



Business Plan
On
Income Generation Activity
Bag making
By
Self Help Group – Udhan



SHG/CIG name
VFDS name
Range
Division

Udhan
Tamber
Jaisinghpur
Palampur

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

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1. Introduction-

Bag making is the Income generation activity that has been decided by Udhan SHG which falls under VFDS Tamber of Range Jaisinghpur and Division Palampur. There are different types of bags such as school bags, travel bags, carry bags, sling bags, laptop bags and many more. All these bags are made with different material by stitching. Bags have their demand all over the year and it is used by all age groups.

A group of 15 women of different age group came together to form a SHG on 14th September 2022 under the Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods and decided to craft a business plan which can help them to take Bag Making as their IGA in collective manner and raise their additional income. In the monthly meeting of group dated on 2nd May 2023, the new IGA was selected Bag making after several discussions and in the group 11 members are active members who will work and other 4 are non active members that will only give their monthly contribution.

After discussing about the market potential and different aspects very carefully before getting into this IGA (Income Generation Activity). The Udhan SHG group has collectively decided of bag making as their Income Generation Activity (IGA). The group will start making good qualities bag after getting the help from the project. Project will support them by providing funding, training and assistance that they need to develop this skill and become professional. They will be able to make different types of bags 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	Udhan
2.	VFDS	Tamber
3.	Range	Jaisinghpur
4.	Division	Palampur
5.	Village	Tamber
6.	Block	Lambagaon
7.	District	Kangra
8.	Total no. of members in SHG	15
9.	Date of formation	14-09-2022
10.	Bank a/c No.& IFSC code	50075008013
11.	Bank details	KCC bank Dagoh
12.	SHG/CIG monthly savings	100 per members
13.	Total saving	13516 till May
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	Resha Rani	F	Baldev Singh	Gen.	Pardhan	94186-37444
2	Anita Devi	F	Nirmal Singh	Gen.	Secretary	89497-71109
3	Lata Devi	F	Durga Chand	Gen.	Member	88941-69438
4	Suman Kumari	F	Kushal kumar	Gen.	Member	85805-40637
5	Anita Kumari	F	Ashok Kumar	Gen.	Member	82196-77763
6	Raj Kumari	F	Parkash chand	Gen.	Member	82196-62630
7	Subhadra Devi	F	Rajeshwar singh	Gen.	Member	62302-26296
8	Rakesh Devi	F	Ramesh Chand	Gen.	Member	88942-71877
9	Beena Devi	F	Parkash chand	Gen.	Member	81788-06087
10	Preeta Rani	F	Bhim Singh	Gen.	Member	862789-58452
11	Bandana Kumari	F	Jatender Singh	Gen.	Member	98052-91221
12	Asha Devi	F	Kartar Chand	Gen.	Member	98165-50242
13	Sudershna Devi	F	Karam Singh	Gen.	Member	85805-63235
14	Suman Kumari	F	Kushal kumar	Gen.	Member	85805-40637
15	Nisha Kumari	F	Harbansh Singh	Gen.	Member	85807-28028

4. Geographical details of the Village

1	Distance from the District HQ	85 km
2	Distance from Main Road	01 Km
3	Name of local market & distance	Jaisinghpur and 12 Km
4	Name of main market & distance	Jaisinghpur and 12Km
5	Name of main cities & distance	Palampur and 55 Km
6	Name of main cities where product will be sold/ marketed	Sujanpur ,Thural , Palampur, Hamirpur

5. Market Potential-

After learning the skill of bag making, this Udhan 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 latest design bag will be there all around the year.

1	Potential market places/locations	Village covered - Tamber
2	Demand of the product	Throughout the year and high demand in march when school reopens.
3	Process of identification of market	Group members will contact nearby villagers/households/institutions.
4	Marketing Strategy	SHG members will directly take orders (group level) from nearby villagers/households/shopkeepers/institutions.
5	Product branding	Udhan Bags
6	Product "Slogan"	"Udhan bags best in quality"

6. Executive Summary-

Bag making 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. In the nearby market, there is a substantial demand for school bags, handbags, travel bags, and carry bags. After numerous meetings, the group has finally determined that this activity will unquestionably be a means of generating cash for the group, keeping in mind the demand for bags in the surrounding market places. 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.

