

No. 38071

SUBJECT

C0533/465

Land & Agricultural Bank

Previous

38071/35

23089/34

Subsequent

1937 file

See 38125/36 (Form for Land Bank)

38216/2/36

9. Colonial Secy. 3p.n.----- April, 1936.
 Transmits 12 copies of the Report of the Board of the
 Land and Agricultural Bank for 1935.
 1 c to Mr. Flood
 Spares to Liby.

There is a good deal of stuff in this report which is of interest from the agricultural point of view, from the point of view of the finance of the Land Bank and from the point of view of the general state of Kenya.

Paragraph 16 of the report foreshadows new legislation enabling the Board to make advances to deal with soil erosion. Such advances are to be limited to £200. The importance attached by the Board to the question of soil erosion can be seen from the reports which figure in Appendix 2, pages 14 - 31. From these reports it appears that a simple and fairly cheap method of terracing has been evolved which is quite reasonably effective, but one of the handicaps is that many of the mortgagors are unable to spend time and money on the work (top of page 18 and top of page 20). In some districts, Trans Nzola, Kericho, Kiambu, Keru, the farmers appear to be alive to the danger and to be taking steps to stop it, but in the Thika district Mr. Lindsay remarks that planters do not appear to realize the ^{danger} ~~hazard~~.

The financial provisions which are mentioned in Sections 20 and 24 of the print have now been adopted and approval has been given for the provision of £250,000 extra for the Land Bank of which £200,000 may be used for relief of agricultural indebtedness.

Paragraph 27 shows that the payment of instalments due has shown a further decline but,

at the same time, the default is not very great. Things were still bad in Kenya during the year covered by the report and the Board is confident that the majority of the debtors take their obligations to the Land Bank seriously. During the year twelve loans were repaid completely and thirty-eight new ones were registered and issued on mortgage. It appears from Table No. 4, page 33, that out of the thirty-eight loans thirty-one are for 30 years, one of £500 for 5 years, one of £100 and one of £700 for 25 years and the remaining four for 20 years. The average amount of loans was rather over £1,000 each. There were two of £3,000 and three of £2,000 but the average works out at rather over £1,100. Out of the sums advanced nearly half was devoted to discharging existing mortgages and 23 per cent to permanent improvements.

A rather sinister feature is that paragraph 31 shows that the Bank has now got hold of four farms which have been abandoned by the mortgagors or had to be taken over owing to stoppage of farming operations. The Bank has thus got four properties for sale and is trying to get rid of them. If this goes on it shows a risk that the Bank may eventually become a large landlord in Kenya and it will not be in a position to get good prices for its property. The four farms which the Bank holds are down in the books at £7,410, an average of £1,850. The total result is that six farms have come into the possession of the Bank and only one has been sold.

The

The graphs appendant to the report, are of interest. Coffee and maize are definitely lower than they have been in previous years. In the case of coffee we know that there is a recovery with an improvement in the quality of the crop. In the case of maize if any conclusion can be drawn from the figure it is that the price is staying down. In previous years there seems to have been a rise in price in the months of August and September, but in 1935 instead of a rise the low limit appears. As we know, things are little better at present and there does not seem much hope for that industry. Butter is between 1930 and 1934 but there, too, we know well that conditions are precarious. Sisal, however, showed a remarkable recovery in price in the months of July, August and September and at the end of the year was well up. Since then it has had a small setback but not very much. The wheat graph is curious as it does not say what the price is. I think, however, it must be the local price of Kenya wheat in which case it is not worth much for any comparison.

Appendix No. 4 to the report gives a brief summary of the transactions in regard to the Agricultural Advances Scheme during the year 1935. I would draw special attention to the various classes in which accounts are classified. Out of the 67 names on the books at the 1st of January, 18 were classified as B.IV, i.e. cases where results have been disappointing and where no further advances would be justified but where the farmers should be

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given time to make other arrangements in the bare hope that the Board may eventually recover more than if they took possession.

10 cases are in B.III where no further advances are required but time is needed, though there is hope of eventual recovery.

During the year the amount owing has been reduced from £115,829 to £106,594. This would be satisfactory but two accounts were written off as bad debts and account for £4,892 of it: one account has been taken over accounting for another £3,276, and the two accounts that have been repaid only add up to £389.

This does not leave a very satisfactory impression on my mind. It seems to me that Government is definitely faced with a very substantial loss in regard to the Agricultural Advances Scheme. There is no use talking about it - the fact remains, and is, I think, being pretty generally realized in Kenya.

J. I. G. Flood

11.5.36.

I have read this report with interest, and I am glad to note that the Bank has called the attention of its local representatives to the dangers

dangers of soil erosion and that they have included in their reports information as to the steps which are being taken to check or control it. Individual action may do much to prevent soil erosion from individual properties, and the decision on page 3 of the report to recommend to Government the need for advances to meet the cost of anti-erosion measures is a sound one. We should give approval to any proposal which the Government may make in regard to the necessary changes in the legislation to make such advances possible. It should not be assumed, however, that the individual can do all that is necessary in an anti-erosion campaign. He can help materially and, in fact, it is in his interests to take measures for the protection of the lands of his own property. but the question of soil erosion generally has to be viewed on a wider basis, and the Government should be satisfied that action taken by any individual to protect his own property does not cause damage to any neighbouring lands. In other words, any anti-erosion measures for which loans from the Land Bank are taken should be of a nature approved by the Bank - with the advice, when necessary, of the Dept. of Agriculture.

If a copy of the report could be spared, I would like one for my files of reports containing information of a technical character.

F. D. Stockdale
12.5.36.

See with interest.

One built last about the Agr. Advances Account is worth special mention. Looking at the transactions as a whole, interest charged was at the rate of 5%, but collections only came out at 4%.

*Copy sent to H.P. Stockdale
P.R. 19/7/36*

with my copy of...

Gr. L. A. Pearson
12/3

It is all rather depressing, but we are still in the early days; and there is nothing to be done anyhow but "wait and see". The suggestion, from the emphasis laid on prices, is that Kenya feels that a price recovery is essential to success. I am afraid that is the wrong attitude here. A gradual price rise may I think be looked for; but the sooner the abandonment any hope of a return to the former price levels, and get down to the heavy business of working on or about the present price levels, the better.

The 13-3-36.

*copy
12/3/36*

Sir J. Mackay

You know the news. The picture is certainly depressing. I do not regard first importance both agricultural advances, beyond which advances temporary accommodation will not come after slump, but the picture drawn in fact: 27 x 28 of the report - of the main situation, after the bank - is equally gloomy.

The cure must be, as Sir J. can well point out, in the farmers taking things seriously (some of them do) and also in improved production ~~etc~~ in the absence of crop & livestock.

Yours truly, W. G. Wood 14.5.36.

Klu
15/3
at once

Send copy to Mr. St...

Agre. Bands (Amst) the hands And Agre. Bands (Amst) Order
Bills see of to 1st of 1936 with Ady. general report
38216/2/36 thereon

Transferred

(specimens to laboratory)

38216/2/36

11. Gov. Byrne Conf 68 _____ 17636
In connection with No. 10 - refers to
comes on 38216/2/36

12. Specific Loan Order No 9 of 1936
(orig on ~~38216/2/36~~)
38216/2/36



Colony and Protectorate of Kenya.

IN THE FIRST YEAR OF THE REIGN OF
HIS MAJESTY KING EDWARD VIII.

JOSEPH ALOYSIUS BYRNE, G.C.M.G., K.B.E., C.B.,
Governor.

Assented to in His Majesty's
name this 10 day of June
1936.

J. BYRNE.

Governor.

AN ORDINANCE TO MAKE PROVISION FOR
RAISING A LOAN OF SIX HUNDRED AND
TWENTY-FIVE THOUSAND POUNDS STERLING
FOR CERTAIN PUBLIC PURPOSES

ORDINANCE No. IX of 1936

An Ordinance to make Provision for Raising a Loan of Six Hundred and Twenty-five Thousand Pounds Sterling for Certain Public Purposes.

WHEREAS it is expedient to raise a loan of six hundred and twenty-five thousand pounds sterling for the purposes specified in the Schedule hereto:

BE IT THEREFORE ENACTED by the Governor of the Colony of Kenya, with the advice and consent of the Legislative Council thereof, as follows:—

1. This Ordinance may be cited as the Specific Loan Ordinance, 1936. Short title.

2. In this Ordinance, unless the context otherwise requires— Interpretation.

the expression 'Governor' means the person for the time being administering the Government of the Colony and Protectorate of Kenya;

the expression the 'Crown Agents' means the person or persons acting for the time being as Crown Agents for the Colonies in England.

3. The Governor or the Crown Agents acting on his behalf may raise by loan in London an amount sufficient to produce as nearly as may be the sum of six hundred and twenty-five thousand pounds sterling and such further sum as may be necessary to defray the expenses of issue. Authority to raise loan.

4. The principal moneys and interest represented by the loan issued under the provisions of this Ordinance are hereby charged upon and shall be payable out of the general revenue and assets of the Colony. Loan to be charge upon general revenue.

5. The money to be borrowed under the authority of this Ordinance shall be appropriated and applied to the purposes specified in the Schedule hereto. Application of loan.

Loan may be raised under Cap. 46 or independently of that Ordinance. Cap. 46.

6. The loan hereby authorized or any part of it may be raised under the provisions of the General Loan and Inscribed Stock Ordinance or, notwithstanding anything to the contrary contained in the said Ordinance, independently of that Ordinance, as the Governor or the Crown Agents acting on his behalf may decide.

Commencement of contribution to Sinking Fund, if loan issued under Cap. 46.

7. If the loan hereby authorized shall be issued under the provisions of the General Loan and Inscribed Stock Ordinance then the contribution to Sinking Fund, as contemplated by the provisions of sections 14 and 28 of the said Ordinance, shall commence in respect of any debentures or stock issued under this Ordinance not later than three years after the date from which the interest on such debentures or stock shall commence to run.

Provision where issue of loan independently of Stock Ordinance. Cap. 46.

8. If it should be decided to issue the loan hereby authorized independently of the General Loan and Inscribed Stock Ordinance then the following provisions shall apply:—

- (a) So long as any portion of the loan remains outstanding the Governor shall in each half-year ending with the day on which the interest on the loan falls due appropriate out of the general revenues and assets of the Colony a sum equal to one half-year's interest on the whole of the loan outstanding and shall remit that sum to the Crown Agents at such time as will enable them to pay thereout the then current half-year's interest on the day on which it falls due;
- (b) The Governor shall also in each half-year ending as aforesaid appropriate out of the said revenues and assets of the Colony for the formation of a sinking fund for the repayment of the loan at par an additional sum in respect of the total nominal amount of the loan outstanding equal to one-half of the annual contribution to be decided upon by the Governor on the issue of the loan and shall remit that sum to the Crown Agents with the remittance hereinbefore mentioned provided that the said contribution shall in respect of any money raised under this Ordinance commence not later than three years after the date from which the interest on such money shall commence to run.

