

1933.

Kenya.

No. 3078

SUBJECT

C0533/433

Land and Agricultural Bank

Previous

18137/32.

Subsequent

23089/34.

see 334/33.

23054/34.

1. Governor Byrnes (19 (The Mail) — 14<sup>th</sup> Feb. 33  
States that Land Bank is operating successfully as a commercial concern & suggests that advantage should be taken of the present cheap rate of money to make further provision of £260,000 as advance against subsequent loan. Encls. copy of further representations from Land Bank Board.

I attach 1. a note on the finance of the Land Bank.

S. G. S. has approved the proposals in principle vide 21 in 18737/32 - the only discrepancy being that he mentioned £200,000 as compared with the Governor's £260,000

Before approaching Treasury it seems necessary to ask C.A. for suggestions

as regards the source from which the funds should be provided mentioning that letter of 3 in 18737/32 - and also Camp & Co. 1888 in this point.

J. S. P. 1888  
16 17/2/33

Advice from C.A. is clearly the first requisite.

? Send them a copy of pages 1-5 of this doc., ref. their letter of 27/5/32; say that S. G. S. proposes to consult Treasury regarding the possibility of giving effect to the Gov's wishes; and ask what modifications, though in the light of subsequent developments, are required in the advice in their letter of 27<sup>th</sup> May.

When the letter to C.A. has gone, recommend to consider what limitations, if any,

2 or 18137



The Sog's said he would be guided by the Governor on this point. We must therefore get Sir V. Roper's views. We can't do much usefully at this stage as we don't know the local market.

Should be forwarded in regard to the application of the new money - see passage marked on p. 4 of No. 20, and last sentence of No. 21. on 18/37/31.

A. P. [Signature] 17/2

The figure of £260,000 is probably taken to raise the capital to the round half million. Kenya has all along had £260,000 in view.

At present it might be rather better not to issue more than 4 1/2% at all, but to try something at 3 1/2% (as in N. Rhodesia). That however can wait till we hear what C.A. say.

The proposal having been approved in principle it is only necessary now to consult the C.A. as proposed; but I think we should also tell the Treasury at once that it is in the wind & let them have a copy of the despatch saying we are consulting the C.A. I will write further when we get their advice.

S. I. O. [Signature] 18.2.33.

Preliminary interviews re Flood reports. Then said for CA reply unless Sir J. Campbell is available earlier.

S. I. O. [Signature] 20.2.33

To C.A. (w/c extract of 1) Coun. } 22/2/33  
Treasury (w/c 1) ——— }

4 Crown Agents

States a loan has recently been raised for Uganda by selling stock 5 1/2% of 1955/1965 at 97.10 percent. I expect to obtain as good terms for Kenya. Suggest it might be better to raise a new loan of 3 1/2% of stock, but this would depend on the condition of the market.

? Now send a copy of 4 to Treasury reference 3 and for the reasons set out in para 3 of 1 ask for sanction for the raising of £260,000 by ~~either~~ whichever of the methods in ~~the~~ para is most suitable at the time of issue.

H. S. [Signature] 8/2/33

A. P. [Signature] 8/2

What the Gov contemplated was to advance £260,000 to the Bank against a subsequent loan - end of para 3 - which would normally mean advancing it out of surplus funds. But Kenya hasn't any money to do this & would have to raise it somehow. The Sog's telegram (21 on 18/37/31) shows the position. We shall have to raise a loan somehow, as I don't like trying to borrow from the C.A. for the purpose. (C.A. might take up the stock if issued)

To Treasury as proposed -

S. I. O. [Signature] 9.3

Campbell 9/2/33

Start with a draft Cession. It might perhaps be better to ask for the money for the general purposes of the Bank and to propose to take up with the Government the question of limitations on its repatriation.

I attach a note on the powers for borrowing money.

H.S. P. Morrison  
15/3/33

Clearly a specific loan ordinance will be required, and any attempt to enlarge its scope shd. be resisted.

H.S. P. Morrison  
15/3/33

... this makes it very awkward. Kenya has borrowing power left and will have to issue a new loan ordinance to get the necessary power. In that case the question arises whether any such loan should not also cover the items mentioned in para 2 & 3 of the memo at 1A in 18137/32. These total £2,211,878, of which authority has been given to spend £1,775,146.

As far as I can make out Kenya has not yet spent ~~any~~ <sup>much</sup> of this authorized amount & the provision for interest in the draft 1933 estimates is only £3,500 which would correspond to an advance totalling about £100,000.

Still there is no use making too many bites at the cherry. It is not good for a Colony's credit to be continually floating small loans, and I should prefer to raise a £2½ million loan to cover the sum mentioned above & the £260,000 now required. But Kenya would I think be ill advised to incur further debt at present and the officials, if they have any sense, would oppose proposals to increase the Colony's load, at the present juncture.

Last year the Gov. asked for advice as to raising the £260,000 ~~by way of~~ <sup>by way of</sup> ~~issuing~~ <sup>issuing</sup> ~~and~~ <sup>and</sup>

18137/32  
NO 8 para 4

by the Land Bank either with or without a bank guarantee. We told him that a loan would have to be raised on foot and the C.A. had advised us that they would float by issuing 4½% stock under the existing loan ordinance [Nobody apparently realized that a new ordinance would be needed to raise more than the outstanding £61,682].

For various reasons I don't like a small loan and I am sure Kenya ought not to try to float a large one. What the Governor suggests is not raising a loan now but getting the £260,000 as an advance pending the next loan i.e. adding it to the £1,775,146 for which they have authority to borrow in anticipation of a loan.

The only solution appears to be to let them do this. C.A. can advance it & Kenya will have to pay interest but will probably get it all back from the Bank.

So I do not think we should mention the possibility of a new loan to Treas<sup>r</sup> but ask for authority to add £260,000 to the sums already approved pending the issue of the next loan.

S.W. Flood  
17-3-33

I think the L.L. draft shd. be to provide authority to again, explaining the position to the Gov. borrowing powers. Are they prepared to do this, and on what terms, pending a future loan issue? I agree that a small no loan is not required, and I dislike very much the idea of floating any large loan for Kenya, in present circumstances. We want to keep all loans strictly for direct financial purposes, down to the absolute minimum.

yes. <sup>see</sup>

2. There are two points in the draft which will probably require further consideration. Is the insistence on "new settlers"--which runs through the draft--in fact justified? It is not I think warranted by the record of the discussion, or by the terms in which the official proposal now under consideration is presented. We shall have to be quite clear as to what is intended. The second point had better be skated over as lightly as possible. The Treasury are not likely, I think, to accept the view that the results so far obtained--the term is very short, and the difficulties have almost certainly not yet been fully encountered--make it evident that the Bank is operating successfully on commercial lines.

The 17-3-33.

Mr Flood

Please see Mr. Cassin's  
memo.

Perhaps you would discuss  
with Mr. C. D. Stanley, who  
retires 20th March - other  
officer, etc.

18.3.33

5 to G.A. - Cons. - 27/3/33

Mr Flood spoke. He says to  
shower be awaited for the draft letter  
goes to Treasury but in the meantime

Send copy of 4 and 5 to Treasury 5  
L.F. in p. reference 3  
after this action has been taken review to  
me for revision of the draft & drawing

1/5. P. Cassin  
28/3/33  
Admin

6 To Treasury. (with 4 & 5) 18/10 3/12/33

7. Crown Agents 3rd H.A. 33.  
Suggest that legislation necessary for loan be passed as  
soon as possible & furnish prospectus as to the most suitable  
method of raising the required sum.

Mr. Pritchard & I have revised the draft.

To Treasury

Mr Pritchard  
5/4.

The Crown Agents, ~~were~~ <sup>as</sup> expected, ~~not to~~ <sup>do not</sup> feel  
able to take up a loan of £260,000 in the Joint  
Colonial Fund, and suggest that the best way of  
raising the money would be to issue 3½ per cent  
stock to the market. They think that a price  
possibly above par could be obtained for this and,  
in present circumstances, they are probably right,  
but if it was floated at par I should be quite  
satisfied. It will be noted that they do not  
suggest a public issue and therein I think they  
are right because such a small sum is hardly suited  
for going to the public with a prospectus and all  
the

the other paraphernalia.

There is also a proposal on foot for obtaining a further £15,734 for advances to Municipalities which is under consideration, and this might very well be added to the £260,000. To round off the sum, therefore, I would suggest that Kenya should take powers by Ordinance to issue stock up to a total not exceeding £300,000.

With regard to paragraph 4 of the Crown Agents' letter the expenditure is likely to be spread over several months, and the Crown Agents could accordingly advance such sums as might be required, but such advances are open to the restriction pointed out and, in all the circumstances, it seems best to adopt the Crown Agents' suggestions if we can get the Treasury consent.

I think that a copy of No.5 and of No.7 should be sent to the Governor by the next air mail with a short despatch telling him what has happened and that we are consulting the Treasury, and it might also be expedient to inform him by telegram with reference to No.1 that further borrowing powers will be required if Kenya is to get this money. There ought to be no objection to Kenya passing an Ordinance so as to have the necessary powers in reserve in anticipation of Treasury approval.

The draft to Treas<sup>r</sup> as amended can also go. I have put in my suggested £300,000, as a maximum.

S.S.O. 7/20

The Bill can be prepared, 6.4.33 but I would have to mention the Board Bank and I don't think that it should be published. It will have Treasury consent - *Stewart*

I agree. Perhaps the S. H. could tell the Chancellor that the bill is coming, and remind him of our conversations last year.

G.H.S.  
2.6.33

Sec of State  
You will observe that it has been suggested that you may wish to tell the Chancellor that you are writing to him about this.

G.H.S.

6.4.33

To Treasury (with 7) copy 8/4/33

Received from the Treasury  
14/4/33  
1/1/33 (copy 5)

To Gov Conf (4) (w/co 5+7) 8 APR 1933  
1 answer

Mr. Chestman

No reply from Treasury to Nos 4 & 7 yet here

B.S. 15/4  
no reply to  
(case East Africa)

received

I saw Mr. Woods (T.G.) today, on this and 3123. He promised to accelerate a reply.

B.v., if need be, in a week  
*W. Wood*  
25/4/33

18.4.33  
Regd 17

Agrees in principle to proposed course for the increasing the capital of the Land & Agricultural Bank provided certain conditions can be fulfilled & wishes to have an opportunity of considering terms to be prescribed in respect of advances from Treasury to the Bank, & from the Bank to individual settlers.

Mr S. J. S. with interested to see this.

The former should be informed by telegram reference of the S. J. S. with concurrence of Treasury approves in principle the increase of the capital of the Land Bank by £250,000 subject to certain conditions which will follow in an initial despatch and authorises the enactment of a loan ordinance giving powers for the issue of stock not to an amount not exceeding £300,000 for this purpose and for any other minor items. The order should be framed etc as at A.

Then follow up by despatch giving the gist of 10 and send copies to Treasury with a copy of the Land Bank order inviting their attention also to the Annual Report which they have already had.

H.S. P. 28/4/33

I think the Treasury have been very reasonable on this subject. They put in a condition that arrangements would be made to confine advances to <sup>official centres</sup> official centres of financial stability, which appears only reasonable, as the Land Bank would not be expected to attempt to finance the incompetent or the bankrupt.

The legislation will, of course, be in quite general terms as is the usual practice in regard to loans.

In the despatch of the 8th of April the Governor has been informed of the situation and all that is necessary at the moment is to telegraph to him as per draft herewith, and follow it up with a despatch sending a copy of the Treasury letter, & to write to Treasury sending some of the con's which they might have had before.

V. S. P. 1-5-33

Very satisfactory, & a real help to the Governor from the political point of view.

L.C.S. 1-5-33

Sec of State

You should see.

B.H. 6

8-5-33.

Yes -

I entirely agree with  
Mr. P. Stephen's observations  
about the objects of advances,  
& the burden of borrowers.

These are particularly important  
in view of the letters from  
Scott & Hart sent to Mr. J.  
Zibwa. This is not  
an over-draft Reserve's  
Relief Bill -

P. J. C.

8/5

By hand mail  
9/5/33

11 To Gov. Conf. (2) (w/c 8, 10 + 12) 9 MAY 1933

12 To Treas. (cf. encl. in file) - 9/5/33.

13 To Gov. tel. 115 Conf. 9 May 33

14

14 Col. Secretary Gen.

29 April 33.

● Shamba Library

Treas. 12 copies of Report of Board of Land & Agricultural  
Bank for 1932.

With regard to the statement of the Land Bank  
Com. It is satisfactory to note from para. 20 of the  
report that the whole of the first three instalments  
and about 95 per cent of the fourth have been received.

It is stated in para. 29 that it was thought  
advisable to circulate all mortgagees calling attention  
to the covenant of the mortgage which demands continuous  
beneficial occupation of the property, in order to  
prevent their going after Kakamega gold.

In paragraphs 30 and 31 mention is made of the  
precarious position of the maize industry and the good  
work that the Land Bank can do in helping maize growers  
to change over to stock or dairy farming. It is inter-  
esting to compare Mr. Stockdale's remarks upon maize  
and live stock in his minute of 10.6.32 on 18137/32  
Kenya.

? G.D. and Mr. Stockdale to see and put by.

26 May

An interesting Report, of which a copy might  
go to T. G. L. F. ref. 12

ENP

In para 17-18 Mr. Rushton foresees a  
widening of the scope of the Land Bank  
Ord. On receipt of No 11 (para. 3).

The Kang. Report with no doubt recognize  
the necessity of consulting S. of S. before  
taking any steps in that direction

Seen by Stockdale 22/5

Rushton 26/5



This is an interesting document. Para 18 appears to contemplate loans to enable the farmer to pay his interest to the Land Bank on outstanding loans. This is doubtful finance though circumstances presumably warrant it. It is only contemplated in cases of calamity such as locusts or hail but once the principle is admitted it may be used to avoid further extension. We shall no doubt hear further on this.

J. G. H. D.  
29.5.33.

\* J. G. H. D. must rather bottom out (for the reason) than sell the advances.

But no. 11 is under way against any hasty action.

Part 9 W.C.S.  
29.5.33

GD to see  
copy of Ordinance 59  
3123 letters for record

105 Governor Byrnes 59 Conf. 10 May 33  
Trans. on duplicate authenticated copy of the Land & Agricultural (Trans.) Ordinance 1933 No 4, & for explanation thereof.

Th. Howe

Please see, in connexion with this, the complementary Ord<sup>n</sup> in 3079 below.

The Land Bank exists to provide long-term loans secured primarily on land; the Agricultural Advances scheme gives short-term accommodation on the security of crops. The former is a permanent institution; the latter (in theory at any rate

N. 11  
when reply to 11 recd. But 3123/33

a temporary institution. These Ordinances, read with the covering despatch herein, appear to satisfy the conditions laid down in No. 18 on 18.37

Section 4 of the Ord<sup>n</sup> herein appears to be based on Regulation in S. Rhod. & the Union.

? Any legal obsn.

W.C.S.  
7/6

16 Governor Byrnes 109 Conf. Tel. 8 June 33.  
State Land Bank Board has advised that advances would be conferred to efficient settlers of financial stability & asks authority to publish Bill with the view to introduction at next meeting of the Council.

See para 4 of No 9, and No 13. No need to consult Treasury further at this stage. As in draft herewith. Copy of 10 & reply shd. go to T & LF ref. 12. Recive. for further copy of 15.

W.C.S.  
9.6.33

- 17 To Gov Kenya Tel No 131 Conf 9.6.33
- 18 To Treasury (with 11 & 17) 2/16 12/6/33

Shankar Library

19. Lt. Secretary Gen. \_\_\_\_\_ 12 May '33.  
Trans. 12 limited copies of the Land's Agricultural  
Bank (Amend.) Ordinance 1933.

The Hon

(This was intercepted, to deal with No 14)

Please see No 15, and minutes thereon.

*[Signature]*  
13/6

No legal advice

*[Signature]*  
16/6

*[Signature]*  
16/6

Noted  
20 To Gov. Conf. (15 Amended) 6/3 21 JUN 1933

21. Copy of Note on Kenya Land Bank.

22. Acting Governor Moore Conf 73 (Am. Conf) — 10 June '33.  
Enclosure No 169 enclo. a copy of the Specific  
Loan Ordinance. States a Bill to amend the Ordinance No 54  
of 1931 is being prepared & a memo. by the Treasurer  
setting out methods by which the risk of incurring loss is  
avoided.

When ready to  
send, to file  
+ to be

10  
After speaking to the Treasurer  
I submit draft tel to  
O.A.S. & draft to Treasury.  
C.A. Crosswith  
22/6/33

The Special Specific Loan Bill follows the  
model, & will probably be passed when  
Council meets next week. When we learn  
that it is passed, we can open  
negotiations with T.G. as to the terms of  
loan.

The Land Bank (Amendment) Bill  
will require careful scrutiny, & possible  
reference to Treasury, when it is  
received. The statement in para 3  
of the rep. - - neither amendment involves  
any modification of the terms on which  
advances are made - is hardly  
consistent with the opening sentence of  
para. 17 of the Board Report for 1932  
Short-term credit is provided under  
the Agricultural Advances scheme; and  
it seems possible that Mr. Rushton, having

(flagged)

failed, after repeated efforts, to secure approval  
for enlarging that Scheme, is now trying  
to achieve his object through Royal  
Bank machinery.

B. D. Austin

22/6.

There will be no time to  
look at them in 5th & July  
issue, but the urgency relates  
to the first place, to the  
S. d. Bill only.

W.S. 23.6.33

23 To O.P. tel 138 - Cons. 23.6.33

14 To Henry. (est 22, 23 + Report) Cons. 26/6/33

Not reviewed

DESTROYED UNDER SECTION 10

25. O.K. Kemp. Tel. 120 Cons - 26/6/33.  
Specific loan rise passed all readings  
today without amendment.

Agree speaking to Mr. Freeston, I  
submit draft to C.A. herewith  
A statement of existing loans  
is attached.

C.A. approved  
27/6/33

It seems unnecessary to consult Kemp as  
to the date of redemption. They know from  
7 that C.A. suggested 1967, and have made  
no comment.

B. D. Austin

C.A. will want copy of 022<sup>nd</sup> + 11  
date of issue, but he may get  
the 022<sup>nd</sup> by mail before the  
presently in.

(over)

27.6.33

26 To C.A. (est 22+25) Cons. 29/6/33

~~Key~~

To Henry. (est 26 + 50 incl.) 13/11/33, 20/6/33

28 Crown Agents 14 July 33

States it is proposed to call stock to the market &  
recommends the issue of a new line of 5 1/2% stock.

Draft letter to Treasury herewith,  
for Cons.

C.A. approved  
6/7/33

B. D. Austin  
6/7

Sir J. Campbell

action is obvious but you should see  
this. I agree with the C.A. that 3 1/2% is the best and  
it is advisable to get it out soon as there are signs  
of a fall in 3 1/2% 'gilt-edged' stocks.

J. L. W. Hunt  
67

If you agree please 'fo.' the draft.

9/7/33

29 To Henry. (est 22) Cons. 12/7/33

30. Extract from letter from Lord Francis Scott.  
 31. Extract from Note by Sir S. Wilson on an interview with Lord Francis Scott.

Put by

Admiral  
19

19.7.33

(N)

32. A/General Order No \_\_\_\_\_ 3<sup>rd</sup> June 33.

There are attached & twelve printed copies of the Specific Loan Ordinance No 25 of 1933.

CA. (Mr. Abbott) have had a

copy ? G.S.

And remit T.Y. - 29.

Admiral  
26/7

sending a copy of the Ordinance by way of excuse

J. 26.7  
come

33. Treasury \_\_\_\_\_ 25<sup>th</sup> July 33

Concern in proposal to request G.R. to proceed with the arrangements for the issue of the loan.

I have told CA. (Mr. Abbott) by phone

Dr.

The letter to T.Y. under 32 may be cancelled.

Admiral  
29/7

The Treasury have agreed with bank have been raised.

Sir S. Wilson should see before the instructions  
 to the bank are issued.

W. J. G. G.

29/7/33

sent on accordingly.

J. 26.7.33

31.7.

W.O.S. 31.7.33

Mr. Boyd  
 Please show to  
 Sec of State

B.H.G.

31.7.33

ML  
 1/8/33

~~34~~ To G.A. (with 29+33) 2/8/33

~~35~~ To Sec. Tel No. 165-32 Ann<sup>d</sup> - 2/8/33

~~36~~ To Kenya 590 (32 Annual) 6/3 9 AUG 1933

Sir C. Bottomley.

KENYA LOAN.

On Sir Samuel Wilson's instructions, I telephoned particulars of the forthcoming Kenya Loan to Sir Richard Hopkins yesterday, who said that he would check them up with the Bank and let us know whether we might go ahead. As we had heard nothing you asked me to telephone again this morning. I did so but could not get hold of Sir Richard Hopkins' Private Secretary. I was, however, referred to Mr. Sydney-Turner who was dealing with the matter and who said that we might go ahead.

*by myself*

12.8.33.

*I have told Mr. Davis (C.A.)*

*attach to C.A.*

12.8.33

*over*

*R. 2/1*



See S. P. ...

Kenya loan of £300,000  
(approx)

(dand bank ...)

The A. bank agreed with the  
Bank's brokers that the  
terms of issue should be  
3 1/2 % at 98 1/2 %. They  
propose to sell stock to on  
Wednesday, but they believe  
that the necessary amount  
from the Bank itself may  
be available at once.

The usual course is for  
you to telephone to Sir  
R. 189 ...

Wed. 10/8/33

Mr. Dwyer arranged matters and I  
gave her Davis the "All class" on  
Saturday. He tells me now that  
the amount of stock to be sold on



Wednesday with £3,05,600

C.A. are in forming Kenya.

U.S. 14.8.33

37 See cutting from today's Times

Putty  
P. D. 15

38 Crown Agents

15 Aug 33

Trans. copy of a letter to Govt. of Kenya regarding the issue of Kenya 3 1/2% Guaranteed Stock 1957/67 for £500,000 & also copy of prospectus.

Copy agents  
to Treasury, 2400 Whitehall  
Ref No 33 16.8.33

P. D. 16/8

By [Signature] 17.8.33

39 Waterfield (Yeas.) S.O. 15.8.33

Encls. copy letter recd. from Bank of England regarding the loan.

40 To A. Waterfield (Ty) (39 and) etc 18/8/33

41 " A. Waterfield - } etc 22/8/33

42 " Hammond - } etc 22/8/33

43 Crown Agents

15  
18 Aug 33

Requests Treasury may be asked to guarantee the stock as a trustee investment & enquire at what rate the contributions to the sinking fund should be taken.

Nos. 38 & 43.

I submit 2 drafts.

C.A. [Signature] 24/8/33

44 To Treasury (w/c 43)

29/8/33

45 To Kenya 656 (w/c 43)

29/12 29 AUG 1933

(M)

46 Treasury

29 Sept 33

Trans. copy of a Notice to be published on guarantee regarding the 3 1/2% Guaranteed Stock 1957/67.

Copy to C.A. of Ref No 43  
OAG  
C.A. [Signature] 4/9/33

P. D. 4/9

P.D. 8 SEP

47 To C.A. (w/c 46 and) B/c - 8 SEP 1933

48 To Kenya 688 (w/c 46) A/1 11 SEP 1933

(M)

16  
49. A/Governor Moore 121 Conf. 28 Aug. 33  
Trans. a copy of a Bill to amend the Land &  
Agricultural Bank Ordinance, together with the comments of  
the Sub. Committee on agricultural credit, furnished above, and  
three recommendations.

Of the amendments proposed by the  
Committee of the Board of Agriculture (summarised  
on page 13 of their Report enclosed in this  
despatch) the Bill provides for adopting the  
following:-

(b) 1 (v)  
X report  
Advances to Co-operative Societies.

Comments:-

(1) In spite of what is said at the  
end of paragraph 3 of the despatch this will not  
help the native as the existing Co-operative  
Societies Registration Ordinance is appropriate  
only to European Societies and the Governor has  
been asked not to permit the registration of  
native societies under its terms. The Bill,  
however, is so worded as to permit of its applica-  
tion to Native Co-operative Societies if and when a  
new Ordinance is passed to provide for their  
formation.

(2) Clause 8(2) of the Bill (in which  
there is a misprint) empowers two-thirds of the  
members present at a meeting to apply for an  
advance which will form a charge on all the  
members jointly and severally: even on withdrawal  
from the Society (except one of limited liability)  
a member's liability remains. There is possibly  
a danger here that a Society might be stamped  
by an active minority into accepting liabilities  
repugnant to the greater part of its membership.

X  
Then it really serves them  
right for being apathetic.

(b) 2

(b) 2.

Short Term Loans on adequate security - see paragraphs  
40 and 41 of the Report.

Comments:

(1) The Principal Ordinance limits the  
amount that may be advanced to 60 per cent (or in  
some cases 50) of the value of the land as determined  
by the Board (see section 28 of Ordinance No. 3 of  
1931). No such maximum is prescribed for the  
temporary advances to be authorised by Clause 3 of the  
amending Bill, and it would perhaps be desirable to  
suggest to Government that before the Bill is  
introduced a provision should be added on the  
general lines of Section 28 of the Principal  
Ordinance.

But under clause 3  
no advance may exceed  
£ 500 & no advance  
may be made beyond the  
maximum of £ 3000  
prescribed by § 27 (1) of  
the Principal Ordinance. I think  
it is all right.

(2) Temporary advances are to be made  
"for such purposes as may be prescribed by the  
Governor-in-Council". It seems desirable to  
emphasise that such purposes should fall within the  
category of intermediate rather than short term  
credit as defined in paragraph 41 of the report;  
and in particular to press for the exclusion of  
advances against produce in transit which can well  
be provided by the commercial banks, etc.  
Provision for the Land Bank to act as an Agency has  
already been made by the Land Bank Amendment Ordinance  
No. 4 of 1933.

