

BUDGET 20 - 21 REVIEW



While previous budgets took place against a backdrop of relatively strong and balanced domestic economic growth, the context and the environment for the current Budget is somewhat more challenging and has been developed “in the shadow of the Covid-19”.

Following the inaugural Budget speech by the Minister of Finance, Economic Planning and Development, much was expected from Honourable Dr Padayachy and the measures announced to revive the Mauritian economy. It is first important to acknowledge the economic backdrop against which this financial budget was prepared. Mauritius may have been successful in limiting the health impact of the pandemic until now, yet the economic fallout will still hit the country hard.

Coming to the event of last night, at first glance the budget seems to focus on reviving the economy through sectoral investment and a recovery plan. One of the highlights of the budget is engineering growth through the construction sector. A more profound analysis of the announced measures will enable us to see how the injection of funding in the construction sector will boost economic activities.

In view of the economic crisis caused by the COVID 19, a very bold and courageous National Budget presentation was expected by the Minister of Finance, Economic Planning and Development.

At first sight, some interesting measures were proposed like: investment in infrastructure, encouraging local production and exports and strengthening the financial services sector. There are some measures to support the SMEs, but I believe that more could have been done to support the entrepreneurs in need.

It is encouraging to see the Government promoting local production and consumption (Made in Moris) and, supporting our traditional sectors. Supporting our local agriculture is highly welcomed especially for our small planters as we have seen an increasing need for food self-sufficiency.

Also, it is reassuring to see the Government's determination to implement institutional reforms in helping Mauritius out of the difficulties the financial services sector is facing. Most notably, the utmost commitment in complying with the FATF recommendations and the introduction of an AML/CFT Bill to further strengthen our legislative framework.

Prior to the Budget, the overwhelming feeling was that the Government would extend a helping hand to SMEs. While the initial response from the Government is the introduction/facilitation of loans from the DBM to small entrepreneurs, it remains to be seen how these measures will be implemented and their immediate repercussions on our economy. To those who were hoping to see the revival plan of the tourism sector and the support to the informal sector, it is tempting to say that perhaps ‘on est resté sur notre faim’. Nevertheless, hopefully the Government will be coming up with more measures to assist SMEs.

In what was billed to be one of the most important budgets in generations, only time will tell how effective these measures will prove to be.

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