(c) The Crown Agents shall invest so much of the money so remitted to them as aforesaid as shall not be required for the payment of interest for the current half-year in the purchase of such securities as may be approved by the Secretary of State as a sinking fund for the final extinction of the debt and the Crown Agents shall also invest the dividends, interest or produce of such investments in the purchase of like securities and may from time to time with the approval of the Secretary of State change any such investments and shall hold such funds in trust for the repayment of the principal moneys for the time being represented by the loan.

(d) In case the sinking fund provided for by this Ordinance shall be insufficient for the payment of all the principal moneys borrowed under the authority of this Ordinance at the time the same shall have become due the Governor shall make good the deficiencies out of the general revenues and assets of the Colony.

SCHEDULE.

1. Land and Agricultural Bank (of which £200,000 may be placed at the disposal of Farmers Conciliation Board, constituted under the provisions of the Farmers Assistance Ordinance, 1936)	£500,000	No.	of 1936.
2. Loans to Local Authorities—Nairobi Water Supply	£112,000		
3. Such further items as the Governor may, with the approval of the Legislative Council signified by resolution, and of the Secretary of State, determine	£18,000		
TOTAL	£625,000		

No. IX

Specific Loan

1888

Passed in the Legislative Council the twenty-first day of May, in the year of our Lord one thousand nine hundred and thirty-six.

This printed impression has been carefully compared by me with the Bill which passed the Legislative Council and is presented for authentication and assent as a true and correct copy of the said Bill.

R. W. C. BAKER-BEALE

Acting Clerk of the Legislative Council.



THE SECRETARIAT,
NAIROBI,
KENYA.

WHEN REPLYING
PLEASE QUOTE
No. S. D/ Leg. Co. 26/3/7/11
AND DATE

3 April, 1936

RECEIVED

2 MAY 1936

S. O. REGD

The Colonial Secretary of the
Colony and Protectorate of
Kenya presents his compliments
to the Under Secretary of
State for the Colonies, and has
the honour to transmit twelve
copies of the Report of the
Board of the Land and
Agricultural Bank of Kenya, 1935.

RW.B.B.



COLONY AND PROTECTORATE OF KENYA

**REPORT OF THE BOARD OF THE
LAND AND AGRICULTURAL BANK
OF KENYA, 1935**

Price 1/-

NAIROBI

**PRINTED AND PUBLISHED BY THE GOVERNMENT PRINTER
1936**

To be purchased from the Government Printer, Nairobi, or
The Crown Agents for the Colonies, Millbank, London S.W.

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**Report of the Board of The Land and
Agricultural Bank of Kenya
1935**

Report of the Board of The Land and Agricultural Bank of Kenya to His Excellency the Governor

For the Year ended 31st December, 1935

YOUR EXCELLENCY,

The following Report by the Board for the year 1935 is submitted for Your Excellency's information. The financial statements required by section 47 of the Ordinance have been prepared and are submitted herewith duly audited.

THE BOARD

1. No alteration has been made in the personnel of the Board. Mr. W. C. Hunter retired automatically from the Board on 31st December, 1935, and was reappointed by Your Excellency, *vide* Government Notice No. 892 dated 17th December, 1935.
2. At a meeting of the Board held on 4th March, 1935, leave of absence was granted Mr. E. B. Gill from 1st April to 31st October, and it was resolved to recommend to Your Excellency that Mr. P. H. Johnson be appointed in his stead for this period. The recommendation was adopted *vide* Government Notice No. 206 of 12th March, 1935.
3. At a meeting of the Board held on 13th May, 1935, leave of absence was granted Major C. M. Taylor from 7th June to the end of October and it was resolved to recommend to Your Excellency that Mr. H. Douglas Cooper be appointed in his stead for this period. The recommendation was adopted *vide* Government Notice No. 423 dated 7th June, 1935.
4. At a meeting of the Board held on 31st October, 1935, a resolution was passed recording the thanks of the Board for the great assistance rendered by Messrs. P. H. Johnson and H. D. Cooper during their term on the Board as substitutes for Mr. E. B. Gill and Major C. M. Taylor who resumed attendance at Board meetings on 16th November.
5. During the year fifteen meetings of the Board were called and at the termination of each of these meetings the Board sat in their capacity as Agricultural Advances Board.

6. The attendance of members of the Board at meetings during the year were as under—

Hon G. Walsh (Chairman)	.. 14
H. D. Cooper	.. 5 vice Major C. M. Taylor.
E. B. Gill	.. 7 On leave April-October.
W. C. Hunter	.. 15
P. H. Johnson	.. 8 vice Mr. E. B. Gill.
C. M. Taylor	.. 10 On leave June-October.
J. E. A. Wolryche Whitmore	.. 14

STAFF.

7. The only change in the personnel of the staff was due to the resignation of the Accountant, Mr J B. Andrews. At a meeting of the Board held on 28th January, 1935, Mr. C. C. Borgeant, A.C.A., was appointed in his stead

8. Mr. T. L. Hafely was appointed Acting Secretary (vide Government Notice No. 164, 5th February, 1935), during the absence of the Secretary from the Colony on leave from 14th February to 2nd September, and the minutes of a meeting held on 28th August record the Board's appreciation of "the efficient manner in which the Acting Secretary had discharged his duties".

9. At a meeting of the Board held on 4th June, it was resolved that the leave conditions granted to the Kenya European Local Civil Service shall apply to leave granted to the staff of the Land Bank. Leave on these terms was granted to Miss C. M. Whitelock from 21st June.

10. The Secretary was appointed to serve on the Crown Land Valuation Board (vide Government Notice No. 563 of 17th August, 1935). This Board has sat on six days during the period 21st August to 29th December.

11. The Assistant Secretary was appointed to act as Secretary to the Agricultural Indebtedness Committee (vide Government Notice No. 662 of 24th September, 1935). This Committee has sat on thirteen days during the period 19th September to 23rd December, 1935.

INSPECTIONS.

12. The scheme of systematic visitations to mortgaged properties by the Bank's inspectors has been continued. The following figures show the extent of this work as compared with the year 1934.

	No. of Inspection	Total Cost		Cost per Inspection
		£	Ss. pds.	
1934	222	711	10 05	54. 13
1935	254	746	1 75	58. 75

13. In many instances reports received from inspectors have contained useful practical suggestions for improving the work being carried on by the mortgagors. These suggestions are submitted to the parties concerned and, with only one exception, have been received with appreciation by the farmer. The scheme of inspections, although entailing a relatively large expense item, which is borne wholly by the Bank, is capable of great mutual benefit.

14. The death of Major R. M. Dunbar in May deprived the Board of the services of an enthusiastic and efficient representative in the Sotik District. Colonel J. K. Matheson was appointed to the office thus rendered vacant on 5th July.

SOIL EROSION.

15. Special attention has been given during the year to the question of soil erosion. Copies of the Agricultural Department's Bulletin on the subject were sent to all the Bank's inspectors with the request that they should refer specifically to this matter in all reports or valuations.

16. Following consultation with the Director of Agriculture, the Board, at a meeting held on 21st October, 1935, passed a resolution as follows—

Soil Erosion.—It was agreed to recommend to Government that amending legislation be passed enabling the Board to approve of advances not exceeding £200 to meet the cost of anti-erosion measures, provided that in the case of applicant being a mortgagor to the Land Bank already, such advance, together with any existing advance did not exceed 75 per cent of the valuation as determined by the Board.

A draft Bill is in preparation which, after examination by the Agricultural Department and the Law Society, will be submitted to Government for approval. The question of whether any such anti-erosion advance to an applicant other than a mortgagor to the Land Bank should be given statutory right to priority over an existing mortgage was left to a decision by Government.

17. More detailed notes on this subject will be found in local representatives' remarks, which form Appendix No. 2 to this Report.

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AGENCY.

18. The position of the Agricultural Advances Scheme, in the administration of which the Bank has acted as Agents for Government for the past two years, is outlined in the précis of the Annual Report to Your Excellency which forms Appendix No. 3 to this Report.

19. The remuneration received by the Bank for the administration work connected with this fund is on the basis of 10 per cent added to an estimate of the actual cost. Although the number of accounts is small the detail work involved in payment of individual accounts, inspections, preparation of budgets of revenue and expenditure, negotiations with merchant houses, and deliberations by the Board is great. It is difficult to arrive at an accurate allocation of these services as between the Land Bank and the Agricultural Advances Scheme and the 10 per cent margin is perhaps more in the nature of a reserve against errors in this allocation than of a real remuneration. The services of the Board members have not entered into the calculation of costs, and individual members have received nothing in consideration for the extra work involved.

FINANCIAL.

20. The question of providing further funds for interest by the Land Bank is still under consideration by the Secretary of State. The present negotiation for additional capital begins with a resolution passed by the Board at a meeting held on 27th December, 1933 recommending that a further £500,000 be made available thus bringing the total of the Bank's capital to £1,000,000. The sense of this resolution was conveyed to the Government in a letter dated 5th January, 1934.

21. On 17th October, 1934, the Report of the Economic Development Committee was completed. The Board's application for further funds was supported by this Committee who added a recommendation—

that on an increase in the capital of the Land Bank, the arrangements hitherto in force whereby the Land Bank draws money from authorized capital as required and pays interest only on the money so drawn should continue to apply, but in order to safeguard the interests of general revenue we suggest that Government should charge the Bank interest at the rate of $\frac{1}{2}$ per cent above the rate of

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interest which Government itself pays for the money until any expense incurred on this account has been reimbursed."

22. The recommendations of the Economic Development Committee in so far as they concerned the Land Bank were discussed by the Board who passed the following resolution at a meeting held on 28th January, 1935—

"That a recommendation be submitted to Government forthwith that the capital of the Land Bank be increased by £500,000 making the total £1,000,000; that if it can be so arranged £250,000 of this amount be made available at once and the balance in twelve to eighteen month's time; that the recommendations of the Economic Development Committee regarding payment of interest (vide paragraph 486 of that Committee's Report) be supported with the proviso that the suggested arrangement is not a *sine qua non* although highly desirable at this stage of the Land Bank's development; finally, that in the opinion of the Board opportunity should, if practicable, be given for investment by Kenya residents in any Kenya loan."

23. In September, 1935, a body known as the Agricultural Indebtedness Committee was appointed by Your Excellency "to explore the possibilities of lightening the burden of agricultural indebtedness." In an interim report signed by the Committee on 23rd December, 1935, the application for the additional capital referred to in the preceding paragraphs was unambiguously supported, but a further recommendation added that—

Government should be empowered to direct the Land Bank to set aside a sum not exceeding £200,000 (which amount, with interest, shall be guaranteed by Government to the Land Bank) in order to supply funds for the provision of seasonal finance and assistance to cereal farmers in a change over to mixed farming."

