1 INTRODUCTION

The Role of Market Towns in Mountain Development

Market towns have the potential to play a number of roles in bringing about the economic transformation of rural areas. They can act as effective and generative links between the overcrowded primate cities and large urban centres and the vast rural hinterland. They can also provide the critical marketing link between larger urban centres and dispersed and, often, disorganised local markets. Many market towns already act as bulking and distribution centres in their respective resource contexts. Marketing remains an important but often ignored link in the food system of rural areas. This is particularly true in the mountains where different micro-environmental conditions necessitate specialised production systems responsive to diverse environmental conditions. The full potential of such systems cannot be realised, given the absence of opportunities for marketing farm produce and the lack of provisions for support services, such as inputs and credit, which would allow the eventual growth of secondary and tertiary activities. Market towns can, therefore, not only create conditions for augmenting farm production but also provide a basis for structural transformation of the economy.

As centres of commercial activities and social services, market towns provide off-farm employment, which is the key to relieving the pressure of an increasing population on land resources. For poor and marginal households in particular, such towns can provide gainful wage employment that supplements household incomes. As marketing linkages are strengthened, local and regional demands can induce the indigenous development of productive sectors. With appropriate infrastructural growth, many market centres can become eventual locations for small-scale industrial development. In the context of the Hindu Kush-Himalayas (HKH), where the increasing pressure of population on natural resources has been creating many socioeconomic and environmental problems, market towns can play a vital role in the sustainable development of this region.

A major problem evident in mountain areas is the inability of governments to provide basic services such as health, education, drinking water, and electricity to far-flung dispersed, smaller settlements. In such instances, settlement agglomeration may be a goal of spatio-economic planning. The role of market centres and small towns in the process of population redistribution and settlement agglomeration can also be significant. Further, market towns can play an institutional role, in terms of providing the channel of communication between rural producers and urban consumers and decision-makers. Therefore, they can be viewed as facilitators of social, economic, financial, and political communication within the national space.

In spite of the significant role of market towns in the evolution of hierarchically integrated regional and national settlement systems; in organising the production potentials of the vast rural hinterland; in mobilising resources for regional development; and in setting the pace for agricultural transformation and bringing about a more balanced development of the space economy, the promotion of market towns, through appropriate policies and programmes, has been neglected in the mountain regions of the HKH. Several issues need to be addressed in an effort to promote the growth of such towns.

First, the generation of gainful off-farm employment is crucial to the whole question of mountain development. Therefore, the potentials of different locations to play this role need to be assessed and articulated. Related to employment are the gender implications of the growth of market towns. The extent to which market towns can address the needs of women, through expanded employment opportunities, through training and skill generation, and through the recognition of their role as the managers of the environment, also needs to be assessed.

Second, infrastructural growth, particularly in terms of road links, has been regarded as a major constraint in the process of agricultural transformation in the mountains. Often the productivity and profitability of specialised agricultural and

horticultural production in mountain areas are directly related to infrastructure. A proper assessment of market towns can provide not only the basis for prioritisation of infrastructural growth in selected locations but also guide the development strategies for infrastructural growth in the region as a whole. This factor is currently lacking in most of the mountain areas of the Hindu Kush-Himalayas.

Third, the private sector is expected to play a vital role in mobilising resources and in diversifying the production structure, based on the comparative advantage, in almost all the countries of the Hindu Kush-Himalayas. It is generally found that businesses in market towns have limited access to inputs, credit infrastructure, and/or support services which constrict their productivity and profitability. Market centres can become the loci of private sector initiatives provided that incipient opportunities with potential are identified and a coordinated public investment programme operationalised as a guide to the private sector.

Fourth, rural areas are generally believed to be resource scarce and, therefore, unable to generate and mobilise resources. While the amounts of resources generated in rural areas might be small, there is enormous potential for resource mobilisation, particularly of those tied to the provision of services in market towns. This is an area requiring careful assessment and attention because the sustainability of public sector investment very often depends on the tapping of such resources.

