

Plan de Soutien aux Entreprises

Plan de Soutien aux Activités Economiques

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Introduction

The Plan aims at giving the necessary support to economic operators, across all sectors of activities including local manufacturing and SMEs, so as to minimise the adverse impact of COVID-19.

The Plan will require mobilisation of Rs 9 billion, out of which Rs 1 billion will be from the Consolidated Fund and the remaining Rs 8 billion from Public Bodies.

The Plan acts at two main levels:

- A. Macroeconomic and Cross-Sectoral Level; and
- B. Sectoral Level.

A. Macroeconomic and Cross-Sectoral Level

A1. Financial Support

(i) Key Repo Rate

Following the meeting of the Monetary Policy Committee held on 10th March 2020, the Bank of Mauritius announced the reduction of 0.5 percentage point in the **Key Repo Rate, i.e., from 3.35% to 2.85%.**

(ii) Bank of Mauritius Special Relief Programme

The Bank of Mauritius is introducing a Special Relief Programme for an amount of Rs 5 billion through commercial banks from 16th March to end July 2020. The programme will consist of **loans with a maturity of 2 years at an interest rate of 2.5% per annum inclusive of a moratorium of 6 months on capital and interest payments. These loans will be used to meet the cash flow and working capital requirements of operators being affected by COVID-19, across all sectors of activities including local manufacturing and SMEs.**

(iii) Moratorium on Repayment of Existing Loans

Banks will provide a moratorium of 6 months on capital repayment for existing loans for enterprises that are being affected by COVID-19.

(iv) Easing of Banking Guidelines

The Bank of Mauritius has put on hold the Guideline on Credit Impairment Measurement and Income Recognition, which was effective since January 2020. This measure will allow banks to lend to enterprises facing cash flow and working capital difficulties in the wake of COVID-19.

(v) Bank of Mauritius 2020 Savings Bond

The Bank of Mauritius is introducing a 2020 Savings Bond for individuals and NGOs at an interest rate of 2.5% per annum payable every six months. The Bond will have a maturity of 2 years and will be issued until the amount of Rs 5 billion has been subscribed.

(vi) SIC Equity Participation Scheme

The State Investment Corporation (SIC) Ltd will launch an Equity Participation Scheme to assist enterprises to overcome their financial difficulties in the wake of COVID-19. An amount of Rs 2.7 billion will be raised by SIC through the issue of redeemable preference shares to cover the SIC Equity Participation Scheme and support measures to be provided by the Investment Support Programme Ltd (ISP Ltd).

(vii) Support measures by Investment Support Programme Ltd (ISP Ltd) and SME Equity Fund Ltd

(a) Enterprise Modernisation Scheme (EMS) by DBM Ltd

Interest rate under EMS will be reduced from 3.5% to 2.5%.

(b) SME Factoring Scheme

The interest rate under SME Factoring Scheme will be reduced from 3.9% to 2.5%.

(c) Corporate Guarantee

ISP Ltd will issue corporate guarantee to banks to enable them to grant loans to companies affected by COVID-19.

(d) Equity Financing

The SME Equity Fund Ltd will reduce its minimum return requirement on equity financing from 6% to 3%.

(viii) DBM Revolving Credit Fund

A Revolving Credit Fund of Rs 200 million will be established at the Development Bank of Mauritius Ltd to help companies with turnover of up to Rs 10 million to ease cash flow difficulties up to 31st December 2020. Under this scheme, the credit to companies will be free of interest, provided that it is repaid within 9 months. Otherwise, DBM Ltd will charge interest at commercial rate.

(ix) Double Tax Deduction on Investment

Enterprises being affected by COVID-19 will be entitled to a double tax deduction on their investment in Plant and Machinery for the period 1st March 2020 to 30th June 2020.

A2. Labour

- (i) All work permits that will expire this year will be extended automatically up to 31st December 2021.

- (ii) To minimise human contacts, Government will give full support to promote the Work at Home Scheme that was announced in the 2018-2019 Budget Speech.
- (iii) An e-Government Digital Bureau will be set up to fast track the provision of public services through electronic means.

A3. SME Sector

In addition to the measures being announced, there is a series of new schemes being launched by SME Mauritius, namely:

- (a) Internal Capability Development Scheme;
- (b) Technology and Innovation Scheme;
- (c) SME Marketing Support Scheme;
- (d) Inclusiveness and Integration Scheme; and
- (e) SME Utility Connection Assistance Scheme.

B. Sectoral Level

B1. Tourism Sector

- (i) The Passenger Fee on Air Ticket will be suspended for tourists from Reunion, Australia and South Africa up to 31st July 2020.
- (ii) The Mauritius Duty Free Paradise shop at the airport will grant a discount of 15% on purchases by all tourists up to 31st July 2020. The relevant schedule of the Customs Tariff Act, Excise Act and VAT Act will be amended by way of Regulations to cater for purchases at Mauritius Duty Free Paradise shop of a maximum of 3 litres of spirits for the period ending 31st July 2020, instead of 2 litres of spirits.

- (iii) The Environment Protection Fee of 0.85% charged on the monthly turnover of hotels, guest houses and tourist residences will be suspended up to 31st July 2020.
- (iv) The training levy will be reduced from 1% to 0.5% for operators in the tourism sector as from 1st April 2020 up to 31st July 2020.
- (v) Air Mauritius Ltd will pursue its promotional fare strategy to attract tourists from Reunion Island, UK, South Africa and Australia. Fares for travel from and to Reunion Island will be reduced by 50% while for the other destinations the reduction will be 40%. These reductions will be applicable up to 31st July 2020.
- (vi) Hotels will provide a discount ranging from 15% to 35% for tourists from Australia, Reunion Island and South Africa.

B2. Manufacturing and Trade

- (i) Port charges imposed by Mauritius Ports Authority and Cargo Handling Corporation Ltd will be waived for all exports up to 31st December 2020.
- (ii) Extension of Freight Rebate Scheme on exports to South Africa and Tamatave up to 31st December 2020.
- (iii) Extension of Speed to Market Scheme for exports of manufacturing sector to Africa, Japan, Australia, Canada and Middle East up to 31st December 2020.

B3. Agro-Industry

- (i) The Agricultural Marketing Board (AMB) has already taken precautionary measures to increase significantly its Strategic Buffer Stock in potatoes, onions and garlic as follows:

- (a) Potatoes from 1,100 tons to 3,300 tons, i.e. from 2 weeks to 8 weeks of consumption;
 - (b) Onions from 750 tons to 1,500 tons, i.e. from 2-3 weeks to 5 weeks of consumption; and
 - (c) Garlic from 196 tons to 490 tons, i.e. from 4 weeks to 10 weeks of consumption.
- (ii) To boost local production of food crops and ensure greater food security for the population, sugar estates will be requested to put at the disposal of small planters additional rotational land for the cultivation of crops like potato, onion, pulses and other vegetables.
 - (iii) The AMB, through the Seed Purchase Scheme, will provide seeds for the cultivation of potato, garlic, bean and onion. AMB will purchase at a guaranteed price products such as potatoes, garlic and onion on a long term basis.
 - (iv) An amount of Rs 100 million has been earmarked to encourage local production of food crops.

B4. Health Sector

Additional funds of funds to the tune of Rs 208 million are being made available to the Ministry of Health and Wellness for the acquisition of new medical accessories and equipment, of which Rs 108 million have already been disbursed.

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