

1925

257

KENYA

C. O.
35704

5 ALL 25

Depo Northcott

leaf
98

DATE
of
1 July, 1925

CIRCULATION:—

Southcott

Agreement between the Transport Administration and National Bank of India.

Is of opinion that no separate agreement will be required until Transport Admin. becomes a separate entity. Encl. schedule of amendments considered necessary. Suggests the proportions into which the £500,000 should be divided. Encloses statement on question of deposits.

MINUTES

I spoke to you about this.

Please see minute within - if you
I've perhaps I shall draft again.

W.H.
11/8/25

Yes please. It should be...
i think that changes suggestions relate to
the Colony Banking agreement, the amount of
which does not seem previously shown
(see already raised) and to the
the amount of the Colony Banking agreement

11/8/25

Previous Paper

L.A. 31593

Hand leaf cons. 19 Aug 25
To Gen. Sec. cons. 17 Nov. 1925

Subsequent Paper

Kenya
7310

*See now off despatch
Wed 17.8.25*

Three points arise:

(1) The Draft Agreement. The conclusion of the Agreement must await the setting up of the Transport Administration, but in the meantime the matters of detail (with one exception referred to hereafter) may as well be settled.

The drafting points outstanding are:-

(a) those referred to in the Schedule to this despatch, and

(b) the suggestions in the Crown Agents' letter in 35193, which were originally communicated to us semi-officially in the minute attached to 4742.

Of the former, no action is required as to (a) Items 1, 4, 6, 7, 8 and 11 which are already in the draft Agreement which has been concurred in by the Directors of the Bank (4742); ~~(c)~~ Item 9 which has been agreed to by the London Manager. (It is true that Item 9 in words raises the question of hypothecation, but that is dealt with below). It therefore remains for the Crown Agents to take steps to secure an agreement with the Bank to Item 2 (as to which see para. 2 of 37504), ~~and~~ Item ² 7 which has been agreed with the Local Manager of the Bank and ~~Item 5~~. Also Items 10 and 12, which are in the present Agreement and the Government wish retained.

*(3) agreed
- see 67027.*

In writing to the Crown Agents accordingly
? agree to the incorporation of the amendments

suggested

*See also 5/10 a special
Leds 472 15*

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- see 47027*

and in writing to the Crown Agents we shall have to make some reference to this hypothecation question in connection with Item 9 ^{and} the Schedule in 35704.

(3) Local Bank Balances.

position
decision (a) Uganda. Uganda reported the decision in 10274 which was left over for further consideration. ? may continue to sleep.

b.c. (b) Kenya. The Kenya figures are reasonable and ? no action is necessary.

J.M.P.

11/8/52

KENYA.

No. 98.

CONFIDENTIAL.



C. O.
35704
GOVERNMENT HOUSE,
NAIROBI, AUG 25
KENYA.

1st July, 1925.

260

Sir,

See enclosure to
63745/24

With reference to your Confidential despatch of the 28th of November, forwarding a copy of a letter from the Crown Agents relative to a separate agreement between the Transport Administration and the National Bank of India, I have the honour to inform you that I have consulted my Executive Council and am of the opinion that no separate agreement for the Colony and Transport Administration will be required until the Transport Administration becomes a separate entity.

Schedule.

I attach a Schedule of the amendments which I suggest should be made in the Colony's Agreement in such an event.

2. With the exception of Amendment 2 these amendments will be desirable in the Colony's Agreement whether the Transport Administration becomes a separate entity or not. In the latter event Amendment 2 in the Schedule will have to be replaced by a provision in the General Agreement that the Government and Railway accounts are to be kept separate and that 2½% interest is to be paid to the Government and Railway respectively on any sum by which their respective balances may exceed Shs:200,000/- until such time as the Transport Administration becomes a separate entity

All

RIGHT HONOURABLE

LIEUTENANT COLONEL L.C.M.S. AMERY, P.C., M.P.,

SECRETARY OF STATE FOR THE COLONIES,

DOWNING STREET,

LONDON, S. W.

All the proposed amendments have been agreed to either by the Bank's London Office or by their local Manager.

3. It is suggested that the security of £300,000 to be lodged by the Bank should be divided in the following proportions:-

Kenya £125,000.

Uganda Railway .. £100,000.

Uganda £ 75,000.

4. With regard to the question of deposits

statement.

I enclose a statement showing the amounts held by the National Bank of India on fixed deposit and current account at intervals during the past four years.

