



**ISSUES OF STATE REGULATION AND SUPPORT OF STRUCTURAL CHANGES IN THE INDUSTRIES OF THE NATIONAL ECONOMY**

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**Annotation:** The article examines the issues of implementation of government regulation instruments and support for structural changes in industrial sectors of the national economy.

**Keywords:** Income, market relationships, monopoly, public consumption, taxes, interest moment loans, depreciation rates, customs tariffs, budget expenses.

**ENTRANCE**

One of the principles of developing the national economy on the basis of market relations and effectively implementing structural changes is the state's role as the main reformer. Support, systematic control and development of sectors that occupy a decisive place in the socio-economic processes of the country and are of great strategic importance cannot be achieved without the participation of the state. Accordingly, the state should be the leading reformer in developing and implementing the goals, objectives and main directions of structural changes in the basic industrial sectors.

in industrial sectors of the economy are an important factor of state regulation and are an economic activity of the state aimed at achieving general economic balance, ensuring more efficient use of limited resources to meet consumer needs with manufactured goods, and effectively organizing the process of social reproduction.

The goal of implementing structural changes is to ensure economic and social stability, adapt the existing system of industrial production to the changing conditions in the country's economy, and strengthen its position in international economic relations.

**REVIEW OF RELATED LITERATURE**

In industrial sectors of the economy There are various approaches to activating structural changes. In particular, the theories of economists P. Gerhard and R. Andersen state that structural changes consist in changing, updating, and reorganizing the property, economic, production, commodity, and financial structure of industrial enterprises[1]. According to economist A. Tutundjian, structural changes are a process of structural changes in the economy at various levels: global, national, individual industries and sectors, and the economy of enterprises[2]. In the theories of other economists E. Yasin and A. Yakovlev, it is emphasized that the process of structural changes consists in the disappearance of old, inefficient types of production that do not meet demand and, at the same time, the development of new, effective, competitive, modern types of production activities [3]. Also, the studies of Yu.V.Yakovlev and S.I.Glazev highlight the fact that structural changes in the economy can be described as a phase of a long economic cycle wave[4].

**RESEARCH METHODOLOGY**

State regulation of the economy and socio-economic development of the country on the basis of market relations are the main characteristic principles of modern economic processes. Therefore, in the context of structural changes, the purpose of determining the state participation in industrial sectors is to group enterprises with state participation, determine the goals of their

activities; prohibit the establishment of enterprises with state participation that do not meet the established goals; put an end to the practice of establishing enterprises with state participation without a positive conclusion from the antimonopoly body; study the compliance of all enterprises with state participation with the established goals and sell the state share in enterprises where there is competition.

Today, leading industries that provide a significant impetus to economic development development strategy development - this includes the main directions and indicators for the medium-term development and reform of the electric power, precious and non-ferrous metals, and automotive industries, which require the implementation of direct measures to implement reforms in these areas.

This means that any economic actions by the state that undermine the market mechanism must be eliminated, because by coordinating state management methods and market mechanisms, it is possible to stabilize production and achieve economic development.

It is known from the experience of developed countries that the provision of industrial production processes is carried out through free market mechanisms. For this purpose, several forms and mechanisms of effective state regulation are scientifically justified. In this regard, it is advisable to use the following four types of state control :

direct method of control ;

social consumption;

state production;

product safety and social security.

