

## CONCLUSIONS: MAJOR CONCERNS IN MARKET TOWN ASSESSMENT

The Market Town Assessment Studies were initiated as an exercise in supporting demand-driven approaches to the promotion of market towns. The central thrust was to develop a methodological framework for assessing market towns with potential and to develop Action Plans for their development. It was based on the assumption that the advantages accruing from rural-urban linkages could be better enhanced in mountain economies through a market town development strategy. The success of such a strategy, however, depends on the existing economic potentials and the extent to which these potentials can be realised through the implementation of strategic Action Programmes which would be economically viable and sustainable.

### Concerns in Methodology

The case studies undertaken as part of ICIMOD's Market Town Assessment Programme reveal that such an exercise needs to address concerns that are methodological as well as substantively programmatic in nature. Addressing these concerns in each context would create a sound basis for incorporating Market Town Assessment into the agenda for action in integrated mountain development. Some of these concerns are highlighted in this chapter.

#### *Problem of Data*

The database on market towns is found to be rather weak, and this is a great impediment to the assessment of the potential, as well as to the planning and development of market towns. It is clear that exercises such as the present one could play a very meaningful role in creating a database and in sensitising policy-makers and programme managers to the need to create and update a database on market towns. A minimum database, consisting of population size, number and range of functional units, production base, and generalised hinterland, was felt to be imperative. The role of infrastructure, particularly roads, is also regarded to be crucial. The data problem is generally felt to

be an outcome of the lack of attention to market towns in the process of district planning. Some countries, notably India, have a better database system than Nepal or Pakistan or China. In all cases, however, there is a need to enhance the database on a priority basis.

#### *Usefulness of Participatory Methods*

The tasks of identifying potential market towns and developing Action Plans were based on participatory methods. Many of the perceptions obtained from the participatory methods tended to be qualitative in nature. It is believed that qualitative perceptions could be used to develop a more comprehensive macro-level assessment of market towns. Qualitative perceptions could similarly be used to develop weightages for ranking potential market towns or in prioritising projects or Action Programmes.

#### *Technical Assessment of Participatory Perceptions*

In the development of Action Programmes, participatory perceptions regarding the prioritisation of programmes or projects are often based on differing notions of the requisite financial resources. This is partly because, often, the participants were not able to technically assess the nature and need of the programme or project. In all the cases of Action Plan development, participatory perceptions need to be complemented by a thorough technical assessment of the projects.

#### *Establishing the Comparative Advantage of Projects*

Action Plans, in order to become saleable, need to focus in relatively greater detail on aspects of the comparative advantage of proposed projects. This is particularly essential if Action Plans for particular market towns are to receive the overall endorsement of the district-level planning and administration body. Endorsement of the Action Plans by the district planning process (*Zilla Parishad* in India, District Development Committee in Nepal, and the like) is deemed essential for follow-up action on the proposed projects.

The Indian case study brought out very clearly the fact that, in looking at individual market towns, the regional perspective is extremely essential. This is particularly so in mountain areas where intervention in the promotion and diversification of the economy has to be both area-/region- as well as location-specific. The regional perspective emerged naturally in the provision of capital-intensive infrastructure. Wherever appropriate, the idea or notion of the development axis and the system of market towns must be seen as being complementary to one another.

### **Programmatic Concerns**

On a more substantive programmatic level, the Market Town Assessment studies highlighted two major themes. The first theme is more germane to the **Creation of Conditions for the Development of Market Towns**. The second theme relates to the **Role of Institutions for the Development of Market Towns**.

#### *Creating Conditions for the Development of Market Towns*

It is evident that lack of spontaneous economic vitality and dynamism in market towns, particularly in mountain areas, is a manifestation of the lack of infrastructure and a failure to diversify the economy, both of which are often closely related.

#### *Provision of Basic Infrastructure*

The studies suggest that there are four basic infrastructural requirements essential for creating conditions for market town development and promoting market towns with potential. These are roads, drinking water, electricity (power), and communications. Since these normally are class neutral, capital-intensive, and require concrete planning, the government (at the national/regional or district level) has to play the main role in the planning of such infrastructural amenities.

#### *Diversification of Economic Activities*

Sustainable market towns emerge as a result of the exchangeable or processing surplus generated by the diversification of economic activities. While infrastructure may normally and spontaneously create conditions for the diversification of economic activities, the strategy for promoting market towns with potential in mountain areas calls for

the identification of location-specific potentials related to specific farm and off-farm production activities and tourism. Furthermore, such potentials have to be assessed in terms of real economic cost advantages relative to other comparable areas and locations.

