



Local airlines said the rise in the number of passengers helped them narrow down severe losses they had suffered because of the halt in operations during the pandemic, and if the trend continues in 2023, the carriers would be able to do better. PHOTO: STAR/FILE

# Local airlines look to rebound from pandemic losses

SOHEL PARVEZ and RASHIDUL HASAN

The year 2022 had been a good year for Bangladesh's two local airlines thanks to increased flow of travellers after the authorities lifted pandemic-related restrictions.

The operators said the rise in passengers helped them narrow down severe losses they had suffered because of the halt in carrying passengers.

And if the trend continues in 2023, they would be able to do better.

The reaction of the local airlines is similar to the views of International Air Transport Association (IATA).

In early December of 2022, it said to have expected a return to profitability for the global airline industry in 2023 as airlines continued to cut losses stemming from the effects of the pandemic to their business in 2022.

And in spite of the growing economic uncertainties with a slowdown in global gross domestic product (GDP) growth, airlines are expected to post a small net profit of \$4.7 billion in 2023, it said.

It will be generated on the back of a lower oil price, inflation and continued prevalence of pent-up demand which should help keep costs in check as the strong growth trend continued, it said.

Locally, state-owned Biman Bangladesh Airlines had carried around 16.35 lakh passengers in the July-December period of the year 2022, said a top official of Biman.

It is almost double the 9 lakh passengers it transported on the international and domestic routes during the same period a year ago, he said.

He said the national flag carrier fetched Tk 3,800 crore in revenue in the six months, up 80 per cent year-on-year.

Including Biman, Bangladesh has four local airlines now in operation while another one, Fly Dhaka is likely to start operation. Four other local airlines are now grounded.

Besides, nearly 30 foreign carriers are operating flights to and from Bangladesh registering roughly 80 lakh domestic and international travellers annually, with migrant workers being the main passengers.

Kamrul Islam, general manager, public relations at US Bangla Airlines, said the airline had 90 per cent of its seats occupied on some routes last year.

US Bangla Airlines operates flights on all 10 domestic airports, and a number of international destinations namely Kolkata, Chennai, Sharjah, Doha, Muscat, Kuala Lumpur and Singapore.

"We could not fly between domestic destinations for a long time owing to restrictions. After lifting of the restrictions in 2022, we have been able to recover a lot," he said.

Islam said overall, seat occupancy rate grew to 85 per cent in flights last year, up from 60 per cent in 2021.

"The year 2022 was the period of recovery for us. The year 2023 is expected to be good. If so, we will be able to recover from the losses we suffered for coronavirus pandemic," he said.

He said airlines could not operate fully in 2020 and in part during the year 2021 because of the Covid-induced restrictions on air travel both inside and out of the country.

Yet, carriers had to face increased operational cost. One of the reasons is an increase in jet fuel prices.

Jet fuel was Tk 46 per litre in the October-November period of 2020 and has risen 172 per cent to Tk 125 per litre now, said Kamrul Islam, general manager, public relations at US Bangla Airlines.

"Fuel cost accounts for nearly half of our operational cost," he said.

**In spite of the growing economic uncertainties with a slowdown in global gross domestic product growth, airlines are expected to post a small net profit of \$4.7 billion in 2023, said International Air Transport Association**

For Novoair, the year 2022 however was not a good year compared to the previous year of 2021, said Managing Director Mofizur Rahman.

"After the global Covid-19 pandemic, we passed a good year in 2021. The number of passengers were good in between January and March, 2021," he said, adding that the number of passengers later decreased.

And the number of passengers decreased by 30 per cent to 35 per cent in 2022 compared to that in 2021, he said.

Usually, the number of passengers remain high during the period of November and December, he said.

"But in this year, we were forced to cancel many flights during this time due to a shortage of passengers," said the chief

of Novoair which launched commercial operations a decade ago.

The airline currently operates flights to all domestic destinations, except Barisal. Its lone international destination is Kolkata.

Imran Asif, chief executive officer at Air Astra, a newly launched domestic airline, said domestic air travel was the primary driver of recovery of the airline industry globally.

"In case of Bangladesh, domestic air travel recovered at a quicker pace than other countries. This is because of resilience of the people of Bangladesh," he said.

"Besides, Bangladesh's economy grew even during the pandemic when countries suffered contraction," he said.

Movement of people engaged in mega projects implemented by the government also supported the recovery, he said.

"And although a number of projects is going to be completed, we will reap the benefits as the projects will drive economic growth once these become operational," he said.

"As a result, air travel will increase as economic growth is one of the drivers of airline industry," Asif said.

Bangladesh's air transport industry has created 17,000 jobs and it contributed \$769 million to the country's GDP, according to an estimate by the IATA in 2018.

Passenger numbers are expected to reach 1.93 crore by 2038, it predicted at that time.

Asif said the projection was made before the pandemic and air transport prospects

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## Airline a difficult venture in Bangladesh

### Says Novoair MD

RASHIDUL HASAN

Bangladesh has an ill-defined policy regime, infrastructure limitations, high cost of business and sky-high fuel cost which makes it difficult to sustain airline ventures here, said Novoair Managing Director Mofizur Rahman.

