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The Maize Industry

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THE MAIZE INDUSTRY

Part I—Historical

Between the Wars, 1922–39.—The expansion of maize in Kenya from being a crop grown almost entirely for subsistence into an industry capable of playing a vital part in the economy, not only of Kenya but also of East Africa, dates from 1922. In that year the Bowring Committee* recommended that Kenya should concentrate on the production of maize in order to increase the value of the Colony's exports and to provide bulk freight for the Railway. The Railway introduced a low rate for maize exported overseas and a conditioning plant was established at the Coast. In 1929 production of European-grown maize reached its peak with over 1.75 million bags from an acreage of 233,973. These are still record figures. Production of African-grown maize also increased but no statistics are available.

2. The local price in this period was determined mainly by the price which could be obtained on the export market, and in the early thirties the maize industry, in common with the rest of agriculture, suffered severely from the effects of the world economic depression. From 1930 to 1939 the price received by growers ranged from Sh. 3/50 to Sh. 7/32 per 200 lb. in bag†. The European acreage dropped back steeply to 120,000 acres in 1933/34 and by the outbreak of the Second World War it was as low as 93,500.

3. During this period maize became the staple diet of the African whether in the reserves or employed in urban and rural areas and, with development proceeding steadily both in town and country, consumption of maize greatly increased. The Agricultural Indebtedness Committee, 1935, emphasized the importance of European-grown maize to East Africa and endorsed the views of the Economic Development Committee, 1935, that the organization and structure of the industry justified a "national effort to assist it and safeguard its interests" and that "maize must be regarded as an essential crop . . . one of the Colony's greatest safeguards against famine for it is now a staple food of most of the native population and, apart from famine considerations, it is required in large quantities as a basic factor in other local industries". Both Committees agreed in regarding the European maize industry as of great importance to the economic welfare of the Colony.

4. In the same year a scheme for controlling the marketing of maize and the establishment of a pool scheme with the object of protecting producers and safeguarding large consumers against fluctuating prices was considered. A Maize Control Bill was in fact drafted and published for criticism. It provided for a production quota system for European and African-grown maize, but was eventually dropped.

5. *The War and Immediate Post-war Period: 1940–1949.*—In the early stages of the 1939/45 War, with Italy not taking an active part, the importance of maintaining East Africa's food supplies was not fully recognized and a large number of European farmers were permitted to leave their farms to join the forces. When Italy entered the war in 1940 and threatened invasion, there was no alternative but to give top priority in manpower to the needs of the Forces. It was not until the end of the Abyssinian Campaign, about the middle of 1941, that agricultural production was given priority in manpower.

*The Economic and Financial Committee—Chairman, Sir Charles Bowring.

†Food Shortage Commission of Inquiry Report, 1943.

6. At the same time, with the deterioration of the British position in the Mediterranean, the production of food supplies in East Africa was given much higher importance and an "increased production drive" was initiated. The Government then accepted for the first time the obligation to assure to the producer an adequate return for increased production. Government policy was directed so to arrange marketing of the 1942 crop* as to obtain for European-grown maize Sh. 9 per 200 lb. in bag f.o.r., or if this price were not obtained, a minimum pay-out of Sh. 8/50 per bag. At that time, no definite price was fixed for African-grown maize, but the Government in publicizing the increased production programme in the reserves assured the African that he would get a better price for his maize than he had previously received.

7. Despite these efforts, events proved that the deterioration in the maize industry, as a result of nine years of low prices, could not be halted overnight, and the situation was aggravated by locust invasions and a number of drought years. These circumstances, combined with a lack of statistical information on production and demand, led to a widespread food shortage in 1942 and 1943 which necessitated importing into East Africa a total of 1,661,900 bags of cereals, mainly wheat from Australia which was consumed as mixed meal. This shortage became the subject of a Commission of Inquiry which recorded the following main conclusions:—

"(14) We recommend that for the period European-grown maize is indispensable to the Colony's requirements in normal times Government should enter into a contract, through the agency of the K.F.A., to purchase about 400,000 bags of European-grown maize per annum at a price fixed after consulting producing and consuming interests

"(15) We recommend that the exportable surplus of maize should be kept as small as possible and that the future policy of the Colony should be not to encourage the production of maize for export.

"(17) We recommend that when times are more normal a basic minimum price for all maize, other than the European-grown maize mentioned in recommendation (14) above, should be fixed before each planting season, after consultation with producing and consuming interests."†

8. These conclusions were accepted by the Government and form the basis of Government policy to the present day. It is notable that the first recommendation quoted suggests that a time may come when European-grown maize is no longer necessary for the Colony's requirements. A further point of interest is that the 1942 Commission clearly envisaged that organized maize marketing would have to continue after the war (Report, para. 158).

9. It had, by this time, become clear that an important part of Kenya's contribution to the war effort must be to feed not only East Africa's population (including large numbers of troops, refugees and prisoners-of-war) but also adjacent and Middle East territories. To this end the Government in 1942 brought in two enactments of great importance to the maize industry—The Increased Production of Crops Ordinance (which applied to non-African producers only) and the Defence (Control of Maize) Regulations. The maize industry is still organized on the basis of this legislation, the main provisions of the Increased Production of Crops Ordinance now being repeated in the Agriculture Ordinance, 1955. The Increased Production of Crops Ordinance provided for the scheduling of important crops, of which maize was one, and for the following assistance to be given to the farmer to grow the crop: a Planting Order was issued by the Board of Agriculture, upon receiving which the farmer, if

*This means the crop planted in 1942, of which part would not be harvested until 1943. Similar expressions throughout this paper bear the same meaning, i.e. the year mentioned is the year of planting.

†1942 Food Shortage Commission of Inquiry: Chairman, Mr. H. C. Willan; Members, Mr. W. H. Billington, Mr. J. L. Riddoch.

he complied with other provisions of the Ordinance concerned with good husbandry, storage, etc., was guaranteed a fixed price by the Government for his crop delivered to his nearest station. He was also guaranteed a minimum return sufficient to cover actual expenses in the case of crop failure due to factors outside his own control and this entitled him to short-term finance to cover the expenses of planting, cultivation and harvest. After harvest, the farmer was required to treat the crop as Government property, to keep it safely until ordered by the Maize Control to deliver it to a mill, store or railhead; and, since the crop was held in trust for the Government, the farmer could obtain payment of 75 per cent of the value of the crop awaiting delivery. There was also special assistance towards bringing new land into cultivation.

10. In the European areas the K.F.A. was appointed agent for the Maize Control. In the African areas the collection of the marketable crop from many thousands of small producers who could not store their grain until ordered to deliver, presented its own problems, and Maize Control developed a system of buying agents and stores to cope with the work. So far as possible, pre-existing channels of trade were maintained, and traders received an assurance from Government to this effect. The African producer was guaranteed a fixed price for his maize delivered at markets in the African areas at a figure which took account of various services such as handling, bagging, storage, transporting and delivering maize to stores, mills or rail-head.

11. This legislation achieved its purpose. The maize industry was stabilized for the period of the war and for some years after to the great benefit of the country and of East Africa as a whole. Production was increased by the assurance of a fair return to the grower for his crop and by other assistance derived from the Increased Production of Crops Ordinance. Acreage in the European areas increased from 81,561 in 1942 to 124,855 in 1945. The same price was paid for African-grown maize as for European-grown maize, and this price was guaranteed in advance from year to year. Pre-existing trade channels were largely maintained and traders received a fixed commission for buying, storing, transport, etc., with the result that, although unable to speculate in maize, they benefited greatly from the increased general trade derived from increased spending by Africans. Two additional special measures which were introduced at this time should be noted. Firstly, a system of pooling transport costs was developed in Nyanza which enabled maize to be cultivated for sale in areas remote from the railway where maize-growing would otherwise have been uneconomic except for local consumption. Secondly, a cess was collected on maize and paid into local betterment funds which were controlled by African district councils and used mainly for agricultural purposes.

12. On the consumer side, the control organization ensured the efficient distribution of East Africa's staple food throughout the region, and in conjunction with price control, at prices which remained stable at least throughout each season in all parts of the Colony and which were closely related to the price paid to the producer. This was a factor of the first importance in stabilizing the cost of living throughout East Africa during the war period, when prices would otherwise have risen to extravagant heights, and in reducing to a minimum the demands made by East Africa for food from overseas at a time when it was vital to conserve shipping.

13. *E.A. Cereals Pool, 1942-1952.* -An important part of this system was the East African Cereals Pool, which was created in the drought year of 1942. Participants in the Pool were the three East African territories, Zanzibar, the Seychelles, the Military Forces and the K.U.R. & H. The Pool was operated at first by the East African Production and Supply Council, and later handed over to the East Africa High Commission. The Pool's storage and distributing agent was the Kenya Maize Control. Maize surpluses were delivered to the Pool at the f.o.r. sender's station price and deliveries of maize from the Pool were paid for by the participants at a price estimated to cover railage, administration and storage costs. The Pool endeavoured to hold a minimum reserve of 250,000 bags at the end of each pool year. A summary of the Pool's operations is at Tables B and C, pp. 16 and 17.

14. *Consequences of War-time System.*—In this way the main food supplies of East Africa were assured throughout the war. But somewhat unexpected consequences followed. Firstly, maize (and other cereals) surplus to requirements were sold overseas at prices considerably above the local price. It has been calculated by the Trans Nzoia Maize Price Committee, 1952, that with prices varying between Sh. 38/44 per bag (f.o.b.) in 1945 to Sh. 62/77 per bag (f.o.b.) in 1950, the net return to the farmer at his nearest station would have been Sh. 35/41 and Sh. 57/23 respectively. Instead, the producer actually received prices which ranged from Sh. 13 with bag in 1945 to Sh. 32 with bag in 1950. The Committee mentioned above computed that European maize-growers of Kenya, although they benefited by stable prices and Government assistance in various forms under the Increased Production of Crops Ordinance,* would have earned additional income of the order of £3,330,000 over the years 1945–1950, had they been permitted to operate on a free market, and the corresponding figure for the whole maize industry is probably almost double this amount. It should be noted, however, that out of the profit of £1,019,495 on export sales of maize accruing to Kenya from the E.A. Cereals Pool when it was wound up, £411,697 was contributed to the establishment of the Maize Fund, which will be referred to later (para. 28), and £607,798 was distributed to producers between 1951 and 1954.