24. It is understood that details of the scheme under which this £200,000 fund shall be administered have been forwarded to the Secretary of State and it appears likely that the whole question of further funds will now shortly be decided.

25. At 31st December, 1934, the total number of mortgages which had been registered was 390, securing advances of £472,415, and twelve short term loans aggregating £2,340

were issued. During the year 1935, thirty-eight mortgage loans were registered and issued, aggregating £41,160 and twenty short term loans aggregating £4,630. During the year 1935, twelve loans were repaid completely aggregating £13,890.

26. At a certain proportion of a loan is returned with each instalment paid and loans are occasionally repaid in full or partly repaid before the expiration of the loan period, no public announcement was made that fresh applications could not be considered owing to the exhaustion of funds. For some months, however, applicants have been advised as to the position and in many, but not all, cases they have asked to have their application placed on a waiting list in order to secure consideration at the earliest possible moment. Table 1 showing the number of applications received is accordingly incomplete as an indication of the demand for finance during the year.

27. The payment by mortgagors of instalments due shows a further decline as compared with previous years. This was inevitable. The main contributory factor in this decline is the further fall in prices for the two main crops, coffee and maize. Graphs have been prepared by the Bank's accountant (Mr. C. J. Sergeant) and are reproduced in this Report. They are based on the weekly market reports issued by Messrs. Dalgety and Co., and need no elaboration. When it is remembered in addition that the effects of the preceding locust and drought years have hardly yet disappeared, the extent of the default indicates clearly that the great majority of borrowers have regarded their obligations to the Land Bank seriously, and it would be difficult to assess the amount of energy and sacrifice which is implied in the resultant collections by the Bank.

28. At the same time it has to be recognized that among the defaulting minority there are still some who are inclined to leave the claim of the Land Bank last in the allocation of what moneys they have available for distribution to creditors. It is a bad policy to divert an instalment on a hire-purchase agreement to the acquisition of new records. Mortgagors would be well advised to regard their obligations to the Land Bank as a first charge, to be met before anything else. With each instalment met, the capital indebtedness is reduced and the mortgagor is in fact building up a credit in this way which justifies him later on in applying to the Land Bank if necessity arise for temporary assistance.

29. The following table shows the aggregate amount called for up to and including 30th September, 1935, and the amount received:—

	Due		Paid		Transferred to Farm Properties		Owing				
	£	s. etc.	£	s. etc.	Per cent	£	s. etc.	Per cent			
Principal	20,862	0 51	16,541	8 80	79.20	230	5 25	1.10	4,090	6 37	19.61
Interest	69,792	12 46	61,045	12 34	87.47	768	16 37	1.10	7,978	3 75	11.43
	£ 90,654	12 97	77,587	1 23	85.59	999	1 62	1.10	12,068	10 12	13.31

The percentage figures for principal and interest paid at the same date last year were 86 per cent and 92 per cent. The actual percentage of interest paid for the year ending 30th September, 1935, alone, was 80.3 per cent.

PURPOSE OF LOANS.

30. The purposes to which loans issued in 1935 have been allocated are shown approximately in Table No. 2 with comparative figures dealing with the total of loans approved. Expressed in percentages the latter table may be summarized as follows:

Discharge of Existing Mortgages	42.5
Permanent Improvements	25.3
Purchase of Land	18.4
Purchase of Stock	6.6
Farming Operations	8.0
Purchase of Machinery and Implements	1.2
	<hr/> 100.0

FARM PROPERTIES

31. Of the two properties (L.R. 1/56 and 1/54) mentioned in the last Report as having been acquired by the Bank under foreclosure proceedings one (L.R. 1/54) has since been disposed of. This year four more farms (L.R. 1/64 1/59, 1/169 and 2/96) have been similarly acquired, two of which were abandoned by the mortgagors and in the other two cases farming operations had ceased through lack of funds. Of these four, one (L.R. 1/64) has been disposed of, and managers have been placed on two of them to maintain and work the coffee. The Bank thus has four properties and is endeavouring to effect a sale of these at the earliest opportunity. These properties stand in the Bank's books at £7,410/10/02.

District Reports.

32. Local representatives of the Bank were invited to submit a short résumé of farming conditions and operations in their various districts with special reference to the question of soil preservation. The reports received are embodied in Appendix No. 2.

GENERAL.

33. The thanks of the Board are again due for the assistance received from various officials and Government Departments, although calls upon them in connection with applications approved have been considerably less than usual owing to lack of funds for advances. The services rendered by the Attorney General and his staff, and by the Colonial Auditor's Department continue to expand however and the help so given, without expense to the Bank, is an important item in the work of administration.

34. The character of the work of the office has grown more complicated and diverse, and a word of appreciation is due to the staff for the willingness and initiative with which extra routine work has been tackled.

G. WALSH
*Treasurer,
Chairman of the Board*

Nairobi,

13th January, 1936

APPENDIX No. 1

The following graphs have been prepared to afford a comparison of market prices for the years 1930, 1934 and 1935. Figures 1 to 4 are based on London Reports issued by Messrs. Dalgety and Co., Ltd.; Figure 5 is based on information received from the Kenya Wheat Pool.

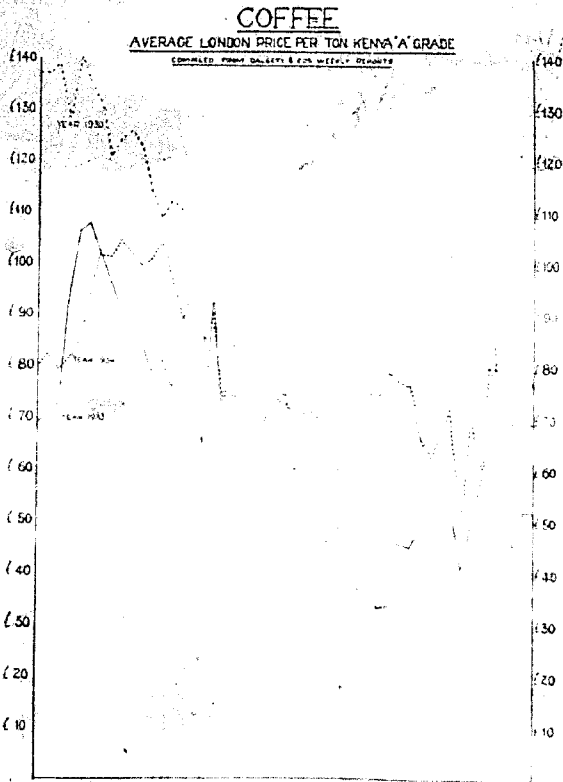


FIG. 1

MAIZE**LONDON PRICE PER QUARTER (480 lbs) NR 2 GRADE**

COMPILED FROM DALREY & CO'S WEEKLY REPORTS

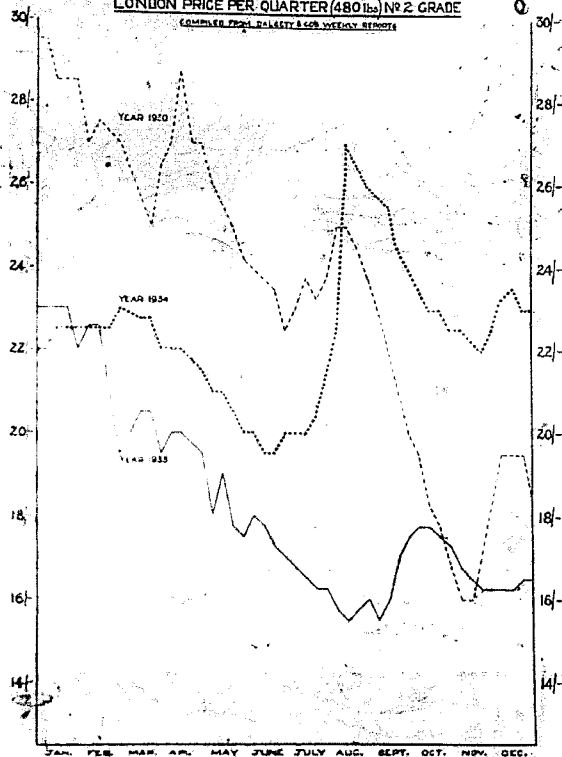


FIG. 2.

BUTTER**LONDON PRICE PER CWT. NEW ZEALAND NR 1 GRADE**

COMPILED FROM DALREY & CO'S WEEKLY REPORTS

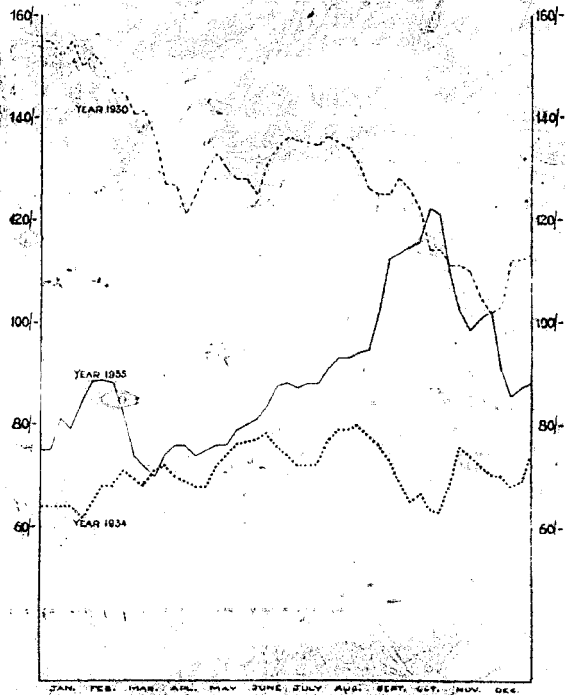
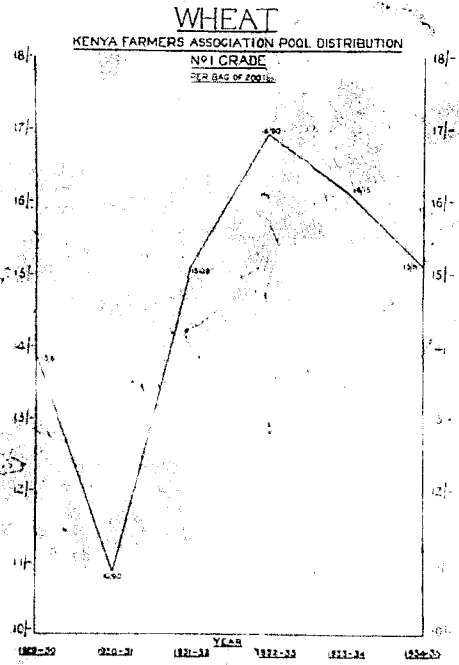
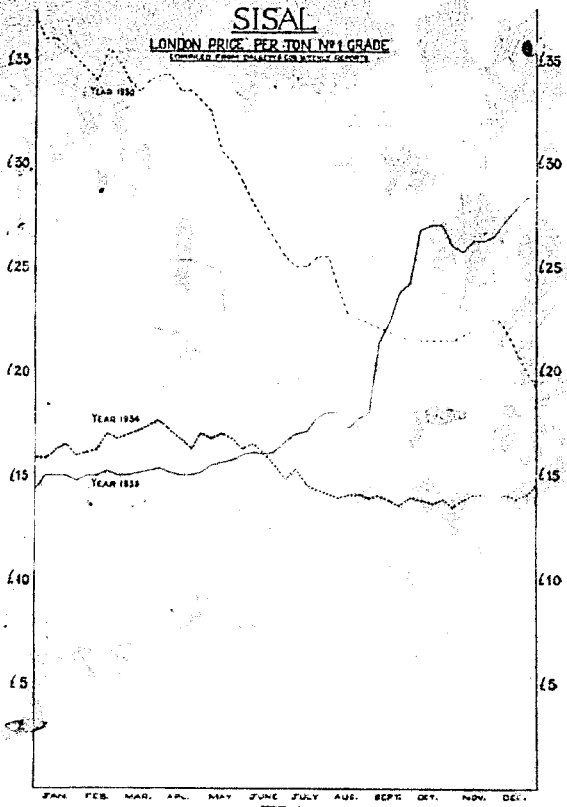


FIG. 3.



