

PASSING-OUT PARADE OF INDIAN TRAINEES OF THE SOUTH AFRICAN POLICE

PRECISION DRILL and an exhilarating physical training display by Platoon No. 5, to the accompaniment of martial music played by the band of the Centenary High School, were features of the passing-out parade of 36 Indian trainees of the South African Police, held at Unit 3 Sports Ground, Chatsworth, on the 29th April, 1971.

The trainees were addressed by the Divisional Commissioner of the Port Natal Division, Brigadier C. P. J. De Guisti, who said that Indian policemen formed an integral and important part of the South African Police Force, and that their services were indispensable to the Police Department. Indian policemen, he said, had contributed to a great extent to the exemplary record and prestige of the South African Police and it was up to the new members to maintain the record and prestige and even improve upon it. He urged the policemen to treat members of the public with

The Divisional Commissioner, Port Natal Division, Brigadier C. P. J. De Guisti, inspects the drawn-up ranks of the Indian trainees of the South African Police at Chatsworth. From left to right in the picture: Lieut.-Col. (Rev.) J. C. Jansen, Chaplain of the South African Police; Mr M. J. de Wit Van Eyssen, Regional Director for the Department of Indian Affairs; Lieut. S. Pillai, Station Commander at Chatsworth.

respect and civility, and to carry out their duties without prejudice, fear or favour. He reminded them that it was not their duty to permit offences but that it was their duty to gather the required evidence if a person had contravened the law and to present it to the courts. Thereafter it is the function of the judges and the magistrates to decide whether the alleged transgressor is guilty or not, and if so, to impose punishment.

The Brigadier presented a trophy to Constable V. Moodley for being judged the best student at the Police Training College •



To be able to obtain 83% average in six examinations is no mean feat, but for Constable V. Moodley it meant the coveted trophy for the best student. He is seen receiving his prize from Brigadier C. P. J. De Guisti.

The Minister of Finance, Dr The Hon. N. Diederichs, being met on his arrival at The New Republic Bank, Durban, by the Managing Director, Mr J. N. Reddy.



THE NEW REPUBLIC BANK

THE OFFICIAL OPENING of the first All-Indian Bank — The New Republic Bank — took place in Durban on Monday, 5th July, 1971. The Minister of Finance, Dr The Hon. N. Diederichs, performed a symbolic opening ceremony by cutting a tape across the entrance to the Bank premises. At this ceremony the Minister expressed his gratitude for being invited to perform the opening ceremony of such a unique bank. He referred to the manager and his personnel in the constructive contribution they are rendering to Durban and expressed the hope that the bank will develop into one of the soundest and most stable banking institutions in our country.

At the conclusion of the ceremony at the bank, the Minister and invited guests proceeded to the M.L. Sultan Technical College, where the Chairman of the Board of Directors, Mr H. E. Joosub, in welcoming the Minister, said that the occasion was one more milestone in the long history of service which the Indian South Africans have rendered to the country, especially in the field of commerce, agriculture and industry, and that the establishment of this bank is not only a monument to our past but also a

promise for our future and for the future of the country.

“For very long Indians,” he said, “have been limited largely to commerce, but during recent years, primarily through their own efforts, they have become more diversified in their activities. They have become more sophisticated, and what is even more important, they have become more education-conscious. The result is that they have acquired aptitudes for employment in many fields other than commerce. More and more of

our young people are now following university courses, and I foresee that in the future there will be an ever stronger stream of well-qualified young Indian South Africans coming from the universities, with a variety of skills and aptitudes. They will need the scope in which they can practise those skills, and what is more, South Africa will need their skills and their devoted labour. I may add that this bank will play an increasingly important role in assisting these young lads who are university-trained. Our



aim is to serve, and in serving those young people, we shall be serving South Africa also.

DIVERSIFICATION

Our institution is a step towards diversification of employment for Indians. There has come a growing need for a bank specially geared to the special needs of the Indian community. This bank has not come to take the place and do the work of the older banks. It has come to implement that work. We are allies, not competitors, and we are grateful for what they have done for us and what they will do in the future.

Here I can take an example from the Afrikaans institutions. The Afrikaans banking institutions have come later than the other banks, but they work together, and all of them have made their contribution to the progress of the country. Although we have commenced with only one branch, which is also our head office, here in Durban, we shall in time spread our activities to other areas in Durban,

to other towns in Natal and in the Transvaal. That will not only render service to the people of these areas, but it will also create more and more employment for young Indians in the field of banking, and indirectly in other fields of commerce and industry."

