

Business Plan
On
Income Generation Activity
– **Knitting**
For
Self Help Group – Chamunda



SHG/CIG name	Chamunda
VFDS name	Kosri
Range	Jaisinghpur
Division	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 Process	7
9.	SWOT analysis	7-8
10.	Description of management among members	8
11.	Description of Economics	8-9
12.	Fund flow arrangement in SHG	10
13.	Sources of fund	10
14.	Training/capacity building/ skill up-gradation	11
15.	Computation of break-even point	11
16.	Bank Loan Repayment	11
17.	Monitoring Method	12
18.	Remarks	12
19.	Group member photos	13
20.	Group photo	14
21.	Resolution-cum Group consensus form	15
22.	Business approval by VFDS and DMU	16

1. Introduction-

Sweater and Cardigan knitting along with knitting socks, mufflers, scarf, caps, gloves etc. is a common household activity mainly among the women in rural India. Most of the women are well conversant with this IGA and they do it happily in their free time and as well while doing other household works. The women in this SHG are already in activity to meet the need of their family members. Now the members have chosen this activity as IGA so that they can earn extra money to meet their expenses and rise some saving also for the difficult times. A group of 13 women of different age group came together to form a SHG under JICA project and decided to craft a business plan which can help them to take this 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 Chamunda SHG group has collectively decided of knitting as their Income Generation Activity(IGA). Chamunda SHG was formed in the year 2022 under Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA Assisted), which fall under VFDS Kosri. This SHG consists of 13 females. These females already had little experience of knitting and now with the help of this project funding, training and assistance they will develop this skill and become professional. They will be able to do knitting in large scale 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 here under:

2. Description of SHG/CIG

1.	SHG/CIG Name	Chamunda
2.	VFDS	Kosri
3.	Range	Jaisinghpur
4.	Division	Palampur
5.	Village	Dagruhi
6.	Block	Lambagaon
7.	District	Kangra
8.	Total no. of members in SHG	13
9.	Date of formation	16.09.2022
10.	Bank a/c No.	87941300000583
11.	Bank details	HP Gramin Bank Kosri
12.	SHG/CIG monthly savings	20 per peron
13.	Total saving	1040
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	Pooja	F	Vivek	General	Pardhan	78078-21843
2	Meera Devi	F	Suresh Kumar	General	Secretary	94181-43095
3	Tripta Devi	F	Agast ram	General	Member	98050-80323
4	Sikha	F	Rajat	General	Member	90150-11799
5	Rekha Devi	F	Naresh Kumar	General	Member	78076-03842
6	Meena Kumari	F	Ashok Kumar	General	Member	78768-29102
7	Reena Devi	F	Rajesh Kumar	General	Member	98164-29827
8	Sunita Devi	F	Kulwant Kumar	General	Member	98166-41182
9	Suresta Devi	F	Anirudh	General	Member	98054-84632
10	Surekha	F	Sanjay Kumar	General	Member	89883-86055
11	Kusma	F	Vidya Sagar	General	Member	78078-21884
12	Gayatri Devi	F	Mast Ram	General	Member	98057-06121
13	Sudarshna Devi	F	Subash Chand	General	Member	

4. Geographical details of the Village

1	Distance from the District HQ	85 km
2	Distance from Main Road	01 Km
3	Name of local market & distance	Jaisinghpur and 08 Km
4	Name of main market & distance	Jaisinghpur and 08 Km
5	Name of main cities & distance	Palampur and 55Km
6	Name of main cities where product will be sold/ marketed	Palampur and 55Km

5. Market Potential-

After learning the skill of knitting, this Chamunda 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 new design sweaters or woolen cardigans will be there in winter season.

Initially the primary customers of the SHG will mostly be local people around village Dagrahi but later on this business can be scaled up by catering to nearby small townships. Winter is significant in this area and remain for 4 - 5 months.

1	Potential market places/locations	Village covered - Dagrahi
2	Stitching work demand	Throughout the year and high demand in winter season.
3	Process of identification of market	Group members will contact nearby villagers/households/institutions.
4	Marketing Strategy	SHG members will directly take orders(individual levels/ group level) from nearby villagers/households/institutions.

6. Executive Summary-

Knitting 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. The members are doing this activity in isolation but now they have joined hands to venture into to this activity at a bit larger scale and in a planned manner after getting the proper training to enhance their skill. Different types of woolen products will be made by this group. They will target all age group and gender. 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. This SHG will ensure to become the most renowned knitting centre with quality work in its area of operation in coming years.

7. Description of product related to Income Generating Activity-

1	Name of the Product	Woolen cardigans
2	Method of product identification	Has been decided by group members
3	Consent of SHG/ CIG / cluster members	Yes

8. Description of Production Processes-

1	Time taken	1 sweater takes around 5-6 hours to complete.
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 sweaters per day	13 sweaters initially

9. SWOT Analysis-

❖ Strength

- Activity is being already done by some SHG members
- Raw material easily available from nearby markets
- Manufacturing process is simple
- Proper packing and easy to transport
- Other family members will also cooperate with beneficiaries

❖ Weakness

- Lack of technical know-how.

❖ Opportunity

- Increasing demand for good products with latest design.

□ Threats & Risks

- Competitive market
- Level of commitment among beneficiaries towards participation in training/capacity building and skill up-gradation.

