



BUSINESS PLAN

INCOME GENERATING ACTIVITY–KNITTING

by

Shiva Ji-Self Help Group



SHG/CIG Name	::	Shiva Ji
VFDS Name	::	Falotha
Range	::	Dharamshala
Division	::	Dharamshala

Prepared under:

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

Table of Contents

Sr.No.	Particulars	Page/s
1.	Introduction	3
2.	Background	3
3.	Description of SHG/CIG	4
4.	Beneficiaries Detail	5
5.	Geographical details of the Village:	6
6.	Management	6
7.	Primary Action Plan	6
8.	Customers	6
9.	Target of the centre	7
10.	There as on to start this business	7
11.	SWOT Analysis	7
12.	Machinery ,tools and other equipments	8
13.	Total production and sale amount in month	9
14.	Sharing of the profit	10
15.	Sources of funds and procurement	11
16.	Trainings/capacity building/skill up-gradation	11
17.	Loan Repayment Schedule	11
18.	Monitoring Method	12
19.	Remarks	12
20.	Group members Photos	13
21.	Approval letter	14

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 the 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 09 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 Shiva ji SHG will be located at village Falotha P.O. Chamiyara Tehsil Shahpur Distt. Kangra HP. The total house holds in village 71 is small village surrounding 4 to 5 small villages. 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	::	Shiva ji
2.2	VFDS	::	Falotha
2.3	Committee	::	Falotha
2.4	Range	::	Dharamshala
2.5	Division	::	Dharamshala
2.6	Village	::	Falotha
2.7	Block	::	Kareri
2.8	District	::	Kangra
2.9	Total No. of Members in SHG	::	10-females
2.10	Date of formation	::	14-03-2023
2.11	Bank a/c No.	::	877513000b013115
2.12	Bank Details	::	Himachal Pradesh Gramin Bank
2.13	SHG/CIG Monthly Saving	::	50/-
2.14	Total saving	::	1100/-
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	Designation
1	Raksha Devi	Sh. Sunil Kumar	S.C	President
2	Sapna Devi	Sh. Kanchan Kumar	S.C	Secretary
3	Saroj Devi	Sh. Parveen Kumar	S.C	Treasurer
4	Kamla Devi	Sh.Madan Kumar	S.C	Member
5	Bhotli Devi	Sh. Raj Kumar	S.C	Member
6	Ichya Devi	Sh. Om Parkash	S.C	Member
7	jugni Devi	Sh. Paras Ram	S.C	Member
8	Pinki Devi	Sh. Vijay Kumar	S.C	Member
9	Kanta Devi	-	S.C	Member
10	Meena Devi	D/o Sh. Vinod Kumar	S.C	Member

5. Geographical details of the Village:

3.1	Distance from the District HQ	::	32 KM
3.2	Distance from Main Road	::	3 KM
3.3	Name of local market & distance	::	Dharamshala-14 KM
3.4	Name of main market & distance	::	Dharamshala- 14 KM
3.5	Name of main cities & distance	::	Dharamshala-14 Km,
3.6	Name of places/locations where Product will be sold/ marketed	::	Dharamshala

6. Management

Knitting centre by Shiva Ji SHG has 18 women members and they will have individual knitting machines and will hire 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 divisions 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 Falotha but later on this business can be scaled up by catering to nearby small townships.

9.Target of the centre

The centre primarily aim provide unique modern and high class knitting service to the residents of Falotha 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.There as on 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.SWOTAnalysis

❖ 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. CAPITALCOST				
Sr. No.	Particulars of Machinery.	Quantity	Rate per unit	Total Amount
1	knitting machine	7	8000	56000
2	Punch Card Machine	3	30000	90000
3	Gola making machine	4	600	2400
	Total capital cost=			148400

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	30000	30000
4.	Lubricating oil & pippet	Per month	1400	1400
5.	Wear & tear	Per month L/S	1400	1400
Total Recurring cost				35300

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, Baby 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 is 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	148400	111300	37100
Recurring cost			
10% depreciation on capital cost/month	1945		1945
Other expenditure per month	35300	-nil-	35300
Total	185645		74345

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

Total expenditure in first month = **185645**

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:

<u>Capital cost</u>		
Particulars	Amount	SHG contribution
Capital cost	148400	37100
<u>Recurring expenditure</u>		
i) 10% depreciation on capital cost per month	1945	
i) Other expenditure on material cost etc.	35300	
Total	37245	
Total cost	111300+37245=1150245	
Total sale in 1st month	3,30,000	
Net profit	189330	

14. Sharing of the profit

The members of SHG has mutually agreed with consent voice that in the 1st 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:

Sr.No.	Particulars	Total Amount (Rs)	Project contribution	SHG contribution
1	Total capital cost	148400	111300	37100
2	Total Recurring Cost	37245	0	37245
3	Trainings	50000	50000	0
	Total	235645	161300	74345

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.• Up to 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/capacitybuilding/skillup-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 the reinsurance payment 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 Photo-



Prepared By

HPFS Retd.- Manohar Lal
SMS (Subject Matter Specialists) - Babita
FTU-Coordinator- Kritika Sharma

तैयारी जी सुप (Approval) (Falotha letter)

Vandhan Amer

Signature of VFDs Pradhan

[Signature]

Signature of VFDs Secretary

Raksha Devi

Signature of SHG Pradhan

Sapna Devi

Signature of SHG Secretary

[Signature]
The Paloon Beat

Signature of Forest Guard

[Signature]
Signature of B.O.

[Signature]
Signature of R.O.

Range forest officer
Dharamshala range
Dharamshala forest division

[Signature]
Approved by DMU
Divisional Forest Officer,
Dharamshala Forest Division,
Dharamshala

