

BUSINESS PLAN

INCOME GENERATING ACTIVITY – Bag Making

BY

NAVJYOTI Self Help Group (KAINA)



SHG/CIG Name	::	NAVJYOTI
VFDS Name	::	JAGA MATA KAINA
Range	::	JUBBAL
Division	::	ROHRU

Prepared Under–



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

1.

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1. Description of SHG/CIG

1	SHG/CIG Name	::	Navjyoti	
2	VFDS	::	Jaga Mata Kaina	
3	Range	::	Jubbal	
4	Division	::	Rohru	
5	Village	::	Kaina	
6	Block	::	Sheel	
7	District	::	Shimla	
8	Total No. of Members in SHG	::	15 – females	
9	Date of formation	::	20- 05- 2022	
10	Bank a/c No.	::	41209358272, IFSC – SBI0007462	
11	Bank Details	::	SBI Sheelghat	
12	SHG/CIG Monthly Saving	::	100/-	
13	Total saving	::	5000/-	
14	Total inter-loaning	::	Nil	
15	Cash Credit Limit	::	Nil	
16	Repayment Status	::	Nil	

2. Beneficiaries Detail:

Sr.No	Name	Father/Husb and Name	Age	Category	Income Source	Address
1	Sushma	w/o sh. Balveer singh	54	Gen.	Agriculture	Vill.Kaina P.O sheelghat
2	Ishwari Devi	w/o sh. Tulsi Ram	55	Gen.	Agriculture	Vill.Kaina P.O sheelghat
3	Pingla	w/o sh. Balkrishan	44	S.C	Agriculture	Vill.Kaina P.O sheelghat
4	Poonam	w/o sh. Suresh singh	37	S.C	Agriculture	Vill.Kaina P.O sheelghat
5	Premlata	w/o sh. Chain Ram	66	Gen.	Agriculture	Vill.Kaina P.O sheelghat
6	Padmapati	w/o sh. Rati Ram	44	S.C	Agriculture	Vill.Kaina P.O sheelghat
7	Ravikanta	w/o sh.Kuldeep	32	S.C	Agriculture	Vill.Kaina P.O sheelghat
8	Usha	w/o sh. Deepak	42	Gen.	Agriculture	Vill.Kaina P.O sheelghat
9	Shradha	w/o sh.Sunil	49	Gen.	Agriculture	Vill.Kaina P.O sheelghat
10	Rekha	w/o sh.Narveer	54	Gen.	Agriculture	Vill.Kaina P.O sheelghat
11	Sharda	w/o sh.Brijlal	30	Gen.	Agriculture	Vill.Kaina P.O sheelghat
12	Surekha	w/o sh.Prakash	49	Gen.	Agriculture	Vill.Kaina P.O sheelghat
13	Suman	w/o sh.Ankush	27	S.C	Agriculture	Vill.Kaina P.O sheelghat
14	Sandheera	w/o sh.ramkrishan	54	Gen.	Agriculture	Vill.Kaina P.O sheelghat
15	Ranjeeta	w/o sh.Surinder	39	Gen.	Agriculture	Vill.Kaina P.O sheelghat

3. Geographical details of the Village

1	Distance from the District HQ	::	100 km
2	Distance from Main Road	::	500 mtr.
3	Name of local market	::	Sheelghat
4	Name of main market	::	Jubbal
5	Name of main cities	::	Rohru

6	Name of main cities where product will be sold/ marketed	::	Sheelghat , Jubbal , Rohru
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4.Executive Summary

Bag making income generation activity has been selected by Navjyoti Self Help Group under VFDS Jaga Mata Kaina .This IGA will be carried out by all ladies of this SHG. Bag making is a new concept for this group but almost all the members of the group are trained in stitching and tailoring and they ensure that they will stitch the bags after getting training. After the discussion in a series of meeting they have decided to take this activity for their livelihood improvement. There is a sufficient demand of handbags, luggage bags and carry bags in the surrounding market and also a huge demand of school bags in the area although the demand of other type of bags is also very high in the area but the group has decided to make fancy bags and carry bags initially and thereafter other type of bags will be added. At present, such material is being imported by the shopkeepers of nearby market from outside the state in a large and very small quantity is being manufactured by the small scale manufacturers of the area. After several meetings of the group it has been decided by the group finally that keeping in view the demand of such bags ,in the nearby market , this activity will definitely be a income generation activity for the group .All the members consented in all for this IGA and passed the resolution .

