



Business Plan

On

Income Generation Activity

– Knitting

For

Self Help Group – Jai Gaytri Maa



SHG/CIG name	Jai Gaytri Maa
VFDS name	Sari
Range	Kamlah
Division	JoginderNagar

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 rise 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 a business plan which can help them to take this IGA in collective manner and raise their additional income.

After discussing about the market potential and different aspects very carefully before getting into this IGA (Income Generation Activity). The Jai Gaytri Maa SHG group has collectively decided of knitting as their Income Generation Activity(IGA). Jai Gaytri Maa SHG was formed in the year 2022 and has also been included under Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA Assisted), which fall under VFDS Sari. This SHG consists of 10 females. These females already had little experience of knitting and now with the help of this project funding, training and assistance they will develop this skill and become professional. They will be able to do knitting in large scale and will become self independent and generate income. The detailed business plan of this SHG have been crafted according to its investment capacity, marketing & promotional strategy and the detailed action plan will be discussed hereunder:

2. Description of SHG/CIG

1.	SHG/CIG Name	Jai Gaytri Maa
2.	VFDS	Sari
3.	Range	Kamlah
4.	Division	Jogindernagar
5.	Village	Sari
6.	Block	Dharampur
7.	District	Mandi
8.	Total no. of members in SHG	10
9.	Date of formation	02-01-2022
10.	Bank a/c No.	33410104725
11.	Bank details	Himachal State Co-operative Bank Longani
12.	SHG/CIG monthly savings	1000 (100 per person)
13.	Total saving	5000
14.	Total inter loaning	-
15.	Cash Credit Limit	-
16.	Repayment status	-

3. Beneficiaries Detail

S.no.	Name	M/F	Father/ Husband name	Category	Designation	Contact no.
1	Sushma Devi	F	Desh Raj	General	President	7018771802
2	Priyanka Thakur	F	Sunil Kumar	General	Secretary	8894640500
3	Tanuja Thakur	F	Anil Kumar	General	Member	8988188804
4	Shanta Devi	F	Pratap Singh	General	Member	9459264212
5	Bhawna Devi	F	Netar Singh	General	Member	8988367070
6	Kamla Devi	F	Raj Pal	General	Member	6239834638
7	Shakuntla Devi	F	Krishan Dev	General	Member	9418039005
8	Sheela Devi	F	Sunder Singh	General	Member	7876297534
9	Byasa Devi	F	Om Chand	General	Member	-
10	Godan Devi	F	Banka Ram	General	Member	9816636846

4. Geographical details of the Village

1	Distance from the District HQ	110 Km
2	Distance from Main Road	2 Km
3	Name of local market & distance	Longani - 4 Km
4	Name of main market & distance	Dharampur - 15 Km
5	Name of main cities & distance	Mandi - 115 km Sarkaghat 25 Km Dharampur 15 Km Sandhol 15 Km
6	Name of main cities where product will be sold/ marketed	Sarkaghat, Dharampur, Sandhol, Awah Devi

5. Market Potential-

After learning the skill of knitting, this Jai Gaytri Maa SHG will target the local population of their area and nearby villages. There is a huge market potential with the increase and change of fashion at a rapid pace the demand of new design sweaters or woolen cardigans will be there in winter season.

Initially the primary customers of the SHG will mostly be local people around village Sari but later on this business can be scaled up by catering to nearby small townships. Winter is significant in this area and remain for 4 - 5 months.

1	Potential market places/locations	Village covered - Sari
2	Stitching work demand	Throughout the year and high demand in winter season.
3	Process of identification of market	Group members will contact nearby villagers/ households/ institutions.
4	Marketing Strategy	SHG members will directly take orders(individual levels/ group level) from nearby villagers/ households/ institutions.

