

**ANNUAL REPORT &
FINANCIAL ACCOUNTS**

1999



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Published in 2001

ISBN 99915-824-4-4

Maldives Monetary Authority

Umar Shopping Arcade, Chandhanee Magu,
Malé20-02, Republic of Maldives.

Tel: +960 323783

Fax: +96032 3862

Telex: 77055BOLI MF

E-mail: mma@dhivehinet.net.mv

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ANNUAL REPORT & FINANCIAL ACCOUNTS

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MALDIVES MONETARY AUTHORITY

LETTER OF TRANSMITTAL

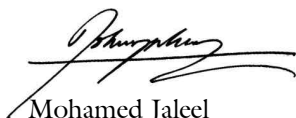
MALDIVES MONETARY AUTHORITY

Malé, Republic of Maldives

Dear Mr. President,

In accordance with Article 35 (2) of Maldives Monetary Authority Act (1981), I have the honor to submit the Annual Report of the Maldives Monetary Authority for the year ended 31 December 1999 together with the copy of the Financial Accounts for the same period of 1999 certified by the Government Auditors.

Yours faithfully



Mohamed Jaleel
Vice Governor

H.E. Maumoon Abdul Gayoom,
President of the Republic of Maldives,
Office of the President,
Malé.

AN OVERVIEW OF THE MALDIVES MONETARY AUTHORITY

The Maldives Monetary Authority (MMA) was established on 1st July 1981 under the Maldives Monetary Authority Act (1981) to act as the central bank of the Maldives. The principal purposes of the Authority as stipulated in the 1981 Act shall be: to issue currency and regulate the availability and international value of the Maldivian Rufiyaa; to provide advisory services to the Government on banking and monetary matters; to supervise and regulate banking so as to promote a sound financial structure; and to promote in the country and outside the country the stability of Maldivian currency, and foster financial conditions conducive to the orderly and balanced economic development of the Maldives.

Board of Directors

The highest policy making body of the MMA is the Board of Directors. The Board consists of the Minister of Finance as ex-officio Governor; the senior most official of the Ministry of Finance as ex-officio Vice Governor; three members from amongst the ministers representing economic sectors and two members representing the private sector, appointed by the President of the Republic.

The Organisation

The Maldives Monetary Authority is divided into three Divisions: the *General Division*, the *Operations Division* and the *Economic Research and Statistics Division*.

The General Division deals with administrative matters of the MMA including personnel and public relations, finance and training. The Division is divided into Personnel and Public Relations Section, Information Technology Section and the Expenditure Section. The *Personnel and Public Relations Section* deals with matters relating to employment (including recruitment, internal and external training); official meetings; conferences; travel; and the preparation of the Annual Report in Dhivehi. In addition, this section is responsible for co-ordinating all aspects related to media, including press releases. The *Information Technology Section* is responsible for the management of the Database, to check, test and update the information system and also to develop programmes for the Authority. The *Expenditure Section* deals with the MMA budget and all aspects of internal finance and maintenance.

The Operations Division is divided into the Foreign Exchange, Banking, Currency, Credit and Bank Supervision, Capital Market Development Unit and Accounts Sections. The *Foreign Exchange Section* deals with all matters relating to foreign currencies handled by the MMA, the management of the country's foreign reserves and the settlement of the Government's accounts and debts abroad. The *Banking Section*, in addition to maintaining the accounts of Government offices and commercial banks, acts as a clearinghouse for the commercial banks operating in the Maldives. The *Currency Section* is responsible for printing; minting of currency notes and coins. At the same time, this section issues commemorative coins, and maintains the records of the

currency in circulation and the stock accounts. The *Accounts Section* maintains the General Balance Sheet and annual accounts of the Maldives Monetary Authority. The *Credit and Bank Supervision Section's* duties include issuing licences for commercial banks to operate in the Maldives; monitoring activities to ensure their compliance to the rules and regulations of the MMA; and assessing the financial health of such banks. *Capital Market Development Section* is responsible for the orderly growth and development of the capital Market. In addition, the Capital Market Development Unit will determine the requirements in respect of and monitor the solvency of licence holders and take measures to protect the interest of customers where the solvency of any licence holder is in doubt.

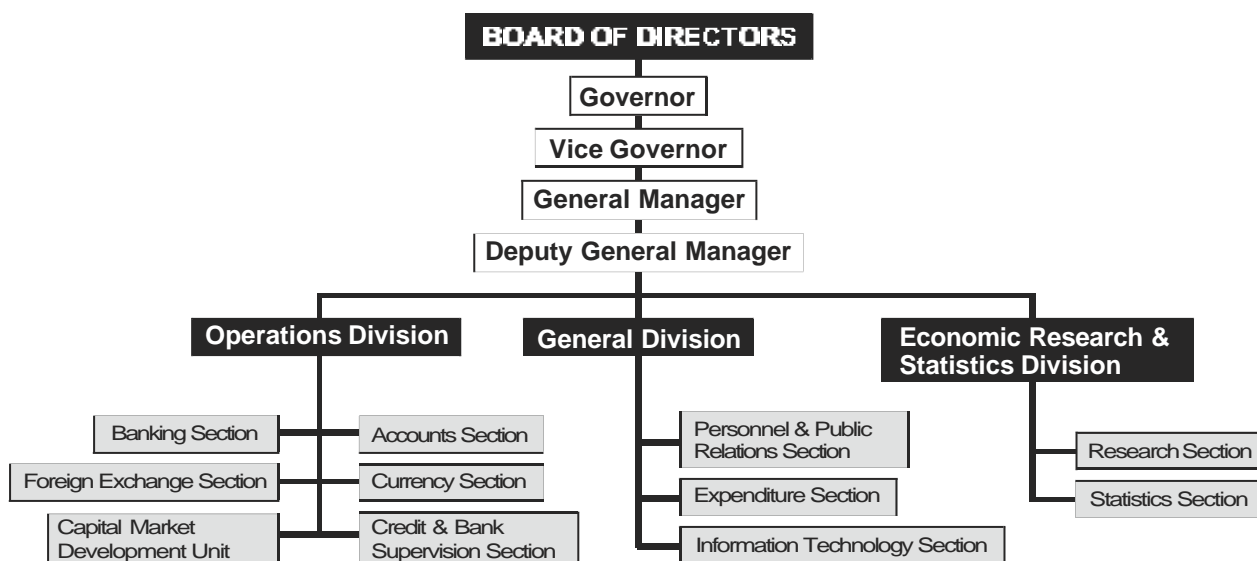
Economic Research and Statistics Division, is the research wing of the MMA. The ERSD has two sections: Statistics Section and Research Section. The *Statistics Section* gathers economic data from relevant sources (within the MMA and outside) and maintains a database of such data. *Research* activities of the Section are broadly focused on the following areas: production, prices and labour force, money and banking, government budget and the balance of payments. The preparation of publications such as the Annual Report, and the Quarterly Economic Bulletin falls within the mandate of the ERSD. In addition to the three broad functions above, the ERSD acts as the co-ordinating body with the International Monetary Fund.

Publications & Library

With a view to highlight the major issues relating to the development of the country and the financial affairs of the MMA, it regularly publishes its Annual Report. In addition, it has recently started to bring out a quarterly report "Quarterly Economic Bulletin", which covers the macroeconomic developments during the quarter. This report is presently used only for internal and official purposes.

The MMA has a small library, which contains a collection of reports, statistical publications, periodicals, annual reports of foreign central banks, newspapers, and books related to economics, finance and development.

Organisation Chart



DIRECTORS AND SENIOR OFFICIALS

AS AT 31ST DECEMBER 1999

Board of Directors

H.E. Maumoon Abdul Gayoom - <i>Chairman</i>	Governor, Minister of Finance and Treasury
Hon. Arif Hilmy	Vice Governor, Minister of State for Finance and Treasury
Hon. Fathulla Jameel	Minister of Foreign Affairs
Hon. Ismail Shafeeu	Minister of Home Affairs and Environment
Hon. Hassan Sobir	Minister of Tourism
Mr. Mohamed Umar Maniku	Private Sector
Mr. Mohamed Solih	Private Sector
Ms. Khadeeja Hassan - <i>Secretary</i>	General Manager of MMA

Senior Officials

H.E. Maumoon Abdul Gayoom	Governor
Hon. Arif Hilmy	Vice Governor
Ms. Khadeeja Hassan	General Manager
Mr. Abdul Ghafoor Abdul Latheef	Deputy General Manager
Mr. Mohamed Jaleel	Deputy General Manager
Mr. Ibrahim Naeem	Manager, Operations Division
Mr. Mohamed Thaufeeq	Deputy Manager, Banking Section
Ms. Fathimath Shafeega	Deputy Manager, Credit and Bank Supervision Section
Mr. Mohamed Ali Naseer	Faisaa Balahattaa (Deputy Manager), Currency Section



CONTENTS

Letter of Transmittal	iii
An Overview of the Maldives Monetary Authority	iv
Directors and Senior Officials	vi
List of Abbreviations	ix
Preface	x
I. Economic Review	1
1. Overview	1
2. Production, Prices and Employment	2
3. Public Finance	5
4. Banking and Monetary policy	7
a) <i>Monetary Policy</i>	7
b) <i>Money and Credit Developments</i>	8
c) <i>Operations of the Commercial Banks</i>	9
5. Balance of Payments	11
a) <i>Current Account</i>	11
b) <i>Capital Account and International Reserves</i>	13
c) <i>Overall Balance of Payments</i>	13
6. Exchange Rates and Interest Rate Developments	13
7. External Debt	14
II. International Economic Review	15
III. Administration	17
Financial Accounts	
Audit Report	22
Statement of Operations and Reserve Position	23
Balance Sheet	24
Notes to the Financial Statements	26
Appendix 1 Statistical Tables	28
Appendix 2 Commercial Banks operating in Maldives	53
Monetary Measures in effect during 1998	53

Charts

Chart 1	Gross Domestic Product by Component, 1993 - 99 -----	1
Chart 2	Tourist Arrivals by Nationality, 1993 - 99 -----	3
Chart 3	Fish Production and Exports, 1993 - 99 -----	3
Chart 4	Fish Exports, 1993 - 99 -----	4
Chart 5	Inflation, 1993 - 99-----	5
Chart 6	Government Revenue, 1993 - 99-----	6
Chart 7	Government Expenditure, 1993 - 99-----	7
Chart 8	Monetary Indicators, 1993 - 99-----	8
Chart 9	Domestic Credit, 1993 - 99 -----	9
Chart 10	Credit by Major Economic Sectors, 1993 - 99-----	10
Chart 11	Commercial Banks Deposits by Type, 1993 - 99 -----	10
Chart 12	International Trade, 1993 - 99 -----	11
Chart 13	Services Receipts, 1999-----	12
Chart 14	Bilateral Exchange Rates, 1993 - 99-----	13
Chart 15	External Debt, 1993 - 99 -----	14
Chart 16	Growth of World Real GDP, 1993 - 99 -----	15

Text Tables

Table 1	Key Economic Indicators, 1996 - 99 -----	1
Table 2	Tourism Indicators, 1996 - 99 -----	3
Table 3	Summary of Government Finance, 1996 - 99 -----	6
Table 4	Monetary Aggregates, 1998 - 99 -----	8
Table 5	International Economic Indicators, 1995 - 99 -----	15



LIST OF ABBREVIATIONS

AAT	Association of Accounting Technicians
ASEAN	Association of Southeast Asian Nations
BCCI	Bank of Credit and Commerce International
C.I.F	Cost, Insurance and Freight
CBSS	Credit and Bank Supervision Section
CD	Certificate of Deposit
CPI	Consumer Price Index
DER	Department of External Resources
EEZ	Exclusive Economic Zone
ERSD	Economic Research and Statistics Division
EU	European Union
F.O.B	Free On Board
FES	Foreign Exchange Section
GDP	Gross Domestic Product
IDA	International Development Association
IDB	Islamic Development Bank
IMF	International Monetary Fund
M1	Narrow Money Supply
M2	Broad Money Supply (Total Liquidity)
MIFCO	Maldives Industrial Fisheries Company Ltd.
MMA	Maldives Monetary Authority
MNSL	Maldives National Shipping Limited
MOFAMR	Ministry of Fisheries, Agriculture and Marine Resources
MOFT	Ministry of Finance and Treasury
MOT	Ministry of Tourism
MPND	Ministry of Planning and National Development
MRR	Minimum Reserve Requirement
MT	Metric Tonne
PNFE	Public Non-Financial Enterprises
PPR	Personnel and Public Relations Section
SAARC	South Asian Association for Regional Cooperation
SDR	Special Drawing Rights
STO	State Trading Organisation
TDC	Total Domestic Credit



PREFACE

This Report is published by the Economic Research and Statistics Division (ERSD) of the Maldives Monetary Authority (MMA). The Report covers developments in the domestic economy during 1999 and presents the Annual Accounts of the MMA in accordance with the accounting standards required by the MMA Act (1981). In addition, it presents an overview of events in the global economy during the year. The analyses are based on information provided by relevant government authorities, commercial banks operating in the country, public enterprises and other private sector sources, as at November 2000. The section on international developments is based on information obtained from publications of the International Monetary Fund (IMF), The World Bank and other international sources. The views expressed in this Report, however, are those of this Authority and do not necessarily represent those of the source of data.

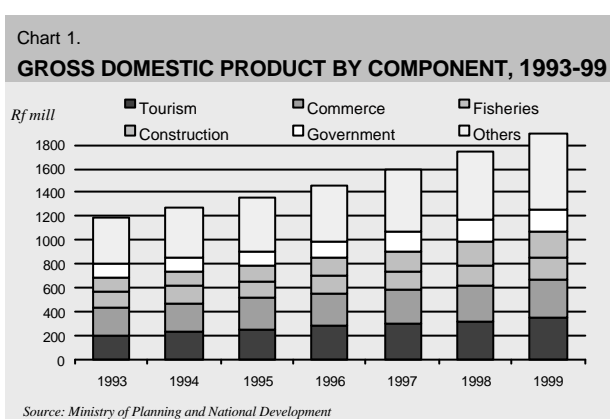
We thank all those who have contributed the information contained in this Report.



ECONOMIC REVIEW

1. OVERVIEW

Reflecting the strong growth in value added of the major production sectors of the country; the economy grew strongly in 1999, registering a GDP growth rate of 8.5 percent - though slightly decelerating from the 9.1 percent registered in 1998. In



terms of sector contributions to GDP, tourism and distribution sectors continue to hold substantial shares of the value added. However, domestic demand pressures resulting from the strong economic activities during the year coupled with the recovery of Southeast Asian countries fuelled the Consumer Price Index. As a result, inflation edged upwards during the year reaching 3 percent at the end of 1999, compared with a negative 1 percent in 1998.

The *tourism sector* accounted for 19 percent of GDP and 31 percent of domestic revenue in 1999. In addition, foreign exchange earnings from tourist arrivals accounted for about 90 percent of the service receipts of the balance of payments. The number of tourists who visited the country registered a 9 percent increase in 1999 reaching 429.7 thousand tourists at the end of the year. Tourist bednights grew at 7 percent during the year. Five additional

resorts with a bed capacity of 990 were opened under the 1st Phase of the 2nd Tourism Master Plan. This expansion led to a substantial reduction in the capacity utilization rate, which fell from an average of 76 percent in 1998 to a record low of 70 percent in 1999.

The *fisheries sector*'s contribution to value added continued to remain stagnant in 1999, contributing slightly over 9 percent in recent years. However, the value added of the sector registered a growth of 11 percent in 1999 and has continued to provide

Table 1.
KEY ECONOMIC INDICATORS, 1996 - 1999

	1996	1997	1998	1999
Gross Domestic Product				
GDP (1985 constant prices) Rf mn. ^{1/}	1,466.5	1,600.4	1,746.0	1,895.2
% change in GDP	7.9	9.1	9.1	8.5
% change in CPI	6.2	7.6	(1.4)	3.0
Tourism				
Tourist arrivals ('000)	338.7	365.6	395.7	429.7
Bed night capacity ('000) ^{2/}	4,180.9	4,217.4	4,545.5	5,348.5
Capacity utilization (%)	72.8	77.4	76.2	69.7
Fish Production				
Landings ('000 MTs) excl. EEZ	105.4	101.8	115.1	123.3
Total fish exports ('000 MTs) ^{3/}	28.9	30.8	29.8	37.6
Total fish exports (US\$ mn.) ^{3/}	43.2	51.6	51.9	34.4
Government Finance (Rf mn) ^{4/}				
Total revenue and grants	1,567.8	1,824.7	1,930.2	2,164.9
Expenditure and net lending	1,701.6	1,906.0	2,053.3	2,468.5
Overall balance (+/-)	(133.8)	(81.3)	(123.1)	(303.6)
Money and Banking (Rf mn)				
Net foreign assets	825.9	1,148.5	1,490.5	1,405.4
Domestic credit	1,621.4	1,764.1	2,091.4	2,259.3
Net credit to govt.	748.8	663.6	673.1	760.2
Net credit to public enterprises	155.2	103.6	165.1	196.3
Net credit to private sector	717.4	996.8	1,253.2	1,302.8
Narrow Money (M1)	1,059.3	1,195.4	1,384.2	1,585.2
Total liquidity (M2)	1,871.8	2,303.4	2,828.7	2,929.8
Quasi money	812.4	1,108.0	1,444.4	1,344.6
Balance of Payments ^{5/}				
Exports (f.o.b)	79.9	93.0	95.6	91.5
Imports (f.o.b)	265.5	307.0	311.5	354.1
Services (net)	179.2	190.5	204.3	214.9
Non-monetary capital (net)	51.1	61.6	52.3	62.7
Overall balance	43.7	27.4	29.1	(7.2)
Gross International Reserves ^{6/}				
	77.6	99.7	119.9	128.5
External Reserves in months of Imports				
	3.1	3.4	4.1	3.8
Exchange Rate				
Rufiyaa / US\$ (Period Average)	11.77	11.77	11.77	11.77
Rufiyaa / US\$ (End of Period)	11.77	11.77	11.77	11.77

1/ GDP figures for 1996, 1997, 1998 and 1999 are revised estimates.

