



## **BUSINESS PLAN**

### **INCOME GENERATING ACTIVITY – (Bag Making)**

By

**Jyoti- Self Help Group**



SHG Name	Jyoti
VFDS Name	Gwalan
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-**

Bag making is the Income generation activity that has been decided by SHG Jyoti under IGA which falls under VFDS Gwalan of Range Urla 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 material by stitching. Bags have their demand all over the year and it is used by all age groups.






A group of 9 women of different age group came together to form a SHG on 10<sup>th</sup> November, 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 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 SHG group has collectively decided of bag making as their Income Generation Activity (IGA). This SHG consists of 9 females. The group 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	Jyoti
2.	VFDS	Gwalan
3.	Range	Urla
4.	Division	Joginder Nagar
5.	Village	Lakhwan
6.	Block	Padhar
7.	District	Mandi
8.	Total no. of members in SHG	9 Females
9.	Date of formation	10 <sup>th</sup> November,2021
10.	Bank a/c No./IFSC Code	41050735372 SBIN0008843
11.	Bank details	SBI Gumma
12.	SHG monthly savings	( 20 per Member)
13.	Total saving	1700
14.	Total inter loaning/ Cash Credit Limit	--
15.	Repayment status	-

### 3. Beneficiaries Detail

<u>Sr. No</u>	<u>Name &amp; address of members</u>	<u>Designation</u>	<u>Age</u>	<u>Edu.</u>	<u>Gender</u>	<u>Category/ Occupation</u>	<u>Photograph</u>
1.	Mrs. Neema Devi W/o Sh. Santosh Kumar Vill.LakhwanP.O.Jhtingri Teh. Padhar Distt. Mandi (H.P.) 98729-35017	President	38	10+2	Female	GEN/ Agriculture	
2.	Mrs. Leenu Thakur W/o Sh. Sanjay Kumar Vill.LakhwanP.O. Jhtingri Teh. Padhar Distt. Mandi (H.P.) 82788-25849	Secretary	26	MA	Female	GEN/ Agriculture	
3.	Mrs. Reeta Devi W/o Sh. Himat Singh Vill.LakhwanP.O. Jhtingri Teh. Padhar Distt. Mandi (H.P.) 78761-99256	Vice President		8 <sup>th</sup>	Female	GEN/ Agriculture	
4.	Mrs. Sanichari Devi W/o Sh. Gian Chand Vill.LakhwanP.O. Jhtingri Teh. Padhar Distt. Mandi (H.P.) 78768-27425	Member	33	8 <sup>th</sup>	Female	GEN/ Agriculture	
5.	Mrs. Nisha Devi W/o Sh. Beeree Singh Vill.LakhwanP.O. Jhtingri Teh. Padhar Distt. Mandi (H.P.) 98166-58307	Member	29	10 <sup>th</sup>	Female	GEN/ Agriculture	

6.	Mrs. Anu Kumari W/o Sh. Rakesh Kumar Vill.LakhwanP.O. Jhtingri Teh. Padhar Distt. Mandi (H.P.) 90154-44709	Member	29	10+2	Female	GEN/ Agriculture	
7.	Mrs. Reena Devi W/o Sh. Bhadar Singh Vill.LakhwanP.O. Jhtingri Teh. Padhar Distt. Mandi (H.P.) 76509-39627	Member	33	10+2	Female	GEN/ Agriculture	
8.	Mrs. Reshma Devi W/o Sh. Bhup Singh Vill.LakhwanP.O. Jhtingri Teh. Padhar Distt. Mandi (H.P.) 85804-11276	Member	28	10+2	Female	GEN/ Agriculture	
9.	Mrs. Pooja Devi W/o Sh. Vikash Thakur Vill.LakhwanP.O. Jhtingri Teh. Padhar Distt. Mandi (H.P.) 94188-49615	Member	23	10+2	Female	GEN/ Agriculture	

