

# BUSINESS PLAN

INCOME GENERATING ACTIVITY – Knitting

by

Durga Mata SHG Jajhar - Self Help Group



SHG/CIG Name	::	DURGA MATA SHG JAJHAR
VFDS Name	::	JAJHAR
Range	::	NITHER
Division	::	ANI AT LUHRI

Prepared under:



Project for Improvement of Himachal Pradesh Forest Ecosystems  
Management & Livelihoods (JICA Assisted)

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## **1. Introduction**

Sweater and Cardigan knitting along with knitting socks, mufflers, scarf, caps, gloves etc. is a common household activity mainly among the women in rural India. Most of the women are well conversant with this IGA and they do it happily in their free time and as well while doing other household works. The women in this SHG are already in activity to meet the need of their family members. Now the members have chosen this activity as IGA so that they can earn extra money to meet their expenses and raise some saving also for the difficult times. A group of 14 women of different age group came together to form a SHG under JICA project and decided to craft a business plan which can help them to take this IGA in collective manner and raise their additional income.

## **2. Background**

Knitting center by Durga Mata SHG Jajhar will be located at village Jajhar P.O. Ghatoor Tehsil Nirmand, Distt. Kullu HP. The total households in village Jajhar are 70 and 4 to 5 small villages surrounding Jajhar for which this cutting and tailoring centre will cater for. This centre will provide excellent service and guide the customers about what suits them the best to provide them the product that mark the highest level of satisfaction and comfort for them.

### 3. Description of SHG/CIG

2.1	SHG/CIG Name	::	Durga Mata SHG Jajhar
2.2	VFDS	::	Jajhar
2.3	Range	::	Nither
2.4	Division	::	Ani at Luhri
2.5	Village	::	Jajhar
2.6	Block	::	Margi
2.7	District	::	Kullu
2.8	Total No. of Members in SHG	::	14 - females
2.9	Date of formation	::	05/07/2020
2.10	Bank a/c No.	::	2429000100098832
2.11	Bank Details	::	PNB, Bagipul, Nirmand, Kullu
2.12	SHG/CIG Monthly Saving	::	50/-
2.13	Total saving	::	7500/-
2.14	Total inter-loaning	::	
2.15	Cash Credit Limit	::	--
2.16	Repayment Status	::	--



**4. Beneficiaries Detail:**

Sr. No	Name	Father/Husband Name	Age	Education	Category	Income Source	Address & Contact No.
1.	Sangeeta Negi (President)	Karm Dass	35	Twelfth	Schedule caste	Agriculture	Jajhar (85809-84236)
2.	Shakuntala Devi (Secretary)	Ramesh Kumar	29	10 <sup>th</sup>	Schedule caste	Agriculture	Jajhar (78073-65664)
3.	Pushpa Devi	Raj Pal	37	literate	Schedule caste	Agriculture	Jajhar
4.	Chinta Devi	Brestu Ram	31	literate	Schedule caste	Agriculture	Jajhar
5.	Durga Devi	Gurdhayal	32	literate	Schedule caste	Agriculture	Jajhar
6.	Amrita Devi	Mehar Dass	39	10 <sup>th</sup>	Schedule caste	Agriculture	Jajhar
7.	Sunita Devi	Navratru Ram	44	literate	Schedule caste	Agriculture	Jajhar
8.	Dolma Devi	Hem Raj	26	10 <sup>th</sup>	Schedule caste	Agriculture	Jajhar
9.	Urmila Devi	Dola Ram	34	literate	Schedule caste	Agriculture	Jajhar
10.	Usha Devi	Daulat Ram	29	6 <sup>th</sup>	Schedule caste	Agriculture	Jajhar
11.	Sheetal Joshi	Krishan Lal	22	Twelfth	Schedule caste	Agriculture	Jajhar
12.	Kamla Devi	Roshan Lal	45	Not literate	Schedule caste	Agriculture	Jajhar
13.	Seeta Devi	Ganga Ram	53	Not literate	Schedule caste	Agriculture	Jajhar
14.	Kaushalya Devi	Keemat Ram	49	Not literate	Schedule caste	Agriculture	Jajhar

## 5. Geographical details of the Village:

3.1	Distance from the District HQ	::	182 Km
3.2	Distance from Main Road	::	50m
3.3	Name of local market & distance	::	Bagipul, 19km
3.4	Name of main market & distance	::	Rampur, 55km
3.5	Name of main cities & distance	::	Rampur, 55Km Nirmand, 34Km
3.6	Name of places/locations where product will be sold/ marketed	::	Rampur 55Km

## 6. Management

Knitting centre by Durga Mata SHG Jajhar has 14 women members and they will have individual knitting machines and will hire a room in the village to execute their plan and work in a collective manner. Before the start of the actual work in the centre all the members will be imparted a short term capsule course for training them in knitting under some professional trainers.