X This suggestion has  
not been accepted by the  
Land Bank Board, see  
para 3 of the despatch which  
states that there are enough  
facilities already.

3 (d)

The rest of the Committee's proposals  
have been rejected either by the Land Bank Board or  
by the Governor in Executive Council - and in  
present circumstances, rightly. The O.A.C. asks  
advice however (paragraph 7) on the suggestion that  
the maximum permissible for a single loan should be

raised

raised from £3,000 to £5,000. Paragraph 19 of the Land Bank Report for 1932 shows that on the 31st December, 1932, £227,700 had been advanced to 174 borrowers. The capital of the bank has now been doubled, but it is clearly to the general advantage that the benefits should be spread as widely as possible among the farming community and we might suggest to the Governor that the Secretary of State would deprecate raising the limit, if, as a consequence, funds should cease to be available for smaller applicants.

Before replying to this despatch we must consult the Treasury - see No. 10... The most convenient procedure would seem to be:

- (a) To refer the despatch and enclosures to the Legal Adviser and Sir John Campbell for any comment.
  - (b) To send a copy to the Treasury pointing out that the modifications proposed in the scope and purposes of the Bank are calculated to increase its usefulness without impairing its stability.
- Say that the Secretary of State proposes to approve its introduction subject to certain amendments (specifying them) and ask for their Lordships' concurrence. ? So proceed.

B. Freestone  
27/9

The Bill is a simple measure. I have made a few marginal comments on Mr. President's minute. The Bank Board is not in favour of advances against produce in transit and I think we may take it from that & from para 3 of the despatch that advances will not be allowed in such cases.

I agree that the limit ought not to be raised from £3000 to £5000 if there is any risk of the small man having to

go without. The whole thing really aims at helping the small man. But if there is no sound reason the proposal might be considered. It is a matter for local decision & I would put the objection and leave it to the discretion of the Gov or Council to approve or disapprove of any advance over £3000 up to £5000 if the Bank Board recommends it.

Para 9 of the despatch is important. The Committee thought 8% (apparently the ~~the~~ usual Kenya mortgage rate) was onerous for a mortgage (para 37) and suggested trying to get it down to 6 1/2%. The Bank Board does not agree and thinks that no effort should be made to reduce interest below 6 1/2% (the ~~the~~ Bank rate) until a reserve has been built up.

I think the Board is right here. Further it is a ~~bad~~ bad affair for Government to bend upon the business of the existing Banks. It is all very well to help the small man who could not get much out of the Banks but it is not fair to go in for competition with the Banks by offering loans on lower interest - backed by Govt. - to pay off individual mortgages.

J. G. ...  
2-10-33

Amendments which seem desirable are:-

Clause 6. For the words " an advance made to him" read " any sums due by him".

Clause 8. For " condition" read " conditions".

Insert "may" in sub-clause 2. In sub-clause (3)

I would omit the words " periodically in advance,".

I can't see any justification for making co-operative societies pay their interest in advance; the security they offer should normally be better than the security offered by individuals.

Apart from these--quite minor--suggestions, I have no comments on the Bill.

2. The report of the sub-committee contains a great deal of quite sound stuff; but it entirely overlooks the financial implications, so far as the Govt. of Kenya is concerned. The basic fact is

that Kenya cannot at present undertake any but the most imperative additional burdens. Nor can it take risks which it might reasonably take if its finances were more solidly established. It cannot--for instance--assume the burden which the "onerous mortgage" position suggests to the sub-committee's mind; nor can it risk too much (for there is a risk, and a quite considerable risk) in attempting to uphold and extend "European" farming operations.

3. Generally, I think we may agree with all the comments and decisions of the Bank and of the Govt. here. I understand that experience over a ~~long period~~ elsewhere has shown that it is seldom satisfactory for one institution to combine "short term" and "long term" advances. In practice, the thing does not work well. But the position of Kenya is very special in several respects; and I suggest that it is not necessary to make any comments on these lines here. I'd see how it worked out: there seems very little risk in this.

I'd also leave the "limits"--para: 7 of the despatch--unaltered. The only advice we can give here is, I think, that we agree that the limits should not be changed, unless and until further experience in the actual working of the Bank indicates clearly that revision of these limits, in an upward direction, is advisable.

The 3-10-33.

*[Handwritten signature]*  
8/2/33

Mr Roberts-Wray

18

Any legal claims on the draft please report from Sir J. Campbell's suggestions. I am not sure of his point because B3 does not talk about reserves but about advances.

Mr Flood

So J. Campbell's suggestion to I presume made no as to increase interest I agree. The only additional comments I have to make on the draft B3 see (to gather it is not necessary for me to study the despatch & the enclosures) are the following.

cl 7(f) does not make clear the position of an accretion to the loan interest, it is not given under the proviso. It should do so, by providing, in my submission, that his account should not be postponed to the charge created under the subsection.

cl 8(1) & (3) I presume "members" means members at the date of the advance & does not include subsequent members? (cf. 8(5)) This should be made clear.

cl 10. In order to give certainty to the discharge of a retired member, I suggest that the Bd should give a certificate which would be conclusive evidence, as from its date, that the retired member is no longer under any liability.

*[Handwritten signature]*  
7.10

Sir C. Bottomley

You should see Drayton Kinnell  
H.D. Kent  
30/10

I should like to see again

when Treasury reply.

W.S.B. 28.10 a.m.

50 To Treasury (w/c 49 + aft. despatch) com. 2/11/33

(W)

51 Governor Byrd Tel 23/11/33 27 Nov. 33

States Land Bank Amalt. Bill matter with likely to

DESTROYED UNDER STATUTE

in forthcoming session of his Council & requests  
reply by tel to No 49.

Before we reply to him we must  
know whether the Treasury wish to comment.

? Remind them in the aft. h/w

P.W. Davies 27/11

Speak to Mr. Ryan (i.e.) who has promised  
to 'phone me tomorrow (we may get catch the  
Air Mail)

P.W. Davies  
27

Treasury have now (5.0 pm) concurred in  
the terms of the aft. & are writing to say so.

Get it off by this week  
as usual - Col: explaining

W.S.B.

28/11

W.S.B.

Byrd's mail  
28/11/33

52 To Kenya, Conf (B) (49 Amalt) com. 2/11/33

19  
1933

53 To Kenya Tel. 24/9 Conf. — 28/11/33

54 C.A. Ryan (5.0) 28<sup>th</sup> Nov. 33

Ref No 50 does not desire to raise any objections to  
pushed, requests further information regarding  
rate to be charged on new advances & accounts of the Bank.

55 Treasury 29<sup>th</sup> November 33

State they do not desire to make any shows in  
bulletins on No 50.

55. ? Put by.

54. In the last paragraph of Mr. Ryan's letter  
the figure of £172,700 quoted for the 30th June 1932  
is taken from the enclosure to 17 on 16137/32.

The two figures for the 31st December 1932 appear to  
be taken from the last two pages of the report for  
1932 which will be found behind No. 14 on this file.

The note mentioned in the 4th paragraph of  
the letter does not appear to be on record.

Mr. Ryan raises three different points which  
I have marked (a), (b) and (c), and I think we shall  
have to refer out to Kenya on all of them.

? Embodiment points (a), (b) and (c) in a despatch;  
and send copies of the despatch and of No. 52 to the  
Treasury l.f. Reference No. 55. Also write a short  
note to Mr. Ryan referring him to the official letter.

P.W. Davies 6/12

P.W. Davies

1.2.4. 7/12

7.12.

alone

PD

56 To C. Ryan (Ty) etc - 15/12/33  
(54 and)

57 To Kempa. Conf - cons <sup>13/4</sup> 13/12/33

58 To Henry. (at 52 & 57) 13/16 15/12/33

see 63-64 to Henry  
To see (54)

When I mentioned on 31.10.33, I thought that it might be desirable to send forward the 5th sketch before it was finally disposed of. But on 5.11 the matter became urgent and I passed the copy to the Director. There is no need to do anything now: the matter will come up for discussion when the 5th is written.

Petty Genl 15.12.33

Genl



3078/33 1/4

PC 20  
57/3

C.O.

Mr. Davis 9/12  
Mr. Freshman 11/12

Answered by No 1, 23089/4  
S.F.

- Mr. Parkinson.
- Mr. Tomlinson.
- Sir C. Bottomley.
- Sir J. Shuckburgh.
- Parlm. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

13 Dec 1937

DRAFT.

Ryzen  
Cox  
Gow

(52)

Sir  
 W. ref to my copy detached  
 of the 20<sup>th</sup> of Apr. I have  
 etc & inform you that the  
 L.C. of H.M. Govt has  
 asked me to furnish them  
 with certain additional  
 information relative to the  
 Land and Agricultural Bank.

2. In the first place,  
 Their honobles would be  
 glad to learn what rate  
 is to be charged on any  
 Government to the Bank  
 [advances] made out  
 of the new 3 1/2% stock, 1937-67

copy to Treasury (58)

L.F. to issue  
 (with minutes)  
 at the same  
 time as to  
 debtors s/o  
 Mr. & Mr. Ryzen

3. Secondly, They desire  
 that the accounts of the Bank  
 show that at the 20<sup>th</sup> of June  
 1932, Government had advanced  
 £172,700, and that this  
 had risen to £230,000 on  
 1<sup>st</sup> of Dec. 1932. They

have further worked how the  
interest shown in the accounts  
for the "period" to the 31<sup>st</sup> of  
Dec is £6,815, and they  
would be glad to learn what  
is the period in question. It  
may be that the <sup>payment</sup> covers  
the whole of the interest accrued  
in the period; but it is  
wished to know the revenue side  
of the account deals specifically  
with interest accrued on loans  
made, and Their Lordships

have asked for an assurance  
that the expenditure side  
represents the total interest  
accrued on for new borrowing

5. I take this opportunity  
also to inquire from you how  
an hour of detail exists  
over of the Land &  
Agriculture Bank Order Book.

Their Lordships have  
suggested that the  
three years referred to  
in Section 3(3) should  
run from the date of  
the advance.

2 lines

4. I should be glad  
if you could supply me  
with the information necessary  
to answer these enquiries.

(Sgd.) P. CUNLIFFE-LISTER.

3078/33 Re

C. O.

S/o for Mr Freeman's sig<sup>re</sup>.

Per 21  
56 Hs.

Mr. James

Mr. Freeman

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Party. U.S. of S.

Secretary of State.

11 DEC 1933

To go on the same train

as the L.F. - via winds

15 Dec 1933

Dear Ryan

Thank you for your letter of the 28 of Nov about the Agricultural Bank. As you will see from the despatches on the subject, which I think are being sent you officially, we are referring the various points you have raised on to the Governor.

YOURS SINCERELY

(Signed) L. B. FREESTON

2 DRAFT. S

C. V. Ryan, D.S.O., etc.

Toy.

Telephone No. : WHITEHALL 1234.

Any reply to this letter should be addressed to—

THE SECRETARY,  
TREASURY,  
WHITEHALL, LONDON, S.W. 1,  
and the following number quoted :



TREASURY CHAMBERS.

S.32902/04/3

RECEIVED

22  
55  
November, 1933.

30 NOV 1933

C. C. ...

Sir,

No 50

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Flood's letter (3078/33) of the 2nd instant, and enclosures, further relative to the provision of additional funds for the Kenya Land Bank, and in reply I am to request you to inform Secretary Sir Philip Cunliffe-Lister that My Lords do not desire to make any observations on the proposals contained therein, and They observe that he intends to approve the introduction into the Kenya Legislative Council of the Bill to amend the Land and Agricultural Bank Ordinance.

I am,

Sir,

Your obedient Servant,

*H. V. Wood*

The Under Secretary of State,  
Colonial Office.

23  
54



TREASURY CHAMBERS,  
WHITEHALL, S.W.1.

In reply  
please quote Regd. No.

S.32902/04/2

RECEIVED  
29 NOV 1933  
C. O. / F. E. A.

28th November, 1933.

*Ames (50)*  
*No. 50*

Dear Freeston,

With reference to your telephone message yesterday and your official letter (3078/33) of the 2nd instant and enclosures on the subject of additional funds for the Kenya Land Bank, I write to say that we have examined the papers and do not desire to raise any objections to the proposals.

On a point of detail it seems to us that the three years referred to in section 3(3) of the Bill should run from the date of the advance.

There is a further matter on which we should be glad of additional information in due course, but this need not delay, so far as we are concerned, the introduction of the Bill into the Legislative Council of Kenya.

In your note of the 25th July, 1933, you wrote that the Bank paid 4.7 per cent on the Colonial Government advances.

L.B. Freeston, Esq., O.B.E.,  
Colonial Office.

*Noted*

advances. We should be glad to know what rate is to be charged on the new advances out of the  $3\frac{1}{2}$  per cent stock.

Further, there is ~~one~~ point in the accounts of the Bank on which we are not quite clear. - At the 30th June, 1932, the Government had advanced £172,700; this had risen to £230,000 on the 31st December, 1932. The interest shown in the accounts for the period to 31st December is £6,815. We do not know what is the period in question. It may be that the payment covers the whole of the interest accrued in the period; on the other hand we observe that the revenue side of the account deals specifically with interest accrued on loans made, and we should like to be assured that the expenditure side really represents the total interest accrued on Government borrowings.

Yours sincerely,

C. Ryan



3078 / 30

Kenny

Codes sent  
29/11  
3.30 p.m.

C. P. O'SULLIVAN  
Mr. Flood 29/11  
atoned

Mr. Flood 29/11 atoned

Mr. Tomkinson.

Sir C. Bottomley.

Sir J. Shackburgh.

Sir G. Grindie.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DRAFT. Tel.

Gov. Navrozi

No. 249  
Conf. Your lit. 27 Nov. 234  
Conf. Dispatch follows by today's  
airmail conveying general  
expressing <sup>general</sup> agreement  
with view some expressed in  
your despatch 28 Aug. 121  
Conf. and suggesting amendments  
on minor points of Land  
Bank Bill.

52

C. O.

- Mr. Flood 19
- Mr. Roberts Wray
- Mr. Flood
- Mr. Parkinson.
- Mr. Tomlinson.

will this do?  
 as slightly amended & I think this is all right with legal party  
 23.10

Sir C. Bottomley. 31.10 about 7 to 8 as draft to Treasury  
 October 1933  
 28 Nov 1933

- Sir J. Shuckburgh.
- Permd. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

W.D. 28/11 f.s.  
 Answered by No 576  
 23/11/34

Sir,

I have etc. to acknowledge the receipt of your confidential despatch No. 121 of the 28th of August, in which you forwarded copies of the proposed Bill to amend the Land and Agricultural Bank Ordinance.

2. The Bill appears to be carefully drafted, and seems adequate for its purpose. In clause 3(4) there appears to be no safeguard for an encumbrancer whose consent has not been obtained. I suggest that

DRAFT.

KENYA

Confidential (3) (No. 50)

O.A.G.

In draft to Treasury 2/11/33 (No. 50)  
 Copy to Treasury (58)

2 drafts

**FURTHER ACTION.**

that

that it would be desirable to provide that the security of such an encumbrancer should not be postponed to the charge created under the subsection. In clause 6 it would seem desirable to make some provision for default as regards interest as well as the principal, and I suggest that for the words "advance made to him" should be substituted the words "any sums due by him".

3. In clause 8, ~~there appears to be a misprint~~, and "condition" in the third line of sub<sup>clause</sup>section (1) should be "conditions", while the word "may" appears to have been omitted before the words "apply for such advance" in sub<sup>section</sup>clause (2). In sub<sup>section</sup>clause (3) I suggest that the words "periodically in advance" should be deleted, since there is <sup>obvious</sup> no reason <sup>apart</sup> for requiring Co-operative Societies

C. O.

Mr.

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

**DRAFT.**

**FURTHER ACTION.**

26  
who should be in a position to offer better security than individuals, to pay their interest in advance. It is ~~to be presumed~~ <sup>not clear that</sup> that "members" in ~~sub-clauses 8 and 3~~ <sup>sections (1) of this clause</sup> will be taken to mean members at the date of the advance, and does not include subsequent members. That this is the intention <sup>however it is apparent</sup> ~~appears to be clear~~ from sub<sup>section</sup>clause (3) ~~of clause 8~~, and also from the provisions of clause 10.

4. With regard to clause 10, it would seem advisable to give some certainty to the discharge of a retired member, and this might be done by empowering the Board to issue a certificate which would be conclusive evidence as from its date that the retired member is no longer under any liability.

5. I agree generally with the views expressed

expressed in your despatch. The present moment is clearly inopportune for any attempt to increase further the capital of the Land Bank. Kenya is not at present in a position to undertake any additional burden save of the most imperative nature, nor can it take risks which might be quite reasonable if its finances were in a more solid position. With regard to the provision of short term advances, I understand that experience in other parts of the world has shown that it is seldom satisfactory for anyone institution to attempt to combine short term and long term advances. The position in Kenya, however, is peculiar, and I am quite content to be guided by your advice and to see how the suggested provision for temporary advances works in practice.

6. I agree with your view that

the

C. O.

Mr.

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Mr. C. Bowen.

Mr. J. Shuckburgh.

Perm. U.S. of S.

Parly. U.S. of S.

Secretary of State.

**DRAFT.**

**FURTHER ACTION.**

the limits of advance should not be extended at present as was suggested by the sub-Committee, but if further experience in the actual working of the Bank indicates clearly that some such revision is desirable, the matter will no doubt be re-considered.

I have etc.

(Sgd) P. CUNLIFFE-LISTER.

2 November 3

3078/33

Sir,

I am directed by Secretary Sir Philip Cunliffe-Lister to refer to Treasury letter No. S. 32902/04 of the 28th of April, and connected correspondence, on the subject of the provision of additional funds for the Kenya Land Bank, and to enclose, for the information of the Lords Commissioners of the Treasury, a copy of a despatch from the Acting Governor of Kenya containing the draft of a Bill to amend the Land and Agricultural Bank Ordinance, and a report of a sub-committee of the Kenya Board of Agriculture.

2. The Bill appears to Sir P. Cunliffe-Lister to carry out adequately the intention underlying the third and fourth paragraphs of the Treasury letter, to which reference is made, and, subject to any observations which Their Lordships may desire to put forward, he proposes to approve its introduction into the Legislative Council of Kenya, commenting upon it as in the enclosed draft despatch.

I am, Sir,  
 Your most obedient servant.  
 (Signed) J. E. W. FLOOD

SECRETARY  
 TREASURY.

54. C. O.

3078/33 Kenya

29

50

Mr. Flood 30.10

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

X Sir C. Bottomley 31.10 f

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

*Answered by No 54, 55*

*2 November,*  
October 1933

57  
R 3100T  
D 2 100

*SAC*

Sir,

**DRAFT.**

THE SECRETARY  
TREASURY.

\_\_\_\_\_  
(draft herewith)

2 drafts

**FURTHER ACTION.**

I am etc. to refer to Treasury letter No.S.32902/04 of the 28th of April, and connected correspondence, on the subject of the provision of additional funds for the Kenya Land Bank, and ~~i am now~~ to enclose, for the information of the Lords Commissioners of the Treasury, a copy of a despatch from the Acting Governor of Kenya containing the draft of a Bill to amend the Land and Agricultural Bank Ordinance, and a report of a sub-committee of

the

the Kenya Board of Agriculture.

2. The Bill appears to Sir P. Cunliffe-Lister to carry out adequately the intention underlying the third and fourth paras. of the Treasury letter, to which reference is made, and, subject to any observations which Their Lordships may desire to put forward, he proposes to approve its introduction into the Legislative Council of Kenya, commenting upon it as in the <sup>enclosed</sup> ~~despatch~~ draft ~~of des.~~ <sup>of des.</sup> which is enclosed.

I am etc.

(Signed) J. E. W FLOOD

DEPT.

DOWNING STREET.

KENYA.

November, 1933.

CONFIDENTIAL.Officer Administering  
the Government.

Sir,

I have the honour to acknowledge the receipt of your confidential despatch No. 121 of the 28th of August, in which you forwarded 2 copies of the proposed Bill to amend the Land and Agricultural Bank Ordinance.

2. The Bill appears to be carefully drafted, and seems adequate for its purpose. In clause 3 (4) there appears to be no safeguard for the position of an encumbrancer whose consent despite the first proviso has not been obtained. I am advised that it would be desirable to provide that the security of such an encumbrancer should not be postponed to the charge created under the subsection. In clause 6 it would

*Draft to Treasury (No. 50)*



seem desirable to make some provision for default as regards interest as well as the principal, and I suggest that for the words "an advance made to him" should be substituted the words "any sum due by him".

3. In clause 8, "condition" in the third line of subsection (1) should be "conditions". while the word "may" appears to have been omitted before the words "apply for such advance" in subsection (2). In Subsection (3) I suggest that the words "periodically in advance" should be deleted, since there is no obvious reason, for requiring Co-operative Societies who should be in a position to offer better security than individuals, to pay their interest in advance. It is not clear that "members" in subsections (1) and (3) of this clause will be taken to mean members at

the date of the advance, and does not include subsequent members. That this is the intention, however, is apparent from subsection (5) and also from the provisions of clause 10.

4. With regard to clause 10, it would seem advisable to give some certainty to the discharge of a retired member, and this might be done by empowering the Board to issue a certificate which would be conclusive evidence as from its date that the retired member is no longer under any liability.

5. I agree generally with the views expressed in your despatch. The present moment is clearly inopportune for any attempt to increase further the capital of the Land Bank. Kenya is not at present in a position to undertake any additional burden save of the most imperative nature, nor can it take risks which might be quite reasonable if its

finances were in a more solid position.

With regard to the provision of short term advances, I understand that experience in other parts of the world has shown that it is seldom satisfactory for any one institution to attempt to combine short term and long term advances. The position in Kenya, however, is peculiar, and I am quite content to be guided by your advice and to see how the suggested provision for temporary advances works in practice.

6. I agree with your view that the limits of advance should not be extended at present as was suggested by the sub-Committee, but if further experience in the actual working of the Bank indicates clearly that some such revision is desirable, the matter will no doubt be reconsidered.

I have etc.,



KENYA

GOVERNMENT HOUSE  
NAIROBI  
KENYA

No 23

CONFIDENTIAL.

23 August, 1953.

Sir,

No 23

I have the honour to refer to your Confidential telegram No. 138 of the 23rd June last, in which you informed me that you would await receipt of the proposed Bill to Amend the Land and Agricultural Bank Ordinance, 1930, before commenting on the proposals referred to in Kenya Confidential despatch No. 73 of the 10th June. I now enclose a copy of the Bill, which has the approval of the Board of the Land Bank but has not yet been submitted to Executive Council.

No 23  
Cunliffe (1953)  
No 23  
Cunliffe (1953)  
No 1  
Copy to Mr. 150  
The Council (1953)

2. As explained in paragraph 4 of Kenya Confidential despatch No. 19 of the 4th February, 1953, the Board of Agriculture in June, 1952, appointed a Sub-Committee to enquire into the question of agricultural credits. The Report of the Sub-Committee was adopted by the Board of Agriculture on the 18th January and was subsequently considered by the Land Bank Board and Executive Council.

The Sub-Committee's recommendations are summarised in paragraph 52 of the Report, of which a copy is enclosed, and it may be convenient to deal with them seriatim.

3. In the first place the Sub-Committee suggested the provision of additional capital for the Land Bank to the extent of £750,000, to be drawn as required. In making this recommendation the Sub-Committee contemplated that the whole of this sum would be required not immediately ...

THE RIGHT HONOURABLE,  
MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON, S.W.1.

immediately but during the next five years, and then only if the Bank's business were expanded in the directions referred to below and "by a broader interpretation on the part of the Land Bank Board in determining what constitutes an onerous mortgage". The Land Bank Board, after consideration of the Report, expressed the view that it was not desirable at this stage for the board to take any active steps to press for a larger sum than that already applied for, viz. £260,000. This was and remains the Government view in the present financial position of the Colony.

Consideration of the remainder of the Sub-Committee's proposals has, therefore, proceeded on the assumption that any increased funds which might be made available for the Bank would not exceed the sum of £260,000.

4. Secondly, the Sub-Committee recommended amendment of the Ordinance so as to extend the scope of the Bank's operations by providing for (a) advances to co-operative societies, (b) short-term loans on adequate security, and (c) advances for the payment in special circumstances of liabilities incurred in farming up to a maximum of, say, £250.

Provision for advances to co-operative societies, as you are aware, was made in the original Bill introduced in 1928, but was deleted on the recommendation of the Select Committee, to whom the Bill was referred, since there was at that time no co-operative societies legislation. The Co-operative Societies (Registration) Ordinance No. XXIV of 1931 has since been enacted. The Sub-Committee proposed that the purposes of such advances should include (a) advances to members against produce delivered, and (b) the erection of buildings and equipment and the purchase of land ancillary thereto. The Land Bank was unable to support the suggestion that advances to members against produce delivered should be included, feeling that the existing facilities for obtaining advances from banks and merchant ...

merchant houses against bills of lading, etc. met the position adequately, but agreed with the proposal that the Bank should be empowered to make advances to co-operative societies for the erection of buildings, etc. Clause 2(1) of the present Bill provides that a co-operative society may obtain from the Bank an advance for the erection of buildings and equipment and the purchase of land for any one or more of the objects which that society is legally competent to pursue.

