

# FOCUS

## INDUSTRIAL DEVELOPMENT AT CROSSROADS

### SMEs Need Priority Attention

There ought to be an effective policy based on easy-to-enforce bankruptcy law so that "industrial adventures" are discouraged and appropriate policy support can be provided to the genuine entrepreneurs in order to ensure sound development of SMEs in the country.

by Mazharul H. Mazumder

BAKING is an agrarian economy with agriculture still contributing lion's share of GDP. Contribution of the agriculture sector to GDP was 32.4 per cent in 1996-97 while that of the manufacturing industries was only 11.1 per cent during the same period (Bangladesh Bureau of Statistics). There is no denying the fact that agricultural development is required for economic advancement of a Least Developed Country like Bangladesh, but development of a strong and vibrant industrial sector is rather inevitable for rapid economic emancipation of the huge poor masses especially in today's radically changing global trading environment.

Experiences of the industrially developed countries show that especially Small- and Medium-scale Enterprises (firms employing between 10 and 99 workers) have played an outstanding role in the process of development. The vast majority of the manufacturing establishments of Bangladesh are of small and cottage types. Although different governments of Bangladesh have long been pursuing a private sector-led market-driven economic policy, export trade of the country still depends mostly on the Ready Made Garment (RMG) sector and partly on other non-traditional items such as shrimps, frozen foods, etc. And when after the year 2004 the RMG sector will be challenged under a different world trading order, the economy will certainly

be in jeopardy unless it does not diversify its export base. In order to diversify the export base it is imperative for a resource-scarce country like Bangladesh to shed enough light on development of Small- and Medium-scale Enterprises (SMEs). Because SMEs not only are more efficient than Large Enterprises as far as 'cost per employment' is concerned but traditionally they are labour intensive also. Again for improving the socio-economic condition of the 52 per cent of its population who live below the poverty line Bangladesh must increase their purchasing power, and to do so these people are to be engaged in some sort of economic activity. And this could only be done if development of the SME sector gets a momentum in time. Despite the fact that Bangladesh has one of the most attractive investment policies in the world and that the present government has identified as many as 16 industries as 'Thrust Sector', experience of industrial development in general and development of SMEs in particular is rather absolutely bitter. For instance, Bangladesh was once famous for its Muslin which is now found only in museums; jute, once the golden fibre, has become noose for farmers, and so on. In fact, Bangladesh has rather been moving forward with its back to the future and this course must be changed if the country is at least to retain its already vulnerable competitive edge in the years ahead. What are the problems?

People wonder as to why, despite its dire necessity, development of the SME sector has long been neglected in Bangladesh. Moreover, the SMEs already in operation cannot run and expand their business smoothly. Following are the fundamental inhibitors that frustrate SME development in the country.

**Financial Constraints:** Among scores of factors inhibiting growth of SMEs, finance problem is perhaps the most critical one. In Bangladesh there are hordes of micro enterprises run with support from different micro-finance institutions that after certain stage of business development do not continue funding those enterprises. In most of the cases, due to rigid collateral requirements these enterprises cannot afford to avail necessary fund from the existing banking system where both 'Takdir' (the predestined limits and potentials bestowed by the Almighty on each person) and 'Tadbir' (some sort of undue persuasion) are the very prerequisites of availing loans even through prospect of those businesses may be unique. Again,

government instruction to commercial banks to allocate certain portion of their loanable funds to the SME sector is probably being flouted at least partly due to anomalies between costs and returns of such loans to the banks, the former often being higher than the latter.

**Inadequate Knowledge:** Apart from the 'supply side' problems of institutional lending difficulties also are there in the 'demand side'. Many of the entrepreneurs do not possess minimum understanding of lending system of different banks. They cannot even estimate their exact requirement, prepare loan application and complete necessary formalities required for obtaining loan from banks.