5. Description of Product related to Income Generating Activity

1	Name of the Product	::	Fancybags, handbags,luggagebags,purses for ladies and gents and carry bags .
2	Method of product identification	::	The group along with JICA staff held many meetings to identify the livelihood activity and discussed on some issues like availability of raw material in the locality,skill for preparation of product marketing status and then all SHG Members agreed to adopt school Bag making initially and later on more product of similar process will be added .
3	Consent of SHG/ CIG / cluster members	::	All SHG members are agreed and passed resolution with all consent .

6.Description of Production Processes

- Group will make school bags initially and later on hand bags ,Luggage Bags, Purses etc. will be added .This business activity will be carried out whole year by the group members.

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- The process of making 200 Bags takes around one month and the all 15 members of the group will work for average 3 hours daily because they could not work for the whole day due to their other agriculture and domestic work. Average 5 days weekly holiday is required by them for their domestic work .Hence 1 member will work for 3 hours 25 days during the month and therefore each member will work for 75 hours in a month. The total men days for 15 members will be comes out $75 \times 15 / 24 = 47$ days .The total labor cost comes out $47 \times 300 / - = 14,100 / -$ In this way the labourcost per bag will be Rs.70.5 due to working on hood machine .
- Based on assumption/experience 1 Bag will be manufactured by using material i.e. Mattie cloth Jeep, Locks, Sticker, Wire covering ,Niwar etc. .Cost of which comes out to rupees 320/.
- The cost for manufacturing one bag will be $Rs.320 + Rs.70.5 = Rs. 390.5 / -$ or says Rs.390/-
- Initially group will manufacture 100 bags per month and in future other type of bags will be added and manufactured according to market demand.

7 . Description of Production Planning

1	Production Cycle (in days)	::	1 month for a lot of 200 bags
2	Manpower required per cycle/ Month .	::	15 ladies for 47 men days during the month.
3	Source of raw materials	::	Local market/ Main market
4	Source of other resources	::	Local market/ Main market
5	Quantity of raw material required per cycle /month	::	1.Canvas cloth =100mtr. 2.Jip = 250 no. 3.Niwar = 160mtr 4. Adjuster = 350no. 5.Parachute cloth =100mtr. 6. Foam = 80mtr. 7.R-1 cloth for partition =50mtr.
6	Expected production per cycle /month	::	200 bags.

8. Estimated Cost of raw material per cycle /per month .

Sr.no	Raw material	unit	Time	Quantity	Amount per unit (Rs)	Total amount	Expected production Monthly	Expected Sale Value	
1	Canvas cloth	mtr	Monthly	100mtr	120 /-	12000/-	200 bags	200 Bags @500 each =1,00,000	
2	Jip	no.	Monthly	250 no	15/-	3,750/-			
3	Niwar	mtr	Monthly	160mtr	15/-	2,400/-			
4	Adjuster	no.	Monthly	350 no	5/-	1750/-			
5	Parachute cloth	mtr	Monthly	100mtr	80/-	8,000/-			
6	Foam	mtr	Monthly	80mtr.	130/-	10,400/-			
7	R-1 cloth for partition	mtr	Monthly	50mtr.	150/-	75,00/-			
		Total					45,800		1,45,800/-

