

Chapter Five

Market and Small Towns of North-West Frontier Province, FATA and Northern Areas of Pakistan

Amir Khan⁵

INTRODUCTION

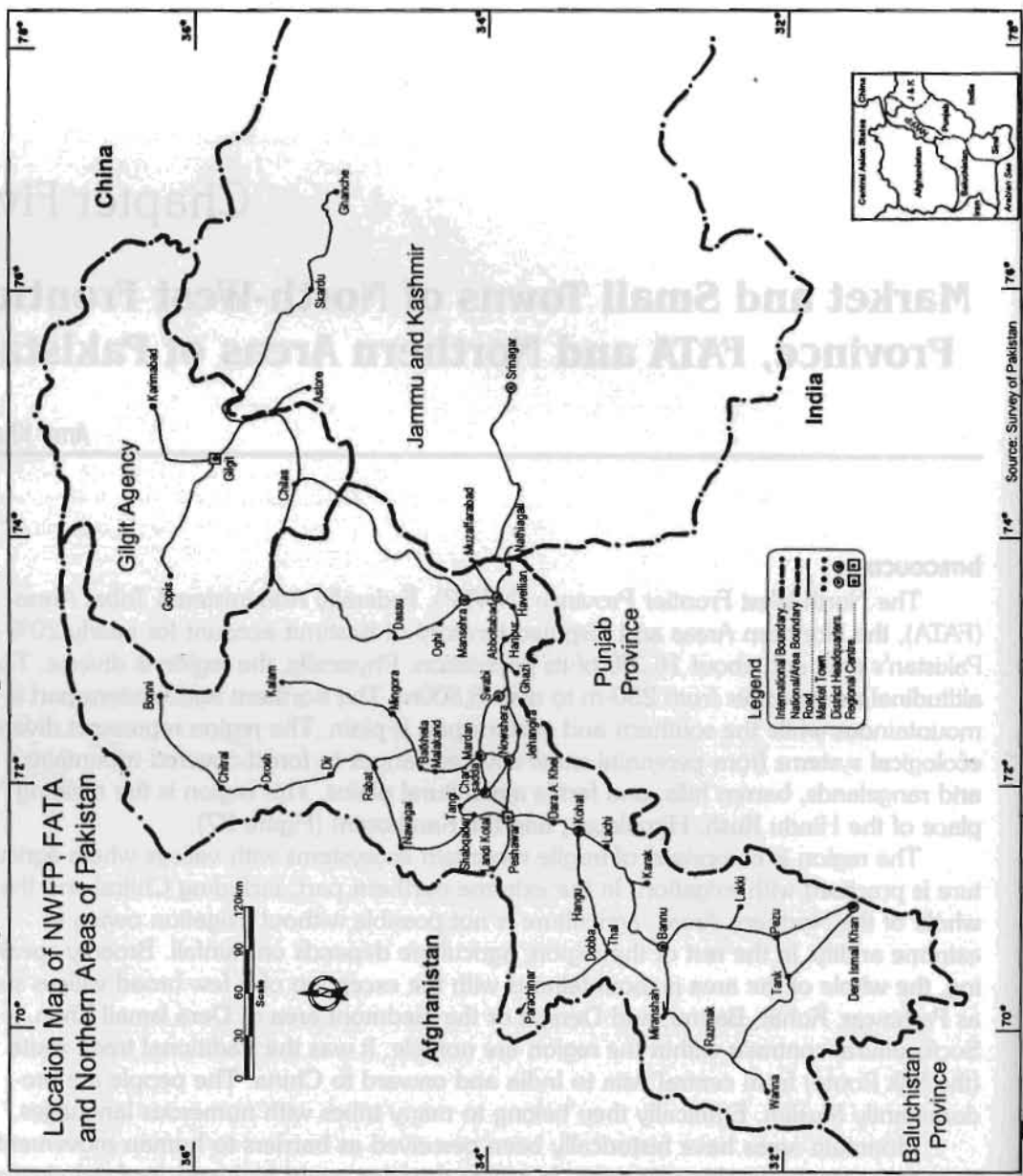
The North-West Frontier Province (NWFP), Federally Administered Tribal Areas (FATA), the Northern Areas and disputed territory of Kashmir account for nearly 20% of Pakistan's area and about 16.3% of its population. Physically, the region is diverse. The altitudinal range varies from 250 m to over 8,800m. The northern and western part is mountainous while the southern and eastern part is plain. The region represents diverse ecological systems from perennial snow-covered ranges to forest-covered mountains, arid rangelands, barren hills, and fertile agricultural plains. This region is the meeting place of the Hindu Kush, Himalayas, and the Karakoram (Figure 27).

The region is comprised of fragile mountain ecosystems with valleys where agriculture is practised with irrigation. In the extreme northern part, including Chitral and the whole of the Northern Areas, agriculture is not possible without irrigation owing to extreme aridity. In the rest of the region, agriculture depends on rainfall. Broadly speaking, the whole of the area is mountainous with the exception of a few broad valleys such as Peshawar, Kohat, Bannu, and Derajat or the piedmont area of Dera Ismail Khan. Sociocultural contrasts within the region are notable. It was the traditional trade route (the Silk Route) from central Asia to India and onward to China. The people are predominantly Muslim. Ethnically they belong to many tribes with numerous languages.

Mountain areas have historically been perceived as barriers to human movement despite their considerable resources. In recent decades, rapid highland–lowland circulation has integrated the mountains with the lowlands and consequently influenced socioeconomic and resource development (Allen 1985). Market and small towns are playing an increasingly important role in this development process.

⁵ Department of Geography, Urban and regional Planning, University of Peshawar, Pakistan

Figure 27: Location map of NWFP, FATA and the Northern Areas



Source: Survey of Pakistan

There is a positive correlation between the socioeconomic characteristics of market and small towns and the vitality of their rural hinterland. Such a correlation indicates that the level and pattern of growth of these towns determine the aggregate level of regional development. In the mountainous region of Pakistan, despite the lack of basic infrastructure, many of these towns have a broad economic base that includes commerce, services, tourism, and small-scale industries involving agriculture-related activities. However, these towns are not adequately performing the required role of rural development and enhancement in the quality of life.

This chapter investigates the current state of market and small towns in the mountain region of Pakistan with particular reference to function, size and growth of such towns, reviews and assesses policies and programmes related to these towns, identifies gaps in existing policies and programmes, and indicates priority areas of research, policies, and programmes.

MARKET AND SMALL TOWNS: GROWTH AND FUNCTION

The urban population in the region is less than 20%. This is low compared to the national figure of 32.8%. In terms of infrastructure and socioeconomic conditions, the area is relatively less developed than the rest of the country. The distribution of urban centres by size class is shown in Table 28. Forty (78.1%) localities out of 51 urban centres are classified as market and small towns (population below 50,000). These 40 urban centres accommodate less than one-third (31.6%) of the total urban population. The remaining 11 urban localities are classified as large urban centres and accommodate more than two-thirds (68.4%) of the urban population. They include the provincial, divisional and some district headquarters. This indicates that larger urban areas are growing more rapidly than market and small towns. Migration from rural to urban and

Table 28: Urban localities by population size, 1998

Localities by population size	Localities		Population		Name of localities
	No	%	No	%	
500,000 +	1	2.0	988,005	32.4	Peshawar
100,000-500,000	4	7.8	650,250	21.3	Mingora, Abbottabad, Mardan, Kohat
50,000-100,000	6	11.8	448,694	14.7	Mansehra, Swabi, Charsadda, Shabqadar, Nowshera, Dera Ismail Khan
20,000-50,000	24	47.0	757,643	24.9	Chitral, Dir, Timargara, Bathkela, Havelian, Haripur, Kalabat, Takht Bhai, Topi, Zaida, Tordher, Utmanzai, Tangi, Amangarh, Pabbi, Jehangira, Hangu, Thal, Karak, Bannu, Lakki, Tank, Gilgit, Parachinar.
Less than 20,000	16	31.4	205,336	6.7	Baffa, Nawanshehr, Nawan Killi, Akora Khattak, Risalpur, Lachi, Shakardara, Doaba, Sarai Naurang, Pharpur, Kulachi, Skardu*, Chilas, Jamrod, Miranshah, Landikotal.
Total			3,049,928	100	

Note: *GoP 1984a

Source: GoP 1998

from market and small towns to large urban centres appears to be responsible for this rapid growth.