**Unskilled Labour:** In today's world cheap labour alone is not enough for industrial advancement of a country. Instead, the quality of labour force has become a decisive factor. Unfortunately, no systematic attempts have yet been made in Bangladesh to design a human resource development programme for the industrial sector, which result in an unskilled labour force. Moreover, in many cases, unskilled

workers join an enterprise, work there for some time, acquire some skill and then switch over to other enterprises for higher wages. This increases cost of production of the former enterprise and the enterprise in turn loses its competitive advantage over its rivals.

**Imperfect Market:** According to entrepreneurs, smugglers earn more money than traders do and traders earn more than producers do and with lower costs and risk. This combined with large amounts of imports, consequent upon massive foreign commodity aid and availability of WES funds has created 'a traders' paradise' in Bangladesh. Therefore, small and medium entrepreneurs feel discouraged to set up production enterprises. In addition, due to poor infrastructure and transportation facilities entrepreneurs cannot purchase raw materials and sell their products at reasonable prices.

**Inadequate Training:** Existing training facilities for small entrepreneurs are inadequate and, in many cases, outdated. Due to lack of necessary training facilities entrepreneurs

cannot improve their efficiency and productivity and hence cannot provide quality products at competitive prices.

**Invisible Costs:** Without palm greasing, kickbacks, shady deal, extortion of political influence and other things it is no longer possible to do any business in Bangladesh. From a vendor to the top trader, from a poor blacksmith to the business magnate all are subjected to all sorts of hassle so as to compel them to keep a portion of their capital as 'invisible cost'. With marginal capital resources small entrepreneurs are particularly prone to this problem.

**Lack of Exposure:** Bangladeshi entrepreneurs have little or no exposure to the international markets. They have limited access to information about global opportunities, future demands and trends. Due to infrequent trade fairs, exhibitions etc, they cannot enter and exploit international markets.

**What are the solutions?** In order to expedite the development of the SME sector so as to make it an engine of economic advancement of Bangladesh the aforesaid problems are to be

solved urgently. Although honest commitment from the government as a facilitator is a must to ensure a vibrant and strong SME sector, following suggestions could be considered to propel sound development of the sector.

**First:** We must inculcate the banks' loan officers with the significance of SME development in economic advancement of the country so that they feel deliberate to provide the small and medium entrepreneurs necessary working and fixed capital. Different micro-finance institutions like Grameen Bank and BRAC should broaden the limits of their existing loan packages to cover the said entrepreneurs.

**Second:** Training facilities for small entrepreneurs regarding lending procedures of the institutional sources, technology usage, skill and productivity improvement must be improved. Different NGOs and international development agencies should come forward to impart training to the trainers as well as the entrepreneurs.

**Third:** The entrepreneurs' organizations and different chambers of commerce should shoulder the responsibility of conducting trade fairs and exhibitions frequently both at home and abroad.

**Fourth:** While a single rate of interest for both fixed and working capital loans should be charged, the rate should be such that it provides the financial banks enough spread to cover lending costs and reflects opportunity cost of capital.

**Fifth:** Strict regulation of illegal

imports, procurement of government supplies from the SMEs on a priority basis may be the necessary measures that could be taken to solve marketing problems of the SMEs.

**Sixth:** The SMEs also suffer from technological dualism with the medium-scale enterprises using relatively modern techniques and the small enterprises using traditional techniques and facing low productivity and low returns. Hence, technological advancement through technological learning and adaptation aimed at raising overall productivity, product quality and design becomes imperative for sustained growth of the sector. Needed for improvements in technological development are a quantum increase in R&D allocation and a reform of the organisation of the country's research infrastructure with a view to creating an appropriate capacity for technology transfer. The much talked-about National Science and Technology Policy should be adopted without any delay in this regard.

Above all, There ought to be an effective exit policy based on easy-to-enforce bankruptcy law so that "industrial adventures" are discouraged and appropriate policy support can be provided to the genuine entrepreneurs in order to ensure sound development of SMEs in the country.

