The present study is an attempt to examine and analyse the role of the State Bank of India in financing agriculture, which is the backbone of Indian economy and contributes about forty eight percent to our National Income and is the mainstay of the people of our country. In a developing country like India it was necessary to have enough food available for feeding the rapidly increasing population and meeting the demand which results from the employment opportunities created in the newly established industries and thus avoiding or at least reducing the inflationary pressures in the economy.

Thus the development of the agricultural sector becomes necessary but no development can be made without proper financing facilities. The Commercial banks were not in a position to extend large amount of credit to the farmers, partly because of the difficulties of assessing the financing of rural credit due to the problems of proper management in the expansion of rural banking and partly the difficulty of distinguishing between production and consumption loans of the small farmers. Due to the failure
of the commercial banks to provide farm credit, the Rural Credit Survey Committee in 1951 recommended the amalgamation of the Imperial Bank of India and other associates of this Bank so that such a reconstituted State Bank of India could reach the rural areas of the country with a strength and objectivity necessary for creating agricultural credit. The State Bank of India came into being for this purpose on 1st July 1955. In the beginning the State Bank of India started financing agriculture indirectly through cooperatives but later on the gaps and inadequacy became evident in the rural credit structure of the development which were due to the lop-sided development of the cooperative institutions. Therefore the Bank had to orient its policy towards direct financing agriculture and a beginning in this direction was made in 1965.

The Bank's role became more important in the context of the rising tempo of modernisation of Indian agriculture which necessitated large cash outlays, the growing requirement of credit for the distribution trade of fertiliser, and a spurt in demand for credit for marketing, processing and storage particularly after
the introduction of High Yielding Varieties Programme. The role of the State Bank of India after 1955 is very significant in financing agriculture directly and indirectly for the agricultural development of the country in organised sector.

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