificate of urgency for this law which we all commend and accept.

## COMMITTEE STAGE

(The Deputy Chairman of Committees in the Chair).

### The Bank of Mauritius Bill (No. XXXIII of 1966)

Clause 1 ordered to stand part of the Bill.

Clause 2 (Interpretation).

Motion made and question proposed "that the clause stand part of the Bill".

Mr. Osman : In clause 2 I move that the definition of "Minister" be deleted. There is no need for it. It is surplusage.

Sir S. Ramgoolam : There is a part of the Bill which has been completely left out and which I am having circulated now. I only discovered it yesterday when I was going through it. It is being cyclostyled now and will be circulated to hon. Members. It will come as Part VIII and Part VIII will become Part IX. There are one or two other amendments that I shall have to make and I think the definition of "Minister" should be allowed to stay until then.

Mr. Kenig : As a matter of fact, Sir, I am responsible for having drawn the attention of the hon. Attorney General



[MR. KÖNIG]

to this definition in clause 2 and I am still of the opinion that this is a clear surplus.

**Sir S. Ramgoolam :** I see. The hon. Member has in mind the Interpretation and General Clauses Ordinance where the "Minister" means the "Minister in charge".

**Mr. König :** The Minister cannot be any other Minister than the Minister of Finance. It is tautology.

**Sir S. Ramgoolam :** I think the hon. member is right. In that event the definition should be deleted.

*Amendment agreed to.*

**Mr. König :** I have another point to raise. In the definition of "Director", Sir, I am embarrassed to accept this in as much as there has been a definition of "the Board", the third definition, given in Clause 2, "the Board" means the Board of Directors appointed under the provisions of section 6 of this Ordinance. Therefore, there is a Board of Directors and not only the word "the Board" can only mean "the Board of Directors" but when we reach "Director", the definition of "Director", we do not know where we are, because the definition of "Director" purports to be "Director", means a "Director of the Board". That will not do. You cannot use in the same law, two phrases which are in conflict. You cannot say "Board of Directors" and "Director of the Board". It is impossible, and would not be accepted by any civilised country with lawyers worthy of this name. Therefore, the definition of "Director" should be "means a Member of the Board", etc., because the "Board" is defined as "the Board of Directors". I move, accordingly, that in the definition of "Director", the word "Member" should replace the word "Director".

*Amendment agreed to.*

*Clause 2, as amended, ordered to stand part of the Bill.*

*Clause 3 ordered to stand part of the Bill.*

*Clause 4 (Legal status of the Bank)*

Motion made and question proposed :  
"that the clause stand part of the Bill".

**Mr. König :** As regards sub-clause (2) of clause 4 :—

"Service of any process by or on the Bank shall be sufficient if made on behalf of or on the Managing Director."

This seems pretty good, but when we come to Clause 6(3), we find

"The Governor of the Bank shall be the principal representative of the Bank and responsible for the general supervision of the Bank."

I am not criticising sub-clause (3) of clause 6, but I must point out that the expression "representative", in law has a special meaning. "Representative" in law has not the same meaning as, for instance, when we say that an elected Member of this House is a "representative" of the population, not at all. In law it means legal representative, and the legal representative of the Bank in this Bill is not the Governor of the Bank, but the Managing Director, owing to the provision of sub-clause (2) of clause (4). You cannot, therefore, in sub-clause (2) of Clause 4 provide indirectly, impliedly that the legal representative shall be the Managing Director, because it is on his behalf or on him that service of any process must be made, and that means that he is the legal representative.

What I suggest is that the Governor of the Bank shall be the principal "officer" of the Bank and responsible for the general supervision of the Bank but certainly not "representative".

**The Deputy Chairman :** Then there is no change suggested for clause 4(2).

**Mr. König :** Yes, I do not know if the Minister in charge of the Bill and the Attorney General accept my suggestion as regards 6(3). I need not make any amendment as regards clause 4(2), but if my suggestion as regards clause 6(3) is not accepted, then I say that there is a flat contradiction between 4(2) and 6(3) and this must be corrected at this stage as regards clause 4(2).

**Mr. Osman :** I think that service of any process on the Managing Director does not necessarily bar the Governor of the Bank from being the representative of the Bank of Mauritius.

**Mr. König :** How can you do that?

**Mr. Osman :** But there are cases where service of process is made on the Secretary of the Association, but the Chairman is the representative of the Association. Therefore, I am not prepared to accept the suggestion of the hon. Member.

**Mr. König :** He cannot be the legal representative of the Association.

**Mr. Walter :** But, Sir, there is no bar in Company Law for the service to be made either on the Secretary or the Chairman or the Managing Director, depending on what is laid down in the Articles of Association. In the present case it is clear, the definition is well marked "service is made on the Managing Director", but the day to day running of the Bank and the general supervision, and the execution of policy would lie with the Governor of the Bank. So I cannot see the confusion to which my learned and hon. Friend, the Member for Beau Bassin (Mr. König), has just referred. Of course if we split hairs, we can go to that extreme, then it would be stretching it to its utmost

limit, but I personally cannot see any difficulty there. If I was asked to interpret what this Bill contains on the duty and the assignment of responsibilities to the two different persons, certainly I would see that the difference is well marked.

**Mr. König :** Well, I have done my duty as a lawyer. I expected that that would be the response from the Government benches, but before I abandon my point, because it is out of the question that I should press for a vote here, I should like to draw once more the attention of the Committee to the following state of affairs, that "representative" in clause 6(3) will not have the meaning which it has in law, but the special meaning purely and simply which is ordinarily given in common parlance to an elected Member of this House, that is to say a representative of the population.

