

The stock exchange of mauritius accounting essay

[Business](#), [Accounting](#)



OmanPakistanPeople's Republic of BangladeshPeople's Republic of China-DTA-Amendment/s through ProtocolRwandaSenegalSeychellesSingaporeSouth AfricaState of QatarSwazilandSwedenThailandTunisiaUgandaUnited Arab EmiratesUnited Kingdom-DTA-Amendment/s through ProtocolZimbabwe5 treaties awaits ratification: Congo, Kenya, Nigeria, Russia, Zambia5 treaties await signature with: Egypt, Ghana, Gabon, Malawi, Monaco12 treaties are being negotiated with: Algeria, Burkina Faso, Canada, Czech Republic, Greece, Portugal, Republic of Iran, Saudi Arabia , St. Kitts & Nevis, Vietnam , Yemen and Tanzania

Stock Exchange of Mauritius (SEM)The Stock Exchange of Mauritius was incorporated in 1989 as per the Stock Exchange Act 1988. It was a private company responsible for the securities market in Mauritius. However since 2008 it has become a public limited. The evolution of the SEM was done alongside the standards of the stock exchange worldwide. Alongside of being one of the leading exchanges in Africa, it is also a member of the World Federation of Exchanges (WFE). The SEM is segregated into 2 markets: The Official MarketIt has launched in 1989 with five listed companies. Today there are 40 listed companies representing a market capitalization of nearly USD 5. 5 billion as at 28th September 2012. The Development & Enterprise Market (DEM)It was launched on 4th August 2006. There are currently 47 companies listed with a market capitalization of USD 1. 4 billion as at 28th September 2012. Logistics and DistributionThe Freeport SectorThe Mauritius Freeport Sector was established in 1992. It is regulated by the Free Port Authority who controls and manages the Freeport area. It has infrastructural facilities of about 180, 000 m2. The infrastructure includes dry warehouses,

cold rooms, processing units and business centres. Also products passing through the area are customs exempted. Information and Communication Technologies (ICT) sector Mauritius used to have a monopoly regime. It had a state-owned company and the services offered were local and international telephony. However it has now liberalized the industry as the government decided to have a more competitive industry and transforming Mauritius into a Cyber Island. To aid with this purpose an appropriate legal and regulatory framework for the sector was developed. The Information and Communication Technologies Authority (ICTA) is the regulator of this sector. Given Mauritius is connected to the SAFE/SAT3/WASC submarine fibre optic cable system and has Wi-Fi technology and 3G mobile telephony is an advantage. A cyber city has been constructed at Ebène. It is a 40 minutes drive from the airport. The integrated technology park is booming. Business Process Outsourcing (BPO) activities are the one most demanded activities. The activities outsourced include traditional tasks like payroll administration, accounting and other but also new field projects like financial analysis, market research and others. The sector also includes call centres and software development companies. There is also the digital media and entertainment. Seafood Industry The global demand has been increasing in the recent years. In 2010 148 million tonnes of fish was traded (total value USD 217. 5 billion)[1]. Fish and fishery products are a valuable source of protein and micronutrients for a balanced nutrition. The seafood sector has a promising future ahead as a new economic pillar. The government plans to promote the country as a world class seafood hub. In 2009 the sector had a growth rate of 5. 3% and presented an export value of 14%. In the recent

years the industry has been growing though investment in areas like fishing, seafood processing, logistics services and so on. The port of Mauritius can accommodate ship ranging from 15 meters to 100 meters. The Mauritius Ports Authority is the national body controlling the port sector. There is scope of investment in the following sectors: Tuna transshipmentSeafood Processing activitiesAquaculture and fish farmingAncillary servicesLand based Oceanic IndustryBiomedical IndustryMauritius has set its goal to become a centre for high-tech medical and biotechnology fields. In recent years there has been the creation of joint venture between India Apollo Hospital and local investors. This has resulted in the opening of a multi-specialty healthcare centre. This industry was promoted by the availability of paramedical professionals and fiscal and non-fiscal incentives. The Knowledge IndustryThrough the years Mauritius has developed and now established a reputation as a reliable provider of quality education. There foreign universities and institution like Middlesex university, Vatel Hotel School, Birla Institute of technology, London of Accountancy, NIT, Limkokwing university and JSS Academy have set up campuses on the island.' Mauritius is home to more than 50 private tertiary education providers which have developed collaborations with prestigious foreign universities including University of London (UK), Université Paris I (France), Curtin University of Technology (Australia), Université Paris VI (France), University of Birmingham (UK), Université de Lille (France), Visvesvaraya Technological University (India), University of South Africa, Université de Poitiers (France), University of Surrey (UK), University of Sunderland (UK), Université Panthéon-Sorbonne (France), Université Paris-Dauphine (France) ,

