# Indian Family Businesses in South Africa: 1870-2004

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## INTRODUCTION

This paper is an historical reconstruction of businesses operated by people of Indian origin since their settlement in South Africa in 1860. It was only after the first decade of the introduction of indentured labour in the colony of Natal that Indian entrepreneurs began arriving from India to meet the needs of the growing indentured population. The need to study this segment of the Indian population arises from the fractious history and the ongoing racial problems for which South Africa has become so infamous. During colonialism and the apartheid era the dynamics of race relations straddled across four major classified groups, viz. Whites, Indians, Coloureds and Africans. While Whites enjoyed hegemony of a politically stratified population, access to political and economic opportunities varied for Indians, Coloureds and Africans during different periods of their history. Hence each classified group is characterized by their varying historical and contemporary experiences. People of Indian origin underwent and are still undergoing experiences that are racially based and reflective of the country's changing relations in a new democratic political economy. In the nineteenth century the arrival of Indian entrepreneurs was greeted positively by the indentured labourers because their religious and socio-cultural needs were finally being met. Their presence then was by no means a hindrance to the established and entrenched position of their White colonial counterparts. However, their entrepreneurial skills and the increasing potential for business in the colony urged them to spread out and venture into bigger and more rewarding trading. Their charismatic and persuasive tactics in business dealings created an appeal among Indians and Africans that earned for them a permanent place in business. These maneuverings created new challenges for the White entrepreneurs and eventually threatened their hegemony over trade in the colony. Pahad for instance cited two recorded complaints from magisterial reports that appeared in archival material*: "A few more Indian stores have been opened in the town of Verulem during the year, and two European stores have been closed for want of support, the Indians having entirely absorbed the petty trade with Indians and Natives"* , and *"Complaints continue to be made of the increasing number of Indian traders and hawkers ….These people render it impossible for small European store-keepers to make a living'* (Pahad, 1972).

The problems that Indians faced in the nineteenth were racially based and those that they are facing in the 21st century still emerges out of racially perceived problems, despite the democracy that South Africa is deemed to belong to. While democracies suggestively transcend the boundaries of race and ethnicity, in South Africa these problems are likely to persist for many more decades to come. It is against this background that an analysis of the problems in the history of Indian entrepreneurship is done. The sections that follow are periodised to cover three eras viz. 1870-1948, 1948-1994, and 1994-2004. Each of these periods represents crucial historical junctures in the history of South Africa which illustrate the reasons for these arbitrary cut-off points.

## 1870-1948

The Indian trading class migrated to Natal from the 1870s onwards. The immigrants paid their own passage fare and were free in all respects – hence were referred to as "Free" or "passenger" Indians. Unlike indentured Indians, they did not fall under the contractual labor system, and differed from the indentured workers in terms of place of origin, language and religion. This group originated from the West Coast of India, from the province of Gujarat. Among the free Indians, only a small percentage was Hindus, while the majority was Muslims who spoke either Gujarati or Urdu, the former predominating. The entrepreneurial nature of the "passenger" Indians may be seen in their homeland's historic role in internal and overseas trade. The West Coast of India is noted for its commercial importance. Overseas sailing from Gujarat dates back to the pre-Christian era. On the West coast of Gujarat lies the Indian Ocean and the Arabian Sea. The closeness of Gujarat and the Arabian Sea made it an important trading post for the European powers. Gujarat also had several good ports, for example, Surat, which became the central port in the late sixteenth century, until Britain made Bombay (now Mumbai) the main port in the nineteenth century. Here the chief trading groups were the Khojas, Memons, and Parsis and the Sunni Vohras ( Hiralal, 1992; Padyachee and Morrell, 1990). The more adventurous Muslims, since colonialism, appeared to have gone more often than Hindus on long distance travels, in search of business prospects.[1] Prior to their settlement in Natal, they went to larger Indian cities, north to Burma, or to overseas destinations such as East Africa and Mauritius. They engaged in a variety of trade ranging from money lending, banking, grain dealers to cotton merchants and returned to their homes once or twice a year. Although Muslims were the initial pioneers, the more successful ones soon sent for Hindus from their home regions to assist with clerical and administrative matters. There is no quantitative evidence with respect to the early arrival of "passenger" Indians. However, numerous interviews conducted with pioneer Indian businesses would indicate that not all had bourgeoisie or trading origins. Some held posts in local governments, a few involved in shipping but the vast majority were impoverished peasant proprietors whose traditional economy was shattered by the exorbitant land tax (Klein, 1986). Thus the vast majority of "passenger" Indians, who constituted the petty Indian storekeepers, had emigrated to seek a better livelihood, and to acquire financial stability. The early arrivals were not seeking permanent residence in Natal, but rather motivated by the desire of exploring economic opportunities and returning home thereafter. Nevertheless, the "passenger" Indians settled primarily in the urban centers of Durban and Pietermaritzburg and in the coal mining districts of Northern Natal.

