



## Step-by-step development of joint-stock companies in Uzbekistan

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### ABSTRACT

This article examines the historical development of joint-stock companies on the territory of the Republic of Uzbekistan with a comparative analysis of the joint-stock history of other countries. During these analyses, based on scientific research in this area, it was analyzed how joint-stock companies were formed at different times and the author expressed his opinion on this issue.

### Keywords:

Joint-stock company, company, corporation, business associations, history of a joint-stock company, market relations, commercial organization, authorized capital, shareholder, share, branches and representative offices of the company, joint-stock legal relations.

A number of positive works are being carried out on deregulation and privatization, development in the market of goods, works and services, changing the attitude of the population to property, as well as creating a layer of shareholders, including a private owner, creating joint-stock companies, their effective management, proper organization of activities and legal regulation liquidation.

It should be noted that joint-stock companies occupy a very important place in the system of a market economy. They are one of the most advanced forms of organization of a legal entity among business entities, an important source of investment that attracts free funds in production, cover wide sections of the population in the formation of a class of owners. And the fact that it is a powerful tool in the implementation of corporate governance determines its uniqueness as a subject. For this reason, it is not for nothing that joint-stock companies occupy a leading position in the world economy.

In our country, it is possible to carry out significant, large-scale economic activity through joint-stock companies, and these large enterprises

play an important role in providing employment for the population.

Another positive aspect of joint-stock companies is that anyone can buy shares and become an investor. It doesn't matter who owns the money and its value. And finally, joint-stock companies provide an opportunity to involve wide sections of the population in the privatization process.

Another positive aspect of joint-stock companies is an organization that ensures the participation of the population in the privatization of state-owned enterprises, the creation and management of new enterprises, and instills in people a sense of ownership. This is an economic entity that collects free funds of individuals by selling shares and directs them to entrepreneurial activities.

Large-scale production, maintenance and execution of works are usually carried out by joint-stock companies. More precisely, they are one of the main factors of the world economy. Joint-stock companies arise from the need of an objective economy.

To understand the concept and essence of any subject of law, it is necessary to study the

history of its formation. Therefore, in this paragraph we will briefly analyze how joint-stock companies were created in our country and abroad. Because the historical development of this type of legal entity has played a big role in their development as a legal entity today.

The first steps in the creation of joint-stock companies were taken in "Roman private law". It was during the Roman Republic that the first forms of corporations appeared (Collegia appariorum, Collegia publicanorum)[1]. During this period, they united to conduct large-scale economic activities and, to a certain extent, limit risks.

The history of the literal creation of joint-stock companies dates back to the Middle Ages. During this period, joint-stock companies were created, which absorbed their individual elements.

For example, mining companies in Germany in the 12th century, payroll companies in the south of France, the Bank of Saint George in Genoese, Italy in the 14th century, and the Sacred Bank of Eurasia in Milan embodied the first signs of joint-stock companies[2].

Some literature mentions the existence of joint-stock companies that were created during this period and are still operating. For example, Fever Ham Oysters Fesheri KO, which specializes in growing oysters, was founded in 1189 and is the oldest operating joint-stock company[3].

S.S. Gulyamov states that economic associations corresponding to the institution of the current joint-stock company appeared around the middle of the 19th century. According to him, during the period of international maritime trade and the great geographical discoveries in the 16th-17th centuries, colonial companies were the first joint-stock companies[4].

The emergence of joint-stock companies is literally connected with the great geographical discoveries in the 16th-17th centuries. The East Indies (1600), the West Indies (1602), Suriname, Canada and other companies that were created first in England and Holland, and then in France, are prime examples of early joint-stock companies[5].

Fraud in joint-stock companies during this period and extortion flourishes. In 1719, the first stock market crisis occurred in England. This crisis is due to the fact that the founders were engaged in stock speculation when creating South Sea

Bubbles. For this reason, in June 1720, the British Government passed the Bubble Act (the Act known as the Soap Bubble) and this Act was in effect until 1825.

In the history of share ownership, actions to restrict have been called "tulipism" in the Netherlands, "commandite fever" and "shareholder fever" in France[6].

By the 19th century, it became necessary to create joint-stock companies in the construction of facilities that require large funds (the Suez Canal, railways). Because they allowed in a short time to collect a large amount of free funds in the hands of the population.

In this regard, the first steps were taken to develop legal documents regulating the legal relations of shareholders. In the 19th century, many countries began to develop new corporate laws[7].

The concept of a legal entity did not exist in our country until the middle of the 19th century. For this reason, some authors associate the concept of the first "joint stock company" on the territory of Uzbekistan with the law "On Property"[8].

But they did not pay attention to the fact that some of the companies created at the beginning of the last century, mainly in the railway and cotton ginning industries, as well as banks (for example, Asia-Russian Bank) had signs of a joint-stock company.

H. R. Rakhmonkulov and S. S. Gulyamov come to the conclusion that corporations appeared on the territory of Uzbekistan after the occupation by Russia in the second half of the 19th century[9].

In fact, historical sources show that the history of the joint-stock company in the country began precisely from this period.

For example, by 1893 the first cotton gin was built in the Emirate of Bukhara. On the eve of World War I, their number was 26. Of these, 19 belonged to the Russian bourgeoisie, 3 to the Emir of Bukhara, 3 to Muslim capitalists, and 1 to a large merchant M. Mansurov from Bukhara[10].