Anamalai University (India), Leeds Metropolitan University (UK) and University of Southern Queensland (Australia). Mauritius is also a global leader in the training of chartered professionals. Most of the international chartered bodies are present in Mauritius, including Association of Chartered Certified Accountants (ACCA), Institute of Chartered Accountants of England and Wales (ICAEW), Chartered Financial Analyst (CFA), Chartered Institute of Management Accountants (CIMA), Association of Chartered Institute of Bankers (Bankers), Institute of Chartered Secretaries and Administrators (ICSA), Microsoft Certified Systems Administrator (MCSA), Microsoft Certified Systems Engineer (MCSE), Cisco Certified Network Associate (CCNA), Cisco Certified Network Engineer (CCNE), Cisco Certified Internetwork Expert (CCIE), Oracle Certified Professional (OCP) and Chartered Institute of Logistics and Transport (CILT).'[2]

2. 2 Analysis of Mauritius against Benchmark

20102011MauritiusBenchmarkMauritiusBenchmarkEase of doing business(rank)17SINGAPORE20SINGAPORE

Starting a Business

20102011MauritiusBenchmarkMauritiusBenchmarkRanking10NEW ZEALAND12NEW ZEALANDProcedures(number)5151Time (days)6161Cost (% of income per capita)4. 10. 43. 80. 4Minimum capital (% of income per capita)0. 00. 00. 00. 0In Mauritius before starting a business the company should be incorporated by the registrar of Companies and registered with the Commercial Registry. Compared to Mauritius in New Zealand there are fewer procedures and it has less time. Also the cost of starting a business is

considerably different. In 2010 Mauritius ranked 10th and in 2011 it has retrograded to the 12th place. The reason is that has been not improvement in the number of procedures or the time taken. Despite the fact that Mauritius has potential to grow further economically it should make improvements . Mauritius could have simplified its registration formalities or done any other attempt geared towards improvement.

Dealing with Construction Permits

20102011MauritiusBenchmarkMauritiusBenchmarkRanking42HONG

KONG39HONG KONG SARProcedures(number)187187Time

(days)1076710767Cost (% of income per capita)35. 518. 732. 319. 4Hong

Kong has 11 less procedures compared to Mauritius. Also there is a huge difference in the amount of days it takes to complete all the necessary procedures. This is a huge disadvantage for Mauritius. It can discourage potential investors. In 2011 among 183 countries that were surveyed Mauritius has been listed as a country whose good practices are making it easy to deal with construction permits. Mauritius uses risk-based building approvals just like 84 others countries like Colombia, Germany and Singapore. The fact that Mauritius was upgraded to the 39th position in 2011 is solely due to the fact that there was a reduction in cost. However Hong Kong experienced an increase in cost of 0. 7.

Getting Electricity

20102011MauritiusBenchmarkMauritiusBenchmarkRanking

GERMANYProcedures(number)3DENMARK: 3 Procedures33Time

(days)44GERMANY: 17 Days5917Cost (% of income per capita)262. 8JAPAN:

0 Cost 212. 751. 9 In the 2010 report the getting electricity was not of factor which was considered. From 2010 to 2011, there has been an increase in the number of days in Mauritius from 44 days to 59 days. Even though the number of procedures has remained the same.

