

# The impact of the First World War on the Indian commercial class in Natal

*BY KALPANA HIRALAL •*

## **Origins of the Indian Traders**

The Indian trading class migrated to Natal from the 1870s onwards. They came mainly from the West Coast of India, an area renowned for its commercial importance. They were referred to as “passenger” Indians since they paid their own fare to Natal. Except for a small percentage who was Hindus, the majority were Muslims (then referred to as “Arabs by the colonial settlers) who spoke either Gujarati or Urdu, the former predominating. They were men with initiative, enterprise, trade expertise and in, a few cases, capital. They established family orientated businesses recruiting the assistance of family and friends to expand their commercial enterprises and became a formidable factor in the economy of Natal. It is generally accepted that Aboobaker Amod, a Muslim, trader from Porbander, India, was the first merchant to settle in Durban in the early 1870s. The arrival of this class of Indian was mainly prompted by the presence of an indentured population working on the plantations, mines and railways. The early traders, had by the turn of the century, monopolised the Indian trade and many also catered for the White market. However, at the same time their adaptability and versatility soon marked them as businessmen with initiative when they discovered Africa’s greatest potential – the lucrative trade with the African labouring and peasant class. Increasingly, Africans came to settle in urban areas, on mission stations, mines and farms. Gradually, Indian

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'general dealer' shops virtually monopolised the 'Native' market.<sup>1</sup> However, the Indian community were far from homogeneous. Given the religious, linguistic and different circumstances surrounding the arrival of the trading and indentured classes, relations between the two groups were far from amicable. During the war period hostility was to increase given the fact that the Indians of the indentured class suffered many hardships, including food shortages. They also accused some unscrupulous traders for aggravating the problem.

### **The Role of the Indian Traders in the War Effort**

The patriotism of the Indian community, as was demonstrated in the Anglo-Boer War of 1899-1902 and the Bambatha crisis of 1906, was not found wanting when the First World War broke out in 1914.<sup>2</sup> Indians throughout the Union eagerly and voluntarily supported the war effort through their active enlistment and service in the stretcher-bearer Corps that they formed and through financial contributions to the several war relief funds that had been set up. In Cape Town, several concerts, street collections and flower sales were held to raise money for the British Indian Widow and Orphans Fund Committee to assist the families of British Indian troops fighting in the war.<sup>3</sup> In Natal, Indians united in their endeavours to assist the British Empire. Meetings were held throughout the province, at which Indian merchants, farmers, hawkers and market stallholders passed resolutions affirming their loyalty and support to the British crown. They held jumble and flower sales, street collections and concerts to raise funds.<sup>4</sup> A closer scrutiny of the Indian newspapers, *Indian Opinion*, and *Indian Views*, at the outbreak of the war, reveals that the established Muslim merchants were first among the Indian community to provide financial and moral support. Shortly after the British Empire declared war on Germany and her allies in August 1914, Goolam Hoosen Miankhan, a wealthy Muslim merchant of the firm of G.H. Miankhan and Company, of Durban, sent a telegram to the Union Government

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1. K.Hiralal, *Indian Family Businesses in the Natal Economy 1890-1950*, (D.Phil, UN, 2000), pp.1-10. Due to the religious affiliation and mode of dress, colonial administrators referred to them as 'Arab' traders. They were also described as 'Asiatic', 'Bombay' or 'Banyan' traders. They were also generally loosely referred to as 'merchants' or traders, regardless of the size of their business.
  2. *Indian Views*, 28 August 1914. Indians in Natal formed a Volunteer Stretcher Bearer Corps to assist the wounded British soldiers during the Anglo-Boer War. In addition, Indian merchants who did not enlist in the corps due to business commitments, supplied cigarettes, pipes and tobacco to the wounded British soldiers. The wives of the merchants also contributed by making pillowslips, vests and handkerchiefs. *Collected Works of Mahatma Gandhi* (hereafter cited as *CWMG*), (Ahmedad, Navajivan Press, 1962), vol. iii, pp.159-61, 222-23.
  3. *Indian Views*, 11 September 1914, 16 October 1914.
  4. Natal Archives, Pietermaritzburg, (hereafter cited as NA), Town Clerk's Department, Durban 3/DBN vol. 4/1/2/825, Street Collections, 1914-1918; *Indian Opinion*, 9 August 1914, 28 October 1914, 4 November 1914; *The Zululand Times*, 18 September 1914.

offering the services of the Indian community. The offices of *Indian Views* were inundated with calls by hundreds of patriotic Indians eager to assist in the war effort.<sup>5</sup>