Based on these directions, it is necessary to strengthen the influence of state control on economic development processes in the following key areas :

indirect regulation (taxes, loan interest, depreciation rates, customs tariffs, etc.);

budget expenses;

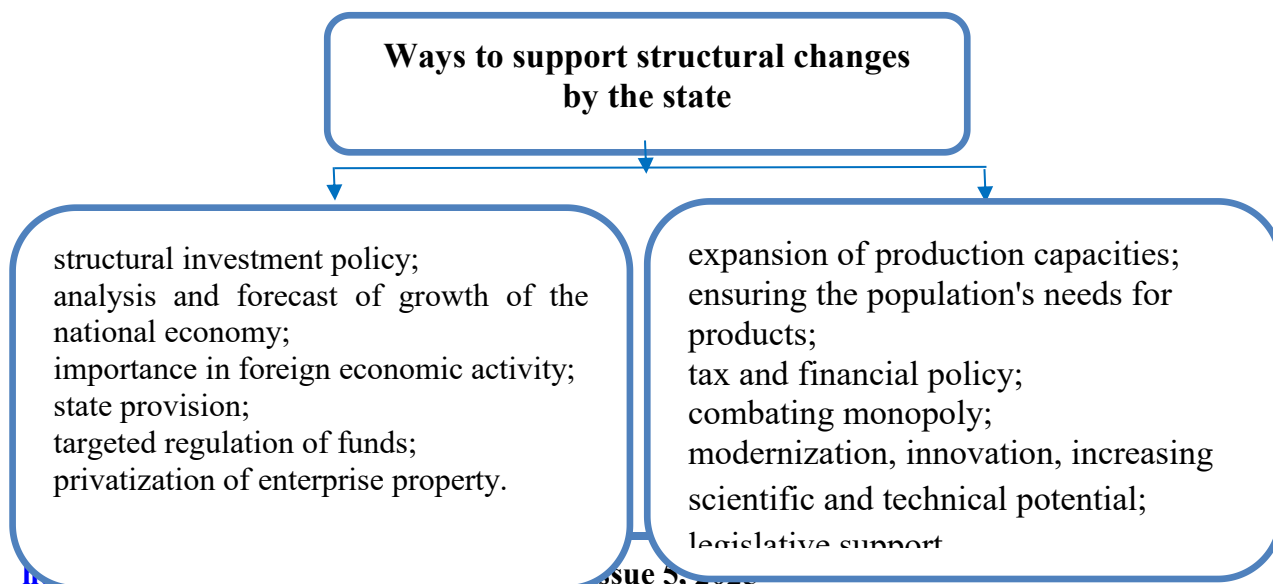
material (raw material) flow management (government orders, licenses, quotas)[5].

Namely, socio-economic, sectoral, enterprise, regional, economic, and social stratum forms of state support for structural changes in industrial enterprises have been implemented.

In our opinion, it is more appropriate to introduce a sectoral approach than macroeconomic complexity. In this case, the role of each industrial sector in the economy, the state of resource use, its importance as a taxpayer, its role in the region, and its political significance are of great importance. As a result, the main goal is to increase the impact of the production of industrial enterprises on the growth of the national economy and their role in the production of competitive, export-oriented products.

## RESULTS AND DISCUSSION

Based on the above global experiences, the following mechanisms for state support of structural changes in leading industrial enterprises are proposed (Figure 1).



### **Figure 1. Structural changes in leading industries by the state ways to support by<sup>1</sup>**

From this picture, it can be concluded that the regulation of structural changes in heavy production conditions in industrial sectors is an important lever. The impact of this regulation should be closely linked to the internal production conditions and external economic relations of industrial enterprises.

In this regard, state investment policy is important, ensuring the attraction of investments in the development of industrial production and regulating the recommended investment factors and mechanisms for assessing their effectiveness.

It is also important to conduct a forecast of the impact and growth of industrial enterprises in the national economy, to develop their relations in foreign economic activity. On this basis, the coherence of structural changes in industrial production with internal and external economic relations is ensured. State support is regulated in these cases. At the same time, targeted funds are allocated and monitored for structural changes. After that, privatization processes and an increase in the share of enterprise shares are ensured.

It should be noted here that the main reformist role of the state does not imply direct management of the activities of leading industrial enterprises. On the contrary, the main part of the adoption of economic decisions and solutions, depending on the market situation of the industry and other conditions of economic management, is transferred to the competence of industrial enterprises. Today, factors such as the strength of the level of competition, the need for protection from external influences require the use of all methods of state influence to ensure structural changes in industrial enterprises. We can conditionally divide these methods into indirect and direct types .