The Minister in his address said he welcomed the opportunity of being able to meet the Indian community and to broaden his knowledge of their economic activities. Going back into the past when very little contact between the Government and the Indian community took place, Dr Diederichs referred specifically to the Gandhi-Smuts period, when feelings often ran high and later periods when it seemed that the bridge between the Government and the Indians, vulnerable as it was, was in danger of being destroyed completely.

"One of the reasons for this 'feeling' between the Indians and the authorities was the uncertainty which the repatriation policy of all governments since 1910 brought for the

Dr Diederichs performs the symbolic opening ceremony by cutting a tape across the entrance to the bank. Looking on, from left to right: Mr S. M. Paruk, Mr J. N. Reddy and Miss D. Chetty.

Indians, and especially for the Indian entrepreneur who wished to contribute towards the development of the economy but who had the sword of repatriation hanging over his head. I would suggest that this uncertainty was one of the major reasons why Indian undertakings tended towards small retail establishments which could be got rid of with a minimum of loss should repatriation be enforced.

What you and I do know is that all the uncertainty which Indians felt as to their position in South Africa was removed in 1961 when the present Government announced that the Indians were regarded as a permanent and integral part of our population. This new policy brought relief to all the Indians in the country but especially to those involved in the more sophisticated economic activities



The Minister seen addressing the gathering at the bank. From left to right: Mr J. N. Reddy, Mr H. E. Joosub, Chairman, Board of Directors; Mr S. M. Paruk and Mr H. N. Naran.

and who were anxious to develop their undertakings.

Furthermore, with the 1961 policy statement, the Indians were, I may say, incorporated in the broader policy of separate development. And let me say that in the years that followed the Indian leaders have in a responsible and balanced manner accepted the advantages which this policy brought for them. They have criticised the implementation of the policy on numerous occasions and it is their right to criticise but they have seldom come with requests, reasonable requests, under our policy of separate development which were not treated sympathetically. I may say, too, that in spite of the alarmists, the Government is actively assisting the Indians in their political, social and economical development. What is today being done was derided as 'pipe dreams' in certain quarters a few

also to place on record the Government's appreciation of the manner in which the Council has conducted from time to time its negotiations with the Government. These negotiations embrace many aspects of Indian life in South Africa. Whilst a large variety of matters are dealt with, we in the Government can always be sure that the representatives of the South African Indian Council can be relied upon to conduct their negotiations with dignity — no matter what the subject of discussion. I believe that the Council today stands on the threshold of new developments. It has shown by its approach in the past that it is ready for the next stage of development envisaged for it within the scope of the Government's policy of separate development. I would commend to the Council and the Indian people of South Africa to take the fullest advantage of the further development plans which will be put forward from time to time so that the ultimate goal planned for the self-development of the Indian community will be achieved.

THE DEVELOPMENT PLAN

The development plan has many elements, all of which are interwoven and all of which aim at the granting to the Indian population of opportunities to participate in all aspects of their communal life. Remarkable progress has already been made, for which we are thankful. Would anyone who knew the political situation in South Africa two or three decades ago have envisaged an independent local authority elected by Indians and governed by Indians in South Africa towards the end of the sixties? And yet it happened at Verulam and I would say that not only the Indians but also the Government are proud of what has been achieved at Verulam. And what has happened at Verulam can happen in many of the areas which at this stage have local affairs committees. There is progress and with this progress we shall ultimately reach the stage where all Indian local government bodies, as ultimately the South African Indian Council, will consist of persons elected by Indians. There is progress, I say, and though it may appear to be slow at times, we must be mindful thereof that 'all good things come to him who waits'.

years ago. Is the bank, for instance, which we are concerned with today, a 'pipe dream'? I leave it to you to answer.