The established Muslim merchants were also the main contributors or subscribers to the several relief funds established during the war. These included the Mayor's War Relief Fund, the Governor-General's Fund, the Prince of Wales' Fund, the Red Cross Fund and the Overseas Contingent Fund. Donations took the form of lump sums or monthly instalments.<sup>6</sup> The strong financial position of Muslim merchants enabled them to monopolise and dominate the many working committees formed to raise funds. At a meeting in Pietermaritzburg in October 1914, both Hindu and Muslim merchants initiated the establishment of the Natal Indian War Fund. The main objective of the fund was to equip and prepare an Indian Ambulance Corps for active service in South Africa.<sup>7</sup> A central committee of nine persons was elected. H.C. Wynne Cole, the Licensing Officer and chief organiser of the fund, was elected chairman and treasurer, and M.B. Ally as secretary. Others included M.N. Mohammed, Amod Cassimjee, Roshan Khan, M.C. Dada, Hardaw Singh and P.N. Naidoo.<sup>8</sup> Sub-committees formed throughout the province to assist the central committee consisted largely of Muslim merchants. For example, M.A. Amod, M.A. Goga, Essop Moola, A. Asmal, M.E. Seedat and M.A. Karwa dominated the working committee in Ladysmith. The main subscribers to the fund were established Muslim merchants supported by a handful of Gujarati Hindus of the 'passenger' class and a few ex-indentured traders.<sup>9</sup> Indian merchants also supported the two stretcher-bearer companies established during the war. They were comprised primarily of Natal born Indians, Tamil and Telegu speaking Hindus.<sup>10</sup> Periodic acknowledgements in *Indian Opinion* give one a clear indication of the support provided by the trading class. Wealthy Indian merchants, such as Parsee Rustomjee, M.C. Anglia and Messrs Rawat and Company, were leading donors of Indian groceries, cutlery, clothes, and newspapers. Anglia and Dawad Mohammed supplied the troops in Northern Rhodesia with over a ton of tobacco, sponsored by Durban based Indian merchants.<sup>11</sup> Rawat, who owned the

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5. *Indian Views*, 21 August 1914; *Indian Views*, 11 March 1919.
  6. *Indian Views*, 6 August 1914; *Indian Views*, 21 August 1914; *Indian Views*, 18 December 1914; *Indian Views*, 25 December 1914; *Indian Views*, 15 January 1915; *Indian Views*, 2 April 1915; *Indian Views*, 6 August 1915; *Indian Views*, 26 November 1915.
  7. *Indian Views*, 18 December 1914; *Indian Views*, 25 December 1914 *Indian Views*, 26 February 1915.
  8. *Indian Views*, 18 December 1914; *Indian Views*, 25 December 1914 *Indian Views*, 26 February 1915.
  9. *Indian Views*, 18 December 1914; *Indian Views*, 25 December 1914 *Indian Views*, 26 February 1915.
  10. *Indian Opinion*, 12 November 1915; *Indian Opinion*, 10 December 1915.
  11. *Indian Opinion*, 12 November 1915; *Indian Opinion*, 10 December 1915.

Union Theatre in Durban, provided free use of the premises to the community to hold meetings at regular intervals.<sup>12</sup> A few traders of the ex-indentured class supported the Indian Bearer Companies with books, fruits, vegetables and cigarettes.<sup>13</sup> However, during the war Muslim merchants in Natal came under severe criticism for establishing fund committees based along class, religious and ethnic lines. In Pietermaritzburg, a British Mohammedans War Fund was created under the chairmanship of Ismail Bayat of Amod Bayat and Company, to assist Imperial troops abroad.<sup>14</sup> When the Overseas Contingent and Governor Generals' Funds were being formed, at a meeting in October 1915, a group of established merchants in Durban steadfastly elected to go their own way and formed the Mohamedan Merchants' Committee. Its key members were Messrs. M.H. Cassim, E.M. Paruk, Abdool Gaffer, S.P. Mohammed, M.C. Anglia, M.S. Randaree and A.M. Shaik. Both *Indian Opinion* and *African Chronicle* provided wide coverage of the meeting, but no details were given as to why the Muslim merchants opted to remain separate. However, from the aforementioned names of the committee, it would appear that the majority of the traders belonged to the Muslim dominated Natal Indian Congress, which disassociated itself from the Natal Indian Association in 1913. The latter comprised largely of Natal born Indians, who were the descendants of indentured labourers. Consequently, the non-Muslims at the meeting formed an Indian Committee, under the chairmanship of Parsee Rustomjee, who strongly disapproved of the formation of the Mahomedan Merchants' Committee. The Indian Committee consisted largely of Natal born Indians of the Hindu and Christian faiths and a few Gujarati speaking Hindu traders.<sup>15</sup> Muslim merchants were also criticised for discouraging their sons, relatives and employees from joining the Indian corps, and for their lack of financial support for the Overseas Contingent Fund.<sup>16</sup> However, it is evident from reports in the Indian newspapers that the Mahomedan Committee had by December 1915 collected a sum of £1 500, which was to be transferred in 12 monthly instalments to the Overseas Contingent Fund. It would also appear that largely established, wealthy merchants provided the funds collected by the Muslim Committee, within a remarkably short period of time.<sup>17</sup> In its editorial, of 26 November 1915, *Indian*

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12. *Indian Opinion*, 26 November 1915; *Indian Opinion*, 10 December 1915; *Indian Opinion*, 12 January 1916; *Indian Opinion*, 3 March 1916; *Indian Opinion*, 18 March 1916.

13. *Indian Opinion*, 26 November 1915; *Indian Opinion*, 10 December 1915; *Indian Opinion*, 12 January 1916; *Indian Opinion*, 3 March 1916; *Indian Opinion*, 18 March 1916.

