

## POTENTIAL GROWTH PATTERN OF SMALL TOWNS AND MARKET CENTRES

### Market Centres as Potential Centres in Nepal

Nepal is under-urbanised and there is an obvious structural deficiency with regard to dispersed market centres. The need to develop a hierarchical structure for dispersed market centres is apparent. The development of larger cities in a few localities, along with relevant linkage systems, is not a desirable alternative. A network of dispersed market centres is absolutely necessary for several reasons. Marketing facilities should be available even at scattered production points and in population pockets. Services should be provided to rural areas. Small towns and market centres provide enough opportunities for these purposes. In particular, such settlements can be regarded as desirable locations for the provision of a number of services such as education, health, postal services, and extension services. Therefore, small towns and market centres will continue to be potential growth centres in Nepal. Along with growth, development should take place so that various services can be provided. However, all centres do not have equal potential for growth. Their potential depends, to a varying extent, on a number of factors such as comparative advantages, locational characteristics, population distribution, and resource base.

### Potential of Larger Centres

Larger market centres in the Bagmati Zone include Thimi, Kirtipur, Sankhu, Lubhu, and Chapagaun in the Kathmandu Valley; Banepa, Dhulikhel, and Panauti in Kavrepalanchow district, Barahbise and Chautara in Sindhupalchowk district, Bidur in Nuwakot district, and Dhading Besi in Dhading district. The larger centres of the Kathmandu Valley are a different case. These centres benefit greatly from the comparative advantages of the Kathmandu metropolitan area which has a locational combination of specialisation, in various sectors, and functional concentration, and these conditions are impossible to find in any other part of the country. It is because of these special conditions that rapid urbanisation is taking place in the Kathmandu Valley. The larger market centres located in the Kathmandu Valley play an important role in the urbanisation of the valley. The Thimi area has considerable potential for further industrial development since the site has advantages, i.e., it is in close proximity to new manufacturing localities. In addition, the advantage of a big national hospital located in close proximity to the market town of Thimi will promote further development. Thimi's traditional advantage, i.e., tourist-oriented ceramic works appear to have good prospects for sale in the valley within the context of the rapid growth of tourism. Unlike Thimi, Kirtipur does not have suitable sites for modern manufacturing establishments because of its locational disadvantage. However, it continues to benefit from the university complex located in close proximity, and provides different services and accommodation facilities to the student population. Carpet industries, a growing business in Nepal, are being established in this town. It is also quite possible that both Thimi and Kirtipur may provide new sites for the expansion of residential areas of the Greater Kathmandu Metropolis (Kathmandu-Lalitpur). The potential sites could be lands close to the new highway in the case of the former and the north-facing, flat foot-hill zone in the case of the latter.



Sankhu, Chapagaun, and Lubhu are other larger market towns in the valley. All of them were important historical market towns, providing marketing facilities to their extensive rural hinterlands. Chapagaun and Lubhu continue to be active agro-service centres, but Sankhu has declined. Sankhu (located 18km east of Kathmandu) and Chapagaun (located 14km south) are still located in peripheral areas with reference to the Kathmandu Metropolis. Considering the level of existing transportation facilities, these two centres do not appear to have high potential for growth. However, Chapagaun will continue to serve the extensive southern part of Lalitpur district. Unlike these two market towns, Lubhu is the most active industrial centre, known particularly for its textile industry. Recently, carpet and garment industries also have been established. This development, along with the setting up of a number of brick kilns in close proximity, indicates that Lubhu will benefit considerably from the comparative advantage of its location near the the Greater Kathmandu Metropolis.

Outside the Kathmandu Valley, Banepa appears to be the most important market town with high potential for growth. Its long association with an extensive traditional service area is an advantage. The local agricultural resource base is quite favourable and Banepa's development as a market town throughout successive historical periods is based on agricultural growth. This town has the potential to expand its role as a trading centre, a service centre, and, possibly, as a cottage industries' centre. Banepa is likely to grow at a modest rate in the future. Moreover, it could benefit considerably from its location near the Kathmandu Metropolitan area. With the advantage of a good road transportation network, attractive site facilities, and the provision of a wide range of services, Banepa could become an alternative site for the industrial extension required by the greater Kathmandu Metropolis. The establishment of a large industrial enterprise (carpets) in Banepa is indicative of potential growth as an industrial centre.