15. A second major consequence of the policy of increased food production during the war was that unbalanced farming due to monoculture of maize and wheat became widespread. While such methods could be justified in war-time as an emergency measure, their continuation into peacetime could only lead to ever-increasing impoverishment of the land. A changeover to balanced farming incorporating livestock was clearly necessary in order to restore and maintain the fertility of the land. For this purpose funds for Rehabilitation Loans of £875,000 were provided in 1951 and used up to June 1955, mainly to assist cereals farmers, especially maize farmers, to change over to mixed farming based on livestock. An account of this and other measures to assist maize growers is given in the Note on p. 28.

16. 1950–1957.—In the years immediately following the end of the war, it took much longer than was expected for normal conditions to return, and shortages and high prices persisted. There was, too, the impact on world prices of primary products of the Korean War, American rearmament and strategic stockpiling. In these circumstances, up to 1950 it was generally recognized that the close organization of agricultural production must continue, despite the natural desire for some relaxation of war-time controls.

17. In 1950, as public criticism of controls increased in volume, the Government appointed a committee† under the Chairmanship of Sir Alfred Vincent to make recommendations on the development of agricultural marketing and, acting on this committee's recommendations, Government subsequently appointed a Board‡ under the Chairmanship of Sir William Ibbotson, C.I.E., to take the place of the departmental committee then supervising the operations of the Maize and other Produce Controls. The Board first met in October, 1951, but decided it would best function if, instead of taking over routine management of the Control, it concentrated on working out the structure which the future marketing organization should assume. It was thereafter generally known as the Ibbotson Committee. It presented its report in July, 1952.

*£113,403 was paid out in Guaranteed Minimum Returns for maize from 1942 to 1958 (June).

†Membership of Vincent Committee, 1950—

Sir Alfred Vincent (Chairman); Messrs. K. L. Hunter, M. W. Ghersie, S. Everett, W. A. C. Bouwer, G. M. Pain, G. Maitland-Edye, J. L. Riddoch, Alec Ward, S. P. Kruger.

‡Membership of Ibbotson Board or Committee, 1951—

Sir William Ibbotson, C.I.E., M.B.E., M.C. (Chairman); Messrs. C. H. Williams, J. Mackay, W. A. C. Bouwer, C. D. Hill, A. J. Don Smal, W. Padley.

18. *Ibbotson Committee Report.*—When the Ibbotson Committee sat it was dealing with a continuation of war-time conditions in which the export price of maize was higher than the internal price. The Committee's Report emphasized that, so long as the internal price was fixed below export parity, some form of organized marketing must be retained to ensure the equitable sharing amongst all producers of the economic disadvantages of having to provide for local requirements before selling maize overseas. Without this control there would be a general scramble on the part of individual producers to obtain the benefits of the higher export price and this would inevitably result in internal shortage. The Committee also envisaged the contrary position—the restoration, however long delayed, of normal trade conditions in which the export price would fall below the internal price, and concluded that, in that case also, it would be necessary to retain some system of organized marketing in order to ensure that losses on overseas sales would be shared equitably by all producers. This is precisely the situation existing today.

19. To meet this need for organized marketing the Committee recommended that a Statutory Board or Corporation be appointed consisting of a Chairman and four members (none of whom should have any substantial interest in any agency) to take over the functions of Maize Control, the Board to be responsible to the Member (now Minister) for Agriculture and Natural Resources. The functions of the new Board were to include the collection, storage and distribution of the crop; to assess the magnitude of each crop; to decide where it should be stored; to advise the Minister what quantities were required for internal consumption and the quantities to be available for export; to direct the distribution to millers and others; and to ensure that adequate reserves were maintained in good condition. The Committee envisaged that these responsibilities would be exercised by the Board through a small central executive; that the functions of collecting, storing and selling the crop would be delegated to agents, the agent in the European areas to be the Kenya Farmers' Association (Co-operative) Limited and, in the other areas, statutory Produce Marketing Boards (until such time as producers could develop their own associations or co-operative societies for the purpose) or in the absence of Marketing Boards or Co-operative Societies, such other commercial agents as appeared suitable.

20. In reply to a question in Legislative Council in December, 1953, the Minister for Agriculture said that the Government accepted the Ibbotson Committee Report in principle. But for various reasons—the Emergency, the financial situation, and a severe shortage of maize in 1952/53—the implementation of the report was delayed. In the meantime, the whole position of the maize industry was radically changed by the decline of the price of maize on overseas markets.

21. *Troup Report.*—When the Ibbotson Committee was set up, producers were also pressing the Government “to appoint an extra-territorial commission to ascertain the proper price for the 1950 planted maize crop and to advise Government on the type of permanent machinery for price ascertainment in future years which would ensure the removal of this function from the sphere of political and other extraneous influences”.* The Government agreed to appoint a commissioner to investigate this question and to make recommendations on the price which could be paid for the 1951 planted crop.

22. Discussions which were going on at this time between Government and representatives of maize growers led to the decision early in 1951 to pay an additional Sh. 3/80 per 200 lb. bag for the 1950 planted maize crop on top of the price of Sh. 25 previously fixed—total Sh. 28/80. Government also agreed that the price of the 1951 planted crop should be fixed in accordance with calculations of costs of production submitted by the Board of Agriculture. This resulted in a price of Sh. 30/30 without bag (July, 1951).

*Resolution passed by European maize growers in the Trans Nzoia, November, 1950.

23. In the latter half of 1950, Mr. L. G. Troup, O.B.E., B.Sc., was appointed as Special Commissioner to conduct an enquiry into the general economy of farming in the Highlands and to recommend a basis for the calculation annually of a fair price to the producer for maize and other crops, this basis to have due regard to the need to ensure the maintenance of soil fertility, a balanced and stable agricultural industry and a price which would provide a reasonable profit to an efficient producer. The Troup Report was submitted in May, 1952, and recommended a formula (generally known as the Troup formula (Table D, p. 18)) on which production costs should be calculated as the basis for the price fixed under the Increased Production of Crops Ordinance. Mr. Troup recommended that the price of the 1951 crop should be raised from Sh. 30/30 per 200 lb. without bag previously fixed, to Sh. 35 per 200 lb. without bag. At the same time he emphasized the necessity in the future for producers to take every opportunity of reducing costs of production, thus enabling the price to be reduced to consumers. He regarded this as of primary importance because of the essential part played by maize, both as a human and animal food, in farming economy. In a subsequent report submitted in 1953, Mr. Troup again emphasized the importance of developing balanced farming based on livestock.

24. But, despite the increased price, adverse weather conditions in 1952 reduced the deliveries to under 1·5 million bags, of which African areas produced 738,000 bags and European growers 638,000 bags. To meet the expected shortage, 100,000 bags were borrowed from Tanganyika and 60,000 bags were imported from America in June/July, 1953. The carry-over at the end of the season was under 300,000 bags which was insufficient to feed the country during the non-productive months allowing for a small reserve.

25. *Storage.*—The storage available at that date was inadequate to store maize in quantities sufficient to meet all contingencies. Nor were there means to preserve maize stored over long periods from deterioration through insect infestation. It was not until 1953 that the process of fumigation with methyl-bromide under gas sheets was introduced by the Maize Control which greatly reduced the degree of weevil infestation and made it possible to retain maize in store for a period of at least twelve months without significant deterioration. In 1954, additional storage up to 300,000 bags was provided in Nairobi and Eldoret by sheds of the ctesiphon design. These new stores, in conjunction with the fumigation process and improved insecticidal measures, greatly eased the difficulty of storing adequate supplies and reserves. Storage now available is set out in Table E, p. 19, amounting to a total of 1,750,000 bags, of which storage for 1,534,000 bags is the property of the Control. This represents a capital asset of considerable national importance, built up over the years through the operations of Maize Control.

26. *Assistance towards Balanced Farming.*—From the end of 1951 up till now the Government continued to assist farmers through the Board of Agriculture by loans to develop their farms and to establish sound systems of farming, and these loans were directed especially towards reducing the over-reliance of some farmers on cereals and encouraging them to adopt more balanced methods of mixed farming incorporating livestock. With the passing of the Agriculture Ordinance in 1955 the Rehabilitation Loans (para. 15) were replaced by Land Development and Land Preservation Loans issued under the Agriculture Ordinance. Three main maize-growing districts, Trans Nzoia, Uasin Gishu and the lower parts of Nakuru, have received loans totalling approximately £750,000 from these sources. This represents 53 per cent of the total loans issued. Further details of these loans are set out in the Note on p. 28 with particular reference to the extent to which maize growers have received assistance.

27. The effect of these considerable sums issued as loans is cumulative and will become more and more marked as the loans continue from year to year. But in the period 1951–57, despite this encouragement to diversify farming and reduce over-reliance on cereals, the

European maize acreage increased steadily. The reasons for this are analysed in para 36. Purchases by the Maize Control from the European areas rose from 638,000 bags in the 1952/53 season to 1,202,000 bags in the 1954/55 season. In the same period purchases from the African areas increased from 738,600 to 1,229,000 bags. In the 1954/55 season approximately 1,000,000 bags of maize surplus to local requirements were sold overseas.

28. *Fall in Overseas Price.*—But during the same period, beginning in 1953, the price of maize on overseas markets moved downwards as follows:—

	Maize Exported (bags of 200 lb.)	Total Deficit on Local Guaranteed Price	Average Deficit per bag	Export Price calculated back to Grower's Station free on rail	Local Guaranteed Maize Price free on rail without bag
		£	Sh. cts.	Sh. cts.	Sh. cts.
1952 Crop	253,673	35,421	2 79	*32 90	*38 25
1953 Crop	—	—	—	—	—
1954 Crop	1,101,702	527,341	9 95	28 20	38 15
1955 Crop	140,168	106,045	15 13	23 02	38 15
1956 Crop	297,160	236,497	15 91	24 07	39 98
1957 Crop (Estimated) ..	868,000	1,066,000	24 57	15 41	39 98

*Maize transferred for Export in the 1952/53 trading year was valued at an averaged price after taking into account maize stocks of the 1951 crop purchased at Sh. 30/30 per 200 lb. maize. This resulted in a reduced export deficit and a lower export price calculated back to grower's station compared with the 1952 crop guaranteed price of Sh. 38/25 per 200 lb. maize without bag.