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## ANTIBIOTIC RESISTANCE

### Rationalising the Use

by Dr. Khalilur Rahman

ACCORDING to an anonymous, the history of medicine as stated in a WHO report, dates back to 2000 BC, when people used to eat roots to cure them. Perhaps, in 2000 AD world is heading back to that pre-antibiotic era to treat their ailments.

The above apprehension has been expressed in a WHO report on infectious diseases 2000 titled "Overcoming Microbial Resistance", at the global spread of drug-resistant infections and called for wider use of antibiotics. Public health experts around the globe are also now paying attention to the already emerged public health menace of drug resistance, that unnecessary use of antibiotics is causing harm by creating drug-resistant bacteria.

Anti-infective drugs (antibiotics, antimicrobials, antivirals) are among the miracle inventions of the outgoing century. Now the microbes that could be killed by these drugs until recent times, are striking back because of their resistance to these drugs. It is apprehended that these microbes would pose perhaps the biggest public health threat in the next century. To add, the difficulty, expense and time for developing new drugs mean that treatment options to combat these resistant infections are exhausting fast and only a few new drugs are on the horizon. Even if new drugs are in the market, a country like ours cannot just afford them because of their expected sky-high price in this era of intellectual property rights and WTO regimes. Drug resistance is a natural biological response of microbes involving mutation and survival of the fittest. It becomes a problem only when disease-causing organisms develop the ability to fight off otherwise disease-curing drugs when these drugs are partially used (happens with poor people) or used unnecessarily (usually happens in richer community). That is how drug resistance is spreading fast mainly due to overuse of antibiotics, incomplete and under-use of medications (especially counterfeit drugs) and widespread practice of feeding livestock low levels of antibiotics to promote growth.

It is estimated in many countries that half of all antibiotics prescribed by doctors are for colds or other viruses which cannot be treated by antibiotics. This overuse is considered a major reason for resistance of the germs to many antibiotics that used to kill them. One quarter of all germs that cause sinus, ear

and blood infections, pneumonia and some kinds of meningitis, have developed resistance to two or more antibiotics.

**Actions Demanded Urgently**  
As antimicrobial resistance is a complex multi-factor problem, its solution also requires multi-actor joint collaborative action by all concerned.

The WHO called on doctors to sharply reduce their prescribing antibiotics. It also recommended a major international effort to bring more anti-infection drugs to poor nations. It has presented the action plan for the countries to contain drug resistance that from Bangladesh point of view, includes, among other things, adoption of WHO strategies and policies on disease prevention, treatment and control; education to health workers and the public on the use of medicines; containing disease in the hospital; reduction of use of antimicrobials in animals; building alliances and partnerships to increase access to antimicrobials; making essential drugs available and making effective medicines accessible to the poor. Doctors and patients can perhaps play the most crucial role in ensuring rational use of antimicrobials. In order to effect this, they need education and motivation about the ideal drug usage that involves choice of correct drug, its administration by best route in right amount, at optimal intervals and for the appropriate period after an accurate diagnosis. They should know that when antibiotics are over-used, they kill harmless bacteria while the resistant bacteria thrive and multiply. The role of pathological laboratories in the diagnostic process is also very important and the government should take appropriate measures in ensuring the quality and reliability of both public and private laboratories.

Physicians need to get the message loud and clear that overuse of antibiotics must be stopped from the very health point of view. They need to be better educated and updated in order to enable them to improve their diagnostic accuracy and reduce unnecessary prescriptions. They also need to give up their often alleged commercial mentality in treating patients in the greater interest of the society and in the true spirit and belief of

serving the humanity. The British Medical Journal in its September 1999 issue, inter alia, advised doctors not to prescribe antibiotics for simple cough and colds and for viral sore throats. It also advised to limit prescribing over the phone to exceptional cases.

