

Only capitalism can solve poverty: Narayana Murthy

Infosys Technologies chief mentor N.R. Narayana Murthy says capitalism is the only resort for India to solve its problem of poverty, even as he finds 'serious crisis of moral dimension' in most Indian leaders.

The non-executive chairman of one of India's largest and most admired software companies also advocates some radical economic reforms such as hire and fire policy, privatisation and foreign investment in retail trade industry.

'If India has to solve its problems of poverty, we have to embrace capitalism. I believe that is the only hope we have,' Murthy told Karan Thapar's 'Devil's Advocate' programme to be telecast on CNN-IBN Sunday evening.

'Capitalism is about providing equal opportunity for everybody and to make sure that people have incentives to perform better and better. It also thrives in an environment of competition,' he said.

'Let's remember that all countries which embraced communism have failed. Even in Cuba the only person that Fidel Castro could trust was his brother,' he said and suggested that capitalism responded to human nature better.

Murthy also maintained that the quality of leadership was not that good and said while the United Progressive Alliance (UPA) government had some good intentions, the need of the hour was to move forward at a much faster pace.

'I think, barring a few exceptions, we do not have good quality leadership in the country. That is a fact. We do not have leaders who put the interest of society above their own personal interest,' Murthy said.

'We do not have people who can straddle both the worlds - the urban and the rural, the rich and the poor, the educated and the not-so-well-educated. I think we need leaders who straddle all these worlds,' he said.

'There is a serious crisis in the moral dimension of most of our leaders, in the ethical dimension of our leaders, in the competence dimension of our leadership, in the ability of our leaders to connect with large masses of people.'

Yet, he singled out Prime Minister Manmohan Singh as an able leader with vision, political capacity and courage to force change, but observed that the 'fragile coalition' he was heading was holding him back.

'Unfortunately he leads a very fragile coalition. If he were to lead a majority Congress party government, I have no doubt at all he would move much faster than he has been able to. I'm 100 percent certain.'

Turning his attention to radical reforms India needs to implement to tackle the challenges it faces, Murthy began with the need for laws permitting retrenchment and suggested privatisation of state-run firms as opposed to divestment.

'All over the world it has been demonstrated that only when you have the right to retrench, then only you will become bold to create more and more jobs. I would say that is one of the primary things we have to do,' he said.

'Corporations and the government must work together so that even if people have to be retrenched they would have the wherewithal to support themselves for six months or a year before they can get another job.'

Asked if he advocated privatisation of India's vast public sector, including the so-called 'Navratnas' (nine gems among state-run firms), Murthy replied in the affirmative and said even infrastructure development should be in the hands of the private sector.

'There is no doubt at all. I don't believe the government should be in business. I think the Navratnas would perform better if they are in private sector hands or if they operate as if they are in the private sector,' he said.

'I believe even infrastructure should be built by private sector. The government should create policies that encourage private sector to create infrastructure - for example, airports, roads, power companies, distribution companies, ports.'

Murthy said that the retail trade industry in India - that is open only to single-brand multinational corporations - should be thrown open to investments from overseas.

'When we have opened it to large Indian groups, it means the mom and pop stores are likely to suffer anyway. So why not open it to large multinationals? Let them bring the best technology, best practices so that at the end of the day the consumer benefits.'

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