

**JOINT STOCK COMPANIES IN UZBEKISTAN DURING THE YEARS OF
INDEPENDENCE**

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Abstract: This article describes the difficulties of the early stage of formation of the joint stock business, its causes, the further deepening of reforms which led to the formation of market relations and the development of the joint stock business in the Republic.

Keywords: Education, upbringing, spirituality, innovation, modernization, Joint-stock companies, loan, share, issue, investment, bank organization.

The economic difficulties that began in the mid-eighties in the Soviet state most seriously affected the formation of financial resources of enterprises and associations. A course aimed at reducing budgetary financing of economic bodies was actively pursued. If in 1986 budget expenditures in the national economy of the country amounted to only 226 billion rubles, then by the end of 1989 they dropped to 201.5 billion rubles[1]. The practice of redistributing funds, which undermined any incentives to increase production efficiency, gradually began to cease. In connection with the policy of credit restriction carried out by the banking system, aimed at reviving the role of credit, the opportunities for enterprises and organizations to attract bank loans have significantly decreased. For the period from 1985 to 1989 the total volume of credit investments in the national economy in the former USSR decreased from 521.3 billion rubles. up to 391.1 billion rubles[2]. The destruction of economic ties in the national economy led to disruptions in production relations and, naturally, failure to fulfill assigned tasks, which significantly worsened the economic situation in the state, which led to the beginning of inflationary processes in the mid-80s.

Corporatization opened up for the former USSR the possibility of a new, more rational and promising application of free cash deposits. In the second half of the eighties, enterprises appeared that, after a half-century break, again began to issue "securities," calling them shares. Their leaders established their own rules for issuing securities, the circle of circulation, and the conditions for receiving dividends. For some time, the activities of these enterprises for issuing shares were not legally formalized and existed outside the control of the state. In 1988, Resolution No. 1195 "On the issue of securities by enterprises and organizations" was adopted, which finally legalized the activity of issuing shares. Despite the fact that this document outlined only the general features of the issuing activities of enterprises, and many issues remained unresolved, it gave a tangible impetus to the development of the joint stock business, as it created a legal basis for the issue of shares. All this gave impetus to the mobilization of funds for enterprises and organizations.

The resolution allowed enterprises transferred to full self-accounting and self-financing, as well as commercial banks, to issue two types of shares: shares of labor collectives and shares of enterprises. The shares of the labor collective could only be sold to employees of a given enterprise. Shares of enterprises were allowed to be distributed among other enterprises, organizations, banks, voluntary societies, and cooperatives. The funds received from the sale of both types of shares were to be used for the development and expansion of production, the introduction of scientific and technological progress, the organization of the production of new types of products, etc.

At the initial stage of the joint stock business, the issued shares were in many cases sold mainly to the labor collective; the possibility of sale to the population or to anyone who wanted it was, for

some reason, always suspended. Perhaps at that time many officials were still unable to fully understand the true essence of the joint-stock business. In addition, perhaps many leaders could not move away from the socialist structure of the economy.

The 1990 Law “On Property in the USSR” was adopted, in which joint-stock companies for the first time received the right to exist and acquired official status. According to the Law, the property of a joint-stock company was defined as a type of collective property, and the company’s property could be created through the sale of shares and as a result of its economic activities. But at the initial stage, all this did not go so smoothly. The reason for all this was that a naturally incomplete understanding of market economics naturally prevented the full implementation of new economic concepts into working life. In addition, at the beginning of 1991, the economic situation of Uzbekistan, like in many allied states, was in a difficult situation. By this time, the main indicators of the current economic situation clearly demonstrated the deteriorating situation, both in production and in the standard of living of the population. Thus, the republic’s internal debt increased from 6.7 billion rubles in 1985 to 43.6 billion in 1991, imports in intra-republican exchange increased from 11.3 billion rubles to 14.7 billion, creating a negative balance of - 5.3 billion rubles. In foreign trade turnover, Uzbek imports prevailed over exports, which made the economy dependent on foreign exports. In March-April 1991, a painful exchange for the population of 100 and 50 ruble bills was carried out and retail prices were increased by 2.5-3 times. According to experts, this made it possible to stabilize the situation for several months and relieve tension in the consumer market. The price of softness regarding monetary and wage policies was rapidly increasing inflation, which by the winter of 1992 had developed into a galloping stage.