Registration

2010 2011 Mauritius Benchmark Mauritius Benchmark Ranking 66 SAUDI

ARABIA 69 Saudi Arabia Procedures (number) 42 42 Time (days) 26 22 62 Cost (% of property value) 10. 70. 00 10. 60. 00 In Mauritius there are more procedures compared to Saudi Arabia. Also the amount of time for the completion of the registration is much longer. It takes 24 days longer compared to Saudi Arabia. The cost is nil in Saudi Arabia while in Mauritius is it 10. 7%. Reforms made in 2010 made it easier to do business in Mauritius. In 2011 there were no reforms however there was decrease in cost but it was insignificant.

Getting Credit

2010 2011 Mauritius Benchmark Mauritius Benchmark Ranking 87 MALAYSIA 89 MA

LAYSIA Strength of legal rights index (0- 10) 51 05 10 Depth of credit

information index (0-6) 36 36 Public registry coverage (% of adults) 36. 848.

549. 862. 0 Private bureau coverage (% of adults) 0. 08 20. 01 00. 0 Mauritius

was found to have an average strength of legal rights index and depth credit information index while Malaysia obtained a perfect score. This leads to the conclusion that Mauritius has to improve in this area of doing business. In 2010 the changes brought helped to facilitate doing business in Mauritius. However if Mauritius aim to be a high standard business destination there should be more improvements. There is a difference of about 11. 7% in 2010

in the percentage of public registry coverage between Mauritius and Malaysia. In 2011 the gap grew to 12. 2%. In Mauritius private company are not allowed to distribute information collected on individuals to a third party except for specific authorities like the MRA.

Protecting Investors

20102011MauritiusBenchmarkMauritiusBenchmarkRanking12New

Zealand12New ZealandExtent of disclosure index(0-10)610610Extent of director liability index(0-10)8989Ease of shareholder suits index (0-

10)910910Strength of investor protection index (0-10)7. 79. 77. 79. 7For

investors to invest in a country they must be satisfied that there interest will be protected by the law. In this domain the leader is New Zealand while Mauritius is ranked 12th. In New Zealand a lot amount information is shared with the shareholders and potential investors compared to Mauritius. For example if in Mauritius there is the need to disclose any conflict of interest however there is no need to disclose the transaction immediately. In both Mauritius and New Zealand directors have great amount of responsibility to bear and extent of their liability is also high. In both jurisdictions the shareholders are able to bring forward lawsuits with much comfort. However investors are better protected in New Zealand compared to Mauritius.

Paying Taxes

20102011MauritiusBenchmarkMauritiusBenchmarkRanking12Maldives12MaldivesPayments (number per year)7173Time (hours per year)16101610Total

tax rate (% of profit)22. 99. 124. 19. 3In Mauritius the taxes payable are segregated into seven types while in Maldives there is only one. Each type of

tax has its own rate which accumulates to 22.9% of profit in 2010. This is quite high compared to 9.1% in Maldives. The high level of tax may discourage investors when they compare to Maldives. Also the amount of time spent for tax purposes in Mauritius may be a disadvantage compared to Maldives. The 2011 reports points out that due to the changes brought the taxpaying exercise has been made more complicated.

Trading Across Borders

| | 2010 | 2011 | Mauritius Benchmark | Mauritius Benchmark Ranking | 19 | Singapore | 22 | Sin |
|-------------------------------------|------|------|---------------------|-----------------------------|----|-----------|----|-----|
| Documents to export (number) | 54 | 54 | | | | | | |
| Time to export (days) | 145 | 135 | | | | | | |
| Cost to export (US\$ per container) | 737 | 456 | | | | | | |
| Documents to import (number) | 64 | 64 | | | | | | |
| Time to import (days) | 143 | 134 | | | | | | |
| Cost to import US\$ per container) | 689 | 439 | | | | | | |

A country needs to be able to perform international trade with ease. There is no big difference in the number of documents required to perform both exports and imports transactions in both Mauritius and Singapore. However if Mauritius is compared to Singapore in numbers of days for export and import then Mauritius is at a disadvantage. Cost also is an important factor. In 2010 there is a US\$281 per container difference in cost to export. However it should be noted that Mauritius is considered to be an important platform in the African region. Developing cross border trading in Mauritius is a scope for economic growth. The extension and improvement of the airport will surely help this purpose. In 2010 reforms made helped to ease across border trading.