14. *Indian Views*, 4 February 1916; *Indian Views*, 16 February 1917.

15. *African Chronicle*, 12 October 1915; *Indian Opinion*, 15 October 1915; *Indian Opinion*, 22 October 1915.

16. *Natal Mercury*, 20 November 1915.

17. *Indian Views*, 3 December 1915.

*Views* applauded the work of the Committee but rebuked it for its elitist attitude and urged it to act and work in unison with the community at large.<sup>18</sup>

### **Impact of the War on Indian Trade**

The condition of the Natal economy during the war was generally prosperous. The scarcity of foreign products and the high sea borne freight charges encouraged local industry. This stimulated manufacturing and led to greater utilisation of local products such as boots, shoes, jams, soaps, beverages and blankets. In addition, the mass influx of local and foreign troops, despite the short duration of their visits, had the effect of stimulating trade. The magisterial reports for Natal and the Standard Bank's Inspection Reports between 1914-1918 show clearly that Indian merchants and petty traders, perhaps with a few exceptions, experienced boom conditions.<sup>19</sup> Despite the keen competition amongst themselves, they dominated the retail and wholesale trade in the metropolitan areas of Durban and Pietermaritzburg, and the country districts of Ladysmith and Newcastle. In Ladysmith the rebuilding of the railway station during the war provided employment for approximately five hundred White workers who, with their families, numbered over one thousand and formed an important factor in the trade of the town. The extra money put into circulation enabled both White and Indian storekeepers to maintain a high turnover.<sup>20</sup> However, Indian merchants came under severe criticism for exploiting the war conditions by raising the prices on basic Indian foodstuffs and clothes. The magisterial reports for the war years reflect two outstanding features. Firstly, the farmers enjoyed prosperous conditions and, secondly, wholesale and retail dealers charged excessive prices, taking advantage of the shortage of imported goods to raise the cost of every article, whether its production had been affected by the war or not. The prices of existing stocks rose between 25 and 50% or more. In some districts, the cost of living was reported to have gone up by one hundred percent. The people most affected were, principally, the artisans and the labouring class. In 1917, the Resident Magistrate for Lower Tugela reported:

(M)ost of the trade was in the hands of Bombay Indians who had no scruples to take over full advantage of the war in order to raise prices.<sup>21</sup>

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18. *Indian Views*, 26 November 1915.
  19. Standard Bank Archives (hereafter cited as SBA), Johannesburg, Inspection Report, (hereafter cited as INSP), Standard Bank, 1/1/209, Durban, 1905-29, Report 11 July 1914, 21 July 1914, 31 July 1918, 30 June 1920, 1/1/208, Dundee, Report 23 July 1914, 9 May 1916, 2 June 1917, 20 April 1918, 1/1/238, Ladysmith, Report 24 December 1914, 13 November 1915, 3 April 1918, 14 February 1919; Union of South Africa, (hereafter cited as USA), Annual Reports of the Department of Justice, 1914-1918.
  20. SBA, INSP, 1/1/238, Ladysmith, Report 24 December 1914, 13 November 1915, 14 February 1917, 3 April 1918.
  21. NA, Blue Book of Natal, Annual Report of the Department of Justice for the year ending 1917, nos. 34-7, p.90.

Resident magistrates throughout Natal, particularly in Durban, Pietermaritzburg, the North coast town of Verulam, the coal mining areas of Ladysmith, Newcastle, Dundee and the Lower South coast towns of Harding and Umzinto, expressed similar sentiments.<sup>22</sup> The rise in the prices of basic Indian foodstuffs such as ghee (clarified butter), dholl and rice, and the increase in the general cost of living seriously affected the poorest section of the Indian community. The latter comprised largely of small-scale gardeners, labourers, artisans and other wage earners, who barely eked out a living on their meagre wages.<sup>23</sup> Rice, the staple food of the free and indentured Indians, increased to more than double its pre-war price. A bag of rice was sold for around 24s in 1914 and, by September 1917 it rose to 42s; prior to the war dholl was 2d. per lb. and rose to 6d.; ghee rose from 1s 3d. per lb to 3s and tumeric was 1s 3d. per lb. as compared to 6d. before the war. There was little or no commensurate increase in wages of the Indian working class. Several meetings were held in Durban, Pietermaritzburg, Tongaat and Ladysmith, which were largely attended by Natal born Indians and the Indian Workers' Union. They emphatically protested against the high cost of living and also requested government intervention to combat future increases on Indian foodstuffs. They even contemplated protest action and strikes.<sup>24</sup> In addition, invidious remarks were directed at Indian wholesale merchants, who were reaping the benefit with every price increase. If increases were attributable solely to the war they would not have been so keenly resented. But prices were sometimes artificially raised by unscrupulous merchants speculating on the market and by those withholding stock.<sup>25</sup> P.S. Aiyar, editor of *African Chronicle*, believed that the shipping companies and an 'Importers Ring', comprising of wholesale merchants, were continually raising the price of rice under the cloak of war conditions.<sup>26</sup>

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22. Ibid., 1914-1919.

23. *African Chronicle*, 10 February 1916; *African Chronicle*, 20 April 1916; *African Chronicle*, 24 June 1916.

