

# BUSINESS PLAN

INCOME GENERATING ACTIVITY – Knitting

By

SHG NARI SHAKTI - Self Help Group



SHG/CIG Name	::	NARI SHAKTI
VFDS Name	::	KUHARPURA
Range	::	JAWALAMUKHI
Division	::	DEHRA

**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 20 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 NARI SHAKTI SHG will be located at village KOHARPUR, P.O. – GAGRUHI, Tehsil - JAWALAMUKHI, District- KANGRA HP. 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	::	NARI SHAKTI
2.2	VFDS	::	KOHARPURA
2.3	Range	::	JAWALAMUKHI
2.4	Division	::	DEHRA
2.5	Village	::	GAGRUHI
2.6	Block	::	BHAROLI
2.7	District	::	KANGRA
2.8	Total No. of Members in SHG	::	20 Women
2.9	Date of formation	::	03/9/22
2.10	Bank Details	::	HDFC
2.11	Bank A/C No.	::	IFSC CODE - HDFC0002878 A/C NO. - 50100530476897
2.12	SHG/CIG Monthly Saving	::	Rs 50/-
2.13	Total saving	::	Rs 750/-
2.14	Total inter-loaning	::	2000
2.15	Cash Credit Limit	::	-
2.16	Interest Rate	::	1%
2.17	Repayment Status		-

**4. Beneficiaries Detail:**

Sr. No	Name	Father/Husb and Name	Age	Education	Category	Income Source	Address
1.	Anita Devi (President)	W/O Gurbachan Singh	43	10th	SC	Agriculture	Kuharpur
2.	Sushma Devi (Secretary)	W/O Mehar Chand	49	8th	OBC	Agriculture	Kuharpur
3.	Nirmla Devi (Treasurer)	W/O Parveen Kumar	40	8th	OBC	Agriculture	Kuharpur
4.	Monika Devi	W/O Shashi Kumar	32	+2	OBC	Agriculture	Kuharpur
5.	Seema Devi	W/O Ram Kumar	32	+2	OBC	Agriculture	Kuharpur
6.	Sushma Kumari	W/O Vipin Kumar	33	10th	OBC	Agriculture	Kuharpur
7.	Rajni Bala	W/O Ashwani Kumar	43	8th	OBC	Agriculture	Kuharpur
8.	Seema Devi	W/O Ranbir Singh	50	8th	OBC	Agriculture	Kuharpur
9.	Anita Devi	W/O Devraj	34	8th	OBC	Agriculture	Kuharpur
10.	Sudesh Kumari	W/O Rajkumar	43	8th	OBC	Agriculture	Kuharpur
11.	Sudesh Kumari	W/O Anil Kumar	53	8th	OBC	Agriculture	Kuharpur
12.	Saroj Kumari	W/O Sunil Kumar	48	8th	OBC	Agriculture	Kuharpur
13.	Pawana Devi	W/O Ranjinder Kumar	50	5th	OBC	Agriculture	Kuharpur
14.	Santosh Kumari	W/O Sudarshan Kumar	33	+2	OBC	Agriculture	Kuharpur
15.	Gurdeyi	W/O Jonu kumar	28	10th	OBC	Agriculture	Kuharpur
16.	Renu Bala	W/o Ashok kumar	34	10th	OBC	Agriculture	Kuharpur
17.	Sunita Devi	W/o Ashwani kumar	50	10th	OBC	Agriculture	Kuharpur

18	Neelam Devi	W/o Ranjit Singh	33	10th	OBC	Agriculture	Kuharpur
19	Vimla Devi	W/o Pawan Kumar	57	5th	OBC	Agriculture	Kuharpur
20	Kusum Lata	W/o Rajkumar	31	12th	OBC	Agriculture	Kuharpur

## 5. Geographical details of the Village:

3.1	Distance from the District HQ	::	65KM
3.2	Distance from Main Road	::	5Km
3.3	Name of local market & distance	::	Gagruhi, 3km
3.4	Name of main market & distance	::	Jawalamukhi, 8 km
3.5	Name of main cities & distance	::	Jawalamukhi&8Km , Nadaun&10km
3.6	Name of places/locations where product will be sold/ marketed	::	Kangra , Nadaun , Dehra, Jawalamukhi

## 6. Management

Knitting centre by SHG Nari Shakti has 20 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 Gagruhi 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 Gagruhi 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.

