



Business Plan
On
Income Generation Activity
Bag making
By
Self Help Group – Sai Baba



SHG/CIG name	Sai Baba
VFDS name	Kolang
Range	Lad Bharol
Division	Joginder Nagar

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

TABLES OF CONTENTS

S.no	Particulars	Page no.
1.	Introduction	3
2.	Description of SHG/CIG	4
3.	Beneficiaries Detail	5
4.	Geographical details of the Village	5
5.	Market Potential-	6
6.	Executive Summary-	6
7.	Description of product related to Income Generating Activity-	7
8.	Description of Production Processes-	7
9.	Description of Production Planning-	8
10.	Description of Management among members	8
11.	SWOT Analysis	8
12.	Description of Economics	9-11
13.	Cost Benefit Analysis (Monthly)	11
14.	Fund flow arrangement in SHG	11
15.	Sources of fund	12
16.	Training/capacity building/skill up-gradation	12
17.	Computation of break-even point	12
18.	Bank Loan Repayment	13
19.	Monitoring Method	13
20.	Remarks	13
21.	Group member photos	14
22.	Group photo	14
23.	Resolution-cum Group consensus form	15
24.	Business approval by VFDS and DMU	16

1. Introduction-

Bag making is the Income generation activity that has been decided by Sai Baba SHG under IGA which falls under VFDS Kolang of Range Lad Bharol and Division Joginder Nagar. There are different types of bags such as school bags, travel bags, carry bags, girls college bags, laptop bags and many more. All these bags are made with different materials by stitching. Bags have their demand all over the year and it is used by all age groups.

A group of 7 women of different age groups came together to form a SHG in March, 2021. under the Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods and decided to craft a business plan which can help them to take Bag Making as their IGA in a 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 Sai Baba SHG group has collectively decided of Bag Making as their Income Generation Activity (IGA). This SHG consists of 7 females who will start making good qualities bag after getting the help from the project. Project will support them by providing funding, training and assistance that they need to develop this skill and become professional. They will be able to make different types of bags and will become self employed. 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	Sai Baba
2.	VFDS	Kolang
3.	Range	Lad Bharol
4.	Division	Joginder Nagar
5.	Village	Kolang
6.	Block	Chauntra
7.	District	Mandi
8.	Total no. of members in SHG	7
9.	Date of formation	15 May, 2014
10.	Bank a/c No.& IFSC code	31510110625 & HPS00315
11.	Bank details	HP State Cooperative Bank, Lad Bharol
12.	SHG/CIG monthly savings	50
13.	Total saving	4243
14.	Total inter loaning	30,000
15.	Cash Credit Limit	-
16.	Repayment status	-

3. Beneficiaries Detail

S.no.	Name	M/F	Father/ Husband name	Category	Designation	Contact no.
1	Poonam Devi	F	Ajay Kumar	General	President	9015019762
2	Ruma Devi	F	Bharevatu Ram	General	Secretary	9818711175
3	Geeta Devi	F	Deshraj	General	Member	7807761992
4	Sapna Devi	F	Manohar Lal	General	Member	8580960213
5	Roshani Devi	F	Prem Singh	General	Member	7807668940
6	Vimla Devi	F	Joginder Singh	General	Member	7018345797
7	Phula Devi	F	Ranveer Singh	General	Member	8219471099

4. Geographical details of the Village

1	Distance from the District HQ	Mandi 90 Km
2	Distance from Main Road	Lad Bharol 8 km
3	Name of local market & distance	Lad Bharol 8 km
4	Name of main market & distance	Bajnath 20 Km
5	Name of main cities & distance	✧ Mandi – 90 Km ✧ Jogindernagar – 34Km ✧ Palampur -40 Km ✧ Bajjnath – 20 Km
6	Name of main cities where product will be sold/ marketed	✧ Mandi ✧ Jogindernagar ✧ Palampur ✧ Bajjnath

5. Market Potential-

After learning the skill of bag making, this Sai Baba 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 latest design bag will be there all around the year.