2/ Bed capacity times number of days per month

3/ Excluding live tropical fish.

4/ Figures for 1999 are provisional estimates.

5/ Figures for 1997, 1998 and 1999 are revised estimates.

6/ Foreign Assets of MMA

Source: MPND, MOT, MOFAMR, MOFT, Maldives Customs Services & MMA.

employment to a large section of the population. According to official data, total landings (exc. EEZ) rose from 115.1 thousand metric tons in 1998 to 123.3 thousand metric tons in 1999. This is a 7 percent increase when compared to the previous year. However, given the weak external tuna prices, the sector's export performance was highly unfavourable during 1999.

Developments in the *commerce* and *construction* sectors are fuelled by the Public Sector Investment Programme and activities of the private sector. The value added by these sectors increased by 6 percent and 7 percent respectively in 1999. These two sectors together account for 34 percent of the commercial bank credit extended to the private sector. The developments in these sectors are also indicative from the growth in imports by the private sector including tourism-related imports as well as by the public non-financial enterprises. As such the value of imports by the private sector and PNFES recorded US\$ 380.7 million in 1999, reflecting a 16 percent increase from the previous year.

On the *fiscal* front, the overall balance deteriorated significantly in 1999 to 7 percent of GDP compared with 3 percent in the previous year. This was mainly on account of the increase in total expenditure, which was higher than the increase in total revenue. The provisional estimates of 1999 shows that the larger part of the deficit was financed through domestic borrowings as foreign financing reduced drastically by around 69 percent.

The monetary aggregates indicate a strong growth in domestic credit and a corresponding growth in total liquidity. When compared to a year ago, total domestic credit (TDC) expanded by 8 percent at the end of 1999. The average growth rate during the year, however, was 21 percent. Increase in domestic credit was fuelled by the annual expansion in both the credit to PNFES (19 percent) and net credit to Government (13 percent). Growth of net foreign assets of the banking system, meanwhile, deteriorated

by about 6 percent when compared to the end of 1998. Thus, the greater proportion of increase in liquidity was explained by increases in credit during the year. Total liquidity (M2) registered a growth of about 4 percent at the end of 1999 when compared to a year ago. However, the average growth in M2 during 1999 was much higher at 18 percent.

The current account of the *balance of payments* deteriorated significantly in 1999, with the deficit rising from 6 percent of GDP in 1998 to about 18 percent of GDP in 1999. This was largely on account of the considerable reduction in export earnings concurrent with the rapid expansion in import payments during the year. However, with the increase in tourist arrivals during the year, net services were significantly positive reflecting a 5 percent increase from 1998. The transfers account continued to register a deficit in 1999 owing to the large amount of remittances by the expatriate labour force in the country. As regards the balance on non-monetary capital account, official capital declined significantly in 1999 to US\$ 4.5 million from US\$ 14.7 million in 1998. Meanwhile, private capital flows were estimated to remain at around the previous years level. The decline in capital inflows coupled with the sharp increase in the current account deficit deteriorated the overall balance of payments position to a negative US\$ 7.2 million in 1999.

2. PRODUCTION PRICES AND EMPLOYMENT

The *tourism* sector has become the most important sector in the Maldivian economy, contributing about 19 percent to GDP and accounting for around 31 percent of domestic revenue. In 1999, the sector achieved an impressive growth of 10 percent. Total tourist arrivals reached 429.7 thousand in 1999, registering an annual increase of close to 9 percent compared with 8 percent growth during the previous year. About 79 percent of tourists to

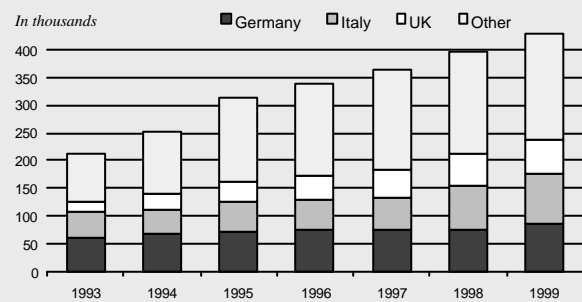
Table 2.
TOURISM INDICATORS, 1996 - 99

percentage change				
	1996	1997	1998	1999
Total arrivals	9.8	8.0	9.2	8.6
of which: Tourists	7.6	7.9	8.3	8.6
Total tourist nights (000's)	11.5	7.6	6.0	7.3
Average stay (days)	3.7	0.2	-2.4	-0.4
Total tourist expenditure (\$ mn)	26.0	7.7	5.9	7.1
Tourist expenditure per arrival (\$)	17.2	-0.2	-2.1	-1.3
Tourist expenditure per night (\$)	13.0	0.0	0.0	-0.1
Number of resorts (end-year)	0.0	0.0	8.2	6.3
Government owned	0.0	-18.2	22.2	-9.1
Private	0.0	3.2	6.3	8.8
Resort bed capacity (end-year)	7.0	4.6	14.9	9.4
Government owned	0.0	1.2	3.4	-12.7
Private	9.2	5.6	18.2	14.5
Foreign government owned	0.0	0.0	0.0	0.0
Bed-night capacity ('000)	8.1	0.9	7.8	17.7
Capacity utilization (in percent)	3.2	6.4	-1.6	-8.5

Source: Ministry of Tourism and Maldives Monetary Authority

Maldives originate from Europe, although tourists from Asia have become increasingly important comprising to around 17 percent of total tourist arrivals in 1999. In terms of country shares, the main generators of tourism from Europe during the year were Germany, Italy, United Kingdom, France

Chart 2.
TOURIST ARRIVALS BY NATIONALITY, 1993-99



Source: Ministry of Tourism

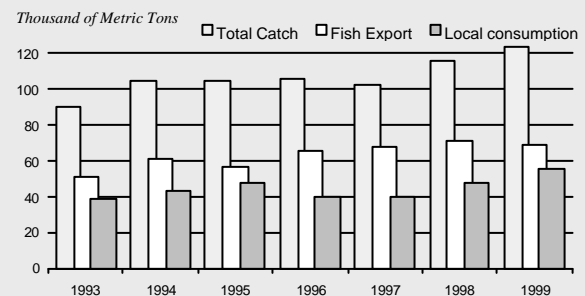
and Switzerland. Amongst the Asian tourists, Japanese tourists continued to dominate the Asian market comprising around 54 percent of the total arrivals from Asia and around 9 percent to the total tourist arrivals. Arrivals from most of the major tourist generating markets, apart from Japan, increased strongly during the year, with France recording a growth of 17 percent, closely followed by United Kingdom, for which a growth rate of 15 percent was registered in 1999. The number of tourist arrivals from Germany after recording a

marginal growth in 1998, increased significantly by about 13 percent in 1999. However, Japanese tourists fell during the year by 1 percent after increasing by 8 percent in 1998.

Reflecting the steady investment in the tourism sector, in particular, following the opening up of 5 additional resorts in 1999, under Phase 1 of the 2nd Tourism Master Plan, resort bed capacity (average) increased by over 2000 beds from 12,453 beds in 1998 to 14,652 beds in 1999, resulting in a 18 percent increase in the bed night capacity during the year. However, reflecting this expansion in the bed capacity, the average capacity utilisation rate fell from 76 percent in 1998 to 70 percent in 1999. Bank credit extended to this sector increased by Rf 104.9 million or by 17 percent from Rf 609.5 million at the end of 1998 to Rf 714.4 million at the end of 1999.

Although tourism has become increasingly dominant in the domestic economy in the last couple of decades, the *fisheries* sector continues to remain important to the country's economy, employing over 20 percent of the labour force. The sector accounted for around 10 percent of GDP and has remained constant since 1996. In terms of value added to GDP, the sector is estimated to register a significant growth of 11 percent in 1999 following 9 percent growth in 1998. This was largely attributed to the favourable increase in fish landings, which totalled 123.3 thousand metric tonnes in 1999

Chart 3.
FISH PRODUCTION AND EXPORTS, 1993-99



Source: Ministry of Fisheries, Agriculture and Marine Resources

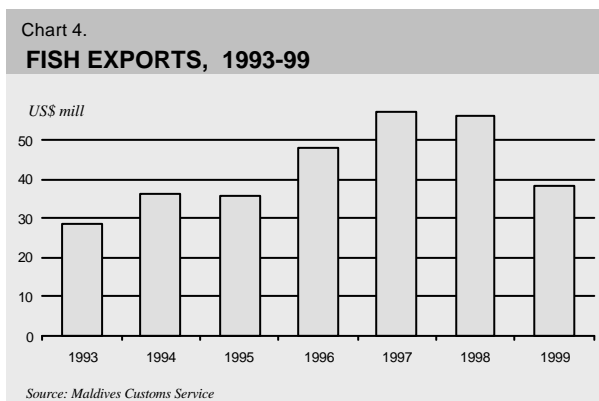
compared with 115.1 metric tons in 1998. However, with respect to annual growth, this reflects a slow down in growth registering a 7 percent increase in 1999, compared with 13 percent growth in the previous year. With regard to the varieties, fish catch remains dominated by the traditional tuna varieties with skipjack accounting for over 75 percent. However, the reef fish industry has increased its share of total fish catch in recent years reflecting the increased participation of the private sector. The number of fishing vessels in operation declined from 1,271 in 1998 to 1,206 in 1999, while the total number of fisherman engaged in fishing increased from 21,998 in 1998 to 22,098 in 1999, reflecting an increase of less than 1 percent during the year. Fish sold to MIFCO by local fishermen increased from 30.9 thousand metric tonnes in 1998 to 41.3 thousand metric tonnes in 1999, reflecting a significant increase of 34 percent. As a result, earnings received by local fishermen from MIFCO reached Rf 143.7 million in 1999 compared with Rf 106.6 million in the previous year.

With regard to export of fish (excluding live tropical fish), while the volume increased by 26 percent, earnings received from such exports declined by a significant 34 percent, owing to continued fall in international fish prices in 1999. On the contrary, earnings edged up by 1 percent while volume dropped by 3 percent in 1998. The decline in prices during 1999 hit all the major varieties of fish exports, especially frozen non-reef fish, which in

recent years has accounted for around 40 percent of fish export earnings. Canned fish, accounting for around 25 percent of fish exports, registered a decline in both volume and value in 1999, by 32 percent and 48 percent respectively. During the same period, dried fish, accounting for 26 percent of total fish exports, experienced a decline in earnings by 2 percent while volume declined by 7 percent. The volume of frozen non-reef fish exported during the year registered a 70 percent increase while earnings for such exports showed a 42 percent decline. The number of live tropical fish exported, which has been showing a declining trend over the recent years, dropped by 15 percent in 1999.

Agricultural activities continued to grow in 1999. In terms of value added, the sector grew by 2 percent in 1998 and accelerated to more than 3 percent in 1999. However, in terms of contribution to GDP, the sector showed a gradual decline in recent periods registering 6 percent in 1999, reflecting the shifting trend of labour to meet strong demand in other sectors with sturdy growth. As agriculture still remains an integral part of the island economies, projects to develop agricultural activities have been carried out in recent years by the Ministry of Fisheries, Agriculture and Marine Resources through foreign assistance and local funds. Consequently, comparatively larger investments in agriculture by business communities have become increasingly more common. Furthermore, the allocation of credit of around Rf 4.5 million in 1999 by the banking system to the development of this sector played a vital role in consolidating the growth of this crucial industry.

The nature of the Maldivian economy has enabled the continuous expansion of the *distribution* sector. Distribution activities comprise wholesale and retail trade, which has to a great extent fuelled the growth in the other sectors as well. The sector in 1999 registered a growth of over 6 percent. However, its contribution to GDP decreased slightly in 1999. This could be partly attributed the decline in bank



credit to the sector by more than Rf 35.1 million in 1999, after a decline of around 5.7 million in the previous period.

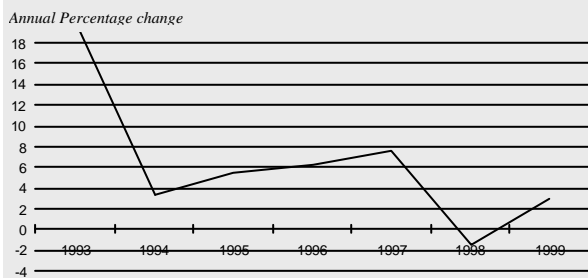
The *construction* sector has become one of the most vibrant sectors of the economy. Its contribution to GDP increased from 8 percent to 12 percent during the last decade making it the third largest sector of the economy. In 1999, the sector registered a healthy growth of over 7 percent, from Rf 202.9 million in 1998 to Rf 217.5 million in 1999. This sector has undergone various projects both in the public and private side, such as 5th Male Primary School and other residential construction work gave an impetus to further growth in other sectors as well. With respect to financial flows, the sector received around Rf 71.2 million in 1999 reflecting a slight decrease of 4 percent when compared with that of the previous year during which there was an increase of 25 percent.

Domestic fish and imports contribute the bulk of the consumption basket in Maldives. Consequently, inevitable fluctuations in the import prices and sudden changes in fish landings continued to dictate the price of the consumption basket. There is also a

This could be attributed to the sharp increase in general price levels of certain indices in the consumption basket, in particular, housing, furniture and education.

According to 1995 census, the total *employment* stood at 67,223, which showed a 20 percent increase from the census of 1990. Due to the phenomenal growth in tourism, construction and distribution sector, heavy demand existed in the labour market. An insufficient domestic labour force, a relatively lower wage rate and abundance of labour in the neighbouring countries resulted in a heavy influx of mostly unskilled labour. The trend continued unabated with an increase of 29 percent, from 20,595 in 1998 to 26,455 expatriate labour in 1999. According to 1999 figures, the bulk of the labour employed was by the private sector. Asian workers constitute 95 percent of the total expatriate labour force. It is estimated that over US\$ 40.5 million was transferred out of the country during the year to their home countries as remittance, which is about 10 percent of GDP in 1999. Government employees in all the sectors have increased by 20 percent, from 16,463 in 1998 to 19,748 in 1999.

Chart 5.
INFLATION, 1993-99



heavy inclination for the Consumer Price Index (CPI) to move according to the price changes in the source country of imports. The percentage change in CPI, expressed as the inflation rate edged up from a negative 1.4 percent in 1998 to 3 percent in 1999.

3. PUBLIC FINANCE

Despite the higher than anticipated receipts, the overall fiscal position deteriorated sharply in 1999. Provisional figures suggest that the deficit more than doubled from Rf 123.1 million (2.8 percent of GDP) to Rf 303.6 million (6.6 percent of GDP) in 1999. Total revenue and grants stood at 4 percent higher from the budgeted estimates for 1999, while total expenditure and net lending exceeded by 9 percent.

Total revenue and grants increased from Rf 1,930.2 million in 1998 to an estimated Rf 2,164.9 million in 1999, reflecting a 12 percent increase as opposed to 6 percent growth in 1998. The growth was

Table 3.

SUMMARY OF GOVERNMENT FINANCE, 1996 - 99

Percentage change

	1996	1997	1998	1999 P.T.V. Est.
Total revenue and grants	11.3	16.4	5.8	12.2
Total revenue	9.5	25.0	6.6	14.0
Tax	11.7	21.2	4.5	7.5
Nontax ^{1/}	7.3	29.5	9.3	20.9
Grants ^{2/}	21.9	-30.8	-2.2	-7.8
Expenditure and net lending	-0.4	12.0	7.7	20.2
Current expenditure	8.8	23.7	9.8	16.2
Capital expenditure	-12.2	2.4	8.1	16.0
Net lending ^{3/}	-200.0	-443.3	96.1	-122.3
Overall deficit	-55.4	-39.2	51.4	146.6
Foreign financing	-45.3	5.6	-24.9	-68.8
Domestic financing	-1490.5	211.3	-93.2	-4346.8
Total debt (end of period)	2.6	4.0	9.8	6.2
Of which: Foreign	14.0	13.0	8.6	2.5

1/ Includes capital revenue.

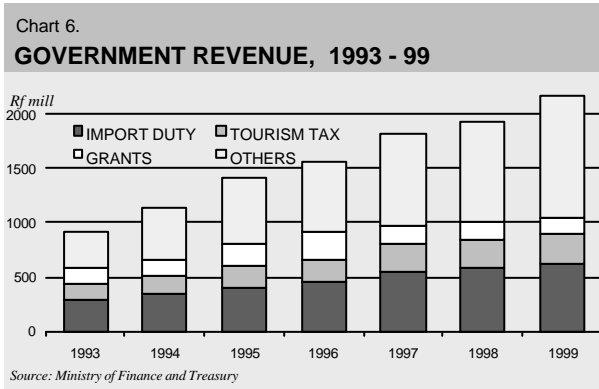
2/ Excludes grants for direct expenditure by donors.

3/ Comprises development expenditure financed from domestic sources and by foreign grants.

4/ Primarily reflects net borrowing from MMA.

