



Business Plan
On
Income Generation Activity
Bag making
By
Self Help Group – Nari Shakti



SHG/CIG name
VFDS name
Range
Division

Nari Shakti
Sidh Naagraj
Jaisinghpur
Palampur

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	6
5.	Market Potential-	6
6.	Executive Summary-	7
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	9-10
13.	Cost Benefit Analysis (Monthly)	10
14.	Fund flow arrangement in SHG	11
15.	Sources of fund	11
16.	Training/capacity building/skill up-gradation	12
17.	Computation of break-even point	12
18.	Bank Loan Repayment	12
19.	Monitoring Method	12-13
20.	Remarks	13
21.	Group member individual photos	14
22.	Group photo	15
23.	Resolution-cum Group consensus form	16
24.	Business approval by VFDS and DMU	17

1. Introduction-

Bag making is the Income generation activity that has been decided by Nari Shakti SHG which falls under VFDS Sidh Naagraj of Range Jaisinghpur and division Palampur. There are different types of bags such as school bags, travel bags, carry bags, sling 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 18 women of different age group came together to form a SHG on 20th September 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 Nari Shakti SHG group has collectively decided of bag making as their Income Generation Activity (IGA). This SHG consists of 18 females. The group will start making good quality 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 independent and generate income. 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	Nari Shakti
2.	VFDS	Sidh Naagraj
3.	Range	Jaisinghpur
4.	Division	Palampur
5.	Village	Lahru
6.	Block	Lambagaon
7.	District	Kangra
8.	Total no. of members in SHG	18
9.	Date of formation	20/9/2022
10.	Bank a/c No.& IFSC code	50075021748
11.	Bank details	KCC Bank Bheri
12.	SHG/CIG monthly savings	360 (20 per person)
13.	Total saving	1440
14.	Total inter loaning	--
15.	Cash Credit Limit	-
16.	Repayment status	-

3. Beneficiaries Detail

S.no.	Name	M/F	Father/ Husband name	Category	Designation	Contact no.
1	Veena Devi	F	Mohinder Singh	General	Pradhan	82198- 56726
2	Kalpna Devi	F	Parveen Kumar	General	Secretary	97361 – 54600
3	Reeta Devi	F	Rakesh Kumar	General	Member	81780 – 68957
4	Pappi Devi	F	Pritam Chand	General	Member	88943 –75684
5	Janki Devi	F	Ramesh Chand	General	Member	98059-83120
6	Rita Devi	F	Ramesh Chand	General	Member	78074-26892
7	Sonika Rani	F	Vijay Kumar	General	Member	88946-78295
8	Raj kumar Devi	F	Munshi Ram	General	Member	98056-34259
9	Sita Devi	F	Parveen kumar	General	Member	82199-86670
10	Renuka Devi	F	Arvind Kumar	General	Member	98051-45459
11	Sarla Devi	F	Yudhver singh	General	Member	88943-94528
12	Kamlesh	F	Pyar singh	General	Member	98165-58574
13	Anita Rani	F	Puran Singh	General	Member	88942-28531
14	Bhawana	F	Mehar Singh	General	Member	99712-33566
15	Madhu Rani	F	Hukam Singh	General	Member	88944-65423
16	Visho Devi	F	Balak Ram	SC	Member	98059-83120
17	Sudesh Kumari	F	Rajesh Kumar	General	Member	70185-66816
18	Sunita Devi	F	Sanjeev Kumar	General	Member	86289-82046

4. Geographical details of the Village

1	Distance from the District HQ	75 Km
2	Distance from Main Road	1.50 Km
3	Name of local market & distance	Lahru - 500 mtr
4	Name of main market & distance	Sujanpur - 12 Km
5	Name of main cities & distance	Sujanpur Thural Palampur Hamirpur
6	Name of main cities where product will be sold/ marketed	Sujanpur ,Thural , Palampur, Hamirpur

5. Market Potential-

After learning the skill of bag making, this Nari Shakti 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 - Lahru
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	Nari Shakti Bags
6	Product "Slogan"	"Nari Shakti bags best in quality"

6. Executive Summary-

Bag making income generation activity has been selected by this 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 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 18. 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 5 days per week. So, we can say, each member of the group will be working for 88 hours monthly.
- The group will make 36 bags per day initially later with experience they can increase the number. In a month, the group will make approx of 792 bags.
- Based on assumption/experience each bag will be manufactured by using material i.e. Mattie cloth, jeep, locks, sticker, wire covering, niwar 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 100 to Rs 300.
- The total working hours of 1 member in a month (total working days in a month will be 22 and 4 hours per day) will be 88 hours (22 days * 4 hours) and for all the 18 members the working hours in a month will be 1584 hours (22 days). Total labour days in a month for the whole group will be 198 days (1584/8). The labour cost comes out to be Rs 59,400 (198*300). Labour cost in manufacturing of 1 bag will be Rs 80.