24. *Indian Opinion*, 7 September 1917.

25. *Ibid.*, *Indian Views*, 7 September 1917. A mass meeting of Durban Indians was held in September 1917 to protest against the profiteering by Indian merchants on basic Indian foodstuffs. Among those present were the Reverend D. Koilpillai, Messrs A.H. West, editor of *Indian Opinion*; L. Panday, R.G. Balla, C.V. Pillay, editor of the *Viveka Bhanoo*, S. Nullathumby, G.D. Lalla, merchant, C.R. Naidoo, Parsee Rustomjee, merchant, S.R. Pather, B.L. Sigamoney and Gordan Lee of the Indian Workers' Union, J.M. Francis, L. Gabriel, S. Geron, and B. Dayal amongst others. At the meeting L. Gabriel stated that there was absolutely no justification for the enormous increase in the price of rice which was being landed in Durban at 21s. per bag. In one day it was possible for a big merchant to make sufficient profit out of the poor Indians to purchase luxury vehicles. Before the war there was only one vehicle, a second hand one, owned by an Indian in Durban. By 1917 thirty brand new cars, ranging in value from £200 each, were owned by Indians in the town.

26. *African Chronicle*, 24 June 1916, 3 July 1917.

In Natal the main importers of rice, both White and Indian, were A.A. Smith, T. Burman, Steel Murray and Company, A.H. Amod, Amod Bayat, Hoosen Cassim and B.E. Ismail and Company.<sup>27</sup> During the war, most rice merchants experienced abnormal trade conditions due to a shortage of shipping facilities. A closer examination of imported freight highlights the plight of merchants quite lucidly. In 1917 a bag of rice was bought on the Calcutta market for Rs. 10.4.0 (rupees). When it reached the warehouse in Durban additional charges such as wharfage, £0.0s.4d., duty, £0.0s.8d landing, £0.0s.5d; cartage and insurance were enumerated. Thus a bag of rice on arrival in Durban cost £1.11s.7d. The retail price varied from £0.37s.6d to £2. Moreover, when Indian wholesale merchants imported foodstuffs, it usually passed through two or three middlemen, before it was retailed to the Indian consumer.<sup>28</sup> Another difficulty of merchants was transferring money to India. The banks restricted the amounts that could be sent, and the rate of exchange varied from 3½ to 6%. Drafts were often refused. British Treasury Notes sent to India were sometimes returned, even though these were legal tender in any British possession or Dominion. Banks in India also refused to accept bills payable in South Africa against documents. It was not possible to make payments in gold from South Africa to India. Thus it became quite difficult, at times, for merchants to conduct business and sell Indian foodstuffs at pre-war prices without adequate facilities.<sup>29</sup> Several merchants sympathised with the plight of the poorer Indians and made a concerted effort to fix the price of rice at an affordable level. In September 1917, both Indian and White merchants sent a telegram to the Union Food Controller in Pretoria, informing the government of their decision to establish a committee which would be entrusted with the task of stabilising the price of rice by common agreement. The merchants were quite satisfied with a surplus profit of 10%, and on that basis prices were to be regulated. The government responded with the appointment of a Rice Advisory Committee, which was given the task of organising its importation and distribution as well as monitoring the prices.<sup>30</sup> The Indian community was represented by M.C. Anglia, a Muslim merchant, R.B. Chetty, a merchant and owner of the Imperial Cigar Manufacturing Company, and P.S. Aiyar, editor of the *African Chronicle*.<sup>31</sup> By early 1918, the Rice Advisory Committee had fixed the price of rice at 38s. per bag, well below the retail value, much to the disappointment of some of the merchants in Durban. Moreover, the heavy fines imposed on merchants for non-compliance served to induce many to cancel orders from India. Several Indian merchants, seeking quick profits, refused to sell and hoarded their existing stocks in

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27. *Indian Opinion*, 5 October 1917, 27 February 1920.

28. *Indian Views*, 7 September 1917; *Indian Opinion*, 27 February 1920.

29. *Indian Views*, 17 August 1917.

30. *Indian Views*, 5 October 1917.

31. *Indian Opinion*, 1 February 1918.

warehouses until they could acquire a higher price, thus creating an artificial shortage during the war.<sup>32</sup>

In November 1917 the government appointed a Cost of Living Commission to inquire into the rise in prices of basic commodities during the war. Over 550 firms were investigated throughout the Union, ranging from bakers, butchers, retail grocers, retail boot and shoe dealers, hardware merchants, chemists, wholesale grocers and retail drapers. The findings of the commission, published in 1919, show clearly that several Indian wholesale and retail firms made undue profits on basic food and clothing items during the war. Thirteen Indian firms, based in Johannesburg, Pretoria and Durban, were also investigated.<sup>33</sup> The commission made extensive enquiries, obtaining particulars of turnovers, gross and net profits and expenses of representative firms for the four years from September 1913 to September 1917. Their turnover increased close to two-fold, their expenses remained more or less constant and their net profits soared from £27 854 in 1914 to £75 755 in 1917 – almost three fold. The most noticeable feature is the low percentage ratio of expenses to turnover when compared with White firms.<sup>34</sup> The boom conditions experienced by many during the war led to banking institutions, shipping and wholesale companies granting unlimited credit to Indian traders. Even overseas agents and investors gave lengthy credit. In Natal there was strong competition between the African Banking Corporation and its rival the National Bank of South Africa to capture the Indian trade. Prospective clients were offered lucrative inducements in terms of increased overdraft facilities, readily available loans and low interest rates.<sup>35</sup> The Standard Bank of South Africa, on the other hand, followed a more cautious policy when dealing with the Indian mercantile class. As early as 1891 a General Manager's report to head office in London commented on the policy of the Bank towards Indian traders in the South African Republic and Natal:

...there had been of late years a considerable increase in the number of what are known as Arab traders, whose operations have gradually assumed large dimensions. We may mention that our policy throughout has been to discourage advances ... some few of whom may perhaps be undoubted; but in regard to the generality, considerable risk would be run in dealing with them. During the past few weeks four failures have been announced from Pretoria and Durban of firms such as we are alluding to, with liabilities in all amounting to £75 000. Merchants

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32. *Indian Views*, 6 December 1918; *Indian Views*, 4 September 1919; *Indian Views*, 30 December 1919; *Indian Opinion*, 29 November 1918; *Indian Opinion*, 27 February 1920.

33. USA, Cost of Living Commission, Profits Report 1919, (Pretoria, Government Printers, 1919), UG Series, no. 1, 1919, pp.9-59 passim; USA, Union Office of Census and Statistics, Official Year Book of the Union and of Basutoland, Bechuanaland Protectorate and Swaziland, 1910-1918, no. 3, 1919, pp.338-39; *African Chronicle*, 23 March 1919.

34. Cost of Living Commission, Profits Report, 1919, p.21 and pp.68-9.

35. *Indian Views*, 29 November 1918.



in Durban, who have given them credit somewhat freely, are severe sufferers; but to the present we do not appear to be interested.<sup>36</sup>

However, during the war Standard Bank changed its attitude and policy, albeit in a limited manner. In attempting to capture Indian trade it was selective in its clients, preferring to do business with the more established and prosperous Indians and often referring to them as the 'desirable class'. It also tried to lure Indians holding accounts with its rivals, the African Banking Corporation, which had the most extensive Indian connections, and the National Bank of South Africa. In Durban, Standard Bank made repeated attempts to capture the account of B.E. Ebrahim Ismail and Company, considered one of the best in Durban, held with the National Bank. This firm was an importer of Indian foodstuffs and conducted transactions with commercial houses in India and England. It also supplied wholesale merchants, petty traders and sugar plantation owners with rice and other commodities. Its account with the National Bank of South Africa showed a turnover of £125 000 per annum and bank charges amounting £430 in 1915. Its capital at 31<sup>st</sup> December 1915 amounted to £56 000. In June 1916, Standard Bank made the necessary arrangements to take over the account of B.E. Ebrahim and Company from the National Bank, but the latter was suspicious of a contemplated transfer and offered the client better inducements to retain the connection.<sup>37</sup> The intense competition amongst the banks and the extraordinary inducements offered enticed the Indian mercantile community to take advantage of the opportunities afforded, and many launched into what may be described as 'commercial gambling'. Merchants indulging in extensive trade on credit indented heavily. Dealings became so brisk that even petty retail traders in the towns and villages began to develop wholesale businesses.<sup>38</sup>

This transient prosperity reached its climax in June 1918, when credit bills fell due. Banks ceased credit facilities, and in some instances called for cash payments for all credit bills, both current and prospective. The inexplicable and sudden change in attitude on the part of the bankers created panic in Indian commercial circles. Standard Bank in Natal, which had acquired several Indian accounts in Durban and in the up-country districts during the war, commented on the position.<sup>39</sup> In its report to head office in London in 1918, under the heading "Commercial Embarrassments – Indian Traders in Natal" it stated:

We have to advise that owing to over-importation of goods, many of the Indian traders in Natal are experiencing difficulty in meeting their engagements. The continuous rise in prices combined with the ease with which credit was obtained

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36. SBA, General Manger's Office (hereafter cited as GMO), Letters to London, 3/1/27, Report 11 February 1891, 15 April 1891, vol. 27, 4 February 1891- 27 January 1892.
  37. Ibid., GMO, 3/1/60, Report 20 June 1916, 20 October 1916, vol. 60, 18 February 1916 - 13 December 1916; INSP, 1/1/208, Dundee, Report 29 April 1913, 23 July 1915.
  38. *Indian Views*, 29 November 1918.
  39. SBA, GMO, 3/1/62, Report 13 December 1918, vol. 62, 24 December 1917 - 24 February 1919.

engendered speculation, particularly in soft goods, and the majority of the Indian traders overbought. We have been careful with this class of business and our commitment in connection with it are small compared with those of the National Bank of South Africa, Ltd, and the African Banking Corporation, Ltd. ... The accounts of our Indian customers continue to receive our close attention, but we may state that our Durban Branch Manager does not anticipate any loss of importance in connection with facilities granted to Indian traders.<sup>40</sup>

