



Business Plan

On

Income Generation Activity

– Knitting

For

Self Help Group –Laxmi



SHG/CIG name

Laxmi

VFDS name

Triambika Devi

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. Laxmi group has 14 women Members but out of them 13 members of the Group are interested to work 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 Laxmi SHG group has collectively decided of knitting as their Income Generation Activity(IGA). Laxmi SHG was formed in the year July 2020 and has also been included under Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA Assisted), which fall under VFDS Triambika Devi. This SHG consists of 13 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	Laxmi
2.	VFDS	Triambika Devi
3.	Range	Daroh
4.	Division	Palampur
5.	Village	Triambika Devi
6.	Block	Bhedu Mahadev
7.	District	Kangra
8.	Total no. of members in SHG	13
9.	Date of formation	21-09-2022
10.	Bank a/c No.	500750315 97
11.	Bank details	KCC Daroh IFSC: KACE0000148
12.	SHG/CIG monthly savings	700(50 per person)
13.	Total saving	2800
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	Nirmla Devi	F	Jaghi Chand	General	President	62303-23345
2	Anjana Kumari	F	Ripan Kumar	General	Secretary	78073-76849
3	Raksha Devi	F	Pawan Kumar	OBC	Member	98054-05251
4	Archna Devi	F	Arun Kumar	OBC	Member	9816510259
5	Anita Devi	F	Dinesh Kumar	OBC	Member	78070-94349
6	Susma Devi	F	Suresh Kumar	SC	Member	9736219766
7	Pinki Devi	F	Sandeep Kumar	SC	Member	7559762278
8	Veena Devi	F	Satish Kumar	OBC	Member	8894987925
9	Sudershna Devi	F	Om Parkash	OBC	Member	98160-51550
10	Kanchan Devi	F	Kamlesh Kumar	OBC	Member	78074-14027
11	Swarna sharma	F	Anoop Sharma	General	Member	8091369495
12	Binta Devi	F	Ashok Kumar	OBC	Member	88940-09181
13	Priti Devi	F	Deepak Kumar	OBC	Member	8628043246

4. Geographical details of the Village

1	Distance from the District HQ	50 Km
2	Distance from Main Road	100 m
3	Name of local market & distance	Daroh(3 Km)
4	Name of main market & distance	Palampur 21Km
5	Name of main cities & distance	Palampur 21Km
6	Name of main cities where product will be sold/ marketed	Daroh, Bhawarna, Palampur

5. Market Potential-

After learning the skill of knitting, this Laxmi 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 Kharul 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 – Bhawarna & Daroh
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 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	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)	12	7000	84,000
3	Knitting design book	1	1500	1,500
4	Gola Making machine	4	600	2,400
5	Working table	13	2000	26,000
6	Plastic Chairs	13	1500	19,500
Total Capital Cost (A) =Rs 1,57,400				

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	80,000
Total Recurring cost			= 86,000/-

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	86000
2	10% depreciation annually on capital cost	15,740
Total =101740		

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	15740
2	Total Recurring Cost	86000

3	Total knitted sweater per month	286
4	Selling Price of sweater	Approx Rs 700
5	Income generation	2,00,200
6	Net profit (Income generation - Recurring cost)	1,14,200
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	157,400	118,050	39,350
2	Total Recurring Cost	86,000	0	86,000
3	Training/capacity building/skill up-gradation.	50,000	50,000	0
Total		293,400	168,050	125,350

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 	Procurement of machines/equipment will be done by respective DMU/FCCU after following all codal formalities.
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	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.	
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. 	

ining/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 -

$$= \text{Capital Expenditure} / (\text{selling price (per sweater)} - \text{cost of production (per sweater)})$$

$$= 157400 / (700 - 500)$$

$$= 787$$

In this process break-even will be achieved after knitting 787 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:



**Nirmla Devi
(President)**



**Anjana Kumari
(Secretary)**



Raksha Devi



Binta Devi



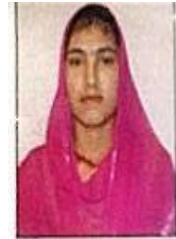
Archana Devi



Anita Devi



Sushma Devi



Pinki Devi



Veena Devi



Sudershna Devi



Kanchan Devi



Swarna Devi



Priti 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 Laxmi held on 22.12.22 at Devi 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).

[Handwritten Signature]

Signature Of group President

लक्ष्मी स्वयं सहायता समूह
मलेहड़, ग्राम पंचायत देवी

[Handwritten Signature]

Signature Of group secretary

लक्ष्मी स्वयं सहायता समूह
मलेहड़, ग्राम पंचायत देवी

[Handwritten Signature]
Signature of President VFDS

ग्राम वन विकास समिति त्र्यम्बिका देवी
ग्राम पंचायत देवी
तहसील धीरा
जिला कांगड़ा हि० प्र०

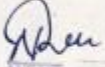
22. Business Plan Approval by VFDS and DMU:


Business Plan Approval by VFDS and DMU.

Laxmi 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. 2,93,400/- has been submitted by the group on 22.12.22 and the Business Plan has been approved by VFDS Triambika Devi

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


Thank You.


प्रधान सचिव
Signature Of group President
सहकारी राज्य सरकार का
मलेहड़, काम पंचायत देवी


प्रधान सचिव
Signature Of group secretary
सहकारी राज्य सरकार का
मलेहड़, काम पंचायत देवी

प्रधान
Signature of President VFDS
ग्राम पंचायत देवी
सहकारी क्षेत्र
मलेहड़, काम पंचायत देवी

Approved


DMU cum DFO Triambika Devi
Palampur Forest Division,
Palampur

