Major overhaul of national carrier : Second airline on horizon

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Dhaka : A 12-member task force, formed by the interim government to re-strategize the economy and mobilize resources for equitable and sustainable development, has recommended a major overhaul of Bangladesh's national carrier Biman Bangladesh Ai-rlines. Headed by KAS Mur-shid, the task force has put forth a bold proposal: dismantling Biman Bangla-desh Airlines and utilizing half of its assets to establish a new national carrier, tentatively named Bangladesh Airways.

Dr Wahiduddin Mahmud, Adviser for Education and Planning, unveiled these recommendations during a press briefing, labeling Biman as a "worthless entity." He cited its prolonged inefficiencies and inability to provide competitive services, despite operating for over five decades.

Second national carrier

The proposal to introduce a second national airline alongside Biman is being seen as a timely and necessary move, provided the new carrier operates independently, as recommended. It can be set afloat on Public Private Partnership basis and since it is recommended to be launched utilizing half of the assets of Biman, it can be partly owned subsidiary of Biman with no direct involvement from them.

Over the years, Biman has struggled to capture an adequate market share or meet passenger expectations, and not much could be achieved this far. However, the blame does not lie solely with the airline itself; political interference has hindered its ability to function as a true commercial entity. Successive governments have treated Biman as a state-run organization rather than a profit-driven enterprise. Its management and even the board always remained heavily bureaucratic, with minimal recruitment of aviation professionals at decision-making levels.

Unless the airline is allowed to function as a commercial business, it will continue to lag behind its regional counterparts. The lack of political will to implement significant reforms means that Biman's chances of revival under any future political government remain slim.

Growing demand, market challenges

Bangladesh's air transportation sector is expected to grow by 160 per cent over the next 15 years, leading to an additional 12.1 million passenger departures by 2038. According to the Inter-national Air Transport Asso-ciation (IATA), this growth could contribute approximately USD 2.1 billion to the country's GDP and generate around 140,000 jobs.

Despite this immense potential, local airlines, including Biman, hold less than 30 per cent of the market share, while foreign carriers dominate with a staggering 70 per cent. As international air travel in Bangladesh expands, the supply of available seat capacity fails to keep pace with demand. This has led to excessive fares, dictated by airlines and some vested travel agencies, making air travel expensive for passengers.

Foreign airlines are aggressively expanding their operations to Bangladesh, either by increasing flight frequencies or deploying larger aircraft. Simultaneously, new international carriers are entering the Bangladeshi market, further reducing the market share of local airlines.

Unless Bangladeshi carriers take decisive action-such as inducting new aircraft, expanding their route networks, and implementing strategic growth plans-their role in the country's aviation industry will continue to diminish.

Urgent need for expansion, modernization

While regional airlines are investing in large-scale fleet expansion, Bangladeshi carriers have yet to place new aircraft orders. It typically takes 4-5 years for new aircraft deliveries once an order is placed, and with the leasing market shrinking, sourcing suitable aircraft has become increasingly difficult. Without new aircraft, route expansion remains unlikely, and local carriers risk losing even more ground to international competitors.

Following regional carriers' success model

Many countries have successfully introduced secondary national carriers, particularly budget airlines, which have often outperformed their legacy counterparts. Exa-mples include:

India: Air India Express complementing Air India.

UAE: FlyDubai alongside Emirates.

Kuwait: Jazeera Airways operating with Kuwait Airways.

Oman: Salam Air supporting Oman Air.

Singapore: Scoot Air boosting Singapore Airlines.

Saudi Arabia: The newly launched Riyadh Air operating alongside SAUDIA and Nasair.

Given that over 75 per cent of Bangladesh's total air traffic consists of employment-related travel, a budget airline model would be ideal choice for this market. Such a carrier would benefit from lower set up, administrative and operational costs, while this might attract foreign investors willing to capitalize on the growing market. If we look at the Bangladesh market, almost all the budget carriers of the region are operating multiple frequencies daily and doing brisk business.

Way forward

The time is ripe for the government to seriously consider the task force's recommendation to establish a second national carrier. With professional management and an independent board comprising aviation experts, Bangladesh Airways or whatever you name, it could significantly boost the market share of local carriers and help stabilize the escalating airfare rates.

A well-structured budget airline could cater to the price-sensitive Bangladeshi market while ensuring sustainable growth in the country's aviation industry. By taking swift action now, Bangladesh can prevent further dominance by foreign airlines and secure a stronger foothold in the global aviation landscape.