Source: Ministry of Finance and Treasury

mainly fostered by increased earnings from import duties as well as from resort lease rent. Grants, on the other hand declined further by Rf 12.8 million, recording the lowest since 1992. Total *tax revenue* increased to Rf 970.4 million in 1999 (around 21 percent of GDP), registering a growth of 7 percent compared to less than 4 percent growth in 1998. Of the major components of tax-revenue, receipts from import duty (accounting for around 60 percent of total tax revenue and 30 percent of total domestic revenue) increased by Rf 48.8 million reflecting a



growth of 8 percent as opposed to 4 percent growth in 1998. Tourism tax, the second largest contributor to tax revenue, increased rapidly in 1999, recording a growth of 5 percent compared with less than 1

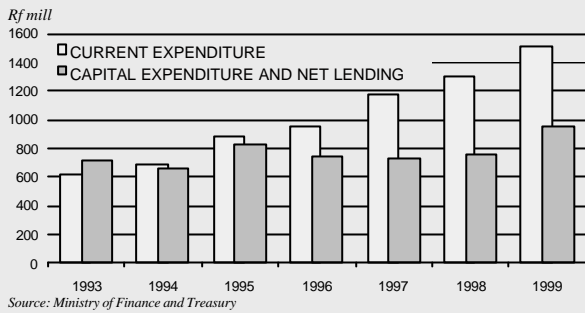
percent growth in 1998. Bank profit tax, (accounting for 4 percent of total tax revenue), which showed an increasing trend during the past few years continued to increase registering a growth of 19 percent during the year. Total *non-tax revenue*, accounting for around 48 percent of total revenue and grants increased to Rf 1,040.4 million indicating a rise of 21 percent in 1999 as opposed to 9 percent growth in 1998. The growth was mainly fostered by increased revenues generated from the additional resorts leased under the 1st Phase of the 2nd Tourism Master Plan. As such, revenues from resort lease rent, which continued to be the largest contributor to non-tax revenue, recorded a high of 29 percent growth (increase of Rf 78.1 million) compared with 8 percent (Rf 18.9 million) growth in 1998. Profit transfers from public entities as in recent years, increased by 35 percent in 1999, reflecting a steady growth in most of the organisations.

Grants continued to decline, dropping from Rf 164.5 million in 1998 to Rf 151.7 million in 1999. In terms of annual growth, this reflects an 8 percent decline as opposed to 2 percent decline in 1998. Japan continued to be the major donor to the Maldives. Nevertheless, its contribution to the total grant flow fell significantly in the year under review, from 78 percent of total grants in 1998 to 68 percent in 1999.

Total expenditure and net lending showed a considerable increase in 1999, totalling Rf 2,468.5 million. In terms of growth rate this reflects an annual growth of 20 percent in 1999 compared with 8 percent growth registered in 1998. Total spending on public services increased from 18 percent of total expenditure in 1998 to 24 percent in 1999. In actual terms this reflects an increase of Rf 206.7 million in 1999 compared with Rf 33.3 million in 1998.

Current expenditure, accounting for about 60 percent of total expenditure, increased from Rf 1,297.9 million in 1998 to Rf 1,508.7 million in 1999. This reflects a growth of 16 percent compared

Chart 7.

GOVERNMENT EXPENDITURE, 1993 - 99

with 10 percent growth during the previous year. A considerable part of the increase in current expenditure is explained by the rise in wages during the latter half of 1999, which increased by almost Rf 39.7 million in 1999. Interest payment increased by Rf 20.0 million in 1999 reflecting a growth of 25 percent as opposed to a drop of 6 percent during the previous year. *Capital expenditure* also grew strongly by 16 percent totalling to Rf 946.3 million in 1999 compared with Rf 816.3 million in 1998.

Overall deficit in 1999 stood higher than the deficits recorded during the past seven years. Provisional figures suggest that the deficit more than doubled from Rf 123.1 million in 1998 to Rf 303.6 million in 1999 and was largely monetised (87 percent of total deficit). Meanwhile, foreign financing dropped drastically by 69 percent mainly due to delays in project implementation.

4. BANKING AND MONETARY POLICY

The Maldivian banking system comprises of the Maldives Monetary Authority (MMA) and four commercial banks. Of these four banks, three are locally licensed branches of foreign commercial banks. The Bank of Maldives (Plc) Limited is the fourth and is a local commercial bank owned jointly by the Government (51 percent), General public (25 percent), Government Employees Provident Fund (9 percent), and State Trading Organisation,

Maldives Transport and Contracting Company Ltd. and Account of Island Committees (5 percent each). The MMA has the normal powers and obligations of a central bank which include the issuance of currency; licensing; supervising and regulating commercial bank operations; and managing foreign exchange reserves. As in the past, commercial banks generally finance the expansion of their lending operations with the growth in deposits (including deposits of non-residents and the public enterprises) and borrowings from abroad.

Two offshore banks i.e.; The First International Bank of Maldives and the Value Bank were licensed to operate in the Maldives in 1999.

a) Monetary Policy

In 1999 monetary policy, in general, has been designed for supporting macroeconomic stability. In particular, the policy was to support a low inflationary growth, and to ensure that external reserve targets could be met without crowding out credit to the private sector. The most important instruments used to pursue the monetary policy were the minimum reserve requirements (MRR), MMA certificates of deposits (CDs) and aggregate limits on bank credit. MRR is imposed on total deposit liabilities of all banks, and MMA requires all commercial banks to maintain reserve deposits (MRR) equivalent to 35 percent of total Rufiyaa and foreign currency demand and time liabilities. MMA CDs were first issued on June 1, 1995 at an interest rate of 8 percent with a maturity structure of 90 days and 180 days. These were used to absorb or sterilise the excess liquidity of the banks, to allow interest rates to be more responsive to market conditions and to eventually move to a system of indirect monetary operations. On the credit control front, MMA continued to impose bank-specific quantitative credit limits since 24th June 1995. Aggregate credit ceilings are imposed after annually reviewing the overall macroeconomic situation as well as the outlook for the following year. In

addition, MMA also relies heavily on consultations with the banks through regular meetings.

b) Money and Credit Developments

Monetary movements in 1999 featured a different trend from that of the previous year. Both money and credit growth decelerated substantially after the highs reached in 1998, while net foreign assets of the banking system declined for the first time since 1993.

Table 4.

MONETARY AGGREGATES, 1998 - 99

Year-on-year percentage change

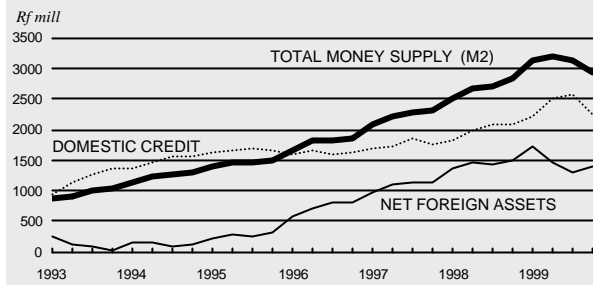
	1998	1999			
		Mar	Jun	Sep	Dec
Net foreign assets	29.8	27.8	0.3	-8.6	-5.7
Domestic assets (net)	15.9	21.8	42.6	44.5	13.9
Domestic credit	18.6	20.8	25.8	23.7	8.0
Claims on Govt (net)	1.4	10.2	18.0	20.5	12.9
Claims on public enterprises	59.3	73.2	167.5	108.9	18.9
Claims on private sector	25.7	23.3	20.9	18.5	4.0
Other items (net)	23.7	-219.1	-199.6	-190.5	-197.6
Total liquidity (M2)	22.8	25.1	19.4	16.6	3.6
Money supply (M1)	15.8	21.3	23.0	26.3	14.5
o/w Currency outside banks	7.2	8.8	9.4	12.8	13.0
Quasi money	30.4	28.8	15.9	7.4	-6.9
o/w. Foreign currency deposits	27.5	26.4	8.6	1.4	-7.0

Source: ERSB, Maldives Monetary Authority

Total domestic credit increased from Rf 2,091.4 million at the end of 1998 to Rf 2,259.3 million at the end of 1999. In terms of percentage growth, this reflects a significant deceleration from that of the previous year; 19 percent growth in 1998 while an 8 percent growth was recorded in 1999. The average growth rate, on the contrary, was substantially higher in 1999 than the previous year; 12 percent growth in 1998 while in 1999 it rose to 21 percent. The movements in domestic credit was mainly influenced by the rapid build up of credit to Government during the year under review. As such, net credit to Government (34 percent of total credit stock) increased by Rf 87.1 million in 1999 - a 13 percent rise compared to that of the previous year. Credit to private sector, accounting for more than half of total domestic credit (58 percent), on the

Chart 8.

MONETARY INDICATORS, 1993 - 99



Source: Maldives Monetary Authority

other hand, decelerated significantly from a growth of 26 percent in 1998 to less than 5 percent growth in 1999. In absolute terms, this reflects an increase in credit of Rf 49.6 million in 1999, compared with almost Rf 256.4 million in 1998. Moreover, credit to public enterprises, decelerated from a high of 59 percent in 1998 (increase of Rf 61.5 million in 1998) to 19 percent (increase of Rf 31.2 million) in 1999.

Net foreign assets position of the banking system declined substantially in 1999 from Rf 1,490.5 million at the end of 1998 to Rf 1,405.4 million at the end of 1999. In terms of percentage change, this reflects a decline of more than 5 percent compared with 30 percent growth in 1998. During the year under review, net foreign assets position of both the commercial banks and that of the MMA decelerated. MMA's net foreign assets position, which had accumulated around Rf 238.1 million in 1998 (21 percent growth) increased by Rf 100.7 million (7 percent growth) in 1999. Moreover, on account of a substantial draw down in commercial banks foreign assets, combined with increased borrowings from abroad, their net position moved from a net foreign assets of Rf 89.1 million in 1998 to a net liability of Rf 96.8 million in 1999.

Reflecting the credit developments as well as the outcome of the net foreign assets of the banking system in 1999, the total liquidity or broad money (M2) decelerated rapidly from a growth of 23 percent in 1998 to 4 percent growth in 1999. In

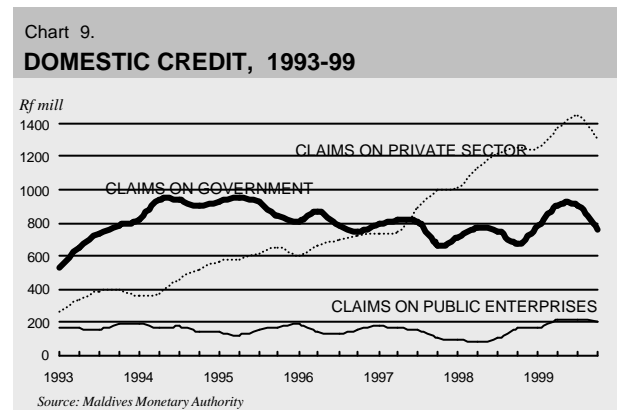
absolute terms, this is an increase of Rf 101.1 million - from Rf 2,828.7 million in 1998 to Rf 2,929.8 million in 1999. Narrow money, accounting for 54 percent of total liquidity stock at end 1999, and comprising of currency in circulation as well as Rufiyaa demand deposits, maintained a steady rate of growth; 15 percent in 1999 compared with 16 percent growth in 1998. Quasi money, on the other hand, fell dramatically from a growth of 30 percent in 1998 to a 7 percent contraction in 1999. This decline is associated with the negative movements in foreign currency deposits, which after growing strongly during the past 5 years dipped by 7 percent in 1999, representing an absolute fall of Rf 90.5 million in 1999 compared with Rf 280.5 million increase in 1998. Thus, the dollarisation ratio (foreign currency deposits in commercial banks over broad money), which had been rising during the last few years, moderated from 46 percent in 1998 to 41 percent in 1999.

c) Operations of commercial banks

Total assets and liabilities of the four commercial banks in Maldives increased from Rf 3,183.4 million at the end of December 1998 to Rf 3,405.7 million at the end of December 1999. This reflects a slow down in growth (7 percent) when compared with that of the past few years (average growth during 1995-1998 stood at 22 percent). On the assets side, reserves maintained the same growth rate as to that of the previous year. While growth of credit to public enterprises and to the private sector decelerated substantially, foreign assets recorded an absolute decline in 1999. On the liabilities side, demand deposits increased whereas time and savings deposits, in particular, deposits denominated in foreign currency, declined in 1999. Foreign liabilities of the commercial banks, on the other hand, peaked at a record high level in 1999 and is explained by heavy inflow of funds from banks abroad. Regarding the annual developments on the assets side, reserves accounting for the largest share of the commercial banks assets portfolio (46 percent in

1999) increased from Rf 1,346.5 million in 1998 to Rf 1,553.3 million in 1999. This reflects the same momentum in growth as to that of the previous year- 15 percent both in 1998 and in 1999. Commercial banks held about 37 percent of its reserves in the form of MMA CD s. Investments in CD s in 1999 were low compared with that of the past year - 19 percent growth in 1999 as opposed to 45 percent growth in 1998.

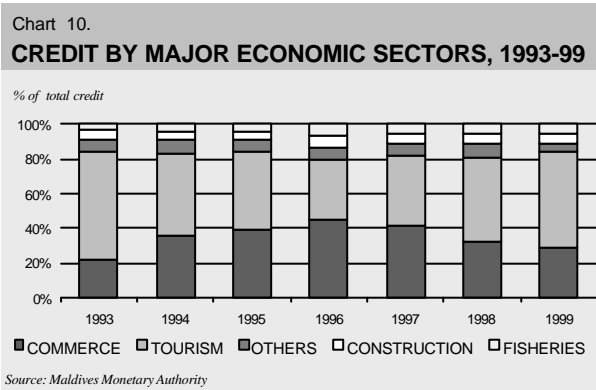
Lending activities by commercial banks was low in 1999 compared with that of the previous year. The total credit stock increased by Rf 81.5 million from Rf 1,415.1 million at the end of 1998 to Rf 1,496.6 million at the end of 1999. In terms of percentage change, the growth rate moderated to 6 percent in 1999 following an average growth of 28 percent during the previous two years. The proportion of



bank credit to private sector remained on average at around 87 percent while the rest is accounted for by bank credit to public sector. Credit to public sector increased from Rf 161.9 million in 1998 to Rf 193.8 million in 1999 reflecting an annual increase of 20 percent as opposed to 56 percent growth in 1998. Credit to private sector increased from Rf 1,253.2 in 1998 to Rf 1,302.8 million in 1999, indicating a significant deceleration in the rate of growth from highs of 39 percent in 1997 and 26 percent in 1998 to a mere 4 percent growth in 1999. The fall in the rate of growth of such credit is mainly

attributed to the completion of most of the resorts under the 1st Phase of the Tourism Master Plan.

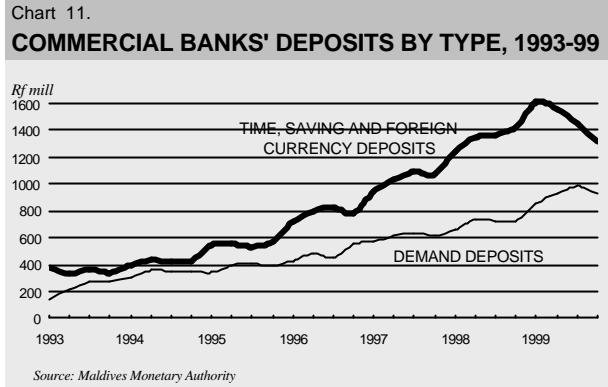
In terms of sectoral distribution of private sector credit, although tourism sector still continued to be the major recipient of total private sector credit (55 percent of total credit to private sector), the percentage growth of credit to this sector decelerated significantly to 17 percent growth in 1999, compared to 72 percent and 50 percent growth in 1997 and 1998 respectively. In absolute terms, the flow of credit to the tourism sector in 1999 was more or less than half that of 1998 from an increase of Rf 203 million in 1998 to Rf 104.9 million in 1999. Commerce and construction sector, which accounts for the second and third largest recipient of total



credit to private sector respectively, showed negative growths during the year. Commerce sector, accounting for 29 percent of total credit to private sector, fell by 1 percent in 1998 and 9 percent in 1999. Credit to construction sector, accounting for 6 percent of total private sector credit, after growing strongly at an average of 37 percent during the last three years, fell by 4 percent in 1999. Credit allocated to fisheries increased in 1999, albeit at a slower rate than that of the previous year, from 24 percent growth in 1998 to 18 percent growth in 1999.

With respect to annual developments on the liabilities side, total deposits of the banks accounting

for 71 percent of total liabilities increased moderately by 6 percent in 1999, after 27 percent growth in 1998. The stock of total deposits in absolute terms increased by Rf 128.7 million, from Rf 2,295



million at the end of December 1998 to Rf 2,423.7 million at the end of 1999. Rufiyaa deposits, accounting for half of the total deposit stock of the commercial banks, maintained an annual growth of 23 percent both in 1998 and in 1999. Foreign currency deposits, on the other hand, after registering growths of 40 percent in 1997 and 31 percent in 1998 fell by 8 percent in 1999. As regards to the deposit structure of the commercial banks, around 65 percent of the deposits was held in the form of demand deposits, while the rest was held as time and savings deposits. In 1999, the rate of growth of all types of deposits decelerated rapidly on account of the downward movement in foreign currency deposits. Hence, demand deposits which had grown strongly by 22 percent in 1998 decelerated to 8 percent growth in 1999. Moreover, time and savings deposits, which had grown at around 38 percent during the previous three years decelerated to less than 2 percent growth in 1999.

The net foreign assets position of the commercial banks declined significantly in 1999. This is on account of both a draw down in their foreign assets as well as increased foreign borrowings from abroad during the period under review. As such, the net position of commercial banks after showing a net

assets position of Rf 89.1 million in 1998 deteriorated to a net liability position of Rf 96.8 million in 1999.

