



Business Plan
On
Income Generation Activity

Bag making

By
Self Help Group – Sarojani



| | |
|--------------|----------------|
| SHG/CIG name | Sarojani |
| VFDS name | Digli |
| Range | Joginder Nagar |
| Division | Joginder Nagar |

Prepared Under-

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

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1.Introduction-

Bag making is the Income generation activity that has been decided by Sarojani SHG which falls under VFDS Digli of Range Joginder Nagar and Division Joginder Nagar. There are different types of bags such as school bags, travel bags, carry bags, sling bags, laptop bags and many more. All these bags are made with different material by stitching. Bags have their demand all over the year and it is used by all age groups.

A group of 7 women of different age group came together to form a SHG on 13th April 2022 under the Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods and decided to craft a business plan which can help them to take Bag Making as their 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 Sarojani SHG group has collectively decided of bag making as their Income Generation Activity (IGA). This SHG consists of 7 females. The group will start making good quality bags after getting the help from the project. Project will support them by providing funding, training and assistance that they need to develop this skill and become professional. They will be able to make different types of bags 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 | Sarojani |
| 2. | VFDS | Digli |
| 3. | Range | Joginder Nagar |
| 4. | Division | Joginder Nagar |
| 5. | Village | Digli |
| 6. | Block | Drang |
| 7. | District | Mandi |
| 8. | Total no. of members in SHG | 7 |
| 9. | Date of formation | 13-04-2022 |
| 10. | Bank a/c No.& IFSC code | 31210128995 |
| 11. | Bank details | HPSCB |
| 12. | SHG/CIG monthly savings | 700 (100 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 | Urmila | F | Bhagmal | General | President | 62301-99060 |
| 2 | Sapna | F | Jagdish Chand | General | Vice- president | 70187-93369 |
| 3 | Sushila | F | Sanjay Kumar | SC | Secretary | 85804-36522 |
| 4 | Shakuntla | F | Rakesh Kumar | General | Member | 78763-85175 |
| 5 | Ramkali | F | Shyam lal | General | Member | 89882-25363 |
| 6 | Deepu kumari | F | Gagan Kumar | General | Member | 78760-56685 |
| 7 | Seeta Devi | F | Arun Kumar | General | Member | 98073-8564 |

4. Geographical details of the Village

| | | |
|---|--|----------------------------------|
| 1 | Distance from the District HQ | 50 Km |
| 2 | Distance from Main Road | 2 Km |
| 3 | Name of local market & distance | Joginder Nagar & 6 Km |
| 4 | Name of main market & distance | Joginder Nagar & 6 Km |
| 5 | Name of main cities & distance | Mandi 50 Km, Joginder Nagar 6 Km |
| 6 | Name of main cities where product will be sold/ marketed | Joginder Nagar |

5. Market Potential-

After learning the skill of bag making, this Sarojani 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 latest design bag will be there all around the year.

| | | |
|---|-------------------------------------|--|
| 1 | Potential market places/locations | Village covered - Digli |
| 2 | Demand of the product | Throughout the year and high demand in march when school reopens. |
| 3 | Process of identification of market | Group members will contact nearby villagers/households/institutions. |
| 4 | Marketing Strategy | SHG members will directly take orders (group level) from nearby villagers/households/shopkeepers/institutions. |
| 5 | Product branding | Sarojani Bags |
| 6 | Product "Slogan" | "Sarojani bags- best in quality" |

6.Executive Summary-

Bag making 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. In the nearby market, there is a substantial demand for school bags, handbags, travel bags, and carry bags. After numerous meetings, the group has finally determined that this activity will unquestionably be a means of generating cash for the group, keeping in mind the demand for bags in the surrounding market places. 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.

7.Description of product related to Income Generating Activity-

| | | |
|---|---------------------------------------|--|
| 1 | Name of the Product | School bags, handbags, travel bags, and carry bags |
| 2 | Method of product identification | Has been decided by group members after numerous meetings. |
| 3 | Consent of SHG/ CIG / cluster members | Yes |

8. Description of Production Processes-

- Total number of members in the group is 7. Almost all the members in the group will only work for 4 hours daily as they have other agriculture and domestic work. They will work for 6 days per week. So, we can say, members of the group will be working for 600 hours monthly.
- The group will make 5 to 10 bags per day initially later with experience they can increase the number. In a month, the group will make approx of 250 bags.
- Based on assumption/experience each bag will be manufactured by using material i.e. Mattie cloth, zip, locks, sticker, wire covering, niwar etc.; cost of which will depend on the type and size of bag. We can consider the range of price of using raw material to lie between Rs 80 to Rs 300.
- The total working hours of 1 member in a month (total working days in a month will be 25 and 4 hours per day) will be 100 hours (25 days × 4 hours) and 6 out of total numbers of SHG members working hours in a month will be 600 hours (25 days). Total labour days in a month for the whole group will be 75 days (600÷8). The labour cost comes out to be Rs 22,500 (75×300).

