

# BUSINESS PLAN

INCOME GENERATING ACTIVITY – Knitting

by

Mahadev SHG Langehad - Self Help Group



|              |    |                             |
|--------------|----|-----------------------------|
| SHG/CIG Name | :: | <b>Mahadev SHG Langehad</b> |
| VFDS Name    | :: | Langehad                    |
| Range        | :: | Dharampur                   |
| Division     | :: | Joginder Nagar              |

**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 12 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 Mahadev SHG Langehad will be located at village Langehad P.O. Torjajar Tehsil Dharampur, Distt. Mandi HP. The total households in village Langehad is small village surrounding Torjajar and Chowki for which this Knitting centre will cater for. 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                | :: | Mahadev SHG      |
| 2.2  | VFDS                        | :: | Langehad         |
| 2.3  | Range                       | :: | Dharampur        |
| 2.4  | Division                    | :: | Joginder Nagar   |
| 2.5  | Village                     | :: | Langehad         |
| 2.6  | Block                       | :: | Dharampur        |
| 2.7  | District                    | :: | Mandi            |
| 2.8  | Total No. of Members in SHG | :: | 13- females      |
| 2.9  | Date of formation           | :: | Two years back   |
| 2.10 | Bank a/c No.                | :: | 2454000100286615 |
| 2.11 | Bank Details                | :: | PNB, Baroti      |
| 2.12 | SHG/CIG Monthly Saving      | :: | 50/-             |
| 2.13 | Total saving                | :: | -                |
| 2.14 | Total inter-loaning         | :: |                  |
| 2.15 | Cash Credit Limit           | :: | --               |
| 2.16 | Repayment Status            | :: | --               |

#### 4. Beneficiaries Detail:

| S.No | Name Of Candidate                     | Ward Name | Category | Contact No | Designation |
|------|---------------------------------------|-----------|----------|------------|-------------|
| 1    | S/Smt.Lalita Kumari W/O Sh.Khem Chand | Tanehar   | General  | 9816712110 | Member      |
| 2    | AnitaDevi W/O Sh.Desh Raj             | Tanehar   | General  | 7807604898 | President   |
| 3    | Meena Devi W/O Sh.Rajesh Kumar        | Tanehar   | General  | 9816079454 | Member      |
| 4    | Sarojani Devi W/O Sh. Luharu Ram      | Tanehar   | General  | 9816465448 | Member      |
| 5    | Sumitra Devi W/O Sh. Bansi Ram        | Tanehar   | General  | 9816842227 | Secretary   |
| 6    | Reeta Devi W/O Prakash Chand          | Tanehar   | General  | 9805556844 | Member      |
| 7    | Pinki Devi W/O Amrit Lal              | Tanehar   | General  | 8628922674 | Member      |
| 8    | Nisha Devi W/O Sh.Pawan Kumar         | Tanehar   | General  | 8626908677 | Member      |
| 9    | Reena devi W/O Sh.Lekh Raj            | Tanehar   | General  | 8091165546 | Member      |
| 10   | Sumna devi W/O Sh.Pradeep Kumar       | Tanehar   | General  | -          | Member      |
| 11   | Silpa Devi W/O/Sh.Biri Singh          | Tanehar   | General  | -          | Member      |
| 12   | Malka Devi W/O Sh.Man Singh           | Tanehar   | General  | -          | Member      |

## 5. Geographical details of the Village:

|     |   |    |                |
|-----|---|----|----------------|
| 3.1 | Distance from the District HQ                                 | :: | 115 Km         |
| 3.2 | Distance from Main Road                                       | :: | 50m            |
| 3.3 | Name of local market & distance                               | :: | Dharampur 12km |
| 3.4 | Name of main market & distance                                | :: | Dharampur 12km |
| 3.5 | Name of main cities & distance                                | :: | Dharampur 12km |
| 3.6 | Name of places/locations where product will be sold/ marketed | :: | Dharampur 12km |

