

## FUNCTIONAL BASES OF SMALL TOWNS AND MARKET CENTRES

### Agricultural Support Base of Small Towns and Market Centres

Although there are no up-to-date data on the functional base of all the market centres in the study area, some general observations can be made with a fair degree of accuracy on the basis of available information and impressions gained from field visits.

Agriculture is still the main functional base of most of the 77 market centres in the study area. However, there is a perceptible change, i.e., an increasing proportion of tertiary and manufacturing activities.

The data presented in Table 6.1 were collected in 1977. It can be observed that market centres in the Arniko Rajmarga area were mainly engaged in agricultural activities. This is true of the old market centres and centres with large population sizes in the study area. There has been no drastic change, at least in the market centres outside the Kathmandu Valley.

It can be concluded from the table that most of the market centres depended on agriculture for providing employment. Only Barahbise, Lamosangu, Dolalghat, Lamidanda, and Mangaltar had less people employed in agriculture than in tertiary and manufacturing combined. Among these market centres, the old nodal settlement of Barahbise expanded its market and acquired new functions with the opening of the Arniko highway. Lamidanda, Lamosangu, and the present Dolalghat market are relatively new market centres located along the Arniko highway. In Mangaltar, even though it is far away from any road linkages, 52 per cent depended on tertiary activities.

Even in larger centres such as Banepa and Thimi, a higher percentage of people were employed in agriculture.

However, certain changes have taken place since 1977. There is a definite trend towards increasing dependence on tertiary and manufacturing activities. In 1983, a sample survey of the occupational structure of market centres in Kavre district was conducted by the Geography Instruction Committee (presently the Central Department of Geography). The data basically conformed to the pattern of 1977 with some changes. Agriculture no longer remained the main base of Dhulikhel as the tertiary sector had taken over. In Lamidanda, none specified agriculture as their primary occupation.

Recently, a carpet factory has been constructed in Banepa with an investment of 30 million rupees. The occupational structure data on Banepa for 1989 also showed a marked change compared to 1977 (Tables 6.1 and 6.3). The agricultural base (55%) declined to 41 per cent and the manufacturing base increased to 24.4 per cent. At present, Melamchi is probably less dependant on agriculture after it became the final destination for bus services from Banepa. Similarly, many market centres within the valley show increasing dependence on tertiary and industrial sectors compared to the past.



**Table 6.1: Occupational Structure of Market Centres in the Arniko Rajmarga 1977**  
(in percentage)

Market centres	Agriculture	Tertiary	Manufacturing
Banepa	55	34	11
Thimi	60	24	16
Dhulikhel	63	36	1
Barahbise	48	52	-
Sankhu	64	34	2
Lamosangu	39	60	1
Chautara	77	22	1
Panauti	73	23	4
Khopasi	69	31	-
Dolalghat	45	55	-
Jalbire	62	36	2
Bode	64	24	12
Sanga	86	13	1
Lamidanda	30	70	-
Balephi	78	22	-
Nala	95	3	2
Dapcha	71	27	2
Mangaltar	48	52	-
Kharipati	85	15	-
Melamchi	85	15	-
Gamcha	84	16	-

Source: Shrestha 1977

**Table 6.2: Occupational Structure of Small Urban Centres in Kavre 1983**  
(in percentage)

	Agriculture	Tertiary	Industry
Dapcha	69.2	30.8	-
Dhulikhel	41.9	58.1	-
Dolalghat	40.0	60.0	-
Lamidanda	-	100.0	-
Khopasi	73.3	26.7	-
Nala	81.8	18.2	-
Panauti	76.3	21.1	2.6
Sanga	83.3	16.7	-
Sankhu	92.9	7.1	-
Srikhandapur	81.8	18.2	-

Source: Geography Instruction Committee 1984



**Table 6.3: Banepa Occupational Structure 1989**

(in percentages)

Agriculture	41
Business	18.2
Services	13.00 - Tertiary 34.6
Labour	3.4
Industry	24.4
Total	100.00

Source: Karki 1989

**Table 6.4: Kirtipur Occupational Structure**

(in percentages)

	1967/47	1974/35.57	1980/151	1989/8.79
1. Agriculture				
2. Manufacturing	38	36.52	21	30.79
3. Tertiary	15	27.91	64	60.42
Total	100	100	100	100.00

Source: Shrestha 1991

### Tertiary Activities

In most of the 77 market centres under study, tertiary activities form the most important base. There has been noticeable expansion of tertiary activities compared to manufacturing in the recent past. For instance, in 1967, 15 per cent of the people were employed in the tertiary sector in Kirtipur (Table 6.4). In 1989, the figure increased to 60.4 per cent. In fact, changes in other centres may not be of the same magnitude as those in Kirtipur, but in most market centres, the tertiary sector is expanding. Even in 1983, Dhulikhel's tertiary base was greater compared to agriculture (Table 6.2). Since 1983, tourist-related activities have increased. The commercial activities in Dhading Besi have also increased significantly.