I may add that the large balances held on account of the Kenya-Uganda Loan will be rapidly reduced as the works progress and in view of the proposed amendments to the agreement, coupled with the arrangement that deposits up to £250,000 may be lodged with the Standard Bank of South Africa I do not think that any further precautions are necessary.

I have the honour to be,

Sir,

Your most obedient, humble servant,

J. A. V. Northcott

for and in the absence of the
ACTING GOVERNOR.

SCHEDULE OF PROPOSED AMENDMENTS

TO
FRESH BANK AGREEMENT.

262

1. Separate agreement to be drawn for the Colony. ✓
2. ^{d4} The Government and Railway Accounts to be kept separate and ~~2%~~ interest to be paid to the Government and Railway respectively on any sum which their respective balances may exceed Shs:200,000. ✓
3. Preamble to be amended as suggested in paragraph 4 of Crown Agents' letter of 15th of November, 1924, to Under Secretary of State. ✓
4. ^{d8} Interest on Fixed Deposits - Rate to be not less than allowed to most favoured customer. ✓
5. Provision to be made that overdrafts will be allowed against fixed deposits at a charge of 1% above the rate of interest being earned on the deposit. ✓
6. ^{d3} Government Cheques, drawn for Government purposes on any Branch Bank in the Colony, to be payable at any other Branch Bank in the Colony at par. ✓
7. ^{d3} Transfers of funds between local Branches of the Bank for Government purposes, to be at par. ✓
8. ^{d4} ~~2%~~ interest to be paid to the Government on any sum by which its balance shall exceed Shs:200,000/-. ✓
9. Bank to give security of £300,000 to be apportioned between Kenya and Uganda at the discretion of the Crown Agents. ✓
10. Interest of fixed deposits to be credited on 30th June and 31st December. ✓
11. Remittances: The Bank will make sterling remittances on behalf of the Colony either by draft, letter or telegram. In such cases the rates, to be arrived at by agreement, shall always be more favourable to the Administration by at least ~~1%~~ than the rate granted to the Bank's most favoured Customer. ✓
12. Period of fixed deposits to be left open and not made six months as in draft Railway Agreement. ✓
13. Paragraph 16 of present agreement to read "Nairobi" instead of "Mombasa".

Item 3 is as suggested by Crown Agents.

Items 1, 4, 6, 7, 8, and 11 are already in the draft agreement prepared by Crown Agents.

Item 5 has been agreed to by the Local Manager.

Item 9 has been agreed to by the London Manager.

Items 10 and 12 are in the present agreement and should be retained.

As regards item 10 this is essential in the Colony's Agreement in order that the amount may be brought into the Revenue of the year concerned.

X See _____ Mombasa

THE COLONY AND PROTECTORATE OF KENYA

KENYA UGANDA £3,500,000 LOAN

Date.	Current Deposit Account.	Fixed Deposit Account.	Current Deposit Account.	Fixed Deposit Account.
	£.	£.	£.	£.
1921.				
Jan. 31.	Acct. in Overdraft.	-		
April 30.	"	-		
July 31.	"	-		
Oct. 31.	"	-		
<u>1922.</u>				
Jan. 31.	"	80,000		
April 30.	"	80,000		
July 31.	"	-		
Oct. 31.	19,000	-		
<u>1923.</u>				
Jan. 31.	235,000	-		
April 30.	138,000	50,000		
July 31.	115,000	50,000		
Oct. 31.	257,000	55,000		
<u>1924.</u>				
Jan. 31.	406,000	250,000		
April 30.	388,000	400,000		
July 31.	337,000	200,000		
Oct. 31.	248,000		78,800	590,000
Dec. 31.	127,000		23,000	590,000

Allen 7/6
July 17

OMH
3572
New

264

burgh.

did

C. D.
R 17 AUG
D 18

[Handwritten signature]

AFT.

19 Aug 1925

See
ent

Agents

Yours ref to your letter of the

~~Conf No 70~~
~~1 Aug 1925~~
~~(3572)~~

14 Aug (A/114) with the enclosed
copies of I hope to be in receipt

19 AUG 1925
(Conf: 70)

of you a copy of further copies
with the O.M.H. of the

relative to the proposed
a
banking revision of the

Banking Agreement between the
Federal Reserve Bank of
Chicago

2. The Agency will be

pleased to receive any observations that

you may have to offer with

regard to the amendments

suggested
in the schedule

enclosed in the copy from

the FDIC. The 1 July Substitution,
as would be the case, that in your

Division would be the attitude of the

Bank towards the proposal to increase

to 4 percent. The savings from the

cost in regard to ^{handling} ~~handling~~ ^{remittances} ~~remittances~~

(Sgd.) Harold T. Allen
for Under Secretary of State

Allen 178

Bothwell 17.8.25

Strachey.