## 6. Management

Knitting centre by Mahadev SHG Langehad has 12 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 Langehad 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 Langehad 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      | 1               | 24000                | 24000               |
| 2                         | Knitting machine (Simple)        | 12              | 6000                 | 72000               |
| 3                         | Knitting design book             | 4               | 1500                 | 6000                |
| 4                         | Gola making machine              | 12              | 600                  | 7200                |
| 5                         | Working table                    | 12              | 1200                 | 14400               |
| 6                         | Plastic chairs                   | 12              | 475                  | 5700                |
| <b>Total capital cost</b> |                                  |                 |                      | <b>129300</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        | 1500        | 1500          |
| 2.                          | Water & electricity                           | Per month        | 1000        | 1000          |
| 3.                          | Knitting yarn of different colour and quality | Per month<br>L/S | 84000       | 84000         |
| 4.                          | Lubricating oil & pippet                      | Per month        | 1400        | 1400          |
| 5.                          | Wear & tear                                   | Per month<br>L/S | 1400        | 1400          |
| <b>Total Recurring cost</b> |   |                  |             | <b>89300</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 14 items can be made available for sale. Keeping in view this production rate of approximately 400 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:

| Particulars                             | Total Amount (Rs.) | Project Contribution (50%) | SHG contribution (50%) |
|---|--------------------|----------------------------|------------------------|
| Total capital cost                      | 129300             | 64650                      | 64650                  |
| <b>Recurring cost</b>                   |                    |                            |                        |
| 10% depreciation on capital cost/ month | 1077               | -                          | 1077                   |
| Other expenditure per month             | 89300              | -nil-                      | 89300                  |
| <b>Total</b>                            | <b>90377</b>       |                            | 90377                  |

Total sale in a month  $(500 \times 400) = 200000$

Total expenditure in first month  $(129300 + 90377) = 219677$

However an amount of rupees 96975 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</u></b>                    |                           |                         |
|---|---------------------------|-------------------------|
| <b>Particulars</b>                            | <b>Amount</b>             | <b>SHG contribution</b> |
| Capital cost                                  | 129300                    | 64650                   |
| <b><u>Recurring expenditure</u></b>           |                           |                         |
| i) 10% depreciation on capital cost per month | 1077                      |                         |
| i) Other expenditure on material cost etc.    | 89300                     |                         |
| Total   | 90377                     | 90377                   |
| <b>Total cost</b>                             | <b>32325+90377=122702</b> |                         |
| <b>Total sale in 1<sup>st</sup> month</b>     | <b>200000</b>             |                         |
| <b>Net profit</b>                             | <b>77298</b>              |                         |

#### 14. **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. 21298 will be kept as emergency reserve in their bank account to meet up the future contingency, if any.

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

| <b>Sr.No.</b> | <b>Particulars</b>   | <b>Total Amount (Rs)</b> | <b>Project contribution</b> | <b>SHG contribution</b> |
|---------------|----------------------|--------------------------|-----------------------------|-------------------------|
| 1             | Total capital cost   | 129300                   | 64650                       | 64650                   |
| 2             | Total Recurring Cost | 89300                    | 0                           | 89300                   |
| 3             | Trainings            | 45000                    | 45000                       | 0                       |
|               | <b>Total outlay</b>  | <b>263600</b>            | <b>109650</b>               | <b>153950</b>           |

#### Note-

- **Capital Cost** - 50% 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

## 16. Sources of funds and procurement:

|                  |   |  |
|------------------|---|--|
| Project support; | <ul style="list-style-type: none"><li>• 50% 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>• 50% of capital cost to be borne by SHG.</li><li>• Recurring cost to be borne by SHG</li></ul>   |  |

## 17. 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

**18. 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.

## 19. **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.

## 20. **Remarks**

## Group members Photos-



Pinki devi



reeta devi



lalita devi



nisha devi



Meera devi



reena devi



sarojani devi



sumitha devi



anita devi

### Resolution - cum -Group Consensus Form

It is decided in General House meeting of self Help Group Mahdev held on 24-09-2021 at Langehar that our Self Help Group will undertake the Knittingas Livelihood income generation activity under the project for improvement of Himachal Pradesh.

Forest Ecosystem Management & Livelihood (JICA Assisted).

*Amita Kamboj*

Signature of Group Pradhan

*Sumitra Devi*

Signature of Group Secretary



## Business Plan Approval by VFDS & DMU

Maharaj Self help group will undertake the Knitting has livelihood income generation activity under the project for improvement of Himachal Pradesh Forest Ecosystem Management and Livelihood (JICA Assisted) in this regard business plan of amount (Rs) 2,63,600 has been submitted by this group on dated 24-09-2021 and this business plan has been approved by 24-09-2021 VFDS.

Business plan with SUG resolution being submitted to DMU through FTU for further action please.

प्रधान *मलनदी* समित्त Thank you

शिव स्वयं सहायता समूह  
रंगहड डा० मयूरा नः  
धर्मपुर जिला मणडी हि० प्र०

Signature of VFDS Pradhan

*Sumita Devi*  
Signature of VFDS Secretary

*[Signature]*  
D.M.U.-Cum-  
Divisional Forest Office  
Joginder Nagar