The problem in a country like ours, however, would be with the village doctors, retail drug sellers and pharmacists who do not fall or cannot be taken under strict government control to ensure that antimicrobials are not prescribed and sold unnecessarily and freely. We need to appreciate that these classes of healthcare providers constitute a big public health community in our country and are outside the formal medicare system. A special kind of mechanism is to be evolved in order to address the issue involving this community, in particular the village doctors and the retail drug sellers. Since this community operates mainly in rural areas, involvement of NGOs, as they have wider reach and access among rural population, can bring about good result in containing overuse and unnecessary use of antibiotics among these people.

There should also be education programme for the parents in order to teach them about what kind of illnesses might be viral and do not need any antibiotics so that they can stay home because they know it is a virus and antibiotics have nothing to do with it. It is also necessary to convince them that even if they go to doctors, their child would not be given any antibiotics. So they remain home and do not administer any antibiotics. Self-medication is another problem in our country since one can easily buy medicines off the counter without any prescription. Community should be taught about the dangerous effects of self-medication. Prohibition of sale of antimicrobials without prescription can reduce self-medication to a great extent and can reduce sale and unnecessary use of antimicrobials. Both print and electronic media can be used for this educative programme and to widely disseminate the information on the danger of irrational use of antibiotics.

Provision for appropriate regulation of sale and supply of

antimicrobials should be made and its strict enforcement should be ensured. An effective monitoring and surveillance system for use of antimicrobials both in human and animals, and prevalence of drug resistance should be in place without delay. Capacity of laboratories needs to be strengthened for this purpose. In fact, a national policy on rational use of antimicrobials should be seriously considered for strengthening national capacity to detect, monitor and respond to drug resistance.

Counterfeit and spurious drugs are closely linked to drug-resistance problem. Often we see the news of seizure of counterfeit and spurious drugs. I saw many patients buying same medicines from India when these are available in our market at a cheaper price. To my query they said that the ingredients are low in quantity in these medicines available in our country than what to be or than what is written on the covers of these medicines. If true, it is a serious public health threat and it needs urgent appropriate action by the authority. It seems that through these alleged counterfeit and spurious drugs, not only consumers are being cheated; but more importantly these medicines are also simultaneously causing the dangerous drug resistance due to their low strength, causing enormous human and financial loss. On the other hand, country is losing precious foreign currency through purchase of these medicines by consumers from foreign markets. Hence, an effective control is needed to put an end to this phenomenon. Government must need to ensure an effective check on the counterfeit and spurious drugs, drugs with inadequate quantity of ingredients. Authority must ensure that there is no spurious drugs in the market and that the pharmaceutical industries in the country ensure sufficient ingredients in all medicines. We all should, however, appreciate the fact that the fight against drug resistance is a complicated one and cannot be carried forward by the Government alone; it should be a combined fight by every one in the society doctors, patients, parents, community and the pharmaceutical industries alike, in our very own interest.

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IMAGINE, the world without any effective antibiotics, what might be the consequences? The scenario would be gruesome. Even a minor infection may lead to death. In fact, we are getting back to the era before introduction of antibiotics owing to lack of consciousness. A fearsome report recently in The Daily Star revealed that nearly two-thirds of the patients seeking treatment for a wide range of ailments including pneumonia, malaria, meningitis, tuberculosis, diarrhoeal diseases etc, no longer respond to common antibiotics 'the first line' drug. Scientists all over the world have been complaining for decades about the antibiotic resistance.

Ever since antibiotics became widely available in 1940s, they have been hailed as miracle drugs able to eliminate bacteria without doing much harm to the cells of treated individuals. Yet with each passing decade, bacteria that defy not only single but also multiple antibiotics and therefore are extremely difficult to control have become increasingly common.

After Sir Alexander Fleming's discovery that microorganisms produce substances that inhibit or kill other microbes, the search for antibiotics blossomed. When a great number of microbial agents became available for chemotherapy in the early 1950s, these 'wonder drugs' were thought to be the final answer to the control of infections. Penicillin, in particular, was added to items such as chewing gum, mouthwash and toothpaste. Antibiotic use (and misuse) has soared since the first commercial versions were introduced and included in many nonmedical applications. In 1954 two million pounds were produced in the US; today the figure exceeds 50 million.

