

Biman could incur huge loss over wet-leasing aircraft for Hajj

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Dhaka: Despite having sufficient fleet capacity, a hasty move by the Biman Bangladesh Airlines Board on leasing a pair of 266-seat Airbus A330s to meet the airline's Hajj season charter requirements, has put the national carrier at risk of facing a huge loss, said reports.

The signing of an agreement with Lithuania-based Heston Airlines to lease additional aircraft was approved at Biman's 276th board meeting on April 30.

Eight board members, including the Board Chairman and Managing Director, and three other officials of Corporate Planning and Training of Biman, attended the meeting, added reports.

This hurried decision has been resented intensely by other board members and employees of Biman, according to reports.

Reports claimed, Director (Corporate Planning and Training) Mahbub Jahan

Khan in April submitted the proposal on wet-leasing a pair of Airbus aircraft under ACMI (aircraft, crew, maintenance, and insurance) system to meet the requirements for 2022's Hajj flights.

Being rejected once, he again submitted the proposal agreement with Heston Airlines to the board.

Reports claimed, around 11 airlines were interested in providing aircraft to carry Hajj pilgrims in 2022, including Avico which leased aircraft from 2012-2016 and Air Asia which leased aircraft in 2017. Furthermore, Biman could have carried pilgrims under its own management too.

However, the Biman Planning Director was partial to Heston Airlines, which offered a block-hour facility and would cost Biman approximately USD 7,000 per hour, mentioned reports.

According to reports, other Board members alleged that a syndicate had favoured Heston Airlines for the lease agreement for its own benefit without considering Biman's profits.

In response, Director Mahbub Biman said Biman had agreed to the contract with Heston to make a profit. However, the agreement is yet to be finalized, added Mahbub.

According to other Board members of Biman, the airline has the capacity to operate Hajj flights with its own fleet, as it did in 2018 and 2019. Hence, many were against the leasing agreement and urged Biman and the Ministry of Civil Aviation and Tourism to review it.

Reports also cited two board members preferring other companies offering cheaper rates.

Biman made a profit of around BDT 200 crore during the last Hajj season. In 2022, it would cost Biman BDT 60 crore to operate 75 Hajj trips (90 days according to the agreement), but it would make a profit of only BDT 50-60 crore. Meaning, Biman could lose around BDT 130-140 crore, mentioned reports.

According to a report citing an insider source, the airline could lose around BDT 200 crore if compared with last season's earnings.

In 2022, Biman will carry 31,000 pilgrims on 75 dedicated flights while the rest will fly by Saudi Arabian Airlines. Hajj flights are likely to start on May 31, 2022.