5. Provision for short-term loans was also included in the original 1928 Bill. The questions of short-term and intermediate credit are dealt with in paragraphs 40-48 of the Report. Clause 3 of the present Bill provides that temporary advances may be made to farmers for such purposes as may be prescribed by the Governor in Council up to a maximum of £500 in each case, to be repayable on the 30th June following or within a maximum period of three years and to be secured as a first charge on land and crops. The fees chargeable on an ordinary mortgage would clearly make the cost of obtaining a small temporary loan disproportionate, and clauses 4-6 provide for a simplified procedure in regard to the registration of the charge.

6. The Sub-Committee's proposal in this connection regarding seasonal advances is to some extent covered by the provision made for temporary advances. It is not proposed to go further towards the adoption of this recommendation.

7. Thirdly, the Sub-Committee recommended the extension of the maximum of ordinary advances from £3,000 to £5,000 and of advances to meet existing mortgages from £2,000 to £3,000. The Land Bank Board, however, considered that the existing provisions fully met the position unless and until the capital of the Bank was largely increased. With an increase in the Bank's capital to £500,000, it

might ...

might perhaps be convenient and to the Bank's advantage to extend the limit as proposed, but the available capital would be insufficient for the Bank to entertain any but the best applications for advances exceeding the present maxima. Executive Council advised maintenance of the status quo in this regard, and no provision for the suggested extension is made in the Bill. A demand for it may, however, arise again and I should be grateful for any observations that you may wish to make on the proposal at this stage.

8. The Sub-Committee's fourth recommendation that the Bank should be empowered to act as agents for the administration of any special funds has been acted upon and the Land Bank Board has taken over with effect from the 1st July, 1955, the administration of the temporary Agricultural Advances Scheme under the powers conferred upon it by the Land and Agricultural Bank (Amendment) Ordinance, 1953.

9. Finally, the Sub-Committee recommended a broader interpretation by the Bank of the term "onerous mortgage", considering that the common interest rate of 8% constituted an onerous burden. The Sub-Committee contemplated that the Bank should be in a position to exercise a more decided effect on interest rates, especially if new capital could be borrowed cheaply for the Bank and lent to borrowers at a rate lower than the existing rate of 6.5%. On this important question as to whether mortgages at 8% are onerous or not, the Board of the Land Bank disagreed with the Sub-Committee and was, moreover, opposed to any reduction in the interest rate on advances until the statutorily necessary reserve had been built up to a safe figure. Executive Council was unable to support the contention that for the purposes of the Land Bank a mortgage carrying interest at 8% should be regarded as "onerous", and agreed that the Bank would not be in a position ...



position to reduce the rate of interest charged to borrowers from the Bank until an adequate reserve had been built.

10. I should be glad to receive any comments that you may wish to make on the accompanying Bill.

I have the honour to be,

Sir,

Your most obedient, humble servant,

*Mr. Williams*

ACTING GOVERNOR.

COLONY AND PROTECTORATE OF KENYA



A Bill to Amend the Land and Agricultural Bank Ordinance, 1930

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**A Bill to Amend the Land and Agricultural Bank  
Ordinance, 1930.**

131. IT 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 Land and Agricultural Bank (Amendment) (No. 2) Ordinance, 1933, and shall be read as one with the Land and Agricultural Bank Ordinance, 1930, as amended by the Land and Agricultural Bank (Amendment) Ordinance, 1933, hereinafter referred to as "the Principal Ordinance".

short title  
No. 3 of 1933.  
No. 4 of 1933.

2. In this Ordinance unless the context otherwise requires—

Interpretation

"co-operative society" means a co-operative society as defined in the Co-operative Societies (Registration) Ordinance, 1931, or any Ordinance amending or replacing the same;

No. 24 of 1931

"farmer" includes—

- (a) the duly authorized attorney of such farmer;
- (b) an executor or administrator of a deceased farmer if authorized by will or by an order of the court or otherwise by law to mortgage lands;
- (c) a trustee appointed by deed or will if authorized by such deed or will or by an order of the court or otherwise by law to mortgage lands; and
- (d) for the purposes of temporary advances under sections 3 and 4 of this Ordinance an executor or administrator of a deceased farmer, a trustee appointed by deed or will, and a receiver appointed by an order of the court or by a mortgage, even though such persons may not have been specifically authorized to mortgage lands.

Temporary advances.

3. (1) Notwithstanding anything contained in the Principal Ordinance it shall be lawful for the Board out of the funds of the bank to make temporary advances to farmers for such purposes as may be prescribed by the Governor in Council and on such conditions as the Board may see fit in any case to impose: provided, however, that no advance of a sum exceeding five hundred pounds shall be made and every such advance shall bear interest at such rate per annum as may from time to time be fixed by the Board with the consent of the Governor in Council.

(2) No advance shall be made under this section of a sum which together with advances made to the same farmer under paragraphs (a) and (b) of section 15 of the Principal Ordinance exceeds the maximum advance which can be made under section 27 (3) of the Principal Ordinance.

(3) Every such advance made under this section with interest thereon shall become due and payable on the thirtieth day of June next following the date of the advance: provided, however, that the Board may, at its discretion, from time to time postpone the date of repayment for a total period not exceeding three years.

(4) All moneys advanced under the provisions of this section, and all interest thereon and charges incidental thereto, shall be a charge on the lands in respect of which the advance is made and upon the crops and produce grown or to be grown thereon, when reaped or gathered therefrom, and on the product or article to be cured, made or manufactured from such crops and produce; and such crops and produce upon severance from the land and the product or article to be cured, made or manufactured therefrom shall not be deemed to be chattels within the meaning of the Chattels Transfer Ordinance, 1930; and the charge hereby created shall have priority both in law and in equity to all encumbrances whatsoever, save and except debts due to His Majesty, as from the date on which notice of the resolution to make such advance is published in the Gazette:

Provided, however, that before any advance is made under the provisions of this section the farmer shall first obtain the consent in writing of the several encumbrancers (if any) of the lands in respect of which the advance is applied for to such advance being made:

No. 24 of 1930

Provided further that notwithstanding anything in the Registration of Titles Ordinance or in any other Ordinance contained, or any provision of law or equity to the contrary, immediately upon the publication in the Gazette of the making of an advance authorized by this section, all persons dealing with the lands or any interest therein shall be deemed to have notice of such advance, and all such dealings shall be and be construed to be subject to the charge and priority created by this section.

Cap. 142.

4. (1) As soon as possible after the fixing of any advances to be allowed under the last preceding section the Board shall fill up a notification in the form to be prescribed by the Board and shall sign and forward the same to the Principal Registrar of Titles, who shall file the same in a register to be kept for the purpose, and such book shall be open to the public for inspection free of cost: Provided that where the advance to be allowed is in respect of lands held under the provisions of the Registration of Titles Ordinance the Principal Registrar of Titles shall also endorse a memorandum of the advance upon the Crown grant or certificate of title.

Notification to Principal Registrar of Titles.

Cap. 142.

(2) No advance shall be made under this section until the requirements of sub-section (1) of this section have been complied with and notice of the resolution to make such advance has been published in the Gazette.

5. Upon the repayment by the farmer of any advance made under section 3 of this Ordinance together with interest at the rate prescribed to the date of such repayment, the Board shall give a receipt for the same; and the Principal Registrar of Titles shall, upon production to him of such receipt, write the word "Cancelled" across the notification filed in the register and across the memorandum (if any) endorsed on the Crown grant or certificate of title, and thereupon the charge created by this Ordinance in respect of the said advance shall be extinguished. Notice of the extinguishment of any advance shall be published in the Gazette as soon as possible after the date of such extinguishment.

Repayment of advances.

6. (1) If any farmer shall make default in the repayment of an advance made to him under section 3 of this Ordinance it shall be lawful for the Board to sell the lands in respect of which such advance was made.

Enforcement of security.

inland

any sums due to him J

No. 1 of 1933. (2) The provisions of section 45A of the Principal Ordinance as amended by the Land and Agricultural Bank (Amendment) Ordinance, 1933, shall apply to advances made under section 3 of this Ordinance as if they were advances made under Part II or Part III of the Principal Ordinance.

Consent by trustee to temporary advance.

7. The consent by a trustee to the postponement of his security to enable an advance under section 3 of this Ordinance to be made shall not itself be deemed improper or a breach of trust so as to render such trustee liable in respect of any loss or consequences resulting from such advance having been made, any rule of law or equity to the contrary notwithstanding.

Advances to co-operative societies.

8. (1) A co-operative society may, upon written application made in the form prescribed by the Board, obtain from the Bank on such condition as the Board may determine an advance for the erection of buildings and equipment and the purchase of land for any one or more of the objects which that society is legally competent to pursue. Such application, when signed by the chairman and secretary of the society, or by any persons purporting to act in those capacities, shall bind the society and all members thereof, jointly and severally, for the repayment of any advance made by the Bank in pursuance of such application.

(2) Anything to the contrary notwithstanding in any law governing co-operative societies, any such society, subject to any other provisions contained in its rules, regulations or articles of association, apply for such advance when authorized by a resolution passed by a majority of two-thirds of the members of the society present at a meeting duly convened.

(3) The advance shall be made upon the joint and several liability of the members of the society, and upon such additional security as the Board may require and shall bear interest at such rate as the Governor in Council may determine, payable periodically in advance upon such dates as the Board may prescribe. The advance shall be repayable, together with all interest due thereon, within ten years from the date thereof, unless the Board extend the period of repayment.

(4) Any bond to secure an advance under this section shall be in the form prescribed by the Board.

(5) Any co-operative society making an application as in sub-section (1) of this section shall at the same time lodge with the Registrar of Co-operative Societies a list of those

persons who were members of the society at the time when the resolution was taken to make the said application.

(6) The Registrar of Co-operative Societies shall, at the request of the Board, furnish such lists and other information as the Board may require regarding any society registered by him.

Examination of books of society.

9. The Board shall at all times have full access to all accounts, documents, papers and books of any co-operative society to which an advance has been made by the bank or from which an application for an advance has been received, and may cause all such accounts, documents, papers or books to be examined by a member of the staff or by any person appointed thereto. The Board shall not make an advance to a co-operative society unless satisfied that all such accounts, documents, papers and books are in order.

Members of society to remain liable.

10. Notwithstanding anything to the contrary contained in any law, every member of a co-operative society shall remain liable after his withdrawal from the society for every debt or obligation to the bank which was incurred by the society while he was a member thereof and was undischarged at the date of his said withdrawal until the Board is satisfied that the society and its remaining members are capable of discharging the debt or obligation and to this end such members on withdrawal from the society shall provide full and sufficient security to the satisfaction of the Board for the due fulfilment of the said obligations.

Special provisions for limited company.

11. Where a co-operative society is a limited liability company incorporated or registered in the Colony in accordance with law the liability of the shareholders of such company shall be limited to the amount (if any) of the share capital not called up, and the provisions of section 10 of this Ordinance shall not apply to a person who has ceased to be a shareholder in such company.

Secretary empowered to administer oaths, etc.

12. Notwithstanding anything contained in any other law the Secretary to the Board is hereby empowered to administer oaths and take solemn declarations in matters where statements upon oath and solemn declarations are required by the Principal Ordinance or by anything prescribed by the Board:

No. 4 of 1933.

(2) The provisions of section 45A of the Principal Ordinance as amended by the Land and Agricultural Bank (Amendment) Ordinance, 1933, shall apply to advances made under section 3 of this Ordinance as if they were advances made under Part II or Part III of the Principal Ordinance.

Consent by trustee to temporary advance.

7. The consent by a trustee to the post-issuance of his security to enable an advance under section 3 of this Ordinance to be made shall not itself be deemed improper or a breach of trust so as to render such trustee liable in respect of any consequences resulting from such advance having been made, any rule of law or equity to the contrary notwithstanding.

Advances to co-operative societies.

6. (1) A co-operative society may, upon written application made in the form prescribed by the Board, obtain from the Bank on such condition as the Board may determine an advance for the erection of buildings and equipment and the purchase of land for any one or more of the objects which that society is legally competent to pursue. Such application, when signed by the chairman and secretary of the society, or by any persons purporting to act in those capacities, shall bind the society and all members thereof, jointly and severally, for the repayment of any advance made by the Bank in pursuance of such application.

(2) Anything to the contrary notwithstanding in any law governing co-operative societies, any such society, subject to any other provisions contained in its rules, regulations or articles of association, apply for such advance when authorized by a resolution passed by a majority of two-thirds of the members of the society present at a meeting duly convened.

(3) The advance shall be made upon the joint and several liability of the members of the society, and upon such additional security as the Board may require and shall bear interest at such rate as the Governor in Council may determine, payable periodically in advance upon such dates as the Board may prescribe. The advance shall be repayable, together with all interest due thereon, within ten years from the date thereof, unless the Board extend the period of repayment.

(4) Any bond to secure an advance under this section shall be in the form prescribed by the Board.

(5) Any co-operative society making an application as in sub-section (1) of this section shall at the same time lodge with the Registrar of Co-operative Societies a list of those

persons who were members of the society at the time when the resolution was taken to make the said application.

(6) The Registrar of Co-operative Societies shall, at the request of the Board, furnish such lists and other information as the Board may require regarding any society registered by him.

Examination of books of society

9. The Board shall at all times have full access to all accounts, documents, papers and books of any co-operative society to which an advance has been made by the bank or from which an application for an advance has been received, and may cause all such accounts, documents, papers or books to be examined by a member of the staff or by any person appointed thereto. The Board shall not make an advance to a co-operative society unless satisfied that all such accounts, documents, papers and books are in order.

Members of society to remain liable

10. Notwithstanding anything to the contrary contained in any law, every member of a co-operative society shall remain liable after his withdrawal from the society for every debt or obligation to the bank which was incurred by the society while he was a member thereof and was undischarged at the date of his said withdrawal until the Board is satisfied that the society and its remaining members are capable of discharging the debt or obligation and to this end such members on withdrawal from the society shall provide full and sufficient security to the satisfaction of the Board for the due fulfilment of the said obligations.

Special provisions for limited company

11. Where a co-operative society is a limited liability company incorporated or registered in the Colony in accordance with law the liability of the shareholders of such company shall be limited to the amount (if any) of the share capital not called up, and the provisions of section 10 of this Ordinance shall not apply to a person who has ceased to be a shareholder in such company.

Secretary empowered to administer oaths, etc.

12. Notwithstanding anything contained in any other law the Secretary to the Board is hereby empowered to administer oaths and take solemn declarations in matters where statements upon oath and solemn declarations are required by the Principal Ordinance or by anything prescribed by the Board:

Provided that any fee payable in respect of any such oath or declaration shall be paid into the general revenues of the Colony or be accounted for by stamps.

Waiver of  
priority

13. Any mortgagee, chargee or other encumbrancer may by instrument under his hand agree that any mortgage, charge or encumbrance in favour of the Bank shall have priority either for the purposes of section 3 of this Ordinance or for any of the purposes of the Principal Ordinance over his mortgage, charge or encumbrance, and such agreement shall for all purposes be binding upon the person agreeing, and his successors in title.

#### OBJECTS AND REASONS.

On consideration of the Report of the Sub-Committee of the Board of Agriculture on Agricultural Credits, which was adopted by the Board in January, 1933, Government has decided to introduce this Bill into Legislative Council.

The objects of this Bill are three-fold, namely:—

- (1) To enable short-term loans up to a maximum of £500 to be made on adequate security but without charge to the borrower on account of the preparation of mortgage deeds;
- (2) To enable advances to be made to Co-operative Societies for the erection of buildings and equipment and the purchase of land ancillary thereto; and
- (3) To empower the Secretary of the Land Bank Board to administer oaths and to take solemn declarations where statements upon oath and solemn declarations are required by the Principal Ordinance or by anything prescribed by the Board.

No expenditure of public moneys will be involved if the provisions of this Bill become law.



The Chairman,  
Board of Agriculture,  
KENYA.

Sir;

At the meeting of the Board held on June 9th, 1932, we, the undersigned, were appointed a Committee to enquire into the matters comprised in the following terms of reference:-

"To enquire into and report upon the need and advisability of providing facilities for Agricultural Credits, particularly of a long term description, additional to the provision already made under the Land and Agricultural Bank Ordinance, 1930; also to consider and make recommendations, as the case may be, with regard to the control and administration of funds devoted to the purpose and the introduction of new or amending legislation

1. We circularised all Farmers' Associations in the colony, and issued notices through the press inviting farmers' associations and interested persons to submit memoranda bearing upon the terms of reference.

Information has been collected from a variety of sources overseas, bearing upon the organisation of schemes for the provision of agricultural credit, and particularly upon the progress of such schemes and the experience gained since the onset of the present depression.

3. We have taken into consideration the credit needs, both of non-native and of native agricultural producers. As far as long term credit on the security of land is concerned no extension to natives within their reserves is at present practicable, having regard to the position of native land tenure. Their credit needs appear to be confined at present chiefly to the initiation and operation of schemes of organised marketing, and our recommendations in this connection embrace the requirements of both non-native and native producers alike.

#### HISTORICAL BACKGROUND.

4. The development of European settlement and agriculture in Kenya dates in the main from the close of the war. In 1920 there were 1,193 European occupiers of agricultural land in the colony, in occupation of 3,157,440 acres. By 1932 the number of occupiers had increased to 2,107 and the occupied area to 5,199,093 acres.

5. The area of coffee planted increased from 27,813 acres in 1920 to 98,874 acres in 1932. That of maize harvested increased from 32,167 acres in 1919-20 to 233,973 acres in 1920-30, thereafter, on account of locust attack and low prices falling to 160,546 acres in 1931-32. The production of sisal fibre increased from 5,124 tons in 1919-20 to 18,858 tons in 1930-31, falling in 1931-32 to 14,674 tons. The area of wheat harvested, 5614 acres in 1919-20, increased to 82,951 acres in 1926-29 after which a rapid decline set in until in 1931-32 only 43,168 acres were harvested. The total number of cattle in the

possession of Europeans increased steadily from 137,000 head in 1920 to 248,270 in 1932.

6. Development had also proceeded far in other lines, among which may be mentioned production of sugar, tea, fruit, dairy produce and wool.

7. The average area held per occupier in 1920 was 2,753 acres. In 1932 the average had decreased to 2,467 acres, suggesting that a certain amount of subdivision of holdings had occurred.

8. The credit structure of the colony received a severe shock in 1921 when owing to certain currency changes many borrowers found that suddenly and without notice, their liabilities, including mortgage commitments, were increased by 50 per cent. The effect of the conversion so made has not, even to the present day, been fully overcome.

9. The period 1920 to 1929 generally speaking was characterised by rising prices and a buoyant tone in business generally, the prevailing optimism disappearing with the onset of the depression in 1930. Credit for development was available from a variety of sources. The banks took a prominent part in financing development and farming operations. Merchant firms, in their anxiety to increase their share of a rapidly expanding business extended generous facilities to growers in the form of crop advances. These facilities so freely afforded may have deferred the institution of credit agencies of the kind which have been established in other countries for the provision of long term credit.

10. If any criticism may be made of the credit structure prior to the break in prices it is that the accommodation was on too lavish a scale, that it was not discriminating and that in a considerable degree it became related rather to the value of the land than to current production. On this point the first report of the Kenya Land Bank comments as follows:-

'A justifiable optimism has led to much ill-timed enthusiasm and even recklessness in putting capital into the land. The natural result was an inflated value placed upon land; and the ease with which money had been borrowed on the security of land is the root cause of the large proportion of applications received now shown under the heading "Rejected".

A further disadvantage, not always realised, was the short or uncertain duration of many of the loans. So long as high commodity prices ruled and expansion of agricultural production and rising land values were in prospect, no misgivings were entertained in regard to the calling in of loans or the availability of further credit to support the commitments of the moment.

11. During the development period the Government actively fostered agricultural expansion by means of protective duties, favourable rail rates for products exported, and other means. These measures produced the desired effect in that capital was attracted into the Colony and production expanded under the shelter afforded. The extent of the commitments which were entered into by the Agricultural Industry during this period of growth are illustrated by such figures as are available concerning the volume of indebtedness of the industry.

evolve an emergency credit scheme to meet such cases. The result was the Agricultural Advances Ordinance, 1930. Provision was made for the sum of £100,000 to be available. Advances were made in various forms, the most important being the provision of monthly payments to cover the farmer's minimum working and subsistence expenses, thus keeping him solvent and enabling him to carry on the usual agricultural operations until such time as a return from his crops was available. Trade debts were paid to the extent of 50 per cent, on condition that the creditors concerned undertook to make no demand for payment of the balance for a period of three years. In some cases also mortgage interest was met. It was generally agreed that the timely introduction of this scheme had a steadying effect on the situation, but it became evident that provision of a more permanent nature was essential in addition to the temporary measures taken to meet an emergency.

17. The question of the institution of a Land and Agricultural Bank had been under discussion for some years and an Ordinance establishing a Land Bank was passed in November 1930. In July of the following year the Bank commenced operations with a provision of £240,000 placed at its disposal by Government. The original intention was that the Land Bank should, as its main objects, provide the necessary funds for implementing the Fencing and Cattle Cleansing Ordinances and the advancement of closer settlement. For various reasons these objects have been only partly achieved, and the Ordinances mentioned above have not yet been put into operation. The Bank has made long term advances to farmers at a reasonable rate of interest, chiefly for the purpose of approved development and for the redemption of mortgages of an onerous nature. Loans have been made on the security of land for periods up to 30 years, interest being charged at 6½ per annum.

18. Early in 1931, a request was made by both the coffee and the Sisal industry for special advances by Government to planters to meet the necessity of maintaining, and developing, the plantations of those unable to do so because of the low prices and the restriction of credit by banks and commercial houses. A representative committee was appointed to enquire into the matter and in the case of both industries recommended that further sums of money should be placed at the disposal of the Agricultural Advances Board for advances to be made to individual planters under the ordinary conditions governing the operations of the Board. The state of Government finance however, did not permit of the adoption of these recommendations.

#### EXISTING FACILITIES.

19. In considering any further measures which may be advisable for the extension of credit for agriculture, your committee could not ignore the experience gained in the administration of the existing schemes, to which further brief reference is now made.

#### THE KEUYA LAND BANK.

20. The capital of £240,000 which was placed at the disposal of the Land Bank, although invested with great caution, was exhausted between July 1931, the date on which the Bank commenced operations, and July 1932. Up to this date applications had been received for £533,025.

21. It thus appears that a large unsatisfied demand for loans exists in the colony. It should be borne in mind that, as discussed more fully in a later section of this report, the operations of the Land Bank by no means embrace the full compass of loans based on acceptable security and usually covered by such an institution.

22. The Committee is informed by the Secretary of the Land Bank that instalments of principal and interest fell due for payment by borrowers on March 31st, June 30th and September 30th, 1932, and all have been paid.

23. Evidence is available that the average security held by the Bank for advances made is well beyond the limit imposed by the Land Bank Ordinance. Though at this early stage in the life of the Bank it may be difficult to draw general conclusions these particulars appear to shew that operations of this character can be conducted even in the present period of unparalleled difficulty, within the limits of sound business.

#### CENTRAL AGRICULTURAL ADVANCES BOARD.

24. The nature of advances made by the Central Agricultural Advances Board differs from that of the Land Bank Advances and of other business organisations. The primary object of the Advances Board was to provide worthy applicants, who otherwise would have had to close ground and go out of business, with funds for the production of crops. In order to carry out the objects of the Ordinance the risks accepted by the Advances Board were inevitably greater than those connected with the Land Bank Advances and ordinary Mortgages. The operations of this Board met the demand at a time of crisis, and the benefits derived from the administration of its funds are greater than is generally appreciated. The results of its operations afford valuable guidance as to the feasibility of credit extension, especially when due allowance is made for the fact that the activities of the Board were aimed at the provision of emergency assistance to worthy individuals whose financial position placed them outside the scope of credit schemes organised upon a purely business basis. Evidence is afforded, moreover, by the Advances Board's work, that some scheme of short and intermediate term loans for farming operations is needed and can be productive of great benefit.

#### NEED FOR FURTHER FACILITIES.

##### LONG TERM CREDIT.

25. The following quotation from the preamble to the Act creating the State Advances Office in New Zealand might equally well be made applicable to this Colony:-

"Whereas by reason of the high rates of interest charged on mortgage land, and the heavy incidental expenses connected therewith, settlers are heavily burdened and the progress of the colony is much retarded, and whereas it is expedient that the Government should afford such relief in the premises as is consistent with public safety...."

26. Facilities for Long Term Credit are at the moment virtually closed to the Agricultural Industry. The funds of the Land Bank are exhausted and those of the joint-stock

banks are not ordinarily available for this purpose. Private mortgages are difficult to obtain and then only for comparatively short terms, and at rates of interest which at the present level of prices constitute a wholly uneconomic burden upon agricultural enterprise.

27. In this connection we desire to urge that not only is it desirable that further funds should be made available, if the credit position is to be placed upon a firmer foundation, but in addition that the basis of credit provision should be broadened. It will, we assume, be accepted as imperative to the ultimate security of the agricultural industry that the hand-to-mouth method of finance by private mortgage and by bank overdrafts should be replaced by an organised system which:-

- a. Secures the borrower against sudden demands for repayment.
- b. Removes any danger of foreclosure (providing covenants are duly observed;)
- c. Prescribes definite purposes for loan monies
- d. Maintains some measure of scrutiny of borrower's operations;
- e. Defines the precise obligations which the borrower undertakes;
- f. Renders loans of an onerous nature from any source avoidable.

These principles are fully discussed in the report of the Agricultural Commission presided over by Sir Daniel Hall in 1929. They are the principles which prompted the establishment of the Land Bank in this colony, as that of most similar schemes throughout the world, and it is unnecessary for us to dwell further upon them. We need only say that, as we endeavour to shew in a later section, very considerable additions to the funds so far provided will be necessary before the principles can be made to apply in full to the Agricultural Industry in Kenya.