## 7. Primary Action Plan

The members of this SHG have very clear vision of this IGA and after careful and thoughtful discussion within the group decided to take up this activity for additional income. The members are doing this activity in isolation but now they have joined hands to venture into to this activity at a bit larger scale and in a planned manner. The division of labour between the members have been planned carefully so that each and contributes towards strengthening the IGA and resulting the additional money into their pockets.

## 8. Customers

The primary customers of our centre will mostly be local people around village Jajhar but later on this business can be scaled up by catering to nearby small townships.

## 9. Target of the centre

The centre primarily aims at to provide unique modern and high class knitting service to the residents of Jajhar village in particular and all other residents of nearby villages.

This centre will ensure to become the most renowned knitting centre with quality work in its area of operation in coming years.

## 10. The reason to start this business

Due to the prior experience of the members of this SHG who are already doing same work here and there this IGA has been selected and therefore the SHG is starting this business. This is an effort to combine the skill of various members and scale up their activity to earn more livelihoods.

## 11. SWOT Analysis

### ❖ Strength

- ☉ Activity is being already done by some SHG members
- ☉ Raw material easily available from nearby markets
- ☉ Manufacturing process is simple
- ☉ Proper packing and easy to transport
- ☉ Other family members will also cooperate with beneficiaries
- ☉ Product self-life is long

### ❖ Weakness

- ☉ Lack of technical know-how

### ❖ Opportunity

- ☉ Increasing demand for good products

### ❖ Threats/Risks

- ☉ Competitive market
- ☉ Level of commitment among beneficiaries towards participation in training/ capacity building & skill up-gradation



## 12. Machinery, tools and other equipments

The traditional knitting along with the mechanical knitting will go hand in hand so that a value product is made available for marketing and making it competitive both in quality and price tag. Some of the items will be produced in traditional manner and others in mechanical manner depending upon the demand in the targeted area. The following machinery and tools need to be procured.

A. CAPITAL COST				
Sr. No.	Particulars of machinery.	Quantity	Rate per unit	Total Amount
1.	Punch card knitting machine	01	24000	24000
2.	Knitting machine (simple)	14	5500	77000
3.	Knitting design book		1500	1500
4.	Gola making machine	5	600	3000
5.	Working table	14	1200	16800
6.	Plastic chairs	14	500	7000
Total capital cost				129300

B. Recurring cost				
Sr. No.	Particulars	Unit	Rate	Amount
1.	Room rent	Per month	1500	1500
2.	Water & electricity	Per month	1000	1000
3.	Knitting yarn of different colour and quality	Per month L/S	84000	84000
4.	Lubricating oil & pippet	Per month	1400	1400
5.	Wear & tear	Per month L/S	1400	1400
Total Recurring cost				89300



### 13. Total production and sale amount in month

Since it is an additional activity in the SHG apart from their routine household work the outcome will be proportionate to the working hours of each member. It is always better initially to keep the production on conservative side which can always be scaled up with passage of time and work experience. Therefore, it is presumed that each member will produce one item per day as finally finished product and daily 14 items can be made available for sale. Keeping in view this production rate of approximately 400 finished items will be ready for sale in one month. As beginner the item rate on an average is presumed to be Rs. 500 each therefore the total income per month is worked as under:

Particulars	Total Amount (Rs.)	Project contribution (75%)	SHG contribution (25%)
Total capital cost	129300	96975	32325
<b>Recurring cost</b>			
10% depreciation on capital cost/ month	1077	-	1077
Other expenditure per month	89300	-nil-	89300
<b>Total</b>	<b>90377</b>		90377

Total sale in a month  $(500 \times 400) = 200000$

Total expenditure in first month  $(129300 + 90377) = 219677$

However an amount of rupees 96975 is the project support therefore for calculation purpose this amount can safely be deducted from the expenditure column and the net income can be re-cast again. More over the members of SHG will be doing the job collectively therefore their wages have not been taken into account. The net income at the end of the month is re-cast as under:

<u>Capital cost</u>		
Particulars	Amount	SHG contribution
Capital cost	129300	32325
<u>Recurring expenditure</u>		
i) 10% depreciation on capital cost per month	1077	
i) Other expenditure on material cost etc.	89300	
Total	90377	90377
<b>Total cost</b>	<b>32325+90377=122702</b>	
<b>Total sale in 1<sup>st</sup> month</b>	<b>200000</b>	
<b>Net profit</b>	<b>77298</b>	

#### 14. Sharing of the profit

The members of SHG has mutually agreed with consent voice that in the 1<sup>st</sup> month Rs. 4000 will be paid to each member as income and the remaining profit of Rs. 21298 will be kept as emergency reserve in their bank account to meet up the future contingency, if any.

#### 15. Fund flow in the group:

Sr.No.	Particulars	Total Amount (Rs)	Project contribution	SHG contribution
1	Total capital cost	129300	96975	32325
2	Total Recurring Cost	89300	0	89300
3	Trainings	45000	45000	0
	<b>Total outlay</b>	<b>263600</b>	<b>109650</b>	<b>153950</b>

#### Note-

- **Capital Cost** - 75% of the total capital cost will be borne by the Project
- **Recurring Cost** –The entire cost will be borne by the SHG/CIG.
- **Trainings/capacity building/ skill up-gradation** –Total cost to be borne by the Project

#### 16. Sources of funds and procurement:

Project support:	<ul style="list-style-type: none"><li>• 75% of capital cost will be utilized for purchase of machines.</li><li>• Upto Rs. 1 lakh will be parked in the SHG bank account as a revolving fund.</li><li>• Trainings/capacity building/skill up-gradation cost.</li></ul>	Procurement of machines will be done by respective DMU/FCCU after following all codal formalities.
SHG contribution	<ul style="list-style-type: none"><li>• 25% of capital cost to be borne by SHG.</li><li>• Recurring cost to be borne by SHG</li></ul>	

#### 17. Trainings/capacity building/skill up-gradation

Trainings/capacity building/ skill up-gradation cost will be borne by project.

Following are some trainings/capacity building/ skill up-gradation proposed/needed:

- Team work
- Quality control
- Packaging and Marketing
- Financial Management

18. **Loan Repayment Schedule**-If the loan is availed from bank it will be in the form of cash credit limit and for CCL there is no repayment schedule; however, the monthly saving and repayment receipt from members should be routed through CCL.

- In CCL, the principal loan outstanding of the SHG must be fully paid to the banks once a year. The interest amount should be paid on a monthly basis.
- In term loans, the repayment must be made as per the repayment schedule in the banks.



#### 19. Monitoring Method --

- Social Audit Committee of the VFDS will monitor the progress and performance of the IGA and suggest corrective action if need be to ensure operation of the unit as per projection.
- SHG should also review the progress and performance of the IGA of each member and suggest corrective action if need be to ensure operation of the unit as per projection.

#### 20. Remarks

## Group members Photos-



KAMLA DEVI



SHAKUNTALA DEVI



DOLMA  
DEVI



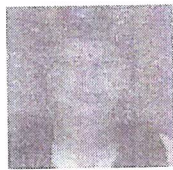
USHA DEVI



SHEETAL JOSHI



URMILA DEVI



PUSHPA DEVI



SANGEETA NEGI



AMRITA DEVI



CHINTA DEVI



SUNITA DEVI



DURGA DEVI



SEETA DEVI



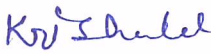
KAUSHLYA DEVI

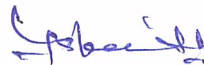
Prepared by: Mr. M.M.Khushdil (Retd. HPFS)

Dr. Lalit Thakur (SMS)

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The business plan of Self Help Group **Durga Mata SHG Jajhar** for the IGA of **Knitting** was presented before the general house of VFDS **Jajhar** for approval. After long discussion and thoughtful deliberations by the different members, the business plan was approved for adoption in the SHG and further implementation by the members of SHG.

  
General Secretary

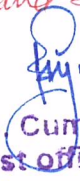
  
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President

**President**  
**V.F.D.S. Jajhar**  
Teh. Nirmand, Dist.. Kullu H.P

  
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