#### **4. Geographical details of the Village**

1	Distance from the District HQ	40 Km
2	Distance from Main Road	1 Km
3	Name of local market & distance	3 Km
4	Name of main market & distance	Paddhar 20 Km
5	Name of Main Cities & distance	Mandi 40 Km, Joginder Nagar 20Km
6	Name of main areas where product will be sold/ marketed	Padhar, Joginder Nagar, Barot & Chouhar Valley

#### **5 . Market Potential-**

After learning the skill of bag making, this SHG Jyoti 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 – Gumma, Padhar , Barot & Chouhar Valley
2	Demand of the product	Throughout the year and high demand in march when school reopens & day to day life need for carry the things.
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	Jyoti Bag House
6	Product “Slogan”	“Fair price with unique design”

## 6. Executive Summary-

Bag making income generation activity has been selected by this Self Help Group Jyoti. 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 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	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 9. All the members in the group will works on rotation bases only work for 4 hours daily as they have other agriculture and domestic work. They will work for 5 days per week. So, we can say, members of the group will be working for 900 hours monthly.
- The group will make 375 bags per month initially later with experience they can increase the number.
- Based on assumption/experience each bag will be manufactured by using material i.e. mattie cloth, jeep, locks, sticker, wire covering, etc. Cost of which will depend on the type of bag, size of bag. We can consider the range of price of using raw material to lie between Rs 80 to Rs 120.



- 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) SHG members working hours in a month will be 900 hours (25 days). Total labour days in a month for the whole group will be 113 days (900÷8). The labour cost comes out to be Rs 33,900 (113×300)

## 9. Description of Production planning-

1	Production per cycle ( 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 completed bag production per day	Fifteen 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–

- ❖ Environmentally friendly, biodegradable & 100% compostable (1 to 2 years)
- ❖ Manufacturing process is simple,
- ❖ Product shelf life is long.
- ❖ Product is non-perishable
- ❖ Cost effective & cheaper than plastic & paper bag
- ❖ Strong & can carry more weight as compared to other bags
- ❖ Long lasting, fashionable (Eye-catching)

### ❖ 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 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.
- ❖ Suddenly increase in price of raw material.
- ❖ Competitive market.

## 12. Description of Economics –

A. <u>Capital Cost</u>				
S. No.	Particulars	Quantity	Unit Price	Amount(Rs)
1	Sartaj Bag Making Machine (95T10) with Motor & stand	3	9,500	28,500
2	Sartaj Bag Making Machine (95T10) with stand	6	8,000	48,000
3	Wooden counter Table	1	5,000	5,000
4	Mat	1	2,500	2,500
5	Steel Racks	2	4,000	8,000
6	Tool Kit	4	1,000	4,000
7	Chair & stool	10	500	5,000
<b><u>Total Capital Cost (A)</u></b> =				<b>101,000</b>

**B. Recurring Cost**

S. No.	Particulars	Unit	Quantity	Unit Price	Total Amount (Rs)
1	Metty cloth	Mtr	140 mtr	120	16,800
2	Parachute fabric cloth	Mtr	65 mtr		5,200
3	Jute Fabric	Mtr	50 mtr	100	5,000
4	Bag Sticker		600	3	1,800
5	Kunde/Lock/Button	Kg	1	1800	1,800
6	Hall rent, Ecect. Exp. & stationery exp.	LS	1	2000	2,000
7	Foam & Plane printed lining fabric	Mtr.	140	110	15,400
8	Thread Real 6,8,10	Nos	100	50	5,000
9	Machine Needle 21, 23 No's	Pac.	9 Pac.	100	900
10	Marker & Measurement Tape	-	-	-	1,000
11	Runner 5 & 8 No's	Dozen	40	45	1,800
12	Tani Bag	KG	7	250	1,750
13	Tani Bag	KG	6	350	2,100
14	Chain 5No.	Mtr.	6	200	1,200
15	Chain 8No.	Mtr.	10	180	1,800
<b><u>Total</u></b>					<b>63,550</b>