Note.—The Sale of Wheat Ordinance came into effect on Sept. 12, 1930.

APPENDIX No. 2

Reports by local representatives of the Land Bank in the following districts:—

1. Gilgil and Naivasha.
2. Rumuruti and Thomson's Falls.
3. Uasin-Gishu.
4. Nakuru.
5. Trans-Nzoi.
6. Botik and Kericho.
7. Kiambu and Machakos.
8. Keru.
9. Thika.
10. Notes on Anti-erosion Measures by Mr. Robert Barnes.

1 GILGIL AND NAIVASHA DISTRICTS

REPORT BY ROBERT HALL, B.A.

From a line two or three miles north of Gilgil Township southwards the chief rains are the monsoonal long and short rains, whilst to the north of that line the bulk of the year's rainfall is to be expected from June to September inclusive.

This year the long rains were again very late and patchy but since June what rain there was has been well distributed over the year and in the southern half it was a better year for the growth of grass than the last three or four.

In the northern part of the district, though on some farms it was the lowest rainfall ever experienced, only once or twice for very short periods was plant growth arrested owing to lack of moisture. The lower rainfall total is accounted for by the fact that August and September, which normally have over 10 inches each, this year barely exceeded 2½ inches.

The year finishes with quite unusually heavy rains—a godsend to the stock farmers, but embarrassing for those with ripe crops. The great majority of farms in the district are dairy farms and whilst there are still a number where the cattle are run in a semi-ranching way, during the year there has been a considerable increase in hand-feeding of calves, feeding concentrates to cows in milk, milk recording and a more intensive type of management generally. Also increased attention has been given to the growing of food for the live stock, especially forage crops for use in the dry season.

Several new cattle dips have been installed, though in the higher parts of the district dipping as a regular farming practice is not popular.

The sales of bullocks to the Italians have been a help but the Bank's mortgagees have had little share in it—most of the animals being sent by the larger estates.

Sheep farmers have had a better year than for some time, both wool and mutton having risen in price, but the Bank is interested in only one or two farms where sheep are of major importance. During the year there has been a marked improvement in the quality of the dairy herds; the native or low grade cow is becoming a rarity almost, but the better class of cow demands better feeding and management and it is still debated whether this is justified by an increased profit.

Pyrethrum.—In spite of the fall in prices, the acreage under pyrethrum has steadily increased during the year and it does well over the whole district at 7,500 feet and higher altitudes.

As long as the acreage is kept in proportion to the amount of cheap labour available it is still remunerative though it has now been realised that an efficient drying house is absolutely essential for any but the smallest output.

Wheat.—In spite of the good results obtained by growers the last two seasons the area under wheat has not increased by more than about 10 per cent which is fortunate, because this year practically all the wheat in the district has suffered more or less from attacks by a form of stem rust which was not thought likely to occur here.

In the Kinangop wheat growing had been abandoned for some time but a fresh start with B.230 was made this year with what result is not yet known.

Farmers are reluctant to break up again land they previously allowed to revert to grass until a suitable wheat not likely to be completely destroyed by stem rust has been discovered.

Oats.—With the price around Sh. 8 per bag oats is quite a good thing in the higher parts of the district; it will crop well in soil no longer capable of growing wheat.

Fruit.—The growing of deciduous fruit trees has increased considerably, though many plantings have been wasted owing to lack of proper care especially for the first three or four years.

Propaganda by the Kenya Arbor Society and others has caused increased interest in the planting of timber trees. The series of dry years is probably responsible for a considerable increase in the number of flood-water dams and raft-fed houses and dairy supplies.

Soil Erosion.—The kind and amount of soil erosion depends very largely on the climate and on the type of soil and subsoil. In this district we find four distinct types of soil and it is convenient to deal with the subject in four sections each section dealing with the effect on one of the four soil types which are: (a) red soil; (b) a soil coating between the typical red and the typical black cotton soil; (c) a light soil which with rain swells up and becomes exceedingly sticky; (d) a light sandy soil.

(a) Red Soils.—These occur on all the upper Gilgil farms at altitudes of over 7,500 feet and all along the foot-hills of the Aberdares from Lake Ol-Bobasat to Njabini; at this south end they widen out to include nearly all of the Njabini and some of the South Kinangop farms.

The average rainfall is 40 inches and upwards.

These soils carry a dense turf and erosion is mostly to be feared on cultivated land, though that it occurs on grass land is shown, I believe, by the fact that the soil is usually thinner and poorer on the middle and lower thirds of the ridge slopes or where the erosive effect of rain-water running over the surface is likely to be most intense; this effect, I think, might be alleviated in many cases by cutting ditches with a gentle fall across these ridge slopes.

On cultivated ground the various methods advocated by the Agricultural Department, especially that of broad-base ridge terraces, have been brought to the notice of farmers and, where necessary, explained, and I am myself trying out a system of contoured terraces, the steps of which are built up gradually by always ploughing outwards to them round and round the crown of the ridge which is the usual position occupied by cultivated ground here: Kikuyu grass is planted on these steps to bind them; more ground is mowed for crops, but the terraces themselves are smooth for working of the various machines. The subsoils are very compact, often contain murrem layers and are highly resistant to erosion; ditches, unless they run directly up and down a slope, are as likely to fill up as to deepen.

Type (b).—This occurs over a large part of the Kinangop and above Gilgil at an altitude of 7,000 feet to 7,500 feet. The average rainfall is about 39 inches to 40 inches.

The turf on this type of soil is not so dense as on the red one, but as it usually occurs on more gently sloping ground the danger of sheet erosion is not much greater.

The chief difference is that the subsoil is very loose and readily disintegrates with the result that this type is far more liable to gully erosion: once a ditch is started, whether by farm roads, cattle tracks, or in other ways, and has worn through the surface soil, it deepens and enlarges very rapidly: in one case an 18 inch road-ditch was deepened to four feet in a single season.

The formation of ditches, especially those running up and down a slope should be closely guarded against.

Type (c).—This occurs chiefly between Gilgil and Naivasha and around Gilgil township. Rainfall about 25 inches to 30 inches.

These soils are not nearly so well protected by turf though the common occurrence of *Eleocharis* bush helps to a certain extent: the subsoil is generally stony and friable and they are much more liable to sheet and gully erosion.

Here the possibility of being overstocked must be seriously considered: stock should be dispersed over the whole farm as much as possible and milking bales, sheep barns, etc. should be readily movable.

The drying out of the protective grass owing to locusts and drought has, I fear, caused severe surface soil losses on this type during the last four or five years.

Type (d).—These occur mostly round Lake Naivasha and in the Kedong Valley where the rainfall is under 25 inches. They are slightly less liable to suffer severely than the preceding type because they absorb rain more quickly, but this advantage is offset to a certain extent by the fact that rain is more likely to occur as violent storms and gully erosion is commonly seen.

Under these dryer conditions wind erosion begins to have some importance.

It is easy to see the evil effects of erosion in many cases; methods of prevention and, even of cure can be pointed out, but they all need time and money and on arable land cause

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Under these dryer conditions wind erosion begins to have some importance.

It is easy to see the evil effects of erosion; in many cases methods of prevention and even of cure can be pointed out, but they all need time and money and on arable land cause

inconvenience. The majority of the Bank's mortgagors are hard put these days, to maintain their interest payments and themselves. It is difficult for them to expend time and money on any work that does not yield an immediate cash return however keen they may be to maintain the fertility of their farms. But a farmer who is fully aware of the danger of soil erosion, and how it occurs, and is constantly on his guard against it, can do much to minimize the damage done.

9. RUMURUTI AND THOMSON'S FALLS DISTRICTS.

REPORT BY A. ARMSTRONG.

During my last tour of inspection my impressions were that the effect of the locusts and drought were passing.

The countryside generally has responded to last season's rain, and the Thomson's Falls-Aberdare areas in particular, with abundance of grass and other cover.

The plains are slower in recovering by reason of the wind erosion to which they are subject in season, more particularly whirlwinds with their loads of dust, and this is more difficult to deal with than water erosion on account of the difficulty in establishing any effective cover. The plains with their sweeter and finer grasses, suffered much more from the depredations of the locusts and in some cases these grasses were semi-ruined without regard to stock grazing, but, generally speaking, grasses and weeds of sorts are establishing themselves. The pasture now visible is of a very mixed nature, but it does afford cover and will hinder wind erosion. A few more seasons like the last one should fill up the gaps as I notice the star grass which propagates itself by runners, is showing up well in many places.

Farming in our area generally is dependent on dairy products and beef and mutton, with a certain amount of wool. These industries cannot be said to prosper with prices as they are, but the Co-operative Creamery at Thomson's Falls has steadied that section and the cream suppliers are holding their own.

Should the Meat Control Board become an accomplished fact and an Ordinance passed to control the trade in all its ramifications, the meat industry should enter into a new lease. It is badly wanted. The present glutted stock market has led to overtrading in the butchery business. All kinds of unskilled men are in the trade. This has led to price cutting and a lower quality of meat is being purveyed.

The system by which the Government collects its taxes in the native pastoral areas has been no small contributor to this state of affairs in the meat industry and live stock generally.

The feeling among farmers is now more hopeful but they all agree in saying that rain is their great necessity, their one hope.

3. UASIN GISHU DISTRICT

REPORT BY MAJOR J. B. F. ADAMS

Apart from Messrs. Barnes Bros I have not observed many cases of steps taken to prevent erosion, except in two cases of coffee plantations where brush dams as illustrated on page 25 of the Agricultural Department's Bulletin No. 1 of 1935 have been made. These have been effective to a minor degree only, by being constructed in the rows of coffee trees but irrespective of the contour.