In Pakistan, the National Human Settlement Policy Study has classified urban centres according to the population size into the following five classes.

- | | | |
|------|--------------------|-------------------|
| i. | Large cities | 500,000 and above |
| ii. | Small cities | 100,000 - 499,999 |
| iii. | Large towns | 50,000 - 99,999 |
| iv. | Intermediate towns | 25,000 - 49,999 |
| v. | Small town | 10,000 - 24,999 |

For the present study, categories iv and v are considered as market and small towns. In mountainous areas, besides the size of population, the functional attributes of settlements are also important for defining small towns and market centres. Based on function, a settlement with a small population size performing vital urban functions can be considered as a market or small town. However, census data on such towns are unavailable. This means that a large number of market and small towns are excluded from the census using the census definition.

Figure 28 shows that the concentration of market and small towns is greater in Peshawar and Kohat/Bannu valleys than in the Northern Areas and the southern part of the region. The availability of basic infrastructure, natural resources, location, and accessibility seem to be the main reasons for this spatial distribution pattern.

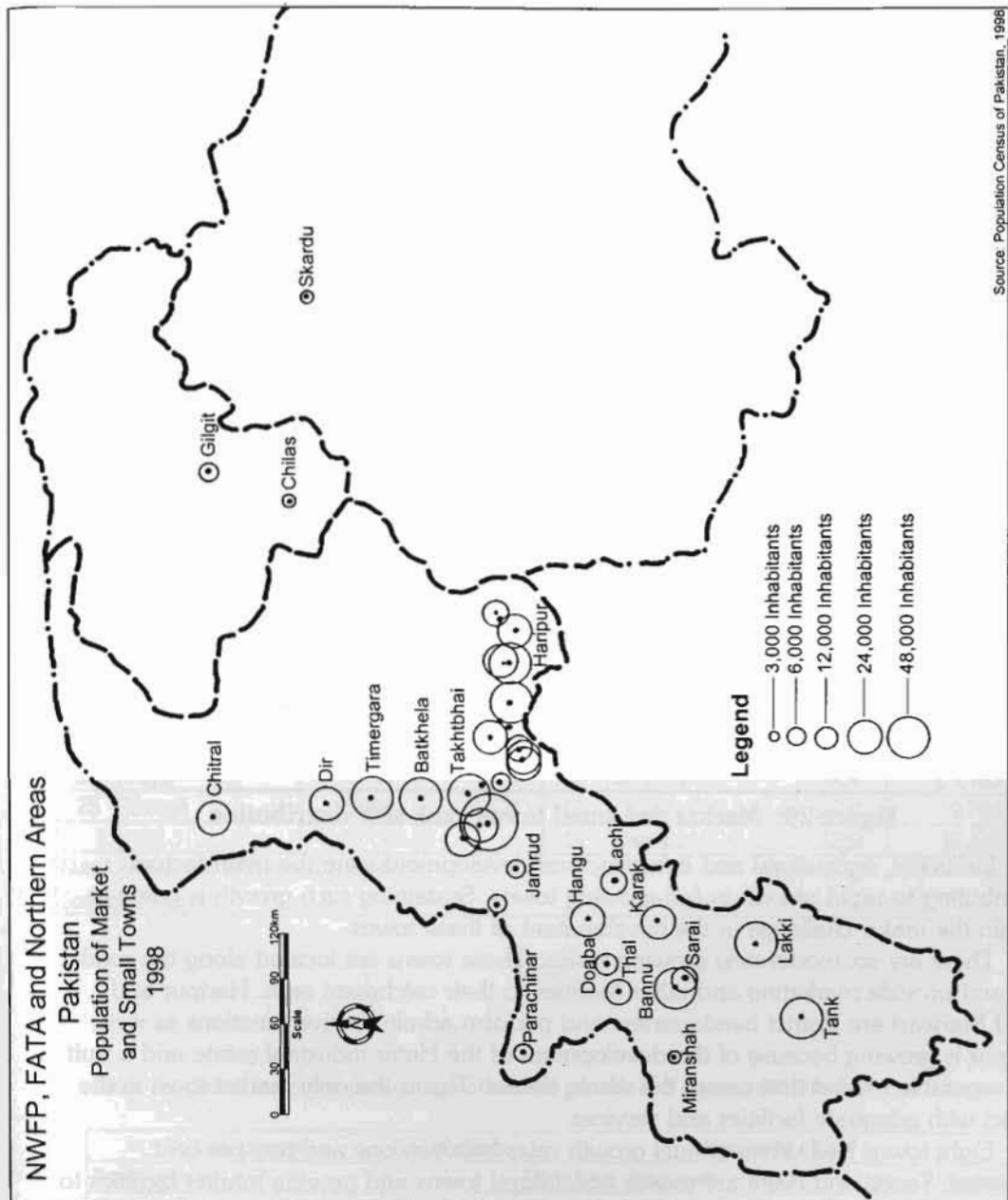
POPULATION DISTRIBUTION AND RANK SIZE RULE

The distribution of urban settlements with a population of less than 50,000 according to their ranks is shown in Figure 29 and Table 29. The table also shows the size of towns according to the rank-size rule. The conventional settlement theory states that the population of the second largest city in a region or country will be half of the population of the largest city, and so on. In the region, there is a remarkable difference between the actual population of the town and the population size expected according to the rank-size rule. This indicates the high level of urban primacy in the region. Peshawar is the largest city with a total population of 988,005 excluding Afghan refugees. The second largest city was Mardan with a population of 244,000; according to the theory, it should have a population of around 500,000. This phenomenon supports the application of a decentralisation model of urban development discussed in the National Human Settlement Policy (GoP 1984b). This calls for the adoption of a regional development policy where conditions are created for the commensurate development of market and small towns. Through this process, both the problems of migration from rural areas to large urban centres and undesirable urban primacy can be reduced.

URBAN GROWTH

Between 1981 and 1998, the annual average growth rate of the urban population for the region was 3.5%. Table 30 shows that out of 32 small towns for which the census data of 1981 and 1998 (GoP 1984a and 1998) were available, six towns were growing faster than the average. Small towns can be grouped into the following four classes according to the annual percentage growth rate.

