

# COMMERCIAL ACTIVITIES IN HILE, SINDHUWA AND BASANTPUR (A COMPARATIVE STUDY)<sup>1</sup>

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Very few studies of market centers, especially in hilly areas of Nepal are available. Rural markets provide basic needs for villagers. Small market centers have functional interaction with the surrounding areas.

After the construction of Dhankuta - Basantapur road the existing centers flourished fast to serve the surrounding population. These (Hile, Sindhuwa and Basantpur) have played important roles to serve the long distance customers. People who used to buy their goods either from Dharan or Biratnagar are now buying goods from these centers.

This Study attempts to explore the existing commercial activities along Dhankuta-Basantapur road and specifically to examine the commercial activities in these three market centers, and to examine the present trading activities and volume of trade.

## STUDY AREA

The Study area is located within Dhankuta and Therathum districts (Fig.1) which lie in the Hill region of Nepal. Dharan-Basantapur road provides facilities for traders and customers and help the flow of passengers and goods.

## METHODOLOGY

This study includes all household units of these three market centers. All types of shops were recorded excluding hotels, lodge and *Bhatti*. The types of functions were grouped into three categories :-

- Wholesale
- Retail
- Wholesale and Retail

Same types of questionnaires were administered and filled in these three market centers. Information on total capital investment in trade, types of shop, important commercial items etc., was also collected.

## LIMITATION

This study is based on the study of three market centers. Historical data concerning the trading activities are not included. Data were collected concerning commercial activities that took place in these centers. Those people who are engaged in commercial activities were also interviewed.

## LOCATION ANALYSIS :-

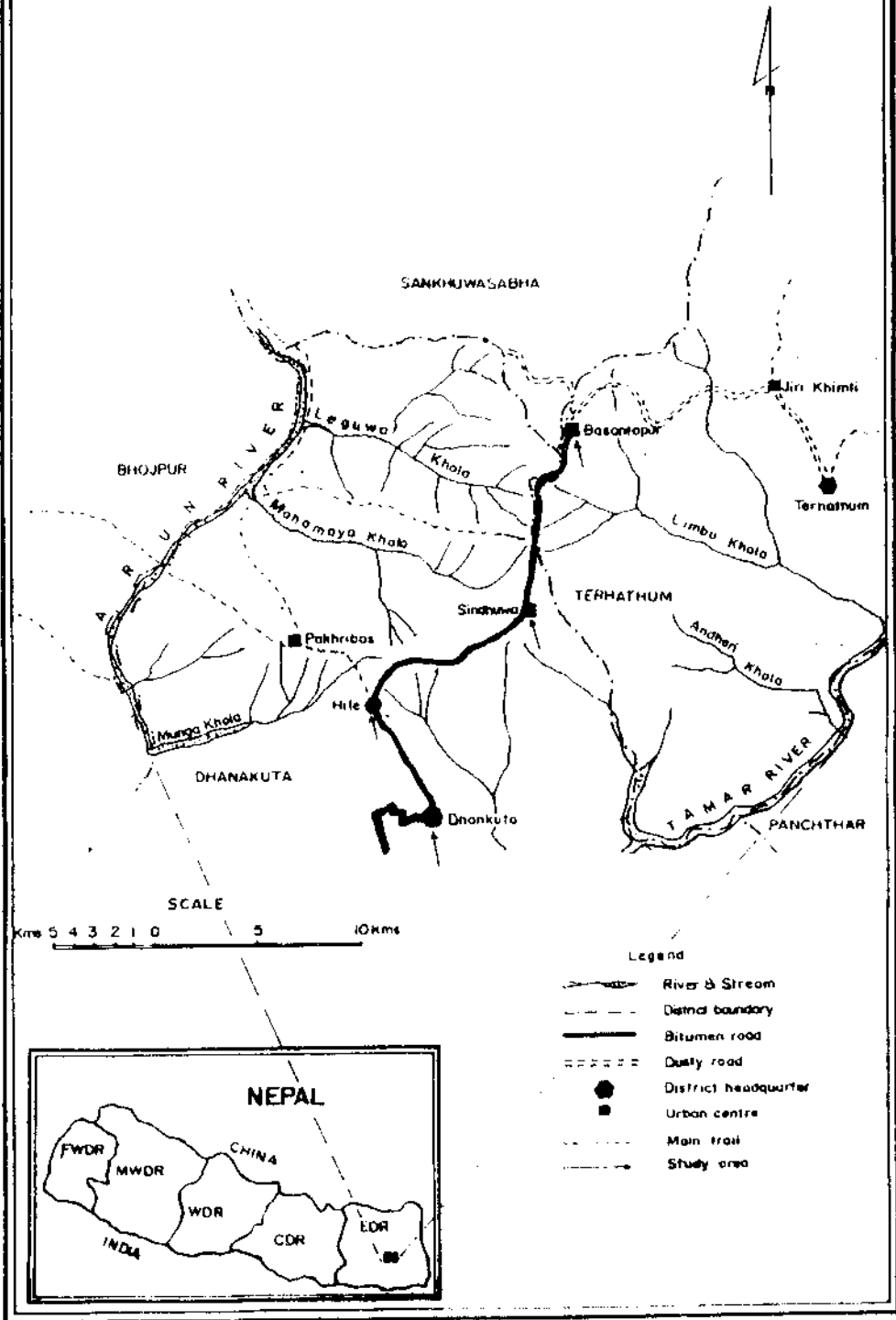
Location is an important geographical factor which influences the commercial importance of the settlement most prominently. Hile, Sindhuwa and Basantpur are three small market centers lying more than 1500 m. above sea level. Summers are mild and winters are cold in these three centers.