The Indian commercial class in colonial Natal can be placed into three essential categories of trade: the well established merchants, the petty storkeepers and the hawkers. Their internal organization and characteristics and pattern of trade reflect their frugal mode of living and their strong religious, caste and kinship ties. Businesses were generally patriarchal in nature, with women playing little or no role in the administration and management of businesses. The characteristic pattern of Indian traders was to emigrate, seek employment and once established financially either return to India or call for their families. Many initially sought employment as hawkers, selling fresh produce and Indian groceries, working as a salesman, or a supervisor in the store. Once sufficient capital was accumulated, many became general dealers and later entered the wholesale business. Thus, Indian commercial expansion took place, through a steady trickle of new traders, and new capital, and newcomers buying and working into old established businesses.

Nevertheless, their arrival and settlement, in Natal coupled with their gradual monopolization of the Indian and in particular the African trade, unleashed a wave of anti-Indian agitation on the part of colonial traders in the 1890s. A closer examination of the evidence has revealed that this attitude was based on a mixture of trade jealousy and racism. The Indian traders with their inexpensive lifestyle, low overheads and cheap wares, and at times unscrupulous trading methods, dominated approximately 70% of the retail trade in colonial Natal, particularly in the rural areas. Such entrepreneurship, while essential for economic growth and development did not endear them to their White counterparts in colonial Natal.

Trade jealousy and racism manifested itself in the enactment of three Bills which were designed to restrict the physical movement and economic freedom of non-indentured Indians in Natal. These were the Franchise Act of 1896, The Immigration Restriction Bill and the General Dealers' Licenses Bill of 1897 respectively. It would seem that the colonial traders held a broad uniform opinion on relations between the races i.e. employer paternalism and perpetual domi-nance. White popular opinion was almost entirely hostile to African advancement or Indian eco-nomic expansion and was jealously guarded by constitutional rights and economic privileges.

It was against this economic and political background that the early Indian traders sought to eke out a livelihood. When restrictions were introduced they were concerned first to defend what they had acquired and only secondly to preserve opportunities for expansion. Those who entered commercial activities only later, for example, the Natal born Indians, found it more difficult to establish themselves. They generally remained small-scale traders and were therefore both more vulnerable to new restrictions on their existing position and in need of new opportunities. The "passenger" Indians challenged the concept of a colony of White settlement by arguing that, as British Indian subjects, they had been guaranteed equality within the Empire and hence had the right to freely enter any part of it. They therefore paid particular attention to the immigration laws. Studies by Ginwala (1974) reveal that the "passenger" Indians were guided by economic concerns, and in order to maintain economic rights they were prepared to renounce political rights or the right of permanent settlement, but asked that they have the same economic rights as the whites. Although the early traders found their niche mainly in the demand for trade, credit and money-lending within the Colony's Indian community, the potential for moving beyond these limits remained very much alive, if only they could win the battle for full economic rights for which the merchants fought so tenaciously. Given this obstacle, the early traders sought alternative methods to survive. The pioneer merchants established an exclusive network of trade, credit and money-lending which linked large coastal Indian wholesale and import houses to one another and to the hundreds of small traders in the urban centers of Durban and Pietermaritzburg and in the rural areas. Employment opportunities were confined to family and friends recruited from the same religion or village and thus businesses remained essentially family oriented. This factor, coupled with the establishment of the first Indian political organization, the merchant-dominated Natal Indian Congress (NIC), promoted the objective of securing and protecting commercial interests at the expense of the indentured and ex-indentured Indians whose grievances were largely ignored. The early traders and their successors differed from their indentured counterparts in terms of place of origin, religion and dialect, and the circumstances surrounding their arrival. This was evident, so much so that the early traders were rightfully accused of maintaining in-group exclusiveness (Padayachee and Morrell, 1990).