THE SOUTH AFRICAN INDIAN COUNCIL

With the establishment of the South African Indian Council the first recognised channel of contact ever between the Indian community and the Government came into being. Before the establishment of the Council there was some contact between the Government and individuals or organisations from time to time. But these contacts were never really meaningful for many reasons, one being that they often were crisis contacts in which emotion and personalities caused the relationship between the parties more harm than good. Contrary to this position, the South African Indian Council can now with the machinery at its disposal approach the Government at the highest level and I wish to pay a tribute to the South African Indian Council and its Executive Committee who have guided and assisted the community it represents in so many ways in recent times. I wish

GREY STREET

It is only natural that on an occasion such as this one will also discuss the economic development of the Indian. After all, the establishment of your New Republic Bank is a major achievement in your economic growth. In this regard I also wish to say something about Grey Street. I understand that the announcement in the House of Assembly, on the 9th June, 1971, by my colleague, the Minister of Planning, in regard to the future character of Grey Street has met with the general approval of the Indian community. I feel that the Government has here shown its understanding of the great importance of the Grey Street area for the Indians of Durban. And not only for the Indians of Durban but also for those resident in the rest of South Africa. I express the hope that once the legal aspects of the area's proclamation are resolved, the Indian community will develop the area to the utmost of its potential and that the quality of the development of the area will be a worth while monument to all those people who have striven so hard over many years to retain the area for Indian development. I know that you are 'thinking big' for the Grey Street complex and my wish is that your high expectations will materialise to your satisfaction.

I mentioned earlier that in the Indian sector of the country's economy small retail establishments played a major role. This phenomenon in your economic history has bestowed on the Indian community the reputation of being shopkeepers above anything else. Not that I for one moment wish to belittle the value those small shops had for the rural areas of our country. Some of those small traders must be seen as pioneers who had the courage to go out into the remote areas and to establish their businesses in places which were not regarded as sound business localities by other groups. In doing so they rendered a valuable service to isolated communities and brought goods and merchandise to areas which up to that stage were dependent on the irregular itinerant pedlar.

But times have and are changing. Our whole commercial pattern in



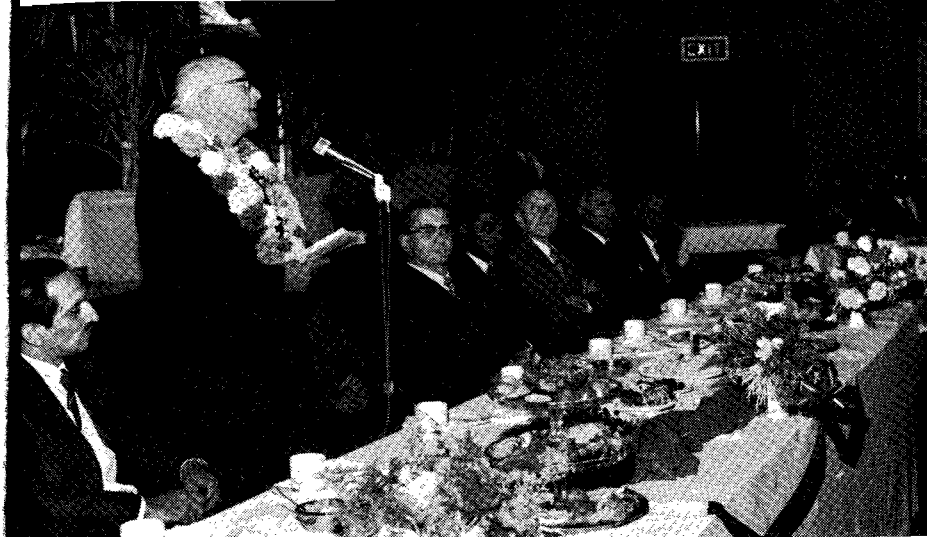
regard to retail trading has changed under the impact of the large departmental and chain stores which have come into prominence over the past 15 to 20 years. And the Indian is too astute a businessman not to realise that under this impact the romanticism of the small shop is fast becoming something of the past. The consumer prefers the one-stop service of the departmental stores and this, coupled with the rise in rents and overheads has made the survival of the small trader in the cities and larger towns somewhat uncertain. In a spot check taken at random in some of Natal's larger towns retail licences increased by more than 40 per cent. in the years 1965 to 1968 but then significantly the increase was far less during the years 1968 to 1970. The sample taken is too small to prove conclusively that fewer new retailers are coming on to the scene but it may be a pointer. One of the reasons for this phenomenon may be that Indians are gradually breaking away from the traditional 'general dealer' type of business and are entering the more sophisticated method of trading and specialising in a more limited range of goods. In this respect it is interesting to note that in some re-settlement projects where shopping complexes have been erected to accommodate traders transferring from other areas, the Indian has indeed done just this. This is a tendency which is worthy



Mr H. E. Joosub, Chairman of the Board of Directors of The New Republic Bank, welcomes the Minister and invited guests.

