

DOCUMENT OF INTERNATIONAL MONETARY FUND
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**IMMEDIATE
ATTENTION**

EBS/82/79

CONFIDENTIAL

May 4, 1982

To: Members of the Executive Board

From: The Acting Secretary

Subject: Mauritius - Extension of Approval of Multiple
Currency Practice

It is not proposed to bring the attached memorandum to the agenda of the Executive Board for discussion unless an Executive Director so requests by noon on Friday, May 7, 1982. In the absence of such a request, the draft decision will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Att: (1)

INTERNATIONAL MONETARY FUND

MAURITIUS

Extension of Approval of Multiple Currency Practice

Prepared by the African and the Exchange and
Trade Relations Departments

(In consultation with the Legal Department)

Approved by J. B. Zulu and S. Kanesa-Thasan

May 4, 1982

By Decision No. 7020-(81/160), adopted December 21, 1981, the Executive Board granted approval until May 31, 1982, for the retention of the multiple currency practice introduced by Mauritius on September 27, 1981, when the exchange rate of the Mauritian rupee was changed from Rs 10 = SDR 1 to Rs 12 = SDR 1, representing a depreciation of 16.7 per cent. The multiple currency practice (which is described more fully in EBS/81/236 of December 7, 1981, and which is subject to approval under Article VIII, Section 3) arises from the application of the old unadjusted exchange rate of the rupee to imports of rice and wheat flour on government account.

It was originally envisaged that the multiple currency practice would be abolished in the course of concluding the mid-term review of the present stand-by arrangement. However, the completion of the mid-term review has been delayed due to the dissolution of the National Assembly. As a consequence, reaching understandings with the Fund on the budgetary policies for 1982/83, along with the unification of the exchange rate and the setting of performance criteria beyond May 1982, cannot now be concluded until after elections are held on June 11, 1982.

It is expected that the report on the mid-term review of the stand-by arrangement will be placed on the agenda of the Executive Board for discussion in August 1982. In these circumstances, the staff recommends an extension of the Fund's approval of the multiple currency practice described above until August 31, 1982, or the completion of the mid-term review of the present stand-by arrangement with Mauritius, whichever is earlier.

The following decision is therefore proposed for adoption by the Executive Board:

The approval of Mauritius' multiple currency practice under Paragraph 3 of Decision No. 7020-(81/160), adopted December 21, 1981, is extended until August 31, 1982, or the completion of the 1982 mid-term review of the present stand-by arrangement with Mauritius, whichever is earlier.