6. Executive Summary-

Knitting income generation activity has been selected by this Self Help Group. This IGA will be carried out by all ladies of this SHG. This business activity will be carried out yearly by group members. The members are doing this activity in isolation but now they have joined hands to venture into this activity at a bit larger scale and in a planned manner after getting the proper training to enhance their skill. Different types of woolen products will be made by this group. They will target all age group and gender. The division of labour between the members have been planned carefully so that each member contributes towards strengthening the IGA and resulting the additional money into their pockets. This SHG will ensure to become the most renowned knitting centre with quality work in its area of operation in coming years.

7. Description of product related to Income Generating Activity-

1	Name of the Product	Woolen cardigans
2	Method of product identification	Has been decided by group members
3	Consent of SHG/ CIG / cluster members	Yes

8. Description of Production Processes-

1	Time taken	1 sweater takes around 5-6 hours to complete.
2	Number of ladies involved	All ladies
3	Source of raw material	Local market/ Main market
4	Source of other resources	Local market/ Main market
5	Expected sweaters per day	10 sweaters initially

9. 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

❖ Weakness

- Lack of technical know-how.

❖ Opportunity

- Increasing demand for good products with latest design.

□

❖ Threats & Risks

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

10. Description of Management among members

By mutual consent SHG group members will decide their role and responsibility to carry out the work. Work will be divided among members according to their mental and physical capabilities. 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.

11. Description of Economics -

A. Capital Cost				
S. No.	Particulars	Quantity	Unit Price	Amount (Rs)
1	Punch card knitting Machine	1	24,000	24,000
2	knitting machine (Simple)	10	6,000	60,000
3	Knitting design book	1	1,500	1,500
4	Gola Making machine	5	600	3000
5	Working table	10	1,500	15,000
6	Plastic Chairs	10	600	6,000
Total Capital Cost (A) =Rs 1,09,500				

B. Recurring Cost

S. No.	Particulars	Unit	Total Amount (Rs)
1	Water & Electricity	Month	1000
2	Room rent	Month	1500
3	Wear & Tear	Month	1400
4	Lubrication oil & pippet	Month	1400
5	Knitting yarn of different color and quality	Month	45,000
Total Recurring cost			= 50,300

The group members will do the work themselves and therefore labour cost has not been included and the members will manage between them the working schedule to be followed.

C. Cost of production (Monthly)

S. No.	Particulars	Amount
1	Total recurring cost	50300
2	10% depreciation annually on capital cost	10,950
Total		=61,250

D. Selling price calculation

S. No.	Particulars	Unit	Amount
1	Simple sweaters	1	500
2	Long sweaters, sweaters with buttons.	1	700

Cost Benefit Analysis (Monthly)**Cost benefit analysis (monthly)**

S. No.	Particulars	Amount
1	10% depreciation annually on capital cost	10,950
2	Total Recurring Cost	50300

3	Total knitted sweater per month	300
4	Selling Price of sweater	300×500
5	Income generation	1,50,000
6	Net profit (Income generation - Recurring cost)	99,700
7	Distribution of net profit	<ul style="list-style-type: none"> ✓ Profit will be distributed equally among members monthly/yearly basis. ✓ Profit will be used for further investment in IGA

12. Fund flow arrangement in SHG -

S. No.	Particulars	Total Amount (Rs)	Project Contribution	SHG contribution
1	Total capital cost	1,09,500	82,125	27,375
2	Total Recurring Cost	50,300	0	50,300
3	Training/capacity building/skill up-gradation.	60,000	60,000	0
Total		2,19,800	1,42,125	77,675

Note:

- i) Capital cost- 75% capital cost will be borne by the project as the group is of female and they are poor and 25% by the SHG.
- ii) Recurring cost- to be borne by the SHG.
- iii) Training and capacity building/ skill up gradation to be borne by the project.

13. Sources of Fund -

Project support	<ul style="list-style-type: none"> ✧ 75% of capital cost will be provided by project if members belong to other than general category. If the members belong to general then 50% capital cost is will be borne by project. ✧ Up to Rs 1 lakhs will be parked in the SHG bank account. ✧ Training/capacity building/ skill up-gradation cost. ✧ The subsidy of 5% interest rate will 	Procurement of machines/equipment will be done by respective DMU/FCCU after following all codal formalities.
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	be deposited directly to the Bank/Financial Institution by DMU and this facility will be only for three years. SHG have to pay the installments of the Principal amount on regular basis.	
SHG Contribution	<ul style="list-style-type: none"> ✧ 50% or 25% of capital cost to be borne by SHG for general category and other categories respectively. ✧ All the members are females and belongs to low income group and they can contribute 25% and project has to bear remaining 75%. ✧ Recurring cost to be borne by SHG. 	