Mr M. E. Sultan welcomes the Minister of Finance, Dr The Hon. N. Diederichs, to the M. L. Sultan College, where the Minister delivered his official address. Mr A. M. Rajab looks on with Mr Anson Lloyd on the left.

Guests at the main table included Mr S. M. Paruk, Mr G. Oxford, Mr J. N. Reddy, Mr M. De Wit Van Eysen, Regional Director for the Department of Indian Affairs, and Mr A. M. Rajab, Chairman of the Executive Committee of the South African Indian Council.



of encouragement and I commend it to the community.

Having touched upon re-settlement schemes, I should perhaps mention here that all these schemes, such as those in Johannesburg, Port Elizabeth, Klerksdorp and Vryburg are designed to provide alternative accommodation for traders who are being re-settled. These schemes cost a large amount of money which is normally made available through Government channels. Surely this large expenditure should indicate that there is no desire, firstly, to drive out or to ruin the Indian trader, or, secondly, even to contain him and his business activity in his own group area. The Government does not envisage the disappearance of the Indian from this sphere of the South African economy. The Government accepts the position that the Indian trader, perhaps to a lesser extent, will in the future have a place in the retail and the wholesale trade in South Africa.

PROGRESS IN INDUSTRIAL FIELD

But the Indians are already going into other economic activities also. To support this statement there is the remarkable increase in Indian industrial undertakings from 181 in

1961 to 626 in 1970. More remarkable is the fact that in 1948 there were 10 Indian-owned clothing factories in Natal whilst the latest available figure reveals that there are now more than 100 such undertakings. It is further estimated that Indians today own approximately one-sixth of all factories in Natal and that these factories employ approximately 20 per cent. of the total number of Indians employed in industry in Natal. As things now stand, there are more Indians employed in the industrial sector (25 to 30 per cent.) than in commerce (20 to 25 per cent.) whilst employment in the services sector is gaining on commerce as well.

DIVERSIFICATION

And there is really nothing in the way of Indians diversifying their activities and employment pattern even more. As you know, Indians enjoy border area benefits in border areas and in retarded areas where there is unemployment among the Indian population. You know of the potential of areas such as Pietermaritzburg, Verulam, Tongaat and Stanger, where border area privileges apply. You also know that in its decentralisation policy, the Government is identifying growth points in

selected areas and there is no reason why Indian industrialists will not share in the advantages of such a policy. But it is not for me to preach to the converted! For as it is, many of you have invested heavily in industry and you are to be congratulated on your enterprise. In contrast to the position obtaining in respect of other race groups in South Africa the Indian has accomplished this change-over with little or no assistance from State sources. You are to be commended for what you have achieved in this respect. Not only have you opened up new employment opportunities for Indians but in doing so you are accomplishing diversification. Moreover, your entry into the industrial sector is of benefit to the whole South African economic structure. Your success in industrial ventures proves in no uncertain way that the Indian's natural aptitude for business has found another outlet outside the wholesale and retail trade. The South African Indian as a member of one of the permanent population groups of the Republic has a destiny to fulfil in this country. His undoubted talents must be developed to the full and should feature prominently in the broader South African economy.

MANAGEMENT AND TECHNICAL PERSONNEL

I want to say a few words about the position of management and technical personnel for your present and future undertakings and in this regard I may enter a sphere where you may not share my views.

I am told that it is traditional for some Indian entrepreneurs to keep the 'business in the family' and that the top executive and management posts are often filled by members of the family. This tradition is commendable if the family executives and managers have received the necessary training and are capable to compete in the highly technical and advanced business environs of today. But if they are not so equipped, you will find that the know-how of yesterday will just not be good enough. I should, therefore, suggest that undertakings of today and of tomorrow should be alive to the possibility of employing trained personnel from outside in top positions because the competition will always become stronger

and never weaker. And such men and women are becoming available. Your bank will be needing them and other concerns are keen to get them.