- Fast-growing towns with annual growth rates of above 3.5%
- Moderately growing towns with annual growth rates of 2-3.5%
- Slow-growing towns with annual growth rates of 1-2%
- Very slow-growing towns with annual growth rates below 1%



Source: Population Census of Pakistan, 1998

Figure 28: Population of market and small towns, 1998

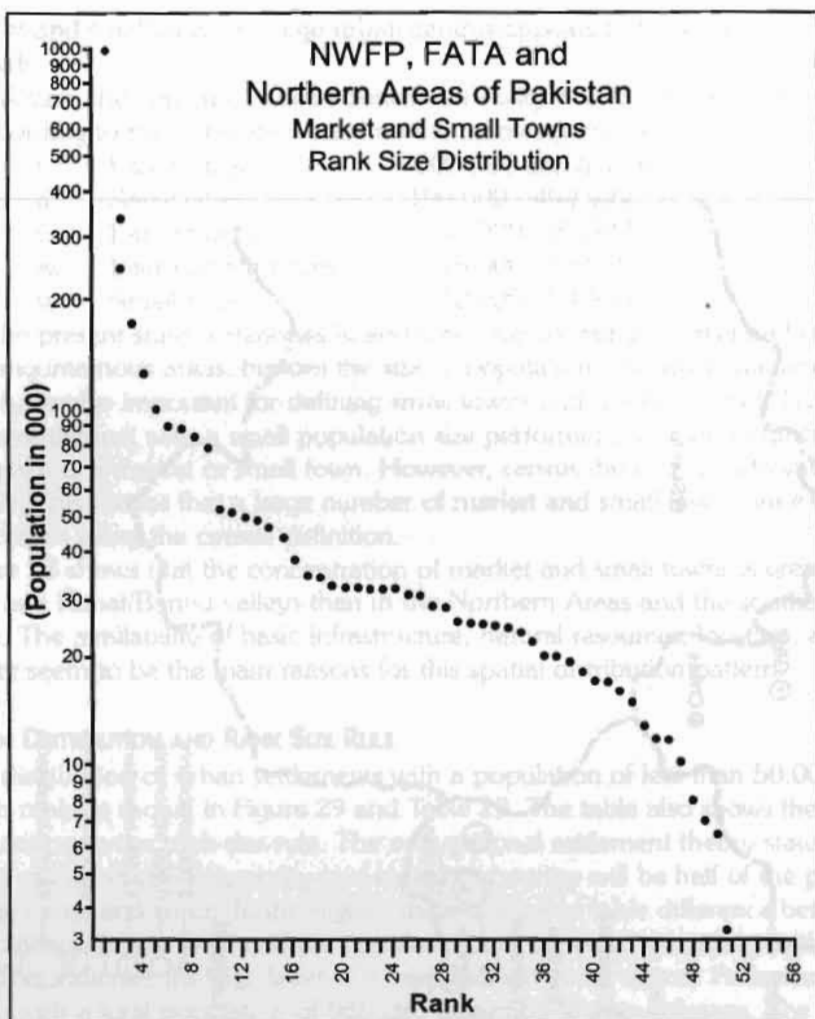


Figure 29: Market and small towns rank size distribution

Industrial, agricultural and infrastructural development were the main factors contributing to rapid growth in fast-growing towns. Sustaining such growth is going to remain the major challenge in the development of these towns.

There are six moderately growing towns. These towns are located along the road-side and provide marketing and other facilities to their catchment area. Haripur and Lakki Marwart are district headquarters and perform administrative functions as well. Haripur is growing because of the development of the Hatar industrial estate and a fruit and vegetable market that serves the whole district. This is the only market town in the district with adequate facilities and services.

Eight towns had urban annual growth rates between one and two per cent. Utmanzai, Tangi, and Baffa are mostly agricultural towns and provide market facilities to their surrounding areas. Thal, Tank, Akora Khattak, Nawanshehr, and Kulachi are transport towns located along the roadsides. Thal is a well-known wood market and Tank is the district headquarters.

Twelve towns, or more than one-third (37%) of the small towns under study, showed annual growth rates of less than one per cent. These towns are located mainly

Table 29: Actual and expected urban population by localities

Rank	Name of the urban centre	1998 Population	Expected population following the rank-size rule	Rank	Name of the urban centre	1998 Population	Expected population following the rank-size rule
1	Peshawar	988005	988005	26	Chitral	29940	38000
2	Mardan	244511	494002	27	Tordher	27574	36522
3	Mingora	174469	329335	28	Karak	27029	35285
4	Kohat	125271	247001	29	Dir	24776	34069
5	Abbottabad	105999	197,601	30	Parachinar	24742	32934
6	Dera Ismail Khan	90375	164,667	31	Tangi	24424	31871
7	Nowshera	89428	141,143	32	Utmanzai	24406	30875
8	Charsadda	84257	123,500	33	Thal	24330	29940
9	Swabi	78960	109,778	34	Zaida	22220	29059
10	Shabqadar	53597	98,800	35	Amangarh	21337	28229
11	Mansehra	52095	98819	36	Nawan Sher	19725	27445
12	Takhtbahi	49245	82,333	37	Akoara Khattak	19317	26703
13	Haripur	47262	76000	38	Kulachi	18561	26000
14	Bannu	46896	70571	39	Nawan Kalli	17472	25333
15	Timergara	43774	65867	40	Jamrud	16391	24700
16	Batkheela	38222	61750	41	Sarainurang	16336	24,098
17	Kalabat	33938	58117	42	Lachi	15376	23,524
18	Tank	33930	54889	43	Paharpur	14345	22,977
19	Havelian	31388	52000	44	Landi Kotal	12196	22,455
20	Pabbi	30946	49400	45	Skardu	11619*	21,956
21	Jehangira	30583	47047	46	Baffa	11652	21,478
22	Gilgit	30410	44909	47	Shakardara	9403	21,021
23	Lakki Marwat	30086	42956	48	Doaba	7377	20,583
24	Topi	30144	41166	49	Miran Shah	6434	21,163
25	Hangu	29986	39520	50	Chilas	5873*	19,760
				51	Risalpur	3259	19,372

Note:* According to 1981 census population
Source: GOP 1998

Table 30: Small towns by percentage of annual growth and class, 1981-98

Growth classes	No. of cities	Names of cities
Fast-growing: 3.5% +	6	Thakt Bhai, Amangarh, Pabbi, Karak, Hangu, Havelian.
Moderately growing: 2-3.5%	6	Jehangira, Pharpur, Haripur, Lakki Marwat, Nawan Kali, Lachi.
Slow-growing: 1-2%	8	Utmanzai, Tangi, Thal, Tank, Baffa, Nowanshehr, Akora Khattak, Kulachi
Very slow-growing: less than 1%	12	Risalpur, Chitral, Bannu, Dir, Temargarah, Batkhela, Topi, Zaida, Tordhar, Shakardara, Doaba, Serai Naurang

in remote areas of the northern mountains. In these towns, people are mostly dependent on subsistence and semi-subsistence farming. Few industries exist. Tourism is not developed to the potential of the area. National and foreign tourists only visit these areas in the summer. In winter, some areas are cut off by snow. People from these areas migrate to divisional/provincial headquarters or other big cities in search of jobs and other facilities. The southern part of the province faces the problem of the shortage of water, both for drinking and agriculture. Also, infrastructure is not yet developed to support high growth rates. As a consequence, people migrate to big cities where they can find employment opportunities.

ACCESSIBILITY

The areas that have higher levels of accessibility also have higher concentrations of market and small towns. Without transport and accessibility, towns could not develop. Towns have evolved in valleys along roadsides, passes, and river crossings/junctions because they are the focal points of transport and trade routes that give maximum accessibility to their hinterland. Towns located in Peshawar Valley are examples.