The post-colonial period was also politically and economically challenging being characterized by the efforts of the Indian commercial class to survive within a racially hierarchical economy. At the outbreak of the First World War, the trading community eagerly assisted in the war effort. As subjects of the British Empire they demonstrated a sense of patriotism by regularly and generously subscribing to war funds and making donations of food and clothing. The war also created economic boom conditions with the influx of foreign troops and a rise in the prices of basic food commodities. Simultaneously, several Indian traders sought to profit at the expense of the poorer section of the Indian population by hoarding and raising the price of rice. This profiteering by several merchants and retail dealers during the war created further division and hostility between the trading and non-trading section of the Indian population. The latter were also the targets of the petty White traders whose resentment unleashed a wave of anti-Indianism in the post war period. This culminated in the appointment of the Asiatic Inquiry Commission of 1921. The findings of the Commission are important for it refuted the myth of the "Asiatic menace". It stated that low standards of living were a matter of class not race and those Indian traders, though they did undersell White traders, benefited the consumer. However, their recommendations were contradictory to their findings and damaging to future Indian commercial interests. By advocating voluntary commercial and residential segregation the Commission laid the foundation for future discriminatory legislation to be proposed and enacted. The Pact Government which assumed political power in the Union in 1924 decided to capitalize on the recommendations. It regarded the Indian community as "aliens" and a threat to White economic interests. Thus the only possible viable solution to this perennial "Indian problem" was to limit the free entry of Indians into South Africa and to impose further restrictions on the trading and residential rights of domiciled and South African born Indians. The introduction of the Class Areas and Areas Reservation and Immigration and Registration (Further Provision) Bills of 1924 and 1925 respectively were designed to achieve this objective. The Bills, if enacted, would have legislated compulsory segregation of the races and were to place further restrictions on the entry of free Indians to Natal.[2]

The Bills were primarily aimed at the trading class. By 1924 many Indian merchants had made important inroads into various spheres of the economy by investing in real estate, manufacturing, and the importing of local and foreign commodities. Thus the Bills placed Indian merchants in a critical position, proposing that they could only purchase or lease immovable property in demarcated areas set aside for them. The proposed limitations placed on domiciled

Indians also challenged their right to renew familial and business ties in India. Apart from this proposed legislation the Indian trading class also had to deal with racist licensing officers, who in one way or the other found reasons to limit Indian trade licenses in Natal. Several crucial cases brought before the Natal Supreme Court bear testimony to this fact. However, the intervention of the Indian government in 1926-27 prevented the passage of the Bills proposed by the Pact Government and thus warded off statutory segregation in Natal for almost twenty years. Segregation affected the Indian community at different levels. In fact the division between the larger established merchants with substantial interests to protect and the small vulnerable traders and hawkers manifested itself on every occasion when land ownership or segregation was at issue. This was particularly so in the 1920s and 1940s. On the question of segregation the threefold economic division among Indians was revealed. The poorer Indians wanted to move out of the overcrowded Indian areas to find housing, and were therefore opposed to residential segregation. The smaller shopkeepers were opposed to commercial segregation. Both these groups were more concerned with the right of occupation. The larger merchants and financiers were involved in property as an investment and were therefore prepared to accept segregation that affected occupation but not that which affected the right to own property. In their view it would have prevented them from investing in property either for speculation or for leasing to Whites (Ginwala, 1974).

The issue of compulsory segregation surfaced again in the late 1930s and 1940s as a solution to the Indian "penetration" that was supposedly spreading throughout Natal, in particular Durban. The antagonism of Whites towards the Indian community could be attributed to the improved socio-economic conditions and the economic expansion of some Indians. This antipathy increased when Indians demanded political rights, better housing, civic amenities and economic opportunities in keeping with their improved status. A few wealthy merchants acquired or occupied property in areas that were predominantly White because the quality of housing and services that they desired were only available in such areas. Whites immediately denounced such action as Indian "penetration" and intensified anti-Indian agitation to prevent their acquisition and occupation of property in predominantly White areas. Since the Cape Town Agreement of 1927, with the undertaking by the Union Government to uplift the settled Indian population in South Africa, a segment of the Indian working class had slowly but surely improved their social and economic conditions. It certainly instilled some degree of economic confidence amongst the trading class.