An agreement had been made in 1954 between the Government and producers that the Troup formula should be used for fixing maize prices until the 1957/58 season provided, firstly, that any losses or gains from the export of maize would be to the account of the producers and, secondly, that a Cereal Producers Board should be established. It therefore became necessary to establish a Fund to which all maize growers would make equitable contributions in order to meet the difference between the price guaranteed for internal sales and the price realized on the export market, and to this end the Maize and Sorghum (Imposition of Cess) Ordinance was enacted in 1954. The Ordinance provided for the imposition of a cess on all maize delivered, which in the first year of its application was fixed at Sh. 3 per bag, and proceeds were paid into the Maize Fund. Government also agreed, as previously mentioned (para. 14) that there should be paid into the Fund a sum of £411,697 out of undistributed balances accruing to the Kenya Government from the Cereals Pool from trading profits on export sales up to 31st July, 1952. A summary of the history of the Maize Fund is at Table F, p. 20.

29. In accordance with the agreement mentioned, an interim Cereals Producers Board was formed in 1955. This was replaced in 1957 by the Cereals Producers (Scheduled Areas) Board, an elected body constituted by the Cereals Producers (Scheduled Areas) Ordinance, 1956, with functions as follows:—

“The functions of the Board shall include the carrying on of all such activities and doing of all such things as are necessary, advantageous, proper or for the benefit of cereal

producers and, in particular but without prejudice to the generality of the foregoing, shall include—

- (a) the stabilization of cereal prices;
- (b) the assisting of cereal producers;
- (c) with the approval of the Minister the investigation and research into all matters relating to the growing of cereals;
- (d) the negotiation of cost structures and producer prices.”

30. With the overseas price dropping still lower the position continued to deteriorate as shown in the Table in para. 28. In the same period the control of maize prices was removed in Tanganyika and Uganda with the result that local prices of maize and maize-meal in those territories fluctuated considerably from season to season, and in Kenya the risk began to appear of increasing evasion of the Control regulations.

31. With these trends in mind, the Minister for Agriculture, in his annual negotiations at the end of 1956 with producer representatives regarding crop prices, proposed a reduction in the producer price to Sh. 36/60 by changing the divisor in the Troup formula from eight to nine bags. Producer representatives, however, insisted that the previous undertaking by the Government to base the producer price of the 1957 maize crop on the Troup formula without changing the divisor should be carried out. When, however, the price based on the formula came out at Sh. 40/64, producers conceded that the price should remain unchanged at Sh. 39/98. At the same time the Minister for Agriculture informed producers that the minimum prices for the two following years would be Sh. 37 for the 1958 crop and Sh. 35 for the 1959 crop, provided producers continued to meet the difference between the guaranteed price and the export price. It should be noted that the period during which it was agreed to apply the Troup formula ended with the 1957 crop.

Part II—The Present Situation and Action Taken

32. This brief history of the maize industry indicates that the general situation in which the industry now finds itself is a repetition of past events. It is also a reflection of similar difficulties facing maize growers in other maize-growing countries at the present time, for instance, the Union of South Africa and the Rhodesias. The basic cause of the drop in price on overseas markets is world over-production of maize in recent years. The remedy is to ensure that production is related more nearly to the requirements of the market, which may itself be capable of expansion. Both on the world stage and on the local stage this is easier said than done, because one factor in the exercise, the size of the maize crop, fluctuates widely according to weather conditions from year to year. Nevertheless it is clearly easier to regulate the relation between the local crop and the local market than between the local crop and the world market.

33. The question arises: how can this close relation best be assured? One answer which may be given is: by removing all forms of control of maize and allowing a free market to develop. This suggestion has been examined but it is the conclusion of the Government that this would not be in the country's interest for the following reasons: In order to feed the Colony's African labour force together with their families, especially in the two major towns of Nairobi (pop. 210,000) and Mombasa (pop. 98,000), it would be most imprudent to rely solely on deliveries by peasant growers whether in Kenya or in neighbouring territories. While Africans

in certain areas, especially Nyanza, have come to rely on maize to a considerable extent as their main cash crop, it still remains true that the majority of the 600,000 African farmers in Kenya plant maize primarily for family subsistence and only secondarily for cash. The result is that, out of the total crop grown in the non-scheduled areas which is estimated to vary between about 13 million and 14 million bags each year, the bulk is retained for family consumption. This amounts to somewhere in the region of 12 million bags per annum. Thus the surplus available for delivery to markets is only a small fraction of the whole and is liable to fluctuate widely from season to season according to weather conditions. Table A, p. 15, shows over the last five years high and low deliveries from the non-scheduled areas of 691,000 and 1,483,000 bags, a fluctuation of over 100 per cent. Deliveries are even less dependable in Uganda and Tanganyika, in both of which territories there are maize shortages at present, not for the first time since control of maize was relaxed a few years ago. Since these deliveries cannot be relied on, the only other sources of maize are from overseas or from farmers in the Scheduled Areas. Despite the very low world market price today, maize imported from overseas at the present time would cost the miller approximately the same price per bag in Nairobi as the present ex Control price throughout the Colony, which will be reduced when the 1958 crop is marketed. Further it would be fundamentally bad policy for a country such as Kenya, with an economy based on agriculture, to rely on importing a staple food from overseas. The remaining source of supply and, as past records show, the more reliable, is from farmers in the Scheduled Areas. But delivery from this source can only be ensured provided a reasonably economic price is guaranteed from year to year. If there is not this element of stability, both production and prices will fluctuate widely from year to year when local surpluses have to be exported and when as a consequence of the low return accruing from export, production is reduced and import is subsequently necessary. The Government therefore considers that it is in the general interest of the Colony to continue to ensure internal requirements by encouraging the delivery of a stated quantity of maize and to this end it is necessary to retain organized marketing for maize and to ensure that the maize grower is paid a reasonable price. It would not be in the general interest to abolish all guarantees and to revert to an entirely free market.

34. This conclusion is very similar to the conclusion reached by the Food Shortage Commission of Enquiry 1943 and the Government once more endorses the following principles:—

- (i) *it is in the Colony's interest to maintain a stable maize industry, production to be related as closely as possible to the requirements of the local market;*
- (ii) *every effort should be made to expand this market by promoting increased consumption and alternative uses for maize;*
- (iii) *production of a surplus for export should be avoided as far as possible.*

35. *Analysis of Present Position.*—It is because these principles have not been followed during recent years and production has been considerably above the level of internal consumption that the maize industry finds itself in its present difficulties. Study of Table A, p.15 shows the following main trends since 1953:—

Total deliveries	..	..	..	general trend slightly downward.
European and Asian deliveries	..	..	..	general trend upwards with acreage also increasing.
African deliveries	..	..	..	general trend downward.
Consumption through Control	..	..	..	fairly steady 1956 to 1957 with marked drop in 1957/58.

A further analysis of deliveries from African areas shows that the marked drop in the main maize-growing area, Nyanza Province, was partially offset by increasing deliveries from the Central Province, Table G, p. 20.

36. Thus a high level of total deliveries was maintained over a period when sales of maize ex Control tended to drop. Apart from the influence of favourable seasons in South and Central Provinces, there were no abnormal climatic conditions to account for this. The complex of factors which led to this situation, apart from the reduction in Nyanza deliveries already mentioned, can be summarized as follows:—

Maize Grown in Scheduled Areas: Reasons for Increased Deliveries to Control

- (1) Attractive prices under the Troup formula (Sh. 38/15 in 1954 and 1955 and Sh. 39/98 in 1956 and 1957).
- (2) Assistance given to maize growers through the system of production orders, Guaranteed Minimum Returns, guaranteed minimum return advances, Cereals Finance, storage allowances, etc., which assistance was not fully co-ordinated with Colony requirements.
- (3) In the main maize growing area, Trans Nzoia, the absence of any alternative crop giving a similar profit.
- (4) Reduction of losses in farm stores owing to more effective use of insecticides.

Reasons for Drop in Sales ex Control:

- (5) Favourable seasons combined with better farming in both South and Central Provinces which in the past have often been importers of maize.
- (6) In the plantation industry a number of estates started growing their own maize in order to avoid paying the ex Control price which they consider too high.
- (7) Owing to the high price of maize meal and maize ex Control, consumption has been discouraged rather than encouraged. For example, much more maize would have been fed to livestock if the price had been lower.
- (8) Little has been done to counteract this trend and to promote increased consumption through alternative uses for maize, in particular, for feeding livestock. In general, more Government support has been given to cereals than to livestock.
- (9) Normal sales ex Control have also been reduced by the increase in the amount of maize sold on the "farm-to-farm" basis.
- (10) The temptation for both consumers and growers to buy and sell outside Control has been increased by the increasing gap between the net price received by the grower after deduction of export cess and the price of maize ex Control.

37. The last factor mentioned merits closer examination since it is the subject of much public misunderstanding. The margin between the price at which the Control buys and sells maize is analysed in detail at Table H, p. 21. The first point to note is that the overhead cost of the Control itself is Sh. 3/36 per bag or 5.42 per cent of the retail selling price. This figure is considered to be relatively low and to indicate a high degree of efficiency in the administration and execution of the Control's functions. All the other costs shown in Table H and explained in

the accompanying notes relate to the exercise of functions imposed on the Control by the Government as matters of policy. All these costs, with the exception of holding a strategic reserve, are part of the ordinary processes of maize marketing and must be paid for. For instance, in the past the cost of item 2, Cereals Finance and Storage, item 7, Gunny Bags and at times also item 8, Railage were borne by the maize grower. Under the Control system it has been the Government's policy to recover these costs in the selling price of maize ex Control, and they have thus formed part of the margin between the Control buying and selling prices. These costs can be transferred elsewhere but they cannot be eliminated and they must under any system be reflected in the final price to the consumer. This argument is pursued further at paras. 51-52, but the main point here is that the recent widening, owing to the imposition of the Export Cess, of the gap between the net price which the Control pays to growers and the price at which it sells, has greatly increased the temptation to evade the Control regulations.