The Standard Bank Inspector's Reports for the years 1914-1918 made frequent references to Indian traders carrying heavy stock, which usually resulted in heavy liabilities and many succumbing to insolvency. In 1914 Standard Bank made cash advances to several Indian traders in Durban and the country districts. They had suffered considerably during the 1913 passive resistance campaign, especially those with stores near the coalmines in Dundee and Newcastle. In Durban too, Indian and White wholesalers felt the impact of the industrial strike, as well as a drought, which affected local trade as very little money was circulating among the storekeepers.<sup>41</sup>

Credit advances or loans to Indian traders were only given within reasonable limits, and their accounts carefully monitored. In most cases collateral was essential to secure a good credit facility. For example, M.A. Goga, a pioneer merchant who owned a large drapery business in Ladysmith, as well as a general dealer's store in Kokstad, experienced financial difficulties as a result of the war. Decreased sales and poor turnovers led to him straining his credit and, consequently, applying for an overdraft facility. Goga held an account with Standard Bank and initially acquired an overdraft limit of £920, unsecured in 1914. However, by 1915 he had increased the limit to £1 812. As collateral, properties worth £4 375, partly bonded for £1 400, as well as his stock in trade in Ladysmith, insured for £5 000, were ceded to the Bank. During the latter part of the war, Standard Bank asked Goga to reduce his overdraft, and even contemplated taking power of attorney to pass a mortgage bond over the property and stock, when he failed to heed their request.<sup>42</sup> Thus while the war created boom conditions for many merchants and petty entrepreneurs by 1918, closer to the termination of the war, the dislocation of export trade and the drop in produce values had seriously affected the mercantile community. Many up-country districts, which raised advances against, produce sustained serious losses, and there was considerable contraction in trade.<sup>43</sup>

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40. Ibid.

41. Ibid., INSP, 1/1/208, Dundee, Report 29 April 1913, 27 April 1914, 23 July 1915, 2 June 1917, 1/1/209, Durban, Report 19 July 1914, 21 July 1915, 17 June 1916, 31 July 1918.

42. Ibid., 1/1/238, Ladysmith, Report 16 February 1915.

43. Ibid., 1/1/209, Durban, Report 30 June 1920.

## Competition and Conflict 1914-1918

In the post-Union period, just prior to the outbreak of the first world war, there were recurring references in the magisterial reports for the Natal districts to the replacement of the African by the Indian in agricultural labour, the rise of the small-scale Indian farmer and the ever increasing presence of the 'ubiquitous Arab', and their monopolisation of the retail and African trade. In Durban, Pietermaritzburg and the up-country districts of Natal anti-Indian groups including Chambers of Commerce, farmers, resident magistrates and White small-scale traders, appealed to the government to amend the existing licensing law, so as to protect their own commercial interests. The magistrate of Estcourt made proposals for new legislation which, if enacted, would have gradually annihilated the Indian mercantile community i.e. only resident Indians should secure retail and wholesale licences and the transfer of licences, renewals, and the entry of new partners into firms should be prohibited.<sup>44</sup> In 1911 the magistrate of the Durban district of Umlazi painted a very dismal picture of the future of the White storekeeper in competition with the Indian:

(E)very village in that district has its European storekeeper struggling hard against Asiatic competition. The Asiatic stores are numerous, and the whole of the native trade is in their hands. The competition is now extending to blacksmith shops, butchers, carters and carriers. It is only a matter of time ... when there will be no commerce for Europeans, the reason being that it costs the Asiatic practically nothing to live; they have the benefit of cheap Asiatic labour ... they are encouraged by some well-to-do merchants, who give them long credits which they refuse to Europeans, and notwithstanding the fact that the Asiatic is constantly going insolvent.<sup>45</sup>

In the Natal country districts, many White farmers tried to engage in trade on a small scale to supplement their income until their crops matured. The plethora of Indian stores scattered on farms and mission stations sparked strong anti-Indian sentiment. White farmers found it difficult to trade, let alone compete. In Ladysmith, Newcastle and Dundee, the majority of the town councillors were traders who came directly into competition with Indians. Licences were often denied to Indians on the basis of trade rivalry and racial prejudice.<sup>46</sup> At Newcastle 22 White and 9 Indian retail licences were in existence in 1914 and 27 White and 15 Indian in 1920. At Dundee no new Indian retail licences were issued after 1915.<sup>47</sup> In Durban and Pietermaritzburg hostility to the granting of new licences led to both Town Councils adopting a policy based on segregation

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44. Annual Reports of the Department of Justice, 1910-1914.

45. Ibid., 1911, nos. 27-28, p.71.

46. *Indian Opinion*, 6 May 1911; *Indian Opinion*, 18 November 1911.