Enforcing Contracts

20102011MauritiusBenchmarkMauritiusBenchmarkRanking66Luxembourg61

LuxembourgProcedures (number)36263626Time (days)720321645321Cost

(% of claim)17. 49. 717. 49. 7In Mauritius there are a lot of procedures to be conducted and the time period also is long. The benchmark Luxembourg has only 26 procedures. In 2010 there is a 399 days' time period difference.

There has been an improvement in the lapse of time taken to enforce a contract in Mauritius from 720 days to 645 days. It helped to push Mauritius in the 61th position. However there should be more changes to decrease the amount of time to wait before the enforcement of contracts. The cost is almost quite high in Mauritius; when rounded up it comes nearly 18%. In the 2010 and 2011 report it is brought forward that reforms made helped toward ease of doing business.

Resolving Insolvency

20102011MauritiusBenchmarkMauritiusBenchmarkRanking73Japan71JapanTi

me required to recover debt (years)1. 70. 61. 70. 6Cost required to recover

debt (% of debtor's estate)154154Recovery rate for creditors (cents on

Dollar)33. 692. 235. 192. 7In Mauritius when a company becomes insolvent

there a specified legal procedure to follow. The entity that regulates this is

the Registrar of Company more specifically the Insolvency division. In this

area Mauritius is not quite developed as Japan. Due to amount of procedures

the lapse of time is higher than Japan. Also it is quite expensive to recoup

the debt. 3. History of Madagascar[http://www. mapsofworld.](http://www.mapsofworld.com/madagascar/maps/madagascar-location-map.jpg)

[com/madagascar/maps/madagascar-location-map. jpg](http://www.mapsofworld.com/madagascar/maps/madagascar-location-map.jpg)Discovered by the

Portuguese in 1506, Madagascar was a trade destination of choice for

<https://assignbuster.com/the-stock-exchange-of-mauritius-accounting-essay/>

Africans, Arabs and Asians. Madagascar started as a kingdom; then became a French Colony from 1896 to 1960. In 1958 Madagascar became a Republic. In June 26, 1960 Madagascar proclaimed its independence after a referendum victory. Since its independence in 1960 Madagascar has gone through different political dispensations. Today the Great Island is a liberal democracy. The government of Madagascar has made the promotion and security of private investments a top priority of its economic development policy. The Economic Development Board of Madagascar was established by a presidential decree in 2006 and linked to the presidency is an autonomous body whose mission is, as a state agency, to promote and facilitate private investment in Madagascar. The "GUIDE" (Guichet Unique des Investissements et de Développement des Entreprises) is a one-stop shop, under EDBM, for investments and enterprises development. The mission of the GUIDE is to simplify the administrative process of setting up, amending, and winding up business enterprises, and provides the following services to investors: Provision of information, advices and guidance; Incorporation of business entities (3 day); Issuing of long term visas to foreign investors (5 days); Issuing of work permits to foreign employees (72 hours); Receiving and processing foreign nationals' applications for land acquisition (60 days); Receiving companies' statutory returns; Granting agreement for enterprises to operate under the duty-free regime. Globally, Madagascar stands at 20 in the ranking of 183 economies on the ease of starting a business. According to data collected by Doing Business, starting a business there requires 3 procedures, takes 8 days, costs 12.1% of income per capita and requires paid-in minimum capital of 0.0% of income per capita.

Doing Business Year

Reform

2009The start-up burden was eased by abolishing the professional tax and facilitating publication. 2010Business start-up was simplified by streamlining procedures at the one-stop shop and eliminating the stamp duty and minimum capital requirement. 2011No Reform2012Madagascar eased the process of starting a business by eliminating the minimum capital requirement, but also made it more difficult by introducing the requirement of obtaining a tax identification number.

3. 3 Analysis of Madagascar against Benchmark

20102011MadagascarBenchmarkMadagascarBenchmarkEase of doing business(rank)134SINGAPORE140SINGAPOREFor both 2010 and 2011, the benchmark for ease of doing business is Singapore. Madagascar position had deteriorated a little in 2011 because other countries were developing at a quicker pace or they were doing a lot of innovation.

