

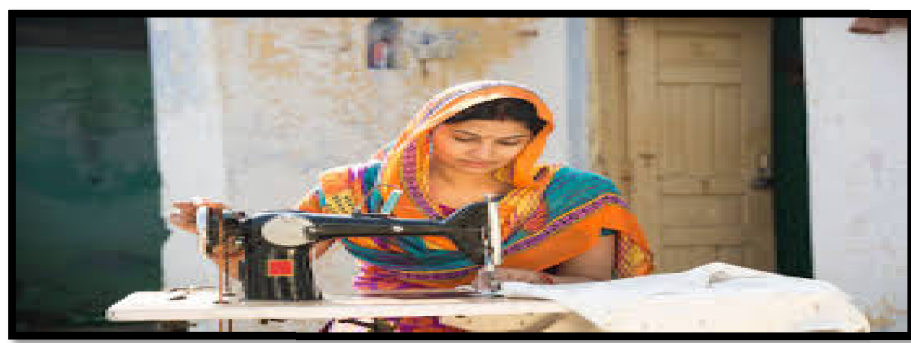


BUSINESS PLAN

INCOME GENERATING ACTIVITY – (Bag Making)

By

Nav Durga - Self Help Group



SHG Name	Nav Durga
VFDS Name	Gwali
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 Nav Durga SHG under IGA which falls under VFDS Gwali 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 materials by stitching. Bags have their demand all over the year and it is used by all age groups.

A group of 8 women of different age groups came together to form a SHG on 3rd May, 2022 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 8 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	Nav Durga
2.	VFDS	Gwali
3.	Range	Urla
4.	Division	Joginder Nagar
5.	Village	Gwali
6.	Block	Padhar
7.	District	Mandi
8.	Total no. of members in SHG	8 Females
9.	Date of formation	May 3 rd ,2022
10.	Bank a/c No./IFSC Code	347101109216 –HPSC0000347
11.	Bank details	HP State Cooperative Bank Padhar
12.	SHG monthly savings	(₹100 per Member)
13.	Total saving	₹ 4500/-
14.	Total inter loaning/ Cash Credit Limit	--
15.	Repayment status	-

3. Beneficiaries Detail

<u>Sr. No</u>	<u>Name & 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. Mansha Devi W/o Sh. Pavan Kumar Vill. Mulsu P.O. Gwali Teh. Padhar Distt. Mandi (H.P.) 82787-94310	President	46	5 th	Female	Gen. Agriculture	
2.	Mrs. Ambika Devi W/o Sh. Virender Kumar Vill. Mulsu P.O. Gwali Teh. Padhar Distt. Mandi (H.P.) 86278-13169	Secretary	32	10 th	Female	Gen. Agriculture	
3.	Mrs. Pawana Devi W/o Sh. Sanjay Kumar Vill. Mulsu P.O. Gwali Teh. Padhar Distt. Mandi (H.P.) 86198-76099	Member	30	10+2	Female	Gen. Agriculture	
4.	Mrs. Sakina Bibi W/o Sh. Lal Sen Vill. Mulsu P.O. Gwali Teh. Padhar Distt. Mandi (H.P.) 94187-67099	Member	49	5 th	Female	Minority Agriculture	
5.	Mrs. Bhadri Devi W/o Sh. Kapoor Chand Vill. Mulsu P.O. Gwali Teh. Padhar Distt. Mandi (H.P.)	Member	37	5 th	Female	Gen. Agriculture	
6.	Mrs. Kusha Devi W/o Sh. Rajesh Kumar Vill. Mulsu P.O. Gwali Teh. Padhar Distt. Mandi (H.P.) 89881-62887	Member	20	10+2	Female	Gen. Agriculture	
7.	Mrs. Meena Devi W/o Sh. Sohan Singh Vill. Mulsu P.O. Gwali Teh. Padhar Distt. Mandi (H.P.) 89881-62887	Member	37	10+2	Female	Gen. Agriculture	

8.	Mrs. Knta Devi W/o Sh. Virender Kumar Vill. Mulsu P.O. Gwali Teh. Padhar Distt. Mandi (H.P.) 89881-62887	Member	34	10+2	Female	Gen. Agriculture	
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4. Geographical details of the Village

1	Distance from the District HQ	33 Km
2	Distance from Main Road	1 Km
3	Name of local market & distance	3 Km
4	Name of main market & distance	Paddhar 3 Km
5	Name of Main Cities & distance	Mandi 33 Km, Joginder Nagar 25 Km
6	Name of main areas where product will be sold/ marketed	Joginder Nagar, Padhar, Barot & Chouhar Valley

5. Market Potential-

After learning the skill of bag making, this Nav Durga SHG will target the local population of their area and nearby villages. There is a huge market potential with the increase and change in 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 – 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	Nav Durga Bag House
6	Product “Slogan”	Be yourself, Be stylish

6. Executive Summary-

Bag making income generation activity has been selected by this Self Help Group Nav Durga. 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 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 are 8. 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, each member of the group will be working for 100 hours monthly.
- The group will make 300 bags per month initially and 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 and size of bag. We can consider the range of price of using raw material to lie between Rs 80 to Rs 400.
- 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 800 hours. Total labour days in a month for the whole group will be 100 days (800÷8). The labour cost comes out to be Rs 30,000 (100×300).