7. Description of product related to Income Generating Activity-

1	Name of the Product	School bags, handbags, travel bags, and carry bags
2	Method of product identification	Has been decided by group members after numerous meetings.
3	Consent of SHG/ CIG / cluster members	Yes

8. Description of Production Processes-

- Total number of members in the group is 11. All the members in the group will only work for 4 hours daily as they have other agriculture and domestic work. They will work for 5 days per week. So, we can say, each member of the group will be working for 88 hours monthly.
- The group will make 22 bags per day initially later with experience they can increase the number. In a month, the group will make approx of 484 bags.
- Based on assumption/experience each bag will be manufactured by using material i.e. Mattie cloth, jeep, locks, sticker, wire covering, niwar etc. Cost of which will depend on the type of bag, size of bag. We can consider the range of price of using raw material to lie between Rs 100 to Rs 300.
- The total working hours of 1 member in a month (total working days in a month will be 22 and 4 hours per day) will be 88 hours (22 days * 4 hours) and for all the 11 members the working hours in a month will be 968 hours (22 days). Total labour days in a month for the whole group will be 121 days (968/8). The labour cost comes out to be Rs 36300 (121*300). Labour cost in manufacturing of 1 bag will be Rs 80.

9. Description of Production planning-

1	Production per cycle (month)	1 month = 484 bags
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 bag production per day	22 bags per day

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.

- Some group members will involve in pre-production process(i.e. procuring of raw material)
- Some group members will involve in production process.
- Some group members will involve in packaging and marketing.

11.SWOT analysis -

❖ Strength–

- ✧ Raw material easily available.
- ✧ Manufacturing process is simple.
- ✧ Proper packing and easy to transport.
- ✧ Product shelf life is long.
- ✧ Product is non-perishable.

❖ Weakness–

- ✧ Shortage of reserve fund with the group to invest on the raw material and to wait for the sale of the product.
- ✧ Lack of confidence in the group members regarding the success of business.
- ✧ High competition with the factory made bags presently being imported by the local traders

❖ Opportunity–

- ✧ There are good opportunities of profits as product cost is lower than other same categories products.
- ✧ There are opportunities of expansion with production at a larger scale.
- ✧ Demand all around the year.

❖ Threats/Risks–

- ✧ Risk of conflict in the group members.
- ✧ Suddenly increase in price of raw material.
- ✧ Competitive market.

12. Description of Economics -

A. Capital Cost				
S.No	Particulars	Quantity	Unit Price	Amount (Rs)
1	Umbrella TA2 Sewing machines with motor	11	13,000	143,000
2	Almirah	1	8000	8,000
3	Scissors	11	300	3,300
4	Office table	1	4000	4,000
5	Tool Kit	11	300	3,300
6	Other Overhead Charges	11	1000	11,000
Total Capital Cost (A) =				172,600

B. Recurring Cost					
S. No.	Particulars	Unit	Quantity	Unit Price	Total Amount (Rs)
1	Canvas Cloth	mtr	495	120	59,400
2	Jip	No.	1485	15	22,275
3	Niwar	mtr.	990	15	14,850
4	Adjuster	No.	1980	5	9,900
5	Parachute cloth	Mtr.	247.5	80	19,800
6	Foam	Mtr.	123.2	130	16,016
7	R-1 Cloth for partition	Mtr.	165	150	24,750
8	Rent of working place/ hall	No.	LS	500	500
9	Electricity, water & stationary charges	LS	LS	LS	1,000
10	Labour (4 hour per day and 5 days per week i.e. total working days per month for each member will be 22 days & total working hour in a month for 11 members will be 968 hours(22*11*4)	Working days	121	300	36,300
Total Recurring Cost (B)					204,791

Note – The group will be doing labour work themselves.