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# STUDY AREA



Hodder (1965) has described four categories of market centers. He has suggested a classification based on goods or services provided their position as market centers is unique.

These centers are permanent market centers; but they also serve as periodic market centers. Trade, transportation and market development are interdependent. Most village market centers are located along the lines of transportation. These three market centers are located along the Dharan-Basantpur road, therefore, they have locational advantages.

## POPULATION

Among the population engaged in commercial activities are as follows shows the sex ratio :

	Male%	Female %
Hile	62.82	37.18
Sindhuwa	57.24	42.76
Basantpur	41.67	58.32

From above figure it is clear that the percentage of women engaged in commercial activities are less in Hile and Sindhuwa than Basantpur. The reason is that men go to Dharan to bring goods for their shop.

The larger and more rapidly growing the market centers are the more likely it is that they advance the economic development of the nearby villages. Capital investment of more than Rs. 5000 is 57.70% in Sindhuwa, 93.33% in Basantpur and 86% in Hile. These figures represent the total capital investment of that particular center.

The total capital investment in Basantpur is 93.33% whereas other two centers have less investment of capital. But this does not mean that Hile has less capital investment. Sindhuwa has limited shops and limited trading activities. The most important commercial goods for these centers are as follows:-

## COMMERCIAL GOODS

Hile	Sindhuwa	Basantpur
Cloth	Rice	Rice
Salt	Cloth	Salt
Rice	Oil	Oil
Oil	Sugar	Cloth

The most important commercial goods that is sold in Hile are cloths, salt, rice and oil respectively. Cloth ranks first in Hile and it is the most important commercial item. In Sindhuwa rice ranks first followed by cloths, whereas in Basantpur rice ranks first followed by salt. Basantpur has locational advantages than other two centers because of transportation facility that goes upto Basantpur. People buy heavy goods from Basantpur. The main causes for this are as follows:-

- Traders have easy access to their customers.
- Cloths are easy to carry due to transportation facility.
- Prices of food grains are not so different in Hile, Sindhuwa and Basantpur.
- The prices of cloths are different in these three centers. Hile offers cheapest cloths among the three centers.

**Table 1.**  
**FLOW OF GOODS FROM DIFFERENT CENTERS**  
**TO HILE, SINDHUWA AND BASANTPUR**

	<b>Hile%</b>	<b>Sinduwa%</b>	<b>Basantpur%</b>
Dharan	43.57	54.38	48.14
Biratnagar	36.31	19.29	19.72
Kathmandu	2.25	1.75	11.72
Local	17.87	15.78	11.72
Hile	.....	.....	.....
<b>Total :</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Large centers have larger number of fuctions to serve the larger population and have larger trade volume than other smaller urban centers. The total volume of trade is the result of a system of trade flow between highway market centers and major urban centers like Dharan, Biratnagar and Kathmandu. Dharan supplies 43.57% of the total trade flow. Dharan and Biratnagar supply almost all marketing goods to Hile, Sindhuwa and Basantpur.

