



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



| | | |
|--------------|----|-----------|
| SHG/CIG Name | :: | Laxmi SHG |
| VFDS Name | :: | Tatibir |
| Range | :: | Tirthan |
| Division | :: | Seraj |

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

Table of Contents

| Sl. No. | Particulars | Page/s |
|---------|--|--------|
| 1. | Background | 3 |
| 2. | Description of SHG/CIG | 3 |
| 3. | Beneficiaries Detail: | 4 |
| 4. | Geographical details of the Village: | 4 |
| 5. | Management | 4 |
| 6. | Customers | 5 |
| 7. | Target of the centre | 5 |
| 8. | The reason to start this business | 5 |
| 9. | The initial stage to start the business | 5 |
| 10. | Some salient features to attract customers | 6 |
| 11. | Marketing analysis of cutting & tailoring business | 6 |
| 12. | Business targets | 6 |
| 13. | Financial forecast/ projections | 6 |
| 14. | Description of Economics: | 7 |
| 15. | Some projections: | 8 |
| 16. | Analysis of Income and Expenditure (Monthly): | 8 |
| 17. | Fund flow in the group: | 8 |
| 18. | Sources of funds and procurement: | 9 |
| 19. | Trainings/capacity building/skill up-gradation | 9 |
| 20. | Loan Repayment Schedule | 9 |
| 21. | Monitoring Method | 9 |
| 22. | Remarks | 9 |

1. Background

Village Narauli is situated in Gram Panchayat Thatibir 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 Narauli. Village Narauli is situated in Thatibir at a distance of about 60 km from Kullu headquarters. The main occupation of the people in village Narauli 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, maximum production can be increased by using proper training and modern machines. There is also a need to prepare new products as per demand and fashion from time to time.

Himachal Pradesh Forest Ecosystem and Livelihood Improvement Project, after the formation of Gram Van Samiti Thatibeed in the village, told the people about working in groups to increase the means of livelihood. Through the project, 02 self-help groups were formed in Narauli in the form of “Lakshmi” Self Help Group and “Devi Dayal Samaan Ruchi Group” Self Help Group. After this, Self Help Group decided to do stall and shawl weaving work. This group had 14 members including women and this group was named “Mahalakshmi” common interest group.

2. Description of SHG/CIG

| | | | |
|------|-----------------------------|----|--------------|
| 2.1 | SHG/CIG Name | :: | Laxmi |
| 2.2 | VFDS | :: | Tatibir |
| 2.3 | Range | :: | Tirthan |
| 2.4 | Division | :: | Seraj |
| 2.5 | Village | :: | Tatibir |
| 2.6 | Block | :: | Panihar |
| 2.7 | District | :: | Kullu |
| 2.8 | Total No. of Members in SHG | :: | 14 - females |
| 2.9 | Date of formation | :: | |
| 2.10 | Bank a/c No. | :: | |
| 2.11 | Bank Details | :: | |
| 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 | :: | 20 Km |
| 3.2 | Distance from Main Road | :: | 6 Km |
| 3.3 | Name of local market & distance | :: | Banjar,20 km |
| 3.4 | Name of main market & distance | :: | Banjar 20km Kullu-70 km |
| 3.5 | Name of main cities & distance | :: | Banjar, 20km Kullu-70 km |
| 3.6 | Name of places/locations where product will be sold/ marketed | :: | Banjar |

4.Management

Handloom centre by SHG Laxmi have 14 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.

5.Customers

The primary customers of our centre will mostly be ladies and some cloth merchants around village Tatibir 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 Tatibir 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 Laxmi will hire a spacious room to house the 14 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 = 14 @ = 212000
3. Charka = 6 @ 2000 = 12000
4. Cutting scissors = 200 @ 7 = 1400

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 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.

13.Description of Economics:

| | | | | |
|---------------------------------|---|-----------------|-------------------|---------------------------|
| A. | CAPITAL COST | | | |
| Sr.No | Particulars | Quantity | Unit Price | Total Amount (Rs.) |
| 1 | Handloom machine | 14 | 15140 | 212000 |
| 2 | Charka | 06 | 2000 | 12000 |
| 3 | Cutting scissors | 07 | 200 | 1400 |
| | Total Capital Cost (A) = | | | 225400 |
| B. | RECURRING COST | | | |
| Sr.No | Particulars | Quantity | Price | Total Amount (Rs) |
| 1 | Room rent | 1 | 4600 | 4600 |
| 2 | Marking material etc. | L/S | L/S | 100 |
| 3 | 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 14 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. $225400/12 \times 10 = 823.33$ or say 823Rs. | 1878 | |
| 2. | Total Recurring Cost | 7700 | |
| 3. | Total | 9578 | 75000 |
| 4. | Net Profit (75000 – 9578) | 65422 | |
| 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 | 225400 | 169050 | 56350 |
| 2 | Total Recurring Cost | 7700 | 0 | 7700 |
| 3 | Trainings | 40500 | 40500 | 0 |
| | Total outlay | 273600 | 209550 | 64050 |

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 accounts 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. |
| CIG 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.



1. Mrs. Meera Sharma Wife of Mr. Girdhari Lal Pradhan 49 Female 12B General 9459320625
2. Shrimati Parvati Devi Wife of Shri Mani Ram Secretary 31 Female 12th OBC 9805589481
3. Mrs. Santoshi Devi Wife of Mr. Manohar Lal Treasurer 39 Female 12B General 8894269066
4. Smt. Lata Devi Devi Wife of Shri Dhanbant Singh Member 38 Female 10B OBC 6230038720
5. Mrs. Meena Devi Wife of Mr. Roshan Lal Member 26 Female 8B OBC 9816014405
6. Shrimati Padma Devi wife of Shri Chet Ram Member 39 Female 5B OBC 8580640263
7. Smt. Heera Devi wife of Shri Chhape Ram Member 33 Female 8B OBC 9816817519
8. Smt. Begi Devi wife of Shri Yudhishtir Member 30 Female 10B SC 8580541626
9. Smt. Rukmani Devi wife of Shri Uttam Singh Member 35 Female 5B SC 9816099534
10. Smt. Leela Devi wife of Shri Uttam Singh Member 31 Female 8B OBC 8894328941
11. Smt. Poorna Devi wife of Shri Ses Ram Member 32 Female 12B OBC 9816147024

12. Smt. Chuda Devi wife of Shri Sunder Singh Member 29 Female 8B General 9633133323
13. .Smt. Shanta Devi Wife of Shri Joginder Singh Member 27 Female 8B General 9805520449
14. Mrs. Chuni Devi Wife of Mr. Dola Dutt Member 45 Female 5B General 8629832910