Several farmers have ploughed or dug storm-water catchment drains along the top of their cultivation in straight lines irrespective of fall, but these, whilst keeping water off the cultivated fields, will in time become dongas and unless properly maintained, stepped, dammed, or graded may lead to very serious erosion as in the Rongai Valley.

I consider that a circular letter and gratis copy of the soil erosion bulletin should be sent to all Land Bank respondents with a definite instruction for a report as to whether their properties are suffering from erosion and if so what steps are being taken to arrest the menace, which is nearly covered by the Covenant of Mortgage (6).

4. NAKURU DISTRICT

REPORT BY JAMES MACKAY

In the course of my inspections I have taken particular note of erosion and methods adopted to combat it by the Bank mortgagors.

Erosion is going on of course almost everywhere, but it is particularly noticeable in areas like Mau Summit, Molo and parts of Upper Solai and Subukia.

The worst wash I have seen is in Mau Summit and Upper Rongai.

Farmers are more or less alive to the danger of it and damage being done, but very little indeed is being done to

counteract it. In no case has any terracing been done, but in one or two cases flood-water drains have been dug and a few stop-wash pits have been dug along the hillside. In one of the two instances planting has been done on the contour and lands have been left unploughed till just before planting.

I have discussed the matter with almost every one and they all agree that something more drastic must be done to prevent wash and erosion, but lack of funds to do the necessary work is nearly always the stumbling block.

I think money would be well spent in doing any work which would prevent erosion, but the work must be well and effectively done.

5. TRANS NZOIA DISTRICT.

REPORT BY P. L. MASON.

Ever since receipt of the Land Bank letter of April, 1933, I have during my inspections of Land Bank farms, made a particular note of soil erosion and the measures taken to combat this particular evil.

There is no doubt that soil erosion in the Trans Nzoia is becoming a very serious matter, but I consider that the farmers, generally speaking, are fully alive to this danger, and, in almost all cases, are taking precautionary measures. The nature of the precautionary measures largely depends upon finance, and I should say that is a very good reason why not many have gone in for the broad-base terracing recommended by the Department of Agriculture. The measures which most of the Land Bank farmers up here have taken are principally either trenching, strip planting with Napier grass or with what is known as "Babu's Delight". One settler who is opening a comparatively new farm is leaving a strip of bush in between every 60 yards or so of the shamba.

It is rather early yet to talk about the effectiveness of these various schemes, but I am of opinion that these less costly and cheaper methods are showing quite satisfactory results. I was especially impressed with the effectiveness of some terracing done by Babu's Delight in coffee, and by the system of contour trenching put in on another farm.

As these anti erosion methods can only be stated to have been put into operation quite recently, it is difficult for me to be more definite in regard to results, but I will continue to keep a special watch during 1936. In conclusion I would say that with ordinary heavy rain well distributed during

the day, quite simple methods will go a long way to stop erosion, and that practically all the damage in this area is done when there are cloud bursts delivering, as they do, up to three and even more inches in a short period of time.

I do not consider that there is any cause for serious alarm in regard to erosion in the Trans Nzoia provided the farmers take quite simple precautions.

6. SOTIK AND KERICHU DISTRICTS.

REPORT BY COLONEL J. K. MATTHESON.

Soil erosion has been in the past and is still a very serious menace in the Sotik and Kericho districts and the effects of it are apparent on practically every estate, farm, and even in gardens. Rain falls on an average of 212 days in each year and it may be assumed that wherever the soil is dug up, unless immediate precautions are taken, erosion takes place.

Most of the cultivated lands drain into the Kipsonzi River either directly or by tributary streams. The oldest residents say that this river used to run very clean, but for the past fifteen years it has steadily become more muddy and now, except in the very dry weather, the water is always brown and full of silt and many thousands of tons of the rich Sotik soils are now deposited in Victoria Nyanza.

The general method of cultivation lends itself to immediate loss of soil. Gangs of varying sizes are always to be seen digging up and loosening the soil round coffee bushes or in fields of maize, rain follows in a few days and the wash will vary only with the degree of severity of the storm, but some loss is certain, and frequently there is a complete strip of the surface soil.

Bunding, terracing and damming are practised on a number of farms but these are expensive methods and unless they are well and systematically done, they are of little practical value in a wet district such as this where the obvious course, and least expensive one, is to make use of the natural soil covering and to use instead of abusing it.

Two such methods have proved very successful. Weed selection and the encouragement of *Oxalis corniculata* and a method introduced on Kivoga Estate last year which I call sectional weeding. The estate is divided into blocks of approximately five acres and the cultivation of this area is given to one man who works steadily through it, taking a

period of from five to six weeks to do so. As weeds begin to show a few days after weeding, no large areas remain exposed and no loss of soil takes place. Wherever possible, cultivation is done on the contour, and on very steep slopes alternate lines are cultivated, the other remaining as a temporary bund until it, in its turn, is weeded.

A further advantage of this system is that the cost of weeding is considerably reduced. A man will finish his five acres in from five to six weeks, and allowing for a maximum of six cleanings throughout the year, and assuming that the all-in wage is Sh. 10 per month, the cost of cultivation should not exceed Sh. 12 per acre. Where wages are less, the cost may be as low as Sh. 10 which compares more than favourably with the average throughout coffee districts.

The history of coffee production in Sotik and Kericho is that, on new ground the coffee does extremely well and good yields of first-class coffee are invariably obtained for three or four years. After that disease and pests set in and yields fall from as much as 5 to as low as 1 cwt. to the acre. The explanation of this can be sought in soil erosion and loss of humus.

The fact that the average crop produced in the district has for some years been under 2 cwt. to the acre indicates a serious state of affairs and I consider it essential that measures should be adopted on all farms committed to the Bank, not only to stop erosion, but to ensure that the soil is systematically reconditioned by adequate annual applications of manure by which, in most cases, there is a ready supply in the form of cattle and goat manure.

Generally speaking, and apart from hail, the causes of the failure of coffee in this district are soil erosion, uncontrolled pests and disease, plantings on unsuitable land, incorrect methods of pruning (or the total absence of pruning) accompanied by spasmodic and inconsistent methods of culture. The Government experimental plot has done much to improve matters, but there is still much leeway to be made up; and unfortunately many of those who are anxious to improve their estates are unable to do so for want of the necessary funds.

The Sotik is a first-class stock country and its future development may be in that direction, but it will be a slow process unless much money is expended on dips, fencing and grade stock; but meanwhile it is essential that the best of

the coffee plantations should be saved as, I believe that, properly managed and with a gradual switch over to more suitable types of coffee, this crop can be produced economically in this district.

7. KIAMBU AND MACHAKOS

REPORT BY H. DOUGLAS COOPER.

On the whole I think most of the coffee planters whom I have visited in the Kiambu area are alive to the dangers of erosion. I have tried to impress on them the advisability of always cultivating across the slope and thereby terracing their land.

Roads, and especially native foot paths through coffee, are a danger particularly when they run straight down hill. Native labourers should be prevented from making paths through coffee, while I would advocate planting Napier grass or some similar fibrous rooted plant on the edge of the farm roads where wash is liable. Road drains, unless constantly attended to in heavy rain, are liable to silt up and are a great danger.

The above remarks refer to mature coffee only. The danger of erosion in young coffee is much greater and contour drains, terracing and cover crops are the obvious remedy, all of which can be carried out at small expense.

With regard to the Machakos area, the soil is entirely different, being a light sandy loam covering a heavy clay subsoil. There erosion is a deadly enemy. One farmer was taking all reasonable precautions, terracing his land along the contours and putting in a thick mulch of grass along the line of his coffee trees. He also proposed planting Napier grass between his coffee to act as a further stop-wash, an idea which I consider very sound.

8. KORU DISTRICT.

REPORT BY THE HON. CONWAY HARVEY, M.L.C.

A marked feature of the agricultural practice in Nyanza during the past twelve months has been the efforts made to combat soil erosion especially in coffee plantations. All planters have taken active steps to prevent loss of surface soil by a great variety of methods best suited to individual conditions.

The commonest and most effective method of control has been the construction of head drains to prevent flood-water

from entering the abakaba combined with a system of contour ridges which prevent an accumulation of water in the plantation, supplemented by pits on steep hillsides.

There has been a tendency to allow small patches of land planted with uneconomic coffee and maize to revert, and more carefully to select areas for extended arable activity, which is a move in the right direction.

There is also an increasing tendency to utilize boma manure for the purpose of maintaining soil fertility while many planters make the manufacture of compost part of their normal routine.

9. THIKA DISTRICT.

Report by E. L. LINDSAY.

I herewith submit my observations and my recommendations on soil erosion measures in the Thika, Makuyu, Ithanga and Donyo Sabuk districts.

Observations.

(1) I was amazed to find the number of experienced planters who failed to realize that their soil had suffered from erosion, both in the present and in the past.

(2) In former years the soil on most of the estates in these districts had a high humus content, which has gradually diminished due to the owners' lack of knowledge of soil conservation. Owing to this lack of humus the soil is now much more liable to rain wash. Most planters have failed to see this change in their soil.

(3) The great majority of estates have only in recent years undertaken any anti-erosion measures.

(4) It is very noticeable that those estates that are now in great financial difficulties are nearly always those that have not undertaken any measures against soil wash and still appear to think it unnecessary.

(5) The Makuyu, Ithanga and Donyo Sabuk districts are very liable to heavy thunderstorms, which makes the control of soil erosion most difficult.

(6) Soil erosion measures, if badly carried out, can do more harm than good.

Control Measures.

(1) Undoubtedly the best method to prevent soil erosion is to plant out on the contour or better still contour terrace

the land before planting, but as one has to deal with estates already planted up, it cannot apply to them.

(2) The planting of legumes is often advocated; but I am not in favour of this, as firstly, in the case of annuals, the soil is liable to wash long before the legumes have grown sufficiently to be of any use and in the case of perennials such as Black Mauritiens, they harbour mealy bug and also a continuous check on their creeping up the coffee trees has always to be made.

(3) I am also averse to all forms of mechanical cultivation except when the land has practically no slope. Tractor subsiding, very periodically, is beneficial.

I recommend the following measures:—

On Gentle Slopes.—Plant Babu's Delight down the middle of the rows of coffee, or box-ridge alternate rows, thus making a ridge round a block of four trees.

On Medium Slopes.—Box-ridge every tree.

On Steep Slopes.—Box-ridge every tree and plant Babu's Delight on the top of the ridge.

On Very Steep Slopes.—Box-ridge every tree with Babu's Delight planted on the ridge and in addition pit or trench every alternate row.

Various Recommendations.

(1) Fork hoe just prior to the rainy season.

(2) Thatch alternate rows with grass.