28. But there is a further need which must be met if Kenya agriculture is to be saved and placed upon a sound basis. This Colony, like the rest of the world, is in the throes of an enforced rapid re-adjustment to price levels which have fallen to an unprecedented extent. The fall in (world) values during the present depression represents approximately 15% in the case of coffee, 44% in the case of maize and no less than 60% in the case of sisal. The fall in f.o.r. values of these export commodities has been even more severe, representing some 20% in the case of coffee, 62% in the case of maize and 74% in the case of Sisal. Some other commodities as wheat and butter, have only been saved from the full effects of the fall in world values by measures in support of local prices, which support can only be provided by the local community, deriving in its turn its main support from agriculture. The possibility of prices becoming stabilised on a permanently lower level than that of the period prior to 1930 has been and must continue to be fairly and squarely faced by the producer.

29. It is at once obvious that a primary condition of existence of the industry in such a case is the very drastic reduction of its overhead burdens. One of the most important items which may properly be considered under this head in the present connection is rail and ocean transport.

30. In the face of a price level which has evinced a catastrophic decline without precedent in the last century transportation charges, so far from moving in sympathy with the price level, have, in nearly all cases, shown a definite increase.

31. These increases assume a serious aspect from the point of view of producers if the prevailing charges are compared with the value of the product transported. If railway and ocean freight alone be taken into consideration and the present be compared with the year 1923 the following proportions of the London value will be found to have been absorbed by the two items mentioned:-

	1923.	1932.
Coffee	4.9%	6.4%
Sisal	11.9%	32.4%
Maize	17.1%	35.7%

32. Owing to the static condition of transport costs during the decline of the world prices it has become of paramount importance to the individual producer and to the colony as a whole that the farming system be modified as far as practicable and as quickly as possible in the direction of commodities of which the transport costs absorb a smaller proportion of the sale value. Coffee and dairy produce stand out pre-eminently in this connection, and it is to be noted that in the evidence placed before the Committee by Farmers' Associations and individuals connected with farming particular emphasis is laid upon the need for credit to promote further development in these two directions. In others a similar need will arise in accordance with progress made and experience gained.

33. The dairy industry is effecting considerable improvement in the direction of greater productivity. Though the output of dairy produce until recently has shown a very sober increase, a considerable acceleration may be confidently expected in the near future.

34. The provision of water supply remains in some districts a serious problem. For this purpose credit facilities are required as well as for the provision of fences and dips, both of which are essential if substantial progress is to be made. From the evidence placed before us we conclude that one of the chief purposes for which credit is required is for the purchase of dairy cattle. It should be realised that the development of the dairy industry on any considerable scale dates merely from the development of export outlets some four or five years ago, and that the industry in this Colony is still in its infancy. Financial provision is necessary to bridge over the development period covering the acquisition of more foundation stock by stock raisers and the purchase of the resulting improved stock by dairy farmers.

35. The scarcity of money imposes an obstacle to the transfer of livestock to those arable farms on which the maintenance of fertility depends upon the inclusion of some

80

livestock activities in the farming sector. The adoption of mixed farming is on all things admitted to be a necessary condition of the stability of arable farming in most areas in the colony. In this connection a note follows from the Report of the Agricultural Commission:-

"The Commission is fully convinced of the necessity for building up a system of mixed farming if the agriculture of the colony is to be placed upon a stable foundation. Such mixed farming is just as necessary to the economic maintenance of the fertility of the soil as to the production of immediate income. In all countries farming has proceeded from an initial system of exclusive crop growing to the establishment of mixed husbandry."

36. Earlier in this report reference is made to the aggregate indebtedness of agriculture in the colony which is probably between £4 million and £5 million. Most of this is contracted at rates ranging around 6% per annum. The farm value of the produce sold by farmers may be taken as in the neighbourhood of £2,000,000 and it thus appears that the annual charge represented by interest on loans amounts to from 15% to 20% of the gross farm value of the produce. Further argument is needed to show the insistent need for a general reduction in the rate of interest on farm loans.

37. In its circumstances the Land Bank has hitherto been unable to exercise any considerable influence in the direction of such general reduction in the rate of interest owing to the operation of Section 45 of the Land Bank Ordinance, which prohibits the Bank from advancing money for discharge of existing mortgages except where these are deemed to be onerous. It is clear that a rate of 6 per cent constitutes an onerous burden upon the agricultural industry of the colony and that every effort should be made to reduce it to the present Land Bank rate of 4 per cent. We are of the opinion that present conditions in the money market should render even further reductions possible.

#### CO-OPERATIVE SOCIETIES.

38. No provision is made in the Land Bank Ordinance for financing Co-operative Societies, owing to the fact that at the time of the passing of the Ordinance the position of Co-operative Societies had not been regularised by legal enactment. The passing of the Co-operative Societies Ordinance has altered the position and brought to the front the question of financial provision. Only in isolated instances can the individual farmer derive the maximum advantage from existing markets by independent action. Keen competition in the world's markets compels a combination of forces on the part of the sellers in order to reduce "overheads" and maintain machinery for vigorous and continuous exploration of new markets, to institute grades and marks, to secure consistency in quality standards attached to such grades and marks, and generally to derive what advantage there may be in bulk handling and orderly marketing. On these grounds alone it is held that the utmost support and encouragement should be extended to co-operative marketing organisations, whether organised by non-native or by native producers, while we have also in mind the possibility of a demand in the future for initial



funds for the formation of livestock associations for the importation of pure-bred breeding stock, for canneries and other organisations. The principle involved finds precedents in the legislation of almost all other agricultural countries, and we consider that the scope of the Land Bank's operations might well be extended to embrace the financing of co-operative enterprises where required, on the security of guarantees of members, buildings and plant, crops delivered, and such other assets as might be possessed by the organisations.

CREDIT POSITION.

39. The evidence placed before the committee is to the effect that the major portion of the mortgage credit at present current is for short periods, and it is stated that as the loans mature there is in many cases a demand for repayment of the principal of the loan. There is furthermore the fear - whether justified or not - that as soon as conditions improve and land values commence to rise there will be an incentive for the lender to foreclose and thus possess himself, at distress prices, of assets on a rising market. We believe that there are elements of real danger in this situation and that steps should be taken to remove the possibility of what might conceivably become a grave social injustice. It is essential for the security of mortgagors that recourse should be open in cases of threatened foreclosure to some alternative source of credit, provided that the farmer's equity in the property brings him within the field of sound loan business. In fact we go so far as to urge that even in cases outside the usual risks steps should be taken to safeguard the farmer's equity. In certain provinces of Canada this has been done by a general stay of execution on all agricultural land and property, until permission to proceed with any foreclosure or seizure has been obtained from a Commissioner appointed for the purpose. In other countries measures such as moratoria or statutory reductions of interest rates are in force.

DEFINITIONS OF FORMS OF CREDIT.

40. At this point it is advisable to define the terms commonly used in reference to the duration of Agricultural Credit.

A. Long Term Credit, refers to loans with a currency of five years and upwards, usually based upon the security of land and its permanent equipment. In most cases a mortgage upon the whole property is registered and the title deeds are surrendered to the mortgagee. In certain instances, however, a charge is registered upon a specific improvement such as a water supply, or dipping tank, the charge being noted on the title deeds, but the deeds not being surrendered by the mortgagor.

B. Intermediate Credit, is for the periods from nine months up to about five years, to cover outlays which cannot be expected to be recouped within the period normally covered by loans from banks and other agencies, bills, etc. The purchase of livestock, fertilisers, implements, etc., are the usual objects of this form of credit.

C. Short Term Credit, takes the form of bills, notes and overdrafts, advances on crops, etc., the duration of the accommodation extending up to nine months but more frequently

over shorter periods. Short-term credit is usually designed to even out the seasonal variations in out-goings and receipts on the farm, and to carry the produce over the marketing period.

It is evident that the credit needs of the colony fall under all three heads, though it is perhaps in the field of short-term credit that existing facilities are most nearly adequate.

41. In this colony the various forms of credit would serve the following purposes:-

A. Long Term Credit:-

- Purchase of land.
- Erection of permanent improvements.
- Discharge of existing mortgages or other debts.
- Marketing facilities, e.g. factories, storage, etc.

B. Intermediate credit.

- Maintenance of coffee until the bearing stage.
- Purchase of livestock.
- Purchase of implements and fertilisers.
- Emergency credit to tide over locust attack, severe outbreaks of livestock disease and other exceptional losses.

C. Short-term Credit:-

- Payment of seasonal farm expenses, recoverable within the season.
- Advances against produce in transit.

THE SIZE OF LOANS.

42. With the restricted amount of capital which was placed at the disposal of the Land Bank it was proper to place a low limit on the amount which could be lent to any one borrower. We consider that a limit as low as £5,000 is one which unduly restricts the utility of a credit scheme under the agricultural conditions of a colony such as Kenya, in which plantation agriculture is a prominent feature. The maximum loan in the case of the Trinidad Land Bank is £5,208, while even in New Zealand, under the State Advances Scheme the upper limit is £5,500.

VOLUME OF LONG TERM CREDIT REQUIRED.

43. In this matter your committee find themselves in some little difficulty. The greater part of the total agricultural debt being subject to a rate of interest of 8%, it would obviously be to the advantage of agriculture to convert the whole to a lower interest basis and a more secure basis as regards repayment. One Association alone places the present needs of its district at £85,000. We are aware, however, that the character of much of the present indebtedness is such that no relief can be expected from public funds. In many cases, however, sound security can be offered and we estimate that £750,000, additional to the present capital of the Land Bank, could be profitably utilised on loan business by the Land Bank during the next five years.

We are of opinion that a position might arise whereby it might be advisable to enter into negotiations with existing mortgagees for a settlement of certain outstanding accounts, perhaps on a basis of surrender of part of the advances made. In that event a larger amount of capital might be required and could be used profitably.

#### SECURITY FOR FURTHER CREDIT.

44. We are aware that much land in the colony is already mortgaged to the full extent of its value at the present time. On the other hand there is a considerable area of land which does offer security of a kind which should satisfy the ordinary requirements of a credit institution.

45. As stated in an earlier paragraph, the obligations of borrowers from the Kenya Land Bank have so far been met in full. It may be noted in passing that in the latest report of the Land Bank of Southern Rhodesia, whose difficulties have been certainly no less than those of Kenya, the statement is made, (after seven years' working): "In effect the farmer has with strict punctuality paid to the revenue of the colony 5 per cent interest per annum on the capital provided by Government." There is no reason to think that Kenya can not do equally well.

#### THE METHOD OF PROVISION OF CREDIT.

46. We have examined the various methods which are in operation in other countries and have formed the opinion that such credit facilities as are called for in this colony can best be extended through the medium of the Land and Agricultural Bank.

47. We have given special attention to the possibility of extension of Long Term Credit for ordinary farm purposes, through the medium of Credit Societies, chiefly co-operative in character, such as exist in Denmark and many other parts of the Continent of Europe, in South Africa and in the United States. On the facts before us we are unable to recommend the institution, at this juncture, of any such system in this colony. In theory the co-operative organisation of credit diminishes the element of risk by the process of pooling the security of individual borrowers, and introduces a valuable element of local responsibility and supervision arising from the joint liability of members of local associations. It should be realised, however, that the countries in which co-operative credit has undergone a sufficient test and has proved successful are countries in which the local credit associations have been formed within old established and socially stable communities, the members of which live within a narrow radius and are personally known to each other with a degree of intimacy not characteristic of newly developed countries. Agriculture in such countries, moreover, is organised on a system of "family farming" less capitalistic in its structure than the agriculture of newer countries. Recent experience in South Africa and the United States tends to throw some doubt upon the applicability of co-operative organisation for long-term credit in these countries. We are of opinion that the inherent drawbacks in the system would be no less in Kenya than in South Africa and the United States, and may even appear in an exaggerated form. In any event such

a system could only be developed spontaneously. Any attempt to impose it by persuasion from outside the local groups would be disastrous and we are of opinion that the length of time necessary for the natural growth of such a system renders the whole question of little practical import in the present emergency.

48. We consider that the activities of the Land Bank could safely and with advantage be extended to embrace certain loan operations on short and intermediate terms for purposes included under B. and C. in paragraph 41 on a limited scale and on approved security. It is suggested that the provisions relating to Short Term loans in the original Land Bank bill (Official Gazette Vol. XXX, No. 21) and based on other Land Bank Acts in South Africa, form a correct basis on which to work out a formula for defining adequate security.

SUMMARY.

49. Agriculturists requiring financial facilities may be divided into the following classes:

Ordinary Land Bank Advances.

- (a) Eligible.
- (b) Ineligible only because existing mortgage is not considered onerous.
- (c) Ineligible because, having already over-borrowed, their security for the amount required falls short of what is required by the Land Bank Ordinance.
- (d) Ineligible as money is required to meet existing liabilities, other than mortgages.

Outside Land Bank Terms.

- (a) Already fully mortgaged to Land Bank but requiring seasonal advances against crops.
- (b) Already mortgaged privately but requiring seasonal advances.
- (c) Co-operative groups, e.g. Kenya Farmers' Association.

Outside Ordinary Business Risk.

- (a) Already mortgaged up to the hilt, owing money and no funds to carry on.

50. In the forefront of our recommendations we desire to urge the great need for a general reduction of the interest rate on farm loans in the colony. The provision of further Land Bank Funds and a reduction of the interest rate charged by the Land Bank should go some way towards effecting this.

51. The safety of loan funds already invested depends upon maintaining present production and encouraging further development, and only thus can current revenue be maintained.

52. The Committee accordingly summarise its recommendations as under:-

- (a) Provision of a further £750,000 capital for the Land Bank to be drawn as required.
- (b) Extension of the scope of the Land Bank's operations by an amending Ordinance providing for:-
  - 1. Advances to co-operative organisations, native or non-native, on such security as may be determined by the Board, for:-
    - (x) Advances to members against produce delivered.
    - (y) Erection of buildings and equipment, and the purchase of land ancillary thereto.
  - 2. Short term loans on adequate security.
  - 3. Purposes of advances to include the payment in special circumstances of liabilities incurred in farming up to a maximum of, say, £250.
- (c) Extension of maximum of ordinary Land Bank advances from £3,000 to £5,000 and of advances to meet existing mortgages from £2,000 to £3,000.
- (d) Provision for the Land Bank to act as agents for the administration of any special funds, under indemnity by the Government, to meet deserving cases involving a risk not contemplated in the Land Bank Ordinance.
- (e) A broader interpretation on the part of the Board of the Land Bank in determining what constitutes an "onerous mortgage".

53. It is recognised that where properties are already mortgaged for more than the proportion of their value permitted under the Land Bank Ordinance, the case must be left to the support of private capital unless some compromise with the mortgagee, in favour of the mortgagor, can be effected.

54. Finally we desire to urge upon Government the desirability of taking advantage of the opportunity now presented by recent events in the money market. It is believed that funds for Land Bank purposes could be borrowed at such a favourable rate as, with the increase of the Land Bank business and consequent reduction of proportionate overhead charges, should admit of the rate of interest charged by the Land Bank being considerably reduced.

- (a) Provision of a further £750,000 capital for the Land Bank to be drawn as required.
- (b) Extension of the scope of the Land Bank's operations by an amending Ordinance providing for:-
  - 1. Advances to co-operative organisations, native or non-native, on such security as may be determined by the Board, for:-
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In conclusion we desire to place on record the high opinion which we hold of the ability and zeal of Mr. Liversage in the discharge of his duties as Secretary, particularly in connection with the collection of information and the preparation of this report.

Alvin Nelson CHAIRMAN

W. C. ...

W. J. ... MEMBERS

G. ...

W. C. ...

V. Liversage  
SECRETARY

December 30th, 1932.

Telephone No.: WHITEHALL 1234.

Any reply to this letter should be addressed to—

THE SECRETARY,

TREASURY,

WHITEHALL, LONDON, S.W.1.

and the following number quoted:

F.759/010.

5746



TREASURY CHAMBERS.

2 September, 1933.

RECEIVED  
4 SEP 1933  
C. O. REGY

*Se*

Sir,

*No 44*

In reply to Mr. Flood's letter of the 29th August, 1933 (3078/33), I am directed by the Lords Commissioners of His Majesty's Treasury to transmit herewith for the information of the Secretary of State a copy of a Notice which they are causing to be published in the forthcoming issues of the London, Edinburgh and Belfast Gazettes adding Kenya Government 3½ per cent Inscribed Stock, 1957/1967, to the list of Stocks kept by the Treasury under Section 2 of the Colonial Stock Act 1900.

I am,

Sir,

Your obedient Servant,

*F Phillips*

The Under Secretary of State,  
Colonial Office.

*copy etc. (47)  
copy & stamp (48)*

51



**NOTICE.**

Colonial Stock Act 1900 (63 and 64 Vic.c.68).  
Addition to list of Stocks under Section 2.

---

Pursuant to Section 2 of the Colonial Stock Act 1900 the Lords Commissioners of His Majesty's Treasury hereby give notice that the provisions of the Act have been complied with in respect of the undermentioned Stock inscribed in the United Kingdom:-

**Kenya Government 5½% Inscribed Stock 1957-1967.**

The restrictions mentioned in Section 2 Subsection (1) of the Trustee Act 1925 apply to the above Stock (see Colonial Stock Act 1900 Section 2).

C. O.

HS  
SD

Mr. Crossmith

Mr. *Flow* 25.8 *js*

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Presd. U.S. of S.

Party, U.S. of S.

Secretary of State.

DOWNING STREET,

29 August, 1933.

*Forward by No 2 on 3/312/33*

Sir,

With reference to my telegram No.165 of the 2nd of August regarding the issue of Kenya Government 3 1/2 per cent Inscribed Stock 1957/67, I have etc., to transmit to you <sup>for your comment</sup> a copy of a letter from the Crown Agents for the Colonies regarding the <sup>rate</sup> question of sinking fund contributions in connection with this stock.

(S)

DRAFT.

KENYA

NO. 656 *js*

O.A.C.

18th August, 1933.  
No.43

2. I shall be glad to be informed in due course whether you agree that contributions should be at the rate of 1.553 per cent per annum.

I have, etc.,

2. The L.C. of the Treasury have been requested to cause the stock to be forfeited as a trustee investment.

(Sgd.) P. OUNLIFFE-LISTER.

FURTHER ACTION.

Mr. Grossmith

Mr. Flood 25.8/33

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bowdley.

Sir J. Shuckburgh.

Parad. U.S. of S.

Parly. U.S. of S.

Secretary of State.

C. D.  
R 25 AUG  
D 28

Answered by Note 6

DOWNING STREET,

29 August, 1933.

Sir,

I am, etc., to refer to your letter

No.S.32902/04 of the 28th of July and

to transmit to you, for the information

of the Lords Commissioners of the

Treasury, a copy of a letter from the

Crown Agents for the Colonies regarding

the issue of Kenya Government ~~of~~ ~~the~~

1000 ~~of~~ Inscribed Stock 1957/67 to provide

the sum of £300,000 (plus the expenses

of issue) authorised by the Kenya

Specific Loan Ordinance, 1933.

2. I am to request that their Lordships

~~2. I am to request you to inform~~

may be moved to cause this stock

Their Lordships that the Secretary of

to be gazetted as a trustee investment

State has been informed by the Crown

Agents that the requirements of the

Colonial Stock Act, 1877, have been

complied with in respect of the issue

of this stock and that it would be

~~of this stock and that it would be~~

~~of this stock and that it would be~~

~~of this stock and that it would be~~

~~of this stock and that it would be~~

~~of this stock and that it would be~~

1 am appreciated

**DRAFT.**

THE SECRETARY,

TREASURY.

No 33

~~18 AUG 1933~~

18 Aug

(7043)

**FURTHER ACTION.**

[Empty box for further action]

212  
appreciated. if Their Lordships  
may now be moved to Gazette the  
stock as a trustee investment.

I have, etc.,



61 43

ALL COMMUNICATIONS  
TO BE ADDRESSED TO THE  
CROWN AGENTS FOR THE COLONIES.  
THE FOLLOWING REFERENCE AND THE  
DATE OF THIS LETTER BEING QUOTED

4, MILLBANK,  
LONDON, S.W.1.

A 649

18th August 1933

TELEGRAMS: "CROWN LONDON"  
TELEPHONE: 7730 VICTORIA.

Sir,

No 38

With reference to our letter dated the 15th August, I have the honour to state that the requirements of the Colonial Stock Act, 1877, have been complied with in respect of the issue of Kenya Government  $3\frac{1}{2}\%$  Inscribed Stock 1957/1967, and to request that the Secretary of State will move the Lords Commissioners of His Majesty's Treasury to gazette the stock as a trustee investment.

No 38

*copy to Kenya (45)  
copy to Treasury (46)*

2. We take this opportunity of referring to the question of the sinking fund contribution in connection with this stock. According to the terms of the pro forma prospectus (a copy of which was enclosed with our letter dated the 15th August) contributions to the sinking fund are required to be taken at the rate of not less than one per cent per annum beginning on the 15th February 1934. In order to provide the full amount of £305,600 required for the redemption of the loan on the final date, viz. 15th August 1967, it would be necessary to take contributions at the rate of 1.553 per cent per annum (assuming that contributions are taken half yearly and will earn  $3\frac{1}{2}\%$  per annum throughout the currency of the loan). We shall be glad if we may be advised in due course at what rate the contributions should be taken.

I have the honour to be,

Sir,

Your obedient Servant,

*F.S. Blumfield*  
for Crown Agents

The Under Secretary of State,  
COLONIAL OFFICE.

CA

C. O.

Mr. Flood 19-8

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

X Sir C. Bottomley

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

Answered by No 1 3541/53

62  
42

22 AUG 1935

Dear Mr. Flood

The Kenya loan of £300,000 has gone off all right as you know but I think you should be informed that the Bank of England felt uneasy about it. They wrote to the Treas<sup>r</sup> to point out that Kenya's total debt of over £17 million was in their opinion & that of the Market "considerably more than is justified by the size and financial position of the Colony" and went on to say that it was only because the Market felt certain that the Home Govt. would not allow Kenya to default that the loan could be issued on such favourable terms & that on

**DRAFT.**

H. M. - M. M. one copy, G. M. G.

**FURTHER ACTION.**

Kenya's own credit it was not likely that any further borrowing would be possible.

We have also held the view that Kenya's debt is quite as much as she can carry and would not be likely to agree to any further loan commitments. I am not overlooking the possible needs of the Currency Board but that is rather a special affair.

It is possible ~~also~~ that alarms and excursions about 'constitutional changes' have ~~will~~ not done Kenya's credit any good in the market & that some notion of the kind is at the back of the hint of possible default, but that doesn't follow necessarily. The position is quite bad enough on financial grounds.

Yours sincerely,

(Signed) J. E. W. FLOOD

On the other hand it might come home to most of the necessity for currency borrowings now: you will be better able than we to judge of that.

It might be as well if you disseminated this information judiciously. It would never do to make a public utterance but it might do no harm to tell some selected unofficials that the people in London think Kenya has borrowed as much as ~~the~~ it can stand.

C. O.

Mr. Flood 19.8

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Mr. C. Bottomley. 19.8.33

Mr. J. Shackburgh.

Permt. U.S. of S.

Party, U.S. of S.

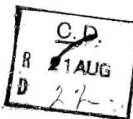
Secretary of State.

**DRAFT.**

A. B. Waterfield Esq, C.B.

**FURTHER ACTION.**

63 LF



22 AUG 1933

Dear Waterfield:

Your letter to Wilson (No 3 32902/04/2) about the Kenya loan does not surprise us. We are

letting the Act's Board know what the market think.

There is however one <sup>possibility</sup> danger ~~of~~ to be borne in mind - that they may have ~~and that is if Kenya has to raise~~ money to cover the E. African Currency Board. We hope it may not be necessary but the possibility must be faced, and we could not justify ~~any~~ leaving the "baby" with Uganda and Tanganyika only. Any such borrowings would be privately placed.

YOURS SI OERELY

(Signed) J. E. W. FLOOD

16th August, 1933

*My dear Antiefield*

Thanks for your letter of the 15th of August enclosing a copy of a letter from the Bank of England about the new Kenya Loan. We will let the Officer administering the Government know what the Bank of England say about Kenya's credit in the market.

*Yours sincerely*  
*A. P. Waterfield*

A. P. WATERFIELD, ESQ., C.B.



6539



TREASURY CHAMBERS,  
WHITEHALL, S.W. 1.

(Tel.: VICTORIA 1234.)

In reply  
please quote Regd No.

S.32902/04/2

15th August, 1933.

*My dear Wilson*

I enclose copy of a letter  
from the Bank about the Kenya issue.  
The second half of it may pain but  
will hardly surprise you; you will  
no doubt think it well to let  
the Colony know the market  
line.

*(40)*

*Yours sincerely*  
*A. Waterfield*

Brigadier General  
Sir Samuel Wilson, G.C.M.G., K.C.B., K.B.E.,  
Colonial Office.

11th August, 1955.

Dear Waterfield,

Kenya

The crown Agents have approached us for permission to proceed at once with the placing of £305,700 3½ Stock 1957/67 98½% net. Messrs. Scrimgeour are to be the Brokers. £200,000 will be consigned to the Market and the balance will be taken up by the Crown Agents for their own Sinking Funds at 98½. We understand that approval has already been given some time ago to the borrowing of this sum and we have informed the Crown Agents that there is no reason why they should not proceed at once. We should like to point out to you, however, that the total borrowings of Kenya amount already to no less than £17,000,000 and that this is in our opinion and in that of the Market considerably more than is justified by the size and financial position of the Colony. It is only because the Market feels certain that the British Government would not permit a default on the part of a Crown Colony that they are able to get such favourable terms. On their own credit it is unlikely that any further borrowing would be possible.