Fifth, the environmental implications of the growth of market towns is another issue. It is necessary to assess the vulnerability of market towns to environmental disasters, such as landslides, earthquakes, and flooding, in order to ensure that the risks of public and private investments are minimised. Similarly, environmental sanitation, such as drainage, sewerage, solid waste disposal and management, needs to be assessed before substantial investments are made, because efforts to take care of these problems at a later date are less efficient and often very costly.

Last but not least, market towns have been neglected in public investment programmes and in charting strategies for infrastructural growth. Broad-based investment, institutional, and policy reform strategies related to market towns in mountain areas have remained conspicuous by their absence. Even when attempts are made to address this gap, the objective conditions of mountain areas (Jodha 1991) have tended to be neglected. Mountain areas face the problem of inaccessibility. They are also fragile in the sense that inappropriate use or misuse of resources can lead to irreversible damage to the ecosystem and the environment. Mountain areas are diverse in terms of physiography and resource bases and, therefore, the sustenance of market towns must be based on the proper utilisation of environmental resources. As marginal entities in the political and economic sense, mountain areas suffer from a lack of the development of institutions and policy strategies that would allow the growth of spatio-economic nodes which can negotiate fairer terms of trade vis-a-vis the plains.

While the benefits and linkages from market town development have been acknowledged in theoretical as well as empirical literature (Rondinelli and Ruddle 1978, Taylor 1981, Mathur 1984, Potter and Unwin 1989, Leinbach 1992, Bajracharya 1995, among others) efforts to test methodologies for assessing potential market towns in the hill-mountain context and preparing specific plans for the promotion of such towns have been lacking.

It was against this background that ICIMOD's programme on Market Towns was initiated. The programme was basically oriented to fill this lacuna and provide a substantive basis for advocating the promotion of market towns as an essential corollary to integrated mountain development.

Objectives of the Market Town Assessment Studies

The present report is based on the market town assessment work conducted and coordinated by ICIMOD in China, India, Nepal, and Pakistan. The China study was funded entirely by ICIMOD, and the Regional Office of Housing and Urban Development (RHUDO), USAID, provided support for studies made in the other countries.

The following were the specific objectives in each case.

I) To develop a spatio-economic profile of a district and assess the potentials of market towns in terms of

- existing and potential infrastructure and provision of services,

- potential for diversification and specialisation in agricultural production, processing, and other secondary and tertiary activities,
- opportunities that can be exploited by the private sector,
- employment generation and gender concerns, and
- environmental impacts and disaster vulnerability and mitigation.

ii) To review and assess policies and programmes that have a bearing on the development and growth of market towns.

iii) To develop guidelines and recommend Action Programmes for the promotion of market towns with the most potential in each context.

The Study Areas

The four areas chosen for the study and the development of the action programmes exemplify the diverse economic and spatial context of the Hindu Kush-Himalayas (Map 1). **Dechang County in Western Sichuan in China** represents a mountain context in which basic infrastructure, built up during the socialist planned economy period, is gradually being transformed to serve the 'socialist market economy'. The area is relatively accessible with quite a number of mineral and agro-based industries, government-operated marketing cooperatives, and a number of urban centres. **Tehri Garhwal District in the Uttar Pradesh hills of India**, which stretches over the middle and high mountains, has a number of central and functional small towns which are linked by roads and a variety of incipient production activities. The area is impacted by the flow of seasonal religious tourists. **Dang District of Nepal** is an inner *Terai* valley surrounded by the Siwalik and Mahabharat ranges. It is relatively accessible with some established urban areas and has also received considerable development assistance in the form of the Rapti Integrated Rural Development Project funded by the USAID. **Ghizar District in the Northern Areas of Pakistan** exemplifies a context in which the basic conditions for the development of market towns, by virtue of the problems of inaccessibility and remoteness, have to be created by discreetly identifying and providing for basic infrastructure. The study areas also manifest the diversity in physiography, climate, population process, and production potential that is typical of the HKH region. Dang District in Nepal is a latitudinal valley surrounded by the lesser Himalayas, whereas Tehri Garhwal District in the U.P and Dechang County in China typify a diverse topography with deeply incised valleys and ridges. Though Dechang County in China falls within the Monsoon regime, like Dang and Tehri Garhwal, this area is characterised by a relatively high range of temperature and longer periods of sunshine creating different agro-ecological conditions. Ghizar District of Pakistan lies in a rainshadow area and has insular climatic conditions with very little rainfall. Also, as in many other parts of the HKH, the population density decreases from the middle HKH both to the east and west.