(3) On all steep slopes allow the weeds to grow until the rains are over; but then weed immediately.

(4) Most suitable method of box-ridging is to first weed down the centre of the row and then cover with earth, thus making a ridge and putting humus into the soil.

(5) Make a point of taking a walk while it is raining to observe the efficiency or otherwise, of control measures.

General Remarks.

(1) After many seasons of drought, the experience of heavy rains has caused many a planter, who thought that his land was safe from soil wash, to change his mind and next season should show a great improvement in measures adopted.

(2) Many planters would spend much more on anti-erosion measures if they had the available cash; but they now only undertake work on areas very obviously suffering from erosion.

(3) With the advent of good rains, grass mulching can now be undertaken, whereas of recent years this has been impossible owing to the lack of grass.

(4) The Land Bank campaign against soil erosion is to my mind very necessary and has already done a lot to open the eyes of many planters to this grave menace.

10. NOTES ON ANTI-EROSION MEASURES.

BY ROBERT BARNES.

In addition to the foregoing district notes, Major Adams has forwarded a letter addressed to him by Mr. R. Barnes which is reproduced here *in extenso*.

"We can say that we are satisfied that terracing is well worth the work and cost in our district. The original field that we terraced in 1931 (which has been cropped since 1925) has given us the best maize crop on the farm this year; it will shell out at about 14 to 15 bags maize an acre. Where there were gullies in 1931 is now filled in with silt and the field no longer shows any sign of serious wash; those who knew the field in 1931 at once see the difference.

We now have 110 acres terraced and in every case the yield is far above that of unterraced fields. The condition of the fields is improving year by year, it is worth using fertilizer and manures both green and bona on the terraced fields as the manure stops on the field and gives results for some years, whereas on unterraced fields with slopes of 3 to 6 per cent manuring is really wasted as it is only carried away with wash.

The difference in the condition and crop yields on terraced fields is so much better than the unterraced that even the farm natives notice it, and themselves suggest that this or that field should be terraced next year.

This year some fields will be left fallow and they will be terraced during the period when oxen and ploughs are available for this work; only portions of these fields that are terraced in time to allow a late crop to be planted will be planted up.

In the past we have terraced, using tractors, but the cost of fuel is too high; with tractors terraces have averaged Sh. 10.

an acre (3 to 5 per cent slopes) not including depreciation on tractor, which is a big item. We propose using oxen only this year and estimate that the cost will be from Sh. 6 to Sh. 6 an acre. The type of soil, steepness of slope, whether the field has any hills or not, all affect the cost, and naturally an old field that has been badly washed is more costly than a new one that has not started to wash. For this reason, and to save our soil from the start, we are terracing a newly broken 50-acre field this season. In easy soil with no ant-hills, terraces are cheaper especially where the outlets can be run into grass land and it is not necessary to make outlet drains to carry off the water from the terraces.

Narrow terraces with a base of 14 feet and a 7-foot channel above them (21 feet in all height about 1 foot 4 inches can be made in any soil for approximately Sh. 3 an acre labour; this does not include depreciation on the grader or oxen and gear or the farmer's time.

The soil on which the terraces were made at Sh. 3 for labour was 3 to 7 per cent slopes and was very easily worked in comparison to our sandy soil here. The terraces were for our pyrethrum at Ainabkoi and for this reason were not as large as terraces over which implements have to work, as the cultivation is by hand; these smaller terraces would be suited to coffee and pyrethrum only.

Where implements (especially tractor drawn) are to be used over terraces they should be much wider to give an easily sloped bank, the minimum width on slopes around 4 per cent would be 24 feet for the base of the terrace with the width of the terrace channel above it probably another 8 feet, making the total width 32 feet. It will be found in terraces on 1 per cent slopes and thereabouts that the waterway above the terrace extends far above the actual channel from which the soil was cut to form part of the bank, some of ours have a waterway of 26 square feet section, the minimum is 14 square feet. We have worked a 'Sunshine' combine over terraces that are 16 feet at the base the slope was from 3 to 5 per cent. Where slopes are in the neighbourhood of 10 per cent the work is much more costly; in the U.S.A. slopes up to 15 per cent are terraced.

The terraces are all set out on a variable grade from level up to 4 inches fall per 100 feet, the grade changing every 300 feet, the original field set out in 1931 was set out to these grades as recommended by Mr. C. E. Ransford, the Senior Drainage Engineer, of the U.S.A. Department of Agriculture.

The vertical spacings were also from U.S.A. experience and suited our locality except that on some fields we will not employ 6 inches per 100 feet (1 in 200) grades but will limit the grade to 4 inches per 100 feet and if the terrace is a long one will increase the height of the bank for the end section.

The writer has visited several farms which now have terraced fields and in every case where they have been properly set out and where the terrace is made up to the correct cross section for the slope of the ground they have been successful in controlling erosion. The only failures one sees are where a farmer tries to do a bigger acreage than he can cope with in a season and, to do the acreage, skimps the cross section of the terraces with the result that there is not sufficient water way above the bank. Terraces must be properly constructed and made up to correct height where they cross gullies and old washes. Naturally terracing must be started from the top of a field and if there is an area above the field off which water flows there should be a catchment drain above the field.

There is naturally a tendency to want to make terraces further apart and save having so many banks across the field. In this district the spacing given in Bulletin No. 1, Department of Agriculture, Kenya, should be held to. The only serious break we have had since 1931 was at the bottom of a field where we tried doubling the vertical interval. It was too wide a spacing for our heavy rains and the terrace broke at a point where it crossed an old gully. Since 1931 we have had rains of 3 inches and 4 inches in an hour. The terraces have stood up to these heavy downpours successfully. It is essential that terraces be inspected, as after a heavy rain some silt is brought into the terrace channel. This should be cleared out and thrown up on to the bank or back into the field or it will form a dam across the terrace channel and cause a break. If a farmer is not going to inspect and maintain his terraces properly it is useless his terracing.

It is important in ploughing to start on the top of the terrace following the soil up on to the top of the terrace and making the round inside a pair of terraces so that the ground is thrown up on to the terrace both from above and below each year. Ploughing in this way helps to keep the terrace up to height. It will in some cases be necessary to run the grader along the terrace to clear the channel and smooth off the bank each year. In the past we have done this by tractor at a cost of approximately 65 cents an acre but in future shall do it with oxen.

As regards plant, wheeled terracers or graders are certainly better than the V type, though a farmer can make terraces by ploughing and drawing up the earth with a home-made wooden drag as given in the Department of Agriculture Bulletin No. 1, 1935. The terraces on Major Dudgeon's farm at Rongai are excellently made, of a really good section. All this work was done with a home-made terracer developed by Mr. Cymidd-Hill, his manager. Mr. Cymidd-Hill's terracer consists of an ordinary Hercules plough, a furrow, the discs and brackets are taken off and an extra standard beam is bolted to the centre disc beam, extending it in length. Two disc holders are bolted to this lengthened beam (longer "U" bolts have to be made to do this) and a flattened steel railway sleeper is bolted to these disc holders with wooden packing piece to tilt the sleeper to the correct angle. The flattened railway sleeper forms the terracer blade, the front edge of the blade being in line with the rear plough wheel. The tilting of the blade is done by the ordinary plough levers; naturally it can only be used one way and is not reversible.

If a farmer has not got the cash or time to do a large acreage properly he should only attempt the acreage he can do properly with terraces up to full height; terracing cannot be half done or it will fail.

It is difficult fitting in terracing between other work both because of the time and lack of teams when ploughing is on, so it is really better if a farmer can leave out a field each year to terrace when things are slack and he can put teams and labour on to the work and is free to give his own constant supervision.

If anyone asks you about terracing please tell them "that if they cannot afford the time or cash to do it properly, a little at a time, to leave it alone." They must be prepared to look after the work properly and see that the terraces are maintained and inspected throughout the year especially during the first year after storms. Regular boys should be trained to go round after a heavy storm and clear any silt dams that may form. As the condition of the field improves and the old washes fill up there is less and less silt comes down the lines of old washes. In the U.S.A. the Soil Conservation Service, and States in conjunction with Land Banks, etc., have made extensive experiments to determine the best spacing and section of terracing for each district; many thousands of pounds are spent on these experiments; the soil and water flowing off terraced and unterraced land is actually measured

and weighed with specially designed concrete silt traps and measuring weirs.

On unterraced fields the loss of soil in one season is often up to 40 to 60 tons per acre whereas off terraced fields the usual loss is 2 to 3 tons an acre. The U.S.A. Soil Conservation Service have experiments to see the spacing that will give the minimum loss of soil for each district. Our losses off unterraced land in Kenya are easily as great if not greater than U.S.A. as can be seen by the enormous deposits of soil at the end of washes in fields and the deposited silt represents only part of the soil lost; the lighter parts and plant food have gone on into the rivers and streams. Broad-base terraces like all other methods are only attempts to control erosion and must be combined with crop rotation and contour ploughing to obtain the best results.

Mangum broad-base terraces were first developed by a Texas farmer of that name in the early 1860's and were gradually improved and used in his district. Of later years the various Departments of Agriculture Federal and State have taken up erosion control seriously and in their last season's programme alone over 800,000 acres were terraced and bigger programmes are ahead. The system used lately is one where the State or Bank has a terracing staff complete with heavy Deisel tractors and grades especially designed for terracing; these outfits are bought by a loan granted for terracing. They make sure there is enough work ahead in the district to justify the expenditure on plant and that the farmers are in a position to pay either for voluntary terracing or compulsory terracing where the mortgage policy insists that they protect their land against erosion.

The plant then goes to the district with a mapped out programme of so many acres each farm and the work is done at cost price plus depreciation. Cost price includes wages, setting out, repairs, oils, grease and the proportion of depreciation depending on acreage done. The depreciation figure is a large item being \$1.25 (a little over Sh. 5 an hour) per hour in one State. On an average the outfits terraced 11 acres a day. Costs vary considerably according to districts and slopes from around \$6 at lowest up to \$25 the highest cost per acre.

By working the depreciation system the authority making the loan has discovered the capital outlay and possibly interest at the end of a certain acreage and is in the position to buy new plant for further terracing.

It is generally accepted that broad base terraces plus proper rotation of crops and ploughing, etc. is the best method known at present of controlling erosion on cultivated land, especially in row crops where the weeds are kept down and the soil is bare during the rains, and for this reason the U.S.A. are spending millions on erosion protection by this method. In addition to the terraces there is work on the control of gullies and the disposal of water from the terraces in properly protected drains. Recently there has been a move to collect the water that runs off from the terraces in dams, and these water saving dams are being built in conjunction with terraces all over the U.S.A.

In Kenya you can see water being saved in the same way on Mr. Wolryche Whitmore's farm at Rongai, where the water is run from the terraces into the dams and is used in watering cattle and in providing water for compost pits, turning the refuse and waste from fields and homas into compost. Any silt carried from the fields is caught in the dams and in time is used to add to the compost pits, so water and soil loss is reduced to a minimum and the fertility of the field is built up.