9. Description of Production planning-

| | | |
|---|---------------------------------|--|
| 1 | Production per cycle (month) | 1 month = 250 bags |
| 2 | Number of ladies involved | All ladies (on rotation bases per month as decided by SHG Members) |
| 3 | Source of raw material | Local market/ Main market |
| 4 | Source of other resources | Local market/ Main market |
| 5 | Expected bag production per day | 5-10 bags per day |

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.

- Some group members will involve in pre-production process(i.e. procuring of raw material)
- Some group members will involve in production process.
- Some group members will involve in packaging and marketing.

11.SWOT analysis –

❖ Strength–

- ❖ Raw material easily available.
- ❖ Manufacturing process is simple.
- ❖ Proper packing and easy to transport.
- ❖ Product shelf life is long.

❖ Weakness–

- ❖ Shortage of reserve fund with the group to invest on the raw material and to wait for the sale of the product.
- ❖ Lack of confidence in the group members regarding the success of business.
- ❖ High competition with the factory made bags presently being imported by the local traders.

❖ Opportunity–

- ❖ There are good opportunities of profits as product cost is lower than other same categories of products.
- ❖ There are opportunities of expansion with production at a larger scale.
- ❖ Demand all around the year.

❖ Threats/Risks–

- ❖ Risk of conflict in the group members.
- ❖ Sudden increase in price of raw material.
- ❖ Competitive market.

12. Description of Economics -

| A. Capital Cost | | | | |
|---|---------------------------------------|----------|------------|-------------|
| S. No. | Particulars | Quantity | Unit Price | Amount (Rs) |
| 1 | Bag Making Machine with Motor & stand | 4 | 9500 | 38,000 |
| 2 | Bag Making Machine with stand | 3 | 8000 | 24,000 |
| 3 | Wooden counter Table | 1 | 5000 | 5000 |
| 4 | Mat | 2 (8×10) | 3000 | 6000 |
| 5 | Steel Racks | 2 | 4000 | 8000 |
| 6 | Tool Kit | 7 | 1000 | 7000 |
| 7 | Chair & stool | 7 | 800 | 5600 |
| Total Capital Cost (A) =Rs <u>93,600</u> | | | | |

| B. Recurring Cost | | | | | |
|-------------------|------------------------|------|----------|------------|-------------------|
| S. No. | Particulars | Unit | Quantity | Unit Price | Total Amount (Rs) |
| 1 | Metty cloth | Mtr | 100 mtr | 120 | 12000 |
| 2 | Parachute fabric cloth | Mtr | 60 mtr | 80 | 4800 |
| 3 | Jute Fabric | Mtr | 50 mtr | 100 | 5000 |
| 4 | Bag Sticker | | 600 | 3 | 1800 |
| 5 | Kunde/Lock/Button | Kg | 1/2 | 900 | 900 |

| | | | | | |
|---|---|-------|---------|------|-------|
| 6 | Hall rent, & stationery expenses | LS | 1 | 2000 | 2000 |
| 7 | Foam & Plane printed lining fabric | Mtr. | 100 | 110 | 11000 |
| 8 | Thread Reel 6,8,10 | Nos | 80 | 60 | 4800 |
| 9 | Machine Needle 21, 23 No's | - | 70 | 10 | 700 |
| 10 | Marker & Measurement Tape | - | - | - | 1000 |
| 11 | Runner 5 & 8 No's | Dozen | 40 | 45 | 1800 |
| 12 | Tani Bag | KG | 200 | 8 | 1600 |
| 13 | Tani Bag | KG | 300 | 6 | 1800 |
| 14 | Chain 5 No. | Mtr | 150 mtr | 6 | 900 |
| 15 | Chain 8 No. | Mtr | 150 | 10 | 1500 |
| 16 | Labour work will be done by SHG members | | | | - |
| Total Recurring Cost (B) = <u>27,100</u> | | | | | |

