

## STRATEGIES FOR THE DEVELOPMENT OF SMALL TOWNS AND MARKET CENTRES

### Importance of Small Towns and Market Centres

Why are small towns and market centres necessary? Why should they be developed? These questions will be examined in this chapter within the context of the study area.

Theoretically, the development of small towns and market centres is based on the central place theory. This theory states that widespread economic growth requires the development of an articulated and integrated system of central places. Central places are urban places that distribute specialised goods produced at some fixed locations. Urban centres make available such goods and services, requiring fixed locations and a large number of consumers, to people living in rural areas. Central places are both collection points and distribution centres for goods. As the system of central places becomes more articulated, smaller centres offer more frequently-used goods and services, and higher order services and goods are provided by larger centres. Thus, there is an ascending order of services and goods, along with the increasing size of central places. In a region with a well-articulated and integrated system of central places, people living in or near small towns have easy access to basic goods and services in local market centres, as well as to higher order services and goods which can be obtained in larger towns and cities with a large threshold population. An articulated and integrated hierarchy of settlements provides potential access to market centres of different sizes for people living throughout the country.

Despite the relatively better conditions existing in the Bagmati Zone, there is an obvious structural deficit of well-integrated market centres. As noted earlier, the gap is obvious. There are only 187 central places that provide some kind of commercial services, out of which 110 are very small trading points. One such central place serves about 57 villages or rural settlements, covering an average population of 8,000. The ratio is 138 villages per market centre with more than 19 functional units serving a population of 1,95,000. Due to the lack of dispersed market centres, opportunities for development are lost and the possibilities for equitable development of rural areas are limited. In this context, the development of a hierarchical structure of dispersed market centres is apparently necessary.

Small towns and market centres are appropriate places for the location of field offices of different line agencies (ministries and departments). Such offices should be located at suitable sites if they are to provide efficient services to rural areas. Past efforts regarding the location of field agencies were apparently not adequate to bring about desired changes in the existing situation. In many places, such units are not located at nodal points. Market centres should be used for locating and relocating field agencies to maximise service efficiency.

It is also apparent that small towns and market centres are effective nodal points for providing basic services such as educational, health, postal, and extension services. In a number of places, secondary schools and health posts/centres are not located in accessible areas with reference to the rural population which they serve. In several places, these services have different locations, although they serve the same target groups. Because of inconvenient

locations, many local people do not use basic services, although service facilities exist locally. To bring about improvements in the local situation, services should be relocated at market centres.

In view of the high level of urbanisation achieved in the study area, locally there is high potential for commercialisation of the landscape. However, the absence of a good network of market centres in several places is a problem. This is particularly notable in districts outside the Kathmandu Valley. There is an urgent need for the development of well integrated, dispersed market centres if the Bagmati Zone is to benefit from the most powerful local hub of metropolitan development.

### **Role of the Government**

Urban growth takes place as a result of the increasing demand for goods and services provided by urban areas. Therefore, the growth of market centres is basically an outcome of market forces. Any attempt made in the name of a grand design against the market mechanism is unrealistic. Therefore, spatial policies should be realistic and should be implemented with caution. They should be also in conformity with the emerging system. In fact, the government has to play the role of a facilitator. Spatial policies designed to create a new set of market centres would be unwise and extremely unrealistic if they ignored the existing network. Such policies will result in the redistribution of economic activities with great damage to the national economy or growth potential.

The existing system of market centres must be strengthened if development opportunities are to be maximised. The network of existing urban centres should be made to work more efficiently in order to increase the national output. It should be used effectively for enhancing service efficiency. By strengthening the existing system, the growth of national output as well as equitable distribution of the fruits of growth can be achieved. The focus should inevitably be on the largest towns and cities. Small towns and market centres should be considered within the relevant contexts. They should be used to exploit development opportunities lying elsewhere, as well as to provide necessary services to the people living in different localities.

The government can strengthen the existing network of market centres in various ways. We have outlined some of these below.

1. Developing and improving rural roads to increase the accessibility of rural areas to market centres
2. Concentrating the field offices of line agencies at market centres in order to enhance the centrality of market centres
3. Locating basic services, such as health, educational, and postal services at market centres to expand the range of services provided by market centres
4. Improving and developing infrastructural facilities at market centres in order to improve the working conditions of the labour force as well as to upgrade the urban environment.

The government can play a significant role in the development of new market centres in areas where there is a structural deficit. It should be noted that, in several areas in remote localities, educational and health institutions are located elsewhere, ignoring the advantage of common locations. Nodal points can be created in such resource poor areas by carefully selecting and identifying common locations for such services. As a result of the concentration of service activities in localities with relatively favourable conditions, it is likely that the localities will acquire market functions. Hence, in this way the government can play a meaningful role in filling structural gaps.