14. Training/capacity building/skill up-gradation -

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

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

- ✧ Cost effective procurement of raw material
- ✧ Quality control
- ✧ Packaging and Marketing
- ✧ Financial Management

15. Computation of break-even point -

$$\begin{aligned}
 &= \text{Capital Expenditure}/(\text{selling price (per sweater)}-\text{cost of production (per sweater)}) \\
 &= 1,09,500/ (500-420) \\
 &= 1369
 \end{aligned}$$

In this process break-even will be achieved after knitting 1369 sweaters.

16. Bank Loan Repayment-

If the loan is availed from bank it will be in the form of cash credit limit and for CCL there is not 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.
- ❖ Project support - The subsidy of 5% interest rate will be deposited directly to the Bank/Financial Institution by DMU and this facility will be only for three years. SHG/CIG has to pay the installments of the Principal amount on regular basis.

17. Monitoring Method-

- ❖ Social Audit Committee of the VFDS will monitor the progress and performance of the IGA and suggest corrective action if needed 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 needed to ensure operation of the unit as per projection.

Some key indicators for the monitoring are as:

- ❖ Size of the group
- ❖ Fund management
- ❖ Investment
- ❖ Income generation
- ❖ Quality of product

18. Remarks

All the members are females and belongs to low income group and they can contribute 25% and project has to bear remaining 75%.

19. Group Member Individual Photos:



Kamla Devi



Shakuntla Devi



Goda Devi



Byasa Devi



Bhawna Devi



Tanuja Thakur

Shanta Devi



Sheela Devi



Sushma Devi



Priyanka Thakur

20. Group photo:



Resolution-cum-Group-consensus Form

It is decided in the General house meeting of the group Jai Maan Gayatri held on 05-07-2022 at Saru that our group will undertake the Knitting as Livelihood Income Generation Activity under the Project for Implementation of Himachal Pradesh Forest Ecosystem management and Livelihood (JICA assisted).

प्रधान Sushma Devi
सहसंयोजक या SHG सरी
जिला मण्डी (हि०प्र०)
Signature Of group President

सचिव Chhakur
सहसंयोजक या SHG सरी
जिला मण्डी (हि०प्र०)
Signature Of group secretary

प्रधान Arvind Arvind
शोध कल विकास समिति सरी
ग्राम पंचायत सरी, तह० धर्मपुर,
Signature of President VFDS

Business Plan Approval by VFDS and DMU.

Jai maan Gayatri Group will undertake the knitting as Livelihood Income Generation Activity under the Project for Implementation of Himachal Pradesh Forest Ecosystem management and Livelihood (JICA assisted). In this regard business Plan of Amount Rs. 2,19,800 has been submitted by the group on 05-07-2022 and the Business Plan has been approved by VFDS Seri.

Business Plan is submitted to DMU through FTU for further action please.

Sushma Devi
प्रधान सचिव
जय मायत्री मां SHG सरी
विकास खण्ड धर्मपुर
जिला मण्डी (हि०प्र०)

Signature Of group President

Amrit Anil
प्रधान सचिव
ग्राम वन विकास समिति सरी
ग्राम पंचायत सरी, तह० धर्मपुर,
जिला मण्डी (हि०प्र०)

Signature of President VFDS

Thank You.

Rohit
सचिव
जय मायत्री मां SHG सरी
विकास खण्ड धर्मपुर
जिला मण्डी (हि०प्र०)

Signature Of group secretary

Approved

Joginder
DMU cum DFO Joginder Nagar

D.M.U.-Cum-
Divisional Forest Officer
Joginder Nagar