As a result, this affected the production of the most important types of industrial products: in comparison with 1990, in 1991, electricity production fell by 3.8%, steel production by 10%, rolled ferrous metals by 21.3%, electric motors by 8.4%, 9.5% - tractors, 6.3% - chemical fibers and threads, 9.3% - coal mining. On the other hand, the food industry was also in decline: meat production decreased by 13.8%, sausages by 29.4%, semi-finished meat products by 29.7%, and dry fruit by 25%. Among non-food products, the production of fabrics of all types fell by 17.3%, hosiery by 9.8%, and footwear by 2.8%.

From 1985 to 1991, agricultural production per capita decreased by 6.6%, commodity inventories decreased from 155 days to 41. In addition, the population felt an increase in food prices: for example, the composite price index for meat products amounted to 235.5% compared to 1990, fish products - 251.4%, animal oil - 239.3%, potatoes - 305.6%, sugar - 244.2%. In 1991, prices for cotton fabrics increased by 307.4%, clothing and linen - 260.6%, laundry soap - 213%, knitwear - 274.6%, leather and textile shoes - 265.3%, electrical goods - 255.3%. Under such conditions, sticking to the old system of economic management would lead to disaster. In 1991, on November 18, at the VIII session of Oliy the Kengash of the Republic of Uzbekistan adopted the Law “On Denationalization and Private Property”[3]. The law provided for a phased and special program development of types of property.

At the initial stage of denationalization, different types of property began to appear, including joint-stock forms. So, in August 1991, one of the first joint-stock companies was created - the “Uzbek Republican Universal Commodity and Stock Exchange “ Tosh Kent ” (Tashkent Exchange) and its prospectus was registered with the Ministry of Finance of the Republic of Uzbekistan. But at that time the main emphasis was on the formation of “small property”.

In November 1991, the creation of the first brokerage companies specializing in securities transactions began. Conducting the first exchange auctions for the sale of shares in the Stock Department of the Tosh Kent exchange. The possibility of privatization through the creation of

joint-stock companies and the sale of shares is legislatively determined (the adoption of the Law of the Republic of Uzbekistan “On Denationalization and Privatization”).

If at the very beginning of the process of economic transformations small enterprises were sold, then since 1992 medium and large enterprises in the light, food and processing industries, coal mining, transport, communications and others began to transform into joint-stock companies. Depending on the value of the enterprises that were part of the joint-stock company, it issued shares that were sold on the securities market. 25% of the shares belonged to the state, 25% to the workforce, 10% to related enterprises, 10% to foreign investors, 30% of the shares were put up for free sale. The Republican Stock Exchange was created to sell shares of joint stock companies.

In 1992-1993, 28,846 legal entities privatized 53,902 objects[4].

The adopted Law “On Business Companies and Partnerships” in 1992 became the determining mechanism for the creation of joint stock companies, the principles of their functioning, the issue of shares and their registration. In 1993, the Law of the Republic of Uzbekistan “On Securities and the Stock Exchange” was adopted , which regulates the issuance of five types of securities, including shares.

Since 1994, the priority directions of the destatement and privatization process have been the widespread involvement of the population in the process of economic reforms through the development of the securities market and the formation of open joint-stock companies, while simultaneously reducing the share of shares owned by the state. When forming the authorized capital of open joint-stock companies created as a result of the transformation of state-owned enterprises. It was recommended to transform the already created closed joint stock companies into open joint stock companies. All this was the reason for the widespread involvement of investments.