The indirect methods of state influence on industrial enterprises include a number of areas in the field of financial and monetary regulation. In particular:

taxation system. In this regard, it is necessary to establish preferential conditions for taxation of heavy industries and introduce tax holidays;

depreciation policy. Its most effective tools include establishing differentiated depreciation rates at industrial enterprises, indexing depreciation allowances, and applying accelerated depreciation rates;

credit policy. In credit policy, the discount rate and state guarantees are effective levers;

Customs legislation . In the context of structural changes, it is important to regulate the prices of products of industrial enterprises, including monopolistic enterprises, and to apply preferences for imported spare parts.

Also important is the regulation of monopoly as a method of indirect state influence.

Based on the experience of developed countries, it is recommended to use the following two methods for regulating monopoly in conditions of structural change.

*The first method is* for the government to regulate product prices and set standards for services in industries where economic conditions and technologies create natural monopolies that make it impossible for a competitive market to exist.

*The second method is* that in most markets, due to the very high level of competition that ensures efficient production, the state introduces anti-monopoly laws in order to protect and strengthen competition.

In the context of direct state regulation, financial measures taken by industrial enterprises, including investment in the sector or the allocation of subsidies, subventions, and grants from the budget to enterprises, are of great importance.

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<sup>1</sup> Author's development based on scientific research

At the same time, the expansion of the production capacity of industrial sectors is carried out by decommissioning obsolete and obsolete fixed assets. In this process, based on the scientific and technical potential of industrial sectors, emphasis is placed on modernization and innovative development.

In the context of structural changes, it is advisable to restore the material and technical base of leading industrial enterprises and strengthen the state's influence in this regard. It is advisable to implement these processes in two stages.

At the first stage (2025-2026), it is necessary to use effective methods of structural transformation by reducing the financial and budget deficit of industrial sectors, increasing the solvency of enterprises, strengthening vertical ties of enterprises and regions with state organizations, and strengthening state and banking control. As a result, it will be possible to intensively increase technological potential at developed enterprises of the industry.

In the second stage (to be continued from 2027), economic growth, improving the well-being of the population, and large-scale restoration of industrial development will be carried out on the basis of state management. However, it is necessary to use the above opportunities based on a national development strategy. In this regard, it is no longer possible to use the previous method of distributing the limited resources of large industrial enterprises across all enterprises, first of all.

Based on the above, it is advisable to carry out structural changes in the industrial sectors of the national economy at the state policy level in the following three important directions.

liberalization of economic relations of leading industrial enterprises;

development of institutional institutions and private ownership relations related to industrial sectors;

It is about improving the self-regulating market mechanism in real economic development.

While the first two directions can be implemented in the short and medium term, the third, the direction of improving the self-regulating market mechanism in real economic development, requires a long term and large investments. Because the reorganization of general production systems, the technical base of equipment and raw materials, and the study and development of technologies are based on the market mechanism to increase the economic efficiency of industrial enterprises.

It is also important to pay attention to the territorial location of industrial enterprises when implementing structural changes. That is, it is important to locate their regional facilities depending on the demand for their products.

Another economic function of the state in the context of market relations is to facilitate and protect the functioning of the market system. In this area, the following two types of economic functions of the state can be distinguished:

ensuring a legal framework and social environment that allows the market system to function effectively;

protection of competition.

It should be noted that the protection of competition serves as the main regulatory mechanism in market relations. This is a force that subordinates producers and suppliers of resources to the needs of buyers or consumers. In competitive conditions, the demand expressed by many buyers and the supply of sellers determine market prices. This means that producers and suppliers of resources can adapt to the desires of consumers, which are taken into account only through the market. Competing producers, subject to the will of the market system, expect to profit and strengthen their positions, but on the contrary, they suffer losses.

the current economic climate, one of the effective methods of structural change should be focused on solving a number of tasks related to the process of reproduction. In this area, it is necessary to initially implement priority tasks such as stimulating economic growth, regulating employment, supporting positive shifts in sectoral and regional structures, protecting exports, and protecting competition.