People often wonder if they can afford it, and ask if it is worth spending money on terracing. We would say, as the result of our own experience, that in the majority of farms in Kenya they should ask themselves if they can afford not to terrace. There are very few parts of the country that are free from erosion; the bulk of farms have serious erosion that gets worse each year. This erosion can be controlled by terraces combined with other erosion protection measures, such as contour ploughing and planting, the planting of strip crops that act as sieves and hold back soil (but do not hold the water), also rotation of crops. In other parts where the rainfall is low it will be found that the terraces help to keep the soil moist by slowing down the run off and that the water from the terraces instead of being lost as on an unterraced field can be led to dams. Land cannot be cultivated without protection from erosion and if it cannot be protected should be under grass.

APPENDIX No. 3

TABLE 1.—APPLICATIONS RECEIVED

1935.	LONG TERM LOANS		SHORT TERM LOANS	
	Number of Applications Received	Amount	Number of Applications Received	Amount
January	4	5,750	2	450
February	7	13,950	7	1,550
March	2	1,300	3	1,000
April	4	5,450	1	500
May	5	8,410	1	200
June	5	2,450	1	300
July	0	11,800	4	1,350
August	4	5,550	2	250
September	2	3,900	5	1,070
October	3	2,850	4	1,750
November	4	8,900	3	1,050
December	3	9,100	1	750
TOTALS	49	£90,440	34	£10,530

TABLE 2.—APPLICATIONS RECEIVED—AMOUNTS APPLIED FOR DURING 1935

FOR LOANS OF:	
£1-£400	14
£201-£1,000	8
£1,001-£1,500	6
£1,501-£2,000	7
£2,001-£2,500	2
£2,501-£3,000	3
£3,001-£3,500	5
£3,501-£4,000	3
£4,001-£5,000	1
	49

TABLE 3.—ANALYSIS OF APPLICATIONS DEALT WITH DURING THE YEAR 1935

NUMBERS 756-804

No.	Amount		No.	Amount
11	£			
	14,970	Brought Forward from 1934.		
40	80,440	Applications Received	15	7,510
		Considered by Board	3	2,750
		Withdrawn Before Consideration	42	76,050
		Awaiting Valuation, etc.		
60	£95,310		60	£95,310
15	17,510	CONSIDERED BY BOARD.		
7	10,000	Prior Applications Re-considered.		
27	33,130	Awaiting Completion, 1934.		
		Granted and Completed	38	41,180
		Granted:		
		Awaiting Completion	5	8,000
		Declined by Applicants	1	1,100
		Rejected	5	0,700
49	£90,040		49	£90,040

TABLE NO. 4.—PERIODS FOR REPAYMENT OF LOANS ISSUED DURING THE YEAR 1935

L.R. Nos. 2/191 to 3/28 38 LOANS, £41,180

AMOUNT	5 YEARS		20 YEARS		25 YEARS		30 YEARS	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
£		£		£		£		£
100	—	—	—	—	1	100	—	—
300	—	—	1	300	—	—	2	600
330	—	—	—	—	—	—	1	330
350	—	—	—	—	—	—	2	700
500	1	500	3	1,500	—	—	2	1,000
550	—	—	—	—	—	—	1	550
600	—	—	—	—	—	—	1	600
650	—	—	—	—	—	—	1	650
700	—	—	—	—	1	700	2	1,400
750	—	—	—	—	—	—	1	750
800	—	—	—	—	—	—	1	800
900	—	—	—	—	—	—	1	900
1,000	—	—	—	—	—	—	2	2,000
1,250	—	—	—	—	—	—	1	1,250
1,400	—	—	—	—	—	—	1	1,400
1,500	—	—	—	—	—	—	3	3,000
1,650	—	—	—	—	—	—	1	1,650
1,800	—	—	—	—	—	—	2	3,600
2,000	—	—	—	—	—	—	3	6,000
2,400	—	—	—	—	—	—	1	2,400
2,500	—	—	—	—	—	—	1	2,500
3,000	—	—	—	—	—	—	2	6,000
	1	£500	4	£1,800	2	£800	31	£38,080

TABLE NO. 5.—ANALYSIS OF APPLICATIONS SHOWING APPROXIMATE ALLOCATION OF LOAN MONIES AS PER INFORMATION FURNISHED BY APPLICANTS

	L.R. Nos. 2/101-3/23		L.R. Nos. 1/1-3/23	
	Year 1935		Total to 31st Dec., 1935	
	£	£	£	£
Discharge of Existing Mortgage		16,680		218,436
PERMANENT IMPROVEMENTS				
Buildings	360		20,176	
Wells, Dams and Boreholes	100		2,000	
Fencing	555		8,043	
Dip Tanks	475		5,115	
Irrigation			1,188	
Additional Acreage				
Coffee	65		18,222	
Cereals	500		5,365	
Pyrethrum	150		160	
Maintenance of Existing:				
Coffee	1,950		53,445	
Cereals			2,985	
Tree Planting	150		1,805	
		4,625		110,741
PURCHASE OF LAND AND COST OF TRANSFER		13,785		94,568
PURCHASE OF STOCK (Oxen, Pigs, Dairy Cows and Poultry)		2,045		34,061
FARMING OPERATIONS		3,290		40,732
PURCHASE OF IMPLEMENTS AND MACHINERY		753		5,090
		41,160		513,599

TABLE NO. 6.—ANALYSIS OF APPLICATIONS FOR SHORT TERM LOANS DEALT WITH DURING THE YEAR 1935

No.	Amount	No.	Amount
	£		£
1	300		
34	10,530		
		31	9,230
		3	850
		1	750
35	10,830	35	10,830
31	9,230		
1	50		
		20	4,830
		2	500
		2	550
		8	2,550
32	49,280	32	49,280

TABLE NO. 7.—ANALYSIS OF APPLICATIONS. L.R. Nos. 1/1 TO 3/23

	1 to 500 acres		501 to 1,000 acres		1,001 to 2,000 acres		2,001 to 3,000 acres		3,001 to 5,000 acres		Over 5,000 acres		Total number of farms	Total area	Total valuation	Total timberland	Average area	Average valuation	Average advance per acre	Average advance per farm	Per cent. of total advance	Per cent. of total valuation	
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
Port Hills	8																						
Kisumu-Bundani	19																						
Nairobi, Kiambu	8																						
Machakos and Coast	10																						
Narokha - Thome	7																						
Nakuru	10																						
Nyahus	10																						
Songhor	13																						
Tilaka	19																						
Treks Nzoia	10																						
Uasin Gishu	10																						
	91	117	104	42	25	15	394	657	396	1,722	290	512	505	1,491	58	68	1,304	17	49	20	65		

THE LAND AND AGRICULTURAL BANK OF KENYA.
REVENUE AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1935

EXPENDITURE	£	s.	d.	REVENUE	£	s.	d.
To Interest on Capital Advanced	403	19	96	By Interest Earned	30,178	11	82
" Board Members' Fees	3	15	0	" Mortgages Prepared	263	0	00
" Salaries and Allowances	132	10	10	" Mortgages Discharged	68	10	00
" Travelling Allowances	47	4	77	" Application Fees	63	6	00
" Printing and Stationery	156	8	69	" Sundry Fees	110	8	80
" Rent	75	18	37				
" Postages and Telegrams	27	13	25				
" Depreciation	19	9	92				
" Staff Monthly Fund	10	1	80				
" General Expenses							
	4,852	3	26				
Balance being Excess of Revenues over Expenditure for the Year	6,983	19	77				
	£				£		
	30,009	0	62		30,009	0	62

THE LAND AND AGRICULTURAL BANK OF KENYA.
BALANCE SHEET AS AT 31st DECEMBER, 1935

	£	s.	d.	ASSETS	£	s.	d.	
CASH AS VOTED: £500,000	478,000	0	00	Sundry Mortgages:				
Cash Received				Principal	555,354	10	23	
				Principal, Current	6,185	0	33	
				Accounts	461,539	16	50	
Sundry Deposits				Interest	13,010	3	20	
Application Fees	35	16	00	Charges	6	1	70	
Voluntary Fees	63	0	00	Interest Accrued, not yet due	3,443	0	42	
Valuation Expenses	95	13	50	Farm Properties	478,004	17	88	
Interest on - Recovered in Advance:	25	6	64	Movable Assets as at 31st Dec., 1934	200	0	00	
Part of Loans Unraised				Additions	7,410	10	92	
Sundry Advances				Less Depreciation	322	13	35	
					27	13	25	
Reserve Account				Motor Car Accounts				
Balance at 31st December, 1934	8,520	0	84	Deposit Accounts:				
Balance at Credit of Reserve and				Survey and Reclamation Dept.	5	6	50	
Expatriate Account for Year	5,950	19	77	Post Office				
to Date				Cash				
				At National Bank of India, Ltd.	7,191	18	86	
				In Hand	1	18	47	
					7,192	37	33	
					£	493,009	0	36

Executed
W. H. SMITH
Auditor
29th February, 1936

S. THORNTON,
Secretary

O. WALSH,
Chairman of the
Board
E. B. GILL

APPENDIX No. 4

PRECIS OF REPORT BY THE BOARD OF THE LAND AND AGRICULTURAL BANK OF KENYA ACTING AS AGENTS FOR GOVERNMENT IN THE ADMINISTRATION OF THE AGRICULTURAL ADVANCES SCHEME FOR THE PERIOD 1st JANUARY TO 31st DECEMBER, 1935.

LEGISLATION.

1. The legislation entrusting the administration of the Agricultural Advances Scheme to the Land Bank as Agents for Government was outlined in the Board's Report for 1934. The benefits derived from this simplification of administration and the actual economies in running expenses still obtain.

2. In accordance with the approval given by the Secretary of State to the recommendation made by the Board in the Report for 1934 necessary legislative sanction was given in Ordinance No. XXXII of 1935 to a reduction in the rate of interest on Agricultural Advances to 6½ per centum per annum.

ADVANCES IN 1935.

3. The recommendations made by the Board in the Report for 1934 were approved by the Secretary of State in a telegram dated 22nd January, 1935, as follows:—

	£	s.	d.
Advances to 16 Cases (Classes A.II, A.IV and A.V)	7,284	1	00
Administration Expenses	1,100	0	00
Against Unforeseen Emergencies	3,000	0	00
	<u>£11,384</u>	<u>1</u>	<u>00</u>

4. Of the amount authorized by the Secretary of State for advances (£7,284/1/-) £6,496/1/03 was paid to participants during the year leaving an undrawn balance of £767/18/07.

5. Of the amount authorized for unforeseen emergencies (£3,000) £688/11/03 was paid to participants.

DEFINITION OF CLASSES.

