

BUSINESS PLAN

Income Generating Activity – Knitting

By

Dev Bhoomi SHG - Self Help Group



SHG/CIG Name	::	Dev Bhoomi
BMC Name	::	Soyal
BMC Sub Committee		Sor
Range	::	Manali (WL)
Division	::	Kullu (WL)

Prepared under:



Project for Improvement of Himachal Pradesh Forest Ecosystems
Management & Livelihoods (JICA Assisted)

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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 10 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.

2. **Background**

Knitting center by Dev Bhoomi SHG will be located at village Sor P.O.Kararsu Tehsil Kullu, Distt. Kullu HP. The total households in village Sor is small village surrounding Kotadhar and Soyal for which this Knitting centre will cater for. This centre will provide excellent service and guide the customers about what suits them the best to provide them the product that mark the highest level of satisfaction and comfort for them.

3. Description of SHG/CIG

2.1	SHG/CIG Name	::	Dev Bhoomi
2.2	BMC	::	Soyal
2.3	Range	::	Manali (WL)
2.4	Division	::	Kullu (WL)
2.5	Village	::	Sor
2.6	Block	::	Naggar
2.7	District	::	Kullu
2.8	Total No. of Members in SHG	::	10- females
2.9	Date of formation	::	01 .03. 2008
2.10	Bank a/c No.	::	2430000100192447
2.11	Bank Details	::	PNB Seobagh
2.12	SHG/CIG Monthly Saving	::	100/-
2.13	Total saving	::	60,000/-
2.14	Total inter-loaning	::	--
2.15	Cash Credit Limit	::	--
2.16	Repayment Status	::	--

4. Beneficiaries Detail:

S.No	Name Of Candidate	Ward Name	Category	Contact No	Designation
1	S/Smt. Aati Devi W/O Roshan lal	Sor	General	98175-43904	President
2	Taramani W/O Bhagwan Singh	Sor	General	62305-46808	Secretary
3	Har Dai W/O Baser Singh	Sor	General	86298-22399	Cashier
4	Shanta Devi W/O Bhoomi Parkash	Sor	General	94591-40423	Member
5	Dhani Devi W/O Ved Ram	Sor	General	94590-14925	Member
6	Shaadri Devi W/O Repat Ram	Sor	General	98053-26560	Member
7	Indra W/O Dev Dayal	Sor	General	76500-95771	Member
8	Nisha W/O Puranchand	Sor	General	98054-12915	Member
9	Dolma Devi W/O Het Ram	Sor	General	98176-15396	Member
10	Bimla Devi W/O Nale Ram	Sor	General	62307-66514	Member

5. Geographical details of the Village:

3.1	Distance from the District HQ	::	20 Km
3.2	Distance from Main Road	::	1 Km
3.3	Name of local market & distance	::	Kullu, 20 Km
3.4	Name of main market & distance	::	Kullu ,20 Km
3.5	Name of main cities & distance	::	Kullu, 20 Km
3.6	Name of places/locations where product will be sold/ marketed	::	Kullu,20 Km

6. Management

Knitting centre by Dev Bhoomi SHG has 10 women members and they will have individual knitting machines and will hire a room in the village to execute their plan and work in a collective manner. Before the start of the actual work in the centre all the members will be imparted a short term capsule course for training them in knitting under some professional trainers.

7. Primary Action Plan

The members of this SHG have very clear vision of this IGA and after careful and thoughtful discussion within the group decided to take up this activity for additional income. 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. 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.

8. Customers

The primary customers of our centre will mostly be local people around village Sor but later on this business can be scaled up by catering to nearby small townships.

9. Target of the centre

The centre primarily aims at to provide unique modern and high class knitting service to the residents of Sor village in particular and all other residents of nearby villages.

This centre will ensure to become the most renowned knitting centre with quality work in its area of operation in coming years.

10. The reason to start this business

Due to the prior experience of the members of this SHG who are already doing same work here and there this IGA has been selected and therefore the SHG is starting this business. This is an effort to combine the skill of various members and scale up their activity to earn more livelihoods.

11. 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
- Product self-life is long

❖ Weakness

- Lack of technical know-how

❖ Opportunity

- Increasing demand for good products

❖ Threats/Risks

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

12. Machinery, tools and other equipments

The traditional knitting along with the mechanical knitting will go hand in hand so that a value product is made available for marketing and making it competitive both in quality and price tag. Some of the items will be produced in traditional manner and others in mechanical manner depending upon the demand in the targeted area. The following machinery and tools need to be procured.

