

# BUSINESS PLAN

INCOME GENERATING ACTIVITY – KNITTING

by

Sabka Sath or Sabka Vikas - Self Help Group



SHG/CIG Name	::	Sabka Sath aur Sabka Vikas
GP/BMC Name	::	Old Manali
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 income generating activity 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 income generating activity so that they can earn extra money to meet their expenses and raise some saving also for the difficult times. A group of 22 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 income generating activity in collective manner and raise their additional income.

## 2. **Background**

Knitting center by Sabka Sath or Sabka Vikas SHG Manunagar will be located at village Old manali P.O. Old Manali Tehsil Manali, Distt. Kullu HP. The total households in village 103 is small village surrounding Nasogi and Siyal for which this Knitting centre will cater for. This centre will provide excellent service and guide to 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	::	Sabka Sath aur Sabka Vikas
2.2	GP/BMC	::	Old Manali
2.3	BMC Sub- Committee	::	Manunagar
2.4	Range	::	Manali (WL)
2.5	Division	::	Kullu(WL)
2.6	Village	::	Old Manali
2.7	Block	::	Naggar
2.8	District	::	Kullu
2.9	Total No. of Members in SHG	::	22- females
2.10	Date of formation	::	21 July 2022
2.11	Bank a/c No.	::	110059531343
2.12	Bank Details	::	Canara Bank Manali
2.13	SHG/CIG Monthly Saving	::	100
2.14	Total saving	::	8803
2.15	Total inter-lending	::	
2.16	Cash Credit Limit	::	--
2.17	Repayment Status	::	--

**4. Beneficiaries Detail:**

S.No	Name of Candidate	Daughter/Husband Name	Category	Contact No	Designation
1	Neelam	Mohan Lal	General	82198-01033	President
2	Uma Devi	Hotam Ram	SC	86806-73100	Secretary
3	Nina Thakur	Tek Chand	General	78079-02411	Member
4	Draupdi	Khimi Ram	General	88946-21920	Member
5	Vidya Devi	Ved Ram	General	82198-97527	Member
6	Babita Devi	Bhag Chand	General	88946-49056	Member
7	Hima Devi	Hukam Ram	General	78071-52369	Member
8	Tulsi Devi	Daya Ram	General	98169-24675	Member
9	Vidya Devi	Budh Ram	General	98171-31817	Member
10	Krishna Devi	Maan Chand	General	82194-77254	Member
11	Tehli Devi	Budh Ram	General	98167-30829	Member
12	Meena Devi	Bhor Singh	General	98166-72695	Member
13	Kala Devi	Ram Nath	General	98052-40222	Member
14	Shakuntla Devi	Rajesh	General	98825-58689	Member
15	Puspa Devi	Jeet Ram	General	85804-07131	Member
16	Nirmla Devi	Shobha Ram	General	82191-35475	Member
17	Maina Devi	Bhola Ram	S.C	86269-68131	Member
18	Durga Devi	Pritam	S.C	90151-94540	Member

19	Kamini	Maan Chand	General	82192-95485	Member
20	Utami Devi	Pyare lal	General	94182-26839	Member
21	Gouri Devi	Daulat Ram	General	94596-07713	Member
22	Kala Devi	Roshan lal	General	82197-35921	Member

## 5. Geographical details of the Village:

3.1	Distance from the District HQ	::	40 KM
3.2	Distance from Main Road	::	2 KM
3.3	Name of local market & distance	::	Manali , 2 KM
3.4	Name of main market & distance	::	Manali , 2 KM
3.5	Name of main cities & distance	::	Manali 2 KM, Kullu 40 KM Bhuntar 52km approx.
3.6	Name of places/locations where product will be sold/ marketed	::	Kullu, Manali, Bhuntar

## 6. Management

Knitting centre by Sabka Sath aur Sabka Vikas SHG Manunagar has 22 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 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 contributes towards strengthening the IGA and resulting the additional money into their pockets.