There is no shortage of training facilities for the aspiring Indian executive and manager. In Natal alone there are at present approximately 8 000 Indian pupils in Std. 9 and Std. 10. Apart from the **University of Durban-Westville**, where a variety of courses are offered, these candidates can also train at the **M.L. Sultan Technical College**, whose hospitality we are now enjoying and which, as you know, was declared a college for advanced technical training in 1969. So the training establishments are there and one can expect an ever-increasing number of qualified men and women emerging from them. They will bring with them new ideas and knowledge. It is up to you to use them to best advantage.

THE NEW REPUBLIC BANK

Bearing in mind what I have said this afternoon, it came as no surprise to me to learn that a group of prominent South African Indians had come together and had established a banking institution with the object of mobilising the savings of the Indian people so that the funds made available may be used for the benefit of the Indian community. A banking institution conducts a specialised type of business which must be handled with great care and responsibility. When one looks through the list of names of the Directors of the New Republic Bank, one cannot help but notice that the list contains names of persons who themselves have been successful in the spheres which they have chosen for their careers. These men have now the important task of looking after and giving direction to this banking institution in its infant years. The success which has attended their own undertakings, it is hoped, will ensure the success of this institution. The foresight of these gentlemen is to be commended and one wishes them well in the running of this banking institution.

The establishment of your banking institution, the shares of which are held by members of the Indian community of South Africa, opened a new field for your people and con-

stitutes a challenge for those who undertake the responsibility of the management of the institution. As it only commenced business on 1st February, 1971, the bank is still in its very infancy. It has undoubtedly already experienced growing-pains and will most likely continue to do so but I trust that these will be overcome soon.

FUNCTIONS

On this occasion I think it is proper to say something about the **functions of banking institutions**, their stewardship in relation to trust moneys and the importance of thrift in the battle against inflation.

Basically, a banking institution is a financial intermediary which mobilises the savings of the public, i.e., of depositors, and canalises such moneys to other members of the public who experience temporary shortages of money, i.e., the lenders. As the mobiliser of the savings of the public the banking institution acts as trustee of the moneys entrusted to it. The trusteeship function requires that under all circumstances the trustee should observe the utmost good faith and that in the performance and discharge of his powers and duties he should exercise the necessary care and diligence.

In the sphere of banking the general public demand two safeguards. The **first** is in respect of the solvency of a banking institution. The public require certainty that they are protected against possible losses. The **second** requirement relates to the liquid position of banking institutions. A depositor wants to know that the banking institution will at all times be in a sufficiently liquid position to meet on due date its liabilities in respect of the repayment of deposits. The Banks Act makes provision for both these aspects by requiring every banking institution to maintain a prescribed minimum amount of capital, including reserves, and of liquid assets. In this connection I also wish to point out that it is in principle wrong for a banking institution to invest deposits drawn from the public in investment fields, which from the nature of things, should be financed from risk capital obtained on the open market.

It should be clear from what I have already said that it is essential

that the business which a banking institution conducts should be based on sound financial principles coupled with high standards generally and in particular high ethical standards on the part of those persons who are responsible for the management of the affairs of a banking institution. Members of the managing body of a banking institution must be fully conversant with matters affecting the institution and capable of fulfilling properly their fiduciary responsibilities. Furthermore, they should always bear in mind that they should in the first instance promote the interest of the public whose funds they administer and that they can demand only a reasonable compensation for the capital invested in and for services rendered by the institution.

SPECIAL FUNCTION

In the economic system of the Republic banking institutions have a special function. Not only is the major portion of the money owned by the private sector held with banks but the expansion or curtailment of this supply of money must also be effected through the banking system. For this reason it is also essential that the authorities should constantly exercise a degree of control over the activities of banking institutions. Any one who establishes a banking institution must accept the fact that his responsibilities extend beyond the mere making of a profit for his shareholders. The privilege extended to a banking institution to do business with the money of the public also entails the acceptance of these responsibilities and the inevitable control measures which have to be applied in the national interest.

INFLATION

Turning to the **national economy**, I am pleased to say that there are already indications that inflationary pressure is beginning to decline, although there is not yet any proof that inflation has definitely been curbed. The disappointing savings performance of the public remains the source of the problem of disequilibrium between the supply of and demand for funds in our economy. The reason for this appears to be that many people are spending more and saving less because they

are under the impression that inflation will continue.