The Broome Commissions appointed in 1941 and 1943 to investigate the "penetration" issue clearly identified the reasons for acquisition of property and established that it was not based on competition of the races but rather on dire economic need. Wealthy Muslim merchants were seeking alternate forms of investment. Trade expansion was already restricted by the licensing laws whereas there were no statutory restrictions on immovable property. In addition, for the Gujarati Muslims who predominated in commerce, the prohibition on usury in Islam meant that commercial activities were confined to the receipt of rent, dividends and profits. This prevented involvement in tertiary industry such as banking, insurance and building societies. Purchase of land was then a main avenue for investments. In the main "penetration" involved the wealthy Indian merchant not the small-scale trader, hawker or working class Indian. This explains why the merchant-dominated NIC sought a quick and easy alternative to the "Pegging" Act in the Pretoria Agreement of July 1944. The negotiated agreement was a victory for the Indian propertied class. They shared a pragmatic willingness to accept some form of voluntary segregation as long as their vested commercial interests were not adversely affected. It was the poorer Indian who was affected by residential segregation and this is what they were willing to compromise. During this period restrictions on Indian trade also took the form of the Slums Act of 1934 and the amended Rural Dealers' Licensing Act of 1935. The passage of these Acts reinforced the desire on the part of the White commercial community to maintain their economic superiority amidst a growing and developing Indian commercial class.

**Indian Businesses in 1948-1994**

In the post world war II period, Indian business men were confronted with more entrenched forms of racism and segregation. The National Party victory in 1948 legislated reinforced segregation and racism in South Africa. The Introduction of apartheid (separate development) was firmly entrenched with the introduction of the Group Areas Act and the Population Registration Act in 1950. These acts were referred to by Dr D.F.Malan, first Prime Minister of the Union of South Africa between 1948-1953, as the *"heart of apartheid"* policy. The framework of the policy of apartheid was inherited from previous administrations. The Pact Government, sought at protecting white skilled and semi-skilled work. Customary discrimination and the manipulation of the color bar through Wage Boards and the Industrial Councils tended to keep all groups other than Whites out of skilled work. In addition, restrictions on inter-provincial movements by Indians were retained. Under the Admission of Persons to the Union Regulation Act, 1913, an Indian residing permanently in one province could not without governmental permission reside in another. (Arkin, 1981; Horrell, 1956; Platzky and Walker 1985). The Act of 1950 divided the population into four racial groups in order to segregate them into distinct areas, preserving for whites the choice areas. Africans were granted citizenship status in tribal reserve areas (Hiemstra, 1953; Wiliams and Hackland, 1998). These became Bantustans (later known as "Homelands"), and they constituted 13.5 per cent of the total land mass. The Group Areas Act was to have serious consequences for Indian businesses throughout South Africa. Indians who were accused of penetrating white residential and business areas were required to move to less desirable areas and were grossly under-compensated for their properties. One of the fundamental objectives of this legislation was clearly spelt out in the Report of the Van der Merwe Commission (1950):

The question of Asiatic traders in rural areas, very often in areas carrying a large native population is causing much concern. There is no doubt that there are too many such traders and that their numbers should be reduced"

While there was no convincing justification for this recommendation, the Commission suggested the introduction of permits to control the presence of Indian traders in these areas. Table 1 shows the number of Indian traders affected by the Group Areas Act, for the period, 1950-1974/5:

The act was implemented gradually and racial boundaries were frequently revised, inhibiting investment in many places that were in danger of being reassigned to another race group. Ginwala (1977) describes some of the consequences:

*By the end of 1975, 89,480 Colored and Asian families with 459,911 members were moved from their homes compared to 1,594 white families with 5,898 members. A further 142,561 Colored and Asians and 733 whites were still to be moved… The impact in the Transvaal where the majority of Indians were dependent on commerce has been most far-reaching. Over 92% of the traders have been affected by the proclamations… Of the 5,058 traders disqualified in terms of the Act; nearly 75% are still waiting to be resettled. Those who have been resettled have done so at con-siderable financial loss, as they received no goodwill for their old businesses, were often unable to recoup cost of stock, and the prices paid for their premises in forced sales were artificially low… All sections of the Indians have suffered from the forced sale of their homes"* (Ginwala, 1977).