In addition to this indiscriminate use of antibiotics, many physicians routinely prescribe them for minor infections. Researchers at the centers of disease control and prevention have estimated that some 50 million of the 150 million outpatient prescriptions for antibiotics every year are unnecessary. A few years ago one medical journal reported on the antibiotic use in hospitals. The results indicated that more than 60 per cent of the antibiotics prescribed there were either given in the wrong dosage or used in applications for which they would not be effective. Market data shows that almost two thirds of the prescriptions given to the patients for the common cold are antibiotics, yet

### The Underlying Facts

by Mohammad Sorowar Hossain

most colds or sore throats are caused by viruses but antibiotics are inactive against virus. Increased, unnecessary exposure to these drugs has produced a significant increase in antibiotic resistance organisms.

Self-prescription and taking inadequate dose of antibiotics make the organisms resistant. Often we take the medication until we feel better and save the remaining tablets for the next time. Dr. Moazzam, one of my friends said: 'They hear that a certain antibiotic cures someone of an illness and as soon as they fall sick they go to the drug store to buy the same drug. They don't know whether it is proper for their sickness, they don't know the right dose and they don't know the right length of treatment.'

In the industrial world, most antibiotics are available only by prescription, but this restriction does not ensure proper use. People often fail to finish the full course of treatment. Patients then stockpile the leftover doses and medicate themselves, or their family and friends in less than therapeutic amounts. In both circumstances, the improper dosing will fail to eliminate the disease agent completely. As a consequence the organisms become antibiotic resistant. In the developing world, antibiotic use is even less controlled. Many of the same drugs marketed in the industrial nations are available over the counter.

WHO says that abuse of antibiotics has led to the outbreak of multidrug resistant tuberculosis, malaria, cholera and other diarrhoeal diseases. Tuberculosis, a life-threatening disease of the lung, is expected to cause 30 million deaths over the next decade if control situation of the disease does not improve and almost two thirds of all tuberculosis cases occur in Asia. Until a few years ago, tuberculosis was relatively easy to treat with a combination of three antibiotics. Now most patients require four or some cases cannot be cured with available antibiotic. In Asia, the deadly new TB has been detected among the poor and homeless whose living conditions serve as bacterial breeding grounds.

Drug resistant falciparum malaria is also on the increase, according to WHO. It makes up

the majority of the 300-400 million clinical attacks yearly, which kills one to three million. WHO reports that in some locations falciparum malaria is resistant to all available drugs.

Multiple drug resistance to the main strain of cholera is occurring in many areas, with the problem growing in the developing world. Several strains of *Staphylococcus aureus*, which cause blood poisoning and surgical wound infections, have become resistant to some antibiotics that were formerly used against them. Penicillin drugs, which used to cure nearly all bacterial urinary tract infections several decades ago, are now less effective against them. *Pneumococcus* infections, one of the most common causes of pneumonia, are becoming more resistant to penicillin and other standard antibiotics. Patients infected with one of these strains may even die, unless given a less common and very expensive antibiotic.

The same drugs prescribed for human therapy are widely exploited in animal husbandry and agriculture. More than 40 per cent of the antibiotics manufactured in the US are given to animals. Some of that amount goes to treating and preventing infection, but lion's share is mixed into feed to promote growth. In this last application, amounts too small to combat infection are delivered for weeks or months at times. This long term exposure to low doses is the perfect for selecting increasing numbers of resistant bacteria in the treated animal which may then pass the microbes to caretakers and more broadly to people who prepare and consume undercooked meat.