Collaborating Institutions

The studies were undertaken by ICIMOD in collaboration with national institutions in each country. In China, the collaborating institution was Chengdu Institute of Mountain Disaster and Environment, Chinese Academy of Sciences; in India, the Department of Architecture and Planning, University of Roorkee; in Nepal, the Central Department of Geography, Tribhuvan University; and, in Pakistan, the Enterprise Development Division of the Aga Khan Rural Support Programme in Gilgit in the Northern Areas. In the context of most HKH countries, where the planning manpower is often top-heavy, the studies were also intended to demonstrate the partnership and complementarity that can be established between academic institutions, rural development institutions, and governmental and other agencies responsible for the promotion of small towns and market centres.

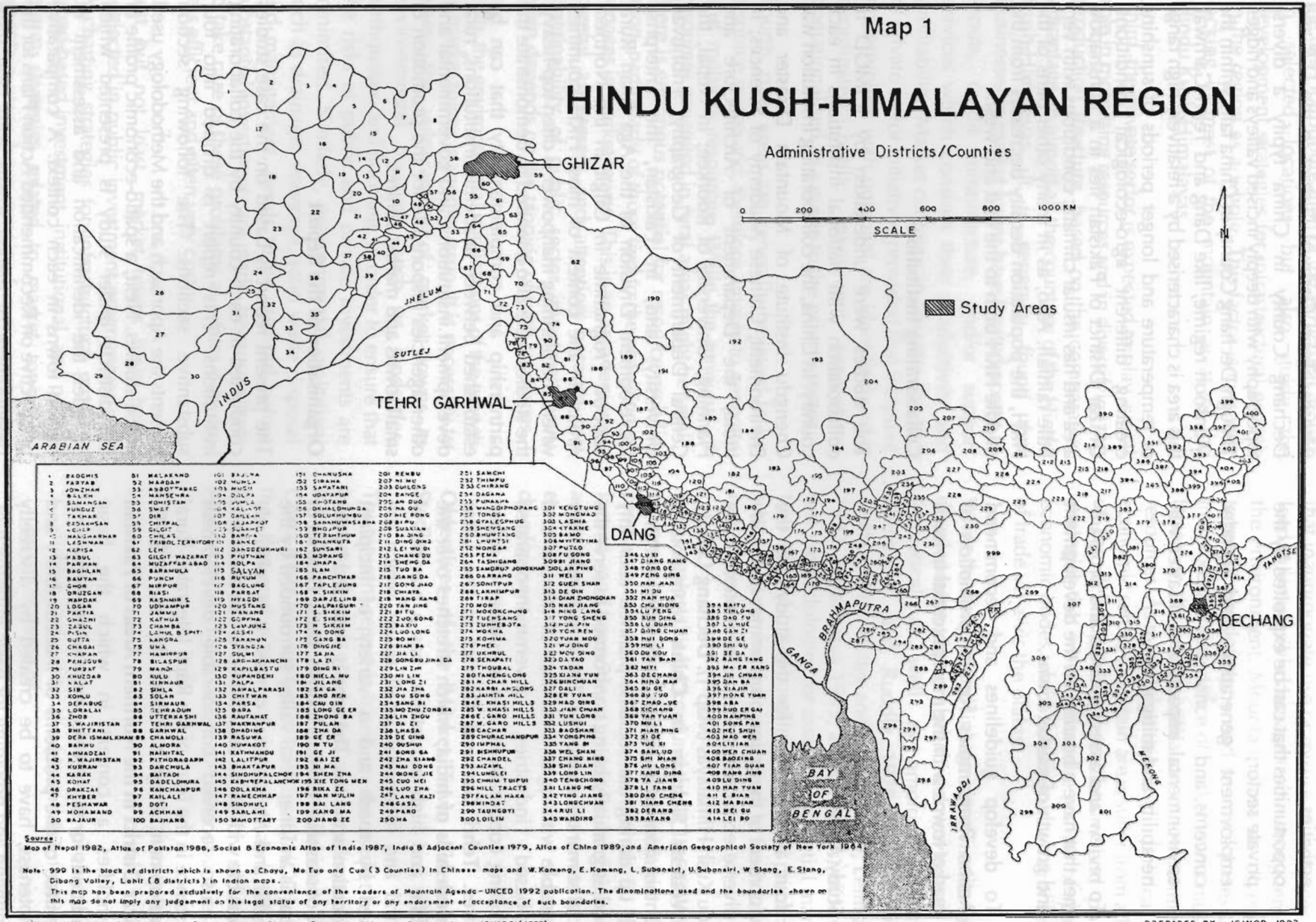
Organisation of the Report

The present report is based on the case studies conducted in each country by the collaborating institutions. This report is divided into four substantive sections. The following section presents the Approach and the Methodology used in the studies. Next, a spatio-economic profile of the districts under study is presented which includes the identification and assessment of market towns in each context. A comparative perspective on Recommended Action Plans for the development of market towns with the most potential is then given. The final section presents the main conclusion and recommendations.

