



## DIRECTIONS AND METHODS OF STIMULATING ECONOMIC GROWTH IN REGIONS: THEORY AND PRACTICE

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**ABSTRACT:** *This scientific article provides a comprehensive analysis of the theoretical and methodological foundations and practical mechanisms for stimulating regional economic growth. The regional characteristics of economic growth, internal and external influencing factors, and issues of territorial development disparities are examined. In addition, the role of state regulation, investment and innovation policy, infrastructure development, and support for small business and private entrepreneurship in enhancing regional economic activity is scientifically assessed. The research findings contribute to the development of scientific and practical recommendations aimed at improving regional economic policy.*

**Keywords:** *regional economy, economic growth, investment climate, innovation, infrastructure, territorial development, state policy.*

### INTRODUCTION

In the context of globalization, the study and management of economic development from a territorial perspective has become one of the priority directions of the world economy. Economic disparities between regions, uneven utilization of resources, and differences in production potential across territories necessitate the implementation of regionally oriented policies based on solid scientific foundations.

Stimulating economic growth in regions plays a crucial role in ensuring national macroeconomic stability, improving living standards, and enhancing social welfare. Therefore, identifying effective directions and methods for promoting economic growth and introducing them into practice constitutes an important scientific and practical task.



## **1. THEORETICAL AND METHODOLOGICAL FOUNDATIONS OF REGIONAL ECONOMIC GROWTH**

### **1.1. The Concept of Economic Growth and Its Regional Characteristics**

Economic growth is a process characterized by an increase in production volumes, efficient utilization of resources, and the expansion of economic potential. Regional economic growth refers to the development of economic capacity within a specific territory, expansion of production sectors, and improvement in the socio-economic conditions of the population.

Regional economic growth is distinguished by the following characteristics:

- dependence on territorial resources;
- level of economic and social infrastructure;
- demographic and labor potential;
- institutional environment and governance efficiency.

### **1.2. Theories of Regional Development**

Theories explaining regional economic growth can be divided into several approaches. Classical economic theory suggests that market mechanisms automatically reduce interregional disparities. Neoclassical approaches emphasize the free movement of capital and labor as balancing factors for regional development.

Modern institutional and innovation-based theories highlight the active role of the state, regional policy, and innovation as key drivers of regional economic growth.

## **2. KEY FACTORS INFLUENCING REGIONAL ECONOMIC GROWTH**

### **2.1. Natural and Economic Resources**

The natural-resource potential of a region represents one of the initial conditions for economic growth. Rational use of land, water, mineral resources, and energy sources contributes significantly to regional production development.

### **2.2. Labor Force and Human Capital**



Qualified labor resources and human capital are among the most important determinants of economic growth rates. The education system, professional training, and scientific capacity enhance regional competitiveness.

### **2.3. Infrastructure and Institutional Environment**

Developed transport, logistics, energy, and information infrastructure play a crucial role in increasing economic activity. At the same time, effective governance, legal guarantees, and a favorable business environment form the institutional basis of regional development.

## **3. DIRECTIONS FOR STIMULATING ECONOMIC GROWTH IN REGIONS**

### **3.1. Improving Investment Policy**

Investments are one of the primary sources of regional economic growth. Creating a favorable investment climate, providing tax and customs incentives, and ensuring legal protection for investors are essential for attracting domestic and foreign investments.

### **3.2. Supporting Innovative Development**

Innovation enhances production efficiency and creates new employment opportunities. The development of innovation centers, technoparks, and research institutions in regions accelerates economic growth.

### **3.3. Development of Small Business and Private Entrepreneurship**

Small business represents a flexible and resilient segment of the regional economy. Supporting entrepreneurship contributes to increased employment and income stability of the population.

## **4. PRACTICAL ASPECTS OF METHODS FOR STIMULATING ECONOMIC GROWTH**

In practice, economic growth stimulation is implemented through the following methods:

- fiscal incentives (tax exemptions, subsidies);
- credit and financial support mechanisms;





- public–private partnership projects;
- establishment of free economic zones and industrial clusters.

The integrated application of these methods ensures the sustainability of regional economic development.

## CONCLUSION

The research results demonstrate that stimulating economic growth in regions requires a multifactorial and systematic approach. Improving investment and innovation policies, developing infrastructure, and supporting entrepreneurship constitute the main directions of regional economic growth. Implementing these measures on a scientifically grounded basis contributes to sustainable socio-economic development of regions.

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