Shuckburgh.

Davis.

Grindle.

S. Wilson
J. Macleod Smith.

Ormsby-Gore.

Amery.

Ind

Downing Street,

19 August, 1925.

DRAFT.

15

Sir,

I have the honour to acknowledge

the receipt of your despatch Confidential
98 of the 1st of July, submitting a
schedule of proposed amendments to the
Bank Agreement ^{with} of the National Bank of
India.

2. I observe that in his telegram
(48512/24)
of the 13th of October, 1924, the late
Sir Robert Coryndon stated that a revised
banking agreement was then under
consideration for submission to the
Secretary of State; and asked that
pending its receipt, the negotiations
for

Copy (w/out enc.) l.a. - 19 AUG 1925

*9 July 1925^D
(31593)*

*14 Aug 1925^D
(3) 3107*

df

for a separate Agreement on behalf of the Uganda Railway Administration should be suspended.

3. No such revised Agreement has, however, yet been received, and I agree with the view expressed in paragraph 1 of your despatch under acknowledgment that a separate Agreement for the Colony and Transport Administration will be required until the latter becomes a separate entity. As you are aware, the negotiations with the Bank in regard to the Transport Agreement have proceeded in the meantime, and I assume that the amendments proposed in the schedule to your despatch relate solely to the proposed revision of the Colony's Agreement, and are not connected with the Transport Agreement. I take this opportunity to forward ⁴⁰ a copy of a letter from the Bank Agents, from which you will see that the bank has accepted

[This is obviously what the Bank means]

the

the amendments mentioned in the General Manager's letter of the 23rd of March last. Subject to further consideration of the question of hypothecation (with which I will deal later) I agree to the adoption of ~~these~~ ^{one} amendments; and I concur in the assumption in paragraph 3 of the ^{of the 9th July} Crown Agents' letter that the exact wording of the proposed amendment to the Preamble, and the consequential alterations, must stand over until the legal instruments regarding the Transport Administration have been approved.

no lodged securities
the value of £300,000

~~and, subject to any
to that the C.A. may
make, to~~

4. To revert to the suggestion of the General Manager that of the £300,000 securities to be deposited with the Bank, £100,000 should be specifically hypothecated to the proposed Transport Agreement, I note that

arrangement for the guidance of the Crown Agents, it would be preferable to lay down as a definite understanding that, in the case of a default by the Bank in respect of any of the three agreements, the amount recoverable from the securities should be divided between the Governments of Kenya and Uganda and the Transport Administration, pro rata to the amount of loss sustained, respectively. I should therefore be glad if you would give further consideration to this point, in consultation with the General Manager of the Railway and the Government of Uganda.

5. As regards the remaining elements in the schedule, I am prepared to authorise the Crown Agents to approach the bank with a

view

in writing the terms of
it a

and
in due course
subject to any comments
that they may have to
offer on the
minutes;

in this despatch may receive early consideration, and that you will inform me by telegram, as soon as possible:-

(a) ^{to} Whether I am correct in assuming that the amendments in the schedule enclosed in your despatch relate solely to the proposed revision of the Colony's Agreement;

(b) ^{to} Whether the views which I have expressed in paragraph 4. with regard to the securities meet with general concurrence
and

(c) ^{to} Whether the percentage figure of one-quarter in amendment 11 should stand.

~~I have, etc.~~

I shall be glad if you will communicate a copy of this concept to the Govt of Uganda in order to obtain his views, first, on the question of hypothecation, and, secondly, on the question whether he would desire the Hon'ble to be taken, if possible, to review the Uganda Banking Agreement of

1913 and if so on the lines.

2

(Signed) L. S. AMERY

~~Sub~~

0775
30/11/1917
3

Coded receipt
11.10 or 17.11.1917

269

DRAFT. Tel
Governor
Nairobi

C. 11.
R 17 NOV
D 17

17 Nov 1917

When was subject

of 6 of 1917

Match 19 August

bank agreement

MINUTE.

Mr. ~~W. M. ...~~ 17/11/17
atana

Mr.

Mr.

Sir C. Davis.

Sir G. Grindley.

Sir H. Read.

Sir J. Masterton Smith.

Lord Arnold.

Mr. Thomas.