The road density in the northern and southern parts of the NWFP and the Northern Areas is relatively low (Figure 30). It is less than the national average of 0.21 km km⁻². The standard for a developing country is 0.5 km km⁻². The pony trail known as the Silk Route, through the Northern Areas and the northern part of NWFP, has long been used for trade between China and central Asia. It was a journey that took months to accomplish. With the construction of an all-weather metalled highway in the 1970s the 'top of the world' was connected with the lowlands. Consequently, sociocultural and economic changes are taking place. Prior to the construction of the highway, subsistence farming was the primary occupation of the area. Now the area is accessible to down-country markets. This has had positive impacts on the development of agriculture/horticulture. Now farmers sell agricultural products in the markets of Peshawar, Islamabad, and other big towns. Small bazaars, micro-level enterprises—including small-scale industry, and other commercial activities are developing along the roadside.

FUNCTIONS OF MARKET AND SMALL TOWNS

A variety of commercial, socioeconomic, cultural, political, and administrative functions are performed by market and small towns. The majority of these towns are 'tehsil' headquarters and some are district headquarters. Such towns include Chitral, Dir, Lakki Marwat, Karak, Parachinar, Bannu, and Haripur. Offices of the field directors of all government and semi-government line agencies are located here. These towns also play an important role in providing the weekly market places for farmers to sell agricultural produce – including cattle and poultry. As a result, a branching pattern of marketing has developed. Raw materials – including livestock – produced locally are collected from these weekly markets and sent to the big cities for manufacturing and processing. After processing, the same towns provide the markets for selling the finished goods.

Market and small towns play a role in providing small-scale commercial and retailing services to the towns themselves and their catchment area. In the areas where government incentives are provided, these towns are attracting small-scale industries. Topi and Haripur, where industrial estates have been established recently, are examples of such development.

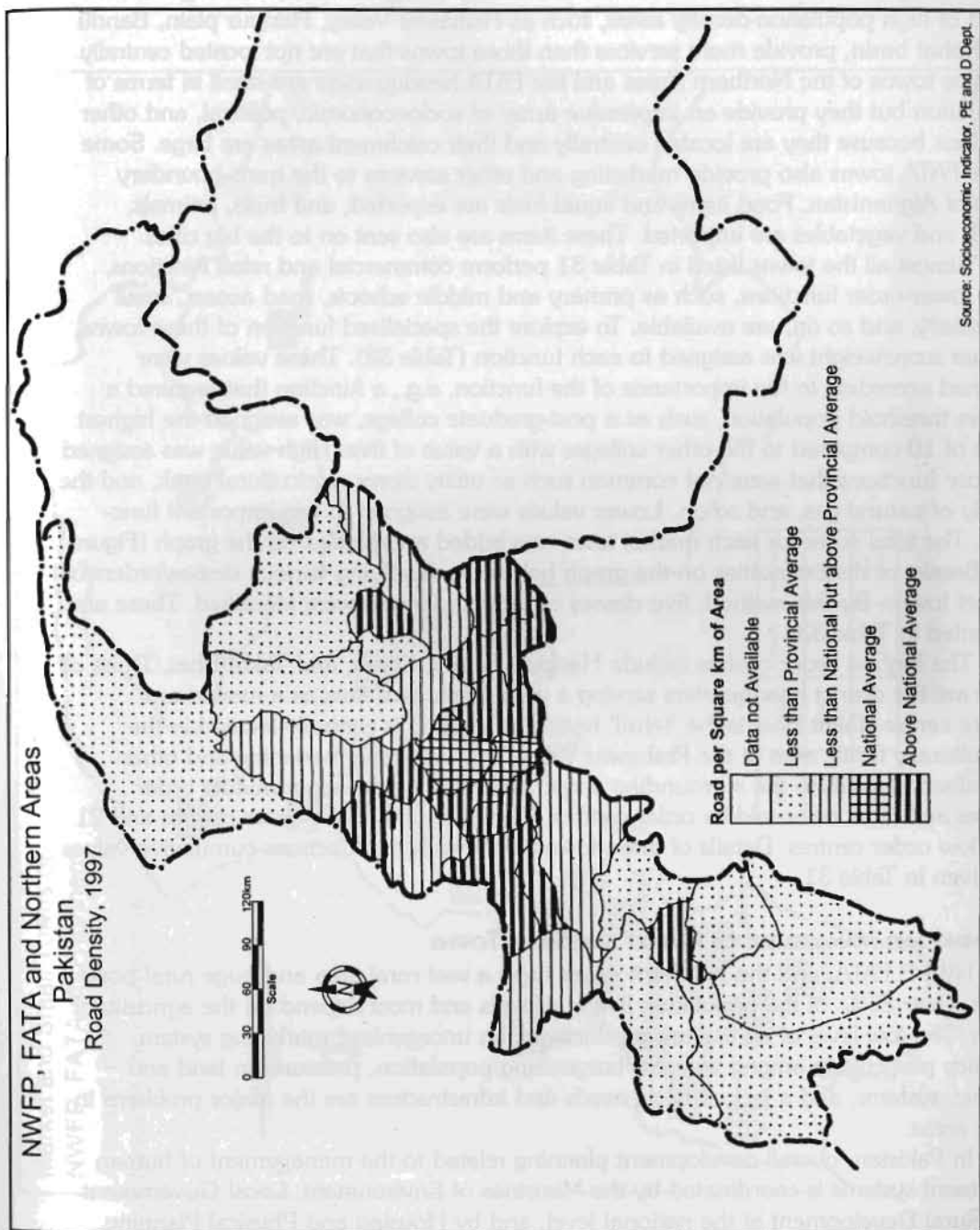


Figure 30: Road density, 1997

Besides commerce, retail trading, marketing, and manufacturing, the other services provided are education, health, transport, banks, utility stores, agricultural extension, post offices, telegraph offices, administration, and a number of other functions and services. Figure 31 shows that towns that are located along the road, with a good command of high population-density areas, such as Peshawar Valley, Haripur plain, Bannu and Kohat basin, provide more services than those towns that are not located centrally. The five towns of the Northern Areas and the FATA headquarters are small in terms of population but they provide an impressive array of socioeconomic, political, and other functions because they are located centrally and their catchment areas are large. Some of the FATA towns also provide marketing and other services to the trans-boundary areas of Afghanistan. Food items and liquid fuels are exported, and fruits, animals, wood, and vegetables are imported. These items are also sent on to the big cities.

Almost all the towns listed in Table 31 perform commercial and retail functions. Also, lower-order functions, such as primary and middle schools, road access, small dispensary, and so on, are available. To explore the specialised function of these towns, a value score/weight was assigned to each function (Table 32). These values were assigned according to the importance of the function, e.g., a function that required a greater threshold population, such as a post-graduate college, was assigned the highest value of 10 compared to the other colleges with a value of five. High value was assigned to those functions that were not common such as utility stores, agricultural bank, and the supply of natural gas, and so on. Lower values were assigned to less important functions. The total score for each market town was added and plotted on the graph (Figure 32). Breaks or discontinuities on the graph helped in classifying various classes/orders of market towns. By this method, five classes or orders of towns were identified. These are presented in Table 33.

The highest order centres include Haripur, Bannu, Karak, and Takht Bhai. Three of these are the district headquarters serving a wide catchment area as a market and service centre. Takht Bhai is the 'tehsil' headquarters and is centrally located in the agriculturally fertile area of the Peshawar Valley and providing marketing and other specialised services to the surrounding areas. There are seven upper-middle order centres and nine lower-middle order centres. There are nine lower order centres and 21 very low order centres. Details of these towns along with the functions cumulative values are given in Table 31.

