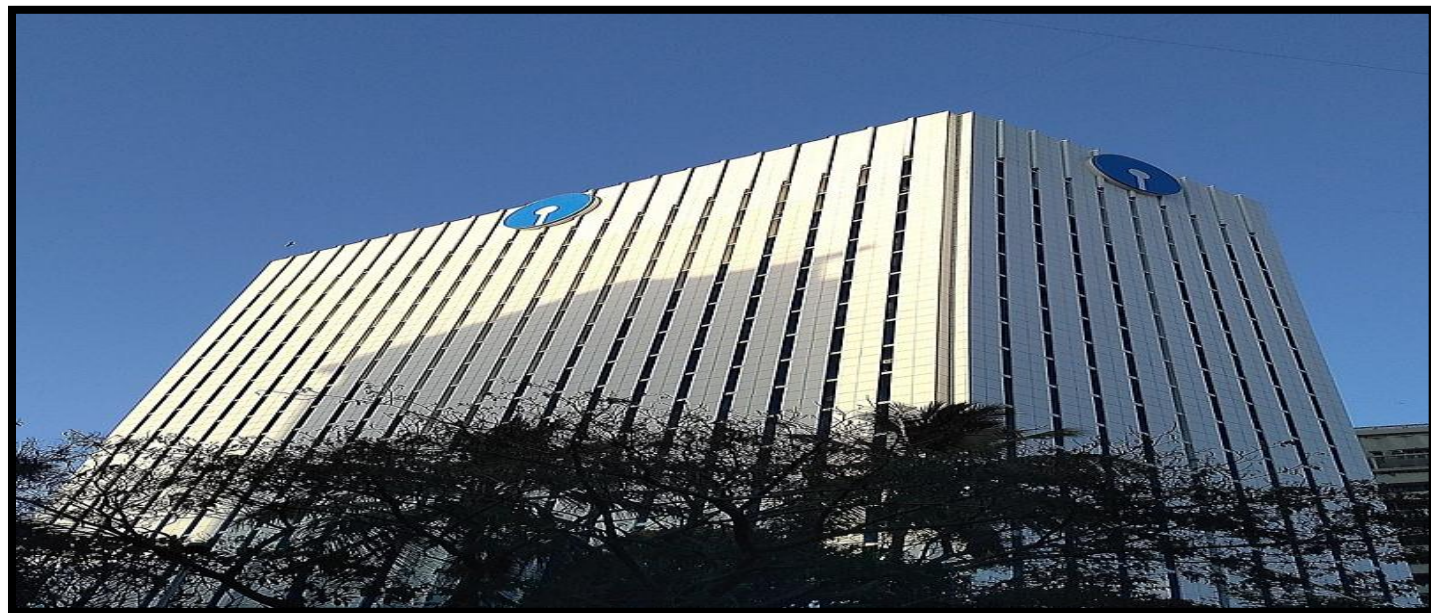


Establishment day of Imperial bank (State bank of India)



The Imperial Bank of India, which became the State Bank of India after independence, came into existence on January 27, 1921.

The history of modern banking in India can be traced back to 1806 when the Bank of Calcutta was established. In 1809 it was re-named Bank of Bengal. Then in the 1840s the Bank of Bombay and Bank of Madras came up.

While these three banks' evolution was influenced by ideas generated by the great economic churning taking place in Europe in the 19th century, local needs and conditions in India played an important role too. The establishment of the Bank of Bengal saw the start of limited liability, joint-stock banking. The Bank of Bengal was allowed to issue notes that could be used for paying public revenues in certain areas. According to the banks' royal charters, 80% of share capital was privately subscribed and the remaining state-owned.

The three Presidency Banks were at the helm of Indian banking till their amalgamation in 1921 into the Imperial Bank of India, which combined the role of a commercial bank and a central bank. However, with the establishment of the Reserve Bank of India in 1935, the Imperial Bank ceased to have a central banking function. It now became a purely commercial bank and certain business restrictions on it were removed.