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**FOR  
AGENDA**

SM/77/28  
Supplement 1

CONTAINS CONFIDENTIAL  
INFORMATION

April 4, 1977

To: Members of the Executive Board

From: The Acting Secretary

Subject: Mauritius - Staff Report for the 1976 Article XIV  
Consultation - Supplementary Information

The attached supplement to the staff report for the 1976 Article XIV consultation with Mauritius has been prepared on the basis of additional information received.

This subject will be brought to the agenda for discussion on a date to be announced.

Att. (1)

Other Distribution:  
Department Heads

INTERNATIONAL MONETARY FUND

MAURITIUS

Staff Report for the 1976 Article XIV Consultation  
Supplementary Information

Prepared by the Staff Representatives for the 1976 Consultation  
with Mauritius

(Reviewed by the Committee on Article XIV Consultations)

Approved by J.B. Zulu and Timothy Sweeney

March 31, 1977

This paper summarizes certain developments which have occurred since the issue of the staff report on the 1976 Article XIV consultation discussions with Mauritius (SM/77/28-2/2/77) and the paper on recent economic developments in Mauritius (SM/77/35-2/14/77).

1 Monetary and balance of payments developments

Domestic credit rose by 25 per cent during the second half of 1976 reflecting a 21 per cent rise in net credit to the Government and a 27 per cent rise in private sector credit (Table 1). The rate of increase in domestic credit was higher than in the comparable period of the previous two years and the level considered likely at the time of the consultation mission. Effective March 1, 1977 the Bank of Mauritius increased its discount and advances rate by 1 per cent to 7 per cent

Between June and December 1976 broadly defined money supply rose by 12 per cent compared with rises of 72 per cent and 90 per cent in the same periods of 1975 and 1974, respectively. The sharply reduced rate of monetary growth was accompanied by a balance of payments deficit of SDR 65 million, which is atypical for the second half of the year. International reserves declined by an additional SDR 6.3 million during the first two months of 1977 to SDR 70.7 million, this is in part the result of the lower external sugar prices applying to the 1976 sugar crop but is also likely to have been due to a continuing high rate of growth in imports.

2. Relations with the Fund

Under the gold restitution arrangements Mauritius has received 4,707.034 fine ounces equivalent to SDR 164,746 at SDR 35 per fine ounce

Table 1. Mauritius: Monetary Survey, 197 -76

(In millions of rupees)

	1975		1976	
	June	Dec.	June	Dec
Foreign assets (net)	574 3	1,136.0	767 4	620 1
Domestic credit	1,030 7	1,110.6	1,389.0	1,737 8
Government (net)	284 9	364.0	480 8	580 6
Private sector	745 8	746.6	908 2	1,157 2
Money (M )	1,131.0	1,946 6	1,859 8	2,083 9
Money (M )	685 7	993 2	852 5	1,098 6
Quasi-money	645 3	953.4	1,007 3	985 3
Other items (net)	274.1	300 0	296 6	274 0

Source International Financial Statistics