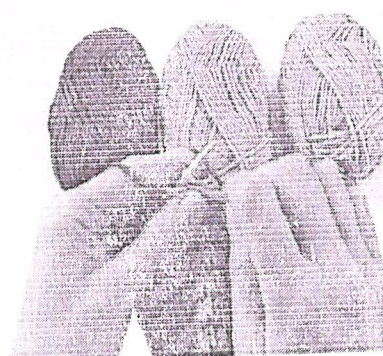
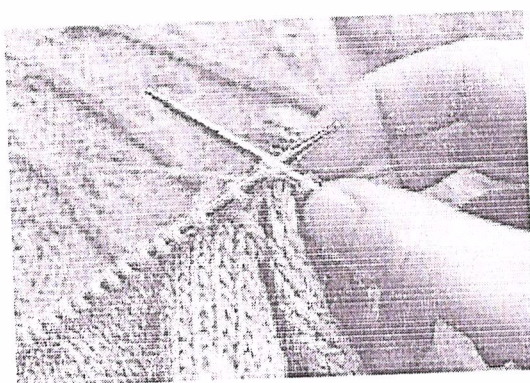


BUSINESS PLAN

INCOMEGENERATINGACTIVITY –Knitting

by

Shelputri SHG(Sianj)-SelfHelp Group



SHG/CIG Name	::	SHELPUTRI
VFDS Name	::	SIANJ
Range	::	NACHAN
Division	::	NACHAN

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 10 women of different age group came together to form a SHG under JICA project and decided to craft business plan which can help them to take this IGA in collective manner and raise their addition alin come.

2. Background

Knitting center by Shelputri SHG Sianj will be located at village Baga P.O.Sianj Tehsil Chachiot, Distt. Mandi HP. The total households in Sianj are 90 and 6 to 7 small villages surrounding Sianj Baga for which this knitting centre will be Shelputri at Sianj VFDS 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	::	Shelputri
2.2	VFDS	::	Sianj
2.3	Range	::	Nachan
2.4	Division	::	Nachan
2.5	Village	::	Baga (Sianj)
2.6	Block	::	Gohar
2.7	District	::	Mandi
2.8	Total No. of Members in SHG	::	10- females
2.9	Date of formation	::	
2.10	Bank a/c No.	::	2452000100069023
2.11	Bank Details	::	PNB, Sianj
2.12	SHG/CIG Monthly Saving	::	100/-
2.13	Total saving	::	33000/-
2.14	Total inter-loaning	::	
2.15	Cash Credit Limit	::	--
2.16	Re payment Status	::	--

4. BeneficiariesDetail:

Sr. No	Name	Father/Husb andName	Age	Education	Category	Income Source	Address
1.	Bimal Devi	Hans Raj	31	-	General	Agriculture	Baga
2.	Roshani Devi	Hans Raj	31		General	Agriculture	Baga
3.	Jagtamba	Chura mani	31		General	Agriculture	Baga
4.	Jaotsana	Sanjaya Kumar	37		General	Agriculture	Baga
5.	Ruma Devi	Chatar Singh	54		General	Agriculture	Baga
6.	Santosh Devi	Yove Raj	24		General	Agriculture	Baga
7.	Grahani	Late Todar	48		General	Agriculture	Baga
8.	Kamal Kishore	Tilak Raj	51		General	Agriculture	Baga
9.	Lila Devi	Dalip Kumar	46		General	Agriculture	Baga
10.	Dolama Devi	Daulat Ram	41		General	Agriculture	Baga

5. Geographical details of the Village:

3.1	Distance from the District HQ	::	44Km
3.2	Distance from Main Road	::	100M
3.3	Name of local market & distance	::	Sianj=1KM, Chail Chowk=15KM
3.4	Name of main market & distance	::	Mandi=44Km, Sundernagar= 37KM
3.5	Name of main cities & distance	::	Mandi=44Km, Sundernagar= 37KM
3.6	Name of places/locations where Product will be sold/marketed	::	Chailchowk, Sianj, Gohar. Mandi.

6. Management

Knitting centre by Shelputri SHG Sianj as 10 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 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 in 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 Sianj & Gohar, but later on this business can be scaled up by catering to near by 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 Sianj & Baga village in particular and all other residents of near by villages.

This centre will ensure to become the most renowned knitting centre with quality work in its area of operation incoming 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 near by 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 them technical 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)	10	5500	55000
3.	Knitting design book		1500	1500
4.	Gola making machine	5	600	3000
5.	Working table	10	1200	12000
6.	Plastic chairs	10	500	5000
Total capital cost				100500

B. Recurring cost				
Sr. No.	Particulars	Unit	Rate	Amount
1.	Room rent	Per month	1500	18000
2.	Water & electricity	Per month	1000	12000
3.	Knitting yarn of different colour and quality	Per month L/S	60000	60000
4.	Lubricating oil & pippet	Per month	500	6000
5.	Wear & tear	Per month L/S	500	6000
Total Recurring cost				102000

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 10 items can be made available for sale. Keeping in view this production rate of approximately 300 finished items will be ready for sale in one month. As beginner the item rate on an average is presumed to be Rs.400 each therefore the total income per month is worked as under:

Particulars	Total Amount(Rs.)	Project contribution (75%)	SHG contribution(25%)
Total capital cost	100500	75375	25125
Recurring cost			
10% depreciation on capital cost/month	10050	-	10050
Other expenditure per month	102000	-nil-	102000
Total	112250		112050

Total sale in a month(500×400)= 150000/-

Total expenditure in first month($100500 + 65338$)=165338/-

However an amount of rupees 75375/- 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 Project contribution 75%	SHG contribution 25%
Capital cost 100500	75375	25125
<u>Recurring expenditure</u>		
i) 10% depreciation on capital cost per month	10050	-
i) Other expenditure on material cost etc.	102000	112050
Total	112050	137175
Total cost	187425	137175
Total sale in 1st month	150000	
Net profit	<p>112050+25125-144000=1302825. The profit will distribute among self Help groups members.</p> <p>The profit will depends upon the working capacity & skill of the members. According to my view & discussed with knitting Industries owner in 1st year the profit shown in business plan is less depending upon i.e. market and skill. The balance profit will be distributed among self help group members according to their performance.</p>	

14. Sharing of the profit

The members of SHG has mutually agreed with consent voice that in the 1st month Rs.4000 will be paid to each member as income and the remaining profit of Rs. 19537 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	100500	75375	25125
2	Total Recurring Cost	112050	0	112050
3	Trainings	-	-	-
	Total out lay	212550	75375	137175

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

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.


SMS JICA Project
Nachan Forest Division


FTU-cum-R.O. Nachan.
Range Forest Officer
Nachan Forest Division, Gohar.


DMU-cum-
Divisional Forest Officer,
Nachan Forest Division, Gohar.