

Business Plan
On
Income Generation Activity
Cutting and tailoring
For
Self Help Group – Lakshami



SHG/CIG name	Lakshami
VFDS name	Mulsu
Range	Urla
Division	Joginder Nagar

Prepared Under-

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



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1. Introduction-

Cutting and tailoring also known as stitching of clothes. This skill of cutting and tailoring is used for making suits, handkerchief and different clothing wears of different styles of all age groups, household products such as table cover, curtains, bags etc. It 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. One reason of them doing it by themselves is to save money. 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 11 women of different age group already existing as a SHG came together to also be a part of 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 Lakshami SHG group has collectively decided of cutting and tailoring as their Income Generation Activity (IGA). Lakshami SHG was formed in the year 2002 and has also been included under Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA Assisted), which fall under VFDS Mulsu. This SHG consists of 11 females. These females already had little experience of cutting and tailoring 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 stitch clothes 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	Lakshami
2.	VFDS	Mulsu
3.	Range	Urla
4.	Division	Joginder Nagar
5.	Village	Mulsu
6.	Block	Padhar
7.	District	Mandi
8.	Total no. of members in SHG	11
9.	Date of formation	08-01-2002
10.	Bank a/c No.	872601000599260
11.	Bank details	Himachal Gramin Bank Padhar
12.	SHG/CIG monthly savings	1100 (100 per person)
13.	Total saving	2,89,000
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	Lalita Devi	F	Umedh Singh	General	President	98577-52891
2	Kamlesh	F	Bhajle Ram	General	Secretary	86793-94552
3	Rita Devi	F	Diwan Chand	General	Member	98166-72047
4	Nimma Devi	F	Karam Chand	General	Member	70180-31148
5	Sheela Devi	F	Narain Singh	General	Member	89880-82134
6	Leela Devi	F	Prakash Chand	General	Member	85805-99544
7	Basanti Devi	F	Gulab Singh	General	Member	86797-80591
8	Kanta Devi	F	Lekh Ram	General	Member	78641-04600
9	Kamla Devi	F	Sant Ram	General	Member	-
10	Shakuntla Devi	F	Rameshwar	General	Member	94187-24478
11	Minki Devi	F	Puran Chand	General	Member	78761-04398

4. Geographical details of the Village

1	Distance from the District HQ	32 Km
2	Distance from Main Road	2 Km
3	Name of local market & distance	4 Km
4	Name of main market & distance	Padhar 4 Km
5	Name of main cities & distance	Mandi 32 Km, Joginder Nagar 30 Km
6	Name of main cities where product will be sold/ marketed	Padhar

5. Market Potential-

After learning the skill of cutting and tailoring, this Lakshami 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 stitching clothes will be there all around the year. There are different seasons and that require different types of clothes that also ensures in a way that the business will be sustainable as there will be demand all year around. During the festive season or wedding season this SHG will see jump in their customers.

1	Potential market places/locations	Village covered - Mulsu
2	Stitching work demand	Throughout the year and high demand at the time of festive and marriage occasions.
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-

Cutting and tailoring 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 suits will be stitched by this group initially. Suits will be stitched as per demand of customers. 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	Stitched suit
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 suit takes around 3-4 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 stitched suits per day	5 suits initially

9. Risk Analysis-

Skill based

Demand driven

Highly competitive market

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 will be involve in cutting.

Other will be engaged in stitching

Some will be engaged in doing the final finishing of the stitched suits.

And other will be in proper ironing and packing of the final product.□

11. Description of Economics -

A. Capital Cost				
S. No.	Particulars	Quantity	Unit Price	Amount (Rs)
1	Sewing Machine	11	8000	88000
2	Interlock machine	1	8000	8000
3	Tailor scissor	11	500	5500
4	Tailoring ruler set	11	600	6600
5	Sewing tailor tape	11	100	1100
6	Iron press	4	1200	4800
7	Almirah	2	3000	6000
8	Hanger	4 set	240	960
9	Chairs	11	1500	16500
10.	Cloth cutting table	1	4000	4000
Total Capital Cost (A) =Rs 1,41,460				

B. Recurring Cost					
S. No.	Particulars	Unit	Quantity	Unit Price	Total Amount (Rs)
1	Sewing threads, button, zip, suit lining etc	Reels	LS	LS	4000
2	Room rent	Month	1	1000	1000
3	Packaging material	Month	LS	LS	1800
4	Other (Transportation, stationary, electricity bill, machine repair)	Month	LS	LS	1000
Total Recurring Cost (B) = 7,800					

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.