| C. Cost of production (Monthly) | | |
|----------------------------------|---|--------|
| S. No. | Particulars | Amount |
| 1 | Total recurring cost | 27,100 |
| 2 | 10% depreciation annually on capital cost | 9360 |
| Total = <u>36460</u> | | |

| D. Selling price calculation | | | |
|------------------------------|--|------|-----------------------------|
| S. No. | Particulars | Unit | Amount |
| 1 | Cost of production (carry Bags) | 1 | Approx Rs.20,60,100,130,400 |
| 2 | Expected selling price (School/Girls side College Bag | 1 | Approx 40-80-120-300-400 |
| 3 | Current market price (Travelling Bag) | 1 | 100-150- 250-400-500 |

13. Cost Benefit Analysis (Monthly)

| Cost benefit analysis (monthly) | | |
|----------------------------------|--|---|
| S. No. | Particulars | Amount |
| 1 | 10% depreciation annually on capital cost | 9360 |
| 2 | Total Recurring Cost | 27,100 |
| 3 | Total production of bag per month | 250 (approx all sizes 100,80,60) |
| 4 | Selling Price of per bag | 40 to 400 |
| 5 | Income generation | 82500 |
| 6 | Net profit (Income generation - Recurring cost) | 55400 |
| 7 | Gross profit(Net profit - Labour Cost) | 32900/- |
| 8 | 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 |

14. Fund flow arrangement in SHG -

| S. No. | Particulars | Total Amount (Rs) | Project Contribution | SHG contribution |
|--------------|--|-------------------|----------------------|------------------|
| 1 | Total capital cost | 93,600 | 70,200 | 23,400 |
| 2 | Total Recurring Cost | 27,100 | 0 | 27,100 |
| 3 | Training/capacity building/skill up-gradation. | 50,000 | 50,000 | 0 |
| Total | | 1,70,700 | 1,20,200 | 50,500 |

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.

15. Sources of Fund -

| | | |
|-----------------|--|---|
| Project support | <ul style="list-style-type: none"> ◇ 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 | Procurement of machines/equipment will be done by |
|-----------------|--|---|

| | | |
|------------------|--|---|
| | <p>borne by project.</p> <ul style="list-style-type: none"> ✧ 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. | <p>respective DMU/FCCU after following all codal formalities.</p> |
| 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. ✧ 25% of capital cost to be borne by project if the group is women group. ✧ Recurring cost to be borne by SHG. | |

16. 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

17. Computation of break-even point -

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

$$= 93,600 / (330 - 130) = 468$$

In this process break-even will be achieved after making 468 bags.

18. 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.

19. 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

20. Remarks

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

21. Group member's Individual photos



Urmila



Sushila Devi



Shakuntla Devi



Sapna Devi



Ram Kali



Deepu Kumari



Seeta Devi

22. Group photograph:



Resolution-cum-Group-consensus Form

It is decided in the General house meeting of the group Sarojani held on 23-07-22 at Digli that our group will undertake the bag making as Livelihood Income Generation Activity under the Project for Implementation of Himachal Pradesh Forest Ecosystem management and Livelihood (JICA assisted).

Urnika
Signature Of group President
Susheda Devi
Signature Of group secretary
प्रधान सचिव
सरोजनी स्वयं सहायता समूह
हराबाब तह. जोगिन्द नगर
जिला मण्डी (हि.प्र.)

Sujan
Signature of President VFDS
उपप्रधान
ग्राम वन विकास समिति डिगली
ग्राम पंचायत हर मुनीया
मण्डी जिला मण्डी (हि.प्र.)

Business Plan Approval by VFDS and DMU.

Sarajani Group will undertake the bag making 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. 2,58,200/- has been submitted by the group on 23-07-2022 and the Business Plan has been approved by VFDS Digli.

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

Thank You.

Urmila
Signature Of group President
प्रधान
सरोजनी स्वयं सहायता समूह
हराबाब तह, जोगिन्दर नगर
जिला मण्डी (हि.प्र.)

Susheda Devi
Signature Of group secretary
सचिव

Saran Poon
Signature of President VFDS
प्रधान
ग्राम वन शिक्षण समिति हिमाचल
ग्राम सहायता समूह मण्डी
जिला मण्डी (हि.प्र.)

Approved
D.M.U.-
Division
Joginder

DMU cum DFO Joginder Nagar