However, some social scientists and political analysts have argued that the Group Areas Act was not uniformly disadvantageous for all Indians. Those with capital, were able to expand and profit economically, mainly the Gujarati-speaking Hindus and Muslims (Klein, 1987). Meer (1975) reiterates this point by arguing that with the concentration of Indian capital in fewer hands, they were able to form consortia to take advantage

**Table 1: Indian traders affected by the Group Areas Act, for the period, 1950-1974/5**

| *Province* | *Resettled* | *Awaiting Resettlement* | | |
|---|---|---|---|---|
| | | *Total* | *By District* | *Number* |
| Cape | 92 | 944 | Cape Town Port Elizabeth Rest of Cape Province | 428125391 |
| Transvaal | 566 | 2434 | Johannesburg PretoriaRest of Transvaal | 9301191385 |
| Natal | 326 | 696 | Durban Rest of Natal | 401295 |
| Total | 984 | 4074 | | |
| Total number of Indian traders disqualified | | | | 5058 |

*Source:* Hansard 12-16 May 1975, Col. 960; Hansard 7-11 April 1975, Col. 663; Arkin, (1981): The *Contributions of Indians to the Economic Development of South Africa,* p.236.

of opportunities for land ownership, commerce and industry.

The Group Areas Act hastened the emergence of family monopolies and business consortia which invest in large blocks of flats, modern department stores, wholesale businesses, hotels and mills. Wealth is thus being re-entrenched in the same hands, with a small group reaping benefits in diversified economic fields. Ginwala (1977) states:

*It is this small group that owns such land in the group areas not owned by the white authorities……………the large blocks of flats, the department stores and hotels, as well as the luxury homes. The accumulation of capital and availability of credit has enabled this group to expand into industry. Though miniscule in comparison with white owned concerns, more than 20% of Indian industrial workers in Natal are employed in Indian-owned factories.*

A closer examination of statistical data between 1951 and 1970, provide some interesting facts on the size, nature and growth of Indian businesses during this period. Durban had the largest concentration of Indian commercial activity. The combined total in 1960 of Indians occupied in commerce residing in Johannesburg, Cape Town, Pretoria and Pietermaritzburg totaled 7,259 or 26%, while Durban alone totaled, 9 018, or 33 per cent. By 1970, Durban still predominated, by monopolizing 40,6 percent or 21 900 of the commercial activity, as compared to the other metropolitan areas, which had a combined total of 13000, or 24,1 per cent of the trade (Refer to Table 2).

During this period, the vast majority of Indian retail businesses were largely characterized by family, cooperative labor, followed by partnerships and private companies. Table 3 provides statistical data on the concentration of Indians in selected retail trades between the years 1952-1970. Despite the form of ownership, in terms of individual ownership, partnerships and private companies, Indian businesses were largely general dealers engaging in Indian and African trade, primarily food and clothing. Thus it becomes apparent that Indians, were heavily concentrated in a limited number of retail trade only. This scenario was to change in the 1990s with the new political dispensation.

## Indian Family Businesses in Post Apartheid South Africa 1994-2004

1994, was a watershed year in terms of political change in South Africa. South Africa became a democracy heralding a change in government and an end to apartheid rule. The African National

**Table 2: The number and proportion of Indian occupied in commerce in Durban compared with other major metropolitan areas, 1951-1970**

| | *1951* | *%* | *1960* | *%* | *1970* | *%* |
|---|---|---|---|---|---|---|
| Total | 23107 | | 27484 | | 53810 | |
| Durban | 6839 | 29.5 | 9018 | 32.8 | 21900 | 40.6 |
| CapeTown, Johannesburg, Pietermaritzburg (*combined*) | | | 7259 | 26.3 | 13000 | 24.1 |

*Source:* Arkin (1981): *The Contributions of the Indians to the Economic Development of South Africa,* p.292-293

**Table 3: The number of Indian owned individual ownerships, partnerships and private companies in selected retail trades, 1952-1970**

| | *1952* | | | *1960* | | *1970* | | |
|---|---|---|---|---|---|---|---|---|
| *Main Type of Business* | *Individual Ownership* | *Partner-ships* | *Private Comp-anies* | *Individual Ownerships and Partnerships* | *Private Comp-anies* | *Individual Owner-ship* | *Partner-ships* | *Private Compa-nies* |
| Food | 2551 | 471 | 105 | 3223 | 135 | 2264 | 401 | 153 |
| Clothing & Textiles | 515 | 211 | 116 | 879 | 188 | 591 | 192 | 258 |
| General | 1617 | 645 | 277 | 1723 | 372 | 1127 | 301 | 352 |
| Other | 198 | 34 | 39 | 350 | 44 | 922 | 209 | 177 |
| Total | 4881 | 1361 | 537 | 6175 | 739 | 4904 | 1103 | 940 |

*Source:* Arkin (1981): *The Contributions of the Indians to the Economic Development of South Africa,* pp.292-293.