### Investment Strategy

Four types of public investment can be distinguished with regard to the development of urban centres.

First, public investment should be directed at expanding the national output. This investment should be made in order to maximise the returns of the investment. The objectives are to produce goods and provide services at the lowest prices. For this, the most powerful nexus created by larger urban centres should be fully exploited for the growth of the national economy. The focal point of the overall national economic growth strategy should be the Kathmandu metropolitan area and the adjoining urbanised localities, including the Banepa area. These are the places that have comparatively more advantages for contributing to national economic growth. The concentration of transport facilities, a wide range of services, opportunities created by the accumulation of investment over a long period, and a skilled labour force are the advantages of the Kathmandu Valley urban area. The strategy should be to use these strengths for increasing national output.

Second, the investment strategy should aim at using the opportunities for development that are available in small towns and market centres elsewhere. This investment should be made to strengthen and enhance the local economic potential. Small towns have conditions that are conducive to the growth of small and medium-scale industries, crafts, and cottage industries which can serve the local markets as well as meet the demands of other places. Local agro-processing and forest product based industries, e.g., Nepali paper-making, and a host of other cottage industries based on local raw materials and skills are important development possibilities in small towns and market centres. Such developments cannot normally take place in the highly urbanised areas of the Greater Kathmandu Metropolis.

Third, the investment strategy should aim at providing minimum services such as health, education, drinking water, and electricity to the population of the country as a whole. The network of market centres provides an effective spatial framework for the expansion of such services, particularly health and education.

Fourth, adequate investment should be made for the expansion and improvement of infrastructural facilities in small towns and market centres. Basic infrastructural facilities such as drinking water and telephones are unavailable in most cases. Roads, particularly urban roads, are poorly maintained. Other services, such as sanitation, sewage disposal, and surface drainage, are not available in most cases. Infrastructural investment in urban localities should not only be directed to improving urban welfare facilities but also to contributing to the national output.

## **Strategy for Infrastructural Development**

The government plays a paramount role in providing basic infrastructural services in Nepal in two ways - formulating policies and strategies for urban infrastructural development and implementing various sectoral programmes. The provision of basic infrastructural services, such as water supplies, electricity, and telecommunications, for the urban areas is still the sole responsibility of the government. The development of some other services, e.g., education, health, and urban roads, is carried out by the government to a significant extent. This state of affairs is likely to continue in the near future.

There are two basic issues that should be addressed with regard to infrastructural development in market centres - 1) the low level of infrastructural facilities and 2) poor management of available facilities. Small urban centres are not considered priority areas by the government for infrastructural investment, nor are there effective provisions for managing available services. A strategy should be developed to promote the direct involvement of the private sector in the development of urban infrastructural facilities. This is particularly possible in sectors such as drinking water, urban roads, drainage, and sanitation. Even in educational and health service sectors, private sector involvement can be increased considerably. The private sector strategy is likely to ensure proper prioritisation and effective management of infrastructural services in small towns and market centres.

## **Institutional Arrangements**

A decentralised approach, despite legislative provisions, has not been successful so far in the municipalities. Development activities in municipal areas are highly centralised, with local bodies depending more on the sectoral agencies of the government.

There is also an institutional vacuum in the management of non-municipal urban places. In the Bagmati Zone, there are only six municipalities, including the three cities of the Kathmandu Valley. Out of the 77 market centres, only three (Banepa, Bidur, and Dhulikhel) have formal bodies to look after their affairs. The district level authorities do not have any institutional cells that are responsible for small towns (non-municipal) and market centres.

Chances of smaller towns being incorporated into municipalities are limited at present. This is partly due to the fact that once they become municipal towns, they acquire a formal status equivalent to the metropolitan city of Kathmandu. The issue can be considerably resolved by developing a legal framework for classifying towns into three classes - 1) larger cities, 2) medium-sized towns, and 3) smaller towns. This type of provision, which will bestow a lower status with limited authority on smaller towns, is likely to be a relevant institutional arrangement in dealing with the smaller urban centres. Separate cells could be created in formal local bodies of the districts in order to supervise the local affairs of market centres without formal municipal bodies. This institutional framework can be made to work effectively through a proper decentralisation scheme.

## **Development of Database**

Little is known about the dynamics of small towns and market centres in Nepal. Comprehensive information must be collected on them in order to deal with the issues of small

towns and market centres. Further research is urgently needed to acquire accurate insights into the relevant issues. Databases on small towns and market centres could be developed by:

- 1) introducing new methods for effective spatial planning;
- 2) developing appropriate micro-level planning by means of decentralised schemes;
- 3) making market centres the focal points for planning development activities at the local level;
- 4) taking censuses on a regular basis for developing local level databases; and
- 5) developing a database system at the local level.