47. Report of the Asiatic Inquiry Commission, 1921, (Cape Town, Government Printers, 1921), UG Series nos. 4-21, p.46; 4 January 1913, 12 May 1915, 18 August 1915, 9 May 1916, 26 May 1916, 2 February 1917, 14 June 1918, 12 July 1918; *Indian Views*, 19 July 1918, 31 December 1918.

of trade.<sup>48</sup> This is clearly reflected in the minutes of proceedings of the Durban Town Council between 1914-1918, when applications by Indians for new licences were largely unsuccessful. They were refused with a remark by the licensing officer, "It is not my desire to increase the Asiatic licenses". On appeal the town council, in most instances, supported the decision of the licensing officer.<sup>49</sup> In those trades in which they came into competition, Indians held 515 licences in 1915 as against 1 357 held by Whites; and in 1919 they held 628 as against 1 684 held by Whites. The licensing officer, one Molyneux, explained the position of Indian licences during the war as follows:

The growth in Durban of the Asiatic licenses has been very small. I think on the whole very few licenses have been granted, and it is only because we restrict the number that there are not a lot more ... We do what we can to restrict further Indian licenses ... A European license is granted always as a matter of course, whereas the Indian license is refused as a matter of course, if it is a new one.<sup>50</sup>

In Pietermaritzburg in 1914, 312 White and 68 Indian licences were issued compared to 317 White and 119 Indian in 1919.<sup>51</sup> Restrictions were also placed on hawker's licences. In Pietermaritzburg several Natal born Indian women engaged in hawking as a means of livelihood. Their applications were very often unsuccessful, due to the restrictive policy of the town council which aimed at limiting the number of Indians hawking in White areas.<sup>52</sup> In Durban Indian hawkers were confined to a section in Gardiner Street, between West and Pine streets, and on Saturdays were allowed to take up a stand alongside the cemetery in West Street. They also paid a licence fee of £5 per annum.<sup>53</sup>

Indians who sought to diversify their trade by exploiting the opportunities created by the war also faced opposition. Several applications for the manufacture of jewellery, fruit boxes, Indian sweetmeats and sweets were rejected. Manufacturers' licences came under Section 23 of Ordinance 11, 1911, and gave the town council power to issue these licences, (Section 7 of Act 18, 1897, did not apply). The town council and the licensing officer sought to curtail this type of licence, and it became the policy of the department to issue Indian licences only after careful consideration.<sup>54</sup>

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48. Ibid.

49. Ibid., Durban Mayor's Minutes, Proceedings of the Durban Town Council, 5 January 1915, 2 March 1915, 10 May 1916, 3 July 1916, 21 December 1917, 28 June 1918; *Indian Views*, 7 August 1914; *Indian Views*, 27 November 1914; *Indian Views*, 8 January 1915; *Indian Opinion*, 21 April 1915; *Indian Opinion*, 17 September 1915.

50. Report of the Asiatic Inquiry Commission, 1921, p.46.

51. Ibid.

52. Natal Law Reports (hereafter cited as NLR), vol. xxxvii, 1916, pp.236-40.

53. NA, Durban, Town Clerk's Office, Borough Police to Town Clerk, 8 February 1917, A. Harris to Town Clerk, 9 February 1917, 3/DBN 4/1/2/99, Licensing Officer's Departmental, vol.2; 1916-1922.

54. Ibid.

Indian licences increased from 490 in 1909, to 652 in 1915, and 953 in 1919. The number of retail licences also increased, from 458 in 1909 to 563 in 1919. The increase in Indian licences was due to a number of factors. In 1913 Ordinance No. 5 was passed, amending an exemption which permitted unlicensed trading in colonial produce, and which increased the number of applications for new licences. During the war many Whites enlisted in the army, and sold their businesses to wealthy Indians at a profit, which also accounted for the increase in the number of Indian licences during this period. A return of transfers made by the licensing officer for Natal for the period 1909 to 1919 reflects that 99 licences were transferred from Whites to Indians, and that 104 such applications were refused; six Indians transferred their licences to Whites.<sup>55</sup>

Trade jealousy was often at the root of the opposition to Indian trading operation. Trade jealousy was not confined to Whites alone. On the contrary, in 1919 out of 102 applications by Indians, Indian competitors opposed 71. The objectors were generally rival traders and in the majority of cases Indians opposed Indian applications.<sup>56</sup> Natal born Indians, who were gradually infiltrating the commercial sphere, often had their applications opposed by Muslim traders.<sup>57</sup> For example, R.R. Singh and Bros. of Waschbank applied for a licence in 1917. Their father, an ex-indentured labourer, who saved up a small fortune to establish his two sons in business, assisted them. Specialising in Hindu prayer goods, which was absent in most Muslim stores, they were eagerly supported by Hindus in the district. The application, however, was opposed by the Dundee Chamber of Commerce and by a group of influential Muslims. The latter were keen to maintain their commercial monopoly of the area.<sup>58</sup> In Durban E.C. Paruk, a well-known trader, together with 31 other established merchants comprising largely of Gujarati speaking Hindus and Muslims, sent a petition to the Mayor of Durban in 1915. They objected to several unlicensed Natal born Indians trading in imported goods at the Indian Market.

While trade jealousy between fellow Indians became more acute in the post union period, Whites agitated for more stringent legislation and prompt government intervention. At a meeting of the Congress of Associated Chambers of Commerce in South Africa, held in October 1917, anti-Indian sentiment echoed nationally. Besides Natal, Indian trade competition was also strongly felt

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55. Report of the Asiatic Inquiry Commission, 1921, pp.47-48.