5. BALANCE OF PAYMENTS

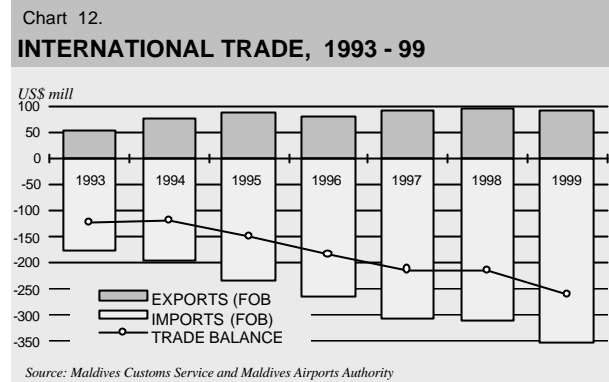
In 1999, on account of the increased budgetary expenditures as well as the continued expansion in tourism related investments, the deficit on current account widened considerably from around 6 percent of GDP in 1998 to almost 18 percent of GDP in 1999. The rising trend in oil prices along with the weak international fish prices contributed to the further worsening of the merchandise trade account. The services balance improved on account of buoyant tourist receipts, while the transfers account deteriorated substantially as a result of increased private transfers by the growing expatriate workforce of the country. The current account deficit was financed through significant private inflows as well as through draw down on the net foreign assets of the banking system. As such, the overall position of the balance of payments recorded a deficit of nearly 2 percent of GDP in 1999, after maintaining a surplus during the last five years.

a) Current Account

The current account of the balance of payments deteriorated significantly, with the deficit rising from 6 percent of GDP in 1998 to about 18 percent of GDP in 1999. The deficit widened by almost 200 percent from an estimated US\$ 23.3 million in 1998 to an estimated US\$ 69.9 million in 1999. This is on account of further worsening of the trade account as well as the transfers account. The services account, on the other hand, improved as a result of strong growth in tourism related income in 1999.

Merchandise Trade ¹

The **trade deficit**, which grew at a decelerating rate in the past two years, widened considerably by 22 percent in 1999. When measured as a percentage of GDP, the deficit rose from 57 percent of GDP in



1998 to 67 percent of GDP in 1999. This decline in the trade deficit was largely due to the decline in exports combined with the strong growth of imports during the year under review.

Total merchandise exports (f.o.b), after registering a 3 percent growth in 1998, decreased in 1999 by 4 percent. In absolute terms, total export earnings dropped from US\$ 95.6 million in 1998 to US\$ 91.5 million in 1999. Domestic exports, which constituted over 70 percent of total exports in recent years, consists primarily of fish (mainly frozen and canned tuna) and garments. After a period of rising trend in growth during the last five years, total domestic exports declined by 14 percent from US\$ 74.3 million in 1998 to US\$ 63.7 million in 1999. This decline is mainly on account of the weak fish prices in the international market. As such, earnings from fish exports, notwithstanding the 26 percent rise in the volume of fish exported, declined by 34 percent from US\$ 51.9 million in 1998 to US\$ 34.4 million in 1999. Of the varieties of fish exported, earnings from frozen non-reef fish, accounting for 39 percent of all fish exports,

¹ These analyses are based on the most recent data received on trade statistics and may not totally conform with the balance of payments figures.

registered a 42 percent drop, despite the strong growth in the volume exported (70 percent rise). This is explained by a fall in its unit value from US\$ 1,540.7 million in 1998 to US\$ 530.1 million in 1999. Canned fish, accounting for 25 percent of total fish exports, and dried fish accounting for 26 percent of total fish exports, registered drops in earnings as well as the quantity exported in 1999. Canned fish registered a 32 percent drop in volume and a 24 percent in unit value, resulting in a decline in earnings by 48 percent in 1999. Moreover, volume of dried fish exported fell by 7 percent leading to a decline in earnings by 2 percent in 1999. During this period, in spite of a fall in unit value by 11 percent on an annual basis, export earnings from garments increased by almost 40 percent on account of a substantial increase of 56 percent in the quantity exported. Thus, despite the rise in earnings from garments as well as from re-exports by 30 percent, the drop in earnings from fish exports led to a decline in merchandise exports by 4 percent in 1999.

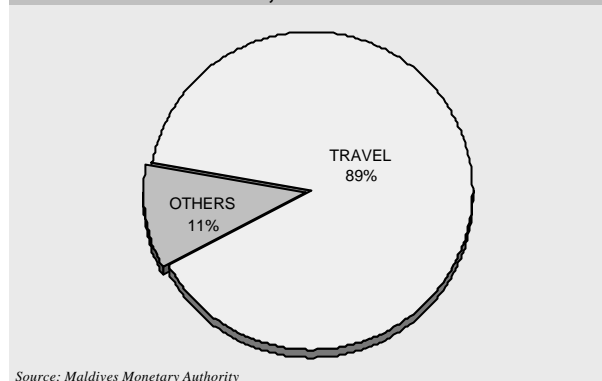
The value of *total merchandise imports* (c.i.f.) increased from US\$ 354.0 million in 1998 to US\$ 402.2 million in 1999 reflecting a growth of 14 percent (an increase of US\$ 48.2 million) compared to less than 2 percent growth registered in 1998. This is explained by increased imports by the Government as well as the public entities during the period under review. As such, value of imports by the government and PNFs increased by 26 percent in 1999, (absolute increase of US\$ 24 million) compared with a decline of 20 percent in 1998. Imports by the private sector, accounting for 71 percent of total imports, on the other hand, slowed down from 12 percent growth in 1998 to 9 percent growth in 1999. In absolute terms this is an increase of US\$ 24.2 million.

Services and Transfers

The surplus on the services account continued to increase, with the balance on services account in

1999 registering a growth of 5 percent in 1999. In dollar terms, the total services (net) increased from US\$ 204.3 million in 1998 to US\$ 214.9 million in 1999. The further improvement in the services account was largely attributable to the increase in tourism receipts which accounts for about 90

Chart 13.
SERVICES RECEIPTS, 1999



percent of total receipts. Reflecting the favourable increase in tourist arrivals and their bednights in 1999, income received from services provided to tourists grew by about 7 percent, from US\$ 303.0 million in 1998 to US\$ 324.6 million in 1999. Growth in non-factor services receipts, accelerated slightly from 6 percent growth in 1998 to 7 percent growth in 1999. However, receipts on factor services showed a slow down in growth registering 5 percent in 1999 compared to 15 percent growth during the previous year. This deceleration was due to the falling trend of the of the interest receipts of MMA, which decelerated from 24 percent growth in 1998 to 11 percent growth in 1999.

The services payments registered a 9 percent growth in 1999 compared with 5 percent growth in 1998. Freight and insurance payments made by importers increased by 14 percent in 1999 registering US\$ 41.0 million. Meanwhile, expenditure of Maldivians who travelled abroad in 1999 shows a 7 percent growth (the same growth rate registered in the previous year) recording an estimated US\$ 45.1 million.

In contrast with the surplus in the services account, the transfers account continued to register a deficit, which increased over the past years. According to the estimates, transfers account deficit increased from US\$ 11.7 million in 1998 to US\$ 22.2 million in 1999; reflecting a 90 percent growth. The decline in the transfers account was due to the slight fall (by 3 percent) in official grants received in 1999, coupled with the large amount of foreign currency remitted by the growing expatriate work force in the country in recent years (*please see section on employment on page 5*).

b) Capital Account and International Reserves.

The non-monetary capital account, which comprises medium and long-term official capital and private capital, recorded a surplus of US\$ 62.7 million in 1999, increasing by around 20 percent. Net official medium and long-term capital transfers decreased from US\$ 14.7 million in 1998 to US\$ 4.5 million in 1999, reflecting a significant decline of close to 70 percent. This was on account of the 34 percent fall in the disbursements, together with a 12 percent increase in amortisation during the period. In absolute terms, disbursements fell from US\$ 25.8 million in 1998 to US\$ 17.0 million in 1999 while amortisation increased by US\$ 1.3 million to register US\$ 12.4 million in 1999. Private capital inflows to the country were largely on account of resort developments and such capital flows in 1999 were estimated to have remained at around the same level as the previous year US\$ 42.9 million.

c) Overall Balance of Payments

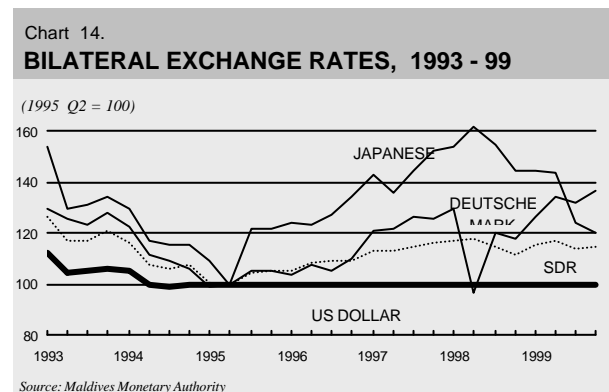
Reflecting the unfavourable developments in the capital and the current account, the overall balance of payments deteriorated significantly turning to a deficit in 1999, after recording a surplus in the past five years. The reserve accumulation registered an increase of US\$ 8.6 million after recording US\$ 20.2 million in 1998. Thus, in terms of months of imports, reserve position fell from 4.1 months of

imports in 1998 to 3.8 months in 1999.

6. EXCHANGE RATES AND INTEREST RATES DEVELOPMENTS

The Maldivian Rufiyaa has been pegged to the US dollar since October 1994. Hence, the exchange rate of the Rufiyaa against the US dollar has remained constant throughout the year, with the mid rate remaining at Rf 11.77 and a 10 laari spread between buying and selling rates on market. But, the Rufiyaa, depending on the movements of the greenback in the international market, showed fluctuations against other major trading currencies. Rufiyaa appreciated by 14 percent against Deutsche Mark, 7 percent against Sri Lankan Rupees, 3 percent against Indian Rupees and 2 percent against Singapore Dollar. On the other hand Rufiyaa depreciated by 20 percent against Japanese Yen, by the end of the year, reflecting the strengthening of the Yen against the Dollar.

No significant development occurred in 1999 in terms of commercial banks lending rates or in terms of deposit rates. US dollar lending rates have been



above Rufiyaa rates, and have ranged between 14 to 15 percent, while Rufiyaa rates have remained at 12 to 13 percent during the period. Likewise, interest rates paid on foreign currency deposits have been slightly higher compared to that of Rufiyaa rates of 5.5 percent to 6.8 percent for both savings deposits

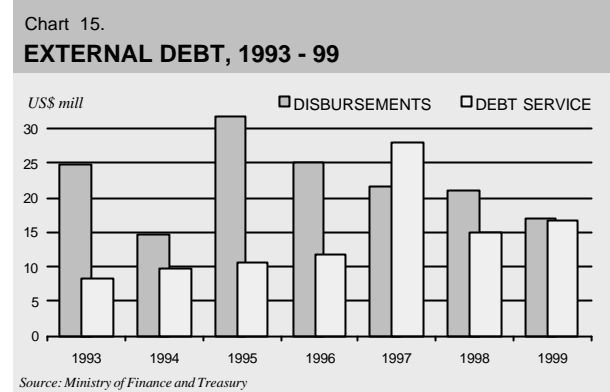
and fixed deposits. With regards to the Rufiyaa deposit rates, the minimum stood at 5 percent (on saving deposits) and the maximum reached 6.5 percent on fixed term deposits.

7. EXTERNAL DEBTS

External debt figures of the country cover only medium and long-term debt of the public sector and short-term liabilities of the banking system. Data on external indebtedness of the private sector is not available.

According to most recent figures, the total external debt service of the banking system, showed an increase of 13 percent recording US\$ 16.8 million in 1999. The total external debt (including undisbursed) of the country, increased from US\$ 200.7 million at the end of 1998 to US\$ 212.9 million at the end of 1999. During this period, medium-and long-term debt stock outstanding (including undisbursed) of the public sector rose from US\$ 232.1 million to US\$ 257.2 million. However, disbursed and outstanding debt rose from US\$ 184.7 million in 1998 to US\$ 185.6 million in 1999. The increase in 1999 is due to project schedules, which necessitated larger than average disbursements during 1998. As a ratio of GDP, total external debts stood at 53 percent in 1998 and 54

percent in 1999. Total debt service payments rose by around 13 percent during the year from US\$ 14.8 million in 1998 to US\$ 16.8 million in 1999.



Disbursements fell from US\$ 25.8 million in 1998 to US\$ 17.6 million in 1999 due to low disbursement by both official as well as by private creditors. Multilateral creditors account for the largest proportion of total disbursements during the year with borrowings from International Development Association (IDA) totalling to around 37 percent of such disbursements, while borrowings from Islamic Development Bank (IDB) sum up to almost to 33 percent of multilateral disbursements. On the bilateral front, the Kuwait Fund and the Saudi Fund contributed the bulk of the disbursements, with the Kuwait Fund making up 49 percent of such disbursement.





INTERNATIONAL ECONOMIC REVIEW

Developments in the world economy in 1999 show a rebound in economic activity with signs of recovery manifesting in economies the world over. Most of the economic indicators such as output, employment, prices and trade show signs of improvement.

World output increased by 3.3 percent in 1999 compared to an increase of 2.5 percent in 1998. Unlike in 1998 all the advanced economies registered a growth in output in 1999, averaging 3.1 percent, a 0.7 percent increment from 1998. Similarly, all the developing countries registered a

3.8 percent a year ago, heralding the revival of economic activity after the earlier down turns.

East Asia continued to recover after its recession during the previous two year although the pace and sources of recovery varied across countries. Stable financial conditions provided important support for the recovery in Asia. Exports and manufacturing production generally rebounded especially in electronics exporting countries. The improvement in value and volume of exports was better than expected. Private investment, on the other hand, was slower to recover reflecting the uncertain business

Table 5.

INTERNATIONAL ECONOMIC INDICATORS 1995 - 99

(Annual percentage change unless stated otherwise)

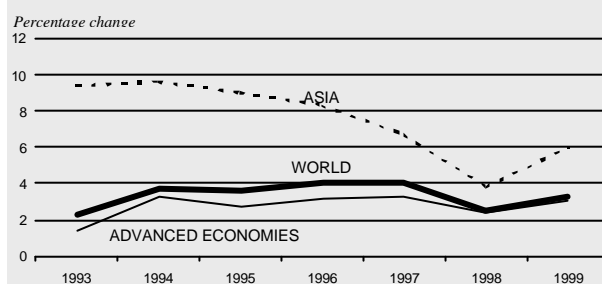
	1995	1996	1997	1998	1999
World output	3.6	4.1	4.1	2.5	3.3
Advanced Economies	2.7	3.2	3.3	2.4	3.1
Developing countries	6.1	6.5	5.8	3.2	3.8
World trade volume (Goods and services)	9.1	6.7	9.7	4.2	4.6
Exports: Advanced Economies	8.8	5.9	10.3	3.7	4.4
Developing Economie	0.3	11.2	10.9	4.5	1.7
Inflation: World	11.1	8.4	5.9	5.8	5.2
Advanced Economies	8.9	6.2	9.1	5.5	7.4
Developing economies	11.1	8.4	5.9	5.8	5.2
Interest rate					
Prime rate	8.8	8.3	8.4	8.4	8.5
LIBOR	6.1	5.6	7.0	5.8	5.5
Exchange rate (end of period)					
US Dollar/SDR	1.486	1.438	1.349	1.408	1.370
Japanese Yen/ SDR	152.860	166.800	175.340	162.770	140.270
Deutsche Mark /SDR	2.131	2.236	2.418	2.356	1.370

Source: IFS June 2000 & World Economic Outlook - May 2000, IMF

higher growth than in 1998. In 1999, developing countries registered an average growth of 3.8 percent compared to 3.2 percent in 1998. Output in the US and EU region increased by 4.2 percent and 2.3 percent respectively. In Japan growth in output edged to 0.3 percent after a 2.5 percent decline in the previous year. Implementation of coherent monetary and fiscal measures helped in streamlining the economic activities in Japan. Asian countries registered a healthy growth of 6 percent - up from

Chart 16.

GROWTH OF WORLD REAL GDP, 1993 - 99



Source: World Economic Outlook - May 2000, IMF

confidence. Indeed the turnaround from the weak and depressing outlook that prevailed a year ago is remarkable. The ASEAN 4, (Indonesia, Malaysia, Philippines and Thailand) which suffered the brunt of the currency turmoil recovered with a growth of 2.5 percent in 1999. The emerging economies of Asia realised a growth of 6 percent in 1999 against 3.8 percent in the previous year. The newly industrialised Asian countries also grew by a remarkable 7.7 percent compared to the 2.3 percent contraction of last year.

World trade in volume of goods and services also show a positive picture with volume of world trade

increasing from 4.2 percent in 1998 to 4.6 percent in 1999. With regard to volume of trade, exports of all advanced countries increased by 4.4 percent as opposed to the 3.7 percent registered for 1998. Both imports and exports of advanced economies were greater in 1999 than in 1998. However exports of the rest of the world (developing countries and those in transition) grew only slightly in 1999 and imported less than the previous year, outlining signs of scepticism and the slow recovery of the global economy.

Figures on employment indicate that unemployment in all the advanced economies declined to 6.4 percent, down from 6.7 percent in the previous year. Expansion in the US economy helped to reduce unemployment to 4.2 percent in 1999, from 4.5 percent in the previous year. Japan on the other hand registered an increase in the jobless rate from 4.1 to 4.7 percent in 1999.

Cautious and coherent economic planning helped to control inflation in many countries. Inflation in advanced economies edged slightly downwards to 1.4 percent from 1.5 percent in the previous year. In the US economy prices were on the upward trend but still remained mild, at 2.2 percent. Staggering inflationary pressures in the developing countries were curbed from double digits to 6.5 percent in 1999.