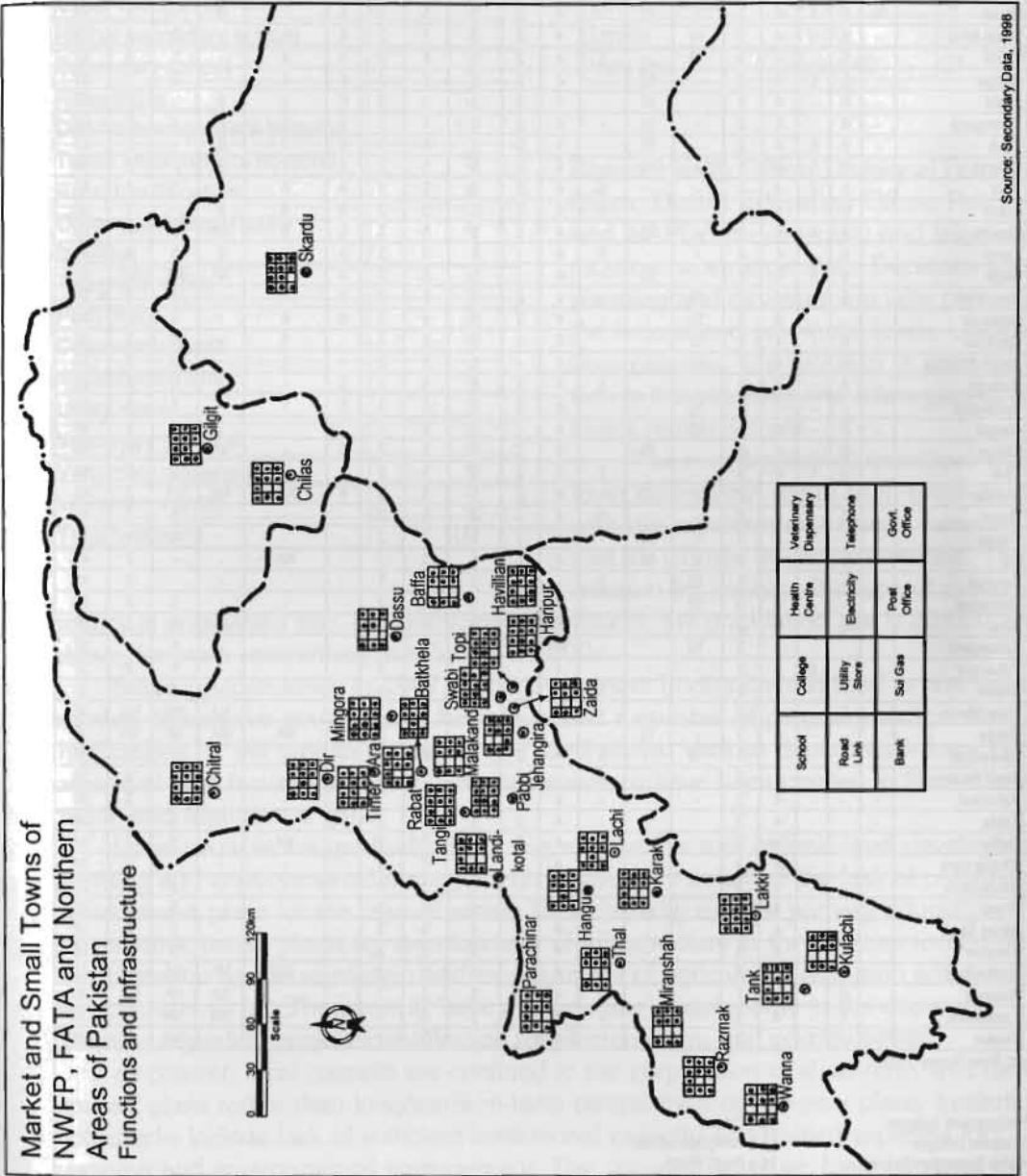
PLANNING AND MANAGEMENT OF MARKET AND SMALL TOWNS

NWFP, FATA, and the Northern Areas have a vast rural area and huge rural population. Over 85% of the population live in villages and most depend on the agricultural sector. The low level of agriculture productivity, an unorganised marketing system, illiteracy particularly among women, burgeoning population, pressure on land and tenancy systems, and a lack of basic needs and infrastructure are the major problems in these areas.

In Pakistan, overall development planning related to the management of human settlement systems is coordinated by the Ministries of Environment, Local Government and Rural Development at the national level; and by Housing and Physical Planning, Environment, and Local Government at the provincial level. At the local level, the municipal and town committees and cantonment boards (in the military areas) are the basic units of urban administration and management.

There is in reality a multiplicity of organisation/agencies with authority and responsibility for development in small and market towns. All line departments, such as the

Market and Small Towns of
NWFP, FATA and Northern
Areas of Pakistan
Functions and Infrastructure



Source: Secondary Data, 1998

Figure 31: Functions and infrastructure

Table 31: Market and small towns of NWFP, FATA and N.As: functions and infrastructure