Yours sincerely,

(Sgd.) E. HOLLAND MARTIN.



67 38

ALL COMMUNICATIONS  
TO BE ADDRESSED TO THE  
CROWN AGENTS FOR THE COLONIES  
THE FOLLOWING REFERENCE AND THE  
DATE OF THIS LETTER BEING QUOTED

4. MILLBANK,  
LONDON, S.W.1.

A/649.

TELEGRAMS: "CROWN LONDON"  
TELEPHONE: 7730 VICTORIA

15th August, 1933.

Sir,

With reference to your letter dated the 2nd August, No. 3078/33, I have the honour to transmit for the information of the Secretary of State a copy of a letter which we have addressed to the Government of Kenya regarding the issue of Kenya 3½% Inscribed Stock 1957/67 to provide the sum of £300,000 (plus the expenses of issue) authorised by Kenya Ordinance No. 25 of 1933.

A copy of the proforma prospectus is also enclosed.

I have the honour to be,

Sir,

Your obedient Servant,

*J. C. ...*  
for Crown Agents.

The Under Secretary of State,  
COLONIAL OFFICE.

15.8.33. No 314

A/649.

15th August, 1933.

AIR MAIL

Sir,

In continuation of our telegram dated the 14th August, I have the honour to confirm that arrangements have been made for the issue of £305,600 Kenya 8½% Inscribed Stock 1957/67 in order to provide the sum of £200,000 (plus the expenses of issue) authorized by Kenya Ordinance No. 25 of 1933.

2. The amount required was too small to warrant the expense of a public issue, and arrangements were accordingly made for the sale of stock direct to the market. Full details of the issue are shown in the enclosed copy of a letter which we have addressed to our brokers. You will observe that £200,000 of the stock has been sold to the market; of the remaining £105,600, £25,000 has been taken up by the Palestine Currency Board and the remaining £80,600 for various Colonial funds under our management.

3. We shall take out of the proceeds our usual commission at the rate of ½ per cent on the total amount of the loan and a commission of ¼ per cent will be charged by our brokers on the amount of stock sold to the market, viz., £200,000.

4. It will be noticed that in the option which has been taken of redemption in 1957 it has been provided that the loan may be redeemed in whole or in part, by drawings

07/

The Colonial Secretary,

Nairobi,

Kenya.

or otherwise, at par at any time on or after the 15th of August, 1957. This form of wording was adopted by H.M. Government in connection with the issue last year of the 3 per cent Conversion Loan, and, as it seemed to us to give the borrower somewhat wider powers in respect of the optional redemption, it has been used in this case. It will also be observed that only three months' notice of the intention to redeem need be given.

5. The setting up of the Kenya Stock Transfer Stamp Duty Fund has proved of substantial benefit to the Colony, and the amount which now stands to the credit of the fund should prove amply sufficient to meet duty on the present issue in addition to existing Kenya loans without any further appropriation out of the proceeds of the issue for this purpose. In order to avoid as far as possible the payment of transfer duty on the stock for the first few weeks, we have arranged for the issue of scrip certificates instead of inscribing stock in the books at once. As this course will be of direct benefit to the Stamp Duty Fund we propose to charge the cost of the certificates, and the stamp duty payable on them, to that Fund.

6. I enclose a copy of the pro forma prospectus which appeared in the "Times" and the "Financial News" on the 15th August. The charge for the insertion of the prospectus in these periodicals will be about £140.

7. The proceeds of the loan will be placed to the credit of the Kenya General Account in our books on the 16th of August, and after meeting the various expenses to which we have already referred and the repayment of the amount

which/

which has been advanced from the Joint Colonial Fund (amounting to £9,000), the balance will be placed to the Colony's credit in the Joint Colonial Fund and will be drawn upon from time to time to meet expenditure in this country.

I have the honour to be,

Sir,

Your obedient Servant,

*(Sd) P. Exon*

This notice is not an invitation to the public to subscribe but is issued in compliance with the regulations of the Committee of the Stock Exchange, London, for the purpose of giving information to the public with regard to the Stock. The Crown Agents for the Colonies accept full responsibility for the accuracy of the information given.

ROYAL ARMS

COLONY OF KENYA

KENYA GOVERNMENT 3½ PER CENT INSCRIBED STOCK 1957/1967

This stock is being issued by the Crown Agents for the Colonies to raise the sum of £300,000 (and such further sum as may be necessary to defray the expenses of issue) authorised by Kenya Ordinance No. XXV of 1933, of which £260,000 is to be allocated to the Land and Agricultural Bank, £15,734 to Loans to Local Authorities, and the balance of £24,266 to other items to be approved by the Secretary of State. The stock is issued under the provisions of the General Loan and Inscribed Stock Ordinance of Kenya and will be inscribed in accordance with the provisions of the Colonial Stock Act 1877.

The Government of Kenya having complied with the requirements of the Colonial Stock Act 1900, Trustees are authorised to invest in this stock, subject to the restrictions set forth in the Trustee Act 1925. The loan and the interest thereon, the property of persons not resident in Kenya, will not be subject to any taxes, duties, or levies by the Government of the Colony.

The stock now issued amounts to £305,600 of which £200,000 has been sold to the market at £98. 10s. Od. per cent for payment in full on the 16th August, 1933, and the balance of £105,600 has been placed privately on the same terms. Application will be made to the Committee of the Stock Exchange for a quotation for the stock.

The

The loan is secured on the general revenues and assets of the Government of Kenya and the principal will be repaid at par on the 15th August, 1967, but the Government of Kenya will have the option of redemption in whole or in part, by drawings or otherwise at par at any time on or after the 15th August, 1957, on giving three months notice by advertisement in the London Gazette and in the "Times" or by post to the then stockholders at their registered addresses. For the purpose of such redemption a Sinking Fund of not less than one per cent per annum will be formed in this country under the management of the Crown Agents who are appointed trustees. Half-yearly contributions will be commenced on the 15th February, 1934. These contributions may be increased and will only be discontinued if and when the Trustees are satisfied that no further contributions will be required to ensure the repayment of the loan at the final date. Interest will be payable half-yearly on the 15th February and 15th August of each year by dividend warrants which will be forwarded by post at the stockholders' risk either to the stockholder, or to any other person, bank or firm named by him within the United Kingdom. Principal and interest will be payable at the Office of the Crown Agents for the Colonies, London. The first six months dividend will be payable on the 15th February, 1934.

The stock will be transferable at the Crown Agents' Transfer Office, Lloyds Bank Buildings, 55/61, Moorgate, E.C.2. without charge. Stamp Duty will be paid by the Colonial Government.

Fully paid scrip certificates of the denomination of £100 will be issued in the first instance in respect of the stock.

The



The revenues of Kenya alone are liable in respect of this stock and the dividends thereon and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury are not directly or indirectly liable or responsible for the payment of the stock or dividends thereon or for any matter relating thereto (Act 40 and 41 Vict. c. 59).

Copies of the above mentioned Ordinances may be inspected at the Office of the Crown Agents for the Colonies, 4, Millbank, Westminster, S.W.1.

Brokers:-

Messrs. Mullens, Marshall, Steer, Lawford & Co.,  
13, George Street,  
Mansion House,  
E.C.4.

Messrs. J. & A. Springour,  
5, Lothbury,  
E. C. 2.

Office of the Crown Agents for the Colonies,  
4, Millbank,  
London, S. W. 1.

# Finance & Commerce

CITY OFFICE, 15, GEORGE STREET, LONDON  
TELEPHONE: MARSH 1000

## CITY NOTES

### A LOAN FOR KENYA

#### LESS SPECULATION IN EXCHANGES

Details are published to-day of a small loan which has been issued privately on behalf of the Colony of Kenya by the Crown Agents. The title of the loan is the Kenya Government Three-and-a-Half per Cent. Inscribed Stock, 1957-67. The amount issued is £305,640, of which £200,000 has been sold to the market at 198 10s per cent for payment in full tomorrow. The balance of £105,600 has been placed privately on the same terms. A full six months' dividend will be paid on February 15. Repayable at par not later than August 15, 1967, the stock may, at the option of the Government of Kenya, be repaid at any time on or after August 15, 1957. A sinking fund of not less than 1 per cent per annum will be formed in this country for the redemption of the stock, and will be under the management of the Crown Agents, who are appointed trustees. Half-yearly contributions to the sinking fund will begin on February 15 next. The new stock is available for trustees. The bulk of the proceeds of the issue is to be allocated to the Land and Agricultural Bank.

This notice is not an invitation to the public to subscribe, but is issued in compliance with the regulations of the Committee of Stock Exchange, London, for the purpose of giving information to the public with regard to its issue. The Crown Agents for the Colonies accept full responsibility for the accuracy of the information given.



## COLONY OF KENYA

### Kenya Government 3½ per Cent. Inscribed Stock, 1957-1967

This stock is being issued by the Crown Agents for the Colonies to raise the sum of £305,640, and such further sum as may be necessary to defray the expenses of issue authorised by Kenya Ordinance No. XXV of 1957 of which the following is a brief summary:—£100,000,000 of the Kenya Bank, £10,000,000 of the Kenya Land and Agricultural Bank, £10,000,000 of the Kenya Land and Agricultural Bank, £10,000,000 of the Kenya Land and Agricultural Bank, and the balance of £24,260,000 to be raised by the issue of this stock. The stock is issued under the provisions of Ordinance No. XXV of 1957 and will be registered in accordance with the provisions of the Companies Act, 1929.

The Government of Kenya having completed the issue of the stock, the following are the terms of the issue:—The stock is to be issued in £100, £50 and £25 notes. The loan and the interest thereon will be the property of persons who subscribe for the stock by the date of issue. The stock is to be issued at a price of 198 10s per cent for payment in full on August 15, 1967, the balance of £105,600 has been placed privately on the same terms.

Approvals have been made by the Committee of Stock Exchanges for a quotation for the stock in the general securities and futures markets of London and the City of London, but the Government of Kenya will have the option of redemption in whole or in part, by drawing or otherwise, at any time on or after the 15th August, 1957, on giving three months' notice by advertisement in the London Stock Exchange and the Times of the date on which the notice is given. For the purpose of such redemption a sinking fund of not less than 1 per cent per annum will be formed in this country under the management of the Crown Agents, who are appointed trustees. Half-yearly contributions will be discontinued if and when the trustees are satisfied that no further contributions will be required to ensure the redemption of the loan at the final date. Interest will be paid on the loan at the rate of 3½ per cent per annum, which will be forwarded by post at the stockholder's risk either to the stockholder or to any other person, bank or firm named by him within three months of the date. Principal and interest will be payable at the Office of the Crown Agents for the Colonies, London. The first six months' dividend will be payable on the 15th February, 1958.

The stock will be transferable at the Crown Agents' Transfer Office, Lloyds Bank Buildings, 55 of Moorgate, E.C.2, without charge. Stamp Duty will be paid by the Government.

Fully paid scrip certificates of the denomination of £100 will be issued in the first instance in respect of the stock.

The revenues of Kenya alone are liable in respect of this stock and the dividends thereon and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury are not directly or indirectly liable or responsible for the payment of the stock or dividends thereon or for any matter relating thereto (Acts 40 and 41 Vict. c. 59).

Copies of the above-mentioned Ordinances may be inspected at the Office of the Crown Agents for the Colonies, 4, Millbank, Westminster, S.W.1.

Crown Agents for the Colonies  
15, GEORGE STREET, LONDON  
MARSH 1000  
MIDLAND BANK, 2, LONDON  
BURY, E.C.2  
Office of the Crown Agents for the Colonies  
4, Millbank, London, S.W.1

C. O.

3574

Mr. Justice 2/8

3078/37

Mr. Flood 2.8

Keenan Coded & sent  
7.0 pm  
2.8.33  
(initials)

above

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Spuckburgh

Permd. U.S. of S.

Partv. U.S. of S.

Secretary of State.

REC  
R 3 AUG  
1933

10/65

DRAFT. Tel.

Your disp. 3<sup>rd</sup> July 410 @ C.A.

Gov. Navin

37

arrangements  
are being requested to provide 3 1/2 %

arrange for immediate  
issue of

Stock redeemable about 1967

SECEP.

FURTHER ACTION.

C. O.

75

Mr. ~~Feather~~ 29/7  
Mr. ~~Big~~ 29/7  
Mr. ~~Phel~~ 31.7.  
Mr. Parkinson.

3078/33  
Kenya

Mr. Tomlinson.

X Sir C. Bottomley 31/7

Sir J. Shuckburgh.

X ~~Permt. U.S. of S.~~ 31.7.33

Parly. U.S. of S.

Secretary of State.

ps. → Mr. Baggot to see  
Hunt

2-AUG  
Gentlemen

2 AUG 1933

**DRAFT.**

C.A.

(25)

To 17/12 July  
(27)

From 17/28 July  
(37)

W. ref: to your letter of  
the 4<sup>th</sup> of July. I am to  
transmit to you a copy of  
further corresp. with the Treasury  
regarding the issue of a loan  
of the sum of £300000 by the  
Govt. of Kenya. ~~Colonial~~  
~~Particulars.~~

2. I am now to

request that you will proceed  
to raise  
with the issue of the loan  
on the terms recommended in  
your letter under reference;  
viz: by the issue of a new

**FURTHER ACTION.**

line of  $3\frac{1}{2}$  % stock, to mature  
about 1967.

lan —

Telephone No.: WHITEHALL 1234

76  
33

Any reply to this letter should be addressed to  
THE SECRETARY,

TREASURY,  
WHITEHALL, LONDON, S.W.1.  
and the following number quoted.



TREASURY CHAMBERS.



S. 32902/04.

RECEIVED  
28 JUL 1933

28 July, 1933.

*Handwritten mark*

Sir,

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Flood's letter of the 12th instant **No 19** (3078/33) on the subject of the proposed loan of £300,000 for Kenya Colony.

In reply I am to request you to inform the Secretary of State that My Lords concur in his proposal to request the Crown Agents for the Colonies to proceed with the arrangements for the issue of the loan.

They note that the Crown Agents recommend that a new line of 3½ Stock, to mature about 1967, should be issued, and that it is anticipated that such stock could be sold to the market at a price of about 98½.

*Copy to C.A. 53*

I am,

Sir,

Your obedient Servant,

*R. V. Nicholls*

The Under Secretary of State,  
Colonial Office.

7732



GOVERNMENT HOUSE,  
NAIROBI,  
KENYA

KENYA

No. 210

RECEIVED  
24 JUL 1933  
C. O. REGY

22 July, 1933.

*For transmission (34)*

Sir,

I have the honour to forward herewith two authenticated and twelve printed copies of an Ordinance intitled "the Specific Loan Ordinance, 1933", which duly passed its third reading in the Legislative Council on the 26th June, 1933, and to which I assented in His Majesty's name on the 1st July, 1933.

A copy of the Royal Assent by the Attorney General is also enclosed.

I have the honour to be,

Sir,

Your most obedient, humble servant,

*Ans. 2 (34)*

*W. H. ...*  
ACTING GOVERNOR.

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.C.B., M.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON, S.W.1.



Colony and Protectorate of Kenya.

IN THE TWENTY-FOURTH YEAR OF THE REIGN OF  
**HIS MAJESTY KING GEORGE V.**

**HENRY MONCK-MASON MOORE, C.M.G.,**  
*Acting Governor.*

Assented in His Majesty's  
name this 1<sup>st</sup> day of July,  
1933.

**H. M.-M. MOORE.**

*Acting Governor.*

AN ORDINANCE TO MAKE PROVISION FOR  
RAISING A LOAN OF THREE HUNDRED  
THOUSAND POUNDS STERLING FOR CERTAIN  
PUBLIC PURPOSES



ORDINANCE No. XXV of 1933

An Ordinance to make Provision for Raising a Loan of Three Hundred Thousand Pounds Sterling for Certain Public Purposes.

WHEREAS it is expedient to raise a loan of three hundred 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, 1933". Short title.

2. The Governor is hereby authorized to issue debentures or stock or both under the provisions of the General Loan and Inscribed Stock Ordinance to an amount sufficient to produce as nearly as may be the sum of three hundred thousand pounds sterling, and such further sum as may be necessary to defray the expenses of issue. Authority to Governor to borrow by sale of debentures or inscribed stock. Cap. 46.

3. 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.

4. Contribution to the sinking fund as contemplated by sections 14 and 28 of the General Loan and Inscribed Stock Ordinance shall commence in respect of any stock or debentures issued under this Ordinance not later than three years after the date from which the interest on such stock or debentures shall commence to run. Commencement of contribution to Sinking Fund. Cap. 46.

5. Pending the issue of the whole or any portion of the loan hereby authorized, the Governor may, if necessary, raise instalments of the money as required by the issue of Treasury Bills under the Colonial Treasury Bills Ordinance. Power to issue Treasury Bills. Cap. 49.

## SCHEDULE.

1. Land and Agricultural Bank ... ..	£260,000
2. Loans to Local Authorities ... ..	15,734
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 ...	24,266
<b>Total ... ..</b>	<b>£300,000</b>

Passed in the Legislative Council this twenty-sixth day of June, in the year of Our Lord one thousand nine hundred and thirty-three.

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.

**H. E. BADER**

*Acting Clerk of the Legislative Council.*

LEGAL REPORT.  
THE SPECIFIC LOAN BILL, 1933.

This Bill makes provision for raising a loan of three hundred thousand pounds, and such further sum as may be necessary to defray the expenses of issue, for the purposes set out in the Schedule to the Bill.

In my opinion, His Excellency the Governor may properly assent to this Bill in the name and on behalf of His Majesty.

*E. J. O'Connell*  
ATTORNEY GENERAL.

Nairobi,  
27th June, 1933.

81 31

Extract from Note by Sir Samuel Wilson on interview with Lord Francis Scott.

*(regd. on 3246/33 Kenya)*

x x x

Lord Francis Scott first of all raised the question of the Land Bank. He knew that £260,000 had been approved and that steps were being taken to raise a loan of £300,000, but he pointed out that he thought another half million would be necessary. I read to him part of the letter which was drafted for me just about the time of his operation; but I never sent it owing to his illness. In this letter it is pointed out to him that there would be very little chance of getting the Treasury to agree to increase the loan to as much as £750,000 for this purpose, in view of the present financial position of Kenya.

x x x

8230

EXTRACT FROM LETTER FROM LORD FRANCIS SCOTT  
REGISTERED ON 3246/33 KENYA"  
-----

x

x

x

I expect you know that on the top of all our past troubles Kenya has been afflicted by a very bad drought, the worst since 1918. My last mail told me that it meant a loss in coffee alone of half a million sterling, whilst in the part of the country where I live, they have had no rain at all, and so our crops are non-existent. As you can well imagine, this, on the top of the past bad <sup>due</sup> years/ to low world prices and locusts, will just about finish off the poor farmers. I know you are anxious to help them, and therefore hope very much that you will be able to get us more money for the Land Bank, which may help to save many farmers.

C. O.

Mr. Grossmith 6/7/33.  
Mr. ~~Freeston~~  
Mr. ~~Had~~ 6.7  
Mr. Parkinson  
Mr. J. Campbell  
Mr. Tomlinson

7/7/33  
for Approved by No 33

12 July, 1933.

Bottomley.  
Sir J. Shuckburgh.  
Perm. U.S. of S.  
Party of S.  
Secretary of State.

297

O.D.  
R 10 JUL  
D 11

4

Sir,

DRAFT for ~~consideration~~  
THE SECRETARY,  
TREASURY.

(29)

With reference to the letter from this Department of the 30th of June on the subject of the proposed loan of £500,000 for Kenya Colony, I am etc. to transmit to you, to be laid before the Lords Commissioners of the Treasury, a copy of a letter from the Crown Agents for the Colonies regarding the terms on which the loan should be raised.

4/2/34, 1933 (28)  
with enclosure (no number)

Copy to S.A. (33)

2. Their Lordships will observe that the Crown Agents recommend that a new line of 3½ Stock, to mature about 1967, should be issued, and that it is anticipated that such stock could be sold to

to the market at a price of <sup>about</sup> 98½.

3. Sir Philip Cunliffe-Lister proposes, if Their Lordships concur, to accept the Crown Agents' recommendation, and to request them to proceed <sup>immediately</sup> with the arrangements for the new issue.

I am, etc.,

(Signed) J. E. W. FLOOD

8428



ALL COMMUNICATIONS  
TO BE ADDRESSED TO THE  
CROWN AGENTS FOR THE COLONIES  
THE FOLLOWING REFERENCE AND THE  
DATE OF THIS LETTER BEING QUOTED

A/649

TELEGRAMS CROWN LONDON  
TELEPHONE 7730 VICTORIA

4. MILLBANK,  
WESTMINSTER.  
LONDON. S.W.1.

4th July, 1963.

Sir,

I have the honour to acknowledge the receipt of your  
letter dated the 29th June No. 3076/33, advising us that the Bill  
to make provision for a loan of £300,000, of which £260,000 is to  
be allocated to the Land<sup>Bank</sup>, was passed by the Legislative Council of  
Kenya on the 26th July.

No. 26

*James, the  
copy to  
D*

2. In view of the amount to be raised, we should propose not  
to make a public issue but to sell stock to the market. This  
could be done either by adding to the existing line of Government  
of Kenya 4½% Stock 1961/71 or by issuing a new line of 3½% Stock.  
The latest estimate which we have received from the market  
indicates that at the present time 4½% stock 1961/71 could be sold  
at a price of about 111, and a new line of 3½% stock to mature  
about 1967 could be sold at a price of about 98½. I enclose a  
statement giving a comparison of the annual charges to the Colony  
of raising the money in these two forms, computed in each case on  
the basis of a contribution to sinking fund sufficient (at an  
estimated rate of accumulation of 3½% per annum) to pay off the  
whole loan at the end of the period of its currency. From this it  
is evident that the issue of a new line of 3½% stock will be more  
favourable to the Government of Kenya than adding to the existing  
4½% stock, and we recommend that the former course should be  
adopted. We have requested the Bank of England semi-officially to  
mark the loan as "imminent" and we are making arrangements to be in  
a position to raise the loan as soon as we are informed by the  
Secretary of State that the issue may be made.

*copy to Treasury (29)*

I have the honour to be, Sir,  
Your obedient Servant,

*J. Speck*

The Under Secretary of State  
COLONIAL OFFICE.



STATEMENT OF ANNUAL CHARGES ON AMOUNT OF STOCK REQUIRED TO  
PRODUCE £300,000 PLUS THE EXPENSES OF ISSUE.

---

Amount of  $4\frac{1}{2}\%$  stock 1961/71 @

required :- £271,200

Annual charges:-

Interest 12,204

S.F. @ 1.34%

(beginning 1934,  
sufficient to  
complete repayment  
in 1971, assuming  
accumulation at  
 $3\frac{1}{2}\%$  per annum)

3,634

£15,838

Amount of  $3\frac{1}{2}\%$  Stock 1967 @ 90d

required:- £304,650

Annual charges:-

Interest 10,669. 15. 0d

S.F. @ 1.55%

(beginning after 6  
months, sufficient to  
complete repayment  
in 1967, assuming  
accumulation @  $3\frac{1}{2}\%$   
per annum)

4,725. 3. 6d

£15,394. 18. 6d

The annual charges to the Colony are lower for the  $3\frac{1}{2}\%$  stock by ~~£443. 1. 6d~~ <sup>£15,838</sup> in each complete year, and cease in 1967. Charges on the  $4\frac{1}{2}\%$  stock at the rate of ~~£15,516~~ per annum would continue up to and including 1st January 1971.

*amended in accordance with C.A.'s request by phone*

*5/4/60  
negotiating 297*

C. O.

C. O.  
R 28 JUN  
D

Mr. Grossmith

2/6/33

Mr. ~~Freston~~ 27

Mr. Parhinson

Mr. Tomlinson

X Sir C. Bottomley

27/6/33

Sir J. Shuckburgh

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

*Amended*  
*4 No 28*

29 June, 1933.

DRAFT.

THE CROWN AGENTS  
FOR THE COLONIES.

7

*From C.A.G. Kenya 19/4/33 (22)*  
*with enclosures*  
*From C.A.G. Kenya 26/6/33 (No 25) (27)*

*Copy to send to Treasury*

*Copy sent to Treasury 27 June*  
*Ref. 24*

Gentlemen,

*With*  
~~reference~~ *enc* to refer to your letter

No. A/649 of the 3rd of April regarding the proposed loan for the Land and

Agricultural Bank of Kenya; <sup>and</sup> to

transmit to you the accompanying copy of a despatch from the C.A.G., Kenya,

enclosing the draft of a Bill to make provision for the raising of a loan of

£300,000, of which £250,000 is to be allocated to the Land ~~and Agricultural~~

Bank. Since the receipt of the despatch,

the Secretary of State has been informed by telegram that the Bill was passed by

the Legislative Council of Kenya, without amendment, on the 26th of July. A copy

of the telegram is enclosed.

2. Sir

2. Sir Philip Cunliffe-Lister

<sup>will</sup> would be glad to be advised with

regard to the terms upon which the

~~loan should be issued. He agrees that,~~  
*could now be raised*

*of the loan, he agrees that*  
As regards the currency <sup>of the loan,</sup> the final

date of maturity should be about 1967.

Signed J. E. W FLOOD



38 O.

2078/33

28  
21  
we

Mr. Crosswell 276733  
Bristol 24

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

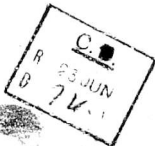
X Sir C. Bullenley 23. /

Sir J. Shuckburgh

Peru. U.S. of S.

Italy. U.S. of S.