During this period, Russia was not interested in the construction and capitalization of industrial production enterprises in Central Asia. This area was supposed to be turned only into a raw material base. For example, the Turkestan governor-general Samsonov rejected the proposal

of the Samarkand joint-stock company to build a textile factory in Samarkand. The reason for this was due to the negative impact on the activities of factories and plants in Moscow[11].

However, economic interest in the region led to large investments in the country, and large plants, factories, banks and trade institutions were established here. The main competitors of Russian business circles in Central Asia were German investors.

For example, the German investor in Turkestan, G. V. Durshmidt, initially invested five thousand rubles. In 1890, the German investor Louis Salm founded the joint-stock company "Louis Salm", which rented out buildings and warehouses in Tashkent, Samarkand and the Ferghana Valley and produced shoes. The head office is located in Tashkent.

German capital is mainly invested in companies specializing in the cotton industry. Examples of this are the Ludwig Rebenok Company (40% of the shares belonged to a German investor), Zawertse (its authorized capital was 3,375 thousand rubles) and others[12].

According to I. Zokirov, at the beginning of the 20th century, capitalist enterprises appeared in Bukhara and Khiva - cotton gins and oil mills, private banks, trading houses, manufacturing companies[13].

During these periods, joint-stock companies were called differently. Kh.R. Rakhmonkulov and S.S. Gulyamov argued that joint-stock companies operating in Turkestan in 1916 were called capital companies[14].

Since the economy of our country was connected with the former Soviet Union until the 90s of the 20th century, the history of the development of joint-stock companies in it was basically common. After all, joint-stock companies are closely connected with private property[15].

The Civil Code of Russia, adopted on November 11, 1922, contains the concept of "joint stock company", and in this organizational and legal form legal entities were established on the territory of our republic (for example, "Turkshelk" and Joint Stock Company "Asia Khleb")[16].

By decision of the Central Executive Committee of the Uzbek SSR of April 13, 1929, the Civil Code of the Russian Federation of 1922 under

the name of the Civil Code of the Uzbek SSR was also in force in our country. [17].

Since 1917, the activities of joint-stock companies have been banned, but during the period of the New Economic Policy, the attitude towards them is much more liberal. This provision was confirmed by the decree of the All-Russian Central Executive Committee of March 13, 1922 on the regulation of foreign trade (according to this decree, the People's Committee for Foreign Trade was granted the right to "establish Russian, foreign and joint special joint-stock enterprises based on the approval of the Council of Labor and Defense") and on April 4, 1922 This can be explained by the Decree of the Council of People's Comptrollers "On the Establishment of the General Committee for the Work of Concessions and Joint Stock Companies" [18].

In the Civil Code of Russia of 1922, 45 articles are devoted to the legal regulation of joint-stock companies (articles 322-366) [19].

The first joint-stock companies of the former USSR were established in February 1922. By the end of this year, 20 joint-stock companies were created, and at the beginning of 1925, 150 joint-stock companies[20]. Their activities were regulated by the Instruction "On Joint Stock Companies", approved by a joint resolution of the Central Executive Committee of the USSR and the Council of People's Commissars of August 17, 1927[21].

H. R. Rakhmonkulov and S. S. Gulyamov emphasize that joint-stock companies were transformed into state enterprises at the time of the formation of the Uzbek SSR[22].

Although the creation of joint-stock companies during this period was prohibited, the need for this type of legal entity remained[23]. This is especially due to the connection with foreign economic relations.

Therefore, the former Union Bank for Foreign Trade (1924) and the All-Union Joint-Stock Company "Intourist" (1929) have been preserved as the official "farming" one. This disputable opinion is explained by the fact that a large number of architectural monuments that attract foreign tourists is the basis for the conclusion that branches of the joint-stock company Intourist operated in our country. By 1973 on the basis of a foreign insurance association. A joint-stock

company of the Foreign State Insurance of the USSR (Ingosstrakh) was established.

During the years of the former USSR Kh. Bakhchisaraitsev, M. Venetsianov, L. Vinogradov, V. Wolf, A. Worms, E. Goykhbar, E. Dunaevsky, I. Dzhagalev, M. Israelite, A. Ratner, L. Eliasson, K. Yudro, P. Rudnev and others until the beginning of the 30s of the last century, issues related to joint-stock companies were scientifically studied to a certain extent [24].

After that, in our opinion, no research work on joint-stock companies was carried out in our country. Only at the beginning of the 1980s, articles relating to joint-stock companies began to appear in explanatory dictionaries [25].

This change in attention to property was one of the first in the post-Soviet space in our country that led to the adoption of the Law "On Property in the Republic of Uzbekistan" on October 31, 1990. With the adoption of this law, the first steps were taken to legally regulate joint-stock companies in our country.

It would not be a mistake to assume that it was from this period that the period of revival of joint-stock relations of independent Uzbekistan began. After gaining independence of the Republic of Uzbekistan and as a result of the gradual formation of market relations, joint-stock companies began to be organized more widely. Since that period, joint-stock relations have been regulated by the Laws "On Enterprises" (lost force in 2000), "On Business Companies and Partnerships" (lost in force in 2002) and "On Joint-Stock Companies and Protection of Shareholders' Rights" (lost in force in 2014).

To date, joint-stock companies operate on the basis of the Civil Code of the Republic of Uzbekistan and the Law "On Joint-Stock Companies and Protection of Shareholders' Rights" (adopted in a new edition on May 6, 2014) and other regulatory legal acts.

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