

## **Exploring the Process of Institutional Configurations during Economic Transition – Insights from Uzbekistan**

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### ***Abstract***

*Institutions constitute an incentive system that dictates and structures human interaction. The role of institutions thus becomes critical because they incentivize and de-incentivize actual and intended behavior of people, if they are effective, they structure and provide incentives and also structure economic, political and social activity. It is not only the economic world, social or political world in which we are living; rather we live in a world which is mixture of these. Institutions play an important role in reduction of uncertainty. Institutions are made of formal rules, informal constraints and the machinery for enforcement.*

*Institutional arrangements in any evolving and developing economy is of paramount importance as it channelizes the terms of exchange between different players in economic arena, it also acts as an enabler in negotiating the transactions costs in market place, assists in reduction of probable uncertainties of production and trade, configure capital accumulation and its mobility, leverages the pricing and sharing of risks and above all structure cooperation. It has been established that the differences in economic health of a nation is not only because of the natural and technological endowments, instead it is because of the socio-economic and politico-legal order and the policies pursued by the government. The soviet context provides a unique opportunity to the researchers in macroeconomic area for investigating a natural economic experiment of this magnitude. The interplay of various institutions therefore needs to be investigated to map the past present and the future trajectories of progress and growth. In this paper an attempt has been made to understand the framework of the institutions in Uzbekistan, to evaluate their effectiveness and to explore what more needs to be done to in the institutional front. The study is exploratory in nature drawing inferences and interpretations from published web sources and data from business monitor international.*

**Key Words:** Uzbekistan, Institutional Framework, Transition economies, Uzbek Puzzle, Reforms

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