In the context of structural changes, supporting the activities of manufacturing enterprises, like other tasks of the state, is based on the general principles of economic regulation. Here, the state uses methods of income redistribution, raw material resources, investment policy, and anti-inflationary measures. They can be divided into the following three main groups:

redistribution of income and wealth;

redistribution of resources;

stabilizing the economy, i.e., economic fluctuations that cause inflation, etc.

The state also widely uses the tax system to redistribute income by establishing tax incentives. The inability of market relations to redistribute resources is manifested in such conditions as the production of a small amount of certain goods and services and the inability to allocate any type of resources to certain goods and services whose production is justified. That is, this situation gives rise to a competitive market system.

Redistribution of resources occurs when the benefits or losses associated with the production or consumption of goods are transferred to third parties, that is, those who are not the direct buyers or sellers. This is an additional effect, representing the benefit or loss attributable to the contribution of a producer who is not a market participant.

In recent decades, in the context of structural changes in the world economy, especially in the context of the global financial and economic crisis, theoretical views on ensuring economic stability and the state's participation in regulating the economy have been changing radically. As world practice shows, the reason for the economic downturn is usually the insufficiently effective functioning of the public sector. Also, in the context of the financial and economic crisis, the private sector does not have sufficient strength to solve its problems. Therefore, improving the areas of state support for the market mechanism is an urgent issue.

Sustainable economic development is ensured by achieving an optimal balance between the state and the private sector in the country. The normative level of state intervention in the economy in conditions of structural changes is such that the state's activities do not interfere with the functioning of the market mechanism and, if necessary, supplement this mechanism.

this level of regulatory intervention, state regulation of the economy should be based on the following specific rules and principles:

The state must take into account the interests and needs of society when regulating the economy and provide support of general economic importance when adopting measures;

It is necessary to use a diverse set of economic instruments in state regulation of the economy and to abandon administrative instruments;

The state is required to create conditions for entrepreneurs to compete freely among themselves. The state must move from being a participant in the competitive struggle to acting as the supreme arbiter and manager;

State policy should be focused on achieving economic growth and mass prosperity by ensuring social cooperation and solidarity, economic stability in the country.

In the context of structural changes in the economy, the state's share is decreasing compared to previous periods, based on further expansion of privatization of state property and simplification of its procedures, reduction of the state's participation in the share of authorized funds (share packages) of production enterprises, and creation of favorable conditions for the development of private entrepreneurship on the basis of privatized state-owned objects.

## **CONCLUSION**

In the context of deep structural changes, the strategy for developing industrial sectors of the economy should be based on the requirements of national needs in the organization of fundamental research departments, modernization of the activities of science and technology and innovation centers, the formation of qualified working groups, research laboratories, the introduction of new technology projects, and the development of additional technology.

Today, the factors that hinder the attraction of foreign investments are the moral and physical obsolescence of fixed assets of enterprises, the presence of receivables and payables, and the lack of qualified specialists. For this reason, the state should take socio-economic measures,



including attracting investments in the industry to modern technologies and specialization in the production of competitive products based on them, attracting international funds and bank funds, introducing leasing contracts on a large scale, establishing the ratio of their respective funds, interest rates, tax payments, and eliminating other problems in the industry.

The process of structural changes is expected to be regulated by the state in order to determine the development programs of economic sectors and assess the specific plan of measures for their solutions, to impose taxation on the basis of certain privileges and to monitor their implementation. It is also important to eliminate infrastructure and resource constraints in order to assist industry enterprises in achieving positions in domestic and foreign markets, to modernize the industry, to ensure a balance between economic and social goals.

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