A. CAPITAL COST				
Sr. No.	Particulars of Machinery.	Quantity	Rate per unit	Total Amount
1	Punch card knitting machine	7	24000	168000
2	Knitting machine (Simple)	0	6000	-
3	Knitting design book	0	1500	-
4	Gola making machine	0	600	-
5	Working table	0	1200	-
6	Plastic chairs	0	475	-
Total capital cost				168000

B. Recurring cost				
Sr. No.	Particulars	Unit	Rate	Amount
1.	Room rent	Per month	1500	1500
2.	Water & electricity	Per month	1000	1000
3.	Knitting yarn of different colour and quality	Per month L/S	84000	84000
4.	Lubricating oil & pippet	Per month	1400	1400
5.	Wear & tear	Per month L/S	1400	1400
Total Recurring cost				89300

13. Total production and sale amount in month

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 8 items can be made available for sale. Keeping in view this production rate of approximately 240 finished items will be ready for sale in one month. As beginner the item rate on an average if presumed to be Rs. 500 each therefore the total income per month is worked as under:

Particulars	Total Amount (Rs.)	Project Contribution (75%)	SHG contribution (25%)
Total capital cost	168000	126000	42000
Recurring cost			
10% depreciation on capital cost/ month	1400	-	1400
Other expenditure per month	89300	-nil-	89300
Total	90700		90700

Total sale in a month $(500 \times 300) = 150,000$

Total expenditure in first month $(1,68,000 + 90700) = 258700$

However an amount of rupees 126000 is the project support therefore for calculation purpose this amount can safely be deducted from the expenditure column and the net income can be re-cast again. More over the members of SHG will be doing the job collectively therefore their wages have not been taken into account. The net income at the end of the month is re-cast as under:

<u>Capital cost</u>		
Particulars	Amount	SHG contribution
Capital cost	126000	42000
<u>Recurring expenditure</u>		
i) 10% depreciation on capital cost per month	1400	
i) Other expenditure on material cost etc.	89300	
Total	90700	90700
Total cost	21000+90700=111700	
Total sale in 1st month	150000	
Net profit	38300	

14. **Sharing of the profit**

The members of SHG has mutually agreed with consent voice that in the 1st month Rs. 3000 will be paid to each member as income and the remaining profit of Rs. 8300 will be kept as emergency reserve in their bank account to meet up the future contingency, if any.

15. **Fund flow in the group:**

Sr.No.	Particulars	Total Amount (Rs)	Project contribution	SHG contribution
1	Total capital cost	168000	126000	42000
2	Total Recurring Cost	89300	0	89300
3	Trainings	45000	45000	0
	Total outlay	3,02,300	171000	131300

Note-

- **Capital Cost** - 75% of the total capital cost will be borne by the Project
- **Recurring Cost** –The entire cost will be borne by the SHG/CIG.
- **Trainings/capacity building/ skill up-gradation** –Total cost to be borne by the Project

16. Sources of funds and procurement:

Project support;	<ul style="list-style-type: none">• 75% of capital cost will be utilized for purchase of machines.• Upto Rs. 1 lakh will be parked in the SHG bank account as a revolving fund.• Trainings/capacity building/skill up-gradation cost.	Procurement of machines will be done by respective DMU/FCCU after following all codal formalities.
SHG contribution	<ul style="list-style-type: none">• 25% of capital cost to be borne by SHG.• Recurring cost to be borne by SHG	

17. Trainings/capacity building/skill up-gradation

Trainings/capacity building/ skill up-gradation cost will be borne by project.

Following are some trainings/capacity building/ skill up-gradation proposed/needed:

- Team work
- Quality control
- Packaging and Marketing
- Financial Management

18. **Loan Repayment Schedule**-If the loan is availed from bank it will be in the form of cash credit limit and for CCL there is no 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.

19. **Monitoring Method –**

- Social Audit Committee of the VFDS will monitor the progress and performance of the IGA and suggest corrective action if need be 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 need be to ensure operation of the unit as per projection.

20. **Remarks**

Resolution-cum-Group-consensus Form

It is decided in the General house meeting of the group देवप्रसि स्वयं सहायता समूह
held on 01-03-2020 at Saival 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).

आती देवी
नि स्वयं सहायता समूह
को कराइम्
Signature of Group President

तारा जर्गी
नि स्वयं सहायता समूह
को कराइम्
Signature of Group Secretary

Bolok Ram
Signature of President BMC
President
BMC Sub. Committee Sor

Ban
Signature of PTO/PTO-Cum-RFO
PTO Cum RFO
WL Range Manall

He
Wild Life Division & ULLU

Approved

He
Divisional Management Unit Officer
Divisional Management Unit Officer-Cum-
Divisional Forest Officer, Wild Life Division,
Kullu, District Kullu.

Group members Photos-



Bimla Devi



Dolma Devi



Hardei (Koshadyksh)



Nisha Devi



Tara Mani (Sachiv)



Dhani Devi



Shanta Devi



Aati Devi (Pardhan)



Mandasi



Bhadri Devi