<b><u>C. Cost of production ( Monthly)</u></b>		
S. No.	Particulars	Amount
1	Total recurring cost	63,550
2	10% depreciation annually on capital cost	9,700
		<b>Total = 73,250</b>

<b><u>D. Selling price calculation</u></b>			
S. No.	Particulars	Unit	Amount
1	Cost of production ( Bags )	1	Approx Rs.20,60,100,130,400
2	Expected selling price ( School/Girls side College Bag, Travelling Bag)	1	Approx 40-80-120-300- 400
3	Current market price (School/Girls side College Bag Travelling Bag)	1	50,100-150- 250-400- 500

### **13. Cost Benefit Analysis ( Monthly)**

<b><u>Cost benefit analysis ( monthly)</u></b>		
S.No.	Particulars	Amount
1	10% depreciation annually on capital cost	10,100
2	Total Recurring Cost	63,550
3	Total production of bag per month	375
4	Selling Price of per bag	100 To 400
5	Income generation	1,23,750
6	Net profit ( Income generation - Recurring cost)	60,200
7	Gross profit( Net profit - Labour Cost)	26,300

8	Distribution of net profit	✓ Profit will be distributed equally among members monthly/yearly basis. ✓ Profit will be used for further investment in IGA
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#### 14. Fund flow arrangement in SHG -

S. No.	Particulars	Total Amount (Rs)	Project Contribution	SHG contribution
1	Total capital cost	101,000	75,750	25,250
2	Total Recurring Cost	63,550	0	63,550
3	Training/capacity building/skill up-gradation.	50,000	50,000	0
<b>Total</b>		<b>2,14,550</b>	<b>1,23,125</b>	<b>88,800</b>

- 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"><li>✧ 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.</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>✧ 25% of capital cost to be borne by project if the group is women group.</li><li>✧ Recurring cost to be borne by SHG.</li></ul>	

## 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 –

$$\begin{aligned} & \text{Capital Expenditure/ [selling price (per bag)-cost of production (per bag)]} \\ & = 101,000 (330-130) \end{aligned}$$

In this process break-even will be achieved after making 505 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 photograph:**



Group photo of SHG Jyoti under VFDS Gwalan

Himachal Pradesh Forest Department

The Divisional Forest Officer, Joginder Nagar

Reference to the meeting held on 10-07-2020 at Jwala 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).

Signature Of group President  
 प्रभुमान  
 ज्योति रवि सहायक समिति  
 तमलगाण डाक. डा.गरी  
 (Dewi) पंच किल्ल लुडी (दि.प्र.)  
 प्रभुमान  
 जल संधि विभाग हरियाणा सरकार  
 जल संकल्प विभाग लुडी परत  
 जिला लुडी (हि.प्र.) 75015

Signature Of group  
 Reena  
 Reena  
 B  
 Saanichari Devi  
 Reena Devi  
 अंशु कुमारी  
 Keshwa Devi  
 Misha Devi

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

Business Plan Approved by VFDS and Ex.

Jyoti group will undertake the bag making as a  
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. 2,14,550 has  
been submitted by the group on 10-07-2022 and the Business Plan  
has been approved by VFDS Gwalan.  
Business Plan is submitted to DMU through FTU for further action please.

Thank You

Signature of group President  
प्रधान  
ज्योति स्वयं सहायता समूह  
सखवाण डाक. इटौगरी  
पथर जिला मण्डो (हि.प्र.)  
Signature of President VFDS  
प्रधान  
ज्योति स्वयं सहायता समूह  
सखवाण डाक. इटौगरी  
पथर जिला मण्डो (हि.प्र.)  
175015

Signature of group

Devi  
Devi  
R  
Sanchasi Devi  
Reena Devi  
अनू कुमारी  
Reshma Devi  
Nisha Devi

Approved

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