9 .Description of Marketing/ Sale

1	Potential market places	::	Jubbal , Rohru , kharapathar , Sheelghat
2	Distance from the unit	::	24km , 48km , 10km , 3km
3	Demand of the product in market place/s	::	Demand of the product is high mainly june and july due to local fair and also district level fair in Rohru and average in whole year.
4	Process of identification of market	::	Group members, according to their production potential and demand in market, will select/list retailer/whole seller. Initially product will be sold in near markets.
5	Marketing Strategy of the product		SHG members will directly sell their product through village shops.The group will also supply their product to the retailers and whole sellers in the near bymarket .
6	Product branding		“Navjyoti“ Bags
7	Product “slogan”		“Use Navjyoti Bags and promote handicraft “

10.SWOT Analysis

❖ Strength–

- Group members are well conversant with the working on sewing machine.
- Raw material easily available in the nearby markets Rohru & jubbal.
- Manufacturing process is simple
- Proper packing and easy to transport
- Product is non-perishable and its self-life is long

❖ Weakness-

- Demand is seasonal i.e.in june -july at the time local fair and festivals.
- High competition with the factory made bags presently being imported by the local traders from other states.
- Lack of confidence in the group members regarding success of business.
- Shortage of reserve fund with the group to invest on the raw material and to wait for the sale of product.

❖ Threats/Risks–

- Risk of conflict in the group members
- All the members are not heaving equal skill /work capacity hence in future there will be a conflict about distribution of wages /profit.
- Competition with the factory made bags.

11. 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 etc
 - Some group members will involve in Production process.
 - Some group members will involve in Packaging and Marketing.
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12. Description of Economics:

A. CAPITAL COST				
Sr.No	Particulars	Quantity	Unit Price	Total Amount (Rs.)
1	Bag making machine (Hood machine)	1no.	35,000/-	35,000/-
2	Sewing machine with paddle stand	5 no	6500/-	32500/-
3	Steel Rack	1no.	4,000/-	4,000
4	Scissors	15no.	300/-	4,500/-
5	Wooden stools	15no.	500/-	7500/-
6	Office table	1 no.	4,000/-	4,000/-
7	Chairs	4 no.	1500/-	6,000/-
8	Other overhead charges	L/S	L/S	10,000/-
	Total Capital Cost (A) =			1,03,500/-

B. Recurring Cost

Sr.no	Raw material	Unit	Time	Quantity	Amount per unit (Rs)	Total amount
1	Canvas cloth	Mtr	Monthly	100mtr	120 /-	12000/-
2	Jip	no.	Monthly	250 no.	15/-	3,750/-
3	Niwar	Mtr	Monthly	160mtr.	15/-	2400/-
4	Adjuster	no.	Monthly	350no.	5/-	1750/-
5	Parachute cloth	Mtr	Monthly	100mtr.	80/-	8,000/-
6	Foam	Mtr	Monthly	80mtr.	130/-	10,400/-
7	R-1 cloth for partition	Mtr	Monthly	50 mtr.	150/-	7,500/-
8	Rent of working place /hall	No.	Monthly	1	1,000/-	1,000/-
9	Electricity ,Water&Stationary charges	L/S	Monthly	L/S	L/S	1,000/-
10	Labor (Labor will be done by SHG members 3 hours daily for 17 days each*15members)	Men days	Monthly	47men days	@300/-	14,100/-
					Total Recurring cost	61,900/-
Note: Net Recurring cost = Total recurring cost – Labor cost =61,900 – 14,100/-						47,800/-

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C. Cost of Production (Monthly)		
Sr. No	Particulars	Amount (Rs)
1	Total Recurring Cost	47,800/-
2	10% depreciation annually on capital cost	863/-
	Total	48,663/-

13 Analysis of Income and Expenditure (Monthly):					
Sr.No	Particulars	Unit	Quantity	Rate per unit	Amount (Rs)
1	Cost of Production	No.	200 bags	243.31	48,663/
2	Expected Selling Price by SHG	No.	Per bag	500/-	1,00,000/-
3	Current market price	No.	200bags	500/-	1,00,000/-
4	Total expected income will be =Sale amount – Recurring cost= 1,00,000 – 48,663 =				51,337/-
5	Net profit after deduction of wages of group members 51,337-14,100				37,237/-per month

14.Fundrequirement:

Sr.No	Particulars	Total Amount (Rs)	Project Contribution			SHG Contribution
			Total project share	1 st instalment 50%	2 nd instalm ent 25%	
1	Total capital cost	1,03,500/-	77,625/-	51,750/-	25,875/-	25,875 /-
2	Total Recurring Cost	47,800	--	--	--	47,800 /-
3	Trainings/capacity building/ skill up-gradation	40,000/-	40,000	--	---	--
	Total	1,91,300/-	1,17,625/-	51,750/-	28,875/-	73,675 /-

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Note-

- **Capital Cost** - 75% of capital cost to be covered under the Project
- **Recurring Cost** - To be borne by the SHG/CIG.
- **Trainings/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 given by the project• Upto Rs1 lakh will be parked in the SHG bank account (as Revolving Fund).• Trainings/capacity building/ skill up-gradation cost will be borne by the project.• In case SHG take loan from bank 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.
SHG contribution	<ul style="list-style-type: none">• 25% of capital cost to be borne by SHG• Recurring cost to be borne by SHG

16 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:

- Cost effective procurement of raw material
- Production technique and Quality control
- Packaging and Marketing
- Financial Management

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.
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- 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 have 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 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.

Some key indicators for the monitoring are as:

- Size of the group
- Fund management
- Investment
- Income generation
- Production level
- Quality of product
- Quantity sold
- Market reach

19. Individual Photo Of each member:-



Ishwari Devi



Premlata



Ravikanta



Sushma



Pingla



Padmapati



Poonam



Ranjeeta



Shradha



Surekha



Sandhira



Usha



Suman



Sharda



Rekha

13.

20. Navjyoti SHG Group Photo –



BUSINESS PLAN APPROVED BY VFDS

Navjyoti Self help group will undertake the Bag Making as livelihood Income Generation Activity under the project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA Assisted). In this regard Business Plan of amount (Rs) 1,91,300/- has been submitted by this group on dated 24th Sep 2022 and this business plan has been approved by Jaga Mata VFDS Kaina.

Business Plan with SHG resolution is being submitted to DMU through FTU for further action, please.

Thank you

President
Jaga Mata Village Forest
Development Society Kaina
G.P. Kot-Kaina Teh. Jubbal
Signature Of VFDS President

Secretary
Jaga Mata Village Forest
Development Society Kaina
G.P. Kot-Kaina Teh. Jubbal
Signature Of VFDS Secretary

RESOLUTION-CUM-GROUP CONSENSUS

It is decided in the General House Meeting of the group *Navjyoti* held on *5th 08-*
2022 at *Kaina* that our group will undertake the *Bag Making* as
Livelihood Income Generation Activity under the Project for Improvement of Himachal Pradesh Forest
Ecosystems Management & Livelihoods (JICA Assisted).

प्रधान *Shanku* सचिव
नव-ज्योति स्वयं सहायत समूह
ग्राम पंचायत कोट कायना

Signature of Group President

प्रधान सचिव *Shanku*
नव-ज्योति स्वयं सहायत समूह
ग्राम पंचायत कोट कायना

Signature of Group Secretary

NAME & SIGNATURE OF AUTHORIZED SIGNATORIES

S.No.	NAME	DESIGNATION	SIGNATURE
1.	Ram Kaishan	Vfds president	RK Kaishan
2.	Sunilkhanta	Vfds Secretary	Sunilkhanta
3.	Sushma	Shg president	Sushma
4.	Kingla	Shg secretary	Shamir

President
Jaga Mata Village Forest
Development Society Kaina
G.P. Kot-Kaina Teh. Jubbal

Secretary
Jaga Mata Village Forest
Development Society Kaina
G.P. Kot-Kaina Teh. Jubbal



Range Forest Officer
Jubbals Forest Range

Name & Signature of FTU Officer

Signature

Name & Signature of FTU Co-ordinator

Approved

Divisional Forest Officer
Rohru Forest Division, Rohru

Name & Signature Of DMU Officer

Dr. Shahansha2.