38. All these factors point to the following conclusions: -

- (i) *that under the Troup formula and agreements made by the Government with the producers, the price of maize has reached a level which is damaging not only to the maize industry but to the economy of the country as a whole;*
- (ii) *more can be done to encourage the local use of maize as food for human consumption and in the livestock industry, especially if the price to the consumer is lowered;*
- (iii) *the ever increasing difference in the price paid to the producer and the price of maize meal to the consumer, which is inherent in the functions which the present Control is required to undertake, must be reduced.*

39. *Reduction in Producer Price.*—In these circumstances the Government, as already announced, has taken the first step of reducing the producer price. The Control price for the 1958 crop has been fixed at Sh. 37 which is the minimum price for the crop as previously agreed between the Government and growers. The return to the grower however will be very considerably less than this figure owing to the deduction of the Export Cess to cover the deficit in the Maize Fund due to surpluses being sold overseas at low prices.

40. *Export Cesses and Regional Quotas.*—Other action taken by the Government is as follows:—

- (i) The export cess on the 1958 crop required to recover in one season the accumulated deficit in the Maize Fund is likely to be between Sh. 10 and Sh. 15 per bag depending on the size of the 1958 crop which is not at present known. The Government considers this is more than growers can reasonably be expected to bear and therefore proposes that the cess on the 1958 crop will be limited to Sh. 10 on maize grown in the Scheduled Areas and Sh. 8 on maize grown in the non-scheduled areas, leaving the deficit in the fund to be carried forward and met by a cess on the 1959 crop. The price to growers delivering in 10-ton lots f.o.r. growers' station will thus be Sh. 37 minus export cess Sh. 10 = Sh. 27. On the same basis, the price to growers delivering in small lots will be as follows:—

F.o.r. guaranteed price	Sh. 37
Export Cess	Sh. 8/00
Authorized deduction in respect of marketing costs of maize delivered in small lots	Sh. 4/65
	Sh. 12/65
Received by growers	Sh. 24/35

The actual figure for marketing costs will vary a little from district to district and since there is some misunderstanding on this subject a breakdown of these costs is given at Table I, p. 26*.

- (ii) The different rates of export cess explained in sub-para. (i) necessitate the introduction of regional quotas. These will be allocated by the Government to growers in the scheduled and non-scheduled areas based on actual deliveries over the ten years 1948–1957 related to the estimated basic requirements of the Colony. The quotas for the 1958 crop will be: scheduled areas 42·5 per cent and non-scheduled areas 57·5 per cent of estimated basic requirements.
- (iii) If a system of individual quotas within the regional quota is desired by a majority of maize growers in either region, the Government will consider its application.

41. The result in the scheduled areas is likely to be a reduction in the acreage planted with maize, an increased swing towards alternative forms of production and increased consumption of maize on the farm. An analysis of maize yields in the three main maize-growing districts is set out at Table J, p. 27.

42. The effect in the non-scheduled areas of the fall in price to about Sh. 24/35 per bag (from which must be deducted any African District Council cess) is impossible to predict with any certainty since the volume of deliveries of maize from these areas is itself impossible to estimate accurately for reasons already explained in para. 33.

43. The effect on the consumer of a reduction in the price of maize and maize meal should be to encourage increased local sales both for human consumption and for stockfeed.

44. Taking these factors into account it can be said that the effects of the drop in the maize price should be to the general benefit, with one important proviso—that it does not lead to the maize acreage being reduced so far as to place the country's food supply in jeopardy, especially in view of the fact that the crop is liable to considerable fluctuation owing to climatic uncertainties from year to year. An important question therefore poses itself: what are the basic requirements of the local market, taking into account the possibility of increased consumption whether as human or animal food? The Government proposes that this question, which must be examined in the light of constantly changing circumstances, should be a major concern of the Maize Board mentioned below.

Part III—The Government's Further Proposals

45. *Establishment of Maize Board.*—The measures already adopted by the Government—the reduction in price for the 1958 crop and the imposition of regional quotas on which the 1958 export cess will be based—are the first steps towards relating production more nearly to local requirements and follow the first conclusion in para. 38. In order to ensure better implementation in future of the policy stated, further steps are necessary. The Government will therefore shortly introduce legislation to set up a Maize Board which will replace the Maize Control, and will be a statutory body working within the general policy of the Government.

46. The Maize Board will consist of:—

A Chairman;

Two members representing maize growers in the Scheduled Areas;

Two members representing maize growers in the Non-Scheduled Areas;

Four members who shall be mainly selected for their commercial and financial ability;

One representative of the Government who shall be nominated by the Minister for Agriculture.

*The African District Councils also impose a local cess of up to Sh. 3 per bag in most maize-growing districts.

The main function of the Maize Board will be to market the crop in the best interests of the country as a whole. The whole crop, other than maize retained by the grower or bought and sold by Africans for consumption in their own districts, must therefore be disposed of as the Maize Board directs. The crop will fall into two parts, maize required for basic local consumption and all other maize. As regards the former, each year the Maize Board will purchase the maize required to meet the basic internal requirements of the Colony at a stated price to the producer, which price will be fixed by the Board under its own Ordinance, with the approval of the Minister. This annual requirement has in recent years ranged between 1 million and 1.5 million bags. The Government hopes that in this way it will be possible to ensure reasonable price stability for the economic producer which will enable him to continue in production.

47. The Board will also undertake disposal of the rest of the crop which is surplus to basic internal requirements at the best price which it can obtain. The proceeds of such sales will be paid to maize producers under such terms and conditions as may be arranged between the Board and producers but will not be governed by any guarantee or price fixed by the Government. If it so wishes the Board will be able to contract with producers for additional acreages for specific purposes.

48. If the system of regional quotas is continued, growers to whom individual quotas are applied within the regional quota will be paid the fixed price for their quota and such other price for any surplus as may be decided by the Maize Board. In an area where individual quotas are not applied, the price to be paid will be estimated by the Maize Board and declared in advance of marketing, being an average between the value of the regional quota and the value of the estimated surplus.

49. *Guaranteed Minimum Returns.*—The price to be paid to growers for the Colony's basic requirements will be fixed by the Maize Board with the approval of the Minister under the provisions of its own Ordinance, and will not therefore be fixed under the Agriculture Ordinance (section 7), but the system of Guaranteed Minimum Returns and Advances against these Guarantees (Agriculture Ordinance, sections 119–136) will for the time being continue to be operated by the Board of Agriculture (Scheduled Areas) in respect of the Colony's basic requirements. This will necessitate amendment of the Agriculture Ordinance.

50. *Cereals Finance Advances.*—Advances to farmers against the security of their harvested crop ("cereals finance") will continue, but it is intended that storage and insurance of the crop in store will be the responsibility of the farmer himself up to the time when he delivers the crop to the order of the Maize Board. The channels through which cereals finance should be issued will be examined.

51. *Functions of Maize Board.*—It should be emphasized that it is not the Government's purpose to continue the existing maize control under another name, although the Government believes for reasons already presented (para. 33) that the organization of maize marketing is necessary in the national interest. But the duties of the Maize Board will be different from the duties of the present Maize Control. As confirmed by the report of the Ibbotson Committee and other enquiries, the present Control is an efficient organization for executing the particular functions assigned to it by the Government. These functions include: firstly, the sale of maize at the same price throughout the Colony which involves a system of equated railage; secondly, support for maize growers in the form of certain services prior to railment—storage allowances, cereals finance and insurance of crops in store; and thirdly, the maintenance of reserve stocks.

52. These are matters of Government policy and, in order to implement this policy, certain costs have to be incurred which are reflected in the margin between the producer and consumer prices of maize. In order to reduce this margin the Government intends, firstly, to alter the equated railage system (which will mean that the price of maize in different parts of the country will be more closely related to the actual cost of raiiling maize from producing areas) and secondly, to reduce the services prior to railment which are at present afforded to maize growers, in particular to transfer the onus of farm storage and insurance of crops in store to the grower. As regards reserve stocks, the Government considers that these can safely be much reduced but leaves the precise level of stocks to be decided by the Maize Board. By these means, it is hoped that the Maize Board will be placed in a position to effect a reduction in the on-cost between the producer and consumer prices of maize.

53. More particularly, the duties of the Maize Board will be—

- (1) to implement the broad lines of Government policy as laid down by the Minister;
- (2) to market the maize crop. This function includes crop forecasts; promoting increased sales and alternative uses for maize in collaboration with other Boards; and the collection, storage and sale of the crop through agents;
- (3) to estimate the needs of the local market, allowing for its expansion through such means as increased feeding to livestock;
- (4) to advise how production can best be related to these needs, the question of price to be included in this advice, and what measures are required to this end; and to undertake such of these measures as are within its competence;
- (5) to advise the Minister on the control of imports of maize and to control exports.

54. It is proposed to publish a Bill before the end of the year to set up the Maize Board. The consequential amendments to the Agriculture Ordinance and, if necessary, the Cereals Finance Corporation Ordinance will be included in amending Bills about the same time.

Ministry of Agriculture, Animal
Husbandry and Water Resources, Nairobi.

July, 1958.

