



## **BUSINESS PLAN**

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

By

**Self Help Group Shela Dev**



SHG Name	Shela Dev
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 Shela 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 Seven women of different age group came together to form a SHG on 23<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 Seven females. The group will start making good quality bags 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 has 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	Shela Dev
2.	VFDS	Gwalan
3.	Range	Urla
4.	Division	Joginder Nagar
5.	Village	Gwalan
6.	Block	Padhar
7.	District	Mandi
8.	Total no. of members in SHG	7 (Female)
9.	Date of formation	23 <sup>rd</sup> September,2021
10.	Bank a/c No./IFSC Code	34710119258, HPSC0000347
11.	Bank details	HP State Cooperative Bank Padhar
12.	SHG monthly savings	( Rs.20 per Member)
13.	Total saving	1680
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. Meena Kumari W/o Sh. Baldev Singh Vill.Gawalan P.O. Jhtingri Teh. Padhar Distt. Mandi (H.P.) 70181-93556	President	37	B.A.	Female	GEN/ Agriculture	
2.	Mrs. Sakina Kumari W/o Sh. Sunil Kumar Vill.GawalanP.O. Jhtingri Teh. Padhar Distt. Mandi (H.P.) 94181-04072	Secretary	28	B.A.	Female	GEN/ Agriculture	
3.	Mrs. Bhadari Devi W/o Sh. Prem Chand Vill.GawalanP.O. Jhtingri Teh. Padhar Distt. Mandi (H.P.) 89883-90289	Member	43	8 <sup>th</sup>	Female	GEN IRDP / Agriculture	
4.	Mrs. Kamla Devi W/o Sh. Revat Ram Vill.GawalanP.O. Jhtingri Teh. Padhar Distt. Mandi (H.P.) 80917-20970	Member	35	5 <sup>th</sup>	Female	GEN/ Agriculture	
5.	Mrs. Kesari Devi W/o Sh. Puran Chand Vill.GawalanP.O. Jhtingri Teh. Padhar Distt. Mandi (H.P.) 78761-86404	Member	36	8 <sup>th</sup>	Female	GEN/ Agriculture	
6.	Mrs. Sita Devi W/o Sh. Ram Lal Vill.GawalanP.O. Jhtingri Teh. Padhar Distt. Mandi (H.P.) 86268-81513	Member	38	5 <sup>th</sup>	Female	GEN/ Agriculture	
7.	Mrs. Nisha Devi W/o Sh. Dinesh Kumar Vill.GawalanP.O. Jhtingri Teh. Padhar Distt. Mandi (H.P.) 94188-44927	Member	38	B.A.	Female	GEN/ Agriculture	

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

1	Distance from the District HQ	36 Km
2	Distance from Main Road	1 Km
3	Name of local market & distance	3 Km
4	Name of main market & distance	Paddhar 15 Km
5	Name of Main Cities & distance	Mandi 36 Km, Joginder Nagar 24Km
6	Name of main areas where product will be sold/ marketed	Jhtingri Padhar, Joginder Nagar, Barot & Chouhar Valley

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

After learning the skill of bag making, this SHG Shela Dev 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 – Jhtingri, Urla, 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/ Pvt. School & institutions.
4	Marketing Strategy	SHG members will directly take orders (group level) from nearby villagers/households/shopkeepers/institutions.
5	Product branding	Shela Dev Bag
6	Product “Slogan”	“Style with Pride”

## 6. Executive Summary-

Bag making income generation activity has been selected by this Self Help Group Shell Dev. 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 7. All the members in the group will works for 4 hours daily as they have other agriculture and domestic work. They will work for 5 days per week. So, we can say, each member of the group will be working for 700 hours monthly.
- The group will make 325 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 SHG members working hours in a month will be 700 hours . Total labour days in a month for the whole group will be 25 days (700÷8). The labour cost comes out to be Rs 26,400 (88×300) .