9. Description of Production planning-

1	Production per cycle (month)	1 month = 792 bags
2	Number of ladies involved	All ladies
3	Source of raw material	Local market/ Main market
4	Source of other resources	Local market/ Main market
5	Expected bag production per day	36 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.
- ❖ 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. Capital Cost				
S. No.	Particulars	Quantity	Unit Price	Amount (Rs)
1	Bag making machine (Hood machine)	1	35,000	35,000
2	Sewing machine with paddle stand.	8	7500	60,000
3	Steel Racks	5	3500	17,500
4	Scissors	18	300	5,400
5	Wooden Stools	18	500	9,000
6	Office table	1	4000	4,000
7	Chairs	18	1200	21,600
8	Other overhead charges	LS	LS	18000
Total Capital Cost (A)				170,500

B. Recurring Cost					
S. No.	Particulars	Unit	Quantity	Unit Price	Total Amount (Rs)
1	Canvas Cloth	mtr	800	120	96,000
2	Jip	No.	2400	15	36,000
3	Niwar	mtr.	1600	15	24,000
4	Adjuster	No.	3200	5	16,000
5	Parachute cloth	Mtr.	400	80	32,000
6	Foam	Mtr.	200	130	26,000
7	R-1 Cloth for partition	Mtr.	270	150	40,500
8	Rent of working place/ hall	No.	LS	1000	1,000
9	Electricity, water & stationary charges	LS	LS	LS	1,000
10	Labour (4 hour per day and 5 days per week i.e. total working days per month for each member will be 22 days & total working hour in a month for 18 members will be 1584 hours(22*18*4)	Working days	198	300	59,400
Total Recurring Cost (B)					3,31,900

Note – The group will be doing labour work themselves.
 So Net Recurring Cost = Total recurring cost - labour cost
 = 3,31,900-59,400

Net Recurring Cost = 2,72,500

C. Cost of production (Monthly)		
S. No.	Particulars	Amount in Rs
1	Net recurring cost	2,72,500
2	10% depreciation annually on capital cost	17050
Total = 2,89,550		

D. Selling price calculation			
S. No.	Particulars	Unit	Amount in Rs
1	Cost of production (large bags)	1	Approx 350- 380
2	Expected selling price (large bags)	1	Approx 400-500
3	Current market price (large bag)	1	500-600
4	Cost of production (medium sized bags)	1	Approx 250- 280
5	Expected selling price (medium sized bags)	1	Approx 300- 320
6	Current market price (medium sized bags)	1	Approx 350- 400

13. Cost Benefit Analysis (Monthly)

Cost benefit analysis (monthly)		
S. No.	Particulars	Amount
1	10% depreciation annually on capital cost	17050
2	Net Recurring Cost	2,72,500
3	Total production of bag per month	792 (approx quantity)
4	Selling Price of per bag	450 (Average of medium and large sized bag)
5	Income generation	3,56,400
6	Net profit (Income generation - Recurring cost)	83900
7	Gross profit(Net profit - Labour Cost)	24500
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	170,500	127,875	42,625
2	Net Recurring Cost	272,500	0	272,500
3	Training/capacity building/skill up-gradation.	50,000	50,000	0
Total		493000	177875	315125

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/eq uipment 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 -

= Capital Expenditure/ (selling price (per bag)-cost of production (per bag))

= 1, 70,500/(400-300)

= 1,705

In this process break-even will be achieved after making 1705 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



1. Veena Devi



2. Kalpna Devi



3. Reeta Devi



4. Pappi Devi



5. Janki Devi



6. Rita Devi



7. Sonika Rani



8. Raj kumari Devi



9. Sita Devi



10 . Renuka Devi



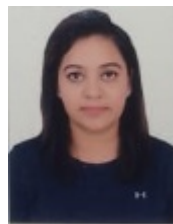
11. Sarla Devi



12. Kamlesh



13. Anita Rani



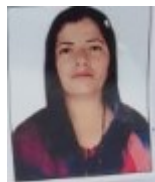
14. Bhawana



15. Madhu Rani



16. Sudesh Kumari



17. Sunita Devi



18. Visho Devi

22. Group photo:



23. Resolution-cum Group consensus form

Resolution-cum-Group-consensus Form

It is decided in the General house meeting of the group Radha held on 14-12-2022 at Paplah that our group will undertake the Pickle making as Livelihood Income Generation Activity under the Project for Implementation of Himachal Pradesh Forest Ecosystem management and Livelihood (JICA assisted).

Rana

Signature Of group President

राधा स्वयं सहायता समूह भगलाल बसुं
ग्राम पंचायत पपलाह, तह. जयसिंहपुर
वि. ख. लम्बागांव, जिला कांगड़ा (हि.प्र.)

Ana
Signature Of group secretary

पंचायत..... सचिव.....
राधा स्वयं सहायता समूह भगलाल बसुं
ग्राम पंचायत पपलाह, तह. जयसिंहपुर
वि. ख. लम्बागांव, जिला कांगड़ा (हि.प्र.)

Lalita Devi

Signature of President VFDS

प्रधान
राधा स्वयं सहायता समूह
ग्राम पंचायत पपलाह
तह. जयसिंहपुर
जिला कांगड़ा

24. Business approval by VFDS and DMU

Business Plan Approval by VFDS and DMU.

Nari Shakti 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. 493000 has been submitted by the group on 13-12-2022 and the Business Plan has been approved by VFDS Sidh Naag Raj.

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

Thank You.

Veeja Devi
पञ्चम
Signature of group President
जादी शक्ति सारंग सहकारता समूह सदस्य
शाम पंचायत समूह, तह. जसिंहपुर
वि. ख. लम्बागांव, जिला जसिंहपुर (हि.प्र.)

Kalpna Devi
पञ्चम
Signature of group secretary
जादी शक्ति सारंग सहकारता समूह सदस्य
शाम पंचायत समूह, तह. जसिंहपुर
वि. ख. लम्बागांव, जिला जसिंहपुर (हि.प्र.)

[Signature]
Signature of President VFDS
सहकारी विकास लाहौड़
तहसील जसिंहपुर
जिला कांगड़ा हि. प्र.

Approved

DMU cum DFO RAJAM PUR

Divisional Management Unit,
Palampur Forest Division,
Palampur