Total net private capital flows showed a moderate increase from US\$ 75.1 billion in 1998 to US\$ 80.5 billion in 1999. By far, this is accounted for by a substantial increase in net portfolio investments

from US\$ 8.5 billion in 1998 to US\$ 23.3 billion. Asia, Middle East and Europe accounted for the bulk of this. Overall net official flows decreased considerably from US\$ 44.7 billion in 1998 to US\$ 3 billion in 1999.

The year 1999 marked an important milestone in the international financial markets as a single currency for eleven EU countries was born on the 1st of January. All concerned countries adjusted their currencies to a value of 0.8615 per US Dollar. For some, this was an intense appreciation. For instance Germany, Italy and France all appreciated their currencies by 48 percent, 100 percent and 85 percent respectively. However after the successful and smooth launch, the Euro was unable to maintain the initial value of 0.8615 per US Dollar and depreciated by 15 percent by the year-end. The sterling pound appreciated by 3 percent both throughout 1999 and in comparison to the yearly average for 1998 as well. In the first five months the Yen also depreciated by 8 percent but as the economy recovered from the slump of 1998 the currency picked up, finally resulting in an average of 9 percent appreciation against the dollar in 1999. Elsewhere in Asia, currencies fared differing fates throughout the year. The Malaysian Ringgit continued to be fixed at 3.8 per US Dollar. The Thai Baht and the Philippine peso appreciated against the dollar by 9 percent and 4 percent respectively by the end of the year. The Korean Won and the Indonesian Rupiah strengthened by 15 percent and 22 percent respectively. All in all, the currencies of the Asian crisis were stronger in 1999 comparative to the depths the currencies fell to in 1998.





ADMINISTRATION

BOARD MEETINGS

During 1999, the Board of Directors held 4 meetings at which 9 resolutions were passed. The main resolutions are as follows:

- Revising the total domestic credit target for 1999.
- Approval of the 1997 annual report of MMA.
- Credit leasing for Commercial Banks.
- Approval of the 1998 annual report of MMA.
- Approving the 1999 MMA annual budget.
- Approval of guidelines on consumer protection on Electronic fund transfer.
- Millennium Coin
- Approval of the estimated MMA annual budget for the year 2000.
- Reprinting of the 500 Rufiya notes.

MMA STAFF

At the end of 1999, the staff of MMA totalled 70. 12 new staff were employed during the year.

Mr. Maizan Ali Maniku, Deputy General Manager of MMA was transferred to Narcotics Control Board as a Director General.

General Division

Expenditure Section

Mr. Moosa Jameel, Expenditure Officer (T) was promoted to Officer.

Operations Division

Credit and Bank Supervision Section

Ms. Sheeza Ahmed, Ms. Aminath Leena, Ms. Hawwa Ibrahim, Ms. Eenaz Adam were promoted to CBS Officer.

Ms. Muna Ibrahim CBS Officer (T) was transferred to Foreign Exchange Section as an Officer.

Accounts Section

Ms. Linda Carol Klamath (UK) Accounts Officer, left after completion of her assignment at MMA.

Mr. Mohamed Ajmal was employed as an Accounts Officer.

Foreign Exchange Section

Mr. Ahmed Mausoom Foreign Exchange Officer was transferred to Department of Inland Revenue as a Data Processing Assistant Grade 2.

Economic Research and Statistics Division

Research Section

Mr. Abdulla Shamin, Research Officer (T) was promoted to Research Officer.

Staff Training

The Management of the MMA gives high priority to education and training in order to help improve the efficiency, skills and the quality of services it provides. MMA has sponsored both short-term courses as well as long-term courses at home and abroad. These include specialised short term training

courses conducted by the International Monetary Fund at their Institutes in Washington D.C and in Singapore; various Certificate and Diploma courses at the Institute of Management and Administration (Maldives); and long-term undergraduate and postgraduate courses abroad.

Seminar / Workshop

Mr. Mohamed Giyas, Assistant Manager, CBSS and Mr. Abdul Ghafoor, Deputy General Manager attended a Seminar on the Network of SAARC Central Bank Governors and Financial Secretaries organised by the Reserve Bank of India, Pune from 27-30 January 1999.

Mr. Mohamed Giyas, Assistant Manager, CBSS attended a Seminar on Monetary Operations conducted at the IMF Regional Institute, Singapore from 8-12 March 1999.

Ms. Fathimath Shafeega, Deputy Manager, CBSS attended a Regional Seminar on Options for Exchange Rate Policy in Least Developed Countries organised by the United Nations Economic and the Social Commission for Asia and The Pacific, from 10-12 March 1999, Singapore.

Ms. Neeza Imad, Officer-in-Charge, PPR Section attended a Seminar on Problem Solving and Decision-Making Skills Conducted at the Islamic Research and training Institute, Lahore/ Pakistan from 15-19 March 1999.

Mr. Abdul Ghafoor, Deputy General Manager attended SAARC Finance Y2K Conference in Colombo from 12-15 July 1999.

Mr. Abdul Ghafoor, Deputy General Manager attended South Asian Regional debt Market symposium, Colombo from 5-8 October 1999.

Ms. Khadeeja Hassan, General Manager attended

1999 Currency Conference in Sydney/ Australia from 10-13 October 1999.

Mr. Abdul Ghafoor, Deputy General Manager attended a Seminar on SSB Citi Asset Management Asian Seminar for Central Bank organised by the SSB Citi Asset Management Group, Thailand from 27-30 October 1999.

Mr. Abdul Ghafoor, Deputy General Manager attended SAARC Country Nominations for the e-Commerce Workshop organised by the Reserve Bank of India, India from 11-12 November 1999.

Ms. Azeema Adam, Officer-in-Charge, ERSD and Ms. Aishath Nadiya, Senior Foreign Exchange Officer, FES attended a Seminar on Options for Exchange Rate Policy in the Least Developed Countries organised by the United Nations Economic and Social Commission for Asia and the Pacific from 22-24 November 1999, Thailand.

Scholarship, Fellowship/ Training Course Abroad

Ms. Idham Hussein Left for Undergraduate studies in Bachelor of Commerce (Economic and Management) at Metropolitan College/ Malaysia.

Ms. Neeza Imad Left for Undergraduate studies in Bachelor of Business (International Business Management) at Charles Stuart University/ Australia.

Ms. Aishath Zahira Left for Undergraduate studies in Bachelor of Business (Accounting and Finance) at Charles Stuart University/ Australia.

Ms. Aminath Shafeenaz, Officer-in-Charge/ Economic Research and statistics Division left MMA for Master of Commerce at University of Sydney/ Australia. Mr. Shawn Rasheed left MMA for his further studies in Advance Diploma in Accounting

and Finance at the Tafe College, Australia.

Mr. Mansoor Zubeir, Secretary Grade 1/ Ministry of Finance and Treasury attended Statistics Diploma Course allocated for MMA for 9 months, India.

Ms. Hawwa Shareefa, Senior Banking Clerk/ Banking section attended 31st International Commercial Banking Course conducted at State Bank of Pakistan Training Institute, 10 February - 9 April 1999, Pakistan.

Ms. Eanaz Adam, Officer/ CBSS attended Course on Monetary Policy and Development organised by the IDB from 8-12 May 1999, Iran.

Ms. Fathimath Zuheira, Statistics Officer/ ERSB attended a Course on Money and Banking Statistics at IMF Singapore Regional Training Institute, Singapore from 3-21 May 1999.

Ms. Azeema Adam, Officer-in-Charge/ ERSB attended a course on Financial Programming and Policy at IMF Singapore Regional Training Institute, Singapore from 24 May - 4 June 1999.

Mr. Abdul Ghafoor, Deputy General Manager attended a Course on Financial Sector Reforms at IMF Singapore Regional Training Institute, Singapore from 7-11 June 1999.

Ms. Fathimath Shafeega, Deputy Manager/ CBSS attended a Course on International Financial Integration- Issues for emerging Market Economies at IMF Singapore Regional Training Institute, Singapore from 15-19 November 1999.

Home Training

Ms. Mariyam Najeela, Senior Foreign Exchange

Officer began AAT-UK Diploma in Accounting Intermediate Level at The Institute of Management and Administration (Maldives) commenced on 15 February 1999.

Ms. Hawwa Ibrahim, CBSS Officer began AAT-UK Diploma in Accounting Intermediate Level at the Institute of Management and Administration (Maldives) commenced on 15 February 1999.

MEETINGS

Mr. Arif Hilmy, Vice-Governor, Maldives Monetary Authority, Mr. Mohamed Jaleel, Deputy General Manager, MMA and Alternate Governor-IMF, Mr. Fathullah Jameel Governor-World Bank, Mr. Maizan Adam Maniku Alternate Governor-World Bank attended the World Bank and The IMF 54 annual meeting.

Ms. Khadeeja Hassan, General Manager attended a Meeting on third South Asian Forex Dealers Assembly, Nepal from 2-5 September 1999.

TECHNICAL ASSISTANCE/ ADVISORS

Advisor from Asian Development Bank Mr. Gamar Siddyq worked with the Maldives Monetary Authority from 19-31 October 1999 to prepare Financial Sector Strategy Study for implementing a Capital Market in the Maldives.

Mr. Mohamed Ainuddyn advisor from the Islamic Development Bank for Bank supervision project worked with the Maldives Monetary Authority from 3 July - 31 December 1999.





FINANCIAL ACCOUNTS

AUDIT OFFICE
Malé, Republic of Maldives

15 November 2000

**INDEPENDENT AUDIT REPORT
TO THE BOARD OF MALDIVES MONETARY AUTHORITY**

Scope

I have audited the financial statements of the Maldives Monetary Authority for the year ended 31 December 1999. The statement comprises:

- a) Statement of Operations and Reserve Position,
- b) Balance Sheet, and
- c) Notes to and forming part of the financial statements.

Management of the Maldives Monetary Authority is responsible for the preparation and the presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them.

The audit was performed in pursuant to Article 35, section (3) of the Maldives Monetary Authority Act 1981 and in accordance with International Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures include examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material aspects, the financial statements are presented fairly in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with my understanding of the Maldives Monetary Authority's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In accordance with Article 35 section 3 of the Maldives Monetary Authority Act, I now report that in my opinion,

- (i) The financial statements are based on proper accounts and records; and
- (ii) The financial statements have been properly drawn up so as to present fairly in accordance with statutory requirements of the financial operations, cash flows and surplus for the year ended 31 December 1999 and the state of the affairs of the Maldives Monetary Authority at that date.



Auditor General

STATEMENT OF OPERATIONS AND RESERVES POSITION

As at 31st December 1999

In Ruftiyaa

	1999	1998
INCOME	137,883,013.11	125,277,366.25
Commission	3,924,857.49	3,440,858.26
Interest Received	128,763,846.24	115,664,603.50
Other Income	5,194,309.38	6,171,904.49
EXPENSES	58,727,210.29	60,719,257.19
Administrative Expenses	6,803,888.91	8,142,783.38
Security Printing and Minting	1,002,819.33	4,144,892.66
Depreciation of Property	533,215.50	287,136.51
Interest Paid	13,806,707.55	11,918,893.85
Provision for Bad Debts	172,760.49	159,196.33
Discount on CD's	36,407,818.51	36,066,354.46
PROFIT FROM OPERATIONS	79,155,802.82	64,558,109.06
APPROPRIATION OF OPERATING PROFIT	79,155,802.82	64,558,109.06
Transferred to Government	71,255,802.82	58,058,109.06
Transferred to Retained Profit Account	7,900,000.00	6,500,000.00
GENERAL RESERVE		
Balance at Beginning of the Year	8,000,000.00	8,000,000.00
Transferred from Operations Above	-	-
Balance at End of the Year	8,000,000.00	8,000,000.00

BALANCE SHEET

As at 31st December 1999

In Rufiyaa

	1999	1998
ASSETS	2,781,086,603.26	2,529,991,070.40
External Assets	1,478,188,090.71	1,358,040,322.20
Gold, Silver etc...	5,579,196.32	6,605,482.83
Foreign Currency Held in Malé: Cash	19,709,962.74	17,526,723.74
Foreign Currency Held Abroad on Deposit	1,449,288,465.17	1,330,803,300.39
Foreign Currency Held with Comm. Banks	1,436,138.32	1,428,073.32
Holdings of Special Drawing Rights (IMF)	2,174,328.16	1,676,741.92
Fixed Assets	3,195,439.15	2,520,736.48
Claims on Government	268,350,619.15	206,936,696.94
Government Dept	121,079,796.79	121,079,796.79
Loans to Government	98,136,436.71	36,366,503.78
Government Guaranteed Securities	31,036,959.00	31,036,959.00
MMA Claims on Government of Maldives o/a of foreign Govt./Institutions	18,097,426.65	18,453,437.37
Subscriptions to International Agencies	123,341,458.71	90,867,000.15
Other Assets	908,010,995.54	871,626,314.63
Ways and Means Advance	786,000,000.00	704,000,000.00
Others	122,010,995.54	167,626,314.63

BALANCE SHEET

As at 31st December 1999

In Rufiyaa

	1999	1998
LIABILITIES, CAPITAL AND RESERVES	2,781,086,603.26	2,529,991,070.40
Currency in Circulation	636,131,699.79	543,324,294.17
MMA CD's in Circulation	568,986,247.31	480,000,000.00
Demand Liabilities	1,319,047,820.62	1,261,078,395.00
Deposits by Government and Government Agencies	317,428,484.78	381,464,631.17
Deposits by Commercial Banks	867,681,785.03	777,794,676.71
Deposits by International Agencies	133,937,550.81	101,819,087.12
Other Liabilities	178,008,735.12	172,031,011.64
Commercial Banks Assigned Capital	65,087,708.69	65,087,708.69
Allocation of Special Drawing Rights - IMF	4,545,510.40	4,656,013.52
Others	108,375,516.03	102,287,289.43
Capital and Reserves	78,912,100.42	73,557,369.59
Capital: Authorised Rf 4,000,000		
Issued and Fully Paid	1,000,000.00	1,000,000.00
General Reserve	8,000,000.00	8,000,000.00
Foreign Asset Revaluation Reserve	25,012,100.42	27,557,369.59
Retained Profit Account	44,900,000.00	37,000,000.00

NOTES TO THE FINANCIAL STATEMENTS

31 December 1999

ACCOUNTING POLICIES

The Maldives Monetary Authority (the Authority) was established under the Maldives Monetary Authority Act 1981 (the Act). The accounts have been prepared under the historic cost convention. A summary of the most important accounting policies, which have been applied consistently, are set out below.

a) Basis of Accounts

These financial statements are prepared in accordance with the historic cost convention.

b) External Assets

External Assets shown under this heading are those assets defined by Article 21(2) of the Act.

c) Gold and Silver Bullion

Gold and silver bullion is stated at cost.

d) Fixed Assets

Fixed Assets are stated at purchase cost less accumulated depreciation. Depreciation is based on the straight line method over the expected useful life of the asset. The annual depreciation rates used for this purpose are:

Buildings	2.5 %
Furniture and Fittings	10 %
Machinery and Equipment	10 %
Computers	33.3 %

e) Translation of Foreign Currency

These financial statements are expressed in Rufiyaa. Assets and liabilities in foreign currency are translated at the rate of exchange ruling at the end of the month in which the transaction took place. All exchange gains and losses, both realised and unrealised, are taken to the Revaluation Reserve in accordance with Article 28(2) of the Act and are not included in the computation of the annual profits or losses of the Authority. Out of the balance in the Revaluation Reserve one fifth has been transferred to the Government in accordance with Article 28(4) of the Act.