Starting a Business

20102011MadagascarBenchmarkMadagascarBenchmarkRanking12NEW ZEALAND70NEW ZEALANDProcedures(number)2121Time (days)7171Cost (% of income per capita)7. 10. 412. 90. 4Minimum capital (% of income per capita)0. 00. 0248. 10. 0To be able to improve its rank, a country must streamline procedures by perhaps using new technologies, cost should be lower. The benchmark is New Zealand. Madagascar has more procedures, takes more time in terms of days than New Zealand for both years. Minimum capital is 0 for both in 2010 while in 2011 is has increased to 248. 11 for

Madagascar and is still zero for New Zealand. New Zealand is thus the easiest place to start a business. In 1996, it was the first to begin an online company registration system. The online option has been compulsory since July 1, 2008.

Dealing with Construction Permits

20102011MadagascarBenchmarkMadagascarBenchmarkRanking108HONG KONG110HONG KONG SARProcedures(number)167167Time (days)1786717867Cost (% of income per capita)630. 718. 7654. 919.

4Madagascar' rank for dealing with construction permit has worsened a little in 2011 though its number of procedures and the time taken were the same for both years. Only the cost has increased which explains why Madagascar has lost 2 places. For both 2010 and 2011, the benchmark is Hong Kong. Madagascar has more procedures, takes more time in terms of days than New Zealand for both years. The changes that took place in 2008 and 2009 in Hong Kong allow it to be the benchmark. In 2008, Hong Kong transformed their one-stop shops for construction permits to online systems. In Singapore for instance, the Building Construction Authority provides easy access to information and allows people to submit all paperwork online. In Hong Kong, the application must still be completed in person and all application forms and zoning maps are online. These one-stop shops improve the organization of the review process by better coordinating the efforts of different agencies. Thus, more resources can be used for safety checks instead for paperwork. In 2009, the government in Hong Kong combined 8 procedures of 6 agencies and 2 private utilities. Only one window facilitates interaction for clients.

Getting Electricity

20102011MadagascarBenchmarkMadagascarBenchmarkRanking

GERMANYProcedures(number)5DENMARK: 3 Procedures63Time

(days)419GERMANY: 17 Days41917Cost (% of income per capita)8466.

2JAPAN: 0 Cost826851. 9For the year 2010, the benchmark for procedures, time (days) and cost (% of income per capita) is Denmark, Germany and Japan respectively. Madagascar operates at higher cost than the benchmark; it takes more time and also has more procedures. In 2011 the benchmark is Germany. Germany takes less time in 2011 than in 2010.

Registration

20102011MadagascarBenchmarkMadagascarBenchmarkRanking152SAUDI

ARABIA162Saudi ArabiaProcedures(number)7272Time (days)742742Cost (% of property value)9. 70. 009. 80. 00Again the procedures, time required and

the cost of registering patent is more for Madagascar compared to the benchmark. For both years the benchmark has been Saudi Arabia. There has been no change in the benchmark. For Madagascar only its cost has increased by 0. 1%.

Getting Credit

20102011MadagascarBenchmarkMadagascarBenchmarkRanking87MALAYSIA

176MALAYSIAStrength of legal rights index (0- 10)510210Depth of credit

information index (0-6)3606Public registry coverage (% of adults)36. 848.

50. 062. 0Private bureau coverage (% of adults)0. 0820. 0100. 0The

benchmark for getting credit is Malaysia for both years. It is easier to obtain credit in Malaysia than in Madagascar. Malaysia's legal rights are robust

while that of Madagascar are weak. Depth of credit information index is low for Madagascar as compared to the benchmark. The % for public and private bureau coverage is near to zero or even zero for Madagascar in both years. Madagascar must first of all strengthen its legal rights; enforce appropriate laws to improve its rank.