Every women will work 4-5 hours daily.

C. Cost of production (Monthly)		
S. No.	Particulars	Amount
1	Total recurring cost	7,800
2	10% depreciation annually on capital cost	14146
Total = 21,946		

D. Selling price calculation			
S. No.	Particulars	Unit	Amount
1	Simple suit	1	250-300
2	Other (Plazo, lining etc)	1	350-400

12. Cost Benefit Analysis (Monthly)

Cost benefit analysis (monthly)		
S. No.	Particulars	Amount
1	10% depreciation annually on capital cost	14,146
2	Total Recurring Cost	7,800
3	Total Stitched Suit per month	330 (approx quantity)
4	Selling Price of Stitched Suit (per suit)	300
5	Income generation	99,000
6	Net profit (Income generation - Recurring cost)	91,200
7	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

13. Fund flow arrangement in SHG -

S. No.	Particulars	Total Amount (Rs)	Project Contribution	SHG contribution
1	Total capital cost	1,41,460	1,06,095	35365
2	Total Recurring Cost	7,800	0	7,800
3	Training/capacity building/skill up-gradation.	50,000	50,000	0
Total		199260	156095	43165

Note:

- i) Capital cost- 50% capital cost will be borne by the project and 50% 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.

14. 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. 	

15. 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

16. Computation of break-even point -

$$\begin{aligned} &= \text{Capital Expenditure}/(\text{selling price (per suit)}-\text{cost of production (per suit)}) \\ &= 1,41,460/(300-100) \\ &= 708 \end{aligned}$$

In this process break-even will be achieved after stitching 708 suits.

17. 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.

18. 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

19. Remarks

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

Group member's Individual photos



Lalita Devi



Kamlesh



Rita Devi



Nimma Devi



Sheela Devi



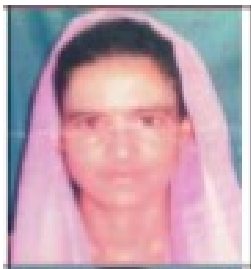
Leela Devi



Basanti Devi



Kanta Devi



Kamla Devi



Shakuntla Devi



Minki Devi

Group photo



Resolution-cum-Group-consensus Form

It is decided in the General house meeting of the group Lakshami held on 29.4.2022 at Mulsu that our group will undertake the Sewing, Cutting & Tailoring as Livelihood Income Generation Activity under the Project for Implementation of Himachal Pradesh Forest Ecosystem management and Livelihood (JICA assisted).

प्रतीता

Signature Of group President
secretary

प्रतीता
पदवी
सचिव Kamlesh
संस्था स्वयं सहायता समूह
गाँव मुलसू डा० मवाली
तहसील पथर गवाली

Signature of President VFDS

Bhupendra Rana
प्रधान
ग्राम वन विकास समिति मुलसू
ग्राम मंचल गवाली तह. पथर
जिला सुपडी हिप्र

Signature Of group

- 1 प्रतीता
- 2 Kamlesh
- 3 नीमा देवी
- 4 शकुन्ता देवी
- 5 बसन्ती देवी
- 6 कमला देवी
- 7 फाजला देवी
- 8 लीला देवी
- 9 सीता
- 10 श्री लता
- 11 मिमकी

Business Plan Approval by VFDS and D.M.U.

LAXMI SHG Group will undertake the Sewing & Cutting ^{Teubing} 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. 1,99,260 has been submitted by the group on 29-04-22 and the Business Plan has been approved by VFDS Mulsu.

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

भतीता

प्रधान
लक्ष्मी स्वयं सहायता समूह
गाँव मुखरू डोगवाली
तह. पथर

Kamlesh

Thank You.

Signature Of group President भतीता
secretary Kamlesh

Signature Of group


- 1 भतीता
- 2 Kamlesh
- 3 लीला देवी
- 4 शकुल देवी
- 5 पसली देवी
- 6 कमल देवी
- 7 कान्ता
- 8 लीला देवी
- 9 शीला
- 10 शिता
- 11 मिजकी

Signature of President VFDS

Bhaya Ram
प्रधान
ग्राम वन विकास समिति मूलसू
गाँव मुखरू डोगवाली तह. पथर
जिला मण्डल (डि.प्र.)

Approved

DMU cum DFO Joginder Nagar


D.M.U.-Cum-
Divisional Forest Officer
Joginder Nagar

