



Area Development Planning and Implementation

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**SETTLEMENTS SYSTEM, SMALL TOWNS AND
MARKET CENTRES IN THE BAGMATI ZONE SUB-REGION**

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PREFACE

This study, by Dr. C.B. Shrestha and Dr. Mangal S. Manandhar, was undertaken to develop a better understanding of the socioeconomic role of small towns and market centres in the Bagmati Zone. The socioeconomic space - seen in terms of settlements, services, and linkages - is changing very rapidly on account of infrastructure, development interventions, and market forces. These, in turn, are making an impact on the physical space in relation to the intensity of use, management, and conservation. Market towns therefore play a very important role in economic and environmental changes and are also strongly influenced by these changes. No planning exercise can overlook the role of these small but vital elements of economic space. Their pace of development will clearly determine the extent to which they will succeed in reducing pressures on the Greater Kathmandu Valley area and also in promoting sustainable rural urban and economic and environmental linkages.

The analysis carried out by the authors of the data and conditions shows that markets and small towns have a major role to play in the future of the Bagmati Zone. Unfortunately, the policy concerns and investment decisions related to promoting the balanced growth of market towns has been ad hoc and minimal.

It is hoped that studies of this type will help to develop greater interest and policy attention in an important area such as market towns.

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EXECUTIVE SUMMARY

The Bagmati Zone is a densely populated subregion characterised by a large number of settlements. There are more than 11,000 settlement units in this zone. Of them, about 10,600 are rural settlements and 476 central establishments. Despite the dominance of rural settlements, the network of urban centres is important. The local network consists of 283 central settlements without marketing functions and 187 market centres. Out of 187 market centres, 77 centres have more than 19 functional units. The 77 larger market centres, together with the three cities of the Kathmandu Valley, provide an effective network in integrating settlements. Although the market centres play an important role in the local settlement system, the city of Kathmandu emerges as a single dominant integrating force. An increasing number of both urban and rural settlements are tending to rely more on this city for various services. This has been facilitated by rapid improvements in accessibility in different areas. However, there are several localities which continue to be remote and without road connections.

The Bagmati Zone, with a 33 per cent urban population, has a long history of urban settlement. During successive historical periods, a number of market centres grew in the Bagmati Zone. Of these centres that came into being, many became relatively stable and unchanging, and others, with locational advantages, became larger with a greater array of functions. Others have ceased to exist due to changes in locational situations.

There is a hierarchical structure of market centres in the Bagmati Zone. Larger market centres, with more than 19 functional units, constitute a four-tier hierarchy. In the four-tier structure, there are three top-level centres, including Banepa, Bidur, and Thimi. Nine centres fall into the second tier. There are 17 centres in the third tier and 48 centres in the fourth tier. The different level market centres follow the order of 3:9:17:48.

It is found that the hierarchical order exists with regard to population sizes also, although it does not conform *in toto* to the hierarchical tier established in the study. At the apex, there are three market towns which have populations of more than 10,000. Bidur has the largest population size of 18,900 followed by Thimi (17,000) and Banepa (12,600). In the second class group, with a population of from 5,000 to 9,999, there are five centres ranging in population of from 9,600 in Dhulikhel to 5,300 in Panga. The third size-class (1,000 to 4,999) consists of 22 centres and the fourth size-class (less than 1,000) of 47 centres. Of the fourth size-class centres, 38 centres have populations of less than 500.

Functional magnitude appears to be a meaningful measure of the relative importance of market centres. There are five market towns that have more than 200 functional units. Banepa happens to be the largest town with 418 functional units. In the second class group, with 100 to 199 functional units, there are eight market centres. In this group, the highest number of 187 is found in Barahbise. The third group (50 to 99) consists of 21 centres. At the bottom is a group of 43 centres with 20 to 49 functional units.

It is found that the types of function increase with ascending order of market centres, larger centres having a greater array than the lower order centres. The functional array ranges from 14 in Banepa (the first order centre) to two in Adamghat (fourth order).

The development of infrastructural facilities in the market centres is much more closely related to geographical locations than to their relative importance. The centres located in close proximity to the city of Kathmandu have more infrastructural types than those more distant from Kathmandu. The locational arrangement of the local market centres shows a distinctly linear pattern with areal tendency in some localities of the Kathmandu and Kavrepalanchowk districts. The distribution pattern is highly concentrated rather than dispersed.

Most of the local market centres are dependant, to a large extent, on agriculture for sources of employment. The agricultural labour force is higher even in larger centres like Bidur and Thimi. Agriculture is important in most of the centres with large populations and in old settlements, and it is relatively unimportant in centres with small populations. Apart from agriculture, tertiary activities become the most important functional base in most centres. Industry is not a significant functional base except in a few centres of the Kathmandu Valley. Services have become important in most of the centres, while commercial activities are relatively dominant in larger centres located at important nodal points. Some of the centres are markedly supported by catering.