Protecting Investors

20102011MadagascarBenchmarkMadagascarBenchmarkRanking57New Zealand59New ZealandExtent of disclosure index(0-10)510510Extent of director liability index(0-10)6969Ease of shareholder suits index (0-10)610610Strength of investor protection index (0-10)5. 79. 75. 79. 7New Zealand consistently ranks 1st due to its strong economic fundamentals, free movement of capital and active government support for foreign investment. It has established itself as an ideal environment for profitable international investment through the cutting down of red tape, lack of corruption and investor protection and freedom. Madagascar has a tremendous natural potential, but the low quality and high cost of its infrastructures, the limited access to credit and financial instruments as well as the poor definition of its property titles are all barriers to investment. Political instability has become another major barrier, which has blocked all public investments and provoked the departure of many investors. Nevertheless, there are signs that the situation is starting to improve, which will lead to a return of investment.

Paying Taxes

20102011MadagascarBenchmarkMadagascarBenchmarkRanking74Maldives72MaldivesPayments (number per year)231233Time (hours per

year)20102010Total tax rate (% of profit)39. 29. 137. 79. 3Taxation Systems are quite complex in Madagascar. No clear rules whether to pay tax in home country on money earned in Madagascar, investors may have to face double taxation situations. Maldives ranking 1st due to its very low rate of tax and only 1 tax payment required. In contrast, in Madagascar tax has to be paid 23 times at such a high rate which is surely not an advantage to investors. Madagascar continued to cut tax rate.

Trading Across Borders

20102011MadagascarBenchmarkMadagascarBenchmarkRanking111Singapore106SingaporeDocuments to export (number)4444Time to export (days)215215Cost to export (US\$ per container)12794561197456Documents to import (number)9494Time to import (days)263244Cost to import (US\$ per container)16604391555439Madagascar improved communication and coordination between customs and the terminal port operators through its single-window system (GASYNET), reducing both the time and the cost to export and import. Number of documents to export and import for Madagascar may be the same as the benchmark country but Madagascar has a very high cost. Days taken are quite lengthy, comparing 21 days in Madagascar to only 5 days in Singapore.

Enforcing Contracts

20102011MadagascarBenchmarkMadagascarBenchmarkRanking155Luxembourg153LuxembourgProcedures (number)38263826Time (days)871321871321Cost (% of claim)42. 49. 742. 49. 7In Madagascar there are a lot of procedures to be conducted and the time period also is long

compared to Luxembourg. There is a significant time period difference between both countries. There should be more improvement to decrease the amount of time to wait before the enforcement of contracts. The cost is much higher than the benchmark; approximately 32. 7% higher.

Resolving Insolvency

20102011MadagascarBenchmarkMadagascarBenchmarkRanking183Japan147JapanTime required to recover debt (years)20. 620. 6Cost required to recover debt (% of debtor's estate)304304Recovery rate for creditors (cents on Dollar)14. 392. 214. 392. 7In Japan, resolving insolvency was made easier by the establishment of a new entity, the Enterprise Turnaround Initiative Corporation. Bond defaults and corporate bankruptcies remained low in Japan. 4. Analysis of Madagascar against Mauritius20102011MauritiusMadagascarMauritiusMadagascarEase of doing business(rank)1713420140Mauritius is in better position than Madagascar. This means that the survey found that taking all the factors analysed into consideration it is easier to do business in Mauritius. However both countries were retrograded in 2011.

Starting a Business

20102011MauritiusMadagascarMauritiusMadagascarRanking10121270Procedures(number)5252Time (days)6767Cost (% of income per capita)4. 17. 13. 812. 9Minimum capital (% of income per capita)0. 00. 00. 0248. 1Starting a business in Mauritius is easier than Madagascar though the number of procedures required in Madagascar is less than that required in Mauritius. It is easier in Mauritius since it takes fewer days to implement all procedures

while Madagascar takes more time even if it has less procedure. In 2010, starting a business in Mauritius was more expensive. In 2011 this was no more the case; cost in Madagascar rose and cost in Mauritius fell. In Mauritius no minimum capital is required while in Madagascar in 2011, a minimum capital of 248. 1% was required. Dealing with construction permits is easier in Mauritius than in Madagascar since it takes fewer days to implement the procedures though in Madagascar there is less procedure than in Mauritius. Furthermore the cost of dealing with construction permits in Madagascar is very high as compared to Mauritius.