1	Potential market places/locations	Village covered -
2	Demand of the product	Throughout the year and high demand in march when school reopens.
3	Process of identification of market	Group members will contact nearby villagers/ households/ institutions.
4	Marketing Strategy	SHG members will directly take orders (group level) from nearby villagers/ households/ shopkeepers/ institutions.
5	Product branding	Sai Baba Bags
6	Product "Slogan"	"Sai Baba bags- best in quality"

6. Executive Summary-

Bag making income generation activity has been selected by this Sai Baba 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. In the nearby market, there is a substantial demand for school bags, handbags, travel bags, and carry bags. After numerous meetings, the group has finally determined that this activity will unquestionably be a means of generating cash for the group, keeping in mind the demand for bags in the surrounding market places. The division of labour between the members have been planned carefully so that each member contributes towards strengthening the IGA and resulting in additional money into their pockets.

7. Description of product related to Income Generating Activity-

1	Name of the Product	School bags, handbags, travel bags, and carry bags
2	Method of product identification	Has been decided by group members after numerous meetings.
3	Consent of SHG/ CIG / cluster members	Yes

8. Description of Production Processes-

- Total number of members in the group is 7. Almost all the members in the group will only work for 4 hours daily as they have other agriculture and domestic work. They will work for 6 days per week. So, we can say, members of the group will be working for 600 hours monthly.
- The group will make 10 to 15 bags per day initially later with experience they can increase the number. In a month, the group will make approx of 375 bags.
- Based on assumption/experience each bag will be manufactured by using material i.e. Mattie cloth, zip, locks, sticker, wire covering, niwar etc.; cost of which will depend on the type and size of bag. We can consider the range of price of using raw material to lie between Rs 80 to Rs 300.
- The total working hours of 1 member in a month (total working days in a month will be 25 and 4 hours per day) will be 100 hours (25 days × 4 hours) and 6 out of total numbers of SHG members working hours in a month will be 600 hours (25 days). Total labour days in a month for the whole group will be 75 days (600÷8). The labour cost comes out to be Rs 22,500 (75×300).

9. Description of Production planning-

1	Production per cycle (month)	1 month = 375 bags
2	Number of ladies involved	All ladies (on rotation bases per month as decided by SHG Members)
3	Source of raw material	Local market/ Main market
4	Source of other resources	Local market/ Main market
5	Expected bag production per day	15 bags per day

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 group members will involve in pre-production process(i.e. procuring of raw material)
- Some group members will involve in production process.
- Some group members will involve in packaging and marketing.

11.SWOT analysis –

❖ Strength–

- ❖ Raw material easily available.
- ❖ Manufacturing process is simple.
- ❖ Proper packing and easy to transport.
- ❖ Product shelf life is long.

❖ Weakness–

- ❖ Shortage of reserve fund with the group to invest on the raw material and to wait for the sale of the product.
- ❖ Lack of confidence in the group members regarding the success of business.
- ❖ High competition with the factory made bags presently being imported by the local traders.

- ❖ Opportunity–
 - ❖ There are good opportunities of profits as product cost is lower than other same categories of products.
 - ❖ There are opportunities of expansion with production at a larger scale.
 - ❖ Demand all around the year.

- ❖ Threats/Risks–
 - ❖ Risk of conflict in the group members.
 - ❖ Sudden increase in price of raw material.
 - ❖ Competitive market.

12. Description of Economics -

A. Capital Cost				
S. No.	Particulars	Quantity	Unit Price	Amount (Rs)
1	Sartaj Bag Making Machine (95T10) with Motor & stand	7	9500	66,500
2	Sartaj Bag Making Machine (95T10) with stand	5	8000	40,000
3	Wooden counter Table	1	5000	5000
4	Mat	1 (8×10)	3000	3000
5	Steel Racks	2	4000	8000
6	Tool Kit	6	1000	6000
7	Chair & stool	13	500	6500
Total Capital Cost (A) =Rs <u>1,35,000</u>				