Bidur, Dhading Besi, Chautara, and Barahbise are larger market centres with potentials for growth. Bidur is an active trading centre. It is also a centre for services. It has a rich agricultural resource base. Bidur has the potential to expand its role both as a trading and as a service centre. It is likely to grow at a modest rate. However, it does not appear to have good prospects for large-scale industrial development in the near future. Dhading Besi is another new growth centre. Initially, it developed along with the establishment of the district headquarters, and it acquired trading functions only later. It has a central location in Dhading district and no other large centre exists in close proximity. With the support of the extensive hinterland in the central and northern parts of Dhading district, Dhading Besi is likely to grow as a market town and services' centre. After the completion of the bridge over the Trishuli River, its locational situation will improve considerably. However, the growth of Dhading Besi could possibly take place only at a very modest rate because of the presence of a number of smaller trading centres along the highway in the south. Chautara is a district headquarters' town. It has a wide range of administrative offices and service functions and has the potential to expand as a services' centre. These services are and will continue to be an impetus to the development of trading functions as no other important market centre exists in close proximity. Barahbise, with its locational advantage as a border town in the north, could benefit from trade with Khasa, a border centre in Tibet. The recent commercial development that has taken place in Barahbise is of this nature. However, the growth of this town as a border commercial centre depends on government policies regarding border trade with China.



Dhulikhel and Panauti are other larger centres. Dhulikhel, as a district headquarters, will continue to benefit from additional public sector inputs into service areas. Moreover, it has tourist potential and Panauti has the advantage of being located near the roadhead. However, these centres have not grown rapidly as a result of the location of a superior market town (Banepa) in close proximity. Obviously, they cannot cope with the competition.

### Potential of Lower Order Centres

There are 27 lower order market centres in the Kathmandu Valley. All these centres, except a few, e.g., Gothikhel, Lele, Dharmasthali, Tokha, and Sundarijal, are directly influenced by the Greater Kathmandu Metropolis. Some of them are developing into industrial centres by acquiring either industrial functions, e.g., carpet making linked to the national economy, or by establishing industries (brick manufacture) and providing others services to the metropolitan market area. A number of the local, small market centres are potential sites for such activities. These centres can also be increasingly used to establish different services catering to the local people and the surrounding rural areas. Some centres, e.g., Sitapaila, Saibu, and Sunakothi, suitable sites for the expansion of residential localities of the Greater Kathmandu Metropolitan area, as there are already some indications of such developments.

Smaller centres outside the Kathmandu Valley can be grouped into three classes regarding their growth potential - i) centres with good potential, ii) centres with limited potential, and iii) centres without potential. Out of the 38 smaller centres, only two centres appear to have potential for reasonable growth in the future. They are Tamaghat in the Panchkhal area and Dharke in the Prithivi Rajmarga area. In the Panchkhal area, there are three small centres including Tamaghat, Lamidanda, and Panchkhal (not covered in the study). This area has a rich agricultural resource base and has been extensively exploited for rice cultivation. A number of rice processing mills have been established. There are possibilities for agricultural development, particularly tropical vegetables and fruits for the Kathmandu Valley market. The Panchkhal area has potential as an important market town, possibly with the physical grouping of the existing three, small centres. Some large industrial enterprises have already been established in the Dharke area. Dhading district has rich agricultural resources that can be used for commercial production. Dharke has the potential for growth as an industrial centre.

There are a number of smaller centres that are growing at present and which also have the potential for future growth. However, none of them appears to have the potential to develop as an important market town. Out of these centres, Dhunche, Dolalghat, and Gajuri are notable. Dhunche provides a wide range of services to its hinterland as well. However, its resource poor hinterland (which has a sparse population) may limit its future growth. The location of Dolalghat is favourable, but it is constrained by its site disadvantage. Gajuri has grown rapidly during the past few years, but it does not appear to have potential for future growth due to the presence of a number of market centres in close proximity, as well as the fast growth of Dhading Besi in the north.

The other smaller centres which show some indications of growth at present include Melamchuli in Sindhupalchowk district; Kunta Besi and Mangaltar in Kavrepalanchowk district; Betrawati, Kharanitar, and Samundratar in Nuwakot district; Kalikasthan in Rasuwa; and



Rigne in Dhading district. Melamchi, although growing rapidly at present due to its roadhead location, has restricted growth potential owing to the limited resource base and sparse population of its service area. The growth of Kunta Besi might be restricted due to competition from the rapidly growing centre in the Panchkhal area. As it is located in an area without any other important market centres in its proximity, Mangaltar has locational advantages, but it does not appear to have good potential for growth due to the absence of road links and transportation facilities. Other centres, e.g., Kharanitar, Samundratar, Betrawati, Kalikasthan, Majhgaun, Khahre, and Rigne are competing among themselves and, considering their locations, resource bases, and accessibility, none of them is likely to show notable growth in the near future.