Map 1

HINDU KUSH-HIMALAYAN REGION

Administrative Districts/Counties



1	BAGHLIS	51	MALAKAND	101	BAJURA	151	DHANUSHA	201	RENBU	251	SAMCHI				
2	FARYAB	52	MARDAN	102	MUMLA	152	SIRAHA	202	NI MU	252	THIMPU				
3	JOWZJAN	53	ASBOTTABAD	103	MUGU	153	SAPTARI	203	GUILONG	253	CHIRANG				
4	BALKH	54	MANSEHRA	104	DAILPA	154	UDAYAPUR	204	RANGE	254	DAGANA				
5	SAMANGAN	55	KOHISTAN	105	JUMLA	155	KHOTANG	205	AN DUO	255	PUNAKHA				
6	KUNDUZ	56	SWAT	106	KALIKOT	156	OKHALDHUNGA	206	NA QU	256	WANGDIPHOPANG	301	KENGTUNG		
7	TAKHAR	57	DIR	107	DAILEKH	157	SOLUKHUMBU	207	MIE RONG	257	TONGSA	302	MONGHAO		
8	BADAKHSAN	58	CHITRAL	108	JAJARKOT	158	SANKHUWASABHA	208	BI PU	258	GYALEPHUG	303	LASHIA		
9	NGHIP	59	GILGIT	109	SURKHET	159	BHOJPUR	209	SUAXIAN	259	SHEMGANG	304	KYAKME		
10	NANGARHAR	60	CHILAS	110	BARIYA	160	TERATHUM	210	BA ZHU	260	BUMTANG	305	BAMO		
11	LAGHMAN	61	TRIBOL ZERRITORY	111	BANKE	161	DHANKUTA	211	DING QING	261	LHUNTSI	306	MYITKYINA		
12	KAPISA	62	LEH	112	DANGDEUKHURI	162	SUNSARI	212	LEI WU DA	262	MONGKAR	307	PUTAO		
13	KABUL	63	GILGIT WAZARAT	113	PYUTHAN	163	MORANG	213	CHANG DU	263	PEMA	308	FU GONG	346	LU XI
14	PARWAN	64	MUZAFFARABAD	114	ROLPA	164	JHAPA	214	SHENG DA	264	TASHIGANG	309	BI JIANG	347	DIANG RANG
15	BAGHLAN	65	BARAMULA	115	SALYAN	165	ILAM	215	TUO BA	265	SAMDRUP JONGKHAR	310	LAN PING	348	TONG DE
16	BAMYAN	66	PUNCH	116	RUKUM	166	PANCHTHAR	216	JIANG DA	266	DARRANG	311	WEI XI	349	FENG QING
17	GHOR	67	NIPPUR	117	BAGLUNG	167	TAPLEJUNG	217	GONG JIAO	267	SONITPUR	312	GUEN SHAN	350	NAN JIAN
18	QRUZGAN	68	RIASI	118	PARBAT	168	W. SIKKIN	218	CHAYA	268	LAKHIMPUR	313	DE QIN	351	MI DU
19	WARDAK	69	KASHMIR S.	119	KASKI	169	DARJELING	219	WANG KANG	269	TIRAP	314	DIAN ZHONGQIAN	352	NAN HUA
20	LOGAR	70	UDHAMPUR	120	MUSTANG	170	JALPAIGURI	220	YAN JING	270	MON	315	NAN JIANG	353	CHU XIONG
21	PAKTIA	71	JAMMU	121	MANANG	171	S. SIKKIM	221	BI TU	271	NOKCHUMUNG	316	NING LANG	354	LU FENG
22	GHAZNI	72	KATHUA	122	GORKHA	172	E. SIKKIM	222	ZUO SONG	272	TUENSANG	317	YONG SHENG	355	XUN QING
23	ZABUL	73	CHAMBA	123	LAMJUNG	173	N. SIKKIM	223	BAXIU	273	ZUNHEBOTA	318	HUA PIN	356	LU QUAN
24	PISIN	74	LAHUL & SPIT	124	KASKI	174	W. SIKKIM	224	LUO LONG	274	WOKHA	319	YONG REN	357	QING CHUAN
25	QUTTA	75	KANGRA	125	TANAHUN	175	GANG BA	225	BO MI	275	KOHIMA	320	YUAN MOU	358	HUI DONG
26	CHAGAI	76	UNA	126	SYANGJA	176	DINGRI	226	BIAN BA	276	PHEK	321	WU DING	359	HUI LI