The Licensing Officer for Natal issued all licences outside the following places: Municipalities: Pietermaritzburg, Durban, Ladysmith, Dundee, Newcastle, Vryheid, Estcourt, Greytown. Local Boards: Weenen, Charlestown, South Shepstone, Paulpietersburg, Utrecht, South Barrow, Harding, Verulam, Eshowe, Howick and Stanger.

56. Ibid.

57. *Indian Opinion*, 19 February 1915; *Indian Opinion*, 10 March 1915; *Indian Opinion*, 9 June 1915; *Indian Opinion*, 21 July 1915; *Indian Views*, 19 February 1917.

58. *Indian Opinion*, 7 December 1917.

in the Transvaal and the Cape. At the meeting there were calls by several members to use the Associated Chamber of Commerce as a means to influence the licensing question by restricting the issue of licences to 'undesirable and Asiatic'.<sup>59</sup> In addition, the Indian trading community, at a time when anti German feeling was at its zenith, were being labelled "as great a danger as the Germans". A.M. Williams of Vryheid stated: "If German commerce was a menace, that of Asiatic trading was quite as serious". The latter were also viewed as 'alien' and "parasites who were accumulating wealth and had supported the Turk, one of the Empire's enemies".<sup>60</sup> During the First World War, Turkey was an ally of the German Empire, and its inhabitants were predominantly Muslims. Muslim traders in Natal who shared the same religion and dress code, including the wearing of the fez (a short red rimless head-covering which was common to all Muslims whether Turks, Indians or Egyptians) were often likened to Turks by prejudicial Whites seeking to incite anti-Indian feeling. In Dundee, the editor of the local newspaper, *Dundee Courier*, associated Muslim traders in Natal with Turks, referring to their use of a flag in the Mosques which was similar to the Turkish flag. However, the flag used by the Turks was a green one with the yellow crescent and a star, while that used by local Muslims was a red flag with a white crescent and a star, denoting the religion of Islam, with words inscribed in Arabic. Thus racial prejudice and cultural ignorance on the part of some Whites led to hostile relations between the two racial groups. Anti-Indian resentment during the war also led to several Indian traders becoming victims of assaults, burglaries and murder. Travelling salesmen, and hawkers on isolated farms feared for their lives as well as those of their families as armed gangs of marauders instituted a reign of terror in the country villages and districts. Several Indians applied via the chief native commissioner's office for permits to possess firearms for self-protection, as the local police was often 15 to 20 kilometres away and could not always render immediate assistance in the event of an attack. An examination of applications indicates that in several cases the alleged miscreants were Africans and in one or two cases they were accompanied by poor Whites. Robbery was also a motive for widespread attacks on Indians.<sup>61</sup>

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59. *Ibid.*; *Indian Opinion*, 9 November 1917. It was a common practice for Indians who were refused licences to rent stalls at the Indian Market and trade without licences.

60. NA, Durban, Town Clerk's Office, Mayor's Minute, Extract from Minutes of Markets and Abattoir Committee, Letter from Thos Watson, Re Indian Market, 26 October 1915, 3/DBN 4/1/2/215, 1914-1916; *Indian Opinion*, 5 March 1915; *Indian Views*, 5 March 1915; *Indian Views*, 19 November 1915; *Indian Views*, 9 November 1917.

61. Chief Native Commissioner (hereafter cited as CNC), Application to Own a Shotgun, M.I. Kajee, vol. 193, 173/1915, Firearms : Indians, vol. 230, 243/1916; *Indian Views*, 7 April 1916; *Indian Opinion*, 9 February 1917.

## **Conclusion**

The outbreak of the First World War, was a crucial yet challenging period for the Indian trading class in Natal. While many enterprising Indian traders exploited local boom conditions to diversify and expand their businesses, the war period also highlighted the unscrupulous nature of some merchants and petty traders who sought to profit on food prices at the expense of the poor. The activities of the former incurred the wrath of the non-trading section of the Indian population who began to view the entire trading class with contempt and distrust. In addition, the conflict and controversy associated with the formation of the many relief funds by the Indians is indicative of the divisive nature of the Indian community during the war that was to exist for many years. Indo-White race relations were far from cordial. Trade jealousy and racial hostility were rife which was to firmly establish itself in the post war period.

## **Opsomming**

### **Die impak van Wêreldoorlog I op die Indiese handelsklas in Natal**

Ten tyde van die uitbreek van Wêreldoorlog I het die Indiese handelsklas in Natal net sowat 10 persent van die totale bevolking uitgemaak. Ondanks geringe getalle was hulle egter 'n formidabele factor in die Natalse ekonomie. Hulle het inisiatief, handelsvaardighede in sommige gevalle kapitale bronne gehad. Hulle het familiegebaseerde ondernemings in Natal gevestig en teen 1914 die handel met swartes beheer. As Britse onderdane het hulle die oorlogspoging gesteun wat vir hulle ook ekonomiese geleenthede geskep het. Die oorlog het ook baie van hulle eksploiterende bedrywighede op die lappe gebring. Onredelike winsneming het later nadelig op die nie-handelaars in Indiërgedeelte ingewerk. In die artikel word die impak van die oorlog op die Indiërgemeenskap in Natal ondersoek. Ook word op groepsverhoudinge in die provinsie gedurende die oorlogsjare gelet.