What's the mechanism behind the antibiotic resistance? For the indiscriminate use of antibiotics as well as incorrect dosage regimen, microorganisms develop antibiotic-resistance genes (which give rise to protein that shield bacteria from an antibiotic). The resistance genes might coat 'efflux' pumps that eject antibiotic form the cells. Or the genes might give rise to enzymes that degrade the antibiotics or that chemically alter and inactivate the drugs. Resistance genes can reside on the bacterial chromosome or small rings of DNA called plasmids. Some of the genes are inherited, some emerge

through random mutations in bacterial DNA, and some are imported from other bacteria. If the collective bacterial flora in a community have no genes conferring resistance to a given antibiotic, the antibiotic will successfully eliminate infection caused by any of the bacterial species in the collection.

Antibiotic-resistant pathogens are not more virulent than susceptible ones; the same numbers of resistant and susceptible bacterial cells are required to cause disease. But the resistant forms are harder to destroy. On a larger scale, antibiotic resistance that emerges in a place can often spread far and wide. The ever-increasing volume of international travel has hastened transfer to the US of multidrug resistant tuberculosis from other countries. Investigators have documented the migration of strain of multidrug-resistant *Streptococcus pneumoniae* from Spain to the UK, the US, South Africa and elsewhere. This bacterium, also known as pneumococcus, is a cause of pneumonia and meningitis, among other diseases.

**What should be done?**  
People must be conscious about the antibiotic resistance and its consequences and stop thinking of antibiotic as harmless.

Doctors, local government officials and patients share responsibilities for preventing indiscriminate use of antibiotics.

Careful control of the use of antibiotics can also slow the process of bacterial resistance. Doctors need to keep themselves fully updated on the dangers, by exchanging information, attending seminars and studying latest literature.

