

**CAPITAL INVESTMENT OF THE RUSSIAN BANKING FUND IN TURKESTAN:
THE CASE OF FERGANA PROVINCE IN THE EARLY XX CENTURY.**

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Abstract: *The article analyzes the activity of the first banks in Turkestan. The paper reveals the issues concerning the main reasons for investing in the region and how the Russian banking capital influenced the social structure in the region, particularly in the Fergana region.*

Keywords: *Russian-Asian Bank, Ariskhodzhaev brothers, Volga-Kama Bank, Moscow Accounting Bank, Yusufbai Ustabaev, Namangan Agency, Andijan branch of the bank.*

At the end of the 19th century, one of the characteristic features of economic development in Turkestan was the penetration of Russian banking capital. Banks of the Russian Empire gave a significant impetus to the development of cotton-growing and related industries in the region. In addition, they influenced changes in the social structure of the region. Bank credit given to dekhkans (producers) promoted the development and formation of the rudiments of capitalist relations¹. I.F. Gindin noted that without bank financing cotton growing in Turkestan could not develop².

The main banks that financed Turkestan and supported cotton activities were the State Bank, the Russian-Chinese Bank, and the Persian Bank. According to the reports of the Kokand Stock Exchange Committee, during 15 years there were issued credits for about 150 rubles³. This amount was issued by the aforementioned banks. By 1910 the amount of loans through these banks amounted to 601,485 rubles⁴. This meant that every year the turnover of the banks was growing.

It is worth noting that the largest bank in the region, which had an extensive network of branches throughout Central Asia, was the Russo-Asian Commercial Bank. Originally, until 1910, the bank was the Russian-Chinese Bank and had 13 branches in Turkestan⁵. The Russo-Asian Bank tried to take control of cotton cultivation and

¹ Юшков К.М. Деятельность банковских кредитных учреждений Российской империи в Средней Азии с 90-х гг. XIX в.-по 1914 г. //Проблемы истории, филологии, культуры. – 2005. – №. 15. – Р. 123.

² Гиндин И.Ф. Русские коммерческие банки; из истории фин. капитала в России М: Госфиниздат, 1948. Р.234.

³ Кокандский биржевой комитет// ЦГА РУз. Ф.1.-90.

⁴ Юшков К.М. Деятельность банковских кредитных учреждений Российской империи в Средней Азии с 90-х гг. XIX в.-по 1914 г. //Проблемы истории, филологии, культуры. – 2005. – №. 15. – Р. 123.

⁵ Ibid. P.123

industrial production. However, the bank failed to become a driving force of economic development in the region. According to B.A. Alimdzhanov, the main reason for this was adaptation to the actual economic relations in the Turkestan Governorate-General and khanates. He notes that the "modernization" of Central Asian economy in the understanding of banks consisted in financing export crops and mediation between the metropolis and the periphery. The colonial periphery seemed at first sight an attractive area for investment and super-profits, but the speculative nature of the Turkestan economy hindered the normal development of banks⁶.

The Andijan branch of the Russian-Asian Bank was founded in 1909. Until 1916 the branch was located in the house of the Ariskhodzhaev brothers. The Ariskhodzhaevs owned large properties in old and new Andijan and in the counties: three cotton-processing factories and 70 properties worth 1,162,000 rubles. However, they owed the Andijan branch of the bank more than 421,817 rubles 40 kopecks⁷.

The bank paid rent of 6,250 rubles a year. The main operations of the Andijan branch were discounted promissory notes and loans against promissory notes. Practically all discounted bills belonged to cotton firms and local cotton buyers. The Andijan branch also developed the sale of commission goods. The bank mainly traded cotton and earned 3,341 rubles 35 kopecks on it during 1913-1915⁸.

The clients of the Andijan branch of the Russian-Asian Commercial Bank were mainly large cotton exporters. One of the bank's main clients for promissory notes loans was Aron Isakov. Aron Isakov, the largest Andijan manufaktura seller, was also engaged in buying cotton. He died in August 1915, leaving the business to his sons Sholomo and Hanani. The Isakovs, in turn, lent to local cotton producers (dekhan).

The Russo-Asian Bank was the first among other imperial financial institutions to open a branch in Namangan (in 1909). After that, the Moscow Accounting Bank in 1912 and the Volga-Kama Bank in 1914 also started their activities in Namangan. Nevertheless, along with the banks in Namangan County, Moscow firms such as Tverskaya, Shuyskaya, Kokoreva and Derenev were active in lending to local cotton producers. They reduced rates to buy more cotton (7%). The Namangan branch could not compete with the firms, because by 1916 the bank rate did not fall below 8-9%. In other banks of Namangan (Volga-Kama and Moscow accounting branch) the rate did not exceed 7%. Such a rate was due to the fact that strong competition prevented normal development of banking business in Namangan County.

The Namangan branch, like the Andijan branch, was financed mainly by cotton exporters. According to the archival materials, in 1916 the director of Namangan branch

⁶ Алимджанов Б. А. История деятельности Бухарского отделения Русско-Азиатского коммерческого банка //Вестник Санкт-Петербургского университета. История. – 2018. – №. 2. – Р. 597-613.

⁷ Алимджанов Б. А. Деятельность Андижанского отделения Русско-Азиатского Коммерческого Банка //Вестник Санкт-Петербургского университета. Востоковедение и африканистика. – 2019. – Т. 11. – №. 3. – Р. 266-278.

⁸ Ibid. P.276

(whose name is unknown) negotiated with the bank's clients, large cotton buyers H.Z. Ryskin and K.H. Abdurazak-Khojaev, about consignment sales of cotton.

The Namangan agency "Volga-Kama" started its activities in September 1911. The agency rented from merchant Yusufbay Ustabaev a two-storey house on Skobelevskaya Street in Namangan for 4,300 rubles per year. N.G. Konakhov was appointed as the Director of Namangan Agency⁹.

Thus, it can be concluded that colonial power was facilitated by the introduction of industrial technology, modern means of communication and banking, which allowed the emergence of national industry in Turkestan. Naturally, colonial robbery also took place at the same time. The penetration of metropolitan factory production led to the deindustrialization of Turkestan, which meant the decline of local handicraft production. The goal of the metropolises was one-sided agrarian and raw material specialization of the colonial economy for the sake of serving their own industrial and financial needs most effectively.

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⁹ Алимджанов Б. А. История Наманганского агентства Волжско-Камского коммерческого банка //Историко-экономические исследования. – 2018. – Т. 19. – №. 3. – Р. 389-405.