



**Business Plan**  
On  
**Income Generation Activity**  
**Knitting**

By  
**Self Help Group – Vaishno**



SHG/CIG name	Vaishno
VFDS name	Gayatri Mata ( Thandol)
Range	Daroh
Division	Palampur

**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 11 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 Vaishno SHG group has collectively decided of knitting as their Income Generation Activity(IGA). Vaishno SHG was formed in the year 2022 and has also been included under Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA Assisted), which fall under VFDS Gayatri Mata (Thandol). This SHG consists of 11 females. These females had a 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 hereunder:

## 2. Description of SHG/CIG

1.	SHG/CIG Name	Vaishno
2.	VFDS	Gayatri Mata ( Thandol)
3.	Range	Daroh
4.	Division	Palampur
5.	Village	Malahu
6.	Block	Bhawarna
7.	District	Kangra
8.	Total no. of members in SHG	11
9.	Date of formation	17-09-2022
10.	Bank a/c No.& IFSC code	50075019820 & KACE0000171
11.	Bank details	KCC Pahra
12.	SHG/CIG monthly savings	550 ( 11 per person)
13.	Total saving	2200
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	Sushma Devi	F	Arvind Kumar	General	President	86280-88277
2	Promila Devi	F	. Parveen Kumar	OBC	Secretary	98050-79546
3	Renu Jasrotia	F	Manoj Kumar	General	Member	88940-01639
4	Geeta Devi	F	Ashu singh	General	Member	86298-74171
5	Vinay	F	Davinder Chand	General	Member	98169-51869
6	Manju Devi	F	Surender Kumar	General	Member	99756-25750
7	Krishna Devi	F	Prahlad Singh	OBC	Member	85806-38597
8	Lata Devi	F	Ramesh Chand	General	Member	98169-78410
9	Ruchi	F	Lakhwinder	General	Member	7876853299
10	Meenu Devi	F	Naveen	General	Member	8219924218
11	Banita Kumari	F	Ashok	General	Member	6230940341

#### 4. Geographical details of the Village

1	Distance from the District HQ	46 Km
2	Distance from Main Road	500 m
3	Name of local market & Distance	Pahara(3Km),Khaira(3 Km)
4	Name of main market & Distance	Bhawarna- 8 Km
5	Name of main cities & Distance	Palampur 18 Km
6	Name of main cities where product will be sold/ marketed	Bhawarna,Palampur

#### 5. Market Potential-

After learning the skill of knitting, this Vaishno 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 woollen cardigans will be there in winter season.

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

1	Potential market places/locations	Village covered – Thandol, Khaira Pahra
2	Demand of the product	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 woollen 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	Woollen 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	11 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 11 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)	10	7000	70,000
3	Knitting design book	1	1500	1,500
4	Gola Making machine	3	600	1,800
5	Working table	11	2000	22,000
6	Plastic Chairs	11	1500	16,500
<b>Total Capital Cost (A) =Rs 1,35,800</b>				

B. Recurring Cost			
S. No.	Particulars	Unit	Total Amount (Rs)
1	Water & Electricity	Month	1000
2	Room rent	Month	1000
3	Wear & Tear	Month	2000
4	Lubrication oil & pipette	Month	2000
5	Knitting yarn of different colour and quality	Month	70,000
<b>Total Recurring cost</b>			<b>= 76000</b>

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	76000
2	10% depreciation annually on capital cost	13580
<b>Total = 89580</b>		

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)		
S. No.	Particulars	Amount
1	10% depreciation annually on capital cost	13580
2	Total Recurring Cost	76000
3	Total knitted sweater per month	242
4	Selling Price of sweater	Approx Rs 700
5	Income generation	1,69,400
6	Net profit ( Income generation - Recurring cost)	86,900
7	Distribution of net profit	<ul style="list-style-type: none"> <li>✓ Profit will be distributed equally among members monthly/yearly basis.</li> <li>✓ Profit will be used for further investment in IGA</li> </ul>

## 12. Fund flow arrangement in SHG -

S. No.	Particulars	Total Amount (Rs)	Project Contribution	SHG contribution
1	Total capital cost	135,800	101,850	33,950
2	Total Recurring Cost	76,000	0	76,000
3	Training/capacity building/skill up-gradation.	50,000	50,000	0
Total		261,800	151,850	109,950

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.

## 13. Sources of Fund

Project support	<ul style="list-style-type: none"> <li>✧ 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.</li> <li>✧ Up to Rs 1 lakhs will be parked in the SHG bank account.</li> <li>✧ Training/capacity building/ skill up- gradation cost.</li> <li>✧ 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.</li> </ul>	Procurement of machines/ equipment will be done by respective DMU/FCCU after following all codal formalities.
SHG Contribution	<ul style="list-style-type: none"> <li>✧ 50% or 25% of capital cost to be borne by SHG for general category and other categories respectively.</li> <li>✧ 25% of capital cost to be borne by project if the group is women group.</li> <li>✧ Recurring cost to be borne by SHG.</li> </ul>	

## 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 -

= Capital Expenditure/(selling price (per sweater)-cost of production (per sweater))  
=135800/ (700-500)  
= 679

In this process break-even will be achieved after knitting 679 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

Members belong to low income group and they can contribute 25% and project has to bear remaining 75%.

## 19.Group member's Individual photos



Sushma Devi  
(President)



Promila  
(Secretary)



Renu Jasrotia



Geeta Devi



Vinay



Krishna Devi



Manju Devi



Lata Devi



Ruchi



Banita Kumari



Meenu 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 Vaishno held on 23.12.22 at Gayatri mata Temple 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).

*Sushma*

Signature Of group President  
President  
Vaishno Self Help Group  
Malahoo

*Promila Devi*  
Signature Of group secretary

Secretary  
Vaishno Self Help Group  
Malahoo

*Ram Lal*

Signature of President VFDS  
प्रधान  
ग्राम वन विकास समिति गायत्री मठ (ठंडोल)  
ग्राम पंचायत मलाहू  
तहसील पालमपुर  
जिला कांगड़ा हि० प्र०

## 22. Business Plan Approval by VFDS and DMU

Business Plan Approval by VFDS and DMU.

Vaishno 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. 2,61,800/- has been submitted by the group on 23.12.22 and the Business Plan has been approved by VFDS Gayatri Mata (Thandol)

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

Thank You.

*Sushma*

Signature Of group President

President  
Vaishno Self Help Group,  
Malahoo

*Promila Devi*  
Signature Of group secretary  
Secretary  
Vaishno Self Help Group,  
Malahoo

*Ramesh Kumar*

Signature of President VFDS

ग्राम वन विकास समिति रायची मालाहू (ठंडोल)  
ग्राम पंचायत मलाहू  
तहसील पालमपुर  
जिला कांगड़ा हि० प्र०

Approved

DMU *Palampur*  
Palampur (H.P.)