

the end of the financial year being £1·7 millions above the figure for March, 1939. Holdings of other securities have fallen from a peak of £2·5 millions in June, 1944, to £1·7 millions at the end of March, 1950.

The trading banks' advances and discounts increased by £6·5 millions during the year to a total of £96·1 millions, the seasonal rise during the March quarter being greater than usual as a result of abnormally large advances to finance wool purchases.

CLASSIFICATION OF TRADING BANKS' ADVANCES AS AT THE  
LAST BALANCE DAY IN MARCH  
(£000)

	1947.	1948.	1949.	1950.
Farmers .. .. .	21,626	20,030	19,313	17,305
Dairy companies, freezing-works, &c. ..	8,847	8,255	9,212	9,908
Other manufacturing and productive industries .. .. .	12,968	20,159	23,002	25,931
Merchants, wholesalers—				
(a) Mainly importers .. .. .	4,262	7,962	5,925	7,578
(b) Others .. .. .	1,402	4,924	2,155	2,829
Retailers .. .. .	4,645	9,505	7,659	8,258
Transport .. .. .	1,250	1,752	1,893	2,145
All others .. .. .	17,637	19,933	19,586	20,695
Total advances .. .. .	72,637	92,520	88,745	94,649

The most significant changes in the above table are the reduction in advances to farmers (especially wool-growers), the increase in advances to importers and retailers (reflecting the improved value and volume of stocks held), and to "Other manufacturing and productive industries."

### CONTROL OF ADVANCES

The policy of restricting certain classes of trading bank advances was continued throughout the year. In August, 1949, advances to enable primary producers to purchase essential farm equipment and machinery were removed from the restricted class, provided that each individual advance did not exceed £1,500 (including similar advances still outstanding) and repayment was made within two years. During March, 1950, an administrative change was made. It was decided that it would no longer be necessary for the trading banks to refer to the Reserve Bank in cases where the term of the proposed advance did not exceed two years and the amount applied for did not exceed £2,000. In exercising their discretion in such cases the trading banks were expected to apply the general principles of advance control, which remained unchanged, but were authorized to use their own judgment in dealing with marginal or doubtful cases instead of referring them to the Reserve Bank.

Further changes effected in May, 1950, are recorded in an Appendix to this report.