The Bangladesh Monitor - A Premier Travel Publication

Private airlines grounded: Bangladesh's skies emptying as carriers collapse

- A Monitor Desk Report | Date: 17 May, 2025

Dhaka: One after another, Bangladesh's private airlines are vanishing from the skies. Once heralded as symbols of modern air connectivity, these carriers have been brought down-not by lack of demand, but by a cascade of unsustainable costs, rigid bureaucracy, and regulatory policies that do not favor the private airlines, but only the state-run Biman Bangladesh Airlines.

Once-thriving private operators like GMG Airlines, United Airways, and Regent Airways have disappeared. NOVOAIR, long considered the most stable of the remaining players, recently ceased operations as well. However, the airline announced to resume services on May 21.

"We're not being outcompeted-we're being suffocated," said one airline executive, adding, "It's death by policy."

High altitude, higher costs

At the heart of the crisis are Bangladesh's disproportionately high operating costs. Jet fuel, supplied solely by the state-owned Bangladesh Petroleum Corporation (BPC), for long, was sold at rates 30-40 percent higher than in neighboring countries.

"Fuel makes up nearly half of our expenses," explained an industry stakeholder. "The inflated prices made even a full plane unprofitable."

However, effective May 14, finally responding to the industry’s long-awaited demand, the government has reduced jet fuel price by BDT 17.43 per liter from BDT 111 to BDT 93.57 per liter for domestic airlines.

Airlines are also hit with steep aviation charges from the Civil Aviation Authority of Bangladesh (CAAB)-including landing, parking, and route navigation fees. These are among the highest in South Asia, with no sliding scale for smaller or newer carriers.

Ground handling: State monopoly

Adding to the burden is Biman Bangladesh Airlines' monopoly over ground handling at all major airports in the country. Private airlines are required to pay Biman for services such as baggage handling, aircraft marshaling, cabin cleaning, and passenger boarding support.

"Biman's ground handling charges are excessive, and there's no alternative," said a private airline executive. "You're forced to accept the rate, regardless of quality or turnaround time."

Operators say Biman's ground handling rates are significantly higher than regional benchmarks, and the lack of competition leads to slow, inefficient service-causing delays that cost private airlines dearly in tight turnaround schedules.

Despite repeated calls from the industry for liberalization of ground handling, the government has not opened the sector to private or international service providers.

Maintenance: Hidden burden

In aviation, maintenance is not just routine-it is mandatory and expensive. For Bangladeshi airlines, the situation is worsened by high import duties and bureaucratic delays when sourcing essential aircraft parts.

"If a component like a radar, landing gear, or avionics unit fails, it can ground an aircraft for days," said an airline engineer. "But in Bangladesh, it's not the repair time-it's the wait for customs clearance that kills us."

Critical aircraft components, often imported from the UAE, Europe, or the US, are subject to import duties that can range from 15 percent to 30 percent, despite being essential safety items. Operators report weeks-long delays at customs, even when the aircraft is grounded and the part is urgently needed.

"Every day an aircraft is on the ground, it bleeds money," said an airline executive. "Other countries clear these parts in under 48 hours. Here, we're lucky if we get them in a week."

These delays not only cripple fleet availability but also cause flight cancellations, schedule disruptions, and mounting losses.

Bureaucracy: System that stalls

Compounding the crisis is a deeply inefficient regulatory system. Airlines face delays at every level-from route approvals to aircraft importation to routine schedule adjustments. The process is largely manual, slow, and lacking transparency.

"You can't plan an airline's growth when you don't know if your request will take two weeks or six months," said an industry insider.

Industry stakeholders argue that CAAB's dual role-both regulator and airport operator-creates a structural conflict of interest. While Biman enjoys streamlined access to slots and permissions, private carriers often find themselves mired in procedural delays.

Global boom, local bust

The decline of Bangladesh's private airlines is unfolding just as global aviation enters a historic growth phase.

According to the International Air Transport Association (IATA), global air travel is expected to double by 2040, with Bangladesh among the top 20 fastest-growing markets. Rising incomes, outbound labor travel, and tourism should be fueling demand for both domestic and international air services.

"Bangladesh has the geography and demographics to be a regional air hub," said an aviation expert. "But the policy climate is doing the exact opposite."

Fewer choices, higher prices

For consumers, the fallout is immediate: higher airfares, fewer choices, and worsening service standards. Biman now dominates the skies, but has long been criticized for delays, aging aircraft, and lackluster customer experience.

"Competition drives innovation," said an industry stakeholder. "With private carriers going away, we're heading back to a monopoly-and passengers will pay the price."

Desperate need for reform

Aviation experts say Bangladesh must urgently reform its aviation ecosystem if it hopes to revive the private sector and harness the coming travel boom. Key recommendations include:

(1) Reduction of import duties on aircraft parts and maintenance equipment.

(2) Expedited customs clearance for grounded aircraft components.

(3) Competitive jet fuel pricing aligned with regional markets.

(4) Separation of CAAB's regulatory and operational functions.

(5) Transparent, time-bound processes for route and schedule approvals.

(6) An aviation committee comprising industry experts.