1	2	Name of Towns			College			School			Health Centre				Telecom		Bank		Utility Store		Vet Hosp			TWI
		3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20					
1	Hariapur	-	6	5	4	3	10	10	-	4	2	5	5	3	6	6	8	-	3	80				
2	Bannu	10	6	5	4	3	-	10	-	-	2	5	5	3	6	6	8	-	3	76				
3	Karak	10	6	5	4	3	-	10	-	4	2	5	5	3	6	-	8	-	3	74				
4	Takht Bhai	-	6	5	4	3	10	-	5	4	2	5	5	3	6	6	-	5	3	72				
5	Pabbi	-	6	-	4	3	10	-	5	4	2	5	5	3	6	6	-	5	3	67				
6	Hangu	-	6	5	4	3	-	10	-	4	2	5	5	3	6	6	-	5	3	67				
7	Lakki	-	6	-	4	3	-	10	-	4	2	5	5	3	6	6	8	-	3	65				
8	Timergara	-	6	-	4	3	-	10	-	4	2	5	5	3	6	6	8	-	3	65				
9	Tank	-	6	5	4	3	-	10	-	4	2	5	5	3	6	-	8	-	3	64				
10	Chitral	-	6	5	4	3	-	10	-	4	2	5	5	3	6	-	8	-	3	64				
11	Topi	-	6	5	4	3	-	-	5	4	2	5	5	3	6	6	-	5	3	62				
12	Lachi	-	6	-	4	3	-	-	5	4	2	5	5	3	6	6	8	-	3	60				
13	Skardu	-	6	5	4	3	-	10	-	4	2	5	5	3	6	6	NA	NA	NA	59				
14	Tangi	-	6	-	4	3	-	-	5	4	-	5	5	3	6	-	8	5	3	57				
15	Gilgit	-	6	5	4	3	-	10	-	4	-	5	5	3	6	6	NA	NA	NA	57				
16	Havelian	-	6	-	4	3	10	-	-	4	2	5	5	3	6	-	-	5	3	56				
17	Batkheela	-	-	-	4	3	10	-	-	4	2	5	5	3	6	6	-	5	3	56				
18	Risalpur	-	6	-	4	3	10	-	-	4	2	5	5	3	-	6	-	5	3	56				
19	Akora Khattak	-	6	-	4	3	10	-	-	4	-	5	5	3	-	6	-	5	3	54				
20	Kulachi	-	6	-	4	3	-	-	5	4	2	5	5	3	6	-	-	5	3	51				
21	Jehangira	-	-	-	4	3	10	-	-	4	2	5	5	3	6	-	-	5	3	50				
22	Dargai	-	6	-	4	3	10	-	-	4	-	5	5	3	-	-	-	5	3	48				
23	Chillas	-	6	-	4	3	-	10	-	4	2	5	5	3	6	-	NA	NA	NA	48				
24	Thal	-	6	-	4	3	-	-	5	4	2	5	5	3	-	-	-	5	3	45				
25	Khaplu	-	-	-	4	3	-	10	-	4	2	5	5	3	6	NA	NA	NA	3	45				
26	Booni	-	6	-	4	3	-	-	5	4	-	5	5	3	-	-	-	5	3	43				
27	Dassu	-	-	-	4	3	-	10	-	4	-	5	5	3	-	-	-	5	3	42				
28	Dir	-	6	-	-	3	-	10	-	4	2	5	5	3	-	NA	-	-	3	41				
29	Jamrud	-	-	5	-	3	10	-	5	-	2	5	5	3	-	-	-	-	3	41				
30	Utmanzal	-	-	-	-	3	10	-	-	4	-	5	5	3	-	-	-	5	3	38				
31	Khar	-	6	-	4	3	-	-	-	4	-	5	5	3	-	-	-	5	3	38				
32	Amangarh	-	-	-	-	3	10	-	-	4	2	5	5	3	-	-	-	5	-	37				
33	Paharpur	-	-	5	4	3	-	-	-	4	-	5	5	3	-	-	-	5	3	37				
34	Drosh	-	-	-	4	3	-	-	5	4	-	5	5	3	-	-	-	5	3	37				
35	Parachinar	-	6	-	4	3	-	-	-	4	-	5	5	3	6	-	NA	NA	NA	36				
36	Gopis	-	-	-	4	3	-	10	-	4	2	5	5	3	-	NA	NA	NA	NA	36				
37	Nawankali	-	-	-	-	3	10	-	5	4	2	-	5	3	-	-	-	-	3	35				
38	Serai Nurang	-	-	-	4	3	-	-	5	-	2	5	5	3	-	-	-	5	3	35				
39	Kalabhat	-	-	-	4	3	-	-	-	4	2	5	5	3	-	-	-	5	3	34				
40	Zalda	-	-	-	4	3	-	-	-	4	2	5	5	3	-	-	-	5	3	34				
41	Baffa	-	-	-	4	3	-	-	-	4	2	5	5	3	-	NA	-	5	3	34				
42	Shakardara	-	-	-	4	3	-	-	5	4	2	5	5	3	-	-	-	-	3	34				
43	Nawansher	-	-	-	4	3	-	-	-	4	-	5	5	3	-	-	-	5	3	32				
44	Wana	-	-	-	4	3	-	-	-	4	-	5	5	3	-	-	-	5	3	32				
45	Miran Shah	-	-	-	4	3	-	-	-	4	-	5	5	3	-	-	-	5	3	32				
46	Tordher	-	-	-	4	3	-	-	-	4	-	5	5	3	-	-	-	5	3	32				
47	Karimabad	-	-	-	4	3	-	-	5	4	2	5	5	3	-	NA	NA	NA	NA	31				
48	Razmak	-	6	-	4	3	-	-	-	4	-	5	5	3	-	-	NA	NA	NA	30				
49	Landikotal	-	6	-	4	3	-	-	-	4	-	5	5	3	-	-	NA	NA	NA	30				
50	Doaba	-	-	5	-	3	-	-	-	4	2	-	5	3	-	-	-	NA	3	25				

Source: Field Survey 1998

- Col
 3 = Postgraduate colleges
 4 = Graduate colleges
 6 = Higher Secondary Schools
 7 = Secondary Schools
 8 = Natural Gas
 9 = D.H.Q.
 10 = T.H.Q.
 11 = R.H.C.
 12 = Others
 13 = Telegraph offices
 14 = Post Offices
 15 = Commercial Banks
 16 = Agriculture Banks
 18 = Vet Hospitals
 19 = Vet Dispensaries
 20 = Vet Centres
 Y = Yes
 N = No
 N.A. = Not available
 T.W.I. = total Weight Index

Table 32: Allocation of values/scores to various functions

Functions	Weight/score
Post-graduate college	10
Graduate college	6
Other colleges/technical	5
Higher secondary school	4
Secondary school	3
Natural gas	10
District headquarters hospital	10
Tehsil headquarters hospital	5
Rural health centre	4
Other specialised health facilities	2
Telegraph office	5
Post office	5
Commercial bank	3
Agricultural bank	6
Utility store	6
Veterinary hospital	8
Veterinary dispensary	5
Veterinary centre	3
Total functions	100

Table 33: Distribution of small towns by cumulative weight index class

Order of centres	Weight/score	Frequency
Highest	71 and above	4
Upper-middle	61-70	7
Lower-middle	51-60	9
Lower	41-50	9
Very low	Below 40	21

District Health Office, Divisional Forest Office, District Education Office, Police, and WAPDA for electricity and telecommunication, work separately. Decisions about planning and development take place at the federal and provincial levels. Under the circumstances, the problem of coordination in the planning and management of towns remains acute.

The membership of municipal and town committees varies from seven to 15 with the provision of a special reserved seat for women in each committee. The criterion for defining the type of urban

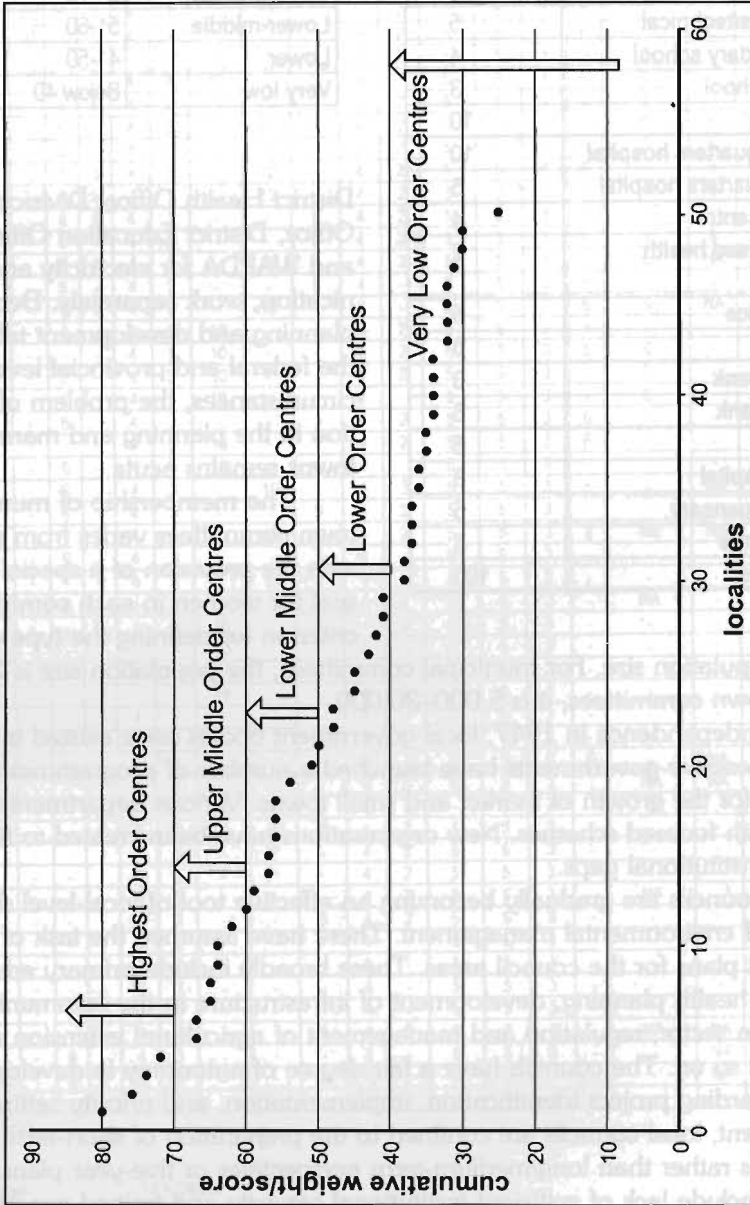
council is population size. For municipal committees, the population size is 20,000 and above; for town committees, it is 5,000–20,000.