Dealing with Construction Permits

| | 2010 | 2011 | Mauritius | Madagascar | Mauritius | Madagascar | Ranking |
|-------------------------------|------|-------|-----------|------------|-----------|------------|---------|
| Procedures (number) | 18 | 16 | 18 | 16 | 16 | 16 | 42 |
| Time (days) | 107 | 178 | 107 | 178 | 107 | 178 | 110 |
| Cost (% of income per capita) | 35.5 | 630.7 | 32.3 | 654.9 | 35.5 | 630.7 | 9 |

Despite the fact that there are more procedures in Mauritius, it is far easier to obtain a construction permit in Mauritius than in Madagascar. The time taken in Mauritius is less. However the aspect than it favourable to Mauritius is the cost. It is 595. 2% cheaper in Mauritius in 2010. In 2011 there was a decrease in cost in Mauritius while in Madagascar there was an increase of 24. 4%.

Getting Electricity

| | 2010 | 2011 | Mauritius | Madagascar | Mauritius | Madagascar | Ranking |
|-------------------------------|-------|--------|-----------|------------|-----------|------------|---------|
| Procedures (number) | 35 | 36 | 35 | 36 | 35 | 36 | 22 |
| Time (days) | 444 | 1959 | 444 | 1959 | 444 | 1959 | 19 |
| Cost (% of income per capita) | 262.8 | 8466.2 | 212.7 | 8268 | 262.8 | 8466.2 | 68 |

Getting electricity in Mauritius requires less number of procedures takes less time and cost less than in Madagascar. The first step is to obtain a connection irrespective of whether electricity is available or not.

In Mauritius, businesses have easier access to electricity connection. In Mauritius the process is completed around 99 days while in Madagascar it takes 419 days in average. Wait times is 60 in Madagascar. Connection will delay more where approvals are not streamlined. Only purchasing the materials is not enough. In Madagascar, customers who are responsible to buy materials must prove to the utilities that they have picked the right ones which are in conformity with the standards. Sometimes they are even required to present the materials for testing.

Registration

20102011MauritiusMadagascarMauritiusMadagascarRanking6615269162Procedures(number)4747Time (days)26742674Cost (% of property value)10. 79. 710. 69. 8Mauritius is ranked before Madagascar for the process of registering property. This is due to the fact that number of procedures requires for registration is less than in Madagascar. Furthermore the time taken in Mauritius is far less then that required in Madagascar. But it costs a little more to register in Mauritius than in Madagascar. Mauritius had set up agencies and more efficient system and better management tools. Extensive reforms have been made in the field of property since 2007. The transfer tax has been reduced by 5% of the property value. Separate clearances were removed by utilities and strict time limits were set for notaries and land registry. Most African countries including Mauritius lack a cadastre and need a physical valuation for each property sale. This problem can be overcome by adopting a new computerized property registry connecting the valuation office with a new cadastre. Mauritius and Rwanda brought several reforms

including combining procedures through computerization, reorganization of the land registry or adopting one stop shop.

Getting Credit

20102011MauritiusMadagascarMauritiusMadagascarRanking878789176Strength of legal rights index (0- 10)5552Depth of credit information index (0- 6)3330Public registry coverage (% of adults)36. 836. 849. 80. 0Private bureau coverage (% of adults)0. 00. 00. 00. 0It is easier to obtain credit in Mauritius than in Madagascar. The system is weak in Madagascar while in Mauritius it is fairly strong. Credit information is available to a little extent in both countries. In Mauritius more information can be obtained. In 2011, no information could be obtained. Private bureau coverage is nil in both countries. Public coverage is near to zero or even zero in Madagascar while Mauritius covers almost half of its population.

