N.R. Narayana Murthy
Chairman and Chief Mentor, Infosys

Known as “The Bill Gates of Asia,” N.R. Narayana Murthy is a founder and now Chief Mentor of Infosys Technologies Ltd., a global consulting and IT services company in India which employs more than 17,000 people worldwide. A billionaire who lives in a modest apartment, Murthy frequently speaks out on his belief in the need for social responsibility.

India is the fastest growing domestic IT market in the world and is increasingly becoming the “back office” of some of the world’s largest companies. Gartner Fellow, Bob Hayward spoke with Mr. Murthy in Mumbai about India’s current and future position in the marketplace.

Interview conducted by Gartner Fellow
Bob Hayward

Bob Hayward:
Mr. Murthy, you have likened India to a family of two children: one gifted and the privileged. Would you expand on that?

N.R. Narayana Murthy:

Currently, there are two Indias — urban India where the child is informed about what’s happening in the world and rural India, where the child is hapless, undernourished and uneducated. To solve the problem of poverty in this country, then we have to encourage the child to make the whole family better. Then it becomes the responsibility of the parents to make sure the rural child also gets benefits. That’s what the politicians must understand here and in the world.

Hayward:
To extend on that, does the government need to be market-driven, or should it be driven?
“There are two hilarious concepts in India. One is called MAFA – Mistaking Articulation For Accomplishment.”

Hayward:
Which are the technologies and companies in the rich India that can have a bene on the rural India?

Murthy:
I won't name any specific company because that is not fair. I think every compar small, has a responsibility to make sure that the benefits of IT percolate down to This could be done by foundation activities or by helping government develop bet infrastructure and facilities. We need to create case studies to show how technol benefit the masses.

For example, Nasscom (India's National Association of Software and Service Companies) conducted an experiment seven years ago when they put a taxi driver in Bombay in touch with his family in Azamgarh, Uttar Pradesh via videoconferencing. The joy on the faces of his family seeing their relative on TV was something that is worth a million dollars. We need to bring the power of IT, by way of new case studies to the attention of people, politicians and bureaucrats alike.

Hayward:
Why don't we see tangible benefits from the advancements made in IT by India t into better infrastructure?

Murthy:
I have often said that while portfolio investments are good, they leverage the po Indian entrepreneur. We need that, but more important is foreign direct investm comes as equity or long-term goals. If you want to let FDI into India in a signific people will have to create visible signs of progress to create confidence in our for investors, something that China is doing.

Hayward:
How important is IT right now in India's development?

Murthy:
We all agree that IT reduces cost a market and improves productivity. agreed to, there is no doubt that IT important role to play in nation bui seen how IT has contributed signifi improving productivity in the US fr percent a couple of decades ago to now. Now, what should get more p other instruments of growth?
My view is, let the government not get into this. Let it, instead, make it easier for FDI to enter the country. As long as people are suspicious of what comes in, then it’s unlikely we will want. The bottom line is, make it easy for those investments to enter India, in the IT sector there is.

Hayward:
Why is the issue of whether foreign investment is good for India or not debated here? Why is it still not resolved?

Murthy:
Actually, there are two hilarious co-optations of India. One is called MAFA—"Mistaken Articulation For Accomplishment." This is that when we say, "All is said and nothing is done." Like it or not, we are a debating society.

But just as other countries like Brazil and China have done, we must say enough and now is time for action. Otherwise, we will continue to a MAFA society.

Hayward:
Do you believe in the school of thought that domestic industry is not supported enough, and all attention is given to exports? What is your advice to the domestic IT industry?

Murthy:
Every company tries to maximize its profits and revenue. In the G-8 countries, the opportunity for revenue and profits is much higher than in India, so perhaps the company here may focus primarily on the export market. But it doesn't matter.

I say, let somebody else look at the opportunity in India. We don't have to say that we won't focus on the domestic market to the exclusion of the export market. Let a thousand flowers bloom. The right approach would be to let all competent people succeed in all markets, domestic or global.

Hayward:
What can "India, Inc." do to embrace IT, something that has not happened as much as in countries such as China?

Murthy:
I think it is happening in the last ten years. The Indian enterprises and even the government are embracing IT much more warmly than ever before, and the reason is, competition is increasing. There is a focus on productivity and secondly, democracy is demanding more transparency and accountability from the government.

Hayward:
But the difference is that in India, there has to be a different justification for IT-induced automation that reduces the number of jobs in a country with such a large a population.
Murthy:
I am of the opinion that every enterprise must operate at the highest level of pro
which means fewer and fewer people can produce more and more wealth. With b
productivity, salaries will increase, workers will have more disposable income tha
spend in the market. In the end, by enhancing productivity, you are actually crea
jobs.

