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THE EMERGENCE OF CREDIT RELATIONS IN TURKESTAN IN THE LATE NINETEENTH AND EARLY TWENTIETH CENTURIES

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Abstract

The economic transformation of the Turkestan region at the turn of the twentieth century was closely connected with the expansion of financial institutions and the growing demand for credit resources. Drawing upon materials published in the Turkestan Collection, this study investigates the factors that stimulated the emergence of credit organizations and examines their role in regional economic development. Particular attention is paid to the activities of savings and loan associations, credit partnerships, and other financial structures that facilitated commercial transactions and agricultural production. The research reveals the challenges faced by these institutions, including limited public awareness, administrative constraints, and the adaptation of traditional economic practices to new financial mechanisms. The findings suggest that the spread of credit institutions contributed to the modernization of economic relations and created new opportunities for entrepreneurial activity in Turkestan during the late imperial period.

Keywords: Turkestan; credit; Turkestan Collection; Tashkent Mutual Credit Society; industrial credit; mining; Samarkand; Fergana; Petro-Aleksandrovsk; Chimbay residents; Amu Darya Department; district treasuries; promissory note (solo bill); charter (statute).

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Introduction

The second half of the nineteenth and the beginning of the twentieth centuries marked a period in which Turkestan was gradually transformed into an object of the economic policy of the Russian Empire. This policy was primarily aimed at integrating the region into the broader economic system of the metropolis. Within this context, the emergence of a banking system played a significant role in reshaping local economic relations, particularly by stimulating the development of commodity-money relations, trade, and elements of local entrepreneurship. At the same time, the introduction of credit institutions became an important factor influencing the economic transformation of the region.

The formation of a credit system in Turkestan was driven not only by imperial economic interests but also by the growing need to provide financial resources to the local population. However, the establishment of such a system required a certain level of economic awareness and initiative among the population, particularly regarding the concept of small-scale credit. As a result, the development of credit institutions was uneven and largely concentrated in regions with established irrigated agriculture, while nomadic and semi-nomadic areas remained largely excluded from these processes.**[1]**

A key source for studying these transformations is the “Turkestan Collection,” a multi-volume compilation that includes articles, statistical data, official reports, and scholarly works reflecting various aspects of life in the region. The value of this collection lies in its ability to capture the perspectives of contemporaries, including Russian officials and representatives of the local population, on the emergence of financial institutions and the expansion of banking operations in Turkestan. Through these materials, it becomes possible to reconstruct both the institutional framework of credit systems and the social attitudes toward them.

The analysis of the collection’s materials demonstrates that local credit institutions, particularly uyezd loan offices, were often perceived as accessible and beneficial mechanisms for supporting agricultural production. Landowners

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frequently relied on these institutions to finance seasonal agricultural work. At the same time, the functioning of these credit mechanisms was not without limitations. In certain regions, such as the Amu Darya district, geographical and environmental conditions significantly hindered access to credit. Seasonal flooding disrupted communication routes, preventing parts of the population from reaching financial institutions in time, which in turn led to unequal access to financial resources. **[2]**

The establishment of mutual credit societies represented another important step in the development of financial infrastructure in the region. These institutions were designed to provide credit to small-scale agricultural producers, traders, and artisans who were largely excluded from access to state and private banking systems. Prior to their creation, such economic actors were often forced to rely on informal financial practices, including borrowing from moneylenders at extremely high interest rates. The emergence of mutual credit societies thus served as a mechanism to mitigate the exploitative nature of informal lending and to support the development of small-scale economic activity.

At the same time, the perception and adoption of credit institutions varied significantly across different regions of Turkestan. Comparative evidence suggests that while the population of Samarkand province tended to respond more positively to new forms of credit, the population of the Fergana Valley often approached them with caution. **[3]** This divergence can be explained by differences in prior economic experience. In Fergana, negative encounters with usury had fostered distrust toward new credit mechanisms, whereas in Samarkand economic instability created a greater demand for external financial support.

The development of credit systems in Turkestan was closely linked to broader imperial economic priorities, particularly the expansion of agricultural production, including cotton cultivation. Initiatives to introduce agricultural credit were often supported by local commercial bodies, such as exchange committees, which advocated for financial assistance to small producers.

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However, institutional constraints within the imperial banking system limited the implementation of such initiatives. For example, the State Bank's regulations made it difficult to extend credit without sufficient collateral or organizational structures to ensure proper distribution and repayment of funds.
Despite these limitations, efforts to expand both agricultural and industrial credit continued. The establishment of institutions such as the Tashkent Mutual Credit Society reflected attempts to create a more structured and accessible financial system. The legal and organizational frameworks developed for these institutions indicate a gradual institutionalization of credit relations in the region. **[5]** These developments were further supported by administrative procedures that involved both local and central authorities, illustrating the integration of regional financial systems into the broader imperial structure.
Practical experience in implementing credit systems, such as in Kokand, demonstrated the potential effectiveness of these institutions. Early cases of lending to local farmers showed relatively high levels of repayment, suggesting that, under appropriate conditions, credit mechanisms could function successfully within the local economic environment.
Overall, the development of credit institutions in Turkestan highlights the complex interaction between imperial economic policy and local socio-economic conditions. While the introduction of banking and credit systems contributed to the modernization of the regional economy and facilitated the integration of Turkestan into the imperial market, it also revealed structural inequalities and regional disparities.**[6]** The effectiveness of these institutions depended not only on administrative and legal frameworks but also on local economic practices, environmental conditions, and the population's level of trust in financial mechanisms.
Thus, the evolution of the credit system in Turkestan can be understood as both a product of imperial economic strategy and a reflection of local adaptation

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processes, illustrating the multifaceted nature of economic transformation in colonial contexts.

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