Secretary of State



28 June, 1933

(12)

**DRAFT.**

The Secretary  
Treasury

I am etc to refer to  
the letter from the  
Department of the 9<sup>th</sup>  
May, & to transmit to  
you, to be laid before  
the Lords Commissioners of  
the Treasury, the  
accompanying copies of  
Correspondence with the  
O.A.S. Kenya regarding  
the loan of £500,000  
for Kenya Colony, of  
which £260,000 is to  
be allocated to the  
Land and Agricultural  
Bank. A copy of  
the Report of the  
Land Bank<sup>Board</sup> for 1932  
is also enclosed.

From O.A.S. 10 to June 1933 (No. 21)  
with enclosures.

To O.A.S. 23 June 1933  
(Draft for Kenneth)

Report  
(Encl to 14)

2 drafts

(2) As regards para 2

of the despatch from the  
O.A.S., Their Lordships will  
thence that the  
Sgd purposes to defer  
commenting on the ~~draft~~  
of the proposed <sup>Sug. 10/11</sup> ~~draft~~ amendments  
to the Land and  
Agricultural Bank Ordinance until he  
has received the  
draft of the Amending Bill.

Lam etc.

(Signed) L. B. FREESTON

C. O.  
Mr. ~~Freeston~~  
14 JUL 1944

3078/33 2389

Mr. Parkin  
Mr. Tomlinson  
Sir C. Bottomley, 2 B...  
Sir J. Shuckburgh  
Perms. U.S. of S.  
Early U.S. of S.  
Secretary of State.

(15)

Coded and 3/1 23/6

Answer the

No. 150 Confidential

DRAFT. Tel  
Jovanov  
Naisibi.

Your despatch 73. Confidential  
Please telegraph when  
Specific Loan Bill passed  
by Legislative Council  
stating particulars of  
any amendments.  
As regards paragraph 2  
of despatch I will  
await receipt of  
proposed Bill before  
commenting.

Copy to Jovanov (en)

Secs.

2 drafts

AIR MAIL



GOVERNMENT HOUSE  
NAIROBI  
KENYA

70

KENYA  
No: 73

CONFIDENTIAL.

20 JUN 1933  
10<sup>11</sup> June 1933

Sir,

With reference to your despatch Confidential (L) of the 9th May, I have the honour to confirm the Governor's telegram of the 8th June, which reads:

No 11  
No 16  
No 11

"109. Confidential. Your despatch of May 5th, Confidential, para. 3. Land Bank Board have advised that "advances would be confined to efficient settlers of financial stability" and that in administration of additional funds they propose no alteration in the existing terms on which advances are made. A Bill has been prepared on lines of Model Ordinance referred to in Crown Agents letter of April 3rd and is being forwarded by next Air Mail.

Enclosed.  
No 1

In view of desirability of early action and possibility of a meeting of Legislative Council in near future would be glad to have your authority to publish Bill with a view to introduction at next meeting of Council.

"N. N. K. N. C. R."

2. Although no alteration is in contemplation in the terms on which advances are made by the Land Bank Board, a Bill to Amend the Land and Agricultural Bank Ordinance (No. III of 1931) is in course of preparation as a result of advice tendered by the Executive Council at a meeting on the 11th May, 1933. The objects of the Bill, which has yet to be considered by Executive Council, are: -

Amend. Tel. (73)  
Cory & Young  
S.A.

- (a) to enable advances to be made to co-operative societies only for the erection of buildings and equipment and the purchase of land and fixtures thereto;
- (b) to enable short term loans up to a maximum of £500 to be made on adequate security, but without charge to the borrower on account of the preparation of mortgage deeds.

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., F.R.S., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
Downing Street, London, S.W.1.

3. You will appreciate that neither of these amendments involves any modification of the terms on which advances are made by the Bank. Should occasion arise in the future for suggesting any modification, in the law in relation to the terms on which advances are made by the Bank, the request of the Lords Commissioners of the Treasury to which you draw attention in paragraph 3 of your despatch under reference will be borne in mind.

No 11

4. In regard to the possibility of the Bank incurring loss, which is mentioned in paragraph 3 of your despatch under reference, I am enclosing a copy of a memorandum by the Treasurer, who is the Chairman of the Land Bank Board, in which the methods by which the risk of incurring loss is avoided are clearly set out. You will, I trust, agree that the existing machinery is such as to reduce the danger of the Bank incurring serious loss to the lowest possible extent. I would add that copies of the Report of the Land Bank for the year 1932, to which reference is made in paragraphs 3 and 4 of the Treasurer's memorandum, were forwarded to the Under Secretary of State under cover of a third personal note No. D/Leg.Co.11/33, dated 29th April, 1933.

No 14

I have the honour to be,

Sir,

Your most obedient, humble servant,

*Wm. McKinnon*

ACTING GOVERNOR.



A BILL TO MAKE PROVISION FOR RAISING OF A  
LOAN OF THREE HUNDRED THOUSAND POUNDS STERLING FOR  
CERTAIN PUBLIC PURPOSES.

92

WHEREAS it is expedient to raise a loan of  
Three hundred thousand pounds sterling for the purposes  
specified in the Schedule hereto:

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

- Short title. 1. This Ordinance may be cited as "the Specific Loan Ordinance, 1933".
- Authority to Governor to borrow by sale of debentures or subscribed stock. 2. The Governor is hereby authorized to issue debentures or stock or both under the provisions of the General Loan and Inscribed Stock Ordinance to an amount sufficient to produce as nearly as may be the sum of three hundred thousand pounds sterling, and such further sum as may be necessary to defray the expenses of issue.
- Application of loan. 3. The money to be borrowed under the authority of this Ordinance shall be appropriated and applied to the purposes specified in the Schedule hereto.
- Commencement of contribution to Sinking Fund. Cap.46. 4. Contribution to the sinking fund as contemplated by sections 14 and 28 of the General Loan and Inscribed Stock Ordinance shall commence in respect of any stock or debentures issued under this Ordinance not later than three years after the date from which the interest on such stock or debentures shall commence to run.
- Power to issue Treasury Bills. 5. Pending the issue of the whole or any portion of the loan hereby authorized, the Governor may, if necessary, raise instalments of the money as required by the issue of Treasury Bills under the Colonial Treasury Bills Ordinance.

SCHEDULE.

1. Land and Agricultural Bank,	£260,000
2. Loan to Local Authorities,	£ 15,734
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.	£ 24,266
	<hr/>
Total,	£300,000.
	<hr/> <hr/>

June, 6th. 1933.

CONFIDENTIAL.

The Hon'ble,

The Colonial Secretary,

Nairobi.

SPECIFIC LOAN BILL, 1933.  
REF. D/FCE.17/VOL. III DATED May 31st, 1933.

The subject of your letter under reference was discussed at a meeting of the Land Bank Board held this morning.

2. In the opinion of the Board the answer to the question as to whether the Board would be able to confine advances to "efficient settlers of financial stability" is in the affirmative.

3. It is the Board's further opinion that the sum mentioned can be advanced strictly within the provisions of the Land Bank Ordinance, which are designed to ensure that no more than a conservative business risk shall be taken. The Board has always taken, and will always take, into consideration the character and farming capabilities of every applicant. The Ordinance demands that, altogether apart from the personal element, the advance shall not exceed 60% of the fair agricultural and pastoral value of the land. In this latter connection attention is drawn to Table No.6 of the Addenda to the Report of the Land Bank for the year 1932, from which it will be seen that the average percentage of valuation advanced for the period under review was only 29.24.

4. Attention is also drawn to the portion of Paragraph 2 of the report referred to, which reads as

follows:-

"The majority of applications dealt with during the year have been scrutinized and reported upon by the Local Agricultural Advances Boards, acting as agents of the Land Bank, whose recommendations, based upon local knowledge and personal experience, have been followed as closely as possible.

5. The Chairmen of the local Agricultural Advances Board are usually either the District Commissioner or the Provincial Commissioner, assisted by farmers or others who have close knowledge of farmers and farms in the District. Furthermore, many of the applicants and the farmers are known personally to members of the Land Bank Board. If any doubt arises in any case the question of the personality of the applicant and the condition of his farm is referred to the Director of Agriculture for any information which he may be able to afford.

6. In view of the position as set out above the Board does not propose any alteration in the existing or contemplated terms on which advances are made by the Bank. In reference to Paragraph 2 of your letter under reply I have replied to this in a separate Memorandum.

Sd. H. H. Rushton

TREASURER.

CHAIRMAN OF THE BOARD.

Copy of note prepared  
for Sept. 19/1/45  
E.P.

21<sup>45</sup>

Kenya Land Bank.

The Bill to authorise the raising of further capital for the Kenya Land Bank is to be introduced into Legislative Council which meets on Monday next. Copies of the Bill are expected by the air-mail due to arrive today, but have not yet been received. The Bill will provide for the raising of a loan by the Crown Agents, either under the Colonial Stock Acts or otherwise, to the extent of (presumably) £300,000 plus the expenses of issue. Of this total £2,600 will be allocated to the Land Bank and the remainder used for advances to municipalities, etc.

The terms of the issue are to be decided in London after discussion with the Crown Agents and the Treasury. Nothing more can be done for the present, i.e. until the Bill has passed Legislative Council in Nairobi.



19  
96  
THE SECRETARIAT,  
NAIROBI,  
KENYA.

WHEN REPLYING  
PLEASE QUOTE  
NO. OF C. O. AGR.  
AND DATE

AGR. 1/9/2/150.

RECEIVED  
- 5 JUN 1933  
C. O. REGY

CONFIDENTIAL.

7- May, 1933.

The Colonial Secretary of the Colony and Protectorate of Kenya presents his compliments to the Under Secretary of State for the Colonies, and with reference to Kenya Confidential despatch No. 59 of the 10th May, 1933, has the honour to transmit herewith twelve printed copies of Ordinance No. IV of 1933 entitled "An Ordinance to amend the Land and Agricultural Bank Ordinance, 1930".

No 15

-----



Colony and Protectorate of Kenya.

IN THE TWENTY-THIRD YEAR OF THE REIGN OF  
**HIS MAJESTY KING GEORGE V.**  
**JOSEPH ALOYSIUS BYRNE, K.O.M.G., K.B.E., C.B.,**  
*Governor.*

Assented to in His Majesty's  
name this 24 day of April,  
1933.

**J. BYRNE.**

*Governor.*

**AN ORDINANCE TO AMEND THE LAND AND  
AGRICULTURAL BANK ORDINANCE, 1930**

**ORDINANCE No. IV of 1933**

**An Ordinance to Amend the Land and Agricultural Bank Ordinance, 1930.**

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 Land and Agricultural Bank (Amendment) Ordinance, 1933," and shall be read as one with the Land and Agricultural Bank Ordinance, 1930, hereinafter referred to as "the Principal Ordinance."

Short title.  
No. 3 of 1931

2. (1) Notwithstanding anything to the contrary contained in the Principal Ordinance, the Board may be appointed and may act as agents for the Government in the administration of any advances to farmers or others: Provided that no expenses of such agency shall fall to be paid from the funds of the Bank, and that the Board shall be indemnified by Government against any losses, costs, or expenses which may be sustained or incurred by the Board in the performance of such agency.

The Board may act as agents for the Government.

(2) The Board when engaged in such agency work shall not be deemed to be engaged on the business of the Bank and the members of the Board shall in respect of such agency work be remunerated at such rates as the Governor in Council may approve.

3. (1) Section 11 of the Principal Ordinance is hereby amended by deleting sub-section (2) thereof and substituting therefor the following:—

Amendment of section 11 of the Principal Ordinance.

(2) It shall be lawful for the Board to pay out of the funds of the Bank the reasonable travelling expenses incurred by a member when engaged on the business of the Bank, provided that no such expenses shall be paid to any member who resides not more than five miles from the place at which he is engaged on the business of the Bank."

(2) This section shall be deemed to have come into operation on the 3rd day of March, 1931.

4. The Principal Ordinance is hereby amended by inserting the following section immediately after section 45:

Procedure for recovery on default by entry and sale of the property.

45A. (1) Three months after demand for the repayment of an advance made under Part II or Part III of this Ordinance has been made by registered letter addressed to the address given by the debtor in his application for the advance and after three months' notice of such demand has been given to all subsequent mortgagees of the property upon which the advance was made the Board may, without recourse to a court of law, enter upon and take possession of and sell by public auction the whole or any part of the security for the advance upon such terms and conditions as to the Board shall appear in all the circumstances to be just: Provided that in the circumstances mentioned in paragraph (c) of section 45 of this Ordinance, the Board may so enter upon and take possession of and sell the whole or any part of such security as soon as the Board may deem expedient after the happening of any of the events in the said paragraph (c) mentioned.

(2) The Board may transfer such land or other security to a purchaser and give a good and valid title thereto, and may execute all such documents and do all other acts as may be necessary to perfect the same.

(3) Provided that no such sale shall take place until the expiry of at least thirty days from the date of a notice in the Gazette and in some newspaper circulating in the district stating the date, hour and place, and the terms and conditions of the sale and provided that every reasonable endeavour shall be made by the Board to communicate to persons interested that such sale is intended.

(4) The provisions of section 9 of this Ordinance shall not apply to a transfer of land or other security by the Board to a purchaser under this section.

Passed in the Legislative Council the thirtieth day of March, in the year of Our Lord one thousand nine hundred and thirty three.

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.

H. E. BADER

Acting Clerk of the Legislative Council.



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Frederick 9/6

Kenya

Cover sheet  
4-20-6 9.6.33  
[Signature]

Mr.

Mr. Parkinson.

Mr. Tomlinson.

✓ Sir C. Bottomley 4.6.33

Sir J. Shuckburgh.

Permt. U.S. of S.

Party. U.S. of S.

Secretary of State.

FC.

No. 131 Conf. Your letter 8 June

109 Conf. You may  
publish Bill.

DRAFT. Tel.

Gov. Nairobi

Copy to Kenya (12)

Copy 16 - this  
to T. J. [unclear] 12.

U.S. GOVERNMENT  
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Rec'd 9/6

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Kenna

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Covered  
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Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley of 6

Sir J. Shuckburgh.

Permt. U.S. of S.

Partly. U.S. of S.

Secretary of State.

15.

No. 31 Conf. You let 8 June  
109 Conf. You may  
publish Bill.

DRAFT. Tel.

Gov. Navidi

Copy 16 - this  
to T J L P ref 12.

Copy to Henry (18)

TELEGRAM from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 8 June 1933. Received 2.46 p.m. 8 June 1933.

No 11

No. 109. Confidential. Your despatch of the 9th May Confidential paragraph 3. Land Bank Board have advised that "advances would be confined to efficient settlers of financial stability" and that in administration of additional funds they propose no alteration in existing terms on which advances are made. A Bill has been prepared on lines of model Ordinance referred to in Crown Agents' letter of the 3rd April and is being forwarded by next air mail.

No 1

In view of desirability of early action and possibility of a meeting of Legislative Council in the near future would be glad to have your authority to publish the Bill with a view to introduction at the next meeting of the Council.

(18)  
Copy to Treasury.



103 15

KENYA.

No. 59.

GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.

CONFIDENTIAL.

10<sup>th</sup> May, 1933.

Sir,

I have the honour to transmit two authenticated copies of Ordinance No. IV of 1933 entitled "An Ordinance to amend the Land and Agricultural Bank Ordinance, 1930" which passed its third reading in Legislative Council on the 30th March and was assented to in His Majesty's name on the 24th April, 1933, together with the Legal Report in duplicate furnished by the Attorney General.

Twelve printed copies of the Ordinance are being despatched under separate cover.

2. Sections 2 and 3 of the Ordinance relate to the proposed transfer of the work of the Agricultural Advances Board to the Land Bank which has been approved in principle in Sir Robert Hamilton's confidential despatch of the 21st September, 1932. In reply to that despatch, I am satisfied that the interests of the Government will be sufficiently safeguarded against imprudent administration of this work by the Land Bank and that such an arrangement leaves entirely unaffected the purely temporary nature of the Agricultural Advances Scheme. It is proposed to keep the accounts of the expenditure of the administration of the two branches of the work quite distinct.

3. Provisions.

THE RIGHT HONOURABLE,  
MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON...S.W.1.

Amend (20)

No 18.

18137/32

No 8  
16009/30  
No 11  
16009/30

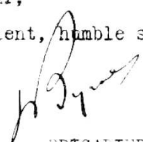
3. Provisions similar to those of Section 4 of the Ordinance appeared first in clause 51 of the Land and Agricultural Bank Bill published in 1928, and subsequently in clause 44 of the Bill as amended in 1929. The Select Committee on that Bill considered the memorandum accompanying Lord Passfield's confidential despatch of the 18th September, 1930, and, vide Kenya confidential telegram No. 353 of the 20th October, 1930, recommended deletion of those provisions with a view to making the position as to charges clear and leaving the Bank to ordinary legal remedies in cases of default. Section 4 of the present amending Ordinance, which does not apply to advances made under Part IV of the principal Ordinance and provides for the giving of three months notice to subsequent mortgagees of the Land Bank Board's intention to realise security, has been included at the request of the Land Bank Board for reasons which appear from the record of the Attorney General's speech on second reading, a copy of which is enclosed.

4. I trust that His Majesty will be advised not to exercise his power of disallowance in respect of this measure.

I have the honour to be,

Sir,

Your most obedient, humble servant,



BRIGADIER-GENERAL,  
GOVERNOR.

## LEGAL REPORT.

THE LAND AND AGRICULTURAL BANK (AMENDMENT) BILL, 1933.  
-----

This amending Bill is the outcome of suggestions made by the Land and Agricultural Bank Board.

2. Clause 2 provides that the Land Bank Board may be appointed and act as agents for Government in the administration of any advances to farmers or others. This amendment is proposed with a view to economy and contemplates the Land Bank taking over at a future date the activities of the Agricultural Advances Board.

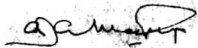
3. Clause 3 empowers the Board to pay out of the funds of the Bank reasonable travelling expenses incurred by a member when engaged on the business of the Bank.

4. The amendment in Clause 4 is proposed with a view to facilitating the work of the Land Bank should foreclosure at any time become necessary.

5. In my opinion, His Excellency the Governor may properly assent to this Bill in the name and on behalf of His Majesty.

Nairobi,

6th April, 1933.

  
ATTORNEY GENERAL.

ATTORNEY GENERAL'S SPEECH ON SECOND READING  
OF THE BILL TO AMEND THE LAND AND  
AGRICULTURAL BANK ORDINANCE, 1930, IN  
LEGISLATIVE COUNCIL, MARCH, 1933.

30th March, 1933

35

107

which Government has in view. It must be read with the parallel provisions of the Bill to Amend the Agricultural Advances Ordinance.

Acceptance of the principle embodied in this Bill will necessitate acceptance of the next Bill on the Order Paper. The effect of the acceptance of both of these Bills will be that the Land Bank Board, as from a date to be fixed by Your Excellency, after agreement with the Board and the existing Agricultural Advances Board, will be able to take over the administration of the Agricultural Advances Scheme—not necessarily the Land Bank Board alone, Sir, because the next

THE LAND AND AGRICULTURAL BANK (AMENDMENT) BILL.

106

THE HON. THE ATTORNEY GENERAL: I beg to move that the Land and Agricultural Bank (Amendment) Bill be read a second time.

This Bill, Sir, deals with three points and the first of these three points is intimately linked up with the subject matter of the next Bill on the Order Paper, the Agricultural Advances (Amendment) Bill.

The business of the Land Bank has been entrusted to a Land Bank Board and necessarily in the performance of their duties that Board has acquired some considerable knowledge of agricultural conditions and of the individual requirements and potentialities of persons engaged in agriculture. Side by side with that Board, discharging rather analogous functions, there is the Agricultural Advances Board, and Government has formed the opinion that, in the interests of economy and of efficiency, it would be well that the same body of persons should discharge both those functions. As the Land Bank is now constituted, Sir, it is impossible for the Board to undertake any such duties and that is the justification, Sir, in the view of Government, for the first amendment proposed. I would repeat, Sir, that by itself it does not effect the object

to make that fully effective, Sir, it is proposed to ante-date that particular clause to the date on which the parent Ordinance came into operation and the Land Bank Board began its work.

Now, Sir, I pass to Clause 4, which makes special provision for the Board of the Land Bank to foreclose, in the event of necessity for such action arising, in a simple way without

ATTORNEY GENERAL'S SPEECH ON SECOND READING  
OF THE BILL TO AMEND THE LAND AND  
AGRICULTURAL BANK ORDINANCE, 1930, IN  
LEGISLATIVE COUNCIL, MARCH, 1933.

107

30th March, 1933

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Now, Sir, I pass to Clause 4, which makes special provision for the Board of the Land Bank to foreclose, in the event of necessity for such action arising, in a simple way without



108/4  
D/Leg. Co. 11/55.

29th April, 1955.

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 for information twelve copies of each of the following documents :-

Abridged Annual Report of **I** the Posts and Telegraphs Department, 1955.

Report of the Board of the Land and Agricultural Bank of Kenya for the year 1955.

Statement of Land Grants, **I** etc., under the Crown Lands Ordinance: 1st January to 31st March, 1955.

COLONY AND PROTECTORATE OF KENYA



REPORT OF THE BOARD OF THE  
LAND AND AGRICULTURAL BANK  
OF KENYA FOR THE YEAR 1932

Price 1/-

NAIROBI  
PRINTED BY THE GOVERNMENT PRINTER  
1933

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

*For the year ended 31st December, 1932.*

### YOUR EXCELLENCY,

The following report of the Board of the Land and Agricultural Bank of Kenya for the year 1932 is submitted for Your Excellency's information.

The 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. In accordance with the result of the ballot taken at its first meeting, the Hon. A. D. A. MacGregor retired automatically on 31st December, 1931, but was re-appointed by Your Excellency, *vide* Government Notice No. 30, dated 6th January, 1932, which further provided for Mr. E. J. Davies, Crown Counsel, to act in his stead during his absence on leave.

2. Mr. J. E. A. Wolryche Whitmore retired from the Board, in accordance with the result of the ballot, on 31st December, 1932, but was re-appointed by Your Excellency, *vide* Government Notice No. 793, dated 15th December, 1932.

3. Six months leave of absence was granted to Mr. E. B. Gill as from 1st May, 1932 and the appointment of Mr. P. H. Johnson to act in his stead during this period was recommended to Your Excellency by the Board. Effect was given to this recommendation in Government Notice No. 288, of 19th April, 1932.

4. During the absence of the Chairman (the Hon. H. H. Rushton) from 16th May, 1932 to 31st May, 1932, Major C. M. Taylor was elected in terms of section 6 (2), Land Bank Ordinance, to act as Chairman.

5. The attendances of members of the Board at meetings for the period under review are as under:—

Total number of meetings	26
The Hon. H. H. Rushton	24
The Hon. A. D. A. MacGregor	3
Mr. E. J. Davies	18
Mr. E. B. Gill	16
Mr. P. H. Johnson	10
Major C. M. Taylor	26
Mr. J. E. A. Wolryche Whitmore	20

#### STAFF.

6. The services of the temporary stenographer were dispensed with on 31st August, 1932, as, with the cessation of new applications the copying work and that of engrossing deeds had diminished. During the early part of the year indispensable assistance was given in the office by Mr. T. L. Hately of the Central Agricultural Advances Board. The shrinking of that Board's operations admitted of his doing this and no liability for remuneration was attached to the Land Bank in this connexion. Additional help in the office was at that time a necessity, but with the cessation of new applications the present staff is adequate.

7. The Secretary was granted seven days' leave of absence from 6th to 11th December, 1932.

#### LOCAL AGENTS.

8. The majority of applications dealt with during the year have been scrutinized and reported upon by the Local Agricultural Advances Boards, acting as agents of the Land Bank, whose recommendations, based upon local knowledge and personal experience, have been followed as closely as possible. Thanks are due to members of these Boards who have devoted much time and trouble to this purely honorary work.

The desirability of regular inspections of mortgaged properties has been emphasized by the Kitale and Eldoret Local Agents. We agree with their views but it is a matter of expense and until the business of the Bank develops, any elaborate scheme involving the appointment of paid inspectors is precluded on this ground.

In May the local agents in the more settled districts were visited by the Secretary for the purpose of explaining the system of control adopted pending the establishment of a scheme of regular inspection. Opportunity was taken by the Secretary to visit the farms of as many mortgagors as time permitted.

#### HALF-YEARLY REPORTS.

9. Mortgagors are required every six months to furnish a statistical and general report on a form supplied by the Land Bank. This form exhibits the progress of development; it sets forth the permanent improvements effected, fertilizing done, extent of standing crops and numbers of live stock. It also furnishes particulars of financial returns from dairy, pigs and poultry, sale of produce, etc. Space is provided for a

statement of the proposed programme of farming operations for the following season, and the form concludes with a general report on the progress of farming operations with specific reference to rotation of crops. The mortgagor is also invited to submit any observations he may wish to make on pests, diseases and general conditions. This information is entered in a register in such a way as to facilitate comparison at a later date. A copy is sent to the local agents.

#### LEGAL WORK.

10. The Bank is especially indebted to the Attorney General, who has undertaken a very considerable amount of work in connexion with the drawing of mortgage deeds and other legal documents without charge to the Bank. It was noted in the last report that the position would be reviewed in twelve months, but as this work has now fallen off considerably and the matter of further capital is not definitely settled the question may not arise. Thanks are also due to the Registration Division of the Surveyor General's Department for advice and practical assistance freely given. The amount paid to this Department in registration fees and stamp duties during the year was £1,851.

#### LEGISLATION.

11. On 26th May, 1932, Royal Assent was given to "An Ordinance to Amend the Land and Agricultural Bank Ordinance, 1930." This amending Ordinance merely provides for the deletion of the second proviso to section 34 and similarly to section 35 of the Principal Ordinance. It has no immediate effect as no advances have been made under these sections of the Ordinance.