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. Since it is an additional activity in the SHG apart from their routine household work the outcome will be proportionate to the working hours of each member. It is always better initially to keep the production on conservative side which can always be scaled up with passage of time and work experience. Therefore, it is presumed that each member will produce one item per day as finally finished product and daily 13 items can be made available for sale.

11. Description of Economics -

A. Capital Cost				
S. No.	Particulars	Quantity	Unit Price	Amount (Rs)
1	Punch card knitting Machine	1	24000	24,000
2	knitting machine (Simple)	13	7000	91,000
3	Knitting design book	1	1500	1,500
4	Gola Making machine	7	600	4,200
5	Working table	13	2000	26,000
6	Plastic Chairs	13	1500	19,500
Total Capital Cost (A) = Rs 166,200				

B. Recurring Cost			
S. No.	Particulars	Unit	Total Amount (Rs)
1	Water & Electricity	Month	1000
2	Room rent	Month	1500
3	Wear & Tear	Month	1400
4	Lubrication oil & pippet	Month	1400
5	Knitting yarn of different color and quality	Month	83,500
Total Recurring cost			= 88,800

Note – The group members will do the work themselves and therefore labour cost has not been included and the members will manage between them the working schedule to be followed.

C. Cost of production (Monthly)		
S. No.	Particulars	Amount
1	Total recurring cost	88800
2	10% depreciation annually on capital cost	16620
Total =105420		

D. Selling price calculation			
S. No.	Particulars	Unit	Amount
1	Simple sweaters	1	600-700
2	Long sweaters, sweaters with buttons.	1	800-1000

Cost Benefit Analysis (Monthly)

Cost benefit analysis (monthly)		
S. No.	Particulars	Amount
1	10% depreciation annually on capital cost	16620
2	Total Recurring Cost	88800
3	Total knitted sweater per month	286
4	Selling Price of sweater	Approx Rs 700
5	Income generation	200200
6	Net profit (Income generation - Recurring cost)	111400
7	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

12. Fund flow arrangement in SHG -

S. No.	Particulars	Total Amount (Rs)	Project Contribution	SHG contribution
1	Total capital cost	166,200	124,650	41,550
2	Total Recurring Cost	88,800	0	88,800
3	Training/capacity building/skill up-gradation.	50,000	50,000	0
Total		305,000	174,650	130,350

Note:

- i) Capital cost- 75% capital cost will be borne by the project as the group is of female and they are poor 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.

13. Sources of Fund -

Project support	<ul style="list-style-type: none"> ✧ 75% of capital cost will be provided by project if members belong to other than general category. 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. ✧ All the members are females and belongs to low income group and they can contribute 25% and project has to bear remaining 75%. ✧ Recurring cost to be borne by SHG. 	

14. 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

15. Computation of break-even point -

$$\begin{aligned} &= \text{Capital Expenditure}/(\text{selling price (per sweater)}-\text{cost of production (per sweater)}) \\ &= 166200/ (700-500) \\ &= 831 \end{aligned}$$

In this process break-even will be achieved after knitting 831 sweaters.

16. 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.

17. 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

18. Remarks

All the members are females and belongs to low income group and they can contribute 25% and project has to bear remaining 75%.

19.Group Member Photos:



Pooja Devi



Meera Devi



Sikha Devi



Sureshta Devi



Tripta Devi



Kusma Devi



Gayatri Devi



Surekha Devi



Meena Kumari



Sunita Devi



Reena Devi



Rekha Devi



Sudershna Devi

20. Group Photo:



21. Resolution-cum Group consensus form

Resolution-cum-Group-consensus Form

It is decided in the General house meeting of the group Chamunda held on 19-12-2022 at Kosri that our group will undertake the knitting as Livelihood Income Generation Activity under the Project for Implementation of Himachal Pradesh Forest Ecosystem management and Livelihood (JICA assisted).

Pooja
Signature Of group President
प्रधान
सचिव
चामुण्डा स्वयं सहायता समूह कोसरी
ग्राम पंचायत कोसरी तहसील
बि० ख० लम्बगांव (कांगड़ा) हि० प्र०

Meera Sharma
Signature Of group secretary
प्रधान
सचिव
चामुण्डा स्वयं सहायता समूह कोसरी
ग्राम पंचायत कोसरी तहसील
बि० ख० लम्बगांव (कांगड़ा) हि० प्र०

Signature of President VFDS

Sharma
प्रधान
ग्राम वन विभाग चामुण्डा कोसरी
ग्राम पंचायत कोसरी
तहसील जयसिंहपुर
जिला कांगड़ा हि० प्र०

22. Business approval by VFDS and DMU

Business Plan Approval by VFDS and DMU.

Chamunda Group will undertake the Knitting 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. 305000 has been submitted by the group on 19-12-2022 and the Business Plan has been approved by VFDS Kosri.

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

Thank You.

Pooja
Signature Of group President
प्रधान
चामुण्डा ग्राम सहकारिता समिति
ग्राम पंचायत कोसरी
पि० ख० लम्बाबा (जैसिंहपुर) हि०प्र०

Meera Sharma
Signature Of group secretary
सचिव
प्रधान
चामुण्डा ग्राम सहकारिता समिति
ग्राम पंचायत कोसरी
पि० ख० लम्बाबा (जैसिंहपुर) हि०प्र०

Signature of President VFDS

Sharma
प्रधान
ग्राम सहकारिता समिति
ग्राम पंचायत कोसरी
जैसिंहपुर

Approved

DMU cum DFO Palampur
Palampur (H.P.)