APPENDICES

APPENDIX I

STATISTICAL TABLES

Table 1	Gross Domestic Product (at 1985 constant prices), 1995 - 99
Table 2	Maldives Monetary Survey, 1995 - 99
Table 3	Money Supply, 1995 - 99
Table 4	Assets and Liabilities of the Maldives Monetary Authority, 1995 - 99
Table 5	Assets and Liabilities of Commercial Banks, 1995 - 99
Table 6	Commercial Bank Deposits Distributed by Types, 1995 - 99
Table 7	Commercial Bank Deposits Distributed by Owners, 1995 - 99
Table 8	Commercial Bank Interest Rates, 1995 - 99
Table 9	Commercial Bank Loans and Advances by Major Economic Groups, 1995 - 99
Table 10	Loans and Advances by Major Groups of Borrowers and Types, 1995 - 99
Table 11	Loans and Advances Classified by Securities Pledged, 1995 - 99
Table 12	Tourism Indicators, 1995 - 99
Table 13	Fish Production and Exports, 1995 - 99
Table 14	Summary of Central Government Finance, 1995 - 99
Table 15	Government Revenue, 1995 - 99
Table 16	Central Government Expenditure, 1995 - 1999
Table 17	Functional Classification of Central Government Expenditure and Net lending, 1995 - 99
Table 18	Functional Classification of Central Government Current Expenditure, 1995 - 99
Table 19	Functional Classification of Central Government Capital Expenditure and Net Lending, 1995 - 99
Table 20	Balance of Payments, 1995 - 99
Table 21	Composition of Exports (f.o.b.), 1995 - 99
Table 22	Composition of Imports (c.i.f.), 1995- 99
Table 23	Summary of External Public Debt, 1995 - 99
Table 24	Exchange Rate, 1982- 99

Table 1

Gross Domestic Product (1985 constant prices), 1995 - 1999

(In millions of Rufiyaa)

	1995	1996	1997	1998	1999
		<i>Rev.Est.</i>	<i>Rev.Est.</i>	<i>Rev.Est.</i>	<i>Rev.Est.</i>
Gross domestic product	1,359.4	1,466.5	1,600.4	1,746.0	1,895.2
Primary sector	277.4	282.8	289.2	307.2	330.2
Agriculture	104.5	106.4	108.3	110.5	114.3
Fisheries	149.5	151.9	153.6	166.8	184.9
Coral and sand mining	23.4	24.5	27.3	29.9	31.0
Secondary sector	211.3	230.4	273.5	315.4	341.8
Construction	126.7	138.7	170.5	202.9	217.5
Manufacturing & electricity	84.6	91.7	103.0	112.5	124.3
Tertiary sector	870.7	953.3	1,037.7	1,123.4	1,223.2
Distribution	262.1	278.4	288.9	299.0	317.3
Transportation	91.4	102.6	118.3	144.1	164.5
Tourism	249.5	277.9	298.5	318.8	350.7
Real estate	58.4	63.2	68.4	74.5	81.8
Services (including banking)	88.1	92.5	98.6	105.8	114.6
Government administration	121.2	138.7	165.0	181.2	194.3
		<i>(Annual percentage change)</i>			
Gross domestic product	7.2	7.9	9.1	9.1	8.5
Primary sector	1.6	1.9	2.3	6.2	7.5
Agriculture	3.3	1.8	1.8	2.0	3.4
Fisheries	-	1.6	1.1	8.6	10.9
Coral and sand mining	4.9	4.7	11.4	9.5	3.7
Secondary sector	8.6	9.0	18.7	15.3	8.4
Construction	9.3	9.5	22.9	19.0	7.2
Manufacturing	7.6	8.4	12.3	9.2	10.5
Tertiary sector	8.7	9.5	8.9	8.3	8.9
Distribution	8.0	6.2	3.8	3.5	6.1
Transportation	8.7	12.3	15.3	21.8	14.2
Tourism	10.6	11.4	7.4	6.8	10.0
Real estate	8.1	8.2	8.2	8.9	9.8
Other services	10.1	5.0	6.6	7.3	8.3
Government administration	5.6	14.4	19.0	9.8	7.2
<i>Memorandum items:</i>					
<i>Nominal GDP (Rf. mn.)</i>	3,194.6	3,550.4	3,989.7	4,439.8	4,624.5
<i>(Percentage change)</i>	14.5	11.1	12.4	11.3	4.2

Note: Latest revisions and revised estimates were made on 16th December 1999.

Source: Ministry of Planning and National Development

Table 2

Maldives Monetary Survey, 1995 - 1999

(In millions of Rufiyaa; end of period)

	1995	1996	1997	1998	1999			
					Mar	Jun	Sep	Dec
Net foreign assets	311.5	825.9	1,148.5	1,490.5	1,738.6	1,481.3	1,294.3	1,405.4
Net domestic assets	1,174.5	1,045.9	1,154.9	1,338.1	1,389.4	1,726.3	1,843.9	1,524.3
Domestic credit	1,661.9	1,621.4	1,764.1	2,091.4	2,201.3	2,499.5	2,563.8	2,259.3
Net claims on Government 1/	837.4	748.8	663.6	673.1	785.9	909.3	902.0	760.2
Claims on public enterprises	169.4	155.2	103.6	165.1	165.3	217.1	215.7	196.3
Claims on private sector	655.1	717.4	996.8	1,253.2	1,250.1	1,373.1	1,446.1	1,302.8
Net other items	487.4	575.5	609.2	753.3	811.9	773.1	720.0	734.9
Total liquidity	1,486.0	1,871.8	2,303.4	2,828.7	3,128.0	3,207.7	3,138.1	2,929.8
Narrow money	899.1	1,059.3	1,195.4	1,384.2	1,494.5	1,618.1	1,653.4	1,585.2
o/w: Currency outside banks	405.8	425.9	489.7	524.9	509.2	516.0	541.4	593.3
Quasi money	586.9	812.4	1,108.0	1,444.4	1,633.5	1,589.6	1,484.8	1,344.6
<i>Memorandum Items</i>								
1/ this includes loans to MNSL and MIFCO	34.8	30.4	15.9	91.5	89.9	93.6	100.6	137.1

Source: Maldives Monetary Authority

Table 3

Money Supply, 1995 - 1999

(In millions of Rufiyaa; end of period)

	1995	1996	1997	1998	1999			
					Mar	Jun	Sep	Dec
Currency issued	434.3	478.2	532.3	604.5	600.4	584.2	588.9	674.9
Currency held by MMA	17.5	40.0	21.0	61.2	50.8	38.5	25.0	38.8
Currency held with commercial banks	11.0	12.4	21.6	18.4	40.4	29.7	22.5	42.8
Currency in circulation	405.8	425.9	489.7	524.9	509.2	516.0	541.4	593.3
Demand deposits (Rufiyaa only) ^{1/}	393.7	552.9	619.2	725.4	850.9	928.0	981.2	935.9
Money supply	799.5	978.8	1,108.9	1,250.4	1,360.1	1,444.0	1,522.6	1,529.3

^{1/} Excludes inter-bank and government deposits.

Source: Maldives Monetary Authority.

Table 4

Assets and Liabilities of the Maldives Monetary Authority, 1995 - 1999

(In millions of Rufiyaa; end of period)

	1995	1996	1997	1998	1999			
					Mar	Jun	Sep	Dec
Foreign assets	580.0	912.8	1,173.5	1,411.6	1,631.8	1,635.9	1,560.7	1,512.4
Claims on government	1,076.0	987.6	920.1	1,024.4	1,076.0	1,196.9	1,246.7	1,156.1
Claims on PNFE	8.4	7.9	(0.2)	3.2	17.3	4.8	7.7	2.5
Claims on commercial banks	5.6	1.4	1.4	2.4	1.4	1.4	1.4	1.4
Other assets	69.6	67.5	68.7	67.0	101.2	101.0	100.0	91.3
Total assets	1,739.8	1,977.1	2,163.5	2,508.6	2,827.7	2,940.1	2,916.5	2,763.7
Total liabilities	1,739.8	1,977.1	2,163.5	2,508.6	2,827.7	2,940.1	2,916.5	2,763.7
Reserve Money	1,146.9	1,413.6	1,733.8	2,020.8	2,360.7	2,470.2	2,422.4	2,220.3
Currency in circulation	405.8	425.9	489.7	524.9	509.2	516.0	541.4	593.3
Cash with com. banks	11.0	12.4	21.6	18.4	40.4	29.7	22.5	42.8
Com. banks deposits	492.5	669.1	773.2	842.9	1,245.1	1,144.7	1,129.8	932.8
PNFE and Local govt. deposits	116.5	107.2	119.2	154.6	159.4	206.2	171.0	82.4
MMA CD'S	121.0	199.0	330.0	480.0	406.6	573.5	557.7	569.0
Foreign Liabilities	190.8	190.6	10.1	10.1	10.1	10.1	10.8	10.1
Government deposits	180.2	148.5	163.0	225.2	150.8	136.7	187.6	235.0
Other liabilities	221.9	224.4	256.6	252.5	306.1	323.1	295.8	298.3
<i>(Annual percentage change)</i>								
Reserve Money	14.8	23.3	22.7	16.6	24.0	21.8	20.9	9.9
Currency in circulation	6.2	4.9	15.0	7.2	8.8	9.4	12.8	13.0
Com. banks deposits	1.4	35.8	15.6	9.0	39.4	21.8	27.1	10.7

Source: Maldives Monetary Authority.

Table 5

Assets and Liabilities of the Commercial Banks, 1995 - 1999

(In millions of rufiyaa; end of period)

	1995	1996	1997	1998	1999			
					Mar	Jun	Sep	Dec
Total assets	1,748.4	2,124.0	2,512.9	3,183.4	3,644.2	3,635.7	3,719.2	3,405.7
Reserves	612.8	859.8	1,174.0	1,346.5	1,701.7	1,755.1	1,735.2	1,553.3
Cash	11.0	12.4	21.6	18.4	40.4	29.7	22.5	42.8
Balance with MMA	67.6	64.6	-	-	-	-	-	-
Investment in securities	154.7	240.2	401.7	542.8	472.2	638.9	628.8	635.8
Required reserves	379.6	542.6	750.7	785.4	1,189.1	1,086.6	1,084.0	874.8
Foreign Assets	165.0	263.0	135.3	278.4	398.3	137.0	205.0	224.7
Claims on Public sector	161.0	147.3	103.8	161.9	148.0	212.3	208.0	193.8
Government	-	-	-	-	-	-	-	-
Public enterprises	161.0	147.3	103.8	161.9	148.0	212.3	208.0	193.8
Claims on private sector	655.1	717.4	996.8	1,253.2	1,250.1	1,373.1	1,446.1	1,302.8
Unclassified Assets	154.5	136.5	103.1	143.4	146.1	158.2	124.9	131.2
Total liabilities	1,748.4	2,124.0	2,512.9	3,183.4	3,644.2	3,635.7	3,719.2	3,405.7
Demand deposits	694.0	1,002.5	1,202.6	1,465.5	1,698.1	1,666.8	1,625.8	1,580.1
Time and savings deposits	269.6	336.1	491.9	683.7	761.2	818.7	799.9	673.9
Foreign liabilities	242.8	159.3	150.2	189.3	281.4	281.4	460.6	321.4
Banks abroad	220.3	145.7	136.6	169.6	263.5	259.0	420.4	312.7
Nonresident's deposits	22.5	13.6	13.6	19.8	17.9	22.4	40.2	8.7
Government deposits	58.4	90.2	93.5	126.1	139.4	150.9	157.1	161.0
Capital accounts	157.7	281.0	358.9	487.0	467.0	459.2	496.7	496.2
Credit from MMA	5.2	1.3	0.9	0.9	0.9	0.1	0.1	0.1
Other liabilities	320.8	253.4	215.0	231.0	296.1	258.6	178.9	173.0
<i>Memorandum items:</i>								
Total deposits	1,044.5	1,442.5	1,801.6	2,295.0	2,616.7	2,658.8	2,623.0	2,423.7
Local currency	534.9	728.1	801.3	984.5	1,130.3	1,289.1	1,336.6	1,212.2
Foreign currency	509.7	714.5	1,000.3	1,310.5	1,486.3	1,369.7	1,286.4	1,211.5

Source: Maldives Monetary Authority

Table 6

Commercial Bank Deposits Distributed by Types, 1995 -1999^{1/}

(In millions of Rufiyaa; end of period)

	1995	1996	1997	1998	1999			
					Mar	Jun	Sep	Dec
1. Current deposits								
Amount	430.6	583.3	690.2	822.1	1065.9	1016.8	931.3	825.2
No. of Accounts	11,770	12,445	17,673	14,351	14,224	14,121	12,585	14,130
2. Call deposits								
Amount	32.2	4.0	3.4	16.9	6.6	6.5	5.9	0.6
No. of Accounts	229	54	57	3	2	2	2	2
3. Other deposit accounts								
Amount	4.8	45.6	61.5	82.3	19.2	2.8	4.7	3.4
No. of Accounts	61	198	167	127	66	14	18	14
4. Savings deposits								
Amount	330.6	446.0	539.3	664.1	677.2	708.5	743.5	803.0
No. of Accounts	44,454	48,050	75,274	59,775	61,897	63,587	64,208	63,461
5. Fixed (or term) deposits								
Amount	246.2	363.6	514.6	709.6	847.8	925.2	938.7	900.4
No. of Accounts	595	595	674	733	718	814	817	867
(a) Upto 3 months								
Amount	17.4	5.4	6.9	33.4	73.9	276.4	212.4	139.6
No. of Accounts	17	3	4	9	24	91	108	110
(b) Over 3 months to 6 months								
Amount	62.8	34.6	68.3	110.9	150.1	112.2	144.0	241.7
No. of Accounts	75	55	22	64	57	90	69	94
(c) Over 6 months to 1 year								
Amount	160.7	319.4	424.9	542.3	593.5	499.7	523.1	492.0
No. of Accounts	399	464	598	603	583	589	600	559
(d) Over 1 year to 2 years								
Amount	4.0	2.3	1.7	3.7	21.9	31.6	43.1	12.0
No. of Accounts	26	10	19	20	13	13	15	76
(e) Over 2 years to 3 years								
Amount	0.3	0.3	12.0	17.4	5.7	2.3	13.2	11.2
No. of Accounts	6	6	10	15	14	16	10	10
(f) Over 3 years to 5 years								
Amount	0.8	1.4	0.7	1.8	2.5	2.6	2.6	1.5
No. of Accounts	66	51	16	19	24	14	14	12
(g) Over 5 years								
Amount	0.2	0.2	0.1	0.1	0.3	0.3	0.3	2.5
No. of Accounts	6	6	5	3	3	1	1	6
Total								
Amount	1044.5	1442.5	1809.0	2295.0	2616.7	2659.8	2623.9	2532.6
No. of Accounts	57,109	61,342	93,845	74,989	76,907	78,538	77,630	78,474

1/ Excludes interbank deposits

Source: Maldives Monetary Authority

Table 7

Commercial Bank Deposits Distributed by Owners , 1995 - 1999^{1/}

(In millions of Rufiyaa; end of period)

	1995	1996	1997	1998	1999			
					Mar	Jun	Sept	Dec
A - Foreign constituents	22.5	13.6	13.7	19.8	20.5	20.4	12.9	8.7
1- Official	5.0	7.3	6.6	6.1	5.9	8.4	8.4	7.0
2- Business	1.0	0.2	0.1	0.1	0.8	1.1	0.2	0.9
3- Personal	16.4	6.1	7.0	13.6	13.8	10.9	4.3	0.8
B - Domestic constituents	1,022.0	1,428.9	1,795.3	2,275.3	2,650.8	2,638.5	2,242.5	2,415.0
I - Government	218.6	406.7	419.9	640.6	730.5	805.6	729.8	688.1
1- Government	53.4	87.0	93.5	120.8	133.3	140.7	105.2	155.8
2- STO	4.5	20.0	18.1	54.0	168.3	145.1	153.9	115.6
3- Public enterprises (other than STO)	155.7	296.4	306.8	460.4	422.8	509.5	464.0	411.5
4- Atolls	5.1	3.3	1.6	5.3	6.0	10.3	6.6	5.1
II - Business	281.4	376.3	615.2	688.9	829.6	692.2	597.7	672.7
III - Trust funds and non-profit organisations	-	2.9	-	-	-	-	-	18.0
IV - Personal (Individuals)	522.0	643.1	760.2	945.8	1,090.7	1,140.8	915.0	1,036.2
Total	1,044.5	1,442.5	1,809.0	2,295.0	2,671.2	2,658.8	2,255.4	2,423.7

1/ Excludes interbank deposits

Source: Maldives Monetary Authority

Table 8

Commercial Bank Interest Rates, 1995 - 1999

(In percent per annum)

	1995	1996	1997	1998	1999			
					Mar	Jun	Sep	Dec
Deposits (Rf and US\$)								
Special notice deposits ^{1/}	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Savings deposits	5.0-6.0	5.0-6.0	5.0-6.0	5.0-6.0	5.0-6.0	5.0-6.0	5.0-6.0	5.0-6.0
Time deposits								
Up to 6 months	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5
Over 6 months to 1 year	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5
Over 1 year to 3 years	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5
Over 3 years to 5 years	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5
Over 5 years	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5	5.0-6.5
Loans								
Private sector								
Domestic currency	12 - 13	12 - 13	12 - 13	12 - 13	12 - 13	12 - 13	12 - 13	12 - 13
Foreign currency	12 - 15	14 - 15	14 - 15	14 - 15	14 - 15	14 - 15	14 - 15	14 - 15
Public sector ^{2/}								
	12 - 15	12 - 15	12 - 15	12 - 15	12 - 15	12 - 15	12 - 15	12 - 15

1/ Withdrawable at a minimum notice of 30 days.

2/ Foreign currency loans to finance essential imports.