Two new market centres mainly based on tertiary activities, have emerged since the Central Services' Maps were published. They are Tamaghat in Kavre and Rigne in Dhading, Barahbise, Lamosangu, Dolalghat, Balephi, Khadichour, and Lamidanda along the Arniko highway which have long been tertiary sector-dominated market centres. Similarly, catering centres along the highway, such as Khanikhola, Thankot Checkpost, Malekhu, Adamghat, and Bairani have remained tertiary sector-dominant centres. Even an old agricultural settlement like Thimi is expanding its tertiary base with the recent construction of a large hospital. Such changes are noticeable in most of the old agricultural settlements of the Kathmandu Valley, e.g., Lubhu, Thecho, Thaiba, and Harishidhi.

### Industrial Activities

The industrial base, mainly garment and carpet industries, of most of the market centres in the valley is expanding.



Although the proportion of the industrial sector in the occupational structure of these market centres is not large, it is markedly on the increase. There has been, however, no significant expansion of the industrial base market centres outside the valley.

Among the larger centres (I), Banepa and Thimi experienced significant changes regarding expansion of their industrial base. In 1977, only 11 per cent were engaged in industrial activities in Banepa. In 1989, it increased to 24.4 per cent (Tables 6.1 and 6.3). During a field visit to Thimi, it could be observed that Thimi is steadily being converted to an industrial area.

Small market centres, mainly within the Kathmandu Valley, for example, Lubhu, Thakur, Thecho, Harishidhi, and Sidhipur have enlarged their industrial base with the introduction of carpet, garment, or brick industries. Even Budhanilkantha, a catering centre, has a flourishing carpet industry. However, none of the market centres outside the Kathmandu Valley exhibit a significant and similar expansion of the industrial base. Recently, a Nepali paper-making unit employing around twelve people has been established at Chautara. Barabise can also boast of a paper-making establishment. Lamosangu could emerge as an industrial town if the magnesite factory functions in an efficient manner. However, no significant change can be detected regarding the trend of expansion of the industrial base outside the valley. The facilities and the markets in the valley are relatively well developed considering the absence of incentives and/or subsidies for locating industries outside the Kathmandu Valley. Dharke is an exception, with the growth of some large industrial establishments in its vicinity.

### Re-examination of the Functional Base

The importance of towns and market centres, in terms of central functions, usually cannot be estimated on the basis of the occupational structure. Obviously, the relative importance of market centres is reflected in the magnitude of the array of central functions. On the basis of such an array of functions, the market centres of the study area have been grouped into the following 12 functional classes.

1. Commercial (c) 2. Commercial/Administrative (CA) 3. Administrative/Commercial (AC)
4. Industrial/Commercial (IC) 5. Industrial/Service (IS) 6. Administrative/Services (AS)
7. Commercial/Services (CS) 8. Services/Catering (SC) 9. Commercial/Catering (CCa)
10. Industrial/Catering (ICa) 11. Services (S), and 12. Catering (Ca).

Eleven centres, including one first order centre (Banepa), fall in class C. Bidur, the other first order market town, appears to be a commercial and administrative centre. Dhulikhel, Dhadi Besi, and Chautara are primarily administrative centres, and they have acquired commercial importance only because of the location of the district headquarters. All of these three centres are administrative and commercial (AC) centres. Most of the larger centres in the Kathmandu Valley are industrial/commercial (IC) or industrial/service-based (IS) or industrial/catering (ICa) centres. The most dominant functional classes in terms of numerical strength are services and catering. There are 25 service centres and 14 catering settlements (Annex G). Service centres are relatively dominant in the Kathmandu Valley (as many as 16 out of 25 centres in the study area), while catering centres are markedly highway centres (Figure 10).