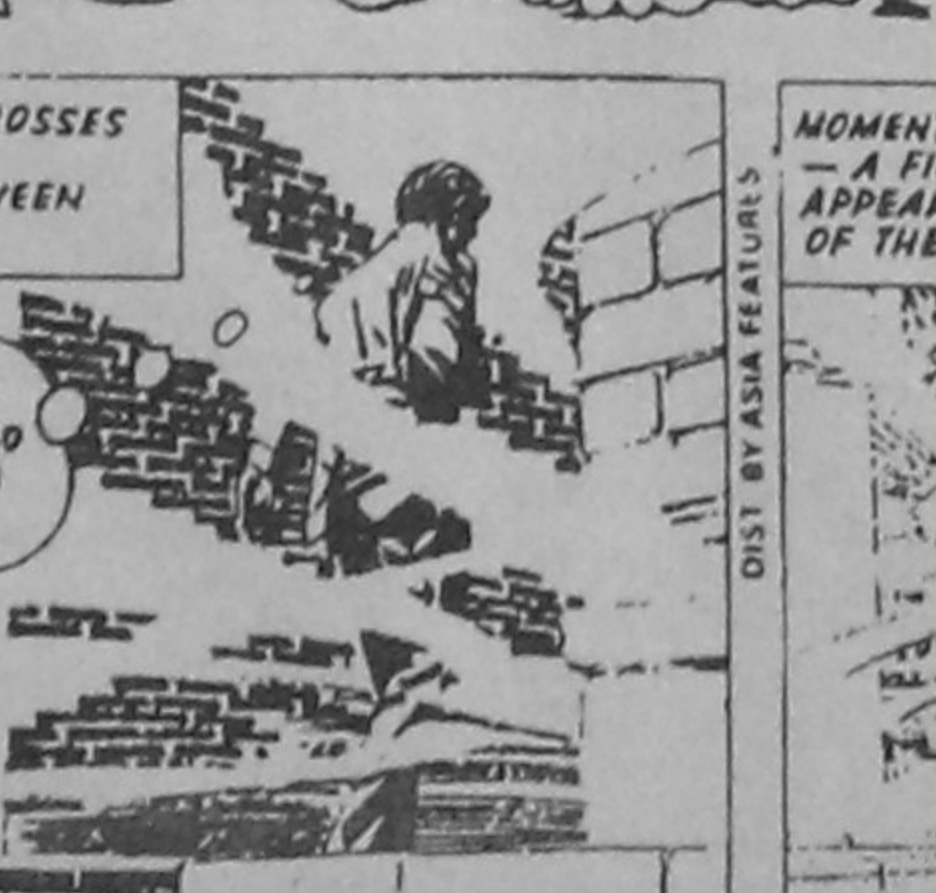
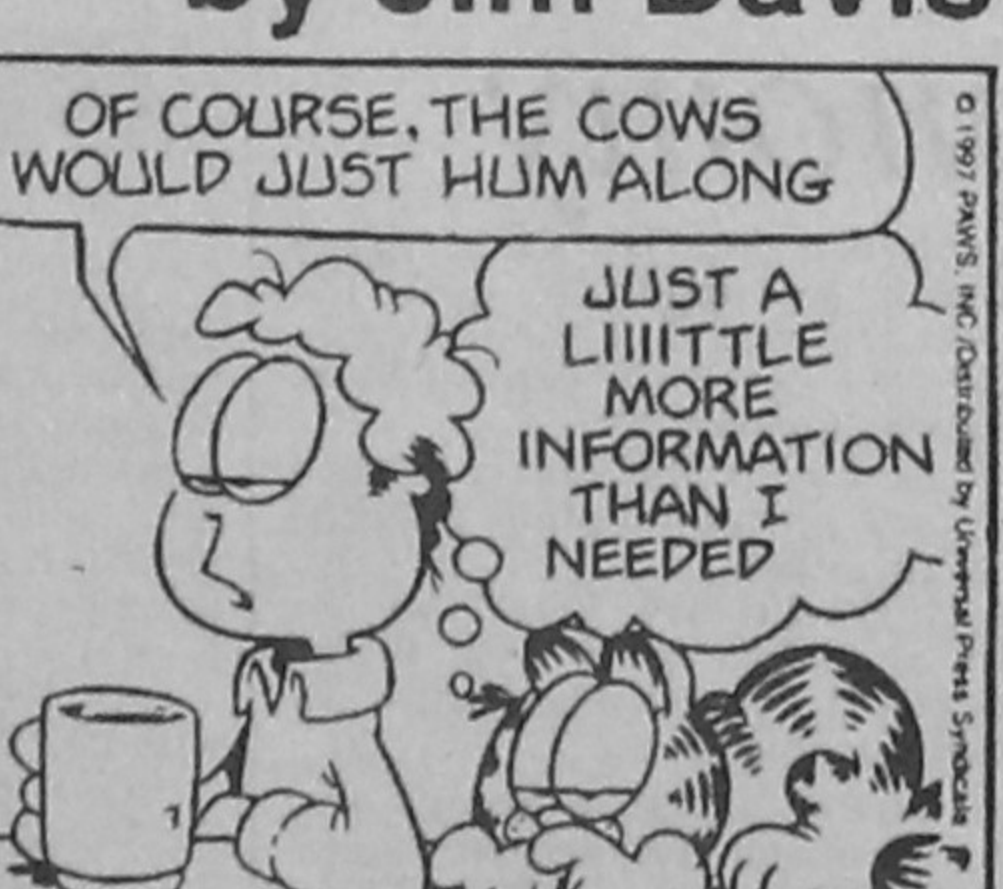
Consumers need to understand that it is critical that prescription be followed for the entire period prescribed and the 'left-over' not stockpiled for future self-prescribing or 'benefit' of relatives.

Government has a responsibility to establish and implement policies to control the availability of antibiotics and to promote their proper use.

To create awareness among the people, mass media can take on an essential role. This would be more effective.

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by Jim Davis

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1.	35mm professional Cine movie Camera with accessories	FDC/PDIMP/2000-2001/1/11 dt 14/8/2000	1% on C&F(C) value	Tk 3000/- (Tk three thousand)	C&F Dhaka by air	10-12-2000 at 2:00 PM	14-12-2000 at 12:00 Noon

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