All these measures led to the formation of many joint-stock companies in different sectors of the economy. Thus, by the Decree of the President of the Republic of January 26, 1993, the State Joint-Stock Concern for the construction and operation of highways “ Uzavtoyul ” was formed {5}. The length of highways on the balance sheet of the joint-stock company by the end of 1994 was already 43,318 km{6}.

On July 7, 1994, the Union of Consumer Societies “ Uzbekbirlashuv ” was transformed into the Central Union of Joint Stock Company of Consumer Cooperation of Uzbekistan to create retail food service, a network of branded stores, purchase of rural products from the rural population, etc. {7}.

By Decree of the President of the Republic of Uzbekistan dated April 22, 1994 No. UP-840, the State Concern “ Uzbekhlebproduct ” was transformed into the State Joint Stock Corporation “ Uzbekhlebproduct ” to produce and provide the national economy and population with grain, flour, bread, confectionery, etc. {8}.

In 1996, the Scientific and Technical Complex "Orthopedics" became known as the Joint Stock Company "Orthopedics", which produced prosthetic and orthopedic products. In particular, European and Arab companies such as Trading (Czech Republic) and Hilol (Uzbek -Arab joint venture) became the holders of the majority of the shares of this enterprise[9].

As you can see, joint-stock enterprises are not uniform in nature; they affect all spheres of the economy and other areas of the life of the national economy. To ensure and develop a certain direction, in most cases, commercial banks began to be formed in the early 90s. Most of which became joint-stock commercial banks. To provide financial resources for the activities of the State Joint-Stock Corporation "Uzbekhlebproduct" in 1994, by Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated June 20, 1994 No. 311, a specialized Joint-Stock Commercial "Gallabank" was created to service enterprises and organizations engaged in the purchase of grain, storage, processing, production of bakery products etc[10].

By the Decree of the President of the Republic of Uzbekistan dated June 02, 1995, and the Cabinet of Ministers Resolution No. 210 dated June 3, 1995 "On measures to create a modern infrastructure for international tourism in the Republic of Uzbekistan", the Open Joint Stock Company Joint Stock Commercial Bank "Uzsayokhatinvestbank" was created (since 1998 the bank became branch of the National Bank) [11].

In 1995, on December 21, at the IV session of OliyThe Majlis adopted the Laws "On the Central Bank of the Republic of Uzbekistan" and "On the Activities of Banks and Banks". By this time in There were 20 commercial banks in the republic, of which 19 were joint-stock banks[12].

Further development of the joint stock business in the Republic was ensured by the further adoption of regulatory documents. In 1995, a package of documents was adopted regulating the procedure for calculating and paying dividends by joint stock companies. Specific examples of calculations for calculating dividends, including those for the state share of shares, were also indicated. Also in 1995, a unified procedure was adopted for the transformation of state-owned enterprises into open joint-stock companies, providing for the maximum simplification of the procedure and a reduction in the time required for processing the relevant documents. It was established that in the process of transforming state-owned enterprises into joint-stock companies, registration fees and other payments are not collected (Decree of the President of the Republic of Uzbekistan dated June 12, 1995 "On measures to accelerate the corporatization of state-owned enterprises and improve the securities market"). They also introduced a new procedure for registering with the Ministry of Finance the issuance of shares of open joint-stock companies created as a result of the transformation of state-owned enterprises (approved by the Ministry of Finance and the State Property Committee of the Republic of Uzbekistan on June 16, 1995)

To attract foreign investment in the form of securities (mainly the purchase of shares of joint stock companies), the procedure for admission, registration and placement of securities of foreign issuers in the territory of the Republic of Uzbekistan and Uzbek issuers abroad were determined. Where the right to place securities on the securities market of Uzbekistan by foreign issuers was given.

On April 26, 1996, the Law "On Joint-Stock Companies and the Protection of Shareholder Rights" was adopted, which defines in detail the organizational foundations of a joint-stock company, its creation, management, functioning, liquidation, protection of the rights and interests of shareholder-investors, which still operates on the territory of the Republic.

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