

**World Economic Forum – India Economic Summit
held from 4 - 6 November 2014 - Inclusive Finance: from Paper to Action**



Ajith Nivard Cabraal, Governor of the Central Bank of Sri Lanka was a Panelist at the World Economic Forum – India Economic Summit on the Session on Inclusive Finance: From Paper to Action. The other Panelists were Kwesi Amissah-Arthur, Vice President of Ghana, Chetna Vijay Sinha, Founder, Mann Deshi Foundation, India; Social Entrepreneur and Stuart Milne, Chief Executive Officer, HSBC India. The Moderator was John Chalmers, Bureau Chief, South Asia, Thomson Reuters, India,

In his intervention, Cabraal made the following observations as to how Sri Lanka approached **financial inclusion** from several angles:

1. **Provided electricity to all.**
In 2005, electricity coverage was only 72 per cent of the country. Now, it has increased to 99 per cent. Electricity is also available 24 hours of the day.
2. **In addition to developing new expressways, as well as improving national roads, and upgrading all provincial roads, the rural road network has also been improved.**
3. **Assisted the cultivation efforts where many rural people are involved** by improving minor irrigation systems and by dredging a large proportion of the 30,000 tanks dotted across the 14,000 villages of the country.
4. **Directed all banks and finance companies to open branches outside Western Province** in order to provide banking and finance services to the lagging provinces. For every one branch that was to be opened in the Western Province, two had to be opened in the other provinces, commencing 2007.
5. **Mobile payment technology was improved substantially** enabling all persons to access the mobile payment system so as to carry out their day to day transactions.

6. **All banks were directed to operate at least one SME centre in every province.**
This was to provide education and training to entrepreneurs to improve their skills in the fields of management, HR, financing, marketing, IT, etc.
7. **A massive effort was made to improve skills development, particularly in tradesmen activities** whereby success in certification courses led to the granting of collateral free loans to those persons who qualified in the different trades.
8. **Group loans were encouraged in several lagging regions** so that banks could provide such loans on the basis of the group guaranteeing the loans granted to each other.
9. **A large number of forward sales contracts were facilitated** by the government in order to encourage farmers to have a reasonable pricing structure for their products. In addition, generous minimum prices for paddy and milk were set, so as to encourage economic activity in those fields as a result of the reasonable profit margins.
10. **Through an innovative scheme titled “DiviNeguma”, all persons were encouraged to undertake a second economic activity** by way of horticulture, arts and craft, IT, sports, small trades, education, tourism related activity or transport related activity. This scheme also encouraged a large number of persons to earn an extra income thereby enabling their livelihood and life styles to improve considerably.

Cabraal also explained that all these policies encouraged the persons hitherto not accessing the financial system to move towards the banking and leasing financing schemes.