"On top of that if you have a very uneven field for competition with a state-owned airline which survives with an unfathomable state subsidy, their premature airline mortality is bound to happen," he said while talking to The Daily Star.

The Novoair managing director said this on the occasion of the airline's 10th anniversary today.

Novoair was established in 2007 with a vision of "Excellence in Aviation" and the motto "ART of Aviation", which emanates from the conviction that Novoair's endeavours would be on providing the best of service to its clients.

The private airlines launched commercial operations on January 9, 2013, with three 89-seat Embraer 145 jet aircraft.

From 2016 to 2019, seven 72-seat ATR 72-500 turboprop aircraft replaced the Embraer 145 aircraft in phases. Currently, Novoair owns all of them.

The airline currently operates on all domestic destinations in the country alongside a lone international destination to Kolkata.

In 10 years, more than 1 lakh flights have been operated and the airlines served more than 5.5 million passengers.

Novoair was named "Best Domestic Airline" in 2014 and 2019 and "Best On time Performance Airline" in 2021 by Bangladesh Monitor, a fortnightly journal on aviation and tourism.

"Our mission is to provide safe, reliable and friendly air services in partnership with our customers, suppliers and the communities we serve. One of our goals is to set ourselves the pinnacle of standards and we deliver on our promises," said Rahman.

"Thrilling" is the one word he used to describe the airline's journey so far.

"While there was many an occasion to rejoice our achievements, on the other hand, there were frustrating roadblocks on the way and we had to navigate forward removing those roadblocks one by one and reach our destination," he said.

"We had a stated objective of setting up an airline for people where they will find world-class service coupled with safety," he added.

"I believe we have been able to live up to our promise and we are relentlessly trying to reach a higher ceiling," said Rahman.

"Airline by default is a challenging venture and that is truer for our country. We continue to face challenges but we are in a relentless stride to overcome those," he said.

About the prospect of the country's aviation industry, he said, "Undoubtedly we have the prospect to be an aviation hub in regional perspective with a 170 million plus population."

"A sustained GDP growth and a big diaspora living around the world is certainly a big strength for our aviation to grow."

On the government's ongoing development works in different airports, he said such work, including the construction of a third terminal at the Hazrat Shahjalal International Airport, were very essential components of the overall aviation ecosystem.

"This will be only meaningful if we have a robust aviation industry to complement that. We need to ensure the sustainability of the aviation industry, the airline sector to be very specific."

About Novoair's future plan, he said, "We have a stated objective of being a successful boutique airline to be reckoned in a sub-regional and regional perspective."

"As a part of that aspiration, we are on a relentless stride to fulfil our regional aspirations. Soon we intend to add narrow-body aircraft to connect the promising dots around us."



## Formalities eased for opening NRBs' taka accounts

STAR BUSINESS REPORT

The central bank has simplified formalities for the opening non-resident investor's taka accounts (NITAs).

In Bangladesh, the Guidelines for Foreign Exchange Transactions 2018 dictate the procedural modalities of NITAs.

In addition, the central bank, in 2021, published the account-opening form while the Bangladesh Financial Intelligence Unit earlier provided the guidance for the prevention of money laundering, terrorist financing and proliferation financing, including know your customer procedure and account-opening by non-resident Bangladeshis (NRBs).

Commercial banks are using different sets of documents for opening NITAs that may create ambiguity among the applicants, said the BB in a notice yesterday.

In order to bring uniformity in the opening of NITAs, banks have been advised to obtain the applicant's valid passport copy, photograph, proof of address, reliable source of income, and the copy of the nominee or authorised person's passport or national identification card, and the photograph.

Banks have been directed to fix and distribute a unified set of documents to their branches at home and abroad to facilitate the opening of NITAs.

The NITA is a facility that is extended to non-resident individuals, institutions or NRBs who are interested in trading Bangladesh securities against foreign exchanges remitted from abroad.



A vehicle with Luminar LiDAR based proactive safety pre-collision braking crash avoidance technology stops to avoid a child-sized test dummy as it is demonstrated on a test track at the Las Vegas Convention Center ahead of the Consumer Electronics Show (CES) on January 4 in Las Vegas, Nevada.

PHOTO: AFP

## Auto industry races into metaverse at US tech show

AFP, Las Vegas

Allowing the driver of an autonomous vehicle to watch a movie, a dealer to sell automobiles from a "virtual" car lot, or an engineer to simulate how a new part fits: the auto industry is getting a tantalizing taste of the metaverse at the huge CES technology show.

One gadget on display in Las Vegas is an in-car television system, developed by French parts maker Valeo, that needs no remote.

To change the channel, drivers or passengers wearing a headset make a simple swipe in the air with their hand, and sensors in the car detect the movement.

For users who dislike the feel of a full headset, sensors on a vehicle's exterior make it possible to integrate actual pedestrians or

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