



## WAYS TO IMPROVE THE ECONOMIC MECHANISM OF STATE REGULATION OF ENTREPRENEURIAL ACTIVITY.

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**Abstract.** This thesis is aimed at analyzing the economic mechanisms of state regulation of entrepreneurial activity in Uzbekistan. The thesis proposes necessary reforms and new approaches to increase the effectiveness of economic mechanisms. In particular, the integration of such tools as tax policy, subsidies and grants, investment support and their role in creating favorable conditions for business are studied. In this case, state intervention in entrepreneurial activity can lead to the creation of an orderly, positive and competitive system. The thesis presents practical examples of various aspects of these issues and analyzes their results.

**Keywords:** entrepreneurship, state regulation, economic mechanism, tax policy, subsidy, investment, regulatory framework, bureaucracy, competitiveness.

The role of entrepreneurship in economic development is incomparable. The development of small and medium-sized businesses in Uzbekistan contributes to sustainable economic growth, job creation, and increased social well-being. However, the role of the state in stimulating entrepreneurship is important, especially through economic mechanisms created by the state. This thesis considers the main ways to improve the economic mechanisms of regulating entrepreneurial activity.

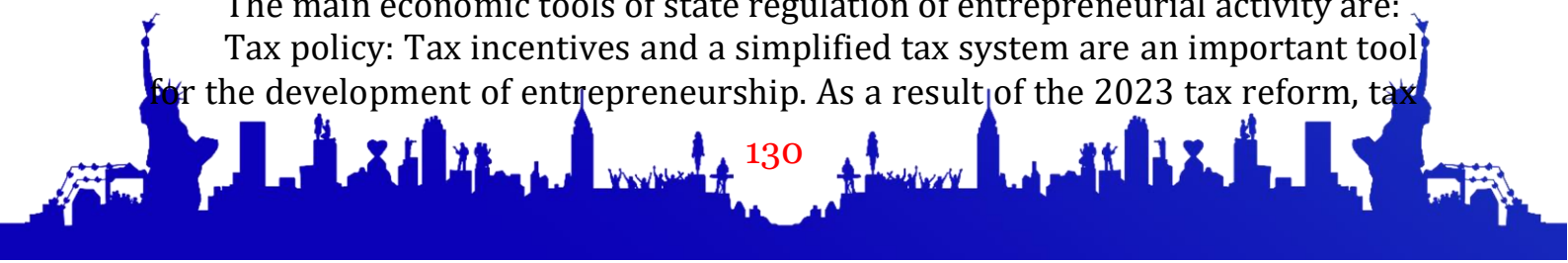
First, the role of the state in economic regulation is analyzed, then proposals are made to improve the means of supporting entrepreneurship and their effectiveness. The thesis studies the impact of state economic policy and the development of entrepreneurial activity, thereby emphasizing the need to create a more favorable environment for the sector.

There are various scientific views in the field of research on economic mechanisms and state intervention in regulating entrepreneurial activity. In the analysis of the relevant literature, economic, political, and social approaches are mainly used.

This thesis uses a combination of qualitative and quantitative methods to analyze the economic mechanisms of state regulation of entrepreneurial activity. It also analyzes statistical data and regulatory legal acts. The thesis analyzes the effectiveness of tax policy and investment support in order to measure the effectiveness of entrepreneurship support tools based on the competitiveness index and other economic indicators.

The main economic tools of state regulation of entrepreneurial activity are:

**Tax policy:** Tax incentives and a simplified tax system are an important tool for the development of entrepreneurship. As a result of the 2023 tax reform, tax





incentives for small and medium-sized businesses increased by 15%, which created more favorable conditions for entrepreneurs.

**Subsidies and grants:** The state continues to allocate subsidies to support innovative and export-oriented projects. However, to increase the efficiency of this process, it is necessary to increase transparency in the distribution of subsidies. **Investment support:** The positive impact of the benefits created for foreign investors and subsidies allocated by the state indicates that this mechanism plays an important role in economic growth and job creation. **Improving the regulatory framework:** The effectiveness of the state in regulating entrepreneurship is directly related to the improvement of the regulatory framework. In recent years, the government of Uzbekistan has implemented a number of reforms to reduce bureaucratic obstacles and create favorable conditions for entrepreneurs.

In improving the economic mechanisms of state regulation of entrepreneurial activity, such tools as simplification of tax policy, support through subsidies and grants, and investment incentives play an important role. However, in order to increase the effectiveness of subsidies and benefits provided by the state, it is necessary to ensure transparency, stability of regulatory documents, and reduction of bureaucratic obstacles. If the measures are implemented, the economy of Uzbekistan will continue to grow steadily, and the business sector will be able to ensure high competitiveness. The analyses and proposals presented in the thesis are recommended as effective tools that can be used to improve the business environment. At the same time, state intervention in economic policy should not hinder the free activity of entrepreneurs.

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