There are 20 other centres outside the Kathmandu Valley that do not show any positive growth trend (Figure 14) at present. Out of these centres, Lamosangu may grow in the future to some extent with the operation of the local magnesite processing unit. The potential growth pattern noted above is based on emerging trends and the present situation. Modifications are not unlikely as a result of the effects of unforeseen market forces and public sector interventions. This should be kept in mind while drawing conclusions on the basis of the analysis.

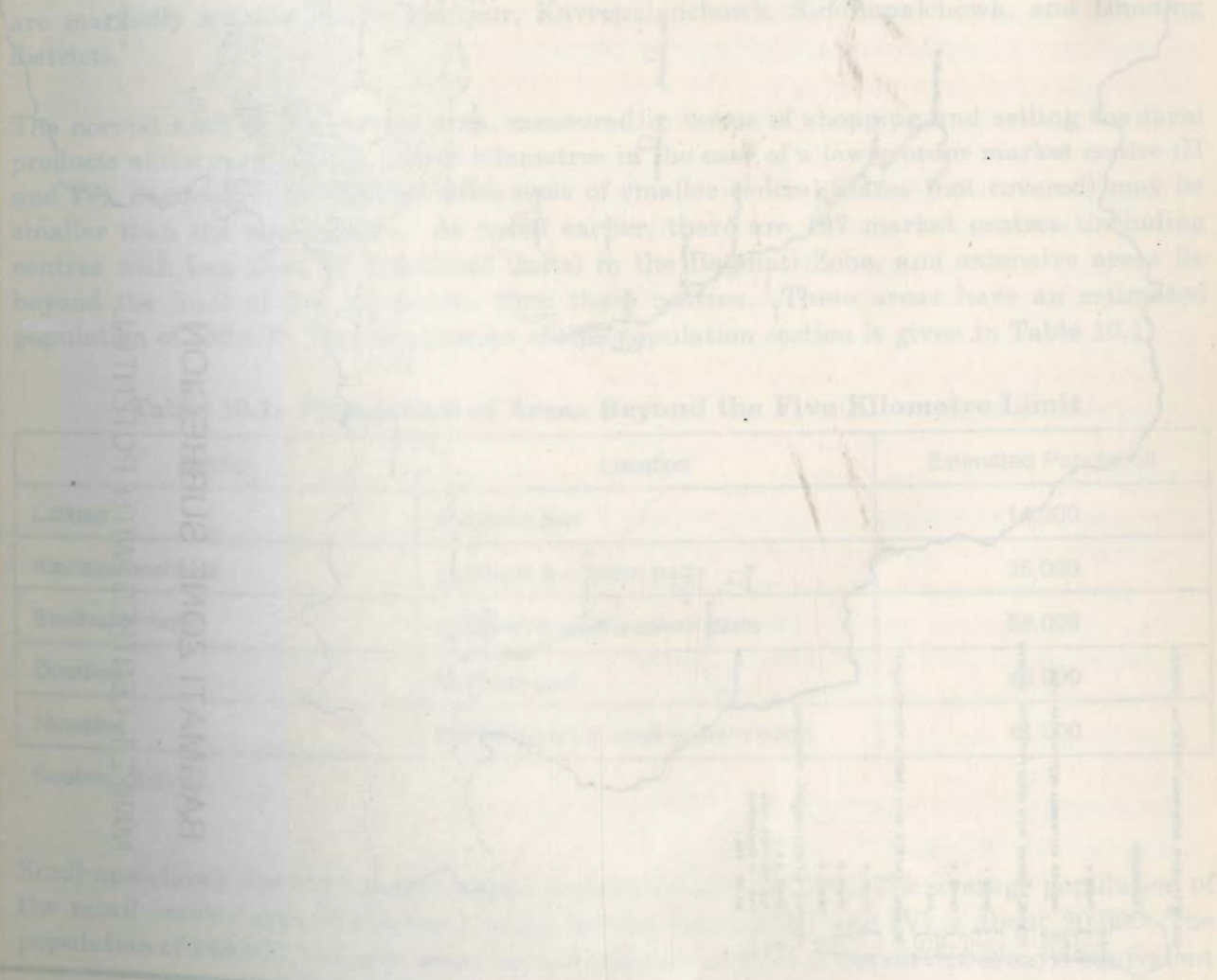


FIGURE 14