Since independence in 1947, local government bodies have existed in one form or another. Successive governments have launched a number of programmes that have implications for the growth of market and small towns. Various departments have been expanded with focused schemes. New organisations have been created to fill in administrative and institutional gaps.

Local councils are gradually becoming an effective tool of local-level development planning and environmental management. These have assumed the task of preparing development plans for the council areas. These broadly include primary education, preventative health planning, development of infrastructure in the communication and transportation sector, regulation and management of agricultural extension and livestock services, and so on. The councils have a fair degree of autonomy in development planning regarding project identification, implementation, and priority setting.

At present, local councils are confined to the preparation of short-term area development plans rather than long/medium-term perspectives or five-year plans. Institutional bottlenecks include lack of sufficient institutional capacity and trained expertise for planning and environmental management. The councils, however, have potential to emerge as institutions capable of planning and management. They are vested with a wide variety of power and functions. They formulate their own budget and annual development programmes. They have the power to levy local taxes, execute contracts, auction bus and taxi stands, hold cattle fairs and weekly markets, and so on. The main functions are related to maintaining civic amenities, health, sanitation, drinking water

Figure 32: Distribution of market centres by cumulative weight index class



supply, drainage, education, sports, culture, town planning, and social welfare activities. There is also substantial involvement of various interest groups from the community in the formulation of development plans. However, political support for local bodies/institutions on a consistent basis still remains a problem.

In Pakistan, as elsewhere, local government is found to be the most effective delivery system for bringing about change in the socioeconomic conditions in rural areas. However, owing to lack of continuity, this process has been interrupted from time to time. Whenever these institutions have been assigned a responsibility and backed by the authority required for the fulfilment of the task assigned to them, they have performed ably. These local councils have been able to raise income and development expenditure.

REVIEW OF POLICIES AND PROGRAMMES AFFECTING MARKET AND SMALL TOWNS

In Pakistan, although there are no direct policies that specifically address issues related to small towns in mountain areas, there are other policies, both integrated and sectoral, that address issues related to human settlement in general. These are National Settlement Policy (NSP), Management of Cities' Policies, Settlement Planning (shelter, site, and services including land development and shelter for low-income communities and housing policies), National Conservation Strategy (NCS), and Sarhad Provincial Conservation Strategy (SPCS). These policies focus mainly on big cities. As a result, market and small towns have remained neglected by the national government. Indirect policies and programmes bearing on small towns include the following.

- Farm-to-market roads
- Highways, which have a strong effect on the development of small market towns
- Area development projects and tribal areas' development projects
- Utility Store Corporation; fruit and vegetable development projects and other micro-enterprise development
- Agricultural Development Bank, Small Industrial Development Board
- Policies and programmes of the livestock, horticulture and tourism, and small hydropower generation projects

Some relevant policies are discussed below.

Human settlement policy

Settlement policies generally address four sets of issues.

- Settlement policies as an instrument affecting regional growth and inter-regional disparities. This has two areas of focus: an urban-industrial focus, where settlement is seen as an instrument for promoting industrial development, particularly in underdeveloped regions; and a rural focus, where settlement is used as an instrument for promoting and stimulating productivity in rural development.
- Settlement policy as a reaction to urban size. Two areas of emphasis are noted: one is a reaction to what may be perceived as the excessive size of some urban areas; and the other is a reaction to the problem of declining towns or settlements.

- Settlement policy as a mechanism affecting the level, form, and distribution of social and utility services.
- Settlement policy determined by extraneous factors such as defence, social control, and so on (Dewar et al. 1986).

In the 1980s, the government prepared a National Human Settlement Policy and Management of Cities' Policy. Such policies were deemed desirable in view of the growing regional imbalance in growth leading to accelerating concentration of population in a few metropolitan centres. The main objectives were (i) to determine expected urbanised population by 2003, (ii) to analyse regional and sub-regional differential impact of macro-economic and sectoral policies, (iii) to analyse cost-effectiveness of urban production as a function of city size, (iv) to suggest a geographically optimal distribution of population and economic activity, and (v) to suggest a framework for institutional coordination between federal, provincial, and local governments. The policy study considered five scenarios: a no-change model (where historical growth processes continued), a centralisation model (where growth is a function of existing size), a decentralisation model (that assumes small and intermediate cities can be encouraged to grow), an efficiency model (that reflects urbanisation of efficient places so that economic opportunities and growth are maximised), and a least-cost model (that minimises public and private investments by allocating the maximum feasible share of urbanisation to low-cost cities). Of relevance to market and small towns is the decentralisation model. This assumes that small and intermediate towns can be encouraged to grow rapidly and are able to absorb the largest possible share of projected urbanisation (GOP 1984b).

The study concludes that the net result of investment and pricing policies has been to favour the urban sector at the expense of the rural sector, including small and market towns. Within the urban sector, the net balance of government policies has been to favour large cities at the expense of intermediate and smaller towns.

The study has a number of limitations such as lack of a long-term regional perspective, scale limitation, and data limitation. The policy was not designed to supplant the macro-economic and sectoral process of planning as established. It was merely a spatial supplement to economic policies. Urbanisation is a long-term process, therefore, it needs to focus on the long term. Regional perspective and detailed plans for provinces/districts are lacking. The regional planning exercise identified for growth incentives has not been pursued. The policy suggested a significant shift towards small-scale, labour-intensive industry. Its ramifications in terms of economic policies have not been elaborated upon. Finally, the data sources, both primary and secondary, were limited. As a result, an analytical and useful study remained 'academic' and was not adopted.

SECTORAL POLICIES

Some sectoral policies that have implications for market and small town development are as follow.

Rural development programmes

Rural development programmes aim at improvement in, and maintenance of, rural infrastructure, provision of clean drinking water, and health and education facilities. Emphasis is on farm and non-farm income generation and self-employment opportunities. For this purpose, credit and other facilities were provided for small-scale and agro-based industries, improvement of agriculture, and mechanisation. 'Kisan' (farmers) banks were set up for the provision of small loans. Electrification, farm-to-market roads,

telecommunication facilities, social welfare, and water supply were provided and expanded (GOP 1994).

Agricultural marketing

An efficient marketing system is important for increasing agricultural production and ensuring better return to producers. It also assures reasonable prices and quality of products to consumers and helps to minimise losses between production and consumption centres. The elements of the marketing system that require attention include procurement, pricing, transport, storage, processing, grading, packing, and management at various levels of the marketing channel.