Source: Maldives Monetary Authority

Table 9

Commercial Bank Loans and Advances by Major Economic Groups, 1995 - 1999^{1/}

(In millions of Rufiyaa; end of period)

	1995	1996	1997	1998	1999	
					Jun	Dec
Total	627.3	691.4	993.2	1,256.6	1,382.5	1,294.7
1. Fishing	26.6	42.9	47.0	58.5	65.6	69.2
2. Tourism	285.2	236.7	406.7	609.5	743.8	714.4
(i) Hotels and restaurant	27.2	0.5	24.9	28.5	30.2	21.5
(ii) Development of tourism	258.1	236.2	381.8	580.9	713.7	692.9
3. Agriculture	0.9	0.9	4.1	4.8	4.8	4.5
4. Construction:	29.9	49.2	59.2	74.1	75.8	71.2
(i) Housing	27.6	45.2	56.0	71.9	62.9	69.5
(ii) Others	2.3	4.1	3.2	2.2	12.9	1.7
5. Manufacturing	16.5	20.1	24.5	26.1	24.1	24.6
6. Commerce	244.0	314.5	411.9	406.2	432.5	371.1
7. Electricity, gas water and sanitary services	1.9	5.1	5.1	40.5	2.0	1.9
8. Transport, storage and communication	14.6	11.5	18.3	17.0	20.4	24.1
9. Services:	6.7	8.5	14.5	11.9	10.6	11.1
(i) Professional and community	4.1	5.0	10.7	8.2	5.6	7.6
(ii) Personal non-business loans to individuals	2.6	3.5	3.8	3.7	5.0	3.5
10. Employees, and activities not adequately described	1.1	2.0	1.8	8.0	3.0	2.5
<i>(percentage contribution)</i>						
Total	100.0	100.0	100.0	100.0	100.0	100.0
1. Fishing	4.2	6.2	4.7	4.7	4.7	5.3
2. Tourism	45.5	34.2	40.9	48.5	53.8	55.2
(i) Hotels and restaurant	4.3	0.1	2.5	2.3	2.2	1.7
(ii) Development of tourism	41.1	34.2	38.4	46.2	51.6	53.5
3. Agriculture	0.1	0.1	0.4	0.4	0.3	0.4
4. Construction:	4.8	7.1	6.0	5.9	5.5	5.5
(i) Housing	4.4	6.5	5.6	5.7	4.6	5.4
(ii) Others	0.4	0.6	0.3	0.2	0.9	0.1
5. Manufacturing	2.6	2.9	2.5	2.1	1.7	1.9
6. Commerce	38.9	45.5	41.5	32.3	31.3	28.7
7. Electricity, gas water and sanitary services	0.3	0.7	0.5	3.2	0.1	0.1
8. Transport, storage and communication	2.3	1.7	1.8	1.4	1.5	1.9
9. Services:	1.1	1.2	1.5	0.9	0.8	0.9
(i) Professional and community	0.7	0.7	1.1	0.7	0.4	0.6
(ii) Personal non-business loans to individuals	0.4	0.5	0.4	0.3	0.4	0.3
10. Employees, and activities not adequately described	0.2	0.3	0.2	0.6	0.2	0.2

1/ Excludes bills, advances made by BCCI, advances to public sector and interbank advances

Source: Maldives Monetary Authority

Table 10

Loans and Advances by Major Groups of Borrowers and Types, 1995 - 1999^{1/}

(In millions of Rufiyaa; end of period)

	1995	1996	1997	1998	1999			
					Mar	Jun	Sep	Dec
A - Foreign constituents	3.0	-	-	0.0	0.1	-	-	-
B - Domestic constituents	781.1	838.7	1,120.1	1,443.5	1,411.6	1,599.2	1,675.4	1,499.0
I - Government	156.8	147.7	120.6	173.8	156.1	215.0	210.9	206.9
1 - Government	-	-	-	-	-	-	-	-
2 - STO	52.9	86.1	60.3	107.6	100.7	133.1	136.8	118.6
3- Public enterprises (other than STO)	103.9	61.6	60.3	62.7	51.4	79.2	71.2	85.7
4 - Atolls	-	-	-	3.5	4.0	2.7	2.9	2.6
II - Business	587.4	629.0	842.2	1,032.0	1,089.7	1,208.6	1,273.8	1,088.7
III - Personal (Individuals)	36.9	62.0	157.3	237.7	165.8	175.6	190.6	203.4
Total	784.2	838.7	1,120.1	1,443.5	1,411.7	1,599.2	1,675.4	1,499.0

1/ Excludes advances made by BCCI and interbank advances.

Source: Maldives Monetary Authority

Table 11

Loans and Advances by Securities Pledged, 1995 - 1999^{1/}

(In millions of Rufiyaa; end of period)

	1995	1996	1997	1998	1999			
					Mar	Jun	Sep	Dec
1- Merchandise	10.8	8.3	10.3	8.0	6.4	11.3	10.4	8.9
(i) Food items	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
(ii) Raw materials	-	-	-	-	-	-	0.3	0.3
(iii) Finished manufactured goods	10.7	8.2	10.2	7.9	6.3	11.2	10.0	8.6
2- Machinery and other fixed assets	74.8	80.5	92.0	197.9	277.4	263.0	279.3	255.1
3- Real estate	196.5	232.5	292.5	334.9	300.0	365.5	404.3	331.0
(i) Housing	126.5	197.5	274.7	306.8	283.4	224.1	295.6	202.7
(ii) Commercial building	70.0	35.0	17.8	28.2	16.6	141.4	108.8	128.3
4- Financial obligations	32.6	29.0	70.4	133.0	125.6	121.3	99.0	79.9
5- Gold bullion, gold & silver ornaments, precious metals	-	-	-	-	-	-	-	-
6- Stock securities	3.9	5.0	5.7	11.3	12.6	12.0	13.7	11.5
(i) Government and other trustee securities	3.9	5.0	5.7	11.3	10.3	12.0	13.7	11.5
(ii) Shares & debentures of joint stock companies.	-	-	-	-	2.3	-	-	-
7- Others	465.5	483.5	649.2	758.4	689.8	826.1	868.8	812.7
(i) Other secured advances	340.7	320.9	515.6	580.3	565.6	728.0	747.4	635.8
(ii) Advances secured by guarantee of guarantees	27.2	65.1	70.3	82.8	29.6	36.6	45.2	97.2
(iii) Unsecured advances	97.5	97.5	63.3	95.3	94.5	61.6	76.3	79.6
Total	784.2	838.7	1,120.1	1,443.5	1,411.7	1,599.2	1,675.5	1,499.0

^{1/} Excludes advances made by BCCI and interbank advances.

Source: Maldives Monetary Authority

Table 12

Tourism Indicators, 1995 - 1999

	1995	1996	1997	1998	1999
Total arrivals	324,311	356,114	384,471	419,779	456,048
<i>Of which: Tourists</i>	314,869	338,733	365,563	395,725	429,666
Total tourist nights (000's)	2,725	3,039	3,271	3,467	3,718
Average stay (days)	8.6	9.0	9.0	8.8	8.7
Total tourist expenditure (US\$ mn) ^{1/}	210.7	265.6	286.0	303.0	324.6
Tourist expenditure per arrival (\$) ^{2/}	669.3	784.1	782.4	765.6	755.5
Tourist expenditure per night (\$)	77.3	87.4	87.4	87.4	87.3
Number of resorts (end-year)	73	73	73	79	84
Government owned	11	11	9	11	10
Private	62	62	64	68	74
Resort bed capacity (end-year)	10,688	11,436	11,962	13,740	15,036
Government owned	2,270	2,270	2,298	2,376	2,074
Private	8,106	8,854	9,352	11,052	12,650
Foreign. Govt.owned	312	312	312	312	312
Bed-night capacity ('000)	3,866	4,181	4,217	4,546	5,348
Capacity utilization (in percent)	70.5	72.8	77.4	76.2	69.7

1/ These are estimates made by MMA for tourist expenditure for travel component of the balance of payments statistics

2/ The series have been revised on May 1999 as previously tourist expenditure per arrival is derived by dividing total tourist expenditure by the total arrivals, not tourist arrivals. Revised series reflects total tourist expenditure divided by tourist arrivals.

Source: Ministry of Tourism and Maldives Monetary Authority

Table 13

Fish Production and Exports, 1995 - 1999*(In thousands of Metric tons)*

	1995	1996	1997	1998	1999
Total catch	104.7	106.3	107.4	118.1	124.1
Fish catch	104.6	105.4	101.8	115.1	123.3
Skipjack	70.4	66.5	69.0	78.4	92.9
Yellow fin	12.5	12.4	13.0	14.2	14.3
Other tuna	7.1	10.9	5.1	8.3	5.5
Reef and bottom fish	14.6	15.6	14.7	14.2	10.6
EEZ ^{1/}	0.1	0.9	5.6	3.0	0.8
Exports of fresh/frozen fish	4.0	14.9	17.3	15.4	22.3
Exports of other fish ^{2/}	53.2	50.6	50.6	55.4	46.4
Dry skipjack (Maldive Fish)	19.4	20.3	19.3	28.4	26.4
Dry salted skipjack	5.7	4.8	4.5	3.6	3.4
Dry salted reef fish	4.1	3.5	3.8	3.2	2.6
Canned fish	23.3	21.5	20.5	20.2	13.7
Other fish	0.6	0.4	2.5	-	0.3
Total fish exports					
M/t	57.2	65.5	67.9	70.8	68.7
US\$ mn ^{3/}	37.0	47.8	55.3	56.5	38.8
Local consumption and changes in stock	47.4	39.9	39.5	47.3	55.4
<i>Memorandum item:</i>					
Number of mechanized boats	1,628.0	1,634.0	1,640.0	1,647.0	1,647.0

1/ Exclusive economic zone.

2/ Fresh fish equivalents.

3/ Value of all marine products

Source: Ministry of Fisheries, Agriculture and Marine Resources

Table 14

Summary of Central Government Finance, 1995 - 1999

(In millions of Rufiyaa)

	1995	1996	1997	1998	1999 <i>(Prv. Est.)</i>
Total revenue and grants	1,408.7	1,567.8	1,824.7	1,930.2	2,164.9
Current revenue	1,205.8	1,321.6	1,652.0	1,763.6	2,010.8
Capital revenue	3.7	3.3	4.5	2.1	2.4
Grants	199.2	242.9	168.2	164.5	151.7
Expenditure and net lending	1,708.8	1,701.6	1,906.0	2,053.3	2,468.5
Current expenditure	878.1	955.4	1,182.0	1,297.9	1,508.7
Capital expenditure	839.7	737.2	754.9	816.0	946.3
Net lending	(9.0)	9.0	(30.9)	(60.6)	13.5
Overall balance	(300.1)	(133.8)	(81.3)	(123.1)	(303.6)
Overall balance excluding grants	(499.3)	(376.7)	(249.5)	(287.6)	(455.3)
Current balance	327.7	366.2	470.0	465.7	502.1
Foreign financing	298.0	163.0	172.2	129.3	40.3
Domestic financing	2.1	(29.2)	(90.9)	(6.2)	263.3
Total debt (end of period)	2,223.7	2,281.3	2,373.0	2,605.5	2,766.6
<i>Of which: Foreign</i>	<i>1,160.7</i>	<i>1,323.7</i>	<i>1,495.9</i>	<i>1,625.2</i>	<i>1,665.5</i>

Source: Ministry of Finance and Treasury

Table 15

Government Revenue, 1995 - 1999

(In millions of Rufiyaa)

	1995	1996	1997	1998	1999
					<i>(Prv. Est.)</i>
Total revenue and grants	1,408.7	1,567.8	1,824.7	1,930.2	2,164.9
Total revenue	1,209.5	1,324.9	1,656.5	1,765.7	2,013.2
Current revenue	1,205.8	1,321.6	1,652.0	1,763.6	2,010.8
Tax revenue	638.5	713.1	864.1	902.7	970.4
Import duties	410.0	450.6	552.8	576.5	625.3
Export duties	1.4	0.1	-	-	-
Tourism tax	188.8	215.8	257.0	257.7	270.0
Bank profit tax	19.2	23.8	27.3	35.4	42.1
Others ^{1/}	19.1	22.8	27.0	33.1	33.0
Nontax revenue	567.3	608.5	787.9	860.9	1,040.4
Entrepreneurial and property income	411.2	460.9	617.7	670.1	826.7
State Trading Organisation	14.2	26.0	35.0	40.0	96.2
State Electric Company	13.0	8.0	17.0	-	20.0
Post and Telecommunications	-	-	-	-	-
Dhivehi Rajjeege Gulhun Ptd.	26.3	30.4	36.0	49.7	55.3
Maldives Post Limited	4.0	4.5	4.5	5.0	5.5
Maldives Monetary Authority	31.2	38.6	48.4	56.2	57.7
Civil Aviation	-	-	-	-	-
Other enterprises and institutions	65.0	79.8	62.4	118.6	127.9
Royalties, land and resort rent	167.6	206.6	282.1	304.3	374.6
Resorts lease rent	149.8	185.1	248.5	267.4	345.5
Resorts land rent	2.2	1.4	1.7	6.4	5.0
Royalties	15.6	20.1	31.9	30.5	24.1
Interest	89.9	67.0	132.3	96.3	89.5
Administrative fees and charges	70.0	105.5	122.3	144.4	162.7
Fines and Forfeits	49.6	22.2	23.8	18.3	16.6
Other	36.5	19.9	24.1	28.1	34.4
Capital revenue (sales of assets)	3.7	3.3	4.5	2.1	2.4
Grants^{2/}	199.2	242.9	168.2	164.5	151.7

1/ Includes license fees, company registration fees, revenue stamps and motor vehicle taxes.

2/ Includes grants-in-kind and cash but excludes direct expenditure by donors.

Source: Ministry of Finance and Treasury

Table 16

Central Government Expenditure, 1995 - 1999

(In millions of Rufiyaa)

	1995	1996	1997	1998	1999 <i>(Prv. Est.)</i>
Total expenditure and net lending	1,708.8	1,701.6	1,906.0	2,053.3	2,468.5
Current expenditure	878.1	955.4	1,182.0	1,297.9	1,508.7
Expenditure on goods & services	787.9	845.2	1,069.1	1,188.4	1,382.3
Salaries and wages	232.2	249.3	269.9	290.7	330.4
Other	555.7	595.9	799.2	897.7	1,051.9
Interest payments	76.5	81.0	87.1	81.6	101.6
Subsidies	13.7	29.2	25.8	27.9	24.8
Capital expenditure	839.7	737.2	754.9	816.0	946.3
Net lending ^{1/}	(9.0)	9.0	(30.9)	(60.6)	13.5
Domestic	(11.3)	6.8	(32.1)	(62.6)	0.2
Abroad	2.3	2.2	1.2	2.0	13.3

1/ Comprises development expenditure financed from domestic sources and by foreign grants.

Source: Ministry of Finance and Treasury

Table 17

Functional Classification of Central Government Expenditure, 1995 - 1999

(In millions of Rufiyaa)

	1995	1996	1997	1998	1999
					<i>(Prv. Est.)</i>
Total expenditure	1,717.8	1,692.6	1,936.9	2,113.9	2,455.0
Public services	533.7	604.6	765.0	797.1	1,127.8
General administration	331.1	360.2	428.0	426.8	550.8
Public order and internal security	202.6	244.4	337.0	370.3	577.0
Social services	527.5	575.7	750.0	993.7	1,002.6
Education	223.5	246.6	318.4	432.1	441.2
Health	172.1	190.8	212.0	224.2	278.2
Social Security and Welfare	52.1	47.8	66.5	71.3	73.6
Community programs	79.8	90.5	153.1	266.1	209.6
Economic services	580.1	431.3	334.8	241.5	223.0
Fisheries & agriculture	207.3	83.1	21.8	22.0	19.0
Transportation	269.1	140.8	217.2	159.1	152.8
Post and telecommunication	1.9	41.9	34.7	2.3	4.3
Tourism	19.1	17.7	23.9	15.8	22.8
Trade and industry	13.7	9.9	8.1	6.3	5.4
Electricity	69.0	137.9	29.1	36.0	18.7
Interest on public debt	76.5	81.0	87.1	81.6	101.6

Source: Ministry of Finance and Treasury

Table 18

**Functional Classification of Central Government
Current Expenditure 1995 - 1999**

(In millions of Rufiyaa)

	1995	1996	1997	1998	1999
					<i>(Prv. Est.)</i>
Current expenditure	878.1	955.4	1,182.0	1,297.9	1,508.7
General public services	365.2	417.9	485.0	536.8	659.2
General administration	206.8	240.7	286.3	308.4	322.2
Public order and internal security	158.4	177.2	198.7	228.4	337.0
Social services	397.7	414.7	550.6	623.0	684.4
Education	169.4	196.4	257.2	296.7	337.4
Health	124.7	127.4	144.0	155.6	177.0
Social security and welfare	52.0	43.5	65.6	70.3	73.3
Community programs	51.6	47.4	83.8	100.4	96.7
Economic services	38.7	41.8	59.3	56.5	63.5
Fisheries & agriculture	5.3	5.0	5.8	6.6	5.4
Transportation	17.8	20.2	22.4	27.0	30.3
Post and telecommunication	1.9	1.8	2.8	2.1	3.8
Tourism	11.1	11.5	22.7	15.5	19.2
Trade and industry	2.6	3.3	5.6	5.3	4.8
Interest on public debt	76.5	81.0	87.1	81.6	101.6

Source: Ministry of Finance and Treasury

Table 19

**Functional Classification of Central Government
Capital Expenditure, 1995 - 1999**

(In millions of Rufiyaa)

	1995	1996	1997	1998	1999
					<i>(Prv.Est.)</i>
Capital expenditure	839.7	737.2	754.9	816.0	946.3
General public services	168.5	186.7	280.0	260.3	468.6
General administration	124.3	119.5	141.7	118.4	228.6
Public order & internal security	44.2	67.2	138.3	141.9	240.0
Social services	129.8	161.0	199.4	370.7	318.2
Education	54.1	50.2	61.2	135.4	103.8
Health	47.4	63.4	68.0	68.6	101.2
Welfare services	0.1	4.3	0.9	1.0	0.3
Community programs	28.2	43.1	69.3	165.7	112.9
Economic services	541.4	389.5	275.5	185.0	159.5
Fisheries & Agriculture	202.0	78.1	16.0	15.4	13.6
Transportation	251.3	120.6	194.8	132.1	122.5
Post and telecommunication	-	40.1	31.9	0.2	0.5
Tourism	8.0	6.2	1.2	0.3	3.6
Trade and industry	11.1	6.6	2.5	1.0	0.6
Electricity	69.0	137.9	29.1	36.0	18.7

Source: Ministry of Finance and Treasury

Table 20

Balance of Payments, 1995 - 1999

(In millions of U.S. dollars)

	1995	1996	1997 <i>(Rev.Est.)</i>	1998 <i>(Rev.Est.)</i>	1999 <i>(Rev.Est.)</i>
Current account balance	-18.2	-7.4	-34.2	-23.3	-69.9
Trade balance	-150.8	-185.6	-214.0	-215.9	-262.6
Exports, f.o.b	85.0	79.9	93.0	95.6	91.5
Domestic exports	49.6	59.2	73.2	74.3	63.7
Re-exports ^{1/}	35.4	20.8	19.7	21.3	27.8
Imports, f.o.b	-235.8	-265.5	-307.0	-311.5	-354.1
Services (net)	136.1	179.2	190.5	204.3	214.9
Balance on nonfactor services	156.1	201.1	218.0	232.4	245.7
Receipts ^{2/ 3/}	232.8	289.0	312.2	331.3	353.9
Payments	-76.7	-87.9	-94.2	-98.9	-108.1
Balance on factor services	-20.0	-21.9	-27.4	-28.2	-30.8
Receipts	4.5	6.0	7.5	8.6	9.0
Payments	-24.5	-27.8	-34.9	-36.8	-39.9
Unrequited transfers (net)	-3.6	-1.1	-10.8	-11.7	-22.2
Official ^{4/}	23.0	26.2	17.2	18.9	18.3
Private	-26.6	-27.3	-27.9	-30.6	-40.5
Non-monetary capital (net)	33.5	51.1	61.6	52.3	62.7
Official medium-and long-term	24.8	17.3	21.9	14.7	4.5
Disbursements	31.9	25.2	30.7	25.8	17.0
Amortization	-7.2	-7.9	-8.8	-11.1	-12.4
Private capital	33.6	41.0	42.9	42.9	42.9
Net errors/omissions	-24.9	-7.1	-3.2	-5.3	15.2
Overall balance	15.3	43.7	27.4	29.1	-7.2
Monetary movements	-15.3	-43.7	-27.4	-29.1	7.2
Maldives Monetary Authority	-17.2	-28.3	-37.5	-20.2	-8.6
Commercial banks	1.9	-15.4	10.1	-8.8	15.8

Note: Decimal places might differ due to rounding off

1/ Jet fuel has been removed from services receipts and included in re-exports in the whole series; currency has been deducted from re-exports from 1996 onwards.

