



MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT
Government Centre, Port Louis, Mauritius

Circular No. 6 of 2019

My Ref. : *CF/30/10/6 V3*

Date: 20 May 2019

From : **Financial Secretary**

To : **Supervising Officers of Ministries/Departments and Officers-in-Charge of Non-Financial Public Sector Bodies**

SUBJECT : **Using Surplus Funds for Early Repayment of Public Sector Debt**

In order to enable the early repayment of public sector debt, Government will be issuing specifically designed Treasury Certificates (TCs) through the Bank of Mauritius (BOM) as from 3 June 2019. **This will have the added benefit of reducing the excess liquidity in the banking system as well as the cost of mopping up that excess liquidity**. The TCs, which will be open exclusively to Non-Financial Public Sector Bodies (NFPSB), will also provide an opportunity to these bodies to directly invest their temporary surplus cash balances in an instrument of maturities that will meet their cash flow requirements. This will confer various benefits to public sector bodies on account of the following:

- (i) Investment in Government securities generally yields higher returns as compared to bank deposits of similar maturities;
- (ii) Government securities are risk-free financial instruments, thus the most secured type of investment;
- (iii) Investment in Government instruments will encourage the development of the market for Government securities; and
- (iv) This initiative will contribute to improving public sector cash management.

2. The key features of the new instrument as well as the mechanism for investing therein are outlined in the attached Note at **Appendix I** to this Circular. An Application Form for opening of accounts in Book Entry Form at the Bank of Mauritius is attached at **Appendix II**.

3. Additionally, NFPSBs may invest their surplus funds in traditional Government securities through the secondary market. The Note at **Appendix I** also outlines the process for making such investments.

4. In view of the above-mentioned benefits, **NFPSBs are requested to invest their surplus cash balances**, after taking into account their near term cash requirements, **directly in new Treasury Certificates that will be issued** or in traditional Government securities through the secondary market. This Circular supersedes any previous investment guidelines issued by this Ministry to NFPSBs.

5. Supervising Officers are requested to bring the contents of this Circular to the attention of **all extra-budgetary units, local authorities and non-financial public enterprises falling under their purview and to ensure adherence thereto.**



**D.D Manraj, GOSK
Financial Secretary**

Copy to:

- (i) Secretary to Cabinet and Head of the Civil Service
- (ii) Director of Audit
- (iii) Accountant General
- (iv) Directors, Economic and Finance, MOFED