9. Description of Production planning-

1	Production per cycle (month)	300 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	Twelve 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)
- ❖ Cost effective & cheaper than plastic & paper bag
- ❖ Strong & can carry more weight as compared to other bags
- ❖ Long lasting, fashionable (Eye-catching)
- ❖ Manufacturing process is simple,
- ❖ Product shelf life is long.
- ❖ Product is non-perishable.

❖ 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	Bag Making Machine with Motor & stand	4	9500	38000
2	Bag Making Machine with stand	4	8000	32000
3	Wooden counter Table	1	5000	5000
4	Mat	2	3000	6000
5	Steel Racks	2	3000	6000
6	Tool Kit	8	1000	8000
7	Chair & stool	8	500	4000
<u>Total Capital Cost (A)</u> =				99,000

<u>B. Recurring Cost</u>					
S. No.	Particulars	Unit	Quantity	Unit Price	Total Amount (Rs)
1	Metty cloth	Mtr	120 mtr	120	14,400
2	Parachute fabric cloth	Mtr	50 mtr	80	4000
3	Jute Fabric	Mtr	50 mtr	100	5000
4	Bag Sticker		500	3	1500
5	Kunde/Lock/Button	Kg	1	1800	1800
6	Hall rent, Ecect. Exp. & stationery exp.	LS	1	2000	2000
7	Foam & Plane printed lining fabric	Mtr.	140	110	15400
8	Thread Real 6,8,10	Nos	80	60	4800
9	Machine Needle 21, 23 No's	Pac	9 Pac.	100	900
10	Marker & Measurement Tape	-	-	-	1000
11	Runner 5 & 8 No's	Dozen	40	45	1800
12	Tani Bag	KG	7	250	1750
13	Tani Bag	KG	6	350	2100
14	Chain 5No.	Mtr.	6	200	1200
15	Cahin 8No.	Mtr.	10	180	1800
16	Labour work will be done by SHG members				-
<u>Total</u>					<u>59,450</u>

C. Cost of production (Monthly)		
S. No.	Particulars	Amount
1	Total recurring cost	59,450
2	10% depreciation annually on capital cost	9900
		Total = 69350

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	9,900
2	Total Recurring Cost	59,450
3	Total production of bag per month	300 (approx all sizes 100,80,60)
4	Selling Price of per bag	100 To 400
5	Income generation	99,000
6	Net profit (Income generation - Recurring cost)	39,550
7	Gross profit(Net profit - Labour Cost)	9,550

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	99,000	74,250	24,750
2	Total Recurring Cost	59,450	0	59,450
3	Training/capacity building/skill up-gradation.	50,000	50,000	0
Total		2,08,450	1,24,250	84,200

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 -

$$= \text{Capital Expenditure} / (\text{selling price (per bag)} - \text{cost of production (per bag)}) = 99,000 / (350 - 130) = 450$$

In this process break-even will be achieved after making 450 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 Nav Durga under VFDS Gwali

22. Resolution-cum-Group-consensus form:

Resolution-cum-Group-Consensus Form

It is decided in the General House meeting of the group Nav Durga
held on July 22nd, 2022 at Uphar Gwali 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)

अम्बिका देव
Signature of Group President प्रधान
ब्रवदुर्गा स्वयं सहायता समूह
गांव व डो0 गवाली तह0 पधर
जिला मण्डी हि0प्र0

Ambika Devi
सचिव Signature of Group Secretary

Joginder Singh
Signature of VFDS President
ग्राम वन विकास समिति गवाली
ग्राम पंचायत गवाली तह0 पधर
जिला मण्डी हि0प्र0 175015

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

23. Business Plan Approval

Business Plan Approval by VFDS and DMU

Nav Durga Group will undertake the bag making as Livelihood income generation Activity under the Project of implementation of Himachal Pradesh Forest Ecosystem management and Livelihood (JICA assisted). In this regard business Plan of Amount Rs. 2,08,450 has been submitted by the group on 22nd July 2022 and the Business Plan has been approved by VFDS Gwali.

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

Thank You.

अ. अ. देवी

Signature of Group President

प्रधान
जयदुर्गा अर्थ सहकारिता समूह
गांव नं. ३०
जिला जलंधर 190015

Ambika Devi

Signature of Group Secretary

Jinder Singh

Signature of VFDS President

अधीक्षक
ग्राम वन विकास समिति जलंधर
ग्राम प्रधरान जलंधर नं. ३०
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[Signature]
D.M.U.-Cum-
Approved Forest Officer
Joginder Nagar

DMU- Cum-DFO, Joginder Nagar