B. Recurring Cost

S. No.	Particulars	Unit	Quantity	Unit Price	Total Amount (Rs)
1	Metty cloth	Mtr	160 mtr	120	19200
2	Parachute fabric cloth	Mtr	80 mtr	80	6400
3	Jute Fabric	Mtr	70 mtr	100	7000
4	Bag Sticker		800	3	2400
5	Kunde/Lock/Button	Kg	1	1800	1800
6	Hall rent, & stationery expenses	LS	1	2000	2000
7	Foam & Plane printed lining fabric	Mtr.	160	110	17600
8	Thread Reel 6,8,10	Nos	100	60	6000
9	Machine Needle 21, 23 No's	-	100	10	1000
10	Marker & Measurement Tape	-	-	-	1000
11	Runner 5 & 8 No's	Dozen	40	45	1800
12	Tani Bag	KG	250	8	2000
13	Tani Bag	KG	350	6	2100
14	Chain 5No.	Mtr	200 mtr	6	1200
15	Cahin 8No.	Mtr	180	10	1800
16	Labour work will be done by SHG members				-

Total Recurring Cost (B) = 73,300

C. Cost of production (Monthly)

S. No.	Particulars	Amount
1	Total recurring cost	73,300
2	10% depreciation annually on capital cost	13,500

Total = 86,800

D. Selling price calculation			
S. No.	Particulars	Unit	Amount
1	Cost of production (carry Bags)	1	Approx Rs.20,60,100,130,400
2	Expected selling price (School/Girls side College Bag	1	Approx 40-80-120-300-400
3	Current market price (Travelling Bag)	1	100-150- 250-400-500

13. Cost Benefit Analysis (Monthly)

Cost benefit analysis (monthly)		
S. No.	Particulars	Amount
1	10% depreciation annually on capital cost	13,500
2	Total Recurring Cost	86,800
3	Total production of bag per month	375 (approx all sizes 100,80,60)
4	Selling Price of per bag	40 to 400
5	Income generation	1,23,750
6	Net profit (Income generation - Recurring cost)	36,950
7	Gross profit(Net profit - Labour Cost)	14,450/-
8	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

14. Fund flow arrangement in SHG -

S. No.	Particulars	Total Amount (Rs)	Project Contribution	SHG contribution
1	Total capital cost	1,35,000	1,01,250	33,750
2	Total Recurring Cost	73,300	0	73300
3	Training/capacity building/skill up-gradation.	50,000	50,000	0
Total		2,58,300	1,51,250	1,07,050

Note:

- i) Capital cost- 75% capital cost will be borne by the project 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.

15. 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. 	

16. 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

17. Computation of break-even point -

$$= \text{Capital Expenditure} / [\text{selling price (per bag)} - \text{cost of production (per bag)}]$$

$$= 1,35,000 / (500 - 330) = 1350$$

In this process break-even will be achieved after making 1350 bags.

18. 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.

19. 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

20. Remarks

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

21. Group member's Individual photos



Poonam Devi



Ruma Devi



Geeta Devi



Phula Devi



Roshani Devi



Sapna Devi



Vimla Devi

22. Group photograph:



Resolution-cum-Group-consensus Form

It is decided in the General house meeting of the group Sai Baba held on 19.09.2022 at Kelang that our group will undertake the Bag making as Livelihood Income Generation Activity under the Project for Implementation of Himachal Pradesh Forest Ecosystem management and Livelihood (JICA assisted).

प्रधान Pramod Singh
साई बाबा ग्राम सह विकास
गांव भरमगढ़, जिला लड़भर
ह. लड़भर, जिला लड़भर
Signature of group President

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ह. लड़भर, जिला लड़भर
Signature of group secretary

President [Signature]
Village Forest Development Society
(VFDS) Gram Panchayat Kelang
P.O. Kelang, Teh. Joginder Nagar
Dist. Mandi (H.P.)
Signature of President VFDS

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

Business Plan Approval by VFDS and DMU.

Sai Baba Group will undertake the Bag making 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. 2,58,300 has been submitted by the group on 19.09.2022 and the Business Plan has been approved by VFDS Kolang

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

Thank You.

पंचायत समिति कोलांग जोगिंदर नगर
श्री. लड भद्रोल जिला नगरो (हि.प्र.)
Signature of group President

श्री. लड भद्रोल जिला नगरो (हि.प्र.)
श्री. लड भद्रोल जिला नगरो (हि.प्र.)
Signature of group secretary

President
Village Forest Development Society
(VFDS) Gram Panchayat Kolang
P.O. Kolang, Teh. Joginder Nagar
Signature of President VFDS

Approved

DMU cum DFO Joginder Nagar
Divisional Forest Officer
Joginder Nagar