TABLE A.—MAIZE PRODUCTION, DELIVERY AND DISPOSAL, 1942-1957

YEAR OF PLANTING	PRODUCTION AND DELIVERIES BY CROP YEARS									DISPOSAL EX CONTROL BY YEARS OF ACCOUNT, AUGUST-JULY		
	Guaranteed price free on rail excluding bag B (2)	Cost of bag C	European and Asian Farms				Deliveries to Control (1,000 bags)			Human Kenya consumption (1,000 bags) K	Stock-iced (1,000 bags) L	Exported (5) (1,000 bags) M
			Acres planted D	Gross crop (1,000 bags) E	Yield per acre F (3)	Retained on farms (1,000 bags) G	European and Asian H	African I	Total J			
A	B (2)	C	D	E	F (3)	G	H	I	J	K	L	M
1942	7.80	1.20	81,561	624	7.6	—	—	—	507	—	—	—
1943	10.80	1.20	107,686	730	6.7	130	600	641	1,241	—	—	—
1944	11.40	1.60	119,734	839	7.0	311	528	983	1,511	1,560	9	374
1945	11.40	1.60	124,855	821	6.57	269	552	655	1,207	1,497	8	19
1946	15.90	1.60	110,211	789	7.16	281	508	1,002	1,510	1,002	11	459
1947	20.00	3.00	108,060	719	6.65	340	379	567	946	1,018	11	617
1948	20.00	2.75	120,925	945	7.81	329	616	1,126	1,741	1,068	24	213
1949	23.40	2.75	133,164	1,035	7.77	298	737	1,690	2,427	1,446	18	11
1950	28.80	3.20	144,777	1,121	7.74	358	763	982	1,745	1,674	11	529
1951	30.30	5.00	141,927	1,109	7.81	354	755	1,092	1,847	896	23	951
1952	38.25	4.00	140,510	928	6.60	291	638	738	1,376	1,408	7	254
1953	38.72	3.50	164,827	1,103	6.69	319	784	1,483	2,267	1,360	4	—
1954	38.15	2.20	173,998	1,587	9.11	385	1,202	1,229	2,431	1,521	4	1,102
1955	38.15	2.20	157,870	1,246	7.89	359	887	691	1,578	1,516	2	140
1956	39.98	2.50	166,285	1,277	7.67	410	867	721	1,588	1,416	48 (4)	297
1957	39.98	2.50	166,689	1,351	8.10	336	1,015	835	1,850	1,088	69	799

NOTES.—

(1) Source of Figures:

Columns D, E, F: Board of Agriculture (Scheduled Areas) Production Programmes and Harvesting Returns.

Column G: Arithmetical difference between Column E and Column H.

Columns B, C, H, I, J, K, L, M: Maize Control Records: Figures for 1942 and 1943 are incomplete and figures for 1957 are close estimates.

(2) Column B: Guaranteed f.o.r. price: the price guaranteed by the Government included the cost of the gunny bag from 1942 to 1952 and excluded it from 1953 onwards. The figures in Column B are exclusive of the bag which is shown separately in Column C. 1951 price was later raised, see para. 23.

(3) Yield per acre: Average over 17 years: 7.48 bags per acre.

(4) Includes sweepings and rejected maize sold cheaply.

(5) Exports from 1943 to 1951 are by the East African Cereals Pool and it is not possible to extract Kenya Maize, see Table B. Figures from 1952 onwards show exports of Kenya maize.

TABLE B.—EAST AFRICAN CEREALS POOL, 1942/43 TO 1951/52 YEARS TO 31ST JULY—SUMMARY OF RECEIPTS AND ISSUES OF CEREALS
(All figures represent Cereals (not only Maize) in bags of standard weight of 200 lb. net)

	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	Total
1. Opening Balances ..	—	21,449	498,708	187,682	66,466	323,159	78,393	225,598	351,510	309,910	2,062,875
2. Receipts—											
(a) Pool Contributions from											
Kenya:											
(i) Maize	—	—	1,121,067	356,749	856,230	503,610	812,995	1,153,020	1,057,053	1,471,729	7,332,453
(ii) Other Cereals ..	—	1,192,006	28,121	401,609	276,105	83,702	190,621	50,466	186,465	Nil	2,409,095
TOTAL POOL CONTRIBUTIONS—											
KENYA	Nil	1,192,006	1,149,188	758,358	1,132,335	587,312	1,003,616	1,203,486	1,243,518	1,471,729	9,741,548
(b) Receipts of maize and other cereals from other pool participants, i.e. Uganda and Tanganyika	—	260,707	500,748	156,194	450,006	547,881	249,071	266,888	158,023	159,686	2,749,204
TOTAL POOL CONTRIBUTIONS—											
E.A. SOURCES	Nil	1,452,713	1,649,936	914,552	1,582,341	1,135,193	1,252,687	1,470,374	1,401,541	1,631,415	12,490,752
(c) Imports	507,297	1,154,643	—	—	67,905	—	—	19,772	—	—	1,749,617
3. Total Receipts	507,297	2,628,805	2,148,644	1,102,234	1,716,712	1,458,352	1,331,080	1,715,744	1,753,051	1,941,325	16,303,244
4. Disposals—see below ..	485,848	2,130,097	1,960,962	1,035,768	1,393,553	1,379,959	1,105,482	1,364,234	1,443,141	1,941,325	14,240,369
Closing Balances	21,449	498,708	187,682	66,466	323,159	78,393	225,598	351,510	309,910	Nil	2,062,875

STATEMENT OF DISPOSALS OF POOL CROPS SHOWING KENYA TRANSACTIONS SEPARATELY

	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	Total
ISSUES—of Maize and other Cereals:											
(i) To Kenya	205,711	1,321,929	1,030,741	454,829	367,630	535,903	313,494	378,951	758,583	863,798	6,231,569
(ii) To other participants including transit losses and losses due to shrinkage and storage, Uganda, Tanganyika, Zanzibar, Seychelles, Military, Railways	280,137	808,168	555,831	561,995	567,111	227,277	579,235	974,425	155,368	126,589	4,836,136
(iii) Exported	Nil	Nil	374,390	18,944	458,812	616,779	212,753	10,858	529,190	950,938	3,172,664
TOTAL DISPOSALS	485,848	2,130,097	1,960,962	1,035,768	1,393,553	1,379,959	1,105,482	1,364,234	1,443,141	1,941,325	14,240,369

TABLE C—EAST AFRICAN CEREALS POOL, 1942/43 TO 1951/52
STATEMENT SHOWING DISTRIBUTION OF MAIZE EXPORT PROFITS

	£	£
Balance of Maize Export Profits due to Kenya at 31st July, 1952, including interest on these profits whilst held by the E.A. Cereals Pool pending distribution	1,019,495	
<i>Deduct</i> Sundry expenses, and interest charged to Kenya in respect of advance withdrawals of Profits for payment to Kenya Producers only	43,137	976,358
<i>Deduct</i> Payments:		
To Producers direct	206,822	
To Producers via:		
African District Betterment Funds	332,381	
Forest Betterment Fund	19,686	
Native Trust Fund	5,772	
	<u>564,661</u>	
BALANCE TRANSFERRED TO THE MAIZE FUND AT 31ST JULY, 1954		<u><u>£411,697</u></u>

NOTE.—Up to 1946/47 Export Profits were distributed to pool participants annually. Thereafter, profits were held in a five-year Pool ending on 31st July, 1952.

TABLE D—THE TROUP FORMULA
 THE COST PER ACRE OF GROWING MAIZE, CALCULATED ACCORDING TO THE TROUP FORMULA
 FOR THE YEARS 1954/55 AND 1955/56

Items	Cost at 1st December, 1953	Cost at 1st December, 1954
	1954/55 Price	1955/56 Price
	<i>Sh. cts.</i>	<i>Sh. cts.</i>
1. Kerosene	19 14	19 04
2. Petrol	4 30	4 46
3. Oil	3 24	3 04
4. Grease	1 21	1 18
5. Spares (Filter)	0 77	0 77
6. Transport on Crop, Fertilizer, Fuel, etc. ..	12 47	12 47
7. Seeds:		
(a) Standard	3 78	3 43
(b) Certified	1 44	1 44
8. Fertilizer	14 36	14 33
9. Twine, etc.	0 33	0 33
10. Labour:		
(a) Cash Africans	36 25	40 24
(b) Rations Africans	29 01	29 30
(c) European	30 35	30 35
11. Gummies for Reaping, Losses	4 03	2 53
12. Insecticides	1 79	1 79
13. Dip, medicines, etc., for Oxen	1 11	1 11
14. Medicines for Labour	1 36	1 36
15. Accountancy	1 01	1 01
16. Postage and Stationery	0 35	0 35
17. Car Tax	0 36	0 36
18. Land Rent	0 33	0 33
19. Insurance	2 00	2 25
20. Building Repairs and Depreciation	7 26	7 26
21. Machinery, Implements and Car:		
Depreciation	20 54	20 46
Repairs	12 06	11 99
22. Depreciation, Losses, etc., on Working Oxen ..	2 11	2 11
23. Interest on Working Capital	10 71	10 82
TOTAL COST	221 67	224 11
MINISTER'S ADJUSTMENT*	0 75	—
INTEREST ON CAPITAL INVESTED:		
24. Interest on Land and Buildings	24 21	24 21
25. Interest on Machinery and Oxen	18 60	18 45
	265 23	266 77
PER BAG:		
At 8 bags per acre	33 15	33 35
Add Profit Margin	5 00	5 00
Producer price per bag free on rail guaranteed by the Government	38 15	38 35

*Based on wages increase subsequent to statistical calculation.

TABLE E—MAIZE AND PRODUCE CONTROL STORES, AGENTS AND RENTED STORES
SHOWING LOCATIONS AND CAPACITY (TO FUMIGATION REQUIREMENTS)
IN BAGS OF 200 LB. AS AT 30TH APRIL, 1958

Province and Site of Store	Purchased from Trading Surpluses and Loan Capital	AGENCIES		Misc. Rented	Total	Provincial Totals.
		(A) Nyanza Board (Purchased from Trading Surpluses of Control)	(B) K.F.A. (Rented)			
EXTRA-PROVINCIAL DISTRICT:						
Nairobi	350,000*	—	—	—	350,000	350,000 Nairobi Extra-Provincial District.
COAST PROVINCE:						
Mombasa	80,000	—	—	—	80,000	80,000 Coast Prov.
CENTRAL PROVINCE:						
Sagana	57,000	—	—	—	57,000	
Meru	33,000	—	—	—	33,000	
Karatina	5,000	—	—	—	5,000	
Thika	—	—	—	15,000	15,000	110,000 Central Prov..
NYANZA PROVINCE:						
Broderick Falls	—	117,000	—	—	117,000	
Bungoma	—	55,000	—	—	55,000	
Butere	—	49,000	—	—	49,000	
Homa Bay	—	13,000	—	—	13,000	
Kakamega	—	—	—	2,000	2,000	
Kendu Bay	—	129,000	—	—	129,000	
Kericho	—	20,000	—	—	20,000	
Kisii	—	6,000	—	—	6,000	
Kisumu	—	125,000	—	85,000	210,000	
Lumbwa	—	30,000	—	—	30,000	
Luanda	—	7,000	—	—	7,000	
Malakisi	—	—	—	20,000	20,000	
Mohuru Bay	—	27,000	—	—	27,000	
Myanga	—	14,000	—	—	14,000	
Yala	—	38,000	—	—	38,000	737,000 Nyanza Prov..
RIFT VALLEY PROVINCE:						
Elburgon	—	—	—	18,000	18,000	
Eldoret	165,000†	—	—	—	165,000	
Forest Stations	25,000	—	—	—	25,000	
Hoey's Bridge	15,000	—	—	—	15,000	
Kipkarren	15,000	—	—	—	15,000	
Kitale	120,000	—	—	—	120,000	
Lugari	—	—	7,000	—	7,000	
Milton's Siding	13,000	—	13,000	—	26,000	
Nakuru	25,000	—	—	—	25,000	
Rongai	—	—	—	22,000	22,000	
Sotik	—	—	—	4,000	4,000	
Thomson's Falls	—	—	3,000	—	3,000	
Turbo	—	—	3,000	—	3,000	448,000 Rift Valley Province.
SOUTHERN PROVINCE:						
Konza	—	—	—	25,000	25,000	25,000 Southern Province.
TOTALS	903,000	630,000	26,000	191,000	1,750,000	1,750,000 bags of 200 lb. net.