Inflation is the cause of excessive consumer spending and insufficient personal saving and therefore if the general public save more they will contribute directly towards combating inflation. You will appreciate therefore how important it is for members of the public to save.

As you know, investment is an essential prerequisite for economic growth and development and South Africa has, over the whole post-war period, allocated a substantial portion of its total resources to investment. These investments must be financed either through borrowing from abroad or through domestic saving. Saving, in turn, is the part of your income not spent. Over the last six years we find, however, that South Africa has been saving far less than the amount required for financing the country's investment. We have used foreign capital amounting to no less than R1 754 million to finance our investment programme and although these funds made a major contribution to our growth and development, we should keep in mind that at least part of it must be repaid and that interest and dividends must be paid to their foreign owners.

DOMESTIC AND CONTRACTUAL SAVING

Domestic saving consists of provision for depreciation, the current surplus of general government, corporate saving and personal saving. Provision for depreciation by all business enterprises is the most stable element of domestic saving and, over the last five years accounted for approximately 38 per cent of the total. The savings of the public sector contributed a further 18 per cent while retained earnings by companies, apart from their provision for depreciation, provided about 15 per cent. Personal saving, which contributed approximately 29 per cent to the total, is not only the second largest source of finance but is also the most unstable component of domestic saving, showing wide fluctuations from year to year.

Over the last five years, personal saving as a percentage of disposable personal income fluctuated between

11,9 and 7,6 per cent. These fluctuations and the relatively low level of personal saving, especially in 1969 and 1970, are causing concern as the decline in the ratio of personal saving to disposable personal income occurred during a period of rapid increase in personal income. It should also be remembered that **contractual saving**, e.g. savings with insurance companies, pension funds and repayments on housing loans, which accounts for a major part of personal saving, is basically a stable and increasing magnitude. What has happened during the last few years is that the increase in contractual and other positive saving as reflected e.g. in increases in savings and demand deposits with financial intermediaries, has to a large extent been neutralised by increases in negative saving. Negative saving consists mainly of increases in bank credit for consumer purposes, hire-purchase credit and open account credit extended by retailers and motor traders to households. From time to time the government has warned against the further extension of this type of credit, firstly, to preserve the available finance for productive purposes and, secondly, to curb excessive demand in the fight against inflation.

MAIN PURPOSE

On this occasion I would, therefore, once again like to stress the point that the **main purpose of this bank** should be to act as an intermediary between the providers of funds or savers and the users of funds, mainly for productive purposes. Although credit for consumer purposes will certainly also be extended in future, a proper balance should always exist between credit extended for productive and credit extended for consumer purposes. As a registered bank is in a special position, it must always act in a responsible manner and in the interest of the country as a whole and not as an ordinary business concern always looking for the highest profit.

I was impressed with what I saw at the bank's premises this afternoon. The décor and the furniture and fittings which have been provided place it on a par with the most attractive banking halls in the Republic. The management have

spared no effort to make the premises of the bank as attractive as possible. I congratulate those responsible for the internal layout of the bank. Then I should be failing in my duty if I did not mention the guiding role played by one of our foremost commercial banks, the Standard Bank, in the establishment of the New Republic Bank. It is represented by its nominee on your Board of Directors and it has seconded some of its senior staff members to act in an administrative capacity in the general running of the infant bank. Its guidance and assistance are of very great value to this new institution and I should like to say that the authorities are appreciative of the role undertaken by this large banking institution.

I am convinced that the Indian community are capable of running successfully the affairs of this bank. All that the community lacks at this stage is the 'know-how'. This will be provided by your association with the older well-known South African Bank, which has so generously undertaken to guide the New Republic Bank through its teething stages. In this way you have provided further evidence of the responsible manner in which you have embarked upon this venture. I should also like to draw attention to the fact that this Indian institution has opened up yet another opportunity for the employment of Indians in a direction which very few in the past have envisaged. For this your Board is to be congratulated. I wish your institution well for the future and express the hope that you will develop it into a bank of which the Indian community will be proud and which will contribute its rightful share towards the development of that community."

Mr. J. N. Reddy, the Managing Director, in thanking the Minister for officiating at the ceremony paid tribute to the University of Durban-Westville, and the M.L. Sultan Technical College for the part that they are playing in providing the training for the young men and women who would eventually take up a career in the bank. He also paid tribute to a well-known commercial bank who assisted to set The New Republic Bank on its course ●