It's a myth here that in employing more people and resourcing productivity per w
are making the economy better for our citizens. The right way would be to impro
productivity.

Hayward:
Is the contribution of IT in improving the living standard of a large chunk of the I
people being recognized as it should be?

Murthy:
In the last couple of years, India has done a very good job in IT. But we are still
one billion people, so a million or so working in IT or related areas doesn't get mi
That's where we need to create better enthusiasm by creating visible signs of gr
world-class airports and highways. We owe it to our children because we want th
much more confident about their country.

Hayward:
In your interaction with politicians, what do you see are the major challenges in r
aware of the potential of this sector in India?

Murthy:
Leadership is first of all about courage. Courage to dream big. Courage to take tc
decisions. Second, it is the ability to raise the aspirations of people. Third, it is to
minded and accepting of great ideas from different countries and cultures across
And fourth, like I earlier said, it is to recognize that there are two Indias — rural —
and to work toward the growth of both of them.

Hayward:
What needs to be done to bring out that change?

Murthy:
Once again, that takes me to what I mentioned earlier — the visible signs of gro
give you an example: When Baby Noor, the two-year-old Pakistani child came to
successful open-heart surgery in July 2003), I was happy to see the news splashi
the newspapers. I think we need a few more examples like that. Not only will it c
leaders mindset, it will create confidence in Pakistan.

The point is, we need more such signs of growth, like that Nasscom experiment 
fishermen of Pondicherry using data from U.S. satellites to enhance their catch. I
movie theater, if we can show a few of these examples, the common citizen will I
confidence in India and will say that India is on the move now.

Hayward:
I may be a little pessimistic, but there is a negativism and cynicism in the Indian
if the IT industry is growing, there must be some problem?

“Let a thousand flowers 
blow. The right approach.

Murthy:
You have information I do not, so l
with you. But let me tell you, I was and my friend Prannoy Roy (presid — New Delhi Television — which w launch English-language and Hindi channels in India) took me to his s these enthusiastic guys and I was impressed. If we use that enthusias beat anybody in the world.

When a lot of my friends went to IBM, when they set up in India, people said it w end for my company. But I said that if I can't fight multinational corporations in I can we fight them in their own backyard? These multinationals bring a lot of valu With their human resources and other policies, we have to play the game their w very hopeful.

**Hayward:**
Recently, politicians and labor representatives in developed economies are propo "backlash" laws against Indian IT-based services companies meant to limit the us offshore development and business process outsourcing. What do you think shou strategy of the IT industry to address that right now?

**Murthy:**
Globalization is about producing where it is most cost effective, about sourcing c where it is cheapest and about selling it where it is most profitable. We should nc constrained by international backlash.

A smart journalist in Australia asked me a question at a press conference: "You g taking all our jobs to India. You should be thrown out." I told him that I use an L refrigerator at home in India. I drink Pepsi and Coke though we have our own In I use a GM car when we have a vibrant automobile industry. I use Cisco routers T Toshiba tablet PC which are imported. So do you think we should throw all these out? I gave him the positive side of all this.

Prior to 1991, we all felt exactly the same way as that young journalist. Initially, very painful phase for our Indian companies, but at the end of it, we became str end of the day, the consumers benefited the most, and even the minority that su short run will benefit at the end of the day.

**Hayward:**
Where do you see global IT going in the next five years?

**Murthy:**
I think IT will focus more on enhancing productivity in the home. So far we've li ourselves to enhancing productivity in the workplace. Thanks to increasing compi I believe IT will move to ubiquitous computing.

**Hayward:**
Do you think India will move from using existing technology to inventing new tec

**Murthy:**
It will happen. Let’s remember that the concept of a free market is still new in In not accustomed to leading from the front. We have just 15 years compared to 20 elsewhere in terms of an industrial revolution. You need to have a little more pati India, but it will happen.

**Hayward:**
There are indications that IT will be a driving force taking India into the league of nations by 2020. What's your vision of what India will be like then?
Murthy:
I have great respect for our president, Abdul Kalam, and his vision of making India a developed nation by 2020 is a great one. My view is, IT alone will not be able to do that. We need world-class manufacturing. We need world-class financial services, healthcare, education, etc. Only then can we make progress and become a great nation. IT alone will not be able to do that. It will definitely be a driver, a case study of India's potential.

Whenever I am down, I remember what the late Robert Kennedy once said, which I borrowed from George Bernard Shaw: "Most people see things as they are and I see things that never were and say, why not."

Once our leaders start with this mindset, the solution is very simple. We have to the constraint, using it as an opportunity. It's all in the mind.