12. As the outcome of a despatch to the Secretary of State, dated 12th August, 1932, in which the Governor's Deputy suggested the desirability, from the point of view of economy, of the Land Bank having power to act as agents for the Government in administering funds such as those of the Central Agricultural Advances Board, a further amending Bill has been drafted. This Bill provides for the undertaking of such work by the Land Bank, for the payment of reasonable travelling expenses incurred by members of the Board whilst on the business of the Bank, and for a simplified procedure for recovery of a debt in case of default by a mortgagor. It is understood that this Bill will be shortly introduced in Legislative Council.

FINANCIAL.

13. On 3rd March a statement of the financial position of the Bank was placed before the Government in a minute addressed to the Colonial Secretary.

This minute embodied a request for "information as early as possible as to the Government's intention with regard to the provision of additional capital." On 18th March the Colonial Secretary requested the Board to submit suggestions for raising additional capital. The Chairman replied at some length on 22nd March and a detailed statement was prepared for the consideration of the Governor in Council. It is understood that representation was subsequently made to the Secretary of State.

14. At a meeting of the Board on 26th May it was resolved that, as the question of additional capital could not be settled immediately, it was desirable that public notice be given that consideration of fresh applications should be suspended as from 14th June, and that meanwhile inquiries be instituted with a view to raising a temporary loan which should enable the Board to deal with applications in hand at that date. Your Excellency was unable to approve of the latter suggestion, but concurred in a public announcement that no further applications could be accepted as from 2nd June. Notice was accordingly given in the Official Gazette and the newspaper Press.

15. Resolutions urging the Government to increase the capital of the Bank have been passed by practically every Farmers' Association in the Colony, and also by the Convention of Associations and the Nairobi Association.

16. In considering the question of further capital for the Land Bank, the following points present themselves:—

(a) The prosperity of Kenya rests wholly upon agriculture, the vicissitudes of which are definitely reflected in all phases of the life of the Colony—railways, customs, trade, native tax returns, unemployment, etc.

(b) Private capital within the Colony and also credit facilities are practically temporarily exhausted, as far as agriculture is concerned.

(c) To safeguard public funds (no less than private capital) already invested in land and agriculture, land values must if possible be maintained at the conservative standard accepted by the Land Bank. If the structure of the agricultural industry is weakened, land values must further decline. An occupied farm surrounded by derelict farms has little value.

(d) So long as the Land Bank collects and pays interest to the Government it is not an expense to the Government.

(e) The opportunity for raising a loan on favourable terms may not continue indefinitely.

(f) In your opening speech to Legislative Council on 14th December, Your Excellency urged the necessity for increased production. It is difficult to see in what manner it will be possible to realize Your Excellency's hopes, other than by (i) new settlers; (ii) credit facilities for those already settled on the land; (iii) development of native production.

(g) The Land Bank is now directly and vitally interested in increased production and, if only from motives of self-interest, must do all that is possible to promote the further development of agriculture.

17. The question also arises as to the advisability of widening the scope of the Land Bank Ordinance to embrace the issue of short term loans purely for farming operations. The practice in Southern Rhodesia is to grant advances up to £250 for a period of one year, but capable of extension to three years. The debt is secured by a note on the title deeds, which is registered as an hypothecation at the Deeds Office, and has the legal force of a mortgage; also the borrower is required to sign a promissory note maturing in twelve months, but redeemable earlier from crop proceeds. Where the applicant is already mortgaged to some party other than the Land Bank, the consent of the mortgagee is first obtained by the applicant, the former executing a "Waiver of Preference" so that the Land Bank's hypothecation then ranks prior to the mortgage bond. The mortgagee will usually assent to the process, especially if the alternative is that the farm is thrown on his hands.

18. The need for a simple and inexpensive process of making short term loans is also felt where, through some calamity, such as locusts or hail, the farmer's income has vanished and he requires money, not only to start a new crop, but also to meet his obligations to the Land Bank. Provided there is a margin of security over that required for his mortgage loan, he should be able to come to the Land Bank for a small short term advance which would not involve the expense of a mortgage. The sufficiency of the security held by the Bank depends to some extent upon the continuance of farming operations and development of the property, and the necessity for further assistance, in exceptional cases, must be contemplated.

19. At 31st December, 1931, the number of mortgage deeds actually registered was 26, securing advances aggregating £32,300. During the six months ending 30th June, 1932, 107 mortgages were registered securing advances aggregating £143,430, making a total at 30th June of 133 mortgages for £177,750. At 31st December, 1932, the total number of mortgages registered was 174, securing advances of £227,700.

20. Instalments during the year fell due as under :—

	Principal	Interest	Total
	Sh. cts.	Shs cts.	Sh. cts.
March 31: 10 mortgages	8,155 82	8,885 06	11,540 82
June 30: 69	15,736 06	55,787 50	71,473 56
Sept. 30: 65	18,080 90	64,192 16	82,273 06
Dec. 31: 65	20,781 21	72,488 30	93,264 51
	Sh. 57,753 99	200,797 96	258,551 95

The serious manner in which mortgagors have regarded their obligations to the Land Bank is greatly appreciated. It has been found necessary in one or two instances only to emphasize that the continued usefulness and efficiency of the Land Bank depends upon prompt and regular payment of instalments, and that such payment is and will be insisted upon. At the time of writing this report the whole of the first three instalments and about 95 per cent of the fourth had been received. Difficulty in maintaining so high a standard must, however, be anticipated.

#### PURPOSE OF LOANS.

21. The purposes to which loans have been allocated are shown approximately in Table 5 annexed, which exhibits to some extent the diversity of the benefits to the community (and to the Government) derived from the circulation of Land Bank funds. The redemption of existing mortgages has released funds for fresh enterprises; the Central Agricultural Advances Board has benefited by the repayment of £4,313 by the Land Bank on behalf of participants; material saving in interest charges has accrued to the agricultural community; merchants in various centres have reaped their share of increased business from which the Government also takes toll in transport, customs, etc., and many farmers have been able to place their affairs on a business footing free from the ever-present worry which attends a private mortgage redeemable at short notice.

22. An examination of Table 5 shows that the chief demand for money came from those anxious to place their affairs on a more stable basis by discharging existing mortgages, with their onerous conditions of repayment and interest charges, or by purchasing or completing purchase of their holdings. The next largest item is for the maintenance of existing coffee plantations and the planting of additional acreages of new coffee. After that, in decreasing amounts, come general farming operations, purchase of dairy stock and buildings.

No analysis has been made of rejected applications, but similarly with those mentioned above the major purpose was to meet existing mortgage debts.

23. In many cases the amount which had been lent to farmers prior to the establishment of the Land Bank, is, in the opinion of the Board, in excess of 60 per cent of to-day's value of the property. In such instances the only way in which the Land Bank can assist (where the case is otherwise eligible) is to persuade the mortgagee to accept a lesser sum for the release of the title deeds and be content with a second mortgage responsibility for payment of any outstanding balance which it may be agreed is reasonable.

24. In numerous instances mortgagees have accepted the Board's offer of a compromise of this nature, which, in the circumstances, is generally to the benefit of both parties. The terms of such second mortgages are required to be submitted to the Land Bank for approval.

25. The comparatively large amounts under the headings: " General Farming Operations ", " Purchase of Dairy Stock " and " Buildings " indicate to some extent the change over to dairying and mixed farming which has been necessitated by the failure of many to find profit in growing cereals.

#### DISTRIBUTION OF LOANS.

26. A new statistical table has been compiled, No. 6, to show the distribution of the Bank's investments over the various districts. A conspicuous absence is the Coast district, from which very few applications have been received. This table also gives an idea of the size of holdings with average valuation, average advance per acre and ratio of advance to valuation.

#### ACCOUNTS.

27. A word of explanation is perhaps desirable regarding the item in the Balance Sheet of outstanding interest which at first sight appears large. This interest only fell due for

8

payment on 31st December and the bulk of instalments which fall due on the last day of the year is not usually received until early in the new year.

#### GENERAL.

28. The difficulties of the farmer in Kenya cannot be said to have diminished to any appreciable extent during the year. Coffee planters are to be congratulated upon having a more consistently saleable article than any other agriculturist. With practically every other market both demand and prices have been unsatisfactory, and many farmers are faced with the problem of how to continue their operations and retain what they have pending the dawn of better times.

29. The lure of Kakamega gold has naturally reached the farming community and one or two cases have come to notice where a mortgagor to the Land Bank has left his farm to try his luck on the still more speculative field of gold digging. Provided adequate arrangements are first made to secure that farming operations are carried on, there is no apparent ground for serious objection to this; but it was thought advisable to circularize all mortgagors, calling attention to the covenant of the mortgage which demands continuous beneficial occupation of the property. This was done on 23rd November, 1932.

30. The precarious position of the maize industry is a matter of some importance to the Land Bank as several loans have been made on properties chiefly concerned with this crop. It is not, of course, a local question. Maize production the whole world over is affected and many growers in all countries will inevitably go out of business. The demand still exists and supplies must continue to come to the world's markets from somewhere. It is natural to assume that those countries where the yield per acre is lowest will be the first to discontinue growing, which should eventually lead to an improvement in prices. The soil and climatic conditions of the maize growing districts in Kenya justify the belief that it would be inadvisable to contemplate the complete stoppage of maize growing for export. The marketing organization, so far as it has been developed, should be clung to tenaciously, and if means can be devised to keep maize growers going, if only on restricted lines, the industry will be in a position to take full advantage of the improved conditions when prosperity returns. Meanwhile, it is imperative that maize growers extend their operations to other crops, concentrate on lowering prime costs and study the possibilities of converting a certain proportion of their maize into pigs, beef, etc.

9

31. A change over as, for example, from maize growing to dairying must, of necessity, take time and require capital. As such a change is in many cases the only alternative to failure the urgent need for further Land Bank funds is here again indicated.

H. H. RUSHTON,

Treasurer.

Chairman of the Board.

Nairobi,

22nd February, 1933.

TABLE No. 1  
APPLICATIONS RECEIVED

1932	Number of Applications Received	Amount
January	26	40,390
February	26	31,950
March	18	22,675
April	17	24,480
May	23	34,840
June (two days)	10	12,800
	119	167,405

TABLE No. 2  
APPLICATIONS RECEIVED—AMOUNT OF LOANS, 1ST JANUARY  
2ND JUNE, 1932

FOR LOANS OF—	No.	Amount
£1-£500	18	18
£501-£1,000	28	28
£1,001-£1,500	33	33
£1,501-£2,000	19	19
£2,001-£2,500	15	15
£2,501-£3,000	6	6
Over £3,000	—	—
	119	119

TABLE No. 3  
ANALYSIS OF APPLICATIONS RECEIVED FOR PERIOD  
JULY, 1931 TO 31ST DECEMBER, 1932  
NUMBERS 1 TO 375

No.	Amount		No.	Amount
375	£ 585,625	APPLICATIONS RECEIVED—		£
		Considered by Board	316	494,310
		Withdrawn before consideration	37	56,196
		Awaiting valuation, etc.	22	35,120
375	585,625		375	585,625
316	494,310	CONSIDERED BY BOARD—		
		Granted and completed	171	227,700
		Granted:		
		Awaiting completion	10	11,300
		Declined by Applicant	6	10,800
		Rejected	129	244,510
316	494,310		316	494,310

TABLE No. 4  
PERIODS FOR REPAYMENT OF LOANS ISSUED  
L.R. 27 TO L.R. 174—TOTALLING £195,400

Amount	10 Years No. Amt.	15 Years No. Amt.	20 Years No. Amt.	25 Years No. Amt.	30 Years No. Amt.
£ 100	1	1	1	1	1
200	1	1	1	1	1
250	1	1	1	1	1
300	2	1	1	1	1
350	1	1	1	1	1
400	1	1	1	1	1
500	1	1	2	1,000	2
550	1	1	1	1	1
600	1	2	1,200	2	1,200
650	1	1	1	1	1
700	1	1	700	2	1,400
750	1	1	1	1	1
800	2	1,600	2	1,600	3
900	1	900	1	1	2
1,000	1	1,000	4	4,000	2
1,100	1	1,100	1	1	12
1,150	1	1	1	1,150	2
1,200	1	1	1	1,200	3
1,250	1	1	1	1,250	2
1,300	1	1	1	1,300	1
1,350	1	1	1	1,350	1
1,400	1	1	1	1,400	3
1,500	1	1,500	4	6,000	14
1,600	1	1	1	1,600	3
1,700	1	1	1	1,700	3
1,750	1	1	2	3,500	3
1,800	1	1	1	1,800	1
1,850	1	1	1	1,850	1
1,900	1	1	1	1,900	1
2,000	1	2,000	4	8,000	7
2,200	1	1	1	2,200	1
2,500	1	1	1	2,500	7
2,600	1	1	1	2,600	1
3,000	1	3,000	1	3,000	7
	5	4,600	10	9,800	31
					39,300
					9
					7,550
					93
					134,150

TABLE No. 5  
ANALYSIS OF APPLICATIONS SHOWING APPROXIMATE  
ALLOCATION OF LOAN MONIES AS PER DETAILS  
FURNISHED BY APPLICANTS  
ADVANCES MADE FROM 1ST JANUARY TO 31ST DECEMBER, 1932

	£
Discharge of Existing Mortgages	79,511
Permanent Improvements	68,170
Buildings	£9,948
Wells and Boreholes	1,200
Fencing	3,700
Dig Tanks	2,000
Irrigation Works	315
Further Acreage—Coffee	8,653
—Cereals	2,566
Maintenance, Existing Coffee	22,635
Maintenance, other Crops and General	17,154
Purchase of Land	33,269
" Stock	12,828
" Implements and Machinery	1,622
	£ 195,400



TABLE No. 6  
ANALYSIS OF APPLICATIONS, L.R. NOS. 1 TO 174

DISTRICT	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 farms	Total area	Total valuation	Total advanced	Average area	Average value per acre	Average advance per farm	Average advance per acre	Per cent of valuation advanced	
	4	3	6	1	3	4	2	1	3	4											
Fort Hall-Nyeri ..	4	3	6	1	3	4	2	1	3	4	2	20	37,304	76,987	16,750	1,865	87.44	1,865	87.44	1,782	10.52
Kisumu-Londiani ..	4	3	6	1	3	4	2	1	3	4	2	13	3,290	35,036	21,790	274	94.64	1,812	132.74	38.81	20.97
Nairobi - Kyamba ..	10	2	..	..	..	..	..	..	..	..	..	3	48,073	42,519	17,050	2,817	18.91	1,063	7.58	40.00	30.65
Nairobi-Thomsons ..	2	3	5	1	3	2	1	3	3	3	3	6	38,627	117,430	67,000	1,477	55.48	1,347	17.03	1,347	16.58
Nyeri ..	5	11	..	..	..	..	..	..	..	..	..	3	10,657	27,533	6,300	1,674	66.38	1,574	14.36	1,574	14.36
Nakuru ..	2	1	..	..	..	..	..	..	..	..	..	7	4,817	49,525	13,550	668	206.87	1,928	59.95	27.09	27.09
Songhor ..	5	1	..	..	..	..	..	..	..	..	..	38	35,099	120,607	43,150	923	63.72	1,135	24.58	35.77	35.77
Thika ..	1	14	11	1	1	1	1	1	1	1	1	1	37,547	130,262	30,500	1,281	69.38	1,016	16.24	1,016	16.24
Trans-Nzira ..	6	11	10	1	1	1	1	1	1	1	1	4	227,904	775,367	227,700	1,332	66.32	1,331	19.98	1,331	19.98
Uasin Gishu ..	49	49	44	13	12	4	17	4	17	4	17	4	227,904	775,367	227,700	1,332	66.32	1,331	19.98	1,331	19.98

THE LAND AND AGRICULTURAL BANK OF KENYA BALANCE SHEET AS AT 31st DECEMBER 1932

LIABILITIES		ASSETS	
£	s. d.	£	s. d.
Cash at Voted—£240,000		Sundry Debtors—	
Cash Received	230,200 0 0	Leases	224,925 19 34
Fees held on account of Applicants—		Interest	1,945 1 83
For Disbursement to Valuers	202 6 00	Charges	1,945 8 3 00
Deposits against Charges	150 6 98	Interest accrued not due	
Reserve Account—		Less Suspense Account, 31st March, 1933	70 16 25
Balance at Credit of Revenue and Expenditure Account	2,312 9 29	Movable Assets as at 31-12-31	109 10 08
Less Debit Balance at 31-12-31	1,005 0 90	Add Purchases during Year	96 14 75
		Less Depreciation	206 4 83
		Salaries Advances	29 19 74
		Deposit Accounts—	
		Surveyor-General	10 0 00
		Post Office	7 50
		Cash at Bank	
		Cash on Hand	
£ 231,860 4 37		£ 231,860 4 37	

REVENUE AND EXPENDITURE ACCOUNT FOR PERIOD ENDED DECEMBER 31ST, 1932.

EXPENDITURE		REVENUE	
	£ s. dds.	£ s. dds.	£ s. dds.
To Interest on Capital Advances	34 4 18		
" Preliminary Expenses	458 4 96		
" Board Members' Fees	1,737 9 20		
" Salaries and Wages	128 5 00		
" Travelling Allowances	77 4 98		
" Printing, Stationery and Advertising	72 10 03		
" Rent	80 0 67		
" Postages and Telegrams	29 18 74		
" Depreciation	99 19 92		
" Staff Annuity Fund	2 13 75		
" General Expenses			
Balance, being Excess of Revenue over Expenditure		2,670 11 40	
		2,312 9 29	
		11,798 2 46	
			10,319 7 60
			1,478 8 00
			6 86
			11,798 2 46

By Interest Earned  
 Received 6,571 1 68  
 Accrued not due 1,832 4 09  
 Outstanding 1,966 1 83

" Sundry Fees  
 " Bank Charges

EXAMINED  
 W. H. SMITH  
*Auditor.*

S. THORNTON,  
*Secretary.*

H. H. RUSHTON,  
*Chairman.*  
 E. B. GILL

Members  
 of the  
 Board

C. O.

C.D.  
19 MAY  
1-5

3078/ 33

118 13

Mr. Flood

Mr.

Mr.

Parkinson

Mr. Tomlinson

\* Sir G. ...

Sir J. Shuckburgh

\* Perms. U.S. of S.

Party. U.S. of S.

Secretary of State.

*D.W. at once*

*PN*

DRAFT TELEGRAM.

GOVERNOR NAIROBI.

*Coded sent*

*115*

*4/ 9/5 118*

Confidential

My Confidential despatch

6th April. Treasury agree in principle to suggestion to take powers to raise further loan of £300,000 for Land Bank and other objects such as advances to municipalities and you may now proceed to frame Ordinance accordingly. Despatch follows enclosing Treasury letter.

SECEP.

3 dfts.

C. O.

119 12

Mr. Flood 1-5

3078/33.

Mr.

Mr.

Parkinson.

Mr. Parkinson.

X Sir G. Austonley, I.D.

Sir J. Shuckburgh.

+ Permt. H.S.

*85.33*

Parly. U.S. of S.

Secretary of State.

*545*

9 May, 1933.

Sir,

*mn*

**DRAFT**

THE SECRETARY,  
TREASURY.

I am etc. to acknowledge the receipt of your letter of the 28th of April No.S 32902/04, from which ~~he is hence qualified to observe~~ it is observed that the Lords Crs. of the Treasury are prepared to agree, in principle, to the raising of the further loan of £300,000 for Kenya Colony in order to enable £260,000 to be allocated to the Land Bank and to leave a balance available for other possible items.

To Gov. 8 April  
Permt. H.S. No 9

To Gov. May  
S.H. Amirtha (11)

Kenya Land Bank Ordce.

(No.17 on 18137/32)

(No.18 on do.)

*copy to Gov. (11)*

3 dfts.

2. I am to enclose, for their Lordships' information, copies of despatches which have been addressed to the Governor of Kenya, and I am also to enclose a copy of the Kenya Land Bank Ordinance and a copy of

*and the subsequent amending ordinance*

corres.

corres. in August and September  
of last year with the Governor.

Their Lordships will observe  
from Parts II and III of the  
Ordinance the measures which  
have been taken to regulate  
advances and to secure as far  
as possible the sums so advanced,  
while the Annual Reports, copies  
of which have been furnished  
separately, show how matters  
have progressed.

I am, etc.

(Signed) J. E. W. FLOOD

C. O.

Mr. Flood 1-5

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Mr. C. Bottomley 1-5

Sir J. Shackburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

3078/33.

120 //

C. O.  
R 9-MAY  
D 10

S/S  
Approved by No 12

9 May, 1933.

DRAFT.

*PR*

Sir,

KENYA.

CONFIDENTIAL (2)

GOV.

~~To Treas. (No. 8)~~

~~Ir. Treas. (No. 10)~~

~~To Treas. (Opp. Hamilton)~~

12  
12

3 dfts.

(3123)

I have etc. to refer to my  
Confidential despatch No. 4 of the 8th  
of April, and to transmit to you the  
enclosed copy of correspondence with  
the Treasury, from which you will  
observe that the Lords Commissioners  
are prepared to agree in principle to  
the issue of a further loan up to an  
amount not exceeding £300,000 to cover  
the allocation of £260,000 to the Land  
Bank and to leave a balance available  
for other possible items such as the  
advances to municipalities mentioned  
in your Confidential despatch  
No. 33 of the 16th of March.

2. I need hardly say that

that I am in entire agreement with the Treasury view that in present circumstances it is most undesirable to take any steps which would lead to any increase in Kenya's public debt except where a very strong case can be made out for such an increase as in the present instance.

3. I would invite your attention to the assumption in the Treasury letter of the 28th of April that arrangements can be made to confine advances *efficient centres* to ~~official centres~~ of financial stability so as to reduce the possibility of loss, and I would also call attention to the request that an opportunity may be given to the Treasury of considering *any alterations in the existing*

C. O.

Mr.

Mr.

Mr.

● Parkinon.

Tomlinson.

● Bottomley.

Sir J. Shuckburgh.

Parly. U.S. of S.

Parly. U.S. of S.

Secretary of State.

**DRAFT.**

121

the terms to be prescribed in respect of advances.

I have, etc.

(Sgd.) P OUNLIFFE-LISTER.

Whitehall

Phone No.: ~~X6000X~~ 1234.

22/10

Any reply to this letter should be addressed to

THE SECRETARY,

TREASURY,

WHITEHALL, LONDON, S.W.1.

and the following number quoted:

S. 32902/04.

TREASURY CHAMBERS.

28 April 1933.



REC-28 APR 1933  
COL OFF

35c

Sir,

No 8

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Flood's letter of 8th instant (3078/33) with its enclosure, further relative to the proposal to raise funds for the purpose in the main, of increasing the capital of the Land and Agricultural Bank in Kenya Colony; and I am to request you to convey to the Secretary of State the following reply.

copy to 507 (11)

It is proposed that authority should be given for the raising by the Colony of a loan of £300,000 by the issue of a 3½% Stock for sale to the market, after the necessary legislation has been passed in Kenya. Of this sum, £260,000 would be allocated to the Land Bank, the balance being available for other possible items.

My Lords share the view of the Secretary of State, that in view of the existing debt burden of the Colony, the present budgetary position, and the depletion of balances, any scheme which would have the effect of increasing loan

charges

The Under Secretary of State,  
Colonial Office.

charges requires the strongest justification. It must also be borne in mind that other capital requirements may mature in the near future.

My Lords observe, however, that in the opinion of the Secretary of State, assistance to primary producers on the lines described in paragraphs 4 and 5 of the letter under reply would stimulate the local agricultural industries and so conduce to the restoration of the Colony's finances. They assume that arrangements would be made to confine advances to efficient settlers of financial stability, so as to reduce to a minimum the possibility of loss, and to secure that the Colony's investment in the Land Bank shall be remunerative.

Provided that these conditions can be fulfilled My Lords are prepared to agree in principle to the course proposed.

Their Lordships assume that the legislation to be passed in Kenya will be framed in general terms, will give full power to determine the nature of the stock to be issued, and will <sup>leave</sup> have for subsequent decision the terms to

be

A be prescribed in respect of advances from the Colony to the Land Bank, and from the Bank to individual settlers. My Lords would be glad to have the opportunity of considering these terms before they are finally determined and also to be informed of the financial and administrative arrangements under which the Bank's operations are at present conducted.

My Lords have no comment to make at this stage upon the suggestions made by the Crown Agents, in their letter of 3rd April, for financing the proposed issue of stock. They desire, however, to reconsider this aspect of the matter at a time nearer to the date of issue, in the light of the circumstances then prevailing.

I am,

Sir,

Your obedient Servant,

*A. C. Woodhouse*



3078/33 Kenya  
1924  
To go by air mail of 11 April

C.O.

- Mr. P. S. ... 10/4
- Mr. ... 15/4
- Mr.
- Mr. Parkinson
- Mr. Tomlinson
- Mr. ...
- Sir J. ...
- Perms U.S. of S
- Party U.S.
- Secretary of State

C.D.  
R 11 APR  
D 11

8 APR 1933

Sir,

I have etc to ack the receipt of your confidential (1) despatch no 19 of the 4<sup>th</sup> of January submitting your proposals for the increase of the capital of the Land and Agricultural Bank by a sum of £260,000.

DRAFT. Common

Kenya  
Confidential (H)  
Governor

To FA CA. / 27 March  
(5)  
For CA. / ~~original~~  
(7)

Copy to Ty. (12)

2. I enclose for you in fr. copies of the <sup>noted</sup> correspondence ~~with the U.S.~~ ~~with the U.S.~~ which I caused to be considered on the question of the ~~more~~ terms in which the additional sum required for the purpose might be borrowed for which in view

(After fr. discussion with Mr. Flood)

If with the

to observed that they

the ~~issue~~ <sup>creation</sup> of a new line of 3 1/2% stock for sale to the market.