*This includes storage for 150,000 bags by loan capital.

†This includes storage for 60,000 bags by loan capital.

TABLE F—THE MAIZE FUND, 1952/53 TO 1957/58
STATEMENT OF FUND SHOWING ESTIMATED POSITION AT END OF 1957 PLANTED CROP YEAR

Export Trading Loss, 1952/53	£ 35,421	Funds transferred from East African Cereals Pool at 31/7/1954	£ 411,697
Export Trading Loss, 1954/55	527,341	Maize Cess at Sh. 3 per bag	321,305
Producer Boards' Expenses and Sundry charges	12,098		
Surplus carried down at 31/7/1955 ..	158,142		
	£ 733,002		£ 733,002
Export Trading Loss, 1955/56	106,044	Surplus brought down at 31/7/1955 ..	158,142
Producer Boards' Expenses	5,750	Maize Cess at Sh. 3 per bag	261,979
Surplus carried down at 31/7/1956 ..	313,633	Sundry Income	5,306
	£ 425,427		£ 425,427
Export Trading Loss, 1956/57	236,597	Surplus brought down at 31/7/1956 ..	313,633
Producer Boards' Expenses and Sundry charges	12,601	Maize Cess at Sh. 2 per bag	160,270
Surplus carried down at 31/7/1957 ..	272,380	Sundry Income	12,254
	£ 521,578	Reimbursement of 1952/53 Export Loss from Maize Control	35,421
			£ 521,578
Estimated Export Trading Loss, 1956/57	1,066,000	Surplus brought down at 31/7/1957 ..	272,380
		Estimated Revenue, 1957 Crop: Cess Collections at Sh. 5 per bag ..	479,040
		Sundry Income	6,000
		ESTIMATED DEFICIENCY AT END OF 1957 CROP SEASON	308,580
	£ 1,066,000		£ 1,066,000
DEFICIENCY BROUGHT DOWN AT END OF 1957 CROP SEASON	£ 308,580		

TABLE G.—CENTRAL PROVINCE: ANNUAL SURPLUS MAIZE PRODUCTION (BAGS)

Year	Kiambu	Fort Hall	Nyeri	Embu	Meru	Total
1948	Nil	3,440	17,034	136,462	24,000	180,936
1949	Nil	20,121	7,207	23,986	11,256	62,570
1950	Nil	14,000	933	37,263	2,557	54,753
1951	Nil	33,885	14,264	52,662	843	101,654
1952	11,054	39,283	16,235	73,554	27,061	167,187
1953	Nil	7,447	608	44,612	64,657	117,324
1954	Nil	Nil	Nil	21,186	53,730	74,916
1955	Nil	Nil	Nil	Nil	22,567	22,567
1956	Nil	17,330	Nil	5,921	73,568	96,819
1957	Nil	32,000	Nil	15,654	106,659	154,313

Kiambu registered a deficiency of 43,500 bags of maize for the year 1957.
1954-55—reduction caused largely by the *Mau Mau* Emergency.

Table H—(Contd.)

EXPLANATORY NOTES ON THE MAIZE AND MAIZE-MEAL PRICE STRUCTURE (1957/58 SEASON)

	<i>Sh.</i>	<i>cts.</i>
ITEM 1.—GUARANTEED FREE ON RAIL PRICE TO PRODUCER (WITHOUT BAG) PER 200 LB. NET (1957 PLANTING)	39	98
<i>Less Savings of Sh. 2 per 200 lb. net on limited quantities of Grades III and IV maize—passed on to consumers</i>		20
	<u>Sh. 39</u>	<u>78</u>

The free on rail price of maize to producers is fixed annually by the Minister for Agriculture. In regard to the 1957 planted crop the price for Grade II maize is Sh. 39/98 per 200 lb. net at grower's nearest station or delivered to Control store, and Sh. 37/98 for Grades III and IV maize. All grades are bulked together in Control stores and sold onwards as f.a.q. maize, but the savings effected on the limited purchases of lower grades (III and IV) are passed on to consumers.

ITEM 2.—COST OF SERVICES PRIOR TO RAILMENT.

(i) *Cereals Finance (interest on advances to farmers and insurance of maize on farms) (40 cents)*

Government provides finance to European growers, through the Kenya Farmers' Association (Co-op) Ltd., for advances to farmers against their maize harvest until the Control is able to accept the maize. Advances are based on 80 per cent of the value of the crop, and the stocks in question are also insured whilst on the farm. All the "scheduled" crops are subject to this arrangement and the 40 cents per bag in the case of maize is the *pro rata* contribution recoverable from maize and *posho* consumer to reimburse Government for the interest incurred on the advances to growers, and for the cost of insurance. The relative suspense account is reviewed annually and modifications to this element are made from time to time as circumstances demand.

(ii) *European Producer Storage Claims (payable four months after harvest) (20 cents)*

Government, being under the present system the owner of maize whilst held on farms, provides to growers additional sums in those circumstances when, owing to limitation of storage space, closure of roads during the rainy season, etc., the grower does not receive disposal instructions or is unable to deliver until after four months of his harvest. (The costs of storage on farms for the first four months after harvest is already provided for in the guaranteed free on rail price at Item 1, above.) The sums paid are related to a sliding scale, full details of which were published in the *K.I.O. Fortnightly* No. 431 of 2nd April, 1957, for the 1956 planted crop. Claims are vetted by the K.F.A. Ltd., and payment is made from the accrued fund for this purpose in the books of the Control. The state of the account is reviewed annually.

ITEM 3.—AGENCY FEES AND EXPENSES.

(i) *K.F.A. and Nyanza Province Marketing Board (40 cents)*

This sum covers that cost of administration by agents for the work entailed in buying from producers on behalf of the Control, the maize crop in the European producing areas and the Nyanza Province respectively, and in dealing with all relevant matters pre-free on rail.

(ii) *Labour Handling Expenses "in" and "out" of Stores (35 cents)*

The Control provides the stores in the European producing areas, and in Nyanza (in the latter case the stores have been vested in the Nyanza Province Marketing Board), and the responsibility of providing the labour (and supervision) to operate the maize stocks in the stores rests with the agents for which purpose they receive a commission of 35 cents for such storage agency duties on behalf of the Control.

(iii) *Rental Charges for Miscellaneous Agents' Stores (10 cents)*

The Control, in addition to owning its own stores, rents certain stores in the Colony (see Table E) and this element provides the reimbursement for the rents paid therefor.

ITEM 4.—FINANCE.

(i) *Interest on Treasury Advances (95 cents)*

The Treasury provides moneys to the Control, by way of Government guaranteed overdraft to the National Bank of India Ltd., for the purchase and holding of the annual maize crop and for the reserve on which interest is payable to Government. The average of such overdraft is in the region of £2,000,000 against the overall limit authorized by Legislative Council of £2,500,000.

(ii) *Interest on Loan Finance and Redemption of Loans to finance acquisition of land, stores and housing (22 cents)*

The Control, from its own trading activities over some 14 years (including those of the Produce Ghee and Rice Controls) has built up fortuitous surplus funds to the 31st July, 1958 (including the Depreciation Reserve Fund), of approximately £750,000 and these moneys have been utilized for the acquisition of stores, in the main (see Table E) but also for plant machinery, houses, tools and equipment, furniture, sidings, dunnage, vehicles, etc., for the industry. In addition, however, the Governments of Kenya and Uganda have recently provided some £203,000 by way of loans for the building of the large Ctesiphon stores at Nairobi and Eldoret, and the element of 22 cents in the price structure provides for interest on the Kenya loan and the amortization of these loans (10 years in the case of Uganda and 20 years in the case of Kenya). The loan from Uganda (£100,000) is free of interest.

ITEM 5.—CONTROL EXPENSES.

(i) *Shrinkage and General Losses of Grain in Store (60 cents)*

This element provides for the natural shrinkage of grain in store and for losses suffered by insect damage, etc. The annual amount of the total losses suffered by the Control is in the region of 1.5 per cent only, and in this type of trade this figure is considered to be very low. Indeed, the Federal Ministry of Agriculture of the Rhodesias and Nyasaland has recently written to enquire how it is possible for the Control to maintain its general shrinkage and storage losses at so low a level. This has been achieved by proper stacking methods, by acceptance of good quality maize only and at the correct moisture content levels, internal supervision and control, and by the careful use of insecticides and fumigants (see (iii) and (iv) below).

(ii) *Transit Losses (15 cents)*

This element provides for the natural drying-out of maize from producers by rail movements to stores. It also provides for any losses of whole bags in transit either due to mistakes in loading or pilferage en route, but the amounts concerned in this respect are small.

