

ROLE OF SMALL TOWNS AND MARKET CENTRES

Contribution of Small Towns and Market Centres to the National Economy

The contribution of urban areas to the national economy is quite obvious. In this respect, the role of small towns and market centres depends to a great extent on the local conditions and circumstances. Therefore, small towns of the same order do not necessarily play a similar role with equal intensity in all areas. This is clearly seen in the Bagmati Zone subregion. Using the locational advantage of the Kathmandu metropolitan area, most of the small towns and market centres in the Kathmandu Valley tend to contribute significantly to the national economic output.

With the dense concentration of industrial labour force, even in small towns, the Kathmandu Valley is becoming an industrial area. At present, the valley provides about 69 per cent of the industrial employment in the country. The small towns and market centres in the Kathmandu Valley share a comparative advantage regarding manufacturing and labour-intensive services (tourism) which contribute significantly to the national economy. Carpet and garment industries and tourism are the most important foreign exchange earners in Nepal. All these industries are developing rapidly in most of the small towns and market centres of the valley, as a result of the lower rents and cheap labour force available in such centres. Such establishments move outside of Greater Kathmandu to small towns in order to avoid growing competition for sites and labour in the former. Carpet and garment industries are growing rapidly in several centres, e.g. Kirtipur, Lubhu, Thecho, Thaiba, and Panga. They are coming up even in smaller centres. Tourist-oriented industries, such as ceramics, *thanka*, and a variety of curios and other goods are steadily coming up in the market centres of the valley. Thimi is the most important centre in this field. Several other consumer goods' industries, mainly for the Kathmandu metropolitan market, are being established in small towns and market centres. The growth of industrial activities in the valley exhibits a pattern of interdependent specialisation rather than competitive duplication of the same output, a system of spatially separate points of production contributing to a common output.

Small towns and market centres outside the Kathmandu Valley are contributing to the economic output in a different way. Although some centres, e.g., Banepa and the Dharke area, happen to be centres where nationally important industries are located owing to their advantageous proximity to the Kathmandu metropolitan market. Market centres, outside the valley, are also contributing to the local economy in a significant manner.

As a result of the existence of market centres, the most dynamic and productive forms of agricultural development are becoming possible in a number of places, even outside the Kathmandu Valley. The development of intensive agriculture in the Banepa and Bidur areas and the southeastern part of Dhading district are examples. Such development is taking place with the help of support services provided by market towns, e.g., Banepa, Bidur, and Kathmandu. Agricultural development at highly localised levels has also been greatly facilitated by the presence of local market centres. This has given rise to agricultural processing industries such as grain milling and dairy production in a number of market centres. Such growth is markedly noticeable in Banepa, Panauti, Lamidanda, Nala, Betrawati, Deorali, Samundratar, Kharanika, Dhulikhel, and Dapcha. With these support activities, small towns and market centres are also

contributing significantly to the local economy. In addition, these centres provide extension services to rural areas as well as markets for agricultural products, rural handicrafts, and cottage industries.

Role in Providing Support to Agricultural Development

The market centres provide important support services resulting in agricultural development. They have emerged as important centres in terms of the diffusion of technical innovations in the agricultural sector. They function as centres for extension services, providing technical knowhow, distributing inputs (improved seeds and fertilisers), imparting training, and facilitating the marketing of agricultural products. The network of the market centres providing the above services is fairly extensive (Figure 11 and Table 7.1).

Out of a total of 77 market centres, 38 provide technical services, 45 distribute fertilisers, and four provide public sector marketing services (Table 7.1). Centres providing public sector marketing services are Dolalghat, Dhading, Dhunche, and Bidur. Many of these centres continue to remain important markets for the farm products of the surrounding rural areas. The location of extension services does not depend on whether centres are larger or smaller. The extent of these service provisions depends more on the locational conditions rather than on the order of market centres. Such services are commonly available in the market centres of the Kathmandu Valley, while they are relatively limited in the market centres outside the valley. Out of 32 market centres in the valley, 21 provide fertiliser supply services and 18 agricultural extension services (Figure 11 and Table 7.1). Market centres in the Banepa and Bidur areas and the southeastern part of Dhading district also commonly provide these services. Market centres with extension services are markedly dispersed in the Kathmandu Valley, while such centres are limited to certain localities outside the valley. There is a concentration of market centres with provision for extension services in the Banepa and Bidur areas and in certain parts of Dhading district. In general, small towns and market centres provide good support services and this results in agricultural development. This appears to be so mainly in terms of the physical network. However, in several areas, service provisions are either inadequate or inefficient.