*Clause 4 ordered to stand part of the Bill.*

*Clauses 5 to 9 ordered to stand part of the Bill.*

*Clause 10 — (Capital).*

Motion made and question proposed :  
"that the clause stand part of the Bill."

**Mr. Osman :** Sir, in clause 10 instead of (i), (ii) and (iii), it should be (1), (2) and (3).

**The Deputy Chairman :** These are clerical errors which will be noted accordingly.

*Amendments agreed to.*

*Clause 10, as amended, ordered to stand part of the Bill.*

*Clauses 11 to 18 ordered to stand part of the Bill.*

[THE CHAIRMAN]

Clause 19 — (Co-operation with other Banks).

Motion made and question proposed :  
"that the clause stand part of the Bill."

**Sir S. Ramgoolam :** I would like to recommit Part V, Sir, and insert a clause, a copy of which has now been circulated to you, Mr. Chairman. I move for a new clause 19 to be inserted after clause 18 in Part V, and the other clauses to be renumbered accordingly.

"General Directions. 19(1) The Minister may from time to time give such directions to the Bank as, after consultation with the Governor of the Bank, he considers necessary in the public interest.

(2) Subject to any such directions, the affairs of the Bank shall be managed by the Board of Directors in accordance with subsection (1) of Section 6 of this Ordinance."

**Sir S. Ramgoolam :** I move that new clause 19 be read a first time.

Brought up and read the first time.

**Sir S. Ramgoolam :** I move that new clause 19 be now read a second time.

Question put and agreed to.

Clause read a second time and ordered to stand part of the Bill.

Renumbered Clauses 20 to 23 ordered to stand part of the Bill.

Renumbered Clause 24 (Dealings of Bank with credit institutions).

Motion made and question proposed :  
"that the clause stand part of the Bill".

**Mr. Osman :** I move that in clause 24 sub-clause (a) in the third line, the

figures "21" be deleted and replaced by "22".

Amendment agreed to.

Clause 24, as amended, ordered to stand part of the Bill.

Renumbered Clauses 25, 26 and 27 ordered to stand part of the Bill.

Renumbered Clause 28 (Convertible external currencies).

Motion made and question proposed :  
"that the clause stand part of the Bill".

**Mr. Osman :** I move that in clause 28, the figures "26" be deleted wherever they occur and replaced by "27".

Amendment agreed to.

Clause 28, as amended, ordered to stand part of the Bill.

Renumbered Clauses 29 to 40 ordered to stand part of the Bill.

Renumbered Clause 41 (Bank to hold certain assets of Currency Board).

Motion made and question proposed :  
"that the clause stand part of the Bill".

**Mr. Osman :** In clause 41, "section 39" in the second line should be replaced by "section 40", and in paragraph (a) "section 26" should be replaced by "section 27".

Amendments agreed to.

Clause 41, as amended, ordered to stand part of the Bill.

Renumbered Clause 42 (Appropriation of surplus of assets of Currency Board).

Motion made and question proposed :  
"that the clause stand part of the Bill".

**Mr. Osman :** In clause 42, the small (i) should disappear and should be replaced by (a) because it is a paragraph, not a section.

"Section 39" should be replaced by "section 40". Now, sub-paragraph "(a)" should be sub-paragraph "(i)" sub-paragraph "(b)" should read sub-paragraph "(ii)", sub-paragraph "(c)" should read "(iii)", sub-paragraph "(d)" should read "(iv)" and the reference to section "42" in sub-paragraph (iv) should read sub-section (3) of section "46".

Amendments agreed to.

Clause 42, as amended, ordered to stand part of the Bill.

**Sir S. Ramgoolam :** Now, I have to move a new "Part VIII — Accounts and Statements" as circulated; and the remaining paragraphs should be renumbered.

New Clause 43 (Financial Year)

**Sir S. Ramgoolam :** I move that new clause 43 be read a first time.

Brought up and read the first time.

**Sir S. Ramgoolam :** I move that new clause 43 be read a second time.

Question put and agreed to.

Clause 43 read a second time and ordered to stand part of the Bill.

**Sir S. Ramgoolam :** I move that clauses 44 and 45 be read a first time.

Brought up and read the first time.

**Sir S. Ramgoolam :** I move that clauses 44 and 45 be read a second time.

Question put and agreed to.

Clauses 44 and 45 read a second time and ordered to stand part of the Bill.

Part (VIII) renumbered Part (IX).

Renumbered Clause 46 (Transitory Provisions).

Motion made and question proposed :  
"that the clause stand part of the Bill."

**Mr. Osman :** In clause 46 last line I move that paragraph "(i)" should be deleted and replaced by paragraph "(a)". Section "41" should read section "42".

Clause 46, as amended, ordered to stand part of the Bill.

Renumbered Clauses 47 to 50 ordered to stand part of the Bill.

**Mr. Paturau :** There are certain corrections to be made. In clause 10, subsection (3) : sections "41" and "42" should read "42" and "46" now. In clause 11, the same thing applies at the bottom of the page : section "42" should read "46". The last one is for clause 13 sub-paragraph (h) : section "21" should read "22".

**The Chairman :** The points raised by the hon. Nominated Member (Mr. Paturau) will be considered as clerical errors, and will be rectified by the Clerk.

The title and enacting clause were agreed to.

The Bill, as amended, was agreed to.

THE "LA CLINIQUE MAURICIENNE" (AMENDMENT) BILL  
(No. XXXVI of 1966)

The "La Clinique Mauricienne" (Amendment) Bill (No. XXXVI of 1966) was considered and agreed to.