(iii) *Fumigation Expenses (Methyl-Bromide Gas) (22 cents)*

During the last three years the Control has employed the newly discovered technique of preserving its stocks by the use of Methyl-Bromide Gas which is applied to the grain stacks through a system of piping under gas sheeting. This technique has completely revolutionized the earlier systems of grain preservation from the ravages of insect pests, and although the technique is not yet perfected, the progressive results achieved in these last three seasons have been most encouraging. Apart from destroying all insect life within the stack—and the process can be reapplied at any later date—the technique has enabled the Control to hold large stocks of grain in reserve for very considerable periods (in some cases for 18 months and longer whilst still preserving the high quality of the grain). This has been a most important development in regard to the milling of *posho* and has now permitted high quality milled products to be issued to consumers at all times whether or not such products are manufactured from new crop maize or from old reserve stocks.

(iv) *Insecticides—Lindane and D.D.T. (03 cents)*

In addition to the fumigation process described above, the Control also applies insecticides in various forms to the stacks of grain as they are being constructed in the stores. As fumigation by Methyl-Bromide Gas only destroys insect pests at the time of treatment, it is necessary to ensure that insecticides with a residual or lasting effect can preserve the stocks from reinfestation for reasonable periods.

(v) *Cost of Cleaning and Conditioning Old Stocks (10 cents)*

This element provides for the cleaning and conditioning of limited quantities of stocks which have become damaged by infestation—mainly in the field before delivery to the Control—by putting them through the Grain Conditioning Plants at Nairobi and Kisumu in order to clean the maize and to remove excess foreign matter, husks, and damaged grain.

(vi) *Fire Insurance on Stocks (05 cents)*

All stocks of the Control are insured against fire risk with a leading firm of Brokers of the Lloyd's Group, and the insurance has been placed with the firm in question as a result of competitive tender. The insurance rates show a considerable saving over the premiums paid in previous years and this is mainly due to the clear record of the Control in that no claims whatsoever have yet been lodged for maize destroyed by fire in its many stores throughout the Colony.

(vii) *General Insurance (Stores, Buildings, Vehicles, Cash in Transit, Fidelity, etc.) (03 cents)*

This item is self-explanatory and provides the Control with the normal "commercial" protection against losses or damage.

(viii) *Salaries, Privilege Leave Pay, Passages and Gratuities (71 cents)*

Salaries of the staff of the Control are fixed in relation to the Government Scales for equivalent appointments in the permanent establishment of Government, but as these do not carry a pension element, gratuities in lieu thereof are payable. Leave pay and passage entitlement conform to the rules and regulations of Government.

(ix) *African Wages (57 cents)*

This provides for the cost of storekeepers, clerks and labourers, etc., in the many stores of the Control throughout the Colony, who are kept at a minimum by the acquisition and use of certain mechanical appliances for grain handling and stacking in the larger stores.

(x) *Motor Vehicles, Travelling and Road Transport Costs (18 cents)*

This element provides for the cost of a transport fleet within the organization for both storage and executive duties and requirements.

(xi) *Rents, Rates, Water, Light and Fuel (09 cents)*

Self-explanatory.

(xii) *Depreciation, Repairs and Maintenance of Buildings, Plant and Machinery (50 cents)*

This element provides for the depreciation of the stores and other assets of the Control, and also for contributions to the separate fund which has been established to provide for the repairs and maintenance of such buildings and assets. The Control maintains its assets in first-class condition in order to ensure that they will be of benefit to the industry for as long a period as possible.

(xiii) *Gunny Bag Replacement and Twine (03 cents)*

In view of the large stacks maintained in the stores and the natural deterioration of some of the gunny bags, it is necessary when issuing maize to consumers or millers to ensure that not only is the grain up to standard weight but that it is packed in first-class gunny bags since the latter is required—after the milling of the maize—to be passed on to *posho* traders and then to consumers throughout the Colony. It is inevitable that certain bags become torn or damaged in store, and the twine is necessary for sewing up the bags after the re-bagging process.

(xiv) *General Charges: Audit, Advertising, Printing and Stationery, Postages, Telegrams, Telephones, Experimental Costs, etc. (10 cents)*

This item is self-explanatory, and in respect of experimental costs it is to be noted that the Control engages an Entomologist and a Scientific Officer who are seconded to the Chief Entomologist of the Colony at the Scott Agricultural Laboratories for experimental work concerning the improvement of grain protection and general storage problems.

ITEM 6.—This figure is merely a sub-total representing the cost of maize to the Control per 200 lb. net (without bag) at stores in the producing areas. (Sh. 45/76).

ITEM 7.—GUNNY BAGS.

(i) *Cost of New Bags from the Jute Control (Sh. 2/50)*

The Control obtains its large annual requirements from the Kenya Jute Control at the fixed price of Sh. 2/50 each, which price has been equalized through the accounts of the Jute Controller. The Control in so far as maize is concerned, insists upon all maize being packed in new bags by the grower for delivery to the Control and this is entirely necessary, as has been proved by experience when second-hand bags were used, because of the many handlings that have to be undertaken with the filled bag before it is ultimately received by the *posho* consumer. Some years ago, owing to the difficulty of obtaining full requirements of new bags from India, a scheme was evolved for the use of second-hand bags but this led to many complaints from *posho* consumers since there was reason to believe that substitution had taken place in certain cases—apart from the quick deterioration of second-hand bags—by traders and millers who retained some of the better quality bags received from the Control, and then used inferior bags for the packing of *posho* for their customers.

Under the present system, the Control is able to ensure that all consumers receive their maize or *posho* in first grade second-hand bags, and if this is not the case the miller or trader concerned can be called upon to replace the inferior bags to the consumer.

(ii) *Gunny Bag Storage, Handling, Interest and Depreciation Costs (19 cents)*

The Control and its agents, the Kenya Farmers' Association (Co-op) Ltd., and the Nyanza Province Marketing Board, acquire stocks of gunny bags in advance of actual requirements in order to have them readily available when required by the growers. In view of this it is necessary for storage, handling, interest and depreciation costs to be incurred in addition to the actual cost of the gunny bag from the Jute Control.

ITEM 8.—EQUATED RAILAGE (TO ALL STATIONS IN KENYA) (SH. 3/70).

The policy of Government since the inception of Control has been to fix the price of *posho* at the same level free on rail at all stations within the Colony irrespective of the actual amounts of railage incurred on individual movements. This has enabled the price of *posho* at Mombasa, for example, to be retained at the same price as up-country stations, whereas the full incidence of railage costs would increase this item by between Sh. 5 and Sh. 6 per bag. The consumers, therefore, in areas where no railage or little railage has been incurred have, in effect, been subsidizing the cost of railage to stations furthest from the main maize producing areas.

ITEM 9.—MARGIN FOR CONTINGENCIES (55 CENTS).

This is, in effect, a balancing figure since it is not possible to arrive at a retail price of *posho* per pound at the nearest half cent unit unless an amount of Sh. 1 per bag is available for such purpose. Rather than give the retail trader an additional fortuitous margin over and above the level fixed by the Price Controller, any differential of less than Sh. 1 in the price structure, in order to achieve the object mentioned above, is retained by the Control and is used either for such contingencies as might arise during the year or for additional benefits, e.g. new assets, to the industry.

ITEM 10.—This amount is merely a total figure and represents the selling price of maize per 200 lb. net (including bag) free on rail or ex Store, carriage paid to millers' or traders' or consumers' nearest receiving station in wholesale quantities, i.e. quantities of 10 tons or over. This figure naturally includes no element of profit since all component items are based on an estimation of actual costs. (Sh. 52/70).

ITEM 11.—MILLING COSTS (SH. 3/80).

This is the *maximum* margin permitted by the Price Controller to the millers in the Colony for converting maize into *posho* and covers the milling fee, the gristing loss, the fixed transit loss allowance, interest on the moneys paid on a cash-in-advance system for maize purchases, and general administrative costs incurred by the millers.

ITEM 12.—SELLING TRADER'S MARGIN (SH. 5/50).

This margin has been fixed by the Price Controller at a level which provides the retailer who sells in broken lots (i.e. less than a whole bag), and after taking into account the residual value of the empty bag, with a gross return of approximately 12½ per cent on the price he pays the miller (wholesaler) for the *posho*.

TABLE I.—AUTHORIZED DEDUCTIONS FROM THE 1957 GUARANTEED F.O.R. PRICE OF SH. 39 98 IN RESPECT OF MAIZE SOLD IN SMALL LOTS IN AFRICAN AREAS

Price per 200 lb. net maize

1	2 Price to Producer including average grade (see Note (i) below) for 200 lb. net maize without bag at railheads or markets	3 Trader's Commission for delivery to store or mill per 200 lb. net maize without bag (see Note (iv) below)	4 Transport (see Note (iii) below)	5 Storage and shrinkage	6 Marketing Services	7 Grade Differential (see Note (i) below)	8 Export Cess as provided for in the Maize and Sorghum (Imposition of Cess) Ordinance, 1954	9 Price per 200 lb. net maize of Grade II Quality without bag (see Note (v), (a) & (b) below)
	Sh. cts.	Sh. cts.	Sh. cts.	Sh. cts.	Sh. cts.	Sh. cts.	Sh. cts.	Sh. cts.
North Nyanza and Elgon Nyanza Districts	30 58	1 60	1 30	0 50	0 50	0 50	5 00	39 98
South Nyanza District	28 28	1 60	3 60	0 50	0 50	0 50	5 00	39 98
Central Nyanza District	30 78	1 60	1 10	0 50	0 50	0 50	5 00	39 98
Kericho District	29 88	1 60	2 00	0 50	0 50	0 50	5 00	39 98
Nandi District	29 73	1 60	2 15	0 50	0 50	0 50	5 00	39 98
Elgeyo/Marakwet District	29 63	1 60	1 80	0 50	0 50	0 95	5 00	39 98
West Suk District	29 18	1 60	2 00	0 50	0 75	0 95	5 00	39 98
Meru District	27 83	1 60	3 35	0 50	0 75	0 95	5 00	39 98
All other African areas of the Colony (see Note (iii) below)	31 18	1 60	—	0 50	0 75	0 95	5 00	39 98

NOTES.—(i) The price paid by the Control for fair average quality maize (Grades III and IV) is Sh. 37/98 and for Grade II, Sh. 39/98. It is not possible at the time of purchase from the African producer to differentiate between the higher and lower grades. African producers will, therefore, be paid an average sum representing a proportion of Grade II maize delivered by African producers in the two main maize-growing regions of the Colony.