Kathmandu supplies very limited goods to these centers. Biratnagar and Dharan supply most of the goods. It is because Biratnagar is close to the Indian boarder (Indian market), whereas Dharan lies in the break- point of hills and the Terai. Kathmandu supplies the luxurious, cosmetics and other ready made goods. Biratnagar and Dharan Supply food grains and other manufactured goods like soap, cotton cloths, iron goods, building materials, etc.

In Hile, 17.87% goods are brought from Hill itself. This percentage is lowest in Basantpur. Basantpur buys 8.64% goods from Hile.

Before the construction of Dharan Basantpur road, goods were bought from Dharan and Dhankuta. Goods that were bought from Dhankuta were Basantpur road, the trade of Dhankuta has slacken down (this needs very keen study)

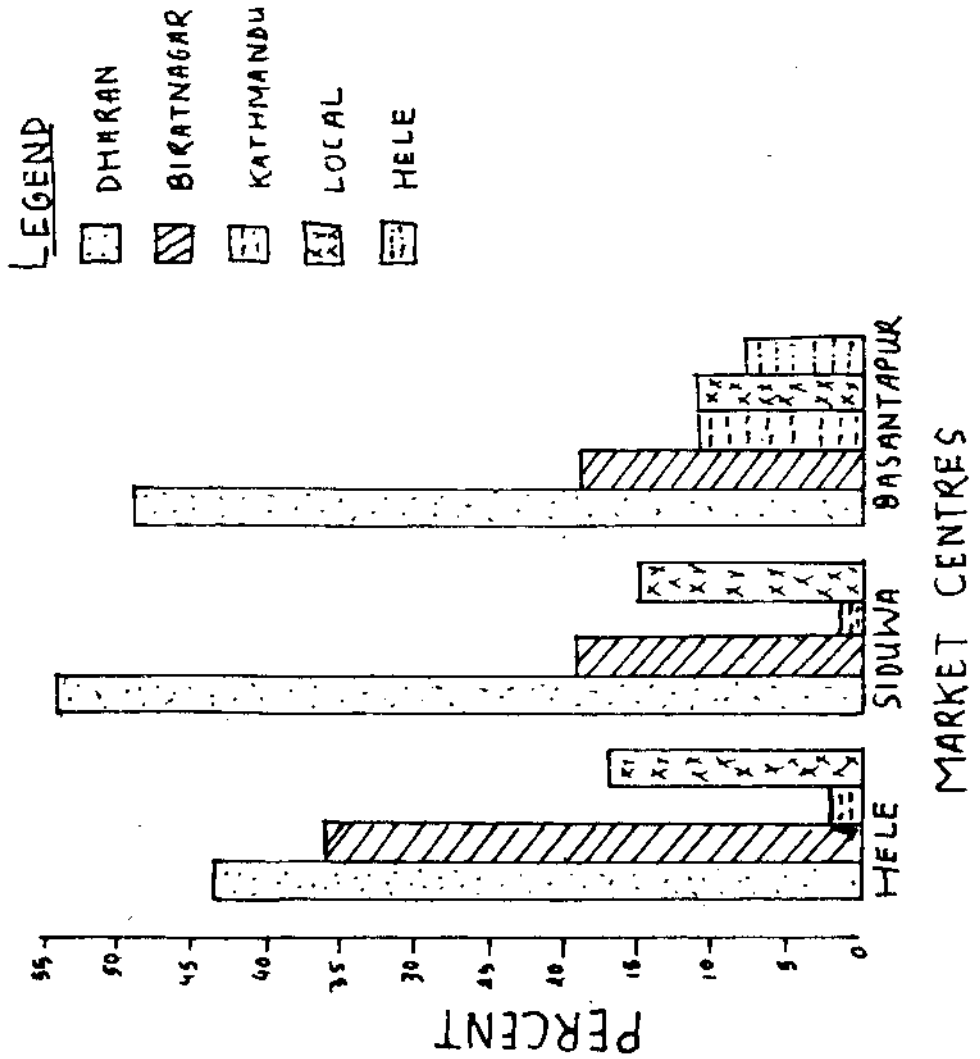
**Table 2**  
**TYPES OF SHOPS IN PERCENTAGE**

