
Shirts: A potential but challenging category for exports

Considered as a basic product but with a demand for a high level of expertise in manufacturing and designing, men's shirts constitute one of the core products for many exporters in South of India such as Chennai and Bangalore. Over the last few years, market conditions have made this category very challenging, more so as our neighbours such as Bangladesh strengthen their hold on the product. Yet, winners exist and many of them possess integrated units or factories that have great product development support and specialized technology for making a perfect shirt. In the meanwhile, the domestic market too has become upwardly mobile, creating more opportunities for manufacturers.

The global shirt market (as per data from Statista, one of the biggest data management company in US and EU), stood at US \$ 51 billion with a total consumption of 2.5 billion pieces in 2016 and is expected to reach US \$ 58.5 billion (in terms of value) and 2.83 billion pieces (in terms of volume) by 2020. Though India is a niche and small player in the segment, it has much to offer both in the casual and formal wear category because it has a strong fabric base in both yarn dyed and solid fabric. Despite this benefit, many shirt makers are facing a tough time, primarily due to the reduction in duty drawback.

For many players, the market is stagnant with very little or moderate growth. Ruchit D. Kapadia, Director of DKK Exports, Mumbai who is majorly into shirts shared, "Apart from the fact that the demand from international market is on a decline due to the market slowdown, the major issue for us is the recent change in policies. Earlier with duty drawback and state levies, we were getting nearly 11.5 per cent of the total export turnover from the Government's side which has now reduced to just 3.5 per cent. We can't survive in this way." As a solution, Ruchit is working on fabrics, be it for fabrics of lesser weight or cost-effective blends. "We will see how the buyers take it and move accordingly," he added. Manufacturing casual shirts, DKK Exports is working with the retailers having 200 or more stores.

Moving forward, many of the shirt manufacturers also shared that more than casual shirts, there is greater expectation of demand for formal shirts in both the export and domestic market, as the majority of young generation use formal shirts for their professional assignments when they are in offices, while they prefer using tees the rest of the time. Hence, the number of men going for casual shirts is much less compared to the bigger crowd who have a greater need of formal shirts.

Expecting a growth of 10-15 per cent in the next fiscal in shirt business, Steps Sourcing India, Coimbatore is working with reputed brands like Peter Werth, Bench, Tesco and BHS etc. The company can do 6,000-7,000 shirts per day, depending upon the style and workmanship involved. "Yes, pressure is very much there, but we reduce our margin and in few styles, we work on the same without profit also, just to retain the client. Some buyers understand the issues we face and support too. We find more demand in formal shirt and have good potential business in countries like UK, US, Germany and France, because population and ratio of adult is more in these countries," said N Krishna Kumar, CEO of the company.

The company procures twill, canvas, drill, poplin fabric for casual shirts and procures poplin, oxford, jacquard kind of fabric for formal shirts. "We can handle 100% cotton, cotton/polyester, cotton viscose, 100% polyester, tencel kind of fabrics,"