Congress (ANC) government's adoption of neo-liberal economic policies has resulted in some Indian family businesses embracing the new economic changes while others have failed to adapt to it. The introduction of GEAR in 1996, (Growth, Employment and Redistribution) focused on economic stability and investor friendly environment with the aim of redressing past inequalities through development and empowerment. Emphasis was placed on curbing government expenditure in social services, lowering fiscal deficits, lower inflation, deregulation and privatization of state assets. Although problematic to critical commentators, these new conditions provided an entirely new and relatively freer environment for the Indian entrepreneur. It has witnessed a change in the financial status of certain family orientated businesses. Some have skillfully created opportunities within the new economic climate by forming alliances with white capitalists both locally and abroad, by embracing the new African political order and liaising with Asian foreign capital and diaspora connections. Subsequently, these individuals have become corporate giants dominating the home market and becoming international competitors (Arkin, 1981).

For instance, the *Universal Print Group*, a traditional family orientated business is an example of how a family business transformed itself into an international corporate enterprise in post-apartheid South Africa. Founded in 1926, empowered through equal opportunity, incorporating cutting edge technology and skills transfer, the Universal Print Group is today one of the largest, most versatile and technological advanced print communication companies in southern Africa. Universal Web Printers was founded by Virjee Mehta who arrived in South Africa from India in 1908.[3] Mehta was employed by Mohandas Karamchand (Mahatma) Gandhi as a compositor on his newspaper, *Indian Opinion*. In 1924, he founded his own company Bombay Printing Works (renamed later Universal Printing). He was later succeeded by his two sons, one of whom was Kantilal Mehta. The business continued as a small, successful, family concern until 1978, when Kantilal's three sons, Harish, Bharat and Yatish, became fully fledged members of the company. Collectively, they played an instrumental role in the transformation of the printing industry in South Africa, and in the 1940s, was one of the first Indian owned printing companies to take on apprentices as compositors (type-setters) and machine minders. This was at a time when "job reservation" prevented these occupation categories being available to people who were not white. Harish Mehta, current Group Managing Director, and a MBA graduate from an American university, sought the help of an American consultant, to make Universal into a modern corporation. The need to regularize succession by separating shareholding from employment was vital to sustain growth and transformation. Subsequently, Universal embarked on a growth programme, which was put in place in the late 1990s. This included investment of private equity partners, which allowed for accelerated organic equity and acquisitive growth. Acquisitions over the past ten years include the Belmar Group Flexoprint (self-adhesive labels and point-of-sale divisions) and the assets of Everton Print in 2003. The Web division, a Greenfield startup, also commenced operations during the period. The growth experienced by the Group has resulted in the establishment of a customer base and infrastructure throughout Africa and a staff compliment of 706 people. The Group has also embraced black economic empowerment. Over ninety per cent of all employees are members of previously disadvantaged communities, as defined in section 61 of the Employment Equity Bill of 1997. Representation is from the Group Managing Director through all levels of the organization.

However, not all family businesses have responded positively to the new socio-economic changes. Prominent and well established family businesses of the 1980s, for example, Popatlal Kara, Damjee Jewellers, Roopanands', Mistry's/Dash supermarket, and Manilal Ratanjee's, among a range of examples of family businesses plagued by either personal or socio-economic factors that have subsequently led to their gradual down-scaling of their enterprises. Interviews conducted with several Indian family businesses, both retail and wholesale trade, give one a deeper insight into their current status.[4]

Central Durban, especially the Grey Street, Victoria Street areas, was the educational, business, cultural and residential heart of the Indian community. In April 1973, in accordance with the Group Areas Act, the Grey Street area was declared an Indian business zone. This limited occupation and ownership to Indians only.[5] They engaged in a variety of trade, ranging from Indian spice goods, clothing, jewellery, laundry, Indian restaurants and street hawking. Subsequently the areas were often referred to as "Indian Town" or "downtown Delhi". Among the African residents it was commonly referred to as "Town". This opposed to going to West Street, which was viewed as the "White section" of the city centre. While the area was predominantly inhabited by Indians, it was also home to a small African and Coloured community. However, since 1992, the changing political and economic landscape in the country, including Durban's CBD, affected several Indian family businesses in several ways.