#### *Physical Planning vis-a-vis Investment Packages*

The traditional planning concept of planning for small towns and market centres was often oriented by the establishment and enforcement of land-use plans without an idea of the financial and investment packages required to realise the plan. While the utility of an indicative land-use plan is still felt to be relevant, *Integrated Action Planning* could be an alternative way of looking at the traditional concept of the land-use plan. The aim of *Integrated Action Planning* is to develop an indicative Physical and Environmental Development Plan for a potential market town, to identify Action Projects which, over time, have the potential of bringing about the desired changes in land use. *Integrated Action Planning* is based on rapid appraisal methods and a participatory process in the identification of priority projects. *Integrated Action Planning* for market town development could use the methodology developed in the present exercise and provide a flexible framework to create conditions for market town development.

#### *Regional Infrastructural Planning as a Strategy for Market Town Development*

All the four case studies showed clearly that the role of road infrastructure in a regional context is an extremely important consideration in market town development. In the mountain areas in particular, road alignment often tends to determine the centrality of a market town in terms of access, the location of services, and other economic activities. The potentials of a market town in many instances remained contingent on the quality of road infrastructure. Therefore, adequate appreciation of the role of small and market towns in particular spatio-economic contexts is essential at the broader regional level. Such an appreciation must be the basis for regional infrastructural planning, in general, and road planning in particular.

#### *Equity Concerns vis-a-vis Market Town Development*

Agglomeration of service functions is generally regarded as a process that complements the

promotion of market towns with potential. While such an agglomeration in these market towns is important from the perspective of coverage and efficiency of service distribution, it is also recognised that not all services need to be agglomerated. In inaccessible mountain areas, service distribution, particularly in terms of basic education, health, and communication services, has to take into account the concerns of equity. Therefore, there is a need to balance equity concerns with the development of market towns.

### *Role of Institutions for Market Town Development*

The discussions on the case studies and the prevailing policy environment regarding market town development in each context reveal that there is an institutional vacuum at the local level in most cases. Even when institutions existed at the district and sometimes at the local level, such as in India, the problem is one of coordination. Often institutions do not work in tandem. In Nepal, there is a district planning process, but institutions that could be tapped to support the various needs and concerns of market town development are lacking. Institutions such as the Urban Development through Local Efforts (UDLE) or the Town Development Fund Board (TDFB) focus mainly on municipalities and support their activities through enhanced technical capabilities or through grants and loans. Small market towns have no legal basis as entities to claim or request the kind of support normally provided by these institutions. In the Northern Areas of Pakistan also, institutions at the local level are not effective entities for orienting the development of market towns. A better institutional basis exists in the counties of Sichuan Province, China. In most cases, however, the planning capabilities of such institutions remain quite limited.

The first requirement, therefore, is to create a policy environment conducive to the development of institutions for market town development.

There is, it seems, a need for three kinds of institution. The first could be termed Catalytic institutions. These could be NGOs, government institutions, and academic or research institutions that could play a catalytic role in terms of providing/creating/generating a database; identifying/assessing/preparing projects; assessing training needs; training personnel; and generally providing the initial impetus and basis for market town deve-

lopment. Collaborating institutions involved in the present study, such as the University of Roorkee, Tribhuvan University, or the Chengdu Institute, or an INGO, such as the Aga Khan Foundation, could play this role. While support is needed to assist such institutions to play these roles, this process could also relieve the burden on urban-related institutions in the HKH countries, which often tend to remain top heavy and do not have the required manpower to play this role.

The second and by far the most important institutions would be what could be called Sustaining institutions. *Town Development Committees* or representative institutions, which have a legal mandate for developing plans and programmes for the development of market towns, fall in this category. These institutions will have to be assisted to assume the ultimate responsibility for developing programmes and prioritising projects on the basis of participatory approaches and for linking up with financial institutions or creating a revenue base of their own to implement projects and maintain and sustain activities for the promotion of market towns.

The third type of institution could be termed Supporting institutions. These could be financial institutions, training institutions, and so on under the auspices of the government or NGOs. A number of such institutions exists in all cases at national or regional levels. The problem is to identify such institutions and develop the modalities and processes of tying projects developed at the local level in market towns to such existing funding sources. Clearly, there is a need to take greater advantage of existing institutions. In the case of India, for example, it is mentioned that there are considerable and often unutilised funds at the district level which could be used, with proper coordinated programme development, for the purpose of developing potential market towns. While it is considered imperative for projects to be approved by the *Zilla Parishad* (and if possible to look for funding within the district planning framework), it is also felt that specialised financial institutions for market town development also have to be created. Such financial institutions could be established as a Market Town Development Fund. Considerations must also be provided to operationalise a self-financing mode of support. An important area in all this is the role of human resource development and of training institutions in supporting activities in specific market towns.