2/ Average daily expenditure of tourists on tour packages has been upwardly revised from 1996 onwards after consultation with industry officials.

3/ From 1995 onwards, tourist arrivals figures reflect immigration statistics. Prior to this, tourist arrivals included total visitor arrivals less arrivals from Sri Lanka, India, Bangladesh and Philippines.

4/ The source of official transfers has been changed from MOFT to DER from 1994 onwards, as DER includes more components of grant aid than MOFT. MOFT only includes cash and commodity grants.

Source: Maldives Monetary Authority

Table 21

Composition of Exports, 1995 - 1999*(In million of US dollars)*

	1995	1996	1997	1998	1999
Total merchandise exports	85.0	79.9	92.9	95.6	91.5
Domestic exports	49.6	59.2	73.2	74.3	63.7
Total marine exports	37.0	48.7	58.2	56.5	38.8
Fish and fish products(including live fish)	35.9	48.0	57.4	56.1	38.3
Fish exports (excluding tropical live fish)	31.2	43.2	51.6	51.9	34.4
Frozen tuna	3.1	16.0	23.6	23.0	13.4
Frozen reef fish	2.3	2.0	2.4	0.6	2.0
Canned fish	16.1	16.5	16.3	16.7	8.6
Dried fish	6.2	6.5	6.8	9.2	9.0
Salted fish	2.4	1.2	1.2	1.2	0.7
Salted reef fish	1.2	0.9	1.3	1.2	0.7
Live tropical fish	2.5	2.8	3.5	2.3	1.9
Fish products	2.1	1.9	2.4	2.0	2.0
Other marine products	1.1	0.7	0.8	0.4	0.4
Garments	12.5	10.3	14.9	17.8	24.8
Other	0.1	0.1	0.1	0.1	0.1
Re-exports	35.4	20.8	19.6	21.3	27.8

Source: Maldives Customs Services

Table 22

Composition of Imports (c.i.f), 1995 - 1999

(In millions of US dollars)

	1995	1996	1997	1998	1999
Total imports c.i.f.	267.9	301.7	348.8	354.0	402.2
Private imports (including tourism)	207.9	211.0	234.2	262.2	286.3
Private (excluding tourism)	-	162.4	166.7	177.1	198.8
Tourism	-	48.6	67.5	85.1	87.6
Total public imports (govt + pnfe)	60.0	90.7	114.6	91.8	115.8
PNFE	49.2	74.9	90.7	66.5	94.4
Government	10.9	15.9	23.9	25.3	21.4
Consumer goods	127.0	142.8	168.9	N.A	N.A
Food products	52.7	64.5	65.2		
Rice	3.8	5.8	4.1		
Wheat flour	3.2	4.5	4.2		
Sugar	4.9	4.6	3.7		
Milk Product	-	41.6	52.6		
Other food items	40.8	8.0	0.6		
Tobacco and beverages	11.5	12.7	13.4		
Manufactured goods	62.9	65.6	90.3		
Petroleum products	30.5	27.3	38.7	N.A	N.A
Kerosene and aviation gas	11.8	4.7	11.1		
Diesel and lubricating oil	16.9	20.9	25.1		
Gasoline	1.7	1.7	2.5		
Intermediate and capital goods	110.4	131.6	141.2	N.A	N.A
Machinery & transport equipment	70.6	81.3	88.0		
Machinery & transport equip. for investment purposes	-	3.0	7.7		
Crude material	4.9	4.4	7.7		
Chemical	12.9	14.6	16.0		
Cement	5.4	5.5	5.7		
Steel	12.1	11.8	12.0		
Deformed steel bars	-	1.2	0.1		
Timber	-	5.7	0.0		
Paper	4.3	4.1	4.0		

Note: 1998 and 1999 data are not available in Maldives Customs Services.

1/ Starting from 1995 onwards PNFE imports were excluded from Government imports

Source: Maldives Customs Services

Table 23

Summary of External Public Debt, 1995 - 1999

(In millions of US dollars)

	1995	1996	1997	1998	1999
Public/publicly guaranteed debt outstanding ^{1/}	208.9	207.7	201.8	232.1	257.2
Debt outstanding disb. only (DOD) ^{2/}	151.6	163.7	165.3	184.7	185.6
Disbursements ^{3/}	31.9	24.6	30.8	25.8	17.6
Principal repayments ^{4/}	7.1	8.2	24.2	11.1	12.5
Net flows ^{5/}	24.8	16.4	6.6	14.7	5.2
Interest payments (INT) ^{6/}	3.6	3.6	3.8	3.8	4.3
Total debt service (TDS) ^{7/}	10.7	11.8	28.0	14.8	16.8
Net transfers ^{8/}	21.1	12.8	2.8	10.9	0.8
Selected ratios					
DOD/GDP	55.9	55.3	52.0	55.5	47.2
INT/XGS	1.1	1.0	0.9	0.9	1.0
TDS/XGS	3.4	3.2	6.9	3.5	3.8
<i>Memorandum Item:</i>					
Exports of goods & non-factor services (XGS)	317.8	369.0	405.2	426.9	445.3

1/ Including undisbursed debt

2/ Total debt outstanding disbursed (M&L/T)

3/ Disbursements of capital loans during the year

4/ Repayments of capital loans (principal only)

5/ Disbursements less principal repayments

6/ Interest on capital loans (M&L/T)

7/ Sum of principal repayments and interest (M&L/T)

8/ Disbursements less total debt service

Source; Ministry of Finance and Treasury

Table 24

Exchange Rate, 1982- 1999

(Rufiyaa per foreign currency; end of period)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
U.S dollar	7.0500	7.0500	7.0500	7.1286	7.2443	9.3950	8.5250	9.3550	9.6200	10.3200	10.5300	11.1050
Japanese yen	0.0300	0.0304	0.0281	0.0352	0.0443	0.0743	0.0673	0.0645	0.0696	0.0804	0.0835	0.1012
Singapore dollar	3.3436	3.3145	3.2369	3.3668	3.3028	4.6977	4.3272	4.8698	5.4164	6.2147	6.3018	6.8067
Deutsche mark	2.9665	2.5883	2.2395	2.8406	3.5964	5.7598	4.7305	5.4075	6.2354	6.6843	6.5380	6.3551
Indian rupee	0.7318	0.6719	0.5662	0.5853	0.5509	0.7253	0.5586	0.5480	0.5191	0.3921	0.3942	0.3471
Sri Lankan rupee	0.3307	0.2820	0.2683	0.2600	0.2539	0.3063	0.2547	0.2316	0.2348	0.2385	0.2258	0.2207
SDR	7.7769	7.3810	6.9105	7.8302	8.9144	13.3283	11.4721	12.0968	13.6800	14.7600	14.5000	15.2500

	1994				1995				1996			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
U.S dollar	11.2250	11.8200	11.8600	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700
Japanese yen	0.1049	0.1159	0.1180	0.1177	0.1243	0.1357	0.1112	0.1112	0.1096	0.1098	0.1069	0.1011
Singapore dollar	6.9798	7.5983	7.8531	7.8312	8.0616	8.2684	8.0380	8.0380	8.1834	8.2090	8.1776	8.2436
Deutsche mark	6.6401	7.2982	7.4749	7.6740	8.2548	8.1476	7.7482	7.7482	7.8371	7.5484	7.7435	7.4275
Indian rupee	0.3518	0.3694	0.3706	0.3678	0.3610	0.3674	0.3379	0.3379	0.3351	0.3340	0.3236	0.3219
Sri Lankan rupee	0.2244	0.2348	0.2347	0.2339	0.2306	0.2300	0.2194	0.2194	0.2135	0.2132	0.2064	0.2036
SDR	15.8600	17.1200	17.4007	17.1800	18.3671	18.4643	17.7300	17.4900	17.4900	16.9881	16.9414	16.9248

	1997											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
U.S dollar	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700
Japanese yen	0.0995	0.0947	0.0949	0.0935	0.0911	0.1000	0.0984	0.0974	0.0942	0.0951	0.0904	0.0889
Singapore dollar	8.2166	8.1921	8.0916	8.0280	7.9769	8.0741	7.8334	7.8095	7.5638	7.3951	7.2125	7.1513
Deutsche mark	7.3861	7.0280	6.7528	6.8858	6.6867	6.6840	6.2502	6.1853	6.4425	6.4962	6.6234	6.4814
Indian rupee	0.3213	0.3217	0.3220	0.3217	0.3228	0.3228	0.3232	0.3220	0.3175	0.3187	0.3009	0.2966
Sri Lankan rupee	0.2033	0.2020	0.2004	0.1986	0.1965	0.1958	0.1943	0.1939	0.1932	0.1924	0.1907	0.1895
SDR	16.4151	16.3007	16.3237	16.3237	16.3814	16.3384	15.9910	16.0493	16.0685	15.9571	16.0289	15.8807

	1998											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
U.S dollar	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700
Japanese yen	0.0864	0.0911	0.0881	0.0874	0.0868	0.0838	0.0830	0.0802	0.0876	0.1010	0.0942	0.0942
Singapore dollar	6.6716	6.6891	7.1713	7.1959	7.1113	6.9931	6.7536	6.5326	6.7143	7.1308	6.9910	6.9910
Deutsche mark	6.3197	6.3042	6.2942	6.3724	6.5050	8.4210	6.4780	8.4203	6.8002	7.1155	6.9201	6.9201
Indian rupee	0.2912	0.2976	0.2918	0.2906	0.2901	0.2703	0.2714	0.2712	0.2713	0.2728	0.2726	0.2726
Sri Lankan rupee	0.1878	0.1871	0.1849	0.1827	0.1813	0.1788	0.1769	0.1747	0.1747	0.1740	0.1725	0.1725
SDR	15.8922	15.8922	15.7723	15.8502	15.7172	15.6722	15.6481	15.7979	16.1404	16.5763	16.2450	16.5725

	1999											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
U.S dollar	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700	11.7700
Japanese yen	0.0942	0.0963	0.0937	0.0953	0.0954	0.0946	0.0945	0.1006	0.1092	0.1094	0.1101	0.1127
Singapore dollar	6.9910	6.6723	6.6716	6.6486	6.7854	6.7643	6.7914	6.8661	6.7556	6.8825	6.9267	6.8805
Deutsche mark	6.9201	6.5857	6.4352	6.3432	6.3332	6.0843	5.9727	6.2105	6.1845	6.3822	6.0772	5.9751
Indian rupee	0.2726	0.2719	0.2715	0.2719	0.2700	0.2672	0.2668	0.2657	0.2648	0.2657	0.2659	0.2654
Sri Lankan rupee	0.1725	0.1680	0.1669	0.1660	0.1630	0.1630	0.1621	0.1622	0.1619	0.1616	0.1606	0.1601
SDR	16.3576	16.0755	15.9818	15.9484	15.8288	15.7407	16.0568	16.1233	16.2421	16.2511	16.1205	16.1544

Source: Maldives Monetary Authority

COMMERCIAL BANKS OPERATING IN MALDIVES

Bank	Date established
State Bank of India -----	4 February 1974
Habib Bank Limited -----	11 April 1976
Bank of Ceylon -----	7 May 1981
Bank of Maldives -----	11 November 1982

MONETARY MEASURES AND PRUDENTIAL REGULATIONS IN EFFECT DURING 1999

- Pursuant to Law 9/85 of 27 June 1985, all commercial banks operating in the Maldives are required to pay a profit tax of 20 percent.
- With effect from 1 July 1985 all commercial banks operating in the Maldives are required to adhere to the foreign currency buying and selling rates published by the MMA.
- With effect from 12 October 1985, all taxes, rents and related fines due from foreigners (excluding expatriates serving the Government who are paid in Rufiyaa), tourist hotels and guest houses, are required to be paid in foreign currencies accepted by the MMA.
- With effect from 20 September 1986, all commercial banks operating in the Maldives are required to include in their loan agreements, the provision that repayments are to be made in the currency in which a loan is disbursed.
- Monetary Regulation was introduced on 1 March 1987.
- With effect from 1 September 1992, reserve requirement ratio for commercial banks has been set at 35 percent of total Rufiyaa and foreign currency demand and time liabilities. Balances of the minimum reserve deposits in excess of 15 percent bears an interest rate of 2.5 percent per annum, for both Rufiyaa and foreign currency deposited for this purpose. Reserve requirement for Rufiyaa has to be met in the form of Rufiyaa deposits and for foreign currency, in the form of US dollar deposits.
- With effect from 1 June 1995, MMA began its Certificates of Deposit programme, whereby commercial banks operating in the Maldives, may purchase such certificates with maturity periods of 90 and 180 days.
- With effect from 24 June 1995, commercial banks are free to determine the annual rates of interest chargeable on loans and advances and the annual interest payable on deposits denominated in US dollars. Banks are required to inform the changes in interest rates to Credit and Bank Supervision Section of the MMA before the close of business on the date on which such new rates become effective. Banks are also required to display interest rates in prominent location in the public hall of the bank.
- With effect from 24 June 1995, banks are permitted to set the interest rates chargeable on deposits and loans denominated in Rufiyaa provided that such rates do not exceed 20 percent per annum, and the

spread between the lowest annual rate of interest payable on deposits and the annual rate of interest chargeable on loans and advances does not exceed 7 percentage points.

- With effect from the third quarter of 1995, an aggregate credit limit was established for each commercial bank operating in the country. The allocation for each bank was calculated on the basis of an index comprised of a proportion of total deposit liabilities, total capital and reserves, total excess reserves and total loans outstanding.
- With effect from 18 April 1996, banks are required to obtain MMA approval on all payments and profit repatriation to their head offices overseas.
- With effect from 25 April 1996, banks are required to follow the MMA's classification criteria in accordance with a uniform credit risk grading system or loan asset classification matrix and charge a loan loss provision against all classified loans and advances as per regulations established by the MMA.
- With effect from 31 December 1996, banks are required to use a standard format of financial statements outlined by the MMA, and to exhibit the annual financial statements in a conspicuous place within the place of business of the bank.
- With effect from 23 March 1997, the Reserve Account and the Clearing Account of commercial banks with the MMA have been consolidated and the computation of the Minimum Reserve Requirement has been changed to a weekly average basis.
- With effect from 30 April 1997, banks are required to report their net foreign currency position to MMA on a daily basis. And a detailed foreign currency position on monthly basis.
- With effect from 1 January 1998 all commercial banks are required to maintain a minimum level of paid-up capital which is not less than Rufiyaa 30 million. Branches of foreign banks operating in Maldives will meet similar minimum capital requirement through the assignment or allocation of equity capital into their Maldives operations from the home country office. Half of the minimum required capital has to be deposited with MMA as capital deposit, bearing interest at 1.5 percent per annum. In addition, all commercial banks have to maintain, at all times, a capital adequacy ratio not less than 8% of risk-weighted assets.
- With effect from October 1997, Banks are requested to submit a report on classification of loans and advances on a quarterly basis.
- With effect from the year 1998, all banks are required to complete the form computation of Risk Weighted Assets and Submit to MMA on a quarterly basis
- With effect from February 1999, discount on Certificates of Deposits (CDs) should be recognised periodically over the life of the CD using the 'gross' method. CD discounts should be made on a regular basis over the maturity period of the CD calculated at the daily rate. This change to the Accounting for MMA Certificate of Deposits (CDs) was made to overcome the difficulties that arise because of the inconsistency in the compilation of the banking statistics and also to follow the Generally Accepted Accounting Standards.



Maldives Monetary Authority
Umar Shopping Arcade, Chandhanee Magu,
Malé 20-02, Republic of Maldives.

General Division

Tel: +96032 3783

Fax: +96032 3862

Telex: 77055 BOLIMF

E-mail: mma@dhivechinet.net.mv

Operations Division

Tel: +96032 3763

Fax: +96032 7035

Telex: 77144 MMA OPRMF

Economic Research and Statistics Division

Tel: +960 322268, +960323648

Fax: +96031 7604

E-mail: ersd@dhivechinet.net.mv



ANNUAL REPORT &
FINANCIAL ACCOUNTS 1999

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