27	KHARAN	77	HAMIRPUR	127	GULMI	177	SAJIA	227	JIA LI	277	KIKRULI	322	MOU DING	360	DA KOU
28	PENJGUR	78	BILASPUR	128	ARGHAKHANCHI	178	LA ZI	228	GONGBU JIANG DA	278	SENAPATI	323	DA YAO	361	YAN BIAN
29	TURBAT	79	MANDI	129	KAPILBASTU	179	DING RI	229	LIN ZHI	279	THUBAL	324	YAOAN	362	MIYI
30	KHUZDAR	80	KULU	130	RUPANDEHI	180	NIELA MU	230	MI LIN	280	TAMENGLONG	325	XIANG YUN	363	DECHANG
31	KALAT	81	KINNAUR	131	PALPA	181	LONG ZI	231	N. CHAR HILL	281	N. CACHAR HILL	326	BINCHUAN	364	MING HAN
32	SIBI	82	SIMLA	132	NAWALPARASI	182	SA GA	232	JIA ZHA	282	KARBI ANGLONG	327	DALI	365	BU GE
33	KOHLU	83	SOLAN	133	CHITWAN	183	ARO REN	233	QU SONG	283	JAINTIA HILL	328	ER YUAN	366	BU LUO
34	DERABUG	84	SIRMAUR	134	PARVAT	184	CAI QIN	234	PAWA RI	284	E. KHASI HILLS	329	HAO QING	367	ZHAO JUE
35	LORALAI	85	DEHRADUN	135	BARA	185	LONG GE ER	235	MO ZHU ZONG KA	285	W. KHASI HILLS	330	JIAN CHUAN	368	XICHANG
36	ZHOB	86	UTTERKASHI	136	RAUTAHAT	186	ZHONG BA	236	LIN ZHOU	286	E. GARO HILLS	331	YUN LONG	369	YAN YUAN
37	S. WAZIRISTAN	87	TEHRI GARHWAL	137	BARDIYA	187	PULAN	237	DA ZI	287	W. GARO HILLS	332	LUSHUI	370	MU LI
38	BHITTANI	88	GARHWAL	138	DHADING	188	ZHA DA	238	LHASA	288	CACHAR	333	BAOSHAN	371	MIAN NING
39	DERA ISMAILKHAN	89	CHAMOLI	139	RASUWA	189	GE ER	239	DE QING	289	CHURACHANDPUR	334	YONGPING	372	XI DE
40	BANNU	90	ALMORA	140	NUWAKOT	190	W TU	240	QUSHUI	290	IMPHAL	335	YANG BI	373	YUE XI
41	AHMADZAI	91	NAINITAL	141	KATHMANDU	191	GE JI	241	SONG GA	291	BISHNUPUR	336	WEI SHAN	374	BAMUO
42	N. WAZIRISTAN	92	PITHORAGARH	142	LALITPUR	192	BAI ZE	242	ZHA XIANG	292	CHANDEL	337	CHANG NING	375	SHI MIAN
43	KURRAM	93	DARCHULA	143	BHAKTAPUR	193	NI MA	243	NAI DONG	293	AIZAWL	338	SHI DIAN	376	JIU LONG
44	KARAK	94	BAITADI	144	SINDHUPALCHOK	194	SHEN ZHA	244	QIONG JIE	294	LUNGLEI	339	LONG LIN	377	XANG DING
45	KOHAT	95	DADELDHURA	145	KABHREPALANCHOK	195	XIE TONG MEN	245	CUO MEI	295	CHHIM TUIPUI	340	TENGCHONG	378	YA JIANG
46	ORAKZAI	96	KANCHANPUR	146	DOLAKHA	196	RIKA ZE	246	LUO ZHA	296	HILL TRACTS	341	LIANG HE	379	LI TANG
47	KHYBER	97	KAILALI	147	RAMECHHAP	197	NAN MULIN	247	LANG KAZI	297	FALAM HAKA	342	YING JIANG	380	DAO CHENG
48	PESHAWAR	98	DOTI	148	SINDHULI	198	BAI LANG	248	GASA	298	MINDAT	343	LONGCHUAN	381	XIANG CHENG
49	MOHAMAND	99	ACHHAM	149	SARLAHI	199	KANG MA	249	PARO	299	TAUNGGYI	344	RUI LI	382	DERANG
50	BAJAUR	100	BAJHANG	150	MAHOTTARY	200	JIANG ZE	250	HA	300	LOILIN	345	WANDING	383	BATANG

