

Abstract

Global value chain (GVC) creates opportunities for Local firms to approach the global markets and advanced technologies go hand in hand. This study has been conducted in Umerkot, district of Sindh province, Pakistan. Red chilli production in Pakistan is facing constant declining per yield every year. Although Pakistan is the fifth largest chilli producer in the world but when it comes to export, Pakistan stand at 21st. Same problem faced by red chilli cluster Umerkot, being the larger producer in Sindh, this sector suffers from many problems from production process to the selling of produced to Local and international customers. The aim of this research is to investigate the participation of Red Chilli firms, cluster in Umerkot, in the GVC. The main objective is to investigate the position and potential of Red Chilli Cluster Umerkot, in GVC of red chilli market. Therefore the study focused on the factors of value chain and problems facing by the actors of the value chains. It is also focused on challenges and opportunities that derived from the insertion of this cluster in GVC. The data were generated by semi-structured interviews and field observation focus. The main factor identified through this research is the weak linkage among academia, support institutions and government. The main factor identified through this research is the weak linkages among academia, sport institutes and government. Moreover the main problem faced by all the actors involve in the chain from small farmers to big traders is that they do not have direct access to export companies/market. To overcome the problems this study proposed a framework that views GVC as the challenge for the medium and small firms in the agriculture sector of the underdeveloped countries. By keeping in mind the current economic condition and the condition of agriculture sector in Pakistan, specifically Umerkot, and the framework proposed the route through which the SMEs can transform challenges into opportunities. If SMEs are successfully indulge these factors and achieve them successfully so their participation in global marketplace would be easy.

Keywords: Global Value Chain, Value Chain, Supply Chain, Insertion, Red Chilli, Industrial Cluster, Developing Countries.