Small towns and market centres, in close proximity to the Greater Kathmandu Metropolis, contribute significantly to the national economy. Such centres outside the Kathmandu Valley play a significant role in contributing to local economic development. This becomes relatively important in the case of larger centres. Market centres are becoming an important linkage to agricultural development. They provide a marketing network for agricultural products as well as an effective delivery mechanism for the inputs of extension services. For extending services like health, education, and postal facilities, market centres are the effective focal points. However, local market centres do not appear to be important sources of off-farm employment. This is obvious outside the Kathmandu Valley, although some very modest development to this effect has taken place in some larger centres like Banepa and Bidur. Most of the centres in the valley are becoming important exceptions.

The conditions under which trade interaction occurs among the market centres in the Bagmati Zone subregion are demand for trading goods in all market centres and supply from six centres. Only Banepa and Bidur appear to be the important supply centres, contributing 6.3 and 8.8 per cent, respectively, of the total supply of goods to the local market centres. The most obvious feature of the local trade interaction pattern is the pre-eminence of the city of Kathmandu as the main source of trading goods to the local market centres. This city contributes about 57 per cent of the total supply of trading goods. Bharatpur has evolved as an important source for the market centres of the Dhading district. Foreign sources appear in two centres, Banepa and Barahbise. Internal interaction is important in some market centres. In other words, there is interaction of a centre with itself in a number of cases.

Rural-urban relationships occur in the Bagmati Zone importantly for three different services - 1) buying and selling farm products, 2) educational and health services, and 3) extension services. In most cases, it is for buying and selling farm products that the residents of the surrounding rural areas have most frequent, general, and intimate association with the market centres. For secondary education the linkage is intimate and close. However, the local people, although dependant on market centres for health services, do not use the local facilities so regularly owing to either the low level of facilities provided or knowledge gaps regarding local facilities. The average population size of retail service areas with regard to market centres

within the nesting order is 25,600. It is about 20,000 in connection with retail market areas of lower order centres (III and IV). The average service area for secondary education in a market centre is 7,500, and the average population size in the case of banking service areas is 12,400.

Most of the larger market centres have the potential to grow. Some of the centres like Thimi, Kirtipur, and Lubu of the Kathmandu Valley tend to benefit much from their locations in close proximity to the greater Kathmandu Metropolis. However, some others like Sankhu and Chapagaun are still peripheral in their locations with regard to the metropolitan area. Larger centres located outside the Kathmandu Valley have the potential to grow either as market towns (Banepa and Bidur) or as administrative centres (Dhading Besi, Chautara, and Dhulikhel). Barahbise may develop as a commercial town benefitting from its location close to Khasa, a trading centre across the border to the north of the lower order centres. Those with the potential advantages of their locations in the metropolitan area are likely to grow. Of such smaller centres located outside the valley, some have the potential to grow on a very modest scale and others do not show any potential to grow at all, at present.

There are both structural and functional gaps in the local network of market centres. The structural gap is obvious with regard to both lower and larger order market centres. Many people live beyond the limit of service areas of market centres. It is in such cases that the structural gap, with regard to marketing function, becomes apparent. In the secondary school education services there do not appear to be any serious gaps. A similar positive situation is found for health services also, although service efficiency is relatively poor in this respect. There are some functional gaps in connection with the range of commercial functions and extension services. Infrastructural gaps are serious in most cases.

The growth of market centres is basically an outcome of market forces. Any attempt made in the name of a grand design against market forces becomes unrealistic. The Government has to play the role of facilitator. In this capacity, the Government can facilitate the growth and development of small towns and market centres in several ways.

Four types of public investment can be distinguished with regard to market centres. First, investments have to be made to expand national output. For this, the most powerful machinery created by larger towns and cities needs to be fully exploited, and small towns and market centres can be relevant to this purpose. Second, small towns and market centres must be used fully to realise development opportunities lying elsewhere. Such centres should be made meaningful in terms of contribution to the development of the local economy. Third, strategies should aim at ensuring minimum services such as education, health, electricity, and drinking water for the population of the country as a whole. For the expansion of such services, market centres can provide an effective framework. Fourth, adequate investment should be made for expansion and improvement of infrastructural facilities in small towns and market centres.

There is an institutional vacuum in managing the affairs of non-municipal urban areas. This can be resolved by introducing institutional arrangements, such as lower status municipal bodies and separate cells, at district level and local authorities to look after the affairs of small towns and market centres. The implementation of such programmes should be channelled through a proper decentralisation scheme. Little is known about the dynamics of small towns and market centres. Continuing research is a must and a proper database system should be developed at the local level.