

**Business Plan**  
On  
**Income Generation Activity**  
**– Knitting**  
For  
**Self Help Group – Ekta**



SHG/CIG name	Ekta
VFDS name	Kudanu darkoti
Range	Joginder nagar
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 7 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.

After discussing about the market potential and different aspects very carefully before getting into this IGA ( Income Generation Activity). The Ekta SHG group has collectively decided of knitting as their Income Generation Activity(IGA). Ekta SHG was formed in the year 2021 and has also been included under Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA Assisted), which fall under VFDS Kudanu darkoti. This SHG consists of 7 females. These females already had little experience of knitting and now with the help of this project funding, training and assistance they will develop this skill and become professional. They will be able to do knitting in large scale 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 here under:

## 2. Description of SHG/CIG

1.	SHG/CIG Name	Ekta
2.	VFDS	Kudanu darkoti
3.	Range	Joginder nagar
4.	Division	Joginder nagar
5.	Village	Kudanu darkoti
6.	Block	Chauntra
7.	District	Mandi
8.	Total no. of members in SHG	7
9.	Date of formation	31-03-2021
10.	Bank a/c No.	31610106687
11.	Bank details	HPSC Bank Makridi
12.	SHG/CIG monthly savings	700
13.	Total saving	-
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	Kiran Thakur	F	Amit Kumar	General	President	8580957713
2	Kumari shanta Devi	F	Rajmal	General	Secretary	7807335238
3	Pinki	F	Vijay Kumar	General	Member	8988549433
4	Kushma Devi	F	Tek Chand Saklani	General	Member	7651007736
5	Hima Devi	F	Dalip singh	General	Member	9459090865
6	Kanta Devi	F	Ravi Kumar	General	Member	6283230170
7	Promila Devi	F	Prem Singh	General	Member	9817993693

### 4. Geographical details of the Village

1	Distance from the District HQ	73 Km
2	Distance from Main Road	4 km
3	Name of local market & distance	Makridi - 6 Km
4	Name of main market & distance	Joginder nagar - 15 Km
5	Name of main cities & distance	Joginder nagar - 15 Km Mandi - 73 Km Bajjnath - 36 Km Palampur - 50 Km
6	Name of main cities where product will be sold/ marketed	✧ Jogindernagar ✧ Palampur ✧ Bajjnath

## 5. Market Potential-

After learning the skill of knitting, this Ekta 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 new design sweaters or woolen cardigans will be there in winter season.

Initially the primary customers of the SHG will mostly be local people around village Kudanu darkoti but later on this business can be scaled up by catering to nearby small townships. Winter is significant in this area and remain for 4 - 5 months.

1	Potential market places/locations	Village covered - Kudanu darkoti
2	Stitching work demand	Throughout the year and high demand in winter season.
3	Process of identification of market	Group members will contact nearby villagers/households/institutions.
4	Marketing Strategy	SHG members will directly take orders( individual levels/ group level) from nearby villagers/households/institutions.

## 6. Executive Summary-

Knitting 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. 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 after getting the proper training to enhance their skill. Different types of woolen products will be made by this group. They will target all age group and gender. 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. This SHG will ensure to become the most renowned knitting centre with quality work in its area of operation in coming years.

## 7. Description of product related to Income Generating Activity-

1	Name of the Product	Woolen cardigans
2	Method of product identification	Has been decided by group members
3	Consent of SHG/ CIG / cluster members	Yes

## 8. Description of Production Processes-

1	Time taken	1 sweater takes around 5-6 hours to complete.
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 sweaters per day	7 sweaters initially

## 9. 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

### ❖ Weakness

- Lack of technical know-how.

### ❖ Opportunity

- Increasing demand for good products with latest design.

### ❖ Threats & Risks

- Competitive market
- Level of commitment among beneficiaries towards participation in training/capacity building and skill up-gradation.

## 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. 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 9 items can be made available for sale.

## 11. Description of Economics -

A. Capital Cost				
S. No.	Particulars	Quantity	Unit Price	Amount (Rs)
1	Punch card knitting Machine	1	24000	24,000
2	knitting machine (Simple)	7	6000	42,000
3	Knitting design book	1	1500	1500
4	Gola Making machine	7	600	4200
5	Working table	7	1500	10,500
6	Plastic Chairs	7	600	4,200
<b>Total Capital Cost (A) = Rs 86,400</b>				

B. Recurring Cost			
S. No.	Particulars	Unit	Total Amount (Rs)
1	Water & Electricity	Month	1000
2	Room rent	Month	1500
3	Wear & Tear	Month	1400
4	Lubrication oil & pippet	Month	1400
5	Knitting yarn of different color and quality	Month	45,000
<b>Total Recurring cost</b>			<b>= 50,300</b>



Note – The group members will do the work themselves and therefore labour cost has not been included and the members will manage between them the working schedule to be followed.