## 8. Customers

The primary customers of the centre will mostly be local people around village Old Manali 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 Manunagar 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.

<b>A. CAPITAL COST</b>					
Sr. No.	Particulars of Machinery.	Quantity	Rate per unit	Total Amount	Remarks
1	Punch card knitting machine	4	24000	96000	
2	Knitting machine (Simple)	1	7000	7000	17 Members have their own Knitting Machine
3		Knitting design book	3	1500	
4	Gola making machine		600	nil	SHG Member have their own Gola making machines
5	Working table		1200	nil	SHG Member have their own working tables and plastic chair.
6	Plastic chairs		475	nil	
Total capital cost				<b>1,07,500</b>	

<b>B. Recurring cost</b>				
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
<b>Total Recurring cost</b>				<b>89300</b>

### 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 (Sweater, Babt Sets) per day as finally finished product and daily 22 items can be made available for sale. Keeping in view this production rate of approximately 660 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:

<b>Particulars</b>	<b>Total Amount (Rs.)</b>	<b>Project Contribution (50%)</b>	<b>SHG contribution (50%)</b>
Total capital cost	1,07,500	53750	53750
<b>Recurring cost</b>			
10% depreciation on capital cost/ month	896		896
Other expenditure per month	89300	-nil-	89300
<b>Total</b>	<b>90,196</b>		<b>1,43,946</b>

Total sale in a month  $(500*660) = 3,30,000$

Total expenditure in first month  $(1,07,500+ 90196) = 1,97,696$

However 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:

<b><u>Capital cost</u></b>		
<b>Particulars</b>	<b>Amount</b>	<b>SHG contribution</b>
Capital cost	1,07,500	53,750
<b><u>Recurring expenditure</u></b>		
i) 10% depreciation on capital cost per month	896	
i) Other expenditure on material cost etc.	89300	
<b>Total</b>	<b>90,196</b>	
<b>Total cost</b>	<b>53750+90196=1,43,946</b>	
<b>Total sale in 1<sup>st</sup> month</b>	<b>3,30,000</b>	
<b>Net profit</b>	<b>1,86,054</b>	

#### 14. **Sharing of the profit**

The members of SHG has mutually agreed with consent voice that in the 1<sup>st</sup> month Rs. 6000 will be paid to each member as income and the remaining profit of Rs. 54,054 will be kept as emergency reserve in their bank account to meet up the future contingency, if any.

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

<b>Sr.No.</b>	<b>Particulars</b>	<b>Total Amount (Rs)</b>	<b>Project contribution</b>	<b>SHG contribution</b>
1	Total capital cost	1,07,500	53750	53750
2	Total Recurring Cost	89300	0	89300
3	Trainings	50000	50000	0
	<b>Total</b>	<b>2,46,800</b>	<b>103750</b>	<b>1,43,050</b>

**Note-**

- **Capital Cost** - 50% 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"><li>• 50% of capital cost will be utilized for purchase of machines.</li><li>• Upto Rs. 1 lakh will be parked in the SHG bank account as a revolving fund.</li><li>• Trainings/capacity building/skill up-gradation cost.</li></ul>	Procurement of machines will be done by respective DMU/FCCU after following all codal formalities.
SHG contribution	<ul style="list-style-type: none"><li>• 50% of capital cost to be borne by SHG.</li><li>• Recurring cost to be borne by SHG</li></ul>	

## 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**

**Group members Photos-**

 Kamini	 Neelam	 Vidya Devi	 Krishna
 Durga Devi	 Kala Devi	 Gehri Devi	 Maina Devi
 Uma Devi	 Nirmla Devi	 Tohli Devi	 Vidya Devi
 Kala Devi	 Shakuntla	 Puspa	 Babita Ranu
 Hima	 Meena Devi	 Uttami Devi	 Neena Thakur
 Uma	 Dropti		