Sh. 1/50 will be paid per 200 lb. net maize in respect of maize from Nyanza Province and Nandi Districts, and Sh. 1/05 in respect of maize from other parts of the Colony where the proportion of Grade II maize delivered to Control is less. The prices in Column 2 include these allowances.

(ii) Transport from market to railhead is calculated at the rate of 7½ cents per mile per 200 lb. net maize or such other amount which may be fixed by the local authority in consultation with the Maize Controller. In the case of Nyanza, any saving between the sum of the average transport allowance and the actual payment made by the Nyanza Province Marketing Board in respect of transport shall be retained by the General Manager of the Board and at the end of the Crop Year disposed of in accordance with the directions of the Board. Any saving in other districts shall be remitted to the District Commissioner concerned for payment to the African District Council entitled thereto. If the cost of transport in any area of the Colony exceeds the allowance, the difference shall be first set-off in the books of the Controller against any sum standing to the credit of the Transport Pool, and any deficit thereafter shall be met by the African District Council concerned.

(iii) The price in Column 2 is subject to a deduction in respect of transport costs to store or railhead.

(iv) The Trader's commission in column 3 includes the amount of 5 cents per bag in respect of Agricultural Inspection Fees. In the case of Nyanza Province these fees shall be collected and retained by the Nyanza Province Marketing Board.

(v) (a) The Controller shall pay to the producer who delivers his maize to the nearest Maize Control store in lots of three tons, and is in possession of a certificate issued by the Director of Agriculture in respect of such maize, that he has complied with the requirements of good husbandry, the price set out in the ninth column of the Schedule, less the amounts shown in the fourth, fifth, sixth and eighth columns, less such cess as may be levied by the African District Council under the provisions of the African District Councils Ordinance (No. 12 of 1950), less the amount of Sh. 2 per 200 lb. net in respect of all maize of Grades III and IV:

Provided that in those districts where a transport pool has been established, as shown in column 4 of the Schedule hereto, such producer shall be paid for the transport to a Maize Control store of such maize at the rate of 7½ cents per mile for each 200 lb. net of maize.

(b) The difference between the price for maize of Grade II quality and the average price for maize of all qualities purchased by the Controller shall be the amount set out in the seventh column of the Schedule hereto, except in the cases defined in paragraph 4 above when the maize will be paid for according to its actual grade.

(c) In this notice the word "producer" means an individual producer, the persons operating a group farm or a registered producer co-operative society. (Gazette Notice No. 3502 of 15th October, 1957 refers).

(vi) Any cess levied by African District Councils is not shown above.

TABLE J—SCHEDULED AREAS 1954 PLANTED CROP
ANALYSIS OF FARM YIELDS BY AGRICULTURAL COMMITTEE AREAS

Farms Grouped by Yield per Acre	Trans Nzoia	Uasin Gishu	Nakuru	All Others	Totals
GROUP A—					
0 to 3.9 bags per acre. Total acres 14,613:					
Number of Farms	23	36	26	59	144
Yield	10,354	14,984	6,920	7,891	40,149
Retained	2,930	2,965	3,907	5,798	15,600
GROUP B—					
4 to 5.9 bags per acre. Total acres 20,347:					
Number of Farms	41	60	18	56	175
Yield	33,127	41,292	14,680	14,908	104,007
Retained	11,215	9,168	3,493	10,209	34,085
GROUP C—					
6 to 7.9 bags per acre. Total acres 29,289:					
Number of Farms	83	66	40	57	246
Yield	100,377	49,278	31,221	22,846	203,722
Retained	29,372	11,463	9,313	14,934	65,082
GROUP D—					
8 to 9.9 bags per acre. Total acres 27,832:					
Number of Farms	67	72	33	43	215
Yield	105,330	84,586	29,978	25,341	245,235
Retained	17,700	18,724	7,660	17,650	61,734
GROUP E—					
10 to 14.9 bags per acre. Total acres 56,918:					
Number of Farms	123	105	125	80	433
Yield	326,395	137,997	152,871	43,836	661,099
Retained	31,962	24,424	42,741	18,356	117,483
GROUP F—					
15 and over bags per acre. Total acres 14,437:					
Number of Farms	36	34	67	18	155
Yield	90,611	38,802	101,626	11,902	242,941
Retained	7,217	7,493	22,235	5,754	42,699

SUMMARY: 1954 PLANTED CROP—

1954 was a very favourable year in the Scheduled Areas and produced the highest average yield per acre on record, over 9 bags.

Total number of farms growing maize	1,368
Total acreage under maize	163,436 acres
Total maize harvested	1,497,153 bags
Average yield per acre	9.16 bags

NOTE.—The figures in this table take no account of outstanding harvesting returns. An estimate for outstanding returns is however included in the 1954 figures at Table A which for this reason are higher than the totals above.

**NOTE ON REHABILITATION AND LAND DEVELOPMENT LOANS, 1951-1958 (FEBRUARY)
WITH PARTICULAR REFERENCE TO MAIZE-GROWING AREAS**

A total of approximately £875,000 was approved for issue as Rehabilitation Loans to 587 farmers during the period December, 1951-June, 1955, of which about—

- £585,000 was for the purchase of cattle,
- £ 12,500 for small stock,
- £ 83,600 for fencing,
- £101,000 for water supplies and dips,
- £ 53,000 for farm buildings,
- £ 16,000 for machinery,

and the remainder for a variety of other purposes. From June, 1956, up to 25th February, 1958, Land Development Loans granted to 343 farmers (some of whom already had Rehabilitation Loans) up to a total of approximately £558,000, of which approximately—

- £280,000 for cattle,
- £ 76,000 for small stock (£62,000 for sheep; £14,000 for pigs and other small stock),
- £ 36,000 for fencing,
- £ 80,000 for water supplies and dips,
- £ 20,000 for farm buildings,
- £ 47,000 for machinery,

and the balance for a variety of other purposes.

In order, however, to assess the extent to which assistance has been rendered to maize growers, it is more particularly important to note the figures applicable to the Trans Nzoia, Uasin Gishu and Nakuru areas which are the principal maize producing districts. In 1955, for example, the acreage planted to maize in these three districts was 139,257 acres (Trans Nzoia approximately 69,000, Uasin Gishu 38,000, and Nakuru 32,000 acres), which yielded 1,103,144 bags of which 165,069 bags were retained for use on farms, the balance being sold to Government. In comparison, all the other Scheduled Areas planted a combined total of 11,201 acres, yielding 86,324 bags, of which 48,823 bags were retained on the farms.

Trans Nzoia was allocated a total of approximately £180,000 in Rehabilitation Loans, of which about £142,000 (80 per cent) was used for the purchase of cattle and £37,000 (19 per cent) for fencing, water supplies, dips and buildings. From Development Funds this district was, in the period under review, allocated approximately £70,000 in Land Development Loans of which approximately—

- £48,000 (70 per cent) for cattle,
- £16,000 (23 per cent) for fencing, water supplies, dips and buildings,
- £ 5,000 (7 per cent) for machinery.

Trans Nzoia, from the cereal point of view is predominantly a maize area.

Uasin Gishu was allocated a total of approximately £290,000 in Rehabilitation Loans, of which about £209,000 (70 per cent) was used for the purchase of cattle, and £79,000 (28 per cent) for fencing, water supplies, dips and buildings. From Development Funds this district was, in the period under review, allocated approximately £108,000 in Land Development Loans of which approximately—

- £58,000 (55 per cent) was for cattle,
- £ 2,000 (2 per cent) for small stock,
- £31,000 (30 per cent) for fencing, water supplies dips and buildings,
- £14,000 (13 per cent) for machinery.

Uasin Gishu, from the cereal point of view, is both a maize and a wheat area, and much loan money has been directed against wheat monoculture.

Nakuru was allocated a total of approximately £110,000 in Rehabilitation loans of which about £76,000 (70 per cent) was used for the purchase of cattle, £8,000 (7 per cent) for small stock, and £22,000 (20 per cent) for fencing, water supplies, dips and buildings. From Development Funds this district was, in the period under review, allocated approximately £135,000 in Land Development Loans of which about—

- £63,000 (47 per cent) was for cattle,
- £41,000 (30 per cent) for small stock (sheep £36,000 and pigs, etc., £5,000),
- £21,000 (16 per cent) for fencing, water supplies, dips and buildings,

and the balance for machinery (2-3 per cent) and other purposes. Nakuru from the cereal point of view grows both maize and wheat, and it is estimated that, out of the total loans to the District of £245,000, at least £145,000 went to the higher areas where little or no maize is grown.

Thus, of the total Rehabilitation Loans issued, approximately £580,000 (67 per cent) went to the three principal maize-growing areas, and of the Land Development Loans approved to date approximately £313,000 (55 per cent) has been allocated to these areas.

Naivasha and Laikipia districts, both of which are maize importing, account for a further 21 per cent of the Rehabilitation Loans issued and 28 per cent of the Land Development Loans allocated to date, which leaves a balance of 12 per cent of the total Rehabilitation Loans issued and 17 per cent of the total Land Development Loans so far allocated, for the other Agricultural Committees in the Scheduled Areas, none of which are maize exporting districts.

It will be seen that Trans Nzoia, in both the Rehabilitation Loan period and the period covered by the first 1½ years of Land Development Loans, concentrated on increasing its cattle population and in providing the necessary fencing, water supplies, dips and buildings that go with an expansion of the dairy and beef industries. Sheep do not thrive in this area, and many farmers who were badly hit by the pig slump a few years ago are cautious over any large increase in pigs. Much the same can be said for Uasin Gishu, although in this district in many instances cattle have been introduced more for the purpose of making a determined effort to break wheat monoculture, and to establish good mixed farming practice, than to cut down on maize production. There are indications, however, of an increase in pig and sheep production in certain parts of the district. In Nakuru the Rehabilitation Loan period also saw a considerable increase in the cattle population, but a certain sum was expended on the purchase of small stock, and this has greatly increased in the past two years when 30 per cent of the total Development Loans allocated to this district have been for small stock, mainly sheep (£36,000).

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