Protecting Investors

20102011MauritiusMadagascarMauritiusMadagascarRanking12571259Extent of disclosure index(0-10)6565Extent of director liability index(0-10)8686Ease of shareholder suits index (0-10)9696Strength of investor protection index (0-10)7. 75. 77. 75. 7Customers feel and are more protected in Mauritius than Madagascar. This is because the extent of disclosure index, extent of director liability index, ease of shareholder suits index, strength of investor protection index is higher in Mauritius. Mauritius observes good practices to protect investors. It allows rescission of prejudicial related-party transactions

Paying Taxes

| | 2010 | 2011 | Mauritius | Madagascar | Mauritius | Madagascar | Ranking |
|------------------------------|-------|-------|-----------|------------|-----------|------------|---------|
| Payments (number per year) | 723 | 723 | | | | | |
| Time (hours per year) | 161 | 201 | 161 | 201 | | | |
| Total tax rate (% of profit) | 22.93 | 39.22 | 4.13 | 7.7 | | | |

Payments of taxes are far easier to make that in Madagascar. This difference is due to the fact that amounts of payment that need to be made per year, time in terms of hours per year and the total percentage tax rate is much higher in Madagascar. The amount of tax revenue depends on the ability of the government's officials to collect taxes and firm's willingness to comply with tax laws. Simple and clear rules facilitate the task of taxpayers and people will be more likely to comply with such rules. If rules are complicated, maybe other cost might have to be incurred to comply with it. In such cases compliance will be low leading to more corruption and less investment. In 2006, Mauritius has made a major tax reform. It reduced corporate income tax rate by 10%, remove exemptions and certain allowances like investment allowance and tax holidays. All these reforms were made in order to increase tax revenue which explains why Mauritius has higher tax revenue than Madagascar.

Trading Across Borders

| | 2010 | 2011 | Mauritius | Madagascar | Mauritius | Madagascar | Ranking |
|-------------------------------------|------|------|-----------|------------|-----------|------------|---------|
| Documents to export (number) | 54 | 54 | | | | | |
| Time to export (days) | 14 | 21 | 13 | 21 | | | |
| Cost to export (US\$ per container) | 73 | 71 | 27 | 97 | | | |
| Documents to import (number) | 69 | 69 | | | | | |
| Time to import (days) | 14 | 26 | 13 | 24 | | | |
| Cost to import US\$ per container) | 68 | 91 | 66 | 89 | | | |

Again, it is easier to trade internationally in Mauritius though the number of documents required for exporting in Mauritius is higher than in Madagascar. Nevertheless, this difference is not

significant. Time taken to export, cost to export, documents required to import and the cost to import are higher in Madagascar. From 2010 to 2011, quite a few changes have occurred. Time taken to export and import has decreased in Mauritius and cost to trade has decreased in Madagascar. OECD economies as well as Mauritius are ranked high on the ease of doing business. Countries which are the most effective have same features. Traders can exchange information with control agencies including customs and they limit physical inspections to only a small percentage of shipments through the use of risk-based assessments. Furthermore, computerized system can boost up the speed of custom procedures where officials and private sector users are trained ones. Mauritius is amongst the several countries that are using adapted versions of TradeNet.

Enforcing Contracts

2010 2011 Mauritius Madagascar Mauritius Madagascar Ranking 66 155 61 153 Procedures (number) 36 38 36 38 Time (days) 72 08 71 64 58 71 Cost (% of claim) 17. 44 2. 41 7. 44 2. 41 It is much easier to enforce contracts in Mauritius than in Madagascar. Madagascar has 38 while Mauritius has 36 procedures. It obviously takes much time to enforce it in Madagascar. Moreover the cost as a percentage of claim is higher in Madagascar. In 2009/10 Mauritius increased its procedural efficiency at the main trial court. It has been observing good practices worldwide to render easier the enforcement of contracts. It maintained dedicated commercial courts, division or judge. The specialized commercial division started to hear cases in 2009.

Resolving Insolvency

20102011MauritiusMadagascarMauritiusMadagascarRanking7318371147Time required to recover debt (years)1. 721. 72Cost required to recover debt (% of debtor's estate)15301530Recovery rate for creditors (cents on Dollar)33. 614. 335. 114. 3Mauritius is ranked before Madagascar in resolving insolvency. It has a recovery rate as compared to Madagascar which does not have one. Mauritius conducts insolvency tests.