Field survey reveals that the policy has had positive impacts. Fruit and vegetables such as apples, potatoes, cabbages, cauliflowers, peas, carrots, cucumbers, mushrooms, tomatoes, and onions from mountain areas are now marketed in the plains, particularly from Malakand division. Aga Khan Rural Support Programme's Malakand Fruit and Vegetable Development Project and the NWFP's Fruit and Vegetable Development Board (FVDB) have increased production through agriculture projects. The surplus is exported through market and small towns to the wider market in the plains. The support prices for food grains and some vegetables are fixed by the government with a view to providing economic incentives to growers.

Animal husbandry

In mountainous areas, animal husbandry is an important sector of the economy. At the national level, it contributes about 30% of the agricultural value-added economy and 7% of the GDP. However, productivity is low. There is considerable potential for increase in terms of meat, milk, and hide through the provision of adequate quantities of fodder and feed, genetic improvement of breeds, disease control, and scientific management. Many small market towns provide weekly marketing opportunities for farmers to sell their livestock and livestock products.

Small irrigation schemes and reservoirs

This includes lift and gravity-flow irrigation schemes in water-scarce areas of the NWFP and the Northern Areas to increase surface-water availability by flood weirs, checkdams and small dams. Construction of several small dams and canals will be started soon. These are expected to have a positive impact on the development of agriculture and the growth of market and small towns in the area. Chashma Right Bank Canal has already been completed and has had a positive impact on the development of towns such as Pharpur and Dera Ismail Khan.

Small-scale and micro-enterprises

Micro-, cottage and small-scale industries constitute an important segment of the economy of the region. They provide much employment, next in importance only to the agricultural sector, and contribute to handicraft production for the tourist market. The growth in this sector generates considerable self-employment and use of resources at the local level. This helps to reduce poverty and enables people to maintain their current living standards and conserve the environment. There is a great potential for development of this sector to improve livelihoods and promote the growth of market and small towns in the region.

Traditionally, small micro-enterprises have specialised in processing local raw materials and producing carpets, ready-made garments, embroidery, and handmade woollen 'patti'. Promotion of this sector falls within the responsibility of the provincial governments. Federal government provides coordination where necessary.

In order to remove the constraints that impede the growth of this sector, a comprehensive strategy particularly related to micro-enterprise development is required. The area has great potential, particularly in the areas of livestock, horticulture, tourism, and hydropower generation. Promotion and development of environmentally friendly farm and non-farm business and related marketing enterprises can bring about a change in the lives of the inhabitants of an area. Over the past decade or so, development initiatives have been undertaken through community upliftment programmes such as 'tameer-i-watan' and programmes of non-governmental organisations. Accessibility is a problem particularly during winter when main access routes are cut off by snow. Besides limited access and a poor transport network, lack of market information, shortage of risk-taking enterprising individuals, lack of training facilities for entrepreneurship development, lack of appropriate technology and inadequate capital are other factors contributing to the poor state of economic exchange between market and small towns and their surrounding areas.

According to the Pakistan Integrated Household Survey of 1995-96, the majority of the rural population lacked access to an adequate supply of safe drinking water. In addition, many households did not have toilets and many communities lacked sanitation systems. Under the Social Action Programme, 71.5% of the population are expected to be served with safe drinking water and 36.7% of the rural population provided with sanitation facilities by 2002. This is expected to have a positive impact and encourage the growth of market and small towns.

Tourism

With the exception of facilities operated by the Pakistan Tourism Development Corporation, the tourist industry—hotels, transport, travel operations, and marketing—is operated and owned by the private sector. The potential for development of tourism is considerable and the industry is far from realising its potential. The second highest mountain peak in the world is located in this area. Beautiful scenery and the pleasant environment attract thousands of tourists, both domestic and foreign, every year. The government is according top priority to improvement, expansion and building of roads and telecommunication networks with a view to improving facilities for domestic and foreign tourists.

Tourist resorts and accommodation facilities are provided by the Pakistan Tourism Development Corporation at several sites. National parks, wildlife reserves, and skiing facilities attract many tourists. In addition, a large number of schemes for roadside tourist facilities, rest houses, and recreational facilities are funded on a 50% matching-grant basis.

The private sector is expected to play a key role in the creation and operation of the tourist industry. Current policy ensures substantial land for amusement parks, hotels, motels, cultural centres, travel and transport, tourist services and agencies, handicrafts outlets, and so on. This will have an impact on development of small and market towns in mountainous areas.

CONCLUSIONS AND AGENDA FOR THE FUTURE

This review of urbanisation and small towns in the NWFP and Northern Areas reveals a lack of adequate data for a full assessment of the potential of market and small towns in the development of mountain regions. The review of policies and programmes indicates that market and small towns of the mountainous areas have been neglected in terms of infrastructure and socioeconomic development. This neglect is exacerbating environmental degradation in large urban areas. It is also creating problems of rapid unplanned urban growth in the lower plains as a result of migration. Priority should be given to the promotion and development of market and small towns by recognising their role in economically integrating rural and urban areas and the mountains and plains.

In order to ameliorate the current situation the following suggestions are made.

- A multi-sectoral and integrated regional and rural development policy is required for the mountainous regions in order to reduce the gap between rapidly growing urban centres and market/small towns. Emphasis should be on creation of employment and income-generation opportunities in both farm and non-farm sectors.
- In the planning of market and small towns, efforts should be made to develop a hierarchy of centres with defined functions on the basis of threshold values for various levels of services and activities. Basic facilities, infrastructure, and environmental services should be provided on a priority basis to those market and small towns that show potential for growth based on internal (local resource base, productivity, and so on) or external reasons (regional road network). This will slow migration from rural and small market towns to the large urban centres and develop market towns along with their rural hinterland.
- Promotion of small and micro-enterprises should be encouraged in prospective market towns by providing training, micro-credit, and other support so that local-level employment opportunities and businesses can develop. The economic strength of market and small towns depends on the economic strength of their rural hinterland, therefore measures should be taken to strengthen the rural economy as well as urban-rural linkages.
- The physical environment and cultural heritage have provided the potential for the development of the tourism and cottage industry in many small towns. They could be the basis for further growth.
- A policy of decentralising administrative structures and economic activities is essential for enhancing effective participation of the people in the development process. For small towns, it is essential to develop town development plans. Efficient and effective land-use planning can make these towns more attractive for agri-business and other investment.
- For human settlement development, both rural and urban, planning and management of data and information are essential prerequisites. Currently, district data for several indicators are available, but for individual towns essential data are lacking. A comprehensive statistical database for market and small towns needs to be created.
- Present knowledge about the nature, functions, and linkages of small towns is extremely limited. More case studies need to be undertaken to understand the characteristics of these small and market towns for policy formulation and implementation.

REFERENCES

- Allen, N.J.R. (1985) 'Periodic and Daily Market in Highland–Lowland Interaction System: Hindu Kush–Western Himalayas. In *Integrated Mountain Development* by Sing, T.V. and Kaur, J. (eds). New Delhi: Himalayan Book Store
- Dewar, D., Todes, A.; Watson, A. (1986) *Regional Development and Settlement Policy*. London: Allen and Unwin
- GOP (Government of Pakistan) (1994) *Eighth Five-Year Plan*. Islamabad: Planning Commission
- GOP (Government of Pakistan) (1984a) *Population Census 1981*. Islamabad: Population Census Organisation
- GOP (Government of Pakistan) (1984b) *National Human Settlements Policy Study*. Islamabad: Environment and Urban Affairs Division
- GOP (Government of Pakistan) (1998) *Population Census 1998*. Islamabad: Population Census Organisation