<b>A. CAPITAL COST</b>				
<b>Sr. No.</b>	<b>Particulars of Machinery.</b>	<b>Quantity</b>	<b>Rate per unit</b>	<b>Total Amount</b>
1.	Punch card knitting machine	01	28000	28000
2.	Knitting machine (simple)	20	9000	180,000
3.	Knitting design book	2	1500	3000
4.	Gola making machine	7	800	5600
5.	Working table	20	1200	24000
6.	Plastic chairs	20	800	16000
<b>Total capital cost</b>				<b>256600</b>

<b>B. Recurring cost</b>				
<b>Sr. No.</b>	<b>Particulars</b>	<b>Unit</b>	<b>Rate</b>	<b>Amount</b>
1.	Room rent	Per month	3000	3000
2.	Water & electricity	Per month	1000	1000
3.	Knitting yarn of different colour and quality	Per month L/S	120,000	120,000
4.	Lubricating oil & pippet	Per month LS	2000	2000
5.	Wear & tear	Per month L/S	2000	2000
<b>Total Recurring cost</b>				<b>128,000</b>

### 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 20 items can be made available for sale. Keeping in view this production rate of approximately 500 finished items will be ready for sale in one month. As beginner the item rate on an average if presumed to be Rs. 500 each therefore the total income per month is worked as under:

### 14. COST OF PRODUCTION

Particulars	Total Amount (Rs.)	Project Contribution (75%)	SHG contribution (25%)
Total capital cost	256600	192450	64150
<b>Recurring cost</b>			
10% depreciation on capital cost/ Month	2138/-		
Other expenditure per month	128,000/-		
<b>Total</b>	<b>130138/-</b>		

**Total sale in a month (500\*500) = 250000/-**

**Total expenditure in first month (2138+128,000) = 130138/-**

However an amount of rupees 192450 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:

<b><u>Capital cost / Month</u></b>	
<b>Particulars</b>	<b>Amount</b>
i) 10% depreciation on capital cost monthly	2138/-
ii) Total Recurring Cost	128000/-
iii) Total Knitted Sweater / Month	500
iv) Selling Price/ Sweater	Approx 500 Rs
v) Income Generation (500*500)	250,000/-
<b>Net profit (Income Generation – Total Expenditure / Month)</b>	<b>119862/-</b>

#### 15. **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. 39862/- will be kept as emergency reserve in their bank account to meet up the future contingency, if any.

#### 16. **Fund flow in the group:**

<b>Sr.No.</b>	<b>Particulars</b>	<b>Total Amount (Rs)</b>	<b>Project Contribution 75%</b>	<b>SHG contribution</b>
1	Total capital cost	256600	192450/-	64150
2	Total Recurring Cost	128000	0	128000
3	Trainings	50000	50000	0
	<b>Total outlay</b>	<b>434600</b>	<b>242450</b>	<b>192150</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

## 17. 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>	

## 18. 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

**19. 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.

## 20. 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.

## 21. Remarks



**Group members Photos-**



**Prepared by:**

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Deeksha Devi (SMS)

Ms. Shivani (FTU Co-ordinator)

Ms. Savita (FTU Co-ordinator)

Resolution –CUM-Group Consensus Form

It is decided in the General House meeting of the group...*Nari Shakti*  
held on *03-09-2022* at *Koharpur*.....that our group will undertake  
the *Kinitting*..... as Livelihood Income Generation Activity  
under the Project for Improvement of Himachal Pradesh Forest  
Ecosystems Management & Livelihoods (JICA Assisted).

Signature of *Anita Dew*  
Group President  
**President**  
V.F.D.S.....

*[Signature]*  
Signature of Group Secretary  
Member Secretary  
V.F.D.S.....

Business Plan Approval By VFDS & DMU

...Nari...Shakti...SHG...Group will undertaken 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. 4346.00/- has been submitted by group on 14/12/2022 and the business plan has been approved by the VFDS...Kohar pur.....

Business plan is submitted through FTU for further action please.

Thank you

Signature of Group President  
VFDS

Signature of Group Secretary  
VFDS

Signature of President VFDS  
Kohar pur

Approved  
DFO  
DMU-CUM-Dehra



Submitted to DMU through FTU

Name & Signature of FTU Officer  
Range Officer  
Jawalamukhi (H.P.)

Savita Devi Savita Devi  
Name & Signature of FTU Coordinator

Approved

Name & Signature of DMU Officer