Table 7.1: Small Towns and Market Centres with Extension Services

Unit	Agricultural Extension Services			Cottage Industry Extension			Livestock Extension	
	Technical	Fertiliser	Marketing	Technical	Training	Marketing	Technical	Grazing
Bagmati Zone	38	45	4	4	3	1	10	1
Kathmandu	7	9	-	-	-	-	-	-
Calitpur	8	10	-	-	-	1	-	-
Bhaktapur	3	2	-	1	-	-	-	-
Kavrepalanchowk	6	6	1	1	-	1	-	-
Sindhupalchowk	2	6	-	1	1	-	3	-
Dhading	4	3	1	1	1	-	-	-
Nuwakot	5	7	1	-	1	-	-	-
Rasuwa	3	2	1	-	-	-	3	1

Source: Field Survey 1991

FIGURE 11

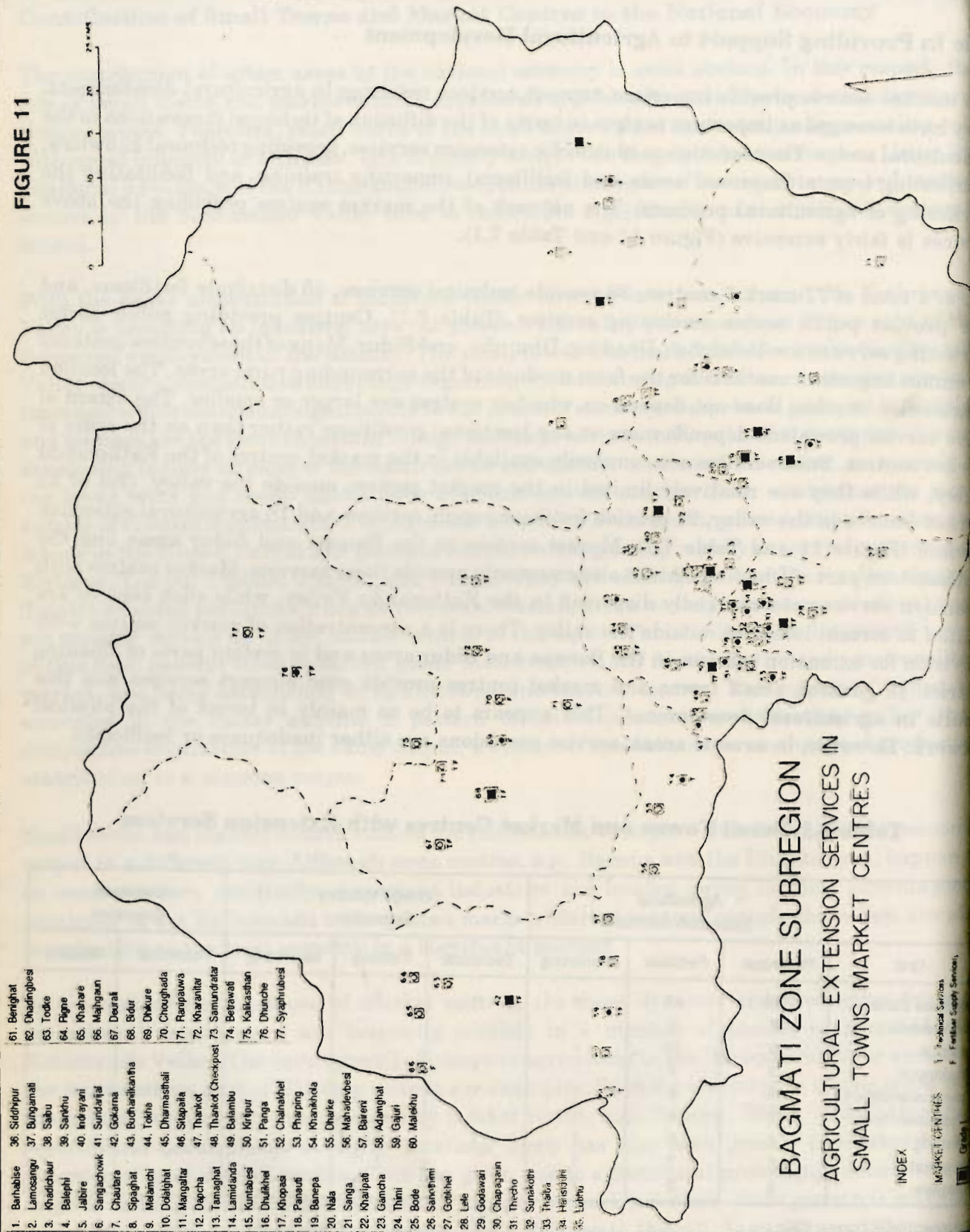


Table 7.2: Market Centres with Schools and Health Services

Unit	Larger Centres Grades I & II			Lower Order Centres Grades III & IV			Smaller Centres as reported by the Suspension Bridge Division		
	School	Health	Both	School	Health	Both	School	Health	Both
Bagmati	1	-	11	20	2	37	185	21	39
Kathmandu	-	-	2	3	-	10	12	-	1
Lalitpur	-	-	2	3	-	7	20	3	1
Bhaktapur	-	-	1	1	-	3	5	1	4
Kavrepalanchowk	1	-	2	3	-	5	52	2	5
Sindhupalchowk	-	-	2	3	-	2	26	6	5
Dhading	-	-	1	3	2	5	31	2	10
Nuwakot	-	-	1	4	-	2	34	2	10
Rasuwa	-	-	-	-	-	3	5	5	3

Source: Field Survey 1991 and Central Service Maps, Suspension Bridge Division 1989

Role in the Development of Off-farm Employment

Small towns and market centres, excluding those in the valley, do not appear to be important sources of off-farm employment. The small towns and market centres in the valley are generating a significant number of jobs, especially in the carpet and garment industries. However, the market centres outside the Kathmandu Valley present a very dismal picture regarding off-farm employment generation. Only larger centres, e.g., Banepa and Bidur, provide off-farm employment to some extent. Banepa, more than Bidur, is rapidly expanding its functional base in tertiary and manufacturing activities, generating more jobs in the process. Thimi, another large centre in the valley, is also rapidly changing its base from the agricultural to the non-agricultural sector with the establishment of industries and a large T.B. Hospital, generating off-farm employment in the process. Dhulikhel is also generating increasing off-farm employment as a tourist centre. The district headquarters, including Dhulikhel, Chautara, and Dhading Besi, have the capacity to generate off-farm employment to a significant degree due to the expansion of administrative functions.