	<b>Hile</b>	<b>Sindhuwa</b>	<b>Basantpur</b>
1. Wholesale	17.75	12.76	11.60
2. Retail	75.00	63.83	75.00
3. Wholesale & Retail	11.25	21.27	23.48

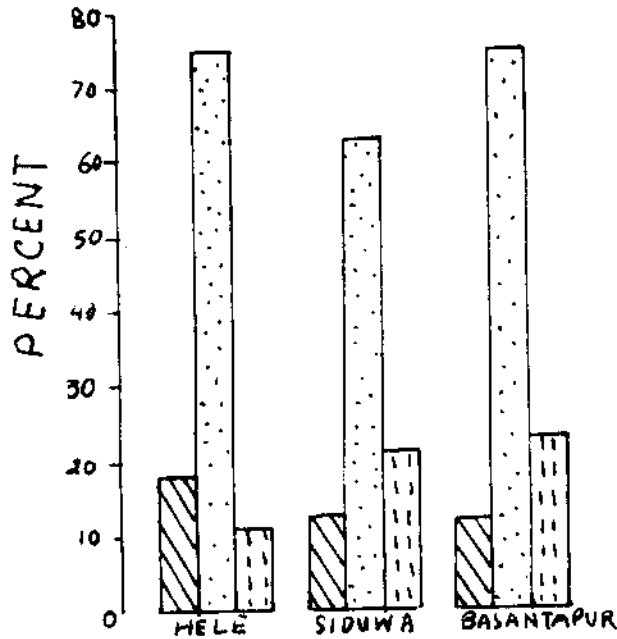
The volume of trade is greatest in Hile among the three centres because it has locational advantages. In Hile, 18.75% shops are wholesale shops whereas it is 12.76% and 11.60% in Sindhuwa and Basantpur respectively. The above figure indicates that the types of shops are different and therefore, their commercial activities are also different. Total number of shops are greatest in Hile among the three. Sindhuwa has least shops and, therefore, the volume of trade is not so great.

Nepal is a nation with a very low degree of urbanization. The volume of trade and number of people are also limited. The result of this study shows that markets along Dharan-Basantpur road are becoming important from commercial point of view. If we

# FLOW OF GOODS FROM DIFFERENT CENTERS TO HELE, SIDUWA & BASANTAPUR






## TYPES OF SHOPS (IN %)



## MARKET CENTERS

### LEGEND

-  WHOLE SALE
-  RETAIL SALE
-  RETAIL & WHOLE SALE

combine the total trade flow of these centers, we get the following results.

**Table 4**  
**SIZE OF TRADE FLOW IN %**

Centers (supplier)	%	Receiver		
		Hile	Sinduwa	Basantpur
Dharan	42.79	Hile	Sinduwa	Basantpur
Biratnagar	24.71	"	"	"
Hile	22.42	"	"	"
Kathmandu	10.06	"	"	"

The most important center for supply of goods in these centers is Dharan. About 43% goods are brought from Dharan. Dharan is an important center not far from Hile (60 km.), Sindhuwa (97.5 km.), and Basantpur (100 km.).

In these centers customers come from Taplejung, Bhojpur, Terathum, Sankhuwasabha, Dhankuta and a part of Pachthar (motorable road raised their trade volume upto 83.79%). In these centers trade has increased by 83.79% after the completion of the road.

The level of the highway market centers and the areal extent of their hinterland may differ because of goods and services provided by these centers. In developing country like Nepal, where more than 90% people live in the villages, there is an urgent need to develop rural markets to serve the rural population.

This study shows that these centers are still rudimentary, unsystematic and scattered in nature. There are very limited studies on market centers regarding trade volume; so there is an urgent need to conduct more detailed study in this aspect in future.

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