



Business plan
Income generating activity- Handloom
By
Maa Laxmi - Self Help Group



SHG/CIG Name	::	Maa Laxmi SHG
VFDS Name	::	Chakurta
Range	::	Tirthan
Division	::	Seraj

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

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1. Background

Village Phagwana is situated in Gram Panchayat Chakutha Vikas Khand Banjar, Tehsil Banjar District Kullu Himachal Pradesh. The valleys of Kullu district have been given various names according to their physical structure, one of which is Phagwana. Village Phagwana is located near Balichowki at a distance of about 60 km from Kullu headquarters. The main occupation of the people in village Phagwana is agriculture and gardening, but due to lack of proper irrigation system, people are not getting the expected increase in their income. Most of the people have very little land, due to which their livelihood is not being sustained properly. To improve their living, people earn their livelihood by doing cash crops and gardening work.

People in the village are also doing the work of weaving stoles and shawls, but production is done in a traditional way, due to which production is less and income is also less. To overcome this problem and to increase the production of woolen products, these women need information about the advanced type of machines which are suitable for this production. According to the geographical situation, there is a need for products throughout the year in this area. Therefore, by using proper training and modern machines, production can be increased as much as possible. There is also a need to prepare new products from time to time according to demand and fashion.

After the formation of Gram Van Samiti Chakurtha in the village, Himachal Pradesh Forest Ecosystem and Livelihood Improvement Project told the people about working in groups to increase the means of livelihood. Through the project, 02 self-help groups were formed in Phagwana in the form of “Maa Laxmi” Self Help Group and Maa Bhunga Self Help Group. After this, Maa Laxmi Self Help Group decided to do stall and shawl weaving work. 10 members including women joined this group and this group was named “Maa Laxmi” Common Interest Group.

2. Description of SHG/CIG

2.1	SHG/CIG Name	::	Maa Laxmi
2.2	VFDS	::	Chakurta
2.3	Range	::	Tirthan
2.4	Division	::	Seraj
2.5	Village	::	Chakurta
2.6	Block	::	Panihar
2.7	District	::	Kullu
2.8	Total No. of Members in SHG	::	10 - females
2.9	Date of formation	::	11-05-2021
2.10	Bank a/c No.	::	
2.11	Bank Details	::	K.C.C Bank Banjar
2.12	SHG/CIG Monthly Saving	::	100
2.13	Total saving		-
2.14	Total inter-loaning		-
2.15	Cash Credit Limit		--
2.16	Repayment Status		--

3.Geographical details of the Village:

3.1	Distance from the District HQ	::	70 Km
3.2	Distance from Main Road	::	7 Km
3.3	Name of local market & distance	::	Balichowki, 7km
3.4	Name of main market & distance	::	Balichowki, 7km Kullu-70 km
3.5	Name of main cities & distance	::	Balichowki, 7km Kullu-70 km
3.6	Name of places/locations where product will be sold/ marketed	::	Balichowki

4.Management

Handloom centre by SHG Maa Laxmi have 10 women members and they will have individual Handloom 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 Handloom under some professional trainers.

5Customers

The primary customers of our centre will mostly be ladies and some cloth merchants around village Fagwana but later on this business can be scaled up by catering to nearby small townships.

6.Target of the centre

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

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

7.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.

8.The initial stage to start the business

The SHG Maa Laxmi will hire a spacious room to house the 10 members along with their equipments at a centrally located place which will be easily accessible to all the members. The detailed requirement along with financial projection to start up the project will be as under:

1. Room rent =2000 / month
2. Handloom machine = 10 @ = 152000
3. Charka = 3 @ 2000=6000
4. Cutting scissors = 200@5 =1000

9. Some salient features to attract customers

- The center will ensure stitching of the traditional, non- traditional fancy, daily use modern and stylish dresses
- Emphasis will be on stitching fancy and simple clothes for women and children
- The centre will repair all types of defects and ensure that no customer go unattended.
- Later on the SHG may scale up their business by going into readymade , sale-purchase.

10. Marketing analysis of business

This is the most important factor which will ensure the success of our business. A detailed analysis and market survey of the command area is essential ingredient and it will give

us the overview of our targeted customers and the members of the group will know the latest demands and trends.

11. Business targets

This SHG Maa Laxmi will broadly aim at becoming the best Handloom centre in the area and nearby villages. Our goal will be to scale up the business gradually and transform it into profit making unit within next 3-5 years.

12. Financial forecast/ projections

The final rather foremost step to start up the business is to make a financial plan to determine the cost to run the business and it should also cover the business profit which the SHG is going to earn in nutshell a cost benefit analysis is required to be projected.

13Description of Economics:

A.	CAPITAL COST			
Sr.No	Particulars	Quantity	Unit Price	Total Amount (Rs.)
1	Handloom machine	10	15200	152000
2	Charka	03	2000	6000
3	Cutting scissors	05	200	1000
	Total Capital Cost (A) =			159000
B.	RECURRING COST			
Sr.No	Particulars	Quantit	Price	Total Amount

		y		(Rs)
1	Room rent	1	4600	4600
2	Marking material etc.	L/S	L/S	100
3	Sewing thread of different colours	04 m	500	2000
7.	Misc. expenditure (i.e. electric bills, repair of machines, etc.)	L/S	L/S	1000
Total Recurring Cost (B)				7700

14. Income projections:

To start with it is estimated that each member will stitch one ladies Stall in a day complete in all respect. The making charges as on today approximately 250 per unit. On an average the 10 members of group make 300 in a month to be on safer side and keeping in view the other household obligations of the members of group. Therefore the total output of the group is estimated $300 \times 250 = \text{Rs } 75000/-$ only.

15. Analysis of Income and Expenditure(Monthly):

Sr.No.	Particulars	Expenditure / month (Rs)	Income per month(Rs)
1.	10% Depreciation on capital cost i.e. $159000/12 \times 10 = 823.33$ or say 823Rs.	823	
2.	Total Recurring Cost	7700	
3.	Total	1325	75000
4.	Net Profit (75000 – 1325)	73675	
5.	Distribution of Net Profit	<ul style="list-style-type: none"> Profit will be distributed equally among all the group members. Part of the profit will be used for further investment in IGA 	

16. Fund flow in the group:

Sr.No	Particulars	Total Amount (Rs)	Project contribution	SHG contribution
1	Total capital cost	159000	119250	39750
2	Total Recurring Cost	7700	0	7700
3	Trainings	40500	40500	0
	Total outlay	207200	159750	47450

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"> • 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"> • 75% of capital cost to be borne by SHG. • Recurring cost to be borne by SHG 	

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.