3. This ~~provision~~ <sup>will necessitate</sup> involve the prior enactment

of a specific loan ordinance, as the ~~provision~~ <sup>provision</sup> authorized

by Ordinance No 43 of 1930

have been nearly exhausted,

and you may think it

desirable to ~~for~~ <sup>for</sup> later powers

to issue stock to an

amount not exceeding

£300,000 in order to allow

for other ~~provision~~ <sup>provision</sup> items

which may arise.

4

It will not of course

be possible to publish

the necessary loan Bill

until the consent of the

Lords Commissioners of the

present proposals has

been obtained. ~~The~~ <sup>the</sup>

steps ~~have~~ <sup>have</sup> been taken

to consult them on the matter and I will notify you of their decision by telephone. I have etc.

C. O.

Mr. Priestman 15/3 } 5/4

Mr. Jordan 15/3 } 5/4

Mr. Rod. 6-4

Mr. Parkinson.

Mr. Tomlinson.

X Sir C. Cotton 6-4

Sir J. Shackburgh

X Perms U.S. of S. 6-4 33

Parly. U.S. of S.

X Secretary of State

6/4

DRAFT. Memorandum

THE SECRETARY.

TREASURY.

For CA

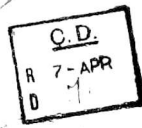
3rd April 7th March

(4) (7)

S.O. letter to Mr. Gifford needed. Jones L.P. 10

(11) 1000 1/2

Approved / Non



8 April 1930

Sir,

to refer to the... 31st March and... subject of... to increase the capital of the Land and Agricultural Bank in Kenya Colony and to transmit to you to be laid before the Lords Commissioners of the Treasury, a copy of a letter from the Crown Agents in regard to the terms on which the additional capital might be borrowed.

The provision from loan funds originally contemplated for the institution of a Land and Agricultural Bank in Kenya was £750,000, but it was considered desirable, in the first instance,

to limit the provision to a sum of £240,000, and this amount, with the consent of Their Lordships, was included in the loan schedule of the Kenya £3,400,000 loan of 1930.

3. In 1932 the Governor of Kenya presented a reasoned case for the provision of further funds for the purposes of the Land Bank, but he was informed in reply that it was necessary for the C. of S. for the Colonies to consider not only whether the present conditions were favourable for borrowing (there was no doubt that that was the case), but also

(a) whether the general financial and economic position justified the acceptance by the Govt. of Kenya of further loan liabilities, and

(b)

C. O.

Mr.

Mr.

Mr.

Mr. Parkinson.

Mr.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

**DRAFT**

(No. 11 in 18137/32)

NP

126

(b) whether the experience already acquired by the Bank was sufficient to warrant an immediate extension of its capital liabilities, and that in Sir P. Cunliffe-Lister's opinion the conditions in (a) and (b) were not then fulfilled. A copy of this correspondence was furnished to Their Lordships with the letter from this Office of the 11th July, 1932, No. 18137/32. (4) The question was again raised by an unofficial deputation from East Africa received by the C. of S. in November, 1932, but the <sup>deputation</sup> ~~Commission~~ was informed that Sir P. Cunliffe-Lister was not convinced of the necessity for ~~the provision of~~ <sup>provision</sup> additional capital by means of the Land Bank for either existing farmers

or

or for new settlers whose prospects of success were slight. He recognised, however, that there was a strong case for assisting ~~new settlers~~ <sup>primary producers</sup> of financial stability to acquire the equipment necessary to enable them to occupy suitable land for the production of crops. Commercial banks while prepared to grant a loan on the mortgage of his land to this type of settler do not afford facilities for a long or mid term loan to purchase the equipment necessary for the effective exploitation of his holding. This is clearly the function of a Land Bank. [The stimulation of agricultural production at the present time is of vital importance to Kenya in order to facilitate the balancing of the Colony's budget

and

N.P. (5)

C. O.

Mr.

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Tomlinson.

Sir J. Shuckburgh.

Perm. U.S. of S.

Party. U.S. of S.

Secretary of State.

DRAFT.

and the restoration of the surplus balances. This can most effectively be secured by ~~attracting~~ to the Colony settlers of the right type ~~and~~ <sup>settlers of the right type</sup> providing ~~them~~ <sup>them</sup> with the means of developing the farms which they take up.

6. It is evident from the statistics furnished in para. 2 of the Governor's despatch of the 4th February (a copy of which was enclosed with the letter from this Office of the 22nd February) that the during the short period of its existence, Land Bank ~~has~~ <sup>has</sup> operated on sound lines ~~successfully, on commercial lines,~~ and that its financial position is sound.

7. The financial position of the Colony is, however, such that Sir P. Cunliffe-Lister would hesitate, save on the strongest grounds, to support any scheme which would have the effect of increasing the

annual

annual loan charges.

8. - The present proposal appears to afford a reasonable prospect of providing that stimulation to local agricultural industries, which would conduce to the restoration of the finances of the Colony. In the circumstances

Sir P. Cunliffe-Lister is of opinion that the proposal to provide additional capital of £260,000 to facilitate an extension of the activities of the Land Bank is fully justified, and he trusts that Their Lordships will be moved to signify their assent to the proposal.

9. As regards the method by which the funds should be provided, the surplus balances

of

C. O.

Mr.

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. ...

Permt. ... of S.

Parly. U.S. of S.

Secretary of ...

DRAFT.

It is suggested that power be taken to issue stock to an amount not exceeding £300,000 in order to allow for other possible claims.

of the Colony do not admit of an advance of the sum required pending the issue of a subsequent loan. Sir P. Cunliffe-Lister proposes, therefore, if Their Lordships agree, to authorise

the issue of a loan for the amount required ~~either by means of the further condition with the issue of a new line of 3 1/2 per cent. A change and the C.P. for the Col. stock, or by the addition of~~ £260,000 to the existing 4 1/2 per cent. 1961-71 Kenya stock in accordance with the condition of the money market at the date of issue]

I have, etc.

by the issue of a new line of 3 1/2 per cent stock for sale to the market after the necessary legislation has been passed in Kenya. As

the Kenya Reg. Co is now in session, Sir Philip Cunliffe-Lister trusts that a very early

reply may be returned to this letter.

(Signed) J. E. W. FLOOD

1297



ALL COMMUNICATIONS  
TO BE ADDRESSED TO THE  
CROWN AGENTS FOR THE COLONIES,  
THE FOLLOWING REFERENCE AND THE  
DATE OF THIS LETTER BEING QUOTED

A/549.

4. MILLBANK,  
WESTMINSTER,  
LONDON, S.W.1.

TELEGRAMS: CROWN, LONDON.  
TELEPHONE: 7730 VICTORIA

3rd April, 1933.

Sir,

I have the honour to <sup>ack</sup> acknowledge the receipt of your  
letter No. 3078/33 of the 27th March, regarding the proposed loan  
for the Land and Agricultural Bank of Kenya.

105

2. We assume that no further loan is required for the  
Government of Kenya for some time to come beyond that in respect  
of the Land Bank. We assume also that this loan, being  
intended for re-loan to farmers, is required on a long term basis.  
It seems to ~~be~~, therefore, that legislation will certainly be  
required, and we recommend that it should be passed as soon as  
possible. We suggest that it should be in the form of the model  
ordinance printed as Appendix II to Article XI. of the Crown  
Agents' Bulletin No. 6, which provides for issue either under the  
Colonial Stock Acts or otherwise.

Copy to Treasury

Copy to Govt (4)

3. A long term loan of this size could not conveniently  
be taken up by the Joint Colonial Fund; and at the present time  
we would suggest, as the best method of raising the money, that  
a 3 1/2% stock to be registered under the Colonial Stock Acts  
should be sold to the market, as was done in the case of the last  
Uganda issue. We would not suggest a public issue. In  
present conditions the price obtainable for such a stock might be  
a point or two above par; and we are advised that the addition  
in this way of about £250,000 to the existing Kenya loan issues  
(which already amount to nearly £17,000,000) for such a  
purpose as the financing of agricultural settlers, is not

likely/

The Under Secretary of State,

COLONIAL OFFICE.

likely to affect materially the credit of the Colony in the City.

4. If the expenditure of the money is likely to be spread over several months we should be prepared to advance temporarily from the Joint Colonial Fund the amounts required from time to time on the security of the ordinance authorising the loan, but such advances would be repayable at call and the Colonial Government would be taking the risk of having to raise the money, perhaps at short notice, when conditions might not be so favourable, as now. The future of the gilt-edged market must be regarded as obscure, and in all the circumstances we recommend that the loan should be issued at the first opportunity after the legislation has been passed.

5. As regards the currency of the loan, if a final date of maturity about 1967 would be acceptable to the Secretary of State and the Kenya Government, such a currency would be convenient for our purposes.

I have the honour to be,

Sir,

Your obedient servant,





C. O.

131 5

Mr. Flood 24.3

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

3078/33 Kenya.

*Answered by No 7*

25

27 March, 1933.

Gentlemen,

**DRAFT.**

THE CROWN AGENTS  
FOR THE COLONIES.

I am etc. to refer to your letter of the 7th of March, No. A/042, on the subject of the proposal for raising further sums for the Land and Agricultural Bank of Kenya. In your letter you suggest ~~me~~ issuing a new line of stock at 3½ per cent., but I am to explain that the borrowing powers provided by the various Loan Ordinances in Kenya are at present almost exhausted, and there ~~does~~ <sup>is</sup> not ~~exist~~ legislative authority for raising ~~a sum of so much~~ <sup>a loan of so much</sup> as £260,000.

*copy to Mr. (6)  
copy to 74. (6)*

3. Sir Philip Cunliffe-Lister would not regard it as desirable to go to the open market for so small a sum as <sup>the</sup> £260,000 required for the Land

Land

Land Bank, and at the same time

he would be very reluctant to

allow any large increase in

Kenya's debt, which would ~~not~~ be

caused ~~by~~ <sup>by issuing a loan of any</sup> ~~a further loan to cover~~

~~substantial amount.~~  
~~several items were floated.~~

4. ~~At the same time~~ It is very

desirable to increase the capital

of the Land Bank if possible and

I am accordingly to enquire whether

you are in a position to make any

suggestion as to a suitable method

of raising the sum required at a

reasonable <sup>(rate of)</sup> interest, pending the issue,

at some date in the future, of a further Kenya loan.

I am, etc.

(Signed) J. E. W. FLOOD

LOANS. KENYA.

The raising of loans in England for Kenya is governed by the General Loan and Inscribed Stock Ordinance, Chapter 46 of the Laws of Kenya, 1926, paragraph 3 of which states that "Whenever by any Ordinance authority shall have been given or shall hereafter be given to raise any sum of money for the purposes mentioned in such Ordinance, the Governor or the Crown Agents acting on his behalf may from time to time as he or they may deem expedient raise such sum either by debentures or by Kenya inscribed stock or partly by debentures and partly by inscribed stock:

The Kenya Colonial Treasury Bills Ordinance, Chapter 49, gives the Governor whenever authorised thereto by a resolution of the Legislative Council, power to borrow by the issue of Treasury bills sums not exceeding the amount specified in such resolution.

In 1930 the Crown Agents indicated that it would not be desirable to keep on renewing Treasury bills each time they matured (18 in 16100/30) and suggested the issue of a further loan. The 1930 loan was in consequence raised.

The existing interest bearing loans of Kenya are as follows:-

- (1) £5,500,000 5 per cent. of 1921, repayable 1946-56.
- (2) £5,000,000 5 per cent. of 1927, repayable 1948-58
- (3) £3,000,000 4½ per cent. of 1930 repayable 1960.
- (4) £3,400,000 4½ per cent. of 1930 repayable 1961-71.

£16,900,000

The legislative authority for the above loans is as follows:-

(1)	Specific Loan Ordinance No.39 of 1921 for	£5,500,000
(2)	Specific Loan Ordinance No.21 of 1927 for	£5,000,000
	Plus expenses of issue	£422,364
	Less unexpended portion cancelled by Ordinance No.43 of 1930	£278,998
		<u>145,369</u>
(3)	Specific Loan Ordinance No.43 of 1930 for	£3,364,652
	Plus expenses of issue	<u>96,830</u>
		<u>16,961,682</u>

There is, therefore, legislative authority under Ordinance No.43 of 1930 for the raising of a further sum of £61,682.

Actually, however, approval has been given for the expenditure of a further sum of

- (1) £5,000,000 6 per cent. of 1921,  
repayable 1946-56.
- (2) £5,000,000 5 per cent. of 1927,  
repayable 1948-58
- (3) £3,500,000 4½ per cent. of 1928  
repayable 1950.
- (4) £3,400,000 4½ per cent. of 1930  
repayable 1961-71.

---

£16,900,000

The legislative authority for the above  
loans is as follows:-

- |       |  |                |
|-------|--|----------------|
| ✓ (1) | Specific Loan Ordinance No.39<br>of 1921 for | £<br>5,000,000 |
| ✓ (2) | Specific Loan Ordinance No.22<br>of 1927 for | £<br>6,353,611 |

Plus expenses of  
issue £422,364

Less unexpended  
portion cancelled  
by Ordinance No.43  
of 1930 £275,995

- |     |  |                |
|-----|--|----------------|
|     |  | 146,389        |
| (3) | Specific Loan Ordinance No.43<br>of 1930 for | £<br>5,664,852 |

Plus expenses of issue

96,830

---

16,961,682

There is, therefore, legislative  
authority under Ordinance No.43 of 1930 for the  
raising of a further sum of £61,682.

Actually, however, approval has been  
given for the expenditure of a further sum

of

of £1,775,146 from advances pending the issue of a further loan, and there are further requirements as shown in para.3 of 1A in 18137/32, giving a grand total of £2,211,878 to be met from a future loan without taking into consideration the additional provision now required for the Land Bank.



135 / 4

ALL COMMUNICATIONS  
TO BE ADDRESSED TO THE  
CROWN AGENTS FOR THE COLONIES.  
THE FOLLOWING REFERENCE AND THE  
DATE OF THIS LETTER BEING QUOTED

A/649

4. MILLBANK,  
WESTMINSTER,  
LONDON, S.W.1.

TELEGRAMS: CROWN, LONDON.  
TELEPHONE: 200 TO VICTORIA

RECEIVED  
8-MAR-1933

7th March 1933

CONFIDENTIAL

Sir,

I have the honour to acknowledge the receipt of your  
letter No. 3078/33 of the 22nd of February regarding the  
proposal that a loan should be raised in London for the Land  
and Agricultural Bank of Kenya.

No 2

2. Since our letter of the 27th of May was written,  
market conditions in London have undergone a considerable  
change, and we have recently raised approximately £228,000  
for the Government of Uganda by selling to the market 3½ per  
cent stock 1955/1965 at a price of £97. 10. 0. per cent.  
At the present time we should expect to obtain as good terms  
for the Government of Kenya, but we cannot, of course, foretell  
the future trend of the market. If a loan should be  
authorised it might be better to issue a new line of 3½ per  
cent stock instead of adding to the existing 4½ per cent  
1961/71 stock as suggested in our letter of the 27th of May,  
but this question cannot be decided in advance and would depend  
on the condition of the market at the time of issue.

No 3

18137/32

Amoid 30

Copy to T. G.

No 3

18137/32

I have the honour to be,

Sir,

Your obedient servant,

136 71  
3

C. O.

Mr. Priestman 11/2/33

Mr. *J. H. ...* 21

Mr. *Flind* 21/2/33

Mr. Tomkinson.

Sir C. Bottomley.

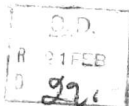
Sir J. Shuckburgh.

Sir G. Gandle.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.



Downing Street,

22 February, 1933.

Sir,

I am etc. to refer to the

letter from this Dept. of the 11th

(11th) 10/2/33  
July, 1932, No. 18137/32, on the

subject of proposals to increase

the capital of the Land and Agri-

cultural Bank in Kenya Colony, and

to transmit to you, to be laid be-

fore the Lords Commissioners of the

Treasury, ~~the accompanying~~ copy of

a despatch from the Governor of

Kenya, in which application is made

DRAFT. *Conson*

THE SECRETARY,  
TREASURY.

Conf. No. 19 of 4th Feby.

(1)

(2 drafts)

for



for the provision of a further  
sum of £260,000 for the Bank as  
an advance against a subsequent  
loan.

2. This proposal has been discussed in *formally* by Sir P. Cawthra *together*  
*with the Controller of the Revenue*  
*and the C.A. for the Colonies.*

*at present*  
Agents are being consulted as to  
*terms on which the money might be*  
*the means of providing the necessary*  
*funds*, and that a further  
communication will be addressed  
to you on receipt of their advice.

I am, etc.,

(Signed) J. E. W. FLOOD

307b, 1923 Kenya

137

C. O.

Mr. Priestman 21/2/23

Mr. *Dorsten* 21/2

Mr.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Sir G. Grindle.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

*Answers No 4*  
*Confidential*

Downing Street,

22 February, 1923

Gentlemen,

I am etc. to refer to  
your letter of the 27th <sup>of</sup> May, 1922.

(No. 3 in  
18137/32)

DRAFT.

THE CROWN AGENTS  
FOR THE COLONIES.

No. A/649, regarding the terms on  
which a loan of £260,000 could be  
raised in London for the Bank and  
Agricultural Bank of Kenya, being,  
and to transmit to you ~~a copy of an~~  
extract from the <sup>a</sup>marginally noted  
*of the 12/2/23*  
despatch from the Governor of Kenya  
in which the question is again  
raised.

Conf. No. 19 of 4th Feby.

*(Para 1-3 & 1)*

(2 drafts)

2. The

The S. of S. proposes  
to consult the Treasury regarding  
the possibility of giving effect  
to the Governor's wishes, and re-  
quires in the first instance to

<sup>have</sup> ascertain what modifications in

the light of subsequent develop-

ments, ~~are required~~ in the advice given

in your <sup>former</sup> letter, ~~above-mentioned~~.

I am, therefore, to invite an  
expression of your views on the  
subject.

I am, etc.,

(Signed) J. E. W. FLOOD

The history of the proposals to finance a Land and Agricultural Bank in Kenya is given at 6 in 16000/30 Kenya.

Briefly, it is that the provision originally contemplated was £750,000 from loan funds. The Governor, however, thought that £120,000 would suffice in the first instance, but finally recommended in 1930 the inclusion of £240,000 for the purpose in the loan schedule, and with the consent of the Treasury this was approved. The Governor considered, however, a total loan provision for this service of £750,000 would be desirable in due course - vide para. 6 of 2 in 16000/30.

It was pointed out to him that any further provision would require Treasury sanction, and in reply he proposed to make it clear that no further funds could be expected unless a case were made out for a further loan provision which would convince both the Secretary of State and the Treasury.

11 in 16000/30

1 in 18137 32 In 1932 the Governor reported that the £240,000 had nearly all been issued, and that a further £260,000 was required. As the issue of a further Colony loan was impracticable, he desired to be informed of the prospect of the Land Bank raising money from private sources. After consultation with the Crown Agents it was decided to inform the Governor that, as the ultimate liability for loans for the Land Bank must rest with Government, any such loan should be raised by Government, but that although market conditions were favourable, the Secretary of State did not feel that he could agree or could obtain Treasury consent to the Colony accepting any additional liability for loan charges

until

7 in 18137/32 until the budget had been balanced and the cash and surplus balance position reasonably restored.

8 The Secretary of State, however, stated that in normal conditions he would be disposed to consider sympathetically a proposal for the extension of the Bank's activities.

13a in " The question was again discussed by the Secretary of State with the East African Delegation in November last, when the Secretary of State indicated his willingness to endeavour to obtain £200,000 for the provision of equipment for sound men occupying suitable land for the production of crops with a reasonably secure market.

21 in " The Secretary of State subsequently discussed the question informally with the Chancellor of the Exchequer who was sympathetic.

The Governor has now recommended that a further £260,000 should be provided for the purposes of the Board.

A statement of the Kenya loan position is at 1a in 18137/32.

3 in 18137/32 The Crown Agents, when consulted last May, were of opinion that, if a loan is to be issued, the money might be raised by the sale to the market of an amount of Kenya 4½% stock 1961-71 which could be added to the existing loan of £3,400,000 of that stock, and that, as the sinking fund contributions in respect of this stock would not begin until the 1st of July 1934, an addition to the existing loan could be made without interfering with the rights of existing stockholders.

Before commending the Governor's proposals

to

139  
to the Treasury it would be necessary to ascertain whether that position remains unchanged.

115.1?  
? 5  
as regards surplus balances that are shown in the draft 1933 estimate as £141,543 on 31/12/1932 but there are commitments of £298,500 against these vide page 122 of May's Report.

AIR MAIL

KENYA

No. 19



GOVERNMENT HOUSE  
NAIROBI  
KENYA

CONFIDENTIAL.

February, 1933.

Sir,

With reference to my confidential despatch No. 104 of the 12th August, 1932 on the subject of the provision of further Loan funds for the Land and Agricultural Bank, I have the honour to inform you that I have received further representations from the Land Bank Board in this matter, which was also, I understand, raised in discussions with you in London by the unofficial deputation which you received a few weeks ago.

2. In your Confidential despatch of the 5th July, 1932 you raised the point as to whether debtors to the Bank were in fact meeting their commitments promptly, and I am glad to be able to assure you that this is the case. I am advised that instalments fell due from participants during the year 1932 as under :

			<u>Principal.</u>	<u>Interest.</u>	<u>Total.</u>
March	31	10 mortgages	3155.82	8385.00	11,540.82
June	30	69 "	15736.06	55737.50	71,473.56
Sept.	30	69 "	18080.90	64192.16	82,273.06
Dec.	31	95 "	<u>20781.21</u>	<u>72483.30</u>	<u>93,264.51</u>
			Shs. <u>57753.99</u>	<u>200797.96</u>	<u>258,551.95</u>

At the end of January seven instalments were outstanding. Of these only one presents any doubtfulness, and the remaining six will probably be collected during the next two weeks.

Arrangements .....

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON, S.W.1

*Answered (9)*

*No 17*

*18137/32*

Copy enclosed

*Copy para. 1-3 to L.A. (2)  
Copy to Treasury (3)*

*18137/32*

Arrangements are also in train to merge the staff of the Central Agricultural Advances Board and of the Land and Agricultural Bank Board, and some economy in the administrative costs of the latter will ensue.

3. It is thus evident that the Land Bank is operating successfully as a commercial concern, its ultimate securities are sound and the experience of its working appears to afford satisfactory assurances that it will operate with the same success if its funds are enlarged. I note with satisfaction that you would be disposed in normal times to consider sympathetically an extension of the Bank's activities, and I earnestly trust that it will be possible to take advantage of the present cheap rate of money in order to enable the Colony through the Bank so to promote greater production as to facilitate the balancing of the Colony's budget and the building up again of its Surplus Balances. If the Colony can, by obtaining money on favourable terms and lending it on adequate security, stimulate production for export to a value greater than the cost to the Colony of the service of the loan, the financial position of the Colony will improve.

I am in complete accord with the advice of my Executive Council that the provision of a further sum of £260,000 as an advance against a subsequent loan should be urged and, in the light of the above considerations, I hope that approval may be given to this course.

4. The question of an extension of Agricultural Credits has been receiving considerable attention in recent months, and I have just received a report from the Board of Agriculture on this subject. The Board

in June.....

in June last appointed a Sub-Committee with the following terms of reference:-

"To enquire into and report upon the need and advisability of providing facilities for Agricultural Credits, particularly of a long term description, additional to the provision already made under the Land and Agricultural Bank Ordinance, 1930; also to consider and make recommendations, as the case may be, with regard to the control and administration of funds devoted to the purpose and the introduction of new or amending legislation."

It will be observed that the terms of reference contemplated the possibility of new or amending legislation. The Report, which I have not yet had the opportunity of considering in detail, does in fact recommend certain amendments to the Land Bank Ordinance, which, if adopted in principle, would require a larger addition to the capital of the Land Bank than is now proposed if the objects in view were to be fully attained. In my opinion and in that of my advisers the proposals in the Report will require the most careful consideration before any decision to amend the Ordinance in the manner proposed could be taken, and in any event, it is not considered that in the present financial position of the Colony it would be reasonable to request that further funds beyond the additional £260,000 which forms the subject of this despatch, should be supplied now.

In these circumstances in recommending the present application I have considered it strictly on its merits and trust that it may be so considered by you. I thought, however, that it was proper to inform you that I had received such a report from the Board of Agriculture and was giving it my consideration.

I have the honour to be,

Sir,  
Your most obedient, humble servant,

BRIGADIER GENERAL.  
GOVERNOR.

proposed advance will be expended. If the Board is not satisfied with the programme laid down by the applicant, modifications are suggested to which applicant must agree before the loan is sanctioned. Furthermore, half yearly reports are required from participants to show that directions have been complied with and, if necessary, inquiries are made through the local agents or the Secretary of the bank is sent on a tour of inspection.

6. It is in the opinion of the Board of vital importance that production and development should be maintained. The prosperity of the Colony, the immediate effect of the circulation of fresh money on both internal and external trade in stimulating production, the thawing of frozen assets and the necessity for safe-guarding funds, public and private, by preventing a further depreciation of values, all combine to justify the opinion that the Land Bank should continue to function actively in the sphere for which it is designed. Moreover, the circulation of new funds under the Land Bank Ordinance would tend to broaden the basis of farming operations in the country and facilitate the change over from single crop to mixed farming or dairying.

7. The difficulties of the times have naturally influenced the Board in the direction of investing the funds with extreme caution. It is believed that the securities held are more than adequate and that there is plenty of room for the extension of such investments on the same line for the benefit of the farming community.