Outside the Kathmandu Valley, most of the functional establishments in the market centres are self-employed enterprises. In several places, agriculture exists as a side activity supplementing the income of local traders. This situation is markedly noticeable in centres such as Panauti, Khopasi, Sanga, Dapcha, Nala, Melamchi, and Samundratara. Job opportunities for rural people in the surrounding areas are extremely limited in such places. Market centres, e.g., Khanikhola, Malekhu, Khadichaur, Ranipauwa, and Lamidanda, which are located at important nodal points, are providing off-farm employment to a certain extent to the rural people.

It can be observed that generation of off-farm employment depends to a great extent on the functional strength of market centres. Larger centres with relatively strong functional bases in terms of magnitude and array generate more off-farm employment than the smaller centres with a small functional base. However, with the exception of Banepa, Bidur, and some market centres in the Kathmandu Valley, the local market centres are not important centres for off-farm employment.

Role as Medium of Social Service Delivery

The small towns and market centres are focal points providing services such as health, education, and postal facilities. There is a good network of educational facilities (Table 7). Health service facilities, although not as numerous as educational, have a fairly good coverage. Only six market centres are without both health and educational facilities. Out of 77 market centres, 69 centres have educational facilities, and 50 have health facilities. Forty-eight centres have both health and educational facilities. The market centres in the Bagmati subregion have a good network of health and educational facilities, despite the mediocre quality of services. In addition to 77 market centres, there are other central areas which provide these services. There are 39 such smaller centres providing health and educational services. There are as many as 10 other central areas with secondary schools (upper/lower). Twenty-one other centres provide health services. The network of these centres is reasonably good, covering most parts of the study area. It seems that market centres are an effective medium of social service delivery in the Bagmati Zone.

The role of small towns and market centres as focal points of services, including education and health services, very often becomes ineffective as a result of inefficiency and the poor quality of services provided. These features are particularly noticeable with regard to health services.