Firstly, crime in the Durban CBD, has become a constrictive factor amongst the traders. The area, has been plagued with a wave of burglaries, robberies, murders, assaults, muggings and hijackings. Poor law enforcement, the rising tide of unemployment and poverty has created a climate of uncertainty. For example, T.K. Soni, a well known jeweler, trading for approximately 40 years, in Grey Street, Durban, was attacked in his store in December 2000. A man walked into his store, on the pretext of buying jewellery. Soni was then pistol-whipped on his forehead, but managed to raise the security alarm, and the robbers fled. Soni survived the attack, but the incident raised concerns regarding their future livelihood and personal safety. Soni's business was established by his grandfather, originally from Gujarat, India and who acquired his license to work as a jeweler in Durban in 1910. After the incident, Soni even contemplated closing the business. He stated: "*Business has dropped by half and I' m thinking of leaving….These days you constantly live in fear"*.[6] Soni's brother-in-law, Yashwanth Lodhia, who also ran a jewellery shop in the CBD, was shot dead in a similar robbery. He was 44 years old. His death prompted his family to close the business. Soni's story is not unique. Narandas Jewellers, of Victoria Street, closed their business in 1998, after a robbery in which they lost R250,000. Bob Narandas, a director, of Narandas Jewellers, continued from his grandfather who first established this business in a makeshift workshop over 80 years ago. He has followed many other businessmen and has relocated to Durban's shopping malls. However, not all Indian businessmen are in a position to relocate or decentralize. Many say they "*have to stick it out"*, because of their lack of capital to pay exorbitant rentals for space in shopping malls. Others have chosen to stay in the CBD and capitalize on the existing market. On the contrary, Manilal Patel, who runs a profitable curry house in Durban, has no plans for relocation. He states: "*The passing trade has been very lucrative for us. But I have three children who are all well qualified. I don't know if the business will continue after us.*" Secondly, Indian businesses are also witnessing changes in family structural dynamics and ownership. The issue of succession and consolidation has become serious issues. The emergence of highly educated professionals, within families, has given the new generation, an alternate source of livelihood. Many individuals, dissatisfied with the quality of life in post-apartheid South Africa, have sought employment abroad, particularly in Canada, New Zealand, the United States of America, Australia and the United Kingdom. The incentive to sustain the family business declined, given their lucrative professions. Subsequently, some traders, faced with this scenario and the socio-economic conditions in the city centre, have made a conscious decision to seek early retirement. Thirdly, South Africa's entry into the world market in the early 1990s, had widespread ramifications for the local economy. The importation of cheap Asian goods, from China, Malaysia, Thailand, India and Indonesia, seriously affected the local clothing, textile and footwear industries. Many factories were forced to close down, and thousands of Indians, Colored and Africans, who formed bulk of the working class, were unemployed. This had serious implications for the petty Indian trader, as the working class contributed substantially to the passing trade in the Durban CBD.[7] Fourthly, trade competition from local street vendors, chain stores and foreign traders, also contributed to the decline or relocation of some family businesses. Street trading was not uncommon during apartheid, but increased rapidly during the 1990s, due to the high unemployment rate. Street vendors were established throughout the city centre and offered competitive prices for their wares such as clothing, jewellery, crockery and food. In addition, major chain stores within the shopping malls and city centre offer customers credit via a card system. According to Yunus Kamroodeen, a sports store owner in Grey street, *"Chain stores are giving credit on cards while small businesses here can't do that."* Moreover, the arrival of foreign traders, particularly from Central and East Africa as well as from India and Pakistan provided similar trade competition.

## CONCLUSION

The foregoing information is intended to reconstruct the historical realities that Indian entrepreneurs had to face from their earliest days of settlement in the colony of Natal from the latter part of the 19th century – when they first arrived. Their difference to the indentured labourers of the time lay in their relative affluence as entrepreneurs. This clearly brought about an instant formation of class based cleavages not only among people of Indian origin but also within the range of other racial groups that were an integral part of Natal's political economy. However, their priviledge was relative in that they had to operate as entrepreneurs who were subject to White domination and to African antagonism. The data reveals that their place in South African business was determined by a unique set of racial dynamics that somewhat pushed and pulled them in accordance with the politics of the period. Their survival and in several cases significant strides towards excessive success was based on their resilience and upon their sentimental attachment to the country. The Universal Print Group for instance began as a family based enterprise that initially operated on a small scale. This example provides an interesting illustration of how the business not only remained in family hands but also developed to a size that has embraced contemporary political requirements of Black Economic Empowerment and almost trans-national features in its operations by extending its services into the rest of Africa.