384	BAIYU	385	YINLONG	386	DAO FU	387	LU HUE	388	GAN ZI	389	DE GE	390	SHI QU	391	SE DA
392	RANG TANG	393	MA ER KANG	394	JIN CHUAN	395	DAN BA	396	XIAJIN	397	HONG YUAN	398	ABA	399	HUO ER GAI
400	HANPING	401	SONG PAN	402	HEI SHUI	403	MAO WEN	404	LIXIAN	405	WEN CHUAN	406	BAOXING	407	TIAN QUAN
408	RANG JING	409	LU DING	410	HAN YUAN	411	E BIAN	412	MA BIAN	413	MEI GU	414	LEI BO		

Source:
Map of Nepal 1982, Atlas of Pakistan 1986, Social & Economic Atlas of India 1987, India & Adjacent Countries 1979, Atlas of China 1989, and American Geographical Society of New York 1964

Note: 999 is the block of districts which is shown as Chayu, Mo Tuo and Cuo (3 Counties) in Chinese maps and W. Kameng, E. Kameng, L. Subansiri, U. Subansiri, W. Siang, E. Siang, Dibang Valley, Lohit (8 districts) in Indian maps.

This map has been prepared exclusively for the convenience of the readers of Mountain Agenda - UNCED 1992 publication. The dinominations used and the boundaries shown on this map do not imply any judgement on the legal status of any territory or any endorsement or acceptance of such boundaries.

Area Identification of the Himalayan Region done by Pitamber Sharma and Jayanta Bandyopadhyay, ICIMOD (1992)

PREPARED BY: ICIMOD, 1992