So Net Recurring Cost = Total recurring cost - labour cost

$$= 204791 - 36300$$

Net Recurring Cost = 1,68,491

C. Cost of production (Monthly)		
S. No.	Particulars	Amount in Rs
1	Net recurring cost	168491
2	10% depreciation annually on capital cost	17260
Total = 185751		

D. Selling price calculation			
S. No.	Particulars	Unit	Amount in Rs
1	Cost of production (large bags)	1	Approx 350- 380
2	Expected selling price (large bags)	1	Approx 400-500
3	Current market price (large bag)	1	500-600
4	Cost of production (medium sized bags)	1	Approx 250- 280
5	Expected selling price (medium sized bags)	1	Approx 300- 320
6	Current market price (medium sized bags)	1	Approx 350- 400

13. Cost Benefit Analysis (Monthly)

Cost benefit analysis (monthly)		
S. No.	Particulars	Amount
1	10% depreciation annually on capital cost	17260
2	Net Recurring Cost	168491
3	Total production of bag per month	484(approx quantity)
4	Selling Price of per bag	450 (Average of medium and large sized bag)
5	Income generation	217800
6	Net profit (Income generation - Net Recurring cost)	49309
7	Gross profit(Net profit - Labour Cost)	13009
8	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

14. Fund flow arrangement in SHG -

S. No.	Particulars	Total Amount	Project	SHG
		(Rs)	Contribution	contribution
1	Total capital cost	172,600	129,450	43,150
2	Total Recurring Cost	204,791	0	204,791
3	Training/capacity building/skill up- gradation	70,000	70,000	0
Total		447,391	199,450	247,941

Note:

i) Capital cost- 75% capital cost will be borne by the project 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.

15. Sources of Fund -

Project support	<ul style="list-style-type: none"> ✧ 75% of capital cost will be provided by project if members belong to SC/ST/Poor women. 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 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. 	Procurement of machines/equipment will be done by respective DMU/FCCU after following all codal formalities.
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. ✧ 25% of capital cost to be borne by project if the group is women group. ✧ Recurring cost to be borne by SHG. 	

16. 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

17. Computation of break-even point -

= Capital Expenditure/ (selling price (per bag)-cost of production (per bag))

= 1, 72,600/(450-350)

= 1,726

In this process break-even will be achieved after making 1726 bags.

18. 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.

19. 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

20. Remarks

Members belong to low income group and they can contribute 25% and project has to bear remaining 75%.

21.Group member's Individual photos



Lata Devi



Anita Kumari



Bandana



Rakesh Devi



Shubhadra Kumari



Asha Devi



Rajo Devi



Beena Devi



Anita Devi



Preeta Devi



Sudershana Devi



Resha Rani



Suman Kumari



Nisha Kumari



Shresta Kumari

22.Group photo:



23.Resolution-cum Group consensus form

Revised

Resolution-cum-Group-consensus Form

It is decided in the General house meeting of the group Udhan held on 18-12-24 at Tamber that our group will undertake the Bag Making as livelihood Income Generation Activity under the Project for Implementation of Himachal Pradesh Forest Ecosystem management and Livelihood (JICA assisted).

Rashan Rani
Signature of group President

Anita
Signature of group secretary

श्री श्री चतु
प्रधान
ग्राम वन विकास समिति
ग्राम प्रधान
सह. जयसिंहपुर
जिला कांगडा
Signature of President VFDS

24. Business approval by VFDS and DMU

Revised

Business Plan Approval by VFDS and DMU

Udhan Group will undertake the Bag Making 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. 447391 has been submitted by the group on 18-12-24 and the business Plan has been approved by VFDS Tamber

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

Thank You.

Resham Rani

Signature of group President

Anita

Signature of group secretary

श्री 7/5 फल

Signature of President VFDS

विकास समिति
तह. जयसिंहपुर
जिला कांगडा

Approved

[Signature]

DMU cum DFO Palampur

Divisional Management Unit,
Palampur Forest Division,
Palampur

आज दिनांक 20-12-24 को उड़ान समूह की बैठक का आयोजन गाँव में किया गया। जिसकी अध्यक्षता समूह की प्रधान श्रीमती श्यामराजी जी ने की। बैठक से समूह की सभी सदस्यों ने भाग लिया। आज की बैठक की क्रापवादी इस प्रकार रही।

बैठक से न्यावसायिक योजना को दीवारा से revise किया गया क्योंकि पहले न्यावसायिक योजना में सामान की जो कीमत थी वह कम थी और अब वह कीमत ज़्यादा हो गई है।

पहले न्यावसायिक योजना की फ़ूजी 254300 का थी जो कि अब 447391 का हो गई है। इसलिये न्यावसायिक योजना को समूह द्वारा सर्वसम्मति से पारित किया गया है।