Numerous other enterprises, such as in the import-export market and in jewelry making and retail, have survived and thrived under very constrictive historical conditions. Laws such as Admission of Persons to the Union Regulation Act, 1913, which precluded Indians from staying in any other province if they were already resident in one, was intended to constrain them and preclude their expansion through acquisition of more space to increase their business capacity. In post-apartheid South Africa increasing violence against Indian entrepreneurs adds to their history of victimization and has forced upon them a need to relocate to expensive shopping malls where the rents are higher or to downscale their operations, possibly to a point of extinction over time. What has emerged over the nearly 130 year history of Indian entrepreneurs in South Africa is that almost up to the point of the demise of apartheid in 1994, they were the victims of White hegemony in business. Soon after 1994 they have fallen prey on a big scale to mainly African dominated vagrancy in the Central Business District in Durban since White capital began relocating to suburban based shopping malls. However, despite the odds against which they had to operate over their 130 year history, Indian entrepreneurs have entrenched their positions in South Africa's commercial landscape. But it will be impossible to ascertain what more they could have accomplished if they did not have to offer their services against ongoing hostilities.

## NOTES

1. This article is largely based on the author's unpublished D.Phil. dissertation, '*Indian Family Businesses in the Natal Economy, 1890-1950*' University of Natal, Pietermaritz-burg, 2000. Dr Kalpana Hiralal is a senior lecturer in the School of Anthropology, Gender and Historical Studies at the University of Kwazulu/ Natal, South Africa. Her research interests include, women and gender studies, ethnicity and diaspora history.
2. The two major ethnic Muslim groups that migrated from Gujarat, the Memons from Saurashtra and the Sunni Vohras from Surat, have much in common. They share a Hindu ancestry having converted to Islam in the fifteenth century from middle level Hindu castes. The word Memon comes from the Arabic word "Mome" which means "people of believers". The Memons are converted Vaishya (trading) caste Hindus. The Khojas were Muslim traders of the Ismailys sect. They were converted from Hinduism and owed their origin to Hassan Sabah, an Ismailiyan teacher of the 11th century. Parsees emigrated from Persia and settled mainly in Bombay. They were an endogamous community and spoke the Gujarati dialect
3. The general election on the 17 June 1924, resulted in the defeat of the South African Party under General Smuts. General Hertzog and Colonel Cresswell, leaders of the Nationalist Party and the Labour Party respectively, made a pact and formed a ministry with General Hertzog as Prime Minister.
4. Virjee Mehta, was Gujarati speaking Hindu, of Jain origins. Jains are predominantly Hindus, who are renowned for their commercial expertise in Western India.
5. A few Indian businessmen in Durban, interviewed for this research, have requested anonymity.
6. Grey Street was named after Sir George Grey, the British Governor of the Cape colony. The Grey street area comprised of the areas bounded by Derby Street, Albert Street, Commercial Road, Grey Street, Pine Street, Cathedral Road, Queen Street, Cemetery Lane, Victoria Street, the Railway Reserve, Cross Street, Alice Street and Carlisle Street.
7. The case studies cited in the text are based on print and electronic media between 2001-2005. The local newspapers for example, the *Sunday Tribune*, *Sunday Times*, *Mercury* and the *Daily News* were scanned for information.

8. Interview with Mukesh Ratanjee, proprietor of Manilal Ratanjee and Co., 10 Durban, Kwazulu/Natal, December 2005.

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**KEYWORDS** South Africa. Indians. Family Businesses

**ABSTRACT** This paper attempts to provide an overview of the political, economic and social realities, as they affected Indian family businesses in South Africa, during the period 1870-2004. The locational analyses is Durban, Kwazulu/Natal, which has the largest concentration of Indian owned businesses in South Africa. As an immigrant group, they initially sought economic opportunities, but later became permanent residents of the province. Their trading patterns and success, often elicited perennial outbursts of anti-Indianism. Like other disadvantaged classified groups, they became the victims of oppression and racial prejudice. Nevertheless, the early pioneers established businesses which endured and overcame political and economic struggles to reach the 21st century. In post-apartheid South Africa however, despite the political and economic freedom gained in 1994, Indian family businesses are faced with new challenges. It is against these challenges that many have to transform and adapt if they are to survive in the 21st century.

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