6. A definition of the "classes" into which accounts are for convenience placed is given below:—

CLASS A.II.—Farmers who may be expected to pay advances in full if assistance continued.

CLASS A.IV.—Doubtful cases where results have been disappointing which, however, show prospects of recovery in time, but where the farmer will certainly go under if not assisted further.

CLASS A.V.—Cases governed by special considerations, where the commitment to the Board is large and where recovery depends on production being maintained.

CLASS B.I.—Cases where repayment will be made in full during 1936 without further advances.

CLASS B.II.—Cases where arrangements have been or will be made with merchant houses to finance future operations on terms satisfactory to the Board.

CLASS B.III.—Cases where no further advances are required or recommended but in which time should be given for repayment with a reasonable hope of eventual recovery.

CLASS B.IV.—Cases where results have been disappointing and where no further advances would be justified but where time should be given for the farmer to make other arrangements if he can, in the bare hope that the Board may recover more than if they took immediate action.

CLASS B.V.—Definitely bad cases where the Board recommend realization when a favourable opportunity occurs.

ANALYSIS OF ACCOUNTS.

7. At 1st January, 1935, there were 67 names on the books of the Advances Board classified as under:—

CLASS A.II	8
" A.IV	5
" A.V	3
" B.I	9
" B.II	11
" B.III	10
" B.IV	15
" B.V	3
	<u>67</u>

Of these 16 cases (Classes A.2, A.4 and A.5) received assistance from the Board in 1935. From 1st January to 31st December, 1935, advances made to these 16 participants amounted to £6,496/1/03. (*Note.*—This figure does not include amounts paid from the amount voted for unforeseen emergencies).

REPAYMENTS.

8. During the period under review repayments by all classes amounted to—

	£	s.	d.
Principal	9,884	14	27
Interest	3,245	14	45
	<u>£13,130</u>	<u>8</u>	<u>72</u>

This amount was collected from the following classes:—

SUMMARY OF ADVANCES AND RECOVERIES.
1st JANUARY to 31st DECEMBER, 1935

ADVANCES Jan.-Dec. 1935	Class	RECOVERIES		
		Principal	Interest	Total
£ s. cts.		£ s. cts.	£ s. cts.	£ s. cts.
2,002 11 40	A.II	2,037 17 80	420 14 25	2,457 31 95
1,400 0 04	A.IV	606 9 54	412 5 80	1,018 15 34
2,493 0 68	B.V	3,222 15 37	322 0 61	3,544 16 98
—	B.II	—	40 0 00	40 0 00
—	B.III	1,710 9 02	722 13 10	2,432 1 12
—	B.IV	637 0 07	348 13 31	985 13 38
—	B.V	—	3 0 00	3 0 00
—	Sundry	75 0 00	4 15 00	79 15 00
8,400 1 03		9,654 14 57	2,245 14 44	11,900 8 72

9. The following table affords a comparison of the position as at 1st January, 1935:—

DATE	No. of Accounts	AMOUNTS OWING		
		Principal	Interest	Total
		£ s. cts.	£ s. cts.	£ s. cts.
1-1-35	67	104,769 5 87	11,070 2 03	115,829 8 50
31-12-35	62	94,570 10 48	12,015 8 42	106,584 18 90

The reduction in the number of accounts is accounted for as under:—

	£ s. cts.
Two Accounts written off as Bad Debts	4,832 0 39
One Account taken over as "Farm Property"	3,276 16 61
Two Accounts Repaid	889 1 10
	£9,028 7 10

EXPENSES.

10. For the twelve months ending 31st December, 1934, administration expenses were £978/18/91. For the twelve months ending 31st December, 1935, the figure is £929/7/60.

COLLECTIONS.

11. Interest collections from participants during the year amounted to £3,345/14/45: an amount of £4/1/80 was recovered from a debt previously written off as bad and £128/11 was earned as interest on the No. 2 Agency Account with the National Bank of India, Ltd. The total of these sums £3,378/10/25, less administration expenses, etc. £929/7/60, has been paid to the Treasury, the net payment being £2,449/2/65.

PRESENT CASH POSITION.

12. Since 1st January, 1935, two participants have repaid advances and interest in full

CLASS	Principal	Interest	Total
	£ s. cts.	£ s. cts.	£ s. cts.
B.I	80 19 68	1 8 42	81 12 10
B.IV	637 0 07	170 8 33	807 8 00
	£ 718 0 35	£ 171 0 75	£ 889 1 10

One account in Class B.V has been transferred to "Farm Property" Account, the farm having been surrendered to the Government.

13. The balance standing to the credit of No. 2 (Agency) Account at 31st December, 1935, was £3,940/0/70

INTEREST CHARGES.

14. As from 1st January, 1935, interest has been charged to participants at 6½ per cent per annum in accordance with the recommendations made by the Board in the 1934 Report and approved by the Secretary of State, and to which the necessary legislative sanction was given in Ordinance No. XXXII of 1935.

GOVERNMENT GUARANTEES.

15. Government guarantees, as approved by the Secretary of State in a telegram received on 4th April, 1931, have been given in connection with two loans by the Land Bank to participants of £2,500 and £800 respectively.

In the former case the Land Bank paid to Advances Board £80/19/36, the Advances Board holding a series of promissory notes in respect of the balance of the debt outstanding. In the second case the Land Bank paid the Advances Board a sum of £776/9.

RE-CLASSIFICATION.

16. A re-classification of accounts on the basis of the Local Board's recommendation is detailed on the Schedules attached to this Report and is summarized in the following table:—

Class	No. of Cases in 1934 Report	RE-CLASSIFICATION	No. of Cases in 1935 Report	Further Advances Recommended
A.II	8	1 Transferred to Class B.II	7	£ 2,748 18
A.IV	5	1 " " AVI	4	1,107 6
A.V	3	1 " " AVI	2	1,620 12
A.VI	Nil	1 Transferred from Class A.IV	11	5,185 0
		1 " " A.V		
		6 " " B.II		
		1 " " B.III		
		2 " " B.IV		
			24	£10,659 15
B.I	9	1 Repaid in Full		
		2 Transferred to Class B.II	5	
		1 " " B.IV		
B.II	11	6 " " A.VI	5	
B.III	10	1 Transferred from Class A.II	12	
		2 " " B.I		
B.IV	18	1 Transferred to Class A.VI		
		1 Repaid in Full	14	
		1 Transferred from Class B.I		
		2 Transferred to Class A.VI		
		3 " " B.V		
B.V	3	2 Written Off as Bad Debts		
		2 Transferred from Class B.IV	8	
		1 Transferred to "Farm Property" Account		
TOTAL	67	2 Repaid in Full	62	£10,659 15
		2 Written Off		
		1 Transferred to "Farm Property" Account		

CLASS B.II (1934).

17. The decision of merchant houses to discontinue finance to certain cases included in Class B.II in the 1934 Report makes it necessary for the Board to review the position of these participants. For some years these cases have been financed by merchants and unless arrangements can be made for their continued operations the Board is faced with considerable loss. For the purposes of consideration and classification these cases have been included in a new Class A.VI

an estimate having been made of the requirements for finance in 1936.

The recommendations made by the Board for cases in this new classification are provisional and depend on evidence of the participants' inability to obtain finance elsewhere and on satisfactory reports on the farms.

BAD DEBTS.

18. During the year two debts have become bad, one through foreclosure and one through abandonment of the farm. The amounts to be written off are:—

	£	s.	d.
Principal	5,128	0	00
Interest	1,031	0	00
	£6,159	0	00

AGENCY STATEMENT.

19. Statements of audited accounts as at 31st December, 1935, are attached hereto.

RECOMMENDATIONS.

20. In their preliminary Report the Board recommended that authority be given as under—

- To make advances in 1936 to 24 cases in Classes A.II, A.IV, A.V and A.VI, to the extent of £10,659/15.
- To incur necessary cost of administration not exceeding £1,000 in 1936 (the money required to meet the advances and administration expenses now recommended will be drawn first from the present bank balance).
- To write off bad debts in the two cases (Class B.V) amounting to—

	£	s.	d.
Principal	5,128	15	15
Interest	1,030	13	77
TOTAL	£6,159	8	02

31. The Board further recommended that a sum of £3,000 be placed to their order against unforeseen emergencies.

22. The Board are grateful to be able to record that the Secretary of State has telegraphed his approval of these recommendations.

CENTRAL AGRICULTURAL ADVANCES BOARD
BALANCE SHEET AS AT 31st DECEMBER, 1935

LIABILITIES		ASSETS	
£	s. d.	£	s. d.
Treasury Balance as at 31-12-34 Less Bad Debts Written-off Interest Earned Less Received Balance from Revenue and Ex- penditure Account For Year to Date Less Paid to Treasury	105,610 14 59 4,893 9 59 16,143 5 60 3,374 8 45 540 2 65 2,440 2 65	Principal Sundry Advances Sundry Debts Farm Property Taken Over	12,708 17 36 4 80 94,579 10 48 12,016 8 42 753 8 93 12,708 17 36 100,877 1 61
	£ 113,826 2 21	Cash at National Bank of India, Ltd.	3,540 0 70
			£ 113,826 2 21

REVENUE AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1935

EXPENDITURE	REVENUE		
£	s. d.	£	s. d.
To Administration Expenses	929 2 60	By Interest Received	3,374 8 45
" Inspection Fee, Adjustment	5 60	" Bad Debt Recovery	1 1 80
" Balance being Excess of Revenue over Ex- penditure for Year	2,440 2 65		
	£ 3,378 10 25		£ 3,378 10 25

CENTRAL AGRICULTURAL ADVANCES BOARD

CASH ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1935

RECEIPTS	PAYMENTS		
£	s. d.	£	s. d.
To Balance at Bank 31-12-34	1,183 5 39	By Advances Made	7,284 1 03
" Repayments of Principal	9,884 14 27	Compliments	688 11 02
" Interest on Advances Made	3,245 14 45	Contingencies	3,000 0 00
" Bank Interest	128 14 00	Treasury—Balance of Revenue over Ex- penditure for Year to Date	7,184 12 05
" Bad Debt Recovery	4 1 80	Administration Expenses	911 8 05
" Refunds from Treasury	252 10 56	Land and Agricultural Bank of Kenya	107 2 65
Balance due, 31st Dec., 1934	197 5 59	Travelling Expenses and In- terest	7 11 40
Interest Adjustment for Year 1934	55 4 60	Bank Exchange	100 3 00
" Inspection Fee—Refunded	5 0 00	Withdrawal from Deposits	504 12 12
" Deposits	604 12 17	Deposits per contra	794 15 17
	£ 15,306 12 67	Balance, Cash at Bank 31-12-34	3,540 0 70
			£ 15,306 12 67

Examined:
W. R. SMITH,
Auditor.

25th February, 1936

S. THORNTON,
Secretary

G. WALSH,
Chairman of the
Board.
E. B. GILL