## **9. Description of Production planning-**

1	Production per cycle ( month)	325 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	13 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	4	8,000	32,000
3	Wooden counter Table	1	5,000	5,000
4	Mat	1	2,500	2,500
5	Steel Racks	1	4,000	4,000
6	Tool Kit	4	1,000	4,000
7	Chair & stool	10	500	5,000
<b><u>Total Capital Cost (A)</u></b> =				<b>81,000</b>

**B. Recurring Cost**

S. No.	Particulars	Unit	Quantity	Unit Price	Total Amount (Rs)
1	Metty cloth Fabric	Mtr	130 mtr	120	15,600
2	Parachute fabric cloth	Mtr	60 mtr	80	4,800
3	Jute Fabric	Mtr	40 mtr	100	4,000
4	Bag Sticker		500	3	1,500
5	Kunde/Lock/Button	Kg	1	1800	1,800
6	Hall rent, Ecct. Exp. & stationery exp.	LS	1	2000	2,000
7	Foam & Plane printed lining fabric	Mtr.	130	110	14,300
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	-	-	-	700
11	Runner 5 & 8 No's	Dozen	40	45	1,800
12	Tani Bag	KG	6	250	1,500
13	Tani Bag	KG	6	350	2,100
14	Chain 5No.	Mtr.	6	200	1,200
15	Cahin 8No.	Mtr.	10	180	1,800
<b><u>Total</u></b>					<b>59,000</b>

<b><u>C. Cost of production ( Monthly)</u></b>		
S. No.	Particulars	Amount
1	Total recurring cost	59,000/-
2	10% depreciation annually on capital cost	8,100/-
		<b>Total = 67,100/-</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	8,100
2	Total Recurring Cost	59,000
3	Total production of bag per month	325
4	Selling Price of per bag	100 to 400
5	Income generation	1,07,250
6	Net profit ( Income generation - Recurring cost)	48,250
7	Gross profit( Net profit - Labour Cost)	21,850/-

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	81,000	60,750	20,250
2	Total Recurring Cost	59,000	0	59,000
3	Training/capacity building/skill up-gradation.	50,000	50,000	0
<b>Total</b>		<b>1,90,000</b>	<b>1,10,750</b>	<b>79,250</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 –

$$\begin{aligned} & \text{Capital Expenditure/ (selling price (per bag)-cost of production (per bag)} \\ & = 81,000 (330-130) \end{aligned}$$

In this process break-even will be achieved after making 405 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 photo of SHG Shela Dev under VFDS Gwalan





Resolution-cum-Group-consensus Form

It is decided in the General house meeting of the group Shela Dew held on 11-07-2022 at Jumelan that our group will undertake the log making as Livelihood Income Generation Activity under the Project for Implementation of Himachal Pradesh Forest Ecosystem management and Livelihood (JICA assisted).

Meenakumari Akina  
प्रधान  
शैला देव स्वयं सहायता समूह  
समूह प्रमुख  
त-0 पथर जिला मण्डा हि-0२०

Signature Of group President  
secretary

Signature Of group

Meenakumari  
प्रधान  
शैला देव स्वयं सहायता समूह  
समूह प्रमुख  
त-0 पथर जिला मण्डा हि-0२०

Signature of President VFDS

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

Business Plan Approval by VFDS and DMU.

Shala Dew 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. 1,90,000 has been submitted by the group on 11-07-2022 and the Business Plan has been approved by VFDS Goodan.

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

Meena Kumari

प्रधान  
शैला देव स्वयं सहायता समूह  
गांव लखतार बाग इलाहाबाद  
तहसील पथर जिला मन्डी हिमाचल

Skine

Thank You.

Signature Of group President  
secretary

Signature Of group

Vijay Kumar  
प्रधान  
शैला देव स्वयं सहायता समूह  
गांव लखतार इलाहाबाद तहसील  
पथर जिला मन्डी हिमाचल 175015

Signature of President VFDS

Approved

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

DMU cum DFO Joginder Nagar