C. Cost of production ( Monthly)		
S. No.	Particulars	Amount
1	Total recurring cost	50300
2	10% depreciation annually on capital cost	8640
<b>Total =58,940</b>		

D. Selling price calculation			
S. No.	Particulars	Unit	Amount
1	Simple sweaters	1	500
2	Long sweaters, sweaters with buttons.	1	700

### Cost Benefit Analysis ( Monthly)

Cost benefit analysis ( monthly)		
S. No.	Particulars	Amount
1	10% depreciation annually on capital cost	8640
2	Total Recurring Cost	50300
3	Total knitted sweater per month	210
4	Selling Price of sweater	210*500
5	Income generation	1,05,000
6	Net profit ( Income generation - Recurring cost)	54,700
7	Distribution of net profit	<ul style="list-style-type: none"> <li>✓ Profit will be distributed equally among members monthly/yearly basis.</li> <li>✓ Profit will be used for further investment in IGA</li> </ul>

## 12. Fund flow arrangement in SHG -

S. No.	Particulars	Total Amount (Rs)	Project Contribution	SHG contribution
1	Total capital cost	86,400	64,800	21,600
2	Total Recurring Cost	50,300	0	50,300
3	Training/capacity building/skill up-gradation.	60,000	60,000	0
Total		1,96,700	1,24,800	71,900

Note:

- i) Capital cost- 75% capital cost will be borne by the project as the group is of female and they are poor 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.

## 13. Sources of Fund -

Project support	<ul style="list-style-type: none"> <li>✧ 75% of capital cost will be provided by project if members belong to other than general category. If the members belong to general then 50% capital cost is will be borne by project.</li> <li>✧ Up to Rs 1 lakhs will be parked in the SHG bank account.</li> <li>✧ Training/capacity building/ skill up-gradation cost.</li> <li>✧ 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.</li> </ul>	Procurement of machines/equipment will be done by respective DMU/FCCU after following all codal formalities.
SHG Contribution	<ul style="list-style-type: none"> <li>✧ 50% or 25% of capital cost to be borne by SHG for general category and other categories respectively.</li> <li>✧ All the members are females and belongs to low income group and they can contribute 25% and project has to bear remaining 75%.</li> <li>✧ Recurring cost to be borne by SHG.</li> </ul>	

#### **14. 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

#### **15. Computation of break-even point -**

$$\begin{aligned} &= \text{Capital Expenditure}/(\text{selling price (per sweater)}-\text{cost of production (per sweater)}) \\ &= 86,400/ (500-420) \\ &= 1080 \end{aligned}$$

In this process break-even will be achieved after knitting 1080 sweaters.

#### **16. 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.

## 17. 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

## 18. Remarks

All the members are females and belongs to low income group and they can contribute 25% and project has to bear remaining 75%.

**Group Member Photos:**



**Kiran Thakur**



**Kumari Shanta Devi**



**Pinki**



**Kushma Devi**



**Hima Devi**



**Kanta Devi**



**Promila Devi**

**Group Photo:**



### Resolution-cum-Group-consensus Form

It is decided in the General house meeting of the group Ekta held on 03-06-2022 at Kudanu Darkoti that our group will undertake the knitting as Livelihood Income Generation Activity under the Project for Implementation of Himachal Pradesh Forest Ecosystem management and Livelihood (JICA assisted).

Signature Of group President

प्रधान Sheel Kumar  
ग्राम वन विकास समिति कुडनु-दरकोटी  
ग्राम पंचायत द्राहल, तह. जं. नगर,  
जिला मण्डी (हि.प्र.)

Signature of President VFDS

Kishan Y. Pant  
प्रधान सचिव  
एकता स्वयं सहायता समूह  
राज्य कुडनु तह. जं. नगर,  
जिला मण्डी (हि.प्र.)

Signature Of group secretary

Business Plan Approval by VFDS and DMU.

Ekta Group will undertake 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. 1,96,700 has been submitted by the group on 03-06-2022 and the Business Plan has been approved by VFDS Kudanu Darkoti

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

*Kudanu Darkoti* Thank You.  
प्रधान सचिव  
एकता स्वयं सहायता समूह  
ग्राम कुडनु तह. जो. नगर,  
जिला मण्डी ( हि. प्र. )

Signature Of group President

Signature Of group secretary

*Shabid Kumar*  
ग्राम वन विकास समिति कुडनु-दरदोटी  
ग्राम पंचायत ब्राह्म, तह. जो. नगर,  
जिला मण्डी ( हि. प्र. )  
Signature of President VFDS

*Joginder Nagar*  
Approved  
D.M.U.-Cum-  
Divisional Forest Officer  
Joginder Nagar  
DMU cum DFO Joginder Nagar



