

Biman should adopt survival plan to come out of current crisis

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Dhaka : Covid-19 has hit the global airline industry very hard, and similar to other countries, airlines of Bangladesh-both public and private-are now searching ways to survive the unusual crisis, created by the pandemic for more than a year now.

Of the three operational airlines in the country-one public and two private-national flag carrier, state owned Biman Bangladesh Airlines Limited is the largest-and its problems are also much more than other two private airlines-NOVOAIR and US-Bangla Airlines.

Biman is also the mainstay for country's air transportation. But it is not known for efficient management as the 48-years old Biman has failed to exploit its potentials, due mainly to management inadequacy. Current manpower situation has also curbed the efficiency of the airline to a significant extent.

Under the circumstances, a survival plan is immediately needed to make the carrier sustain the current turmoil.

Volatile global situation

Covid-19 is throwing everything up in the air-including the fate of airline

companies. It is not yet clear when these stringent travel restrictions may be lifted, but one can only hope that these airlines do not have to continue to weather the storm much longer.

The losses for the wider global aviation-related industries from the coronavirus pandemic could exceed USD 2 trillion this year, with millions of jobs at risk in Asia-Pacific alone.

Covid-19 has seriously disrupted the airline industry. Most countries have travel advisories - or outright bans - in place to restrict the spread of the virus.

Nearly all countries have some type of travel advisory in place, with many encouraging people to avoid non-essential travel even before Covid-19 was officially considered a pandemic by the World Health Organisation (WHO).

So, it is no surprise that the industry clobbered hardest, by the Covid-19 pandemic, is the one responsible for helping it spread to the four corners of earth. But the speed and depth of the nosedive which airlines have taken is nevertheless worrisome.

World leaders are being forced to take drastic, emergency measures to confront the worsening coronavirus crisis. They are meant to keep people alive but are killing the global economy. And few industries have been hit as hard as airlines.

The International Air Transport Association says the industry stands to lose more than USD 250 billion in revenue this year, and that is assuming things recover in three months.

An estimated 8,500 aircraft are sitting in storage around the world. According to an information in late March.

Many airlines worldwide face the threat of bankruptcy in coming months, if these declining trends continue. To hedge against these domino effects of the outbreak, US airlines are requesting upwards of USD 60 billion in bailouts and direct assistance from the government.

No survival plan yet

Airlines all over the world are now busy drawing plans to survive the current unusual and highly negative situation. According to various sources including reports published in national dailies, management of Biman is yet to direct its serious attention to adopt a survival plan.

According to reports, newly appointed Managing Director and CEO Abu Saleh Mostafa Kamal said that Biman has plans to recover from the losses it incurred due the recent surge in Covid-19 infections and deaths, since early last year. Apart from short, mid and long term plans, a 100-day strategic plan is there to take the carrier "to a new height".

Similar to other airlines in the world, Biman was forced to cut salaries and reduced its maintenance and operational costs, due to the pandemic fallout. But "operating exclusive charter flights, efficient routing and network planning" during the lockdown, helped the national carrier earn handsome revenue, it is learnt.

Despite this, the CEO informed, Biman suffered severe capacity and revenue losses like other airlines. "However, we will soon find out the reasons behind the losses and come up with a solution to make profits," he said, according to reports.

In the past two years, Biman earned a revenue of BDT 2,329 crore against expenditure of BDT 3,529 crore.

However, according to sources, due to the pandemic, Biman has received a stimulus support of BDT 1,000 crore from the government in April last year and it has already utilised BDT 778 crore. Biman has used the stimulus aid and its revenue to pay bank loans and bear the arrears and maintenance costs.

Normal ideas

According to inside sources, Biman is yet to draw any plan to chart its path under current and future situation with numbers of suitable alternative options.

Mostafa Kamal, the new CEO of the national flag carrier, has spelled out some operational measures he is going to take to run the airline. He thinks Biman needs to increase its visibility in social media for branding - both locally and internationally. He said that if they could operate the flights on time and maintain the schedules, the airline would do good business and make profits.

His high priority tasks include improving Biman's on-time performance, ground handling and baggage delivery and maintaining flight schedules.

Moreover, Biman plans to bring the third terminal under strong management, introduce a new service product, ensure proper recruitment of pilots and cabin crews, carry out maintenance under flexible management and find out the reasons behind flight delays.

There is nothing much to do about the failure as many flights could not operate regularly due to the travel bans during lockdown. However, Biman is trying to recover from the situation by converting passenger aircrafts to full cargo flights to meet the demands.

Biman is currently operating cargo charter flights to three destinations - Canton, Hong Kong and Bangkok.

After the pandemic surged last year, the number of passengers decreased significantly compared to the previous years. The number will go up once the new plans are implemented, the CEO hoped.

Biman carried 2.8 million passengers in 2018-2019 fiscal year, 2 million in FY 2019-2020, and only 823,000 in FY 2020-2021 (up to April).

Not enough

The measures that the new CEO is planning to take to run Biman are good and mostly suitable for running an airline in normal situation. These seem to be not enough and suitable under the existing circumstances.

For the airlines, the situation now is very abnormal and volatile and so a plan to tackle the situation is a must.